Sevenoaks District

Financial Strategy

2008-12
Our vision

To lead the whole community in meeting its needs; and to work in partnership to improve the quality of life within the District

Strategic priorities

Balanced communities  Tackling the need for a range of housing within the District and building community cohesion.

The Sustainable Community Plan  Allowing the community priorities to be at the heart of the District Council.

The Local Development Framework  The Sustainable Community Plan objectives in a spatial form.

A Sustainable budget  Understanding the burden of Council Tax and providing top quality services that the public want at a price they can afford.

We are always interested in ways to improve our Strategy, and the way we present our financial information, and would welcome your suggestions

Contact us

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Kent  TN13 1HG

01732 227000
finance@sevenoaks.gov.uk

Publication details

Purpose of the Strategy
To inform Sevenoaks District residents and stakeholders of the Council’s financial performance and plans for 2008-12

Publication date
<month> 2008
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<td>x</td>
</tr>
</tbody>
</table>
Welcome to Sevenoaks District Council's medium term Financial Strategy 2008-12 which provides details of the 2008-9 budget and sets out the key financial policies, risks and assumptions which are shaping our approach for the next four years and further into the future.

The Council continues to be recognised for its sound financial management and providing good value services. We have been awarded the top score under the Audit Commission’s Use of Resources test. In 2007 we were formally recognised as an Excellent Council under the Comprehensive Performance Assessment and in June 2008 we were nominated in the 'Best Use of Resources' category of the Municipal Journal Awards.

In March 2008 our financial management skills were recognised and we were awarded the Local Government Chronicle (LGC) Finance Award. The award was for the best Council that could demonstrate tight fiscal controls, good innovation and used of IT and team development leading to increased efficiency. The judges said they were impressed by Sevenoaks District Council's transformation which they felt represented “a true three-year journey to excellence.”
**Purpose**
This Strategy aims to:
- support our vision and priorities
- set out the Council’s future financial prospects, with the four-year Financial Plan as an integral part
- ensure a strategic approach is taken to the management of the Council’s finances, Council Tax, and budget setting
- assist the Council’s strategic planning and policy making
- demonstrate stewardship of community resources
- provide details of our key financial policies

**Key financial objectives**
The Council will:
- ensure a minimum General Fund Reserve level of £1.5 million is maintained
- secure a sound financial base for the District, and in particular reduce the Council’s reliance on reserves
- reduce its reliance on interest receipts to support revenue expenditure
- continually review services to deliver them in a “value-for-money” way

**Contribution to delivering the Council’s objectives**
As a result of its Financial Strategy, the Council has been successful over the past four years in increasing financial sustainability and in releasing resources for high priority services through:
- improved value for money; and
- the movement of resources away from low priority services.

This has enabled the Council to focus on delivering high quality services based on Members’ priorities and consultation with residents and stakeholders through the Community Plan. In financial terms it has allowed the Council to move away from its reliance on general fund reserves to the tune of around £2 million a year, which has ensured that the general fund reserves have remained largely unchanged.
This section explains how Sevenoaks District Council raises its income and where we spend money.

### Where the money comes from

**Council Tax collection**
Sevenoaks District Council collects the Council Tax charge, on behalf of Government, not only for itself but also for Kent County Council, Kent Fire & Rescue Service, Kent Police and all the local town and parish councils.

Each authority sets its own charge that contributes to the total. In 2008-9 the total average charge, at band D, for all these authorities is £1,422.70. Sevenoaks District Council’s part of the charge is £168.39, 12% of the total. Sevenoaks’ Council Tax has increased by 4.99% in 2008-9.

Council Tax raises about £8.4 million for the Council.

### Government funding

Of all the 12 district councils in Kent, Sevenoaks District Council receives the lowest grant from Government per head of population.

For 2008-9 Sevenoaks District Council gets £55.80 per head of population. The Kent average is £78.31 and the highest grant is £99.15.

Government support provides about £6.3 million to Sevenoaks District Council.

Government grant has increased by 1%, but there is no guarantee of the funding level in future years.

### Reserves

The Council currently has about £21 million in the bank and has been debt-free for many years. Only £3.6 million of this (the General Fund) could be used to help balance the budget, which would be quickly used up unless the Council’s element of Council Tax is increased or spending is reduced.

Most of the reserves are earmarked, or set-aside, for particular purposes. £5.6 million is needed to maintain the Council’s buildings, and computer systems (the Asset Maintenance Reserve) – this is not sustainable in the longer term (10 years plus). A further £5.6 million is needed for a shortfall in Kent County Council’s pension fund and the Pension Deficit Reserve will be fully used by 2013. £2.5 million is for specific provisions and £0.7 million is money from asset sales which cannot be spent on the running cost of services.

Reserves as at 31 March 2008

<table>
<thead>
<tr>
<th>Reserves</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension deficit</td>
<td>5.6</td>
</tr>
<tr>
<td>Asset maintenance</td>
<td>5.6</td>
</tr>
<tr>
<td>General fund</td>
<td>3.6</td>
</tr>
</tbody>
</table>
How the money is spent
In 2008-9 the Council will spend about £17.1 million on services for local people.

<table>
<thead>
<tr>
<th>Service</th>
<th>2008-9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community and housing</td>
<td>£2.6m</td>
</tr>
<tr>
<td>Refuse collection and recycling</td>
<td>£2.2m</td>
</tr>
<tr>
<td>Environmental services and licensing</td>
<td>£1.4m</td>
</tr>
<tr>
<td>Housing benefits</td>
<td>£0.6m</td>
</tr>
<tr>
<td>Leisure services</td>
<td>£0.9m</td>
</tr>
<tr>
<td>Street cleaning and parking</td>
<td>£1.1m</td>
</tr>
<tr>
<td>Planning services</td>
<td>£3.0m</td>
</tr>
<tr>
<td>Other services</td>
<td>£4.6m</td>
</tr>
<tr>
<td>Asset maintenance</td>
<td>£0.7m</td>
</tr>
<tr>
<td>Total</td>
<td>£17.1m</td>
</tr>
</tbody>
</table>

Looking back
The Council’s financial strategy over the past four years has been successful in increasing financial sustainability and in releasing resources for high priority areas through:

- improved value for money; and
- the movement of resources away from low priority services.

This has enabled the Council to focus on delivering high quality services based on Members’ priorities and consultation with residents and stakeholders through the Community Plan. In financial terms it has allowed the Council to move away from its reliance on general fund reserves to the tune of around £2 million a year, which has ensured that the general fund reserves have remained largely unchanged.

As part of the strategic business and budget planning process for 2008/12, the Council reviewed its financial position including prospects for the future, and agreed a four-year savings plan starting in April 2008. The Plan will deliver almost £2 million of savings over this period, with the majority of savings to be delivered in the first year. The savings plan was matched by a four-year Financial Plan, which set out how the Council would achieve its aim of a balanced budget over that period, including inflation assumptions.

More information is available from our website at www.sevenoaks.gov.uk, including our Statement of Accounts and summary.
How our plans work together

The Sustainable Community Strategy is a 10-year vision setting out the strategic priorities for the District which have been developed in partnership through consultation with our residents and stakeholders. The main priorities are:

- Safe Communities
- Caring Communities
- Dynamic Economy
- Sustainable Economy

The Council’s vision reflects four priorities for the District, including delivering local needs through the Community Strategy, developing balanced communities, the Local Development Framework and also to provide good value for money through a balanced budget.

These strategic plans set out how we have performed against our priorities and vision and sets targets for our priorities and objectives. The plans also reflect the ‘Effective use of Council resources’ priority.

Service Plans form part of the 3-year strategic business and financial planning process. At a service level these plans help to ensure our vision and priorities are achieved through service objectives.

Service objectives are assigned to staff and progress towards achieving these assessed as part of the appraisal process.

The medium term **financial strategy 2008-12** enables the Council to deliver its corporate objectives by setting out the financial framework within which the Council’s vision is delivered. Its key financial objectives provide the Council with the financial stability required to develop long term plans with its partners.

The **Financial Plan** within this Strategy takes into account the financial implications of actions agreed by the Council to deliver its vision. It is informed by the Service and Performance Plans, which set out, for each service, how the Council’s priorities will be delivered, including the financial and performance implications.

The Council’s **IT Strategy** sets out how we will use information technology to support the achievement of the Council’s priorities. The financial implications included in that Strategy are reflected in the Financial Plan.

Similarly, the **Workforce Strategy** sets out how the Council makes sure it has the best workforce to deliver its priorities. The financial implications of that Strategy, such as employee terms and conditions and the Recruitment & Retention Policy, are also taken into account in the Financial Plan.
Our Strategy
Sevenoaks District Council developed its first medium term Financial Strategy in 2005. The Strategy is reviewed, updated and rolled forward each year. Our Financial Plan coincides with this Strategy and is managed in the same way.

The Strategy for 2008-12 is updated to include the 2008-9 budget and sets out the key financial policies, risks and assumptions for the next four years, and into the future.

Although Council finance can be complex, Sevenoaks District Council is keen to help keep stakeholders informed about how we manage money.

Purpose
The Strategy aims to:

- support our vision, aims and priorities
- set out the Council’s future financial prospects, with the four-year Financial Plan as an integral part
- assist the Council’s strategic planning and policy making
- ensure a strategic approach is taken to the management of the Council’s finances, Council Tax, and budget setting
- demonstrate stewardship of community resources
- provide details of our key financial policies

Timing
The Strategy relates to current and future years. The Council has detailed budgets for revenue expenditure for 2008-9 and for capital investment for four years to 2011-12. It also has a summary level four-year Financial Plan to 2011-12, together with a linked Key Balance Sheet Items Plan, again to 2012.

A 10-year financial model has been developed to aid longer term planning. This allows for the financial strategy to be tested for sensitivity and for issues and developments with financial impacts to be managed. As with all prediction tools, the level of accuracy and precision reduces in years beyond 2008/9.
Managing the Strategy
The following processes are in place to manage the strategy:

- The Strategy will be produced for our stakeholders with their involvement. The Strategy aims to be clear and easily understood.
- The Strategy will be reviewed annually as part of the budget and four-year financial planning process, to update it and to assess the contribution it makes to the achievement of the Council’s priorities.
- Achievement of savings will be monitored in addition to normal financial monitoring.
- Growth items and service pressures will be dealt with separately as part of the budget planning process.
- Flexibility between budgets and between years (carry forwards) is built in, through the Council’s Finance Procedure Rules.

Objectives, assumptions and risks

Key financial objectives
The Council will:

- ensure a minimum General Fund Reserve level of £1.5million is maintained.
- secure a sound financial base for the District, and in particular reduce the Council’s reliance on reserves.
- reduce its reliance on interest receipts to support revenue expenditure.
- continually review services to deliver them in a “value-for-money” way.

In the context of these overall objectives, the Council:

- continually reviews the scope and level of services to ensure they remain relevant to statutory requirements and meet the Community Plan and other priorities through its Internal Service Inspection process.
- aims to invest in priority services by diverting resources from non-priority services.
- responds to new demands and pressures for services in the most cost-effective way.
- applies project appraisal, business planning and affordability processes including whole life costings to any significant new developments.
- considers alternative ways of delivering services, including partnership working, where appropriate.
- continues to look for efficiency improvements and review charges for services.
- continues to bid for external funding, recognising that some service enhancements can only be achieved in this way.
- critically examines proposals for capital investment to ensure that.
resources will be spent wisely and it will seek external funding if available
• ensures service priorities are included in its Capital Investment Strategy, and that this is fully funded
• looks for best value from developers in terms of Section 106 contributions for community interest.

Key assumptions
Prior to setting the budget each year the Council considers its financial position through a review of its financial prospects, this Financial Strategy and the four-year Financial Plan. The Plan is reviewed and rolled forward each year.

The Council’s current assumptions are:
• continued Government constraints on the budget through reduced spending targets, cash releasing efficiency assumptions, minimal or no increase in grant and Council Tax capping
• capital expenditure to be based on the presently approved programme
• no change in the capital finance rules
• liabilities arising from future improvement/renovation of Council assets will be financed from revenue reserves set aside
• the effects of inflation each year on the Council’s budget will be offset by savings/income increases
• the Plan is in line with the Council’s medium term goal of reducing reliance on the use of reserves.

Looking at specific major items, the Plan is based on:
• pay cost inflation of 2.5%
• non-pay costs inflation of 2.5%
• Income increasing by 2.5%
• 5% return on investments (5.25% in 2008-09)
• Council Tax increases of 5% a year
• Government Grant increases of 1% in 2008-09, falling to half a percent in 2009-11 and no increase in 2011-12.

Key financial risks
The key financial risks identified by the Council are:
• pay cost inflation above assumption
• energy cost inflation above assumption
• variable income sources such as Land Charges not hitting budget targets
• Concessionary fares scheme costs increasing above inflation
• Pension Fund deficit funding in the longer term
• Asset Maintenance funding in the longer term
• delivery of the high number of planned savings over the next four years
• new Government requirements without adequate funding

These risks, their possible impact on the Council and the actions in place to mitigate them are set out in more detail in the budget reports and the Financial Prospects Report.

Budget strategy and process
The Strategic Service and Budget Planning Process is reviewed and updated each year, taking into account current best practice and lessons learnt from previous years.

Its key components are:
• Clear Vision – The Council’s ambitions and aspirations for the District are set out under the theses of the Community Plan which in turn has helped to inform and develop a three to five year Council vision.
• This Financial Strategy and a review of future financial prospects.
• Forecast of Resources (four-year plan plus 10-year model for revenue, capital and reserves)
• Service Prioritisation – Although the Council has a clear focus in delivering its three to five year vision, it also has a number of other balancing priorities which would need to be taken into consideration in service prioritisation,
for example, the requirement to deliver statutory services. Therefore, a robust system for service prioritisation is an essential component.

- **Budget Strategy** – This sets out the key information, approach and ground rules for the budget setting process and refers to key elements of the medium term financial strategy, the financial plan, service prioritisation and service planning, including risk issues.

- **Service Planning** – Each service area produces a four-year costed service and performance plan (SAPP)

- **Member involvement and challenge**, through consideration of options at Scrutiny Committees, review of risks by the Finance Advisory Group and approval of the overall strategy by the Performance and Governance Committee.

**Prioritisation and Allocation of Resources**
The Council’s strategic service prioritisation process ensures resource allocation is service-driven rather than finance-led in order to:

- maintain focus on priorities
- communicate and engage with the public and partners
- align resources to priorities
- support decision-making in a difficult financial climate

**Budget monitoring**
All budgets are the responsibility of Heads of Service, and are managed on that basis.

Comprehensive financial monitoring information is reported monthly to Heads of Service. Service level summary reports are made to Management Team, Cabinet Members, and the Finance Advisory Group, and is available to all Members electronically. Strategic summary information is reviewed by the Performance & Governance Committee.

The Finance Advisory Group assists both Cabinet and the Performance & Governance Committee in monitoring financial performance by identifying areas of significant financial concern. Where variations are identified through the monitoring process, actions is taken within or across services to bring overall expenditure back in line with budget, to ensure the financial plan targets are met.

**Other Key Financial Policies**

**Charging policy**
*To be included when completed*

**Investment Strategy**
The Council is required to set out its treasury strategy for borrowing and to prepare an annual investment strategy. That strategy sets out the Council’s policies for managing its investments and for giving priority to the security and liquidity of those investments. A similar requirement is contained in the Council’s Finance Procedure Rules.

The strategy covers:

- Prospects for interest rates
- Economic background
- Borrowing strategy
- Investment policy
- Investment strategy
- Current treasury position
- Investment criteria
- Suggested matrices and limits

The full Strategy is approved by Council each year as part of the budget process. The decisions made by Members are then fed into the calculation of expected
Managing our business

Control framework and Assurance

Section 151 Officer
Section 151 of the Local Government Act 1972 requires the Council to make arrangements for the proper administration of its financial affairs and requires one officer to be nominated to take responsibility for the administration of those affairs. At Sevenoaks, Dr Pav Ramewal, Deputy Chief Executive and Corporate Resources Director, is the Section 151 Officer.

The Section 151 Officer has a number of duties, these include:
- Ensuring lawfulness and financial prudence of decision-making
- Administration of financial affairs
- Contributing to corporate management
- Providing advice
- Giving financial information

As part of the annual budget process the Section 151 Officer makes a statutory statement on the robustness of the Council’s budget, and the adequacy of the reserves.

Audit and inspection
The Audit Commission is an independent watchdog (sponsored by the Government) driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

The Audit Commission is charged with responsibility for conducting/arranging the external audit and inspection visits of local authorities; in order to assess their compliance with sound accounting principles including other regulatory requirements and overall performance, and effectiveness.

The Audit Commission currently arranges for Baker Tilly, an independent firm of chartered accountants and business advisers, to conduct the necessary audits and inspections for Sevenoaks District Council.

The Council’s statutory Statement of Accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom and audited an external audit company, under the auspices of the Audit Commission - the Government’s watchdog organisation.

Finance Advisory Group
As well as reviewing the monthly monitoring reports, this cross-party Group feeds back comments and concerns to both Executive and Scrutiny functions. It is led by the VfM Portfolio Holder and investigates identified areas of financial concern. It also reviews the Council’s overall financial health using a range of financial indicators.

Our performance
The Council’s Annual Audit & Inspection Letter (June 2008) confirmed:

Budget: providing value for money and sound resource management
The Council has maintained its excellent standards of value for money. The external auditor scored the Council 4 (performing strongly) for its achievement of VFM in the annual use of resources assessment. The auditor commented that there was consistency in performance and a number of areas of very high performance. It has strong processes in place and has achieved efficiency beyond its Gershon targets.

The strategic finance function is strong, and financial planning and management are strengths.
There are no significant weaknesses in arrangements for securing continuous improvement or failures in corporate governance that would prevent improvement levels being maintained. This is confirmed by the overall score of four (excellent) for use of resources, and the excellent score specifically regarding systems of internal control.

<table>
<thead>
<tr>
<th>Area of assessment</th>
<th>Score</th>
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<tbody>
<tr>
<td>Financial reporting</td>
<td>3 out of 4</td>
</tr>
<tr>
<td>(including the preparation of the accounts of the Council and the way these are presented to the public)</td>
<td></td>
</tr>
<tr>
<td>Financial management</td>
<td>4 out of 4</td>
</tr>
<tr>
<td>(including how the financial management is integrated with strategy to support council priorities)</td>
<td></td>
</tr>
<tr>
<td>Financial standing</td>
<td>4 out of 4</td>
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<tr>
<td>(including the strength of the Council's financial position)</td>
<td></td>
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<tr>
<td>Internal control</td>
<td>4 out of 4</td>
</tr>
<tr>
<td>(including how effectively the Council maintains proper stewardship and control of its finances)</td>
<td></td>
</tr>
<tr>
<td>Value for money</td>
<td>4 out of 4</td>
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<tr>
<td>(including an assessment of how well the Council balances the costs and quality of its services)</td>
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Value for Money, savings and efficiencies

Sevenoaks District Council is committed to delivering value for money as an integral part of its corporate strategy. While it has a specific responsibility to achieve VfM from its use of public funds, this principle extends to all sources of funding. Similarly, the responsibility for pursuing VfM lies with all staff, and not just those with financial duties.

The practical measures adopted by the Council to maintain this momentum include:

- having financial procedures and rules that encourage managers to manage their services responsibly
- having clearly defined responsible budget managers
- effective use of technology
- having financial reporting arrangements that are clear, transparent and timely, all of which promotes accountability to elected Members and the public
- ensuring that contractual terms deliver efficiency gains from contractors and Direct Services
- the role of the Value for Money Portfolio Holder
- considering alternative methods of service delivery, such as partnership working or the use of external contractors
Managing our business

- challenging the need to replace staff when posts become vacant
- streamlining back-office functions
- ensuring that Internal Service Inspections consider the opportunities for efficiency savings and report such opportunities to Members
- ensuring that Members and Managers are equipped and supported to make high quality financial decisions, through tailored training, effective and customer focussed financial reporting and analysis, and service specialisms within the Finance Team.
- comparing service costs with those at similar authorities, to check whether learning from other sites could lead to further efficiencies at Sevenoaks

Annual efficiency targets
The Government set a target for efficiency gains in local government of 2.5% per year (known as the ‘Gershon target’).

The expectation is that each local authority will achieve efficiency gains of at least 2.5% per year and is required to submit an Annual Efficiency Statement (AES) to the Government each year showing how it plans to achieve these savings. At the end of the year all authorities must submit a return setting out what efficiency gains were actually achieved.

The Council has identified a range of savings totalling £1,420,000 exceeding the target set by Government.

Stakeholder focus
The Council is committed to open and clear communication with all of our stakeholders. Transparency and accountability are key strands of our approach. We will seek to consult with and involve our stakeholders; and welcome views on how we shape our services.

The Council uses:
- its website
- In Shape
- press releases
- local forums and groups
- staff meetings and
- its own democratic processes

to promote the widest possible public financial accountability.

Summarised budget and outturn information is published along with an Annual Report to ensure the highest levels of stewardship reporting.

Its budget consultation process is being reviewed, in order to promote the maximum understanding and involvement in the Council’s financial affairs.
Our partners
Sevenoaks District Council works with many partner agencies, the voluntary and community, business and private sectors, the faith community and the 30 town and parish councils across the District.

These links are greatly valued by the Council and contribute significantly to the provision of services and community well-being.

The Council has developed a Partnership Toolkit which outlines the approaches to be applied when considering both introducing new partnerships and reviewing existing arrangements. It provides a basis for examining the key issues that require consideration, to ensure that any potential problems identified in relation to partnership working are confronted, assessed, overcome and avoided in the future.

Risk Management
Sevenoaks District Council recognises that it has a responsibility to manage hazards and risks and supports a structured and focused approach to managing them by approval of the Risk Management Strategy and Plan.

Sevenoaks District Council is aware that some risks will always exist and will not be eliminated. However, where appropriate, actions can be taken to mitigate these risks.

The Council works hard to identify positive risks (opportunities) that could enable it to enhance the service it provides to its residents.

Performance management
Our performance management arrangements, supported by a dedicated software system, allow us to look for trends over time, compare our performance with other authorities and produce meaningful reports which can be used as a guide for community, organisational, service and individual improvements. We are also able to monitor targets to ensure they are both achievable and challenging.

The system facilitates this through the use of a simple traffic light system, i.e. green for good performance, amber for fair performance, and red for performance which is below expectations. Additionally we have customised the system so that it allows analysis of how the District Council is performing relative to our own past history as well as comparing performance with other local authorities.

In order to ensure that we can trust our data we have introduced a Data Quality Policy and identified areas we need to improve and these are set out in our Data Quality Action Plan, which is monitored on a regular basis. These arrangements are scrutinised by the Audit Commission and scored to encourage continuous improvement.

For details of our latest performance visit www.sevenoaks.gov.uk/performance
Managing people
As a major employer, the District Council recognises that our staff are our main asset.

We recognise that both Members and Officers are integral to achieving our vision and priorities, through working together in an open, honest and co-operative way.

We set ourselves high standards and recognise that we can only achieve these through the skill and motivation of our staff and therefore seek to make working for the Council a rewarding experience where everyone’s contribution is valued.

The Workforce Strategy is about ensuring that the Council, within its financial framework, has a flexible, developed and motivated workforce, capable of delivering its priorities over the coming years, and making Sevenoaks District Council a place where all staff:

- understand and feel committed to the aims of the Council
- achieve their full potential
- treat customers, colleagues and Members with respect
- feel enabled and rewarded for what they do

To achieve this, the Strategy focuses on:
- Leadership
- Continuous improvement and learning
- Communication and involvement
- Developing a competent and motivated workforce
- Excellence in customer service
- Developing a healthy organisation

Making IT happen together
Developments in technology continue to be as rapid as always. New technologies offering scope for new ways of working and improving service present great opportunities if adopted in the right places, at the right time, for the right reasons.

Effective partnering between Technology and the rest of the Council is essential, as the only way SDC will reap the benefits is if those responsible for the delivery of services fully understand the opportunities that are available to them through the use of technology.

Any changes to systems need to be co-ordinated with the existing Council infrastructure so current SDC technology will be a key consideration in future developments. The consolidation of existing IT projects is just as important and the planning of future work.
The key objectives of this IT Strategy are:

- To support current, planned and future use of operational IT systems throughout the Council and to improve the technological environment provided for Members and Officers
- To align existing and future technical solutions with business requirements, SDC’s key priorities and the Community Plan
- To ensure the most comprehensive and appropriate set of access channels to Council services are made available to all citizens
- To ensure that IT is delivering excellent services to all its customers
- To contribute directly towards the Council’s Value for Money initiatives

Capital investment and Asset management
The Council is required to “have regard to” the Prudential Code and to set Prudential Indictors for the next three years to ensure that the Council’s capital investment plans are affordable, prudent and sustainable.

The Council has agreed that any new provision for capital schemes must be subject to formal appraisal processes. The Council’s base capital programme covers mandatory improvement grants, IT investment and commercial vehicle replacements.

<table>
<thead>
<tr>
<th>Capital Programme 2008/09:</th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vehicle replacements</td>
<td>700</td>
</tr>
<tr>
<td>Housing improvement grants</td>
<td>377</td>
</tr>
<tr>
<td>Playground improvements</td>
<td>195</td>
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<tr>
<td>Information technology</td>
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<tr>
<td>CCTV improvements</td>
<td>58</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,480</strong></td>
</tr>
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</table>

The Council’s housing stock was transferred to West Kent Housing Association in 1989 and therefore the housing investment funding allocated by the Government is directed, with the Council’s agreement, through local Registered Social Landlords.

“Strategic Asset Management is the activity that seeks to align the asset base with the organisation’s corporate goals and objectives. It ensures that the land and buildings asset base of an organisation is optimally structured in the best corporate interest on the organisation concerned”
RICS Public Sector Asset Management Guidelines 2008

The Council has reviewed all its property holding, continuously reviews its property holdings with a view to reducing the amount of surplus property and promotes the transfer of local amenity land to the
local town and parish councils if it is considered that that would provide a more effective local management.

The Council works with social housing providers to, wherever possible, provide land to enable all ranges of social housing to be constructed especially in rural areas.

Earmarked funding has been set aside for future asset maintenance costs in the medium term. Also a sustainable renewal fund is in place for the Council’s commercial vehicle fleet.

The Asset Maintenance Action Plan and the 10-year asset maintenance assessments ensure that asset use and capital investment decisions are in line with key priorities and achieve value for money.

Asset Management is a major area of expenditure on the Council’s assets. The largest part of this expenditure is made in conjunction with partners, particularly Sencio, and is used in a way that gives service improvements alongside essential maintenance.

No assumptions are made in the current four-year Financial Plan about the finances of the Blighs Phase 2 development, which is currently under discussion.

Our environmental footprint

We are committed to improving our environmental performance and reducing the environmental impact of our work.

The Council, along with its partners and the local community, made a commitment to tackle climate change by signing up to the Nottingham Declaration on Climate Change (NDCC) in October 2007. Working with all sectors and industries in the local community the Council will aim to reduce energy use and congestion, improving the local environment and tackling fuel poverty.

The Council aims to reduce its carbon emissions in line with Government targets.

Reductions in carbon use will be achieved by reducing travel, increasing the energy efficiency of our buildings and plant, reducing waste and increasing sustainable procurement. The focus will be on direct reductions in carbon emissions, as soon as possible, rather than a reliance on indirect carbon offsetting to achieve carbon neutrality.
Display Energy Certificate (DEC)
From October 2008, the Council, as public sector occupiers of buildings over 1,000m², will need to display Display Energy Certificates (DECs) in prominent places, clearly visible to the public - as part of the Energy Performance of Buildings (EPBD) (Certificates and Inspections) (England and Wales) Regulations 2007.

A Display Energy Certificate shows the energy performance of a building based on the actual energy consumption as recorded annually.

Energy and water
We measure our energy and water consumption – more information is available from our Annual Report.

Transport
<about our fleet>

Waste
Currently, we do not measure the amount of waste we generate at our office and depot. However we do recycle a significant proportion of our waste paper, cardboard, plastic, cans and printer cartridges.
## Financial Plan 2007-08 to 2011-12

<table>
<thead>
<tr>
<th>Item</th>
<th>Budget</th>
<th>Plan</th>
<th>Plan</th>
<th>Plan</th>
<th>Plan</th>
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<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
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### Base Budget

1. **Inflation Changes**
   - Pay award inflation: 3.0% 417
   - Pay award inflation: 2.5% 356 399 409 419
   - Pay incremental progression: 1.5% 208 213 221 224 227
2. **Other Costs (1)**: 2.5% 139 200 205 210 215
3. **Income**: 2.5% -229 -199 -204 -209 -214

4. **Total Inflation changes**
   - 535 570 621 634 647

5. **Growth and compensating items**
   - -17 573 -41 -59 1

6. **Savings proposals (App A)**
   - - -1,040 -629 -132 -205

7. **NET MOVEMENT**
   - 518 103 -49 443 443

### Sub total

- **Total**
  - 14,549 14,652 14,603 15,046 15,489

### Other Costs

8. **Collection Fund adjustment**
   - -95 -94 - - -

9. **Pension Fund Deficit**
   - 4.40% 1,510 1,846 1,927 2,012 2,101

10. **Asset Maintenance**
    - 681 720 729 738 747

11. **Planned staff termination costs**
    - 206 - - - -

12. **Net Service Expenditure excl. cap**
    - 16,851 17,124 17,259 17,796 18,337

13. **Contributions to Reserves**
    - - 421 448 225 246

14. **Non Service Income**

15. **Interest Receipts (2)**
    - 5.25% -1,151 -1,081 -925 -799 -799

16. **Government Support**
    - -6,161 -6,285 -6,317 -6,348 -6,348

17. **DWP grant reduction**
    - - - 34 34 -

18. **Approp from Reserves**
    - -1,701 -1,809 -1,710 -1,680 -1,747

19. **Council Tax**
    - 5.00% -7,889 -8,370 -8,789 -9,228 -9,689

20. **Total non-service income**
    - -16,902 -17,545 -17,707 -18,021 -18,583

21. **General Fund Deficit/Surplus**
    - -51 - - - -

22. **General Reserve Forecast**

23. **Opening Balance as at 1st April**
    - 3,665 2,068 2,068 2,068 2,068

24. **Required Minimum Balance**
    - -1,500 - - - -

25. **General Fund deficit(-)/Surplus**
    - 51 - - - -

26. **Development Services (Cabinet 12 July 07)**
    - -148 - - - -

27. **Available Balance**
    - 2,068 2,068 2,068 2,068 2,068
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<td>Council Tax @ Band D</td>
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(1) 2008/09 onwards cash limited
(2) 2009/10 onwards 5% inflation
### Reserves Statement

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<th>Note</th>
<th>31/3/07</th>
<th>31/3/08</th>
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#### Provisions

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<td><strong>124</strong></td>
<td><strong>54</strong></td>
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#### Capital Receipts Reserve

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#### Earmarked Reserves

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#### General Fund

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</table>

**TOTAL**

|      | 22,212      | 17,847      | 15,824    | 13,924    | 11,958    |

**Note**

1. Per Capital Programme 2008/11
2. Per Asset Maintenance Programme 2008/11
3. Per Financial Plan 2007/08 to 2010/11
Glossary of terms
If you have any comments about this document or require further copies, please contact:

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Sevenoaks
Kent
TN13 1HG

Telephone  01732 227000
E-mail      finance@sevenoaks.gov.uk

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<month> 2008