

SEVENOAKS DISTRICT COUNCIL

FINANCE ADVISORY GROUP

28 March 2012 at 9.30 am in the
Conference Room, Argyle Road, Sevenoaks

AGENDA

Membership:

Chairman: Cllr. Ramsay

Cllrs: Firth, Fittock, Grint, McGarvey and Scholey

1. Apologies for absence
2. Notes of Previous Meeting (Pages 1 - 6)
Notes of meeting of the Group held on 25 January 2012.
3. Declarations of Interest
4. Matters Arising including actions from last meeting (Pages 7 - 8) Adrian Rowbotham Ext.7153
5. Presentation on Direct Services (Pages 9 - 32) Richard Wilson Ext. 7262
(Will address diesel procurement)
6. Revenues and Benefits Partnership Working (Pages 33 - 58) Sue Cressall, Adrian Rowbotham, Meryl Young
7. Property Review - Local Housing Needs, Shoreham (Pages 59 - 68) Jim Latheron Ext. 7209
8. Financial Results 2011/12 - to the end of February 2012 (Pages 69 - 108) Helen Martin Ext. 7483
9. Financial Performance Indicators 2011/12 - to the end of February 2012 (Pages 109 - 112) Helen Martin Ext. 7483
10. Treasury Management - Alternative Investment Options (Pages 113 - 138) Roy Parsons Ext. 7204
11. Forward Programme (Pages 139 - 140)

Please note: The date of the next meeting is May/June 2012

Members wishing to obtain factual information on above items are asked to enquire of the appropriate Director or Contact Officer before the meeting

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FINANCE ADVISORY GROUP

Minutes of a meeting of the Finance Advisory Group held on
25 January 2012 commencing at 9.30 a.m.

Present: Cllr. Ramsay (Chairman)

Cllrs. Firth, Fittock, Grint and McGarvey.

34. APOLOGIES FOR ABSENCE

Apologies were received from Cllr. Scholey.

35. NOTES OF PREVIOUS MEETING

The notes of the meeting of 2 November 2011 were agreed as a correct record.

36. DECLARATIONS OF INTEREST

There were no declarations of interest.

37. MATTERS ARISING INCLUDING ACTIONS FROM LAST MEETING (Report No. 4)

A Member enquired whether any news had been received from Kent Police regarding a contribution of 16 man-hours per week for the Council's CCTV room. Officers confirmed the item had been further considered at the Cabinet meeting on 8 December 2011. The Chairman believed that further consideration would fall under the remit of the Social Affairs Select Committee.

The response to the action was noted.

38. KENT COUNTY COUNCIL SUPERANNUATION FUND - INVESTMENTS
(Report No. 5)

The report had been presented to the Group following a request for more information at the previous meeting.

In response to a question the Chairman informed the Group that, although Kent District Councils had representation on the Kent County Council Superannuation Fund Committee, the Members of that Committee seldom provided feedback to the District Councils. The Chairman was concerned that he had received little response in the past to the representations he had made to the Chairman of the Committee.

A Member commented that it was unusual for advisors to be mentioned in a strategy as Hyman Robertson had been. Yet Hyman Robertson had not been mentioned under the list of Investment Manager Mandates. The Chairman advised that a letter could be sent to the Committee on these matters.

The Finance Manager confirmed he had received an email from a Member of the Group, not present at the meeting, which had also been circulated to the other Members of the Group. The Member had raised a number of issues in the email including how Members were appointed to the Committee how often the Strategy was reviewed and the lack of a policy on director remuneration. The Environmental,

Agenda Item 2

Finance Advisory Group – 25 January 2012

Social and Governance Investment Policy Statement also appeared to contradict itself between the Introduction and Fiduciary Responsibility sections.

The Chairman agreed to write to the Kent County Council Head of Financial Services with the questions as set out in the Member's email.

Action: The Chairman to write to the Kent County Council Head of Financial Services with the questions set out in the email dated 17 January 2012.

Resolved: That the report be noted.

39. TREASURY MANAGEMENT STRATEGY 2012/13 (Report No. 6)

The Principal Accountant circulated updated lists of investments to the Group.

The Chairman noted Landsbanki Islands hf was still on the list of investments. The Principal Accountant confirmed no interest would be received on the money from the point the bank went into administration. Full payment of what was owed by the bank to Sevenoaks District Council was expected by 2018. It was likely the payment would be made at least partially in US Dollars and Euros. The meeting agreed it was important that any foreign currency received was converted to Pound Sterling as soon as possible.

The Principal Accountant was asked whether there was an update about possible investment in money market funds, index-linked gilts or treasury bills. He had started the research and the Council's advisors, Sector, had introduced him to 5 representatives of money market funds that matched the Council's expectations. He had already met with 4 of the representatives. Among the 5 funds, a 30 day performance comparison to the end of September gave rates of return ranging from 0.6 to 0.81%. All were AAA credit rated and had stable net asset values. The size of the funds ranged from £2 billion to £22 billion and he suggested that the larger institutions may be more attractive. Nationally, approximately 10% of Local Authority investments were in money market funds. They had the advantage of being liquid and therefore readily accessible. Black Rock was a popular institution and could facilitate transfers from Barclays accounts without incurring charges.

Having spoken to traders of treasury bills, a rate of return was likely to be between 0.3 and 0.4% net of fees. If the Council were to deal with the treasury bills directly they would require a custodian account for the certificates which would cost between £30,000 and £40,000. The options for purchasing index-linked gilts were more complex and necessitated dealing either directly with the Government's Debt Management Office or as traded securities via the stockmarket. Another option was a gilt fund run by a specialist manager.

A more full explanation would be provided to the next meeting of the Group. Members thanked the Principal Accountant for his work on the matter.

Action: The Principal Accountant to bring a report to the next meeting of the Finance Advisory Group.

A Member enquired whether the Council needed to reduce the minimum long term credit rating in the 2012/13 creditworthiness policy to A-, or whether A would suffice.

The report had not mentioned that there were many institutions at A- and therefore it was felt putting it at A would not harm the diversity of the Council's portfolio. The Group agreed to this amendment.

Officers were asked that the credit rating of an institution be added as a column to the next list of investments.

Action: The Principal Accountant to add the credit rating of an institution to the next list of investments.

Resolved: That it be recommended to Cabinet that the Council approve the Treasury Management Strategy Statement, as amended.

40. COSTS AND SAVINGS IN PARTNERSHIP WORKING (Report No. 7)

It was noted the shared working arrangements were providing annual savings of £668,000 and covered a wide array of services.

The Chairman was pleased that the Revenues and Benefits Team had recently been visited by Lord Freud, the Minister for Welfare reform. The Revenues Manager and the Benefits Manager had the opportunity to explain how the reforms to Housing Benefit and Council Tax Benefit had made it difficult for the Council to recruit and retain staff.

Members were informed by Officers that, where joint working took place, Officers were usually employed by the authority they had worked for prior to the commencement of any shared working arrangements. Occasionally this led to a disparity in terms and conditions. No restructuring had taken place because reviews were expected 2 years after the forming of the partnerships to review their arrangements. Members felt that it would help if Dartford Borough Council could move to National Joint Council terms.

There were concerns how political differences could affect the partnership working. The Council would be expected to deliver savings of 10% when the localised Council Tax Support scheme was introduced. It was thought likely the Councils would disagree on who would be protected. It was felt more details were necessary before any decisions could be made about how to manage the savings.

In response to a question, the Finance Manager explained that the partnership agreements usually contained arrangements in the event the partnership was to end.

Action: Officers to provide totals for annual savings for shared working arrangements the next time report is presented.

Action: Officers to present an item on Partnership Working – Costs and Savings annually.

Resolved: That the report be noted.

41. RISKS AND ASSUMPTIONS FOR BUDGET 2012/13 (Report No. 8)

Members agreed that the further forward the budget plans looked then the greater

Agenda Item 2

Finance Advisory Group – 25 January 2012

uncertainty there was. The Chairman explained that was the reason for the Budget Stabilisation Fund, however it was also more likely that Council Tax would rise in future years.

It was asked whether the rise in non-pay costs of 2.5% was too optimistic. The Finance Manager responded that should inflation in one area rise above 2.5% then the relevant Service would need to find compensatory savings elsewhere.

Resolved: That Members' comments be noted.

42. FINANCIAL RESULTS 2011/12 – TO THE END OF DECEMBER 2011 (Report No. 9)

The Finance Manager advised the Group that figures for income from car parks had improved significantly in December. This was despite 2 Saturdays of free parking being offered in Sevenoaks prior to Christmas.

In Housing there was a forecast annual variance of £70,000 to cover the cost of homeless people in Bed and Breakfast accommodation. This sum related to fewer than 20 families who had been provided this accommodation as a last resort. Housing had found compensatory savings elsewhere.

A Member noted that there was apparently a variance to date for the Horton Kirby Village Hall even though the Council had received the Section 106 monies. Officers explained that, because the monies had been received, no annual variance was forecast and that this was only shown because financing of capital expenditure was not allocated until the end of the year. A number of the items had variances to date because the money came from external funding, but the money had been received so there was no forecast annual variance.

Direct Services was adjusting their budget for next year in light of the current overspend. Members acknowledged it was difficult to budget for rises in diesel costs but enquired whether joint procurement with other authorities would assist in reducing costs.

Action: The Head of Environmental and Operational Services to be asked to address diesel procurement when invited to give a presentation on Direct Services at the next meeting.

43. FINANCIAL PERFORMANCE INDICATORS 2011/12 – TO THE END OF DECEMBER 2011 (Report No. 10)

The Finance Manager updated the meeting that the figure for sundry debts over 61 days had fallen to £25,000 with only 3 major debtors. He felt it unlikely these debts would be recovered soon given the economic circumstances.

44. FORWARD PROGRAMME (Report No. 11)

Members were asked to email the Head of Environmental and Operational Services with any questions they had in advance of the meeting so that answers could be prepared.

It was clarified that the Revenues and Benefits Partnership Working item on 28 March 2012 was to consist of a presentation and then questions.

A Member enquired whether sometimes sending post and agendas to Members by courier was cost effective, especially when a Member may attend for a meeting soon after. The Chairman considered that the matter had been investigated and was cost effective.

No further amendments were made.

45. ANY OTHER BUSINESS (Item No. 12)

No other business was discussed.

THE MEETING WAS CONCLUDED AT 11:34 A.M.

CHAIRMAN

ACTION SHEET - Actions from the previous meeting

ACTIONS FROM 25.01.12			
Action	Description	Status and last updated	Contact Officer
ACTION 1	The Chairman to write to the Kent County Council Head of Financial Services with the questions set out in the email dated 17 January 2012.	Letter sent to Kent County Council on 30/01/12 and reply received dated 17/02/12. Both letters were emailed to Finance Advisory Group Members on 13/03/12.	Adrian Rowbotham Ext: 7153
ACTION 2	The Principal Accountant to bring a report to the next meeting of the Finance Advisory Group about alternative investment options in Treasury Management.	Report to Finance Advisory Group on 28/03/12.	Roy Parsons Ext: 7204
ACTION 3	The Principal Accountant to add the credit rating of an institution to the next list of investments.	Completed	Roy Parsons Ext: 7204

ACTION 4	Officers to provide totals for annual savings for shared working arrangements the next time the Partnership Working – Costs and Savings report is presented.	To be added to the next report.	Adrian Rowbotham Ext: 7153
ACTION 5	Officers to present an item on Partnership Working – Costs and Savings annually	Added to Forward Programme in January 2013.	Adrian Rowbotham Ext: 7153
ACTION 6	The Head of Environmental and Operational Services to be asked to address diesel procurement when invited to give a presentation on Direct Services at the next meeting.	Item to Finance Advisory Group on 28/03/12.	Richard Wilson Ext: 7262

COMMUNITY & PLANNING SERVICES

DIRECT SERVICES

BUSINESS REPORTS

2011/12

February 2012

Direct Services
BUSINESS REPORTS

TRADING ACCOUNTS

1. Refuse Collection
2. Street Cleansing
3. Trade Waste
4. Transport Workshop
5. Green Waste
6. Premises Cleaning
7. Cesspool Emptying
8. Pest Control
9. Grounds Maintenance

GROUNDS MAINTENANCE 2011/12

DETAIL	PREVIOUS MONTHS												THIS MONTH			NEXT MONTH	TOTALS		
	APR/MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	ACTUAL	TARGET	VARIANCE	MAR	BUDGET	ACTUAL		BALANCE	BUDGET	VARIANCE
											FEB				TO DATE		TO DATE	TO DATE	
INCOME:																			
SDC	22,500	11,250	11,250	11,250	11,250	11,250	11,250	11,250	11,250	11,250	11,250	11,250	0	11,250	135,000	123,750	11,250	123,750	0
TOTAL INCOME:	22,500	11,250	11,250	11,250	11,250	11,250	11,250	11,250	11,250	11,250	11,250	11,250	0	11,250	135,000	123,750	11,250	123,750	0
EXPENDITURE:																			
SALARIES	13,838	6,825	6,982	6,904	6,538	5,798	5,798	5,783	5,798				201	6,000	72,000	70,063	1,937	66,000	(4,063)
DEPOT RECHARGE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
AGENCY	1,417	2,013	1,120	1,271	1,120	746	0	0	0	0	0	0	0	0	15,000	7,687	7,313	15,000	7,313
SUPPLIES	979	447	271	325	139	320	606	766	369	922	1,083	922	922	1,087	13,000	4,383	8,617	11,913	7,530
FUEL	885	560	414	386	369	266	217	151	96	48	206	48	48	206	2,472	3,502	(1,030)	2,266	(1,233)
TRANSPORT REPAIRS	675	8	(72)	38	261	826	504	2,014	286	(305)	250	(305)	(305)	250	3,000	5,095	(2,095)	2,750	(2,345)
FIXED TRANSPORT	5,522	2,772	2,771	2,761	2,774	2,747	2,960	2,959	2,958	87	3,044	87	87	3,044	36,528	31,181	5,347	33,484	2,303
CFC	260	130	130	130	130	130	130	130	130	15	145	15	15	139	1,734	1,430	304	1,595	141
CSS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENDITURE:	23,576	12,755	11,616	11,815	11,331	10,833	10,215	11,803	9,637	(968)	10,728	(968)	(968)	10,726	143,734	123,341	20,393	133,008	(9,667)
NET BUDGET:	(1,076)	(1,505)	(366)	(565)	(81)	417	1,035	(553)	1,613	(968)	522	(968)	(968)	524	(8,734)	409	(9,143)	(9,258)	9,667
									Exp to Date										
									Actual profit/(loss)										
									409	(9,258)	9,667								

Page 5 of 5

DIRECT SERVICES

BUSINESS REPORTS

OVERHEAD

ACCOUNTS

- 1. Fleet Management**
- 2. Depot**
- 3. Emergency**

EMERGENCY 2011/12

DETAIL	PREVIOUS MONTHS												THIS MONTH			NEXT MONTH			TOTALS		
	APR/MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	ACTUAL	TARGET	VARIANCE	MAR	BUDGET	ACTUAL	BALANCE	BUDGET	VARIANCE			
										FEB	FEB		MAR	TO DATE	TO DATE	TO DATE					
INCOME:																					
INCOME:	7,496	3,748	3,748	3,748	3,748	3,748	3,748	3,748	3,748	3,748	3,748	0	3,751	44,979	41,228	3,751	41,228	0			
TOTAL INCOME:	7,496	3,748	3,748	3,748	3,748	3,748	3,748	3,748	3,748	3,748	3,748	0	3,751	44,979	41,228	3,751	41,228	0			
EXPENDITURE:																					
SALARIES	650	326	325	325	326	325	325	325	326	325	325	(26)	300	3,589	3,578	11	3,289	(289)			
DEPOT RECHARGE	834	417	417	417	417	417	417	417	417	417	417	0	413	5,000	4,587	413	4,587	0			
SUPPLIES & SERVICES	78	0	0	0	0	0	0	0	0	0	0	25	25	300	78	222	275	197			
FUEL	0	55	0	0	0	0	5,539	(5,384)	51	116	167	51	163	2,000	377	1,623	1,837	1,460			
REPAIRS	454	97	0	1,107	1,127	690	1,979	580	416	652	667	15	663	8,000	7,102	898	7,337	235			
FIXED TRANSPORT	2,010	750	836	832	826	827	(333)	1,325	1,324	1,323	1,422	99	1,425	17,067	9,720	7,347	15,642	5,922			
SUPPORT COSTS	1,758	879	879	879	879	879	879	879	879	879	879	0	881	10,550	9,669	881	9,669	0			
TOTAL EXPENDITURE:	5,784	2,524	2,457	3,560	3,575	3,138	8,806	(1,858)	3,413	3,712	3,876	(164)	3,870	46,506	35,111	11,395	42,636	(7,525)			
NET BUDGET:	1,712	1,224	1,291	188	173	610	(5,058)	5,606	335	36	(128)	(164)	(119)	(1,527)	6,117	(7,644)	(1,408)	7,525			
									Exp to Date	35,111	42,636	7,525									
									Actual profit/(loss)	6,117	(1,408)	7,525									

DIRECT SERVICES

BUSINESS REPORTS

SUMMARY PAGES

Agenda Item 5

	PERIOD				Y-T-D				ANNUAL				Y-T-D NET VARIANCE				ANNUAL NET VARIANCE			
	Budget	Actual	Actual / Budget	Variance	Budget	Actual	Actual / Budget	Variance	Budget	Forecast	Variance	Net Budget by Service	Net Actual by Service	Variance by Service	Net Budget by Service	Net Actual by Service	Variance by Service			
	£'000	£'000	%	£'000	£'000	%	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000				
Income																				
Refuse	-170	-170	0%		-1,879	-1,886	0%	7	-2,051		93	40	53	101		101				
Street Cleaning	-96	-95	-1%		-1,055	-1,057	0%	2	-1,151		67	63	4	73		73				
Trade	-29	-22	-23%	-7	-361	-341	-5%	-19	-390		-45	-20	-25	-46		-46				
Workshop	-51	-45	-12%	-6	-558	-513	-8%	-45	-609		-27	5	-32	-29		-29				
Green Waste	-16	-22	34%	6	-353	-357	1%	4	-376		-82	-61	-22	-84		-84				
Premises Cleaning	-21	-16	-26%	-6	-236	-185	-22%	-51	-258		-14	19	-33	-15		-15				
Cesspools	-23	-18	-22%	-5	-257	-210	-18%	-47	-280		-58	-6	-51	-63		-63				
Pest Control	-3	-3	-2%		-77	-75	-3%	-2	-80		-3	-1	-3							
Grounds	-11	-11	0%		-124	-124	0%		-135		9		10	9		9				
Fleet	-68	-69	1%	1	-748	-707	-6%	-41	-816		-816	3	-3							
Depot	-22	-41	84%	19	-268	-251	-6%	-16	-290		-17	-40	23	-20		-20				
Emergency	-4	-4	0%		-41	-41	0%		-45		1	-6	8	2		2				
Total Income	-515	-516	0%	1	-5,956	-5,747	-4%	-209	-6,481		-75	-4	-72	-74		-74				
Expenditure																				
Refuse	179	173	3%	6	1,972	1,926	2%	46	2,151				2,151							
Street Cleaning	102	99	2%	3	1,121	1,120	0%	1	1,223				1,223							
Trade	29	26	10%	3	315	321	-2%	-6	344				344							
Workshop	48	43	11%	5	531	518	2%	13	579				579							
Green Waste	22	21	3%	1	271	296	-9%	-25	293				293							
Premises Cleaning	20	18	10%	2	222	204	8%	18	243				243							
Cesspools	18	16	10%	2	199	203	-2%	-4	217				217							
Pest Control	7	7	0%		73	74	-1%	-1	80				80							
Grounds	11	10	9%	1	133	123	7%	10	144				144							
Fleet	68	70	-2%	-2	748	709	5%	39	816				816							
Depot	19	20	-4%	-1	251	211	16%	40	270				270							
Emergency	4	4	4%		43	35	18%	8	47				47							
Total Expenditure	527	506	4%	20	5,880	5,743	2%	137	6,407				6,407							
Net	11	-10	-190%	21	-75	-4	-95%	-72	-74				-72			-74				

(For Committee Team's use)
Decision Number: 23/2010

wh

Portfolio Holder Decision

Subject: Automotive Diesel Fuel Supply Tender

Taken by: Cllr Mrs Hunter

Date of decision:
10.1.2011

Details of Decision: Following EU advertised tender evaluation, to accept the tender from Halls Fuels for the supply of automotive diesel fuel

Documents considered:
(Please attach the report including recommendations for action and list all others)

Tender Evaluation Documents

Reasons for Decision:
(Please set out in full)

To accept tender for supply of automotive diesel fuel from Halls Fuels, commencing 9th February 2011, for a period of 4 years

Local Member(s), other Portfolio Holders and/or Directors/Heads of Service consulted.

Head of Environmental and Operational Services

Signed by Portfolio Holder: 

Record made by: R. Wilson

Date: 10.1.2011

When completed a copy of this record must be sent to the Democratic Services Section by e-mail and a signed copy by internal mail

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Automotive Diesel Fuel Supply - EU Advertised Tender Evaluation - October 2010

Company: Halls Fuels							
WEIGHTING MATRIX							
	Evaluation Criteria	Weighting	Maximum Mark	Maximum Weighted Score	Actual Mark	Weighted score	Convert to %
	Most Economically Advantageous Tender						
(i)	Specification compliance and quality merit	40	40	1600	40	1600	100
(ii)	Price	40	40	1600	20	800	50
(iii)	Certainty of supplies	5	6	30	6	30	100
(iv)	Delivery conditions	5	6	30	6	30	100
(v)	Relevant environmental characteristics	5	2	10	2	10	100
(vi)	Qualification Questionnaire response	5	6	30	6	30	100
		100	100	3300	80	2500	75.76

Supply of Automotive Diesel Fuel - EU Advertised Tender Evaluation.

SCORING MATRIX FOR ELECTION OF SUPPLIERS						
Halls Fuels	Maximum Points Available	Non Compliance (Comment)	Compliance	Actual Points Scored		
<u>General Requirements</u>						
Insolvent bankrupt		Remove supplier	None - Questionnaire			
Questionnaire completed	2		Completed			
Public Liability Insurance cover	2		Current Certificates			
ISO 14001 :2004	2		Certification included			
	Sub-total points = 6					Sub-total points = 6
<u>Specification (Quality)</u>						
Typical properties - ZSD	25	Cetane Index not given	Typical property ranges			
Bunkered supplies - temperature?	15		Bunkered supplies at terminal			
	Sub-total points = 40					Sub-total points = 40
<u>Price</u>						
Platts Mid CIF NW Europe used	5		Yes			5
Pricing formula & CF (l/t) supplied	5		Not supplied			0
Premium add-on (ppt) for ZSD	5		1.50 ppt			5
Period of Fixed price	5		Two years			5
Historical data supplied	5		Not supplied			0
Surcharge small loads	5		Not stated			0
Discount - prompt payment	5		Not stated			0
Comparative whole contract cost	5		Only tender submitted			5
	Sub-total points = 40					Sub-total points = 20
<u>Certainty of Supplies</u>						
Accounts submitted	2		Yes, 3 years plus current			2
Bankers details/reference supplied	2		Yes, reference supplied			2
Where is diesel fuel supply made?	2		Fawley, Southampton			2
	Sub-total points = 6					Sub-total points = 6
<u>Delivery Conditions</u>						
Delivery within 7 days?	2	Not stated	Contract Requirement			2
Delivery between 09.00 & 12.00 hrs?	2	Not stated	Contract Requirement			2
Separate Invoice/load delivered?	2	Not stated	Contract Requirement			2
	Sub-total points = 6					Sub-total points = 6
<u>Environment</u>						
Environmental Policy	2		Statement included			2
	Sub-total points = 2					Sub-total points = 2
	Total Points = 100					Total Points = 80

Agenda Item 5

Supply of Automotive Diesel Fuel - EU Advertised Tender Evaluation

Suppliers Name:	Halls Fuels a Division of Watson Petroleum	Carlton Fuels Limited
	Brinkworth, Chippenham, Wiltshire SN15 5DN 01784 248659	Carlton House, Gores Road, Knowsley Industrial Park (North), Merseyside L33 7XS - Tel. 0151 546 6660. Paul Vian
Tender Requirements		
General Requirements		Current Supplier
Questionnaire completed?	Yes	No Tender Submitted
Form of Tender signed by authorised party?	Yes	
Anti-collusion Certificate signed?	Yes	
Public Liability Insurance for £10,000,000?	Yes - £20,000,000 renewal date 01/05/11	
Claims under Firm's Professional Indemnity?	None recorded	
Specification (Quality)		
Typical Properties - 'Zero' Sulphur Diesel		
Sulphur (ISO20846) 10 ppm	8 mg/kg Esso Typical	
Density (IP365) 840 kg/m ³	833 kg/m ³ Esso Typical	
Cetane number (ISO5165) 55	54.4 Esso Typical	
Cetane Index (ISO4264) 53	Not stated but typical Cetane Number provided	
Lubricity (ISO12156-1) 400 microns	324 microns Esso Typical	
Viscosity (IP71) 3.0 cSt.	2 Esso Typical	
Measured from bunkered supplies at ambient temperature. Any cooling after loading and discharge into Council's storage tanks to be no more than 5 degrees Celcius.	Esso Purfleet Terminal <i>London Rd., Purfleet, Essex</i> Esso West London Terminal <i>Stanwell, Staines, Middx.</i>	
Price		
Platts EN590:2004 NW Europe Mid CIF	Yes	
Pricing formula used included?	Only in part	
Details of Historic Pricing Fluctuations?	No	
Litres/tonne conversion rate? (CF)	Not stated	
FT daily exchange rate?	Not stated	
<i>ppl base as of 22 November 2010 pricing:</i>	99.01	
Tender price £ per litre (excl. VAT) Zero S D	1.50 pence per litre premium above Platts	
ppl charge as of 22 November 2010	100.5100	
<i>Current supplier ppl as of 22 November 2010</i>	100.0063	
<i>Tender/Current charge difference per litre</i>	0.5037	
Additional cost for small load - ppl surcharge	Not stated	
Delivery included?	Not stated	
Payment terms?	Not stated	
For what period the tender price is fixed for?	9th February 2011 to 8th February 2013	
Formula basis for any price increase?	Not stated	
Early payment discount?	Not stated	
Relative Cost over Contract Term		
467,800 litres/annum @ base price + Premiums (Apply margin over Platts for 2 year term and estimated margin for two years after)	£1,885,421	
Certainty of Supplies		
Financial standing - Company Accounts given?	Yes, £585 million annual turnover 2009/10	
- Bankers reference permitted/letter supplied?	Yes - Reference authority letter supplied.	
- Any Bankruptcy?	None recorded	
Guarantee by Parent Company offered?	No	
Experience - Company history? Co. Group?	Company reg. 20/11/57 no. 594001 - No Co. group	
Where Diesel fuel made?	Fawley Refinery, Southampton	
Delivery Conditions		
Within 7 days of order?	Not stated	
Delivery between 9.00 and 12.00 hrs?	Not stated	
Surcharge on 27,000 litres?	Not stated	
Separate invoice sent per load delivered?	Not stated	

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REVENUES AND BENEFITS PARTNERSHIP WORKING

Finance Advisory Group – 28 March 2012

Report of the: Deputy Chief Executive and Director of Corporate Resources

Status: For Information

Key Decision: No

Executive Summary: This report updates Members on the Revenues and Benefits Partnership with Dartford Borough Council and informs Members of the legislative changes that will affect these services.

This report supports the Key Aim of effective management of Council resources.

Portfolio Holder Cllr. Ramsay

Head of Service Group Manager – Financial Services – Adrian Rowbotham

Recommendation to Finance Advisory Group: That the report be noted.

Introduction

- 1 At a previous meeting Members asked for a report on the Revenues, Benefits, Audit and Fraud Partnership with Dartford Borough Council.

Progress of the Partnership

- 2 The partnership started in December 2010 and has therefore now been operating for over a year.
- 3 In September 2011, at the annual awards of the Institute of Revenues Rating and Valuation (IRRV), the Sevenoaks and Dartford team won the silver award for ‘Excellence in Partnership Working’. Appendix A contains the submission for this award which details how the partnership was established.
- 4 Sue Cressall, Revenues Manager, and Meryl Young, Benefits Manager, will be providing Members with a verbal update on the Revenues and Benefits services at the meeting.

Legislative Changes within Revenues and Benefits

- 5 This section contains details of the legislative changes that will affect the Revenues and Benefits services and also affect the major funding streams of the Council.

Agenda Item 6

Localising Support for Council Tax

- 6 The Government consulted (in July 2011) on proposals for the localisation of support for council tax, to replace council tax benefit, from April 2013. This followed the announcement in the 2010 Spending Review that expenditure would be reduced by 10% from the same date.
- 7 The Government has considered all responses and has now issued a further paper summarising their future proposals. The Government has confirmed that the main elements of the original proposal will remain as included in the consultation paper and that the implementation date will remain as April 2013. It will be a huge challenge to implement the proposals by April 2013 and will have resource implications.
- 8 The Local Government Finance Bill contains the provisions for the establishment of a localised council tax support scheme, but the detailed framework will be set out in regulations. Draft regulations will be published during consideration of the bill in Parliament.
- 9 The main principles of a local support scheme are :
 - although, in theory this is a local scheme, the Government will have the ability to prescribe eligibility criteria – e.g. for vulnerable pensioners;
 - council tax support will not be reduced for pensioners as a result of the new scheme. This support will be using national rules for eligibility and rates defined in regulations by the Government;
 - the Council will have to consider its statutory duties for other vulnerable residents when setting up a local scheme;
 - local schemes will need to consider the impact of Universal Credit, which begins in October 2013, and in particular supporting work incentives. The two schemes should be complimentary;
 - support for council tax will be fully integrated into the council tax system with support being a direct reduction on council tax bills. Support will be given as a discount and reduce the tax base. It will be part of the tax base setting process; and
 - the Billing Authority (Sevenoaks) will be the lead authority and be responsible for developing and approving a scheme.
- 10 Local schemes will be fully integrated with the council tax system with support being offered in the form of a council tax reduction (discount). Grant will be paid to the billing and precepting authorities thus reducing their budget requirement, and offsetting (partially or fully) the reduction in the tax base. This means that the financial risk (if expenditure exceeds grant) is shared by all authorities.
- 11 A localised scheme will be funded partly or wholly by specific government grant. Local authorities will need to take into account the likely level of grant when developing and adopting a scheme but they will not be under any duty to match

expenditure to grant. The specific grant will be at least 10% lower than current levels and with general grant also reducing, local authorities will want to ensure, as far as possible, that expenditure does not exceed grant.

- 12 There is a huge amount of work to be done by both Government and local authorities if the timetable is to be achieved. Also it will require council tax software systems to be adapted, tested and fully operational much earlier than April 2013. Many respondents to the original consultation said that the timescale was either extremely optimistic or unachievable but the Government is sticking with its original proposed timetable. The Council will have to put significant resources into ensuring that a local scheme can be successfully implemented and detailed milestones achieved. The Government will provide some funding for this additional burden but it is unlikely to be sufficient to meet the additional cost incurred.
- 13 An officer group is in place to work on this issue.

Technical Reforms of Council Tax and the Local Government Finance Bill

- 14 The Department for Communities and Local Government issued a consultation paper on 31 October 2011 entitled *Technical Reforms of Council Tax*. The closing date for responses was 29 December 2011.
- 15 However, it is disappointing to note that the Local Government Finance Bill introduced in the House of Commons on 19 December 2011 has apparently pre-empted responses regarding many of the matters covered by the consultation.
- 16 In summary, the changes include:
- giving billing authorities power to levy up to 100% council tax on second homes;
 - replacing exemption Classes A and C with locally determined discounts;
 - abolishing class L exemption, and making mortgagees in possession of empty dwellings liable for the Council Tax;
 - allowing billing authorities to levy an 'empty homes premium' in respect of dwellings which have been left empty for two years or more;
 - setting the statutory number of instalments for the payment of Council Tax at 12 instead of 10;
 - allowing authorities to publish online the 'Information to be supplied with demand notices' but with a duty to supply it in hard copy upon request;
 - changes to prevent the possibility of liability for non-domestic rates becoming due where home owners allow third party suppliers to install domestic scale 'solar panels' under 'rent a roof schemes'; and
 - changes to the treatment of self-contained annexes where they are not separately occupied but are used a part of the main home.

Agenda Item 6

Universal Credit

- 17 The aim of Universal Credit is to simplify the benefit system, reduce cost and to ensure that it pays to work. It aims to create a leaner but fairer system administered by a single government department. One of the key features is to merge “in and out of work“ benefits. There will be no need to sign off benefits to take up employment. The links between benefit payments, earnings and tax should in turn make the system more secure from fraud and error.
- 18 Universal Credit will replace Income Support, Income based Jobseekers Allowance, Income-related Employment and Support Allowance, Housing Benefit, Child Tax Credit and Working Tax Credit. Universal credit will be based on households rather than individuals with both members of a couple required to claim. It is envisaged that claims will normally be made through the internet and the DWP expect that most subsequent contact between recipients and the delivery agency will also be conducted online.
- 19 People will be able to obtain all elements of Universal Credit through a single application. Universal Credit will normally be paid direct to the claimant on a monthly basis. The long term direction is to make Universal Credit as much like a payment of salary as possible with the emphasis on the recipients to manage their own budgets including rent and mortgage.
- 20 The implementation of Universal Credit is a significant project, affecting 19 million individual claims and an estimated eight million households. Details are still sketchy but the current intention is that for working age people, new claims to Universal Credit will commence October 2013 with a view to completing the transfer to Universal Credit by October 2017. For those of pension age, implementation will start from October 2014 and the DWP is not at present assuming that pension age recipients would mainly apply online.
- 21 The DWP will be responsible for the implementation and administration of Universal Credit, but there remain a variety of options for operational arrangements. The potential implications and opportunities for Local Authorities are significant.
- 22 A briefing note on Universal Credit was presented to Services Select Committee on 31 January 2012 where it was agreed that a Members’ Universal Credit Working Group would be formed to carry out an in-depth scrutiny. The group consists of Cllrs. Ball, Firth, Hogarth, Horwood and Raikes.

Proposals for Retention of Business Rates

- 23 The Government has undertaken a Local Government Resources Review. Part of that review included the local retention of business rates. DCLG issued a consultation paper titled “Local Government Resources Review: Proposals for Business Rates Retention” in July 2011.
- 24 The Government has considered all responses and has now issued a further paper summarising their future proposals. The Government has confirmed that the main elements of the original proposal will remain as included in the consultation paper but it has clarified some specific details. A new system for providing general

Agenda Item 6

Central Government financial support to local authorities will be in place for April 2013.

25 The main elements for the scheme will be:

- Revenue Support Grant will in future be discretionary used mainly to fund additional burdens imposed by Government and support specific initiatives. Central Government financial support for local authority services will come almost entirely from business rate income.
- A percentage of the total business rates collected nationally will be localised. The percentage will be based on the national control totals included in the 2010 Spending Review and the functions and services that the Government decides to fund from retained business rates. It will be announced in spring 2012.
- A business rates baseline will be set for each authority. It will be based on the amount of business rates collected locally (an average over recent years) and split between billing and non billing authorities (i.e. between Sevenoaks District Council, Kent County Council and Kent Fire & Rescue) the police will be funded outside of this system.
- A baseline funding level will be established for each authority. This will be based on the 2012/13 formula grant updated for reduced funding levels nationally and also updated data.
- The difference between an authority's business rates baseline (business rates collected split between tiers) and the authority's baseline funding level will be determined. If the business rates baseline is higher than the funding baseline then the authority will have to pay a "tariff". If the business rates baseline is lower than the funding baseline then the authority will receive a "top up". This will ensure that at the start of the new system each authority starts from a neutral base.
- All districts will be tariff authorities. The tariff will be increased each year in line with RPI, the same as the business rate multiplier that determines the amount of business rate paid.
- If there is growth in an area's business rates in any year, from the 2012/13 baseline, then authorities in that area will benefit from the growth. Conversely if there is a reduction then authorities in that area will be financially worse off.
- A levy will be imposed to limit an authority receiving a "disproportionate benefit" from any increase.

26 This proposal will completely change the basis of central government financial support for local services. In effect all general financial support will come from business rates.

Key Implications

Agenda Item 6

Financial

27. This report is for information only. The partnership has been entered into by the Council in order to achieve financial savings, deliver increased efficiencies and improve resilience of service delivery. The details of the financial implications of the legislative changes are not yet known.

Community Impact and Outcomes

28. The partnership working arrangements have delivered financial savings, thus delivering a financial benefit to local residents whilst maintaining customer facing services.

Legal, Human Rights etc.

29. There are no legal or human rights implications arising from this report.

Conclusions

30. The partnership has now been operating successfully for over a year but there are several major changes ahead that will affect how the Revenues and Benefits services operate in the future.

Risk Assessment Statement

31. A risk assessment was completed when the partnership was approved. The legislative changes explained in the report are likely to result in major changes to the way the services operate as well as the overall government funding received by the Council.

Appendices

Appendix A – IRRV Awards Submission

Background Papers:

Universal Credit In-Depth Scrutiny – Briefing Note (Services Select Committee - 31 January 2012).

Contact Officer(s):

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Dr. Pav Ramewal

Deputy Chief Executive and Director of Corporate Resources

IRRV AWARD SUBMISSION



 **Introduction**

Dartford Borough and Sevenoaks District are neighbouring Council areas in the north-west of Kent. The areas have a combined population of 207,000 people, around 90,000 homes and support 14,000 of the most vulnerable people through the payment of housing and council tax benefit.

Dartford Borough Council is recognised as a high performing Council through both CPA and CAA categorisation. The Council has a net budget of £13 million and collects £43.5 million in council tax and £79 million in business rates annually. The Council pays £30 million annually in housing and council tax benefits.

Sevenoaks District Council is rated in the top 2% of District Councils through CAA and is recognised as level 4 for the delivery of value of money. The Council has also been recognised for its work force practices. By embedding a unique culture of empowerment the Council was one of the first District Councils in the country to achieve the gold standard award for Investors in People and was also named the best district council to work for in The Times Awards in 2010. The Council has a net budget of £14 million and collects £67.5 million in council tax and £32.5 million in business rates annually. The Council pays £34 million annually in housing and council tax benefits.

In January 2010 both Dartford Borough and Sevenoaks District Councils agreed an ambitious partnership working project, to combine their Revenues and Benefits services in to a single shared service.

A delivery model was agreed that would deliver high levels of customer satisfaction, high levels of efficiency and quality, improved resilience and the targeted level of cashable savings of at least £250,000 per Council per year, with further targeted savings to be delivered in future years. Ambitiously the implementation plan was drawn up to move from two separate teams to a single team based on one site, with a single IT and customer service solution within 6 months, from June to December 2010.

What we believe to be the fastest and most effective shared service project of its type in the country was delivered on time and within budget. The drive, energy and commitment of senior management, support teams across both Councils and of course the front line staff has

Agenda Item 6

delivered an excellent shared service and is a real demonstration of successful partnership working.

The project has been a resounding success;

- It was implemented in just 6 months, on time and within budget;
- Savings targets have been met and indeed stretched in future years;
- Challenging performance targets have been agreed to deliver excellent customer service; and
- Customer satisfaction remains high.

Our submission to the 'Excellence in Partnership Working' award demonstrates the exceptional amount of hard work and dedication that went in to delivering a partnership that delivers excellent customer service – as recognised by the customer, significant financial savings and the ongoing benefit of a business model that can be scaled up to introduce new partners and can also applied to other services.

This is the first opportunity to enter the team for national recognition for its achievements and one that both Councils value.



Our Partnership

Summary

At the end of 2009/10 Dartford Borough and Sevenoaks District Councils were employing a total of 77 full time equivalent employees and spending £4.6 million per year on their Revenues and Benefits Services.

A highly focussed six month period of implementation followed. Set up costs of £800k were allocated, to be repayable in less than two years from the savings to be generated from the partnership.

By April 2011 the partnership was in place and had been operating for 3 months with staff numbers reduced by 19%, to 62 full time equivalent staff, and the total annual budget reduced by 11% to £4.1 million. By planning ahead, holding vacant posts and offering re-training opportunities the number of redundancies were reduced to minimum levels.

Over a five year period in excess of £2.5 million will be realised in cashable efficiency savings.

In just 12 months Dartford and Sevenoaks Councils formed the initial partnership idea, developed a business model, presented a full report to Members and implemented a partnership arrangement that is saving £500,000 per year.

Establishing the Partnership

Dartford Borough and Sevenoaks District Council each had an agreed a strategy to generate financial savings through partnership working. Management considered that there was significant scope for long term operational and efficiency savings to be delivered from a Revenues and Benefits partnership.

It was agreed to move forward as equal partners to determine a working model that met both Councils long term ambitions for its Revenues and Benefits service.

It was established that a future shared Revenues and Benefits service must deliver:

- Cashable savings of at least £200,000 per Council per year;
- Improved resilience;
- High customer satisfaction;
- High service efficiency and quality; and
- A model for wider application across other services.

After thorough investigation, consultation with Members and Officers and scenario testing it was evident that one service model would deliver the aims of the project.

Both Councils agreed that the project should proceed on the basis that the Revenues and Benefits partnership would be based in the offices of Sevenoaks District Council. As customer service was a key focus it was imperative to both Councils that customers were able to access the service from both Dartford and Sevenoaks, at their respective offices, contact centres and satellite offices, and that these should be integrated to accept customers from either area wherever possible. Customer focus was a key component in delivering the partnership.



Our Partnership (continued)

Project Management

The project set out ambitious timelines from the start, in order to minimise uncertainty for staff and customers and to maximise the financial opportunities the partnership offered. Initial discussions took place in January 2010, initial research, consultation and project scope were drawn up and presented to Members and approved in July 2010. From this point the ambition was to deliver a functioning one site service by January 2011, a 6 month implementation timetable. The timetable was met and the project was delivered within budget.

A strong governance framework was critically important to the projects success and the future success of the partnership. The Project Board steered the project and made major decisions. It consisted of a Director from each Council and the Head of Finance and Human Resources – the Project Manager.

A Project Team of key managers of each service from across both Councils provided the specialist skills and management advice that helped structure the service. The Project Team met regularly with the Project Board to ensure the right decisions were being made, targets were being met and problems being addressed. The Project Team played a key role in involving front line staff in all major decision making processes and feeding their comments back to the Project Board.

In addition at least 8 specialist roles were identified to provide professional advice to the project. These included Managers from Finance, ICT, Human Resources and Customer Services. Throughout the project focus and challenge was maintained with the support of external advice.

The Project Management structure was crucial to the success of the project. Key to its success was its ability to deal with challenges. These included:

- Addressing differences in organisational culture;
- Major changes to service critical IT systems;
- The physical distance between the two partner sites;
- Addressing difference in approaches to customer services for Revenues and Benefits;
- Designing a new work space for the partnership to be successful;
- Addressing differences in the terms and conditions of employment;
- Managing Member and Senior Management expectations; and
- Maintaining high levels of customer service during the project.

The most critical challenge, not mentioned above, was managing staff and maintaining morale. The project was a significant task for all involved and meant officers faced periods of uncertainty and potential changes to their jobs. The objective was to minimise the periods of uncertainty through a short 6 month implementation timetable and to ensure communication with all officers involved was a key focus.

All news, progress, challenges, concerns and highlights were communicated equally. Dedicated HR support was available individually and to groups of officers and a newsletter was issued weekly to keep officers informed on progress. Managers outside of the project were also regularly briefed on progress and were able to provide considered support.



Our Partnership (continued)

Overcoming Challenges

- Having a robust methodology which provides consensus on a single business case by involving staff and stakeholders.
- Ensuring there are clear and achievable objectives that all partners and stakeholders are working to.
- Direct involvement of Senior Managers – supporting efficient, effective and decisive decision making.
- Involving front line staff in all major decision making and the design of the service. Front line experience is invaluable.
- Embedding the principles of empowerment to increase productivity, a work force culture for which Sevenoaks is nationally recognised.
- Minimising periods of uncertainty – be decisive.
- Communicating – critical in bringing staff with you.
- Skills in business process re-engineering. Critical in defining appropriate work practices based on legal requirements and available resources.
- Regular project team meetings to ensure communication and involvement. Core Project team met weekly at critical times fortnightly otherwise and called in specialists as the phases of the project required this input.
- Minimising redundancy or loss of experienced staff by using vacant posts and flexibility around structure.
- Retraining ensured minimal losses of experienced staff, keeping down costs and maintaining morale.
- Accepting such a project will have a high level of risk and tailor processes to manage the high risk areas.
- Change Management Meetings – regular sessions between groups of staff and the project consultant allowed all staff to have a strong voice direct to the Project Board as well as providing a further informal communication opportunity. Many issues were identified and addressed through this approach.
- Appointing managers early in the process and act quickly to place staff in new structure.
- Involving the right people from across the organisation. Specialist advice and resource is essential in both planning and delivery of the project.
- Giving sufficient resource to managing IT projects, including the management of expectations and timelines for delivery.



Our Structure

The Revenues and Benefits partnership employs 62 full time equivalent staff.

The Revenues Manager is responsible for the administration of Council Tax and Business Rates collection and recovery. The team is 22 full time equivalent staff.

The Benefits Manager is responsible for the administration of housing and council tax benefit assessment, payments and appeals. The team is 40 full time equivalent staff.

The Housing Benefit Fraud function is now part of an Audit, Risk and Anti-Fraud team which is also a partnership between Dartford Borough and Sevenoaks District Councils. The team is based at Dartford Borough Council, for reasons of operational efficiency.

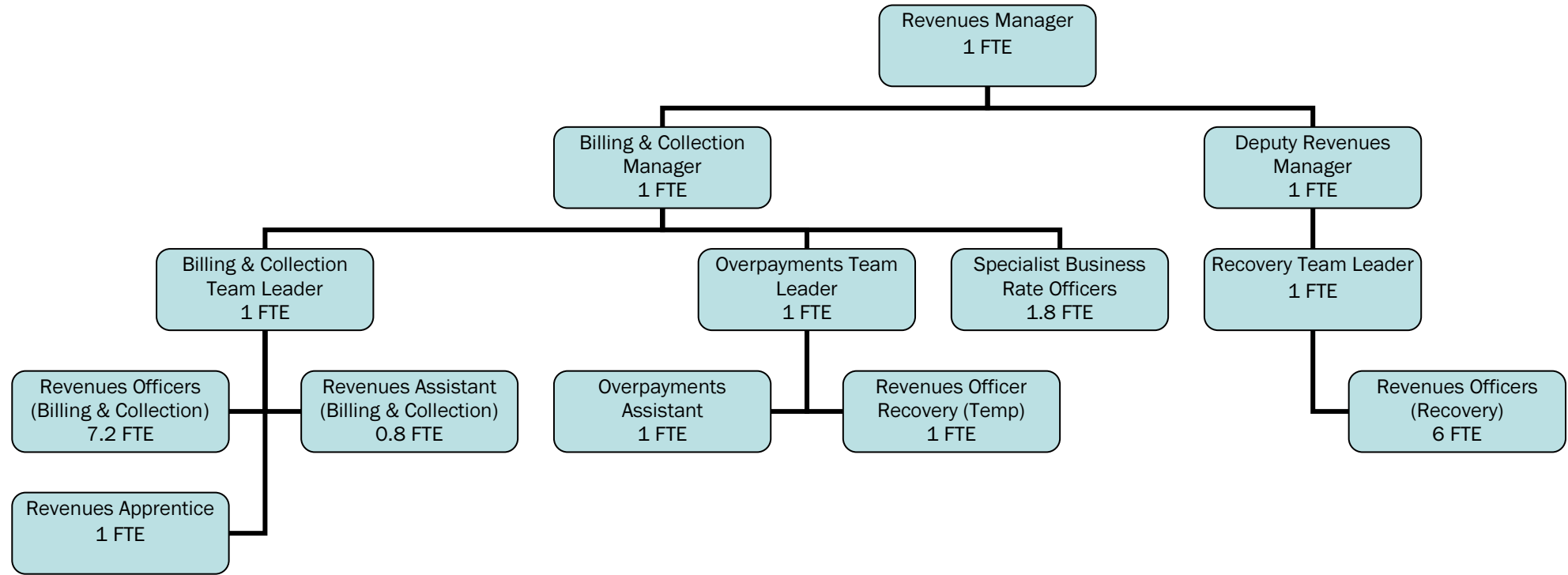
The Revenues and Benefits Managers report to the Head of Finance & Human Resources at Sevenoaks District Council who in turn reports to Directors at both Sevenoaks and Dartford on the progress and performance of the teams.

Support services such as Human Resources and IT are shared between the two councils, drawing on the particular skills at each site.

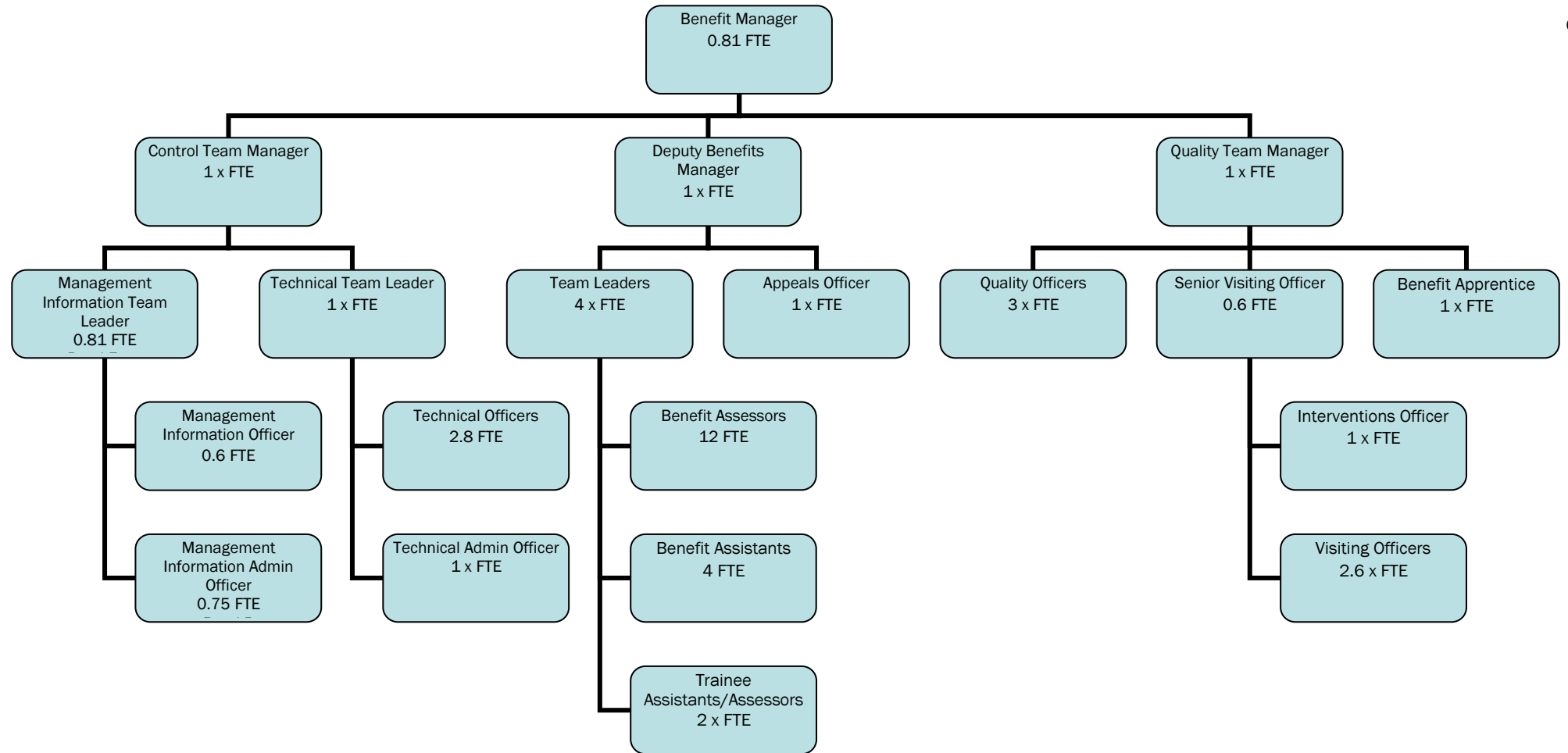
Customer Service support is provided by both Dartford Borough and Sevenoaks District Councils.

Structure charts for each of the teams are set out on the following pages.

Revenues Structure Chart



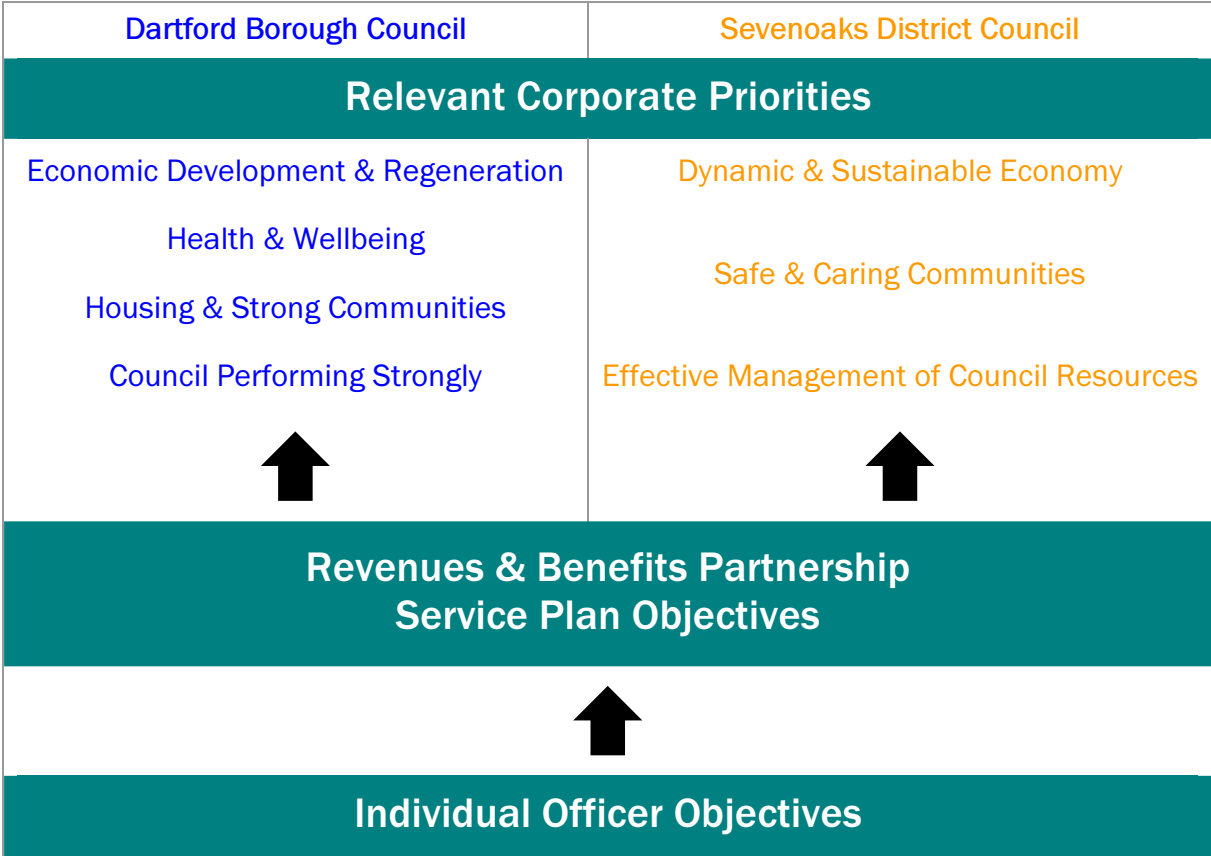
Benefits Structure Chart





Our Structure (continued)

The partnership contributes to the delivery of key Council objectives at both Dartford Borough and Sevenoaks District Councils. The diagram below represents the contributions being made.



Each Council continues to adopt its own approach to Service Planning. However within these two approaches the overall objectives of the service remain the same.

Extracts from the Revenues and Benefits Service Plans are provided on the next page, setting out the teams objectives for 2011/12.

Agenda Item 6

Revenues Service Objectives	
1	Achieve or exceed the performance targets for Revenues for both DBC and SDC for 2011/12
2	Deliver the planned savings from joint working for 2011/12
3	Promote the take-up of automated payment methods, particularly direct debit
4	Promote the take-up of reliefs for Business Rates, particularly Small Business Rate Relief
5	Utilise tailored payment arrangements where appropriate for Business Rates to contribute towards the sustainability of the local economy
6	Promote discounts, exemptions and council tax benefit take-up
7	Improve and align processes, building one team within Revenues, developing staff and improving efficiency
8	Develop a marketing strategy and look for opportunities to deliver services for other authorities

Benefits Service Objectives	
1	Actively encourage those eligible for benefits to claim what they are entitled to
2	Effectively manage the relationship with landlords and benefits advice agencies through the Benefits Forum
3	Achieve or exceed the performance targets for the Benefits Service in 2011/12
4	Deliver the planned savings from joint working for 2011/12
5	Improve and align processes, building one team within Benefits, developing staff and improving efficiency
6	Develop a marketing strategy and look for opportunities to deliver services for other authorities



Our Structure (continued)

A leading service

As well as making a significant contribution to the achievement of each Councils corporate objectives the Revenues and Benefits Partnership is recognised at both Dartford Borough and Sevenoaks District Councils as a flag ship model for the future development of partnership working.

Revenues and Benefits are critically important services to both Councils and the customers they serve. It was a significant risk for the service to become the first major partnership venture with another local authority for each Council. The success of the project in terms of delivering an effective shared service in a short period of time, with significant financial savings and minimal impact on the quality of service whilst the project was delivered has ensured it will be an exemplar for future projects.

The service model adopted is transferable across services and work has already begun on developing a similar partnership arrangement for the Environmental Health services of Dartford Borough and Sevenoaks District Councils.

The lessons learned from the Revenues and Benefits partnership will also strengthen both Councils ability to be successful in future partnership working projects.



Our Service – Good Practice and Innovations

Customer Service

Ensuring high levels of customer service were maintained during the implementation of the partnership and in the final service model were of critical importance.

To this end it was agreed at the outset that a Customer Service function would remain available at the main offices of both Councils. Additionally the main phone line services for revenues and benefits enquiries for each Council would remain in place and town and parish offices delivering a revenues and benefits service would all be retained. A decision was also made to strengthen the access to services by internet.

To ensure the partnership delivered the greatest level of efficiency and customer service it was agreed that customers that were traditionally from either Dartford or Sevenoaks would be able to manage their enquiry at any office or phone line or web service offered by either Council.

To achieve this critical customer service outcome required innovative IT solutions and considerable support from skilled officers within the Customer Services function of each Council.

Examples

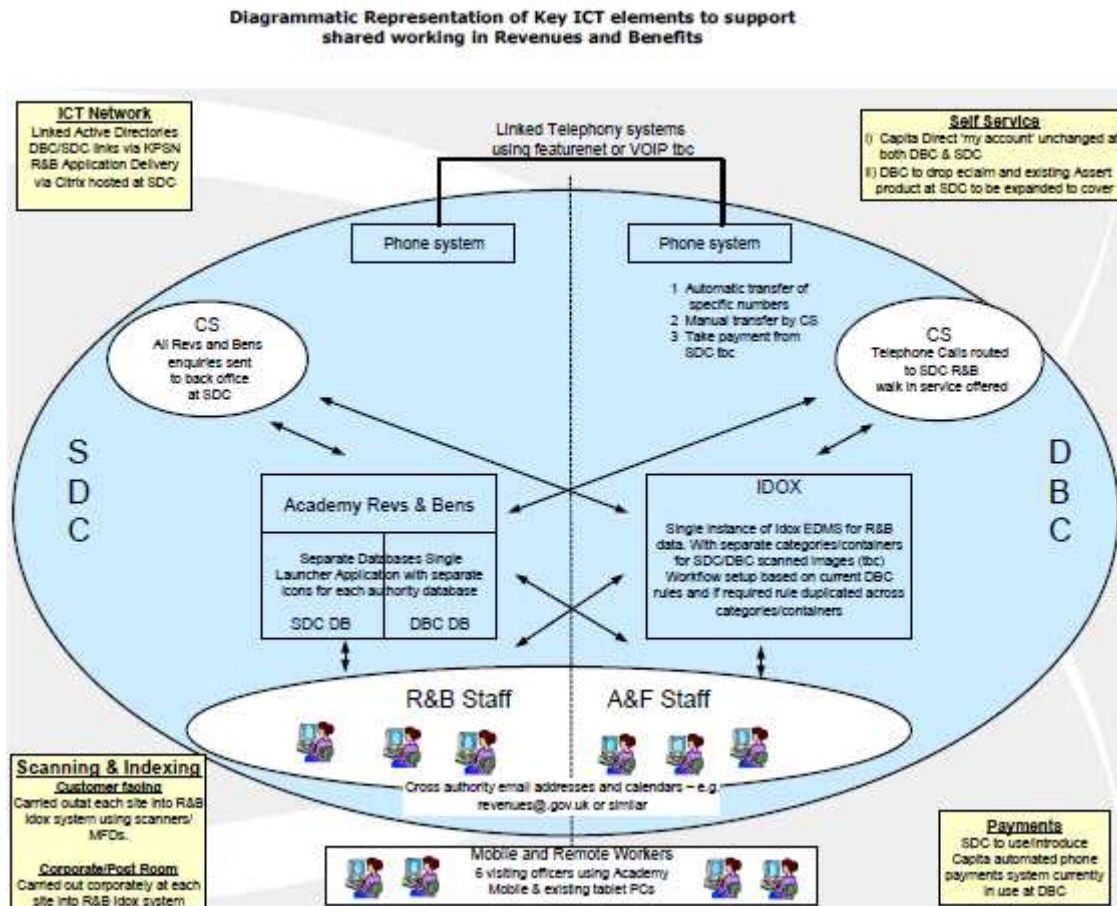
- Any phone call placed to the Dartford Borough Council revenues or benefits phone line will be seamlessly transferred to the officers based in the Sevenoaks offices. This seamless transfer ensures phone calls can be dealt with at the first point of contact.
- A Sevenoaks customer that lives in a rural part of the District would find it more convenient to manage their enquiry at Dartford offices as it is closer to their home. This is now in place and Sevenoaks customers are now accessing the service via the Dartford front office and all elements of their enquiry are being met as joint IT systems for revenues and benefits are accessible from either partner's offices.
- A Dartford customer is asked to provide some additional paperwork in support of their claim for benefits. They live near a Town Council office in Swanley which is in Sevenoaks District. At their convenience the customer is able to take the documentation to Swanley where it will be scanned in to the document imaging system and be instantly available to the officer managing their claim. The officer may be at the Sevenoaks office or equally could be working from home with full access to the systems to proceed with the claim.
- A Sevenoaks customer is visiting family in Swanscombe, a parish in Dartford Borough. That morning they had received a reminder for a council tax payment. The customer whilst in Swanscombe can visit the local office and make their council tax payment using the automated phone payment agent or be assisted to telephone the main partnership office to seek further assistance.



Our Service – Good Practice and Innovations (continued)

The use of IT

Underpinning the seamless service delivered to customers of the Revenues and Benefits service is a sophisticated IT system that directly links both Councils. The diagram below shows the integration of the IT network underpinning the service.



Using innovative solutions and as a strategic member of the award winning Kent Public Service Network (KPSN) it has been possible to deliver:

- The transfer of telephone calls from the public from one authority to the other at no additional cost;
- The transfer of data between departments at each authority at no additional cost;
- A service for members of the public to walk into any of the two authorities to pay for their Council Tax or Business Rates; and
- A reduction in the overall number of servers required to support the joint service and correspondingly the resource required to maintain them.



Our Service – Good Practice and Innovations (continued)

Valuing Staff

As most organisations are aware delivering a high quality service to customers requires a high quality and motivated workforce. Through a period of transition and upheaval this is difficult to maintain but by valuing the staff, communicating with them and providing opportunities to develop has ensured customers have remained highly satisfied with the service.

Key Challenges and our solutions

- **Consultation on the structure** – all staff were asked for their views on the structure and as a result of staff feedback it was adjusted, with the reasons for the changes fed back to staff. Staff had confidence that their input was actively used to develop the operating model.
- **Preparing staff for interviews** – All staff competing for posts in the new structure were offered training and support on writing their applications and interviews by an external trainer. This was well-received by the staff concerned, many of whom had not attended a selection process for a number of years.
- **Team building** – As soon as the staff selection process was completed, work started on building one joint team. Initiatives included:
 - One-to-one meetings between staff and their new managers;
 - Visits in small groups to start to build up relationships between staff who would be working in the same teams;
 - Orientation visits for Dartford staff to visit the Sevenoaks' offices, to build up their familiarity with the travel time and routes, and to gain an understanding of practical issues such as parking; and
 - A teambuilding quiz, where staff were allocated to mixed teams, building their confidence in and familiarity with colleagues from the other council.
- **Flexibility in working patterns** – It was recognised early in the process that the decision to co-locate staff at one site could cause staff particular difficulties. All staff affected were consulted and the following put in place to ensure staff retention and motivation:
 - Flexible working – new joint policy developed and communicated to staff; three staff have home-worked from the date of co-location. This was a significant innovation for both authorities, where home working had not been used significantly previously. All home workers have full access to the team's IT systems and they can also take customer calls at home. Home working has recently been evaluated and both managers and staff were positive about its impact on staff retention and morale.
 - Changed working patterns – a number of staff are working compressed hours, to minimise their travel time and/or fit around carer responsibilities, with a positive impact on staff retention.
 - Compensation for additional travel costs.



Our Performance

Our performance is focussed on delivering high customer satisfaction. We gauge the expectations of customers and design our processes, within resource constraints, to deliver high quality and valued services. To this end our key performance indicator for each service is overall satisfaction. We also maintain a close view on quality indicators that enable us to compare actual performance levels to expectation levels.

Service Qualities

The following points set out the main qualities that the Revenues and Benefits partnership delivers:

- Customer focussed
- High quality
- Empowered staff
- Best use of technology
- Efficient and effective
- Value for Money

Progress is measured against these qualities through the annual appraisal of Senior Managers and Staff and through Service Plans and performance targets at both Dartford Borough and Sevenoaks District Council.

Revenues Performance

Indicator	Dartford BC		Sevenoaks DC	
Percentage of council tax collected in year	08/09	97.5%	08/09	98.6%
	09/10	97.5%	09/10	98.3%
	10/11	97.4%	10/11	98.6%
Percentage of NNDR collected in year	08/09	98.0%	08/09	98.5%
	09/10	97.1%	09/10	97.7%
	10/11	98.1%	10/11	98.4%
Percentage of council tax payers on direct debit	08/09	61.0%	08/09	66.9%
	09/10	61.6%	09/10	67.2%
	10/11	62.9%	10/11	68.8%
Percentage of correspondence dealt with within 7 working days (DBC) / within target time (SDC)	08/09	100%	08/09	74%
	09/10	100%	09/10	80%
	10/11	99.6%	10/11	99%



Our Performance (continued)

Revenues performance in the last year has been strong. This is particularly the case when the resources applied to delivering a successful partnership over a six month timeline are taken in to account.

- Council tax collection rates have remained stable and for Sevenoaks District Council was above the target level.
- The percentage of business rates collected recovered well in 2010/11 after the impact of the recession was felt in 2009/10. Dartford Borough Council performed exceptionally by increasing the collection rate by a full 1% to 98.1%. Sevenoaks District Council recorded a 0.7% increase in business rates collection.
- The percentage of people in Dartford and Sevenoaks paying their council tax bill has been increased in each of the last three years. Continually increasing direct debit take up provides efficiencies and cost savings in payment processing and increases the likelihood of all outstanding payments being collected.
- Responding to correspondence within targeted times is key to the partnerships commitment to being customer focussed. Almost all items of correspondence in 2010/11 were managed and responded to the targets set within the customer standards.

Satisfaction with the Revenues Service

Satisfaction data about the Revenues service was collected in April 2011 from a sample of 2,000 households across Dartford and Sevenoaks via a postal survey. A summary of the results are set out below.

Question	Satisfaction Rating (%)		
	Dartford	Sevenoaks	Partnership
Contacting the right person is easy to do	81.8	82.4	83.0
Treated with consideration and respect	90.8	89.2	87.8
Council tax bill is easy to understand	90.5	90.8	91.1
Letter / Phone calls are clear and understandable	87.3	88.3	89.3
Overall satisfaction with the council tax service	55.2	53.0	50.8

The results of the satisfaction survey are very strong and open text responses received from the survey provided encouragement that the transition of officers to Sevenoaks offices was not noticed by the customer.

Although benchmark data is unavailable Management are encouraged by the overall satisfaction rating given the nature of the service. Despite this targets are being set to ensure that the partnership strives to further improve the services satisfaction ratings.



Our Performance (continued)

Revenues Performance Targets

The partnership has agreed performance targets for the next three years which will promote continuous improvement and better levels of service for the customer. The targets and the revised set of performance indicators to be monitored are set out below.

Indicator	Dartford BC		Sevenoaks DC	
	Year	Target	Year	Target
Percentage of council tax collected in year	11/12	97.7%	11/12	98.6%
	12/13	97.8%	12/13	98.6%
	13/14	97.9%	13/14	98.6%
Percentage of NNDR collected in year	11/12	98%	11/12	98%
	12/13	98.5%	12/13	98.5%
	13/14	99%	13/14	99%
Percentage of council tax payers on direct debit	11/12	70%	11/12	70%
	12/13	71%	12/13	71%
	13/14	72%	13/14	72%
Percentage of prior years arrears collected during the year	11-14	40%	11-14	40%
Percentage of telephone enquiries answered within 20 seconds	11-14	80%	11-14	80%
Percentage of correspondence dealt with in 7 working days	11-14	95%	11-14	95%



Our Performance (continued)

Benefits Performance

Indicator	Dartford BC		Sevenoaks DC	
	09/10 10/11	33 14	09/10 10/11	11.0 13.5
Average number of days taken to process benefit new claims and change events (x NI 181)	09/10 10/11	33 14	09/10 10/11	11.0 13.5
Average number of days to process new claims	08/09	38	08/09	25.83
	09/10	42.42	09/10	22.08
	10/11	25.76	10/11	27.17
Average number of days to process change events	08/09	21	08/09	10
	09/10	22	09/10	7
	10/11	11	10/11	8
Percentage of new claims processed within 14 days of full information being received	08/09	N/A	08/09	93.67%
	09/10	66.33%	09/10	96.17%
	10/11	83.70%	10/11	86.67%

Benefits performance in the last year has been impacted by the resources required to implement the partnership and by increasing work volumes. However targets remain strong for 2011/12 onwards and as processes and new technologies have now settled there is an expectation from management that future performance levels will not only return to previous levels but surpass them.

Satisfaction with the Benefits Service

Satisfaction data about the Benefits service was collected in April 2011 from a sample of 2,000 households across Dartford and Sevenoaks via a postal survey. A summary of the results are set out below.

Question	Satisfaction Rating (%)		
	Dartford	Sevenoaks	Partnership
Contacting the right person is easy to do	73.3	86.9	80.5
Treated with consideration and respect	82.0	92.4	87.3
I know what information I need to provide	77.2	84.2	80.7
Letter / Phone calls are clear and understandable	66.8	83.0	75.5
Time taken to assess a benefit claim	60.8	74.2	71.1
Overall satisfaction with the housing and council tax benefit service	71.2	82.9	77.3

Continued on next page



Our Performance (continued)

Satisfaction with the Benefits Service (continued)

The results of the satisfaction survey are very strong and open text responses received from the survey provided encouragement that the transition of officers to Sevenoaks offices was not noticed by the customer.

By way of a benchmark the last Best Value survey for housing benefits was completed in 2006/07. At that point Dartford Borough Council had an overall satisfaction rating of 76%. Sevenoaks District Council had an overall satisfaction rating of 80%. Top quartile performance at that time was 82%.

In line with recent studies of satisfaction with local government services there has been an increase in expectation levels from customers that has dampened satisfaction levels. As a partnership therefore the results are very encouraging. Despite this targets are being set to ensure that the partnership strives to further improve the services satisfaction ratings

Benefits Performance Targets

The partnership has agreed performance targets for the next three years which will promote continuous improvement and better levels of service for the customer. The targets and the revised set of performance indicators to be monitored are set out below. The targets are joint targets for both Dartford Borough and Sevenoaks District Councils.

Indicator	Partnership Targets	
Average number of days to process new claims	11/12	23
	12/13	22
	13/14	21
Average number of days to process change events	11/12	10
	12/13	10
	13/14	10
Percentage of recoverable housing benefits overpayments collected	11/12	36%
	12/13	38%
	13/14	40%
Percentage of benefit claims processed accurately	11-14	95%
Percentage of telephone calls answered within 20 seconds	11-14	80%

Agenda Item 6

- **Conclusion**

Dartford Borough and Sevenoaks District Council, have, in the space of 12 months delivered a Revenues and Benefits partnership that is generating financial savings of £500,000 per year and delivering high levels of customer satisfaction.

Implemented in just a six month period with considerable focus, skill and determination from front line staff, senior management and a range of support services.

The partnership model has been developed, within resource constraints, with a unstinting focus on the customer, their needs and expectations. By maximising the use of IT innovations, listening to front line staff in the design of processes, and making best use of Customer Service functions at both Councils the partnership is set to be a great success.

The partnership model developed by the Revenues and Benefits teams is being used as a foundation for further partnership working projects at Dartford and Sevenoaks and is one that we believe Councils nationally can benefit from.

PROPERTY REVIEW – LOCAL NEEDS HOUSING, SHOREHAM

Finance Advisory Group – 28 March 2012

Report of the: Corporate Resources Director

Status: For Decision

Also to be considered by: Performance & Governance Committee June 2012 (provisional)
Cabinet July 2012 (provisional)

This report supports the Key Aim of

Effective Management of Council Resources

Balanced Communities

Community Plan Priority 11 – Providing affordable homes for local people

Portfolio Holder Cllr. Ramsay

Head of Service Head of Legal & Democratic Services – Christine Nuttall

Recommendation:

That the District Council dispose of its freehold interest in the land shown in Appendix A to the English Rural Housing Association to enable the provision of 8 affordable homes for local people in the sum of £25,000 and subject to such terms and conditions deemed necessary by the Council's legal advisors to protect the District Council's interests.

Introduction

1. In 2005 Shoreham Parish Council, supported by Sevenoaks District Council, asked the Rural Housing Enabler at Action with Communities in Rural Kent to carry out a housing needs survey in the Parish, to identify if there was a need for affordable housing for local people.
2. The results identified a housing need from 17 households and the Parish Council agreed that a small development of eight homes would go some way to meet this need. Such schemes are built on exceptions sites; this is land that would not usually receive permission for housing development. However the Sevenoaks Core Strategy Local Development Framework, Policy SP4 – Affordable Housing in Rural Areas, allows the provision of affordable housing to meet a proven need, provided the homes remain affordable in perpetuity and restricted to local people only.

Agenda Item 7

3. The Parish Council, supported by officers from Sevenoaks District Council has been seeking to identify a suitable site on which a small local needs housing development could be built. From an initial site search it has been agreed that the most appropriate available site is in Filston Lane and the Parish Council has asked English Rural Housing Association (ERHA) to investigate the feasibility of developing eight homes on this site.
4. ERHA has provided the following information: “The Parish Council is very supportive of the project and whilst no formal consultation event has yet taken place it has been very open about its support for the site. An article recently appeared in the Parish Magazine updating the community on progress. The Parish Council has formed a working group of Councillors which has met with ERHA . It was agreed that should the sale of the land be agreed in principle, ERHA would hold an information event to discuss the proposal and seek comments from the wider community. ERHA is pleased to report unanimous support from the Parish Council and in turn Parish Councillors feel there is significant support by the community – in the original housing needs survey 66% of respondents said they would not object to a development which would meet the affordable housing needs of the Parish.”
5. English Rural is a specialist rural housing association only working in small villages – it owns and manages 1000 homes nationally, with over 260 of these located in 27 villages in Kent. All of these homes are only occupied by local people and can never be sold on the open market - providing affordable homes in perpetuity.
6. The land identified in the above study forms part of Timberden Farm which is owned by the District Council and let on a Farm Business Tenancy which runs from year to year.
7. Timberden Farm was purchased by the District Council in 1990 and comprises some 87 hectares (215 acres) of grazing land which is subject to Countryside Stewardship Scheme.
8. The amount of land required to provide 8 rural exception houses is some 0.28 hectares (0.69 acres) and the proposed location is shown by heavy verge on the attached plan (Appendix A)
9. The land would have no other development use other than for agricultural purposes were it not for an identified local need and restrictions referred to above and as such has been valued by a valuer jointly agreed by the Council and the English Rural Housing Association in the sum of £25,000. The original purchase of the farm by the District Council provided for the vendor to receive 50% of any proceeds of sale of whole or part of the farm for development purposes. The effect of this restriction is to restrict the District Council’s capital receipt should this land be sold to English Rural Housing Association to £12,500. An extract of the valuation report is appended to this report as Appendix C
10. Local Needs housing is developed on exceptions site using Policy SP4 of the Core Strategy, because it allows the homes to be restricted to local people in perpetuity; ie the homes can never be sold on the open market - tenants do not have a Right to Buy or Right to Acquire and shared owners cannot staircase above 80%

ownership. It would not be possible to have these same restrictions on non-green belt sites.

11. Affordable housing can be built as part of any scheme, but only proposals on Green Belt sites, compliant with Policy SP4, that qualify as exceptions sites, can be restricted by legal agreement so they meet the affordable housing needs of local people.
12. The properties will allocated via Kent HomeChoice to people on the Sevenoaks Housing Register who have a proven connection to the Parish of Shoreham. The process will be managed by English Rural Housing Association in partnership with Sevenoaks District Council. The Parish Council will be asked to verify the local connection of short listed applicants.
13. The development will be subject to a legal s106 agreement setting out the local connection criteria which applicants will be required to meet.

Other Options Considered and/or Rejected

14. The alternative to providing this land for affordable housing would be to retain it as part of the existing farm as the site cannot be used for open market residential development. (Appendix B)

Key Implications

Financial

15. This proposal will contribute £12,500 to the District Council capital reserves and as the area of land is small in relation to the remainder of the farm its disposal will have no significant impact on either the capital value of Timberden Farm nor on the rental received under the Farm Business Tenancy.

Community Impact and Outcomes

16. In 2005 Shoreham Parish Council, supported by Sevenoaks District Council, asked the Rural Housing Enabler at Action with Communities in Rural Kent to carry out a housing needs survey in the Parish, to identify if there was a need for affordable housing for local people.
17. The results identified a housing need from 17 households and the Parish Council agreed that a small development of eight homes would go some way to meet this need.

Equality Issues.

18. This proposal accords with equality issues in that it is beneficial to provide housing for disadvantaged sections of the local community especially in rural areas such as Shoreham.

Legal, Human Rights etc.

19. There are no identifiable legal or human rights issues

Agenda Item 7

Resource (non-financial)

20. None other than officer time involved in transferring the land

Value For Money and Asset Management

21. The proposal generates a small capital receipt whilst providing an identified social need but not having any significant impact of the District Council asset base.

Conclusions

22. An investigation in to sites for affordable housing for local people within Shoreham has failed to identify any alternative suitable site.

Risk Assessment Statement

23. As the choice is between disposing of the land for affordable housing or retaining it as part of Timberden farm there is no significant risk to the district council

Appendices

Appendix A – Location Plan

Appendix B – Planning Statement

Appendix C – Extract of valuation report

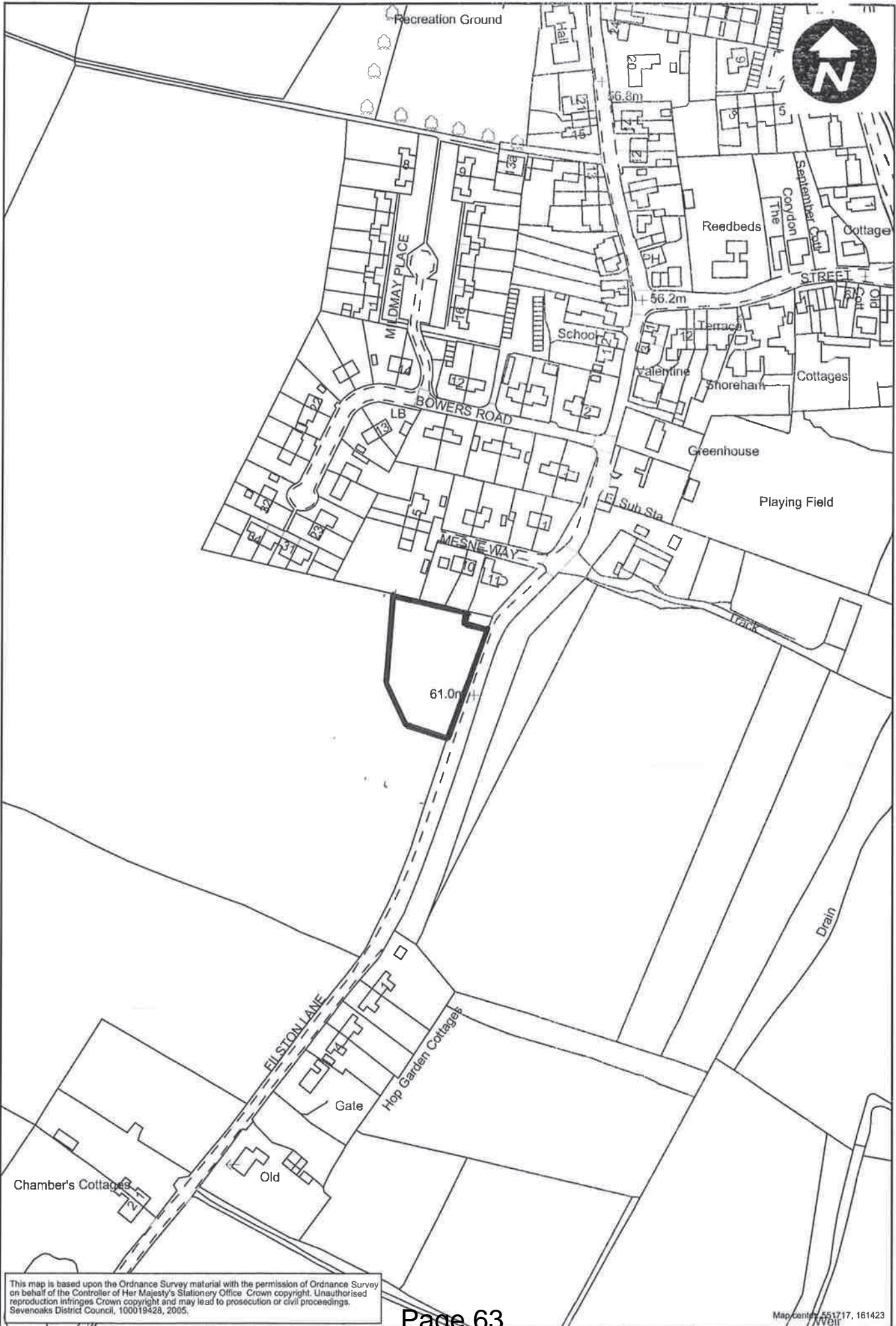
Background Papers:

Property _Timberden Farm file

Contact Officer(s):

Jim Latheron Extn 7209

Dr. Pav Ramewal
Corporate Resources Director



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Mr J Latheron

Tel No: 01732 227235
Ask for: Lesley Westphal
Email: Lesley.westphal@sevenoaks.gov.uk
My Ref:
Your
Ref:
Date 5th April 2011

Dear Jim,

**Town and Country Planning Act 1990 (as amended)
Rural Exceptions Housing – Site at Filston Lane, Shoreham**

Further to our discussions on this matter, as requested, I set out below the planning policy situation in respect of the use of land at Filston Lane for the provision of affordable housing to meet local needs.

The site in question fronts onto Filston Lane and lies immediately adjacent to Mesne Way at the southern end of the village. I believe the District Council could support a Rural Exceptions housing scheme on this site – to comply with and meet the need for local affordable housing as identified within the 2005 Housing Needs Survey.

This site lies within the Metropolitan Green Belt and an Area of Outstanding Natural Beauty. The presumption on Green Belt land is against new housing development unless for agriculture or forestry purposes. Even then a sound economic and functional case has to be made to demonstrate that the accommodation is required for an agricultural worker in that particular location in association with a particular agricultural or forestry business. National Guidance (Planning Policy Guidance 2 'Green Belts'), Regional Guidance (The South East Plan) and Local Guidance (Sevenoaks District Local Plan and the Core Strategy) is quite specific that new housing within the Green Belt is considered inappropriate development unless either for agricultural or forestry purposes or if the land is identified as a rural exceptions site. This site therefore cannot be used for open market housing.

The Council has recently, through its Development Plan process (the Core Strategy) identified the location of new housing sites within the district which will meet the projected housing needs of the district for a period until 2026. It has also identified a hierarchy for new housing development. This site was not identified nor considered for new housing during that plan period. Increasingly central Government seeks to ensure that new development is provided in sustainable locations and it is not anticipated therefore, even at the end of the Local Plan period, that there would be

releases of land from the Green Belt around Shoreham to permit the development of open market housing. The Core strategy identifies that most new development should take place within the confines of the three main towns within the District (ie Sevenoaks, Swanley and Edenbridge). Shoreham is identified in policy LO7 as a village that may provide for a modest increase in residential development through infilling or modest re-development. However this is predicated upon the fact that such sites are located within the built confines of the village, not in the green belt.

Government guidance in Planning Policy Statement 3 'Housing' allows for small scale affordable housing to be provided through the use of a "rural exceptions site policy" and clarifies that rural exception sites should only be used for affordable housing in perpetuity. It identifies rural exceptions housing sites as *small, solely for affordable housing and on land within or adjoining existing small rural communities which would not otherwise be released for general market housing.*

Policy H3 of the South East Plan identifies a role in increasing affordable housing provision for small scale affordable housing schemes within or well-related to rural settlements, possibly including land which would not otherwise be released for development. Policy SP4 of the Core Strategy interprets this guidance at a local level stating that such sites will only be considered if:

- the local need cannot be met by any other means within or where appropriate in an adjacent parish
- the proposal is of a type to meet the local need identified and available at an appropriate affordable cost
- the site is considered suitable for such purposes by virtue of its scale, is close to available services and public transport and there are no overriding countryside, conservation, environmental or highway impacts.

The Council's approach to the consideration of rural exception sites is based on firstly assessing need, then searching for suitable sites and then supporting the development of an agreed scheme. The development of Green Belt land for rural exception sites will only be acceptable where there is evidence of a local need in the parish for affordable housing, identified through the needs survey that could not be met by developing non Green Belt land.

That is the relevant planning policy background to this site which I hope is helpful. At a practical level I can confirm that I have surveyed the village and its surrounding land to try and identify land that could provide for the affordable housing needed for Shoreham and I am happy to discuss that if need be to show how limited the options around the village actually are. Indeed this work has been ongoing for some time. There are no sites within the built confines of the village that could accommodate the housing required and in fact there are only very limited areas surrounding the village that could accommodate such housing. Factors such as flood plains, Conservation Areas, Landscape designations and proximity/access to the village all play a part in determining potentially suitable land. We also of course have to get the permission of the land owner and as you know that has been a difficulty and why in fact, so far, we have failed to get a scheme off the ground. I had hoped that since the Council owns this land, that this part at least would be easier – being unaware though of the redevelopment clause until recently.

Agenda Item 7

I hope this is helpful and explains the planning side of this issue but if I can be of any further assistance on this I am more than happy to help and can be contacted by phone or email as detailed at the head of this letter.

Yours sincerely,

Lesley Westphal
Principal Planning Officer

<p>Private Market Rental Values September 2011</p>	<p>We have spoken with a number of letting agents who operate in the vicinity of Shoreham. We understand that the village is popular, with insufficient supply of rental stock to meet demand from prospective tenants.</p> <p>There is a scarcity of rental evidence in the village and in applying our indicative opinion of the Private Market Rental Values to the proposed dwellings, we have given consideration to those comparables tabulated in Appendix 2.</p> <p>Our opinion of the current Private Market Rental Values of 8 proposed dwellings at the subject rural exception site, on the special assumption that they are built and completed, as at the date of our report, are as contained below:-</p>
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Unit No.	Unit Type	No. Beds	GIA Sqm	GIA Sqft	Car Parking Assumed	Indicative Market Rent 06.09.11 (pcm)
1	Apt	1	51	549	1 x Surface Space	£700
2	Apt	1	51	549	1 x Surface Space	£700
3	Apt	2	61	656	2 x Surface Spaces	£825
4	Apt	2	61	656	2 x Surface Spaces	£825
5	Terraced House	2	76	818	2 x Surface Spaces	£875
6	Terraced House	2	76	818	2 x Surface Spaces	£875
7	Terraced House	3	86	925	2 x Surface Spaces	£1000
8	Terraced House	3	86	925	2 x Surface Spaces	£1000
			548	5896		

<p>Illustrative Residual Appraisal</p>	<p>A copy of our illustrative residual appraisal is attached in Appendix 3, which should be self explanatory to Interpret.</p> <p>Illustrative Appraisal - Assuming all 8 dwellings to be for Affordable Rented tenures, once built and completed.</p> <p>In summary, we have allowed for site acquisition costs, all inclusive build costs at £1575psm / £146psf due the absence of proposed plans, and finance costs. We have assumed that the dwellings will be built to Code 3 for Sustainable Homes.</p> <p>We have assumed a construction period of 10 months to complete the development.</p> <p>Our revenue figures for the Affordable Rented tenure dwellings have been established by adopting the weekly rental breakdown of the 80% of the Private Market Rental Values as contained above, which we have inputted into our discounted cash flow spreadsheet. We have as advised deducted the sum of £9 per week to account for service charges. We have, as advised, assumed voids at 1.75%, with maintenance costs, per unit, per annum of £400 from years 1 - 5, reverting to the sum of £800 per unit, per annum from year 6. We have also, as advised, assumed management costs at £400, per unit, per annum. We have applied a discount rate of 6%.</p> <p>We have assumed that no grant funding will be provided.</p> <p>We have not made an allowance for a Registered Provider's on-costs.</p> <p>Our appraisal indicates a site value of £25,000.</p> <p>Therefore, our opinion of the site value on the special assumption that the subject site benefits from planning permission for 8 affordable rented tenure dwellings to be built, with vacant possession, as at the date of our report is,</p> <p style="text-align: center;">£25,000 (Twenty Five Thousand Pounds)</p>
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Budget Monitoring Sheets for February 2012

Contents

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

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BUDGET MONITORING - Strategic Commentary - As at 29 February 2012

Overall Financial Position

1. Eleven months into the year the results to date show an overall favourable variance of £342,000, a similar position to the previous month.
2. The year-end position is forecast to be £50,000 better than budget; a slightly worse position than the previous month.

Key Issues for the year to date

3. **Income** – investment income is performing above target and is forecast to be better than budgeted at the year-end. This is due to higher than estimated balances and slightly higher rates being achieved during the year so far, and a favourable forecast is shown to reflect this improved position. However, looking forward the current rates being achieved are lower, with a consequent impact on returns.
4. Looking at the other main income sources, the position remains difficult. On-Street Parking, Building Control, Land Charges and Development Control income all continue to show adverse variances for the year to date.
5. Community Development external funding is ahead of profile, contributing to the favourable variance at present, but this will not have any impact on the year-end results.
6. **Pay costs** – the favourable trend has continued and the underspend for the year to date is now £364,000. Almost all services are showing a small underspend; in some cases these are offset by agency staff costs (particularly Direct Services), but there are a number of favourable variances forecast for year-end.
7. **Other** – Direct Services' results show an adverse variance of £71,000 compared to budget which is an improvement compared to the previous month. The reasons for the adverse variation are increased fuel and waste disposal costs as well as a shortfall in income.

Year End Forecast

8. The year-end position is forecast to be £50,000 better than budget, this is slightly worse than the previous month. Adverse variances have been forecast to reflect the adverse position for Direct Services to date, and the fact that some savings from partnership working will be achieved later than originally planned. Adverse forecasts are also shown for variable income sources such as Building Control and On-street parking. Favourable variances have been forecast for investment income and against some salary budgets.

ITEM 1
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9. There has been an increase in the higher number of homeless people in bed and breakfast but other savings are being made in Housing to largely offset this overspend.

Risk areas

10. The current economic situation continues to have a real and potential impact on the Council’s finances:

- Council has recently agreed to reduce the minimum long term credit rating from AA- to A which will increase the number of institutions where funds can be placed;
- property related income such as Development Control, Building Control, Land Charges and Capital Receipts remain vulnerable and parking income is also struggling;
- the Benefits workload is continuing at a higher level than before the recession, which is having an impact on processing times (though an action plan is in place to improve performance);
- Council Tax collection rates, though currently in line with the previous year, could be affected by increased unemployment and squeezed household incomes; and
- diesel prices continue at a high level and the financial impact seen in the last financial year is continuing.

11. Staff turnover remains relatively low. This has a positive impact on service delivery but puts at risk the achievement of the vacant post saving in future years. Conversely, in some specialist areas, experienced staff are proving difficult to recruit and so temporary staff are being used to cover vacancies. Where appropriate, apprenticeships are being considered to increase the pool of trained staff.

12. Planned savings through the generation of income, particularly from new partnership working, remain risk areas for the current and for future years. However, on a positive note, the Building Control Manager partnership with Tonbridge and Malling Borough Council is now in place and the Environmental Health partnership with Dartford Borough Council has recently commenced.

Contacts:

Pav Ramewal	Director of Corporate Resources	Ext 7298
Adrian Rowbotham	Group Manager – Financial Services	Ext 7153
Helen Martin	Finance Manager	Ext 7483

Community Development – February 2012 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Community Development Service Provisions	15	15	This is additional income to the Council re the sale of Community Safety and health services to other Districts.
Community Safety	11	3	Project spending slightly behind profile. Corporate savings requested have been identified.
Tourism	10		Final few Invoices for tourism services awaited – will be on target at year end.
Partnership – Child (Ext Funded)	15		This is external funding received in advance and will be zero at the year end.
Partnership – Home Off (Ext Funded)	48		This is external funding received in advance and will be zero at the year end.
Choosing Health WK PCT	-15		This is external funding received and project spend is slightly ahead of profile.
Cumulative Salaries – Ext Funded	-27	-26	Income offsets this additional expenditure on externally funded salaries.
Capital – Local Strategic Partnership	-16		This relates to externally funded capital projects bid for during the year. The cost to the Council is nil. The funds have already been received by the Council and are being held in a fund until the year end.
Capital – Parish Projects	64	0	These projects are now going to commence in the next financial year.

Future Issues/Risk Areas

Head of Community Development
March 2012

ITEM 1
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Development Services – February 2012 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Local Development Framework	13	23	There is a variation in the salaries budget due to delay in filling a vacant post. This includes £8k towards corporate 11/12 savings. Printing costs correction – recoded to LDF expenditure.
Planning – Appeals	-5	-8	The variance is due to public inquiries (see note 2 below). There are a number of appeals completed and an estimate has been made based on current information. There is an increase in the number of public inquiries compared with recent years.
Planning – Dev. Control	-48	-42	Staff savings have been made though several staff working reduced hours and from the Planning Service Manager Trial. However, income has been below expectations in particular S106 monitoring income (by £42,000) and planning application fee income (by £38,000). We are aiming to introduce the Community Infrastructure Levy which should increase monitoring income in the medium and long term and the revised Pre-Application Charges (Cabinet 12 th April 2012).
Cumulative Salaries	42	49	Several staff worked reduced hours. Vacancy not filled at start of year. Variance is also due to the trial arrangement for the Planning Services Manager post and limited use of temporary staff.

Future Issues/Risk Areas

1. Planning fee income trends are relatively volatile.
2. Extra costs from - public inquiries at Badgers Mount; Combe Bank, Sundridge; Rowhill Road, Hextable; and a Judicial Review (Serpentine Road, Sevenoaks).
3. National announcement of increased Planning Application Fees following Government consultation has been delayed

Jim Kehoe
Head of Development Services
March 2012

Environmental & Operational Services – February 2012 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
AMF Public Toilets	10		Works ordered to replace the floor of the gents toilets at Sevenoaks bus station.
Building Control	-80	-91	Income £88,000 below budget for statutory work. Forecast total income for year £370,000 against an income budget of £480,000. Estimated £32,000 savings on structural checking. Budget includes £34,000 for sharing Building Control Manager with Tonbridge and Malling Borough Council on a 50:50 basis. This arrangement commenced on 3 rd October 2011, (£21,000 shortfall).
Car Parks	4	10	Income £14,000 above budget profile. NDR charge for full year £13,000 above budget. Expenditure on winter maintenance (gritting) in January and February 2012.
CCTV	-35	-39	Budget contains £48,000 unidentified income, including police contribution, which will not be received. Savings on transmission costs.
Clean Air	22	21	Income budget will not be received from LAPC registration, based purely on number of premises. Forecast savings on consultants, as detailed assessment will not be undertaken until 2012/13.
On-Street Parking	-37	-36	Income only £5,000 below budget profile, but expenditure incurred in implementing the Knockholt pay and display scheme. Will not be fully offset by income by March 2012.
Estates Management – Grounds	10	10	Savings on maintenance costs, partly offsets overspend on maintenance on parks and recreation areas.
Licensing - Health	-6	-7	Vet inspections and recharge.
Licensing Partnership Hub (Trading)	39		Savings on hub costs for full year estimated at £32,000, of which SDC's 'share' approximately £10,000. (This saving is reflected within the budget heading "Licensing Regime" on the statement – Finance).
Licensing Regime	-36	-39	Income from fees slightly above budget. Budget contains £47,000 unidentified income from new partners and other unidentified income. Savings achieved in Licensing hub costs which are reflected in the forecast outturn figure.
Parks & Rec. Grounds	-31	-33	Budget contains additional income of £20,000 from Hollybush Bowls Club for rent to reflect actual cost of maintaining green, (or the transfer of the green with full maintenance liability). Negotiations underway, and transfer agreed, in principle, but not to take effect until April 2012. Maintenance costs above budget on Bradbourne Lakes, closed churchyards, Sevenoaks Environmental Park and Swanley sites.

Agenda Item 8

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Parks – Rural	29	30	Small savings on a number of budget headings.
Public Health	-74	-75	Budget contains £100,000 savings for implementation of shared working with Dartford Borough Council, (£8,333/month). Implementation will not be until April 2012. Some savings achieved on this budget by not filling vacant posts pending agreement.
Refuse Collection	4	50	Additional expenditure incurred to maintain weekly collecting over Christmas, (New Year period, worked three Bank Holidays). Third quarter recycling credits claim not yet received.
Street Naming	8	8	Income above budget and savings on installation costs.
Street Cleansing	7	8	Savings on transport charges and services.
Support – Direct Services	23	10	Savings on internal printing and mobile phones. Savings currently on training, but courses ordered on driving CPD and Health and Safety.
Taxis	22	20	Income currently £29,000 above budget profile mainly on drivers licences. Some small overspends forecast elsewhere.
Air Quality (Ext Funded)	21		Externally funded project unspent monies will be rolled forward to next year. <i>[Finance]</i>
Cumulative Salaries – Operational Services	132		Any savings on Direct Services salaries reflected in trading account position, offset by expenditure on agency staff to maintain services.
Cumulative Salaries – Environmental Health	36	30	Savings on salaries reflected in Environmental Health service budgets.
Cumulative Salaries – Licensing	11	-3	Savings on salaries reflected in Licensing budgets.
Cumulative Salaries – Parking & Amenity Services	32	31	One Civil Enforcement Officer post not filled and now deleted from the establishment. Reflected in service budgets for car parks and on-street parking.

ITEM 1
(6)

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Capital – Playground Improvements	10	15	Work complete on Edenbridge Playground. Contribution of £40,000 received from external funding.
Capital – Vehicle Purchases	474		Delays in new vehicle deliveries. Vehicle replacement programme will be achieved. Any in year underspends are carried forward into the Vehicle Replacement Fund.
Direct Services Trading Account	-68	0	Much better situation than at end of January 2012. Income received from winter maintenance operations. Profit at end of February 2012 is £3,572 against a profiled surplus of £75,000. Diesel costs £36,492 above budget. Expenditure on disposal costs (Trade Waste and Cesspools) £29,839 over budget.

Future Issues/Risk Areas

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Richard Wilson
Head of Environmental & Operational Services
March 2012

Finance & Human Resources – February 2012 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
AMF Argyle Road	18		Timing difference only, no impact expected on year end.
AMF Leisure	15		Timing difference only, no impact expected on year end.
AMF Support & Salaries	15		Outstanding payments for IT – under review.
Dartford Partnership Hub (SDC Costs)	-63		All costs for Revenues, Benefits, Audit and Fraud partnership with Dartford BC now shown together. Expenditure across both authorities on these services being combined and balance due from DBC calculated. Audit and Fraud - on budget. Income due from DBC to be charged in year-end reconciliation between the two authorities (£48k). Revenues – over budget by £12k but costs include printing and postage for DBC, which will be matched to DBC budget at year-end. Benefits - on budget, but agency costs running approximately 1 month behind, so expect a small overspend for end of year. As previous month, forecast reflects reduced rent and additional costs.
Estates Management – Buildings	-18	-25	
Markets	92	92	Forecast reflects additional income achieved.
Members	23	24	Slightly below budget on Members' allowances. Forecast reflects this but makes allowance for additional spend on IT allowance this year.
Misc Finance	-18	-18	Increased rates for 66 London Road.
Revenues & Benefits Partnership	-237		These are the implementation costs for the project that are to be shared 50:50 with DBC and funded from reserves.
Admin Expenses – Chief Executive	11	9	Small underspends across a number of headings that are expected to continue to the year-end. Forecast reflects this accordingly.
Support – Central Offices	16	18	Some energy bills received, so expenditure now more in line with forecast.

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Support – Contact Centre	29	15	Underspending on staff costs but two apprentices recruited.
Support – Finance Function	40	20	Forecast reflects current underspend on pay costs. Forecast variance does not reflect full underspend due to possible need to buy in extra resources to deliver on key projects required to deliver programmed savings for 2012-13; may need to request to carry forward £15k if planned work slips into 2012/13.
Support – General Admin	11		Currently underspending on central training budget. May need to request to carry forward £15k if training planned before the year end slips into 2012/13, therefore no forecast underspend at present.
Support – Personnel	-35	-34	Reflects the use of agency staff to cover the HR Manager vacant post, which was essential to maintain an adequate HR service.
Support – Property Function	31	34	Reflects underspend on pay costs in current year (part of saving already planned for future years).
Cumulative Salaries	74	86	Underspend across a number of headings, reflected in comments above.
Capital – Sevenoaks Town Centre	151	160	Only £7k spent this year. This is an ongoing project and the budget will continue into future years as required.
Capital – Horton Kirby Village Hall	-175		To be funded from S106 monies which have already been received, no net cost to SDC.
Capital – Argyle Rd Moat Office Accommodation	-32		Rental income to be received against this cost forecast under Central Offices.

Future Issues/Risk Areas

Investment income - all usual counterparties have ratings below AA-; the remaining options for placing the Council's investments are few and the interest rate likely to be achieved for 2011/12 reduced. As from April 2012 the minimum rating requirement has been reduced to A, so previously precluded counterparties can be re-introduced.
Benefits Admin – still experiencing a very high level of activity, with an impact on performance and potentially costs.

**Head of Finance & Human Resources
March 2012**

ITEM 1
(9)

Housing & Communications – February 2012 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Consultation & Surveys	15	17	There will be savings in 12/13 but for the current year this will offset an overspend on other budgets in Housing and Communications (due to recession and staffing issues).
External Communications	6	14	There will be savings in 12/13 but for the current year this will offset an overspend on other budgets in Housing and Communications.
Homeless	-89	-76	The recession in the last few months has now impacted on the Housing service in line with Kent and nationally. This has resulted in an increased use of B&B. There have also been staffing issues in the Social Housing team, now being resolved. WKHA has been decanting tenants to develop new schemes but this has impacted on the number of properties available for homeless. However, there are short and long term solutions in place and the use of B&B is reducing accordingly. The overspend of the B&B budget is around £70,000 year end, but external funding, delaying projects, and savings in other budgets have reduced the overall position on Housing & Communications to £16,000 forecast overspend.
Housing	-16	-1	This is mainly due to employing agency staff during a time of vacancies in Social Housing. The cost will be fully met from existing budgets.
Housing Initiatives	10	12	The underspend is due to delaying projects to help offset the B&B overspend .
Private Sector Housing	26	25	These are savings created by amalgamating posts such as a Housing Standard/Energy Efficiency post. This will create savings in 12/13 and this year has helped to offset B&B overspend.
Support – General Admin	11	6	There is an underspend in the Communications budget which will create a saving in 12/13 but this year has helped towards the B&B overspend.
Cumulative Salaries	-31	-25	As in Private Sector Housing above.
Cumulative Salaries – Ext Funded	16	11	Externally funded and not from Council budgets.
Capital – Improvement Grants	366		It is difficult to predict when works will be completed but the year end forecast is correct.

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Capital – WKHA Adaps for Disabled	-176		It is difficult to predict when works will be completed but the year end forecast is correct.
Capital – RHPCG 10-11 SDC	-42		External funding and nil cost to SDC
Capital – Hever Road Gypsy Site	-124		External funding and nil cost to SDC
Capital – Hever Road Gypsy Site – Bomb Disposal	-19		There will be no external funding but it is hoped that cost will be met from existing external funding and existing budgets.

Future Issues/Risk Areas

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Head of Housing & Communications
March 2012

IT & Facilities Management – February 2012 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
AMF IT	101		Year-end position expected to be as forecast as per 10 year plan. Surplus funds in current financial year are to be rolled forward as agreed by Council in December 2010. Ten year plan accounts for this money to be spent but in future years.
Support – Central Offices – Facilities	34	12	£2k underspend on salaries due to staff turnover and new staff on lower spinal column points that those that have left. £10k underspend made up savings from corporate stationery and other small savings across multiple budgets.
Support – General Admin	13	-17	Under achievement on internal print income. £10k underspend forecast from Legal Services print income, £5k underspend forecast from Direct Services print income.
Support – IT	91		Current underspend due to items that should be asset maintenance being coded incorrectly.
Cumulative Salaries	13	13	£2k underspend on salaries due to staff turnover and new staff on lower spinal column points that those that have left. £10k underspend made up savings from corporate stationery and other small savings across multiple budgets. The forecast underspend figure of £13k is due to rounding on the above figures.

Future Issues/Risk Areas

**Head of IT & Facilities Management
March 2012**

ITEM 1
(12)

Legal & Democratic Services – February 2012 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Corporate Management	8	69	The positive variance is due to a current underspend against profile on Audit Fees with some invoices not yet received. It is forecast that Audit Fees will be lower than first anticipated and this is reflected in a revised forecast for that budget line.
Corporate Savings	31	-32	Vacant Posts savings target for 2011/12 will be exceeded at year end by an estimated £9.5k, which will reduce the year end variance to £32k. The adverse variance across the Corporate Savings budget has occurred due to a proportion of the savings due to be realised in the next financial year.
Equalities Legislation	4	4	A small, positive variance of £4k will occur in the Equalities legislation budget. It is proposed that the budget is forecast at year end to be £12,548 as a result of partial year savings where the Equalities Officer was shared with an additional authority.
Register of Electors	13	13	Reductions in canvass costs primarily plus various administrative items.
Support – Legal Function	-39	-39	Unlikely to receive full amount against income budget for S106 work of £30k. Now expecting similar income levels to 2010/11 of £5k. Market conditions not conducive to raising income from S106 agreements. Unlikely to achieve income budgets – see note on salaries below.
Cumulative Salaries	61	53	Underspend on salaries, offsetting non receipt of income from sharing staff with Tonbridge and Malling (Legal) and Maidstone (Democratic Services). Recruitment delays in filling some posts has helped to offset difficulty in achieving income budget within Democratic services. Payments to canvassers which were made via payroll to ensure correct accounting for tax and NI (budget exists for this in Electoral Registration (canvass fees).
Capital – Modern Govt Document Management System	14		Working in conjunction with Dartford to achieve economies of scale. Expect to go live shortly.

Future Issues/Risk Areas

Income from land charges searches (budget of £185k) remains a very high risk area. National legal action now underway in relation to Personal Search companies recouping monies expended under previous legislation.

Head of Legal & Democratic Services March 2012

ITEM 1
(13)

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2. Overall Summary

**FEBRUARY 12 -
Final**

	Period		Period		Period		Y-T-D		Y-T-D		Y-T-D		Annual		Annual		2010/11		
	Budget	Actual	Variance	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Forecast (including Accruals)	Variance	Budget	Actual	
	£'000	£'000	£'000	%	£'000	£'000	%	£'000	£'000	%	£'000	£'000	%	£'000	£'000	£'000	£'000	£'000	
Community and Planning																			
Community Development	70	115	-45	-64.5	1,009	908	101	10.0	1,151	1,133	18	887							
Development Services	109	128	-19	-17.8	1,223	1,254	-30	-2.5	1,376	1,389	-14	1,672							
Environmental and Operations	243	271	-28	-11.4	2,765	2,811	-46	-1.7	2,879	3,016	-137	3,979							
Housing and Communications	59	72	-14	-23.2	795	840	-45	-5.6	923	939	-16	1,014							
Total Community and Planning	481	586	-106	-22.0	5,793	5,813	-20	-0.3	6,329	6,478	-149	7,552							
Corporate Resources																			
Finance and Human Resources	364	408	-44	-12.0	4,244	4,319	-74	-1.8	4,768	4,633	135	5,589							
IT and Facilities Management	167	58	108	65.0	1,536	1,291	245	15.9	1,654	1,659	-5	1,704							
Legal and Democratic Services	110	133	-23	-21.1	1,239	1,233	7	0.5	1,376	1,350	26	1,564							
Total Corporate Resources	640	599	41	6.5	7,019	6,842	177	2.5	7,797	7,642	155	8,857							
NET EXPENDITURE (1)	1,121	1,185	-64	-5.8	12,812	12,655	157	1.2	14,126	14,120	6	16,409							
Adjustments to reconcile to Amount to be met from Reserves																			
Removal of Asset Maintenance Variance	-	-35	35	-	-	-182	182	-	-	-	-	72							
Direct Services Trading Accounts	11	-10	21	190.9	-75	-4	-71	-94.7	-74	1	-74	-17							
Capital charges outside General Fund	-4	-4	0	0.0	-43	-43	0	0.0	-47	-47	-	-47							
Support Services outside General Fund	-16	-16	0	0.0	-181	-181	0	0.0	-220	-220	-	-216							
Redundancy Costs - all	-	-	-	-	-	36	-36	-	-	-	-	244							
NET EXPENDITURE (2)	1,111	1,120	-9	-0.8	12,513	12,281	233	1.9	13,785	13,853	-68	16,445							
Government Grant	-428	-428	-	0.0	-4,713	-4,713	-	-	-5,141	-5,141	-	-6,348							
Council Tax Requirement - SDC	-767	-767	-	0.0	-8,432	-8,432	-	-	-9,199	-9,199	-	-9,172							
NET EXPENDITURE (3)	-84	-75	-9	10.7	-632	-864	233	36.8	-555	-487	-68	925							
<i>Summary including investment income</i>																			
Net Expenditure	-84	-75	-9	11	-632	-864	233	36.8	-555	-487	-68	925							
Investment Impairment	-	-	-	-	-	-	-	-	-	-	-	-							
Interest and Investment Income	-16	-22	6	-40.6	-172	-282	110	63.6	-153	-271	118	-335							
Overall total	-99	-97	-3	-3.0	-804	-1,146	342	100	-708	-758	50	590							
Planned appropriation (from)/to Reserves																			
Supplementary appropriation from Reserves																			
Surplus																			

3. Net Service Expenditure for each Head of Service - analysed by Budget area																	
FEBRUARY 12 - Final																	
Community Development																	
Period	Budget	Actual	Period	Variance	Period	Variance	Period	Variance	Y-T-D		Y-T-D		Annual	Annual	Annual	Annual	
									Budget	Actual	Budget	Actual					Budget
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
SDC Funded																	
8 to 12 project	2	1	0	21.7	21	16	5	22.7	23	23	-	2010/11	23	23	-	2010/11	23
Arts Development	-	-	-	-	0	-	0	-	-0	-0	-	2010/11	-0	-0	-	2010/11	-0
All Weather Pitch	-0	-0	0	-	-2	-2	0	5.8	-2	-2	-	2010/11	-2	-2	-	2010/11	-2
Community Activity	-	-4	4	-	-	-4	4	-	-	-	-	2010/11	-	-	-	2010/11	-
Community Development Service Provisions	-	-3	3	-	-	-15	15	-	-15	-15	15	2010/11	-15	-15	15	2010/11	-15
Community Safety	17	17	-0	-2.4	184	173	11	5.8	201	198	3	2010/11	201	198	3	2010/11	201
The Community Plan	5	4	0	7.9	50	45	5	10.5	55	55	-	2010/11	55	55	-	2010/11	55
Economic Development	3	-1	4	144.5	37	41	-4	-10.9	41	41	-	2010/11	41	41	-	2010/11	41
Grants to Organisations	1	1	0	3.5	185	184	1	0.4	186	186	-	2010/11	186	186	-	2010/11	186
Health Improvements	3	4	-0	-12.2	36	35	2	4.5	39	39	-	2010/11	39	39	-	2010/11	39
Leisure Contract	8	10	-2	-28.2	252	250	3	1.1	330	330	-	2010/11	330	330	-	2010/11	330
Leisure Development	-	-	-	-	20	20	0	2.4	22	22	-	2010/11	22	22	-	2010/11	22
Administrative Expenses - Community Dev.	1	1	-0	-45.9	10	7	3	29.1	11	11	-	2010/11	11	11	-	2010/11	11
Sporting Services	-	-	-	-	-	-0	0	-	-	-	-	2010/11	-	-	-	2010/11	-364
STAG Community Arts Centre	-	25	-25	-	100	100	0	0.0	100	100	-	2010/11	100	100	-	2010/11	100
Sustainability	1	1	0	2.5	15	15	0	2.3	17	17	-	2010/11	17	17	-	2010/11	17
Tourism	6	7	-1	-16.8	46	36	10	22.5	53	53	-	2010/11	53	53	-	2010/11	53
West Kent Partnership	2	2	-0	-10.5	1	5	-4	-581.5	0	0	-	2010/11	0	0	-	2010/11	0
Youth	6	12	-6	-88.6	70	66	4	5.3	76	76	-	2010/11	76	76	-	2010/11	76
Total Community Development (SDC Funded)	55	78	-23	-42.8	1,026	971	55	5.3	1,151	1,133	18	2010/11	1,151	1,133	18	2010/11	886

Agenda Item 8

Externally Funded																	
Period	Budget	Actual	Period	Variance	Period	Variance	Period	Variance	Y-T-D		Y-T-D		Annual	Annual	Annual	Annual	
									Budget	Actual	Budget	Actual					Forecast (including Accruals)
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Partnership - Child	-	-	-	-	-	-15	15	-	0	0	-	2010/11	0	0	-	2010/11	0
Partnership - Home Off	11	10	2	13.5	6	-42	48	860.8	-0	-0	-	2010/11	-0	-0	-	2010/11	-0
Choosing Health WK PCT	4	8	-4	-93.8	-22	-7	-15	-70.1	0	0	-	2010/11	0	0	-	2010/11	0
Falls Prevention	-	-4	4	-	-	-4	4	-	-	-	-	2010/11	-	-	-	2010/11	-
Future Jobs (Ext Funded)	-	1	-1	-	-	-	-	-	-	-	-	2010/11	-	-	-	2010/11	-
Kent Community Alcohol Partnership	-	0	-0	-	-	-	-	-	-	-	-	2010/11	-	-	-	2010/11	-
Local Strategic Partnership (Ext Funded)	-	9	-9	-	-	-	-	-	-	-	-	2010/11	-	-	-	2010/11	-
PCT Initiatives	-	18	-18	-	-	0	-0	-	-	-	-	2010/11	-	-	-	2010/11	-
Skateboarding	-	1	-1	-	-	-	-	-	-	-	-	2010/11	-	-	-	2010/11	-
Local Strategic Partnership	-	-5	5	-	-	-	-	-	-	-	-	2010/11	-	-	-	2010/11	-
Big Community Fund	-	-	-	-	-	4	-4	-	-	-	-	2010/11	-	-	-	2010/11	-
PCT Health Checks	-	-	-	-	-	1	-1	-	-	-	-	2010/11	-	-	-	2010/11	-
Total Community Development (Ext Funded)	15	37	-22	-142.1	-16	-63	47	285.1	0	0	-	2010/11	0	0	-	2010/11	-

Total Community Development

70	115	- 45	- 64.5	1,009	908	101	10.0	1,151	1,133	18	886
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3. Net Service Expenditure for each Head of Service - analysed by Budget area

FEBRUARY 12 - Final

Development Services

	Period			Period			Period			Y-T-D			Y-T-D			Y-T-D			Annual			2010/11	
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Forecast	Annual	Annual	Actual
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Bridleways / Footpath Diversions	0	0	0	-	-	0.3	1	1	0	0	0.3	2	2	-	2	2	-	2	2	2	2	2	2
Conservation	4	4	0	2.5	2.5	-0.1	43	43	-0	-0.1	-0.1	47	45	2	47	45	2	47	45	45	45	7	7
Local Development Framework	28	28	-0	-0.9	-0.9	3.8	349	335	13	3.8	3.8	446	423	23	446	423	23	446	423	423	423	489	489
LDF Expenditure	-	-4	4	-	-	-	-	-0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Planning - Appeals	13	21	-8	-66.9	-66.9	-3.6	138	143	-5	-3.6	-3.6	151	159	-8	151	159	-8	151	159	159	159	187	187
Planning - Counter	-0	-0	-0	-	-	-25.9	-1	-0	-0	-25.9	-25.9	-1	-1	-	-1	-1	-	-1	-1	-1	-1	-	-
Planning - Dev. Control	41	54	-14	-33.6	-33.6	-11.1	433	481	-48	-11.1	-11.1	446	488	-42	446	488	-42	446	488	488	488	606	606
Planning - Enforcement	22	22	-1	-4.0	-4.0	1.8	236	232	4	1.8	1.8	258	253	5	258	253	5	258	253	253	253	281	281
Planning - Office Refurb.	-	-	-	-	-	-	-	1	-1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative Expenses - Development Control	2	2	0	4.5	4.5	29.3	23	16	7	29.3	29.3	25	19	6	25	19	6	25	19	19	19	34	34
Administrative Expenses - Policy and Env.	-	-	-	-	-	-	-	0	-0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Development Services	109	128	-19	-17.8	-17.8	-2.5	1,223	1,254	-30	-2.5	-2.5	1,376	1,389	-14	1,376	1,389	-14	1,376	1,389	1,389	1,389	1,674	1,674

3. Net Service Expenditure for each Head of Service - analysed by Budget area														
FEBRUARY 12 - Final														
Environmental and Operational Services														
Period	Period			Period			Y-T-D			Y-T-D			2010/11	
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual
	£'000	£'000	£'000	£'000	£'000	%	£'000	£'000	%	£'000	£'000	£'000	£'000	£'000
Asset Maintenance Car Parks	1	-	1	100.0	8	-	8	100.0	100.0	8	14	-5	-	-
Asset Maintenance CCTV	1	0	1	88.8	10	2	10	80.6	80.6	11	11	-	15	15
Asset Maintenance Countryside	0	-	0	-	5	8	-3	-55.1	-55.1	6	9	-3	3	3
Asset Maintenance Direct Services	2	0	2	98.4	20	17	3	14.4	14.4	22	22	-	31	31
Asset Maintenance Playgrounds	1	0	1	88.4	12	3	9	77.1	77.1	13	5	8	-	-
Asset Maintenance Public Toilets	1	0	1	97.4	13	2	10	80.9	80.9	14	14	-	6	6
Building Control	-9	3	-12	-136.6	-106	-26	-80	-75.5	-75.5	-123	-32	-91	-38	-38
Car Parks	-140	-125	-15	-10.8	-1,404	-1,408	4	0.3	0.3	-1,542	-1,552	10	-1,475	-1,475
CCTV	15	18	-3	-18.6	219	254	-35	-16.1	-16.1	230	269	-39	264	264
Civil Protection	1	0	1	93.3	10	8	2	21.2	21.2	11	11	-	41	41
Clean Air	7	6	1	14.1	109	87	22	19.8	19.8	116	95	21	100	100
Contaminated Land	4	4	0	8.5	47	43	4	8.5	8.5	51	48	3	49	49
Dangerous Structures	2	1	0	19.0	20	19	1	4.1	4.1	22	22	-	20	20
On-Street Parking	-33	-32	-1	-3.6	-310	-273	-37	-12.0	-12.0	-345	-309	-36	-222	-222
Emergency	5	5	-0	-2.9	54	52	2	2.8	2.8	59	59	-	56	56
Environmental Health Partnership	-	9	-9	-	-	9	-9	-	-	-	-	-	-	-
EstMan - Grounds	8	6	2	24.7	84	74	10	11.7	11.7	91	81	10	78	78
Licensing Health	4	4	0	5.0	31	37	-6	-19.4	-19.4	35	42	-7	31	31
Licensing Partnership Members	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licensing Partnership Hub (Trading)	-0	-9	8	-	-1	-40	39	5,338.4	5,338.4	-	-	-	-	-
Licensing Regime	6	13	-7	-105.6	9	44	-36	-407.4	-407.4	3	42	-39	49	49
Minibus	1	-	1	100.0	8	1	7	91.4	91.4	9	1	8	333	333
Noise Control	7	7	0	3.5	81	75	6	7.4	7.4	88	83	5	90	90
Parks and Rec.Grds	8	8	-0	-6.4	80	110	-31	-38.7	-38.7	88	121	-33	133	133
Parks - Rural	8	6	2	23.5	79	50	29	37.3	37.3	81	51	30	100	100
Pest Control	-	-	-	-	-0	-	-0	-	-	-0	-0	-	-	-
Public Health	33	43	-11	-32.6	358	432	-74	-20.6	-20.6	390	465	-75	544	544
Public Transport Support	0	0	0	-	1	1	0	16.0	16.0	1	1	-	-	-
Refuse Collection	196	195	0	0.1	2,057	2,053	4	0.2	0.2	2,155	2,105	50	2,134	2,134
Administrative Expenses - Building Control	1	0	1	73.9	8	6	2	24.9	24.9	9	9	-	9	9
Administrative Expenses - Community Director	1	0	0	25.5	9	5	4	46.9	46.9	10	10	-	13	13
Administrative Expenses - Direct Services	-	0	-0	-	-	0	-0	-	-	-	-	-	-	-
Administrative Expenses - Health	2	0	1	74.4	20	13	8	38.1	38.1	26	26	-	16	16
Administrative Expenses - Transport	0	0	-0	-	6	5	1	18.0	18.0	7	7	-	4	4
Street Naming	1	0	1	68.4	12	3	8	71.9	71.9	13	5	8	6	6
Street Cleansing	104	102	2	1.7	1,126	1,119	7	0.6	0.6	1,224	1,216	8	1,399	1,399

Agenda Item 8

Support - Direct Services	4	2	1	34.8	43	20	23	52.7	47	37	10	40
Support - Health and Safety	1	1	-0	-15.5	14	11	3	24.6	16	16	-	54
Taxis	0	-5	5	-	-13	-35	22	160.7	-14	-34	20	-19
Air Quality (Ext Funded)	-	-	-	-	-	-21	21	-	-	-	-	-
National Food Hygiene Rating Scheme	-	0	-0	-	-	0	-0	-	-	-	-	-
Public Conveniences	4	5	-1	-38.4	48	51	-3	-7.3	49	49	-	107
Total Environmental and Operational Services	243	271	-28	-11.4	2,765	2,811	-46	-1.7	2,879	3,016	-137	3,976

3. Net Service Expenditure for each Head of Service - analysed by Budget area

FEBRUARY 12 - Final

Finance and Human Resources

Period	Period			Period			Y-T-D			Y-T-D			Y-T-D			Annual			2010/11	
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Forecast (including Accruals)	Annual Variance	Budget	Actual
	£'000	£'000	£'000	£'000	£'000	%	£'000	£'000	£'000	£'000	£'000	%	£'000	£'000	%	£'000	£'000	£'000	£'000	£'000
Asset Maintenance Argyle Road	4	1	3	47	29	18	38.5	51	51	-	38		51	51	-	38		51	51	-
Asset Maintenance Other Corporate Properties	3	11	-8	28	33	-5	-17.5	30	30	-	48		30	30	-	48		30	30	-
Asset Maintenance Leisure	13	6	7	141	126	15	10.5	153	153	-	209		153	153	-	209		153	153	-
Asset Maintenance Sewage Treatment Plants	1	2	-1	9	13	-4	-38.0	10	10	-	3		10	10	-	3		10	10	-
Asset Maintenance Support & Salaries	9	7	3	104	89	15	14.4	114	114	-	120		114	114	-	120		114	114	-
Benefits Admin	-	-6	6	-	-	-	-	-	-	-	833		-	-	-	833		-150	-150	-
Benefits Grants	-52	-54	2	-607	-609	2	0.3	-659	-659	-	-659		-607	-609	2	-659		-659	-659	-
Bus Station	1	0	0	11	7	4	32.5	12	12	-	21		11	7	4	12		12	12	-
Civic Expenses	0	0	-0	13	10	4	26.7	14	14	-	39		13	10	4	14		14	14	-
Concessionary Fares	-	-	-	-	2	-2	-	-	-	-	433		-	2	-2	-		-	-	-
Dartford Partnership Hub (SDC costs)	134	178	-45	1,516	1,579	-63	-4.2	1,617	1,617	-	222		1,516	1,579	-63	1,617		1,617	1,617	-
EstMan - Buildings	-11	-14	3	-79	-61	-18	-22.8	-92	-92	-	-26		-79	-61	-18	-92		-92	-92	-
Housing Advances	0	0	0	4	3	1	14.9	4	4	-	5		4	3	1	4		4	4	-
Housing Premises	0	3	-3	-10	-6	-4	-37.1	-10	-10	-	34		-10	-6	-4	-10		-10	-10	-
Local Tax	-15	-16	1	-165	-160	-5	-3.3	-392	-392	-	224		-165	-160	-5	-392		-392	-392	-
Markets	-15	-16	1	-174	-265	92	52.9	-194	-286	-	-191		-174	-265	92	-286		-194	-286	-
Members	27	25	2	308	285	23	7.5	342	318	24	321		308	285	23	342		318	318	-
Misc. Finance	132	145	-13	1,380	1,398	-18	-1.3	2,031	2,049	-18	1,927		1,380	1,398	-18	2,049		2,031	2,049	-18
Revenues and Benefits Partnership	-	-9	9	-	237	-237	-	-	-	-	119		-	237	-237	-		-	-	-
Administrative Expenses - Corporate Director	0	0	-0	4	3	1	14.8	4	4	-	6		4	3	1	4		4	4	-
Administrative Expenses - Chief Executive	1	0	1	16	6	11	65.5	18	10	9	8		16	6	11	10		18	10	9
Administrative Expenses - Finance	1	5	-3	26	18	8	29.4	28	28	-	36		26	18	8	28		28	28	-
Administrative Expenses - Personnel	1	1	1	12	13	-1	-4.8	14	14	-	10		12	13	-1	14		14	14	-
Administrative Expenses - Property	0	0	-0	2	1	1	27.8	2	2	-	49		2	1	1	2		2	2	-
Support - Central Offices	16	32	-16	392	376	16	4.0	411	393	18	404		392	376	16	411		411	393	18
Support - Contact Centre	37	35	2	406	377	29	7.0	458	443	15	433		406	377	29	458		458	443	15
Support - Exchequer and Procurement	11	11	0	128	124	4	3.3	119	119	-	121		128	124	4	119		119	119	-
Support - Finance Function	16	13	3	176	136	40	22.7	229	209	20	181		176	136	40	229		229	209	20
Support - General Admin	16	21	-4	161	150	11	6.8	173	173	-	213		161	150	11	173		173	173	-
Support - Local Offices	0	0	0	48	49	-2	-3.2	48	48	-	49		48	49	-2	48		48	48	-
Support - Nursery	-	-	-	-	2	-2	-	-	-	-	3		-	2	-2	-		-	-	-
Support - Personnel	17	17	-0	169	203	-35	-20.6	185	219	-34	214		169	203	-35	185		185	219	-34
Support - Property Function	9	6	3	98	67	31	31.9	107	73	34	76		98	67	31	107		107	73	34
Treasury Management	7	6	1	80	83	-3	-3.7	88	88	-	98		80	83	-3	88		88	88	-
Total Finance and Human Resources	364	408	-44	4,244	4,319	-74	-1.8	4,768	4,633	135	5,587		4,244	4,319	-74	4,768		4,768	4,633	135

3. Net Service Expenditure for each Head of Service - analysed by Budget area

FEBRUARY 12 - Final

Housing and Communications

	Period		Period		Period		Y-T-D		Y-T-D		Y-T-D		Annual		Annual		2010/11	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Forecast (including Accruals)	Variance	Actual	Budget	Actual
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Consultation and Surveys	1	-	1	100.0	15	-	15	100.0	17	0	17	0	17	0	17	22	17	22
Energy Efficiency	2	2	0	7.1	21	15	7	31.1	4	12	-8	12	12	-8	22	4	12	22
External Comms	7	13	-6	-89.7	105	99	6	5.8	127	114	14	114	114	14	127	127	114	127
Gypsy Sites	-2	5	-7	-341.2	-13	-11	-2	-15.6	-14	-9	-5	-9	-9	-5	-	-14	-9	-
Home Improvement Agency (prev. Care and Repair)	-	-	-	-	39	39	0	1.2	39	39	-	39	39	-	5	39	39	5
Homeless	9	18	-10	-112.6	95	184	-89	-93.1	119	195	-76	195	195	-76	126	119	195	126
Housing	20	23	-3	-14.6	325	342	-16	-5.0	388	389	-1	389	389	-1	408	388	389	408
Housing Initiatives	2	0	1	80.1	18	7	10	58.8	20	8	12	8	8	12	8	20	8	12
Homelessness Prevention	-	2	-2	-	-	2	-2	-	-	-	-	-	-	-	-	-	-	-
Housing Option - Trailblazer	4	5	-1	-33.7	-4	-0	-3	-88.5	15	0	-	0	0	-	-	15	0	-
Needs and Stock Surveys	-	-	-	-	-	-	-	-	15	15	-	15	15	-	15	15	15	15
KCC Loan Scheme	-	-	-	-	-	-0	0	-	-	-	-	-	-	-	-	-	-	-
Private Sector Housing	16	13	3	20.3	176	151	26	14.5	192	167	25	167	167	25	214	192	167	214
Administrative Expenses - Housing	1	2	-1	-210.7	10	17	-7	-76.3	11	11	-	11	11	-	22	11	11	22
Support - General Admin	-	-1	1	-	-	-11	11	-	-	-6	6	-6	-6	6	-11	-	-6	-11
Homelessness Funding	-0	-10	9	-	2	2	0	0.0	0	0	-	0	0	-	-	0	0	-
Leader Programme	0	0	0	-	4	4	-0	-0.5	5	5	-	5	5	-	5	5	5	5
Total Housing and Communications	59	72	-14	-23.2	795	840	-45	-5.6	923	939	-16	939	939	-16	1,014	923	939	1,014

3. Net Service Expenditure for each Head of Service - analysed by Budget area
FEBRUARY 12 - Final

IT & Facilities Management

	Period			Period			Period			Y-T-D			Y-T-D			Y-T-D			Annual		2010/11	
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Forecast	Annual	Actual
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Asset Maintenance IT	50	0	50	268	167	101	268	167	101	37.6		300	300	-	300	300	-	300	300	300	-	192
Administrative Expenses - IT	2	0	2	21	15	6	21	15	6	28.0		23	23	-	23	23	-	23	23	23	-	21
Support - Central Offices - Facilities	31	18	13	240	206	34	240	206	34	14.1		266	254	12	266	254	12	266	254	254	12	248
Support - General Admin	28	27	1	272	259	13	272	259	13	4.8		291	308	-17	291	308	-17	291	308	308	-17	330
Support - IT	56	13	42	735	643	91	735	643	91	12.4		775	775	-	775	775	-	775	775	775	-	913
Total IT & Facilities Management	167	58	108	1,536	1,291	245	1,536	1,291	245	15.9		1,654	1,659	-5	1,654	1,659	-5	1,654	1,659	1,659	-5	1,704

3. Net Service Expenditure for each Head of Service - analysed by Budget area

FEBRUARY 12 - Final

Legal and Democratic Services

	Period			Period			Period			Y-T-D			Y-T-D			Y-T-D			Annual			2010/11	
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Forecast	Annual	Variance	Actual
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Action and Development	0	-	0	-	-	-	5	14	-8	-151.4	-	6	6	-	6	6	-	6	6	6	-	10	10
Committee Admin	7	6	1	10.6	10.6	4.7	76	72	4	4.7	4.7	83	82	1	83	82	1	83	82	82	1	100	100
Corporate Management	71	95	-24	-34.0	-34.0	1.0	780	773	8	1.0	1.0	941	872	69	941	872	69	941	872	872	69	1,012	1,012
Corporate Savings	-1	-	-1	-100.0	-100.0	100.0	31	-	31	100.0	100.0	-32	0	-32	-32	0	-32	-32	-32	0	-32	-32	-96
Elections	6	9	-2	-35.0	-35.0	-11.6	59	66	-7	-11.6	-11.6	66	66	-	66	66	-	66	66	66	-	5	5
Equalities Legislation	-	-	-	-	-	22.7	16	13	4	22.7	22.7	16	12	4	16	12	4	16	12	12	4	17	17
Land Charges	-7	-8	1	19.7	19.7	0.0	-101	-101	0	0.0	0.0	-113	-117	4	-113	-117	4	-113	-117	-117	4	-96	-96
Performance Improvement	-0	-	-0	-	-	-	0	5	-4	-	-	1	1	-	1	1	-	1	1	1	-	8	8
Register of Electors	9	8	2	16.9	16.9	10.0	128	115	13	10.0	10.0	138	124	13	138	124	13	138	124	124	13	119	119
Administrative Expenses - Legal and Democratic	5	3	3	48.3	48.3	10.3	62	55	6	10.3	10.3	69	63	6	69	63	6	69	63	63	6	60	60
Support - Legal Function	18	20	-2	-11.4	-11.4	-21.2	182	221	-39	-21.2	-21.2	200	239	-39	200	239	-39	200	239	239	-39	278	278
Total Legal and Democratic Services	110	133	-23	-21.1	-21.1	0.5	1,239	1,233	7	0.5	0.5	1,376	1,350	26	1,376	1,350	26	1,376	1,350	1,350	26	1,563	1,563

4. Cumulative Salary Monitoring

FEBRUARY 12 - Final

Chief Executive, P.A. & Secretariat
Total Chief Executives Dept

Director, P.A. & Secretariat
 Finance & Human Resources
 Legal and Democratic Services
 IT & Facilities Management
Total Corporate Resources

Director, PA and Secretariat
 Community Development
 Operational Services
 Environmental Health
 Licensing
 Development Services
 Building Control
 Housing & Communications
 Parking and Amenity Services
Total Community and Planning Services

Sub total
 Council Wide - Vacant Posts
 Performance Award Contingency
TOTAL SDC Funded Salary Costs

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.
 Community Development Ext.
 Housing Ext.
TOTAL All Salary Costs
 Less Allocs to Trading a/cs inc Ext Funded TASK
 Less Allocations to Capital and Asset maint. etc
 Council Wide Vacant Posts
Check total to Pay Costs (Budget book page9)

Period	Period		Period		Period		Y-T-D		Y-T-D		Y-T-D		Annual		Annual	
	Budget	Actual	Variance	%	Budget	Actual	Variance	%	Budget	Actual	Variance	%	Budget	Forecast (including Accruals)	Variance	£'000
£'000	£'000	£'000	%	£'000	£'000	£'000	%	£'000	£'000	£'000	%	£'000	£'000	£'000	£'000	£'000
18	18	-0	-2.6	198	201	-3	-1.6	216	216	216	-	216	216	216	-	-
18	18	-0	-2.6	198	201	-3	-1.6	216	216	216	-	216	216	216	-	-
23	24	-1	-6.1	249	255	-7	-2.8	271	271	271	-	271	271	271	-	-
242	229	13	5.5	2,639	2,565	74	2.8	2,877	2,791	2,791	86	2,877	2,791	2,791	86	86
64	54	10	15.0	675	614	61	9.0	739	686	686	53	739	686	686	53	53
67	67	0	0.7	737	724	13	1.8	804	791	791	13	804	791	791	13	13
396	374	22	5.6	4,299	4,158	141	3.3	4,691	4,539	4,539	152	4,691	4,539	4,539	152	152
14	14	-0	-2.1	154	155	-0	-0.3	168	168	168	-	168	168	168	-	-
36	34	2	5.5	394	394	-1	-0.2	430	430	430	-	430	430	430	-	-
286	264	21	7.5	3,144	3,012	132	4.2	3,429	3,429	3,429	-	3,429	3,429	3,429	-	-
60	53	7	12.4	662	626	36	5.5	722	692	692	30	722	692	692	30	30
26	22	4	16.8	291	281	11	3.6	318	321	321	-3	318	321	321	-3	-3
143	141	2	1.7	1,589	1,546	42	2.7	1,735	1,686	1,686	49	1,735	1,686	1,686	49	49
30	27	2	8.4	325	329	-4	-1.2	354	348	348	6	354	348	348	6	6
45	50	-5	-11.8	492	523	-31	-6.3	536	561	561	-25	536	561	561	-25	-25
43	40	3	7.8	473	441	32	6.8	516	485	485	31	516	485	485	31	31
683	645	38	5.5	7,523	7,305	217	2.9	8,209	8,121	8,121	88	8,209	8,121	8,121	88	88
1,097	1,038	59	5.4	12,020	11,664	355	3.0	13,116	12,877	12,877	240	13,116	12,877	12,877	240	240
-5	-	-5	-100.0	8	-	8	100.0	10	0	0	10	10	0	0	10	10
-	-	-	-	-	-	-	-	48	48	48	-	48	48	48	-	-
1,092	1,038	55	5.0	12,028	11,664	364	3.0	13,174	12,925	12,925	249	13,174	12,925	12,925	249	249
6	9	-3	-54.4	67	93	-27	-39.9	73	99	99	-26	73	99	99	-26	-26
18	9	10	53.0	141	126	16	11.1	159	148	148	11	159	148	148	11	11
24	18	6	26.2	208	219	-11	-5.2	232	247	247	-15	232	247	247	-15	-15
1,116	1,055	61	5.5	12,236	11,883	353	2.9	13,406	13,172	13,172	234	13,406	13,172	13,172	234	234
-244	-224	-19	-7.9	-2,681	-2,555	-127	-4.7	-2,925	-2,925	-2,925	-	-2,925	-2,925	-2,925	-	-
-3	-3	0	9.3	-32	-32	0	0.7	-35	-35	-35	-	-35	-35	-35	-	-
5	-	5	100.0	-8	-	-8	-100.0	-10	-10	-10	-	-10	-10	-10	-	-
875	828	47	5.3	9,514	9,296	218	2.3	10,436	10,202	10,202	234	10,436	10,202	10,202	234	234

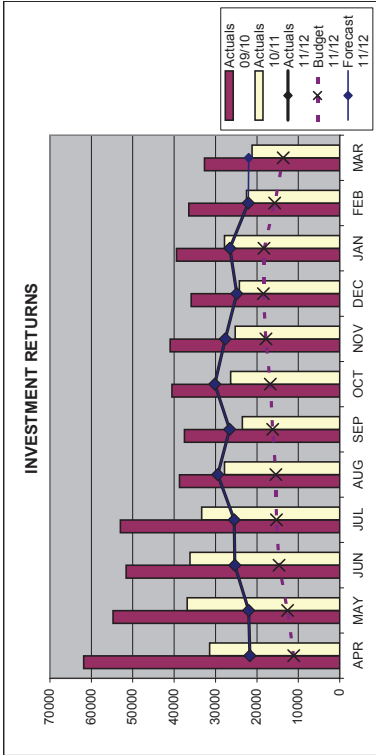
DIRECT SERVICES SUMMARY

Feb-12	PERIOD						Y-T-D			ANNUAL			Y-T-D NET VARIANCE			ANNUAL NET VARIANCE		
	Budget	Actual	Actual / Budget	Variance	Budget	Actual	Actual / Budget	Variance	Budget	Forecast	Variance	Net Budget by Service	Net Actual by Service	Variance by Service	Net Budget by Service	Net Actual by Service	Variance by Service	
	£'000	£'000	%	£'000	£'000	£'000	%	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Income																		
Refuse	-170	-170	0%		-1,879	-1,886	0%	7	-2,051	-2,058	7	93	40	53	101	48	53	
Street Cleaning	-96	-95	-1%		-1,055	-1,057	0%	2	-1,151	-1,154	3	67	63	4	73	56	17	
Trade	-29	-22	-23%	-7	-361	-341	-5%	-19	-390	-366	-24	-45	-20	-25	-46	-11	-35	
Workshop	-51	-45	-12%	-6	-558	-513	-8%	-45	-609	-550	-59	-27	5	-32	-29	5	-34	
Green Waste	-16	-22	34%	6	-353	-34%	1%	4	-376	-386	10	-82	-22	-22	-84	-59	-25	
Premises Cleaning	-21	-16	-26%	-6	-236	-185	-22%	-51	-258	-205	-53	-14	19	-33	-15	15	-30	
Cesspools	-23	-18	-22%	-5	-257	-210	-18%	-47	-280	-236	-44	-58	-6	-51	-63	-16	-47	
Pest Control	-3	-3	-2%		-77	-75	-3%	-2	-80	-78	-2	-3	-1	-3	-2	2	-2	
Grounds	-11	-11	0%		-124	-124	0%		-135	-138	3	9		10	9	-4	13	
Fleet	-68	-69	1%	1	-748	-707	-6%	-41	-816	-816			3	-3				
Depot	-22	-41	84%	19	-268	-251	-6%	-16	-290	-266	-24	-17	-40	23	-20	-36	16	
Emergency	-4	-4	0%		-41	-41	0%		-45	-45		1	-6	8	2	2	2	
Total Income	-515	-516	0%	1	-5,956	-5,747	-4%	-209	-6,481	-6,298	-183	-75	-4	-72	-74		-74	
Expenditure																		
Refuse	179	173	3%	6	1,972	1,926	2%	46	2,151	2,106	45							
Street Cleaning	102	99	2%	3	1,121	1,120	0%	1	1,223	1,210	13							
Trade	29	26	10%	3	315	321	-2%	-6	344	355	-11							
Workshop	48	43	11%	5	531	518	2%	13	579	555	24							
Green Waste	22	21	3%	1	271	296	-9%	-25	293	327	-34							
Premises Cleaning	20	18	10%	2	222	204	8%	18	243	220	23							
Cesspools	18	16	10%	2	199	203	-2%	-4	217	220	-3							
Pest Control	7	7	0%		73	74	-1%	-1	80	80								
Grounds	11	10	9%	1	133	123	7%	10	144	134	10							
Fleet	68	70	-2%	-2	748	709	5%	39	816	816								
Depot	19	20	-4%	-1	251	211	16%	40	270	230	40							
Emergency	4	4	4%		43	35	18%	8	47	45	2							
Total Expenditure	527	506	4%	20	5,880	5,743	2%	137	6,407	6,298	109							
Net	11	-10	-190%	21	-75	-4	-95%	-72	-74	-74	-74							

Agenda Item 8

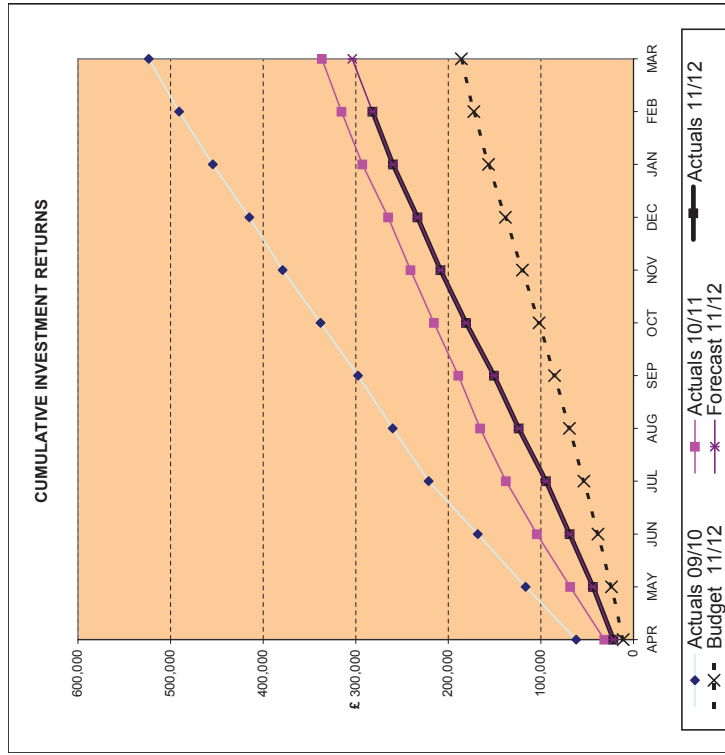
INVESTMENT RETURNS

INVESTMENT RETURNS		Actuals	Actuals	Actuals	Budget	Variance	Forecast
	09/10	10/11	11/12	11/12	11/12		11/12
APR	61,847	31,431	21,722	11,105	10,617	21,700	21,700
MAY	54,783	36,831	21,983	12,591	9,392	22,000	22,000
JUN	51,598	36,164	25,342	14,677	10,665	25,300	25,300
JUL	53,006	33,361	25,498	15,269	10,229	25,500	25,500
AUG	38,709	27,858	29,446	15,442	14,004	29,400	29,400
SEP	37,534	23,532	26,586	16,215	10,371	26,600	26,600
OCT	40,524	26,352	30,200	16,748	13,452	30,200	30,200
NOV	40,982	25,254	27,636	17,846	9,790	27,600	27,600
DEC	35,869	24,240	24,871	18,460	6,411	24,900	24,900
JAN	39,423	27,832	26,525	18,302	8,223	26,500	26,500
FEB	36,455	22,501	22,078	15,698	6,380	22,100	22,100
MAR	32,694	21,179	21,179	13,647	109,534	22,000	303,800
	523,424	336,535	281,887	186,000	109,534	186,000	303,800



INVESTMENT RETURNS (CUMULATIVE)

INVESTMENT RETURNS (CUMULATIVE)		Actuals	Actuals	Actuals	Budget	Variance	Forecast
	09/10	10/11	11/12	11/12	11/12		11/12
APR	61,847	31,431	21,722	11,105	10,617	21,700	21,700
MAY	116,630	68,262	43,705	23,696	20,009	43,700	43,700
JUN	168,228	104,426	69,047	38,373	30,674	69,000	69,000
JUL	221,234	137,787	94,545	53,642	40,903	94,500	94,500
AUG	259,943	165,645	123,991	69,084	54,907	123,900	123,900
SEP	297,477	189,177	150,577	85,299	65,278	150,500	150,500
OCT	338,001	215,529	180,777	102,047	78,730	180,700	180,700
NOV	378,983	240,783	208,413	119,893	88,520	208,300	208,300
DEC	414,852	265,023	233,284	138,353	94,931	233,200	233,200
JAN	454,275	292,855	259,809	156,655	103,154	259,700	259,700
FEB	490,730	315,356	281,887	172,353	109,534	281,800	281,800
MAR	523,424	336,535	281,887	186,000	109,534	303,800	303,800



BUDGET FOR 2011/12 186,000
 FORECAST OUTTURN 303,800

CODE:- YHAA 96900

N.B.

- 1) These are the gross interest receipts rather than the interest remaining in the General Fund
- 2) Interest due on the Landsbanki investment has been removed from the calculations as from 25/6/2008

Fund Average 1.0530%
 7 Day LIBID 0.4708%
 3 Month LIBID 0.8112%

STAFFING STATISTICS
FEBRUARY 2012

	BDGT BOOK FTE	STAFF FTE	AGENCY STAFF	CASUAL FTE	TOTAL FTE	COMMENTS / VARIATIONS	JANUARY TOTALS
CHIEF EXECUTIVES							
Chief Executive's Office	3.61	2.41	0.00	0.00	2.41	1 FTE post deleted wef 10/6/11 - 0.41 temp post wef 1/7.	2.41
SUB TOTAL	3.61	2.41	0.00	0.00	2.41		2.41
CORPORATE RESOURCES							
Director, Secretaries	5.50	6.63	0.00	0.00	6.63	Budget includes Secretariat (although report to Finance and HR). 1 P/T post increased hours. 0.68 post wef 25/7.	6.63
Finance & Human Resources	82.42	81.47	1.00	0.69	83.16	Includes Property Team & 2 Benefits & Local Tax Apprentices.	83.34
Legal, Electoral, Democratic Services & Policy & Performance	17.12	14.33	0.00	0.00	14.33		14.82
<i>Legal, Electoral & Democratic Services</i>	<i>15.51</i>	<i>12.52</i>	<i>0.00</i>	<i>0.00</i>	<i>12.52</i>		<i>12.52</i>
<i>Policy & Performance</i>	<i>1.61</i>	<i>1.81</i>	<i>0.00</i>	<i>0.00</i>	<i>1.81</i>		<i>1.81</i>
IT & Facilities Management	24.46	25.43	0.00	0.00	25.43	Now 1.61 budgeted to Legal, Electoral & Dem Services. 0.2 worked in Housing & Comms but inc. in P&P.	25.43
SUB TOTAL	129.50	127.86	1.00	0.69	129.55	2 Temp post (1 IT & 1 Fac) so 2 over Bdgt FTE.	130.21
COMMUNITY AND PLANNING SERVICES							
Director, PA & Secretarial	2.00	2.00	0.00	0.00	2.00		2.00
Community Development	10.74	10.54	0.00	0.58	11.12	1 post is part externally funded.	11.64
Environmental & Operational Services	161.98	149.93	14.88	0.35	165.16		164.57
<i>SDS & CCTV</i>	<i>120.10</i>	<i>111.31</i>	<i>14.88</i>	<i>0.35</i>	<i>126.54</i>	Includes Grounds Maintenance.	<i>124.95</i>
<i>Env Health & Licensing</i>	<i>25.02</i>	<i>23.76</i>	<i>0.00</i>	<i>0.00</i>	<i>23.76</i>		<i>24.76</i>
<i>Parking & Amenity</i>	<i>16.86</i>	<i>14.86</i>	<i>0.00</i>	<i>0.00</i>	<i>14.86</i>		<i>14.86</i>
Development Services	51.34	45.94	0.00	0.02	45.96		45.94
Building Control	7.81	6.81	1.00	0.00	7.81	Plus 1 Seconded Officer.	7.81
Housing & Communications	15.17	14.08	1.00	0.00	15.08	1 post is part externally funded.	15.08
SUB TOTAL	249.04	229.30	16.88	0.95	247.13		247.04
EXTERNALLY FUNDED POSTS							
Community Development	2.04	2.54	0.00	0.00	2.54		2.54
Environmental & Operational Services	0.00	0.00	0.00	0.00	0.00		0.00
Development Services	0.00	0.00	0.00	0.00	0.00		0.00
Housing & Communications	3.41	3.49	0.00	0.00	3.49	1 post is part funded by SDC (see Housing permanent posts).	4.49
SUB TOTAL	5.45	6.03	0.00	0.00	6.03		7.03
TOTALS	387.60	365.60	17.88	1.64	385.12		386.69
Number of staff paid in February							
386 permanent, 11 casuals							

Reserves

	31/3/11	Movement in month	Cumulative to date	Balance as at 29/2/12	31/3/12 budget	31/3/12 forecast
	£000	£000	£000	£000	£000	£000
<u>Provisions</u>						
First Time Sewerage	915	0	0	915	0	915
Edenbridge Relief Road Compensation (1)	1,566	0	-27	1,539	0	1,539
Accumulated Absences	152	0	0	152	152	152
Others	85	0	-33	52	0	0
	2,718	0	-60	2,658	152	2,606
<u>Capital Receipts(Gross)</u>	763	0	63	826	1,369	1,369
Note: this balance will reduce at year end as the receipts are used to finance capital expenditure						
<u>Earmarked Reserves</u>						
Asset Maintenance (2)	4,315	0	-3,315	1,000	1,000	1,000
Employer's Superannuation (2)	2,569	0	-2,569	0	0	0
Financial Plan (2)	0	0	5,824	5,824	5,812	5,824
Budget Stabilisation	2,436	0	-35	2,401	341	2,401
Housing Benefit subsidy	1,192	0	0	1,192	701	1,117
LDF	574	-28	-50	524	267	524
Vehicle Renewal	564	0	28	592	608	608
Community Development	418	10	45	463	0	0
Reorganisation (previously Termination)	358	0	-21	337	75	300
Carry Forward Items	341	0	-25	316	0	0
Action and Development	314	0	-4	310	300	300
Vehicle Insurance	264	0	0	264	246	246
Others	824	-188	-249	575	322	322
	14,169	-206	-371	13,798	9,672	12,642
<u>General Fund</u>						
Required Minimum	1,500				1,500	1,500
Available Balance	2,213				2,213	2,213
	3,713				3,713	3,713
TOTAL	21,363				14,906	20,330

Notes

- Changes in the Edenbridge Relief Road Compensation provision is very difficult to predict as it is dependant on the timing of agreeing compensation sums.
- Cabinet (13/12/10) approved that allowing for an emergency Asset Maintenance reserve of £1m, the remaining balances from the Asset Maintenance and Employer's Superannuation Reserves be moved to a new Financial Plan Reserve which will be used over the ten-year period equally to smooth the rundown of these reserves.

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9. Capital

FEBRUARY 12 - Final

	Period		Period		Period		Y-T-D		Y-T-D		Y-T-D		Annual		Annual		
	Budget	Actual	Variance	£'000	Budget	Actual	Variance	£'000	Y-T-D	Actual	Variance	£'000	Y-T-D	Budget	Forecast (including Accruals)	Variance	£'000
COMMDEV Big Community Fund - Capital	-	-	-	-	-	-	-	8	-	-	-	-	-	-	-	-	-
COMMDEV Local Strategic Partnership - Capital Delivery	-	4	-4	-	-	-	-	16	-16	-	-	-	-	-	-	-	-
COMMDEV Parish Projects	7	-	7	100.0	64	-	64	100.0	100.0	71	0	71	100.0	71	0	71	71
ENVOPS Playground Improvements	6	-40	46	783.0	53	43	10	18.8	18.8	59	44	15	18.8	59	44	15	15
ENVOPS Vehicle Purchases	127	-26	152	120.2	1,139	666	474	41.6	41.6	1,266	1,266	-	41.6	1,266	1,266	-	-
FINSERV Sevenoaks Town Centre (Capital) (LKF)	18	-	18	100.0	158	7	151	95.9	95.9	175	15	160	95.9	175	15	160	160
FINSERV Horton Kirby Village Hall	-	45	-45	-	-	-	-	175	-175	-	-	-	-	-	-	-	-
FINSERV Argyle Rd Moat Office Accommodation	-	-	-	-	-	-	-	32	-32	-	-	-	-	-	-	-	-
HOUSING Improvement Grants	69	47	22	32.4	630	264	366	58.0	58.0	699	699	-	58.0	699	699	-	-
HOUSING Wkha Adaps For Disab Financing Costs Advances-H	-	30	-30	-	-	-	-	176	-176	-	-	-	-	-	-	-	-
HOUSING SDC - HMO Grants	-	-	-	-	-	-	-	8	-8	-	-	-	-	-	-	-	-
HOUSING RHPCG 10-11 SDC	-	12	-12	-	-	-	-	42	-42	-	-	-	-	-	-	-	-
HOUSING RHPCG - Discretionary Grants	-	-	-	-	-	-	-	7	-7	-	-	-	-	-	-	-	-
HOUSING RHPCG - Empty Homes	-	-	-	-	-	-	-	2	-2	-	-	-	-	-	-	-	-
HOUSING RHPCG - HMO Grants	-	-	-	-	-	-	-	7	-7	-	-	-	-	-	-	-	-
HOUSING Hever Road Gypsy Site - Consultants	-	15	-15	-	-	-	-	25	-25	-	-	-	-	-	-	-	-
HOUSING Hever Road Gypsy Site - Amenities Blocks	34	-	34	100.0	308	24	284	92.1	92.1	343	343	-	92.1	343	343	-	-
HOUSING Hever Road Gypsy Site - Ground Works	-	9	-9	-	-	-	-	381	-381	-	-	-	-	-	-	-	-
HOUSING Hever Road Gypsy Site - Preliminary Work	-	-	-	-	-	-	-	1	-1	-	-	-	-	-	-	-	-
HOUSING Hever Road Gypsy Site - Bomb Disposal	-	-	-	-	-	-	-	19	-19	-	-	-	-	-	-	-	-
LEGAL Modern Govt Document Management System	2	-	2	100.0	14	-	14	100.0	100.0	16	16	-	100.0	16	16	-	-
TOTAL	262	96	166	63.3	2,366	1,902	465	19.6	19.6	2,628	2,382	246	19.6	2,628	2,382	246	246

Improvement Grants budget shown net of Government grant.

CUMULATIVE INCOME FIGURES

February 2012

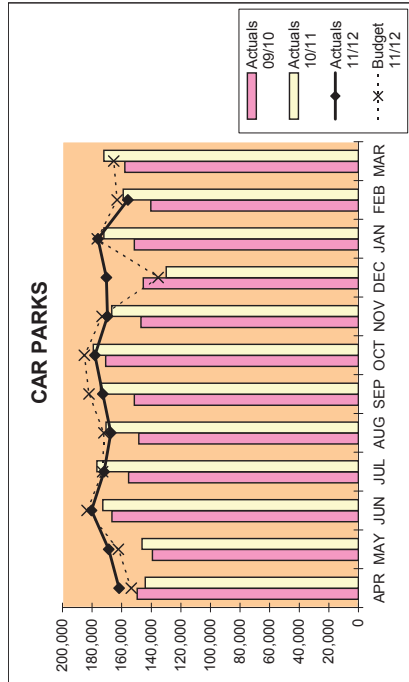
Agenda Item 8

	Comparison of 10/11 and 11/12, where a minus is 'bad news'	MANAGER'S PROFILED BUDGET	Variance, where a minus is 'bad news'	ANNUAL BUDGET	Annual Forecast
ACTUAL					
CAR PARKS	81,349	1,859,594	13,189	2,025,011	2,035,011
ON STREET PARKING	69,976	591,290	-5,182	649,149	642,149
LAND CHARGES	13,529	166,332	-5,193	185,010	185,010
BUILDING CONTROL	-32,503	463,578	-110,575	514,459	380,459
DEVELOPMENT CONTROL	-39,477	535,364	-82,665	593,920	501,920
	92,874	3,616,158	-190,427	3,967,548	3,744,548

10 Car Parks Graphs

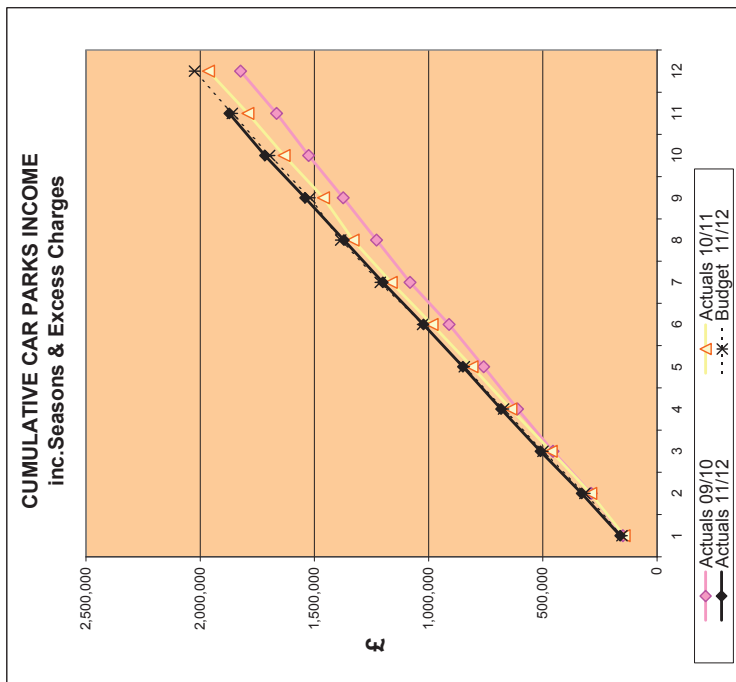
CAR PARKS (HWCARPK)

	Actuals 09/10	Actuals 10/11	Actuals 11/12	Increase / decrease from 10/11 to 11/12	Budget 11/12	Variance (Actuals-Budget)	Manager's Forecast
1 APR	149,537	144,052	161,707	17,654	153,537	8,169	
2 MAY	139,181	146,247	168,722	22,474	162,213	6,509	
3 JUN	166,621	172,788	180,368	7,580	183,427	-3,059	
4 JUL	155,296	176,717	171,960	-4,757	172,880	-919	
5 AUG	148,423	170,558	167,336	-3,221	172,092	-4,755	
6 SEP	151,490	174,392	172,793	-1,599	182,108	-9,314	
7 OCT	170,869	179,153	178,067	-1,085	185,178	-7,110	
8 NOV	146,974	166,673	169,631	2,958	173,207	-3,577	
9 DEC	145,369	129,891	170,349	40,459	135,042	35,042	
10 JAN	151,428	171,978	175,979	4,001	176,532	-554	
11 FEB	140,372	158,986	155,870	-3,115	163,112	-7,242	
12 MAR	157,838	172,012	187,273	15,261	165,417	21,856	
	1,823,396	1,963,446	1,872,783	-90,663	2,025,011	13,189	2,035,011



CAR PARKS (CUMULATIVE)

	Actuals 09/10	Actuals 10/11	Actuals 11/12	Cumulative increase / decrease from 09/10 to 10/11	Budget 11/12	Variance (Column E-G)	Manager's Forecast
APR	149,537	144,052	161,707	17,654	153,537	8,169	
MAY	288,718	290,299	330,428	40,129	315,750	14,678	
JUNE	455,338	463,087	510,796	47,709	499,177	11,619	
JUL	610,634	639,805	682,757	42,952	672,057	10,700	
AUG	759,057	810,362	850,093	39,731	844,148	5,945	
SEP	910,547	984,754	1,022,886	38,132	1,026,256	-3,370	
OCT	1,081,415	1,163,907	1,200,954	37,047	1,211,434	-10,480	
NOV	1,228,389	1,330,580	1,370,585	40,005	1,384,641	-14,057	
DEC	1,373,758	1,460,470	1,540,934	80,464	1,519,949	20,985	
JAN	1,525,186	1,632,448	1,716,913	84,464	1,696,482	20,431	
FEB	1,665,558	1,791,434	1,872,783	81,349	1,859,594	13,189	
MAR	1,823,396	1,963,446	1,872,783	-1,963,446	2,025,011	2,035,011	



FEBRUARY 2012

HWCARPK

	Actual	Budget	(Monthly)
DAY TICKETS	****0	1,416,025	123,289
EXCESS /PENALTY CHARGES	****1/****3	140,705	11,590
SEASON TICKETS	****2	298,848	19,844
OTHER (Inc.Res.Pkg)	****9	4	917
WAIVERS	3404	-	230
RENT	94500	4,012	-
	1,872,783	1,859,594	155,870

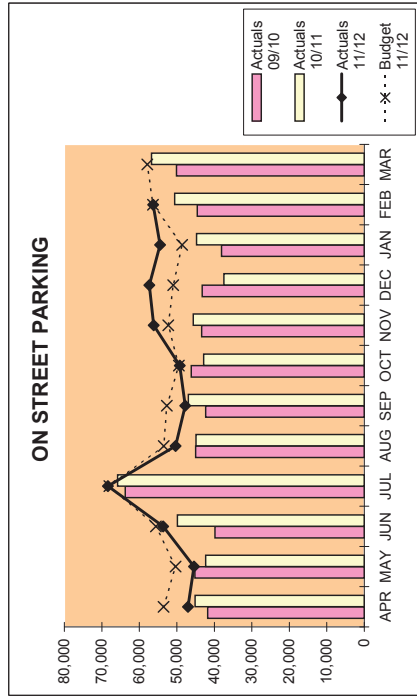
CUMULATIVE BREAKDOWN

	Actual	Budget
(Cumulative)	1,442,238	1,416,025
	136,739	140,705
	281,653	298,848
	7,455	4
	630	-
	4,067	4,012
	1,872,783	1,859,594

10 On-Street Graphs

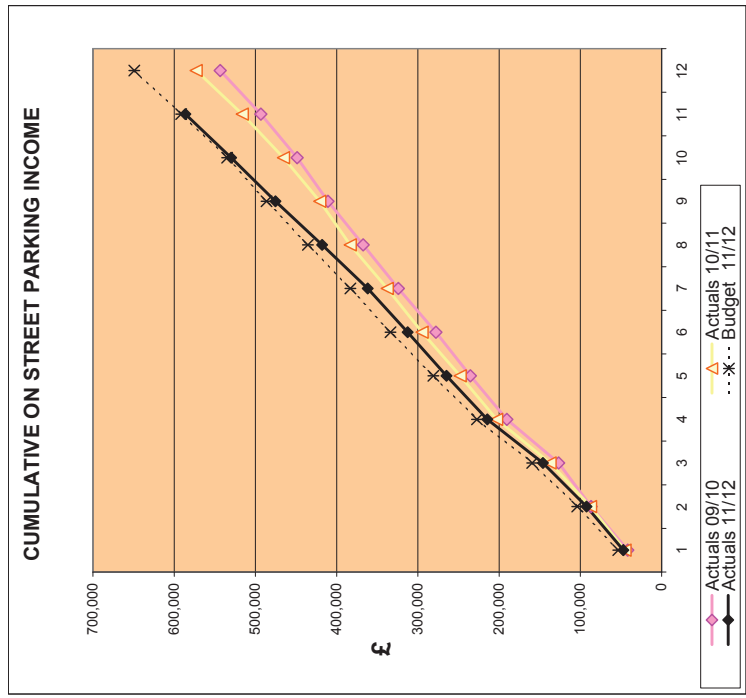
ON STREET PARKING (HWDCRIM)

	Actuals 09/10	Actuals 10/11	Actuals 11/12	Increase / decrease from 10/11 to 11/12	Budget 11/12	Variance (Actuals-Budget)	Manager's Forecast
1 APR	41,795	45,146	47,046	1,899	53,524	-6,478	
2 MAY	45,170	42,328	45,408	3,079	50,336	-4,929	
3 JUN	39,828	49,872	53,666	3,793	55,584	-1,918	
4 JUL	63,742	65,784	68,376	2,592	67,995	381	
5 AUG	44,999	44,910	50,350	5,440	53,513	-3,163	
6 SEP	42,325	46,913	47,762	849	52,687	-4,924	
7 OCT	46,145	42,832	49,209	6,377	49,454	-245	
8 NOV	43,374	45,607	56,170	10,563	52,291	3,879	
9 DEC	43,242	37,452	57,330	19,878	50,954	6,376	
10 JAN	38,075	44,720	54,468	9,748	48,585	5,883	
11 FEB	44,537	50,568	56,324	5,756	56,369	-45	
12 MAR	50,100	56,761	57,859	-56,761	57,859		
	543,332	572,894	586,108	13,214	649,149	-5,182	642,149



ON STREET PARKING (CUMULATIVE)

	Actuals 09/10	Actuals 10/11	Actuals 11/12	Cumulative increase / decrease from 09/10 to 10/11	Budget 11/12	Variance (Column E-G)	Manager's Forecast
APR	41,795	45,146	47,046	1,899	53,524	-6,478	
MAY	86,965	87,475	92,453	4,978	103,860	-11,406	
JUNE	126,793	137,347	146,119	8,772	159,443	-13,325	
JUL	190,535	203,131	214,495	11,364	227,438	-12,943	
AUG	235,533	248,041	264,845	16,804	280,951	-16,106	
SEP	277,859	294,954	312,607	17,653	333,638	-21,030	
OCT	324,004	337,786	361,816	24,030	383,091	-21,275	
NOV	367,377	383,393	417,986	34,593	435,382	-17,396	
DEC	410,619	420,845	475,316	54,471	486,336	-11,020	
JAN	448,694	465,565	529,784	64,219	534,921	-5,137	
FEB	493,232	516,133	586,108	69,976	591,290	-5,182	
MAR	543,332	572,894	572,894	-572,894	649,149		642,149



FEBRUARY 2012

HWDCRIM

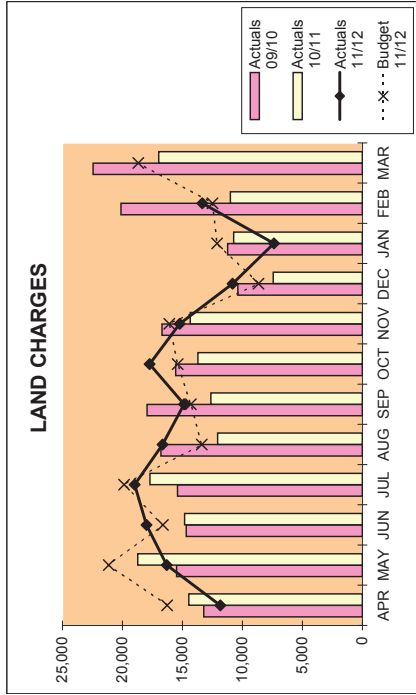
	Actual (Cumulative)	Budget	(Monthly)
PENALTY NOTICES	3403	133,770	11,584
WAIVERS	3404	4,697	486
RESIDENTS PERMITS	3406	37,200	2,989
ON STREET PARKING	3300	352,972	34,869
BUSINESS PERMITS	3408	62,650	6,396
OTHER	9999	-	-
	586,108	591,290	56,324

CUMULATIVE BREAKDOWN

10 Land Charges Graphs

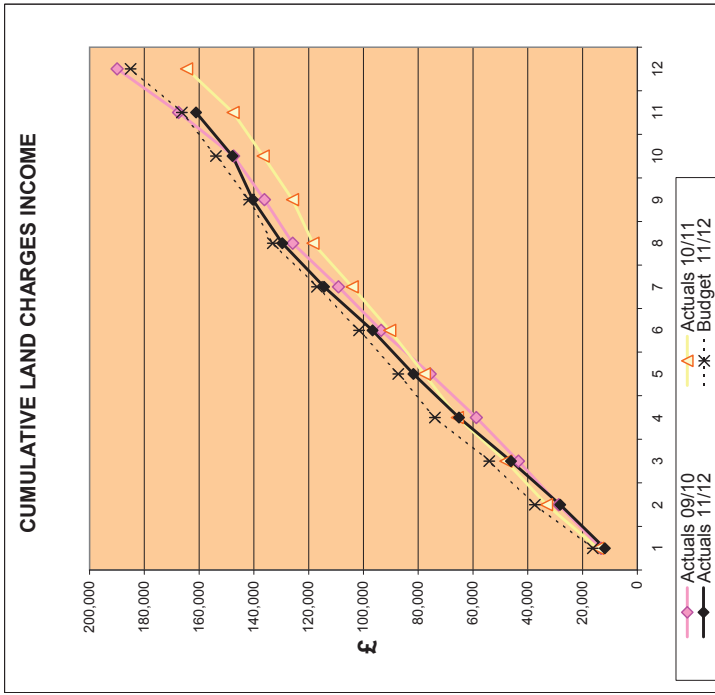
LAND CHARGES (LPLNDCH)

	Actuals 09/10	Actuals 10/11	Actuals 11/12	Increase / decrease from 10/11 to 11/12	Budget 11/12	Variance (Actuals-Budget)	Manager's Forecast
1 APR	13,225	14,463	11,836	-2,627	16,278	-4,441	
2 MAY	15,485	18,718	16,303	-2,415	21,147	-4,844	
3 JUN	14,682	14,812	17,994	3,182	16,625	1,369	
4 JUL	15,416	17,700	18,987	1,288	19,866	-879	
5 AUG	16,799	12,074	16,658	4,584	13,384	3,274	
6 SEP	17,943	12,624	14,863	2,239	14,296	566	
7 OCT	15,558	13,710	17,740	4,030	15,400	2,340	
8 NOV	16,697	14,339	15,228	889	16,090	-862	
9 DEC	10,375	7,439	10,819	3,380	8,656	2,163	
10 JAN	11,227	10,731	7,369	-3,361	12,105	-4,736	
11 FEB	20,119	10,999	13,340	2,341	12,485	855	
12 MAR	22,442	16,983	161,139	-16,983	18,678	185,010	185,010
	189,968	164,592	161,139	-3,453	185,010	-5,193	



LAND CHARGES (CUMULATIVE)

	Actuals 09/10	Actuals 10/11	Actuals 11/12	Cumulative increase / decrease from 09/10 to 10/11	Budget 11/12	Variance (Column E-G)	Manager's Forecast
APR	13,225	14,463	11,836	-2,627	16,278	-4,441	
MAY	28,710	33,182	28,140	-5,042	37,425	-9,285	
JUNE	43,391	47,994	46,134	-1,860	54,050	-7,916	
JUL	58,807	65,694	65,122	-572	73,916	-8,794	
AUG	75,606	77,768	81,780	4,012	87,300	-5,520	
SEP	93,550	90,391	96,642	6,251	101,596	-4,954	
OCT	109,108	104,102	114,383	10,281	116,996	-2,614	
NOV	125,805	118,441	129,611	11,170	133,086	-3,476	
DEC	136,180	125,880	140,430	14,550	141,742	-1,312	
JAN	147,407	136,610	147,799	11,189	153,847	-6,048	
FEB	167,526	147,610	161,139	13,529	166,332	-5,193	
MAR	189,968	164,592	185,010	-164,592	185,010		185,010



FEBRUARY 2012

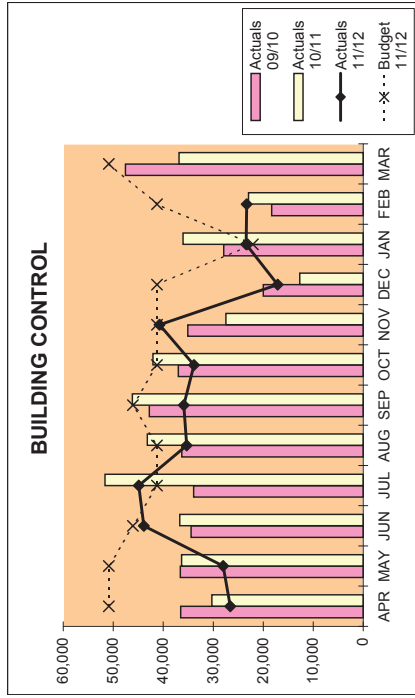
LPLNDCH

	Received (Month)	Percentage (Month)	Percentage (Month 10/11)	(Cumulative)
Searches Received - Paper	£105	37	21.1%	528
Searches Received - Electronic	£86	90	51.1%	1,106
Searches Received - Personal	£0	49	27.9%	526
	176	100.0%	100.0%	2,160

10 Building Control Graphs

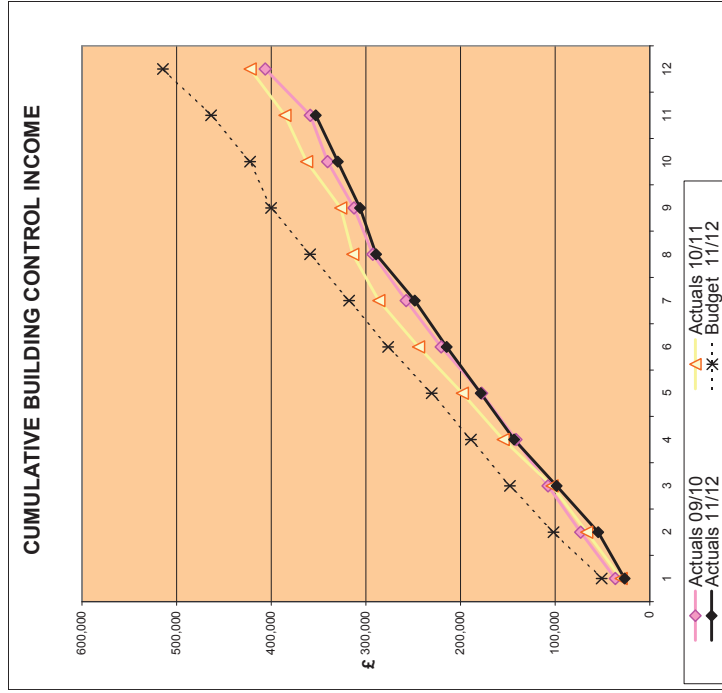
BUILDING CONTROL (DVBCFEE)

	Actuals 09/10	Actuals 10/11	Actuals 11/12	Increase / decrease from 10/11 to 11/12	Budget 11/12	Variance (Actuals-Budget)	Manager's Forecast
1 APR	36,505	30,284	26,583	-3,701	50,879	-24,297	
2 MAY	36,598	36,330	28,008	-8,322	50,879	-22,871	
3 JUN	34,430	36,701	43,878	7,177	46,074	-2,196	
4 JUL	33,917	51,649	44,902	-6,747	41,270	3,632	
5 AUG	36,285	43,199	35,321	-7,878	41,270	-5,949	
6 SEP	42,770	46,163	35,890	-10,274	46,074	-10,184	
7 OCT	36,995	42,044	33,837	-8,207	41,270	-7,433	
8 NOV	35,085	27,469	40,725	13,256	41,270	-545	
9 DEC	19,974	12,695	17,118	4,423	41,270	-24,151	
10 JAN	27,904	36,036	23,425	-12,611	22,052	1,373	
11 FEB	18,324	22,935	23,315	380	41,270	-17,955	
12 MAR	406,331	422,339	353,002	-69,336	514,459	-110,575	380,459



BUILDING CONTROL (CUMULATIVE)

	Actuals 09/10	Actuals 10/11	Actuals 11/12	Cumulative increase / decrease from 09/10 to 10/11	Budget 11/12	Variance (Column E-G)	Manager's Forecast
APR	36,505	30,284	26,583	-3,701	50,879	-24,297	
MAY	73,104	66,614	54,591	-12,023	101,759	-47,168	
JUNE	107,533	103,314	98,469	-4,845	147,833	-49,364	
JUL	141,450	154,963	143,371	-11,592	189,103	-45,732	
AUG	177,735	198,162	178,692	-19,470	230,372	-51,681	
SEP	220,505	244,325	214,581	-29,744	276,446	-61,865	
OCT	257,500	286,369	248,418	-37,951	317,716	-69,298	
NOV	292,584	313,838	289,143	-24,695	358,986	-69,842	
DEC	312,558	326,534	306,262	-20,272	400,256	-93,994	
JAN	340,462	362,570	329,687	-32,883	422,308	-92,621	
FEB	358,786	385,505	353,002	-32,503	463,578	-110,575	
MAR	406,331	422,339	380,459	-42,339	514,459		380,459



FEBRUARY 2012

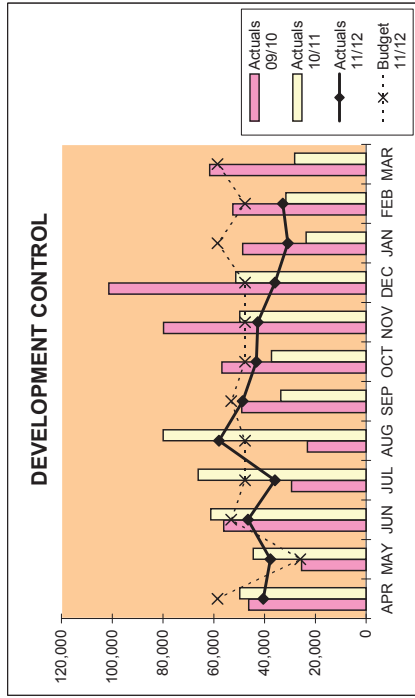
DVBCFEE

	Actual (Cumulative)	Budget	(Monthly)
Plan Fee	3066	276,865	14,073
Inspection Fee	3067	155,550	7,109
Other	9999	31,163	2,133
	353,002	463,578	23,315

10 Development Control Graphs

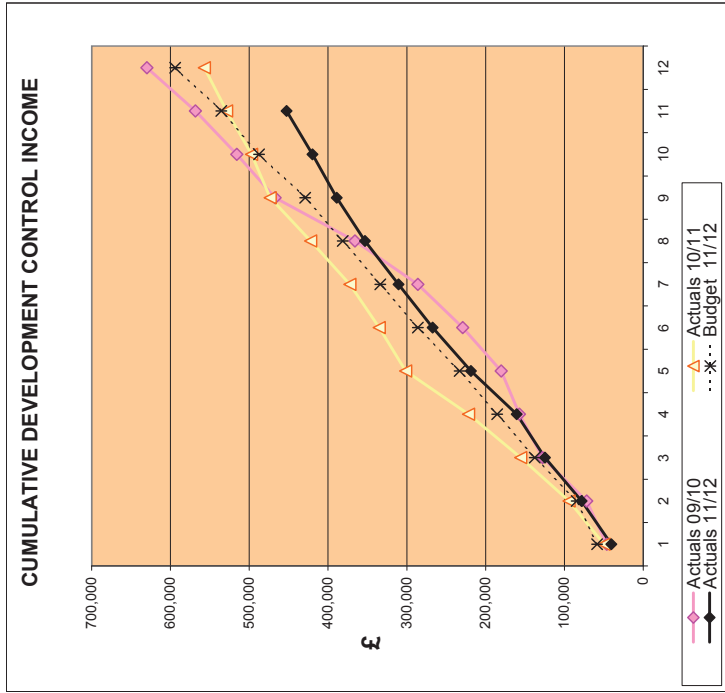
DEVELOPMENT CONTROL (DVDEVCT)

	Actuals 09/10	Actuals 10/11	Actuals 11/12	Increase / decrease from 10/11 to 11/12	Budget 11/12	Variance (Actuals-Budget)	Manager's Forecast
1 APR	46,217	49,786	40,515	-9,271	58,560	-18,044	
2 MAY	25,435	44,456	37,722	-6,734	25,924	11,798	
3 JUN	56,052	61,214	46,543	-14,671	53,120	-6,577	
4 JUL	29,339	66,145	35,903	-30,241	47,680	-11,777	
5 AUG	23,143	79,942	57,980	-21,962	47,680	10,300	
6 SEP	48,982	33,610	48,611	15,001	53,120	-4,509	
7 OCT	56,813	37,246	43,214	5,968	47,680	-4,466	
8 NOV	79,812	49,751	42,649	-7,102	47,680	-5,031	
9 DEC	101,351	51,341	35,907	-15,434	47,680	-11,773	
10 JAN	48,585	23,650	30,824	7,174	58,560	-27,735	
11 FEB	52,512	31,622	32,829	1,207	47,680	-14,851	
12 MAR	629,875	556,879	452,699	-104,181	593,920	-82,665	501,920



DEVELOPMENT CONTROL (CUMULATIVE)

	Actuals 09/10	Actuals 10/11	Actuals 11/12	Cumulative increase / decrease from 09/10 to 10/11	Budget 11/12	Variance (Column E-G)	Manager's Forecast
APR	46,217	49,786	40,515	3,569	58,560	-18,044	
MAY	71,652	94,242	78,237	22,590	84,484	-6,246	
JUNE	127,704	155,457	124,781	27,753	137,604	-12,823	
JUL	157,043	221,601	160,684	64,559	185,284	-24,600	
AUG	180,186	301,543	218,664	121,357	232,964	-14,300	
SEP	229,168	335,153	267,275	105,985	286,084	-18,808	
OCT	285,981	372,399	310,489	86,418	333,764	-23,274	
NOV	365,793	422,150	353,138	56,357	381,444	-28,306	
DEC	467,144	473,491	389,045	6,347	429,124	-40,079	
JAN	515,729	497,141	419,869	-18,588	487,684	-67,814	
FEB	568,240	528,763	452,699	-39,477	535,364	-82,665	
MAR	629,875	556,879	452,699	-72,996	593,920	-82,665	501,920



FEBRUARY 2012

DVDEVCT

	Actual	Budget	(Monthly)
Planning Application Fees	3009	451,589	31,429
S106 Monitoring	3106	45,837	-
Other	9999	-	-
Pre-application Fees	94301	37,938	1,400
	452,699	535,364	32,829

CUMULATIVE BREAKDOWN

	Actual (Cumulative)	Budget
	421,217	451,589
	6,500	45,837
	-	-
	24,981	37,938
	452,699	535,364

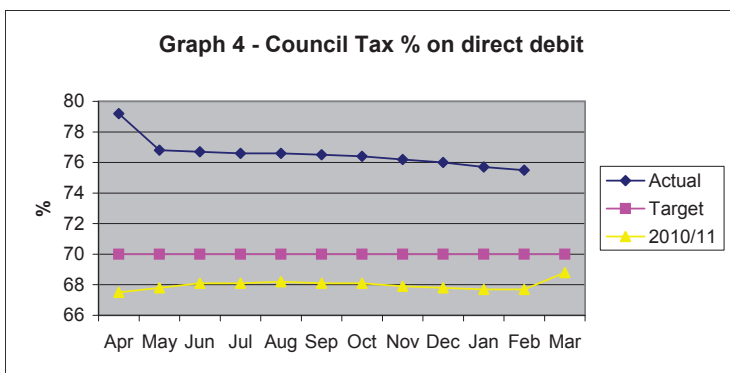
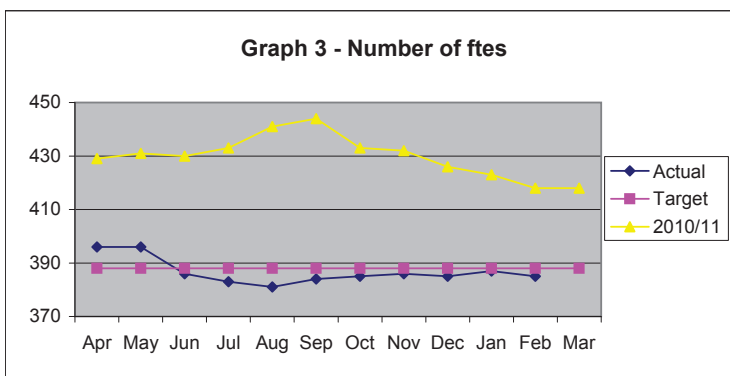
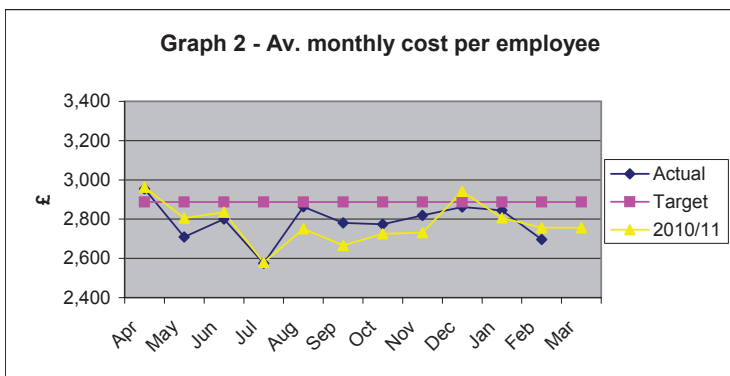
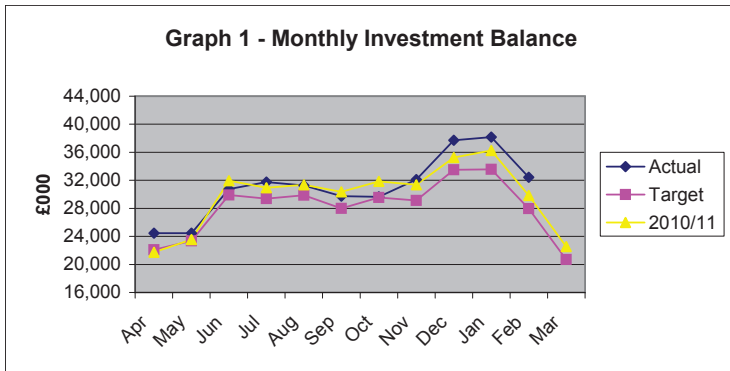
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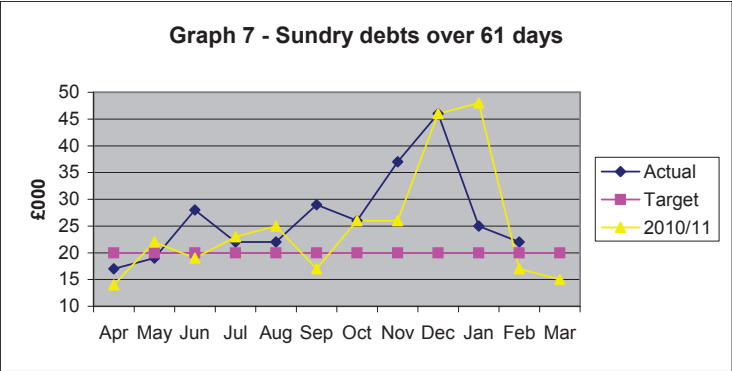
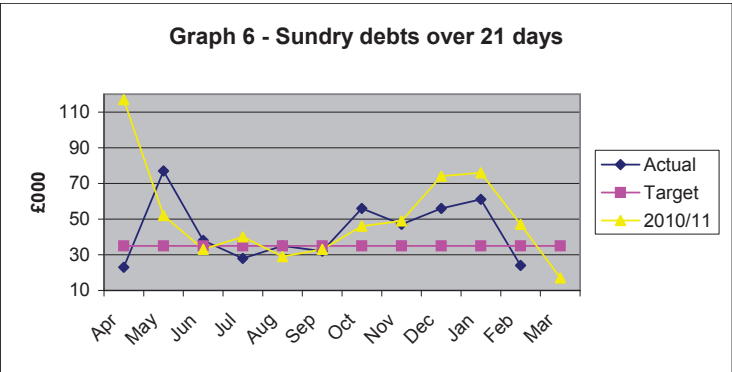
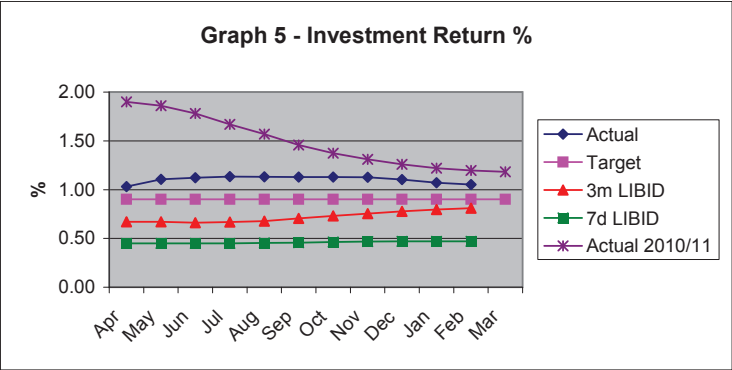
**Finance Advisory Group Finance Indicators 2011/12
as at end February 2012**

Description	target	actual	Variance %	notes	graph
Monthly investment balance £000	27,950	32,432	4,482 16.0%	Total investments at month end. Precepts are paid in 10 instalments of roughly £6m, but not in June or December. Therefore, we receive cashflow benefits until the last 2 precept payments go out in February and March. The target figures have been updated to reflect the Balance Sheet position as at 31/03/11.	1
Average monthly cost per employee (non cumulative) £	2,887	2,696	-191 -6.6%	Target is annual pay budget divided by budget ftes, figures include agency and casual staff.	2
Number of ftes	388	385	-3 -0.8%	Target is budgeted ftes.	3
Council Tax % collected for 2011/12	98.2	98.1	-0.1 -0.1%	LPIFS 19. Monthly cumulative figures	-
NNDR % collected for 2011/12	97.5	97.7	0.2 0.2%	LPIFS 20. Monthly cumulative figures.	-
Council Tax payers % on direct debit	70.0	75.5	5.5 7.9%	LPIFS8 - % on direct debit	4
Investment return % 3 month LIBID 7 day LIBID	0.90 0.81 0.47	1.05	0.15 16.7%	Cumulative return on investments. Target is budget assumption	5
Sundry debtors: debts over 21 days £000	35	25	-10 -28.6%	21 days is taken as the base as the first reminder is issued after 3 wks.	6
Sundry debtors: debts over 61 days £000	20	22	2 10.0%	61 days is when the third reminder is issued (debts exclude items on 'indefinite hold', e.g. debtors in administration)	7

Agenda Item 9

Finance Advisory Group Finance Indicators 2011/12 as at end February 2012





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TREASURY MANAGEMENT – ALTERNATIVE INVESTMENT OPTIONS

FINANCE ADVISORY GROUP – 28 MARCH 2012

Report of the: Deputy Chief Executive and Director of Corporate Resources

Status: For consideration

Key Decision: No

Executive Summary: At the last meeting of the Group, Members were advised of the difficulty in placing investments in the light of worsening credit ratings in the banking sector.

Officers had begun to investigate alternatives to the traditional fixed term deposits with banks and building societies and this report gives details of their findings and suggests an alternative approach.

This report supports the Key Aim of effective management of Council resources.

Portfolio Holder Cllr. Ramsay

Head of Service Group Manager - Financial Services – Mr Adrian Rowbotham

Recommendations to Finance Advisory Group:

- (a) That investment in money market funds be commenced; and
- (b) That an update on performance be brought to the next meeting of the Group.

Background

1. At the last meeting of the group, Members were advised of the large number of banks and building societies being downgraded by the ratings agencies, Fitch, Moodys and Standard & Poor's, in response to the worsening financial climate principally within the Euro Zone but also globally. The investment strategy for 2011-12 includes, amongst other restrictions, the requirement for a counterparty to have a minimum long term credit rating of AA- or better. The only exceptions to this rule are the part government owned UK banks, Lloyds TSB Group and the Royal Bank of Scotland (RBS) Group, owing to the inherent guarantee in place from the UK Government.
2. The effect of maintaining the AA- minimum limit was to exclude all UK banks and building societies from our lending list except for Lloyds and RBS. From the time of the ratings downgrades, investments have had to be recalled as they matured because the institution no longer met minimum requirements. In the absence of other suitable counterparties, investments were placed with other local authorities or with the UK Government's Debt Management Account Deposit Facility (DMADF).

Agenda Item 10

However, this came at a cost in terms of yield. The DMADF pays 0.25% interest across all periods up to six months, whilst the 3 and 6 month rates with other local authorities ranged between 0.35% and 0.55%. The equivalent fixed term deposit would have yielded at least 0.65% more. Instant access accounts with a number of banks are paying 0.80%.

3. In response to this issue, the investment strategy for 2012-13 has been amended to make the minimum long term credit rating requirement A rather than AA-. This will allow investments to be made again with some of the institutions that had been downgraded and hence removed from our lending list.

Introduction

4. At the time of the downgrades, alternatives to using fixed term deposits with banks or building societies were being investigated in order to give more flexibility in making investment decisions as well as maintaining a relatively reasonable rate of return. The alternatives being discussed were:

- Treasury bills
- Certificates of deposit
- Index-linked gilts
- Money market funds

All four of these options are available within both the 2011-12 and 2012-13 investment strategies.

5. Officers' investigations have now been completed and each of the options are described below.

Treasury bills

6. UK treasury bills are AAA rated and a short dated form of government debt, issued by the Debt Management Office, usually by weekly tender. They are issued at a discount, so par value is received at maturity. They are negotiable instruments that are extremely liquid. Maturities are normally for one, three or six months duration.
7. In order to operate in the treasury bill market, clients need to have custodian facilities with a major bank. The cost of such an account is prohibitive for a participant such as this Council and hence specialist dealing arrangements would be required.
8. A company called King & Shaxson Limited were approached on the recommendation of the Council's treasury advisors, Sector Treasury Services Limited. King & Shaxson have operated in the treasury bill market since its inception in the mid 19th century and are what is known as a primary participant in the weekly treasury bill tender. They also have access to the secondary market, which is extremely active.

9. The company offers a dealing and custody service with guidance on the weekly tender, but clients are not obliged to take it. A bid outside their suggested range can be submitted, but there is the risk of missing out completely or being scaled back on the nominal amount.
10. The company's fee structure is built into the price of the investment and amounts to 0.03% p.a. equivalent. The minimum investment is £500,000. A charge of 0.01% equivalent is levied if a security is sold before the maturity date.
11. A copy of the most recent week's tender results appear at Appendix A. Yields are in the range of 0.365% to 0.439%
12. It is unlikely that the Council would be active in the secondary market, the preference being to hold to maturity. However, the option is always there should it be necessary to liquidate the investment.

Certificates of deposit

13. Certificate of deposit (CDs) are negotiable deposits. They are ranked pari passu with fixed deposits. Funds can be placed with any of the main UK or international banks as well as building societies, in any period from one month to five years. The main benefits of investing in the CD market are liquidity, diversity of counterparty exposure and yield.
14. A fixed deposit cannot be liquidated until maturity and hence there is a risk of counterparty deterioration. A CD can be sold at any point. This provides the additional benefit of being able to switch investment counterparties should they fall outside of our specified rating criteria. Although CDs are tradeable, their coupon (interest rate) is fixed so the interest earned is constant.
15. As with treasury bills, custodian facilities are required, so King & Shaxson would operate as a matched principal dealer. They deal in their own name which guarantees client anonymity and offers the ability to lend to counterparties that would not usually accept, or be in the market for, local authority money.
16. King & Shaxson monitor all client CD holdings on a daily basis. The Council would be alerted if the opportunity arises to realise a capital gain. If the market does not favour selling, the CD can be held to maturity in the same way as with a fixed deposit. It should be noted that buying CDs with a view trading them is not advocated as an investment principal for local authorities.
17. King & Shaxson's fees are the same as for treasury bills. CDs are usually purchased through the secondary market and yields tend to be marginally lower than equivalent fixed term deposits owing to their increased liquidity. By way of example, the yield on a major UK clearing bank CD ranged from 0.55% with a one month maturity to 1.79% on a one year maturity.

Index-linked gilts

18. Gilts (or gilt-edged securities) are AAA rated, sterling denominated negotiable bonds. They form the largest part of the government's debt portfolio. Conventional

Agenda Item 10

gilts are the most abundantly issued with maturities up to 50 years. Index-linked and undated gilts are also available, though they are not as commonly traded.

19. Conventional gilts are denoted by the coupon and maturity date (e.g. 5% Treasury Gilt 2012). The coupon often reflects the market interest rate when the gilt was issued. Currently, there is a wide range of coupons in the market from 2% to 9%. The coupon indicates the cash payment per £100 nominal that the holder will receive per year (£100 nominal as a price, is known as par or 100.00). This is paid in two equal instalments six months apart, with the principal repaid on maturity. Index-linked gilts differ from conventional gilts in that both the semi-annual coupon payments and the principal payment are adjusted in line with movements in the General Index of Retail Prices in the UK (also known as the RPI).
20. Depending on the date of first issue, index-linked gilts have different indexation lags, and hence different methodologies for calculating cash flows. All index-linked gilts first issued prior to 2005 have an eight-month indexation lag, while all issued from 2005 onwards use a three-month indexation lag methodology. Calculation of cash flows can be extremely complex and further information is available should any Member wish to know.
21. Again, custodian facilities would be required and King & Shaxson could operate these on our behalf. They are actively involved in the gilt market and are able to quote net prices in any gilt upon request. All gilts are dealt on a price. This price also correlates to an equivalent market yield, known as the gross redemption yield (GRY). If the GRY is below the coupon at the time of purchase, the price of the gilt will be above par in order to counter the additional interest received from the higher coupon at the end of the coupon period. This means that the settlement consideration (or cost) increases. On the other hand, if the GRY is above the coupon of the gilt, the price will be below par and the settlement consideration decreases.
22. King & Shaxson's fee structure is as before, and yields range from approximately 0.50% for one month to three year maturities, out to just over 3% for 30 year maturities.

Money market funds

23. Money market funds are mutual funds that invest in short-term debt instruments. They provide the benefits of pooled investment, as investors can participate in a more diverse and high-quality portfolio than they otherwise could individually. Like other mutual funds, each investor who invests in a money market fund is considered a shareholder of the investment pool, a part owner of the fund. Money market funds are actively managed within rigid and transparent guidelines to offer safety of principal, liquidity and competitive sector-related returns.
24. There are two basic types of money market funds: constant net asset value (NAV) and accumulating net asset value. Shares in constant net asset value funds are issued with an unchanging face value (such as £1 per share). Income in the fund is accrued daily and can either be paid out to the investor or used to purchase more units in the fund at the end of the month. Accumulating net asset value funds, known alternatively as 'roll-up' funds, operate under the same investment guidelines as constant NAV funds and income is accrued daily. However, unlike

constant net asset value funds, income is not distributed. Instead income is reflected by an increase in the value of the fund shares.

25. Money market funds have as their primary objective the preservation of capital. Liquidity and competitive, sector related, returns are other key objectives. The rating process methodically identifies, assesses and weights each fund in terms of its ability to deliver on these objectives. The rating criteria broadly comprise four main areas of analysis that systematically address a fund's operating principles: its credit quality, portfolio construction, fund management and regular post-rating inspection. These are described in more detail below.

a) Credit quality

26. Credit quality is evaluated on three levels: what the fund can buy, who it can do business with (including the exact nature of business) and who it can appoint to keep its assets safe. The rating criteria therefore stipulate the fund's asset range and restrictions (such as quality, type and currency), acceptable counterparty risk (for all transaction based investments) and acceptable choice of custodian.

b) Portfolio construction

27. The most complex part of analysing a money market fund is judging a fund's sensitivity to changing market conditions and, therefore, gauging a measure of its ability to shield investors from adverse market swings. All money market securities (rated or otherwise) are subject to price fluctuations – based on interest rate movements, maturity, liquidity and the supply and demand for each type of security. Quantifying the cumulative effect of these is crucial to assessing overall portfolio performance.
28. Capital preservation is expressed in terms of the stability or constant accumulation of the fund's net asset value per share. As such, both formats are scrutinised for potential deviation in the fund's market value. Determination of market value, or portfolio price exposure, starts with the examination of susceptibility to rising interest rates. A critical component of this is the fund's weighted average portfolio maturity (or WAM), which is specifically restricted by rating category. The trade association for money market fund providers is the Institutional Money Market Fund Association (IMMFA). IMMFA members' funds, which are triple-A rated, must stay within a 60 day limit, an optimal level derived from portfolio stress testing analysis. Other variables evaluated include instrument liquidity, index and spread risk, portfolio diversification, potential dilution of investor holdings and portfolio valuation.

c) Fund management

29. The rating process requires an assessment of a fund manager's operations – in common parlance, the front, middle and back offices. Key areas of interest are the fund manager's level of experience, the stated investment objectives, portfolio management techniques, risk aversion strategies, operating procedures and internal controls, including disaster recovery. Owing to the precision necessary in running a money market fund successfully, every aspect of the fund's management must be able to withstand close scrutiny and demonstrate effective, ongoing integrity of operation.

Agenda Item 10

d) Post-rating inspection

30. Owing to the constraints of the rating criteria and the extremely low margin of error permitted at the level of fund valuation, rated money market funds are contractually obliged to supply all portfolios for periodic rating agency inspection or fund surveillance, as it is called. Appendix B sets out recommended limits to be adhered to by fund managers.
31. The attraction of money market funds is that they operate much like a call account with instant access to deposits plus a yield that outperforms the DMADF and, usually, the other three types of alternative investment detailed above. A typical money market fund portfolio holding appears at Appendix C, whilst the latest data on all the available funds, including yields, appears at Appendix D. Fund manager fees vary between 10 and 25 basis points per annum, dependent on the level of investment and are netted from the overall rate of return.

Evaluation of individual money market funds

32. Part of the service offered by our treasury management advisors, Sector Treasury Services Ltd, is an independent selection process to aid clients investing in money market funds to choose a fund that best suits them. It has been designed to ensure the selection is independent and solely based on the characteristics of that fund. Using the Council's top three criteria of fund size, number of clients and fund performance, the results suggested the following five funds most closely matched those criteria:
 - Ignis Asset Management
 - Insight Investment
 - BlackRock Investment Management
 - Prime Rate Capital Management
 - Legal & General Investment Management

Fact sheets supplied by the companies appear at Appendix E. Interviews with a representative from each one took place during December 2011 and January 2012. All of the companies satisfactorily answered Officers' pre-set list of questions relating to constant or variable NAV, fund sponsors, instrument composition, ease of access and other local authority clients.

33. In December 2011, Fitch Ratings announced that they had placed the Sterling Liquidity Fund managed by Prime Rate Capital Management on 'Negative Watch' pending a fuller review. This was somewhat of a technical issue, as concern had been raised about the financial resources of the fund sponsor (the Matrix Group) and its ability to provide support in extreme cases. It was stressed that the move was not in any way reflective of the underlying investments within the fund or the way the fund is managed. The fund remained AAA rated by Fitch pending the outcome of the review whilst another ratings agency, Standard & Poor's, had no plans to conduct a review. The outcome was that the sponsor sold its interest in

the fund to a much larger institution and Fitch immediately removed the Negative Watch in late January 2012.

34. Enquiries of nine other Kent districts have revealed that an average of 33% of their investment portfolios are in money market funds as at January 2012, ranging from 0% in two cases up to 59% at the top end. Nationally, from a sample of 150 authorities, 27% of the average portfolio was invested in money market funds.

Key Implications

Financial

35. 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.
36. There are financial implications arising from the restriction of the Council's lending list following recent credit rating downgrades in that a large part of the portfolio has had to be placed with the Government or other local authorities at an inferior rate of interest.

Community Impact and Outcomes

37. There are no community impacts arising from this report.

Legal, Human Rights etc.

38. None.

Conclusions

39. Whilst the options of treasury bills, and index-linked gilts offer AAA rated security, investment returns on them are only marginally above the rate offered by the Government's own DMADF facility to which we already subscribe. Certificates of deposit are attractive from the point of view of counterparty diversification and liquidity with only marginally worse rates of return over equivalent fixed term deposits. The major drawback of all three options is their complexity and/or the need to keep them under constant review for the possibility of disposal. This is evidenced by the fact that very few local authorities, either in Kent or nationally, make use of them. They appear to be an important means of diversification for larger metropolitan districts, counties or pension fund authorities.
40. The analysis of the money market fund option shows that, amongst local authorities, this is a popular means of holding liquid cash assets with a reasonable rate of return. The five funds under consideration all meet the Council's requirements and it is proposed that two of them are selected for an initial investment of £1m. The maximum allowable under the Council's investment strategy is £5m per fund. Once we are comfortable with the way the funds operate, one or more of the other funds could be added.
41. The two money market funds being proposed for investment are Ignis and Insight, being the two that most closely match our requirements, plus the fact that they

Agenda Item 10

are two of the largest in terms of asset size. However, Members' views on alternatives would be welcome.

Risk Assessment Statement

42. 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.

43. The movement towards having a restricted lending list of better quality institutions but higher individual limits with those institutions reduces the chances of a default. But if a default did occur, the potential loss would be greater. Previously, the preference was to have smaller investments with a greater range of institutions.

44. These risks are mitigated by the annual investment strategy which has been prepared on the basis of achieving the optimum return on investments commensurate with proper levels of security and liquidity. However, Members should recognise that in the current economic climate, these remain significant risks and that the strategy needs to be constantly monitored.

Appendices:

Appendix A – Treasury bill tender results

Appendix B – Money market fund surveillance

Appendix C – Typical money market fund composition

Appendix D – Money market fund data

Appendix E – Money market fund factsheets

Background Papers:

Treasury Management Strategy for 2012/13 - Council 21 February 2012

Submissions from five money market fund operators

Submission from King & Shaxson Ltd.

Weekly investment monitor, investment benchmarking service, and money market fund analysis provided by Sector Treasury Services Ltd.

Contact Officer(s):

Roy Parsons ext.7204

Dr. Pav Ramewal

Deputy Chief Executive and Director of Corporate Resources

Treasury Bill tender results, 9th March 2012.

Period	Dates		Amount applied for (£m):	Amount allotted (£m)	Lowest accepted yield	Average Yield	Highest accepted yield	% allotted at highest acc. Yield
	Settlement	Maturity						
1 mth	12/03/12	10/04/12	7371.20	2000	0.365%	0.420982%	0.439%	72.13%
3 mth	12/03/12	11/06/12	3381.30	1500	0.380%	0.418866%	0.429%	96.75%
6 mth	12/03/12	10/09/12	3608.00	1500	0.409%	0.429215%	0.439%	31.22%

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Money Market Funds

Rating Agency Fund Surveillance

Rating Agency/IMMFA Limits (S&P and Fitch)	
Minimum Short Term Rating	A-1, F-1, P-1, ineligible if it is rated lower by any of S&P, Fitch and Moody's
Maximum maturity of credit exposure	397 days
Maximum maturity of floating rate note exposure	397 days
Maximum credit exposure under 1 day	10% (5% if only rated F1 by Fitch)
Maximum credit exposure over 1 day	5%
Maximum % illiquid assets	5%
Maximum % asset backed securities	At discretion of manager
Minimum % cash	10% overnight , 25% within a week
Maximum WAM (weighted average maturity)	60 days
Maximum WAL (weighted average life)	120 days
Transparency of portfolio	Typically monthly

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Typical Money Market Fund Composition

Asset Type	Portfolio holding	Remaining Days to Maturity	Rating	% Ratio
CALL	Santander UK (A&L)	1	A-1	4.97
CALL	BARCLAYS	1	A-1	1.41
CALL	Santander UK (CA)	1	A-1	0.03
CALL	CRED AGRICOLE	1	A-1	9.97
CALL	LLOYDS BANK	1	A-1	4.97
CALL	NATIONWIDE BS	1	A-1	3.43
CALL	ROYAL BANK OF SCOTLAND	1	A-1	5.00
CALL	Wells Fargo	1	A-1+	1.75
CP	Bank of Western Australia	1	A-1+	0.60
CP	Caisse des Depots	3	A-1+	0.13
CP	ABN AMRO Bank NV	7	A-1	0.74
CP	NRW Bank	7	A-1+	1.49
CP	ABN AMRO Bank NV	11	A-1	0.99
CP	DnB Nor Bank ASA	11	A-1	1.98
CD	Bank of Tokyo Mitsubishi	15	A-1	2.09
CD	Deutsche Bank AG	17	A-1	1.24
CD	Deutsche Bank AG	22	A-1	0.99
CP	DZ Privatbank	22	A-1+	0.30
CP	ABN AMRO Bank NV	23	A-1	1.49
CP	Nederlandse Waterschapsbank NV	24	A-1+	2.48
CP	Standard Chartered Bank	24	A-1+	2.48
CP	Caisse d'Amortissement	29	A-1+	1.88
CP	Caisse des Depots	29	A-1+	2.48
CD	Deutsche Bank AG	29	A-1	0.99
CP	Standard Chartered Bank	29	A-1+	0.50
CP	Bank of Western Australia	29	A-1+	0.99
CP	DnB Nor Bank ASA	29	A-1	0.25
CP	KA Finanz AG	29	A-1	1.88
CP	Pohjola Bank	30	A-1+	0.25
CD	Nationwide BS	30	A-1	0.25
FRN	FMS Wertmanagement	30	A-1+	0.03
FRN	FMS Wertmanagement	30	A-1+	0.02
CD	ING Bank NV	31	A-1	0.25
CP	Stadshypothek	31	A-1+	0.30
CP	Aviva - senior debt	32	A-1+	0.72
CP	Skandinaviska Enskilda Banken AB (publ)	32	A-1	1.04
CD	Standard Chartered Bank	35	A-1+	0.25
CD	Nationwide BS	35	A-1	0.25
CP	Stadshypothek	35	A-1+	0.64
CP	DZ Privatbank	35	A-1+	0.25
CP	Transport for London	38	A-1+	1.49
CP	Bank of Western Australia	38	A-1+	0.15
CD	Nationwide BS	38	A-1	0.25
CP	Pohjola Bank	38	A-1+	0.05
CP	KA Finanz AG	39	A-1	0.25
CP	Pohjola Bank	42	A-1+	0.20
CP	DnB Nor Bank ASA	42	A-1	0.25
CP	DnB Nor Bank ASA	42	A-1	0.25
CP	Stadshypothek	43	A-1+	0.50
CP	Stadshypothek	46	A-1+	1.24
CP	Aviva - senior debt	49	A-1+	1.51
CD	Nationwide BS	51	A-1	0.25
CD	ING Bank NV	51	A-1	0.25
CP	Bank of Western Australia	51	A-1+	0.99
CD	Standard Chartered Bank	51	A-1+	0.50
CP	Bank of Western Australia	51	A-1+	0.20
CD	Standard Chartered Bank	51	A-1+	0.16

Agenda Item 10

Asset Type	Portfolio holding	Remaining Days to Maturity	Rating	% Ratio
CD	Barclays Bank Plc	52	A-1	2.49
CD	Nationwide BS	52	A-1	0.25
CP	Stadshypotek AB	57	A-1+	0.50
CP	ABN AMRO Bank NV	57	A-1	0.50
CD	Barclays Bank Plc	57	A-1	0.50
CP	Stadshypotek AB	57	A-1+	0.20
CD	ING Bank NV	57	A-1	0.75
CP	Stadshypotek AB	57	A-1+	0.50
CP	DnB Nor Bank ASA	57	A-1	0.20
CP	Stadshypotek AB	57	A-1+	0.15
CP	DnB Nor Bank ASA	57	A-1	1.14
CP	FMS Wertmanagement	58	A-1+	1.34
CP	ABN AMRO Bank NV	58	A-1	0.20
CP	DZ Privatbank	58	A-1+	2.23
CP	Pohjola Bank	59	A-1+	0.27
CP	FMS Wertmanagement	63	A-1+	0.10
CP	FMS Wertmanagement	63	A-1+	0.10
CP	DZ Privatbank	63	A-1+	0.25
CD	ING Bank NV	64	A-1	0.25
CD	Barclays Bank Plc	64	A-1	0.50
CD	Nationwide BS	64	A-1	0.25
CP	Pohjola Bank	65	A-1+	0.50
CP	Pohjola Bank	65	A-1+	0.50
CP	Caisse des Depots	65	A-1+	1.24
BOND	General Electric Capital Corp	66	A-1+	0.01
CP	Caisse d'Amortissement	73	A-1+	0.99
CP	Erste Abwicklungsanstaal	73	A-1+	1.98
CP	Erste Abwicklungsanstaal	73	A-1+	1.54
CP	Vasteras (City of)	77	A-1+	0.74
BOND	Rabobank Nederland NV	80	A-1+	0.03
BOND	Rabobank Nederland NV	80	A-1+	0.01
BOND	Rabobank Nederland NV	80	A-1+	0.01
BOND	Rabobank Nederland NV	80	A-1+	0.05
BOND	Rabobank Nederland NV	80	A-1+	0.03
CP	Pohjola Bank	86	A-1+	0.50
CP	Caisse d'Amortissement	87	A-1+	0.84
CP	Vasteras (City of)	87	A-1+	1.24
CD	ING Bank NV	88	A-1	0.99
CP	FMS Wertmanagement	91	A-1+	2.48
CP	Erste Abwicklungsanstaal	91	A-1+	0.50
CD	ING Bank NV	91	A-1	1.49
CP	Pohjola Bank	91	A-1+	0.42
CP	Bank of Western Australia	92	A-1+	1.04
				100.00

Key:

CALL = Call account
 CP = Commercial paper
 CD = Certificate of deposit
 FRN = Forward rate note
 BOND = Corporate bond

Government Funds	Min Initial Investment	7- Day Gross Yield	Change (Weekly)	30- Day Gross Yield	Change, bps	Portfolio Assets (m)	Change, % (Weekly)	Weighted Average Maturity (Days)	Change, days (Weekly)	Weighted average Final Maturity	Change, days (Weekly)	Moody's	Ratings Standards & Poor's	Fitch
BlackRock	1M	0.42	-	0.42	-	4,108.10	-0.17	39	7.00	39	7.00	Aaa-mf	AAAm	-
Goldman Sachs	1M	0.46	0.01	0.45	-	323.80	4.79	2	-	2	-	Aaa-mf	AAAm	-
JPMorgan	6M	0.46	0.01	0.46	0.01	545.30	-0.24	19	-2.00	19	-2.00	Aaa-mf	AAAm	AAAmmf
Northern Trust	1M	0.45	0.03	0.43	0.01	39.50	-0.51	3	-	3	-	-	AAAm	-
RBS	50K	0.40	-	0.40	-	249.50	6.53	36	-2.00	36	-2.00	Aaa-mf	AAAm	-

Liquidity Funds	Min Initial Investment, £	7- Day Gross Yield	Change (Weekly)	30- Day Gross Yield	Change	Portfolio Assets (m)	Change, % (Weekly)	Weighted Average Maturity (Days)	Change, days (Weekly)	Weighted average Final Maturity	Change, days (Weekly)	Moody's	Ratings Standards & Poor's	Fitch
BlackRock	1M	0.76	-0.01	0.76	0.02	24,488.10	-0.34	50.00	-2.00	65.00	-	Aaa-mf	AAAm	-
BNP Paribas	700K	1.04	-0.01	1.05	-	1,751.30	-1.94	28.00	4.00	49.00	8.00	-	AAAm	-
BNYMellon	50M	0.78	-0.03	0.80	0.02	2,997.70	3.97	30.00	-9.00	30.00	-9.00	Aaa-mf	AAAm	-
Deutsche	10M	0.87	0.01	0.86	-	6,853.60	-2.47	48.00	1.00	55.00	-	Aaa-mf	AAAm	AAAmmf
CSG	25K	0.90	0.02	0.87	0.00	102.37	4.86	48.36	-3.58	48.36	-3.58	-	-	AAAmmf
Federated S-T	25K	0.56	-	0.55	0.01	50.00	-	16.00	-2.00	18.00	-2.00	-	-	-
Fidelity	100K	0.74	0.01	0.75	-0.02	1,745.10	-5.44	35.00	-1.00	35.00	-1.00	Aaa-mf	AAAm	-
Goldman Sachs	1M	0.83	-	0.83	0.01	5,485.60	-0.28	35.00	-3.00	35.00	-4.00	Aaa-mf	AAAm	AAAmmf
HSBC	1M	0.71	-0.02	0.76	-0.03	5544.00	-5.21	27.00	-3.00	27.00	-3.00	Aaa-mf	AAAm	-
Ignis	1M	0.94	-0.01	0.96	-0.01	13,137.60	2.23	37.00	1.00	45.00	-6.00	-	AAAm	AAAmmf
Insight	1M	0.85	-	0.86	-	14878.70	3.24	32.00	-2.00	32.00	-2.00	Aaa-mf	AAAm	-
Invesco	100K	0.74	-0.02	0.75	-0.01	480.00	-3.10	26.00	-2.00	42.00	-3.00	Aaa-mf	AAAm	AAAmmf
Investec	15M	0.80	-0.03	0.80	-0.04	396.40	-4.26	39.00	-10.00	39.00	-10.00	-	AAAm	-
JPMorgan	6M	0.86	-	0.86	-	9,820.80	-1.68	43.00	-1.00	46.00	-1.00	Aaa-mf	AAAm	AAAmmf
LGIM	1M	0.85	-0.04	0.88	-0.02	10,338.40	1.33	44.00	1.00	50.00	-	-	AAAm	AAAmmf
Morgan Stanley	5M	0.61	-	0.61	-0.01	270.70	5.02	21.00	-	23.00	-	Aaa-mf	AAAm	AAAmmf
Northern Trust	1M USD	0.53	-	0.53	-	4,179.40	-3.20	14.00	4.00	14.00	4.00	Aaa-mf	AAAm	-
Prime Rate	1M	0.98	0.01	0.98	-0.01	1,996.30	-5.32	32.00	-	32.00	-	-	AAAm	AAAmmf
RBS	50K	0.85	-0.02	0.86	-0.01	7,794.90	1.87	26.00	-	27.00	-1.00	Aaa-mf	AAAm	AAAmmf
SSgA	500K	0.86	-0.01	0.87	0.05	1,750.30	2.31	45.00	6.00	48.00	5.00	Aaa-mf	AAAm	AAAmmf
SWIP Global	500K	0.81	-	0.81	-0.02	16864.90	0.01	38.00	2.00	45.00	-8.00	Aaa-mf	AAAm	AAAmmf
Western Asset	5M	0.83	0.01	0.83	-	288.80	-3.57	41.00	5.00	57.00	4.00	Aaa-mf	AAAm	-

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Ignis Sterling Liquidity

Fund details

Fund size	£12.9bn
Fund rating	AAA ^m by Standard & Poor's AAA ^{mmf} by Fitch
Benchmark	7-day LIBID
Asset maturity	Maximum WAM [†] 60 days Current WAM [†] 34 days
Settlement	Same day settlement 2pm cut off time (London time)
Fund type	Short Term Money Market Fund Sub-fund of a UCITS IV regulated umbrella investment company domiciled in Ireland
Minimum initial investment	£100,000 - £5million*
Annual management fee	0.10% (for investments of £5m and above)
Fund administrator	BNY Mellon Fund Services (Ireland)
Domicile	Dublin

Source: Internal as at 03/02/12.
*See prospectus for further details.
[†]Weighted Average Maturity.

Top ten liquidity funds [#]	7-Day Simple Yield Net
BNP Paribas InstiCash	0.90%
Prime Rate	0.89%
Ignis	0.87%
LGIM	0.81%
Insight	0.77%
RBS	0.73%
SSgA	0.70%
Deutsche Managed	0.68%
Fidelity	0.65%
Goldman Sachs	0.65%

Source: IMMFA as at 03/02/12.
[#]Based on funds with assets under management of greater than £1bn.

Objective

The Sterling Liquidity Fund aims to maximise current income, consistent with the preservation of principal and liquidity by investing in a diversified portfolio of high quality Sterling denominated short term debt and debt related instruments. Investments can include fixed or floating rate instruments, certificates of deposit, freely transferable promissory notes, debentures, asset-backed securities or bonds.

Fund performance

	1 month %	1 year [†] %	YTD %
Ignis Sterling Liquidity Fund [^]	0.88	0.80	0.88
IMMFA Sterling Average [*]	0.68	0.64	0.68
Difference	20bps	16bps	20bps

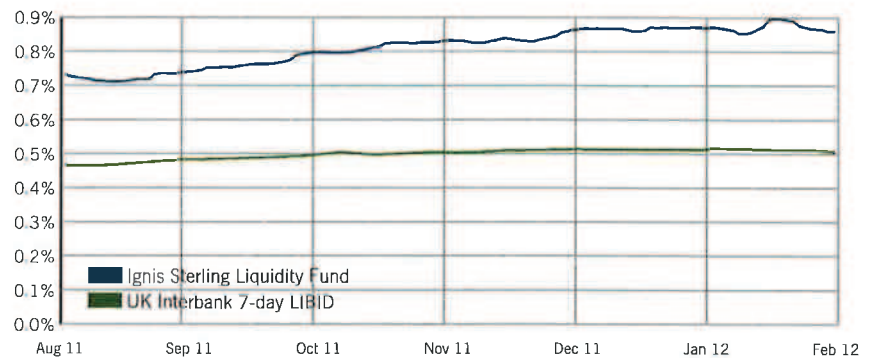
Past performance is not a guide to the future. The value of units can fall as well as rise. Source: IMMFA Money Market Insight as at 31/01/12. Ignis Sterling Liquidity Fund performance is net of 10bps annual management charge.

^{*}Average of Money Market Fund with assets under management greater than £1bn.

[†]Source: IMMFA Money Market Insight as at 31/01/12. [^]Based on Share Class 2.

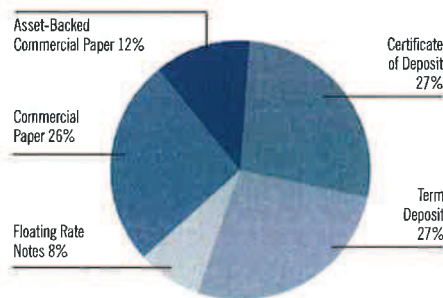
Ignis Investment Services Limited assumed management of the Sterling Liquidity Fund on 4 February 2008 and performance prior to this date was the responsibility of Abbey National plc.

Sterling Liquidity Fund Net Returns Vs 7-day LIBID



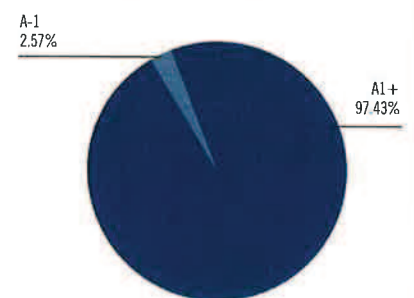
Source: BNY/Internal as at 31/01/12.

Fund breakdown by Asset Class



Source: IMMFA as at 03/02/12.

Fund credit breakdown



Source: Internal as at 03/02/12.

This information is intended for professional clients and investment professionals only and should not be relied upon by retail investors.

Address to write to: Investor Support, Ignis Asset Management, 50 Bothwell Street, Glasgow G2 6HR. Telephone 0845 601 2885 ignisasset.com

Ignis Asset Management is the trading name of the Ignis Asset Management Limited group of companies which includes Ignis Asset Management Limited, *Ignis Investment Services Limited and *Ignis Fund Managers Limited. Issued by Ignis Investment Services Limited on behalf of Ignis Liquidity Fund plc. Ignis Investment Services Limited. Registered in Scotland No. SC101825. Registered Office: 50 Bothwell Street, Glasgow G2 6HR. *Authorised and regulated by the Financial Services Authority. Ignis Liquidity Fund plc. Registered in Ireland. No 425642. c/o BNY Fund Services (Ireland) Limited, Guild House, IFSC, Dublin 1, Ireland. Authorised and regulated by the Central Bank of Ireland.

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Email: liquidityfunds@ignisasset.com

Telephone calls may be monitored and/or recorded for the purpose of security, internal training, accurate account operation, internal customer monitoring and to improve the quality of service.

FACTSHEET - 31 JANUARY 2012 Dublin-based AAAM S&P-rated Fund
FOR PROFESSIONAL CLIENTS ONLY, NOT FOR DISTRIBUTION TO RETAIL CLIENTS.

FUND AIM

The aim of the fund is to provide a money market rate of return.

Fund benchmark: 7-day £ LIBID

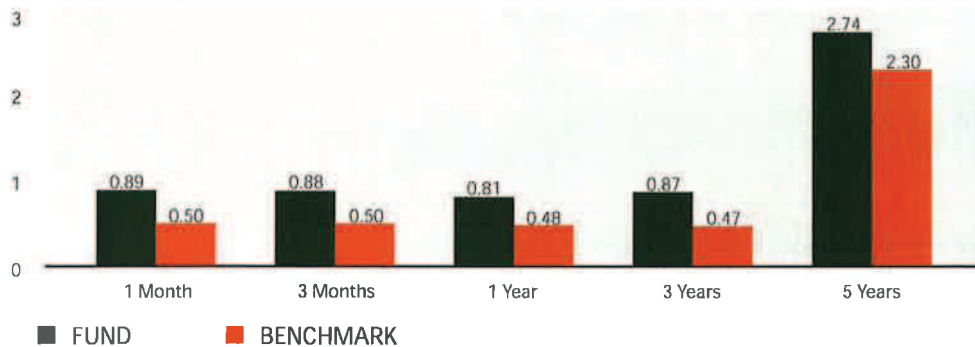
INVESTMENT BACKGROUND

The ILF £ Liquidity Fund was launched in January 2003. The aim of the fund is to provide a flexible and stable alternative to bank deposits for investors. The Insight Liquidity Fund Plc is an open-ended investment company based in Dublin.

INVESTMENT APPROACH

The fund invests in a diversified portfolio of securities, instruments and obligations that carry a minimum rating of A1 for short-term investments. The fund carries a AAAM rating from 'Standard & Poors' and a Aaa/MR1+ from 'Moody's'. Further details can be found in the product brochure available on our website at www.insightinvestment.com.

RETURN PERFORMANCE



Basis: Annualised total return. Gross of all fees and expenses.
Source: Insight Investment.

The value of investments and any income will fluctuate (this may be due to exchange rate changes) and investors may not get back the amount invested.

FUND MANAGER'S COMMENTS

Economic data confirmed what some analysts had predicted for some time: the UK economy is not on the recovery path as some had stated and, indeed, it contracted by 0.2% in the final quarter of 2011. Retail sales, gave some cause for optimism, rising by 0.6% as heavy discounting by high street names attracted customers. The uncertainty about a recovery led the Bank of England to maintain its asset purchase programme at £275bn, although analyst forecasts are for additional quantitative easing measures to follow. UK money markets remained practically unchanged in January, with one-month sterling Libor rates staying at 0.77%, and the three-month at 1.0%. We focused on one-month paper from well established names, although we also bought some six-month paper, including an issue from Standard Chartered offering 1.33%. Premiums from European issuers decreased as the euro-dollar or euro-sterling basis swap narrowed, given the improving conditions in Europe. In earlier months, European companies and supranational agencies issued debt in US dollars and sterling paying hefty premiums, as few investors wanted to hold euros, given the ongoing concerns in the eurozone. This started to change after the European Central Bank (ECB) offered unlimited three-year loans to European banks, easing their funding pressures. The lower premiums paid in the short-term markets made us reduce the Weighted Average Maturity (WAM) of the Fund to 35 days, from 39 days at the end of December. Overall, the improvement in sentiment following the ECB intervention made us look for opportunities elsewhere, including Floating Rate Notes (FRNs), which have become more attractive.

Fund Size: £15.35bn



FUND BREAKDOWN BY ASSET CLASS

Time Deposits	37.1%
Commercial Paper	35.5%
Certificates of Deposit	23.6%
Government Bond	2.7%
Floating Rate Note	0.7%
Corporate Bond	0.3%



FUND CREDIT BREAKDOWN (S&P)

A1+	78.0%
A1	22.0%

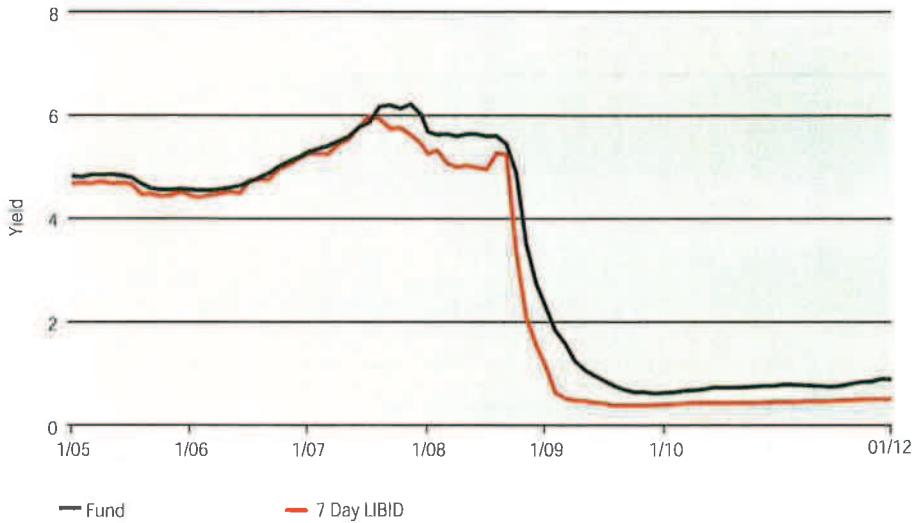
S&P deem all A-1 securities maturing within 7 days as A-1+

TEN LARGEST HOLDINGS

RBS Call Account	4.4%
TD Calyon 0.58% 01/02/2012	4.4%
TD Deutsche Bank 0.55% 01/02/2012	4.4%
TD Fortis Bank 0.6% 01/02/2012	4.4%
Abbey National Call Account	4.4%
Lloyds Call Account	4.1%
TD Hsbc Gbp Fixed Deposit 0.45% 1/02/2012	3.2%
GI United Kingdom 5% Stk 07/03/2012	2.7%
CP Snfc 01/03/2012	2.5%
TD Deutsche Postbank 0.55% 01/02/2012	2.5%
Total % of Funds	37.2%

For more information on any of our funds please call 020 7321 1547 or email at business.development@insightinvestment.com

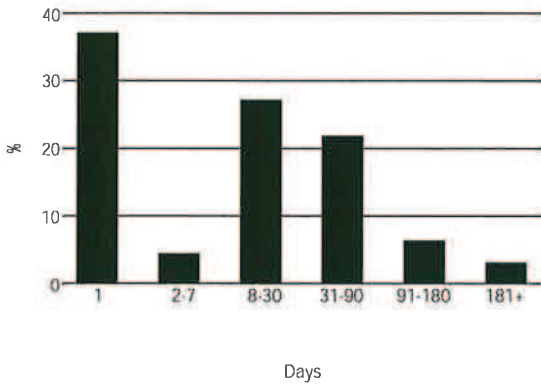
FIVE YEAR PERFORMANCE



FUND FACTS

Fund manager	Chris Brown
ISIN	IE0032398343
Weighted Average Maturity	35 days
Weighted Average Final Maturity	37 days
Benchmark	7-day £ LIBID
Dealing cut-off time	Daily -1pm
Gross 30 day Yield	0.88%
Launch date	January 2003
Custodian/Administration	Northern Trust, Dublin

MATURITY PROFILE



Source: Insight Investment

Calculations: Monthly returns: Annualised net total return simple which assumes that income earned over the calendar month is not reinvested in the fund. Formula = monthly dividend x 36500/# days in month. Annualised YTD and 1 year returns: Formula = ((1 + monthly dividend) ... 1)^{36500/# days in period}. 7 day LIBID figures: average of 7 day LIBID over the period using the above calculations. Unless Otherwise stated, the source information is Insight Investment Management (Global) Limited.

Insight Liquidity Funds plc is authorised by the Central Bank of Ireland. The full prospectus and simplified prospectus are available at www.insightinvestment.com.

Past performance is not a guide to future performance. You may not get back the amount originally invested.

The investment's value and the income deriving from it may fall as well as rise, as a result of the market and currency fluctuation.

Institutional Sterling Liquidity Fund

Heritage Share Class



Money Market Funds
Blackrock

Fund objective

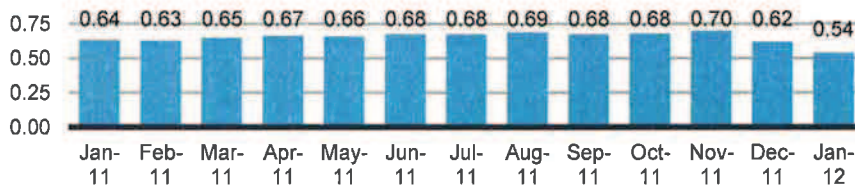
The fund seeks to maximise current income consistent with the preservation of principal and liquidity through the maintenance of a portfolio of high quality short-term "money market" instruments.

Investment policy

The portfolio invests primarily in first-tier securities, which include commercial paper, certificates of deposit, floating rate notes, time deposits and fully collateralised repurchase agreements. The fund must maintain 50% of its holdings with a short term rating of A1+/P1 with the remainder in A1/P1.

Performance

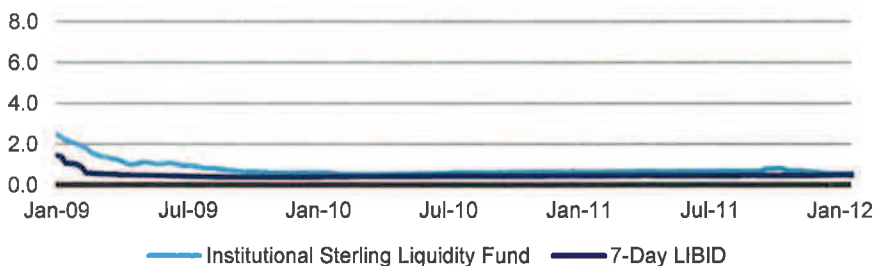
30-day net annualised yield %



Net total return %

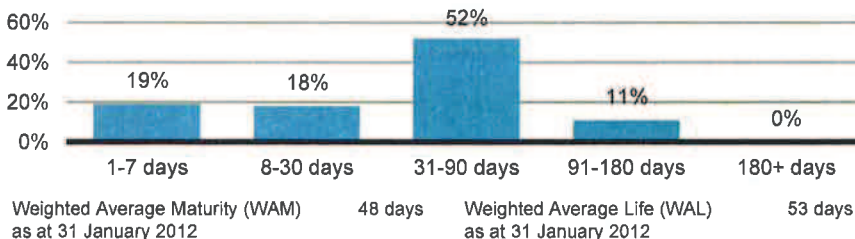
	1 month	3 months	6 months	1 year	3 years
Fund	0.54	0.61	0.65	0.66	0.76
Benchmark	0.50	0.50	0.49	0.48	0.47

Net annualised 7-day average yield %



Source: Internal and Bloomberg as at 31 January 2012.
All yields are quoted net of 12.5bps fees and expenses annualised.

Maturity distribution



Fund details

Umbrella	Institutional Cash Series plc
Domicile	Ireland
Fund structure	UCITS
Size	£23.4 billion
Benchmark	7-Day LIBID
Inception date	16 December 1998
Minimum investment	£750,000,000
Dealing deadline	1:00pm Irish time
Bloomberg	ICSSLH / ICSSLHA
ISIN	IE00B3X1KB16 – Distributing Shares IE00B438G991 – Accumulating Shares

Ratings:	
Standard and Poor's	AAAm
Moody's	Aaa-mf

Portfolio composition %



- Note[^] 15
- Certificate of Deposit 24
- Time Deposit 9
- Treasury Debt 27
- Financial Company Commercial Paper 13
- Government Agency Repurchase Agreement 8
- Asset Backed Commercial Paper 4

[^] Fixed or floating medium-term notes, issued by banks or corporates

S&P rating %



■ A-1+ 63 ■ A-1 27 ■ AAA 10

S&P deem all A-1 securities maturing within 7 days as A-1+. Any security under a year with a long term rating of AA- or above would also be considered to have a short term rating of A-1+, whilst those with a long term rating of A or above would be considered to have a short term rating of A-1.

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Sterling Market Review

2012 started on a positive note with risk assets such as equities, credit and commodities all enjoying solid positive returns. The EUR 489bn take-up of the 3-year long-term repo operation by the ECB on 21 December 2011 helped to improve sentiment in the European bond markets. At the same time, a number of banks have been able to issue public unsecured term debt, however the overall issuance was skewed to covered bonds. S&P downgraded 9 Eurozone sovereigns in January, stripping France and Austria of their AAA ratings while later Fitch followed suit by downgrading a number of European sovereigns by 1 and 2 notches. The downgrades were, however, largely shrugged off by the market in favour of the more positive news.

The Monetary Policy Committee (MPC) voted to keep interest rates unchanged at 0.50% in January, with the minutes showing unanimous votes both for keeping the policy rate and the total size of the asset purchase programme unchanged at GBP 275 billion.

There was little in the data to cheer about, with GDP contracting by 0.2% quarter-on-quarter (qoq) in Q411, a larger contraction than the 0.1% expected underscoring the message from Mervyn King, Governor of the Bank of England, that the path to recovery will be "arduous". The unemployment rate increased to 8.4% in November, the highest rate since January 1996 and above the expected and previous 8.3%. Industrial production fell by 0.6% month-on-month (mom) in November. December PMI figures provided some relief; the manufacturing PMI increased to 49.6 from the previous 47.6 and expected 47.3 and the services PMI rose further into expansionary territory, coming in at 54.0 vs. expected 51.5.

Sterling money market yields were barely changed over the month: 3-month, 6-month and 1-year LIBOR rates ended at 1.08%, 1.39% and 1.89% respectively. Dispersion remains very high across new issuance levels. High quality issuers from well-regarded countries continue to yield at levels below LIBOR rates, while lower quality issuers, especially those from less regarded countries, price at significant yield premiums.

Portfolio Activity

We increased the weighted average life (WAL) by 4 days to end the month at 55 days.

The month's activity was centered on purchasing 3 and 6-month low beta issuers such as German guaranteed KFW, HSBC, DNB and DBS Bank as well as 1-month asset backed commercial papers. We also explored switch opportunities from low-yielding short-dated UK gilts into some selective low beta bank names such as DB and Credit Suisse.

The Fund's position in government guaranteed and sovereign debt ended the month at 43% which represents 55% of the portfolio's WAL contribution and reflects a very defensive position in terms of the portfolio's risk to credit spread widening.

Where we have Eurozone holdings, we have focused on the top names in Germany and Netherlands as these represent the stronger sovereigns.

The portfolio ended the month with close to 20% in overnight liquidity and approximately 30% in sub 1-month maturities.

Important information

This document is for Professional Clients only and should not be relied upon by any other persons.

Past performance is not a guide to future performance and should not be the sole factor of consideration when selecting a product. All financial investments involve an element of risk. Therefore, the value of your investment and the income from it will vary and your initial investment amount cannot be guaranteed. The fund may invest a large portion of assets which are denominated in other currencies; hence changes in the relevant exchange rate will affect the value of the investment. The Institutional Cash Series plc (the "Company") is an investment company with variable capital and having segregated liability between its funds incorporated with limited liability under the laws of Ireland. The Company is an umbrella undertaking for collective investment in transferable securities (UCITS) governed by Irish law and authorised by the Central Bank of Ireland. The Company has obtained the status of "recognised scheme" for the purposes of the UK Financial Services and Markets Act 2000. Some or all of the protections provided by the UK regulatory system will not apply to investments in the Company. Compensation under the UK Investors Compensation Scheme will generally not be available.

Nothing herein constitutes an offer to invest in the Company. Any decision to invest must be based solely on the information contained in the Company's Prospectus, Simplified Prospectus or Key Investor Information Document, when implemented and the latest half-yearly report and unaudited accounts and/or annual report and audited accounts. UCITS schemes are required to replace the Simplified Prospectus with the Key Investor Information Document by 30 June 2012. Investors should read the fund specific risks in the Simplified Prospectus or Key Investor Information Document. The distribution of this information in certain jurisdictions may be restricted and, persons into whose possession this information comes are required to inform themselves about and to observe such restrictions. Prospective investors should take their own independent advice prior to making a decision to invest in this fund about the suitability of the fund for their particular circumstances, including in relation to taxation, and should inform themselves as to the legal requirements of applying for an investment. Most of the protections provided by the UK regulatory system, and compensation under the UK's Financial Services Compensation Scheme, will not be available.

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PRIME RATE STERLING LIQUIDITY FUND

FOR PROFESSIONAL INVESTORS ONLY

MONTHLY UPDATE JANUARY 2012

Standard & Poors AAAm rated FUND OBJECTIVE

The investment objective of the Fund is to maximise the current income consistent with the preservation of principal and liquidity by investing in a diversified portfolio of high quality Sterling denominated short term debt and debt related instruments. The primary objective is to maintain the net asset value either constant at par (net of earnings) or at the value of the investors' initial capital plus earnings.

Fitch AAAMmf rated

INVESTMENT MANAGER'S REPORT

Interest rates were held at 0.50% in January, with the market now asking how much quantitative easing the Monetary Policy Committee ("MPC") may sanction at the next meeting this February. The general consensus is that a new programme of £50bn will be introduced but MPC member Adam Posen wants a figure of £75bn whilst also calling on the Bank of England to vary its policy to include the purchase of non gilt assets to help small businesses to access loans.

Inflation looks to set to fall further with the annual CPI rate for December falling to 4.2% with petrol, gas and clothing composing the main downward pressure. UK wages are still underperforming inflation and unemployment rose to 8.4%, with the youth element rate (under 25 years old) edging up to the highest rate (20.3%) since first recorded in 1992. Money supply remains weak and the UK housing market fragile.

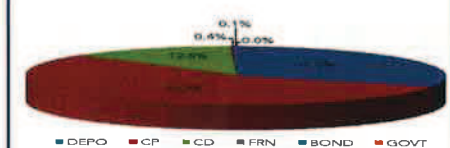
Fourth quarter UK GDP showed a worse than expected -0.2% from a previous +0.6%, output production declined by 1.2% and construction contracting by 0.5%. These declines would normally spark fears of a double-dip recession and higher government borrowing costs but strong PMI figures, particularly from the service sector, may yet kick start a recovery for 2012.

Although LIBOR rates remained virtually unchanged, increased bank buying has reduced the yield on some pre New Year issuance levels by between 25bps and 50bps. As a result post year end yields continued their slide throughout January with more buyers emerging of unsecured bank debt in the firm belief that the Eurozone crisis is somewhat abating.

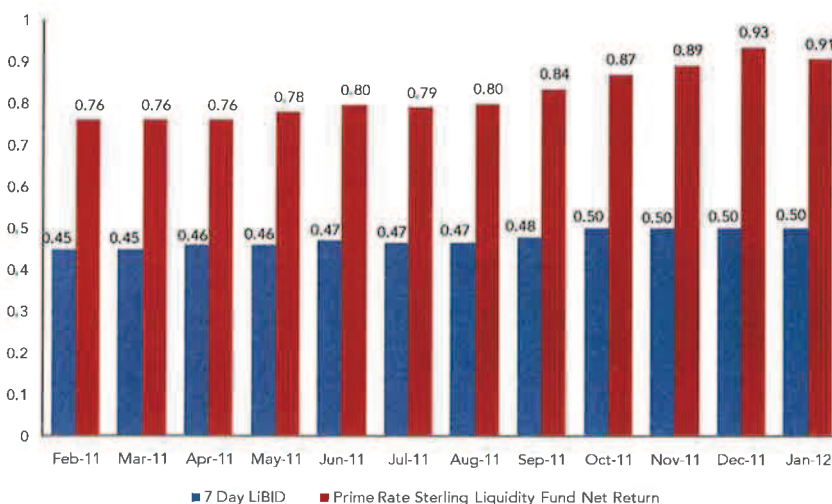
CREDIT RATING SHORT TERM S&P



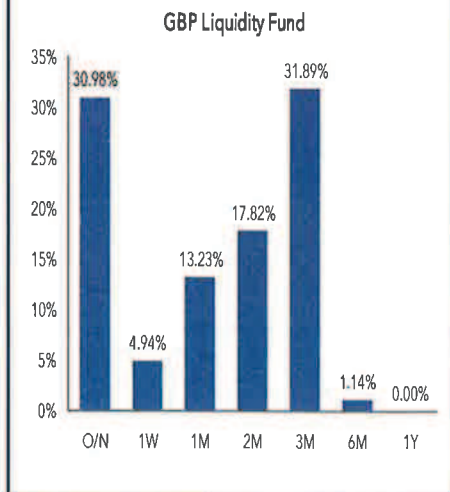
ASSET TYPE



ANNUALISED MONTHLY RETURNS



MATURITY PROFILE



FUND DETAILS

Annualised Monthly Returns (Net) - JANUARY 2012

Fund Return	0.91	Base Rate	0.50
1 Yr Rolling Return	0.82	WAM	34.42
7 Day LIBID	0.50	Benchmark	7 day £ LIBID

Sources: 7 Day LIBID: Bloomberg. Fund: Prime Rate Capital Management LLP. All returns are shown annualised on an actual/365 day count basis. Fund returns net of expenses and charges for share class 3.

PRIME RATE STERLING LIQUIDITY FUND

FOR PROFESSIONAL INVESTORS ONLY

MONTHLY UPDATE JANUARY 2012

Standard & Poors AAAm rated**Fitch AAAMmf rated**

TOP 10 PORTFOLIO HOLDINGS (excluding overnight deposits)

ISSUER	MATURITY	% HOLDING
Nederlandse Waterschapsbank NV	05 Apr 12	2.87%
BCEE Luxembourg	06 Feb 12	2.87%
Standard Chartered Bank	05 Apr 12	2.87%
Caisse des Depots	10 Apr 12	2.87%
FMS Wertmanagement	17 Feb 12	2.86%
DZ Privatbank	09 Mar 12	2.58%
DnB Nor Bank A SA	23 Mar 12	2.29%
Caisse d'Amortissement	10 Apr 12	2.18%
Skandinaviska Enskilda Banken	16 Feb 12	2.10%
Aviva - Senior Debt	30 Apr 12	1.75%

SHARE CLASS DETAILS

Class	ISIN	SEDOL	Dividend	Management Fee	Min Initial Investment
3	GB00B2R5TF91	B2R5TF9	Distributing	10 bps	£30,000,000

PRIME RATE CAPITAL MANAGEMENT LLP

Prime Rate Capital Management LLP is the first independent, specialist provider of AAA-rated liquidity funds, known as Qualifying Money Market Funds, serving the corporate and institutional market. Prime Rate offers independent, specialist liquidity fund products on a wholesale, competitive basis for a variety of corporate and institutional investors, to distribute to their client base, often under a 'whitelabelling' arrangement, or to use in the management of their own liquidity. Federated Investors, Inc agreed to purchase Prime Rate in December 2011.

CONTACT DETAILS

For a copy of the Prospectus, Simplified Prospectus, information on portfolio holdings or other matters, please contact us on (0)20 3206 7262, or email us on contact@prime-rate.co.uk. Alternatively please see the information on our website at www.prime-rate.co.uk

DISCLAIMER

This document is issued by Prime Rate Capital Management LLP of One Vine Street, London, W1J 0AH, a limited liability partnership registered in England OC327292 which is authorised and regulated by the Financial Services Authority with FSA reference number 469674. Past performance is no guarantee of future performance and the value of investments and income from them may fall as well as rise and investors may not get back the amount originally invested. Tax assumptions are subject to statutory change and the value of tax reliefs will depend on individual circumstances. This material is not to be regarded as an offer or invitation to buy or sell an investment in the Prime Rate Cash Management Fund nor does it solicit any such offer or invitation. Applications to invest must only be made on the basis of the offer document relating to the investment, which is only available to Eligible Counterparties and Professional Clients.

FUND INFORMATION

Domicile	UK
Structure	OEIC UCITS III
Inception Date	31 March 2008
Dealing Cut Off	1:30pm London time
Liquidity	Same Day
Currency	GBP
CIO	Dennis Gepp
Portfolio Manager	Gary Skedged
Benchmark	7 day £ LIBID

DENNIS GEPP CHIEF INVESTMENT OFFICER



Is a founding partner of PRCM. He was responsible for the management of treasury departments of UK and international banks from 1973 until he joined Prime Rate in 2007.

GARY SKEDGE SENIOR PORTFOLIO MANAGER



Joined PRCM in September 2007. He co-managed HSBC's AAA rated liquidity and enhanced cash funds from 2006 to 2007.

FURTHER INFORMATION

Prime Rate Capital Management LLP	
One Vine Street, London W1J 0AH	
Phone	+44 (0)20 3206 7262
Fax:	+44 (0)20 3206 7010
Email	info@prime-rate.co.uk
Website:	www.prime-rate.co.uk

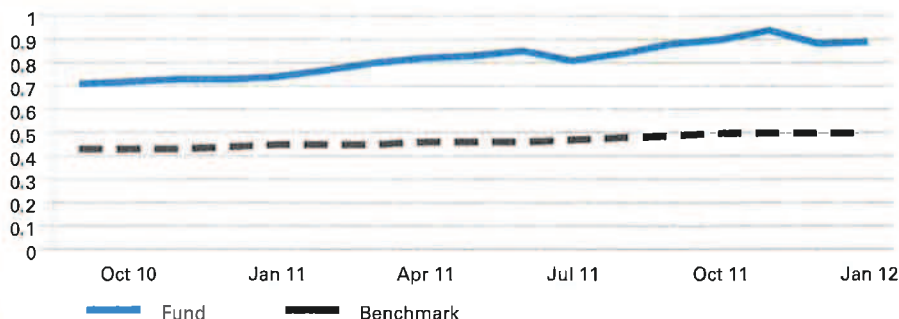
The Prime Rate Sterling Liquidity Fund is a sub fund of the umbrella fund, Prime Rate Cash Management Funds which is an OEIC governed by UK law and authorised by the FSA. Any investment in the funds is made subject to the terms of the Funds' Prospectus and relevant Simplified Prospectus, which are available from the Investment Manager, Prime Rate Capital Management LLP, One Vine Street, London W1J 0AH.

MONTHLY UPDATE JAN 2012

LGIM Sterling Liquidity Fund

Available To Institutional Investors

ANNUAL YIELD PERFORMANCE



ANNUAL YIELD PERFORMANCE

	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12
Fund	0.77	0.8	0.82	0.83	0.85	0.81	0.84	0.88	0.90	0.86	0.82	0.89
Benchmark	0.45	0.45	0.46	0.46	0.46	0.47	0.48	0.49	0.50	0.50	0.50	0.50
Relative	0.32	0.35	0.36	0.37	0.39	0.34	0.36	0.39	0.40	0.36	0.32	0.39

All figures supplied by LGIM and are before the deduction of fees. Past performance is not a guide to future performance.

COMMENTARY

The Bank of England (BoE) left its policy unchanged again in January, with the minutes highlighting unanimous votes for leaving both the base rate and total size of the asset-purchase programme unchanged. Recent data releases flagged the growing risk that the economy will slide back into recession, with the fourth quarter GDP numbers coming in below expectations, highlighting a contraction of 0.2% as the latest industrial production survey revealed a sharp contraction in the manufacturing sector. Investors are anticipating a further round of quantitative easing in February, with the Bank of England likely to sanction up to £75 billion of asset purchases. In recent weeks the market has shifted its longer-term expectations of money market rates, with short sterling futures predicting that 3-month LIBOR will be materially under 1% by the end of 2012, compared to current levels of around 1.18%. This reflects the likelihood that the bank base rate will remain unchanged throughout the coming year and is driven by technical factors. The Fund's duration averaged around 46 days over the month. Although short FRN new issuance was relatively light, we took advantage of opportunities to add selectively to preferred names at attractive yields over Libor. Overall, we remain cautiously positioned.

FUND FACTS

Fund Aim

The principal investment objective of the Sterling Liquidity Fund is to provide capital stability, liquidity and diversification while providing a competitive level of return. The Fund invests in high quality short term fixed income and variable rate securities listed or traded on one or more Recognised Exchanges, across a range of financial institutions, sovereign and corporate issuers.

Fund Characteristics

The Fund provides investors with flexible, convenient and cost-effective solutions for their cash management requirements. The Fund has been assigned two "triple A" ratings, AAAM from Standard & Poor's (S&P) and AAAmmf from Fitch. This demonstrates the Fund has the capacity to maintain a stable net asset value. The Fund is subject to the IMMFA Code of Practice and rating agencies' investment guidelines. All underlying investments have a short term rating of at least A-1 by S&P and F1 by Fitch at the time of purchase. The Fund seeks to limit its weighted average maturity to 60 days and weighted average final maturity to 120 days, providing strict controls on interest rate and market risk. Diversification of both country and counterparty is achieved by strict exposure limits within the investment guidelines.

Launch Date

January 2008

Fund Type

Open-Ended Investment Company (UCITS)

Benchmark

Reference Index: 7 Day LIBID

Base Currency

GBP

Domicile

Ireland

Dividend Pay Dates

Income paid monthly as additional shares or cash

Fund Ratings

Fitch: AAAmmf
S&P: AAAM

Fund Codes

ISIN (Acc) IE00B29R7C68
SEDOL (Acc) B29R7C6 IE
Bloomberg (Acc) LGSTLI4

Cut Off Time

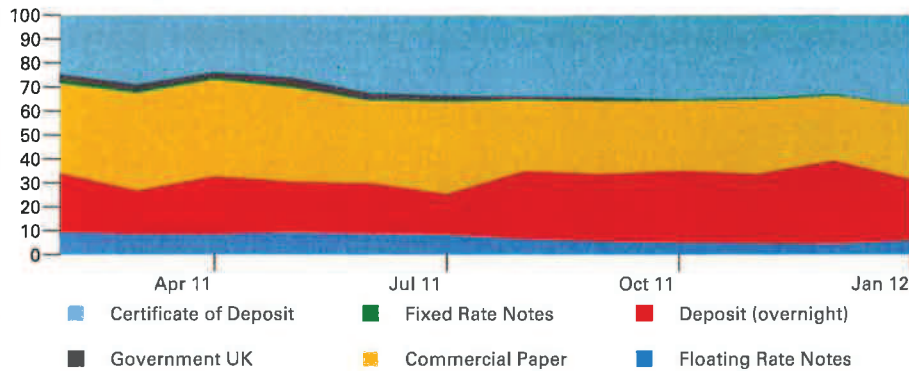
1pm daily

Administrator & Custodian

Northern Trust (Ireland)

ASSET ALLOCATION (LGIM STERLING LIQUIDITY FUND)

Asset Allocation (%)



Weighted Average Maturity (days)

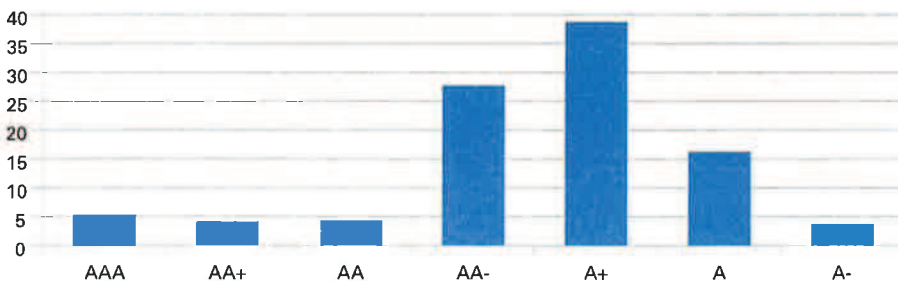
Month	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12
Weighted Average Maturity (days)	47	44	37	39	41	44	48	40	43	48	38	47

Country Breakdown (%)

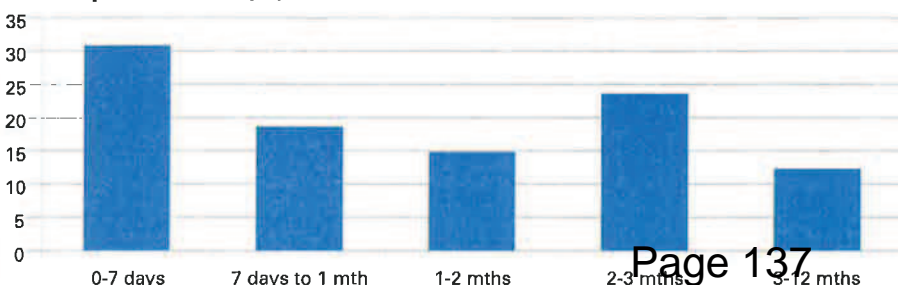
Country	Fund (%)
United Kingdom	14.0
Germany	14.0
Japan	9.1
Netherlands	8.7
Singapore	6.7
Corporate	6.5
Sweden	6.5
France	5.8
Norway	5.2
United States	4.5
Denmark	3.7
United Arab Emirates	3.5
Switzerland	3.4
Australia	2.5
Finland	2.1
Other	3.9

Corporate exposure is not associated with country level risk. Numbers may not add to 100 due to rounding.

Rating Breakdown (%)



Maturity Breakdown (%)



Fund data supplied by Northern Trust.

FUND MANAGER

JENNIFER GILLESPIE



- Joined LGIM in 2008
- Previously worked at Scottish Widows Investment Partnership (SWIP)
- Has more than 18 years of investment experience

FUND HOLDINGS

Fund Size
£9,500m

Weighted Average Final Maturity
50 Days

Weighted Average Maturity
47 Days

Top Ten Fund Holdings*

Holder	Percentage (%)
DBS Bank	3.7
Citibank	3.7
HSBC Bank	3.7
Landesbank Hessen-Thurin	3.7
Mizuho Corporate Bank	3.7
Lloyds Banking Group	3.7
Credit Agricole	3.7
ING	3.6
National Bank Of Abu Dhabi	3.5
Barclays Bank	3.4
TOTAL	36.4

*Includes overnight deposits.

CONTACT US

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 Andy.kelly@lgim.com
 www.lgim.com
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 Legal & General Investment Management
 One Coleman Street, London EC2R 5AA
 Authorised and regulated by the Financial Services Authority.
Ref: Internal Fund Code: 9044

IMPORTANT INFORMATION

This document should not be taken as an invitation to deal in Legal & General investments or any of the stated stock markets. Legal & General UCITS Managers (Ireland) Limited has appointed Legal & General Investment Management Limited (LGIM) as a distributor of the Fund. LGIM Liquidity Funds plc is authorised by the Central Bank of Ireland. Further details on the Fund can be found in its Prospectus. A copy of it and of the latest Annual Report, in English, can be obtained free of charge on request or on our website at www.lgim.com.

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FORWARD PROGRAMME FOR FINANCE ADVISORY GROUP

Topic	28 March 2012	May/June 2012	July 2012	January 2013
Annual Accounts			Draft Statement of Accounts 2011/12	
Budget				Risks and Assumptions for Budget 2013/14
Financial Monitoring	February 2012 results	April 2012 results	June 2011 results	December 2012 Results
Financial Performance Indicators	February 2012	April 2012	June 2011	December 2012
Treasury Management			Investment Strategy Update	Treasury Management Strategy 2013/14
Invitee	Direct Services			
Other	Revenues and Benefits Partnership Working			Costs and Savings in Partnership Working Pensions Investments

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