



Despatched: 05.09.12

Cabinet

13 September 2012 at 7.00 pm
Conference Room - Council Office

Agenda

Membership:

Chairman: Cllr. Fleming

Cllrs. Mrs. Bosley, Mrs. Bracken, Mrs. Clark, Mrs. Davison, Hogarth, Mrs. Hunter and
Ramsay

	<u>Pages</u>	<u>Contact</u>
Apologies for Absence.		
1. Minutes of the meetings of the Cabinet held on 12 July 2012	(Pages 1 - 4)	
2. Declarations of interest		
3. Questions from Members (maximum 15 minutes)		
4. Matters referred from Council <i>None</i>		
5. Matters referred from the Performance and Governance Committee and/or Select Committees (Paragraph 5.20 of Part 4 (Executive) of the Constitution)		
6. Financial Prospects and Budget Strategy 2012/13 and Beyond	(Pages 5 - 18)	Adrian Rowbotham Tel: 01732 227153
7. Business Rates Retention	(Pages 19 - 22)	Adrian Rowbotham Tel: 01732 227153
8. Planning Policy Team Leader (Maternity Cover): Appointment of Consultant	(Pages 23 - 26)	Alan Dyer Tel: 01732 227440
9. Strategy for Under-Occupation in the Social Sector	(Pages 27 - 50)	Gavin Missons Tel: 01732 227332
10. London Road, Sevenoaks - Update	(Pages 51 - 56)	Jim Latheron Tel: 01732 227209

To assist in the speedy and efficient despatch of business, Members wishing to obtain factual information on items included on the Agenda are asked to enquire of the appropriate Director or Contact Officer named on a report prior to the day of the meeting.

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The Democratic Services Team (01732 227241)

CABINET

Minutes of the meeting of the held on 12 July 2012 commencing at 7.00 pm

Present: Cllr. Fleming (Chairman)

Cllrs. Mrs. Bosley, Mrs. Bracken, Mrs. Clark, Mrs. Davison, Mrs. Hunter and Ramsay

Cllrs. Davison and Mrs. Parkin were also present.

13. Minutes

Resolved: That the minutes of the Cabinet meeting held on 14 June 2012 be approved and signed as a correct record.

14. Declarations of interest

There were no declarations of interest.

15. Questions from Members (maximum 15 minutes)

Councillor Richard Davison asked when a report concerning under occupation of social housing would be considered by the Cabinet. In response the Leader confirmed that a report would be presented at the next meeting of cabinet.

16. Matters referred from Council

No matters were referred from Council.

17. Matters referred from the Performance and Governance Committee and/or Select Committees
(Paragraph 5.20 of Part 4 (Executive) of the Constitution)

There were no references from the Performance and Governance Committee or from Select Committees.

18. Localisation of Council Tax Support

The Local Government Finance Bill introduced one of the biggest fundamental changes requiring all council tax billing authorities to devise a local Council Tax Support Scheme to replace the current national Council Tax Benefit Scheme to commence on 1 April 2012.

Members considered a report setting out the options of a local scheme and proposing a scheme recommended by the Kent Forum. The Deputy Chief Executive and Director for Corporate Resources tabled the following revised recommendation:

Recommendation to Council that:

- (a) Members approve that the Council consult with its community on the proposal to reduce the council tax support payable to working age claimants by a standard percentage amount that delivers a local support for council tax scheme within the funding provided by Government; and*
- (b) Members approve the principles of broad-based consultation and delegate authority to the Leader of the Council and the Portfolio Holder for Value for Money to approve the information and questions provided to the community within the consultation questionnaire.*

The Leader introduced the report stressing that the Government had been keen to protect more elderly claimants and within the Sevenoaks District this group accounted for 53% of the recipients of council tax benefit. The proposals under consideration would protect the District Council from any future increases in the number of recipients of council tax support.

The Leader also noted that the recent article that had appeared in *The Chronicle* would have laid the way for the consultation that was being proposed.

The Deputy Chief Executive and Director for Corporate Resources outlined the consultation process, highlighting that the consultation would be promoted within *InShape* and via the Council's Twitter account. West Kent Housing Association had also agreed to facilitate the consultation and Officers would be meeting with the Citizens Advice Bureaus and other community groups in order to outline the proposals and promote the consultation process.

The Deputy Chief Executive and Director for Corporate Resources acknowledged that the Town and Parish Councils were particularly concerned about the effect that the changes would have on them. Officers hoped that using the current council tax software it would be possible to model the cost implications for each town and parish council. Using this information the individual Council would be able to assess how much their precept would increase.

Members noted that the consultation would commence over the summer holiday but noted that an eight week consultation period was proposed which should give residents sufficient time to respond. Members also noted that the consultation would be open to all council tax payers and not just those in receipt of council tax benefit.

In response to a question, the Leader noted that the information that most affected the Town and Parish Councils was the number of residents of working age or over 65 in receipt of council tax benefit living in the Parish. Using this information, parishes would have to consider how to best meet any shortfall in funding there may be.

Members thanked Officers and the Services Select Committee for the work that had been undertaken to develop the recommendations presented at the meeting.

Resolved: that full Council be recommended to approve:

- (a) That the Council consult with its community on the proposals to reduce the council tax support payable to working age claimants by a standard percentage amount that delivers a local support for council tax scheme within the funding provided by Government; and
- (b) The principles of broad-based consultation and delegate authority to the Leader of the Council and Portfolio Holder for Value for Money to approve the information and questions provided to the community within the consultation questionnaire.

19. Community Right to Challenge

Members considered a report setting out the duty placed on local authorities in the Localism Act 2011 to administer the Community Right to Challenge. The Community Right to Challenge allowed relevant bodies to express an interest in running Council services and placed a duty on local authorities to consider expressions of interest. Where expressions of interest were accepted a full tender process for future delivery of that service would have to be conducted.

The report proposed that Members adopted a policy that aligned the management of the Community Right to Challenge within existing budget setting processes and ensured the Council placed a priority on the cost to the district and the quality of service delivered when drawing up any tender document that is required as a result of an expression of interest under the Community Right to Challenge.

The Portfolio Holder for Planning and Improvement introduced the report highlighting that there were a number of complexities in the way in which the various activities carried out by the Council interacted. As a result of this, any change to one service may have an unforeseen effect on other services. In order to limit the impact of any changes to services, the Council had developed a process that was as simple as possible.

Members noted that the Community Right to Challenge simply enabled organisations to trigger a procurement process and did not provide any guarantees as to the eventual supplier of services. It was also stressed that the processes needed to align with the Council's budget timetable.

In response to a question, the Policy and Performance Manager reported that the final guidance issued by the Government did not preclude larger companies from having a role in the Community Right to Challenge as long as they were in partnership with a sponsoring local organisation.

Members commended the report that had been presented to the meeting and thanked Officers for the work that had been undertaken in developing the timetable.

Resolved that Council be recommended to:

- (a) Approve the Sevenoaks District Council Community Right to Challenge Policy; and

- (b) Delegate authority to the Portfolio Holder for Planning and Improvement to agree any final adjustment to the Community Right to Challenge Policy that may result from the finalisation of Government policy and statutory guidance.

20. 2012/13 Performance Indicator Targets

Members considered a report reviewing the list of performance indicators collected by the Council. The process helped to ensure that services maintained the right focus and that progress against key Council and service objectives was measured.

The Portfolio Holder for Planning and Improvement introduced the report, noting that the number of performance indicators had been reduced. Each Portfolio Holder had been provided with the targets for their individual portfolio and had confirmed that they were happy with the proposed changes.

Members noted that there would be a duty in the future for the Council to make available information which was clear to the public. The Policy and Performance Manager highlighted that there had been a presence of performance indicators on the Sevenoaks District Council website for sometime. In the future there would be a requirement to make the information available in editable formats and there was some work to be undertaken to achieve this.

In reviewing the indicators in the report, a Member suggested that it may be helpful to develop a method for indicating where a low value was a positive indicator.

In response to a question, the Deputy Chief Executive and Director of Corporate Resources confirmed that all “red” performance indicators were reviewed by the Performance and Governance Committee who then referred individual indicators to Select Committee for more in-depth scrutiny, a system that appeared to be working well.

Resolved: that the Council’s performance indicators and targets for 2012/13 be approved.

IMPLEMENTATION OF DECISIONS

This notice was published on 16 July 2012. The decision contained in Minute 18 takes effect on 24 July. The decisions contained in Minutes 19 and 20 take effect immediately.

THE MEETING WAS CONCLUDED AT 7.35 PM

CHAIRMAN

FINANCIAL PROSPECTS AND BUDGET STRATEGY 2013/14 AND BEYOND

Cabinet - 13 September 2012

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

Status: For Decision

Also considered by: Performance and Governance Committee – 18 September 2012

Key Decision: No

Executive Summary: This report sets out the major financial pressures the Council is likely to face over the next four years, together with a proposed strategy for setting a balanced and sustainable budget for 2013/14 and beyond. The Council has an excellent track record in identifying, planning for and addressing financial challenges. In light of the challenging financial position facing all authorities two years ago, for 2011/12 the Council produced a 10-year budget together with a four-year savings plan for the first time. This will be the third year this method has been used and provides the Council with a stable basis for future years, which addresses the reduction in Government funding as well as reducing its reliance on reserves.

Building on the considerable progress made over recent years, this report updates Members on significant risk areas as well as setting out the way forward for service prioritisation, business and financial planning, financial strategy and the budget setting process.

The overall emphasis is on building on the strong framework provided by the 10-year budget, whilst taking into account any new financial burdens and changes in the economy that have an impact on budget assumptions. This report also provides Members with the proposed timetable for the budget setting process.

It is suggested that a further review of the 10-year budget be carried out once the government grant settlement has been finalised and a full review of the 4-years savings plan has been undertaken. Officers will report back to Cabinet with a revised 10-year budget, highlighting any significant variations.

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 Cabinet:

- (a) endorse the ten-year financial planning approach and principles set out in this report and request officers to carry out a further review and update once the government grant settlement has been finalised and a review of the 4-year
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Agenda Item 6

savings plan has been undertaken and report back to Cabinet on 10 January 2013;

- (b) note the budget timetable set out in Appendix A.
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Introduction

- 1 The Council's financial strategy over the past eight years has worked towards increasing financial sustainability and it has been successful through the use of a number of strategies including:
 - implementing efficiency initiatives;
 - significantly reducing the back office function;
 - improved value for money;
 - maximising external income;
 - the movement of resources away from low priority services; and
 - an emphasis on statutory rather than non-statutory services.
- 2 Over this period the Council has focused on delivering high quality services based on Members' priorities and consultation with residents and stakeholders through the Community Plan. In financial terms, the adoption of this strategy has to date allowed the Council to move away from its reliance on general fund reserves which has ensured that the general fund reserves have remained largely unchanged.
- 3 Due to the level of funding and other potential changes and uncertainties, it is still difficult to anticipate with sufficient accuracy even at this stage in the budget process what the level of Government settlement is likely to be. However, using the data sources available to the Council, officers have attempted to identify a budget deficit figure over the 10-year period but recognise that this is a constantly changing situation and more accurate data will not be available for some months yet.
- 4 In setting its budget for 2011/12 onwards, the Council recognised the need to address both the short-term reduction in Government funding as well as the longer-term need to reduce its reliance on reserves. The outcome was a 10-year budget, together with a four-year savings plan, that ensured the Council's finances were placed on a stable footing but that also allowed for flexibility between budget years.
- 5 The intention of this report is to enable Members to give early consideration to the pressures likely to be faced by the Council and put in place a long-term solution that ensures service reductions are minimised. This report sets out the high level approach and principles but a report to Cabinet on 6 December 2012 will provide the budget details along with analysis of the areas the Cabinet has requested officers to consider in assisting the balancing of the budget, as well as feedback from select committees on proposed service plans for 2013/14 onwards.

Financial Pressures 2013/14 to 2022/23

Overall Summary

- 6 In the medium term, the Council will have to progress its savings plan and maintain tight control over net expenditure in order to deliver its 10-year budget.
- 7 The potential to increase income levels over the next few years is very limited. In some cases the Government controls the level of increase and in other areas current economic conditions make it challenging for the Council to meet current targets. However, taking a holistic view the Council should achieve a balanced budget at the year end.
- 8 Looking at expenditure, inflation is running at 2.6% (CPI). At this early stage we are anticipating the Council is likely to receive a reduction of 9% in Government Support in 2013/14 and further 10% reduction in 2014/15.
- 9 The 10-year budget attached at Appendix B shows a surplus of £930,000, however, the financial challenge and uncertainty ahead, along with the need to deliver the 4-year budget savings plan, are likely to leave little flexibility over the period.
- 10 The paragraphs below set out the position in more detail and assess the impact on the current Financial Plan.

Income

- 11 **Government Support** (£4.2m in 2012/12) – The basis for allocating Government Support from 2013/14 is changing to the Business Rates Retention Scheme. This scheme initially allows billing authorities, such as this council, to keep 40% of Business Rates received, however tariffs and top ups are applied to ensure that initially each local authority is not significantly affected by this change. Other adjustments will also be made.
- 12 In this year, the level of complexity and uncertainty has been more significant than in previous years, therefore projections and forecasts are having to be made with minimal data where assumptions are constantly changing.
- 13 Draft Government Support figures are expected in December with final figures being produced in the new year. It is expected that these figures will only be for two years so the effect on the later years of the 10-year budget will remain uncertain.
- 14 The current assumptions for Government Support are a reduction of 9% in 2013/14 and 10% in 2014/15. This would mean that the Council would have seen a 4-year grant reduction of around 43%.
- 15 **New Homes Bonus** – the Government started this new funding stream in 2011/12 with the intention that local authorities would be rewarded for new homes being built over a six-year period. This was not included in the last 10-year budget as it was uncertain if other Government Support would be reduced to fund it resulting in a nil overall effect. There is now more assurance that this is a separate funding

Agenda Item 6

stream for the initial six years, therefore it has now been included in the 10-year budget for this period only (up to 2016/17).

- 16 **Council Tax** (£9.3m) – The change from Council Tax Benefit to Council Tax Support will reduce the Council Tax base and therefore reduce Council Tax income. The proposed scheme will result in this reduction being offset by a new Government grant, funding from the major preceptors (Kent County Council, Fire and Police) and changes to other Council Tax discounts. There is a high risk that the new scheme will have an adverse effect on collection rates.
- 17 The current assumptions for Council Tax which were approved by Council on 21 February 2012 are for an increase of 3% in 2013/14 and 2014/15 and 4% in later years. Government capping which was set at 3.5% in 2012/13 may continue to limit future increases. 1% change equals £93,000.
- 18 **Investment income** (£0.2m) – returns are continuing to be significantly lower than they were a few years ago due to low interest rates and the revision of the Council's current Investment Strategy towards a low risk approach. It is certain that the Council's reserves will continue to fall due to their use in the 10-year budget, so as a consequence, investment income will continue to reduce. The latest assumption is for the following returns: 0.8% in 2013/14, 0.9% in 2014/15 and 1.3% in later years based on the Bank Rate estimates provided by our treasury advisors.
- 19 **Variable income sources** – The Council receives income in fees and charges from a number of sources. This includes (income figures are shown gross):
- Land Charges (£0.2m);
 - Development Control (£0.7m);
 - Building Control (£0.5m); and
 - Car parks (£2.1m);
 - On-street parking (£0.7m).
- 20 The first three are linked to some extent to activity in the housing market and remain vulnerable, with some adverse variances against budget in the current year. However, at this stage, these variations are being managed within the current budget.
- 21 Despite the current economic conditions on-street parking income is at budgeted levels but off-street parking income is currently below budget.
- 22 **External Funding** (£0.5m) - the Council has been very successful in securing external funding across a range of services, based on it delivering a wide range of innovative services, often in partnership with other agencies, to local residents. The Council's officers continue to seek new opportunities for funding. As financial constraints are put on public services the funding available from health and other public bodies is expected to reduce.

- 23 **Discretionary Charging** This area is regularly reviewed and will be further developed. The budget already assumes that in 2012/13 additional income of £150,000 will be generated from discretionary charging.
- 24 **Partnership working** - Various services have included savings from partnership working in recent years budgets and this continues to be an area that is being investigated. The Council successfully works in partnership with other authorities in a number of areas, including Revenues, Benefits, Internal Audit and Anti Fraud, Finance, IT, Licensing and Environmental Health. A programme of more extensive partnership working with other authorities continues to be investigated to generate further efficiencies for the Council however, opportunities are becoming limited. Savings based on shared services are already included in the four-year savings plan, so successful partnership working would secure these savings.
- 25 **Use of reserves** - One of the principles of the Financial Strategy is to make more effective use of the remaining earmarked reserves. When this strategy was first used in 2011/12, it was agreed that the remaining balances in the Asset Maintenance and Superannuation Fund Deficit Reserves would be moved to a new Financial Plan Reserve and used over the initial 10-year budget period. The Budget Stabilisation Reserve was also set up at the same time to manage the fluctuations between years to ensure that an overall balanced budget remained for the 10-year period. This reserve has been funded by surpluses achieved on the revenue budget since 2009/10. The surpluses were mainly due to over £2.7m being received for VAT refunds.

Expenditure

- 26 **Pay costs** total £12.9m and form about half the Council's gross expenditure (excluding Benefits payments). The 10-year budget assumes the pay award for 2013/14 will be 1%, however, employers are suggesting a 0% increase. Therefore, this may have to be revised later in the year. The Financial Plan assumes a pay increase of 1.5% in 2014/15 and 2% in later years. These percentages are below current inflation rates. Every one percent change equals £129,000.
- 27 **Non-pay costs** - the budget assumes non-pay costs will increase by an average of 3.5% in 2013/14, 3% in 2014/15 and 1.75% in later years. In practice, items such as rates and energy costs have risen at a higher rate, so other non-pay items have been allowed a much lower inflation increase. Inflation is currently at 2.6%. It will be challenging to contain the inflation on current services within these levels.
- 28 **Welfare reform changes** - the changes affecting Housing Benefits regarding Universal Credit are currently being looked at by a Member Scrutiny Group. It is uncertain how the final scheme will operate, the timescales involved and whether this Council will need to provide additional resources to support our residents. The change to the Local Council Tax Support Scheme is seen by many as one of the biggest changes to local government since the community charge. In an economic climate that shows no real signs of recovery, the cost of benefits will continue to increase and the impact on district councils both financially and from a social wellbeing perspective is likely to be significant and unsustainable. The full effect of both of these changes will potentially have a financial impact.

Agenda Item 6

- 29 **Unavoidable service pressures** - One of the lessons to be learnt from previous financial strategies is that there is always a likelihood of unavoidable service pressures and there needs to be a clear strategy in dealing with these. The model does not allow for unavoidable service pressures, therefore these will need to be met from within existing budgets. These have not yet been identified to be included in the revised Plan, but they could be significant.
- 30 Based on previous experience, growth items totalling up to £0.5m a year could occur although, having the 4-year savings plan and the 10-year budget in place it is likely the figure will be less than £200,000. Officers are still identifying the likely service pressures for 2013/14, particularly in relation to external income. These will be presented to Members later in the budget process once the review of the 4-year savings plan has been undertaken and further information is available.
- 31 **Progress on the 4 year savings plan** – 2013/14 will be the third year of using the 10-year budget. The savings plan includes 63 items and some of those contain a significant element of risk. Together with Portfolio Holders, Management Team and Heads of Service are closely monitoring progress in delivering the savings, but it is inevitable that some savings will either be delayed or not achieved. The main risk items are those which rely on third parties or the generation of additional income. The savings plan is currently being reviewed and any shortfalls could initially be addressed through the stabilisation Reserve but in the medium to longer term will require a revenue budget based solution.
- 32 The following table shows the differences between the 10-year budget agreed by Council on 21 February 2012 and the latest version set out in Appendix B.

10-Year Budget	£000
Previous 10-year Budget (surplus)	(191)
Changes:	
Reduction in Government support	2,870
Reduction in Council tax base due to Council tax localisation	8,905
Council tax localisation support	(8,117)
Reduction in Investment income	2,449
Other adjustments	170
Budget gap: deficit	6,086
Proposed solution:	
Short-term use of New Homes Bonus	(3,328)
Use of Budget Stabilisation Reserve	(2,758)
Revised budget gap	0

Proposed Business and Financial Planning Strategy

33 In order to maintain a viable Council that continues to deliver on its main priorities and the services it provides to its residents, the Council has already adopted a Financial Strategy that embraces the following principles:

- A ten-year balanced budget;
- Flexible use of the Budget Stabilisation Reserve;
- More effective use of remaining earmarked reserves;
- Structured use of capital receipts;
- The review and tighter management of inflationary pressures; and

34 It is recommended that this strategy continues to be adopted.

Audit Commission

35 Our external auditor made the following comment in the Value for Money section of his most recent Annual Audit Letter.

“Sevenoaks District Council continues to have strong governance, a highly effective financial planning framework and very good financial management. It took early action to address financial pressures and has strong arrangements in place to secure financial resilience. The Council takes a strategic approach to prioritisation of resources and achievement of cost reductions through improved efficiency and productivity. It has embraced partnership working and moves rapidly to adopt new joint arrangements working with staff and empowering decision making.”

Process and timetable

36 Members will note from the timetable set out in the appendix that this report will also be considered by the Performance and Governance Committee at its meeting on 18 September 2012 and any comments will be considered by Cabinet at its meeting on 6 December 2012. It is proposed that Cabinet will agree its draft budget on 6 December 2012 along with its proposed areas for savings, Cabinet will agree its final budget on 7 February 2013 and full Council will consider the budget on 19 February 2013.

Consultation

37 In consultation with the Portfolio Holder, officers are in the process of agreeing a consultation strategy for the budget albeit that it will be limited as the Council has a 10-year budget in place and is not at this stage required to make any further savings or service reductions.

Key Implications

Financial

Agenda Item 6

38 All financial implications are covered elsewhere in this report.

Community Impact and Outcomes

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

Legal, Human Rights etc.

40 None.

Conclusions

41 There is no doubt that there are a number of risks associated with this approach, including significant cost pressures that may destabilise the ten-year budget. However, by adopting this approach, many of these will be predictable and more importantly, the Council will be better placed to react to such events. This solution also allows the Council a little more stability and sustainability in delivering its services and dealing with its finances.

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

43 Looking at the medium term, although the Council has made considerable savings in previous years and already plans to make further savings over future years, it is likely that additional savings will be required to meet the expected pressures. Changes in grant distribution methodology and localisation of council tax support are two major factors that are likely to have a significant impact on the Council

44 This budget process, although presenting a balanced outcome, will once again be a major financial challenge for a Council that already provides value for money services to a high standard. In making any budget proposals, Members will need to consider the impact on service quality and staff well-being, to ensure that these proposals lead to an achievable 10-year budget that supports the Council's aspirations for customer-focused services.

Risk Assessment Statement

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

46 The risks associated with the 10-year budget approach include uncertainty around the level of shortfall and the timing of key announcements such as future grant

settlements. The risk will be mitigated by continuing to review assumptions and estimates and by updating Members throughout the process.

Appendices

Appendix A – Budget Timetable

Appendix B – 10-year Budget

Background Papers:

Contact Officer(s):

Adrian Rowbotham Ext.7153

Helen Martin Ext.7483

Dr. Pav Ramewal

Deputy Chief Executive and Director of Corporate Resources

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2013/14 Budget Setting Timetable

	Date	Committee
Stage 1		
Financial Prospects and Budget Strategy 2013/14 and Beyond	13 September	Cabinet
	18 September	Performance & Governance
↓		
Stage 2		
Review of Service Plans	23 October	Environment Select
	30 October	Social Affairs Select
	1 November	Services Select
↓		
Stage 3		
Draft 10 Year Budget (incl. Service Change Impact Assessments (SCIAs), feedback from Select Committees & Other Consultation)	6 December	Cabinet
↓		
Stage 4		
Financial Prospects – further review and update	10 January	Cabinet
↓		
Stage 5		
Review of Service Change Impact Assessments (if required)	15 January	Environment Select
	22 January	Social Affairs Select
	29 January	Services Select
↓		
Stage 6		
Budget Setting Meeting (Recommendations to Council)	7 February	Cabinet
↓		
Stage 7		
Budget Setting Meeting (incl. Council Tax setting)	19 February	Council

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Ten Year Budget - Revenue

	Budget 2012/13	Plan 2013/14	Plan 2014/15	Plan 2015/16	Plan 2016/17	Plan 2017/18	Plan 2018/19	Plan 2019/20	Plan 2020/21	Plan 2021/22	Plan 2022/23	Cumulative
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Expenditure												
Net Service Expenditure c/f	13,771	13,443	13,628	14,662	15,110	15,531	15,935	16,197	16,569	16,934	17,273	
Inflation	468	621	633	565	564	566	563	558	552	339	338	
Superannuation Fund deficit: actuarial increase	0	0	520	0	0	0	0	0	0	0	0	
Net savings (approved in previous years)	(796)	(436)	(119)	(117)	(143)	(162)	(301)	(186)	(187)	0	0	
New growth and savings	0	0										
Net Service Expenditure b/f	13,443	13,628	14,662	15,110	15,531	15,935	16,197	16,569	16,934	17,273	17,611	
Financing Sources												
Government Support (1)	(4,646)	(3,998)	(3,598)	(3,466)	(3,391)	(3,359)	(3,460)	(3,564)	(3,671)	(3,781)	(3,894)	
New Homes Bonus (less Big Community Fund)		(490)	(711)	(942)	(1,185)	0	0	0	0	0	0	
Council Tax	(9,251)	(8,782)	(9,045)	(9,407)	(9,783)	(10,174)	(10,581)	(11,004)	(11,444)	(11,902)	(12,378)	
Council Tax Support grant and other funding		(747)	(769)	(800)	(783)	(776)	(799)	(823)	(848)	(873)	(899)	
Interest Receipts	(173)	(222)	(246)	(335)	(302)	(279)	(261)	(245)	(232)	(225)	(221)	
Contributions to Reserves	330	430	330	330	330	330	330	330	330	330	408	
Contributions from Reserves	(536)	(526)	(524)	(521)	(519)	(516)	(513)	(511)	(508)	(505)	0	
Total Financing	(14,276)	(14,335)	(14,563)	(15,141)	(15,633)	(14,774)	(15,284)	(15,817)	(16,373)	(16,956)	(16,984)	
Budget Gap (surplus)/deficit	(833)	(707)	99	(31)	(102)	1,161	913	752	561	317	627	2,758
Contribution to/(from) Stabilisation Reserve	833	707	(99)	31	102	(1,161)	(913)	(752)	(561)	(317)	(627)	(2,758)
Unfunded Budget Gap (surplus)/deficit	0	0	0	0	0	0	0	0	0	0	0	0

Remaining balance in Budget Stabilisation reserve: 930

Assumptions

Government Support: -9% in 13/14, -10% in 14/15, -4% in 15/16, -2% in 16/17, -1% in 17/18, +3% later years
 Council Tax: 0% in 12/13, 3% in 13/14 & 14/15, 4% later years (as agreed by Council Feb 12)
 Interest Receipts: 13/14 0.8%, 14/15 0.9%, 1.3% later years (based on Sector Bank Rate forecast + 0.3%)
 Pay award: 0% in 12/13, 1% in 13/14, 1.5% in 14/15, 2% later years
 Increments: 1.5% in all years
 Other costs: 2.5% in 12/13, 3.5% in 13/14, 3% in 14/15 1.75% later years
 Income: 3.5% in all years

Note 1 Government Support includes Council Tax Freeze Grants

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BUSINESS RATES RETENTION

Cabinet – 13 September 2012

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

Status: For Information

Also considered by: Services Select Committee – 25 September 2012

Key Decision: No

Executive Summary: Every local authority currently receives a major part of their Government funding through the Formula Grant which uses an extremely complex formula to allocate funding. From 2012/13 this will be replaced by the Business Rates Retention Scheme which will be one of the most significant changes ever made to the funding provided by Government to local authorities.

The effect of this change could be significant as experts are predicting large reductions to the funding received from the Government.

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 Cabinet: That the report be noted.

Recommendation to Services Select Committee: That the report be noted.

Introduction

- 1 The Department for Communities and Local Government (DCLG) launched the original business rates consultation on 18 July 2011 and subsequently published eight ‘technical papers’ to supplement and provide further detail. On 19 December 2011, the government set out its response to the consultation and how the business rates retention scheme will operate.
- 2 The legislative framework required to introduce the business rates retention scheme formed part of the Local Government Finance Bill with the intention that the new scheme will be implemented from 2013/14.
- 3 On 17 May 2012, DCLG released further information regarding the design of the scheme and on 17 July 2012 issued a consultation paper which brings all of the previous publications together.

Agenda Item 7

Why the Government wants to change the system

- 4 The local government finance system is one of the most centralised in the world with local authorities getting more than half of their income from a central government grant. Under the existing system, all businesses pay business rates to their local authority. Although the local authority collects the bills, it does not keep the money. It goes into a treasury pot and is then redistributed back to local authorities via an extremely complex formula.
- 5 The current system fails to reward local authorities for increasing new business in their area as they do not receive any of the additional business rates collected.

The new scheme

- 6 The scheme will set an initial “baseline” so that all councils receive funding broadly equivalent to their 2012/13 Formula Grant, whilst ensuring that the overall level of Government funding for local government in England does not exceed the estimate set out in the 2010 Spending Review.
- 7 This baseline figure will be compared with the actual level of business rates collected locally.
- 8 Where a local authority on average collects more than the baseline it will pay a ‘tariff’ to central government, where it collects less it will receive a ‘top-up’. As a billing authority, this council will pay a ‘tariff’.
- 9 Once underway the scheme allows local authorities to keep 50% of the additional funds they generate (split between the billing and major precepting authorities). Without adjustment this scheme would be weighted towards richer authorities who for a comparatively small investment in growth with a large amount of business property can gain large increases in their revenue.
- 10 To encourage enterprise in local authorities whatever their resources, the scheme will include a ‘levy’. For example if a local authority grows its business rates by 2% which would result in its funding level increasing by 4%, the ‘levy’ will only allow it to keep 2%.
- 11 The extra funding received from the ‘levy’ will be given to other local authorities who have had a reduction in business rates as a ‘safety net’ so that the reduction in their funding is reduced.
- 12 The initial effect of this extremely complex new scheme is very hard to predict as technical experts have come up with a wide range of forecasts that may have a significant impact on the Council’s 10-year budget. The longer term impact is also uncertain as the level of business growth in the local authority area is likely to be limited.

Key Implications

Financial

- 13 The estimated effect of the change to the Business Rates Retention Scheme is included in the 'Financial Prospects and Budget Strategy 2013/14 and Beyond' report.

Community Impact and Outcomes

- 14 The change to the Business Rates Retention Scheme is likely to affect the level of funding this council receives from Government which may result in savings being made as part of the new 10-year budget.

Legal, Human Rights etc.

- 15 None.

Conclusions

- 16 The change to the Business Rates Retention Scheme is a major change to Government funding. The effect on the funding for this council in 2013/14 and 2014/15 is unknown as various technical experts have estimated funding reductions of between 13% and 30%.
- 17 Changes in funding levels in the longer term will be affected by the level of business growth or reduction within the local authority area.

Risk Assessment Statement

- 18 The risks associated with the change to Business Rates Retention are the uncertainty of the level of funding to be provided to this council and the timing of the announcement. These risks affect the Budget Strategy.

Appendices None

Background Papers: Department for Communities and Local Government – Localising Council Tax Support documents:
<http://www.communities.gov.uk/localgovernment/localgovernmentfinance/businessrates/>

Contact Officer(s): Adrian Rowbotham Ext.7153

Dr. Pav Ramewal
Deputy Chief Executive and Director of Corporate Resources

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PLANNING POLICY TEAM LEADER MATERNITY COVER: APPOINTMENT OF CONSULTANT

CABINET 13 SEPTEMBER 2012

Report of the: DEPUTY CHIEF EXECUTIVE AND DIRECTOR OF COMMUNITY AND PLANNING

Status: For Decision

Portfolio Holder Cllr Mrs Davison.

Head of Service Group Manager Planning – Alan Dyer

Recommendation: It be RESOLVED that Tony Fullwood be appointed as a consultant to provide maternity cover for the Planning Policy Team Leader.

Background

- 1 The Planning Policy Team Leader will be on maternity leave for a year starting at the end of September. The post needs to be filled to maintain the work programme of the team which in the next year includes taking the Allocations and Development Management Plan and the CIL Charging Schedule through publication, submission and examination and also includes consultation on options for the Gypsies and Travellers Plan.
- 2 An advertisement for a one year contract for maternity cover yielded only two applications, neither of which was suitable.

Consultancy Options

- 3 The alternative of using a consultant to fill the post was then investigated and a brief based on providing the service within the available budget of £50,000 was prepared and sent to three consultants who have worked for the Council on planning policy related projects in recent years. It was considered particularly important to focus on consultants with experience of planning issues facing the District. The brief was also sent to two recruitment agencies.
- 4 The consultants approached and responses received were as follows:
- 5 Roger Tym and Partners (who prepared the original Strategic Housing Land Availability Assessment (SHLAA) in 2008). Offered a “critical friend” to advise on the CIL Charging Schedule but unable to offer a Team Manager consultant.
- 6 Tony Fullwood Associates (who provided interim management and the critical friend advice on the Core Strategy between 2007 and 2009 and prepared the

Agenda Item 8

Sevenoaks Residential Character Area Assessment in 2011). Made a submission meeting the technical requirements of the brief at a cost of £49,770.

- 7 URS (who prepared the Employment Land Review in 2007 and prepared an update in 2011). No submission received.
- 8 Two CVs were received from one of the recruitment agencies. One was for a candidate who had been rejected when the job was first advertised and the other was for a candidate from outside the region with no experience of working for a District in the South East. Neither submission specifically addressed the requirements of the brief or included a commitment to work within the available budget.
- 9 The only submission meeting the requirements of the brief is from Tony Fullwood Associates. Tony Fullwood has worked with the Council before and is familiar with planning issues facing the District and the Council's programme of planning policy work. These are important advantages that would enable him to "hit the ground running". A disadvantage is that within the available budget it will only be possible for him to work three days a week and this may require a limited adjustment to the work programme.

Options (and Reasons for the Recommendation)

It is recommended that Tony Fullwood be appointed to provide the Planning Policy Team Leader Maternity Cover role for 12 months starting 1 October.

There are two alternatives which are not recommended:

1. To re-advertise the post. This would result in a delay in filling the post and offers no guarantee that any additional suitable candidates will come forward.
2. Not to fill the post. This will leave the Planning Policy team short-staffed and without an experienced team leader at an important time for plan preparation. The work programme would need to be substantially revised, delaying some or all of the plans currently under way.

Key Implications

Financial. The appointment is funded from existing budgets.

Community Impact and Outcomes. The appointment will assist in progressing planning policy documents which support the Community Strategy.

Legal, Human Rights etc. Recruitment has been carried out in accordance with the Council's procurement process.

Equality. The appointment is made solely on the basis of ability to do the job.

Risk Assessment Statement

The main risk in making the appointment is that the work programme may be delayed because the consultant will only work three days a week. This can be mitigated by reviewing the work programme at the start of the appointment, making any detailed adjustments to ensure it remains deliverable. The other options will involve greater delay

to the work programme and the adoption of key policy documents. This would pose an increased risk to the delivery of the Council's planning strategy, particularly through a greater risk of appeals being allowed due to absence of up to date local policy.

Contact Officer(s): Alan Dyer x7196.

Kristen Paterson

Deputy Chief Executive and Director of Community and Planning

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STRATEGY FOR UNDER-OCCUPATION IN THE SOCIAL SECTOR

Cabinet – 13 September 2012

Report of the: Deputy Chief Executive and Director of Community and Planning Services

Status: For Decision

Also considered by: Services Select Committee – 19 June 2012

Key Decision: Yes

This report supports the Key Aim of:

- a) Community Plan; and
- b) Housing Strategy Action Plan.

Portfolio Holder Cllr. Mrs Carol Clark

Head of Service Head of Housing and Communications – Mrs. Pat Smith

Recommendation to Services Select Committee:

- a) Members support the adoption of the attached strategy and recommend it to Cabinet for approval as District Council policy.

Recommendation to Cabinet:

- a) Cabinet adopts the attached strategy as District Council policy.

Reason for recommendation: To support the delivery of key housing objectives contained in the Housing Strategy Action Plan; to make more effective use of the existing housing stock; and to minimise negative impacts as related welfare reform is introduced.

Background

- 1 With an acute shortage of affordable housing and the financial imperative for down-sizing as a result of upcoming welfare reform, under-occupation is a key and timely issue to consider and re-approach as a local housing strategy priority.

In-depth scrutiny

- 2 With the above in mind, District Council's Services Select Committee (SSC) agreed to undertake an in-depth scrutiny of social sector under-occupation (from September 2011 through to June 2012).

Agenda Item 9

- 3 A Member sub-group was subsequently set up and tasked with reviewing existing services (aimed at encouraging and enabling down-sizing), available resources and capacity (across the public sector), and current policies/procedures.

Key findings and recommendations

- 4 The sub-group has now concluded its investigations and presents the SSC with its key findings and recommendations, as set out in the attached strategy and supporting action plan (Appendix A).
- 5 If approved, the strategy will also provide the framework for future policy development in relation to social sector under-occupation.

Monitoring outcomes

- 6 Annual progress reports will be provided to SSC as part of ongoing performance monitoring of related outputs/outcomes. This area of housing strategy will also continue to be monitored and delivered through the Locality Board's Strategic Housing Sub-group.
- 7 Housing Services will continue to identify and share good practice between partners to further develop effective tactics to tackle social sector under-occupation.

Key Implications

Financial

Some finances would be required from Housing Association (HA) partners (which was agreed, in principle, during the strategy development stage), and supported by affordable housing planning gains – which, again, was approved through the Affordable Housing SPD priority spending criteria (p19, para. 6.11).

Community Impact and Outcomes

Key objectives would help to create better household mixes and support key local services.

Legal, Human Rights etc.

There are no issues to consider.

Resource (non-financial)

If a dedicated under-occupation officer were not agreed, an option would be to allocate some of an existing housing officer's time to under-occupation duties – though, this would see an adverse impact on the District Council's long-term empty homes work programme.

Value For Money and Asset Management

- Key objectives would provide value for money for HA partners, making much more effective use of their housing stock;

- Less CO² would be generated through more effective use of existing stock by reducing the requirement for the new-build process; and
- Key objectives would create joint working opportunities and reduce financial burdens.

Equality Impacts

Does the activity have the potential to cause adverse impact or discriminate against different groups in the community?

No

Does the activity make a positive contribution to promoting equality?

Yes – more housing would be allocated to suit wider household needs.

Summary of Impacts

There are no adverse impacts to consider.

Sustainability Checklist

Completed and available from Housing Policy by request.

Conclusions

The attached strategy would go some way towards delivering future housing strategy in a restricted financial environment.

Risk Assessment Statement

There are a number of risks associated with not adopting the attached strategy, including:

- A weaker response to the current financial environment and limited affordable housing development opportunities going forward into the medium-term;
- Growing numbers on the Sevenoaks District Housing Register;
- Under-occupying households unable to pay rent shortfalls when welfare reform is introduced;
- HAs suffering significant numbers of rent defaults, impacting on revenue and future borrowing; and
- Increased homelessness as households are evicted and/or are unable to secure affordable housing to suit their situation.

Appendices

Appendix A – Under-occupation Strategy

Agenda Item 9

Background Papers: Housing Strategy Action Plan;
Community Plan; and
Affordable Housing SPD.

Contact Officer(s): Pat Smith, x7355
Gavin Missons, x7332

Kristen Paterson

Deputy Chief Executive and Director of Community and Planning Services

UNDER-OCCUPATION STRATEGY 2012 - 2015

In-Depth Scrutiny by:
Services Select Committee

This publication is available in large print. For a copy call 01732 227414

This publication can be explained in other languages by calling the Language Line officer in Housing Services on 01732-227000.

www.sevenoaks.gov.uk

Additional copies of this publication can be obtained on the District Council's website or by calling Housing Policy on 01732-227000.

Address: Council Offices, Argyle Road, Sevenoaks, Kent TN13 1HG

September 2012

Contents

Introduction	1
In-depth scrutiny process	2
Definition	
Assessing supply and demand	
Typical household types	6
Barriers to down-sizing	
Effects of under-occupation	
Key benefits of reducing under-occupation	8
Upcoming welfare reform	9
In-depth scrutiny recommendations	10
Governance and monitoring	
Action plan	11
Abbreviations	17

NOTE

The main aim of this strategy is to encourage, support and assist social housing tenants who wish to down-size, but in no way seeks to force under-occupying tenants to move. Despite this key strategy approach, which is focussed on support, it is recognised that Government’s upcoming welfare reform relating to under-occupation may indeed result in some families having no choice but to move out of their current social tenure housing, particularly due to rent shortfalls. With this in mind, the strategy also includes some measures aimed at supporting social housing landlords as they try to rehouse or otherwise prepare their under-occupying working-age tenants for these changes.

Introduction

Being an expensive area which is mostly designated Green Belt, there are limited opportunities to develop affordable housing. As a result, local housing strategy seeks to make best use of the existing housing stock to meet the District's ongoing housing need and demand.

Recent research has highlighted a significant level of under-occupation across sectors, as would be expected. Under-occupation occurs mostly as family make-up changes over time, e.g. children leaving home; relationship breakdowns or widowhood; or legal succession to tenancies in social rented housing. This is typical across much of the country and local authorities are increasingly reviewing under-occupation in search of cost-effective housing strategy.

At present, very few local households are actively looking to downsize and there is consequent scope to improve take-up. Improving on current levels of down-sizing would help to free-up additional family housing, much of which is currently under-occupied by two-bedrooms or more.

A proven approach elsewhere is one that has combined the availability of smaller decent/quality housing, a range of transitional support services, and some cash incentives to further encourage take-up. Many of these services are already in place locally, but more could be done to build on and improve existing options.

Better matching households to properties would help to address the key policy objective of making best use of the existing housing stock and a number of other consequent housing strategy objectives, e.g. less use of emergency/temporary accommodation; reduced cases of over-crowding; and more sustainable household and neighbourhood mixes.

In turn, this would support wider policy objectives such as containing growing Housing Benefit expenditure, encouraging mobility and economic development, and driving more people back into paid employment (all intended outcomes of the Localism Act and current Welfare Reform).

Although under-occupation is a cross sector issue and, in fact, more predominant in the private sector, this strategy will focus on social housing - the sector where local authorities and housing associations can best influence change.

With an acute shortage of affordable housing and the financial imperative for down-sizing as a result of upcoming welfare reform, under-occupation is a key and timely issue to consider and re-approach as a local housing strategy priority.

In-depth scrutiny process

With the above in mind, the District Council's Services Select Committee (Committee) agreed to undertake an in-depth scrutiny of social sector under-occupation. The Committee formed a member sub-group to review existing services (aimed at encouraging and enabling down-sizing); available resources and capacity (across the public sector); and current policies/procedures.

Members of the sub-group included: 1) Cllr Faye Parkin (Chair); 2) Cllr Barbara Ayres; 3) Cllr Angela George; 4) Cllr Lorraine Stack; 5) Cllr Michael Horwood; and 6) Cllr Robert Piper. Officers attended this sub-group as advisors.

Definition

The extent of under-occupation is measured by the actual number of bedrooms required by the household. For the purposes of this strategy, under-occupation is defined as: 'where a household is occupying a property with one or more bedrooms above the statutory requirement'.

Assessing supply and demand

Housing stock profile

The District has a higher than average proportion of larger detached housing and a consequent lower proportion of semi-detached, terraced and flats/maisonettes. Such a stock profile offers fewer opportunities for those looking to down-size and this is compounded by higher than average values across all property types in the District.

At 14%, the District has a lower proportion (and overall number) of social housing units than its local authority counterparts in West Kent.¹ There are also a lower number of 1-bedroom units in comparison to neighbouring authorities and this, again, results in fewer opportunities for down-sizing. At April 2012, the District's social housing stock comprised: 1-beds (19%); 2-beds (35%); 3-beds (44%); and 4-beds (2%).

Current under-occupation in the social sector

Social sector under-occupation was compared alongside overcrowding data and highlighted a significant miss-match of households to properties.² This reinforced

¹ The generic term 'affordable housing' is defined as and includes: social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market.

² Data compiled from two main stock holding HAs (comprising c95% of the District's social housing stock)

Agenda Item 9

existing housing strategy which aims to make more effective use of the existing stock to meet housing need. As can be seen, there is scope for mutual exchanges between these groups (addressing both issues through the one action).

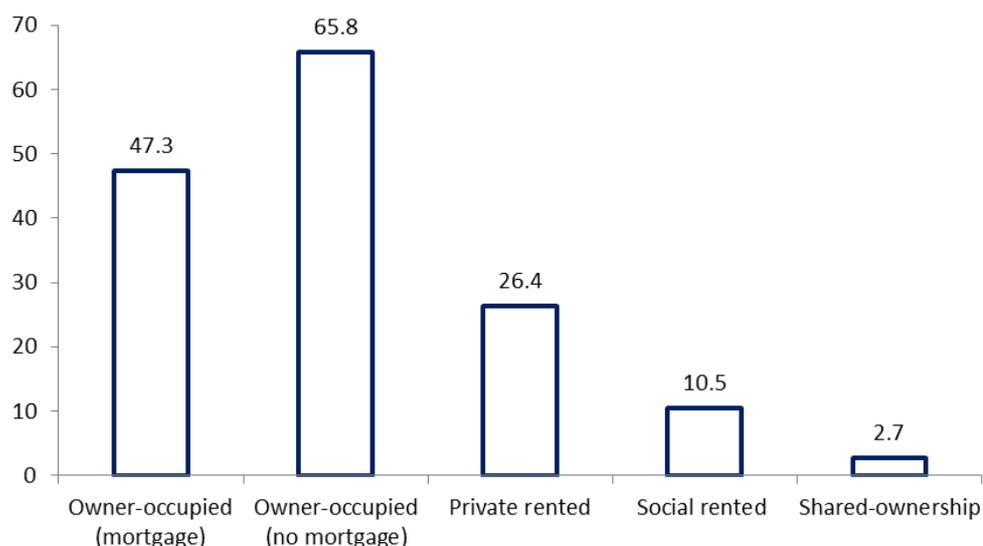
Under-occupation (number of bedrooms in excess of what household requires)		
	Moat Homes Ltd	West Kent HA
1-bedroom	0	1,086
2-bedrooms	66	790
3-bedrooms	57	28
4-bedrooms (+)	5	1

Over-crowding (number of bedrooms short of what household requires)		
	Moat Homes Ltd	West Kent HA
1-bedroom	0	528
2-bedrooms	24	88
3-bedrooms	42	13
4-bedrooms (+)	1	5

Tenures

The District Council and its housing association partners are best placed to tackle under-occupation in the social sector. Focusing on social tenures would also help to ensure that public resources are utilised to best effect (social sector under-occupation being an area where, mostly, this is not the case).

Under-occupation by tenure (%)



As can be seen, a great deal of the District's under-occupation occurs in the private sector and this has long been the case. Many of those under-occupying in private housing wish to do so, however, and housing strategy does not aim to

discourage this choice, nor could it do so (being a market phenomenon mostly beyond the remit of housing strategy).

The planning framework does, however, encourage the development of smaller private sector dwellings to balance the housing stock - there being a high proportion of larger, detached and executive private sector housing in the District. This helps to increase market housing options for those looking to down-size in the private sector and can therefore be considered in the overall approach to reducing under-occupation.

Although under-occupation is not as acute in the social sector, the scale is still significant and one that needs to be addressed in housing strategy. This is similarly the case across West Kent and there is scope to address the issue sub-regionally and in the context of the overall West Kent housing market.

Sevenoaks District Housing Register

At November 2011, just 58 households were registered on the Sevenoaks District Housing Register as actively looking to down-size to more suitable housing. Of those, 62% were located in urban areas and 38% in rural parishes. This accounts for just a small percentage of those currently under-occupying in the social sector and demonstrates significant scope for improving take-up.

Sevenoaks District Housing Register (applicants/family units)	
1-bedroom	785
2-bedrooms	388
3-bedrooms	248
More than 3-bedrooms	62
Not stated	2
Total	1,485

Strategic Housing Market Assessment (2008)

The West Kent Strategic Housing Market Assessment (2008) identified a shortfall of all property sizes in the social rented sector. These findings are backed up by growing numbers on the Sevenoaks District Housing Register and reflect a general increase in the need for affordable housing (both locally and across West Kent). Lettings data shows a higher turnover of 1 and 2-bed units, as would be expected, but need is also greater for smaller units – so need has grown over time, rather than reduced. In comparison, turnover rates are much longer for larger units and need has consequently grown, but with fewer re-lets arising.

Anticipated re-lets

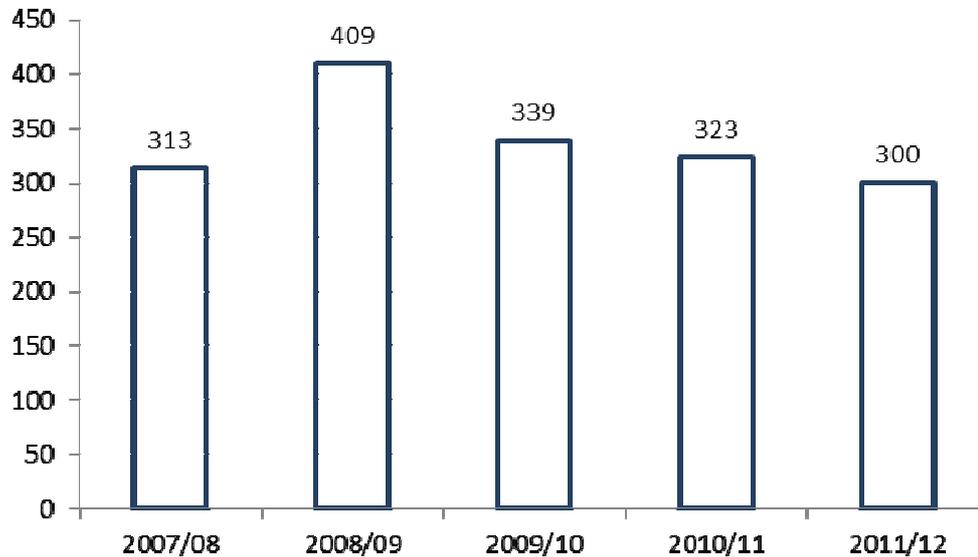
With two decant projects underway on outdated sheltered housing schemes, a number of recent 1- and 2-bed vacancies have been offered to affected residents.³ This will continue in the short-term and consequently impact on the availability of smaller units for those looking to down-size. A number of decanted

³ Redevelopment of older people’s housing schemes at Bonney Way, Swanley and St Andrew’s Court, Swanley

Agenda Item 9

residents have expressed a desire to return to completed schemes and this will create a temporary surge in small unit vacancies (both in new and existing units) in the medium-term.

Historic re-lets



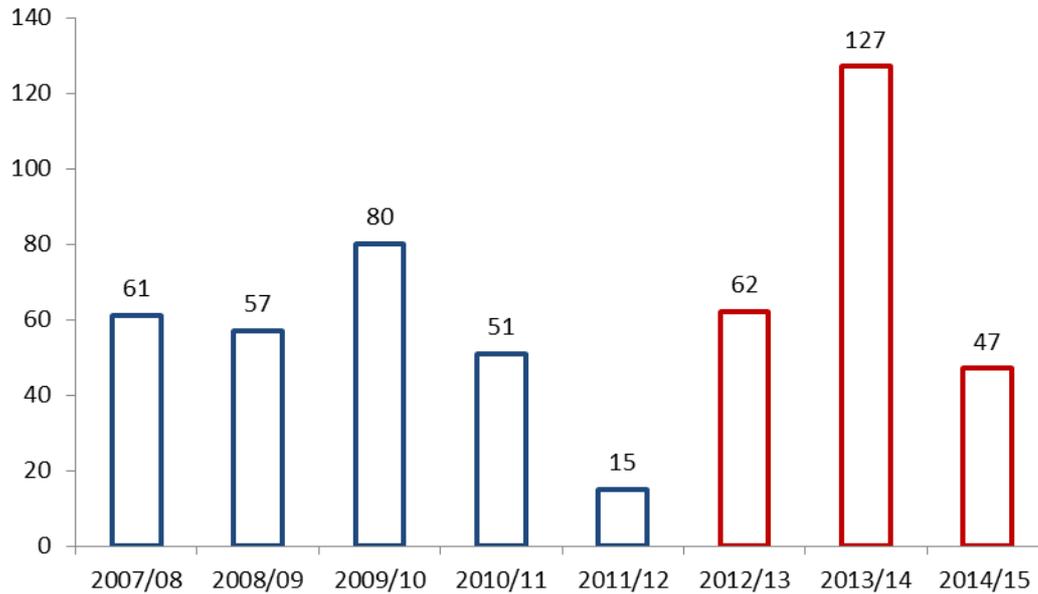
New social housing

The District Council's affordable housing development programme continues to deliver new affordable housing, albeit it in relatively small numbers. In the past 5-years, a total of 264 units were completed and these ranged in size from 1- to 4-bedrooms. Looking ahead, a further 236 units are anticipated in the period up to 2014/15. Approximately 65% of previous and planned developments are 1- and 2-bed units.

The Core Strategy has a target of 40% affordable housing on development sites with 15 units or more; 30% on sites with 10-14 units; and 20% for those with 5-9. Of those proportions, a target of 65% one and two-bed units is included.

New and anticipated development will not address under-occupation on its own. However, new housing can be designed with under-occupiers in mind and to consequently better meet their needs (something that has been identified as a positive measure). Older people, particularly, will only consider down-sizing if there is an appealing alternative to move to and this is often not the case. Therefore, new development does continue to play an important part in the overall strategy to increase down-sizing and new units can be designed accordingly.

Social housing development programme (units completed/anticipated)



With limited re-lets and relatively few development opportunities, there is a need to step-up social sector under-occupation activity in order to avoid significantly growing numbers on the housing register as unemployment rises and more people become financially constrained.

Typical household types

Relevant data is being collected and will be improved on as part of the development of this strategy. Generally, though, there are a high proportion of middle-aged occupiers and older residents under-occupying in the District’s social housing (corresponding with under-occupation across the country).

Barriers to downsizing

There are a number of reasons why people wish to remain under-occupying in their current homes (across sectors) and key disincentives for those who might otherwise consider down-sizing. These are summarised, as follows:

- Having family, friends and a good support network in the neighbourhood;
- The property holding memories, i.e. family home;

Agenda Item 9

- The property being a safety net for the occupier;
- Accumulated possessions and storage issues, if down-sizing;
- Rapidly changing society - worried about new and unfamiliar neighbours/ neighbourhoods; experience and/or perception of anti-social behaviour, crime elsewhere; already unsettled in modern society and consequently wanting to remain in familiar surroundings;
- Pets - companions; having the run of a larger house/garden; known and settled environment; perhaps pets not permitted elsewhere;
- Being the support network for others, i.e. older people looking after one another; or caring for other, perhaps more older and frail neighbours;
- People having high aspirations for space and liking the status that goes with having a big home, garden and garage;
- Some people under-occupying deliberately - including an increase in home working;
- Always wanting to have at least one spare bedroom, plus space for other activities;
- Older people requiring a spare room for grandchildren or a carer;
- Having non-dependent children staying on occasion;
- Disabled people requiring spare room for a carer and/or medical equipment; and
- Lack of suitable or desirable housing to downsize to, either in the same neighbourhood or general area.

Effects of under-occupation

Long-term occupation can provide stability for households and neighbourhoods, though a number of consequent issues can also arise as household sizes reduce. Managing a larger home can be far more expensive and difficult to manage, particularly for older and vulnerable households. Many under-occupiers can find themselves struggling to pay additional rent and also fall into fuel poverty, with heating costs having risen way above inflation in recent years. As time goes by, homes can also fall below standard as jobs mount up, e.g. in need of redecoration; furniture in need of replacement; and/or unmanageable gardens.

Making up the largest generational cohort, older people can experience additional issues with mobility such as climbing stairs, using bathrooms, and generally navigating a larger property. Aids, adaptations and support services can assist those in need, but these are not the best or most practical solution in a great deal of cases. Support can also be the least financially-effective means of addressing

need, i.e. a move to a more suitable property can negate support needs in many cases and significantly reduce costs to the household and/or service providers. This will increasingly be the case as improving assistive technologies and telecare enables more remote care and becomes the norm.

An unbalanced household mix can also have a wider negative effect on local services such as schools, for instance. This can see some under-utilised in areas where a high number of older households may have evolved through time and stretched elsewhere with an over-capacity of new families living in unsuitable and/or over-crowded accommodation.

Community imbalance can be particularly evident in rural areas where newly-forming and economically-active (but low-income) households have to leave the area in search of cheaper family housing elsewhere. Those left may be mostly middle/high earners (and not likely to take up local key/essential worker roles), and economically-inactive groups such as older people or those fully dependent on welfare benefits. As a consequence, key and essential worker roles may be hard to fill and this can, in turn, directly affect local commerce and see neighbourhoods/areas suffer a downturn.

With a wide-range of consequent negative effects, under-occupation can have a serious and wide-ranging impact on communities. If addressed, this area of housing strategy has the potential to provide direct housing solutions as well as contributing to a wide range of other community outcomes.

Key benefits of reducing under-occupation

There are clear benefits to those down-sizing, including lower rents; council tax and water bills; having somewhere easier and cheaper to manage; absence of stairs; possibility of more care and support; escaping harassment and/or anti-social behaviour; and a better quality of life.

Conversely, over-crowded households can be offered freed-up family housing with evidenced benefits being a reduction in stress; improvements in general health; and children's education/development improved in a more stable environment with quiet/separate space to do homework.

With limited social housing in the District, social landlords would be able to make better use of the housing stock by better matching households to properties in the social rented sector. The result of this would be less pressure on the local housing register and fewer households living in emergency, temporary and other unsuitable accommodation - all key and existing local housing strategy objectives.

With additional re-lets created by households downsizing, less reliance would need to be placed on new development. This is particularly important with significantly reduced Government grant going forward and social housing development being particularly costly in the Sevenoaks District.

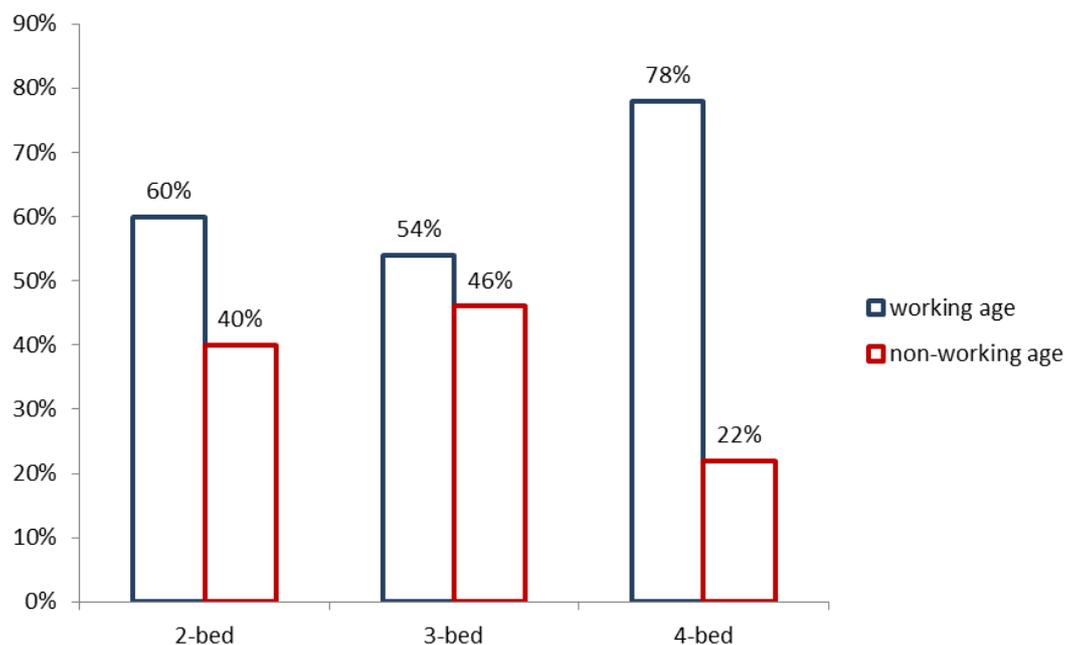
Agenda Item 9

A sustainable community requires a good mix of households with a range of income levels. Reducing under-occupation can directly address the housing shortage and contribute to wider sustainability - the key overarching priority of the District Council's Community Plan.

Upcoming Welfare Reform

Social housing tenants currently benefit from long-term security of tenure and are not required to downsize to smaller accommodation when children grow up and move out. From April 2013, however, new rules will see working-age social tenants experience a reduction in their entitlement if they live in housing that is deemed to be too large for their household's needs.⁴ This new rule corresponds with existing size criteria for private sector tenants receiving Housing Benefit and puts social housing tenants on a par with their private sector counterparts.

Under-occupation by working/non-working age



With the above in mind, under-occupiers can be approached as two separate groups for strategy purposes: 1) those that would benefit from a move but could essentially stay-put, and 2) those that will have no alternative but to down-size, being unable to fund the anticipated shortfall in benefits themselves. Clearly, there is a pressing need to address the second group in the short-term and as a priority.

⁴ Working-age defined as those below the qualifying age for Pension Credit (expected to be at 61 by April 2013 and rise in line with women's state pension age until equalisation with men is achieved in 2018)

It is important that social tenants under-occupying their home are given sufficient priority to enable them to move to smaller accommodation – both to address anticipated shortfalls in benefit payments and also to free-up family-sized homes. However, a key concern is that there will be too few smaller homes available for those affected by welfare cuts to be able to down-size to.

This could leave many households with no option but to move out of the area in search of cheaper rents, as is currently being seen with out-migration from the more expensive London boroughs. The effects of such a policy are not yet known, though wide-ranging concerns have been raised with Government.

Those not moving to more suitable alternative accommodation may well find themselves falling into rent arrears with little chance of making up the shortfall. This would not only see housing associations losing revenue, but potentially having to take costly and lengthy action to evict tenants as arrears mount up (with little chance of recovering debts).

In order to minimise potentially significant housing crises, affected households are being informed ahead of these changes and given housing options advice in good time. By taking a proactive approach, housing associations will be less likely to experience significant rent defaults in the future - a key current concern for those organisations and equally amongst partners, such as the District Council, who rely on housing associations' development programmes to deliver local housing strategy.

Considering the above, a key short-term focus of this strategy will be to prioritise those likely to be affected by upcoming welfare cuts, with the aim of minimising future housing crises. This approach would also help to protect housing association delivery programmes by addressing anticipated debt issues beforehand - with the key outcome still being a more effective use of the limited social housing stock to meet future need.

In-depth scrutiny recommendations

Having completed sub-group investigations, a panel meeting was held on 03/04/12 and provided committee members with the opportunity to question a range of experts on under-occupation.⁵

A number of options and approaches were subsequently considered and agreed. The following action plan sets out the Committee's final recommendations to tackle social sector under-occupation for the period up to and including 2014/15.

⁵ Summary of questions and answers can be viewed at: www.sevenoaks.gov.uk/housing

Agenda Item 9

Action Plan

The strategy will aim to generate additional demand, but at a manageable rate to ensure that supply is adequate. To do so, short-term objectives will address an anticipated demand in down-sizing from those affected by upcoming welfare reform and longer-term plans will fit in with pipeline developments and the subsequent availability of smaller units.

More generally, this strategy aims to collectively contribute to a number of wider outcomes, including:

- Maximising the usage of social housing stock to meet housing need;
- Reducing numbers on the local housing register;
- Maximising the satisfaction of tenants;
- Reducing financial exclusion;
- Reducing fuel poverty;
- Making best use of local resources e.g. aids and adaptations, gardening and handy person services;
- Enabling greater mobility within the social rented sector;
- Avoiding crises as tenants face benefit deductions for under-occupation;
- Reducing Housing Benefit budgets;
- Driving more people back into paid employment; and
- Encouraging wider economic development.

As above, the main aim of this strategy is to encourage, support and assist social housing tenants who wish to down-size, or those who may otherwise face a shortfall in housing benefits when new rules are introduced. It also aims to support older people who may wish to remain independent in their own homes and to support those who would benefit from down-sizing to a more suitable home. This approach has been tried and tested elsewhere and works well.

Governance and monitoring

Periodic progress reports will be provided to the Committee as part of ongoing performance monitoring of related outputs/outcomes. The first such report will be due in July 2013. Additionally, this area of housing strategy will continue to be monitored and delivered through the Sevenoaks Locality Board's Strategic Housing Sub-group, having already completed its own officer review of strategy related to under-occupation.

This strategy will also link in with the following:

	Section
Housing Strategy Action Plan	17
Sustainable Community Action Plan (11-13)	2.1, 2.2, 11.4 & 11.6
Balanced Communities	1 & 7
Kent Forum Housing Strategy	4

OBJECTIVE	LEAD	BY WHEN	EXPECTED OUTCOME
<u>Partnership working</u>			
Work with Moat and WKHA to explore opportunities for a specialist officer to act as advocate and advisor for people down-sizing	LW/HAs	11/2012	Officer in place for 1-year trial period
Increase funding for the Small is Beautiful scheme to coincide with strategy drive (if possible, SDC to provide £20k from planning gains for year one)	LW/HAs	10/2012	Increased take-up (SSC would like WKHA to aspire to at least 20 x cases per annum and to review in 1-year)
Assist working-age tenants to avoid benefit deductions for under-occupation by offering suitable down-sizing options	HERO scheme	Ongoing	Fewer benefit dependent households in difficulty; minimal HA rent arrears
Increase the supply and availability of smaller affordable homes	HP/HAs	Ongoing	Additional units available for down-sizing
Work with smaller HAs to offer down-sizing incentives	LW/HAs	Ongoing	Incentives in place for smaller stock-holding HAs
Increase the supply of properties that meet the needs of disabled down-sizers	HP/HAs	Ongoing	Improved down-sizing options for older and disabled households
Increase the supply of modern supported housing for older people	LC/HAs	Ongoing	Improved down-sizing options for older households
Promote and participate in local/national home-swapping schemes	LW/HAs	Ongoing	Improved down-sizing and mobility options
Review mutual exchange policy and consider chain lettings approach to facilitate a number of different moves at once	HAs	Ongoing	Improved take-up
Develop sustainable community lettings plans on new development to enable down-sizing	GM/LC	2012/13	Sustainable community lettings plans in place to prioritise under-occupiers

<p>Work with the Elderly Accommodation Counsel to develop a local FirstStop service (work now underway and SDC taking part in West Kent pilot ahead of planned county scheme)</p> <p>Consider taking suitable 1- and 2-bed units out of CBL for direct lets to under-occupiers</p> <p>Explore sub-regional approach with West Kent LAs</p>	<p>GM/LC/JE</p> <p>JE/HAs</p> <p>JE/GM/HAs</p>	<p>2012/13</p> <p>2012/13</p> <p>2012/13</p>	<p>Improved services for older under-occupiers</p> <p>Improved options</p> <p>Improved options</p>
<p><u>Promotion and communication</u></p> <p>Develop targeted communications for groups identified with specific needs</p> <p>Review and improve existing communication channels for disseminating information about housing options to under-occupying households</p> <p>Deliver digital inclusion initiatives to increase use and access to Kent HomeChoice for potential mutual exchanges</p>	<p>LW/HAs</p> <p>LW/HAs</p> <p>HAs</p>	<p>10/2012</p> <p>10/2012</p> <p>Ongoing</p>	<p>More reach and raised awareness amongst key under-occupying groups; linked in with Moat UO strategy</p> <p>Generic leaflet produced and promoted amongst under-occupiers; campaigns through Kent HomeChoice</p> <p>Increased access/mutual exchanges</p>

<u>Policy development/implementation</u>			
Increase housing mobility through a clear Allocations Policy:			
- Consider additional priority for under-occupiers	JE/LC/WKHA	01/2013	Policy in place/improved take-up
- Consider offering priority for new one and two-bed units as an incentive for under-occupying households to move to	JE/LC/WKHA	01/2013	Sustainable community lettings plans introduced on new schemes giving priority to under-occupiers at first-let
Develop under-occupied/over-crowded mutual exchange policy/procedures	HAs	Ongoing	Improved take-up/reduced OC
Discourage/prevent mutual exchanges that result in under-occupation	HAs	Ongoing	Policies/procedures in place
Consider removing no-pet policies on currently restricted schemes to improve down-sizing options for older people	HAs	2012/13	Amended policies, where appropriate; improved take-up
Consider including UO clauses in new tenancies	HAs	2012/13	Amended policies
Review and update succession policy to avoid subsequent UO	HAs	2012/13	More control over UO
Ensure that under-occupation is considered in all relevant future policy reviews	All	Ongoing	Effective housing strategy

<p><u>Housing intelligence</u></p> <p>Develop a more comprehensive housing database to capture information</p> <p>Undertake surveys of tenants to identify down-sizing preferences</p> <p>Undertake follow-up surveys for those who have down-sized</p> <p>Review SDC/HA data sharing to ensure targeted advice and schemes to the right customers</p>	<p>HP/HAs</p> <p>HAs</p> <p>HAs</p> <p>HP/HAs</p>	<p>2012/13</p> <p>Ongoing</p> <p>Ongoing</p> <p>2012/13</p>	<p>Accurate information available to assess strategy performance/effectiveness</p> <p>Feedback considered in ongoing service development</p> <p>Feedback considered in ongoing service development – further promotion of successful cases</p> <p>Improved housing intelligence</p>
<p><u>Alternative tenures</u></p> <p>Promote private sector options through landlord forums; lettings scheme etc</p> <p>Promote HomeBuy options to those under-occupying</p> <p>Consider SHOE schemes on new affordable housing developments to provide intermediate options for older people</p> <p>Consider extending cash incentive payments to enable tenants to purchase open market or shared-ownership properties</p>	<p>JE</p> <p>HP/HAs</p> <p>HP/HAs</p> <p>LB Strategic Housing Sub-</p>	<p>Ongoing</p> <p>2012/13</p> <p>Ongoing</p> <p>2013/14</p>	<p>More down-sizing across tenures</p> <p>Increased take-up; drop-in session provided</p> <p>Additional down-sizing options for older people looking to retain equity</p> <p>Additional down-sizing options/freed-up social sector units</p>

<p>Consider rent differences for those down-sizing from social rented to new affordable rented tenures</p> <p>Ensure that under-occupation strategy is taken into account in future development plans</p>	<p>group</p> <p>LW/JE/HAs</p> <p>All</p>	<p>2013/14</p> <p>Ongoing</p>	<p>Affordability issues identified and addressed</p> <p>Improved housing strategy response</p>
<p>Monitoring</p> <p>Establish social sector under-occupation baseline data and agree clear targets for tackling under-occupation (clearer targets to be agreed when additional funding and dedicated post objectives are decided)</p> <p>UO Action Plan to be placed on the Committee's Work Plan for review</p>	<p>HAs/HP</p> <p>HP</p>	<p>10/2012</p> <p>07/2013</p>	<p>Improved housing intelligence/strategy assessed/targets in place</p> <p>First progress report to SSC in July 2013</p>
<p>Ongoing service improvements:</p> <p>Monitor and review through LB Strategic Housing Sub-group</p> <p>Provide staff training in our approach to under-occupation</p> <p>Produce case study pack to further promote scheme</p>	<p>LB Strategic Housing Sub-group</p> <p>LW</p> <p>LW</p>	<p>Bi-annual</p> <p>2012/13</p> <p>2012/13</p>	<p>Performance assessed; tactics reviewed; strategy developed</p> <p>Increased expertise</p> <p>Improved promotion; elected members promote to parish/town councils</p>

Undertake case study cost-benefit analyses	LW	2012/13	Financial effects (residents/partners) considered in policy development
Benchmark against best practice via CLG's Making Best Use of Stock Team	HP	Ongoing	Service improvements/ongoing learning

Abbreviations

CB GM HA HP JE LC LW LB SHOE WKHA	CHOICE-BASED LETTINGS GAVIN MISSONS HOUSING ASSOCIATIONS HOUSING POLICY JANE ELLIS LIZ CROCKFORD LISA WEBB LOCALTIY BOARD SHARED-OWNERSHIP FOR THE ELDERLY WEST KENT HOUSING ASSOCIATION
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LONDON ROAD, SEVENOAKS - UPDATE

Cabinet – 13 September 2012

Report of the: Chief Executive

Status: For Decision

Key Decision: No

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

Portfolio Holder Cllr. Ramsay

Head of Service Head of Legal and Democratic Services – Mrs Christine Nuttall

Recommendation:

That the Cabinet of the Council note the contents of this report and the progress made too date and, in order to be able to respond promptly in securing the most advantageous terms for the Council, to authorise the Chief Executive in consultation with the Leader of the Council and the appropriate Portfolio Holder to agree the terms of the transfer of the Council's interests in the site in order to secure the development a described.

Introduction

- 1 The District Council owns the freehold of the two car parks shown as 27 Pembroke Road and London Road and hold a long lease of the property shown as 66 London Road on the attached plan.
- 2 The freehold of 66 London Road is owned by a local development company which is in the process of selling their interest to Reef Developments.
- 3 Reef Developments have submitted a planning application for the redevelopment of all three sites shown on the plan to provide a 42,300 sq. ft. retail unit (provisionally pre-let to Marks & Spencer Plc) and 22 one and two bed residential units including 6 social residential units.
- 4 At present the proposal, subject to a satisfactory planning consent being granted, is for the Council to transfer its land interests to Reef Developments and Chase and Partners have been retained to represent the Council's interests in this matter. Members will recall that Chase and Partners advised the Council in respect of the adjoining Blighs Meadow Compulsory Purchase Order and redevelopment and are acknowledged as a leading authority on town centre redevelopment.

Agenda Item 10

- 5 The respective valuers are close to agreeing terms. In negotiations of this type, particularly in the current sensitive economic climate, speed is of the essence, and it is unlikely that the decision making process will be able to wait for the usual cycle of meetings. For this reason it is proposed that Cabinet delegate authority to the Chief Executive in consultation with the leader of the Council and the appropriate Portfolio Holder to agree the negotiated terms. These will of course reflect the best market value terms as recommended by the Council's professional valuers.

Other Options Considered and/or Rejected

Given the current economic and development climate it is considered that a town centre development such as this could only be considered viable if supported by a top quality retail covenant.

Key Implications

Financial

Should the project proceed a substantial sum will be added to the Council's reserves but it is considered unlikely that a solution could be found to generate an on-going revenue income from the scheme for the Council

Community Impact and Outcomes

The main impacts of such a scheme would be the effect on town centre traffic generation and car parking, these issues and their resolution will form part of the planning considerations.

Legal, Human Rights etc.

There are no identified legal or human rights issues associated with this proposal.

Value for Money and Asset Management

The disposal of the Council's interests in the properties within this proposal will generate a capital receipt and reduce the revenue expenditure incurred in maintaining its leasehold interest in 66 London Road but reduces the income currently generated by the public car parks within the site.

Risk Assessment Statement

Should this proposal not proceed the land will remain in its current use for the foreseeable future or be developed in a piecemeal manner. The Council owned areas could remain as public car parking and continue to generate income

Appendices

Appendix A – Location Plan

Background Papers:

Property - London Road/Reef Developments file

Planning application SE/12/01611

Contact Officer(s):

Jim Latheron – Extn 7209

Robin Hales

Chief Executive

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