



## DISTRICT COUNCIL

Despatched: 28.11.12

### **CABINET**

**6 December 2012 at 7.00 pm**

**Conference Room, Argyle Road, Sevenoaks**

### **AGENDA**

#### **Membership:**

Chairman: Cllr. Fleming

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

	<b><u>Pages</u></b>	<b><u>Contact</u></b>
<b>Apologies for Absence</b>		
1. <b>Minutes</b> Minutes of the meeting held on 8 <sup>th</sup> November 2012	(Pages 1 - 8)	
2. <b>Declarations of interest</b> Any Interests not already registered.		
3. <b>Questions from Members (maximum 15 minutes)</b>		
4. <b>Matters referred from Council</b> None		
5. <b>Matters referred from the Performance and Governance Committee and/or Select Committees (Paragraph 5.20 of Part 4 (Executive) of the Constitution)</b>	(Pages 9 - 12)	
6. <b>Property Review - Cobden Road Centre, Sevenoaks</b>	(Pages 13 - 20)	Jim Latheron Tel: 01732 227209
7. <b>West Kent Cold Store Section 106 Agreement - Community Facilities</b>	(Pages 21 - 34)	Lesley Bowles Tel: 01732 227335
8. <b>Treasury Management Update</b>	(Pages 35 - 58)	Roy Parsons Tel: 01732 227204
9. <b>Budget Update</b>	(Pages 59 - 94)	Adrian Rowbotham Tel: 01732 227153



Indicates a Key Decision



indicates a matter to be referred to Council

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.

Should you require a copy of this agenda or any of the reports listed on it in another format please do not hesitate to contact the Democratic Services Team as set out below.

For any other queries concerning this agenda or the meeting please contact:

**The Democratic Services Team (01732 227241)**

**CABINET**

Minutes of the meeting of the held on 8 November 2012 commencing at 7.00 pm

Present: Cllr. Mrs. Davison (Vice-Chairman, in the Chair)

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

Apologies for absence: Cllrs. Fleming and Mrs. Bracken

Cllrs. Clark and Walshe were also present.

42. Minutes

Resolved: That the minutes of the Cabinet meeting held on 11 October 2012 be approved and signed as a correct record.

43. Declarations of interest

There were no declarations of interest.

44. Questions from Members (maximum 15 minutes)

There were no questions.

45. Matters referred from Council

No matters were referred from Council.

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

- (a) Edenbridge Conservation Area Appraisal and Management Plan  
(Environment Select Committee – 4 September 2012)

This was considered under Minute 50.

- (b) Annual Review of Car Parking Charges for 2012/14 and Christmas Parking 2012  
(Environment Select Committee – 23 October 2012)

This was considered under Minute 47.

- (c) Kent Joint Municipal Waste Management Strategy (Services Select Committee – 1 November 2012)

This was considered under Minute 49.

47. Annual Review of Parking Charges for 2013/14 and Christmas Parking 2012

The Portfolio Holder for the Cleaner and Greener Environment introduced the report and thanked the Environment Select Committee and Officers for working up the recommendations presented in the report. The increase in charges that were being proposed, 4.1% for car parks and 3.6% for on-street parking, met the budget plan increase for 2013/14 which was set at 3.5%. It was hoped that the proposed increases would cause as little pain as possible to the local traders.

The Portfolio Holder also recommended that free parking throughout the District be offered on Saturday 15<sup>th</sup> December and Saturday 22<sup>nd</sup> December and reported that all parking charges would be waived in all car parks and on-street parking areas in and around Sevenoaks town centre after 6pm on 30 November 2012 and in Westerham after 5pm on 29 November 2012 to support the annual events held for the switching-on of the Christmas lights.

Members noted that there was a low risk that any of the options considered would have an adverse impact on people with ‘protected characteristics’. Free parking was offered for those with disabilities who held a Blue Badge and this remained unaffected by the proposals that were considered.

In response to a question surrounding whether the impact of the proposed increases would be monitored the Parking and Amenities Manager reported that the use of the car parks was monitored on a monthly basis and this was an on-going process.

Resolved: that

(a) free parking throughout the District be offered on Saturday 15<sup>th</sup> December and Saturday 22<sup>nd</sup> December;

(b) on-street parking charges for 2013/14 be raised by the following amounts:

SEVENOAKS TOWN CENTRE (High Street, London Road, South Park)		Proposed increase
Short stay	30 minutes	10p
" "	1 hour	
" "	2 hours	
SEVENOAKS TOWN COMMUTER AREAS (Plymouth Drive, Holly Bush Lane)		
Short stay	30 minutes	10p
" "	1 hour	
" "	2 hours	
long stay	all day	
SEVENOAKS RAIL COMMUTER AREAS (St Botolphs, Morewood Close)		
Short stay	30 minutes	10p
" "	1 hour	

" "	2 hours	
" "	4 hours	
long stay	all day	
<b>SEVENOAKS COURT AREA (Morewood Close)</b>		
Short stay	30 minutes	10p
" "	1 hour	
" "	2 hours	
" "	4 hours	
<b>SWANLEY (Azalea Drive, Goldsel Road)</b>		
short stay	30 minutes	10p
" "	1 hour	
" "	2 hours	
" "	4 hours	
long stay	all day	
<b>WESTERHAM (The Green, Market Square, Croydon Road)</b>		
short stay	30 minutes	10p
" "	1 hour	
" "	2 hours	

(c) car park charges for 2013/14 be increased by the following amounts:

<b>SEVENOAKS TOWN CENTRE - Blighs</b>		<b>Proposed Increase</b>
Short stay	30 minute	20p
" "	1 hour	20p
" "	2 hours	20p
" "	3 hours	40p
<b>Buckhurst 1, Buckhurst 2, South Park, Suffolk Way &amp; Pemboke Road</b>		
Short stay	1 hour	10p
" "	2 hours	-
" "	3 hours	-
" "	4 hours	-
<b>Buckhurst 2 &amp; Pembroke Road</b>		
Long stay	all day	-
Season tickets	year	-
<b>SEVENOAKS STATION</b>		
Long stay	all day	30p
Season tickets:		
Bradbourne	year	£10
Sennocke	year	£10

<b>SEVENOAKS ST JOHNS HILL</b>		
Short stay	30 minute	-
" "	1 hour	-
" "	2 hours	-
" "	3-4 hours	-
Long stay	all day	-
<b>SWANLEY</b>		
Short stay	30 minute	-
" "	1 hour	-
" "	2 hours	-
" "	3-4 hours	-
Long stay	all day	-
<b>WESTERHAM</b>		
Short stay	30 minute	-
" "	1 hour	-
" "	2 hours	-
" "	3-4 hours	-
Long stay	all day	-

48. Local Council Tax Support Scheme

Members considered a report providing an update on the progress made in developing a local Council Tax Support Scheme for Sevenoaks District. The report contained a summary of the responses to the Council's consultation on its draft scheme and Members considered the Equalities Impact Assessment of the draft scheme. The report also set out the developments in the negotiation of a Kent-wide scheme and the latest announcement from Government regarding the design of local council tax support schemes.

Members noted that the Council was required to develop and implement a local council tax support scheme to replace the current council tax benefit scheme through legislation in the Local Government Finance Bill. The decision on the final scheme needed to be taken by Council and to meet the requirements of legislation the decision of Council needed to be made by 31 January 2013 and the scheme operational by 1 April 2013. Failure to this would result in the Council being required to adopt the default scheme defined in legislation. This effectively was to operate the current council tax benefit scheme, but to do so with a reduction in funding of 10% on current levels.

The following updated recommendations were circulated to Cabinet as work on devising a Kent-wide scheme was not concluded until the day before the meeting:

**Cabinet recommendation to Council:**

**It be resolved that...**

- 1 The Council introduce a local support for council tax scheme that all residents of working age receive a deduction on the amount of council tax support they are

entitled to, calculated on the basis of the current council tax benefit scheme, of 18.5%.

- 2 In year 1 of the scheme, from 1 April 2013 to 31 March 2014 the Council applies transitional protection for all residents of working age eligible to receive council tax support. This transitional protection ensures that in year 1 only all residents of working age receive a deduction of 8.5% on the amount of council tax support they are entitled to, as calculated on the basis of the current council tax benefit scheme.
- 3 The Council applies to the Government's grant scheme for a financial contribution towards the transitional protection provided to residents once the grant scheme opens after 31 January 2013.
- 4 The Portfolio Holder for Value for Money is provided delegated authority to implement any consequential amendments to the local scheme as a result of the Government publishing its final regulations.

The Group Manager, Financial Services, reported that on 16 October the Government announced that an additional £100m grant would be provided if Councils devised a scheme where claimants only paid between zero and 8.5%.

The Leader, Chief Executive, Director of Corporate Resources and Group Manager, Financial Services had attended meetings to consider a new Kent-wide proposal. The proposal that had been developed was for an 18.5% scheme for three years with a discount in year 1 to reduce it to 8.5% and therefore taking advantage of the additional grant. Officers would continue to look for ways of also reducing the 18.5% in later years by reviewing other Council Tax discounts and exemptions.

In response to a question, the Group Manager, Financial Services, reported that it was unlikely that the grant from the Government would fund the discount in totality but agreement had been secured from the major preceptors that any difference would be underwritten.

Resolved: That

- 1 The Council be recommended to introduce a local support for council tax scheme that all residents of working age receive a deduction on the amount of council tax support they are entitled to, calculated on the basis of the current council tax benefit scheme, of 18.5%.
- 2 In year 1 of the scheme, from 1 April 2013 to 31 March 2014 the Council be recommended to apply transitional protection for all residents of working age eligible to receive council tax support. This transitional protection ensures that in year 1 only all residents of working age receive a deduction of 8.5% on the amount of council tax support they are entitled to, as calculated on the basis of the current council tax benefit scheme.

- 3 The Council be recommended to apply to the Government's grant scheme for a financial contribution towards the transitional protection provided to residents once the grant scheme opens after 31 January 2013.
- 4 Authority be delegated to the Portfolio Holder for Value for Money to implement any consequential amendments to the local scheme as a result of the Government publishing its final regulations.

49. Kent Joint Municipal Waste Management Strategy

The Portfolio Holder for The Cleaner and Greener Environment introduced a report outlining the refreshed Kent joint Municipal Waste Strategy objectives and policies for 2012/13 to 2020/21. The first Kent Joint Municipal Waste Management Strategy (KJMWMS) was adopted in 2007 by all 13 Council that comprise the Kent Waste Partnership. The main targets outlined in the 2007 Strategy were actioned one year early in 2011/12 and it was therefore felt appropriate to refresh the Strategy.

Members noted that during the development of the refreshed policies, two Equality Impact Assessments had been taken forward (in February and August 2011) to ensure the public's interests were taken into account. On both occasions the results were satisfactory and full Equality Impact Assessments were not required.

Members considered issues surrounding recycling and the Head of Environmental and Operational Services reported that around 10% of recycling continued to be rejected at the Allington MRF, but this was an improving situation. Leaflets were regularly distributed to residents explaining what waste should be put in recycling. It was important that there was consistency in the messages to residents.

Resolved: That the refreshed Kent Joint Municipal Waste Management strategy objectives and policies 2012/13 – 2020/21 be adopted.

50. Edenbridge Conservation Area Management Plan

The Portfolio Holder for Planning and Improvement introduced a report seeking Member support for a new Conservation Area Appraisal and Management Plan for Edenbridge. The new plan had been prepared to meet local Best Value performance requirements and as part of background work which would contribute to the Local Development Framework.

The Group Manager, Planning reported that careful consideration had been given to the boundaries of the Conservation Area and in terms of planning decisions, the impact on the setting of the Conservation Area could be taken into consideration during the planning process where development is proposed adjoining the Conservation Area..

Resolved: That the Edenbridge draft Conservation Area Appraisal and Management Plan, attached to the report as Appendices B (Appraisal and Management Plan) and C (Conservation Area Plan) be adopted as formal planning guidance.



51. Annual Monitoring Report 2012

The Portfolio Holder for Planning and Improvement introduced the Annual Monitoring Report which analysed the progress towards meeting the LDF milestones and targets as set out in the Local Development Scheme and also assessed whether or not the LDF policies were functioning properly and when necessary, identified appropriate action.

In response to a question regarding the change in Employment Land supply, the Group Manager, Planning explained that this had resulted from a change of the use of agricultural buildings at Upper Hockenden Farm on the outskirts of Swanley from agricultural to commercial use. This involved making redundant farm buildings available for commercial use.

A Member suggested that on Table A3 – Identified Sites within the 5 year Land Supply - it may be helpful to include a comment noting that figures may change throughout the process.

Resolved: That

- (a) the contents of the Annual Monitoring Report be noted and be made publicly available;
- (b) the Portfolio Holder be authorised to agree minor presentational changes and detailed amendments prior to publication to assist the clarity of the documents; and
- (c) copies be made available for sale at a price to be agreed by the Portfolio Holder.

52. Establishing a Police and Crime Panel for Kent and Medway

Members considered a report received from Kent County Council asking Sevenoaks District Council to agree the arrangements and rules for the Kent and Medway Police and Crime Panel. The report also asked for a Councillor nomination to represent Sevenoaks District Council on the Panel. The Police Reform and Social Responsibility Act 2011 placed a statutory duty on local authorities to collectively establish a Police and Crime Panel for their force area.

In response to a question, the Chief Executive reported that Kent County Council were responsible for providing administrative support to the newly formed Panel and whilst funding of £53,000 had been provided by the Home Offices it appeared that costs were likely to exceed the grant.

Resolved: That

- (a) The Leader, Councillor Peter Fleming, be nominated to the Police and Crime Panel and that the Head of Democratic Services at Kent County Council be notified of that nomination; and
- (b) The arrangements and rules proposed at Appendix A to the report, which will enable the Police and Crime Panel for Kent and Medway to be formally constituted by November 2012, be agreed.

**IMPLEMENTATION OF DECISIONS**

This notice was published on 12 November 2012. The decisions contained in Minutes 47, 48, 49, 50 and 51 take effect on 19 November 2012 and the decision contained in Minutes 52 takes effect immediately.

THE MEETING WAS CONCLUDED AT 7.47 PM

CHAIRMAN

**MATTERS REFERRED BY PERFORMANCE AND GOVERNANCE COMMITTEE AND/OR SELECT COMMITTEES**

**a) 2013/14 Budget and Review of Service Plans**

*(Environment Select Committee – 23 October 2012, Minute 25)*

Members considered a report setting out proposals for updates to the 2013/14 budget within the existing framework of the 10 year budget and 4 year savings plan. The report presented some service changes that had been identified by managers and the changes needed to be considered before the budget for 2013/14 was finalised.

The Group Manager – Financial Services introduced the report and explained that consultation with the Select Committees was the second stage of the budget setting process. The Committee was informed that due to the uncertainties in the budget, specifically the Government settlement and levels of Council Tax, it was possible that further reports would be presented to the Select Committees in January asking Members for their ideas of where further savings could be achieved.

In response to a question about the use of barristers for planning appeals, the Finance Manager reported that if appellants instructed a barrister, Sevenoaks District Council would normally also instruct a barrister.

Resolved: That the views of the Committee be put forward to Cabinet at its meeting on 6 December 2012.

*(Social Affairs Select Committee – 30 October 2012, Minute 12)*

The Committee considered a report which set out proposals for updates to the 2013/14 budget within the existing framework of the 10-year budget and four year savings plan. The report presented some service changes that had been identified by managers and that needed to be considered before finalising the budget for 2013/14. At this stage the Committee was not being asked to find savings, but if needed a report may be brought back to the Committee in January 2013 asking Members to consider areas where savings could be made.

Members considered Appendix D to the report and agreed with Officer comments. It was noted that there was an error on page 25 of the report, and that the figure should read £50k not £50.

*Action 1: That any future proposals concerning the maintenance of White Oak Leisure Centre, be reported, as soon as known.*

In response to a question concerning the Police contribution to running the CCTV Control Room, the Head of Community Development advised that this had always been a one off contribution when the Police had funding available. The Director of Community Development and Deputy Chief Executive reported that an assumption of £16k had been made as part of the annual discussions with the Police on this matter, but in reality funding had not been received for a few years.

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The Chairman commented that a possible future saving might be to have the CCTV Control Room unmanned during the day.

*Action 2: That Members consider between now and the next meeting, any areas within the Committee's remit where savings could potentially be made.*

Resolved: That the comments above be noted and referred to the Cabinet meeting on 6 December 2012.

*(Services Select Committee – 1 November 2012, Minute 29)*

The Committee considered a report which set out proposals for updates to the 2013/14 budget within the existing framework of the 10-year budget and four year savings plan. The report presented some service changes that had been identified by managers and that needed to be considered before finalising the budget for 2013/14. At this stage the Committee was not being asked to find savings, but if needed a report may be brought back to the Committee in January 2013 asking Members to consider areas where savings could be made.

Members noted the additional tabled information in relation to Appendix C, and considered Appendix D to the report. In response to Members' questions concerning Human Resources (HR) (SCIA31), the Director of Corporate Resources, Deputy Chief Executive, reported that it had been the intention that shared staff would have access to the HR staff where they were situated. In effect this had not happened as the HR for the two Councils were arranged in different ways, Dartford Borough Council's (DBC) being outsourced.

With reference to Property Services (SCIA6,7) the Head of Property Services advised that there was an element of possible unrealised additional income not provided for as there were six desks available. However without substantial redesign of the layout, it could only be let to a public or quasi public body.

It was also noted that the growth item for Housing Homeless (SCIA2) was no longer required following additional work by officers.

Resolved: That the comments above be noted and referred to the Cabinet meeting on 6 December 2012.

**b) Property Review – Cobden Road Centre, Cobden Road, Sevenoaks**  
*(Performance and Governance Committee – 13 November 2012, Minute ?)*

The Committee considered a report recommending to Cabinet that the Cobden Road Centre in Sevenoaks be sold on the open market by auction.

The Professional Services Manager introduced the report and explained to the Committee that the cost of the property to the Council in terms of maintenance and security was increasing each year. It was unlikely that voluntary organisations

would be able to afford the level of rent that would be required and putting the property on the market opened it up to a much wider market.

Following discussions Members agreed that that the most appropriate way forward was to sell the property on the open market as soon as possible. The Committee was told that a reserve price would be placed on the property and that the legal pack for auction would details any constrains imposed as a result of the conservation area.

Resolved: That it be recommended to Cabinet that the Cobden Road Centre, Sevenoaks be declared surplus to the Council's requirements and sold on the open market by auction.

**c) Treasury Management Update**

*(Performance and Governance Committee – 13 November 2012, Minute ?)*

The Committee considered a report which provided details of recent developments in the financial markets and changes to credit ratings. In February 2012, Members approved the Investment Strategy as part of the budget setting process. During consideration of the Strategy Members were advised that, given the economic climate, the Strategy would need to be monitored and reviewed during the year.

The Portfolio Holder for Value for Money asked the Committee to consider widening the database of counterparties to include building societies as this would widen the investment opportunities open to the Council. Following discussion the Committee agreed that Officers should be asked to investigate widening the database of counterparties to include leading Building Societies.

A Member noted that the report covered the period to the end of September 2012 and that seven of the investments had matured since September. The Member asked if an updated list of investments could be circulated to the Committee with the minutes.

*Action 3: That an updated investment list be circulated to the Committee with the minutes.*

The Chairman thanked the Management Team for overachieving and contributing favourably to the Councils revenue budget position.

Resolved: That

- a) the report be noted;
- b) the use of Money Market Funds as outlined in paragraphs 17 to 20 of the report be increased;
- c) when setting the investment strategy for 2013/14, consideration be given to increasing the counterparty limits for Lloyds Banking Group and the Royal Bank of Scotland Group to £8 million each; and
- d) the possibility of widening the database of counterparties to include leading Building Societies, be investigated.

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**PROPERTY REVIEW - COBDEN ROAD CENTRE, COBDEN ROAD, SEVENOAKS**

**Cabinet – 6<sup>th</sup> December 2012**

Report of the: Corporate Resources Director

Status: For Consideration

Also considered by: Finance Advisory Group 24 October 2012

Performance and Governance Committee 13 November 2012

Key Decision: No

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**This report supports the Key Aim of**

Effective Management of Council Resources (Review of the Council's property holdings)

**Portfolio Holder** Cllr. Ramsay

**Head of Service** Head of Legal & Democratic Services – Mrs. Christine Nuttall

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**Recommendation to Cabinet**

That the Cobden Road Centre, Sevenoaks be declared surplus to the Council's requirements and sold on the open market by auction.

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**Introduction**

1. The District Council has owned the Cobden Road Centre for some 22 years, having acquired this former Kent County Council school in the sum of £270,000 to provide voluntary sector accommodation.
2. At the time of the purchase the property had the benefit of a planning consent to demolish the premises and to construct 6 town houses on the site (this consent has been long expired)
3. The property was converted in the sum of £125,000 to provide three areas of accommodation, the bulk (approx.. 90%) of the original school buildings was let to Age Concern as a day centre and offices, a portacabin in the former playground was let to Relate (West Kent Marriage Guidance) as counselling rooms and one room within the main building was let to Parenthood (Time to Talk) as an office and counselling room Age Concern contributed a further £112,800 towards fitting out their accommodation.
4. The Cobden Road Centre was originally constructed in the 1880's and although maintained over the years many of the building elements are close to their life expectancy. The 10 year Asset Maintenance plan identified £445,000 of work

## Agenda Item 6

necessary just to maintain the property not including improvements or the cost of compliance with legislation (Disability Discrimination Act, Fire Precautions Act, Electricity in the Workplace regulations etc.).

5. Age Concern relocated to their own purpose built premises in 2007 and Relate surrendered their lease in 2010. The last remaining tenant, Time to Talk, vacated their accommodation in August 2012 and now operate from accommodation shared with Sevenoaks Mind in St John's Road, Sevenoaks.
6. Maintenance and running costs over the 5 years has averaged £5,000 p.a. of which a proportion was recharged to the tenants. With the property now vacant the Council's liability for non domestic rates amounts to some £9,700 p.a. and the annual insurance premium amounts to £1,190 p.a.
7. The District Council had purchased the property to provide accommodation for voluntary sector organisations and given the future costs of renovation, modernisation and the lack of possible tenants for this size of accommodation (some 570 m<sup>2</sup> of usable floor area) it is recommended that the Cobden Road Centre be declared surplus to the Council's requirements.
8. The property is located with the Hartslands Conservation Area and as such there is a presumption that the property would be retained for conversion (subject to planning consent) and could only be considered for redevelopment in exceptional circumstances.
9. If sold on the open market and given the conservation area status it is anticipated that conversion into one or more dwellings would be favoured by any purchaser in which case a capital receipt in the region of £400,000 could be expected (this could have increased to in excess of £500,000 if redevelopment were permitted).
10. With a property such as this former school and given its location within a conservation area it is important to ensure that it is widely marketed and it is recommended that the property be placed in a suitable auction.
11. Any sale particulars will include a suitable statement relating to the planning status of the property and location.

### **Other Options Considered and/or Rejected**

12. Retain the property – there are no operational requirements for this accommodation and the cost of refurbishing the accommodation to a lettable standard would be prohibitive
13. Renovate the property for disposal – this would involve the Council in capital expenditure and may not deliver what is required by the market
14. Dispose of the property for redevelopment – this course of action is not considered feasible given its planning status



**Key Implications**

Financial

15. The disposal of the is property will add a capital sum to the Council's reserves and reduce revenue expenditure in respect of non domestic rates, insurance and which could be incurred in maintaining it in a safe and acceptable condition

Community Impact and Outcomes

16. The impact of the change of status of this property within the Hartslands Conservation Area will be controlled as part of the planning process. There is currently an informal agreement to allow local residents to park within the site which will cease upon change of ownership.

Legal, Human Rights etc.

17. There are no legal or humans rights issues identified

Resource (non-financial)

18. There are no non-financial resource issues

Value For Money and Asset Management

19. This proposal conforms to the Councils' strategy of not retaining property that does not accommodate a service requirement and reduces revenue costs to the Council whist increasing the Council capital reserves.

Equality Impacts

20. This proposal is not a policy issue nor has any equality impacts

**RISK ASSESSMENT STATEMENT**

21. Retaining the property will incur the Council in maintenance and security costs with no identifiable accommodation requirements.
22. Disposal by auction may lead to pressures for the property to be redeveloped this can be mitigated by ensuring that the planning status is well publicised in advance of any disposal.

**Appendices**

Appendix A – Location map

Appendix B – Comments from Local Member

**Contact Officer(s):**

Jim Latheron – Extn 7209

**Dr. Pav Ramewal**

**Deputy Chief Executive and Director of Corporate Resources**

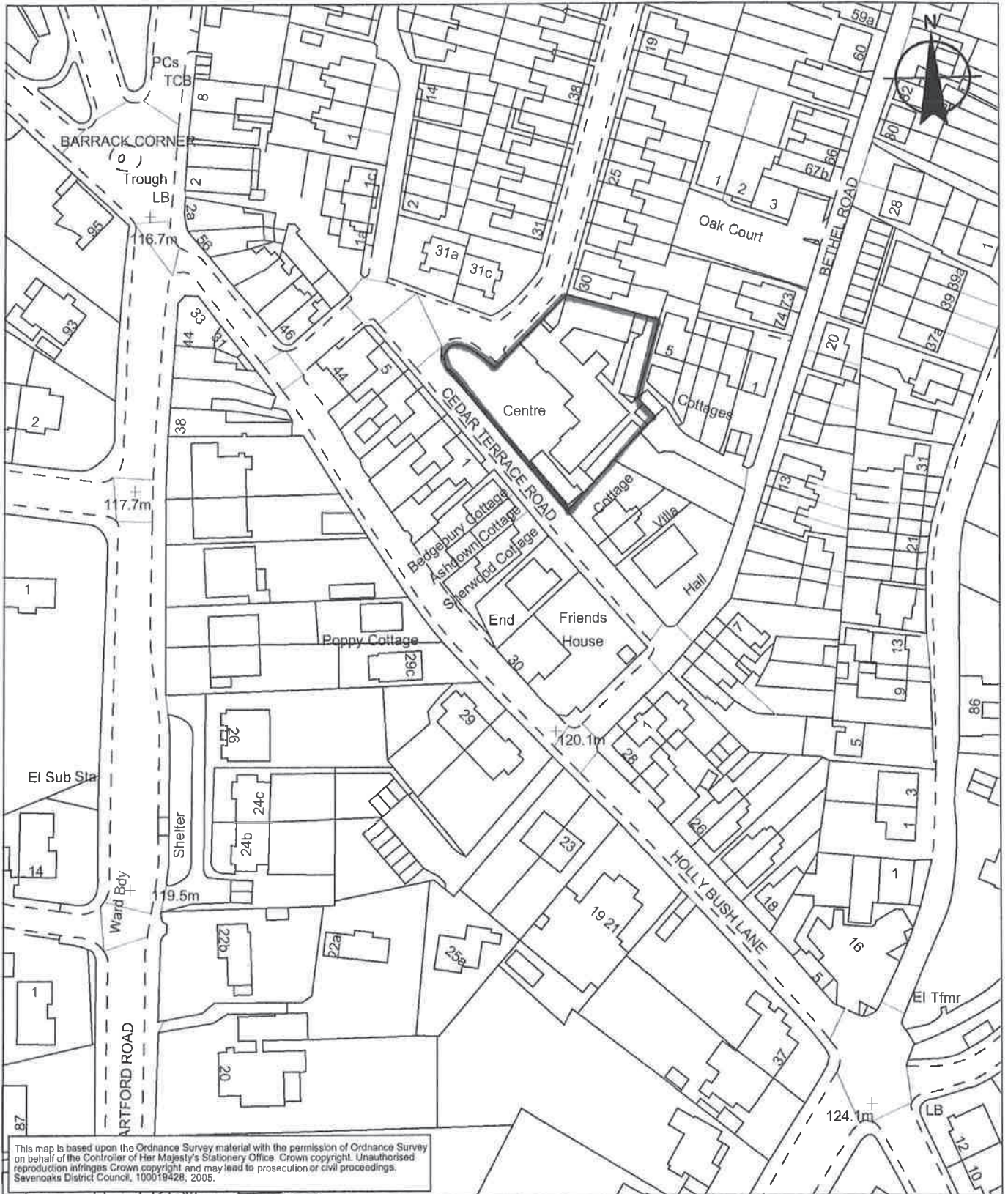
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Location: The Cobden Road Centre, Cobden Road, Sevenoaks

Scale 1:1,250

Map center: 553213, 155798



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**Jim Latheron**

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**From:** Cllr Purves, Elizabeth  
**Sent:** 11 October 2012 18:49  
**To:** Jim Latheron  
**Cc:** Cllr Walshe, Roger  
**Subject:** Cobden Road Centre

Dear Jim

Thank you for letting me know that the Cobden Road Centre is to be put on the market.

Cobden Road School, an old Victorian Board School needs to be retained as it is an essential feature of the Hartslands Conservation area. If no longer required by the District Council, it should be converted sympathetically into private homes with adequate parking in the old yard. Such conversion would greatly enhance the townscape significance of both this imposing building and its surrounding space. Local examples of sympathetic conversion are the St John's Hall in Hollybush Lane and the Old Police Station in the High Street.

The school, designed by the Sevenoaks architect E Evans Cronk, contributes significantly to the historic character of the Conservation area and is a much loved feature for local residents. The Hartslands Conservation Area Appraisal (2011) identifies the building and the surrounding yard as contributing to the character of the area. A plaque on the façade is inscribed " School Board for Sevenoaks Public Elementary School for Infants 1877". The Appraisal concludes, " It is important to retain the character of buildings and a mix of commercial, community and residential uses in order to protect the architectural and historic character of the area." Cobden Road School adds to the character of the area, it should be sympathetically converted.

Below for interest is an extract about the history of the Cobden Road School from Sevenoaks: An Historical Dictionary, (to which you contributed) to be published early November.

I hope you can include these points in your report.

Best wishes

Elizabeth

**Cobden Road School.** *The school built in 1877, was administered by the local School Board, for the children living in the Hartsland area. It was typical of such schools built after the 1870 Education Act, single storey red brick, with large high windows, lofty ceilings, pointed cowls on chimneys, picturesque detailing in its brickwork, and with a marching yard. Originally for the education of boys and girls from five to seven years, this was extended in 1884 to include schooling for the girls up to the age of 14. In 1899 the register shows an attendance of 324 pupils, 193 girls and 131 infants. In the 1934 edition of the Cobnut, the School magazine, news of old girls showed that most were employed as clerks in shops, or as domestics. The school closed in 1975.*

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**West Kent Cold Store Section 106 Agreement – Community Facilities**

**Cabinet - 6th December 2012**

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

Status: For Decision

Key Decision: No

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**Executive Summary:**

In January 2012, Cabinet approved the development of projects to be funded from Section 106 contributions associated with the West Kent Cold Store development, a total of £1,228,894. The four projects were selected following consultation of the local community in Dunton Green and Riverhead, the invitation to local organisations to apply for funding and the consideration by a Steering Group of District, Parish and County Members.

This report informs Members of the work undertaken in developing the projects to date, sets out costs and timescales and seeks final approval for the projects.

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**This report supports the Key Aim of the Community Plan** as follows: Priority 2: Meeting the needs of an ageing population; Priority 3: A better start for our children; Priority 4: Improve the lives of young people; Priority 5: A clean and healthy environment; Priority 7: Improve health and well-being; Priority 8: Development and the Environment; Priority 9: Strong, active and involved communities.

**Portfolio Holder** Cllr. Mrs Carol Clark, Housing and Balanced Communities Portfolio Holder; Cllr Mrs Pat Bosley, Community Wellbeing Portfolio Holder

**Head of Service** Head of Community Development, Lesley Bowles

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Recommendation to Cabinet: RESOLVED that:

- a) the developer contributions set out in the Section 106 Agreement with Berkeley Homes be allocated as follows, subject to the conditions suggested in paragraph 6 of this report:

Dunton Green Parish Council: £1,000,000 towards the demolition of the existing pavilion, the provision of a community building and new and replacement outdoor facilities on the Dunton Green Recreation Ground site.

Dunton Green Village Hall Management Committee: £25,000 towards improvements to the hall kitchen and toilets.

Riverhead Parish Council: £59,000 towards environmental improvements at The

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## Agenda Item 7

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Heights, Riverhead and to lighting at St Mary's Church.

Sevenoaks District Council: £150,894 towards the cost of community development, youth, advice and support work for the new community.

- b) that the Portfolio Holder for Community Wellbeing and the Portfolio Holder for Housing and Balanced Communities be authorised to make minor amendments to the conditions set and the allocation of funds provided they do not substantially affect the purpose of the funding, including the allocation of any additional funding accruing from index linking or interest payments.

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**Reason for recommendation:** the projects recommended for approval are those which best meet the purpose of the Section 106 Agreement as set out in paragraph 2 below.

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### Introduction

1. As part of a Section 106 Agreement between Sevenoaks District Council and Berkeley Homes, the developers of the West Kent Cold Store site, funding has been allocated by the developer to improve community facilities in Dunton Green and Riverhead.
2. The purpose of the Section 106 funding is to provide community facilities that will help reduce the impact of the new development and which will bring both existing and new communities together.

The Agreement states that the funds can only be used to improve or provide services within the two parishes of Dunton Green and Riverhead. The total community facilities fund available is £1,234,894.

3. Under the Agreement, the Council is obliged to:
  - Carry out and complete a local community consultation exercise
  - Provide the details of the proposed local community improvements (including specification, costs, purpose and timetable for provision) to Berkeley Homes in draft form for comment.
4. The results of the consultation exercise were reported to Cabinet in January 2012 along with details of the applications for funding that had been received and appraised by a Steering Group of Local Members, the Chair and Clerk of the two parish councils, the County Councillor, assisted by Council Officers. Recommendations put forward by the Steering Group were considered by Cabinet at its January 2012 meeting.



5. Cabinet approved the development of 4 projects as follows:

### **Project 1 - Dunton Green Community Centre – Dunton Green Recreation Ground**

Dunton Green Parish Council should be invited to develop a capital project on the site of the existing pavilion and recreation ground as outlined in their Expression of Interest form and which would meet planning regulations. The fully developed project was to be brought to Cabinet for final approval. Officers were asked to investigate with the Parish Council the possibility of a library facility in the building in line with the public consultation results. The sum of £1,000,000 was allocated to this project.

### **Project 2 - Dunton Green Village Hall**

Dunton Green Village Hall Management Committee was invited to develop an improvement proposal for the hall kitchen and toilets, including plans, estimates and a hall usage plan. The sum of £25,000 was allocated to this project.

### **Project 3 - The Heights, Riverhead and St Mary's steps**

Riverhead Parish Council was invited to develop their project to enhance "The Heights" including improvements to St Mary's steps and lighting (subject to the Church's commitment to future maintenance) and provide costings. The sum of £59,000 was allocated to these projects.

### **Project 4 - Community Development Work**

Officers should plan for a programme of work to ensure that the improvement projects foster the use of the community buildings and bring the two communities together using community and youth work over a three year period. The sum of £150,894 was allocated to this work.

### **Consultation of Berkeley Homes**

Comments from Berkeley Homes are included in the summaries below. Overall they were satisfied with the proposals and their comments were made to be helpful in ensuring that the schemes were sustainable over time. They would like to have seen provision of childcare services as they have found this to be popular elsewhere but were happy that the schemes responded to the community consultation.

### **Summary of projects**

6. A summary of each project, the proposed timescales, comments from Berkeley Homes, and suggested conditions, are given below.

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Project 1 - Dunton Green Community Centre – Dunton Green Recreation Ground		
Total cost £1,006,278 including a £50,000 contingency (of which £6,278 will be paid by the Parish Council should the full contingency be needed)		
Specification (summary)	Cost	Purpose
Community Hall, including demolition of existing football pavilion and parish office, construction of new sports pavilion, community centre with one large and one medium room with dividing screen, one small room, kitchen, toilets and parish office	£629,461	<p>Non-profit-making community building to be owned and managed by Dunton Green Parish Council, providing a venue for the activities and services that people have indicated, through the local consultation, that they want. Local activities will also be based on the needs of the new community as they move into the 500 new homes and the building will house activities that bring the old and new community together. Examples of the activities that could be housed in the building are:</p> <p>A youth club or other provision for teenagers.</p> <p>Indoor leisure or fitness activities.</p> <p>Social opportunities for older residents, e.g. coffee morning, lunch club or drop-in.</p> <p>Classes, e.g. art, dance, languages and I.T.</p> <p>Whilst the community indicated that they would also like to see library services, it has not been possible to incorporate this in the building and retain the flexibility required to accommodate other community uses. However, as library services can be flexible, if there is a demand and appropriate capacity within the building in the future, this may be something that can be addressed.</p>
Access road and car park	£37,595	Resurfacing and marking out of existing access and parking area.
Removal of existing play equipment and surfaces. New Multi-Use Games Area/ basketball court, fencing, noise reduction surface, half pod shelters with	£174,552	Free access to play sport, use fitness equipment and trim trail, meeting shelters for young people play areas for junior and toddler play.

<p>Bluetooth connectivity, fitness equipment and trim trail, junior play area and enclosed toddler area. The Parish Council is paying for the refurbishment of one tennis court and this cost, £15,000, has been removed from the project total.</p>		
<p>Fees and survey costs</p>	<p>£114,670</p>	
<p>Project contingency</p>	<p>£50,000</p>	<p>Should the contingency for the project be insufficient to meet any unplanned expenditure, the Parish Council has agreed that, in return for a payment in advance of £30,000, free room hire can be provided for activities provided under Project 4, the Community Development worker project. The sum paid in advance would help to meet any additional contingency costs enabling a total of £80,000 contingency sum to be available. The project would be phased so that expenditure on the outdoor play facilities would not commence until the final cost of the community building was known for certain, enabling additional contingency funding to be diverted from the replacement and new play facilities to the building work if that became necessary.</p>
<p><b>Timescale</b></p> <p>Planning permission will have to be sought. Therefore a start date in early 2013 is anticipated. It is expected that the construction of the building will take approximately 35 weeks. The work to the playground and other outdoor equipment will commence upon completion of the building works.</p>		
<p><b>Other information:</b></p> <p>The cost of the project exceeds the sum allocated by £6,278, making the total cost £1,006,278. The Parish Council has agreed to pay the additional £6,278.</p> <p>In order to ensure that the future use of the building responds to the uses</p>		

## Agenda Item 7

identified by the community during the consultation, it is recommended that a usage agreement be drawn up between the Parish Council and the District Council.

It is possible that, if planning permission is not in place by April 2013, additional costs may be incurred in order to satisfy BREEAM (energy efficiency) requirements, making a significant call upon the contingency arrangements for the project.

If any of the contingency sum is not required the Parish Council has indicated that it would spend the remaining funding on an additional catering area for the second meeting room, equipment and on security arrangements for the building.

Consultation with Berkeley Homes attracted the following comments:

- 1 Suggested combining some of the storage areas to provide for storage of larger equipment
- 2 The 'plant' area may be unnecessarily large and the area may be better used for external storage.
- 3 Consider raising the ceiling heights and providing good ventilation as low ceilings cause buildings to heat up quickly when in use by large numbers
- 4 Experience had shown that the management of anti-social behaviour emerging from the use of outside space could be an issue
- 5 It would be better to consider 2 kitchens internally or consider putting drinks machine in entrance
- 6 They had concern for security at the back of the building particularly as storage may attract break ins.

Conditions:

1. That the outside works should take place after the community building costs are certain so that, if necessary, these can be adjusted to take account of any contingency sums required for the community building.
2. That the Parish Council includes appropriate security measures to protect the outside equipment as part of the programme.
3. That a usage agreement is in place between the Parish Council and the District Council ensuring that the future use of the building reflects that identified by local residents in the consultation.
4. That the Parish Council agrees to own, insure and maintain the facilities in the future.
5. That the Parish Council makes appropriate arrangements professionally to own and supervise the construction of the facilities and understands that no additional funding is available to underwrite any costs above the

agreed sum of £1,000,000 other than the agreed £30,000 forward funding by the District Council for room hire for the Community Development Project.

6. That the Parish Council ensures that all planning and other necessary permissions are in place.
7. That the Parish Council keeps the local community informed and involved in the plans for the building.

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<p><b>Project 2 - Dunton Green Village Hall</b> – Total cost £25,310, including a contingency sum of £1,000, of which £310 will be paid by the Village Hall Management Committee should the full contingency sum be needed.</p>		
Specification (summary)	Cost	Purpose
Small extension to accommodate disabled toilet facilities, baby changing area and modern kitchen facilities, including use purchase of new kitchen and cooker	£23,830	To add additional facilities to the village hall to allow better use by those in the community with disabilities or mobility impairments. The modern kitchen facilities and baby changing will allow the hall to be used by a greater section of the community for activities and events that are not currently possible.
Fees and survey costs	£480	
Project contingency	£1,000	Use of contingency sum if not used: additional storage and improvements to the room adjacent to the kitchen.
<p><b>Timescale:</b> Works will start within 8 weeks of confirmation of funding and planning permission. The work is expected to take 12 weeks.</p>		
<p><b>Other information</b></p> <p>The Village Hall Management Committee owns the land on which the project will take place. There is a trust deed covering the use of the hall which is compatible with community use.</p>		
<p><b>Suggested conditions:</b></p> <ol style="list-style-type: none"> <li>1 That the Village Hall Management Committee agrees to maintain and insure the facilities in the future.</li> <li>2 That the Village Hall Management Committee makes appropriate arrangements professionally to own and supervise the construction of the facilities and understands that no additional funding is available to underwrite any costs above the agreed sum of £25,000 and that any additional costs should be found by the Village Hall Management Committee.</li> <li>3 That the Village Hall Management Committee ensures that all planning and other necessary permissions are in place.</li> <li>4 That the Village Hall Management Committee keeps hall users informed and involved in the plans for and use of the building.</li> <li>5 That the village hall remains available for community use for a minimum of 5</li> </ol>		

years.

**Project 3 – The Heights, Riverhead and lighting for St Mary’s Church – Total cost £67,834 including £11,213 contingency. The Parish Council will underwrite the additional £8,834 should the full contingency be needed.**

Specification (summary)	Cost	Purpose
Erection of trees, fountain, electrical supply, lighting, paving, bollards, benches	£46,855.30	Environmental and visual improvement to the area
Electricity connection	£3,628	
Architect	£800	
Engraving of fountain	£850	
Highway application charge and licence	£395	To ensure that the work conforms to highways requirements. The Parish Council has been informed that this application cannot be made until the contractor is appointed.
Lighting leading to the church	£4,092.61	
Project contingency	£11,212.99	Kent Highways have advised a larger contingency than is usual in order to deal with any unforeseen works.

**Timescale:** It is hoped that works will start in Spring 2013, subject to Highway Authority authorisation.

**Other information**

Planning officers have confirmed that planning permission is not required. Highway Authority permission is required and the Parish Council has liaised and taken advice from Kent Highways. There were no comments from Berkeley Homes about this project.

**Suggested conditions:**

1. That the Parish Council agrees to risk assess, maintain and insure the facilities in the future.
2. That the Parish Council makes appropriate arrangements to own and supervise the construction of the facilities and understands that no additional funding is available to underwrite any costs above the agreed sum of £59,000

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3. That the Parish Council ensures that necessary permissions are in place .
4. That the Parish Council keeps local residents informed about the works

**Project 4 – Community Development work with new and existing residents. Total Cost £150,894.**

Specification (summary)	Cost	Purpose
Project worker	£75,000	£25,000 per year for 3 years including on costs, NI, travel, training, etc. The project worker will work with the old and new community to identify community needs and what specific services should be provided. For example, youth work/provision for teenagers, social opportunities for older residents, working with new residents to bring the old and new communities together. To prevent crime and anti-social behaviour, to maintain a good local environment through community pride. Wherever possible this project would make links with other provision to lever in additional funding for the community.
Disbursements	£5,000	Operating costs
Room hire	£30,000	For the provision of accommodation for social activities for older people, young people, community groups, advice work and other activities required by the community.

**Timescale:** The District Council will start the work two months before the completion of the community centre or after the first 200 residents have moved in, whichever is the earlier. The budget covers the first three years of the construction of the development.

### Other information

The District Council will continue to work with the Steering Group to ensure that this work meets the needs of the local community. The District Council will employ, provide accommodation and line management for the worker.

### Suggested conditions:

That the District Council keeps local people involved and informed about the project through regular communication and through the Steering Group.



### Comments from Berkeley Homes

That three years may not be sufficient time given the length of build time for the new homes.

### Key Implications

#### Financial

The Council will hold the funding and make payments upon claims from the project managers. Claims for capital sums will be paid upon receipt of confirmation that the work has been carried out to the satisfaction of the person supervising the project. Staged payments will be made for the projects. In the case of the community building at Dunton Green recreation ground, this confirmation will be provided by a person professionally qualified and employed by the Parish Council to do so.

It may be that index-linking and interest income will add to the total sum available. It is recommended that the use of any additional sums is authorised by the two Portfolio Holders.

#### Community Impact and Outcomes

The purpose of the developer contribution is to mitigate the impact of the development on the local community.

Each of the projects responds to the needs identified by the local community during the community consultation.

#### Library provision

The community consultation identified a desire for a library facility and Officers were asked to investigate this provision as none of the projects put forward by the community included this. Discussions with KCC Libraries indicated that approximately two-thirds of the local population choose to use Sevenoaks Library in preference to the current Riverhead Library, which is a dedicated library space. Following consultation with KCC Libraries and both Dunton Green and Riverhead Parish Councils it has not been possible to incorporate a library facility into any of the proposed projects. Nor has it been possible to identify another site suitable for a library in the area. Riverhead Parish Council looked at the possibility of building above their existing meeting room at the Village Hall but this was not possible. Dunton Green Parish Council have investigated whether a library facility might be provided at the proposed community facility but rejected this as they felt it would severely restrict the use of the community building for other community uses. However, the community building will provide flexible accommodation that could, if required in the future, accommodate a flexible library service. However, it is unlikely that KCC Libraries would provide both a service at the Dunton Green Community Building and a service at the current Riverhead Library and a further public consultation would be necessary in order to establish need.

#### Value For Money and Asset Management

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There are no implications for the Council. The conditions associated with each of the capital projects ensure that the ownership and future responsibility remain with the two Parish Councils and the Village Hall Management Committee.

### Equality Impacts

Consideration of impacts under the Public Sector Equality Duty:		
Question	Answer	Explanation / Evidence
a. Does the decision being made or recommended through this paper have potential to disadvantage or discriminate against different groups in the community?	No	The proposals include better provision at Dunton Green Village Hall for people with mobility difficulties .  The Community Development project will ensure that local people's needs are taken into account, including different groups in the community.
b. Does the decision being made or recommended through this paper have the potential to promote equality of opportunity?	Yes	The provision of a local facility strengthens equality of opportunity, bringing services closer to people.
c. What steps can be taken to mitigate, reduce, avoid or minimise the impacts identified above?		

### Sustainability Checklist

A sustainability checklist has been completed and a positive outcome is anticipated.

### RISK ASSESSMENT STATEMENT

Risk	Mitigation
That capital works associated with three of the four projects may overspend.	Contingency sums have been identified for each project. In the case of the major project at Dunton Green recreation ground, the £50,000 contingency sums associated with the building may be supplemented from advance payment of room hire by the District Council as identified in this report and by the reduction in outside schemes.
That the facilities provided will not accommodate the requirements of the community	The inclusion of a Community Development project will provide a resource to work with both the old and the new community to ensure that their needs are met and to encourage full use of the facilities

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That the facilities provided compete with existing community buildings	A community facilities audit was undertaken in the early stages of this project to ensure that there was sufficient need for the new facilities.

Appendices

Full copies of application forms and plans for capital schemes will be displayed before the meeting

Background Papers:

Section 106 Agreement

Funding applications for capital schemes

Community consultation report

Contact Officer(s):

Lesley Bowles ext 7335

Kristen Paterson

Deputy Chief Executive and Director of Community & Planning Services

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### TREASURY MANAGEMENT UPDATE

Cabinet – 6 December 2012

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

Status: For decision

Also considered by: Performance and Governance Committee – 13 November 2012

Key Decision: No

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**Executive Summary:** Members approved the Investment Strategy as part of the budget-setting process in February 2012. In considering that Strategy Members were advised that, given the current economic climate, the Strategy would need to be monitored and reviewed, where necessary, during the year.

This report gives details of recent developments in the financial markets, changes to credit ratings and fulfils the reporting requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management.

An update on the Council's Icelandic bank investment is also provided.

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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

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**Recommendations:** It be RESOLVED that

- a) the report be noted;
- b) the use of Money Market Funds as outlined in paragraphs 21 to 29 of the report be increased as described;
- c) when setting the investment strategy for 2103/14, consideration be given to increasing the counterparty limits for Lloyds Bank Group and the Royal Bank of Scotland Group to £8m each; and
- d) that the possibility of widening the list of counterparties to include building societies be investigated by the Finance Advisory Group.

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### Background

- 1 The Treasury Management Strategy for 2012/13, which includes the Annual Investment Strategy, was approved by the Council on 21 February 2012. It sets out the Council's investment priorities as being:

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- Security of capital
  - Liquidity
  - Yield
- 2 The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management suggests that, in addition to the Annual Strategy, regular reports should be submitted to Members in order for them to have an informed view of treasury management activity. This report constitutes the recommended mid-year review.
- 3 The Council aims to achieve the optimum return (yield) on investments commensurate with proper levels of security and liquidity. In the current economic climate and the heightened credit concerns, it is considered appropriate to keep investments short term with a maximum duration of 3 months.
- 4 This limit applies to all institutions on the Counterparty List supplied by the Council's treasury management advisors, Sector Treasury Services Limited, with the following exceptions:
- UK Government and related entities such as Local Authorities. The suggested duration limit is 5 years
  - UK semi-nationalised institutions (Lloyds/RBS). The current significant UK Government ownership of these entities is seen as providing comfort to investors.
  - Money Market Funds
- 5 A full list of investments held at 30 September 2012 appears at Appendix A in both alphabetical and maturity date orders. Appendix B contains Sector's Investment Report for September 2012.

### Investment Performance in 2012/13

- 6 As detailed above, it is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the 0.5% Bank Rate. The continuing Eurozone sovereign debt crisis, and its potential impact on banks, prompts a low risk and short term strategy. Given this risk averse environment, investment returns are likely to remain low.
- 7 There was one small breach of investment limits in the first six months of 2012/13. Over the weekend from 28 September to 1 October, the sum of £4.4m was held in the Business Premium Account with Barclays. Together with fixed deposits of £2m, the total held with Barclays was £6.4m, compared with the limit of £6m. This situation was corrected on 1 October.
- 8 The budgeted investment income for 2012/13 is £206k and performance for the year to date is £65k above budget. The forecast outturn is £317k.

- 9 The return on the investment portfolio stands at 1.1%, compared with the average 7 Day and 3 Month LIBID rates of 0.44% and 0.79% respectively.

### Economic Update

- 10 An economic update and outlook for the remaining six months of the financial year appear at Appendix C.

### Interest Rate Forecast

- 11 Sector have provided the following forecast:

	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
<b>Bank rate</b>	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%
<b>5yr PWLB rate</b>	1.50%	1.50%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%	2.10%	2.30%
<b>10yr PWLB rate</b>	2.50%	2.50%	2.50%	2.60%	2.70%	2.80%	2.90%	3.00%	3.20%	3.30%
<b>25yr PWLB rate</b>	3.70%	3.70%	3.70%	3.80%	3.80%	3.90%	4.00%	4.10%	4.20%	4.30%
<b>50yr PWLB rate</b>	3.90%	3.90%	3.90%	4.00%	4.00%	4.10%	4.20%	4.30%	4.40%	4.50%

- 12 Sector undertook a review of its interest rate forecasts following the issue of the Bank of England Inflation Report for August 2012. Consequently, it pushed back the first rise in Bank Rate from Q1 2014 to Q4 2014, as well as lowering the pace of rises in gilt yields.
- 13 The Bank of England forecasts of the speed and strength of recovery and rate of reduction of CPI inflation over the last four years had been attracting increasing criticism for being consistently over optimistic. In this latest inflation report, the bank changed its position significantly, markedly downgrading its forecasts for the strength and speed of recovery in GDP growth. Whereas previously it had consistently been forecasting a strong recovery to over 3% p.a., it was now only forecasting growth to recover to around 2% during the period from early 2013 to the end of 2015.

### Credit rating issues

- 14 The first half of the financial year has seen some stabilisation in credit ratings. The number of downgrades has reduced compared with previous years, but there has been little sign of ratings improving.
- 15 At present, the Council's preference is for investment in UK based institutions only and so Sector's Counterparty List, mentioned above, has been severely curtailed.
- 16 Within Kent, there is little appetite for investment outside the UK, with only Svenska Handelsbanken (based in Sweden) being popular amongst other Kent districts. However, they have just given notice that the rate on their call account is to be halved to 0.40%

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- 17 This appears to be the trend of late, with Santander reducing its call account rate from 0.80% to 0.50% and the semi-nationalised banks also cutting rates on their fixed deposit products. Members should note that we have not placed any deposits with Santander since late 2011 owing to concerns about the Spanish economy and, in fact, they do not currently meet Sector's minimum rating requirement.
- 18 Two Money Market Funds (MMFs) have been opened in the current financial year and they are operating well at the moment. We have set a maximum investment of £5m per MMF and, with the approval of the Finance Advisory Group, current balances in each stand at £3m. The yields for the month of September were 0.62% and 0.55%, but, again, these are on a decreasing trend.
- 19 The lack of availability of suitable counterparties has made investment decisions quite difficult within the present cash limits of £5m per counterparty (or £6m if a call account is included). This has resulted in a significant proportion of the portfolio having to be invested with the Government's Debt Management Office (DMO) at a standard rate of 0.25% for any period out to six months. Some success was achieved in placing money with other Local Authorities, but the rates were only marginally better than those offered by the DMO.
- 20 The result of this will be to reduce the yield on the portfolio for the financial year.

### Future investment options

- 21 Discussions with other Local Authorities in Kent have revealed that most have, or intend to, increase the maximum amounts that they are prepared to lend to institutions on their counterparty lists. The aim is to maximise yield by concentrating more investment with the semi-nationalised banks (Lloyds TSB Bank Group and Royal Bank of Scotland Group). Despite the recent downward movement in rates, Lloyds, for example, still pays 2.25% on a one year fixed term deposit.
- 22 There also appears to be a greater use of MMFs within Kent. Some authorities have up to five open at any one time.
- 23 When considering next year's investment strategy (or indeed a revision to the current year's strategy), Members may wish to take these factors into account as a means of improving our yield, particularly if there are other budget pressures. It would also ease the problem of finding suitable counterparties mentioned in paragraph 19. In the short term, increasing the amount held in the existing MMFs up to the £5m limit, or opening new ones, would fall in line with the current investment strategy and would not require the approval of full Council. However, to increase the counterparty limits for fixed deposits and call accounts above the present £6m would require approval as the sums are specified within the strategy.
- 24 An option would be to increase the limit for fixed deposits and call accounts held with either Lloyds or RBS to £8m each, whilst keeping the other counterparty limits at £6m. An £8m holding in either of these Groups would represent about 40% of the portfolio as at year end and something like 25% during the year when cashflow balances are held. I am aware of at least one authority that is prepared



to hold in excess of 50% of its internally managed portfolio with either Lloyds or RBS.

25 A further option discussed at Performance and Governance Committee was the possibility of including building societies in the counterparty list. At present, only the Nationwide Building Society meets the Council's lending criteria. Research has shown that some other authorities lend to the top five (rated by asset size) building societies, namely:

- Nationwide Building Society (Group assets £196bn)
- Yorkshire Building Society (Group assets £33bn)
- Coventry Building Society (Group assets £24bn)
- Skipton Building Society (Group assets £14bn)
- Leeds Building Society (Group assets £10bn)

Conversely, some authorities do not lend to any building societies.

26 Prior to the credit crisis in 2008, the Council had the top 40 building societies on its counterparty list and regularly lent to most of them. More recently, the HM Treasury published a discussion paper on the future of building societies acknowledging that they have an important role to play in the financial services sector. If necessary, it says that the Government would consider reviewing existing legislative barriers (principally the Building Societies Act 1986) so that building societies can compete fairly in the financial services market.

27 Assessing credit risk relating to building societies is difficult because few are rated by the ratings agencies and, the Nationwide apart, those that are assessed have poor ratings. The Nationwide has a long term rating of A+, the Yorkshire BBB+, the Coventry A, the Skipton BBB- and the Leeds A-. The most usual method of assessing suitability has been asset size. Investigation of the society's accounts would be a possibility, but data could be over a year out of date and not necessarily an indication of credit risk going forward.

28 As far as interest rates are concerned, levels on 16 November 2012 were:

- Nationwide: 3 months 0.44%, 1 year 0.81%
- Yorkshire (indicative only): 3 months 0.35%, 1 year 0.70%
- Coventry: 3 months 0.45%, 1 year 0.89%
- Skipton: 3 months 0.43%, 1 year 1.15%
- Leeds: 1 year 0.96%

29 If building societies are seen as a suitable lending option, then a £2m limit with each one for a maximum period of, say, three or four months would seem a sensible starting point.

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### **Icelandic bank defaults**

- 30 This authority currently has an investment of £1m frozen in Landsbanki Islands hf. The investment was placed on 25 June 2007 at 6.32%, to mature on 25 June 2009.
- 31 The Icelandic Government has stated its intention to honour all its commitments as a result of their banks being placed into receivership. The U.K. Government is working with the Icelandic Government to help bring this about. The Local Government Association is coordinating the efforts of all UK authorities with Icelandic investments.
- 32 At the current time, the process of recovering assets is still ongoing with the administrators. Investments outstanding with the two Iceland-domiciled banks (Glitnir Bank hf and Landsbanki Islands hf) have been subject to decisions of the Icelandic Courts. Following the successful outcome of legal test cases in the Icelandic Supreme Court in late 2011, the Administrators have now commenced the process of dividend payments in respect of both of these banks.
- 33 At the beginning of October 2012, a third distribution was made to priority creditors such as ourselves. Sums were received in Sterling, US Dollars and Euros. The foreign currency was converted to Sterling as soon as possible after it was received.
- 34 Our original claim in the insolvency was for £1m plus interest up to the official winding up date of 22 April 2009 amounting to just over £52k. To date, just over £495k has been received back. There is a very small sum, paid in Icelandic Krona, which remains in escrow in Iceland due to currency controls in operation there. The Sterling equivalent is in the region of £7k and it is earning interest at a rate in excess of 3%. The current indications are that 100% of the deposit plus interest up to April 2009 will be recovered over the period extending to 2018 or 2019.
- 35 Members will continue to be updated on the latest developments in these efforts.

### **Key Implications**

#### Financial

- 36 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.

#### Community Impact and Outcomes

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

#### Legal, Human Rights etc.

- 38 Under Section 151 of the Local Government Act 1972, the Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the authority, including securing effective arrangements for treasury management.

- 39 This half year review report fulfils the requirements of The Chartered Institute of Public Finance & Accountancy's Code of Practice on Treasury Management 2009.

### **Conclusions**

- 40 The overall return on the Council's investments is exceeding budget in 2012/13 by approximately £65,000 as at the end of September 2012.
- 41 The economic situation both globally and within the Eurozone in particular remains volatile with inevitable consequences for the UK economy. Treasury management in the past six months has been conducted against this background and with a cautious investment approach.
- 42 Consideration should be given to increasing investment limits and adding counterparties to the lending list in order to maintain or increase yield and to offer an alternative to investment with the DMO or other local authorities.
- 43 Recovery of the Icelandic deposit is ongoing and further updates will be provided as and when monies are received.

### **Risk Assessment Statement**

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

Consideration of risk is integral in our approach to treasury management.

- 45 This report proposes new investment limits. The movement towards having a restricted lending list but higher individual limits with those institutions reduces the chance 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.
- 46 This 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 – Investment portfolio at 30 September 2012 in alphabetical and maturity date orders.

Appendix B – Monthly investment report for September 2012, produced by Sector Treasury Services Ltd.

Appendix C – Economic update and outlook for the

## Agenda Item 8

coming six months, produced by  
Sector Treasury Services Ltd.

**Background Papers:** Treasury Management Strategy for 2012/13 -  
Council 21 February 2012.

**Contact Officer(s):** Roy Parsons ext.7204

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

**SEVENOAKS DISTRICT COUNCIL**

List of Investments as at:- 30-Sep-12 (in alphabetical order)

Reference	Name	Rating	Country	Group	Amount	Start Date	Comm Rate	End Date	Curr Rate	Terms	Broker
	Santander UK plc (Business Reserve A/C)	A+	U.K.	Santander	0	01-Apr-99			0.60000%	Variable	Direct
	Santander UK plc (Money Market A/C)	A+	U.K.	Santander	0	09-Oct-06			0.80000%	Variable	Direct
	Clydesdale Bank plc (Base Tracker Plus - 15 Day)	A	U.K.	NAB	0	10-Sep-10			0.65000%	Variable	Direct
	Barclays Bank plc (Business Premium A/C)	A	U.K.		4,387,000	01-Oct-11			0.45000%	Variable	Direct
	National Westminster Bank plc (Liquidity Select)	A	U.K.	RBS	1,000,000	07-Oct-11			0.80000%	Variable	Direct
	Ignis Liquidity Fund (Money Market Fund)	AAA	U.K.		3,000,000	11-May-12				Variable	Direct
	Insight Liquidity Fund (Money Market Fund)	AAA	U.K.		3,000,000	11-May-12				Variable	Direct
IP1037	Aberdeen City Council		U.K.		1,000,000	29-May-12	0.48000%	29-Nov-12		6 Months	Sterling
IP1014	Bank of Scotland plc	A	U.K.	Lloyds/HBOS	1,000,000	14-Feb-12	2.50000%	12-Feb-13		1 Year	Direct
IP1018	Bank of Scotland plc	A	U.K.	Lloyds/HBOS	1,000,000	24-Feb-12	2.50000%	22-Feb-13		1 Year	Direct
IP1053	Barclays Bank plc	A	U.K.		1,000,000	02-Aug-12	0.67000%	02-Nov-12		3 Months	Direct
IP1055	Barclays Bank plc	A	U.K.		1,000,000	15-Aug-12	0.65000%	15-Nov-12		3 Months	Direct
IP1040	Greater London Authority		U.K.		3,000,000	11-Jun-12	0.34000%	02-Oct-12		3 Months	Sterling
IP1009	Lloyds TSB Bank plc	A	U.K.	Lloyds/HBOS	1,000,000	31-Jan-12	2.00000%	31-Oct-12		9 Months	Direct
IP1010	Lloyds TSB Bank plc	A	U.K.	Lloyds/HBOS	1,000,000	03-Feb-12	2.00000%	05-Nov-12		9 Months	Direct
IP1049	Lloyds TSB Bank plc	A	U.K.	Lloyds/HBOS	1,000,000	25-Jul-12	3.00000%	04-Jul-13		1 Year	Direct
IP1026	National Westminster Bank plc	A	U.K.	RBS	2,000,000	27-Apr-12	1.00000%	22-May-13	2.25000%	1 Year	Direct
IP1046	National Westminster Bank plc	A	U.K.	RBS	2,000,000	18-Jul-12	1.00000%	21-Aug-13	2.25000%	1 Year	Direct
IP1044	Nationwide Building Society	A+	U.K.		1,000,000	09-Jul-12	0.60000%	09-Oct-12		3 Months	Tradition
IP1047	Nationwide Building Society	A+	U.K.		2,000,000	23-Jul-12	0.60000%	23-Oct-12		3 Months	Sterling
IP1052	Nationwide Building Society	A+	U.K.		1,000,000	01-Aug-12	0.58000%	01-Nov-12		3 Months	Tradition
IP1057	Nationwide Building Society	A+	U.K.		1,000,000	28-Aug-12	0.54000%	28-Nov-12		3 Months	R P Martin
IP1051	Ulster Bank Ltd	A-	U.K.	RBS	1,000,000	27-Jul-12	1.20000%	28-Jan-13		6 Months	R P Martin
	<b>Total Invested</b>				<u><u>32,387,000</u></u>						
	<b>Matured Investment</b>										
IP813	Landsbanki Islands hf		Iceland		565,700	25-Jun-07	6.32000%	25-Jun-09		2 Years	R P Martin
	<b>Other Loan</b>										
	Sevenoaks Leisure Limited				250,000	29-Apr-08	7.00000%	31-Mar-18		10 Years	Direct

**SEVENOAKS DISTRICT COUNCIL**

List of Investments as at:- 30-Sep-12 (in order of maturity date)

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	Sevenoaks Leisure Limited				250,000	29-Apr-08	7.00000%	31-Mar-18		10 Years	Direct

**SECTOR**

**Sevenoaks District Council**  
**Monthly Investment Analysis Review**

September 2012



Sevenoaks District Council

Monthly Economic Summary

**General Economy**

A sustained recovery seemed as elusive as ever this month as the economy continued to struggle to emerge from recession. GDP was revised for the third time late this month from -0.5% to -0.4% q/q, keeping the annual rate of decline to -0.5%. The weak economic backdrop hurt both sides of the public finance statistics as continual cyclical spending increased government borrowing while corporation tax receipts were also hit by the tepid economy. The budget deficit, excluding financial sector interventions, came in at £14.41bn, the biggest on record for any August. This compared to just £0.6bn in the previous month. Some forecasters had expected a better return, given that receipts should have been boosted by Olympic ticket sales, yet this failed to materialise. This data adds to speculation over whether the Chancellor will be forced to abandon some of his fiscal targets as the deficit is beyond the government's own forecasts. Retail sales also proved somewhat disappointing by dipping 0.2% on the month. On an annual basis, a rise of 2.7% seems more encouraging, yet most forecasters still believe that retail activity will remain muted for some time to come. The Office for National Statistics stated that figures were lower as consumers chose to watch the Olympics rather than shop. However, in essence, the principal reason behind the fall is likely to be consumers reducing expenditure on non-essential items as their incomes suffer due to consumer-level inflation running ahead of earning increases. On this front, consumer price inflation (CPI) did fall from 2.6% to 2.5% in August, despite a rise in oil and fuel costs. The Bank of England forecasts that this trend will continue and inflation will ease towards and perhaps below its 2% target in the coming months. Lower inflation figures indicate more leeway for the Monetary Policy Committee to undertake further quantitative easing. Following its meeting this month, the Committee made no change to either the official Bank Rate or its current plan to buy £50bn of British government bonds, which will take its total purchases to £375bn by November. Although this result was expected, many economists are speculating that the Bank will begin a fresh programme of asset purchases in November. Elsewhere, employment data provided another positive surprise with a 15,000 fall in the number claiming unemployment benefit last month. In addition, according to the International Labour Organisation (ILO), unemployment fell by 7,000 in the three months through to July to 2.59 million. Despite this, continual cuts in public sector staff, as well as the euro crisis imply this trend may not continue. On the activity front, PMI for the service sector jumped to 53.7 in August from 51.0 in July, beating the most optimistic economist's forecast. Headline PMI manufacturing activity also beat market expectations and climbed to 49.5 from 45.2 in June – the highest since April. Unfortunately, the same was not seen for construction PMI which dropped below expectations to 49.0 in August from 50.9 as new orders slumped at the fastest pace since the height of the financial crisis. Easing inflation and falling unemployment should soften the squeeze on incomes and induce consumer confidence. However, lacklustre demand, weak investment spending, continuing austerity and economic problems elsewhere, imply a sustained recovery remains a distant prospect.

**Housing Market**

Mortgage lender Halifax reported that house prices declined by 0.4% in August, compared to a 0.1% decline in July. Halifax acclaim a gradual upward trend in spending power, aided by lower inflation, should help to support housing demand in the coming months. Nevertheless, the housing market is expected to remain broadly steady for the remainder of 2012. The number of mortgages granted to homebuyers rose to 30,533 in August, up from 28,750 in July, according to the British Bankers' Association group.

**Forecast**

Sector has kept its interest rate forecast unchanged, as we are expecting a first increase in Q4 2014. UBS and Capital Economics kept their bank rate forecasts unchanged, still expecting a decrease by 0.25% in the December quarter 2012.

Bank Rate	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13
Sector	0.50%	0.50%	0.50%	0.50%	0.50%
UBS	0.25%	0.25%	0.25%	0.25%	0.25%
Capital Economics	0.25%	0.25%	0.25%	0.25%	0.25%



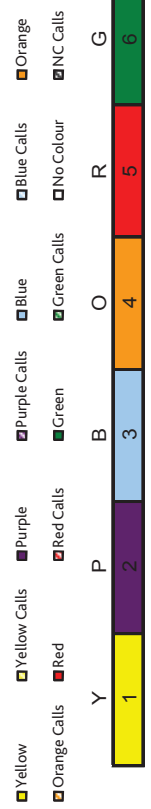
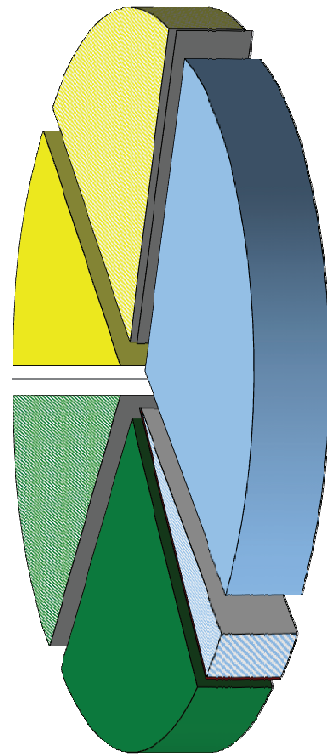
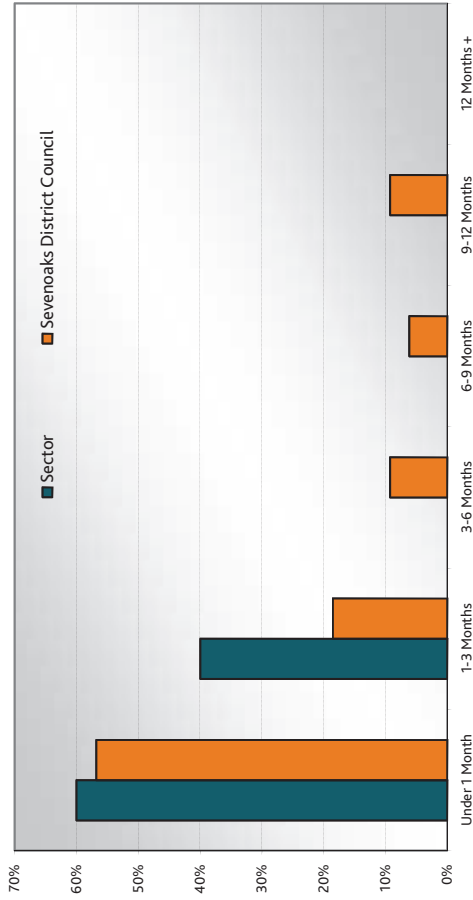
Sevenoaks District Council

Current Investment List

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Current Long Term Rating	Historic Risk of Default
Barclays Bank Plc	4,387,000	0.45%		Call	A	0.000%
National Westminster Bank Plc	1,000,000	0.80%		Call	A-	0.000%
Ignis MMF	3,000,000	0.62%		MMF	AAA	0.000%
Insight MMF	3,000,000	0.55%		MMF	AAA	0.000%
Greater London Authority	3,000,000	0.34%	11/06/2012	02/10/2012	AAA	0.000%
Nationwide Building Society	1,000,000	0.60%	09/07/2012	09/10/2012	A	0.002%
Nationwide Building Society	2,000,000	0.60%	23/07/2012	23/10/2012	A	0.006%
Lloyds TSB Bank Plc	1,000,000	2.00%	31/01/2012	31/10/2012	A	0.008%
Nationwide Building Society	1,000,000	0.58%	01/08/2012	01/11/2012	A	0.008%
Barclays Bank Plc	1,000,000	0.67%	02/08/2012	02/11/2012	A	0.008%
Lloyds TSB Bank Plc	1,000,000	2.00%	03/02/2012	05/11/2012	A	0.009%
Barclays Bank Plc	1,000,000	0.65%	15/08/2012	15/11/2012	A	0.012%
Nationwide Building Society	1,000,000	0.54%	28/08/2012	28/11/2012	A	0.015%
Aberdeen City Council	1,000,000	0.48%	29/05/2012	29/11/2012	AAA	0.000%
Ulster Bank Ltd	1,000,000	1.20%	27/07/2012	28/01/2013	BBB	0.076%
Bank of Scotland Plc	1,000,000	2.50%	14/02/2012	12/02/2013	A	0.035%
Bank of Scotland Plc	1,000,000	2.50%	24/02/2012	22/02/2013	A	0.037%
National Westminster Bank Plc	2,000,000	2.25%	27/04/2012	22/05/2013	A-	0.060%
Lloyds TSB Bank Plc	1,000,000	3.00%	25/07/2012	04/07/2013	A	0.071%
National Westminster Bank Plc	2,000,000	2.25%	18/07/2012	21/08/2013	A-	0.084%
<b>Total Investments</b>	<b>£32,387,000</b>	<b>1.06%</b>				<b>0.018%</b>

Sevenoaks District Council

Portfolio Composition by Sector's Suggested Lending Criteria



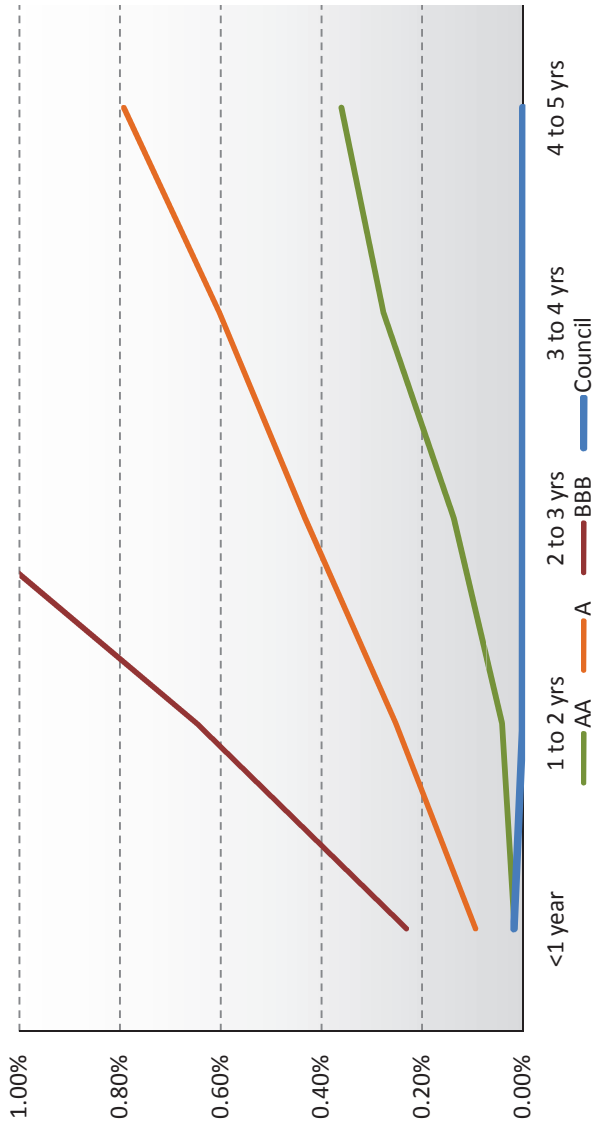
Portfolios weighted average risk number = 3.4

WARoR = Weighted Average Rate of Return  
WAM = Weighted Average Time to Maturity

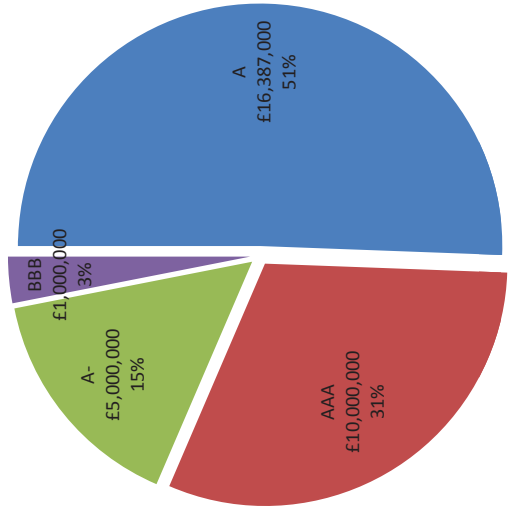
	% of Portfolio		% of Colour		Amount of		% of Call		Excluding Calls/WMMFs	
	Amount	in Calls	in Calls	Colour in Calls	Amount	Colour in Calls	WARoR	WAM	WAM at Execution	WAM
Yellow	£10,000,000	60.00%	£6,000,000	18.53%	0.50%	7	52	17	131	
Purple	£0	0.00%	£0	0.00%	0.00%	0	0	0	0	
Blue	£11,000,000	9.09%	£1,000,000	3.09%	2.09%	169	308	186	339	
Orange	£0	0.00%	£0	0.00%	0.00%	0	0	0	0	
Red	£0	0.00%	£0	0.00%	0.00%	0	0	0	0	
Green	£11,387,000	38.53%	£4,387,000	13.55%	0.55%	20	57	32	92	
No Colour	£0	0.00%	£0	0.00%	0.00%	0	0	0	0	
<b>TOTAL</b>	<b>£32,387,000</b>	<b>35.16%</b>	<b>£11,387,000</b>	<b>35.16%</b>	<b>1.06%</b>	<b>66</b>	<b>141</b>	<b>103</b>	<b>217</b>	

Relative Investment Risk and Rating Exposure

Relative Investment Risk Vs. Rating Categories



Rating Exposure



**Historic Risk of Default**  
This is a proxy for the average % risk for each investment based on over 30 years of data provided by Fitch, Moody's and S&P. It simply provides a calculation of the possibility of average default against the historical default rates, adjusted for the time period within each year according to the maturity of the investment.

**Chart Relative Risk**  
This is the authority's risk weightings compared to the average % risk of default for "AA", "A" and "BBB" rated investments

**Rating Exposures**  
This pie chart provides a clear view of your investment exposures to particular ratings.

Historic Risk of Default

Rating/Years	<1 year	1 to 2 yrs	2 to 3 yrs	3 to 4 yrs	4 to 5 yrs
AA	0.017%	0.041%	0.137%	0.277%	0.360%
A	0.094%	0.252%	0.433%	0.602%	0.793%
BBB	0.231%	0.647%	1.133%	1.705%	2.216%
Council	0.018%	0.000%	0.000%	0.000%	0.000%

Sevenoaks District Council

Monthly Credit Rating Changes  
FITCH

Date	Update Number	Institution	Country	Rating Action
No rating changes have occurred in September by Fitch.				

Sevenoaks District Council

Monthly Credit Rating Changes  
MOODY'S

Date	Update Number	Institution	Country	Rating Action
No rating changes have occurred in September by Moody's				

Sevenoaks District Council

Monthly Credit Rating Changes  
S&P

Date	Update Number	Institution	Country	Rating Action
No rating changes have occurred in September by Standard & Poors				

Economic update and outlook for the six months to 31 March 2013

Economic background

- 1 During the quarter ended 30 September:
  - Indicators suggested that economic growth returned after three quarters of recession;
  - Retail sales held up well and spending off the high street strengthened;
  - Employment continued to rise at a strong pace;
  - Inflation failed to make further downward progress;
  - The Monetary Policy Committee (MPC) announced more asset purchases;
  - UK equity and government bond prices rose;
  - The US economy continued to recover, but at a disappointingly slow pace.
- 2 GDP growth in quarter ended September looks set to be positive for the first quarter in a year. Although the CIPS/Markit business surveys weakened in July, they recovered in August to a level consistent on past form with quarterly GDP growth of about 0.2%.
- 3 In addition, the surveys seem to have been unaffected by the impact of the lost working day for the Queen's Jubilee, which will have shifted some production from June to July. Indeed, the official data improved significantly at the start of Q3. Following its 2.4% monthly drop in June, industrial production rose by 2.9% in July. The overall trade deficit shrank from £4.3bn in June to £1.5bn in July.
- 4 Furthermore, the CIPS surveys exclude the retail sector and high street spending has held up relatively well. The official measure of retail sales volumes grew by 0.3% in July. And while sales volumes fell by 0.2% in August – suggesting that the Olympics Games did not provide much of a boost to retail spending – retail sales should still support overall GDP growth in Q3. Even if sales volumes just hold steady in September, then sales will be 0.9% higher than in the second quarter.
- 5 Spending off the high street has also shown signs of recovering. In particular, private new car registrations were 26% and 12% higher than a year ago in July and August respectively. Moreover, Olympics ticket sales that occurred in previous quarters will be counted as household spending in the third quarter.
- 6 As a result, GDP growth could show a healthy quarterly rise to +0.6% in Q3. However, given that the level of GDP is likely to have been boosted by both the Queen's Jubilee and the Olympics, a renewed fall in output in Q4 seems likely.
- 7 Meanwhile, the labour market has continued to recover. The Labour Force Survey measure of employment rose by 236,000 in the three months to July and the claimant count measure of unemployment fell by 15,000 in August – the biggest fall since June 2010. That said, most of the rise in employment was driven by growing self and part-time employment, rather than full-time,. Moreover, 91,000 of the new jobs that were created were in London – around 40% of the total – despite the fact that the capital accounts for only 15% or so

of overall employment. The Olympics would therefore seem to have provided a temporary boost to the national employment figures.

- 8 Pay growth has remained modest. Annual growth of overall average earnings ticked up from 1.3% in June to 1.4% in July. Given the rate of inflation over this period, real pay continued to fall on an annual basis.
- 9 The underlying trend in house prices still seems to be broadly down. The Halifax measure of house prices fell by 0.7% in July and a further 0.4% in August. The Nationwide's measure fared better – although it fell by 0.8% in July, it then rose by 1.3% in August. Mortgage approvals for new house purchases have also remained weak. The total of 47,300 in July was below the average of 50,700 seen in the first half of 2012.
- 10 Banks' funding costs continued to ease over the quarter. This reflects the Bank of England's continued provision of low cost liquidity to banks in tranches of up to £5bn a month, the start of the Funding for Lending Scheme and the easing of tensions in Eurozone debt markets to which UK banks are exposed. But so far, quoted borrowing rates on most types of new mortgages have held broadly steady.
- 11 Meanwhile, the trend in public borrowing has continued to deteriorate. A continuation of the pattern seen in the first five months of the fiscal year (since April) would mean that borrowing in 2012/13 as a whole would come in at around £145bn, compared to the Office for Budget Responsibility's March forecast of £120bn. And while the Government announced some new measures to get credit flowing around the economy – including a £10bn guarantee to help housing associations and private developers raise funds to build new homes, and plans for a “business bank” – this largely amounted to tinkering at the edges of the fiscal austerity plans.
- 12 Inflation struggled to make further downward progress in Q3. Indeed, CPI inflation rose from 2.4% in June to 2.6% in July, before falling back to 2.5% in August. While inflation should drop to around 2% in September on the anniversary of last year's chunky rises in utility prices, further falls in inflation over the next few months look unlikely as a result of the recent increase in commodity prices. Oil prices rose from \$97 per barrel at the end of June to around \$113 per barrel at the end of September, while global agricultural prices have risen by around 25%.
- 13 The MPC voted in July to undertake £50bn additional asset purchases over the following four months. Although interest rate markets are pricing in a decent chance of a cut in official interest rates within the next few months, Mervyn King is opposed to this.
- 14 Asset prices in the UK and overseas largely continued to rise over the course of the third quarter. 10-year gilt yields fell from about 1.85% to 1.70% (although prices were volatile during this period), while the FTSE 100 recovered from 5,570 to 5,760. The pound also strengthened against both the euro and the dollar, from €1.23 to €1.25 and from \$1.56 to \$1.62 respectively.



- 15 The US economy's recovery has remained fairly weak. A weighted average of the manufacturing and non-manufacturing ISM indices points to annualised GDP growth of no more than 2.0% in the third quarter. Increases in total non-farm payroll employment were disappointing, up only 97,000 in July and 120,000 in August, compared to an average increase of 142,000 in the second quarter.
- 16 In the Eurozone, market sentiment improved following the ECB's pledge to buy "unlimited" quantities of peripheral government's sovereign debt in early September, provided that those countries have formally requested a bail out. However, peripheral Eurozone bond yields began to rise again at the end of the quarter due to Greece increasingly looking as if it will now have to ask for a third bail out and Spain continued prevaricating over making a formal request for a bail out when all the evidence indicates that this will be unavoidable. As for GDP growth, the composite Eurozone PMI points to a quarterly drop in GDP of about 0.4% in Q3.

### Summary economic outlook

#### Eurozone

- 17 A new storm is brewing as Greece, yet again, is failing to meet the demands of the austerity programme in cutting government expenditure, increasing tax revenue and selling off public sector assets. German patience with this situation must be close to breaking point and without German support Greece will run out of cash within the next couple of months. Markets are currently predicting an end game where Greece is eventually forced to exit (dubbed "Grexit") the Eurozone and return to the drachma.
- 18 More worryingly, sovereign bond yields for both Spain and Italy rose sharply to levels previously deemed unsustainable. Spain is now actively looking at what might be acceptable terms for receiving a bailout and surrendering national sovereignty to external oversight by the IMF and Eurozone paymasters.
- 19 One possible, but very unlikely, solution to the Eurozone debt crisis would be the issue of Eurobonds. These would collectivise all debt in the Eurozone and reduce the Greek element in total Eurozone debt to an almost insignificant percentage.
- 20 Austerity programmes in various countries are reducing GDP growth rates.

#### US

- 21 GDP is weakening alongside the recovery in jobs growth.
- 22 The Federal Reserve predicts that current ultra-low interest rates may be warranted until at least mid-2015.
- 23 There is political gridlock ahead of the November 2012 Presidential elections, for major fiscal action.

- 24 The new President is unlikely to make a significant fiscal impact on the US economy in 2013 as the unsustainably high budget deficit will need to be urgently addressed.
- 25 The housing market is at last beginning to show tentative signs of picking up.
- 26 Confidence figures among US consumers rose to a seven month high in September as the Conference Board's index of optimism rose from 61.3 to 70.3.

### China

- 27 There are increasing concerns that efforts to stimulate the economy could fail to avoid a hard landing. There are now many parts of the economy flashing distress signals.
- 28 A fresh round of support is widely expected. This could coincide with the change in the party hierarchy which is due to take place at the 18th Party Congress which begins in early November.

### UK

- 29 The UK has suffered its worst and slowest recovery from recession of any of the five recessions since 1930.
- 30 The Bank of England August 2012 Inflation Report again pushed back the timing of a return to trend growth and the rate at which inflation will fall back towards the target rate of 2%.
- 31 40% of UK GDP is dependent on overseas trade; high correlation of UK growth to US and EU GDP growth means that the UK economy is likely to register weak growth in the next two years.
- 32 Consumers are likely to remain focused on paying down debt; weak consumer sentiment and job fears will all act to keep consumer expenditure suppressed.
- 33 It is likely to take a lot longer to eliminate the structural budget deficit than in the current plans of the Coalition government. These plans will need to be updated to incorporate the impact of weak growth in the Eurozone and US depressing UK GDP growth, and thus lower expectations for increases in tax revenues.
- 34 The Coalition Government and the Bank of England have put in place a programme of action to improve the availability of credit in the economy. However, it will take time for this to feed through into a significant positive impact on GDP growth in the economy.
- 35 There is little sign of a coordinated strategy for the private sector to finance a major expansion of infrastructure investment to boost UK growth.

- 36 Eurozone concerns and the potential for further Quantitative Easing (QE) to stimulate GDP growth are likely to keep gilt yields depressed during the next twelve months.
- 37 UK gilts are likely to retain safe haven status from Eurozone worries for some time. Eurozone politicians struggle to reach agreement on how to replace impressive sounding words with actually implementing an effective platform of measures to conclusively subdue the debt crisis.
- 38 However, there are improvements in the prospects for the UK economy, though there is still a long way to go:
- UK banks have made huge progress since 2008 in correcting their over-extended balance sheets, though credit availability still remains weak.
  - Consumers have also made progress in correcting their personal over-borrowed balance sheets so that personal debt relative to incomes is now down to the lowest level since 2004. However, at 146%, it still remains the highest of any G7 nation.
  - The car industry is well on track to increase production. This is expected to see an increase from about 1m cars per annum in 2009 to 2.25m by 2016, much of which will be exported. In addition, car component firms are moving production to the UK in order to cost effectively meet the consequent increase in demand for their products. The car industry has also made steady progress in reducing its labour costs to be below those of Germany, France, Italy and even Spain.
  - The fall in price inflation relative to increases in pay inflation meant that household disposable income was less affected in quarter ended June, the biggest improvement in three years.
  - Recent increases in employment also strengthen consumer expenditure, tax receipts and reduce Government expenditure on benefits.
  - The UK is less encumbered to hindrances to new investment and new employment than countries in the Eurozone and has a competitive currency.
  - The UK has a more effective approach to stimulating growth than in the Eurozone in the areas of monetary policy and direct action to improve the supply of liquidity to the real economy.

#### Sector's forward view

- 39 Economic forecasting remains difficult with so many external influences weighing on the UK. Key areas of uncertainty include:
- The impact of the Eurozone crisis on financial markets and the banking sector;

- The impact of the UK Government's austerity plan on confidence and growth;
  - Monetary policy action failing to stimulate growth in western economies;
  - The potential for weak growth or recession in the UK's main trading partners - the EU and US.
- 40 The overall balance of risks remains weighted to the downside. Sector believes that the longer run trend is for gilt yields and PWLB rates to rise due to the high volume of gilt issuance in the UK, and the high volume of debt issuance in other major western countries. However, near-term, QE is likely to depress yields and further QE thereafter may lead to a reassessment of Sector's central forecast.
- 41 Given the weak outlook for economic growth, Sector sees the prospects for any interest rate changes before early 2014 as very limited indeed. There is potential for the start of Bank Rate increases to be even further delayed if growth disappoints.

**DRAFT BUDGET 2013/14**

**Cabinet - 6 December 2012**

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

Status: For Decision

Key Decision: No

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**Executive Summary:** This report sets out progress made in preparing the 2013/14 budget and updates Members on key financial information.

Since the last report on 13 September 2012, the Select Committees have been presented with proposed additional growth and savings items.

There remains uncertainty over the two largest funding sources, Government Support and Council Tax for 2013/14; therefore a further report will be presented to Cabinet on 10 January 2013 when more information should be available.

The Cabinet will make its final recommendation on the budget at its meeting on 7 February 2013, after taking into account any updated information available at that date.

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**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

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**Recommendation to Cabinet:**

- (a) Consider and respond to the comments and recommendations of the Select Committees as set out at Appendix E; and
- (b) Officers be requested to investigate further proposed solutions for the £160,000 budget shortfall.

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**Introduction**

- 1 At the Cabinet meeting on 13 September 2012, Members considered a report setting out the Council's financial prospects for 2013/14 and beyond. That report set out the major financial pressures the Council is likely to face, together with a proposed strategy for setting a balanced and sustainable budget for 2013/14 and beyond.
- 2 As part of the budget process officers put forward their Service Plan Summaries to Select Committees in October and November, which set out their objectives for the

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coming year. Changes to the four year savings plan together with new growth and savings items were also identified by officers.

- 3 This information and the implications for the 2013/14 budget are set out below, together with an update on the issues raised in the Financial Prospects report and those arising from the current year's budget monitoring and service activity.

### Updates to the Financial Prospects Report

- 4 The Financial Prospects report considered in September raised a number of financial risk areas for the Council. These are updated below and Members will be aware that this is a rapidly evolving situation, and the Council needs to be prepared to act flexibly in response to changes in economic conditions.

### Government Support

- 5 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.
- 6 The Council's current budget assumptions for Government support are a reduction of 9% in 2013/14 and 10% in 2014/15. However, 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.
- 7 The Government is now not expected to announce provisional figures for 2013/14 and 2014/15 until late December.

### New Homes Bonus

- 8 The New Homes Bonus for 2013/14 is expected to be higher than currently included in the 10-year budget but the amount the Council will receive next year will also not be announced until late December.

### Council Tax

- 9 The Government has announced that if a Council freezes its Council Tax in 2013/14 they will receive a 1% grant for two years. Also, a referendum will be required if the Council raises Council Tax 2% or more.
- 10 The current assumptions for Council Tax are 3% in 2013/14 and 2014/15 and 4% in later years. Therefore, if Members choose to freeze Council Tax and accept the grant in 2013/14, and take the same option if it is offered for the remaining two years of this Parliament, there would be a budget gap of £7.9m over the 10-year budget period.

### Changes to the 4 Year Savings Plan and New Growth and Savings Items

- 11 Several items in the 4 year savings plan are now considered to be at risk, which total £165,000 (£115,000 in 2013/14 and an additional £50,000 in 2014/15).

- 12 In addition to non service issues and risks, such as grant settlements, impacts of economic change and other pressures highlighted in the Financial Prospects report, a number of growth items have been identified.
- 13 Growth items total £110,000. This is a reduction of £20,000 compared to the figure in the Select Committee reports due to the item for Housing Homeless being removed following additional work by officers.
- 14 Officers have suggested additional savings totalling £115,000 (£85,000 in 2013/14 and an additional £30,000 in 2014/15).
- 15 The risks, growth and new savings identified result in proposed net growth of £160,000 which the Select Committees have recommended to Cabinet should be included in an updated 10-year budget.
- 16 The following appendices contain further detail:
  - Appendix B – The Council's agreed 4 year savings plan,
  - Appendix C – Summary of changes to the 4 year savings plan and new growth and savings items,
  - Appendix D – Service Change Impact Assessment forms (SCIAs) for each item listed in appendix C.

### Current Budget Gap and Savings Proposals

- 17 The 10-year budget (Appendix A) shows a balanced budget position. However, this does not include the £160,000 of net growth items recommended by the Select Committees (Appendix C). Due to the uncertainty regarding Government Support and Council Tax a further report will be presented to Cabinet on 10 January 2013 containing a more complete picture. Members' views will then be sought if proposals are required to close any budget gap.
- 18 The Cabinet will make its final recommendation on the 2013/14 budget at its meeting on 7 February 2013, after taking account of the latest information available at that date.

### Collection Fund and Tax base

- 19 The 2013/14 tax base will be agreed at Cabinet on 10 January 2013. At the same time, Members will be presented with an estimate of the Collection Fund balance as at 1 December 2012.

### 2012/13 Outturn

- 20 Supported by the Finance Advisory Group, tight financial monitoring and control has been in place for a number of years and again for 2012/13. Given the constraints being placed on all budgets, and the savings planned for 2013/14 and future years, it will be essential to continue on this basis.

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- 21 The latest monitoring figures indicate a small favourable variance at the year end. However, it should be recognised that this has been a challenging budget year for a number of reasons, including reduced income streams and the continued impact of the recession. In spite of this, officers, with the support of the Finance Advisory Group, are continuing to ensure the year-end outturn remains within budget.
- 22 Key risk items in the current year include:
- Development Control income (£150,000 forecast shortfall in 2012/13),
  - Building Control income (£129,000),
  - Car Parking income (£100,000),
  - Land Charges income (£35,000).
- 23 Based on these risks it is likely that unless additional income or savings are identified the budget gap will increase by the time Members come to set the budget.

### Key Implications

#### Financial

- 24 All financial implications are covered elsewhere in this report.

#### Community Impact and Outcomes

- 25 A balanced budget that includes the assessment and management of risk provides the Council with the financial stability required to plan and deliver its services to the community.

#### Legal, Human Rights etc.

- 26 There are no legal or human rights implications.

#### Equality Impacts

Consideration of impacts under the Public Sector Equality Duty:		
Question	Answer	Explanation / Evidence
a. Does the decision being made or recommended through this paper have potential to disadvantage or discriminate against different groups in the community?	Yes	Equalities assessments have been completed for all of the Service Change Impact Assessments (SCIAs).
b. Does the decision being made or recommended through this paper have the potential to promote equality of opportunity?	No	



Consideration of impacts under the Public Sector Equality Duty:		
Question	Answer	Explanation / Evidence
c. What steps can be taken to mitigate, reduce, avoid or minimise the impacts identified above?		

### Conclusions

- 27 Government Support and Council Tax are currently two major uncertainties contained in the 10-year budget with further information not expected until late December.
- 28 The outcome of these funding sources together with £160,000 of net growth recommended by the Select Committees may result in a budget gap. An updated position will be reported to Cabinet on 10 January 2013.
- 29 This budget process, although currently 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 customers, 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

- 30 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.
- 31 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 – 10-year budget

Appendix B – The Council's agreed 4 year savings plan

Appendix C – Summary of changes to the 4 year savings plan and new growth and savings items

Appendix D – Service Change Impact Assessment forms (SCIAs)

Appendix E – Summary of Select Committee feedback

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**Background Papers:**

Report to Environment Select Committee 23 October 2012, Social Affairs Select Committee 30 October 2012 and Services Select Committee 1 November 2012 – 2013/14 Budget and Review of Service Plans

Report to Cabinet 13 September 2012 – Item 6 – Financial Prospects & Budget Strategy 2012/13 and Beyond

**Contact Officer(s):**

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**Dr. Pav Ramewal**

**Deputy Chief Executive and Director of Corporate Resources**

## 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
<b>Expenditure</b>												
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	
<b>New growth and savings</b>	<b>0</b>	<b>0</b>										
<b>Net Service Expenditure b/f</b>	<b>13,443</b>	<b>13,628</b>	<b>14,662</b>	<b>15,110</b>	<b>15,531</b>	<b>15,935</b>	<b>16,197</b>	<b>16,569</b>	<b>16,934</b>	<b>17,273</b>	<b>17,611</b>	
<b>Financing Sources</b>												
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	
<b>Total Financing</b>	<b>(14,276)</b>	<b>(14,335)</b>	<b>(14,563)</b>	<b>(15,141)</b>	<b>(15,633)</b>	<b>(14,774)</b>	<b>(15,284)</b>	<b>(15,817)</b>	<b>(16,373)</b>	<b>(16,956)</b>	<b>(16,984)</b>	
<b>Budget Gap (surplus)/deficit</b>	<b>(833)</b>	<b>(707)</b>	<b>99</b>	<b>(31)</b>	<b>(102)</b>	<b>1,161</b>	<b>913</b>	<b>752</b>	<b>561</b>	<b>317</b>	<b>627</b>	<b>2,758</b>
<b>Contribution to/(from) Stabilisation Reserve</b>	<b>833</b>	<b>707</b>	<b>(99)</b>	<b>31</b>	<b>102</b>	<b>(1,161)</b>	<b>(913)</b>	<b>(752)</b>	<b>(561)</b>	<b>(317)</b>	<b>(627)</b>	<b>(2,758)</b>
<b>Unfunded Budget Gap (surplus)/deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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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## 4 Year Savings Plan Growth and Savings Items 2011/12 - 2014/15

Appendix B

Risk items (also included in Appendix C) are shaded

SCIA			Year				TOTAL
Year	No.		2011/12	2012/13 additional savings	2013/14 additional savings	2014/15 additional savings	
			£	£	£	£	
		<b>Environment</b>					
11/12	16	Building Control - joint working and cost savings from team review	(74)				(74)
10/11	36	Building Control - reverse one off income home condition survey*	15				15
10/11	2	Building Control - review of team	(5)				(5)
11/12	22c	Civil Enforcement - review structure	(34)				(34)
11/12	12c	Development Control - Appeals - reduced use of consultants	(6)				(6)
11/12	12b	Development Control - Appeals - reduced use of external legal resources	(10)				(10)
11/12	12a	Development Control - Conservation - deletion of consultants budget	(11)				(11)
11/12	14a	Development Control - Planning and Pre-Application Fees - extra income		(100)			(100)
11/12	13	Development Control - review processes and structure to reduce costs	(131)				(131)
11/12	14b	Development Control - S106 Monitoring - charge developers to monitor	(50)				(50)
08/09	30	Development Control - staffing reduction	(41)				(41)
10/11	1	Development Control - various	(20)				(20)
	19	Development Services share of corporate targets	(8)	(14)			(22)
11/12	27	Direct Services - Street Cleansing reduction	(124)				(124)
		Environmental & Operations share of corporate targets	(24)	(91)			(115)
11/12	56	Land Charges income loss (personal searches)	22				22
11/12	15	LDF preparation - reduce annual contribution to reserve based on cost reduction*	(70)		70		0
11/12	25	On-street Parking - additional income	(35)				(35)
11/12	24	Parking - additional income	(43)				(43)
11/12	22a	Parking - joint working	(26)				(26)
11/12	22b	Parking - reduce administrative costs		(13)	(14)		(27)
10/11	33	Planning Policy - reverse one off income 2010/11*	22				22
11/12	23	Sencio Leisure parking fees reimbursement at Sevenoaks - cancel	(26)				(26)
11/12	8	Tourism - reduced activity		(30)			(30)
		<b>Total Environment</b>	<b>(679)</b>	<b>(248)</b>	<b>56</b>	<b>0</b>	<b>(871)</b>
		<b>Services Select</b>					
11/12	42	Admin Support - reduce	(28)				(28)
11/12	28	Asset Maintenance (reduction for 3 years) - Playground equipment/CCTV equipment/depot/car parks	(31)			31	0
12/13	2	Benefits - contribution from Housing Benefits Subsidy Reserve		(40)			(40)
12/13	1	Benefits - reduction in Admin grant		40			40
11/12	34	Central offices target savings	(5)				(5)
11/12	39	Civic Expenditure -delete budget except Chair/Vice Allowance	(68)				(68)
10/11	56	Communications - reverse temp reduction in costs*		19			19
10/11	15	Concessionary Fares - Govt funding reduction	200				200
10/11	41	Concessionary Fares - reverse reduced costs*	60				60
11/12	29	Contact Centre - shared services or reduction in service		(40)			(40)
08/09	17	Democratic Services - reorganise to reduce service/costs	(17)				(17)
11/12	55	Democratic Services Manager - Partnership Working	(20)				(20)
11/12	18	Direct Services - review operations and reduce costs	(88)	(16)			(104)
11/12	46	Disabled Facilities Grant reduction	(50)				(50)
10/11	21	Equalities - end of contract with TWBC		(15)			(15)
11/12	30a	Finance - re-structure and review processes	(40)				(40)
		Finance & HR share of corporate targets	(15)	(22)			(37)

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SCIA			Year				TOTAL
Year	No.		2011/12	2012/13 additional savings	2013/14 additional savings	2014/15 additional savings	
			£	£	£	£	
11/12	52	FM - staffing review	(45)	(30)		(75)	
11/12	53	FM - window cleaning, hand dryers, building cleaning, microfilming	(15)			(15)	
11/12	53	FM - window cleaning, hand dryers, building cleaning, microfilming	(10)			(10)	
10/11	51	Gypsy site - Support -Hever Rd	7			7	
10/11	47	Homeless - reverse one off rent in advance*	10			10	
10/11	47	Homeless - reverse one off deposit bonds*	10			10	
10/11	50	Housing initiatives - reverse one off support of under 18s*	15			15	
11/12	43	Housing Policy - Climate Change	(23)			(23)	
		Housing share of corporate targets	(5)	(4)		(9)	
11/12	31	Human Resources - partnership working			(20)	(20)	
11/12	49	Information Systems and IT Support - review staffing resources	(30)		(20)	(60)	
10/11	22	Internal Audit - reverse extra income DBC*	10			10	
11/12	48	Internet provision - reduce charges	(40)			(40)	
11/12	51	IT - Agresso and IDOX - reduce support costs	(23)	(50)		(73)	
		IT & FM share of corporate targets	(7)	(7)		(14)	
11/12	50	IT Support - reduce general costs	(41)			(41)	
11/12	40	Lease Cars - cease scheme administration	(10)	(10)	(20)	(40)	
		Legal & Democratic Svs & Corp share of corporate targets	(5)	(10)		(15)	
11/12	57	Legal Services - additional income (S106)	(30)			(30)	
11/12	54	Legal Services - Partnership Working	(25)			(25)	
10/11	8	Licensing - enlarge partnership	(15)	(15)		(30)	
11/12		Market supplements - continuation of phased removal	(100)			(100)	
11/12	33	Members' Allowances - next phased increase not implemented	(45)			(45)	
10/11	16	Members' Allowances - phasing of new scheme	45	45		90	
12/13	3	Members' Allowances - provision for Members IT allowance		6		6	
12/13	5	Members' Allowances - underspend		(6)		(6)	
11/12	45	Merge Private Sector and Social Housing	(55)			(55)	
10/11	58	Partnership working - corporate target	(200)			(200)	
08/09	62	Policy and Perf - review of team tasks	(35)			(35)	
11/12	58	Policy, Performance and Communications - review of functions		(50)		(50)	
11/12	36	Property - income from Tandridge	(13)			(13)	
11/12	35	Property - review processes and restructure team	(75)		(75)	(150)	
11/12	30b	Rationalisation of financial systems and administration over sites		(50)		(50)	
11/12	37	Revenues & Benefits - joint working savings above target	(50)			(50)	
11/12	38	Revenues and Benefits - Partnership - further efficiencies target (£60k split 50:50)			(30)	(30)	
11/12	58	Review of Policy, Performance and Communications functions - part	(35)			(35)	
	1	Review of senior management - part	(75)			(75)	
11/12		Review of senior management or joint management			(302)	(302)	
11/12	32	Secretariat - review across council with view to reducing with senior management	(41)			(41)	
11/12	47	Social Housing - Joint assessment referrals - stop contribution		(8)		(8)	
11/12	44	Social Housing - West Kent Housing contract saving		(30)		(30)	
11/12		Staff terms and conditions - savings reprofiled as agreed by Council 18/10/11				35	
11/12	41	Training Budget - reduce	(50)			(50)	
		<b>Total Services</b>	<b>(1,103)</b>	<b>(293)</b>	<b>(467)</b>	<b>6</b>	
		<b>Social Affairs</b>					
11/12	1	Arts Development	(5)			(5)	

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SCIA			Year				TOTAL
Year	No.		2011/12	2012/13 additional savings	2013/14 additional savings	2014/15 additional savings	
			£	£	£	£	
10/11	66	CCTV	(45)				(45)
11/12	17	CCTV - Partnership Work/Other arrangement (with Contact Centre)				(50)	(50)
08/09	18	Community Development - Replace core salaries with external funding and reduce health budget 2011/12	(2)				(2)
		Community Development share of corporate targets	(3)	(2)			(5)
11/12	2	Community Safety - external funding at risk	56				56
08/09	20	Community Safety - Reduce Community Safety budget - crime reduction	(2)				(2)
11/12		Direct Services - Pest Control - review of service and removal of subsidy	(16)				(16)
11/12	26	Direct Services - Public Conveniences	(62)				(62)
11/12	20	Environmental Health - shared working	(150)				(150)
11/12	22e	Further transfer of land playgrounds etc to Town/Parish Councils	(15)				(15)
11/12	3	Grants	(25)	(20)			(45)
11/12	4	Health - reduced activity	(17)				(17)
11/12	22d	Hollybush Outdoor Bowls Centre - transfer ownership to private club	(20)				(20)
11/12	5	Leisure - Asset Maintenance	(70)	(70)			(140)
11/12	6	Leisure - reduced Management Fee	(80)	(80)			(160)
11/12	21	Minibuses - Deletion of service	(333)				(333)
08/09	22	Reduce grants budget	(13)				(13)
08/09	21	Reduce Youth budget - SNAP, drugs/alcohol	(3)				(3)
10/11	24	STAG agreement expiry			(25)	(75)	(100)
11/12	7	Sustainability - delete remaining cost	(4)				(4)
11/12	9	West Kent Partnership	(2)				(2)
11/12	11	Youth - 8-12's project		(23)			(23)
11/12	10	Youth - reduce activity, leave only statutory duty	(20)	(60)			(80)
		<b>Total Social Affairs</b>	<b>(831)</b>	<b>(255)</b>	<b>(25)</b>	<b>(125)</b>	<b>(1,236)</b>
		<b>Totals</b>	<b>(2,613)</b>	<b>(796)</b>	<b>(436)</b>	<b>(119)</b>	<b>(3,964)</b>

\* = 'positive' savings items relate to the reversal of one-off savings in earlier years.

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Summary of Changes to 4 Year Savings Plan and Proposed Growth and Savings items

Appendix C

SCIA Ref	Committee	Head of Service	Service	2013/14 £'000	2014/15 £'000		Total £'000
<u>Items from 4 Year Plan</u>							
11/12 5	Social Affairs	Community Development	Asset Maintenance	70	-		70
11/12 14b	Environment	Development Services	Income s106 monitoring	25	-		25
11/12 15	Environment	Development Services	LDF Preparation	-35	-		-35
11/12 17	Social Affairs	Env & Ops	CCTV	-	50		50
11/12 31	Services	Financial Services	HR - Partnership working	20	-		20
11/12 35	Services	Legal	Property Team Re-structure	35	-		35
<b>Proposed Growth from 4 Year Plan</b>				<b>115</b>	<b>50</b>		<b>165</b>
<u>Budget Pressures outside 4-year Plan</u>							
13/14 1	Environment	Env & Ops	Income - Building Control	50	-		50
13/14 3	Environment	Legal	Planning - Legal/Barrister Fees	20	-		20
13/14 4	Environment	Legal	Land Charges Income	40	-		40
<b>Proposed Growth from Budgetary Pressures</b>				<b>110</b>	<b>0</b>		<b>110</b>
<u>Potential Savings/Funding</u>							
13/14 5	Services	Legal	Audit Fees	-40			-40
13/14 6	Services	Legal	Argyle Rents KCC/MOAT	-20			-20
13/14 7	Services	Legal	Argyle Rents Police	-15			-15
13/14 8	Services	Legal	Market Related Supplements	-10			-10
13/14 9	Environment	Env & Ops	Environmental Health Partnership		-30		-30
<b>Proposed Savings Items</b>				<b>-85</b>	<b>-30</b>		<b>-115</b>
<b>Total</b>				<b>140</b>	<b>20</b>		<b>160</b>

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**SERVICE CHANGE IMPACT ASSESSMENT**

Revision to Service Change Impact Assessment #05 (11/12)

Update of Feasibility of original budget reduction  
£70k of this saving is now considered to be at risk  
Further comments from Head of Service - Autumn 2012: Looking at alternatives such as Whiteoak LC sustainability.

Previously Agreed SCIA (Cabinet 28 October 2010)

<b>Service Area:</b>	Leisure	<b>Service:</b>	Community Development
<b>Activity</b>	Asset Maintenance	<b>No. of Staff:</b>	n/a

Activity Budget Reduction	11/12 £000	12/13 £000	13/14 £000	14/15 £000
Investigate ways to reduce the Council's leisure centre asset maintenance costs	-70	-140	→	→

**Reasons for and explanation of proposed change in service**

The Council's average asset maintenance expenditure on leisure buildings has been £207,500 in each year over the last three years and there are significant needs for major work over the next five to ten years including roof, flume, ceiling and boiler replacement.

Discussions will take place with Sencio and proposals will be brought forward for consideration over the current year to reduce the asset maintenance commitment for the future.

**Key Stakeholders Affected**

Leisure centre users.

**Likely impacts and implications of the change in service (include Risk Analysis)**

These will be considered as part of any proposals that are brought forward over the course of this financial year.

**SERVICE CHANGE IMPACT ASSESSMENT**

<b>Performance Matrix Rank</b> (1 to 27)	21
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<b>2010/11 Budget</b>	<b>£ 000</b>	<b>National and Local Performance Indicators</b>		
<b>Operational Cost</b>	220	<b>Code &amp; Description</b>	<b>Actual</b>	<b>Target</b>
<b>Income</b>	-	LPI SL 001 – Leisure Centre usage figures (2009)	898k	934k
<b>Net Cost</b>	220			

**SERVICE CHANGE IMPACT ASSESSMENT**

Revision to Service Change Impact Assessment #14 (11/12)

Update of Feasibility of original budget reduction  
 £25k of this savings is now considered to be at risk  
 Further comments from Head of Service - Autumn 2012: Income is below expectations but this may be offset by application fee income

Previously Agreed SCIA (Cabinet 28 October 2010)

Service Area:	Development Control	Service:	Development Services
Activity	Fees	No. of Staff:	46.77 fte

Activity Budget Reduction	11/12 £000	12/13 £000	13/14 £000	14/15 £000
(a) Planning and Pre-Application fees – additional income.	-	-100	➔	➔
(b) S106 Monitoring – additional income.	-50	➔	➔	➔
<b>TOTAL</b>	<b>-50</b>	<b>-150</b>	<b>➔</b>	<b>➔</b>

Reasons for and explanation of proposed change in service

Anticipated additional income through reviewing application and/or pre-application charging, charging to monitor S106 obligations and an increase in fee income resulting from more applications being submitted.

Key Stakeholders Affected

Service users – Customer side.

Likely impacts and implications of the change in service (include Risk Analysis)

Risks include:  
 Potential reduction in use of pre-application service;  
 Risk of not achieving anticipated income;  
 Reduced performance of NI157 as workload increases.  
 We will seek to ameliorate these effects wherever possible through efficiency and effectiveness improvements.

**SERVICE CHANGE IMPACT ASSESSMENT**

Performance Matrix Rank (1 to 27)	2
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2010/11 budget	£ 000	National and Local Performance Indicators		
Operational Cost	1,277	Code & Description	Actual	Target
Income	-580	NI 157a - Major applications processed on time	91%	84%
Net Cost	697	NI 157b - Minor applications processed on time	82%	84%
		NI 157c - Other applications processed on time	92%	94%

**SERVICE CHANGE IMPACT ASSESSMENT**

Revision to Service Change Impact Assessment SCIA # 15 (11/12)

Update of Feasibility of original budget reduction

The contribution to the LDF was reduced by £70k for an original period of 2 years; instead of returning to the original level of £140k, the saving can continue with an annual reduction of £35k.

Previously Agreed SCIA (Cabinet 28 October 2010)

Service Area:	Planning Policy	Service:	Development Services
Activity	LDF preparation	No. of Staff:	6.72 fte

Activity Budget Reduction	11/12 £000	12/13 £000	13/14 £000	14/15 £000
Reduced annual contribution to the LDF Fund	-70	→	-	-

Reasons for and explanation of proposed change in service

The LDF fund of £140K per annum funds the Council's work on LDF preparation which includes the Core Strategy, Allocations and Development Control DPDs and Supplementary Planning Documents. It includes funding for evidence based studies, document production and consultation and examinations. Examinations are a substantial component of the costs (approx £150K per document)

There is an earmarked reserve of £406K (at 1 April 2010) but this currently has to fund three DPD examinations and it is expected to be run down over the next three years.

Some savings can be achieved on future evidence base studies by doing more work in house (e.g. the Sustainability Appraisal)

The Allocations and Development Control DPDs could be combined into one document saving on the costs of separate examinations.

With these savings the contribution could be halved in 2011/12 and 2012/13.

**SERVICE CHANGE IMPACT ASSESSMENT**

Key Stakeholders Affected

All residents and businesses affected by development plans

Likely impacts and implications of the change in service (include Risk Analysis)

The Allocations DPD has reached Options stage but no work has been carried out on the Development Control DPD. Time required for the latter to “catch up” would mean a delay to the Allocations DPD of up to a year, but we will seek to limit this to a six month period. Delaying adoption of the Allocations could have an adverse effect on securing early implementation of developments being promoted through the DPD, though this will be offset to a degree by the fact that options have already been published.

*Risk Analysis:*

1. If the Core Strategy is found unsound there will be extra costs involved in revising and resubmitting the Core Strategy for a second examination which would offset the saving. Extending the time period for plan preparation would enable the annual saving to still be achieved though contributions would be over a longer period of time. The Core Strategy hearings are programmed for October and we should know by the end of these if it is likely to be found unsound (although the final decision will not be until early 2011)
2. The new Government is reviewing the approach to plan making and it is unclear at this stage what impact this will have on the future cost of plan making. Flexibility needs to be allowed for in the level of future contributions and no reductions are proposed after 2012/3.
3. Examination costs cannot be determined in advance because they are based on time rather than fixed fees. Some flexibility is required to allow for the possibility that costs may be higher than expected.

Performance Matrix Rank (1 to 27)	3
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2010/11 Budget	£ 000	National and Local Performance Indicators		
Operational Cost	540	Code & Description	Actual	Target
Income	-24	No applicable performance indicators		
Net Cost	516			



**SERVICE CHANGE IMPACT ASSESSMENT**

Revision to Service Change Impact Assessment #17 (11/12)

Update of Feasibility of original budget reduction

This saving of £50k for 2012/14 is now considered to be at risk

Further comments from Head of Service - Autumn 2012: Saving unlikely now that TWBC will not be looking to relocate their CCTV control room in the mid term.

Previously Agreed SCIA (Cabinet 28 October 2010)

<b>Service Area:</b>	Direct Services	<b>Service:</b>	Environmental & Operational Services
<b>Activity</b>	CCTV	<b>No. of Staff:</b>	7 fte

Activity Budget Reduction	11/12 £000	12/13 £000	13/14 £000	14/15 £000
CCTV increased partnership working	-	-	-	-50

**Reasons for and explanation of proposed change in service**

Possible savings identified relate to increased partnership working with T&MBC and TWBC including relocating the CCTV Control Room for T&MBC and TWBC to one SDC office.

This may allow the out of hours service to be undertaken for TWBC (currently contracted out).

If this saving could not be realised by this arrangement, the Council would have to consider an unmanned CCTV Control Room (recording only) 9.00am to 5.00pm (Monday-Friday).

Manning of the CCTV Control Room would need to continue on weekends and bank holidays, plus 5.00pm to 9.00am on weekdays to provide an out of hours service for SDC and to continue this service for T&MBC (generates £10,000 income per annum), and the ability to provide an out of hours service for TWBC.

The current arrangements to share the CCTV Manager post with TWBC (generates £20,000 per annum) there is still a further £25,000 saving to be

**SERVICE CHANGE IMPACT ASSESSMENT**

found in 2011/12 in the current budget plan. (As yet unidentified). The current budget already contains a contribution from Kent Police for the service.

**Key Stakeholders Affected**

Businesses, Residents, Car Parks, Out of Hours Service

**Likely impacts and implications of the change in service (include Risk Analysis)**

As above.

<b>Performance Matrix Rank</b> (1 to 27)	12
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2010/11 Budget	£ 000	National and Local Performance Indicators		
Operational Cost	325	Code & Description	Actual	Target
Income	-49	LPI CCTV 003 – Out of hours calls SDC	487	351
Net Cost	276	LPI CCTV 004 – Out of hours calls TMBC	481	294

**SERVICE CHANGE IMPACT ASSESSMENT**

**Revision to Service Change Impact Assessment #31 (11/12)**

**Update of Feasibility of original budget reduction**

This saving of £20k for 2013/14 is now considered to be at risk

Further comments from Head of Service - Autumn 2012: It was hoped that following the joint working venture of Revenues and Benefits between SDC and DBC, the HR Manager could support both SDC and DBC. However, this has not prevailed. There is a difference in people practices between the two authorities, DBC currently engage Northgate to provide their HR services. Therefore, this partnership has not taken place as was hoped.

**Previously Agreed SCIA (Cabinet 28 October 2010)**

**SCIA # 31**

<b>Service Area:</b>	HR	<b>Service:</b>	Finance & HR
<b>Activity</b>	HR	<b>No. of Staff:</b>	5.5 fte

Activity Budget Reduction	11/12 £000	12/13 £000	13/14 £000	14/15 £000
Review structure to reduce staffing	-	-	-20	➔

<b>Reasons for and explanation of proposed change in service</b>	Joint working with another council to deliver HR Services.
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<b>Key Stakeholders Affected</b>	All staff across the Council
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<b>Likely impacts and implications of the change in service (include Risk Analysis)</b>	<p>Joint working with another council to deliver HR services would achieve savings for the Council and improve resilience for this small team.</p> <p>There is a risk that at a time when there is increased demand for HR Services (managing potential changes in staff terms and conditions and staffing reductions as well as providing advice for joint working in other service areas) resources may diverted to develop joint working for this services.</p>
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**SERVICE CHANGE IMPACT ASSESSMENT**

Performance Matrix Rank (1 to 27)	N/A
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2010/11 Budget	£ 000	National and Local Performance Indicators		
Operational Cost	145	Code & Description	Actual	Target
Income	-	No applicable performance indicators		
Net Cost	145			

**SERVICE CHANGE IMPACT ASSESSMENT**

**Revision to Service Change Impact Assessment #35 (11/12)**

**Update of Feasibility of original budget reduction**

£35k of this saving is now considered to be at risk

Further comments from Head of Service - Autumn 2012: The Professional Services manager has indicated his intention to retire on the 31<sup>st</sup> March 2013, the post will not be replaced leading to a salary saving. The majority of his duties will be absorbed by the remaining team with some services being transferred to other departments, however it is probable that we will need to purchase some additional expertise.

**Previously Agreed SCIA (Cabinet 28 October 2010)**

SCIA # 35

<b>Service Area:</b>	Finance & HR	<b>Service:</b>	Finance & HR
<b>Activity</b>	Property Services	<b>No. of Staff:</b>	6 fte

Activity Budget Reduction	11/12 £000	12/13 £000	13/14 £000	14/15 £000
Review and reorganisation of the Property section	-75	➔	-150	➔

**Reasons for and explanation of proposed change in service**

The current Property section will be reviewed and reorganised with some duties being undertaken elsewhere in the Council and others not being done at all, or at a reduced level.

The Emergency Planning and Health and Safety functions will be reduced, however, the Council will ensure it fulfils its statutory duty. Both these functions will be reviewed and will be delivered elsewhere in the council.

It is proposed that, after the natural retirement of the Property Services Manager, his duties will be divided across the Council.

**Key Stakeholders Affected**

Occupiers of the Council-owned buildings, Members, Staff, Parish Councils

**SERVICE CHANGE IMPACT ASSESSMENT**

Likely impacts and implications of the change in service (include Risk Analysis)

Emergency planning, health and safety, maintenance of buildings and estate management would all be affected by this review. The responsiveness of the service will be reduced, as a saving of this scale would reduce the Property team by 50%.

Performance Matrix Rank (1 to 27)	N/A
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2010/11 Budget	£ 000	National and Local Performance Indicators		
		Code & Description	Actual	Target
Operational Cost	289	No applicable performance indicators		
Income	-			
Net Cost	289			

**SERVICE CHANGE IMPACT ASSESSMENT**

SCIA # 1 (13/14)

Service Area:	Building Control	Service:	Environment & Operations
Activity	Building Control	No. of Staff:	7.81

Activity Budget Reduction	13/14 £000	14/15 £000	15/16 £000	16/17 £000
Reduced Fee Income	50	→	→	→

Reasons for and explanation of proposed change in service

Reduction in workload over recent years has led to income not meeting budget profile. Staff savings have been made to reflect the reduced workload and other service areas have been absorbed creating savings elsewhere within the Authority.

Key Stakeholders Affected

Building Control applicants - Plan Inspections; Site Inspections; Staff

Likely impacts and implications of the change in service (include Risk Analysis)

Fee Regulations since 1998 have stated that Statutory Building Control work can only recover actual cost and the service is not allowed to make a surplus over a 3 year rolling period. 2010 Fee Regulations enforce this message and the service now 'must' refund fees if a surplus has been made on any project.

Performance Matrix Rank (1 to 27)	5
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2012/13 Budget	£ 000	National and Local Performance Indicators		
		Code & Description	Actual	Target
Operational Cost	389	LPI BC 002 – Full plans checked within 10 working days	91%	80%
Income	-519			
Net Cost	-130			

**SERVICE CHANGE IMPACT ASSESSMENT**

SCIA # 3 (13/14)

Service Area:	Development Services	Service:	Development Control
Activity	Planning - Appeals	No. of Staff:	n/a

Activity Budget Reduction	13/14 £000	14/15 £000	15/16 £000	16/17 £000
Increased External Legal/Barrister Fees	20	➔	➔	➔

Reasons for and explanation of proposed change in service

There has been an increase in the need to use barristers, particularly for Planning Appeals. The number of appeals, and also enforcement cases, has increased the legal workload.

Key Stakeholders Affected

Appellants; Planning Inspectors; Planning staff; Legal team

Likely impacts and implications of the change in service (include Risk Analysis)

The reduction in capacity within the Legal section due to the demands on Planning cases may impact on the level of service provided to all customers.

Performance Matrix Rank (1 to 27)	6
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2012/13 Budget	£ 000	National and Local Performance Indicators		
Operational Cost (Legal)	270	Code & Description	Actual	Target
Income	-34	LPI DC 009 - % of planning appeals dismissed	62%	75%
Net Cost	236			



**SERVICE CHANGE IMPACT ASSESSMENT**

SCIA # 4 (13/14)

Service Area:	Local Land Charges	Service:	Legal
Activity	Local Land Charges	No. of Staff:	n/a

Activity Budget Reduction	13/14 £000	14/15 £000	15/16 £000	16/17 £000
Reduced Income from Search Fees	40	→	→	→

Reasons for and explanation of proposed change in service

Downturn in the housing market is impacting on the number of searches being made. We are not able to control the level of searches that are made.

Also some increase in the proportion of searches which are made electronically which attracts lower fees.

We are not permitted to make charges for personal searches

Key Stakeholders Affected

House purchasers

Likely impacts and implications of the change in service (include Risk Analysis)

No change to levels of service provided to customers.  
No further staff reductions are possible.

Performance Matrix Rank (1 to 27)	16
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2012/13 Budget	£ 000	National and Local Performance Indicators		
Operational Cost	69	Code & Description	Actual	Target
Income	-190	LPI LC 002 - % of land charge searches completed	85%	90%
Net Cost	-121	in 10 working days		

**SERVICE CHANGE IMPACT ASSESSMENT**

SCIA # 5 2013/14

Service Area:	Legal and Democratic	Service:	Corporate Management
Activity	Audit Fees	No. of Staff:	n/a

Activity Budget Reduction	11/12 £000	12/13 £000	13/14 £000	14/15 £000
Reduction in External Audit Fees	-	-	-40	➔

Reasons for and explanation of proposed change in service	Our external auditors have indicated that when the current contract is transferred from the Audit Commission to Grant Thornton there will be a reduction of 40% in the annual fees.
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Key Stakeholders Affected	Members, Staff, Council Tax payers
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Likely impacts and implications of the change in service (include Risk Analysis)	The level of service will be unchanged.
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Performance Matrix Rank (1 to 27)	14
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2012/13 Budget	£ 000	National and Local Performance Indicators		
Operational Cost	908	Code & Description	Actual	Target
Income	-	No applicable performance indicators		
Net Cost	908			

**SERVICE CHANGE IMPACT ASSESSMENT**

SCIA # 6 2013/14

Service Area:	Legal and Democratic	Service:	Property Services
Activity	Argyle Road Offices	No. of Staff:	n/a

Activity Budget Reduction	11/12 £000	12/13 £000	13/14 £000	14/15 £000
Rent Income from KCC/MOAT	-	-	-20	➔

Reasons for and explanation of proposed change in service

Additional income will be received from KCC as Social Services take up accommodation on the second floor and from MOAT Housing who will be increasing the space they rent from us.

Key Stakeholders Affected

KCC; MOAT Housing; Staff; Council Tax payers

Likely impacts and implications of the change in service (include Risk Analysis)

Opportunity for closer cross agency working with the various Council departments. The rental income will contribute to the revenue income and the annual service charge will reduce the cost of operating the building to the Council

Performance Matrix Rank (1 to 27)	N/A
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2012/13 Budget	£ 000	National and Local Performance Indicators		
Operational Cost	426	Code & Description	Actual	Target
Income	-	No applicable performance indicators		
Net Cost	426			

**SERVICE CHANGE IMPACT ASSESSMENT**

SCIA # 7 2013/14

Service Area:	Legal and Democratic	Service:	Property Services
Activity	Argyle Road Offices	No. of Staff:	n/a

Activity Budget Reduction	11/12 £000	12/13 £000	13/14 £000	14/15 £000
Rental Income from Kent Police	-	-	-15	➔

Reasons for and explanation of proposed change in service

Rent Income will be received from Kent Police for use of their accommodation on the ground floor.

Key Stakeholders Affected

Police; Staff; Council Tax payers

Likely impacts and implications of the change in service (include Risk Analysis)

Opportunity for closer cross agency working with the various Council departments.  
The cost of construction of the Police Office (capital) converts to rental income (revenue) providing an annual return in excess of the capital employed's investment potential.

Performance Matrix Rank (1 to 27)	N/A
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2010/11 Budget	£ 000	National and Local Performance Indicators		
Operational Cost	426	Code & Description	Actual	Target
Income	-	No applicable performance indicators		
Net Cost	426			

**SERVICE CHANGE IMPACT ASSESSMENT**

SCIA # 8 2013/14

Service Area:	Legal and Democratic	Service:	Corporate Savings
Activity	Market Related Supplements	No. of Staff:	n/a

Activity Budget Reduction	11/12 £000	12/13 £000	13/14 £000	14/15 £000
Reduction in Provision for Market Related Supplements	-	-	-10	➔

Reasons for and explanation of proposed change in service	A budget of 52k (12/13) exists to fund claims from staff for market related supplements in cases where it is proven that SDC pay rates are below the market rates for similar jobs. Claims for this premium have been lower than expected and it is considered viable to reduce this budget by £10k.
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Key Stakeholders Affected	Staff
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Likely impacts and implications of the change in service (include Risk Analysis)	Risk that claims from staff may increase and exceed the provision if it found that SDC pay rates are lower than market rates in 12/13 onwards.
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Performance Matrix Rank (1 to 27)	N/A
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2012/13 Budget	£ 000	National and Local Performance Indicators		
Operational Cost	52	Code & Description	Actual	Target
Income	-100	No applicable performance indicators		
Net Cost	-48			

**SERVICE CHANGE IMPACT ASSESSMENT**

SCIA # 9 (13/14)

Service Area:	Environmental Health	Service:	Environment & Operations
Activity	Environmental Health	No. of Staff:	n/a

Activity Budget Reduction	13/14 £000	14/15 £000	15/16 £000	16/17 £000
Additional Savings from Shared Services Partnership	-	-30	➔	➔

Reasons for and explanation of proposed change in service

The financial case for the EH Partnership included a total saving of £60k in 2014/15 arising from either trading/charging or sharing with another.  
(Agenda Item 7 Cabinet 13 October 2011 refers)

Key Stakeholders Affected

Partnership staff; Public; Dartford Council

Likely impacts and implications of the change in service (include Risk Analysis)

Any savings are shared with Partners.  
Risks that it may not be possible to find a third partner  
Risk that Partners may not be able to effect savings and make changes within the suggested timescale.

Performance Matrix Rank (1 to 27)	7
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2012/13 Budget	£ 000	National and Local Performance Indicators		
		Code & Description	Actual	Target
Operational Cost	1,097			
Income	-90	LPI EH 004 - % of high risk food inspections completed	100%	100%
Net Cost	1,007			

### Summary of Select Committee Feedback

#### Environment Select Committee – 23 October 2012

1. No comments were made.

#### Social Affairs Select Committee – 30 October 2012

2. SCIA 5 (11/12) - The Committee requested that any future proposals concerning the maintenance of White Oak Leisure Centre, be reported as soon as known.
3. SCIA 17 (11/12) – A Member was concerned about the lack of Police funding for CCTV.
4. SCIA 17 (11/12) – The Chairman commented that a possible future saving might be to have the CCTV Control Room unmanned during the day.

#### Services Select Committee – 1 November 2012

5. SCIA 31 (11/12) – It was clarified that the proposed saving concerning Human Resources due to partnership working with Dartford Borough Council (DBC) was no longer achievable because the two Human Resources teams were arranged in different ways with DBC's being outsourced.
6. SCIA 6, 7 – There is an element of unrealised income as there will still be six desks available in Argyle Road following Kent County Council, MOAT and the Police moving into the building.
7. SCIA 2 – It was noted that the growth item for Housing Homeless was no longer required following additional work by officers.
8. Member of all Select Committees were asked to consider before the next meeting, any areas within the Committee's remit where savings could potentially be made.

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