

FINANCE AND RESOURCES ADVISORY COMMITTEE

02 September 2014 at 7.00 pm
Conference Room, Argyle Road, Sevenoaks

AGENDA

Membership:

Chairman: Cllr. Ramsay Vice-Chairman: Cllr. Firth
Cllrs. Mrs. Bayley, Bosley, Cooke, Edwards-Winsler, Maskell, McGarvey, Mrs. Morris,
Mrs. Purves, Mrs. Sargeant and Scholey

	<u>Pages</u>	<u>Contact</u>
Apologies for Absence		
1. Minutes	(Pages 1 - 6)	
To agree the Minutes of the meeting of the Committee held on 3 June 2014 as a correct record		
2. Declarations of Interest		
Any interests not already registered		
3. Actions from Previous Meeting	(Pages 7 - 8)	
4. Update from Portfolio Holder		Councillor Brian Ramsay
5. Referrals from Cabinet or the Audit Committee (if any)		
6. Annual Treasury Management Report 2013/14	(Pages 9 - 24)	Roy Parsons Tel: 01732 227204
7. Financial Performance Indicators 2014/15 - to the end of July 2014	(Pages 25 - 30)	Helen Martin Tel: 01732 227483
8. Financial Results 2014/15 to end of July 2014	(Pages 31 - 68)	Helen Martin Tel: 01732 227483
9. Financial Prospects and Budget Strategy 2015/2016 and Beyond	(Pages 69 - 82)	Adrian Rowbotham Tel: 01732 227153
10. Work Plan	(Pages 83 - 84)	

EXEMPT ITEMS

(At the time of preparing this agenda there were no exempt items. During any such items

which may arise the meeting is likely NOT to be open to the public.)

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 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)

FINANCE AND RESOURCES ADVISORY COMMITTEE

Minutes of the meeting held on 3 June 2014 commencing at 7.00 pm

Present: Cllr. Ramsay (Chairman)

Cllr. Firth (Vice-Chairman)

Cllrs. Mrs. Bayley, Bosley, Cooke, Firth, Maskell, McGarvey, Mrs. Morris,
Mrs. Sargeant and Scholey

Apologies for absence were received from Cllrs. Edwards-Winser and
Mrs. Purves

1. Appointment of Chairman

Resolved: That Cllr. Ramsay be appointed as Chairman of the Committee for the
ensuing municipal year.

(Cllr. Ramsay in the Chair)

2. Appointment of Vice-Chairman

Resolved: That Cllr. Firth be appointed as Vice-Chairman of the Committee for the
ensuing municipal year.

3. Minutes

Resolved: That the minutes of the meeting of the Finance and Resources Advisory
Committee held on 26 March 2014 be approved and signed by the Chairman as a
correct record.

4. Declarations of Interest

No additional declarations of interest were made.

5. Actions from Previous Meeting

The actions from the previous meetings were noted.

CHANGE IN AGENDA ITEM ORDER

With the agreement of the meeting Agenda Item 8 was brought forward for consideration.

6. Invitee - Representative of Handelsbanken

Nick Brooker, Branch Manager for Handelsbanken in Sevenoaks and Andre Simmons,
Corporate Banking Manager gave a presentation on the background to Svenska
Handelsbanken AB and explained the ethics of the bank, its stability and its focus on
local relationships. The local branch was not a subsidiary but a part of the main entity in

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Finance and Resources Advisory Committee - 3 June 2014

Sweden. The majority of branches were in Scandinavia, through there was a growing presence in the Netherlands and UK. Power was held in local branches to make decisions appropriate for local customers. Staff were the majority shareholders in the bank and were not paid bonuses.

They explained that the bank's long term rating was the strongest in the UK alongside HSBC. The Swedish Central Bank operated a deposit guarantee scheme to the equivalent of €100,000 which covered individuals and all legal entities, including those based in the UK. The bank had 6 branches in Kent and 5 of them looked after local authority funds.

Though the branch had been open for a year it had been based in serviced offices, so they were pleased recently to have acquired an office in Sevenoaks that was open to the public. The branch had sponsored local sports teams, been involved in local charities and acted in partnership with the Council, the Town Council and the Sevenoaks Chamber of Commerce. It was conducting networking across the District.

The representatives of Handelsbanken responded to Members' questions. Although the ratio of loans to deposits in Sweden was 2:1, low interest rates in Sweden made it difficult to attract deposits and there were few banks ahead of it in the Bloomberg 2013 rating of strongest banks. The bank had a Tier 1 Capital Ratio of 21%. Though the bank had expanded quickly in recent years they were not likely to close as quickly because the bank focussed on the long term and building carefully in a local market.

The Chairman thanked the representatives of Handelsbanken.

7. Update from Portfolio Holder

The Chairman and Portfolio Holder for Finance and Resources welcomed new Members of the Committee. In the forthcoming year Cllr Scholey would focus on matters of IT, Facilities and Property and Cllr. Firth would have a particular role in the possible formation of a Council trading company and its structure. The Council had recently hired E C Harris to advise on the experience of other local authorities' trading companies. Together all three Councillors would consider property acquisitions and sales matters. For those parcels of land identified for possible disposal and presented to the Committee on 26 March 2014, consultants had since been asked to consider options for utilisation or disposal.

The Chairman was thankful that since 2009 his proposals for a slimmer Council had mostly been adopted as had his proposal for Deputy Portfolio Holders and for shorter, informal meetings between the Cabinet and senior Officers. The number of projects the Council was considering had been reduced from 20 to 10 and together these projects would help reduce the Council's dependence on grants from central government. It was hoped that, subject to approval, construction of a decked Buckhurst 2 car park could begin in January 2015.

8. Referrals from Cabinet or the Audit Committee

There were none.

9. Treasury Management - Local Authority Municipal BondsMunicipal Bond Agency

The Principal Accountant presented a report which sought approval to be part of a scheme to match fund the Local Government Association's contribution to a collective Municipal Bonds Agency (MBA) which it believed would allow councils to raise funds at a significantly lower rate than those offered by the Public Works Loan Board (PWLB).

Members enquired as to the equity stake Councils would receive for their initial investment in the MBA and what the benefits were of immediate investment in it. Current proposals were for Councils to pay £50,000 for a single fixed coupon share which would be repaid from profits. Bonds were expected to be fixed rate but with fewer penalties for refinancing or redemption than the PWLB. Members were unclear how the MBA would provide rates lower than the PWLB.

Members expressed support for the idea of the MBA but did not feel the business case or the benefits of immediate investment had yet been made clear. It was proposed and agreed that the Council express interest in the proposal but that funding not yet be committed.

Investment in Non-UK Banks

The report also proposed that the Council recommence investment in certain non-UK banks. Although the Council's Investment Strategy allowed for investment in non-UK banks, this had ceased in 2008, with a preference for UK banks and building societies. This had reduced chances of default but if a default did occur the risk would be greater. It also resulted in fewer options for investment.

The Principal Accountant explained that Natwest was halving the returns on the call account investments the Council held. Handelsbanken provided a rate of 0.5% on call, marginally above its competitors. Members expressed support for investments with Handelsbanken but not for a broad approval of non-UK banks rated AA- or higher. The Committee should approve each foreign institution before an investment was made. Investments in non-UK banks should remain limited to a total of 25% of the whole fund with a limit of £3million per counterparty being half the limit for UK banks.

Public Sector Equality Duty

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

Resolved: That it be recommended to Cabinet that

- a) the Council give formal expression of interest in contributing up to £50,000 towards the set up costs and operating capital of the LGA's Municipal Bonds Agency, subject to further detail being produced;
- b) investment in non UK banks, specifically approved by the Finance and Resources Advisory Committee, having a minimum long term Fitch rating of AA-, be approved as detailed in the report; and

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- c) Handelsbanken be approved for lending up to £3million.

10. Financial Performance Indicators 2013/14 - to the end of March 2014

Members considered a report which presented figures on seven internally set performance indicators covering activities that supported information provided in the regular financial monitoring statements. Most were at or above target.

The Head of Finance confirmed to Members that costs per employee were higher in March 2014 as that was the month that payments were made for overtime during the flooding. Payments of Council Tax by Direct Debit were at 78%, with the remainder of payments from cheque (7%), card via the automated payment system (6%) and cash and postal order (4%). Although interest rates were below target, investment returns were higher than target because of higher than expected receipts.

Action 1: The Head of Finance to provide Members with the amount paid by the Council in fees for payments by card.

Members noted that the number of Full Time Employees had risen since December 2013. Officers advised that employee numbers were skewed by the number of agency staff used by Direct Services which were usually low each December. Members noted the number of employees had particularly risen in March 2014.

Action 2: The Head of Finance to provide an explanation for the rise in employee numbers since December 2013 and particularly in March 2014.

11. Provisional Outturn 2013/14 and Carry Forward Requests

The Head of Finance presented a report which provided the provisional financial outturn figures for 2013/14 that would be presented to Cabinet on 5 June 2014. The report also set out the requests to carry forward unspent budgets into 2014/15. She was pleased to report that a provisional favourable variance of £299,000 had been achieved.

(Cllr. McGarvey left the room)

In response to a question, the Chief Finance Officer advised that in the past year the Council had presumed a 50% collection rate from new Council Tax Support payers, but a rate of over 80% had been achieved. The proposed carry forward of £77,000 was equivalent to about 3 staff who would be employed only if needed to promote collection rates.

It was clarified that should all carry forward requests be approved then £170,000 could still be put into the Budget Stabilisation Fund.

The Chairman explained that he had asked Officers whether it would be appropriate for staff involved in assessment and enabling of Disabled Facility Grant works to be brought in-house or bought in externally so as to lower dependence on Kent County Council and reduce delays.

Action 3: The Head of Finance to circulate to Members of the Committee the response from the Chief Housing Officer once received.

Public Sector Equality Duty

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

Resolved: That it be recommended to Cabinet that

- a) the Revenue 'carry forward' requests totalling £129,000 as set out in paragraph 16 of the report be approved;
- b) the Capital carry forward request totalling £66,594, as set out in paragraph 17 of the report be approved; and
- c) Flood Support Earmarked Reserve be established, and the income receipt of £172,000 be transferred to that reserve at the end of March 2014.

12. Work Plan

The work plan was noted. The Chairman added that other matters likely to be considered were land disposals, as they arise, and the funding for the development of the Buckhurst 2 car park.

Action 4: Officers to provide information on existing available monies and funding sources when the report on the funding of the Buckhurst 2 car park is presented to the Committee.

THE MEETING WAS CONCLUDED AT 8.45 PM

CHAIRMAN

ACTIONS FROM THE MEETING HELD ON 3 JUNE 2014			
Action	Description	Status and last updated	Contact Officer
ACTION 1	The Head of Finance to provide Members with the amount paid by the Council in fees for payments by card. (Minute Item 10)	Email sent to Members of the Committee. (13.06.2014)	Helen Martin 01732 227483
ACTION 2	The Head of Finance to provide an explanation for the rise in employee numbers since December 2013 and particularly in March 2014. (Minute Item 10)	Email sent to Members of the Committee. (13.06.2014)	Helen Martin 01732 227483
ACTION 3	The Head of Finance to circulate to Members of the Committee the response from the Chief Housing Officer once received. (Minute Item 11)	Email sent to Members of the Committee. (30.06.2014)	Helen Martin 01732 227483
ACTION 4	Officers to provide information on existing available monies and funding sources when the report on the funding of the Buckhurst 2 car park is presented to the Committee. (Minute Item 12)	A report will be presented to this Committee on 11 November 2014.	Adrian Rowbotham 01732 227153

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ANNUAL TREASURY MANAGEMENT REPORT 2013/14

Finance and Resources Advisory Committee – 2 September 2014

Report of the: Chief Finance Officer

Status: For Consideration

Also considered by: Cabinet – 11 September 2014

Key Decision: No

Executive Summary: This report provides the customary review of investment activity during 2013/14 as required by the Council's Financial Procedure Rules. The report outlines the strategy adopted during the year, shows the position of the investment portfolio at the beginning and the end of the year and gives details of how the fund performed in comparison with previous years and against various benchmarks.

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

Portfolio Holder Cllr. Ramsay

Contact Officer Roy Parsons, Principal Accountant - Ext 7204

Recommendation to Finance and Resources Advisory Committee: That Cabinet be asked to approve the Annual Treasury Management Report for 2013/14.

Recommendation to Cabinet: It be RESOLVED that the Annual Treasury Management Report for 2013/14 be approved.

Reason for recommendation: As required by both the Council's Financial Procedure Rules and the CIPFA Code, an annual report of treasury management activity is to be presented to Members for approval.

Background

- 1 The Council is required through regulations issued under the Local Government Act 2003 to produce an annual treasury report reviewing treasury management activities and the actual prudential and treasury indicators for 2013/14. This report meets the requirements of both the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).
- 2 During 2013/14 the minimum reporting requirements were that the Council should receive the following reports:

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- an annual treasury strategy in advance of the year (Council 19/2/2013)
 - a mid year (minimum) treasury update report (Finance and Resources Advisory Committee 12/11/13, Cabinet 5/12/13)
 - an annual report following the year describing the activity compared to the strategy (this report)
- 3 In addition, regular reports on progress were presented to the Finance and Resources Advisory Committee. The Council's treasury management advisers, Capita Asset Services Ltd, also provided monthly reviews of our investment performance which were forwarded to Members.
- 4 The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policy and activities. This report is important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by Members.
- 5 This Council also confirms that it has complied with the requirement under the Code to give prior scrutiny to treasury management reports before they were reported to the full Council. Member training on treasury management issues was undertaken on 27 January 2010 in order to support Members' scrutiny role.
- 6 The financial year 2013/14 continued the challenging environment of previous years with low investment returns. Counterparty risk has improved somewhat, but is still an area for close scrutiny.

Introduction

- 7 This **annual treasury report** covers:
- (a) The Council's treasury position at the beginning and end of the financial year;
 - (b) Investment Strategy for 2013/14;
 - (c) the economy and interest rates in 2013/14;
 - (d) compliance with treasury limits and prudential indicators;
 - (e) investment rates in 2013/14;
 - (f) investment outturn for 2013/14 and performance; and
 - (g) Icelandic bank defaults.

Treasury position at the beginning and end of the financial year

- 8 The Council's investment portfolio at the beginning and end of the financial year appears at Appendix A, whilst an analysis by maturity and repayment due dates appears at Appendix B.

Investment Strategy for 2013/14

- 9 The expectation for interest rates within the strategy for 2013/14 anticipated low but rising Bank Rate (starting in quarter 1 of 2015), and gradual rises in medium and longer term fixed interest rates over 2013/14. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.
- 10 The actual movement in gilt yields meant that Public Works Loan Board (PWLB) rates were on a sharply rising trend during 2013 as markets anticipated the start of tapering of asset purchases by the US Federal Reserve (the Fed). This duly started in December 2013 and the Fed adopted a future course of monthly reductions of \$10bn (from a starting position of \$85bn), meaning that asset purchases were likely to stop by the end of 2014. However, volatility set in during the first quarter of 2014 as fears around emerging markets, various vulnerabilities in the Chinese economy, the increasing danger for the Eurozone to drop into a deflationary spiral and the situation in Ukraine, caused rates to dip down, reflecting a flight to quality into UK gilts.
- 11 The strategy adopted in the original Treasury Management Strategy Report for 2013/14 approved by the Council on 19 February 2013 was not subject to revision during the year. However, counterparty credit ratings were kept under constant review to ensure that any investment decisions met minimum lending requirements.

The economy and interest rates in 2013/14

- 12 The financial year 2013/14 continued the challenging investment environment of previous years, namely low investment returns, although levels of counterparty risk had subsided somewhat. The original expectation for 2013/14 was that Bank Rate would not rise during the year and for it only to start gently rising from quarter 1 2015. This forecast rise has now been pushed back to a start in quarter 3 2015. Economic growth (GDP) in the UK was virtually flat during 2012/13 but surged strongly during the year. Consequently, there was no additional quantitative easing during 2013/14 and Bank Rate ended the year unchanged at 0.5% for the fifth successive year. While CPI inflation had remained stubbornly high and substantially above the 2% target during 2012, by January 2014 it had, at last, fallen below the target rate to 1.9% and then fell further to 1.7% in February. It is also expected to remain slightly below the target rate for most of the two years ahead.
- 13 Gilt yields were on a sharply rising trend during 2013 but volatility returned in the first quarter of 2014 as various fears sparked a flight to quality (see paragraph 10.) The Funding for Lending Scheme, announced in July 2012, resulted in a flood of cheap credit being made available to banks which then resulted in money market investment rates falling drastically in the second half of that year and continuing into 2013/14. That part of the Scheme which supported the provision of credit for mortgages was terminated in the first quarter of 2014 as concerns rose over resurging house prices.

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- 14 The UK coalition Government maintained its tight fiscal policy stance but recent strong economic growth has led to a cumulative, (in the Autumn Statement and the March Budget), reduction in the forecasts for total borrowing, of £97bn over the next five years, culminating in a £5bn surplus in 2018/19.
- 15 The EU sovereign debt crisis subsided during the year and confidence in the ability of the Eurozone to remain intact increased substantially. Perceptions of counterparty risk improved after the European Central Bank (ECB) statement in July 2012 that it would do “whatever it takes” to support struggling Eurozone countries. This led to a return of confidence in its banking system which has continued into 2013/14 and led to a move away from only very short term investing. However, this is not to say that the problems of the Eurozone, or its banks, have ended as the zone faces the likelihood of weak growth over the next few years at a time when the total size of government debt for some nations is likely to continue rising. Upcoming stress tests of Eurozone banks could also reveal some areas of concern.

Compliance with treasury limits and prudential indicators

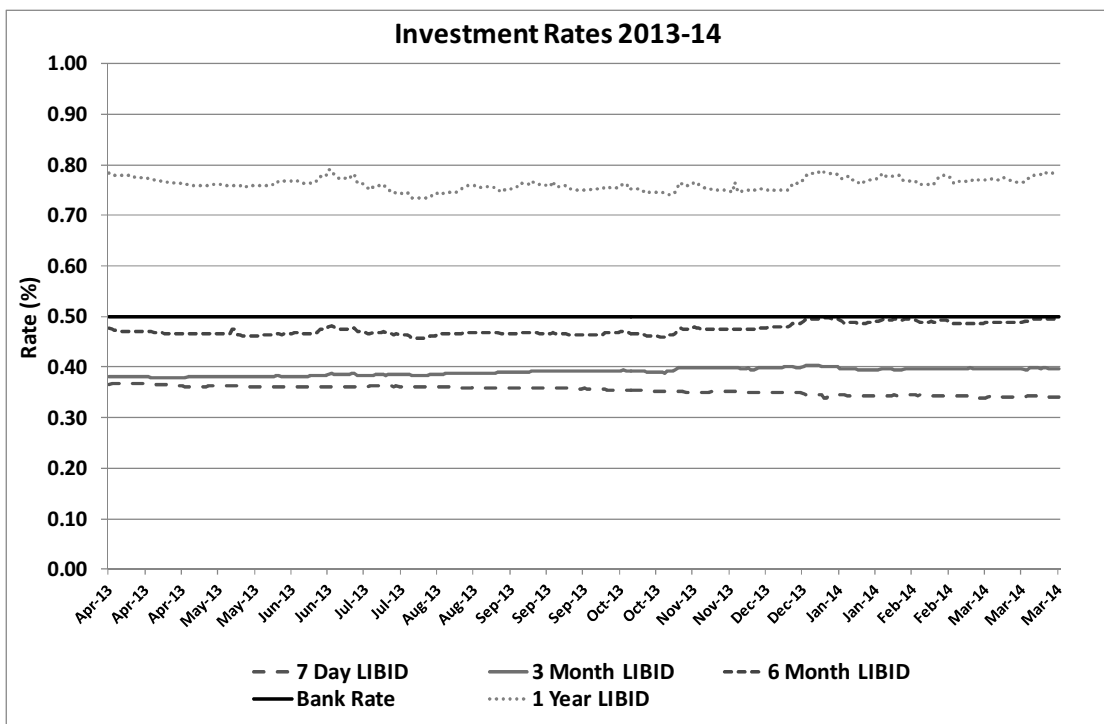
- 16 During 2013/14, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

	2012/13 Actual (£000)	2013/14 Original (£000)	2013/14 Actual (£000)
Capital expenditure	1,337	1,424	2,114
Total Capital Financing Requirement:			
• Non-HRA	-	-	-
• HRA	-	-	-
• Total	-	-	-
Net borrowing	-	-	-
External debt	-	-	-
Investments			
• Longer than 1 year	-	-	-
• Under 1 year	26,856		33,050
• Total	26,856		33,050

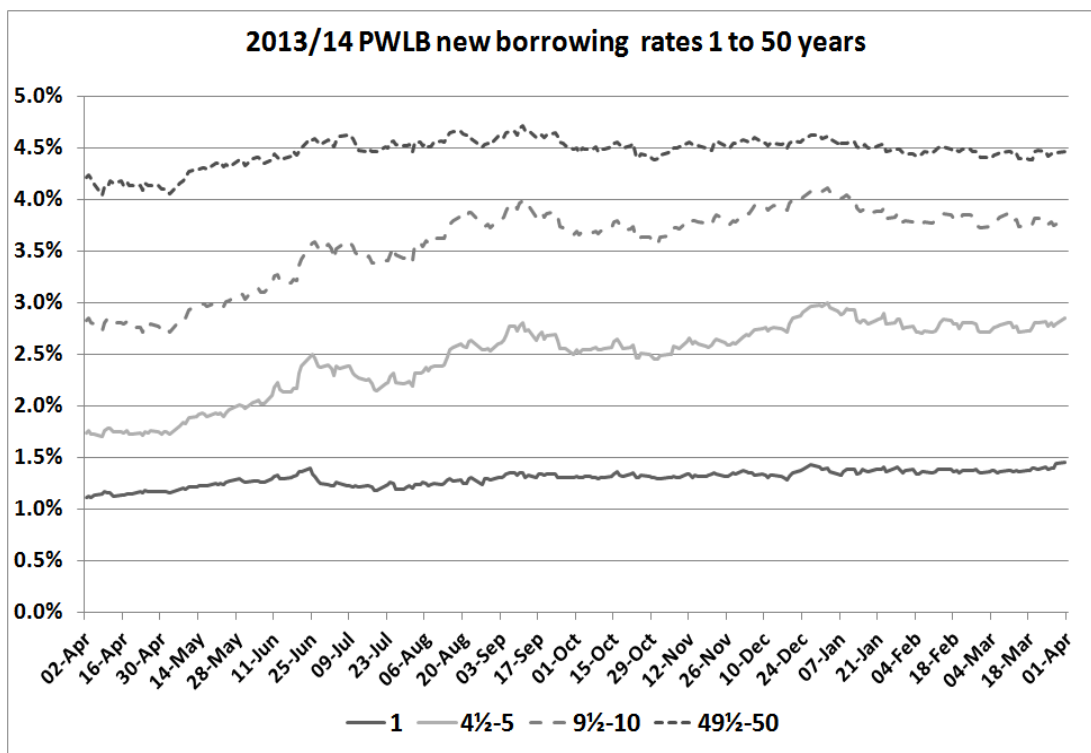
- 16 The investment figures relate to the time left to maturity, not the length at the commencement date and exclude accrued interest. The Landsbanki investment has also been excluded.
- 17 During the year the Council operated within the treasury limits and prudential indicators set out in its Treasury Policy Statement and Annual Treasury Strategy Statement.
- 18 The lending list was kept under constant review throughout the year in response to credit rating changes as and when they arose.
- 19 No institutions in which investments were made during 2013/14 had any difficulty in repaying investments and interest in full during the year.

Investment rates in 2013/14

- 20 Bank Rate remained at its historic low of 0.5% throughout the year; it has now remained unchanged for five years. Market expectations as to the timing of the start of monetary tightening ended up unchanged at early 2015. The Funding for Lending Scheme resulted in deposit rates remaining depressed during the whole of the year, although the part of the scheme supporting provision of credit for mortgages came to an end in the first quarter of 2014.



- 21 For comparison purposes, the graph below shows how PWLB Certainty Rates have from historically low levels during the year.



Investment outturn for 2013/14 and performance

- 22 The Council’s investment policy is governed by Department of Communities and Local Government (CLG) guidance, which has been implemented in the annual investment strategy approved by the Council on 19 February 2013. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc).
- 23 The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties, which might have led to the need to borrow.
- 24 Appendix C shows the performance of the fund during 2013/14 both in table and graphical form. The table shows the average percentage return on the fund, both monthly and for the whole year and compares them with the average 7-day and 3-month London Interbank Bid (LIBID) rates. The average return achieved by each broker is only a very basic measure of performance, because returns will depend on the number and length of each investment he/she is asked to carry out. If a particular broker is only asked to place short term investments, he/she may well not achieve the same overall rate as a broker who predominantly handles longer term investments for us.
- 25 The graph shows actual monthly receipts for 2011/12, 2012/13 and 2013/14 plus budgeted monthly receipts for 2013/14. The monthly interest budget has been profiled in line with the previous year’s monthly weighted average principal.

- 26 Over the course of the year interest receipts amounted to £0.268m compared with a budget of £0.260m.
- 27 In 2013/14 the average return on the Council's investments was in line with that of one of our neighbouring authorities. Our overall rate of return was 0.71% compared with 0.61% for Tonbridge & Malling Borough Council and 1.55% for Tunbridge Wells Borough Council. It should be noted, however, that investment returns are notoriously difficult to compare as they have often been compiled on a different basis (for example, whether or not interest has been compounded, whether or not cashflow generated balances have been included, whether or not externally managed funds have been included and whether or not the figures are net of borrowings). In addition, although we had locked into a few longer term investments at higher interest rates, it appears that the higher average rate of return has been achieved by committing a substantial part of the portfolio to such investments and by investing in a Property Fund, an option which has been rejected at Sevenoaks so far.
- 28 Our treasury management advisers recommend the 3-month LIBID figure as a benchmark. This reflects a more realistic neutral investment position for core investments with a medium term horizon and a rate which is more stable with less fluctuation caused by market liquidity. Historically, this rate has been slightly higher than the 7-day rate and therefore more challenging a comparator, but one which does not necessitate a significantly increased level of risk. The figures calculated by our advisers for these two benchmarks are as follows:
- 7-day LIBID uncompounded 0.354%
 - 3-month LIBID uncompounded 0.391%

Icelandic bank defaults

- 29 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. The bank went into administration during the global financial crisis in October 2008.
- 30 The Icelandic Government has stated its intention to honour all its commitments as a result of their banks being placed into receivership. The UK Government, Administrators and other agencies continue to work with the Icelandic Government to help bring this about. The Local Government Association has been coordinating the efforts of all UK authorities with Icelandic investments.
- 31 At the current time, the process of recovering assets is still ongoing with the Administrators. Following the successful outcome of legal test cases in the Icelandic Supreme Court in late 2011, the deposits made by local authorities rank as priority claims. The Administrators have now commenced the process of dividend payments and four such payments have been received amounting to approximately 54% of our claim. The latest assumption is that 100% of the Council's investment (and interest up to 22 April 2009) will be recovered in the period up to 2018/19.

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- 32 In January and February 2014, a large number of local authorities sold their collective claims against the Landsbanki estate via a competitive auction process. The price at which the sale was concluded did not meet the Council's reserve and hence we remain part of a small group of authorities still holding their claims.
- 33 Members have been updated periodically on the latest developments in these efforts.

Key Implications

Financial

- 34 The management of the Council's investment portfolio and cash-flow generated balances plays an important part in the financial planning of the authority. The security of its capital and liquidity of its investments is of paramount importance.

Legal Implications and Risk Assessment Statement

- 35 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.
- 36 This annual review report fulfils the requirements of The Chartered Institute of Public Finance & Accountancy's Code of Practice on Treasury Management 2009.
- 37 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.
- 38 Consideration of risk is integral in our approach to treasury management. However, this particular report has no specific risk implications as it is not proposing any new actions, but merely reporting performance over the last year.

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 recommendation is concerned with investment management and does not directly impact upon a service provided to the community.
b. Does the decision being made or recommended	No	

Consideration of impacts under the Public Sector Equality Duty:		
Question	Answer	Explanation / Evidence
through this paper have the potential to promote equality of opportunity?		
c. What steps can be taken to mitigate, reduce, avoid or minimise the impacts identified above?		No mitigating steps are required.

Conclusions

- 39 The overall return on the Council’s investments exceeded the budget in 2013/14 by approximately £7,000.
- 40 The economic situation both globally and within the Eurozone remains volatile, and this will have consequences for the UK economy. Treasury management in the past financial year was conducted against this background and with a cautious investment approach.
- 41 Recovery of the Icelandic deposit is ongoing and further updates will be provided as and when monies are received.

Appendices:

- Appendix A – Investment portfolio at start and end of financial year
- Appendix B – Analysis of investment portfolio by maturity and repayment due dates
- Appendix C - Investment performance in 2013/14

Background Papers:

[Treasury Management Strategy for 2013/14 - Council 19 February 2013](#)

**Adrian Rowbotham
Chief Finance Officer**

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SEVENOAKS DISTRICT COUNCIL

List of Investments as at- 31-Mar-13

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			0.50000%	Variable	Direct	
	Santander UK plc (Money Market A/C)	A+	U.K.	Santander	0	09-Oct-06			0.50000%	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.		856,000	01-Oct-11			0.45000%	Variable	Direct	
	National Westminster Bank plc (Liquidity Select)	A	U.K.	RBS	1,000,000	07-Oct-11			0.60000%	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.		1,000,000	11-May-12				Variable	Direct	
IP1078	Aberdeen City Council		U.K.		2,000,000	29-Nov-12	0.32000%	29-May-13		6 Months	Sterling	
IP1092	Bank of Scotland plc	A	U.K.	Lloyds/HBOS	1,000,000	12-Feb-13	1.10000%	11-Feb-14		1 Year	Direct	
IP1095	Bank of Scotland plc	A	U.K.	Lloyds/HBOS	1,000,000	22-Feb-13	1.10000%	21-Feb-14		1 Year	Direct	
IP1091	Barclays Bank plc	A	U.K.		1,000,000	04-Feb-13	0.45000%	07-May-13		3 Months	Direct	
IP1094	Barclays Bank plc	A	U.K.		1,000,000	15-Feb-13	0.43000%	15-May-13		3 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	
IP1069	Lloyds TSB Bank plc	A	U.K.	Lloyds/HBOS	1,000,000	31-Oct-12	2.25000%	30-Oct-13		1 Year	Direct	
IP1073	Lloyds TSB Bank plc	A	U.K.	Lloyds/HBOS	1,000,000	05-Nov-12	2.25000%	04-Nov-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	
IP1083	Nationwide Building Society	A+	U.K.		1,000,000	09-Jan-13	0.44000%	09-Apr-13		3 Months	Tradition	
IP1087	Nationwide Building Society	A+	U.K.		2,000,000	23-Jan-13	0.59000%	23-Jul-13		6 Months	Sterling	
IP1090	Nationwide Building Society	A+	U.K.		1,000,000	01-Feb-13	0.60000%	01-Aug-13		6 Months	Tradition	
IP1096	Nationwide Building Society	A+	U.K.		1,000,000	28-Feb-13	0.58000%	30-Aug-13		6 Months	R P Martin	
IP1084	Salford City Council		U.K.		2,000,000	21-Jan-13	0.27000%	18-Apr-13		3 Months	Sterling	
IP1089	Ulster Bank Ltd	A-	U.K.	RBS	1,000,000	28-Jan-13	0.65000%	29-Jul-13		6 Months	R P Martin	
	Total Invested				<u>26,856,000</u>							
	Matured Investment											
IP813	Landsbanki Islands hf		Iceland		504,700	25-Jun-07	6.32000%	25-Jun-09		2 Years	R P Martin	
	Other Loan											
	Sevenoaks Leisure Limited				250,000	29-Apr-08	7.00000%	31-Mar-18		10 Years	Direct	

SEVENOAKS DISTRICT COUNCIL

List of Investments as at- 31-Mar-14

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			0.40000%	Variable	Direct
	Santander UK plc (Money Market A/C)	A	U.K.	Santander	0	09-Oct-06			0.40000%	Variable	Direct
	Clydesdale Bank plc (Base Tracker Plus - 15 Day)	A	U.K.	NAB	0	10-Sep-10			0.30000%	Variable	Direct
	Barclays Bank plc (Business Premium A/C)	A	U.K.		1,550,000	01-Oct-11			0.35000%	Variable	Direct
	National Westminster Bank plc (Liquidity Select)	A	U.K.	RBS	4,000,000	07-Oct-11			0.50000%	Variable	Direct
	National Westminster Bank plc (95 Day Notice)	A	U.K.	RBS	3,000,000	24-May-13			0.60000%	Variable	Direct
	Ignis Liquidity Fund (Money Market Fund)	AAA	U.K.		2,500,000	11-May-12				Variable	Direct
	Insight Liquidity Fund (Money Market Fund)	AAA	U.K.		1,000,000	11-May-12				Variable	Direct
IP1155	Bank of Scotland plc	A	U.K.	Lloyds/HBOS	1,000,000	11-Feb-14	0.95000%	10-Feb-15		1 Year	Direct
IP1156	Bank of Scotland plc	A	U.K.	Lloyds/HBOS	1,000,000	21-Feb-14	0.95000%	20-Feb-15		1 Year	Direct
IP1146	Coventry Building Society	A	U.K.		1,000,000	15-Jan-14	0.45000%	15-Apr-14		3 Months	R P Martin
IP1158	Coventry Building Society	A	U.K.		1,000,000	28-Feb-14	0.45000%	30-May-14		3 Months	Sterling
IP1153	Leeds Building Society	A-	U.K.		1,000,000	04-Feb-14	0.40000%	06-May-14		3 Months	Tradition
IP1131	Lloyds Bank plc	A	U.K.	Lloyds/HBOS	2,000,000	08-Oct-13	0.98000%	07-Oct-14		1 Year	Direct
IP1136	Lloyds Bank plc	A	U.K.	Lloyds/HBOS	1,000,000	30-Oct-13	0.98000%	29-Oct-14		1 Year	Direct
IP1138	Lloyds Bank plc	A	U.K.	Lloyds/HBOS	1,000,000	04-Nov-13	0.98000%	03-Nov-14		1 Year	Direct
IP1098	Lloyds TSB Bank plc	A	U.K.	Lloyds/HBOS	1,000,000	08-Apr-13	1.10000%	08-Apr-14		1 Year	Direct
IP1113	Lloyds TSB Bank plc	A	U.K.	Lloyds/HBOS	1,000,000	04-Jul-13	1.01000%	03-Jul-14		1 Year	Direct
IP1145	Nationwide Building Society	A	U.K.		1,000,000	09-Jan-14	0.47000%	09-Apr-14		3 Months	Tradition
IP1149	Nationwide Building Society	A	U.K.		2,000,000	23-Jan-14	0.47000%	23-Apr-14		3 Months	Sterling
IP1152	Nationwide Building Society	A	U.K.		1,000,000	03-Feb-14	0.47000%	06-May-14		3 Months	Tradition
IP1157	Nationwide Building Society	A	U.K.		1,000,000	28-Feb-14	0.47000%	30-May-14		3 Months	R P Martin
IP1150	Skipton Building Society	BBB-	U.K.		1,000,000	29-Jan-14	0.43000%	29-Apr-14		3 Months	Direct
IP1159	Skipton Building Society	BBB-	U.K.		1,000,000	28-Feb-14	0.43000%	30-May-14		3 Months	Direct
IP1151	Ulster Bank Ltd	A-	U.K.	RBS	1,000,000	29-Jan-14	0.85000%	28-Jan-15		1 Year	R P Martin
IP1148	Yorkshire Building Society	BBB+	U.K.		2,000,000	20-Jan-14	0.40000%	22-Apr-14		3 Months	Sterling
	Total Invested				<u>33,050,000</u>						
	Matured Investment										
IP813	Landsbanki Islands hf		Iceland		1,000,000	25-Jun-07	6.32000%	25-Jun-09		2 Years	R P Martin
	Other Loan										
	Sevenoaks Leisure Limited				250,000	29-Apr-08	7.00000%	31-Mar-18		10 Years	Direct

SEVENOAKS DISTRICT COUNCIL
ANALYSIS OF INVESTMENT POOL FUND 31.3.2014

MATURITY PROFILE (BY VALUE)

BASED ON PERIOD OF INVESTMENT AT COMMENCEMENT DATE

MATURITY PERIOD	BANKS £'000	B.SOCS £'000	MMFS £'000	OTHER LAs £'000	TOTAL £'000
NOTICE MONEY	5,550		3,500		9,050
95 DAY NOTICE	3,000				3,000
UP TO 1 MONTH					-
1 TO 3 MONTHS		12,000			12,000
3 TO 6 MONTHS					-
6 MONTHS TO 1 YEAR	9,000				9,000
OVER 1 YEAR					-
	17,550	12,000	3,500	-	33,050

MATURITY PROFILE (PERCENTAGE OF TOTAL FUND)

BASED ON PERIOD OF INVESTMENT AT COMMENCEMENT DATE

MATURITY PERIOD	BANKS %	B.SOCS %	MMFS %	OTHER LAs %	TOTAL %
NOTICE MONEY	16.8	-	10.6	-	27.4
95 DAY NOTICE	9.1	-	-	-	9.1
UP TO 1 MONTH	-	-	-	-	-
1 TO 3 MONTHS	-	36.3	-	-	36.3
3 TO 6 MONTHS	-	-	-	-	-
6 MONTHS TO 1 YEAR	27.2	-	-	-	27.2
OVER 1 YEAR	-	-	-	-	-
	53.1	36.3	10.6	-	100.0

PROFILE OF REPAYMENTS DUE

	VALUE £'000	% TOTAL FUND
NOTICE MONEY	9,050	27.4
95 DAY NOTICE	3,000	9.1
DUE WITHIN ONE MONTH	8,000	24.2
DUE WITHIN TWO MONTHS	5,000	15.1
DUE WITHIN THREE MONTHS	-	0.0
DUE WITHIN SIX MONTHS	1,000	3.0
DUE WITHIN ONE YEAR	7,000	21.2
DUE AFTER ONE YEAR	-	0.0
	33,050	100.0

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TOTAL INTEREST ON FUND 2013/2014

Broker/Institution	Apr-13			May-13			Jun-13		
	W.A.P	Interest Due	Ave Rate	W.A.P	Interest Due	Ave Rate	W.A.P	Interest Due	Ave Rate
Santander (BR a/c)	0.00	0.00	0.0000%	0.00	0.00	0.0000%	0.00	0.00	0.0000%
Santander (MM a/c)	0.00	0.00	0.0000%	0.00	0.00	0.0000%	0.00	0.00	0.0000%
Clydesdale (15 Day Notice)	0.00	0.00	0.0000%	0.00	0.00	0.0000%	0.00	0.00	0.0000%
Nat West (Liquidity Select)	220,805.69	1,324.83	0.6000%	341,367.52	2,048.20	0.6000%	308,489.07	1,850.93	0.6000%
Nat West (95 Day Notice)	0.00	0.00	0.0000%	0.00	0.00	0.0000%	0.00	0.00	0.0000%
Ignis (Money Market Fund)	202,739.73	870.63	0.4294%	205,479.45	878.92	0.4277%	205,479.45	885.60	0.4310%
Insight (Money Market Fund)	82,191.78	292.77	0.3562%	109,589.04	373.02	0.3404%	104,109.59	352.33	0.3384%
Tradition	169,863.01	878.36	0.5171%	254,794.52	1,248.49	0.4900%	246,575.34	1,208.22	0.4900%
RP Martin	208,219.18	1,199.45	0.5761%	254,794.52	1,409.86	0.5533%	246,575.34	1,364.38	0.5533%
Sterling	493,150.68	2,032.33	0.4121%	509,589.04	2,241.64	0.4399%	493,150.68	2,317.81	0.4700%
Direct dealing	1,030,136.99	17,290.41	1.6785%	1,193,150.68	17,620.41	1.4768%	1,150,684.93	15,493.15	1.3464%
Fund Average	2,407,107.06	23,888.78	0.9924%	2,868,764.78	25,820.55	0.9001%	2,755,064.41	23,472.43	0.8520%
Other Interest		0.00			0.00			2,451.29	
7 Day LIBID			0.4000%			0.4000%			0.3917%
3 Month LIBID			0.5200%			0.5200%			0.5533%

Broker/Institution	Jul-13			Aug-13			Sep-13		
	W.A.P	Interest Due	Ave Rate	W.A.P	Interest Due	Ave Rate	W.A.P	Interest Due	Ave Rate
Santander (BR a/c)	0.00	0.00	0.0000%	0.00	0.00	0.0000%	0.00	0.00	0.0000%
Santander (MM a/c)	0.00	0.00	0.0000%	0.00	0.00	0.0000%	0.00	0.00	0.0000%
Clydesdale (15 Day Notice)	0.00	0.00	0.0000%	0.00	0.00	0.0000%	0.00	0.00	0.0000%
Nat West (Liquidity Select)	363,743.75	2,182.46	0.6000%	330,855.52	1,985.13	0.6000%	342,052.63	1,743.37	0.5097%
Nat West (95 Day Notice)	0.00	0.00	0.0000%	170,114.61	1,397.39	0.8214%	255,170.09	2,041.36	0.8000%
Ignis (Money Market Fund)	245,205.48	1,073.80	0.4379%	254,794.52	1,098.02	0.4309%	306,849.32	1,331.77	0.4340%
Insight (Money Market Fund)	190,410.96	642.22	0.3373%	136,986.30	462.98	0.3380%	191,232.88	658.76	0.3445%
Tradition	246,575.34	1,213.15	0.4920%	254,794.52	1,095.62	0.4300%	246,575.34	1,060.27	0.4300%
RP Martin	254,794.52	1,409.86	0.5533%	254,794.52	1,402.19	0.5503%	246,575.34	1,249.32	0.5067%
Sterling	509,589.04	2,350.68	0.4613%	501,369.86	2,210.14	0.4408%	410,958.90	1,849.32	0.4500%
Direct dealing	1,216,438.36	14,571.24	1.1979%	1,043,835.62	12,248.49	1.1734%	862,465.75	9,175.34	1.0639%
Fund Average	3,026,757.45	23,443.42	0.7745%	2,947,545.47	21,899.96	0.7430%	2,861,880.26	19,109.50	0.6677%
Other Interest		2,216.23			0.00			2,959.26	
7 Day LIBID			0.3900%			0.3900%			0.3830%
3 Month LIBID			0.5600%			0.5600%			0.5180%

Broker/Institution	Oct-13			Nov-13			Dec-13		
	W.A.P	Interest Due	Ave Rate	W.A.P	Interest Due	Ave Rate	W.A.P	Interest Due	Ave Rate
Santander (BR a/c)	0.00	0.00	0.0000%	0.00	0.00	0.0000%	0.00	0.00	0.0000%
Santander (MM a/c)	0.00	0.00	0.0000%	0.00	0.00	0.0000%	0.00	0.00	0.0000%
Clydesdale (15 Day Notice)	0.00	0.00	0.0000%	0.00	0.00	0.0000%	0.00	0.00	0.0000%
Nat West (Liquidity Select)	342,200.70	1,711.00	0.5000%	320,259.18	1,601.30	0.5000%	353,529.83	1,767.65	0.5000%
Nat West (95 Day Notice)	255,343.47	1,894.48	0.7419%	239,020.22	1,434.12	0.6000%	263,872.18	1,583.23	0.6000%
Ignis (Money Market Fund)	331,506.85	1,445.41	0.4360%	347,945.21	1,522.79	0.4377%	419,178.08	1,847.83	0.4408%
Insight (Money Market Fund)	167,123.29	573.72	0.3433%	235,616.44	811.95	0.3446%	178,082.19	623.55	0.3501%
Tradition	254,794.52	1,101.92	0.4325%	246,575.34	1,109.59	0.4500%	254,794.52	1,146.58	0.4500%
RP Martin	254,794.52	1,300.27	0.5103%	246,575.34	1,266.30	0.5136%	254,794.52	1,316.44	0.5167%
Sterling	424,657.53	1,910.96	0.4500%	410,958.90	1,849.32	0.4500%	424,657.53	1,910.96	0.4500%
Direct dealing	915,068.49	10,069.59	1.1004%	915,068.49	8,078.08	0.8828%	954,794.52	8,264.25	0.8656%
Fund Average	2,945,489.37	20,007.36	0.6793%	2,962,019.12	17,673.44	0.5967%	3,103,703.37	18,460.48	0.5948%
Other Interest		2,493.02			0.00			2,950.73	
7 Day LIBID			0.3600%			0.3600%			0.3600%
3 Month LIBID			0.3868%			0.3900%			0.3900%

Broker/Institution	Jan-14			Feb-14			Mar-14		
	W.A.P	Interest Due	Ave Rate	W.A.P	Interest Due	Ave Rate	W.A.P	Interest Due	Ave Rate
Santander (BR a/c)	0.00	0.00	0.0000%	0.00	0.00	0.0000%	0.00	0.00	0.0000%
Santander (MM a/c)	0.00	0.00	0.0000%	0.00	0.00	0.0000%	0.00	0.00	0.0000%
Clydesdale (15 Day Notice)	0.00	0.00	0.0000%	0.00	0.00	0.0000%	0.00	0.00	0.0000%
Nat West (Liquidity Select)	342,632.15	1,713.16	0.5000%	309,605.62	1,548.03	0.5000%	342,909.13	1,714.55	0.5000%
Nat West (95 Day Notice)	255,760.64	1,534.56	0.6000%	231,127.33	1,386.76	0.6000%	256,008.75	1,536.05	0.6000%
Ignis (Money Market Fund)	424,657.53	1,852.14	0.4361%	383,561.64	1,674.49	0.4366%	301,369.86	1,293.63	0.4292%
Insight (Money Market Fund)	260,273.97	914.61	0.3514%	265,753.42	934.01	0.3515%	138,356.16	490.38	0.3544%
Tradition	254,794.52	1,159.18	0.4549%	230,136.99	1,029.59	0.4474%	254,794.52	1,138.08	0.4467%
RP Martin	254,794.52	1,332.88	0.5231%	230,136.99	1,343.01	0.5836%	254,794.52	1,503.29	0.5900%
Sterling	424,657.53	1,896.16	0.4465%	383,561.64	1,680.00	0.4380%	424,657.53	1,860.00	0.4380%
Direct dealing	954,794.52	8,259.32	0.8650%	843,835.62	7,218.96	0.8555%	893,150.68	7,634.68	0.8548%
Fund Average	3,172,365.39	18,662.01	0.5883%	2,877,719.25	16,814.85	0.5843%	2,866,041.16	17,170.66	0.5991%
Other Interest		0.00			2,493.02			5,522.79	
7 Day LIBID			0.3600%			0.3600%			0.3545%
3 Month LIBID			0.3900%			0.3900%			0.3955%

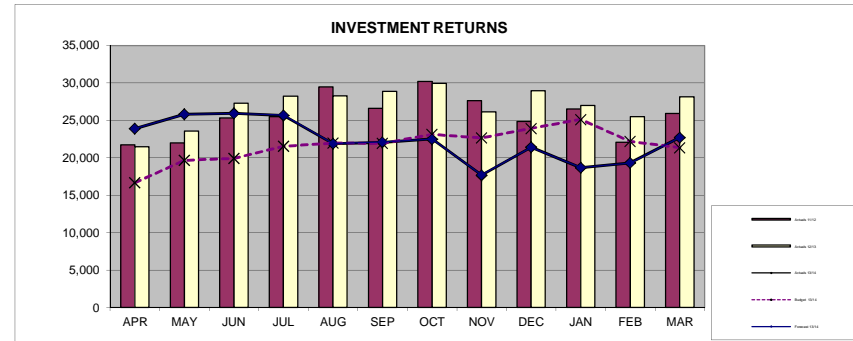
Broker/Institution	Cumulative Totals		
	W.A.P	Interest Due	Ave Rate
Santander (BR a/c)	0.00	0.00	0.0000%
Santander (MM a/c)	0.00	0.00	0.0000%
Clydesdale (15 Day Notice)	0.00	0.00	0.0000%
Nat West (Liquidity Select)	3,918,450.78	21,190.61	0.5408%
Nat West (95 Day Notice)	1,926,417.27	12,807.97	0.6649%
Ignis (Money Market Fund)	3,628,767.12	15,775.03	0.4347%
Insight (Money Market Fund)	2,059,726.03	7,130.30	0.3462%
Tradition	2,915,068.49	13,389.04	0.4593%
RP Martin	2,961,643.84	16,097.26	0.5435%
Sterling	5,410,958.90	24,109.32	0.4456%
Direct dealing	11,973,424.66	135,923.92	1.1352%
Fund Average	34,794,457.09	246,423.44	0.7082%
Other Interest		21,086.34	
7 Day LIBID			0.3758%
3 Month LIBID			0.4645%

N.B.

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

INVESTMENT RETURNS

	Actuals 11/12	Actuals 12/13	Actuals 13/14	Budget 13/14	Variance	Forecast 13/14
APR	21,722	21,489	23,889	16,680	7,209	23,900
MAY	21,983	23,571	25,821	19,662	6,159	25,800
JUN	25,342	27,280	25,924	19,910	6,014	25,900
JUL	25,498	28,227	25,660	21,538	4,122	25,700
AUG	29,446	28,256	21,900	21,963	-63	21,900
SEP	26,586	28,853	22,069	21,931	138	22,100
OCT	30,200	29,941	22,500	23,118	-618	22,500
NOV	27,636	26,144	17,673	22,656	-4,983	17,700
DEC	24,871	28,954	21,411	23,914	-2,503	21,400
JAN	26,525	26,999	18,662	25,109	-6,447	18,700
FEB	22,078	25,505	19,308	22,172	-2,864	19,300
MAR	25,935	28,159	22,693	21,347	1,346	22,700
TOTAL	307,822	323,378	267,510	260,000	7,510	267,600



INVESTMENT RETURNS (CUMULATIVE)

	Actuals 11/12	Actuals 12/13	Actuals 13/14	Budget 13/14	Variance	Forecast 13/14
APR	21,722	21,489	23,889	16,680	7,209	23,900
MAY	43,705	45,060	49,710	36,342	13,368	49,700
JUN	69,047	72,340	75,634	56,252	19,382	75,600
JUL	94,545	100,567	101,294	77,790	23,504	101,300
AUG	123,991	128,823	123,194	99,753	23,441	123,200
SEP	150,577	157,676	145,263	121,684	23,579	145,300
OCT	180,777	187,617	167,763	144,802	22,961	167,800
NOV	208,413	213,761	185,436	167,458	17,978	185,500
DEC	233,284	242,715	206,847	191,372	15,475	206,900
JAN	259,809	269,714	225,509	216,481	9,028	225,600
FEB	281,887	295,219	244,817	238,653	6,164	244,900
MAR	307,822	323,378	267,510	260,000	7,510	267,600

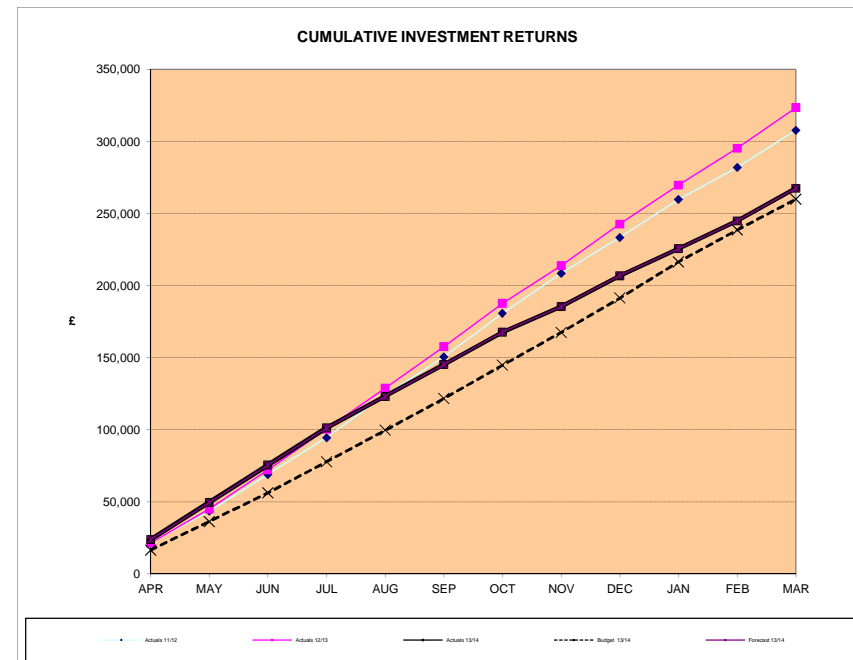
BUDGET FOR 2013/14 **260,000**
FORECAST OUTTURN **267,600**

CODE:- **YHAA** **96900**

N.B.

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

Fund Average **0.7082%**
7 Day LIBID **0.3758%**
3 Month LIBID **0.4645%**



FINANCIAL PERFORMANCE INDICATORS 2013/14 – TO THE END OF JULY 2014

Finance and Resources Advisory Committee – 2 September 2014

Report of Chief Finance Officer

Status: For consideration

Key Decision: No

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

Portfolio Holder Cllr. Ramsey

Contact Officer(s) Helen Martin Ext. 7483

Recommendation to Finance and Resources Advisory Committee: That the report be noted.

Introduction and Background

1. This report presents figures on seven internally set performance indicators covering activities that support information provided in the regular financial monitoring statements.
2. Information is provided on targets for the financial year, and figures for the previous year are given for comparison.
3. Use of these indicators assists management in highlighting areas where performance has an impact on financial outturn for the authority.

Key Implications

Financial

There are no financial implications arising from this report.

Legal Implications and Risk Assessment Statement.

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

Agenda Item 7

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 recommendation is concerned with sound control of the Councils finances and does not directly impact on services provided to the community
b. Does the decision being made or recommended through this paper have the potential to promote equality of opportunity?	No	
c. What steps can be taken to mitigate, reduce, avoid or minimise the impacts identified above?		No mitigating steps are required

Appendices

Appendix A – Performance Indicators – July 2014

Background Papers

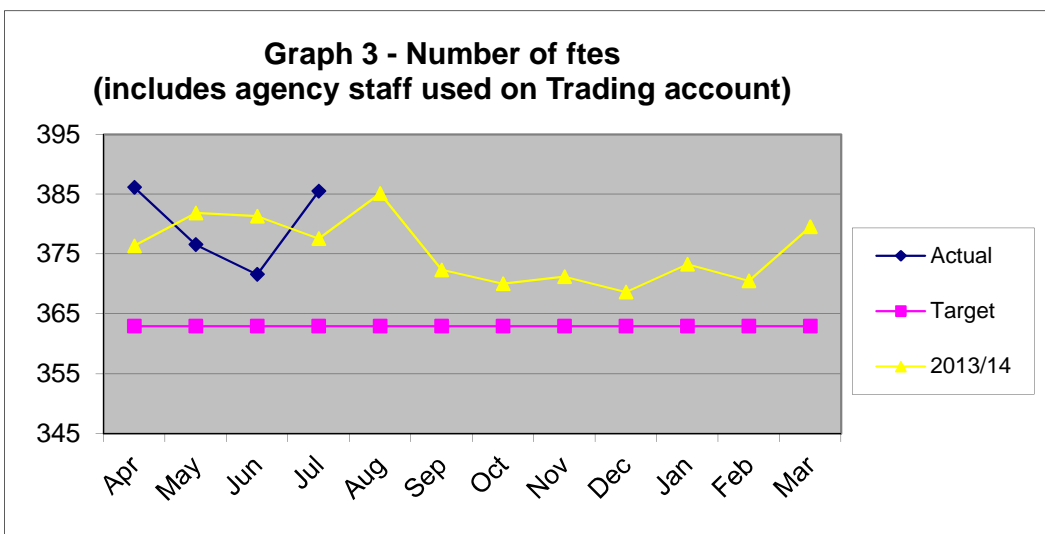
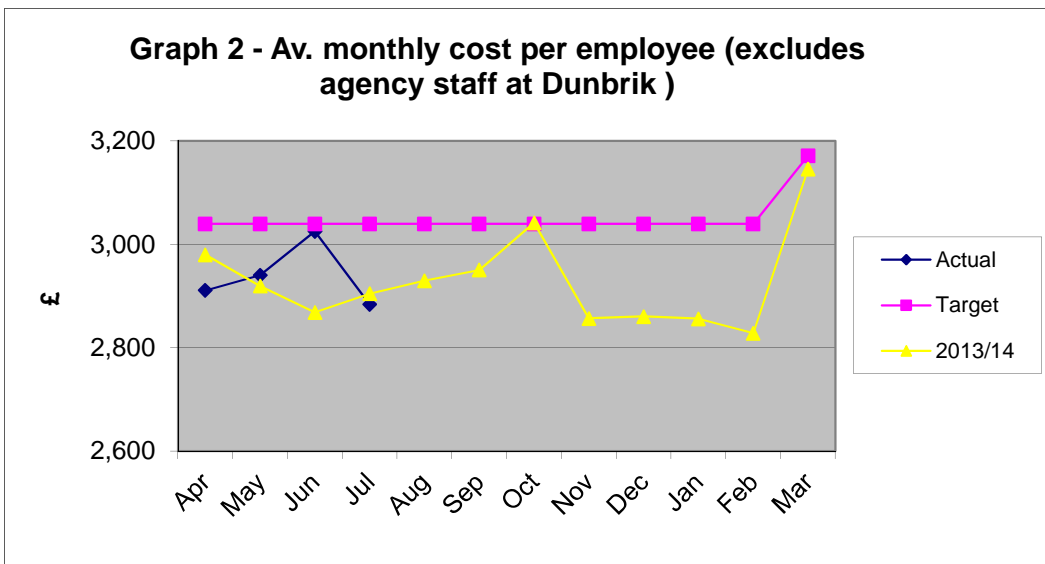
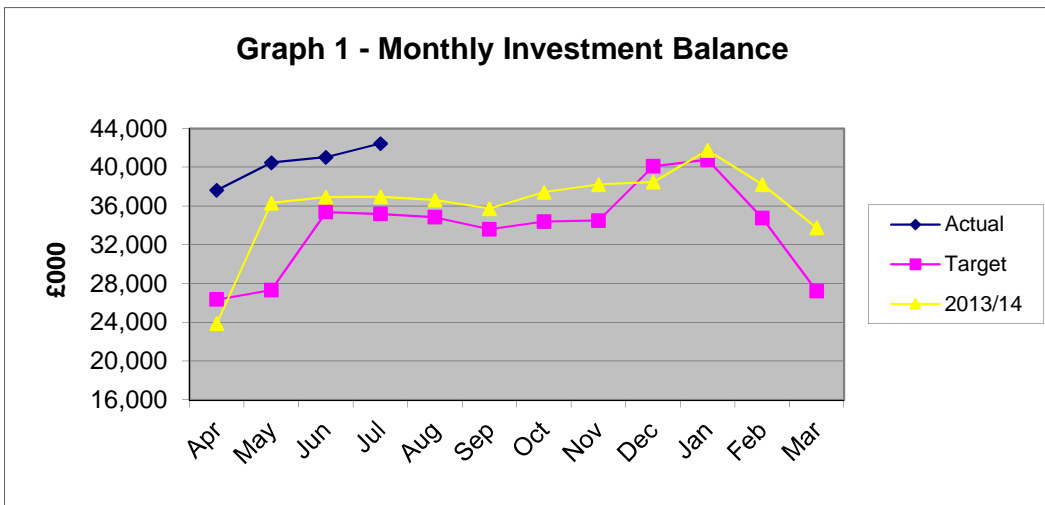
None

Adrian Rowbotham
Chief Finance Officer

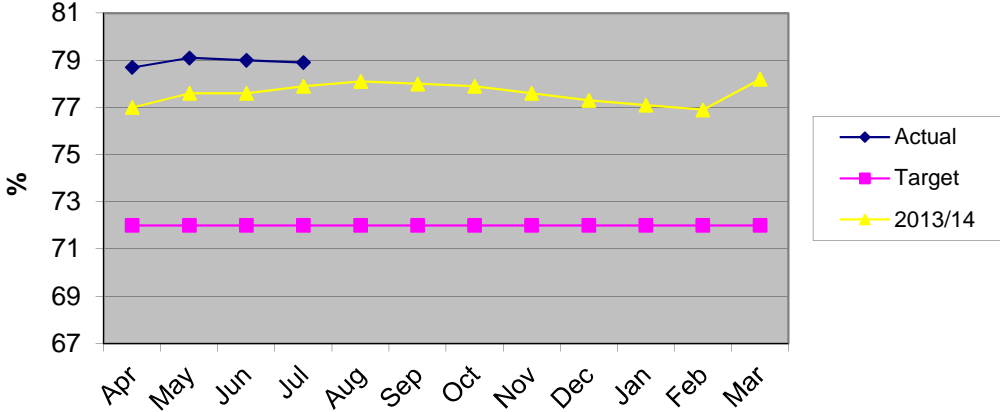
**Finance & Resources Advisory Committee Finance Indicators 2014/15
as at end July 2014**

Description	target	actual	Variance		notes	graph
Monthly investment balance £000	26,358	42,453	16,095	61.1%	Total investments at month end. From April 2013, precepts are paid in 12 instalments of roughly £5m. (Previous years we paid in 10 instalments - not June or December). The target figures have been updated to reflect the Balance Sheet position as at 31/03/13.	1
Average monthly cost per employee (non cumulative) £	3,039	2,810	-229	-7.5%	Target is annual pay budget divided by budget ftes, figures include agency and casual staff. Actuals excludes costs and fte of Agency staff at Dunbrik.	2
Average monthly salary cost SDC £000	1,107	1,056	-51	-4.6%	Excludes numbers and costs of Dunbrik temps	
Number of ftes	371.8	377.5	5.7	1.5%	Target is budgeted ftes.	3
Council Tax % collected for 2014/15	39.3	40.0	0.7	1.8%	LPIFS 19. Monthly cumulative figures	-
NNDR % collected for 2014/15	41.0	40.2	-0.8	-2.0%	LPIFS 20. Monthly cumulative figures.	-
Council Tax payers % on direct debit	72.0	78.9	6.9	9.6%	LPIFS8 - % on direct debit	4
Investment return %	0.80	0.58	-0.22	-27.8%	Cumulative return on investments. Target is budget assumption	5
3 month LIBID		0.40	0.40			
7 day LIBID		0.34	0.34			
Sundry debtors: debts over 21 days £000	35	21	-14	-39.7%	21 days is taken as the base as the first reminder is issued after 3 wks.	6
Sundry debtors: debts over 61 days £000	20	17	-3	-16.9%	61 days is when the third reminder is issued (debts exclude items on 'indefinite hold', e.g. debtors in administration)	7

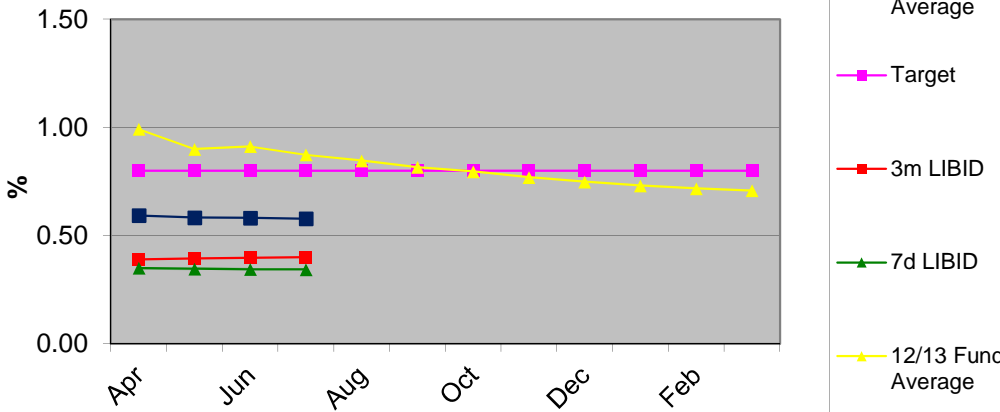
**Finance & Resources Advisory Committee Finance Indicators 2014/15
as at end July 2014**



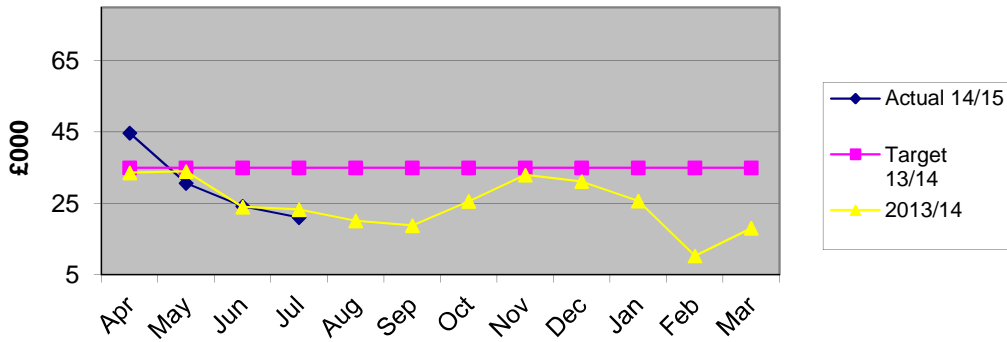
Graph 4 - Council Tax % on direct debit



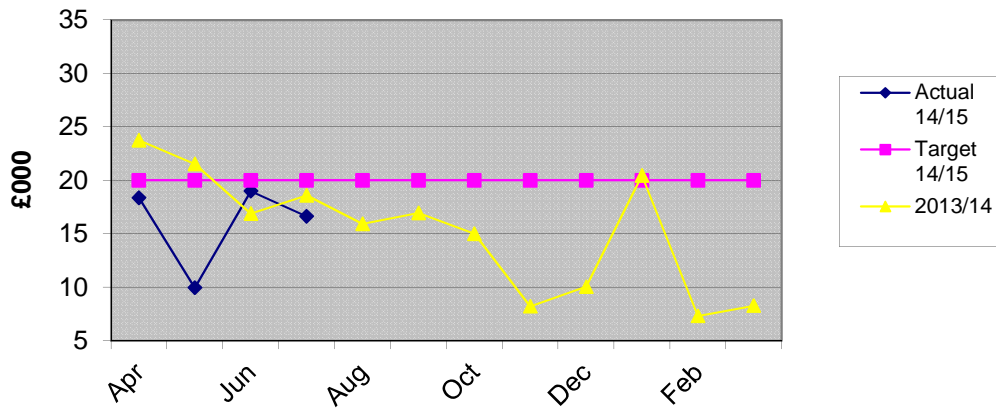
Graph 5 - Investment Return %



Graph 6 - Sundry debts over 21 days



Graph 7 - Sundry debts over 61 days



FINANCIAL RESULTS 2014/15 – to the end of July 2014

Finance and Resources Advisory Committee – 02 September 2014

Report of Chief Finance Officer

Status: For consideration

Key Decision: No

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

Portfolio Holder Cllr. Ramsey

Contact Officer(s) Helen Martin – Head of Finance - Ext. 7483

Adrian Rowbotham - Chief Finance Officer – Ext. 7153

Pav Ramewal - Chief Executive – Ext.7298

Recommendation to Finance and Resources Advisory Committee: That the report be noted.

Introduction and Background

Overall Financial Position

1. Four months into the year the results to date show an overall favourable variance of £587,000.
2. The year-end position is forecast to be £169,000 better than budget; this is 1.2% of the net budget for the year.
3. Both the results to date and forecasts include any significant accruals.

Key Issues for the year to date

4. **Income** – investment income is performing just below target and is forecast to be slightly worse than budgeted at the year-end. This reflects the effect of continuing low interest rates. A small unfavourable forecast is shown to reflect this position.
5. **Income** from Planning, Building Control, Land Charges and On Street Parking are showing a combined favourable variance of £156,000 at the end of July; Income from Legal work in connection with s.106 work is £19,000 ahead of profile. Income from car parking is currently behind profile and the loss of income from Pembroke and Old Bligh's car parks is now showing.

Agenda Item 8

6. **Budgets for Premises** are currently showing favourable variances totalling £86,000 partly due to receipt of some backdated service charges.
7. **Pay costs** – the actual expenditure to date on salaried staff (excluding those who are externally funded) is £132,000 below budget, but £34,000 of that relates to Direct Services and may be offset by agency staff costs held within the trading account. There are currently favourable variances arising from vacant posts in Corporate Support, Direct Services and Planning. A small favourable variance would be expected at this time because the budget for 2014/15 includes provision for a 1% pay award but, as yet, there is no national agreement on the amount.
8. **Other Variances** include some savings on CCTV (transmission costs) and Environmental Health Protection (air quality consultancy costs). Early receipt of grants (for example Business Well Being Award in Environmental Health Protection and New Burdens Grant within Performance Improvement).
9. **Direct Services** – Direct Services' results show a positive variance of £73,000 compared to budget.

Year End Forecast

10. The year-end position is forecast to be £169,000 better than budget.
11. The re-negotiation of the partnership agreement with Dartford BC will continue in 2014/15.
12. Income from car parking is forecast to be below budget at the year end.
13. Investment income is forecast to have a small unfavourable variance.

Risk areas

14. Chief Officers have considered the future issues and risk areas for their services and the impacts these may have on the Council's finances as follows:
 - the investment strategy is constantly under review and reports are made regularly to FRAC;
 - It is likely that fee income has been positively affected by the adoption of the Community Infrastructure Levy (CIL) schedule, and application numbers might recede once the charge is in place. Application numbers & income will be kept under close review now the new charging schedule has started;
 - There remains the risk that planning decisions will be challenged, either at appeal or through the Courts, and future plan making costs following the Allocations and Development Management Plan (ADMP) examination.
 - the Benefits workload is at a higher level than before the recession and additional resources are being used to address this

- Tax collection rates, though currently in line with the previous year are vulnerable and we are being proactive in contacting Council Tax Support customers; and

15. Planned savings for 2014/15 total £479,000, including the generation of income, particularly from new partnership working, and this remains a risk area for the current and for future years.

Key Implications

Financial

The financial implications are set out elsewhere in this report.

Legal Implications and Risk Assessment Statement.

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

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

Equality 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 recommendation is concerned with sound control of the Councils finances and does not directly impact on services provided to the community
b. Does the decision being made or recommended through this paper have the potential to promote equality of opportunity?	No	
c. What steps can be taken to mitigate, reduce, avoid or minimise the impacts identified above?		No mitigating steps are required

Appendices

Appendix – July Budget Monitoring Reports

Adrian Rowbotham
Chief Finance Officer

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Budget Monitoring Sheets for July 2014

Contents

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

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BUDGET MONITORING - Strategic Commentary - As at 31 July 2014**Overall Financial Position**

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Contacts:

Pav Ramewal	Chief Executive	ext 7298
Adrian Rowbotham	Chief Finance Officer	ext 7153
Helen Martin	Head of Finance	ext 7483

Communities and Business – July 2014 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Broadband	25		This cost centre incorporates the funding for the Regeneration and Property post which has not yet been appointed. The budget will be spent by the end of the year.
Capital – Parish Projects	20		No projects currently identified.

Future Issues/Risk Areas

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Lesley Bowles, Chief Officer Communities and Business
August 2014

Corporate Support – July 2014 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Estates Management – Buildings	33		Current overachievement due to backdated payments now received.
Support – Central Offices	53		Overachievement due to backdated service charges now received.
Salaries	43		Underspend due to currently vacant posts across a number of service areas.

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Future Issues/Risk Areas

Potential for in-year overspend on property asset maintenance costs dependant on survey works currently being scheduled for a number of assets.

**Chief Officer Corporate Support
August 2014**

Environmental & Operational Services – August 2014 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Building Control	15		Income above profile and savings on salaries due to vacancies and structural checking fees. Budget to be adjusted to reflect shared working with T&MBC from 1 October 2014.
Car Parks	-23	-40	Income currently £18,000 down in total and £25,000 down on day ticket income profile. Loss of income from Old Bligh's and Pembroke Road car parks now showing.
CCTV	9	-15	Savings on transmission costs against profile. However, budget contains challenging income targets which will offset any savings made during the year.
EH Commercial	14		£5,000 grant received from KCC for Business Well Being Award, savings on hub cost Recharges.
EH Environmental Protection	22	12	Savings on air quality consultancy costs.
Land Charges	28	25	Income £32,000 above profile. Additional resources may need to be found, on a temporary basis, to maintain performance levels.
Licensing Regime	-12	-22	Income on licensing fees currently slightly below profile, but this will be collected but overall budget contains challenging income targets which will only be partly offset by savings elsewhere.
On-Street Parking	37	25	Income currently £46,000 above profile, principally on day tickets.
Salaries – Operational Services	34	34	Vacancies in Direct Services staff partly offset by Agency staff costs to maintain services. Net effect shown in Direct Services Trading Accounts.
Salaries – Parking & Amenity Services	-11		CEO vacancy, now filled. Net effect shown in on-street parking account.
Capital – Vehicle Purchases	166		Vehicle replacement programme for 2014/15 in specification, tendering and ordering stage. Programme will be delivered within agreed budget. Any underspend is carried forward into the vehicle replacement fund.
Direct Services – Street Cleaning	29	31	Savings on salaries due to vacancies waiting to be filled.
Direct Services – Trade	-17	-6	Over expenditure on disposal charges (£130/tonne). Disposal cost/tonne currently under negotiation.

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Direct Services – Workshop	23	30	Savings on salaries due to Supervisor vacancy. Income above profile on vehicle repairs.
Direct Services – Green Waste	28	5	Income £21,000 above profile on bin permits and sale of sacks.
Direct Services – Overall Trading Accounts	73	56	Income £29,000 above profile, expenditure £43,000 below profile.

Agenda Item 8

Future Issues/Risk Areas

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Page 42
Chief Officer Environmental & Operational Services
August 2014

Financial Services – July 2014 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Benefits Admin	2	47	The re-negotiation of the partnership agreement with Dartford BC will continue in 2014/15.
Corporate Savings	20		The savings created from the Council's vacant posts are in excess of the budget profile.
Dartford Partnership Hub (SDC Costs)	-102	-156	Additional resources to help address the Benefits increased workload and to be proactive in contacting Council Tax Support customers. This funding of this additional cost will be shared with Dartford BC.
Dartford Partnership Implementation & Project Costs	110	156	External funding received that will fund SDC's share of the Benefits increased workload above.
Local Tax	7	72	The re-negotiation of the partnership agreement with Dartford BC will continue in 2014/15.
Members	10	20	Some Members do not claim their full allowance and the rules state that Members cannot claim more than one Special Responsibility Allowance.
Misc. Finance	-38	-10	Less funds expected from balance sheet adjustments, but expect underspends elsewhere in this area to compensate.
Performance Improvement	16		The variance is as a result of New Burdens Grant to assist the Council in managing applications under the Community Rights legislation. The funding will be used prudently through the year as applications under the scheme are received.
Support – Finance Function	18	19	Additional costs of debit/credit card transactions.
Salaries	-15	-207	Agency staff are being used to help address the Benefits increased workload and to be proactive in contacting Council Tax Support customers. The budgeted 1% pay increase has not yet taken place.

Future Issues/Risk Areas

The start of the Single Fraud Investigation Service in February 2016 and the change to Universal Credit will affect the way that Fraud and Benefits are delivered in the future.

Chief Finance Officer August 2014

Housing – July 2014 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Housing	11		Awaiting an outstanding invoice for CAB which has been chased up.
Private Sector Housing	15		External post vacant and interviews taking place next week.
Salaries – Ext Funded	11		This is external funding and does not affect Council budgets.
Capital – Improvement Grants (West Kent & SDC)	124		It is difficult to predict when works will be completed. Bottom line correct.

Agenda Item 8

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Future Issues/Risk Areas

**Chief Housing Officer
August 2014**

Legal & Governance – July 2014 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Support – Legal Function	23		Income generated from s.106 agreements and miscellaneous sources exceeds expectations for the first quarter. However, the new CIL arrangements came into place 4th August 2014 which is likely to result in a reduction in income.

Future Issues/Risk Areas

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**Chief Officer Legal & Governance
August 2014**

Planning Services – July 2014 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Planning – Development Management	85		It remains the case that the overachievement on fee income is the result of a small number of high fee applications and an increase in application numbers prior to the adoption of the CIL charging schedule in August.
Salaries	42		The underspend is due to an element of part time working and posts being vacant as we go through the recruitment process.
Capital – Affordable Housing	-30		This will be financed at the end of the year from S106 planning obligations receipts.
Capital – S106 Capital	-306		This will be financed at the end of the year from S106 planning obligations receipts.

Future Issues/Risk Areas

There remains the risk that planning decisions will be challenged, either at appeal or through the Courts, and future plan making costs following the ADMP examination.
It is also likely that fee income is positively affected by the forthcoming CIL charge, and application numbers might recede once the charge is in place.
Application numbers & income will be kept under close review once the new charging schedule starts.

**Chief Planning Officer
August 2014**

2. Overall Summary

July 14 - Final

	Period	Period	Period	Period	Y-T-D	Y-T-D	Y-T-D	Y-T-D	Annual	Annual	Annual	2013/14
	Budget	Actual	Variance	Variance	Budget	Actual	Variance	Variance	Budget	Forecast (including Accruals)	Variance	Actual
	£'000	£'000	£'000	%	£'000	£'000	£'000	%	£'000	£'000	£'000	£'000
Communities and Business	72	72	- 0	-0	398	339	59	15	997	997	-	989
Corporate Support	306	283	23	8	1,311	1,210	101	8	3,186	3,186	-	3,199
Environmental and Operational Services	199	251	- 52	-26	1,055	928	128	12	2,517	2,531	- 15	2,788
Financial Services	474	467	8	2	1,575	1,492	83	5	5,081	4,943	138	4,312
Housing	65	154	- 89	-138	347	335	12	3	722	722	-	778
Legal and Governance	43	122	- 79	-183	241	202	40	17	609	609	-	548
Planning Services	92	68	24	27	409	300	109	27	1,269	1,269	-	1,315
NET EXPENDITURE (1)	1,251	1,417	- 165	-13	5,337	4,805	532	10	14,380	14,257	123	13,929
<i>Adjustments to reconcile to Amount to be met from Reserves</i>												
Direct Services Trading Accounts	- 25	- 55	30	120	- 102	- 175	73	72	- 64	- 120	57	- 230
Capital charges outside General Fund	- 5	- 5	- 0	-0	- 21	- 21	- 0	-0	- 64	- 64	-	- 62
Support Services outside General Fund	- 10	- 10	0	0	- 39	- 39	0	0	- 118	- 118	-	- 118
Redundancy Costs - all	-	-	-	-	-	7	- 7	-	-	-	-	-
NET EXPENDITURE (2)	1,211	1,346	- 135	-11	5,174	4,576	598	12	14,135	13,955	180	13,519
Revenue Support Grant (incl. CT Support)	- 185	- 185	-	0	- 742	- 742	-	0	- 2,225	- 2,225	-	- 2,678
Retained Business Rates	- 158	- 158	-	0	- 633	- 633	-	0	- 1,898	- 1,898	-	- 1,862
New Homes Bonus	- 116	- 116	-	0	- 463	- 463	-	0	- 1,389	- 1,389	-	- 993
Council Tax Requirement - SDC	- 751	- 751	-	0	- 3,003	- 3,003	-	0	- 9,010	- 9,010	-	- 8,728
NET EXPENDITURE (3)	345	480	- 135	-39	1,708	1,110	598	35	- 387	- 567	180	- 742
<i>Summary including investment income</i>												
Net Expenditure	345	480	- 135	-39	1,708	1,110	598	35	- 387	- 567	180	- 742
Investment Impairment	-	-	-	0	-	-	-	0	-	-	-	-
Interest and Investment Income	- 23	- 19	- 5	20	- 85	- 74	- 11	-13	- 244	- 233	- 11	- 237
Overall total	321	461	- 140	-43	1,623	1,036	587	36	- 631	- 800	169	- 979
Planned appropriation (from)/to Reserves									631	631	-	-
Supplementary appropriation from Reserves									-	-	-	-
Surplus									-	- 169	169	- 979

3. Net Service Expenditure for each Chief Officer - analysed by Budget area

July 14 - Final	Period	Period	Period	Period	Y-T-D	Y-T-D	Y-T-D	Y-T-D	Annual	Annual	Annual	2013/14
	Budget	Actual	Variance	Variance	Budget	Actual	Variance	Variance	Budget	Forecast (including Accruals)	Variance	Actual
	£'000	£'000	£'000	%	£'000	£'000	£'000	%	£'000	£'000	£'000	£'000
Communities & Business												
SDC Funded												
Administrative Expenses - Communities & Business	1	1	1	47	5	3	2	42	14	14	-	8
All Weather Pitch	-0	-0	0	-	-1	-1	0	4	-2	-2	-	-2
Broadband	7	-	7	100	27	1	25	94	80	80	-	-
Community Development Service Provisions	-0	-	-0	-	-2	-5	3	186	-5	-5	-	-5
Community Safety	15	13	2	15	60	52	8	13	179	179	-	210
Economic Development	7	6	2	23	30	34	-5	-16	69	69	-	47
Grants to Organisations	2	2	0	17	162	162	1	0	181	181	-	183
Health Improvements	4	3	0	11	15	15	0	1	45	45	-	43
Leisure Contract	32	30	2	6	87	80	7	8	295	295	-	273
Leisure Development	5	5	-	-	10	10	-	-	20	20	-	20
The Community Plan	4	3	0	13	15	14	1	9	45	45	-	63
Tourism	2	-3	4	278	17	10	6	37	29	29	-	28
West Kent Partnership	4	2	2	42	-16	-21	5	30	-	-	-	-
Youth	9	3	7	70	20	23	-2	-12	48	48	-	49
Total Communities & Business (SDC Funded)	91	65	26	29	429	378	51	12	997	997	-	989
Externally Funded												
Business Flood Support Scheme	-	-	-	-	-	-	-	-	-	-	-	-
Choosing Health WK PCT	-22	-28	6	28	-22	-29	7	30	-	-	-	-
Community Sports Activation Fund	-	19	-19	-	-	0	-0	-	-	-	-	-
Falls Prevention	-	0	-0	-	-	3	-3	-	-	-	-	-
General Grants Other Organisations	-	-	-	-	-	-	-	-	-	-	-	-
New Ash Green	-	-1	1	-	-	-1	1	-	-	-	-	-
Partnership - Home Office	3	5	-2	-57	-8	-4	-5	-56	-	-	-	-
PCT Health Checks	-	-	-	-	-	-3	3	-	-	-	-	-
PCT Initiatives	-	-2	2	-	-	-6	6	-	-	-	-	-
Repair & Renew Flood Support Scheme	-	-5	5	-	-	-	-	-	-	-	-	-
Troubled Families Project	-	18	-18	-	-	-	-	-	-	-	-	-
West Kent Partnership Business Support	-	2	-2	-	-	-	-	-	-	-	-	-
Total Communities & Business (Ext Funded)	-19	8	-27	-141	-30	-39	8	27	-	-	-	-
Total Communities & Business	72	72	-0	-0	398	339	59	15	997	997	-	989

3. Net Service Expenditure for each Chief Officer - analysed by Budget area

July 14 - Final	Period	Period	Period	Period	Y-T-D	Y-T-D	Y-T-D	Y-T-D	Annual	Annual	Annual	2013/14
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	£'000	£'000	£'000	%	£'000	£'000	£'000	%	£'000	£'000	£'000	£'000
Corporate Support												
Administrative Expenses - Corporate Support	2	2	1	31	9	4	5	55	26	26	-	29
Administrative Expenses - Human Resources	0	1	-0	-	9	9	0	3	14	14	-	6
Administrative Expenses - Property	0	0	0	-	1	1	0	27	4	4	-	2
Asset Maintenance Argyle Road	-3	-	-3	-100	10	10	-0	-4	59	59	-	45
Asset Maintenance Hever Road	0	3	-2	-	2	4	-2	-130	6	6	-	2
Asset Maintenance IT	56	67	-11	-19	88	93	-5	-6	260	260	-	290
Asset Maintenance Leisure	-5	1	-6	-123	21	21	-0	-0	165	165	-	162
Asset Maintenance Other Corporate Properties	3	-	3	100	10	7	3	28	30	30	-	22
Asset Maintenance Sewage Treatment Plants	1	-	1	100	3	-	3	100	8	8	-	7
Asset Maintenance Support & Salaries	7	6	1	20	31	28	2	7	92	92	-	99
Bus Station	1	-0	1	102	3	4	-2	-64	14	14	-	13
Corporate Projects	4	2	2	51	19	11	8	41	58	58	-	-
Estates Management - Buildings	-5	-12	7	133	27	-6	33	122	-68	-68	-	15
Housing Premises	1	1	-0	-57	-3	-6	3	131	-8	-8	-	-9
Support - Central Offices	20	-13	33	167	302	249	53	18	447	447	-	417
Support - Central Offices - Facilities	21	14	7	33	85	76	9	11	256	256	-	236
Support - Contact Centre	35	32	3	9	139	139	-1	-1	417	417	-	404
Support - General Admin	1	23	-22	-2,210	61	64	-3	-5	254	254	-	215
Support - Human Resources	23	25	-2	-8	93	97	-4	-4	288	288	-	248
Support - IT	132	125	7	6	363	365	-2	-1	754	754	-	862
Support - Local Offices	8	4	3	45	20	20	-0	-1	56	56	-	53
Support - Nursery	-	-	-	-	-	0	-0	-	-	-	-	3
Support - Property Function	4	3	0	7	18	17	1	5	54	54	-	77
Total Corporate Support	306	283	23	8	1,311	1,210	101	8	3,186	3,186	-	3,199

3. Net Service Expenditure for each Chief Officer - analysed by Budget area

	July 14 - Final				Y-T-D	Y-T-D	Y-T-D	Y-T-D	Annual	Annual	Annual	2013/14
	Period	Period	Period	Period	Budget	Actual	Variance	Variance	Budget	Forecast	Variance	Actual
	£'000	£'000	£'000	%	£'000	£'000	£'000	%	£'000	(including Accruals) £'000	£'000	£'000
Environmental and Operational Services												
Administrative Expenses - Building Control	1	0	1	79	3	1	2	70	9	9	-	15
Administrative Expenses - Direct Services	-	-0	0	-	-	0	-0	-	-	-	-	-
Administrative Expenses - Health	2	0	2	94	9	5	3	40	26	26	-	12
Administrative Expenses - Transport	1	1	0	12	3	3	0	6	10	10	-	7
Air Quality (Ext Funded)	-	0	-0	-	-	0	-0	-	-	-	-	-
Asset Maintenance Car Parks	2	-	2	100	6	-	6	100	19	19	-	76
Asset Maintenance CCTV	1	1	1	50	5	2	3	60	16	16	-	11
Asset Maintenance Countryside	1	-	1	100	3	-	3	100	8	8	-	3
Asset Maintenance Direct Services	3	-	3	100	12	10	2	14	36	36	-	28
Asset Maintenance Playgrounds	1	-	1	100	5	-	5	100	14	14	-	3
Asset Maintenance Public Toilets	1	-	1	100	5	0	5	97	14	14	-	-
Building Control	7	-9	17	229	-46	-61	15	33	-162	-162	-	-85
Building Control Discretionary Work	-0	-1	1	-	-0	1	-1	-	-1	-1	-	4
Car Parks	-160	-155	-5	-3	-529	-506	-23	-4	-1,731	-1,691	-40	-1,576
CCTV	9	18	-10	-114	122	112	9	8	228	243	-15	263
Civil Protection	2	5	-3	-113	13	11	2	15	33	33	-	29
Dangerous Structures	2	2	0	0	8	7	1	12	23	23	-	21
Dartford Environmental Hub (SDC Costs)	-	2	-2	-	-	2	-2	-	-	-	-	-
EH Animal Control	1	0	1	62	5	6	-1	-22	1	1	-	34
EH Commercial	22	12	9	43	86	73	14	16	255	255	-	274
EH Environmental Protection	34	39	-5	-15	151	129	22	15	382	370	12	383
Emergency	5	6	-1	-15	21	25	-4	-17	63	63	-	60
Estates Management - Grounds	8	12	-4	-51	32	36	-4	-12	97	97	-	94
Land Charges	-8	-9	1	19	-31	-58	28	89	-93	-118	25	-111
Licensing Partnership Hub (Trading)	-0	-5	5	-	0	-5	5	-	-	-	-	-
Licensing Partnership Members	-	-	-	-	-	-	-	-	-	-	-	-
Licensing Regime	-4	4	-7	-210	8	20	-12	-155	-5	16	-22	15
Markets	-20	-22	2	12	-64	-69	5	8	-192	-192	-	-189
On-Street Parking	-40	-55	14	35	-142	-179	37	26	-430	-455	25	-372
Parks and Recreation Grounds	8	20	-12	-151	32	34	-2	-7	97	97	-	143
Parks - Rural	6	6	-0	-4	25	26	-1	-4	74	74	-	56
Public Conveniences	3	6	-3	-91	19	22	-3	-16	43	43	-	54
Public Transport Support	0	-	0	-	0	-	0	-	0	0	-	1
Refuse Collection	201	267	-66	-33	852	860	-7	-1	2,378	2,378	-	2,288

Street Cleansing	105	104	1	1	417	411	6	1	1,240	1,240	-	1,207
Street Naming	1	0	1	93	5	1	3	68	14	14	-	5
Support - Direct Services	4	2	3	56	18	11	7	41	54	54	-	41
Support - Health and Safety	2	1	1	37	6	4	2	37	18	18	-	14
Taxis	- 4	- 3	- 0	- 11	- 3	- 6	4	146	- 20	- 20	-	- 23
Total Environmental and Operational Services	199	251	- 52	- 26	1,055	928	128	12	2,517	2,531	- 15	2,788

3. Net Service Expenditure for each Chief Officer - analysed by Budget area

	July 14 - Final				Y-T-D	Y-T-D	Y-T-D	Y-T-D	Annual	Annual	Annual	2013/14
	Period	Period	Period	Period	Budget	Actual	Variance	Variance	Budget	Forecast	Variance	Actual
	£'000	£'000	£'000	%	£'000	£'000	£'000	%	£'000	(including Accruals) £'000	£'000	£'000
Financial Services												
Action and Development	1	0	1	90	2	-4	6	285	7	7	-	18
Administrative Expenses - Chief Executive	3	1	2	63	12	5	6	55	35	35	-	7
Administrative Expenses - Financial Services	3	-0	3	101	14	13	0	2	44	44	-	25
Administrative Expenses - Transformation and Strategy	1	0	1	93	4	1	3	80	11	11	-	3
Benefits Admin	-50	0	-50	-100	-99	-101	2	2	824	778	47	1,196
Benefits Grants	-34	-33	-1	-3	-246	-246	0	0	-659	-659	-	-659
Consultation and Surveys	-	-	-	-	-	-	-	-	3	3	-	3
Corporate Management	78	76	2	3	301	292	9	3	994	994	-	726
Corporate Savings	24	-	24	100	20	-	20	100	3	3	-	-
Dartford Partnership Hub (SDC costs)	155	174	-19	-13	630	732	-102	-16	-	156	-156	-547
Dartford Partnership Implementation & Project Costs	8	-10	18	229	32	-78	110	346	-30	-186	156	-200
Equalities Legislation	-	14	-14	-	18	14	4	23	18	18	-	14
External Communications	15	11	4	27	59	52	6	11	176	176	-	139
Housing Advances	-	-	-	-	2	2	0	0	2	2	-	2
Local Tax	42	3	39	93	-60	-67	7	12	179	107	72	300
Members	34	31	4	11	137	128	10	7	412	392	20	380
Misc. Finance	158	166	-9	-6	564	602	-38	-7	2,326	2,336	-10	2,236
Performance Improvement	-	-	-	-	6	-10	16	275	6	6	-	-9
Support - Audit Function	-9	-	-9	-100	-18	-18	-	-	144	146	-2	176
Support - Exchequer and Procurement	10	10	0	1	42	42	-0	-1	134	134	-	131
Support - Finance Function	17	12	5	30	70	51	18	26	209	190	19	138
Support - General Admin	11	10	1	5	53	50	3	5	142	142	-	119
Treasury Management	8	2	6	73	34	30	3	10	101	108	-7	100
Total Financial Services	474	467	8	2	1,575	1,492	83	5	5,081	4,943	138	4,312

3. Net Service Expenditure for each Chief Officer - analysed by Budget area

July 14 - Final	Period	Period	Period	Period	Y-T-D	Y-T-D	Y-T-D	Y-T-D	Annual	Annual	Annual	2013/14
	Budget	Actual	Variance	Variance	Budget	Actual	Variance	Variance	Budget	Forecast (including Accruals)	Variance	Actual
	£'000	£'000	£'000	%	£'000	£'000	£'000	%	£'000	£'000	£'000	£'000
Housing												
Administrative Expenses - Housing	1	1	0	31	6	4	2	29	18	18	-	25
Energy Efficiency	3	2	0	15	10	9	1	13	23	23	-	31
Gypsy Sites	- 3	- 2	- 0	- 15	- 10	- 9	- 1	- 12	- 31	- 31	-	- 20
Homeless	7	9	- 2	- 30	29	29	0	0	96	96	-	106
Homelessness Funding	3	2	1	30	12	8	4	30	-	-	-	-
Homelessness Prevention	-	3	- 3	-	-	9	- 9	-	-	-	-	-
Housing	34	125	- 91	- 267	224	213	11	5	447	447	-	454
Housing Initiatives	1	0	0	86	2	3	- 1	- 48	6	6	-	7
Housing Option - Trailblazer	2	1	1	71	8	17	- 9	- 114	-	-	-	3
Leader Programme	1	1	0	0	3	3	0	4	10	10	-	9
Needs and Stock Surveys	-	-	-	-	-	-	-	-	- 2	- 2	-	13
Private Sector Housing	16	12	4	26	63	48	15	23	155	155	-	148
Total Housing	65	154	- 89	- 138	347	335	12	3	722	722	-	778

3. Net Service Expenditure for each Chief Officer - analysed by Budget area

July 14 - Final

Legal and Governance

	Period				Y-T-D				Annual	Annual	Annual	2013/14
	Budget	Actual	Variance	Variance	Budget	Actual	Variance	Variance	Budget	Forecast (including Accruals)	Variance	Actual
	£'000	£'000	£'000	%	£'000	£'000	£'000	%	£'000	£'000	£'000	£'000
Administrative Expenses - Legal and Governance	4	6	- 2	- 48	41	34	7	16	74	74	-	53
Civic Expenses	0	-	0	-	15	15	0	0	16	16	-	14
Committee Admin	9	10	- 0	- 2	41	34	7	17	117	117	-	105
Elections	6	40	- 34	- 594	51	51	0	0	72	72	-	71
Register of Electors	8	62	- 55	- 722	30	27	3	11	140	140	-	112
Support - Legal Function	16	4	11	73	63	40	23	36	190	190	-	192
Total Legal and Governance	43	122	- 79	- 183	241	202	40	17	609	609	-	548

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3. Net Service Expenditure for each Chief Officer - analysed by Budget area

July 14 - Final	Period	Period	Period	Period	Y-T-D	Y-T-D	Y-T-D	Y-T-D	Annual	Annual	Annual	2013/14
	Budget	Actual	Variance	Variance	Budget	Actual	Variance	Variance	Budget	Forecast (including Accruals)	Variance	Actual
	£'000	£'000	£'000	%	£'000	£'000	£'000	%	£'000	£'000	£'000	£'000
Planning Services												
Administrative Expenses - Planning Services	3	2	1	35	13	7	6	48	39	39	-	32
Conservation	3	3	0	12	15	13	2	12	46	46	-	48
LDF Expenditure	-	-1	1	-	-	1	-1	-	-	-	-	-
Planning - Appeals	16	13	3	18	66	63	3	5	191	191	-	262
Planning - CIL Administration	-	-	-	-	-	2	-2	-	-	-	-	5
Planning - Counter	-0	-0	-0	-	-0	-0	-0	-	-0	-0	-	-1
Planning - Development Management	19	-4	23	119	99	14	85	85	311	311	-	260
Planning - Enforcement	21	19	2	8	89	81	8	9	273	273	-	261
Planning Policy	30	36	-6	-20	128	120	8	6	410	410	-	448
Total Planning Services	92	68	24	27	409	300	109	27	1,269	1,269	-	1,315

4. Cumulative Salary Monitoring

July 14 - Final

	Period	Period	Period	Period	Y-T-D	Y-T-D	Y-T-D	Y-T-D	Annual	Annual	Annual
	Budget	Actual	Variance	Variance	Budget	Actual	Variance	Variance	Budget	Forecast	Variance
	£'000	£'000	£'000	%	£'000	£'000	£'000	%	£'000	(including Accruals) £'000	£'000
Communities and Business	32	31	1	3	130	129	1	1	389	389	-
Corporate Support	154	149	5	3	649	606	43	7	1,958	1,958	-
Environmental & Operational Services:	416	416	0	0	1,677	1,643	34	2	5,038	5,004	34
- Building Control	36	40	-4	-12	144	144	-0	-0	432	432	-
- Environmental Health	50	50	0	1	202	196	6	3	605	605	-
- Licensing	23	21	2	10	93	87	6	6	279	279	-
- Operational Services	272	263	8	3	1,098	1,064	34	3	3,302	3,268	34
- Parking & Amenity Services	35	41	-6	-18	140	152	-11	-8	421	421	-
Financial Services	209	212	-3	-2	835	850	-15	-2	2,504	2,711	-207
Housing	49	49	0	1	195	186	9	5	586	586	-
Legal & Governance	46	49	-3	-7	182	185	-3	-2	547	547	-
Planning Services	140	131	9	6	599	557	42	7	1,850	1,850	-
Sub Total	1,045	1,037	9	1	4,268	4,156	112	3	12,872	13,045	-173
Council Wide - Vacant Posts	21	-	21	100	6	-	6	100	-40	-40	-
Performance Award Contingency	-	-	-	-	-	-	-	-	48	48	-
Market Premiums	4	-	4	100	14	-	14	100	42	42	-
TOTAL SDC Funded Salary Costs	1,069	1,037	33	3	4,288	4,156	132	3	12,923	13,096	-173
<u>Externally Funded & Funded from other sources (gross figures). Overspendings here are matched by external funding and represent additional resources secured for the Council since the budget was set.</u>											
Communities and Business Ext. Funded	12	11	1	6	49	45	4	8	146	146	-
Housing Ext. Funded	18	16	2	13	72	61	11	15	216	216	-
	30	27	3	10	121	106	15	12	362	362	-
TOTAL All Salary Costs	1,100	1,064	36	3	4,409	4,262	147	3	13,285	13,458	-173
Less Allocs to Trading a/cs inc Ext Funded TASK	-229	-215	-14	-6	-915	-874	-41	-5	-2,745	-2,745	-
Less Allocations to Capital and Asset maint. etc	-	-	-	-	-	-	-	-	-	-	-
Check total to Pay Costs	871	848	23	3	3,494	3,388	105	3	10,540	10,712	-173

DIRECT SERVICES SUMMARY

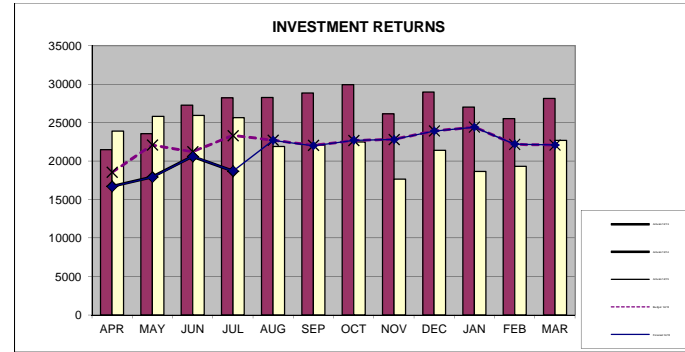
Jul-14	PERIOD				Y-T-D				ANNUAL			Y-T-D NET VARIANCE			ANNUAL NET VARIANCE		
	Budget	Actual	Actual / Budget	Variance	Budget	Actual	Actual / Budget	Variance	Budget	Forecast	Variance	Net Budget by Service	Net Actual by Service	Variance by Service	Net Budget by Service	Net Actual by Service	Variance by Service
	£'000	£'000	%	£'000	£'000	£'000	%	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income																	
Refuse	-193	-195	1%	1	-775	-779	0%	3	-2,328	-2,328		-23	-29	6	-72	-71	-1
Street Cleaning	-99	-99	0%		-398	-398	0%		-1,193	-1,193		22	-7	29	66	35	31
Trade	-38	-37	-3%	-1	-161	-160	-1%	-1	-385	-385		-36	-19	-17	-11	-5	-6
Workshop	-46	-56	22%	10	-183	-198	8%	15	-549	-569	20		-23	23		-30	30
Green Waste	-41	-57	39%	16	-173	-194	12%	21	-360	-365	5	-52	-80	28	-24	-29	5
Premises Cleaning	-7	-7	0%		-29	-29	0%		-88	-88		-8	-8		-25	-25	
Cesspools	-21	-24	15%	3	-83	-82	-1%	-1	-250	-245	-5	-4	-5	1	-12	-7	-5
Pest Control	-14	-14	4%	1	-25	-27	11%	3	-68	-68		3	-2	5	15	15	
Grounds	-11	-11	0%		-42	-42	0%		-129	-129		7	9	-2	-1	-1	
Fleet	-72	-68	-5%	-4	-286	-278	-3%	-8	-859	-859		-6	-6				
Depot	-21	-19	-13%	-3	-92	-90	-3%	-3	-280	-280		-4	-3	-1		-3	3
Emergency	-4	-4	0%		-16	-16	0%		-49	-49			-1	1	1	1	
Total Income	-567	-591	4%	24	-2,265	-2,294	1%	29	-6,537	-6,558	21	-102	-175	73	-64	-120	57
Expenditure																	
Refuse	188	187	1%	1	752	750	0%	2	2,257	2,257							
Street Cleaning	105	102	3%	3	420	391	7%	29	1,259	1,228	31						
Trade	31	37	-20%	-6	125	141	-13%	-16	374	380	-6						
Workshop	46	47	-3%	-1	183	175	4%	8	549	539	10						
Green Waste	35	27	23%	8	121	114	6%	7	336	336							
Premises Cleaning	5	5	-3%		21	21	-1%		63	63							
Cesspools	20	19	6%	1	79	77	2%	2	238	238							
Pest Control	7	6	10%	1	28	25	9%	3	83	83							
Grounds	12	16	-32%	-4	49	51	-4%	-2	128	128							
Fleet	69	66	4%	3	280	272	3%	8	859	859							
Depot	20	20	0%		88	86	2%	2	280	277	3						
Emergency	4	4	11%		17	15	8%	1	50	50							
Total Expenditure	542	536	1%	6	2,162	2,119	2%	43	6,474	6,438	36						
Net	-25	-55	118%	30	-102	-175	71%	73	-64	-120	57						

Agenda Item 8

INVESTMENT RETURNS

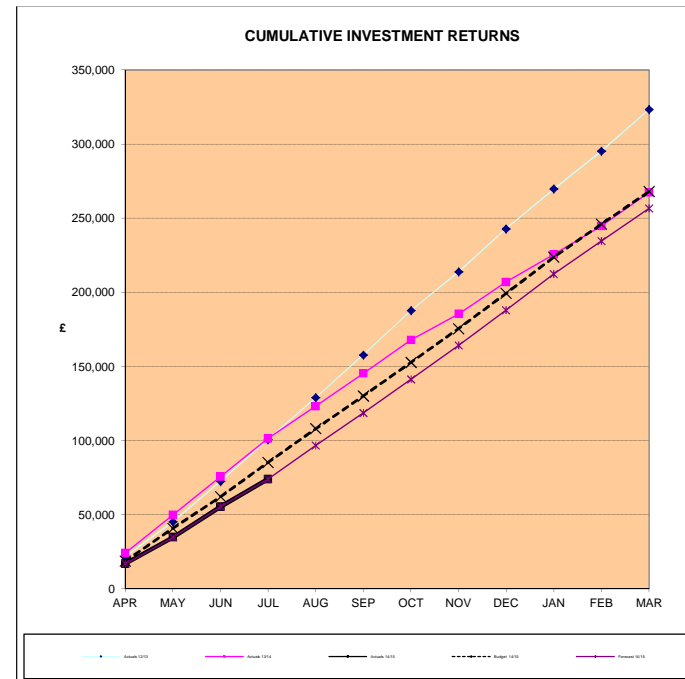
INVESTMENT RETURNS

	Actuals 12/13	Actuals 13/14	Actuals 14/15	Budget 14/15	Variance	Forecast 14/15
APR	21,489	23,889	16,720	18,541	-1,821	16,700
MAY	23,571	25,821	17,917	22,096	-4,179	17,900
JUN	27,280	25,924	20,598	21,221	-623	20,600
JUL	28,227	25,660	18,694	23,313	-4,619	18,700
AUG	28,256	21,900		22,703		22,700
SEP	28,853	22,069		22,043		22,000
OCT	29,941	22,500		22,687		22,700
NOV	26,144	17,673		22,815		22,800
DEC	28,954	21,411		23,906		23,900
JAN	26,999	18,662		24,435		24,400
FEB	25,505	19,308		22,165		22,200
MAR	28,159	22,693		22,075		22,100
TOTAL	323,378	267,510	73,929	268,000	-11,242	256,700



INVESTMENT RETURNS (CUMULATIVE)

	Actuals 12/13	Actuals 13/14	Actuals 14/15	Budget 14/15	Variance	Forecast 14/15
APR	21,489	23,889	16,720	18,541	-1,821	16,700
MAY	45,060	49,710	34,637	40,637	-6,000	34,600
JUN	72,340	75,634	55,235	61,858	-6,623	55,200
JUL	100,567	101,294	73,929	85,171	-11,242	73,900
AUG	128,823	123,194		107,874		96,600
SEP	157,676	145,263		129,917		118,600
OCT	187,617	167,763		152,604		141,300
NOV	213,761	185,436		175,419		164,100
DEC	242,715	206,847		199,325		188,000
JAN	269,714	225,509		223,760		212,400
FEB	295,219	244,817		245,925		234,600
MAR	323,378	267,510		268,000		256,700



BUDGET FOR 2014/15 268,000
 FORECAST OUTTURN 256,700

CODE:- YHAA 96900

N.B.

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

Fund Average 0.5780%
 7 Day LIBID 0.3432%
 3 Month LIBID 0.4003%

STAFFING STATISTICS
July 2014

	BDGT BOOK	STAFF	AGENCY	CASUAL	TOTAL	COMMENTS / VARIATIONS	JUNE
	FTE REV	FTE	STAFF	FTE			TOTALS
Communities and Business	8.73	9.44	0.00	0.74	10.18		10.05
Corporate Support	60.56	56.71	0.00	0.00	56.71	Now includes Contact Centre, Human Resources, Secretariat and Property	55.85
Environmental & Operational Services	148.56	144.76	20.37	0.68	165.81		162.71
<i>Operational Services</i>	105.77	102.55	19.37	0.68	122.60	Includes Grounds Maintenance, plus D Boorman	121.05
<i>Env Health</i>	12.57	12.57	1.00	0.00	13.57		13.02
<i>Licensing</i>	8.61	8.61	0.00	0.00	8.61		8.61
<i>Parking</i>	12.00	12.61	0.00	0.00	12.61	Still includes R Froud (Should be Op Services)	11.61
<i>Surveying Services</i>	9.61	8.42	0.00	0.00	8.42	Was Building Control, now includes Land Charges	8.42
Financial Services	64.72	59.98	6.00	0.77	66.75	Includes P Ramewal, plus Transformation & Strategy. No longer includes Human Resources, Contact Centre or Property. All now in Corporate Support	67.69
Housing	12.35	12.24	1.00	0.00	13.24	No longer includes Communications	11.49
Legal and Governance	11.92	13.31	0.00	0.00	13.31	No longer includes 'Policy' - now Fin Serv or 'Land Charges' - now Surveying Services	13.31
Planning Services	46.19	49.49	2.00	0.00	51.49		50.49
Posts Removed under SMT Review							
SUB TOTAL	353.03	345.93	29.37	2.19	377.49		371.59
EXTERNALLY FUNDED POSTS							
Communities and Business	3.81	3.54	0.00	0.00	3.54	Includes Graduate Trainee Economic Development Officer	3.54
Housing	6.09	4.49	0.00	0.00	4.49	1 post is part funded by SDC (see Housing permanent posts).	4.49
SUB TOTAL	9.90	8.03	0.00	0.00	8.03		8.03
TOTALS	362.93	353.96	29.37	2.19	385.52		379.62
Number of staff paid in July 2014:							
387 permanent, 11 casuals							

Reserves

	01/04/14	Movement in month	Cumulative to date	Balance as at end July 14	31/3/15 budget	31/3/15 forecast
	£000	£000	£000	£000	£000	£000
<u>Provisions</u>						
Accumulated Absences	152			152	152	152
Municipal Mutual Insurance (MMI)	257			257	257	257
NNDR Appeals	907			907	907	907
Others	34			34	34	34
	1,350	0	0	1,350	1,350	1,350
<u>Capital Receipts(Gross)</u>	4,568	101	180	4,748	5,881	5,881
Note: this balance will reduce at year end as the receipts are used to finance capital expenditure						
<u>Earmarked Reserves</u>						
Budget Stabilisation	5,348			5,348	6,354	6,354
Financial Plan	4,644			4,644	4,071	4,071
Pension Fund	1,318			1,318	1,318	1,318
Housing Benefit subsidy	1,082			1,082	1,082	1,082
Asset Maintenance	1,000			1,000	1,000	1,000
First Time Sewerage	915			915	915	915
NNDR Safety Net	595			595	595	595
Local Plan/LDF	528		-14	514	514	514
Reorganisation	465			465	465	465
Communities and Business	450			450	450	450
IT Asset Maintenance	403			403	403	403
Action and Development	395			395	395	395
New Homes Bonus	379			379	379	379
Vehicle Renewal	304			304	304	304
Vehicle Insurance	284			284	284	284
Homelessness Prevention	197			197	197	197
Carry Forward Items	177			177	177	177
Flood Support	173		-14	159	159	159
Capital Financing	153			153	153	153
Rent Deposit Guarantees	102			102	102	102
Repayable Housing Grant Assistance	99			99	99	99
District Elections	87	1	6	93	91	91
Housing Benefit	86			86	86	86
Big Community Fund	73			73	73	73
Local Strategic Partnership	70			70	70	70
Others (Under £70k)	310			310	310	310
	19,637	1	-22	19,615	20,046	20,046
<u>General Fund</u>						
Required Minimum	1,500				1,500	1,500
Available Balance	2,213				2,213	2,213
	3,713				3,713	3,713
TOTAL	29,268				30,990	30,990

9. Capital

July 14 - Final

		Period	Period	Period	Period	Y-T-D	Y-T-D	Y-T-D	Y-T-D	Annual	Annual	Annual
		Budget	Actual	Variance	Variance	Budget	Actual	Variance	Variance	Budget	Forecast (including Accruals)	Variance
		£'000	£'000	£'000	%	£'000	£'000	£'000	%	£'000	£'000	£'000
COMMDEV	Big Community Fund - Capital	-	-	-	-	-	6	-6	-	-	-	-
COMMDEV	Parish Projects	5	-	5	100	20	-	20	100	61	61	-
ENVOPS	Vehicle Purchases	41	-	41	100	163	-3	166	102	489	489	-
HOUSING	Improvement Grants	28	-15	42	152	111	38	73	65	334	334	-
HOUSING	WKHA Adaps for Disab Financing Costs Advances	21	-7	28	133	83	32	51	62	250	250	-
HOUSING	RHPCG 10-11 SDC	-	-2	2	-	-	1	-1	-	-	-	-
HOUSING	RHPCG - Discretionary Grants	-	7	-7	-	-	7	-7	-	-	-	-
ICT	Back-up Generator	-	-	-	-	-	-	-	-	140	140	-
LEGAL	Modern Govt Document Management System	-	-	-	-	-	3	-3	-	-	-	-
DEVCONT	Affordable Housing	-	-	-	-	-	30	-30	-	-	-	-
DEVCONT	S106 Capital	-	97	-97	-	-	306	-306	-	-	-	-
		94	80	14	15	378	421	-43	-11	1,274	1,274	-

*Improvement Grants budget shown net of Government grant.

CUMULATIVE INCOME FIGURES

July 2014

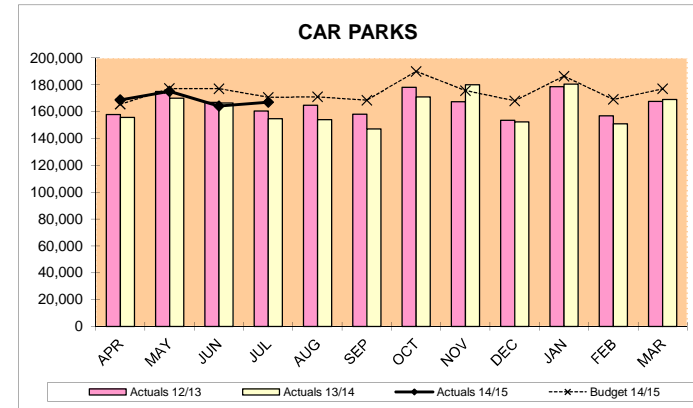
Agenda Item 8

	ACTUAL	Comparison of 13/14 and 14/15, where a minus is 'bad news'	MANAGER'S PROFILED BUDGET	Variance, where a minus is 'bad news'	ANNUAL BUDGET	Annual Forecast
CAR PARKS	674,555	27,914	690,117	-15,562	2,094,866	2,054,866
ON-STREET PARKING	333,979	33,826	288,145	45,834	868,378	868,378
LAND CHARGES	82,867	21,088	54,244	28,623	162,739	187,739
BUILDING CONTROL	169,533	996	164,000	5,533	516,827	516,827
DEVELOPMENT MANAGEMENT	313,636	60,774	237,568	76,068	712,715	712,715
	1,574,570	144,599	1,434,074	140,496	4,355,525	4,340,525

10 Car Parks Graphs

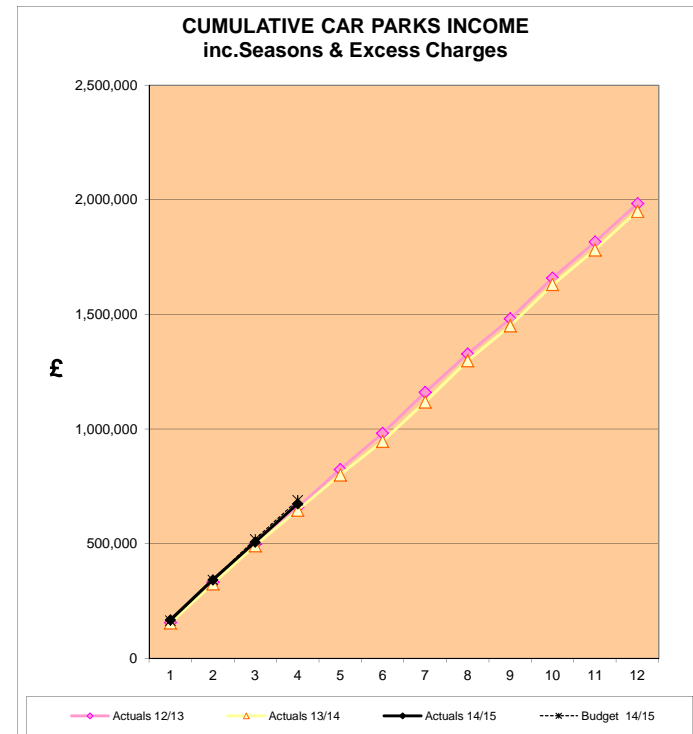
CAR PARKS (HWCARPK)

	Actuals 12/13	Actuals 13/14	Actuals 14/15	Increase / decrease from 13/14 to 14/15	Budget 14/15	Variance (Actuals-Budget)	Manager's Forecast
1 APR	157,819	155,699	168,511	12,812	165,474	3,037	
2 MAY	174,830	169,965	175,067	5,101	177,102	-2,035	
3 JUN	166,750	166,396	164,077	-2,319	176,974	-12,897	
4 JUL	160,431	154,581	166,900	12,320	170,567	-3,667	
5 AUG	164,734	154,033		-154,033	170,904	-170,904	
6 SEP	157,977	146,979		-146,979	168,408	-168,408	
7 OCT	178,029	170,958		-170,958	189,858	-189,858	
8 NOV	167,264	179,815		-179,815	175,522	-175,522	
9 DEC	153,501	152,215		-152,215	167,955	-167,955	
10 JAN	178,423	180,306		-180,306	186,251	-186,251	
11 FEB	156,797	150,861		-150,861	169,001	-169,001	
12 MAR	167,622	168,940		-168,940	176,850	-176,850	
	1,984,176	1,950,748	674,555	-1,276,193	2,094,866	-1,420,311	2,054,866



CAR PARKS (CUMULATIVE)

	Actuals 12/13	Actuals 13/14	Actuals 14/15	Cumulative increase / decrease from 13/14 to 14/15	Budget 14/15	Variance (Column E-G)	Manager's Forecast
APR	157,819	155,699	168,511	12,812	165,474	3,037	
MAY	332,649	325,664	343,578	17,914	342,576	1,002	
JUNE	499,399	492,060	507,655	15,595	519,550	-11,895	
JUL	659,830	646,641	674,555	27,914	690,117	-15,562	
AUG	824,563	800,674		-800,674		0	
SEP	982,541	947,653		-947,653		0	
OCT	1,160,569	1,118,610		-1,118,610		0	
NOV	1,327,834	1,298,425		-1,298,425		0	
DEC	1,481,334	1,450,641		-1,450,641		0	
JAN	1,659,757	1,630,947		-1,630,947		0	
FEB	1,816,554	1,781,808		-1,781,808		0	
MAR	1,984,176	1,950,748		-1,950,748		0	2,054,866



JULY 2014

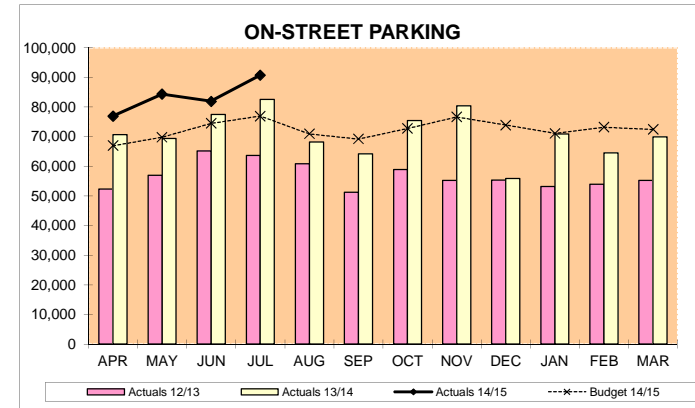
HWCARPK

	Actual (Cumulative)	Budget	(Monthly)	
DAY TICKETS	3300	555,361	585,324	147,621
EXCESS / PENALTY CHARGES	***1/****3			
SEASON TICKETS	***2	110,240	98,793	17,605
OTHER (inc. Res. Pkg)	***9	4,634	2,000	1,689
WAIVERS	3404	390	-	70
RENT	94500	3,931	4,000	(85)
		674,555	690,117	166,900

10 On-Street / Enforcement Graphs

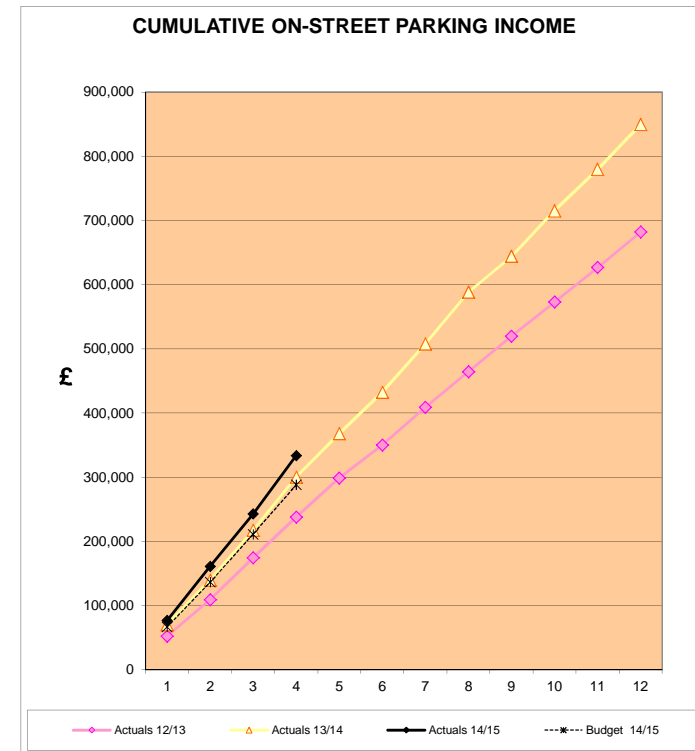
ON-STREET PARKING (HWDCRIM / HWENFORC)

	Actuals 12/13	Actuals 13/14	Actuals 14/15	Increase / decrease from 13/14 to 14/15	Budget 14/15	Variance (Actuals-Budget)	Manager's Forecast
1 APR	52,328	70,633	76,959	6,326	66,925	10,034	
2 MAY	56,995	69,381	84,385	15,005	69,784	14,601	
3 JUN	65,190	77,535	81,925	4,390	74,503	7,422	
4 JUL	63,657	82,605	90,710	8,105	76,933	13,777	
5 AUG	60,822	68,200		-68,200	70,928	-70,928	
6 SEP	51,221	64,195		-64,195	69,212	-69,212	
7 OCT	58,926	75,420		-75,420	72,787	-72,787	
8 NOV	55,213	80,422		-80,422	76,647	-76,647	
9 DEC	55,356	55,880		-55,880	73,931	-73,931	
10 JAN	53,183	70,937		-70,937	71,071	-71,071	
11 FEB	53,925	64,562		-64,562	73,216	-73,216	
12 MAR	55,254	69,925		-69,925	72,441	-72,441	
TOTAL	682,071	849,694	333,979	-515,715	868,378	-534,399	868,378



ON-STREET PARKING (CUMULATIVE)

	Actuals 12/13	Actuals 13/14	Actuals 14/15	Cumulative increase / decrease from 13/14 to 14/15	Budget 14/15	Variance (Column E-G)	Manager's Forecast
APR	52,328	70,633	76,959	6,326	66,925	10,034	
MAY	109,324	140,014	161,344	21,331	136,709	24,635	
JUNE	174,514	217,548	243,269	25,721	211,212	32,057	
JUL	238,171	300,153	333,979	33,826	288,145	45,834	
AUG	298,993	368,353		-368,353		0	
SEP	350,214	432,548		-432,548		0	
OCT	409,140	507,968		-507,968		0	
NOV	464,353	588,390		-588,390		0	
DEC	519,709	644,270		-644,270		0	
JAN	572,892	715,207		-715,207		0	
FEB	626,817	779,769		-779,769		0	
MAR	682,071	849,694		-849,694		0	868,378



JULY 2014

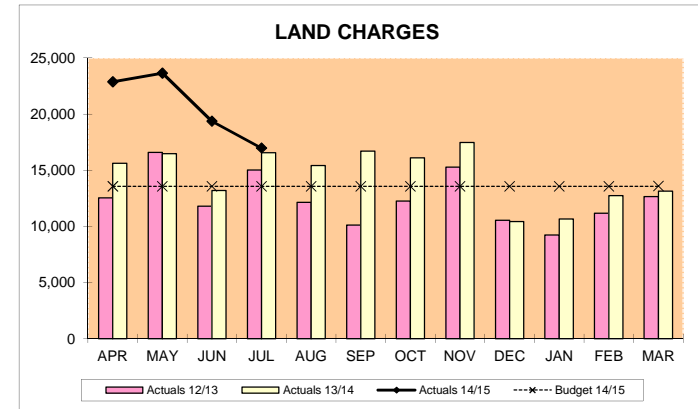
HWDCRIM / HWENFORC

	Actual (Cumulative)	Budget	(Monthly)	
PENALTY NOTICES	3403	56,505	48,000	16,405
WAIVERS	3404	2,857	3,332	768
RESIDENTS PERMITS	3406	19,790	16,000	5,636
ON STREET PARKING	3300	175,732	141,689	46,884
BUSINESS PERMITS	3408	35,107	27,664	9,999
OTHER	9999	-	-	-
EXCESS CHARGE	****1	43,988	51,460	11,019
TOTAL		333,979	288,145	90,710

10 Land Charges Graphs

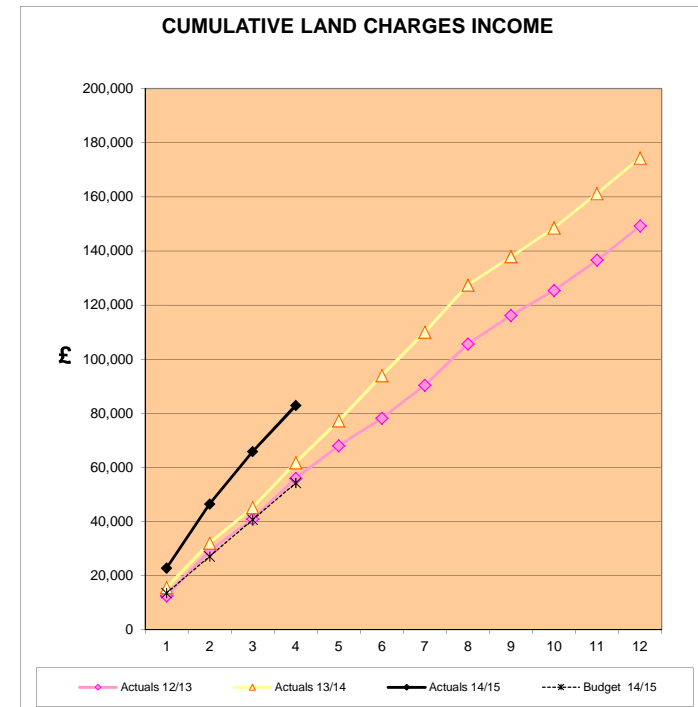
LAND CHARGES (LPLNDCH)

	Actuals 12/13	Actuals 13/14	Actuals 14/15	Increase / decrease from 13/14 to 14/15	Budget 14/15	Variance (Actuals-Budget)	Manager's Forecast
1 APR	12,520	15,600	22,879	7,279	13,561	9,318	
2 MAY	16,579	16,455	23,640	7,185	13,561	10,079	
3 JUN	11,786	13,180	19,373	6,193	13,561	5,812	
4 JUL	15,021	16,544	16,975	431	13,561	3,414	
5 AUG	12,139	15,419		-15,419	13,561	-13,561	
6 SEP	10,100	16,709		-16,709	13,561	-13,561	
7 OCT	12,235	16,083		-16,083	13,561	-13,561	
8 NOV	15,271	17,455		-17,455	13,561	-13,561	
9 DEC	10,536	10,427		-10,427	13,561	-13,561	
10 JAN	9,220	10,652		-10,652	13,561	-13,561	
11 FEB	11,165	12,722		-12,722	13,561	-13,561	
12 MAR	12,637	13,127		-13,127	13,568	-13,568	
	149,208	174,373	82,867	-91,506	162,739	-79,872	187,739



LAND CHARGES (CUMULATIVE)

	Actuals 12/13	Actuals 13/14	Actuals 14/15	Cumulative increase / decrease from 13/14 to 14/15	Budget 14/15	Variance (Column E-G)	Manager's Forecast
APR	12,520	15,600	22,879	7,279	13,561	9,318	
MAY	29,099	32,055	46,519	14,464	27,122	19,397	
JUNE	40,885	45,235	65,892	20,657	40,683	25,209	
JUL	55,906	61,779	82,867	21,088	54,244	28,623	
AUG	68,044	77,198		-77,198		0	
SEP	78,145	93,907		-93,907		0	
OCT	90,379	109,990		-109,990		0	
NOV	105,651	127,445		-127,445		0	
DEC	116,186	137,872		-137,872		0	
JAN	125,407	148,524		-148,524		0	
FEB	136,571	161,246		-161,246		0	
MAR	149,208	174,373		-174,373		0	187,739



JULY 2014

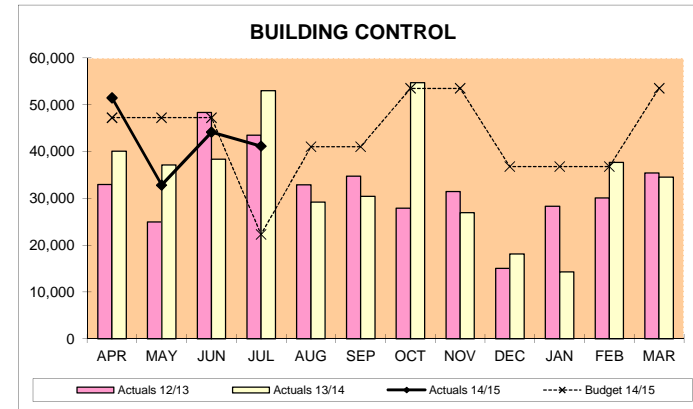
LPLNDCH

	Received (Month)	Percentage (Month)	Percentage (Month 13/14)	(Cumulative)	
Searches Received - Paper	£105	72	26%	23%	259
Searches Received - Electronic	£86	114	42%	40%	520
Searches Received - Personal	£0	88	32%	37%	425
		274	100.0%	100.0%	1,204

10 Building Control Graphs

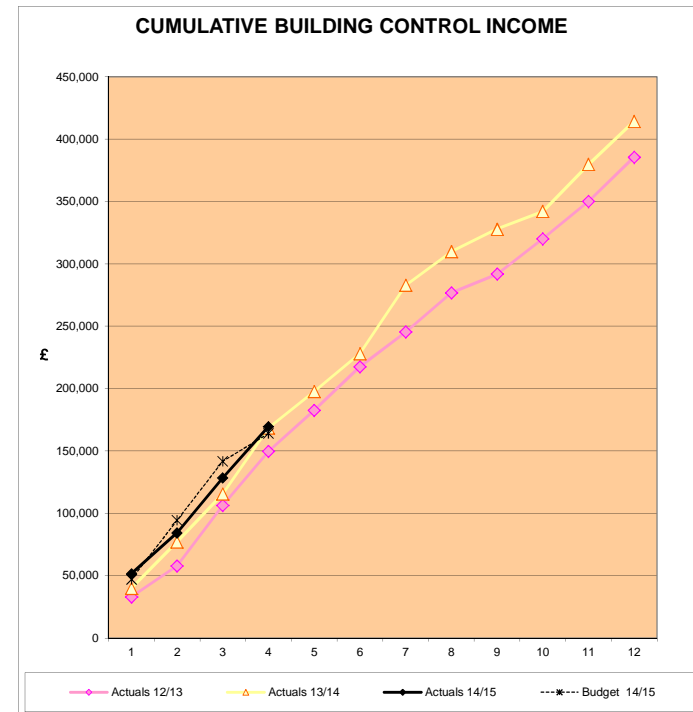
BUILDING CONTROL (DVBCFEE)

	Actuals 12/13	Actuals 13/14	Actuals 14/15	Increase / decrease from 13/14 to 14/15	Budget 14/15	Variance (Actuals-Budget)	Manager's Forecast
1 APR	32,975	40,068	51,454	11,386	47,246	4,208	
2 MAY	24,976	37,100	32,817	-4,283	47,246	-14,429	
3 JUN	48,352	38,370	44,143	5,773	47,246	-3,103	
4 JUL	43,510	52,998	41,118	-11,880	22,262	18,856	
5 AUG	32,905	29,169		-29,169	41,000	-41,000	
6 SEP	34,735	30,402		-30,402	41,000	-41,000	
7 OCT	27,882	54,714		-54,714	53,497	-53,497	
8 NOV	31,440	26,918		-26,918	53,497	-53,497	
9 DEC	15,031	18,120		-18,120	36,779	-36,779	
10 JAN	28,290	14,239		-14,239	36,779	-36,779	
11 FEB	30,097	37,644		-37,644	36,782	-36,782	
12 MAR	35,403	34,554		-34,554	53,493	-53,493	
	385,596	414,297	169,533	-244,764	516,827	-347,294	516,827



BUILDING CONTROL (CUMULATIVE)

	Actuals 12/13	Actuals 13/14	Actuals 14/15	Cumulative increase / decrease from 13/14 to 14/15	Budget 14/15	Variance (Column E-G)	Manager's Forecast
APR	32,975	40,068	51,454	11,386	47,246	4,208	
MAY	57,951	77,168	84,272	7,103	94,492	-10,220	
JUNE	106,303	115,539	128,415	12,876	141,738	-13,323	
JUL	149,813	168,537	169,533	996	164,000	5,533	
AUG	182,719	197,706		-197,706		0	
SEP	217,453	228,108		-228,108		0	
OCT	245,335	282,823		-282,823		0	
NOV	276,776	309,740		-309,740		0	
DEC	291,807	327,861		-327,861		0	
JAN	320,096	342,099		-342,099		0	
FEB	350,193	379,743		-379,743		0	
MAR	385,596	414,297		-414,297		0	516,827



JULY 2014

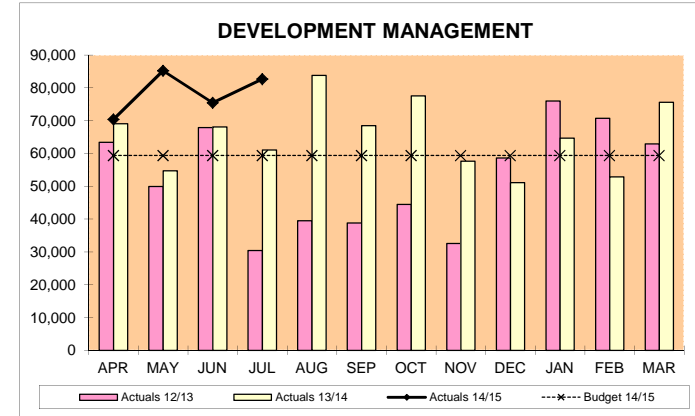
DVBCFEE

	Actual (Cumulative)	Budget	(Monthly)	
Plan Fee	3066	110,870	100,000	26,495
Inspection Fee	3067	57,698	64,000	14,078
Other	9999	965	-	545
	169,533	164,000		41,118

10 Development Management Graph

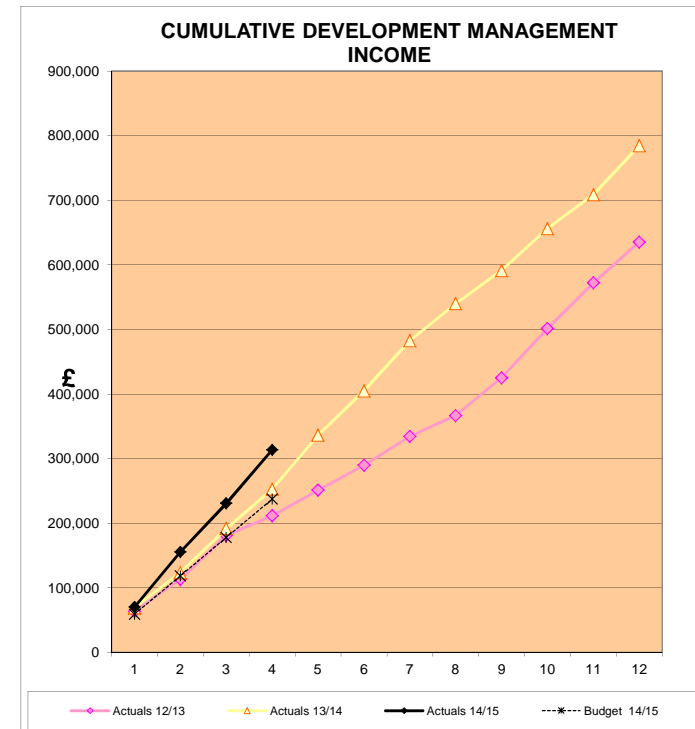
DEVELOPMENT MANAGEMENT (DVDEVCT)

	Actuals 12/13	Actuals 13/14	Actuals 14/15	Increase / decrease from 13/14 to 14/15	Budget 14/15	Variance (Actuals-Budget)	Manager's Forecast
1 APR	63,378	69,061	70,352	1,291	59,392	10,960	
2 MAY	49,955	54,683	85,205	30,522	59,392	25,813	
3 JUN	67,875	68,069	75,418	7,349	59,392	16,026	
4 JUL	30,448	61,049	82,661	21,612	59,392	23,269	
5 AUG	39,527	83,804		-83,804	59,392	-59,392	
6 SEP	38,837	68,457		-68,457	59,392	-59,392	
7 OCT	44,434	77,511		-77,511	59,392	-59,392	
8 NOV	32,532	57,665		-57,665	59,392	-59,392	
9 DEC	58,588	51,148		-51,148	59,392	-59,392	
10 JAN	76,016	64,624		-64,624	59,392	-59,392	
11 FEB	70,715	52,900		-52,900	59,392	-59,392	
12 MAR	62,921	75,584		-75,584	59,403	-59,403	
	635,226	784,555	313,636	-470,919	712,715	-399,079	712,715



DEVELOPMENT MANAGEMENT (CUMULATIVE)

	Actuals 12/13	Actuals 13/14	Actuals 14/15	Cumulative increase / decrease from 13/14 to 14/15	Budget 14/15	Variance (Column E-G)	Manager's Forecast
APR	63,378	69,061	70,352	1,291	59,392	10,960	
MAY	113,333	123,743	155,557	31,814	118,784	36,773	
JUNE	181,209	191,813	230,975	39,162	178,176	52,799	
JUL	211,657	252,862	313,636	60,774	237,568	76,068	
AUG	251,184	336,666		-336,666		0	
SEP	290,020	405,123		-405,123		0	
OCT	334,454	482,634		-482,634		0	
NOV	366,986	540,299		-540,299		0	
DEC	425,574	591,447		-591,447		0	
JAN	501,590	656,070		-656,070		0	
FEB	572,305	708,971		-708,971		0	
MAR	635,226	784,555		-784,555		0	712,715



JULY 2014

DVDEVCT

	Actual (Cumulative)	Budget	(Monthly)	
Planning Application Fees	3009	276,543	210,588	74,540
Other	9999	-	-	-
Pre-application Fees	94301	24,793	17,216	4,521
Monitoring Fees	94302	12,300	9,764	3,600
		313,636	237,568	82,661

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FINANCIAL PROSPECTS AND BUDGET STRATEGY 2015/16 AND BEYOND

Finance and Resources Advisory Committee – 2 September 2014

Report of Chief Finance Officer

Status: For Decision

Also considered by: Cabinet – 11 September 2014

Key Decision: No

Executive Summary:

This report sets out the major financial pressures the Council is likely to face over the next ten years, together with a proposed strategy for setting a balanced and sustainable budget for 2015/16 and beyond. The Council has an excellent track record in identifying, planning for and addressing financial challenges. In light of the challenging financial position facing all authorities four years ago, for 2011/12 the Council produced a 10-year budget together with a savings plan for the first time. This will be the fifth year this method has been used and provides the Council with a stable basis for future years.

Building on the considerable progress made over recent years, this report updates Members on significant risk areas as well as setting out the way forward for the budget setting process.

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

It is increasingly difficult to produce an accurate forecast at this stage due to the level of uncertainty remaining high. The assumptions currently included take into account the latest information and are intended to start the debate. They will be updated as more accurate information becomes available during the budget setting process.

Portfolio Holder Cllr. Ramsay

Contact Officer(s) Adrian Rowbotham Ext. 7153
 Helen Martin Ext. 7483
 Lee Banks Ext. 7161

Recommendation to Finance and Resources Advisory Committee:

- (a) Advise Cabinet with views on the ten-year financial planning approach and principles set out in this report.

Recommendation to Cabinet:

- (b) That subject to the views of the Finance and Resources Advisory Committee, endorse the ten-year financial planning approach and principles set out in this report;
 - (c) request Advisory Committees to review Service Plans and advise Cabinet of possible growth and savings options;
 - (d) request officers to continue to review the assumptions in this report and report back to Cabinet on 11 December 2014; and
 - (e) note the budget timetable set out in Appendix A.
-

Introduction and Background

- 1 The Council's financial strategy over the past ten years has worked towards increasing financial sustainability and it has been successful through the use of a number of strategies including:
 - implementing efficiency initiatives;
 - significantly reducing the back office function;
 - improved value for money;
 - maximising external income;
 - the movement of resources away from low priority services; and
 - an emphasis on statutory rather than non-statutory services.
- 2 Over this period the Council has focused on delivering high quality services based on Members' priorities and consultation with residents and stakeholders. In financial terms, the adoption of this strategy has to date allowed the Council to move away from its reliance on general fund reserves which has ensured that the general fund reserves have remained largely unchanged.
- 3 Due to the level of funding and other potential changes and uncertainties, it is increasingly difficult to anticipate with sufficient accuracy what the level of Government settlement is likely to be after 2015/16. However, using the data sources available to the Council, this report sets out a budget deficit figure over the 10-year period but recognises that this is a constantly changing situation and more accurate data will become available in future months.
- 4 In setting its budget for 2011/12 onwards, the Council recognised the need to address both the short-term reduction in Government funding as well as the longer-term need to reduce its reliance on reserves. The outcome was a 10-year

budget, together with a four-year savings plan, that ensured the Council's finances were placed on a stable footing but that also allowed for flexibility between budget years.

- 5 With the amount of Revenue Support Grant provided by Government continuing to reduce at a significant rate it is important that the council aims to become more self-sufficient by having a balanced economy with local solutions. These solutions include:
- continuing savings;
 - below inflation increases;
 - council tax; and
 - increased income.
- 6 The intention of this report is to enable Members to give early consideration to the pressures likely to be faced by the Council and put in place a long-term solution that ensures service reductions are minimised. This report sets out the high level approach and principles but a report to Cabinet on 11 December 2014 will provide further budget details along with analysis of the areas the Cabinet has requested officers to consider in assisting the balancing of the budget, as well as feedback from advisory committees on proposed service plans for 2015/16 onwards.

Financial Pressures 2015/16 to 2024/25

Overall Summary

- 7 In the medium term, the Council will have to progress its savings plan and maintain tight control over net expenditure in order to deliver its 10-year budget.
- 8 Looking at expenditure, inflation is running at 1.6% (CPI at July 2014). Included within the Government's 2014/15 settlement announcement were illustrative figures for 2015/16 which show the Revenue Support Grant reducing by 32%, from £2.225m to £1.503m.
- 9 The 10-year budget attached at Appendix B shows a current shortfall of £0.647m.
- 10 The paragraphs below set out the position in more detail and assess the impact on the current 10-year budget.

Income

- 11 **Government Support: Revenue Support Grant** (£2.2m in 2014/15) – This formula based grant has significantly reduced over recent years as the emphasis of Government Support has changed. The illustrative amount provided by Government for 2015/16 suggests a 32% reduction and a 10% reduction has been assumed for all later years.

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- 12 **Government Support: Retained Business Rates** (£1.9m) - The basis for allocating Government Support from 2013/14 changed 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.
- 13 In the first year of this scheme, it was assumed that this council would receive funding at the safety net level as no significant increase in the amount of Business Rates collected was expected. Future projections continue to take this prudent approach and further analysis will be completed when more information is available.
- 14 **New Homes Bonus** (£1.4m) – the Government started this new funding stream in 2011/12 with the intention that local authorities would be rewarded for new homes being built over a six-year period. It is anticipated that this funding stream may be reduced by 40% from 2017/18, after the initial period has ended.
- 15 **Council Tax** (£9.0m) – The Government referendum limit was set at 2% in 2014/15 and this will continue until 2015/16. The assumptions in the 10-year budget are for a 1.99% increase in 2015/16 and 3% for later years.
- 16 It has also been assumed that there will be an increase to the tax base each year resulting in additional Council Tax income. This is due to the general increase in the number of residential properties and future developments as well as the continuing work to check the validity of Council Tax discounts awarded.
- 17 **Investment income** (£0.2m) – returns are continuing to be significantly lower than they were a few years ago due to low interest rates and the revision of the Council's current Investment Strategy towards a low risk approach. The latest assumption is for the following returns: 0.8% in 2015/16, 1.1% in 2016/17 and 1.3% in later years based on the Bank Rate estimates provided by our treasury advisors.
- 18 **Variable income sources** – The Council receives income in fees and charges from a number of sources. This includes (income figures are shown gross):
- Land Charges (£0.2m);
 - Development Control (£0.7m);
 - Building Control (£0.5m);
 - Car parks (£2.0m); and
 - On-street parking (£0.7m)
- 19 The first three are linked to some extent to activity in the housing market and remain vulnerable; however, they are all above budget at 31 July 2014. On-Street Parking is currently above budget but Car Parks are below budget due to the loss of income from Pembroke and Old Blighs Car Parks.

- 20 **External Funding** (£0.5m) - the Council has been very successful in securing external funding across a range of services, based on it delivering a wide range of innovative services, often in partnership with other agencies, to local residents. The Council's officers continue to seek new opportunities for funding. As financial constraints are put on public services the funding available from health and other public bodies is expected to reduce.
- 21 **Partnership working** - Various services have included savings from partnership working in recent years budgets and this continues to be an area that is being investigated. The Council successfully works in partnership with other authorities in a number of areas, including Revenues, Benefits, Internal Audit and Anti Fraud, Finance, IT, Licensing and Environmental Health. Further partnership working ideas will continue to be investigated but opportunities are becoming limited.
- 22 **Use of reserves** – One of the principles of the Financial Strategy is to make more effective use of the remaining earmarked reserves. When this strategy was first used in 2011/12, it was agreed that the remaining balances in the Asset Maintenance and Superannuation Fund Deficit Reserves would be moved to a new Financial Plan Reserve and used over the initial 10-year budget period. The Budget Stabilisation Reserve was also set up at the same time to manage the fluctuations between years to ensure that an overall balanced budget remained for the 10-year period. This reserve has been increased by surpluses achieved on the revenue budget since 2009/10.

Expenditure

- 23 **Pay** costs total £13m. The national 2014/15 pay award has not yet been finalised. The 10-year budget assumes the pay award for 2015/16 will be 1%; 1.5% in 2016/17 to 2017/18 and 2% in later years.
- 24 **Superannuation fund** - the last pension fund triennial valuation, which was the second by the actuaries Barnett Waddingham, took place in November 2013. The minimum annual contribution to fund the deficit remains similar to that recommended in the previous valuation. Increases have been built in to the 10-year budget for the next two triennial valuations in 2017/18 and 2020/21 as the future position remains unclear.
- 25 **Non-pay costs** – the budget assumes non-pay costs will increase by an average of 2.25% in all years. In practice, items such as rates and energy costs have risen at a higher rate, so other non-pay items have been allowed a much lower inflation increase. Inflation is currently at 1.6% (CPI – July 2014).
- 26 **Welfare reform changes** - the changes affecting Housing Benefits regarding Universal Credit were looked at by a Member Scrutiny Group in 2012. It is still uncertain as to how the final scheme will operate, whether staffing and funding levels will reduce, the timescales involved and whether this Council will need to provide additional resources to support our residents.
- 27 The change to the Local Council Tax Support Scheme from 1 April 2013 was seen by many as one of the biggest changes to local government since the community charge. In the current economic climate, the cost of benefits will continue to fluctuate and the impact on district councils both financially and from a social

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wellbeing perspective is likely to be significant and unsustainable. The full effect of both of these changes will potentially have an adverse financial impact.

- 28 Town and Parish Councils have also been impacted by this change. In 2013/14 additional funding was clearly identified in the Government Grant Settlement which was fully passed on by this council. In 2014/15, no amount was clearly identified and it was agreed at Full Council on 13 May 2014 that no funding would be passed on to Town and Parish Councils for Council Tax Support. The Government has not yet stated whether they will include an amount for this purpose in 2015/16.
- 29 **Unavoidable service pressures** - One of the lessons to be learnt from previous financial strategies is that there is always a likelihood of unavoidable service pressures and there needs to be a clear strategy in dealing with these. The model does not allow for unavoidable service pressures which could be significant. These will be identified in the Service Plan stage of the budget process.
- 30 **Progress on the savings plan** – 2015/16 will be the fifth year of using the 10-year budget. In those five years, 102 savings items have been identified totalling £5.8m. The majority of these savings have already been achieved and Portfolio Holders, Chief Officers, Heads of Service and Service Managers have worked closely to deliver these savings.
- 31 The following table shows the differences between the 10-year budget agreed by Council on 18 February 2014 and the latest version set out in Appendix B.

10-Year Budget	£m
Previous 10-year budget gap/(surplus)	0.0
Changes:	
10-year budget rolled on by one year	2.0
Base figures updated to 14/15 budget	(0.4)
Financial Plan Reserve balance set up last year to fund year 11 (i.e. 24/25)	(0.8)
Budget Stabilisation Reserve balance from 13/14 underspend	(0.2)
Revised 10-year budget gap/(surplus)	0.6

Proposed Business and Financial Planning Strategy

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

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

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

Process and timetable

34 Members will note from the timetable set out in Appendix A that this report is being considered by the Finance and Resources Advisory Committee on 2 September 2014 and any comments will be considered along with this report at Cabinet on 11 September 2014. All Advisory Committees will be presented with their Service Plans and Service Change Impact Assessments (SCIAs) in October and November when they may be asked to come up with growth and savings proposals for their areas. Cabinet will receive a Budget Update report on 11 December 2014 taking into account any updated information and feedback from the Advisory Committees. Cabinet will agree its final budget on 5 February 2015 and full Council will consider the budget on 17 February 2015.

Consultation

35 Residents will be consulted as part of the budget process and their views will then be considered prior to decisions being made as to how the budget will be balanced.

Key Implications

Financial

All financial implications are covered elsewhere in this report.

Legal Implications and Risk Assessment Statement.

There are no legal implications.

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.

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.

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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?	Not at this stage of the Budget Setting process.	Individual equalities assessments will be completed for all of the Service Change Impact Assessments (SCIAs) to ensure the decision making process is fair and transparent.
b. Does the decision being made or recommended through this paper have the potential to promote equality of opportunity?	No	
c. What steps can be taken to mitigate, reduce, avoid or minimise the impacts identified above?		

Community Impact and Outcomes

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

Conclusions

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

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

Looking at the medium term, although the Council has made considerable savings in previous years, it is possible that additional savings will be required to meet the expected pressures explained earlier in the report and also for potential growth items. Changes in grant distribution methodology and welfare reform changes are two major factors that are likely to have a significant impact on the Council

The level of Government support this Council is likely to receive in future years remains very uncertain as the Government continues to announce changes to the funding given to

local authorities generally. These announcements tend to contain very little detail that makes it very difficult to predict the impact on this Council and highlight the importance of becoming more self-sufficient.

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

Appendices

Appendix A – Budget Timetable

Appendix B – 10-year Budget

Background Papers:

None

**Adrian Rowbotham
Chief Finance Officer**

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2015/16 Budget Setting Timetable

	Date	Committee
Stage 1		
Financial Prospects and Budget Strategy 2015/16 and Beyond	2 September	Finance & Resources AC
	11 September	Cabinet
↓		
Stage 2		
Review of Service Plans and Service Change Impact Assessments (SCIAs)	7 October	Strategy & Performance AC
	8 October	Housing & Comm. Safety AC
	21 October	Economic & Comm. Dev. AC
	23 October	Local Planning & Env. AC
	11 November	Finance & Resources AC
↓		
Stage 3		
Budget Update (incl. Service Change Impact Assessments (SCIAs), feedback from Advisory Committees & Other Consultation)	11 December	Cabinet
↓		
Stage 4		
Budget Update (incl. Government Support information)	15 January	Cabinet
↓		
Stage 5		
Budget Update and further review of Service Change Impact Assessments (if required)	January	Advisory Committees
↓		
Stage 6		
Budget Setting Meeting (Recommendations to Council)	5 February	Cabinet
↓		
Stage 7		
Budget Setting Meeting (incl. Council Tax setting)	17 February	Council

Note: The Scrutiny Committee may 'call in' items concerning the budget setting process.

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Ten Year Budget - Revenue

	Budget 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	Plan 2023/24	Plan 2024/25
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Expenditure											
Net Service Expenditure c/f	13,800	14,136	14,515	14,743	15,619	16,032	16,383	17,182	17,591	18,000	18,411
Inflation	488	533	551	518	714	567	596	409	409	411	409
Superannuation Fund deficit: actuarial increase	0	0	0	520	0	0	390	0	0	0	0
Net savings (approved in previous years)	(152)	(154)	(323)	(162)	(301)	(216)	(187)	0	0	0	0
New growth	0	0	0	0	0	0	0	0	0	0	0
New savings	0	0	0	0	0	0	0	0	0	0	0
Net Service Expenditure b/f	14,136	14,515	14,743	15,619	16,032	16,383	17,182	17,591	18,000	18,411	18,820
Financing Sources											
Government Support											
: Revenue Support Grant											
: Revenue Support Grant (incl CTS)	(2,225)	(1,503)	(1,344)	(1,201)	(1,072)	(956)	(851)	(757)	(672)	(596)	(527)
: Retained Business Rates	(1,898)	(1,951)	(1,990)	(2,030)	(2,071)	(2,112)	(2,154)	(2,197)	(2,241)	(2,286)	(2,332)
: Council Tax Support (CTS)											
: to be passed on to Ts & Ps	0	0	0	0	0	0	0	0	0	0	0
: passed on to Ts & Ps	0	0	0	0	0	0	0	0	0	0	0
New Homes Bonus	(1,389)	(1,802)	(2,215)	(1,329)	(1,329)	(1,329)	(1,329)	(1,329)	(1,329)	(1,329)	(1,329)
Council Tax	(9,011)	(9,244)	(9,577)	(9,921)	(10,277)	(10,646)	(11,028)	(11,423)	(11,831)	(12,254)	(12,692)
Interest Receipts	(244)	(242)	(340)	(395)	(369)	(340)	(311)	(281)	(253)	(239)	(239)
Contributions to/(from) Reserves	(192)	(183)	(183)	(303)	(303)	(303)	(303)	(303)	(129)	(129)	(585)
Total Financing	(14,959)	(14,925)	(15,649)	(15,179)	(15,421)	(15,686)	(15,976)	(16,290)	(16,455)	(16,833)	(17,704)
Budget Gap (surplus)/deficit	(823)	(410)	(906)	440	611	697	1,206	1,301	1,545	1,578	1,116
Contribution to/(from) Stabilisation Reserve	823	410	906	(440)	(611)	(697)	(1,206)	(1,301)	(1,545)	(1,578)	(1,116)
Unfunded Budget Gap (surplus)/deficit	0	0	0	0	0	0	0	0	0	0	0

Remaining balance / (shortfall) in Budget

Stabilisation reserve: 6,291 6,821 7,847 7,407 6,796 6,099 4,893 3,592 2,047 469 (647)

Assumptions	
Revenue Support Grant:	-32% in 15/16, -10% later years
Retained Business Rates:	2% in all years
Council Tax:	1.99% in 15/16, 3% later years
Interest Receipts:	0.8% in 15/16, 1.1% in 16/17, 1.3% later years (based on Capita Asset Services Bank Rate forecast + 0.3%)
Pay award:	1% in 15/16, 1.5% in 16/17 - 17/18, 2% later years
Other costs:	2.25% in all years
Income:	3.5% in all years

To continue to have a balanced budget, permanent savings of £65,000 starting in 2015/16 would be required.

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Finance & Resources Advisory Committee Work Plan 2014/15

September 2014	November 2014	January 2015	14 April 2015
<p>Annual Treasury Management Report 2013/14</p> <p>Financial Performance Indicators 2014/15 - to the end of July 2014</p> <p>Financial Results 2014/15 - to the end of July 2014</p> <p>Financial Prospects and Budget Strategy 2015/16 and Beyond</p>	<p>Treasury Management Statutory Report</p> <p>Review of Service Plans/SCIAs</p> <p>Shared Services</p> <p>Financial Performance Indicators 2014/15 - to the end of September 2014</p> <p>Financial Results 2014/15 - to the end of September 2014</p> <p>Funding for the Development of Buckhurst 2 car park</p>	<p>Risks and Assumptions for Budget 2015/16</p> <p>Capital and Asset Maintenance Budget 2014/15</p> <p>Treasury Management Strategy 2015/16</p> <p>Financial Performance Indicators 2014/15 - to the end of November 2014</p> <p>Financial Results 2014/15 - to the end of November 2014</p>	

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