

FINANCE AND RESOURCES ADVISORY COMMITTEE

20 January 2015 at 7.00 pm

Council Chamber, Argyle Road, Sevenoaks

AGENDA

Membership:

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

	<u>Pages</u>	<u>Contact</u>
Apologies for Absence		
1. Minutes To agree the Minutes of the meetings of the Committee held on 11 November 2014 and 3 December 2014 as a correct record	(Pages 1 - 8)	
2. Declarations of Interest Any interests not already registered		
3. Actions from Previous Meeting	(Pages 9 - 10)	
4. Update from Portfolio Holder		Councillor Brian Ramsay
5. Referrals from Cabinet or the Audit Committee (if any)		
6. Risks and Assumptions for Budget 2015/16	(Pages 11 - 22)	Helen Martin Tel: 01732 227483
7. Capital Programme and Asset Maintenance 2015/18	(Pages 23 - 26)	Helen Martin Tel: 01732 227483
8. Treasury Management Strategy 2015/16	(Pages 27 - 60)	Roy Parsons Tel: 01732 227204
9. Financial Results 2014/15 - to the end of November 2014	(Pages 61 - 86)	Helen Martin Tel: 01732 227483
10. Financial Performance Indicators 2014/15 - to the end of November 2014	(Pages 87 - 92)	Helen Martin Tel: 01732 227483
11. Work Plan	(Pages 93 - 94)	

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 11 November 2014 commencing at 7.00 pm

Present: Cllr. Ramsay (Chairman)

Cllrs. Mrs. Bayley, Cooke, Edwards-Winsor, Maskell, McGarvey, Mrs. Purves and Scholey

Apologies for absence were received from Cllrs. Bosley, Firth and Mrs. Sargeant

23. Minutes

Resolved: That the minutes of the meeting of the Finance and Resources Advisory Committee held on 2 September 2014 be agreed and signed by the Chairman as a correct record.

24. Declarations of Interest

No additional declarations of interest were made.

25. Actions from Previous Meeting

The actions were noted.

26. Update from Portfolio Holder

The Chairman and Portfolio Holder for Finance and Resources informed the Committee that Internal Audit was currently having an external review carried out by PWC. The DWP would be undertaking the benefit fraud function from February 2016. Interviews would be taking place shortly for the Head of Revenues and Benefits. Universal credit was expected to start in 2015 and it was anticipated that there would be minimal impact to the Council. In regards to property the Chairman advised that interviews for the Head of Economic Development and Property had taken place and there were good candidates. Meeting Point would be vacated this week and once it was vacant it would be advertised again. The sale of Timberden Farm was currently out to advert.

27. Referrals from Cabinet or the Audit Committee

There were none.

28. Treasury Management Mid Year Update

The Head of Finance presented a report that detailed the mid year treasury activity in the first half of the current financial year with recent developments in the financial markets which fulfilled the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management.

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Finance and Resources Advisory Committee - 11 November 2014

Members were advised that it was expected that growth in the economy was likely to continue through to 2015 and 2016 and was resulting in unemployment levels falling. Forecasters were expecting that in quarter one or quarter two of 2015 that there would be an increase in Bank Rates. The Value of the Council's Investment Portfolio at the end of September was £43 million and the investment yield for the first part of the year was 0.57%. Members were advised that the Council's budgeted investment return was £286,000 and the performance forecast was to remain at £12,000 below budget.

Members expressed their thanks for the detailed report.

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 the Treasury Management Mid Year Update for 2014/15 be approved.

29. Shared Services - Costs and Savings

The Head of Finance presented the annual report which provided Members with an update to the schedule of shared services, due to shared working budgets were down £645,000.

Member's attention was brought to two changes since last year; the new partnership working with Tonbridge and Malling Borough Council's Building Control and the ending of a shared service with the Stag Theatre since the departure of an Officer.

Members thanked Officers for the report and the detail it provided with the expenditure and the number of shared staff, and that it was positive step for working together. The Head of Finance confirmed that that implementation costs were one off costs which then allowed for the payback time to be calculated.

Resolved: that the report be noted.

30. Budget: Service Reviews and Service Change Impact Assessments (SCIAS)

The Chief Finance Officer presented a report which detailed the update to the 2015/16 budget within the existing framework of the 10 year budget and savings plan. The report identified seven growth items and seven saving proposals. It was brought to Members attention that the saving and growth items for Legal would be removed as a current central government consultation may impact on future income streams of the service.

Members discussed staffing levels in IT Services. Members were advised that the team covered many different functions within the Council and it also included the Geographical Information System (GIS) team. The IT Services team were one of the smallest in comparison to other Local Authorities. Partnership working had been investigated previously with the GIS team, and this arrangement had now come to an end. Other options had been considered with key points being the potential of increased costs and

the need to ensure requirements for the Government Code of Connection (COCO) to be met.

In response to questions Members were advised that the Council subscribes to a Microsoft Enterprise Agreement for its Microsoft licences and the cost was fixed for the duration of the agreement. Inflation costs were covered in the overall budget, not on specific items as some items listed would not be ongoing for 10 years. If the assumption of a 2% increase changed it would alter the budget and need to be reviewed. Licences were changing to per user rather than per device which presents an increased cost. Software options were frequently being reviewed however some of the systems that the Council used were specifically designed to work with Microsoft Software.

Action 1: Chief Officer Corporate Support to provide a breakdown of Microsoft Licence costs.

A Member queried the expenditure on the Bus Station, and the reasons as to why they were high.

Action 2: For Head of Finance to provide a breakdown of costs of the bus station.

In response to a question Members were informed that changes had been made to the split of partnership costs between Sevenoaks and Dartford Borough Council due to the demographic differences which has resulted in an increased number of benefit changes in Dartford. Members thanked Officers for their hard work.

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 growth and saving items proposed in Appendix C of the report be agreed; and
- b) there were no additional growth or savings item to propose.

31. Financial Performance Indicators 2014/15 - to the end of September 2014

The Head of Finance presented a report which detailed the internally set performance indicators as at the end of September 2014, with most indicators being met.

Members were informed that there was a spike in September 2014 due to a late payment of £5,000 and payment of rent deposit guarantees to landlords of homeless people where tenants had not made arrangements to pay the Council. October figures were now available and were back on a similar trend as last year.

In response to a question, the Head of Finance informed Members that the full time equivalents included staff at Dunbrik including the Grounds Maintenance staff. Agency staff used on trading activities were not included in the figures.

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Finance and Resources Advisory Committee - 11 November 2014

Resolved: that the report be noted.

32. Financial Results 2014/15 - to the end of September 2014

The Head of Finance presented a report which detailed the financial results as at the end of September 2014 which showed a favourable variance of £873,000. The end of year position forecast was to be £333,000 better than budget. This was due to the Direct Services trading account showing a favourable variance; renegotiation of discretionary rate relief with Dartford Borough Council, and new partnership working with Tonbridge and Malling Borough Council Building Control.

Members were advised that a target favourable variance of between £400,000 and £500,000 in 2014/15 had been set to enable funds to be put aside for development projects and asset maintenance; funding of a Housing Stock Condition survey; and any further favourable variance to be applied to the Budget Stabilisation Reserve.

In response to questions Members were informed that the Housing Stock Condition survey would be across the whole of the District and would be of all housing not just social housing. Extra funds had been received from the major preceptors as part of a three year agreement to help collect Council Tax following the change to Council Tax Support.

Income from parking was discussed and it was noted by Members that income was lower for car parking due to the closure of part of Blighs car park and Pembroke Road. It was suggested that the title for the services should be changed so that car parking, on street parking and salaries were included.

Action 3: the Head of Finance to review the titles of the car parking budgets.

In response to a question Members were advised that once owners collected their animals from kennels, they were charged the costs that the Council incurred. The cost of diesel was constantly monitored and was on a rolling contract. The Economic Development budget was being monitored as there could be an overspend due to set up costs for the new Economic Development and Property team. Once the Head of Service had been appointed other posts would be recruited. It was unknown how much was left in the Big Community Fund, this would be investigated.

Action 4: For Head of Finance to investigate how much money was left for the Big Community Fund.

Members attention was brought to the anticipated underspend for the Disabled Facility Grants (DFG) budget. It was now a service that was provided in house and was being actively promoted.

Public Sector Equality Duty

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

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Finance and Resources Advisory Committee - 11 November 2014

Resolved: That it be recommended to Cabinet that the comments made by the Committee be considered and the report be noted.

33. Work Plan

The work plan was noted.

THE MEETING WAS CONCLUDED AT 8.40 PM

CHAIRMAN

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FINANCE AND RESOURCES ADVISORY COMMITTEE

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

Present: Cllr. Ramsay (Chairman)

Cllr. Firth (Vice Chairman)

Cllrs. Mrs. Bayley, Bosley, Cooke, Edwards-Winsor, Maskell, Mrs. Morris and Mrs. Sargeant

Apologies for absence were received from Cllrs. McGarvey, Mrs. Purves and Scholey

34. Declarations of Interest

There were no additional declarations of interest.

35. Property Disposals

The Chief Finance Officer presented a report which updated Members on the Asset Management Plan. A previous update had been presented to the Committee on 26 March 2014 and to Cabinet on 10 April 2014 when approval was given in principle to the disposal of several lands and properties. This report advised Members on the outcome of the bids received in respect of the proposed sale of Timberden Farm, Shoreham and contained recommendations for the proposed disposal method of three other sites previously approved for disposal.

The Chief Finance Officer reported that, following interviews, Carter Jonas had been appointed as the Council's agents for the sale of Timberden Farm. Their advice had been to market the farm on the open market for disposal as a whole or in lots with bids invited for the whole in excess of £2.1million. Following this advice, bids were invited to be submitted by 18 November 2014. Advice had also been sought from an auctioneer on the sale of three of the other lots, who had recommended set reserves for each.

It was moved by the Chairman and

Resolved: That, under section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting during consideration of Appendix C to the report, on the ground that likely disclosure of exempt information was involved as defined by paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)) as identified in Schedule 12A to the Local Government Act 1972.

Members discussed the recommendations that were in the confidential appendix and it was

Resolved: That it be recommended to Cabinet that

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Finance and Resources Advisory Committee - 3 December 2014

- a) the recommendation, as set out in the confidential Appendix C to the report, be approved following receipt of the bids in respect of Timberden Farm, subject to further review of the market value of the land with the land to be remarketed in Spring 2015;
- b) the disposal of the three other sites by way of auction on the terms set out in the confidential Appendix C, together with a reserve price of approximately £500 for the properties described in paragraphs 14 and 16, be approved; and
- c) prior to disposal the Council investigate, with the local Town Council, whether the property described in paragraph 19 of the confidential Appendix C could be progressed as a rural exception site.

THE MEETING WAS CONCLUDED AT 7.55 PM

CHAIRMAN

ACTIONS FROM THE MEETING HELD ON 11 NOVEMBER 2014			
Action	Description	Status and last updated	Contact Officer
ACTION 1	Chief Officer Corporate Support to provide a breakdown of Microsoft Licence costs. (Minute Item 30)	An email was forwarded to Members on 18.12.14	Jim Carrington-West 01732 227218
ACTION 2	For Head of Finance to provide a breakdown of costs of the bus station. (Minute Item 30)	An email was forwarded to Members on 21.11.14	Helen Martin 01732 227483
ACTION 3	The Head of Finance to review the titles of the car parking budgets. (Minute Item 32)	An email was forwarded to Members on 21.11.14	Helen Martin 01732 227483
ACTION 4	For Head of Finance to investigate how much money was left for the Big Community Fund. (Minute Item 32)	An email was forwarded to Members on 21.11.14	Helen Martin 01732 227483

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RISKS AND ASSUMPTIONS FOR BUDGET 2015/16

Finance and Resources Advisory Committee – 20 January 2015

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. Ramsay

Contact Officer(s) Helen Martin Ext. 7483

Adrian Rowbotham Ext. 7153

Recommendation to Finance and Resources Advisory Committee: Members views are requested on the risks and assumptions included in the attached appendices.

Introduction and Background

- 1 The Draft Budget 2015/16 report to Cabinet on 11 December 2014 provided information on the key assumptions and risks included within the draft budget proposals. This risk assessment report provides more detail on these assumptions and risks. Cabinet were given a further update on 15 January 2015.
- 2 The risk assessment is included for Members consideration (Appendix A). The 10 year budget as presented to Cabinet on 15 January 2015 is also attached for information. (Appendix B).

Key Financial Assumptions

- 3 The financial assumptions included in the financial plan are as follows:
 - Government Support: -32% in 2015/16, -10% in later years. The Government announced provisional figures for 2015/16 on 18 December 2014.
 - Council Tax: 1.95% in 2015/16, 3% in later years.
 - Interest Receipts: 0.85% in 2015/16, 1.35% in 2016/17, 1.75% in 2017/18, 1.85% in later years. These assumptions are based on the Sector Bank Rate Forecast +0.1%.
 - Pay Costs: The pay settlement for 2014/15 and 2015/16 has now been agreed resulting in a 2.2% increase from 1 January 2015 and small non-

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consolidated payments in December 2014. 1.5% in 2016/17 and 2017/18, 2% in later years.

- Non-pay costs: 1.3% in 2015/16, 2.25% in later years.
- Income: 3.5% in all years

Key Implications

Financial

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.

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.

Legal Implications and Risk Assessment Statement.

There are no legal implications.

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.

Equality Assessment

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups. The decisions recommended through this paper directly impact on end users. The impact has been analysed and does not vary between groups of people. The results of this analysis are set out immediately below.

Individual equalities assessments have been completed for all Service Change Impact Assessments (SCIAs) to ensure the decision making process is fair and transparent. These were included in the Draft Budget 2015/16 report to Cabinet on 11 December 2014.

Community Impact and Outcomes

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

Conclusions

The financial assumptions are based on the latest available information but Members should be aware that these may change. Any changes will be included in the budget report to Cabinet on 5 February 2015.

Appendices

Appendix A – Risk Factors 2015/16

Appendix B – 10-year Budget

Background Papers:

None

**Adrian Rowbotham
Chief Finance Officer**

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Risk Factors 2015/16

Issue	£ Scale	Likelihood 1 (low) – 5 (high)	Impact 1 (low) – 5 (high)	Total Score	Potential Annual Impact and Sensitivity Analysis	Risk Areas	Controls and Actions in place
Pay Costs	£13m total costs	1	4	4	1% pay increase = £130k. Budget assumptions: 1.5% pay award from 2016/17.	Largest single item of cost. Complex drivers across the organisation.	Pay settlement agreed for 2015/16. Strict monitoring of both financials and staff numbers. New salary bands introduced from 1 April 2012 which reduced the costs of annual increments. Formal sickness & overtime monitoring. Separate control on agency staff. Part of National Agreement.
Pensions Funding	£25m deficit	1	3	3	1% change in employers contribs = £150k.	Deficit on County Fund. Future actuarial results. Government review.	£520,000 included in 10-year budget in 2017/18 to contribute towards any increase at the next triennial revaluation.
Major Service Income areas					See below by income type	Income subject to local economic conditions. Some very large single-source income targets (see below).	Strict monitoring, with trend analysis.

Appendix A

Issue	£ Scale	Likelihood 1 (low) – 5 (high)	Impact 1 (low) – 5 (high)	Total Score	Potential Annual Impact and Sensitivity Analysis	Risk Areas	Controls and Actions in place
- Land Charges	£0.2m	4	1	4	20% reduction would be £33k.	Volatile activity levels in the housing market. National legal action now underway in relation to Personal Search companies recouping monies expended under the previous legislation.	A provision of £34k is held for the national legal action. Continue to monitor.
- Development Control	£0.7m	3	3	9	20% reduction would be £143k.	Volatile activity levels in the housing market and general economic conditions.	Current year income is above target. Continue to monitor.
- Building Control	£0.5m	4	3	12	20% reduction would be £90k	Volatile activity levels in the housing market and general economic conditions. Competition from commercial organisations	Current year income is below target. Continue to monitor.
- Car Parks	£2.1m	2	4	8	20% reduction would be £420k	General economic conditions; central government directives	Current year income is below target. Continue to monitor.
- On-Street Parking	£0.7m	3	3	9	20% reduction would be £143k	General economic conditions. Legislative constraints on	Current year is above target. Continue to monitor and review.

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Appendix A

Issue	£ Scale	Likelihood 1 (low) – 5 (high)	Impact 1 (low) – 5 (high)	Total Score	Potential Annual Impact and Sensitivity Analysis	Risk Areas	Controls and Actions in place
						spending surpluses. Reverts to KCC control	
- Car Parking – Enforcement income	£0.2m	2	2	4	20% reduction would be £31k	General economic conditions; central government directives	Current year is below target. Continue to monitor and review
Partnership working and partner contributions		3	2	6	Impact on individual projects is high.	Partner actions delayed. Agreed funding not received by SDC. Partnerships ending.	Separate accounting arrangements. Active liaison with partners on service arrangements Written partnership agreements.
External Funding Awards	£0.5m	3	2	6	Up to £400k Impact on individual projects is high	Time limited.	Exit strategies in place.
Changes in service demand		3	3	9	Impacts will vary depending on service.		Service planning in place Continue to lobby Government where changes are due to new Gov't requirements.
Interest Rates	£0.244m 14/15 budget	2	4	8	£177k per 0.5%.	Large cash variance from small rate changes. Reducing availability of suitable counter parties	Use of professional advisers

Appendix A

Issue	£ Scale	Likelihood 1 (low) – 5 (high)	Impact 1 (low) – 5 (high)	Total Score	Potential Annual Impact and Sensitivity Analysis	Risk Areas	Controls and Actions in place
Investments	£45m balance at Nov 2014	1	5	5		Financial institutions going into administration.	Investment strategy regularly reviewed by FRAC.
Asset base maintenance	£1.0m	1	2	2	Annual budget is based on 30% of assessed maintenance.	Unexpected problems occurring with financial implications. Reducing budget levels.	Reserve funds set aside. 10 year maintenance planning carried out. Policy of reducing asset liabilities wherever possible.
Capital Investment resources	£4.6m balance at March 2014	2	2	4	Risks taken into account in the Capital Programme report.	Capital receipt levels modest.	External funding sought wherever possible. Capital Investment priorities in place. Property Review being pursued to secure asset sales.
Disposal of surplus assets	£1.6m budget in plan (15/16)	2	2	4	Risks taken into account in the Capital Programme and Asset Maintenance report.	Planning conflict. Resources required to bring sites forward.	Land Owner/Planning protocols in place. In-house property team. Planned Property Review disposal programme.
Government Support: Revenue Support Grant	£2.2m in 2014/15	5	4	20	£22k per 1% change.	Government continues to reduce grant. Only short term settlements provided.	10-year budget strategy gives ability to gradually adjust for changes. Adequate level of General Reserve held.

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Appendix A

Issue	£ Scale	Likelihood 1 (low) – 5 (high)	Impact 1 (low) – 5 (high)	Total Score	Potential Annual Impact and Sensitivity Analysis	Risk Areas	Controls and Actions in place
Government Support: Retained Business Rates	£1.9m in 2014/15	4	4	16	£19k per 1% change	Government changing safety net levels. High volume of successful valuation appeals.	10-year budget strategy gives ability to gradually adjust for changes. Adequate level of General Reserve held.
Council tax capping	£9.0m CTAX income in 14/15	4	3	12	£90k per 1% capping reduction	Council tax freeze offers from Govt. Council tax increases limited to 2% Impact on council tax base from Local CTAX schemes.	Draft 10-year budget includes council tax increase assumptions for future years.
Future Service Changes by Government		4	4	16		Additional services without consequent resources, e.g. Maint. of trees on common land. Government directives on income charging e.g. Personal searches	Monitor proposals. Respond to consultation with local view.
Fuel cost increases for Direct Services	£0.5m	5	2	10	10% increase would be £50k	Changes in global oil prices.	Continue to monitor fuel usage and efficiency. Vehicle replacement programme
Changes to Audit Arrangements		2	2	4		Abolition of Audit Commission in March 2015; change of	Plan responses to new initiatives well in advance. <i>(appointment of external auditors transfers to</i>

Appendix A

Issue	£ Scale	Likelihood 1 (low) - 5 (high)	Impact 1 (low) - 5 (high)	Total Score	Potential Annual Impact and Sensitivity Analysis	Risk Areas	Controls and Actions in place
						external auditors	<i>Public Sector Audit Appointments Ltd),</i> Ensure Council organisation design can meet challenges.

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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	14,260	14,786	15,660	16,101	16,450	17,246	17,653	18,060	18,469
Inflation	488	473	539	516	712	565	593	407	407	409	406
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	177	200	0	0	0	0	0	0	0	0
New savings	0	(372)	110	0	30	0	0	0	0	0	0
Net Service Expenditure b/f	14,136	14,260	14,786	15,660	16,101	16,450	17,246	17,653	18,060	18,469	18,875
Financing Sources											
Government Support											
: Revenue Support Grant	(2,225)	(1,516)	(1,355)	(1,211)	(1,081)	(964)	(859)	(764)	(679)	(602)	(533)
: Retained Business Rates	(1,898)	(1,934)	(1,973)	(2,012)	(2,052)	(2,093)	(2,135)	(2,178)	(2,222)	(2,266)	(2,311)
New Homes Bonus	(1,389)	(1,818)	(2,247)	(1,348)	(1,348)	(1,348)	(1,348)	(1,348)	(1,348)	(1,348)	(1,348)
Council Tax	(9,011)	(9,298)	(9,632)	(9,978)	(10,336)	(10,707)	(11,090)	(11,487)	(11,897)	(12,322)	(12,762)
Interest Receipts	(244)	(301)	(509)	(655)	(661)	(629)	(591)	(546)	(499)	(451)	(405)
Contributions to/(from) Reserves	(192)	(183)	(183)	(303)	(303)	(303)	(303)	(303)	(129)	(129)	(585)
Total Financing	(14,959)	(15,050)	(15,899)	(15,507)	(15,781)	(16,044)	(16,326)	(16,626)	(16,774)	(17,118)	(17,944)
Budget Gap (surplus)/deficit	(823)	(790)	(1,113)	153	320	406	920	1,027	1,286	1,351	931
Contribution to/(from) Stabilisation Reserve	823	790	1,113	(153)	(320)	(406)	(920)	(1,027)	(1,286)	(1,351)	(931)
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 7,201 8,434 8,281 7,961 7,555 6,635 5,608 4,322 2,971 2,040

Assumptions	
Revenue Support Grant:	-32% in 15/16, -10% later years
Retained Business Rates:	2% all years
Council Tax:	1.95% in 15/16, 3% later years
Interest Receipts:	0.85% in 15/16, 1.35% in 16/17, 1.75% in 17/18 1.85% later years
Pay award:	2.2% in Jan 15, 1.5% in 16/17 - 17/18, 2% later years
Other costs:	1.3% in 15/16, 2.25% in later years
Income:	3.5% in all years

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CAPITAL PROGRAMME & ASSET MAINTENANCE 2015/18

Finance and Resources Advisory Committee – 20 January 2015

Report of Chief Finance Officer

Status: For Decision

Also considered by: Cabinet – 5 February 2015

Key Decision: No

Executive Summary: This report sets out the proposed 2015/18 Capital Programme, with supporting documentation in a standard format for individual scheme bids. Projected capital receipts are included, indicating the proposed financing of the Programme. A proposed overall provision limit for Asset Maintenance is also made.

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 Cabinet

- (a) the Capital Programme 2015/18 and funding method set out in Appendix B be approved, and
 - (b) the proposed Asset Maintenance budget of £479k be agreed for 2015/16.
-

Reason for recommendation: To comply with the Councils Procedure Rules and sound financial management principles.

Introduction and Background

- 1 A copy of the existing 2014/17 three year programme is attached at Appendix A. The 2014/15 column includes budgets brought forward from 2013/14. Forecast outturn figures for the current year and estimated carry forward figures are shown.
- 2 The Council's previous policy in relation to capital expenditure was as follows: "no new schemes to be added to the programme except mandatory improvement grants, information technology and vehicle replacements". As agreed by Council last year, schemes have been added to help the Council achieve its aims to become more self sufficient.

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- 3 This policy has previously been revised and updated as part of the Best Value review of Asset Management and Capital Investment, including the development of a formal options appraisal process.

Capital Bids

- 4 Scheme Bid Documents are attached at Appendix C for all on-going items referred to at paragraph 2 above which require additional capital resources. These documents identify any external funding available and indicate the funding source.
- 5 Appendix B summarises the position if all schemes are approved, and indicates the funding methods proposed.
- 6 Unspent schemes in the current year's programme (2014/15) may be carried forward to 2015/16, subject to Cabinet approval, when the outturn is known.

Capital Receipts

- 7 Capital Receipts are a major funding source for the capital programme. New receipts expected over the programme period are as follows:

	2014/15	2015/16	2016/17	2017/18
	£000	£000	£000	£000
Shared Ownership Staircasing	60	30	15	10
Mortgage repayments (net of pooling)	1	0	0	0
Land Sales	0	2,430	1,130	1,750
	61	2,460	1,145	1,760

The Land Sales receipts arise from the Property Review process which plans and monitors actions to dispose of surplus sites as part of the asset management plan.

- 8 It must be emphasised that the scale and timing of the land sales is very unpredictable and subject to market conditions and planning risks. For this reason, only 75% of the above figures for 2015/16 onwards have been included in Appendix B.
- 9 Up until 2008/09, the Council used its capital receipts to fund its capital programme. However, due to a combination of reducing assets and a period of recession impacting asset values, the level of reliance on capital receipts could not be sustained. Therefore, Members made the decision to fund the capital programme through the revenue budget at an annual cost of £330,000. This was reduced to £198,000 in 2014/15 following a reduction in the gross capital scheme costs for Improvement Grants. SCIA 19 of 2015/16 will further reduce the revenue contribution to capital budgets to £148,000.

- 10 Appendix B takes these projections, together with the actual balance of such receipts at 1 April 2014.

Asset Maintenance

- 11 Up until 2010/11 asset maintenance was funded from a separate revenue earmarked reserve.
- 12 One of the principles adopted as part of the Business and Financial Planning Strategy was to make more effective use of remaining earmarked reserves. It was agreed that from 2011/12, allowing for an emergency asset maintenance reserve of £1m, the remainder be used over the ten-year budget period equally to smooth the rundown of these reserves.
- 13 The allocation of budgets to individual areas and schemes is made in accordance with the asset management plan and service requirements, reflecting backlog maintenance, health & safety and income generation as priorities.
- 14 The budget figures are based on an average of 30% of the existing 10 year maintenance assessment. This would then give the following programme :

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Budget	469	479	488	497

Key Implications

Financial

All financial implications are covered elsewhere in this report.

Legal Implications and Risk Assessment Statement.

There are no legal or human rights issues. The Council must agree a Capital Programme as part of its financial plan and ensure that resources are available to fund it.

Equality Assessment

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups. The decisions recommended through this paper directly impact on end users. The impact has been analysed and varies between groups of people. The results of this analysis are set out immediately below.

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It is a statutory duty to provide Disabled Facility Grants to the older and or disabled residents in the district.

Conclusions

Members are asked to review the scheme bids submitted at Appendix C, and approve the programme and funding at Appendix B.

Appendices

Appendix A – Existing 2014/17 capital programme
(to follow)

Appendix B – Proposed 2015/18 capital programme
(to follow)

Appendix C – Scheme bid documents (to follow)

Background Papers:

none

Adrian Rowbotham
Chief Finance Officer

TREASURY MANAGEMENT STRATEGY 2015/16

Finance and Resources Advisory Committee – 20 January 2015

Report of the: Chief Finance Officer

Status: For Consideration

Also considered by: Cabinet – 5 February 2014
Council – 17 February 2014

Key Decision: No

Executive Summary: The Local Government Act 2003 (the Act) and supporting regulations requires the Council to ‘have regard to’ the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council’s capital investment plans are affordable, prudent and sustainable.

The Act therefore requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by investment guidance issued subsequent to the Act). This sets out the Council’s policies for managing its investments and for giving priority to the security and liquidity of those investments.

Members’ particular attention is drawn to paragraph 61 of the report, which discusses an investment option in the current strategy not at present being utilised.

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

Portfolio Holder Cllr. Ramsay

Contact Officer Roy Parsons, Principal Accountant - Ext 7204

Recommendations to Finance and Resources Advisory Committee: That

- a) consideration be given to utilising Enhanced Money Market Funds as an investment option; and
- b) the recommendation to Cabinet be approved.

Recommendation to Cabinet: That, subject to the views of the Finance and Resources Advisory Committee, Cabinet recommend that Council approve the Treasury Management Strategy for 2015/16.

Recommendation to Council: That the Treasury Management Strategy for 2015/16 be approved.

Reason for recommendations: To ensure that an appropriate and effective annual

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Treasury Management Strategy is drawn up in advance of the forthcoming financial year, which meets both legislative and best practice requirements.

Background

- 1 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.
- 2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 3 The Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as:

"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

Introduction

Reporting requirements

- 4 The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals. These reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Finance and Resources Advisory Committee.
- 5 Prudential and Treasury Indicators and Treasury Strategy (This report) - The first, and most important report covers:
 - the capital plans (including prudential indicators);
 - a Minimum Revenue Provision (MRP) Policy (how residual capital expenditure is charged to revenue over time);
 - the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators; and
 - an investment strategy (the parameters on how investments are to be managed).

- 6 A Mid Year Treasury Management Report – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether any policies require revision.
- 7 An Annual Treasury Report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Treasury Management Strategy for 2015/16

- 8 The strategy for 2015/16 covers two main areas:

Capital Issues

- the capital plans and the prudential indicators;
- the minimum revenue provision (MRP) strategy.

Treasury management Issues

- the current treasury position;
- treasury indicators which will limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- the investment strategy;
- creditworthiness policy; and
- policy on the use of external service providers.

- 9 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the Department of Communities and Local Government (CLG) MRP Guidance, the CIPFA Treasury Management Code and the CLG Investment Guidance.

Training

- 10 The CIPFA Code requires the responsible officer to ensure that Members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Training was last undertaken in 2010 and further training will be arranged as required.
- 11 The training needs of treasury management officers are reviewed periodically.

Treasury management consultants

- 12 The Council uses Capita Asset Services, Treasury Solutions as its external treasury management advisors.

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- 13 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.
- 14 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and subjected to review.

Capital Issues

The Capital Prudential Indicators 2015/16 – 2017/18

- 15 The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in prudential indicators, which are designed to assist Members' overview and confirm capital expenditure plans.

Capital Expenditure

- 16 This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

	2013/14	2014/15	2015/16	2016/17	2017/18
	Actual	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000
Capital Expenditure	2,114	1,146	***	***	***

*** Figures to be added to Cabinet report when Capital Programme is completed

- 17 Other long term liabilities. The above financing need excludes other long term liabilities, such as PFI and leasing arrangements which already include borrowing instruments.
- 18 The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding need (borrowing).

	2013/14	2014/15	2015/16	2016/17	2017/18
	Actual	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000
Capital Expenditure	2,114	1,146	***	***	***

Financed by:					
Capital receipts	0	140	***	***	***
Capital grants	1,290	410	***	***	***
Capital reserves	185	107	***	***	***
Revenue	639	489	***	***	***
Net financing need for the year	2,114	1,146	***	***	***

*** Figures to be added to Cabinet report when Capital Programme is completed

The Council's Borrowing Need (the Capital Financing Requirement)

- 19 The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.
- 20 The CFR does not increase indefinitely, as the minimum revenue position (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each asset's life.
- 21 The CFR includes any other long term liabilities (e.g. finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council currently has £0.2m of such schemes within the CFR.
- 22 The Council is asked to approve the CFR projections below:

	2013/14	2014/15	2015/16	2016/17	2017/18
	Actual	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000
Capital Financing Requirement					
Total CFR	143	122	101	80	59
Movement in CFR	-21	-21	-21	-21	-21

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Movement in CFR represented by:					
Net financing need for the year (above)					
<u>Less</u> MRP/VRP and other financing movements	-21	-21	-21	-21	-21
Movement in CFR	-21	-21	-21	-21	-21

Note:- The MRP / VRP includes finance lease annual principal payments

Minimum Revenue Provision (MRP) Policy Statement

- 23 The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).
- 24 CLG Regulations have been issued which require the full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement:
- 25 For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be based on CFR.
- 26 These options provide for an approximate 4% reduction in the borrowing need (CFR) each year.
- 27 From 1 April 2008 for all unsupported borrowing (including PFI and finance leases), the MRP policy will be the Depreciation method – MRP will follow standard depreciation accounting procedures. This provides for a reduction in the borrowing need over approximately the asset's life. Repayments included in annual PFI or finance leases are applied as MRP.

Core Funds and Expected Investment Balances

- 28 The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an on-going impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year end balances for each resource and anticipated day to day cash flow balances.

Year End Resources	2013/14	2014/15	2015/16	2016/17	2017/18
	Actual	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000
Fund balances / reserves	23,350	***	***	***	***
Capital receipts	4,568	***	***	***	***
Provisions	409	***	***	***	***
Other	0	***	***	***	***
Total core funds	28,327	***	***	***	***
Working capital*	28,327	***	***	***	***
Under/over borrowing	0	***	***	***	***
Expected investments	28,327	***	***	***	***

*Working capital balances shown are estimated year end; these may be higher mid year

*** Figures to be added to Cabinet report when Capital Programme is completed

Affordability Prudential Indicators

- 29 The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

Ratio of Financing Costs to Net Revenue Stream

- 30 This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs, net of investment income) against the net revenue stream.

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	2013/14	2014/15	2015/16	2016/17	2017/18
	Actual	Estimate	Estimate	Estimate	Estimate
	-3.00%	***	***	***	***

*** Figures to be added to Cabinet report when Capital Programme is completed

The estimates of financing costs include current commitments and the proposals in the budget report.

Incremental Impact of Capital Investment Decisions on Council Tax.

- 31 This indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended in this budget report compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.

	2013/14	2014/15	2015/16	2016/17	2017/18
	Actual	Estimate	Estimate	Estimate	Estimate
Council tax band D	-£0.04	***	***	***	***

*** Figures to be added to Cabinet report when Capital Programme is completed

Treasury Management Issues

- 32 The capital expenditure plans set out above provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

Current Portfolio Position

- 33 The Council's treasury portfolio position at 31 December 2014 appears in Appendix A.

Borrowing

- 34 The above mentioned portfolio position shows that, at present, this authority does not borrow. This has been the position for a number of years. However, this may change in future and hence the strategy needs to deal with such a situation, should it arise.
- 35 Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2015/16 and the following two financial years. This allows for some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

Treasury Indicators: Limits to Borrowing Activity

The Operational Boundary

- 36 This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

Operational boundary	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000
Debt	5,000	5,000	5,000	5,000
Other long term liabilities	0	0	0	0
Total	5,000	5,000	5,000	5,000

The Authorised Limit for external debt

- 37 A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.
- 38 This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
- 39 The Council is asked to approve the following Authorised Limit:

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Authorised limit	2014/15	2015/16	2016/17	2017/18
	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000
Debt	5,000	5,000	5,000	5,000
Other long term liabilities	0	0	0	0
Total	5,000	5,000	5,000	5,000

Prospects for Interest Rates

- 40 The Council has appointed Capita Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Appendix B draws together a number of current City forecasts for short term and longer fixed interest rates. Appendix C contains Capita Asset Services' latest economic background report.

Borrowing Strategy

- 41 At present, there are no capital borrowings. However, should this change during 2015/16, the Council would look to maintain an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement or "CFR") has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is considered a prudent one as investment returns are low and counterparty risk is relatively high.

Treasury Management Limits on Activity

- 42 There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive, they will impair the opportunities to reduce costs and/or improve performance. The indicators are:
- a. Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position, net of investments.
 - b. Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates.
 - c. Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.
- 43 The council is asked to approve the following treasury indicators and limits:

Interest rate exposures	2015/16	2016/17	2017/18
	%	%	%
Upper limit for variable interest rate exposure	50%	50%	50%
Upper limit for fixed interest rate exposure	100%	100%	100%
Maturity structure for borrowings:			
Upper limit for under 12 months	100%	100%	100%
Lower limit for under 12 months	0%	0%	0%
Upper limit for over 12 months	100%	100%	100%
Lower limit for over 12 months	0%	0%	0%

Policy on borrowing in advance of need

- 44 The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.
- 45 Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

Municipal Bonds Agency

- 46 It is likely that the Municipal Bonds Agency, currently in the process of being set up, will be offering loans to local authorities in the near future. It is also hoped that the borrowing rates will be lower than those offered by the Public Works Loan Board (PWLB). If the Council does borrow in the future it intends to make use of this new source of funding as and when appropriate.

Annual Investment Strategy

Investment Policy

- 47 The Council’s investment policy has regard to the Department of Communities and Local Government (CLG) Guidance on Local Government Investments (“the Guidance”) and the 2011 revised CIPFA Treasury Management in Public Services

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Code of Practice and Cross Sectoral Guidance Notes (“the CIPFA TM Code”). The Council’s investment priorities will be security first, liquidity second, then return.

- 48 In accordance with the above guidance, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk.
- 49 Continuing regulatory changes in the banking sector are designed to see greater stability, lower risk and the removal of expectations of Government financial support should an institution fail. This withdrawal of implied sovereign support is anticipated to have an effect on ratings applied to institutions. This will result in the key ratings used to monitor counterparties being the Short Term and Long Term ratings only. Viability, Financial Strength and Support Ratings previously applied will effectively become redundant. This change does not reflect deterioration in the credit environment but rather a change of method in response to regulatory changes.
- 50 As with previous practice, ratings will not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as “credit default swaps” and overlay that information on top of the credit ratings.
- 51 Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
- 52 Investment instruments identified for use in the financial year are listed in Appendix D under the ‘Specified’ and ‘Non-Specified’ Investments categories. Counterparty limits will be as set below.

Creditworthiness Policy

- 53 This Council applies the creditworthiness service provided by Capita Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moodys and Standard and Poores. The credit ratings of counterparties are supplemented with the following overlays:
 - credit watches and credit outlooks from credit rating agencies;
 - CDS spreads to give early warning of likely changes in credit ratings;
 - sovereign ratings to select counterparties from only the most creditworthy countries.

- 54 This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the duration for investments. The Council will therefore use counterparties within the following durational bands:
- Purple 2 years
 - Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
 - Orange 1 year
 - Red 6 months
 - Green 100 days
 - No Colour as individually specified in the Strategy
- 55 The Capita Asset Services creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.
- 56 Typically the minimum credit ratings criteria the Council use will be a short term rating (Fitch or equivalents) of short term rating F1 and a long term rating A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.
- 57 All credit ratings will be monitored regularly. The Council is alerted to changes to ratings of all three agencies through its use of the Capita Asset Services creditworthiness service.
- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
 - in addition to the use of credit ratings the Council will be advised of information in movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.
- 58 Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on government support for banks and the credit ratings of that supporting government.

Country limits

- 59 The Council has determined that it will only use approved counterparties from countries that have a minimum sovereign credit rating of AA- from Fitch and where those countries have been approved by the Finance and Resources Advisory Committee. The list of countries that qualify using this credit criteria as at the date

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of this report are shown in Appendix E. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

Other Creditworthiness Issues

- 60 The Council's current investment policy further limits the one proposed by Capita Asset Services as follows:-
- a. Maximum investment period of two years.
 - b. Investments in any single institution or institutions within a group of companies are limited to 25% of the total fund, at the time the investment is placed, except for Lloyds Banking Group plc and Royal Bank of Scotland Group plc where the limit is 30%.
 - c. Total investments in any one foreign country are limited to 15% of the total fund, but UK-based institutions to be used as first preference. The only country, other than the UK, approved for investment is Sweden.
 - d. Investments are limited to £6m per counterparty excluding call accounts and £7m including call accounts except for Lloyds Banking Group plc and Royal Bank of Scotland Group plc, where the limits are £10m for each with no distinction between fixed deposits and call accounts.
 - e. If the Council's own banker, Barclays, falls below Sector's minimum credit rating requirements, it will nevertheless continue to be used, although balances will be minimised in both monetary size and duration.
 - f. Building Societies with assets in excess of £9bn are included in the lending list with a maximum investment limit of £2m each and a maximum duration of 100 days. If a Building Society meets Capita Asset Services' minimum credit rating requirements, the investment limit is increased to £5m with a maximum investment duration of two years.
 - g. Investments in Money Market Funds (MMFs) and Enhanced Money Market Funds (EMMFs) are limited to a combined maximum of £5m per provider.
- 61 No changes are proposed for 2015/16. EMMFs were not utilised in 2014/15 as some Members expressed concern that they carried more risk. EMMFs differ from MMFs because there tends to be a greater proportion of longer dated investments within the fund making returns more volatile. It is recommended that an investment in an EMMF is held for a minimum of 3 to 6 months so that returns are smoothed out. It is true to say that they do not have a constant net annual value (NAV) as is the case with MMFs. This means that there is a risk that the value may fall below par. However, this has not yet happened to any EMMF and their use is widespread within local authorities.

Investment Strategy

- 62 Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

63 Bank Rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 2 of 2015. Bank Rate forecasts for financial year ends (March) are:

- 2015/16 1.00%
- 2016/17 1.50%
- 2017/18 2.50%

64 There are downside risks to these forecasts (i.e. start of increases in Bank Rate occurs later) if economic growth weakens. However, should the pace of growth quicken, there could be an upside risk.

65 The suggested budgeted investment earnings rates for returns on investments placed for periods up to 100 days during each financial year for the next eight years are as follows:

- 2015/16 0.90%
- 2016/17 1.50%
- 2017/18 2.00%
- 2018/19 2.50%
- 2019/20 3.00%
- 2020/21 3.00%
- 2021/22 3.25%
- 2022/23 3.25%
- Later years 3.50%

66 The Council is asked to approve the following treasury indicator limit. These limits are set with regard to the Council's liquidity requirements and to reduce the need for an early sale of an investment. They are based on the availability of funds after each year-end.

Maximum principal sums invested > 364 days	2015/16	2016/17	2017/18
	£000	£000	£000
Principal sums invested > 364 days	10,000	10,000	10,000

67 For its cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts, money market funds and short-dated deposits (overnight to 100 days) in order to benefit from the compounding of interest.

Icelandic Bank Investment

68 The Council had an investment of £1m frozen in Landsbanki Islands hf (later renamed as LBI). The investment was placed on 25 June 2007 at 6.32%, to mature on 25 June 2009.

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- 69 The Council has sold its claim against the insolvent estate of LBI. The claim was sold through a sales process brokered by Deutsche Bank. The price at which the claim was sold was based on a reserve price set by the Council on the basis of legal advice received from Bevan Brittan, Solicitors and financial advice procured by the Local Government Association. The proceeds of the sale were paid in cash in Pounds Sterling. The sale means that the Council has recovered 95.9% of the amount that was originally deposited with LBI in 2007. The Council is now no longer a creditor of LBI.
- 70 After taking into account interest received prior to the insolvency, the full amount of the original investment has now been recovered.
- 71 In addition, a small repayment in Icelandic Krona remains in an escrow account in Iceland awaiting the lifting of capital controls before it can be repatriated. The GBP equivalent is approximately £7,000. It is attracting interest at a rate of around 3% or 4%.

End of Year Investment Report

- 72 At the end of the financial year, the Council will receive a report on its investment activity as part of the Annual Treasury Report.

Scheme of delegation

- 73 The guidance notes accompanying the revised Code also require that a statement of the Council's scheme of delegation in relation to treasury management is produced as part of the Annual Investment Strategy. This appears at Appendix F.

Role of the Section 151 officer

- 74 As with the scheme of delegation mentioned in the previous paragraph, a statement of the role of the Section 151 officer is also required. This appears at Appendix G.

Key Implications

Financial

- 75 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

- 76 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.
- 77 This annual investment strategy report fulfils the requirements of The Chartered Institute of Public Finance & Accountancy's Code of Practice on Treasury Management 2009.
- 78 Treasury management has two main risks :

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

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

- 79 The movement in previous years towards having a restricted lending list of better quality institutions but higher individual limits with those institutions has reduced the chances of a default. But if a default did occur, the potential loss would be greater. The proposal in this report does create additional risk.
- 80 These risks are mitigated by the annual investment strategy which has been prepared on the basis of achieving the optimum return on investments commensurate with proper levels of security and liquidity. However, Members should recognise that in the current economic climate, these remain significant risks and that the strategy needs to be constantly monitored.

Equality Assessment

- 81 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Conclusions

- 82 The effect of the proposals set out in this report is to allow the Council to effectively and efficiently manage cash balances.
- 83 In line with the revised CIPFA Code of Practice on Treasury Management, the Annual Treasury Strategy must be considered by Council and this is planned for its meeting on 17 February 2015. Given the current uncertainties in the banking sector and financial markets, the Council may need to consider amending its strategy during the year.

Appendices:

- Appendix A – Investment portfolio at 31 December 2014
- Appendix B – Prospects for interest rates
- Appendix C – Economic background report
- Appendix D – Specified and non-specified investments
- Appendix E – Approved countries for investments
- Appendix F – Treasury management scheme of delegation
- Appendix G – The treasury management role of the S151 officer

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Background Papers: None

**Adrian Rowbotham
Chief Finance Officer**

APPENDIX A: CURRENT PORTFOLIO POSITION

List of Investments as at:- 31-Dec-14

Reference	Name	Rating	Country	Group	Amount	Start Date	Comm Rate	End Date	Curr Rate	Terms
	Santander UK plc (Business Reserve A/C)	A	U.K.	Santander	0	01-Apr-99			0.40000%	Variable
	Santander UK plc (Money Market A/C)	A	U.K.	Santander	0	09-Oct-06			0.40000%	Variable
	Clydesdale Bank plc (Base Tracker Plus - 15 Day)	A	U.K.	NAB	0	10-Sep-10			0.30000%	Variable
	Barclays Bank plc (Business Premium A/C)	A	U.K.		2,712,000	01-Oct-11			0.35000%	Variable
	Barclays Bank plc (Flexible IBCA)	A	U.K.		2,000,000	01-Jun-14			0.45000%	Variable
	National Westminster Bank plc (Liquidity Select)	A	U.K.	RBS	1,000,000	07-Oct-11			0.25000%	Variable
	National Westminster Bank plc (95 Day Notice)	A	U.K.	RBS	0	24-May-13			0.35000%	Variable
	Svenska Handelsbanken AB (Deposit A/C)	AA-	Sweden		3,000,000	23-Jul-14			0.40000%	Variable
	Ignis Liquidity Fund (Money Market Fund)	AAA	U.K.		5,000,000	11-May-12				Variable
	Insight Liquidity Fund (Money Market Fund)	AAA	U.K.		5,000,000	11-May-12				Variable
IP1155	Bank of Scotland plc	A	U.K.	Lloyds/HBOS	1,000,000	11-Feb-14	0.95000%	10-Feb-15		1 Year
IP1156	Bank of Scotland plc	A	U.K.	Lloyds/HBOS	1,000,000	21-Feb-14	0.95000%	20-Feb-15		1 Year
IP1194	Coventry Building Society	A	U.K.		1,000,000	15-Oct-14	0.45000%	15-Jan-15		3 Months
IP1205	Coventry Building Society	A	U.K.		1,000,000	28-Nov-14	0.45000%	27-Feb-15		3 Months
IP1208	Kirklees Council		U.K.		3,000,000	15-Dec-14	0.45000%	15-Jan-15		1 Month
IP1210	Leeds Building Society	A-	U.K.		2,000,000	15-Dec-14	0.47000%	25-Mar-15		100 Days
IP1160	Lloyds Bank plc	A	U.K.	Lloyds/HBOS	1,000,000	08-Apr-14	0.95000%	07-Apr-15		1 Year
IP1165	Lloyds Bank plc	A	U.K.	Lloyds/HBOS	1,000,000	29-Apr-14	0.95000%	28-Apr-15		1 Year
IP1167	Lloyds Bank plc	A	U.K.	Lloyds/HBOS	1,000,000	06-May-14	0.95000%	05-May-15		1 Year
IP1174	Lloyds Bank plc	A	U.K.	Lloyds/HBOS	1,000,000	03-Jul-14	0.95000%	03-Jul-15		1 Year
IP1191	Lloyds Bank plc	A	U.K.	Lloyds/HBOS	2,000,000	07-Oct-14	1.00000%	06-Oct-15		1 Year
IP1198	Lloyds Bank plc	A	U.K.	Lloyds/HBOS	1,000,000	03-Nov-14	1.00000%	02-Nov-15		1 Year
IP1204	Lloyds Bank plc	A	U.K.	Lloyds/HBOS	1,000,000	28-Nov-14	1.00000%	27-Nov-15		1 Year
IP1176	Nationwide Building Society	A	U.K.		1,000,000	09-Jul-14	0.64000%	09-Jan-15		6 Months
IP1182	Nationwide Building Society	A	U.K.		1,000,000	06-Aug-14	0.64000%	06-Feb-15		6 Months
IP1185	Nationwide Building Society	A	U.K.		1,000,000	29-Aug-14	0.64000%	27-Feb-15		6 Months
IP1189	Nationwide Building Society	A	U.K.		2,000,000	23-Sep-14	0.66000%	23-Mar-15		6 Months
IP1195	Skipton Building Society	BBB-	U.K.		1,000,000	22-Oct-14	0.43000%	22-Jan-15		3 Months
IP1206	Skipton Building Society	BBB-	U.K.		1,000,000	01-Dec-14	0.43000%	02-Mar-15		3 Months
IP1212	UK Debt Management Office		U.K.		1,000,000	23-Dec-14	0.25000%	19-Jan-15		4 Weeks
IP1151	Ulster Bank Ltd	A-	U.K.	RBS	1,000,000	29-Jan-14	0.85000%	28-Jan-15		1 Year
IP1196	Yorkshire Building Society	BBB+	U.K.		1,000,000	22-Oct-14	0.40000%	22-Jan-15		3 Months
	Total Invested				<u><u>45,712,000</u></u>					
	Other Loan									
	Sevenoaks Leisure Limited				250,000	29-Apr-08	7.00000%	31-Mar-18		10 Years

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APPENDIX B: Interest Rate Forecasts 2014 – 2018

PWLB rates and forecast shown below have taken into account the 20 basis point certainty rate reduction effective as of the 1st November 2012.

Capita Asset Services Interest Rate View														
	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
Bank Rate View	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	1.50%	1.75%	2.00%	2.25%	2.50%
3 Month LIBID	0.50%	0.60%	0.80%	0.90%	1.10%	1.30%	1.40%	1.60%	1.90%	2.10%	2.10%	2.30%	2.40%	2.60%
6 Month LIBID	0.70%	0.80%	1.00%	1.10%	1.20%	1.40%	1.50%	1.80%	2.00%	2.20%	2.30%	2.50%	2.70%	2.80%
12 Month LIBID	0.90%	1.00%	1.20%	1.30%	1.40%	1.70%	1.80%	2.10%	2.20%	2.30%	2.40%	2.60%	2.80%	3.00%
5yrPW IB Rate	2.50%	2.70%	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%	3.50%	3.50%	3.50%
10yrPW IB Rate	3.20%	3.40%	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	4.10%	4.10%	4.20%	4.20%	4.30%	4.30%
25yrPW IB Rate	3.90%	4.00%	4.10%	4.30%	4.40%	4.50%	4.60%	4.70%	4.70%	4.80%	4.80%	4.90%	4.90%	5.00%
50yrPW IB Rate	3.90%	4.00%	4.10%	4.30%	4.40%	4.50%	4.60%	4.70%	4.70%	4.80%	4.80%	4.90%	4.90%	5.00%
Bank Rate														
Capita Asset Services	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	1.50%	1.75%	2.00%	2.25%	2.50%
Capital Economics	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	-	-	-	-	-
5yrPW IB Rate														
Capita Asset Services	2.50%	2.70%	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%	3.50%	3.50%	3.50%
Capital Economics	2.30%	2.60%	2.80%	3.00%	3.20%	3.40%	3.50%	3.60%	3.70%	-	-	-	-	-
10yrPW IB Rate														
Capita Asset Services	3.20%	3.40%	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	4.10%	4.10%	4.20%	4.20%	4.30%	4.30%
Capital Economics	3.05%	3.25%	3.45%	3.60%	3.80%	3.85%	3.90%	3.95%	4.05%	-	-	-	-	-
25yrPW IB Rate														
Capita Asset Services	3.90%	4.00%	4.10%	4.30%	4.40%	4.50%	4.60%	4.70%	4.70%	4.80%	4.80%	4.90%	4.90%	5.00%
Capital Economics	3.70%	3.95%	4.05%	4.15%	4.25%	4.35%	4.45%	4.55%	4.60%	-	-	-	-	-
50yrPW IB Rate														
Capita Asset Services	3.90%	4.00%	4.10%	4.30%	4.40%	4.50%	4.60%	4.70%	4.70%	4.80%	4.80%	4.90%	4.90%	5.00%
Capital Economics	3.80%	4.10%	4.20%	4.30%	4.40%	4.50%	4.60%	4.70%	4.80%	-	-	-	-	-

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APPENDIX C: Economic Background

UK. Strong UK GDP quarterly growth of 0.7%, 0.8% and 0.7% in quarters 2, 3 and 4 respectively in 2013, (2013 annual rate 2.7%), and 0.7% in Q1, 0.9% in Q2 and a first estimate of 0.7% in Q3 2014 (annual rate 3.1% in Q3), means that the UK will have the strongest rate of growth of any G7 country in 2014. It also appears very likely that strong growth will continue through the second half of 2014 and into 2015 as forward surveys for the services and construction sectors are very encouraging and business investment is also strongly recovering. The manufacturing sector has also been encouraging though recent figures indicate a weakening in the future trend rate of growth. However, for this recovery to become more balanced and sustainable in the longer term, the recovery needs to move away from dependence on consumer expenditure and the housing market to exporting, and particularly of manufactured goods, both of which need to substantially improve on their recent lacklustre performance.

This overall strong growth has resulted in unemployment falling much faster through the initial threshold of 7%, set by the Monetary Policy Committee (MPC) last August, before it said it would consider any increases in Bank Rate. The MPC has, therefore, subsequently broadened its forward guidance by adopting five qualitative principles and looking at a much wider range of about eighteen indicators in order to form a view on how much slack there is in the economy and how quickly slack is being used up. The MPC is particularly concerned that the current squeeze on the disposable incomes of consumers should be reversed by wage inflation rising back above the level of inflation in order to ensure that the recovery will be sustainable. There also needs to be a major improvement in labour productivity, which has languished at dismal levels since 2008, to support increases in pay rates. Most economic forecasters are expecting growth to peak in 2014 and then to ease off a little, though still remaining strong, in 2015 and 2016. Unemployment is therefore expected to keep on its downward trend and this is likely to eventually feed through into a return to significant increases in pay rates at some point during the next three years. However, just how much those future increases in pay rates will counteract the depressive effect of increases in Bank Rate on consumer confidence, the rate of growth in consumer expenditure and the buoyancy of the housing market, are areas that will need to be kept under regular review.

Also encouraging has been the sharp fall in inflation (CPI) during 2014 after being consistently above the MPC's 2% target between December 2009 and December 2013. Inflation fell to 1.2% in September, a five year low. Forward indications are that inflation is likely to fall further in 2014 to possibly near to 1% and then to remain near to, or under, the 2% target level over the MPC's two year ahead time horizon. Overall, markets are expecting that the MPC will be cautious in raising Bank Rate as it will want to protect heavily indebted consumers from too early an increase in Bank Rate at a time when inflationary pressures are also weak. A first increase in Bank Rate is therefore expected in Q2 2015 and they expect increases after that to be at a slow pace to lower levels than prevailed before 2008 as increases in Bank Rate will have a much bigger effect on heavily indebted consumers than they did before 2008.

The return to strong growth has also helped lower forecasts for the increase in Government debt by £73bn over the next five years, as announced in the 2013 Autumn Statement, and by an additional £24bn, as announced in the March 2014 Budget - which also forecast a return to a significant budget surplus, (of £5bn), in 2018-19. However, monthly public sector deficit figures have disappointed so far in 2014/15.

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The Eurozone (EZ). The Eurozone is facing an increasing threat from weak or negative growth and from deflation. In September, the inflation rate fell further, to reach a low of 0.3%. However, this is an average for all EZ countries and includes some countries with negative rates of inflation. Accordingly, the European Central Bank (ECB) took some rather limited action in June to loosen monetary policy in order to promote growth. In September it took further action to cut its benchmark rate to only 0.05%, its deposit rate to -0.2% and to start a programme of purchases of corporate debt. However, it has not embarked yet on full quantitative easing (purchase of sovereign debt).

Concern in financial markets for the Eurozone subsided considerably during 2013. However, sovereign debt difficulties have not gone away and major issues could return in respect of any countries that do not dynamically address fundamental issues of low growth, international uncompetitiveness and the need for overdue reforms of the economy, (as Ireland has done). It is, therefore, possible over the next few years that levels of government debt to GDP ratios could continue to rise for some countries. This could mean that sovereign debt concerns have not disappeared but, rather, have only been postponed. The ECB's pledge in 2012 to buy unlimited amounts of bonds of countries which ask for a bailout has provided heavily indebted countries with a strong defence against market forces. This has bought them time to make progress with their economies to return to growth or to reduce the degree of recession. However, debt to GDP ratios (2013 figures) of Greece 180%, Italy 133%, Portugal 129%, Ireland 124% and Cyprus 112%, remain a cause of concern, especially as some of these countries are experiencing continuing rates of increase in debt in excess of their rate of economic growth i.e. these debt ratios are likely to continue to deteriorate. Any sharp downturn in economic growth would make these countries particularly vulnerable to a new bout of sovereign debt crisis. It should also be noted that Italy has the third biggest debt mountain in the world behind Japan and the US. Greece remains particularly vulnerable but has made good progress in reducing its annual budget deficit and in returning, at last, to marginal economic growth. Whilst a Greek exit from the Euro is now improbable in the short term, some commentators still view the inevitable end game as either being another major write off of debt or an eventual exit.

There are also particular concerns as to whether democratically elected governments will lose the support of electorates suffering under EZ imposed austerity programmes, especially in countries like Greece and Spain which have unemployment rates of over 24% and unemployment among younger people of over 50 – 60%. There are also major concerns as to whether the governments of France and Italy will effectively implement austerity programmes and undertake overdue reforms to improve national competitiveness. Any loss of market confidence in the two largest Eurozone economies after Germany would present a huge challenge to the resources of the ECB to defend their debt.

USA. The Federal Reserve (Fed) started to reduce its monthly asset purchases of \$85bn in December 2013 by \$10bn per month; these ended in October 2014, signalling confidence the US economic recovery would remain on track. First quarter GDP figures for the US were depressed by exceptionally bad winter weather, but growth rebounded very strongly in Q2 to 4.6% (annualised). The first estimate of Q3 showed growth of 3.5% (annualised). Annual growth during 2014 is likely to be just over 2%.

The US faces similar debt problems to those of the UK, but thanks to reasonable growth, cuts in government expenditure and tax rises, the annual government deficit has been halved from its peak without appearing to do too much damage to growth, although the weak labour force participation rate remains a matter of key concern for the Federal Reserve when considering the amount of slack in the economy and monetary policy decisions. It is currently expected that the Fed will start increasing rates in mid 2015.

China. Government action in 2014 to stimulate the economy appeared to be putting the target of 7.5% growth within achievable reach but recent data has been mixed. There are also concerns that the Chinese leadership have only started to address an unbalanced economy which is heavily dependent on new investment expenditure, and for a potential bubble in the property sector to burst, as it did in Japan in the 1990s, with its consequent impact on the financial health of the banking sector. There are also concerns around the potential size, and dubious creditworthiness, of some bank lending to local government organisations and major corporates. This primarily occurred during the government promoted expansion of credit, which was aimed at protecting the overall rate of growth in the economy after the Lehmans crisis.

Japan. Japan is causing considerable concern as the increase in sales tax in April 2014 has suppressed consumer expenditure and growth. In Q2 growth was -1.8% q/q and -7.1% over the previous year. The Government is hoping that this is a temporary blip.

CAPITA ASSET SERVICES FORWARD VIEW

Economic forecasting remains difficult with so many external influences weighing on the UK. Major volatility in bond yields is likely to endure as investor fears and confidence ebb and flow between favouring more risky assets i.e. equities, or the safe haven of bonds.

The overall longer run trend is for gilt yields and Public Works Loan Board (PWLB) rates to rise, due to the high volume of gilt issuance in the UK, and of bond issuance in other major western countries. Over time, an increase in investor confidence in world economic recovery is also likely to compound this effect as recovery will further encourage investors to switch from bonds to equities.

The overall balance of risks to economic recovery in the UK is currently evenly weighted. However, only time will tell just how long this period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

The interest rate forecasts in this report are based on an initial assumption that there will not be a major resurgence of the EZ debt crisis, or a break-up of the EZ, but rather that there will be a managed, albeit painful and tortuous, resolution of the debt crisis where EZ institutions and governments eventually do what is necessary - but only when all else has been tried and failed. Under this assumed scenario, growth within the EZ will be tepid for the next couple of years and some EZ countries experiencing low or negative growth, will, over that time period, see an increase in total government debt to GDP ratios. There is a significant danger that these ratios could rise to the point where markets lose confidence in the financial viability of one, or more, countries, especially if growth disappoints and / or efforts to reduce government deficits fail to deliver the necessary reductions. However, it is impossible to forecast whether any individual country will lose such confidence, or when, and so precipitate a sharp resurgence of the EZ debt crisis. While the ECB has adequate resources to manage a debt crisis in a small EZ country, if one, or more, of the large countries were to experience a

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major crisis of market confidence, this would present a serious challenge to the ECB and to EZ politicians.

Downside risks currently include:

- The situation over Ukraine poses a major threat to EZ and world growth if it was to deteriorate into economic warfare between the West and Russia where Russia resorted to using its control over gas supplies to Europe.
- Fears generated by the potential impact of Ebola around the world
- UK strong economic growth is currently mainly dependent on consumer spending and the potentially unsustainable boom in the housing market. The boost from these sources is likely to fade after 2014.
- A weak rebalancing of UK growth to exporting and business investment causing a weakening of overall economic growth beyond 2014.
- Weak growth or recession in the UK's main trading partner - the EU, inhibiting economic recovery in the UK.
- A return to weak economic growth in the US, UK and China causing major disappointment in investor and market expectations.
- A resurgence of the Eurozone sovereign debt crisis caused by ongoing deterioration in government debt to GDP ratios to the point where financial markets lose confidence in the financial viability of one or more countries and in the ability of the ECB and Eurozone governments to deal with the potential size of the crisis.
- Recapitalisation of European banks requiring considerable government financial support.
- Lack of support by populaces in Eurozone countries for austerity programmes, especially in countries with very high unemployment rates e.g. Greece and Spain, which face huge challenges in engineering economic growth to correct their budget deficits on a sustainable basis.
- Italy: the political situation has improved but it remains to be seen whether the new government is able to deliver the austerity programme required and a programme of overdue reforms. Italy has the third highest government debt mountain in the world.
- France: after being elected on an anti austerity platform, President Hollande has embraced a €50bn programme of public sector cuts over the next three years. However, there could be major obstacles in implementing this programme. Major overdue reforms of employment practices and an increase in competitiveness are also urgently required to lift the economy out of stagnation.
- Monetary policy action failing to stimulate sustainable growth in western economies, especially the Eurozone and Japan.
- Heightened political risks in the Middle East and East Asia could trigger safe haven flows back into bonds.
- There are also increasing concerns at the reluctance of western central banks to raise interest rates significantly for some years, plus the huge QE measures which remain in place (and may be added to by the ECB in the near future). This has created potentially unstable flows of liquidity searching for yield and, therefore, heightened the potential for an increase in risks in order to get higher returns. This is a return to a similar environment to the one which led to the 2008 financial crisis.

The potential for upside risks to UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- A further surge in investor confidence that robust world economic growth is firmly expected, causing a flow of funds out of bonds into equities.
- UK inflation returning to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.

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APPENDIX D - SPECIFIED AND NON-SPECIFIED INVESTMENTS

SPECIFIED INVESTMENTS

All such investments will be sterling denominated, with maturities up to maximum of 1 year, meeting the minimum 'high' rating criteria where applicable

NON-SPECIFIED INVESTMENTS

These are any investments which do not meet the specified investment criteria. A maximum of 50% will be held in aggregate in non-specified investments.

A variety of investment instruments will be used, subject to the credit quality of the institution. Depending on the type of investment made it will fall into one of the above two categories.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

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	Minimum Credit Criteria (i.e. Colour Band)	Max % of total investments / £ limit per institution	Max. maturity period	Specified (S) / Non-Specified (N)
Debt Management Agency Deposit Facility (DMADY) – UK Government	N/A	100%	6 Months	S
UK Government gilts	UK sovereign rating AA- or better	100%	1 Year	S
UK Government treasury bills	UK sovereign rating AA- or better	100%	6 Months	S
Bonds issued by multilateral development banks	UK sovereign rating AA- or better	100%	6 Months	S
Money market funds	AAA	25% / £5m	Liquid	S
Enhanced money market funds	AAA	25% / £5m	Liquid	S
Local authorities (up to one year)	N/A	25% / £5m	1 Year	S
Local authorities (over one year)	N/A	25% / £5m	2 Years	N
Term deposits with Lloyds Bank Group / RBS Group (up to one year)	Blue	30% / £10m	1 Year	S
Term deposits with Lloyds Bank Group / RBS Group (over one year)	Blue	30% / £10m	2 Years	N
Term deposits with other banks (up to one year)	Green	25% / £6m	1 Year	S
Term deposits with other banks (over one year)	Green	25% / £6m	2 Years	N
Term deposits with building societies	No colour	25% / £2m	3 Months	N
CDs or corporate bonds with banks or building societies	Green	25% / £5m	1 Year	S
Gilt funds	UK sovereign rating AA- or better	25% / £5m	1 Year	S
Property funds	N/A	25% / £2m	Semi-liquid	N

The criteria in this appendix are intended to be the operational criteria in normal times. At times of heightened volatility, risk and concern in the financial markets, this strategy may be amended by temporary operational criteria further limiting investments to counterparties of a higher creditworthiness and/or restricted time limits.

APPENDIX E - Approved countries for investments

Based on lowest available rating

AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Finland
- Hong Kong
- Netherlands
- U.K.
- U.S.A.

AA

- Abu Dhabi (UAE)
- France
- Qatar

AA-

- Belgium
- Saudi Arabia

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APPENDIX F - Treasury management scheme of delegation

Full Council

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.

Cabinet

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- approving the selection of external service providers and agreeing terms of appointment.

Finance and Resources Advisory Committee

- reviewing the treasury management policy and procedures and making recommendations to Cabinet.

APPENDIX G - The treasury management role of the section 151 officer

The S151 (responsible) officer is responsible for:

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.

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

Finance and Resources Advisory Committee – 11 November 2014

Report of Chief Finance Officer

Status: For consideration

Also considered by: Cabinet – 5 February 2015

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, and any comments forwarded to Cabinet.

Recommendation to Cabinet: Cabinet considers any comments from Finance and Advisory Committee and notes the report

Reason for recommendation: sound financial governance of the Council.

Introduction and Background

Overall Financial Position

1. Eight months into the year the results to date show an overall favourable variance of £835,000.
2. The year-end position is forecast to be £460,000 better than budget; this is 3.2% of the net budget for the year.
3. Both the results to date and forecasts include any significant accruals.
4. Officers have set a target favourable variance of between £400,000 and £500,000 in 2014/15 to enable:
 - funds to be put aside for development projects and asset maintenance;
 - funding of a Housing Stock Survey; and
 - in light of budget pressures expected in 2015/16, any further favourable variance to be applied to the Budget Stabilisation Reserve.

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Key Issues for the year to date

5. **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.
6. **Income** from Planning, Land Charges and On Street Parking are showing a combined favourable variance of £248,000 at the end of November; Income from Legal work in connection with s.106 agreements is £14,000 ahead of profile. Income from car parking is currently £39,000 behind profile and the loss of income from Pembroke and Old Bligh's car parks is now showing. A grant of £97,000 has been received for the Transformation Challenge and is being used for efficiency work in Building Control.
7. Some expenditure on Asset Maintenance work is behind profile whilst quotes are being obtained, giving a variance of £15,000.
8. **Pay costs** – the actual expenditure to date on salaried staff (excluding those who are externally funded) is £252,000 below budget, but £87,000 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 Communities and Business, 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, although the pay offer has now been accepted, the first payment under the award arrangements will not be made until December.
9. **Other Variances** include some savings on CCTV (transmission costs) £27,000; deferred expenditure on administrative supplies £30,000; re-negotiated arrangements with Dartford regarding the partnership agreement together with budgets for non-finance partnerships, where work is currently being contained within existing budgets, accounts for current variances of £148,000.
10. **Direct Services** – Direct Services' results show a positive variance of £111,000 compared to budget.

Year End Forecast

11. The year-end position is forecast to be £460,000 better than budget.
12. The re-negotiation of the partnership agreement with Dartford BC will continue in 2015/16 (SCIA 11)
13. External Audit fees will be £30,000 below budget in 2014/15 and this is offered as a saving for 2015/16 (SCIA 10).
14. Direct Services expect to achieve a surplus that is £101,000 better than budget.
15. Income from off street car parking is forecast to be £80,000 below budget at the year end.

16. Budgets for Discretionary Rate Relief (£106,000) are no longer required and this is offered as a SCIA saving for 2015/16. (SCIA 9).
17. Investment income is forecast to have a small unfavourable variance.

Future Issues and Risk areas

18. 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;
 - Set up costs for the new Economic Development budget may exceed the budget; the situation is being closely monitored;
 - Potential for in-year overspend on property asset maintenance costs dependant on survey works currently being scheduled for a number of assets;
 - the Benefits workload is at a higher level than before the recession and additional resources are being used to address this; it is uncertain when Universal Credit will impact on this council;
 - Tax collection rates, though currently in line with the previous year are vulnerable and we are being proactive in contacting Council Tax Support customers;
 - Benefit Fraud will move to the DCLG in February 2016. Unfortunately, a grant bid requesting funding for a corporate fraud team with Dartford BC to increase fraud work on Council Tax, was unsuccessful due to a high number of bids;
 - Following the introduction of retained business rates, the responsibility for payment of backdated appeals rests with this Council. The impact of any successful appeals is being closely monitored.
 - Fee income in Planning is ahead of profile; application numbers & income will be kept under close review now the new CIL 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.
 - It has proved difficult to recruit to some vacant posts especially in Planning and Communities and Business.
19. 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

2. Overall Summary

November 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	70	87	- 17	-24	665	574	91	14	985	911	73	989
Corporate Support	170	252	- 82	-48	2,147	2,178	- 31	-1	3,179	3,233	- 54	3,199
Environmental and Operational Services	185	186	- 1	-0	1,843	1,570	273	15	2,483	2,529	- 46	2,788
Financial Services	473	424	48	10	2,919	2,762	157	5	5,175	4,902	273	4,312
Housing	58	64	- 6	-10	580	568	12	2	721	709	12	778
Legal and Governance	58	55	3	5	394	345	49	12	588	575	13	548
Planning Services	104	121	- 18	-17	834	636	198	24	1,251	1,154	97	1,315
NET EXPENDITURE (1)	1,118	1,190	- 72	-6	9,382	8,634	748	8	14,380	14,012	368	13,929
<i>Adjustments to reconcile to amount to be met from Reserves</i>												
Direct Services Trading Accounts	13	- 11	24	190	- 106	- 216	111	105	- 64	- 164	101	- 230
Capital charges outside General Fund	- 5	- 5	- 0	-0	- 43	- 43	- 0	-0	- 64	- 64	-	- 62
Support Services outside General Fund	- 10	- 10	0	0	- 79	- 79	0	0	- 118	- 118	-	- 118
Redundancy Costs - all	-	-	-	-	-	8	- 8	-	-	-	-	-
NET EXPENDITURE (2)	1,115	1,163	- 48	-4	9,155	8,304	851	9	14,135	13,666	469	13,519
Revenue Support Grant (incl. CT Support)	- 185	- 185	-	0	- 1,483	- 1,483	-	0	- 2,225	- 2,225	-	- 2,678
Retained Business Rates	- 158	- 158	-	0	- 1,265	- 1,265	-	0	- 1,898	- 1,898	-	- 1,862
New Homes Bonus	- 116	- 116	-	0	- 926	- 926	-	0	- 1,389	- 1,396	7	- 993
Council Tax Requirement - SDC	- 751	- 751	-	0	- 6,007	- 6,007	-	0	- 9,010	- 9,010	-	- 8,728
NET EXPENDITURE (3)	249	297	- 48	-19	2,222	1,371	851	38	- 387	- 863	476	- 742
<i>Summary including investment income</i>												
Net Expenditure	249	297	- 48	-19	2,222	1,371	851	38	- 387	- 863	476	- 742
Investment Impairment	-	-	-	0	-	-	-	0	-	-	-	-
Interest and Investment Income	- 23	- 21	- 1	6	- 175	- 159	- 16	-9	- 244	- 228	- 16	- 237
Overall total	226	275	- 49	-22	2,046	1,212	835	41	- 631	- 1,091	460	- 979
Planned appropriation (from)/to Reserves									631	631	-	-
Supplementary appropriation from Reserves									-	-	-	-
Surplus									-	- 460	460	- 979

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

November 14 - Final	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	0	14	6	5	2	25	9	9	-	-
All Weather Pitch	-0	-0	0	-	-1	-1	0	4	-2	-2	-	-
Broadband	7	-	7	100	53	1	52	97	80	80	-	-
Community Development Service Provisions	-0	-	-0	-	-3	-5	1	43	-5	-5	-	-5
Community Safety	14	12	1	10	118	107	11	10	176	176	-	216
Economic Development	7	5	2	28	59	62	-3	-5	68	68	-	47
Grants to Organisations	2	3	-1	-29	172	171	1	0	180	180	-	183
Health Improvements	3	3	0	9	29	28	1	4	44	44	-	43
Leisure Contract	11	30	-18	-162	154	140	15	9	294	221	73	273
Leisure Development	-	5	-5	-	15	15	-	-	20	20	-	20
The Community Plan	3	4	-0	-15	30	27	2	7	44	44	-	63
Tourism	1	1	1	54	23	13	10	42	29	29	-	28
West Kent Partnership	4	4	-0	-0	-2	-2	-0	-0	-	-	-	-
Youth	3	2	2	56	35	26	8	24	48	48	-	49
Total Communities & Business (SDC Funded)	57	68	-12	-21	688	588	100	15	985	911	73	989
Externally Funded												
Business Flood Support Scheme	-	-	-	-	-	-	-	-	-	-	-	-
Choosing Health WK PCT	11	11	0	0	-11	-11	-0	-0	-	-	-	-
Community Sports Activation Fund	-	-1	1	-	-	-0	0	-	-	-	-	-
Falls Prevention	-	1	-1	-	-	6	-6	-	-	-	-	-
General Grants Other Organisations	-	-	-	-	-	-	-	-	-	-	-	-
Local Strategic Partnership	-	-	-	-	-	-1	1	-	-	-	-	-
New Ash Green	-	-	-	-	-	-1	1	-	-	-	-	-
Partnership - Home Office	3	3	0	7	-12	-12	0	0	-	-	-	-
PCT Health Checks	-	-0	0	-	-	0	-0	-	-	-	-	-
PCT Initiatives	-	-	-	-	-	0	-0	-	-	-	-	-
Repair & Renew Flood Support Scheme	-	5	-5	-	-	5	-5	-	-	-	-	-
Troubled Families Project	-	-	-	-	-	-0	0	-	-	-	-	-
West Kent Partnership Business Support	-	0	-0	-	-	0	-0	-	-	-	-	-
Total Communities & Business (Ext Funded)	14	19	-5	-36	-23	-14	-9	-40	-	-	-	-
Total Communities & Business	70	87	-17	-24	665	574	91	14	985	911	73	989

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

November 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
Corporate Support												
Administrative Expenses - Corporate Support	2	0	2	79	17	13	4	22	26	26	-	29
Administrative Expenses - Human Resources	0	1	-0	-	14	10	3	23	16	16	-	6
Administrative Expenses - Property	0	0	0	-	3	2	1	26	4	4	-	2
Asset Maintenance Argyle Road	-	-	-	-	13	8	5	39	59	88	-29	45
Asset Maintenance Hever Road	0	-	0	-	4	6	-2	-51	6	6	-	2
Asset Maintenance IT	22	15	6	30	174	226	-52	-30	260	260	-	290
Asset Maintenance Leisure	14	34	-20	-149	117	129	-12	-10	165	205	-40	162
Asset Maintenance Other Corporate Properties	3	-	3	100	8	3	4	57	30	30	-	22
Asset Maintenance Sewage Treatment Plants	1	2	-1	-131	5	2	4	66	8	8	-	7
Asset Maintenance Support & Salaries	8	6	2	20	60	53	7	12	92	92	-	99
Bus Station	6	1	5	82	10	10	1	6	14	14	-	13
Corporate Projects	5	16	-11	-222	28	35	-8	-28	58	58	-	-
Estates Management - Buildings	-29	-8	-21	-74	-35	-37	2	6	-68	-58	-9	15
Housing Premises	-5	3	-8	-148	-11	1	-13	-112	-8	-1	-7	-9
Support - Central Offices	21	4	17	81	350	291	59	17	447	400	47	417
Support - Central Offices - Facilities	8	23	-15	-180	156	152	4	3	251	241	9	236
Support - Contact Centre	33	29	4	12	276	260	16	6	412	393	20	404
Support - General Admin	15	8	6	43	140	158	-19	-13	238	268	-30	215
Support - Human Resources	15	24	-10	-66	204	186	18	9	314	284	30	248
Support - IT	52	83	-31	-60	551	591	-41	-7	745	791	-46	862
Support - Local Offices	-4	6	-10	-233	29	35	-7	-24	56	55	1	53
Support - Nursery	-	0	-0	-	-	7	-7	-	-	-	-	3
Support - Property Function	5	4	0	9	35	34	1	2	54	54	-	77
Total Corporate Support	170	252	-82	-48	2,147	2,178	-31	-1	3,179	3,233	-54	3,199

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

November 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
Environmental and Operational Services												
Administrative Expenses - Building Control	1	0	1	93	3	3	0	15	6	6	-	1
Administrative Expenses - Direct Services	-	0	-0	-	-	-0	0	-	-	-	-	-
Administrative Expenses - Health	2	-1	3	126	16	7	9	57	24	24	-	1
Administrative Expenses - Transport	1	1	0	14	5	6	-1	-26	8	8	-	-
Air Quality (Ext Funded)	-	-	-	-	-	1	-1	-	-	-	-	-
Asset Maintenance Car Parks	2	1	1	42	12	1	11	93	19	19	-	76
Asset Maintenance CCTV	1	-	1	100	11	2	8	77	16	16	-	11
Asset Maintenance Countryside	1	3	-3	-418	5	3	2	35	8	8	-	3
Asset Maintenance Direct Services	3	15	-12	-398	24	33	-9	-36	36	46	-10	28
Asset Maintenance Playgrounds	1	-	1	100	10	1	9	94	14	5	9	3
Asset Maintenance Public Toilets	1	0	1	92	10	0	9	98	14	4	10	-
Building Control	-24	-17	-7	-31	-117	-105	-12	-10	-162	-162	-	-85
Building Control Discretionary Work	-0	1	-1	-	-0	3	-3	-	-1	-1	-	4
Building Control Partnership Hub (SDC Costs)	-	-0	0	-	-	-0	0	-	-	-	-	-
Building Control Partnership Implementation & Project Costs	-	9	-9	-	-	-88	88	-	-	-	-	-
Building Control Partnership Members	-	4	-4	-	-	-0	0	-	-	-	-	-
Car Parks	-165	-160	-6	-3	-1,073	-1,009	-65	-6	-1,732	-1,653	-79	-1,576
On-Street Parking	-44	-45	1	2	-290	-332	42	14	-443	-443	-	-372
CCTV	17	23	-6	-33	171	180	-9	-5	216	231	-15	263
Civil Protection	2	2	1	25	23	18	5	22	33	33	-	29
Dangerous Structures	2	2	0	14	15	13	2	15	23	23	-	21
Dartford Environmental Hub (SDC Costs)	-	-	-	-	-	-	-	-	-	-	-	-
EH Animal Control	1	9	-8	-636	10	20	-10	-97	1	13	-12	34
EH Commercial	22	21	0	1	171	159	13	7	255	255	-	274
EH Environmental Protection	31	30	1	4	259	238	21	8	382	361	20	383
Emergency	5	6	-1	-19	42	49	-7	-17	63	63	-	60
Estates Management - Grounds	8	9	-1	-17	65	75	-10	-16	97	107	-10	94
Land Charges	-8	-6	-2	-21	-62	-99	37	60	-93	-133	40	-111
Licensing Partnership Hub (Trading)	-0	-1	1	-	0	-10	10	-	-	-	-	-
Licensing Partnership Members	-	-0	0	-	-	-0	0	-	-	-	-	-
Licensing Regime	2	5	-3	-190	-24	-18	-7	-27	-5	16	-22	15
Markets	-20	-18	-2	-11	-133	-133	-0	-0	-192	-192	-	-189
Parks and Recreation Grounds	8	4	4	52	64	65	-1	-2	96	116	-20	143
Parks - Rural	6	2	4	68	49	46	3	6	74	74	-	56
Public Conveniences	3	4	-1	-37	31	38	-7	-24	43	55	-12	54
Public Transport Support	0	-	0	-	0	-	0	-	0	0	-	1
Refuse Collection	216	170	46	21	1,676	1,602	74	4	2,378	2,362	16	2,288

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Street Cleansing	105	103	2	1	832	820	12	1	1,240	1,240	1	1,207
Street Naming	1	1	1	54	9	2	8	83	14	4	10	5
Support - Direct Services	4	2	2	55	34	21	13	40	52	52	-	41
Support - Health and Safety	2	1	1	36	12	9	3	26	18	18	-	14
Taxis	- 1	- 1	0	6	- 16	- 25	9	57	- 20	- 20	-	- 23
Trade Waste (VAT)	-	6	- 6	-	-	- 26	26	-	-	- 28	28	3
Total Environmental and Operational Services	185	186	- 1	- 0	1,843	1,570	273	15	2,483	2,529	- 46	2,788

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

	November 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
	Budget	Actual	Variance	Variance	Budget	Actual	Variance	Variance	Budget	(including Accruals)	Variance	Actual
<u>Financial Services</u>	£'000	£'000	£'000	%	£'000	£'000	£'000	%	£'000	£'000	£'000	£'000
Action and Development	1	4	- 4	- 652	4	0	4	99	7	7	-	1
Administrative Expenses - Chief Executive	- 1	1	- 2	- 233	15	6	9	58	27	27	-	27
Administrative Expenses - Financial Services	3	- 1	4	115	25	16	9	35	42	42	-	26
Administrative Expenses - Transformation and Strategy	1	0	1	93	5	2	3	54	11	11	-	3
Benefits Admin	1	- 8	9	1,183	- 117	- 151	33	28	824	778	47	1,196
Benefits Grants	- 34	- 37	2	6	- 383	- 386	2	1	- 659	- 659	-	- 659
Consultation and Surveys	-	-	-	-	-	-	-	-	3	3	-	3
Corporate Management	78	25	53	68	615	492	122	20	989	837	151	726
Corporate Savings	36	-	36	100	102	-	102	100	158	15	143	-
Dartford Partnership Hub (SDC costs)	154	211	- 57	- 37	1,256	1,420	- 164	- 13	- 16	170	- 185	- 547
Dartford Partnership Implementation & Project Costs	8	- 5	13	159	- 62	- 218	157	254	- 30	- 218	188	- 200
Equalities Legislation	-	-	-	-	18	14	4	23	18	14	4	14
External Communications	13	21	- 8	- 58	116	111	5	5	172	172	-	139
Housing Advances	-	-	-	-	2	2	0	0	2	2	-	2
Local Tax	- 15	- 45	30	208	- 425	- 519	94	22	179	89	89	300
Members	34	31	4	11	275	254	21	8	412	382	30	380
Misc. Finance	153	176	- 23	- 15	1,123	1,397	- 274	- 24	2,326	2,575	- 249	2,236
Performance Improvement	-	-	-	-	6	- 10	16	270	6	- 10	16	- 9
Support - Audit Function	- 7	-	- 7	- 100	- 42	- 27	- 15	- 36	123	125	- 2	176
Support - Exchequer and Procurement	10	11	- 1	- 6	84	86	- 2	- 2	132	139	- 7	131
Support - Finance Function	17	14	4	22	139	103	36	26	206	149	57	138
Support - General Admin	11	10	0	1	95	93	2	2	142	142	-	119
Treasury Management	8	15	- 7	- 84	67	75	- 8	- 11	101	110	- 9	100
Total Financial Services	473	424	48	10	2,919	2,762	157	5	5,175	4,902	273	4,312

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

November 14 - Final

Housing

	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
Administrative Expenses - Housing	1	-0	2	115	11	8	3	30	17	17	-	25
Energy Efficiency	3	2	0	9	21	20	1	5	23	23	0	31
Gypsy Sites	-3	6	-9	-351	-21	-7	-13	-64	-31	-31	0	-20
Homeless	7	6	1	19	57	54	4	6	96	94	2	106
Homelessness Funding	3	2	1	29	24	17	7	30	-	-	-	-
Homelessness Prevention	-	1	-1	-	-	2	-2	-	-	-	-	-
Housing	28	26	1	5	335	323	12	3	445	438	6	454
Housing Initiatives	1	-	1	100	4	3	1	22	6	6	-	7
Housing Option - Trailblazer	2	5	-3	-169	16	30	-15	-92	-	-	-	3
Disabled Facilities Grant Administration	-	-	-	-	-	1	-1	-	-	-	-	2
Leader Programme	1	1	0	3	6	6	0	5	10	9	0	9
Needs and Stock Surveys	0	-	0	-	1	-	1	100	-	-	-	13
Private Sector Housing	16	15	1	6	125	111	14	11	155	152	3	148
Sevenoaks Switch and Save	-	0	-0	-	-	1	-1	-	-	-	-	-
Total Housing	58	64	-6	-10	580	568	12	2	721	709	12	778

3. Net Service Expenditure for each Chief Officer -

November 14 - Final	analysed by Budget area				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
	Budget	Actual	Variance	Variance	Budget	Actual	Variance	Variance	Budget	(including Accruals)	Variance	Actual
	£'000	£'000	£'000	%	£'000	£'000	£'000	%	£'000	£'000	£'000	£'000
<u>Legal and Governance</u>												
Administrative Expenses - Legal and Governance	4	7	- 3	- 75	55	49	6	11	72	59	13	5
Civic Expenses	0	1	- 1	-	15	16	- 0	- 2	16	16	-	1
Committee Admin	9	10	- 1	- 7	76	66	10	13	117	117	-	10
Elections	2	2	- 0	- 3	28	32	- 4	- 15	62	62	-	7
Register of Electors	26	19	6	25	94	88	5	6	131	131	-	11
Support - Legal Function	16	15	1	6	126	94	32	25	190	190	-	19
Total Legal and Governance	58	55	3	5	394	345	49	12	588	575	13	548

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3. Net Service Expenditure for each Chief Officer -

November 14 - Final	analysed by Budget area				Y-T-D	Y-T-D	Y-T-D	Y-T-D	Annual	Annual	Annual	2013/14
	Period	Period	Period	Period	Y-T-D	Y-T-D	Y-T-D	Y-T-D	Annual	Forecast	Annual	2013/14
	Budget	Actual	Variance	Variance	Budget	Actual	Variance	Variance	Budget	(including Accruals)	Variance	Actual
Planning Services	£'000	£'000	£'000	%	£'000	£'000	£'000	%	£'000	£'000	£'000	£'000
Administrative Expenses - Planning Services	3	14	- 11	- 336	24	30	- 5	- 22	37	36	2	32
Conservation	4	3	1	15	30	26	4	12	45	43	2	48
LDF Expenditure	-	3	- 3	-	-	20	- 20	-	-	43	- 43	-
Neighbourhood Plan	-	0	- 0	-	-	0	- 0	-	-	-	-	-
Planning - Appeals	17	13	3	20	133	109	25	19	190	180	10	262
Planning - CIL Administration	-	-	-	-	-	3	- 3	-	-	3	- 3	5
Planning - Counter	- 0	- 0	0	-	- 0	- 0	- 0	-	- 0	- 0	- 0	- 1
Planning - Development Management	24	41	- 16	- 67	207	56	151	73	299	151	148	260
Planning - Enforcement	23	21	2	7	180	164	16	9	272	257	15	261
Fort Halstead	-	- 6	6	-	-	- 9	9	-	-	- 9	9	-
Planning Policy	33	32	1	2	260	238	22	8	408	450	- 43	448
Total Planning Services	104	121	- 18	- 17	834	636	198	24	1,251	1,154	97	1,315

4. Cumulative Salary Monitoring

November 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	30	29	1	2	257	251	6	2	381	381	-
Corporate Support	155	145	10	7	1,279	1,181	98	8	1,922	1,830	92
Environmental & Operational Services:	414	403	10	3	3,350	3,255	95	3	5,012	4,923	89
- Building Control	36	34	2	6	288	274	14	5	432	432	-
- Environmental Health	50	51	-0	-1	403	396	7	2	605	605	-
- Licensing	23	22	1	4	186	177	9	5	279	279	-
- Operational Services	274	263	10	4	2,197	2,110	87	4	3,290	3,201	89
- Parking & Amenity Services	30	33	-3	-9	276	299	-23	-8	407	407	-
Financial Services	199	223	-24	-12	1,646	1,689	-43	-3	2,454	2,616	-162
Housing	49	46	3	5	391	370	21	5	586	574	12
Legal & Governance	39	49	-10	-25	346	365	-20	-6	528	528	-
Planning Services	151	144	7	5	1,213	1,118	95	8	1,833	1,743	90
Sub Total	1,037	1,039	-2	-0	8,481	8,229	252	3	12,716	12,595	122
Council Wide - Vacant Posts	33	-	33	100	74	-	74	100	116	-	116
Performance Award Contingency	-	-	-	-	-	-	-	-	48	-	48
Market Premiums	4	-	4	100	28	-	28	100	42	15	27
TOTAL SDC Funded Salary Costs	1,073	1,039	34	3	8,583	8,229	354	4	12,923	12,610	313
<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	8	98	90	8	8	146	134	12
Housing Ext. Funded	18	17	1	4	144	133	11	8	216	206	10
	30	29	2	5	241	223	19	8	362	340	22
TOTAL All Salary Costs	1,103	1,067	36	3	8,824	8,452	373	4	13,285	12,950	335
Less Allocs to Trading a/cs inc Ext Funded TASK	-229	-215	-13	-6	-1,830	-1,732	-98	-5	-2,745	-2,745	-
Less Allocations to Capital and Asset maint. etc	-	-	-	-	-	-	-	-	-	-	-
Check total to Pay Costs	874	852	22	3	6,994	6,719	275	4	10,540	10,205	335

DIRECT SERVICES SUMMARY

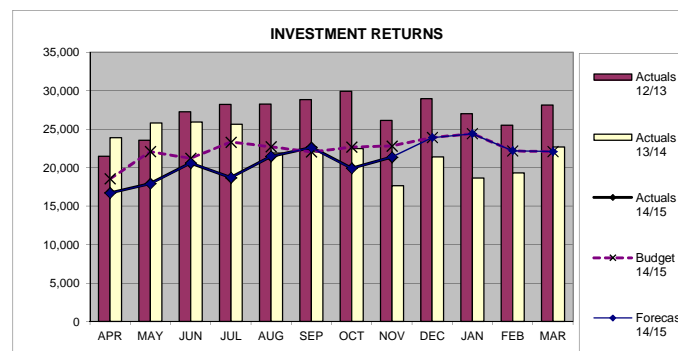
Nov-14	PERIOD				Y-T-D				ANNUAL			Y-T-D NET VARIANCE			ANNUAL NET VARIANCE		
	Budget	Actual	Actual / Budget	Variance	Budget	Actual	Actual / Budget	Variance	Budget	Forecast	Variance	Net Budget by Service	Net Actual by Service	Variance by Service	Net Budget by Service	Net Actual by Service	Variance by Service
	£'000	£'000	%	£'000	£'000	£'000	%	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income																	
Refuse	-193	-195	1%	1	-1,551	-1,561	1%	10	-2,328	-2,328		-47	-81	34	-72	-98	26
Street Cleaning	-99	-99	0%		-795	-795	0%		-1,193	-1,193		44	11	33	66	7	59
Trade	-27	-27	2%	1	-267	-269	1%	2	-385	-385		-18	9	-27	-11	24	-35
Workshop	-46	-48	5%	3	-366	-420	15%	54	-549	-600	51		-33	33		-40	40
Green Waste	-20	-18	-8%	-2	-288	-348	21%	60	-360	-410	50	-64	-93	28	-24	-60	36
Premises Cleaning	-7	-7	0%		-58	-58	0%		-88	-88		-17	-18	1	-25	-25	
Cesspools	-21	-20	-2%		-167	-162	-3%	-5	-250	-250		-8	-8		-12	-10	-2
Pest Control	-3	-5	87%	2	-58	-59	1%	1	-68	-65	-3	-2	-5	3	15	15	
Grounds	-11	-11	0%		-85	-85	0%		-129	-129		10	8	2	-1	6	-7
Fleet	-72	-69	-3%	-2	-572	-551	-4%	-21	-859	-859		-3	-1	-2			
Depot	-22	-19	-12%	-3	-179	-170	-5%	-9	-280	-250	-30	-2	-3	2		20	-20
Emergency	-4	-4	0%		-33	-33	0%		-49	-49		1	-2	3	1	-3	4
Total Income	-524	-523	0%		-4,419	-4,510	2%	91	-6,537	-6,606	69	-106	-216	111	-64	-164	101
Expenditure																	
Refuse	188	182	3%	7	1,504	1,480	2%	25	2,257	2,230	27						
Street Cleaning	105	106	-1%	-1	839	805	4%	34	1,259	1,200	59						
Trade	31	21	33%	10	249	278	-11%	-29	374	409	-35						
Workshop	46	44	5%	2	366	387	-6%	-21	549	560	-11						
Green Waste	25	27	-8%	-2	224	256	-14%	-32	336	350	-14						
Premises Cleaning	5	4	19%	1	42	41	3%	1	63	63							
Cesspools	20	21	-5%	-1	158	154	3%	5	238	240	-2						
Pest Control	7	7	-1%		56	54	4%	2	83	80	3						
Grounds	9	8	16%	1	95	93	2%	2	128	135	-7						
Fleet	72	70	3%	2	569	550	3%	20	859	859							
Depot	24	19	22%	5	177	166	6%	11	280	270	10						
Emergency	4	4	-3%		34	31	7%	3	50	46	4						
Total Expenditure	536	512	5%	24	4,313	4,293	0%	20	6,474	6,442	32						
Net	13	-11	-190%	24	-106	-216	105%	111	-64	-164	101						

Agenda Item 9

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	21,459	22,703	-1,244	21,500
SEP	28,853	22,069	22,633	22,043	590	22,600
OCT	29,941	22,500	19,904	22,687	-2,783	19,900
NOV	26,144	17,673	21,359	22,815	-1,456	21,400
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	159,284	268,000	-16,135	251,900



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	95,388	107,874	-12,486	95,400
SEP	157,676	145,263	118,021	129,917	-11,896	118,000
OCT	187,617	167,763	137,925	152,604	-14,679	137,900
NOV	213,761	185,436	159,284	175,419	-16,135	159,300
DEC	242,715	206,847		199,325		183,200
JAN	269,714	225,509		223,760		207,600
FEB	295,219	244,817		245,925		229,800
MAR	323,378	267,510		268,000		251,900

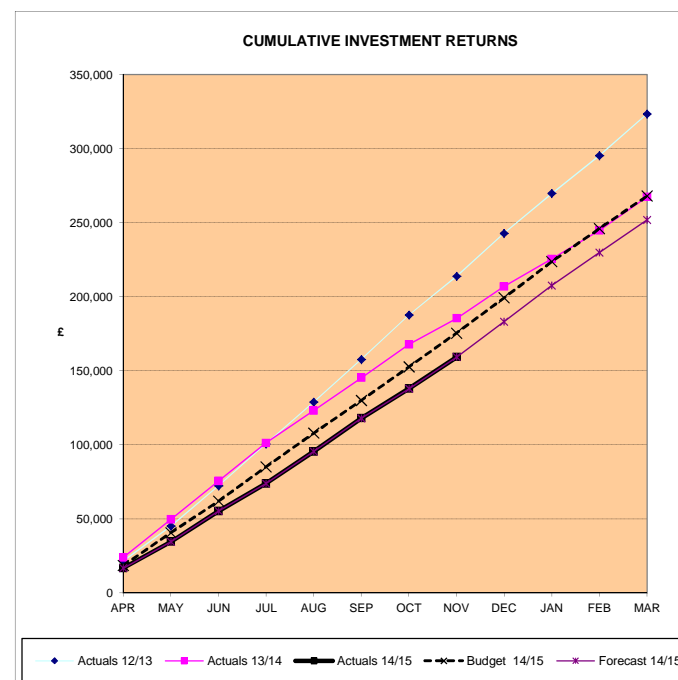
BUDGET FOR 2014/15 268,000
 FORECAST OUTTURN 251,900

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 0.5742%
 7 Day LIBID 0.3463%
 3 Month LIBID 0.4109%



STAFFING STATISTICS
November 2014

	BDGT BOOK	STAFF	AGENCY	CASUAL	TOTAL	COMMENTS / VARIATIONS	October
	FTE REV	FTE	STAFF	FTE			TOTALS
Communities and Business	8.73	8.44	0.00	0.96	9.40		8.99
Corporate Support	60.56	55.85	0.00	0.00	55.85	Now includes Contact Centre, Human Resources, Secretariat and Property.	55.85
Environmental & Operational Services	148.56	142.71	12.85	2.18	157.74		165.98
<i>Operational Services</i>	105.77	100.50	11.85	1.71	114.06	Includes Grounds Maintenance, plus Parking Officer.	122.23
<i>Env Health</i>	12.57	12.57	1.00	0.00	13.57		13.57
<i>Licensing</i>	8.61	9.61	0.00	0.00	9.61		9.61
<i>Parking</i>	12.00	11.61	0.00	0.47	12.08	Still includes Ranger (Should be Op Services).	12.15
<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	58.05	7.50	0.21	65.76	Includes Chief Exec, plus Transformation & Strategy. No longer includes Human Resources, Contact Centre or Property. All now in Corporate Support.	68.95
Housing	12.35	12.24	2.00	0.00	14.24	No longer includes Communications.	13.24
Legal and Governance	11.92	12.31	1.00	1.87	15.18	No longer includes Policy - now Fin Serv, or Land Charges - now Surveying Services.	11.87
Planning Services	46.19	49.74	2.00	0.00	51.74		48.94
Posts Removed under SMT Review							
SUB TOTAL	353.03	339.34	25.35	5.22	369.91		373.82
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	347.37	25.35	5.22	377.94		381.85
Number of staff paid in November 2014:							
380 permanent, 13 casuals							

Reserves

	01/04/14	Movement in month	Cumulative to date	Balance as at end November 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
	<u>1,350</u>	<u>0</u>	<u>0</u>	<u>1,350</u>	<u>1,350</u>	<u>1,350</u>
<u>Capital Receipts(Gross)</u>	<u>4,568</u>	<u>-66</u>	<u>114</u>	<u>4,682</u>	<u>5,881</u>	<u>5,881</u>
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		943	6,291	6,354	6,354
Financial Plan	4,644		300	4,944	4,881	4,881
Pension Fund	1,318		-810	508	508	508
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		-200	715	715	715
NNDR Safety Net	595			595	595	595
Local Plan/LDF	528			528	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
Corporate Project Support	0		200	200	200	200
Homelessness Prevention	197		-21	176	197	197
Carry Forward Items	177		-3	174	177	177
Flood Support	173		-28	146	159	159
Capital Financing	153		198	351	153	153
Rent Deposit Guarantees	102			102	102	102
Repayable Housing Grant Assistance	99		17	116	99	99
District Elections	87	1	12	99	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
	<u>19,637</u>	<u>1</u>	<u>609</u>	<u>20,246</u>	<u>20,046</u>	<u>20,046</u>
<u>General Fund</u>						
Required Minimum	1,500				1,500	1,500
Available Balance	2,213				2,213	2,213
	<u>3,713</u>				<u>3,713</u>	<u>3,713</u>
TOTAL	<u>29,268</u>				<u>30,990</u>	<u>30,990</u>

9. Capital

November 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	
COMMDEV	Big Community Fund - Capital	-	4	-4	-	-	17	-17	-	-	-	-
COMMDEV	Parish Projects	5	-	5	100	41	-	41	100	61	-	61
ENVOPS	Vehicle Purchases	41	-	41	100	326	137	189	58	489	489	-
FINSERV	LGA Municipal Bonds Agency	-	-	-	-	-	20	-20	-	-	20	-20
HOUSING	Improvement Grants	28	-7	34	124	222	96	126	57	334	264	70
HOUSING	WKHA Adaps for Disab Financing Costs Advances	21	43	-23	-109	167	85	81	49	250	250	-
HOUSING	SDC - HMO Grants	-	-	-	-	-	4	-4	-	-	-	-
HOUSING	RHPCG 10-11 SDC	-	-	-	-	-	1	-1	-	-	-	-
HOUSING	RHPCG - Discretionary Grants	-	-	-	-	-	11	-11	-	-	-	-
ICT	Back-up Generator	-	-	-	-	-	-	-	-	140	140	-
LEGAL	Modern Govt Document Management System	-	-	-	-	-	3	-3	-	-	-	-
DEVCONT	Affordable Housing	-	20	-20	-	-	249	-249	-	-	-	-
DEVCONT	S106 Capital	-	28	-28	-	-	633	-633	-	-	-	-
		94	88	6	7	756	1,258	-502	-66	1,274	1,163	111

*Improvement Grants budget shown net of Government grant.

CUMULATIVE INCOME FIGURES

November 2014

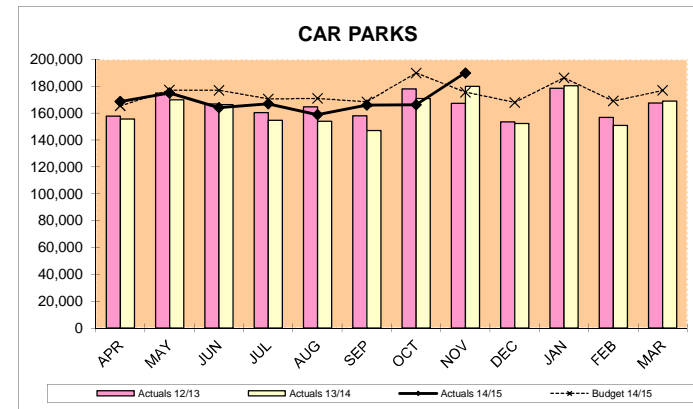
Agenda Item 9

	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	
	ACTUAL					
CAR PARKS	1,355,545	57,119	1,394,809	-39,264	2,094,866	2,014,866
ON-STREET PARKING	668,772	80,382	577,719	91,053	868,378	868,378
LAND CHARGES	151,741	24,296	108,488	43,253	162,739	202,739
BUILDING CONTROL	312,067	2,327	328,000	-15,933	441,849	441,849
DEVELOPMENT MANAGEMENT	589,602	49,304	475,136	114,466	712,715	844,715
	3,077,728	213,428	2,884,152	193,576	4,280,547	4,372,547

10 Car Parks Graphs

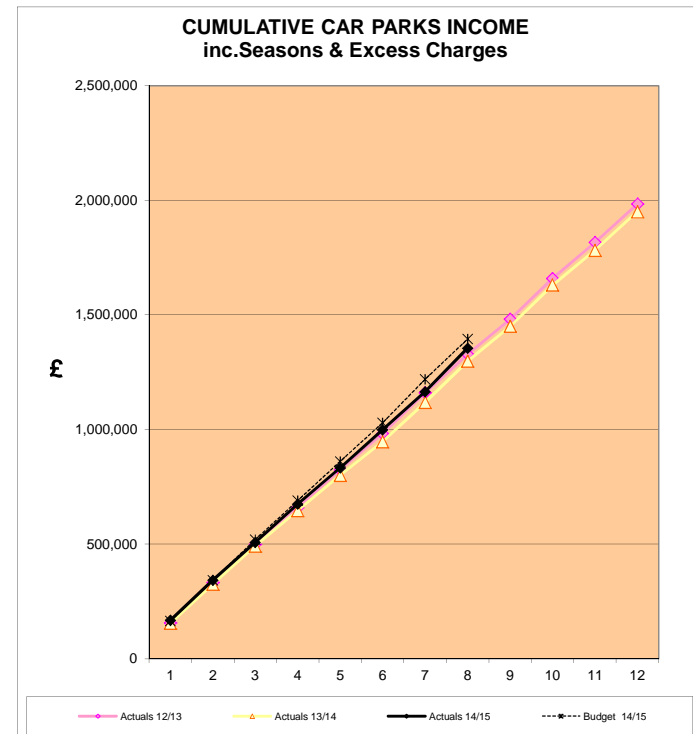
CAR PARKS (HWCARPK)

	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	158,792	4,758	170,904	-12,112	
6 SEP	157,977	146,979	165,949	18,970	168,408	-2,459	
7 OCT	178,029	170,958	166,318	-4,640	189,858	-23,540	
8 NOV	167,264	179,815	189,931	10,116	175,522	14,409	
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	
TOTAL	1,984,176	1,950,748	1,355,545	-595,203	2,094,866	-739,321	2,014,866



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	833,347	32,673	861,021	-27,674	
SEP	982,541	947,653	999,296	51,643	1,029,429	-30,133	
OCT	1,160,569	1,118,610	1,165,614	47,004	1,219,287	-53,673	
NOV	1,327,834	1,298,425	1,355,545	57,119	1,394,809	-39,264	
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	2,014,866



NOVEMBER 2014

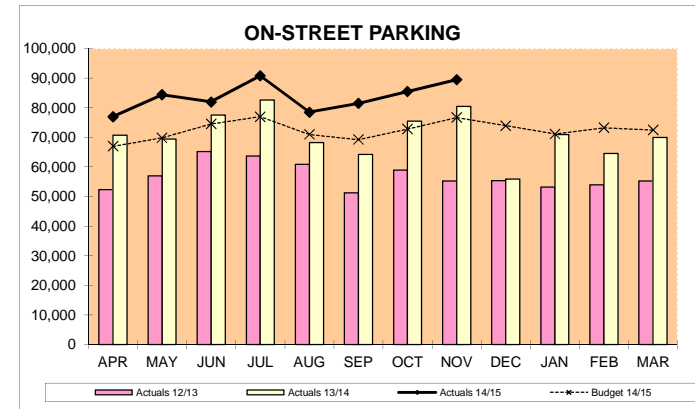
HWCARPK

	Actual (Cumulative)	Budget	(Monthly)	
DAY TICKETS	3300	1,133,227	1,175,905	156,944
EXCESS / PENALTY CHARGES	***1/****3	-	-	-
SEASON TICKETS	***2	218,714	210,904	33,469
OTHER (inc. Res. Pkg)	***9	(1,028)	4,000	(551)
WAIVERS	3404	720	-	110
RENT	94500	3,912	4,000	(41)
TOTAL	1,355,545	1,394,809	189,931	

10 On-Street / Enforcement Graphs

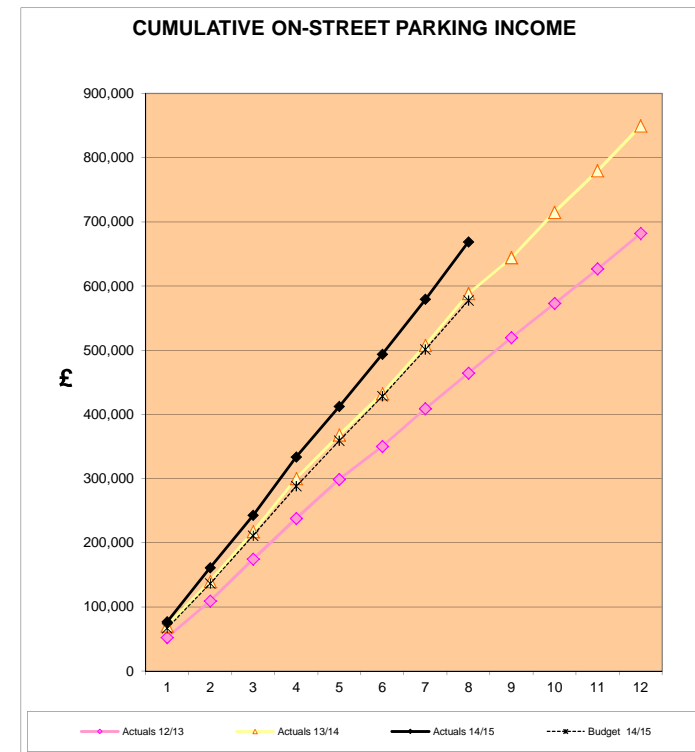
ON-STREET PARKING (HWDCRIM / HWENFORC)

	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	78,464	10,265	70,928	7,536	
6 SEP	51,221	64,195	81,440	17,244	69,212	12,228	
7 OCT	58,926	75,420	85,478	10,058	72,787	12,691	
8 NOV	55,213	80,422	89,411	8,989	76,647	12,764	
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	668,772	-180,922	868,378	-199,606	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	412,444	44,091	359,073	53,371	
SEP	350,214	432,548	493,883	61,335	428,285	65,598	
OCT	409,140	507,968	579,361	71,393	501,072	78,289	
NOV	464,353	588,390	668,772	80,382	577,719	91,053	
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



NOVEMBER 2014

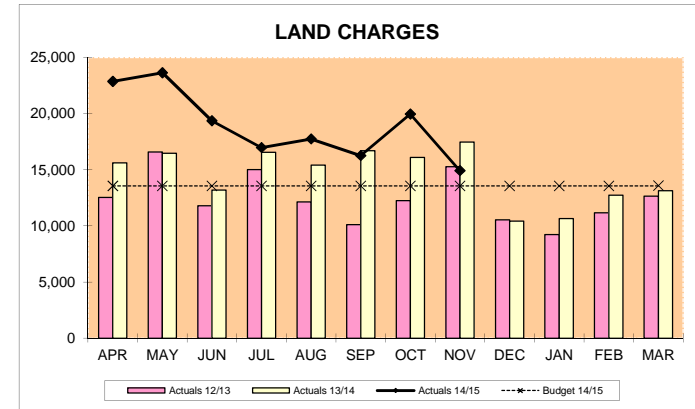
HWDCRIM / HWENFORC

	Actual (Cumulative)	Budget	(Monthly)	
PENALTY NOTICES	3403	118,016	96,000	13,518
WAIVERS	3404	6,228	6,664	917
RESIDENTS PERMITS	3406	36,287	32,000	3,911
ON STREET PARKING	3300	359,655	284,807	54,832
BUSINESS PERMITS	3408	61,676	55,328	5,896
OTHER	9999	-	-	-
EXCESS CHARGE	***1	86,911	102,920	10,337
TOTAL		668,772	577,719	89,411

10 Land Charges Graphs

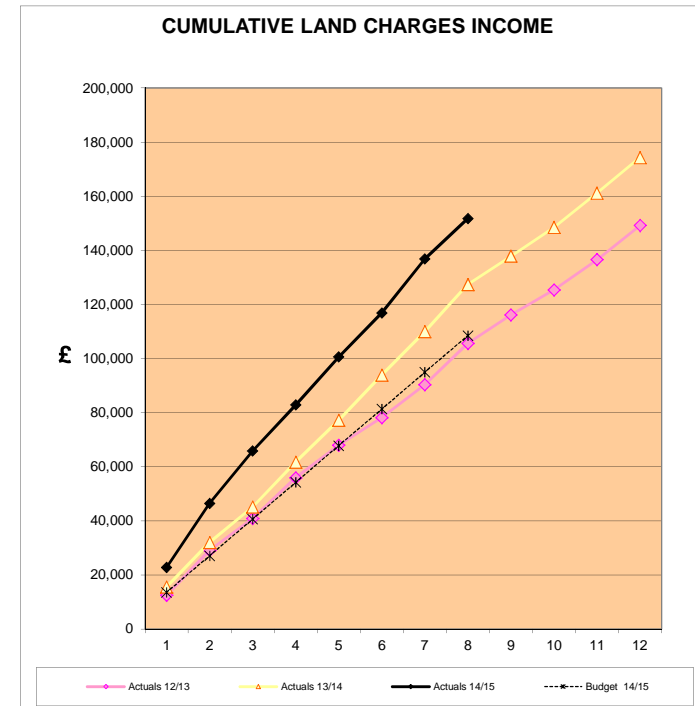
LAND CHARGES (LPLNDCH)

	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	17,740	2,321	13,561	4,179	
6 SEP	10,100	16,709	16,259	-449	13,561	2,698	
7 OCT	12,235	16,083	19,959	3,876	13,561	6,398	
8 NOV	15,271	17,455	14,915	-2,540	13,561	1,354	
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	151,741	-22,632	162,739	-10,998	202,739



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	100,607	23,409	67,805	32,802	
SEP	78,145	93,907	116,867	22,960	81,366	35,501	
OCT	90,379	109,990	136,826	26,836	94,927	41,899	
NOV	105,651	127,445	151,741	24,296	108,488	43,253	
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	202,739



NOVEMBER 2014

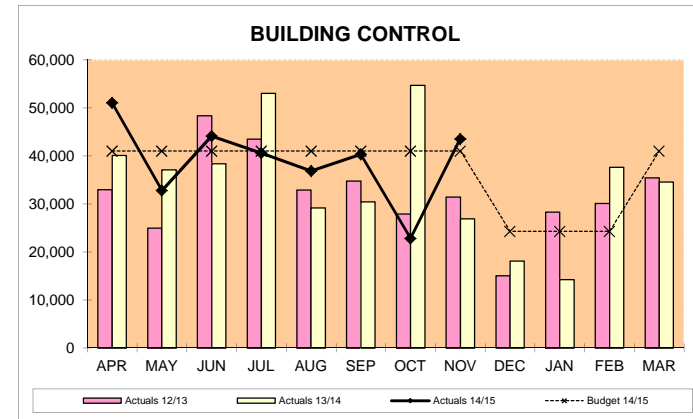
LPLNDCH

	Received (Month)	Percentage (Month)	Percentage (Month 13/14)	(Cumulative)	
Searches Received - Paper	£105	52	23%	14%	501
Searches Received - Electronic	£86	80	36%	61%	901
Searches Received - Personal	£0	90	41%	25%	792
	222	100.0%	100.0%	2,194	

10 Building Control Graphs

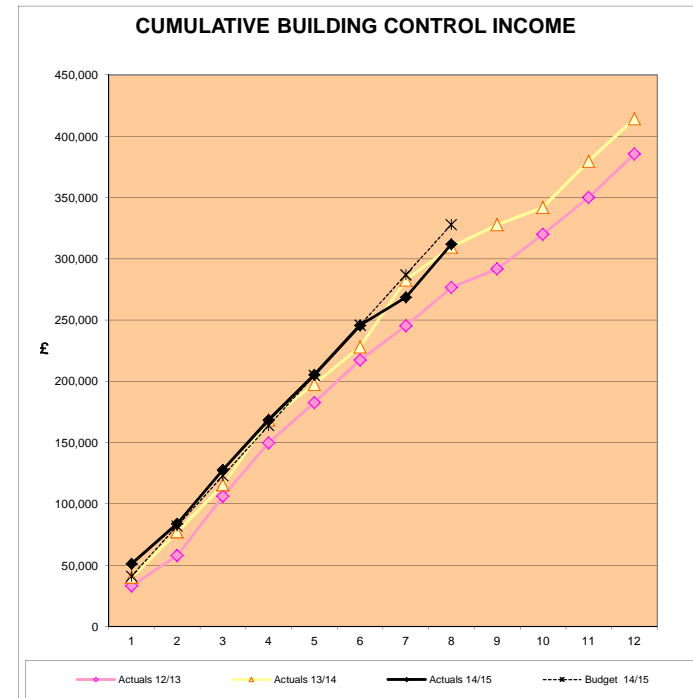
BUILDING CONTROL (DVBCFEE)

	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	51,034	10,966	41,000	10,034	
2 MAY	24,976	37,100	32,817	-4,283	41,000	-8,183	
3 JUN	48,352	38,370	44,143	5,773	41,000	3,143	
4 JUL	43,510	52,998	40,573	-12,425	41,000	-427	
5 AUG	32,905	29,169	36,853	7,684	41,000	-4,147	
6 SEP	34,735	30,402	40,314	9,912	41,000	-686	
7 OCT	27,882	54,714	22,812	-31,902	41,000	-18,188	
8 NOV	31,440	26,918	43,520	16,602	41,000	2,520	
9 DEC	15,031	18,120		-18,120	24,282	-24,282	
10 JAN	28,290	14,239		-14,239	24,282	-24,282	
11 FEB	30,097	37,644		-37,644	24,285	-24,285	
12 MAR	35,403	34,554		-34,554	41,000	-41,000	
TOTAL	385,596	414,297	312,067	-102,230	441,849	-129,782	441,849



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	51,034	10,966	41,000	10,034	
MAY	57,951	77,168	83,852	6,683	82,000	1,852	
JUNE	106,303	115,539	127,995	12,456	123,000	4,995	
JUL	149,813	168,537	168,568	31	164,000	4,568	
AUG	182,719	197,706	205,421	7,715	205,000	421	
SEP	217,453	228,108	245,735	17,627	246,000	-265	
OCT	245,335	282,823	268,547	-14,275	287,000	-18,453	
NOV	276,776	309,740	312,067	2,327	328,000	-15,933	
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	441,849



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DVBCFEE

	Actual (Cumulative)	Budget	(Monthly)
Plan Fee	3066	198,351	200,000
Inspection Fee	3067	113,716	128,000
TOTAL	312,067	328,000	43,520

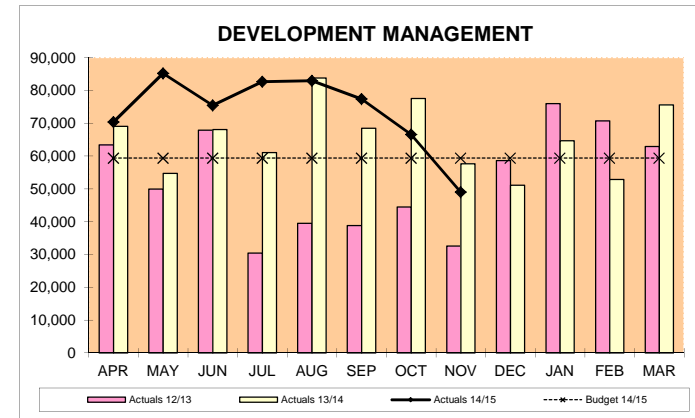
* From November 2014 these graphs represent information on Plan Fees and Inspection Fees only. Income budget for partnership working now excluded.

Agenda Item 9

10 Development Management Graph

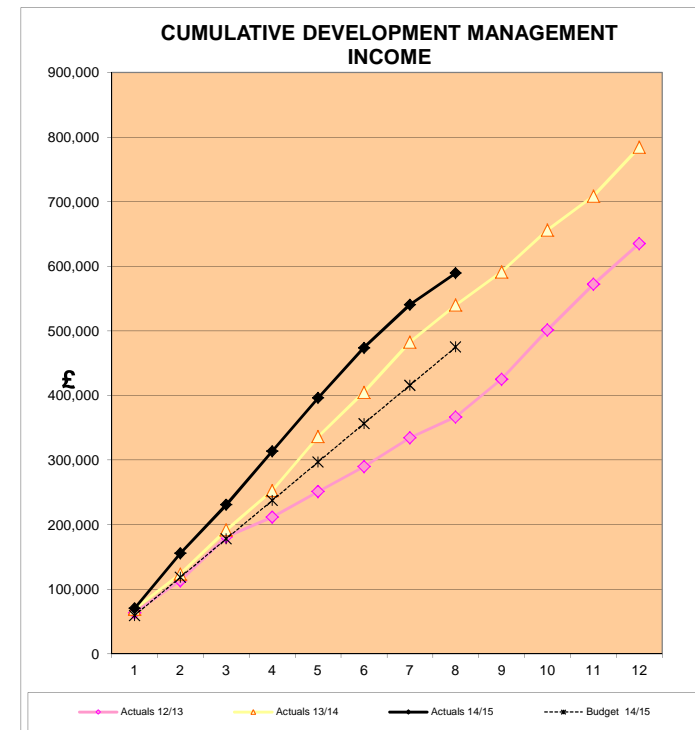
DEVELOPMENT MANAGEMENT (DVDEVCT)

	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	82,965	-839	59,392	23,573	
6 SEP	38,837	68,457	77,386	8,928	59,392	17,994	
7 OCT	44,434	77,511	66,604	-10,908	59,392	7,212	
8 NOV	32,532	57,665	49,012	-8,652	59,392	-10,380	
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	
TOTAL	635,226	784,555	589,602	-194,952	712,715	-123,113	844,715



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	396,601	59,935	296,960	99,641	
SEP	290,020	405,123	473,987	68,863	356,352	117,635	
OCT	334,454	482,634	540,590	57,956	415,744	124,846	
NOV	366,986	540,299	589,602	49,304	475,136	114,466	
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	844,715



NOVEMBER 2014

DVDEVCT

	Actual (Cumulative)	Budget	(Monthly)	
Planning Application Fees	3009	522,109	421,176	38,104
Other	9999	-	-	-
Pre-application Fees	94301	44,693	34,432	5,808
Monitoring Fees	94302	22,800	19,528	5,100
TOTAL	589,602	475,136	49,012	

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FINANCIAL PERFORMANCE INDICATORS 2014/15 – TO THE END OF NOVEMBER 2014

Finance and Resources Advisory Committee – 20 January 2015

Report of Chief Finance Officer

Status: For Consideration

Also considered by: n/a

Key Decision: No

Portfolio Holder Cllr. Ramsey

Contact Officer(s) Helen Martin Ext. 7483

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

Reason for recommendation: This recommendation supports the sound control of the Councils finances.

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 10

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Appendices

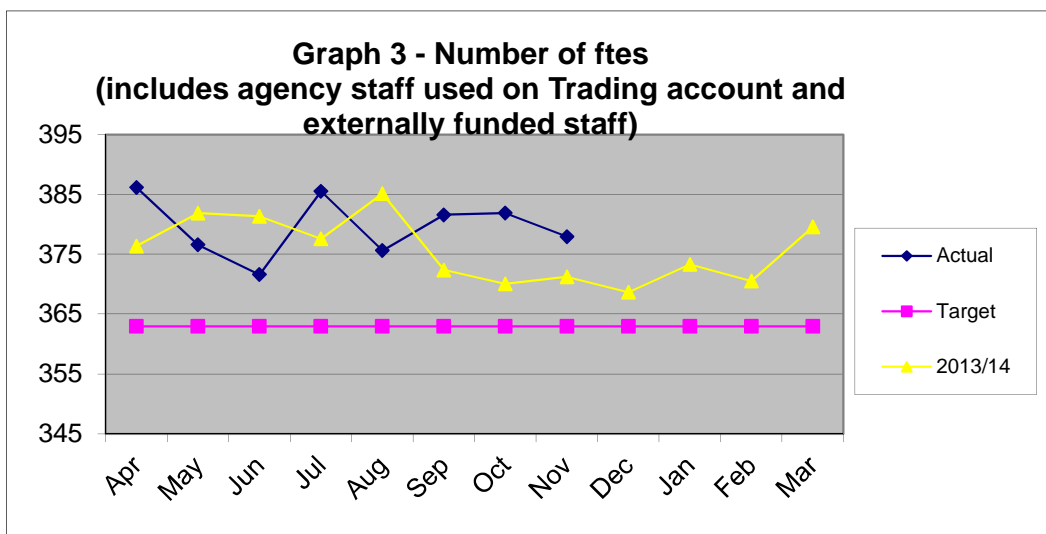
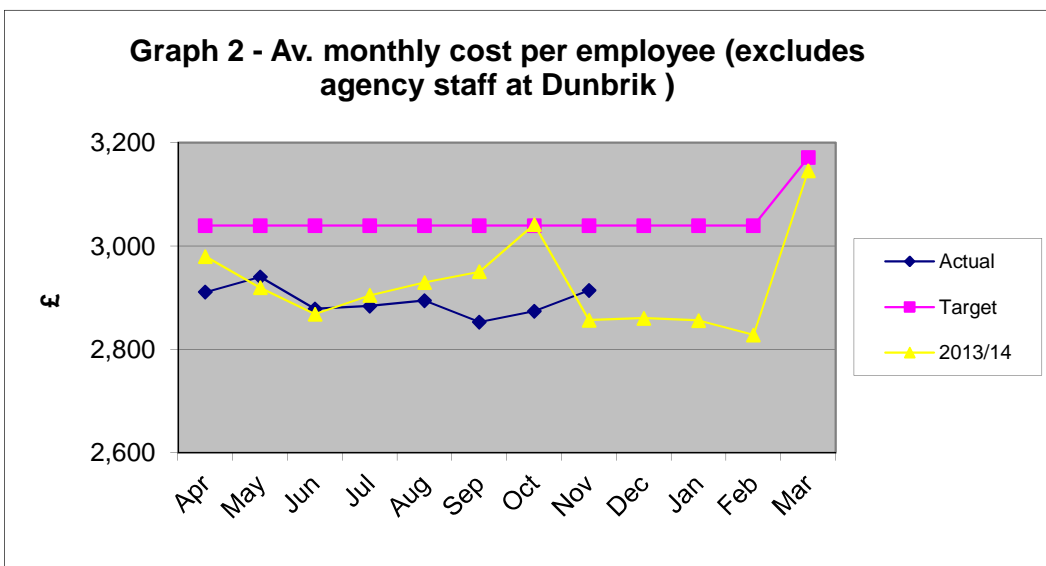
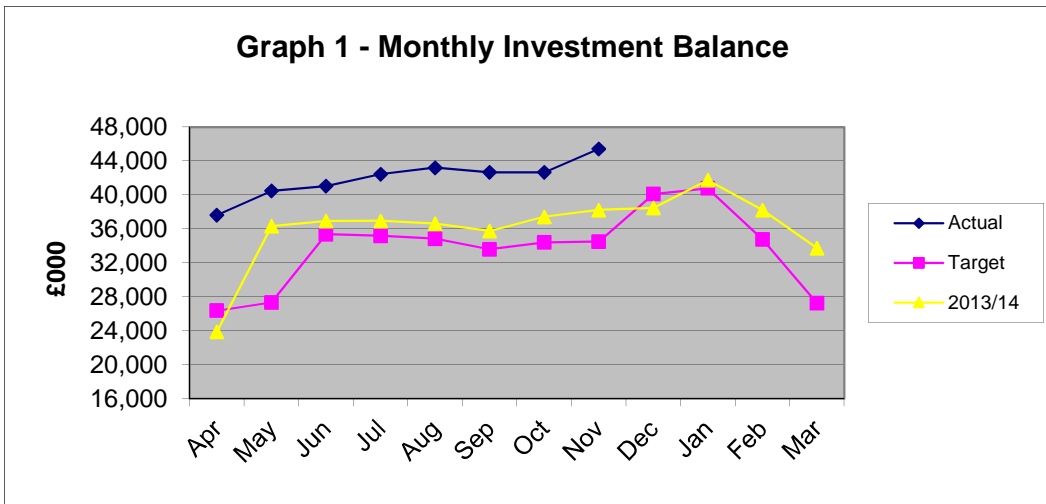
Appendix A – Performance Indicators – November 2014

Background Papers:

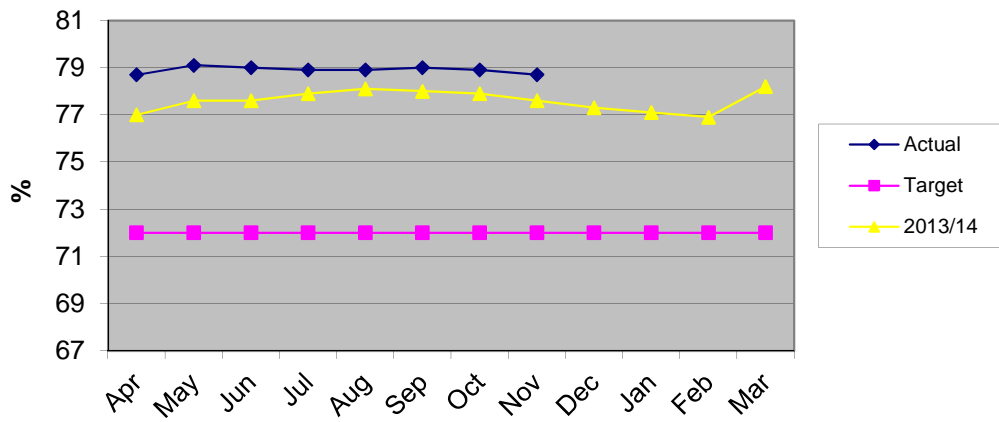
None

Adrian Rowbotham
Chief Finance Officer

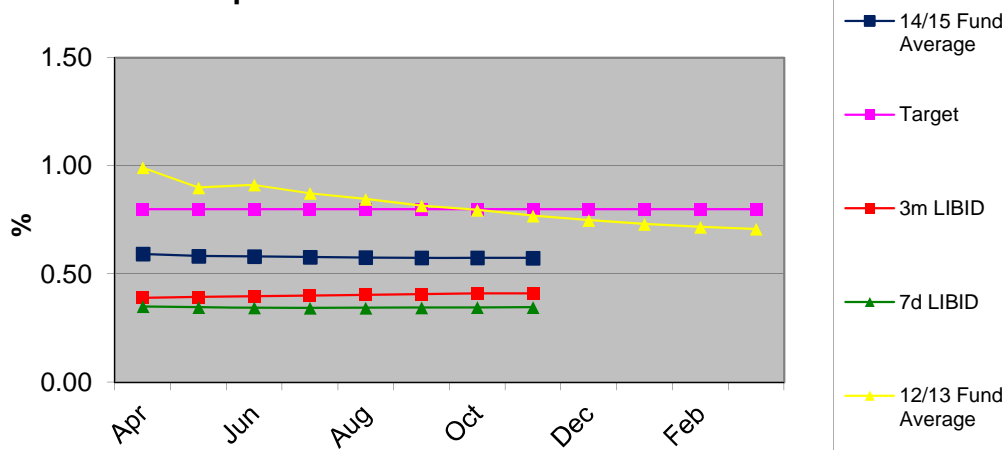
**Finance & Resources Advisory Committee Finance Indicators 2014/15
as at end November 2014**



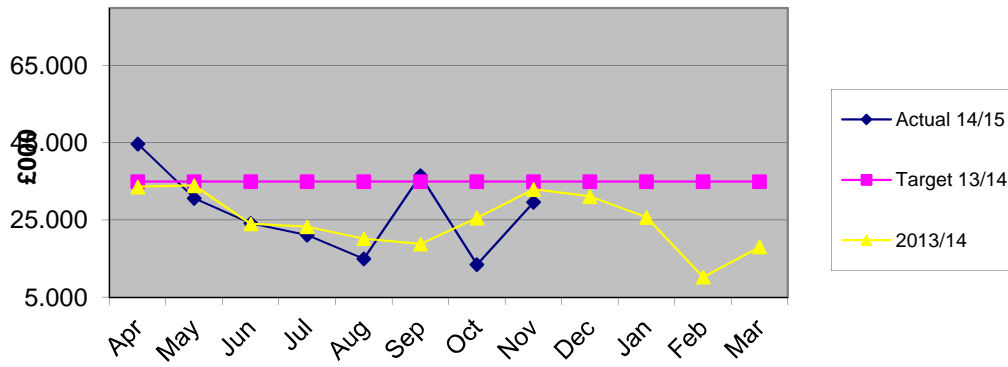
Graph 4 - Council Tax % on direct debit



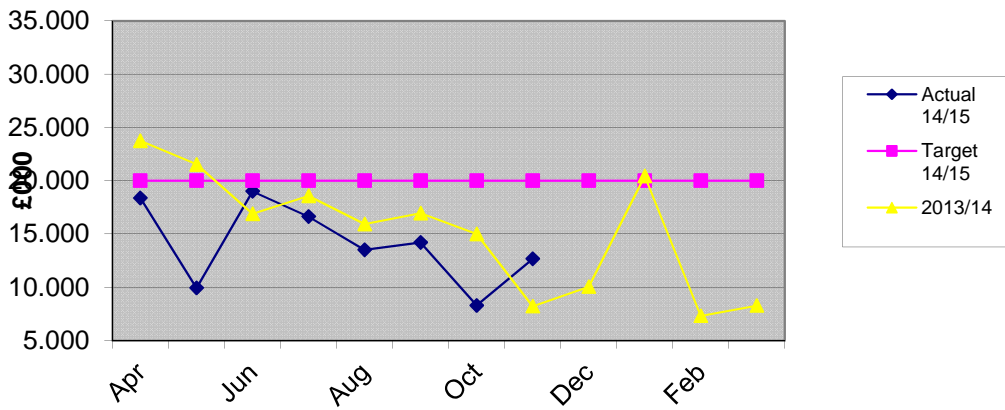
Graph 5 - Investment Return %



Graph 6 - Sundry debts over 21 days



Graph 7 - Sundry debts over 61 days



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Finance & Resources Advisory Committee Work Plan 2014/15

20 January 2015	14 April 2015	June 2015	September 2015	November 2015
<p>Risks and Assumptions for Budget 2015/16</p> <p>Capital and Asset Maintenance Budget 2015/16</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>	<p>Financial Performance Indicators 2014/15 - to the end of February 2015</p> <p>Financial Results 2014/15 - to the end of February 2015</p>	<p>Financial Performance Indicators 2014/15 - to the end of March 2015</p> <p>Provisional Outturn 2014/15 and Carry Forward Requests</p>	<p>Annual Treasury Management Report 2014/15</p> <p>Financial Performance Indicators 2015/16 - to the end of July 2015</p> <p>Financial Results 2015/16 - to the end of July 2015</p> <p>Financial Prospects and Budget Strategy 2016/17 and Beyond</p>	<p>Treasury Management Statutory Report</p> <p>Budget: Service Reviews and Service Change Impact Assessments (SCIAS)</p> <p>Shared Services</p> <p>Financial Performance Indicators 2015/16 - to the end of September 2015</p> <p>Financial Results 2015/16 - to the end of September 2015</p>

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