25 January 2016 at 7.00 pm

Conference Room, Argyle Road, Sevenoaks
Despatched: 15.01.16

Sevenoaks
DISTRICT COUNCIL

Finance Advisory Committee

Membership:
Chairman, Cllr. Searles; Vice-Chairman, Cllr. Scholey
Cllrs. Mrs. Bayley, Bosley, Cooke, Esler, Eyre, Kelly, Krogdahl, Lake, Pett and Scott (formerly Rosen)

Agenda

		Pages	Contact
	Apologies for Absence		
1.	**Minuites** To agree the minutes of the meeting of the Committee held on 17 November 2015, as a correct record.	(Pages 1 - 6)	
2.	**Declarations of Interest** Any interest not already registered		
3.	**Actions from Previous Meeting (if any)**	(Pages 7 - 8)	
4.	**Update from Portfolio Holder**		
5.	**Referral from Cabinet or the Audit committee (if any)**		
6.	**Procurement Strategy Update**	(Pages 9 - 22)	Richard Wilson Tel: 01732 227262
7.	**Universal Credit and Welfare Reform Update**	(Pages 23 - 28)	Nick Scott Tel: 01732 227397
8.	**Risks and Assumptions for Budget 2016/17**	(Pages 29 - 40)	Helen Martin, Adrian Rowbotham Tel: 01732 227483/7153
9.	**Discretionary Rate Relief**	(Pages 41 - 62)	Sue Cressall, Adrian Rowbotham Tel: 01732 227041/7153

10.	**Treasury Management Strategy 2016/17**	(Pages 63 - 102)	Roy Parsons, Adrian Rowbotham Tel: 01732 227204/7153
11.	**Capital Programme and Asset Maintenance**	(Pages 103 - 118)	Helen Martin, Adrian Rowbotham Tel: 01732 227483/7153
12.	**Financial Performance Indicators 2015/16 to the end of November 2015**	(Pages 119 - 124)	Helen Martin, Adrian Rowbotham Tel: 01732 227483/7153
13.	**Financial Results to the end of November 2015**	(Pages 125 - 130)	Helen Martin, Adrian Rowbotham Tel: 01732 227483/7153
14.	**Work Plan**	(Pages 131 - 132)	

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.)

If you wish to obtain further factual information on any of the agenda items listed above, please contact the named officer prior to the day of the meeting.

Should you need this agenda or any of the reports in a different format, or have any other queries concerning this agenda or the meeting please contact Democratic Services on 01732 227247 or democratic.services@sevenoaks.gov.uk.

FINANCE ADVISORY COMMITTEE

Minutes of the meeting held on 17 November 2015 commencing at 7.00 pm

Present: Cllr. Searles (Chairman)

Cllr. Scholey (Vice-Chairman)

Cllrs. Mrs. Bayley, Bosley, Esler, Kelly, Krogdahl, Lake, Pett and Rosen

Apologies for absence were received from Cllr. Cooke

12. Minutes

Resolved: That the Minutes of the Finance Advisory Committee held on 2 June 2015 be approved and signed by the Chairman as a correct record.

13. Declarations of Interest

No additional declarations of interest were made.

14. Actions from Previous Meeting

There were none.

15. Update from Portfolio Holder

The Chairman and Portfolio Holder for Finance updated the Committee that two new Internal Audit staff had been appointed and the team was now fully staffed. He explained that most of his time had been spent, together with the Leader, Chief Executive and Chief Finance Officer, in working on the 10-year rolling budget which would be considered by Cabinet on 3 December 2015.

16. Referral from Cabinet or the Audit committee

There were none.

17. Overview of Revenues and Benefits - Presentation

The Head of Revenues and Benefits gave a presentation on the statutory responsibilities and operating arrangements in the Revenues and Benefits shared service which included Housing Benefit, Council Tax Support, Council Tax and Business Rates.

Action 1: The Head of Revenues and Benefits to provide to the Committee details of the time taken by the team to process benefit appeals.

Resolved: That the presentation on the statutory responsibilities and operating arrangements in the Revenues and Benefits shared service be noted.

18. Budget: Review of Service Dashboards and Service Change Impact Assessments (SCIAs)

The Chief Finance Officer advised that the report before the Committee was the second stage of the budget process and would be presented to all Advisory Committees. The first stage had been the 'Financial Prospects and Budget Strategy' report which had been reported to Cabinet on 17 September 2015. The purpose of this report was to ensure that all Members of the Advisory Committees had a role to play in the governance of the Council and the budget decision making process and to make suggestions to Cabinet on growth and savings ideas for the services within their terms of reference.

The main message was that this should be a significant step towards the Council becoming financially self-sufficient. The 10-year budget at Appendix F to the report, included no Revenue Support Grant (RSG) from 2016/17 and no New Homes Bonus (NHB) from 2019/20. In practice it was likely that some funding would still be received from these sources in the near future but the amounts were unknown. The Financial Prospects report had recommended that any amounts that were received were placed into the Financial Plan Reserve which could be used to support the 10-year budget by funding invest to save initiatives and support for the Property Investment Strategy (PIS). Using the funding for these purposes would result in additional year on year income that was not impacted by Government decisions.

Members had agreed the last 10-year budget in February and the changes that had been made since then included:

- Rolling the 10-year budget on for one year and updating base figures.
- Removing reliance on RSG
- Reducing the Council Tax increase assumption to 2% for all years
- Reducing fees and charges inflation to 2.5% for all years
- Reducing pay award inflation to 1% for 4 years
- Including income from PIS for the first time of £500k from 16/17, £700k from 18/19, £800k from 23/24
- Savings of £500k in 16/17 and then £100k pa for all future years

The current list of growth and savings proposals was £52,000 short of the £500,000 target (if all of the proposals were accepted), and Members were therefore being asked for further suggestions for growth and savings ideas. He further reminded Members that £5.3m had been saved from 2011/12 to 2016/17 (113 items) and there had been over £10m of savings since 2005/06.

Members reviewed Appendix D which contained the growth and savings proposals put forward by the Portfolio Holders and Chief Officers, and the Service Change Impact Assessments (SCIAs) in Appendix E. Members also considered and gave individual answers to the following five questions:

a) What services should the Council invest more in?
b) What services should the Council disinvest from?
c) What services work well?
d) What services don't work well?
e) What issues would you like Cabinet to take into account?

The Head of Finance summarised the views put forward and Members considered whether there was anything they wanted taken forward as potential growth or savings suggestions. From the summaries Members discussed that the Council was subsidising its leisure provider, Sencio. Members agreed Cabinet should review the existing contract to ensure Sencio contributed more or all of the asset maintenance costs for the leisure facilities they used.

Action 2: The Chief Officer Corporate Support to provide to the Committee details of the breakdown for where the savings in SCIA 12 for Corporate Support reduction in maintenance and consumables were achieved.

Public Sector Equality Duty

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

Resolved: That

a) the saving and growth proposals identified in Appendix D to the report applicable to the Advisory Committee (SCIA 11 – Facilities Management: Reduction in utility costs, SCIA 12 – Facilities Management: Reduction in maintenance and consumables costs, SCIA 13 – Facilities Management: Increased print income, SCIA 14, Various Partnerships: Revised split of costs and SCIA 15 – Partnership work covered within existing resources), be recommended to Cabinet;

b) it be recommended to Cabinet that Sencio contribute more towards, or all of the cost of, the asset maintenance of its sites to be considered as part of a review of the contract with them.

19. Treasury Management Mid Year Update

The Principal Accountant 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.

He explained that changes were recommended to the Council's credit methodology placing less reliance on implied levels of sovereign support, in line with the major ratings agencies. Two minor breaches of the Annual Investment Strategy had occurred, exceeding the sums to be held in any institution but in each case these had been corrected the next day.

In response to a question concerning the progress of the Local Government Association's Municipal Bond Agency, he explained that the agency was expecting to issue the first bond in the first quarter of 2016 but was still looking for borrowers prepared to commit.

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 2015/16, including the changes to the credit methodology whereby viability, financial strength and support rating would not be considered as key criteria in the choice of creditworthy investment counterparties be approved.

20. Financial Performance Indicators 2015/16 to the end of September 2015

The Head of Finance presented a report which detailed the internally set performance indicators as at the end of September 2015 which Members considered. She advised that the spike in sundry debts over 61 days was due to delays in payment by other Local Authorities, but this figure was now under £15,000 and within target.

> Resolved: That the report be noted.

21. Financial Results 2015/16 to the end of September 2015

The Head of Finance presented a report which detailed the financial results as at the end of September 2015 which showed an overall favourable variance of £12,000. The end of year position forecast was to be £159,000 worse than budget and so the Chief Executive had asked Officers to consider what reductions planned for future years could be brought forward.

Public Sector Equality Duty

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

> Resolved: That the report be noted and recommended to Cabinet with no additional comments.

22. Work Plan

The Chairman tabled an updated work plan for the Committee to consider. The updated work plan with the following additional items was agreed:

Summer 2016

- Treasury Management Annual Report 2015/16
- Financial Performance Indicators 2016/17 – to the end of July 2016
- Financial Results 2016/17 – to the end of July 2016
- Financial Prospects and Budget Strategy 2017/18 Onwards

Autumn 2016

- Treasury Management Mid-Year Update 2016/17
- Financial Performance Indicators 2016/17 – to

the end of September 2016
- Financial Results 2016/17 – to the end of September 2016
- Budget 2017/18: Review of Service Dashboards and Service Change Impact Assessments (SCIAs)

<u>THE MEETING WAS CONCLUDED AT 8.51 PM</u>

<u>CHAIRMAN</u>

ACTIONS FROM THE MEETING HELD ON 17/11/15			
Action	**Description**	**Status and last updated**	**Contact Officer**
ACTION 1	The Head of Revenues and Benefits to provide to the Committee details of the time taken by the team to process benefit appeals.	90% of appeals received between 1 April 2015 to 30 September 2015 were dealt with within 6 weeks. (18.11.2015)	Nick Scott Ext. 7397
ACTION 2	The Chief Officer Corporate Support to provide to the Committee details of the breakdown for where the savings in SCIA 12 for Corporate Support reduction in maintenance and consumables were achieved	The Chief Finance Officer provided details of the breakdown in an email to committee members on 22/12/15.	Jim Carrington-West Ext. 7218

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PROCUREMENT STRATEGY UPDATE

Finance Advisory Committee – 25 January 2016

Report of	Chief Officer Environmental & Operational Services
Status:	For Decision
Also considered by:	Cabinet – 4 February 2016
Key Decision:	No

This report supports the Council Promise to provide value for money

Portfolio Holder	Cllr. Searles
Contact Officer(s)	Richard Wilson (Ext. 7262) Lee Banks (Ext. 7161)

Recommendation to Finance Advisory Committee:

To recommend to Cabinet that the updated Procurement Strategy be adopted.

Recommendation to Cabinet:

To adopt the updated Procurement Strategy.

Reason for recommendation: To ensure that the Council has in place an appropriate strategy that guides all procurement activity across the council.

Introduction and Background

1 The Council's current Procurement Strategy was adopted by Cabinet in September 2013. Since this time the Council's Officer Procurement Group has kept the Strategy under review to ensure it continues to comply with relevant legislation and best practice in procurement as well as supporting the Council in meeting its priorities.

2 The current Procurement Strategy requires updating to ensure it takes account of the Council's safeguarding duties and updated promises to residents which will also form the basis of the Council's next Corporate Plan.

Updates to the Procurement Strategy

3 The Procurement Strategy as adopted in 2013 continues to provide a robust framework for procurement activity across the council by ensuring key principles are considered in the award of any contract for goods or services.

4 It is a requirement of the Strategy that any amendments required to it are reported to Members for their consideration and approval. In summary the Procurement Strategy at Appendix A includes the following updates:

- Revised Council Promises (page 1 of the Strategy); and
- Addition of a section on Safeguarding (page 4 of the Strategy).

Other Options Considered and/or Rejected

5 No further options have been considered by Officers. The update to the Strategy is important to support best practice procurement across the council. Members may wish to recommend other areas that the Strategy should consider to further improve the Council's approach to procurement.

Key Implications

Financial

6 The Procurement Strategy is designed to support the delivery of best value in all decision making in the purchase of goods and services. Adoption of the updated Procurement Strategy will continue to promote effective use of council resources and value for money.

Legal Implications and Risk Assessment Statement.

7 Failure to follow appropriate procurement guidance and legislation has the potential to create significant complications for a local authority. The Strategy promotes best practice and Officers are clear on the requirements to adhere to financial and contract procedure rules, and to take the professional advice of the Council's legal service to ensure guidance and legislation is followed in all procurement activity.

8 The Council's Officer Procurement Group plays a key role in minimising risk to the Council and regular Internal Audit reviews provide assurance that appropriate practices are being followed and recommendations for improvement will be made where this is not the case.

Equality Assessment

9 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

10 Updates to the council's Procurement Strategy have been recommended to Members to ensure that the framework that guides the decision making on all purchases of goods and services is in accordance with relevant legislation and best practice in procurement as well as supporting the Council in meeting its priorities.

11 Subject to the consideration of the Finance Advisory Committee it is recommended that the updated Strategy put forward is recommended for adoption by Cabinet.

Appendices	Appendix A – Draft Procurement Strategy
Background Papers	None

Richard Wilson
Chief Officer Environmental & Operational Services

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Sevenoaks District Council

Procurement Strategy

Sevenoaks
DISTRICT COUNCIL

Procurement Strategy

This strategy sets out a clear framework for procurement at Sevenoaks District Council. It reflects the Council Vision and Promises and aligns with the financial and contract procedure rules set out in the Council's Constitution.

The Strategy is reviewed annually by the Council's Officer Procurement Group and updated as necessary to reflect developments in best practice procurement. Where updates are required the Procurement Strategy is reported to Members for approval.

We are always interested in ways to improve our approach to the Procurement and welcome your suggestions.

Contact us

Policy & Performance
Sevenoaks District Council
Argyle Road
Sevenoaks
Kent TN13 1HG

01732 227000
policy@sevenoaks.gov.uk

Publication details

Purpose of the Procurement Strategy

To ensure that the Council adopts appropriate principles in the purchase of goods and services, in accordance with legislation and its own contract and financial procedure rules.

Publication date
January 2016

Contents

1. Background & Information

Introduction

Procurement is the process of acquiring goods, works and services from a range of suppliers. The process spans the whole cycle from the identification of needs through to the end of a services contract or the end of the useful life of an asset.

Procurement is broader than just buying or commissioning, it is about securing goods and services that best meet the needs of service users and the local community.

Procurement is a tool that when used effectively helps the Council to achieve its overall objectives. It remains critical to deliver best value in procurement but that does not mean that the key focus should be on price. It is important that procurement decisions are made in line with wider service and Council objectives. For Sevenoaks District Council this means considering environmental, social and community benefits alongside financial cost. Striking this balance is at the heart of best value procurement

Council Vision & Promises

All procurement activity is undertaken to help the Council achieve its vision and promises. The vision of the District Council can be summarised as:

"Pride in the District of Sevenoaks by working with the Community as a whole, to sustain and develop a fair, safe and thriving local economy."

The Council's promises are to:

- Provide value for money;
- Work in partnership to keep the District of Sevenoaks safe;
- Provide the high quality services residents want;
- Protect the Green Belt; and
- Support and grow the local economy.

The principal aim of this Procurement Strategy is to set a clear framework for best value procurement that enables the Council to achieve these promises and deliver its vision for the District.

Procurement at Sevenoaks District Council

Procurement is a key function that is embedded across all Council services. The Council has an established Officer Procurement Group with the primary objective to embed best practice procurement across the Council and oversee and champion improvement in procurement practices across the Council. Each Officer on the Procurement Group acts as a 'Procurement Champion' within their service area to ensure a best practice approach is adopted whenever a procurement exercise is undertaken. 'Procurement Champions' are supported by independent advice from the Council's Legal Service.

This approach ensures the Council has a pool of procurement experience to draw on to deliver its aim of embedding best practice procurement across the Council.

The production of annual Procurement Plans is a key tool for services. They set out what needs to be procured each year, at what point in time and by which procurement method, i.e. quote, tender or EU procurement. The Procurement Plans form the basis for all procurement activity at Sevenoaks District Council.

2. Procurement Principles

Best Value

The Council seeks to deliver the best value for money in the procurement of all goods and services. This may not always be the lowest price but the procurement option that delivers the best value for money over the whole life of the product or contract.

An assessment of best value will incorporate a number of the principles set out in this strategy.

Social Value

The Public Services (Social Value) Act 2012 requires the Council to consider, at pre-procurement stage, how what is to be procured may improve social, environmental and economic well being of the District.

The Council will consider how social value could be improved through its procurement and will consult with the community on the design of procurement specifications to enhance social value where it is necessary to do so.

The Social Value Act is applied only to public service contracts and framework agreements to which Parts A and B of Schedule 3 of the Public Contracts Regulations 2006 apply and only those within this that are above EU thresholds in value.

Sustainability

Sustainability is an important consideration when making procurement decisions. It ensures that the Council considers the environmental impact of its procurement decisions.

Environmental impact is assessed at the key stages of procurement to ensure that principles of waste reduction, recycling and use of environmentally acceptable materials are met.

Tools have been developed to assist officers in applying sustainability considerations, primarily through 'Pre-Qualification Questionnaires'.

Equality and Diversity

All procurement procedures comply with the Council's Equalities Statement and the Disability Discrimination Act.

The Council has regard to appropriate workforce strategies through the procurement process and includes an assessment of a potential suppliers approach to equalities and diversity as part of the tender evaluation criteria.

Tools have been developed to ensure officers apply Equalities criteria to procurement decisions including through 'Impact Assessment' templates.

Collaboration and Working in Partnership

The Council is committed to collaborating with other local authorities and organisations in the procurement process whenever it is appropriate. At each point a procurement need arises the Council always considers whether working in partnership or collaborating could deliver better outcomes or value for money.

Supporting Local Business and Small and Medium Enterprises

The Council is committed to supporting local businesses and community organisations, as well as small and medium enterprises (SMEs) to compete for and win contracts, insofar as it is possible within the legal framework.

3. Effective Practice & Decision Making

Effective practice

The Council fulfils its statutory duties meeting both EU Directives and UK statutory requirements, and taking account of case law that emerges. The Council also ensures that is follows the rules set out in its Constitution.

No one individual is permitted to authorise all stages of the procurement process. The authority to release funds from a budget is separated from the authority to certify the purchase, so as to ensure that at least two people are involved in determining that the purchase is legitimate, necessary and that it delivers value for money.

The Council's Officer Procurement Group oversees and champions best practice in procurement and works to ensure effective practice in all procurement. The Group is supported by advice from the Council's Legal Service and periodic Internal Audit reviews provide valuable feedback on the effectiveness of procurement practice.

Ethical behaviour

The highest standards of professional behaviour are expected from all Councillors and Officers in their dealings with partners and suppliers. The Council must always act with integrity and, where possible, with openness in undertaking procurement.

Any conflicts of interest in the procurement process are documented and managed in line with the Council's Constitution.

The Council must always act fairly with suppliers in all matters, including prompt payment in accordance with agreed terms. There is no favouritism or bias shown towards one supplier over another. Procurement decisions must always be communicated clearly.

Decision Making

Procurement decisions are based on clear and justifiable evidence. They are transparent and have an audit trail which can be scrutinised.

Criteria are established prior to invitations to tender to enable a balanced evaluation to be made which takes into account quality, deliverability and fitness for purpose. Such criteria are shared with potential suppliers.

Procurement decisions are always made on the basis of the whole life evaluation of quotes and tenders.

Continuous Improvement

Procurement opportunities are always seen as an opportunity to improve. This can be improved outcomes for service users or the local community, better performance levels or reduced cost.

Continuous improvement is also applied to the on going training and development of officers involved in the procurement process and the tools the Council uses to assist in procurement activity. This includes the use of annual procurement plans, flow charts of procurement rules, user friendly guides and best practice advice on the Council Intranet and the use of the South East Business (SEB) portal.

Where contracts run for a number of years the contract is sufficiently flexible to provide for continuous improvement through the period of the contract.

3. Effective Practice & Decision Making
(continued)

Risk Management

The Council ensures that any risk to the authority or the community it serves, is properly recognised in all its procurement dealings. Risks are identified, evaluated and managed at every stage of the procurement process in accordance with the Council's risk management strategy and framework.

Safeguarding

The Council's Safeguarding Policy seeks to enhance the quality of life of children and vulnerable adults through consultation with them about the services we provide, identifying and responding to child and adult protection issues, seeking to prevent cases of abuse, promoting good practice and sharing information to assist in the prevention of abuse.

Where it is appropriate in the services being procured the Council is committed to ensuring suppliers have appropriate safeguarding measures in place and are aware of their requirements under the Council's Policy.

Staffing-related issues

Employees affected by any procurement process are consulted and those who may transfer as a consequence of a procurement decision will be protected under the Transfer and Undertaking Protection Regulations (TUPE).

The Council is committed to ensuring that contractors are good employers, and will look to ensure that contractors (and their subcontractors) utilise local labour wherever possible, particularly for apprenticeship schemes and similar.

4. Additional Information

Links to plans and strategies

The Council's Procurement Strategy is aligned to the commitments made in a number of other Council plans and strategies. These include the:

- Council's Constitution;
- Financial Procedure Rules;
- Contract Procedure Rules;
- Financial Strategy;
- Human Resources Strategy;
- Equality Statement;
- Safeguarding Policy;
- IT Strategy; and
- Risk Management Strategy.

Guidance for officers

Further procurement guidance is available on the Council's Intranet. This information includes:

- Procurement Policies;
- 'How to' Procurement Guides; and
- Best practice tools and advice.

Guidance for suppliers

Further procurement guidance is available to all potential suppliers on the Council's website. This information includes:

- Suppliers Guide;
- Financial Thresholds for contracts and tenders;
- Contract Register (though SEB Portal); and
- Current Contract Opportunities (through SEB Portal).

Sevenoaks District Council

Procurement Strategy

If you have any comments about this document or require further copies, please contact:

Policy & Performance
Sevenoaks District Council
Argyle Road
Sevenoaks
Kent
TN13 1HG

Telephone **01732 227000**

E-mail **policy@sevenoaks.gov.uk**

Further information about Procurement is available on the Council's website at www.sevenoaks.gov.uk/procurement

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January 2016

Sevenoaks
DISTRICT COUNCIL

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UNIVERSAL CREDIT AND WELFARE REFORM UPDATE

Finance Advisory Committee – 25 January 2016

Report of	Chief Finance Officer
Status:	For information
Key Decision:	No

Portfolio Holder	Cllr. Searles
Contact Officer(s)	Nick Scott - Ext. 7397

Recommendation to Finance Advisory Committee

That the latest position on Universal Credit and Welfare Reform be noted.

Introduction and Background

1 **Universal Credit - progress and roll-out**

Members will be aware that progress on implementing Universal Credit (UC) has been at a much slower pace than originally expected. Information now coming out from the Department for Work and Pensions (DWP) indicates a further change in the timetable for the roll-out of UC.

UC is already present in 75 per cent of jobcentres, and is scheduled to be present in all jobcentres by spring 2016. Once this has been completed, the transition to UC through both the natural and managed transition process will commence from May 2016 and be mainly carried out using the new Digital Service, currently being trialled in parts of Sutton and Croydon.

Consequently, the DWP are now telling local authorities that:-

(i) UC claims on the current IT system will be moved to the UC Digital Service from May 2016;

(ii) Natural migration for new claims for Housing Benefit (HB) and other legacy benefits will begin during 2017 using the new Digital Service, with the number of claims for HB progressively declining as they are replaced by UC claims;

(iii) It appears that the managed migration of existing HB claims and other legacy benefit claims will not now commence until the Digital Service is fully available and able to take claims through the managed migration. This migration schedule is now due to start in 2018. The bulk of claims will be from 2019 onwards, with the aim of completing the transition by March 2021.

At a recent Public Accounts Committee session on Universal Credit, the DWP said that they would be writing to local authorities about the plans for the 2016/2017 roll-out 'just after Christmas'.

2 **Latest Universal Credit caseload statistics**

As at 12th November 2015, there were 155,568 people in receipt of UC. Of these, 33% were in employment, 67% were not in employment.

The rate of UC starts has declined across the country over the last few months. The number of new claims has fallen from its peak of 6.481 in July to 5,961 as at 29th October. An increase in the rate of take-up is therefore needed in order for the DWP to achieve its target of 500,000 UC claims by May 2016.

The DWP says that this decline may be due to seasonal effects, as a similar pattern was observed in the same period last year, and adds that, overall, there has been a 70% increase in caseload in the last five months.

3 **Latest position for Sevenoaks District Council**

Nationally, the current transition to UC is being managed over four phases. This Council was in phase three of the rollout programme and went live on 12th October 2015.

The cases currently being targeted through the rollout programme are new claimants who are single, unemployed and who do not have a housing costs liability. In reality, this means that, without the inclusion of housing costs, there is very little impact on the Revenues and Benefits service. In fact, it is the inclusion of housing costs in UC that is proving to be the most problematic and one of the primary reasons behind the slow roll-out of UC.

The following UC projections for Sevenoaks covering the period 12th October 2015 to 31st March 2016 were provided by the DWP just prior to our ‘go-live’ date.

	Oct-Dec 15	**Jan-Mar 16**	**Total**
UC claims	61	85	**146**
On-line supported access (5% of claims)	3	4	**7**
Straight forward Personal Budgeting Support (5% of claims)	3	3	**6**

Complex Personal Budgeting Support	0	0	**0**
Local Council Tax Support cases (20% of claims)	3	0	**3**
Support for UC Service Centre (20% of claims to March 16)	12	17	**29**

In preparation for the UC live service, the Council entered into a Delivery Partnership Agreement to become a UC delivery partner. This is currently an interim arrangement covering the period 12th October 2015 to 31st March 2016 and not only will this support the national expansion of UC, it will also enable a local service to be delivered to claimants who require help in the categories detailed above.

For information, it is pertinent to note that at the time of writing this report that, despite the DWP projections, there has not been one case in these categories for the Council to deal with.

4 **Welfare Reform update**

The following is a summary of the main Housing Benefit changes that are being introduced in 2016/17.

<u>Local Housing Allowance (LHA) Rates (effective from 1 April 2016)</u>

LHA rates are determined by rent officers (Valuation Office Agency) and are used to work out Housing Benefit entitlement for tenants who are in privately rented accommodation.

A new statutory instrument has been laid to provide for the freezing of LHA rates for the next four years. This instrument makes changes to how rent officers will determine the LHA rates which will apply from April 2016 through to 2019/20.

The effect of this legislation is to ensure that, during the period April 2016 to 2019/20, LHA rates will either remain at the April 2015 rate (as determined on 15 January 2015) or be set at the 30th percentile of market rents, if this is lower.

In order to mitigate the impact, the government says that the increased provision for discretionary housing payments, £800million over five years, will be available for local authorities to protect the most vulnerable claimants and support households adjusting to welfare reforms, including this change to LHA rates.

Impact Assessment

These changes may mean that currently affordable accommodation for Housing Benefit claimants could become unaffordable.

Removal of the family premium from new Housing Benefit claims (effective from 1 May 2016)

The family premium is an element of the weekly figure set by the government, used in the calculation of Housing Benefit entitlement, which represents the basic living needs of the claimant and family.

A new statutory instrument has been laid to withdraw the family premium, currently £17.45 per week for claimants with children and £22.20 for lone parents, which confirms the start date for the removal of the premium for new claims only as 1st May 2016.

Existing claims are protected from this new legislation and the change will not apply to the Council's council tax support scheme for 2016/17, although the DCLG will be amending the Prescribed Regulations to remove the family premium for pensioners claiming council tax support from 1st May 2016.

Impact Assessment

This will result in a reduction in Housing Benefit entitlement for a number of cases

Reducing the backdating period for Housing Benefit (effective from 1 April 2016)

The Housing Benefit backdating provision, which currently allows a claim to be backdated for up to six months if the claimant can show good reason for not having made their claim earlier, is being reduced to one month (working-age claimants only).

Impact Assessment

No Housing Benefit will be payable for more than a month prior to a claim being made, even if there is 'good cause' for not claiming earlier.

Changes to the Benefit Cap (effective date to be confirmed)

The benefit cap currently restricts the amount in certain benefits that a working-age household can receive. Any household receiving more than the cap has their Housing Benefit reduced to bring them back within the limits set by the government.

The current cap for couples and lone parents is £26,000 per year but this is to be reduced to £20,000. For single claimants, the cap will reduce from £18,200 to £13,400.

Impact Assessment

- Those currently subject to the cap will have a greater shortfall.
- There will be an increase in numbers subjected to the cap.
- There will be an increased demand on the Discretionary Housing Payment fund.

Key Implications

Financial

In addition to the financial implications detailed in the respective impact assessments above, it is highly likely that there will be an increase in numbers of people experiencing hardship. Consequently, this may lead to an increased demand for services across the Council and also partner advice agencies.

Legal Implications and Risk Assessment Statement

There are no legal implications

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 [EITHER varies] [OR does not vary] between groups of people. The results of this analysis are set out immediately below.

The Government have prepared Equalities and Human Rights assessments for all welfare reform proposals. The Council will undertake the relevant assessments to address the implications at a local level when necessary.

Conclusions

That the report be noted.

Appendices None

Background Papers None

Adrian Rowbotham
Chief Finance Officer

RISKS AND ASSUMPTIONS FOR BUDGET 2016/17

Finance Advisory Committee – 25 January 2016

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. Searles
Contact Officer	Helen Martin Ext. 7483
	Adrian Rowbotham Ext. 7153

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

Introduction and Background

1 The Draft Budget 2016/17 report to Cabinet on 3 December 2015 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.

2 The risk assessment is included for Members consideration (Appendix A). The 10 year budget as presented to Cabinet on 3rd December 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: - no Revenue Support Grant from 2016/17 and no New Homes Bonus from 2019/20.
- Council Tax: 2% in 2016/17 and in later years.
- Interest Receipts: Flat amount of £250,000 in all years
- Pay Costs: 1.0% in 2016/17 to 2019/20, 2% in later years.
- Non-pay costs: 2.25% in all years.
- Income: 2.5% 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 4 February 2016.

Appendices	Appendix A – Risk Factors 2016/17 (to follow)
	Appendix B – 10-year Budget as presented to Cabinet 3 December 2015
Background Papers:	None

Adrian Rowbotham
Chief Finance Officer

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Appendix A

Risk Factors 2016/17

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	Cash impact of 1% change in budgetted expenditure or income
Pay Costs	£14m total costs	1	4	4	1% pay increase = £140k. Budget assumptions: 1.0% pay award from 2016/17 to 19/20.	Largest single item of cost. Complex drivers across the organisation.	Pay settlement pending for 2016/17. 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.	£140k
Pensions Funding	£25m deficit	1	3	3	1% change in employers contribs = £115k.	Deficit on County Fund. Future actuarial results. Government review.	£0.3m included in 10-year budget in 2017/18 to contribute towards any increase at the next triennial revaluation.	£115k
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.	
- Land Charges	£0.2m	4	1	4	10% reduction would be £19k.	Volatile activity levels in the housing market. Potential for changes in Land Charges following the Infrastructure Act.	Continue to monitor.	£2k

Appendix A

Agenda Item 8

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	Cash impact of 1% change in budgetted expenditure or income
- Development Control	£0.7m	3	3	9	10% reduction would be £72k.	Volatile activity levels in the housing market and general economic conditions. Fluctuations in income with major applications	Current year income is above target. Continue to monitor.	£7k
- Building Control	£0.5m	3	3	9	10% reduction would be £49k	Volatile activity levels in the housing market and general economic conditions. Competition from commercial organisations	Current year income is below target. Continue to monitor.	£5k
- Car Parks	£2.1m	1	4	4	10% reduction would be £216k	General economic conditions; central government directives	Current year income is ahead of target. Continue to monitor.	£21.6k
- On-Street Parking	£0.7m	1	3	3	10% reduction would be £73k	General economic conditions. Legislative constraints on spending surpluses. Reverts to KCC control	Current year is above target. Continue to monitor and review.	£14.3k
- Car Parking - Enforcement income	£0.2m	1	2	2	10% reduction would be £15k	General economic conditions; central government directives	Current year is ahead of 14/15 income at similar time of year. Continue to monitor and review	£3.1k
Partnership working and partner contributions	£0.6m	3	2	6	Impact on individual projects is high. (As reported to Legal and Democratic AC in Oct 2015 we save £608k pa by working in Partnerships)	Partner actions delayed. Agreed funding not received by SDC. Partnerships ending.	Separate accounting arrangements. Active liaison with partners on service arrangements Written partnership agreements.	£6k

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	Cash impact of 1% change in budgetted expenditure or income
External Funding Awards	£0.5m	3	2	6	Up to £500k Impact on individual projects is high	Time limited.	Exit strategies in place.	£5k
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	£0.250m 16/17 budget	3	3	9	£215k per 0.5%. Rate increase predicted for 2016/17	Large cash variance from small rate changes. Reducing availability of suitable counter parties	Use of professional advisers. If internal borrowing is used for capital investment projects in 2016/17 there will be less cash earning bank interest. Realistic budget proposed for 2016/17	£2.5k
Investments	£44m balance at Nov 2015	1	5	5		Financial institutions going into administration.	Investment strategy regularly reviewed by FAC. Use of professional advisers.	n/a
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. Ageing assets	Reserve funds set aside. 10 year maintenance planning carried out. Policy of reducing asset liabilities wherever possible.	n/a
Capital Investment resources	£3.5m balance at March 2015 utilised for Investment Property purchase	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. Internal Borrowing approved for future investments	n/a

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	Cash impact of 1% change in budgetted expenditure or income
Rental Income from Investment Property	£0.6m in 2016/17 budget	1	4	4	Dependant on financial strength of tenants + good management to reduce impact of void periods.	Property tenants unable to pay rents/length of void premises/ability to source new tenants	Vetting of new tenants; tight control on rent payments	
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	£1.5m in 2015/16	5	4	20	£15k per 1% change.	Government continues to reduce grant. Uncertainty over future grant receipts for use in investment. Only short term settlements provided.	Excluding grant from budget from 16/17 onwards so SDC will be self sufficient from govt. funding; Adequate level of General Reserve held.	n/a
Government Support: Retained Business Rates	£1.9m in 2015/16	5	4	20	£19k per 1% change	Government changing baseline and therefore safety net levels. Time delays in decisions on appeals. High volume of successful valuation appeals.	10-year budget strategy gives ability to gradually adjust for changes. Adequate level of General Reserve held.	£19k
Council tax Referendum limits	£9.30m CTAX income in 15/16	4	3	12	£93k per 1% Government controls on changes in council tax rates	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.	£93k

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	Cash impact of 1% change in budgetted expenditure or income
Future Service Changes by Government		4	4	16		Additional services without consequent resources, e.g. previous examples of Maint. of trees on common land. Government directives on income charging e.g. Personal searches. Potential changes on health responsibilities.	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.	£5k
Changes to Audit Arrangements		2	2	4		Abolition of Audit Commission in March 2015; change of external auditors	Plan responses to new initiatives well in advance. *(appointment of external auditors transfers to Public Sector Audit Appointments Ltd),* Ensure Council organisation design can meet challenges.	

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Appendix B

Ten Year Budget - Revenue

	Budget 2015/16 £000	Plan 2016/17 £000	Plan 2017/18 £000	Plan 2018/19 £000	Plan 2019/20 £000	Plan 2020/21 £000	Plan 2021/22 £000	Plan 2022/23 £000	Plan 2023/24 £000	Plan 2024/25 £000	Plan 2025/26 £000
Expenditure											
Net Service Expenditure c/f	14,136	14,253	13,676	14,248	14,499	14,659	15,210	15,564	15,925	16,293	16,666
Inflation	473	569	506	622	446	638	454	461	468	473	478
Superannuation Fund deficit: actuarial increase	0	(721)	300	0	0	200	0	0	0	0	0
Net savings (approved in previous years)	(356)	(13)	(162)	(271)	(216)	(187)	0	0	0	0	0
New growth	***0***	***88***	***28***	***0***	***30***	***0***	***0***	***0***	***0***	***0***	***0***
New savings/Income	***0***	***(500)***	***(100)***	***(100)***	***(100)***	***(100)***	***(100)***	***(100)***	***(100)***	***(100)***	***(100)***
Net Service Expenditure b/f	**14,253**	**13,676**	**14,248**	**14,499**	**14,659**	**15,210**	**15,564**	**15,925**	**16,293**	**16,666**	**17,044**
Financing Sources											
Government Support											
: Revenue Support Grant	(1,516)	0	0	0	0	0	0	0	0	0	0
New Homes Bonus	(1,818)	0	0	0	0	0	0	0	0	0	0
Council Tax	(9,298)	(9,597)	(9,905)	(10,221)	(10,546)	(10,879)	(11,222)	(11,574)	(11,935)	(12,307)	(12,688)
Locally Retained Business Rates	(1,934)	(1,973)	(2,012)	(2,052)	(2,093)	(2,135)	(2,178)	(2,222)	(2,266)	(2,311)	(2,357)
Interest Receipts	(301)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)
Property Investment Strategy Income	0	(500)	(500)	(1,132)	(1,276)	(1,276)	(1,276)	(1,276)	(1,376)	(1,376)	(1,376)
Contributions to/(from) Reserves	(233)	(233)	(353)	(353)	(353)	(353)	(353)	(179)	(179)	(635)	148
Total Financing	**(15,100)**	**(12,553)**	**(13,020)**	**(14,008)**	**(14,518)**	**(14,893)**	**(15,279)**	**(15,501)**	**(16,006)**	**(16,879)**	**(16,523)**
Budget Gap (surplus)/deficit	**(847)**	**1,123**	**1,228**	**491**	**141**	**317**	**285**	**424**	**287**	**(213)**	**521**
Contribution to/(from) Stabilisation Reserve	**847**	**(1,123)**	**(1,228)**	**(491)**	**(141)**	**(317)**	**(285)**	**(424)**	**(287)**	**213**	**(521)**
Unfunded Budget Gap (surplus)/deficit	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Assumptions	
Revenue Support Grant:	-100% in 16/17
Locally Retained Business Rates:	2% all years
Council Tax:	2% in all years
Interest Receipts:	£250,000 16/17 onwards
Property Inv. Strat.:	£500,000 from 16/17, £700,000 from 18/19, £800,000 onwards. Sennocke and Bradbourne development income included from 2018/19.
Pay award:	1% in 16/17 - 19/20, 2% later years
Other costs:	2.25% in all years
Income:	2.5% all years

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DISCRETIONARY RATE RELIEF

Finance Advisory Committee – 25 January 2016

Report of	Chief Finance Officer
Status:	For Decision
Also considered by:	Cabinet 4 February 2016
Key Decision:	No

Executive Summary: The Council requires potential recipients of discretionary rate relief to submit a formal application every two years. However, in view of the changes brought about by business rate retention, the proposals for awarding relief are to be reported annually. This report sets out the proposals for awarding discretionary rate relief for 2016/17.

This report supports the Key Aims of: Supporting and developing the local economy and providing value for money

Portfolio Holder Cllr. Searles

Contact Officer(s) Sue Cressall Ext. 7041

Paula Porter Ext. 7277

Recommendation to Finance Advisory Committee: members are asked to recommend that Cabinet approve the proposals for granting relief from business rates for 2016/17 set out in Appendix B.

Recommendation to Cabinet: members are asked to approve the proposals for granting relief from business rates for 2016/17 set out in Appendix B.

Reason for recommendation: Relief from business rates provides organisations with valuable support and contributes to the Council's commitment to supporting and developing the local economy.

Background

1 Charities and sports organisations that have charitable status currently receive 80% mandatory relief. In order to qualify for the mandatory relief the organisation must be established for charitable purposes only and the premises must be wholly or mainly used for charitable purposes. Sports

clubs registered with HMRC as community amateur sports clubs are also entitled to 80% mandatory relief.

Certain types of business in rural villages may qualify for 50% mandatory rate relief subject to the rateable value of the property being under specified limits.

2 Section 47 of the Local Government Finance Act 1988 (as amended by s69 of the Localism Act 2011) provides local authorities with powers to grant discretionary rate relief of up to 100% to any ratepayer.

3 Discretionary rate relief can be awarded in isolation or given to 'top-up' a mandatory award.

4 However, unless one of the following apply, authorities may only grant discretionary rate relief if satisfied that it would be reasonable to do so, having regard to the interests of the council tax payers:

- The ratepayer is a charity or trustees for a charity, and the property is wholly or mainly used for charitable purposes; or
- The ratepayer is a community amateur sports club and the property is wholly or mainly used for the purpose of the club and other such clubs; or
- The ratepayer is entitled to mandatory rural rate relief; or
- All or part of the property is occupied by non-profit making organisations whose main objects are charitable or are otherwise philanthropic or religious or concerned with education, social welfare, science, literature or the fine arts; or
- The property is occupied by a club, society or other non-profit making organisation and it is wholly or mainly used for purposes of recreation.

5 Authorities should have easily understood guidelines for deciding whether or not to grant relief and for determining the amount of relief which should be based on the consideration of the merits of each individual case. However, as the range of bodies that may be eligible for discretionary rate relief is wide, not all the suggested criteria will be applicable in each case.

Introduction

6 The Council currently grants discretionary rate relief over the following categories:

- Discretionary rate relief up to 100% of rates bill (but usual award is 80%);
- Village Shop rate relief at 50% of rates bill;
- Hardship relief up to 80% of rates bill; and

- Discretionary 'top-up' relief to take total relief up to 100% of the rates bill.

7 Members reviewed the criteria for granting discretionary rate relief to charities, not for profit organisations, discretionary rural rate relief and hardship relief in February 2013 and this is attached at Appendix A.

8 Applications from ratepayers falling outside of these criteria will be considered on their merits and individual recommendations will be made having regard to the interests of the District's council tax payers.

Approach taken to reviewing applications

9 The full list of applications, together with officer recommendations, is attached at Appendix B. Each application has been considered on its own merits, however in reviewing applications against the criteria, similar organisations were considered together, to ensure consistency of approach.

10 The criteria was applied as follows for discretionary rate relief and discretionary top-up relief:

- Links to Council priorities – the extent to which the activities supported the Council's priorities was assessed, including support/activities for vulnerable or socially excluded groups.

- Evidence of financial need including reserve levels and assets – all organisations were requested to provide financial information and reserve levels were compared to annual expenditure, to assess financial need. The ability to generate income was also considered. In addition, for sports clubs, consideration was given to whether they had applied to become community amateur sports clubs (CASCs).

- Membership within the District – where it appeared that a substantial proportion of the membership was from outside the District, this was taken into account in putting forward a recommendation.

- Membership open to all – where membership is restricted to a particular group or locations, or is dependent on recommendations from existing members this has been taken into account, as not all residents would be able to benefit from the relief granted.

- Membership fee levels – fee levels were assessed to consider whether they were so high that they could exclude some in the local community.

- Bar activity and profits – if the bar is the main activity an organisation was unlikely to be recommended for relief. Any profits are expected to be used to fund club expenses.

11 For discretionary village shop relief, officers considered the benefits of the shop/business to the local community when compared with the cost of the

relief. It is recommended that the village shops receive relief due to the benefit they provide to local communities.

12 Where a ratepayer receives 100% small business rate relief the recommendation is for no discretionary rate relief or village shop relief to be granted, since the businesses already receive maximum support.

13 There is no formal appeals process against the Council's decisions on the discretionary reliefs referred to in this report. The current approach is however to re-consider decisions in the light of any representations made by the ratepayers.

Applications for 2016/2017

14 Appendix B contains the details of each applicant to be considered for relief for 2016/2017 and detailed recommendations of the level of relief to be applied.

15 All applicants fall to be considered under the criteria set out in Appendix A.

16 The level of relief is based upon the provisional multipliers announced on 16 December 2015 which are subject to confirmation. In the unlikely event that the multipliers change, a further report setting out the revised relief awards will be submitted.

17 If applications are approved, the total gross relief granted would be £176,881.92.

18 Members should be aware that the requirement for relief can change during the financial year as a result of rateable value changes, vacations etc. Therefore, some of these awards may not ultimately require full funding.

Key Implications

<u>Financial</u>

19 Since 1 April 2013 all discretionary relief granted has come under the provisions of the business rate retention scheme. The cost of relief is effectively shared between Central Government (50%), and local authorities (50%). Of this Sevenoaks District Council is required to fund 40%.

20 When setting the business rates baseline for 2013/14, the Government broadly used the existing levels of discretionary relief. Because of the operation of the levy and safety net on the business rate retention scheme it is not possible to say exactly what the actual effect of granting the relief will be and it may vary between years. For example if the Council was already at the safety net then granting additional relief would have no direct impact for that year, but would as soon as the Council moved out of the safety net.

21 Therefore Appendix B only refers to the projected gross discretionary rate relief.

Legal Implications and Risk Assessment Statement

22 There are no legal issues.

Risk Assessment Statement

23 New organisations may request relief after the deadline for receipt of applications and so would not be able to receive discretionary relief until the next annual review. In order to address urgent cases the Chief Finance Officer determines any relief to be awarded under delegated authority. These organisations would then apply in the usual way for the next round.

24 A biennial application process may seem to be an additional burden for businesses, many of whom are small. Officers have taken account of this in designing the application process so as to minimise the administrative burden on applicants.

Equality Assessment

25 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.

Consideration of impacts under the Public Sector Equality Duty:		
Question	Answer	Explanation / Evidence
a. Does the decision being made or recommended through this paper have potential to disadvantage or discriminate against different groups in the community?	No	This approach provides equality of access to discretionary relief, due to clear criteria for the award of relief and consideration of all applications at the same time.
b. Does the decision being made or recommended through this paper have the potential to promote equality of opportunity?	Yes	
c. What steps can be taken to mitigate, reduce, avoid or minimise the impacts identified above?		

Appendices	Appendix A – Policy for considering applications for Discretionary Rate Relief Appendix B – List of organisations proposed to receive relief
Background Papers:	None

Mr Adrian Rowbotham
Chief Officer for Finance

Policy for considering applications for Discretionary Rate Relief

Charitable and not for profit organisations

Under National Non-Domestic Rate (NNDR) legislation the Council has the power to award discretionary rate relief to certain charitable or not for profit organisations where the following conditions are satisfied.

All or part of the property is occupied by one or more institutions or organisations which are:

- Not established for profit, **and**

- Whose main objects are charitable or are otherwise philanthropic or religious or concerned with education, social welfare, science, literature or the fine arts; or

- Used wholly or mainly for recreation by a not-for-profit club or society.

Discretionary rate relief cannot be awarded if the ratepayer is a billing or precepting authority.

The process for considering applications is as follows:

- Not-for-profit organisations are asked to apply for discretionary rate relief (in isolation or as 'top-up' every two years, all applications to be considered at the same time.

- Cabinet to decide annually which organisations are to receive relief based on criteria including how the organisation assists the Council to achieve its priorities (see below). This includes deciding the level of relief to be granted in each case.

Criteria	Explanation
Links to Council priorities	The extent to which the activities of the organisation support the Council's priorities as set out in the Corporate Plan, and specifically supporting and developing the local economy and providing good value for money through a balanced budget.
Evidence of financial need including reserve levels and assets	Organisations with high levels of reserves (covering more than 12 months' expenditure) or who cannot demonstrate a financial need would not be a priority for rate relief.

Membership within District	As 40% of the relief is funded by SDC taxpayers priority will be given to those organisations with a high proportion of members from within the District.
Membership open to all	To give all residents an opportunity to benefit from the rate relief, priority should be given to organisations where membership is open to all.
Membership fee levels	Where membership fees are charged they should not be so high as to exclude any of the community.
Extent to which activity is based around Bar and use of profits from it	Priority would not be given to those organisations where the bar is the main activity. It would be expected that any profits from the bar would be put back to fund club expenses.

Discretionary rural rate relief

Certain types of business in rural villages, with a population below 3,000, may qualify for rate relief of 50%. Businesses that qualify for this relief are the sole general store and the sole post office in the village, provided it has a rateable value of up to £8,500, any food shop with a rateable value of up to £8,500 and the sole pub and the sole petrol station in the village provided it has a rateable value of up to £12,500. The Council has discretion to give further relief on the remaining bill on such property.

The Council may decide to give up to 100% relief to any other business in such a rural village, with a rateable value of up to £16,500, if it is satisfied that the business is of benefit to the community and having regard to the interests of its council tax payers.

Hardship Relief

Hardship relief is granted in exceptional circumstances, any business can apply for hardship relief if they can show the following:

- The business would suffer hardship if relief was not granted; and
- It is in the interests of council tax payers for relief to be granted.

An application needs to be supported by current trading figures as well as previous audited accounts or accounts accepted by HMRC. In assessing an application regard will be had to employment issues for the company or any related business and the impact that the loss of business would have on the local area. The current approval process is that the Finance Team carries out a review of the business's accounts and the Chief Finance Officer decides whether hardship relief is appropriate based on each case's merits. In practice hardship relief has been granted in only exceptional cases to date.

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Ref	Organisation name and property description/address	Parish	% for 2016/17	Estimated Relief for 2016/17	Recommendation/comments
	DISCRETIONARY RELIEF				
30559572	**Army Cadet Force** Hall Argyle Road, Sevenoaks	Sevenoaks	80	£4,646.40	**Recommended**
30561773	**Army Cadet Force** Hall Swanley Lane, Swanley	Swanley	80	£2,207.04	**Recommended**
30562325	**Army Cadet Force** Hall 8 High Street, Westerham	Westerham	80	£2,323.20	**Recommended**
30549735	**Edenbridge Forge Singers** Hall 72 High Street, Edenbridge	Edenbridge	80	£305.89	**Recommended**
30558326	**Hartley & District Social Club Ltd** Club Ash Road, Hartley	Hartley	40	£1,587.52	**Recommended** Facility used by non-members including youth karate, fitness pilates local Masons, Hartley & District Active Retirement Association, Wellfield Horticultural Group
30567870	**Manor Forstal Residents Society Ltd** Garage 97-98 Manor Forstal	Ash Cum Ridley	80	£474.32	**Recommended**
30578788	**New Ash Green Village Association Ltd** Offices Centre Road, New Ash Green	Ash Cum Ridley	80	£5,904.80	**Recommended**

Ref	Organisation name and property description/address	Parish	% for 2016/17	Relief for 2016/17	Recommendation/comments
30553475	**New Ash Green Village Association Ltd** Workshop Ash Road, New Ash Green	Ash Cum Ridley	80	£5,324.00	**Recommended**
30570319	**New Ash Green Village Association Ltd** Hall Ash Road, New Ash Green	Ash Cum Ridley	80	£2,865.28	**Recommended**
30557491	**New Ash Green Village Association Ltd** Sports Ground Punch Croft, New Ash Green	Ash Cum Ridley	80	£6,001.60	**Recommended**
30584363	**Royal British Legion Club (Leigh Kent) Ltd** Club High Street, Leigh	Leigh	80	£2,090.88	**Recommended**
30553253	**Gamecock Meadow Management Committee** Club House R/O Gamecock Meadow, London Rd, West Kingsdown	West Kingsdowr	80	£890.56	**Recommended** Used for recreational sports, pavillion, library. Rents facilities to local football clubs, boules club, tennis clubs and skateboard park
30709346	**RACDV Sales Ltd** 36 Swanley Centre, Swanley	Swanley	80	£4,646.40	**Recommended** Charity shop
30573806	**Royal British Legion (Westerham) Club Ltd** Club Mill Lane, Westerham	Westerham	80	£3,252.48	**Recommended**

Ref	Organisation name and property description/address	Parish	% for 2016/17	Relief for 2016/17	Recommendation/comments
	TOP-UP RELIEF				
30550568	**10th Sevenoaks (Weald's own) Scout Group** Hall Glebe Road, Sevenoaks	Sevenoaks Weald	20	£283.29	**Recommended**
30562165	**15th Sevenoaks (Otford) Scouts** Hall Station Road, Otford	Otford	20	£268.38	**Recommended**
30565195	**17th Sevenoaks (Westerham) Scout Group** Hall Hortons Way, Westerham	Westerham	20	£201.29	**Recommended**
30557095	**1st Crockenhill Scouts Group** Hall Stones Cross Road, Swanley	Swanley	20	£159.04	**Recommended**
30561414	**Edenbridge Scout Group** Hall Station Road, Edenbridge	Edenbridge	20	£203.77	**Recommended**
30558593	**1st Eynsford & Farningham Scout Group** Hall Priory Lane, Eynsford	Eynsford	20	£221.17	**Recommended**
30565812	**1st Horton Kirby Scout Group** Hall Horton Road, Horton Kirby	Horton Kirby	20	£221.17	**Recommended**

Ref	Organisation name and property description/address	Parish	% for 2016/17	Relief for 2016/17	Recommendation/comments
30558555	**1st Sevenoaks Scout Group** Hall 57 Oakhill Road, Sevenoaks	Sevenoaks	20	£328.02	**Recommended**
30562080	**3rd Sevenoaks (Riverhead & Dunton Green) Scouts** Hall Bradbourne Vale Road	Sevenoaks	20	£293.23	**Recommended**
30573417	**6th Sevenoaks (Kemsing) Scout Group** Hall Heaverham Road, Kemsing	Kemsing	20	£176.44	**Recommended**
30566792	**7th Sevenoaks (Halstead) Scout Group** Hall Shoreham Lane, Halstead	Halstead	20	£101.89	**Recommended**
30556245	**7th Tonbridge (Eden Valley) Scout Group** Hall Kiln Lane, Leigh	Leigh	20	£238.56	**Recommended**
30631306	**Rural Age Concern Darent Valley** Community Centre Scratchers Lane, Fawkham	West Kingsdowr	20	£248.50	**Recommended**
30638543	**Age Concern Sevenoaks & District** Offices St John's Road, Sevenoaks	Sevenoaks	20	£1,515.85	**Recommended**

Ref	Organisation name and property description/address	Parish	% for 2016/17	Relief for 2016/17	Recommendation/comments
30642788	**Age Concern Sevenoaks & District** Shop London Road, Sevenoaks	Sevenoaks	20	£1,217.65	**Recommended**
30612176	**Badgers Mount Memorial Hall** Hall Highlands Rd, Badgers Mount	Shoreham	20	£362.81	**Recommended**
30558715	**British Red Cross Society** Hall 47 Bradbourne Vale Road	Sevenoaks	20	£377.72	**Recommended**
30574069	**Sevenoaks Citizens Advice Bureau** Offices Buckhurst Lane, Sevenoaks	Sevenoaks	20	£705.74	**Recommended**
30569890	**Farningham Village Hall** Hall High Street, Farningham	Farningham	20	£362.81	**Recommended**
30604373	**Eden Valley Museum Trust** Museum High Street, Edenbridge	Edenbridge	20	£685.86	**Recommended**

Ref	Organisation name and property description/address	Parish	% for 2016/17	Relief for 2016/17	Recommendation/comments
30693953	**Edenbridge & Westerham Citizens Advice Bureau** Office The Eden Centre, Edenbridge	Edenbridge	20	£1,391.60	**Recommended**
30558982	**Fawkham Village Hall** Hall Valley Road, Fawkham	Fawkham	20	£556.64	**Recommended**
30675078	**Hartley Village Hall** Hall Ash Road, Hartley	Hartley	20	£263.41	**Recommended**
30555785	**Ide Hill Village Hall Management Committee** Store Ide Hill Village Hall	Sundridge	20	£221.17	**Recommended**
30570296	**Ide Hill Village Hall Management Committee** Hall Ide Hill Village Hall	Sundridge	20	£248.50	**Recommended**
30658332	**Longfield & Hartley Scout Grp** Club House Larkwell Lane, Hartley	Hartley	20	£457.24	**Recommended**
30676033	**Relate West & Mid Kent** Store 12-14 Wealden Place,Sevenoaks	Sevenoaks	20	£342.93	**Recommended**

Ref	Organisation name and property description/address	Parish	% for 2016/17	Relief for 2016/17	Recommendation/comments
30643088	**Riverside Players** Store Furlong Farm, Eynsford	Eynsford	20	£226.14	**Recommended**
30554812	**Sevenoaks Area Mind** Day Centre St John's Road, Sevenoaks	Sevenoaks	20	£437.36	**Recommended**
30569944	**Ide Hill Scout Group** Hall Ide Hill	Sundridge	20	£114.31	**Recommended**
30575161	**Sevenoaks District Scout Council** Hall School Lane, Seal	Seal	20	£253.47	**Recommended**
30607563	**Sevenoaks Leisure Ltd** Leisure Centre Edenbridge Leisure Centre	Edenbridge	20	£22,464.40	**Recommended**
30605970	**Sevenoaks Leisure Ltd** Leisure Centre White Oak Leisure Centre	Swanley	20	£44,978.50	**Recommended**
30607556	**Sevenoaks Leisure Ltd** Swimming Pool Sevenoaks Leisure Centre	Sevenoaks	20	£26,092.50	**Recommended**

Ref	Organisation name and property description/address	Parish	% for 2016/17	Relief for 2016/17	Recommendation/comments
30607570	**Sevenoaks Leisure Ltd** Shop Lullingstone Golf Club	Crockenhill	20	£725.62	**Recommended**
30687859	**Sevenoaks Leisure Ltd** Sports Centre Wildernesse Sports Centre	Sevenoaks	20	£3,280.20	**Recommended**
30556474	**St John Ambulance** Hall Chatham Hill Road, Sevenoaks	Sevenoaks	20	£181.41	**Recommended**
30671342	**Stag Community Arts Centre** Theatre & Cinema London Road, Sevenoaks	Sevenoaks	20	£4,174.80	**Recommended**
30568910	**Swanley Youth & Community Centre** Hall St Mary's Road, Swanley	Swanley	20	£1,217.65	**Recommended**
30567641	**4th Sevenoaks (St John's) Scout Group** Hall Mill Lane, Sevenoaks	Sevenoaks	20	£675.92	**Recommended**
30606959	**Age Concern Darenth Valley** Pt 27-37 High Street, Swanley	Swanley	20	£4,448.15	**Recommended**
30554416	**Halstead Village Hall** Knockholt Road, Halstead	Halstead	20	£283.29	**Recommended**
30557156	**Otford Village Memorial Hall** High street, Otford	Otford	20	£626.22	**Recommended**

Ref	Organisation name and property description/address	Parish	% for 2016/17	Relief for 2016/17	Recommendation/comments
30610552	**Remap 2010** Unit D9 Chaucer Business Park Kemsing	Kemsing	20	£825.02	**Recommended**
30576102	**Sevenoaks and Swanley CAB** 16 High Street, Swanley	Swanley	20	£1,391.60	**Recommended**
30556078	**St Johns Ambulance Brigade** Horton Way, Farningham	Farningham	20	£332.99	**Recommended**
30556276	**Sundridge Village Hall** Main Road, Sundridge	Sundridge	20	£268.38	**Recommended**
30569487	**Ash Village Hall** Hall The Street, Ash	Ash Cum Ridley	20	£246.02	**Recommended**
30672130	**YMCA** Workshop Warsop Trading Estate, Edenbridge	Edenbridge	20	£1,863.75	**Recommended** Property used as warehouse/distribution centre for donated goods
30702369	**Kingsdown Village Hall** Hall London Road, West Kingsdown	West Kingsdown	20	£1,615.25	**Recommended**

	RURAL RATE RELIEF OFFICER RECOMMENDED	Parish	% for 2016/17	Relief for 2016/17	Recommendation/comments
30575154	**BD & CB Patel** Convenience Store 6 East Hill, South Darenth	Horton Kirby	50	£0.00	**Recommended**
30583360	**Mr M Patel** Retail and post office 4-5 The Broadway, Crockenhill	Crockenhill	50	£2,250.60	**Recommended**
30602841	**Seal Supermarket Ltd** General Store 21 High Street, Seal	Seal	50	£3,025.00	**Recommended**
30697481	**Ide Hill Community Shop CIC** Post Office & Community Shop Ide Hill	Ide Hill	20.36	£708.32	**Recommended**

Discretionary Rate Relief	Number		Relief 2016/17
Total Officer Recommended	14		£42,520.37
Total Officer Rejected	0		
Top-Up Relief	**Number**		**Amount**
Total Officer Recommended	50		£128,377.63
Total Officer Rejected	0		
Rural Rate Relief	**Number**		**Amount**
Total Officer Recommended	4		£5,983.92
Total Officer Rejected	0		

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TREASURY MANAGEMENT STRATEGY 2016/17

Finance Advisory Committee – 25 January 2016

Report of the:	Chief Finance Officer
Status:	For Decision
Also considered by:	Cabinet – 4 February 2016 Council – 16 February 2016
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 68 of the report, which discusses a new investment option.

This report supports the Key Aim of efficient management of the Council's resources.

Portfolio Holder Cllr. Searles

Contact Officer Roy Parsons, Principal Accountant - Ext 7204

Recommendations to Finance Advisory Committee: That

a) consideration be given to investment with Santander UK plc; and

b) the recommendation to Cabinet be approved.

Recommendation to Cabinet: That, subject to the views of the Finance Advisory Committee, Cabinet recommend that Council approve the Treasury Management Strategy for 2016/17.

Recommendation to Council: That the Treasury Management Strategy for 2016/17 be approved.

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

<u>Reporting requirements</u>

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 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 2016/17

8 The strategy for 2016/17 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;
- policy on borrowing in advance of need;
- 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.

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 2016/17 – 2018/19

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:

	2014/15 Actual £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000
Capital Expenditure	4,263	1,458	***	***	***

*** 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).

	2014/15 Actual £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000
Capital Expenditure	4,263	1,458	***	***	***
Financed by:					
Capital receipts	1,250	435	***	***	***
Capital grants	2,489	477	***	***	***
Capital reserves	168	57	***	***	***
Revenue	355	489	***	***	***
Net financing need for the year	**0**	**0**	*******	*******	*******

*** 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:

	2014/15 Actual £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000
Capital Financing Requirement					
Total CFR	122	101	***	***	***
Movement in CFR	-21	-21	***	***	***

Movement in CFR represented by:					
Net financing need for the year (above)	0	0	***	***	***
Less MRP/VRP and other financing movements	-21	-21	***	***	***
Movement in CFR	**-21**	**-21**	***	***	***

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

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

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 This option provides 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 either:

- Asset life method – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction); or

- Depreciation method – MRP will follow standard depreciation accounting procedures.

These options provide 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	2014/15 Actual £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000
Fund balances / reserves	23,818	22,265	***	***	***
Capital receipts	3,460	7,233	***	***	***
Provisions	443	503	***	***	***
Other	0	0	***	***	***
Total core funds	**27,721**	**30,001**	*******	*******	*******
Working capital*	1,032	1,061	***	***	***
Under/over borrowing	0	0	***	***	***

Expected investments	**28,753**	**31,062**	***	***	***

*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.

	2014/15 Actual	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Ratio	-2.00%	-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.

	2014/15 Actual	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Council tax band D	£0.00	-£0.02	***	***	***

*** 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 approporiate 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 2015 appears in Appendix A.

34 The Council's treasury portfolio position at 31 March 2015, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement or CFR), highlighting any over or under borrowing.

	2014/15 Actual	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
External Debt					
Debt at 1 April	0	0	***	***	***
Expected change in Debt	0	0	***	***	***
Other long-term liabilities (OLTL)	0	0	***	***	***
Expected change in OLTL	0	0	***	***	***

Actual gross Debt at 31 March	**0**	**0**	***	***	***
The Capital Financing Requirement (CFR)	**122**	**101**	***	***	***
Under / (over) borrowing	**122**	**101**	***	***	***

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

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 2016/17 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

36 The Chief Finance Officer reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

37 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.

Treasury indicators which will limit the treasury risk and activities of the Council

<u>Treasury Indicators: Limits to Borrowing Activity</u>

<u>The Operational Boundary</u>

38 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	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000
Debt	10,000	10,000	10,000	10,000
Other long term liabilities	0	0	0	0
Total	**10,000**	**10,000**	**10,000**	**10,000**

The Authorised Limit for external debt

39 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.

40 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.

41 The Council is asked to approve the following Authorised Limit:

Authorised limit	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000
Debt	10,000	10,000	10,000	10,000
Other long term liabilities	0	0	0	0
Total	**10,000**	**10,000**	**10,000**	**10,000**

Prospects for Interest Rates

42 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

43 At present, there are no capital borrowings. However, should this change during 2016/17, 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.

44 Against this background and the risks within the economic forecast, caution will be adopted with the 2016/17 treasury operations. The Chief Finance Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in long and short term rates* (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.

- *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast,* perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still lower than they will be in the next few years.

45 Any decisions will be reported to the appropriate decision making body at the next available opportunity.

<u>Treasury Management Limits on Activity</u>

46 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:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position, net of investments.

- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates.
- 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.

47 The Council is asked to approve the following treasury indicators and limits:

	2016/17 %	2017/18 %	2018/19 %
Interest rate exposures			
	Upper	**Upper**	**Upper**
Limits on fixed interest rates based on net debt	100	100	100
Limits on variable interest rates based on net debt	50	50	50
Maturity structure of fixed interest rate borrowing 2016/17			
		Lower	**Upper**
Under 12 months		0	100
12 months to 2 years		0	100
2 years to 5 years		0	100
5 years to 10 years		0	100
10 years and above		0	100

Maturity structure of variable interest rate borrowing 2016/17		
	Lower	**Upper**
Under 12 months	0	100
12 months to 2 years	0	100
2 years to 5 years	0	100
5 years to 10 years	0	100
10 years and above	0	100

As borrowing is yet to be undertaken, the maturity structures have all been set with an upper limit of 100%. If and when this happens, these limits can be refined in light of actual borrowing patterns.

Policy on borrowing in advance of need

48 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.

49 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

50 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

Changes to credit rating methodology

51 The main rating agencies (Fitch, Moody’s and Standard & Poor’s) have, through much of the financial crisis, provided some institutions with a

ratings "uplift" due to implied levels of sovereign support. Commencing in 2015, in response to the evolving regulatory regime, all three agencies have begun removing these "uplifts" with the timing of the process determined by regulatory progress at the national level. The process has been part of a wider reassessment of methodologies by each of the rating agencies. In addition to the removal of implied support, new methodologies are now taking into account additional factors, such as regulatory capital levels. In some cases, these factors have "netted" each other off, to leave underlying ratings either unchanged or little changed. A consequence of these new methodologies is that they have also lowered the importance of the (Fitch) Support and Viability ratings and have seen the (Moody's) Financial Strength rating withdrawn by the agency.

52 In keeping with the agencies' new methodologies, the rating element of our own credit assessment process now focuses solely on the Short and Long Term ratings of an institution. While this is the same process that has always been used for Standard & Poor's, this has been a change in the use of Fitch and Moody's ratings. It is important to stress that the other key elements to our process, namely the assessment of Rating Watch and Outlook information as well as the Credit Default Swap (CDS) overlay have not been changed.

53 The evolving regulatory environment, in tandem with the rating agencies' new methodologies also means that sovereign ratings are now of lesser importance in the assessment process. Where through the crisis, clients typically assigned the highest sovereign rating to their criteria, the new regulatory environment is attempting to break the link between sovereign support and domestic financial institutions. While this authority understands the changes that have taken place, it will continue to specify a minimum sovereign rating of AA-. This is in relation to the fact that the underlying domestic and where appropriate, international, economic and wider political and social background will still have an influence on the ratings of a financial institution.

54 It is important to stress that these rating agency changes do not reflect any changes in the underlying status or credit quality of the institution. They are merely reflective of a reassessment of rating agency methodologies in light of enacted and future expected changes to the regulatory environment in which financial institutions operate. While some banks have received lower credit ratings as a result of these changes, this does not mean that they are suddenly less credit worthy than they were formerly. Rather, in the majority of cases, this mainly reflects the fact that implied sovereign government support has effectively been withdrawn from banks. They are now expected to have sufficiently strong balance sheets to be able to withstand foreseeable adverse financial circumstances without government support. In fact, in many cases, the balance sheets of banks are now much more robust than they were before the 2008 financial crisis when they had higher ratings than now. However, this is not universally applicable, leaving some entities with modestly lower ratings than they had through much of the "support" phase of the financial crisis.

Investment Policy

55 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 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.

56 In accordance with the above guidance from the CLG and CIPFA, 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. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

57 Ratings will not be the sole determinant of the quality of an institution; 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" (CDS) and overlay that information on top of the credit ratings.

58 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.

59 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

60 This Council applies the creditworthiness service provided by Capita Asset Services. This service employs a sophisticated modelling approach utlilising credit ratings from the three main credit rating agencies - Fitch, Moodys and Standard and Poors. 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.

61 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 suggested 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

	Colour (and long term rating where applicable)	Money and/or % Limit	Time Limit
A. Banks - UK	Purple	£7m	2 years
B. Banks - UK	Orange	£7m	1 year
C. Banks - UK (part nationalised)	Blue	£10m	1 year
D. Banks - UK	Red	£7m	6 months
E. Banks - UK	Green	£7m	100 days
F. Banks - UK	No Colour	Not to be used	
G. Banks – non UK	All Colours	£5m	Dependent on Colour
H. Council's banker (if not meeting Banks A. to G.)	N/A	£7m	1 day
I. Other institutions limit	All Colours	£5m	Dependent on Colour
J. Other institutions limit	No Colour	£4m	100 days
K. DMADF	AAA	£5m	6 months

L. Local authorities	N/A	£5m	2 years
	Fund rating	**Money and/or % Limit**	**Time Limit**
M. Money market funds	AAA	£5m (per fund)	Liquid
N. Enhanced money market funds	AAA	£5m (per fund)	Liquid

62 The Capita Asset Services creditworthiness service uses a wider array of information than just primary ratings. Furthermore, by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.

63 Typically the minimum credit ratings criteria the Council uses 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.

64 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 daily basis via its Passport website, provided exclusively to it by Capita Asset Services. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

65 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 any external support for banks to help support its decision making process.

Country limits

66 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 Advisory Committee. The list of countries that qualify using this credit criteria as at

the date 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

67 The Council's current investment policy further limits the one proposed by Capita Asset Services as follows:-

a. Maximum investment period of two years. Part nationalised UK banks also have a two year duration limit.

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 bank excluding call accounts and £7m including call accounts except for:-

(i) 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; and

(ii) Svenska Handelsbanken AB, where the limit is £5m with no distinction between fixed deposits and call accounts.

e. If the Council's own banker, Barclays, falls below Capita Asset Services' 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 £4m 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.

68 The only change proposed for 2016/17 is the inclusion of Santander UK plc as a potential investment counterparty. Subsequent to the financial crisis in 2008, they were removed from our counterparty list when we decided to concentrate investment activity in UK-based institutions. Although a UK-

based operation, they are ultimately owned by their Spanish parent company. They are currently used by a considerable number of local authorities, including several in Kent. As well as fixed rate products they are offering very competitive notice accounts. Members' views on this option would be gratefully received. If considered a suitable counterparty, investment and duration limits would need to be agreed if they are to deviate from the Capita Asset Services colour coding scheme, which, at the time of writing, was Red (maximum £7m and 6 months duration).

Investment Strategy

69 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).

70 Bank Rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 2 of 2016. Bank Rate forecasts for financial year ends (March) are:

- 2016/17 1.00%
- 2017/18 1.75%
- 2018/19 2.00%

71 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:

- 2016/17 0.90%
- 2017/18 1.50%
- 2018/19 2.00%
- 2019/20 2.25%
- 2020/21 2.50%
- 2021/22 3.00%
- 2022/23 3.00%
- Later years 3.00%

72 The overall balance of risks to these forecasts is currently to the downside (i.e. start of increases in Bank Rate occurs later). However, should the pace of growth quicken and/or forecasts for increases in inflation rise, there could be an upside risk.

73 The Council is asked to approve the following treasury indicator and 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	2016/17 £000	2017/18 £000	2018/19 £000
Principal sums invested > 364 days	10,000	10,000	10,000

74 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.

Investment risk benchmarking

75 The Council will use an investment benchmark to assess the performance of its portfolio. The benchmarks will be 7 day and 3 month LIBID uncompounded.

End of year investment report

76 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

77 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

78 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

79 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

80 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.

81 This annual investment strategy report fulfils the requirements of The Chartered Institute of Public Finance & Accountancy's Code of Practice on Treasury Management 2009.

82 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.

83 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 small additional risk.

84 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

85 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

86 The effect of the proposals set out in this report is to allow the Council to effectively and efficiently manage cash balances.

87 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 16 February 2016. 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 2015

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
Background Papers:	None

Adrian Rowbotham
Chief Finance Officer

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APPENDIX A: CURRENT PORTFOLIO POSITION

List of Investments as at:- 31-Dec-15

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.		3,707,000	01-Oct-11			0.35000%	Variable
	Barclays Bank plc (Flexible IBCA)	A	U.K.		0	01-Jun-14			0.45000%	Variable
	National Westminster Bank plc (Liquidity Select)	BBB+	U.K.	RBS	1,000,000	07-Oct-11			0.25000%	Variable
	National Westminster Bank plc (95 Day Notice)	BBB+	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
	Standard Life Liquidity Fund (Money Market Fund)	AAA	U.K.		5,000,000	11-May-12				Variable
	Insight Liquidity Fund (Money Market Fund)	AAA	U.K.		3,500,000	11-May-12				Variable
IP1227	Bank of Scotland plc	A+	U.K.	Lloyds/HBOS	1,000,000	10-Feb-15	1.00000%	09-Feb-16		1 Year
IP1229	Bank of Scotland plc	A+	U.K.	Lloyds/HBOS	1,000,000	20-Feb-15	1.00000%	19-Feb-16		1 Year
IP1259	Barclays Bank plc	A	U.K.		3,000,000	08-Sep-15	0.66000%	08-Mar-16		6 Months
IP1250	Coventry Building Society	A	U.K.		1,000,000	15-Jul-15	0.60000%	15-Jan-16		6 Months
IP1258	Coventry Building Society	A	U.K.		1,000,000	28-Aug-15	0.60000%	29-Feb-16		6 Months
IP1272	Coventry Building Society	A	U.K.		1,000,000	17-Nov-15	0.60000%	17-May-16		6 Months
IP1234	Lloyds Bank plc	A+	U.K.	Lloyds/HBOS	1,000,000	07-Apr-15	1.00000%	05-Apr-16		1 Year
IP1240	Lloyds Bank plc	A+	U.K.	Lloyds/HBOS	1,000,000	28-Apr-15	1.00000%	26-Apr-16		1 Year
IP1241	Lloyds Bank plc	A+	U.K.	Lloyds/HBOS	1,000,000	05-May-15	1.00000%	04-May-16		1 Year
IP1246	Lloyds Bank plc	A+	U.K.	Lloyds/HBOS	1,000,000	03-Jul-15	0.70000%	04-Jan-16		6 Months
IP1262	Lloyds Bank plc	A+	U.K.	Lloyds/HBOS	2,000,000	06-Oct-15	0.80000%	29-Mar-16		175 Days
IP1268	Lloyds Bank plc	A+	U.K.	Lloyds/HBOS	1,000,000	02-Nov-15	0.75000%	03-May-16		6 Months
IP1273	Lloyds Bank plc	A+	U.K.	Lloyds/HBOS	1,000,000	27-Nov-15	0.75000%	27-May-16		6 Months
IP1247	Nationwide Building Society	A	U.K.		1,000,000	09-Jul-15	0.66000%	11-Jan-16		6 Months
IP1254	Nationwide Building Society	A	U.K.		1,000,000	06-Aug-15	0.66000%	08-Feb-16		6 Months
IP1257	Nationwide Building Society	A	U.K.		1,000,000	28-Aug-15	0.66000%	29-Feb-16		6 Months
IP1261	Nationwide Building Society	A	U.K.		2,000,000	23-Sep-15	0.66000%	23-Mar-16		6 Months
IP1232	Royal Bank of Scotland plc	BBB+	U.K.	RBS	3,000,000	15-Apr-15	1.00000%	18-Apr-17		2 Years
IP1265	Skipton Building Society	BBB+	U.K.		1,000,000	22-Oct-15	0.43000%	22-Jan-16		3 Months
IP1263	Yorkshire Building Society	A-	U.K.		1,000,000	15-Oct-15	0.47000%	15-Jan-16		3 Months
IP1266	Yorkshire Building Society	A-	U.K.		1,000,000	22-Oct-15	0.47000%	22-Jan-16		3 Months
IP1267	Yorkshire Building Society	A-	U.K.		1,000,000	28-Oct-15	0.47000%	28-Jan-16		3 Months
IP1271	Yorkshire Building Society	A-	U.K.		1,000,000	17-Nov-15	0.47000%	17-Feb-16		3 Months
	Total Invested				45,207,000					
	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 2016 – 2019

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-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Bank Rate View	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.50%	1.50%	1.75%	1.75%	2.00%	2.00%	2.00%
3 Month LIBID	0.60%	0.70%	0.80%	0.90%	1.10%	1.30%	1.40%	1.50%	1.80%	1.90%	1.90%	2.00%	2.00%	2.10%
6 Month LIBID	0.80%	0.90%	1.00%	1.10%	1.30%	1.50%	1.60%	1.70%	2.00%	2.10%	2.10%	2.20%	2.20%	2.30%
12 Month LIBID	1.10%	1.20%	1.30%	1.40%	1.60%	1.80%	1.90%	2.00%	2.30%	2.40%	2.40%	2.50%	2.50%	2.70%
5yr PWLB Rate	2.30%	2.40%	2.60%	2.70%	2.80%	2.80%	2.90%	3.00%	3.20%	3.30%	3.40%	3.50%	3.50%	3.60%
10yr PWLB Rate	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	4.10%	4.10%
25yr PWLB Rate	3.60%	3.70%	3.80%	3.90%	4.00%	4.10%	4.10%	4.20%	4.30%	4.30%	4.40%	4.40%	4.40%	4.50%
50yr PWLB Rate	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	4.00%	4.10%	4.20%	4.20%	4.30%	4.30%	4.30%	4.40%
Bank Rate														
Capita Asset Services	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.50%	1.50%	1.75%	1.75%	2.00%	2.00%	2.00%
Capital Economics	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	-	-	-	-	-
5yr PWLB Rate														
Capita Asset Services	2.30%	2.40%	2.60%	2.70%	2.80%	2.80%	2.90%	3.00%	3.20%	3.30%	3.40%	3.50%	3.50%	3.60%
Capital Economics	2.40%	2.60%	2.70%	2.80%	3.00%	3.10%	3.20%	3.30%	3.50%	-	-	-	-	-
10yr PWLB Rate														
Capita Asset Services	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	4.10%	4.10%
Capital Economics	3.35%	3.35%	3.45%	3.45%	3.55%	3.65%	3.75%	3.85%	3.95%	-	-	-	-	-
25yr PWLB Rate														
Capita Asset Services	3.60%	3.70%	3.80%	3.90%	4.00%	4.10%	4.10%	4.20%	4.30%	4.30%	4.40%	4.40%	4.40%	4.50%
Capital Economics	3.35%	3.35%	3.45%	3.45%	3.55%	3.65%	3.75%	3.85%	3.95%	-	-	-	-	-
50yr PWLB Rate														
Capita Asset Services	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	4.00%	4.10%	4.20%	4.20%	4.30%	4.30%	4.30%	4.40%
Capital Economics	3.40%	3.40%	3.50%	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	-	-	-	-	-

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APPENDIX C: Economic Background

UK. UK GDP growth rates in of 2.2% in 2013 and 2.9% in 2014 were the strongest growth rates of any G7 country; the 2014 growth rate was also the strongest UK rate since 2006 and the 2015 growth rate is likely to be a leading rate in the G7 again. However, quarter 1 of 2015 was weak at +0.4%, although there was a short lived rebound in quarter 2 to +0.7% before it subsided again to +0.5% (+2.3% y/y) in quarter 3. The Bank of England's November Inflation Report included a forecast for growth to remain around 2.5% – 2.7% over the next three years. For this recovery, however, to become more balanced and sustainable in the longer term, it still needs to move away from dependence on consumer expenditure and the housing market to manufacturing and investment expenditure. The strong growth since 2012 has resulted in unemployment falling quickly to a current level of 5.2%.

The Bank of England's Monetary Policy Committee (MPC) has been particularly concerned that the squeeze on the disposable incomes of consumers should be reversed by wage inflation rising back above the level of CPI inflation in order to underpin a sustainable recovery. It has, therefore, been encouraging in 2015 to see wage inflation rising significantly above CPI inflation which has been around zero since February. However, it is unlikely that the MPC would start raising rates until wage inflation was expected to consistently stay over 3%, as a labour productivity growth rate of around 2% would mean that net labour unit costs would still only be rising by about 1% y/y. The Inflation Report was notably subdued in respect of the forecasts for CPI inflation; this was expected to barely get back up to the 2% target within the 2-3 year time horizon. The increase in the forecast for inflation at the three year horizon was the biggest in a decade and at the two year horizon it was the biggest since February 2013. However, the first round of falls in oil, gas and food prices in late 2014 and in the first half 2015, will fall out of the 12 month calculation of CPI during late 2015 / early 2016 but only to be followed by a second, more recent, round of falls in fuel prices which will now delay a significant tick up in inflation from around zero. CPI inflation is now expected to get back to around 1% in the second half of 2016 and not get near to 2% until 2017, though the forecasts in the Report itself were for an even slower rate of increase.

There is, therefore, considerable uncertainty around how quickly pay and CPI inflation will rise in the next few years and this makes it difficult to forecast when the MPC will decide to make a start on increasing Bank Rate. There are also concerns around the fact that the central banks of the UK and US currently have few monetary policy options left to them given that central rates are near to zero and huge QE is already in place. There are, accordingly, arguments that they need to raise rates sooner, rather than later, so as to have some options available for use if there was another major financial crisis in the near future. But it is unlikely that either would raise rates until they are sure that growth was securely embedded and 'noflation' was not a significant threat.

The forecast for the first increase in Bank Rate has, therefore, been pushed back progressively during 2015 from Q4 2015 to Q2 2016. Increases after that are also likely to be at a much slower pace, and to much lower final levels than prevailed before

2008, as increases in Bank Rate will have a much bigger effect on heavily indebted consumers and householders than they did before 2008.

The Government's revised Budget in July eased the pace of cut backs from achieving a budget surplus in 2018/19 to achieving that in 2019/20 and this timetable was maintained in the November Budget.

USA. GDP growth in 2014 of 2.4% was followed by Q1 2015 growth, which was depressed by exceptionally bad winter weather, at only +0.6% (annualised). However, growth rebounded remarkably strongly in Q2 to 3.9% (annualised) before falling back to +2.1% in Q3.

Until the turmoil in financial markets in August, caused by fears about the slowdown in Chinese growth, it had been strongly expected that the Federal Reserve (Fed) would start to increase rates in September. The Fed pulled back from that first increase due to global risks which might depress US growth and put downward pressure on inflation, as well as a 20% appreciation of the dollar which has caused the Fed to lower its growth forecasts. Although the non-farm payrolls figures for growth in employment in August and September were disappointingly weak, the October figure was stunningly strong while November was also reasonably strong; this, therefore, opened up the way for the Fed to embark on its first increase in rates of 0.25% at its December meeting. However, the accompanying message with this first increase was that further increases will be at a much slower rate, and to a much lower ultimate ceiling, than in previous business cycles, mirroring comments by our own MPC.

EZ. In the Eurozone, the European Central Bank (ECB) fired its big bazooka in January 2015 in unleashing a massive €1.1 trillion programme of quantitative easing (QE) to buy up high credit quality government and other debt of selected EZ countries. This programme of €60bn of monthly purchases started in March 2015 and it is intended to run initially to September 2016. This appears to have had a positive effect in helping a recovery in consumer and business confidence and a start to an improvement in economic growth. GDP growth rose to 0.5% in quarter 1 2015 (1.0% y/y) but came in at +0.4% (+1.5% y/y) in quarter 2 and +0.3% in quarter 3. However, this more recent lacklustre progress, combined with the recent downbeat Chinese and emerging markets news, has prompted comments by the ECB that it stands ready to strengthen this programme of QE by extending its time frame and / or increasing its size in order to get inflation up from the current level of around zero towards its target of 2%. The ECB will also aim to help boost the rate of growth in the EZ.

Greece. During July, Greece finally capitulated to EU demands to implement a major programme of austerity. An €86bn third bailout package has since been agreed although it did nothing to address the unsupportable size of total debt compared to GDP. However, huge damage has been done to the Greek banking system and economy by the initial resistance of the Syriza Government, elected in January, to EU demands. The surprise general election in September gave the Syriza government a mandate to stay in power to implement austerity measures. However, there are major doubts as to whether the size of cuts and degree of reforms required can be fully implemented and so a Greek exit from the euro may only have been delayed by this latest bailout.

Portugal and Spain. The general elections in September and December respectively have opened up new areas of political risk where the previous right wing reform-focused pro-austerity mainstream political parties have lost power. A left wing / communist coalition has taken power in Portugal which is heading towards unravelling previous pro austerity reforms. This outcome could be replicated in Spain. This has created nervousness in bond and equity markets for these countries which has the potential to spill over and impact on the whole Eurozone project.

China and Japan. Japan is causing considerable concern as the increase in sales tax in April 2014 suppressed consumer expenditure and growth. In Q2 2015 quarterly growth shrank by -0.2% after a short burst of strong growth of 1.1% during Q1, but then came back to +0.3% in Q3 after the first estimate had indicated that Japan had fallen back into recession; this would have been the fourth recession in five years. Japan has been hit hard by the downturn in China during 2015 and there are continuing concerns as to how effective efforts by the Abe government to stimulate growth, and increase the rate of inflation from near zero, are likely to prove when it has already fired the first two of its ‘arrows’ of reform but has dithered about firing the third, deregulation of protected and inefficient areas of the economy.

As for China, the Government has been very active during 2015 in implementing several stimulus measures to try to ensure the economy hits the growth target of 7% for the current year and to bring some stability after the major fall in the onshore Chinese stock market during the summer. Many commentators are concerned that recent growth figures could have been massaged to hide a downturn to a lower growth figure. There are also major concerns as to the creditworthiness of much of the bank lending to corporates and local government during the post 2008 credit expansion period. Overall, China is still expected to achieve a growth figure that the EU would be envious of. Nevertheless, concerns about whether the Chinese economy could be heading for a hard landing, and the volatility of the Chinese stock market, which was the precursor to falls in world financial markets in August and September, remain a concern.

Emerging countries. There are also considerable concerns about the vulnerability of some emerging countries and their corporates which are getting caught in a perfect storm. Having borrowed massively in dollar denominated debt since the financial crisis (as investors searched for yield by channelling investment cash away from western economies with dismal growth, depressed bond yields and near zero interest rates into emerging countries) there is now a strong flow back to those western economies with strong growth and an imminent rise in interest rates and bond yields.

This change in investors’ strategy, and the massive reverse cash flow, has depressed emerging country currencies and, together with a rise in expectations of a start to central interest rate increases in the US, has helped to cause the dollar to appreciate significantly. In turn, this has made it much more costly for emerging countries to service their dollar denominated debt at a time when their earnings from commodities are depressed. There are also likely to be major issues when previously borrowed debt comes to maturity and requires refinancing at much more expensive rates.

Corporates (worldwide) heavily involved in mineral extraction and / or the commodities market may also be at risk and this could also cause volatility in equities and safe haven flows to bonds. Financial markets may also be buffeted by the sovereign wealth funds of those countries that are highly exposed to falls in commodity prices and which, therefore, may have to liquidate investments in order to cover national budget deficits.

CAPITA ASSET SERVICES FORWARD VIEW

Economic forecasting remains difficult with so many external influences weighing on the UK. Our Bank Rate forecasts, (and also MPC decisions), will be liable to further amendment depending on how economic data evolves over time. Capita Asset Services undertook its last review of interest rate forecasts on 9 November 2015 shortly after the publication of the quarterly Bank of England Inflation Report. There is much volatility in rates and bond yields as news ebbs and flows in negative or positive ways. This latest forecast includes a first increase in Bank Rate in quarter 2 of 2016.

The overall trend in the longer term will be for gilt yields and PWLB rates to rise when economic recovery is firmly established accompanied by rising inflation and consequent increases in Bank Rate, and the eventual unwinding of QE. Increasing investor confidence in eventual world economic recovery is also likely to compound this effect as recovery will encourage investors to switch from bonds to equities.

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

However, the overall balance of risks to our Bank Rate forecast is probably to the downside, i.e. the first increase, and subsequent increases, may be delayed further if recovery in GDP growth, and forecasts for inflation increases, are lower than currently expected. Market expectations in November, (based on short sterling), for the first Bank Rate increase are currently around mid-year 2016.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Geopolitical risks in Eastern Europe, the Middle East and Asia, increasing safe haven flows.
- UK economic growth turns significantly weaker than we currently anticipate.
- Weak growth or recession in the UK’s main trading partners - the EU, US and China.
- A resurgence of the Eurozone sovereign debt crisis.
- Recapitalisation of European banks requiring more government financial support.
- Emerging country economies, currencies and corporates destabilised by falling commodity prices and / or the start of Fed. rate increases, causing a flight to safe havens

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

- Uncertainty around the risk of a UK exit from the EU.
- The commencement by the US Federal Reserve of increases in the Fed. funds rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to 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:

	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 (DMADF) – 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% / £4m	100 Days	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

This list is based on those countries which have sovereign ratings of AA- or higher and also have banks operating in the sterling markets which have colour codes of green or above in the Capita Asset Services credit worthiness service.

AAA
- Australia
- Canada
- Denmark
- Germany
- Netherlands
- Singapore
- Sweden
- Switzerland

AA+
- Finland
- U.K.
- U.S.A.

AA
- Abu Dhabi (UAE)
- France
- Qatar

AA-
- Belgium

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 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.

CAPITAL PROGRAMME & ASSET MAINTENANCE 2016/19

Finance Advisory Committee – 25 January 2016

Report of	Chief Finance Officer
Status:	For Decision
Also considered by:	Cabinet – 4 February 2016
Key Decision:	No

Executive Summary: This report sets out the proposed 2016/19 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. Searles

Contact Officer Helen Martin Ext 7483

Recommendation to Cabinet:

(a) the Capital Programme 2016/19 and funding method set out in Appendix B be approved, and

(b) the proposed Asset Maintenance budget of £490k be agreed for 2016/17.

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

Introduction and Background

1 A copy of the existing 2015/18 three year programme is attached at Appendix A. The 2015/16 columns include budgets brought forward from 2014/15. 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, schemes have been added to help the Council achieve self sufficiency.

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 (2015/16) may be carried forward to 2016/17, subject to Cabinet approval, when the outturn is known.

Capital Receipts

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

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Shared Ownership Staircasing	80	40	20	10
Mortgage repayments (net of pooling)	0	0	0	0
Land Sales	1,129	2,467	915	157
	1,209	2,507	935	167

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 2016/17 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. The revenue contribution to capital budgets was £148,000 and the latest 10 year budgets proposes this funding level continues.

10 Appendix B takes these projections, together with the actual balance of such receipts at 1st April 2015.

Asset Maintenance

11 Up until 2010/11 asset maintenance was funded from a separate revenue earmarked reserve. 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.

12 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. The table below does not include any changes proposed for the 2016/17 budget within the Growth and Savings schedule (SCIAs).

13 The budget figures are based on an average of 30% of the existing 10 year maintenance assessment. This would then give the following programme :

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Budget	481	490	499	508

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.

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 2015/18 capital programme Appendix B – Proposed 2016/19 capital programme Appendix C – Scheme bid documents
Background Papers:	None

Adrian Rowbotham
Chief Finance Officer

Appendix A

Capital Programme and Asset Maintenance

Capital Programme 2015-18

Appendix A

Chief Officer/Scheme	Funding Source	2014/15 Budget £000	2014/15 Forecast £000	2014/15 Likely C/F £000	2015/16 £000	2016/17 £000	2017/18 £000
Corporate Support							
Back-up generator	Capital Receipts	140	-	140	-	-	-
Communities and Business							
Parish projects	Capital Receipts	61	-	61	-	-	-
Environmental and Operational Services							
Commercial vehicle replacements	Vehicle Renewal Res.	489	489	-	498	514	501
Dunbrik Vehicle Workshop	Capital Receipts	-	-	-	234	-	-
Car Park	External Borrowing	-	-	-	4,000	-	-
Housing							
Improvement Grants (gross)	Gov Grant/ cap reserve	517	603	-	534	534	534
Finance							
Property Investment Strategy	Prop. Inv. Reserve	-	-	-	8,000	-	-
TOTAL		1,207	1,092	201	13,266	1,048	1,035

Funding Sources

	2015/16	2016/17	2017/18
Capital Receipts	234	-	-
Capital Financing Reserve	57	57	57
Vehicle Renewal Reserve	498	514	501
Property Investment Strategy Reserve ***	8,000	-	-
Government Disabled Facilities Subsidy	477	477	477
External Borrowing	4,000	-	-
	13,266	1,048	1,035

*** Part will be funded from Capital Receipts

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Appendix B

Capital Programme and Asset Maintenance

Capital Programme 2016-19

Appendix B

Chief Officer/Scheme	Funding Source	2015/16 Budget £000	2015/16 Forecast £000	2015/16 Likely C/F £000	2016/17 £000	2017/18 £000	2018/19 £000
Corporate Support							
Back-up generator	Capital Receipts	140	-	140	-	-	-
Communities and Business							
Parish projects	Capital Receipts	61	-	61	-	-	-
Sennocke and Bradbourne Hotel	Fin Plan Reserve & Capital Receipts	-	-	-	1,500	7,700	-
Sennocke and Bradbourne Car Parks	Internal Borrowing	-	-	-	5,300	0	-
Environmental and Operational Services							
Commercial vehicle replacements	Vehicle Renewal Res.	489	489	-	498	514	501
Dunbrik Vehicle Workshop	Capital Receipts	234	234	-	-	-	-
Dunbrik Vehicle Workshop - Roof	Capital Receipts	-	-	-	20		
Car Park	External Borrowing	-	-	-	4,000	-	-
Housing							
Improvement Grants (gross)	Gov Grant/ cap reserve	534	534	-	534	534	534
Finance							
Property Investment Strategy	Prop. Inv. Reserve	-	-	-	10,000	-	-
TOTAL		1,458	1,257	201	21,852	8,748	1,035

Funding Sources

	2016/17	2017/18	2018/19
Capital Receipts	-	-	-
Financial Plan Reserve & Cap Receipts	1,520	7,700	-
Vehicle Renewal Reserve	498	514	501
Property Investment Strategy Reserve ***	10,000	-	-
Government Disabled Facilities Subsidy	477	477	477
Capital Financing Reserve	57	57	57
Internal Borrowing	5,300	-	-
External Borrowing	4,000	-	-
	21,852	8,748	1,035

*** Part will be funded from Capital Receipts

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Appendix C

Capital Programme 2016/19

Scheme Bid Document - Scheme: Property Investment Strategy

Description: A sum of £10m be set aside for the purposes of building a diversified and balanced portfolio of investment assets (Council agreed 21/07/15).

Service : Finance

Portfolio Holder/Chief Officer : Cllr Searles/Adrian Rowbotham

Financials :

CAPITAL COSTS	TOTAL £000	2016/17 £000	2017/18 £000	2018/19 £000
Gross scheme cost	10,000	10,000	-	-
External Contributions (list)				
Net scheme cost	10,000	10,000	-	-

ONGOING REVENUE IMPLICATIONS (excluding loss of interest)	2016/17	2017/18	2018/19
Running costs			
Income streams (see note below)			
Net cost	-	-	-

Funding Source : Council agreed that this can be funded from borrowing. However, it is likely that further capital receipts will be received from the sale of assets and when this arises, the options for their use will be analysed to ensure they are used in the most beneficial way.

Income Streams: These were outlined on Gold Pages at Council on 22 July 2014 (and previously at Cabinet (10 April 2014) and FRAC (26 March 2014). Details are withheld as Exempt Information by virtue of Para. 3 of Part 1 of Schedule 12A LGA 1972.

Other Resource Implications :	
Staffing	Resource would be required from the Legal Section (or possible external legal advisors) to undertake legal pre purchase due diligence. There is also likely to be an increase in the level of Landlord and Tenant related legal work. The Property Investment Strategy requires an element of financial management, which will include billing

	rents, service charge and insurance.
Asset Values	n/a

Justification: Additional Savings

This Property Investment Strategy is a major part of the overall strategy to contribute to the Council becoming financially self-sufficient.

Appendix C

Capital Programme 2016/19

Scheme Bid Document - Scheme: Development of Sennocke and Bradbourne Car Parks

Description: Provision of a hotel on the Sennocke car park site and a new decked car park to provide additional capacity at the nearby Bradbourne car park.

Service : **Property**

Portfolio Holder/Chief Officer : Peter Fleming/Lesley Bowles/Richard Wilson

Financials :

CAPITAL COSTS	TOTAL £000	2016/17 £000	2017/18 £000	2018/19 £000
Gross scheme cost				
Hotel	9,200	1,500	7,700	-
Car Park	5,300	5,300		
Net scheme cost	14,500	6,800	7,700	-

ONGOING REVENUE IMPLICATIONS * (excluding loss of interest)			
Running costs			
Income streams			
Net cost	x	x	x

Funding Source : Hotel to be funded from Financial Plan Reserve and Capital Receipts (as Option C Cabinet 15 October 2015) Car Park works funded from Internal Borrowing (as Option B Cabinet 15 October 2015) *Details of the income streams from these schemes is excluded here by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972, however the funding method for the Hotel should result in an income yield in excess of 6% as required in the Property Investment Strategy. Details of the anticipated income streams were provided as a confidential appendix to Cabinet on 15th October 2015.

Other Resource Implications :	
Staffing	There is likely to be significant staff time involvement in setting up a Development Management Agreement and Agreement for Lease with the preferred Development Management Consultant and preferred

Appendix C

	Hotel Operator
Asset Values	n/a

Justification:

The proposed development has the potential to deliver economic benefits to the District through the provision of a much needed Hotel and additional car parking at Sevenoaks Station. The Investment will also provide an income stream that could contribute significantly towards the Council's aim of Financial Self Sufficiency.

Appendix C

Capital Programme 2016/19

Scheme Bid Document - Scheme: Building works - Dunbrik Depot Vehicle Workshop

Description: Funds necessary to achieve completion of workshop roof line alterations and associated works substantially progressed during 2015/16. These works are necessary to permit all current refuse freighter and other large commercial vehicles to gain entry to the workshop for essential maintenance.

Service : Environmental and Operational Services

Portfolio Holder/Chief Officer : Councillor Matthew Dickins/Richard Wilson

Financials :

CAPITAL COSTS	TOTAL	2016/17	2017/18	2018/19
	£000	£000	£000	£000
Gross scheme cost	20	20	0	0
External Contributions (list)				
Net scheme cost	20	20	0	0
ONGOING REVENUE IMPLICATIONS (excluding loss of interest)				
Running costs				
Income streams				
Net cost		0	0	0

Funding Source: From reserves.

Other Resource Implications :	Short term closure of workshop and MOT Test station during construction works.
Staffing	Managed by existing employees
Asset Values	Approximately £498k

Justification: (Statutory Duty / Community Plan Aims / Key Infrastructure / Additional Savings / Other)

1) To have effective infrastructure to maintain vehicles essential to providing mainly statutory services.
2) Supports the Council's priorities.
3) Replacement vehicle purchases dictated by workshop height limitations and may not offer best overall value.

Appendix C

Capital Programme 2016/19

Scheme Bid Document - Scheme: Improvement Grants

Description: Statutory Disabled Facility Grants (DFGs) including large scale voluntary transfer (LSVT) registered social landlords (RSL) aids and adaptations and cost of processing applications

Service : Housing Standards

Portfolio Holder/Chief Officer : Cllr Michele Lowe and Pat Smith

Financials :

CAPITAL COSTS	TOTAL	2016/17	2017/18	2018/19
	£000	£000	£000	£000
Gross scheme cost	1,602	534	534	534
External Contributions (list)	(1,431)	(477)	(477)	(477)
Net scheme cost	171	57	57	57

ONGOING REVENUE IMPLICATIONS (excluding loss of interest)	2016/17	2017/18	2018/19
Running costs			
Income streams			
Net cost	0	0	0

Funding Source : Government Grant (DCLG) and Council budgets

* : Revenue implications dependent on individual projects.

Other Resource Implications :	
Staffing	Staff costs have been removed over a 5 year period and costs now met from existing revenue budgets.
Asset Values	Assets not in Council ownership

Justification: (Statutory Duty / Community Plan Aims / Key Infrastructure / Additional Savings / Other)

It is a statutory duty to provide DFG's to older and or disabled residents. £250,000 is ring fenced for aids and adaptations for West Kent Housing Association (WKHA) tenants and both this and the Council's DFG service are eligible for DCLG funding.

Appendix C

The Council was running the DFG process in house as a pilot and it was reviewed after 18 months and as it has been preforming very well it will remain in house The HIA still manages the larger DFGs and we are looking at a possible Handyman service

From 2015 the DCLG total budget for Kent has been administered by KCC (ring fenced for each Council so should not be an issue). Currently it is assumed the funding will continue to be not less than last year's allocation.

Appendix C

Capital Programme 2016/19

Scheme Bid Document - Scheme: Vehicle Replacement Programme

Description: Purchase of replacement commercial fleet vehicles that have reached the end of their fully depreciated operational life.

Service: Environmental and Operational Services

Portfolio Holder/Chief Officer : Councillor Matthew Dickins/Richard Wilson

Financials :

CAPITAL COSTS	TOTAL	2016/17	2017/18	2018/19
	£000	£000	£000	£000
Gross scheme cost	1434	514	451	469
External Contributions (list)				
Net scheme cost	1434	514	451	469

ONGOING REVENUE IMPLICATIONS (excluding loss of interest)			
Running costs			
Income streams			
Net cost	0	0	0

Funding Source: Funding is via the vehicle replacement fund which is financed by depreciation charges for all fleet vehicles and from the sale of any old vehicles. Depreciation charges are made on all vehicles over predetermined periods and met from fixed transport charges to the relevant trading account or relevant service budget.

Other Resource Implications :	
Staffing	Managed by fleet management overhead account by existing employees.
Asset Values	Approximately £3 M

Justification: (Statutory Duty / Community Plan Aims / Key Infrastructure / Additional Savings / Other)

To maintain services, mainly statutory. Supports all the Council’s priorities

FINANCIAL PERFORMANCE INDICATORS 2015/16 – TO THE END OF NOVEMBER 2015

Finance Advisory Committee – 25 January 2016

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 Searles

Contact Officer Helen Martin Ext. 7483

Recommendation to Finance 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.

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.

Conclusions

That Members note the report.

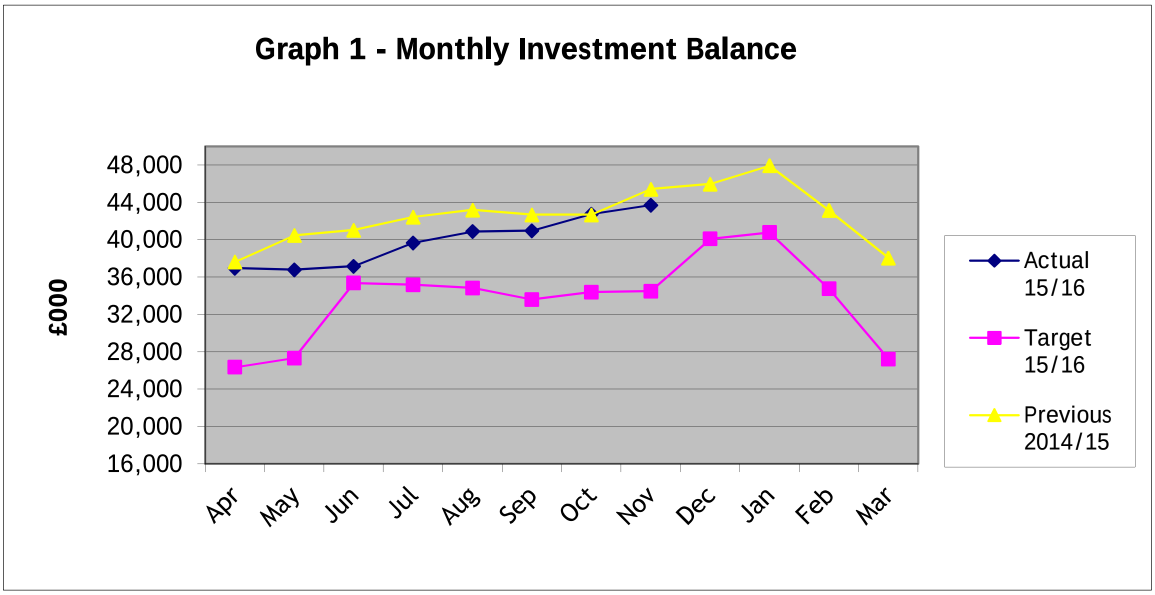
Appendices	Appendix A – Performance Indicators – November 2015
Background Papers:	None

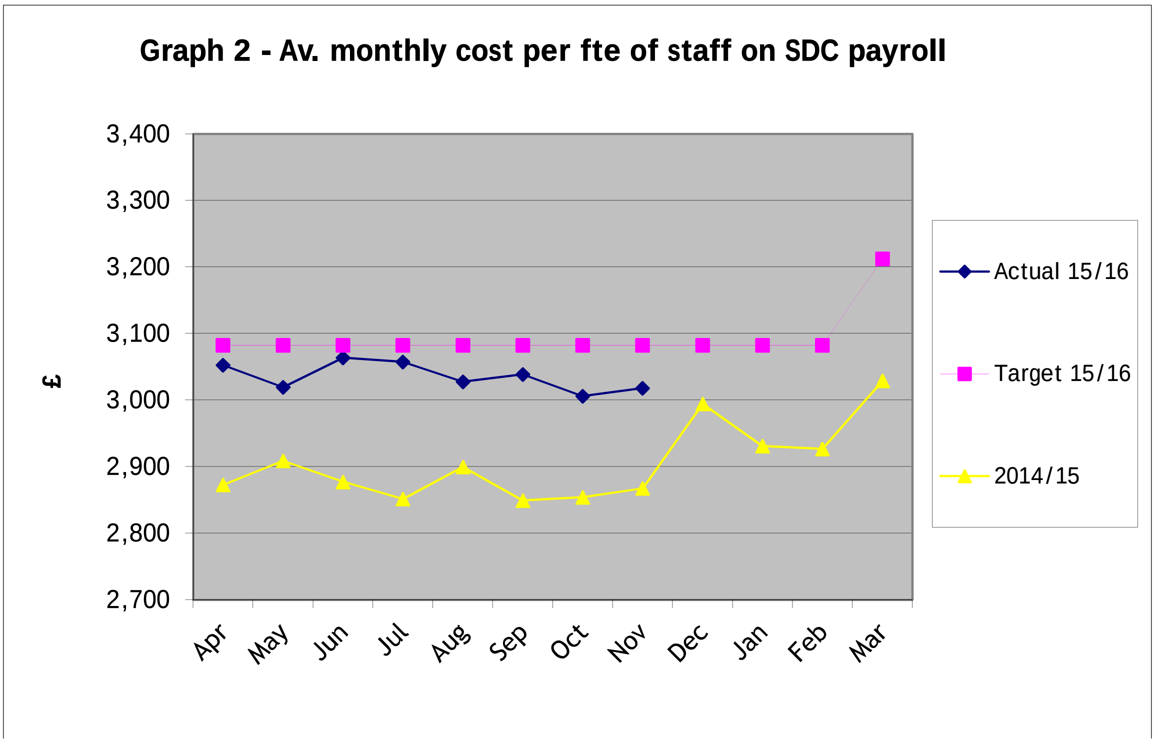
Adrian Rowbotham
Chief Finance Officer

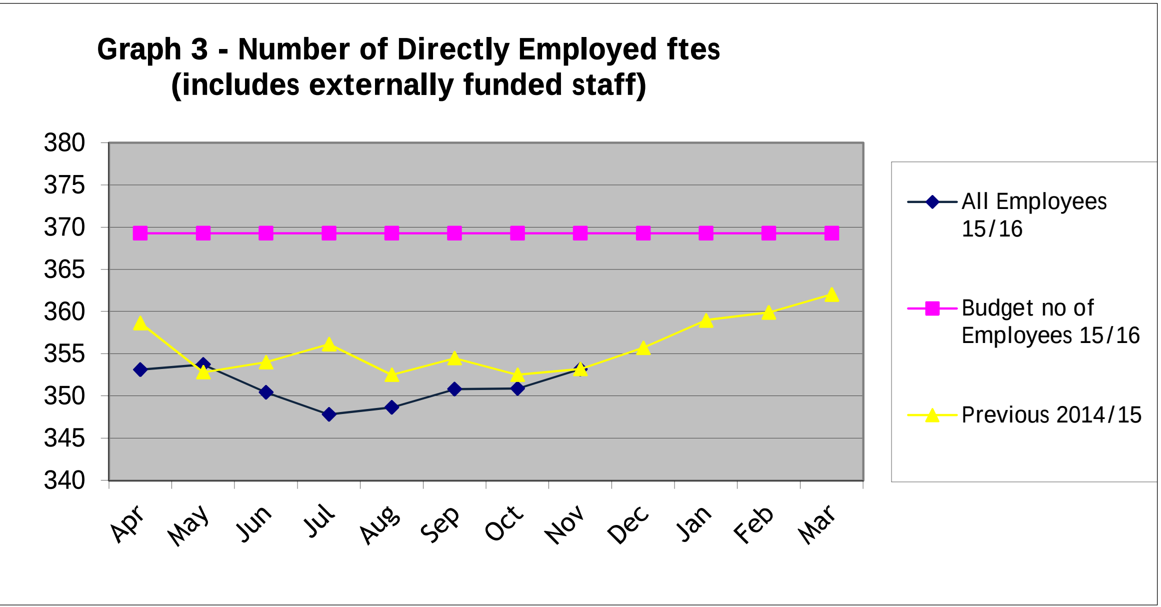
Appendix A

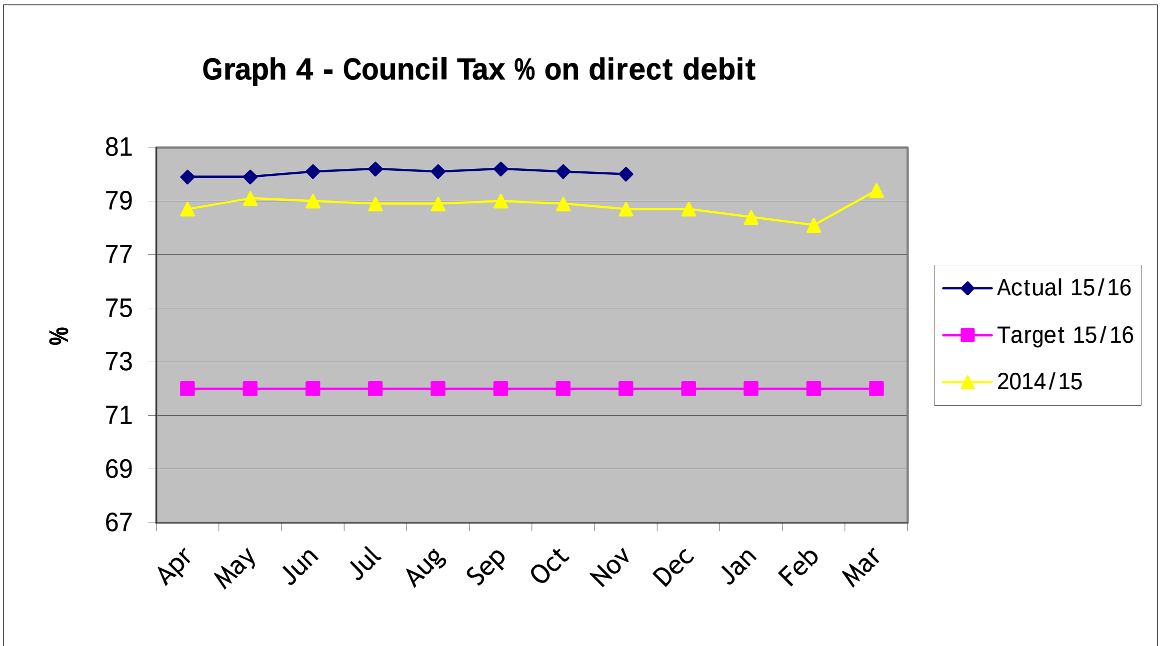
Finance Advisory Committee Finance Indicators 2015/16

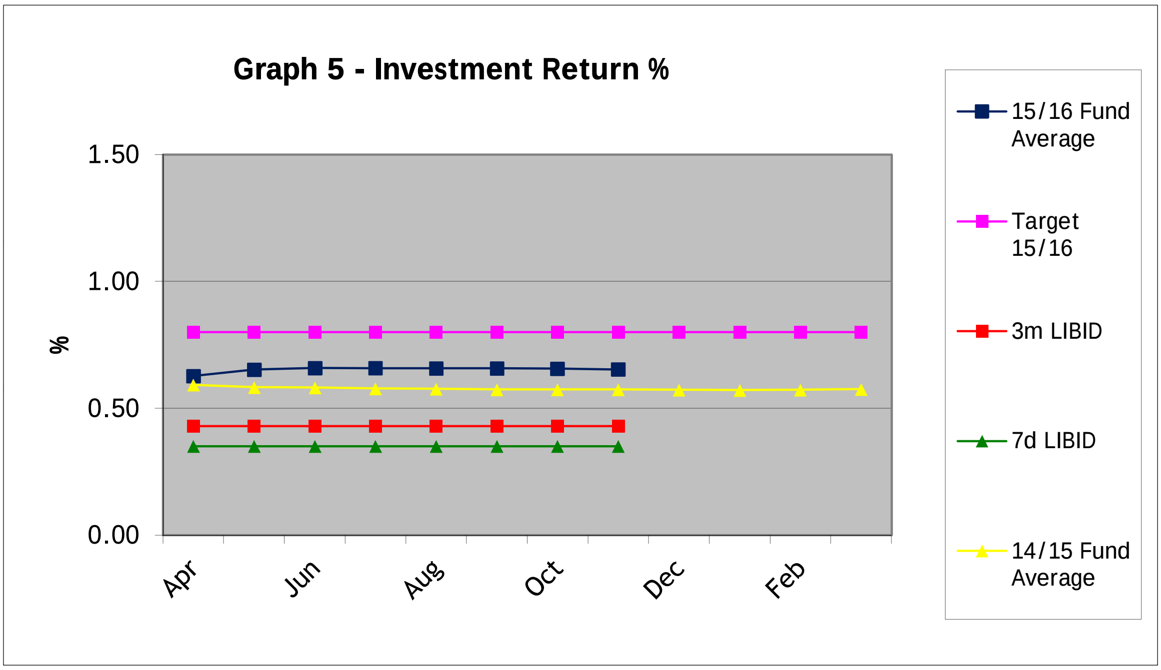
as at end November 2015

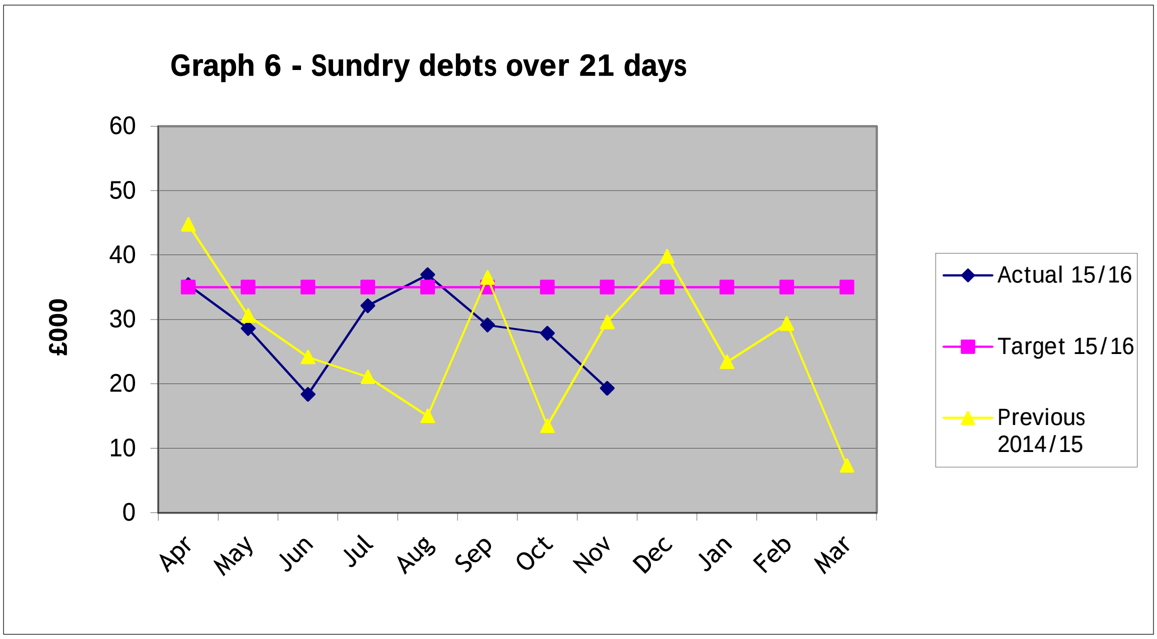


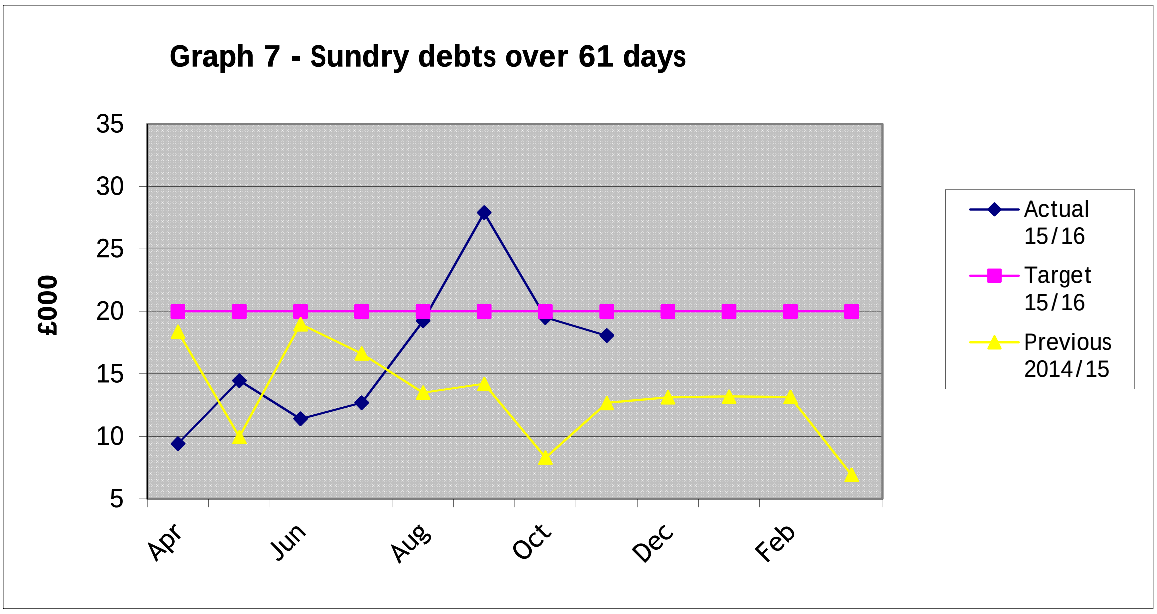



Graph 3 - Number of Directly Employed ftes
(includes externally funded staff)
380
375
370
365
360
355
350
345
340
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
All Employees 15/16
Budget no of Employees 15/16
Previous 2014/15


Graph 4 - Council Tax % on direct debit
%
81
79
77
75
73
71
69
67
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Actual 15/16
Target 15/16
2014/15


Graph 5 - Investment Return %
1.50
1.00
0.50
0.00
%
Apr
Jun
Aug
Oct
Dec
Feb
15/16 Fund Average
Target 15/16
3m LIBID
7d LIBID
14/15 Fund Average


Graph 6 - Sundry debts over 21 days
60
50
40
30
20
10
0
£000
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Actual 15/16
Target 15/16
Previous 2014/15


Graph 7 - Sundry debts over 61 days
£000
35
30
25
20
15
10
5
Apr
Jun
Aug
Oct
Dec
Feb
Actual 15/16
Target 15/16
Previous 2014/15

FINANCIAL RESULTS 2015/16 – TO THE END OF NOVEMBER 2015

Finance Advisory Committee – 25 January 2016

Report of	Chief Finance Officer
Status:	For consideration
Also considered by:	Cabinet – 4 February 2016
Key Decision:	No

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

Portfolio Holder	Cllr. Searles
Contact Officer(s)	Helen Martin Ext. 7483

Recommendation to Finance Advisory Committee: That the report be noted, and any comments forwarded to Cabinet.

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

Reason for recommendation: sound financial governance of the Council.

Overall Financial Position

1. Eight months into the year the results to date show an overall favourable variance of £179,000.

2. The year-end position is forecast to be £76,000 worse than budget; just over 0.5% of the net budget for the year.

3. Both the results to date and forecasts include any significant accruals.

Key Issues for the year to date

4. **Property Investment Strategy Income** – this is a new income source and represents income derived from the recent acquisitions of commercial property. As at the end of November we had received £292,000 and this will be transferred to the Budget Stabilisation Reserve.

5. **Revenues and Benefits Partnership** – Within Finance, additional resources have been used to help address the Benefits workload and to be proactive in contacting Council Tax Support customers. The funding of this additional cost will be shared with Dartford BC with the SDC element funded from the agreed carry forward and contributions from KCC, Fire and Police.

6. **Income** from Car Parks, On Street parking, Land Charges and Development Management is ahead of budget at the end of November

7. **Pay costs** – the actual expenditure to date on staff costs, (including agency staff but excluding those who are externally funded) is, in total, within £24,000 of budget. There are variances in individual areas and the larger variances are explained in the Chief Officer commentaries.

8. **Corporate Savings** – there is a budget of £100,000 from vacancy savings and these savings are currently £14,000 ahead of schedule.

Year End Forecast

The year-end position is forecast to be £76,000 worse than budget.

Property Investment Strategy

9. Forecast net income of £383,000 from commercial letting of the recent Property Investment Strategy acquisitions is excluded from the forecast as it will be transferred to the Budget Stabilisation Reserve.

Unforeseen pressures on 2015-16 Budget

10. Costs have been incurred at Farningham Woods for emergency felling of coppices and standard trees to try to contain the infestation of Oriental Chestnut Gall Wasp under instruction from DEFRA/Forestry Commission. There is a forecast of £40,000 for this work. The Forestry Commission has agreed to cover expenditure above £40,000.

11. Work on the Individual Electoral Registration Canvass is forecast to exceed budget by £56,000; the cost of the additional work is forecast to be greater than the amount of central government funding that we have received.

12. Tandridge District Council has terminated the agreement whereby Sevenoaks staff managed asset maintenance work and this has resulted in lost income of £13,000.

13. Asset Maintenance work at Hever Road site is forecast to exceed budget by £27,000.

Other forecasts for 2015-16

14. Budgeted income of £36,000 from a Building Control shared management arrangement with Tonbridge and Malling Council will not be received this year as full shared working commenced in October 2014.

15. The adverse variance of £30,000 for car parks expenditure relates to the rent for the leased area of Bligh's car park.

16. Income from sale of recycled glass is forecast to be £60,000 below budget following adverse market fluctuations in the price of cullet.

17. Within Finance, support work to non-finance partnerships is mainly contained within existing resources and this gives rise to a favourable forecast of £40,000.

18. Development Management income is forecast to be £82,000 better than budget due to a small number of high fee applications.

19. An ongoing vacancy in Planning Enforcement will result in a forecast favourable variance of £30,000.

20. The budgeted surplus for the Direct Services Trading account increased by £20,000 following a reallocation of savings required by SCIA21 (Back Office Savings). In addition to that, a further favourable variance of £26,000 is forecast.

21. This Council is entitled to retain 50% of extra income arising from increases in the business rate tax base, however this figure is subject to great volatility as it is affected by the results of outstanding appeals and therefore a prudent assessment of £75,000 additional income has been included at this stage.

Future Issues and Risk areas

22. 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:

- Asset Maintenance costs for leisure centres may exceed current budgets due to ageing assets; asset maintenance costs for Hever Road are currently under review;
- Benefit Fraud will move to the DCLG in February 2016. A corporate fraud function will be in place after that date;
- There remains the risk that planning decisions will be challenged, either at appeal or through the Courts;

- Planning fee income remains uncertain and is being closely monitored;
- Some significant appeals are scheduled and these could result in costs.

23. Planned savings for 2015/16 total £533,000, including efficiency savings, particularly from partnership working, and from additional income generation, and these will be risk areas for the current and for future years.

24. Grant funding to local government has been reducing and this is a non-protected area and must be considered vulnerable in the future.

Key Implications

Financial

The financial implications are set out elsewhere in this report.

Legal Implications and Risk Assessment Statement.

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

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

Equality 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 – November Budget Monitoring - Summary
Background Papers:	None

Adrian Rowbotham

Chief Finance Officer

2. Overall Summary

November 2015 - Final

	Period Budget £'000	Period Actual £'000	Period Variance £'000	Period Variance %	Y-T-D Budget £'000	Y-T-D Actual £'000	Y-T-D Variance £'000	Y-T-D Variance %	Annual Budget £'000	Annual Forecast (including Accruals) £'000	Annual Variance £'000	2014/15 Actual £'000
Communities and Business	87	46	42	48	796	692	103	13	1,054	1,054	-	839
Corporate Support	195	176	19	10	2,276	2,260	16	1	3,319	3,359	- 40	3,247
Environmental and Operational Services	165	128	38	23	1,666	1,611	54	3	2,478	2,701	- 223	2,536
Financial Services	409	431	- 22	-5	2,805	3,007	- 202	-7	5,070	5,026	44	4,847
Housing	62	69	- 7	-11	613	615	- 2	-0	730	739	- 8	725
Legal and Governance	51	24	27	53	459	438	21	5	634	685	- 52	541
Planning Services	112	94	18	16	841	658	183	22	1,284	1,183	101	1,060
NET EXPENDITURE (1)	**1,082**	**967**	**115**	**11**	**9,456**	**9,282**	**173**	**2**	**14,569**	**14,747**	**- 178**	**13,795**
Adjustments to reconcile to amount to be met from Reserves												
Direct Services Trading Accounts	13	- 8	21	157	- 141	- 197	57	40	- 84	- 110	26	- 192
Capital charges outside General Fund	- 5	- 5	- 0	-0	- 42	- 42	- 0	-0	- 63	- 63	-	- 60
Support Services outside General Fund	- 14	- 14	0	1	- 111	- 112	1	1	- 168	- 168	-	- 168
Redundancy Costs - all	-	-	-	-	-	24	- 24	-	-	-	-	31
NET EXPENDITURE (2)	1,076	940	136	13	9,162	8,955	207	2	14,254	14,406	- 152	13,406
Revenue Support Grant (incl. CT Support)	- 126	- 126	-	0	- 1,011	- 1,011	-	0	- 1,516	- 1,516	-	- 2,232
Retained Business Rates	- 161	- 161	-	0	- 1,289	- 1,289	-	0	- 1,934	- 2,009	75	- 1,898
New Homes Bonus	- 152	- 152	-	0	- 1,212	- 1,212	-	0	- 1,818	- 1,825	7	- 1,396
Council Tax Requirement - SDC	- 775	- 775	-	0	- 6,199	- 6,199	-	0	- 9,298	- 9,298	-	- 9,010
Property Investment Strategy Income	-	-	-	-	-	- 292	292	-	-	- 383	383	
NET EXPENDITURE (3)	- 137	- 274	136	-99	- 549	- 1,047	499	-91	- 312	- 625	313	- 1,129
Summary including investment income												
Net Expenditure	*- 137*	*- 274*	*136*	*-99*	*- 549*	*- 1,047*	*499*	*-91*	*- 312*	*- 625*	*313*	*- 1,129*
Investment Impairment	-	-	-	*0*	-	-	-	0	-	-	-	-
Interest and Investment Income	*- 28*	*- 22*	*- 5*	*20*	*- 214*	*- 186*	*- 28*	*-13*	*- 301*	*- 296*	*- 5*	*- 227*
OVERALL TOTAL	*- 165*	*- 296*	*131*	*79*	*- 763*	*- 1,233*	*470*	*-62*	*- 614*	*- 920*	*307*	*- 1,357*
Planned appropriation (from)/to Reserves					-	-	-	-	614	614	-	-
Additional Appropriation to Budget Stabilisation Reserve					-	292	- 292	-	-	383	- 383	-
												-
(Surplus)/Deficit					*- 763*	*- 941*	*179*	*-23*	-	*76*	*- 76*	*- 1,357*

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Finance Advisory Committee Work Plan 2015/16 (as at)

25 January 2016	18 April 2016	Summer 2016	Autumn 2016
Introduction to Procurement Strategy – Presentation Risks and Assumptions for Budget 2016/17 Capital Programme and Asset Maintenance Budget 2016/17 Treasury Management Strategy 2016/17 Discretionary Rate Relief Financial Performance Indicators 2015/16 – to the end of November 2015 Financial Results 2015/16 – to the end of November 2015	Introduction to Facilities Management – Presentation Provisional Outturn Financial Performance Indicators 2015/16 – to the end of February 2016 Financial Results 2015/16 – to the end of February 2016	Treasury Management Annual Report 2015/16 Financial Performance Indicators 2016/17 – to the end of July 2016 Financial Results 2016/17 – to the end of July 2016 Financial Prospects and Budget Strategy 2017/18 Onwards	Treasury Management Mid-Year Update 2016/17 Financial Performance Indicators 2016/17 – to the end of September 2016 Financial Results 2016/17 – to the end of September 2016 Budget 2017/18: Review of Service Dashboards and Service Change Impact Assessments (SCIAs)

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