

Council Offices
Argyle Road
Sevenoaks
Kent
TN13 1HG



Despatched: 12.02.18

I hereby summon you to attend the meeting of the Sevenoaks District Council to be held in the Council Chamber, Council Offices, Argyle Road, Sevenoaks commencing at 7.00 pm on 20 February 2018 to transact the under-mentioned business.

Chief Executive

AGENDA

There are no fire drills planned. If the fire alarm is activated, which is a continuous siren with a flashing red light, please leave the building immediately, following the fire exit signs.

Apologies for absence

1. To approve as a correct record the minutes of the meeting of the Council held on 21 November 2017 (Pages 1 - 8)
2. To receive any declarations of interest not included in the register of interest from Members in respect of items of business included on the agenda for this meeting
3. Chairman's Announcements
4. To receive any questions from members of the public under paragraph 17 of Part 2 (The Council and District Council Members) of the Constitution.
5. To receive any petitions submitted by members of the public under paragraph 18 of Part 2 (The Council and District Council Members) of the Constitution.
6. Matters considered by the Cabinet
 - a) Calculation of Council Tax Base and other Tax Setting Issues (Pages 9 - 20)
 - b) Treasury Management Strategy 2018/19 (Pages 21 - 62)
 - c) Budget and Council Tax Setting 2018/19 (Pages 63 - 126)

7. Matters considered by other standing committees
 - a) Gambling Act 2005: Licence Fees from April 2018 (Pages 127 - 134)
 - b) Local Government (Miscellaneous Provisions) Act 1982 - Licence Fees From April 2018
 - c) Monitoring Officer's Annual Report (Pages 135 - 168)
8. To consider the following reports from the Chief Executive or other Chief Officers on matters requiring the attention of Council:
 - a) Pay Policy Statement (Pages 169 - 180)
9. To consider any questions by Members under paragraph 19.3 of Part 2 (The Council and District Council Members) of the Constitution, notice of which have been duly given.
10. To consider any motions by Members under paragraph 20 of Part 2 (The Council and District Council Members) of the Constitution, notice of which have been duly given.
11. To receive the report of the Leader of the Council on the work of the Cabinet since the last Council meeting. (Pages 181 - 182)

EXEMPT ITEMS

At the time of preparing this agenda there were no exempt items. During any such items which may arise the meeting is likely NOT to be open to the public.

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

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

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

Democratic Services (01732 227000/ democratic.servces@sevenoaks.gov.uk)

COUNCIL

Minutes of the meeting held on 21 November 2017 commencing at 7.00 pm

Present: Cllr. Abraham (Chairman)

Cllr. Mrs. Bosley (Vice Chairman)

Cllrs. Ball, C Barnes, J Barnes, Bayley, Bosley, Brown, Dr. Canet, Clack, Clark, Coleman, Dickins, Edwards-Winsor, Esler, Eyre, Firth, Fleming, Gaywood, Grint, Halford, Hogarth, Hogg, Horwood, Mrs. Hunter, Kelly, Kitchener, Lake, Layland, Lindsay, London, Lowe, Maskell, McArthur, McGarvey, McGregor, Mrs. Morris, Parkin, Pearsall, Pett, Piper, Raikes, Scott, Scholey, Searles, Miss. Stack, Ms. Tennessee and Thornton

Apologies for absence were received from Cllrs. Dyball, Parson, Purves, Reay and Williamson.

20. To approve as a correct record the minutes of the meeting of the Council held on 21 July 2017.

Resolved: That the Minutes of the meeting of the Council held on 21 July 2017 be approved and signed as a correct record.

21. To receive any declarations of interest not included in the register of interest from Members in respect of items of business included on the agenda for this meeting

No additional declarations of interest were received.

22. Chairman's Announcements

The Chairman advised that along with the Vice Chairman he had attended the funeral of the very first Chairman of Sevenoaks District Council the day before. Eileen Wickenden. She had been Chairman from 1973 to 1975, and ward Councillor for Cowden and Edenbridge from 1973 to 1983. She had been a very active member of her community and an incredible person. Members of the Council joined him in a moment's silence in her memory.

He reported that the dragon boat race at Chipstead Lakes members had taken part in had raised £675; and the quiz had raised £965.70 for Ellenor Hospice.

Friday had been Children in Need and he and the Vice Chairman enjoyed helping with the collection and judging the fancy dress and bake off style 'Signature Bake'. Over £580 had been raised.

He announced that Claire Perry had been awarded the 2017 Jeremy Allen Award, her husband Adam and Richard Wilson collected it on her behalf. This award was by 3rd party nomination, and Claire had been nominated by nine individuals including colleagues within the Licensing Partnership for Sevenoaks, Tunbridge Wells, Maidstone and Bexley councils, and also more widely by colleagues in the South East region which she had supported through her commitment as an Institute of Licensing regional officer. The award recognises and awards exceptional practitioners.

Finally the Chairman asked all present to join him in applauding the Leader of the Council who had just been awarded Local Government Information Unit (LGIU) Council Leader of the Year.

23. To receive any questions from members of the public under paragraph 17 of Part 2 (The Council and District Council Members) of the Constitution.

No questions had been received.

24. To receive any petitions submitted by members of the public under paragraph 18 of Part 2 (The Council and District Council Members) of the Constitution.

No petitions had been received.

25. Matters considered by the Cabinet

- (a) Housing Assistance Policy

Councillor Fleming proposed and Councillor Lowe seconded, the recommendation from Cabinet. The report sought approval of the Housing Assistance Policy.

Resolved: That, subject to amendments to the Hospital Discharge Grant (HDG) to include 'the repair or buying of furniture' which would include within Registered Social Landlord Properties, the proposed Housing Assistance Policy be approved in order to ensure increased funding provided via the Better Care Fund is delivered to those who have not previously been able to obtain financial assistance; and to update the criteria for the Council's own discretionary financial assistance.

- (b) West Kent Homelessness Strategy

The report sought adoption of the new West Kent Homelessness Strategy. Councillor Lowe drew attention to paragraph 8 of the report, that advised that a further paragraph was to be added to the Strategy in response to feedback on care leavers.

Councillor Fleming proposed and Councillor Lowe seconded, the recommendation from Cabinet with this addition.

Council - 21 November 2017

Resolved: That the West Kent Homelessness Strategy be adopted, subject to the following paragraph being added to page 26 of the Strategy

‘Care leavers, of which Kent has a disproportionately large number, are a particularly vulnerable group. Kent County Council has duties under the Leaving Care Act 2000 towards eligible, relevant and former relevant children and young people and has a statutory duty to ensure that all such young people who meet the criteria for services as care leavers are placed in suitable accommodation when leaving care, transitioning to adulthood. In response to this, we must work in partnership with Kent County Council’s 18+ Care Leaver Service to find the best solutions for Care Leavers; This may require exploring more creative options including shared accommodation where suitable and appropriate.’

(c) Council Tax Reduction Scheme 2018/19

Councillor Fleming proposed and Councillor Scholey seconded, the recommendation from Cabinet. The report set out a proposed revision to the existing Council Tax Reduction (CTR) scheme.

Resolved: That

- a) the outcome of the public consultation, as set out in Appendix A to the report, be noted;
- b) responsibilities under the Public Sector Equality Duty and potential impacts of the proposed change on working age claimants with the protected characteristics of disability, age and sex, as set out in the Equality Impact Assessment in Appendix B to the report be noted; and
- c) the current CTR scheme be amended as follows and adopted to take effect from 1 April 2018:
 - i) That a self-employed applicant and/or his/her self-employed partner who is in receipt of the Personal Independence Payment (standard or enhanced rate of the daily living component) or Disability Living Allowance (middle or high rate of the care component) or Armed Forces Independence Payments be made exempt from the Minimum Income Floor.

(d) Affordable Housing Company

Councillor Fleming proposed and Councillor Lowe seconded, the recommendation from Cabinet. The report sought authority to progress the proposal to set up an Affordable Housing Company.

Resolved: That

- a) it be noted that expert external advice to develop a comprehensive business case to deliver Members ambition for the Council to develop its own affordable housing within the District has been commissioned;
- b) subject to a sound business case being established, the Head of Legal and Democratic Services be authorised to incorporate a standalone Affordable Housing Company first taking detailed advice and assistance from specialist external lawyers on the delivery model and set-up process;
- c) the broad governance and funding arrangements as set out in the report be noted;
- d) delegated authority be given to the Portfolio Holders for Finance, Housing & Health and Legal and Democratic Services in consultation with the Chief Executive, Chief Finance Officer and Head of Legal and Democratic Services to settle the detailed arrangements for the establishment of the company; and
- e) in the event that a sound business case to deliver affordable housing through an affordable housing company cannot be established Officers report back to Members setting out further options to deliver on Members ambition to develop its own affordable housing within the District.

(e) Christmas Parking 2017

Councillor Fleming proposed and Councillor Lowe seconded, the recommendation from Cabinet. The report sought funding for free parking being provided for two weekends leading up to Christmas, on Saturdays and Sundays, 9 & 10 and 16 & 17 December 2017.

Resolved: That the cost in terms of lost income for free Christmas parking be funded from a supplementary estimate.

26. Matter considered by Governance Committee

(f) Review of the Scheme for Members' Allowances

Councillor Fleming proposed and Councillor Pett seconded, the recommendations from the Governance Committee.

Cllr. Hogg stated that he could not support the recommendation when local government workers were restricted to a 1% raise which amounted to a decline. Cllr. Halford was pleased that it was not the same increase Kent County Councillors were receiving and felt that it was acceptable and fair.

Cllr. Fleming responded that, apart from the Community Infrastructure Levy (CIL) Spending Board Chairman and Vice Chairman and the Vice Chairman of

Council - 21 November 2017

Development Control allowances, the proposed increases would not come into force until 2019, after the next district council election.

Resolved: That

- a) the Chairman of the Community Infrastructure Levy (CIL) Spending Board be remunerated at the same rate as the Chairs of other committees, namely £2,144 p.a. with immediate effect;
- b) the Vice Chair of the CIL Spending Board be remunerated at the same rate as other Vice Chairs of committees, namely £534 p.a. with immediate effect;
- c) the allowance for the Vice Chair of Development Control committee be increased to £1,000 p.a. with immediate effect; and
- d) otherwise the recommendations of the JIRP be instituted with effect from the commencement of the municipal year 2019/20, namely:

- (a) The basic allowance shall remain unchanged.

- (b) Special Responsibility Allowances (SRAs) should be:

- a. Council Leader £20,000 p.a.
- b. Deputy Leader £12,000 p.a.
- c. Opposition Group Leaders £270 p.a. per group member
- d. Cabinet Members £7,000 p.a.
- e. Deputy Cabinet Members £1,600 p.a.
- f. Committee Chairs £1,500 - £5,000 p.a.
- g. Advisory Committee Chairs £2,500 p.a.
- h. Development Control Ctte Vice Chair £1,000 p.a.
- i. Vice Chairs of other committees shall not receive a SRA.
- j. Development Control Ctte Members £500 p.a.
- k. Licensing Ctte Members £135 p.a.
- l. Standards Co-optees £480 p.a.

- (c) Child Care Allowance be payable at the actual amount charged,

subject to a maximum rate of £7.20 per child per hour.

- (d) Dependent Carer's Allowance be payable at the actual amount charged, subject to a maximum of £16.00 per hour.
- (e) Allowances be updated in line with any annual increases in pay awards to Council staff.
- (f) Travel expenses continue to be based upon the HMRC approved rate.
- (g) The existing scheme for meal and subsistence allowances continue.
- (h) The existing IT allowance be stopped.

27. To consider the following reports from the Chief Executive or other Chief Officers on matters requiring the attention of Council:

(a) Mid-year Appointments 2017/18

Councillor Fleming proposed and Councillor Lowe seconded the report which sought approval of the revised committee memberships.

Resolved: That the committee and outside organisation vacancies be appointed to as follows -

- Development Control Committee - Cllr. Coleman
- Health Liaison Board - Cllr. Miss Stack
- Licensing Committee - Cllr. Clack
- Citizens Advice: Edenebridge & Westerham - Cllr Coleman
- Dartford & Gravesham NHS Trust Stakeholder Council - Cllr Searles

(b) Draft calendar of meetings for the municipal year 2018/19

Councillor Fleming proposed and Councillor Lowe seconded the report which sought approval of the draft calendar of meetings 2018/19.

Resolved: That the draft calendar of meetings for 2018/19 be approved subject to formal adoption at the Annual Meeting of the Council on 15 May 2018.

28. To consider any questions by Members under paragraph 19.3 of Part 2 (The Council and District Council Members) of the Constitution, notice of which have been duly given.

One question had been received from a Member in accordance with paragraph 19.3 of Part 2 (The Council and District Council Members) of the Constitution.

Question 1: Cllr. Hogg

“As it is now well over two years since the District Council evicted Age Concern from their Meeting Point venue in Swanley High Street and its acquisition of Swanley Working Man’s Club, could the Leader explain to the people of Swanley why it has taken the Council so long, except for the demolition of the Club, to take any action in developing these sites?

What is the cost to the council of securing and maintaining these sites?

Could he also explain why the Working Man’s Club was purchased without any firm plans for the site or predicted income from it, counter to the Council's property purchase policy?

When are the people of Swanley going to see any action?”

Response: Leader of the Council

I thank Councillor Hogg for his question about the Meeting Point building and Working Men’s Club in Swanley.

The District Council acquired the Working Men’s Club in February 2015 and spent £1.437 million on its acquisition, demolition and erection of the hoardings. The Council acquired the property to enable the regeneration of this key gateway site in the town and to generate either revenue income or capital receipts from its redevelopment. The regeneration of this site, together with the former Meeting Point building, formed a key part of the Swanley Mastervision, which the Council consulted on in late 2016 and was debated in Cabinet in February 2017.

The feasibility work that we have been undertaking since the completion of the Mastervision reflects the aspirations for both sites together to form a landmark at an important location in the town including residential development together with retail and restaurants on the Bevan Place site, the potential for start up business space and the diversity of the Town Centre, all of which were supported in the consultation.

The costs for the Meeting Point building, since it became vacant, are for the building insurance, £5224.16, and business rates, £40,324.15, together with £200 for securing for rear of the property.

The feasibility work will be concluded within the next couple of months. There will then follow meetings with local members prior to any proposals being made public.

It is however important that any proposals that the District Council have for the redevelopment are both deliverable and provide the appropriate level of required financial return to allow us, with the White Oak site included, to fulfil our stated ambition to provide Swanley with new leisure facilities.

In response to Cllr. Hogg's supplementary question, the Leader of the Council stated that at the Development Control Committee an application to regenerate Swanley Town centre had been unanimously rejected. The Council was not a slum landlord as there were no tenants. That it had been an acquisition in order to safeguard and provide a gateway to Swanley at such an important junction, and that it had formed part of the Master Vision which residents had been consulted on and it was the wishes of the people of Swanley to bring these sites into use.

In accordance with the Constitution, no further discussion was allowed.

29. To consider any motions by Members under paragraph 20 of Part 2 (The Council and District Council Members) of the Constitution, notice of which have been duly given.

No motions had been received.

30. To receive the report of the Leader of the Council on the work of the Cabinet since the last Council meeting.

The Leader of the Council reported on the work that he and the Cabinet had undertaken in the period 3 July to 3 November 2017, and Members took the opportunity to ask questions.

Members noted the revisions to the Cabinet portfolios.

THE MEETING WAS CONCLUDED AT 7.25 PM

CHAIRMAN

Item 6 (a) - Calculation of Council Tax Base and other tax setting issues

The attached report was considered by the Cabinet, and the relevant minute extract is below:

Cabinet (Minute 63, 11 January 218)

The Portfolio Holder for Finance presented the report advising that as part of the budget cycle the Council was required to calculate the council tax base of the district for tax setting purposes for the coming financial year and the calculation had to be approved by Cabinet and Full Council. The tax base was determined by converting all property and occupancy data to the equivalent number of band D properties and the figure was used to calculate the band D charge.

The report showed that the current tax base for 2017/18 is 49,382.42 and the tax base for 2018/19 would be 49,902.89 which was an increase of just over 1%. Apart from the increase in the number of dwellings, there was a fluctuation in the number of discounts granted each year. A collection rate of 99.4% had been included which was the same as the rate used in 2017/18, and the timetable leading up to setting the council tax for 2018/19 was also included in the report.

The Principal Accountant further advised that as mentioned in the Budget Update report, the increase in the tax base was the lowest in Kent and the cumulative increase since 2014/15 was also the lowest in Kent.

Members noted that Kent County Council (KCC) was due to set its council tax on the same day as the meeting of Full Council which would set the tax for the whole District. However, their figures should be known by the time of that meeting.

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 Council that

- a) the report of the Chief Finance Officer for the calculation of the Council's tax base for the year 2018/19 be approved;
- b) pursuant to the report of the Chief Finance Officer and in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended) the amount calculated by the Sevenoaks District Council as its council tax base for the whole area for the year 2018/19 shall be 49,902.89;

Agenda Item 6a

- c) pursuant to the report of the Chief Finance Officer and in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended) the amount calculated by the Sevenoaks District Council as the council tax base for 2018/19 for the calculation of local precepts shall be:

<u>Parish</u>	<u>Tax Base</u>
Ash-cum-Ridley	2,431.82
Badgers Mount	329.31
Brasted	779.00
Chevening	1,443.19
Chiddingstone	600.18
Cowden	402.07
Crockenhill	656.44
Dunton Green	1,180.38
Edenbridge	3,548.58
Eynsford	930.38
Farningham	657.83
Fawkham	280.51
Halstead	777.21
Hartley	2,538.28
Hever	598.98
Hextable	1,643.18
Horton Kirby & South Darenth	1,298.26
Kemsing	1,813.75
Knockholt	628.51
Leigh	877.50
Otford	1,687.32
Penshurst	831.38
Riverhead	1,242.10
Seal	1,223.02
Sevenoaks Town	9,470.04
Sevenoaks Weald	621.15
Shoreham	686.26
Sundridge	925.22
Swanley	5,485.19

Westerham	1,985.12
West Kingsdown	2,330.73

- d) any expenses incurred by the Council in performing in part of its area a function performed elsewhere in its area by a parish or community council or the chairman of a parish meeting shall not be treated as special expenses for the purposes of section 35 of the Local Government Finance Act 1992.

This page is intentionally left blank

Calculation Of Council Tax Base And Other Tax Setting Issues

Council - 20 February 2018

Report of the: Chief Finance Officer

Status: For Decision

Also considered by: Cabinet - 11 January 2018

Key Decision: No

Executive Summary:

This report sets out details of the calculation of the District's tax base for council tax setting purposes. These figures are used to determine tax rates for each of the council tax bands once the Council's budget requirement is known. The report also advises Members of the timetable for setting the 2018/19 council tax.

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

Portfolio Holder Cllr. Scholey

Contact Officer Roy Parsons, Principal Accountant - Ext 7204

Recommendation to Cabinet: That it be recommended to Council that:

- (a) the report of the Chief Finance Officer for the calculation of the Council's tax base for the year 2018/19 be approved;
- (b) pursuant to the report of the Chief Finance Officer and in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended) the amount calculated by the Sevenoaks District Council as its council tax base for the whole area for the year 2018/19 shall be 49,902.89;
- (c) pursuant to the report of the Chief Finance Officer and in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended) the amount calculated by the Sevenoaks District Council as the council tax base for 2018/19 for the calculation of local precepts shall be:

<u>Parish</u>	<u>Tax Base</u>
Ash-cum-Ridley	2,431.82
Badgers Mount	329.31
Brasted	779.00

Agenda Item 6a

Chevening	1,443.19
Chiddingstone	600.18
Cowden	402.07
Crockenhill	656.44
Dunton Green	1,180.38
Edenbridge	3,548.58
Eynsford	930.38
Farningham	657.83
Fawkham	280.51
Halstead	777.21
Hartley	2,538.28
Hever	598.98
Hextable	1,643.18
Horton Kirby & South Darent	1,298.26
Kemsing	1,813.75
Knockholt	628.51
Leigh	877.50
Otford	1,687.32
Penshurst	831.38
Riverhead	1,242.10
Seal	1,223.02
Sevenoaks Town	9,470.04
Sevenoaks Weald	621.15
Shoreham	686.26
Sundridge	925.22
Swanley	5,485.19
Westerham	1,985.12
West Kingsdown	2,330.73

- (d) any expenses incurred by the Council in performing in part of its area a function performed elsewhere in its area by a parish or community council or the chairman of a parish meeting shall not be treated as special expenses for the purposes of section 35 of the Local Government Finance Act 1992.

Recommendation to Council: That the various calculations detailed above be approved.

Reason for recommendations: As part of the tax setting process for 2018/19, the Council needs to formally approve the tax base at individual town and parish level as well as for the District as a whole.

Introduction and Background

- 1 The Local Authorities (Calculation of Council Tax Base) Regulations 1992, made under powers of the Local Government Finance Act 1992, specify formulae for calculating the council tax base which must be set between 1 December and 31 January.
- 2 The council tax base is a measure of the number of dwellings to which council tax is chargeable in an area or part of an area. It is used for the purposes of calculating a billing authority's and other precepting authorities' band D council tax.
- 3 Under the regulations, the council tax base is the aggregate of the relevant amounts calculated for each valuation band multiplied by the Council's estimated collection rate for the year.
- 4 The Council is required to calculate a tax base figure for the Department for Communities & Local Government (DCLG). This is based on the valuation list as at 11 September 2017 and occupancy information at 2 October 2017. The tax base for tax setting purposes is based on information available in December 2017. In addition, other factors may be taken into account to reflect likely changes to the tax base during 2018/19. These factors include:-
 - An allowance for changes in the amount of disabled relief
 - An allowance for changes in the number of exempt properties
 - An estimate of the number of new properties liable to council tax
 - An estimate of the number of properties ceasing to be liable to council tax
 - An allowance for changes in the number of single person discounts
 - An allowance for the effect of appeals by taxpayers on the banding of their properties
- 5 It has always been the practice to assume that these items will be self-balancing and hence no adjustment to the overall tax base was made other than the usual allowance for non-collection. Over the last few years the tax base has been rising due to new properties being built. However, the rate of increase is not significant enough to warrant a change from the self-balancing assumption.

Agenda Item 6a

Detailed Tax Base Calculations

- 6 The current year's tax base calculation assumes a 99.4% collection rate, which also allows for some movement in the items mentioned in Paragraph 4. Having assessed previous years' collection rates plus the effect of changes to council tax support, it is considered prudent to maintain the assumed collection rate at 99.4% for 2018/19.
- 7 The second column of the table below sets out the number of band D equivalents based on the valuation list and occupancy information at 1 December 2017 for each parish, together with a summary for the District. The figures are then subjected to the collection rate adjustment in column 3 to arrive at the tax base for council tax setting purposes appearing in column 4. The corresponding figures for 2017/18 appear in column 5.

<u>(1)</u> Parish	<u>(2)</u> Band D Equivalents	<u>(3)</u> Collection Rate Multipliers	<u>(4)</u> Tax base 2018/19	<u>(5)</u> Tax base 2017/18
Ash-cum-Ridley	2,446.50	0.994	2,431.82	2,417.81
Badgers Mount	331.30	0.994	329.31	329.71
Brasted	783.70	0.994	779.00	772.34
Chevening	1,451.90	0.994	1,443.19	1,448.06
Chiddingstone	603.80	0.994	600.18	595.80
Cowden	404.50	0.994	402.07	406.15
Crockenhill	660.40	0.994	656.44	647.99
Dunton Green	1,187.50	0.994	1,180.38	1,116.66
Edenbridge	3,570.00	0.994	3,548.58	3,505.34
Eynsford	936.00	0.994	930.38	929.09
Farningham	661.80	0.994	657.83	650.57
Fawkham	282.20	0.994	280.51	284.48
Halstead	781.90	0.994	777.21	760.41
Hartley	2,553.60	0.994	2,538.28	2,527.05
Hever	602.60	0.994	598.98	599.88
Hextable	1,653.10	0.994	1,643.18	1,650.64
Horton Kirby & South Darent	1,306.10	0.994	1,298.26	1,292.20
Kemsing	1,824.70	0.994	1,813.75	1,824.29
Knockholt	632.30	0.994	628.51	619.36
Leigh	882.80	0.994	877.50	818.76

Otford	1,697.50	0.994	1,687.32	1,668.43
Penshurst	836.40	0.994	831.38	829.69
Riverhead	1,249.60	0.994	1,242.10	1,237.13
Seal	1,230.40	0.994	1,223.02	1,198.96
Sevenoaks Town	9,527.20	0.994	9,470.04	9,315.37
Sevenoaks Weald	624.90	0.994	621.15	619.66
Shoreham	690.40	0.994	686.26	682.88
Sundridge	930.80	0.994	925.22	924.22
Swanley	5,518.30	0.994	5,485.19	5,407.86
Westerham	1,997.10	0.994	1,985.12	1,979.25
West Kingsdown	2,344.80	0.994	2,330.73	2,322.38
TOTALS	50,204.10		49,902.89	49,382.42

- 8 The Council has previously resolved that its expenses are to be treated as general expenses. In addition the Council has formally to approve what are to be regarded as special expenses now that parish precepts are treated as part of the District Council's general fund and therefore its budget requirement.

Timetable for Setting the Tax

- 9 The County Council, Police & Crime Commissioner and Fire and Rescue Service have advised me of their budget meeting dates for 2018/19:

County Council	20 February 2018
Police & Crime Commissioner	8 February 2018
Fire and Rescue Service	13 February 2018

- 10 The council tax for the Sevenoaks area cannot be set before the County, Police and Fire precepts have been ratified. There are several dates laid down in regulations on, or by which, certain tasks in relation to the budget process and tax setting have to be carried out. These key dates appear in the Appendix.
- 11 This Council's budget and tax setting meeting is on the same day as the County Council's. Their meeting is in the afternoon. It is expected that their figures will be known in advance, but they could change at the meeting. Hence the precept figures in our budget report will be subject to change.
- 12 As part of the tax setting process, the Council is required to make an estimate of the collection fund surplus or deficit at 15 January 2018 or the first working day after this, for the year ending 31 March 2018.
- 13 The amount of any surplus or deficit which a billing authority estimates in its collection fund will not remain in the collection fund but will be shared and

Agenda Item 6a

taken into account by both billing and major precepting authorities in calculating their basic amounts of council tax for 2018/19.

- 14 In estimating any surplus or deficit, items relating to community charge will not be taken into account. These are to remain with the billing authority and will be taken into account by it in calculating its basic amount of council tax for the year.
- 15 An authority's share of any surplus or deficit relating to council tax is to be in the same proportion as its demand bears to the total demand and precepts on the collection fund for 2017/18. Payment is to be made during 2018/19 on the same dates as precept payments.

Key Implications

Financial

There are no financial implications.

Community Impact and Outcomes

There are no community impacts arising from this report.

Legal Implications and Risk Assessment Statement

Calculation of the tax base for the District is a statutory requirement. The information is used by other authorities in setting their precepts. The actual tax base will vary during the year as new properties are built and exemptions and discounts are granted or withdrawn. Any difference in the revenue raised to that needed to pay precepts remains in the collection fund to be distributed to or collected from major precepting authorities in the following year.

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

Members are asked to approve the calculation of the District's tax base for council tax setting purposes and to note the timetable for setting the 2018/19 council tax.

Appendix: Key dates in the council tax setting process

Background Papers: None

Adrian Rowbotham
Chief Finance Officer

APPENDIX

KEY DATES IN THE COUNCIL TAX SETTING PROCESS

- | | | |
|-------|---|--|
| i) | By 13 October 2017 | Notify tax base for grant settlement purposes to Department for Communities & Local Government (DCLG) |
| ii) | During December 2017 | DCLG notifies schedule of payment dates for Revenue Support Grant (RSG) and Non-Domestic Rates (NDR). DCLG notifies the NDR multiplier (rate in £) for 2018/19 |
| iii) | By 31 December 2017 | Issue proposed schedule of payment dates to precepting authorities |
| iv) | By 31 January 2018 | Agree actual schedule of precept payment dates |
| v) | Between 1 December 2017 and 31 January 2018 | Notify tax base for tax setting purposes to KCC, Fire & Rescue Service and Police & Crime Commissioner |
| vi) | On 15 January 2018 | Estimate collection fund surplus or deficit for year and calculate the amount to be shared between SDC, KCC, Fire and Police (where applicable) |
| vii) | By 22 January 2018 | Notify KCC, Fire and Police of their shares of the surplus or deficit and when amounts are to be paid or transferred during 2018/19 (where applicable) |
| viii) | During January and February 2018 | Notify Town/Parish Councils of tax bases for their areas within 10 days of them making such a request |
| ix) | During February 2018 | DCLG notifies entitlements and payment dates of Formula Spending Share (FSS), RSG and NDR |
| x) | By 1 March 2018 | KCC, Fire & Rescue Service, Police & Crime Commissioner and Town/Parish Councils issue their precepts |
| xi) | By 11 March 2018 | District sets council tax for 2018/19, taking account of its own budget requirement and those of the precepting authorities. |

Item 6 (b) - Treasury Management Strategy 2018/19

The attached report was considered by the Cabinet, and the relevant minute extract is below:

Cabinet (Minute 74, 6 February 218)

The Portfolio Holder for Finance presented the report which set out the Council's policies for borrowing and for managing its investments and for giving priority to the security and liquidity of those investments.

The Council was required under the Local Government Act 2003 (the Act) and supporting regulations 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 were affordable, prudent and sustainable; 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).

The Principal Accountant further advised that CIPFA had recently published a revised Prudential Code as well as a revised Treasury Management Code of Practice. The primary purpose was to ensure sound governance around "non-treasury" investments such as property acquisitions. The Codes were published too late to enable the full impact to be built in to the strategy statement, therefore changes would be brought before Members during 2018/19 as and when required.

The Finance Advisory Committee had considered the same report and had agreed to recommend it for approval.

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 Council that the Treasury Management Strategy for 2018/19, be approved.

This page is intentionally left blank

TREASURY MANAGEMENT STRATEGY 2018/19

Council - 20 February 2018

Report of the: Chief Finance Officer

Status: For Decision

Also considered by Finance Advisory Committee - 30 January 2018

Cabinet - 6 February 2018

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.

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

Portfolio Holder Cllr. John Scholey

Contact Officers Roy Parsons, Principal Accountant, Ext 7204

Adrian Rowbotham, Chief Finance Officer, Ext 7153

Recommendation to Finance Advisory Committee: That 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 2018/19.

Recommendation to Council: That the Treasury Management Strategy for 2018/19 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

Reporting requirements

- 4 The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals. These reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Finance 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 2018/19

- 8 The strategy for 2018/19 covers two main areas:

Capital issues

- the capital plans and the prudential indicators; and
- the Minimum Revenue Provision (MRP) policy.

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;
 - debt rescheduling;
 - 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.
- 10 CIPFA has conducted a review of the Prudential Code and the Treasury Management Code of Practice and issued its guidance on 21 December 2017. The review is particularly focused on the risks associated with 'non-treasury' investments, especially the purchase of investment property and other commercial activities that aim to generate income, but which may require

Agenda Item 6b

external borrowing (or the use of existing cash balances) to finance such activities.

- 11 Whilst the codes apply to the 2018/19 financial year, given the timing of their release, CIPFA's Treasury and Capital Management Panel recommends that the requirements of both codes be 'implemented as soon as possible' and acknowledges that they may not be fully implemented until the 2019/20 financial year. This Treasury Management Strategy Statement (TMSS) has largely been prepared in accordance with the current Codes of Practice. To ensure that the Council's TMSS remains compliant with the new CIPFA codes, any necessary changes will be reported to Members during 2018/19.

MiFID II

- 12 The Financial Conduct Authority (FCA) implemented the European Union's second Markets in Financial Instruments Directive (known as MiFID II) on 3 January 2018. The directive impacts on the way investors, including local authorities, access financial services provided by banks, brokers, advisors and fund managers.
- 13 Under MiFID II, all local authorities are by default classified as retail clients (i.e. the same as a private individual). Those authorities meeting certain quantitative and qualitative criteria are able to opt up to a professional client. Retail and professional clients have differing access to financial products and services and are afforded differing degrees of protection.
- 14 Professional status has been obtained with our treasury management advisor, brokers, Money Market Funds and some banks and building societies, where necessary.

Training

- 15 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.
- 16 The training needs of treasury management officers are reviewed periodically.

Treasury management consultants

- 17 The Council uses Link Asset Services, Treasury Solutions (formerly known as Capita Asset Services, Treasury Solutions) as its external treasury management advisors.
- 18 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.
- 19 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 documented, and subjected to regular review.

The Capital Prudential Indicators 2018/19 - 2020/21

- 20 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

- 21 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 note the capital expenditure forecasts:

	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000
Capital Expenditure	15,372	9,432	35,595	1,566	1,452

- 22 Other long term liabilities. The above financing need excludes other long term liabilities, such as PFI and leasing arrangements which already include borrowing instruments.
- 23 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).

	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000
Capital Expenditure	15,372	9,432	35,595	1,566	1,452
Financed by:					
Capital receipts	630	4,186	7,039	128	0
Capital grants	0	675	889	889	889

Agenda Item 6b

Capital reserves	9,430	645	25,746	549	563
Revenue - contribution to capital reserve	0	0	561	0	0
Net financing need for the year	5,312	3,926	1,360	0	0

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

- 24 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 indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.
- 25 The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each asset's life, and so charges the economic consumption of capital assets as they are used.
- 26 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 by the lease provider and so the Council is not required to separately borrow for these schemes.
- 27 The Council is asked to note the CFR projections below:

	2016/17 Actual £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000
Capital Financing Requirement					
Total CFR	5,392	9,085	10,062	9,641	9,239
Movement in CFR	(21)	(233)	(382)	(422)	(402)

Movement in CFR represented by:					
Net financing need for the year (above)	5,312	3,926	1,360	0	0

<u>Less</u> MRP/VRP and other financing movements	(5,291)	(3,693)	(978)	(422)	(402)
Movement in CFR	(21)	(233)	(382)	(422)	(402)

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

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	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000
Fund balances / reserves	23,914	17,974	18,922	19,345	20,360
Capital receipts	143	276	5,660	11,110	10
Provisions	409	409	409	409	409
Other	0	0	0	0	0
Total core funds	24,466	18,659	24,991	30,864	20,779
Working capital*	10,814	10,914	11,014	11,114	11,214
Under/over borrowing	(4,561)	(3,004)	(3,981)	(3,560)	(3,158)
Expected investments	30,719	26,569	32,024	38,418	28,835

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

The Borrowing and Repayment Strategy

29 The capital expenditure plans set out above provide details of the service activity of the Council. The treasury management function ensures that the

Agenda Item 6b

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

Current portfolio position

- 30 The Council's treasury portfolio position at 31 March 2017, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations) against the underlying capital borrowing need (the CFR), highlighting any over or under borrowing.

	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000
External debt					
Debt at 1 April	0	0	5,250	5,250	5,250
Expected change in Debt	0	5,250	0	0	0
Other long-term liabilities (OLTL)	702	831	831	831	831
Expected change in OLTL	129	0	0	0	0
Actual gross debt at 31 March	831	6,081	6,081	6,081	6,081
The Capital Financing Requirement (CFR)	5,392	9,085	10,062	9,641	9,239
Under / (over) borrowing	4,561	3,004	3,981	3,560	3,158

Borrowing Strategy

- 31 The Council is currently maintaining 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.

- 32 Against this background and the risks within the economic forecast, caution will be adopted with the 2018/19 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. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.*
- 33 Any decisions will be reported to the appropriate decision making body at the next available opportunity.
- 34 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 2018/19 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 or speculative purposes.
- 35 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.

Treasury Indicators: Limits to Borrowing Activity

The operational boundary

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

Agenda Item 6b

Operational boundary	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000
Debt	10,000	30,000	30,000	30,000
Other long term liabilities	831	831	831	831
Total	10,831	30,831	30,831	30,831

The authorised limit for external debt

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

Authorised limit	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000
Debt	10,000	35,000	35,000	35,000
Other long term liabilities	831	831	831	831
Total	10,831	35,831	35,831	35,831

Prospects for interest rates

- 40 The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives their central view.

	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank Rate	0.50%	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%
5yr PWLB Rate	1.50%	1.60%	1.60%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.10%	2.10%	2.20%	2.30%	2.30%
10yr PWLB View	2.10%	2.20%	2.30%	2.40%	2.40%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%
25yr PWLB View	2.80%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.50%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%

- 41 Appendix A draws together a number of current City forecasts for short term and longer fixed interest rates. Appendix B contains Link Asset Services' latest economic background report.

Policy on borrowing in advance of need

- 42 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.
- 43 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.

Debt rescheduling

- 44 As short-term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long-term debt to short-term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).
- 45 The reasons for any rescheduling to take place will include:
- the generation of cash savings and / or discounted cash flow savings;
 - helping to fulfil the treasury strategy;
 - enhancing the balance of the portfolio (amend the maturity profile and/or the balance of volatility).
- 46 Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.
- 47 All rescheduling will be reported to Cabinet at the earliest meeting following its action.

Agenda Item 6b

Municipal Bonds Agency

- 48 It is possible that the Municipal Bonds Agency will be offering loans to local authorities in the future. The Agency hopes that the borrowing rates will be lower than those offered by the Public Works Loan Board (PWLB). This Authority may make use of this new source of borrowing as and when appropriate.

Minimum Revenue Provision (MRP) Policy Statement

- 49 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).
- 50 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:
- 51 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.
- 52 This option provides for an approximate 4% reduction in the borrowing need (CFR) each year.
- 53 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.

- 54 It is proposed to use the 'Asset life method' in the calculation of the Council's MRP. In choosing to do so, there are two options available:
- Equal instalments - where the principal repayment made is the same in each year; or
 - Annuity - where the principal repayments increase over the life of the asset.

- 55 Of the two options, the annuity method seems to be the most suitable for the Council at this time, particularly for assets that generate income. It matches the repayment profile to how the benefits of the asset financed by borrowing are consumed over its useful life (i.e. it reflects the fact that asset deterioration is slower in the early years of an asset and accelerates towards the latter years). Interest will be greater at the beginning of the loan, at which time all of the principal is outstanding, so the amount of principal repayment is lower in the initial years. The schedule of charges produced by the annuity method results in a consistent charge of principal and interest over an asset’s life, taking into account the real value of the annual charges when they fall due.
- 56 MRP commences in the financial year following that in which the expenditure is incurred, or in the year following that in which the relevant asset becomes operational. This enables an MRP “holiday” to be taken in relation to assets which take more than one year to be completed before they become operational.

Affordability prudential indicators

- 57 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. Members are asked to note the following indicators:

Ratio of financing costs to net revenue stream

- 58 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.

	2016/17 Actual	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Ratio (%)	(2%)	0%	1%	0%	0%

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

Treasury indicators for debt

- 59 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:

Agenda Item 6b

- 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.

60 Members are asked to note the following treasury indicators and limits:

	2018/19	2019/20	2020/21
	%	%	%
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 2018/19			
		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 2018/19			
		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

Annual Investment Strategy

Current investment portfolio position

- 61 The Council's treasury portfolio position at 31 December 2017 appears in Appendix C.

Loans to other organisations

- 62 The Council has loaned money to other organisations. Details appear in Appendix C. A further loan has been agreed of £600,000 to Sevenoaks Leisure Limited at 6% p.a. payable in tranches during the latter part of 2017/18.

Investment policy

- 63 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.
- 64 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.
- 65 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

Agenda Item 6b

pricing such as “credit default swaps” (CDS) and overlay that information on top of the credit ratings.

- 66 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.
- 67 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

- 68 Following a review of counterparties and limits, as agreed with the Portfolio Holder, rather than using the Link Asset Services colour coded creditworthiness service, the policy is now based on credit ratings and our own view of suitable creditworthy counterparties.
- 69 The primary principle governing the Council’s investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:
- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and
 - It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council’s prudential indicators covering the maximum principal sums invested.
- 70 The Chief Finance Officer will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.
- 71 Credit rating information is supplied by Link Asset Services, our treasury advisors, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating Watches (notification of a likely change), rating Outlooks (notification of the longer term bias outside the central rating view) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating Watch applying to counterparty at the minimum

Council criteria will be suspended from use, with all others being reviewed in light of market conditions

- 72 The criteria for providing a pool of high quality investment counterparties (both specified and non-specified investments) is:
- Banks 1 (Good credit quality). UK banks having, as a minimum, the following Fitch, Moody's and Standard & Poor's credit ratings (where rated):
 - i. Short Term - F1
 - ii. Long Term - A-
 - Banks 2 (Good credit quality). Non-UK banks domiciled in a country which has a minimum sovereign Long Term rating of AA- and having, as a minimum, the following Fitch, Moody's and Standard & Poor's credit ratings (where appropriate):
 - i. Short Term - F1
 - ii. Long Term - A-
 - Banks 3 (Part nationalised UK Bank - Royal Bank of Scotland). This bank can be included provided it continues to be part nationalised or it meets the rating requirements in Banks 1 above.
 - Banks 4 (The Council's own banker for transactional purposes, if it falls below the above criteria). Balances will be minimised in both monetary size and time invested.
 - Bank subsidiary and treasury operation. The Council will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined above.
 - Building societies. The Council will use all societies which:
 - i. Meet the ratings for banks outlined above; or
 - ii. Have assets in excess of £3bn;or meet both criteria.
 - Money Market Funds (MMFs). Minimum AAA credit rating from at least two of the three rating agencies and with a fund size in excess of £1bn. New EU regulations to be implemented in 2018/19 will change fund valuation methodology from Constant Net Asset Valuation (CNAV) to either Low Volatility Net Asset Valuation (LVNAV) or CNAV. As a consequence, the Council approves the use of Money Market Funds that operate under CNAV (those that invest exclusively in government securities) or operate under LVNAV (all other liquidity funds)
 - UK Government (including gilts, Treasury Bills and the DMADF)
 - Local authorities, parish councils etc.

Agenda Item 6b

- 73 A limit of 50% will be applied to the use of non-specified investments.
- 74 Additional requirements under the Code require the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating Watches/Outlooks) will be applied to compare the relative security of differing investment counterparties.
- 75 The time and monetary limits for institutions on the Council's counterparty list are as follows (these will cover both specified and non-specified investments):

	Fitch Long Term Rating (or equivalent)	Money and/or % Limit	Time Limit
Banks 1	A-	£7m	2 years
Banks 2	A-	£5m	2 years
Banks 3	N/A	£7m	2 years
Banks 4	N/A	£7m	1 day
Bank subsidiaries	A-	£7m	2 years
Rated building societies (assets over £3bn)	N/A	£5m	2 years
Unrated building societies (assets over £3bn)	N/A	£3m	1 year
UK Government DMADF	UK sovereign rating	£5m	6 months
Local authorities	N/A	£5m (each)	2 years
Money Market Funds (CNAV)	AAA	£5m (per Fund)	Liquid
Money Market Funds (LVNAV)	AAA	£5m (per Fund)	Liquid

- 76 The proposed criteria for specified and non-specified investments are shown in Appendix D.

- 77 Due care will be taken to consider the country, group and sector exposure of the Council's investments.
- 78 The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch (or equivalent). 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.
- 79 In addition:
- no more than 15% of the total fund will be placed with any non-UK country at any time. The only country, other than the UK, currently approved for investment is Sweden;
 - total investment in any single institution, or institutions within a group of companies, is limited to 25% of the total fund at the time an investment is placed;

Investment Strategy

- 80 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).
- 81 Bank Rate is forecast to stay flat at 0.50% until quarter 4 2018 and not to rise above 1.25% by quarter 1 2021. Bank Rate forecasts for financial year ends (March) are:
- 2017/18 0.50%
 - 2018/19 0.75%
 - 2019/20 1.00%
 - 2020/21 1.25%
- 82 The suggested budgeted investment earnings rates for returns on investments, placed for periods up to about 3 months, during each financial year are as follows:
- 2017/18 0.40%
 - 2018/19 0.60%
 - 2019/20 0.90%
 - 2020/21 1.25%
 - 2021/22 1.50%
 - 2022/23 1.75%
 - 2023/24 2.00%
 - Later years 2.75%

Agenda Item 6b

- 83 The overall balance of risks to these forecasts is currently skewed to the upside and are dependent on how strong GDP growth turns out, how quickly inflation pressures rise and how quickly the Brexit negotiations move forward positively.
- 84 Members are asked to note 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 & 365 days	2018/19 £m	2019/20 £m	2020/21 £m
Principal sums invested > 364 & 365 days	£10m	£10m	£10m

- 85 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

- 86 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

- 87 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

- 88 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

- 89 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

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

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.

This treasury management strategy report fulfils the requirements of The Chartered Institute of Public Finance & Accountancy's Code of Practice on Treasury Management 2009 plus the 2011 update. The 2017 revised Code was published in December 2017 and any changes to ensure compliance will be put in place at the earliest available opportunity.

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.

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.

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

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

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

Agenda Item 6b

In line with the revised CIPFA Code of Practice on Treasury Management, the Annual Treasury Strategy Statement must be considered by Council and this is planned for its meeting on 20 February 2018. 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 - Prospects for interest rates
- Appendix B - Economic background report
- Appendix C - Investment portfolio at 31 December 2017
- 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

APPENDIX A: Prospects for interest rates

- 1 As expected, the Monetary Policy Committee (MPC) delivered a 0.25% increase in Bank Rate at its meeting on 2 November. This removed the emergency cut in August 2016 after the EU referendum. The MPC also gave forward guidance that they expected to increase Bank rate only twice more by 0.25% by 2020 to end at 1.00%. The Link Asset Services forecast in the main body of the report includes increases in Bank Rate of 0.25% in November 2018, November 2019 and August 2020.
- 2 The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently. It has long been expected, that at some point, there would be a more protracted move from bonds to equities after a historic long-term trend, over about the last 25 years, of falling bond yields. The action of central banks since the financial crash of 2008, in implementing substantial Quantitative Easing, added further impetus to this downward trend in bond yields and rising bond prices. Quantitative Easing has also directly led to a rise in equity values as investors searched for higher returns and took on riskier assets. The sharp rise in bond yields since the US Presidential election in November 2016 has called into question whether the previous trend may go into reverse, especially now the Federal Reserve (Fed) has taken the lead in reversing monetary policy by starting, in October 2017, a policy of not fully reinvesting proceeds from bonds that it holds when they mature.
- 3 Until 2015, monetary policy was focused on providing stimulus to economic growth but has since started to refocus on countering the threat of rising inflationary pressures as stronger economic growth becomes more firmly established. The Fed has started raising interest rates and this trend is expected to continue during 2018 and 2019. These increases will make holding US bonds much less attractive and cause their prices to fall, and therefore bond yields to rise. Rising bond yields in the US are likely to exert some upward pressure on bond yields in the UK and other developed economies. However, the degree of that upward pressure is likely to be dampened by how strong or weak the prospects for economic growth and rising inflation are in each country, and on the degree of progress towards the reversal of monetary policy away from quantitative easing and other credit stimulus measures.
- 4 From time to time, gilt yields - and therefore PWLB rates - can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis and emerging market developments. Such volatility could occur at any time during the forecast period.

- 5 Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts (and MPC decisions) will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.
- 6 The overall balance of risks to economic recovery in the UK is probably to the downside, particularly with the current level of uncertainty over the final terms of Brexit.
- 7 Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:
- Bank of England monetary policy takes action too quickly over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
 - Geopolitical risks, especially North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.
 - A resurgence of the Eurozone sovereign debt crisis, possibly Italy, due to its high level of government debt, low rate of economic growth and vulnerable banking system.
 - Weak capitalisation of some European banks.
 - The result of the October 2017 Austrian general election is likely to result in a strongly anti-immigrant coalition government. In addition, the new Czech prime minister is expected to be Andrej Babis who is strongly against EU migrant quotas and refugee policies. Both developments could provide major impetus to other, particularly former Communist bloc countries, to coalesce to create a major block to progress on EU integration and centralisation of EU policy. This, in turn, could spill over into impacting the Euro, EU financial policy and financial markets.
 - Rising protectionism under President Trump.
 - A sharp Chinese downturn and its impact on emerging market countries.
- 8 The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates, include: -
- The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflation pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.

- UK inflation returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.
- The Fed causing a sudden shock in financial markets through misjudging the pace and strength of increases in its Fed Funds Rate and in the pace and strength of reversal of Quantitative Easing, which then leads to a fundamental reassessment by investors of the relative risks of holding bonds, as opposed to equities. This could lead to a major flight from bonds to equities and a sharp increase in bond yields in the US, which could then spill over into impacting bond yields around the world.

Investment and borrowing rates

- 9 Investment returns are likely to remain low during 2018/19 but to be on a gently rising trend over the next few years.
- 10 Borrowing interest rates increased sharply after the result of the general election in June and then also after the September MPC meeting when financial markets reacted by accelerating their expectations for the timing of Bank Rate increases. Apart from that, there has been little general trend in rates during the current financial year. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in the future when authorities may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.
- 11 There will remain a cost of carry to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost - the difference between borrowing costs and investment returns.

This page is intentionally left blank

APPENDIX B: Economic Background

- 1 **GLOBAL OUTLOOK.** World growth looks to be on an encouraging trend of stronger performance, rising earnings and falling levels of unemployment. In October, the IMF upgraded its forecast for world growth from 3.2% to 3.6% for 2017 and 3.7% for 2018.

- 2 In addition, **inflation prospects are generally muted** and it is particularly notable that **wage inflation** has been subdued despite unemployment falling to historically very low levels in the UK and US. This has led to many comments by economists that there appears to have been a fundamental shift downwards in the Phillips curve (this plots the correlation between levels of unemployment and inflation e.g. if the former is low the latter tends to be high). In turn, this raises the question of what has caused this? The likely answers probably lay in a combination of a shift towards flexible working, self-employment, falling union membership and a consequent reduction in union power and influence in the economy, and increasing globalisation and specialisation of individual countries, which has meant that labour in one country is in competition with labour in other countries which may be offering lower wage rates, increased productivity or a combination of the two. In addition, technology is probably also exerting downward pressure on wage rates and this is likely to grow with an accelerating movement towards automation, robots and artificial intelligence, leading to many repetitive tasks being taken over by machines or computers. Indeed, this is now being labelled as being the start of the **fourth industrial revolution**.

- 3 **KEY RISKS - central bank monetary policy measures**
 Looking back on nearly ten years since the financial crash of 2008 when liquidity suddenly dried up in financial markets, it can be assessed that central banks' monetary policy measures to counter the sharp world recession were successful. The key monetary policy measures they used were a combination of lowering central interest rates and flooding financial markets with liquidity, particularly through unconventional means such as Quantitative Easing (QE), where central banks bought large amounts of central government debt and smaller sums of other debt.

- 4 The key issue now is that that period of stimulating economic recovery and warding off the threat of deflation is coming towards its close and a new period has already started in the US, and more recently, in the UK, on reversing those measures i.e. by raising central rates and (for the US) reducing central banks' holdings of government and other debt. These measures are now required in order to stop the trend of an on-going reduction in spare capacity in the economy, and of unemployment falling to such low levels that the re-emergence of inflation is viewed as a major risk. It is, therefore, crucial that central banks get their timing right and do not cause shocks to market expectations that could destabilise financial markets. In particular, a key risk is that because QE-driven purchases of bonds drove up the price of government debt, and therefore caused a sharp drop in income yields, this then also

Agenda Item 6b

encouraged investors into a search for yield and into investing in riskier assets such as equities. This resulted in bond markets and equity market prices both rising to historically high valuation levels simultaneously. This, therefore, makes both asset categories vulnerable to a sharp correction. It is important, therefore, that central banks only gradually unwind their holdings of bonds in order to prevent destabilising the financial markets. It is also likely that the timeframe for central banks unwinding their holdings of QE debt purchases will be over several years. They need to balance their timing to neither squash economic recovery by taking too rapid and too strong action, or, alternatively, let inflation run away by taking action that was too slow and/or too weak. **The potential for central banks to get this timing and strength of action wrong are now key risks.**

- 5 There is also a potential key question over whether economic growth has become too dependent on strong central bank stimulus and whether it will maintain its momentum against a backdrop of rising interest rates and the reversal of QE. In the UK, a key vulnerability is the **low level of productivity growth**, which may be the main driver for increases in wages; and **decreasing consumer disposable income**, which is important in the context of consumer expenditure primarily underpinning UK GDP growth.
- 6 A further question that has come to the fore is whether **an inflation target for central banks of 2%**, is now realistic given the shift down in inflation pressures from internally generated inflation, (i.e. wage inflation feeding through into the national economy), given the above mentioned shift down in the Phillips curve.
 - Some economists favour a shift to a **lower inflation target of 1%** to emphasise the need to keep the lid on inflation. Alternatively, it is possible that a central bank could simply ‘look through’ tepid wage inflation, (i.e. ignore the overall 2% inflation target), in order to take action in raising rates sooner than might otherwise be expected.
 - However, other economists would argue for a **shift UP in the inflation target to 3%** in order to ensure that central banks place the emphasis on maintaining economic growth through adopting a slower pace of withdrawal of stimulus.
 - In addition, there is a strong argument that central banks should **target financial market stability**. As mentioned previously, bond markets and equity markets could be vulnerable to a sharp correction. There has been much commentary, that since 2008, QE has caused massive distortions, imbalances and bubbles in asset prices, both financial and non-financial. Consequently, there are widespread concerns at the potential for such bubbles to be burst by exuberant central bank action. On the other hand, too slow or weak action would allow these imbalances and distortions to continue or to even inflate them further.
 - Consumer debt levels are also at historically high levels due to the prolonged period of low cost of borrowing since the financial crash. In turn, this cheap borrowing has meant that **other non-financial asset prices**, particularly house prices, have been driven up to very high levels, especially compared to income levels. Any sharp

downturn in the availability of credit, or increase in the cost of credit, could potentially destabilise the housing market and generate a sharp downturn in house prices. This could then have a destabilising effect on consumer confidence, consumer expenditure and GDP growth. However, no central bank would accept that it ought to have responsibility for specifically targeting house prices.

- 7 **UK.** After the UK surprised on the upside with strong economic growth in 2016, **growth in 2017 has been disappointingly weak**; quarter 1 came in at only +0.3% (+1.8% y/y), quarter 2 was +0.3% (+1.5% y/y) and quarter 3 was +0.4% (+1.5% y/y). The main reason for this has been the sharp increase in inflation, caused by the devaluation of sterling after the EU referendum, feeding increases in the cost of imports into the economy. This has caused, in turn, a reduction in consumer disposable income and spending power and so the services sector of the economy, accounting for around 80% of GDP, has seen weak growth as consumers cut back on their expenditure. However, more recently there have been encouraging statistics from the **manufacturing sector** which is seeing strong growth, particularly as a result of increased demand for exports. It has helped that growth in the EU, our main trading partner, has improved significantly over the last year while robust world growth has also been supportive. However, this sector only accounts for around 10% of GDP so expansion in this sector will have a much more muted effect on the overall GDP growth figure for the UK economy as a whole.
- 8 While the Bank of England is expected to give forward guidance to prepare financial markets for gradual changes in policy, the **Monetary Policy Committee, (MPC), meeting of 14 September 2017** managed to shock financial markets and forecasters by suddenly switching to a much more aggressive tone in terms of its words around warning that Bank Rate will need to rise soon. The Bank of England Inflation Reports during 2017 have clearly flagged up that it expected CPI inflation to peak at just under 3% in 2017, before falling back to near to its target rate of 2% in two years' time. The Bank revised its forecast for the peak to just over 3% at the 14 September meeting. (Inflation actually came in at 3.0% in both September and October so that might prove now to be the peak.) This marginal revision in the Bank's forecast can hardly justify why the MPC became so aggressive with its wording; rather, the focus was on an emerging view that with unemployment having already fallen to only 4.3%, the lowest level since 1975, and improvements in productivity being so weak, that **the amount of spare capacity in the economy was significantly diminishing** towards a point at which they now needed to take action. In addition, the MPC took a more tolerant view of low wage inflation as this now looks like a common factor in nearly all western economies as a result of automation and globalisation. However, the Bank was also concerned that the withdrawal of the UK from the EU would effectively lead to a *decrease* in such globalisation pressures in the UK, and so this would cause additional inflationary pressure over the next few years.
- 9 At Its 2 November meeting, the MPC duly delivered a 0.25% increase in Bank Rate. It also gave forward guidance that they expected to increase Bank Rate only twice more in the next three years to reach 1.0% by 2020. This is,

Agenda Item 6b

therefore, not quite the 'one and done' scenario but is, nevertheless, a very relaxed rate of increase prediction in Bank Rate in line with previous statements that Bank Rate would only go up very gradually and to a limited extent.

- 10 However, some forecasters are flagging up that they expect growth to accelerate significantly towards the end of 2017 and then into 2018. This view is based primarily on the coming fall in inflation, (as the effect of the effective devaluation of sterling after the EU referendum drops out of the CPI statistics), which will bring to an end the negative impact on consumer spending power. In addition, a strong export performance will compensate for weak services sector growth. If this scenario was indeed to materialise, then the MPC would be likely to accelerate its pace of increases in Bank Rate during 2018 and onwards.
- 11 It is also worth noting the **contradiction within the Bank of England** between action in 2016 and in 2017 **by two of its committees**. After the shock result of the EU referendum, the **Monetary Policy Committee (MPC)** voted in August 2016 for emergency action to cut Bank Rate from 0.50% to 0.25%, restarting £70bn of QE purchases, and also providing UK banks with £100bn of cheap financing. The aim of this was to lower borrowing costs, stimulate demand for borrowing and thereby increase expenditure and demand in the economy. The MPC felt this was necessary in order to ward off their expectation that there would be a sharp slowdown in economic growth. Instead, the economy grew robustly, although the Governor of the Bank of England strongly maintained that this was *because* the MPC took that action. However, other commentators regard this emergency action by the MPC as being proven by events to be a mistake. Then in 2017, we had the **Financial Policy Committee (FPC)** of the Bank of England taking action in June and September over its concerns that cheap borrowing rates, and easy availability of consumer credit, had resulted in too rapid a rate of growth in consumer borrowing and in the size of total borrowing, especially of unsecured borrowing. It, therefore, took punitive action to clamp down on the ability of the main banks to extend such credit! Indeed, a PWC report in October 2017 warned that credit card, car and personal loans and student debt will hit the equivalent of an average of £12,500 per household by 2020. However, averages belie wide variations in levels of debt with much higher exposure being biased towards younger people, especially the 25 -34 year old band, reflecting their lower levels of real income and asset ownership.
- 12 One key area of risk is that consumers may have become used to cheap rates since 2008 for borrowing, especially for mortgages. It is a major concern that **some consumers may have over extended their borrowing** and have become complacent about interest rates going up after Bank Rate had been unchanged at 0.50% since March 2009 until falling further to 0.25% in August 2016. This is why forward guidance from the Bank of England continues to emphasise slow and gradual increases in Bank Rate in the coming years. However, consumer borrowing is a particularly vulnerable area in terms of the Monetary Policy Committee getting the pace and strength of Bank Rate increases right - without causing a sudden shock to consumer demand, confidence and thereby to the pace of economic growth.

- 13 Moreover, while there is so much uncertainty around the Brexit negotiations, consumer confidence, and business confidence to spend on investing, it is far too early to be confident about how the next two to three years will actually pan out.
- 14 **EZ.** Economic growth in the eurozone (EZ), (the UK's biggest trading partner), had been lack lustre for several years after the financial crisis despite the ECB eventually cutting its main rate to -0.4% and embarking on a massive programme of QE. However, growth picked up in 2016 and has now gathered substantial strength and momentum thanks to this stimulus. GDP growth was 0.6% in quarter 1 (2.0% y/y), 0.7% in quarter 2 (2.3% y/y) and +0.6% in quarter 3 (2.5% y/y). However, despite providing massive monetary stimulus, the European Central Bank is still struggling to get inflation up to its 2% target and in October inflation was 1.4%. It is therefore unlikely to start on an upswing in rates until possibly 2019. It has, however, announced that it will slow down its monthly QE purchases of debt from €60bn to €30bn from January 2018 and continue to at least September 2018.
- 15 **USA.** Growth in the American economy was notably erratic and volatile in 2015 and 2016. 2017 is following that path again with quarter 1 coming in at only 1.2% but quarter 2 rebounding to 3.1% and quarter 3 coming in at 3.0%. Unemployment in the US has also fallen to the lowest level for many years, reaching 4.1%, while wage inflation pressures, and inflationary pressures in general, have been building. The Fed has started on a gradual upswing in rates with four increases in all and three increases since December 2016; and there could be one more rate rise in 2017, which would then lift the central rate to 1.25 - 1.50%. There could then be another four increases in 2018. At its September meeting, the Fed said it would start in October to gradually unwind its \$4.5 trillion balance sheet holdings of bonds and mortgage backed securities by reducing its reinvestment of maturing holdings.
- 16 **CHINA.** Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems.
- 17 **JAPAN** has been struggling to stimulate consistent significant growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.
- 18 **Brexit timetable and process:**
- March 2017: UK government notifies the European Council of its intention to leave under the Treaty on European Union Article 50
 - March 2019: initial two-year negotiation period on the terms of exit. In her Florence speech in September 2017, the Prime Minister proposed a two year transitional period after March 2019.

Agenda Item 6b

- UK continues as a full EU member until March 2019 with access to the single market and tariff free trade between the EU and UK. Different sectors of the UK economy will leave the single market and tariff free trade at different times during the two year transitional period.
- The UK and EU would attempt to negotiate, among other agreements, a bi-lateral trade agreement over that period.
- The UK would aim for a negotiated agreed withdrawal from the EU, although the UK could also exit without any such agreements in the event of a breakdown of negotiations.
- If the UK exits without an agreed deal with the EU, World Trade Organisation rules and tariffs could apply to trade between the UK and EU - but this is not certain.
- On full exit from the EU: the UK parliament would repeal the 1972 European Communities Act.
- The UK will then no longer participate in matters reserved for EU members, such as changes to the EU's budget, voting allocations and policies.

APPENDIX C: CURRENT PORTFOLIO POSITION

List of Investments as at:- 31-Dec-17

Reference	Name	Rating	Country	Group	Amount	Start Date	Comm Rate	End Date	Curr Rate	Terms
	Barclays Bank plc (Business Premium A/C)	A	U.K.		827,000	01-Oct-11			0.05000%	Variable
	National Westminster Bank plc (Liquidity Select)	BBB+	U.K.	RBS	0	07-Oct-11			0.01000%	Variable
	National Westminster Bank plc (95 Day Notice)	BBB+	U.K.	RBS	0	24-May-13			0.10000%	Variable
	Svenska Handelsbanken AB (Deposit A/C)	AA-	Sweden		0	23-Jul-14			0.20000%	Variable
	Svenska Handelsbanken AB (35 Day Notice A/C)	AA-	Sweden		3,000,000	01-Sep-16			0.30000%	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.		1,200,000	11-May-12				Variable
	BlackRock Liquidity Fund (Money Market Fund)	AAA	U.K.		4,200,000	13-Oct-16				Variable
IP1357	Bank of Scotland plc	A+	U.K.	Lloyds/HBOS	1,000,000	09-Aug-17	0.45000%	09-Feb-18	0.70000%	95 Day Notice
IP1358	Bank of Scotland plc	A+	U.K.	Lloyds/HBOS	1,000,000	21-Aug-17	0.36000%	21-Feb-18		6 Months
IP1369	Blackpool Borough Council		U.K.		2,000,000	24-Nov-17	0.50000%	24-May-18		6 Months
IP1364	Conwy County Borough Council		U.K.		2,000,000	31-Oct-17	0.43000%	30-Apr-18		6 Months
IP1359	Coventry Building Society	A	U.K.		3,000,000	11-Sep-17	0.35000%	12-Mar-18		6 Months
IP1362	Coventry Building Society	A	U.K.		2,000,000	18-Oct-17	0.45000%	18-Apr-18		6 Months
IP1354	Lloyds Bank plc	A+	U.K.	Lloyds/HBOS	1,000,000	04-Jul-17	0.45000%	04-Jan-18	0.25000%	95 Day Notice
IP1360	Lloyds Bank plc	A+	U.K.	Lloyds/HBOS	2,000,000	29-Sep-17	0.36000%	29-Mar-18		6 Months
IP1361	Lloyds Bank plc	A+	U.K.	Lloyds/HBOS	1,000,000	05-Oct-17	0.36000%	05-Apr-18		6 Months
IP1365	Lloyds Bank plc	A+	U.K.	Lloyds/HBOS	2,000,000	03-Nov-17	0.65000%	03-May-18		6 Months
IP1366	Lloyds Bank plc	A+	U.K.	Lloyds/HBOS	1,000,000	06-Nov-17	0.65000%	08-May-18		6 Months
IP1373	Lloyds Bank plc	A+	U.K.	Lloyds/HBOS	1,000,000	30-Nov-17	0.65000%	31-May-18		6 Months
IP1372	Nationwide Building Society	A+	U.K.		2,000,000	17-Nov-17	0.48000%	17-May-18		6 Months
IP1355	Santander UK plc	A	U.K.		1,000,000	11-Jul-17	0.37000%	11-Jan-18		6 Months
IP1356	Santander UK plc	A	U.K.		1,000,000	25-Jul-17	0.36000%	25-Jan-18		6 Months
IP1371	Santander UK plc	A	U.K.		2,000,000	15-Nov-17	0.53000%	15-May-18		6 Months
IP1370	Skipton Building Society	A-	U.K.		2,500,000	08-Nov-17	0.45000%	16-Feb-18		100 Days
IP1367	Thurrock Borough Council		U.K.		3,000,000	06-Nov-17	0.50000%	08-May-18		6 Months
IP1368	Thurrock Borough Council		U.K.		2,000,000	16-Nov-17	0.50000%	16-May-18		6 Months
	Total Invested				<u><u>46,727,000</u></u>					
	Other Loan									
	Sevenoaks Leisure Limited				250,000	29-Apr-08	7.00000%	31-Mar-18		10 Years

This page is intentionally left blank

APPENDIX D - TREASURY MANAGEMENT PRACTICE (TMP1) - CREDIT AND COUNTERPARTY RISK MANAGEMENT

- 1 The CLG issued Investment Guidance in 2010, and this forms the structure of the Council's policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime.
- 2 The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council adopted the Code on 23 February 2010 and will apply its principles to all investment activity. In accordance with the Code, the Chief Finance Officer has produced its treasury management practices (TMPs). This part, TMP 1(1), covering investment counterparty policy requires approval each year.
- 3 **Annual investment strategy** - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:
 - The strategy guidelines for choosing and placing investments, particularly non-specified investments.
 - The principles to be used to determine the maximum periods for which funds can be committed.
 - Specified investments that the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
 - Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.
- 4 The investment policy proposed for the Council is:

Strategy guidelines - The main strategy guidelines are contained in the body of the treasury management strategy statement.

Specified investments - These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include

Agenda Item 6b

sterling investments which would not be defined as capital expenditure with:

- a) The UK Government (such as the Debt Management Account deposit facility, UK treasury bills or a gilt with less than one year to maturity).
- b) Supranational bonds of less than one year's duration.
- c) A local authority, parish council or community council.
- d) Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. For category 4 this covers pooled investment vehicles, such as money market funds, rated AAA by Standard and Poor's, Moody's and / or Fitch rating agencies.
- e) A body that is considered of a high credit quality (such as a bank or building society). For category 5 this covers bodies with a minimum Short Term rating of F1 (or the equivalent) as rated by Standard and Poor's, Moody's and / or Fitch rating agencies..

Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies. These criteria are contained in the body of the treasury management strategy statement.

Non-specified investments -are any other type of investment (i.e. not defined as specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non specified investments would include any sterling investments with:

	Non Specified Investment Category	Limit (£)
a.	The Council's own banker if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.	£7m
b.	Building societies not meeting the basic security requirements under the specified investments. The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The Council may use such building societies which have a minimum asset size of £3bn.	£3m
c.	Any bank or building society that has a minimum long term credit rating of A-, for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).	£7m
d.	Any non-rated subsidiary of a credit rated institution included in the specified investment category. These institutions will be included as an investment category subject to where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined	£7m

	above.	
e.	Share capital in a body corporate - The use of these instruments will be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. Revenue resources will not be invested in corporate bodies. See note 1 below.	£50k

NOTE 1. This Authority will seek further advice on the appropriateness and associated risks with investments in these categories.

Within categories a and b, and in accordance with the Code, the Council has developed additional criteria to set the overall amount of monies which will be invested in these bodies. These criteria are contained in the body of the treasury management strategy statement.

- 5 **The monitoring of investment counterparties** - The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Link Asset Services as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Chief Finance Officer, and if required new counterparties which meet the criteria will be added to the list.

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
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

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

AA

- Abu Dhabi (UAE)
- France
- U.K.

AA-

- Belgium
- Qatar

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.

Item 6 (c) - Budget and Council Tax Setting 2018/19

The attached report was considered by the Cabinet, and the relevant minute extract is below:

Cabinet (Minute 70, 6 February 218)

The Portfolio Holder for Finance introduced the report which was the final stage in the budget process that had seen significant Member involvement. He stated that if approved the net expenditure budget for 2018/19 would be £14.687m. Subject to any further changes this would result in a Council Tax increase of 2.97% resulting in a Band D Council Tax being £208.80.

The Chief Finance Officer then presented the report which contained various appendices including budget amounts for all service within areas, growth and savings items recommended as well as pay costs and a risk analysis.

The report also contained the Chief Finance Officer's opinion, as the Statutory Finance Officer, on the robustness of the budget estimates and adequacy of reserves. Appendix I contained a review of reserves which included the recommendation to transfer £141,000 into the Corporate Project Support Reserve to help fund innovations such as the Customer Redesign Project.

Cllr. Piper [tabled](#) a document during discussion of this item setting out the number of building completions by ward.

Resolved: That it be recommended to Council that

- a) the Summary of Council Expenditure and Council Tax for 2018/19 set out in Appendix E to the report be approved;
- b) the 10-year budget 2018/19 to 2027/28 which is the guiding framework for the detailed approval of future years' budgets set out in Appendix B to the report be approved, including the growth and savings proposals set out in Appendix C-D to the report, and that where possible any variations during and between years be met from the Budget Stabilisation Reserve;
- c) the Capital Programme 2018/21 and funding method set out in Appendix H to the report, be approved; and
- d) the changes to reserves and provisions set out in Appendix I to the report, be approved.

This page is intentionally left blank

BUDGET AND COUNCIL TAX SETTING 2018/19

Council - 20 February 2018

Report of	Chief Finance Officer
Status	For Decision
Also considered by	Cabinet - 6 February 2018
Key Decision	No

Executive Summary: The Council has an excellent track record in identifying, planning for and addressing financial challenges. In light of the challenging financial position facing all authorities seven years ago, for 2011/12 the Council produced a 10-year budget together with a savings plan for the first time. This will be the eighth year this method has been used and provides the Council with a stable basis for future years.

This report sets out the proposed budget and required level of Council Tax for 2018/19.

The report proposes a net expenditure budget of £14.687m in 2018/19 (£14.470m in 2017/18). Subject to any further changes this would result in a Council Tax increase of 2.97% in 2018/19, with the District's Council Tax being £208.80 for a Band D property for the year (£202.77 in 2017/18), an increase of £6.03.

The report also contains details of the precepts received from other authorities (Council report only); the Collection Fund position and an opinion on the robustness of the budget and the adequacy of the reserves.

Portfolio Holder	Cllr. John Scholey
Contact Officers	Adrian Rowbotham, Ext. 7153 Alan Mitchell, Ext. 7483

Recommendation to Cabinet:

That recommendations (a) to (d) below be recommended to Council.

Recommendation to Council:

- (a) The Summary of Council Expenditure and Council Tax for 2018/19 set out in Appendix E be approved.

- (b) Approve the 10-year budget 2018/19 to 2027/28 which is the guiding framework for the detailed approval of future years' budgets set out in Appendix B to the report, including the growth and savings proposals set out in Appendix C-D to the report, and that where possible any variations during and between years be met from the Budget Stabilisation Reserve.
- (c) Approve the Capital Programme 2018/21 and funding method set out in Appendix H.
- (d) Approve the changes to reserves and provisions set out in Appendix I.

Due to their length and complexity, the further recommendations have been produced as a separate document (Appendix M).

Introduction and Background

- 1 The Council's financial strategy over the past thirteen years has worked towards increasing financial sustainability and it has been successful through the use of a number of strategies including:
 - implementing efficiency initiatives;
 - significantly reducing the back office function;
 - improving value for money;
 - maximising external income;
 - the movement of resources away from low priority services; and
 - an emphasis on statutory rather than non-statutory services.
- 2 Over this period the Council has focused on delivering high quality services based on Members' priorities and consultation with residents and stakeholders. In financial terms, the adoption of this strategy has to date allowed the Council to move away from its reliance on general fund reserves.
- 3 In setting its budget for 2011/12 onwards, the Council recognised the need to address both the short-term reduction in Government funding as well as the longer-term need to reduce its reliance on reserves. The outcome was a 10-year budget, together with a four-year savings plan, that ensured the Council's finances were placed on a stable footing but that also allowed for flexibility between budget years.
- 4 With the amount of Revenue Support Grant provided by Government ceasing from 2017/18 it is important that the council remains financially self-sufficient by having a balanced economy and a financial strategy that is focused on local solutions. These solutions include:
 - continuing to deliver financial savings and service efficiencies;

- growing the council tax base; and
 - generating more income.
- 5 At the Cabinet meeting on 5 September 2017, Members considered a report setting out the Council's financial prospects for 2018/19 and beyond. That report set out the major financial pressures the Council is likely to face, together with a proposed strategy for setting a balanced and sustainable budget for 2018/19 and beyond.
- 6 As part of the budget process officers put forward their Service Dashboards to the Advisory Committees between September and November, which set out a summary of current and future challenges and risks. The Advisory Committees recommended new growth and savings items which were considered at the Cabinet meeting on 7 December 2017.
- 7 The report to Cabinet on 7 December 2017 also contained updates to the Financial Prospects report. Another update report was presented to Cabinet on 11 January 2018 following the announcement of the Provisional Local Government Finance Settlement. Further growth and savings items were considered at that meeting.
- 8 The adoption of the 10-year budget over the last seven years has resulted in a much more stable budget position than had previously been achieved.
- 9 The Council's successful approach to its finances was recognised nationally during 2017 by being crowned 'Innovator of the Year' and also the overall winner at the CIPFA Public Finance Innovation Awards.
- 10 This report includes a number of attachments:
- Appendix A - Budget timetable
 - Appendix B - 10-year budget;
 - Appendix C - Summary of the Council's agreed savings and growth items;
 - Appendix D - Summary of Changes to the 10-year Budget
 - Appendix E - Summary of Council Expenditure and Council Tax;
 - Appendix F - Summary of service analysis in budget book format;
 - Appendix G - Analysis of pay costs;
 - Appendix H - Capital Programme 2018-21
 - Appendix I - Reserves
 - Appendix J - Risk analysis;

Agenda Item 6c

- Appendix K - Latest information on precepting authorities (only in Council report)
- Appendix L - Town and Parish Council precepts and council tax rates (only in Council report)
- Appendix M - Council tax setting recommendations (only in Council report)
- Appendix N - Council tax rates across the district (only in Council report)

Financial Self-Sufficiency

- 11 The Council's Corporate Plan, introduced in 2013, set out an ambition for the Council to become financially self-sufficient which was achieved in 2016/17. This means that the Council no longer requires direct funding from Government, through Revenue Support Grant or New Homes Bonus, to deliver its services.
- 12 This approach was adopted in response to the financial challenges the Country is faced with in bringing its public spending down to ensure it is able to live within its means. In practice this has seen Government funding to local authorities dramatically reduced since 2010/11 with Sevenoaks District Council receiving no Revenue Support Grant from 2017/18.
- 13 The decision to become financially self-sufficient is intended to give the Council greater control over its services, reducing the potential for decision making to be influenced by the level of funding provided by government to local authorities.
- 14 With the Council receiving no Revenue Support Grant from 2017/18 and New Homes Bonus reducing from 2018/19, this approach remains appropriate. The attached 10-year budget assumes no Revenue Support Grant or New Homes Bonus. Any funding received from these sources will be put into the Financial Plan Reserve which can be used to support the 10-year budget by funding invest to save initiatives and supporting the Property Investment Strategy. One of the aims of the Property Investment Strategy is to achieve returns of 5% when not borrowing or in excess of 3% for schemes that include some external borrowing; therefore using funding for this purpose will result in additional year on year income that is not impacted by Government decisions.
- 15 Cabinet are keen to remain financially self-sufficient and be ahead of the game. This will allow this Council to move ahead in the knowledge that this Council has the financial resources to provide the services that the district's residents want into the future.

Provisional Local Government Finance Settlement

- 16 **The Provisional Local Government Finance Settlement** for 2018/19 was announced on 19 December 2017. The two most relevant elements for this Council were that the Council Tax increase referendum limit for district councils for 2018/19 has been increased from 2% (or £5 if higher) to 3% (or £5 if higher) and that the Kent and Medway Business Rates Retention Bid for 2018/19 was successful.
- 17 **Government Support: Revenue Support Grant (RSG)** (£nil received in 2017/18) - As previously assumed, this council no longer receives Revenue Support Grant from 2017/18.
- 18 **New Homes Bonus (NHB)** (£1.8m received in 2017/18 but not used to fund the revenue budget) - the Government started this new funding stream in 2011/12 with the intention that local authorities would be rewarded for new homes being built over a six-year period. Last year the Government announced that the basis of NHB has been changed. Previously it was based on cumulative figures for 6 years but this has been reduced to 5 years from 2017/18 and 4 years from 2018/19. In addition, NHB will only be received on tax base growth above 0.4% instead of on all growth.

New Homes Bonus (estimated amounts)

2018/19	£1.320m
2019/20	£1.152m

- 19 In the same way as RSG, the attached 10-year budget assumes no NHB resulting in there being no reliance on this funding source to support the revenue budget. Any amounts received will be put into the Financial Plan Reserve for the same purpose as noted above.
- 20 **Council Tax** (£10.0m) - In the Local Government Finance Settlement it was announced that the referendum limit for 2018/19 was being increased to 3% (or £5 if higher) in line with current inflation. At the Cabinet meeting on 11 January 2018 Members recommended to increase the Council Tax increase assumption for 2018/19 to 2.97% but for it to remain at 2% for later years.

Council Tax Increase Assumptions	Original Assumptions	Proposed Assumptions
2018/19 % increase	2.00%	2.97%
2018/19 £ (Band D pa)	£206.83	£208.80
2018/19 £ (Band D increase pa)	£4.06	£6.03

Agenda Item 6c

- 21 This proposal would result in Band D Council Tax increasing from £202.77 in 2017/18 to £208.80 in 2018/19.
- 22 Due to the uncertainty of future Council Tax increase referendum limits, if maximum increases are not taken there will be an ongoing detrimental impact on the ability to increase Council Tax in future years.
- 23 The 2017/18 Council Tax Base has increased from 49,680.5 to 49,902.9 Band D equivalent properties. That is an increase of 523.6 (1.05%) which is below the assumed increase of 580 (1.17%).
- 24 This is the lowest increase in Kent for 2018/19 and this council also has the lowest cumulative increase over the last five years. If increases continue to be low, there will be an on-going pressure on services to make compensating savings.

Council Tax Base Increases	2018/19	2014/15 - 2018/19
Sevenoaks DC	1.05%	4.77%
Kent average	2.16%	8.62%
Kent highest	3.82%	13.40%

- 25 **Business Rates Retention** (£2.0m) - The basis for allocating Government Support from 2013/14 changed to the Business Rates Retention Scheme. This scheme initially allows billing authorities, such as this council, to keep 40% of Business Rates received. However tariffs and top-ups are applied to ensure that the funding received by each local authority is not significantly different to pre 2013/14 amounts.
- 26 There has been a commitment from Government to introduce 100% Business Rates Retention since before the 2015 General Election. The Department for Communities and Local Government (DCLG) invited local authorities to participate in a pilot of Business Rates Retention in 2018/19. A Kent and Medway pilot bid was submitted including Sevenoaks, which was agreed by Cabinet on 12 October 2017.
- 27 It was announced in the Provisional Local Government Finance Settlement that the Kent and Medway pilot bid was one of ten successful bids. Latest calculations included in the bid suggest that this council could retain £2.7m. This is an amended figure from that included in the Budget Update report to Cabinet on 11 January 2018. However, adjustments are still being made to the Government calculations and further work will be completed to provide a more accurate estimate. The actual amount retained will depend on Business Rates collections levels across the county during the year.
- 28 The pilot is for one year only and it is uncertain what will happen in 2019/20 as the Government has announced that 75% Business Rates Retention (rather than 100%) will not fully commence until 2020/21 when amounts will also be re-based.

- 29 Revised ‘safety-net’ amounts were included in the settlement which have been included in the attached 10-year budget. The 2018/19 figure is £95,000 higher than the amount announced last year but the 2019/20 figure is £32,000 lower.

Business Rates Safety-Net

2018/19	£2.150m
2019/20	£2.096m

- 30 The settlement continued to include an indicative ‘tariff adjustment’ amount of £1.083m in 2019/20. This is in effect a negative Revenue Support Grant. This is not included in the 10-year budget as it is expected to be part of the adjustments made when Business Rates retention is fully implemented.
- 31 Due to the uncertainty around Business Rates Retention, the following changes to the 10-year budget have been made that have no overall impact with the balance being transferred to the Budget Stabilisation Reserve.

Business Rates Retention changes to the 10-year Budget	2018/19 Impact £000	10-year Budget Impact £000
Revised Safety-Net	(95)	211
Business Rates Retention pilot 2018/19	(550)	(550)
Transfer to Budget Stabilisation Reserve	339	339
Total	(306)	0

Collection Fund Surplus/Deficit Calculation

- 32 Rules governing the operation of the collection fund require the Council to make an estimate on 15 January (or the next working day) each year of the fund’s likely surplus or deficit at the end of the current financial year, in respect of council tax transactions. The amount so estimated is to be shared between the District Council, County Council, Fire and Police in proportion to their precepts on the collection fund. Each authority’s share is to be taken into account by the authority in calculating its council tax for the year following the year in which the surplus or deficit has been estimated.
- 33 The estimated balance on the collection fund at 16 January 2017 was zero whilst the actual surplus balance at 31 March 2017 was £507,500. The balance is relatively small in the context of the gross council tax collectible during 2016/17 of just over £80m. It came about following a review of the bad debt provision.
- 34 The calculation at 15 January 2018 estimates a likely surplus or deficit balance on the collection fund at 31 March 2018. This is based on the tax

Agenda Item 6c

bills issued for the year, current collection performance and the level of bad debt provision held.

- 35 The overall estimated surplus at 31 March 2018 is £1,519,500, of which the Council's share is £254,772. This has come about as a result of greater than expected council tax income plus a further review of the bad debt provision during 2017/18.

Other Changes to the 10-Year Budget agreed by Council in February 2017

- 36 **Pay costs** (£15m) - The 'National Employers for Local Government Services' have announced their final pay offer to the unions of a 2% increase in both 2018/19 and 2019/20. The unions have not accepted this offer so the actual increase is not yet known. The previous assumption in the 10-year budget was for a 1% increase in both years based on the previous Government announcement, and a 2% increase in later years. The attached 10-year budget has been amended to reflect a 2% increase in both 2018/19 and 2019/20.
- 37 **Council Tax** - There was an announcement in the Government's Autumn Budget regarding giving councils the ability to reduce empty property discounts from 2019/20. A separate report will be presented to Members prior to any changes to discounts being made but the attached 10-year budget assumes that an additional £65,000 of Council Tax will be received from 2019/20.
- 38 **Superannuation Fund** - Following the last triennial valuation of the superannuation fund for 2017/18, a £200,000 increase was included in the 10-year budget from 2020/21, the year of the next valuation. Recent information suggests that funds are performing better than previously expected, therefore the increase has been reduced to £100,000 in the attached 10-year budget.

Current Budget Position

- 39 There are two changes to the budget since the report to Cabinet on 11 January 2018.
- 40 The first is regarding the Business Rates Retention pilot which is explained above and has no net impact on the 10-year budget position.
- 41 The second is the Collection Fund surplus where the additional one-off income in 2018/19 for this council has increased by £11,000 to £254,772.
- 42 When the 10-year budget was agreed by Council in February 2016, an annual savings/additional income assumption of £100,000 was included. This assumption now remains for nine years up to and including 2026/27.
- 43 It is recognised that the recruitment and retention of staff continues to be a challenge. Officers are working to address these issues and it is anticipated that the cost of any changes will be met within approved budgets.

- 44 The 10-year budget (Appendix B) shows a fully funded 10-year position. By continuing to use the 10-year budget strategy, this council remains in a strong position going forward.
- 45 Appendix D shows that the overall change in the 10-year Budget since it was last approved by Council in February 2017 is a very small improved position of £47,000 (i.e. £4,700 per annum).

2018/19 Budget and Council Tax

- 46 After allowing for the growth and savings agreed and the key changes made during this budget process, the resulting net expenditure for 2018/19 is £14.687m. As shown in Appendix E this results in Council Tax income of £10.42m, meaning that the District element of the Band D charge will be £208.80.
- 47 When the other preceptors announce their increases, details will be included in Appendix K.

Capital Programme

- 48 A report setting out the proposed 2018/21 Capital Programme, with supporting documentation in a standard format for individual scheme bids was presented to the Finance Advisory Committee on 30 January 2018 and Cabinet on 6 February 2018.
- 49 Scheme bid documents were received for all new schemes which included the proposed funding methods.
- 50 Unspent budgets in the current year's programme (2017/18) can be carried forward to 2018/19, subject to Cabinet approval, when the outturn is known.
- 51 Appendix H summarises the position if all schemes are approved, and indicates the funding method proposed.
- 52 Council will be informed at the meeting of any changes recommended by Cabinet.

Integration with other budget reports on the Cabinet Agenda

- 53 A separate report on the Treasury Management Strategy is being presented to Cabinet and Council. The attached revenue budgets take into account the recommendations and revenue implications set out in this report as well as the Capital Programme.

Opinion under the Local Government Act 2003 (LGA 2003)

- 54 Under the LGA 2003 the Statutory Finance Officer (Chief Finance Officer) is required to give Members an opinion on the robustness of the budget estimates and the adequacy of reserves.
- 55 In terms of the robustness of the budget, the following sources of assurance were taken into account:
- The Strategic Business and Financial Planning process used for the 2018/19 budget.
 - The Financial Strategy, including a 10-year Budget, clear financial objectives and sensitivity analysis.
 - Growth and savings suggestions proposed.
 - The strong financial control structure and effective performance management within the Council, confirmed by feedback from external auditors.
 - Clear budget responsibilities at individual officer level.
 - Effective monitoring regime giving early notification of potential financial issues through the use of the Finance Advisory Committee.
 - Effective Internal/External audit system, with risk-based audits, reporting through the Audit Committee.
 - Set aside of earmarked funds for potential liabilities in the medium term.
 - Effective strategic and operational risk management.
- 56 As is the case every year, inevitably there are a number of risk factors within the 2018/19 budget proposals; these are set out in some detail in Appendix J. This Appendix was also considered by the Finance Advisory Committee on 30 January 2018. Some of the more significant items are set out below.
- a) Pay costs
- Pay costs are budgeted on 100% basis, with a 2% inflationary pay award assumption in 2018/19 included and with a separate vacancy saving target. With controls over the appointment of any staff and monitoring of staff numbers as well as costs, pay costs are subject to a high level of control.

b) Income

In-depth monitoring of income budgets will continue throughout the year and will be given regular consideration by the Finance Advisory Committee.

c) Pensions funding

The next actuarial valuation will take effect from 2020/21 and an increase assumption has been included in the 10-year budget from then.

d) Investment receipts

Interest receipts have remained low in 2017/18 and are not expected to increase significantly in the near future. The Treasury Management Strategy will be kept under review and brought back to Members for consideration as necessary during the year. The proposed Strategy for 2018/19 is reported separately on this Agenda.

e) Capital investment

Property Investment Strategy income is included in the 10-year budget. Members are assured that any property acquisitions will be supported by a thorough business case and approved by the relevant Portfolio Holders.

f) Growth

The 10-year budget has no allowance for growth as it is anticipated that where possible this will be met through additional savings or the Budget Stabilisation Reserve.

- 57 Members will recognise that budget risk cannot be avoided completely. However, the structures already in place and the actions being put in place should ensure that next year's overall revenue spend figure is achieved, particularly through the Council's flexible approach to budgeting allowing the risk areas to be compensated by those that are underspent or over achieve on income.

Adequacy of Reserves

- 58 Ensuring the adequacy and sustainability of the Council's reserves continues to be a key part of the budget process. Individual balances have been reviewed as part of writing this report and the detailed work is set out in Appendix I. This review should ensure that all provisions and earmarked reserves are adequate for their purposes.
- 59 This Council aims to continue to look for better ways to operate and therefore improve the service to our customers. This has been shown by the success in 2017 of winning the CIPFA Public Finance Innovation Award.

Agenda Item 6c

- 60 A Corporate Project Support Reserve is a crucial funding source to allow innovations to develop and for new capital and revenue projects to be investigated, assessed and implemented. It is recommended that further funds are moved to this reserve. One major project that has recently commenced is Customer Redesign which aims to improve the customer experience and make Sevenoaks a “Seriously Different Council”. This will allow the customer to be dealt with more quickly and where possible at the first point of contact.
- 61 It is recommended that the Council hold a minimum General Fund reserve balance of 10% of its net Revenue Budget, for emergencies.
- 62 The strong formal advice of the Section 151 officer to the Council is that every effort must be made to achieve the agreed savings in order to ensure financial sustainability and preserve the level of reserves for future commitments. The Council should avoid, at all costs, the General Fund Reserve balance reducing below 10% of its Net Service Expenditure (for 2018/19 this equates to £1.47m).

Referendums relating to council tax increases

- 63 Section 72 of the Localism Act 2011 inserted Section 52ZB into the Local Government Finance Act 1992. This sets out the duty on local authorities, fire authorities and Police and Crime Commissioners (PCCs) to each determine whether the amount of council tax they plan to raise for a financial year is excessive. If an authority’s relevant basic amount of council tax is excessive, the provisions in relation to the duty to hold a referendum apply.
- 64 The Secretary of State has published draft thresholds in relation to 2018/19 council tax levels. District councils will be allowed a Band D council tax increase of the higher of 3% or £5. This council is therefore able to increase Band D council tax by up to 3% without requiring a referendum. As in previous years, no equivalent principles are being proposed for Town and Parish Councils although the Government has said that they will keep this under review and take action if necessary.

Key Implications

Financial

All financial implications are covered elsewhere in this report.

Legal Implications and Risk Assessment Statement.

There are no legal implications.

For the effective management of our resources and in order to achieve a sustainable budget it is essential that all service cost changes and risks are identified and considered. The budget risk analysis is included as Appendix J.

Current and future pressures were included in the Service Dashboards presented to the Advisory Committees and each Service Change Impact Assessment (SCIA) included the likely impacts including a risk analysis.

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

The risks associated with the 10-year budget approach include uncertainty around the future Business Rates Retention scheme. The risk will be mitigated by continuing to review assumptions and estimates and by updating Members throughout the process.

The Council has in place a number of specific reserves and provisions to address identified risks.

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.

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 Budget Update 2018/19 reports to Cabinet on 7 December 2017 and 11 January 2018.

Community Impact and Outcomes

In making any budget proposals, Members need to consider the impact on customers, service quality and staff well-being, to ensure that the budget supports the Council's aspirations for customer-focused services.

Conclusions

The budget process has once again been a major financial challenge for a council that already provides value for money services to a high standard. The 10-year budget shows a fully funded position over the whole period which keeps this council in a strong position going forward.

The future financial prospects for the public sector remain difficult however, this budget ensures the Council remains in a financially sustainable position.

Agenda Item 6c

If the council tax resolution attached in Appendix M is approved, the Sevenoaks District Council element of the band D council tax will be £208.80.

Appendices

Appendix A - Budget timetable

Appendix B - 10-year budget

Appendix C - Summary of the Council's agreed savings and growth items

Appendix D - Summary of changes to the 10-year Budget

Appendix E - Summary of Council Expenditure and Council Tax (*this is an updated version of this appendix since the printing of the Cabinet agenda*)

Appendix F - Summary of service analysis in budget book format

Appendix G - Analysis of pay costs

Appendix H - Capital Programme 2018-21 (also being considered by Finance Advisory Committee on 30 January 2018)

Appendix I - Reserves

Appendix J - Risk analysis (also being considered by Finance Advisory Committee on 30 January 2018)

Appendix K - Latest information on precepting authorities (only in Council report)

Appendix L - Town and Parish Council precepts and council tax rates (only in Council report)

Appendix M - Council tax setting recommendations (only in Council report)

Appendix N - Council tax rates across the district (only in Council report)

Background Papers

[Report to Council 21 February 2017 - Budget and Council Tax Setting 2017/18](#)

[Report to Cabinet 14 September 2017 - Financial](#)

[Prospects and Budget Strategy 2018/19 and Beyond](#)

Report to [Economic and Community Development Advisory Committee 3 October 2017](#), [Policy and Performance Advisory Committee 5 October 2017](#), [Housing and Health Advisory Committee 10 October 2017](#), [Legal and Democratic Services Advisory Committee 17 October 2017](#), [Direct and Trading Advisory Committee 2 November 2017](#), [Finance Advisory Committee 14 November 2017](#), [Planning Advisory Committee 23 November 2017](#)-
Budget 2018/19: Service Dashboards and Service Change Impact Assessments (SCIAs)

[Report to Cabinet 7 December 2017 - Budget Update 2018/19](#)

[Report to Cabinet 11 January 2018 - Budget Update 2018/19](#)

Adrian Rowbotham
Chief Finance Officer

This page is intentionally left blank

2018/19 Budget Setting Timetable

	Date	Committee
Stage 1		
Financial Prospects and Budget Strategy 2018/19 and Beyond	5 September	Finance AC
	14 September	Cabinet
↓		
Stage 2		
Review of Service Dashboards and Service Change Impact Assessments (SCIAs)	3 October	Economic & Comm. Dev. AC
	5 October	Policy & Performance AC
	10 October	Housing & Health AC
	17 October	Legal & Dem. Svs AC
	2 November	Direct & Trading AC
	14 November	Finance AC
	23 November	Planning AC
↓		
Stage 3		
Budget Update (incl. Service Change Impact Assessments (SCIAs), feedback from Advisory Committees)	7 December	Cabinet
↓		
Stage 4		
Budget Update (incl. Government Settlement information)	11 January	Cabinet
↓		
Stage 5		
<i>Budget Update and further review of Service Change Impact Assessments (if required)</i>	<i>January - February</i>	<i>Advisory Committees</i>
↓		
Stage 6		
Budget Setting Meeting (Recommendations to Council)	6 February	Cabinet
↓		
Stage 7		
Budget Setting Meeting (incl. Council Tax setting)	20 February	Council

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

This page is intentionally left blank

	Budget 2017/18	Plan 2018/19	Plan 2019/20	Plan 2020/21	Plan 2021/22	Plan 2022/23	Plan 2023/24	Plan 2024/25	Plan 2025/26	Plan 2026/27	Plan 2027/28
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Expenditure											
Net Service Expenditure c/f	13,689	14,470	14,687	14,965	15,317	15,698	16,073	16,455	16,842	17,234	17,631
Inflation	494	732	559	650	467	475	482	487	493	497	506
Superannuation Fund deficit and staff recruitment & retention	300	0	0	100	0	0	0	0	0	0	0
Net savings (approved in previous years)	(13)	(427)	(186)	(232)	14	0	0	0	(1)	0	1
<i>New growth</i>	0	292	15	(51)	0	0	0	0	0	0	0
<i>New savings/Income</i>	0	(380)	(110)	(115)	(100)	(100)	(100)	(100)	(100)	(100)	0
Net Service Expenditure b/f	14,470	14,687	14,965	15,317	15,698	16,073	16,455	16,842	17,234	17,631	18,138
Financing Sources											
Govt Support: Revenue Support Grant	0	0	0	0	0	0	0	0	0	0	0
New Homes Bonus	0	0	0	0	0	0	0	0	0	0	0
Council Tax	(10,013)	(10,420)	(10,816)	(11,157)	(11,508)	(11,869)	(12,239)	(12,619)	(13,010)	(13,411)	(13,798)
Business Rates Retention	(1,990)	(2,700)	(2,096)	(2,138)	(2,181)	(2,225)	(2,270)	(2,315)	(2,361)	(2,408)	(2,456)
Collection Fund Surplus	0	(255)	0	0	0	0	0	0	0	0	0
Interest Receipts	(130)	(130)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)
Property Investment Strategy Income	(500)	(735)	(1,185)	(1,185)	(1,185)	(1,185)	(1,285)	(1,329)	(1,329)	(1,529)	(1,529)
Contributions to/(from) Reserves	647	(14)	(353)	(353)	(353)	(179)	(179)	(635)	148	148	148
Total Financing	(11,986)	(14,254)	(14,700)	(15,083)	(15,477)	(15,708)	(16,223)	(17,148)	(16,802)	(17,450)	(17,885)
Budget Gap (surplus)/deficit	2,484	433	265	234	221	365	232	(306)	432	181	253
Contribution to/(from) Stabilisation Reserve	(2,484)	(433)	(265)	(234)	(221)	(365)	(232)	306	(432)	(181)	(253)
Unfunded Budget Gap (surplus)/deficit	0	0	0	0	0	0	0	0	0	0	0

Assumptions	
Revenue Support Grant:	nil all years
Business Rates Retention:	Business Rates Retention pilot estimate in 18/19, safety-net in 19/20 plus 2% in later years
Council Tax:	2.97 in 18/19, 2% in later years
Council Tax Base:	Increase of 580 Band D equivalent properties per annum in 19/20 - 26/27, 480 from 27/28
Interest Receipts:	£130,000 in 18/19, £250,000 in later years
Property Inv. Strategy:	£735,000 from 18/19, £1.185m from 19/20, £1.285m from 23/24, £1.329m from 24/25, £1.529m from 26/27 onwards. Sennocke Hotel income included from 2019/20.
Pay award:	2% in all years
Other costs:	2.25% in all years
Income:	2.5% in all years

This page is intentionally left blank

SCIA		Description	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	Later Years £000	Total £000
Year	No.											
		Direct and Trading Advisory Committee										
2016/17	8	Playgrounds: Reduction in asset maintenance (reversal of temporary saving item)									7	
2016/17	9	Public Conveniences: Reduction in asset maintenance (reversal of temporary saving item)									8	
		Economic and Community Development Advisory Committee										
		No savings or growth agreed from 2018/19 onwards										
		Finance Advisory Committee										
2011/12	62,63	Staff terms and conditions - savings agreed by Council 18/10/11								(301)	(373)	
2015/16	10	External Audit fee reduction (reversal of temporary saving item)								30		
2017/18	25	Internal Enforcement Agents for Local Tax recovery								(104)		
		Housing and Health Advisory Committee										
		No savings or growth agreed from 2018/19 onwards										
		Legal and Democratic Services Advisory Committee										
		No savings or growth agreed from 2018/19 onwards										
		Planning Advisory Committee										
		No savings or growth agreed from 2018/19 onwards										
		Policy and Performance Advisory Committee										
2017/18	10	Apprenticeship Levy (reversal of temporary growth item)									(45)	
2017/18	11	Swanley contract								(25)		
2017/18	12	Customer Service resource								(25)		
		Minor movements between years								(2)	(1)	
		Total Savings	(2,984)	(841)	(314)	(479)	(533)	(721)	(372)	(427)	(359)	(7,030)
		Total Growth	371	45	50	327	177	309	359	0	(45)	1,593
		Net Savings	(2,613)	(796)	(264)	(152)	(356)	(412)	(13)	(427)	(404)	(5,437)

This page is intentionally left blank

Summary of Changes to the 10-year Budget

Appendix D

SCIA Year	Advisory Committee No.	Description	Year	Ongoing	2018/19 Impact £000	10-year Budget Impact £000
Savings						
2018/19	1	PPAC Remote access software	2018/19	Yes	(2)	(20)
2018/19	2	PPAC Reduction in telephony costs from SIP migration	2018/19	Yes	(12)	(120)
2018/19	3	PPAC Further reduction in Swanley Local Office costs	2019/20	Yes	0	(210)
2018/19	4	LDSAC Electoral Registration - reduced postage costs	2018/19	Yes	(2)	(20)
2018/19	5	FAC Emergency Planning & Property Services - savings from previous restructure	2018/19	Yes	(12)	(120)
2018/19	6	FAC Argyle Road Offices - savings on energy costs	2018/19	Yes	(10)	(100)
2018/19	7	FAC Leisure - asset maintenance fee no longer paid	2018/19	Yes	(17)	(170)
2018/19	8	FAC Scanning - reduction of vacant post	2018/19	Yes	(25)	(250)
2018/19	14	FAC Audit fees: reduction in fees	2018/19	Yes	(30)	(300)
2018/19	15	FAC Shared Services: efficiency savings	2018/19	Yes	(50)	(500)
2018/19	16	HHAC Leisure contract: reduced management fee	2018/19	Yes	(10)	(100)
2018/19	17	PPAC Public Notice Advertising: reduced expenditure	2018/19	Yes	(10)	(100)
2018/19	18	DTAC Trading Services: increased net surplus	2018/19	Yes	(30)	(300)
2018/19	19	PAC Planning: increased income	2018/19	Yes	(170)	(1,700)
Sub Total					(380)	(4,010)
Remove 2018/19 new savings target					100	1,000
Growth:						
2018/19	9	DTAC Vehicle Replacement Fund: top up	2018/19	Yes	47	470
2018/19	10	FAC Asset Maintenance: increase	2018/19	Yes	50	500
2018/19	11	FAC Members Allowances: increase following JIRP review	2019/20	Yes	0	135
2018/19	12	PPAC Land Charges: income below budget	2018/19	Yes	50	500
2018/19	13	PPAC IT Developers: funding for two years	2018/19	No	51	102
2018/19	19	PAC Planning: additional staffing	2018/19	Yes	94	940

Page 87

Agenda Item 6c

Summary of Changes to the 10-year Budget

Appendix D

SCIA Year	Advisory Committee No.	Description	Year	Ongoing	2018/19 Impact £000	10-year Budget Impact £000
		Sub Total			292	2,647
Assumption Changes:						
		Pay inflation: 2018/19 increase from 1% to 2.03%			147	1,600
		Pay inflation: 2019/20 increase from 1% to 2%			0	1,411
		Council Tax: 2018/19 increase from 2% to 2.97%			(99)	(1,140)
		Council Tax base: actual figure for 2018/19			12	131
		Council Tax: reduce empty property discounts from 2019/20			0	(631)
		Collection Fund surplus: 2018/19 one-off			(255)	(255)
		Superannuation Fund deficit: 2020/21 reduce growth from £200,000 to £100,000			0	(800)
		Business Rates: revised safety-net			(95)	211
		Business Rates: 2018/19 Retention pilot			(910)	(910)
		Business Rates: contribution to Budget Stabilisation Reserve			699	699
		Sub Total			(501)	316
		Total Change to 10-year Budget			(489)	(47)

Summary of Council Expenditure & Council Tax

	2017/18 Budget Net Expenditure £000	2018/19 Budget Net Expenditure £000
Service expenditure before Support Services and Capital Charges including trading accounts (see Appendix F)	14,701	14,930
Capital Charges and Support Services charged outside the General Fund	<u>(231)</u>	<u>(243)</u>
Sub Total	14,470	14,687
Non allocated expenditure: Collection Fund adjustment	<u>0</u>	<u>0</u>
Net Service Expenditure excluding capital charges	14,470	14,687
Revenue Support Grant inc CTS	0	0
Retained Business Rates	(1,990)	(2,700)
New Homes Bonus	0	0
Council Tax Requirement - Sevenoaks DC	(10,013)	(10,420)
Collection Fund Surplus	0	(255)
Grant & Council Tax income	<u>(12,003)</u>	<u>(13,375)</u>
Net Expenditure after Grant & Council Tax, before interest	2,467	1,312
Less: Interest and Investment income	(130)	(130)
Less: Property Investment Strategy Income	(500)	(735)
Amount to be met from Reserves	<u>1,837</u>	<u>447</u>
Contributions (to) / from reserves		
Earmarked Reserves		
Capital	(148)	(148)
Budget Stabilisation	1,484	94
New Homes Bonus Reserve	0	0
Financial Plan	501	501
Corporate Project Support	0	0
Planned contribution from General Fund Reserve	<u>0</u>	<u>0</u>
	<u>1,837</u>	<u>447</u>

Agenda Item 6c

	2016/17	2017/18	2018/19
Taxbase	48,209	49,681	49,902
	£	£	£
Council Tax @ Band D	192.87	202.77	208.80

Council Tax Summary

Band D charge

			%		%
Kent County	1,089.99	1,178.82	69.6	1,237.68	69.7
Kent Fire	70.65	73.35	4.3	75.51	4.3
Kent Police	147.15	157.15	9.3	169.15	9.5
	<u>1,307.79</u>	<u>1,409.32</u>	<u>83.2</u>	<u>1,482.34</u>	<u>83.5</u>
Sevenoaks District	192.87	202.77	12.0	208.80	11.7
Average Town/Parish	73.95	81.13	4.8	84.71	4.8
	<u>1,574.61</u>	<u>1,693.22</u>	<u>100.0</u>	<u>1,775.85</u>	<u>100.0</u>

Interest Receipts Summary

Investment interest		157		157
Mortgage and other interest		0		0
Allocations to Provisions		(27)		(27)
Net Revenue contribution		<u>130</u>		<u>130</u>

Net Service Expenditure analysed by Chief Officer

	Actuals 16/17	Budget 17/18	Budget 18/19
Summary	£'000	£'000	£'000
Communities & Business	1,377	1,500	1,532
Corporate Services	2,660	2,845	2,967
Environmental & Operational Services	4,724	4,620	4,811
Financial Services	4,231	4,520	4,481
Planning Services	1,374	1,330	1,284
	<u>14,364</u>	<u>14,815</u>	<u>15,074</u>
Direct Services		(114)	(144)
Items outside General Fund		(231)	(243)
		<u>14,470</u>	<u>14,687</u>

	Actuals 16/17	Budget 17/18	Budget 18/19
Summary	£'000	£'000	£'000
Pay Costs	10,710	11,848	12,339
Premises and Grounds	2,147	1,612	1,685
Transport	72	57	62
Supplies & Services	2,503	2,258	2,264
Supplies & Services IT	796	914	977
Agency & Contracted	4,674	3,540	3,659
Agency & Contracted - Partnerships	2,950	3,074	3,128
Agency & Contracted - Direct Services	3,940	4,031	4,150
Transfer Payments - Benefits	27,357	28,090	28,090
Transfer Payments - Other	115	39	39
Support Services	51	51	52
Funds drawn to/from Reserves	(262)	(310)	(393)
Income - Other	(30,375)	(30,498)	(30,656)
Income - Fees and Charges	(7,638)	(6,338)	(6,678)
Recharges	(255)	(282)	(282)
Recharges - Partnerships	(2,422)	(3,270)	(3,359)
Services and Capital charges	<u>14,364</u>	<u>14,815</u>	<u>15,074</u>
Direct Services (net)		(114)	(144)
Items outside General Fund		(231)	(243)
		<u>14,470</u>	<u>14,687</u>

Analysis of budget changes between 17/18 and 18/19

Base Budget 2017/18	14,470
Inflation	732
Net Savings agreed previous years	(427)
New Growth	292
New savings/income	(380)
Proposed Budget 2018/19	<u>14,687</u>

Agenda Item 6c

Net Service Expenditure analysed by Chief Officer

	Actuals 16/17 £'000	Budget 17/18 £'000	Budget 18/19 £'000
Communities & Business			
All Weather Pitch	(5)	(5)	(5)
Community Safety	182	183	187
Community Development Service Provisions	(5)	(5)	(6)
The Community Plan	51	53	55
Dunton Green Projects - S106	0	0	0
Economic Development	52	55	57
Economic Development Property	223	269	277
Grants to Organisations	186	183	183
Health Improvements	42	42	44
Homeless	86	152	143
Housing	228	191	214
Housing Initiatives	6	52	53
Homelessness Prevention	0	0	0
Housing Energy Retraining Options (HERO)	0	35	36
Leisure Contract	220	183	175
Leisure Development	20	20	20
Partnership - Home Office	0	0	0
Administrative Expenses - Communities & Business	19	25	26
Administrative Expenses - Housing	10	0	0
Tourism	36	31	31
Choosing Health WK PCT	0	0	0
Community Sports Activation Fund	0	0	0
Homelessness Funding	(10)	0	0
Leader Programme	7	5	5
PCT Initiatives	0	0	0
West Kent Enterprise Advisor Network	0	0	0
West Kent Partnership	0	0	0
Youth	29	31	36
Total Service Expenditure	1,377	1,500	1,532

Net Service Expenditure analysed by Chief Officer

	Actuals 16/17 £'000	Budget 17/18 £'000	Budget 18/19 £'000
Communities & Business			
Pay Costs	999	1,265	1,399
Premises and Grounds	15	0	0
Transport	16	8	13
Supplies & Services	139	146	163
Supplies & Services IT	5	0	0
Agency & Contracted	729	454	449
Transfer Payments - Other	45	39	39
Funds drawn to/from Reserves	(123)	(76)	(136)
Income - Other	(261)	(159)	(255)
Income - Fees and Charges	(185)	(177)	(141)
Recharges	(2)	0	0
Total Service Expenditure	1,377	1,500	1,532

Analysis of budget changes between 17/18 and 18/19

Base Budget 2017/18	1,500
Inflation (inc pay increments and terms and conditions SCIA 62; 63 14/15)	41
SCIA 16 Leisure contract: reduced management fee	(10)
Other Adjustments	1
Proposed Budget 2018/19	1,532

Net Service Expenditure analysed by Chief Officer

	Actuals 16/17 £'000	Budget 17/18 £'000	Budget 18/19 £'000
Corporate Services			
Asset Maintenance IT	270	275	277
Civic Expenses	15	16	16
Corporate Projects	48	93	95
Democratic Services	111	138	143
Elections	82	121	129
Land Charges	(82)	(147)	(99)
Register of Electors	159	253	234
Administrative Expenses - Corporate Services	19	25	25
Administrative Expenses - Legal and Democratic	65	50	51
Administrative Expenses - Human Resources	41	10	5
Street Naming	6	5	5
Support - Contact Centre	413	436	445
Support - General Admin	27	37	33
Support - IT	966	1,002	1,069
Support - Legal Function	201	210	226
Support - Local Offices	55	57	31
Support - Nursery	3	0	0
Support - Human Resources	261	264	282
Website	2	0	0
Total Service Expenditure	2,660	2,845	2,967

Net Service Expenditure analysed by Chief Officer

	Actuals 16/17 £'000	Budget 17/18 £'000	Budget 18/19 £'000
Corporate Services			
Pay Costs	1,691	2,047	2,115
Premises and Grounds	52	3	3
Transport	7	1	1
Supplies & Services	494	271	249
Supplies & Services IT	630	754	767
Agency & Contracted	509	182	202
Agency & Contracted - Direct Services	11	11	12
Transfer Payments - Other	2	0	0
Funds drawn to/from Reserves	5	(37)	(37)
Income - Other	(228)	0	0
Income - Fees and Charges	(421)	(301)	(259)
Recharges	(34)	(31)	(31)
Recharges - Partnerships	(58)	(54)	(54)
Total Service Expenditure	2,660	2,845	2,967

Analysis of budget changes between 17/18 and 18/19

Base Budget 2017/18	2,845
Inflation (inc pay increments and terms and conditions SCIA 62; 63 14/15)	88
Planned Savings agreed previous years	
2017/18 SCIA 11 Swanley contract	(25)
2017/18 SCIA 12 Customer Service resource reduction	(25)
SCIAs 2018/19	
SCIA 01 Remote access software	(2)
SCIA 02 Reduction in telephony costs from SIP migration	(12)
SCIA 04 Electoral Registration - reduced postage costs	(2)
SCIA 12 Land Charges: income below budget	50
SCIA 13 IT Developers: funding for two years	51
Other Adjustments	(1)
Proposed Budget 2018/19	2,967

Net Service Expenditure analysed by Chief Officer

	Actuals 16/17	Budget 17/18	Budget 18/19
Environmental & Operational Services	£'000	£'000	£'000
Environmental & Operational Services			
Asset Maintenance Argyle Road	67	72	108
Asset Maintenance Car Parks	19	0	0
Asset Maintenance CCTV	16	17	17
Asset Maintenance Countryside	5	8	8
Asset Maintenance Other Corporate Properties	42	32	48
Asset Maintenance Direct Services	38	38	39
Asset Maintenance Hever Road	36	37	38
Asset Maintenance Leisure	226	174	178
Asset Maintenance Playgrounds	8	8	8
Asset Maintenance Support & Salaries	85	99	83
Asset Maintenance Sewage Treatment Plants	3	8	9
Asset Maintenance Public Toilets	6	7	7
Bus Station	8	17	17
Car Parks	(1,684)	(1,870)	(1,911)
CCTV	271	250	258
Civil Protection	28	50	47
Dartford Environmental Hub (SDC Costs)	0	0	0
Car Parking - On Street	(446)	(470)	(492)
EH Commercial	301	283	279
EH Animal Control	22	1	1
EH Environmental Protection	401	371	391
Emergency	62	65	66
Parking Enforcement - Tandridge DC	0	0	0
Energy Efficiency	28	29	29
Estates Management - Buildings	19	(21)	(18)
Estates Management - Grounds	123	110	116
Gypsy Sites	(38)	(20)	(26)
Disabled Facilities Grant Administration	(24)	(20)	(20)
Housing Premises	(4)	0	1
Kent Resource Partnership	0	0	0
Licensing Partnership Hub (Trading)	0	0	0
Licensing Regime	(3)	(4)	3
Markets	(192)	(185)	(182)
Parks - Greensand Commons Project	(22)	0	0
Parks and Recreation Grounds	80	114	120
Parks - Rural	165	114	121
Private Sector Housing	165	196	198
Refuse Collection	2,551	2,562	2,684
Administrative Expenses - Health	7	21	12
Administrative Expenses - Licensing	0	0	10
Administrative Expenses - Property	4	4	5
Administrative Expenses - Transport	7	8	8
Street Cleansing	1,331	1,374	1,415

Support - Central Offices	373	433	450
Support - Central Offices - Facilities	255	266	290
Support - General Admin	233	278	234
Support - Health and Safety	11	21	17
Support - Direct Services	61	57	58
Support - Procurement	0	6	6
Support - Property Function	41	42	48
Taxis	(14)	(7)	(11)
Public Conveniences	55	45	46
Total Service Expenditure	4,724	4,620	4,811

Net Service Expenditure analysed by Chief Officer

	Actuals 16/17 £'000	Budget 17/18 £'000	Budget 18/19 £'000
Environmental & Operational Services			
Pay Costs	2,704	2,946	3,030
Premises and Grounds	2,063	1,592	1,665
Transport	42	40	41
Supplies & Services	810	706	722
Supplies & Services IT	36	6	6
Agency & Contracted	553	599	670
Agency & Contracted - Partnerships	801	749	763
Agency & Contracted - Direct Services	3,930	4,019	4,138
Support Services	51	51	52
Funds drawn to/from Reserves	(167)	0	0
Income - Other	(845)	(1,237)	(1,290)
Income - Fees and Charges	(4,872)	(4,006)	(4,127)
Recharges	(30)	(38)	(38)
Recharges - Partnerships	(353)	(808)	(822)
Total Service Expenditure	4,724	4,620	4,811

Analysis of budget changes between 17/18 and 18/19

Base Budget 2017/18	4,620
Inflation (inc pay increments and terms and conditions SCIA 62; 63 14/15)	151
SCIAs 2018/19	
SCIA 05 Emergency Planning & Property Services - savings from previous restructure	(12)
SCIA 06 Argyle Road Offices - savings on energy costs	(10)
SCIA 07 Leisure - asset maintenance fee no longer paid	(17)
SCIA 08 Scanning - reduction of vacant post	(25)
SCIA 09 Vehicle Replacement Fund: top up	47
SCIA 10 Asset Maintenance: increase	50
Other Adjustments	7
Proposed Budget 2018/19	4,811

Agenda Item 6c

Net Service Expenditure analysed by Chief Officer

	Actuals 16/17 £'000	Approved Budget	
		17/18 £'000	18/19 £'000
Financial Services			
Action and Development	0	7	7
Benefits Admin	708	181	174
Benefits Grants	(659)	(25)	(25)
Consultation and Surveys	0	4	4
Corporate Management	915	970	995
Corporate - Other	0	136	134
Dartford Partnership Hub (SDC costs)	0	0	0
Equalities Legislation	14	19	19
External Communications	140	196	192
Housing Advances	1	1	1
Local Tax	147	93	(21)
Members	404	428	428
Misc. Finance	1,809	1,689	1,734
Performance Improvement	(1)	(1)	(1)
Administrative Expenses - Chief Executive	13	30	30
Administrative Expenses - Finance	44	35	33
Administrative Expenses - Transformation and Strategy	7	5	5
Support - Counter Fraud	30	54	52
Support - Audit Function	172	177	177
Support - Exchequer and Procurement	126	105	103
Support - Finance Function	144	193	218
Support - General Admin	87	110	111
Treasury Management	132	113	114
Total Service Expenditure	4,231	4,520	4,481

Net Service Expenditure analysed by Chief Officer

	Actuals 16/17 £'000	Approved Budget	
		17/18 £'000	18/19 £'000
Financial Services			
Pay Costs	3,098	3,174	3,263
Premises and Grounds	18	16	17
Transport	6	7	5
Supplies & Services	931	1,045	1,040
Supplies & Services IT	108	152	201
Agency & Contracted	2,291	2,199	2,230
Agency & Contracted - Partnerships	1,829	1,993	2,026
Transfer Payments - Benefits	27,357	28,090	28,090
Funds drawn to/from Reserves	116	(217)	(258)
Income - Other	(28,878)	(29,102)	(29,111)
Income - Fees and Charges	(550)	(575)	(692)
Recharges	(189)	(192)	(192)
Recharges - Partnerships	(1,905)	(2,069)	(2,138)
Total Service Expenditure	4,231	4,520	4,481

Analysis of budget changes between 17/18 and 18/19

Base Budget 2017/18	4,520
Inflation (inc pay increments and terms and conditions SCIA 62; 63 14/15)	125
Planned Savings agreed previous years	
2015/16 SCIA 10 External audit fee	30
2017/18 SCIA 25 Internal enforcement agents	(104)
SCIAs 2018/19	
SCIA 14 Audit fees: reduction in fees	(30)
SCIA 15 Shared Services: efficiency savings	(50)
SCIA 17 Public Notice Advertising: reduced expenditure	(10)
Approved Budget 2018/19	4,481

Net Service Expenditure analysed by Chief Officer

	Actuals 16/17 £'000	Budget 17/18 £'000	Budget 18/19 £'000
Planning Services			
Building Control Discretionary Work	0	(9)	0
Building Control Partnership Members	0	0	0
Building Control Partnership Hub (SDC Costs)	0	0	0
Building Control	(79)	(98)	(112)
Community Housing Fund	0	0	0
Conservation	80	49	91
Dangerous Structures	7	3	3
Housing	140	0	0
Needs and Stock Surveys	0	0	0
Planning Policy	469	571	598
LDF Expenditure	0	0	0
Building Control Partnership Implementation & Project Costs	0	0	0
Planning - Appeals	264	197	202
Planning - CIL Administration	(50)	(50)	(49)
Planning - Counter	(0)	0	0
Planning - Development Management	214	329	214
Planning - Enforcement	265	286	283
Fort Halstead	0	0	0
Administrative Expenses - Building Control	12	10	11
Administrative Expenses - Planning Services	52	43	44
Total Service Expenditure	1,374	1,330	1,284

Net Service Expenditure analysed by Chief Officer

	Actuals 16/17 £'000	Budget 17/18 £'000	Budget 18/19 £'000
Planning Services			
Pay Costs	2,218	2,416	2,531
Premises and Grounds	1	1	1
Transport	1	1	1
Supplies & Services	129	91	91
Supplies & Services IT	18	2	2
Agency & Contracted	592	106	108
Agency & Contracted - Partnerships	320	331	338
Transfer Payments - Other	68	0	0
Funds drawn to/from Reserves	(93)	20	38
Income - Other	(162)	0	0
Income - Fees and Charges	(1,611)	(1,279)	(1,460)
Recharges	0	(21)	(21)
Recharges - Partnerships	(106)	(339)	(346)
Total Service Expenditure	1,374	1,330	1,284

Analysis of budget changes between 17/18 and 18/19

Base Budget 2017/18	1,330
Inflation (inc pay increments and terms and conditions SCIA 62; 63 14/15)	41
SCIAs 2018/19	
SCIA 19 Planning: increased income	(170)
SCIA 19 Planning: additional staffing	94
Other Adjustments	(11)
Proposed Budget 2018/19	1,284

This page is intentionally left blank

PAY COST ESTIMATES SUMMARY 2018/2019

Line No.		2017/18 BUDGET	2018/19 BUDGET	2017/18 FTE	2018/19 FTE
1	Communities and Business	971,033	1,001,641	20.35	20.35
2	Corporate Services	2,293,927	2,364,524	61.92	60.88
3a	Environmental Health	640,567	649,555	12.18	12.57
3b	Licensing	357,021	373,898	10.81	10.81
3c	Operational Services	676,254	695,186	14.99	14.99
3d	Operational Services (TASK)	2,965,610	3,108,338	94.17	97.17
3e	Parking & Amenity Services	385,564	428,899	11.00	12.00
3f	Property Services	737,921	775,276	19.48	20.48
4	Finance	2,834,956	2,923,603	68.61	69.81
5a	Planning	2,114,602	2,234,793	48.59	51.98
5b	Building Control	315,796	321,890	7.00	7.00
		14,293,250	14,877,604	369.10	378.04
	Other Salary Costs				
6	Vacancy Savings	(141,588)	(144,420)	0.00	0.00
	SUB-TOTAL	14,151,662	14,733,184	369.10	378.04
7	Communities & Business (Ext Funded)	381,991	514,477	10.50	14.50
8	Environmental & Operational Services (Ext Funded)	107,096	111,684	2.00	2.00
9	Property Services (Ext Funded)	56,535	57,014	1.50	1.50
	GRAND TOTAL	14,697,284	15,416,358	383.10	396.04

NOTES

1) Externally funded posts (lines 7 to 9) have been excluded from earlier lines. The income will show elsewhere in the 2018/19 budget

This page is intentionally left blank

Capital Programme 2018-21

Chief Officer/Scheme	Funding Source							
				2017/18	2018/19	2019/20	2020/21	
		Total approved scheme £000	Previous year spend £000	Forecast £000	Budget £000	Budget £000	Budget £000	Total over programme period £000
Communities and Business								
Parish projects	Capital Receipts	-	-	10	51	-	-	61
Environmental and Operational Services								
Dunbrik Vehicle Workshop	Capital Receipts	254	252	4	-	-	-	256
Dunbrik Vehicle Wash	Capital Receipts	30	-	30	-	-	-	30
Commercial vehicle replacements	Vehicle Renewal Res.	1,645	-	548	548	549	563	2,208
Disabled Facilities Grants (gross)	Better Care Fund	2,667	-	675	889	889	889	3,342
Sennocke Hotel	Fin Plan Reserve & Capital Receipts	7,530	378	4,142	2,928	82	-	7,530
Bradbourne Car Park	Internal Borrowing	5,300	5,309	36	-	-	-	5,345
Buckhurst 2 Car Park	External Borrowing	9,850	3	3,890	5,931	26	-	9,850
CCTV					50	20	-	70
Finance								
Property Investment Strategy	Prop. Inv. Reserve	43,000	9,430	97	25,198			34,725
TOTAL				9,432	35,595	1,566	1,452	63,417

Funding Sources

Capital Receipts	2,686	4,111	46	-
Financial Plan Reserve & Cap Receipts	1,500	2,928	82	-
Vehicle Renewal Reserve	548	548	549	563
Property Investment Strategy Reserve ***	97	25,198	0	0
Better Care Fund (KCC)	675	889	889	889
Internal Borrowing	36	-	-	-
Capital Reserve (from Revenue)	-	561	-	-
External Borrowing	3,890	1,360	-	-
	9,432	35,595	1,566	1,452

*** Part will be funded from Capital Receipts, Reserves, Internal Borrowing and External Borrowing.

This page is intentionally left blank

Statement of Reserves and Provisions

1. This appendix sets out details of the reserves and provisions held by the council. These balances have been subject to a detailed review as part of the budget process. **The items in bold show the changes that are being recommended.**
2. One of the requirements of the Financial Planning Strategy is to have flexible use of the Budget Stabilisation Reserve. The fund incorporates any annual under-spends and absorbs any annual over-spends. **It is recommended that any variance in the 2018/19 budget is put into this reserve or absorbed by this reserve.**
3. A Corporate Project Support Reserve is already in place to finance projects including 'invest to save' initiatives. **It is recommended that £141,000 be transferred into the Corporate Project Support Reserve to help fund future project work.** This will include the Customer Redesign project.
4. To fund this increase it is recommended that the following reserves are reduced:
5. **Reduce the First Time Sewerage Reserve by £60,000** as some liabilities have expired.
6. **Reduce other smaller reserves by £81,000** following a review of the ongoing requirements.
7. It is recommended that the following new reserves are set up:
8. Community Infrastructure Levy (CIL) Administration Reserve - 5% of the CIL charge can be retained by Planning Services to be spent on the administration of the levy. It is recommended that a reserve is established to hold the funds that accumulate to be spent in line with the CIL regulations.
9. Property Investment Strategy Maintenance Reserve - the cost of maintenance and void periods has been included when forecasting future income of the assets. It is recommended that a reserve is established to fund future maintenance requirements and any Property Investment Strategy net income above the current forecast of £545,000 in 2017/18 be put into this reserve.

The table below sets out the reserves and provisions held at 1 April 2017

	01/04/17	Purpose (some further details are included in the Statement of Accounts 2015/16)
Provisions	£000	
Business Rates Appeals	2,469	The change to the Business Rates Retention scheme means that the Council has to provide for its share of the costs arising from successful appeals by business ratepayers.
Accumulated Absences	152	Absorbs the difference that would otherwise arise on the General Fund Balance from accruing for compensated absences (e.g. annual leave) earned but not taken in the year. Opposite entry in Unusable Reserves.
Municipal Mutual Insurance (MMI)	256	A solvent run-off of MMI is now unlikely which may result in Councils being liable to clawback of monies paid out.
Sub Total	2,877	
Capital Receipts		
Capital Receipts	143	Balance from previous asset sales and mortgage repayments. Can be used to fund future capital expenditure.
Earmarked Reserves		
Action and Development	396	To fund ad hoc and unplanned expenditure (including emergencies and flooding).
Asset Maintenance	1,000	To fund emergency works to assets.
Budget Stabilisation	6,238	To support decisions required to continue to produce a balanced budget in future years.
Business Rates Retention	1,129	To manage the volatility in yearly cash flows in the Collection Fund caused by the complexities in the Business Rates Retention Scheme.
Capital Financing	413	Annual contributions from revenue to fund some capital projects.
Carry Forward Items	309	For specific items agreed by Cabinet, e.g. if a project has slipped between years.
Community and Business	350	External funding received for ongoing and future projects.
Corporate Project Support	650	To fund invest to save projects and external expertise required to investigate proposed projects.
Financial Plan	5,182	To support the 10-year budget and Property Investment Strategy.
First Time Sewerage	266	Potential liabilities relating to earlier sewerage installations.
Flood Support	144	To give grants to businesses that have suffered flooding and make claims under the

		Business Flood Support Scheme.
Housing Benefit Subsidy	723	Provides a cushion against large movements in reclaimable sums in any year.
IT Asset Maintenance	488	To fund future IT asset maintenance costs.
Local Plan/LDF	607	To help support the Local Plan and Local Development Framework.
New Homes Bonus (NHB)	499	NHB is being kept separate and used to fund the Property Investment strategy.
Pension Fund Valuation	500	To contribute towards downturns in future pension fund actuarial valuations.
Property Investment Reserve	1,682	To support the aims of the Property Investment Strategy.
Re-organisation	423	To fund actions taken to achieve annual budget savings.
Vehicle Insurance	310	Own vehicle damage for the commercial vehicle fleet. Contributions are made from the trading accounts.
Vehicle Renewal	432	Vehicle replacement for the commercial vehicle fleet. Contributions are made from the revenue trading accounts each year
Others	673	Includes Rent Deposit Guarantee, Local Strategic Partnership, Big Community Fund etc.
Sub Total	22,414	
General Fund	1,500	Acts as a working balance to meet unexpected issues during the year, for which a minimum of 10% of net service expenditure recommended. It also meets any planned deficits on the revenue account.
TOTAL	26,934	

Definitions:

Provisions - funds set aside for liabilities or losses which are known obligations, but are uncertain as to amounts or dates. Expenditure can be charged direct against the Provision without being reflected in the Revenue Account.

Capital Receipts - money received from the sale of assets (normally land and buildings) and the repayment of grants and advances (e.g. mortgage repayments). Such receipts can only be used to repay debt, or to finance capital investment.

Earmarked Reserve - amounts set aside for purposes falling outside the definition of Provisions. Expenditure should not be charged direct to reserves, but shown in the Revenue Account with the transfer to or from the reserve distinguished from service expenditure.

Unallocated Reserve - the General Fund balance. This amount is not set-aside for a specific purpose.

Risk Factors 2018/19

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 budgeted expenditure or income
Pay Costs	£14m total costs	3	4	12	1% pay increase = £143k. Budget assumptions: 2% pay award in all years.	Largest single item of cost. Complex drivers across the organisation. Staff recruitment and retention.	Employers' side final offer for 2018/19 and 2019/20 included in budget but it has not yet been accepted by the unions. 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.	£143k
Pensions Funding	£22m deficit	1	3	3	1% change in employers contribs = £100k.	Deficit on County Fund. Future actuarial results. Government review.	£100k included in 10- year budget in 2020/21 to contribute towards any additional pensions costs when the next valuation takes place	£100k

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 budgeted expenditure or income
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 £20k.	Volatile activity levels in the housing market. Potential for changes in Land Charges following the Infrastructure Act. Budgeted income not being achieved.	A growth SCIA is included in the budget process to reduce budgeted income levels by £50k.	£2k
- Development Management	£0.8m	3	3	9	10% reduction would be £80k.	Volatile activity levels in the housing market and general economic conditions. Fluctuations in income with major	Current year income is above target. Continue to monitor.	£8k

Page 108

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 budgeted expenditure or income
						applications		
- Building Control	£0.4m	3	3	9	10% reduction would be £40k	Volatile activity levels in the housing market and general economic conditions. Competition from commercial organisations	Current year income is above target. Continue to monitor.	£4k
Car Parks	£2.3m	1	4	4	10% reduction would be £230k	General economic conditions; central government directives	Current year income is above target mainly due to the re-opening of Bradbourne Car Park and additional spaces behind M&Co in Sevenoaks. Continue to monitor.	£23k
- On-Street Parking	£0.9m	1	3	3	10% reduction would be £90k	General economic conditions. Legislative constraints on spending surpluses. Reverts to KCC control	Current year is above target. Continue to monitor and review.	£9k
Partnership working and	£0.6m	3	2	6	Impact on individual	Partner actions delayed.	Separate accounting arrangements.	£6k

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 budgeted expenditure or income
partner contributions					projects is high. (As reported to Legal and Democratic AC on 19/06/17, we save £642k pa by working in Partnerships)	Agreed funding not received by SDC. Partnerships ending.	Active liaison with partners on service arrangements Written partnership agreements.	
External Funding Awards including Leader project	£0.4m	3	2	6	Up to £450k Impact on individual projects is high	Time limited. Potential risk from uncertainty over replacement of project funds from UK government and other funding providers	Exit strategies in place.	£4.5k
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	£0.130m 18/19 budget	3	3	9	£130k per 0.5%.	Large cash variance from small rate changes.	Use of professional advisers. If internal borrowing is used for capital	£1.3k

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 budgeted expenditure or income
						Reducing availability of suitable counter parties	investment projects in 2018/19 there will be less cash earning bank interest. Realistic budget proposed for 2018/19	
Investments	£47m balance at Dec 2017	1	5	5		Financial institutions going into administration.	Investment strategy regularly reviewed by FAC. Use of professional advisers.	n/a
Asset base maintenance	£0.6m	2	2	4	Annual budget is based on historic expenditure.	Unexpected problems occurring with financial implications. Reducing budget levels. Ageing assets particularly for leisure	A growth SCIA is included in the budget process to increase budgeted expenditure by £50k. Reserve funds set aside. Policy of reducing asset liabilities wherever possible.	n/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 budgeted expenditure or income
Capital Investment resources (Capital receipts, Capital Financing Reserve, Financial Plan Reserve, Internal Borrowing, External Borrowing)	Capital Receipts £0.1m, Capital Financing reserve £0.4m. (balances at March 2017).	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. External Borrowing approved as an option for future investments	n/a
Property Investment Strategy	£17.8m invested at January 2018 £0.5m rental income in 17/18	3	3	9		Market value of property may reduce below price at acquisition	External property investment advisors retained for each acquisition; due diligence undertaken pre-purchase. Purchases only made within strategy, which is kept under review.	£5k

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 budgeted expenditure or income
Rental Income from Investment Property (non- Property Investment Strategy)	£0.1m in 2018/19 budget	1	2	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	Due diligence prior to letting to new tenants; tight control on rent payments	£1k
Disposal of surplus assets	£5.6m forecast in 18/19/17)	2	4	8	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.	n/a
Government Support: Revenue Support Grant	£0 in 2017/18 revenue budget				n/a	n/a	Excluded grant from budget from 16/17 onwards so SDC became self-sufficient from govt. funding; Adequate level of General Reserve held.	n/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 budgeted expenditure or income
Government Support: Retained Business Rates	£2m in 2017/18	5	4	20	£20k per 1% change	Government changing baseline and therefore safety net levels. Time delays in decisions on appeals. High volume of successful valuation appeals. Central government intends to introduce business rate retention by 20/21.	10-year budget strategy gives ability to gradually adjust for changes. Adequate level of General Reserve held. Successful Business Rates Retention pilot bid for 18/19.	£20k
Council tax Referendum limits	£10m Council Tax income in 17/18	4	3	12	£100k per 1% Government controls on changes in council tax rates	Council tax increases limited to 3% in 18/19.	Draft 10-year budget includes council tax increase assumptions for future years.	£100k

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 budgeted 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 consultations 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		1	2	2		Abolition of Audit Commission in March 2015. New contract with effect from 2018/19.	Grant Thornton have been re-appointed by Public Sector Audit Appointments Ltd as the external auditors of SDC.	

This page is intentionally left blank

COUNCIL 20 FEBRUARY 2018

COUNCIL TAX SETTING 2018/19

LATEST INFORMATION ON PRECEPTING AUTHORITIES

Town and Parish Councils

- 1 A list of town and parish council precepts is attached at Appendix L and total £4,227,497. The increase in the average band D council tax for Town and Parish Councils is 4.41% and results in an average band D council tax figure of £84.71 for 2018/19.

Kent County Council

- 2 Kent County Council meets on 20 February 2018 and their proposed precept is £61,763,809. This will result in a band D council tax of £1,237.68. These are the figures including the addition of the new council tax flexibility offer for authorities responsible for adult social care.

Kent Police and Crime Commissioner

- 3 The Kent Police and Crime Panel meet on 8 February 2018 to approve the Kent Police and Crime Commissioner's proposed precept of £8,441,074. This will result in a band D council tax of £169.15.

Kent and Medway Towns Fire Authority

- 4 Kent and Medway Towns Fire Authority meets on 13 February 2018 and their proposed precept is £3,768,167. This will result in a band D council tax of £75.51.

This page is intentionally left blank

TOWN & PARISH COUNCIL PRECEPTS							
	2017/18			2018/19			
Town / Parish Council	Tax Base	Precept £	Council Tax Band D (£)	Tax Base	Precept £	Council Tax Band D (£)	Band D Change (%)
Ash-cum-Ridley	2,417.81	95,090	39.33	2,431.82	107,828	44.34	12.74
Badgers Mount	329.71	13,710	41.58	329.31	13,710	41.63	0.12
Brasted	772.34	37,156	48.11	779.00	37,900	48.65	1.12
Chevening	1,448.06	69,350	47.89	1,443.19	70,700	48.99	2.30
Chiddingstone	595.80	37,200	62.44	600.18	37,473	62.44	0.00
Cowden	406.15	21,328	52.51	402.07	21,861	54.37	3.54
Crockenhill	647.99	73,735	113.79	656.44	81,667	124.41	9.33
Dunton Green	1,116.66	109,300	97.88	1,180.38	119,000	100.81	2.99
Edenbridge	3,505.34	476,826	136.03	3,548.58	497,298	140.14	3.02
Eynsford	929.09	73,753	79.38	930.38	77,440	83.23	4.85
Farningham	650.57	40,192	61.78	657.83	46,280	70.35	13.87
Fawkham	284.48	12,424	43.67	280.51	12,797	45.62	4.47
Halstead	760.41	42,604	56.03	777.21	45,435	58.46	4.34
Hartley	2,527.05	132,215	52.32	2,538.28	132,803	52.32	0.00
Hever	599.88	33,000	55.01	598.98	42,691	71.27	29.56
Hextable	1,650.64	146,098	88.51	1,643.18	145,438	88.51	0.00
Horton Kirby & S Darenth	1,292.20	98,736	76.41	1,298.26	103,672	79.85	4.50
Kemsing	1,824.29	106,000	58.10	1,813.75	119,000	65.61	12.93
Knockholt	619.36	41,000	66.20	628.51	42,435	67.52	1.99
Leigh	818.76	31,500	38.47	877.50	35,000	39.89	3.69
Otford	1,668.43	145,929	87.46	1,687.32	170,000	100.75	15.20
Penshurst	829.69	42,934	51.75	831.38	43,435	52.24	0.95
Riverhead	1,237.13	51,774	41.85	1,242.10	53,016	42.68	1.98
Seal	1,198.96	70,900	59.13	1,223.02	72,000	58.87	-0.44
Sevenoaks Town	9,315.37	1,029,625	110.53	9,470.04	1,088,593	114.95	4.00
Sevenoaks Weald	619.66	39,655	63.99	621.15	42,628	68.63	7.25
Shoreham	682.88	38,000	55.65	686.26	38,000	55.37	-0.50
Sundridge	924.22	61,950	67.03	925.22	62,000	67.01	-0.03
Swanley	5,407.86	539,867	99.83	5,485.19	560,922	102.26	2.43
Westerham	1,979.25	195,925	98.99	1,985.12	205,575	103.56	4.62
West Kingsdown	2,322.38	98,600	42.46	2,330.73	100,900	43.29	1.95
Totals	49,382.42	4,006,376		49,902.89	4,227,497		
Average			81.13			84.71	4.41

This page is intentionally left blank

COUNCIL 20 FEBRUARY 2018COUNCIL TAX SETTING 2018/19

RECOMMENDATIONS

- (a) That the Capital Programme 2018/21, and Asset Maintenance 2018/19 budget of £561,000 be approved (Cabinet 6 February 2018 - Capital Programme & Asset Maintenance 2018/21);
- (b) that it be noted that at the Cabinet meeting on 11 January 2018 the Council calculated as its council tax base for the year 2018/19:
- (i) for the whole Council area as 49,902.89 being Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended, (the “Act”); and
 - (ii) for dwellings in those parts of its area to which a parish precept relates as in the attached Appendix L;
- (c) that the council tax requirement for the Council’s own purpose for 2018/19 (excluding Town and Parish precepts) be calculated as £208.80;
- (d) that the following amounts be calculated for the year 2018/19 in accordance with Sections 31 to 36 of the Act:
- (i) £56,248,220 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Town and Parish Councils.
 - (ii) £41,601,000 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
 - (iii) £14,647,220 being the amount by which the aggregate at (d)(i) above exceeds the aggregate at (d)(ii) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its council tax requirement for the year (Item R in the formula in Section 31B of the Act).
 - (iv) £293.51 being the amount at (d)(iii) above (Item R), all divided by (b)(i) above (Item T), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of

its council tax for the year (including Town and Parish precepts).

(v) £4,227,497 being the aggregate amount of all special items (Town and Parish precepts) referred to in Section 34 (1) of the Act (as per the attached Appendix K).

(vi) £208.80 being the amount at (d)(iv) above, less the result given by dividing the amount at (d)(v) above by the amount at (b)(i) above (Item T), calculated by the Council, in accordance with Section 34 (2) of the Act, as the basic amount of its council tax for the year for dwellings in those parts of its area to which no Town or Parish precept relates.

(e) that it be noted that for the year 2018/19 the Kent County Council, the Kent Police & Crime Commissioner and the Kent & Medway Towns Fire Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992, for each category of dwellings in the Council's area as indicated in the table below:-

<u>Valuation Bands</u>	<u>Precepting Authority</u>			
	Sevenoaks District Council £	Kent County Council £	Kent Police & C.C. £	Kent & Medway Towns Fire Authority £
A	139.20	825.12	112.77	50.34
B	162.40	962.64	131.56	58.73
C	185.60	1,100.16	150.36	67.12
D	208.80	1,237.68	169.15	75.51
E	255.20	1,512.72	206.74	92.29
F	301.60	1,787.76	244.33	109.07
G	348.00	2,062.80	281.92	125.85

H	417.60	2,475.36	338.30	151.02
---	--------	----------	--------	--------

- (f) that the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in Appendix N as the amounts of council tax for the year 2018/19 for each part of its area and for each of the categories of dwellings; and
- (g) that the Council's basic amount of council tax for 2018/19, shown in (d)(vi) above, is not excessive in accordance with principles approved under Section 52ZB of the Local Government Finance Act 1992.

NOTES ON COUNCIL TAX RECOMMENDATIONS

<u>Recommendation</u>	<u>Note</u>
(b)	This is the tax base in terms of band D equivalents approved by the Cabinet on 11 January 2018.
(c)	The District's council tax requirement (band D).
(d)(i)	Estimated gross revenue expenditure for 2018/19 including reserves and parish precepts.
(d)(ii)	Estimated gross revenue income for 2018/19 including Government support but excluding net council tax requirement.
(d)(iii)	Net council tax requirement in cash terms including Town and Parish precepts.
(d)(iv)	Net council tax requirement in band D terms including Town and Parish precepts.
(d)(v)	Total of Town and Parish precepts.
(d)(vi)	The District's council tax requirement (band D).
(e)	The District Council, County Council, Police & Crime Commissioner and Fire Authority precepts expressed for each valuation band.
(f)	The aggregate tax demand set out over each valuation band. Shown in Appendix N in case of last minute amendments.
(g)	Confirmation that any increase in the council tax requirement is not excessive and, hence, that no referendum is required.

GRAND TOTAL

Part of the Council's area	Valuation Bands							
	A £	B £	C £	D £	E £	F £	G £	H £
Ash-cum-Ridley	1,156.99	1,349.82	1,542.65	1,735.48	2,121.14	2,506.81	2,892.47	3,470.96
Badgers Mount	1,155.18	1,347.71	1,540.24	1,732.77	2,117.83	2,502.89	2,887.95	3,465.54
Brasted	1,159.86	1,353.17	1,546.48	1,739.79	2,126.41	2,513.03	2,899.65	3,479.58
Chevening	1,160.09	1,353.43	1,546.79	1,740.13	2,126.83	2,513.52	2,900.22	3,480.26
Chiddingstone	1,169.06	1,363.89	1,558.74	1,753.58	2,143.27	2,532.95	2,922.64	3,507.16
Cowden	1,163.68	1,357.62	1,551.57	1,745.51	2,133.40	2,521.29	2,909.19	3,491.02
Crockenhill	1,210.37	1,412.09	1,613.83	1,815.55	2,219.01	2,622.46	3,025.92	3,631.10
Dunton Green	1,194.64	1,393.74	1,592.85	1,791.95	2,190.16	2,588.37	2,986.59	3,583.90
Edenbridge	1,220.86	1,424.33	1,627.81	1,831.28	2,238.23	2,645.18	3,052.14	3,662.56
Eynsford	1,182.92	1,380.06	1,577.22	1,774.37	2,168.68	2,562.98	2,957.29	3,548.74
Farningham	1,174.33	1,370.05	1,565.77	1,761.49	2,152.93	2,544.38	2,935.82	3,522.98
Fawkham	1,157.84	1,350.81	1,543.79	1,736.76	2,122.71	2,508.66	2,894.60	3,473.52
Halstead	1,166.40	1,360.80	1,555.20	1,749.60	2,138.40	2,527.20	2,916.00	3,499.20
Hartley	1,162.31	1,356.02	1,549.75	1,743.46	2,130.90	2,518.33	2,905.77	3,486.92
Hever	1,174.94	1,370.76	1,566.59	1,762.41	2,154.06	2,545.71	2,937.35	3,524.82
Hextable	1,186.44	1,384.17	1,581.92	1,779.65	2,175.13	2,570.61	2,966.09	3,559.30
Horton Kirby & S Darenth	1,180.66	1,377.44	1,574.22	1,770.99	2,164.54	2,558.10	2,951.65	3,541.98
Kemsing	1,171.17	1,366.36	1,561.56	1,756.75	2,147.14	2,537.53	2,927.92	3,513.50
Knockholt	1,172.44	1,367.85	1,563.26	1,758.66	2,149.47	2,540.29	2,931.10	3,517.32
Leigh	1,154.02	1,346.36	1,538.70	1,731.03	2,115.70	2,500.38	2,885.05	3,462.06
Otford	1,194.60	1,393.69	1,592.80	1,791.89	2,190.09	2,588.29	2,986.49	3,583.78
Penshurst	1,162.26	1,355.96	1,549.68	1,743.38	2,130.80	2,518.22	2,905.64	3,486.76
Riverhead	1,155.88	1,348.53	1,541.18	1,733.82	2,119.11	2,504.41	2,889.70	3,467.64
Seal	1,166.68	1,361.12	1,555.57	1,750.01	2,138.90	2,527.79	2,916.69	3,500.02
Sevenoaks Town	1,204.06	1,404.74	1,605.42	1,806.09	2,207.44	2,608.80	3,010.15	3,612.18
Sevenoaks Weald	1,173.18	1,368.71	1,564.24	1,759.77	2,150.83	2,541.89	2,932.95	3,519.54
Shoreham	1,164.34	1,358.40	1,552.46	1,746.51	2,134.62	2,522.74	2,910.85	3,493.02
Sundridge	1,172.10	1,367.45	1,562.80	1,758.15	2,148.85	2,539.55	2,930.25	3,516.30
Swanley	1,195.60	1,394.87	1,594.14	1,793.40	2,191.93	2,590.47	2,989.00	3,586.80
Westerham	1,196.47	1,395.88	1,595.29	1,794.70	2,193.52	2,592.35	2,991.17	3,589.40
West Kingsdown	1,156.29	1,349.00	1,541.72	1,734.43	2,119.86	2,505.29	2,890.72	3,468.86

This page is intentionally left blank

Item 7 (a) - Gambling Act 2005: Licence Fees from April 2018

The attached report was considered by the Licensing Committee, and the relevant minute extract is below:

Licensing Committee (Minute 10, 10 January 2018)

Members considered a report which set out the new proposed fee structure which ensured that the licensing of Sexual Establishments maintained a 'self-financing' position for the service, in accordance with the Council's statutory duty and the Council's Service and Budget plan. A fees model similar to the one used to first set the Gambling Act fees in 2007 was used.

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 Full Council to approve the appropriate fee levels as £3,670 for a new or renewal application, and £1,840 for the transfer of an application.

This page is intentionally left blank

GAMBLING ACT 2005: LICENCE FEES FROM APRIL 2018

Council - 20 February 2018

Report of Chief Officer Environmental and Operational Services

Status: For Decision

Also considered by: Licensing Committee - 10 January 2018

Key Decision: No

This report supports the Key Aim of Safe Communities to aid in the reduction of crime within the District.

Portfolio Holder Cllr. Anna Firth (Legal and Democratic Services)

Contact Officer Sharon Bamborough, Ext. 7325/07970 731616

Recommendation to the Licensing Committee:

That Full Council be recommended to approve the appropriate fee levels as set out in Appendix A.

Recommendation to Council:

That subject to the comments of the Licensing Committee, the fees set out in Appendix A are approved.

Reason for recommendation: to ensure that the Council complies with its statutory duty and ensure that the licensing of Gambling premises is self financing, in accordance with the Council's Service and Budget Plan. A fees model, similar to the one used to first set the Gambling Act fees in 2007 was used.

Introduction and Background

- 1 The Gambling Act 2005 Section 212 gives the Secretary of State power to make regulations prescribing the fees payable to the Licensing Authority. It also gives the power to devolve to Licensing Authorities in England and Wales the freedom to set fees for premises licence applications, subject to any constraints the Secretary of State may prescribe which includes a maximum fee level. The government has decided that for England and Wales, Licensing Authorities will determine their own fees for gambling premises licences but that the Secretary of State will prescribe the maximum fee payable for each category of licence.

Agenda Item 7a

- 2 The maximum levels have been included in Appendix A in brackets for comparison purposes. The previous years fees are printed in italics for your information. Those cells that are shaded in the body of the table are where we have reached the maximum fee level that may be set.
- 3 There is an initial fee to cover the cost of application and an annual fee.
- 4 Licensing Authorities have been asked to set fees to ensure full cost recovery and that the fee levels represent fairness and value for money for the gambling industry. All Licensing Authorities must set their fees upon a cost recovery basis only and will be required to review their fee levels on an annual basis to ensure this.
- 5 Fees must be set for all types of premises licences and Temporary Use Notices (TUN's).

Premises type

- Casinos
 - Bingo
 - Betting (off-course)
 - Tracks (on-course betting)
 - Adult Gaming Centres
 - Family Entertainment Centres
- 6 Fees must be set by each Licensing Authority for the following:
 - Application for a (new) premises licence
 - Application to vary a premises licence
 - Application to transfer the licence
 - Application for re-instatement of the premises licence
 - Application for a provisional statement
 - Application for a premises licence for a premises which already has a provisional statement
 - Fee to accompany a request for a copy of the premises licence
 - Fee to accompany a notification of change of circumstances (only relevant change is that of address)
 - Fee to accompany a temporary use notice

- 7 The District currently has six betting premises that will be affected by the proposed fee increases. There are no other gambling premises currently operating in the District. The betting premises are:
- William Hill - Swanley
 - Betfred - Swanley
 - Ladbrokes - Swanley
 - Coral - St. John's Hill, Sevenoaks
 - Coral - London Road, Sevenoaks
 - Coral - Edenbridge
- 8 The fees have been calculated by examining the time it takes to carry out the various tasks in processing the application and who in the authority is likely to carry them out. The hourly rates of staff are fed in to a spread sheet (originally produced by LACORS to calculate the Gambling Act fees) to calculate costs for each type of activity.
- 6 The type of tasks involved in Gambling premises application include assistance to applicant, checking of an application upon receipt, processing the application, assess representations for relevance, undertake informal mediation, undertaking site visits where necessary. Once processed determining the licence or arranging a hearing and holding a hearing, notification of the decision, prepare and issue the licence, update the records/register, appeal preparation and holding an appeal hearing.
- 7 The costs associated with an appeal and hearings have been estimated and an estimation has been made as to the likelihood of these events occurring is entered into the final calculations. The risk of appeals and hearings occurring has been based on the experience of our partners within the Licensing Partnership.
- 8 The result of the calculations is set out in Appendix A of the report. There are three figures for each licence type/fee. The figure in bold font is the new proposed fee, the figure in brackets is the maximum fee set by the legislation and the figure in italics is the existing fee. Those cells that are shaded in the body of the table are where we have reached the maximum level of fee that can be set.

Other Options Considered and/or Rejected

- 9 If the Licensing Committee were minded not to approve these fees the Council would not be able to meet the Council's Service and Budget Plan or ensure the licensing of Gambling premises was self-financing.

SEVENOAKS DISTRICT COUNCIL'S GAMBLING ACT 2005 - FEES
From April 2018

Premises Type	New Application			Annual Fee		
	£			£		
Existing Casinos	n/a			n/a		
	Proposed	cap	<i>existing</i>	Proposed	cap	<i>existing</i>
New Small Casino	8000	(8,000)	7820	4449	(5000)	4340
New Large Casino	9225	(10,000)	9000	7180	(10000)	7005
Bingo Club	2275	(3500)	2220	800	(1000)	780
Betting Premises (excluding Tracks)	2860	(3000)	2790	579	(600)	565
Tracks	1784	(2500)	1740	800	(1000)	780
Family Entertainment Centres	1784	(2000)	1740	656	(750)	640
Adult Gaming Centre	1784	(2000)	1740	800	(1000)	780
Temporary Use Notice	231	(500)	225	N/A		

	Application to Vary	Application to Transfer	Application for Re-Instatement	Application for Provisional Statement	Licence Application (provisional Statement holders)	Copy Licence	Notification of Change
	£	£	£	£	£	£	£
BOLD = proposed fee (figure) = statutory CAP Italics =existing fee Blue / shading = cap reached							
Existing Casinos	n/a	n/a	n/a	n/a	n/a	n/a)	n/a)
New Small Casino	3916 (4000) 3820	1686 (1800) 1645	1686 (1800) 1645	8000 (8000) 7875	2880 (3000) 2810	12 (25) 12	29 (50) 28
New Large Casino	4382 (5000) 4275	2142 (2150) 2090	2142 (2150) 2090	9230 (10000) 9005	4228 (5000) 4125	12 (25) 11	29 (50) 28
Bingo Club	1712 (1750) 1670	1200 (1200) 1200	415 (1200) 405	2275 (3500) 2220	1200 (1200) 1200	12 (25) 11	29 (50) 28
Betting Premises (excluding tracks)	1500 (1500) 1500	1200 (1200) 1200	395 (1200) 385	1784 (3000) 1740	1200 (1200) 1200	12 (25) 11	29 (50) 28
Tracks	1250 (1250) 1250	950 (950) 950	395 (1200) 385	1737 (2500) 1695	950 (950) 950	12 (25) 11	29 (50) 28
Family Entertainment Centres	1000 (1000) 1000	950 (950) 950	400 (950) 390	1777 (2000) 1735	950 (950) 950	12 (25) 11	29 (50) 28
Adult Gaming Centre	1000 (1000) 1000	1200 (1200) 1200	400 (950) 390	1777 (2000) 1735	1200 (1200) 1200	12 (25) 11	29 (50) 28

SEVENOAKS DISTRICT COUNCIL'S GAMBLING ACT 2005 - FEES
From April 2018

Temporary Use Notice	n/a	n/a	n/a	n/a	n/a	12 <i>(25)</i> <i>11</i>	29 <i>(50)</i> <i>28</i>
----------------------	-----	-----	-----	-----	-----	---------------------------------------	---------------------------------------

The proposed new fees as shown in bold type in the table above. For ease of reference the maximum fees identified by DCMS that could be charged are shown in brackets and last year's fees are in italics. Those cells that are shaded in the body of the table are where we have reached the maximum level of fee that can be set.

Item 7 (c) - Monitoring Officer's Annual Report

The attached report was considered by the Standards Committee, and the relevant minute extract is below:

Standards Committee (Minute 6, 15 January 2018)

The Monitoring Officer presented the thirteenth Annual Report, which set out the role of the Monitoring Officer and provided an overview of the work of the Monitoring Officer, the Standards Committee and the general governance arrangements of the Council during 2017.

The Monitoring Officer advised that his report included the annual letter from the Local Government and Social Care Ombudsman annual review letter and which set out that 11 complaints and enquiries had been received and none were upheld. The report also included the Office of Surveillance Commissioners Inspection report which was carried out by remote inspection.

Members were advised that seven complaints were received between January and December 2017. Two complaints failed the initial intake test, two resulted in a decision to take no further action after assessment. One was referred for informal resolution and two were ongoing. In comparison there were four complaints received during 2016.

Members discussed and raised questions in regards to the complaints listed. The Monitoring Officer advised that he would look into the points raised.

Upon discussion the Monitoring Officer and Independent Person confirmed to the meeting that they had not released any confidential documents.

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 Council that the report be noted.

This page is intentionally left blank

MONITORING OFFICER'S ANNUAL REPORT

Council - 20 February 2018

Report of Monitoring Officer

Status: For consideration

Also considered by: Standards Committee - 15 January 2018

Key Decision: No

This report supports the Key Aim of effective management of Council resources.

Contact Officer Martin Goodman - Monitoring Officer Ext, 7245

Recommendation to the Standards Committee: That the Monitoring Officer's Annual Report be noted.

Recommendation to Full Council: That the Monitoring Officer's Annual Report be noted.

Reason for recommendation: This report sets out the work of the Monitoring Officer and Standards Committee. It also reports upon the governance arrangements monitored by other committees and as such provides information on the ethical standards set by the Council. It is intended to promote Member and public confidence in the Council's governance framework and standards regime.

Introduction and Background

- 1 The thirteenth Annual Report of the Monitoring Officer is attached as an Appendix to this report.
- 2 The purpose of the Monitoring Officer's Report is to provide an annual overview of the work of the Monitoring Officer, the work of the Standards Committee and the general governance arrangements of the Council.
- 3 Reporting provides an opportunity to review and learn from experience. The Report also gives Members of the Standards Committee background information to facilitate the carrying out of their functions.

Substance of Report

- 4 The Monitoring Officer's Report sets out the Monitoring Officer's statutory responsibilities, summarises how these duties have been discharged during 2017 in accordance with legislation and the Council's Constitution. If

Agenda Item 7c

necessary it can draw attention to those issues requiring attention in the coming year.

Key Implications

Financial

- 5 The Monitoring Officer's Report has not identified any financial implications for this Council over and above normal requirements.

Legal Implications and Risk Assessment Statement.

- 6 The Monitoring Officer's Report has not uncovered any illegality.

Equality Assessment

- 7 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

- 8 The Monitoring Officer's report sets out the elements of good governance and demonstrates that robust procedures are in place to raise ethical standards, identify problems and ensure that Members, Officers and the Public are aware of appropriate channels to raise concerns.

Appendices

Appendix - Monitoring Officer's Report with attachments (LGSCO Annual Review Letter and OSC Inspection Report)

Background Papers:

None

Martin Goodman
Monitoring Officer

**REPORT OF THE
MONITORING OFFICER
2017**

Introduction

This is the thirteenth Annual Report of the Monitoring Officer, for the period January 2017 to December 2017. The purpose of the Monitoring Officer's Report is to provide an annual overview of the work of the Monitoring Officer, the work of the Standards Committee and the general governance arrangements of the Council. Reporting provides an opportunity to review and learn from experience.

The Report also gives Members of the Standards Committee background information to facilitate the carrying out of their functions. The Monitoring Officer's Report sets out the Monitoring Officer's statutory responsibilities and summarises how these duties have been discharged during 2017 in accordance with legislation and the Council's Constitution. Where necessary the Report can draw attention to those issues requiring attention in the coming year.

1. Recommendations

That the Standards Committee notes the Monitoring Officer's Annual Report.

That Full Council notes the Monitoring Officer's Annual Report.

2. The Role of the Monitoring Officer

The role of the Monitoring Officer derives from the Local Government and Housing Act 1989. The Act requires local authorities to appoint a Monitoring Officer.

The Monitoring Officer has a broad role in ensuring the lawfulness and fairness of Council decision making, ensuring compliance with Codes and Protocols and promoting good governance and high ethical standards.

A Summary of the Monitoring Officer's Functions is as follows:

<u>Description</u>	<u>Source</u>
Report on contraventions or likely contraventions of any enactment or rule of law	Local Government and Housing Act 1989
Report on any maladministration or injustice where the Ombudsman has carried out an investigation	Local Government and Housing Act 1989
Appoint a Deputy	Local Government and Housing Act 1989

<u>Description</u>	<u>Source</u>
Establish and maintain the Register of Members' interests.	The Localism Act 2011 (Commencement No. 6 and Transitional, Savings and Transitory Provisions) Order 2012 The Localism Act 2011 The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012
Report on sufficiency of resources.	Local Government and Housing Act 1989
Maintain the Constitution	The Constitution
Promote and maintain high standards of conduct.	The Localism Act 2011
Grant Dispensations	The Localism Act 2011 and delegation from Council
Consulting with, supporting and advising the Head of Paid Service and s.151 Officer on issues of lawfulness and probity.	The Constitution
Appointing an Investigating Officer in relation to Member Complaints	The Localism Act 2011 and the Constitution
Advising the Standards Hearings Sub Committee in relation to allegations of breaches of the Code of Conduct and advising when matters are determined following an investigation	The Localism Act 2011 and the Constitution
Advise on whether executive decisions are within the Budget & Policy Framework.	The Constitution
Provide advice on vires issues, maladministration, financial impropriety, probity, Budget and Policy Framework issues to all members.	The Constitution and s.5 of Local Government and Housing Act 1989
Legal Advice and Support to the authority	The Constitution
Considering whether certain Information is exempt from disclosure under the Freedom of Information Act.	Freedom of Information Act 2000

3. The Constitution

The Constitution sets out how the Council operates and how decisions are made. It sets out the procedures which are followed to ensure that these decisions are efficient, transparent and that those who make the decisions are accountable to local people. The Monitoring Officer is responsible for ensuring that the Constitution operates efficiently, is properly maintained and followed.

3.1 Constitutional Review and Revision

This Council continues to update its Constitution as and when necessary and reports to the Governance Committee of the Council in this respect. During the year there were no substantial revisions to the Council's constitution.

3.2 Fitness for Purpose

The Constitution sets out in clear terms how the Council operates and how decisions are made. Some of these processes are required by law, while others are a matter for the Council to choose. The purpose of the Constitution is to:

- ensure that those responsible for decision making are clearly identifiable to local people and that they explain the reasons for decisions;
- support the active involvement of local people in local authority decision making;
- help Members represent local people more effectively;
- enable decisions to be taken efficiently and effectively; and
- hold decision makers to public account.

3.3 Managing the Constitution

Any significant changes to the Council's decision making arrangements and Committee structure need to be approved by full Council. The Council will monitor and review the operation of the Constitution to ensure that the aims and principles of the Constitution are given full effect. The Governance Committee ensures that this takes place.

4. Lawfulness and Maladministration

The Monitoring Officer is the Council's lead adviser on issues of lawfulness and the Council's powers and in consultation with the Head of Paid Service and the Chief Finance Officer (s.151 Officer) advises on compliance with the Budget and Policy Framework. Part of this role involves monitoring Committee reports, agendas and decisions to ensure compliance with legislation and the Constitution.

The Monitoring Officer ensures that agendas, reports and minutes of all Council meetings are made publicly available unless there is a reason for exemption under the Local Government Act 1972. In addition, Portfolio Holder decisions are also made publicly available subject to the same caveat as are all planning and licensing

decisions made by Officers including other Officer delegated decisions as required by the Openness of Local Government Bodies Regulations 2014. It is of course the Council's position that where required by law all such decisions should easily be accessible by members of the public through the Council's website: www.sevenoaks.gov.uk.

If the Monitoring Officer considers that any proposal, decision or omission would give rise to unlawfulness or if any decision or omission has given rise to maladministration he must report to the full Council or where appropriate the Cabinet after first consulting with the Head of Paid Service and the Chief Finance Officer (s.151 Officer). Any proposal or decision that is subject to such a report cannot be implemented until the report has been considered.

The sound governance arrangements operated by the Council ensure that the power to report potentially unlawful decision making is rarely used and the Monitoring Officer has not had to issue such a report throughout 2017.

4.1 Reports from the Local Government Ombudsman

On 20 July 2017 the Local Government and Social Care Ombudsman wrote to the Council with its Annual Review Letter, which is attached. There has been a slight change in the official name and branding of the Ombudsman (including 'Social Care') but during the year no changes had been made to remit.

In 2016/17 the Local Government and Social Care Ombudsman received eleven complaints about the Council. The Council has queried that one complaint relating to Adult Care Services was counted in this number, which we believe relates to Kent County Council, however the other ten complaints related to Benefits and Tax (2), Corporate and Other Services (2), Highways and Transport (1), Housing (1) and Planning and Development (4).

During the year, thirteen decisions were made by the Local Government and Social Care Ombudsman. Six were referred back for local resolution, four were closed after initial enquiries and the remaining three were not upheld. Of the three cases finding no maladministration, two related to Development Services and one to Parking Services.

There is no comparative data with other Local Authorities this year. Back in 2016 the government announced the intention to produce draft legislation for the creation of a single ombudsman for public services in England. The Local Government and Social Care Ombudsman is in support of this proposal as it feels the public would be provided with a clearer route to redress in an increasingly complex environment of public service delivery.

5. Good Governance

The Monitoring Officer has a pro-active role in promoting good practice, good procedures and good governance. This involves networking, collaboration, joined-up working practices and decision making as well as ensuring standing orders, codes of practice, procedures are kept under review and up to date. The Monitoring

Officer regularly meets with the Head of Paid Service (the Chief Executive) and sits on Strategic Management Team with the Chief Officers including the s.151 officer (Chief Finance Officer). The Monitoring Officer also works in partnership with officers of the Council to develop and disseminate policies and procedures.

6. Quercus 7 and other company activities

On the last day of 2015 the Council stepped up its efforts to bring further economic growth to the District by establishing a Trading Company wholly owned by the Council so as to exercise the power to trade contained in the Local Government Act 2003 and the Localism Act 2011. The first board meeting of this Trading Company took place on 15 November 2016 and the Monitoring Officer is the Company Secretary.

The first Trading Board of the Company sat on 15 June 2017. The Trading Board consists of the Cabinet of the Council. It approved a business plan for the Company and will continue to monitor its progress and where necessary issue directions to the Board of Directors.

In case of conflict of interest the officers of the Legal Department and the Chief Officer Corporate Services are available to procure independent advice to the Council on issues arising from this arrangement.

It should be remembered that Quercus 7 is a company and not part of the Council. No member is in control of the company and the Council collectively holds the one share. The role of the Monitoring Officer therefore does not apply to the operations of Quercus 7.

During the year it became clear that Members wished to explore the possibility of creating a second company, established to provide affordable housing on a non-for-profit basis. If created, the company will be charged with the provision of affordable housing by spending available s.106 funds. The Monitoring Officer is likely to be appointed Company Secretary of the company if it is formed but, as for Quercus 7, the company would be in the private sector and not part of the Council.

7. The Ethical Framework and Work of the Standards Committee

The Standards Committee (introduced on the 24 July 2012) comprises seven Members. Legislation allows for the appointment of Independent Persons, who have a statutory role under the Localism Act 2011 to assist any Member who has been accused of breaching the Code of Conduct. Sevenoaks District Council has appointed two Independent Persons. They are not co-opted Members of the Standards Committee although they are given details of the Committee's meeting date in order that they may attend.

The Independent Persons also assist the Monitoring Officer in considering complaints and are consulted by the Monitoring Officer following investigations to help decide what action to take.

The Standards Committee has a key role in facilitating and promoting the Ethical Framework and in promoting and maintaining high standards of conduct within the

Authority. The terms of reference of the committee are set out within Part 3 of the Constitution entitled “Standards Committee”.

Examples of the Standards Committee’s work during 2017 are as follows:

- Receiving the Annual Monitoring Officer’s Report
- Being on Standby to grant Dispensations
- Being on Standby to carry out hearings.

8. Disclosable Pecuniary Interests and Non-Pecuniary Interests

The codes of conduct of relevant authorities must include provision for the registration and disclosure of Disclosable Pecuniary Interests (DPIs) as defined in the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012. The Localism Act 2011 introduced criminal offences for failure to register DPIs.

On 22 November 2016 Members received training to remind them that they commit a criminal offence if they participate or vote when they have a DPI ‘in’ a matter. A Member has a DPI ‘in’ a matter where it is, or includes, his interest - where there is a close alignment between the interest and the matter under consideration. Ultimately the responsibility for complying with this provision lies upon Members although the Monitoring Officer will provide advice as necessary. This training was not repeated in 2017 although from time-to-time Members sought advice on interests.

Disclosable pecuniary interests are defined in the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012. Members are aware that even if a Member’s interest does not amount to a disclosable pecuniary interest, if their interest in a matter would lead them to predetermine a decision, or look like they are biased, it would not be appropriate for that member to participate in the decision. If they did so the decision could be vulnerable to challenge. The Sevenoaks District Council Code of Conduct also requires the registration of certain non-pecuniary interests, although no criminal liability attaches to a failure to register.

The prohibitions on councillors participating in any discussion or vote on an item of Council business in which they have a DPI ensures that Councillors cannot put their private financial interests before the public interest. However, where a Councillor has a disclosable pecuniary interest but stand to make no personal financial gain by participating in a discussion or vote on Council business related to that interest, they can apply for a dispensation, under section 33 of the Localism Act 2011. The grounds for granting a dispensation will depend on the circumstances.

Dispensations are mostly considered by the Standards Sub-Committee for Granting Dispensations, although the Monitoring Officer has power to grant dispensations in circumstances where a meeting may not be quorate. In respect of parish and town councils, the Clerk has the power to consider and grant dispensations.

Members convicted of offences under the Act are liable to a fine of £5,000 and may also be disqualified from being a councillor for up to five years.

9. Code of Conduct for Employees

The Code is based on an original draft published by the IDeA and has been updated since being implemented in 2006. The Code forms part of the employers' terms and conditions of employment. The Code is available on the Council's intranet and is introduced to employees during the induction process along with relevant policies.

Under the Code employees must declare any non-financial or financial interests that they or members of their family have which they consider could conflict with the Council's interests. Chief Officers and the Chief Executive declarations of non-financial or financial interests are declared to the Monitoring Officer.

All relationships of a business or private nature with external contractors, or potential contractors should be made known to the employees' Managers and Chief Officers. All hospitality received and given should be appropriate, necessary and must, wherever possible, have the prior sanction of the relevant Chief Officer and must be recorded in the Hospitality Book kept by the Chief Executive's Secretary. There is a Protocol on Corruption, Gifts and Hospitality contained within the Staff Code of Conduct. The Hospitality Book is regularly reviewed by the Monitoring Officer, Head of Paid Service and s. 151 Officer.

10. Standards Committee and the Code

Sevenoaks District Council's Code of Conduct is based on text published by the Department for Communities and Local Government (DCLG). Town and Parish Councils have adopted their own Codes based on the seven Nolan principles of Selflessness, integrity, objectivity, accountability, openness, honesty and leadership. The District Council encouraged Town and Parishes to adopt the Sevenoaks District Council Code, although it is known that some have adopted the National Association of Local Council's model.

The Standards Committee is an ordinary committee of the Council which means that it is subject to the usual requirements relating to access to information and political balance.

11. Complaints against Members

The current Standards Regime, set up under the Localism Act 2011, was implemented by this Council in July 2012. This provides a mechanism for receiving and processing complaints against Members.

Under the Localism Act 2011 authorities are not obliged to include provisions in their arrangements for Members to be able to appeal against findings that they have breached the Code of Conduct. In line with this, Sevenoaks District Council decided not to include appeal provisions in its arrangements (although for procedural irregularity a complaint can always be made to the Ombudsman).

The Localism Act 2011 makes no provision for sanctions against Members found to have breached the Code of Conduct. However, authorities are able to censure Members, to publicise breaches of the Code of Conduct, to arrange for a report to

Full Council and to recommend that Members be removed from positions on committees and outside bodies. This Council decided to include provisions for the Monitoring Officer to be instructed to arrange training for the Member and/or conciliation, if appropriate, which is a useful practical measure for improving Member conduct.

Seven formal complaints were received between January and December 2017. For comparison, there were four complaints between January and December 2016. Of the complaints during 2017, two failed the Initial Intake Test and two resulted in a decision to take no further action after assessment. One was referred for informal resolution and two are ongoing. It appears that although the Code of Conduct is well observed there is no apparent hindrance to those who wish to make a formal complaint about Member conduct.

The complaint in July 2017 related to Member conduct where the allegations were simple and not denied. The complainant considered that a breach of the Code had taken place while the Member was acting in an official and public capacity. The Monitoring Officer and Independent Person assessed the complaint and found that an investigation would serve no purpose, the Member having repeatedly apologised for conduct which was of a less serious nature.

The complaint in August 2017 related to Member conduct which clearly did not constitute a breach of the relevant Code.

The complaint in September 2017 involved an alleged breach which was well witnessed. The circumstances suggested that some remedial actions were necessary, although the breach was clearly not of the most serious nature. The matter related to alleged misconduct while making a speech at a Town Council meeting, culminating in a failure to respect the authority of the Mayor. This breached the Town Code of Conduct. The Monitoring Officer and Independent Person assessed the complaint and agreed that the Member concerned should be given a further and final opportunity to apologise to the Complainant and to give assurances that the conduct would not be repeated. The Independent Person made himself available to facilitate this process.

The fourth and sixth complaints of the year are ongoing and accordingly should not be discussed. The fifth and seventh failed the initial intake test and accordingly did not proceed.

It is the opinion of the Monitoring Officer that the system for Code of Conduct complaints is working extremely well and that there is accordingly no need at the present time to revise Appendix S of the Constitution. However, a report on this matter has been presented to the Standards Committee at the Committee's request.

Under the existing system, the Monitoring Officer first carries out an 'initial intake test' to determine whether the complaint can be processed.

If it passes that test, it will thereafter be assessed and the Monitoring Officer will take no further action, attempt informal resolution or recommend formal investigation. In the latter case, if the investigation concludes that there is

evidence of failure to comply with the Code of Conduct, the Monitoring Officer (having consulted the Independent Person) will either seek informal resolution or refer the matter to the Standards Hearing Sub Committee.

Please see the below table for a breakdown of complaints received during 2017:

Date made	Subject Member	Complainant	Date received	Assessed	Result
10/07/17	District Councillor	Public	10/07/16	24/07/17	No further action.
30/08/17	Town Councillor	Public	30/08/17	18/10/17	No further action.
26/09/17	Town Councillor	Town Councillor	26/09/17	30/10/17	Informal resolution.
17/10/17	Town Councillor	Town Councillor	17/10/17	Not yet assessed.	Not yet assessed.
21/11/17	Town Councillor	Parish Councillor	21/11/17		Failed initial intake test.
7/12/17	Town Councillor	Town Councillor	7/12/17	Not yet assessed.	Not yet assessed.
Not dated	Town Councillor	Public	18/12/17		Failed initial intake test.

12. Support to Councillors, Cabinet, Scrutiny and Committee Meetings

The distribution and publication of committee reports, agendas and decisions is central to meeting the requirements of a key deliverable. It is the Monitoring Officer's responsibility to oversee the process and ensure that these documents comply with statutory and constitutional requirements. He also oversees the annual reporting to the Audit Committee of the proper working of the Members' Allowance Scheme.

Ensuring compliance with the committee process includes:

- Distributing and publishing all agendas within five clear working days of the meeting taking place and ensuring that all agendas are compliant with the

access to information rules and exempt information is marked up accordingly.

- Advertising public meetings five clear days before the meeting date.
- Ensuring that papers are made available to the public.
- Drafting minutes for publication within nine working days.
- Publishing a record of all decisions including key decisions taken by Cabinet within 48 hours (2 working days) of the meeting.
- Ensuring that petitions are handled in accordance with the Council’s Constitution including e-petitioning.
- Ensuring that meetings are accessible.
- Complying with the requirements of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.
- The Openness of Local Government Bodies Regulations 2014
- Attendance at Cabinet and Council.

One of the explicit aims of the Council has been to try and streamline the decision making process to allow Council to focus on service delivery. The following is the statutory meetings analysis, covering meetings which were serviced between 1 January 2017 and 31 December 2017:

Full Council Meetings (including 1 annual meeting)	5
Cabinet	12
Audit Committee	4
Development Control Committee	14
Direct and Trading Advisory Committee	4
Economic and Community Development Advisory Committee	4
Finance Advisory Committee	5
Governance Committee	3

Health Liaison Board	3
Housing & Health Advisory Committee	3
Legal & Democratic Advisory Committee	4
Licensing Committee	2
Planning Advisory Committee	6
Policy & Performance Advisory Committee	4
Scrutiny Committee	4
Sevenoaks Joint Transportation Board	4
Standards Committee	2

The volume of meetings represents a substantial commitment of both Councillors' and Officers' time and resources. It is of great importance that meetings constitute an effective use of time and resources; that they add value to corporate effectiveness and help in meeting the aims and objectives of the Constitution and the Community Plan and Corporate Plan.

The requirements for notice of Key Decisions set out in the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 are being followed to the satisfaction of the Monitoring Officer. There were no call-in requests during 2017.

The Council is required by Law to discharge certain scrutiny functions and this function is fulfilled to the satisfaction of the Monitoring Officer by the Scrutiny Committee.

13. The Transparency Code

The Council has been under a duty to publish a range of data under the Local Government Transparency Code and associated Regulations since 2014.

It is the Government's stated desire to place more power into citizens' hands to increase democratic accountability and make it easier for local people to contribute to the local decision making process and help shape public services. The Code has been issued to meet this desire. The Government has set out that "Transparency is the foundation of local accountability and the key that gives people the tools and information they need to enable them to play a bigger role in society. The availability of data can also open new markets for local business, the voluntary and community sectors and social enterprises to run services or manage public assets".

The Government published a revised and updated Code in 2015 and the Council remains committed to carrying forward the enhanced requirements of the new Transparency Code. The development of a new Council website, which will shortly go live, is aimed to provide improved access to Council information, including data sets required to be published by Government.

14. Member Training and Development

Members received training on a number of matters during the calendar year, including vital training on planning enforcement, development control and making defensible planning decisions. Throughout the year they have been kept up-to-date with developments relating to the Local Plan. Compulsory Licensing training is provided to Members on an annual basis and upon election all Members are provided with induction training.

Knowledge of the budget process is of great importance and the Chief Finance Officer provided a refresher session on budget setting in September.

The Legal and Democratic Services Advisory Committee has agreed a programme of Member training following a survey of all Members. This will be rolled out in 2018 and will include training on compliance with the General Data Protection Regulation, which comes into force on 25 May 2018. All Member training will be taking place on the same evening as a committee meeting.

15. Joint Independent Remuneration Panel

During the year the Joint Independent Remuneration Panel furnished the Governance Committee with its report on Member Allowances. The significant work done by the Panel was welcomed by Council, which referred the report back to a working group for consideration. Members agreed in November to accept the recommendations of the Joint Independent Remuneration Panel, with some amendments. The bulk of changes will take place following the next District elections in 2019.

16. Whistle Blowing

Sevenoaks Council is committed to having effective whistleblowing arrangements in order to safeguard individuals who have genuine cause for raising concerns in the work place and to promote good governance and safeguard the public interest.

The Council's Whistle Blowing Policy sets out how to raise concerns within the organisation and is designed to give statutory protection to employees who "blow the whistle" on their employer's malpractice. In addition, the Council aims to mitigate the risk of inappropriate behaviour by those undertaking work on behalf of the Council and the Council refers to this Policy in contracts with suppliers and service providers, in the Procurement Guide and in its partnership arrangements.

The Council takes seriously and will investigate all reports of improper activities. The Policy aims to ensure that when concerns are raised, the Council will address the concerns and protect the person raising the concern.

The Council is committed to the highest possible standards of openness, probity and accountability and in line with this commitment the Council reviewed and updated its Whistleblowing Policy two years ago to incorporate the requirements of the new Statutory Code of Practice recommended by the Whistleblowing Commission. The Whistleblowing Policy is subject to annual review by the Audit Committee with the review taking into consideration the views of users of the Policy and any relevant professional or regulatory changes.

The new Code of Practice makes whistleblowing more effective within organisations and provides practical guidance to employers, workers and their representatives and sets out recommendations for raising, handling, training and reviewing whistleblowing in the work place.

In the last calendar year no concerns have been raised under the Council's current whistleblowing policy.

17. Regulation of Investigatory Powers Act

The Regulation of Investigatory Powers Act 2000 (RIPA) introduced a statutory framework for those carrying out surveillance as part of an investigation. The Protection of Freedoms Act 2012 (2012 Act) amended RIPA to provide additional controls. The internal authorisation process is now followed by external authorisation from a Justice of the Peace.

In practice the District Council seeks to carry out surveillance activity by overt means whereby it is not necessary to engage the provisions of RIPA.

On 4 April 2017 the Right Hon Lord Judge, Chief Surveillance Commissioner wrote to the Council enclosing the Inspection Report of the Office of the Surveillance Commissioners. His inspection report is appended to this report. The report was positive although it did recommend minor textual amendments and officer refresher training, which is of course to be provided.

18. Code of Corporate Governance

During the year the Monitoring Officer reported to the Audit Committee that the Code of Corporate Governance should be updated in line with a new framework. The report of the Monitoring Officer was well received by the Committee, although it should be noted that the changes proposed were not of a fundamental nature despite being necessary. The Monitoring Officer continued during 2017 to consider and review implementation of good governance and is happy to report no difficulties during the year.

19. Conclusion

The key legal provisions and challenges facing the Council remain the same. There is a need for the Monitoring Officer to carry out both a proactive and reactive role in conjunction with the Standards Committee. This involves raising standards, encouraging ethical behaviour, adopting good governance and promoting robust procedures.

The Monitoring Officer has a reactive enforcement role and together with the Standards Committee's it is his job to enforce the Code of Conduct and relevant sections of the Localism Act 2011. As can be seen from the above, there are few reports of misconduct amongst Members and very few of any substance. Nevertheless, this is not cause of complacency and at all times it is necessary to be vigilant and active in safeguarding the reputation and legality of the Council.

The Monitoring Officer's Report sets out the elements of good governance and demonstrates that robust procedures are in place to raise ethical standards, identify problems and ensure that Members, Officers and the Public are aware of appropriate channels to raise concerns.

Martin Goodman
Monitoring Officer

Attached:

Local Government and Social Care Ombudsman Annual Review Letter

Office of Surveillance Commissioners Inspection Report

This page is intentionally left blank

20 July 2017

By email

Pav Ramewal
Chief Executive
Sevenoaks District Council

Dear Pav Ramewal,

Annual Review letter 2017

I write to you with our annual summary of statistics on the complaints made to the Local Government and Social Care Ombudsman (LGO) about your authority for the year ended 31 March 2017. The enclosed tables present the number of complaints and enquiries received about your authority and the decisions we made during the period. I hope this information will prove helpful in assessing your authority's performance in handling complaints.

The reporting year saw the retirement of Dr Jane Martin after completing her seven year tenure as Local Government Ombudsman. I was delighted to be appointed to the role of Ombudsman in January and look forward to working with you and colleagues across the local government sector in my new role.

You may notice the inclusion of the '*Social Care Ombudsman*' in our name and logo. You will be aware that since 2010 we have operated with jurisdiction over all registered adult social care providers, able to investigate complaints about care funded and arranged privately. The change is in response to frequent feedback from care providers who tell us that our current name is a real barrier to recognition within the social care sector. We hope this change will help to give this part of our jurisdiction the profile it deserves.

Complaint statistics

Last year, we provided for the first time statistics on how the complaints we upheld against your authority were remedied. This year's letter, again, includes a breakdown of upheld complaints to show how they were remedied. This includes the number of cases where our recommendations remedied the fault and the number of cases where we decided your authority had offered a satisfactory remedy during the local complaints process. In these latter cases we provide reassurance that your authority had satisfactorily attempted to resolve the complaint before the person came to us.

We have chosen not to include a 'compliance rate' this year; this indicated a council's compliance with our recommendations to remedy a fault. From April 2016, we established a new mechanism for ensuring the recommendations we make to councils are implemented, where they are agreed to. This has meant the recommendations we make are more specific, and will often include a time-frame for completion. We will then follow up with a council and seek evidence that recommendations have been implemented. As a result of this new process, we plan to report a more sophisticated suite of information about compliance and service improvement in the future.

This is likely to be just one of several changes we will make to our annual letters and the way we present our data to you in the future. We surveyed councils earlier in the year to find out, amongst other things, how they use the data in annual letters and what data is the most useful; thank you to those officers who responded. The feedback will inform new work to

Agenda Item 7c

provide you, your officers and elected members, and members of the public, with more meaningful data that allows for more effective scrutiny and easier comparison with other councils. We will keep in touch with you as this work progresses.

I want to emphasise that the statistics in this letter comprise the data we hold, and may not necessarily align with the data your authority holds. For example, our numbers include enquiries from people we signpost back to the authority, but who may never contact you.

In line with usual practice, we are publishing our annual data for all authorities on our website. The aim of this is to be transparent and provide information that aids the scrutiny of local services.

The statutory duty to report Ombudsman findings and recommendations

As you will no doubt be aware, there is duty under section 5(2) of the Local Government and Housing Act 1989 for your Monitoring Officer to prepare a formal report to the council where it appears that the authority, or any part of it, has acted or is likely to act in such a manner as to constitute maladministration or service failure, and where the LGO has conducted an investigation in relation to the matter.

This requirement applies to all Ombudsman complaint decisions, not just those that result in a public report. It is therefore a significant statutory duty that is triggered in most authorities every year following findings of fault by my office. I have received several enquiries from authorities to ask how I expect this duty to be discharged. I thought it would therefore be useful for me to take this opportunity to comment on this responsibility.

I am conscious that authorities have adopted different approaches to respond proportionately to the issues raised in different Ombudsman investigations in a way that best reflects their own local circumstances. I am comfortable with, and supportive of, a flexible approach to how this duty is discharged. I do not seek to impose a proscriptive approach, as long as the Parliamentary intent is fulfilled in some meaningful way and the authority's performance in relation to Ombudsman investigations is properly communicated to elected members.

As a general guide I would suggest:

- Where my office has made findings of maladministration/fault in regard to routine mistakes and service failures, and the authority has agreed to remedy the complaint by implementing the recommendations made following an investigation, I feel that the duty is satisfactorily discharged if the Monitoring Officer makes a periodic report to the council summarising the findings on all upheld complaints over a specific period. In a small authority this may be adequately addressed through an annual report on complaints to members, for example.
- Where an investigation has wider implications for council policy or exposes a more significant finding of maladministration, perhaps because of the scale of the fault or injustice, or the number of people affected, I would expect the Monitoring Officer to consider whether the implications of that investigation should be individually reported to members.
- In the unlikely event that an authority is minded not to comply with my recommendations following a finding of maladministration, I would always expect the Monitoring Officer to report this to members under section five of the Act. This is an exceptional and unusual course of action for any authority to take and should be considered at the highest tier of the authority.

The duties set out above in relation to the Local Government and Housing Act 1989 are in addition to, not instead of, the pre-existing duties placed on all authorities in relation to Ombudsman reports under The Local Government Act 1974. Under those provisions, whenever my office issues a formal, public report to your authority you are obliged to lay that report before the council for consideration and respond within three months setting out the action that you have taken, or propose to take, in response to the report.

I know that most local authorities are familiar with these arrangements, but I happy to discuss this further with you or your Monitoring Officer if there is any doubt about how to discharge these duties in future.

Manual for Councils

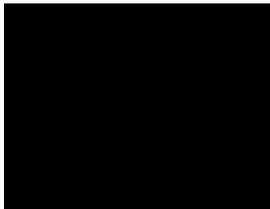
We greatly value our relationships with council Complaints Officers, our single contact points at each authority. To support them in their roles, we have published a Manual for Councils, setting out in detail what we do and how we investigate the complaints we receive. When we surveyed Complaints Officers, we were pleased to hear that 73% reported they have found the manual useful.

The manual is a practical resource and reference point for all council staff, not just those working directly with us, and I encourage you to share it widely within your organisation. The manual can be found on our website www.lgo.org.uk/link-officers

Complaint handling training

Our training programme is one of the ways we use the outcomes of complaints to promote wider service improvements and learning. We delivered an ambitious programme of 75 courses during the year, training over 800 council staff and more 400 care provider staff. Post-course surveys showed a 92% increase in delegates' confidence in dealing with complaints. To find out more visit www.lgo.org.uk/training

Yours sincerely



Michael King
Local Government and Social Care Ombudsman for England
Chair, Commission for Local Administration in England

For further information on how to interpret our statistics, please visit our website:
<http://www.lgo.org.uk/information-centre/reports/annual-review-reports/interpreting-local-authority-statistics>

Complaints and enquiries received

Adult Care Services	Benefits and Tax	Corporate and Other Services	Education and Children's Services	Environment Services	Highways and Transport	Housing	Planning and Development	Other	Total
1	2	2	0	0	1	1	4	0	11

Decisions made

				Detailed Investigations			
Incomplete or Invalid	Advice Given	Referred back for Local Resolution	Closed After Initial Enquiries	Not Upheld	Upheld	Uphold Rate	Total
0	0	6	4	3	0	0%	13

Notes

Our uphold rate is calculated in relation to the total number of detailed investigations.
 The number of remedied complaints may not equal the number of upheld complaints. This is because, while we may uphold a complaint because we find fault, we may not always find grounds to say that fault caused injustice that ought to be remedied.

Complaints Remedied

by LGO	Satisfactorily by Authority before LGO Involvement
0	0



Chief
Surveillance
Commissioner

Official -Sensitive

4 April 2017

OSC Inspection

Dear *Chief Executive,*

I enclose a copy of the report dated 6 March 2017 prepared by Mrs Grainne Athorn, Surveillance Inspector, following her inspection of the arrangements made by the Council to secure compliance with the statutory provisions which govern the use of covert surveillance. The report was prepared on an analysis of the material provided by Mr Carrington-West and without a personal visit to the Council. If having considered the report, and this letter, you conclude that a personal visit would be appropriate, the necessary arrangements will be made.

I have studied the report and endorse it.

It is now nearly four years since the last inspection. The recommendations made at that time were addressed and can now be discharged. The Council has not exercised, nor sought to exercise its statutory powers for some years now, and this policy is likely to continue. Nevertheless, and subject to the remaining part of the letter, there appears to be a reasonable structure available for deployment if this were to change.

There are three recommendations this year. The first is a matter of detail relating to urgent oral authorisations in the Policy document, which is no longer appropriate as it has been overtaken by further legislation. The remaining recommendations are required to bring the current arrangements up-to-date both by reference to refresher training, which should be seen as an ongoing ingredient of a well structured system, and by highlighting the need for guidance and training to Council officers about the use of social media sites and Internet research for investigative purposes. The difficulty in this particular context is that without appropriate guidance and training Council officers, acting in good faith may, as Mrs Athorn explains, drift into surveillance falling within the protective ambit of the legislation, and thus be acting unlawfully.

Agenda Item 7c

Provided these recommendations are accepted, and action taken to implement them the arrangements should be adequate to deal with the limited use of the statutory powers which is currently envisaged. Indeed the greatest potential threat is the risk of inadvertent, but unlawful investigations, in the way described in the report.

I look forward to hearing that the recommendations are accepted and that appropriate action will be taken.

Yours sincerely,



Pav Ramewal Esq
Chief Executive
Sevenoaks District Council
Argyle Road
Sevenoaks
Kent TM13 1HG



OFFICE OF SURVEILLANCE COMMISSIONERS
INSPECTION REPORT

Sevenoaks District Council

Monday 6th March 2017

Surveillance Inspector:

Mrs Grainne Athorn

OFFICIAL - SENSITIVE

DISCLAIMER

This report contains the observations and recommendations identified by an individual surveillance inspector, or team of surveillance inspectors, during an inspection of the specified public authority conducted on behalf of the Chief Surveillance Commissioner.

The inspection was limited by time and could only sample a small proportion of covert activity in order to make a subjective assessment of compliance. Failure to raise issues in this report should not automatically be construed as endorsement of the unreported practices.

The advice and guidance provided by the inspector(s) during the inspection could only reflect the inspectors' subjective opinion and does not constitute an endorsed judicial interpretation of the legislation. Fundamental changes to practices or procedures should not be implemented unless and until the recommendations in this report are endorsed by the Chief Surveillance Commissioner.

The report is sent only to the recipient of the Chief Surveillance Commissioner's letter (normally the Chief Officer of the authority inspected). Copies of the report, or extracts of it, may be distributed at the recipient's discretion but the version received under the covering letter should remain intact as the master version.

The Office of Surveillance Commissioners is not a public body listed under the Freedom of Information Act 2000, however, requests for the disclosure of the report, or any part of it, or any distribution of the report beyond the recipients own authority is permissible at the discretion of the Chief Officer of the relevant public authority without the permission of the Chief Surveillance Commissioner. Any references to the report, or extracts from it, must be placed in the correct context.

OFFICIAL - SENSITIVE

**OSC INSP/075**

The Rt. Hon. Lord Judge
Chief Surveillance Commissioner
Office of Surveillance Commissioners
PO Box 29105
London SW1V 1ZU

6th March 2017

OSC INSPECTION – SEVENOAKS DISTRICT COUNCIL**1 Date of Inspection**

A desktop review of Sevenoaks District Council was undertaken on Monday the 6th March 2017.

2 Inspector

Mrs Gráinne Athorn.

3 Introduction

- 3.1 Sevenoaks District Council serves a population of approximately 114,000 (as of 2011) and covers the westernmost part of Kent in England. To the North West the district borders with two Greater London Boroughs (Bromley and Bexley) in Swanley, as well as Surrey to the West near Westerham and East Sussex to the South near Edenbridge.
- 3.2 The Chief Executive is Mr Pav Ramewal who is supported by Senior Responsible Officer Jim Carrington-West, Chief Officer Corporate Services. General responsibility for compliance with the Regulation of Investigatory Powers Act 2000 falls with Martin Goodman, Head of Legal and Democratic Services.
- 3.3 The address for correspondence is Sevenoaks District Council, Council Offices, Argyle Road, Sevenoaks, Kent TN13 1HG.

4 Inspection Approach

- 4.1 The last inspection was undertaken by Mr Kevin Davis during June 2013, since then no RIPA activity has been undertaken. As a consequence, this report has been prepared without visiting Sevenoaks District Council. To assess its ongoing compliance I have reviewed information provided by its RIPA Lead/SRO and the associated Surveillance Policy.

5 Actions Taken on Past Recommendations

- 5.1 Mr Davis's inspection report of 2013 made three recommendations.

- 5.2 The Council ensure that the Code of Practice paragraph 3.30 is complied with as a matter of urgency.

To provide context, this comment related to the requirement for Council Elected Members relating to the use of these powers quarterly.

Members reviewed the recommendations arising from the last inspection during October of 2013, and since then have been updated on the use of surveillance powers and the associated policy as part of the Monitoring Officer's report to the Standards Committee and Council during both 2014 and 2015. As mentioned previously, surveillance powers have not been used since the last inspection. I suggest it would be good practice to continue this activity in the future to ensure the council is ready and able to use its powers should it become necessary.

Recommendation Discharged

- 5.3 The Council ensure that the extant recommendation of 2010 with regard to training is acted upon without delay.

Specifically no training had been provided to senior officials including Authorising Officers and staff with responsibility for the compliance of key services such as CCTV. This recommendation had been extant since the inspection prior to that by Mr Davis, performed by HH Norman Jones, QC.

Extensive training was provided soon after the last inspection which included the three nominated Authorising Officers, the present Chief Executive, the SRO and a further 22 key staff. It is helpful that this training was delivered so soon after the last inspection, and I note that many of the trained senior personnel remain in post.

Recommendation Discharged

- 5.4 That future training encompasses the issues identified in paragraphs 16 and 18 of this report.

Upon reviewing the last surveillance application Mr Davis commented that it had failed to provide information relating to the provenance of intelligence and the period of duration was incorrect.

The training provided detailed above covered these elements of compliance as well as other key themes of RIPA.

Recommendation Discharged

6 Review of Policies and Procedures

- 6.1 The Surveillance Policy provides a focal point for Council staff seeking guidance as to Sevenoaks' RIPA compliance structure. It is succinct and easy to read and contains broad definitions of surveillance and CHIS. There are currently three trained AOs who are instructed by the policy not to authorise activity falling within their own areas of

responsibility. The policy also identifies the requirement for surveillance applicants to receive training before making a request for authorisation.

- 6.2 The policy makes frequent reference to arrangements for urgent oral authorisations. The power to grant urgent oral authorisations as detailed within section 43(1)(a) of the Regulation of Investigatory Powers Act 2000 was removed from organisations that require judicial approval for their authorisations, of which Sevenoaks DC is one. **Recommendation: All references to Urgent Oral Authorisations should be removed from the present Surveillance Policy.**
- 6.3 When detailing arrangements for the management of CHIS the policy also states the requirement for 'an assessment of the risk to the source in carrying out the proposed conduct', this should also explicitly detail the likely consequences should the role of the source as an informant become known (see paragraph 6.14 Covert Human Intelligence Source Code of Practice).
- 6.4 The section of the Policy referencing examples of when a surveillance authorisation may be required is helpful but could benefit from minor redrafting. Specifically, it refers to types of offences that may be investigated using surveillance powers; to illuminate this further it may be useful to refer to the crime thresholds referred to in The Protection of Freedoms Act 2012 (Part III of the Home Office Guidance published in October 2012 is also helpful).

7 RIPA Awareness

- 7.1 Whilst Sevenoaks does not make use of the powers conferred upon it by RIPA it must continue to take steps to ensure that its staff have an awareness of its provisions and the basic requirements to consider when considering conducting covert surveillance. There is a risk that where such powers are not used, council officials might neglect to consider when their activity may inadvertently drift into that which may be considered to be covert surveillance. One area where this risk is most present is the monitoring of social media and open source material available on the internet.
- 7.2 **Recommendation: The Surveillance Policy requires updating to provide guidance to council staff as to how social media and/or open source research may be undertaken as part of the investigative process and the potential for such activity to amount to covert surveillance.** This advice need not be lengthy but should direct officers as to how to manage their online activity to ensure they do not inadvertently conduct covert surveillance online.

8 Reports to Members

- 8.1 An annual report to members is submitted by the Monitoring Officer and includes information regarding RIPA compliance and use. This report was submitted to members via the Standards Committee and Council in all years since the last inspection, with the exception of 2016. This practice should continue, if only to highlight the low use of available powers.

9 Liaison with the Magistrates' Court

- 9.1 Sevenoaks District Council has not requested any use of its surveillance powers since the last inspection in 2013 and made only one request in the period prior to that inspection. As such, establishing a relationship with the Magistrates' Court has not been necessary, although experience shows that advance preparations can help to smooth the process when such an occasion does arise.
- 9.2 Procedures relating to the submission of documentation to the court are detailed within the Surveillance Policy. This document makes reference to responsibility for arranging court visits residing with the Head of Legal and Democratic Services. I suggest that should a surveillance authorisation request be made to the court in the period following this inspection, the relevant Authorising Officer should also attend court, and that this practice be highlighted in the Surveillance Policy as best practice.

10 Authorising Officers

- 10.1 The Council has designated three senior staff as Authorising Officers, they are: Adrian Rowbotham, Chief Finance Officer; Richard Morris, Chief Planning Officer; and Richard Wilson, Chief Environment and Operational Services Officer, all of whom appear to be sufficiently senior to fulfil the requirements of SI 2010/521. All Authorising Officers received training in 2013 but are yet to exercise their powers.

11 Training

- 11.1 Training was provided by an independent provider soon after the last inspection in 2013, and included the present Chief Executive, the SRO, Authorising Officers and other staff in key areas of the council including CCTV. Whilst the low usage of RIPA powers and pressures placed upon local authority finances is acknowledged, the absence of further training since then is marked, and I recommend that refresher training is undertaken, at the very least by the nominated AOs on perhaps an annual basis. This need not be expensive and could be suitably provided by the in house legal team or in partnership with neighbouring councils to keep costs down. Many councils find the idea of a "table top exercise" a helpful practice.

Recommendation: The Council should ensure that regular refresher training is provided to key officers to ensure, even in the absence of actual use of the powers available, they remain "match fit".

12 CCTV and Technical Equipment

- 12.1 Sevenoaks Council does not retain any equipment used for the sole purpose of conducting directed surveillance. There is however, a CCTV system which is owned and operated by the council. To facilitate the running of this unit a CCTV code of practice is in place as well as a signed partnership agreement with key partners Kent Police. The Surveillance Policy makes reference to the use of this system for the purpose of covert surveillance and references the requirement for an extant directed surveillance authorisation should this be necessary.

13 Conclusions

- 13.1 Sevenoaks District Council has not made use of its surveillance or CHIS powers in the period since the last inspection, however a comprehensive Surveillance Policy remains in place to govern such activity if it becomes necessary.
- 13.2 Some minor amendments to the Surveillance Policy are required, including the need to highlight how social media and open source monitoring tools may be used as part of covert surveillance activity. These amendments should be made once Council Legal Officers have had the opportunity to review the forthcoming publication of the amended Covert Surveillance Code of Practice¹ which is expected to address these issues in more detail.
- 13.3 The absence of authorisation documentation generated since the last inspection means that it is not possible to comment upon the quality of authorisations, however should one be required there appears sufficient guidance available to enable it to be completed to a good standard, although the need for ongoing training for applicants and Authorising Officers is a key insurance measure.

14 Recommendations

- 14.1 All references to Urgent Oral Authorisations should be removed from the present Surveillance Policy.
- 14.2 The Surveillance Policy requires updating to provide guidance to council staff as to how social media and/or open source research may be undertaken as part of the investigative process and the potential for such activity to amount to covert surveillance.
- 14.3 The Council should ensure that regular refresher training is provided to key officers to ensure, even in the absence of actual use of the powers available, they remain "match fit".

Gráinne Athorn
Surveillance Inspector

¹ Revised Home Office Codes are due to be issued later in 2017 to take into account the passing of the Investigatory Powers Act 2016.

This page is intentionally left blank

PAY POLICY STATEMENT

Council - 20 February 2018

Report of Chief Executive

Status: For Decision

Key Decision: No

This report supports the Council promise to provide value for money

Portfolio Holder Cllr. Fleming

Contact Officer Lee Banks, Ext. 7161

Recommendation to Council:

The Pay Policy Statement be adopted by the Council and published on the Council's website.

Reason for recommendation: To fulfil the Council's statutory requirements under the Localism Act 2011 to agree a Pay Policy Statement for the forthcoming year and to ensure it is accessible to the public.

Introduction and Background

- 1 Gaining its Royal Assent in November 2011 the Localism Act introduced, amongst a range of other duties, a requirement for local authorities to publish a Pay Policy Statement by 31 March each year. The Council's first Pay Policy Statement was approved by Council in February 2012.
- 2 Pay Policy Statements were introduced with the stated aim of making local authorities more accountable and transparent about their policies on senior officer pay.
- 3 Nothing in the pay accountability provisions supersede existing responsibilities and duties placed on local authorities in their role as employers. It is recognised that local authorities are individual employers in their own right and have the autonomy to make decisions on pay that are appropriate to their local circumstances and which deliver value for money for local taxpayers.

Pay Policy Statement

- 4 The draft Pay Policy Statement is attached at Appendix A to this report for Members consideration. Its content is defined by the regulations set out

Agenda Item 8a

within sections 38 to 43 of the Localism Act 2011 and associated guidance issued by the Secretary of State for Communities and Local Government.

- 5 The Pay Policy Statement is required to set out the authority's policies relating to the remuneration of each of its chief officers, the remuneration of its lowest paid employees and the relationship between the two. The Statement must be approved by full Council by 31 March 2018 and will take effect from 1 April 2018. The Policy Statement is forward looking and any recruitment decisions taken between 1 April 2018 and 31 March 2019 regarding chief officers must take account of the commitments made in the Pay Policy Statement.
- 6 It is a requirement of the Localism Act that the Pay Policy Statement is approved annually by full Council, and this is a function that cannot be delegated. As a minimum, once the Statement is approved, it must be published on the Council website.

Other Options Considered and/or Rejected

- 7 None. It is a statutory requirement to produce and publish a Pay Policy Statement.

Key Implications

Financial

- 8 The Pay Policy Statement sets out the policies by which senior officers will be remunerated by the Council. Any such decisions on recruitment would be made within the wider context of the Council's budget and savings plan and create no new burdens on financial resources.

Legal Implications and Risk Assessment Statement.

- 9 Failure to publish a Pay Policy Statement, approved by full Council, by 31 March 2018 will be a breach of the Localism Act 2011.

Equality Assessment

- 10 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

- 11 The Pay Policy Statement sets out the elements of senior officer pay that enable the Council to attract high quality officers whilst protecting value for money to the community. Its approval by Council and publication on the Council website improve transparency and accountability whilst ensuring adherence to the Localism Act 2011.

Appendices

Appendix A - Pay Policy Statement

**Background
Papers:**

Localism Act, Chapter 8, Pay Policy Statements

<http://www.legislation.gov.uk/ukpga/2011/20/part/1/chapter/8/enacted>

Openness and accountability in local pay: Guidance under section 40 of the Localism Act (Communities and Local Government)

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/5956/2091042.pdf

Openness and accountability in local pay: supplementary guidance

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/85886/Final_Supplementary_Pay_Accountability_Guidance_20_Feb.pdf

**Dr Pav Ramewal
Chief Executive**

This page is intentionally left blank

Sevenoaks District Council Pay Policy Statement 2018/19

1. Introduction

- 1.1 The Council's Pay Policy Statement sets out its policies for 2018/19 relating to:
- The remuneration of its chief officers,
 - The remuneration of its lowest-paid officers, and
 - The relationship between the remuneration of its chief officers and the remuneration of its employees who are not chief officers.
- 1.2 The Pay Policy Statement is prepared in accordance with the requirements of the Localism Act 2011 and associated guidance published by the Secretary of State for Communities and Local Government.
- 1.3 The Statement has been approved by resolution of the full Council and the commitments made in the Pay Policy Statement will be applied to remuneration of chief officers during 2018/19.

2. Definitions

- 2.1 The following definitions have been applied in preparing the Pay Policy Statement:
- (a) Remuneration – the officers salary¹, any bonuses payable, any charges, fees or allowances payable, any benefits in kind, any increase or enhancement to pension entitlement and any amounts payable to the officer on them leaving the authority²
 - (b) Chief Officers – the Head of Paid Service (the 'Chief Executive'), Statutory Chief Officers (Section 151 Officer & the Monitoring Officer), Non Statutory Chief Officers (Chief Officers).
 - (c) Lowest-paid officers – this corresponds to the lowest pay point on which a full time, permanent officer can be appointed to when joining the Council. It does not relate to an individual job role. This definition has been adopted as a true and fair representation of the lowest paid salary point offered by the Council, although it does not necessarily mean that any officer working for the Council currently receives this level of pay. This definition provides a fair and accurate description for an entry level position into the authority, roles that require full supervision that have little, if any responsibility.

¹ In the case where an officer is engaged under a contract for services, the salary is equal to the payments made by the Council to the officer for those services.

² Other than amounts that may be payable by virtue of any enactment

3. Terms and Conditions

- 3.1 The general terms and conditions of employment are in accordance with those agreed by the National Joint Council for Local Government Services.
- 3.2 As Head of Paid Service, the Chief Executive shall have responsibility for the management of all officers, including the number and grade of officers and their organisation and structures.
- 3.3 The Council shall appoint such officers as it thinks necessary for the proper discharge of its functions or of another local authority's functions as fall to be discharged by the Council. All appointments shall be made on merit and in accordance with the Council's agreed policies and procedures.
- 3.4 Only under exceptional circumstances, where there is a proven benefit that will deliver clear value for money to residents, will the Council re-employ officers who have left with a severance or redundancy payment or are in receipt of a pension under the Local Government Pension Scheme. This may include re-engagement on a self-employed basis with a contract for services. This Policy applies to both ex-employees of Sevenoaks District Council and of other local government organisations.
- 3.5 All officers appointed by the Council are paid as individuals with the correct personal national insurance and income tax contributions applied. The Council does not make permanent appointments through any other arrangements.

4. Remuneration of Chief Officers

4.1 Head of Paid Service

- 4.1.1 The Head of Paid Service holds the title of Chief Executive or any equivalent as determined by Council.
- 4.1.2 The Head of Paid Service is one of three statutorily required posts at the Council, alongside the Section 151 Officer and the Monitoring Officer. The Head of Paid Service holds overall responsibility for corporate management and operational functions. This includes:
 - Overall management responsibility for all Officers;
 - Provision of professional advice to all parties in the decision-making process;
 - Advising whether decisions of the Cabinet are in accordance with the budget and policy framework (in consultation with the Section 151 Officer (where they are not the same person) and the Monitoring Officer);
 - Providing advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues to all Members (in consultation with the Section 151 Officer (where they are not the same person) and the Monitoring Officer);

- To be the Returning Officer and Electoral Registration Officer for the Council; and
 - To represent the Council on partnership and external bodies as required by statute or the Council.
- 4.1.3 The remuneration for the Head of Paid Service will include:
- Salary in line with the Sevenoaks District Council Chief Executive pay scale, inclusive of the outer fringe allowance;
 - Car Allowance of £6,000 per annum;
 - Payment for acting as the Returning Officer at elections. Payments for each election are determined by the size of the electorate in the district, with the payment for national elections being set nationally and the payment for local elections set at county level; and
 - An employer contribution to their pension of the amount required under the nationally determined terms of the Local Government Pension Scheme.
- 4.1.4 At the point of recruitment the salary of the Head of Paid Service will be determined by the level of skill and experience that they are evaluated as bringing to the role. In any case the salary will not exceed the top pay point of the Sevenoaks District Council Chief Executive pay scale.
- 4.1.5 The Head of Paid Service will, like all other officers, be able to increase their salary on an annual basis by demonstrating excellent performance when assessed through full participation in the Council's appraisal scheme, until the top point of the pay band is reached. The Head of Paid Service will also be entitled to receive any national pay award determined by the National Joint Council. No other increases or additions to their remuneration will be payable without a resolution of Council.
- 4.1.6 The Council does not adopt a performance related pay system for any officers outside of the appraisal scheme, including the Head of Paid Service.
- 4.1.7 The Council does not pay bonuses for any officers, including the Head of Paid Service, other than those determined by the appraisal scheme upon achieving outstanding performance.
- 4.1.8 The Council will not make payment to the Head of Paid Service if they are summarily dismissed.
- 4.1.9 If the Council makes the Head of Paid Service redundant a payment will be made to them based on their length of service (up to a maximum of 20 years) based on their actual weeks' pay.
- 4.1.10 If the Head of Paid Service resigns their post they will not be entitled to any compensatory payment from the Council.
- 4.1.11 The following terms and conditions will also apply to the Head of Paid Service:

- The Head of Paid Service may be the Section 151 Officer, but may not be the Council's Monitoring Officer; and
- The post of Head of Paid Service is politically restricted.

4.2 Non Statutory Chief Officers

- 4.2.1 Non statutory chief officers are defined in the Local Government and Housing Act 1989 as a person for whom the Head of Paid Service is directly responsible.
- 4.2.2 The remuneration for non-statutory chief officers designated as Chief Officer will include:
- Salary in line with the Sevenoaks District Council Chief Officer pay scale, inclusive of the outer fringe allowance;
 - Car Allowance of £4,000 per annum;
 - Consideration of an additional responsibility allowance; and
 - An employer contribution to their pension of the amount required by the Local Government Pension Scheme.
- 4.2.3 At the point of recruitment an officer holding the post of a non-statutory chief officer will be determined by the level of skill and experience that they are evaluated as bringing to the role.
- 4.2.4 An officer holding the post of a non-statutory chief officer will, like all other officers, be able to increase their salary on an annual basis by demonstrating excellent performance when assessed through full participation in the Council's appraisal scheme, until the top point of the pay band is reached. An officer holding the post of a non-statutory chief officer will also be entitled to receive any national pay award determined by the National Joint Council. No other increases or additions to their remuneration will be payable without a resolution of Council.
- 4.2.5 The Council does not adopt a performance related pay system for any officers outside of the appraisal scheme, including officers holding the post of a non-statutory chief officer.
- 4.2.6 The Council does not pay bonuses for any officers, including officers holding the post of a non-statutory chief officer, other than those determined by the appraisal scheme upon achieving outstanding performance.
- 4.2.7 The Council will not make payment to officers holding the post of a non-statutory chief officer if they are summarily dismissed.
- 4.2.8 If the Council makes a non-statutory chief officer redundant a payment will be made to them based on their length of service (up to a maximum of 20 years) based on their actual weeks' pay.

4.2.9 If an officer holding the post of a non-statutory chief officer resigns their post they will not be entitled to any compensatory payment from the Council.

4.2.10 The following terms and conditions will also apply to an officer holding the post of a non-statutory chief officer:

- The posts held by non-statutory chief officers are politically restricted.

4.3 Statutory Chief Officer – Monitoring Officer

4.3.1 The role of the Monitoring Officer is designated to the post of Head of Legal & Democratic Services, or an equivalent officer as determined by the Head of Paid Service.

4.3.2 The Monitoring Officer is one of three statutorily required posts at the Council, alongside the Head of Paid Service and the Section 151 Officer. The Monitoring Officer is responsible for:

- Maintaining the constitution;
- Ensuring lawfulness and fairness of decision making;
- Supporting the Standards Committee;
- Advising whether decisions of the Cabinet are in accordance with the budget and policy framework (in consultation with the Head of Paid Service and the Section 151 Officer); and
- Providing advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues to all Members (in consultation with the Head of Paid Service and the Section 151 Officer).

4.3.3 The Monitoring Officer cannot be the Section 151 Officer or the Head of Paid Service.

4.3.4 The remuneration of the Monitoring Officer will include:

- Salary in line with the Sevenoaks District Council Head of Service pay scale, inclusive of the outer fringe allowance;
- Car Allowance of £3,400 per annum;
- Consideration of an additional responsibility allowance; and
- An employer contribution to their pension of the amount required by the Local Government Pension Scheme.
- Terms as set out at 4.2.3 to 4.2.10 above.

4.4 Statutory Chief Officer – Section 151 Officer

4.4.1 The Section 151 Officer is one of three statutorily required posts at the Council, alongside the Head of Paid Service and the Monitoring Officer. The role of Section 151 Officer is designated to the Chief Finance Officer, or any suitably qualified officer as determined by the Head of Paid Service.

- 4.4.2 The Section 151 Officer is responsible for:
- Ensuring lawfulness and financial prudence of decision-making;
 - Administration of financial affairs;
 - Contributing to corporate management;
 - Providing advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues to all Members and will support and advise Members and Officers in their respective roles; and
 - Providing financial information to the media, members of the public and the community.
- 4.4.3 The pay policies applicable to this post are detailed at section 4.2.2 to 4.2.10 above.
- 4.4.4 The following terms and conditions will also apply to the Section 151 Officer post:
- The post of the Section 151 Officer is politically restricted; and
 - The Section 151 Officer cannot be the Monitoring Officer but may hold the post of Head of Paid Service.

5. Transparency and Publication of Chief Officer Salaries

- 5.1 Further information about responsibilities and appointment of Chief Officers is published in the Council's Constitution. The provisions within this Pay Policy Statement do not alter the requirements and powers, which the Constitution sets out.
- 5.2 Further information about the salaries of Chief Officers is available on the Council's website. The Council's Statement of Accounts is published annually and includes a full breakdown of payments made to Chief Officers for the past year.
- 5.3 The transparency section of the Council's website includes the publication of the pay scales of all officers at the council who receive a full time equivalent salary in excess of £50,000 per annum.

6. Remuneration of lowest-paid officers

- 6.1 The salary of the lowest-paid role at the Council will be equivalent to the lowest pay point within Band A of the Council's salary scales inclusive of the outer fringe allowance.

- 6.2 All Council officers are able to increase their salary on an annual basis, until the top point of the pay band is reached by demonstrating excellent performance when assessed through full participation in the Council's appraisal scheme. All officers are also entitled to receive any national pay award determined by the National Joint Council. There is no other performance related or bonus payment payable to officers.
- 6.3 All Council officers are eligible to join the Local Government Pension Scheme. As their employer the Council will contribute to each officers pension the amount required by the Local Government Pension Scheme.

7. The Pay Relationship

- 7.1 The National Joint Council salary scales offer a fair and non-discriminatory approach to pay and grading reflected through a job evaluation scheme. Each role is individually assessed and evaluated to ensure an accurate level of pay. The result of evaluations reflects the level of responsibility associated with each respective post.
- 7.2 In 2017/18 the median average salary at Sevenoaks District Council was £26,364, which lies at spinal point 29 of Band D.
- 7.3 The pay multiple between the Chief Executive's salary and the median salary point is 5.5.
- 7.4 The Council is clear that pay at all levels is properly assessed and evaluated to ensure it accurately and fairly reflects the level of skill and responsibility associated with each respective post. Maintaining this approach will ensure that the Council is committed to a fair pay relationship and maintaining a proportionate pay ratio between the average pay level and that of the Chief Executive.

This page is intentionally left blank

Date: 4 November 2017 - 31 January 2018

November 2017	Event	Comments
6 November	<ul style="list-style-type: none"> Meeting re Secretary of State Visit - SDC 	
7 November	<ul style="list-style-type: none"> Policy & Performance Portfolio Holder Meeting - SDC 	
	<ul style="list-style-type: none"> KCP Meeting with KCC - SDC 	
	<ul style="list-style-type: none"> Corporate Induction session - SDC 	
	<ul style="list-style-type: none"> LGiU Cllr Achievement Awards - London 	
9 November	<ul style="list-style-type: none"> LGA Commercial Advisory Board - London 	
	<ul style="list-style-type: none"> Meeting re Swanley Rugby Club - SDC 	
	<ul style="list-style-type: none"> Meeting with CI Dyer - SDC 	
	<ul style="list-style-type: none"> Cabinet - SDC 	
10 November	<ul style="list-style-type: none"> Telephone interview for Cllr Magazine - SDC 	
	<ul style="list-style-type: none"> Housing Allocations Meeting - SDC 	
12 November	<ul style="list-style-type: none"> Remembrance Day Parade & Service - Sevenoaks 	
13 November	<ul style="list-style-type: none"> Meeting re Buckhurst 2 - SDC 	
	<ul style="list-style-type: none"> Meeting re Housing Allocations - SDC 	
20 November	<ul style="list-style-type: none"> Staff Briefing - SDC 	
21 November	<ul style="list-style-type: none"> DCN Autumn Assembly - London 	
	<ul style="list-style-type: none"> Council - SDC 	
	<ul style="list-style-type: none"> Quercas AGM - SDC 	
22 November	<ul style="list-style-type: none"> Strategic Management Team Meeting - SDC 	
	<ul style="list-style-type: none"> Staff Briefing x 2 - SDC 	
	<ul style="list-style-type: none"> Staff Retention Meeting - SDC 	
23 November	<ul style="list-style-type: none"> Kent & Medway Business Fund Investment Advisory Board - KCC Maidstone 	
	<ul style="list-style-type: none"> Kent & Medway Economic Partnership - Maidstone 	
24 November	<ul style="list-style-type: none"> Meeting with Residents re Bradbourne Lakes - SDC 	
	<ul style="list-style-type: none"> Buckhurst 2 Meeting - SDC 	
27 November	<ul style="list-style-type: none"> LGA Commercial Advisory Board - London 	
	<ul style="list-style-type: none"> Staff Briefing - Dunbrik 	
28 November	<ul style="list-style-type: none"> Meeting with Leader of Tandridge DC - SDC 	
	<ul style="list-style-type: none"> Meeting re Corporate Plan - SDC 	
	<ul style="list-style-type: none"> Guardian Public Service Awards - London 	
29 November	<ul style="list-style-type: none"> SMT/SMG Development Day - Brands Hatch 	
	<ul style="list-style-type: none"> Movember Lunchtime Quiz - SDC 	
30 November	<ul style="list-style-type: none"> Kent Council Leaders' Meeting - Maidstone 	
	<ul style="list-style-type: none"> Policy & Performance Advisory Committee - SDC 	
December 2017		
4 December	<ul style="list-style-type: none"> Visit to Premier Inn site - Sevenoaks 	
	<ul style="list-style-type: none"> IT 2018-20 Meeting - SDC 	
	<ul style="list-style-type: none"> Meeting with Chairman of Berkeley Homes - SDC 	
	<ul style="list-style-type: none"> Sevenoaks Community Carol Service - St Luke's, Sevenoaks 	
5 December	<ul style="list-style-type: none"> Staff Carol Service - St Luke's, Sevenoaks 	
	<ul style="list-style-type: none"> Corporate Projects Meeting - SDC 	
6 December	<ul style="list-style-type: none"> Meeting at DCLG re LGA Digital - London 	
	<ul style="list-style-type: none"> Sevenoaks Town Forum - Sevenoaks 	
7 December	<ul style="list-style-type: none"> LGA Leadership Board - London 	

Agenda Item 11		
	<ul style="list-style-type: none"> • LGA Executive - London 	
	<ul style="list-style-type: none"> • LGA Commercial Services Meeting - London 	
	<ul style="list-style-type: none"> • Quercas 7 Trading Board - SDC 	
	<ul style="list-style-type: none"> • Cabinet - SDC 	
12 December	<ul style="list-style-type: none"> • West Kent Local Member Briefing - Tonbridge & Malling 	
	<ul style="list-style-type: none"> • Customer data meeting - SDC 	
13 December	<ul style="list-style-type: none"> • Christmas Breakfast - The Lodge, Shoreham 	
	<ul style="list-style-type: none"> • DCN Members' Board - London 	
14 December	<ul style="list-style-type: none"> • Chief Executive's Appraisal Review - SDC 	
	<ul style="list-style-type: none"> • Fort Halstead Meeting - SDC 	
15 December	<ul style="list-style-type: none"> • Kent LEP Meeting - Ashford 	
	<ul style="list-style-type: none"> • SELEP Strategic Board Meeting - Ashford 	
18 December	<ul style="list-style-type: none"> • Meet the Leader and lunch sessions - Recruitment of Strategic Planning Manager - SDC 	
19 December	<ul style="list-style-type: none"> • Councillors' Christmas Lunch - Sevenoaks 	
20 December	<ul style="list-style-type: none"> • Coffee & Mince Pies with Staff - SDC 	
28 December	<ul style="list-style-type: none"> • Meeting re Council Tax/Business Rates leaflets 2018 - SDC 	
January 2018		
4 January	<ul style="list-style-type: none"> • Meeting with Robert Rummey - SDC 	
11 January	<ul style="list-style-type: none"> • Meeting re Secretary of State Visit - SDC 	
	<ul style="list-style-type: none"> • Cabinet - SDC 	
12 January	<ul style="list-style-type: none"> • Meeting with Sevenoaks Hockey Club - Sevenoaks 	
	<ul style="list-style-type: none"> • Meeting re Swanley Sites - SDC 	
	<ul style="list-style-type: none"> • Meeting with Stagecoach - SDC 	
15 January	<ul style="list-style-type: none"> • LGA Commercial Advisory Board - London 	
	<ul style="list-style-type: none"> • Meeting re Secretary of State Visit - SDC 	
16 January	<ul style="list-style-type: none"> • Policy & Performance Portfolio Holder meeting - SDC 	
	<ul style="list-style-type: none"> • Meeting with Swanley Rugby Club - Swanley 	
18 January	<ul style="list-style-type: none"> • Research meeting - SDC 	
19 January	<ul style="list-style-type: none"> • Presentation at LGA Next Gen Module - Borehamwood 	
22 January	<ul style="list-style-type: none"> • Corporate Project Board - SDC 	
23 January	<ul style="list-style-type: none"> • Local Plan Meeting - SDC 	
	<ul style="list-style-type: none"> • GDPR Training - SDC 	
24 January	<ul style="list-style-type: none"> • LGA Leadership Board - London 	
25 January	<ul style="list-style-type: none"> • LGC Roundtable discussion - London 	
	<ul style="list-style-type: none"> • LGA Executive - London 	
	<ul style="list-style-type: none"> • Business Rates Retention Task and Finish Group - London 	
	<ul style="list-style-type: none"> • Development Control Committee - SDC 	
26 January	<ul style="list-style-type: none"> • Attendance at Former Cllr Richard Davison's funeral - Edenbridge 	
29 January	<ul style="list-style-type: none"> • Meeting re Secretary of State Visit - SDC 	
	<ul style="list-style-type: none"> • GDS/DCLG Workshop - London 	
30 January	<ul style="list-style-type: none"> • LGA Improvement & Innovation Board - London 	