

Council Offices
Argyle Road
Sevenoaks
Kent
TN13 1HG



Despatched: 18.02.19

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 26 February 2019 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 20 November 2018. (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) Council Tax Discounts for Empty and Uninhabitable Dwellings (Pages 9 - 14)
 - b) Property Investment Strategy Update (Pages 15 - 36)
 - c) Treasury Management Strategy 2019/20 (Pages 37 - 84)

- d) Capital Strategy 2019/20 (Pages 85 - 94)
 - e) Calculation of Council Tax Base and other tax setting issues (Pages 95 - 106)
 - f) Budget and Council Tax Setting 2019/20 (Pages 107 - 180)
7. Matters considered by other standing committees/Council working groups
- a) Amendments to the Hackney Carriage and Private Hire Policy following consultation (Pages 181 - 288)
 - b) Monitoring Officer's Annual Report (Pages 289 - 310)
 - c) Amendments to the Constitution: Licensing Sub Committee Hearing Procedures (Pages 311 - 320)
 - d) Member Working Group - Income Strip Funding (Pages 321 - 328)
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 329 - 340)
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 341 - 344)

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.services@sevenoaks.gov.uk)

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COUNCIL

Minutes of the meeting held on 20 November 2018 commencing at 7.00 pm

Present: Cllr. Mrs. Bosley (Chairman)

Cllr. Edwards-Winser (Vice Chairman)

Cllrs. Abraham, Mrs. Bayley, C. Barnes, Barnes, Bosley, Brown, Dr. Canet, Clack, Clark, Coleman, Dickins, Dyball, Esler, Eyre, Firth, Fleming, Gaywood, Grint, Hogarth, Kelly, Lake, Layland, Lowe, Maskell, McArthur, McGarvey, McGregor, Mrs. Morris, Parson, Pearsall, Pett, Piper, Purves, Raikes, Reay, Scholey, Searles, Miss. Stack and Thornton

Apologies for absence were received from Cllrs. Ball, Halford, Hogg, Horwood, Mrs. Hunter, Kitchener, Krogdahl, London, Parkin, Scott and Williamson.

11. To approve as a correct record the minutes of the meeting of the Council held on 24 July 2018.

Resolved: That the Minutes of the meeting of the Council held on 24 July 2018 be approved and signed as a correct record.

12. 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.

13. Chairman's Announcements

The Chairman extended her thanks to all who took part in the Dragon Boat Race including members of Silas's family. A short video of the race was shown. She advised that the dragon boat race had raised £540. The Chairman stated that she had been very fortunate to have received donations towards her charity and with the event held at Brands Hatch, the recent curry lunch, and other events, the amount raised now stood at just over £10,800. An Indoor Bowls Evening would be held on Thursday 24th January 2019, and details would be circulated soon.

With the help of local communities and parish councils the Chairman had been able to raise awareness of the work of West Kent MIND and support Mental Health Day in October by holding events during the week 8 - 12 October. Events had been held in West Kingsdown and Hartley, supported by West Kent MIND and District Council colleagues. She had also joined the luncheon club in Westerham, a 'Tea and Chat' in Farningham and the weekly running group in Crockenhill. She thanked Members who came along and supported the events.

As Community Wellbeing was the focus of her year, it was great that the Every Step Counts Project continued to grow and she was pleased to announce that the fifth walk had been launched in Riverhead in September, with the first anniversary of the Otford walk celebrated this month. She acknowledged the support of the volunteer walk leaders to the scheme and that they were all local to the walks and came with local knowledge. The next planned walk was in the Sevenoaks North area.

The Chairman further advised that she had attended the retirement dinner of Mary Boyle, Head of Knole Academy who had asked that her thanks be shared with all past Chairman, Mayors and the Sevenoaks Community for the support she had received as Head of the school.

The Chairman was proud to be Chairman during the 100th Anniversary year of the ending of WW1 and for having had the opportunity to represent the Council at the many events held throughout the District. With the Vice Chairman she had covered as many events as possible and her thanks went out to Councillors who had also represented the Council on their behalf.

The Chairman announced the sad passing of Cllr London's father, former County Councillor and Sevenoaks Town Councillor and Freeman of the Town of Sevenoaks, John F London, who passed away peacefully on Tuesday 30 October 2018. John had been a committed public servant, and was first elected as a Councillor in 1959 to the Sevenoaks Urban District Council. He was a Sevenoaks Town Councillor from 1973 until the 2011 election. He had served 3 separate terms as Town Mayor, in 1974, 1988, and 2000. He was a County Councillor for Sevenoaks Central Electoral Division between 1997 and 2013 and Chairman of the County Council in 2005/06, and as a local County Councillor he had sat on the Sevenoaks District Joint Transportation Board. Members joined her in a moments silence as a mark of respect.

The Chairman also advised that the partner of County Cllr Mike Angell, Chairman of Kent County Council, had passed away on 25 October 2018, following a brief illness.

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

Two questions had been received from a member of the public in accordance with paragraph 17 of Part 2 (The Council and District Council Members) of the Constitution.

Question 1: Mrs Frances White

'With regard to the feedback given by the community about the DLP consultation process, what changes will SDC put in place for any future consultation, to ensure greater credibility for the Council and the procedure?'

Response: Leader of the Council

The Council added an additional consultation on the draft Local Plan over the summer which ran for 8 weeks. Approximately 8,500 responses were received from organisations and individuals, of course a number of those responses will have been on behalf of more than one individual.

Despite being a non-statutory consultation, we drew up a comprehensive and extensive plan to ensure local people were aware and could comment on the draft local plan. Clearly this was a success, the council received 8,500 responses. There were

- Nine public consultation events across the District;
- Media briefing, for all local press, in advance of the consultation;
- News release marking the start of the consultation and flagging up public consultation events sent to media and all town and parish councils;
- Four page pull out feature in the summer issue In Shape, delivered to homes and businesses throughout the District by the Royal Mail;
- Social media
 - two short videos
 - regular social media posts in the run up and throughout the consultation
 - a month-long paid-for social media campaign, targeted at hard to reach groups;
- SDC website, including the homepage for the entire period; and
- Posters and postcard sent to all Town and Parish Councils

The results of the consultation process will be reported to the Council's Planning Advisory Committee on 22 November and to Cabinet on 6 December 2018. Officers will also seek approval from Cabinet to issue a further iteration of the Local Plan for publication consultation. This is referred to as the 'Regulation 19 Proposed Submission version' and will be the final round of public consultation on the Local Plan before it is submitted for examination.

The consultation responses received to date have informed the content of the emerging Local Plan, alongside the supporting evidence. The production of the Regulation 19 version is on-going and the overall soundness of the document will ultimately be determined by an independent Planning Inspector appointed to chair a public examination process. The results of all public consultations will be set out in Consultation Statement and copies of all responses will be sent to the Inspector when the plan is submitted for examination.

Full details of how to make comments, including a statement setting out the factors that the Inspector will consider in making his or her determination will be posted on the Council's website in due course. The Council is of the view that it has exceeded the relevant procedural requirements relating to the consultation

process to date. If you consider this not to be the case and/or would like to attend the public examination, please do make this point in response to the Regulation 19 document.

I would add that as a learning council we will always look back on consultations to see if improvements can be made.

Question 2: Mrs Frances White

From Sevenoaks District Council's experience, of the consultation process thus far (on the Draft Local Plan), at which sites omitted from the Plan do they anticipate/expect/foresee developers and/or their representatives objecting and challenging their decisions.

Response: Leader of the Council

It may well be the case that developers whose sites are not included in the plan attend the examination hearing to argue their case. All those who submit comments on the Regulation 19 version of the plan can indicate that they wish to speak at the hearing sessions. Ultimately, it is for the Inspector to decide who attends.

There was no further discussion.

15. 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.

a) Petition for SDC to explain its failure to supply information

The Lead Petitioner, Mrs Frances White, had submitted an e-petition with signatures in the following terms:

'SDC to explain

- why the community was not informed about the consultation for the Draft Local Plan by letters marked 'Important' posted to 'The Householder', as with communications re Planning Permission

- why such a short time period, mostly during the holiday period, was given for the consultation

- why community representatives, including Parish Councils, were not made aware of it in good time, especially given the summer break.'

The lead petitioner, addressed the council in support of the petition.

The Leader responded that the process for reviewing the local plan commenced in 2015 when work began on preparing the evidence base documents. Since then updates had been taken to each Planning Advisory Committee meeting, totalling eleven reports. All town and parish councils had been sent a link to the committee

papers. A series of place-making workshops had been held in 2016 and 2017 with local representatives, including town and parish councils, to understand their priorities and local knowledge at an early stage in the process.

The Issues and Options consultation ran from August-October 2017. The statutory period for the consultation was 6 weeks, however the Council ran it for 9 weeks, and directly notified: each household; every town and parish council; amenity and civic societies; infrastructure providers; other statutory consultees; all Members; and our adjoining authorities including the County Council. A dedicated Local Plan version of the Council's 'In Shape' magazine was sent to every household in the District, together with a questionnaire. The Council received over 15,000 responses (which represented 30% of households). This was the greatest level of response ever received to a Sevenoaks District Council (SDC) consultation, and far exceeded the expected (15-20%) level of response.

Each response was carefully considered and update reports taken back to the Planning Advisory Committee.

Following that the Council ran a further, optional, non-statutory consultation in the summer for 8 weeks, directly notifying all householders again via 'In Shape', as well as the previous long list of other consultees. Nine drop in sessions were held, social media used widely, schools attended and railway stations visited to catch commuters. The Council also held press briefings and contributed to media stories. 8500 responses were received to this additional non-statutory consultation.

But the Council was still in the process. The draft Local Plan would be reported to the Planning Advisory Committee on Thursday, then to Cabinet on 6 December. If approved, there would be a further consultation. The 'Regulation 19' version of the Plan would be published for a 6-week period at the end of this year and running into 2019. All responses to this consultation will be submitted to the Secretary of State alongside the Local Plan and evidence base in Spring 2019. The Plan would then be examined by a Planning Inspector. From this examination the Planning Inspector would decide whether the plan was sound and could be adopted by Sevenoaks District Council.

The process was and would continue to be entirely transparent, recognising the value SDC placed on engagement and the involvement of our communities.

As ward member for Hartley & Hodsell Street, Cllr Gaywood concurred with the thoughts of Mrs White and criticised the Leader for not personally approaching the public and having personal involvement with the public. He was generally critical of the whole process.

The Leader responded that he would reflect on feedback, and pointed out that he had visited any local communities that had requested it, for example he had been to Halstead twice. He advised that this was the Draft Local Plan and that additional consultation over and above the statutory minimum had already been carried out. There was to be even more consultation, and finally on submission anyone could still feed their comments straight to the Planning Inspectorate. He reported that a neighbouring authority had gone straight to Regulation 19

consultation with the public only receiving a 6-week consultation window which if missed meant that they could only go straight to the Planning Inspectorate.

The Portfolio Holder for Planning, Cllr Piper, pointed out that all Members and the public had had a chance to be involved which was proven by the higher than usual response rate. The Council had to remain neutral and consider and consult during the exercise and respect that both the public and developers had rights. It had been a joint exercise and should not be personalised.

Resolved: That the petition and the Leader's response, be noted.

16. Matters considered by the Cabinet

(a) Council Tax Reduction Scheme

Councillor Fleming proposed and Councillor Scholey seconded, the recommendation from Cabinet. The report sought adoption of a replacement Council Tax Reduction (CTR) scheme for 2019/2020.

Resolved: That the new Council Tax Reduction scheme for the 2019/20 financial year as required by Section 13A and Schedule 1A of the Local Government Finance Act 1992 as amended, be adopted.

17. Matters considered by other standing committees

(a) Gambling Act 2005 - Statement of Principles of Gambling Policy

Councillor Fleming proposed and Councillor Mrs Morris seconded, the recommendations from the Licensing Committee which sought adoption of a revised Statement of Gambling Policy as amended by the Committee on 1 November 2018 except for Minute 12(c).

Resolved: That the revised Statement of Gambling Policy be adopted as from 31 January 2019.

(b) Constitutional changes regarding Development Control Delegations

Councillor Fleming proposed and Councillor Pett seconded, the recommendations from the Governance Committee which aimed to bring in line the consultation deadline for Members with that of the public.

Resolved: That delegated authority be given to the Head of Legal and Democratic Services to amend the Constitution to enable written requests for consideration of planning applications by the Development Control Committee to be submitted no later than the relevant consultation expiry date.

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

(a) The Council Plan

Councillor Fleming proposed and Councillor Lowe seconded the report which sought approval of The Council Plan.

In response to questions Cllr Fleming advised that the District Council was not a public health authority that was the remit of Kent County Council, however there were a number of actions the District hoped to do that would help. Air quality across the district was getting better. The Council had a Housing Strategy to tackle the diverse need across the district and was referenced in the draft Local Plan.

Resolved: That the Council Plan be adopted and approved for publication.

(b) Draft Calendar of meetings for the municipal year 2019/20

Councillor Fleming proposed and Councillor Lowe seconded the report which sought approval of the draft calendar of meetings for 2019/20.

Resolved: That the calendar of meetings for 2019/20 be approved subject to formal adoption at the Annual meeting of Council on 21 May 2019.

19. 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 Purves

‘Quercus Housing Ltd

How much money is currently available for affordable housing in the Quercus Housing Company, and how much has actually been committed to be spent on bricks & mortar since its formation in April 2018.’

Response: Leader of the Council

The Leader of the Council advised that a total of £6 million had been earmarked for Quercus Housing for affordable housing. The funding would only be transferred on a scheme by scheme basis as and when each scheme was agreed. The Board was working hard to bring forward schemes which would spend all of the money available to the Company.

In response to Cllr Purves' supplementary question on spending, the Leader of the Council advised that there was a Quercus 7 shareholders' meeting being held immediately after the meeting of Council pointing out that money would only be invested in a scheme that made financial sense.

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

20. 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.

21. 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 9 July to 2 November 2018.

THE MEETING WAS CONCLUDED AT 7.48 PM

CHAIRMAN

Item 6(a) - Council Tax Discounts for Empty and Uninhabitable Dwellings

The attached report was considered by the Cabinet on 14 February 2019, and the relevant minute extract was therefore not available prior to printing of these papers and will follow when available.

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COUNCIL TAX DISCOUNTS FOR EMPTY AND UNINHABITABLE DWELLINGS AND EMPTY PREMIUM

Council - 26 February 2019

Report of	Chief Finance Officer
Status	For Decision
Also considered by	Finance Advisory Committee - 29 January 2019
	Cabinet - 14 February 2019
Key Decision	No

Executive Summary:

The purpose of this report is to recommend amendments to the level of Council Tax discount for unoccupied and unfurnished dwellings, and dwellings undergoing or requiring major structural repair. Also to consider increasing the premium on properties that are long term empty (unoccupied and unfurnished for more than 2 years).

Members' are asked to consider the information detailed and make recommendations to amend the respective discounts and premium from 1 April 2019.

Portfolio Holder	Cllr. John Scholey
Contact Officers	Adrian Rowbotham, Chief Finance Officer Ext. 7153 Tim Dennington, Council Tax & Recovery Manager Ext. 7207

Recommendation to Finance Advisory Committee: To recommend for approval by Cabinet the amended discounts and premium detailed in this report.

Recommendation to Cabinet: To consider and agree to recommend to Council the recommendations set out below.

Recommendation to Council: That with effect from 1 April 2019

- (a) the Council Tax discount for unoccupied and unfurnished dwellings is reduced from 100% for up to 3 months to 100% for up to 2 months (Class C of the Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012)
- (b) the Council Tax discount for unoccupied dwellings undergoing or requiring major structural repair is reduced from 100% for 12 months to 0% for 12 months (Class D of the Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012)
- (c) In accordance with Section 11B of the Local Government Finance Act 1992 and

Agenda Item 6a

Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 increase the additional amount payable for Council Tax from 50% to 100% for dwellings that are unoccupied and substantially unfurnished for more than two years.

Reason for recommendations: By reducing the Class C discount to 100% for 2 months, the Class D discount to 0% for 12 months and increasing the long term empty charge from 50% to 100%, it will support the Council's Empty Homes Action Plan and encourage empty dwellings to be brought back into use more quickly.

In addition, there is also the potential to derive additional Council Tax revenue and benefit from an annual income as part of the Kent County Council (KCC) Council Tax sharing agreement.

Introduction and Background

- 1 Local Authorities were given the powers and flexibility to amend certain Council Tax discounts under the Local Government Finance Act 2012, which were enacted by the Council Tax (Prescribed Classes of Dwellings (England) (Amendment) Regulations 2012 and the Council Tax (Exempt Dwellings) (England) (Amendment) Order 2012.
- 2 Section 12 of the Local Government Finance Act 2012 added section 11B to the Local Government Finance Act 1992 enabling Local Authorities to increase the charge on long term empty dwellings (unoccupied and substantially unfurnished for at least 2 years) by up to 50%. The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 increased the amount local authorities can charge on long term empty dwellings up to 100%.
- 3 On 7 February 2013, Cabinet were presented with proposals to amend the level of Council Tax discount for prescribed classes of dwellings and long term empty premium with effect from 1st April 2013. These proposals were agreed and approval was given by Full Council on 19 February 2013 to implement the respective changes.
- 4 The table below details the effect of that decision and it also summarises the position across other Kent authorities - some of which are reviewing the discounts with effect from 1 April 2019.

Council	Class C discount Unoccupied/unfurnished	Class D discount Uninhabitable/major repair
Ashford	100% up to 6 weeks	100% for 12 months
Canterbury	0%	100% for 12 months
Dartford	100% up to 3 months	100% for 12 months
Dover	0%	100% for 12 months
Gravesham	100% up to 1 month	100% for 12 months
Maidstone	0%	0%
Medway	100% up to 3 months	100% for 12 months
Sevenoaks	100% up to 3 months	100% for 12 months

Shepway	0%	0%
Thanet	0%	100% for 12 months
Tonbridge & Malling	100% up to 1 month	100% for 12 months
Tunbridge Wells	0%	0%

Proposed Changes

- 5 There was an announcement in the Government’s 2017 autumn budget regarding giving Council’s the ability to reduce empty property discounts from 2019/20. The 10-year budget approved by Council on 20 February 2018 included an assumption that an additional £65,000 of Council Tax would be received from 2019/20 for this reason.
- 6 The legislation relating to this announcement has only recently been published and the changes proposed should deliver the additional Council Tax included in the 2019/20 budget.
- 7 The estimated additional Council Tax that can potentially be raised as a result of implementing the recommendations is as follows:
 - a. Discount for unoccupied and unfurnished dwellings (Class C) - reducing the discount from 100% for up to 3 months to 100% for up to 2 months will raise an estimated £198,000 in additional Council Tax. The current total of accounts that are either currently within the 3 month period or after the 3 months period is 649.
 - b. Discount for unoccupied dwellings undergoing or requiring major structural repair (Class D) - reducing the discount from 100% to 0% for 12 months will raise an estimated £303,000 in additional Council Tax. The current total of accounts with a discount is 92.
 - c. The estimated additional Council Tax of £501,000 would be shared between the Council and the major precepting authorities. The Council’s share would be £60,000 and the preceptors share would be £441,000.
 - d. Across the county discussions are continuing with Kent County Council for a financial incentive for Billing Authorities as the county is the main beneficiaries to any additional income.
- 8 Long Term Empty Dwellings - increasing the premium to 100% will raise an estimated £63,000 in additional Council Tax. The Council’s share would be £7,000. The current total of accounts with a discount is 64.
- 9 Administration of Class D discount involves visiting every application (331 in 2017/18); this is a substantial administration task but would be removed if the discount is reduced to 0% from April 2019.

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Key Implications

Financial

If the revised discounts are approved there is the potential to derive additional Council Tax revenue of £67,000 for the Council. There may also be further benefit following discussions with Kent County Council.

Legal Implications and Risk Assessment Statement

There is no legal requirement to consult on the recommended changes but there is a legal requirement to publish any changes to the Council Tax regime in at least one newspaper circulating in the Billing Authority's area. This must be done within 21 days of the resolution being agreed by the Council.

Making changes to the existing level of discounts means that, as the Billing Authority, the Council will incur the additional costs associated with implementing and administering the changes.

There is also a risk to the collection of debts resulting from any changes. The recommended levels are based on the considered implications on collection whilst, at the same time, maximising the potential income opportunity for the Council.

The revised discounts may lead to some complaints and appeals.

Section 13A of the Local Government Finance Act 1992 allows for the Council to reduce or remit any amount of council tax (at the full cost of the Council). These powers can be considered in certain circumstances where a dwelling can not be occupied, such as fire or flood damage.

Equality Impact 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.

Any amendments made to Council Tax discounts for empty, uninhabitable or long term empty dwellings are not based on individual circumstances or family characteristics. The recommendations will therefore apply equally to everyone.

**Background
Papers**

[Minutes from Cabinet meeting held on 7 February 2013](#)
[Minutes of the Council meeting held on 19 February 2013](#)

**Adrian Rowbotham
Chief Finance Officer**

Item 6(b) - Property Investment Strategy Update

The attached report was considered by the Cabinet on 14 February 2019, and the relevant minute extract was therefore not available prior to printing of these papers and will follow when available.

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PROPERTY INVESTMENT STRATEGY UPDATE

Council - 26 February 2019

Report of	Chief Finance Officer's
Status	For Decision
Also considered by	Finance Advisory Committee - 29 January 2019 Cabinet - 14 February 2019
Key Decision	No

Executive Summary: This report provides an update on the progress of the Property Investment Strategy to date and looks at the future direction of the strategy.

The Property Investment Strategy was approved by Council on 22 July 2014 to support the aim of the council becoming more financially self-sufficient as Government Support continued to reduce.

The acquisitions to date have helped the council achieve this aim and are currently overachieving the income budgets previously agreed by Members. This report provides an update on those acquisitions.

In a changing property market it is important to review the criteria of the strategy on a regular basis.

Portfolio Holder	Cllr. Peter Fleming, Cllr. John Scholey
Contact Officers	Adrian Rowbotham, Ext. 7153 Andrew Stirling, Ext. 7099 Alan Mitchell, Ext. 7483

Recommendation to Finance Advisory Committee:

- a) That the report be noted.
- b) Forward comments to Cabinet including recommended changes to the Property Investment Strategy criteria.

Recommendation to Cabinet:

- a) Cabinet considers any comments from Finance Advisory Committee and

notes the report.

- b) Any changes to the Property Investment Strategy criteria be recommended to Council

Recommendation to Council:

Council agrees the updated Property Investment Strategy criteria recommended by Cabinet.

Introduction and Background

- 1 In recent years Sevenoaks District Council has been faced with ongoing reductions in Government Support culminating in it no longer receiving Revenue Support Grant from 2017/18. This has led to a number of decisions that have been taken through the 10-year budget process to try and ensure that the council remains in a financially sustainable position going forwards.
- 2 On 7 November 2013, Cabinet approved the Corporate Plan which set out key focus areas for the organisation including the need to become more financially self-sufficient. The agreed plan articulated an approach of investing in assets that will generate revenue income to allow less reliance on diminishing Government Support. It goes on to state that this could be done either through the review of use of reserves or through borrowing at low interest rates.
- 3 On 22 July 2014, Council agreed the Property Investment Strategy with specific criteria. The criteria were updated at Council on 25 April 2017 and the current criteria are included at Appendix A.

Funding Agreed to Date

- 4 A total of £50.3m of funding for the Property Investment Strategy (including the Sennocke Hotel) has been agreed to date as follows:
 - £5m Council 22 July 2014
 - £3m Council 17 February 2015
 - £10m Council 21 July 2015
 - £7.3m (total spend) Sennocke Hotel Council 3 November 2015
 - £25m Council 25 April 2017

Activity to Date

5 A summary of the expenditure to date is included in the following table:

Date	Activity	Total Cost £000	Average Annual Income Yield %
Activities achieving the required return			
Apr 2015	Suffolk House, Sevenoaks (including refurb.) (office)	4,837	9.1% (7.1% before refurb.)
May 2015	Swanley Petrol Station and Supermarket	2,566	7.2%
Mar 2017	26-28 Pembroke Road, Sevenoaks (office)	4,673	6.0%
Aug 2018	Sennocke Hotel, Sevenoaks	7,332	6.3%
Other Activities			
Feb 2015	Swanley Working Men's Club (including demolition)	1,393	-
2016/17	Quercus 7 set up costs	13	-
Feb 2017	96 High Street, Sevenoaks (retail, office)	4,336	Currently 2.7% Basic option 7% Other options 7%+
May 2017	Croft Road, Westerham (housing option)	100	
	Total	25,250	

6 £25m of the £50.3m approved is therefore unspent.

7 **Swanley Working Men's Club** (February 2015) - The premises were demolished in July 2016. This site will be part of the gateway to Swanley.

Agenda Item 6b

Feasibility studies are being undertaken to establish viable redevelopment options for this site which take into account its location in the Town Centre and requirement to meet the Property Investment Strategy return on investment criteria. This work is linked to the sites at 27-37 High Street and White Oak in Swanley that are referred to later in the report.

- 8 **Suffolk House, Sevenoaks (April 2015)** - This office building is in a town centre location with diminishing levels of office stock in the area. It consists of a total of 16,699 sq ft of office space over four floors with 84 parking spaces. It is managed by a property management company with costs recoverable under a service charge. All floors have now been refurbished to grade A standard office space and the price per square foot is now significantly higher than when the building was purchased. All space is currently let and a return of over 9% is being achieved.
- 9 **Swanley Petrol Station and Supermarket (May 2015)** - The property comprises a 2,789 sq ft convenience store building with 15 car parking spaces, 8 multi-fuel pump forecourt with jet wash and car wash on a 0.589acre site. The property is let on a lease expiring in August 2030.
- 10 **Quercus 7 set up costs** - expenditure was approved by Council on 31 March 2015 to be funded from the Property Investment Strategy Reserve.
- 11 **96 High Street, Sevenoaks (February 2017)** - This premises consists of ground floor retail space, 1st and 2nd floor office space with residential potential and development opportunity to rear. The most basic option of refurbishing the office space and selling the land to the rear will give a 7% annual return. The land at the rear is next to a council car park which in turn is next to the bus station and therefore has the potential to be a catalyst for wider development. Initial feasibility work is underway on the options for the site which will take into account its location in the Town Centre and requirement to meet the Investment Strategy return on investment criteria. A 'meanwhile use' has been found for the remainder of the property. The first and second floors have been let to the Second Floor Studios CIC, which has converted the space into 19 artists studios and this agreement lasts until 2021.
- 12 **26-28 Pembroke Road, Sevenoaks (March 2017)** - This is a modern freehold office investment in Sevenoaks town centre. The 10,499 sq ft building over three floors has 56 car parking spaces is currently fully let on a ten year lease.
- 13 **Croft Road, Westerham** - This land has been sold to a developer to build 18 residential units. The council has taken up an option to acquire two houses at a discount (based on an agreed price formula). It is proposed to sell the properties and the first property was completed in August 2018. In the light of current market conditions consideration is being given to holding the property in Quercus 7 Ltd and letting it until market conditions improve

- 14 All acquisitions have been supported by a thorough business case and approved by the Policy & Performance Portfolio Holder in consultation with the Finance Portfolio Holder as required by Council.
- 15 **Sennocke Hotel (August 2018)** - The 83 bed Premier Inn was completed in July 2018 and opened for trading on 4th August 2018. The hotel scheme and the funding method were separately approved by Council but it is recognised as a Property Investment Strategy asset with the income being included in the figures below. Following an initial rent free period, income is due to be received from May 2019 and is reflected in the increased budget from 2019/20.

Property Investment Strategy Income

- 16 The 10-year budget approved by Council on 20 February 2018 included net Property Investment Strategy income of £735,000 in 2018/19 and £1.185m in 2019/20.
- 17 Net income of £755,000 is forecast in 2018/19, therefore £20,000 above the budget. £30,000 is also proposed to be transferred to the Property Investment Strategy Maintenance Reserve to help cover future liabilities.
- 18 It is proposed that the budget for 2019/20 be increased from £1.185m to £1.258m to reflect the income expected from the current portfolio. This is after transferring £100,000 into the Property Investment Strategy Maintenance Reserve.
- 19 It is proposed that the budget for 2020/21 - 2022/23 be increased from £1.185m to £1.311m per annum again with £100,000 per annum being transferred into the Property Investment Strategy Maintenance Reserve.

Funding Sources

- 20 The £25.3m spent to date has been funded by:
- Property Reserve and Financial Plan Reserve £11.5m. Funds put aside for the Property Investment Strategy agreed as part of the annual budget setting process including New Homes Bonus.
 - Capital receipts £9.5m. Proceeds from the sale of council assets.
 - Internal borrowing £4.3m. From council balances. No interest is paid but Minimum Revenue Provision (MRP) is charged. MRP is the minimum amount which must be charged to the revenue account each year and set aside as provision for repaying loans and meeting other credit liabilities. This is a requirement for any form of borrowing so that an amount is set aside to repay the loan. An MRP charge of £150,000 is forecast in 2018/19.
 - External borrowing £nil. This funding method incurs interest and MRP costs each year.

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- 21 Funding options will be considered on a case by case basis and may be funded by reserves, capital receipts, internal borrowing or external borrowing. Due to current commitments it is likely that a significant proportion will come from external borrowing (PWLB 30 year annuity loan interest rate at 02/01/19 is 2.63%).
- 22 A Member Working Group is currently investigating Income Strip Funding as an additional funding source (as requested by Council) and depending on their findings, this may be a more beneficial way of funding some schemes.
- 23 Each scheme will also be analysed to decide whether it is preferable to proceed as the council or via Quercus 7. £5m of the approved Property Investment Strategy funding has been earmarked for Quercus 7.
- 24 As investment in the Property Investment Strategy continues to increase and the requirement to obtain external borrowing becomes more prominent, the Finance Portfolio Holder is keen that the 'gearing' of funding of the council's investment properties remains below 30%.
- 25 Gearing refers to the level of an organisations debt related to capital and expressed in percentage terms. For this council's purposes it is taken as the amount of external borrowing used to fund investment properties (including those outside of the Property Investment Strategy) as a percentage of the value of investment properties.
- 26 As no external borrowing has been used to fund the current investment properties, the gearing ratio is 0%. If the remaining £25m approved for the Property Investment Strategy was spent, up to £15m could be funded from external borrowing to keep the gearing ratio below 30%.

Future Opportunities

- 27 Due to the number of developments planned for the next few years it is recommended that the emphasis for any further acquisitions are for sites where no further work is required rather than those with development potential.
- 28 Current developments being investigated include industrial units as the portfolio does not currently include any assets in this category.
- 29 Work on current property holdings in Swanley and Sevenoaks High Street are continuing.
- 30 **Small sites development** (including Stangrove Estate and Spitals Cross, Edenbridge). Following a consultation with the local community on improvements to parking, management of open space and trees together with a new local shop and some new homes on the Stangrove Estate, further work has been carried out on the proposals. It is likely that they will be progressed in 2019.

Feasibility schemes have been prepared for a site in Church Road, Kemsing and two sites in Swanley. A planning application for three accessible bungalows on land owned by the Council at Church Road, Kemsing will be submitted in the summer of 2019. Scheme designs are being finalised prior to a public information event for two sites Russett Way and Alder Way, Swanley.

- 31 **Otford Road Park and Ride site** - This site has been included within the draft Local Plan as an employment site. There is a considerable shortage of modern light industrial units in the District and it is proposed to undertake a feasibility study for the development of employment units on this site to generate further income for the Council.

Risks

- 32 The risks of the Property Investment Strategy are included in Appendix B. The risks are reviewed each year and were initially analysed by the Audit Committee on 9 September 2014.
- 33 The Council's Strategic Risk Register was also agreed by the Audit Committee on 16 October 2018 and the relevant category for the Property Investment Strategy is also included in Appendix B.
- 34 Property Investment is inherently more risky than leaving reserves in the bank but this has been taken to account when approving the Property Investment Strategy and setting the investment criteria.
- 35 The risks of each potential investment are considered by carrying out due diligence to include the following:
- Valuation.
 - Market conditions.
 - Covenant strength of tenants.
 - Terms of leases.
 - Structural surveys.
 - Funding options.
 - Future costs.
- 36 It should be recognised that there is likely to be a time when there are business reasons to dispose of assets currently owned and invest elsewhere instead.
- 37 The Scrutiny Committee set up a Property Investment Strategy Member Working Group at their meeting on 5 July 2016 and reported their findings at the Scrutiny Committee on 30 March 2017.

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- 38 The Member Working Group concluded that the benefits of the Property Investment Strategy do outweigh the risks, provided that the council remains constantly aware of changes in the market and financial risks.
- 39 Internal Audit completed an audit report on the Property Investment Strategy in 2017/18. The audit opinion given in the report was of full assurance.
- 40 The audit report conclusion was as follows: “Audit fieldwork confirmed effective governance and financial arrangements are in place for the delivery of the Property Investment Strategy. The attainment of set objectives is being achieved. Existing arrangements are fit for purpose for the delivery of the Strategy and comply with Council procedures.”
- 41 CIPFA are currently looking to amend the Prudential Framework of Capital Finance. This may affect the ability to borrow for investments outside of the district and also to borrow in advance of need. Officers will continue to monitor this situation and report to Members if any changes are likely to affect the ability for future investments to meet the Property Investment Strategy criteria.

Property Investment Strategy Criteria

- 42 The annual update report gives Members the opportunity to review the Property Investment Strategy criteria previously agreed. The current criteria are included in Appendix A.
- 43 Areas Members may wish to consider include:
- i. Income Yield of 5%+ when not borrowing or in excess of 3% for schemes that include some external borrowing, based on an average over 10 years. (Flexibility may be applied to those opportunities that show an acceptable social return on investment).

It may be more appropriate to set the two elements at a consistent % above different bases such as ‘Income Yield of 3%+ above the Council’s current average treasury management return (currently 0.7%) when not borrowing or internally borrowing, and 3%+ above the borrowing rate (currently 2.6% for 30 years) when externally borrowing, based on an average over 10 years. (Flexibility may be applied to those opportunities that show an acceptable social return on investment).’

- ii. Lot size of £1m - £5m

The lot size has remained unchanged since the strategy started in 2014. It was originally set at this level because at the time it was viewed that this range was above that of small investors but below that of institutional investors.

The view of Allsop (independent property consultancy) is that it has been a rising market in recent years and therefore smaller investors are now interested in the £1-5m range making it a more competitive market. The current view is that there is a natural cut off at £5m and a further one at £10m. Therefore it may be beneficial to amend the lot size to £1m - £10m.

iii. Individual Properties or Portfolios / Lot size of £1m - £5m

If buying a portfolio of properties or a number of flats/units in a building, the current criteria limits the total size of each scheme to £5m. It may be more appropriate to apply the limit to individual properties within a portfolio or individual flats/units in a building.

iv. Investment opportunities are restricted to those within a 50 mile radius of the Council's Argyle Road offices.

This may need to be changed in future as CIPFA are reviewing whether council's should be able to borrow for investments outside of their area.

- 44 The Property Investment Strategy criteria also applies to Quercus 7 for private sector residential acquisitions.

Key Implications

Financial

As previously stated in this report, the Property Investment Strategy is a major contributor to deliver the aim of the council remaining financially self-sufficient.

It is expected that a significant proportion of future Property Investment Strategy funding will be provided by external borrowing. Each acquisition will be looked at on a case by case basis to ensure that the most appropriate funding method is used.

Legal Implications and Risk Assessment Statement.

Legal resources would be required to undertake legal pre-purchase due diligence for any future acquisitions. This would be undertaken either internally by the Council's Legal Team or externally and a decision would be made on a case by case basis.

A full risk analysis is included at Appendix B to this report.

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.

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Value for Money and Asset Maintenance

Value for money derived from available finances when looked at in conjunction with the Treasury Management Strategy has the ability to be increased via the Property Investment Strategy.

Conclusions

In acknowledgement of the position with Government Support and the continued low returns on investment of reserves, further investment in the Property Investment Strategy will continue to ensure that the Council remains financially self-sufficient.

Appendices

Appendix A - Property Investment Strategy

Appendix B - Property Investment Strategy - Risk Analysis

Background Papers

Report to Council 22 July 2014 - Investment Strategy

Report to Audit Committee 9 September 2014 - Investment Strategy Risk Register

Report to Council 17 February 2015 - Budget and Council Tax Setting 2015/16

Report to Council - 21 July 2015 - Property Investment Strategy

Report to Council - 25 April 2017 - Property Investment Strategy Update

Adrian Rowbotham

Chief Finance Officer

Property Investment Strategy Criteria

- 1 The strategy will consist of a diversified and balanced portfolio of investment assets with regard to the following considerations.
- 2 Established property investment practice has evolved based on long standing markets for assets in main stream sectors such as Offices, Retail, Industrial and Residential. Investing in these traditional asset categories in a balanced fashion, allows for a lower risk investment when compared to emerging markets such as Student Accommodation, Nursing Homes and Medical Centres.
- 3 When considering the tenure of an asset, freehold would be preferable to leasehold. Freehold provides for greater levels of security against a leasehold asset that would effectively decrease in value over time. However assets on long leasehold basis may still be suitable for consideration.
- 4 Whilst properties let to only one tenant may offer an acceptable level of risk, multi-tenanted properties would be favourable as they offer the opportunity to minimise the impact of any one part of the asset being vacant due to tenant default or lease expiry. If assets are occupied by a single tenant, then detailed financial due diligence would be undertaken to ascertain their financial stability.
- 5 Investment opportunities are restricted to those within a 50 mile radius of the Council's Argyle Road offices.
- 6 Based on the above considerations and taking into account local market conditions, a suggested lot size of between £1m and £5m is recommended. This is to avoid the lower part of the local market where private high net worth individuals would be seeking to invest and also the high end, where Pension Funds and Life Assurance Funds tend to dominate.
- 7 Given the likely risk profile of an asset meeting the above considerations, it is suggested that an income yield of in excess of 5%* (based on advice from Savills) when not borrowing or in excess of 3% for schemes that include some external borrowing is appropriate. Opportunities should be sought that lend themselves to a potential to increase rental income than is currently being realised. (*The income yield is calculated as an average return over 10 years).

- 8 A limited number of opportunities that include the potential for development should also be considered. This approach may have the potential to deliver an additional 20-30% return on investment could be realised.
- 9 Where sites that are already in the ownership of the Council could be redeveloped in partnership with neighbouring sites, added value can be derived from 'marriage' of the sites. Consideration should be given to Joint Venture (JV) projects that maximise value, with priority given to those which would result in the delivery of assets meeting the investment criteria.
- 10 It is proposed that external specialist property investment advisors be retained on each transaction, advising on suitability having undertaken detailed pre purchase due diligence, including valuation, risk analysis and lease / title reviews.
- 11 Taking all of the above considerations into account, the following specific criteria are proposed:
 - i. Income Yield of 5%+ when not borrowing or in excess of 3% for schemes that include some external borrowing, based on an average over 10 years. (Flexibility may be applied to those opportunities that show an acceptable social return on investment)
 - ii. Individual Properties or Portfolios
 - iii. Lot size of £1m - £5m
 - iv. Freehold / Long Leasehold
 - v. Single or Multi Tenanted
 - vi. Asset categories: Industrial, Office, Retail, Trade Counter and Private Residential
 - vii. Potential to increase rental income, through pro-active Asset Management
- 12 It is proposed that initially, the Strategic Asset Management and Operational Property Management of the portfolio be delivered from existing resource within the Council's Economic Development and Property Team. There will however be times when specialist external advice is needed and this work will be commissioned on an 'as required' basis, funded from the income from the assets. This approach is to be reviewed regularly, including ongoing resource requirements, as the portfolio grows.

- 13 Funding for the acquisition of assets should be reviewed on a case by case basis but could be derived from a number of sources:
- Receipts from previous property disposals.
 - Receipts from proposed land / property disposals in future years.
 - Reallocation of some of the funds currently held in reserves.
 - Borrowing from the Public Works Loan Board.
 - Borrowing from the Municipal Bonds Agency.
- 14 Each scheme will also be analysed to decide whether it is preferable to proceed as the council or via Quercus 7.

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Property Investment Strategy - Risk Analysis

Risk	Risk Areas	Likelihood 1(low)- 5(High)	Impact 1(low)- 5(High)	Total Score	Controls
Downturn in property market	Capital value and income potential reduce for purchased assets	4	3	12	Continued monitoring of markets. Sale of Assets at a benchmarked threshold. Red Book Valuation undertaken as part of acquisition process.
Upturn in property market	Purchase cost of potential assets increases	2	4	16	Continued monitoring of markets. Adjusting purchase criteria to reflect market movement. Consider sales of assets for capital gain. Red Book Valuation undertaken as part of acquisition process.
Increase in interest rates (borrowing)	Cost of borrowing increases with detrimental impact on income	4	3	12	Ensure most competitive rate achieved if borrowing, fixed term if possible. Consider increased use of reserves to ensure loan to value ratios are acceptable.
Increase in interest rates (investment)	Lower rate of return when compared to other potential treasury management income	4	1	4	Consider revising income return criteria upwards. Consider disposal of assets for re-investment
Restrictions on borrowing	Potential changes to the Prudential Code regarding what borrowing can be used for	4	3	12	Variety of funding sources. Amend property search criteria.

Available opportunities	Market opportunities meeting investment criteria not available.	4	4	16	Identify opportunities early and move swiftly to acquire. Review Property Investment Strategy criteria annually.
Changes in Tenant Demand	Certain types of property may become less favourable with tenants.	3	3	9	Construct a varied portfolio by use, i.e. mixture of shops, offices, industrial, residential etc.
Obsolescence of Asset	Physical obsolesce in terms of building fabric and fit out	3	4	12	Ensure Full Repairing and Insuring Leases are in place via pre-purchase due diligence. Have building surveys undertaken to establish condition of building. Establish Property Investment Strategy Maintenance Reserve.
Tenant default	Loss of rental income, increased costs incurred	3	4	12	Undertake financial due diligence of tenants pre-purchase, obtain the best possible tenant covenants. Look for guarantors or cash deposits where covenants are considered weak. Consider multi-tenanted properties in order to diversify risk. Ensure robust credit control procedures in place. Monitor tenant company performance.
Void periods	Loss of rental income, holding costs incurred - rates, utilities etc. Costs of re-letting	3	4	12	Monitoring tenancies as described above. Move quickly to appoint letting agents should a void period appear likely. Act expediently in concluding legal process of letting.

Illiquidity of Property Assets	Asset identified for disposal to raise capital receipt or for reinvestment	2	4	8	Ensure that assets are kept “sale ready” in terms of documentation and information.
Staff Resources	Lack of suitably professionally qualified staff	2	3	6	Ensure that appropriately professionally qualified staff, with experience in Property Investment, are available to act on the Council’s behalf.
Residential Properties - generally all of the above plus greater landlord input, more management intensive	Residential Properties generally require a more active landlord involvement, maintaining the structure and services of a property - maintenance costs and management costs are therefore higher.	3	3	9	Ensure that increased holding costs are factored into purchase valuations Appoint external professionals to manage landlord and tenant processes Ensure that tenant deposits are taken

Strategic Risk Register Item - Agreed by Audit Committee 16 October 2018

Risk Factors	Potential Effect	Gross Likelihood	Gross Impact	Gross Rating	Internal Controls	Net Likelihood	Net Impact	Net Rating
SR02: Property Investment Strategy - Failure to identify opportunities to meet the Property Investment Strategy								
Lead Officer: Adrian Rowbotham								
<ul style="list-style-type: none"> Ability to seek appropriate investment opportunities Appetite for risk within investment strategy to enable the Council to generate target returns Ability to deliver sufficient funds to maximise the opportunities presented through the Property Investment Strategy Appetite to prudentially borrow over the medium to long term The cost of interest payments Lack of capacity or skilled professionals to advise on investment and borrowing strategies Ineffective governance processes that could result in opportunities being missed or being ineffectively scrutinised Ineffective use of Quercus 7 to support the Council's investment strategy Ability to borrow funds 	<ul style="list-style-type: none"> Lack of diversity in investments Cost of interest payments Negative impact on budgets, reserves and the ability to deliver Council projects Poor financial health Unable to maintain low increases in council tax levels Reputational damage Poor outcome for the Audit of Accounts or Value for Money assessment and potential for increased intervention 	4	4	16	<ul style="list-style-type: none"> Council approved Property Investment Strategy, with defined rates of return demonstrating risk appetite Governance arrangements defined with appropriate delegations agreed Qualified and experienced officers in post Professional, external advisers engaged to support the development of strategies and fill skills gaps Effective budget setting and financial monitoring processes embedded Effective financial governance including reports to FAC, Cabinet, Audit Committee and Scrutiny Committee Regular Quercus 7 Board and Trading Board meetings - including regular review of investment parameters to monitor market fluctuations 	3	3	9

Assessing and quantifying threats and opportunities

How likely is it to happen?

What would the impact be?

Likelihood x Impact = Risk Rating

Low Risk: Risk rating of 1 to 6

Medium Risk: Risk rating of 8 to 12

High Risk: Risk rating of 15 to 25

Likelihood	Very Likely (5)	Low (5)	Medium (10)	High (15)	High (20)	High (25)
	Likely (4)	Low (4)	Medium (8)	Medium (12)	High (16)	High (20)
	Possible (3)	Low (4)	Low (6)	Medium (9)	Medium (12)	High (15)
	Unlikely (2)	Low (2)	Low (4)	Low (6)	Medium (8)	Medium (10)
	Very Unlikely (1)	Low (1)	Low (2)	Low (3)	Low (4)	Low (5)
		No Impact (1)	Minor (2)	Significant (3)	Serious (4)	Breakdown of Services (5)
		Impact				

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Item 6(c) - Treasury Management Strategy 2019/20

The attached report was considered by the Cabinet on 14 February 2019, and the relevant minute extract was therefore not available prior to printing of these papers and will follow when available.

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TREASURY MANAGEMENT STRATEGY 2019/20

Council - 26 February 2019

Report of the: Chief Finance Officer

Status: For Decision

Also considered by: Cabinet - 14 February 2019

Finance Advisory Committee - 29 January 2019

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 Officer Roy Parsons, Principal Accountant - Ext 7204

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

Recommendation to Cabinet: That, subject to the comments of the Finance Advisory Committee, Cabinet recommend that Council approve the Treasury Management Strategy for 2019/20.

Recommendation to Council: That the Treasury Management Strategy for 2019/20 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, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 3 The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.
- 4 Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities.
- 5 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.”
- 6 Revised reporting is required for the 2019/20 reporting cycle due to revisions of the MHCLG Investment Guidance, the MHCLG Minimum Revenue Provision (MRP) Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code. The primary reporting changes include the introduction of a capital strategy, to provide a longer-term focus to the capital plans, and greater reporting requirements surrounding any commercial activity undertaken under the Localism Act 2011. The capital strategy is being reported separately.

Introduction

Reporting requirements - Capital Strategy

- 7 The CIPFA revised 2017 Prudential and Treasury Management Codes require, for 2019/20, all local authorities to prepare an additional report, a capital strategy report, which will provide the following:
 - a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
 - an overview of how the associated risk is managed; and
 - the implications for future financial sustainability.
- 8 The aim of this capital strategy is to ensure that Members fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.
- 9 This capital strategy is reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset. The capital strategy will show:
 - the corporate governance arrangements for these types of activities;
 - any service objectives relating to the investments;
 - the expected income, costs and resulting contribution;
 - the debt related to the activity and the associated interest costs;
 - the payback period (MRP policy);
 - for non-loan type investments, the cost against the current market value; and
 - the risks associated with each activity.
- 10 Where a physical asset is being bought, details of market research, advisers used (and their monitoring), ongoing costs and investment requirements and any credit information will be disclosed, including the ability to sell the asset and realise the investment cash.
- 11 Where the Council has borrowed to fund any non-treasury investment, there should also be an explanation of why borrowing was required and why the MHCLG Investment Guidance and CIPFA Prudential Code have not been adhered to.
- 12 If any non-treasury investment sustains a loss during the final accounts and audit process, the strategy and revenue implications will be reported through the same procedure as the capital strategy.

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- 13 To demonstrate the proportionality between the treasury operations and the non-treasury operation, high-level comparators are shown throughout this report.

Reporting requirements - Treasury Management

- 14 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.

- a) 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).

- b) A mid-year treasury management report -

This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.

- c) An annual treasury report -

This is a backward looking review document and 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 2019/20

- 15 The strategy for 2019/20 covers two main areas:

Capital issues

- the capital expenditure plans and the associated prudential indicators; and
- the minimum revenue provision (MRP) policy.

Treasury management issues

- the current treasury position;
 - treasury indicators which 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.
- 16 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the Ministry of Housing, Communities and Local Government (MHCLG) MRP Guidance, the CIPFA Treasury Management Code and the MHCLG Investment Guidance.

Training

- 17 The CIPFA Code requires the responsible officer to ensure that Members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Training was last undertaken on 14 November 2018 and further training will be arranged as required.
- 18 The training needs of treasury management officers are reviewed periodically.

Treasury management consultants

- 19 The Council uses Link Asset Services, Treasury Solutions as its external treasury management advisors.
- 20 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. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury management advisors.
- 21 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.

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- 22 The scope of investments within the Council's operations now includes both conventional treasury investments (the placing of residual cash from the Council's functions) and more commercial type investments, such as investment properties. The commercial type investments require specialist property advisers.

The Capital Prudential Indicators 2019/20 - 2021/22

- 23 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

- 24 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:

Capital expenditure	2017/18 Actual £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000
Capital expenditure	9,922	12,980	12,549	6,649	16,758
Commercial activities/non-financial investments*	0	0	0	0	0
Total	9,922	12,980	12,549	6,649	16,758

* Commercial activities/non-financial investments relate to areas such as capital expenditure on investment properties etc

- 25 Other long term liabilities. The above financing need excludes other long term liabilities, such as PFI and leasing arrangements which already include borrowing instruments.
- 26 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) although this may be funded through internal borrowing initially.

Financing of capital expenditure	2017/18	2018/19	2019/20	2020/21	2021/22
	Actual	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000
Capital expenditure	9,922	12,980	12,549	6,649	16,758
Financed by:					
Capital receipts	371	789	4,030	6,042	0
Capital grants	647	1,463	1,100	1,100	1,100
Capital Reserves	4,442	4,543	5,568	-1,100	15,658
Internal borrowing	615	4,487	1,703	-6,190	0
Revenue - contribution to capital reserve	148	148	148	148	0
Net financing need for the year	3,699	1,550	0	0	0

27 The net financing need for commercial activities/non-financial investments included in the above table against expenditure is shown below.

Commercial activities/non-financial investments	2017/18	2018/19	2019/20	2020/21	2021/22
	Actual	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000
Capital expenditure	0	0	0	0	0
Financing costs	0	0	0	0	0
Net financing need for the year	0	0	0	0	0
Percentage of total net financing need	0%	0%	0%	0%	0%

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

- 28 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 through a revenue or capital resource, will increase the CFR.
- 29 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.
- 30 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.
- 31 The Council is asked to approve the CFR projections below:

	2017/18	2018/19	2019/20	2020/21	2021/22
	Actual	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000
Capital Financing Requirement					
CFR - Services	9,085	10,062	9,641	9,239	8,869
CFR - Commercial activities/non-financial investments	0	0	0	0	0
Total CFR	9,085	10,062	9,641	9,239	8,869
Movement in CFR	(233)	(382)	(422)	(402)	(370)

Movement in CFR represented by:					
Net financing need for the year (above)	3,699	1,550	0	0	0

<u>Less</u> MRP/VRP and other financing movements	(3,466)	(1,168)	(422)	(402)	(370)
Movement in CFR	(233)	(382)	(422)	(402)	(370)

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

- 32 A key aspect of the regulatory and professional guidance is that elected Members are aware of the size and scope of any commercial activity in relation to the authority's overall financial position. The capital expenditure figures shown above demonstrate the scope of this activity and, by approving these figures, Members consider the scale proportionate to the Authority's remaining activity.

Core Funds and Expected Investment Balances

- 33 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	2017/18	2018/19	2019/20	2020/21	2021/22
	Actual	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000
Fund balances / reserves	23,725	23,372	23,019	22,666	22,487
Capital receipts	371	789	4,030	6,042	0
Provisions	409	409	409	409	409
Other	0	0	0	0	0
Total core funds	24,505	24,570	27,458	29,117	22,896
Working capital*	10,914	11,014	11,114	11,214	11,314
Under/over borrowing	(3,004)	(4,097)	(3,795)	(3,516)	(3,272)
Expected investments	32,415	31,487	34,777	36,815	30,938

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

Minimum revenue provision (MRP) policy statement

- 34 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).
- 35 MHCLG 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 can change the method of calculating MRP on an annual basis but once a method has been approved for a particular year, any assets purchased through borrowing that year must continue to have MRP charged in the same way. The Council cannot change the method of calculating MRP on individual assets.
- 36 The Council is recommended to approve the following MRP statement:
- 37 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. This option provides for an approximate 4% reduction in the borrowing need (CFR) each year.
- 38 From 1 April 2008 for all unsupported borrowing (i.e. not supported by the Revenue Support Grant), including 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 finance leases are applied as MRP.
- 39 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.

- 40 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.
- 41 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.
- 42 MRP Overpayments - A change introduced by the revised MHCLG MRP Guidance was the allowance that any charges made over the statutory minimum revenue provision (MRP), voluntary revenue provision or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. Up until the 31 March 2019 the total VRP overpayments have been nil.

The Borrowing and Repayment Strategy

- 43 The capital expenditure plans set out above provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the 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

- 44 The Council's forward projections for borrowing are summarised below. The table shows the actual external debt against the underlying capital borrowing need (the CFR), highlighting any over or under borrowing.

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	2017/18	2018/19	2019/20	2020/21	2021/22
	Actual	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000
External debt					
Debt at 1 April	0	5,250	5,134	5,015	4,892
Expected change in Debt	5,250	-116	-119	-123	-126
Other long-term liabilities (OLTL)	831	831	831	831	831
Expected change in OLTL	0	0	0	0	0
Actual gross debt at 31 March	6,081	5,965	5,846	5,723	5,597
The Capital Financing Requirement (CFR)	9,085	10,062	9,641	9,239	8,869
Under / (over) borrowing	3,004	4,097	3,795	3,516	3,272

45 Within the above figures, the level of debt relating to commercial activities/non-financial investments is:

	2017/18	2018/19	2019/20	2020/21	2021/22
	Actual	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000
External debt for commercial activities/non-financial investments					
Actual debt at 31 March	0	0	0	0	0
Percentage of total external debt	0	0	0	0	0

- 46 Within the range of 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 2019/20 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.
- 47 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

- 48 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.

Operational boundary	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000
Debt	30,000	30,000	30,000	30,000
Other long term liabilities	831	831	831	831
Commercial activities / non-financial investments				
Total	30,831	30,831	30,831	30,831

The authorised limit for external debt

- 49 This is a 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.

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- 50 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.
- 51 The Council is asked to approve the following authorised limit:

Authorised limit	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000
Debt	35,000	35,000	35,000	35,000
Other long term liabilities	831	831	831	831
Commercial activities / non-financial investments				
Total	35,831	35,831	35,831	35,831

Prospects for interest rates

- 52 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.

Link Asset Services Interest Rate View													
	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%	1.75%	2.00%
3 Month LIBID	0.90%	1.00%	1.10%	1.20%	1.30%	1.40%	1.50%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%
6 Month LIBID	1.00%	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%
12 Month LIBID	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%	2.30%	2.40%
5yr PWLB Rate	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.80%
10yr PWLB Rate	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%
25yr PWLB Rate	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.40%

- 53 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.

Borrowing Strategy

- 54 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 prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.
- 55 Against this background and the risks within the economic forecast, caution will be adopted with the 2019/20 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.*
- 56 Any decisions will be reported to the appropriate decision making body at the next available opportunity.
- 57 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 2019/20 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.
- 58 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.

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Policy on borrowing in advance of need

- 59 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.
- 60 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

- 61 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).
- 62 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).
- 63 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.
- 64 All rescheduling will be reported to Cabinet at the earliest meeting following its action.

Municipal Bonds Agency

- 65 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.

Income Strip Funding for regeneration schemes

- 66 A Member Working Group is currently investigating Income Strip Funding as an additional funding source (as requested by Council) and depending on their findings, this may be a more beneficial way of funding some schemes.

If recommended by Council, Income Strip Funding may be added to the strategy as an additional funding source.

Affordability prudential indicators

67 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

68 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.

	2017/18 Actual	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Services	0%	-1%	-1%	0%	0%
Commercial activities / non-financial investments	0%	0%	0%	0%	0%
Total	0%	-1%	-1%	0%	0%

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

Maturity structure of borrowing

69 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.

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

Maturity structure of fixed interest rate borrowing 2019/20		
	Lower	Upper
Under 12 months	0	100

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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 2019/20		
	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

- 71 The Council's treasury portfolio position at 31 December 2018 appears in Appendix C.

Loans to other organisations

- 72 The Council has loaned money to other organisations. Details appear in Appendix C.

Investment policy - management of risk

- 73 The Ministry of Housing, Communities and Local Government (MHCLG) and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with financial investments, as managed by the treasury management team. Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy (a separate report).
- 74 The Council's investment policy has regard to the following: -

- MHCLG’s Guidance on Local Government Investments (“the Guidance”)
 - CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 (“the Code”)
 - CIPFA Treasury Management Guidance Notes 2018
- 75 The Council’s investment priorities will be security first, portfolio liquidity second and then yield, (return).
- 76 The above guidance from the MHCLG and CIPFA place a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -
- a) Minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
 - b) Credit 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 achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as “credit default swaps” and overlay that information on top of the credit ratings.
 - c) 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.
 - d) This authority has defined the list of types of investment instruments that the treasury management team are authorised to use. There are two lists in Appendix D under the categories of ‘specified’ and ‘non-specified’ investments.
 - Specified investments are those with a high level of credit quality and subject to a maturity limit of one year.
 - Non-specified investments are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.
 - e) The Council has determined that it will limit the maximum total exposure to non-specified investments as being 50% of the total investment portfolio, (see paragraph 81).
 - f) Lending limits (amounts and maturity), for each counterparty will be set through applying the table in paragraph 83.
 - g) This authority will set a limit for the amount of its investments which are invested for longer than 365 days, (see paragraph 96).

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- h) Investments will only be placed with counterparties from countries with a specified minimum sovereign rating, (see Appendix E and paragraph 90).
- i) This authority has engaged external consultants, Link Asset Services, to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.
- j) All investments will be denominated in sterling.
- k) As a result of the change in accounting standards for 2018/19 under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. In November 2018, the Ministry of Housing, Communities and Local Government (MHCLG) concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years commencing from 1 April 2018.

77 However, this authority will also pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance (see paragraph 98). Regular monitoring of investment performance will be carried out during the year.

Creditworthiness policy

78 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.

79 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.

- 80 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
- 81 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 January 2019 will change fund valuation methodology from Constant Net Asset Valuation (CNAV) to either Low Volatility Net Asset Valuation (LVNAV) or CNAV.

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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.

82 A limit of 50% will be applied to the use of non-specified investments.

83 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.

84 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

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

UK banks - ring fencing

86 The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), are required, by UK law, to separate core retail banking services from their investment and international banking activities by 1st January 2019. This is known as “ring-fencing”. Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.

87 Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler, activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and “riskier” activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity’s core activities are not adversely affected by the acts or omissions of other members of its group.

88 While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Council will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered), will be considered for investment purposes.

Other limits

89 Due care will be taken to consider the exposure of the Council’s total investment portfolio to non-specified investments, countries, groups and sectors.

90 The Council has determined that it will only use approved counterparties from the UK and 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.

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91 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

92 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).

93 Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

94 Bank Rate is forecast to increase steadily but slowly over the next few years to reach 2.00% by quarter 1, 2022. Bank Rate forecasts for financial year ends (March) are:

- 2018/19 0.75%
- 2019/20 1.25%
- 2020/21 1.50%
- 2021/22 2.00%

95 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:

- 2018/19 0.75%
- 2019/20 1.00%
- 2020/21 1.50%
- 2021/22 1.75%
- 2022/23 1.75%
- 2023/24 2.00%
- Later years 2.50%

- 96 The overall balance of risks to economic growth in the UK is probably neutral. The balance of risks to increases in Bank Rate and shorter term PWLB rates are probably also even and are dependent on how strong GDP growth turns out, how slowly inflation pressures subside and how quickly the Brexit negotiations move forward positively.
- 97 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.

Upper limit for principal sums invested for longer than 365 days	2019/20 £m	2020/21 £m	2021/22 £m
Limit for principal sums invested for longer than 365 days	£10m	£10m	£10m
Current investments at 31/12/18 in excess of 1 year maturing in each year	-	-	-

- 98 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

- 99 The Council will use an investment benchmark to assess the performance of its portfolio. The benchmarks will be 7 day and 3 month LIBID un compounded.

End of year investment report

- 100 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

- 101 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.

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Role of the Section 151 officer

102 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 2017.

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.

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 26 February 2019. Given the current uncertainties in the financial markets and the implications of Brexit, 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 2018

Appendix D - Specified and non-specified
investments

Appendix E - Approved countries for investments

Appendix F - Treasury management scheme of
delegation

Appendix G - The treasury management role of
the S151 officer

Background Papers:

None

Adrian Rowbotham
Chief Finance Officer

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APPENDIX A: Prospects for interest rates

- 1 The flow of generally positive economic statistics after the quarter ended 30 June meant that it came as no surprise that the Bank of England's Monetary Policy Committee (MPC) came to a decision on 2 August to make the first increase in Bank Rate above 0.5% since the financial crash, from 0.5% to 0.75%. Growth became increasingly strong during 2018 until slowing significantly during the last quarter. At their November quarterly Inflation Report meeting, the MPC left Bank Rate unchanged, but expressed some concern at the Chancellor's fiscal stimulus in his Budget, which could increase inflationary pressures. However, it is unlikely that the MPC would increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. On a major assumption that Parliament and the EU agree a Brexit deal in the first quarter of 2019, then the next increase in Bank Rate is forecast to be in May 2019, followed by increases in February and November 2020, before ending up at 2.0% in February 2022.
- 2 The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. However, over about the last 25 years, we have been through a period of falling bond yields as inflation subsided to, and then stabilised at, much lower levels than before, and supported by central banks implementing substantial quantitative easing purchases of government and other debt after the financial crash of 2008. Quantitative easing, conversely, also caused a rise in equity values as investors searched for higher returns and purchased riskier assets. In 2016, we saw the start of a reversal of this trend with a sharp rise in bond yields after the US Presidential election in November 2016, with yields then rising further as a result of the big increase in the US government deficit aimed at stimulating even stronger economic growth. That policy change also created concerns around a significant rise in inflationary pressures in an economy which was already running at remarkably low levels of unemployment. Unsurprisingly, the Fed has continued on its series of robust responses to combat its perception of rising inflationary pressures by repeatedly increasing the Fed rate to reach 2.25 - 2.50% in December 2018. It has also continued its policy of not fully reinvesting proceeds from bonds that it holds as a result of quantitative easing, when they mature. We therefore saw US 10 year bond Treasury yields rise above 3.2% during October 2018 and also investors causing a sharp fall in equity prices as they sold out of holding riskier assets. However, by early January 2019, US 10 year bond yields had fallen back considerably on fears that the Fed was being too aggressive in raising interest rates and was going to cause a recession. Equity prices have been very volatile on alternating good and bad news during this period.
- 3 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,

emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.

- 4 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.

Investment and borrowing rates

- 5 Investment returns are likely to remain low during 2019/20 but to be on a gently rising trend over the next few years.
- 6 Borrowing interest rates have been volatile so far in 2018/19 and while they were on a rising trend during the first half of the year, they have backtracked since then until early January. 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.
- 7 There will remain a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

APPENDIX B: Economic Background

- 1 **GLOBAL OUTLOOK.** World growth has been doing reasonably well, aided by strong growth in the US. However, US growth is likely to fall back in 2019 and, together with weakening economic activity in China and the eurozone, overall world growth is likely to weaken.
- 2 Inflation has been weak during 2018 but, at long last, unemployment falling to remarkably low levels in the US and UK has led to a marked acceleration of wage inflation. The US Federal Reserve (Fed) has therefore increased rates nine times and the Bank of England twice. However, the European Central Bank (ECB) is unlikely to start raising rates until late in 2019 at the earliest.
- 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. A new period is well advanced in the US, and started more recently in the UK, of 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 a 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 also encouraged investors into a search for yield and into investing in riskier assets such as equities. Consequently, prices in both bond and equity markets rose to historically high valuation levels simultaneously. This meant that both asset categories were exposed to the risk of a sharp downward correction and we have indeed, seen a sharp fall in equity values in the last quarter of 2018. 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, conversely, 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. At the time of writing, (early January 2019), financial markets are very concerned that the Fed is being too aggressive with

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its policy for raising interest rates and was likely to cause a recession in the US economy.

- 5 The world economy also needs to adjust to a sharp change in liquidity creation over the last five years where the US has moved from boosting liquidity by QE purchases, to reducing its holdings of debt, (currently about \$50bn per month). In addition, the European Central Bank ended its QE purchases in December 2018.
- 6 **UK.** The flow of positive economic statistics since the end of the first quarter of 2018 has shown that pessimism was overdone about the poor growth in quarter 1 when adverse weather caused a temporary downward blip. Quarter 1 at 0.1% growth in GDP was followed by a return to 0.4% in quarter 2 and by a strong performance in quarter 3 of +0.6%. However, growth in quarter 4 is expected to weaken significantly.
- 7 At their November quarterly Inflation Report meeting, the Bank of England's Monetary Policy Committee (MPC) repeated their well-worn phrase that future Bank Rate increases would be gradual and would rise to a much lower equilibrium rate, (where monetary policy is neither expansionary or contractionary), than before the crash; indeed they gave a figure for this of around 2.5% in ten years time, but declined to give a medium term forecast. However, with so much uncertainty around Brexit, they warned that the next move could be up or down, even if there was a disorderly Brexit. While it would be expected that Bank Rate could be cut if there was a significant fall in GDP growth as a result of a disorderly Brexit, so as to provide a stimulus to growth, they warned they could also *raise* Bank Rate in the same scenario if there was a boost to inflation from a devaluation of sterling, increases in import prices and more expensive goods produced in the UK replacing cheaper goods previously imported, and so on. In addition, the Chancellor could potentially provide fiscal stimulus to support economic growth, though at the cost of increasing the budget deficit above currently projected levels.
- 8 It is unlikely that the MPC would increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. Getting parliamentary approval for a Brexit agreement on both sides of the Channel will take well into spring 2019. However, in view of the hawkish stance of the MPC at their November meeting, the next increase in Bank Rate is now forecast to be in May 2019, (on the assumption that a Brexit deal is agreed by both the UK and the EU). The following increases are then forecast to be in February and November 2020 before ending up at 2.0% in February 2022.
- 9 **Inflation.** The Consumer Price Index (CPI) measure of inflation has been falling from a peak of 3.1% in November 2017 to 2.3% in November. In the November Bank of England quarterly Inflation Report, inflation was forecast to still be marginally above its 2% inflation target two years ahead, (at about 2.1%), given a scenario of minimal increases in Bank Rate. This inflation forecast is likely to be amended upwards due to the Bank's report being produced prior to the Chancellor's announcement of a significant fiscal stimulus in the Budget; this is

likely to add 0.3% to GDP growth at a time when there is little spare capacity left in the economy, particularly of labour.

- 10 As for the labour market figures in October, unemployment at 4.1% was marginally above a 43 year low of 4% on the Independent Labour Organisation measure. A combination of job vacancies hitting an all-time high, together with negligible growth in total employment numbers, indicates that employers are now having major difficulties filling job vacancies with suitable staff. It was therefore unsurprising that wage inflation picked up to 3.3%, (3 month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates less CPI inflation), earnings are currently growing by about 1.0%, the highest level since 2009. This increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. This tends to confirm that the MPC was right to start on a cautious increase in Bank Rate in August as it views wage inflation in excess of 3% as increasing inflationary pressures within the UK economy.
- 11 In the political arena, there is a risk that the current Conservative minority government may be unable to muster a majority in the Commons over Brexit. However, our central position is that Prime Minister May's government will endure, despite various setbacks, along the route to reaching an orderly Brexit in March 2019. If, however, the UK faces a general election in the next 12 months, this could result in a potential loosening of monetary and fiscal policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up.
- 12 **USA.** President Trump's massive easing of fiscal policy is fuelling a, (temporary), boost in consumption which has generated an upturn in the rate of strong growth which rose from 2.2%, (annualised rate), in quarter 1 to 4.2% in quarter 2 and 3.5%, (3.0% y/y), in quarter 3, but also an upturn in inflationary pressures. The strong growth in employment numbers and the reduction in the unemployment rate to 3.9%, near to a recent 49 year low, has fed through to an upturn in wage inflation which hit 3.2 % in November. However, CPI inflation overall fell to 2.2% in November and looks to be on a falling trend to drop below the Fed's target of 2% during 2019. The Fed has continued on its series of increases in interest rates with another 0.25% increase in December to between 2.25% and 2.50%, this being the fifth increase in 2018 and the ninth in this cycle. However, they did also reduce their forecast for further increases from three to two. This latest increase compounded investor fears that the Fed is over doing the rate and level of increases in rates and that it is going to cause a US recession as a result. There is also much evidence in previous monetary policy cycles, of the Fed's series of increases doing exactly that. Consequently, we have seen stock markets around the world plunging under the weight of fears around the Fed's actions, the trade war between the US and China, an expectation that world growth will slow, Brexit etc.
- 13 The tariff war between the US and China has been generating a lot of heat during 2018, but it is not expected that the current level of actual action would have much in the way of a significant effect on US or world growth. However,

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there is a risk of escalation if an agreement is not reached soon between the US and China.

- 14 **Eurozone.** Growth was 0.4% in quarters 1 and 2 but fell back to 0.2% in quarter 3, though this was probably just a temporary dip. In particular, data from Germany has been mixed and it could be negatively impacted by US tariffs on a significant part of manufacturing exports e.g. cars. For that reason, although growth is still expected to be in the region of nearly 2% for 2018, the horizon is less clear than it seemed just a short while ago. Having halved its quantitative easing purchases of debt in October 2018 to €15bn per month, the European Central Bank ended all further purchases in December 2018. The ECB is forecasting inflation to be a little below its 2% top limit through the next three years so it may find it difficult to warrant a start on raising rates by the end of 2019 if the growth rate of the EU economy is on a weakening trend.
- 15 **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. Progress has been made in reducing the rate of credit creation, particularly from the shadow banking sector, which is feeding through into lower economic growth. There are concerns that official economic statistics are inflating the published rate of growth.
- 16 **Japan** - has been struggling to stimulate consistent significant GDP 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. It is likely that loose monetary policy will endure for some years yet to try to stimulate growth and modest inflation.
- 17 **Emerging countries.** Argentina and Turkey are currently experiencing major headwinds and are facing challenges in external financing requirements well in excess of their reserves of foreign exchange. However, these countries are small in terms of the overall world economy, (around 1% each), so the fallout from the expected recessions in these countries will be minimal.

INTEREST RATE FORECASTS

- 18 The interest rate forecasts provided by Link Asset Services in the main report and Appendix A are predicated on an assumption of an agreement being reached on Brexit between the UK and the EU. In the event of an orderly non-agreement exit, it is likely that the Bank of England would take action to cut Bank Rate from 0.75% in order to help economic growth deal with the adverse effects of this situation. This is also likely to cause short to medium term gilt yields to fall. If there was a disorderly Brexit, then any cut in Bank Rate would be likely to last for a longer period and also depress short and medium gilt yields correspondingly. It is also possible that the government could act to protect economic growth by implementing fiscal stimulus.

- 19 **The balance of risks to the UK.** The overall balance of risks to economic growth in the UK is probably neutral. The balance of risks to increases in Bank Rate and shorter term PWLB rates, are probably also even and are broadly dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively.
- 20 One risk that is both an upside and downside risk, is that all central banks are now working in very different economic conditions than before the 2008 financial crash as there has been a major increase in consumer and other debt due to the exceptionally low levels of borrowing rates that have prevailed for ten years since 2008. This means that the neutral rate of interest in an economy, (i.e. the rate that is neither expansionary nor deflationary), is difficult to determine definitively in this new environment, although central banks have made statements that they expect it to be much lower than before 2008. Central banks could therefore either over or under do increases in central interest rates.

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

- **Brexit** - if it were to cause significant economic disruption and a major downturn in the rate of growth.
- Bank of England monetary policy takes action too quickly, or too far, 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.
- A resurgence of the eurozone sovereign debt crisis, possibly in Italy, due to its high level of government debt, low rate of economic growth and vulnerable banking system, and due to the election in March of a government which has made a lot of anti-austerity noise. The EU rejected the initial proposed Italian budget and demanded cuts in government spending which the Italian government initially refused. However, a fudge was subsequently agreed, but only by *delaying* the planned increases in expenditure to a later year. This can has therefore only been kicked down the road to a later time. The rating agencies have started on downgrading Italian debt to one notch above junk level. If Italian debt were to fall below investment grade, many investors would be unable to hold it. Unsurprisingly, investors are becoming increasingly concerned by the words and actions of the Italian government and consequently, Italian bond yields have risen - at a time when the government faces having to refinance large amounts of debt maturing in 2019.
- Weak capitalisation of some European banks. Italian banks are particularly vulnerable; one factor is that they hold a high level of Italian government debt - debt which is falling in value. This is therefore undermining their capital ratios and raises the question of whether they will need to raise fresh capital to plug the gap.

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- German minority government. In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. Then in October 2018, the results of the Bavarian and Hesse state elections radically undermined the SPD party and showed a sharp fall in support for the CDU. As a result, the SPD is reviewing whether it can continue to support a coalition that is so damaging to its electoral popularity. After the result of the Hesse state election, Angela Merkel announced that she would not stand for re-election as CDU party leader at her party's convention in December 2018, (a new party leader has now been elected). However, this makes little practical difference as she is still expected to aim to continue for now as the Chancellor. However, there are five more state elections coming up in 2019 and EU parliamentary elections in May/June; these could result in a further loss of electoral support for both the CDU and SPD which could also undermine her leadership.
- Other minority eurozone governments. Spain, Portugal, Ireland, the Netherlands and Belgium all have vulnerable minority governments dependent on coalitions which could prove fragile. Sweden is also struggling to form a government due to the anti-immigration party holding the balance of power, and which no other party is willing to form a coalition with. The Belgian coalition collapsed in December 2018 but a minority caretaker government has been appointed until the May EU wide general elections.
- Austria, the Czech Republic and Hungary now form a strongly anti-immigration bloc within the EU while Italy, in 2018, also elected a strongly anti-immigration government. Elections to the EU parliament are due in May/June 2019.
- Further increases in interest rates in the US could spark a sudden flight of investment funds from more risky assets e.g. shares, into bonds yielding a much improved yield. Throughout the last quarter of 2018, we saw sharp falls in equity markets interspersed with occasional partial rallies. Emerging countries which have borrowed heavily in dollar denominated debt, could be particularly exposed to this risk of an investor flight to safe havens e.g. UK gilts.
- There are concerns around the level of US corporate debt which has swollen massively during the period of low borrowing rates in order to finance mergers and acquisitions. This has resulted in the debt of many large corporations being downgraded to a BBB credit rating, close to junk status. Indeed, 48% of total investment grade corporate debt is now rated at BBB. If such corporations fail to generate profits and cash flow to reduce their debt levels as expected, this could tip their debt into junk ratings which will increase their cost of financing and further negatively impact profits and cash flow.
- Geopolitical risks, especially North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates

- **Brexit** - if both sides were to agree a compromise that removed all threats of economic and political disruption.
- 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 QE, 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.
- 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, whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

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APPENDIX C: CURRENT PORTFOLIO POSITION

List of Investments as at:- 31-Dec-18

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.		3,834,000	01-Oct-11			0.55000%	Variable
	Svenska Handelsbanken AB (Deposit A/C)	AA	Sweden		0	23-Jul-14			0.40000%	Variable
	Svenska Handelsbanken AB (35 Day Notice A/C)	AA	Sweden		1,000,000	01-Sep-16			0.50000%	Variable
	Aberdeen Standard Liquidity Fund (Money Market Fund)	AAA	U.K.		1,600,000	11-May-12				Variable
	Insight Liquidity Fund (Money Market Fund)	AAA	U.K.		500,000	11-May-12				Variable
	BlackRock Liquidity Fund (Money Market Fund)	AAA	U.K.		500,000	13-Oct-16				Variable
	CCLA Public Sector Deposit Fund (Money Market Fund)	AAA	U.K.		3,000,000	08-Oct-18				Variable
IP1357	Bank of Scotland plc	A+	U.K.	Lloyds/HBOS	1,000,000	09-Aug-17	0.45000%	31-Mar-19	1.00000%	95 Day Notice
IP1401	Goldman Sachs International Bank	A	U.K.		3,000,000	15-Nov-18	0.92000%	15-May-19		6 Months
IP1400	Kingston upon Hull City Council		U.K.		2,000,000	26-Nov-18	0.90000%	27-May-19		6 Months
IP1374	Lloyds Bank plc	A+	U.K.	Lloyds/HBOS	1,000,000	05-Jan-18	0.70000%	31-Mar-19	1.00000%	95 Day Notice
IP1396	Lloyds Bank plc	A+	U.K.	Lloyds/HBOS	1,000,000	28-Sep-18	0.77000%	14-Feb-19		4/5 Months
IP1403	Lloyds Bank plc	A+	U.K.	Lloyds/HBOS	1,000,000	21-Dec-18	1.00000%	21-Jun-19		6 Months
IP1398	London Borough of Croydon		U.K.		4,000,000	22-Oct-18	1.00000%	22-Jul-19		9 Months
IP1394	Newcastle Building Society		U.K.		2,000,000	09-Jul-18	0.75000%	09-Jan-19		6 Months
IP1395	Nottingham Building Society		U.K.		2,000,000	24-Aug-18	0.86000%	25-Feb-19		6 Months
IP1402	Nottingham Building Society		U.K.		1,000,000	17-Dec-18	0.90000%	17-Jun-19		6 Months
IP1392	Principality Building Society	BBB+	U.K.		1,000,000	11-Jun-18	0.80000%	11-Mar-19		9 Months
IP1383	Thurrock Borough Council		U.K.		2,000,000	16-May-17	0.77000%	31-Jan-19		8 Months
IP1399	Thurrock Borough Council		U.K.		3,000,000	31-Oct-18	0.95000%	30-Apr-19		6 Months
IP1387	West Bromwich Building Society		U.K.		1,000,000	23-May-18	0.79000%	14-Jan-19		8 Months
	Total Invested				<u><u>35,434,000</u></u>					
	Other Loans									
	Sevenoaks Leisure Limited				600,000	02-Mar-18	6.00000%	02-Mar-28		10 Years

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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

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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(d) - Capital Strategy 2019/20

The attached report was considered by the Cabinet on 14 February 2019, and the relevant minute extract was therefore not available prior to printing of these papers and will follow when available.

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CAPITAL STRATEGY 2019/20

Council - 26 February 2019

Report of the: Chief Finance Officer

Status: For Decision

Also considered by: Finance Advisory Committee - 29 January 2019

Cabinet - 14 February 2019

Key Decision: No

Executive Summary: This report presents the Capital Strategy for 2019/20. The Capital Strategy forms part of the Council's policy and strategy documents, providing guidance on the Council's capital programme and the use of its capital resources. It has to be approved by Cabinet and Full Council.

Its aim is to ensure that Members fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

The guidance in this strategy complements and supplements the Medium Term Financial Plan, the Property Investment Strategy and the Treasury Management Policy and Strategy.

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

Portfolio Holder Cllr. John Scholey

Contact Officer Roy Parsons, Principal Accountant, Ext. 7204

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

Recommendation to Cabinet: That, subject to the comments of the Finance Advisory Committee, Cabinet recommend that Council approve the Capital Strategy for 2019/20.

Recommendation to Council: That the Capital Strategy for 2019/20 be approved.

Reason for recommendations: To agree the content of the Capital Strategy for 2019/20.

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Background

- 1 Following a substantial review process during 2017 both the Prudential Code for Capital Finance in Local Authorities (the 'Prudential Code') and the Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (the 'Treasury Management Code') were updated and issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) in December 2017.
- 2 The Ministry of Housing, Communities and Local Government (MHCLG) issued its Statutory Guidance on Local Government Investments (3rd Edition) in February 2018. The Statutory Investment Guidance was amended in response to changing practices for local authority investments (for example, for investment in economic regeneration and authorities investing in non-financial assets) and it follows up on the changes to the CIPFA codes.
- 3 Local authorities in England are required to 'have regard' to the Statutory Investment Guidance as the Guidance was issued by the Secretary of State under Section 15 (1) of the Local Government Act 2003.

Introduction

- 4 The revised CIPFA Codes require, for 2019/20 onwards, all local authorities to prepare a Capital Strategy report, which will provide the following:
 - A high level, long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
 - An overview of how the associated risk is managed; and
 - The implications for future financial sustainability.
- 5 The aim of this Capital Strategy is to ensure that all elected Members fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance and risk appetite.
- 6 The Capital Strategy has direct links to other key strategic and policy documents, such as:
 - The Ten Year Plan;
 - The Local Plan;
 - Asset Management Plan;
 - Treasury Management Policy And Strategy;
 - Budget and Medium Term Financial Plan (MTFP);
 - Property Investment Strategy; and

- Capital Programme

- 7 The Capital Strategy complements the above documents by defining the approach, structure and governance for the effective financing and Management of the Council's capital investment needs and ambitions. It outlines how the Council's existing capital resources will be effectively managed to meet the planned needs and opportunities and for meeting the ambitions for future longer term capital investments.
- 8 It is intended that the Capital Strategy will be updated annually to reflect changes in circumstances.

Purpose of the Capital Strategy

- 9 The Capital Strategy sets out how the Council will manage the investment and financing of capital resources to contribute towards the achievement of its key objectives and priorities. This includes the appraisal process for determining investment decisions and the process for identifying and prioritising funding requirements.
- 10 The Capital Strategy is a framework by which capital expenditure decisions are made. It is required under the Prudential Code as a measure of good governance.
- 11 The objectives of the Capital Strategy are to:
- Prioritise and deploy capital resources in advancement of corporate objectives;
 - Support service plans;
 - Look for opportunities for cross-cutting and joined up investment;
 - Invest in assets that reflect the visions and aspirations of local people in service delivery; and
 - Manage investment and the Council's property and other assets effectively and efficiently.
- 12 The strategy considers all aspects of the Council's capital expenditure and extends to areas where the Council is able to influence others through the use of its capital resources. It forms part of the Council's integrated revenue, capital and balance sheet planning.
- 13 The strategy covers capital expenditure, capital financing and asset management and is one of the Council's key strategies. It also gives an overview of how risk is managed and the implications for future financial sustainability. It also provides a set of objectives and a framework, within the CIPFA Codes and statutory legislation, by which new capital projects are evaluated and investment decisions made, whilst ensuring that funding is targeted towards meeting corporate priorities.

14 The Capital Strategy:

- States the Council's processes for project initiation, deciding on the prioritisation of capital projects and monitoring and evaluating schemes;
- Takes account of significant revenue implications;
- Provides a framework for the management and monitoring of the capital programme;
- Identifies funding streams and provides a basis to inform bidding for additional capital resources (e.g. government initiatives); and
- Informs the corporate review of existing properties.

Project Initiation

- 15 Capital projects are subject to a robust justification process, bringing together a clear business case with sufficient detailed costings to ensure that transparent decisions can be taken. Proposals are given independent oversight and review of the project in terms of validation arrangements, estimated figures and project milestones. Business cases are prepared in accordance with good project management principles.
- 16 A formal process is drawn up to ensure that projects are subject to thorough oversight for the duration of the scheme. Project management sits with the initiating team or department and there are clearly defined areas of responsibility for each task within the project.
- 17 For larger projects where feasibility is less certain, more robust business cases are prepared before bids for funds are made. This includes undertaking all preparatory work to fully understand the requirements of a project before a budget is sought. There must be a clear link between budgets and service plans.

Prioritisation of capital projects

- 18 Capital projects will be assessed for:
- Strategic fit - corporate objectives are being met by the expenditure;
 - Identified need - e.g. essential repairs and maintenance of existing assets;
 - Achievability - this may include alternatives to direct expenditure by the Council such as partnerships with others;
 - Affordability - to ensure that total capital expenditure remains within sustainable limits;

- Practicality and deliverability;
- Revenue generation achieved from the investment; and
- Non-monetary impacts such as future economic growth, social well-being or environmental improvement.

Monitoring and evaluating schemes

- 19 For all capital investment the appropriate level of due diligence will be undertaken, with the extent and depth reflecting the level of risk being considered. Due diligence will include:
- Identification of the risk to both the capital sums invested and the returns;
 - Understanding the potential impact on the financial sustainability of the Council if the risks come to fruition;
 - Identifying assets being held for security against any potential debt or charges on assets; and
 - Seeking independent and expert advice where necessary.
- 20 The Chief Finance Officer will ensure that Members are adequately informed and understand the risks of capital investment.
- 21 Project proposals will be put to Council for formal approval together with funding requirements and, if successful, will form the Council's capital programme which is its plan of capital investment for future years. This ensures that the Council's overall capital strategy, governance procedures and risk appetite are fully understood by all Members.

Revenue implications

- 22 The revenue implications of capital investment must always be considered in investment decisions and the prioritisation of projects. These include costs and savings implications. Costs to consider include:
- Cost of borrowing (including Minimum Revenue Provision);
 - Loss of investment income if reserves or useable capital receipts are deployed; and
 - Running costs associated with the asset (e.g. employee salaries, heat and light, administrative support costs and future maintenance).

Savings, including benefits, to identify include:

- Any positive impact of investment and economic growth on the Council's council tax base and business rates income; and

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- Capital projects that generate income, revenue savings or efficiencies.

Funding the Capital Strategy

- 23 Proposals for capital projects must identify the funding requirements for the timescale of the project including any revenue implications. Funding must be appropriate for the project and will come from:
- Reserves;
 - Capital receipts - from the sale of assets or finance lease receipts;
 - Government grants - such as disabled facilities grant funding;
 - Third party grants and contributions;
 - Community Infrastructure Levy;
 - Revenue contributions;
 - Other developer contributions; and
 - External borrowing.
- 24 The Secretary of State believes that individual local authorities are best placed to decide which projects will be most effective for their area. The key criteria to use when deciding whether expenditure can be funded by the increased flexible use of capital receipts is that it is forecast to generate ongoing savings.

Borrowing

- 25 The Council's approach to borrowing is set out in its Treasury Management Strategy Statement. The Council may consider internal or external borrowing. Prior to undertaking any external borrowing, affordability, the maturity profile of existing debt, interest rate and refinancing risk and the borrowing source should be given due consideration.
- 26 Local authorities are required to set aside some of their revenues as provision for debt each year of an amount considered to be 'prudent' (the Minimum Revenue Provision or MRP). Prudent provision should ensure that debt is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefit.

Commercial activities and investment property

- 27 CIPFA defines investment property as property held solely to earn rentals or for capital appreciation or both. Returns from property ownership can be both income driven (through the receipt of rent) and by way of appreciation

of the underlying asset value (capital growth). The combination of these is a consideration in assessing the attractiveness of a property for acquisition.

- 28 With reductions in funding that the Council has faced, it is having to look at commercial activities and property investment to supplement its income and support service delivery. However, to minimise risk of potential loss of income in the longer term, it needs to ensure that any investment opportunities are based upon sound decision making that considers the future likelihood of investment income reducing. Property investment is not without risk as property values can fall as well as rise and changing economic conditions could cause tenants to leave properties remaining vacant.
- 29 The detail is contained in the Council's Property Investment Strategy which documents the Council's requirements, but when making commercial investment decisions the Council will follow the following principles:
- Commercial investments will only be made to enhance the Council's asset portfolio and will be linked to delivery of the Ten Year Plan;
 - Consideration will be given to the economic development potential of any investment decision;
 - Expert advice will be sought to ensure that any investment decision is based upon sound market intelligence, forecasts for future investment returns and yields that offer sound investment return without risking the capital invested;
 - Any borrowing linked to investment opportunities is secured upon the potential guaranteed element of the investment return so that any liability can be met from the activity undertaken; and
 - Investment opportunities will always ensure that the Council's investment is protected as far as possible either through increases in capital value or from guaranteed revenue income.
- 30 The Property Investment Strategy makes it clear that the Council will continue to invest prudently on a commercial basis and to take advantage of opportunities as they present themselves, supported by a robust governance process. However, proportionality in respect of overall resources will remain an important factor.

Knowledge and skills

- 31 The Council has professionally qualified staff across a range of disciplines, including finance, legal and property that follow continuous professional development (CPD) and maintain knowledge and skills through attendance on courses and through regular technical updates from appropriate bodies.
- 32 The Council utilises the knowledge and skills of these officers when considering capital investment decisions and, where necessary, it also relies

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on the expert knowledge of specialist external advisors. Some of these advisors are contracted long term or are appointed on an ad-hoc basis where necessary. Link Asset Services, provide treasury management advice, including investments, borrowing and capital financing.

- 33 External professional advice will always be sought when considering any major commercial property investment decision.

Key Implications

Financial

The report forms part of the Council's Budget and Policy framework.

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.

All capital expenditure carries an element of risk which will be considered as part of the decision-making process for individual capital schemes.

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

This Capital Strategy report fulfils the requirements of the CIPFA Prudential Code and the CIPFA Treasury Management Code, which were issued in December 2017.

In line with the revised CIPFA Codes, the Capital Strategy must be considered by Council and this is planned for its meeting on 26 February 2019.

Background Papers: None

Adrian Rowbotham
Chief Finance Officer

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

The attached report was considered by the Cabinet on 10 January 2019, and the relevant minute extract is below:

Cabinet (10 January 2019, Minute 62)

The Portfolio Holder for Finance presented the report which set out details of the calculation of the District's tax base for council tax setting purposes. These figures were used to determine tax rates for each of the council tax bands once the Council's budget requirement was known. The report also advised Members of the timetable for setting the 2019/20 council tax.

The Chief Finance Officer set out 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. 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 this figure was used to calculate the band D charge.

This report showed that the tax base for 2019/20 would be 50,772.34 which was an increase of 1.7%. A collection rate of 99.4% had been included which was the same as the rate used in 2018/19.

The Chief Finance Officer reiterated that the timetable leading up to setting the Council Tax for 2019/20 was also included in the report. The major precepting authorities' council taxes should be known in advance of the Council setting the tax for the whole District on 26 February 2019.

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 2019/20 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 2019/20 shall be 50,772.34;
- 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

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the Sevenoaks District Council as the council tax base for 2019/20 for the calculation of local precepts shall be:

<u>Parish</u>	<u>Tax Base</u>
Ash-cum-Ridley	2,460.65
Badgers Mount	334.28
Brasted	778.50
Chevening	1,450.74
Chiddingstone	602.66
Cowden	435.77
Crockenhill	660.41
Dunton Green	1,323.31
Edenbridge	3,556.04
Eynsford	945.99
Farningham	664.59
Fawkham	283.39
Halstead	782.28
Hartley	2,555.38
Hever	610.42
Hextable	1,666.94
Horton Kirby & South Darenth	1,299.56
Kemsing	1,839.00
Knockholt	634.77
Leigh	948.18
Otford	1,709.88
Penshurst	835.95
Riverhead	1,249.06
Seal	1,253.83
Sevenoaks Town	9,637.63
Sevenoaks Weald	615.09
Shoreham	685.46
Sundridge	932.07
Swanley	5,607.45
Westerham	2,068.71
West Kingsdown	2,344.35

- 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.

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CALCULATION OF COUNCIL TAX BASE AND OTHER TAX SETTING ISSUES

Council - 26 February 2019

Report of the: Chief Finance Officer

Status: For Decision

Also considered by: Cabinet- 14 February 2019

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 2019/20 council tax.

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

Portfolio Holder Cllr. John 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 2019/20 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 2019/20 shall be 50,772.34;
- (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 2019/20 for the calculation of local precepts shall be:

<u>Parish</u>	<u>Tax Base</u>
Ash-cum-Ridley	2,460.65
Badgers Mount	334.28
Brasted	778.50

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Chevening	1,450.74
Chiddingstone	602.66
Cowden	435.77
Crockenhill	660.41
Dunton Green	1,323.31
Edenbridge	3,556.04
Eynsford	945.99
Farningham	664.59
Fawkham	283.39
Halstead	782.28
Hartley	2,555.38
Hever	610.42
Hextable	1,666.94
Horton Kirby & South Darent	1,299.56
Kemsing	1,839.00
Knockholt	634.77
Leigh	948.18
Otford	1,709.88
Penshurst	835.95
Riverhead	1,249.06
Seal	1,253.83
Sevenoaks Town	9,637.63
Sevenoaks Weald	615.09
Shoreham	685.46
Sundridge	932.07
Swanley	5,607.45
Westerham	2,068.71
West Kingsdown	2,344.35

- (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 2019/20, 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 10 September 2018 and occupancy information at 1 October 2018. The tax base for tax setting purposes is based on information available in December 2018. In addition, other factors may be taken into account to reflect likely changes to the tax base during 2019/20. 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. In addition, changes are planned for 2019/20 to the levels of discount for uninhabited properties and properties that are both unoccupied and unfurnished. Members agreed

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to this approach as part of the last budget cycle and it will be the subject of a more detailed report to be brought before them in due course. An estimate of the likely effect of these changes has been made and the tax base increased accordingly.

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 2019/20.
- 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 2018 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 2018/19 appear in column 5.

<u>(1)</u> <u>Parish</u>	<u>(2)</u> <u>Band D</u> <u>Equivalents</u>	<u>(3)</u> <u>Collection</u> <u>Rate</u> <u>Multipliers</u>	<u>(4)</u> <u>Tax base</u> <u>2019/20</u>	<u>(5)</u> <u>Tax base</u> <u>2018/19</u>
Ash-cum-Ridley	2,475.50	0.994	2,460.65	2,431.82
Badgers Mount	336.30	0.994	334.28	329.31
Brasted	783.20	0.994	778.50	779.00
Chevening	1,459.50	0.994	1,450.74	1,443.19
Chiddingstone	606.30	0.994	602.66	600.18
Cowden	438.40	0.994	435.77	402.07
Crockenhill	664.40	0.994	660.41	656.44
Dunton Green	1,331.30	0.994	1,323.31	1,180.38
Edenbridge	3,577.50	0.994	3,556.04	3,548.58
Eynsford	951.70	0.994	945.99	930.38
Farningham	668.60	0.994	664.59	657.83
Fawkham	285.10	0.994	283.39	280.51
Halstead	787.00	0.994	782.28	777.21
Hartley	2,570.80	0.994	2,555.38	2,538.28
Hever	614.10	0.994	610.42	598.98
Hextable	1,677.00	0.994	1,666.94	1,643.18
Horton Kirby & South Darent	1,307.40	0.994	1,299.56	1,298.26

Kemsing	1,850.10	0.994	1,839.00	1,813.75
Knockholt	638.60	0.994	634.77	628.51
Leigh	953.90	0.994	948.18	877.50
Otford	1,720.20	0.994	1,709.88	1,687.32
Penshurst	841.00	0.994	835.95	831.38
Riverhead	1,256.60	0.994	1,249.06	1,242.10
Seal	1,261.40	0.994	1,253.83	1,223.02
Sevenoaks Town	9,695.80	0.994	9,637.63	9,470.04
Sevenoaks Weald	618.80	0.994	615.09	621.15
Shoreham	689.60	0.994	685.46	686.26
Sundridge	937.70	0.994	932.07	925.22
Swanley	5,641.30	0.994	5,607.45	5,485.19
Westerham	2,081.20	0.994	2,068.71	1,985.12
West Kingsdown	2,358.50	0.994	2,344.35	2,330.73
TOTALS	51,078.80		50,772.34	49,902.89

- 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 2019/20:

County Council	14 February 2019
Police & Crime Commissioner	6 February 2019
Fire and Rescue Service	12 February 2019

- 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 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 2019 or the first working day after this, for the year ending 31 March 2019.

- 12 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

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taken into account by both billing and major precepting authorities in calculating their basic amounts of council tax for 2019/20.

- 13 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.
- 14 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 2018/19. Payment is to be made during 2019/20 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 2019/20 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 12 October 2018 | Notify tax base for grant settlement purposes to Department for Communities & Local Government (DCLG) |
| ii) | During December 2018 | DCLG notifies schedule of payment dates for Revenue Support Grant (RSG) and Non-Domestic Rates (NDR). DCLG notifies the NDR multiplier (rate in £) for 2019/20 |
| iii) | By 31 December 2018 | Issue proposed schedule of payment dates to precepting authorities |
| iv) | By 31 January 2019 | Agree actual schedule of precept payment dates |
| v) | Between 1 December 2018 and 31 January 2019 | Notify tax base for tax setting purposes to KCC, Fire & Rescue Service and Police & Crime Commissioner |
| vi) | On 15 January 2019 | 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 2019 | Notify KCC, Fire and Police of their shares of the surplus or deficit and when amounts are to be paid or transferred during 2019/20 (where applicable) |
| viii) | During January and February 2019 | Notify Town/Parish Councils of tax bases for their areas within 10 days of them making such a request |
| ix) | During February 2019 | DCLG notifies entitlements and payment dates of Formula Spending Share (FSS), RSG and NDR |
| x) | By 1 March 2019 | KCC, Fire & Rescue Service, Police & Crime Commissioner and Town/Parish Councils issue their precepts |
| xi) | By 11 March 2019 | District sets council tax for 2019/20, taking account of its own budget requirement and those of the precepting authorities. |

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Item 6(f) - Budget and Council Tax Setting 2019/20

The attached report was considered by the Cabinet on 14 February 2019, and the relevant minute extract was therefore not available prior to printing of these papers and will follow when available.

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BUDGET AND COUNCIL TAX SETTING 2019/20**Council - 26 February 2019**

Report of	Chief Finance Officer
Status	For Decision
Also considered by	Cabinet - 14 February 2019
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 eight 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 ninth 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 2019/20.

The report proposes a net expenditure budget of £15.251m in 2019/20 (£14.687m in 2018/19). Subject to any further changes this would result in a Council Tax increase of 2.97% in 2019/20, with the District's Council Tax being £215.01 for a Band D property for the year (£208.80 in 2018/19), an increase of £6.21.

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 2019/20 set out in Appendix E be approved.

-
- (b) Approve the 10-year budget 2019/20 to 2028/29 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 2019/22 and funding method set out in Appendix H.
- (d) Approve the changes to reserves and provisions set out in Appendix J.

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

Introduction and Background

- 1 The Council's financial strategy over the past fourteen 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 13 September 2018, Members considered a report setting out the Council's financial prospects for 2019/20 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 2019/20 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 Cabinets meeting on 6 December 2018.
- 7 The report to Cabinet on 6 December 2018 also contained updates to the Financial Prospects report. Another update report was presented to Cabinet on 10 January 2019 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 eight 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 (revenue and balance sheet);
 - 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 J - Reserves
 - Appendix K - Risk analysis;
 - Appendix L - Latest information on precepting authorities (only in Council report)

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- Appendix M - Town and Parish Council precepts and council tax rates (only in Council report)
- Appendix N - Council tax setting recommendations (only in Council report)
- Appendix P - 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.
- 15 Cabinet have been 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.
- 16 This vision for the future is set out in the new Council Plan which retains a focus on ensuring innovation, excellence and value for money in everything we do.

Local Government Finance Settlement

- 17 ***The Provisional Local Government Finance Settlement*** for 2019/20 was announced on 13 December 2018 and was for 2019/20 only. The most relevant elements for this Council were as follows:

- The Council Tax increase referendum limit for district councils for 2019/20 has been increased from 2% to 3% (or £5 if higher).
- The Kent and Medway Business Rates Retention Bid for 2019/20 was not successful.
- The Fair Funding Review consultation paper has been published.
- The Business Rates Retention consultation paper has been published.
- Commercialisation - The Secretary of State said that he shared the concerns of CIPFA regarding some councils' commercial investments and the potential "risks they are exposing" themselves and the public to and he would discuss with the Treasury "whether further intervention might be required"

18 ***The Final Local Government Finance Settlement*** for 2019/20 was announced on 29 January 2019. There were no changes proposed that affect this Council. The settlement will be debated in the House of Commons on 5 February 2019 and if there are any changes, they will be explained at the meetings.

Updates on Assumptions

- 19 ***Government Support: Revenue Support Grant (RSG)*** (£nil received in 2018/19) - As previously assumed, this council no longer receives Revenue Support Grant from 2017/18.
- 20 ***New Homes Bonus (NHB)*** (£1.3m received in 2018/19 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. The basis of NHB was changed with effect from 2017/18. 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 (known as the deadweight).
- 21 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 funding received from this 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.

New Homes Bonus (estimated amount)
2019/20 £1.220m

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22 **Council Tax** (£10.4m) - in the Local Government Finance Settlement it was announced that the referendum limit for 2019/20 was being increased to 3% (or £5 if higher) in line with current inflation. At the Cabinet meeting on 10 January 2019 Members recommended to change the Council Tax increase assumption for 2019/20 to 2.97% but for it to remain at 2% for later years.

23 This recommendation would result in Band D Council Tax increasing from 2018/19 is £208.80 to £215.01 in 2019/20.

2019/20 Council Tax	Original Assumptions	Proposed Assumptions
% increase	2.00%	2.97%
£ increase (Band D pa)	£4.18	£6.21
£ (Band D pa)	£212.98	£215.01

24 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.

25 The Council Tax Base has increased from 49,902.9 to 50,772.3 Band D equivalent properties. That is an increase of 869.4 (1.7%) which is similar to the assumed increase of 880.5.

26 Part of this increase is due to changes to the empty property discount. A year ago the Government announced that Council's would be able to make changes from 2019/20 but the details have only recently been published. As part of the 2018/19 budget setting process, Members agreed that an estimated change for this would be included in the assumptions and a separate report on this is being presented at this meeting.

27 **Business Rates Retention** (£2.7m) - 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.

28 There has been a commitment from Government to introduce 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 and was successful. This resulted in this Council retaining significantly more Business Rates in 2018/19 than had previously been assumed.

29 That pilot was for one year only and a further Kent and Medway pilot bid was submitted for 2019/20 but was not successful.

- 30 The situation in Kent and Medway is that Business Rates Retention for 2019/20 will revert back to the Business Rates Pool which operated in 2017/18. This Council and Dover Borough Council were not part of that pool but as part of the pilot negotiations it was agreed that Sevenoaks and Dover would benefit as if they were in the pool.
- 31 The assumption in the 10-year budget assumes Business Rates at the safety net level of £2.1m but it is expected that a higher amount will be retained due to the pool agreement.
- 32 The ‘safety-net’ amount in the Local Government Finance Settlement for 2019/20 is £1,000 higher than included in the previous year’s settlement but there is also a one-off levy surplus distribution amount of £35,000.

Business Rates Safety-Net	
2019/20	£2.132m

- 33 The previous settlement continued to include an indicative ‘tariff adjustment’ (known as negative RSG) amount of £1.083m in 2019/20. It is pleasing to report that this has now been removed from the latest settlement.
- 34 **Interest receipts** (£0.13m) - Returns are continuing to be significantly lower than they were a few years ago due to low interest rates and the Council’s Investment Strategy taking a low risk approach.
- 35 The Bank of England Base Rate increased from 0.5% to 0.75% in August and recent investments have reflected this change. Link Asset Services, the Council’s treasury advisors, are forecasting further increases over the next two years.
- 36 Based on the above information the interest receipts assumption for 2019/20 has been reduced from £250,000 to £200,000 but remains at £250,000 in later years.
- 37 **Property Investment Strategy** - The strategy was approved by Council on 22 July 2014 with the intention of building on an approach of property based investment in order to deliver increased revenue income. This was set against a background of reducing Government Support and continued low rates of return through existing treasury management arrangements.
- 38 Five assets have been purchased to date at a cost of £18m and on 25 April 2017, Council agreed to set aside a further £25m for the Property Investment Strategy. The Sennocke Hotel is also now open.
- 39 The income assumptions have been updated based on the current income levels.

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Property Investment Strategy Income

	Previous Assumption	Proposed Assumption
2019/20	£1.185m	£1.258m
2020/21 - 2022/23	£1.185m	£1.311m
2023/24	£1.285m	£1.411m
2024/25 - 2025/26	£1.329m	£1.455m
2026/27 - 2028/29	£1.529m	£1.655m

- 40 A Property Investment Strategy Update report has been presented to Finance Advisory Committee on 29 January 2019 and Cabinet on 14 February 2019.
- 41 **Pay costs** (£15m) - The pay award assumption in the previous 10-year budget was 2% per annum. The national pay award for 2019/20 has been finalised with staff on Band D and above receiving a 2% increase with staff on Bands A-C receiving a greater increase (on average over 3%). This additional increase for lower paid staff will increase the cost of the 2019/20 pay award by £60,000.
- 42 Members previously agreed that a budget would be set aside to address the Council's recruitment and retention difficulties and challenges going forward.
- 43 **Non-pay costs** - The budget assumes non-pay costs will increase by an average of 2.25% in all years. In practice, items such as rates and energy costs often rise at a higher rate, so other non-pay items have been allowed a much lower inflation increase. Following detailed work on the non-pay costs budget, the actual amount allocated for 2019/20 is £12,000 less than previously assumed. Inflation is currently at 2.1% (CPI - December 2018).
- 44 **Annual Savings** - When the 10-year budget was agreed by Council in February 2016, an annual Net Savings/Additional Income assumption of £100,000 was included up to and including 2026/27. Due to all of the changes made to the budget which are listed in **Appendix D**, the Net Savings/Income figure has been exceeded by £7,000. Therefore the Net Savings/Income assumption for 2020/21 has been reduced to £93,000.
- 45 **Exiting the EU** - The Government has said that they will assess and, if appropriate, fund any potential new burdens arising on councils as a result of exiting the EU. On 28 January the Ministry for Housing, Communities & Local Government announced that £40m will be allocated to councils over two years (this year and next) for the purpose of appropriate contingency planning. A further £10m has been retained by the Ministry to allocate next year in response to any specific local costs that become evident in the months after the UK exits the EU.
- 46 The Council continues to closely monitor the potential implications on the District and is engaged in contingency planning arrangements co-ordinated

by the Kent Resilience Forum. This includes submitting a further bid for costs related to contingency planning, which is separate and additional to the funding set out above.

- 47 All funding opportunities being pursued are for contingency purposes. The Council has not identified the need for any immediate spending whilst we await the outcome of negotiations with the EU on the form of exit the UK will make on 29 March 2019.

Collection Fund Surplus/Deficit Calculation

- 48 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.
- 49 The estimated surplus at 15 January 2018 was £1,519,500 (of which the Council's share was £254,772) whilst the actual surplus balance at 31 March 2018 was £1,162,300. The balance is relatively small in the context of the gross council tax collectible during 2017/18 of almost £84.5m. It came about as a result of greater than expected council tax income plus a review of the bad debt provision.
- 50 The calculation at 15 January 2019 estimates a likely surplus or deficit balance on the collection fund at 31 March 2019. This is based on the tax bills issued for the year, current collection performance and the level of bad debt provision held.
- 51 The overall estimated balance at 31 March 2019 is zero, meaning that there is no apportionment required between District, County, Fire and Police.

Current Budget Position

- 52 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.
- 53 **Appendix D** shows that the overall change in the 10-year Budget since it was last approved by Council in February 2018 is a very small improved position of £4,000 (i.e. £400 per annum).

2019/20 Budget and Council Tax

- 54 After allowing for the growth and savings agreed and the key changes made during this budget process, the resulting net expenditure for 2019/20 is £15.251m. As shown in **Appendix E** this results in Council Tax income of

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£10.917m, meaning that the District element of the Band D charge will be £215.01.

- 55 When the other preceptors announce their increases, details will be included in **Appendix L**.

Capital Programme

- 56 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 29 January 2019 and Cabinet on 14 February 2019.
- 57 Scheme bid documents were received for all new schemes which included the proposed funding methods.
- 58 Unspent budgets in the current year's programme (2018/19) can be carried forward to 2019/20, subject to Cabinet approval, when the outturn is known.
- 59 **Appendix H** summarises the position if all schemes are approved, and indicates the funding method proposed.
- 60 Council will be informed at the meeting of any changes recommended by Cabinet.

Integration with other budget reports on the Cabinet Agenda

- 61 Separate reports on the Treasury Management Strategy and the Capital Strategy are 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)

- 62 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.
- 63 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 2019/20 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.

64 As is the case every year, inevitably there are a number of risk factors within the 2019/20 budget proposals; these are set out in some detail in **Appendix K**. This Appendix was also considered by the Finance Advisory Committee on 29 January 2019. 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 (higher for staff on lower bands A - C) in 2019/20 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 increased in 2018/19 following the Bank of England Base Rate increase in August. 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 2019/20 is reported separately on this Agenda.

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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.

- 65 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

- 66 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 J**. This review should ensure that all provisions and earmarked reserves are adequate for their purposes.
- 67 It is recommended that the Council hold a minimum General Fund reserve balance of 10% of its net Revenue Budget, for emergencies.
- 68 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 2019/20 this equates to £1.5m).

Referendums relating to council tax increases

- 69 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.
- 70 The Secretary of State has published draft thresholds in relation to 2019/20 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 K**.

Current and future challenges together with risks 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

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transparent. These were included in the Budget Update 2019/20 reports to Cabinet on 6 December 2018 and 10 January 2019.

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.

If the council tax resolution attached in **Appendix N** is approved, the Sevenoaks District Council element of the band D council tax will be £215.01.

Appendices

Appendix A - Budget timetable

Appendix B (i) - 10-year budget - Revenue

Appendix B (ii) - 10 year budget - Balance Sheet

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

Appendix H (ii) - Capital bid forms

Appendix J - Reserves

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

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

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

Appendix N - Council tax setting recommendations (**only in Council report**)

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

Background Papers

[Report to Cabinet 6 February 2018 - Budget and Council Tax Setting 2018/19](#)

[Report to Cabinet 13 September 2018 - Financial Prospects and Budget Strategy 2019/20 and Beyond](#)

[Report to Economic and Community Development Advisory Committee 25 September 2018, Planning Advisory Committee 2 October 2018, Legal and Democratic Services Advisory Committee 4 October 2018, Direct and Trading Advisory Committee 9 October 2018, Finance Advisory Committee 15 November 2018, Housing and Health Advisory Committee 27 November 2018, Policy and Performance Advisory Committee 29 November 2018 - Budget 2019/20: Service Dashboards and Service Change Impact Assessments \(SCIAs\)](#)

[Report to Cabinet 6 December 2018 - Budget Update 2019/20](#)

[Report to Cabinet 10 January 2019 - Budget Update 2019/20](#)

Adrian Rowbotham

Chief Finance Officer

2019/20 Budget Setting Timetable

	Date	Committee
Stage 1		
Financial Prospects and Budget Strategy 2019/20 and Beyond	4 September	Finance AC
	13 September	Cabinet
↓		
Stage 2		
Review of Service Dashboards and Service Change Impact Assessments (SCIAs)	25 September	Economic & Comm. Dev. AC
	2 October	Planning AC
	4 October	Legal & Dem. Svs AC
	9 October	Direct & Trading AC
	15 November	Finance AC
	27 November	Housing & Health AC
	29 November	Policy & Performance AC
↓		
Stage 3		
Budget Update (incl. Service Change Impact Assessments (SCIAs), feedback from Advisory Committees)	6 December	Cabinet
↓		
Stage 4		
Budget Update (incl. Government Settlement information)	10 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)	14 February	Cabinet
↓		
Stage 7		
Budget Setting Meeting (incl. Council Tax setting)	26 February	Council

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

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	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	Plan 2028/29
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Expenditure											
Net Service Expenditure c/f	14,470	14,687	15,251	15,556	15,973	16,353	16,741	17,134	17,532	17,937	18,451
Inflation	732	608	656	473	480	488	493	499	505	513	522
Superannuation Fund deficit and staff recruitment & retention	0	0	100	0	0	0	0	0	0	0	0
Net savings (approved in previous years)	(427)	(181)	(298)	14	0	0	0	(1)	0	1	0
New growth	292	256	(60)	0							
New savings/Income	(380)	(119)	(93)	(70)	(100)	(100)	(100)	(100)	(100)	0	0
Net Service Expenditure b/f	14,687	15,251	15,556	15,973	16,353	16,741	17,134	17,532	17,937	18,451	18,973
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	(10,420)	(10,917)	(11,261)	(11,616)	(11,979)	(12,353)	(12,737)	(13,131)	(13,536)	(13,927)	(14,328)
Business Rates Retention	(2,700)	(2,132)	(2,139)	(2,182)	(2,226)	(2,271)	(2,316)	(2,362)	(2,409)	(2,457)	(2,506)
Collection Fund Surplus	(255)	0	0	0	0	0	0	0	0	0	0
Interest Receipts	(130)	(200)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)
Property Investment Strategy Income	(735)	(1,258)	(1,311)	(1,311)	(1,311)	(1,411)	(1,455)	(1,455)	(1,655)	(1,655)	(1,655)
Contributions to/(from) Reserves	(14)	(353)	(353)	(353)	(179)	(179)	(635)	148	148	148	148
Total Financing	(14,254)	(14,860)	(15,314)	(15,712)	(15,945)	(16,464)	(17,393)	(17,050)	(17,702)	(18,141)	(18,591)
Budget Gap (surplus)/deficit	433	391	242	261	408	277	(259)	482	235	310	382
Contribution to/(from) Stabilisation Reserve	(433)	(391)	(242)	(261)	(408)	(277)	259	(482)	(235)	(310)	(382)
Unfunded Budget Gap (surplus)/deficit	0										

Assumptions

Revenue Support Grant:	nil all years
Business Rates Retention:	Business Rates Retention safety-net in 19/20 plus 2% in later years
Council Tax:	2.97% in 19/20, 2% in later years
Council Tax Base:	Increase of 875 Band D equivalent properties in 19/20 including changes to empty property discounts, 580 from 20/21, 480 from 27/28
Interest Receipts:	£200,000 in 19/20, £250,000 in later years
Property Investment Strategy:	£1.258m in 19/20, £1.311m from 20/21, £1.411m from 23/24, £1.455m from 24/25, £1.655m from 26/27 onwards. Sennocke Hotel income included from 2019/20.
Pay award:	2% in all years (additional increase for lower paid staff in 2019/20)
Other costs:	2.25% in all years
Income:	2.5% in all years except for off-street car parks which are an average of 3.5% per annum from 19/20 -23/24.

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Ten Year Budget - Balance Sheet

Balance Sheet		31/3/18	31/3/19	31/3/20	31/3/21	31/3/22	31/3/23
		Note	Actual £000	Plan £000	Plan £000	Plan £000	Plan £000
Long Term Assets							
Property, Plant and Equipment	1	33,888	33,738	33,588	33,438	33,288	33,138
Investment Property		22,632	22,632	22,632	22,632	22,632	22,632
Long Term Investments		50	50	50	50	50	50
Long Term Debtors		918	826	740	654	650	646
		<u>57,488</u>	<u>57,246</u>	<u>57,010</u>	<u>56,774</u>	<u>56,620</u>	<u>56,466</u>
Current Assets							
Short-term Investments		24,046	21,141	19,201	18,113	17,182	16,297
Cash and Cash Equivalents		7,445	7,445	7,445	7,445	7,445	7,445
Inventories		46	46	46	46	46	46
Short Term Debtors		3,564	3,564	3,564	3,564	3,564	3,564
Assets held for Sale		181	181	181	181	181	181
Payments in Advance		(0)	(0)	(0)	(0)	(0)	(0)
		<u>35,282</u>	<u>32,377</u>	<u>30,437</u>	<u>29,349</u>	<u>28,418</u>	<u>27,533</u>
Current Liabilities							
Receipts in Advance		(7,604)	(7,604)	(7,604)	(7,604)	(7,604)	(7,604)
Short Term PWLB Loan		(174)	(174)	(174)	(174)	(174)	(174)
Short Term Creditors		(9,386)	(9,387)	(9,388)	(9,389)	(9,390)	(9,391)
Short Term Provisions		(2,383)	(2,383)	(2,383)	(2,383)	(2,383)	(2,383)
		<u>(19,547)</u>	<u>(19,548)</u>	<u>(19,549)</u>	<u>(19,550)</u>	<u>(19,551)</u>	<u>(19,552)</u>
NET CURRENT ASSETS		15,735	12,829	10,888	9,799	8,867	7,981
Long Term Liabilities							
Long Term Creditors		(356)	(355)	(354)	(353)	(352)	(351)
Long Term PWLB Loan		(5,134)	(4,960)	(4,786)	(4,612)	(4,438)	(4,264)
Long Term Provisions		(256)	(256)	(256)	(256)	(256)	(256)
Net Pensions Liability	2,3	(91,413)	(89,923)	(88,433)	(86,943)	(85,453)	(83,963)
Capital Grants Receipts in Advance		(423)	(423)	(423)	(423)	(423)	(423)
		<u>(97,582)</u>	<u>(95,917)</u>	<u>(94,252)</u>	<u>(92,587)</u>	<u>(90,922)</u>	<u>(89,257)</u>
TOTAL NET ASSETS		(24,359)	(25,842)	(26,354)	(26,014)	(25,435)	(24,810)
USABLE RESERVES							
Usable Capital Receipts Reserve		(3,041)	(2,049)	(2,049)	(2,049)	(2,049)	(2,049)
Earmarked Reserves		(19,184)	(17,357)	(15,509)	(14,513)	(13,756)	(13,045)
General Fund		(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)
		<u>(23,725)</u>	<u>(20,906)</u>	<u>(19,058)</u>	<u>(18,062)</u>	<u>(17,305)</u>	<u>(16,594)</u>
UNUSABLE RESERVES							
Capital Adjustment Account		(26,040)	(25,890)	(25,740)	(25,590)	(25,440)	(25,290)
Revaluation Reserve		(16,946)	(16,946)	(16,946)	(16,946)	(16,946)	(16,946)
Accumulated Absences Account		152	152	152	152	152	152
Pensions Reserve	2,3	91,413	89,923	88,433	86,943	85,453	83,963
Collection Fund Adj Account		(196)	(196)	(196)	(196)	(196)	(196)
NNDR Collection Fund Revenue Account		(132)	(132)	(132)	(132)	(132)	(132)
Deferred Capital receipts		(167)	(163)	(159)	(155)	(151)	(147)
		<u>48,084</u>	<u>46,748</u>	<u>45,412</u>	<u>44,076</u>	<u>42,740</u>	<u>41,404</u>
TOTAL RESERVES		24,359	25,842	26,354	26,014	25,435	24,810

Ten Year Budget - Balance Sheet

Balance Sheet continued		31/3/24	31/3/25	31/3/26	31/3/27	31/3/28	31/3/29
	Note	Plan £000	Plan £000	Plan £000	Plan £000	Plan £001	Plan £002
Long Term Assets							
Property, Plant and Equipment	1	32,988	32,838	32,688	32,538	32,388	32,238
Investment Property		22,632	22,632	22,632	22,632	22,632	22,632
Long Term Investments		50	50	50	50	50	50
Long Term Debtors		642	638	634	630	626	622
		<u>56,312</u>	<u>56,158</u>	<u>56,004</u>	<u>55,850</u>	<u>55,696</u>	<u>55,542</u>
Current Assets							
Short-term Investments		15,319	14,497	13,897	13,555	13,139	12,650
Cash and Cash Equivalents		7,445	7,445	7,445	7,445	7,445	7,445
Inventories		46	46	46	46	46	46
Short Term Debtors		3,564	3,564	3,564	3,564	3,564	3,564
Assets held for Sale		181	181	181	181	181	181
Payments in Advance		(0)	(0)	(0)	(0)	(0)	(0)
		<u>26,555</u>	<u>25,733</u>	<u>25,133</u>	<u>24,791</u>	<u>24,375</u>	<u>23,886</u>
Current Liabilities							
Receipts in Advance		(7,604)	(7,604)	(7,604)	(7,604)	(7,604)	(7,604)
Short Term PWLB Loan		(174)	(174)	(174)	(174)	(174)	(174)
Short Term Creditors		(9,392)	(9,393)	(9,394)	(9,395)	(9,396)	(9,397)
Short Term Provisions		(2,383)	(2,383)	(2,383)	(2,383)	(2,383)	(2,383)
		<u>(19,553)</u>	<u>(19,554)</u>	<u>(19,555)</u>	<u>(19,556)</u>	<u>(19,557)</u>	<u>(19,558)</u>
NET CURRENT ASSETS		7,002	6,179	5,578	5,235	4,818	4,328
Long Term Liabilities							
Long Term Creditors		(350)	(349)	(348)	(347)	(346)	(345)
Long Term PWLB Loan		(4,090)	(3,916)	(3,742)	(3,568)	(3,394)	(3,220)
Long Term Provisions		(256)	(256)	(256)	(256)	(256)	(256)
Net Pensions Liability	2,3	(82,473)	(80,983)	(79,493)	(78,003)	(76,513)	(75,023)
Capital Grants Receipts in Advance		(423)	(423)	(423)	(423)	(423)	(423)
		<u>(87,592)</u>	<u>(85,927)</u>	<u>(84,262)</u>	<u>(82,597)</u>	<u>(80,932)</u>	<u>(79,267)</u>
TOTAL NET ASSETS		(24,278)	(23,590)	(22,680)	(21,512)	(20,418)	(19,397)
USABLE RESERVES							
Usable Capital Receipts Reserve		(2,049)	(2,049)	(2,049)	(2,049)	(2,049)	(2,049)
Earmarked Reserves		(12,241)	(11,593)	(11,167)	(10,999)	(10,757)	(10,442)
General Fund		(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)
		<u>(15,790)</u>	<u>(15,142)</u>	<u>(14,716)</u>	<u>(14,548)</u>	<u>(14,306)</u>	<u>(13,991)</u>
UNUSABLE RESERVES							
Capital Adjustment Account		(25,140)	(24,990)	(24,840)	(24,690)	(24,540)	(24,390)
Revaluation Reserve		(16,946)	(16,946)	(16,946)	(16,946)	(16,946)	(16,946)
Accumulated Absences Account		152	152	152	152	152	152
Pensions Reserve	2,3	82,473	80,983	79,493	78,003	76,513	75,023
Collection Fund Adj Account		(196)	(196)	(196)	(196)	(196)	(196)
NNDR Collection Fund Revenue Account		(132)	(132)	(132)	(132)	(132)	(132)
Deferred Capital receipts		(143)	(139)	(135)	(131)	(127)	(123)
		<u>40,068</u>	<u>38,732</u>	<u>37,396</u>	<u>36,060</u>	<u>34,724</u>	<u>33,388</u>
TOTAL RESERVES		24,278	23,590	22,680	21,512	20,418	19,397

SCIA Year	No.	Description	2011/12 - 2018/19 £000	2019/20 £000	Later Years £000	Total £000
		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 2019/20 onwards				
		Finance Advisory Committee				
2011/12	62,63	Staff terms and conditions - savings agreed by Council 18/10/11		(186)	(187)	
2018/19	11	Members Allowances: increase following JIRP review		15		
		Housing and Health Advisory Committee				
		No savings or growth agreed from 2019/20 onwards				
		Legal and Democratic Services Advisory Committee				
		No savings or growth agreed from 2019/20 onwards				
		Planning Advisory Committee				
		No savings or growth agreed from 2019/20 onwards				
		Policy and Performance Advisory Committee				
2017/18	10	Apprenticeship Levy (reversal of temporary growth item)			(45)	
2018/19	3	Swanley Local Office contract		(10)	(15)	
2018/19	13	IT Developers: funding for two years (reversal of temporary growth item)			(51)	
		Minor movements between years			(1)	
		Total Savings	(7,051)	(196)	(188)	(7,435)
		Total Growth	1,930	15	(96)	1,849
		Net Savings	(5,121)	(181)	(284)	(5,586)

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Summary of Changes to the 10-year Budget

Appendix D

SCIA Year	Advisory Committee No.	Description	Year	Ongoing	2019/20 Impact £000	10-year Budget Impact £000
Growth proposals supported by Cabinet 06/12/18 (detailed SCIA's were included in the previous report)						
2019/20	2	DTAC Direct Services - Reduced recycling income	2019/20	Yes	40	400
2019/20	3	DTAC Bradbourne Lakes - Consultancy	2019/20	No	60	60
2019/20	4	DTAC Public Conveniences - Reduced income	2019/20	Yes	5	50
2019/20	5	DTAC Environmental Protection - Reduced income	2019/20	Yes	10	100
2019/20	6	DTAC CCTV - Reduced income	2019/20	Yes	10	100
2019/20	11	FAC Facilities Management - loss of income	2019/20	Yes	22	220
2019/20	15	HHAC Travellers site - loss of Kent County Council grant	2019/20	Yes	9	90
2019/20	16	FAC Preventative asset maintenance	2019/20	Yes	100	1,096
Savings proposals supported by Cabinet 06/12/18 (detailed SCIA's were included in the previous report)						
2019/20	7	DTAC Car Parking - Enforcement for Tandridge DC	2019/20	No	(30)	(60)
2019/20	8	DTAC Car Parking - Rental income	2019/20	Yes	(15)	(150)
2019/20	9	DTAC Markets - Additional income	2019/20	Yes	(5)	(50)
2019/20	10	DTAC Environmental Health - change in shared service split	2019/20	Yes	(40)	(400)
2019/20	12	FAC Sevenoaks Bus Station - reduced expenditure	2019/20	Yes	(5)	(50)
2019/20	13	FAC Facilities Management - reduced expenditure	2019/20	Yes	(10)	(100)
2019/20	14	FAC Property Management - reduced Business Rates	2019/20	Yes	(14)	(140)
Sub Total					137	1,166
Remove 2019/20 new savings target					100	1,000
Base Changes:						
Rolled on to 2028/29 and base figures updated to 2018/19 budget					1	475
2017/18 outturn surplus transferred to Budget Stabilisation Reserve					0	(856)
Sub Total					1	(381)
Assumption Changes:						
Other costs inflation: reduced to actual amount required					(12)	(140)
Pay award: higher increase for lower paid staff					60	652
Interest Receipts: 2019/20 reduction only					50	50
Property Investment Strategy: additional income from current assets					(73)	(1,207)
Council Tax Base updated					3	26
Council Tax 2019/20: increase from 2% to 2.97%					(104)	(1,188)
Business Rates Retention safety-net updated					(36)	(45)

Summary of Changes to the 10-year Budget

Appendix D

SCIA Year	Advisory Committee No.	Description	Year	Ongoing	2019/20 Impact £000	10-year Budget Impact £000
		Net savings target 2020/21: reduced by £7,000 due to 2019/20 savings target being exceeded			0	63
		Sub Total			(112)	(1,789)
		Total 10-year Budget change gap/(surplus)			126	(4)

Summary of Council Expenditure & Council Tax

	2018/19 Budget Net Expenditure £000	2019/20 Budget Net Expenditure £000
Service expenditure before Support Services and Capital Charges including trading accounts (see Appendix F)	14,930	15,483
Capital Charges and Support Services charged outside the General Fund	(243)	(232)
Sub Total	<u>14,687</u>	<u>15,251</u>
Non allocated expenditure: Collection Fund adjustment	<u>0</u>	<u>0</u>
Net Service Expenditure excluding capital charges	14,687	15,251
Revenue Support Grant inc CTS	0	0
Retained Business Rates	(2,700)	(2,132)
New Homes Bonus	0	0
Council Tax Requirement - Sevenoaks DC	(10,420)	(10,917)
Collection Fund Surplus	(255)	0
Grant & Council Tax income	<u>(13,375)</u>	<u>(13,049)</u>
Net Expenditure after Grant & Council Tax, before interest	1,312	2,202
Less: Interest and Investment income	(130)	(200)
Less: Property Investment Strategy Income	<u>(735)</u>	<u>(1,258)</u>
Amount to be met from Reserves	447	744

Contributions (to) / from reserves

Earmarked Reserves		
Capital	(148)	(148)
Budget Stabilisation	94	391
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>447</u>	<u>744</u>

	2017/18	2018/19	2019/20
Taxbase	49,382	49,903	50,772
	£	£	£
Council Tax @ Band D	202.77	208.80	215.01

Council Tax Summary

Band D charge

		2017/18	2018/19	% Change	% Share	2019/20	% Change	% Share
Kent County	1,178.82	1,237.68	4.99	69.7	1,299.42	4.99	69.4	
Kent Fire	73.35	75.51	2.94	4.3	77.76	2.98	4.2	
Kent Police	157.15	169.15	7.64	9.5	193.15	14.19	10.3	
	<u>1,409.32</u>	<u>1,482.34</u>	<u>5.18</u>	<u>83.5</u>	<u>1,570.33</u>	<u>5.94</u>	<u>83.9</u>	
Sevenoaks District	202.77	208.8	2.97	11.8	215.01	2.97	11.4	
Average Town/Parish	81.13	84.71	4.41	4.8	86.96	2.66	4.6	
	<u>1,693.22</u>	<u>1,775.85</u>	<u>4.88</u>	<u>100.0</u>	<u>1,872.30</u>	<u>5.43</u>	<u>100.0</u>	

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Net Service Expenditure analysed by Chief Officer

	Actuals 17/18	Budget 18/19	Budget 19/20
Summary	£'000	£'000	£'000
Communities & Business	1,464	1,532	1,599
Corporate Services	2,914	2,967	3,138
Environmental & Operational Services	4,796	4,811	5,089
Financial Services	4,371	4,481	4,488
Planning Services	1,181	1,284	1,313
	<u>14,726</u>	<u>15,074</u>	<u>15,627</u>
Direct Services		(144)	(144)
Items outside General Fund		(243)	(232)
		<u>14,687</u>	<u>15,251</u>

	Actuals 17/18	Budget 18/19	Budget 19/20
Summary	£'000	£'000	£'000
Pay Costs	11,103	12,339	12,903
Premises and Grounds	1,905	1,685	1,849
Transport	79	62	63
Supplies & Services	2,425	2,264	2,294
Supplies & Services IT	1,044	977	979
Agency & Contracted	4,449	3,659	3,580
Agency & Contracted - Partnerships	3,180	3,128	3,013
Agency & Contracted - Direct Services	4,029	4,150	4,274
Transfer Payments - Benefits	26,750	28,090	28,090
Transfer Payments - Other	117	39	139
Support Services	52	52	52
Funds drawn to/from Reserves	214	(393)	(344)
Minimum Revenue Provision	0	0	124
Income - Other	(29,973)	(30,656)	(30,762)
Income - Fees and Charges	(7,773)	(6,678)	(7,099)
Recharges	(260)	(282)	(262)
Recharges - Partnerships and Capital charges	<u>(2,615)</u>	<u>(3,359)</u>	<u>(3,267)</u>
	<u>14,726</u>	<u>15,074</u>	<u>15,627</u>
Direct Services (net)		(144)	(144)
Items outside General Fund		(243)	(232)
		<u>14,687</u>	<u>15,251</u>

Analysis of budget changes between 18/19 and 19/20

Base Budget 2018/19	14,687
Inflation	608
Net Savings agreed previous years	(181)
New Growth	256
New savings/income	(119)
Proposed Budget 2019/20	<u>15,251</u>

Net Service Expenditure analysed by Chief Officer

	Actuals	Budget	Budget
	17/18	18/19	19/20
	£'000	£'000	£'000
Communities & Business			
All Weather Pitch	(6)	(5)	(5)
Community Safety	187	187	201
Community Development Service Provisions	(5)	(6)	(6)
The Community Plan	52	55	57
Dunton Green Projects - S106	0	0	0
Dunton Green Projects	0	0	0
Economic Development	52	57	59
Economic Development Property	315	277	291
Grants to Organisations	183	183	183
Health Improvements	45	44	53
Healthy Lifestyles (SDC)	0	0	0
Homeless	129	143	253
Housing	165	214	118
Housing Initiatives	44	53	48
Homelessness Prevention	0	0	0
Housing Energy Retraining Options (HERO)	35	36	45
Leisure Contract	162	175	183
Leisure Development	20	20	20
Partnership - Home Office	0	0	0
Private Sector Housing	0	0	0
Administrative Expenses - Communities & Business	27	26	27
Tourism	24	31	33
One You - Your Home Project	0	0	0
Choosing Health WK PCT	0	0	0
Community Sports Activation Fund	0	0	0
Dementia Area Project - Run Walk Push	0	0	0
Falls Prevention	0	0	0
Repair & Renew Flood Support Scheme	0	0	0
PCT Health Checks	0	0	0
Homelessness Funding	0	0	0
Leader Programme	5	5	5
New Ash Green	0	0	0
PCT Initiatives	0	0	0
Sportivate Inclusive Archery Project	0	0	0
Sportivate Cycling Club	0	0	0
Sport Satellite Clubs	0	0	0
Troubled Families Project	0	0	0
West Kent Enterprise Advisor Network	0	0	0
West Kent Kick Start	0	0	0
West Kent Partnership	0	0	0
West Kent Partnership Business Support	0	0	0
Youth	31	36	35
Total Service Expenditure	1,464	1,532	1,599

Net Service Expenditure analysed by Chief Officer

	Actuals 17/18 £'000	Budget 18/19 £'000	Budget 19/20 £'000
Communities & Business			
Pay Costs	1,217	1,399	1,545
Premises and Grounds	18	0	0
Transport	19	13	13
Supplies & Services	148	163	155
Supplies & Services IT	3	0	0
Agency & Contracted	630	449	460
Transfer Payments - Other	84	39	139
Funds drawn to/from Reserves	78	(136)	(76)
Income - Other	(505)	(255)	(404)
Income - Fees and Charges	(219)	(141)	(234)
Recharges	(11)	0	0
Total Service Expenditure	<u>1,464</u>	<u>1,532</u>	<u>1,599</u>

Analysis of budget changes between 18/19 and 19/20

Base Budget 2018/19	1,532
Inflation (inc pay increments and terms and conditions SCIA 62; 63 14/15)	36
Planned savings agreed previous years	0
SCIAs 2019/20	0
Other Adjustments	31
Proposed Budget 2019/20	<u>1,599</u>

Net Service Expenditure analysed by Chief Officer

	Actuals 17/18 £'000	Budget 18/19 £'000	Budget 19/20 £'000
Corporate Services			
Asset Maintenance IT	275	277	283
Civic Expenses	16	16	17
Corporate Projects	81	95	102
Democratic Services	122	143	156
Elections	112	129	146
Land Charges	(53)	(99)	(105)
Register of Electors	211	234	227
Administrative Expenses - Corporate Services	27	25	26
Administrative Expenses - Legal and Democratic	60	51	71
Administrative Expenses - Human Resources	65	5	5
Street Naming	(11)	5	6
Support - Contact Centre	431	445	531
Support - General Admin	28	33	28
Support - IT	997	1,069	1,093
Support - Legal Function	196	226	241
Support - Local Offices	54	31	19
Support - Nursery	2	0	0
Support - Human Resources	299	282	295
Website	2	0	0
Total Service Expenditure	2,914	2,967	3,138

Net Service Expenditure analysed by Chief Officer

	Actuals 17/18 £'000	Budget 18/19 £'000	Budget 19/20 £'000
Corporate Services			
Pay Costs	1,922	2,115	2,384
Premises and Grounds	47	3	0
Transport	10	1	1
Supplies & Services	462	249	269
Supplies & Services IT	641	767	778
Agency & Contracted	461	202	80
Agency & Contracted - Direct Services	5	12	12
Transfer Payments - Other	2	0	0
Funds drawn to/from Reserves	78	(37)	(37)
Income - Other	(387)	0	0
Income - Fees and Charges	(238)	(259)	(263)
Recharges	(35)	(31)	(31)
Recharges - Partnerships	(54)	(54)	(54)
Total Service Expenditure	2,914	2,967	3,138

Analysis of budget changes between 18/19 and 19/20

Net Service Expenditure analysed by Chief Officer

	Actuals 17/18	Budget 18/19	Budget 19/20
	£'000	£'000	£'000
Environmental & Operational Services			
Environmental & Operational Services			
Asset Maintenance Argyle Road	78	108	110
Asset Maintenance Car Parks	0	0	0
Asset Maintenance CCTV	36	17	18
Asset Maintenance Countryside	8	8	9
Asset Maintenance Other Corporate Properties	41	48	49
Asset Maintenance Direct Services	34	39	40
Asset Maintenance Hever Road	36	38	38
Asset Maintenance Leisure	163	178	182
Asset Maintenance Playgrounds	3	8	8
Asset Maintenance Support & Salaries	89	83	178
Asset Maintenance Sewage Treatment Plants	3	9	9
Asset Maintenance Public Toilets	0	7	7
Bus Station	12	17	13
Car Parks	(1,652)	(1,911)	(1,974)
CCTV	278	258	266
Civil Protection	43	47	71
Dartford Environmental Hub (SDC Costs)	0	0	0
Car Parking - On Street	(464)	(492)	(490)
EH Commercial	291	279	260
EH Animal Control	10	1	1
EH Environmental Protection	375	391	401
Emergency	63	66	68
Parking Enforcement - Tandridge DC	(16)	0	(29)
Energy Efficiency	22	29	26
Estates Management - Buildings	15	(18)	(11)
Estates Management - Grounds	128	116	119
Gypsy Sites	(11)	(26)	(6)
Disabled Facilities Grant Administration	(22)	(20)	(20)
Housing Premises	(6)	1	1
Kent Resource Partnership	0	0	0
Licensing Partnership Hub (Trading)	0	0	0
Licensing Regime	(30)	3	9
Markets	(184)	(182)	(184)
Parks - Greensand Commons Project	0	0	0
Parks and Recreation Grounds	112	120	183
Parks - Rural	141	121	135
Private Sector Housing	173	198	207
Public Transport Support	0	0	0

Net Service Expenditure analysed by Chief Officer

	Actuals 17/18	Budget 18/19	Budget 19/20
	£'000	£'000	£'000
Environmental & Operational Services			
Refuse Collection	2,648	2,684	2,779
Administrative Expenses - Direct Services	1	0	0
Administrative Expenses - Health	9	12	12
Administrative Expenses - Licensing	2	10	10
Administrative Expenses - Property	4	5	5
Administrative Expenses - Transport	7	8	8
Street Cleansing	1,367	1,415	1,464
Support - Central Offices	410	450	473
Support - Central Offices - Facilities	257	290	273
Support - General Admin	196	234	189
Support - Health and Safety	14	17	18
Support - Direct Services	48	58	60
Support - Procurement	6	6	6
Support - Property Function	45	48	49
Taxis	(36)	(11)	2
Public Conveniences	50	46	49
Total Service Expenditure	4,796	4,811	5,089
Pay Costs	2,636	3,030	3,109
Premises and Grounds	1,823	1,665	1,831
Transport	45	41	42
Supplies & Services	791	722	728
Supplies & Services IT	25	6	6
Agency & Contracted	890	670	787
Agency & Contracted - Partnerships	742	763	728
Agency & Contracted - Direct Services	4,025	4,138	4,263
Support Services	52	52	52
Funds drawn to/from Reserves	9	0	0
Capital Charges	0	0	124
Income - Other	(1,050)	(1,290)	(1,312)
Income - Fees and Charges	(4,897)	(4,127)	(4,407)
Recharges	(29)	(38)	(38)
Recharges - Partnerships	(264)	(822)	(824)
Total Service Expenditure	4,796	4,811	5,089

Agenda Item 6f

Analysis of budget changes between 18/19 and 19/20

Base Budget 2018/19	4,811
Inflation (inc pay increments and terms and conditions SCIA 62; 63 14/15)	114
Planned savings agreed previous years	0
<u>SCIAs 2019/20</u>	
SCIA 02 Refuse - reduced recycling income	40
SCIA 03 - Bradbourne Lakes consultancy	60
SCIA 04 Public Conveniences - reduced income	5
SCIA 05 Environmental Protection - reduced income	10
SCIA 06 CCTV - reduced income	10
SCIA 07 - Car Parking - enforcemnt for Tandridge DC	(30)
SCIA 08 Car Parking - rental income	(15)
SCIA 09 - Markets - additional income	(5)
SCIA 10 Envinromental Health - partnership saving	(40)
SCIA 11 Facilities Management - loss of income	22
SCIA 12 Sevenoaks Bus Station - reduced expenditure	(5)
SCIA 13 Facilities Management - reduced expenditure	(10)
SCIA 14 Property Management - reduced business rates	(14)
SCIA 15 Travellers Site - loss of Kent County Council grant	9
SCIA 16 Asset Maintenance - preventative asset maintenance	100
Other Adjustments	27
Proposed Budget 2019/20	<u>5,089</u>

Net Service Expenditure analysed by Chief Officer

	Actuals	Budget	Approved
	17/18	18/19	Budget
	£'000	£'000	19/20
			£'000
Financial Services			
Action and Development	0	7	8
Benefits Admin	212	174	180
Benefits Grants	(25)	(25)	(25)
Consultation and Surveys	0	4	4
Corporate Management	932	995	1,075
Corporate - Other	178	134	(23)
Dartford Partnership Hub (SDC costs)	0	0	0
Equalities Legislation	0	19	20
External Communications	167	192	201
Housing Advances	1	1	1
Local Tax	68	(21)	(52)
Members	413	428	455
Misc. Finance	1,690	1,734	1,763
Performance Improvement	(2)	(1)	(1)
Administrative Expenses - Chief Executive	13	30	24
Administrative Expenses - Finance	47	33	37
Administrative Expenses - Transformation and Strategy	7	5	5
Support - Counter Fraud	33	52	55
Support - Audit Function	153	177	185
Support - Exchequer and Procurement	103	103	127
Support - Finance Function	145	218	198
Support - General Admin	117	111	124
Treasury Management	120	114	126
Total Service Expenditure	4,371	4,481	4,488

Net Service Expenditure analysed by Chief Officer

	Actuals	Budget	Approved
	17/18	18/19	Budget
	£'000	£'000	19/20
			£'000
Financial Services			
Pay Costs	3,147	3,263	3,295
Premises and Grounds	17	17	17
Transport	5	5	6
Supplies & Services	904	1,040	1,041
Supplies & Services IT	345	201	192
Agency & Contracted	2,044	2,230	2,138
Agency & Contracted - Partnerships	2,116	2,026	1,953
Transfer Payments - Benefits	26,750	28,090	28,090
Funds drawn to/from Reserves	4	(258)	(269)
Income - Other	(27,995)	(29,111)	(29,047)
Income - Fees and Charges	(588)	(692)	(707)
Recharges	(186)	(192)	(192)
Recharges - Partnerships	(2,193)	(2,138)	(2,029)
Total Service Expenditure	4,371	4,481	4,488

Analysis of budget changes between 18/19 and 19/20

Base Budget 2018/19	4,481
Inflation (inc pay increments and terms and conditions SCIA 62; 63 14/15)	115
<u>Planned Savings agreed previous years</u>	
SCIA 11 Members Allowances	15
SCIAs 2019/20	0
Other Adjustments	(123)
Approved Budget 2019/20	4,488

Net Service Expenditure analysed by Chief Officer

	Actuals 17/18 £'000	Budget 18/19 £'000	Budget 19/20 £'000
Planning Services			
Building Control Discretionary Work	0	0	0
Building Control Partnership Hub (SDC Costs)	0	0	0
Building Control	(142)	(112)	(129)
Community Housing Fund	0	0	0
Conservation	89	91	92
Dangerous Structures	0	3	3
Needs and Stock Surveys	0	0	0
Planning Policy	575	598	610
LDF Expenditure	0	0	0
Planning - Appeals	226	202	209
Planning - CIL Administration	(50)	(49)	(68)
Planning - Counter	(0)	0	0
Planning - Development Management	168	214	243
Planning - Enforcement	225	283	290
Planning Performance Agreement	0	0	0
Administrative Expenses - Building Control	5	11	12
Administrative Expenses - Planning Services	86	44	52
Total Service Expenditure	1,181	1,284	1,313

Net Service Expenditure analysed by Chief Officer

	Actuals 17/18 £'000	Budget 18/19 £'000	Budget 19/20 £'000
Planning Services			
Pay Costs	2,182	2,531	2,570
Premises and Grounds	0	1	1
Transport	0	1	1
Supplies & Services	121	91	102
Supplies & Services IT	30	2	2
Agency & Contracted	423	108	116
Agency & Contracted - Partnerships	321	338	332
Transfer Payments - Other	30	0	0
Funds drawn to/from Reserves	44	38	38
Income - Other	(36)	0	0
Income - Fees and Charges	(1,831)	(1,460)	(1,489)
Recharges	0	(21)	0
Recharges - Partnerships not budget lines	(103)	(346)	(360)
Total Service Expenditure	1,181	1,284	1,313

Analysis of budget changes between 18/19 and 19/20

Base Budget 2018/19	1,284
Inflation (inc pay increments and terms and conditions SCIA 62; 63 14/15)	17
Planned Savings agreed previous years	0
SCIAs 2019/20	0
Other Adjustments	12
Proposed Budget 2019/20	1,313

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PAY COST ESTIMATES SUMMARY 2019/2020

Line No.		2018/19 BUDGET	2019/20 BUDGET	2018/19 FTE	2019/20 FTE
1	Communities and Business	1,001,641	1,031,375	20.35	19.42
2	Corporate Services	2,364,524	2,642,128	60.88	65.67
3a	Environmental Health	649,555	667,950	12.57	12.57
3b	Licensing	373,898	390,689	10.81	10.67
3c	Operational Services	695,186	705,956	14.99	16.09
3d	Operational Services (TASK)	3,108,338	3,123,950	97.17	96.07
3e	Parking & Amenity Services	428,899	475,097	12.00	13.00
3f	Property Services	775,276	777,553	20.48	20.48
4	Finance	2,923,603	2,920,771	69.81	67.92
5a	Planning	2,234,793	2,264,159	51.98	50.21
5b	Building Control	321,890	335,816	7.00	7.00
		14,877,604	15,335,444	378.04	379.10
	Other Salary Costs				
6	Vacancy Savings	(144,420)	(147,308)	0.00	0.00
	SUB-TOTAL	14,733,184	15,188,136	378.04	379.10
7	Communities & Business (Ext Funded)	514,477	667,272	14.50	18.70
8	Environmental & Operational Services (Ext Funded)	111,684	117,902	2.00	2.00
9	Property Services (Ext Funded)	57,014	55,405	1.50	1.50
	GRAND TOTAL	15,416,358	16,028,715	396.04	401.30

NOTES

1) Externally funded posts (lines 7 to 9) have been excluded from earlier lines. The income will show elsewhere in the 2019/20 budget

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Capital Programme 2018-21

Chief Officer/Scheme	Funding Source								
				2018/19	2019/20	2020/21	2021/22	2022/23	
		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	-	-	51	-	-	-	-	51
White Oak Leisure Centre	Capital Receipts	-	-	-	550	-	-	-	550
Environmental and Operational Services									
Commercial vehicle replacements	Vehicle Renewal Res.	-	-	548	548	549	563	563	2,208
Disabled Facilities Grants (gross)	Better Care Fund	-	-	1,463	1,100	1,100	1,100	1,100	4,763
Sennocke Hotel	Fin Plan Reserve & Capital Receipts	7,530	4,761	2,571	-	-	-	-	7,332
Buckhurst 2 Car Park	External Borrowing & Capital Receipts	10,960	3,703	7,257	-	-	-	-	10,960
Buckhurst 2 Residential	Capital Receipts			611	5,861	-	-	-	6,472
CCTV		70		50	20	-	-	-	70
Finance									
Property Investment Strategy	Prop. Inv. Reserve	43,000	17,476	429	5,000	5,000	15,095	-	43,000
TOTAL				12,980	13,079	6,649	16,758	1,663	75,406

Funding Sources

Capital Receipts	789	4,030	6,592		
Financial Plan Reserve & Cap Receipts	3,269				
Vehicle Renewal Reserve	548	548	549	563	563
Property Investment Strategy ***	429	5,000	5,000	15,095	
Better Care Fund (KCC)	1,463	1,100	1,100	1,100	1,100
Internal Borrowing	4,487	2,253	-6,740		
Capital Reserve (from Revenue)	445	148	148		
External Borrowing	1,550				
	12,980	13,079	6,649	16,758	1,663

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

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Capital Programme 2019/22

Scheme Bid Document - Scheme: Vehicle Replacement Programme

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

Service : Environmental and Operational Services

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

Financials :

CAPITAL COSTS	TOTAL	2019/20	2020/21	2021/22
	£000	£000	£000	£000
Gross scheme cost	1660	548	549	563
External Contributions (list)				

Net scheme cost	1660	548	549	563
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ONGOING REVENUE IMPLICATIONS

(excluding loss of interest)

Contribution to Vehicle replacement Reserve	47	47	47
Income streams			
Net cost	47	47	47

Funding Source: Funding is via the vehicle replacement fund which is financed by fixed transport charges, the sale of old vehicles and by an annual revenue contribution. Fixed transport charges include an annual replacement fund contribution as well as individual depreciation charges levied on each fleet purchase over predetermined periods.

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

Justification: Key Infrastructure

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

Capital Programme 2019/22

Scheme Bid Document - Scheme: Disabled Facility Grant

Description: Money provided by the Better Care Fund for the provision of both mandatory and discretionary activities to ensure those eligible for assistance remain residing in their own home along with the new requirement to fund initiatives to better integrate housing with social care and Health Services, through preventive and responsive services.

Service : Private Sector Housing

Portfolio Holder/Chief Officer : Cllr Lowe/Richard Wilson

Financials :

CAPITAL COSTS	Period	2019/20	2020/21	2021/22
	TOTAL			
	£000	£000	£000	£000
Gross scheme cost	3,300	1,100	1,100	1,100
External Contributions (list)				
Better Care Fund, via KCC	(3,300)	(1,100)	(1,100)	(1,100)
Net scheme cost	0	0	0	0

ONGOING REVENUE IMPLICATIONS
(excluding loss of interest)

Running costs

Income streams

Net cost	0	0	0
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Funding Source : Scheme will be fully funded from the Better Care Fund.

Other Resource Implications :	
Staffing	Managed with existing staffing establishment
Asset Values	Assets not in Council ownership

Justification: Statutory Duty

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

From 2015 the DCLG total budget for Kent has been administered by KCC (ring fenced for each Council so should not be an issue).

Capital Programme 2018/21

Scheme Bid Document - Scheme: White Oak Leisure Centre

Description: Pre-construction to the stage of Cost Certainty (RIBA Stage 4) - see breakdown at the end of this form.

Service : Communities & Business

Portfolio Holder/Chief Officer : Cllr Fleming/Lesley Bowles

Financials :

CAPITAL COSTS	TOTAL	2018/19	2019/20	2020/21
	£000	£000	£000	£000
Gross scheme cost	550	0	550	

External Contributions (list)

Net scheme cost	550	0	550	0
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ONGOING REVENUE IMPLICATIONS*
(excluding loss of interest)

Running costs

Income streams

Net cost	0	0	0
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Funding Source : Capital Receipts

* : Revenue implications dependent on individual projects.

Other Resource Implications :	
Staffing	The Council's ED & Property Team and Finance teams will be involved in working with the specialist contractor. The council's Project Management Team will be involved to facilitate reporting through the Council's Strategic Programme Board.
Asset Values	The carrying value in the Financial Statement of Accounts is £466,000 however the like for like valuation for insurance purposes may differ.

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

Key infrastructure for Swanley with links to Community Plan, Housing and Health Strategy

Breakdown of costs:	£000
Pre-construction surveys/works: design to RIBA Stage 4 and Principal Designer role	395
Additional specialist design input for TAG active, soft play, café & kitchen and Parkour	8
Quantity Surveyor	56
Project Management and delivery fee	71
Client contingency	20

These costs take us up to the point of commencing construction

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 2019/20 budget is put into this reserve or absorbed by this reserve.**
3. **Change the name of the First Time Sewerage Reserve to the Sewerage Reserve.** This can then be used to contribute to the costs of other sewerage systems as well as potential liabilities for earlier sewerage installations.
4. **Set up an Electoral Registration Reserve.** This would help to balance out the different annual demands in the electoral cycle.

The table below sets out the reserves and provisions held at 1 April 2018

	01/04/18	Purpose (some further details are included in the Statement of Accounts 2017/18)
Provisions	£000	
Business Rates Appeals	2,232	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)	257	A solvent run-off of MMI is now unlikely which may result in Councils being liable to clawback of monies paid out.
Sub Total	2,641	
Capital Receipts		
Capital Receipts	49	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	5,610	To support decisions required to continue to produce a balanced budget in future years.
Business Rates Retention	809	To manage the volatility in yearly cash flows in the Collection Fund caused by the complexities in the Business Rates Retention Scheme.
Capital Financing	445	Annual contributions from revenue to fund some capital projects.
Carry Forward Items	508	For specific items agreed by Cabinet, e.g. if a project has slipped between years.
Community and Business	274	External funding received for ongoing and future projects.
Community Infrastructure Levy Administration	107	To be spent on the administration of the levy.
Corporate Project Support	713	To fund invest to save projects and external expertise required to investigate proposed projects.
Financial Plan	4,020	To support the 10-year budget and Property Investment Strategy.

First Time Sewerage	206	Potential liabilities relating to earlier sewerage installations.
Flood Support	144	To help provide assistance in the case of severe flooding.
Homelessness Prevention	231	To assist in the delivery of the Homelessness Reduction Act.
Housing Benefit Subsidy	611	Provides a cushion against large movements in reclaimable sums in any year.
IT Asset Maintenance	590	To fund future IT asset maintenance costs.
Local Plan/LDF	559	To help support the Local Plan and Local Development Framework.
New Homes Bonus (NHB)	469	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.
Re-organisation	423	To fund actions taken to achieve annual budget savings.
Vehicle Insurance	309	Own vehicle damage for the commercial vehicle fleet. Contributions are made from the trading accounts.
Vehicle Renewal	697	Vehicle replacement for the commercial vehicle fleet. Contributions are made from the revenue trading accounts each year
Others	563	Includes Rent Deposit Guarantee, Local Strategic Partnership, District Elections etc.
Sub Total	19,184	
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	23,374	

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 = £146k. Budget assumptions: 2% pay award in all years.	Largest single item of cost. Complex drivers across the organisation. Staff recruitment and retention.	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. Bands have been revised again for 2019/20 in line with agreement	£146k
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
Major Service Income areas					See below by income type	Income subject to local economic	Strict monitoring, with trend analysis.	

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
						conditions. Some very large single-source income targets (see below).		
- Development Management	£0.9m	3	3	9	10% reduction would be £90k.	Volatile activity levels in the housing market and general economic conditions. Fluctuations in income with major applications	Current year income is below target. Continue to monitor.	£9k
- 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;	Current year income is above target incorporating the	£23k

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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
						central government directives	Buckhurst 2 development. Continue to monitor.	
- 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 Partner Contributions	£0.6m	3	2	6	Impact on individual projects is high. (As reported to Legal and Democratic AC on 04/10/18, we save over £700k pa by working in Partnerships)	Partner actions delayed. Agreed funding not received by SDC. Partnerships ending.	Separate accounting arrangements. Active liaison with partners on service arrangements Written partnership agreements.	£6k

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
External Funding Awards including Leader project	£0.1m	3	2	6	Up to £104k Impact on individual projects is high	Time limited to Dec 20. Potential risk from uncertainty over replacement of project funds from UK government and other funding providers	Exit strategies in place.	£1k
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	£0.20m 19/20 budget	3	3	9	£200k per 0.5%.	Large cash variance from small rate changes. Reducing availability of suitable counter parties	Use of professional advisers. If internal borrowing is used for capital investment projects in 2019/20 there will be less cash earning bank interest. Realistic budget proposed for 2019/20	£2k

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
Investments	£34.76m balance at Nov 2018	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
Capital Investment resources (Capital receipts, Capital Financing Reserve, Financial Plan Reserve, Internal Borrowing, External Borrowing)	Capital Receipts £4.8m, Capital Financing reserve £0.18m. (balances at Nov 2018).	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

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
Property Investment Strategy	£17.8m invested at January 2018 £1.258m rental income in 19/20	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.	£12.6k
Rental Income from Investment Property (non-Property Investment Strategy)	£0.1m in 2019/20 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	£17.5m forecast in 18-19 - 20/21)	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

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: Revenue Support Grant	£0 in 2019/20 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
Government Support: Retained Business Rates	£2.1m in 2019/20	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 19/20.	£20k

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
Council tax Referendum limits	£10m Council Tax income in 18/19	4	3	12	£100k per 1% Government controls on changes in council tax rates	Council tax increases limited budgeted at 2% in 19/20 but subject to change dependant on Government announcement.	Draft 10-year budget includes council tax increase assumptions for future years.	£100k
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	£5k

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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
							programme.	

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COUNCIL 26 FEBRUARY 2019

COUNCIL TAX SETTING 2019/20

LATEST INFORMATION ON PRECEPTING AUTHORITIES

Town and Parish Councils

- 1 A list of town and parish council precepts is attached at Appendix M and total £4,415,343. The increase in the average band D council tax for Town and Parish Councils is 2.66% and results in an average band D council tax figure of £86.96 for 2019/20.

Kent County Council

- 2 Kent County Council met on 14 February 2019 and their precept is £65,974,594. This will result in a band D council tax of £1,299.42. 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 met on 6 February 2019 and approved the Kent Police and Crime Commissioner's proposed precept of £9,806,677. This will result in a band D council tax of £193.15.

Kent and Medway Towns Fire Authority

- 4 Kent and Medway Towns Fire Authority met on 12 February 2019 and their precept is £3,948,057. This will result in a band D council tax of £77.76.

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TOWN & PARISH COUNCIL PRECEPTS							
	2018/19			2019/20			
Town / Parish Council	Tax Base	Precept £	Council Tax Band D (£)	Tax Base	Precept £	Council Tax Band D (£)	Band D Change (%)
Ash-cum-Ridley	2,431.82	107,828	44.34	2,460.65	109,984	44.70	0.81
Badgers Mount	329.31	13,710	41.63	334.28	27,420	82.03	97.05
Brasted	779.00	37,900	48.65	778.50	37,900	48.68	0.06
Chevening	1,443.19	70,700	48.99	1,450.74	70,000	48.25	-1.51
Chiddingstone	600.18	37,473	62.44	602.66	38,755	64.31	2.99
Cowden	402.07	21,861	54.37	435.77	22,009	50.51	-7.10
Crockenhill	656.44	81,667	124.41	660.41	82,160	124.41	0.00
Dunton Green	1,180.38	119,000	100.81	1,323.31	133,400	100.81	0.00
Edenbridge	3,548.58	497,298	140.14	3,556.04	513,234	144.33	2.99
Eynsford	930.38	77,440	83.23	945.99	79,763	84.32	1.31
Farningham	657.83	46,280	70.35	664.59	46,754	70.35	0.00
Fawkham	280.51	12,797	45.62	283.39	13,053	46.06	0.96
Halstead	777.21	45,435	58.46	782.28	45,435	58.08	-0.65
Hartley	2,538.28	132,803	52.32	2,555.38	133,697	52.32	0.00
Hever	598.98	42,691	71.27	610.42	39,545	64.78	-9.11
Hextable	1,643.18	145,438	88.51	1,666.94	147,541	88.51	0.00
Horton Kirby & S Darenth	1,298.26	103,672	79.85	1,299.56	103,672	79.77	-0.10
Kemsing	1,813.75	119,000	65.61	1,839.00	131,000	71.23	8.57
Knockholt	628.51	42,435	67.52	634.77	43,710	68.86	1.98
Leigh	877.50	35,000	39.89	948.18	39,500	41.66	4.44
Otford	1,687.32	170,000	100.75	1,709.88	176,117	103.00	2.23
Penshurst	831.38	43,435	52.24	835.95	44,519	53.26	1.95
Riverhead	1,242.10	53,016	42.68	1,249.06	53,310	42.68	0.00
Seal	1,223.02	72,000	58.87	1,253.83	73,320	58.48	-0.66
Sevenoaks Town	9,470.04	1,088,593	114.95	9,637.63	1,141,385	118.43	3.03
Sevenoaks Weald	621.15	42,628	68.63	615.09	44,000	71.53	4.23
Shoreham	686.26	38,000	55.37	685.46	40,000	58.35	5.38
Sundridge	925.22	62,000	67.01	932.07	63,240	67.85	1.25
Swanley	5,485.19	560,922	102.26	5,607.45	590,600	105.32	2.99
Westerham	1,985.12	205,575	103.56	2,068.71	226,720	109.59	5.82
West Kingsdown	2,330.73	100,900	43.29	2,344.35	103,600	44.19	2.08
Totals	49,902.89	4,227,497		50,772.34	4,415,343		
Average			84.71			86.96	2.66

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COUNCIL 26 FEBRUARY 2019COUNCIL TAX SETTING 2019/20**RECOMMENDATIONS**

- (a) That the Capital Programme 2019/22 be approved, and Asset Maintenance 2019/20 budget of £572,000 be approved, or £672,000 if SCIA16 is approved (Cabinet 14 February 2019 - Capital Programme & Asset Maintenance);
- (b) that it be noted that at the Cabinet meeting on 10 January 2019 the Council calculated as its council tax base for the year 2019/20:
- (i) for the whole Council area as 50,772.34 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 M;
- (c) that the council tax requirement for the Council’s own purpose for 2019/20 (excluding Town and Parish precepts) be calculated as £215.01;
- (d) that the following amounts be calculated for the year 2019/20 in accordance with Sections 31 to 36 of the Act:
- (i) £57,526,904 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) £42,195,000 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
 - (iii) £15,331,904 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) £301.97 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) £4,415,343 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 L).

(vi) £215.01 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 2019/20 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	143.34	866.28	128.77	51.84
B	167.23	1,010.66	150.23	60.48
C	191.12	1,155.04	171.69	69.12
D	215.01	1,299.42	193.15	77.76
E	262.79	1,588.18	236.07	95.04
F	310.57	1,876.94	278.99	112.32

G	358.35	2,165.70	321.92	129.60
H	430.02	2,598.84	386.30	155.52

- (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 P as the amounts of council tax for the year 2019/20 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 2019/20, 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 10 January 2019.
(c)	The District's council tax requirement (band D).
(d)(i)	Estimated gross revenue expenditure for 2019/20 including reserves and parish precepts.
(d)(ii)	Estimated gross revenue income for 2019/20 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 P 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.

PARISHES ONLY

Part of the Council's area	Valuation Bands							
	A £	B £	C £	D £	E £	F £	G £	H £
Ash-cum-Ridley	29.80	34.77	39.73	44.70	54.63	64.57	74.50	89.40
Badgers Mount	54.69	63.80	72.92	82.03	100.26	118.49	136.72	164.06
Brasted	32.45	37.86	43.27	48.68	59.50	70.32	81.13	97.36
Chevening	32.17	37.53	42.89	48.25	58.97	69.69	80.42	96.50
Chiddingstone	42.87	50.02	57.16	64.31	78.60	92.89	107.18	128.62
Cowden	33.67	39.29	44.90	50.51	61.73	72.96	84.18	101.02
Crockenhill	82.94	96.76	110.59	124.41	152.06	179.70	207.35	248.82
Dunton Green	67.21	78.41	89.61	100.81	123.21	145.61	168.02	201.62
Edenbridge	96.22	112.26	128.29	144.33	176.40	208.48	240.55	288.66
Eynsford	56.21	65.58	74.95	84.32	103.06	121.80	140.53	168.64
Farningham	46.90	54.72	62.53	70.35	85.98	101.62	117.25	140.70
Fawkham	30.71	35.82	40.94	46.06	56.30	66.53	76.77	92.12
Halstead	38.72	45.17	51.63	58.08	70.99	83.89	96.80	116.16
Hartley	34.88	40.69	46.51	52.32	63.95	75.57	87.20	104.64
Hever	43.19	50.38	57.58	64.78	79.18	93.57	107.97	129.56
Hextable	59.01	68.84	78.68	88.51	108.18	127.85	147.52	177.02
Horton Kirby & S Darent	53.18	62.04	70.91	79.77	97.50	115.22	132.95	159.54
Kemsing	47.49	55.40	63.32	71.23	87.06	102.89	118.72	142.46
Knockholt	45.91	53.56	61.21	68.86	84.16	99.46	114.77	137.72
Leigh	27.77	32.40	37.03	41.66	50.92	60.18	69.43	83.32
Otford	68.67	80.11	91.56	103.00	125.89	148.78	171.67	206.00
Penshurst	35.51	41.42	47.34	53.26	65.10	76.93	88.77	106.52
Riverhead	28.45	33.20	37.94	42.68	52.16	61.65	71.13	85.36
Seal	38.99	45.48	51.98	58.48	71.48	84.47	97.47	116.96
Sevenoaks Town	78.95	92.11	105.27	118.43	144.75	171.07	197.38	236.86
Sevenoaks Weald	47.69	55.63	63.58	71.53	87.43	103.32	119.22	143.06
Shoreham	38.90	45.38	51.87	58.35	71.32	84.28	97.25	116.70
Sundridge	45.23	52.77	60.31	67.85	82.93	98.01	113.08	135.70
Swanley	70.21	81.92	93.62	105.32	128.72	152.13	175.53	210.64
Westerham	73.06	85.24	97.41	109.59	133.94	158.30	182.65	219.18
West Kingsdown	29.46	34.37	39.28	44.19	54.01	63.83	73.65	88.38

GRAND TOTAL

Part of the Council's area	Valuation Bands							
	A £	B £	C £	D £	E £	F £	G £	H £
Ash-cum-Ridley	1,220.03	1,423.37	1,626.70	1,830.04	2,236.71	2,643.39	3,050.07	3,660.08
Badgers Mount	1,244.92	1,452.40	1,659.89	1,867.37	2,282.34	2,697.31	3,112.29	3,734.74
Brasted	1,222.68	1,426.46	1,630.24	1,834.02	2,241.58	2,649.14	3,056.70	3,668.04
Chevening	1,222.40	1,426.13	1,629.86	1,833.59	2,241.05	2,648.51	3,055.99	3,667.18
Chiddingstone	1,233.10	1,438.62	1,644.13	1,849.65	2,260.68	2,671.71	3,082.75	3,699.30
Cowden	1,223.90	1,427.89	1,631.87	1,835.85	2,243.81	2,651.78	3,059.75	3,671.70
Crockenhill	1,273.17	1,485.36	1,697.56	1,909.75	2,334.14	2,758.52	3,182.92	3,819.50
Dunton Green	1,257.44	1,467.01	1,676.58	1,886.15	2,305.29	2,724.43	3,143.59	3,772.30
Edenbridge	1,286.45	1,500.86	1,715.26	1,929.67	2,358.48	2,787.30	3,216.12	3,859.34
Eynsford	1,246.44	1,454.18	1,661.92	1,869.66	2,285.14	2,700.62	3,116.10	3,739.32
Farningham	1,237.13	1,443.32	1,649.50	1,855.69	2,268.06	2,680.44	3,092.82	3,711.38
Fawkham	1,220.94	1,424.42	1,627.91	1,831.40	2,238.38	2,645.35	3,052.34	3,662.80
Halstead	1,228.95	1,433.77	1,638.60	1,843.42	2,253.07	2,662.71	3,072.37	3,686.84
Hartley	1,225.11	1,429.29	1,633.48	1,837.66	2,246.03	2,654.39	3,062.77	3,675.32
Hever	1,233.42	1,438.98	1,644.55	1,850.12	2,261.26	2,672.39	3,083.54	3,700.24
Hextable	1,249.24	1,457.44	1,665.65	1,873.85	2,290.26	2,706.67	3,123.09	3,747.70
Horton Kirby & S Darent	1,243.41	1,450.64	1,657.88	1,865.11	2,279.58	2,694.04	3,108.52	3,730.22
Kemsing	1,237.72	1,444.00	1,650.29	1,856.57	2,269.14	2,681.71	3,094.29	3,713.14
Knockholt	1,236.14	1,442.16	1,648.18	1,854.20	2,266.24	2,678.28	3,090.34	3,708.40
Leigh	1,218.00	1,421.00	1,624.00	1,827.00	2,233.00	2,639.00	3,045.00	3,654.00
Otford	1,258.90	1,468.71	1,678.53	1,888.34	2,307.97	2,727.60	3,147.24	3,776.68
Penshurst	1,225.74	1,430.02	1,634.31	1,838.60	2,247.18	2,655.75	3,064.34	3,677.20
Riverhead	1,218.68	1,421.80	1,624.91	1,828.02	2,234.24	2,640.47	3,046.70	3,656.04
Seal	1,229.22	1,434.08	1,638.95	1,843.82	2,253.56	2,663.29	3,073.04	3,687.64
Sevenoaks Town	1,269.18	1,480.71	1,692.24	1,903.77	2,326.83	2,749.89	3,172.95	3,807.54
Sevenoaks Weald	1,237.92	1,444.23	1,650.55	1,856.87	2,269.51	2,682.14	3,094.79	3,713.74
Shoreham	1,229.13	1,433.98	1,638.84	1,843.69	2,253.40	2,663.10	3,072.82	3,687.38
Sundridge	1,235.46	1,441.37	1,647.28	1,853.19	2,265.01	2,676.83	3,088.65	3,706.38
Swanley	1,260.44	1,470.52	1,680.59	1,890.66	2,310.80	2,730.95	3,151.10	3,781.32
Westerham	1,263.29	1,473.84	1,684.38	1,894.93	2,316.02	2,737.12	3,158.22	3,789.86
West Kingsdown	1,219.69	1,422.97	1,626.25	1,829.53	2,236.09	2,642.65	3,049.22	3,659.06

Item 7(a) - Amendments to the Hackney Carriage and Private Hire Policy following Consultation

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

Licensing Committee (30 January 2019, Minute 18)

Members considered a report which set out amendments to the Hackney Carriage and Private Hire policy, following a six-week consultation.

Members queried the Officer comments in appendix B, indicating that CCTV could be placed where drivers want. Members suggested that there were stricter guidelines on where cameras can be placed in vehicles. The Head of Licensing Partnership confirmed that whilst this was the case, the wording mentioned was just a consultation response and would not be in the final policy.

Members indicated that they were impressed with the District's taxi drivers and despite a lot of rules and regulations that needed to be adhered to, they did it very well.

The Head of Licensing Partnership agreed and noted their increasing professionalism.

Resolved: That it be recommended to Council that the draft amended Hackney Carriage and Private Hire policy be approved.

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**AMENDMENTS TO THE HACKNEY CARRIAGE AND PRIVATE HIRE POLICY
FOLLOWING CONSULTATION**

Council - 26 February 2019

Report of Chief Officer Environmental and Operational Services

Status For Decision

Also considered by: Licensing Committee - 30 January 2019

Key Decision No

Executive Summary: This report is following the 6 week consultation on amendments to the Hackney Carriage and Private Hire Licensing Policy. This authority is required to regularly review its Taxi Licensing Policy.

Portfolio Holder Cllr. Anna Firth

Contact Officer Jessica Foley, Ext. 7480

Recommendation to Licensing Committee:

That it be recommended to Council that the draft amended Hackney Carriage and Private Hire Policy that went out for a 6 week public consultation be approved.

Recommendation to Council:

That the draft amended Hackney Carriage and Private Hire policy be approved.

Reason for recommendation: To enable the Council to make decisions for Hackney Carriage and Private Hire licensing in accordance with the interpretation of the legislation.

Introduction and Background

- 1 Sevenoaks District Council has responsibility for licensing Hackney Carriage and Private Hire vehicles, drivers and operators within the District of Sevenoaks. The existing policy was published in July 2016 and may be revised from time to time in keeping with the legislation.
- 2 The policy will remain in existence for a period of five years, during which time it shall be kept under review and revised as appropriate or after any significant legislative change.

Agenda Item 7a

- 3 At their meeting on 1 November 2018, the Licensing committee considered the proposed changes to policy and authorised the consultation on those proposed changes to be carried out.
- 4 The changes to the policy proposed are set out in a table attached to this report as Appendix A.
- 5 The table of consultation feedback is set out in Appendix B.
- 6 The draft Policy with the amendments made is attached as Appendix C.

Proposed Amendments

DVLA Mandates

- 7 *Appendix A, row B.* The policy states, 'Drivers will be required to sign a mandate form to allow the Licensing Authority to carry out the check with the DVLA.' The DVLA are changing their procedures and processes so the amendment is to delete the sentence.
- 8 *Appendix A, row C.* Hackney Carriage and/or Private Hire Driver Licence - New and Renewal applications. The policy states, 'DVLA mandate completed and signed by the applicant.' The amendment is to replace that with, 'Authorisation from driver that DVLA check can be carried out by the Licensing Team.'
- 9 *Appendix A, row E.* As above, DVLA processes are changing so the amendment is just to change the word 'Mandate' to 'check'.
- 10 **Consultation response:** no feedback on this proposed change

Medical Fitness

- 11 *Appendix A, row D.* Our current policy states that applicants must use the Council's appointed medical centre. The amendment is to require applicants to obtain the same medical standard but by a GP. This will give the applicant more freedom to get a medical. There is less chance of the applicant facing a waiting list and if the medical is carried out by the applicants own GP then the GP will have knowledge of their full medical history.
- 12 **Consultation response:** 19 in support of change, 4 against

Operator's Address

- 13 *Appendix A, row F.* It is currently not specified in the policy that the address must be within the District of Sevenoaks. The amendment is to add in the wording suggested in the table with 'grandfather rights' included for any Operators already licensed that are outside of the district.
- 14 **Consultation response:**

19 in support of requiring operators to have an address in our district, 5 against;

18 in support on grandfather rights, 5 against.

Amendments to the Policy

15 *Appendix A, row G.* The policy currently states ‘All changes to the Policy are made by the Licensing Committee only.’ However, this does not reflect the current legal position. Therefore it is proposed to amend it to say that ‘All changes to the Policy are currently approved by the Licensing Committee and then considered by Full Council.’

16 **Consultation response:** no feedback on this proposal

Vehicle Test Standards

17 *Appendix A, row H.* The Policy currently states ‘SDC will not licence any vehicle that is classed as a Category C insurance write off.’ The amendment is to change Category C to Category S as the terminology has now changed.

18 **Consultation response:** 23 in support of the change, 1 against

Legislative Changes

19 *Appendix A, row I.* The Policy currently sets out the penalty points that would be issued for failing to comply with the Disability Discrimination Act 1995. The proposed amendment is to ensure that the Policy reflects current legislation, namely the Equality Act 2010, concerning discrimination offences against disabled people.

20 **Consultation response:** 23 in support of the change, 1 against

Fees

21 *Appendix A, row J.* The Policy currently states ‘A holder of a Hackney Carriage Driver’s licence is able to drive a Private Hire vehicle. However, a holder of a Private Hire Driver’s licence **may not** drive a Hackney Carriage vehicle.’ The proposed amendment is to delete this paragraph as it is untrue. A Hackney Carriage Driver must also have a Private Hire Driver badge and certificate if they wish to drive a Private Hire Vehicle.

22 **Consultation response:** 17 in support of the change, 7 against

DSA (Driving Standards Agency)

23 *Appendix A, row K.* The Policy mentions the DSA (Driving Standards Agency) in a number of places. They no longer carry out driving standards tests for Taxi drivers

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and therefore we have a different approved provider. There may be more providers added to that so the proposed amendment is to change any part of the policy that states DSA to Driving Standards test or Council approved provider.

24 Consultation response: 22 in support of the change, 2 against

Wheelchair Accessible Vehicles

25 Appendix A, row L. The Policy currently states 'From 1st September 2016 all additional Hackney Carriage vehicles requiring a new plate, must be wheelchair accessible. That is those that require the issue of a new HC plate number. (This does not apply to replacement vehicles, change of ownership of vehicles or vehicles that are replacing damaged vehicles). The amendment is to replace the statement in brackets with; '(This does not apply to replacement vehicles, change of ownership of vehicles, vehicles that are replacing damaged vehicles and ultra-low-emission vehicles [ULEV] that is vehicles that emit less than 75g/km of CO₂ under the WLTP)' and include the following statement, 'This exemption will be kept under regular review and may be time limited or removed in future reviews of the policy.'

26 Consultation response: 20 in support of the change, 4 against

Other Options Considered and/or Rejected

The council could choose to retain its current policy without changes but to do so could make the application process harder for applicants and current drivers regarding the medical centre. Compliance and enforcement as to Private Hire Operators addresses difficult and the wording within our policy, incorrect. Therefore keeping the existing policy without these amendments is not a course of action that is recommended.

Key Implications

Financial

Officers may incur additional costs and increased difficulties in enforcement should they need to visit Operators outside the district. Failure to ensure the Policy is compliant with current DVLA or insurance practices may mean that Officers spend more time defending a challengeable decision. Paying for yearly medicals for those aged 65 and over currently costs the council over £3000 per annum.

Legal Implications and Risk Assessment Statement.

Should parts of the industry believe the authority's Taxi Licensing Policy is not sound it would be open to them to undertake judicial review proceedings.

Equality Assessment

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups. The decisions recommended through this paper fall in line with the legislation and do not pose a risk to issues surrounding equality.

Conclusions

The current policy without changes could make the application process harder for applicants and current drivers regarding the medical centre. Compliance and enforcement as to Private Hire Operators addresses could be difficult due to distance and the wording within our policy could be incorrect. The changes recommended are to improve and correct our policy as well as change best practice to benefit the council.

The options available are to:-

1. agree all the amendments as detailed above;
2. agree to some of the amendments but leave others out; or
3. reject the suggested amendments to the policy and leave the Hackney Carriage and Private Hire Policy as it is.

Appendices

Appendix A - Table to show draft changes to the policy

Appendix B - Table of consultation feedback

Appendix C - Draft Policy Document

Background Papers

[Sevenoaks District Council Hackney Carriage and Private Hire Policy](#)

Richard Wilson

Chief Officer Environmental & Operational Services

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	Changes to section in policy	2015 policy	Draft policy
A	1. Introduction DVLA Mandates	“Drivers will be required to sign a mandate form to allow the Licensing Authority to carry out the check with the DVLA.”	<p>This sentence shall be deleted as the way in which DVLA checks are carried out is changing and may change again in the future.</p> <p>The policy will retain the statement, “DVLA checks of all drivers’ licences at first application and at renewal.”</p>
B	3. Hackney Carriage and/or Private Hire Driver Licence - New and Renewal applications	“DVLA mandate completed and signed by the applicant.”	“Authorisation from driver that DVLA check can be carried out by the Licensing Team.”
C	3.4 Medical Fitness	“All applicants will be required to obtain a Group 2 medical standards certificate signed by Sevenoaks District Council’s appointed surgery.”	“All applicants will be required to obtain a Group 2 medical standards certificate signed by a GP.”
D	3.6 Renewal of Licences	“At each renewal a current correct driving licence, DBS enhanced check, Medical and DVLA Mandate will be required.”	“At each renewal a current correct driving licence, DBS enhanced check, Medical and DVLA check will be required.”
E	5.8 Address from which an Operator may operate	Current Policy does not specify that an Operator must have an address in the district.	“The Council will not grant a licence to an operator whose premises are located outside the district of Sevenoaks. This is to ensure that proper regulation and enforcement measures may be

			<p>taken by the Council and is in no way intended to be a restraint of trade.</p> <p>“Operators based outside the district who have been granted a licence prior to the adoption of this amendment to policy (2018/19) will retain ‘grandfather rights’ providing the conditions of the licence are fully met.”</p>
F	11. Amendments to the Policy	“All changes to the Policy are made by the Licensing Committee only.”	“All changes to the Policy are currently approved by the Licensing Committee and then considered by Full Council.”
G	Appendix 2 - Vehicle Test Standards	“SDC will not licence any vehicle that is classed as a Category C insurance write off.”	“SDC will not licence any vehicle that is classed as a Category S insurance write off.”
H	Legislative Changes	Disability Discrimination Act 1995.	All references will be amended to the Equality Act 2010.
I	3.1 Fees	A holder of a Hackney Carriage Driver’s licence is able to drive a Private Hire vehicle. However, a holder of a Private Hire Driver’s licence may not drive a Hackney Carriage vehicle.	This paragraph shall be deleted to ensure consistency with legislative framework.

J	DSA - Driving Standards Agency	DSA centre or Council approved alternative.	All references will be amended to Driving Standards test or Council approved provider.
K	Wheelchair accessible vehicles	‘From 1 st September 2016 all additional Hackney Carriage vehicles requiring a new plate, must be wheelchair accessible. That is those that require the issue of a new HC plate number. (This does not apply to replacement vehicles, change of ownership of vehicles or vehicles that are replacing damaged vehicles).	The amendment is to replace the statement in brackets with; ‘(This does not apply to replacement vehicles, change of ownership of vehicles, vehicles that are replacing damaged vehicles and ultra-low-emission vehicles [ULEV] that is vehicles that emit less than 75g/km of CO2)’ and include the following statement, ‘This exemption will be kept under regular review and may be time limited or removed in future reviews of the policy.’

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Consultation Feedback form for the Hackney Carriage and Private Hire Policy

	Changes to section in policy	Current 2015 Policy	Draft amendment to Policy	Survey results	Survey comments	Officer comments	Decision by Licensing Committee on 30 01 19
Page 193	1. Introduction DVLA Mandates	“Drivers will be required to sign a mandate form to allow the Licensing Authority to carry out the check with the DVLA.”	<p>This sentence shall be deleted as the way in which DVLA checks are carried out is changing and may change again in the future.</p> <p>The policy will retain the statement, “DVLA checks of all drivers’ licences at first application and at renewal.”</p>	24x Agree 0x Disagree	No comments.		
B	3. Hackney Carriage and/or Private Hire Driver Licence - New and Renewal applications	“DVLA mandate completed and signed by the applicant.”	“Authorisation from driver that DVLA check can be carried out by the Licensing Team.”	24x Agree 0x Disagree	No comments.		

	Changes to section in policy	Current 2015 Policy	Draft amendment to Policy	Survey results	Survey comments	Officer comments	Decision by Licensing Committee on 30 01 19
C	3.4 Medical Fitness	“All applicants will be required to obtain a Group 2 medical standards certificate signed by Sevenoaks District Council’s appointed surgery.”	“All applicants will be required to obtain a Group 2 medical standards certificate signed by a GP.”	19x Agree 4x Disagree	*This once again would incur extra cost for over 65 yr olds if a medical is required every year.		
					*Because your own doctor could be bias towards you.	Your own GP will have your full medical history. Professionals should not be bias, only make factual decisions based on all the relevant information.	

	Changes to section in policy	Current 2015 Policy	Draft amendment to Policy	Survey results	Survey comments	Officer comments	Decision by Licensing Committee on 30 01 19
					*GP's are already overworked. Do not cause them extra work. If need-be make a policy that applicants pay the SDC or the approved surgery direct.		
					*The current policy works well. I see no point in changing it.		
Page 195	3.6 Renewal of Licences	“At each renewal a current correct driving licence, DBS enhanced check, Medical and DVLA Mandate will be required.”	“At each renewal a current correct driving licence, DBS enhanced check, Medical and DVLA check will be required.”			Just a change of word. ‘DVLA Mandate’ to ‘DVLA Check’.	

	Changes to section in policy	Current 2015 Policy	Draft amendment to Policy	Survey results	Survey comments	Officer comments	Decision by Licensing Committee on 30 01 19
E	5.8 Address from which an Operator may operate	Current Policy does not specify that an Operator must have an address in the district.	“The Council will not grant a licence to an operator whose premises are located outside the district of Sevenoaks. This is to ensure that proper regulation and enforcement measures may be taken by the Council and is in no way intended to be a restraint of trade.	19x Agree 5x Disagree	*Because these kinds of operators advertise they are in the borough that they are not licensed and charge local and tourists extremely high prices. They also can have an advantage of not playing by the same rules. IE having older vehicles etc.		
					*There should be equal opportunities for everybody, irrespective of where they live.		

	Changes to section in policy	Current 2015 Policy	Draft amendment to Policy	Survey results	Survey comments	Officer comments	Decision by Licensing Committee on 30 01 19
					*We have had a licence before but let it expire we may wish to re apply at the change would prevent us doing so.		
					*I want uber.		
Page 197					*We don't need to support kind of big firm like uber who is don't care a local people and don't care them on staff even they just care the profit and they are not spending in local.		
					*It's prescriptive and will prevent drivers from just outside the borders being able to work in the district. It is not enforceable in reverse - i.e. taxi home from London will utilise drivers from outside the district.		

	Changes to section in policy	Current 2015 Policy	Draft amendment to Policy	Survey results	Survey comments	Officer comments	Decision by Licensing Committee on 30 01 19
					*I feel that no grandfathers rights should be agreed and any operator that wishes to operate within Sevenoaks should be part of Sevenoaks. Past and present applications.		
Page 198			“Operators based outside the district who have been granted a licence prior to the adoption of this amendment to policy (2018/19) will retain ‘grandfather rights’ providing the conditions of the licence are fully met.”	18x Agree 5x Disagree	Question and comments linked in with above.		

	Changes to section in policy	Current 2015 Policy	Draft amendment to Policy	Survey results	Survey comments	Officer comments	Decision by Licensing Committee on 30 01 19
F	11. Amendments to the Policy	“All changes to the Policy are made by the Licensing Committee only.”	“All changes to the Policy are currently approved by the Licensing Committee and then considered by Full Council.”			Just a correction of wrong information in the policy.	
G	Appendix 2 - Vehicle Test Standards	“SDC will not licence any vehicle that is classed as a Category C insurance write off.”	“SDC will not licence any vehicle that is classed as a Category S insurance write off.”	23x Agree 1x Disagree	*S category don't mean that car is got that kind of repair to states to not license.		
H	Legislative Changes	Disability Discrimination Act 1995.	All references will be amended to the Equality Act 2010.	23x Agree 1x Disagree	*In fact I agree but I want to use this box to flag up the number of cases where drivers have illegally refuse to carry guide dogs. Can we help with extra policy in this matter.	Any cases of guide dogs being refused need to be reported to the Licensing team. This is already in our policy and drivers would either be issued points or would be... (P.T.O)	

	Changes to section in policy	Current 2015 Policy	Draft amendment to Policy	Survey results	Survey comments	Officer comments	Decision by Licensing Committee on 30 01 19
					*The way I read this if you have a hackney badge you will need another badge to do private hire work.	You would need another badge to drive a PH vehicle, not just to carry out PH work in your HC vehicle.	
Page 201					*Hackney carriage drivers are more qualified to drive PH vehicles therefore should be able to drive one. But PH drivers not Hackney vehicles.	A HC driver would just need to pay for the additional badge and paper licence, no further tests are required. PH drivers cannot do this to drive HC vehicles. They would have to sit a HC knowledge test.	

	Changes to section in policy	Current 2015 Policy	Draft amendment to Policy	Survey results	Survey comments	Officer comments	Decision by Licensing Committee on 30 01 19
					*Who is have a hc licences they can do the same job like ph if they're not in the street hire. Plus we know more better the knowledge aa well, and between this two licenses that was a different!		
Page 202					*It creates additional requirements for drivers.	This is already happening, it is just an amendment to correct the Policy.	
					*A Hackney carriage driver is tested on their local knowledge and is quite suitable to drive a Private hire vehicle but I understand a private hire driver is not tested on knowledge.	A HC driver would just need to pay for the additional badge and paper licence, no further tests are required. PH drivers cannot do this to drive HC vehicles. They would have to sit a... (P.T.O)	

	Changes to section in policy	Current 2015 Policy	Draft amendment to Policy	Survey results	Survey comments	Officer comments	Decision by Licensing Committee on 30 01 19
						...HC knowledge test. PH drivers are tested on their knowledge but not to the same extent.	
J	DSA - Driving Standards Agency	DSA centre or Council approved alternative.	All references will be amended to Driving Standards test or Council approved provider.	22x Agree 2x Disagree	*Would only agree to alternative provider is consistent standard could be guaranteed.	All of our providers are contracted to provide the same standard.	
Page 203					*We done ones already!	This is for new drivers. We are aware that drivers that are already licenced have already passed this.	

	Changes to section in policy	Current 2015 Policy	Draft amendment to Policy	Survey results	Survey comments	Officer comments	Decision by Licensing Committee on 30 01 19
Page 205			<p>...statement, 'This exemption will be kept under regular review and may be time limited or removed in future reviews of the policy.'</p>				
					<p>*Why cannot we simply make it a requirement that any vehicle plying for hire and reward is from a certain date in say the next six months have access for wheelchairs. Otherwise drivers/owners can take easy steps to ensure they do not comply with this regulation.</p>		

	Changes to section in policy	Current 2015 Policy	Draft amendment to Policy	Survey results	Survey comments	Officer comments	Decision by Licensing Committee on 30 01 19
Page 206					<p>*I have worked for Sevenoaks as an Hackney carriage vehicle for over 20 years. In all that time I have probably seen 2-3 wheelchairs come down to the rank and all these were able to get in the cars. If the wheelchair is too big then there are enough on taxi firms to be called forward to carry such persons. Sevenoaks is not like most towns and do not have the necessity most have for such use.</p>		

Comments from Mick Madden - Dunbrik workshop	Officer comments
<p>1. Engine size - Considering the change in engineering, a 1.3 vehicle nowadays is just as powerful as a 1.8 five years ago; should the limitation of engine size be removed and the vehicle be assessed on a case-by-case basis.</p>	<p>The policy does state, 'To help consider the environmental impact, any petrol electric vehicle with an engine size under 1400cc will be considered to be licensed on a case by case basis. Sevenoaks District Council suggests that, in order to promote a greener environment, any vehicle that promotes cleaner fuel emissions may be entitled to pay a reduced fee at the time of having the vehicle tested by Sevenoaks District Council's appointed workshop.'</p> <p>We could use this to judge each vehicle on a case by case basis.</p>
<p>2. Blacked out windows: There isn't a clear guide for what level of visibility is acceptable by SDC and it would be helpful if this is clearer.</p>	<p>We do have a minimum for Hackney Carriage vehicles but I will need to look into if there is a maximum standard.</p>
<p>3. CCTV: Although not a requirement, it would be helpful if in Policy we could say that any CCTV equipment installed is advised to be situated on the left hand side (passenger side) next to the rear view mirror.</p>	<p>Although we could 'advise' on location as it is not a mandatory requirement, they can put their own cameras where they want.</p>
<p>4. Meter Testing for PHV: While there is nothing stopping a PHV from having a meter installed, Dunbrik don't want to carry out the meter calibration as part of the vehicle test; they said that it should be the PH Operators responsibility to ensure these are calibrated to whatever fare they want - to include meter testing as part of the Vehicle Test for PHV will add too much time and be a strain on Dunbrik's resources.</p>	<p>My understanding was that if a Private Hire Vehicle has a meter, it must be tested by us against their own fare chart. They pay the same as a HC vehicle test and I think it is a very small number of PH vehicles that even have meters.</p>

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DRAFT STATEMENT OF HACKNEY CARRIAGE AND PRIVATE HIRE POLICY

DRAFT



Agenda Item 7a

Effective from **DATE**

The Role of Licensing: Policy Justification

The aim of local authority licensing of Taxi and Private Hire Vehicle (PHV) trades is to protect the public. Sevenoaks District Council is also aware that the public should have reasonable access to taxi and PHV services because of the part they play in local transport provision. Licensing requirements which are unduly stringent will tend unreasonably to restrict the supply of taxi and PHV services, by putting up the cost of operation or otherwise restricting entry to the trade. Sevenoaks District Council recognises that too restrictive an approach can work against the public interest – and can, indeed, have safety implications.

For example, it is clearly important that somebody using a taxi or PHV to go home alone late at night should be confident that the driver is “fit and proper” and that the vehicle is safe. However, on the other hand if the supply of taxis or PHVs has been unduly constrained by onerous licensing conditions, then that person’s safety might be put at risk by having to wait on streets late at night for a taxi or PHV to arrive; he or she might even be tempted to enter an unlicensed vehicle with an unlicensed driver illegally plying for hire.

Sevenoaks District Council, therefore, wants to be sure that every licensing requirement is in proportion to the risk it aims to address; or to put it another way, whether the cost of a requirement in terms of its effect on the availability of transport to the public is at least matched by the benefit to the public, for example through increased safety. This is not to propose that a detailed, quantitative, cost-benefit assessment should be made in each case; but it is to say that Sevenoaks District Council does look carefully at the costs – financial and otherwise – imposed by all of its licensing policies.

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1. Introduction

The Licensing Authority at Sevenoaks District Council (“the Council”) is responsible for processing all applications for hackney carriage and private hire licences including drivers, vehicles and private hire operators. The team also deals with complaints and compliance in relation to hackney carriage and private hire matters.

The licensing of hackney carriage and private hire drivers, vehicles and operators aims to secure the following objectives:

- That all licensed drivers/proprietors and operators are “fit and proper” persons to ensure the highest levels of public safety and good practice.
- That all licensed vehicles are roadworthy and fit for use.
- To encourage the use of environmentally friendly vehicles.
- To encourage the use of vehicles that are accessible to persons who have disabilities.

The Council will ensure that these aims are met by setting minimum requirements for the licensing of drivers, vehicles and operators. These requirements include:

- Up to three yearly licensing of drivers including medical checks, criminal record clearance, an appropriate level of driving ability and a sound knowledge of the area.
- DVLA checks of all drivers’ licences at first application and at renewal.
- Five yearly licensing of private hire operators from April 2016. Until the new fees are set, three year licences will be available.
- Annual licensing of vehicles, with routine inspections by council officers. Checks of documentation such as insurance certificates and strict mechanical testing;
- Investigation of complaints and enforcement of legislation and licence conditions with appropriate action taken in accordance with the Council’s enforcement policy statement.
- Ongoing training, development and monitoring of the Council’s Licensing staff.
- Provision of information to the private hire and hackney trades and members of the public through press releases and publications, the Council website and attendance at relevant forums.

2. Review of Policy and Procedures

2.1 Legislation

In undertaking its licensing function, the council will have particular regard for:

- Town Police Clauses Act 1847 and 1889
- Local Government (Miscellaneous Provisions) Act 1976
- Transport Act 1985 and 2000
- Crime and Disorder Act 1998
- Environmental Protection Act 1990
- Equalities Act 2010
- Road Traffic Acts
- Health Act 2006
- Human Rights Act 1998
- Regulators Code

2.2 Taxi and Private Hire Licensing: Best Practice Guidance March 2010

The Department for Transport has national responsibility for hackney carriage and private hire legislation in England and Wales. Following widespread consultation, the Department has produced Best Practice Guidance for licensing authorities which sets out standards which can be considered good practice in this area of licensing, although it also recognises that individual licensing authorities should produce their own policies in relation to specific licensing matters. This Guidance has been taken into consideration in preparing this policy. Also regard has been given to the Licensing Partnership and this has been seen as an opportunity to have some consistency across the three authorities. The Licensing Partnership currently includes Maidstone Borough Council, Sevenoaks District Council and Tunbridge Wells Borough Council.

2.3 Consultation

The Council is keen to hear the views of persons who may be affected by this policy and has identified people and organisations that may be interested in commenting on this document. The Council has consulted widely and invited comments from any interested party in particular those listed below.

- ▶ Representatives of Sevenoaks licensed hackney & private hire drivers
- ▶ Representatives and trade groups of Sevenoaks taxi proprietors and private hire vehicle licence holders.
- ▶ Representatives of the district's taxi and private hire operators
- ▶ Sevenoaks District Councillors
- ▶ Town and Parish Councils
- ▶ Neighbouring Authorities
- ▶ Community Safety Unit
- ▶ Access Group
- ▶ Local businesses and residents

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- ▶ The National Private Hire Association
- ▶ The National Taxi Association
- ▶ Members of the Public through the Council Website
- ▶ Public Health Kent
- ▶ Chamber of Commerce
- ▶ Kent Police
- ▶ Kent County Council Traffic & Road Safety
- ▶ Kent County Council (School Contracts)
- ▶ Citizens Advice Bureau
- ▶ Age UK

The Policy and associated documentation are available for inspection on the Council's website and a hard copy can be viewed at Sevenoaks District Council Offices, Argyle Road, Sevenoaks, Kent TN13 1HG.

The policy will remain in existence for a period of five years, during which time it shall be kept under review and revised as appropriate or after any significant legislative change.

Upon implementation of this policy, the Authority expects licence-holders to comply with its terms immediately.

2.4 Online Forms

Sevenoaks District Council has introduced online forms to facilitate applications. The authority is committed to keeping the cost of providing the licensing service down and online forms assist with this aim.

All new applications that are made online will require an applicant to meet with an officer to complete the application process.

We are happy to accept scanned accompanying documents or photograph images with online applications. However, if the submitted images do not match with the electronic images that are held by the authority, this authority reserves the right to require the original documentation to be presented to the Licensing Authority.

3. Hackney Carriage and/or Private Hire Driver Licence – New and Renewal applications

Sections 51 and 59 of the Local Government (Miscellaneous Provisions) Act 1976 require that a district council shall not grant a driver's licence to drive a private hire vehicle or hackney carriage unless they are satisfied that an applicant is a fit and proper person.

In order for the Council to establish whether an applicant is fit and proper the applicant must provide evidence of:

- . Honesty and trustworthiness
- . Driving standard
- . Medical fitness
- . Criminal history
- . Relevant knowledge of the district
- . Understanding of English (spoken, written and reading)

All applicants must read the Council's Statement of Policy about Relevant Convictions before considering whether to apply for a Hackney Carriage or Private Hire Vehicle driver's licence.

Application forms must be completed in full. Any incomplete forms will be returned to the applicant as invalid.

Applications will only be accepted as valid if they include and/or are accompanied by the following:

- Correct application form provided by the Council, completed in its entirety and signed by the applicant.
- The appropriate fee. The current fees are available online <http://www.sevenoaks.gov.uk/services/business/licence-and-permits/Taxis-and-Private-Hire>
- The applicant's original DVLA driving licence. Applicants must have held a full DVLA or EU licence for at least 1 year. (para.3.2) for a new application
- A completed medical certificate (para.3.4)
- Driving Standards practical taxi test and wheelchair test (where applicable)
- Evidence of passing Sevenoaks District Council's knowledge test/alternative suitability and knowledge test for all new hackney carriage drivers
- One recently taken, colour, passport sized photograph of the applicant (no sunglasses and, unless they are worn for religious reasons, no hats).

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- Authorisation from driver that DVLA check can be carried out by the Licensing Team.
- Application for a Disclosure and Barring Service Enhanced Check completed by the applicant with accompanying identification or a current valid disclosure certificate completed within 1 month and obtained via an approved body which will allow an update service check to be performed (para.3.5). This must include a check for with adults and child workforce.
- For all applicants who have lived in the United Kingdom for less than 5 years continuously, a certificate of good conduct from the appropriate embassy is required (new applications only) (para.3.5).
- For those not holding an EU passport, evidence will need to be provided of the applicant's right to work in the United Kingdom, which will include a relevant VISA or letter from the appropriate Embassy/Authority. The Licensing Authority may also contact the Home Office to carry out immigration checks when it is appropriate to do so.
- All applicants must provide documentary evidence confirming their right to live and work in the UK. Any licence granted to drivers whose leave to remain in the UK is time limited will only be valid for the period which they are entitled to work in the UK. In order for the licence to be extended, drivers must produce further evidence to prove that they have the right to work in the UK
- Two items confirming the applicant's address
- Documentary proof of the applicant's National Insurance number.

3.1 Fee

All applications must be accompanied by the appropriate fee as prescribed from time to time by the Council. Licensing fees are reviewed on an annual basis and approved by the Council.

No refunds are payable where applications are not pursued or completed or where applications are refused e.g. as a result of relevant criminal records, where relevant information has been withheld or where applicants fail to meet application requirements. The Licensing Department can advise individual applicants who have queries in relation to this issue and any such information is strictly confidential.

Any outstanding application older than 12 months will be destroyed. Should the applicant wish to pursue the application after 12 months a new application will need to be submitted with a fee and a new DBS application will be required.

3.2 Driving Standards

It is a statutory requirement that a licence will not be issued to any person who at the time of the application has not held a full driving licence for a continuous period of one year immediately prior to the date of receipt of a valid application by the Council.

Driving licences issued by EU/EEA States and Countries detailed in the Driving Licences (Exchangeable Licences) Orders are also permitted to count towards the 1 year period qualification requirement for the grant of a private hire and/or hackney carriage licence.

In order to establish that an applicant has reached an acceptable driving standard, new applicants will also be required to have successfully undertaken the Driving Standards Agency's practical taxi test or Kent County Council transport test, should this be introduced. Existing drivers may also be required to undertake this test where serious concerns are raised about the standard of their driving.

All new applications for a driver's licence will be required to successfully undertake a Driving Standards practical taxi test from the Council approved provider without exception.

Drivers of a wheelchair accessible vehicle must have undertaken the enhanced Driving standards practical taxi test which includes the wheelchair exercise. If a driver changes his vehicle to a wheelchair accessible one then they must undertake the element that includes the wheelchair exercise.

Driver assessments can be taken by the Council's approved Driving Standards test provider (details of which will be available on the website).

A first time Hackney carriage driver applicant must demonstrate by means of a test, an acceptable knowledge of places, road and routes within the Council's area. The Licensing Authority may also require the applicant to demonstrate knowledge of the Hackney Carriage byelaws, rules that apply to all drivers on the highway and conditions for the licence types.

3.3 Age

All applicants for HC/PHV driver licences will be assessed on their individual merits. Sevenoaks District Council does not consider it necessary to set a maximum age limit for drivers provided that regular medical checks are made (see 3.4), nor does it consider a minimum age limit, beyond the statutory limitations, to be appropriate.

3.4 Medical Fitness

There is a general recognition that it is appropriate for HC/PHV drivers to have more stringent medical standards than those applicable to normal car drivers because:

- . they carry members of the public who have expectations of a safe journey;
- . they are on the road for longer hours than most drivers; and
- . they may have to assist disabled passengers and handle luggage.

Sevenoaks District Council supports the widely held view that Group 2 medical standards should also be applied by local authorities to HC/PHV drivers.

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All applicants will be required to obtain a Group 2 medical standards certificate signed by a GP.

Once licensed, a new medical will be required to be undertaken at renewal (every 3 years) or annually once the driver reaches the age of 65 years.

The Group 2 medical standards now include the licensing of drivers with insulin treated diabetes. It is the policy of Sevenoaks District Council to apply the standards to taxi and PHV drivers with insulin treated diabetes. The criteria is summarised in Appendix 3.

Should concerns arise regarding the health of a licensed driver, the Council at any time may request further information or a further medical examination to be carried out and submitted. The Council reserves the right to revoke or suspend a licence if requested information is not submitted within 4 weeks of the request and a satisfactory explanation is not given for the failure to provide such information or where the information provided raises further concerns as to the applicant's fitness to carry out his/her duties as a licensed driver.

3.5 Criminal Record

Prior to consideration of any application, the Council will obtain from the applicant a Disclosure & Barring Service Enhanced Certificate in respect of the applicant, to be assessed in accordance with the Council's statement of policy about relevant convictions. This must include a check for working with adults and children.

It is recognised that many vehicles are used for the carriage of children and vulnerable persons and the Enhanced Disclosure is most appropriate.

Existing drivers will be required to submit an Enhanced Certificate, which includes whether an applicant is barred from working with children or adults, every 3 years at renewal unless they are signed up to the online service which will enable the Licensing Department to check directly with the DBS. The licence holder will be responsible for paying the relevant fee. All applicants are strongly advised to sign up to the DBS online checking service as the cost every 3 years is less, the certificate is portable and may be taken to another Licensing Authority and applications for the renewal of their taxi driver's licence may be made more easily online without the need to make an appointment to see a Licensing Officer.

Prior to consideration of any new application, overseas applicants who have lived in the United Kingdom for a continuous period of less than five years are required to provide a certificate of good conduct from their previous country or countries of residence (within the previous five years) in addition to an Enhanced Certificate from the Disclosure & Barring Service which includes whether an applicant is barred from working with children or adults.

A licence will generally not be granted to any applicant who does not comply with the minimum requirements as set out in the Council's Statement of Policy about Relevant Convictions (see Appendix 2). Where several minor offences have been committed the Council will take into consideration any pattern of offending. The Council can also take

into consideration spent convictions and cautions when determining an application for a driver's licence.

A licence may be suspended or revoked pending the outcome of any investigation or trial where an existing driver is found to be awaiting trial or has been charged with a serious crime relating to;

- ▶ Driving or being in charge of a vehicle whilst under the influence of drink or drugs
- ▶ A drug related offence
- ▶ Indecent exposure, indecent assault or any of the more serious sexual offences or,
- ▶ Grievous bodily harm, wounding or assault or,
- ▶ Dishonesty

A licence may also be suspended or revoked where information received raises grave doubts as to the fitness of a driver, regardless of whether criminal charges are brought.

Any application from a new applicant charged with a serious offence as outlined above will not be determined until the outcome of that matter has been determined.

Where an existing driver commits an offence and/or breaches the licence conditions/byelaws, the nature and number of incidents will be taken into consideration when considering if the driver continues to be considered "fit and proper".

Complaints in relation to existing drivers will generally be held on file and taken into consideration for a period of three years from receipt. Although where a further warning is issued during this period, the original warning will be kept on file from the date of the most recent warning. Where a licence is revoked for persistent breach of licence conditions a period of 3 to 5 years should generally elapse before a further application is favourably considered.

A licence holder or applicant shall immediately notify the Council of any charges/convictions/cautions (including motoring offences) imposed during the term of their current licence or application.

3.6 Renewal of Licences

It is the driver's responsibility to ensure that their licence is renewed prior to the expiry of their current licence.

A licence may be renewed up to 6 weeks prior to the expiry date.

Any licence that is not renewed within 1 month following expiry will not be renewed and a new application in full will be required. A Driving Standards pass certificate will

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also need to be provided. Any licence that is renewed within the 1 month grace period may be subject to a late fee.

Where a licence holder will not be available at the time of renewal, for example due to an extended holiday, then they may apply in writing to the Licensing Office, prior to the expiry date, explaining their circumstances and request a waiver. If granted, this waiver will allow the licence holder to renew their licence after the expiry date or depending on the circumstances the licence can be renewed early. The date of renewal of the licence will start from the day after the expiry of the previous licence.

In any case, following expiry of a licence, the driver will not be considered licensed and will not be permitted to drive a licensed vehicle until such time a the licence has been renewed and a new licence has been issued.

The Council will endeavour to issue reminder letters at least six weeks prior to the expiry of a licence although there is no statutory duty for the Council to do so and the responsibility ultimately lies with the licensee to ensure that complete applications for renewal are submitted on time. Applicants are encouraged to submit their applications as soon as possible.

At each renewal a current correct driving licence, DBS enhanced check, Medical and DVLA check will be required.

Applicants are encouraged to make their renewal application online.

3.7 Change of Type of Licence

Licensees wishing to change from holding a private hire licence to a hackney carriage licence will be required to undertake a knowledge test and the wheelchair element of the Driving Standards Assessment (or equivalent) before the licence is issued. The required fee will need to be paid with the application and no refund will be payable in respect of an existing licence.

3.8 Surrender/Suspension/Revocation of Licence or Failure to Complete Application

In the event of the surrender of a driver's licence before its expiry or failure to complete the application process, there shall be no refund of the licence fee.

In the event of a driver's licence being suspended or revoked there shall be no refund of the licence fee.

3.9 Driver's Dress Code

Sevenoaks District Council is committed to encouraging the professional image of the hackney carriage and private hire trade, and considers that drivers of licensed vehicles are vocational drivers. Therefore, the Council considers that drivers should conform to a minimum standard of dress, as set out in Appendix 4, in order to raise and maintain the profile of the licensed trade. The Authority does not impose such standards by way of conditions to any licence. However, it is expected that such standards will be maintained at all times.

3.10 Right of appeal

Where refusal, suspension or revocation of an application/licence has been advised by an Officer, the applicant/driver will be entitled to request the matter be referred to the Licensing Committee to discuss the concerns, unless the driver has lost his DVLA driving licence in which case revocation will be automatic. During this meeting the applicant/driver will be given every opportunity to state their case in relation to the issue(s) of concern. The Committee on hearing all the facts will decide whether to grant any licence or not.

Any applicant who is aggrieved by the Council's refusal to grant/suspend/revoke a driver's licence may appeal to a Magistrates Court within 21 days of being notified in writing of the decision.

In line with s61(2B) of the Local Government (Miscellaneous Provisions) Act 1976, as amended by s.52 of the Road Safety Act 2006, where it appears to the Council that it is in the interests of public safety for any revocation to have immediate effect there will be no right to drive as a private hire or hackney carriage driver pending an appeal. This power will only generally be invoked where there are allegations of serious violence offences, offences of a sexual nature or where there is considered to be a serious risk to passengers or members of the public in allowing the driver to continue as a hackney carriage/private hire driver.

3.11 Duration of Drivers' Licences

A Hackney Carriage or Private Hire Driver's Licence shall be valid for a standard term of three years (unless, for administrative reasons, a shorter period is appropriate).

4. Hackney Carriage / Private Hire Vehicle Licences

Section 47(2) of the Town Police Clauses Act 1847 permits a Borough/District Council to require that a hackney carriage licensed by them under the Act of 1847 to be of such design or appearance or bear such distinguishing marks as shall clearly identify it as a hackney carriage.

4.1 Environmental Considerations

The Best Practice Guidance asks licensing authorities to consider how far their vehicle licensing policies can and should support any local environmental policies that they have adopted, bearing in mind the need to ensure that the benefits outweigh costs (in whatever form). They suggest that authorities may, for example, wish to consider setting vehicle emissions standards, perhaps by promoting cleaner fuels.

It is considered that efforts should be made, through the licensing policy, to improve, as far as possible, the efficiency of vehicles licensed in the District by, in particular, reducing the levels of CO₂ emitted from petrol vehicles and the equivalent from diesel. There is a movement towards the use of alternative fuels and in many areas LPG

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conversions to vehicles are perfectly acceptable and encouraged. This will, however, be dependent on supplies of such fuel being made readily available. It may also be the case that the installation of storage tanks into vehicles may affect the ability to carry luggage.

Clearly, emissions from hackney carriages and private hire vehicles could be reduced further, by encouraging better maintenance of vehicles and by switching off engines when stationary or idling, particularly at hackney carriage ranks. It is proposed that this aspect be tackled through education and promotion.

In view of the above detail, unless more urgent measures are introduced by central government in the meantime, this Council will monitor any research published and Government guidelines with a view to specifying vehicle emissions standards and promoting cleaner vehicles.

To help consider the environmental impact, any petrol electric vehicle with an engine size under 1400cc will be considered to be licensed on a case by case basis. Sevenoaks District Council suggests that, in order to promote a greener environment, any vehicle that promotes cleaner fuel emissions may be entitled to pay a reduced fee at the time of having the vehicle tested by Sevenoaks District Council's appointed workshop.

4.2 Taximeters

The Authority requires every vehicle licensed as a Hackney Carriage to be fitted with a taximeter. The taximeter shall be of a type which is EU approved or specifically authorised by the Council.

A Private Hire vehicle may be fitted with a taximeter. If a taximeter is fitted it shall be of a type which is EU approved or specifically authorised by the Council.

4.3 Roof Signs

The Authority requires all Hackney Carriage vehicles to be fitted with working roof-mounted signs. If the illuminated roof lights have red in them, they must be fitted so that the red light is only visible from the rear. If the vehicle is available for hire the roof light must be illuminated.

The Authority requires that no Private Hire vehicle be fitted with a roof-mounted sign of any kind.

4.4 Numbers Limit

At the moment there is no restriction on how many hackney carriage vehicles can be licensed, Sevenoaks District Council will seek to address this matter when the need

arises and may carry out a demand survey to seek clarification whether there is unmet demand for Hackney carriage vehicles within the whole district.

Section 48 of the Local Government (Miscellaneous Provisions) Act 1976 states that the Council shall grant a private hire vehicle licence provided the Council is satisfied that the vehicle is:

- ▶ Suitable in type, size and design for the use of a Private Hire Vehicle;
- ▶ Not of such a design and appearance as to lead any person to believe that the vehicle is a Hackney Carriage;
- ▶ In a suitable mechanical condition;
- ▶ Safe; and
- ▶ Comfortable;
- ▶ That there is in force in relation to the use of the vehicle a policy of insurance that complies with the Road Traffic Act 1988.

Once licensed, a hackney carriage or private hire vehicle remains a hackney carriage or private hire vehicle until the licence either expires, is suspended or revoked. A licensed vehicle can, subject to very limited exemptions, only ever be legally driven by a driver who holds the relevant hackney carriage or private hire drivers' licence and appropriate insurance.

Sevenoaks District Council will not permit dual plating, therefore once a vehicle is licensed by Sevenoaks District Council it cannot be licensed with any other authority or Transport for London.

4.5 Wheelchair Accessible Vehicles

From 1st September 2016 all additional hackney carriage vehicles requiring a new plate, must be wheelchair accessible. That is those that require the issue of a new Hackney Carriage plate number. (This does not apply to replacement vehicles, change of ownership of vehicles, vehicles that are replacing damaged vehicles and ultra-low-emission vehicles (ULEV) that is vehicles that emit less than 75g/km of CO₂ under the WLTP). This exemption will be kept under regular review and may be time limited or removed in future reviews of the policy. From 1st January 2018 all vehicles that reach the end of their life with respect to being eligible for licensing as a licensed vehicle (i.e. 10 years since the date of its first registration) must be replaced by a wheelchair accessible vehicle. (This does not apply to change of ownership of vehicles or vehicles that are replacing damaged vehicles or a total loss.)

Wheelchair accessible vehicles may be either rear or side loading.

4.6 Applications

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All applications submitted for the initial grant of a licence are advised to apply **at least 10 working days before** the licence is required to allow time for the vehicle to be tested and the licence to be processed.

Application forms must be completed in full, accompanied by all required documents and signed by the applicant and the operator where relevant. Any incomplete forms will be deemed invalid and returned immediately to the applicant.

Applications will only be acceptable as valid if they include and/or are accompanied by the following:

- Application form provided by the Council completed in its entirety and signed by the applicant and operator where relevant.
- Original vehicle registration document showing the applicant to be the registered keeper or other acceptable proof of ownership (the V5 New Keeper Supplement completed by the applicant or an official receipt from a registered company in the case of newly manufactured vehicles).
- When a renewal application is made online the authority will accept scanned documentation or a photograph of the documentation.
- Original documentation will only be required for new vehicles or if there is a discrepancy between the scanned copy held on file by the authority and the scanned/photograph submitted with an online renewal application.
- Certificate of insurance for the vehicle which covers the activity required (i.e. public or private hire - para.4.2) and which is valid on the date that the licence is due to come into force. With online applications we will accept emails from the insurance company sent to licensing@sevenoaks.gov.uk

4.7 Licence Fee

- All applications must be accompanied by the appropriate fee as prescribed by the Council; the current scale of fees is available from the Council or at <http://www.sevenoaks.gov.uk/services/business/licence-and-permits/Taxis-and-Private-Hire>

Licensing fees are reviewed on an annual basis and adopted by the Council following advertisement by a notice in a local newspaper. The notice will also be displayed at the Council Offices to allow for any comments to be made.

In the event of the surrender of a vehicle licence before its expiry there is no refund made.

4.8 Insurance

All hackney carriage and private hire vehicles must be insured for public hire and reward, such insurance to provide cover for fully comprehensive.

The Council considers vehicle insurance to be a high priority and, therefore, requires all proprietors to provide evidence of continuous insurance cover throughout the period of the licence. Failure to provide evidence of insurance will result in the vehicle licence being suspended.

4.9 Testing of vehicles

In addition to the MOT testing requirements, all licensed vehicles are required to be tested at the Council's nominated testing station for compliance with the Council's policy.

Where concerns arise during the period of the licence regarding the mechanical fitness of a licensed vehicle the Council may request a further test to be undertaken. However, the Licensing Authority cannot require a vehicle to have more than 3 tests per year.

Where an application for a vehicle renewal is made 28 days after the expiry of the licence the application will be considered as a new application and any age restrictions will apply.

Any vehicle failing its examination test will be required to undertake and pass a further examination test before it can be licensed or, in the case of an existing licensed vehicle, before it can continue to be used as a licensed vehicle. This further examination is known as a retest. The proprietor is responsible for the cost of the retest and it must be paid in full prior to further testing taking place.

The Council will suspend a vehicle licence if the vehicle is not presented for its interim test (6 month) by the due date.

4.10 Re-allocation of Expired Hackney Carriage Vehicle Plates

If, when a hackney carriage licence expires, the vehicle is not re-licensed within twenty-eight days and the owner does not take steps to inform the Council of his/her intentions, then the plate will be re-allocated. A letter will be sent to the owner of the vehicle advising them that the licence has expired.

4.11 Type of vehicle

In order to assess vehicle suitability, the Council will take into account passenger safety, comfort and the design of the vehicle.

In order to be considered suitable to be licensed as a Hackney Carriage the vehicle must comply with the basic specification set out in Appendix 5A and 5B and pass the Council's vehicle inspection test.

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Any vehicle complying with the basic specification set out in Appendix 5 and 5B will be considered suitable to be licensed as a Private Hire Vehicle subject to it complying with the conditions listed in Appendix 5C and passing the Council's vehicle inspection test.

4.12 Vehicles Powered by Liquid Petroleum Gas (LPG)

An applicant for a licence involving a vehicle which has been converted to run on LPG is required to produce, prior to a licence being issued, a certificate issued by a member of the LPG Association confirming that the LPG installation conforms with the Association's Code of Practice and is, therefore, considered safe.

If an LPG conversion involves installation of an LPG fuel tank in a vehicle's boot space (and possible relocation of the spare wheel) it shall be a requirement that an amount of space shall remain free for the stowage of a reasonable amount of luggage, and any spare wheel displaced as a result must be stowed in a location that does not impinge on the passenger carrying area of a vehicle. Where relocation of the spare wheel is not possible an acceptable alternative, as supplied by the conversion company, will be permitted.

In exceptional circumstances the Council's basic requirements for vehicles may be waived to facilitate the licensing of Novelty Vehicles although confirmation should be sought from the Licensing Office prior to any application being made. All applications for Novelty Vehicles will be considered on their own merits.

In addition to meeting the relevant vehicle specifications all Private Hire Vehicles, including Novelty Vehicles, will have to comply with the private hire vehicle conditions (Appendix 5C). In the case of novelty vehicles further specific conditions may be applied to the licence.

4.13 Seating Capacity

No vehicle capable of carrying more than 8 passengers can be licensed by the Council.

In order to facilitate the licensing of a wide variety of vehicle types and to encourage more environmentally friendly vehicles the Council has not set a limit on the minimum number of seats but instead requires a minimum space standard per passenger as detailed in the basic specifications for vehicles.

It is the proprietor's and operator's responsibility to ensure that they establish the number of passengers at the time of booking. This is particularly important for those proprietors and operators who choose to utilise smaller vehicles.

4.14 Seating dimensions

Passenger seats must be at least 400mm wide for each passenger measured along the front of each seat. This criteria also applies where there are folding arms. The front seat of the vehicle next to the driver will be regarded as a seat for one passenger only.

Suitable means must be provided to assist persons to rise from the rear seat with particular attention to the needs of the elderly and disabled.

4.15 Tinted windows

The Authority will not license a hackney carriage vehicle if any window of it contains glass which has been treated so that less than 50% of light is transmitted through it. The area within the vehicle where there is no seating and is used for luggage only may have tinted glass as per manufacturing but must not be 'blacked out'.

Private hire vehicles with any tinted window of less than 50% transmission of light must not be used for the carriage of children and young persons who are, or will be, travelling without a parent or independent adult supervision.

The only exception is that where a child or young person is to be carried as a passenger unaccompanied by an adult then it will be for the proprietor of the vehicle, and/or the operator, to satisfy themselves that such a journey in a vehicle with tinted windows is with the knowledge and consent of that child or young person's parent or guardian and the details of such knowledge and consent, whether verbal or written, will form part of the Operator's records required to be kept by licence condition.

It is good practice to always advise a person making a booking for a private hire vehicle of the vehicle type and description, including whether it has tinted windows - without prejudice to the Road Vehicles (Construction & Use) Regulations 1986.

5. Private Hire Operators Licence

The objective of licensing Private Hire Vehicle Operators is, again, the safety of the public, who will be using operator premises, vehicles and drivers arranged through them. The Council will grant a private hire operator licence provided the Council is satisfied that the applicant is a fit and proper person to hold such a licence.

In order for an operator to prove that they are fit and proper they must provide evidence that they:

- are of good repute;
- have adequate arrangements for monitoring drivers, vehicles and the keeping of records;
- are capable of ensuring that both themselves and their staff/drivers obey all the rules.

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All applicants for initial grant of a licence should allow at least four weeks before the licence is required to enable the local authority to undertake the necessary vetting procedures as detailed in this document.

Planning consent may be required and all applicants must ensure that they obtain all the correct and necessary permissions before trading.

Any application for the renewal of a licence which is not made before the expiry of the previous licence will be treated as an application for a new licence.

Applications will only be acceptable if they include the following:

- Application form completed in its entirety and signed by the applicant along with all the information prescribed.
- Application for a Disclosure and Barring Service Basic Check, which can be obtained from DBS or Disclosure Scotland, completed by the applicant with accompanying identification or a current valid disclosure certificate completed within 1 month and obtained via an approved body which will allow an update service check to be performed.
- The appropriate fee. The current fees are available online <http://www.sevenoaks.gov.uk/services/business/licence-and-permits/Taxis-and-Private-Hire>

5.1 Criminal Records Checks

Private Hire Vehicle operators are not exceptions to the Rehabilitation of Offenders Act 1974. However, private hire operators that are not licensed drivers, cannot be required to produce an enhanced DBS disclosure. A Basic Disclosure from the DBS or Scottish Disclosure, or a certificate of good conduct from the relevant embassy for overseas applicants, is however, considered appropriate in promoting the objective of public safety.

Before an application for a private hire operator's licence will be considered, the applicant must provide a current (less than one months old) Basic DBS or Scottish Disclosure of Criminal Convictions (issued specifically for Sevenoaks District Council), or a Certificate of Good Conduct from the relevant embassy in the case of an overseas applicant. Applicants that hold a current Driver's Licence with the Council will be exempt from this requirement.

Prior to consideration of any new application, overseas applicants who have lived in the United Kingdom for a continuous period of less than five years are required to provide a certificate of good conduct from their previous country or countries of residence (within the previous five years) in addition to a Basic Disclosure Certificate. A certificate of good conduct authenticated by the relevant embassy will satisfy this requirement.

5.2 Record Keeping

It is a requirement for operators to keep comprehensive records of each booking. All bookings will be kept for a period of 6 months.

5.3 Licence Duration

The Department of Transport considers that annual licence renewal is not necessary or appropriate for private hire operators. They recommend, as good practice, that a licence period of five years would be reasonable.

The Council will, therefore, issue a successful applicant for a Private Hire Operator's Licence with a five-year licence from the date of grant; subject to the power to grant a licence for a shorter period of time should this be appropriate in the circumstances.

5.4 Fees

On receipt of the appropriate fee, the permitted number of vehicles can be increased at any time during the period of the licence.

5.5 Operation

A private hire operator must ensure that every private hire vehicle is driven by a person who holds a private hire driver's licence.

All three licences:

- private hire operator's licence,
- private hire driver's licence and
- private hire vehicle licence

must be issued by the same Licensing Authority.

5.6 Conditions

The Council has power to impose such conditions on a private hire operator's licence as it considers reasonable, necessary and proportionate.

The Council consider the conditions detailed in Appendix 7 to be reasonable, necessary and proportionate. All private hire operator's licences will be issued with these conditions attached.

5.7 Insurance

It is considered appropriate for a Licensing Authority to check that appropriate public liability insurance has been taken out for premises that are open to the public.

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Before an application for a private hire operator's licence is granted, the applicant must produce evidence that they have taken out appropriate public liability insurance for the premises to be licensed.

The conditions applicable to Private Hire Operator's Licences, as detailed in Appendix 7 require that the operator produces an appropriate certificate of motor insurance which covers every private hire vehicle they operate as well as appropriate public liability insurance for their premises.

5.8 Address from which an Operator may operate

Upon the grant of an operator's licence, the Council will specify on the licence the address from which the operator may operate. This address will be the address stated on the application form. The operator must notify the Council in writing of any change of address during the period of the licence, whether this is a home address or the operating address, within seven days of such a change taking place.

The Council will not grant a licence to an operator whose premises are located outside the district of Sevenoaks. This is to ensure that proper regulation and enforcement measures may be taken by the Council and is in no way intended to be a restraint of trade.

Operators based outside the district who have been granted a licence prior to the adoption of this amendment to policy (2018/19) will retain 'grandfather rights' providing the conditions of the licence are fully met.

5.9 Gaming Machines

Operators that provide a waiting facility for members of the public and/or drivers should be aware that they cannot make gaming machines available for use. This action would be a criminal offence under the Gambling Act 2005.

6. Penalty Points Scheme

Any vehicle that is approached by an Authorised Officer of Sevenoaks District Council in order to carry out a vehicle inspection/driver check must remain until the inspection has been carried out. An exemption to this is if a fare arrives, which the driver is obliged to take or the driver informs the officer of a pre-booked fare prior to the inspection taking place.

Alternatively an Authorised Officer of Sevenoaks District Council may request that you attend the Council offices with the licensed vehicle in order to carry out an inspection.

Sevenoaks District Council has implemented a Penalty points system in order to regulate enforcement and any action required.

This scheme is used to enforce current legislation and any future bye laws in respect of Hackney Carriage Drivers and will be operated as follows:

- The Council's Taxi Licensing and Enforcement Policy will be fully considered by an authorised officer when determining the manner on which any breach of legislation or the requirements of this Policy are dealt with.
- Where it is decided that the use of the penalty points system is appropriate, the points are issued in accordance with the appendix. If the appendix allows a range of points for a particular incident, the authorised officer will determine the appropriate number of points proportionate to the offence.
- Penalty points will only be imposed where the licensee agrees the breach or offence has taken place. Where the licensee does not agree that the breach or offence has taken place, the matter will be referred in the first instance to the Licensing Manager for consideration regarding further action. The Licensee may be required to appear before the Licensing Committee.
- The imposition of penalty points against a driver who is an employee will not necessarily result in additional imposition of points to his/her employer or operator. However the Council retains the discretion to issue penalty points to drivers, driver/proprietors and operators for a single contravention if the circumstances warrant it i.e. the breach is one against all these licences and it is considered joint responsibility is held.
- Points issued to either a proprietor or driver will be confirmed in writing within ten working days from the discovery of the contravention.
- When issued, the penalty points will remain "live" for a period of one year from the date they are imposed so that only points accumulated in a rolling twelve month period will be taken into account.
- There is no financial penalty associated with the system and the licensee may continue to work. However, the licensee may be asked to attend either a meeting with the Licensing Manager or attend a hearing of the Licensing Committee if 12 penalty points are imposed on an individual licence in any one 12 month period, where appropriate action will be taken in accordance with this policy.
- Where a driver, proprietor or operator attains more than 12 penalty points, disciplinary options available to the Licensing Committee will include suspension or revocation of the driver's licence, where appropriate.
- If it is felt that the matter does not warrant suspension or revocation of the licence, the period for which the points are to remain "live" may be extended or a written warning may be issued to the driver as to his future conduct.
- Periods of suspension of a licence will be dependent on the nature of the breaches of the legislation or the requirements of this Policy and the compliance history of the licence holder.
- A driver will always have the right to be represented at any meeting, either legally or otherwise, and to state any mitigating circumstances he/she deems necessary.

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- Any driver or vehicle proprietor or operator subject to suspension or revocation has the right of appeal to the Magistrates Court against the suspension or revocation. All suspensions will therefore be subject to a 21-day appeals period prior to implementation to allow for the formal appeals process.
- The penalty points system will operate without prejudice to the Council's ability to take other action under appropriate legislation or as provided for by this policy.
- The penalty points system outlined in Appendix 10 identifies a number of breaches of conditions, byelaws and/or statutory provisions. It then indicates the number of points to be invoked should the breach be proven.

7. Taxi ranks

7.1. Appointed Stands

Comments are welcomed from either the trade or the public on the need for additional bays in specific locations, the potential for re-locating or extending existing bays or indeed arguments for the removal of bays which no longer fulfil a useful purpose.

7.2 Waiting on Stands

It is an offence for any person to cause or permit any vehicle other than a hackney carriage to wait on any rank or stand for hackney carriages. Drivers of hackney carriages may only wait on a rank or stand whilst plying for hire or waiting for a fare; drivers who park on a rank or stand and leave their vehicle unattended are committing an offence.

8. Plying for Hire

For the avoidance of doubt, the Council does not have a byelaw requiring hackney carriages to return to a taxi rank between fares. Hackney carriages can, therefore, park and be available for hire in any position where an ordinary member of the public can lawfully park. Hackney carriages are, however, subject to road traffic regulations and should not park in any position that obstructs the highway, the highway being both the road and the footway.

9. Taxi/Private Hire Meetings

The Council wishes to encourage discussions between the trade and the Licensing Authority, in order to promote a successful working relationship taxi/private hire liaison meetings will take place.

10. Departure from the Policy

There may be instances whereby the Council may need to consider applications outside the policy. Where it is necessary to depart substantially from this policy, clear and compelling reasons for doing so will be given. Any such decision may be referred to the Licensing Committee.

11. Amendments to the Policy

All changes to the Policy are agreed by the Licensing Committee and then considered by Full Council.

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Appendix 1 - Statement of policy about relevant convictions

When submitting an application for a licence to drive a hackney carriage or private hire vehicle you are required to declare any motoring offences and any non motoring convictions or cautions you may have in addition to completing a Disclosure & Barring Service check. The information received will be treated in confidence.

The disclosure of a criminal record or other information will not debar you from gaining a licence unless the Authority considers that the conviction(s) renders you unsuitable. In making this decision the authority will consider the nature of the offence, how long ago and what age you were when it was committed and any other factors which may be relevant. To facilitate a consistent approach the licensing authority has devised guidelines relating to the relevance of convictions and cautions. Any applicant refused a driver's licence on the ground that he/she is not a fit and proper person to hold such a licence has a right of appeal to Magistrates Court.

If you would like to discuss what effect a conviction might have on your application you may telephone the Licensing Department, in confidence, on 01732 227004 for advice.

General

Notwithstanding the existence of this Policy, each application will be determined on its own merits. Where it is necessary for the Council to depart substantially from this Policy, clear and compelling reasons will be given for doing so. The purpose of this appendix is to formulate guidelines, consistent with national guidance, which detail the Council's current stance on the relevance of convictions and cautions in respect of applications for the grant of new licences, and the renewal of existing licences, for hackney carriage and private vehicle, driver and operator licences.

If a court has found an applicant guilty of an offence, that person cannot subsequently claim to the Council that they did not commit the offence. If they seek to do so, their representation will not be considered as this is entirely a matter for the courts. The applicant can, however, offer any mitigating circumstances relating to the offence that they wish the Council to consider.

For the purpose of this Policy, the acceptance of a fixed penalty notice will be treated as a conviction depending on the individual merits and mitigating circumstances of each case.

"Fit and proper" person

The legislation clearly states that the Council may grant a licence only if it is satisfied that the applicant is a "fit and proper" person.

The onus is on the applicant to demonstrate that they meet this requirement, not on the Council to demonstrate that the applicant does not.

In the absence of a judicially approved definition of "fit and proper", the Council use the test of:

Would the Officer charged with the ability to grant a licence allow their son or daughter, spouse or partner, mother or father, grandson or granddaughter, or any other person for whom they care, to get into a licensed vehicle with the applicant alone?

The wording of this test originates from Mr J T H Button BA, Solicitor, MIL, MClarb, a well known and respected solicitor widely acknowledged as an authority in licensing legislation, particularly that of hackney carriages and private hire.

In order to further assist in understanding the interpretation of this definition, the Council will be considering issues that assist them in determining whether or not applicants are safe drivers with a good driving record, are mentally and physically fit, are honest, and that they are persons who would not take advantage of their position to abuse, assault or defraud members of the public.

It should be borne in mind that drivers may carry vulnerable members of the public such as elderly persons, unaccompanied children, disabled persons, persons who are incapacitated from alcohol, lone women and foreign visitors. Some examples of areas of concern that the Council will consider include, but are not limited to:

Honesty and trustworthiness

Drivers often have knowledge that a customer is leaving a property empty; they have opportunities to defraud drunken, vulnerable or foreign person; or they have opportunities to abuse their position of trust. For example, all passengers would expect to be charged the correct fare of the journey and be given the correct change; they would expect any lost property to be handed in to the Licensing Authority; and they would expect confidentiality to be maintained between themselves and the driver.

Professionalism

Drivers are often subject to unpleasant, abusive or dishonest behaviour, albeit from a small minority of passengers. Although this is clearly unacceptable behaviour by passengers, it does not excuse in any way aggressive or abusive conduct by drivers. Confrontation should be avoided and all disputes should be resolved through the formal legal channels. Under no circumstances must drivers take the law into their own hands.

Good and safe driving ability

Passengers are paying for a service whereby they expect to reach their chosen destination promptly and safely. Drivers must be fully conversant with all road traffic legislation and this Policy and drive in a professional, lawful and safe manner at all times.

Protecting the Public

The over-riding consideration for the Council in its determination of applications is the promotion of the licensing objectives detailed within this policy, in particular the protection of public safety.

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The Council may take into account an applicant's history as a licence holder with this, or any other Council. In considering whether or not a person is "fit and proper the Council may consider such matters as the applicant's complaint history, their compliance with this Policy, their co-operation with Licensing Officer's requests and any other reasonable matters.

Driving Offences

Hackney carriage and private hire drivers should provide a professional service to the public and must be aware of the safety of passengers and other road users at all times. Any traffic offence shows a lack of responsibility whilst driving either in terms of vehicle maintenance or the level of driving standards.

Convictions or cautions for traffic offences will not automatically preclude any applicant from obtaining a licence, however, the number, nature and frequency of such offences will be considered. In some circumstances it may be appropriate to issue a licence together with a written warning as to future driving standards detailing the likely effect of further offences. Where there is a significant history of driving offences, an application is likely to be refused.

In cases of six penalty points or less on an applicant's DVLA driving licence, an application will be granted.

A licence granted under these circumstances is likely to be issued together with a verbal warning as to future driving standards detailing the likely effect of further offences.

In cases of seven penalty points or more on an applicant's DVLA driving licence, an application may be referred to the Licensing Committee for decision.

Major traffic offences

For the purposes of this section, major traffic offences includes, but is not limited to, dangerous driving, driving whilst disqualified, failure to stop after an accident, driving with no/invalid insurance, careless driving, and driving a vehicle with mechanical defectives (such as brakes, steering, tyres, etc..).

The driving offences of causing death by dangerous or careless driving, due to their nature, will be considered by the Council to be violent offences and should be considered in conjunction with the section of this appendix relating to violent offences.

If the applicant has been convicted of more than one major traffic offence then a licence application will normally be refused until the applicant has completed a period of at least five years free from conviction. Where the combination of offences are considered to be of increased risk to the public, a period longer than five years may be substituted by the Council dependant on the extent of the risk to the public.

“Totting Up” under section 35 of the Road Traffic Offenders Act 1988

Where an applicant has been disqualified from driving by the courts under the “totting up” procedure, the Council will normally refuse an application until there has been a period of three years free of relevant convictions.

If the applicant has demonstrated to the court “exceptional hardship” and avoided a driving disqualification, applications will still normally be refused until there has been a period of three years free of relevant convictions. The Council believe that the risk to the public is sufficient to maintain this consistent stance.

Motor Insurance Offences

An isolated motor insurance offence will not automatically preclude an application form being granted, however the Council deem such offences to be serious given the risk to the public.

More than one conviction for motor insurance offences will be considered to raise serious doubts as to an applicant’s suitability to hold a hackney carriage/private hire driver’s licence. Ordinarily in these circumstances, an application will be refused until such time as a period of three years has elapsed since the restoration of the applicant’s DVLA driving licence.

Failure to Declare Motoring Offences

Where an applicant fails to disclose motoring offences on their application form, even if they have been declared on previous applications or are spent, the Council will normally deal with this by way of issuing of penalty points.

If, however, the Council determines that there was a premeditated intention to deceive, the matter will be considered as an offence of dishonesty and dealt with in accordance with that section of this Policy.

Drunkenness

Separate consideration will be given to convictions for drunkenness whilst in charge of a vehicle as opposed to drunkenness whilst not in charge of a vehicle due to the differing risk to the public.

In Charge of a Motor Vehicle

The Council considers driving or being in charge of a vehicle whilst under the influence of alcohol as a serious offence causing a high element of risk to the public.

A single conviction for any alcohol-related driving offence will normally preclude an application from being granted for a period of five years from the restoration of the DVLA driving licence.

If there is a suggestion that the applicant is an alcoholic, a special medical examination is likely to be required before the application is considered. If the applicant is confirmed

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as an alcoholic, a period of three years must elapse after treatment is complete before an application can be considered.

More than one conviction for any alcohol-related driving offence represents an unacceptable risk to the public and an application will normally be refused.

Not in Charge of a Motor Vehicle

An isolated conviction for drunkenness not associated with driving or being in charge of a motor vehicle will not automatically preclude an application.

Where there is an isolated conviction for disorder and/or drunkenness, a licence will normally be granted together with a written warning as to future driving standards detailing the likely effect of further offences.

More than two convictions for disorder and/or drunkenness will normally lead to refusal of an application until such time as a period of three years free of convictions has elapsed.

Drug Offences

The Council considers all offences related to controlled substances as a serious risk to the public.

An applicant with a conviction of any Class A or Class B drug related offence, including supplying or trafficking, will be required to show a period of five to ten years free of convictions before an application is considered. The length of period over and above the minimum five years will be dependent on factors such as the nature and severity of the offence, and the length of any custodial sentence.

An applicant with a conviction of any Class C drug related offence will be required to show a period of at least three years free of conviction

In all cases, where an applicant has been medically classed as an addict, an application will be precluded until such time as a period of five years has elapsed since the completion of a recognised detoxification programme.

Sexual or Indecency Offences

As hackney carriage and private hire drivers often carry unaccompanied and/or vulnerable people, any applicant with a conviction or caution for any sexual or indecency offence will normally be refused a licence until they have been free of convictions for a period of at least ten years. The length of period over and above the minimum ten years will be dependent on factors such as the nature and severity of the offence, and the length of any custodial sentence.

Existing licence holders should be aware that if the Council receives notification from the police that the driver is being investigated for a sexual or indecency offence, their licence will normally be revoked with immediate effect pending the outcome of the investigation.

Major Sexual or Indecency Offences

For the purpose of the Policy, the following offences will be considered as major sexual or indecency offences with the highest of risk to the public.

- rape;
- indecent assault;
- gross indecency;
- possession of child pornography;
- buggery; or
- indecent assault of a child

Any applicant with a conviction for a major sexual or indecency offence will be considered an unacceptable risk to the public and any application will be refused, save for exceptional circumstances.

Violent Offences

The Council considers all violence related offences as a serious risk to the public.

An application will normally be refused where the applicant has been convicted of murder, manslaughter or causing death by careless or dangerous driving.

An application will normally be refused where the applicant has a conviction for a violent offence, other than those listed above, unless there has been a period of five to ten years free of convictions. The length of period over and above the minimum five years will be dependent on factors such as the nature and severity of the offence, and the length of any custodial sentence.

Offences of criminal damage and public order will be treated as violent offences for the purposes of this Policy.

Whilst an isolated conviction for a violent offence, other than those listed above will not necessarily permanently preclude an application, the Council will have grave concern for public safety if an applicant has committed multiple violent offences.

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Multiple Offences

In all cases where an applicant has more than two convictions for violent offences, as application will normally be refused. In the case of an existing driver, their licence will normally be revoked.

Possession of a Weapon

If an applicant has been convicted of an offence involving the possession of a weapon, or any other weapon-related offence, the Council considers this to be an unacceptable risk to members of the public and the application will normally be refused. In the case of an existing driver, their licence will normally be revoked.

Dishonesty

Hackney carriage and private hire drivers are expected to be persons of trust. It is comparatively easy for dishonest drivers to defraud the public, for example, by demanding more than the legal fare or giving incorrect change. Overseas visitors can be confused by the change in currency and become vulnerable to an unscrupulous driver. Equally, any customers can be defrauded by a driver taking them by any other than the shortest route or by them retaining lost property left in the vehicle.

As members of the public entrust themselves to the care of licensed drivers, the council consider offences involving dishonesty as a serious risk to public safety.

An applicant that has been convicted of an offence related to dishonesty will normally be refused a licence until such time as they have been free of convictions for a period of five to ten years. The length of period over and above the minimum five years will be dependent of factors such as the nature and severity of the offence, and the length of any custodial sentence.

Other Offences

If the applicant has declared any other offences not specifically covered by this policy on the relevance of convictions, the application may be referred to the Licensing Committee for determination in line with the Policy Objectives.

Receipt of any of the following may result in the licence holder being required to provide annual DBS disclosures until a period of five years has expired.

- criminal conviction;
- final warning letter from the Council;
- period of suspension of an existing licence.

Outstanding charges or summonses

If the individual is the subject of an outstanding charge or summons their application can continue to be processed, but the application will need to be reviewed at the conclusion of

proceedings. Where information is received through the Notifiable Occupations Scheme on existing licence holders, consideration may be made at committee.

If the outstanding charge or summons involves a serious offence and the individual's conviction history indicates a possible pattern of unlawful behaviour or character trait, then in the interests of public safety the application may be put on hold until proceedings are concluded or the licence may be refused.

A suspension or revocation of the licence of a driver takes effect at the end of the period of 21 days beginning with the day on which notice is given to the driver. If it appears that the interests of public safety require the suspension or revocation of the licence to have immediate effect, and the notice given to the driver includes a statement that is so and an explanation why, the suspension or revocation takes effect when the notice is given to the driver. [Road Safety Act 2006, s 52, 2A&2B]

Non-conviction information

If an applicant has, on more than one occasion, been arrested or charged, but not convicted, for a serious offence which suggests he/she could be a danger to the public, consideration should be given to refusing the application. Such offences would include serious violent offences and serious sex offences.

In assessing the action to take, the safety of the travelling public must be the paramount concern.

Cautions

Admission of guilt is required before a caution can be issued. Every case will be considered on its own merits including the details and nature of the offence.

Summary

Except in the most serious of circumstances, an applicant having a previous or current conviction will not normally be permanently precluded from obtaining a hackney carriage/private hire driver's licence.

The Council believe that a person convicted of an offence, who is required to wait for the expiry of a rehabilitation period prior to their application being considered, is more likely to value their licence and ensure that future convictions are avoided.

The Council consider that there are, however, certain offences that are so serious in nature or frequency that an applicant should be precluded from obtaining or retaining a licence. The Council's over-riding policy objective is to safeguard the safety of the general public by ensuring that all licensed drivers are safe, competent, and are able to maintain their vehicles to an acceptable standard.

By producing clear and transparent guidelines on the relevance of convictions, the Council is seeking to maintain the high standard of hackney carriage and private hire drivers, proprietors and operators within Sevenoaks.

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Existing Licence Holders

Any existing licence holder convicted of an offence during the period of their current licence will be subject to the above policy relating to the relevance of convictions. In circumstances where a new applicant would normally have their application refused, an existing licence holder would normally have their licence revoked.

Principles of the Rehabilitation of Offenders Act 1974 (“the 1974 Act”)

Under the 1974 Act, criminal convictions can become spent after a certain period of time, and once spent, for many purposes, can be disregarded completely. The possibility of rehabilitation, and the length of time before the rehabilitation occurs, depends on the sentence imposed and not the offence committed. Where a person is sentenced to imprisonment for a period exceeding thirty months, the convictions can never be spent.

Despite the above general principles, the Act does not apply to applicants for hackney carriage and private hire driver’s licences. This is because the driving of these vehicles is listed as a “regulated occupation” in relation to which questions may be asked as to the suitability of individuals to be granted a licence.

Although the 1974 Act does not prevent any judicial authority, including the Council acting as the licensing authority, from taking spent convictions into account, such convictions are only admissible in so far as they are relevant to the issue as to whether the applicant is a “fit and proper” person to hold a licence.

Appendix 2 - Vehicle Test Standards

Sevenoaks District Council will not licence any vehicle that is classed as a Category S insurance write off.

Licence Plates - currently licensed vehicles

Where vehicles are presented with licence plates affixed such licence plates in the case of both Hackney Carriages and Private Hire vehicles shall be securely affixed as follows;

External Plate – should be fixed under the rear number plate. Elsewhere on the rear exterior bodywork is acceptable (i.e. bumper, boot) subject to the agreement of the Council, provided always that the plate is fixed in the vertical plane; the external plate should never be displayed inside the rear window of the vehicle.

Internal Plate - inside the vehicle on the left hand side of the front windscreen and in plain view of the passengers but avoiding the windscreen wiper area.

Internal Drivers Badge - inside the vehicle on the left hand side of the front windscreen and in plain view of the passengers but avoiding the windscreen wiper area.

Fare Plate or Chart - securely affixed inside the vehicle in such a position that it is clearly visible to passengers and shall contain a copy of the current maximum Hackney Carriage Fare Tariff as currently adopted by the Council (or, if vehicle is Private Hire, the Operator's fares if they are displayed). The vehicle plate number will be shown on the fare chart together with details of how the passenger(s) can make a complaint regarding the vehicle or driver.

Insurance

A valid copy of the insurance certificate appertaining to the tested vehicle shall be available inside the vehicle.

The Standard of the Test

Any vehicle tested must reach the standards specified within this appendix and be certified roadworthy to MOT standards.

Vehicles of a class that are not subject to EU Type approval, and are being tested for the first time will be additionally tested to ensure tyres, weight limits and any other aspect of the vehicle are safe and mechanically sound as possible for the safety of the passenger. Costs of such additional testing must be paid by the person wishing to licence the vehicle. In addition the history of the vehicle will be taken into consideration when determining whether the vehicle should be licensed.

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Exterior Bodywork and Wheel Trims

The bodywork of the vehicle shall be in good condition and shall be as originally fitted by the manufacturer. Minor paint chipping, scuffmarks or very small dents may be accepted, provided that their extent does not impinge materially on the overall appearance of the vehicle. Wheel trims must be fitted to all road wheels where part of a manufacturer's original

Upholstery

All upholstery shall be clean and in a well maintained condition. No tear, crack, hole or burn will be acceptable if greater than 25 mm in any dimension. Upholstery includes seats, headrests, armrests, carpets and other trim.

Fittings

All fittings shall be properly maintained and in good working order. Fittings include clocks, interior lights, sun blinds, door surrounds, grab handles, other equipment provided for passenger comfort and any equipment in, on or forming part of the vehicle including wheelchair ramps and securing fittings where the vehicle is to be licensed to carry wheelchair bound passengers.

'No Smoking' signs

In accordance with legislative requirements a 'No Smoking' sign(s) will be exhibited within the vehicle and such sign(s) will be of the approved type.

Roof and Floor Coverings

Shall be clean and in good condition. No tear or other damage shall exceed 25 mm in length.

Number of Passengers allowed (the term "passenger" or "person" includes a child or young person)

At the time of testing a vehicle, the number of passengers which may be carried, (up to a maximum of 8 persons), will be calculated as follows subject to there being one seat belt provided per passenger:

- a. where separate seats for each person are provided, one person for each seat;
- b. where continuous seats are fitted, one person for each complete length of 400mm measured along the front of each seat, and this criterion also applies where there are folding arms;
- c. where there is no separate seat for the driver, i.e. there is a continuous seat, for a right hand drive vehicle, the driver's seat shall comprise so much of the seat as extends from the right hand edge of the seat to a point 450 mm left of the point on the seat directly in front of the centre of the steering column.

Taximeters (and Fare Tables for Private Hire Vehicles)

All Hackney Carriage vehicles licensed or to be licensed shall have a taximeter fitted. Private Hire vehicles, licensed or to be licensed, may have a taximeter fitted. Any vehicle fitted with a meter shall be tested on the road by reference to a measured distance to establish that the taximeter is accurate. In relation to Hackney Carriages the test shall be to establish that the meter does not produce a fare in excess of the maximums prescribed the current Hackney Carriage Fare Tariff approved by the Council. In relation to Private Hire vehicles the test shall be to establish that the meter does not produce a fare in excess of the operator's current fares. Where a Private Hire Vehicle is fitted with a taximeter a table showing the current fares of the operator shall be displayed inside the vehicle in such a position that it is clearly visible to passengers. In all cases taximeters shall be fitted in such way that they are visible to passengers.

Taximeters fitted to Hackney Carriages (and Private Hire vehicles, if provided with one), must be EU approved or specifically approved by the Council.

Disabled Person's Facilities

Where a vehicle is fitted with any facilities to assist disabled persons in entering or exiting the vehicle (i.e. swivel seats or similar or wheelchair facilities) such facilities shall be checked for proper operation. Wheelchair lifting equipment must comply with the Lifting Operations Lifting Equipment Regulations 1998 B.

Roof Signs

A Hackney Carriage must have a roof "TAXI" sign. Such wording shall be displayed conspicuously in either the front or the rear of the roof mounted display facing either the front or the rear. The sign may be in any position on the roof. The sign shall be illuminated and capable of being turned on and off (preferably via the meter but manual off/on is acceptable). No "TAXI" sign is allowed inside a vehicle. In addition to the word "TAXI" the sign may also contain the words "for Hire" and a taxi firm's telephone number and name. If the vehicle is available for hire the roof light must be illuminated.

A Private Hire vehicle shall not have any roof-mounted sign, or any similar sign inside the vehicle, or any other "thing" which may be mistaken/construed as a Hackney Carriage sign.

Doors

A vehicle shall have four side opening doors (designed for the purpose of permitting persons access to/from the interior) - any lift-up tailgate shall not be included;

or

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A vehicle shall have three side opening doors (designed for the purpose of permitting persons access to/from the interior) and two rear opening doors (designed for the purpose of permitting persons access to/from the interior)

Windows

All windows designed to open shall operate in accordance with manufacturer's specification.

The Authority will not license a hackney carriage vehicle if any window of it contains glass which has been treated so that less than 50% of light is transmitted through it. The area within the vehicle where there is no seating and is used for luggage only may have tinted glass as per manufacturing but must not be 'blacked out'.

Private hire vehicles with any tinted window of less than 50% transmission of light must not be used for the carriage of children and young persons who are, or will be, travelling without a parent or independent adult supervision. The only exception is that where a child or young person is to be carried as a passenger unaccompanied by an adult then it will be for the proprietor of the vehicle, and/or the operator, to satisfy themselves that such a journey in a vehicle with tinted windows is with the knowledge and consent of that child or young person's parent or guardian and the details of such knowledge and consent, whether verbal or written, will form part of the Operator's Records required to be kept by licence condition. It is good practice to always advise a person making a booking for a private hire vehicle of the vehicle type and description, including whether it has tinted windows. (Without prejudice to the Road Vehicles (Construction & Use) Regulations 1986).

Company Advertising

For saloons and estate cars all advertising/graphics etc.. must be confined to the side, rear or bonnet. Where advertising appears on the side of such a vehicle it must be contained within the area between the centres of the wheels (wheel base).

For transit and people carrier type vehicles all advertising/graphics etc.. must be confined to the side, rear or bonnet. Where advertising appears on the side of such a vehicle it must be contained within the area to the rear of the centre of the front wheels and the rear light cluster.

Subject to the above a proprietor may have simple lettering and numbers on a vehicle in order to display a company name, address, telephone/fax number, E-mail/social media address or web site, or advisory notices to do with smoking, but lettering height must be a minimum of 75mm and maximum of 150mm.

No graphics/art works or slogans or other displays of any kind are permitted except with the consent of the Council.

In the case of Private Hire Vehicles company advertising is subject to the specific exclusion of the words "taxi" or "cab" the use of which is not permitted.

Advertising, not relating to a hackney carriage vehicle's proprietor or company, is allowed under certain circumstances and will have been approved by the Council in writing. The written approval must be carried in the vehicle. No such advertising is permitted on a private hire vehicle

Luggage Space - Vehicle Boots (and spare wheel in LPG powered vehicles)

The space provided in the vehicle for luggage stowing whether or not the vehicle has a separate luggage boot shall be clean and tidy with space available for luggage to be stowed.

If the vehicle is powered by Liquid Petroleum Gas and the LPG fuel tank has been installed in the boot space there shall remain free an amount of space for the stowage of a reasonable amount of luggage and any spare wheel displaced as a result of the tank installation must be stowed in a location that does not impinge on the passenger carrying area of a vehicle. Where relocation of the spare wheel is not possible an acceptable alternative, as supplied by the conversion company, will be permitted.

Any vehicle adapted or constructed for the use of liquid petroleum gas must be examined to ensure such adaptation or construction complies with the guide lines as laid down by the L P Gas Association and the appropriate certificate(s) and window display is shown.

Driving Position

The vehicle must be right hand drive unless the vehicle is a 'stretched limousine'.

Mechanical Person Lift

If a mechanical person lift is fitted to the vehicle a current test certificate showing compliance with the Lifting Operations Lifting Equipment Regulations 1998 B must be produced at the time of the vehicle compliance test.

Taximeters for Private hire vehicles

A Private Hire vehicle may be fitted with a taximeter. If a taximeter is fitted it shall be of a type which is EU approved or specifically authorised by the Council.

Roof Signs

The Authority requires that no Private Hire vehicle be fitted with a roof-mounted sign of any kind.

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Appendix 3 - Assessing applicants and existing drivers for a Hackney Carriage/Private Hire Driver

Assessing applicants and existing drivers for a Hackney Carriage Private Hire Vehicle driver licence in accordance with group 2 standards.

The following arrangements mean that those with good diabetic control and who have no significant complications can be treated as “exceptional cases” and are not therefore precluded from being licensed as HC/PHV drivers.

The criteria are:

- To have been taking insulin for at least 4 weeks
- Not to have suffered an episode of hypoglycaemia requiring the assistance of another person whilst driving in the last 12 months;
- To attend an examination by a hospital consultant specialising in the treatment of diabetes at intervals of not more than 12 months and to provide a report from such a consultant in support of the application which confirms a history of responsible diabetic control with a minimal risk of incapacity due to hypoglycaemia;
- To provide evidence of at least twice daily blood glucose monitoring at times when driving either a hackney carriage or PHV vehicle;
- To have no other condition which would render the driver a danger when driving a hackney carriage or PHV; and to sign an undertaking to comply with the directions of the doctor(s) treating the diabetes and to report immediately to the Licensing Authority any significant change in condition.

Appendix 4 - Drivers voluntary dress code.

In order to raise and maintain the profile of the licensed trade Sevenoaks District Council is committed to encouraging the professional image of the trade and it considers that drivers should conform to a minimum standard of dress, as set out below. Whilst the Authority does not wish to impose such standards by way of conditions to any licence it expects, however, that such standards will be maintained at all times.

Acceptable Standards of Dress

- Shirts, blouses, T-shirts or sweat tops should cover the shoulders and be capable of being worn inside trousers or shorts.
- Shirts or blouses may be worn with a tie or open necked.
- Shorts of knee length or trousers / jeans may be worn.
- Footwear for all drivers shall fit around the heel of the foot.

Unacceptable Standard of Dress

The following are deemed unacceptable:

- Clothing not kept in a clean condition, must be free from holes and rips.
- Words or graphics on any clothing that is of an offensive or suggestive nature or which might offend.
- Sportswear (e.g. football/rugby kits, track suits) or beach wear etc.)
- Sandals with no heel straps, flip flops or any other form of footwear not secured around the heel.
- Drivers not having either the top or bottom half of their bodies suitably clothed (see above).

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Appendix 5 - Specifications relating to Hackney Carriage Vehicles

No vehicle shall be licensed as a hackney carriage unless it is fit for public service and complies with the specifications set out below.

Licences: All Vehicle Licences shall be valid for a standard term of one year (unless for administrative reasons a shorter period is appropriate).

Age

Subject to the exceptions below;

- The Authority will not license a vehicle, for the first time, if it is more than 6 years old and/or has travelled greater than 100,000 miles.
- The Authority will not re-license a vehicle if it is more than 10 years old (15 years for wheelchair accessible vehicles).

Exceptions

Subject to a vehicle being considered mechanically fit for a further year of service the following types of vehicle are exempt:

- Purpose built taxis
- Wheelchair accessible vehicles (these vehicles will be licensed until they are 15 years old but not older than 15 years old)
- Limousines, which must have a minimum engine capacity over 3,000 cc/Specialist Vehicles

Type Limitations

The Authority will not license a vehicle unless it meets the following criteria:-

- (a) The vehicle shall have four side opening doors (designed for the purpose of permitting persons access to/from the interior) - any lift-up tailgate shall not be included; or a vehicle shall have three side opening doors (designed for the purpose of permitting persons access to/from the interior) and two rear opening doors (designed for the purpose of permitting persons access to/from the interior). Any vehicle's suitability for licensing will also be determined by the positioning of its seating, fittings and fixtures for the ingress and egress of passengers and their safety.
- (b) The vehicle is right-hand drive unless the vehicle is one known as a 'stretched limousine' licensed for private hire use and paragraphs (a), (c) and (d) of this part of the policy will be construed accordingly.
- (c) The vehicle must have E.U Type Approval

(d) if (c) cannot be satisfied then a Department of Transport Certificate of Single Vehicle Approval must be produced.

The Authority will allow advertisements to be placed upon a vehicle subject to the following conditions:

- For saloons and estate cars all advertising/graphics etc. must be confined to the side, rear or bonnet. Where advertising appears on the side of such a vehicle it must be contained within the area between the centres of the wheels (wheel base).
- For transit and people carrier type vehicles all advertising/graphics etc. must be confined to the side, rear or bonnet. Where advertising appears on the side of such a vehicle it must be contained within the area to the rear of the centre of the front wheels and the rear light cluster.
- Subject to the above, a proprietor may have simple lettering and numbers on a vehicle in order to display a company name, address, telephone/fax number, E-mail/social media address or web site but lettering height must be a minimum of 75mm and maximum of 150mm.
- No graphics/art works or slogans or other displays of any kind are permitted except with the consent of the Council.
- In the case of Private Hire Vehicles advertising is subject to the specific exclusion of the words "taxi", "cab" or "hire" the use of which is not permitted.
- Advertising, not relating to the vehicle's proprietor or company, may, under certain circumstances, be allowed on a hackney carriage vehicle on submission of a written request and details of the advertisement to the Council. Each request will be considered entirely on its own merits and, if approved, the written authority must be carried in the vehicle. No such advertising is permitted on a private hire vehicle.

Licence Plate Content

The external and internal licence plate issued by the Authority will include the following information;

- a. Licence No.
- b. Registration No.
- c. Vehicle make/Type.
- d. Licence expiry date.
- e. No. of passengers.

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Minimum Number of Passengers to be carried

No vehicle capable of carrying more than 8 passengers can be licensed by the Council.

In order to facilitate the licensing of a wide variety of vehicle types and to encourage more environmentally friendly vehicles the Council has not set a limit on the minimum number of seats but instead requires a minimum space standard per passenger as detailed in the basic specifications for vehicles.

Vehicle Test Standards

The Authority will not license a vehicle unless the person examining it (for the Authority) has confirmed that it meets the standards specified in Appendix 1 and, at the same time, the vehicle has been certified roadworthy to MOT standard.

Vehicles of a class that are not subject to 'EU Type approval' and are being tested for the first time will be additionally tested to ensure tyres, weight limits and any other aspect of the vehicle are safe and mechanically sound as possible for the passenger. Costs of such testing must be paid by the person wishing to licence the vehicle. In addition, the history of the vehicle will be taken into consideration when determining whether the vehicle should be licensed.

A vehicle is required to be re-examined, when the licence has been in force for six months, to ensure that it continues to meet the standards referred to above.

Vehicles Powered by Liquid Petroleum Gas (LPG)

An applicant for a licence involving a vehicle which has been converted to run on LPG is required to produce, prior to a licence being issued, a certificate issued by a member of the LPG Association confirming that the LPG installation conforms with the Association's Code of Practice and is, therefore, considered safe.

If an LPG conversion involves installation of an LPG fuel tank in a vehicle's boot space (and possible relocation of the spare wheel) it shall be a requirement that an amount of space shall remain free for the stowage of a reasonable amount of luggage, and any spare wheel displaced as a result must be stowed in a location that does not impinge on the passenger carrying area of a vehicle. Where relocation of the spare wheel is not possible an acceptable alternative, as supplied by the conversion company, will be permitted.

TINTED WINDOWS (Without prejudice to the Road Vehicles (Construction & Use) Regulations 1986)

The Authority will not license a hackney carriage vehicle if any window of it contains glass which has been treated so that less than 50% of light is transmitted through it, unless it was first licensed prior to 1 November 2005.

Private hire vehicles with any tinted window of less than 50% transmission of light must not be used for the carriage of children and young persons who are, or will be, travelling without a parent or independent adult supervision. The only exception is that where a child or young person is to be carried as a passenger unaccompanied by an adult then it will be for the proprietor of the vehicle, and/or the operator, to satisfy themselves that such a journey in a vehicle with tinted windows is with the knowledge and consent of that child or young person's parent or guardian and the details of such knowledge and consent, whether verbal or written, will form part of the Operator's Records required to be kept by licence condition. It is good practice to always advise a person making a booking for a private hire vehicle of the vehicle type and description, including whether it has tinted windows.

Matters relating to Hackney Carriage vehicles only

Accessibility

This section of the policy also takes into account the 2007 report published by the European Conference of Ministers of Transport and the International Road Transport Union which recognised that it is impossible to provide for 100% of wheelchair users without reducing the operational viability of the vehicle for the taxi operator and other passengers. There will be a small proportion of people who, because of the size of their wheelchair or the nature of their disability, are unable to access taxis or indeed other forms of mainstream public transport. They will continue to need specialist door-to-door services.

Sevenoaks District Council is committed to promoting inclusive and accessible environments and ensuring a wide range of opportunities are available to residents with disabilities to enjoy a high quality of life. Without the ability to travel, people with disabilities are denied access to life opportunities. Their access to education, shopping, employment, healthcare as well as social and family life is significantly improved when journeys become accessible. For this reason, Sevenoaks District Council considers it important that people with disabilities have access to all forms of public transportation. Accessibility is an important consideration in respect of vehicles licensed as hackney carriages. This Authority will therefore keep this section of the policy constantly under review.

Sevenoaks District Council is aware of the Government's proposals to implement the provisions of the Equality Act 2010 in relation to hackney carriages. The Government announced its proposals for taxis in 2003 and since that time has been consulting and gathering further information.

The Government is now considering how best to bring forward requirements for accessible taxis, and this includes evaluation of all options, both regulatory and non-regulatory approaches are being considered.

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The ECMT-IRU recommendations for taxi vehicle accessibility are based on two design levels:

- Type One: Wheelchair Accessible Taxis: accessible vehicles capable of carrying the majority, but not all, passengers who travel in their wheelchair as well as people with other disabilities;
- Type Two: Standard Accessible Taxis: vehicles with features designed to make use by disabled people easier, but which would only be able to carry a wheelchair user who can transfer to a taxi seat.

Restriction on Numbers of Licensed Vehicles

Although at the moment there is no restriction on how many hackney carriage vehicles can be licensed, Sevenoaks District Council will seek to address this matter when the need arises and may carry out a demand survey to seek clarification whether there is unmet demand for Hackney carriage vehicles within the whole district.

Re-allocation of Expired Hackney Carriage Vehicle Plates

If, when a hackney carriage licence expires, the vehicle is not re-licensed within twenty-eight days and the owner does not take steps to inform the Council of his/her intentions, then the plate will be re-allocated. A letter will be sent to the owner of the vehicle advising them that the licence has expired.

Taximeters

The Authority requires every vehicle licensed as a Hackney Carriage to be fitted with a taximeter. The taximeter shall be of a type which is EU approved or specifically authorised by the Council.

The Authority requires all Hackney Carriage vehicles to be fitted with working roof-mounted signs. If the illuminated roof lights have red in them, they must be fitted so that the red light is only visible from the rear. If the vehicle is available for hire the roof light must be illuminated.

Appendix 5A - Hackney carriage vehicle conditions

Meanings

In these conditions, unless otherwise indicated,

“the Council” means the Sevenoaks District Council; and

“the district” means the area of the Sevenoaks District Council

“proprietor” means a person who is the holder of a licence issued by the Council under section 37 of the Town Police Clauses Act 1847 and Part II of the Local Government (Miscellaneous Provisions) Act 1976

“vehicle” means the vehicle that is specified on that licence

Fixing of vehicle plates

The proprietor must ensure that the identification plate and fare chart, which have been supplied by the Council, are fixed and maintained in the positions specified and are kept in a clean and legible condition.

Plate etc.	Position
External Licence Plate	Under the rear registration number plate or, in exceptional circumstances, another position near that location subject to the Council's prior approval.
Internal Licence Plate	Inside the vehicle on the left hand side of the front windscreen and in plain view of the passengers but avoiding the windscreen wiper area.
Fare Chart With Plate Number	In a conspicuous position inside the passenger compartment of the vehicle so that it can be read by passengers.

Roof signs

The Authority requires all Hackney Carriage vehicles to be fitted with working roof-mounted signs. The proprietor must fix a sign on the roof of the vehicle of a design acceptable to the Council. The sign must have the word TAXI printed on it. It may also have printed upon it the words FOR HIRE and the name and/or telephone number of the proprietor’s taxi firm. If the illuminated roof lights have red in them, they must be fitted so that the red light is only visible from the rear. If the vehicle is available for hire the roof light must be illuminated.

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Advertising and other signs

The proprietor must not permit any advertising on or in the vehicle which is not advertising his/her taxi firm unless authorised to do so by the Council in writing.

The proprietor must not permit any sign or mark other than those required or allowed in paragraphs 1 and 2 except with the express consent of the Council.

Advertisement of the proprietor's taxi firm must be in accordance with the following criteria:

1. For saloons and estate cars all advertising/graphics etc. must be confined to the side, rear or bonnet. Where advertising appears on the side of such a vehicle it must be contained within the area between the centres of the wheels (wheel base).
2. For transit and people carrier type vehicles all advertising/graphics etc. must be confined to the side, rear or bonnet. Where advertising appears on the side of such a vehicle it must be contained within the area to the rear of the centre of the front wheels and the rear light cluster.
3. Subject to (1) and (2) the above a proprietor may have simple lettering and numbers on a vehicle in order to display a company name, address, telephone/fax number, E-mail address or Web site, or advisory notices to do with smoking, but lettering height must be a minimum of 75mm and maximum of 150mm.
4. No graphics/art works or slogans or other displays of any kind are permitted except with the consent of the Council.

No smoking

In accordance with legislative requirements a 'No Smoking' sign(s) will be exhibited within the vehicle and such sign(s) will be of the approved type.

Spoilage of the interior of the vehicle by passengers

Where a passenger has spoiled the interior of the vehicle any dispute in this respect including any claim for damages shall be a matter between the proprietor and the passenger.

The above wording shall be reproduced in plainly visible lettering on the fare chart.

Wheelchair signs

Subject to the provisions of paragraph 2 above the proprietor may affix a sign on the outside of the vehicle indicating that it is able to convey passengers in wheelchairs provided the vehicle has been manufactured or properly adapted for that purpose.

Carriage of animals other than guide/hearing/assistance dogs

The proprietor has discretion as to whether the vehicle is used to convey an animal other than a guide or hearing dog within the meaning of Section 173 of the Equality Act 2010. When a guide/hearing/assistance dog etc. is conveyed, no extra charge shall be made. Conveyance of a guide or hearing dog etc. may only be declined if the driver of the vehicle has been granted a statutory exemption on medical grounds.

Production of certain documents

The proprietor must at any time by demand of an officer of the Council produce for inspection any or all of the following documents;

- A current, valid, certificate of motor insurance, or cover note valid for at least 28 days for the vehicle that provides insurance cover for it as a Hackney Carriage;
- A current, valid, MOT test certificate for the vehicle as required by S47 of the Road Traffic Act 1988;
- The current proprietor's Hackney Carriage Vehicle licence for the vehicle; and
- The vehicle's V.5 Registration Document.

Motor insurance certificate

The proprietor must at all times ensure that the vehicle is properly insured for use as a Hackney Carriage and a copy of the insurance certificate should be available inside the vehicle whilst it is licensed as a Hackney Carriage.

Damage to the vehicle

The proprietor must, in the event of any damage to the vehicle materially affecting its safety, performance, appearance or comfort or convenience of passengers, report the occurrence to the Council with 72 hours in accordance with Section 50(3) of the Local Government (Miscellaneous Provisions) Act 1976 and the vehicle must not be used for hire again without the approval of the Council.

Taximeter

The proprietor must ensure that the vehicle is fitted with an EU or Council approved taximeter and the taximeter:

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- Is calibrated at all times with a tariff not higher than the current Hackney Carriage Fare Tariff approved by the Council.
- Is not tampered with in any way so as to effect the production of a fare that exceeds the maximum fare laid down by the current Hackney Carriage Fare Tariff approved by the Council.
- When its machinery is in action, records on its face, in figures clearly legible and free from ambiguity, the fare which the driver is entitled to demand and take for the hiring of the carriage.
- Has the word ' fare' printed on its face in plain letters so that the word clearly applies to the fare recorded thereon.
- Is positioned so that all letters and figures on its face are plainly visible to any passengers and for that purpose the letters and figures are suitably illuminated during any period of hiring.

Maximum fare

When the vehicle is hired the proprietor must not in any circumstances require or cause to be charged a fare which is greater than that authorised by the Council's current Hackney Carriage Fare Tariff.

Drivers

The proprietor must ensure that each person who drives the vehicle;

- holds a current and valid Hackney Carriage Drivers Licence issued by the Council.
- is acquainted with and understands their licence conditions and related statutory provisions.
- observes Council Byelaws and related statutory provisions.

Breakdowns etc.

If, whilst hired, the vehicle breaks down or otherwise becomes unfit or unable to carry the hirer to his/her destination, the proprietor must; secure, without delay, suitable alternative transport to carry the hirer to his/her destination, (unless the hirer voluntarily elects to wait until the vehicle is repaired or is otherwise able to continue the journey) and report the occurrence to the Council within 24 hours.

Lost property

In relation to property which has been left, or may have been left, in the vehicle by passengers the proprietor must;

- search the vehicle daily to establish whether or not there is any such property;
- if any such property is found, notify the Council within 72 hours and provide a description of the property;
- take reasonable steps to secure the return of the property to its owner.

Presentation of the vehicle for inspection

The proprietor must present the vehicle for inspection at any time and at any place required by the Council. If the vehicle is not presented at the place and time required by the Council then it may not be used as a Hackney Carriage without the Council's approval.

Disclosure of convictions/cautions

The proprietor must notify the Council in writing of any convictions or cautions imposed on him/her whilst the licence is in force. Such notification must occur within 21 days of the imposition of a conviction/caution.

Transfer of hackney carriage interest in the vehicle.

If the proprietor, or part proprietor, transfers his/her Hackney Carriage interest in the vehicle to another person or persons the proprietor, or part proprietor, must notify the Council within 14 days of the date of the transfer and specify the name and address of each person to whom the interest has been transferred. (The Council may, with reasonable cause, revoke, suspend or review the licence if it considers any transferee is not a suitable person to hold a Hackney Carriage Vehicle Licence).

A fee and change of ownership form must also be submitted to the Council with a valid insurance document, V5 registration document and a current MOT test certificate whenever a vehicle is sold to another licensed driver.

Complaints by hirers

The proprietor of the vehicle must ensure that, should any complaint be made regarding the vehicle or its driver, then sufficient information must be given to the complainant for that person to be able to identify the driver and/or the vehicle and the means of pursuing such complaint with the Council if necessary by giving the details of the Officer Licensing 'Taxis' his/her office address, name and telephone number.

Use of trailers

The vehicle may tow a trailer only when one is required in order to convey a hirer's luggage. If a trailer is towed it shall;

- comply with the towing weights specified by the vehicles' manufacturer;
- provide secure and weatherproof stowage for the luggage; and

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- have displayed, upon its rear, the vehicle's licence plate.

The vehicle is not permitted to have a trailer in tow whilst it is standing on a taxi rank.

Other matters

The proprietor must ensure that;

- the vehicle is provided with sufficient means by which passengers may communicate with the driver and such means of communication are maintained.
- the vehicle is maintained in a clean, comfortable, safe, watertight, mechanically sound and roadworthy condition.
- at all times windows that are designed to open shall do so in accordance with manufacturer's specifications.
- at all times, the area designed for the stowage of luggage is kept clear and available for the purpose.

Tinted windows

The Hackney Carriage, once it has been licensed, is not permitted to have any treatment to its windscreen or windows which would cause the light transmission through the glass to be less than 50%.

Appendix 5B - Specifications relating to Private Hire Vehicles

Licences: All Vehicle Licences shall be valid for a standard term of one year (unless for administrative reasons a shorter period is appropriate).

Age

Subject to the exceptions below;

- The Authority will not license a vehicle, for the first time, if it is more than 6 years old and/or has travelled greater than 100,000 miles.
- The Authority will not re-license a vehicle if it is more than 10 years old (15 years for wheelchair accessible vehicles).

Exceptions

Subject to a vehicle being considered mechanically fit for a further year of service the following types of vehicle are exempt:

- Purpose built taxis
- Wheelchair accessible vehicles (these vehicles will be licensed until they are 15 years old but not older than 15 years old)
- Limousines, which must have a minimum engine capacity over 3,000 cc/Specialist Vehicles

Type Limitations

The Authority will not license a vehicle unless it meets the following criteria:-

- (a) The vehicle shall have four side opening doors (designed for the purpose of permitting persons access to/from the interior) - any lift-up tailgate shall not be included; or a vehicle shall have three side opening doors (designed for the purpose of permitting persons access to/from the interior) and two rear opening doors (designed for the purpose of permitting persons access to/from the interior). Any vehicle's suitability for licensing will also be determined by the positioning of its seating, fittings and fixtures for the ingress and egress of passengers and their safety.
- (b) The vehicle is right-hand drive unless the vehicle is one known as a 'stretched limousine' licensed for private hire use and paragraphs (a), (c) and (d) of this part of the policy will be construed accordingly.
- (c) The vehicle must have E.U Type Approval

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- (d) If (c) cannot be satisfied then a Department of Transport Certificate of Single Vehicle Approval must be produced.

Environmental Considerations

The Best Practice Guidance asks licensing authorities to consider how far their vehicle licensing policies can and should support any local environmental policies that they have adopted, bearing in mind the need to ensure that the benefits outweigh costs (in whatever form). They suggest that authorities may, for example, wish to consider setting vehicle emissions standards, perhaps by promoting cleaner fuels.

It is considered that efforts should be made, through the licensing policy, to improve, as far as possible, the efficiency of vehicles licensed in the District by, in particular, reducing the levels of CO₂ emitted from petrol vehicles and the equivalent from diesel. There is a movement towards the use of alternative fuels and in many areas LPG conversions to vehicles are perfectly acceptable and encouraged. This will, however, be dependent on supplies of such fuel being made readily available. It may also be the case that the installation of storage tanks into vehicles may affect the ability to carry luggage.

Clearly, emissions from hackney carriages and private hire vehicles could be reduced further, by encouraging better maintenance of vehicles and by switching off engines when stationary or idling, particularly at hackney carriage ranks. It is proposed that this aspect be tackled through education and promotion.

In view of the above detail, unless more urgent measures are introduced by central government in the meantime, this Council will monitor any research published and Government guidelines with a view to specifying vehicle emissions standards and promoting cleaner vehicles.

To help consider the environmental impact, any petrol electric vehicle with an engine size under 1400cc will be considered to be licensed on a case by case basis. Sevenoaks District Council suggests that, in order to promote a greener environment, any vehicle that promotes cleaner fuel emissions may be entitled to pay a reduced fee at the time of having the vehicle tested by Sevenoaks District Council's appointed workshop.

Advertising

The Authority will allow advertisements to be placed upon a vehicle subject to the following conditions:

- (a) For saloons and estate cars all advertising/graphics etc.. must be confined to the side, rear or bonnet. Where advertising appears on the side of such a

vehicle it must be contained within the area between the centres of the wheels (wheel base).

(b) For transit and people carrier type vehicles all advertising/graphics etc.. must be confined to the side, rear or bonnet. Where advertising appears on the side of such a vehicle it must be contained within the area to the rear of the centre of the front wheels and the rear light cluster.

(c) Subject to the above, a proprietor may have simple lettering and numbers on a vehicle in order to display a company name, address, telephone/fax number, E-mail address or Web site, but lettering height must be a minimum of 75mm and maximum of 150mm.

(e) No graphics/art works or slogans or other displays of any kind are permitted except with the consent of the Council.

(f) In the case of Private Hire Vehicles advertising is subject to the specific exclusion of the words "taxi", "cab" or "hire" the use of which is not permitted.

(g) Advertising, not relating to the vehicle's proprietor or company, may, under certain circumstances, be allowed on a hackney carriage vehicle on submission of a written request and details of the advertisement to the Council. Each request will be considered entirely on its own merits and, if approved, the written authority must be carried in the vehicle. No such advertising is permitted on a private hire vehicle.

Licence Plate Content

The external and internal licence plate issued by the Authority will include the following information;

- a. Licence No.
- b. Registration No.
- c. Vehicle make/Type.
- d. Licence expiry date.
- e. No. of passengers.

Minimum Number of Passengers to be carried

No vehicle capable of carrying more than 8 passengers can be licensed by the Council.

In order to facilitate the licensing of a wide variety of vehicle types and to encourage more environmentally friendly vehicles the Council has not set a limit on the minimum number of seats but instead requires a minimum space standard per passenger as detailed in the basic specifications for vehicles.

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Vehicle Test Standards

The Authority will not license a vehicle unless the person examining it (for the Authority) has confirmed that it meets the standards specified in Appendix 1 and, at the same time, the vehicle has been certified roadworthy to MOT standard.

Vehicles of a class that are not subject to 'EU Type approval' and are being tested for the first time will be additionally tested to ensure tyres, weight limits and any other aspect of the vehicle are safe and mechanically sound as possible for the passenger. Costs of such testing must be paid by the person wishing to licence the vehicle. In addition, the history of the vehicle will be taken into consideration when determining whether the vehicle should be licensed.

A vehicle is required to be re-examined, when the licence has been in force for six months, to ensure that it continues to meet the standards referred to in (a) above.

Vehicles Powered by Liquid Petroleum Gas (LPG)

An applicant for a licence involving a vehicle which has been converted to run on LPG is required to produce, prior to a licence being issued, a certificate issued by a member of the LPG Association confirming that the LPG installation conforms with the Association's Code of Practice and is, therefore, considered safe.

If an LPG conversion involves installation of an LPG fuel tank in a vehicle's boot space (and possible relocation of the spare wheel) it shall be a requirement that an amount of space shall remain free for the stowage of a reasonable amount of luggage, and any spare wheel displaced as a result must be stowed in a location that does not impinge on the passenger carrying area of a vehicle. Where relocation of the spare wheel is not possible an acceptable alternative, as supplied by the conversion company, will be permitted.

Tinted windows

Private hire vehicles with any tinted window of less than 50% transmission of light must not be used for the carriage of children and young persons who are, or will be, travelling without a parent or independent adult supervision. The only exception is that where a child or young person is to be carried as a passenger unaccompanied by an adult then it will be for the proprietor of the vehicle, and/or the operator, to satisfy themselves that such a journey in a vehicle with tinted windows is with the knowledge and consent of that child or young person's parent or guardian and the details of such knowledge and consent, whether verbal or written, will form part of the Operator's Records required to be kept by licence condition. It is good practice to always advise a person making a booking for a private hire vehicle of the vehicle type and description, including whether it has tinted windows. (Without prejudice to the Road Vehicles (Construction & Use) Regulations 1986)

Appendix 5C

Private Hire Vehicle Conditions

MEANINGS

In these conditions, unless otherwise indicated,

“the Council” means the Sevenoaks District Council; and

“the district” means the area of the Sevenoaks District Council

“proprietor” means a person who is the holder of a licence issued by the Council under section 48 of the Local Government (Miscellaneous Provisions) Act 1976

“vehicle “ means the vehicle that is specified on that licence

Fixing of licence plates etc.

The proprietor must ensure that the following plates etc. have been supplied by the Council and is responsible for their fixing and maintenance in the positions specified and keeping them in a clean and legible condition.

Plate etc.	Position
External Licence Plate	Under the rear registration number plate or, in exceptional circumstances, another position near that location subject to the Council's prior approval.
Internal Licence Plate	Inside the vehicle on the left hand side of the front windscreen and in plain view of the passengers but avoiding the windscreen wiper area.
Fare Chart and Plate Number when meter fitted	In a conspicuous position inside the passenger compartment of the vehicle so that it can be read by passengers.

Advertising and other signs

- (a) the proprietor must not permit any advertising on or in the vehicle which is not advertising his/her taxi firm;
- (b) the proprietor must not permit any sign or mark other than those required or allowed in paragraph 1 except with the express consent of the Council;
- (c) advertisement of the proprietors taxi firm must be in accordance with the following criteria

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1. For saloons and estate cars all advertising/graphics etc. must be confined to the side, rear or bonnet. Where advertising appears on the side of such a vehicle it must be contained within the area between the centres of the wheels (wheel base).
2. For transit and people carrier type vehicles all advertising/graphics etc. must be confined to the side, rear or bonnet. Where advertising appears on the side of such a vehicle it must be contained within the area to the rear of the centre of front the wheels and the rear light cluster.
3. Subject to (i) and (ii) the above a proprietor may have simple lettering and numbers on a vehicle in order to display a company name, address, telephone/fax number, E-mail/social media address or web site, or advisory notices to do with smoking, but lettering height must be a minimum of 75mm and maximum of 150mm.
4. No graphics/art works or slogans or other displays of any kind are permitted except with the consent of the Council.

No smoking

'No Smoking' signs will be fixed inside the vehicle in accordance with current legislative requirements.

Spoilage of the interior of the vehicle by passengers

- (a) Where a passenger has spoiled the interior of the vehicle any dispute in this respect including any claim for damages shall be a matter between the proprietor and the passenger.
- (b) The wording in (a) above shall be reproduced in plainly visible lettering within the vehicle (on or next to the fare chart if fitted).

Wheelchair signs

Subject to the provisions of paragraph 2 the proprietor may affix a sign on the outside of the vehicle indicating that it is able to convey passengers in wheelchairs provided the vehicle has been manufactured or properly adapted for that purpose.

Carriage of animals other than guide/hearing/assistance dogs

The proprietor has discretion as to whether the vehicle is used to convey an animal other than a guide/hearing or assistance dog within the meaning of Section 173 of the Equality Act 2010. When a guide or hearing dog etc. is conveyed no extra charge shall be made. Conveyance of a guide/hearing or assistance dog etc. may only be declined if the driver of the vehicle has been granted a statutory exemption on medical grounds.

Production of certain documents

The proprietor must at any time by demand of an officer of the Council produce for inspection any or all of the following documents;

- (a) a current, valid, certificate of motor insurance or cover note valid for at least 28 days for the vehicle that provides insurance cover for it as a Private Hire Vehicle;
- (b) a current, valid, MOT test certificate for the vehicle as required by S47 of the Road Traffic Act 1988;
- (c) the current proprietor's Private Hire Vehicle licence for the vehicle; and
- (d) the vehicle's V.5 Registration Document.

Insurance certificate

The proprietor must at all times ensure that the vehicle is properly insured for use as a Private Hire Vehicle and a copy of the insurance certificate should be available inside the vehicle whilst it is licensed as a Private Hire Vehicle.

Damage to vehicle

The proprietor must, in the event of any damage to the vehicle materially affecting its safety, performance, appearance or comfort or convenience of passengers, report the occurrence to the Council with 72 hours in accordance with Section 50(3) of the Local Government (Miscellaneous Provisions) Act 1976 and the vehicle must not be used for hire again without the approval of the Council.

Taximeter

If a taximeter is fitted to the vehicle;

The proprietor must ensure that the taximeter is EU type approved or specifically authorised by the Council and the taximeter;

- is calibrated at all times to include the current fare tariff of the Operator;
- is not tampered with in any way so as to effect the production of a fare that exceeds the maximum fare laid down by the current fare tariff of the Operator;
- when its machinery is in action, records on its face, in figures clearly legible and free from ambiguity, the fare which the driver is entitled to demand and take for the hiring of the carriage;
- has the word 'fare' printed on its face in plain letters so that the word clearly applies to the fare recorded thereon;

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- is positioned so that all letters and figures on its face are plainly visible to any passengers and for that purpose the letters and figures are suitably illuminated during any period of hiring.

Drivers

The proprietor must ensure that each person who drives the vehicle;

- (a) holds a current and valid Private Hire Driver's Licence issued by the Council;
- (b) is acquainted with and understands their licence conditions and related statutory provisions;
- (c) observes their licence conditions and related statutory provisions.

Breakdowns etc.

If, whilst hired, the vehicle breaks down or otherwise becomes unfit or unable to carry the hirer to his/her destination the proprietor must;

- secure, without delay, suitable alternative transport to carry the hirer to his/her destination unless the hirer voluntarily elects to wait until the vehicle is repaired or is otherwise able to continue the journey.
- report the occurrence to the Council within 24 hours.

Lost property

In relation to property which has been left, or may have been left, in the vehicle by passengers the proprietor must;

- search the vehicle daily to establish whether or not there is any such property.
- if any such property is found, notify the Council within 72 hours and provide a description of the property.
- take reasonable steps to secure the return of the property to its owner.

Presentation of vehicle for inspection

The proprietor must present the vehicle for inspection at any time and at any place required by the Council. If the vehicle is not presented at the place and time required by the Council then it may not be used as a Private Hire Vehicle without the Council's approval.

Disclosure of convictions or cautions

The proprietor must notify the Council in writing of any convictions or cautions imposed on him/her whilst the licence is in force. Such notification must occur within 21 days of the imposition of a conviction/caution.

Transfer of private hire interest in the vehicle

If the proprietor, or part proprietor, transfers his/her Private Hire interest in the vehicle to another person or persons the proprietor, or part proprietor, must notify the Council within 14 days of the date of the transfer and specify the name and address of each person to whom the interest has been transferred. (The Council may, with reasonable cause, revoke, suspend or review the licence if it considers any transferee is not a suitable person to hold a Private Hire Vehicle Licence).

Complaints by hirers

The proprietor of the vehicle must ensure that, should any complaint be made regarding the vehicle or its driver, then sufficient information must be given to the complainant for that person to be able to identify the driver and/or the vehicle and the means of pursuing such complaint with the Council, if necessary, by giving also the details of the Officer licensing private hire vehicles, his/her office address, name and telephone number.

Use of trailers

The vehicle may tow a trailer only when one is required in order to convey a hirer's luggage. If a trailer is towed it shall;

- comply with the towing weights specified by the vehicle's manufacturer;
- provide secure and weatherproof stowage for the luggage; and
- have displayed, upon its rear, the vehicle's licence plate.

Other matters

The proprietor must ensure that;

- the vehicle is provided with sufficient means by which passengers may communicate with the driver and such means of communication are maintained;
- the vehicle is maintained in a clean, comfortable, safe, watertight, mechanically sound and roadworthy condition;
- at all times windows that are designed to open shall do so in accordance with manufacturers specifications;
- at all times, the area designed for the stowage of luggage is kept clear and available for the purpose.

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Tinted windows

Private hire vehicles with any tinted window of less than 50% transmission of light must not be used for the carriage of children and young persons who are, or will be, travelling without a parent or independent adult supervision. The only exception is that where a child or young person is to be carried as a passenger unaccompanied by an adult then it will be for the proprietor of the vehicle, and/or the operator, to satisfy themselves that such a journey in a vehicle with tinted windows is with the knowledge and consent of that child or young person's parent or guardian and the details of such knowledge and consent, whether verbal or written, will form part of the Operator's Records required to be kept by licence condition. It is good practice to always advise a person making a booking for a private hire vehicle of the vehicle type and description, including whether it has tinted windows. (Without prejudice to the Road Vehicles (Construction & Use) Regulations 1986).

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Appendix 6

Private Hire Driver Conditions

In these conditions, unless otherwise indicated,

“the Council” means the Sevenoaks District Council; and

“the district” means the area of the Sevenoaks District Council

“driver of a private hire vehicle “ means a person who has been granted a licence by the Council under section 51 of the Local Government (Miscellaneous Provisions) Act 1976

A driver of a private hire vehicle shall: -

- not wilfully or negligently cause or suffer the licence plate of the vehicle to be concealed from public view while the vehicle is licensed; and
- not cause or permit the vehicle to be used, whilst licensed, with any such plate so defaced that any figure or material particular is illegible.

The driver of a private hire vehicle provided with a taximeter shall: -

- when not hired, keep the machinery of the taximeter inactive so that no fare is recorded on the face of the taximeter;
- before beginning a journey for which a fare is charged bring the machinery of the taximeter into action and keep the machinery of the taximeter in action until the termination of the hiring; and
- cause the dial of the taximeter to be kept properly illuminated throughout any part of a hiring which is between half-an-hour after sunset and half-an-hour before sunrise, and also at any other time at the request of the hirer.

A driver of a private hire vehicle shall not tamper with or permit any person to tamper with any taximeter with which the vehicle is provided, with the fittings thereof, or with the seals affixed thereto.

Where a vehicle is equipped with a taximeter and where such taximeter is to be used to record the fare for a hiring, the driver shall -

- ensure, during the continuance of such hiring, that the dial of the taximeter is not concealed in any manner or by any means and that such dial is distinctly and plainly visible and legible to any person hiring or being conveyed in the vehicle;
- cause the dial of the taximeter to be kept properly illuminated throughout the hiring;
- report immediately to the Council and to the Operator any failure of the taximeter;

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- not wilfully or negligently cause or suffer the table of the Operator's fares to be inverted or detached or altered or the letters or figures on such table to be in any manner or by any means concealed at any time.

The driver of a private hire vehicle shall behave in a civil and orderly manner and shall take all reasonable precautions to ensure the safety of persons conveyed in or entering or alighting from the vehicle.

A driver of a private hire vehicle who has agreed or has been hired to be in attendance with the vehicle at an appointed time and place shall, unless delayed or prevented by some sufficient cause, punctually attend with such carriage at such appointed time and place.

A driver of a private hire vehicle shall not convey or permit to be conveyed in such vehicle any greater number of persons than the number of persons specified on the licence plate affixed to the vehicle.

If a badge has been provided by the Council and delivered to the driver of a private hire vehicle he shall, when working as such and when hired, wear that badge in such position and manner as to be plainly visible.

The driver of a private hire vehicle so constructed as to carry luggage shall, when requested by any person hiring or seeking to hire the vehicle: -

- convey a reasonable quantity of luggage;
- afford reasonable assistance in loading and unloading; and
- afford reasonable assistance in removing it to or from the entrance of any building, station or place at which he may take up or set down such person.

The driver of a private hire vehicle shall be entitled to demand and take for the hire of the vehicle only;

- such fare as may be shown on the face of any taximeter provided in the vehicle (where the fare for the hiring is charged by reference to the Operator's table of fares) save for any extra charges authorised by the Operator which it may not be possible to record on the face of the taximeter; or
- such other fare as may have been agreed with the hirer prior to the commencement of the hiring

The driver of a private hire vehicle bearing a table of the Operator's fares shall not wilfully or negligently cause or suffer the letters or figures in that table to be concealed or rendered illegible at any time while the vehicle is licensed.

The driver of a private hire vehicle shall immediately after the termination of any hiring or as soon as practicable thereafter carefully search the carriage for any property which may have been accidentally left therein.

The driver of a private hire vehicle shall, if any property accidentally left therein by any person who may have been conveyed in the carriage be found by or handed to him: -

- carry it as soon as possible and in any event within 48 hours if not sooner claimed by or on behalf of its owner, to the office of the Council and leave it in the custody of the officer in charge of the office on his giving a receipt for it; and
- be entitled to receive from any person to whom the property shall be re-delivered an amount equal to ten pence in the pound of its estimated value (or the fare for the distance from the place of finding to the office of the Council, whichever be the greater) but not more than twenty five pounds.

Private Hire Driver must comply at all times with the current legislation relating to no smoking in the vehicle whether it is used for the conveyance of the public or not.

Informative

If you accept bookings for the private hire vehicle, which you are driving, direct from a hirer you must ensure that you have a Private Hire Operator's Licence, as it is unlawful for you to accept bookings without such licence.

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Appendix 7

Private Hire operator Conditions

In these conditions, unless otherwise indicated

"the Council" means the "Sevenoaks District Council",

"the Operator" means the holder of a licence and

"Licence" means a licence granted by the Council under section 55 of the Local Government (Miscellaneous Provisions) Act 1976 to operate private hire vehicles.

Record keeping

The operator shall keep (in a non-erasable form) comprehensive records as follows;

A. Drivers

The Operator must keep up to date records of the names and addresses of all licensed drivers who are used and shall notify the Council;

- when any new driver begins service,
- when any driver's service ceases; and
- of any change of address of any driver in service,
- if he/she becomes aware that any driver is suffering from any illness, disability or condition which may affect the driver's ability to safely carry out his/her duties.

B. Vehicles

- of all vehicles operated and the dates and times during which they are operated;
- the maintenance history of each vehicle, including details of all repairs carried out;

C. Bookings

All bookings made for private hire vehicles shall be recorded the same calendar day and kept for 6 months. The record of each booking must include;

- the source from which the booking came and the time it was received
- pick-up point and the time the journey commenced;
- destination point and the time the journey ended;
- the vehicle used;
- the driver employed;

- by whom the entry was made in the record
- the fare quoted (if quoted) at the time of booking
- the fare actually charged
- the reason(s) why the fare actually charged was different if it was different
- any other relevant information.

Disclosure of convictions

The operator shall immediately disclose to the Council in writing details of any convictions imposed on him during the currency of this licence.

Taximeters

Where a taximeter is used to record the fare for hiring, the Operator shall ensure that a table showing his/her current fare scale is displayed inside the vehicle in a position so that it is plainly and easily visible to any person being conveyed in the vehicle and that the table is kept in clean and legible condition.

Advertisement of business

The operator must not use in any advertisement of his/her business the words "Hackney Carriage", "Taxi" or "Cab" if licensed Hackney Carriages cannot be supplied.

Surrender of licence

If at any time during the period of the licence the operator for any reason does not wish to retain the licence (which is not transferable) or if at any time during the period of the licence it is suspended or revoked he must immediately surrender and return the licence to the Council.

Notification of accidents

If any vehicle (licensed by the Council) which is used by the Operator is involved in an accident the Operator must notify the Council within 72 hours.

Running of a business

The Operator shall;

- provide a prompt, reliable and efficient service to the public at all reasonable times and in particular ensure that the premises to which the public have access for the purpose of making bookings or waiting for cars etc. are kept clean and provided with adequate seating facilities;
- ensure that the use of the premises which is used for the running of his/her business has no detrimental effect on the neighbourhood.

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- notify the Council within 21 days of any change of business address or change of company or trading name.

Public liability insurance

If the Operator has premises to which the public have access, in connection with the hiring of vehicles, he shall ensure that there is public liability insurance in force which indemnifies him against any claim for loss, damage or personal injury by any person using those premises.

Driver – Medical fitness

The Operator must not knowingly permit a driver to drive a licensed vehicle if he/she is aware that the person is suffering from any illness, disability or condition which may affect their ability to safely carry out their duties.

Vehicle with tinted windows

If a Private Hire Vehicle with tinted windows which have less than 50% light transmission through any of them is used for the carriage of children or young persons without adult supervision then it is the responsibility of the Operator to ensure that, when the booking for the vehicle is taken, the person accepting the booking has sought the knowledge and consent of the child or young persons parent or guardian for the journey and such knowledge and consent whether verbal or written is recorded in the Operator's 'Record of Journeys' as required by these licence conditions.

Informative

The Operator shall be aware that a booking accepted by telephone, or otherwise verbally, is a lawful agreement and he/she may be liable for breach of contract if a booking is not honoured. The accurate recording of booking details is a means of protecting yourself if such circumstances arise.

Appendix 8

Hackney Carriage Byelaws

Made under section 68 of the Town Police Clauses Act 1847, and section 171 of the Public Health Act 1875, by the District Council of Sevenoaks with respect to hackney carriages in the District of Sevenoaks.

INTERPRETATION

1. Throughout these byelaws “the Council” means the District Council of Sevenoaks and “the district” means the District of Sevenoaks.

PROVISIONS REGULATING THE MANNER IN WHICH THE NUMBER OF EACH HACKNEY CARRIAGE, CORRESPONDING WITH THE NUMBER OF ITS LICENCE, SHALL BE DISPLAYED.

2. The proprietor of a hackney carriage shall cause the number of the licence granted to him in respect of the carriage to be legibly painted or marked on the outside and inside of the carriage, or on plates affixed thereto.

A proprietor or driver of a hackney carriage shall: -

- not wilfully or negligently cause or suffer any such number to be concealed from public view while the carriage is standing or plying for hire;
- not cause or permit the carriage to stand or ply for hire with any such painting, marking or plate so defaced that any figure or material particular is illegible.

PROVISIONS REGULATING HOW HACKNEY CARRIAGES ARE TO BE FURNISHED OR PROVIDED.

3. The proprietor of a hackney carriage shall: -

- provide sufficient means by which any person in the carriage may communicate with the driver;
- cause the roof or covering to be kept water-tight;
- provide any necessary windows and means of opening and closing not less than one window on each side;
- cause the seats to be properly cushioned or covered:
- cause the floor to be provided with a proper carpet, mat or other suitable covering;
- cause the fittings and furniture generally to be kept in a clean condition, well maintained and in every way fit for public service;

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- provide means for securing luggage if the hackney carriage is so constructed as to carry luggage;
 - provide at least two doors for the use of persons conveyed in such carriage and a separate means of ingress and egress for the driver.
4. The proprietor of a hackney carriage shall cause the same to be provided with a taximeter so constructed, attached and maintained as to comply with the following requirements, that is to say: -
- (a) the taximeter shall be fitted with a key, flag or other device the turning of which will bring the machinery of the taximeter into action and cause the word "HIRED" to appear on the face of the taximeter;
 - (b) such key, flag or other device shall be capable of being locked in such a position that the machinery of the taximeter is not in action and that no fare is recorded on the face of the taximeter;
 - (c) when the machinery of the taximeter is in action there shall be recorded on the face of the taximeter in clearly legible figures a fare not exceeding the rate or fare which the proprietor or driver is entitled to demand and take for the hire of the carriage by distance and time in pursuance of the tariff fixed by the Council;
 - (d) the word "FARE" shall be printed on the face of the taximeter in plain letters so as clearly to apply to the fare recorded thereon;
 - (e) the taximeter shall be so placed that all letters and figures on the face thereof are at all times plainly visible to any person being conveyed in the carriage, and for that purpose the letters and figures shall be capable of being suitably illuminated during any period of hiring; and
 - (f) the taximeter and all the fittings thereof shall be so affixed to the carriage with seals or other appliances that it shall not be practicable for any person to tamper with them except by breaking, damaging or permanently displacing the seals or other appliances.

PROVISIONS REGULATING THE CONDUCT OF THE PROPRIETORS AND DRIVERS OF HACKNEY CARRIAGES PLYING WITHIN THE DISTRICT IN THEIR SEVERAL EMPLOYMENTS, AND DETERMINING WHETHER SUCH DRIVERS SHALL WEAR ANY AND WHAT BADGES.

5. The driver of a hackney carriage provided with a taximeter shall: -
- (a) when standing or plying for hire, keep the key, flag or other device fitted in pursuance of the byelaw in that behalf locked in the position in which no fare is recorded on the face of the taximeter;
 - (b) before beginning a journey for which a fare is charged for distance and time, bring the machinery of the taximeter into action by moving the said key, flag or other device, so that the word "HIRED" is legible on the face of the

taximeter and keep the machinery of the taximeter in action until the termination of the hiring; and

(c) cause the dial of the taximeter to be kept properly illuminated throughout any part of a hiring which is between half an hour after sunset and half an hour before sunrise, and also at any other time at the request of the hirer.

6. A proprietor or driver of a carriage shall not tamper with or permit any person to tamper with any taximeter with which the carriage is provided, with the fittings thereof, or with the seals affixed thereto.

7. The driver of a hackney carriage shall, when plying for hire in any street and not actually hired: -

(a) proceed with reasonable speed to one of the stands appointed by the Council;

(b) if a stand, at the time of his arrival, is occupied by the full number of carriages authorised to occupy it, proceed to another stand;

(c) on arriving at a stand not already occupied by the full number of carriages authorised to occupy it, station the carriage immediately behind the carriage or carriages on the stand and so as to face in the same direction; and

(d) from time to time, when any other carriage immediately in front is driven off or moved forward, cause his carriage to be moved forward so as to fill the place previously occupied by the carriage driven off or moved forward.

8. At no time is smoking permitted in any Hackney Carriage or Private Hire Vehicle.

9. A proprietor or driver of a hackney carriage, when standing or plying for hire shall not make use of the services of any other person for the purpose of importuning any person to hire such carriage.

10. The driver of a hackney carriage shall behave in a civil and orderly manner and shall take all reasonable precautions to ensure the safety of persons conveyed in or entering or alighting from the vehicle.

11. The proprietor or driver of a hackney carriage who has agreed or has been hired to be in attendance with the carriage at an appointed time and place shall, unless delayed or prevented by some sufficient cause, punctually attend with such carriage at such appointed time and place.

12. A proprietor or driver of a hackney carriage shall not convey or permit to be conveyed in such carriage any greater number of persons than the number of persons specified on the plate affixed to the outside of the carriage.

13. If a badge has been provided by the Council and delivered to the driver of a hackney carriage he shall, when standing or plying for hire, and when hired, wear that badge in such position and manner as to be plainly visible.

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14. The driver of a hackney carriage so constructed as to carry luggage shall, when requested by any person hiring or seeking to hire the carriage: -

- (a) convey a reasonable quantity of luggage;
- (b) afford reasonable assistance in loading and unloading; and
- (c) afford reasonable assistance in removing it to or from the entrance of any building, station or place at which he may take up or set down such person.

PROVISIONS FIXING THE RATES OR FARES TO BE PAID FOR HACKNEY CARRIAGES WITHIN THE DISTRICT, AND SECURING THE DUE PUBLICATION OF SUCH FARES.

15. The proprietor or driver of a hackney carriage shall be entitled to demand and take for the hire of the carriage the rate or fare prescribed by the Council, the rate or fare being calculated by distance and time unless the hirer expresses at the commencement of the hiring his desire to engage by time.

Provided always that, where a hackney carriage furnished with a taximeter shall be hired by distance and time, the proprietor or driver thereof shall not be entitled to demand and take a fare greater than that recorded on the face of the taximeter, save for any extra charges authorised by the Council which it may not be possible to record on the face of the taximeter.

16.(a) The proprietor of a hackney carriage shall cause a statement of the fares fixed by Council resolution to be exhibited inside the carriage, in clearly distinguishable letters and figures.

(b) The proprietor or driver of a hackney carriage bearing a statement of fares in accordance with this byelaw shall not wilfully or negligently cause or suffer the letters or figures in the statement to be concealed or rendered illegible at any time while the carriage is plying or being used for hire.

PROVISIONS SECURING THE SAFE CUSTODY AND REDELIVERY OF ANY PROPERTY ACCIDENTALLY LEFT IN HACKNEY CARRIAGES, AND FIXING THE CHARGES TO BE MADE IN RESPECT THEREOF.

17. The proprietor or driver of a hackney carriage shall, immediately after the termination of any hiring or as soon as practicable thereafter, carefully search the carriage for any property which may have been accidentally left therein.

18. The proprietor or driver of a hackney carriage shall, if any property accidentally left therein by any person who may have been conveyed in the carriage be found by or handed to him:

- (a) carry it as soon as possible and in any event within 48 hours, if not sooner claimed by or on behalf of its owner, to the office of the Council, and leave it in the custody of the officer in charge on his giving a receipt for it; and

(b) be entitled to receive from any person to whom the property shall be redelivered an amount equal to ten pence in the pound of its estimated value (or the fare for the distance from the place of finding to the office of the Council, whichever is the greater) but not more than twenty five pounds.

PENALTIES

19. Every person who shall offend against any of these byelaws shall be liable on summary conviction to a fine not exceeding Level 2 on the Standard Scale and in the case of a continuing offence to a further fine not exceeding two pounds for each day during which the offence continues after conviction therefore.

REPEAL OF BYELAWS

The byelaws relating to hackney carriages referred to in the following schedule are hereby repealed.

SCHEDULE

Date of Byelaws	By Whom Made	Date of Confirmation	By Whom Confirmed
17th December 1964	Sevenoaks Urban District Council	5th April 1965	An Assistant Under Secretary of State

GIVEN under the COMMON SEAL OF THE DISTRICT COUNCIL OF SEVENOAKS this 7th day of October 2004

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Appendix 9

PENALTY POINTS SYSTEM

LIST OF OFFENCES/BREACH OF LICENCE CONDITIONS

Town Police Clauses Act 1847		
Section	Offence	Penalty Points
40	Giving false information on application for HC proprietor's licence.	12
44	Failure to notify change of address of HC proprietor.	2
45	Plying for hire without HC proprietor's licence.	8-12
47	Driving a HC without HC driver's licence.	8-12
47	Lending or parting with HC driver's licence.	4
47	HC proprietor employing unlicensed driver.	12
48	Failure by HC proprietor to hold HC driver's licence for person driving the vehicle.	6
48	Failure by HC proprietor to produce HC driver's licence.	3
52	Failure to display HC plate.	4
53	Refusal to take a fare without reasonable excuse	6-12
54	Charging more than the agreed fare.	6-12
55	Obtaining more than the legal fare. (Failure to refund)	6-12
56	Travelling less than the lawful distance for an agreed fare.	6-12
57	Failure to wait after a deposit to wait has been paid.	6-12
58	Charging more than the legal fare.	12
59	Carrying other person than the hirer without consent of hirer	8
60	Driving HC without proprietor's consent.	6-12
60	Allowing another to drive HC without proprietor's consent.	6-12
62	Driver leaving HC unattended.	2
64	HC driver obstructing other HC's.	3
Local Government (Miscellaneous Provision) Act 1976		
Section	Offence	Points
46(1)(a)	Using an unlicensed private hire vehicle	12
46(1)(b)	Driving a private hire vehicle without a private hire drivers" licence	12
46(1)(c)	Proprietor of a private hire vehicle using an unlicensed driver	8-12
46(1)(d)	Operating a private hire vehicle without a private hire operator's licence	8-12
46(1)(e)	Operating a vehicle as a private hire vehicle when the vehicle is not licensed as a private hire vehicle.	12
46(1)(e)	Operating a private hire vehicle when the driver is not licensed as a private hire operator.	8-12

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48(6)	Failure to display a private hire vehicle plate	4
49	Failure to notify the transfer of a HC proprietor's licence.	3
50 (1)	Failure to present a HC for inspection, as required.	6-12
50 (2)	Failure to inform the Authority where the HC is stored.	3
50 (3)	Failure to report an accident to the Authority within 72hours.	6
50 (4)	Failure to produce the HC proprietor's licence and insurance cert	4
53 (3)	Failure to produce HC driver's licence.	3-4
54(2)	Failure to wear a private hire driver's badge	3-4
56(2)	Failure of a private hire operator to keep proper records of all bookings, or failure to produce them on request of an Authorised Officer of the Council or a Police Officer	6
56(3)	Failure of a private hire operator to keep records of all private hire vehicles, or failure to produce them on request of an Authorised Officer of the Council or a Police Officer	6
56(4)	Failure of a private hire operator to produce his licence on request	4
57	Making a false statement or withholding information to obtain a HC driver's licence.	12
58 (2)	Failure to return a plate after notice given following expiry, revocation or suspension of a HC proprietor's licence.	6
61 (2)	Failure to surrender a driver's licence after suspension, revocation or refusal to renew.	6
64	Permitting any vehicle other than a HC to wait on a HC stand.	6
66	Charging more than the meter fare for a journey ending outside the district, without prior agreement.	6-12
67	Charging more than the meter fare when HC used as PH vehicle.	6-12
69	Unnecessarily prolonging a journey.	6-12
71	Interfering with a taximeter with intent to mislead.	12
73(1)(a)	Obstruction of an authorised Officer or Constable.	12
73(1)(b)	Failure to comply with a requirement of an authorised Officer or Constable.	6-12
73(1)(c)	Failure to give information or assistance to an authorised Officer or	6-12

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	Constable.	
Equality Act 2010		
Section	Offence	Points
165	Failure of a driver of a designated hackney carriage to comply with duties relating to passengers in wheelchairs, or another person who wishes to be accompanied by a disabled person who is in a wheelchair	12
165	Failure of a driver of a designated private hire vehicle to comply with duties relating to passengers in wheelchairs, or another person who wishes to be accompanied by a disabled person who is in a wheelchair	12
168	Refusal to carry a guide, hearing, or other assistance dog in a hackney carriage without a valid certificate of exemption	12
168	Charging an additional cost for the carrying of an assistance dog in a hackney carriage	12
170	Refusal to carry a guide, hearing, or other assistance dog in a private hire vehicle without a valid certificate of exemption	12
170	Charging an additional cost for the carrying of an assistance dog in a private hire vehicle	12
Transport Act 1980		
Section	Offence	Points
64(2)(a)	Driving a vehicle with a sign above its roof which consists or includes the word "taxi" or "cab" whether alone or part of another word	10
64(2)(b)	Causes or permits a vehicle to have a sign above its roof which consists of or includes the word "taxi" or "cab" whether alone or part of another word	10

These points are dependant on adopting proposed conditions as per appendices

Private Hire Driver's Licence Conditions - Appendix 9		
Section	Offence	Points
	Not being respectably dressed and clean & tidy in appearance	2
	Failure to wear a badge.	4-6
	Failure to behave in a civil, polite and orderly manner.	3
	Failure to ensure the safety of passengers.	4
	Concealing or defacing a licence plate.	4
	Failure to attend on time for pre-arranged booking without sufficient cause.	3
	Conveying a greater number of passengers than permitted.	6
	Failure to give assistance with passenger's luggage.	3
	Soliciting for hire or accepting a fare that is not pre-booked.	6 -12
	Operating a vehicle that is not clean and tidy	2-6

	Driving without the consent of the proprietor.	5- 6
	Drinking or eating in the vehicle without permission of passenger.	2-3
	Causing excessive noise from any radio or sound-reproducing instrument, which annoys anyone in or outside the vehicle.	2
	Operating the horn as a means of signalling that the vehicle has arrived.	3
	Allowing the vehicle to stand in such a position as to suggest that it is plying for hire, or using a hackney carriage stand.	6
	Using a non-hands free mobile phone whilst driving	8
	Failure to provide medical certificate or not notifying a medical condition	6-12
	Failure to provide a receipt when requested.	2
	Failure to operate the meter from commencement of the journey and charging more than the fixed charge for hire of Hackney Carriages.	4-12
	Failing to notify changes within 14 days.	3
	Failure to produce a copy of the licence.	4
	Failure to notify within 7 days of starting or terminating employment, the name and address of the proprietor and the date when the employment either started or ended.	3
	Failure to show the private hire driver's licence to the proprietor at the beginning of an employment.	2
	Failure to surrender a driver's licence, badge or plate on cessation of employment.	6
	Failing to notify of change of address of any amendment to the details of a licence within 14 days	3
	Failing to disclose convictions within 7 days.	8 -12
	Failure to search vehicle daily or failure to take found property to the Council Offices within 72 hours of finding it.	3
	Failure to report an accident within 72 hours	3
	Carrying an animal other than one with passenger.	2
	Carrying an animal not safely restrained.	3
	Failure to carry assistance dog without an exemption certificate.	5-6
	Failure to comply with wheelchair carriage requirements.	5-6

Vehicle Specifications & Conditions of Licence – Appendix 5D

Section	Offence	Points
	Operating a vehicle which does not comply with the Councils Vehicle Specification where such offence is not otherwise specified below	2 - 6
	Operating a vehicle, which is not maintained in a sound and roadworthy condition.	6
	Operating a vehicle, which is not maintained in a clean and safe condition inside and out.	3
	Modifying a vehicle without the consent of the Council	4
	Failure to display or maintain external licence plates which indicate the	4

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	maximum number of passengers who may be conveyed.	
	Hackney vehicle signage not in accordance with council requirements.	4
	Affixing or displaying on a private hire vehicle any roof sign.	6
	Displaying on a private hire vehicle any sign or notice which consists of or includes the word TAXI or CAB or FOR HIRE	4
	Displaying a sign or advertisement that does not comply with Council requirements or is not authorised by the Council.	3
	Taximeter which does not comply with the Council's Vehicle Specification.	5
	Trailer which does not comply the Council's Vehicle Specification	3
	Operating a vehicle which does not comply with the Council's policy requirements	6
	Operating a vehicle, which does not comply the Council's Vehicle Specification in respect of window tint.	4
	No insurance or inappropriate insurance for the vehicle.	12
	Failing to notify vehicle change or transfer within 14 days.	3
	Failing to make the vehicle licence available for inspection.	3
	Allowing a vehicle to be used for hire by a person who does not hold a current private hire or hackney driver's licence	8
	Failure to properly report an accident to the Authority.	3
	Permitting the vehicle to be used for any illegal or immoral purposes.	12
PRIVATE HIRE OPERATORS		
Local Government (Miscellaneous Provisions) Act 1976		
Section	Offence	Points
56 (2)	Failing to keep proper records of all bookings or failing to produce them. (also breach of conditions see below)	6
56 (3)	Failure to keep records of PH vehicles or failing to produce them. (also breach of conditions see below)	6
56 (4)	Failing to produce PH Operator' licence on request. (also breach of conditions see below)	4
46(1)(e)	Operating a PH vehicle when the driver is not licensed as a PH driver.	12
46(1)(e)	Operating a vehicle as a PH vehicle when the vehicle is not licensed as a PH vehicle.	12
73(1)(c)	Failure to give information or assistance to an authorised officer or constable.	5
Breach of Conditions attached to Operator's Licence - Appendix 7		
	Failure to provide a prompt, efficient and reliable service at all reasonable times.	3
	Failure to ensure that office staff employed by operator act in a civil and orderly manner at all times.	3
	Failure to ensure that a vehicle attends punctually at the appointed time and	4

	place unless prevented by some sufficient cause.	
	Failure to keep the premises clean, adequately heated, ventilated, lit, and in accordance with the requirements of licence conditions.	3
	Failure to properly keep or produce records of private hire bookings, vehicles, drivers or other documents required to be kept or produced. (see LGMP s56(2) & (3) above)	6
	Failure to act properly upon the receipt of a complaint or to notify immediately the Licensing Officer.	4
	Failure to notify the Council of any changes, including change of address from where the business operates within 14 days.	3
	Failure to disclose in writing within 7 days details of any conviction or police caution imposed on him to the licensing section.	12
	Failure to ensure that an appropriate certificate of motor insurance covers every vehicle operated by him under the licence.	6
	Failure to obtain appropriate public liability insurance for the premises or to produce the same.	4
	Failure to ensure that every driver has a private hire licence and badge.	4
	Failure to keep a copy of the conditions at the premises or to make the same available for inspection by passengers.	4
	Failure to make the Operator's licence available for inspection. (see LGMP s56 (4) above)	6

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

The attached report was considered by the Standards Committee on 12 February 2019, and the relevant minute extract was not available prior to printing of these papers and will follow when available.

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MONITORING OFFICER'S ANNUAL REPORT

Council - 26 February 2019

Report of	Monitoring Officer
Status	For consideration
Also considered by	Standards Committee - 31 January 2019
Key Decision	No

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

Contact Officer Martin Goodman, 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 fourteenth 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.
- 4 The Monitoring Officer's Report sets out the Monitoring Officer's statutory responsibilities, summarises how these duties have been discharged during 2018 in accordance with legislation and the Council's Constitution. If necessary it can draw attention to those issues requiring attention in the coming year.

Agenda Item 7b

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 A - Monitoring Officer's Report

Appendix B - letter from Local Government and Social Care Ombudsman.

Background Papers

None.

Martin Goodman
Monitoring Officer

**REPORT OF THE
MONITORING OFFICER
2018**

Introduction

This is the fourteenth Annual Report of the Monitoring Officer, for the period January 2018 to December 2018. 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 2018 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 2018.

4.1 Reports from the Local Government Ombudsman

On 18 July 2018 the Local Government and Social Care Ombudsman wrote to the Council with its Annual Review Letter, which is attached. In the year 2017/18 the Local Government and Social Care Ombudsman received ten complaints about the Council. Four related to Planning and Development, two to Environment Services, two to Benefits and Tax, one to Housing and one to Highways and Transport. For comparison, last year the Ombudsman received eleven complaints.

During the year, seven decisions were made by the Local Government and Social Care Ombudsman. Five were referred back for local resolution and two were closed after initial enquiries.

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 Ltd and Quercus Housing Ltd

As Members will recall, 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 (Quercus 7 Ltd) wholly owned by the Council so as to exercise the powers to trade contained in the Local Government Act 2003 and the Localism Act 2011.

On 13 April 2018 the Council established a housing company (Quercus Housing Ltd) to deliver affordable housing in the district on a not-for-profit basis spending available s.106 funds.

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 the companies are separate entities from each other and are not part of the Council. No member is in control of either company. The role of the Monitoring Officer therefore does not apply to the operations of Quercus 7 Ltd or Quercus Housing Ltd.

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 2018 are as follows:

- Receiving the Annual Monitoring Officer's Report
- Attending additional meetings of the Standards Committee
- 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.

Members are aware 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/her 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. Training will be refreshed in 2019 with the new intake of Members.

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. This should not be confused with the offence of Misconduct in Public Office, instances of which are rare and which carries a maximum penalty of life imprisonment.

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 in its arrangements 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.

A number of formal complaints were received between January and December 2018. For comparison, there were seven complaints between January and December 2017. It should be noted that the complaints which were unresolved at the date of my report on 2017 resulted in no further action. 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.

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 2018. It is not appropriate to discuss these matters at Committee and this analysis is provided to illustrate the nature of the complaints and their resolution:

Date made	Subject Member	Complainant public or Member?	Date received	Assessed	Result
27/03/18	Town Councillor	Member	28/03/18		Failed Initial Intake test.
27/03/18	Town Councillor	Public	28/08/17		Failed Initial Intake test.
08/06/18	Town Councillor	Public	08/06/18	17/07/18	No further action.
13/06/18	Town Councillor	Member	13/06/18		Withdrawn.
28/06/18	District Councillor	Public	28/06/18		Failed Initial Intake test.
31/07/18	District Councillor	Public	01/08/18	10/08/18	No further action.
23/10/18	Town Councillor	Public	23/10/18		Failed Initial Intake test
10/11/18	District Councillor	Public	12/11/18		Failed Initial Intake test.
13/11/18	District Councillor	Public	14/11/18		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 2018 and 31 December 2018:

Full Council Meetings (including 1 annual meeting)	5
Cabinet	11
Audit Committee	4

CIL Spending Board	2
Development Control Committee	12
Direct and Trading Advisory Committee	3
Economic and Community Development Advisory Committee	4
Finance Advisory Committee	5
Governance Committee	1
Health Liaison Board	3
Housing & Health Advisory Committee	4
Legal & Democratic Advisory Committee	4
Licensing Committee	4
Licensing Hearing	5
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.

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.

It should be noted that during the year the Council was joined by a new Member in the Farningham, Horton Kirby and South Darenth ward. The by-election in that ward was triggered by the former incumbent without dispensation being unable to

attend meetings for six months, leading to automatic disqualification as a Member. Naturally this is not a regular occurrence and has in any case not impacted upon the delivery of support to the Committee process.

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.

Significantly, during the year a programme of Member training was rolled out to all Members following the results of a survey into their preferences. It included training on compliance with the General Data Protection Regulation, which came into force on 25 May 2018.

15. GDPR

GDPR (the General Data Protection Regulation) came into effect during the year and the Council was ready for implementation on the appointed date of 25 May 2018. The Data Protection Act 1998 was replaced by the Data Protection Act 2018, giving individuals greater rights, protections and freedoms.

It was essential for the Council to be ready to honour the various rights enshrined in the regulation, in particular the 'right to be forgotten' and the right of subject access. Robust systems are in place to ensure that the public can exercise these rights as they should.

Furthermore, policies and procedures were put in place to ensure compliance and the Monitoring Officer is satisfied that the necessary changes and developments have occurred. The Council is fully compliant with GDPR and this is a testament to the hard work of Officers and Members in implementing the new regulation.

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 past calendar year no concerns were raised under the Council's whistleblowing policy. This is however no reason for complacency and it is essential that fit-for-purpose policy remains in place.

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. There were no

applications to carry out surveillance of the sort which requires RIPA authorisation during the year.

18. Code of Corporate Governance

The Monitoring Officer is happy to report no difficulties in implementing the Code of Corporate Governance during the year. Code compliance is overseen by the Audit Committee and Members will recall that during 2017 the Monitoring Officer updated the Code in line with legislative changes.

19. Conclusion

As reported last year, 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.

It should be noted that the elections in May 2019 may produce challenges as new Members begin their public lives at the Council. Being an election year we can expect the already well-informed residents of the District to be acutely aware of their representatives and the requirements of the Code of Conduct. However, the Monitoring Officer has every confidence that as ever the new intake will act with the Nolan Principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership in mind.

The Monitoring Officer has a reactive enforcement role and together with the Standards Committee's it is their 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, the Council cannot take this for granted 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

18 July 2018

By email

Pav Ramewal
Chief Executive
Sevenoaks District Council

Dear Pav Ramewal,

Annual Review letter 2018

I write to you with our annual summary of statistics on the complaints made to the Local Government and Social Care Ombudsman (LGSCO) about your authority for the year ended 31 March 2018. 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.

Complaint statistics

In providing these statistics, I would stress that the volume of complaints does not, in itself, indicate the quality of the council's performance. High volumes of complaints can be a sign of an open, learning organisation, as well as sometimes being an early warning of wider problems. Low complaint volumes can be a worrying sign that an organisation is not alive to user feedback, rather than always being an indicator that all is well. So, I would encourage you to use these figures as the start of a conversation, rather than an absolute measure of corporate health. One of the most significant statistics attached is the number of upheld complaints. This shows how frequently we find fault with the council when we investigate. Equally importantly, we also give a figure for the number of cases where we decided your authority had offered a satisfactory remedy during the local complaints process. Both figures provide important insights.

I want to emphasise the statistics in this letter reflect 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, some of whom may never contact you.

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

Agenda Item 7b

Future development of annual review letters

Last year, we highlighted our plans to move away from a simplistic focus on complaint volumes and instead turn focus onto the lessons that can be learned and the wider improvements we can achieve through our recommendations to improve services for the many. We have produced a new corporate strategy for 2018-21 which commits us to more comprehensively publish information about the outcomes of our investigations and the occasions our recommendations result in improvements to local services.

We will be providing this broader range of data for the first time in next year's letters, as well as creating an interactive map of local authority performance on our website. We believe this will lead to improved transparency of our work, as well as providing increased recognition to the improvements councils have agreed to make following our interventions. We will therefore be seeking views from councils on the future format of our annual letters early next year.

Supporting local scrutiny

One of the purposes of our annual letters to councils is to help ensure learning from complaints informs scrutiny at the local level. Sharing the learning from our investigations and supporting the democratic scrutiny of public services continues to be one of our key priorities. We have created a dedicated section of our website which contains a host of information to help scrutiny committees and councillors to hold their authority to account – complaints data, decision statements, public interest reports, focus reports and scrutiny questions. This can be found at www.lgo.org.uk/scrutiny I would be grateful if you could encourage your elected members and scrutiny committees to make use of these resources.

Learning from complaints to improve services

We share the issues we see in our investigations to help councils learn from the issues others have experienced and avoid making the same mistakes. We do this through the reports and other resources we publish. Over the last year, we have seen examples of councils adopting a positive attitude towards complaints and working constructively with us to remedy injustices and take on board the learning from our cases. In one great example, a county council has seized the opportunity to entirely redesign how its occupational therapists work with all of its districts, to improve partnership working and increase transparency for the public. This originated from a single complaint. This is the sort of culture we all benefit from – one that takes the learning from complaints and uses it to improve services.

Complaint handling training

We have a well-established and successful training programme supporting local authorities and independent care providers to help improve local complaint handling. In 2017-18 we delivered 58 courses, training more than 800 people. We also set up a network of council link officers to promote and share best practice in complaint handling, and hosted a series of seminars for that group. To find out more visit www.lgo.org.uk/training.

Yours sincerely,



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

Local Authority Report: Sevenoaks District Council
For the Period Ending: 31/03/2018

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
0	2	0	0	2	1	1	4	0	10

Page 9 of 9

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	5	2	0	0	0%	7

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

Agenda Item 7b

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Item 7(c) - Amendments to the Constitution: Licensing Sub-Committee Hearing Procedures

The attached report was considered by the Governance Committee on 12 February 2019, and the relevant minute extract was not available prior to printing of these papers and will follow when available.

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AMENDMENTS TO THE CONSTITUTION: LICENSING SUB-COMMITTEE HEARING PROCEDURES

Council - 26 February 2019

Report of Chief Officer Corporate Services

Status For Decision

Also considered by Governance Committee - 12 February 2019

Key Decision No

Portfolio Holder Cllr. Anna Firth

Contact Officers Vanessa Etheridge, Ext. 7199 / David Lagzdins, Ext. 7350

Recommendation to Governance Committee: That it be recommended to Council that

- (a) 'Part 8 - Licensing Committee' of the Council's Constitution be amended as set out in Appendix A; and
- (b) delegated authority be granted to the Head of Legal & Democratic Services, to draft further amendments to Part 8 of the Council's Constitution to include hearing procedures under the Gambling Act 2005 and the Town Police Clauses Act 1847, Public Health Act 1875 and Local Government (Miscellaneous Provisions) Act 1976, for consideration at Council on 30 April 2019 after consultation with the Chairman of Governance.

Recommendation to Council: That

- (a) 'Part 8 - Licensing Committee' of the Council's Constitution be amended as set out in Appendix A; and
- (b) delegated authority be granted to the Head of Legal & Democratic Services, to draft further amendments to Part 8 of the Council's Constitution to include hearing procedures under the Gambling Act 2005 and the Town Police Clauses Act 1847, Public Health Act 1875 and Local Government (Miscellaneous Provisions) Act 1976, for consideration at Council on 30 April 2019 after consultation with the Chairman of Governance.

Reason for recommendation: To ensure compliance with relevant legislation.

Introduction and Background

- 1 Officers recently undertook a review of Licensing Committee procedures, initiated by the possibility of requiring a hearing for a Sex Entertainment Venue application. Part 8 of the Council's Constitution was found to be lacking a tailored sub-committee hearing procedure.
- 2 Due to reporting timescales it was not possible to present this Committee with the necessary amendments for all forms of hearing. Therefore, a view was taken to prioritise a hearing procedure for Sex Establishment licences in order for it to be agreed at Council on 26 February 2019 and to request delegated authority to complete the amendments in order to have them drafted ready for consideration at full Council on 30 April 2019.
- 3 Whilst drafting a hearing procedure for Sex Entertainment Venues, Officers have also taken the opportunity to streamline the current Licensing Hearing Procedure.
- 4 There are no further scheduled Governance Committee meetings before the end of the municipal year and the calendar is quite full. Governance Committee could decide to schedule a further meeting or agree that delegated authority be granted to the Head of Legal & Democratic Services to draft the further required amendments for consideration at Council on 30 April 2019. Granting delegated authority would give Officers slightly more time to draft the necessary amendments.

Key Implications

Financial

None directly arising from this report.

Legal Implications and Risk Assessment Statement.

The Council is occasionally required to hold Licensing Sub-Committee hearings to consider a range of applications. However, these applications are often under different statutory regimes and therefore must take account of different factors. For example, some decisions are considered to be administrative in nature, while others are quasi-judicial.

Should a Sub-Committee fail to follow a procedure that is appropriate for the matter before them then the risk is increased that the Sub-Committee will fail to consider all material facts in an appropriate way. This increases the risk that the Council's decisions will be found unsound, if challenged. The proposed procedure in Appendix A is considered to be consistent with the statutory framework and the Council's existing SEV policy.

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.

Human Rights

Matters considered by a Sub-Committee may engage rights including the right to a fair hearing (Art. 6) and the right to the protection of property (including licences) (Protocol 1 Art. 1)

Appendices

Appendix A - Proposed amendments to Part 8 of the Council's Constitution

Background Papers

[Sevenoaks District Council Constitution](#)

[Licensing Act 2003](#)

[Gambling Act 2005](#)

[Local Government \(Miscellaneous Provisions\) Act 1982 \(as amended by Section 27, Policing and Crime Act 2009\)](#)

[Town Police Clauses Act 1847, Public Health Act 1875 and Local Government \(Miscellaneous Provisions\) Act 1976](#)

Jim Carrington-West

Chief Officer Corporate Services

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MEMBER WORKING GROUP - INCOME STRIP FUNDING

Council - 26 February 2019

Report of Cllr. Scholey (Chair - Member Working Group)

Status For Consideration

Key Decision No

Executive Summary:

This council has been at the forefront of financial innovation over recent years which has ensured that it remains in a strong financial position while others are struggling. However, it is important to keep looking for new ideas that give a long term benefit to our residents.

A report on Income Strip Funding was reported to Council on 1 May 2018 where it was resolved that a Member Working Group would be set up to carry out further work and report back to a future meeting of Full Council for decision.

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

Portfolio Holder Cllr. John Scholey

Contact Officers Adrian Rowbotham, Ext. 7153
Andrew Stirling, Ext. 7099

Recommendation to Council:

- (a) Consider the report from the Member Working Group.
 - (b) Not to acquire an aparthotel at 21 Commercial Road, Aldgate using an income strip funding deal.
 - (c) Income strip funding be included as a possible funding method for future property schemes.
-

Reason for recommendation: Following in depth research by the Member Working Group it was recognised that the risks of the Aldgate proposal were not appropriate for this council but that income strip funding should be considered as a possible funding option for future schemes.

Council meeting - 1 May 2018

- 1 At the Council meeting on 1 May 2018, a report on Income Strip Funding was discussed and the following resolutions were agreed:
 - a) further work be carried out to explore the opportunities and risks afforded by Income Strip Funding, including the procurement of specialist advice;
 - b) a Member working group to consist of five Members nominated by the Leader be established and tasked to oversee the work; and
 - c) a report on this work and any recommendations be brought to a future meeting of Full Council for decision.

Introduction and Background

- 2 Events over recent years have shown that the prospects for local government are becoming more difficult and their financial ability to deliver increasing services with reducing resources continues to be a key challenge. Our financial strength ensures that we continue to deliver services and to a standard that many other are clearly struggling with, this has required the council to take some carefully assessed risks and has required the exposure to the commercial property market.
- 3 Although this council is in a uniquely strong financial position, it needs to ensure that it is well equipped to deal with the likely extent of new burdens and requirements that will be placed on it in the future. As such we continue to explore new and innovative solutions and were approached with a proposal from Reef Group (“Reef”).
- 4 The proposition was on ‘Income Strip Funding’ with the intention of delivering both parties significant revenue income and a capital asset at the end of the period.
- 5 Reef approached this council because of the relationship already in place following the developments of M&S and Sennocke Hotel and because they are aware that we are an innovative local authority, looking to do things differently for the long term benefits of residents.
- 6 As this proposition was different to anything that has been carried out before, various meetings took place before the Council meeting in May together with research to gain a greater understanding of ‘Income Strip Funding’ and how it could result in financial benefits for this council.
- 7 The Leader and Finance Portfolio Holder were also involved in discussions to gain an initial view as to whether this proposal was one that the council could take forward and would deliver the required benefits and that the risks were acceptable. Following these discussions and from obtaining answers to specific questions raised, it was agreed that it was suitable to take this proposal for consideration by Council in May 2018.

Income Strip Funding

- 8 Income strips are traditional forward funding deals whereby typically an investor, such as a pension fund, in conjunction with a developer, delivers buildings.
- 9 Upfront an entity, such as a Council, University or Housing Provider commits to the development by agreeing to take possession, on practical completion being achieved, tied into a long lease for usually between 35 and 50 years on a non-assignable basis. Rents are fixed and subject to annual increases linked to RPI, often with a cap and collar arrangement.
- 10 Importantly, at the expiry of the lease term, the entity (the Council) has an option to acquire the freehold (and thus the asset) for £1. Liability for repair and the running of the accommodation rests with the entity; hence, the fund landlord just strips the income out of the asset, giving the term 'Income Strip Funding'. The developer / investor sits in the middle to deliver and possibly manage the asset.
- 11 Up to now, local authorities have used this investment model for schemes to develop assets they require to provide their services such as student accommodation and economic development of town centres.
- 12 Income strips are usually funded by pension fund providers who want the pension fund to have a range of risk and reward profiles. Income strips are viewed as having low risks and rewards from the pension fund provider perspective.

Member Working Group

- 13 The Member Working Group consisted of the following Members:
 - Cllr John Scholey (Chair)
 - Cllr Kim Bayley
 - Cllr Ian Bosley
 - Cllr Andrew Eyre
 - Cllr James London
 - Cllr Edward Parson
- 14 The group was supported by
 - Adrian Rowbotham - Chief Finance Officer
 - Andrew Stirling - Head of Economic Development and Property
- 15 The group met on seven occasions and representatives from Reef and Savills attended one meeting each.

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- 16 The group looked at income strip funding generally and also the particular scheme proposed by Reef for an aparthotel in Aldgate, London.
- 17 It was recognised that external advice was required for several disciplines as it was important to get the right advice for such a major potential commitment. The following advisors were used:
- Bevan Brittan - legal
 - KPMG - financial and tax
 - Link Asset Services - treasury
 - Savills - property

Initial Proposal from Reef for the Aparthotel

- 18 The initial proposal was for a 50 year income strip fund deal with an initial cost of £110m with payments to the pension fund provider of £2.9m p.a. (£144m over 50 years at current prices). The aparthotel was to be sub-let to a tenant for a rent of £4.1m p.a. (£205m over 50 years at current prices.).
- 19 The operation method proposed was a joint venture between Reef and the Council with benefits shared 50:50. Payment to the funder was linked to RPI and income from the tenant was linked to CPI.

Concerns Raised about the Initial Proposal

- 20 The Member Working Group and the external advisors looked at the initial proposal in detail and found the following concerns:
- The different inflation rates of RPI for the funder and CIP for the tenant was likely to result in the gap between the payment and the income closing over time and raised a significant level of uncertainty of the longer term financial benefits.
 - State aid was raised as a factor that could stop the joint venture proposal being possible. Illegal state aid occurs when a commercial body gains competitive advantage over a competitor through its involvement with a government backed organisation (e.g. a council). In this proposal it was recognised that the covenant of this council gave significant assurance of a long term ability to meet the commitments to the funder that a private developer could not. This would therefore lower the interest rate that the funder was able to offer.
 - The proposed split of profits at 50:50 was not a fair reflection of the respective contributions.
 - The proposed aparthotel tenant was not viewed as one of the best available.

- The commitment would be for 50 years but the proposed sub-lease was 25 years. This may result in a difficulty in obtain a tenant for the second 25 year period.

Revised Proposal from Reef and Further Changes

- 21 The proposal was changed following discussions with Reef and ongoing negotiations. The changes included:
- Due to the state aid issue, the proposal was changed from a joint venture to a traditional income strip funding deal.
 - Payments to the funder and income from the tenant were both linked to CPI with the same cap and collar arrangements.
 - A different aparthotel tenant was arranged who were viewed more favourably due to their track record and stronger financial position.
 - The risks of construction and delays were now borne by Reef rather than the joint venture.
 - A sinking fund equivalent to five years rent would be paid to the council from the initial proceeds.
 - There would also be an extra upfront payment from Reef to the council.

Member Working Group Conclusion

- 22 Taking the combined effect of the following issues in to account, split into risks and value for money, the group concluded that they do not recommend that this deal is progressed:

23 Risks (Commercial)

- 25 year lease with the tenant is different to the 50 year income strip funding deal. The ability to get a second tenant in year 26.
- Current political environment.
- Potential cost of change of use during the 50 years if required.
- Due to the scale of this investment when considered with other council property investments, the group concluded that risks would not be spread wide enough.
- The ability to convince other Members of the benefits of the deal compared to the risks.

24 Risks (Legal and Regulatory)

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- The increasing warnings from Government and CIPFA about the rules changing for councils borrowing to invest in property outside of their area and also for large amounts money (both of these issues would apply to Aldgate). If it was for a local scheme that also contained economic development benefits, income strip funding would not be subject to the same legal restrictions as for property purchased outside Sevenoaks District for investment purposes and could enable it to happen.
- Link Asset Services (December 2018 report para 2.2): “We mentioned in our initial report that, from an investor’s perspective, the key is as far as possible to de-risk the arrangements, in particular total security being offered by local authority involvement, whilst from the Authority’s viewpoint we feel that careful attention would need to be given to a number of risk areas. Many of these will not be evident until much greater detail is available, in particular with regard to the more detailed legal arrangements that will need to be put in place.”
 - Various Agreements or separate entity establishment arrangements would need to be entered into in respect of the development, resource protection and legal/value for money aspects. But primarily it is evident that the extent of risk that would be taken on by the Authority is not considered acceptable to an external investor, who could alternatively enter into contractual arrangements with Reef without any further third party involvement.”
- The legal requirement to operate the property through a standalone company designed to comply with the Localism Act 2011 and to avoid payment of Corporation Tax adds further complications, costs and risks.
- The property is outside of the district.

25 Value for Money

- KPMG Income Strip Proposal Summary paper (October 2018 para 3.1): “SDC should carefully consider the commercial merit of obtaining debt of £143m to acquire assets valued at £109.3m. Whilst some overpayments to secure the purchase and resultant transaction costs including legal fees and SDLT are a necessary evil in property investment, it is clear SDC is materially overpaying for the asset compared to the commercial valuation.”
- Amount of borrowing compared to the return.

26 However, the group did conclude that income strip funding should be considered as a possible funding method for future property schemes for the following reasons:

- The Member Working Group have gained a vast amount of knowledge during this process and would have a sound understanding when income strip funding was considered for other schemes.
- The income strip funding concept is sound in the right context as the expenditure and income streams are both linked to an inflation index and the property reverts to SDC at the end of the term for a nominal amount.
- If it was for a local scheme that also contained economic developments benefits, income strip funding could enable it to happen.
- It is possible that the cost of funding a scheme through an income strip deal might be less than conventional loans from the Public Works Loans Board (PWLB).

27 The Member Working Group concluded that:

It is recommended to Council that:

- a. SDC does not acquire an aparthotel at 21 Commercial Road, Aldgate using an income strip funding deal.
- b. Income strip funding be included as a possible funding method for future property schemes.

Key Implications

Financial

It was mentioned at Council on 1 May 2018 that in depth due diligence would be required to gain a full understanding of the implications of the proposals which could cost up to £100,000.

The Member Working Group agreed that knowledgeable external advisors would be required for legal, financial, tax, treasury management and property advice. The cost of this work was £55,000.

It should be recognised that if the Aldgate scheme had been agreed, the initial cost of the scheme would have been £110m with a commitment to pay the pension fund provider £144m over 50 years and income from tenants of £205m (all figures are at current prices).

Legal Implications and Risk Assessment Statement.

Bevan Brittan were commissioned to provide legal advice as it was recognised that income strip funding is complex and to ensure that the full implications were considered.

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The potential risks of the proposals were discussed at each meeting of the Member Working Groups and are explained within the reasons for the recommendations made by the group.

Equality Assessment

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

Appendices

None

Background Papers

Income Strip Funding report to Council 1 May 2018 (Not for Publication by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.)

Member Working Group meeting notes (Not for Publication by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.)

Aparthotel information (Not for Publication by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.)

External advice (Not for Publication by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.)

Cllr. John Scholey

Chair - Income Strip Funding Member Working Group

PAY POLICY STATEMENT

Council - 26 February 2019

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

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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 2019 and will take effect from 1 April 2019. The Policy Statement is forward looking and any recruitment decisions taken between 1 April 2019 and 31 March 2020 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 2019 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**

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Sevenoaks District Council Pay Policy Statement 2019/20

1. Introduction

- 1.1 The Council's Pay Policy Statement sets out its policies for 2019/20 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 2019/20.

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);

Appendix A

- 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.

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 £4,500 per annum;
 - Consideration of additional responsibility allowances; 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.
- 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 £3,700 per annum;

- Consideration of additional responsibility allowances; 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.

Appendix A

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 2018/19 the median average salary at Sevenoaks District Council was £24,463, which lies at spinal point 26 of Band C.

7.3 The pay multiple between the Chief Executive's salary and the median salary point is 6.1.

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.

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Cllr Fleming - Leader's report

Date: 5 November 2018 - 8 February 2019

November 2018	Event	Comments
6 November	<ul style="list-style-type: none"> Policy & Performance Portfolio Holder Meeting - SDC 	
	<ul style="list-style-type: none"> Staff Briefing - SDC 	
	<ul style="list-style-type: none"> Telephone meeting re LGA Member Peer Conference 	
7 November	<ul style="list-style-type: none"> Meeting with Alliance Leisure re White Oak - SDC 	
	<ul style="list-style-type: none"> Staff Briefing - SDC 	
	<ul style="list-style-type: none"> Telephone interview with BBC Online re Council Innovation 	
	<ul style="list-style-type: none"> Staff Briefing - SDC 	
8 November	<ul style="list-style-type: none"> Speaker at LGA Member Peer Conference - Nottingham 	
	<ul style="list-style-type: none"> Cabinet - SDC 	
9 November	<ul style="list-style-type: none"> Local Plan Update meeting - SDC 	
	<ul style="list-style-type: none"> KCC West Kent Local Member Briefing - Sevenoaks 	
	<ul style="list-style-type: none"> KCC Kent Commissioning Planning Meeting - SDC 	
10 November	<ul style="list-style-type: none"> Receive Halstead petition - SDC 	
11 November	<ul style="list-style-type: none"> Remembrance Service - Sevenoaks 	
	<ul style="list-style-type: none"> Leigh Beacon on behalf of Chairman - Leigh Village 	
12 November	<ul style="list-style-type: none"> Telephone meeting - Andrew Larner iESE 	
	<ul style="list-style-type: none"> Telephone meeting re LGA Commercial Skills Masterclass 	
	<ul style="list-style-type: none"> Meeting re Corporate Plan - SDC 	
	<ul style="list-style-type: none"> Staff Briefing - Dunbrik 	
	<ul style="list-style-type: none"> Local Plan Update meeting - SDC 	
13 November	<ul style="list-style-type: none"> Lady Boswell School Visit - Year 6 re Democracy - Sevenoaks 	
	<ul style="list-style-type: none"> Quercus 7 Update meeting - SDC 	
14 November	<ul style="list-style-type: none"> Host at LGA Commercial Skills Masterclass - Basildon 	
15 November	<ul style="list-style-type: none"> KCC Meeting re funding - SDC 	
16 November	<ul style="list-style-type: none"> Telephone appointment re LGA Digital Showcase 	
	<ul style="list-style-type: none"> Meeting with Councils Advertising Network (CAN) - SDC 	
20 November	<ul style="list-style-type: none"> Meeting with UK Power Networks - SDC 	
	<ul style="list-style-type: none"> Council - SDC 	
	<ul style="list-style-type: none"> Quercus 7 AGM - SDC 	
22 November	<ul style="list-style-type: none"> LGA Digital Showcase Event - Chair - London 	
26 November	<ul style="list-style-type: none"> Corporate Induction - SDC 	
	<ul style="list-style-type: none"> Meeting re Suffolk Way Junction - SDC 	
	<ul style="list-style-type: none"> Kent & Medway Economic Partnership meeting - Maidstone 	

Agenda Item 11

27 November	<ul style="list-style-type: none"> • Strategic Programme Board - SDC 	
	<ul style="list-style-type: none"> • Bat & Ball Official Ribbon Cutting - Sevenoaks 	
	<ul style="list-style-type: none"> • Guardian Public Service Awards - London 	
28 November	<ul style="list-style-type: none"> • DCN Roundtable Discussion - London 	
	<ul style="list-style-type: none"> • DCN Member Board - London 	
	<ul style="list-style-type: none"> • Meeting at LGA re Council Advertising - London 	
	<ul style="list-style-type: none"> • liP Awards Dinner - London 	
29 November	<ul style="list-style-type: none"> • Visit to Environmental Park/Buckhurst 2 - Sevenoaks 	
	<ul style="list-style-type: none"> • Kent Council Leaders' Meeting - Maidstone 	
	<ul style="list-style-type: none"> • Policy & Performance Advisory Committee - SDC 	
30 November	<ul style="list-style-type: none"> • LGC Telephone Interview - The Sevenoaks Story 	
	<ul style="list-style-type: none"> • Telephone appointment LGA digital pilot 	
	<ul style="list-style-type: none"> • New Ash Green update meeting for Local Members - SDC 	
December 2018		
1 December	<ul style="list-style-type: none"> • Small Business Saturday - Visits with Sir Michael Fallon 	
3 December	<ul style="list-style-type: none"> • Policy & Performance Portfolio Holder Meeting - SDC 	
	<ul style="list-style-type: none"> • Visit by YMCA Romford - Swanley 	
	<ul style="list-style-type: none"> • Sevenoaks Community Carol Service - Sevenoaks 	
4 December	<ul style="list-style-type: none"> • Evidence to the Science & Technology Committee on digital government - London 	
5 December	<ul style="list-style-type: none"> • Staff Coffee & Mince Pies - SDC 	
	<ul style="list-style-type: none"> • LGA Improvement & Innovation Board Lead Members' Meeting - London 	
6 December	<ul style="list-style-type: none"> • LGA Councillor Masterclass on Data & Digital in Local Government Transformation roundtable discussion - London 	
	<ul style="list-style-type: none"> • LGA Executive - London 	
	<ul style="list-style-type: none"> • Quercus 7/Quercus Housing Trading Boards - SDC 	
	<ul style="list-style-type: none"> • Cabinet - SDC 	
7 December	<ul style="list-style-type: none"> • Kent LEP Meeting - Essex 	
	<ul style="list-style-type: none"> • SELEP Strategic Board Meeting - Essex 	
11 December	<ul style="list-style-type: none"> • Chairman's Staff Carol Service - Sevenoaks 	
	<ul style="list-style-type: none"> • Highway Safety Concerns meeting with St Thomas' School - SDC 	
	<ul style="list-style-type: none"> • Meeting re Bradbourne Vale Road - speeding & parking involving KCC - Sevenoaks Town Council offices 	
12 December	<ul style="list-style-type: none"> • Visit to Shoreham Woods 	
	<ul style="list-style-type: none"> • LGC & DWF Roundtable discussion re commercialisation in local government - London 	
	<ul style="list-style-type: none"> • Meeting at Government Tech - Future Gazing - London 	
13 December	<ul style="list-style-type: none"> • Meeting with KALC - SDC 	
	<ul style="list-style-type: none"> • Meeting re Bevan Place - SDC 	

	<ul style="list-style-type: none"> • Meeting with Grant Thornton - London 	
	<ul style="list-style-type: none"> • Swanley Sites Update Meeting with SDC local members - SDC 	
	<ul style="list-style-type: none"> • Development Control Committee - SDC 	
14 December	<ul style="list-style-type: none"> • SDC Local Plan KCC Member Briefing - Maidstone 	
	<ul style="list-style-type: none"> • Meeting re former Tesco's Site - SDC 	
17 December	<ul style="list-style-type: none"> • Swanley Sites Update Meeting with Swanley Town Councillors - Swanley 	
18 December	<ul style="list-style-type: none"> • Meeting re housing - SDC 	
	<ul style="list-style-type: none"> • Strategic Programme Board - SDC 	
	<ul style="list-style-type: none"> • Knole Academy Christmas Concert - Sevenoaks 	
19 December	<ul style="list-style-type: none"> • Strategic Communication meeting - SDC 	
20 December	<ul style="list-style-type: none"> • LGA meeting re Efficient Council Model Review - London 	
	<ul style="list-style-type: none"> • LGA Business Rate Retention & Fair Funding Review Task & Finish Group - London 	
January 2019		
3 January	<ul style="list-style-type: none"> • Judging for Community & Voluntary Awards - SDC 	
8 January	<ul style="list-style-type: none"> • Public Service Transformation Academy Conference - London 	
	<ul style="list-style-type: none"> • LGA Efficient & Intelligent Councils Member meeting - London 	
9 January	<ul style="list-style-type: none"> • LGA Meeting with Lord Porter - London 	
10 January	<ul style="list-style-type: none"> • Cabinet - SDC 	
11 January	<ul style="list-style-type: none"> • Wider South East Councils Summit - London 	
15 January	<ul style="list-style-type: none"> • Corporate Induction - SDC 	
	<ul style="list-style-type: none"> • Kent & Medway Investment Advisory Board - Maidstone 	
16 January	<ul style="list-style-type: none"> • DCN Members' Board - London 	
	<ul style="list-style-type: none"> • Sevenoaks Town Forum - Sevenoaks 	
17 January	<ul style="list-style-type: none"> • Parking Review Meeting - SDC 	
	<ul style="list-style-type: none"> • Kent Council Leaders' Meeting - Maidstone 	
18 January	<ul style="list-style-type: none"> • South East Water Meeting - Sevenoaks 	
21 January	<ul style="list-style-type: none"> • Meeting with Rishi Sunak MP - London 	
	<ul style="list-style-type: none"> • Meeting at RSA - London 	
22 January	<ul style="list-style-type: none"> • Policy & Performance Portfolio Holder meeting - SDC 	
	<ul style="list-style-type: none"> • Meeting with Kent Police Chief Constable - SDC 	
	<ul style="list-style-type: none"> • Kent & Medway Investment Advisory Board - Maidstone 	
23 January	<ul style="list-style-type: none"> • Investors in People interview - SDC 	
	<ul style="list-style-type: none"> • Local Plan Meeting - SDC 	
	<ul style="list-style-type: none"> • Meeting with Alliance Leisure re White Oak - SDC 	
24 January	<ul style="list-style-type: none"> • LGA Councillors' Forum - London 	
	<ul style="list-style-type: none"> • LGA Executive - London 	
	<ul style="list-style-type: none"> • IDeA Company Board - LGA - London 	
25 January	<ul style="list-style-type: none"> • LGA Regional Seminar - speaker - Cambridge 	
28 January	<ul style="list-style-type: none"> • Strategic Programme Board - SDC 	
	<ul style="list-style-type: none"> • Meeting re Buckhurst 2 Opening plans - SDC 	

Agenda Item 11

	<ul style="list-style-type: none"> • Kent & Medway Economic Partnership meeting - Maidstone 	
29 January	<ul style="list-style-type: none"> • Meeting re Suffolk Way Junction - SDC 	
30 January	<ul style="list-style-type: none"> • Telephone appointment introduction to MHCLG officer 	
31 January	<ul style="list-style-type: none"> • LGA Improvement & Innovation Board - London 	
	<ul style="list-style-type: none"> • LGA Performance Support Panel - London 	
February 2019		
4 & 5 February	<ul style="list-style-type: none"> • Leading Edge LGA Leadership Programme - Milton Keynes 	
7 & 8 February	<ul style="list-style-type: none"> • DCN Conference (inc DCN Members' Board) - Warwickshire 	