

09 February 2023 at 7.00 pm

Council Chamber, Argyle Road, Sevenoaks

Published: 01.02.23



This meeting will be livestreamed to YouTube [here](https://www.youtube.com/channel/UCLT1f_F5OfvTzxjZk6Zqn6g):  
[https://www.youtube.com/channel/UCLT1f\\_F5OfvTzxjZk6Zqn6g](https://www.youtube.com/channel/UCLT1f_F5OfvTzxjZk6Zqn6g)

## Cabinet

### Membership:

Chairman, Cllr. Fleming; Vice-Chairman, Cllr. Dickins  
Cllrs. Dyball, Maskell, McArthur and Thornton




### 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.



	Pages	Contact
Apologies for Absence		
1. <b>Minutes</b> To agree the Minutes of the meeting of the Committee held on 12 January 2023, as a correct record	(Pages 1 - 6)	
2. <b>Declarations of interest</b> Any interests not already registered		
3. <b>Questions from Members (maximum 15 minutes)</b>		
4. <b>Matters referred from Council, Audit Committee, Scrutiny Committee, CIL Spending Board or Cabinet Advisory Committees (if any)</b>		
<b>REPORTS TO CABINET</b>		
5. <b>Supporting Small Business Rates Relief Scheme 2023-2026</b>	(Pages 7 - 18)	Sue Cressall Tel: 01732 227041
6. <b>Retail, Hospitality and Leisure Business Rates Relief Scheme 2023 - 2024</b>	(Pages 19 - 34)	Sue Cressall Tel: 01732 227041
7. <b>Sevenoaks Town Neighbourhood Plan</b>	(Pages 35 - 62)	Hannah Gooden Tel: 01732 227178




## REPORTS ALSO CONSIDERED BY THE CABINET ADVISORY COMMITTEES

- |     |   |                   |                                    |
|-----|---|-------------------|------------------------------------|
| 8.  | <b>Application of Additional Designated Rural Area Status in relation to Core Strategy Policy SP3</b> | (Pages 63 - 72)   | Sharon Donald<br>Tel: 01732 227131 |
| 9.  | <b>Homelessness Review 2022 and draft Homelessness and Rough Sleepers Strategy 2023-2028</b>          | (Pages 73 - 148)  | Alison Simmons<br>Tel: 01732227272 |
|     |                      |                   |                                    |
| 10. | <b>Treasury Management Strategy 2023/24</b>   | (Pages 149 - 196) | Jessica Booth<br>Tel: 01732227436  |
|     |                      |                   |                                    |
| 11. | <b>Property Investment Strategy 2023/24</b>   | (Pages 197 - 214) | Alan Mitchell<br>Tel: 01732227483  |
|     |                      |                   |                                    |

## REPORT TO CABINET

- |     |   |                   |                                       |
|-----|---|-------------------|---------------------------------------|
| 12. | <b>Budget &amp; Council Tax Setting 2023/24</b>                                     | (Pages 215 - 284) | Adrian Rowbotham<br>Tel: 01732 227153 |
|     |   |                   |                                       |
| 13. | <b>Letting of 26 - 28 Pembroke Road</b>   | (Pages 285 - 290) | Detlev Munster<br>Tel: 01732227099    |
|     |  |                   |                                       |

 Indicates a Key Decision

 indicates a matter to be referred to Council

## EXEMPT INFORMATION

Recommendation: That, under section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting when considering Appendix A, of agenda item 13 above, on the grounds that likely disclosure of exempt information is involved as defined by Schedule 12A, Paragraph 3 (relating to the business or financial affairs of a particular person (or the authority holding that information)).

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

Should you need this agenda or any of the reports in a different format, or have any other queries concerning this agenda or the meeting please contact Democratic Services on 01732 227000 or [democratic.services@sevenoaks.gov.uk](mailto:democratic.services@sevenoaks.gov.uk).

CABINET

Minutes of the meeting held on 12 January 2023 commencing at 7.00 pm

Present: Cllr. Fleming (Chairman)

Cllr. Dickins (Vice Chairman)

Cllrs. Dyball, Maskell, McArthur and Thornton

Cllrs. Pender and Purves were also present.

Cllr Dr Canet was present via a virtual media platform which does not constitute attendance as recognised by the Local Government Act 1972.

73. Minutes

Resolved: That the Minutes of the Cabinet meeting held on 8 December 2022, be approved and signed as a correct record.

74. Declarations of interest

No additional declarations of interest were made.

75. Questions from Members (maximum 15 minutes)

A Member asked a question concerning central government support for Sencio. The Chairman replied that government would announce any such support in April.

76. Matters referred from Council, Audit Committee, Scrutiny Committee, CIL Spending Board or Cabinet Advisory Committees (if any)

There were none.

77. Budget update 2023/24

The Portfolio Holder Portfolio Holder for Finance & Investment presented the report which set out progress made in preparing the 2023/24 budget and updated Members on key financial information. The changes detailed in this report reduce the annual budget gap to £126,000 if approved.

The Deputy Chief Executive and Officer Finance & Investment further advised that the report contained a number of changes since the report to Cabinet in December 2022, including the announcement of the Provisional Local Government Settlement which had resulted in a number of changes including the reference to 'Extended Producer Responsibility (EPR) funding from 2024/25 subject to recycling performance. It also mentioned that the 'Fair Funding Review' and 'Business Rates Reset' would not take place in the next two years.

He further advised that other major changes outside of the settlement were using the extra income from the Business Rates Retention Pool in 2023/24, additional interest receipts based on income received from the investments in Multi Asset Income Funds, a dividend from Quercus 7 and reduced contributions required to the superannuation fund following the recent triennial valuation.

The Finance & Investment Advisory Committee had discussed how the flexibility of the 10-year budget approach had assisted in these uncertain times. With inflation at a long time high, the future extent of price increases and how long they continued for remained uncertain. Therefore, the budget included those items where there was certainty or a good indication but for others, assumptions have remained unchanged.

As has been shown with the Council's approach to the 2022 pay award and the SCIA for utility costs it was currently best to deal with these issues when they arrive. The danger of changing assumptions with the current uncertainties was that greater savings and reductions to service may be made than end up being required.

It was highlighted that Members needed to recognise that when there was greater certainty it was highly likely that additional savings would be required in the next budget process.

The report requested Cabinet to consider each growth or saving SCIA in Appendix E, the additional growth and saving proposals made by the Advisory Committees in Appendix F and recommend an increase level of Council Tax for 2023/24.

Members considered the options set out before them and decided not to pursue a savings suggestion concerning potentially holding daytime meetings.

#### Public Sector Equality Duty

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

Resolved: That

- a) the growth and savings/additional income proposals as set out in Appendix E be included in the budget;
- b) the further growth and savings/additional income suggestions put forward by the Advisory Committees listed in Appendix F be dealt with as follows -

Income from a Council energy saving advice service - the Portfolio Holder to have further discussion with the Chief Officer

Replicate Environmental Health's working practices and structural changes across other services - the Portfolio Holder to have further discussion with the Chief Officer

Continue to review the Council's energy use in the Argyle Road building - the Portfolio Holder to have further discussion with the Chief Officer

**Cabinet - 12 January 2023**

Examine the cost savings that daytime committee meetings could bring - no further action; and

- c) a Council Tax increase for 2023/24 of 3% be recommended to Council.

**78. Calculation of Council Tax Base and Other Tax Setting Issues**

The Portfolio Holder for Finance & Investment 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 hands once the Council’s budget was known. The report set out that the tax base for 2023/24 would be £51,990.30. The collection rate of 99.4% for 2023/24 had been included which represented a return to pre Covid-19 projections.

The Head of Finance set out the report and also advised Members of the timetable for setting the 2022/23 council tax. He explained that the major precepting authorities’ Council Taxes should be known in advance of Council setting the tax for the whole District on 21 February 2023.

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 Deputy Chief Executive and Chief Officer - Finance & Trading for the calculation of the Council’s tax bases for the year 2023/24, be approved;
- b) pursuant to the report of the Deputy Chief Executive and Chief Officer - Finance & Trading 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 2023/24 shall be 51,990.30;
- c) pursuant to the report of the Deputy Chief Executive and Chief Officer - Finance & Trading 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 2023/24 for the calculation of local precepts shall be:

<b>Parish</b>	<b>Tax Base</b>
Ash-cum-Ridley	2,483.11
Badgers Mount	337.07
Brasted	790.33
Chevening	1,458.10
Chiddingstone	619.26
Cowden	449.59
Crockenhill	659.42

Dunton Green	1,347.57
Edenbridge	3,891.91
Eynsford	956.23
Farningham	679.90
Fawkham	306.55
Halstead	811.60
Hartley	2,560.84
Hever	646.99
Hextable	1,692.19
Horton Kirby & South Darent	1,293.29
Kemsing	1,871.11
Knockholt	642.62
Leigh	952.95
Otford	1,735.72
Penshurst	839.73
Riverhead	1,270.73
Seal	1,345.48
Sevenoaks Town	9,844.68
Sevenoaks Weald	629.00
Shoreham	718.66
Sundridge	944.90
Swanley	5,710.83
Westerham	2,091.38
West Kingsdown	2,408.56

- 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.

79. Scrap Metal Dealer Licence Fees 2023/24

The Portfolio Holder for Cleaner & Greener presented the report which proposed the fees for applications for Scrap Metal licences. The proposed fees were set locally on a cost recovery basis and included a 5% inflationary cost. The Cleaner & Greener Advisory Committee had considered the same report and recommended the fees for approval.

Members discussed the proposals and asked questions of clarification.

Public Sector Equality Duty

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

Resolved: That the fees as set out below, be approved.

## Cabinet - 12 January 2023

Type of Application	2023/2024 Proposed Fee
Site Licence - Grant (3 years)	£532
Site Licence - Renewal (3 years)	£449
Collectors Licence Grant/Renewal (3 years)	£324
Minor administrative change to licence	£36
Variation - change of site manager	£193
Variation from collector to site licence	£230
Variation from site to collector licence	£149

80. The Education People - next steps

The Portfolio Holder for People & Places presented the report which provided an update on the transfer of educational services from West Kent Enterprise Advisory Network (WKEAN) to Kent County Council owned The Education people (TEP).

The West Kent Partnership Manager advised that prior to August 2022, the District Council was the accountable body for WKEAN for assisting schools in West Kent with career advice services that were closely aligned with the economic needs of the district and future career opportunities. This was transferred to The Education People providing similar services to the rest of Kent. The Council would continue to co-ordinate with and monitor The Education People using the Gatsby Benchmarks which formed the quantitative benchmarks against which progress could be measured.

Public Sector Equality Duty

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

Resolved: That

- a) The Education People continue to deliver the WKEAN which would be monitored by the Council; and
- b) Sevenoaks District Council encourage staff to volunteer time to support local schools in connection with Careers Hub activities and events.

81. Discretionary Rate Relief

The Portfolio Holder for Finance and Investment presented the report which set out the proposal for awarding discretionary rate relief for 2023/2024. Discretionary rate relief could be awarded in isolation or given to 'top up' a mandatory award. The Finance & Investment Advisory Committee had considered the same report.

The Business Rates Manager estimated level of relief was based upon the multipliers set out in paragraph 17 of the report. Ultimately, should the multipliers change a further report setting out the revised relief awards would be submitted.

If applications were approved, the estimated total gross relief granted would be £227, 253.42.

Public Sector Equality Duty

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

Resolved: That the proposals for granting relief from business rates for 2023/24, as set out in Appendix B to the report, be approved.

82. Financial Monitoring 2022/23 - to the end of November 2022

The Portfolio Holder for Finance and Investment presented the report which outlined the Council's financial position to November 2022 and the forecast position as at 31 March 2023, which was an estimated unfavourable variance of £242,000. He advised that the Finance & Investment Advisory Committee had considered the same report.

The Head of Finance further advised that Parking & Development Management incomes were expected to exceed budget. Investment returns were ahead of budget due to the Council's investing in Multi-Asset Income Funds. These favourable variances were offset by forecast unfavourable variances from land charges, the Print studio, Direct Services and investment property income.

Resolved: That the report be noted.

IMPLEMENTATION OF DECISIONS

This notice was published on 13 January 2023. The decisions contained in Minute 77, 79, 80, 81 and 82 take effect immediately. The decisions contained in Minute 78 are references to Council.

THE MEETING WAS CONCLUDED AT 7.54 PM

CHAIRMAN



**SUPPORTING SMALL BUSINESS RATES RELIEF SCHEME 2023-2026**

**Cabinet 9 February 2023**

**Report of:** Deputy Chief Executive and Chief Officer - Customer and Resources

**Status:** For Decision

**Key Decision:** No

**Executive Summary:** This report sets out the proposed Supporting Small Business Rates Relief Scheme for 2023 - 2026

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

**Portfolio Holder:** Cllr. Dickins

**Contact Officer(s):** Sue Cressall, Ext. 7041

Paula Porter, Ext. 7277

**Recommendation to Cabinet:** members are asked to approve the Supporting Small Business Rates Relief Scheme for 2023 - 2026

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

**Introduction and Background**

- 1 The Government announced in the Autumn Statement on 17 November 2022 that it would provide a business rate relief scheme for eligible ratepayers who, as a result of the change in their rateable value at the revaluation, are losing some or all of their Small Business Rate Relief, Rural Rate Relief or 2017 Supporting Small Business Rate Relief.
- 2 To support these ratepayers, who would otherwise face large increases in their bills, the scheme will ensure that the increase in the bills is limited to a cash value of £600 per year (after any transitional rate relief and any remaining Small Business Rate Relief or Rural Rate Relief has been applied).
- 3 In addition, those eligible ratepayers with a rateable value of £51,000 or more will not be liable to pay the supplement to fund small business rate relief.

## Agenda Item 5

- 4 Relief for those in receipt of 2017 Supporting Small Business Rate Relief will be limited to 2023/2024 only as set out in paragraph 3.5 of the scheme.
- 5 Government guidance states that it will be for each billing authority to adopt a local scheme for Supporting Small Business Rate Relief and decide in each individual case when to grant relief under Section 47 of the Local Government Finance Act 1988 (as amended).
- 6 Appendix A contains the Supporting Small Business Rates Relief Scheme for 2023/2026 which sets out how Sevenoaks intends to implement this Government led relief.

### **Other options Considered and/or rejected**

- 7 Although each billing authority has to create and determine its own scheme, Government expects authorities to have regard to the published guidance. Having considered the content of the available guidance, the scheme has been drafted to closely mirror the eligibility criteria and thereby maximise available support for ratepayers.

### Key Implications

#### Financial

- 8 Since 1 April 2013 all discretionary relief granted has come under the provisions of the business rate retention scheme.
- 9 The cost of relief is initially shared between central government (50%) and local authorities (50%). Of this Sevenoaks District Council is required to fund 40%. However, due to the complexities of business rates retention, the actual impact is likely to be significantly lower.
- 10 Government will fully reimburse billing authorities and major precepting authorities for the actual cost to them under the rates retention scheme of the relief that falls within the definitions in the scheme set out in Appendix A. Reimbursement will be by way of a grant under section 31 of the Local Government Act 2003.

#### Legal Implications and Risk Assessment Statement

There are no legal issues.

#### Risk Assessment Statement

Rate relief awarded using discretionary powers under Section 47 of the Local Government Finance Act 1988 (as amended) can only be awarded for a specific financial year if the decision to award relief is made by 30 September of the following financial year. In order to ensure that ratepayers do not miss out on vital financial support, this scheme will be proactively promoted.

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.

Net Zero Implications

The decisions recommended through this paper have a remote or low relevance to the council's ambition to be Net Zero by 2030. There is no perceived impact regarding either an increase or decrease in carbon emissions in the district, or supporting the resilience of the natural environment.

**Conclusions**

There are clear benefits to the business community of awarding rate relief utilising the full range of measures available. The relief covered by this scheme will continue to support economic recovery and provide ongoing support for ratepayers adversely affected by the cost of living crisis.

**Appendices**

Appendix A - Supporting Small Business Rate Relief Scheme 2023-2026

**Background Papers**

None

**Jim Carrington-West**

**Deputy Chief Executive and Chief Officer - Customer & Resources**

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**Sevenoaks District Council**  
**Supporting Small Business Rates Relief**  
**Scheme**  
**(1 April 2023 to 31 March 2026)**

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## **1.0 Purpose of the Policy**

- 1.1 The purpose of this policy is to determine the level of discretionary relief to be awarded in respect of Supporting Small Business Rates relief for the financial year commencing 1<sup>st</sup> April 2023 until 31<sup>st</sup> March 2026.
- 1.2 This is a Government led initiative and the Council is keen to support businesses as far as possible.

## **2.0 General Explanation**

- 2.1 For the financial years 2023/24 to 2025/26, the Government will, in line with the eligibility criteria set out below, reimburse the Council if it uses its discretionary relief powers under section 47 of the Local Government Finance Act 1988 (as amended), to grant 2023 Supporting Small Business relief.
- 2.2 It will be for the Council, which administers the 2023 Supporting Small Business (2023 SSB) relief, to adopt a local scheme and determine in each individual case when, having regard to this guidance, to grant relief under section 47.
- 2.3 Central government will reimburse the Council and major precepting authorities for the actual cost to them under the rates retention scheme of the 2023 Supporting Small Business relief that falls within the definitions in this policy.

## **3.0 Who is eligible for the 2023 Supporting Small Business Relief (2023 SSB) and how much relief will be available?**

- 3.1 2023 SSBR will help those ratepayers who as a result of the change in their rateable value at the revaluation are losing some or all of their Small Business, Rural Rate Relief or 2017 SSBR and, as a result, are facing large increases in their bills.
- 3.2 Charities and Community Amateur Sports Clubs, who are already entitled to mandatory 80% relief, are not eligible for 2023 SSBR.
- 3.3 To support these ratepayers, 2023 SSBR will ensure that the increase in the bills of these ratepayers is limited to a cash value of £600 per year. This cash maximum increase ensures that ratepayers do not face large bill increases in 2023/24 after transitional relief and small business rate relief (as applicable) have been applied. In order to simplify the scheme, the 2023 SSBR will not include minimum percentage bill increases (unlike the 2017 scheme).
- 3.4 Those on 2023 SSBR whose 2023 rateable values are £51,000 or more will not be liable to pay the supplement (1.3p) to fund small business rate relief while they are eligible for 2023 SSBR.

## Agenda Item 5

- 3.5 The 2017 SSBR scheme was provided to support small and medium ratepayers who had seen large increases in their bills at the 2017 revaluation. They have, therefore, had 6 years of support to allow them to adjust to their full 2017 bills. Therefore, for those ratepayers receiving 2017 SSB relief in 2022/23, any eligibility for 2023 SSBR will end on 31 March 2024.
- 3.6 The Council will ensure this eligibility criteria is clear in the scheme approved and that relief for these ratepayers is awarded for one year only so that the relief can then be withdrawn on 31 March 2024 without further notice.
- 3.7 A change of ratepayers will not affect eligibility for the Supporting Small Business scheme but eligibility will be lost if the property falls vacant or becomes occupied by a charity or Community Amateur Sports Club.
- 3.8 There is no second property test for eligibility for the 2023 SSBR scheme. However, those ratepayers who during 2022/23 lost entitlement to Small Business Rate Relief (because they failed the second property test) but have, under the rules for Small Business Rate Relief, been given a 12 month period of grace before their relief ended - can continue on the 2023 SSBR scheme for the remainder of their 12 month period of grace.

### **Sequence of reliefs**

- 3.9 Hereditaments eligible for charity or Community Amateur Sports Club relief or hereditaments which are unoccupied are not eligible for 2023 SSBR. For the avoidance of doubt, small business rate relief or rural rate relief will not be applied to further reduce the bill found under 2023 SSBR (to avoid the double counting of relief).
- 3.10 The same principle applies to properties for which a Section 44A certificate has been granted (apportionment of rateable values for partly occupied properties). The presence of a section 44A certificate will not further reduce the bill found under 2023 SSBR.
- 3.11 All other discretionary reliefs, including those funded by section 31 grants, will be considered after the application of 2023 SSBR.

### **4.0 Subsidy control**

- 4.1 The 2023 SSBR is likely to amount to a subsidy. Therefore, any relief provided by the Council under this scheme will need to comply with the UK's domestic and international subsidy control obligations.
- 4.2 To the extent that the Council is seeking to provide relief that falls below the Minimal Financial Assistance (MFA) thresholds, the Subsidy Control Act allows an economic actor (e.g., a holding company and its subsidiaries) to receive up to £315,000 in a three-year period (consisting of the 2023/24 year and the two



previous financial years). MFA subsidies cumulate with each other and with other subsidies that fall within the category of 'Minimal or SPEI financial assistance'. BEIS COVID-19 business grants and any other subsidies claimed under the Small Amounts of Financial Assistance limit of the Trade and Cooperation Agreement should be counted under the £315,000 allowance.

- 4.3 In those cases where it is clear to the Council that the ratepayer is likely to breach the MFA limit then the Council will withhold the relief. Otherwise, the Council may include the relief in bills and ask the ratepayers, on a self-assessment basis, to inform the Council if they are in breach of the MFA limit.
- 4.4 MFA subsidies above £100,000 are subject to transparency requirements. This is not cumulated per beneficiary but applies per subsidy award. This means that for every individual subsidy provided of more than £100,000, the Council will include details of the subsidy on the subsidy control database.

## **5.0 Recalculations of reliefs**

- 5.1 As with other reliefs, the amount of SSBR awarded will be recalculated in the event of a change of circumstances. This could include, for example, a backdated change to the rateable value or to the hereditament. This change of circumstances could arise during the year in question or during a later year.
- 5.2 Under regulations made under section 47 of the Local Government Finance Act 1988 authorities must give at least 12 months' notice of a revocation or variation of a rate relief scheme the effect of which would be to increase rate bills. Such a revocation or variation can only take effect at the end of a financial year (other than to comply with international agreements). But within these regulations, the Council may still make decisions which are conditional upon eligibility criteria. If a change in circumstances renders a property ineligible, the relevant bill can be amended in the year to reflect the loss of the relief.
- 5.3 Therefore, when making an award for SSBR, the Council will ensure the conditions of the award that the relief are subject to the property's continuing eligibility. If the use of the property changes so that it is no longer eligible, the relevant chargeable amount must be recalculated to reflect that fact.
- 5.4 The Council will also ensure that the scheme provides that eligibility for those ratepayers previously in the 2017 SSBR scheme in 2022/23 are eligible for one year of relief only and that the relief will then be withdrawn from those ratepayers on 31 March 2024 without further notice.

## 6.0 Effect on the Council's Finances

- 6.1 As this is a government led initiative, grants for the full amount awarded will be available through section 31 of the Local Government Act 2003.

## 7.0 Administration of Discretionary Relief

- 7.1 The following section outlines the procedures followed by officers in granting, amending, or cancelling discretionary relief and reduction. This is essentially laid down by legislation<sup>1</sup>

### Applications and Evidence

- 7.2 Supporting Small Business rates relief will be awarded automatically by the Council.
- 7.3 **The Council will provide this service and provide guidance free of charge. Ratepayers are encouraged to approach the Council direct and NOT pay for such services through third parties.**

### Granting of relief

- 7.4 In all cases, the Council will notify the ratepayer of decisions via their rates demand and details will include:
- The amount of relief granted and the date from which it has been granted;
  - The new chargeable amount; and
  - A requirement that the applicant should notify the Council of any change in circumstances that may affect entitlement to relief.
- 7.5 This relief is to be granted from the beginning of the financial year in which the decision is made or when liability begins whichever is the later.
- 7.6 Variations in any decision will be notified to ratepayers as soon as practicable

## 8.0 Scheme of Delegation

### Granting, Varying, Reviewing and Revocation of Relief

- 8.1 All powers in relation to reliefs are given under the Local Government Finance Act 1988, the Local Government and Rating Act 1997, the Local Government Act 2003, and the Localism Act 2011. However section 223 of the Local Government Act 1992 allows for delegation of decisions by the Council to Cabinet, Committees, Sub-Committees or Officers.

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<sup>1</sup> The Non-Domestic Rating (Discretionary Relief) Regulations 1989

- 8.2 For the purposes of this policy, the Business Rates Manager will be able to award, revise or revoke any award of Supporting Small Business Relief.
- 8.3 Applications that are refused will, on request, be reconsidered if additional supporting information is provided or the refusal is subsequently considered to be based on a misinterpretation of the application.

## **9.0 Reviews**

- 9.1 Where the Council receives an appeal from the ratepayer regarding the granting, non-granting or the amount of any Supporting Small Business Relief, the case will be reviewed by the Business Rates Manager. Where a decision is revised, then the ratepayer shall be informed, likewise if the original decision is upheld.
- 9.2 Where the ratepayer wishes to appeal the decision, the case will be considered by the Council's Deputy Chief Executive & Chief Officer for Customer and Resources whose decision on behalf of the Council will be final.
- 9.3 Ultimately the formal appeal process for the ratepayer is Judicial Review although the Council will endeavour to explain any decision fully and openly with the ratepayer.

## **10.0 Reporting changes in circumstances**

- 10.1 Where any award is granted to a ratepayer, the Council will require any changes in circumstances which may affect the relief, to be reported as soon as possible or in any event within 21 days of the change. This will be important where the change would result in the amount of the award being reduced or cancelled.
- 10.2 Where a change of circumstances is reported, the relief will, if appropriate, be revised or cancelled as appropriate. Where any award is to be reduced, the Council will look to recover the amount from the date the change of circumstances occurred.

## **11.0 Fraud**

- 11.1 Where a ratepayer falsely applies for any relief, or where the ratepayer provides false information, makes false representation, or deliberately withholds information in order to gain relief, prosecutions will be considered under the Fraud Act 2006.

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**RETAIL, HOSPITALITY AND LEISURE BUSINESS RATES RELIEF SCHEME 2023-2024**

**Cabinet 9 February 2023**

**Report of:** Deputy Chief Executive and Chief Officer - Customer and Resources

**Status:** For Decision

**Key Decision:** No

**Executive Summary:** This report sets out the proposed Retail, Hospitality and Leisure Business Rates Relief Scheme for 2023/2024

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

**Portfolio Holder:** Cllr. Dickins

**Contact Officer(s):** Sue Cressall, Ext. 7041

Paula Porter, Ext. 7277

**Recommendation to Cabinet:** members are asked to approve the Retail, Hospitality and Leisure Business Rates Relief Scheme for 2023/2024

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

**Introduction and Background**

- 1 The Government announced in the Autumn Statement on 17 November 2022 that it would provide a business rate relief scheme for eligible retail, hospitality and leisure properties for 2023/2024.
- 2 The value of the relief for 2022/2023 is 75% of the net rates liability, up to a cash limit of £110,000 per business.
- 3 Government guidance states that it will be for each billing authority to adopt a local scheme for Retail, Hospitality and Leisure Business Rate Relief and decide in each individual case when to grant relief under Section 47 of the Local Government Finance Act 1988 (as amended).
- 4 Appendix A contains the Retail, Hospitality and Leisure Business Rates Relief Scheme which sets out how Sevenoaks intends to implement this wide-ranging relief.

## Agenda Item 6

### **Other options Considered and/or rejected**

- 5 Although each billing authority has to create and determine its own scheme, Government expects authorities to have regard to the published guidance. Having considered the content of the available guidance, the scheme has been drafted to closely mirror the eligibility criteria and thereby maximise available support for ratepayers.

#### Key Implications

##### Financial

Since 1 April 2013 all discretionary relief granted has come under the provisions of the business rate retention scheme.

The cost of relief is initially shared between central government (50%) and local authorities (50%). Of this Sevenoaks District Council is required to fund 40%. However, due to the complexities of business rates retention, the actual impact is likely to be significantly lower.

Government will fully reimburse billing authorities and major precepting authorities for the actual cost to them under the rates retention scheme of the relief that falls within the definitions in the scheme set out in Appendix A. Reimbursement will be by way of a grant under section 31 of the Local Government Act 2003.

##### Legal Implications and Risk Assessment Statement

There are no legal issues.

##### **Risk Assessment Statement**

Rate relief awarded using discretionary powers under Section 47 of the Local Government Finance Act 1988 (as amended) can only be awarded for a specific financial year if the decision to award relief is made by 30 September of the following financial year. In order to ensure that ratepayers do not miss out on vital financial support, this scheme will be proactively promoted.

##### 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.

##### Net Zero Implications

The decisions recommended through this paper have a remote or low relevance to the council's ambition to be Net Zero by 2030. There is no perceived impact regarding either an increase or decrease in carbon emissions in the district, or supporting the resilience of the natural environment.

**Conclusions**

There are clear benefits to the business community of awarding rate relief utilising the full range of measures available. The relief covered by this scheme will continue to support economic recovery and provide ongoing support for ratepayers adversely affected by the cost of living crisis.

**Appendices**

Appendix A - Retail, Hospitality and Leisure Business Rates Relief Scheme 2023-2024

**Background Papers**

None

**Jim Carrington-West**

**Deputy Chief Executive and Chief Officer - Customer & Resources**

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# **Sevenoaks District Council Retail, Hospitality and Leisure Business Rates Relief Scheme (2023/24)**

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## **1.0 Purpose of the Policy**

- 1.1 The purpose of this policy is to determine the level of discretionary relief to be awarded in respect of the Retail, Hospitality and Leisure Business Rates Relief Scheme for the financial year commencing 1<sup>st</sup> April 2023.
- 1.2 This is a government led initiative and the Council is keen to support businesses as far as possible.

## **2.0 General Explanation**

- 2.1. At the Autumn Statement on 17 November 2022 the Chancellor announced the introduction of a new business rates relief scheme for retail, hospitality, and leisure properties worth around £2.1 billion in 2023/24. This will support the businesses that make our high streets and town centres a success and help them to evolve and adapt to changing consumer demands.
- 2.2 The 2023/24 Retail, Hospitality and Leisure Business Rates Relief scheme will provide eligible, occupied, retail, hospitality, and leisure properties with a 75% relief, up to a cash cap limit of £110,000 per business.

## **3.0 How will the relief be provided?**

- 3.1 As this is a temporary measure for 2023/24, Government is not changing the legislation relating to the reliefs available to properties. Instead, Government will, in line with the eligibility criteria set out in this guidance, reimburse the Council if it uses its discretionary relief powers under section 47 of the Local Government Finance Act 1988 (as amended) to grant relief. It will be for the Council to adopt a local scheme and determine in each individual case when, having regard to this guidance, to grant relief under section 47.
- 3.2 Government will fully reimburse the Council and major precepting authorities for their loss of income under the rates retention scheme as a result of awarding the relief that falls within the definitions in this guidance, using a grant under section 31 of the Local Government Act 2003.
- 3.3 The government expects the Council to apply and grant relief to qualifying ratepayers from the start of the 2023/24 billing year.

## **4.0 Which properties will benefit from relief?**

- 4.1 Hereditaments which benefit from the relief will be those which for a chargeable day in 2023/24:
  - (a) meet the eligibility criteria; and

(b) the ratepayer for that chargeable day has not refused the relief for the eligible hereditament. The ratepayer may refuse the relief for each eligible hereditament anytime up to 30 April 2024. The ratepayer cannot subsequently withdraw their refusal for either all or part of the financial year.

4.2 The Council has decided that, for the purposes of section 47 of the 1988 Act, hereditaments where the ratepayer has refused the relief are outside of the scheme and outside of the scope of the decision of which hereditaments qualify for the discount and are therefore ineligible for the relief.

4.3 In line with the legal restrictions in section 47(8A) of the Local Government Finance Act 1988, the Council may not grant the discount to themselves or precepting authorities

### **5.0 How much relief will be available?**

5.1 Subject to the £110,000 cash cap per business, the total amount of government-funded relief available for each property for 2023/24 under this scheme is for chargeable days from 1 April 2023 to 31 March 2024, 75% of the chargeable amount.

5.2 The relief will be applied after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied, but before those where the Council has used its wider discretionary relief powers introduced by the Localism Act 2011, which are not funded by section 31 grants. However, the former categories of discretionary relief available prior to the Localism Act 2011 (i.e., charitable relief etc.) will be applied first in the sequence of discretionary reliefs and, therefore, before Retail, Hospitality and Leisure relief. Authorities may use their discretionary powers to, at cost to themselves, offer further discounts outside this scheme or additional relief to hereditaments within the scheme. However, where the Council applies a locally funded relief under section 47, this will be applied after the Retail, Hospitality and Leisure relief.

5.3 The ordering **will** be applied in following sequence:

- Transitional Relief
- Mandatory Reliefs (as determined in legislation)
- S.47 Discretionary Relief in the following order:
  - (i) 2023 Supporting Small Business (SSB);
  - (ii) Former categories of discretionary relief available prior to the Localism Act 2011 (i.e., charitable, CASC, rural top up, and not for profit) will be applied first in the sequence of discretionary reliefs, after SSB;
  - (iii) Other discretionary (centrally funded);
  - (iv) 2023/24 Retail Hospitality and Leisure relief scheme; and
  - (v) Other locally funded schemes (such as section 49 hardship).

5.4 Subject to the cash cap, the eligibility for the discount and the relief itself will be assessed and calculated on a daily basis. The following formula will be used to

determine the amount of relief to be granted for a chargeable day for a particular hereditament in the financial year 2023/24:

- Amount of relief to be granted =  $V \times 0.75$  where:
- $V$  is the daily charge for the hereditament for the chargeable day after the application of any mandatory relief and any certain other discretionary reliefs in line with 5.3 above.

5.5 This will be calculated ignoring any prior year adjustments in liabilities which fall to be liable on the day.

5.6 Ratepayers that occupy more than one property will be entitled to relief for each of their eligible properties up to the maximum £110,000 cash cap, per business.

## **6.0 The Cash Cap and Subsidy Control**

6.1 Under the cash cap, no ratepayer can in any circumstances exceed the £110,000 cash cap across all of their hereditaments in England.

6.2 Where a ratepayer has a qualifying connection with another ratepayer, then those ratepayers will be considered as one ratepayer for the purposes of the cash caps. A ratepayer shall be treated as having a qualifying connection with another:

- (a) where both ratepayers are companies, and
  - (i) one is a subsidiary of the other, or
  - (ii) both are subsidiaries of the same company; or
- (b) where only one ratepayer is a company, the other ratepayer (the “second ratepayer”) has such an interest in that company as would, if the second ratepayer were a company, result in its being the holding company of the other.

6.3 The Retail Hospitality and Leisure Scheme is likely to amount to subsidy. Any relief provided by the Council under this scheme will need to comply with the UK’s domestic and international subsidy control obligations.

6.4 To the extent that the Council is seeking to provide relief that falls below the Minimal Financial Assistance (MFA) thresholds, the Subsidy Control Act allows an economic actor (e.g., a holding company and its subsidiaries) to receive up to £315,000 in a 3-year period (consisting of the 2023/24 year and the 2 previous financial years). MFA subsidies cumulate with each other and with other subsidies that fall within the category of ‘Minimal or SPEI financial assistance’. Expanded Retail Discount granted in 2021/22 does not count towards the £315,000 allowance but BEIS COVID-19 business grants and any other subsidies claimed under the Small Amounts of Financial Assistance limit of the Trade and Cooperation Agreement will be counted.

6.5 In those cases, where it is clear to the Council that the ratepayer is likely to breach the cash cap or the MFA limit, then the Council will automatically withhold the relief.

- 6.6 MFA subsidies above £100,000 are subject to transparency requirements. This is not cumulated per beneficiary but applies per subsidy award. This means that for every individual subsidy provided of more than £100,000, the Council will include details of the subsidy on the subsidy control database.

### **7.0 Splits, mergers, and changes to existing hereditaments**

- 7.1 The relief will be applied on a day-to-day basis using the formula set out above. A new hereditament created as a result of a split or merger during the financial year, or where there is a change of use, will be considered afresh for the relief on that day.

### **8.0 Recalculations of relief**

- 8.1 The amount of relief awarded will be recalculated in the event of a change of circumstances. This could include, for example, a backdated change to the rateable value or the hereditament. This change of circumstances could arise during the year in question or during a later year.

- 8.2 Under regulations made under section 47 of the Local Government Finance Act 1988 the Council must give at least 12 months' notice of a revocation or variation of a rate relief scheme the effect of which would be to increase rate bills. Such a revocation or variation can only take effect at the end of a financial year (other than to comply with international agreements). But within these regulations, the Council may still make decisions to ensure the scheme is administered in accordance with the extant rules. If a change in circumstances renders a property ineligible, the relevant bill can be amended in the year to reflect the loss of the relief.

### **9.0 Eligibility for the Retail, Hospitality and Leisure Relief Scheme**

- 9.1 The Council uses the following definitions to establish eligibility for the relief:

**Hereditaments that meet the eligibility for Retail, Hospitality and Leisure scheme will be occupied hereditaments which meet all of the following conditions for the chargeable day:**

- they are wholly or mainly being used:
  - (i) as shops, restaurants, cafes, drinking establishments, cinemas, or live music venues,
  - (ii) for assembly and leisure; or
  - (iii) as hotels, guest & boarding premises, or self-catering accommodation

**i. Hereditaments that are being used for the sale of goods to visiting members of the public:**

- Shops (such as: florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licences, chemists, newsagents, hardware stores, supermarkets, etc)
- Charity shops
- Opticians
- Post offices
- Furnishing shops/ display rooms (such as: carpet shops, double glazing, garage doors)
- Car/caravan show rooms
- Second-hand car lots
- Markets
- Petrol stations
- Garden centres
- Art galleries (where art is for sale/hire)

**ii. Hereditaments that are being used for the provision of the following services to visiting members of the public:**

- Hair and beauty services (such as: hairdressers, nail bars, beauty salons, tanning shops, etc)
- Shoe repairs/key cutting
- Travel agents
- Ticket offices e.g., for theatre
- Dry cleaners
- Launderettes
- PC/TV/domestic appliance repair
- Funeral directors
- Photo processing
- Tool hire
- Car hire

**iii. Hereditaments that are being used for the sale of food and/or drink to visiting members of the public:**

- Restaurants
- Takeaways
- Sandwich shops
- Coffee shops
- Pubs
- Bar

**iv. Hereditaments which are being used as cinemas**

**v. Hereditaments that are being used as live music venues:**

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- Live music venues are hereditaments wholly or mainly used for the performance of live music for the purpose of entertaining an audience. Hereditaments cannot be considered a live music venue for the purpose of business rates relief where a venue is wholly or mainly used as a nightclub or a theatre, for the purposes of the Town and Country Planning (Use Classes) Order 1987 (as amended).
- Hereditaments can be a live music venue even if used for other activities, but only if those other activities (i) are merely ancillary or incidental to the performance of live music (e.g., the sale/supply of alcohol to audience members) or (ii) do not affect the fact that the primary activity for the premises is the performance of live music (e.g., because those other activities are insufficiently regular or frequent, such as a polling station or a fortnightly community event).
- There may be circumstances in which it is difficult to tell whether an activity is a performance of live music or, instead, the playing of recorded music.

### **vi. Hereditaments that are being used for the provision of sport, leisure, and facilities to visiting members of the public (including for the viewing of such activities).**

- Sports grounds and clubs
- Museums and art galleries
- Nightclubs
- Sport and leisure facilities
- Stately homes and historic houses
- Theatres
- Tourist attractions
- Gyms
- Wellness centres, spas, massage parlours
- Casinos, gambling clubs and bingo halls

### **vii. Hereditaments that are being used for the assembly of visiting members of the public.**

- Public halls
- Clubhouses, clubs, and institutions

### **viii. Hereditaments where the non-domestic part is being used for the provision of living accommodation as a business:**

- Hotels, Guest, and Boarding Houses
- Holiday homes
- Caravan parks and sites

9.2 To qualify for the relief the hereditament should be wholly or mainly being used for the above qualifying purposes. In a similar way to other reliefs (such as charity relief), this is a test on use rather than occupation. Therefore, hereditaments which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief.



- 9.3 The list set out above is not intended to be exhaustive as it would be impossible to list the many and varied uses that exist within the qualifying purposes.

**Hereditaments that are being used for the provision of the following services to visiting members of the public:**

- 9.4 The list below sets out the types of uses that the government does not consider to be an eligible use for the purpose of this discount. Again, it is for the Council to determine for themselves whether particular properties are broadly similar in nature to those below and, if so, to consider them **not** eligible for the discount under their local scheme:
- Financial services (e.g., banks, building societies, cash points, bureaux de change, short-term loan providers, betting shops);
  - Medical services (e.g., vets, dentists, doctors, osteopaths, chiropractors);
  - Professional services (e.g., solicitors, accountants, insurance agents/ financial advisers, employment agencies, estate agents, letting agents); and
  - Post office sorting offices.

## **10.0 Effect on the Council's Finances**

- 10.1 As this is a government led initiative, grants for the full amount awarded will be available through section 31 of the Local Government Act 2003.

## **11.0 Administration of Discretionary Relief**

- 11.1 The following section outlines the procedures followed by officers in granting, amending, or cancelling discretionary relief and reduction. This is essentially laid down by legislation<sup>1</sup>

### **Applications and Evidence**

- 11.2 Retail, Hospitality and Leisure Business Rates relief will be awarded automatically by the Council.
- 11.3 **The Council will provide this service and provide guidance free of charge. Ratepayers are encouraged to approach the Council direct and NOT pay for such services through third parties.**

### **Granting of relief**

- 11.4 In all cases, the Council will notify the ratepayer of decisions via their rates demand and details will include:
- The amount of relief granted and the date from which it has been granted;

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<sup>1</sup> The Non-Domestic Rating (Discretionary Relief) Regulations 1989

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- The new chargeable amount; and
- A requirement that the applicant should notify the Council of any change in circumstances that may affect entitlement to relief.

11.5 This relief is to be granted from the beginning of the financial year in which the decision is made or when liability begins whichever is the later.

11.6 Variations in any decision will be notified to ratepayers as soon as practicable

### **12.0 Scheme of Delegation**

#### **Granting, Varying, Reviewing and Revocation of Relief**

12.1 All powers in relation to reliefs are given under the Local Government Finance Act 1988, the Local Government and Rating Act 1997, the Local Government Act 2003, and the Localism Act 2011. However section 223 of the Local Government Act 1992 allows for delegation of decisions by the Council to Cabinet, Committees, Sub-Committees or Officers.

12.2 For the purposes of this policy, the Business Rates Manager will be able to award, revise or revoke any award of Retail, Hospitality and Leisure Business Rates relief.

12.3 Applications that are refused will, on request, be reconsidered if additional supporting information is provided or the refusal is subsequently considered to be based on a misinterpretation of the application.

### **13.0 Reviews**

13.1 Where the Council receives an appeal from the ratepayer regarding the granting, non-granting or the amount of any Retail, Hospitality and Leisure Business Rates relief, the case will be reviewed by the Business Rates Manager. Where a decision is revised, then the ratepayer shall be informed, likewise if the original decision is upheld.

13.2 Where the ratepayer wishes to appeal the decision, the case will be considered by the Council's Deputy Chief Executive & Chief Officer for Customer and Resources whose decision on behalf of the Council will be final.

13.3 Ultimately the formal appeal process for the ratepayer is Judicial Review although the Council will endeavour to explain any decision fully and openly with the ratepayer.

## **14.0 Reporting changes in circumstances**

- 14.1 Where any award is granted to a ratepayer, the Council will require any changes in circumstances which may affect the relief, to be reported as soon as possible or in any event within 21 days of the change. This will be important where the change would result in the amount of the award being reduced or cancelled.
- 14.2 Where a change of circumstances is reported, the relief will, if appropriate, be revised or cancelled as appropriate. Where any award is to be reduced, the Council will look to recover the amount from the date the change of circumstances occurred.

## **15.0 Fraud**

- 15.1 Where a ratepayer falsely applies for any relief, or where the ratepayer provides false information, makes false representation, or deliberately withholds information in order to gain relief, prosecutions will be considered under the Fraud Act 2006.

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**SEVENOAKS TOWN NEIGHBOURHOOD PLAN**

**Cabinet - 9 February 2023**

**Report of:** Deputy Chief Executive, Chief Officer - Planning & Regulatory Services

**Status:** For Decision (Cabinet)

**Key Decision:** Yes

**Executive Summary:** This report provides an overview of the Sevenoaks Town Neighbourhood Plan (STNP) and recommends it proceeds to referendum.

**This report supports the Key Aim of:**

Protecting the Green Belt

Supporting and developing the local economy

Supporting the wellbeing of residents, businesses and visitors

Ensuring that Sevenoaks remains a great place to live, work and visit

**Portfolio Holder:** Cllr. Julia Thornton

**Contact Officer:** Hannah Gooden, Ext. 7178

**Recommendation to Cabinet:**

- a) That the independent examiner's Report at Appendix A be noted.
- b) That the STNP be modified, as set out in Appendix B, according to the examiner's recommendations, following discussion with STC, and be approved.
- c) That the Decision Statement at Appendix C and the decision to progress the STNP to referendum be approved.
- d) That a referendum will take place on 4 May 2023.
- e) That in the event the referendum result on the STNP is positive (more than 50% of the vote) the Council formally 'makes' (adopts) the STNP as set out in Appendix D, so that it has effect as part of the statutory Development Plan for the Neighbourhood Area. This will be passed to Full Council for adoption.

**Reason for recommendation:** To progress the Sevenoaks Town Neighbourhood Plan.

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### Introduction and Background

- 1 SDC is supporting a number of towns and parishes who are at various stages of developing neighbourhood plans. There are 13 'designated areas', which is the first stage of producing a neighbourhood plan. The Sevenoaks Town Neighbourhood Plan, the focus of this report, is the most advanced, having recently been subject to examination.
- 2 For context, in Kent, there are just over 20 'made' Neighbourhood Plans - Maidstone has 7, Tunbridge Wells and Ashford have 5 each, Dover has 2, Folkestone & Hythe, Thanet, Dartford and Swale have 1 each.
- 3 The 'designated areas' for neighbourhood plans in Sevenoaks District are: Sevenoaks town, Swanley, Edenbridge, Ash-cum-Ridley, Otford, Badgers Mount, Fawkham, Seal, Hextable, Halstead, Hartley Chevening and Shoreham

### Overview

- 4 The Sevenoaks Town Neighbourhood Plan (STNP) has been successful at examination, with the independent examiner recommending that the STNP should proceed to referendum, subject to a number of recommended modifications.
- 5 The District Council, as the Local Planning Authority, is responsible for deciding what action to take in response to the examiner's recommendations. This report sets out the recommendations and the proposed amendments to be made to the STNP, which have been made with the involvement of STC following receipt and consideration of the examiner's report.
- 6 The examiner's recommendations in respect of a neighbourhood plan (NP) are different to those made by inspectors when considering local plans. In the case of a NP instead of the requirement of meeting the test of 'soundness' a NP must meet a 'Basic Conditions' test, providing more scope for interpretation.
- 7 Neighbourhood plans, when finally approved (and then referred to as a 'made' neighbourhood plan), become part of the development plan for the area to which they geographically apply, which means that they are a key document in the determination of planning applications in that area.
- 8 The legal context for preparation of neighbourhood plans is provided by:  
the Localism Act 2011  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/5959/1896534.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/5959/1896534.pdf),  
the Neighbourhood Planning Regulations 2012 (as amended)  
[https://www.legislation.gov.uk/ukxi/2012/637/pdfs/ukxi\\_20120637\\_en.pdf](https://www.legislation.gov.uk/ukxi/2012/637/pdfs/ukxi_20120637_en.pdf),  
and The Neighbourhood Planning Act 2017 (as amended)  
<https://www.legislation.gov.uk/ukpga/2017/20/part/1/crossheading/neighbourhood-planning/enacted>.

- 9 Policies in neighbourhood plans need to be in general conformity with the strategic policies of the local plan, as well as having regard to the National Planning Policy Framework (NPPF) and any other relevant legislation.
- 10 The District Council has a statutory duty to assist communities during the preparation of NPs and to take these plans through a process of examination and referendum. SDC officers have worked closely and collaboratively with their STC counterparts for several years during the development of this Plan. This is the first NP within the District to reach examination.

### **The Sevenoaks Town Neighbourhood Plan - Background**

- 11 The Sevenoaks Town Neighbourhood Plan sets out a Vision for the future of Sevenoaks Town and planning policies, which, once adopted, will be used to determine planning applications locally and will carry the same weight as Local Plan policies.
- 12 The Neighbourhood Plan includes the following documents:
  - A map identifying the area to which the proposed Neighbourhood Plan relates (the area was designated a Neighbourhood Area in October 2013)
  - Sevenoaks Town Neighbourhood Plan
  - Consultation Statement
  - Reg. 14 Consultation Comments and Responses
  - Basic Conditions Statement
  - Strategic Environmental Assessment - Environmental Report
  - Reg. 16 Consultation Comments and Responses
- 13 In accordance with Regulation 16 of the Neighbourhood Planning (General) Regulations 2012 (as amended), Sevenoaks District Council publicised the Plan from 4th August to 22nd September 2022. SDC responded to this consultation (via Portfolio Holder Decision).

### **Examination**

- 14 The Plan was submitted for examination on 23 September 2022. Sevenoaks District Council appointed David Hogger BA MSc MRTPI MCIHT at Intelligent Plans and Examinations (IPE) to examine the Plan.
- 15 The examiner was appointed to assess whether the STNP met certain statutory requirements for NPs, known as the 'Basic Conditions'. These state that NPs should:
  - have regard to national policies and advice contained in guidance issued by the Secretary of State;
  - contribute to the achievement of sustainable development;
  - be in general conformity with the strategic policies contained in the development plan for the area;
  - not breach, and is otherwise compatible with, EU obligations (including Human Rights Act); and
  - not breach requirements of the Conservation of Habitats and Species Regulations.

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- 16 On 5 October 2022, the examiner provided a procedural letter, which included a list of questions in respect of the Sevenoaks Town Neighbourhood Plan. STC and SDC prepared a joint response which was submitted on 15 November 2022.
- 17 The examiner's report for the Sevenoaks Neighbourhood Plan was received on 21 December 2022:  
[https://www.sevenoaks.gov.uk/downloads/file/3659/report\\_on\\_sevenoaks\\_town\\_neighbourhood\\_development\\_plan\\_2020\\_to\\_2038](https://www.sevenoaks.gov.uk/downloads/file/3659/report_on_sevenoaks_town_neighbourhood_development_plan_2020_to_2038)
- 18 The examiner's report recommends that the Plan, once modified, proceeds to referendum on the basis that it has met all the relevant legal requirements including the basic conditions test. The report sets out 17 proposed modifications to be incorporated into the Plan.
- 19 There are also a number of additional minor amendments to be incorporated into the Plan, which were raised by the examiner in the procedural letter and were agreed to by STC in the response letter dated 15 November 2022.
- 20 The table in Appendix B lists the modifications to the STNP. The majority of the recommended modifications relate to matters of clarity and precision and are designed to ensure that the Plan fully accords with national policy. They include differentiating between objectives, policies and aims, providing clarity on seeking Biodiversity Net Gain and adding a monitoring framework to monitor the effectiveness of policies.
- 21 The examiner also considered whether the referendum area should extend beyond the designated area to which the Plan relates and he concluded that it should not. Therefore the referendum area corresponds with the Sevenoaks Town Council administrative boundary.
- 22 The examination report also notes that '*it is clear to me that STC and SDC have worked closely in the preparation of the STNP*' and concludes:  
  
*It is evident that significant effort has been invested in the preparation of the STNP and the resultant document is well presented and clear. The identification of potential and allocated development sites and the identification of constraints and opportunities for those sites, will undoubtedly help in future decision making processes.*  
  
*It is clear to me that the implementation of the policies in the STNP (as modified) will secure the realisation of the Town Council's Vision and that Sevenoaks will retain its attractive characteristics while at the same time ensuring that a sustainable future is achieved.*

### Referendum

- 23 The next stage is to arrange the referendum on the Neighbourhood Plan. This is a simple yes/no vote, where the plan is 'made' (approved) if more than 50% of voters support the Plan.
- 24 A person is entitled to vote if at the time of the referendum, they meet the eligibility criteria to vote in a local election for the area and if they live in the referendum area.



- 25 The referendum would pose the question, ‘Do you want Sevenoaks District Council to use the Sevenoaks Town Neighbourhood Plan to help it decide planning applications in the Sevenoaks Town neighbourhood area?’
- 26 An Information Statement must be published 28 working days prior to the referendum polling day. This is effectively the minimum period of time to prepare and run the referendum. The referendum must also be held within 56 working days of the date the Cabinet decision.
- 27 It is recommended that the referendum is held on **Thursday 4 May**, in tandem with the local elections. The referendum will also require Voter ID to be provided by people voting in polling stations as those requirements come in to effect from 4 May.
- 28 In terms of funding, the Council can claim £20,000 from central government when a decision statement (see section below) is issued, detailing the intention to send the plan to referendum (as set out under Regulation 18 of the Neighbourhood Planning (General) Regulations 2012).
- 29 The Council is required to make a ‘Decision Statement’ available to outline what action it proposes to take in response to the recommendations of the examiner. The Neighbourhood Planning (General) Regulations 2012, Regulation 18 requires the local planning authority to outline what action to take in response to the recommendations of an examiner made in a report under paragraph 10 of Schedule 4a to the Town and Country Planning Act 1990 (as applied by Section 38A of the Planning and Compulsory Purchase Act 2004). This decision statement will be made available, outlining the decision and the reasons for it and details of the referendum.

### **Conclusion and next Steps**

- 30 The recommended modifications are reflected in the amended final version of the STNP that will be subject to referendum, presented in Appendix D.
- 31 The Council must publish what action will be taken in response to the recommendations of an examiner, in the ‘Decision Statement’ which is presented in Appendix C.
- 32 Subject to the Cabinet decision on the recommendations in this report, the Council will arrange for a referendum to be held to ensure that the local community has the final say on whether the STNP comes into force or not.
- 33 The principal effect of this is that, once ‘made’ (or adopted) the STNP will become part of the statutory ‘development plan’ for the area after a positive referendum. The local planning authority (SDC) must formally make the neighbourhood plan within 8 weeks of the positive referendum outcome.
- 34 There are narrow circumstances where the local planning authority is not required to make the neighbourhood plan. These are where it considers that the making of the neighbourhood plan would breach, or otherwise be incompatible with, any EU or human rights obligations (see section 61E(8) of the Town and Country Planning Act 1990 Act as amended). Paragraph: 064  
Reference ID: 41- 064-20170728

## Agenda Item 7

- 35 It is therefore requested that where the referendum result is positive, then the STNP can, post-referendum, go directly to be considered at Full Council.

### **Other options Considered and/or rejected**

Note the examiner's report and the recommended amendments, but do not agree the Decision Statement and do not progress the STNP to referendum. As noted, the examiner's report is largely positive, and it is considered that the STNP should proceed to referendum.

### **Key Implications**

#### Financial

The Council can claim £20,000 from central government when a decision statement is issued, detailing the intention to send the plan to referendum. This will largely cover the cost of holding the referendum.

#### Legal Implications and Risk Assessment Statement.

Accepting the recommendations in this report will fulfil the Council's duties under the Town and Country Planning Act 1990, as amended by the Localism Act 2011, the Housing and Planning Act 2016, and the Neighbourhood Planning Act 2017. The recommendations also comply with the Neighbourhood Planning (General) Regulations 2012 as amended.

#### 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. Furthermore, the Public Sector Equality Duty applies to town councils: Sevenoaks Town Council will be responsible for demonstrating due regard to this in the production of an NP.

#### Net Zero Implications

The decisions recommended through this paper have a remote or low relevance to the council's ambition to be Net Zero by 2030. There is no perceived impact regarding either an increase or decrease in carbon emissions in the district, or supporting the resilience of the natural environment. Section 3.2 of the Basic Conditions Statement submitted with the STNP provides information to demonstrate how the Plan is in Conformity with Sustainable Development.

**Appendices**

Appendix A - STNP - Examiner's report

[https://www.sevenoaks.gov.uk/downloads/file/3659/report\\_on\\_sevenoaks\\_town\\_neighbourhood\\_development\\_plan\\_2020\\_to\\_2038](https://www.sevenoaks.gov.uk/downloads/file/3659/report_on_sevenoaks_town_neighbourhood_development_plan_2020_to_2038)

Appendix B - Table of amendments to STNP (attached)

Appendix C - Draft Decision Statement (attached)

Appendix D - Draft Referendum Version of STNP (showing modifications)

**Background Papers**

All background documents are available on the STNP examination page:

[https://www.sevenoaks.gov.uk/info/20069153/sevenoaks\\_town\\_neighbourhood\\_plan](https://www.sevenoaks.gov.uk/info/20069153/sevenoaks_town_neighbourhood_plan)

**Richard Morris**

**Deputy Chief Executive and Chief Officer - Planning and Regulatory Services**

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Appendix A

[https://www.sevenoaks.gov.uk/downloads/file/3659/report\\_on\\_sevenoaks\\_town\\_neighbourhood\\_development\\_plan\\_2020\\_to\\_2038](https://www.sevenoaks.gov.uk/downloads/file/3659/report_on_sevenoaks_town_neighbourhood_development_plan_2020_to_2038)

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Appendix B

Schedule of Proposed Modifications (PMs) and Minor Proposed Modifications (MPMs) made from the Sevenoaks Town Neighbourhood Plan (Submission Draft June 2022) to Referendum Draft 2023.

**Schedule of Proposed Modifications (PMs) provided by the Independent Examiner in his Report dated 21<sup>st</sup> December 2022:**

Note: Additions are show in **bold** and deletions denoted with ~~strikethrough~~.

<b>Proposed modification number (PM)</b>	<b>Page no./other reference</b>	<b>Modification</b>
PM1	Page 9	<p>Insert a new penultimate paragraph to read:</p> <p><b>For the avoidance of doubt where a policy refers to ‘support’ (e.g. Policy C1) this relates to where the Town Council agrees with something that is promoted by another body. Where a policy refers to ‘promotes’ (e.g. Policy M1) this means the proposal is being actively pursued by the Town Council.</b></p>
PM2	Page 16 Sub-section 7 Second bullet point	<p>Modify to read:</p> <p>There are notable views down London Road towards the Kent Downs AONB to the north <b>and from Granville Road towards the station and AONB</b> and any development should respond sensitively to this setting;</p>
PM3	Page 41	<p>Add a new paragraph at the end of the page to read:</p> <p><b>In order to differentiate between objectives, policies and aims each function is separately colour coded.</b></p> <p>(adopt the colour coding throughout the document)</p>
PM4	Page 48 Policy C10	<p>Modify introductory sentence to read:</p> <p><del>The Neighbourhood Plan encourages</del> The preparation of proposals that enhance the gateways and arrival points into the town <b>will be supported in principle</b> at:</p>
PM5	Page 50 Policy L1	<p>Modify policy to read:</p> <p>Proposals for new development should whenever possible <del>and using best endeavours</del>, deliver a <b>10%</b> net gain in biodiversity retaining natural features that support wildlife, establishing ecological networks and including new habitats that respond to the local context and the character of the site. New planting and landscapes should respond to the wider landscape through use of native species that support greater biodiversity. <b>Applicants will</b></p>

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Schedule of Proposed Modifications (PMs) and Minor Proposed Modifications (MPMs) made from the Sevenoaks Town Neighbourhood Plan (Submission Draft June 2022) to Referendum Draft 2023.

		<b>need to demonstrate the process that they have been through utilising Natural England’s Biodiversity Metric 3.1 (or subsequent version) and the options they have considered to deliver biodiversity net gain.</b>
PM6	Page 52 Policy L4	Extend second sentence of policy to read:  Proposals to remove trees and hedgerows must be justified and any trees or hedgerows lost through development should be replaced <b>within, or in close proximity to the development site.</b>
PM7	Page 53 Policy L5	Delete the last sentence of the policy and replace it as follows:  <del>This space must be delivered in advance or in parallel with any residential development on the site</del> <b>The timetable for the delivery of this open space must be agreed by the local planning authority (as the decision-making authority) in conjunction with STC, prior to residential development commencing on this site, and subsequently conditioned in any Grant of Planning Permission.</b>
PM8	Page 54 Figure 4.4	Clearly identify the allotment sites at Bradbourne Vale and Quakers Hall Lane on Figure 4.4.
PM9	Page 57 Policy M4	Remove the policy status from Policy M4 by relabelling as an ‘Aim’.
PM10	Page 63 Policy E5	Modify last part of the introductory sentence to read:  ..... and appearance of neighbourhood centres <del>at such as:</del>
PM11	Page 64 Policy COM1	Delete the policy.  <del>Policy COM1: Proposals for a new Community Centre at Bat and Ball station will be progressed by the Town Council</del>  Make subsequent changes to the numbering of the remaining COM policies and Aim.
PM12	Page 67 Figure 4.5	Modify Figure 4.5 to identify a boundary for the cultural quarter.
PM13	Page 68	Modify the last sentence of the paragraph to read:



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Schedule of Proposed Modifications (PMs) and Minor Proposed Modifications (MPMs) made from the Sevenoaks Town Neighbourhood Plan (Submission Draft June 2022) to Referendum Draft 2023.

	First paragraph under Policy S1	The ground will be remodelled and a new lake, <b>which cannot be delivered in full until the sand extraction activities have ceased</b> , will be provided in the north-east quadrant of a new Greatness Park.
PM14	Page 81 Policy D2	Modify the middle part of the first sentence of the policy to read:  ..... this should be guided by an agreed a masterplan, <b>agreed by the local planning authority in consultation with Sevenoaks Town Council (as part of the planning application process)</b> , that indicates ...
PM15	Page 81 Policy D2	Modify the first bullet point to read:  <b>The safeguarding of land for</b> €community infrastructure including the potential provision of a primary school and medical facilities;
PM16	The Figures in the STNP (throughout the document)	For each Figure (plan) in the STNP, clarify whether or not it will form part of the Policies Map when the STNP is made, or it is included only for information
PM17	Page 85	Insert a new paragraph at the end of the main body of the Neighbourhood Plan to read:  <b>Monitoring</b>  <b>The Town Council intend to prepare an Action Plan, which will monitor the effectiveness of the policies against the Vision and Objectives as set out in Chapter 3. It is also the intention to review the STNP every 5 years.</b>

**Schedule of Minor Proposed Modifications<sup>i</sup> (MPMs) provided by Sevenoaks Town Council (STC):**

Note: Additions are show in **bold** and deletions denoted with ~~strikethrough~~.

Proposed minor modification number (MPM)	Page Number (Submission Draft June 2022)	Section	Original Text (Submission Draft June 2022)	Revised Text (Referendum Draft 2023)
MPM1	Page 6	The Vision and Objectives	The Neighbourhood Plan is looking to the future and central to this is the need to respond to the increasing threat of climate change. In June 2019 the government committed to reaching ‘net zero’ carbon emissions by 2050. At the Sevenoaks District Council Full Council meeting on 19 November 2019 the Council agreed the aspiration to be Net Zero by 2030. The Neighbourhood Plan promotes many policies that will help to deliver this target either through land use and development or through helping to facilitate and encourage more sustainable lifestyles.	<p>The Neighbourhood Plan is looking to the future and central to this is the need to respond to the increasing threat of climate change. In June 2019 the government committed to reaching ‘net zero’ carbon emissions by 2050. At the Sevenoaks District Council Full Council meeting on 19 November 2019 the Council agreed the aspiration to be Net Zero by 2030. The Neighbourhood Plan promotes many policies that will help to deliver this target either through land use and development or through helping to facilitate and encourage more sustainable lifestyles.</p> <p><b>Climate Change matters are also being actioned within Sevenoaks Town Council’s Green Community Investment Plan.<sup>ii</sup></b></p>

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Schedule of Proposed Modifications (PMs) and Minor Proposed Modifications (MPMs) made from the Sevenoaks Town Neighbourhood Plan (Submission Draft June 2022) to Referendum Draft 2023.

MPM2	Page 32 and Page 120	Economy and Demographics 6 <sup>th</sup> paragraph  And A8 Economy 6 <sup>th</sup> paragraph	Knole House also plays an important role in the local economy with up to 60 staff members and between 450 and 500 volunteers many who live within close proximity to the property. Knole also provides a valuable educational resource to pre-school children, schools and adult learners.	Knole House also plays an important role in the local economy with up to 60 staff members and <del>between 450 and 500</del> <b>around 350 active</b> <sup>iii</sup> volunteers many who live within close proximity to the property. Knole also provides a valuable educational resource to pre-school children, schools and adult learners.
MPM3	Page 42	Aim C3 Third supporting paragraph	Applicants are encouraged to complete a heritage impact assessment at the planning application stage to help to understand the significance of heritage features and the potential impacts of new development on these features. This impact assessment should be proportionate to the change envisaged and the sensitivity of the heritage asset.	Applicants are <del>encouraged to</del> <b>should</b> <sup>iv</sup> complete a heritage impact assessment at the planning application stage to help to understand the significance of heritage features and the potential impacts of new development on these features. This impact assessment should be proportionate to the change envisaged and the sensitivity of the heritage asset.
MPM4	Page 42	Aim C3 Fourth supporting paragraph	Where land has been identified as having archaeological importance, applicants are encouraged to undertake archaeological evaluations prior to construction, with any findings appropriately reported and documented on the local historic environment record in line with best practice guidance	Where land has been identified as having archaeological importance, <del>applicants are encouraged to undertake archaeological evaluations prior to construction, with any findings appropriately reported and documented on the local historic environment record in line with best practice guidance</del> <b>desk-based assessment and perhaps fieldwork will be required. The assessment should be appropriately reported and documented on the Kent Historic Environment Record in line with best practice guidance.</b> <sup>v</sup>
MPM5	Page 55 and Page 11	Policy L8	Policy L8: The Town Council will support the provision of additional allotments in the town at Bradbourne Vale Road and will protect those on the Quakers Hill, Lane site	Policy L8: The Town Council will support the provision of additional allotments in the town at Bradbourne Vale Road and will protect those on the Quakers <b>Hall</b> <sup>vi</sup> Lane site

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Schedule of Proposed Modifications (PMs) and Minor Proposed Modifications (MPMs) made from the Sevenoaks Town Neighbourhood Plan (Submission Draft June 2022) to Referendum Draft 2023.

MPM6	Page 57 and Page 12	Policy M2	Policy M2: The Neighbourhood Plan supports the Sevenoaks District Cycling Strategy and provision of additional cycle facilities to support new development	Policy M2: The Neighbourhood Plan supports the Sevenoaks District Cycling Strategy <b>and Local Cycling and Walking Infrastructure Plan (LCWIP)<sup>vii</sup></b> and provision of additional cycle facilities to support new development.
MPM7	Page 57	Policy M2 Second supporting paragraph	The Sevenoaks District Cycling Strategy aims to enable more people to cycle safely in the district so as to encourage a shift towards more sustainable transport choices and healthy leisure activities. In order to achieve this, a number of priority areas for action have been identified, namely:	<b>Both</b> the Sevenoaks District Cycling Strategy <b>and the LCWIP<sup>viii</sup></b> aims to enable more people to cycle safely in the district so as to encourage a shift towards more sustainable transport choices and healthy leisure activities. In order to achieve this, a number of priority areas for action have been identified, namely:
MPM8	Page 59	Policy M8 Second paragraph of supporting text	The Town Council will, therefore, support high quality development proposals that will help enhance the town’s bus services and facilities. These should include the provision of real time travel information and the physical improvement of the bus station.	The Town Council will, therefore, support high quality development proposals that will help enhance the town’s bus services and facilities. These should include the provision of real time travel information and the physical improvement of the bus station <b>and bus shelters.<sup>ix</sup></b>
MPM9	Page 59	Policy M9 Second paragraph of supporting text	Businesses will be encouraged to move to electric fleets and charging points will be introduced in appropriate public locations.	Businesses will be encouraged to move to electric fleets and charging points will be introduced in appropriate public locations. <b>Appropriate locations could be defined as being publicly accessible 24 hours, in a location that allows passive surveillance to ensure safety and discourage vandalism, convenient to users and in a mix of residential/public venues.<sup>x</sup></b>
MPM10	Page 62	Policy E1 Embedded in third paragraph of supporting text	The Town Council has established a business hub on its site on Bradbourne Vale Road where desks can be rented on a flexible basis to provide affordable space as an alternative to working from home or renting serviced office space. Post	The Town Council has established a business hub on its site on Bradbourne Vale Road where desks can be rented on a flexible basis to provide affordable space as an alternative to working from home or renting serviced office space. <b>As of</b>

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Schedule of Proposed Modifications (PMs) and Minor Proposed Modifications (MPMs) made from the Sevenoaks Town Neighbourhood Plan (Submission Draft June 2022) to Referendum Draft 2023.

			<p>Covid changing work patterns may make these sort of facilities increasingly popular avoiding the need to travel whilst also providing a more sociable and collaborative alternative to working from home.</p> <p>Encouraging and enabling more people to work within the town is good for the local economy, helps to support other businesses and services in the town and reduces the need to travel which delivers wider environmental benefits.</p>	<p><b>January 2023, there are three further similar facilities in the town.</b><sup>xi</sup> Post Covid changing work patterns may make these sort of facilities increasingly popular avoiding the need to travel whilst also providing a more sociable and collaborative alternative to working from home.</p> <p>Encouraging and enabling more people to work within the town is good for the local economy, helps to support other businesses and services in the town and reduces the need to travel which delivers wider environmental benefits.</p>
MPM11	Page 96	<p>A5 Landscape and Topography</p> <p>Overview 2<sup>nd</sup> paragraph</p>	<p>Knole Park abuts the town centre to the south-east and this 400 hectare deer park is a huge asset for the town.</p>	<p>Knole Park abuts the town centre to the south-east and this 400 hectare deer park is a huge asset for the town. <b>This significant open space attracts over 250,000 visitors to the National Trust facilities plus around another 400,000 people walking in the parkland annually contributing greatly to the local economy.</b><sup>xii</sup></p>
MPM12	Page 120	<p>A8 Economy Second to last paragraph</p>	<p>As well as the town centre, there are three neighbourhood centres within the Plan area at St John's, Hollybush Lane and Tubs Hill. These are home to a variety of local (predominantly independent) shops and businesses. There is also a small row of shops on Greatness Lane / Seal Road. Although this is not designated as a local centre by the District Council it is an important resource for local people and should be protected.</p>	<p>As well as the town centre, there are three neighbourhood centres within the Plan area at St John's, Hollybush Lane and Tubs Hill. These are home to a variety of local (predominantly independent) shops and businesses. There is <b>are</b> also <del>a small row of two</del><sup>xiii</sup> shops on <b>the corner of</b> Greatness Lane / Seal Road. Although this is not designated as a local centre by the District Council it is an important resource for local people and should be protected.</p>

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Schedule of Proposed Modifications (PMs) and Minor Proposed Modifications (MPMs) made from the Sevenoaks Town Neighbourhood Plan (Submission Draft June 2022) to Referendum Draft 2023.

MPM13	Various	All references to the Tarmac Ltd site throughout the document	Tarmac Ltd. site/Tarmac site Ltd/Tarmac site	<b>Sevenoaks Quarry (Tarmac)<sup>xiv</sup></b>
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**The following PMs as recommended by the Independent Examiner affect more than one page number.**

For ease of clarification and where the additional page numbers have not been identified in his Report, these are indicated in **bold** under “Page no./other reference”:

Proposed modification number (PM)	Page no./other reference	Modification
PM2	Page 16 <b>And Pages 71 and 77</b> Sub-section 7 Second bullet point	Modify to read:  There are notable views down London Road towards the Kent Downs AONB to the north <b>and from Granville Road towards the station and AONB</b> and any development should respond sensitively to this setting;
PM4	Page 48 <b>And Page 10</b>	Modify introductory sentence to read:  <del>The Neighbourhood Plan encourages</del> The preparation of proposals that enhance the gateways and arrival points into the town <b>will be supported in principle</b> at:

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Schedule of Proposed Modifications (PMs) and Minor Proposed Modifications (MPMs) made from the Sevenoaks Town Neighbourhood Plan (Submission Draft June 2022) to Referendum Draft 2023.

	Policy C10	
PM5	Page 50 <b>And Page 11</b> Policy L1	Modify policy to read:  Proposals for new development should whenever possible <del>and using best endeavours</del> , deliver a <b>10%</b> net gain in biodiversity retaining natural features that support wildlife, establishing ecological networks and including new habitats that respond to the local context and the character of the site. New planting and landscapes should respond to the wider landscape through use of native species that support greater biodiversity. <b>Applicants will need to demonstrate the process that they have been through utilising Natural England’s Biodiversity Metric 3.1 (or subsequent version) and the options they have considered to deliver biodiversity net gain.</b>
PM6	Page 52 <b>And Page 11</b> Policy L4	Extend second sentence of policy to read:  Proposals to remove trees and hedgerows must be justified and any trees or hedgerows lost through development should be replaced <b>within, or in close proximity to the development site.</b>
PM7	Page 53 <b>And Page 11</b> Policy L5	Delete the last sentence of the policy and replace it as follows:  <del>This space must be delivered in advance or in parallel with any residential development on the site</del> <b>The timetable for the delivery of this open space must be agreed by the local planning authority (as the decision-making authority) in conjunction with STC, prior to residential development commencing on this site, and subsequently conditioned in any Grant of Planning Permission.</b>
PM9	Page 57 <b>And Page 12</b> Policy M4	Remove the policy status from Policy M4 by relabelling as an ‘Aim’.
PM10	Page 63 <b>And Page 13</b> Policy E5	Modify last part of the introductory sentence to read:  ..... and appearance of neighbourhood centres <del>at such as:</del>
PM11	Page 64	Delete the policy.

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Schedule of Proposed Modifications (PMs) and Minor Proposed Modifications (MPMs) made from the Sevenoaks Town Neighbourhood Plan (Submission Draft June 2022) to Referendum Draft 2023.

	<b>And Page 14</b> Policy COM1	Policy COM1: Proposals for a new Community Centre at Bat and Ball station will be progressed by the Town Council  Make subsequent changes to the numbering of the remaining COM policies and Aim.
PM14	Page 81 <b>And Page 15</b> Policy D2	Modify the middle part of the first sentence of the policy to read:  ..... this should be guided by an agreed a masterplan, <b>agreed by the local planning authority in consultation with Sevenoaks Town Council (as part of the planning application process)</b> , that indicates ...

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<sup>i</sup> Minor modifications as defined in Paragraph: 106 Reference ID: 41-106-20190509

Revision date: 09 05 2019:

**Updating a neighbourhood plan**

**In what ways can a neighbourhood plan or order be changed?**

There are 3 types of modification which can be made to a neighbourhood plan or order. The process will depend on the degree of change which the modification involves:

- Minor (non-material) modifications to a neighbourhood plan or order are those which would not materially affect the policies in the plan or permission granted by the order. These may include correcting errors, such as a reference to a supporting document, and would not require examination or a referendum.
- Material modifications which do not change the nature of the plan or order would require examination but not a referendum. This might, for example, entail the addition of a design code that builds on a pre-existing design policy, or the addition of a site or sites which, subject to the decision of the independent examiner, are not so significant or substantial as to change the nature of the plan.

Material modifications which do change the nature of the plan or order would require examination and a referendum. This might, for example, involve allocating significant new sites for development.

<sup>ii</sup> As per STC & SDC joint response to Independent Examiner’s procedural matters question 39 dated 25<sup>th</sup> October 2022

<sup>iii</sup> Figure provided by The National Trust Response ID ANON-P5FW-8U8T-U

<sup>iv</sup> Recommendation by Kent County Council Response ID ANON BHLF-P5FW-8U87-X

<sup>v</sup> Recommendation by Kent County Council Response ID ANON BHLF-P5FW-8U87-X



## Appendix B

Schedule of Proposed Modifications (PMs) and Minor Proposed Modifications (MPMs) made from the Sevenoaks Town Neighbourhood Plan (Submission Draft June 2022) to Referendum Draft 2023.

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<sup>vi</sup> Factual amendment recommended in the IE' s Report under Minor Amendments

<sup>vii</sup> Recommendation by Kent County Council Response ID ANON BHLF-P5FW-8U87-X

<sup>viii</sup> Recommendation by Kent County Council Response ID ANON BHLF-P5FW-8U87-X

<sup>ix</sup> As per STC & SDC joint response to Independent Examiner's procedural matters question 22 dated 25<sup>th</sup> October 2022

<sup>x</sup> As per STC & SDC joint response to Independent Examiner's procedural matters question 23 dated 25<sup>th</sup> October 2022

<sup>xi</sup> As per STC & SDC joint response to Independent Examiner's procedural matters question 24 dated 25<sup>th</sup> October 2022

<sup>xii</sup> Figure provided by The National Trust Response ID ANON-P5FW-8U8T-U

<sup>xiii</sup> Factual amendment recommended in Response ID ANON-P5FW-8UWX-X

<sup>xiv</sup> As per STC & SDC joint response to the Independent Examiner's fact-checking report dated 20<sup>th</sup> December 2022

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## **APPENDIX C: Sevenoaks Town Neighbourhood Plan**

### **Draft Decision Statement**

### **Reg. 18(2) - The Neighbourhood Planning (General) Regulations 2012**

#### **Summary**

1. Following an independent examination undertaken by way of written representations, Sevenoaks District Council (SDC) now confirms that the Sevenoaks Town Neighbourhood Plan (STNP) will proceed to a Neighbourhood Planning Referendum.

2. This decision statement is available on the STNP page of the SDC website: [https://www.sevenoaks.gov.uk/info/20069153/sevenoaks\\_town\\_neighbourhood\\_plan](https://www.sevenoaks.gov.uk/info/20069153/sevenoaks_town_neighbourhood_plan) and will be displayed at the District Council office, Argyle Road. A copy will also be sent to Sevenoaks Town Council for display at their offices.

#### **Background**

3. SDC formally designated the area shown at **Appendix 1** as the Sevenoaks Town Neighbourhood Area in October 2013.

4. Following the submission of the STNP to SDC, the plan was publicised, and representations were invited. The publicity period ran from 4 August to 22 September 2022.

5. The District Council appointed an Independent Examiner, David Hogger BA MSc MRTPI MCIHT to examine whether the STNP met the basic conditions as set out in Schedule 4B to the Town and Country Planning Act 1990, and whether the STNP should proceed to a referendum.

6. The Examiner's Report recommended a number of modifications so that the STNP is able to comply with the 'basic conditions' and other relevant statutory provisions and that the submission plan if modified can be put to referendum.

7. The Executive Summary of the Examiner's Report (21 December 2022) states: "From my examination of the Sevenoaks Town Neighbourhood Development Plan and its supporting documentation including the representations made, I have concluded that subject to the policy modifications set out in this report, the Plan meets the Basic Conditions".

8. In the summary, the Examiner's Report states that the independent Examiner recommends to SDC "that the Plan, once modified, proceeds to Referendum on the basis that it has met all the relevant legal requirements".

## Agenda Item 7

### Recommendations, Decisions and Reasons

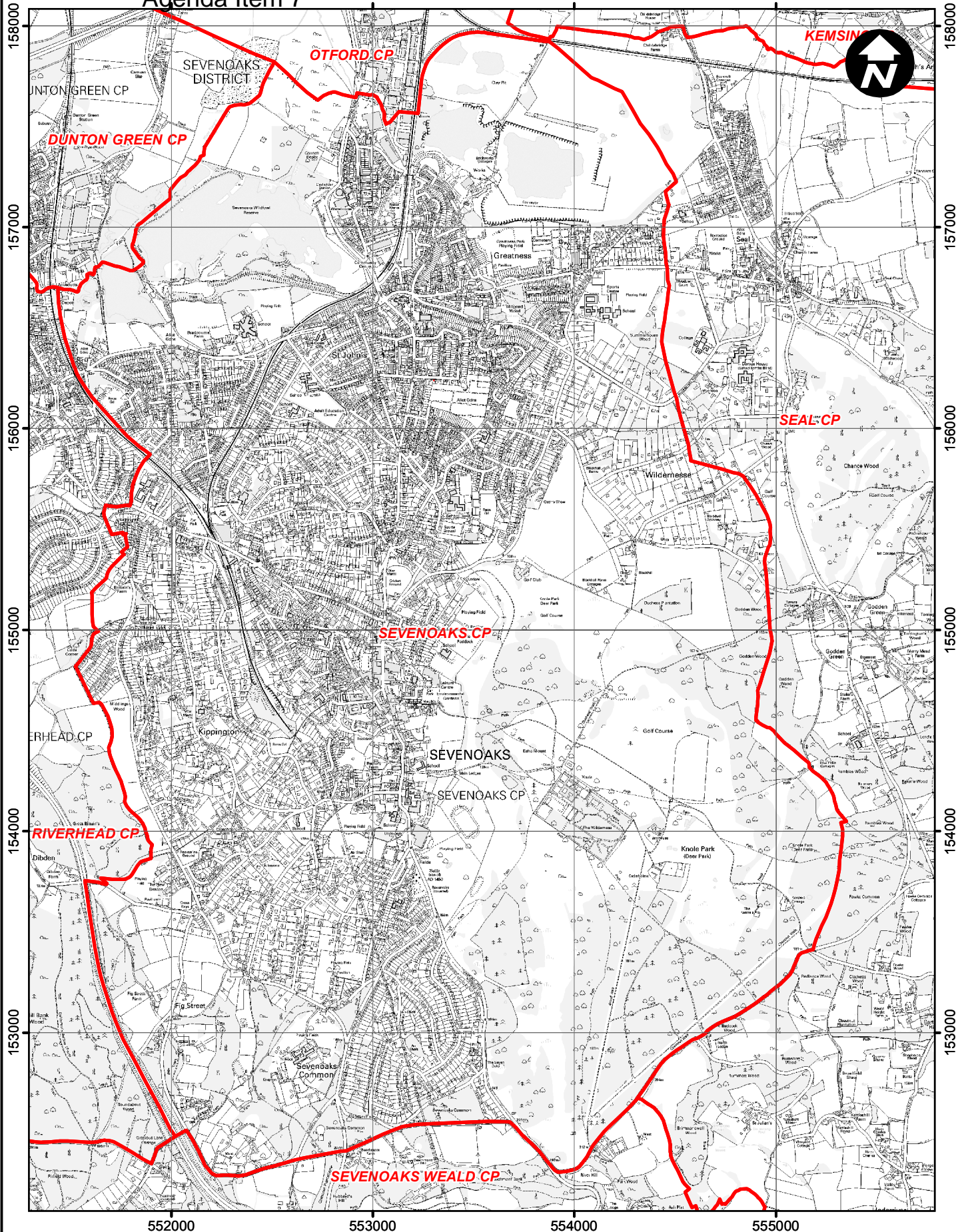
9. The Neighbourhood Planning (General) Regulations 2012, Regulation 18 requires the local planning authority to outline what action to take in response to the recommendations of an examiner made in a report under paragraph 10 of Schedule 4a to the Town and Country Planning Act 1990 (as applied by Section 38A of the Planning and Compulsory Purchase Act 2004).

10. Having considered the recommendations made by the Examiner's report, and the reasons for them, SDC in conjunction with STC (the Qualifying Body) has agreed to accept the modifications made to the draft plan under paragraph 12(6) of Schedule 4B to the Town and Country Planning Act 1990 in response to the Examiner's recommendations/ modifications.

11. To meet the requirements of the Localism Act 2011 a referendum which poses the question, '*Do you want Sevenoaks District Council to use the Sevenoaks Town Neighbourhood Plan to help it decide planning applications in the Sevenoaks Town Neighbourhood Area?*' will be held in the area formally designated as the Sevenoaks Town Neighbourhood Area, that is Sevenoaks Town Council Parish Boundary (see Appendix 1), to ensure the community has the final say on whether the neighbourhood plan comes into force or not.

12. The date on which the referendum will take place is Thursday 4 May 2023.

**Appendix 1: Neighbour Area (Sevenoaks Town Council Parish Boundary)**



**SEVENOAKS PARISH WARDS**

Sevenoaks CP

Scale: 1:25,000  
Date: August 2013

This map is based upon the Ordnance Survey material with the permission of Ordnance Survey on behalf of the Controller of Her Majesty's Stationery Office © Crown Copyright. Unauthorised reproduction infringes Crown copyright and may lead to prosecution or civil proceedings. Sevenoaks District Council, 100019428, 2013.

**Appendix D (Please refer to the supplementary agenda for Appendix D)**

Draft Referendum Version of Sevenoaks Town Neighbourhood Design Plan (showing modifications)

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**Item 08 - Application of Additional Designated Rural Area Status in relation to Core Strategy Policy SP3**

The attached report was considered by the Housing & Health Advisory Committee on 7 February 2023. The relevant Minute extract was not available prior to the printing of these papers and will follow when available.

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**APPLICATION OF ADDITIONAL DESIGNATED RURAL AREA STATUS IN RELATION TO CORE STRATEGY POLICY SP3**

**Cabinet - 9 February 2023**

**Report of:** Deputy Chief Executive and Chief Officer - People & Places

**Status:** For Approval

**Also considered by:**

Housing & Health Advisory Committee - 7 February 2023

**Key Decision:** No

**Executive Summary:** Additional designations under Section 157 of the Housing Act 1985 (“Designated Rural Areas”) have been conferred within the District via the [Housing \(Right to Buy\) \(Designated Rural Areas and Designated Regions\) \(England\) Order 2022](#) (“the Order”).

Approval is sought to apply the additional Designated Rural Area status conferred by the Order, in relation to Core Strategy Policy SP3 (Provision of Affordable Housing).

**This report supports the Key Aim of:** The Housing Strategy 2022-2027, the Core Strategy 2011 and the emerging Local Plan 2040.

**Portfolio Holder:** Cllr. Kevin Maskell

**Contact Officer:** Sharon Donald, Ext. 7131

**Recommendation to Housing & Health Advisory Committee:**

That comments on recommendation (a) are passed to Cabinet.

**Recommendation to Cabinet:**

To approve the additional Designated Rural Area status conferred by the [Housing \(Right to Buy\) \(Designated Rural Areas and Designated Regions\) \(England\) Order 2022](#), as set out in Appendix A, in relation to Core Strategy Policy SP3 (Provision of Affordable Housing).

**Reason for recommendation:** To ensure our ability to secure affordable housing contributions from smaller sites is maximised, whilst not impacting our rural exceptions housing programme.

## Agenda Item 8

### Introduction and Background

- 1 Paragraph 64 of the National Planning Policy Framework (NPPF) allows local authorities to seek an affordable housing contribution on small development sites (9 units and under) located within Designated Rural Areas (designated under Section 157 of the Housing Act 1985). For sites located outside of Designated Rural Areas, the NPPF states that affordable housing contributions can only be sought on major developments. Major development is defined as 10 or more units or where the site area is larger than 0.5 hectares. Core Strategy Policy SP3 (Provision of Affordable Housing) originally set a requirement for all new housing developments to provide affordable housing on a sliding scale (either on site provision or a financial contribution), however as the NPPF postdates the adoption of the Core Strategy we are much more limited in what contributions we can seek and can only seek contributions in line with the NPPF.
- 2 With regards applying a lower threshold for affordable housing contributions on sites located within Designated Rural Areas, in March 2015 Cabinet resolved to apply a lower threshold of 6 to 9 units to sites located in those Designated Rural Areas in force at that time. This related to locations within Areas of Outstanding Natural Beauty and contributions have been sought on this basis ever since. The lower threshold does not apply to sites located within Designated Rural Areas that come forward for Rural Exceptions Housing under Core Strategy Policy SP4).
- 3 In December 2021, Cabinet approved an application being made to the Secretary of State for Levelling Up, Housing and Communities, seeking the designation of additional areas.
- 4 The application has been successful and on 12 December 2022, the [Housing \(Right to Buy\) \(Designated Rural Areas and Designated Regions\) \(England\) Order 2022](#) (“the Order”), comes into force. The status of each of the District’s 31 Parishes is shown in Appendix A.
- 5 Approval is sought to update the March 2015 Cabinet resolution, whereby the lower site threshold of 6 to 9 units is applied in all Designated Rural Areas, set out in Appendix A. This will ensure our ability to secure affordable housing contributions from smaller sites is maximised, whilst not impacting our rural exceptions housing programme.
- 6 The primary purpose of Designated Rural Area status is to restrict the consequences of the Right to Buy. It allows restrictive covenants to be put in place so that social housing can only be sold on to someone who has been living or working in the parish for 3 years. Alternatively the landlord may require the tenant to offer the home back to them if the tenant wishes to sell within 10 years of buying.
- 7 Designated Rural Area status assists the Council’s rural exceptions housing programme, because sites within these Areas are not permitted to be developed as First Homes Exceptions Sites. This exclusion helps to ensure

sites will continue to only come forward for rural exceptions housing under Core Strategy Policy SP4. This will ensure the delivery of genuinely affordable housing to meet identified local housing needs.

### **Other options Considered and/or rejected**

Leave as current and do not apply the additional areas conferred within the Order in relation to Core Strategy Policy SP3. This would prevent the District Council from maximising S106 contributions from smaller sites in the additional areas. Rejected.

### **Key Implications**

#### Financial

The District Council will be able to seek Section 106 affordable housing contributions from a wider pool of application sites. Section 106 commuted sum payments will be used as set out in the Affordable Housing SPD 2011.

#### Legal Implications and Risk Assessment Statement.

None.

#### 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.

#### Net Zero Implications

The decisions recommended through this paper have a remote or low relevance to the council's ambition to be Net Zero by 2030. There is no perceived impact regarding either an increase or decrease in carbon emissions in the district, or supporting the resilience of the natural environment.

### **Conclusions**

Application of the additional Designated Rural Area status conferred by the Order, in relation to Core Strategy Policy SP3 (Provision of Affordable Housing), will ensure our ability to secure affordable housing contributions from smaller sites is maximised, whilst not impacting our rural exceptions housing programme.

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### **Appendices**

Appendix A - Table showing Designated Rural Area status, by Parish.

### **Background Papers**

Informative Paper

[Housing \(Right to Buy\) \(Designated Rural Areas and Designated Regions\) \(England\) Order 2022](#)

**Sarah Robson**

**Deputy Chief Executive and Chief Officer - People & Places**

## Appendix A

## Designated Rural Areas (DRA) under S157 Housing Act 1985

Parishes wholly inside a DRA from 12/12/22	Parish DRA status prior to 12/12/22
Badgers Mount	Partial coverage – locations within AONB only
Brasted	Partial coverage – locations within AONB only
Chiddingstone	Partial coverage – locations within AONB only
Cowden	Full coverage
Crockenhill	Partial coverage – locations within AONB only
Eynsford	Partial coverage – locations within AONB only
Farningham	Partial coverage – locations within AONB only
Fawkham	No coverage
Halstead	Partial coverage – locations within AONB only
Hever	Partial coverage – locations within AONB only
Knockholt	Partial coverage – locations within AONB only
Leigh	Partial coverage – locations within AONB only
Penshurst	Full coverage
Seal	Partial coverage – locations within AONB only
Sevenoaks Weald	Partial coverage – locations within AONB only
Shoreham	Partial coverage – locations within AONB only
Sundridge with Ide Hill	Full coverage

The DRA status of the following Parishes remains unchanged:

## Parishes wholly outside a DRA:

- Ash Cum Ridley
- Hartley
- Hextable
- Horton Kirby and South Darent

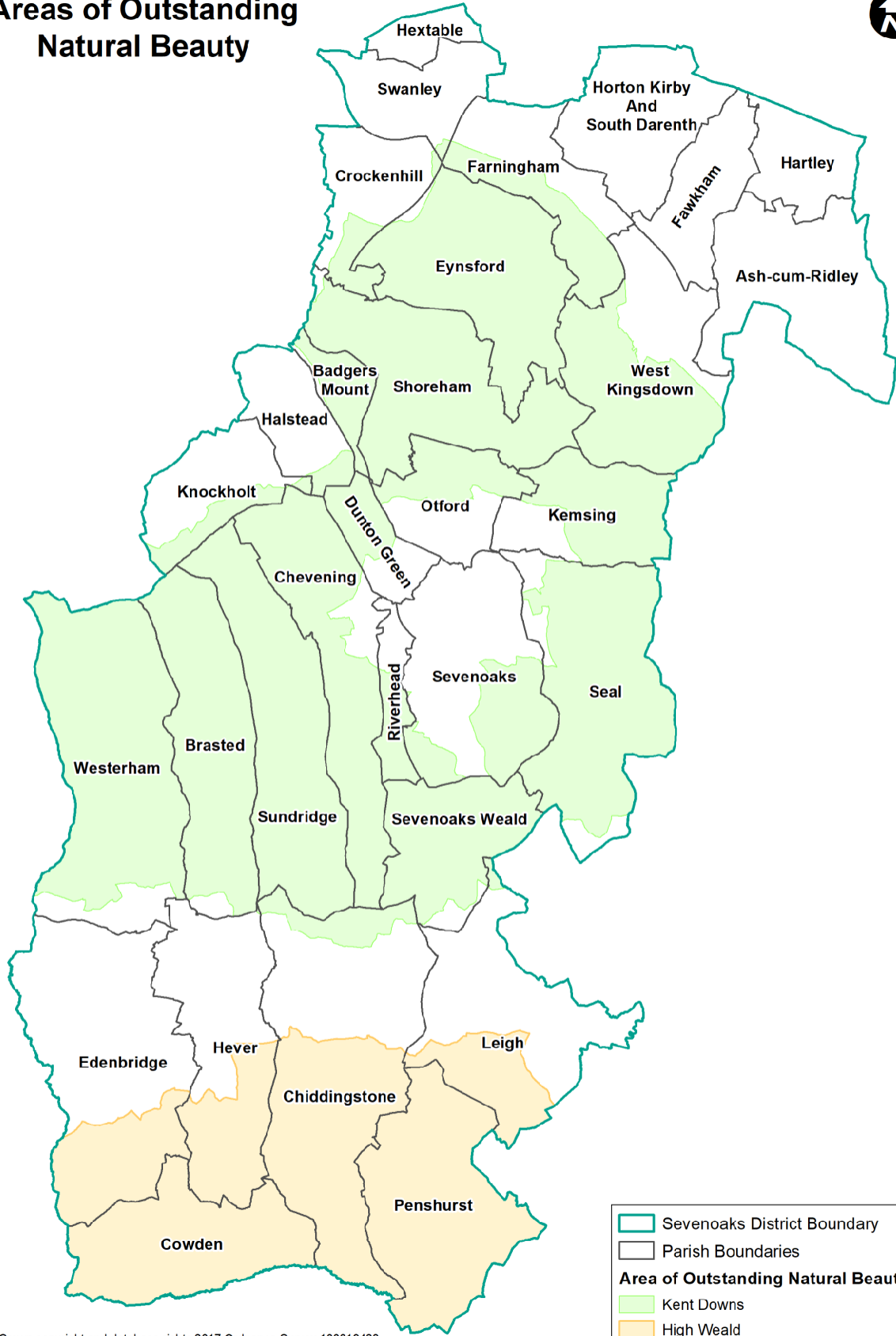
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### **Parishes partly within a DRA (i.e. applying only to those areas located within an AONB):**

- Chevening (except most of the developed area and some land south of the M26)
- Dunton Green (only the rural north)
- Edenbridge (only the rural south)
- Kemsing (only the rural north and east)
- Otford (only the northern half)
- Riverhead (only the rural south)
- Sevenoaks (only the rural south east and south west)
- Swanley (only a very small rural area near the M25)
- West Kingsdown (only the rural west and south)
- Westerham (except the extreme south)



# Areas of Outstanding Natural Beauty



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**Item 09 - Homelessness Review 2022 and Draft Homelessness and Rough Sleepers Strategy 2023-2028**

The attached report was considered by the Housing & Health Advisory Committee on 7 February 2023. The relevant Minute extract was not available prior to the printing of these papers and will follow when available.

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**SEVENOAKS DISTRICT HOMELESSNESS AND ROUGH SLEEPERS STRATEGY  
2023-2028**

**Cabinet – 9 February 2023**

**Report of:** Deputy Chief Executive and Chief Officer People and Places

**Status:** For Comment

**Also considered by:**

- Housing & Health Advisory Committee - 7 February 2023
- Council - 21 February 2023

**Key Decision:** No

**Executive Summary:** Local housing authorities have a statutory duty to publish a Homelessness and Rough Sleepers Strategy every 5 years. This report presents the outcome of a public consultation and the resultant draft Homelessness and Rough Sleepers Strategy 2023-2028, for consideration. The final Strategy document will require approval by Full Council so that it may be adopted and published.

**This report supports the Key Aim of:** The Housing Strategy 2022-2027

**Portfolio Holder:** Councillor Kevin Maskell

**Contact Officer:** Alison Simmons, Head of Housing, Extension 7272

**Recommendation to Housing and Health Advisory Committee:**

- (a) To note the feedback received from the public consultation;
- (b) To consider and recommend to Cabinet the draft Homelessness and Rough Sleepers Strategy.

**Recommendation to Cabinet:**

- (a) To note the feedback received from the public consultation;
- (b) To consider the draft Homelessness and Rough Sleepers Strategy;
- (c) To recommend to Council that the Homelessness and Rough Sleepers Strategy 2023-2028 be adopted.

### **Recommendation to Council:**

- (a) To note the feedback received from the public consultation;
- (b) That, subject to any amendments by Cabinet, the Homelessness and Rough Sleepers Strategy 2023-2028, be adopted.

**Reason for recommendation:** The District Council has a statutory duty to publish a Homelessness and Rough Sleepers Strategy every 5 years. Adoption of the Homelessness and Rough Sleepers Strategy 2023-2028 will satisfy the requirements of this duty, as well as providing a framework to the Housing Service in the prevention of homelessness and the provision of sustainable solutions to help those faced with homelessness.

### **Introduction and Background**

- 1 The Housing Strategy 2022-2027 recognises that housing, health, wellbeing and life chances are inextricably linked. The impact of homelessness has a devastating impact on those directly affected, a social cost that extends into the wider community and a financial cost that draws resources away from other key services.
- 2 A local housing authority is required to have a strategy in place which sets out how it will prevent homelessness and ameliorate its devastating impacts. The Council is developing a new, 5 year Strategy. The draft Homelessness and Rough Sleepers Strategy 2023-2028 is centred around 3 themes: prevention – we want to help residents before they go into crisis and focus on preventing homelessness from happening in the first place; intervention - the way we support and help people who have become homeless; and sustainable solutions - taking a long term approach to establishing a range of sustainable housing and housing options for vulnerable and homeless households and rough sleepers.
- 3 In the development of the draft Homelessness and Rough Sleeper Strategy and the Housing Strategy in 2022 both have identified the need to increase the number of affordable homes to meet the needs of the residents in the District.
- 4 The announced consultation through the Levelling Up and Regeneration Bill for a new NPPF weakens the policy requirements for Councils to plan for the delivery of more homes, however for the delivery of the Strategies and the Council's social responsibility the Housing Needs Assessment and Housing Register reflect the need for homes for local residents in the District.

- 5 Following completion and approval of the Homelessness Review (attached Appendix A) a first draft of the Strategy has been subject to public consultation (attached Appendix B). The recommendations within this report have all been subject to a comprehensive 2 stage public consultation exercise which included bite size briefings, forums, an online survey, small meetings and one to one conversation.
- 6 The Council is legally required to consult with partners, stakeholders and residents. The feedback received has enabled amendments to be considered for inclusion within the Strategy ahead of a final version being presented for adoption. The consultation feedback has enabled the completion of a thorough Equalities Impact Assessment.
- 7 The draft Sevenoaks District Homelessness and Rough Sleepers Strategy 2023-2028 was subject to public consultation between 9 December 2022 and 5 January 2023. Over 100 responses were received to the online survey and the results are summarised, by question, below.

Please note "In agreement" refers to those respondents who either strongly agreed or agreed.

### **Theme 1 – Prevention**

#### **Question 1**

We should work closely with statutory and voluntary sector partners to ensure residents can access suitable homeless advice and practical support.

**In agreement – 98%**

#### **Question 2**

We should promote an effective, value for money incentive scheme that encourages more private landlords to let homes to people on our waiting lists.

**In agreement – 80%**

#### **Question 3**

We should support education and awareness initiatives with partners to inform young people of the impact of homelessness, sources of advice and possible available housing options.

**In agreement – 89%**

#### **Question 4**

We continue to ensure our housing benefit, private sector housing, community safety and income teams work together to help resolve issues that may lead to homelessness.

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**In agreement- 98%**

### Question 5

Create a one stop shop for residents seeking housing advice through a dedicated hub of local partners.

**In agreement - 94%**

### Question 6

Is there anything else you think we should be doing to prevent homelessness.

A summary of comments received is as follows:

- Deliver more social housing
- Bring empty homes back into use
- Provide and promote information and signpost to sources of help, ensure there are clear points of contact
- Help with debt management
- Provide face to face support

## Theme 2 - Intervention

### Question 7

Use Government grants to provide dedicated accommodation for homeless households such those from a care leaver background, young people and former rough sleepers.

**In agreement - 94%**

### Question 8

Work with partners to ensure all households retain their tenancies and keep a roof over their heads.

**In agreement - 89%**

### Question 9

Maximise the benefits of partnership working and contribute to Kent-wide initiatives to improve services and options for victims of domestic abuse.

**In agreement - 97%**



**Question 10**

Review emergency and temporary accommodation to ensure it provides value for money.

**In agreement – 92%**

**Question 11**

Increase the opportunities for residents to downsize and free up family accommodation in social housing (housing association) properties.

**In agreement – 87%**

**Question 12**

Is there anything else we should be doing to support people who are homeless.

A summary of comments received is as follows:

- Provide drop-in centres and night shelters
- Provide accommodation where people can keep their pets with them
- Provide a helpline/chat-line
- Give help and advice on retraining
- Provide advice on DHP
- Work with housing associations to make best use of affordable housing eg encouraging older people to downsize from family sized housing.

**Theme 3 – Sustainable Solutions**

**Question 13**

Ensure our new Local Plan (Local Plan 2040) delivers more affordable housing.

**In agreement – 87%**

**Question 14**

Investigate the options for the Council with its partners to acquire or build new affordable homes and temporary accommodation.

**In agreement – 83%**

**Question 15**

Work with housing associations and landlords to provide more temporary accommodation.

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**In agreement – 86%**

### **Question 16**

Bring more empty homes back into use that could be used as affordable housing.

**In agreement – 96%**

### **Question 17**

Provide a support package to help homeless applicants live independently and sustain their tenancy.

**In agreement – 92%**

### **Question 18**

Do you have any other comments or ideas that can be included in the draft Homelessness and Rough Sleepers Strategy.

A summary of comments received is as follows:

- Deliver more social housing that is genuinely affordable
- Consider cross boundary incentives to relocate
- Have a dedicated point of contact to access network of services
- Consider 'pod' type temporary accommodation
- Create employment opportunities for homeless people with Sevenoaks
- Involve people with lived experiences of homelessness within policy making

### **Question 19**

Prevention, intervention and sustainable solutions should they be the key themes of the draft Strategy.

**In agreement – 89%**

### **Question 20**

Do you feel we should include any other proposals in the draft Homelessness and Rough Sleepers Strategy to support homeless people.

A summary of comments received is as follows:

- Housing First and using our resources as best we can, replicate the conditions that are proven to deliver success in promoting recovery from homelessness and long-term tenancy sustainability
- How can the cycle of homeless becoming homeless again and again be prevented or supported
- Focus on young care leavers

Other general comments that have been submitted are:

- The requirement for some temporary accommodation units to accept pets
- Should we have a target number of temporary accommodation units at our disposal
- There is a need for more supported and move on accommodation

8 It is considered that a broad range of participants responded to the consultation. Attributes to highlight are:

- a wide ranging age profile of respondents, but no responses received from those age 18 – 24 years
- over 70% are female
- 30% have a caring function
- 19% have a long term health condition/disability

9 Overall, the consultation shows there is positive public support for the draft Strategy, which is attached as Appendix B.

10 The draft Strategy was presented to Members at 2 events. Members found the presentation very clear and informative and would assist them in the completion of the survey. The main area of concern was can the Council accommodate applicants with Pets and the suggestion that we investigate what other Councils do and in particular Maidstone.

11 The Homelessness and Rough Sleepers Forum held its inaugural meeting with the presentation of the draft Homelessness and Rough Sleeper Strategy. The attendees were invited to review the Action Plan to see how they can assist the Council in the delivery of the Strategy. The offers of assistance have been included in the Action Plan to the draft Strategy.

12 The Homelessness and Rough Sleepers Forum will meet on a quarterly basis and will be used to share service updates, learn from current best practice,

## Agenda Item 9

consider latest developments, arrange Task and Finish groups if funding bids have been invited and to track the progress of the Homelessness and Rough Sleeper Strategy Action Plan.

- 13 Subsequent to the consultation, the draft Homelessness and Rough Sleepers Strategy 2023-2028 will help to address the needs of homeless people or those threatened with homelessness, whatever their background. An Equality Impact Assessment is attached at Appendix C.
- 14 The Action Plan will be monitored on an annual basis to maintain progress against the set objectives. If any minor changes are needed, these will be considered by the Head of Housing to ensure that the Strategy may be future proofed to changing legislation, circumstance and local identified needs. Authority to introduce the minor amendments is delegated to the Chief Officer, People and Places, in consultation with the Portfolio Holder for Housing and Health.

### **Other options Considered and/or rejected**

None.

### **Key Implications**

#### Financial

None.

#### Resource (non financial)

The Homelessness and Rough Sleepers Strategy 2023-2028 will assist the Housing Service in delivery of its homelessness function. No additional staff resource is considered necessary in its application.

#### Legal Implications and Risk Assessment Statement

The Council is required to have a Strategy that complies with the statutory provisions contained in the Homelessness Act 2002. Failure to have an adopted Strategy may lead to legal challenges that the Council would not be in a position to defend.

#### Equality Assessment

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

Net Zero Implications

The decisions recommended through this paper have a remote or low relevance to the council's ambition to be Net Zero by 2030. There is no perceived impact regarding either an increase or decrease in carbon emissions in the district or supporting the resilience of the natural environment.

**Conclusions**

The District Council has a statutory duty to publish a Homelessness and Rough Sleepers Strategy every five years. Adoption and publication of the Homelessness and Rough Sleepers Strategy 2023-2028 will fulfil the requirements of this duty.

**Appendices**

Appendix A - Homelessness Review

Appendix B - second draft of the Sevenoaks District Homelessness and Rough Sleepers Strategy 2023-2028

Appendix C - Equality Impact Assessment (EIA)

**Background Papers**

None.

**Sarah Robson**

**Deputy Chief Executive and Chief Officer – People and Places**

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**Sevenoaks District Council**  
**Homelessness Review**  
August 2022

## **Introduction**

This Homelessness Service Review provides information on the needs of people who have approached the Council's housing service for help since the last Homelessness Strategy was adopted. It considers what we have achieved, what has changed and how this relates to the changing environment and Government policy. It will inform our Homelessness and Rough Sleeper Strategy from 2023.

## **Achievements 2016-2022**

During the life of the current Strategy the Council have:

- Successfully prevented 1,988 households becoming homeless since the introduction of the Homelessness Reduction Act in 2017.
- Adopted and embedded working practices to comply with the requirements of the Homelessness Reduction Act 2017.
- Embedded dedicated homelessness prevention support through our HERO team.
- 2 additional officers were appointed to the Council's HERO to support at risk tenants to remain in their home.
- Between 2016-2017 and 2021-2022, we awarded a total of £6.53 million (before Kent County Council's top slice) in grants to adapt homes to make them more suitable for people with physical disabilities and enable them to remain at home.
- Updated the Housing Allocation Scheme in 2022 to ensure it best meets the housing needs within the District and complies with the requirements of the Homelessness Reduction Act.
- Since 2018, Quercus Housing has delivered a total of 24 affordable housing units in the District.
- Between 2016-2017 and 2021-2022, a total of 434 affordable housing units have been completed in the District in partnership with Registered Providers, of which 219 were genuinely affordable social housing (affordable and social rented tenures) and 192 shared ownership tenure.
- Relaunched our landlord incentive scheme, appointing Help2Rent to extend our offer to landlords.
- Launched a Financial Hardship Working Group and use this to share information with partners and community groups about the help and support available for residents experiencing financial difficulty.
- Worked with Compaid to commission a digital inclusion and literacy support package, including devices, mobile data and training to support households placed in temporary accommodation access support and information.

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- Provided grant funding to support voluntary sector agencies working within the District to deliver advice and support services for people who are either homeless or at risk of homelessness.
- Officers in the Housing Service developed specialisms in work areas such as domestic abuse, single homelessness, ex-offenders and vulnerable adults to develop and improve links with partners and ensure that key priorities in the Strategy Action Plan were addressed.
- Appointed an Armed Forces office champion as part of our HERO offer.
- Established working relationships with other partners such as the Probation service through the Accommodation for Ex-offenders (AFEO) programme and established best practice in co-working and service referral systems.
- To address the needs of rough sleepers, in 2021-2022 secured almost £300,000 under the Rough Sleeper Initiative 4 (RSI4) and a further £677,230 under RSI5 for 2022-2023. This funding will provide coordination, outreach and complex needs support to rough sleepers and those in risk of rough sleeping.
- Appointed a Housing Pathway Coordinator to deliver the RSI.
- To address the needs of clients experiencing domestic abuse, appointed a dedicated Domestic Abuse Coordinator to support clients and signpost to partner agencies.
- Published and updated the Homeless Guide. This guide includes details of the help available within the District for people who are homeless or rough sleeping, or at risk of becoming homeless.
- Worked in partnership with West Kent Housing Association to enable a total of 4 Housing First units of accommodation at Orchards Close.
- Worked in partnership with West Kent Housing Association and Kent County Council to submit a successful Rough Sleeping Accommodation Programme funding bid to deliver 7 units of supported accommodation for rough sleepers, with Kent County Council providing support through their Kent Homeless Connect Service. The Council contributed £269,000 Section 106 monies to help bring forward the redevelopment of the scheme.
- Vine Court Road, supported accommodation completed in September 2022 and 2 residents have moved in. Support for residents is being provided by Look Ahead.
- The increase in our Accommodation Officer capacity has enabled the provision of additional support to households placed in temporary accommodation, assisting them to identify items needed to set up home in their temporary or move on accommodation, and resolving issues whilst living in temporary accommodation.
- Provided in collaboration with West Kent Housing Association and Moat Housing 46 self-contained temporary accommodation housing units, which are cost neutral to the Council and enables households to stay within the District rather than be housed out of area.
- The Council worked with HFT (a charity providing housing and support for adults with learning difficulties) to change the use of an empty property in Edenbridge and provided funding from the Homelessness Prevention Grant to develop safe and secure move on accommodation for up to 6 mothers and



babies. The scheme completed in September 2002 and will welcome the first residents late October 2022.

- The Housing Service structure was revised in 2020-2021 and a new manager post was created to oversee both the Homelessness Prevention, Advice and Register/Allocations teams.

### Homelessness

#### National Context

#### Homelessness Legislation and Policy

The homelessness legislation is set out in Part 7 of the Housing Act 1996 and provides the statutory framework and duties for local housing authorities to provide assistance to people who are homeless or threatened with homelessness.

The legislation was amended via the Homelessness Act 2002 and the Homelessness (Priority Need for Accommodation) (England) Order 2002. These amendments required housing authorities in England to formulate and publish a Homelessness Strategy based on the results of a review of homelessness in their District.

The legislation extended the groups of people who housing authorities had a homeless duty towards, now including homeless 16 and 17 year olds, care leavers aged 18 to 20, people who were vulnerable as a result of being in care, the armed forces, prison or custody and people who were vulnerable because they had fled their home due to violence.

The Homelessness Reduction Act 2017 came into effect on 3 April 2018 and significantly reformed England's homelessness legislation by placing duties on housing authorities to intervene at earlier stages to prevent homelessness in their areas. Housing authorities are required to provide homelessness services to every household who is homeless or threatened with homelessness, and not just those who are considered to be in priority need. These duties include:

- An extension to the period that a household is considered to be threatened with homelessness, from 28 days to 56 days, meaning that housing authorities are required to work with people to prevent homelessness at an earlier stage.
- A new duty to take reasonable steps to prevent homelessness for every household that is threatened with homelessness. This duty can generally take effect for a period of up to 56 days.
- A new duty for those who are already homeless so that housing authorities will take steps to support households to relieve their homelessness by helping them to secure accommodation. This duty can generally take effect for a period of up to 56 days.
- A new duty to refer, where public bodies in England will have a duty to refer an individual's case (with consent) to an identified housing authority.

The Homelessness Reduction Act has reformed homelessness prevention services.

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The Government formed a Rough Sleeping Strategy 2018 and an Advisory Panel to support delivery of the strategy which aims to halve rough sleeping by 2022 and end it by 2027.

There are a number of activities that the Council must undertake in order to meet the requirements of the Act. To provide some context, the following is intended as a brief summary of the customer journey through our services since the Act was introduced and sets out the key activities and duties imposed on local authorities to prevent or relieve homelessness.

**A customer approaches the Council directly or is referred by another statutory body under the Duty to Refer, then:**

- The Council investigates the housing application to see if the customer is already homeless or may be homeless within 56 days.

**If the customer is already homeless then under the Relief Duty the following actions are taken by the Council:**

- Reasonable steps to help the customer find accommodation.
- If the customer has no local connection to Sevenoaks District, the Council can refer the customer to another authority under the Power to Refer.
- Works with the customer to form a Personal Housing Plan.
- If homelessness is not relieved, continues to assess the customer's circumstances and apply the remaining tests of homelessness.
- Make a main housing duty decision.

**If the customer could become homeless within 56 days, then under the Prevention Duty the following actions are taken by the Council:**

- Takes reasonable steps to prevent homelessness.
- Works with the customer to form a Personal Housing Plan.
- If homelessness is not prevented, then a Relief Duty is owed.

**If the customer is not homeless now or threatened with homelessness within 56 days:**

- Has a duty to provide advice and information.

### **Changes in Legislation**

Since the adoption of the Council's Homelessness Strategy 2016-2021, there have been other substantial, ongoing legislative changes impacting accommodation and provision of services to people in housing need. These are discussed below:

#### **The Tenant Fees Act 2019**

This Act prohibits landlords and letting agents from requiring a tenant, licensee, or other relevant person to pay fees, other than permitted payments, in connection with

specified private rented sector tenancies/licences. This would normally come in the guise of renewal fees or credit check fees. It caps all deposits to 6 weeks' equivalent rent. This is a positive change as it makes access into the private rented sector more affordable as upfront fees and rent deposits are minimised.

### **The Homes (Fitness for Human Habitation) Act 2018**

This requires a landlord to ensure his property meets minimum safety standards. Violations can range from mould, small, cramped living spaces, lack of adequate sanitation facilities, insecure doors, and windows, excess cold and potential for trips and falls. This Act empowers tenants to obtain redress in the courts for sub-standard accommodation. Poor standard accommodation in the private sector can increase the need for tenants to move to more suitable and affordable social housing.

### **Renters Reform Bill 2022**

This proposed to amend the Housing Act 1988 to abolish Assured Shorthold Tenancies. Thereby disabling a landlord's ability to commit to a fast track eviction under Section 21 of the Housing Act, as this section will be repealed. Although more grounds for eviction will be introduced in the Bill, it will oblige landlords to prove the grounds of the eviction to a Court. Removing the fast track to evictions approach, substantially increases the security of tenure for private renters. The Bill is currently going through the legislative process.

### **Planning for the Future – Planning White Paper, 2020**

The White Paper was launched on 6 August 2020, alongside a Government consultation on changes to the planning system. The proposed changes covered a number of key areas including delivering First Homes.

First Homes are homes for sale to first time buyers, at a discount on market value, with such discount held in perpetuity. The District Council does not have an up to date Local Plan, therefore First Homes are required to be included as an affordable tenure. In December 2021, the District Council introduced a local First Homes policy to ensure new homes are available and affordable to as many local people as possible. The local policy gives priority to those with a local connection to the District, it stipulates a 50% discount compared with the national cap of 30%, and it sets a reduced income cap compared with the national cap. The concern remains that the inclusion of First Homes in the calculation of a developer's contribution to affordable housing under a Section 106 agreement may reduce the number of social rent, affordable rent and shared ownership (part rent/part buy) homes being provided. The local First Homes policy and wider affordable housing policy are being viability tested as part of the emerging Local Plan process.

The consultation considered the threshold for developer contributions. Planning Practice Guidance Planning states that contributions (including affordable housing) should be sought only for major developments, which for residential development means 10 or more homes or a site with an area of 0.5 hectares or more. The consultation document proposed to extend the support given to economic recovery by raising the threshold to developments comprising 40 or 50 homes. In Sevenoaks District, any increase to the threshold would have a significant detrimental effect on

## Agenda Item 9

our ability to provide new affordable housing. Following sustained public concern, the proposal was dropped.

On 2 February 2022, a Levelling Up White Paper was launched. Many of the white paper's provisions – such as those for encouraging the use of brownfield land and promoting beauty and good design – were foreshadowed in the white paper Planning for the Future. The potential impact, should the government's proposals be implemented, would be an acceleration of the delivery of infrastructure and housing development but not necessarily affordable housing.

### **Homelessness in a County wide context**

#### **Kent Homeless Connect**

Kent County Council is the lead partner for Kent Homeless Connect, where support is delivered by Porchlight, Look Ahead and a network of specialist providers on behalf of Kent County Council, helps vulnerable people who are homeless or at risk of becoming homeless.

The service is available to vulnerable adults living in Kent, aged 18 and over, with complex support needs (such as mental health, substance misuse problems, or learning difficulties) who are:

- Rough sleeping
- Homeless
- At risk of becoming homeless
- Impacted by homelessness

In addition Kent County Council help those move away from homelessness for good, by bringing together elements of outreach, supported accommodation and floating support to offer tailored support to:

- Vulnerable people
- Enable them to be healthy
- Find a stable home
- Manage their tenancy or their finances

#### **Kent Housing Options Subgroup**

The Council are members of the Kent Housing Options Subgroup. All the Kent Local Authorities and Medway Council are represented on this group, which works together to improve on excellent Housing Option services provided across the County, to monitor performance, share best practice and liaise with partner organisations and agencies.

The aim of this subgroup is to continue to share best practice in terms of homelessness, housing options, allocations, lettings and service delivery. To respond and ensure that services are monitored and developed to meet changes in legislation,

to explore solutions and working practice to assist in the delivery of new affordable urban and rural housing.

### **Homelessness in a Local context**

Tackling homelessness and rough sleeping is a priority for Sevenoaks District Council and there is a corporate commitment to make real improvements to the lives of local people who are homeless or threatened with homelessness, this is reflected in the Council's strategies and plans.

COVID has had a significant impact on the UK as a whole. In Sevenoaks District, there were 16 known rough sleepers at the start of lockdown, however 29 individuals were helped into accommodation in response to the Everyone In initiative, of which 24 individuals were helped to move on once the lockdown ceased. This is a significant success in a period of unprecedented circumstances. However, it highlights the hidden homelessness in the District.

It remains important for the Council's Housing and Health service areas to work collaboratively to find suitable local solutions for providing access and referrals to health and social care services, as well as access to education, employment, training and advice that will help to build housing and health resilience across the District.

There has been a rise in the percentage of pensionable age and elderly people living within the District. This is the fastest rising population demographic in the country and is reflected locally, which will require careful thought about longer term housing and wellbeing solutions that are suitable for an ageing population.

### **Rough Sleeping**

Rough sleeping in the District is traditionally low in comparison to national statistics. All English Local Authorities are required to carry out either an annual estimate or count and report the figures back to central Government about the number of people known to be rough sleeping on a given night. We have seen the numbers of people reported as sleeping rough gradually reduce since 2017 and in November 2021, we counted only 1 rough sleeper in the District during the official count with DLUHC.

We know that many people sleeping rough require more support than just somewhere to live and need help from other services to help manage issues such as mental health and substance abuse. It is therefore critical that we ensure vulnerable people who are homeless or at risk of homelessness can access the appropriate help and support.

The COVID Everyone In initiative whereby all Councils were required to accommodate all rough sleepers regardless of duties owed to them, demonstrated in many cases that rough sleepers would take up offers of accommodation if it meant the risk to them was reduced and the offer was more desirable to their aspirations. Therefore, providing a range of accommodation in the District that will improve the housing offer and meet a wider range of needs, will continue to be our priority and

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longer term solution for customers in housing crisis.

The Council have commissioned Porchlight to deliver an outreach and complex needs service to identify and support people who are found to be rough sleeping or identified as single homeless in the District. This is funded through Rough Sleeper Initiative funding.

Since 2017 we have focussed on increasing the options available to rough sleepers and ensuring accurate verification of rough sleepers based on the agreed definition.

From our data we can confirm that over the course of the year 2021-2022 a total of 40 individuals were reported as rough sleeping. Of the 40:

- 16 were verified as sleeping rough
- 24 reports gave insufficient information to attempt or rough sleepers were not found for verification

Of those 16 who were verified rough sleepers:

- 13 were assisted to secure other accommodation or refused/did not engage with the Council

Verification of any reports received about people sleeping rough requires additional staff time but is vital to ensure that those sleeping rough are engaged with at the earliest opportunity.

### **Severe Weather Emergency Protocol (SWEP)**

The Council operate SWEP during periods where the weather is forecast to be 0 degrees or lower for 3 consecutive days. This protocol is very similar to the Everyone In initiative but has traditionally only been activated at the coldest times of year.

We provide financial support to anyone wishing to access SWEP beds and provide an opportunity for rough sleepers to engage with other local health and support services, with the aim to reduce the risk of them returning to the streets when the weather improved.

Our data so far indicates that to fully meet the needs of rough sleepers and achieve the Government's goal to end rough sleeping by 2027, we need to:

- Monitor the current levels of rough sleeping, and resource services to tackle this.
- Monitor future likely levels of rough sleeping and put support in place to mitigate this.
- Work with partners to secure appropriate accommodation for those who are rough sleeping or are threatened with homelessness and to help them build housing resilience.
- Review effectiveness and quality of accommodation offers to rough sleepers and develop an improved housing offer.

## The Overall picture

### Who seeks help with housing?

Whilst the small number of households who are rough sleeping place an urgent demand for housing services, there are a greater number of people who are assessed by the Council as being threatened with homelessness within 56 days or at immediate risk of homelessness. Of the 377 households in 2021-2022 who were owed a statutory homeless duty, 205 were owed a prevention duty compared to 145 the previous year, and 6 were homeless and owed a relief duty compared to 128 the previous year. In 2021-2022 a further 622 were not threatened with homelessness within 56 days and therefore no duty owed however these households would have received advice and information to assist them in finding a housing solution. This demonstrates that most work undertaken by the Housing Service relates to homelessness prevention. Housing and homelessness enquiries are predominately received through applications made online to join the Housing Register, contact by telephone and email and some direct face to face contact with the duty housing officer. The team provide a triage role for initial face to face and telephone enquiries and assist residents with form filling when necessary. All calls received by the Council for housing related enquiries go through the Customer Solutions Team initially and are passed to the Housing Service when more complex advice is required, or the customer advises that they are at risk of homelessness.

There is a dedicated email address to receive referrals under the Homelessness Reduction Act Duty to Refer, and specified officer in the Housing Service is the single point of contact for such referrals. Households with an open Housing Register application can use their individual registration log in details to email updates on their circumstances direct to the Council's housing case management system. The number of general housing advice enquiries taken is not recorded by the service, but data is available on the number of advice and prevention cases opened (prior to 2018) or registered as a working case through the HCLIC system, post 2018 when Act was implemented. It will be important to improve the monitoring of general housing advice enquiries, to better understand the demand for services and the quality of advice offered at each point of contact.

In the last 3 years, it is estimated that 2,526 people each year approach the Council to request advice and assistance about their housing circumstances. Some of those approaching only require general one off advice and are then able to independently resolve their housing issue. Other households require intervention and additional support, and prior to the introduction of the Act this was dealt with through advice and prevention work, to help the customer resolve their housing difficulties.

Since the introduction of the Act in April 2018, we have had to change the way cases are processed or recorded and actions closed. Due to this, it is difficult to compare data and trends from previous years. This review has highlighted the potential for variations in how housing data is recorded and the opportunity to record the number of contacts with the service to demonstrate the true demand. The people needing to access our service come from all demographics in Sevenoaks District.

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### Household composition

The table below shows the household makeup of housing applicants to whom the Council owed a prevention duty as the household circumstances demonstrated that they were at risk of homelessness within 56 days.

Year	Total owed prevention duty	Family with Dependent Children	Single Male Adult	Single Female Adult
2018-2019	342	180	80	82
2019-2020	203	114	46	43
2020-2021	145	72	34	39
2021-2022	205	105	54	46

The highest demand for homelessness prevention services comes from single female parents with children, followed by single male adults, and couples with dependent children.

The table below shows the household makeup of housing applicants to whom the Council owed a relief duty as their circumstances demonstrated that they were homeless or at risk of immediate homelessness.

Year	Total owed relief duty	Family with Dependent Children	Single Male Adult	Single Female Adult
2018-2019	81	40	32	9
2019-2020	76	21	37	18
2020-2021	128	43	58	27
2021-2022	6	21	29	16

The highest need and demand for housing and homelessness services is from single male adult and single female parent households, both of which require very different accommodation and support solutions. It will be important to ensure the housing offer in the District can accommodate both and that proactive communications are targeted to provide advice and support at the earliest opportunity before crisis happens in order to raise awareness and prevent homelessness.

### Support needs

It is recognised that the many customers needing assistance to prevent homelessness or to relieve their homelessness have other support needs. Government data shows that households did not disclose a support need. The highest support need is that of mental health support. This is explored further below.



### **Mental Health issues**

A household's support needs are considered as part of the assessment of their overall housing need and the duties owed by the Council to relieve or prevent homelessness. Mental health can impact on a household's ability to sustain their accommodation and therefore we work in partnership with mental health services to ensure that customers are informed about the help and support available to them. As a general provider of service in mental health, Kent NHS Foundation Trust delivers NHS mental health services outside of hospital, at home and within the community. The Trust helps those living with mental health needs to manage their current health and live independently.

### **Physical or Health disabilities**

In assessing whether the duty is to prevent homelessness or relieve it, we will consider the individual circumstances and establish if the household's existing home is suitable to meet their needs. Where the property cannot be modified and is unsuitable, there may be a duty to accommodate them (relief duty). If the household's circumstances warrant a prevention duty, this will be established following completion of inquiries and the housing need assessment. Modifications to accommodation to make it suitable to meet the longer term needs of households with disabilities, can be achieved by a disabled facilities grant, small works grant or an adaptation. It may be the case that a referral to Adult Social Services under a Safeguarding Protocol is necessary. To assess the needs of those stating they have physical needs, our assessments are guided by an inhouse Occupational Therapist that works jointly across the Council and Kent County Council.

### **Drug or Alcohol dependency**

If, at the time of approach for housing assistance, an individual is misusing substances and not engaging in specialist support, they are encouraged to engage through a Personal Housing Plan to access and engage with relevant support services (Homelessness Reduction Act duty). This is because stability needs to be established in order to maintain a long term tenancy. A tenant will need to control, manage, or resolve their substance misuse habits in order sustain their tenancy and money management.

As part of Personal Housing Plans, individual households can be referred to support services or can access support themselves via the Council grant funded or commissioned services such as debt and money advice and drop in services provided by Citizens Advice.

### **Age of applicant**

Of those who we owed a homelessness duty to 387 in 2021-2022 approximately 200 were aged between 18 and 34 years; 157 were aged between 35 and 64 years and the remainder aged 65 or higher. A snapshot of our Housing Register in October 2021 indicates that the majority of housing applicants across the whole register in the

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Sevenoaks District are aged between 18 and 64 years with an increasing number of households in the 80 plus age group. The homelessness duty and Housing Register data largely reflect each other and the local population statistics. It will be important to ensure a continued supply of affordable accommodation to meet all age ranges and needs but due to the impact that Welfare Reform changes have on affordability of accommodation, this will increase demand, particularly for those affected by benefit caps and inability to claim benefit for accommodation that has bedrooms surplus to requirements.

Young people face significant difficulty in accessing accommodation. This is due to life inexperience, parental or home exclusion and poor financial power. Therefore, special attention needs to be given to this age group.

### **16 and 17 year olds**

If a young person aged 16 or 17 presents as homeless, every attempt is made to assist them to return home, where it is considered safe to do so. We consider the home, if safe, to be the most appropriate and effective place for them to be for financial security and support.

All young people in this age category are initially referred to Kent County Council's Social Services who have a Resettlement Team, to try and facilitate a move home wherever possible. If this cannot be achieved, a joint assessment will be carried out to establish whether the young person is to be supported under Section 17 or Section 20 of the Children's Act 1989. Kent County Council identifies that all 16 and 17 year olds at risk of homelessness within the County are assessed under the Children's Act 1989 and ensures there is a pathway for care leavers, with housing options available to them. This arrangement has been positive in ensuring that only 1 out of 13, 16 or 17 year olds have needed to be placed into temporary accommodation over the period of the review.

### **18 to 34 years old Single Person Households**

Sevenoaks District is covered by two Broad Rental Market Areas (these are areas in which Local Housing Allowance rates are set). These rates have been frozen for all property types since 2012, whilst rental prices have continued to increase annually.

As Welfare Reform changes have meant that single young people under the age of 35 are not eligible to claim the full amount of benefit to cover the cost of rent on a 1 bedroom flat, there is a significant shortfall between the contractual rent and the single room allowance. This has an impact on affordability and increasing demand for more affordable social housing.

### **Family Households**

Whilst families are not impacted by the same benefit restrictions as single person households, they still face significant issues when it comes to being able to secure accommodation where they are in receipt of low income or are impacted by the benefit cap introduced by Welfare Reform changes. This can make the private rented

sector unaffordable for some families and increases the demand on social housing. The number of households applying as homeless as a result of parental eviction or unable to stay with family/friends has consistently been the most common reason for homelessness, falling in front of domestic abuse and loss of an assured shorthold tenancy.

### Ethnicity of lead applicant

A snapshot of the Council's Housing Register in October 2022 shows the ethnicity of the lead housing applicant. The majority fall within the White Welsh/English/Scottish/Northern Irish/British ethnicity group or White any other background group. The second largest group includes White Other origin.

<b>Ethnicity of lead applicant</b>	<b>2021-2022</b>
Asian or Asian British - any other	6
Asian or Asian British - Bangladeshi	8
Asian or Asian British - Indian	5
Asian or Asian British - Pakistani	5
Black or Black British - African	13
Black or Black British - any other	0
Black or Black British - Caribbean	9
Chinese	0
Irish	4
Mixed - any other background	2
Mixed - White and Asian	1
Mixed - White and Black African	3
Mixed - White and Black Caribbean	13
Arabic	3
Not stated	205
Other	0
Other ethnic origin	4
White Welsh/English/Scottish/Northern Irish/British	680
White - Any other background	38
<b>Total</b>	<b>999</b>

It will be important to ensure our data collection and analysis identifies any gaps in provision of housing services and how we can better target the information and advice to support improved access and understanding. The learning from responses to COVID and input from people with lived experience of homelessness and rough sleeping will help us to better understand how we can reduce any barriers to housing across different ethnicities and cultures.

### Prevention and Relief work at Sevenoaks District Council

#### Enquires, Advice and Closure

The table below shows how data is recorded since the introduction of the Act and the information submitted to DLUHC. This does not record the total number of

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households who contacted the service and who were assisted with advice and information, therefore it is not the full picture of service demand. However, the data recorded does show that since 2017 there has been an increase in the number of people who were assisted by the Council to prevent their homelessness (under Prevention Duty) without the need for them to be placed into emergency, temporary or other accommodation by the Council (Relief Duty). This suggests that the Council's Housing Options service continues to be effective in implementing the requirements of the Act. a focus on homelessness prevention and early intervention.

### Duty Acceptances

As explained earlier the Homelessness Reduction Act places extra duties on Councils towards the public by extending definitions of *threatened with homelessness* and introducing a *Relief duty*, therefore it is important to separate the assistance given under each of the duties and the other cases where advice may have been given and the case closed. Cases where duties are accepted take up the majority of officer time and therefore are an indicator of substantial housing need and homelessness in general.

### Number and reason for homelessness approaches 2019-2022

Reason for Homelessness	July 2019	July 2020	July 2021	July 2022	Total
Domestic Abuse	5	3	8	13	29
End of Private Tenancy	5	9	13	14	41
End of Social Housing Tenancy	3	2	5	4	14
Family/friends no longer will to accommodate	7	39	28	18	92
Left Prison	0	5	3	2	10
Left Hospital	0	0	0	2	2
Disrepair	1	0	2	3	6
Relationship Breakdown	0	2	6	1	9
Other	6	15	9	2	32
<b>Total</b>	<b>27</b>	<b>75</b>	<b>74</b>	<b>59</b>	<b>235</b>

The chart clearly demonstrates an increase in 'family and friends no longer willing to accommodate' in July 2020 (39) at the start of COVID.

A further spike in approaches due to applicants fleeing domestic abuse is shown in July 2022 (13). This increase follows the Domestic Abuse Bill being signed into law on 29 April 2021 which placed the following duties on local authorities:

- A duty on local authorities in England to provide support to victims of domestic abuse and their children in refuges and other safe accommodation.

- Provide that all eligible homeless victims of domestic abuse automatically have priority need for homelessness assistance.
- Ensure that when local authorities rehouse victims of domestic abuse, they do not lose a secure lifetime or assured tenancy.
- Provide that all eligible homeless victims of domestic abuse automatically have priority need for homelessness assistance.

There is evidence of an increase in private tenancies coming to an end in the July 2022 (14) snapshot. This may in part be due to a number of reforms put forward in a new White Paper, including the abolition of Section 21 (non-fault evictions).

### Prevention outcomes

The main difference in the actions taken to prevent and resolve homelessness before the introduction of the Act and after, is that the need to assess *priority* and vulnerability at prevention stage has been removed and the level of all service is universal.

Most advice and prevention work is demonstrated in the arena of closed advice given, and interventions followed by case closure. It demonstrates well, the escalation of prevention work and it highlights the need to continue our commitment to provide outreach support and upstream prevention work. For many households, this will reduce the need for them to approach the Council at crisis point.

### Methods of prevention

Using internally recorded data, the table below shows the method in which Homelessness Preventions were attained:

Prevention Measure	2020-2021	2021-2022
Mediation and/or counselling	86	24
Other assistance to remain in Social or Private (buying customers food)	1,097	2,037
Conciliation with friends/relatives	29	48
Resolving rent issues in Social or Private (clearing rent arrears)	78	23
Crisis intervention by Mental Health teams	123	234
Secured debt advice (IVA, DRO Bankruptcy)	63	73
Mortgage Holidays	17	1
Information and advice only	1,236	1,464
Total	2,643	3,904

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### **Secured Social Housing**

The most effective tool to assist households to move to alternative accommodation is through an offer of accommodation via the Housing Register. As we are working within the Act duties, a formal Part 6 offer to discharge a full homeless duty is now rare. This rise shows that there is a dependence on affordable accommodation being available to help prevent homelessness within the District.

The Housing Register is for people in housing need and who have a connection to the District. People are assessed against an approved allocation scheme which provides criteria to assess a household's housing need and their eligibility for social housing in the District based upon their current circumstances. Households are nominated to properties owned by Registered Providers and allocated through the HomeChoice scheme. HomeChoice allows eligible applicants to apply for up to 3 suitable properties each week that meet a household's housing need, anywhere within the Sevenoaks District. We currently allocate certain properties under specific circumstances to households in reasonable preference groups such as vulnerable homeless households and those fleeing domestic abuse. These households, when owed a homeless duty, are made 1 offer of accommodation. The new Housing Allocations Scheme extends the 1 offer only policy to all applicants, except those seeking 55+ housing or those downsizing. Our recent experiences with Everyone Into deal with the COVID crisis demonstrates we should consider households who are rough sleepers as a reasonable preference group.

### **Assisted to Private Rented Sector accommodation**

Our second highest prevention tool to assist households to move to alternative accommodation is a move to the private rented sector, including support with rent deposit and rent in advance, subject to eligibility. Since adoption of the Core Strategy and the accompanying Affordable Housing Supplementary Planning Document 2011, over £275,000 Section 106 affordable housing commuted sum monies have been allocated to this area.

### **Information and Advice only**

It is positive that many cases were resolved by issuing advice. Reconciliation with friends/relatives and advocacy were strong avenues of resolution and going forward all Housing Advice Team members will be trained further in such techniques. When mediating between disputing families and giving advice, the team aims to set out realistic expectations of what the Council can offer via a homeless application or the Housing Register.

### **Homeless Decisions and Acceptances**

With the introduction of the Homelessness Reduction Act, the need to make *main homeless duty* decisions have dramatically reduced as this action is now regarded as a last resort should other duties not be successful. The upstream prevention model traditionally adopted by the Housing Options Team is now legislated and this has

resulted in most cases ending with a prevention action.

**Accommodation outcome following acceptance of Relief and main homeless duty**

The only Homelessness Reduction Act duties that require an accommodation solution are relief duties and main duties. If a household has not obtained long term secure accommodation within 56 days, the authority is then obliged to make a full homeless decision where a full assessment of events leading to homelessness are considered. In these cases, on some occasions it can be assessed that the household does not qualify for further assistance.

We discharged our duty to most of the households we accepted as homeless, following an accepted nomination into social housing provided by Registered Providers. Homeless households, to whom we accept a homelessness duty, are placed on auto-bidding on the HomeChoice scheme and will receive 1 suitable offer of accommodation as per our revised Allocations Policy.

**Prevention versus Homeless Relief Duties**

Threatened with Homelessness (Prevention Duty owed) Homeless (Relief Duty owed) Under the Allocation Policy we can add a preference for homeless or transfer applicants, to manage temporary accommodation and meet the specific needs of certain households. However, this is used very sparingly to ensure that other groups are not disadvantaged.

The Council can discharge our duties by way of a Private Rented Sector Offer, where suitable private rented sector property is available.

**Use of a Part 6 offer to end homelessness (Reliance on Social Housing)**

When a household is housed by being offered accommodation through the Housing Register, it is known as a Part 6 offer of accommodation (under the Housing Act 1996). This is applied where prevention actions have been exhausted.

This table shows out of all Sevenoaks District housing allocations 21% in 2020-2021 and 27% in 2021-2022 were provided to homeless applicants.

	<b>2020-2021</b>	<b>2021-2022</b>
General	115	95
Homeless	49	58
Key worker	Unknown	Unknown
Transfer	73	62
Total	237	215

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The percentage of lets to homeless households has risen by 6% in the last financial year.

### Availability of new Affordable Housing Delivery

During the period of the review we have seen the number of allocations to Registered Providers accommodation fall slightly. This is partly due to a reduction in delivery of proposed new builds and a reduction of allocations to homelessness cases demonstrated later.

Year	Number of allocations to SDC nominees
2018-2019	357
2019-2020	355
2020-2021	317
2021-2022	209
<b>Total</b>	<b>1,238</b>

Sevenoaks District is bound by strict planning constraints. It is 93% Green Belt and over 60% Areas of Outstanding Natural Beauty. These constraints mean the delivery of new homes has never been easy. However, delivery was further severely impacted by COVID, as was the case across the nation. The rising cost of raw materials and labour/materials shortages are continuing to have an impact. If the Government takes forward proposals to raise the site threshold triggering affordable housing contributions, this will further inhibit our ability to secure new homes.

The table below shows that the number of affordable properties delivered over the period of the review:

Type of property	2017-2018	2018-2019	2019-2020	2020-2021
All dwellings (net)	378	254	426	213
Affordable Housing (gross)	49	71	206	22
% of affordable to market	13%	28%	48%	10%

The provision of new, onsite affordable housing is only triggered on development sites comprising of 10 or more homes. Provision is subject to viability testing. Owing to the nature of Sevenoaks District, a sizeable proportion of development sites comprise less than 10 homes (small sites). Where small sites are located in Designated Rural Areas (S157 of the Housing Act 1985) and comprise 6–9 homes, National Planning Policy Framework gives scope for local policy to be adopted. The District Council has adopted local policy, meaning commuted sum payments are triggered in lieu of onsite provision.

There continues to be a gap in the provision of genuinely affordable housing (Social Rented and Affordable Rented housing) in the District and there are actions set out in the Housing Strategy 2022-2027 to address this.



The table below shows affordable housing completions broken down by tenure

Year	Social Rented	Affordable Rented	Shared Ownership	Other tenures	Total
2017-2018	0	23	26	0	49
2018-2019	0	53	18	0	71
2019-2020	0	95	107	4	206
2020-2021	2	0	20	0	22

### Other Accommodation Options

With the data showing a drop in allocations to Registered Providers and a fall in new affordable housing completions in future, other ways to fulfil housing obligations are needed. It will be important to make best use of and improve housing conditions in the private rented sector so that this remains an attractive option to households who can afford to rent privately.

### Access to Private Rented Accommodation

The private rented sector can be a realistic housing option for households in housing need. Although it is generally more expensive and offers shorter tenancies than the social housing sector, it can respond quicker to demand and provide more flexibility. However, for those on lower incomes, including those in paid employment, the choice of suitable private rented accommodation that is affordable can be limited.

With the Government legislating the abolition of non-fault evictions, the economic downturn post COVID and tightening of tenant rights, there is a concern that the number of private sector landlords letting properties in the area may be reduce. We need to proactively promote the opportunity with private sector landlords (through the Landlords Forum or publicity) to let their properties through our Landlord Incentive package. Working with households on our register via Personal Housing Plans, to explore private rented sector property as a housing option will be important but the cost may, for some households, make this prohibitive.

The high private market rental values in the area is fuelled in part by Sevenoaks being well placed with good transport links to London. Sevenoaks District is recognised to be one of the most expensive places to live when comparing median earnings to property prices.

For households in receipt of full or part Local Housing Allowance, there is likely to be a shortfall between local housing allowance rates and local rents, as shown in the tables below:

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### Shortfall between LHA rates and local rents

Property Size	LHA Rate - North West Kent BRMA (£ pw)	Average Rent for Swanley (£pw)	Shortfall per week (£)
1 Bed	£155.34	£221.00	£65.66
2 Bed	£195.62	£288.46	£92.84
3 Bed	£241.64	£406.15	£164.51
4 Bed	£299.18	£496.15	£196.97
Property Size	LHA Rate - High Weald BRMA (£ pw).	Average Rent for Sevenoaks Town (£pw)	Shortfall per week (£ pw)
1 Bed	£159.95	£248.31	£88.36
2 Bed	£207.12	£412.15	£205.03
3 Bed	£260.05	£573.46	£313.41
4 Bed	£345.21	£690.46	£345.25

Data sourced September 2022 – [Home.co.uk](https://www.home.co.uk)

Property Size	LHA Rate - North West Kent BRMA (£ pw).	LHA Rate - High Weald BRMA (£ pw).	Average Rent across District 2021/22	Shortfall per week (£)
1 Bed	<b>£155.34</b>	£159.95	£224.31	£68.97/£64.36
2 Bed	<b>£195.62</b>	£207.12	£300.46	£104.84/£93.34
3 Bed	<b>£241.64</b>	£260.05	£379.85	£138.21/£119.80
4 Bed	<b>£299.18</b>	£345.21	£752.54	£453.36/£407.33

Whilst the average rent charged within the private rented sector varies based upon demand at any given time, the table above provide a snapshot of the difference between the market/average rent being charged within the District and the shortfall for residents requiring support from Local Housing Allowance towards their monthly rent. This highlights the difficulty that many people on low incomes have with being able to identify accommodation they can afford and demonstrates why many landlords are reluctant to accept tenants claiming benefits. We are aware anecdotally, of landlords stating that they are unable, as a condition of their insurance, to let to tenants in receipt of benefits and our landlord offer includes cover for this via Help2Rent.

We are aware that affordability issues impact on those claiming out of work benefits and households where one or two members are in paid employment, still find it difficult to afford local rent levels.

### Property Standards

Between 2017-2021, the Council issued 45 Enforcement Notices and improved 26 homes through enforcement action.

Houses in Multiple Occupation licensing was introduced in 2006 but extended to more premises from 1 October 2018 when the original requirement that premises only had to have a licence if there were 5 or more tenants forming 2 or more households, and had 3 or more storeys, was changed so that it applied regardless of the number of storeys. The legislative change resulted in an increase of 31% (5) of licensed Houses in Multiple Occupation. The number does fluctuate because of new Houses in Multiple Occupation being created and others ceasing to operate. Licenses typically last for 5 years, so there is a regular turnover. Houses in Multiple Occupation with fewer than 5 tenants are not subject to mandatory licensing but are subject to broadly similar standards and are checked periodically.

Between 2017–2021, the Council granted 371 Disabled Facilities Grants. The works carried out with grant funding ensure residents can remain safely in their own homes and continue to enjoy independent living. This prevents residents needing to be rehoused.

Between 2017–2021, the Council granted 173 Safe and Secure Grants which are designed to reduce admissions to hospital and promote independence that could include repairs or modifications to stairs, floors and steps, safety and security repairs or providing additional property modifications to promote independence for customers with a specific disability, diagnosed condition (or written evidence supporting a condition) with a Dementia to ensure they reside in their own home as long as possible.

Between 2017–2021 the Council granted 62 Hospital Discharge Grants which is to provide support to any customer being discharged from hospital. A Better Care Coordinator has been appointed funded through the Better Care Fund. This appointment has ensured that strong links between the Council and Health and third sector organisations have been built which in turn has provided opportunities to improve the lives of vulnerable people and in doing so provide a better service and quality of life.

### **Landlord Incentive Scheme**

The aim of Sevenoaks District Help to Let scheme is to encourage landlords to work with the Council to help to assist local families in housing need whilst reducing the risk and hassle of private sector renting.

Help to Let will provide a tenant matching service for local landlords from our client base, this will primarily be households that we have a duty to prevent or relieve their homelessness by securing alternative accommodation within the private rented sector.

In addition to the tenant matching service the scheme will offer the following services free of charge:

- No letting agency fees for tenant finding/matching services
- Right to rent checks carried out

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- A full electronic inventory prepared
- Check in and check out
- A single point of contact within our Accommodation Team
- Post – tenancy visit within the first 6 to 8 weeks
- One property inspection per 12 month tenancy
- £500 towards repairs during each 12 month tenancy period

The financial incentives available under Help to Let are flexible and be tailored to our individual households depending on the households needs. The basic financial incentives are as follows:

- Bond or cash incentive (equivalent of 6 weeks rent)
- Free landlord insurance provided in partnership with Help2Rent

These financial incentives support the landlord with the provision of Local Housing Allowance weekly/monthly rates for rental throughout the agreed period. All incentives with our Help to Let scheme are funded through our Homeless Prevention Grant.

28 Households have been rehoused under this scheme between April and October 2022. The majority of these households have been under a Prevention Duty.

### **Supported Housing Options**

Many homeless applicants need support to sustain independent accommodation in the long term. Access to supported accommodation, transitional, longer term and crisis support services can reduce the risk of repeat homelessness.

### **Discretionary Housing Payments and pressure on affordability**

Resolving rent issues in social or private rented sector involves the use of Discretionary Housing Payments which are administered by the Council's Revenues and Benefits Team. Discretionary Housing Payments are intended to support households to access or sustain their tenancies and are available to assist households for an interim period whilst they resolve their individual financial circumstances. They can be used to assist with clearing rent arrears, issues of affordability, benefit cap and in some cases for deposits or rent in advance to access new accommodation.

The Revenues and Benefits team work closely with the Housing Service to ensure customers are receiving advice and support where homelessness is identified as an issue for requesting support with Discretionary Housing Payments. Issues of affordability within the District have consistently been one of the main reasons for people seeking assistance with a Discretionary Housing Payments and affordability affects households in both the social and private rented sectors. In the period of this review, over £736,785 was awarded to residents in Discretionary Housing Payments.

The table below shows the number of payments awarded and the central Government contribution:

Financial Year	Total DHP awarded	Central Government contribution
2017-2018	£177,847	£198,116
2018-2019	£185,668	£190,679
2019-2020	£164,004	£164,643
2020-2021	£236,266	£238,106
TOTAL	£736,785	£791,544

If the central Government contribution to the Council is not fully spent, then it must be returned. Therefore, although we may endeavour to spend as much of the allocation as possible, if Discretionary Housing Payments are not made during a financial year's payment run, they will come out of the next financial year's contribution. This explains some of the differences in amounts awarded against contribution total. Although it is not possible to analyse Discretionary Housing Payments expenditure on homelessness prevention cases, awards of Discretionary Housing Payments have risen over the past 4 years.

### Use and availability of Temporary Accommodation

#### Use of Temporary Accommodation

The Council has a duty to offer Temporary Accommodation to:

- Households that present as homeless where there is reason to believe that they may be in priority need and they have nowhere to stay pending a homelessness decision.
- Households for whom following an assessment, a full homelessness duty has been accepted.
- Households deemed vulnerable and owed a Relief duty.
- Households who present themselves to the Council as homeless, are usually placed in temporary accommodation whilst enquiries are made into their circumstances, and a decision is made as to whether we owe a duty to continue to provide accommodation.

Officers work with applicants as far as possible to enable them to remain in existing accommodation until suitable temporary accommodation becomes available; however this is less likely to be possible for households who present at the point that homelessness has already occurred, and these households will be more likely to require emergency or Bed and Breakfast placements. Officers aim to place applicants into self-contained temporary accommodation if this is available. If there is a need for an emergency placement, or self-contained temporary accommodation is not

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available, Officers will make placements into Bed and Breakfast accommodation in the first instance. In some cases, households will then move on from Bed and Breakfast accommodation to self-contained temporary accommodation as soon as it is available.

### **COVID Everyone In impact**

Between 23 March 2020 and 4 July 2020 when the Prime Minister announced that lockdown restrictions would end, we accommodated around 80 households in temporary accommodation across 7 different locations at a total cost of £184,373.00. The costs continue to rise whilst some households remain in the temporary accommodation until suitable secure accommodation can be found for them.

### **Sources of Temporary Accommodation**

#### **Bed and Breakfast accommodation**

The Council have a small selection of options available to meet the needs of households requiring temporary accommodation. The option used will depend upon the urgency of the applicant's housing circumstances and availability of accommodation at the time of approach.

Where people approach needing accommodation in an emergency or with limited notice that they are to become homeless, the main option is likely to be Bed and Breakfast, which is paid on a nightly basis, or in a hotel.

Where out of area bookings are used, we strive to meet the requirements of households with work or school commitments close to our administrative boundaries. Some out of area bookings have been made at the request of the applicant, usually for personal safety reasons. These are only used as a last resort for a short period of time, until accommodation within the District can be identified.

Bed and Breakfast is not considered to be suitable accommodation for families and the law says it can only be used in an emergency and for no longer than a maximum of 6 weeks.

#### **Self-contained Accommodation**

If a homeless duty is accepted and the household has been placed in Bed and Breakfast or hotel accommodation as an initial placement, officers will look to move the household into self-contained accommodation at the earliest opportunity.

We have an agreement with West Kent Housing Association and Moat to provide 46 self-contained temporary accommodation units in the District.

#### **Time spent in Temporary Accommodation**

We work to limit the amount of time households have to spend in temporary accommodation. We provide support through our Accommodation Officers who

visits families to ensure they are maintaining their temporary accommodation and applying for suitable properties available through our HomeChoice system. If households are not applying for all suitable properties available within an advertising cycle, officers will place bids on suitable properties on their behalf, to ensure they move out of temporary accommodation at the earliest opportunity.

During the review period, the number of households who remained in temporary accommodation for over 12 months, increase during COVID and has since decreased during 2021-2022 with 104 accommodated for over 12 months.

The table below shows the time spent in Temporary Accommodation for those owed an immediate emergency accommodation duty:

<b>Time in Temporary Accommodation</b>	<b>2018-2019</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>Total</b>
Under 6 months	78	89	105	92	364
6 -12 months	39	49	72	56	216
1-2 years	110	128	236	104	578

### **Expenditure on Temporary Accommodation**

Households placed into temporary accommodation are charged rent whilst they are staying in the accommodation and can claim Housing Benefit to assist with this if they are receiving a low income.

<b>2017-2018</b>	<b>2018-2019</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021-2022</b>
£77,05.99	£332,773.33	£501,240.88	£860,170.44	£1,483,056.35

### **Funding towards Homelessness Responses**

#### **Homelessness Prevention Grant**

Central Government used to give local housing authorities funding for homelessness prevention work via a ringfenced grant. A few years ago, the ring fenced grant ceased, and the funding was incorporated into the Council's wider local government settlement but was visible as a discrete element of the total settlement. The Homelessness Prevention Grant allocation for Sevenoaks District Council is as follows:

<b>2018-2019</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021-2022</b>
£178,842	£264,630	£364,043	£434,897

This funding has been used by the Housing Service to support a range of community and voluntary sector groups to provide services within the District that are focused on supporting the prevention of homelessness. Examples of where this funding has

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been used include to assist with rent and mortgage arrears, alongside financial difficulties paying their utility bills.

### **Rough Sleeper Initiative funding**

The Council successfully bid for Rough Sleeper Initiative funding in 2021-2022 secured almost £300,000 under the Rough Sleeper Initiative 4 (RSI4) and a further £677,230 under RSI5 for 2022-2023. This funding will provide coordination, outreach and complex needs support to rough sleepers and those in risk of rough sleeping and our spend is programmed to deliver:

- Emergency Accommodation
- Imago Social Prescriber Service
- Housing Pathway Coordinator
- Assessment Resettlement Officer (Porchlight)
- Weekly Drop-in (Porchlight)
- Outreach Officer (Porchlight)
- Personalised Budget
- Private Sector Rented Funding

### **Accommodation for Ex-Offenders**

The service helps build partnership links and create housing pathways at point of prison release, risk of homelessness from family/host (client who has been offender history in the last 12 months), move on from specialist supported accommodation beds and hospital discharges.

A dedicated officer post provides an assessment, linked in with support under a prevention/relief duty.

This role links in with the Council's current outreach and inreach provision funded by RSI5, and as the Council upscale the prevention interventions in the District to prevention homelessness.

This service is part of the established HERO service, providing support and advice to people at risk of rough sleeping, prison charges, responding to duty to refers and ensuring all customers are assessed for a full homelessness assessment. The Council's HERO service is a responsive prevention service, with mediation, conflict resolution interventions, access to grant assistance for rent deposit and rent in advance private rented sector accommodation.

The service will continue to work to undertake prevention and relief assessments with providing rapid responses to prison discharges ensuring no one sleeps rough and no second night out in the District.

The Council housed 6 ex-offenders and are working with another 12, some of whom are due to be released from prison during November and December 2022.



### **Using Section 106 Affordable Housing Commuted Sum monies**

The Council has used Section 106 commuted sum monies totalling £6.269m to deliver 31 new affordable homes in the District, including 27 genuinely affordable homes where rents are capped at local housing allowance levels. Of these, 20 homes have been delivered by Quercus Housing across 2 schemes and 7 by West Kent Housing Association. The homes have been allocated to those on the Housing Register, with 15 homes specifically targeted at homeless households moving on from temporary accommodation and 7 for Rough Sleepers.

Section 106 monies have been used to fund initiatives which impact, directly or indirectly, on our homeless customers. These include a private sector landlords' incentive scheme to secure more homes in the private rented sector (see Assisted to Private Rented, above) and a downsizing incentive scheme to free up family sized social housing for reletting to those in need.

Total Section 106 monies expended on these various initiatives represents approximately 70% of all Section 106 monies spend since 2011.

### **Working in partnership**

Strong and effective partnership working has been key to the successful prevention of homelessness in Sevenoaks. Our partners include:

- Porchlight
- Look Ahead
- CGI
- Priority House (NHS)
- Highlands House (NHS)
- Littlebrook mental health unit (NHS)
- DAVS (domestic abuse services)
- CAB
- Cross Light Debt Assistance
- KSAS (KCC scheme for emergency support needs)
- Abacus for all furniture needs
- Department of Working Pensions
- Royal British Legion
- SSAFA
- IPAG (Kent Police)
- Stalking Charities
- Social Services
- GP Practices
- Probation services for ex-offenders
- CROP (citizen's right for older people)
- Criminal justice system
- West Kent Housing Association
- Moat

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Strong relationships, referral routes and jointly delivered services will continue to lead to better outcomes for the homeless.

### **Future Challenges and Priorities**

Looking ahead into 2023–2028, the Council with our partners and stakeholders need to assess the content of this review and taking significant national events into consideration, understand the challenges that might lie ahead. We have assessed that the following factors will shape the way in which services are delivered, and any Strategy going forward, should endeavour to tackle and overcome them.

#### **Challenges**

##### **Funding**

Partnership working can be destabilised by short term funding. Partners need confidence in long term funding to develop and mature services in our favour. Yearly and short term funding approaches can foster short term thinking.

##### **Affordability**

A lack of social housing and private rented affordable housing options within the District and accommodation for low income households. There is an overall affordable housing need for 423 homes per year, as set out in the Targeted Review of Local Housing Needs (TRLHN 2022). Between 2017-2021, the annual new delivery averaged at 87 homes. The private rented sector is increasingly unaffordable and the delivery in affordable housing has been impacted by the pandemic in 2020 and 2021.

To be genuinely affordable, a rent should cost no more than 35% of gross income. This equates to someone on an income of £45k (median income) paying a monthly rent of no more than £1,312. In 2020, rents in the lowest quartile (the lowest 25% of rents) across Sevenoaks District were £1,001, making it necessary for most people earning average incomes, to access some form of affordable housing. The lack of a local definition of what constitutes housing that is affordable to occupiers means that the current supply of new affordable housing may not be affordable to those in greatest need. This could create an increasing threat of homelessness as the supply of social housing is reduced and private rented sector accommodation becomes unsustainable or increasingly unaffordable

##### **Domestic Abuse services in Kent**

There is a pooled budget for County Council led commissioning of services to support people affected by domestic abuse.

##### **Customers with support/complex needs/older residents**

A need for increased accommodation and support services in the District for people who sleep rough; support for clients to be tenancy supported to enable them to access and sustain their accommodation with social and private landlords. We need

to ensure that a range of housing options are made available for younger people who have limited incomes, and older people and people with disabilities who require more support e.g. provision of additional Extra Care accommodation and accessible homes. The lack of an up to date Local Plan means we are currently unable to require homes that meet minimum standards, ie the Nationally Described Space Standards. As social housing tends to be let at maximum capacity, it is very important for homes to have reasonable space standards. Achieving higher building standards to enable us to help customers with accessibility and physical disabilities (Building Regulation Standards M4(2) and M4(3), is an even greater challenge.

### **Hidden Homelessness**

The sudden rise in street homelessness at the start of lockdown on 23 March 2020, indicated many people were in insecure arrangements. This sector is incredibly difficult to quantify as many do not regard themselves as homeless. However understanding that many single males do not approach homeless services until crisis point indicates a need to identify this customer group at an early stage and provide suitable accommodation options and enhance outreach support.

### **Priorities**

#### **Financial difficulty and Financial Illiteracy**

Households may experience financial difficulties in being able to access accommodation in the social or private rented sector or in trying to cover their housing costs and maintain an existing tenancy. The challenge of meeting housing costs versus limited household income applies across all tenures.

#### **Rising Cost of Living**

Rent arrears and utilities are rising hugely within our communities. Strong consumer demand for goods, rising energy prices and higher costs for businesses are reflected in higher prices within supermarkets, petrol stations and utility bills.

We saw the effects of food insecurity as we went in and came out of COVID, in certain areas of the District we saw malnutrition and hunger which is particularly alarming in the current context with high food demand and energy prices rising.

Requests for assistance with food parcels from our foodbanks within our District have risen to 2037 since April 2022.

While using the Kent Household support fund of £120k to assist customers to pay utilities, rent arrears and mortgage arrears (within a limit), across the whole District of Sevenoaks.

Greater demand is currently being seen in the Sevenoaks District for assistance with rent and mortgage payments, assistance to pay utility bills. During the month of August the Council have assisted a customer to gain a mortgage holiday, hence avoiding eviction.

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### **The data shows an emerging trend of hidden homelessness**

We need to identify this demographic who cannot, or find it difficult to, access Council support when they most need it to prevent homelessness or rough sleeping. This may include people who find it physically difficult to attend the centre, those who do not know about our services or those who for other reasons feel they cannot access our services.

### **Improve the financial resilience of our customers**

By offering targeted financial support, this will help to address this affordability barrier and should be a key action within the Strategy. We will monitor the costs of affordable housing, encourage delivery of housing at social rents and consider the delivery of shared housing solutions, in partnership with Registered Providers. We will need to support solutions to facilitate access into social housing for those households who are not yet tenancy ready but need independent accommodation.

### **We must work in partnership**

With other institutions such as the DWP, Criminal Justice, Health, Kent County Council, and other Kent local authorities to improve homelessness prevention via early intervention and referrals to appropriate advice and support services, joint commissioning, or delivery of services where possible, and improved protocols.

### **Provide an alternative narrative to those already homeless**

Improve the communications to promote our services to those who need them and build trust within the communities of interest. Consult and engage people with lived experience to understand their needs, capitalise on their strengths and codesign solutions.

### **Ensuring Private Rented Sector is fit for purpose**

Most households do not want to secure alternative accommodation in the private rented sector due to affordability and quality concerns. We must ensure that the private rented sector is an attractive alternative housing solution.

### **Data capture**

We need to improve the way we record homelessness and rough sleeping prevention services. This will enable us to use this data effectively to inform service improvements. Nominations agreements and lettings should be monitored, and targets set to drive appropriate actions and behaviours. Staff training will help to ensure consistency of approach to facilitating and recording the demands on the service but the solutions and positive outcomes.

### **Maximising delivery of Affordable Housing**

Adoption of a new Local Plan will help the Council to maximise delivery of new affordable housing. Policies within the Local Plan will ensure affordable housing is developed which is truly affordable for local residents, meets prescribed standards to meet specific needs and contributes to the Council meeting its net zero targets.

Continued collaboration with existing partner Registered Providers, encouragement of new partners who share our strategic direction and the growing role of Quercus Housing (and potentially the Council building its own homes through Registered Provider status) will ensure Local Plan policy is delivered on the ground.

The use of different forms of housing will assist specific client groups, eg micro homes to help the single homeless.

Refreshed and enhanced under occupation scheme to free up more family sized housing in order to create movement in existing housing stock in the District.

Re-invigorated empty homes service to bring homes back into use for local people.

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Appendix B

**Sevenoaks District Council  
Homelessness and Rough Sleeper Strategy  
2023-2028**

**Introduction**

The demand for homelessness services has increased steadily over the past 5 years. During the past 3 years, the Council's Housing Service received more than 2,526 requests for advice and assistance from family and single households seeking help. The impact of homelessness has a devastating impact on those directly affected, a social cost that extends into the wider community, and a financial cost that draws agency resources away from other key services.

Although Sevenoaks District within the national context has seen a rise in levels of homelessness, it remains in a position of not having a rough sleeping problem. However, the Council cannot be complacent, homelessness effects lives and life chances and 1 rough sleeper must be considered 1 too many.

This Strategy introduces a framework that sets out to reduce the impact that homelessness has on local individuals and households, and the priorities the Council will pursue to help do so.

**What is homelessness?**

This Strategy uses a definition of homelessness that includes both rough sleepers, single people and families that are threatened with, or present as homeless. In short, any household (individual, couple, or a family) that find themselves without a safe or secure place to call home.

Those who present as homeless do not have to be sleeping on the streets or lack a roof at the time they ask for help. Households can be considered homeless if they are:

- Having to stay with friends or family.
- Staying in a hostel, night shelter or bed and breakfast accommodation.
- At risk of violence or abuse in their current home.
- Living in poor or unsafe conditions.
- Leaving an institution such as a prison or hospital, or the care system, with nowhere to go.

Contributing factors that have led to this national picture of increasing homelessness include:

- High housing demand and a lack of supply leading to high house prices and private rents with greater shortfalls between rents and Local Housing Allowance
- Shortage of social housing or truly affordable housing to rent

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- Increasing household bills and cost of living
- Cuts and reforms to welfare benefits
- Cuts in funding to statutory and voluntary services which support vulnerable people
- Buy to Let tax rules impacted the private rented market
- Impact of COVID pandemic

### **How has this Strategy been developed?**

The relevant legislation has been adhered to in formulating and modifying this Strategy. It has been prepared in line with the statutory requirements set out in the Homelessness Act 2002, Section 1(4) of which requires housing authorities to publish a new Homelessness and Rough Sleeper Strategy, based on the results of a Homelessness Review, which we have undertaken as part of the Housing Strategy 2022-2027 refresh.

In addition we have had regard to the Council's Allocation Policy and the Homelessness Code of Guidance for local housing authorities in England 2018, (updated 12th October 2021).

The homelessness review, undertaken earlier this year as part of the Housing Strategy refresh, provided an up to date picture of:

- Current and likely future levels of homelessness across Sevenoaks District
- Activities carried out and support available to prevent homelessness and those experiencing it.
- Level of resources made available locally to tackle homelessness.

The wider public, local voluntary and statutory partners were invited to comment on the findings of the review, and their responses have been used to inform the shape and direction of this Strategy, which sets out how the Council will work with others to; put in place plans to prevent homelessness occurring; intervene effectively when it occurs; and deliver sustainable plans to support re-housing options.

### **National context**

The operating environment in which local authorities must deliver services to reduce homelessness continues to provide a number of key challenges. Increasing house prices, rising private rented sector rents and the reduced income many local households have experienced as a result of the pandemic, continue to have an impact, sustaining the high number of households accessing services and needing to be placed in temporary accommodation.

Key issues to highlight include:

**COVID:** over the past 2 years the pandemic has, not unsurprisingly, had a significant impact on central Government Strategy. At a local level, this has resulted in teams refocusing services by; providing emergency accommodation to rough sleepers as



part of the Everyone In initiative; putting in place additional safeguards to help maintain social distancing in temporary accommodation; and delivering remote services as standard. A ban on private rented sector evictions, in place since the first national lockdown, expired at the end of May 2021. Along with the broader economic impacts of the pandemic, this has increased the level of demand on homelessness services and the potential impacts will need to be monitored in the months ahead.

**Homelessness Reduction Act (HRA) 2017:** the implementation of this Act, whilst putting in place welcome additional protections for those at risk of homelessness, has introduced extra demands on the work of local Housing Needs teams. The changes it introduced included:

- A new prevention duty, requiring local authorities to take reasonable steps to assist those likely to become homeless earlier, so within 56, rather than 28 days.
- A new relief duty, which applies to those already homeless when they ask the local authority for help. It requires local authorities to provide support for 56 days.
- A requirement to carry out a holistic assessment of the applicant's housing and support needs, then set out how these will be addressed in a Personal Housing Plan.

The combined impact of these changes has been to increase the overall number of applicants seeking help, alter the profile of those qualifying for assistance (in particular more single applicants and more households with complex needs are coming forward under the new duties) and increase the number of applicants placed in temporary accommodation.

**Domestic Abuse Act 2021:** Under this new Act, domestic abuse is recognised as a direct factor conferring priority need for the first time, so applicants no longer have to prove that the abuse is creating vulnerability, in order to qualify for help. This is a welcome change that will provide re-assurance and certainty for individuals and their families presenting as homeless because of domestic abuse and will simplify the decision making process for officers. The Act introduces a new definition of domestic abuse and requires that housing authorities, when rehousing victims, should provide a secure lifetime tenancy.

**National Rough Sleeping Strategy 2018:** this Government Strategy sets out their current plans for tackling rough sleeping. It comprises of three parts:

- **Prevention:** understanding issues that lead to rough sleeping and providing support.
- **Intervention:** helping rough sleepers with swift support tailored to their individual needs.
- **Recovery:** supporting people in finding a new home and rebuilding their lives.

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The Strategy, along with the funding received via the Rough Sleeper Initiative, set out to halve rough sleeping by 2022 and eradicate it completely by 2027.

### Local context

Property prices in Sevenoaks District are high, with the average median cost of a home in 2020 is £425,000 (source: Targeted Review of Local Housing Needs 2022 (TRLHN)). The recent surge in market activity has only served to exacerbate this position. Such high prices set the context for a range of issues that restrict the access that many households have to local housing markets. These include (with all references relating to the TRLHN):

- **High house prices and rents:** house price ratios, which compare the relationship between average property prices and average earnings, showed that by 2020, median property prices were almost 12 times the local resident based full time salary. High house prices have a knock on effect on private rents, the high level of which continue to challenge the ability for local households to secure suitable housing. By 2020, the median rent (all bed sizes) stood at £1,296 per month, a rise of 40 percent over the past 10 years. A recent search on Rightmove (18 October 2022) illustrated the fact that the majority of private rents charged in Sevenoaks District are above the Local Housing Allowance, which caps levels of welfare benefit subsidy that can be claimed. Of the 39 advertised homes in Sevenoaks and Swanley, none were available at a rent below the respective Local Housing Allowance rate. With Local Housing Allowance rates remaining frozen, this picture is unlikely to change anytime soon.
- **Deprivation:** Indices of Multiple Deprivation, last published by the Office for National Statistics in 2019, provide a snapshot of relative deprivation in each locality in England, by looking at a range of factors including income, employment, education, health, and barriers to housing. These are combined into a single index. Overall, Sevenoaks District ranks as 295 out of 354 local authorities in England. Sevenoaks District has two Lower Super Output Areas (LSOAs) that are amongst the 20% most deprived in England, St Mary's and White Oak wards in Swanley.
- **Housing tenure and supply:** The total housing stock of Sevenoaks District was 50,947 in 2020, an increase of 2,886 homes, a rise of 6% over the past ten years (Department for Levelling Up, Housing and Communities – live tables). This was driven largely by new private sector provision (increase of 2,836 homes) and a smaller increase in Registered Providers (formerly known as Housing Associations) homes (62 homes). Overall, the growth in Registered Provider social housing stock has been small, once Right to Buy losses are taken into account. New affordable housing supply is an area that requires more focus if provision is to be expanded to help meet demand.
- **Housing demand and availability:** The demand for social housing is high and there are currently over 870 households waiting for homes on the Council's

housing register, each of whom meets one or more categories of preferential need. The availability of social housing, on the other hand, is restricted in terms of both new supply and the number of existing homes that become available to relet. During 2021-2022 a total of 194 West Kent Housing Association homes were let to new tenants, which represents a stock turnover of 3.5%. There remains a significant discrepancy between the levels of supply and demand.

The combined impact of high housing costs and restricted affordable housing in both the private and social rented housing sectors, presents a real housing challenge to residents of the District. These challenges restrict the housing choices of many households on middle incomes and severely restrict the choices of those on low and unstable incomes, many of whom have to compromise on the standard and suitability of the homes they can secure. These inequalities will continue to have a disproportionate impact on young people, single households, and those reliant on welfare benefits.

### **Strategic fit**

This Strategy contributes directly to the housing ambitions set out in Sevenoaks District Council's Council Plan and our refreshed Housing Strategy 2022-2027 priorities, which are:

- Priority 1: Developing Sevenoaks' housing offer: building new affordable homes.
- Priority 2: Promoting quality and optimising the suitability of homes.
- Priority 3: Reducing homelessness and improving routes into permanent accommodation.
- Priority 4: Healthy people, homes and places.

In addressing homelessness the plan sets out goals to; focus on prevention; support households at risk of homelessness; and work in partnership to address the number of rough sleepers in the town.

### **Summary of findings from the Homelessness Review**

The review set out to provide an up to date picture of the:

- Current and likely future levels of homelessness across the District.
- Activities carried out and support available to prevent homelessness and those experiencing it.
- Level of resources made available locally to tackle homelessness.

The main causes of homelessness in the District remains static:

- Parents, other relatives or friends no longer willing or able to accommodate.
- Loss of rented or tied accommodation due to termination of assured shorthold tenancy.

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- Violent breakdown of relationship involving partner.
- Other reason (eg homeless in emergency, sleeping rough or in hostel returned from abroad).
- Non-violent breakdown of relationship.
- Loss of rented or tied accommodation other than termination of assured shorthold tenancy.

A summary of key findings from the review is set out below.

- **Service demand and operational response:** the review showed that the demand for services remains high and is likely to remain so into the foreseeable future. During 2021-2022, 999 households raised enquiries with the housing needs team, a decrease from 1,180 enquiries received the year before. 376 of these enquiries progressed through to a formal homelessness application, and of these, 205 households were found to be owed a prevention duty (because they were at risk of homelessness when they approached the Council) or relief duty (because they were homeless at the time they approached the Council).
- **Prevention duty and the Council's response:** the number of households whose prevention duty ended during the year is used to measure the level of activity under this duty. During 2021-2022 this duty ended for 205 households, with the preventative activities undertaken by the Housing Service successfully securing accommodation for 130 of those seeking help. Around 36 went on to become homeless. Taking positive action to prevent homelessness in this way reduces both the social cost of homelessness on households and the financial costs borne by the Council.
- **Relief duty and the Council's response:** the number of households whose relief duty ended during the year is used to measure the level of activity under this duty. During 2021-2022 this duty ended for 171 households, with the activities undertaken by the Housing Service successfully securing accommodation and addressing homelessness for 38 of those seeking help. As is the case with preventative measures, relieving homelessness in this way reduces the social and financial costs of homelessness. Around 130 of households remained homeless as their relief duty ended (after 56 days) and progressed to be assessed under the main homelessness duty.
- **Main duty assessments:** the number of main duty assessments undertaken has risen by 48% over the past few years, from 62 cases in 2018-2019 to 130 in 2021-2022. The Council has assisted many households earlier in the process under the prevention and relief duties as introduced in the Homelessness Reduction Act. However the Council has seen an increase in the number of approaches from households impacted by COVID, an increase in domestic abuse presentations and single households and those aged 16 and 17 year old. Single households are less likely to qualify as a priority than families, as having children is the key driver of priority need set out in the legislation. In 2021-2022 most households re-housed under the main duty accepted an offer of a

socially rented home with the remainder accepting an offer in the private rented sector.

- **Rough Sleeping:** the number of rough sleepers in Sevenoaks District continues to be low when compared with areas of a similar size. The annual rough sleeper count, which takes place in all local authorities each autumn, recorded 1 case in 2021, a reduction from 8 in 2020. The Rough Sleeping Initiative continues to provide ongoing support, carrying out proactive outreach work that identifies those sleeping rough and helps connect them with local services, but there remains a significant shortage of suitable move on accommodation in the District. This has been exasperated by the Government's Everyone In COVID plans, which provided much needed shelter for those at risk of rough sleeping, but has left high numbers of single, often vulnerable persons, in emergency accommodation. Addressing their support and housing needs is a priority.
- **Partnerships:** working with statutory and voluntary partners has been integral to mounting an effective local response to homelessness, and a wide range of dedicated partners have joined efforts to help prevent homelessness and provide support to vulnerable households. The new Duty to Refer pathway, introduced by the Homelessness Reduction Act is working well, with partner agencies referring 1,687 enquiries to the Council between 2018-2022. The probation service, hospitals and prisons were the leading sources of referral.
- **Local trends and COVID:** over the past year, analysis of how the Housing Service has been operating indicates that the pandemic has had a local impact that reflects national trends. As such, the associated policies that have sought to restrict evictions and support the most vulnerable, have increased the proportion of single households, and reduced the number of households with children being assisted by the housing services team.
- **Impact of the Homelessness Reduction Act:** there is evidence that the shift towards assisting more single households was underway before the pandemic, as a result of the new prevention and relief duties introduced by the Homelessness Reduction Act. In 2021-2022 single persons accounted for 201 of all those qualifying for assistance under the prevention or relief duties. Invariably, this means that the service is managing higher numbers of single and vulnerable people with mental health issues and other complex disadvantages.
- **Impact of the Domestic Abuse Act:** the new act was introduced in 2021 and placed a duty on local authorities to give support to victims of domestic abuse and their children in refuges and safe accommodation. Since its introduction, the Council has seen a rise in out of area placements, notably from London authorities. Domestic abuse now accounts for a significant number of our homelessness enquires and has seen 136 placements being made in temporary and emergency accommodation in 2021-2022.

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- Longer term trends:** Whilst in the short term there is likely to be some re-balancing of the profile of those accessing the service, as the impact of COVID cases, services are likely to continue to face a high level of demand from a more marginalised demand through preventative activity. In addressing these trends, the emphasis will need to be placed on putting in place high quality services that seek to reduce homelessness. Locally, we are seeing the rising cost of living impacting a rise in homelessness. The proposed removal of the Kent Homeless Connect support contract by Kent County Council will impact the provision of much needed supported accommodation and intensive support for rough sleepers with multi-complex needs and challenging customer base.

### Strategic Objectives

The objectives of the Strategy will cover the following themes:

<p><b>PREVENTION</b></p>	<p>Quality housing needs and standards - services dedicated to effective advice, holistic and informed assessment.</p> <p>Preventative casework - working alongside partners, to stop those seeking help from becoming homeless.</p> <p>Targeted preventions for the most vulnerable groups through the provision of agreed pathways into support.</p> <p>Strategic activities that seek to identify issues that drive homelessness across the District and apply remedies to reduce it.</p>
<p><b>INTERVENTION</b></p>	<p>Tackling rough sleeping - continue supporting the County wide approach to reducing harm and addressing associated multiple, complex needs.</p> <p>Partnership working - maximise the effectiveness of joint working and pathways for at risk groups.</p> <p>Temporary housing - provide a good quality, safe, secure, value for money accommodation portfolio and reduce the use of emergency placements.</p>
<p><b>SUSTAINABLE SOLUTIONS</b></p>	<p>Re-housing establish a range of sustainable housing and move-on</p>

	<p>options for rough sleepers, vulnerable and homeless households.</p> <p>Support - deliver effective support services to help households maintain accommodation once housed.</p>
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Each of these themes is underpinned by a series of objectives:

- Effective collaborations with statutory, agency and voluntary partners.
- High quality services that treat customers with respect and provide value for money.
- Skilled and well trained staff.

Pursuing an integrated approach that works with partners to assess and prevent the local causes of homelessness and rough sleeping, can help deliver best practice, reduce the barriers that restrict people from accessing services, and equip residents with the skills they need to sustain their tenancy in the longer term.

**Monitoring**

The Action Plan will be monitored on an annual basis to maintain progress against the set objectives.

If any minor changes are needed, these will be considered by the Head of Housing to ensure that the Strategy may be future proofed to changing legislation, circumstance and local identified needs.

Authority to introduce the minor amendments is delegated to the Chief Officer, People and Places, in consultation with the Portfolio Holder for Housing and Health.

Homelessness and Rough Sleeper Strategy: Action Plan 2023-2028

Theme 1: Prevention					
Objective	Action	Success Criteria and Outcomes	When	Lead Officer/Team Responsible	Progress
Quality housing advice, prevention and accommodation services - dedicated to effective advice, holistic and informed case assessment	Train and develop a team of confident and experienced housing advice, prevention and accommodation officers to deliver high quality needs assessments and excellent customer service, with dignity and respect	Develop and update skills matrix for all teams/staff	Year 1 and ongoing	Homelessness Prevention Manager/ Housing Advice Team Leader	
		Organise delivery of homelessness law and case law update courses	Annually	Homelessness Prevention Manager/ Housing Advice Team Leader  <i>Partners:</i> <i>Porchlight</i> <i>CAB</i>	
		Named staff champions with joint responsibility for leading specialist training/liason in areas, such as domestic abuse, ex-offenders and mental health awareness	Year 1	Housing Advice Team Leader	
		Enhanced monthly	Ongoing	Homelessness	

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		monitoring of complaints and ensure outcomes are discussed at 1-1s to reduce levels of complaints		Prevention Manager/ Housing Advice Team Leader	
	Develop IT systems to maximise efficiency, case management and reporting capabilities and align key customer processes	Effective case management of homelessness applications and decisions in place	Year 1 and ongoing	Homelessness Prevention Manager/ Housing Advice Team Leader/ Accommodation Team Leader	
		Updated website content, with better quality information providing residents with opportunities to receive answers via self-service options	Ongoing	Homelessness Prevention Manager/ Housing Advice Team Leader/ Accommodation Team Leader	
		Automated management reports detailing caseload, approaches, throughput, and demographics, to support the more effective monitoring of service	Ongoing	Homelessness Prevention Manager/ Housing Advice Team Leader/ Accommodation Team Leader	

		<p>Data reports that can be extracted and shared with partners to support the development of new initiatives and funding bids</p> <p>Key customer processes, including applications for homelessness, housing register and change of circumstance forms, fully operational and online</p> <p>Automated processes in place that reduce the time spent on administrative tasks and improve customer outcomes</p>	<p>Ongoing</p> <p>Year 1</p> <p>Year 1</p>	<p>Homelessness Prevention Manager/ Housing Advice Team Leader/ Accommodation Team Leader</p> <p>Homelessness Prevention Manager/ Housing Advice Team Leader/ Accommodation Team Leader</p> <p>Homelessness Prevention Manager/ Housing Advice Team Leader/ Accommodation Team Leader</p>	
	<p>Work closely with statutory and voluntary sector partners, ensuring customers can access advice and</p>	<p>Hold regular forum with voluntary homelessness service providers, advice, and statutory agencies</p>	<p>Year 1 and ongoing</p>	<p>Head of Housing/ Homelessness Prevention Manager/ Housing Advice Team Leader/ Accommodation Team Leader</p>	

	practical support which meets their needs and delivers realistic housing solutions	<p>At least one partner agency invited to each monthly team meeting to discuss their service/project</p> <p>Monitor referral arrangements in place to deliver preventative outcomes via commissioned partners</p>	<p>Year 1 and ongoing</p> <p>Year 1 and ongoing</p>	<p><i>Partners:</i>  Porchlight  West Kent Housing Association  CAB</p> <p>Head of Housing/  Homelessness Prevention Manager/  Housing Advice Team Leader</p>	
Preventative casework - working, alongside partners, to stop those seeking help from becoming homeless	Work effectively with other colleagues in the Council such as housing benefit, private housing, community safety, licensing, and income teams, to help resolve issues that may lead to homelessness	Improved standards in private sector accommodation resulting in fewer approaches due to disrepair	Ongoing	<p>Head of Housing/  Homelessness Prevention Manager/  Housing Advice Team Leader</p> <p><i>Partners:</i>  West Kent Housing Association</p>	
	Work with neighbouring authorities and	Increased volume of timely referrals from agencies and support	Ongoing	Homelessness Prevention Manager/ Housing Advice Team	

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	named public bodies to review and maintain effective Duty to Refer pathways, to help drive the early identification of homelessness	services, improving prevention outcomes for applicants		Leader	
	Create a dedicated hub of local partners, integrating the prevention work of Council teams, voluntary and statutory agencies, to focus on upstreaming preventative activities and coordinate casework	Hub established as the focus of preventative work and the lead in deploying early interventions targeted to those at risk of losing their home  Increased volumes of planned moves to alternative Private Rented Sector homes and other housing options through negotiation and the use of incentives	Year 1 and ongoing  Ongoing	Head of Housing/ Homelessness Prevention Manager  <i>Partners:</i> <i>Porchlight</i> <i>West Kent Housing Association</i> <i>CAB</i>  Homelessness Prevention Manager/ Accommodation Team Leader	
	Target early financial support for tenants (Discretionary	Reduced proportion of relief versus prevention outcomes managed through the	Ongoing	Housing Advice Team Leader/ HERO Team Leader	

	Housing Payments, rent deposits and rent in advance) in partnership between Benefits, HERO and West Kent Housing Association	housing services team			
	Promote an effective, value for money, landlord incentive scheme that encourages more private rented sector landlords to let homes to housing needs referrals	<p>Scheme published/advertised to private sector landlords</p> <p>Landlord event held to promote the scheme</p> <p>Key point of contact for private sector landlords established and better working relationships with local landlords, local agents and the National Landlords Association</p> <p>Increased number of private sector</p>	<p>Ongoing</p> <p>Year 1</p> <p>Ongoing</p> <p>Ongoing</p>	<p>Homelessness Prevention Manager/ Accommodation Team Leader</p> <p>Homelessness Prevention Manager/ Accommodation Team Leader</p> <p>Accommodation Team Leader/ Landlord Liaison Officer</p> <p>Accommodation Team Leader/</p>	

		properties available and reduced number of applicants in emergency/temporary accommodation		Landlord Liaison Officer	
Offering targeted preventions for the most vulnerable – through the provision of agreed pathways into support	Support education and awareness initiatives for young people to highlight the reality of becoming homeless	Develop a Sevenoaks District schools Homelessness Prevention Project	Year 2	Homelessness Prevention Manager/ Housing Advice Team Leader/ Accommodation Team Leader  <i>Partners:</i> <i>Kent County Council</i> <i>CAB</i>	
	Jointly manage and review key Duty to Refer pathways for those leaving hospital and Care Leavers teams, to improve interventions for the most vulnerable customers	Reduced numbers of 18 to 25 year old homeless applicants  Embedded pathways for those leaving hospital and Care Leavers reducing the numbers in emergency and temporary accommodation	Ongoing  Year 2	Homelessness Prevention Manager/ Housing Advice Team Leader  Homelessness Prevention Manager/ Housing Advice Team Leader  <i>Partners:</i> <i>West Kent Housing Association</i> <i>Kent County Council</i>	

	Develop pathways for prison leavers and those in the criminal justice system through the Accommodation for Ex-Offenders (AFE0) funding	Jointly funded HERO Resettlement Officer in post (funded by AFE0 funding)  Reduced number of prison leavers entering emergency and temporary accommodation	Year 2	Housing Advice Team Leader/ Housing Pathway Coordinator  Housing Advice Team Leader/ Housing Pathway Coordinator	
	Agree joint working pathways with Children's Services for families who may be intentionally homeless, to minimise the impact of homelessness on these households	Reduced number of intentionally homeless families with children in emergency and temporary accommodation	Year 2	Homelessness Prevention Manager/ Housing Advice Team Leader	

Theme 2: Intervention					
Objective	Action	Success Criteria and Outcomes	When	Lead Officer/Team Responsible	Progress
Tackling rough sleeping - continue supporting the County wide approach to reducing harm and addressing associated multiple, complex needs	Work with key delivery partners to deliver a programme of support and initiatives, as part of the Rough Sleeper Initiative 5 funding	Agreed funding framework for rough sleeping services to sustain initiative for next 3 years	Year 1 to 3	Head of Housing/ Homelessness Prevention Manager  <i>Partners:</i> <i>Porchlight</i> <i>CAB</i>	
	Develop a District wide support and accommodation approach for customers with the most complex support needs	An established multi-disciplinary team/hub where multiple complex needs cases across the District are managed in one place  Reduced number of households with multiple complex need cases in emergency and temporary accommodation	Year 1 and ongoing  Ongoing	Homelessness Prevention Manager/ Housing Advice Team Leader  Homelessness Prevention Manager/ Housing Advice Team Leader/ Accommodation Team Leader	
	Continue to use capital and revenue	Completed refurbishment of the		Homelessness Prevention Manager/	



	<p>grants from DLUHC and Homes England, to provide dedicated move on accommodation for former rough sleepers and work collaboratively with relevant partners (for example, West Kent Housing Association and Look Ahead) to ensure the success of those placements</p>	<p>West Kent Housing Association owned Vine Court Road and Orchard Close properties, funded by the Rough Sleeper Accommodation Programme capital grant round</p> <p>Support services within the Rough Sleeper Accommodation Programme revenue grant agreed and in place for Vine Court Road and Orchard Close</p> <p>Reduced numbers of rough sleepers</p>	<p>Year 1 and 2</p> <p>Ongoing</p>	<p>Housing Advice Team Leader/ Housing Pathway Coordinator</p> <p>Homelessness Prevention Manager/ Housing Advice Team Leader</p> <p>Homelessness Prevention Manager/ Housing Advice Team Leader/ Housing Pathway Coordinator</p> <p><i>Partners: Porchlight</i></p>	
	<p>Engage with the voluntary sector and</p>	<p>Established District wide homelessness</p>	<p>Year 1 and ongoing</p>	<p>Head of Housing/ Homelessness Prevention Manager/</p>	

	<p>statutory agencies to target and deliver support where it is needed most and make best use of their well established working relationship with this group</p>	<p>forum for relevant for relevant partners</p> <p>Joint plan with voluntary groups for delivering Severe Weather Emergency Protocol (SWEP) responses and winter night shelters, in place</p> <p>Support rough sleepers and the wider street community by addressing their vulnerability and wider impact on community safety issues</p>	<p>Ongoing</p> <p>Ongoing</p>	<p>Housing Advice Team Leader/ Accommodation Team Leader</p> <p><i>Partners:</i> <i>Porchlight</i> <i>West Kent Housing Association</i> <i>CAB</i></p> <p>Homelessness Prevention Manager/ Housing Advice Team Leader/ Housing Pathway Coordinator</p> <p>Homelessness Prevention Manager/ Housing Advice Team Leader/ Housing Pathway Coordinator</p> <p><i>Partners:</i> <i>Porchlight</i></p>	
Partnership working -	Strategic commitment to	An established multi-disciplinary team/hub	Ongoing	Homelessness Prevention Manager/	

maximise the effectiveness of joint working and pathways for at risk groups	partnership working across various multi-agency panels and forums to find solutions in the most complex of individual cases	where multiple complex needs cases across the County are managed in one place  Reduced number of multiple complex needs cases in emergency and temporary accommodation	Ongoing	Housing Advice Team Leader/ Housing Pathway Coordinator  Housing Advice Team Leader/ Accommodation Team Leader/ Housing Pathway Coordinator	
	Strategic commitment to close working with Kent Districts and Boroughs to minimise duplication, pool resources and reduce costs	Regular attendance at the Kent Homelessness Officers Group	Ongoing	Homelessness Prevention Manager/ Housing Advice Team Leader	
	Continue with consortium applications for grant funding wherever possible, to help maximise funding successes	Successful joint bids with other Kent authorities for future funding opportunities	Year 1 to 5	Homelessness Prevention Manager/ Housing Advice Team Leader/Accommodation Team Leader	
	Contribute to County wide efforts to improve	Enhanced housing options to support for	Ongoing	Homelessness Prevention Manager/	

	services and options for victims of domestic abuse	<p>victims of domestic abuse</p> <p>Domestic Abuse Housing Coordinator in post and in attendance at MARAC</p> <p>West Kent Domestic Abuse Forum continues to meet</p>	<p>Ongoing</p> <p>Ongoing</p>	<p>Housing Advice Team Leader</p> <p>Homelessness Prevention Manager/ Housing Advice Team Leader</p> <p>Homelessness Prevention Manager/ Housing Advice Team Leader</p>	
Page 138	Temporary housing provide a good quality, safe, secure, value for money accommodation portfolio and reduce the use of emergency placements	<p>Review existing emergency and temporary accommodation provision to ensure value for money across the portfolio</p> <p>Reduced average cost of emergency per unit</p> <p>Quality portfolio of temporary accommodation properties to better meet a wide range of applicants housing needs in place</p> <p>Continue to optimise the use of West Kent Housing Association and Moat Housing stock as temporary</p>	<p>Ongoing</p> <p>Ongoing</p>	<p>Homelessness Prevention Manager/ Housing Accommodation Team Leader</p> <p>Homelessness Prevention Manager/ Housing Accommodation Team Leader</p> <p><i>Partners:</i> <i>West Kent Housing Association</i></p> <p>Homelessness Prevention Manager/ Housing Accommodation Team Leader</p>	

		accommodation, over and above emergency short term placements			
	Review the Allocation Policy and make the best use of existing social housing stock	Allocation Policy updated, consulted, and approved  Reduced void turnaround process between the Council and our partner Housing Associations	Year 1	Homelessness Prevention Manager/Accommodation Team Leader  Homelessness Prevention Manager/Accommodation Team Leader/partner Housing Associations	
Rehousing - establish a range of sustainable housing and move on options for homeless households	Ensure cohesive approach to private rented sector procurement and lettings of Assured Shorthold Tenancies and leased properties	Greater range of sustainable move on options for homeless households delivered	Ongoing	Accommodation Team Leader/Landlord Liaison Officer	
	Work with partners in Kent County Council to ensure the commissioning and best use of supported accommodation across the County	Reduce numbers of applicants in emergency accommodation awaiting move on to supported accommodation	Ongoing	Head of Housing/ Homelessness Prevention Manager  <i>Partners: West Kent Housing Association</i>	
	Accelerate the delivery of new	Suitable affordable homes delivered in the	Ongoing	Chief Officer, People and Places	

	affordable housing, as part of Quercus Housing and in partnership with the Council's strategic development team, developers and registered providers	District to address housing need			
	Ensure the Allocation Policy balances the needs of homeless and housing register applicants and review existing applications	Revision of Allocation Policy complete and Housing Register list up to date	Year 1	Homelessness Prevention Manager/Accommodation Team Leader	
	Make best use of Disabled Facilities Grants to provide suitable adaptations across the public and private sector and a review of needs undertaken as part of the new Private Sector Housing	More residents continuing to live independently and Disabled Facility Grants statistics reflected in homelessness prevention outcomes	Ongoing	Private Sector Housing Team Leader	

	Assistance Policy 2025-2030				
	Undertake regular assessments of housing need to inform delivery plans for new homes	Comprehensive housing needs assessment completed in partnership with the Planning Policy Team as part of Housing Strategy 2022-2027	TBC	Housing Strategy Manager/ Housing Enabling Officer	
Support – deliver effective services to help customers maintain accommodation once housed.	Provide the HERO and One You services to bridge the gap between health, homelessness and employment/skills	Increase in homelessness preventions	Year 1	Homelessness Prevention Manager/ HERO Team Leader	
	Develop a standalone Tenancy Readiness package to support homeless applicants in specific areas of independent living and tenancy sustainment	Tenancy readiness package developed and implemented	Year 1 and ongoing	Homelessness Prevention Manager/ HERO Team Leader	

Theme 3: Sustainable Solutions					
Objective	Action	Success Criteria and Outcomes	When	Lead Officer/Team Responsible	Progress
Ensure that the emerging Local Plan contains policies that optimise the delivery of a range of affordable homes through the planning system	Local Plan policies drafted	Included in Reg 18 consultation Local Plan adopted by Full Council (following examination)	Year 1 – 12/2022	Housing Enabling Officer/ Planning Policy Officer	
Explore the scope for a managed increase in Quercus Housing's delivery outputs	Develop a scoping paper for Purchase and Repair acquisitions to provide family sized affordable rent and/or temporary accommodation within the District	Revised Business Plan adopted by Quercus Housing Guarantor Board	Annually	Chief Officer, People and Places	
Continue to work with the Rural Housing Enabler (Rural Kent), Parish	5 year programme of local needs surveys undertaken	All Town and Parish Council areas surveyed	Year 3 – 6/2025	Housing Enabling Officer	

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<p>Councils and community groups to undertake a programme of local housing needs surveys across the District and to facilitate the delivery of new rural exceptions housing where needs are identified</p>	<p>Assistance provided to facilitate delivery of new local needs housing</p>	<p>At least 30 new local needs homes delivered during the Housing Strategy period, subject to planning approval</p>	<p>Ongoing</p>	<p>Housing Enabling Officer</p>	
<p>Include provisions in the emerging Local Plan to deliver accessible and wheelchair adapted housing</p>	<p>Policies included in new Local Plan to ensure new homes meet the needs of older and disabled households</p>	<p>Policies included in Local Plan Reg 18 consultation and onwards</p>	<p>Year 1 - 12/2022</p>	<p>Housing Enabling Officer/ Planning Policy Officer</p>	
<p>Within the existing Registered Provider stock, seek to refurbish, extend, or</p>	<p>Work with West Kent Housing Association and other Registered Providers to facilitate the best use of the existing</p>	<p>Planning applications submitted for remodelling of stock</p>	<p>Ongoing</p>	<p>Housing Strategy Manager/ Housing Enabling Officer</p>	

repurpose existing dwellings to make better use of them	stock, including the remodelling of social housing schemes that are no longer fit for purpose				
Seek to introduce an enhanced rightsizing incentive scheme for social housing tenants	Subject to agreement with partner Registered Provider's and approval of the use of Section 106 affordable housing commuted sum funding, a rightsizing incentive scheme (including an officer to coordinate the scheme), developed and submitted for approval	Scheme approved by Cabinet	Year 1 – 2/2023	Homelessness Prevention Manager/ Accommodation Team Leader/ Changing Spaces Officer  <i>Partners:</i> <i>West Kent Housing Association</i>	
Support owners of empty homes through the Council's membership of	Development of a new Empty Homes Strategy and Action Plan	Empty Homes Strategy and Action Plan approved, and empty homes brought back into use and	Year 1	Housing Strategy Manager/ Empty Homes and Efficiency Officer	

<p>Kent No Use Empty, to create a downward trend in the number of long term empty homes</p>		<p>provided as affordable housing wherever possible</p>			
<p>Create a coalition of temporary and move on accommodation landlords to provide sustainable, reliable, cost effective temporary accommodation</p>	<p>Work with Kent Housing Group to ascertain emergency accommodation charges from private providers across the County and seek consistency</p> <p>Review all emergency accommodation providers used by the Council and develop a preferred provider list</p>	<p>Consistency of charging for temporary accommodation across Kent</p> <p>List of preferred providers in place based on suitability/affordability</p>	<p>Year 1 and 2</p> <p>Year 1 and 2</p>	<p>Head of Housing/ Homelessness Prevention Manager</p> <p>Homelessness Prevention Manager/ Accommodation Team Leader/ Housing Strategy Manager</p>	

<p>Provide regular Landlord Forums to ensure relationships with local private rented sector landlords are strengthened and to maximise the potential for the placement of homeless households into long term housing solutions</p>	<p>Provide regular Landlord Forum events for private sector landlords</p> <p>Develop support pages for landlords on our website, to increase landlord engagement and to highlight any new incentives available</p> <p>Investigate the provision of web alerts so that landlords are notified of updates</p>	<p>Events held</p> <p>Website updated and reviewed every 6 months</p> <p>If feasible, web alerts implemented to subscribing landlords</p>	<p>Bi-annually</p> <p>Year 1 and ongoing</p> <p>Year 1</p>	<p>Head of Housing/ Housing Accommodation Team Leader</p> <p>Housing Accommodation Team Leader</p> <p>Housing Accommodation Team Leader</p>	
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## Equality Impact Assessment – Appendix C

This template should be completed alongside proposals that will be subject to decision by Councillors.

<b>Summary of decision to be made:</b>	Adoption of the Homelessness and Rough Sleepers Strategy 2023-2028		
<b>Lead Officer (job title):</b>	Head of Housing		
<b>Date the final decision is due to be made:</b>	21/02/2023	<b>Date this assessment commenced:</b>	05/01/2023
<b>Is the decision relevant to the aims of the Public Sector Equality Duty?</b>			Yes / No
Eliminate discrimination, harassment and victimisation			Yes / No
Advance equality of opportunity			Yes / No
Foster good relations			Yes / No
If the answer is yes to any of the above, proceed with the assessment. If the answer is no, please say why and summarise any evidence:			
For each of the following characteristics, summarise any existing data, consultation activity, interpretation of the impacts and actions that can be taken to reduce or mitigate any negative impacts:			
<b>Characteristic:</b>	<b>Data and consultation</b>	<b>Summary of impact</b>	<b>Actions</b>
Disability	<p>Targeted Review of Local Housing Needs 1/2022, Sevenoaks District Housing Strategy 2022 - 2027, Homelessness Review 8/2022, public consultation 9/12/2022 to 5/1/2023.</p> <p>In deciding if a customer group would or might be disadvantaged by this Strategy, we based our conclusions on the following:</p> <ul style="list-style-type: none"> <li>Monitoring evidence where this was available, in particular the evidence from the data collected by the homelessness services.</li> <li>Information about housing needs and barriers to receiving homelessness services faced by particular groups, drawn from local and national organisations and available research and guidance from governmental, academic and other sources.</li> </ul>	Ensures there is a robust evidence base to inform decisions on affordable housing and other housing needs in order to improve access to affordable housing and housing options.	WKEP Aim: Other actions as a service provider
Carers	As above.	As above.	

			WKEP Aim:Other actions as a service provider
Race	As above.	As above.	WKEP Aim:Other actions as a service provider
Gender	As above.	As above.	WKEP Aim:Other actions as a service provider
Age	As above.	As above.	WKEP Aim:Other actions as a service provider
Religion / Belief	As above.	As above.	WKEP Aim:Other actions as a service provider
Sexual Orientation	As above.	As above.	WKEP Aim:Other actions as a service provider
Pregnancy / Maternity	As above.	As above.	WKEP Aim:Other actions as a service provider
Marital or Civil Partnership Status	As above.	As above.	WKEP Aim:Other actions as a service provider
Gender reassignment	As above.	As above.	WKEP Aim:Other actions as a service provider
<b>Summary of impacts :</b> (to be included in committee reports)	<p>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 impact has been analysed and does not vary between groups of people.</p> <p>The decisions recommended through this paper will</p>		
Please tick the outcome of this assessment:	No impact X	Adjust the policy	Continue the policy
Date assessment will be reviewed:	01/04/2024		

**Item 10 - Treasury Management Strategy 2023/24**

The attached report was considered by the Finance & Investment Advisory Committee on 10 January 2023. The relevant Minute extract is below.

**Finance & Investment Advisory Committee (10 January 2023 Minute 41)**

The Head of Finance presented the report which outlined the Council's Policies for borrowing and managing its investments, and for giving priority to the security and liquidity of those investments.

He outlined the prudential indicators, the borrowing and repayment strategy, and the investment strategy for 2023/24. There were no major changes to the investment strategy. Multi Asset Income Funds were highlighted as a successful implementation of this strategy.

Resolved: That the report be noted.

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**TREASURY MANAGEMENT STRATEGY 2023/24****Cabinet - 9 February 2023****Report of:** Deputy Chief Executive and Chief Officer - Finance and Trading**Status:** For Decision**Also considered by:**

- Finance & Investment Advisory Committee - 10 January 2023
- Council - 21 February 2023

**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.

The Annual Investment Strategy remains largely the same as for 2022/23.

It should be noted that changes to the Treasury Management and Prudential Codes will take effect from 2023/24.

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

**Portfolio Holder:** Cllr. Matthew Dickins**Contact Officer:** Jessica Booth, Ext. 7436**Recommendation to Finance and Investment Advisory Committee:**

That the report be noted and comments forwarded to Cabinet.

**Recommendation to Cabinet:**

That, subject to the comments of the Finance & Investment Advisory Committee, Cabinet recommend that Council approve the Treasury Management Strategy for 2023/24.

**Recommendation to Council:**

That the Treasury Management Strategy for 2023/24 be approved.

**Reason for recommendation:** 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.

**Introduction and 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 Council 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 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.”*

- 5 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.

#### Reporting requirements - Capital Strategy

- 6 The CIPFA 2021 Prudential and Treasury Management Codes require 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
  - the implications for future financial sustainability
- 7 The aim of the strategy is to ensure that all The Council’s elected members fully understand the overall long-term policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite.

#### Reporting Requirements - Treasury Management

- 8 The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.
- a) Prudential and treasury indicators and treasury strategy (this report) -

The first, and most important report is forward looking and 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 Annual 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. In addition, this Authority will receive quarterly update reports.

- 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.
- 9 Scrutiny - The above reports are required to be adequately scrutinised before being recommended to the Full Council. This role is undertaken by the Finance and Investment Advisory Committee.
- 10 Quarterly Reports - In addition to the three major reports detailed above, from 2023/24 quarterly reporting (end of June/end of December) is also required. However, these additional reports do not have to be reported to Full Council/Board but do require to be adequately scrutinised. This role is undertaken by the Finance and Investment Advisory Committee. (The reports, specifically, should comprise updated Treasury/Prudential Indicators.)

Treasury Management Strategy for 2023/24

- 11 The strategy for 2023/24 covers two main areas:

*Capital issues*

- the capital expenditure plans and the associated prudential indicators
- 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
- the policy on use of external service providers

- 12 These elements cover the requirements of the Local Government Act 2003, DLUHC Investment Guidance, DLUHC MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

Training

- 13 The CIPFA Treasury Management 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.

- 14 Furthermore, pages 47 and 48 of the Code state that they expect “all organisations to have a formal and comprehensive knowledge and skills or training policy for the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance and decision making.
- 15 The scale and nature of this will depend on the size and complexity of the organisation’s treasury management needs. Organisations should consider how to assess whether treasury management staff and board/ council members have the required knowledge and skills to undertake their roles and whether they have been able to maintain those skills and keep them up to date.
- 16 As a minimum, authorities should carry out the following to monitor and review knowledge and skills:
  - Record attendance at training and ensure action is taken where poor attendance is identified.
  - Prepare tailored learning plans for treasury management officers and board/council members.
  - Require treasury management officers and board/council members to undertake self-assessment against the required competencies (as set out in the schedule that may be adopted by the organisation).
  - Have regular communication with officers and board/council members, encouraging them to highlight training needs on an ongoing basis.”
- 17 In further support of the revised training requirements, CIPFA’s Better Governance Forum and Treasury Management Network have produced a ‘self-assessment by members responsible for the scrutiny of treasury management’, which is available from the CIPFA website to download.
- 18 Formal training was last undertaken by members on 14 November 2018 and further training will be arranged as required.
- 19 The training needs of treasury management officers are periodically reviewed.

#### Treasury Management Consultants

- 20 The Council uses Link Group, Link Treasury Services Limited as its external treasury management advisors.
- 21 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 the services of our external service

providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

- 22 It also recognises that there is value in employing external providers of treasury management services to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

### The Capital Prudential Indicators 2023/24 - 2025/26

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

#### Capital Expenditure and Financing

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

Capital expenditure £000	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Services	21,470	19,832	32,170	21,842	5,029
<b>Total</b>	<b>21,470</b>	<b>19,832</b>	<b>32,170</b>	<b>21,842</b>	<b>5,029</b>

- 24 Other long-term liabilities - the above financing need excludes other long-term liabilities, such as PFI and leasing arrangements that already include borrowing instruments.
- 25 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 borrowing need.

Financing of capital expenditure £000	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Capital receipts	1,511	6,200	188	1,000	24,473
Capital grants	7,907	2,343	1,128	1,128	1,128
Capital reserves	528	582	582	582	582
Mixed Funding		2,163	4,250		
<b>Net financing need for the year</b>	<b>11,524</b>	<b>8,544</b>	<b>26,022</b>	<b>19,132</b>	<b>(21,154)</b>

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

- 26 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.
- 27 The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.
- 28 The CFR includes any other long-term liabilities (e.g., PFI schemes, finance leases). Whilst these increase the CFR, and therefore The Council's borrowing requirement, these types of schemes include a borrowing facility by the PFI, PPP lease provider and so The Council is not required to separately borrow for these schemes. The Council currently has £0m of such schemes within the CFR.
- 29 The Council is asked to approve the CFR projections below:

£m	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
<b>Capital Financing Requirement</b>					
Services	41,289	52,527	60,446	85,837	104,382
<b>Total CFR</b>	<b>52,527</b>	<b>60,446</b>	<b>85,837</b>	<b>104,382</b>	<b>84,559</b>
<b>Movement in CFR</b>	<b>11,238</b>	<b>7,919</b>	<b>25,391</b>	<b>18,545</b>	<b>(21,797)</b>

<b>Movement in CFR represented by</b>					
Net financing need for the year (above)	11,239	7,757	26,022	19,182	(21,154)
Less MRP/VRP and other financing movements	286	625	631	637	643
<b>Movement in CFR</b>	<b>11,238</b>	<b>7,132</b>	<b>25,391</b>	<b>18,545</b>	<b>(21,797)</b>

External borrowing £m	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Regeneration	12,766	17,442	34,986	48,228	50,150
<b>TOTAL</b>	<b>12,766</b>	<b>17,442</b>	<b>34,986</b>	<b>48,228</b>	<b>50,150</b>

### Liability Benchmark

- 30 A third and new prudential indicator for 2023/24 is the Liability Benchmark (LB). The Council is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum.
- 31 There are four components to the LB: -



- **Existing loan debt outstanding:** The Council’s existing loans that are still outstanding in future years.
- **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
- **Net loans requirement:** this will show The Council’s gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
- **Liability benchmark (or gross loans requirement):** this equals net loans requirement plus short-term liquidity allowance.

Core Funds and Expected Investment Balances

32 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 ongoing 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 £000	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Fund balances / reserves	26,405	25,444	24,550	23,824	23,596
Capital receipts	4,062	6,200	188	1,000	24,473
Provisions	409	409	409	409	409
Other	0	0	0	0	0
<b>Total core funds</b>	<b>30,876</b>	<b>32,053</b>	<b>25,147</b>	<b>25,233</b>	<b>48,478</b>
Working capital*	9,133	9,233	9,333	9,433	9,533
Under/(over) borrowing	37,486	41,650	43,842	52,734	32,134
<b>Expected investments</b>	<b>2,523</b>	<b>(364)</b>	<b>(9,362)</b>	<b>(18,068)</b>	<b>25,877</b>

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

Minimum Revenue Provision (MRP) Policy Statement

- 33 Under Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, where The Council has financed capital expenditure by borrowing it is required to make a provision each year through a revenue charge (MRP).
- 34 The Council is required to calculate a prudent provision of MRP which ensures that the outstanding debt liability is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits. The MRP Guidance (2018) gives four ready-made options for calculating MRP, but The Council can use any other reasonable basis that it can justify as prudent.
- 35 The MRP policy statement requires full council approval (or closest equivalent level) in advance of each financial year.
- 36 The Council is recommended to approve the following MRP Statement
- 37 For expenditure incurred before 1 April 2008 which forms part of supported capital expenditure, the MRP policy will be:
- **4% reducing balance (CFR method)** - MRP will be calculated as 4% of the opening GF CFR balance;
- From 1 April 2008 for all unsupported borrowing the MRP policy will be
- **Asset life method (annuity)** - MRP will be based on the estimated life of the assets;
- 38 Capital expenditure incurred during 2022/23 will not be subject to an MRP charge until 2023/24, or in the year after the asset becomes operational
- 39 The Council will apply the asset life method for any expenditure capitalised under a Capitalisation Direction.
- 40 MRP in respect of assets acquired under Finance Leases or PFI will be charged at an amount equal to the principal element of the annual repayment.
- 41 For capital expenditure on loans to third parties where the principal element of the loan is being repaid in annual instalments, the capital receipts arising from the principal loan repayments will be used to reduce the CFR instead of MRP.
- 42 Where no principal repayment is made in a given year, MRP will be charged at a rate in line with the life of the assets funded by the loan
- 43 MRP Overpayments - Under the MRP guidance, any charges made in excess of the statutory MRP can be made, known as voluntary revenue provision (VRP). VRP can be reclaimed in later years if deemed necessary or prudent. In order for these amounts to be reclaimed for use in the budget, this policy

must disclose the cumulative overpayment made each year. Up until the 31 March 2022 the total VRP overpayments have been nil.

### **The Borrowing Strategy**

- 44 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

- 45 The overall treasury management portfolio as at 31 March 2022 and for the position as at 1 December 2022 are shown below for both borrowing and investments.

TREASURY PORTFOLIO				
	actual	actual	current	current
	31.3.22	31.3.22	01.12.22	31.03.23
Treasury investments	£000	%	£000	%
Banks	4,873	29.23	3,972	15.06
Building societies - unrated	3,000	17.99	3,000	11.38
Local authorities	2,000	12.00	-	-
Money Market Funds	6,800	40.78	14,400	54.60
<b>Total managed in house</b>	<b>16,673</b>	<b>100.00</b>	<b>21,372</b>	<b>81.04</b>
Multi Asset Income Funds	-	-	5,000	18.96
<b>Total managed externally</b>	<b>-</b>	<b>-</b>	<b>5,000</b>	<b>18.96</b>
<b>Total treasury investments</b>	<b>16,673</b>	<b>100.00</b>	<b>26,372</b>	<b>100.00</b>
<b>Treasury external borrowing</b>				
PWLB	12,766	100.00	12,297	100.00
<b>Total external borrowing</b>	<b>12,766</b>	<b>100.00</b>	<b>12,279</b>	<b>100.00</b>
<b>Net treasury investments / (borrowing)</b>	<b>3,907</b>		<b>14,075</b>	

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

£m	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
<b>External Debt</b>					
Debt at 1 April	4,892	12,766	17,442	34,986	48,228
Expected change in Debt	7,874	4,676	17,544	13,242	1,922
Other long-term liabilities (OLTL)	2,275	2,275	2,275	2,275	2,275
Expected change in OLTL	0	0	0	0	0
Actual gross debt at 31 March	<b>15,041</b>	<b>19,717</b>	<b>37,261</b>	<b>50,503</b>	<b>52,425</b>
The Capital Financing Requirement	<b>52,527</b>	<b>61,367</b>	<b>81,103</b>	<b>105,999</b>	<b>84,559</b>
Under / (over) borrowing	<b>37,486</b>	<b>41,650</b>	<b>43,842</b>	<b>55,496</b>	<b>32,134</b>

- 47 Within the range of prudential indicators there are several 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 2023/24 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.
- 48 The Deputy Chief Executive and Chief Officer - Finance & Trading reports that The Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes account of current commitments, existing plans and the proposals in this budget report.

Treasury Indicators: Limits to Borrowing Activity

The Operational Boundary.

- 49 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.

<b>Operational Boundary £000</b>	<b>2022/23 Estimate</b>	<b>2023/24 Estimate</b>	<b>2024/25 Estimate</b>	<b>2025/26 Estimate</b>
Debt	30,000	40,000	50,000	55,000
Other long-term liabilities	2,275	2,275	2,275	2,275
<b>Total</b>	<b>32,275</b>	<b>42,275</b>	<b>52,275</b>	<b>57,275</b>

The Authorised Limit for external debt

- 50 This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal 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.
- 51 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 local authority plans, or those of a specific authority, although this power has not yet been exercised.
- 52 The Council is asked to approve the following Authorised Limit:

<b>Authorised Limit £000</b>	<b>2022/23 Estimate</b>	<b>2023/24 Estimate</b>	<b>2024/25 Estimate</b>	<b>2025/26 Estimate</b>
Debt	35,000	45,000	55,000	60,000
Other long-term liabilities	2,275	2,275	2,275	2,275
<b>Total</b>	<b>37,275</b>	<b>47,275</b>	<b>57,275</b>	<b>62,275</b>

Prospects for Interest Rates

53 The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Link provided the following forecasts on 08.11.22. These are forecasts for certainty rates, gilt yields plus 80 bps.

Link Group Interest Rate View	08.11.22												
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
BANK RATE	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave earnings	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave earnings	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB	4.30	4.30	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB	4.50	4.50	4.40	4.30	4.20	4.00	3.90	3.70	3.60	3.50	3.40	3.30	3.20
25 yr PWLB	4.70	4.70	4.60	4.50	4.40	4.30	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB	4.30	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.40	3.30	3.20	3.20

54 Appendix A draws together a number of current City views on the prospects for short term and longer fixed interest rates. Appendix B contains Link Group’s latest economic background report and the risks for interest rates as at December 2022.

Borrowing Strategy

55 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need, (the Capital Financing Requirement), 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 medium and longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy. That is, Bank Rate increases over the remainder of 2022 and the first half of 2023.

56 Against this background and the risks within the economic forecast, caution will be adopted with the 2023/24 treasury operations. The Director of Finance 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 borrowing rates, then borrowing will be postponed.*
- *if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.*

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

Policy on Borrowing in Advance of Need

58 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.

- 59 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.

#### Rescheduling

- 60 Rescheduling of current borrowing in our debt portfolio is unlikely to occur as there is still a large difference between premature redemption rates and new borrowing rates.
- 61 If rescheduling is to be undertaken, it will be reported to Cabinet at the earliest meeting following its action.

#### New Financial Institutions as a Source of Borrowing

- 62 Currently the PWLB Certainty Rate is set at gilts + 80 basis points. However, consideration may still need to be given to sourcing funding from the following sources for the following reasons:
- Local authorities (primarily shorter dated maturities out to 3 years or so - generally still cheaper than the Certainty Rate).
  - Financial institutions (primarily insurance companies and pension funds but also some banks, out of forward dates where the objective is to avoid a “cost of carry” or to achieve refinancing certainty over the next few years).
  - Municipal Bonds Agency
- 63 Our advisors will keep us informed as to the relative merits of each of these alternative funding sources.

### **ANNUAL INVESTMENT STRATEGY**

#### Investment Policy - Management of Risk

- 64 The Department of Levelling Up, Housing and Communities (DLUHC - this was formerly 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 treasury (financial) investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets and service investments, are covered in the Capital Strategy, (a separate report).
- 65 The Council’s investment policy has regard to the following: -
- DLUHC’s Guidance on Local Government Investments (“the Guidance”)



- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 (“the Code”)
  - CIPFA Treasury Management Guidance Notes 2021
- 66 The Council’s investment priorities will be security first, portfolio liquidity second and then yield (return).
- 67 The above guidance from the DLUHC and CIPFA places 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) **Other information:** 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 financial 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 5.4 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 or have less than a year left to run to maturity, if originally they were classified as being non-specified investments solely due to the maturity period exceeding 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) **Non-specified and loan investment limits.** The Council has determined that it will set a limit to the maximum exposure of the total treasury management investment portfolio to non-specified treasury management investments of 50%.

f) **Lending limits**, (amounts and maturity), for each counterparty will be set using the criteria set out on paragraph 73.

g) **Transaction limits** are set for each type of investment in 76.

h) This Authority will set a limit for its investments which are invested for **longer than 365 days**, (see table at paragraph 88).

i) Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**, (see paragraph 73).

j) This Authority has engaged **external consultants**, (see paragraphs 21-23), 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.

k) All investments will be denominated in sterling.

l) As a result of the change in accounting standards for 2022/23 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 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 ending 31.3.23. At the current juncture it has not been determined whether a further extension to the override will be agreed by Government.

68 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 4.5). Regular monitoring of investment performance will be carried out during the year.

**Changes in risk management policy from last year.**

69 The above criteria are unchanged from last year.

Creditworthiness Policy

- 70 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.
- 71 The Deputy Chief Executive and Chief Officer - Finance and Trading will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Full 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.
- 72 Credit rating information is supplied by Link Group, 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 a counterparty at the minimum Authority criteria will be suspended from use, with all others being reviewed in light of market conditions. (Amend as necessary / add your own criteria for such circumstances.)
- 73 The criteria for providing a pool of high-quality investment counterparties, (both specified and non-specified investments) is:
- Banks 1 - good credit quality - The Council will only use banks which:
    - i. are UK banks; and/or
    - ii. are non-UK and domiciled in a country which has a minimum sovereign Long-Term rating of AA-

and have, 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 - Part nationalised UK bank - Royal Bank of Scotland ring-fenced operations. This bank can be included provided they continue to be part nationalised or meet the ratings in Banks 1 above.
  - Banks 3 - The Council's own banker for transactional purposes if the bank falls below the above criteria, although in this case 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;
    - ii. Have assets in excess of £3bn;
 or meet both criteria.
  - Money Market Funds (MMFs) CNAV - AAA
  - Money Market Funds (MMFs) LNVAV - AAA
  - Bond, Property, Equity of Multi-Asset Funds
  - UK Government (including gilts, Treasury Bills and the DMADF)
  - Local authorities, housing associations, parish councils etc.
- 74 A limit of 50% will be applied to the use of non-specified investments.
- 75 Additional requirements under the Code require The Council to supplement credit rating information. Whilst the above criteria rely 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, rating Watches/Outlooks) will be applied to compare the relative security of differing investment opportunities.
- 76 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
Money Market Funds (CNAV)	AAA	£5m (per Fund)	Liquid
Money Market Funds (LVNAV)	AAA	£5m (per Fund)	Liquid
Bond, Property, Equity & Multi-Asset Funds	N/A	£5m (per Fund)	Liquid
UK Government DMADF	UK sovereign rating	£5m	6 months
Local authorities, housing associations etc	N/A	£5m (each)	2 years

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

#### Creditworthiness Issues

- 78 Significant levels of downgrades to Short and Long-Term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. However, more recently

the UK sovereign debt rating has been placed on Negative Outlook by the three major rating agencies in the wake of the Truss/Kwarteng unfunded tax-cuts policy. Although the Sunak/Hunt government has calmed markets, the outcome of the rating agency reviews is unknown at present, but it is possible the UK sovereign debt rating will be downgraded. Accordingly, when setting minimum sovereign debt ratings, this Authority will not set a minimum rating for the UK.

- 79 Although bank CDS prices, (these are market indicators of credit risk), spiked upwards during the days of the Truss/Kwarteng government, they have returned to more average levels since then. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances. Link monitor CDS prices as part of their creditworthiness service to local authorities and The Council has access to this information via its Link-provided Passport portal.

### Limits

- 80 Due care will be taken to consider the exposure of The Council's total investment portfolio to non-specified investments, countries, groups and sectors.
- a. **Non-specified treasury management investment limit.** The Council has determined that it will limit the maximum total exposure of treasury management investments to non-specified treasury management investments as being 50% of the total treasury management investment portfolio.
  - b. **Country limit.** 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.

**Other limits.** In addition: -

- no more than 15% will be placed with any non-UK country at any time;
- limits in place above will apply to a group of companies;
- sector limits will be monitored regularly for appropriateness.

### Investment Strategy

- 81 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). Greater returns are usually obtainable by investing for longer periods. The current shape of the yield curve suggests that is the case at present, but there is the prospect of Bank Rate peaking in the first half of 2023 and possibly reducing as early as the latter part of 2023 so an agile investment strategy would be appropriate to optimise returns.

- 82 Accordingly, 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.
- 83 The current forecast shown in paragraph 53, includes a forecast for Bank Rate to reach 4.5% in Q2 2023.
- 84 The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows: -

Average earnings in each year

2022/23 (remainder)	3.95%
2023/24	4.40%
2024/25	3.30%
2025/26	2.60%
2026/27	2.50%
Later Years	2.80%

- 85 As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.
- 86 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.
- 87 There are no changes proposed to the investment strategy for 2023/24.
- 88 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			
£000	2023/24	2024/25	2025/26
Principal sums invested for longer than 365 days	£10,000	£10,000	£10,000
Current investments as at 01.12.22 in excess of 1 year maturing in each year	£5,000	£5,000	£5,000

Investment Performance / Risk Benchmarking

89 This Authority will use an investment benchmark to assess the investment performance of its investment portfolio of SONIA (Sterling Overnight Index Average).

End of Year Investment Report

90 At the end of the financial year, The Council will report on its investment activity as part of its Annual Treasury Report.

Scheme of delegation

91 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.

Revision of the treasury management and prudential codes and the role of the Section 151 officer

92 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.

### Net Zero Implications

The decisions recommended through this paper have a remote or low relevance to the council's ambition to be Net Zero by 2030. There is no perceived impact regarding either an increase or decrease in carbon emissions in the district, or supporting the resilience of the natural environment.

## 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 21 February 2023.

### Appendices

Appendix A - Prospects for Interest Rates

Appendix B - Economic background and interest rate risks

Appendix C - Investment and Loan portfolio at 1 December 2022

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

Appendix H - The Liability Benchmark

### Background Papers

None

**Adrian Rowbotham**

Deputy Chief Executive and Chief Officer - Finance & Trading

**Appendix A: Prospects for Interest Rates**

- The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Link provided the following forecasts on 08.11.22. These are forecasts for certainty rates, gilt yields plus 80 bps.

Link Group Interest Rate View	08.11.22												
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
BANK RATE	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave eamings	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave eamings	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB	4.30	4.30	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB	4.50	4.50	4.40	4.30	4.20	4.00	3.90	3.70	3.60	3.50	3.40	3.30	3.20
25 yr PWLB	4.70	4.70	4.60	4.50	4.40	4.30	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB	4.30	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.40	3.30	3.20	3.20

- In addition to the forecast above Link provided the following notes relating to interest rates and forecasts.
- Our central forecast reflects a view that the MPC will be keen to demonstrate its anti-inflation credentials by delivering a succession of rate increases. This has happened throughout 2022, but the new Government’s policy of emphasising fiscal rectitude will probably mean Bank Rate does not now need to increase to further than 4.5%.
- Further down the road, we anticipate the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures have lessened - but that timing will be one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.
- The CPI measure of inflation will peak at close to 11% in Q4 2022. Despite the cost-of-living squeeze that is still taking shape, the Bank will want to see evidence that wages are not spiralling upwards in what is evidently a very tight labour market. Wage increases, excluding bonuses, are currently running at 5.7%.
- Regarding the plan to sell £10bn of gilts back into the market each quarter (Quantitative Tightening), this has started but will focus on the short to medium end of the curve for the present. This approach will prevent any further disruption to the longer end of the curve following on from the short-lived effects of the Truss/Kwarteng unfunded dash for growth policy.
- In the upcoming months, our forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but the on-going conflict between Russia and Ukraine. (More recently, the heightened tensions between China/Taiwan/US also have the potential to have a wider and negative economic impact.)

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- 8 On the positive side, consumers are still estimated to be sitting on over £160bn of excess savings left over from the pandemic so that will cushion some of the impact of the above challenges. However, most of those are held by more affluent people whereas lower income families already spend nearly all their income on essentials such as food, energy and rent/mortgage payments.

### **PWLB RATES**

- 9 Yield curve movements have become less volatile under the Sunak/Hunt government. PWLB 5 to 50 years Certainty Rates are, generally, in the range of 3.75% to 4.50%. The medium to longer part of the yield curve is currently inverted (yields are lower at the longer end of the yield curve compared to the short to medium end).
- 10 We view the markets as having built in, already, nearly all the effects on gilt yields of the likely increases in Bank Rate and the poor inflation outlook but markets are volatile and further whipsawing of gilt yields across the whole spectrum of the curve is possible.

### **The balance of risks to the UK economy: -**

- The overall balance of risks to economic growth in the UK is to the downside. Indeed, the Bank of England projected two years of negative growth in their November Quarterly Monetary Policy Report.

### **Downside risks to current forecasts for UK gilt yields and PWLB rates include: -**

- Labour and supply shortages prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, rising gilt yields).
- The Bank of England acts too quickly, or too far, over the next two years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- UK / EU trade arrangements - if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.
- Geopolitical risks, for example in Ukraine/Russia, China/Taiwan/US, Iran, North Korea and Middle Eastern countries, which could lead to increasing safe-haven flows.

### **Upside risks to current forecasts for UK gilt yields and PWLB rates: -**

- The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly and for a longer period within the UK economy, which then necessitates an even more rapid series of increases in Bank Rate faster than we currently expect.
- The Government acts too slowly to increase taxes and/or cut expenditure to balance the public finances, in the light of the cost-of-living squeeze.
- The pound weakens because of a lack of confidence in the UK Government’s fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.
- Longer term US treasury yields rise strongly, if inflation numbers disappoint on the upside, and pull gilt yields up higher than currently forecast.

**Borrowing advice**

- 11 Our long-term (beyond 10 years) forecast for Bank Rate stands at 2.5%. As all PWLB certainty rates are now above this level, borrowing strategies will need to be reviewed in that context. Better value can generally be obtained at the shorter end of the curve and short-dated fixed LA to LA monies should be considered. Temporary borrowing rates are likely, however, to remain near Bank Rate and may also prove attractive whilst the market waits for inflation, and therein gilt yields, to drop back later in 2023.
- 12 Our suggested budgeted earnings rates for investments up to about three months’ duration in each financial year are as follows: -

Average earnings in each year

2022/23 (remainder)	3.95%
2023/24	4.40%
2024/25	3.30%
2025/26	2.60%
2026/27	2.50%
Years 6 to 10	2.80%
Years 10+	2.80%

- 13 As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.

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- 14 Our interest rate forecast for Bank Rate is in steps of 25 bps, whereas PWLB forecasts have been rounded to the nearest 10 bps and are central forecasts within bands of + / - 25 bps. Naturally, we continue to monitor events and will update our forecasts as and when appropriate.

**APPENDIX B: Economic background and interest rate risks**

**Economic background**

- 1 Against a backdrop of stubborn inflationary pressures, the easing of Covid restrictions in most developed economies, the Russian invasion of Ukraine, and a range of different UK Government policies, it is no surprise that UK interest rates have been volatile right across the curve, from Bank Rate through to 50-year gilt yields, for all of 2022.
- 2 Market commentators’ misplaced optimism around inflation has been the root cause of the rout in the bond markets with, for example, UK, EZ and US 10-year yields all rising by over 200bps since the turn of the year. The table below provides a snapshot of the conundrum facing central banks: inflation is elevated but labour markets are extra-ordinarily tight, making it an issue of fine judgment as to how far monetary policy needs to tighten.

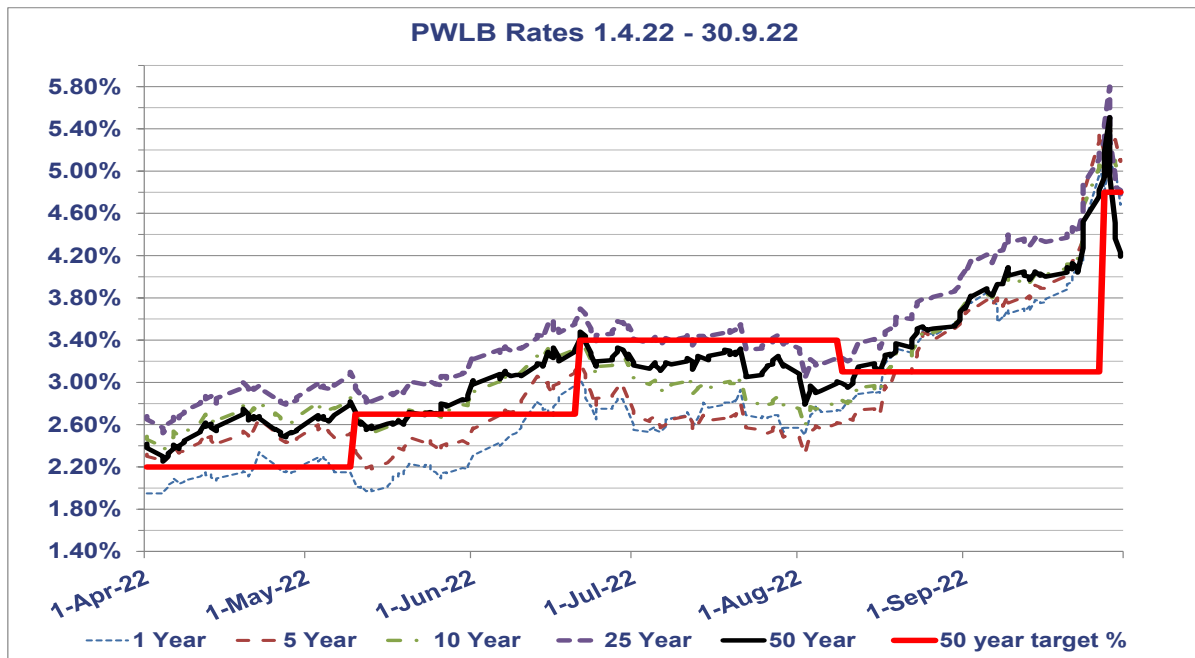
	<b>UK</b>	<b>Eurozone</b>	<b>US</b>
<b>Bank Rate</b>	3.0%	1.5%	3.75%-4.00%
<b>GDP</b>	-0.2%q/q Q3 (2.4%y/y)	+0.2%q/q Q3 (2.1%y/y)	2.6% Q3 Annualised
<b>Inflation</b>	11.1%y/y (Oct)	10.0%y/y (Nov)	7.7%y/y (Oct)
<b>Unemployment Rate</b>	3.6% (Sep)	6.6% (Sep)	3.7% (Aug)

- 3 Q2 of 2022 saw UK GDP revised upwards to +0.2% q/q, but this was quickly reversed in the third quarter, albeit some of the fall in GDP can be placed at the foot of the extra Bank Holiday in the wake of the Queen’s passing. Nevertheless, CPI inflation has picked up to what should be a peak reading of 11.1% in October, although with further increases in the gas and electricity price caps pencilled in for April 2023, and the cap potentially rising from an average of £2,500 to £3,000 per household, there is still a possibility that inflation will spike higher again before dropping back slowly through 2023.
- 4 The UK unemployment rate fell to a 48-year low of 3.6%, and this despite a net migration increase of c500k. The fact is that with many economic participants registered as long-term sick, the UK labour force actually shrunk by c£500k in the year to June. Without an increase in the labour force participation rate, it is hard to see how the UK economy will be able to grow its way to prosperity, and with average wage increases running at 5.5% - 6% the MPC will be concerned that wage inflation will prove just as sticky as major supply-side shocks to food and energy that have endured since Russia’s invasion of Ukraine on 22nd February 2022.

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- 5 Throughout Q3 Bank Rate increased, finishing the quarter at 2.25% (an increase of 1%). Q4 has seen rates rise to 3% in November and the market expects Bank Rate to hit 4.5% by May 2023.
- 6 Following a Conservative Party leadership contest, Liz Truss became Prime Minister for a tumultuous seven weeks that ran through September and December. Put simply, the markets did not like the unfunded tax-cutting and heavy spending policies put forward by her Chancellor, Kwasi Kwarteng, and their reign lasted barely seven weeks before being replaced by Prime Minister Rishi Sunak and Chancellor Jeremy Hunt. Their Autumn Statement of 17th November gave rise to a net £55bn fiscal tightening, although much of the “heavy lifting” has been left for the next Parliament to deliver. However, the markets liked what they heard, and UK gilt yields have completely reversed the increases seen under the previous tenants of No10/11 Downing Street.
- 7 Globally, though, all the major economies are expected to struggle in the near term. The fall below 50 in the composite Purchasing Manager Indices for the UK, US, EZ and China all point to at least one if not more quarters of GDP contraction. In November, the MPC projected eight quarters of negative growth for the UK lasting throughout 2023 and 2024, but with Bank Rate set to peak at lower levels than previously priced in by the markets and the fiscal tightening deferred to some extent, it is not clear that things will be as bad as first anticipated by the Bank.
- 8 The £ has strengthened of late, recovering from a record low of \$1.035, on the Monday following the Truss government’s “fiscal event”, to \$1.20. Notwithstanding the £’s better run of late, 2023 is likely to see a housing correction of some magnitude as fixed-rate mortgages have moved above 5% and affordability has been squeezed despite proposed Stamp Duty cuts remaining in place.
- 9 In the table below, the rise in gilt yields, and therein PWLB rates, through the first half of 2022/23 is clear to see.





10 However, the peak in rates on 28th September as illustrated in the table covering April to September 2022 below, has been followed by the whole curve shifting ever lower. PWLB rates at the front end of the curve are generally over 1% lower now whilst the 50 years is over 1.75% lower.

	1 Year	5 Year	10 Year	25 Year	50 Year
<b>Low</b>	1.95%	2.18%	2.36%	2.52%	2.25%
<b>Date</b>	01/04/2022	13/05/2022	04/04/2022	04/04/2022	04/04/2022
<b>High</b>	5.11%	5.44%	5.35%	5.80%	5.51%
<b>Date</b>	28/09/2022	28/09/2022	28/09/2022	28/09/2022	28/09/2022
<b>Average</b>	2.81%	2.92%	3.13%	3.44%	3.17%
<b>Spread</b>	3.16%	3.26%	2.99%	3.28%	3.26%

11 After a shaky start to the year, the S&P 500 and FTSE 100 have climbed in recent weeks, albeit the former is still 17% down and the FTSE 2% up. The German DAX is 9% down for the year.

### CENTRAL BANK CONCERNS - NOVEMBER 2022

12 At the start of November, the Fed decided to push up US rates by 0.75% to a range of 3.75% - 4%, whilst the MPC followed a day later by raising Bank Rate from 2.25% to 3%, in line with market expectations. EZ rates have also increased to 1.5% with further tightening in the pipeline.

13 Having said that, the press conferences in the US and the UK were very different. In the US, Fed Chair, Jerome Powell, stated that rates will be elevated and stay higher for longer than markets had expected. Governor Bailey, here in the UK, said the opposite and explained that the two economies are positioned very differently so you should not, therefore, expect the same policy or messaging.

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- 14 Regarding UK market expectations, although they now expect Bank Rate to peak within a lower range of 4.5% - 4.75%, caution is advised as the Bank of England Quarterly Monetary Policy Reports have carried a dovish message over the course of the last year, only for the Bank to have to play catch-up as the inflationary data has proven stronger than expected.
- 15 In addition, the Bank's central message that GDP will fall for eight quarters starting with Q3 2022 may prove to be a little pessimistic. Will the £160bn excess savings accumulated by households through the Covid lockdowns provide a spending buffer for the economy - at least to a degree? Ultimately, however, it will not only be inflation data but also employment data that will mostly impact the decision-making process, although any softening in the interest rate outlook in the US may also have an effect (just as, conversely, greater tightening may also).

**APPENDIX C: CURRENT PORTFOLIO POSITION**

List of Investments as at:- 1-Dec-22

Reference	Name	Rating	Country	Group	Amount	Start Date	Comm Rate	End Date	Curr Rate	Terms	Broker	Status
<b>Treasury Investments</b>												
	Barclays Bank plc (Business Premium A/C)	A+	U.K.		972,890	01-Oct-11			0.20000%	Variable	Direct	Current
	Svenska Handelsbanken AB (Deposit A/C)	AA	Sweden		0	23-Jul-14			0.00000%	Variable	Direct	Current
	Svenska Handelsbanken AB (35 Day Notice A/C)	AA	Sweden		0	01-Sep-16			0.24000%	Variable	Direct	Current
	Aberdeen Standard Liquidity Fund (Money Market Fund)	AAA	U.K.		4,000,000	11-May-12				Variable	Direct	Current
	Insight Liquidity Fund (Money Market Fund)	AAA	U.K.		2,600,000	11-May-12				Variable	Direct	Current
	BlackRock Liquidity Fund (Money Market Fund)	AAA	U.K.		4,100,000	13-Oct-16				Variable	Direct	Current
	CCLA Public Sector Deposit Fund (Money Market Fund)	AAA	U.K.		3,700,000	08-Oct-18				Variable	Direct	Current
IP1446	Close Brothers Ltd	A-	U.K.		3,000,000	31-Oct-22	3.70000%	22-Mar-23		5 months	Tradition	Current
IP1445	Newcastle Building Society		U.K.		3,000,000	22-Sep-22	2.85000%	22-Feb-23		5 Months	Tradition	Current
Total Invested					<u><u>21,372,890</u></u>							
<b>Multi Asset Income Funds</b>												
	Artemis Fund Managers Ltd		U.K.		2,500,000	16-May-22					Direct	Current
	Aegon Asset Management UK PLC		U.K.		2,500,000	20-May-22					Direct	Current
Total Invested					<u><u>5,000,000</u></u>							
<b>Other Loans</b>												
	Sevenoaks Leisure Limited				467,952	02-Mar-18	6.00000%	02-Mar-28		10 Years	Direct	Current
	Quercus 7 Limited - Long term loan			Year of issue						avg interest		
				19/20	536,444					4.69000%		
				20/21	3,614,900					4.69000%		
				21/22	5,763,337					4.58000%		

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**APPENDIX D - Treasury management practice (TMP1) - Credit and counterparty risk management**

- 1 The Department for Levelling Up, Housing and Communities (DLUHC) issued investment guidance in 2018, and this forms the structure of the authority'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 local authorities to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective, the guidance requires this authority 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 and will apply its principles to all investment activity. In accordance with the code, the director of finance 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 for the authority to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of the 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 authority will use. These are high security (*i.e., high credit rating, although this is defined by the authority, 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 authority 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 authority has the right to be repaid within 12 months if it wishes. They also include investments which were originally classed as being non-specified investments, but which would have been classified as specified investments apart from originally being for a period longer than 12 months once the remaining period to maturity falls to under 12 months.

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These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with: -

- The UK government (such as the debt management account deposit facility, UK treasury bills or a gilt with less than one year to maturity).
- Supranational bonds of less than one year's duration.
- A local authority, housing association, parish council or community council.
- Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency e.g., Standard and Poor's, Moody's and/or Fitch rating agencies.
- A body that is considered of a high credit quality (such as a bank or building society). This category covers bodies with a minimum short-term rating of xxx (or the equivalent) as rated by Standard and Poor's, Moody's and / or Fitch rating agencies.

In accordance with the code, the authority has set out additional criteria to limit the time and the amount of monies which will be invested in these bodies. These criteria are contained within 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: -

	<b>Non-specified investment category</b>	<b>Limit (£ or %)</b>
a.	<b>The authority's own banker</b> if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.	£7m
b.	<b>Building societies not meeting the basic security requirements under the specified investments.</b> 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 <b>bank or building society</b> 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 <b>non-rated subsidiary</b> of a credit rated institution included in the specified investment category. These institutions will be included as an investment category where the parent bank has provided an appropriate guarantee and has the necessary ratings outlined above.	£7m
e.	<b>Share capital</b> 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.	£50k

	Revenue resources will not be invested in corporate bodies. See note 1 below.	
f.	<b>Bond funds.</b> A pooled investment vehicle with a mix of corporate and government grade bonds. See note 1 below.	£5m
g.	<b>Other Funds</b> - including Property, Equity and Multi-Asset Funds. These are pooled investment vehicles specialising in property, equities or a mixture of assets. The use of these instruments can be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. See note 1 below. This Authority will seek guidance on the status of any fund it may consider using.	£5m

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 authority 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 Deputy Chief Executive and Chief Officer - Finance & Trading, 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, (we show the lowest rating from Fitch, Moody's and S&S) and also, (except - at the time of writing - for Hong Kong and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the link creditworthiness service.

***Based on lowest available rating***

**AAA**

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

**AA+**

- Canada
- Finland
- U.S.A.

**AA**

- Abu Dhabi (UAE)
- France

**AA-**

- Belgium
- Qatar
- U.K.

*This list is as at 2.12.22*



## **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 & Investment 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

- 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.

The above list of specific responsibilities of the S151 officer in the 2017 Treasury Management Code has not changed. However, implicit in the changes in both codes, is a major extension of the functions of this role, especially in respect of non-financial investments (which CIPFA has defined as being part of treasury management). Examples are as follows:-

- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long-term timeframe;
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money;
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority;
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing;
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long-term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that members are adequately informed and understand the risk exposures taken on by the authority
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above

- creation of treasury management practices which specifically deal with how non treasury investments will be carried out and managed, to include the following:
  - 
  - Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;
  - Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;
  - Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;
  - Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;
  - Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.

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## APPENDIX H - Liability Benchmark

	£'000	£'000	£'000	£'000	£'000
	Opening Balance	1	2	3	4
Financial Year End	2021	2022	2023	2024	2025
PWLB Loans	£4,892	£12,766	£17,422	£34,986	£48,228
Market Loans (excl LOBO loans)					
LOBO Loans					
Short Term inc LA Temporary Borrowing (<1 year)					
Variable rate loans					
<b>Existing Loan Debt Outstanding</b>	<b>£4,892</b>	<b>£12,766</b>	<b>£17,422</b>	<b>£34,986</b>	<b>£48,228</b>
Opening Loan Debt	£4,892				
Less: opening treasury investments	-£16,673				
Plus: planned prudential borrowing	£8,000	£5,144	£18,022	£13,729	£2,419
Less: MRP & Capital Receipts set aside	-£286	-£625	-£631	-£637	-£643
+/- other forecast cashflows					
<b>Net Loans Requirement (forecast net loan debt)</b>	<b>-£4,067</b>	<b>£452</b>	<b>£17,843</b>	<b>£30,935</b>	<b>£32,711</b>
Opening Loans CFR					
Plus: planned Prudential Borrowing		£5,144	£18,022	£13,729	£2,419
Less: MRP & Capital Receipts set aside		-£625	-£631	-£637	-£643
<b>Loans CFR</b>	<b>£0</b>	<b>£4,519</b>	<b>£21,910</b>	<b>£35,002</b>	<b>£36,778</b>
Liquidity allowance above net debt (liquidity buffer)	£16,000	£16,000	£16,000	£16,000	£16,000
<b>Liability Benchmark (Gross Loans Requirement)</b>	<b>£11,933</b>	<b>£16,452</b>	<b>£33,843</b>	<b>£46,935</b>	<b>£48,711</b>
Forecast Investments	£16,000	£16,000	£16,000	£16,000	£16,000
<b>(Over)/Under Liability Benchmark</b>	<b>£7,041</b>	<b>£3,686</b>	<b>£16,421</b>	<b>£11,949</b>	<b>£483</b>

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**Item 11 - Property Investment Strategy 2023/24**

The attached report was considered by the Finance & Investment Advisory Committee on 10 January 2023. The relevant Minute extract is below.

**Finance & Investment Advisory Committee (10 January 2023 Minute 42)**

The Head of Finance presented the report, which updated Members on the progress of the Property Investment Strategy to date and its future direction.

He advised the Committee that changes in government regulations and CIPFA prudential code meant that the Council could no longer borrow to make property investment purely for yield. He explained that the Investment Property income budget was derived from income from investment properties owned by the Council, interest from loans to Quercus 7, and dividends from Quercus 7.

The Committee discussed the restrictions on using Public Works Loans Board funding for property investment.

Resolved: That the report be noted.

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**PROPERTY INVESTMENT STRATEGY UPDATE REPORT**

**Cabinet - 9 February 2023**

**Report of:** Deputy Chief Executive and Chief Officer - Finance and Trading

**Status:** For Decision

**Also considered by:**

- Finance & Investment Advisory Committee - 10 January 2023
- Council - 21 February 2023

**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. This report provides an update on those acquisitions.

Due to Government changes in the way councils can access Public Works Loan Board (PWLB) borrowing and the changes to CIPFA's Prudential Code, the Property Investment Strategy is no longer included in the capital programme therefore the Council cannot currently borrow to make any more property investments purely for yield.

In a changing property market and regardless of any limitations on financing, it remains important to review the criteria of the strategy on a regular basis.

**Portfolio Holder:** Cllr. Matthew Dickins

**Contact Officer(s):** Adrian Rowbotham, Ext. 7153

Alan Mitchell, Ext. 7483

Detlev Munster, Ext. 7099

**Recommendation to Finance and Investment Advisory Committee:**

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

**Recommendation to Cabinet:**

- (a) Cabinet considers any comments from Finance and Investment 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 Property Investment Strategy criteria recommended by Cabinet.

**Introduction and Background**

- 1 In recent years Sevenoaks District Council was facing 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.
- 2 On 7 November 2013, Cabinet approved the then Corporate Plan which set out key areas for the organisation, including the need to become financially self-sufficient. The agreed plan articulated an approach of investing in assets that would generate revenue income to allow less reliance on diminishing Government support. It went on to state that this could be done either through reviewing the use of reserves or through borrowing at low interest rates.
- 3 On 22 July 2014, Council agreed the Property Investment Strategy. The Strategy's criteria were last updated at Council on 22 February 2022 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 as follows:
- a. £5m Council 22 July 2014
  - b. £3m Council 17 February 2015
  - c. £10m Council 21 July 2015
  - d. £7.3m (total spend) Sennocke (Premier Inn) Hotel, Council 3 November 2015
  - e. £25m Council 25 April 2017
- 5 £35.451m has been spent. However, as the Property Investment Strategy has now been removed from the Capital Programme, the Council is unable to make any further property investments purely for yield, therefore the unspent element of the £50.3m is no longer available for the Council to spend on the Property Investment Strategy.

**Activity to Date**

- 6 A summary of the income producing expenditure to date is included in the following table:

Date	Activity	Total Cost £000	2022/23 Income Yield %
Apr 2015	Suffolk House, Sevenoaks (including refurb.) (office)	4,892	7.3%
May 2015	Swanley Petrol Station and Supermarket	2,566	7.5%
Mar 2017	26-28 Pembroke Road, Sevenoaks (office)	4,673	3.9%
Aug 2018	Premier Inn Hotel, Sevenoaks	7,332	6.4%
	<b>Total</b>	<b>19,463</b>	

- 7 **Suffolk House, Sevenoaks** (April 2015) - This office building is in a town centre in which there are diminishing levels of office stock. It consists of a total of 16,699 sq. ft of office space over four floors with 84 parking spaces.

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It is managed by a property management company with costs recoverable under a service charge. All floors have been refurbished to a high standard and the rent per square foot is now significantly higher than when the building was purchased. All space is currently let. External repair and maintenance work, notably to the roof, brickwork and lead works, has recently been undertaken in accordance with the building's planned maintenance programme.

- 8 **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 0.589 acre site. The property is let on a lease expiring in August 2030.
- 9 **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 and is currently partially let to Towergate Insurance, who previously occupied the whole building. Heads of terms are currently being negotiated with a new tenant for a lease for 20 years.
- 10 **Premier Inn Hotel, Sevenoaks (August 2018)** - The 83 bed Premier Inn was completed in July 2018 and opened for trading on 4 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 in paragraph 23.
- 11 The following amounts within the strategy have funded Quercus 7 investments.

Date	Activity	Total Cost £000	2022/23 Income Yield %
2016/17	Quercus 7 set up costs	13	
2018/19 onwards	Quercus 7 investments (debt 60%)	5,987	4.5%
2018/19 onwards	Quercus 7 investments (equity 40%)	3,991	
	Total	9,991	

- 12 Quercus 7 was set up to enable the Council to invest in property on a commercial basis across a range of asset categories, ensuring a sustainable income for the Council. The company is able to invest in commercial properties outside of the district and hold residential property, which the Council is not allowed to do.

- 13 The Council, which is also the Shareholder of the Company, wishes Quercus 7 to prioritise return on investment, whilst also recognising that as a public body there are sometimes wider considerations and sensitivities that the Council must consider.
- 14 The investments adhere to the principles set out in the Property Investment Strategy.
- 15 The Council as a whole holds the only share in the Company and has delegated its responsibility for overseeing the trading activities of the Company to a Trading Board, and the Leader of the Council has been nominated as the shareholder representative.
- 16 The Quercus 7 Business Plan includes a £50,000 dividend payable to the Council annually from 2023/24.
- 17 In addition, strategic expenditure has been undertaken to secure longer term returns. These items are listed in the table below:

Date	Activity	Total Cost £000
Feb 2015	Swanley Working Men’s Club (including demolition)	1,393
Feb 2017	96 High Street, Sevenoaks (retail, office) and associated site	4,554
May 2017	Croft Road, Westerham (housing option)	589
	Total	6,536

- 18 **Swanley Working Men’s Club** (February 2015) - The premises were demolished in July 2016. In June 2022, The Council made a planning application for 93 apartments arranged over 4 to 6 storeys on this site, together with the adjacent car park and land owned by West Kent Housing Association. The planning application was refused permission and options for the site are being reviewed in light of the decision. Aside from planning, the recent increase in interest rates and higher build costs are making it difficult to bring forward development at the current time.

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- 19 **96 High Street, Sevenoaks (February 2017)** - This premise consists of ground floor retail space, 1<sup>st</sup> and 2<sup>nd</sup> floor office space. The land at the rear is next to a District Council car park which in turn is next to the bus station and therefore has the potential to support the Council's regeneration ambitions. Discussions have taken place and are ongoing with KCC to include land in their ownership to bring forward a larger scheme. Consultants have been appointed with a masterplan and feasibility study prepared to establish appropriate mix of uses, values and with a view to agreeing terms with a private sector development partner. The ground floor retail space is occupied by Hospice in the Weald on a short-term lease, subject to a developer's break clause on a rolling basis. The second floor is still in occupation by Second Floor Studios CIC and their lease is being made co-terminus with that on the ground floor.
- 20 **Croft Road, Westerham** - This land formally in the Council's ownership was sold to a developer to build 18 residential units which are being built in two phases. The Council took up an option to acquire two houses at a discount (based on an agreed price formula), one house in each phase. The option to acquire the house in the first phase was exercised on behalf of Quercus 7, and it has since been let on an Assured Shorthold Tenancy providing regular monthly income. The option to acquire the house in the second phase was exercised by the Council, and the house was sold on the open market for £640,000, realising a return on investment of around 7%.
- 21 All of the Council's acquisitions have been supported by a thorough business case and approved by the Improvement & Innovation Portfolio Holder in consultation with the Finance & Investment Portfolio Holder as required by Council.

### Property Investment Strategy Income

- 22 The 10-year budget approved by Council in February 2021 included net Property Investment Strategy income of £1.372m in 2021/22 and £1.508m in 2022/23.
- 23 Net income of £1.252m is forecast in 2022/23 - £265,000 below the budget. This is due to a void period and associated business rates costs.
- 24 An annual dividend of £50,000 will be received from Quercus 7 from 2023/24
- 25 The Property Investment Strategy net income budgets included in the 10-year budget approved by Council in February are included in the table below:

Year	Net Income Budget
2022/23	£1.568m
2023/24 - 2025/26	£1.668m
2026/27 - 2028/29	£1.765m
2029/30 - 2032/33	£1.806m

- 26 The budgets will continue to be reviewed.
- 27 All of the net income budgets proposed are after transferring £100,000 per annum into the Property Investment Strategy Maintenance Reserve.

### **Funding Sources**

- 28 The £35.5m spent to date has been funded by:
- a. Property Reserve and Financial Plan Reserve £11.8m. Funds put aside for the Property Investment Strategy agreed as part of the annual budget setting process, including New Homes Bonus.
  - b. Capital receipts £9.4m. Proceeds from the sale of Council assets.
  - c. Internal borrowing £4.4m. 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 2020/21.
  - d. Internal borrowing £9.9m. From council balances for Quercus 7 investments.
  - e. External borrowing £nil. This funding method would incur interest and MRP costs each year.
- 29 Funding options are considered on a case-by-case basis and may be funded by reserves, capital receipts, internal borrowing or external borrowing, subject to the constraints referred to in the Executive Summary and below.
- 30 During 2019, at the request of Full Council, a Member Working Group investigated Income Strip Funding as an additional funding source and recommended that this should be considered for funding suitable future schemes.
- 31 Each scheme is assessed to consider whether it is preferable to proceed as the Council or via Quercus 7.

### **Public Works Loan Board (PWLB) - Access to Borrowing**

- 32 In November 2020, HM Treasury published the document 'Public Works Loan Board: Future Lending Terms'.
- 33 This document included changes to the PWLB lending terms designed to discourage councils from investing primarily for yield by restricting access to the PWLB. Under the new rules, councils are still free to borrow for service delivery, housing, regeneration, preventative action and delivery of government priorities.

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- 34 The main points are:
- a. As a condition of accessing the PWLB, local authorities are now asked to submit a high-level description of their capital spending and financing plans for the following three years.
  - b. Councils intending to invest for yield are not permitted to access the PWLB.
  - c. When applying for a new loan, councils are required to confirm that the plans they have submitted remain current and reaffirm that they do not intend to buy investment assets primarily for yield.
  - d. The decision over whether a project complies with the terms of the PWLB is for the section 151 officer or equivalent of the council (Chief Officer - Finance and Trading).
- 35 Schemes within the agreed capital programme are funded by PWLB borrowing. This therefore means that the Council is currently unable to invest in property purely for yield such as through the Property Investment Strategy.
- 36 There have been a number of announcements and guidance notes from the Government and CIPFA (Chartered Institute of Public Finance and Accountancy) considering how some councils have borrowed from the PWLB to fund property investments and proposed changes to the Prudential Code.
- 37 Officers will continue to liaise with the Government and other bodies to ensure that there is a clear understanding of options and implications available for future use of the Property Investment Strategy by both the Council and Quercus 7.

### Future Opportunities

- 38 As mentioned above, the PWLB and Prudential Code changes will impact the opportunities to make further property investments within the strategy.
- 39 It is therefore recommended that the focus of officers time on the delivery of the Property Investment Strategy should be on development of the strategic assets listed in paragraph 17, realising their revenue potential, whilst recognising that the higher cost of finance and build cost inflation together with a deteriorating market for residential sales (demand for lettings has gone up) may result in a delay to the delivery of major development projects.

### Risks

- 40 The risks of the Property Investment Strategy are included in **Appendix B**. The risks were first assessed by the Audit Committee on 9 September 2014 and have been reviewed each year.



- 41 The Council’s Strategic Risk Register was last considered by the Audit Committee on 22 September 2022 and the relevant extract is also included in **Appendix B**.
- 42 In terms of short-term variations in capital value, property investment is inherently more risky than leaving reserves in the bank but this was taken into account when establishing the Property Investment Strategy and setting the investment criteria. Treasury investment returns have long been below inflation levels resulting in the gradual erosion of those funds. A separate report on the Treasury Management Strategy 2023/24 is also being presented at this meeting.
- 43 The risks of each potential investment are considered by carrying out due diligence, including the following:
- a. Valuation.
  - b. Market conditions.
  - c. Covenant strength of tenants.
  - d. Terms of leases.
  - e. Structural surveys.
  - f. Funding options.
  - g. Future costs.
- 44 It should be recognised that there may be times when there are business reasons to dispose of assets held as part of the Property Investment Strategy and invest elsewhere instead.
- 45 The Scrutiny Committee set up a Property Investment Strategy Member Working Group at their meeting on 5 July 2016 and reported their findings on 30 March 2017.
- 46 The Member Working Group concluded that the benefits of the Property Investment Strategy do outweigh the risks, provided that the council remains alive to of changes in the market and financial risks.
- 47 Internal Audit completed an audit report on the Property Investment Strategy in 2020/21. The audit opinion given in the report was of reasonable assurance.
- 48 The audit report conclusion was: “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.”

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- 49 The assurances required over the Property Investment Strategy are considered each year as part of the risk-based annual audit planning process.
- 50 The changes to the PWLB lending terms also produce additional risks that did not previously exist.

### **Property Investment Strategy Criteria**

- 51 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**.
- 52 The Property Investment Strategy criteria also applies to Quercus 7.

### **Key Implications**

#### Financial

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

All other financial information can be found in the report.

#### Legal Implications and Risk Assessment Statement.

Legal resources would be required to undertake legal pre-purchase due diligence for any future acquisitions. Likewise, with disposals. 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.

Proceeding with further pure property investments would add additional risks in light of the changes made and expected by Government and CIPFA.

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.

#### Net Zero Implications

The decisions recommended through this paper have a remote or low relevance to the Council's ambition to be Net Zero by 2030. There is no perceived impact regarding either an increase or decrease in carbon emissions in the District, or supporting the resilience of the natural environment.

#### 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**

The investments previously made through the Property Investment Strategy continue to provide a reliable revenue income stream above the rate on cash reserves (although the gap has narrowed due to higher interest rates), with the potential for income and capital growth, in the long term. This will assist the Council to remain financially self-sufficient.

Commercial property is being repriced/revalued because interest rates have risen, linked to high inflation. In the short term, property capital values will be negatively affected with a greater reliance on current income for performance. The Council is not currently able to make further investments purely for yield, but the situation will continue to be monitored with the aim to make further investments via the Council or Quercus 7 in future.

#### **Appendices**

Appendix A - Property Investment Strategy

Appendix B - Property Investment Strategy - Risk Analysis - to Follow

#### **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

## Agenda Item 11

**Adrian Rowbotham**

**Deputy Chief Executive and Chief Officer - Finance & Trading**

**Property Investment Strategy (agreed by Council 22/02/22)**

1. The strategy will consist of a diversified and balanced portfolio of investment assets with regard to the following considerations.
2. As the portfolio has grown and property markets have changed, all asset categories are now included subject to appropriate due diligence and ensuring no asset class exceeds 20% in total value of the approved funding.
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 all of England, however recognising that this may need to be changed in future if legislation is amended.
6. Based on the above considerations and taking into account local market conditions, a lot size of between £1m and £10m has been set. 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, the following has been set. The income yield be 3%+ above the Council's average treasury management return when not borrowing or internally borrowing, and 3%+ above the borrowing rate 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).
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.
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 expected that external specialist property investment advisors will 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 current criteria are:
  - i. Income yield of 3%+ above the Council's average treasury management return when not borrowing or internally borrowing, and 3%+ above the borrowing rate 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. Individual Properties or Portfolios
  - iii. Lot size of £1m - £10m subject to multiple tenants for lots over £5m
  - iv. Freehold / Long Leasehold
  - v. Single or Multi Tenanted
  - vi. Asset categories: all subject to appropriate due diligence and ensuring no asset class exceeds 20% in total value of the approved funding.
  - vii. Investment opportunities be restricted to all of England.
  - viii. Potential to increase rental income, through pro-active Asset Management
12. 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.
  - Internal borrowing.
  - Borrowing from the Public Works Loan Board.
  - Borrowing from the Municipal Bonds Agency.

- Income strip funding.
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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**BUDGET AND COUNCIL TAX SETTING 2023/24**

**Cabinet - 9 February 2023**

**Report of:** Deputy Chief Executive and Chief Officer - Finance and Trading

**Status:** For Decision

**Also considered by:**

- Council - 21 February 2023

**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, for 2011/12 the Council produced a 10-year budget together with a savings plan for the first time. This method continues to provide the Council with a stable basis for future years.

This report sets out the proposed budget and required level of Council Tax for 2023/24.

Based on the changes detailed in this report, **this Council will once again have a balanced 10-year budget.**

The report proposes a net expenditure budget of £18.533m in 2023/24 (£17.297m in 2022/23). Subject to any further changes this would result in a **Council Tax increase of 2.98% in 2023/24, with the District's Council Tax being £236.70 for a Band D property for the year (£229.86 in 2022/23), an increase of £6.84.**

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. Matthew Dickins

**Contact Officer(s):** Adrian Rowbotham, Ext. 7153

Alan Mitchell, Ext. 7483

**Recommendation to Cabinet:**

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

**Recommendation to Council:**

- (a) The Summary of Council Expenditure and Council Tax for 2023/24 set out in Appendix F be approved.
- (b) Approve the 10-year budget 2023/24 to 2032/33 which is the guiding framework for the detailed approval of future years' budgets set out in Appendix C(i) to the report, including the budget changes set out in Appendix E 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 2023/26 and funding method set out in Appendix J(i) and Capital Strategy 2023/24 set out in Appendix J(iii).
- (d) Approve the changes to reserves and provisions set out in Appendix K.
- (e) That the Local Council Tax Reduction Scheme 2022/23, be rolled forward to 2023/24, with effect from 1 April 2023 (Appendix M).
- (f) Agree to shorten the Council Tax premium on long term empty dwellings from the current 2 years (empty) to 1 year from 1 April 2024 (Appendix N).
- (g) Agree to implement the 100% Council Tax premium on all second homes from 1 April 2024 (Appendix N).

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

### **Introduction and Background**

- 1 The Council's financial strategy continues to aim for long-term financial health and continues to work towards increasing financial sustainability. It has been successful through the use of a number of actions 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.
  - 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.
- 3 In setting its budget for 2011/12 onwards, the Council recognised the need to address both the immediate 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 Revenue Support Grant provided by Government having ceased from 2017/18 it is important that the council remains financially self-sufficient by having a financial strategy that is focused on local solutions. These solutions include:
- continuing to deliver financial savings and service efficiencies.
  - growing the council tax and business rates base.
  - generating more income.
- 5 At the Cabinet meeting on 3 November 2022, Members considered a report setting out the Council's financial prospects for 2023/24 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 2023/24 and beyond.
- 6 As part of the budget process officers put forward their Service Dashboards to the Advisory Committees between November and January, which set out a summary of current and future challenges and risks.
- 7 Cabinet received a Budget Update report on 12 January 2023 which contained updates to the Financial Prospects report and considered growth and savings items.

### **Financial Strategy**

- 8 In order to maintain a viable Council that continues to deliver on its main priorities and the services it provides to its residents, the Council continues to adopt a Financial Strategy that embraces the following principles:
- Remain financially self-sufficient.
  - Be clear about the Council's future financial prospects, with a ten-year budget as an integral part.
  - Ensure a strategic approach is taken to the management of the Council's finances, Council Tax, and budget setting.

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- Make effective use of reserves and capital receipts.
- Manage our money carefully, monitor monthly and constantly strive for better value from our spending.

- 9 A summary of the Financial Strategy can be found at **Appendix B**.
- 10 An audit of the 10-year budget process has been completed by Mazars (working for Internal Audit) in 2021 and their findings were that the Council has adequate, effective and reliable controls in place over budget setting and long-term financial planning.

### Financial Self-Sufficiency

- 11 The Council's Corporate Plan 2013-2018 set out an ambition for the Council to become financially self-sufficient which was achieved in 2016/17. The current Council Plan aims to continue with this approach. 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 was faced with in bringing its public spending down to ensure it was 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 The Local Government Association's Corporate Peer Challenge in December 2021 commented that 'Sevenoaks District Council takes a long-term view of financial planning with a focus on self-sufficiency. The council's 10-year budget is innovative, an example for the sector and supports long-term decision making. This extended financial framework provides an excellent platform which has supported effective budget management and planned, long-term, decision making.'
- 15 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.
- 16 Cabinet are keen to remain financially self-sufficient which has served the Council well and ensured it is one of the most financially stable local authorities in the country. In the 2020/21 budget, a new target was set to replace reliance on Business Rates income over the coming years. However, due to the impact of Covid-19, inflationary increases and the greater uncertainty as Government reviews have been deferred, this remains a future aim. This ambition 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 need into the future.

### Updates on Assumptions

- 17 The following sections provide the latest information on the major income and expenditure streams together with details of the assumptions included in the attached 10-year budget.
- 18 The Provisional Local Government Finance Settlement (LGFS) for 2023/24 was announced on 19 December 2022. The most relevant elements for this Council are included below.

### Income

- 19 **Government Support: Revenue Support Grant (RSG)** (£nil received in 2022/23) - This formula-based grant has significantly reduced since 2010/11 as the emphasis of Government Support has changed, in fact this council has received no RSG since 2017 and was not expected to receive any in future years.
- 20 The previous 10-year budget assumed no RSG. However, the recent LGFS does include RSG of £186,000 in 2023/24 but it is important to highlight that this is not new or additional funding. The reason for this is that a number of previously separate grants have been rolled into RSG. For this Council they are:
  - Local Council Tax Support Subsidy of £111,000.
  - Family Annexe Council Tax Discount Grant of £75,000.
- 21 Due to the way RSG is calculated, it is expected that this amount will disappear in future years.
- 22 Negative RSG (i.e. where councils pay government) has previously been proposed by government. It has not been implemented but remains a threat going forward.
- 23 Local Government Funding reform was due to take place in 2019/20 but has been delayed for a number of reasons.
- 24 Two one-off grants were included in the LGFS as follows which are not expected to continue in future years:
  - Lower Tier Services Grant of £90,000, down from £159,000 in 2022/23.
  - Funding Guarantee of £912,000. This grant is intended to provide a funding floor for all local authorities, so that no local authority would see an increase in Core Spending Power that is lower than 3% (before assumptions on council tax rate increases, but includes those on Council Tax base). Core Spending Power is a Government calculation

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including a number of funding streams. This amount is largely due to the reduction in New Homes Bonus.

- 25 **New Homes Bonus (NHB)** (£0.8m received in 2022/23 but not used to fund the revenue budget) - the Government started this new funding stream in 2011/12 from funds top sliced from RSG 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 was reduced to 5 years from 2017/18 and 4 years from 2018/19. In addition, NHB is only received on tax base growth above 0.4% instead of on all growth (known as the deadweight). Legacy payments relating to previous years are no longer included therefore the amount for 2023/24 has reduced to £184,000.
- 26 It is likely that NHB will eventually be replaced by a different method to incentivise housing growth.
- 27 **Council Tax** (£11.8m) - The Government referendum limit has initially been set at 2% in recent years although it has been changed later in the process to the higher of 2% or £5 for a Band D property. The LGFS has stated that the referendum limit in 2023/24 and 2024/25 for district councils will be the higher of 3% or £5 (3% is higher for SDC). The assumptions in the 10-year budgets have been amended to assume a 3% increase in both years.
- 28 On 12 January 2023, Cabinet recommended a Council Tax increase for 2023/24 of 2.98%.
- 29 The Band D Council Tax in 2022/23 is £229.86. The impact of the above change in 2023/24 is as follows:

2023/24 Council Tax	Previous Assumption	Current Assumption
% increase	2%	2.98%
£ increase (Band D pa)	£4.60	£6.84
£ (Band D pa)	£234.46	£236.70

- 30 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.
- 31 The tax base increases each year due to the general increase in the number of residential properties and future developments as well as the continuing change in the number of Council Tax discounts awarded. The tax base increase in 2023/24 is less than previously assumed. This is due to a number

of reasons included the low number of new properties built and the increase in single person discounts.

- 32 This decrease has been partially compensated by increasing later year assumptions to reflect the 13,000 additional properties required by 2040. Therefore, the assumption for later years is an annual increase of 730 Band D equivalent properties.
- 33 The Council Tax Collection Rate has been increased from 98.9% to 99.4% from 2023/24. This increases the Collection Rate back to pre-pandemic levels as actual collection levels are continuing to improve.
- 34 **Business Rates Retention** (£2.3m) - 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. This council is due to collect £36m of Business Rates in 2022/23.
- 35 A Business Rates Pool operates in Kent and Medway which generally results in councils retaining more Business Rates than if they were not in the pool. There is an optimum level of pool membership, so this council and some others are not currently part of the pool but do benefit as if they were in the pool. The Government has agreed that the pool arrangement will continue in 2023/24.
- 36 Due to the current uncertainties and the limited opportunities to increase the number of businesses in the district, the assumption in the 10-year budget remains at the safety-net level, which is the amount of business rates the council is assured of retaining in the current scheme if it were not in a pool. However, the LGFS included an 'Updated Safety Net and Under indexing Compensation' amount to reflect actual inflationary increases. This results in £2.618m of Business Rates Retention being included for 2023/24. It has been assumed that this will continue until 2025/26 when a Business Rates Reset is due to take place.
- 37 Any increased Business Rates retained in 2023/24 due to being linked to the Kent and Medway Pool has been included in the budget rather than it being transferred to the Budget Stabilisation Reserve as in previous years. This change was included in the previous Cabinet report.
- 38 A reset could alter the distribution of Business Rates and it is hoped that transitional arrangements would be included so that any financial impact is minimised in the short term but there remains a risk that this council may no longer retain any Business Rates in the future. This would result in a funding gap that would need to be replaced by additional income or further savings.
- 39 **Interest receipts** (£0.2m) - following the investment in Multi-Asset Income Funds (MAIF) in May 2022, interest receipts in 2022/23 are higher than

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budgeted. As the intention is for the MAIF investments to be for a five year period, the interest receipts assumptions for 2023/24 to 2026/27 have been increased to £288,000 with later years remaining at £188,000 as the amounts available to invest are expected to be lower

- 40 It should also be noted that funds lent to Quercus 7 are at rates of over 4.5%. However, this income is reported under Property Investment Strategy income rather than Interest Receipts.
- 41 The Bank of England Base Rate is currently 3.5%. Assumptions will continue to be reviewed based on advice from our treasury advisors and discussions with the Finance and Investment Advisory Committee during the budget process.
- 42 **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.
- 43 Six assets have been purchased or built to date, including the Sevenoaks Premier Inn Hotel, at a cost of £25m.
- 44 As well as the £25m above, £10m has been spent by Quercus 7 Ltd on five assets. Quercus 7 is intending to start paying a dividend of £50,000 per year from 2023/24 and the annual assumptions have been increased to reflect this.
- 45 Property Investment Strategy income assumptions:
- 2023/24 - 2025/26 £1.618m per annum
- 2026/27 - 2028/29 £1.715m per annum
- 2029/30 - 2032/33 £1.756m per annum
- 46 Members should be aware that the Government and CIPFA are continuing to implement ways to limit Council's ability to make commercial property investments. This has stopped the Council's ability to borrow for investments made purely for yield which was the principal purpose of the Property Investment Strategy.
- 47 To enable other capital schemes to progress, the Property Investment Strategy removed from the capital programme as agreed by Council on 16 November 2021. Therefore, currently no further investments within the strategy are able to take place.
- 48 A Property Investment Strategy Update report has been presented to Finance Advisory Committee in January and Cabinet on 12 February 2023.



- 49 **Variable fees and charges** - the Council receives income in fees and charges from a number of sources.
- 50 The assumption is currently for a 2.5% increase for all years except for off-street car parking which is 3.5% for five years (2019/20 - 2023/24). The additional 1% for car parking is one of the funding streams for the development of Sevenoaks Town (formerly Buckhurst 2) Car Park as agreed by Council on 22 November 2016.
- 51 The Finance Team in conjunction with service managers have completed a significant exercise during this budget process by reviewing all fees and charges across the council. Existing income budgets have been challenged and by using non-financial information, there is now greater certainty that the budgets are set at appropriate levels.
- 52 **External Funding** - the Council has been very successful in securing external funding across a range of services, based on it delivering a wide range of innovative services to local residents, often in partnership with other agencies. The Council's officers continue to seek new opportunities for funding.
- 53 **Shared working** - Various services have included savings from shared working in previous years budgets. The Council successfully works in partnership with other authorities in a number of areas, including Revenues, Benefits, Internal Audit, Counter Fraud, Finance, Licensing, Civil Enforcement (Parking) and CCTV.

#### Expenditure

- 54 **Pay** costs total £18m. The National Employers for local government services final offer for 2022/23 of £1,925 per person was accepted by the unions and implemented in December 2022. This equates to an average increase of 5.8% in the Council's staff costs against a figure of 2% in the ten year budget. In cash terms, this is £643,000 above the budgeted assumption. It should be recognised that the current cost of living crisis has had a severe effect on colleagues on lower salary grades.
- 55 An approach to address this increase in 2022/23 was approved by Members. £390,000 of the increase was funded by the Budget Stabilisation Reserve but on the assumption that the reserve would be reimbursed over the 10-year budget period. This is included in **Appendix E**. It was agreed to address the ongoing impact as part of this budget process.
- 56 Negotiations regarding the 2023/24 pay award have not yet commenced and as inflationary pressures continue to fluctuate it is proposed to keep the assumption for future year increases at 2% but recognising that any change above 2% will need to be addressed in year and as part of the 2024/25 budget setting process.

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- 57 Members previously agreed that a budget would be set aside to address any recruitment and retention difficulties or challenges that arise going forward. This remains in place and will be used as required.
- 58 **Superannuation fund** - the latest pension fund triennial valuation by the actuaries Barnett Waddingham took place in November.
- 59 The funding level has increased from 86.6% to 93.1% since the previous valuation in 2019. The 10-year budget includes the contribution amounts set by the actuaries for 2023/24 to 2025/26 and includes an additional £50,000 from 2026/27 when the next triennial valuation will come into effect.
- 60 The effect of the triennial valuation is that the deficit contributions have reduced but this has been partly offset by an increase in the contributions for current staff (included on the 'New Growth' line in the 10-year Budget (App Ci)).
- 61 **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. Inflation is currently at 10.5% (CPI) (as at December 2022).
- 62 **Asset Maintenance** - Any asset maintenance expenditure is funded by the revenue budget each year. Asset maintenance expenditure can fluctuate as the demand for programmed and ad hoc work varies across sites. A detailed review of the asset maintenance requirements for council owned properties was carried out in 2018/19. The asset maintenance budgets are regularly reviewed, and the average yearly liability covered by the budget continues to be 64%.
- 63 **Annual Savings** - an annual Net Savings/Additional Income assumption of £100,000 is included for all years in the 10-year budget.

### Collection Fund - Council Tax Surplus/Deficit Calculation

- 64 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.
- 65 The estimated deficit as at 15 January 2022 was £169,851, whilst the actual surplus balance at 31 March 2022 was £391,142. The balance is relatively small in the context of the gross council tax collectible during 2022/23 of approximately £103.4m.

- 66 The purpose of the calculation as at 16 January 2023 is to estimate the likely surplus or deficit balance on the collection fund as at 31 March 2023. This is based on the tax bills issued for the year, current collection performance and the level of bad debt provision held.
- 67 As a result of the Covid-19 pandemic, the rules were changed regarding recovery of an estimated deficit on the collection fund in relation to council tax transactions for the year 2020/21 (the overall surplus or deficit on the collection fund covers all financial years). In simple terms, rather than the full amount of an estimated deficit for the year 2020/21 being taken into account by the billing and precepting authorities in the year ending 2021/22, it had to be spread equally over 2021/22 and the following two financial years. This was designed to reduce the effect on an authority's General Fund in 2021/22. The rules do not apply to an estimated surplus, the full amount of which will be taken into account by the billing and precepting authorities in the year in question.
- 68 This Council's share of the estimated surplus as at 31 March 2023 is £220,082 and our one-third share of the estimated deficit for 2020/21 is £4,146 resulting in a net surplus of £215,936 to be taken into account in the year ending 31 March 2024. A similar apportionment has been carried out for the County Council, Fire and Police, based on the relative level of their precepts.

#### Current Budget Position

- 69 The 10-year budget (**Appendix Ci**) 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.
- 70 **Appendix E** shows the changes in the 10-year Budget since it was last approved by Council in February 2022. This appendix also shows a remaining budget gap of £104,000 per annum. There are currently enough funds in the Budget Stabilisation Reserve to fund this amount for the whole of the 10-year budget period. This approach should be reviewed once the financial position is more stable.
- 71 The flexibility of the 10-year budget approach assists in these uncertain times. With inflation at a long time high, the future extent of price increases and how long they continue for remains uncertain. Therefore, the budget includes those items where there is certainty or a good indication but for others, assumptions have remained unchanged. As has been shown with our approach to the 2022 pay award and the SCIA for utility costs it is currently best to deal with these issues when they arrive. The danger of changing assumptions with the current uncertainties is that greater savings and reductions to service may be made than end up being required.
- 72 However, it should be recognised that when there is greater certainty it is highly likely that additional savings will be required in the next budget

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process. When there is greater certainty it will be important to fix any long term issues with long term solutions.

- 73 ***Progress on the savings plan*** - 2023/24 is the thirteenth year of using the 10-year budget. Prior to the current budget setting process, 198 savings/additional income items have been identified totalling £8.6m. The majority of these savings/additional income items have already been achieved and Portfolio Holders, Chief Officers, Heads of Service and Service Managers have worked closely to deliver these savings.
- 74 ***Changes since the 10-year budget started*** - The table below shows how the Net Service Expenditure has changed since 2010/11. This shows that the budget has reduced by £3.9m (23%) in real terms.

Net Service Expenditure	£000
2010/11 (budget)	16,711
2022/23 (2010/11 budget +2% inflation per year)	21,194
2022/23 (budget)	17,297
Difference	3,897

### 2023/24 Budget and Council Tax

- 75 After allowing for the growth and savings agreed and the key changes made during this budget process, the resulting net expenditure for 2023/24 is £18.533m. As shown in **Appendix F** this results in Council Tax income of £12.229m, meaning that the District element of the Band D charge will be £236.70.
- 76 When the other preceptors announce their increases, details will be included in **Appendix P**.
- 77 Further details of the budget can be found in the following appendices:
- 10-year budget - Revenue (**Appendix C(i)**)
  - 10-year budget - Balance Sheet (**Appendix C(ii)**)
  - Summary of Council Expenditure and Council Tax (**Appendix F**)
  - Summary of 2023/24 service analysis in Budget Book format (**Appendix G**)

- Analysis of 2023/24 pay costs (**Appendix H**)

### **Capital Programme**

- 78 A report setting out the proposed 2023/26 Capital Programme, with supporting documentation in a standard format for individual scheme bids was presented to the Finance and Investment Advisory Committee on 10 January 2023.
- 79 Scheme bid documents were received for all new schemes which included the proposed funding methods.
- 80 Unspent budgets in the current year's programme (2022/23) can be carried forward to 2023/24, subject to Cabinet approval, when the outturn is known.
- 81 **Appendix J(i)** summarises the position if all schemes are approved and indicates the funding method proposed. **Appendix J(ii)** contains the bids for each capital scheme.
- 82 The Capital Strategy 2023/24 was also presented to FIAC and is included at **Appendix J(iii)**.
- 83 Council will be informed at the meeting of any changes recommended by Cabinet. Council are requested to approve the 2023/26 Capital Programme and the Capital Strategy 2023/24.

### **Integration with other budget reports on the Cabinet Agenda**

- 84 Separate reports on the Treasury Management Strategy and Property Investment Strategy are being presented to Cabinet and Council.
- 85 The attached revenue budgets take into account the recommendations and revenue implications set out in the Capital Programme.

### **Opinion under Section 25 of the Local Government Act 2003 (LGA 2003)**

- 86 Under the LGA 2003 the Statutory Finance Officer (Deputy Chief Executive and Chief Officer - Finance and Trading) is required to give Members an opinion on the robustness of the budget estimates and the adequacy of reserves.
- 87 In terms of the robustness of the budget, the following sources of assurance were taken into account:
- The Financial Strategy, including a 10-year Budget, clear financial objectives and sensitivity analysis.
  - Growth and savings suggestions proposed.

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- 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 and Investment 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.

88 The budget complies with the principles and standards within the CIPFA (Chartered Institute of Public Finance and Accountancy) Financial Management Code.

89 As is the case every year, inevitably there are a number of risk factors within the 2023/24 budget proposals; these are set out in some detail in **Appendix L**. This Appendix was also considered by the Finance and Investment Advisory Committee on 10 January 2023. Some of the more significant items are set out below.

a) Pay costs

Pay costs are budgeted on 100% basis, with a 2% inflationary pay award assumption in 2023/24 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. Negotiations on the national pay award for 2023/24 has not yet been agreed but the final pay award for 2022/23 was an increase of £1,925 per person(average of 5.8). Further details can be found earlier in the report

b) Income

In-depth monitoring of income budgets will continue throughout the year and will be given regular consideration by the Finance and Investment Advisory Committee. A detailed exercise looking at current income streams has taken place during this budget process.

c) Utility Costs

A separate growth SCIA was included in the budget process to allow for the estimated increase in costs for next year but the uncertainty regarding future prices remains and will be kept under review.

d) Retained Business Rates

The Government intends to review how business rates income is distributed but the timeline keeps being put back therefore it remains uncertain what the impact on this Council will be.

e) Changes in service demand

The 10-year budget has no allowance for growth until 2027/28 as it is anticipated that where possible this will be met through additional savings or the Budget Stabilisation Reserve.

- 90 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 overachieve on income.

**Adequacy of Reserves**

- 91 Ensuring the adequacy, necessity 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 K**. This review should ensure that all provisions and earmarked reserves are adequate for their purposes.
- 92 It is recommended that the Council hold a minimum General Fund reserve balance of 10% of its net Revenue Budget, for emergencies.
- 93 The strong formal advice of the Deputy Chief Executive and Chief Officer - Finance and Trading 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 the General Fund Reserve balance reducing below 10% of its Net Service Expenditure (for 2023/24 this equates to £1.8m).
- 94 The Deputy Chief Executive and Chief Officer - Finance and Trading (Section 151 officer) is satisfied with the robustness of the estimates and adequacy and necessity of reserves.

**Referendums relating to council tax increases**

- 95 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,

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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.

- 96 The Secretary of State has published draft thresholds in relation to 2023/24 council tax levels. District councils will be allowed a Band D council tax increase of the higher of 3% or £5 (for a Band D property). This council is therefore able to increase Band D council tax by up to 3% (£5 is less than 3% for a Band D property) 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.

### **Local Council Tax Reduction Scheme 2023/24**

- 97 The Council Tax Reduction scheme replaced Council Tax Benefit with effect from 1 April 2013.
- 98 Under the Council Tax Reduction provisions, the scheme for pensioners is determined by Central Government and the scheme for working age applicants is determined by the Council. Pensioners broadly receive the same level of support that was previously available under the Council Tax Benefit scheme.
- 99 Schedule 1A (5) of the Local Government Finance Act 1992 as amended requires local authorities to consider the following:
- For each financial year, each billing authority must consider whether to revise its scheme or to replace it with another scheme.
  - The authority must make any revision to its scheme, or any replacement scheme, no later than 11<sup>th</sup> March in the financial year preceding that for which the revision or replacement scheme is to have effect.
- 100 The 2022/23 Local Council Tax Reduction Scheme was approved by Council on 22 February 2022.
- 101 Further details can be found in **Appendix M** and a copy of the full scheme is available upon request.
- 102 It is recommended that the Local Council Tax Reduction Scheme 2022/23, be rolled forward to 2023/24, with effect from 1 April 2023.

### **Council Tax Long Term Empty Premiums and Second Home Premiums**

- 103 The Regeneration & Levelling Up Bill (the Bill) is currently passing through Parliament and the Department of Levelling Up, Housing and Communities



(DLUHC) is aiming for Royal Assent in Spring 2023. The Bill proposes, amongst other proposals, two important changes to council tax, as follows:

- a) A change in the application of a council tax premium on 'long term empty' dwellings. Currently, if a property has been unoccupied and unfurnished for 2 years but less than 5 years, then a 100% council tax premium can be applied to the property. The Bill is proposing to shorten that 2 year period to 1 year. 'Long term empty' premiums are applied to encourage owners to bring properties back into use, so they are not left empty for extended periods.
- b) The implementation of a council tax premium on 'second homes'. 'Second homes' are properties which are unoccupied but furnished. The Bill proposes the local authorities may apply a 100% council tax premium on second homes. This would mean an owner of a second home in the district would pay double the normal council tax charge.

104 Both of these changes can only come into effect if the Bill receives Royal Assent and even then the earliest that both of these changes can come into effect is 1 April 2024.

105 The Bill states that to apply these changes, approval to do so must be given at least 12 months before the implementation date. Therefore, approval is being sought now on the basis that should the Bill receive Royal Assent, the Council will have the required 12 months leading period, in order to apply the premiums from 1 April 2024.

106 Further details can be found in **Appendix N**.

107 It is recommended that:

- The Council agree to shorten the premium on long term empty dwellings from the current 2 years (empty) to 1 year from 1 April 2024
- The Council agree to implement the 100% premium on all second homes from 1 April 2024

## **Key Implications**

### Financial

All financial implications are covered elsewhere in this report.

### Legal Implications and Risk Assessment Statement.

There are no legal implications.

## Agenda Item 12

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 L**.

Challenges and 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 long-term financial planning 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 Council has in place a number of specific reserves and provisions to address identified risks.

### Equality Assessment

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups.

Individual equalities assessments have been completed for all Service Change Impact Assessments (SCIAs) to ensure the decision-making process is fair and transparent.

### Net Zero Implications

Members are reminded of the Council's stated ambition to be Net Zero with regards to carbon emissions by 2030.

Individual net zero implication assessments have been completed for all Service Change Impact Assessments (SCIAs).

### 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 flexibility of the 10-year budget approach assists in these uncertain times. With inflation at a long time high, the future extent of price increases and how long they continue for remains uncertain. It should be recognised that when there is greater certainty it is highly likely that additional savings/income will be required in the next budget process.

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 R** is approved, the Sevenoaks District Council element of the band D council tax will be £236.70.

### **Appendices**

Appendix A - Budget timetable

Appendix B - Financial Strategy

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

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

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

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

Appendix F - Summary of Council Expenditure and Council Tax

Appendix G - Summary of service analysis in budget book format

Appendix H - Analysis of pay costs

Appendix J (i) - Capital Programme 2023-26 (also considered by Finance and Investment Advisory Committee on 10 January 2023)

Appendix J (ii) - Capital Programme bids (also considered by Finance and Investment Advisory Committee on 10 January 2023)

Appendix J (iii) - Capital Strategy 2023/24 (also considered by Finance and Investment Advisory Committee on 10 January 2023)

Appendix K - Reserves

Appendix L - Risk analysis (also considered by Finance and Investment Advisory Committee on 10 January 2023)

Appendix M - Local Council Tax Reduction Scheme 2023/24

Appendix N - Council Tax Long Term Empty Premiums and Second Home Premiums

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

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

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

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

**Background Papers**

Report to Cabinet 12 January 2023 - Budget Update 2023/24

Report to Cabinet 10 November 2022 - Financial Prospects and Budget Strategy 2023/24 and Beyond

**Adrian Rowbotham**

**Deputy Chief Executive and Chief Officer - Finance & Trading**

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## 2023/24 Budget Setting Timetable

### **Stage 1: Financial Prospects and Budget Strategy 2023/24 and Beyond**

3 November - Finance & Investment AC

10 November - Cabinet

### **Stage 2: Review of Service Dashboards and Service Change Impact Assessments (SCIAs)**

22 November - Housing and Health AC

24 November - Improvement & Innovation AC

29 November - People & Places AC

1 December - Development & Conservation AC

6 December - Cleaner & Greener AC

10 January - Finance & Investment AC

### **Stage 3: Budget Update (incl. Service Change Impact Assessments (SCIAs), feedback from Advisory Committees)**

12 January - Cabinet

### **Stage 4: Budget and Council Tax Setting Meeting (Recommendations to Council)**

9 February - Cabinet

### **Stage 5: Budget and Council Tax Setting Meeting (incl. Council Tax setting)**

21 February - Council

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

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# Financial Strategy

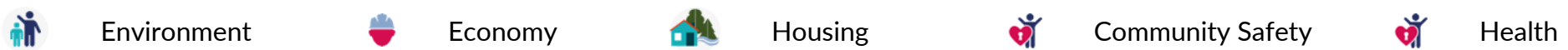


## INTRODUCTION

In the years preceding this Strategy Sevenoaks District Council has proven itself to be highly successful in some of the most austere and challenging times faced by local government. This was only possible because of our award winning financial strategy and the achievement of a self-sufficient balanced budget within our unique 10-year budget framework.

With the cost of living crisis and events around the world, it will be important to have clear plans in place that may require difficult but necessary savings proposals.

Our Financial Strategy enables the Council to deliver its services effectively, in accordance with the priorities set out in the Corporate Strategy. At the same time, it ensures that our spending is prioritised to deliver the promises our Members set out in the **Council Plan themes**:



## OUR FINANCES

### Our Vision

Long-term financial health to deliver exceptional services and achieve the promises set out in the Council Plan.

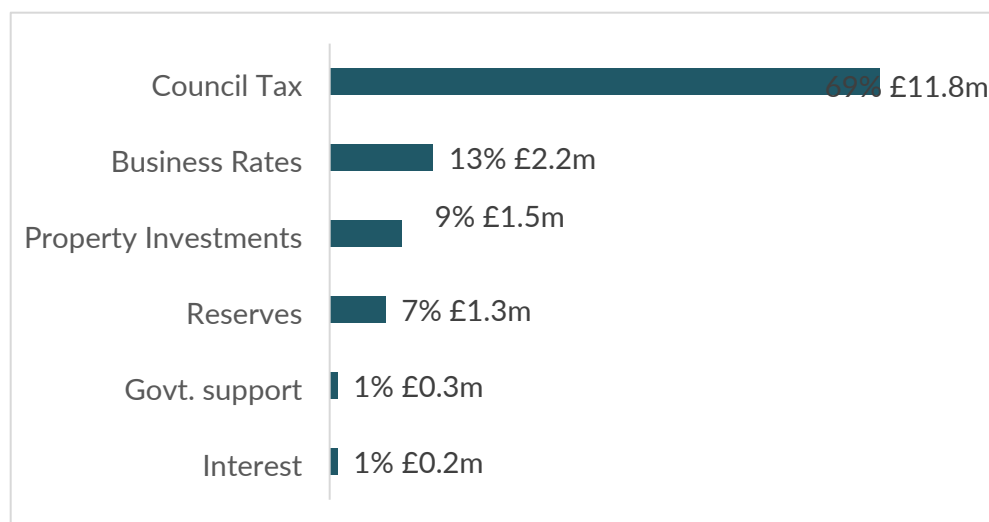
### What's important to us:

- Our budget supports the Council's vision and priorities
- Taxpayers and customers receive quality services and value for money
- Innovation, efficiency and cost-effectiveness
- Maximising income from grants and other funding opportunities
- Taking a commercial approach where it will benefit our budgets and our residents and local businesses
- Good quality, risk managed investments to generate more income for local priorities

### To be successful, we must:

- Remain financially self-sufficient
- Be clear about the Council's future financial prospects, with a ten-year budget as an integral part
- Ensure a strategic approach is taken to the management of the Council's finances, Council Tax, and budget setting
- Make effective use of reserves and capital receipts
- Manage our money carefully, monitor monthly and constantly strive for better value from our spending

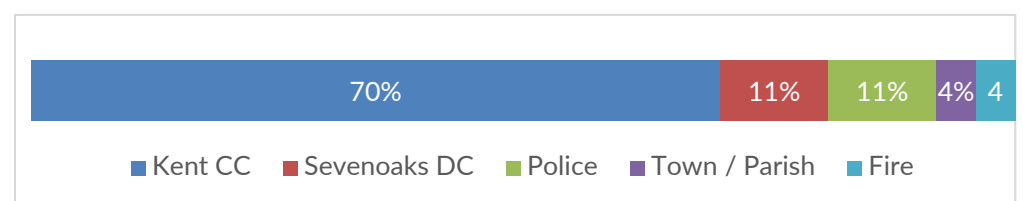
## WHERE OUR MONEY COMES FROM



## COUNCIL TAX

Sevenoaks District Council collects the Council Tax charge for itself but also for Kent County Council, Kent Fire & Rescue Service, Kent Police & Crime Commissioner and all the local town and parish councils. Each authority sets its own charge that contributes to the total.

Sevenoaks District Council's part of the charge at Band D is £229.86, 11% of the total. Council Tax contributes about £11.8million to District Council services.



## WHERE OUR MONEY IS SPENT

In 2022/23 the Council will spend about £17.3million on services for local people

	Cleaner & Greener £5.3m
	Development & Conservation £0.9m
	Housing & Health £1.2m
	People & Places £0.9m

	Finance & Investment £3.2m
	Improvement & Innovation £6.0m
	Other £-0.2m

**OUR PRIORITIES** | By keeping a focus on our priorities we will deliver our vision

**Financial self-sufficiency**



No longer relying on direct government funding gives greater certainty to our financial planning. It allows for long-term plans to be developed over our 10-year budget period.

- We will produce high quality financial reports and monitor our budgets every month
- We will address growth items and service pressures annually through the budget planning process
- We will manage inflationary pressures and prudent assumptions about future pressures and keep them under regular review

**Savings & reserves**



Creating a culture where there is a continuous drive for better value in our spend helps to create savings to balance our budgets. Alongside flexible and effective use of reserves, it allows for sustainable solutions to financial pressures

- We will seek to deliver a minimum of £100,000 in savings annually
- We will regularly review the use of reserves and maintain a minimum balance of 10% of the Net Service Expenditure budget.
- We will make flexible use of the Budget Stabilisation Reserve to increase resilience in the budget setting process

**Income & investments**



Making best use of the Council's reserves and carefully managed borrowing. Seeking new opportunities for funding from grants and investments is increasingly essential to the Council's financial sustainability.

- We will bid for external funding
- We will adopt a commercial approach where it will be of benefit to our budgets and support the delivery of Council priorities
- We will make investments to bring in income to support the delivery of Council services

**Delivering our Financial Strategy**

Our Financial Strategy is supported by a number of related strategies and an action plan to help us achieve our vision and to deliver the ambitions set out by Members in the Council Plan.

How we work as a team of officers is critical to the success of the organisation and to help us achieve our aims, the Financial Strategy seeks to unite us all behind the same priorities and approach.

The outcomes we hope to achieve and the measures that will help us to determine whether we have been successful are set out below.



**Outcomes and success measures**

Financial self-sufficiency					
	Financial plans ensure there are no unplanned reductions to Council services		Overall proportion of Council budgets funded by income from council tax does not increase		A balanced 10-year budget is delivered annually
Savings & Reserves					
	Annual savings exceed the £100,000 target whilst continuing to protect services		The General Fund reserves retains at least 10% of the Net Service Expenditure budget		Specific savings agreed as part of the annual budget process are achieved as planned.
Income & Investments					
	Successful bids for external funding generate new income and opportunities for the Council		Income from paid for services is in accordance with budget costs, is comparable to neighbouring authorities and is considered to provide value for money		Treasury Management, Property and commercial investments exceed expected yield

Ten Year Budget - Revenue

Appendix C(i)

	Budget 2022/23	Plan 2023/24	Plan 2024/25	Plan 2025/26	Plan 2026/27	Plan 2027/28	Plan 2028/29	Plan 2029/30	Plan 2030/31	Plan 2031/32	Plan 2032/33
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Expenditure</b>											
Net Service Expenditure c/f	16,783	17,297	18,533	17,876	18,068	18,300	18,920	19,500	20,082	20,750	21,242
Inflation	510	1,188	557	545	554	562	573	582	593	603	613
Superannuation Fund deficit	0	(270)	0	0	50	0	0	0	0	0	0
Net growth/(savings) (approved in previous yrs)	4	(250)	(686)	(240)	(266)	63	16	0	75	(111)	90
<b>New growth</b>	<b>0</b>	<b>888</b>	<b>(431)</b>	<b>(13)</b>	<b>(6)</b>	<b>95</b>	<b>91</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>New savings/Income</b>	<b>0</b>	<b>(320)</b>	<b>(98)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>
<b>Net Service Expenditure b/f</b>	<b>17,297</b>	<b>18,533</b>	<b>17,876</b>	<b>18,068</b>	<b>18,300</b>	<b>18,920</b>	<b>19,500</b>	<b>20,082</b>	<b>20,750</b>	<b>21,242</b>	<b>21,945</b>
<b>Financing Sources</b>											
Govt Support: Rolled in grants	0	(186)	0	0	0	0	0	0	0	0	0
: Funding Guarantee	0	(912)	0	0	0	0	0	0	0	0	0
: Lower Tier Services Grant	(103)	0	0	0	0	0	0	0	0	0	0
: Services Grant	(159)	(90)	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	(11,841)	(12,229)	(12,846)	(13,283)	(13,733)	(14,195)	(14,670)	(15,159)	(15,663)	(16,180)	(16,711)
Business Rates Retention	(2,226)	(2,868)	(2,670)	(2,723)	(2,409)	(2,457)	(2,506)	(2,556)	(2,607)	(2,659)	(2,712)
Collection Fund Deficit/(Surplus)	(27)	(216)	0	0	0	0	0	0	0	0	0
Interest Receipts	(188)	(288)	(288)	(288)	(288)	(188)	(188)	(188)	(188)	(188)	(188)
Property Investment Strategy Income	(1,518)	(1,618)	(1,618)	(1,618)	(1,715)	(1,715)	(1,715)	(1,756)	(1,756)	(1,756)	(1,756)
Contributions to/(from) Reserves	(189)	(131)	(568)	215	215	215	215	215	215	215	187
<b>Total Financing</b>	<b>(16,251)</b>	<b>(18,538)</b>	<b>(17,990)</b>	<b>(17,697)</b>	<b>(17,930)</b>	<b>(18,340)</b>	<b>(18,864)</b>	<b>(19,444)</b>	<b>(19,999)</b>	<b>(20,568)</b>	<b>(21,180)</b>
<b>Budget Gap (surplus)/deficit</b>	<b>1,046</b>	<b>(5)</b>	<b>(114)</b>	<b>371</b>	<b>370</b>	<b>580</b>	<b>636</b>	<b>638</b>	<b>751</b>	<b>674</b>	<b>765</b>
<b>Contribution to/(from) Stabilisation Reserve</b>	<b>(1,046)</b>	<b>5</b>	<b>114</b>	<b>(371)</b>	<b>(370)</b>	<b>(580)</b>	<b>(636)</b>	<b>(638)</b>	<b>(751)</b>	<b>(674)</b>	<b>(765)</b>
<b>Unfunded Budget Gap (surplus)/deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Assumptions**

Business Rates Retention:	Business Rates Retention safety-net plus 2% per year. Also 'Updated safety net and underindexing compensation' until 25/26 when a Business Rates reset is due to take place. Business Rates Retention Pool income in 23/24 onlv.
Council Tax:	3% in 23/24 and 24/25, 2% in later years
Council Tax Base:	Increase of 730 Band D equivalent properties p.a. from 23/24, 580 p.a. from 27/28, 530 p.a. from 31/32, 480p.a. from 32/33
Interest Receipts:	£288,000 in 23/24 to 26/27 and £188,000 in later years
Property Investment Strategy:	£1.618m from 23/24, £1.715m from 26/27, £1.756m from 29/30
Pav award:	2% in all years
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		31/3/22	31/3/23	31/3/24	31/3/25	31/3/26	31/3/27	
		Actual	Plan	Plan	Plan	Plan	Plan	
Note		£000	£000	£000	£000	£000	£000	
<b>Long Term Assets</b>								
	Property, Plant and Equipment	1	52,337	70,660	101,201	121,534	125,054	125,255
	Investment Property		31,709	31,709	31,709	31,709	31,709	31,709
	Long Term Investments		4,041	4,041	4,041	4,041	4,041	4,041
	Long Term Debtors		6,608	6,604	6,600	6,596	6,592	6,588
			<u>94,695</u>	<u>113,014</u>	<u>143,551</u>	<u>163,880</u>	<u>167,396</u>	<u>167,593</u>
<b>Current Assets</b>								
	Short-term Investments		8,010	6,834	5,483	3,695	2,690	1,685
	Cash and Cash Equivalents		7,521	7,521	7,521	7,521	7,521	7,521
	Inventories		82	82	82	82	82	82
	Short Term Debtors		5,686	5,686	5,686	5,686	5,686	5,686
	Assets held for Sale		174	174	174	174	174	174
	Payments in Advance		833	833	833	833	833	833
			<u>22,306</u>	<u>21,130</u>	<u>19,779</u>	<u>17,991</u>	<u>16,986</u>	<u>15,981</u>
<b>Current Liabilities</b>								
	Receipts in Advance		(10,202)	(10,202)	(10,202)	(10,202)	(10,202)	(10,202)
	Short Term PWLB Loan		0	233	233	233	233	233
	Short Term Creditors		(12,080)	(12,080)	(12,080)	(12,082)	(12,082)	(12,083)
	Short Term Provisions		(4,174)	(4,174)	(4,174)	(4,174)	(4,174)	(4,174)
			<u>(26,455)</u>	<u>(26,222)</u>	<u>(26,222)</u>	<u>(26,224)</u>	<u>(26,224)</u>	<u>(26,225)</u>
<b>NET CURRENT ASSETS</b>								
			<u>(4,149)</u>	<u>(5,092)</u>	<u>(6,443)</u>	<u>(8,233)</u>	<u>(9,238)</u>	<u>(10,244)</u>
<b>Long Term Liabilities</b>								
	Long Term Creditors		(344)	(342)	(341)	(340)	(339)	(338)
	Long Term PWLB Loan		(12,296)	(15,166)	(27,870)	(22,353)	(9,819)	(6,176)
	Long Term Provisions		(256)	(256)	(256)	(256)	(256)	(256)
	Net Pensions Liability	2,3	(72,671)	(71,181)	(69,691)	(68,201)	(66,711)	(65,221)
	Capital Grants Receipts in Advance		(550)	(550)	(550)	(550)	(550)	(550)
			<u>(86,118)</u>	<u>(87,495)</u>	<u>(98,708)</u>	<u>(91,700)</u>	<u>(77,675)</u>	<u>(72,541)</u>
<b>TOTAL NET ASSETS</b>								
			<u>4,428</u>	<u>20,427</u>	<u>38,400</u>	<u>63,947</u>	<u>80,483</u>	<u>84,808</u>
<b>USABLE RESERVES</b>								
	Usable Capital Receipts Reserve		(10,282)	(24,162)	(22,424)	(9,852)	(4,201)	(3,153)
	Earmarked Reserves		(23,467)	(23,196)	(23,065)	(21,360)	(21,575)	(21,790)
	General Fund		(1,700)	(1,700)	(1,700)	(1,700)	(1,700)	(1,700)
			<u>(35,449)</u>	<u>(49,058)</u>	<u>(47,189)</u>	<u>(32,913)</u>	<u>(27,477)</u>	<u>(26,644)</u>
<b>UNUSABLE RESERVES</b>								
	Capital Adjustment Account		(22,832)	(23,033)	(41,390)	(79,727)	(100,214)	(103,886)
	Revaluation Reserve		(22,298)	(23,000)	(23,000)	(23,000)	(23,000)	(23,000)
	Accumulated Absences Account		327	327	327	327	327	327
	Pensions Reserve	2,3	72,672	71,182	69,692	68,202	66,712	65,222
	Collection Fund Adj Account		3,279	3,279	3,279	3,279	3,279	3,279
	NNDR Collection Fund Revenue Account		0	0	0	0	0	0
	Deferred Capital receipts		(127)	(123)	(119)	(115)	(111)	(107)
			<u>31,021</u>	<u>28,632</u>	<u>8,789</u>	<u>(31,034)</u>	<u>(53,006)</u>	<u>(58,164)</u>
<b>TOTAL RESERVES</b>								
			<u>(4,428)</u>	<u>(20,426)</u>	<u>(38,400)</u>	<u>(63,947)</u>	<u>(80,483)</u>	<u>(84,808)</u>

Notes to Balance Sheet

- 1 Property will depreciate and will not be replaced, vehicles will depreciate and
- 2 Pensions figures are based on the actual FRS17 figures required to be included in the statutory accounts. An actuarial revaluation is completed every three years which is used to calculate the true
- 3 Pensions liability decrease due to payments being made to reduce the deficit.

# Agenda Item 12

Appendix C (ii)

## Ten Year Budget - Balance Sheet

<b>Balance Sheet continued</b>		31/3/28	31/3/29	31/3/30	31/3/31	31/3/32	31/3/33
		Plan	Plan	Plan	Plan	Plan	Plan
		£000	£000	£000	£000	£000	£001
	Note						
<b>Long Term Assets</b>							
Property, Plant and Equipment	1	125,456	125,657	125,858	126,059	126,260	126,461
Investment Property		31,709	31,709	31,709	31,709	31,709	31,709
Long Term Investments		4,041	4,041	4,041	4,041	4,041	4,041
Long Term Debtors		6,584	6,580	6,576	6,572	6,568	6,564
		<u>167,790</u>	<u>167,987</u>	<u>168,184</u>	<u>168,381</u>	<u>168,578</u>	<u>168,775</u>
<b>Current Assets</b>							
Short-term Investments		680	(325)	(1,330)	(2,335)	(3,340)	(4,373)
Cash and Cash Equivalents		7,521	7,521	7,521	7,521	7,521	7,521
Inventories		82	82	82	82	82	82
Short Term Debtors		5,686	5,686	5,686	5,686	5,686	5,686
Assets held for Sale		174	174	174	174	174	174
Payments in Advance		833	833	833	833	833	833
		<u>14,976</u>	<u>13,971</u>	<u>12,966</u>	<u>11,961</u>	<u>10,956</u>	<u>9,923</u>
<b>Current Liabilities</b>							
Receipts in Advance		(10,202)	(10,202)	(10,202)	(10,202)	(10,202)	(10,202)
Short Term PWLB Loan		233	233	233	233	233	233
Short Term Creditors		(12,084)	(12,085)	(12,086)	(12,087)	(12,088)	(12,089)
Short Term Provisions		(4,174)	(4,174)	(4,174)	(4,174)	(4,174)	(4,174)
		<u>(26,226)</u>	<u>(26,227)</u>	<u>(26,228)</u>	<u>(26,229)</u>	<u>(26,230)</u>	<u>(26,231)</u>
<b>NET CURRENT ASSETS</b>							
		<u>(11,250)</u>	<u>(12,256)</u>	<u>(13,262)</u>	<u>(14,268)</u>	<u>(15,274)</u>	<u>(16,308)</u>
<b>Long Term Liabilities</b>							
Long Term Creditors		(337)	(336)	(335)	(334)	(333)	(332)
Long Term PWLB Loan		(4,952)	(3,728)	(2,504)	(1,280)	(56)	1,168
Long Term Provisions		(256)	(256)	(256)	(256)	(256)	(256)
Net Pensions Liability	2,3	(63,731)	(62,241)	(60,751)	(59,261)	(57,771)	(56,281)
Capital Grants Receipts in Advance		(550)	(550)	(550)	(550)	(550)	(550)
		<u>(69,826)</u>	<u>(67,111)</u>	<u>(64,396)</u>	<u>(61,681)</u>	<u>(58,966)</u>	<u>(56,251)</u>
<b>TOTAL NET ASSETS</b>							
		<u>86,714</u>	<u>88,620</u>	<u>90,526</u>	<u>92,432</u>	<u>94,338</u>	<u>96,216</u>
<b>USABLE RESERVES</b>							
Usable Capital Receipts Reserve		(3,005)	(2,857)	(2,709)	(2,561)	(2,413)	(2,265)
Earmarked Reserves		(22,005)	(20,963)	(21,227)	(21,442)	(21,657)	(21,844)
General Fund		(1,700)	(1,700)	(1,700)	(1,700)	(1,700)	(1,700)
		<u>(26,711)</u>	<u>(25,521)</u>	<u>(25,637)</u>	<u>(25,704)</u>	<u>(25,771)</u>	<u>(25,810)</u>
<b>UNUSABLE RESERVES</b>							
Capital Adjustment Account		(104,239)	(105,850)	(106,153)	(106,506)	(106,859)	(107,212)
Revaluation Reserve		(23,000)	(23,000)	(23,000)	(23,000)	(23,000)	(23,000)
Accumulated Absences Account		327	327	327	327	327	327
Pensions Reserve	2,3	63,732	62,242	60,752	59,262	57,772	56,282
Collection Fund Adj Account		3,279	3,279	3,279	3,279	3,279	3,279
NNDR Collection Fund Revenue Account		0	0	0	0	0	0
Deferred Capital receipts		(103)	(99)	(95)	(91)	(87)	(83)
		<u>(60,003)</u>	<u>(63,100)</u>	<u>(64,889)</u>	<u>(66,728)</u>	<u>(68,567)</u>	<u>(70,406)</u>
<b>TOTAL RESERVES</b>							
		<u>(86,714)</u>	<u>(88,622)</u>	<u>(90,527)</u>	<u>(92,432)</u>	<u>(94,338)</u>	<u>(96,216)</u>

Summary of the Council's Agreed Savings/Additional Income and Growth Items

Appendix D

Year	SCIA No.	Description	2011/12 - 2022/23 £000	2023/24 £000	Later Years £000	Total £000
		<b>Cleaner and Greener Advisory Committee</b>				
2021/22	-	Car Parking: assumed 25% reduction in 21/22 income improving by 5% per year	823	(206)	(617)	
2022/23	6	Direct Services: Swanley Sunday Market six month trial (reversal of temporary savings item)		94		
		<b>Development and Conservation Advisory Committee</b>				
2022/23	9	Development Management: additional application fee income (reversal of temporary savings item)			25	
		<b>Finance and Investment Advisory Committee</b>				
2020/21	10	Insurance contract renewal (reversal of temporary savings item)		87		
2022/23	7	Internal Audit: audit software upgrade (reversal of temporary growth item)		(16)		
2022/23	-	Health and Social Care Levy (reversal of temporary growth item)		(140)		
		<b>Housing and Health Advisory Committee</b>				
2022/23	1	Housing: Temporary accommodation (reversal of temporary growth item)			(300)	
		<b>Improvement and Innovation Advisory Committee</b>				
2020/21	1	Apprenticeship Levy (reversal of temporary growth item)		(50)		
		<b>People and Places Advisory Committee</b>				
2022/23	-	New White Oak Leisure Centre	235	(19)	(216)	
		Minor movements between years		0	0	
		<b>Total Savings/additional income</b>	<b>(8,646)</b>	<b>181</b>	<b>25</b>	<b>(8,440)</b>
		<b>Total Growth</b>	<b>4,016</b>	<b>(431)</b>	<b>(1,133)</b>	<b>2,452</b>
		<b>Net Savings</b>	<b>(4,630)</b>	<b>(250)</b>	<b>(1,108)</b>	<b>(5,988)</b>

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## Changes to the 10-year Budget

SCIA No.	Service Area	Adv Ctte	Description	2023/24 £000	10-yr Budget £000
	<b>Financial Prospects Report (Cabinet 10/11/22)</b>				
			Net savings assumption	100	1,000
			Pay award - April 2022 (estimate)	600	6,698
			Reimburse Budget Stabilisation Reserve for 2022/23 impact of April 2022 pay award estimate	35	350
			<b>Sub Total</b>	<b>735</b>	<b>8,048</b>
	<b>Service Change Impact Assessments (SCIAs)</b>				
	<b>Growth</b>				
1	Housing	HHAC	Temporary Accommodation occupation charge	36	36
3	Corporate Management	IIAC	Apprenticeship Levy	55	55
6	CCTV	CGAC	Loss of income due to TMBC stopping Out of Hours contract	12	120
7	Direct Services	CGAC	Garden Waste: increased cost of sacks	17	170
8	Direct Services	CGAC	Car Parking Enforcement: end of Tandridge DC contract	80	800
9	Environmental Health	CGAC	Review of income	10	100
14	Environmental Health	CGAC	Stray dog kennelling contract	14	140
19	Development Management	DCAC	Various minor changes	2	20
20	Environmental Health	CGAC	Air quality monitoring	24	42
21	Utility costs	FIAC	Utility Costs	180	180
22	Property & Commercial	FIAC	Meeting Point Business Hub	60	136
23	Council Tax Income	FIAC	Eco building standard Council Tax discount	2	14
			<b>Sub Total</b>	<b>492</b>	<b>1,813</b>
	<b>Savings</b>				
2	Corporate Management	IIAC	Reduction of reactive budgets	- 41	- 410
4	IT	IIAC	Saving on Service Desk Software	- 10	- 100
5	Revs & Bens	FIAC	Revs & Bens - Remove vacant post	- 17	- 170
10	Health & Communities	PPAC	Savings on transport, activities and partnership projects	- 8	- 80
11	Health & Communities	PPAC	Reduction in youth funding associated to removal of van	- 6	- 42
12	Health & Communities	PPAC	Communities: reduction in equipment and maintenance	- 2	- 20
13	Health & Communities	PPAC	Continuation of community grants budgets	- 10	- 100
15	CCTV	CGAC	Reduced transmission costs	- 30	- 300

SCIA No.	Service Area	Adv Ctte	Description	2023/24 £000	10-yr Budget £000
16	Direct Services	CGAC	Swanley Sunday market	- 160	- 1,600
17	Licensing	CGAC	Increased net income	- 7	- 70
18	Environmental Health	CGAC	Out of hours reactive service	- 13	- 130
24	Development Management	Cabinet	Staffing restructure	- 16	- 160
			<b>Sub Total</b>	- <b>320</b>	- <b>3,182</b>
	<b>Council Tax</b>				
	Council Tax		2023/24 increase: inc from 2% to 2.98%	- 117	- 1,355
	Council Tax		2024/25 increase: inc from 2% to 2.99%	-	- 1,242
	Council Tax		Tax Base: increase lower than assumed	120	1,310
	Council Tax		Tax Base: increase later years as 13,000 additional properties required by 2040	-	- 903
			<b>Sub Total</b>	<b>3</b>	- <b>2,190</b>
	<b>Local Government Finance Settlement</b>				
	Grant		Funding Guarantee	- 912	- 912
	Grant		Services Grant	- 90	- 90
	Grant		Revenue Support Grant (consists of the two grants below)	- 186	- 186
	Grant		Local Council Tax Support Subsidy (removed as rolled into RSG)	111	111
	Grant		Family Annexe Council Tax Discount Grant (removed from CT income as rolled into RSG)	75	75
	Business Rates		Updated Safety Net and Under Indexing Compensation (assumed until 25/26: BR reset due)	- 347	- 1,062
			<b>Sub Total</b>	- <b>1,349</b>	- <b>2,064</b>
	<b>Other Changes</b>				
	Business Rates		Business Rates Retention Pool 2023/24 excess only (estimated)	- 250	- 250
	Interest Receipts		Interest receipts	- 100	- 400
	Property Investment Strategy		Quercus 7 dividend	- 50	- 500
			Pay award - April 2022 (adj. for actual)	56	481
			Reimburse Budget Stabilisation Reserve for 2022/23 impact of April 2022 pay award estimate (adj. for actual)	4	40
			Superannuation Fund: impact of triennial valuation	- 83	- 538
	Collection Fund		Share of surplus	- 220	- 220
			<b>Sub Total</b>	- <b>643</b>	- <b>1,387</b>
			<b>Current position (if SCIA's are supported): Budget gap/(surplus)</b>	- <b>1,082</b>	<b>1,038</b>
			<b>Budget gap/(surplus) per annum</b>		<b>104</b>

	2022/23 Budget Net Expenditure £000	2023/24 Budget Net Expenditure £000	
<b>Summary of Council Expenditure &amp; Council Tax</b>			
Service expenditure before Support Services and Capital Charges including trading accounts (see Appendix E)	17,529	18,765	
Capital Charges and Support Services charged outside the General Fund	(232)	(232)	
Sub Total	17,297	18,533	
Non allocated expenditure: Collection Fund adjustment	0	0	
<b>Net Service Expenditure excluding capital charges</b>	<b>17,297</b>	<b>18,533</b>	
Govt Support: Revenue Support Grant	0	(186)	
Govt Support: Lower Tier Services Grant	(103)	0	
Govt Support: Services Grant	(159)	(90)	
New Homes Bonus	0	0	
Funding Guarantee	0	(912)	
Council Tax Requirement - Sevenoaks DC	(11,841)	(12,229)	
Business Rates Retention	(2,226)	(2,868)	
Collection Fund Deficit / (Surplus)	(27)	(216)	
<b>Grant &amp; Council Tax income</b>	<b>(14,356)</b>	<b>(16,501)</b>	
<b>Net Expenditure after Grant &amp; Council Tax, before interest</b>	<b>2,941</b>	<b>2,032</b>	
Less: Interest and Investment income	(188)	(288)	
Less: Property Investment Strategy Income	(1,518)	(1,618)	
<b>Amount to be met from Reserves</b>	<b>1,235</b>	<b>126</b>	
<b>Contributions (to) / from reserves:</b>			
Earmarked Reserves			
Capital	(148)	(148)	
Budget Stabilisation	1,046	(44)	
Pension fund valuation	10	(9)	
Financial Plan	327	327	
Net Zero Transition	0	0	
Planned contribution from General Fund Reserve	0	0	
	1,235	126	
	2022/23	2023/24	
Taxbase	51,514	51,990	
	£	£	
Council Tax @ Band D	229.86	236.70	
<b>Council Tax Summary (Band D Charge)</b>			<b>% Change % Share</b>
Kent County			
Kent Fire			
Kent Police			
Sevenoaks District			
Average Town/Parish			
		0.00	0.00 0.0

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Net Service Expenditure analysed by Service

	Actuals 21/22	Budget 22/23	Budget 23/24
Summary	£'000	£'000	£'000
Assistant Chief Executive	1,563	2,086	1,763
Customer & Resources	3,921	3,897	4,516
Finance & Trading	7,281	6,227	6,484
People & Places	1,860	2,013	2,148
Planning & Regulatory Services	1,770	1,738	2,027
Strategic Head Commercial and Property	1,483	1,567	1,827
	<u>17,877</u>	<u>17,528</u>	<u>18,765</u>
Items outside General Fund		(232)	(232)
		<u>17,296</u>	<u>18,533</u>

	Actuals 21/22	Budget 22/23	Budget 23/24
Summary	£'000	£'000	£'000
Pay Costs	17,031	17,804	19,553
IAS19	0	0	0
Premises and Grounds	2,423	2,298	2,529
Transport	3,670	3,499	3,558
Supplies & Services	2,879	2,629	2,919
Supplies & Services IT	1,619	1,092	1,193
Agency & Contracted	8,311	3,946	3,398
Agency & Contracted - Partnerships	2,518	1,715	1,895
Agency & Contracted - Direct Services	4,467	4,620	4,620
Transfer Payments - Benefits	19,877	22,138	22,138
Transfer Payments - Other	1,646	539	539
Support Services	326	326	326
Funds drawn to/from Reserves	(154)	121	9
Capital Charges	390	646	1,063
Income - Other	(6,508)	(2,394)	(2,330)
Income - Gov Gnts	(20,922)	(22,552)	(22,443)
Income - Fees and Charges	(10,242)	(9,315)	(10,286)
Recharges	(7,177)	(7,066)	(7,239)
Recharges - Partnerships	(2,278)	(2,516)	(2,678)
Service expenditure before re-allocation of Support Services	<u>17,877</u>	<u>17,528</u>	<u>18,765</u>
Items outside General Fund		(232)	(232)
		<u>17,296</u>	<u>18,533</u>

Analysis of budget changes between 22/23 and 23/24

Base Budget 2022/23	17,296
Inflation and other adjustments	282
Pay Award 22/23	656
Net Savings agreed previous years	(250)
New Growth	888
White Oak Leisure Centre	(19)
New savings/income	(320)
<b>Proposed Budget 2023/24</b>	<u>18,533</u>

Net Service Expenditure analysed by Service	Actuals	Budget	Budget
	21/22	22/23	23/24
	£'000	£'000	£'000
<b>Assistant Chief Executive</b>			
Action and Development	4	8	8
Consultation and Surveys	10	4	4
Corporate Management	1,024	1,285	1,135
Corporate - Other	0	284	(1)
Elections	153	118	136
External Communications	192	227	234
Performance Improvement	(0)	(0)	0
Register of Electors	205	196	222
Administrative Expenses - Legal and Democratic	1	0	0
Administrative Expenses - Transformation and Strategy	8	6	6
Support - General Admin (Print Shop)	(34)	(41)	19
<b>Total Service Expenditure</b>	<b>1,563</b>	<b>2,086</b>	<b>1,763</b>

Net Service Expenditure analysed by Service	Actuals	Budget	Budget
	21/22	22/23	23/24
	£'000	£'000	£'000
<b>Assistant Chief Executive</b>			
Pay Costs	1,325	1,493	1,450
Premises and Grounds	32	0	0
Transport	0	0	0
Supplies & Services	325	262	276
Supplies & Services IT	63	66	67
Agency & Contracted	276	498	158
Agency & Contracted - Direct Services	0	0	0
Funds drawn to/from Reserves	56	42	42
Income - Other	(180)	0	0
Income - Gov Gnts	(56)	(7)	(7)
Income - Fees and Charges	(254)	(243)	(200)
Recharges	(25)	(25)	(25)
<b>Total Service Expenditure</b>	<b>1,563</b>	<b>2,086</b>	<b>1,763</b>

### Analysis of budget changes between 22/23 and 23/24

<b>Base Budget 2022/23</b>	2,086
Inflation (including pay)	87
Planned Savings agreed previous years	(190)
<u>SCIA's 2023/24</u>	
23/24 SCIA 2 Corporate Management	(41)
23/24 SCIA 3 - Apprenticeship Levy	55
Other Adjustments	(234)
<b>Proposed Budget 2023/24</b>	<b>1,763</b>

## Net Service Expenditure analysed by Service

	Actuals	Budget	Budget
	21/22	22/23	23/24
	£'000	£'000	£'000
<b>Customer &amp; Resources</b>			
Asset Maintenance IT	296	280	280
Benefits Admin	343	48	187
Benefits Grants	(29)	(25)	(25)
Civic Expenses	16	18	18
Corporate Projects	45	0	0
Democratic Services	143	172	188
Dartford Rev&Ben Partnership Hub (SDC costs)	(574)	(3)	0
Land Charges	(87)	(115)	(46)
Local Tax	128	(78)	(11)
Administrative Expenses - Corporate Services	32	21	22
Administrative Expenses - Legal and Democratic	69	58	73
Administrative Expenses - Human Resources	31	9	8
Administrative Expenses - Property	0	0	0
Administrative Expenses - Revenues and Benefits	1	0	0
Street Naming	2	2	(4)
Support - Rev & Ben Control	334	232	253
Support - Counter Fraud	54	52	64
Support - Contact Centre	816	846	917
Support - Customer Insights	0	199	249
Support - Central Offices - Facilities	335	225	255
Support - General Admin	0	1	1
Support - General Admin (Post/Scanning)	231	246	240
Support - Health and Safety	0	5	5
Support - IT	1,056	1,033	1,087
Support - Legal Function	261	267	288
Support - Local Offices	0	0	0
Support - Nursery	1	0	0
Support - Human Resources	416	403	468
<b>Total Service Expenditure</b>	<b>3,921</b>	<b>3,898</b>	<b>4,516</b>

## Net Service Expenditure analysed by Service

	Actuals	Budget	Budget
	21/22	22/23	23/24
	£'000	£'000	£'000
<b>Customer &amp; Resources</b>			
Pay Costs	4,327	4,538	4,925
Premises and Grounds	73	70	71
Transport	9	10	10
Supplies & Services	510	616	721
Supplies & Services IT	1,290	969	974
Agency & Contracted	2,387	120	127
Agency & Contracted - Partnerships	1,908	1,370	1,496
Agency & Contracted - Direct Services	23	25	25
Transfer Payments - Benefits	19,877	22,138	22,138
Transfer Payments - Other	1	0	0
Funds drawn to/from Reserves	(294)	(236)	(232)
Capital Charges	100	0	0
Income - Other	(2,453)	(152)	(152)
Income - Gov Gnts	(20,501)	(22,512)	(22,402)
Income - Fees and Charges	(598)	(785)	(722)
Recharges	(205)	(209)	(289)
Recharges - Partnerships	(2,533)	(2,064)	(2,175)
<b>Total Service Expenditure</b>	<b>3,921</b>	<b>3,897</b>	<b>4,516</b>

## Analysis of budget changes between 22/23 and 23/24

# Agenda Item 12

<b>Base Budget 2022/23</b>	<b>3,897</b>
Inflation (including pay)	363
Planned Savings agreed previous years	7
<u>SCIA's 2023/24</u>	
23/24 SCIA - Revs and Bens Partnership	16
23/24 Fin Plan Council Tax Support Grant	110
23/24 SCIA - IT Software Maintenance	(10)
Other Adjustments	133
<b>Proposed Budget 2023/24</b>	<b><u><u>4,516</u></u></b>



## Net Service Expenditure analysed by Service

	Actuals	Budget	Budget
	21/22	22/23	23/24
	£'000	£'000	£'000
<b>Finance &amp; Trading</b>			
Asset Maintenance CCTV	10	19	19
Asset Maintenance Countryside	2	9	9
Asset Maintenance Direct Services	95	42	43
Asset Maintenance Playgrounds	4	16	16
Asset Maintenance Public Toilets	0	16	16
Car Parks	(1,310)	(1,495)	(1,629)
CCTV	298	272	325
Civil Protection	38	52	52
Corporate Management	1	0	0
Car Parking - On Street	(306)	(346)	(346)
Refuse Collection	820	130	358
Trade Waste	140	(183)	(153)
Green Waste	4	26	(26)
Street Cleansing	(146)	(49)	44
Transport Workshop	(151)	5	77
Cesspool Emptying	(17)	(75)	(66)
Pest Control	32	(48)	(45)
Fly Tipping	7	(46)	(45)
Fleet	3	(14)	15
Depots	107	(40)	(27)
Emergency	(15)	(18)	(17)
Grounds Maintenance	(71)	(30)	(19)
Environmental Enforcement	0	0	6
Emergency	67	83	83
Parking Enforcement - Tandridge DC	(100)	(36)	0
Estates Management - Grounds	149	133	135
Housing Advances	0	1	1
Kent Resource Partnership	5	0	0
Markets	(235)	(384)	(408)
Members	423	483	494
Misc. Finance	1,475	1,745	1,498
Off-Street Enforcement	53	74	65
Parks - Greensand Commons Project	0	0	0
Parks and Recreation Grounds	150	139	143
Parks - Rural	178	174	193
Public Transport Support	0	0	0
Refuse Collection	2,856	2,868	2,858
Administrative Expenses - Chief Executive	9	20	21
Administrative Expenses - Direct Services	15	0	0
Administrative Expenses - Finance	60	25	26
Administrative Expenses - Transport	6	7	7
Street Cleansing	1,555	1,564	1,569
Support - Audit Function	204	214	218
Support - Exchequer and Procurement	188	207	225
Support - Finance Function	247	245	276
Support - General Admin	174	182	238
Support - Direct Services	85	69	61
Support - Procurement	7	7	7
Public Conveniences	53	36	36
Treasury Management	131	126	131
<b>Total Service Expenditure</b>	<b>7,299</b>	<b>6,227</b>	<b>6,484</b>

## Net Service Expenditure analysed by Service

	Actuals	Budget	Budget
	21/22	22/23	23/24
	£'000	£'000	£'000
<b>Finance &amp; Trading</b>			
Pay Costs	5,578	5,917	6,580
Premises and Grounds	1,283	1,149	1,255
Transport	3,639	3,474	3,535
Supplies & Services	1,652	1,515	1,606
Supplies & Services IT	142	53	149
Agency & Contracted	3,337	2,399	2,179
Agency & Contracted - Partnerships	195	192	208
Agency & Contracted - Direct Services	4,410	4,555	4,555
Support Services	274	274	274
Funds drawn to/from Reserves	(26)	(37)	25
Capital Charges	230	472	472
Income - Other	(848)	(694)	(577)
Income - Gov Gnts	(169)	(33)	(33)
Income - Fees and Charges	(5,536)	(6,088)	(6,756)
Recharges	(6,738)	(6,624)	(6,676)
Recharges - Partnerships	(143)	(296)	(312)
<b>Total Service Expenditure</b>	<b>7,281</b>	<b>6,226</b>	<b>6,484</b>

## Analysis of budget changes between 22/23 and 23/24

<b>Base Budget 2022/23</b>	<b>6,226</b>
Inflation (including pay)	518
Planned savings agreed previous years	(69)
<u>SCIAs 2023/24</u>	
23/24 SCIA 6 - CCTV	12
23/24 SCIA 7 - Garden Waste Sacks	17
23/24 SCIA 8 - Car Parking Enforcement Contract End	144
23/24 SCIA 15 - CCTV Transmission Cost Reduction	(30)
23/24 SCIA16 Markets: Swanley Sunday Market	(160)
23/24 SCIA 21 - Utility Costs (part)	80
23/24 Fin Plan Pension	(8)
Other Adjustments	(246)
<b>Proposed Budget 2023/24</b>	<b>6,484</b>

## Net Service Expenditure analysed by Service

	Actuals	Budget	Budget
	21/22	22/23	23/24
	£'000	£'000	£'000
<b>People &amp; Places</b>			
All Weather Pitch	(5)	(5)	(5)
Compliance & Enforcement	(1)	0	0
Communities	158	123	132
Communities	(6)	(6)	(6)
The Community Plan	16	36	39
Contain Outbreak Management Fund 2021/22 - P&P	1	0	0
Domestic Abuse Duty	2	0	0
Grants to Organisations	182	200	201
Gypsy Sites	(4)	(6)	(2)
Community Health and Wellbeing	47	34	36
Homeless	706	639	692
Housing Register	34	46	127
Kent Housing Group Grant	0	0	0
Disabled Facilities Grant Administration	(50)	(50)	(55)
Housing	176	162	179
Accommodation Service	57	63	79
Needs and Stock Surveys	1	0	0
Housing Energy Retraining Options (HERO)	131	64	65
Homes for the Ukrainians	0	0	1
KCC- Household Support Fund	0	0	0
KCC Helping Hands	0	0	0
Leisure Contract	140	341	330
Leisure Development	21	21	15
Local Strategic Partnership	0	4	0
Partnership - Home Office	0	0	0
Police & Crime Commissioners (PCCs)	0	0	0
Private Sector Housing	270	265	234
Rough Sleepers Initiative 2022-25	0	0	1
Admin Expenses - People & Places Communities	36	16	16
Admin Expenses - People & Places Housing	16	6	6
STAG Community Arts Centre	5	0	0
One You KPH	0	0	2
Community Sports Activation Fund	0	0	0
Housing and Health Project	0	0	0
Homelessness Funding	(121)	0	4
PCT Initiatives	0	0	0
KCC Specialist Weight Management	0	0	0
Youth	47	60	57
<b>Total Service Expenditure</b>	<b>1,860</b>	<b>2,013</b>	<b>2,148</b>

## Net Service Expenditure analysed by Service

	Actuals	Budget	Budget
	21/22	22/23	23/24
	£'000	£'000	£'000
<b>People &amp; Places</b>			
Pay Costs	1,594	1,439	1,732
Premises and Grounds	17	10	11
Transport	6	4	2
Supplies & Services	141	77	102
Supplies & Services IT	52	0	0
Agency & Contracted	1,316	422	351
Agency & Contracted - Direct Services	7	0	0
Transfer Payments - Other	1,627	539	539
Funds drawn to/from Reserves	260	279	155
Capital Charges	49	174	592
Income - Other	(2,330)	(816)	(886)
Income - Gov Gnts	(168)	0	0
Income - Fees and Charges	(711)	(116)	(451)
Recharges	0	0	0
<b>Total Service Expenditure</b>	<b>1,860</b>	<b>2,013</b>	<b>2,148</b>

## Analysis of budget changes between 22/23 and 23/24

<b>Base Budget 2022/23</b>	2,013
Inflation (including pay)	94
Planned savings agreed previous years	(9)
<u>SCIA's 2023/24</u>	
23/24 SCIA 1 - Temporary Accommodation	36
23/24 SCIA 10 - Health and Communities	(8)
23/24 SCIA 11 - Youth Van	(6)
23/24 SCIA 12 - Communities	(2)
23/24 SCIA 13 - Community Grants	(10)
23/24 White Oak Leisure Centre	(19)
Other Adjustments	59
<b>Proposed Budget 2023/24</b>	<b>2,148</b>

**Net Service Expenditure analysed by Service**

	<b>Actuals</b>	<b>Budget</b>	<b>Budget</b>
	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Planning &amp; Regulatory Services</b>			
Building Control Partnership Members	0	0	0
Building Control Partnership Hub (SDC Costs)	0	0	0
Building Control	(119)	(161)	(154)
Conservation	155	129	159
Dangerous Structures	0	3	3
Dartford Environmental Hub (SDC Costs)	0	0	0
EH Commercial	284	320	802
EH Animal Control	24	23	0
EH Environmental Protection	349	375	0
Licensing Partnership Hub (Trading)	2	(2)	7
Licensing Partnership Members	0	0	0
Licensing Regime	2	36	67
Planning Policy	509	472	575
LDF Expenditure	0	0	0
Decarbonisation Fund Net ZERO 2030	0	65	67
Planning - Appeals	221	215	201
Planning - CIL Administration	(99)	(68)	(59)
Planning - Counter	(1)	(6)	(6)
Planning - Development Management	(65)	(76)	(93)
Planning - Enforcement	358	341	362
Planning Performance Agreement	0	0	0
Planning - Development Management - Software Project	0	0	0
Administrative Expenses - Building Control	2	12	12
Administrative Expenses - Health	17	5	5
Administrative Expenses - Licensing	1	7	7
Administrative Expenses - Planning Services	116	44	50
Taxis	12	7	24
<b>Total Service Expenditure</b>	<b>1,770</b>	<b>1,738</b>	<b>2,027</b>

**Net Service Expenditure analysed by Service**

	<b>Actuals</b>	<b>Budget</b>	<b>Budget</b>
	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Planning &amp; Regulatory Services</b>			
Pay Costs	3,359	3,431	3,770
Premises and Grounds	5	5	15
Transport	5	11	11
Supplies & Services	193	132	177
Supplies & Services IT	64	2	2
Agency & Contracted	743	435	449
Agency & Contracted - Partnerships	415	153	191
Agency & Contracted - Direct Services	24	40	40
Transfer Payments - Other	18	0	0
Support Services	11	11	11
Funds drawn to/from Reserves	(125)	72	18
Income - Other	(496)	(432)	(458)
Income - Gov Gnts	(4)	0	0
Income - Fees and Charges	(2,842)	(1,966)	(2,009)
Recharges	0	0	0
Recharges - Partnerships	398	(155)	(191)
<b>Total Service Expenditure</b>	<b>1,770</b>	<b>1,738</b>	<b>2,027</b>

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## Analysis of budget changes between 22/23 and 23/24

	1,738
<b>Base Budget 2022/23</b>	
Inflation (including pay)	211
Planned Savings agreed previous years	1
<u>SCIA's 2023/24</u>	
23/24 SCIA 9 - Environmental Health Income	10
23/24 SCIA 14 - Environmental Health Stray Dogs	14
23/24 SCIA 19 - Development Management	2
23/24 SCIA 20 - Air Quality Monitoring	24
23/24 SCIA 17 - Licensning Income	(7)
23/24 SCIA 21 - Utility Costs (Part)	10
Other Adjustments	24
<b>Proposed Budget 2023/24</b>	<u><u>2,027</u></u>

**Net Service Expenditure analysed by Service**

	<b>Actuals</b>	<b>Budget</b>	<b>Budget</b>
	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Strategic Head Commercial and Property</b>			
Asset Maintenance Argyle Road	24	80	82
Asset Maintenance Other Corporate Properties	91	36	36
Asset Maintenance Hever Road	49	41	42
Asset Maintenance Leisure	255	193	198
Asset Maintenance Support & Salaries	114	142	149
Asset Maintenance Sewage Treatment Plants	6	9	9
Bus Station	19	8	9
Economic Development	41	39	39
Swanley Meeting Point	0	0	60
Economic Development Property	369	437	484
Estates Management - Buildings	(58)	(13)	(3)
Housing Other Income	(15)	(14)	(14)
Housing Premises	(6)	17	18
Asset Maintenance Operatives	(0)	7	13
Property Investment Strategy	(1,355)	(1,518)	(1,618)
Administrative Expenses - Property	9	3	3
Administrative Expenses - Strategic Property	13	0	0
Support - Central Offices	493	496	600
Support - Property Function	57	55	60
Tourism	20	33	38
Leader Programme	0	0	0
West Kent Business Rates Retention	(0)	0	0
West Kent Enterprise Advisor Network	0	0	6
West Kent Kick Start	0	0	0
West Kent Partnership	1	0	1
West Kent Partnership Business Support	1	0	0
<b>Total Service Expenditure</b>	<b>128</b>	<b>50</b>	<b>209</b>

**Net Service Expenditure analysed by Service**

	<b>Actuals</b>	<b>Budget</b>	<b>Budget</b>
	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Strategic Head Commercial and Property</b>			
Pay Costs	849	987	1,094
Premises and Grounds	1,077	1,064	1,178
Transport	11	0	0
Supplies & Services	71	40	49
Supplies & Services IT	7	0	0
Agency & Contracted	771	19	80
Agency & Contracted - Direct Services	2	0	0
Support Services	41	41	41
Funds drawn to/from Reserves	50	90	90
Capital Charges	160	150	150
Income - Other	(1,556)	(1,819)	(1,876)
Income - Gov Gnts	(25)	0	0
Income - Fees and Charges	(1,121)	(314)	(346)
Recharges	(209)	(208)	(250)
<b>Total Service Expenditure</b>	<b>128</b>	<b>50</b>	<b>209</b>

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## Analysis of budget changes between 22/23 and 23/24

Base Budget 2022/23	50
Inflation (including pay)	83
Planned Savings agreed previous years	8
<u>SCIAs 2023/24</u>	
23/24 SCIA 21 - Utility Costs (Part)	90
23/24 SCIA 22 - Meeting Point Business Hub	60
Other Adjustments	(82)
<b>Proposed Budget 2023/24</b>	<b><u>209</u></b>



**PAY COST ESTIMATES SUMMARY 2023/24****Appendix H**

<b>Serivces</b>	<b>Line No.</b>	<b>2022/23 BUDGET £</b>	<b>2023/24 BUDGET £</b>	<b>- 2022/23 FTE</b>	<b>- 2023/24 FTE</b>
People & Places	1a	335,152	351,174	4.50	4.50
People & Places - Housing	1b	897,687	927,165	17.31	18.31
Strategic Properties	1c	854,964	914,459	19.95	15.00
Corporate Services	2a	3,067,639	3,189,822	67.72	66.37
Revenues & Benefits	2b	1,765,504	1,793,712	43.78	42.30
Assistant Chief Executive	3a	920,371	957,093	19.35	19.35
Finance & Audit	3b	1,260,274	1,318,160	18.81	19.00
Operational Services	3c	5,388,513	5,569,250	141.30	142.30
Planning	4a	2,063,699	2,122,183	40.75	40.76
Building Control	4b	335,438	399,280	7.00	7.00
Environmental Health	4c	662,985	677,039	11.72	11.99
Licensing	4d	517,485	591,410	10.59	12.20
		<b>18,069,711</b>	<b>18,810,747</b>	<b>402.78</b>	<b>399.08</b>
<b>Other Salary Costs</b>					
Vacancy Savings	5	(156,401)	(159,529)		
<b>SUB-TOTAL</b>		<b>17,913,311</b>	<b>18,651,218</b>	<b>402.78</b>	<b>399.08</b>
People & Places (Ext)	6	141,346	128,599	3.35	2.95
People & Places - Housing (Ext)	7	160,663	347,770	4.00	8.00
Strategic Property (Ext)	8	223,852	229,321	5.95	4.95
<b>GRAND TOTAL</b>		<b>18,439,172</b>	<b>19,356,908</b>	<b>416.08</b>	<b>414.98</b>
NOTES 1) Externally funded posts (lines 6 to 9 have been excluded from earlier lines. The income will show elsewhere in the 2023/24 budget.					

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Capital Programme 2023-26

Chief Officer/Scheme	Funding Source	Bid Form							Total expected spend £000
			Total approved scheme £000	Previous years spend £000	2022/23 Forecast £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	
People & Places									
	Capital Receipts & External funding, External borrowing	Previously approved							
White Oak Leisure Centre			22,866	19,002	2,967	298	-	-	22,267
White Oak Leisure centre - Orchards Academy	Capital Receipts	Previously approved	130	18	112	-			130
White Oak Residential	Capital Receipts and Grant	Previously approved	20,189	100	5,000	8,000	6,189	900	20,189
Burlington Mews	Capital Receipts	Previously approved	16		-	8	8	-	16
27-37 Swanley High street (meeting Point)	Capital Receipts & External funding	Previously approved	6,114	3,000	2,500	614	-	-	6,114
Bevan Place	Mixed	Previously approved	27,306	951	1,594	14,022	10,229	510	27,306
Farmstead Drive	Capital Receipts and Grant	Previously approved	7,609	200	2,500	2,500	2,000	409	7,609
Affordable Housing (Quercus Housing)	External Borrowing	Previously approved	16,050		1,050	1,500	1,500	1,500	5,550
Combined Feasibility Pot*	Mixed	Previously approved	1,480	51	220	1,450	150		1,871
Stangrove Estate	Mixed	Previously approved	4,313	130	2,179	1,948	56		4,313
Finance and Trading									
Mill Pond	Capital Receipts	Capital Bid 01	60			60			60
Bradbourne Lakes	Capital Receipts	Capital Bid 02	60			60			60
Vehicle Replacement Programme	Vehicle Replace Reserve	Capital Bid 03	1,746		582	582	582	582	2,328
Disabled Facility Grant	External funding	Capital Bid 04	3,384		1,128	1,128	1,128	1,128	4,512
<b>TOTAL</b>					19,832	32,170	21,842	5,029	102,325

\* For capital projects such as Stangrove, Hollybush, Spitals Cross, Otford Road site, Westerham, Kemsing, Lullingstone and Sevenoaks Town Centre

Funding Sources

Capital Receipts					6,200	188	1,000	24,473
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Financial Plan Reserve & Cap Receipts								
Vehicle Renewal Reserve					582	582	582	582
Better Care Fund (KCC)					1,128	1,128	1,128	1,128
Reserves								
Internal Borrowing use / (repaid)					3,400	8,000	5,403	(23,573)
Mixed funding depending on scheme funding					2,163	4,250		
External Borrowing								
	-Long term				4,094	18,022	13,729	2,419
	-Short term				1,050			
Grant Funding					1,215			
Total Funding					19,832	32,170	21,842	5,029

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

## **Council Tax Long Term Empty Premiums and Second Home Premiums**

### **Long Term Empty Dwellings Background**

- 1 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 Council determined this change from 1 April 2013.
- 2 The Rating (Property in Common Occupation) and the Council Tax (Empty Dwelling) Act 2018 increased the amount local authorities can charge on long term empty dwellings up to 100%. The Council determined this change from 1 April 2019.
- 3 The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 also increased the amount local authorities can charge on long term empty dwellings from 1 April 2019, 1 April 2020 and 1 April 2021 to (unoccupied and substantially unfurnished for at least 2 years) 100% for 2 years to one day less than 5 years. 200% from 5 years to one day less than 10 years. 300% for 10 years+. The Council determined this change from 1 April 2021.

### **Second Homes Background**

- 4 Sections 11A and 11B of the Local Government Finance Act 1992 enables Local Authorities to determine the level of discount, if any, on certain types of dwellings. Class B is classified as dwellings; which is not the sole main residence of an individual, which is furnished and occupation is not restricted - these are known as second homes.
- 5 The Council determined a 0% discount on second homes from 1 April 2013.

### **The Regeneration & Levelling Up Bill**

- 6 The Regeneration & Levelling Up Bill (the Bill) is currently passing through Parliament and the Department of Levelling Up, Housing and Communities (DLUHC) is aiming for Royal Assent in Spring 2023. The Bill proposes, amongst other proposals, two important changes to council tax, as follows:
  - a) A change in the application of a council tax premium on 'long term empty' dwellings. Currently, if a property has been unoccupied and unfurnished for 2 years but less than 5 years, then a 100% council tax premium can be applied to the property. The Bill is proposing to shorten that 2 year period to 1 year. 'Long term empty' premiums are applied to encourage owners to bring properties back into use so they are not left empty for extended periods.

- b) The implementation of a council tax premium on ‘second homes’. ‘Second homes’ are properties which are unoccupied but furnished. The Bill proposes the local authorities may apply a 100% council tax premium on second homes. This would mean an owner of a second home in the district would pay double the normal council tax charge.
- 7 Both of these changes can only come into effect if the Bill receives Royal Assent and even then the earliest that both of these changes can come into effect is 1 April 2024.
- 8 The Bill states that to apply these changes, approval to do so must be given at least 12 months before the implementation date. Therefore, approval is being sought now on the basis that should the Bill receive Royal Assent, the Council will have the required 12 months leading period, in order to apply the premiums from 1 April 2024.

### Recommendation

- 9 The Recommendations are:
- The Council agree to shorten the premium on long term empty dwellings from the current 2 years (empty) to 1 year from 1 April 2024.
  - The Council agree to implement the 100% premium on all second homes from 1 April 2024.
- 10 The estimated additional income that can potentially be raised as a result of the recommendations are:
- 11 Long term empty dwellings: Estimated £156,000 in collectable debit. The Sevenoaks District Council proportion being £17,000. It will be assumed that some of the dwellings will be put back into use and based on collection, a potential additional income of £12,000 for the Council.
- 12 Second homes: Estimated £906,000 in collectable debit (372 dwellings). The Sevenoaks District Council proportion being £99,000. It will be assumed that some of the dwellings will become occupied as a main home and based on collection, a potential additional income of £60,000.
- 13 There is no legal requirement to consult on the recommended changes but there is a legal requirement to have a 12 month lead period from the decision to the implementation.
- 14 In excising its functions, Sevenoaks District Council must have regard to any guidance issued by the Secretary of State.

- 15 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.
  
- 16 Any amendments made to Council Tax premiums or to apply a second home premium are not based on individual circumstances or family characteristics. The recommendations will therefore apply equally to everyone.

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## Local Council Tax Reduction Scheme 2023/24

### Summary

- 1 To recommend the rolling forward of the Local Council Tax Reduction Scheme 2022/23, effective from 1 April 2023.

### Background and discussions

- 2 The Council is required to approve a local scheme of support for council tax each year and this has to been done by 11 March of the preceding financial year. The local scheme was therefore updated for 2022/23 on 22 February 2022. It is now recommended that the scheme approved for 2022/23 be rolled forward to 2023/24, with effect from 1 April 2023.
- 3 This scheme provides protection for pensioners in line with the Government's decision that pensioners would see no reduction in their entitlement from that under the old council tax benefit rules. It also reduces the entitlement of working age claimants by 20%.
- 4 The award of council tax reduction is by way of a discount which reduces the amount of council tax collected. Most of this reduction is borne by the major preceptors, with the Council suffering a reduction of approximately 11% of the total.

### Financial Implications

- 5 The annual cost of the current CTRS is £6.895m of which £3.91m relates to working-age claimants. A large proportion of this cost is borne by the major preceptors.

### Legal Implications

- 6 The scheme is governed by the Local Government Act 2013.

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### Financial Risks Budget 2023/24

The Financial Risks are detailed below. The impact and likelihood of each risk are first assessed gross (without existing controls in place) and then re-assessed following the identification of key controls (net)

Likelihood	Very Likely (5)	16	13			
	Likely (4)			14		
	Possible (3)	8	10	3, 6, 15, 19	1, 5	
	Unlikely (2)		7, 18, 21, 17	4,	22	
	Very Unlikely (1)		20	2		11
		Minimal (1)	Minor (2)	Moderate (3)	Major (4)	Critical (5)
Impact						

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- No matrix score for risk 9, 12

Risk Factors	Potential Effect	Gross Likelihood	Gross Impact	Gross Rating	Internal Controls	Net Likelihood	Net Impact	Net Rating	Target Likelihood	Target Impact	Target Rating
<b>SR01: Finance - Failure to deliver a balanced budget</b> <b>Lead Officer: Adrian Rowbotham &amp; Alan Mitchell</b>											
<b>1) <u>Pay Costs</u></b> <ul style="list-style-type: none"> <li>Largest single item of cost.</li> <li>Complex drivers across the organisation.</li> <li>Staff recruitment and retention.</li> <li>2022/23 National Pay Award was £1,925 (5.8%) and the level of future pay awards remains uncertain</li> </ul>	<ul style="list-style-type: none"> <li>£17.3m total costs.</li> <li>2% pay increase = £346k.</li> <li>Budget assumptions: 2% pay award in all years.</li> </ul>	4	4	16	<ul style="list-style-type: none"> <li>New salary bands introduced from 1 April 2019 which reduced the costs of annual increments.</li> <li>Updated policies on Formal sickness &amp; overtime monitoring.</li> <li>Separate control on agency staff.</li> <li>Part of National Agreement.</li> </ul>	3	4	12	3	4	12
<b>2) <u>Pensions Funding</u></b> <ul style="list-style-type: none"> <li>Deficit on County Fund.</li> <li>Future actuarial results.</li> <li>Government review.</li> </ul>	<ul style="list-style-type: none"> <li>£8.78m deficit (March 22)</li> <li>1% change in employers' contribution = £100k</li> </ul>	2	4	8	<ul style="list-style-type: none"> <li>£50k included in 2026/27 to contribute towards any additional pensions costs when the next valuation takes place</li> </ul>	1	3	3	1	3	3
<b>3) <u>Income - Development Management</u></b> <ul style="list-style-type: none"> <li>Volatile activity levels in the housing market and</li> </ul>	<ul style="list-style-type: none"> <li>£1.0m loss</li> </ul>	4	3	12	<ul style="list-style-type: none"> <li>Current year income is above target.</li> <li>Continue to monitor.</li> </ul>	3	3	9	3	3	9

Risk Factors	Potential Effect	Gross Likelihood	Gross Impact	Gross Rating	Internal Controls	Net Likelihood	Net Impact	Net Rating	Target Likelihood	Target Impact	Target Rating
<b>SR01: Finance - Failure to deliver a balanced budget</b> <b>Lead Officer: Adrian Rowbotham &amp; Alan Mitchell</b>											
general economic conditions. Fluctuations in income with major applications	<ul style="list-style-type: none"> <li>10% reduction would be £100k.</li> </ul>										
<b>4) Income - Building Control</b> <ul style="list-style-type: none"> <li>Volatile activity levels in the housing market and general economic conditions.</li> <li>Competition from commercial organisations</li> </ul>	<ul style="list-style-type: none"> <li>£0.5m loss</li> <li>10% reduction would be £50k</li> </ul>	3	3	9	<ul style="list-style-type: none"> <li>Current year income is above target.</li> <li>Financial monitoring and reports</li> </ul>	2	3	6	2	3	6
<b>5) Income - Car Parks</b> <ul style="list-style-type: none"> <li>General economic conditions; central government directives; ongoing impact of the COVID-19 pandemic.</li> </ul>	<ul style="list-style-type: none"> <li>£2.8m</li> <li>10% reduction would be £280k</li> </ul>	4	4	16	<ul style="list-style-type: none"> <li>Current year income is above target.</li> <li>Budgets are increased by at least 5% to return to pre-COVID levels</li> <li>Continue to monitor.</li> <li>Financial monitoring and reports</li> </ul>	3	4	12	3	4	12
<b>6) Income - On-Street Parking</b> <ul style="list-style-type: none"> <li>General economic conditions. Legislative constraints on spending surpluses. Reverts to KCC control.</li> </ul>	<ul style="list-style-type: none"> <li>£???.75m</li> <li>10% reduction would be £75k</li> </ul>	4	3	12	<ul style="list-style-type: none"> <li>Current year is above target. Continue to monitor and review.</li> </ul>	3	3	9	3	3	9

Risk Factors	Potential Effect	Gross Likelihood	Gross Impact	Gross Rating	Internal Controls	Net Likelihood	Net Impact	Net Rating	Target Likelihood	Target Impact	Target Rating
<b>SR01: Finance - Failure to deliver a balanced budget</b> <b>Lead Officer: Adrian Rowbotham &amp; Alan Mitchell</b>											
<ul style="list-style-type: none"> <li>Ongoing impact of the COVID-19 pandemic.</li> </ul>											
<b>7) <u>Partnership working and partner contributions</u></b>  <ul style="list-style-type: none"> <li>Partnerships not meeting agreed targets.</li> <li>Agreed funding not received by SDC.</li> <li>Partnerships ending.</li> </ul>	<ul style="list-style-type: none"> <li>£0.7m</li> <li>Impact on individual projects is high.</li> </ul>	3	2	6	<ul style="list-style-type: none"> <li>Separate accounting arrangements.</li> <li>Active liaison with partners on service arrangements</li> <li>Written partnership agreements. Partnership arrangements are monitored to ensure they are still appropriate.</li> </ul>	2	2	4	2	2	4
<b>8) <u>External Funding Awards</u></b> <ul style="list-style-type: none"> <li>In the 23/24 budget 11.90 FTE are externally funded</li> </ul>	<ul style="list-style-type: none"> <li>£0.5m cost funded</li> <li>Impact on individual projects is high</li> </ul>	3	2	6	<ul style="list-style-type: none"> <li>Exit Strategies in place</li> </ul>	3	1	3	3	1	3

Risk Factors	Potential Effect	Gross Likelihood	Gross Impact	Gross Rating	Internal Controls	Net Likelihood	Net Impact	Net Rating	Target Likelihood	Target Impact	Target Rating
<b>SR01: Finance - Failure to deliver a balanced budget</b> <b>Lead Officer: Adrian Rowbotham &amp; Alan Mitchell</b>											
<b>9) <u>Changes in service demand</u></b> <ul style="list-style-type: none"> <li>Impacts will vary depending on service.</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	-	-	-	<ul style="list-style-type: none"> <li>Service planning in place</li> <li>Continue to lobby Government where changes are due to new Gov't requirements.</li> </ul>	-	-	-	-	-	-
<b>10) <u>Interest Rates</u></b> <ul style="list-style-type: none"> <li>Large cash variance from small rate changes.</li> <li>Reducing availability of suitable counter parties</li> </ul>	<ul style="list-style-type: none"> <li>Up to £0.188m 23/24 budget</li> <li>£250k per 0.5%.</li> </ul>	4	2	8	<ul style="list-style-type: none"> <li>Use of professional advisers.</li> <li>Internal borrowing used for capital investment projects reduces the balances available to invest which in turn less bank interest earned.</li> <li>Implementation of new investment vehicles to maximise returns</li> </ul>	3	2	6	3	2	6
<b>11) <u>Investments</u></b>		2	5	10		1	5	5	1	5	5

Risk Factors	Potential Effect	Gross Likelihood	Gross Impact	Gross Rating	Internal Controls	Net Likelihood	Net Impact	Net Rating	Target Likelihood	Target Impact	Target Rating
<b>SR01: Finance - Failure to deliver a balanced budget</b> <b>Lead Officer: Adrian Rowbotham &amp; Alan Mitchell</b>											
<ul style="list-style-type: none"> <li>Financial institutions going into administration.</li> <li>Lower balances to invest.</li> </ul>	<ul style="list-style-type: none"> <li>£26.4m balance at Nov 2022</li> </ul>				<ul style="list-style-type: none"> <li>Investment strategy regularly reviewed by FIAC.</li> <li>Use of professional advisers.</li> </ul>						
<b>12) <u>Government Support: Revenue Support Grant</u></b>	£0 in 2021/22 revenue budget	-	-	-	<ul style="list-style-type: none"> <li>Excluded grant from budget from 16/17 onwards so SDC became self-sufficient from govt. funding.</li> <li>Adequate level of General Reserve held.</li> </ul>	-	-	-	-	-	-
<b>13) <u>Government Support: Retained Business Rates</u></b> <ul style="list-style-type: none"> <li>Government changing baseline and therefore safety net levels.</li> <li>Time delays in decisions on appeals.</li> <li>High volume of successful valuation appeals.</li> <li>Central government intends to introduce</li> </ul>	<ul style="list-style-type: none"> <li>£2.3m in 2023/24</li> <li>£20k per 1% change</li> </ul>	5	4	20	<ul style="list-style-type: none"> <li>10-year budget strategy gives ability to gradually adjust for changes.</li> <li>Adequate level of General Reserve held.</li> </ul>	5	2	10	5	2	10



Risk Factors	Potential Effect	Gross Likelihood	Gross Impact	Gross Rating	Internal Controls	Net Likelihood	Net Impact	Net Rating	Target Likelihood	Target Impact	Target Rating
<b>SR01: Finance - Failure to deliver a balanced budget</b> <b>Lead Officer: Adrian Rowbotham &amp; Alan Mitchell</b>											
business rate review but timeline uncertain.											
<b>14) Council tax Referendum limits</b> <ul style="list-style-type: none"> <li>Council tax increases limited budgeted at 2.99% per the Autumn Statement.</li> </ul>	<ul style="list-style-type: none"> <li>£12.1m Council Tax income in 23/24</li> <li>£120k per 1% Government controls on changes in council tax rates</li> </ul>	4	4	16	<ul style="list-style-type: none"> <li>Draft 10-year budget includes council tax increase assumptions for future years.</li> </ul>	4	3	12	4	3	12
<b>15) Future Service Changes by Government</b> <ul style="list-style-type: none"> <li>Additional services without consequent resources, e.g. previous examples of Maint. of trees on common land.</li> <li>Government directives on income charging e.g. Personal searches. Potential changes on health responsibilities.</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	4	4	16	<ul style="list-style-type: none"> <li>Monitor proposals.</li> <li>Respond to consultations with local view.</li> </ul>	3	3	9	3	3	9

Risk Factors	Potential Effect	Gross Likelihood	Gross Impact	Gross Rating	Internal Controls	Net Likelihood	Net Impact	Net Rating	Target Likelihood	Target Impact	Target Rating
<b>SR01: Finance - Failure to deliver a balanced budget</b> <b>Lead Officer: Adrian Rowbotham &amp; Alan Mitchell</b>											
<b>16) Utility costs incl Direct Services</b> <ul style="list-style-type: none"> <li>Changes in global oil, gas and electricity prices.</li> </ul>	<ul style="list-style-type: none"> <li>10% increase would be £75k</li> </ul>	5	2	10	<ul style="list-style-type: none"> <li>Negotiate best possible terms in contractual agreements</li> <li>Continue to monitor fuel usage and efficiency.</li> <li>Vehicle replacement programme.</li> </ul>	5	1	10	5	1	10
<b>17) COVID-19</b> <ul style="list-style-type: none"> <li>All areas of income generation</li> <li>Some areas of expenditure</li> </ul>	<ul style="list-style-type: none"> <li>Loss of income and additional costs</li> <li>1% reduction in income £93k</li> </ul>	2	3	6	<ul style="list-style-type: none"> <li>Continue to monitor and implement savings in 10-year budget.</li> <li>10-year budget to allow for ongoing net service costs.</li> </ul>	2	2	4	2	2	4

### 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 2023/24 budget is put into this reserve or absorbed by this reserve.**
3. It is proposed that the Net Service Expenditure budget is increased from £17.3m in 2022/23 to £18.5m in 2023/24. **It is recommended that the General Fund Reserve is increased by £100,000 from £1.7m to £1.8m to remain as a 10% working balance**
4. The Reorganisation Reserve currently holds no funds. With the Council constantly looking to improve, service reorganisations may be required in the future **therefore it is recommended to move £306,000 into this reserve.**
5. The New Homes Bonus (NHB) Reserve was originally set up when NHB started to cushion any potential impacts on Revenue Support Grant (RSG). As this Council no longer relies on RSG this reserve is no longer required. **It is recommended that this reserve be closed and the remaining balance of £406,000 be removed.**
6. The table below sets out the reserves and provisions held as at 1 April 2022.

	Balance as at 01/04/22 £000	Purpose (further details are included in the Statement of Accounts)
<b>Provisions</b>		
Business Rates Appeals	3,846	The Council has to provide for its share of the costs arising from successful appeals by business ratepayers.
Accumulated Absences	327	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	<b>4,430</b>	
<b>Capital Receipts</b>		
Capital Receipts	<b>6,740</b>	Balance from previous asset sales. Can be used to fund future capital expenditure.
<b>Earmarked Reserves</b>		
Action and Development	296	To fund ad hoc and unplanned expenditure (e.g. due to an emergency).
Asset Maintenance	500	To fund emergency works to assets.
Budget Stabilisation	7,932	To support decisions required to continue to produce a balanced budget in future years.
Business Rates Retention	4,280	To manage the volatility in yearly cash flows in the Collection Fund caused by the complexities in the Business Rates Retention Scheme.
Capital Financing	328	Annual contributions from revenue to fund some capital projects.
Carry Forward Items	1,356	For specific items agreed by Cabinet, e.g. if a project has slipped between years.
Community Infrastructure Levy Administration	152	To be spent on the administration of the levy.
District Elections	134	To finance local elections.
Financial Plan	3,356	To support the 10-year budget strategy.
Homelessness Prevention	536	External funding received for homelessness prevention.

	Balance as at 01/04/22 £000	Purpose (further details are included in the Statement of Accounts)
Housing and Commercial Growth Fund	566	To fund projects as part of the West Kent Partnership within the district
Housing Benefit Subsidy	123	Provides a cushion against large movements in reclaimable sums in any year.
IT Asset Maintenance	440	To fund future IT asset maintenance costs.
Local Plan	285	To help support the Local Plan.
Net Zero	108	To fund expenditure to help achieve the aim to be carbon neutral by 2030.
New Homes Bonus (NHB)	406	To cushion any impacts of Revenue Support Grant changes.
Pension Fund Valuation	359	To contribute towards downturns in future pension fund actuarial valuations.
People and Places	166	External funding received for ongoing and future projects.
Property Investment Strategy Maintenance	310	To fund future maintenance and void periods.
RHB Repayable Assistance	109	Repairs and improvements grants recycled from conditions put on housing properties.
Vehicle Insurance	266	Own vehicle damage for the commercial vehicle fleet.
Vehicle Renewal	919	To fund future commercial vehicle replacements.
Others	540	Includes Rent Deposit Guarantee, Local Strategic Partnership, Electoral Registration etc.
Sub Total	<b>23,467</b>	
<b>General Fund</b>	<b>1,700</b>	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.
<b>TOTAL</b>	<b>36,337</b>	

**Definitions:**

**Provisions** - funds to provide for liabilities or losses which are known obligations but are uncertain as to amounts or dates.

**Capital Receipts** - money obtained on the sale of a capital asset (normally land and buildings). 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.

**LETTING OF 26 - 28 PEMBROKE ROAD**

**Cabinet 9 February 2023**

**Report of:** Strategic Head of Property & Commercial

**Status:** For decision

**Also considered by:**

**Key Decision:** Yes

**Portfolio Holder:** Cllr. Dickins

**Contact Officer:** Detlev Munster, Ext. 7099

**Recommendation to Cabinet:**

1. Cabinet approves the granting of a long-lease as outlined in Appendix A to this report and delegates authority to the Strategic Head of Property and Commercial Services in consultation with the Deputy Chief Executive and Chief Officer Finance and Trading to enter into the necessary legal agreements for the granting of a long lease at 26-28 Pembroke Road.

**Reason for recommendation:** To provide income and to ensure best consideration is obtained for what is considered a disposal under the Local Government Act, as the lease is in excess of 7 years.

**Introduction and Background**

- 1 The entire office building at 26 - 28 Pembroke Rd was occupied by Towergate Underwriting Group Ltd until August 2021 when they exercised their break option. They requested ongoing occupation of one floor only, which SDC granted having taken agency advice about the state of the office market during Covid and they took on a new lease of the first floor only on 8<sup>th</sup> Aug 2021.
- 2 Agency advice was sought and the remaining two floors were then marketed at a quoting rent of £27.50 per ft<sup>2</sup>. The Council was advised that the office market coming out of Covid was weak with fluctuating demand due to the change in working patterns.
- 3 A number of enquiries were received. Several applicants showed interest in part of the ground floor, which would have entailed partitioning costs and

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the remainder being a less attractive space. An unsuitable usage from a weak covenant was proposed. No firm offers were received.

- 4 The proposed tenant initially viewed in April 2022, expressed interest, SDC viewed their last 3 years profit and loss accounts, draft terms were initially drawn up in June 2022 for a 15 year term and amended in July to be for a 20 year term and to include an option over the first floor when Towergate vacated either at their break or on determination, together with a 9 month rent free period.
- 5 Final Heads of Terms for the ground and 2<sup>nd</sup> floors were agreed in Dec 2022 and are summarised in appendix A (which is exempt information).
- 6 Since then Towergate has requested an early surrender of their lease of the 1<sup>st</sup> floor and a new lease of the whole building has been agreed with the proposed tenant. The Agreement for Lease is to be conditional upon securing vacant possession of the First Floor of the Property at which point the Current Lease will be surrendered and the New Lease will complete.
- 7 It will be on the same terms as the above, save as to the rent, which adding in the first floor at £27.50 per ft<sup>2</sup>. There will be no rent free period for the first floor.

### **Other options Considered and/or rejected**

- 8 An alternative option is for the Council to dispose the asset. This is not recommended as market conditions do not lend themselves to a disposal. Irrespective the property forms part of the Council's investment portfolio, which provides much needed revenue income for the Council.

### **Key Implications**

#### Financial

This letting will provide an income stream for a minimum of 15 years, contributing to Council revenue objectives. Income will be received quarterly in advance, with rent reviews every 5 years.

The rate per sq.ft being obtained is comparable within the market.

An additional financial benefit is that the Council would be liable for business rates on the premises from when Towergate provides vacant possession. With the proposed tenant taking occupation, the Council will not be liable for business rates.



Legal Implications and Risk Assessment Statement.

The Council is required under Section 123 of the LGA 1972 to seek best consideration for a disposal. Achieving the asking price for a longer rental term than anticipated can be considered to constitute this, as the LGA technically classifies a lease of longer than 7 years as a disposal.

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.

Net Zero Implications

The decisions recommended through this paper have a remote or low relevance to the council's ambition to be Net Zero by 2030. There is no perceived impact regarding either an increase or decrease in carbon emissions in the district, or supporting the resilience of the natural environment.

**Conclusions**

Officers recommend this letting as being in the Council's best interests. It will provide a steady future revenue stream, negotiated on favourable terms and will reduce the Council's asset holding liabilities.

**Appendices**

Appendix A - Key Heads of Terms (Exempt information)

**Background Documents**

Draft Legal Agreement - (Exempt from publication)  
CBRE UK Real Estate Market Outlook 2023 Chapter 4 Office  
Carter Jonas Commercial Market Outlook Dec 2022

**Detlev Munster**  
**Strategic Head of Property & Commercial**

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