

Council Offices
Argyle Road
Sevenoaks
Kent
TN13 1HG



Published: 13.02.23

I hereby summon you to attend the meeting of the Sevenoaks District Council to be held in the Council Chamber, Council Offices, Argyle Road, Sevenoaks commencing at 7.00 pm on 21 February 2023 to transact the under-mentioned business.

Chief Executive

AGENDA

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

Apologies for absence

1. To approve as a correct record the minutes of the meeting of the Council held on 15 November 2022 (Pages 1 - 12)
2. To receive any declarations of interest not included in the register of interest from Members in respect of items of business included on the agenda for this meeting.
3. Chairman's Announcements.
4. To receive any questions from members of the public under paragraph 17 of Part 2 (The Council and District Council Members) of the Constitution.
5. To receive any petitions submitted by members of the public under paragraph 18 of Part 2 (The Council and District Council Members) of the Constitution.
6. Matters considered by the Cabinet and/or Scrutiny Committee:
 - a) Homelessness Review 2022 and draft Homelessness and Rough Sleepers Strategy 2023-2028 (Pages 13 - 90)
 - b) Treasury Management Strategy 2023/24 (Pages 91 - 138)
 - c) Property Investment Strategy update (Pages 139 - 168)

- d) Budget & Council Tax Setting 2023/24 (Pages 169 - 258)
- 7. Matters considered by other standing committees:
 - a) Monitoring Officer's Annual Report (Pages 259 - 274)
 - b) Appointment of Deputy Electoral Registration Officers (Pages 275 - 280)
- 8. To consider the following reports from the Chief Executive or other Chief Officers on matters requiring the attention of Council:
 - a) Pay Policy Statement (Pages 281 - 292)
- 9. To consider any questions by Members under paragraph 19.3 of Part 2 (The Council and District Council Members) of the Constitution, notice of which have been duly given.
- 10. To consider any motions by Members under paragraph 20 of Part 2 (The Council and District Council Members) of the Constitution, notice of which have been duly given.
- 11. To receive the report of the Leader of the Council on the work of the Cabinet since the last Council meeting. (Pages 293 - 294)
- 12. To receive reports from the Chairmen of the Audit and Scrutiny Committees on the work of the Committees since the last Council meeting.
 - a) Audit Committee Chairman's report to Council (Pages 295 - 296)

EXEMPT ITEMS

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

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

COUNCIL

Minutes of the meeting held on 15 November 2022 commencing at 7.00 pm

Present: Cllr. Hunter (Chairman)

Cllr. Layland (Vice Chairman)

Cllrs. Abraham, Ball, Bayley, Bonin, Brown, Bulford, Dr. Canet, Cheeseman, Clack, Clayton, Penny Cole, Perry Cole, Collins, Dickins, Dyball, Edwards-Winsor, Esler, Eyre, Fleming, Griffiths, Harrison, Hogarth, Kitchener, London, Maskell, McArthur, McGarvey, McGregor, Nelson, Osborne-Jackson, Pender, Purves, Raikes, Reay, Streatfeild, Thornton, Waterton and Williams

Apologies for absence were received from Cllrs. Andrews, Barnes, G. Darrington, P. Darrington, Fothergill, Grint, Hudson, Morris, Pett and Williamson

Cllr. G Darrington, P. Darrington and Grint were also present via a virtual media platform that did not constitute attendance as recognised by the Local Government Act 1972.

25. To approve as a correct record the minutes of the meeting of the Council held on 19 July 2022

Resolved: That the Minutes of the meeting of Council held on 19 July 2022 be approved and signed by the Chairman as a correct record.

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

No additional declarations on interest, were received.

27. Chairman's Announcements.

The Chairman announced that it seemed a long time since the last Full Council Meeting in July. Summer had been and gone and winter was approaching. The Family Fun Days were a great success and were attended by a large number of families and were very lucky to have mainly good weather. Autumn brought with it the death of Her Majesty Queen Elizabeth II, who was a great servant of the people and a shining example of public service. Many local people signed the book of condolence and attended the proclamation of the new King. We now have to move forward with the new King, Charles III.

She was delighted to have attended the launch of the Sevenoaks Place Brand campaign, 'Sevenoaks So Much More', and reminded Members of the "So Much

More” website and the video that highlighted the unique district. She encouraged Members to support the new portal and to also subscribe to it.

Once again, the Council was looking for unsung heroes for the Community and Voluntary Awards. There were 11 nomination categories and as ever, we wanted to hear about the outstanding residents and organisations that go the extra mile to help others. The deadline for applications was 4pm Friday 31 December 2022. The winners would be announced at a ceremony at St. Nicholas’ Church in Sevenoaks on Wednesday 15 March 2023.

Moving on to Net Zero ambitions, the Council had a new, environmentally-friendly tool to help tackle the unsightly chewing gum that had become stuck to the pavement. It was notoriously difficult and time consuming to remove, however the electronic rechargeable chewing gum removal unit allows gum and stickers to be removed from any surface in seconds. It eliminated the need for high pressure hoses and chemicals. The machine was paid for by a grant funded by chewing gum manufacturers.

In turning back to thoughts of winter and with many households struggling with the cost of living, individuals and families are facing tough decisions about whether and when they can heat their homes. To help residents during this challenging time, the Council had developed a warm spaces directory. Warm spaces were existing community or business places that provide a safe and friendly public space where people of all ages can go and spend time reading, studying, chatting with others, and meeting new people. Some venues also offered support services and advice. The directory was available on the Council’s website, and it also had a sign up form for local organisations and businesses who want to offer a Warm Space.

Change In Agenda Item Order

The Chairman moved agenda item 6(b) to take place following agenda item 12.

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

No questions had been received.

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

No petitions had been received.

30. Matters considered by the Cabinet and/or Scrutiny Committee:

a) Local Plan Regulation 18 - Consultation

Councillor Fleming proposed and Councillor Thornton seconded, the recommendation from Cabinet. The report sought approval for Officers to formally withdraw the December 2018 Regulation 19 Proposed Submission version of the Local Plan, which was submitted to the Secretary of State in April 2019, before the Regulation 18 Consultation Draft was issued for consultation.

Resolved: That Officers formally withdraw the December 2018 Regulation 19 Proposed Submission version of the Local Plan, which was submitted to the Secretary of State in April 2019, before the Regulation 18 Consultation Draft be issued for consultation.

31. Matters considered by other standing committees:

a) Parliamentary Boundary Review

Councillor Eyre moved and Councillor Nelson seconded the recommendation from the Governance Committee which recommended that the revised proposals from the Boundary Commission for England for Parliamentary boundaries for the Sevenoaks District be noted; and that the Council submit a final consultation response to the Boundary Commission for England based on views collated from Members and agreed with the Chairman of the Governance Committee.

Resolved: That the

- a) revised published proposals from the Boundary Commission for England for Parliamentary boundaries for the Sevenoaks District Council, be noted; and
- b) Council submit a final consultation response to the Boundary Commission for England based on views collated from Members and agreed with the Chairman of the Governance Committee, be approved.

b) Development Control Committee Procedures

Councillor Eyre moved and Councillor Nelson seconded the recommendation from the Governance Committee which recommended that the amendments to part 7 of the Constitution, as set out in Appendix A to the report, take effect from 2023/24 municipal year.

Councillor Eyre spoke to the motion, advising that the working group included the Chairman of Development Control Committee supported by Officers who had assisted in going through the constitution line by line with the working group. Discussions took place on each line and changes were made where it was believed to be necessary.

It was moved by a Member and duly seconded that the motion be amended to include the wording “with the sole proviso that the two instances of the words ‘three minutes’ in paragraph 3.33 set out in Appendix A be amended to read ‘four minutes’”.

Debate took place on the amendment with some Members expressing that the current three minutes did not provide enough time for the speakers to get their point across and the extended time would allow this. Other Members expressed

that even being provided with four minutes to speak, speakers would always overrun. Other Members drew attention to other ways in which the public can get their views to the Members of the Committee.

A vote took place on the amendment and it was lost.

The Chairman put the original motion to the vote.

Resolved: That the amendments to part 7 of the Constitution, as set out in Appendix A to the report, take effect from 2023/24 municipal year.

c) The Council's Policy Framework

The report set out that the Council's Policy Framework which set out the policies and strategies which were required to be adopted by Full Council and at this time there were no changes to be agreed.

It was moved by Cllr Eyre and seconded by Councillor Nelson that the report be noted.

Resolved: That the report be noted.

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

a) Christmas Parking 2022

It was moved by Councillor Fleming and seconded by Councillor McArthur that the cost in terms of loss of income for free parking on a selected date in 2022 for off-street parking be met from the supplementary estimates.

Resolved: That the cost in terms of loss of income for free parking be met from the supplementary estimates.

b) Appointments to Other Organisations 2022/23 - Non Executive

Councillor Fleming moved and Councillor Dickins seconded the report which recommended that Cllr Pender be appointed as the Council's representative on the Outside Organisation - The Council for the Voluntary Service North West Kent (CVSNWK) for the municipal year 2022/23.

Resolved: That Cllr Pender be appointed as the Council's representative on the Outside Organisation - The Council for the Voluntary Service North West Kent (CVSNWK) for the municipal year 2022/23.

c) Draft Calendar of Meetings 2023/24

Councillor Fleming proposed and Councillor Dickins seconded the report which sought approval for the draft calendar of meetings 2023/24.

Resolved: That the draft calendar of meetings for 2023/24 be approved subject to formal adoption at the Annual Meeting on Council on 23 May 2023.

d) Members' Allowances Scheme - Annual Updating 2022/23

It was moved by Councillor Fleming and seconded by Councillor Dickins that the recommendation within the report which set out that Members' allowances for 2022/23, be updated by 5.76%. An increase would not apply to travelling expenses but was in line with the provision for Officer pay set out in the National Joint Council for Local Government Services pay award.

Cllr Fleming spoke to the motion stating that Members decided to link the increase to officer pay previously and normally the increase would have been at a percentage figure. However, as this year the agreement was a set figure which did not fit the Council's constitution or many other Constitutions up and down the country. As a result an average percentage increase was what most other councils were also doing. The change was one made annually and he hoped that next year it would be in line with the constitution.

Some Members spoke to the motion expressing their concerns with the increase when there were residents who were facing financial pressures. Other Members expressed that the proposal was consistent with the principles as set out within the constitution. As officers had been given a fixed lump sum rather than a percentage increase, the principle was not being amended.

In summing up Councillor Fleming responded to comments made reiterating that the Constitution had been changed to avoid Members having to decide on their allowances, and it was a taxable income. He reminded Members that they had the choice to decide if they wanted to receive an allowance and the increase.

Resolved: That Members' allowances for 2022/23, except for travelling expenses, be updated by 5.76% in line with the provision for Officer pay set out in the National Joint Council for Local Government Services pay award.

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

Two questions had been received from two Members in accordance with paragraph 19.3 of Part 2 The Council and District Council Members) of the Constitution.

Question 1: Cllr Dr Canet

"There is an increasing number of older people living in our district, as shown by the recent census, most of us will want to keep a measure of our independence especially as Kent County Council is under a lot of pressure to meet Adult Social Care needs. What is Sevenoaks District Council doing to enable suitable housing to be built in the district to meet the needs of private owners? Many of us would like

to be able and must in future help each other. Developments similar to Rockdale could be a solution.”

Response: Leader of the Council

“If by Older people Cllr Dr Canet is talking about the over 65’s then between 2015 and 2020 the district saw a less than 1% increase in the number of older people, however as with all age groups we continue to see an increasing need for housing of all types and tenures

As with the Housing Strategy 2022-2027, the Targeted Review of Local Housing Needs (2022) and Older Persons Housing Study (2022) form the key evidence that informs the housing policies in the emerging Local Plan.

These studies identify a requirement for around 1,000 new units of specialist older persons accommodation over the plan period to 2040. The Older Person’s Housing Study (2022) shows that while 67% of older people want to stay living in their existing home with help and support when needed, there are also significant numbers (24%) who would like to move to a more suitable home - in a suitable location with access to transport, broadband, shops, healthcare and other amenities - if one were available.

It is widely recognised that there is huge diversity in what older people are looking for and that many could afford to buy on the open market. However, it is evident that there is a gap in supply.

A new Local Plan policy that specifically considers housing for older people will address the gap. It will ensure that a sufficient supply and range of housing and accommodation suitable for older people (both market and affordable) is delivered over the Local Plan period 2022-2040 in order to meet the specific needs of this group and to assist in the creation of mixed, balanced and inclusive communities. The new policy sets out a number of criteria that applicants will be expected to meet including making sure that the proposed development is in a well-connected and sustainable location, that it incorporates high quality design principles in order to offer attractive alternatives to the current home, that it meets the required accessibility standards and has access to private or communal outdoor space.

The emerging Local Plan (entitled Plan 2040: A new Local Plan for Sevenoaks District) will undergo public consultation starting Wednesday 16th November and running to Wednesday 11th January 2023. We would love as many of our residents as possible to get involved, and in particular those who have an interest in housing for older people to comment on the proposed policy.

For households who wish to remain in their homes, we will continue to provide support through the provision of Disabled Facilities Grants and other discretionary grants which are set out in the Council’s Private Sector Housing Assistance Policy.

I am sure Cllr Dr Canet will agree that those Wards without the national planning constraints that cover the vast majority of the district will need to do more to provide all the housing types needed going forward and I am also sure she will be doing all she can to bring appropriate sites forward in her own ward.”

Supplementary question: Cllr Dr Canet

How do you think the planning department can meet these needs?

Response: Leader of the Council

The Leader advised that 67% of older people who took part in the survey want to stay in their own homes and at some point they would need support to stay. There was a growing number that would want to move and the local plan looked at how to support that going forward.

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

Question 2: Cllr Streatfeild

“An important source of financial support for rural businesses was removed when the West Kent Leader programme came to an end last year, could the leader of the council outline what support the District is going to put in place for rural businesses in Penshurst Fordcombe and Chiddingstone and across the District and will it be better than the Leader programme?”

Response: Leader of the Council

“The West Kent Leader programme was considered as one of the most successful in the country, in fact towards the end of the programme we continued to have such a strong pipeline of projects that we applied for the underspend from other areas, although this wasn’t possible due to EU Leader rules it showed just how positively the programme was seen by our rural businesses and communities.

The LEADER Programme closure report has recently been shared with Finance & Investment Advisory Committee and Improvement & Innovation Advisory Committee and the positive outcomes from this scheme were recognised by partners across Kent and provide an excellent example of how to support our rural areas, which is why we intend to build on LEADERS legacy and use these findings to inform future programmes.

In July the UK Shared Prosperity fund was announced by Government with an allocation of £1million funding for the District to assist in Levelling up local areas with the requirement to submit an investment plan by 1 August 2022. Whilst we still await approval to begin spending on this programme, the submitted investment plan includes a range of projects to support businesses, town centres, communities and residents throughout the District. The range of schemes will be further discussed with Town and Parish Councils and local stakeholders to ensure that the schemes are promoted in local areas and that specific local needs are included wherever possible.

In addition on 3 September the Rural England Prosperity fund (REPF) was announced which provided an additional allowance for rural areas, for Sevenoaks District this amounts to £501,000 which requires an addendum to the UKSPF

investment plan to be submitted by end November. Cabinet discussed proposals on 10 November and agreed the proposal to use this funding to work with West Kent Districts (Tonbridge and Malling Borough and Tunbridge Wells Borough) to develop a follow on to the LEADER scheme using the lessons learned from previous delivery to design the new programme.

The REPF funding is Capital funding with no allowance for administration therefore economies of scale in terms of the animation and administration of the funding can be made by working across the West Kent area as per the LEADER scheme, the geography also makes sense to many rural businesses. However it should be noted that all Sevenoaks allocation will be ring fenced for spend in Sevenoaks District.

This scheme has the support of local rural landowners, a number of rural businesses who were consulted including the previous LEADER Executive Group. Letters of support have been received from all 3 of the District MP's who were supportive of both the use of funding in this way and the collaboration across West Kent area.

The definition of rural for the purposes of this scheme is towns, villages and hamlets with under 10,000 population and market hub towns with a population of up to 30,000 that provide services to local rural areas, therefore giving coverage across the District.

Government approval to commence spend is expected in early 2023 with a view to the scheme being launched in April 2023 running through to March 2025. The scheme will support businesses and community organisations with Capital grant funding, and interventions include supporting businesses, community organisations, the visitor economy sector, cultural and heritage sector and rural circular economy projects. Whilst the details are still being confirmed the expectation is for an intervention rate of 50% and grants in the region of up to £25,000, levels based on the evaluation of the LEADER scheme.

It has been noted that the administrative burden on applicants should be appropriate for the size of funding and that support to develop and submit applications would be advisable.

Local councillors will be asked to assist with promotion of the scheme within their areas to ensure as many local businesses and organisations are aware of the opportunity as possible.

Supplementary question: Cllr Streatfeild

Please could you confirm that the £25,000 limit to allegedly leverage private capital, how effective do you think that's going to be at that scale?

Response: Leader of the Council

The Leader advised that the conclusion report on the LEADER programme showed that even grants at that level managed to access other funding, and often the funding that was found for LEADER, brought the greatest benefit was some of the

smaller grants. This was why when there was only a limited resource looking on the history of the projects that came through LEADER but were also in the pipeline should LEADER have continued, looked at £25,000 being the appropriate figure for us to get the most bang for our buck.

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

Question 3: Cllr Clayton

“Data on the national website <https://www.gov.uk/government/statistical-data-sets/env18-local-authority-collected-waste-annual-results-tables> shows that in the year ended March 2021 Sevenoaks District Council:

- recycled 36.6% of domestic waste collected
- collected 414kg of waste per person across the District
- had 'residual household waste' of 616 kg per household across the District.

By comparison, figures for the 4 top collection authority Districts in England (most around the M25) are

- 62 to 64% recycled
- 325 to 389 kg collected per person
- 335 to 404 kg residual waste per household

Our nearest neighbours (Tunbridge Wells, Tonbridge and Tandridge) show the following performance:

- 48 to 60% recycled
- 355 to 415 kg collected per person
- 379 to 480kg residual waste per household

This data shows Sevenoaks:

- generates much more domestic waste than most other councils (getting on for 40% more)
- recycles well below the national average, and almost 30% less than the best
- has 'residual waste per household' about 70% above the most successful recycling councils; over 250 kilos per household, or about 12,000 tones of extra unrecycled waste every year across the District

Does the Council recognise the importance of this in Sevenoaks Districts' overall carbon footprint, and how far will the impact be reduced by 2030?”

Response: Leader of the Council

“What of course the figures don't show is household typography and recent history which has an enormous impact on waste figures. Since the pandemic we have seen approximately a 20% increase in the collection weights of household waste, mirroring more people being at home, creating and disposing of more waste locally.

When you look at waste to landfill figures Sevenoaks doesn't even register on the scale with a figure below 1%, with a maximum figure for English Districts of over 50% of waste going to landfill.

As Cllr Clayton will be aware, the UK Waste hierarchy places recovery and recycling above disposal, we have entered a period where the Sevenoaks district disposes of less than 1% of the waste collected

In the examples given in the question, it is worth remembering that in 2019 Tonbridge & Malling and Tunbridge Wells both entered into a new waste contract, this I think they would agree did not start well and got worse during the pandemic period, a quick google will tell you that some residents were, for an extended period, making their own arrangements including taking waste to the municipal tip and also in some cases engaging external contractors to pick up their domestic waste, none of this will have entered their figures.

Sevenoaks District Council continued to collect waste and recycling throughout the pandemic, something I am sure Cllr Claytons residents were grateful of.

It is also worth noting that although these councils offer separate food waste collections that audits show similar amounts of food waste entering the residual waste stream between all authorities, this shows that Sevenoaks residents are either, less wasteful of food overall or are composting and re-using any food waste, again a step higher than simply recycling in the waste hierarchy.

Similarly, with glass, those neighbouring councils collecting glass at the doorstep versus our 40 site disposal scheme, a scheme that sees almost no glass entering the Sevenoaks waste stream through the residual waste route, however due to some recycling sites within the district sitting outside our control and operated privately, Sainsbury's Otford Road as an example, and with both glass and food being higher weight recycling we don't benefit from all this tonnage when it comes to our overall 'recycling' figures.

We will continue to work with residents and business to achieve at the most preferred end of the UK Waste hierarchy, prevention, and re-use, whilst also making sure none of the district's residual waste is disposed of and is instead recovered or recycled, these actions will have a positive impact in terms of the district overall journey to Net Zero

Supplementary Question: Cllr Clayton

How much of the Districts waste through incineration ends up producing Co2 and how much can we get that down by - the district's current system is designed to reduce landfill it is not designed to reduce climate impact. When is that going to change?

Response: Leader of the Council

I answered the question I was asked and referenced to all of the references made by the Questioner in his question. This included neighbouring authorities information and provided Members with an explanation to the point that was trying to be made. The Questioner believed that our waste collection scheme was in some way inferior to our neighbours. Using the UK's waste hierarchy we would be looking at the upper end of the waste hierarchy reducing the impact of waste within the district, over that period and therefore having a positive impact on our net zero ambitions for the District.

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

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

No motions had been received.

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

The Leader of the Council reported on the work that he and the Cabinet had undertaken in the period of 4 July to 28 October 2022. The Leader took the opportunity to highlight the work ongoing with the LCWIP in what he hoped was the first he hoped of many and hopefully there would be funding for the North of the District and the work would be published soon. This was as well as looking at the possibility of an electric bike scheme within the work of the LCWIP which would be two positive moves within the Council's Net Zero 2030 ambitions.

In response to a question based on the electric bikes scheme the Leader advised that the scheme was not about providing bikes to individuals through long term lease or another similar method and so was not the scheme consulted on, but it did not write it off from being a future consideration.

36. To receive reports from the Chairmen of the Audit and Scrutiny Committees on the work of the Committees since the last Council meeting.

Members noted the work presented by the Chairman of the Audit Committee, Cllr McGarvey. He highlighted the work of the Audit Committee emphasising that the work undertaken on Members' allowances would now show the amount claimed by each Member. He was hopeful the working group on the Statement of Accounts would be meeting soon.

37. Matters considered by the Cabinet and/or Scrutiny Committee (Continued)

b) SDC Food Safety Plan 2022

With the Chairman's permission the Leader informed Members that it was highly unusual for a whole report and appendix to be exempt and it was not possible on this occasion to have information publically available and it would always be Officers and Members preference to have as much as possible in the public domain but on this occasion it had not been possible.

Resolved: That under section 100A (4) of the Local Government Act 1972, the public be excluded from the meeting when considering minute 34 b (agenda item 6b), on the grounds that likely disclosure of exempt information was involved as defined by schedule 12A, paragraph 3 (information relating to the financial or business affairs of any particular person (including the authority holding that information)).

It was moved by the Councillor Fleming and seconded by Councillor McArthur that the contents of the report be noted; and the SDC Food Safety Plan 2022, be adopted.

The Leader spoke to the motion advising that this was a good news story and highlighted the successes of the Environmental Health Team since returning as an in-house service.

Members discussed the exempted information.

Resolved: That the

- a) contents of the report, be noted; and
- b) Food Safety Plan 2022, be adopted.

THE MEETING WAS CONCLUDED AT 8.32 PM

CHAIRMAN

Item 6 (a) - Homelessness Review 2022 and Draft Homelessness and Rough Sleepers Strategy 2023- 2028

The attached report was considered by the Cabinet on 9 February 2023, and the relevant minute extract was therefore not available prior to printing of these papers and will follow when available.

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SEVENOAKS DISTRICT HOMELESSNESS AND ROUGH SLEEPERS STRATEGY 2023-2028

Council - 21 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
- Cabinet - 9 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.

Agenda Item 6a

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

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

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.

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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, 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

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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.

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.

Ethnicity of lead applicant	2021-2022
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
Total	999

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

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
Total	27	75	74	59	235

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

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.

	2020-2021	2021-2022
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
Total	1,238

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:

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	£155.34	£159.95	£224.31	£68.97/£64.36
2 Bed	£195.62	£207.12	£300.46	£104.84/£93.34
3 Bed	£241.64	£260.05	£379.85	£138.21/£119.80
4 Bed	£299.18	£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:

Time in Temporary Accommodation	2018-2019	2019-2020	2020-2021	2021-2022	Total
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.

2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
£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:

2018-2019	2019-2020	2020-2021	2021-2022
£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.

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.

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.

- 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:

PREVENTION	<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>
INTERVENTION	<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>
SUSTAINABLE SOLUTIONS	<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/liaison in areas, such as domestic abuse, ex-offenders and mental health awareness	Year 1	Housing Advice Team Leader	
		Enhanced monthly	Ongoing	Homelessness	

		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	<p>Effective case management of homelessness applications and decisions in place</p> <p>Updated website content, with better quality information providing residents with opportunities to receive answers via self-service options</p> <p>Automated management reports detailing caseload, approaches, throughput, and demographics, to support the more effective monitoring of service</p>	<p>Year 1 and ongoing</p> <p>Ongoing</p> <p>Ongoing</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>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>	
	Work closely with statutory and voluntary sector partners, ensuring customers can access advice and	Hold regular forum with voluntary homelessness service providers, advice, and statutory agencies	Year 1 and ongoing	Head of Housing/ Homelessness Prevention Manager/ Housing Advice Team Leader/ Accommodation Team Leader	

	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> <i>Porchlight</i> <i>West Kent Housing Association</i> <i>CAB</i></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> <i>West Kent Housing Association</i></p>	
	Work with neighbouring authorities and	Increased volume of timely referrals from agencies and support	Ongoing	Homelessness Prevention Manager/ Housing Advice Team	

	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: Porchlight 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/	

	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>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>	
	Engage with the voluntary sector and	Established District wide homelessness	Year 1 and ongoing	Head of Housing/ Homelessness Prevention Manager/	

	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	forum for relevant for relevant partners Joint plan with voluntary groups for delivering Severe Weather Emergency Protocol (SWEP) responses and winter night shelters, in place Support rough sleepers and the wider street community by addressing their vulnerability and wider impact on community safety issues	Ongoing Ongoing	Housing Advice Team Leader/ Accommodation Team Leader <i>Partners:</i> <i>Porchlight</i> <i>West Kent Housing Association</i> <i>CAB</i> Homelessness Prevention Manager/ Housing Advice Team Leader/ Housing Pathway Coordinator Homelessness Prevention Manager/ Housing Advice Team Leader/ Housing Pathway Coordinator <i>Partners:</i> <i>Porchlight</i>	
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>	
<p>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>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	

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

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: 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	

Kent No Use Empty, to create a downward trend in the number of long term empty homes		provided as affordable housing wherever possible			
Create a coalition of temporary and move on accommodation landlords to provide sustainable, reliable, cost effective temporary accommodation	<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>	

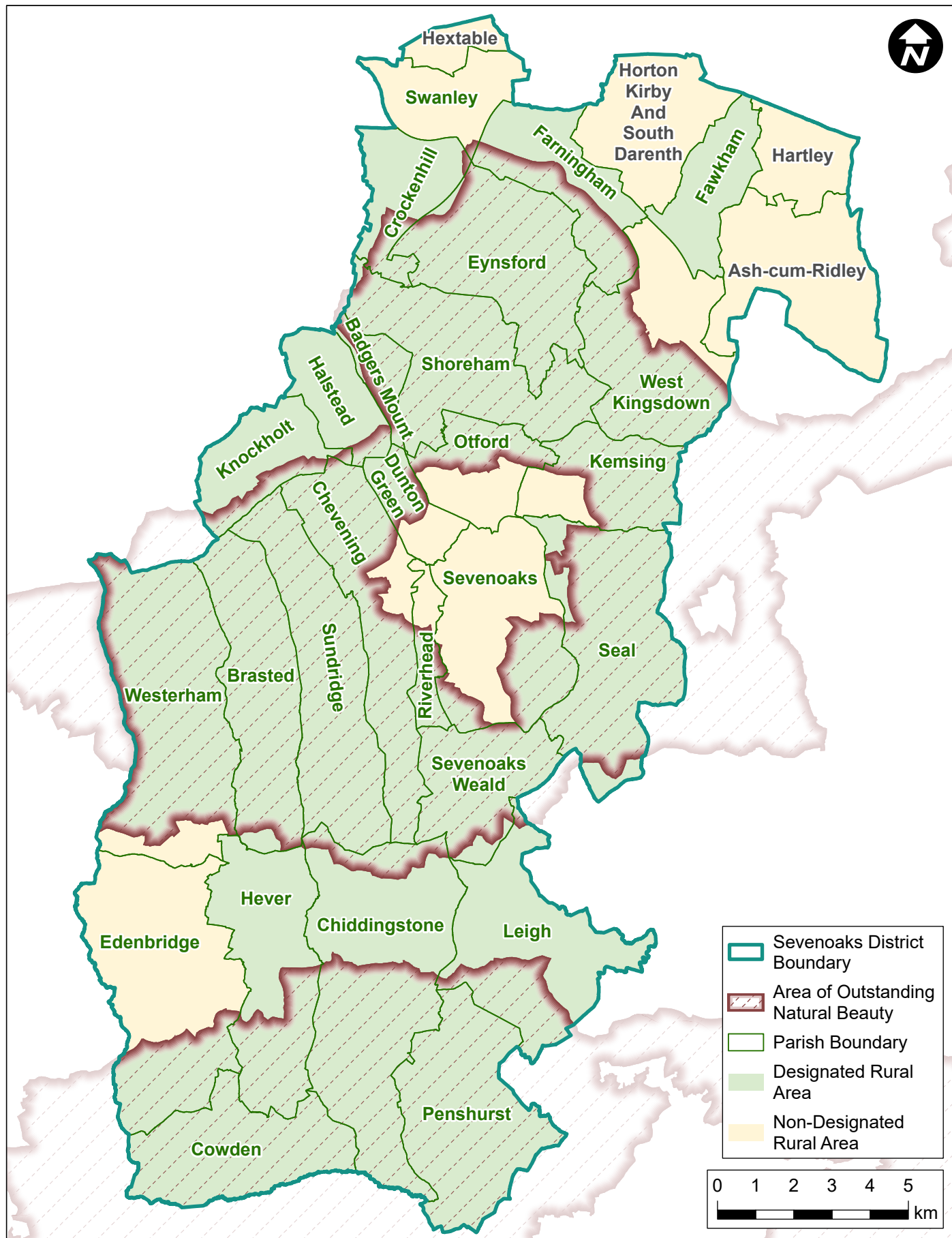
Provide regular Landlord Forums to ensure relationships with local private rented sector landlords are strengthened and to maximise the potential for the placement of homeless households into long term housing solutions	<p>Provide regular Landlord Forum events for private sector landlords</p> <p>Develop 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.

Summary of decision to be made:	Adoption of the Homelessness and Rough Sleepers Strategy 2023-2028		
Lead Officer (job title):	Head of Housing		
Date the final decision is due to be made:	21/02/2023	Date this assessment commenced:	05/01/2023
Is the decision relevant to the aims of the Public Sector Equality Duty?			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:			
Characteristic:	Data and consultation	Summary of impact	Actions
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"> Monitoring evidence where this was available, in particular the evidence from the data collected by the homelessness services. 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. 	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	
			WKEP Aim:Other actions as a service provider	
Gender	As above.	As above.	WKEP Aim:Other actions as a service provider	
			WKEP Aim:Other actions as a service provider	
Age	As above.	As above.	WKEP Aim:Other actions as a service provider	
			WKEP Aim:Other actions as a service provider	
Religion / Belief	As above.	As above.	WKEP Aim:Other actions as a service provider	
			WKEP Aim:Other actions as a service provider	
Sexual Orientation	As above.	As above.	WKEP Aim:Other actions as a service provider	
			WKEP Aim:Other actions as a service provider	
Pregnancy / Maternity	As above.	As above.	WKEP Aim:Other actions as a service provider	
			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	
			WKEP Aim:Other actions as a service provider	
Gender reassignment	As above.	As above.	WKEP Aim:Other actions as a service provider	
			WKEP Aim:Other actions as a service provider	
Summary of impacts : (to be included in committee reports)	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.			
	The decisions recommended through this paper will			
Please tick the outcome of this assessment:	No impact X	Adjust the policy	Continue the policy	Stop and remove the policy
Date assessment will be reviewed:	01/04/2024			



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Item 6 (b) - Treasury Management Strategy 2023/24

The attached report was considered by the Cabinet on 9 February 2023, and the relevant minute extract was therefore not available prior to printing of these papers and will follow when available.

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TREASURY MANAGEMENT STRATEGY 2023/24

Council - 21 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
- Cabinet - 9 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.

Agenda Item 6b

- 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
Total	21,470	19,832	32,170	21,842	5,029

- 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		
Net financing need for the year	11,524	8,544	26,022	19,132	(21,154)

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
Capital Financing Requirement					
Services	41,289	52,527	60,446	85,837	104,382
Total CFR	52,527	60,446	85,837	104,382	84,559
Movement in CFR	11,238	7,919	25,391	18,545	(21,797)

Movement in CFR represented by					
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
Movement in CFR	11,238	7,132	25,391	18,545	(21,797)

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
TOTAL	12,766	17,442	34,986	48,228	50,150

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
Total core funds	30,876	32,053	25,147	25,233	48,478
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
Expected investments	2,523	(364)	(9,362)	(18,068)	25,877

*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
Total managed in house	16,673	100.00	21,372	81.04
Multi Asset Income Funds	-	-	5,000	18.96
Total managed externally	-	-	5,000	18.96
Total treasury investments	16,673	100.00	26,372	100.00
Treasury external borrowing				
PWLB	12,766	100.00	12,297	100.00
Total external borrowing	12,766	100.00	12,279	100.00
Net treasury investments / (borrowing)	3,907		14,075	

- 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
External Debt					
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	15,041	19,717	37,261	50,503	52,425
The Capital Financing Requirement	52,527	61,367	81,103	105,999	84,559
Under / (over) borrowing	37,486	41,650	43,842	55,496	32,134

- 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.

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

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:

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

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

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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.

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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-

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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

- 1 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

- 2 In addition to the forecast above Link provided the following notes relating to interest rates and forecasts.
- 3 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%.
- 4 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.
- 5 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%.
- 6 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.
- 7 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**

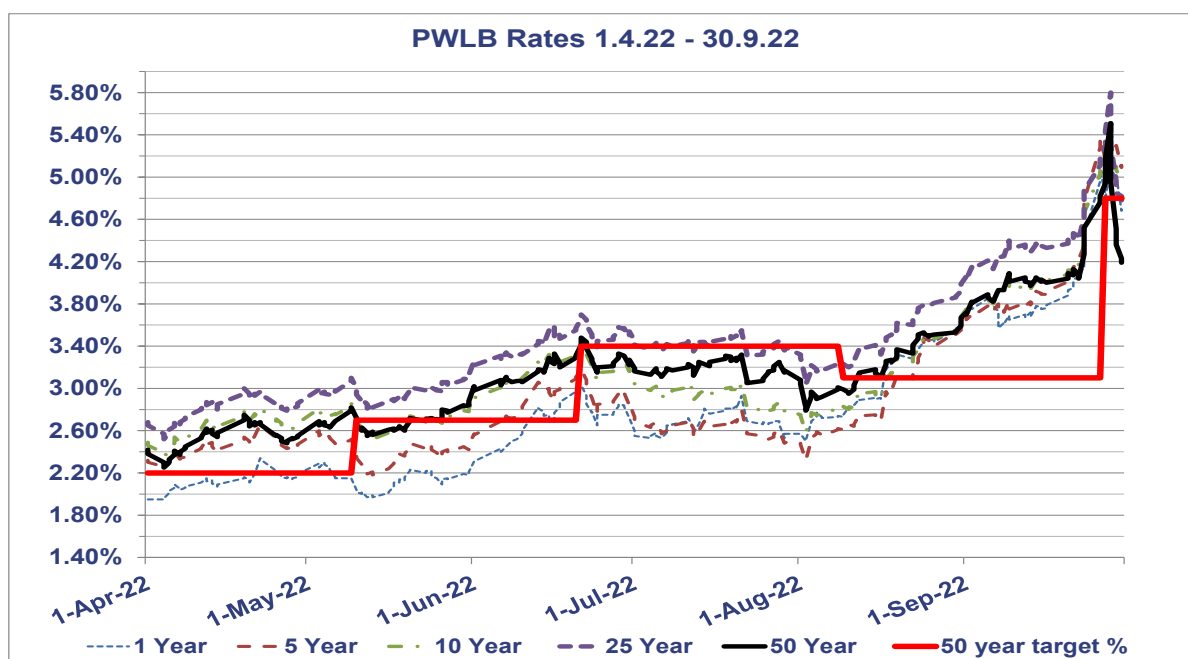
- 1 Against a backdrop of stubborn inflationary pressures, the easing of Covid restrictions in most developed economies, the Russian invasion of Ukraine, and a range of different UK Government policies, it is no surprise that UK interest rates have been volatile right across the curve, from Bank Rate 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.

	UK	Eurozone	US
Bank Rate	3.0%	1.5%	3.75%-4.00%
GDP	-0.2%q/q Q3 (2.4%y/y)	+0.2%q/q Q3 (2.1%y/y)	2.6% Q3 Annualised
Inflation	11.1%y/y (Oct)	10.0%y/y (Nov)	7.7%y/y (Oct)
Unemployment Rate	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
Low	1.95%	2.18%	2.36%	2.52%	2.25%
Date	01/04/2022	13/05/2022	04/04/2022	04/04/2022	04/04/2022
High	5.11%	5.44%	5.35%	5.80%	5.51%
Date	28/09/2022	28/09/2022	28/09/2022	28/09/2022	28/09/2022
Average	2.81%	2.92%	3.13%	3.44%	3.17%
Spread	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	
	Treasury Investments												
	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					21,372,890								
	Multi Asset Income Funds												
	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					5,000,000							
	Other Loans												
	Sevenoaks Leisure Limited				467,952	02-Mar-18	6.00000%	02-Mar-28		10 Years	Direct	Current	
			Year of issue				avg interest						
	Quercus 7 Limited - Long term loan		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: -

	Non-specified investment category	Limit (£ or %)
a.	The authority's own banker if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.	£7m
b.	Building societies not meeting the basic security requirements under the specified investments. The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The Council may use such building societies which have a minimum asset size of £3bn.	£3m
c.	Any bank or building society that has a minimum long-term credit rating of A-, for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).	£7m
d.	Any non-rated subsidiary of a credit rated institution included in the specified investment category. These institutions will be included as an investment category where the parent bank has provided an appropriate guarantee and has the necessary ratings outlined above.	£7m
e.	Share capital in a body corporate - the use of these instruments will be deemed to be capital expenditure, and as such will be an application (spending) of capital resources.	£50k

	Revenue resources will not be invested in corporate bodies. See note 1 below.	
f.	Bond funds. A pooled investment vehicle with a mix of corporate and government grade bonds. See note 1 below.	£5m
g.	Other Funds - 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					
Existing Loan Debt Outstanding	£4,892	£12,766	£17,422	£34,986	£48,228
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					
Net Loans Requirement (forecast net loan debt)	-£4,067	£452	£17,843	£30,935	£32,711
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
Loans CFR	£0	£4,519	£21,910	£35,002	£36,778
Liquidity allowance above net debt (liquidity buffer)	£16,000	£16,000	£16,000	£16,000	£16,000
Liability Benchmark (Gross Loans Requirement)	£11,933	£16,452	£33,843	£46,935	£48,711
Forecast Investments	£16,000	£16,000	£16,000	£16,000	£16,000
(Over)/Under Liability Benchmark	£7,041	£3,686	£16,421	£11,949	£483

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Item 6 (c) - Property Investment Strategy

The attached report was considered by the Cabinet on 9 February 2023, and the relevant minute extract was therefore not available prior to printing of these papers and will follow when available.

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PROPERTY INVESTMENT STRATEGY UPDATE REPORT

Council - 21 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
- Cabinet - 9 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%
	Total	19,463	

- 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.

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.

- 19 **96 High Street, Sevenoaks (February 2017)** - This premise consists of ground floor retail space, 1st and 2nd 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.

- 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

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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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Property Investment Strategy - Risk Analysis

The Property Investment Strategy 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). The net ratings are shown in the following table:

Net Risk Ratings						
Likelihood	Very Likely (5)					
	Likely (4)					
	Possible (3)			15		6
	Unlikely (2)			4,9	1	11
	Very Unlikely (1)	13	3		2a	2b,5,7,8,10,12,14
		Minimal (1)	Minor (2)	Moderate (3)	Major (4)	Critical (5)
		Impact				

Risk Factors	Potential Effect	Gross Likelihood	Gross Impact	Gross Rating	Internal Controls	Net Likelihood	Net Impact	Net Rating	Target Likelihood	Target Impact	Target Rating
Property Investment Strategy - Failure to identify opportunities to meet the Property Investment Strategy Lead Officer: Adrian Rowbotham & Detlev Munster											
1) Downturn in property market	<ul style="list-style-type: none"> Poor Return on Investment (ROI) on selling/rental 	5	4	20	<ul style="list-style-type: none"> Contracts to have rent review, break clauses etc. Investments are credit secure and can be retained through any market downturn. No requirement by SDC to liquidate investments in medium term. No requirement from SDC to minimise or contain reported mark to market variability 	5	4	20	2	4	

Risk Factors	Potential Effect	Gross Likelihood	Gross Impact	Gross Rating	Internal Controls	Net Likelihood	Net Impact	Net Rating	Target Likelihood	Target Impact	Target Rating
2) a. Poor quality construction/management	<ul style="list-style-type: none"> • Repairs • Defects • remedial work, • customer dissatisfaction • loss of reputation • legal action • additional costs not built into financial plan 	1	5	5	<ul style="list-style-type: none"> • Robust contracting process. • Pre-purchase surveys • High quality spec • Quality assurance clauses • Warranties • Procurement processes • Clauses for liquidated damages • Build relationships with contractors - understand their quality ethos • Do not work with contractors who have a record issues or no track record 	1	4	4	1	4	4

Risk Factors	Potential Effect	Gross Likelihood	Gross Impact	Gross Rating	Internal Controls	Net Likelihood	Net Impact	Net Rating	Target Likelihood	Target Impact	Target Rating
					<ul style="list-style-type: none"> Ensure contractor has sufficient covenant to stand behind their commitments Property Investment Strategy Maintenance Reserve 						
b. Poor quality construction/management	<ul style="list-style-type: none"> Risks to personal health and safety - defects, gas, electricity, legionella, etc. 	2	5	10	<ul style="list-style-type: none"> Surveys; risk assessment techniques; CDM (Construction, Design & Mgt Regs); using registered suppliers and installers 	1	5	5	1	5	5
3) Possibility of challenge re: unlawful subsidy	<ul style="list-style-type: none"> Legal challenge to Quercus 7. 	2	2	4	<ul style="list-style-type: none"> Full cost recovery. 	1	2	2	1	2	2

Risk Factors	Potential Effect	Gross Likelihood	Gross Impact	Gross Rating	Internal Controls	Net Likelihood	Net Impact	Net Rating	Target Likelihood	Target Impact	Target Rating
					<ul style="list-style-type: none"> Loans obtained at commercial lending rates Charging Directors and others' time to the Company. Legal due diligence pre contractual commitment 						
4) Inability to attract and retain suitable purchasers/tenants	<ul style="list-style-type: none"> Poor ROI void periods loss of rental income 	3	4	12	<ul style="list-style-type: none"> Demand for residential property remains high. Taking up references Early engagement with potential buyers/tenants Quality product to attract purchasers/tenants Standby working capital facility to 	2	3	6	2	3	6

Risk Factors	Potential Effect	Gross Likelihood	Gross Impact	Gross Rating	Internal Controls	Net Likelihood	Net Impact	Net Rating	Target Likelihood	Target Impact	Target Rating
					support downturn in market for tenants i.e. finance voids or rent shortfalls						
5) Failure to fully assess sites and conditions	<ul style="list-style-type: none"> Defects remedial action costs failure to attract purchasers/tenants void periods poor ROI 	2	5	10	<ul style="list-style-type: none"> Robust appraisals and surveys to be undertaken before progressing. Pre-application planning advice. Knowledge of location/market Extensive due diligence process. 	1	5	5	1	5	5
6) Insufficient financial resources to progress projects	<ul style="list-style-type: none"> Cannot close deals because of inability to achieve purchase price Lack of progress in the market 	4	5	20	<ul style="list-style-type: none"> Borrowing permissions in place (note PWLB restrictions). Investment strategy in place. Sound business case/plan. 	3	5	15	3	5	15

Risk Factors	Potential Effect	Gross Likelihood	Gross Impact	Gross Rating	Internal Controls	Net Likelihood	Net Impact	Net Rating	Target Likelihood	Target Impact	Target Rating
					<ul style="list-style-type: none"> Due diligence exercises, Develop alternatives to SDC funding for Quercus 7 						
7) Insufficient resources, capacity, skills to plan and manage projects	<ul style="list-style-type: none"> Inability to close deals as insufficient due diligence Loss of reputation 	3	5	15	<ul style="list-style-type: none"> Procurement of specialist resources not available in-house. Appointment of staff with adequate skills for purpose. 	1	5	5	1	5	5
8) Inability to secure development opportunities to cover overheads and develop profits	<ul style="list-style-type: none"> Quercus 7 loss making company Business plan not executed Shareholder dissatisfaction 	4	5	10	<ul style="list-style-type: none"> Continue to develop pipeline of opportunities. Links with agents. Proactive approach to identify opportunities. 	1	5	5	1	5	Agenda Item 6c

Risk Factors	Potential Effect	Gross Likelihood	Gross Impact	Gross Rating	Internal Controls	Net Likelihood	Net Impact	Net Rating	Target Likelihood	Target Impact	Target Rating
	<ul style="list-style-type: none"> Dissolution of company 				<ul style="list-style-type: none"> Procurement of sufficient resources. Divert development resources to management responsibilities during prolonged downturn? 						
9) Increase in voids/and void turn-around time/re-let times	<ul style="list-style-type: none"> Income from rent is reduced and cash flow compromised 	3	3	9	<ul style="list-style-type: none"> Employment of experienced agents to manage lettings. Sale of property an option. Reconsideration of operating model Standby working capital facility to support downturn in market for 	2	3	6	2	3	6

Risk Factors	Potential Effect	Gross Likelihood	Gross Impact	Gross Rating	Internal Controls	Net Likelihood	Net Impact	Net Rating	Target Likelihood	Target Impact	Target Rating
					tenants i.e. finance voids or rent shortfalls • Option of selling assets to provide working capital bridge						
10) Purchase not supported by red book valuation	• Unable to secure purchase	4	5	20	• Red book valuation obtained prior to offer.	1	5	5	1	5	5
11) Financial risks	<ul style="list-style-type: none"> • Rents not achieved • Values reduce • Property market falls • Operational costs higher than budget • Defects arising that affect let ability / income 	3	5	15	<ul style="list-style-type: none"> • Due Diligence measures • Pre purchase surveys 	2	5	10	2	5	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
12) Failure to comply with taxation issues, Corporation tax and VAT	<ul style="list-style-type: none"> Legal challenges 	2	5	10	<ul style="list-style-type: none"> Internal and/or external advice sought in relation to taxation to ensure compliance. 	1	5	5	1	5	5
13) Implications of Residential Property Developers Tax (RDPT)	<ul style="list-style-type: none"> Requirement to pay RDPT on a scheme where either Q7 or a JV partner profit brings this into scope. 	1	1	1	<ul style="list-style-type: none"> Carry out financial modelling based on proposed scheme and the relation to profits of Q7 and/or any JV partner 	1	1	1	1	1	1
14) Poor management of property	<ul style="list-style-type: none"> Risk to tenants Health and Safety Defects, gas, electricity etc. 	2	5	10	<ul style="list-style-type: none"> Engage experienced and qualified management agents 	1	5	5	1	5	5
15) Impact of COVID-19 - Increase in voids/market changes/bad debts	Income from rent is reduced and cash flow compromised.	4	3	12	<ul style="list-style-type: none"> Employment of experienced agents to manage lettings. 	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
					<ul style="list-style-type: none"> • Sale of property an option. • Reconsideration of operating model 						

Strategic Risk Register Item - September 2021

		Gross Score						Net Score			Target Score		
Risk Factors	Potential Effect	L	I	R	Internal Controls	L	I	R	L	I	R		
SR02: Property Investment Strategy - <i>Failure to identify opportunities to meet the Property Investment Strategy</i>													
Lead Officer: Adrian Rowbotham & Detlev Munster													
<ul style="list-style-type: none">• Reduced ability to borrow funds including the effect of government legislation changes• Lack of ability to seek appropriate investment opportunities• Inappropriate appetite for risk within investment strategy to enable the Council to generate target returns• Lack of ability to deliver sufficient funds to maximise	<ul style="list-style-type: none">• Inability to invest due to funding restrictions• Lack of diversity in investments• Inability to find investments that meet the return criteria• Inability to deliver a balanced budget (SR01)	4	4	16	<ul style="list-style-type: none">• Council approved Property Investment Strategy, with defined rates of return demonstrating risk appetite• Diversified portfolio to spread risk• Governance arrangements defined with appropriate delegations agreed	4	3	12	3	3	9		

		Gross Score				Net Score			Target Score		
Risk Factors	Potential Effect	L	I	R	Internal Controls	L	I	R	L	I	R
<div>the opportunities presented through the Property Investment Strategy</div> <ul style="list-style-type: none">Prohibitive cost of interest paymentsLack of capacity or skilled professionals to advise on investment and borrowing strategiesIneffective governance processes that could result in opportunities being missed or being ineffectively scrutinisedIneffective use of Quercus 7 to support the Council’s investment strategyCovid-19 / Economic conditions - inability to find or retain tenants, collect lease or rental income, reduction in asset values (systemic risk)	<ul style="list-style-type: none">Negative impact on budgets, reserves and the ability to deliver Council projectsPoor financial healthReputational damagePoor outcome for the Audit of Accounts or Value for Money assessment and potential for increased intervention				<ul style="list-style-type: none">Qualified and experienced officers in postProfessional, external advisers engaged to support the development of strategies and fill skills gapsRealistic income budget set based on current and projected investmentsFinancial monitoring processes embeddedEffective financial governance including reports to FIAC, Cabinet and Scrutiny CommitteeRegular Quercus 7 Board and Trading Board meetings						
Actions Identify alternative external funding sources and keep up to date with government legislation											
Available Assurance Internal Audit of Property Investment Strategy in progress Ad hoc external consultants provide reports on state of the property markets Annual property investment valuation carried out by independent consultant, in line with CIPFA and RICS standards											

Item 6 (d) - Budget & Council Tax Setting 2023/24

The attached report was considered by the Cabinet on 9 February 2023, and the relevant minute extract was therefore not available prior to printing of these papers and will follow when available.

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BUDGET AND COUNCIL TAX SETTING 2023/24

Council - 21 February 2023

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

Status: For Decision

Also considered by:

- Cabinet - 9 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.

Agenda Item 6d

- 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

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

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.

- 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

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.

Agenda Item 6d

- 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,

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 11th 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 6d

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**:

- Environment
- Economy
- Housing
- Community Safety
- Health

OUR FINANCES

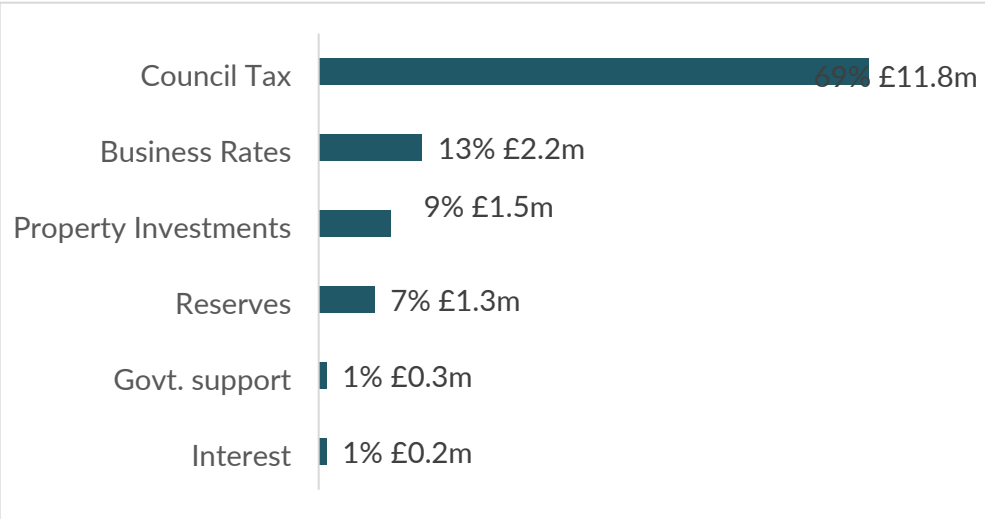
Our Vision

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

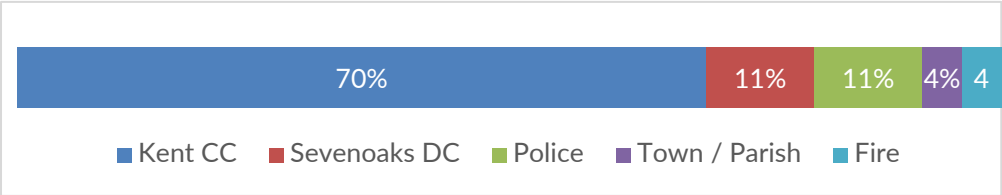
WHERE OUR MONEY COMES FROM



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
Expenditure											
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
New growth	0	888	(431)	(13)	(6)	95	91	100	100	100	100
New savings/Income	0	(320)	(98)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)
Net Service Expenditure b/f	17,297	18,533	17,876	18,068	18,300	18,920	19,500	20,082	20,750	21,242	21,945
Financing Sources											
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
Total Financing	(16,251)	(18,538)	(17,990)	(17,697)	(17,930)	(18,340)	(18,864)	(19,444)	(19,999)	(20,568)	(21,180)
Budget Gap (surplus)/deficit	1,046	(5)	(114)	371	370	580	636	638	751	674	765
Contribution to/(from) Stabilisation Reserve	(1,046)	5	114	(371)	(370)	(580)	(636)	(638)	(751)	(674)	(765)
Unfunded Budget Gap (surplus)/deficit	0	0	0	0	0	0	0	0	0	0	0

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 only.
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
Long Term Assets							
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>
Current Assets							
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>
Current Liabilities							
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>
NET CURRENT ASSETS		<u>(4,149)</u>	<u>(5,092)</u>	<u>(6,443)</u>	<u>(8,233)</u>	<u>(9,238)</u>	<u>(10,244)</u>
Long Term Liabilities							
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>
TOTAL NET ASSETS		<u><u>4,428</u></u>	<u><u>20,427</u></u>	<u><u>38,400</u></u>	<u><u>63,947</u></u>	<u><u>80,483</u></u>	<u><u>84,808</u></u>
USABLE RESERVES							
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>
UNUSABLE RESERVES							
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>
TOTAL RESERVES		<u><u>(4,428)</u></u>	<u><u>(20,426)</u></u>	<u><u>(38,400)</u></u>	<u><u>(63,947)</u></u>	<u><u>(80,483)</u></u>	<u><u>(84,808)</u></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.

Ten Year Budget - Balance Sheet

Balance Sheet continued		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					
Long Term Assets							
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>
Current Assets							
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>
Current Liabilities							
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>
NET CURRENT ASSETS		<u>(11,250)</u>	<u>(12,256)</u>	<u>(13,262)</u>	<u>(14,268)</u>	<u>(15,274)</u>	<u>(16,308)</u>
Long Term Liabilities							
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>
TOTAL NET ASSETS		<u>86,714</u>	<u>88,620</u>	<u>90,526</u>	<u>92,432</u>	<u>94,338</u>	<u>96,216</u>
USABLE RESERVES							
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>
UNUSABLE RESERVES							
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>
TOTAL RESERVES		<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
		Cleaner and Greener Advisory Committee				
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		
		Development and Conservation Advisory Committee				
2022/23	9	Development Management: additional application fee income (reversal of temporary savings item)			25	
		Finance and Investment Advisory Committee				
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)		
		Housing and Health Advisory Committee				
2022/23	1	Housing: Temporary accommodation (reversal of temporary growth item)			(300)	
		Improvement and Innovation Advisory Committee				
2020/21	1	Apprenticeship Levy (reversal of temporary growth item)		(50)		
		People and Places Advisory Committee				
2022/23	-	New White Oak Leisure Centre	235	(19)	(216)	
		Minor movements between years		0	0	
		Total Savings/additional income	(8,646)	181	25	(8,440)
		Total Growth	4,016	(431)	(1,133)	2,452
		Net Savings	(4,630)	(250)	(1,108)	(5,988)

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Changes to the 10-year Budget

SCIA No.	Service Area	Adv Ctte	Description	2023/24 £000	10-yr Budget £000
	Financial Prospects Report (Cabinet 10/11/22)				
			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
			Sub Total	735	8,048
	Service Change Impact Assessments (SCIAs)				
	Growth				
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
			Sub Total	492	1,813
	Savings				
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
			Sub Total	- 320	- 3,182
	Council Tax				
	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
			Sub Total	3	- 2,190
	Local Government Finance Settlement				
	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
			Sub Total	- 1,349	- 2,064
	Other Changes				
	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
			Sub Total	- 643	- 1,387
			Current position (if SCIA's are supported): Budget gap/(surplus)	- 1,082	1,038
			Budget gap/(surplus) per annum		104

Appendix F

	2022/23 Budget Net Expenditure £000	2023/24 Budget Net Expenditure £000		
Summary of Council Expenditure & Council Tax				
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		
Net Service Expenditure excluding capital charges	17,297	18,533		
Govt Support: Rolled in Grants	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)		
Grant & Council Tax income	(14,356)	(16,501)		
Net Expenditure after Grant & Council Tax, before interest	2,941	2,032		
Less: Interest and Investment income	(188)	(288)		
Less: Property Investment Strategy Income	(1,518)	(1,618)		
Amount to be met from Reserves	1,235	126		
Contributions (to) / from reserves:				
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		
Council Tax Summary (Band D Charge)				
			% Change	% Share
Kent County	1,461.24	1,534.23	5.00	69.7
Kent Fire	82.35	87.30	6.01	4.0
Kent Police	228.15	243.15	6.57	11.0
	1,771.74	1,864.68		
Sevenoaks District	229.86	236.70	2.98	10.7
Average Town/Parish	96.61	100.61	4.14	4.6
	2,098.21	2,201.99	4.71	100.0

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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)
Proposed Budget 2023/24	<u>18,533</u>

	Actuals	Budget	Budget
Net Service Expenditure analysed by Service	21/22	22/23	23/24
	£'000	£'000	£'000
Assistant Chief Executive			
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
Total Service Expenditure	1,563	2,086	1,763

	Actuals	Budget	Budget
Net Service Expenditure analysed by Service	21/22	22/23	23/24
	£'000	£'000	£'000
Assistant Chief Executive			
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)
Total Service Expenditure	1,563	2,086	1,763

Analysis of budget changes between 22/23 and 23/24

Base Budget 2022/23	2,086
Inflation (including pay)	87
Planned Savings agreed previous years	(190)
<u>SCIA 2023/24</u>	
23/24 SCIA 2 Corporate Management	(41)
23/24 SCIA 3 - Apprenticeship Levy	55
Other Adjustments	(234)
Proposed Budget 2023/24	1,763

Net Service Expenditure analysed by Service

	Actuals	Budget	Budget
	21/22	22/23	23/24
	£'000	£'000	£'000
Customer & Resources			
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
Total Service Expenditure	3,921	3,898	4,516

Net Service Expenditure analysed by Service

	Actuals	Budget	Budget
	21/22	22/23	23/24
	£'000	£'000	£'000
Customer & Resources			
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)
Total Service Expenditure	3,921	3,897	4,516

Analysis of budget changes between 22/23 and 23/24

Base Budget 2022/23	3,897
Inflation (including pay)	363
Planned Savings agreed previous years	7
<u>SCIAs 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
Proposed Budget 2023/24	<u><u>4,516</u></u>

Net Service Expenditure analysed by Service

	Actuals	Budget	Budget
	21/22	22/23	23/24
	£'000	£'000	£'000
Finance & Trading			
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
Total Service Expenditure	7,299	6,227	6,484

Net Service Expenditure analysed by Service

	Actuals 21/22 £'000	Budget 22/23 £'000	Budget 23/24 £'000
Finance & Trading			
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)
Total Service Expenditure	7,281	6,226	6,484

Analysis of budget changes between 22/23 and 23/24

Base Budget 2022/23	6,226
Inflation (including pay)	518
Planned savings agreed previous years	(69)
SCIAs 2023/24	
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)
Proposed Budget 2023/24	6,484

Net Service Expenditure analysed by Service

	Actuals	Budget	Budget
	21/22	22/23	23/24
	£'000	£'000	£'000
People & Places			
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
Total Service Expenditure	1,860	2,013	2,148

Net Service Expenditure analysed by Service

	Actuals 21/22 £'000	Budget 22/23 £'000	Budget 23/24 £'000
People & Places			
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
Total Service Expenditure	1,860	2,013	2,148

Analysis of budget changes between 22/23 and 23/24

Base Budget 2022/23	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
Proposed Budget 2023/24	2,148

Net Service Expenditure analysed by Service

	Actuals	Budget	Budget
	21/22	22/23	23/24
	£'000	£'000	£'000
Planning & Regulatory Services			
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
Total Service Expenditure	1,770	1,738	2,027

Net Service Expenditure analysed by Service

	Actuals	Budget	Budget
	21/22	22/23	23/24
	£'000	£'000	£'000
Planning & Regulatory Services			
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)
Total Service Expenditure	1,770	1,738	2,027

Analysis of budget changes between 22/23 and 23/24

	1,738
Base Budget 2022/23	
Inflation (including pay)	211
Planned Savings agreed previous years	1
<u>SCIAs 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
Proposed Budget 2023/24	<u><u>2,027</u></u>

Net Service Expenditure analysed by Service

	Actuals	Budget	Budget
	21/22	22/23	23/24
	£'000	£'000	£'000
Strategic Head Commercial and Property			
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
Total Service Expenditure	128	50	209

Net Service Expenditure analysed by Service

	Actuals	Budget	Budget
	21/22	22/23	23/24
	£'000	£'000	£'000
Strategic Head Commercial and Property			
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)
Total Service Expenditure	128	50	209

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)
Proposed Budget 2023/24	<u>209</u>

PAY COST ESTIMATES SUMMARY 2023/24**Appendix H**

Serivces	Line No.	2022/23 BUDGET £	2023/24 BUDGET £	- 2022/23 FTE	- 2023/24 FTE
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
		18,069,711	18,810,747	402.78	399.08
Other Salary Costs					
Vacancy Savings	5	(156,401)	(159,529)		
SUB-TOTAL		17,913,311	18,651,218	402.78	399.08
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
GRAND TOTAL		18,439,172	19,356,908	416.08	414.98
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
					2022/23	2023/24	2024/25	2025/26	
			Total approved scheme £000	Previous years spend £000	Forecast £000	Budget £000	Budget £000	Budget £000	
People & Places									
White Oak Leisure Centre	Capital Receipts & External funding, External borrowing	Previously approved	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
TOTAL					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.

Capital Programme 2023/26

Scheme Bid Document - Scheme Name: Mill Pond Capital Works

Description: The silt in Mill Pond is contaminated and needs to be removed by a specialist contractor under a permit from the Environment Agency, due to restrictions on disposal of the silt.

This is a large infrastructure project.

Service : Direct Services

Portfolio Holder/Chief Officer : Adrian Rowbotham

Financials :

CAPITAL COSTS	Period TOTAL	2023/24	2024/25	2025/26
	£000	£000	£000	£000
Gross scheme cost	60	60		
External Contributions (list)				

Net scheme cost	60	60	0	0
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ONGOING REVENUE IMPLICATIONS
(excluding loss of interest)

Running costs

Income streams

Net cost	10*	10*	10*
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Funding Source : Capital Receipts

Other Resource Implications :	Maintenance from existing revenue budget*
Staffing	
Asset Values	

Justification:

Sevenoaks District Council is the landowner of Mill Pond

Net Zero Implications

Members are reminded of the Council's stated ambition to be Net Zero with regards to carbon emissions by 2030. The decisions recommended in this paper directly impact on this ambition. The impact has been reviewed and there will be a decrease on carbon emissions produced in the district as a result of this decision.

The restoration and renovation of Mill Pond will ensure it operates more effectively, positively effecting flooding and surface flooding in the area. There will also be positive impacts on habitats, biodiversity, ecosystems and wildlife all of which positively contribute to lowering carbon emissions.

Capital Programme 2023/26

Scheme Bid Document - Scheme Name: Bradbourne Lakes

Description: The old Victorian boating lakes, brickwork and drainage needs to be restored and the build-up of silt to be removed by a specialist contractor under a permit from the Environment Agency, due to restrictions on disposal of the silt.

This is part of a larger infrastructure project.

Service : Direct Services

Portfolio Holder/Chief Officer : Adrian Rowbotham

Financials :

CAPITAL COSTS	Period TOTAL	2023/24	2024/25	2025/26
	£000	£000	£000	£000
Gross scheme cost	60	60		
External Contributions (list)				
Net scheme cost	60	60	0	0

ONGOING REVENUE IMPLICATIONS

(excluding loss of interest)

Running costs

Income streams

Net cost	10*	10*	10*
----------	-----	-----	-----

Funding Source : Capital Receipts

Other Resource Implications :	Maintenance from existing revenue budget*
Staffing	
Asset Values	

Justification:

Sevenoaks District Council is the Landowner of Bradbourne lakes.

Net Zero Implications

Members are reminded of the Council's stated ambition to be Net Zero with regards to carbon emissions by 2030. The decisions recommended in this paper directly impact on this ambition. The impact has been reviewed and there will be a decrease on carbon emissions produced in the district as a result of this decision.

The restoration and renovation of Bradbourne Lakes will ensure it operates more effectively, positively effecting flooding and surface flooding in the area. There will also be positive impacts on habitats, biodiversity, ecosystems and wildlife all of which positively contribute to lowering carbon emissions.

Capital Programme 2023/26

Scheme Bid Document - Scheme Name: Vehicle Replacement Programme

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

Service :

Portfolio Holder/Chief Officer : Councillor Margot McArthur/Adrian Rowbotham

Financials :

CAPITAL COSTS	Period TOTAL	2023/24	2024/25	2025/26
	£000	£000	£000	£000
Gross scheme cost	1,746	582	582	582
External Contributions (list)				
Net scheme cost	1,746	582	582	582

ONGOING REVENUE IMPLICATIONS

(excluding loss of interest)

Running costs

Income streams

Net cost	61	61	61
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Funding Source : Funding is via the vehicle replacement fund, which is financed by fixed transport charges, the sale of old vehicles and by an annual revenue contribution. Fixed transport charges include an annual replacement fund contribution as well as individual depreciation charges levied on each fleet purchase over predetermined periods.

Other Resource Implications :	
Staffing	Managed by Direct Services fleet management.
Asset Values	Approximately £9 million

Justification: Statutory Duty

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

Net Zero Implications

Either: 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

Capital Programme 2023/26

Scheme Bid Document

Scheme Name: Better Care Fund (Mandatory and Discretionary Disabled Facility Grants)

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

Service :

Portfolio Holder/Chief Officer :

Financials :

CAPITAL COSTS	Period TOTAL £000	2023/24 £000	2024/25 £000	2025/26 £000
Gross scheme cost	3,384	1,128	1,128	1,128
External Contributions (list)	(3,384)	(1,128)	(1,128)	(1,128)
Net scheme cost	0	0	0	0

ONGOING REVENUE IMPLICATIONS

(excluding loss of interest)

Running costs

Income streams

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

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

Justification: Statutory Duty

It is a statutory duty to provide DFGs to older and or disabled residents. The Council's DFG service is eligible Department for Levelling Up, Housing and Communities (DLUCH) funding. Larger grants are managed by Home Improvement Agency (HIA).

From 2015 the Better Care Fund for Kent has been administered by KCC (ring fenced for and passed onto each District).

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

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)
Provisions		
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	4,430	
Capital Receipts		
Capital Receipts	6,740	Balance from previous asset sales. Can be used to fund future capital expenditure.
Earmarked Reserves		
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	23,467	
General Fund	1,700	Acts as a working balance to meet unexpected issues during the year, for which a minimum of 10% of net service expenditure recommended. It also meets any planned deficits on the revenue account.
TOTAL	36,337	

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.

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				

- 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
SR01: Finance - Failure to deliver a balanced budget Lead Officer: Adrian Rowbotham & Alan Mitchell											
1) Pay Costs <ul style="list-style-type: none"> Largest single item of cost. Complex drivers across the organisation. Staff recruitment and retention. 2022/23 National Pay Award was £1,925 (5.8%) and the level of future pay awards remains uncertain 	<ul style="list-style-type: none"> £17.3m total costs. 2% pay increase = £346k. Budget assumptions: 2% pay award in all years. 	4	4	16	<ul style="list-style-type: none"> New salary bands introduced from 1 April 2019 which reduced the costs of annual increments. Updated policies on Formal sickness & overtime monitoring. Separate control on agency staff. Part of National Agreement. 	3	4	12	3	4	12
2) Pensions Funding <ul style="list-style-type: none"> Deficit on County Fund. Future actuarial results. Government review. 	<ul style="list-style-type: none"> £8.78m deficit (March 22) 1% change in employers' contribution = £100k 	2	4	8	<ul style="list-style-type: none"> £50k included in 2026/27 to contribute towards any additional pensions costs when the next valuation takes place 	1	3	3	1	3	3
3) Income - Development Management <ul style="list-style-type: none"> Volatile activity levels in the housing market and 	<ul style="list-style-type: none"> £1.0m loss 	4	3	12	<ul style="list-style-type: none"> Current year income is above target. Continue to monitor. 	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
SR01: Finance - Failure to deliver a balanced budget Lead Officer: Adrian Rowbotham & Alan Mitchell											
general economic conditions. Fluctuations in income with major applications	<ul style="list-style-type: none"> 10% reduction would be £100k. 										
4) Income - Building Control <ul style="list-style-type: none"> Volatile activity levels in the housing market and general economic conditions. Competition from commercial organisations 	<ul style="list-style-type: none"> £0.5m loss 10% reduction would be £50k 	3	3	9	<ul style="list-style-type: none"> Current year income is above target. Financial monitoring and reports 	2	3	6	2	3	6
Income - Car Parks <ul style="list-style-type: none"> General economic conditions; central government directives; ongoing impact of the COVID-19 pandemic. 	<ul style="list-style-type: none"> £2.8m 10% reduction would be £280k 	4	4	16	<ul style="list-style-type: none"> Current year income is above target. Budgets are increased by at least 5% to return to pre-COVID levels Continue to monitor. Financial monitoring and reports 	3	4	12	3	4	12
6) Income - On-Street Parking <ul style="list-style-type: none"> General economic conditions. Legislative constraints on spending surpluses. Reverts to KCC control. 	<ul style="list-style-type: none"> £???.75m 10% reduction would be £75k 	4	3	12	<ul style="list-style-type: none"> Current year is above target. Continue to monitor and review. 	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
SR01: Finance - Failure to deliver a balanced budget Lead Officer: Adrian Rowbotham & Alan Mitchell											
<ul style="list-style-type: none"> Ongoing impact of the COVID-19 pandemic. 											
7) <u>Partnership working and partner contributions</u> <ul style="list-style-type: none"> Partnerships not meeting agreed targets. Agreed funding not received by SDC. Partnerships ending. 	<ul style="list-style-type: none"> £0.7m Impact on individual projects is high. 	3	2	6	<ul style="list-style-type: none"> Separate accounting arrangements. Active liaison with partners on service arrangements Written partnership agreements. Partnership arrangements are monitored to ensure they are still appropriate. 	2	2	4	2	2	4
8) <u>External Funding Awards</u> <ul style="list-style-type: none"> In the 23/24 budget 11.90 FTE are externally funded 	<ul style="list-style-type: none"> £0.5m cost funded Impact on individual projects is high 	3	2	6	<ul style="list-style-type: none"> Exit Strategies in place 	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
SR01: Finance - Failure to deliver a balanced budget Lead Officer: Adrian Rowbotham & Alan Mitchell											
9) <u>Changes in service demand</u> <ul style="list-style-type: none"> Impacts will vary depending on service. 	<ul style="list-style-type: none"> N/A 	-	-	-	<ul style="list-style-type: none"> Service planning in place Continue to lobby Government where changes are due to new Gov't requirements. 	-	-	-	-	-	-
10) <u>Interest Rates</u> <ul style="list-style-type: none"> Large cash variance from small rate changes. Reducing availability of suitable counter parties 	<ul style="list-style-type: none"> Up to £0.188m 23/24 budget £250k per 0.5%. 	4	2	8	<ul style="list-style-type: none"> Use of professional advisers. Internal borrowing used for capital investment projects reduces the balances available to invest which in turn less bank interest earned. Implementation of new investment vehicles to maximise returns 	3	2	6	3	2	6
11) <u>Investments</u>		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
SR01: Finance - Failure to deliver a balanced budget Lead Officer: Adrian Rowbotham & Alan Mitchell											
<ul style="list-style-type: none"> Financial institutions going into administration. Lower balances to invest. 	<ul style="list-style-type: none"> £26.4m balance at Nov 2022 				<ul style="list-style-type: none"> Investment strategy regularly reviewed by FIAC. Use of professional advisers. 						
12) <u>Government Support: Revenue Support Grant</u>	£0 in 2021/22 revenue budget	-	-	-	<ul style="list-style-type: none"> Excluded grant from budget from 16/17 onwards so SDC became self-sufficient from govt. funding. Adequate level of General Reserve held. 	-	-	-	-	-	-
13) <u>Government Support: Retained Business Rates</u> <ul style="list-style-type: none"> Government changing baseline and therefore safety net levels. Time delays in decisions on appeals. High volume of successful valuation appeals. Central government intends to introduce 	<ul style="list-style-type: none"> £2.3m in 2023/24 £20k per 1% change 	5	4	20	<ul style="list-style-type: none"> 10-year budget strategy gives ability to gradually adjust for changes. Adequate level of General Reserve held. 	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
SR01: Finance - Failure to deliver a balanced budget Lead Officer: Adrian Rowbotham & Alan Mitchell											
business rate review but timeline uncertain.											
14) Council tax Referendum limits <ul style="list-style-type: none"> Council tax increases limited budgeted at 2.99% per the Autumn Statement. 	<ul style="list-style-type: none"> £12.1m Council Tax income in 23/24 £120k per 1% Government controls on changes in council tax rates 	4	4	16	<ul style="list-style-type: none"> Draft 10-year budget includes council tax increase assumptions for future years. 	4	3	12	4	3	12
15) Future Service Changes by Government <ul style="list-style-type: none"> Additional services without consequent resources, e.g. previous examples of Maint. of trees on common land. Government directives on income charging e.g. Personal searches. Potential changes on health responsibilities. 	<ul style="list-style-type: none"> N/A 	4	4	16	<ul style="list-style-type: none"> Monitor proposals. Respond to consultations with local view. 	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
SR01: Finance - Failure to deliver a balanced budget Lead Officer: Adrian Rowbotham & Alan Mitchell											
16) <u>Utility costs incl Direct Services</u> <ul style="list-style-type: none"> Changes in global oil, gas and electricity prices. 	<ul style="list-style-type: none"> 10% increase would be £75k 	5	2	10	<ul style="list-style-type: none"> Negotiate best possible terms in contractual agreements Continue to monitor fuel usage and efficiency. Vehicle replacement programme. 	5	1	10	5	1	10
17) <u>COVID-19</u> <ul style="list-style-type: none"> All areas of income generation Some areas of expenditure 	<ul style="list-style-type: none"> Loss of income and additional costs 1% reduction in income £93k 	2	3	6	<ul style="list-style-type: none"> Continue to monitor and implement savings in 10-year budget. 10-year budget to allow for ongoing net service costs. 	2	2	4	2	2	4

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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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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COUNCIL 21 FEBRUARY 2023

COUNCIL TAX SETTING 2023/24

LATEST INFORMATION ON PRECEPTING AUTHORITIES

Town and Parish Councils

- 1 A list of town and parish council precepts is attached at Appendix Q and total £5,230,651. The increase in the average band D council tax for Town and Parish Councils is 4.14% and results in an average band D council tax figure of £100.61 for 2023/24.

Kent County Council

- 2 Kent County Council met on 9 February 2023 and their precept is £79,765,078. This will result in a band D council tax of £1,534.23. These are the figures including the addition of the council tax flexibility offer for authorities responsible for adult social care.

Kent Police and Crime Commissioner

- 3 The Kent Police and Crime Panel met on 1 February 2023 and approved the Kent Police and Crime Commissioner's proposed precept of £12,641,441. This will result in a band D council tax of £243.15.

Kent and Medway Towns Fire Authority

- 4 Kent and Medway Towns Fire Authority met on 17 February 2022 and their precept is £4,538,753. This will result in a band D council tax of £87.30.

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TOWN & PARISH COUNCIL PRECEPTS							
	2022/23			2023/24			
Town / Parish Council	Tax Base	Precept £	Council Tax Band D (£)	Tax Base	Precept £	Council Tax Band D (£)	Band D Change (%)
Ash-cum-Ridley	2,444.31	121,888	49.87	2,483.11	136,324	54.90	10.09
Badgers Mount	331.71	17,180	51.79	337.07	17,180	50.97	-1.58
Brasted	781.61	38,658	49.46	790.33	39,817	50.38	1.86
Chevening	1,450.67	68,000	46.87	1,458.10	70,000	48.01	2.43
Chiddingstone	609.13	43,000	70.59	619.26	47,000	75.90	7.52
Cowden	440.01	23,250	52.84	449.59	23,250	51.71	-2.14
Crockenhill	655.21	81,515	124.41	659.42	82,038	124.41	0.00
Dunton Green	1,343.85	139,500	103.81	1,347.57	139,500	103.52	-0.28
Edenbridge	3,819.62	656,364	171.84	3,891.91	702,217	180.43	5.00
Eynsford	951.52	85,894	90.27	956.23	90,188	94.32	4.49
Farningham	669.26	47,430	70.87	679.90	48,378	71.15	0.40
Fawkham	297.59	23,300	78.30	306.55	21,730	70.89	-9.46
Halstead	778.64	52,035	66.83	811.60	56,925	70.14	4.95
Hartley	2,556.47	137,768	53.89	2,560.84	160,390	62.63	16.22
Hever	638.60	50,000	78.30	646.99	50,000	77.28	-1.30
Hextable	1,693.66	162,388	95.88	1,692.19	170,507	100.76	5.09
Horton Kirby & S Darenth	1,277.99	106,829	83.59	1,293.29	116,443	90.04	7.72
Kemsing	1,854.08	154,250	83.19	1,871.11	168,900	90.27	8.51
Knockholt	633.16	45,973	72.61	642.62	47,100	73.29	0.94
Leigh	966.25	50,500	52.26	952.95	51,500	54.04	3.41
Otford	1,721.95	221,935	128.89	1,735.72	221,935	127.86	-0.80
Penshurst	840.95	40,045	47.62	839.73	34,818	41.46	-12.94
Riverhead	1,258.50	55,877	44.40	1,270.73	57,551	45.29	2.00
Seal	1,343.85	78,580	58.47	1,345.48	80,250	59.64	2.00
Sevenoaks Town	9,766.28	1,295,675	132.67	9,844.68	1,370,074	139.17	4.90
Sevenoaks Weald	626.83	46,200	73.70	629.00	46,200	73.45	-0.34
Shoreham	701.30	44,118	62.91	718.66	45,210	62.91	0.00
Sundridge	941.03	65,909	70.04	944.90	69,490	73.54	5.00
Swanley	5,665.09	645,709	113.98	5,710.83	657,462	115.13	1.01
Westerham	2,079.47	267,000	128.40	2,091.38	293,115	140.15	9.15
West Kingsdown	2,375.68	110,279	46.42	2,408.56	115,159	47.81	2.99
Totals	51,514.27	4,977,049		51,990.30	5,230,651		
Average			96.61			100.61	4.14

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COUNCIL 21 FEBRUARY 2023**COUNCIL TAX SETTING 2023/24****RECOMMENDATIONS**

- (a) that it be noted that at the Cabinet meeting on 12 January 2023 the Council calculated as its council tax base for the year 2023/24:
- (i) for the whole Council area as 51,990.30 being Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended, (the “Act”); and
 - (ii) for dwellings in those parts of its area to which a parish precept relates as in the attached Appendix P;
- (b) that the council tax requirement for the Council’s own purpose for 2023/24 (excluding Town and Parish precepts) be calculated as £236.70;
- (c) that the following amounts be calculated for the year 2023/24 in accordance with Sections 31 to 36 of the Act:
- (i) £57,711,755 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Town and Parish Councils.
 - (ii) £40,175,000 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
 - (iii) £7,536,755 being the amount by which the aggregate at (c)(i) above exceeds the aggregate at (c)(ii) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its council tax requirement for the year (Item R in the formula in Section 31B of the Act).
 - (iv) £337.31 being the amount at (c)(iii) above (Item R), all divided by (a)(i) above (Item T), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its council tax for the year (including Town

and Parish precepts).

- (v) £5,230,651 being the aggregate amount of all special items (Town and Parish precepts) referred to in Section 34 (1) of the Act (as per the attached Appendix P).
- (vi) £236.70 being the amount at (c)(iv) above, less the result given by dividing the amount at (c)(v) above by the amount at (a)(i) above (Item T), calculated by the Council, in accordance with Section 34 (2) of the Act, as the basic amount of its council tax for the year for dwellings in those parts of its area to which no Town or Parish precept relates.
- (d) that it be noted that for the year 2023/24 the Kent County Council, the Kent Police & Crime Commissioner and the Kent & Medway Towns Fire Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992, for each category of dwellings in the Council's area as indicated in the table below:-

<u>Valuation Bands</u>	<u>Precepting Authority</u>			
	Sevenoaks District Council £	Kent County Council £	Kent Police & C.C. £	Kent & Medway Towns Fire Authority £
A	157.80	1,022.82	162.10	58.20
B	184.10	1,193.29	189.12	67.90
C	210.40	1,363.76	216.13	77.60
D	236.70	1,534.23	243.15	87.30
E	289.30	1,875.17	297.18	106.70
F	341.90	2,216.11	351.22	126.10
G	394.50	2,557.05	405.25	145.50
H	473.40	3,068.46	486.30	174.60

- (e) that the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in Appendix R as the amounts of council tax for the year 2023/24 for each part of its area and for each of the categories of dwellings; and
- (f) that the Council's basic amount of council tax for 2023/24, shown in (c)(vi) above, is not excessive in accordance with principles approved under Section 52ZB of the Local Government Finance Act 1992.

NOTES ON COUNCIL TAX RECOMMENDATIONS

<u>Recommendation</u>	<u>Note</u>
(a)	This is the tax base in terms of band D equivalents approved by the Cabinet on 12 January 2023.
(b)	The District's council tax requirement (band D).
(c)(i)	Estimated gross revenue expenditure for 2023/24 including reserves and parish precepts.
(c)(ii)	Estimated gross revenue income for 2023/24 including Government support but excluding net council tax requirement.
(c)(iii)	Net council tax requirement in cash terms including Town and Parish precepts.
(c)(iv)	Net council tax requirement in band D terms including Town and Parish precepts.
(c)(v)	Total of Town and Parish precepts.
(c)(vi)	The District's council tax requirement (band D).
(d)	The District Council, County Council, Police & Crime Commissioner and Fire Authority precepts expressed for each valuation band.
(e)	The aggregate tax demand set out over each valuation band. Shown in Appendix R in case of last minute amendments.
(f)	Confirmation that any increase in the council tax requirement is not excessive and, hence, that no referendum is required.

PARISHES ONLY

Part of the Council's area	Valuation Bands							
	A £	B £	C £	D £	E £	F £	G £	H £
Ash-cum-Ridley	36.60	42.70	48.80	54.90	67.10	79.30	91.50	109.80
Badgers Mount	33.98	39.64	45.31	50.97	62.30	73.62	84.95	101.94
Brasted	33.59	39.18	44.78	50.38	61.58	72.77	83.97	100.76
Chevening	32.01	37.34	42.68	48.01	58.68	69.35	80.02	96.02
Chiddingstone	50.60	59.03	67.47	75.90	92.77	109.63	126.50	151.80
Cowden	34.47	40.22	45.96	51.71	63.20	74.69	86.18	103.42
Crockenhill	82.94	96.76	110.59	124.41	152.06	179.70	207.35	248.82
Dunton Green	69.01	80.52	92.02	103.52	126.52	149.53	172.53	207.04
Edenbridge	120.29	140.33	160.38	180.43	220.53	260.62	300.72	360.86
Eynsford	62.88	73.36	83.84	94.32	115.28	136.24	157.20	188.64
Farningham	47.43	55.34	63.24	71.15	86.96	102.77	118.58	142.30
Fawkham	47.26	55.14	63.01	70.89	86.64	102.40	118.15	141.78
Halstead	46.76	54.55	62.35	70.14	85.73	101.31	116.90	140.28
Hartley	41.75	48.71	55.67	62.63	76.55	90.47	104.38	125.26
Hever	51.52	60.11	68.69	77.28	94.45	111.63	128.80	154.56
Hextable	67.17	78.37	89.56	100.76	123.15	145.54	167.93	201.52
Horton Kirby & S Darenth	60.03	70.03	80.04	90.04	110.05	130.06	150.07	180.08
Kemsing	60.18	70.21	80.24	90.27	110.33	130.39	150.45	180.54
Knockholt	48.86	57.00	65.15	73.29	89.58	105.86	122.15	146.58
Leigh	36.03	42.03	48.04	54.04	66.05	78.06	90.07	108.08
Otford	85.24	99.45	113.65	127.86	156.27	184.69	213.10	255.72
Penshurst	27.64	32.25	36.85	41.46	50.67	59.89	69.10	82.92
Riverhead	30.19	35.23	40.26	45.29	55.35	65.42	75.48	90.58
Seal	39.76	46.39	53.01	59.64	72.89	86.15	99.40	119.28
Sevenoaks Town	92.78	108.24	123.71	139.17	170.10	201.02	231.95	278.34
Sevenoaks Weald	48.97	57.13	65.29	73.45	89.77	106.09	122.42	146.90
Shoreham	41.94	48.93	55.92	62.91	76.89	90.87	104.85	125.82
Sundridge	49.03	57.20	65.37	73.54	89.88	106.22	122.57	147.08
Swanley	76.75	89.55	102.34	115.13	140.71	166.30	191.88	230.26
Westerham	93.43	109.01	124.58	140.15	171.29	202.44	233.58	280.30
West Kingsdown	31.87	37.19	42.50	47.81	58.43	69.06	79.68	95.62

GRAND TOTAL

Part of the Council's area	Valuation Bands							
	A £	B £	C £	D £	E £	F £	G £	H £
Ash-cum-Ridley	1,437.52	1,677.11	1,916.69	2,156.28	2,635.45	3,114.63	3,593.80	4,312.56
Badgers Mount	1,434.90	1,674.05	1,913.20	2,152.35	2,630.65	3,108.95	3,587.25	4,304.70
Brasted	1,434.51	1,673.59	1,912.67	2,151.76	2,629.93	3,108.10	3,586.27	4,303.52
Chevening	1,432.93	1,671.75	1,910.57	2,149.39	2,627.03	3,104.68	3,582.32	4,298.78
Chiddingstone	1,451.52	1,693.44	1,935.36	2,177.28	2,661.12	3,144.96	3,628.80	4,354.56
Cowden	1,435.39	1,674.63	1,913.85	2,153.09	2,631.55	3,110.02	3,588.48	4,306.18
Crockenhill	1,483.86	1,731.17	1,978.48	2,225.79	2,720.41	3,215.03	3,709.65	4,451.58
Dunton Green	1,469.93	1,714.93	1,959.91	2,204.90	2,694.87	3,184.86	3,674.83	4,409.80
Edenbridge	1,521.21	1,774.74	2,028.27	2,281.81	2,788.88	3,295.95	3,803.02	4,563.62
Eynsford	1,463.80	1,707.77	1,951.73	2,195.70	2,683.63	3,171.57	3,659.50	4,391.40
Farningham	1,448.35	1,689.75	1,931.13	2,172.53	2,655.31	3,138.10	3,620.88	4,345.06
Fawkham	1,448.18	1,689.55	1,930.90	2,172.27	2,654.99	3,137.73	3,620.45	4,344.54
Halstead	1,447.68	1,688.96	1,930.24	2,171.52	2,654.08	3,136.64	3,619.20	4,343.04
Hartley	1,442.67	1,683.12	1,923.56	2,164.01	2,644.90	3,125.80	3,606.68	4,328.02
Hever	1,452.44	1,694.52	1,936.58	2,178.66	2,662.80	3,146.96	3,631.10	4,357.32
Hextable	1,468.09	1,712.78	1,957.45	2,202.14	2,691.50	3,180.87	3,670.23	4,404.28
Horton Kirby & S Darenth	1,460.95	1,704.44	1,947.93	2,191.42	2,678.40	3,165.39	3,652.37	4,382.84
Kemsing	1,461.10	1,704.62	1,948.13	2,191.65	2,678.68	3,165.72	3,652.75	4,383.30
Knockholt	1,449.78	1,691.41	1,933.04	2,174.67	2,657.93	3,141.19	3,624.45	4,349.34
Leigh	1,436.95	1,676.44	1,915.93	2,155.42	2,634.40	3,113.39	3,592.37	4,310.84
Otford	1,486.16	1,733.86	1,981.54	2,229.24	2,724.62	3,220.02	3,715.40	4,458.48
Penshurst	1,428.56	1,666.66	1,904.74	2,142.84	2,619.02	3,095.22	3,571.40	4,285.68
Riverhead	1,431.11	1,669.64	1,908.15	2,146.67	2,623.70	3,100.75	3,577.78	4,293.34
Seal	1,440.68	1,680.80	1,920.90	2,161.02	2,641.24	3,121.48	3,601.70	4,322.04
Sevenoaks Town	1,493.70	1,742.65	1,991.60	2,240.55	2,738.45	3,236.35	3,734.25	4,481.10
Sevenoaks Weald	1,449.89	1,691.54	1,933.18	2,174.83	2,658.12	3,141.42	3,624.72	4,349.66
Shoreham	1,442.86	1,683.34	1,923.81	2,164.29	2,645.24	3,126.20	3,607.15	4,328.58
Sundridge	1,449.95	1,691.61	1,933.26	2,174.92	2,658.23	3,141.55	3,624.87	4,349.84
Swanley	1,477.67	1,723.96	1,970.23	2,216.51	2,709.06	3,201.63	3,694.18	4,433.02
Westerham	1,494.35	1,743.42	1,992.47	2,241.53	2,739.64	3,237.77	3,735.88	4,483.06
West Kingsdown	1,432.79	1,671.60	1,910.39	2,149.19	2,626.78	3,104.39	3,581.98	4,298.38

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

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

Standards Committee (31 January 2023, Minute 3)

Members considered the eighteenth annual report of the Monitoring Officer, which set out the work of the Monitoring Officer and Standards Committee. Within the report was a breakdown of the complaints that had been received from January to December 2022. The report also indicated that the key legal provisions and challenges facing the Council had not changed since 2021.

The Monitoring Officer presented the report which clarified that only five formal code of conduct complaints were received that year in comparison to eleven the previous year, which indicated that the Code of Conduct was well observed and accessible to those who wished to make a formal complaint. The Monitoring Officer advised that in his opinion the report demonstrated that robust procedures remained in place to maintain good governance and ethical standards at the Council. Members asked questions of clarification.

A Member asked a question about the Council's surveillance responsibilities. The Monitoring Officer advised that there was a typographical error in the report which would be corrected and that to his knowledge, the Council had not carried out surveillance under the Regulation of Investigatory Powers Act 2000 (RIPA) in 2022. He agreed to confirm his understanding and update Members.

In response to a question it was confirmed that The Council had appointed two independent persons in line with legislation whom had a statutory role under the Localism Act 2011 to assist any Member who had been accused of breaching the Code of Conduct. Independent Persons could be reviewed by the Committee in line with good governance arrangements although Members were advised that a review would be best undertaken in the new civic year once the membership of the Committee had been confirmed.

Public Sector Equality Duty

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

Resolved: That

- a) subject to the correction of typographical errors the report, be noted; and;
- b) it be recommended to Council that the report be noted.

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MONITORING OFFICER'S ANNUAL REPORT

Council - 21 February 2023

Report of: Monitoring Officer

Status: For Consideration

Also considered by: Standards Committee - 31 January 2023

Key Decision: No

This reports support the Key Aim of: The effective management of Council resources

Contact Officer: Martin Goodman, ext. 7245

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

Recommendation to Council: That the Monitoring Officer's report be noted.

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

Introduction and Background

- 1 The eighteenth Annual Report of the Monitoring Officer is attached as an Appendix to this report.
- 2 The purpose of the Monitoring Officer's Report is to provide an annual overview of the work of the Monitoring Officer, the work of the Standards Committee and the general governance arrangements of the Council.
- 3 Reporting provides an opportunity to review and learn from experience. The Report also gives Members of the Standards Committee background information to facilitate the carrying out of their functions.
- 4 The Monitoring Officer's Report sets out the Monitoring Officer's statutory responsibilities and summarises how these duties were discharged during 2022 in accordance with legislation and the Council's Constitution. Where necessary the Report draws attention to those issues requiring attention in the coming year.

Key Implications

Financial

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

Legal Implications and Risk Assessment Statement

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

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

Appendices

Monitoring Officer's Report

Background Papers

None.

Martin Goodman
Monitoring Officer

**ANNUAL REPORT OF THE
MONITORING OFFICER
CALENDAR YEAR 2022**

Introduction

This is the eighteenth Annual Report of the Monitoring Officer, for the period January 2022 to December 2022. The purpose of the Monitoring Officer's Report is to provide an annual overview of the work of the Monitoring Officer, the work of the Standards Committee and the general governance arrangements of the Council. Reporting provides an opportunity to review and learn from experience.

The Report also gives Members of the Standards Committee background information to facilitate the carrying out of their functions. The Report sets out the Monitoring Officer's statutory responsibilities and summarises how those duties were discharged during 2022 in accordance with legislation and the Council's Constitution. Where necessary the Report draws attention to those issues requiring attention in the coming year.

1. Recommendations

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

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

2. The Role of the Monitoring Officer

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

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

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

Description	Source
Report on contraventions or likely contraventions of any enactment or rule of law	Local Government and Housing Act 1989
Report on any maladministration or injustice where the Ombudsman has carried out an investigation	Local Government and Housing Act 1989
Appoint a Deputy	Local Government and Housing Act 1989
Establish and maintain the Register of Members' interests.	The Localism Act 2011 (Commencement No. 6 and Transitional, Savings and Transitory Provisions) Order 2012 The Localism Act 2011 The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012

Appendix

Description	Source
Report on sufficiency of resources.	Local Government and Housing Act 1989
Maintain the Constitution	The Constitution
Promote and maintain high standards of conduct.	The Localism Act 2011
Grant Dispensations	The Localism Act 2011 and delegation from Council
Consulting with, supporting and advising the Head of Paid Service and s.151 Officer on issues of lawfulness and probity.	The Constitution
Appointing an Investigating Officer in relation to Member Complaints	The Localism Act 2011 and the Constitution
Advising the Standards Hearings Sub Committee in relation to allegations of breaches of the Code of Conduct and advising when matters are determined following an investigation	The Localism Act 2011 and the Constitution
Advise on whether executive decisions are within the Budget & Policy Framework.	The Constitution
Provide advice on vires issues, maladministration, financial impropriety, probity, Budget and Policy Framework issues to all members.	The Constitution and s.5 of Local Government and Housing Act 1989
Legal Advice and Support to the authority	The Constitution
Considering whether certain Information is exempt from disclosure under the Freedom of Information Act.	Freedom of Information Act 2000

3. The Constitution

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

3.1 Constitutional Review and Revision

This Council continues to update its Constitution as and when necessary and reports to the Governance Committee of the Council in this respect.

3.2 Fitness for Purpose

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

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

3.3 Managing the Constitution

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

4. Lawfulness and Maladministration

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

The Monitoring Officer ensures that agendas, reports and minutes of all Council meetings are made publicly available unless there is a reason for exemption under the Local Government Act 1972. In addition, Portfolio Holder decisions are also made publicly available subject to the same caveat as are all planning and licensing decisions made by Officers including other Officer delegated decisions as required by the Openness of Local Government Bodies Regulations 2014. It is of course the Council's position that where required by law all such decisions should easily be accessible by members of the public through the Council's website:

www.sevenoaks.gov.uk

For information, Members should note that during 2021/22 there were five detailed investigations carried out by the Local Government and Social Care Ombudsman. In

Appendix

three of the cases the Council received Ombudsman recommendations, which were implemented.

By way of comparison, in the previous year there was one detailed investigation carried out by the Ombudsman, which was not upheld and no recommendations were made.

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

The sound governance arrangements operated by the Council ensure that the power to report potentially unlawful decision making is rarely used. The Monitoring Officer did not have to issue such a report throughout 2022.

5. Good Governance

The Monitoring Officer has a pro-active role in promoting good practice, good procedures and good governance. This involves networking, collaboration, joined-up working practices and decision making as well as ensuring standing orders, codes of practice, procedures are kept under review and up to date. The Monitoring Officer regularly meets with the Head of Paid Service (the Chief Executive) and sits on Strategic Management Team with the Chief Officers including the s.151 officer (Chief Finance Officer). The Monitoring Officer also works in partnership with officers of the Council to develop and disseminate policies and procedures.

6. The Ethical Framework and Work of the Standards Committee

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

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

The Standards Committee has a key role in facilitating and promoting the Ethical Framework and in promoting and maintaining high standards of conduct within the Authority. The terms of reference of the committee are set out within Part 3 of the Constitution entitled "Standards Committee".

Examples of the Standards Committee's work during 2022 are as follows:

- Receiving the Annual Monitoring Officer's Report

- Being on Standby to grant Dispensations
- Being on Standby to carry out hearings

7. Disclosable Pecuniary Interests and Non-Pecuniary Interests

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

Members are aware that they commit a criminal offence if they participate or vote when they have a DPI 'in' a matter. A Member has a DPI 'in' a matter where it is, or includes, his interest - where there is a close alignment between the interest and the matter under consideration. Ultimately the responsibility for complying with this provision lies upon Members although the Monitoring Officer will provide advice as necessary.

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

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

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

Members convicted of offences under the Act are liable to a fine of £5,000 and may also be disqualified from being a councillor for up to five years. This should not be confused with the offence of Misconduct in Public Office, instances of which are rare and which carries a maximum penalty of life imprisonment upon conviction.

8. Code of Conduct for Employees

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

Appendix

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

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

9. Standards Committee and the Code of Conduct

Members will be well aware that the Sevenoaks District Council Members Code of Conduct differs from the Model Code of Conduct produced by the LGA. However, the Sevenoaks Code is fully compliant with the Localism Act 2011.

Town and Parish Councils have adopted their own Codes based on the seven Nolan principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership. The District Council encourages town and parish councils to adopt the Sevenoaks District Council Code, although it is known that some have adopted the National Association of Local Councils' model.

The Standards Committee is an ordinary committee of the Council which means that it is subject to the usual requirements relating to access to information and political balance. If so minded, it is within the Standards Committee's terms of reference to advise the Council on the adoption of revisions to the Code of Conduct so as to implement best practice.

10. Complaints against Members

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

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

The Localism Act 2011 makes no provision for sanctions against Members found to have breached the Code of Conduct. However, authorities are able to censure Members, to publicise breaches of the Code of Conduct, to arrange for a report to Full Council and to recommend that Members be removed from positions on committees and outside bodies. This Council decided to include in its arrangements provisions for the Monitoring Officer to be instructed to arrange

training for the Member and/or conciliation, if appropriate, which is a useful practical measure for improving Member conduct.

Five formal complaints were logged as received between January and December 2022. For comparison, there were eleven complaints between January and December 2021. It appears that although the Code of Conduct is well observed there is no apparent hindrance to those who wish to make a formal complaint about Member conduct.

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

If it passes that test, it will thereafter be assessed and the Monitoring Officer will take no further action, attempt informal resolution or recommend formal investigation. In the latter case, if the investigation concludes that there is evidence of failure to comply with the Code of Conduct, the Monitoring Officer (having consulted the Independent Person) will either seek informal resolution or refer the matter to the Standards Hearing Sub Committee.

Please see the below table for a breakdown of complaints received during 2022. It is not appropriate to discuss these matters at Committee and this analysis is provided only to illustrate the nature of the complaints and their resolution:

Date made	Subject Member (Parish includes Town)	Complainant public or Member?	Date received	Assessed	Result
25/01/2022	Parish Member	Public	25/01/2022	Yes	No further action
16/06/2022	Parish Member	Parish Member	17/06/2022	Yes	Informal resolution
04/07/2022	Parish Member	Parish Member	04/07/2022	No	Member resigned
04/07/2022	Parish Member	Parish Member	04/07/2022	Yes	Informal resolution
04/07/2022	Parish Member	Parish Member	04/07/2022	No	Failed initial intake

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

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

Ensuring compliance with the committee process includes:

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

One of the explicit aims of the Council has been to try and streamline the decision making process to allow Council to focus on service delivery. The following is the statutory meetings analysis, covering statutory meetings which were quorate and were serviced between 1 January 2022 and 31 December 2022:

- Annual Council-1
- Audit Committee-4
- Cabinet-11
- Cleaner and Greener Advisory Committee-5
- Council-4
- Development and Conservation Advisory Committee-4

- Development Control Committee-17
- Finance and Investment Advisory Committee-4
- Governance Committee-3
- Health Liaison Board-1
- Housing and Health Advisory Committee-3
- Improvement and Innovation Advisory Committee-4
- Licensing Committee-4
- Licensing Hearing-9
- People and Places Advisory Committee-4
- Scrutiny Committee-3
- Sevenoaks Joint Transportation Board-3
- Standards Committee-1

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

The requirements for notice of Key Decisions set out in the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 are being followed to the satisfaction of the Monitoring Officer.

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

12. Member Training and Development

It should be noted that certain compulsory Licensing and Planning training is provided to relevant Members on a regular basis. Upon election all Members are always provided with induction training. Once again, a full suite of training will be available to Members following the next Council election, across a wide range of areas relevant to Council business.

13. GDPR

On 25 May 2018 the General Data Protection Regulation came into force. The Data Protection Act 1998 was been replaced by the Data Protection Act 2018, giving individuals greater rights, protections and freedoms. During 2022 these rights were well protected and there was not an influx of work due to the relatively new provisions.

It is, however, essential to remember that the Council must be ready to honour the various rights enshrined in GDPR, in particular the 'right to be forgotten' and the right of subject access. Robust systems are in place to ensure that the public can exercise these rights as they should.

Furthermore, policies and procedures are in place to ensure compliance and the Monitoring Officer is satisfied that the necessary changes and developments have

occurred. The Council is fully compliant with GDPR and this is a testament to the hard work of Officers and Members in implementing the provisions.

14. Regulation of Investigatory Powers Act

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

In practice the District Council seeks to carry out any necessary surveillance activity by overt means, whereby it is not necessary to engage the provisions of RIPA. With this in mind, there was no need for any RIPA authorisations during the year.

15. Conclusion

As reported last year, the key legal provisions and challenges facing the Council remain the same. There is a need for the Monitoring Officer to carry out both a proactive and reactive role in conjunction with the Standards Committee. This involves raising standards, encouraging ethical behaviour, adopting good governance and promoting robust procedures. The Monitoring Officer has every confidence that Members act within the Nolan Principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

During 2022, local by-elections took place in the earlier part of the year and new Members arrived as others departed. The Council carried out its functions against the challenging backdrop of living with Covid-19, the war in Ukraine and political upheaval at a Prime Ministerial, national and international level. Overshadowing all of this was the death of our late Queen during her Platinum Jubilee year, followed by the happy accession of the King. Yet despite all of these challenges, the Council continued to serve local customers in an outstanding fashion and in accordance with the ethical framework.

As a Statutory Officer with specific duties and powers set out in the Constitution, the Monitoring Officer has a reactive enforcement role. Together with the Standards Committee it is his job to enforce the Code of Conduct and relevant sections of the Localism Act 2011. As can be seen from the above, there are few reports of misconduct amongst Members and a very small number of any substance. Nevertheless, the Council cannot take this for granted and at all times it is necessary to be vigilant and active in safeguarding the reputation and legality of the Council.

Members are asked to note this report which sets out the elements of good governance and demonstrates that robust procedures are in place to maintain ethical standards, identify problems and ensure that all are aware of appropriate channels to raise concerns.

Martin Goodman
Monitoring Officer

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Item 7 (b) - Appointment of Electoral Deputy Registration Officers

The attached report was considered by the Governance Committee on 2 February 2023, and the relevant minute extract is below:

Governance Committee (2 February 2023, Minute 16)

Members considered the report which set out the proposal to appoint Deputy Electoral Registration Officers (ERO) for Sevenoaks District Council, under section 52(2) of the Representation of the People Act 1983. The act allows for a Deputy Electoral Registration Officer to perform and exercise any of the duties and powers of the Electoral Registration Officer.

The Assistant Chief Executive set out that following the introduction of the Voter Identification Regulations 2022, the appointments would ensure new duties introduced by the Voter Identification Regulations, alongside all other duties permitted to be undertaken by a Deputy ERO could be fulfilled.

Members asked questions about the introduction of Voter Authority Certificates. There had been sixteen applications to date and the Council would be publicising the requirements further in the coming months.

Resolved: That it be recommended to Council that the Chief Officer Customer & Resources, the Electoral Services Manager and the Deputy Electoral Services Manager, be appointed as Deputy Electoral Registration Officers for Sevenoaks District Council.

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APPOINTMENT OF DEPUTY ELECTORAL REGISTRATION OFFICERS

Council - 21 February 2023

Report of: Chief Executive

Status: For Consideration

Key Decision: No

Portfolio Holder: None

Also Considered by: Governance Committee - 2 February 2023

Contact Officer: Lee Banks, Ext. 7161
Nicola Fletcher, Ext. 7188

Recommendation to Governance Committee:

It is recommended to Council that the Chief Officer Customer & Resources, the Electoral Services Manager and the Deputy Electoral Services Manager are appointed as Deputy Electoral Registration Officers for Sevenoaks District Council.

Recommendation to Council:

The Chief Officer Customer & Resources, the Electoral Services Manager and the Deputy Electoral Services Manager are appointed as Deputy Electoral Registration Officers for Sevenoaks District Council.

Reason for recommendation: Legislation allows District Councils to appoint officers of the Council as a deputy to the Electoral Registration Officer to act in the absence of the Electoral Registration Officer. With new responsibilities enacted in relation to Voter ID, it is considered appropriate to appoint additional Deputy Electoral Registration Officers to ensure voters are able to obtain a temporary voter authority certificate from the District Council.

Introduction and Background

- 1 Under section 8(2) of the Representation of the People Act 1983 the District Council must appoint an Officer to the position of 'Electoral Registration Officer'. This position is responsible for maintaining the Electoral Register for the area. The Chief Executive is appointed as the Electoral Registration Officer for Sevenoaks District Council.
- 2 Under section 52(2) of the Representation of the People Act 1983 the Council may appoint a Deputy Electoral Registration Officer who is able to perform and exercise any of the duties and powers of the Electoral Registration Officer. The role is currently assigned to the post of Assistant Chief Executive.

The Voter Identification Regulations 2022

- 3 Regulations 18 and 19 of the Voter Identification Regulations 2022 set out the circumstances in which a temporary voter certificate must be issued, that they must be issued by the District Council and that amongst other details a temporary voter authority certificate must contain the registration officers' signature.
- 4 Accompanying guidance issued by the Electoral Commission sets out further that the Electoral Registration Officer's (ERO) signature can be provided by a deputy and should be a wet ink signature. It is also recommended that the ERO should consider appointing additional Deputy ERO's. This is to ensure that there is sufficient available resource to sign a temporary Voter Authority Certificate at potentially very short notice, up to 5pm on a polling day.

Appointment of additional Deputy Electoral Registration Officers

- 5 To support the Electoral Registration Officer in ensuring new duties introduced by the Voter Identification Regulations, alongside all other duties permitted to be undertaken by a Deputy ERO can be fulfilled, it is recommended that the Chief Officer Customer & Resources, the Electoral Services Manager and the Deputy Electoral Services Manager are appointed as Deputy Electoral Registration Officers for Sevenoaks District Council.

Other Options Considered and/or Rejected

- 7 None.

Key Implications

Financial

- 8 There are no financial implications arising from the recommended appointments.

Legal Implications and Risk Assessment Statement

- 9 The appointment of additional Deputy Electoral Registration Officers provides resilience and mitigates risks in the event that the Electoral Registration Officer is unavailable to fulfil his duties.

Equality Impacts

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

Net Zero Implications

- 11 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

- 12 It is recommended that Council appoints additional Deputy Electoral Registration Officers to reduce the risks of not being able to administer electoral registration duties, including those associated with the introduction of Voter ID, as Deputy Electoral Registration Officers will have the same powers.

Appendices

None.

Background Papers

Representation of the People Act 1983, Sections 8 & 52 -
<https://www.legislation.gov.uk/ukpga/1983/2>

Voter Identification Regulation 2022, Sections 18 & 19 -
<https://www.legislation.gov.uk/uksi/2022/1382/contents/made>

Dr Pav Ramewal
Chief Executive

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PAY POLICY STATEMENT

Council - 21 February 2023

Report of: Chief Executive

Status: For Decision

Key Decision: No

This report supports the Council promise to provide value for money

Portfolio Holder: Cllr. Fleming

Contact Officer: Lee Banks, Ext. 7161

Recommendation to Council:

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

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

Introduction and Background

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

Pay Policy Statement

- 4 The draft Pay Policy Statement is attached at Appendix A to this report for Members consideration. Its content is defined by the regulations set out within sections 38 to 43 of the Localism Act 2011 and associated guidance issued by the Secretary of State for Communities and Local Government.

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- 5 The Pay Policy Statement is required to set out the authority's policies relating to the remuneration of each of its chief officers, the remuneration of its lowest paid employees and the relationship between the two. The Statement must be approved by full Council by 31 March 2023 and will take effect from 1 April 2023. The Policy Statement is forward looking and any recruitment decisions taken between 1 April 2023 and 31 March 2024 regarding chief officers must take account of the commitments made in the Pay Policy Statement
- 6 It is a requirement of the Localism Act that the Pay Policy Statement is approved annually by full Council, and this is a function that cannot be delegated. As a minimum, once the Statement is approved, it must be published on the Council website

Other options Considered and/or rejected

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

Key Implications

Financial

The Pay Policy Statement sets out the policies by which senior officers will be remunerated by the Council. Any such decisions on recruitment would be made within the wider context of the Council's 10 year budget framework.

Legal Implications and Risk Assessment Statement

Failure to publish a Pay Policy Statement, approved by full Council, by 31 March 2023 will be a breach of the Localism Act 2011.

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

Appendices

Appendix A - Pay Policy Statement

Background Papers

Localism Act, Chapter 8, Pay Policy Statements

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

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

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

Openness and accountability in local pay: supplementary guidance

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

Dr Pav Ramewal

Chief Executive

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**Sevenoaks District Council
Pay Policy Statement 2023/24**

1. Introduction

- 1.1 The Council's Pay Policy Statement sets out its policies for 2023/24 relating to:
- The remuneration of its chief officers,
 - The remuneration of its lowest-paid officers, and
 - The relationship between the remuneration of its chief officers and the remuneration of its employees who are not chief officers.
- 1.2 The Pay Policy Statement is prepared in accordance with the requirements of the Localism Act 2011 and associated guidance published by the Secretary of State for Communities and Local Government.
- 1.3 The Statement has been approved by resolution of the full Council and the commitments made in the Pay Policy Statement will be applied to remuneration of chief officers during 2023/24.

2. Definitions

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

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

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

3. Terms and Conditions

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

4. Remuneration of Chief Officers

4.1 Head of Paid Service

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

- Providing advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues to all Members (in consultation with the Section 151 Officer (where they are not the same person) and the Monitoring Officer);
- To be the Returning Officer and Electoral Registration Officer for the Council; and
- To represent the Council on partnership and external bodies as required by statute or the Council.

4.1.3 The remuneration for the Head of Paid Service will include:

- Salary in line with the Sevenoaks District Council Chief Executive pay scale, inclusive of the outer fringe allowance;
- Car Allowance of £6,000 per annum;
- Payment for acting as the Returning Officer at elections. Payments for each election are determined by the size of the electorate in the district, with the payment for national elections being set nationally and the payment for local elections set at county level; and
- An employer contribution to their pension of the amount required under the nationally determined terms of the Local Government Pension Scheme.

4.1.4 At the point of recruitment the salary of the Head of Paid Service will be determined by the level of skill and experience that they are evaluated as bringing to the role. In any case the salary will not exceed the top pay point of the Sevenoaks District Council Chief Executive pay scale.

4.1.5 The Head of Paid Service will, like all other officers, be able to increase their salary on an annual basis by demonstrating excellent performance when assessed through full participation in the Council's appraisal scheme, until the top point of the pay band is reached. The Head of Paid Service will also be entitled to receive any national pay award determined by the National Joint Council.

4.1.6 The Council does not adopt a performance related pay system for any officers outside of the appraisal scheme, including the Head of Paid Service.

4.1.7 The Council does not pay bonuses for any officers, including the Head of Paid Service, other than those determined by the appraisal scheme upon achieving outstanding performance.

4.1.8 The Council will not make payment to the Head of Paid Service if they are summarily dismissed.

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- 4.1.9 If the Council makes the Head of Paid Service redundant a payment will be made to them based on their length of service (up to a maximum of 20 years) based on their actual weeks' pay.
- 4.1.10 If the Head of Paid Service resigns their post they will not be entitled to any compensatory payment from the Council.
- 4.1.11 The following terms and conditions will also apply to the Head of Paid Service:
- The Head of Paid Service may be the Section 151 Officer, but may not be the Council's Monitoring Officer; and
 - The post of Head of Paid Service is politically restricted.

4.2 Non Statutory Chief Officers

- 4.2.1 Non statutory chief officers are defined in the Local Government and Housing Act 1989 as a person for whom the Head of Paid Service is directly responsible.
- 4.2.2 The remuneration for non-statutory chief officers designated as Chief Officer will include:
- Salary in line with the Sevenoaks District Council Chief Officer pay scale, inclusive of the outer fringe allowance;
 - Car Allowance of £4,500 per annum;
 - Consideration of additional responsibility allowances; and
 - An employer contribution to their pension of the amount required by the Local Government Pension Scheme.
- 4.2.3 At the point of recruitment an officer holding the post of a non-statutory chief officer will be determined by the level of skill and experience that they are evaluated as bringing to the role.
- 4.2.4 An officer holding the post of a non-statutory chief officer will, like all other officers, be able to increase their salary on an annual basis by demonstrating excellent performance when assessed through full participation in the Council's appraisal scheme, until the top point of the pay band is reached. An officer holding the post of a non-statutory chief officer will also be entitled to receive any national pay award determined by the National Joint Council.
- 4.2.5 The Council does not adopt a performance related pay system for any officers outside of the appraisal scheme, including officers holding the post of a non-statutory chief officer.
- 4.2.6 The Council does not pay bonuses for any officers, including officers holding the post of a non-statutory chief officer, other than those

determined by the appraisal scheme upon achieving outstanding performance.

- 4.2.7 The Council will not make payment to officers holding the post of a non-statutory chief officer if they are summarily dismissed.
- 4.2.8 If the Council makes a non-statutory chief officer redundant a payment will be made to them based on their length of service (up to a maximum of 20 years) based on their actual weeks' pay.
- 4.2.9 If an officer holding the post of a non-statutory chief officer resigns their post they will not be entitled to any compensatory payment from the Council.
- 4.2.10 The following terms and conditions will also apply to an officer holding the post of a non-statutory chief officer:
 - The posts held by non-statutory chief officers are politically restricted.

4.3 Statutory Chief Officer – Monitoring Officer

- 4.3.1 The role of the Monitoring Officer is designated to the post of Head of Legal & Democratic Services, or an equivalent officer as determined by the Head of Paid Service.
- 4.3.2 The Monitoring Officer is one of three statutorily required posts at the Council, alongside the Head of Paid Service and the Section 151 Officer. The Monitoring Officer is responsible for:
 - Maintaining the constitution;
 - Ensuring lawfulness and fairness of decision making;
 - Supporting the Standards Committee;
 - Advising whether decisions of the Cabinet are in accordance with the budget and policy framework (in consultation with the Head of Paid Service and the Section 151 Officer); and
 - Providing advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues to all Members (in consultation with the Head of Paid Service and the Section 151 Officer).
- 4.3.3 The Monitoring Officer cannot be the Section 151 Officer or the Head of Paid Service.
- 4.3.4 The remuneration of the Monitoring Officer will include:
 - Salary in line with the Sevenoaks District Council Head of Service pay scale, inclusive of the outer fringe allowance;

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- Car Allowance of £3,700 per annum;
- Consideration of additional responsibility allowances; and
- An employer contribution to their pension of the amount required by the Local Government Pension Scheme.
- Terms as set out at 4.2.3 to 4.2.10 above.

4.4 Statutory Chief Officer – Section 151 Officer

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

4.4.2 The Section 151 Officer is responsible for:

- Ensuring lawfulness and financial prudence of decision-making;
- Administration of financial affairs;
- Contributing to corporate management;
- Providing advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues to all Members and will support and advise Members and Officers in their respective roles; and
- Providing financial information to the media, members of the public and the community.

4.4.3 The pay policies applicable to this post are detailed at section 4.2.2 to 4.2.10 above.

4.4.4 The following terms and conditions will also apply to the Section 151 Officer post:

- The post of the Section 151 Officer is politically restricted; and
- The Section 151 Officer cannot be the Monitoring Officer but may hold the post of Head of Paid Service.

5. Transparency and Publication of Chief Officer Salaries

5.1 Further information about responsibilities and appointment of Chief Officers is published in the Council's Constitution. The provisions within this Pay Policy Statement do not alter the requirements and powers, which the Constitution sets out.

5.2 Further information about the salaries of Chief Officers is available on the Council's website. The Council's Statement of Accounts is published

annually and includes a full breakdown of payments made to Chief Officers for the past year.

- 5.3 The transparency section of the Council's website includes the publication of the pay scales of all officers at the council who receive a full time equivalent salary in excess of £50,000 per annum.

6. Remuneration of lowest-paid officers

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

7. The Pay Relationship

- 7.1 The National Joint Council salary scales offer a fair and non-discriminatory approach to pay and grading reflected through a job evaluation scheme. Each role is individually assessed and evaluated to ensure an accurate level of pay. The result of evaluations reflects the level of responsibility associated with each respective post.
- 7.2 In 2022/23 the median average salary at Sevenoaks District Council was £27,852, which lies at pay point C4.
- 7.3 The pay multiple between the Chief Executive's salary and the median salary point is 5.7.
- 7.4 The Council is clear that pay at all levels is properly assessed and evaluated to ensure it accurately and fairly reflects the level of skill and responsibility associated with each respective post. Maintaining this approach will ensure that the Council is committed to a fair pay relationship and maintaining a proportionate pay ratio between the average pay level and that of the Chief Executive.

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Cllr Fleming - Leader's Report

From: 31 October 2022 - 3 February 2023

Date	Event
31 October	<ul style="list-style-type: none"> • LGA Community Leadership facilitation - London
2 November	<ul style="list-style-type: none"> • Meeting re KCC Commissioning Plan for Education via Teams • Meeting with Economic Development Candidate - SDC
8 November	<ul style="list-style-type: none"> • Filming for White Ribbon promotion - SDC
9 November	<ul style="list-style-type: none"> • SDC meeting with Rural Landowners via Zoom • DCN Executive Meeting - London
10 November	<ul style="list-style-type: none"> • Coffee & Connect - Salomons Institute, Tunbridge Wells • Cabinet - SDC
11 November	<ul style="list-style-type: none"> • Remembrance Day Service - SDC • Meeting with Chief Supt Neil Loudon - SDC
13 November	<ul style="list-style-type: none"> • Remembrance Parade - Sevenoaks • Remembrance Parade - Swanley
15 November	<ul style="list-style-type: none"> • Council - SDC • Quercus 7 & Quercus Housing AGMs - SDC
16 November	<ul style="list-style-type: none"> • DCN Report Launch - Mapping the Route to Clean Local Growth - London
18 November	<ul style="list-style-type: none"> • Speaker at Association of Democratic Services Officers Conference - Lincolnshire
19 November	<ul style="list-style-type: none"> • Speaker at LGA Digitalisation Leadership Essentials Course via Zoom
21 November	<ul style="list-style-type: none"> • Corporate Induction - SDC
22 November	<ul style="list-style-type: none"> • Staff Briefing via Zoom • Kent & Medway Economic Partnership meeting via Zoom
23 November	<ul style="list-style-type: none"> • Staff Briefing via Zoom • TN Card Christmas Drinks - Sevenoaks
24 November	<ul style="list-style-type: none"> • LGA Peer Review Follow-up meetings via Zoom • Federation of Small Businesses Event - SDC • Improvement & Innovation Advisory Committee - SDC
28 November	<ul style="list-style-type: none"> • Strategic Programme Board via Zoom
5 December	<ul style="list-style-type: none"> • Meeting re Bradbourne Lakes - SDC • Record video for Best of West Kent Award
7 December	<ul style="list-style-type: none"> • Kent & Medway Business Fund Investment Advisory Board via Teams • Record piece for Kent Ambassadors video
8 December	<ul style="list-style-type: none"> • SDC Staff Carol Service - St Luke's Church, Sevenoaks • Quercus 7 Trading Board & Quercus Housing Guarantor Board - SDC • Cabinet - SDC
9 December	<ul style="list-style-type: none"> • Record Staff Christmas Message

Agenda Item 11

Date	Event
11 December	<ul style="list-style-type: none"> Attend Sevenoaks Hockey Club President's Cocktail Party - Sevenoaks
13 December	<ul style="list-style-type: none"> Attend Minister Rowley's Local Government Finance Update via Teams
14 December	<ul style="list-style-type: none"> Christmas Buffet Lunch with Broomhill Bank interns - SDC
15 December	<ul style="list-style-type: none"> Attend LGA Improvement & Innovation Board via Teams Meeting with West Kent Housing Association - SDC
21 December	<ul style="list-style-type: none"> Strategic Programme Board via Zoom
2023	
6 January	<ul style="list-style-type: none"> Judging of Poster competition - SDC
10 January	<ul style="list-style-type: none"> Kent & Medway Business Fund Investment Advisory Board via Teams Follow-up meeting re Climate Fair via Zoom
11 January	<ul style="list-style-type: none"> Corporate Induction - SDC DCN Executive Board Meeting via Teams Kent Leaders' Meeting via Teams
12 January	<ul style="list-style-type: none"> Kent & Medway Employment Task Force Meeting via Teams Cabinet - SDC
17 January	<ul style="list-style-type: none"> Speaker at Local Government Commercialisation Conference via Zoom
18 January	<ul style="list-style-type: none"> Joint Independent Remuneration Panel Meeting - via Zoom Corporate Induction - Dunbrik
19 January	<ul style="list-style-type: none"> Speaker at Sennocke WI meeting, Riverhead
25 January	<ul style="list-style-type: none"> Strategic Programme Board via Zoom
26 January	<ul style="list-style-type: none"> LGA Councillors' Forum - Smith Square, London
27 January	<ul style="list-style-type: none"> Local Plan Presentation at KALC Meeting - Sevenoaks
31 January	<ul style="list-style-type: none"> Presentations at local schools re Idling Posters - Sevenoaks District Presentation of Alder Tree by Lady Colgrain - Bradbourne Lakes
1 February	<ul style="list-style-type: none"> Economic Development Assessment Day - SDC
2 February	<ul style="list-style-type: none"> Presentations at local schools re Idling Posters - Sevenoaks District DCN Finance & Investment Workstream Meeting via Teams Judging Panel for the Making it Happen Awards - SDC

AUDIT COMMITTEE REPORT TO COUNCIL

Council - 21 February 2023

Report of: Cllr McGarvey, Chair of the Audit Committee

Status: For Consideration

Introduction and Background

- 1 This is our report to the Council on the work of the Audit Committee since November 2022.
- 2 The Audit Committee is responsible for discharging the functions conferred by the Accounts and Audit Regulations 2015. The key responsibilities include approving the Council's Annual Statement of Accounts, approving the Annual Governance Statement, approving the Annual Internal Audit Plan and monitoring and reviewing the work of Internal Audit, and reviewing the arrangements for the management of business risks.
- 3 In line with its Terms of Reference, the Audit Committee meets four times per year and has met once since the last report to Council.
- 4 As Chair of the Committee, I have continued to hold monthly briefings with Officers.
- 5 Details of the range of issues considered by the Committee on 24 January are set out below:

Internal Audit

Date of Meeting	Agenda Items
24 January 2023	<ul style="list-style-type: none"> • Internal Audit Progress Report 2022/23

Governance, Risk & Anti-Fraud

Date of Meeting	Agenda Items
	No items

Accounts and External Audit

Date of Meeting	Agenda Items
24 January 2023	<ul style="list-style-type: none">• Appointment of External Auditors

- 6 Training of Audit Committee Members is important to ensure that they can add value to the discussions at the Committee. A Member Development Plan has been agreed by the Committee and a number of training sessions have taken place over recent years.
- 7 There remains an issue nationally with Statement of Accounts not being agreed by the deadline. This is largely due to the increased requirements and complexity of the accounts and the available resources of the external auditors. This is also true for Sevenoaks DC.
- 8 The Audit Committee maintains a constructive dialogue and effective working relationship with the Council's external auditors, Grant Thornton.
- 9 Public Sector Audit Appointments (PSAA) have completed the tender process for future audits and have reappointed Grant Thornton as the external auditors for this council for five years from 2023/24 to 2027/28.
- 10 As mentioned previously, two independent members are now on the Committee, Lynda McMullan and Mr Mo Chughtai. Both attended the meeting on 24 January.
- 11 It is my opinion that the work of the Committee has a positive impact on the overall control environment within the Council and has developed good working relationships with officers and External Audit, and has offered constructive comments on a range of issues. The Committee continues to develop and improve its understanding of the many technical issues presented to it.
- 12 I thank all members of the Audit Committee for their personal contribution to the work of the Committee. I also thank Officers, in particular Adrian Rowbotham, Jennifer Warrillow, Alan Mitchell and Jessica Booth for the help and support they have given the Committee.

Cllr Philip McGarvey, Chairman, Audit Committee