

03 November 2022 at 7.00 pm

Council Chamber, Argyle Road, Sevenoaks

Published: 26.10.22

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Finance & Investment Advisory Committee

Membership:

Chairman, Cllr. Grint; Vice-Chairman, Cllr. Dickins

Cllrs. Abraham, Bayley, Carroll, Clack, Clayton, Penny Cole, Fothergill, Griffiths, Hogarth, Reay and Williams

Agenda

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

	Pages	Contact
Apologies for Absence		
1. Minutes To agree the minutes of the meeting of the Committee held on 6 September 2022, as a correct record.	(Pages 1 - 4)	
2. Declarations of Interest Any interests not already registered.		
3. Actions from Previous Meeting (if any)		
4. Update from Portfolio Holder		
5. Referral from Cabinet or the Audit Committee (if any)		
6. Rural England Prosperity Fund	(Pages 5 - 12)	Detlev Munster Tel: 01732 227099
7. Treasury Management Mid- Year Update 2022/23	(Pages 13 - 36)	Jessica Booth Tel: 01732 227436
8. Financial Performance Indicators 2022/23 - to the end of September 2022	(Pages 37 - 44)	Alan Mitchell Tel: 01732 227483
9. Financial Monitoring 2022/23 - to the end of September 2022	(Pages 45 - 78)	Adrian Rowbotham Tel: 01732 227153

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|---|-------------------|---------------------------------------|
| 10. Financial Prospects and Budget Strategy
2023/24 and beyond | (Pages 79 - 100) | Adrian Rowbotham
Tel: 01732 227153 |
| 11. Work Plan | (Pages 101 - 102) | |

EXEMPT INFORMATION

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

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

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

FINANCE & INVESTMENT ADVISORY COMMITTEE

Minutes of the meeting held on 6 September 2022 commencing at 7.00 pm

Present: Cllr. Grint (Chairman)

Cllr. Dickins (Vice Chairman)

Cllrs. Abraham, Bayley, Clack, Clayton, Penny Cole, Griffiths, Hogarth, Reay and Williams

12. Minutes

Resolved: That the Minutes of the meeting held on 24 May 2022 be approved and signed by the Chairman as a correct record.

13. Declarations of Interest

No additional declarations of interest were made.

14. Actions from Previous Meeting

The Head of Finance provided a summary of the requested information for the Committee, which had also been emailed to all Members. The likely council tax collection rate for 2021-22 as at March 2022 was 98.1% against a target of 98.6%. For 2022-23, 98.1% was forecast against a target of 98.5%. He advised Members that the Council typically collects near 100%, but not within the year.

He further updated the Committee on the Council's forward purchasing of gas, electricity, and diesel. He advised that the contract for gas and electricity would end in September, and that pricing information would become available in mid-October. The contract for diesel would end on 8 February 2023 and would be renegotiated. The current diesel contract was moved to a weekly price due to global supply issues, but would be returned to the contracted rate as soon as possible. He clarified for Members that purchases for the next financial year were yet to be negotiated.

The Chairman took the opportunity to update members on the Financial Results 2021/22 -Draft Outturn - March 2022 report that was deferred at the 24 May 2022 meeting of the Committee. Following the release of the financial results, the Chairman and Vice Chairman decided there was nothing of sufficient importance to bring to the Committee, and it would not be brought back but noted that the report had been presented to Cabinet.

15. Update from Portfolio Holder

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Finance & Investment Advisory Committee - 6 September 2022

The Finance and Investment Portfolio Holder provided an update on the impact of the cost of living on residents. Support resources were outlined in the most recent InShape and the Leader's and Chief Executive's weekly bulletins. The Portfolio Holder would be meeting with Kent Leaders next week to explore additional avenues of support across the county, and the Council Tax and Recovery Manager was prepared to repeat the processing of support payments through the Council Tax system, should the Government continue that strategy. The HERO officers and Council Tax team were available for those with financial difficulties to explore possible solutions.

The cost of living's impact on the Council would be significant, but an "eyes wide open" approach to address issues as they are identified would better serve the Council than pessimism. An example of this was the proposed resolution for Item 8 (Financial Monitoring 2022/23 - to the end of July 2022).

The Portfolio Holder gave special thanks to the Principal Accountant (Capital and Treasury) for his hard work for the authority over the past 38 years, and wished him a happy retirement.

Members asked questions regarding support for residents. The Portfolio Holder explained that the Council Tax and HERO teams were able to offer support, and advised Members to encourage those with issues to approach these teams as soon as possible, to address the problem. The Customer Solutions and Council Tax teams were both experienced at providing this support, for example deferring payments or moving people from 10 months to 12 months for Council Tax payments.

16. Referral from Cabinet or the Audit Committee

There were none.

17. Treasury Management Annual Report 2021/22

The Principal Accountant (Capital and Treasury) presented the report, which provided a review of investment and borrowing activity from 2021/22. The Council had taken a cautious investment approach resulting in lower interest receipts, which were substantially below budget. However, the overall percentage rate of return exceeded recognised benchmarks. Investment income was supplemented by the property investment strategy and the Council's trading company. He advised the Committee that interest receipts had improved in the current financial year due to the two Base Rate increases, but that this would be partially offset by the capital programme and housing acquisitions.

He updated the Committee on the Council's investments for this financial year. £2.5 million was invested into two multi-asset income funds each, from which the investment income was between £14,000 and £16,000 each. This would bring interest receipts over the course of the financial year above budget, but did have a risk of capital loss and would require careful monitoring.

He then updated the Committee on the Council's debt in 2021/22. The Council borrowed £8 million from the Public Works Loan Board (PWLB) for capital schemes,

bringing total borrowing to £13 million. Members were advised that this was low compared to other local authorities. The Municipal Bonds Agency was developing but had presented little investment opportunity during 2021/22.

In response to questions from Members, he clarified that the Council's balances available for investing was lower than the local authorities it was compared with, and so daily cash flow needs and the property investment strategy limited the ability to place longer term investments at better rates of interest. He further clarified that matching the current rate of inflation through investment income was impossible without significant extra risk, but that the difference was currently narrowing slightly through the growth in the Base Rates.

Members' thanked the Principal Accountant for his report and for all the work he had done for the Council in the past 38 years.

Resolved: That it be recommended to Cabinet that the report be approved.

18. Financial Performance Indicators 2022/23 - to the end of July 2022

The Head of Finance presented the report, which covered nine key internal performance indicators (PIs) as at July 2022. He explained that instances of managers changing implementation dates for audit actions lowered the PI, but that this would correct itself over time. The Treasury Management Investment Returns were well below the target, due to using cash balances to fund investment acquisitions and the capital programme.

Resolved: That the report be noted.

19. Financial Monitoring 2022/23 - to the end of July 2022

The Head of Finance presented the report on the Council's position 2022/23 and the forecast position up to March 2023. The forecast end of year position presented to the Committee in May had largely translated to this report, giving an unfavourable variance of £572,000. Furthermore, the National Employers for Local Government Services made a final offer in their pay negotiations that would increase this unfavourable variance by £600,000, and the Committee heard that this total variance should be considered in two parts: the mid-year expense and an ongoing future commitment.

The Head of Finance advised that staff costs could be offset in the current year through any surplus from the Kent and Medway Business Rates Pool, and drawing from the Budget Stabilisation Reserve. He recommended to Members that the ongoing impact be addressed through the forthcoming budget setting process.

Members considered the report, and discussed the issues of meeting increased staff and day-to-day costs without additional support from the Government. They further discussed how although the current cost burden could be absorbed, future years would need to be addressed separately, but that this should not stop the Council from resolving the clear, certain issue that had presented itself. The Committee acknowledged that balancing the unfavourable forecast variance would

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take a significant amount of work, but that greater clarity would come in time regarding which issues are transient and which will have longer lasting impacts.

Resolved: That

- a) the report be noted; and
- b) the proposed method of addressing the impact of the national pay negotiations, be recommended to Cabinet.

20. Work Plan

The work plan was noted.

THE MEETING WAS CONCLUDED AT 7.44 PM

CHAIRMAN

RURAL ENGLAND PROSPERITY FUND - ADDENDUM

Finance & Investment Advisory Committee - 3 November 2022

Report of: Detlev Munster, Strategic Head Property & Commercial

Status: For Decision

Also considered by: Cabinet - 10 November 2022

Key Decision: Yes

Portfolio Holder: Cllrs. Peter Fleming & Lesley Dyball

Contact Officer: Emily Haswell - Extn 7261

Recommendation to Finance & Investment Advisory Committee:

- a) That the report be noted, and any comments be forwarded to Cabinet.

Recommendation to Cabinet:

- a) That Cabinet notes the proposals, which will form the Rural England Prosperity Fund (REPF) addendum, alongside the previously approved UK Shared Prosperity fund (UKSPF) investment plan.
- b) That Cabinet approves delegation of authority to the Strategic Head of Property and Commercial in consultation with the Leader of the Council, to take the necessary decisions and actions required to finalise the addendum and accept the allocation of funds and to implement and administer the scheme, in accordance with the requirements and priorities of the fund.

Reason for recommendation: The purpose of this report is to gain Cabinet approval of the Rural England Prosperity Fund (REPF) addendum to the UK Shared Prosperity Fund (UKSPF) investment plan. The Council has received a provisional allocation of £501,308 for the REPF (in addition to the allocation of £1million from the UKSPF). The REPF covers the financial years of 2023/24 and 2024/25.

The Council has been allocated additional funding based on the extent of the rural area in recognition of the additional needs to level up rural England. The Council is required to submit the addendum via the online portal by end of November. This has necessitated the need for an urgent decision. Informal consultation has taken place with rural enterprises and groups who have been supportive of the proposed approach, which is to work with West Kent Local Authorities to create a dedicated fund to support both rural and tourism businesses in a similar way to the successful West Kent LEADER Programme. This approach will maximise outcomes for the rural areas within the District and the rural businesses and organisations therein.

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Introduction and Background

1. The UK Shared Prosperity fund (UKSPF) will support the UK Government's wider commitment to level up all parts of the UK by delivering on each of the levelling up objectives. The funding for this scheme has 3 main investment priorities:
 - Communities and place
 - Supporting local business
 - People and Skills
2. The previously agreed Investment plan for UKSPF has been submitted in accordance with requirements and we are currently awaiting feedback and approval of these plans.
3. On 3rd September 2022 it was announced that additional funding would be allocated to those authorities that were significantly rural in nature in recognition of the additional need for investment to level up rural areas.
4. Sevenoaks District Council has been allocated an additional £501,308 for the period 2023-25. The allocation is released in line with a set funding profile and as Capital funding.
5. An addendum to the UKSPF investment plan (previously agreed at cabinet on 7th July) has to be submitted by end November detailing plans to spend the allocation and which interventions and outcomes and outputs will be achieved.
6. Following on from the successful delivery of the West Kent LEADER Programme, it is proposed that the three West Kent authorities collaborate on the allocation and spend of their Rural England Prosperity Fund (REPF) funding to create a West Kent wide rural grants scheme that focuses on supporting both rural businesses and rural communities to deliver capital projects. While the West Kent Partnership will act collaboratively and share administrative expenses, the respective funding allocations will only be used within the respective administrative boundaries.
7. The benefits of undertaking this approach are that:
 - In an environment where public sector resources are stretched, running one grant scheme across West Kent as opposed to three separate schemes offers considerable efficiency savings. This is especially the case given that Government is not allowing any of this particular funding to be top sliced to cover administration costs.
 - There is considerable experience across the three local authorities of running rural grant programmes such as West Kent LEADER, especially within Sevenoaks District Council (who acted as the Accountable Body).
 - Aligning across West Kent will reduce potential confusion amongst prospective applicants, as the criteria and timing of calls for proposals will be uniform across the area.
8. Collaborating across West Kent does not mean that each local authority area will be throwing their funding into one pot for applicants to access. Instead, by

ring-fencing the allocations given to each area, there will be no danger of funding allocated for one local authority going to a project elsewhere in West Kent.

9. It is proposed that this REPF scheme follows a similar approach to the West Kent LEADER Programme, and includes interventions relating to both business and communities. However, in order for the scheme to be clear, simple and targeted it is suggested that we keep the number of interventions to a minimum, possibly focussing on those that are slightly more general in scope. Indeed, if we end up with too many different interventions, there will be a lot of small pots of funding to manage.
10. Through discussion with West Kent authorities we have considered the long list of **interventions** and as such the following interventions are proposed to be included in the scheme:

Supporting Rural Business:	<p>1.1 Capital Grant Funding for Small Scale Investment in Micro and Small Enterprises in Rural Areas</p> <p>1.3 Capital Grant Funding for Developing and Promoting the Visitor Economy</p>
Supporting Rural Communities:	<p>2.3 Capital Grant Funding for Creation and Improvements to Local Rural Green Spaces</p> <p>2.4 Capital Grant Funding for Existing Cultural, Historic and Heritage Institutions that make up the Local Cultural Heritage Offer</p> <p>2.6 Capital Grant Funding for Active Travel Enhancements in the Local Area.</p> <p>2.7 Capital Grant Funding for Rural Circular Economy Projects</p>

11. These interventions would relate to the potential Outcomes and Outputs in the following table:

Intervention	Output	Outcome
1.1	Number of businesses supported	Number of businesses experiencing growth
1.3	Number of businesses supported	Number of businesses increasing their turnover

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2.3	Amount of green or blue space created or improved	Increased footfall Increased visitor numbers
2.4	Number of organisations receiving grants	Increased footfall Increased visitor numbers
2.6	Amount of new or improved cycleways or paths	Improved perception of facilities or amenities.
2.7	Number of organisations receiving grants	Number of community-led programmes as a result of support

12. It is proposed that the funding is split in the following way which aligns with the information provided along with our funding allocation:

Intervention	2023/24	2024/25	Total
1.1	15%	15%	30%
1.3		20%	20%
2.3		15%	15%
2.4	10%	5%	15%
2.6		15%	15%
2.7		5%	5%
Total	25%	75%	100%

13. Consideration of the most appropriate application process included the lessons learned from LEADER funding alongside the requirements for REPF scheme. It is proposed that there will be regular calls for proposals, with information about the scheme, guidance notes and an application form accessible via a host page (with signposting via other local authority sites).
14. It is proposed that West Kent Partnership reserve funding be allocated to create a rural officer to assist with the application process. In terms of the lessons learned from the LEADER programme, additional support for applicants would be valuable to assist the smooth process of applications and speed up the timeframe.

The following features of the scheme are suggested:

- Grants of a maximum of £25,000
 - Grant intervention rate of 50% with slightly higher rates available in exceptional circumstances based on community and social value. (although the recommendations from the LEADER Closure Report suggested 40%, given the difficult economic conditions it is suggested that 50% would be more appropriate)
 - The scheme will be promoted via Local authority business networks and social media, Parish Councils and Rural District Councillors, Business representative organisations - NFU, Sevenoaks Chamber of Commerce, Kent Invicta Chamber, FSB etc.
15. The applications would be initially assessed centrally (by the Rural Projects Officer) and then shared with the West Kent Economic Development Teams for any comments. Once comments are received, the Rural Officer will then make a recommendation for each application to the panel.
16. It is proposed that the Panel should be based on the existing West Kent LEADER ELAG and could consist the following Members:
- Rural Business Representatives
 - Action with Communities in Rural Kent
 - Produced in Kent
 - Kent Downs & High Weald AONBs
 - A Cabinet Member representative from each Local Authority (SDC, TMBC and TWBC)
 - KALC
 - Visit Kent

The panel would consider all the applications and allocate funding from ring-fenced local authority pots accordingly.

Consultation

17. Discussion regarding plans has taken place with Economic Development teams from across the 3 West Kent authorities, as well as wider within the Kent Economic Development Officers group. In addition informal discussion has been held with a range of rural landowners in the District who were supportive of the proposal to create a programme with similarities to the LEADER funding scheme.
18. In addition a focus group with rural and visitor economy businesses was held on 3rd October, the group endorsed the proposals for use of funding to develop rural businesses, feeling that there was an opportunity to develop and grow small rural enterprises and that the proposed funding would enable and support this activity. Consultation has also taken place with ELAG group on 17th October, this group was previously responsible for the allocation of the LEADER funding so their support of this follow on scheme is welcomed. The consultation to date has shown broad agreement for proposals.

Other options Considered and/or rejected

19. The guidance for completing the addendum is clearly set out in the prospectus and accompanying documents. As detailed above the benefits of working with the West Kent Partnership authorities are efficiencies of scale, benefits of promoting a wider area and the precedent from delivery of a successful West Kent Leader programme. The ring fencing of funding to ensure no cross subsidy between Districts would be in place to ensure each District/ Borough uses their full allocation within their area.
20. Within the UKSPF Investment Plan interventions for Sevenoaks District have been highlighted to support rural areas, therefore a West Kent Scheme would ensure a greater reach of support to rural areas in the District in addition to the already proposed actions under UKSPF. If not working on a West Kent level the administration requirements for this Capital rural funding allocation would be greatly increased and with no administrative allowance within the funding would be challenging to resource alongside other commitments within the UKSPF investment plan.

Key Implications

Financial

21. The Scheme is funded through the REPF allocation (£501,308) which is to be profiled across the 2023/24 and 2023/25 financial years as outline in table 3 above. Funding is to be used for capital projects only.
22. To assist with the administration and delivery of the funding programme, the Council will need to appoint a Rural Projects Officer. The additional staffing to administer the scheme will be shared equally with the West Kent Partners and will be funded from the Partnership's existing reserve budget, which has been ring-fenced.
23. The financial management of the allocation under REPF will be subject to regular reporting and monitoring from each Local Authority that has received an allocation therefore financial and performance monitoring will be required.

Legal Implications and Risk Assessment Statement

24. Local authorities will receive a grant determination letter and Memorandum of the Understanding for the UKSPF setting out fund requirements and obligations which will need to be checked for any liabilities or other undertakings required by the Council. As REPF forms an addendum to UKSPF it is expected that this will be covered within these documents.
25. The proposed scheme will include the creation of a grant funding policy with guidance and will need to be in place prior to the scheme launch to ensure all legal and data sharing aspects are agreed by the applicant.

26. Subsidy control measures will need to be carefully considered to ensure grants are distributed fairly and do not distort the market.
27. The Council will operate as accountable body for this scheme, but its liability will be restricted only to the funding pot allocated to the Council. However, as accountable body, the Council will be the employer of the Rural Projects Officer, who will be employed for a two year period.

Risks

28. If the District Council did not proceed to approve the REPF addendum the following risks would need to be considered:
 - a) A missed opportunity to be part of a West Kent wide scheme and a potential delay or failure to utilise Government funds for supporting the levelling up of the rural areas in our District.
 - b) Failing to support local businesses and communities within rural areas to access capital funding to support them in sustainability, recovery and growth.
 - c) Reputational risks with Government, other West Kent local authorities and local stakeholders whereby other Boroughs and Districts deliver successful schemes but Sevenoaks fails to do so.
 - d) The Council, as accountable body, will be responsible for the employment of the Rural Projects Officer.
 - e) The Council will need to ensure it complies with the Subsidy Control Regime and ensure the grant programme is fair, equitable and transparent. It will also need to ensure it complies with document retention policies linked to the fund.

Equality Assessment

29. Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups. The decisions recommended through this paper directly impact on end users. The impact has been analysed and does not vary between groups of people. The results of this analysis are set out immediately below.
30. The application process for this funding will be designed to ensure that grants are distributed equitably and fairly, this will need to be monitored regularly reviewed and reported alongside outcomes and outputs to ensure the process remains equitable for all.

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Net Zero Implications

31. 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 an increase on carbon emissions produced in the district as a result of this decision.
32. The grant scheme will require applicants to consider their environmental impact and state how their proposals will minimise and offset any increase in emissions. This will be considered as part of the application process by the panel and monitored.

Conclusions

33. The report outlines the planned approach to the REPF addendum, which is based on consultation with local rural stakeholders, West Kent neighbouring authorities and is believed to represent the most effective support for businesses and communities within rural areas.

Appendices

None

Background Papers

None

Detlev Munster

Strategic Head of Commercial and Property

TREASURY MANAGEMENT MID-YEAR UPDATE 2022/23

Finance & Investment Advisory Committee - 3 November 2022

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

Status: For Decision

Also considered by:

- Cabinet - 10 November 2022

Key Decision: No

Executive Summary: This report gives details of treasury activity in the first half of the current financial year, recent developments in the financial markets and fulfils the reporting requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management.

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

Recommendations to Finance & Investment Advisory Committee:

That Cabinet be asked to note the Treasury Management Mid-Year Update for 2022/23

Recommendations to Cabinet:

It be RESOLVED that the Treasury Management Mid-Year Update for 2022/23 be noted.

Reason for recommendations: As required by both the Council's Financial Procedure Rules and the CIPFA Code, a mid-year report of treasury management activity is to be presented to Members for approval.

Agenda Item 7

Background

Capital Strategy

- 1 In December 2017, the Chartered Institute of Public Finance and Accountancy (CIPFA) issued revised Prudential and Treasury Management Codes. These require all local authorities to prepare a Capital Strategy which is to provide the following:
 - a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
 - an overview of how the associated risk is managed; and
 - the implications for future financial sustainability
- 2 This Council's capital strategy for 2022/23 was considered by Members at the meeting of the Finance & Investment Advisory Committee on 11 January 2022 (Capital Programme & Asset Maintenance 2022/25 report) and by Cabinet on 10 February 2022 (Budget and Council Tax Setting 2022/23 report).

Treasury management

- 3 The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.
- 4 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 the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 5 Accordingly, treasury management is defined as:

“The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

Introduction

- 6 This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of

Practice on Treasury Management (revised 2017). The primary requirements of the Code are as follows:

- Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities;
- Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives;
- Receipt by the full council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report (stewardship report), covering activities during the previous year;
- Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions; and
- Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is the Finance & Investment Advisory Committee.

In addition, monthly reports from our treasury management advisors, Link Asset Services, are emailed to Members of the Finance & Investment Advisory Committee.

- 7 This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:
- An economic update for the first part of the 2022/23 financial year;
 - Interest rate forecasts;
 - A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
 - The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
 - A review of the Council's investment portfolio for 2022/23;
 - A review of the Council's borrowing strategy for 2022/23; and
 - Any recent treasury management developments.

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Economic update (as at 7 October 2022)

- 8 The second quarter of 2022/23 saw:
- GDP revised upwards in Q1 2022/23 to +0.2% q/q from -0.1%, which means the UK economy has avoided recession for the time being;
 - Signs of economic activity losing momentum as production fell due to rising energy prices;
 - CPI inflation ease to 9.9% y/y in August, having been 9.0% in April, but domestic price pressures showing little sign of abating in the near-term;
 - The unemployment rate fall to a 48-year low of 3.6% due to a large shortfall in labour supply;
 - Bank Rate rise by 100bps over the quarter, taking Bank Rate to 2.25% with further rises to come;
 - Gilt yields surge and sterling fall following the “fiscal event” of the new Prime Minister and Chancellor on 23rd September.
 - The UK economy grew by 0.2% q/q in Q1 2022/23, though revisions to historic data left it below pre-pandemic levels.
- 9 There are signs of higher energy prices creating more persistent downward effects in economic activity. Both industrial production (-0.3% m/m) and construction output (-0.8% m/m) fell in July 2022 for a second month in a row. Although some of this was probably due to the heat wave at the time, manufacturing output fell in some of the most energy intensive sectors (e.g., chemicals), pointing to signs of higher energy prices weighing on production. With the drag on real activity from high inflation having grown in recent months, GDP is at risk of contracting through the autumn and winter months.
- 10 The fall in the composite PMI from 49.6 in August to a 20-month low preliminary reading of 48.4 in September points to a fall in GDP of around 0.2% q/q in Q3 and consumer confidence is at a record low. Retail sales volumes fell by 1.6% m/m in August, which was the ninth fall in 10 months. That left sales volumes in August just 0.5% above their pre-Covid level and 3.3% below their level at the start of the year. There are also signs that households are spending their excess savings in response to high prices. Indeed, cash in households’ bank accounts rose by £3.2bn in August, which was below the £3.9bn rise in July and much smaller than the 2019 average monthly rate of £4.6bn.
- 11 The labour market remained exceptionally tight. Data for July and August provided further evidence that the weaker economy is leading to a cooling in labour demand. Labour Force Survey (LFS) employment rose by 40,000 in the three months to July (the smallest rise since February). But a renewed

rise in inactivity of 154,000 over the same period meant that the unemployment rate fell from 3.8% in June to a new 48-year low of 3.6%. The single-month data showed that inactivity rose by 354,000 in July itself and there are now 904,000 more inactive people aged 16+ compared to before the pandemic in February 2020. The number of vacancies has started to level off from recent record highs but there have been few signs of a slowing in the upward momentum on wage growth. Indeed, in July, the 3my/y rate of average earnings growth rose from 5.2% in June to 5.5%.

- 12 CPI inflation eased from 10.1% in July to 9.9% in August, though inflation has not peaked yet. The easing in August was mainly due to a decline in fuel prices reducing fuel inflation from 43.7% to 32.1%. And with the oil price now just below \$90pb, we would expect to see fuel prices fall further in the coming months.
- 13 However, utility price inflation is expected to add 0.7% to CPI inflation in October when the Ofgem unit price cap increases to, typically, £2,500 per household (prior to any benefit payments). But, as the government has frozen utility prices at that level for two years, energy price inflation will fall sharply after October and have a big downward influence on CPI inflation.
- 14 Nonetheless, the rise in services CPI inflation from 5.7% y/y in July to a 30-year high of 5.9% y/y in August suggests that domestic price pressures are showing little sign of abating. A lot of that is being driven by the tight labour market and strong wage growth. CPI inflation is expected to peak close to 10.4% in November and, with the supply of workers set to remain unusually low, the tight labour market will keep underlying inflationary pressures strong until early next year.
- 15 During H1 2022, there has been a change of both Prime Minister and Chancellor. The new team (Liz Truss and Kwasi Kwarteng) have made a step change in government policy. The government's huge fiscal loosening from its proposed significant tax cuts will add to existing domestic inflationary pressures and will potentially leave a legacy of higher interest rates and public debt. Whilst the government's utility price freeze, which could cost up to £150bn (5.7% of GDP) over 2 years, will reduce peak inflation from 14.5% in January next year to 10.4% in November this year, the long list of tax measures announced at the "fiscal event" adds up to a loosening in fiscal policy relative to the previous government's plans of £44.8bn (1.8% of GDP) by 2026/27. These included the reversal of April's national insurance tax on 6th November, the cut in the basic rate of income tax from 20p to 19p in April 2023, the cancellation of next April's corporation tax rise, the cut to stamp duty and the removal of the 45p tax rate, although the 45p tax rate cut announcement has already been reversed.
- 16 Fears that the government has no fiscal anchor on the back of these announcements has meant that the pound has weakened again, adding further upward pressure to interest rates. Whilst the pound fell to a record low of \$1.035 on the Monday following the government's "fiscal event", it

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has since recovered to around \$1.12. That is due to hopes that the Bank of England will deliver a very big rise in interest rates at the policy meeting on 3rd November and the government will lay out a credible medium-term plan in the near term. This was originally expected as part of the fiscal statement on 23rd November but has subsequently been moved forward to an expected release date in October. Nevertheless, with concerns over a global recession growing, there are downside risks to the pound.

- 17 The MPC has now increased interest rates seven times in as many meetings in 2022 and has raised rates to their highest level since the Global Financial Crisis. Even so, coming after the Fed and ECB raised rates by 75 basis points (bps) in their most recent meetings, the Bank of England's latest 50 basis points hike looks relatively dovish. However, the UK's status as a large importer of commodities, which have jumped in price, means that households in the UK are now facing a much larger squeeze on their real incomes.
- 18 Since the fiscal event on 23rd September, we now expect the Monetary Policy Committee (MPC) to increase interest rates further and faster, from 2.25% currently to a peak of 5.00% in February 2023. The combination of the government's fiscal loosening, the tight labour market and sticky inflation expectations means we expect the MPC to raise interest rates by 100bps at the policy meetings in November (to 3.25%) and 75 basis points in December (to 4%) followed by further 50 basis point hikes in February and March (to 5.00%). Market expectations for what the MPC will do are volatile. If Bank Rate climbs to these levels the housing market looks very vulnerable, which is one reason why the peak in our forecast is lower than the peak of 5.50% - 5.75% priced into the financial markets at present.
- 19 Throughout 2022/23, gilt yields have been on an upward trend. They were initially caught up in the global surge in bond yields triggered by the surprisingly strong rise in CPI inflation in the US in May. The rises in two-year gilt yields (to a peak of 2.37% on 21st June) and 10-year yields (to a peak of 2.62%) took them to their highest level since 2008 and 2014 respectively. However, the upward trend was exceptionally sharply at the end of September as investors demanded a higher risk premium and expected faster and higher interest rate rises to offset the government's extraordinary fiscal stimulus plans. The 30-year gilt yield rose from 3.60% to 5.10% following the "fiscal event", which threatened financial stability by forcing pension funds to sell assets into a falling market to meet cash collateral requirements. In response, the Bank did two things. First, it postponed its plans to start selling some of its quantitative easing (QE) gilt holdings until 31st October. Second, it committed to buy up to £65bn of long-term gilts to "restore orderly market conditions" until 14th October. In other words, the Bank is restarting QE, although for financial stability reasons rather than monetary policy reasons.
- 20 Since the Bank's announcement on 28th September, the 30-year gilt yield has fallen back from 5.10% to 3.83%. The 2-year gilt yield dropped from 4.70% to 4.30% and the 10-year yield fell back from 4.55% to 4.09%.

- 21 There is a possibility that the Bank continues with QE at the long-end beyond 14th October or it decides to delay quantitative tightening beyond 31st October, even as it raises interest rates. So far at least, investors seem to have taken the Bank at its word that this is not a change in the direction of monetary policy nor a step towards monetary financing of the government’s deficit. But instead, that it is a temporary intervention with financial stability in mind.
- 22 After a shaky start to the year, the S&P 500 and FTSE 100 climbed in the first half of Q2 2022/23 before falling to their lowest levels since November 2020 and July 2021 respectively. The S&P 500 is 7.2% below its level at the start of the quarter, whilst the FTSE 100 is 5.2% below it as the fall in the pound has boosted the value of overseas earnings in the index. The decline has, in part, been driven by the rise in global real yields and the resulting downward pressure on equity valuations as well as concerns over economic growth leading to a deterioration in investor risk appetite.

Interest rate forecasts (as at 7 October 2022)

- 23 The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012.
- 24 The latest forecast on 27th September sets out a view that both short and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy, whilst the government is providing a package of fiscal loosening to try and protect households and businesses from the ravages of ultra-high wholesale gas and electricity prices.
- 25 The increase in PWLB rates reflects a broad sell-off in sovereign bonds internationally but more so the disaffection investors have with the position of the UK public finances after September’s “fiscal event”. To that end, the MPC has tightened short-term interest rates with a view to trying to slow the economy sufficiently to keep the secondary effects of inflation - as measured by wage rises - under control, but its job is that much harder now.

Link Group Interest Rate View		27.09.22										
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
BANK RATE	4.00	5.00	5.00	5.00	4.50	4.00	3.75	3.25	3.00	2.75	2.75	2.50
3 month ave earnings	4.50	5.00	5.00	5.00	4.50	4.00	3.80	3.30	3.00	2.80	2.80	2.50
6 month ave earnings	4.70	5.20	5.10	5.00	4.60	4.10	3.90	3.40	3.10	3.00	2.90	2.60
12 month ave earnings	5.30	5.30	5.20	5.00	4.70	4.20	4.00	3.50	3.20	3.10	3.00	2.70
5 yr PWLB	5.00	4.90	4.70	4.50	4.20	3.90	3.70	3.50	3.40	3.30	3.20	3.20
10 yr PWLB	4.90	4.70	4.60	4.30	4.10	3.80	3.60	3.50	3.40	3.30	3.20	3.20
25 yr PWLB	5.10	4.90	4.80	4.50	4.30	4.10	3.90	3.70	3.60	3.60	3.50	3.40
50 yr PWLB	4.80	4.60	4.50	4.20	4.00	3.80	3.60	3.40	3.30	3.30	3.20	3.10

Treasury Management Strategy and Annual Investment Strategy update

- 26 The Treasury Management Strategy Statement (TMSS) and Prudential Indicators for 2022/23 were approved by the Council on 22 February 2022. There are no policy changes to the TMSS thus far and the details in this report merely update the position in the light of the updated economic position.

The Council's Capital Position (Prudential Indicators)

- 8 This part of the report is structured to update:
- The Council's capital expenditure plans;
 - How these plans are being financed;
 - The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
 - Compliance with the limits in place for borrowing activity

Prudential Indicator for Capital Expenditure

- 27 This table shows the revised estimates for capital expenditure and the changes since the capital programme was agreed at the Budget.

Capital expenditure by Directorate	2022/23 Original Estimate £m	Current Position £m	2022/23 Revised Estimate £m
People and Places	8.510	5.950	16.554
Finance and Trading	1.710	0.899	2.060
Total	10.220	6.849	18.614

The increase in People and Places is due to newly approved strategic property developments. The increase in Finance and Trading is due to the approval of the Operational Development Programme.

Changes to the Financing of the Capital Programme

- 28 The table below draws together the main strategy elements of the capital expenditure plans highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements of this capital expenditure. The borrowing element of the

table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

Capital Expenditure	2022/23 Original Estimate £m	2022/23 Revised Estimate £m
Total capital expenditure	10.220	18.614
Financed by:		
Capital receipts	5.940	14.334
Capital grants	2.618	2.618
Capital reserves	0.612	0.612
Revenue	0.00	0.00
Total Financing	9.170	17.564
Borrowing requirement	1.050	1.050

Changes to the Prudential Indicators for the Capital Financing Requirement (CFR), External Debt and the Operational Boundary.

29 The table below shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. It also shows the expected debt position over the period, which is termed the Operational Boundary.

Prudential Indicator - Capital Financing Requirement

30 We are on target to achieve the original forecast Capital Financing Requirement.

Prudential Indicator - the Operational Boundary for external debt

	2022/23 Original Estimate £m	2022/23 Revised Estimate £m
CFR	43.708	43.708
Net movement in CFR	0.764	0.764
Borrowing	30.000	30.000
Other long term liabilities*	2.275	2.275
Total debt (year end position)		

Limits to Borrowing Activity

31 The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose*. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2022/23 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent.

	2022/23 Original Estimate £m	Current Position £m	2022/23 Revised Estimate £m
Borrowing	13.583	12.533	13.583
Other long term liabilities*	2.275	2.275	2.275
Total debt	15.858	14.808	15.858
CFR* (year end position)	43.708		43.708

32 A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

Authorised limit for external debt	2022/23 Original Indicator	Current Position	2022/23 Revised Indicator
Borrowing	35.000	12.533	35.000
Other long term liabilities*	2.275	2.275	2.275
Total	37.275	14.808	37.275

Borrowing

33 The Council’s capital financing requirement (CFR) for 2022/23 is £43.708m. The CFR denotes the Council’s underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing), or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. The Council has borrowings of £12.533m and has utilised £26.362m of cash flow funds in lieu of borrowing. This is a prudent and cost-effective approach in the current economic climate but will require ongoing monitoring in the event that any upside risk to gilt yields prevails.

34 Due to the overall financial position and the underlying need to borrow for capital purposes (the CFR), new external borrowing of £8m was undertaken during 21/22. The capital programme is being kept under regular review due to the effects of inflationary pressures, shortages of materials and labour. Our borrowing strategy will, therefore, also be regularly reviewed and then revised, if necessary, in order to achieve optimum value and risk exposure in the long-term.

35 It is anticipated that further borrowing will be undertaken during this financial year.

PWLB maturity certainty rates (gilts plus 80bps) year to date to 30th September 2022

36 Gilt yields and PWLB rates were on a generally rising trend throughout H1 2022, the exception being a short rally in gilts in July/August. However, they rose exceptionally sharply towards the end of September.

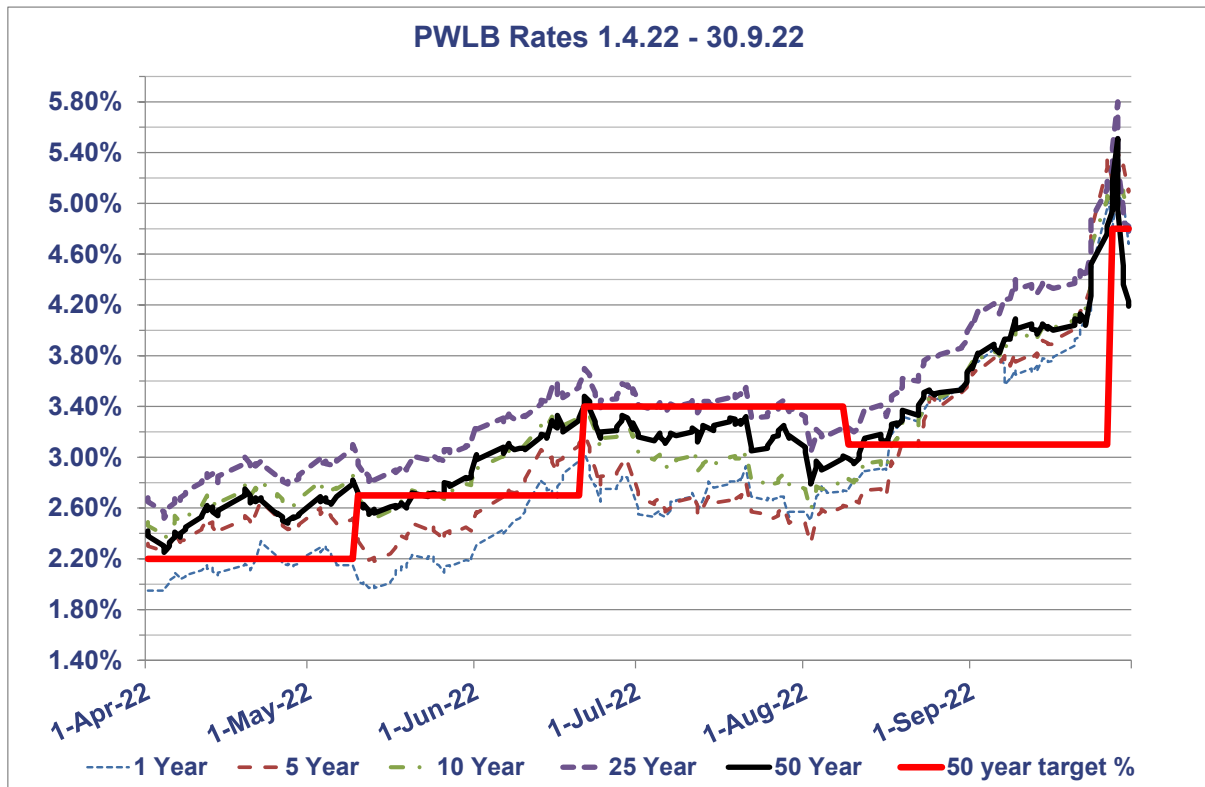
37 The 50-year PWLB target certainty rate for new long-term borrowing started 2022/23 at 2.20% and finished the half year at 4.80%, albeit we forecast rates to fall back to 3.10% by the end of September 2025.

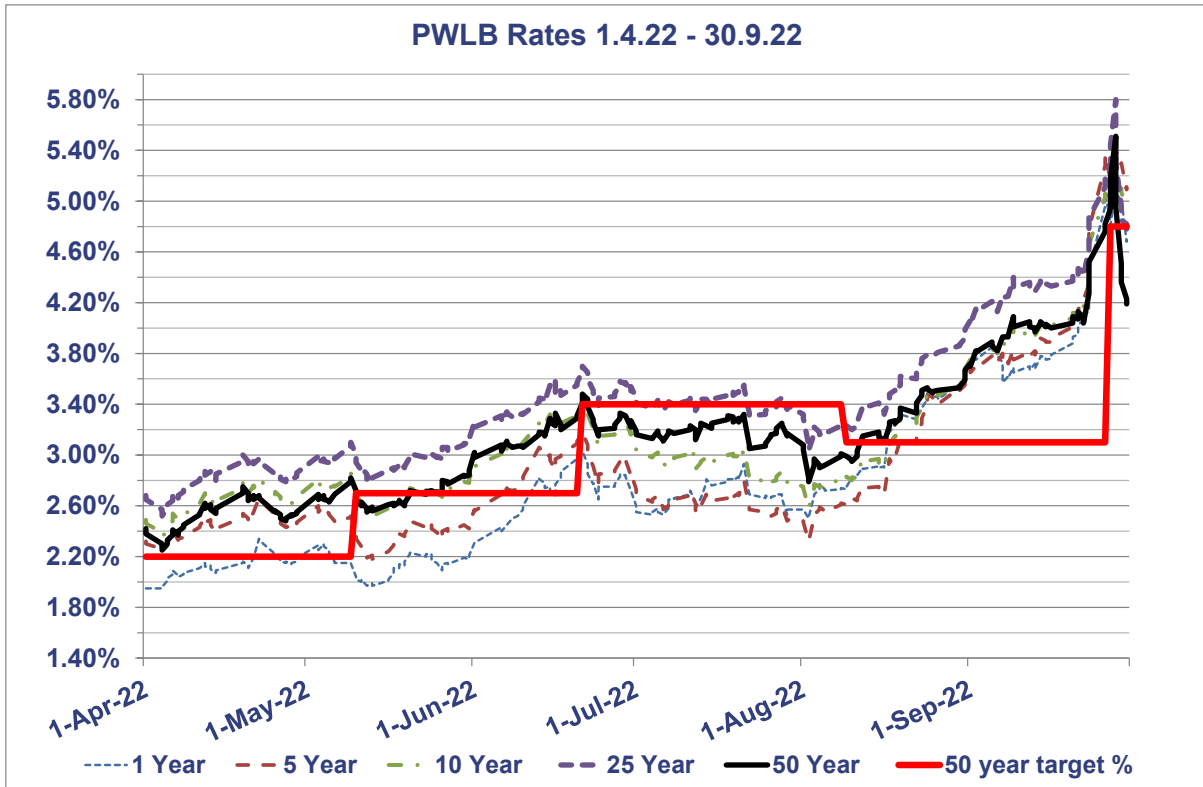
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PWLB maturity certainty rates year to date to 30th September 2022

- 38 Gilt yields and PWLB rates were on a rising trend between 1st April and 30th September.
- 39 The 50-year PWLB target certainty rate for new long-term borrowing started 2022/23 at 2.20% before increasing to 4.80% in September. (Please note, however, that we see PWLB rates trending downwards through 2023 and 2024.)

PWLB RATES 01.04.22 - 30.09.22





HIGH/LOW/AVERAGE PWLB RATES FOR 01.04.22 - 30.09.22

	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%

- The current PWLB rates are set as margins over gilt yields as follows: -.
 - PWLB Standard Rate is gilt plus 100 basis points (G+100bps)
 - PWLB Certainty Rate is gilt plus 80 basis points (G+80bps)
 - Local Infrastructure Rate is gilt plus 60bps (G+60bps)

Debt Rescheduling

40 Debt rescheduling opportunities have been very limited in the current economic climate and following the various increases in the margins added to gilt yields which have impacted PWLB new borrowing rates since October 2010. No debt rescheduling has therefore been undertaken to date in the current financial year. However, now that the whole of the yield curve has shifted higher there may be better opportunities in the future, although only prudent and affordable debt rescheduling will be considered.

Compliance with Treasury and Prudential Limits

- 41 It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the half year ended 30th September 2022, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2022/23. The Director of Finance reports that no difficulties are envisaged for the current or future years in complying with these indicators.

Annual Investment Strategy

- 42 The Treasury Management Strategy Statement (TMSS) for 2022/23, which includes the Annual Investment Strategy, was approved by the Council on 22nd February 2022. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council's investment priorities as being:
- Security of capital
 - Liquidity
 - Yield
- 43 The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit rated financial institutions, using the Link suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information.

Creditworthiness.

- 44 Following the Government's fiscal event on 23rd September, both S&P and Fitch have placed the UK sovereign debt rating on Negative Outlook, reflecting a downside bias to the current ratings in light of expectations of weaker finances and the economic outlook.

Investment Counterparty criteria

- 45 The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function

CDS prices

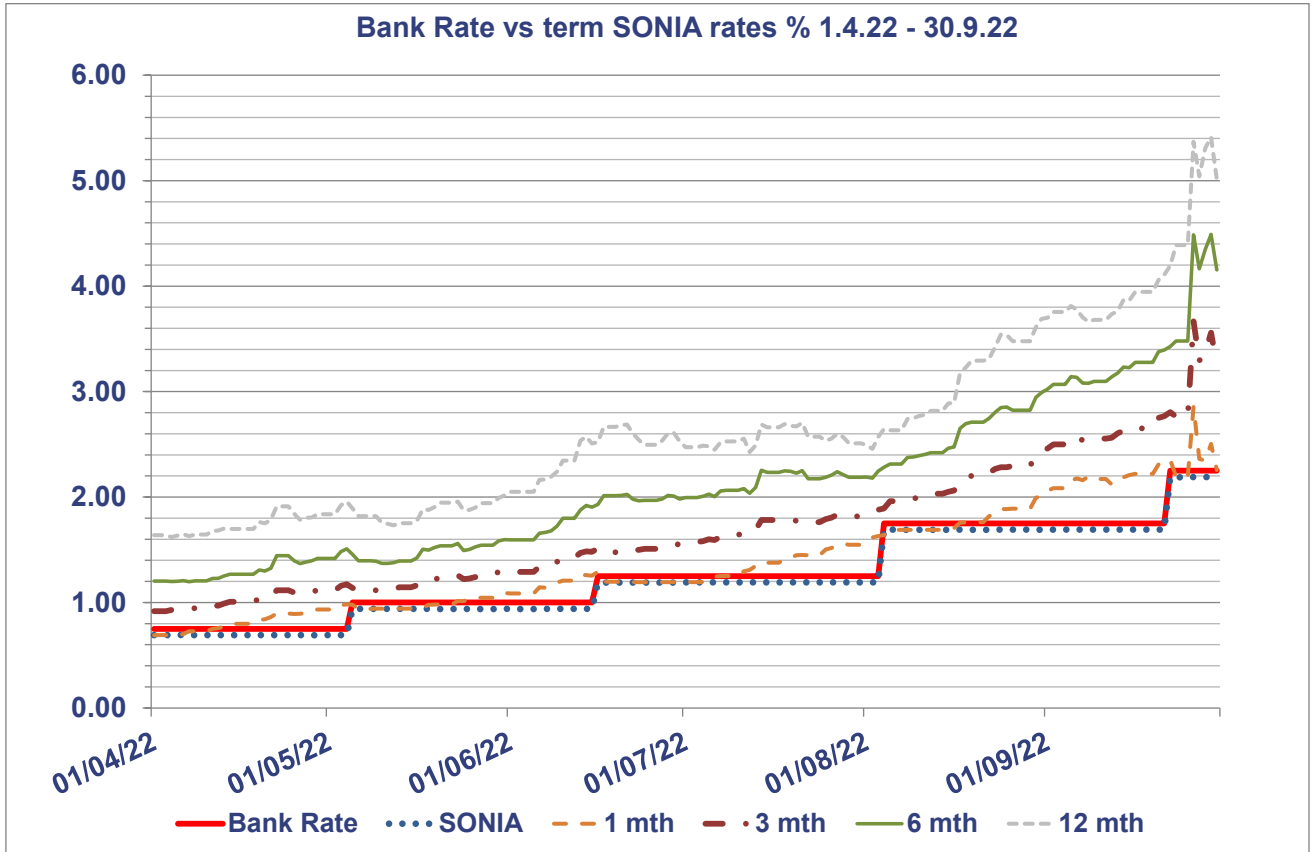
- 46 It is noted that sentiment in the current economic climate can easily shift, so it remains important to undertake continual monitoring of all aspects of risk and return in the current circumstances.

Investment balances

- 47 The average level of funds available for investment purposes during the first half of the financial year was £15.917m. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the capital

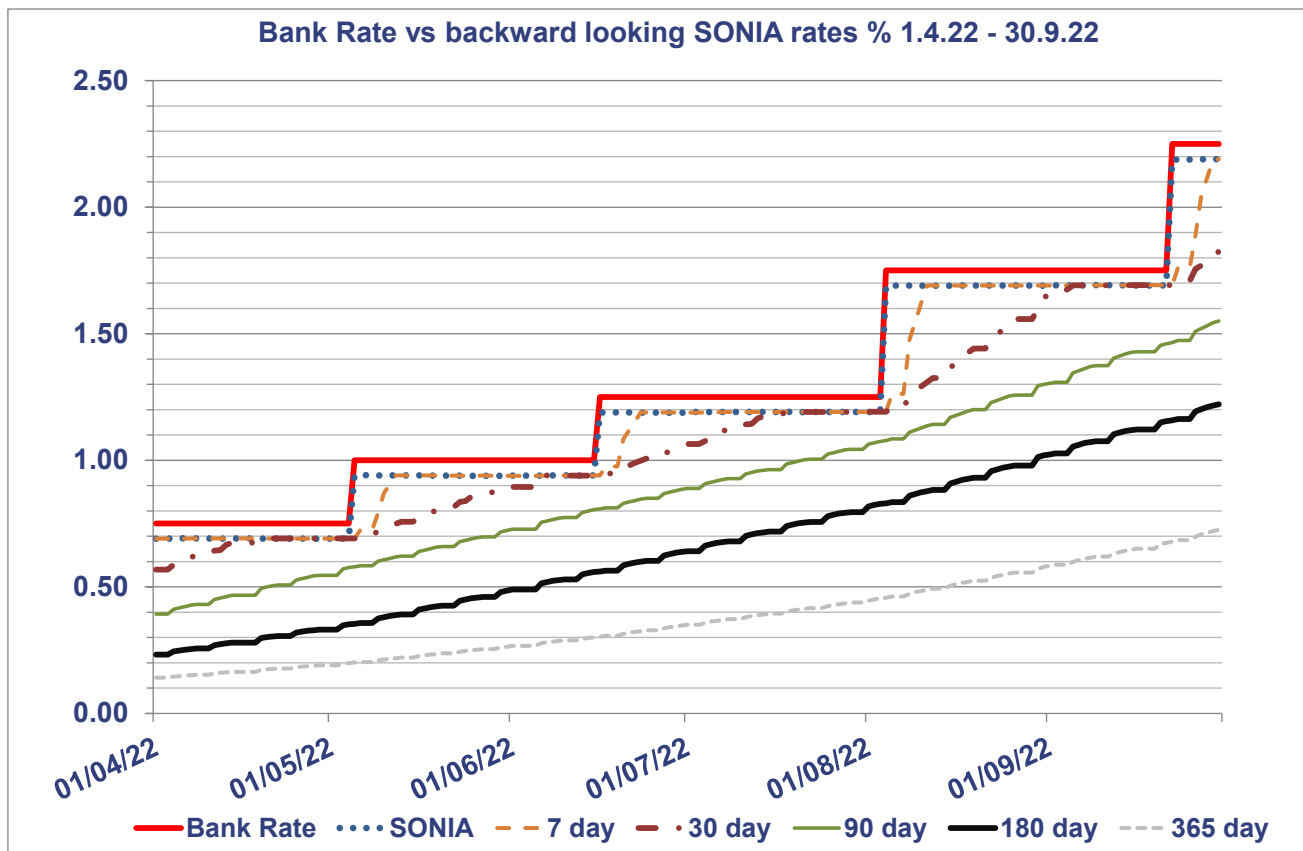
programme. In addition the Council has invested £5.000m core cash balances in Multi Asset Income Funds (MAIF) for a 5 year period.

Investment performance year to date as of 30th September 2022



QUARTER ENDED 30/9/2022						
	Bank Rate	SONIA	1 mth	3 mth	6 mth	12 mth
High	2.25	2.19	2.86	3.67	4.49	5.41
High Date	22/09/2022	30/09/2022	26/09/2022	26/09/2022	29/09/2022	29/09/2022
Low	0.75	0.69	0.69	0.92	1.20	1.62
Low Date	01/04/2022	28/04/2022	01/04/2022	01/04/2022	07/04/2022	04/04/2022
Average	1.28	1.22	1.39	1.70	2.12	2.62
Spread	1.50	1.50	2.17	2.75	3.29	3.79

The table above, for completeness, covers both the first and second quarters of 2022/23.



QUARTER ENDED 30/9/2022							
	Bank Rate	SONIA	7 day	30 day	90 day	180 day	365 day
High	2.25	2.19	2.19	1.82	1.55	1.22	0.73
High Date	22/09/2022	30/09/2022	30/09/2022	30/09/2022	30/09/2022	30/09/2022	30/09/2022
Low	0.75	0.69	0.69	0.57	0.39	0.23	0.14
Low Date	01/04/2022	28/04/2022	29/04/2022	01/04/2022	01/04/2022	01/04/2022	01/04/2022
Average	1.28	1.22	1.19	1.11	0.91	0.67	0.37
Spread	1.50	1.50	1.50	1.26	1.16	0.99	0.58

The table above, for completeness, covers both the first and second quarters of 2022/23.

Investment performance year to date as of 30th September 2022

48 The Council’s budgeted investment return for 2022/23 is £188,000 and performance for the year to date is £102,667 above budget.

49 The Council held £16.586m of investments as at 30 September 2022 (£16.673m at 31 March 2022) and the investment portfolio yield for the first six months of the year is 1.0225% against 7 Day and 3 Month SONIA benchmarks of 1.1933% and 0.9183% respectively. A full list of investments held as at 30 September 2022 appears in Appendix A.

Fund investments

50 During the period the Council invested £5.000m into Multi-Asset Income Funds (MAIFs). These are 5 year investments and the amount invested can be subject to changes in valuation of the principal, which may result in a capital loss or capital gain. The current performance is shown in the table below.

Fund Name	Principal Invested £m	Current Valuation £m	Interest Received to 30 September 2022 £m
Aegon Asset Management	2.500	2.195	0.033
Artemis	2.500	2.307	0.063
Total	5.000	4.502	0.096

Approved limits

51 Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the period ended 30th September 2022.

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 annual review 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. However, this particular report has no specific risk implications as it is not proposing any new actions, but merely reporting performance over the last six months.

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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 overall return on the Council's investments up to the end of September 2022 is above budget and the over-recovery is forecast to increase further by the end of the financial year.

The percentage yield on the portfolio is 1.022%, however, as previously noted, inflation has historically outpaced investment returns and attempts are being made to address this.

The economic situation both globally and within the Eurozone remains volatile, and this will have consequences for the UK economy. Treasury management in the current and recent financial years has been conducted against this background and with a cautious investment approach.

Appendices

Appendix A - Investment Portfolio at 30th September 2022

Appendix B - Investment returns vs RPI/CPI

Appendix C - Summary of MAIF Selection Process

Background Papers

[Treasury Management Strategy for 2022/23 - Council 22 February 2022](#)

Adrian Rowbotham

Deputy Chief Executive and Chief Officer - Finance & Trading

SEVENOAKS DISTRICT COUNCIL

List of Investments as at:- 30-Sep-22

Reference	Name	Rating	Country	Group	Amount	Start Date	Comm Rate	End Date	Curr Rate	Terms	Broker
Treasury Investments											
	Barclays Bank plc (Business Premium A/C)	A+	U.K.		686,000	01-Oct-11			0.20000%	Variable	Direct
	Svenska Handelsbanken AB (Deposit A/C)	AA	Sweden		0	23-Jul-14			0.00000%	Variable	Direct
	Svenska Handelsbanken AB (35 Day Notice A/C)	AA	Sweden		0	01-Sep-16			0.24000%	Variable	Direct
	Aberdeen Standard Liquidity Fund (Money Market Fund)	AAA	U.K.		2,000,000	11-May-12				Variable	Direct
	Insight Liquidity Fund (Money Market Fund)	AAA	U.K.		100,000	11-May-12				Variable	Direct
	BlackRock Liquidity Fund (Money Market Fund)	AAA	U.K.		100,000	13-Oct-16				Variable	Direct
	CCLA Public Sector Deposit Fund (Money Market Fund)	AAA	U.K.		2,700,000	08-Oct-18				Variable	Direct
IP1443	Close Brothers Ltd	A-	U.K.		3,000,000	29-Apr-22	1.30000%	31-Oct-22		6 Months	Tradition
IP1445	Newcastle Building Society		U.K.		3,000,000	22-Sep-22	2.85000%	22-Feb-23		5 Months	Tradition
	Total Invested				<u>11,586,000</u>						
Multi Asset Income Funds											
	Artemis Fund Managers Ltd		U.K.		2,500,000	16-May-22					Direct
	Aegon Asset Management UK PLC		U.K.		2,500,000	20-May-22					Direct
	Total Invested				<u>5,000,000</u>						
Other Loans											
	Sevenoaks Leisure Limited				503,375	02-Mar-18	6.00000%	02-Mar-28		10 Years	Direct
	Quercus 7 Limited - Long term loan				4,118,494		4.69000%				
	Quercus 7 Limited - Working capital loan				242,500		2.75000%				
	Quercus Housing Limited - Long term loan				0		4.69000%				
	Quercus Housing Limited - Working capital loan				82,500		2.75000%				

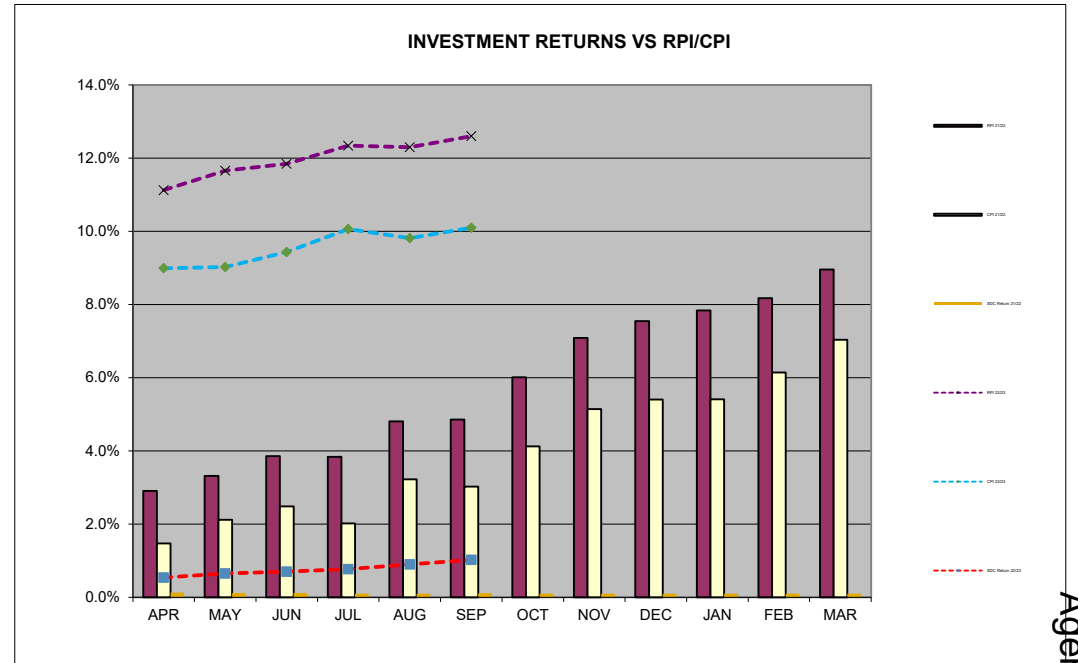
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RPI & CPI Comparison

INVESTMENT RETURNS VS RPI/CPI

	RPI 21/22	CPI 21/22	SDC Return 21/22	RPI 22/23	CPI 22/23	SDC Return 22/23
APR	2.9%	1.5%	0.1%	11.1%	9.0%	0.5%
MAY	3.3%	2.1%	0.1%	11.7%	9.0%	0.7%
JUN	3.9%	2.5%	0.1%	11.8%	9.4%	0.7%
JUL	3.8%	2.0%	0.1%	12.3%	10.1%	0.8%
AUG	4.8%	3.2%	0.1%	12.3%	9.8%	0.9%
SEP	4.9%	3.0%	0.1%	12.6%	10.1%	1.0%
OCT	6.0%	4.1%	0.1%			
NOV	7.1%	5.1%	0.1%			
DEC	7.5%	5.4%	0.1%			
JAN	7.8%	5.4%	0.1%			
FEB	8.2%	6.1%	0.1%			
MAR	9.0%	7.0%	0.1%			

N.B. RPI/CPI data is not available until around the 20th of the following month



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Outline of selection process for Multi Asset Income Fund managers

March/April 2022

- 1) Link Group appointed to initiate/oversee the selection process in December 2021.
- 2) Initial meeting with Dan Willson at Link Group on 7/2/2022. A long list of fund managers was agreed upon based around a minimum fund size of £500m. This resulted in 9 funds being deemed appropriate. We also added the Handelsbanken offering, which was not in Link's list, because they are local to us and we have an existing relationship with them. Anticipated timetable:-

Responses to Link's questionnaire from fund managers by 4/3/22

Link's analysis of responses completed by 18/3/22

Meeting to draw up short list in week commencing 21/3/22

Presentations in week commencing 28/3/22. To be conducted over Zoom/Teams with Cllr attendance.
- 3) Link Group supplied documents summarising the fund managers' submissions on 18/3/22.
- 4) At SDC's request, Link Group asked the selected fund managers about their exposure to Russia.
- 5) A meeting was held with Link on 7/4/2022 to determine a short list of suitable fund managers from the long list. Cllrs Dickins and Grint were invited but were unable to attend. Four funds were shortlisted based on the following:-
 - a) Asset size.
 - b) Best on Net Return Performance as at YTD December 2021 (as in Figure 2.01 of Link's Statistical Analysis document), but also recognising the capital growth achieved.
 - c) BlackRock being an existing Money Market Fund supplier.
 - d) Evidence of the fund having existing local authority clients.
 - e) There was little to choose between M&G & RLAM for the fourth spot, but M&G were chosen because of their superior income returns.
- 6) The four selected fund managers were invited to give presentations via Teams on 25/4/2022. Each was allocated a time slot of one hour, with approximately 25 minutes for their presentation and the remainder for Q&As. Link Group provided a list of suggested questions for fund managers if they hadn't already been addressed in their presentations. This meeting was attended by Adrian Rowbotham, Alan Mitchell, Roy Parsons and Cllrs Dickins, Grint & McGarvey on the SDC side with support from Dan Willson, Richard Bason & Zoe Lawton from Link Group.

Agenda Item 7

- a) All the presentations were well received, but M&G's overran to 40 minutes and only ended when the presenter lost his Teams link.
 - b) A wrap-up session was held after the presentations were complete and the unanimous view was that Artemis and Aegon were the preferred fund managers. This was based on their presentations and the supporting documentation they had provided.
 - c) It was agreed to split the £5m investment equally between the two funds.
- 7) Aegon provided a reference point for one of their other local authority clients. Subsequent to the presentations, Roy Parsons spoke with Catherine Bailey at Dartford BC:-
- a) Dartford were satisfied with the set-up procedure for the account and with the service they receive from Aegon.
 - b) They have £5m invested in the fund.
 - c) Income return in 2021/22 was 4.92%.
 - d) The capital value of their units in the fund was down by 0.3% at 31/3/22, but this varies during the year and, at times, it was up.
 - e) The returns were good last year, but not quite so good for this year so far.
 - f) They also have funds with Ninety One (part of Investec), who were on our long list and Aegon have performed better than them.
- 8) Artemis also offered a reference point who were contacted.

FINANCIAL PERFORMANCE INDICATORS 2022/23 - TO THE END OF SEPTEMBER 2022

Finance & Investment Advisory Committee - 3 November 2022

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

Status: For Consideration

Key Decision: No

Executive Summary: This report sets out the internally agreed Financial Performance Indicators

This report support the Key Aim of: effective management of the Council's resources.

Portfolio Holder: Cllr. Matthew Dickins

Contact Officers: Alan Mitchell, Ext.7483

Adrian Rowbotham Ext. 7153

Recommendation to Finance & Investment Committee:

- a) That the report be noted

Reason for recommendation:

This recommendation supports the sound control of the Councils finances

Agenda Item 8

Introduction and Background

- 1 This report presents figures on nine internally set performance indicators covering activities that support information provided in the regular financial monitoring statements.
- 2 Information is provided on targets for the financial year.
- 3 Use of these indicators assists management in highlighting areas where performance has an impact on the financial outturn for the authority.

Key Implications

Financial

None.

Legal Implications and Risk Assessment Statement.

There are no legal or human rights issues.

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.

Appendices




Appendix A - Performance Indicators


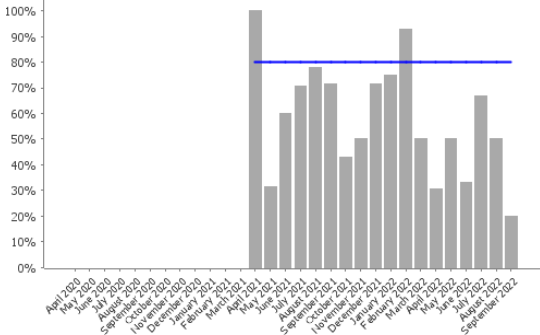

Background Papers

None

Adrian Rowbotham, Deputy Chief Executive and Chief Officer - Finance and Trading


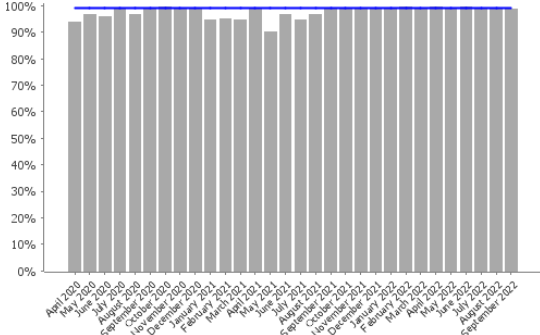


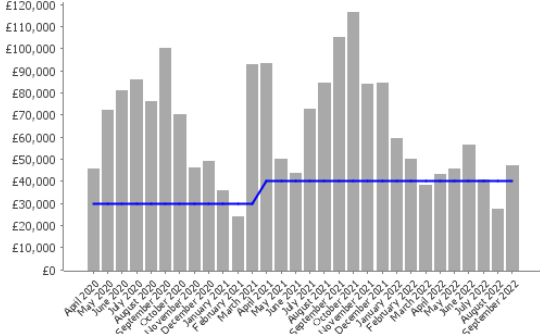

Finance & Investment Advisory Committee - Performance report

Status	Colour	Details
	Green	At or above target
	Amber	Less than 10% below target
	Red	10% or more below target

Code	Description	Current Value	Current Target	Current Status	Performance Chart	Year to Date Value 2022/23	Year to Date Target 2022/23	Year to Date Status	Commentary
LPI_A UL1	Sevenoaks: Audit actions fully implemented within agreed timescales	20%	80%			43.48%	80%		This KPI is set using expected delivery however where those actions are delayed they show an achievement compared to target. Internal Audit are working with SMT to implement robust deadlines for 'High' and 'Medium' priority actions

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Code	Description	Current Value	Current Target	Current Status	Performance Chart	Year to Date Value 2022/23	Year to Date Target 2022/23	Year to Date Status	Commentary
LPI_B R 04	The percentage of business rates collected in-year (Cumulative)	59.6%	56%	✔		59.6%	56%	✔	
LPI_C T 04	The percentage of council tax collected in-year (cumulative)	58.1%	57%	✔		58.1%	57%	✔	

Code	Description	Current Value	Current Target	Current Status	Performance Chart	Year to Date Value 2022/23	Year to Date Target 2022/23	Year to Date Status	Commentary
LPI_FS 001	The percentage of undisputed invoices paid within 30 days or agreed terms	98.84%	99%			99.22%	99%		
Page 410 LPI_FS 003	Sundry debts outstanding more than 60 days	£47,213	£40,000			£47,213	£40,000		There are a few higher value debts that are taking time to resolve. These are being actively managed

Code	Description	Current Value	Current Target	Current Status	Performance Chart	Year to Date Value 2022/23	Year to Date Target 2022/23	Year to Date Status	Commentary
LPI_H B 02	Average number of days to process a new claim for Housing Benefit (Monthly)	20	22	✔		17	22	✔	
LPI_H B 04	Average number of days to process a change in circumstances for Housing Benefit (monthly)	8	8	✔		7	8	✔	

Code	Description	Current Value	Current Target	Current Status	Performance Chart	Year to Date Value 2022/23	Year to Date Target 2022/23	Year to Date Status	Commentary
TM FS 01	Treasury Management - Actual vs Budget + Forecast	£83,430	£76,763	🟢		£83,430	£76,763	🟢	
TM FS 02	Treasury Management - Investment returns vs RPI vs CPI	1%	10%	🔴		1%	10%	🔴	Low rates of return and utilisation of cash resource to fund investment acquisitions and capital programme have led to low returns. SDC has just started using Multi-asset investment funds which will improve future returns. Due to the unusually high levels of RPI and CPI currently the inflationary target is not achievable.

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FINANCIAL MONITORING 2023/23 - TO THE END OF SEPTEMBER 2022

Finance and Investment Advisory Committee - 3 November 2022

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

Status: For Consideration

Also considered by: Cabinet - 10 November 2022

Key Decision: No

Executive Summary:

The economic consequences of the recent pandemic, alongside other global events, has seen inflation rise to a thirty-year high, with households across the district feeling the effects of a rise in the cost of living. Sevenoaks District Council is not immune to these economic pressures both in terms higher costs but also higher demand on its services.

During the pandemic, the financial strength and flexibility afforded by the Council's still unique rolling ten year budget meant that the Council was able to take sound financial decisions to minimise the impact as much as possible. This means the authority remains in a far stronger position than much of the rest of local government.

This report updates Members on the authority's forecast financial position and sets out measures proposed to address the challenges being faced.

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

Portfolio Holder: Cllr. Matthew Dickins

Contact Officers: Alan Mitchell, Ext. 7483

Adrian Rowbotham, Ext. 7153

Recommendation to Finance and Investment Advisory Committee:

- a) That the report be noted, and any comments be forwarded to Cabinet

Recommendation to Cabinet:

- a) Cabinet considers any comments from Finance and Investment Advisory Committee and notes the report.

Reason for recommendation:

Sound financial governance of the Council.

It is important that Members and officers alike should continue to be mindful of those areas in which risks and opportunities may arise so the Council can continue to thrive financially and, in so doing, deliver valued services for the district's residents, such as its trademark weekly rubbish and recycling collection. Indeed, this approach was recognised and praised in the recent independent LGA Corporate Peer Challenge.

Introduction and Background

- 1 At the September meeting of the Finance and Investment Advisory Committee the July revenue monitoring was presented and that showed an unfavourable variance of £572,000.
- 2 Since that report significant progress has been made to identify in year savings as well as refinement of the March 2023 forecast position so that the September forecast has reduced to an unfavourable variance of £153,000. Officers continue to work on solutions to resolve the current forecasted unfavourable position.
- 3 The national pay negotiations has seen a final offer for 2022/23, thus affording greater certainty to our financial planning. Details of the award and the agreed course of action are set out below.
- 4 Meanwhile, the other areas of noteworthy potential financial impact remain broadly the same, as do their likelihood, impact and proposed remedies.

Staff Pay Costs

- 5 The National Employers for local government services made a final offer for 2022/23 of £1,925 per person. 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 £600,000 above the budgeted assumption. (Note this is not included in the forecast variance in the attached appendices).
- 6 It is proposed that in the interests of prudent financial management this be considered as two costs: the mid-year expense and the separate ongoing commitment in future years.
- 7 It was agreed in September that the funding of this pay award be treated at two separate requirements. First, offsetting the increase in staff costs with any net surplus that may arise from our membership of the Kent and Medway Business Rates Pool - based on previous years, this is estimated to be £250,000. Second, drawing the balance from the Budget Stabilisation Reserve.
- 8 Both steps are consistent with the principles which govern the use of the funds since, in the case of the former, the receipts are ordinarily treated as a windfall and therefore committed to reserves to meet future expenditure and, with the latter, the Budget Stabilisation Reserve's purpose is to assist in smoothing out peaks and troughs over the course of the ten year budget period.
- 9 Furthermore, to ensure there is no long term impact on the Budget Stabilisation Reserve, it was proposed that a corresponding savings or income be identified as part of the 2023/24 Budget which can replenish the Reserve over the course of the ten year budget - in other words, committing to reserves an anticipated £35,000.
- 10 For the future expenditure (i.e. 2023/24 onwards), this will be addressed through the forthcoming budget setting process, adopting the same approach which has seen the authority successfully meet other financial challenges.

Other Areas of Note

- 11 Members will note from the appendices that the challenges and areas of potential impact remain broadly as set out in the Financial Monitoring 2022/23 - Early Indications report, with some likely to prove transitory, others potentially mitigatable midyear, and others more structural and therefore likely to be brought forward as part of the forthcoming budget setting process.

Agenda Item 9

- 12 Equally, favourable variances are forecast in areas such as Corporate Management, development management and parking income.
- 13 As at the end of September 2022, these amount to a forecast year end unfavourable variance of 0.87%, or £153,000 against a net revenue budget of £17.528m.

Net Service Expenditure - Favourable Variances

- 14 Retained Business Rates - Income of £2.226m forms part of the 2022/23 budget. In previous years any receipts over and above this amount, including those that result from being a beneficiary of the Kent Business Rates Pool have been transferred to the Budget Stabilisation Reserve, but it is agreed that this year it is used to help offset any overspend. We are currently waiting for the initial estimate, but it is expected to be approximately £250,000.
- 15 Pay costs - the expenditure forecasts on staff costs is £345,000 below budget, however this is being offset by an unfavourable variance of £646,000 on agency costs.
- 16 Within Development Management is a favourable variance of £150,000 being forecast due to increased fee applications and prior year receipts in advance.
- 17 Miscellaneous Finance is forecasting a favourable variance of £140,000. This is the in year saving achieved across a number of services to offset the forecasted unfavourable position.
- 18 Income - the Council receives a number of different income streams to help balance the budget and details in relation to the main streams are included in Appendix B. At the end of September, income as detailed within the report is below budget in some areas such as Land Charges but positively is above budget in areas such as Taxi Licensing, Car Parking - On Street & Car Parks, Planning - Development Management and Building Control.
- 19 Car Parks and On-Street Parking income are recovering well and are forecasting favourable variances of £237,000 and £50,000, respectively. The budget has been reduced by 20% compared to prior to the pandemic and is being increased by 5% annually in line with the 10 year budget.
- 20 Investment Returns - the return to date on the treasury management investments held by the Council is above budget with interest received totalling £180,000 compared to a budget of £78,000 for the year to date. This is due to the interest rates being far higher than they have been for some years and also due to the income being received from the Multi-asset income Funds. In addition to this, the capital programme continues to be funded and Quercus 7 acquisitions have been funded in the most advantageous way possible which includes internal borrowing.

Net Service Expenditure - Unfavourable Variances

- 21 Land Charges are forecasting an unfavourable variance of £62,000 due to a downturn in volumes of searches and corresponding income.
- 22 Direct Services are forecasting an unfavourable variance of £500,000. This is due to a number of reasons including the higher refuse volumes than pre pandemic which has contributed to the additional cost of agency staff and the requirement to hire vehicle where existing vehicles are being repaired due to the increased wear and tear. There has also been an underachievement of the increased income budget for trade waste as businesses recover from COVID-19.
- 23 Within Support - Central Offices an unfavourable variance of £90,000 is being forecasted. This is to reflect the increase in utility costs caused by world events. This is an estimation as utility bills will be received shortly.
- 24 Investment Property Income is forecasting an unfavourable variance of £265,000. This reflects the current occupation levels of the portfolio and the income that will not be received together with the Business Rates costs.

Future Issues and Risk Areas

- 25 Chief Officers have considered the future issues and risk areas for their services and the impacts these may have on the Council's finances as follows:
- A future pressure on homelessness may be seen once current host placements end for the Government's Homes for Ukraine Scheme. Additional funding for homelessness pressures arising from the Homes for Ukraine Scheme has been allocated by KCC, which could potentially contribute to temporary accommodation costs.
 - Lower income for Print Studio services from both internal and external customers.
 - Costs of unscheduled District Council by-elections.
 - Land Charges income to be kept under review throughout the year due to the current market downturn.
 - Covid-19 continues to have a potential impact on income levels and expenditure. Service pressures and vehicle hire and repairs continue to cause issues for Direct Services.
 - There remains the risk that planning decisions and enforcement action will be challenged, either at appeal or through the Courts.
 - Recruiting to vacant posts continues to be difficult.
 - The financial impact of proposed changes to the Planning System will need to be carefully considered.

Agenda Item 9

- Cost of living impact on service demands.
- Volatility in the markets around utility prices.
- Rental income pressures due to market volatility.
- Pressures on maintenance budgets due to increased costs and redundant services in buildings requiring update.
- Possible capital expenditure required for upgrading of building equipment and components.
- Property Investment Strategy - Ongoing effect of COVID-19 on income and expenditure.

Key Implications

Financial

The financial implications are set out elsewhere in this report.

Legal Implications and Risk Assessment Statement

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

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

Equality Assessment

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

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.

Appendices

Appendix A - September 2022 Budget Monitoring Commentary

Appendix B - September 2022 Financial Information

Background Papers

None

Adrian Rowbotham

Deputy Chief Executive and Chief Officer - Finance & Trading

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People and Places	Budget to Date £'000	Forecast difference at year end £'000	Forecast Outturn £'000	Actual to end of September 22 £'000	Variance to date £'000	Total Annual Forecast Variance £'000	Explanation for year end variances greater than £10k (starred items)
All Weather Pitch	(3)	0	(3)	(3)	(0)	0	
Business Area Improvement Fund	0	0	0	0	0	0	
Youth Monitoring Projects	0	0	0	2	2	0	
Compliance & Enforcement	0	0	0	0	0	0	
Community Safety	63	(2)	61	64	1	(2)	
Community Development Service Provisions	(6)	0	(6)	0	6	0	
Community Housing Fund	0	0	0	0	0	0	
The Community Plan	19	0	19	17	(1)	0	
Contain Outbreak Management Fund 2021/22	0	0	0	15	15	0	Pending payment of outstanding funding allocation from KCC COMF.
Domestic Abuse Duty	0	0	0	(25)	(25)	0	Government funding received in advance for DA Co-ordinator post
KCC Helping Hands	0	0	0	(33)	(33)	0	Funding received in advance from the Kent County Council (KCC) for Helping Hands Projects
Leisure Contract	68	0	68	56	(12)	0	Payment of Sencio's management fee is subject to the previous year's audited accounts being provided by the Trust and are currently outstanding.
Leisure Development	11	0	11	0	(11)	0	Payment of Sencio's Advantage payment is subject to the previous year's audited accounts being provided by the Trust and are currently outstanding.
Police & Crime Commissioners (PCCs)	(9)	0	(9)	(21)	(12)	0	On track to spend full grant.
Tourism	15	0	15	(172)	(187)	0	Grants received ahead of spend.
West Kent Enterprise Advisor Network	0	0	0	17	17	0	External funding not yet received.
West Kent Partnership	(29)	0	(29)	(6)	23	0	External funding not yet received.
Youth	31	(1)	30	19	(12)	(1)	Grant received in advance from KCC as part of Local Childrens Partnership Group
Future Issues/Risk Areas	Ongoing impact of COVID-19 on the leisure industry and Council owned leisure facilities - consultancy review completed.						

Development and Conservation	Budget to Date £'000	Forecast difference at year end £'000	Forecast Outturn £'000	Actual to end of September 22 £'000	Variance to date £'000	Total Annual Forecast Variance £'000	Explanation for year end variances greater than £10k (starred items)
	£000's	£000's	£000's	£000's	£000's	£000's	
Building Control	(80)	(21)	(101)	(87)	(7)	(21)	Fee income ahead of profile. Any over-recovery will be reinvested in the service.
Conservation	65	27	92	94	30	27	Additional investment in the delivery of the service.
Planning Policy	192	14	206	195	3	14	Salary underspend offset against salary overspend elsewhere
Local Plan Expenditure	0	0	0	163	163	0	Spend to be funded from reserves.
Planning - Appeals	87	19	106	97	10	19	Salary underspend offset against salary overspend elsewhere
Planning - CIL Administration	(34)	(1)	(34)	16	50	(1)	Achieved fees entered every six months (twice yearly). Fee yet to be entered.
Planning - Development Management	(48)	(150)	(198)	(208)	(160)	(150)	Planning fee applications and also prior year receipts in advance allocated to the period
Planning - Enforcement	170	41	211	195	25	41	Additional investment in the delivery of the service.
Planning - Development Management - Softwa	0	0	0	(120)	(120)	0	External funding received ahead of spend.
Future Issues/Risk Areas							There remains the risk that planning decisions and enforcement action will be challenged, either at appeal or through the Courts. Recruiting to vacant posts continues to be difficult. The financial impact of proposed changes to the Planning System will need to be carefully considered.

	Budget to Date £'000	Forecast difference at year end £'000	Forecast Outturn £'000	Actual to end of September 22 £'000	Variance to date £'000	Total Annual Forecast Variance £'000	Explanation for year end variances greater than £10k	
Finance and Investments								
Asset Maintenance Direct Services	21	0	21	3	(18)	0	Spend behind profile	
Benefits Admin	160	(20)	139	140	(19)	(20)	New burdens funding and grants received ahead of spend.	
Dartford Audit Partnership Hub (SDC Costs)	110	(16)	94	84	(26)	(16)	Salary underspend due to vacancy.	
Local Tax	(124)	(26)	(150)	(69)	55	(26)	Court fees behind profile due to infrequent court dates	
Misc. Finance	688	(140)	548	672	(16)	(140)	Variance due to underspend on cleaning materials for Covid and delayed invoice for asset valuation. Budgets profiled ahead of spend.	
Treasury Management	68	17	84	80	12	17	Rise in the costs of bank charges and charge for Multi Asset Income Fund initial fee.	
Future Issues/Risk Areas	Covid-19 continues to have a potential impact on income levels and expenditure.							

	Budget to Date £'000	Forecast difference at year end £'000	Forecast Outturn £'000	Actual to end of September 22 £'000	Variance to date £'000	Total Annual Forecast Variance £'000	Explanation for year end variances greater than £10k
Cleaner and Greener							
Asset Maintenance Argyle Road	40	0	40	37	(3)	0	
Asset Maintenance Other Corporate Properties	18	0	18	34	17	0	Overspend offset by underspends elsewhere.
Asset Maintenance Leisure	97	0	97	69	(27)	0	Spend currently behind profile.
Asset Maintenance Support & Salaries	48	0	48	21	(27)	0	Spend currently behind profile.
Car Parks	(726)	(237)	(963)	(804)	(78)	(237)	Parking charge income improving based on two months of new charges.
CCTV	138	8	146	176	37	8	Annual payments ahead of profile.
Car Parking - On Street	(161)	(50)	(211)	(186)	(25)	(50)	Parking charge income improving based on two months of new charges.
EH Commercial	157	(27)	131	150	(8)	(27)	Salary underspend offset against salary overspend elsewhere
EH Animal Control	18	11	29	3	(16)	11	Underspend due to a contract renewal later in the year.
EH Environmental Protection	188	22	210	233	45	22	Agency and staff costs to be offset by external funding.
Parking Enforcement - Tandridge DC	(18)	0	(18)	(79)	(61)	0	Income collected on behalf of Tandridge to be paid over.
Licensing Partnership Hub (Trading)	9	(26)	(17)	(6)	(16)	(26)	Salary underspend due to vacancy.
Licensing Regime	21	(13)	9	(23)	(44)	(13)	Income ahead of profile relating to Premises licenses.
							£25k Grant agreed by Cabinet for Swanley Town Council and to come from the additional income from Swanley Sunday market.
Markets	(226)	0	(226)	(241)	(15)	0	Externally funded project. Spend will be reclaimed.
Parks - Greensand Commons Project	0	0	0	51	51	0	Recycling credits - accrual to be reversed
Refuse Collection	1,460	0	1,460	1,472	12	0	Vehicle repair costs.
Street Cleansing	784	29	812	804	20	29	Variance projected for utility bills which come in later in the year.
Support - Central Offices	387	90	477	408	21	90	
Support - General Admin (Post/Scanning)	129	(14)	115	171	42	(14)	Current overspend based on central postage costs offset by underspends within service areas. Information now gathered and recharges to be in place next month
Direct Services Trading account	(324)	509	185	12	336	509	There is an on-going overspend on agency staff in this area, and a project team brought forward a recruitment drive to reduce this, which came into effect from November 2021, however on-going delivery pressures and staff absences have regrettably increased agency staff use. This situation was made considerably worse by the accumulation of outstanding leave during the pandemic and a resurgence of Covid cases. Agency staff has been required in order to maintain service levels to cover the general service, but also to deal with the huge increase in collected curbside weights, which stands at around an extra 20% compared to last year. Due to the ageing fleet and increased collected weights, there have been multiple breakdowns resulting in substantial additional hire and repair costs to maintain the service and fleet. Commercial income has been impacted by Covid-19 due to the effect on businesses throughout the year. Despite the positive work carried out by the Business Development Team there was a significant shortfall in income against increased budgets, although a slight and slow recovery is taking place. During this quarter tight budget management and a moratorium on some budget spending has been instigated, putting off planned larger spends and reviewing projects that could be delayed, while only ordering basic service requirements.
Taxis	3	3	6	(9)	(13)	3	Revenue generated by new statutory practice. Over-recovery reinvested in additional staff to deliver the service.
Future Issues/Risk Areas	Covid-19 continues to have a potential impact on income levels and expenditure.						

Housing and Health	Budget to Date £'000	Forecast difference at year end £'000	Forecast Outturn £'000	Actual to end of September 22 £'000	Variance to date £'000	Total Annual Forecast Variance £'000	Explanation for year end variances greater than £10k
Gypsy Sites	(3)	0	(3)	10	14	0	As a result of closure order on site due to criminal damage, rents and HB reclaims has reduced due to tenancy ev
Housing Energy Retraining Options (HERO)	32	2	34	(7)	(39)	2	Grant received in advance for Accommodation for Ex Offenders funding.
Homes for the Ukrainians	0	0	0	(450)	(450)	0	First quarter funding received in advance from KCC for Homes for Ukraine Scheme.
KCC- Household Support Fund	0	0	0	295	295	0	All funding to be spent by 30 September 2022 in line with funding criteria - expenditure on track.
KCC Helping Hands	0	0	0	(21)	(21)	0	Funding received in advance from the Kent County Council (KCC) for Helping Hands Projects
Private Sector Housing	132	7	139	81	(51)	7	BEIS HUG1 grant received in advance for staffing post.
Rough Sleepers Initiative 2022-25	0	0	0	(126)	(126)	0	First tranche of funding paid in advance.
One You KPH	0	0	0	(23)	(23)	0	Quarter's funding invoiced in advance. x1 One You Officer post reduced hours.
Homelessness Funding	(358)	0	(358)	(332)	26	0	Funding to be drawn down for homeless prevention funded staffing posts.
Future Issues/Risk Areas							Ongoing Temporary Accommodation costs within the district due to increases in homelessness. Recruitment to vacant posts being completed, all Covid-19 placements ended on 30 June 2021 and a TA Charging Policy to come into effect from October.

Improvement and Innovation	Budget to Date £'000	Forecast difference at year end £'000	Forecast Outturn £'000	Actual to September 22 £'000	Variance to date £'000	Total Annual Forecast Variance £'000	Explanation for year end variances greater than £10k (starred items)
Asset Maintenance IT	151	0	151	78	(74)	0	Spend as per asset maintenance plan
Corporate Management	605	(36)	570	469	(136)	(36)	Underspend due to the NHS & Social Care Levy still to be cleared. Delay in receiving external audit invoices.
Corporate - Other	89	(66)	23	0	(89)	(66)	Savings generated from vacant posts exceeding budget.
Economic Development Property	309	20	329	316	7	20	Costs related to agency fees.
Elections	41	18	59	66	25	18	Overspend due to unscheduled By-Elections and invoicing for the costs of a Town Council Election.
External Communications	117	(2)	115	148	31	(2)	£15k of invoice to be accrued into 23/24. Spend ahead of budget.
Land Charges	(58)	62	4	(22)	35	62	Forecast adverse variance due to downturn in volumes of searches and corresponding income
Members	241	(25)	216	225	(15)	(25)	Underspend projected due to reduced member travel claims and training. Members allowances lower than budgeted levels.
Register of Electors	120	(18)	102	61	(59)	(18)	Spend behind budget as invoices still to be received for the Annual Canvass. Any underspend will be considered for transfer to the Electoral Registration Reverses.
Administrative Expenses - Corporate Services	10	0	10	(3)	(12)	0	Grant funding received for one off IT specialist training
Support - Contact Centre	437	(28)	410	402	(36)	(28)	Current underspend based on staff turnover, end of year position expected as per budget
Support - General Admin (Print Shop)	(2)	50	48	39	41	50	Income from both external and internal customers is below the budgeted level. Costs on supplies to be contained to off-set income, but expected to be a negative variance at year-end.
Future Issues/Risk Areas							IT Asset Maintenance spend as per 10 year plan resulting in draw down from reserves in current year. Lower income for Print Studio services from both internal and external customers. Costs of unscheduled District Council by-elections.

Appendix B

Position as at the end of September 22	Y-T-D Actual £'000	Annual Budget £'000	Annual Forecast (including Accruals) £'000	Annual Variance £'000	Annual Variance %
People and Places	104	823	820	(3)	(0.3)
Development and Conservation	372	923	850	(73)	(8.0)
Finance and Investments	2,563	3,242	3,033	(209)	(6.5)
Cleaner and Greener	2,778	5,234	5,533	298	5.7
Housing and Health	(46)	1,232	1,239	7	0.6
Improvement and Innovation	2,984	6,074	6,047	(27)	(0.5)
Services Total	8,754	17,528	17,520	(9)	(0.1)
Adjustments to Reconcile to amount to be met from reserves: Capital Charges outside the General Fund	(30)	(60)	(60)	0	0.0
Adjustments to Reconcile to amount to be met from reserves: Support Services outside the General Fund	(86)	(172)	(172)	0	0.0
NET SERVICE EXPENDITURE	8,638	17,296	17,288	(9)	(0.1)
New Homes Bonus	(405)	(810)	(810)	0	0.0
Retained Business Rates	(1,113)	(2,226)	(2,476)	(250)	(11.2)
Council Tax	(5,921)	(11,841)	(11,841)	0	(0.0)
Contribution from Collection Fund	(14)	(27)	(27)	0	0.0
Local Council Tax Support (LCTS)	(245)	(110)	(110)	0	0.0
Services Grant	(39)	(159)	(159)	0	0.0
Lower Tier Services Grant	(82)	(103)	(103)	0	0.0
Summary excluding Investment Income	820	2,020	1,762	(259)	(12.8)
Investment Property Income	(612)	(1,517)	(1,252)	265	17.5
Interest Receipts	(180)	(188)	(291)	(103)	55.3
OVERALL TOTAL	27	315	219	(97)	(30.8)
Planned Appropriation to/(from) Reserves	(618)	(1,235)	(1,235)	0	
Other Reserve Movements	0	920	1,170	250	
Supplementary Estimates	0	0	0	0	
(Surplus)/Deficit	(590)	(0)	153	153	

Summary by Service

Position as at the end of September 22	Y-T-D Actual £'000	Budget to Date £'000	Variance £'000	Annual Budget £'000	Annual Forecast (including Accruals) £'000	Forecast Annual Variance £'000
People & Places SDC Funded	£'000	£'000	£'000	£'000	£'000	£'000
All Weather Pitch	(3)	(3)	(0)	(5)	(5)	-
Community Safety	64	63	1	123	121	(2)
Community Development Service Provisions	-	(6)	6	(6)	(6)	-
The Community Plan	17	19	(1)	36	36	-
Grants to Organisations	175	179	(4)	200	200	-
Leisure Contract	56	68	(12)	341	341	-
Leisure Development	-	11	(11)	21	21	-
Admin Expenses - People & Places Communities	10	6	4	16	16	-
Tourism	(172)	15	(187)	33	33	-
West Kent Partnership	(6)	(29)	23	-	-	-
Youth	19	31	(12)	60	59	(1)
Total People & Places SDC Funded	161	353	(192)	819	816	(3)
People & Places Externally Funded	£'000	£'000	£'000	£'000	£'000	£'000
Youth Monitoring Projects	2	-	2	-	-	-
Contain Outbreak Management Fund 2021/22	15	-	15	-	-	-
Domestic Abuse Duty	(25)	-	(25)	-	-	-
KCC Helping Hands	(33)	-	(33)	-	-	-
Local Strategic Partnership	-	4	(4)	4	4	-
Partnership - Home Office	4	-	4	-	-	-
Police & Crime Commissioners (PCCs)	(21)	(9)	(12)	-	-	-
Community Sports Activation Fund	(9)	-	(9)	-	-	-
Sportivate Inclusive Archery Project	(0)	-	(0)	-	-	-
West Kent Enterprise Advisor Network	17	-	17	-	-	-
West Kent Partnership Business Support	(7)	-	(7)	-	-	-

Position as at the end of September 22	Y-T-D Actual £'000	Budget to Date £'000	Variance £'000	Annual Budget £'000	Annual Forecast (including Accruals) £'000	Forecast Annual Variance £'000
People & Places Externally Funded	(57)	(5)	(52)	4	4	-
Total People & Places	104	348	(244)	823	820	(3)
Development and Conservation	£'000	£'000	£'000	£'000	£'000	£'000
Building Control Partnership Members	3	-	3	-	-	-
Building Control Partnership Hub (SDC Costs)	3	-	3	-	-	-
Building Control	(87)	(80)	(7)	(161)	(182)	(21)
Conservation	94	65	30	129	156	27
Dangerous Structures	1	1	(0)	3	3	-
Planning Policy	195	192	3	491	505	14
LDF Expenditure	163	-	163	-	-	-
Planning - Appeals	97	87	10	214	233	19
Planning - CIL Administration	16	(34)	50	(68)	(68)	(1)
Planning - Counter	-	(3)	3	(6)	-	6
Planning - Development Management	(208)	(48)	(160)	(76)	(226)	(150)
Planning - Enforcement	195	170	25	341	381	41
Planning - Development Management - Software Project	(120)	-	(120)	-	-	-
Administrative Expenses - Building Control	1	6	(5)	12	4	(8)
Administrative Expenses - Planning Services	19	16	2	44	44	(1)
Total Development and Conservation	372	372	0	923	850	(73)
Finance and Investments	£'000	£'000	£'000	£'000	£'000	£'000
Asset Maintenance CCTV	11	9	1	19	19	-
Asset Maintenance Countryside	-	5	(5)	9	9	-
Asset Maintenance Direct Services	3	21	(18)	42	42	-
Asset Maintenance Playgrounds	6	8	(2)	16	16	-
Asset Maintenance Public Toilets	-	8	(8)	16	16	-

Position as at the end of September 22	Y-T-D Actual £'000	Budget to Date £'000	Variance £'000	Annual Budget £'000	Annual Forecast (including Accruals) £'000	Forecast Annual Variance £'000
Benefits Admin	140	160	(19)	48	28	(20)
Benefits Grants	(13)	(13)	(0)	(25)	(25)	-
Dartford Rev&Ben Partnership Hub (SDC costs)	1,001	1,009	(8)	(1)	(1)	-
Dartford Audit Partnership Hub (SDC Costs)	84	110	(26)	(0)	(16)	(16)
Housing Advances	-	1	(1)	1	1	-
Local Tax	(69)	(124)	55	(78)	(104)	(26)
Misc. Finance	672	688	(16)	1,745	1,605	(140)
Administrative Expenses - Chief Executive	4	7	(3)	20	20	-
Administrative Expenses - Finance	16	16	(0)	25	25	-
Administrative Expenses - Revenues and Benefits	0	-	0	-	-	-
Administrative Expenses - Strategic Property	6	-	6	-	-	-
Support - Rev & Ben Control	116	116	0	232	210	(22)
Support - Counter Fraud	26	26	0	52	50	(2)
Support - Audit Function	100	107	(6)	214	214	-
Support - Exchequer and Procurement	98	103	(5)	207	207	-
Support - Finance Function	128	124	4	245	245	-
Support - Legal Function	124	133	(9)	267	267	-
Support - Procurement	-	3	(3)	7	7	-
Support - Property Function	30	27	2	55	55	-
Treasury Management	80	68	12	126	143	17
Total Finance and Investments	2,563	2,614	(51)	3,242	3,033	(209)
Cleaner and Greener	£'000	£'000	£'000	£'000	£'000	£'000
Asset Maintenance Argyle Road	37	40	(3)	80	80	-
Asset Maintenance Other Corporate Properties	34	18	17	35	35	-
Asset Maintenance Hever Road	27	20	7	41	41	-
Asset Maintenance Leisure	69	97	(27)	193	193	-
Asset Maintenance Support & Salaries	21	48	(27)	142	142	-

Position as at the end of September 22	Y-T-D Actual £'000	Budget to Date £'000	Variance £'000	Annual Budget £'000	Annual Forecast (including Accruals) £'000	Forecast Annual Variance £'000
Asset Maintenance Sewage Treatment Plants	2	5	(3)	9	9	-
Bus Station	14	9	5	8	11	3
Car Parks	(804)	(726)	(78)	(1,495)	(1,732)	(237)
CCTV	176	138	37	272	280	8
Civil Protection	24	28	(4)	52	52	-
Car Parking - On Street	(186)	(161)	(25)	(271)	(321)	(50)
EH Commercial	150	157	(8)	320	293	(27)
EH Animal Control	3	18	(16)	23	33	11
EH Environmental Protection	233	188	45	375	397	22
Emergency	35	41	(6)	83	78	(5)
Parking Enforcement - Tandridge DC	(79)	(18)	(61)	(35)	(35)	-
Estates Management - Buildings	10	1	9	(13)	(13)	-
Estates Management - Grounds	74	67	8	133	141	8
Housing Other Income	(7)	(7)	(0)	(14)	(14)	-
Housing Premises	(10)	(1)	(9)	17	17	-
Licensing Partnership Hub (Trading)	(6)	9	(16)	(2)	(28)	(26)
Licensing Partnership Members	-	-	-	-	-	-
Licensing Regime	(23)	21	(44)	36	23	(13)
Asset Maintenance Operatives	(5)	3	(8)	6	6	-
Markets	(241)	(226)	(15)	(384)	(384)	-
Decarbonisation Fund Net ZERO 2030	(8)	-	(8)	65	65	-
Parks - Greensand Commons Project	51	-	51	-	-	-
Parks and Recreation Grounds	74	69	5	139	139	-
Parks - Rural	81	84	(4)	174	170	(4)
Public Transport Support	-	0	(0)	0	0	-
Refuse Collection	1,472	1,460	12	2,868	2,868	-
Administrative Expenses - Direct Services	1	-	1	-	-	-
Administrative Expenses - Health	4	2	2	5	5	-
Administrative Expenses - Licensing	0	3	(3)	7	7	-

Position as at the end of September 22	Y-T-D Actual £'000	Budget to Date £'000	Variance £'000	Annual Budget £'000	Annual Forecast (including Accruals) £'000	Forecast Annual Variance £'000
Administrative Expenses - Property	0	1	(1)	3	3	-
Administrative Expenses - Transport	3	3	0	7	7	-
Street Cleansing	804	784	20	1,564	1,592	29
Support - Central Offices	408	387	21	496	586	90
Support - Central Offices - Facilities	103	102	2	225	216	(9)
Support - General Admin	0	1	(0)	1	1	-
Support - General Admin (Post/Scanning)	171	129	42	246	232	(14)
Support - Health and Safety	2	4	(2)	5	5	-
Support - Direct Services	40	33	7	69	69	-
Direct Services Trading account	12	(324)	336	(292)	217	509
Taxis	(9)	3	(13)	7	10	3
Public Conveniences	21	21	(0)	36	36	-
Total Cleaner and Greener	2,778	2,531	247	5,234	5,533	298
Housing and Health	£'000	£'000	£'000	£'000	£'000	£'000
Contain Outbreak Management Fund 2021/22	2	-	2	-	-	-
Gypsy Sites	10	(3)	14	(6)	(6)	-
Health Improvements	16	17	(1)	34	34	-
Homeless	319	311	8	648	648	-
Housing Clinically Extremely Vulnerable 21/22	0	-	0	-	-	-
Housing Register	37	32	5	46	48	2
Kent Housing Group Grant	5	-	5	-	-	-
Disabled Facilities Grant Administration	0	-	0	(50)	(50)	-
Housing	100	92	9	162	157	(5)
Housing Initiatives	44	34	10	63	64	1
Housing Pathway Co-ordinator	(6)	-	(6)	-	-	-
Needs and Stock Surveys	1	-	1	-	-	-
Housing Energy Retraining Options (HERO)	(7)	32	(39)	64	67	2

Position as at the end of September 22	Y-T-D Actual £'000	Budget to Date £'000	Variance £'000	Annual Budget £'000	Annual Forecast (including Accruals) £'000	Forecast Annual Variance £'000
Homes for the Ukrainians	(450)	-	(450)	-	-	-
KCC- Household Support Fund	295	-	295	-	-	-
KCC Helping Hands	(21)	-	(21)	-	-	-
Private Sector Housing	81	132	(51)	265	271	7
Rough Sleepers Initiative 2022-25	(126)	-	(126)	-	-	-
Rough Sleepers Initiative (4)	0	-	0	-	-	-
Admin Expenses - People & Places Housing	7	3	4	6	6	-
One You - Your Home Project	0	-	0	-	-	-
One You KPH	(23)	-	(23)	-	-	-
Dementia Area Project - Run Walk Push	1	-	1	-	-	-
One You Health Checks	11	11	0	-	-	-
Homelessness Funding	(332)	(358)	26	-	-	-
PCT Initiatives	10	-	10	-	-	-
KCC Specialist Weight Management	(21)	-	(21)	-	-	-
Total Housing and Health	(46)	304	(350)	1,232	1,239	7
Improvement and Innovation	£'000	£'000	£'000	£'000	£'000	£'000
Action and Development	1	4	(3)	8	8	-
Asset Maintenance IT	78	151	(74)	302	302	-
Civic Expenses	16	17	(0)	18	18	-
Consultation and Surveys	-	-	-	4	0	(4)
Corporate Management	469	605	(136)	1,285	1,249	(36)
Corporate Projects	18	20	(2)	39	36	(4)
Corporate - Other	-	89	(89)	161	95	(66)
Democratic Services	81	86	(5)	172	169	(3)
Economic Development	27	26	1	39	49	10
Economic Development Property	316	309	7	455	475	20
Elections	66	41	25	124	142	18
External Communications	148	117	31	227	225	(2)

Position as at the end of September 22	Y-T-D Actual £'000	Budget to Date £'000	Variance £'000	Annual Budget £'000	Annual Forecast (including Accruals) £'000	Forecast Annual Variance £'000
Land Charges	(22)	(58)	35	(114)	(52)	62
Members	225	241	(15)	483	458	(25)
Performance Improvement	6	7	(1)	(0)	(0)	-
Register of Electors	61	120	(59)	202	184	(18)
Administrative Expenses - Corporate Services	(3)	10	(12)	21	21	-
Administrative Expenses - Legal and Democratic	39	40	(1)	58	64	6
Administrative Expenses - Transformation and Strategy	4	3	1	6	6	-
Administrative Expenses - Human Resources	8	6	2	9	9	-
Street Naming	1	1	0	2	2	-
Support - Contact Centre	402	437	(36)	874	847	(28)
Support - General Admin	12	15	(3)	182	182	-
Support - General Admin (Print Shop)	39	(2)	41	(41)	9	50
Support - IT	755	763	(8)	1,155	1,147	(8)
Support - Human Resources	237	240	(3)	403	402	(1)
Total Improvement and Innovation	2,984	3,288	(305)	6,074	6,047	(27)
Total SDC	8,754	9,456	(702)	17,528	17,520	(9)

Appendix B : Salaries

Position as at the end of September 22	Y-T-D Actual £'000	Annual Budget £'000	Annual Forecast £'000	Annual Variance £'000	Annual Variance %
Development and Conservation					
Building Control	165	348	344	(4)	-1%
Planning Services	1,032	1,996	2,072	77	4%
	1,197	2,343	2,416	73	3%
Finance and Investments					
Chief Executive	109	220	220	0	0%
Finance	475	1,004	988	(16)	-2%
Revenues and Benefits	793	1,693	1,590	(103)	-6%
Strategic Property	340	626	646	20	3%
	1,717	3,544	3,445	(99)	-3%
Cleaner and Greener					
Direct Services	2,142	4,417	4,317	(100)	-2%
Health	317	646	640	(6)	-1%
Licensing	229	499	466	(33)	-7%
Property	225	467	444	(23)	-5%
Transport	318	624	624	0	0%
	3,232	6,653	6,491	(162)	-2%
Housing and Health					
Places Housing	426	851	841	(10)	-1%
	426	851	841	(10)	-1%
Improvement and Innovation					
Corporate Services	868	1,821	1,778	(43)	-2%
Legal and Democratic	281	638	625	(13)	-2%
Transformation and Strategy	313	662	640	(22)	-3%
Human Resources	202	420	413	(7)	-2%
	1,663	3,541	3,456	(85)	-2%
People and Places					
Places Communities	160	330	328	(3)	-1%
	160	330	328	(3)	-1%
Sub Total	8,395	17,263	16,977	(286)	-2%
Council Wide - Vacant Posts	0	31	(29)	(60)	-194%
Staff Recruitment and Retention	0	73	73	0	0%
TOTAL SDC Funded Salary Costs	8,395	17,367	17,022	(346)	-2%
Places Communities*	115	136	136	0	0%
Places Housing*	163	154	154	0	0%
Strategic Property*	77	216	216	0	0%
Externally Funded Total	355	506	506	0	0%
TOTAL Salary Costs	8,750	17,873	17,528	(345)	-2%

*Externally Funded & Funded from other sources (gross figures). Overspendings here are matched by external funding and represent additional resources secured for the Council since the budget was set.

Agenda Item 9

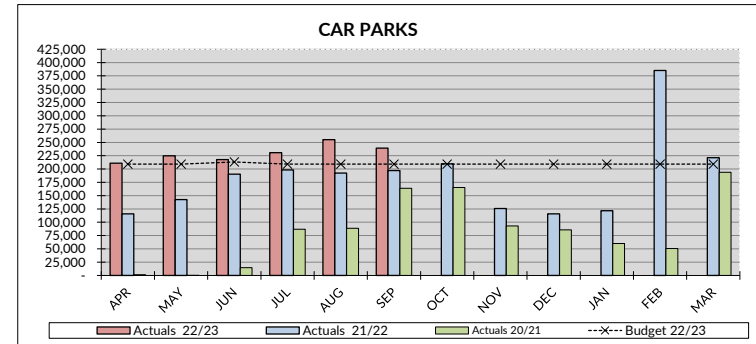
Appendix B : Staffing Stats - Position as at the end of September 22	Budget FTE*	Staff FTE	Agency FTE	Casual FTE	September 2022 Total	August 2022 Total
Development and Conservation						
Building Control	7.00	7.00			7.00	6.00
Planning Services	40.75	39.68			39.68	40.68
Finance and Investments						
Chief Executive	1.00	1.00			1.00	1.00
Finance	17.81	15.81	1.00		16.81	15.81
Revenues and Benefits	43.78	40.24		0.11	40.35	40.24
Strategic Property	10.00	8.86	1.00		9.86	9.89
Cleaner and Greener						
Direct Services	124.68	114.28	25.58	0.43	140.29	137.30
Health	11.72	12.19			12.19	12.19
Licensing	10.59	10.80			10.80	10.80
Property	5.00	5.00			5.00	5.00
Transport	16.62	17.38			17.38	16.38
Housing and Health						
Housing	17.31	17.74			17.74	17.74
Improvement and Innovation						
Corporate Services	50.85	47.73			47.73	47.54
Legal and Democratic	7.50	6.00			6.00	6.00
Transformation and Strategy	19.35	18.16			18.16	18.16
Human Resources	9.37	7.76			7.76	7.76
People and Places						
Communities & Business	4.50	4.50			4.50	4.00
Sub Total	397.83	374.13	27.58	0.54	402.25	396.46
Externally Funded						
People & Places	3.35	5.19			5.19	5.69
People & Places - Housing	4.00	8.00			8.00	7.25
Strategic Property (Ext)	4.95	1.54			1.54	2.54
Sub total	12.30	14.73	0.00	0.00	14.73	15.48
Total	410.13	388.86	27.58	0.54	416.98	411.94
Number of staff paid in September 22: 425 permanent, 3 casuals						

Position as at the end of September 2022 (Period 202306)	22/23 Opening Balance	Position as at the end of September 2022 (Period 202306)	22/23 Cumulative Movement to Date
E Earmarked Reserve - Budget Stabilisation	(8,502)	(8,502)	-
E Earmarked Reserve - NNDR Safety Net Deficit Reserve	(4,280)	(4,280)	-
E Earmarked Reserve - Financial Plan	(3,482)	(3,482)	-
E Earmarked Reserve - Carry Forward Items (DAC)	(1,356)	(1,328)	28
E Earmarked Reserve - Vehicle Renewal (DAA)	(919)	(919)	-
E Earmarked Reserve - Housing & Commercial Growth Fund	(566)	(566)	-
E Earmarked Reserve - Capital Expenditure Reserve	(500)	(500)	-
E Earmarked Reserve - IT Asset Maintenance	(440)	(440)	-
E Earmarked Reserve - New Homes Bonus Reserve	(406)	(406)	-
E Earmarked Reserve - Homelessness Prevention	(536)	(402)	134
E Earmarked Reserve - Pension Fund Valuation Adj.	(359)	(359)	-
E Earmarked Reserve - Capital Financing	(328)	(328)	-
E Earmarked Reserve - Property Investment Strategy Maintenance Reserve	(310)	(310)	-
E Earmarked Reserve - Action and Development	(296)	(296)	-
E Earmarked Reserve - Local Plan/LDF	(285)	(285)	-
E Earmarked Reserve - Vehicle Insurance (DAZ)	(266)	(266)	-
E Earmarked Reserve - Community Development Reserve	(166)	(156)	10
E Earmarked Reserve - Community Infrastructure Levy Administration (CIL)	(152)	(152)	-
E Earmarked Reserve - District Elections (DAZ)	(134)	(134)	-
E Earmarked Reserve - DWP Hsg Benefit Subsidy	(123)	(123)	-
E Earmarked Reserve - RHB repayable Assistance	(109)	(109)	-
E Earmarked Reserve - NETZERO	(108)	(108)	-
E Earmarked Reserve - Corporate Project Support Reserve	(100)	(100)	-
	(23,723)	(23,551)	172
Other Earmarked Reserves (balances <£100k)	(439)	(439)	-
Total Earmarked Reserves	(24,162)	(23,990)	172
General Fund	(1,700)	(1,700)	-
Total Reserves	(25,862)	(25,690)	172

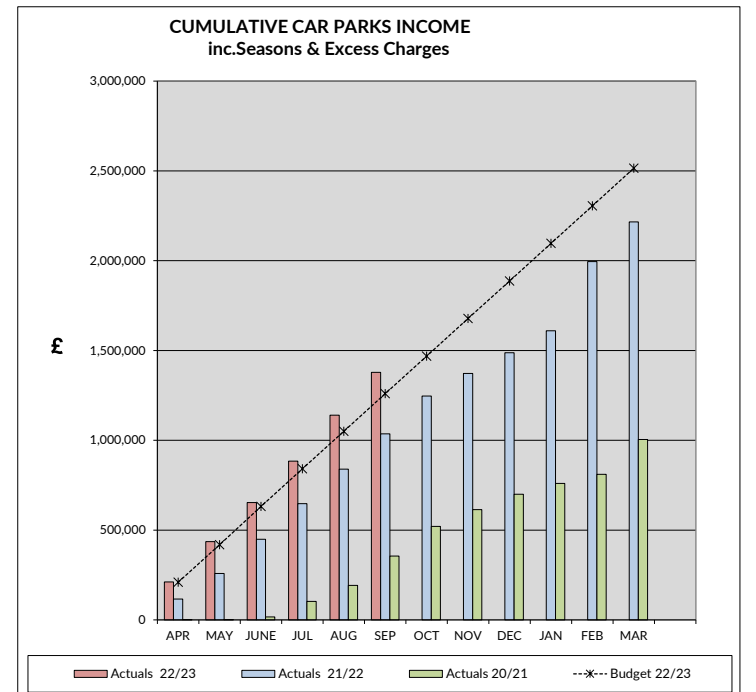
Appendix B : Income Graphs Summary

	ACTUAL	Previous Year comparatives	Budget YTD	Variance YTD - brackets show underachievement	Annual Budget
Car Parks	1,378,668	448,706	1,259,391	119,277	2,514,782
Car Parking - On Street	560,073	189,972	458,964	101,109	917,928
Licensing Regime	89,251	30,583	58,074	31,176	123,349
Taxis	87,560	24,922	79,968	7,592	159,936
Land Charges	69,305	48,830	113,146	(43,841)	222,292
Planning - Development Management	699,609	281,404	508,036	191,573	1,016,072
Building Control	261,771	166,274	260,242	1,529	520,484
Total	3,146,236	1,190,691	2,737,822	408,414	5,474,843

Appendix B: CAR PARKS (HWCARPK)	Actuals 20/21	Actuals 21/22	Actuals 22/23	Increase / (decrease) from 22/22 to 22/23	Budget 22/23	Variance (Budget- Actuals)	Manager's Forecast
APR	1,513	115,730	210,882	95,151	209,232	1,650	-
MAY	158	142,691	224,840	82,149	209,232	15,608	-
JUN	14,588	190,284	217,774	27,490	213,232	4,542	-
JUL	86,759	198,274	230,741	32,467	209,232	21,509	-
AUG	88,754	192,326	255,282	62,957	209,232	46,051	-
SEP	163,789	196,998	239,148	42,150	209,232	29,916	-
OCT	165,320	209,840	-	-	209,232	-	-
NOV	93,081	125,825	-	-	209,232	-	-
DEC	85,779	115,877	-	-	209,232	-	-
JAN	59,945	121,754	-	-	209,232	-	-
FEB	50,624	385,058	-	-	209,232	-	-
MAR	193,889	221,161	-	-	209,232	-	303,000
Total	1,004,200	2,215,818	1,378,668	342,364	2,514,782	119,277	303,000

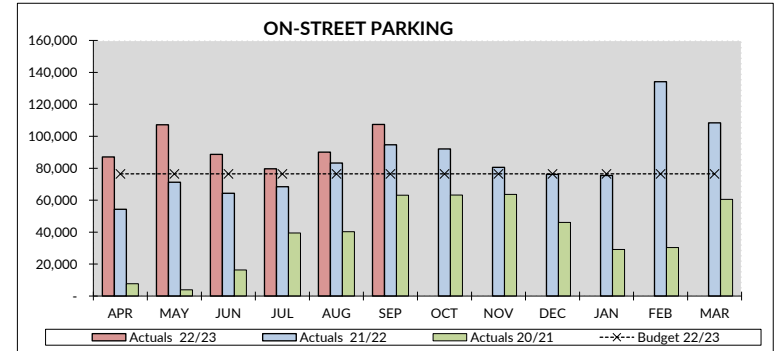


CAR PARKS (CUMULATIVE)	Actuals 20/21	Actuals 21/22	Actuals 22/23	Increase / (decrease) from 22/22 to 22/23	Budget 22/23	Variance (Budget- Actuals)	Manager's Forecast
APR	1,513	115,730	210,882	95,151	209,232	(114,080)	-
MAY	1,671	258,422	435,722	177,301	418,464	(241,163)	-
JUNE	16,260	448,706	653,496	204,790	631,696	(426,905)	-
JUL	103,018	646,980	884,237	237,257	840,927	(603,670)	-
AUG	191,772	839,306	1,139,520	300,214	1,050,159	(749,945)	-
SEP	355,561	1,036,304	1,378,668	342,364	1,259,391	(917,027)	-
OCT	520,882	1,246,144	0	-	1,468,623	-	-
NOV	613,963	1,371,968	0	-	1,677,855	-	-
DEC	699,741	1,487,846	0	-	1,887,087	-	-
JAN	759,687	1,609,600	0	-	2,096,318	-	-
FEB	810,311	1,994,658	0	-	2,305,550	-	-
MAR	1,004,200	2,215,818	0	-	2,514,782	-	303,000

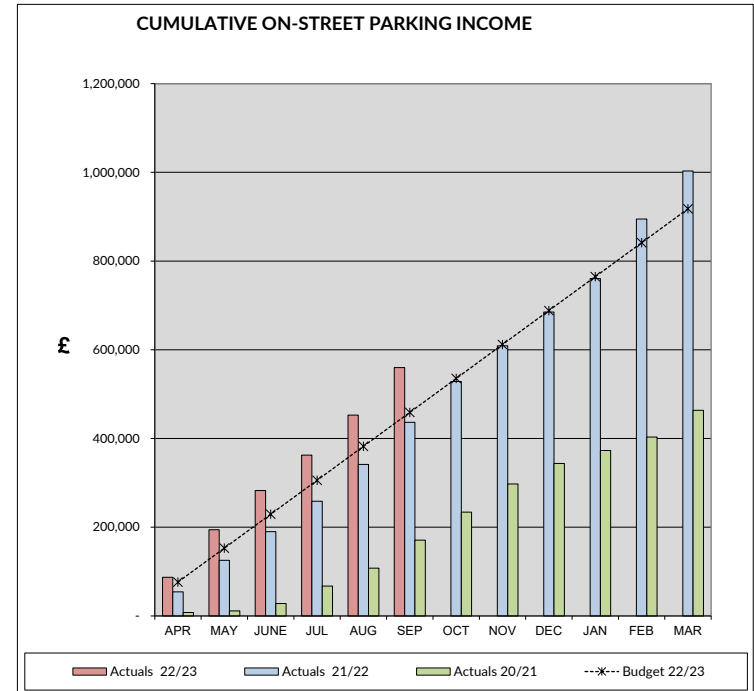


CUMULATIVE BREAKDOWN - HWCARPK	Code	Actual (Cumulative)	Budget	(Monthly)
DAY TICKETS	3300	1,184,349	1,083,462	227,306
EXCESS / PENALTY CHARGES	****1****3			
SEASON TICKETS	3310 ***2	186,373	159,149	10,233
SEASON TICKET CAR PARK	3310			
OTHER	9999, 34**	424	3,565	358
WAIVERS	3404			-
RENT	86**	7,522	11,500	1,250
Business Permits	3406 /3408			
Other			1,715	
Total		1,378,668	1,259,391	239,148

Appendix B: ON-STREET PARKING (HWDCRIM / HWENFORC)	Actuals 20/21	Actuals 21/22	Actuals 22/23	Increase / (decrease) from 21/22 to 22/23	Budget 22/23	Variance (Budget-Actuals)	Manager's Forecast
APR	7,676	54,350	87,024	32,674	76,494	10,530	-
MAY	3,884	71,258	107,176	35,918	76,494	30,682	-
JUN	16,355	64,364	88,652	24,288	76,494	12,158	-
JUL	39,461	68,471	79,690	11,220	76,494	3,196	-
AUG	40,276	83,237	90,070	6,833	76,494	13,576	-
SEP	63,135	94,718	107,460	12,742	76,494	30,966	-
OCT	63,193	92,091	-	-	76,494	-	-
NOV	63,639	80,534	-	-	76,494	-	-
DEC	46,090	76,142	-	-	76,494	-	-
JAN	29,146	75,481	-	-	76,494	-	-
FEB	30,326	134,205	-	-	76,494	-	-
MAR	60,489	108,390	-	-	76,494	-	141,000
Total	463,670	1,003,242	560,073	123,674	917,928	101,109	141,000

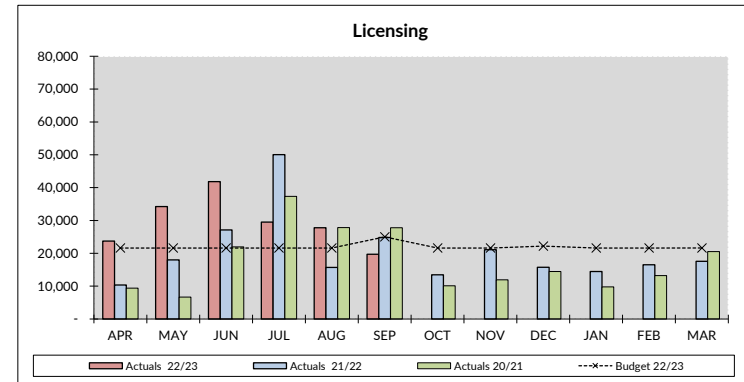


ON-STREET PARKING (CUMULATIVE)	Actuals 20/21	Actuals 21/22	Actuals 22/23	Increase / (decrease) from 21/22 to 22/23	Budget 22/23	Variance (Budget-Actuals)	Manager's Forecast
APR	7,676	54,350	87,024	32,674	76,494	10,530	-
MAY	11,560	125,609	194,200	68,591	152,988	41,212	-
JUNE	27,915	189,972	282,852	92,880	229,482	53,370	-
JUL	67,376	258,443	362,542	104,099	305,976	56,566	-
AUG	107,652	341,680	452,613	110,932	382,470	70,143	-
SEP	170,787	436,399	560,073	123,674	458,964	101,109	-
OCT	233,980	528,490	-	-	535,458	-	-
NOV	297,619	609,024	-	-	611,952	-	-
DEC	343,709	685,166	-	-	688,446	-	-
JAN	372,855	760,646	-	-	764,940	-	-
FEB	403,181	894,852	-	-	841,434	-	-
MAR	463,670	1,003,242	-	-	917,928	-	141,000

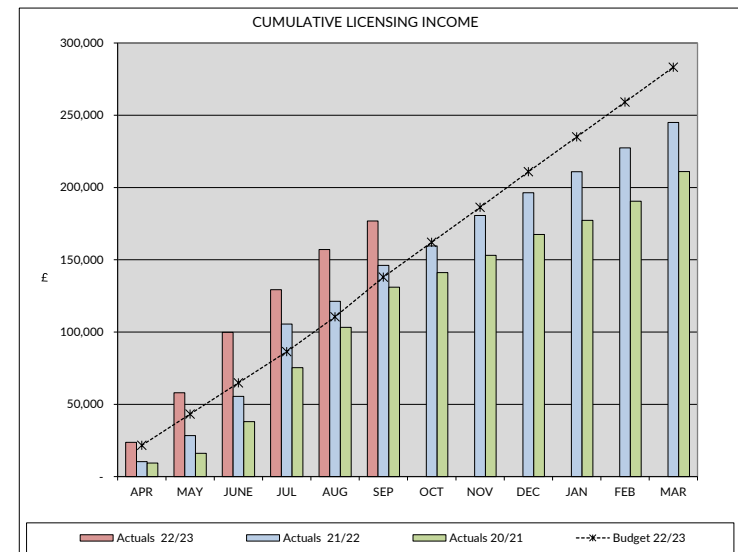


CUMULATIVE BREAKDOWN - HWDCRIM / HWENFORC	Code	Actual (Cumulative)	Budget	(Monthly)
ON STREET PARKING	3300	258,935	242,652	53,425
PENALTY NOTICES	3403	227,229	145,655	42,508
WAIVERS	3404	17,274	5,940	751
Driveway Access Protection Lines	3405	450	-	-
RESIDENTS PERMITS	3406	53,574	28,512	11,176
BUSINESS PERMITS	3408	653	36,206	-
OTHER	9999	1,958	-	(400)
Total		560,073	458,964	107,460

Appendix B: Licensing (EHLICREG & DSTAXIL)	Actuals 20/21	Actuals 21/22	Actuals 22/23	Increase / (decrease) from 21/22 to 22/23	Budget 22/23	Variance (Budget-Actuals)	Manager's Forecast
APR	9,404	10,356	23,747	13,391	21,608	2,139	-
MAY	6,655	18,021	34,255	16,234	21,608	12,647	-
JUN	21,969	27,128	41,816	14,688	21,608	20,208	-
JUL	37,346	50,067	29,492	(20,574)	21,608	7,884	-
AUG	27,847	15,709	27,787	12,078	21,608	3,680	-
SEP	27,783	24,814	19,713	(5,101)	25,003	(7,790)	-
OCT	10,099	13,479	-	-	21,608	-	-
NOV	11,939	21,101	-	-	21,608	-	-
DEC	14,460	15,776	-	-	22,203	-	-
JAN	9,782	14,483	-	-	21,608	-	-
FEB	13,232	16,499	-	-	21,608	-	-
MAR	20,550	17,577	-	-	21,608	-	-
Total	211,066	245,010	176,811	30,716	263,285	38,768	-

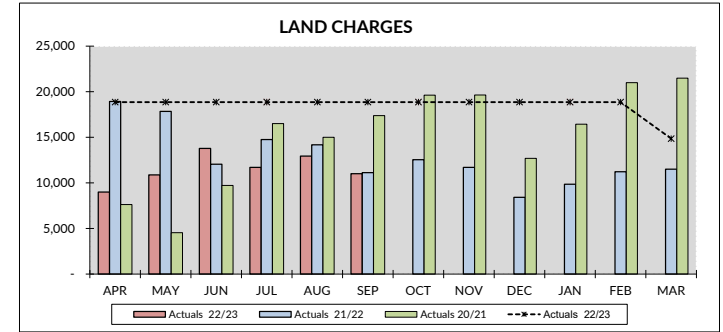


Licensing (CUMULATIVE)	Actuals 20/21	Actuals 21/22	Actuals 22/23	Increase / (decrease) from 21/22 to 22/23	Budget 22/23	Variance (Budget-Actuals)	Manager's Forecast
APR	9,404	10,356	23,747	13,391	21,608	2,139	-
MAY	16,059	28,377	58,002	29,625	43,216	14,786	-
JUNE	38,028	55,505	99,818	44,313	64,824	34,994	-
JUL	75,374	105,572	129,310	23,738	86,432	42,878	-
AUG	103,221	121,281	157,098	35,817	110,540	46,558	-
SEP	131,004	146,095	176,811	30,716	138,042	38,768	-
OCT	141,103	159,573	-	-	162,150	-	-
NOV	153,042	180,675	-	-	186,258	-	-
DEC	167,502	196,450	-	-	210,961	-	-
JAN	177,284	210,933	-	-	235,069	-	-
FEB	190,516	227,433	-	-	259,177	-	-
MAR	211,066	245,010	-	-	283,285	-	-

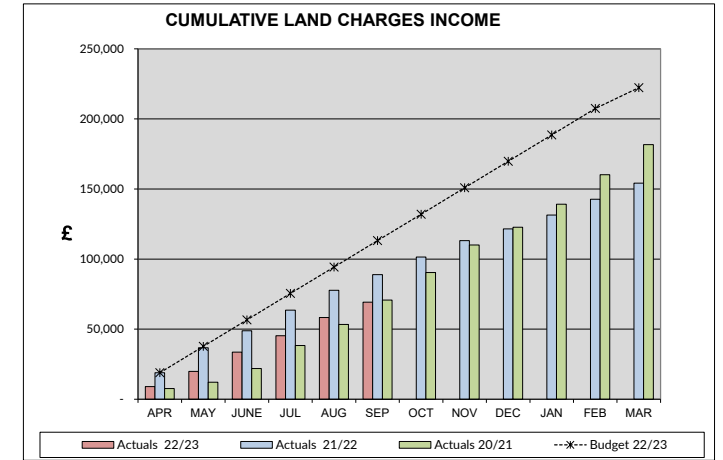


CUMULATIVE BREAKDOWN - EHLICREG/DSTAXIL	Code	Actual (Cumulative)	Budget	(Monthly)
Pre-application advice	EHLICREG/2189	86	-	-
Personal Licences	EHLICREG/2190	1,252	1,110	222
Premises Licence Annual Fee/Premises New/Premises Variation	EHLICREG/2192/21	77,431	47,360	2,946
Temporary Event Notice	EHLICREG/2193	5,733	4,106	924
Gambling Act Permits/Lottery	EHLICREG/2196/7/	4,030	5,499	200
Other	9999	(180)	-	-
Pavement Licence	EHLICREG/2222	900	-	500
Scrap Metal Dealers	EHLICREG/2241	-	-	-
Taxi Licensing	94300/DSTAXIL	77,534	79,968	13,245
Other	94300/DSTAXIL/99	10,026	-	1,676
Total		176,811	138,042	19,713

Appendix B: LAND CHARGES (LPLNDCH)	Actuals 20/21	Actuals 21/22	Actuals 22/23	Increase / (decrease) from 21/22 to 22/23	Budget 22/23	Variance (Budget- Actuals)	Manager's Forecast
APR	7,630	18,930	8,992	(9,938)	18,858	(9,866)	-
MAY	4,532	17,846	10,870	(6,976)	18,858	(7,988)	-
JUN	9,717	12,054	13,787	1,733	18,858	(5,071)	-
JUL	16,500	14,749	11,694	(3,055)	18,858	(7,163)	-
AUG	14,999	14,184	12,946	(1,238)	18,858	(5,911)	-
SEP	17,377	11,125	11,016	(109)	18,858	(7,842)	-
OCT	19,628	12,546	-	-	18,858	-	-
NOV	19,636	11,699	-	-	18,858	-	-
DEC	12,692	8,422	-	-	18,858	-	-
JAN	16,441	9,857	-	-	18,858	-	-
FEB	20,998	11,230	-	-	18,858	-	-
MAR	21,489	11,502	-	-	14,858	-	(90,000)
Total	181,639	154,144	69,305	(19,583)	222,292	(43,841)	(90,000)

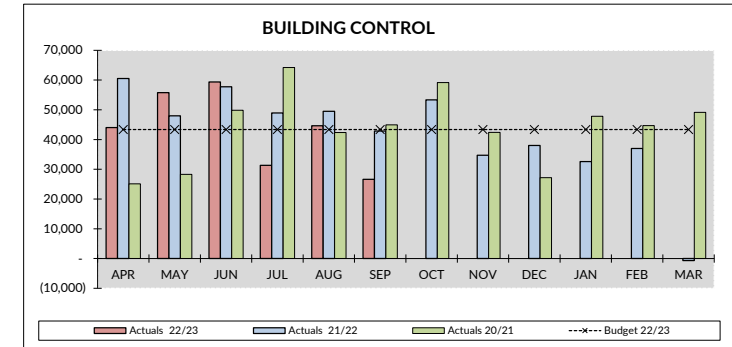


LAND CHARGES (CUMULATIVE)	Actuals 20/21	Actuals 21/22	Actuals 22/23	Increase / (decrease) from 21/22 to 22/23	Budget 22/23	Variance (Budget- Actuals)	Manager's Forecast
APR	7,630	18,930	8,992	(9,938)	18,858	(9,866)	-
MAY	12,162	36,776	19,862	(16,914)	37,715	(17,854)	-
JUNE	21,879	48,830	33,649	(15,181)	56,573	(22,924)	-
JUL	38,379	63,579	45,343	(18,236)	75,431	(30,088)	-
AUG	53,378	77,763	58,289	(19,474)	94,288	(35,999)	-
SEP	70,755	88,888	69,305	(19,583)	113,146	(43,841)	-
OCT	90,383	101,435	-	-	132,004	-	-
NOV	110,019	113,133	-	-	150,861	-	-
DEC	122,711	121,555	-	-	169,719	-	-
JAN	139,152	131,412	-	-	188,577	-	-
FEB	160,150	142,642	-	-	207,434	-	-
MAR	181,639	154,144	-	-	222,292	-	(90,000)

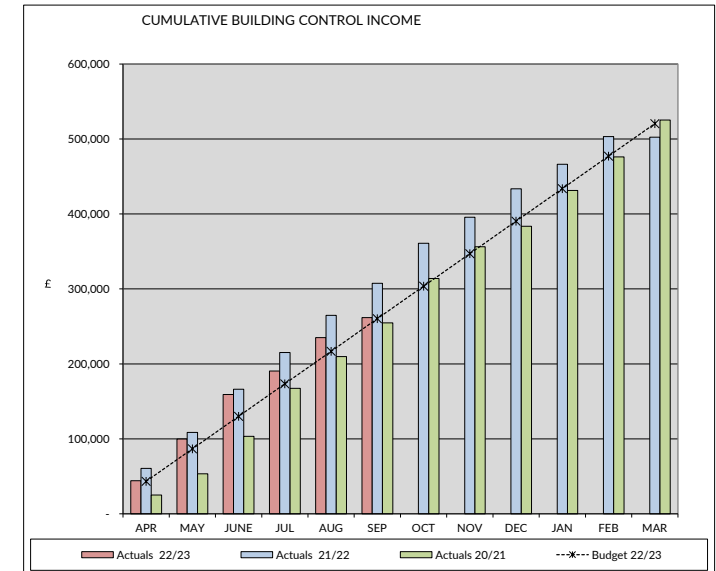


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Appendix B: BUILDING CONTROL (DVBCFEE)	Actuals 20/21	Actuals 21/22	Actuals 22/23	Increase / (decrease) from 21/22 to 22/23	Budget 22/23	Variance (Budget-Actuals)	Manager's Forecast
APR	25,107	60,545	44,057	(16,488)	43,374	683	-
MAY	28,305	47,988	55,758	7,770	43,374	12,385	-
JUN	49,857	57,741	59,365	1,624	43,374	15,991	-
JUL	64,205	48,928	31,337	(17,591)	43,374	(12,037)	-
AUG	42,367	49,476	44,627	(4,848)	43,374	1,254	-
SEP	44,930	42,851	26,627	(16,225)	43,374	(16,747)	-
OCT	59,144	53,334	-	-	43,374	-	-
NOV	42,429	34,743	-	-	43,374	-	-
DEC	27,203	38,039	-	-	43,374	-	-
JAN	47,838	32,591	-	-	43,374	-	-
FEB	44,709	36,979	-	-	43,374	-	-
MAR	49,136	(680)	-	-	43,374	-	15,000
Total	525,230	502,536	261,771	(45,758)	520,484	1,529	15,000



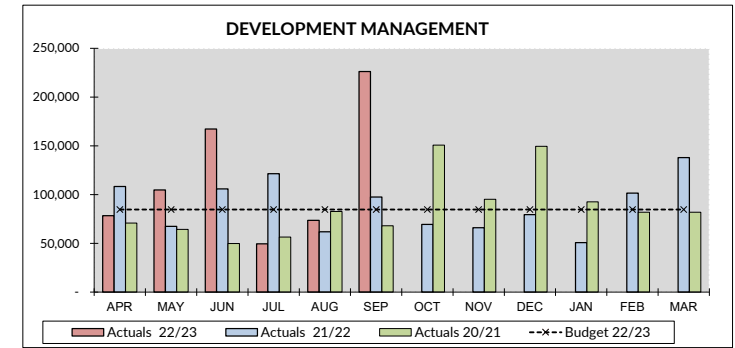
BUILDING CONTROL (CUMULATIVE)	Actuals 20/21	Actuals 21/22	Actuals 22/23	Increase / (decrease) from 21/22 to 22/23	Budget 22/23	Variance (Budget-Actuals)	Manager's Forecast
APR	25,107	60,545	44,057	(16,488)	43,374	683	-
MAY	53,412	108,533	99,815	(8,718)	86,747	13,068	-
JUNE	103,269	166,274	159,180	(7,094)	130,121	29,059	-
JUL	167,474	215,202	190,517	(24,685)	173,495	17,022	15,000
AUG	209,841	264,678	235,144	(29,534)	216,868	18,276	-
SEP	254,771	307,529	261,771	(45,758)	260,242	1,529	-
OCT	313,915	360,863	-	-	303,616	-	-
NOV	356,344	395,606	-	-	346,989	-	-
DEC	383,547	433,645	-	-	390,363	-	-
JAN	431,385	466,236	-	-	433,737	-	-
FEB	476,094	503,216	-	-	477,110	-	-
MAR	525,230	502,536	-	-	520,484	-	15,000



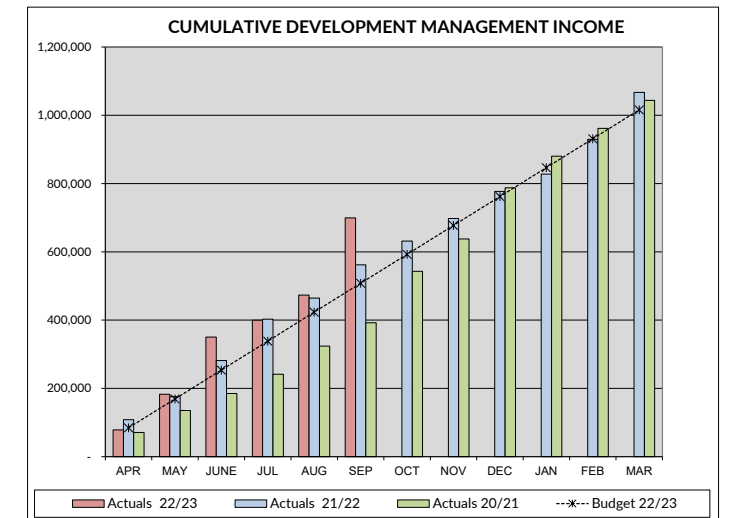
CUMULATIVE BREAKDOWN	Code	Actual (Cumulative)	Budget	(Monthly)
Plan Fee	3066	166,127	162,447	17,272
Inspection Fee	3067	93,478	97,796	9,355
Other	9999	2,166	-	-
New Burdens Grant	3905	-	-	-
Total		261,771	260,242	26,627

Agenda Item 9

Appendix B: DEVELOPMENT MANAGEMENT (DVDEVCT/DVDEVRND)				Increase / (decrease) from	Variance (Budget-Actuals)	Manager's Forecast
	Actuals 20/21	Actuals 21/22	Actuals 22/23	21/22 to 22/23	Budget 22/23	
APR	70,765	108,220	78,359	(29,862)	84,673	(6,314)
MAY	64,358	67,370	104,712	37,343	84,673	20,040
JUN	49,790	105,814	167,284	61,470	84,673	82,611
JUL	56,443	121,474	49,510	(71,964)	84,673	(35,163)
AUG	82,700	61,771	73,509	11,739	84,673	(11,163)
SEP	68,065	97,539	226,234	128,696	84,673	141,561
OCT	150,748	69,405	-	-	84,673	-
NOV	95,145	66,081	-	-	84,673	-
DEC	149,560	79,495	-	-	84,673	-
JAN	92,513	50,807	-	-	84,673	-
FEB	81,896	101,458	-	-	84,673	-
MAR	81,833	137,915	-	-	84,673	140,000
Total	1,043,816	1,067,348	699,609	137,422	1,016,072	191,573



DEVELOPMENT MANAGEMENT (CUMULATIVE)				Increase / (decrease) from	Variance (Budget-Actuals)	Manager's Forecast
	Actuals 20/21	Actuals 21/22	Actuals 22/23	21/22 to 22/23	Budget 22/23	
APR	70,765	108,220	78,359	(29,862)	84,673	(6,314)
MAY	135,123	175,590	183,071	7,481	169,345	13,726
JUNE	184,913	281,404	350,355	68,951	254,018	96,337
JUL	241,356	402,878	399,865	(3,013)	338,691	61,174
AUG	324,056	464,648	473,375	8,726	423,363	50,011
SEP	392,121	562,187	699,609	137,422	508,036	191,573
OCT	542,869	631,592	-	-	592,709	-
NOV	638,014	697,673	-	-	677,381	-
DEC	787,574	777,168	-	-	762,054	-
JAN	880,087	827,975	-	-	846,727	-
FEB	961,983	929,433	-	-	931,399	-
MAR	1,043,816	1,067,348	-	-	1,016,072	140,000



CUMULATIVE BREAKDOWN: DVDEVCT/DVDEVRND	Code	Actual (Cumulative)	Budget	(Monthly)
Planning Application Fees	3009	653,106	449,564	221,959
Other	9999	(375)	4,536	-
Planning Performance Agreements	3012	-	-	-
Pre-application Fees	8329	1,375	-	-
Pre-application Fees	8330	44,902	47,801	3,975
Monitoring Fees	3106	600	6,134	300
RECH-Other A/C/S	98100	-	-	-
Total		699,609	508,036	226,234

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FINANCIAL PROSPECTS AND BUDGET STRATEGY 2023/24 AND BEYOND

Finance and Investment Advisory Committee - 3 November 2022

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

Status: For Decision

Also considered by:

- Cabinet - 10 November 2022

Key Decision: No

Executive Summary:

This Financial Prospects Report is the first report of the Council's budget setting process for 2023/24 onwards. It sets out the financial pressures the Council is likely to face in the coming years and suggests an appropriate strategy, utilising the 10-year budget framework first adopted in 2011/12, to ensure the Council remains financially stable over the long term.

Informed by the latest information from Government and discussions with the Portfolio Holder, the report proposes that the Council continues to set a revenue budget that assumes no direct funding from Government through the Revenue Support Grant or New Homes Bonus. This will result in the Council continuing to aim to be financially self-sufficient.

To achieve this aim and to ensure a balanced budget position over the next 10-year period will be challenging largely due to the uncertainties and ongoing financial impacts of national and international events.

No changes have been made to future assumptions at the stage which will be reviewed during the budget process, as usual. However, due to the April 2022 pay award expected to be significantly higher than previous years and an annual savings target of £100,000 already included, an annual budget gap of £735,000 is currently reported. Growth and savings proposals will be presented to the Advisory Committees and Cabinet, and their recommendations will be considered as part of the process to remove this gap.

By continuing to address these issues, this Council will once again be in a strong financial position that other councils would aspire to.

Portfolio Holder: Cllr. Matthew Dickins

Contact Officer(s): Adrian Rowbotham, Ext. 7153

Alan Mitchell, Ext. 7483

Recommendation to Finance and Investment Advisory Committee:

Advise Cabinet with views on the ten-year financial planning approach and principles set out in the report.

Recommendation to Cabinet:

- (a) That subject to the views of the Finance and Investment Advisory Committee, endorse the ten-year financial planning approach, financial strategy and principles set out in this report;
- (b) request Advisory Committees to review the Service Dashboards and advise Cabinet of possible growth and savings options;
- (c) request officers to continue to review the assumptions in this report and consider options to address the budget gap and report back to Cabinet on 12 January 2022.

Introduction and Background

- 1 The Council's financial strategy continues to aim for long-term financial health and continues to work towards improving financial sustainability. It has been successful through the use of a number of actions including:
 - implementing efficiency initiatives.
 - significantly reducing the back-office function.
 - improved 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 Using the data sources available to the Council, this report sets out a budget over the 10-year period but recognises that it is likely that more accurate data will become available and current assumptions may need to be updated.

- 4 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, which ensured the Council's finances were placed on a stable footing but that also allowed for flexibility between budget years.
- 5 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 rate base.
 - generating more income.
- 6 The intention of this report is to enable Members to give consideration to the pressures likely to be faced by the Council and the strategy they wish to adopt in response to them. This report sets out the high-level approach and principles but later reports in the budget setting process will provide further details to assist in balancing the budget.

Financial Self-Sufficiency

- 7 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.
- 8 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.
- 9 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.
- 10 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.'

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- 11 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.
- 12 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.

Financial Pressures 2023/24 to 2032/33

Overall Summary

- 13 High inflation during 2022 and the uncertainty regarding the ongoing impacts are making forecasting for the next 10-year period more difficult than previous years.
- 14 The Covid-19 pandemic raised a new level of financial impacts that could not reasonably have been foreseen and were not previously considered. Estimated impacts were included in the last two 10-year budgets approved by Council, these will continue to be reviewed as part of this budget process.
- 15 As ever the Council will have to continue to deliver efficiencies and additional income to maintain tighter control and deliver a balanced 10-year budget. The Council will have to continue to progress its savings plan and maintain tight control over net expenditure in order to deliver its 10-year budget.
- 16 The 10-year budget set out in **Appendix B** has been updated from the version agreed by Council on 22 February 2022 to roll on one year.
- 17 Looking at expenditure, inflation is running at 10.1% for CPI and 12.6% for RPI (as at September 2022).
- 18 The Government's published a 'Growth Plan' on 23 September 2022 and is due to publish a 'Medium Term Fiscal Plan' on 31 October 2022. However, new announcements are being made on a frequent basis so it is unclear what impacts there will be on local government finances.
- 19 The Provisional Local Government Finance Settlement for 2023/24 is likely to be announced in December.

- 20 The paragraphs that follow set out the position in more detail and assess the impact on the current 10-year budget.

Covid-19 Financial Impact

- 21 The Covid-19 financial impact has been included in previous budget reports as well as the Financial Monitoring reports regularly presented to FIAC and Cabinet.
- 22 There are a number of specific Covid-19 financial impacts that were included in previous 10-year budgets. Further details are below, and they will continue to be reviewed during the budget process:
- 23 **Council Tax Collection Fund deficit in 2020/21** - any deficit is normally recovered in the following year, but the Government announced that any deficit in 2020/21 can be spread over the following three years instead. Therefore, this will continue into 2023/24.
- 24 **Council Tax Collection rate reductions 2021/22 and 2022/23** - the previous collection rate assumption for all years was 99.4%. The assumptions for 2021/22 and 2022/23 reduced to 98.4%. The assumption for 2023/24 onwards is now back at 99.4%.
- 25 **Reduced income: Car Parking** - it was forecast that car parking income would be 25% below pre-Covid budgeted levels in 2021/22 with the position improving by 5% each year. Therefore, the assumption for 2023/24 is 15% below pre-Covid levels.
- 26 **Post Covid workplace** - increased cleaning of offices and vehicles as well as providing additional PPE took place to ensure the Council has a Covid-secure workplace. Additional IT costs were also incurred to ensure that staff have been supported. Now that hybrid working is in place and the pandemic is entering a new phase, costs will be reviewed in due course.

Income

- 27 Each year in the 10-year budget there is about a £5m difference between net service expenditure and Council Tax revenue. Previously it was reasonable to assume that inflation rates for these two items would generally be similar, but Members should be aware that if inflation remains high compared to previous years, then this approach may need to be reviewed.
- 28 **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 received no RSG since 2017 and is not expected to receive any in future years. The attached 10-year budget assumes no RSG, if any amounts are received in future years, they will be put into the Financial Plan Reserve to support the 10-year budget including 'invest to save' initiatives.

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- 29 Negative RSG (i.e. where council's pay government) has previously been proposed by government. It has not been implemented but remains a threat going forward.
- 30 Local Government Funding reform was due to take place in 2019/20 but has been delayed for a number of reasons.
- 31 Two one-off grants were included in the 2022/23 Local Government Finance Settlement. These were a Lower Tier Services Grant (£103,000), to ensure that no authority had a total Core Spending Power less than in 2021/22; and a Services Grant (£159,000) to fund the additional cost to councils of the new Health and Social Care Levy. Neither of these grants are expected to continue in 2022/23.
- 32 **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).
- 33 It is likely that NHB will soon be replaced by a different method to incentivise housing growth.
- 34 **Council Tax** (£11.8m) - The Government referendum limit for 2022/23 was an increase of 2% or £5 for a Band D property (2.2% for SDC), if higher. Council agreed to increase Council Tax by 2.2%.
- 35 The referendum limit for 2023/24 is not yet known and is expected to be announced in December. The assumption currently included in the 10-year budget is a 2% increase in all years.
- 36 If the same referendum limits are set for 2023/24, the following would be possible:

2023/24 Council Tax	Current Assumption	Potential Assumption
% increase	2.00%	2.16%
£ increase (Band D pa)	£4.60	£4.95
£ (Band D pa)	£234.46	£234.81

- 37 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.

- 38 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 assumption going forward is currently an increase of 730 Band D equivalent properties per annum from 2023/24, 580 per annum from 2027/28 and 480 per annum from 2032/33. The increased tax base results in additional Council Tax income which is assumed to be greater than the incremental cost of servicing the additional properties although it should be recognised that there are likely to be step changes in costs for some services in the future such as refuse collection. The Local Plan will also affect future tax base assumptions.
- 39 **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. The council is due to collect £36m of Business Rates in 2022/23.
- 40 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. A request has been made to Government to continue with a similar arrangement in 2023/24.
- 41 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.
- 42 As the difference between Business Rates baseline and actual Business Rates collected diverges over time, a 'reset' is required after a period, to more closely align these. When Business Rates Retention was introduced in 2013/14, it was indicated that there would be a reset in 2020 however, this has been delayed several times. The Government has suggested that the approach to distributing Business Rates will be re-visited to help support the Government's 'Levelling Up Agenda'.
- 43 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.
- 44 **Interest receipts** (£0.2m) - following the investment in Multi-Asset Income Funds in 2022, interest receipts in 2022/23 are forecast to be at the budget

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level. Fluctuating interest rates and reduced available balances may have an impact on future interest receipts but the current assumption is for interest receipts to remain constant over the 10-year budget period.

- 45 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.
- 46 The Bank of England Base Rate is currently 2.25%. 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.
- 47 **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.
- 48 Six assets have been purchased or built to date, including the Sevenoaks Premier Inn Hotel, at a cost of £25m.
- 49 As well as the £25m above, £10m has been spent by Quercus 7 Ltd on five assets.

Property Investment Strategy income assumptions in the 10-year budget are as follows:

2023/24 - 2025/26 £1.568m per annum

2026/27 - 2028/29 £1.665m per annum

2029/30 - 2032/33 £1.706m per annum

- 50 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.
- 51 To enable other capital schemes to progress, the Property Investment Strategy has been removed from the current capital programme as agreed by Council on 16 November 2021. Therefore, currently no further investments within the strategy are able to take place.
- 52 A Property Investment Strategy Update report will be produced later in the budget cycle.
- 53 **Variable fees and charges** - The Council receives income in fees and charges from a number of sources.

- 54 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 streams to fund the investment in Sevenoaks Town (formerly Buckhurst 2) Car Park as agreed by Council on 22 November 2016.
- 55 It was forecast that car parking income would be 25% below pre-Covid budgeted levels in 2021/22 with the position improving by 5% each year. Therefore, the assumption for 2023/24 is 15% below pre-Covid levels. This will continue to be reviewed.
- 56 **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.
- 57 **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.
- 58 The largest savings were achieved when each shared service started, some of which were in 2010. The viability of continuing to share these services is reviewed on a regular basis to ensure that this Council receives value for money and the service standards it requires.
- 59 **Use of reserves** - One of the principles of the Financial Strategy is to make more effective use of the remaining earmarked reserves. When this strategy was first used in 2011/12 the Budget Stabilisation Reserve was set up to manage the fluctuations between years to ensure that an overall balanced budget remained for the 10-year period. This reserve has been increased by surpluses achieved on the revenue budget in recent years.
- 60 A review of the reserves held is carried out each year as part of the budget process and that will take place again this year.
- 61 When the budget is set, the balance in the Budget Stabilisation Reserve must be sufficient to support the 10-year budget.

Expenditure

- 62 **Pay** costs total £18m. The National Employers for local government services have made a final offer for 2022/23 of £1,925 per person. 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 estimated to be £600,000 above the budgeted assumption. A response from the unions is awaited.
- 63 Negotiations regarding the 2023/24 pay award have not yet commenced. The assumption in the attached 10-year budget is a 2% increase in all years.

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- 64 Members previously agreed that a budget would be set aside to address the Council's recruitment and retention difficulties and challenges going forward. This remains in place and will be used as required.
- 65 ***Superannuation fund*** - the last pension fund triennial valuation by the actuaries Barnett Waddingham, took place in November 2019.
- 66 The funding level has increased from 75.5% to 86.6% since the previous valuation in 2016 and the deficit recovery period for the fund has reduced from 17 years to 13 years. The 10-year budget includes the contribution amounts set by the actuaries for 2020/21 to 2022/23 and includes an additional £100,000 from 2023/24 when the next triennial valuation will come into effect and an additional £50,000 from 2026/27 for the following valuation.
- 67 The next triennial valuation is due to take place in November 2022. Any changes resulting from this will be included in future budget reports.
- 68 ***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.
- 69 ***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. The asset maintenance budgets are reviewed on a regular basis. In the current year, the average yearly liability covered by the budget is 64%.
- 70 ***Annual Savings*** - an annual Net Savings/Additional Income assumption of £100,000 is included for all years in the 10-year budget.
- 71 ***Unavoidable service pressures*** - One of the lessons to be learnt from previous financial strategies is that there is always a likelihood of unavoidable service pressures and there needs to be a clear strategy for dealing with these. These will be identified in the Service Change Impact Assessments (SCIAs) that will be reported to the Advisory Committees between November and January or to Cabinet in later budget reports.
- 72 These additional service pressures will, where possible, be absorbed within existing budgets. However, there is some likelihood that some pressures will be difficult to absorb, and Members will need to give these consideration as part of the budget process. However, it should be recognised that by having a 10-year budget there is greater scope to deal with these pressures and therefore have less impact on current services whereas other councils who only have single year budgets would have to make larger immediate savings.
- 73 ***Progress on the savings plan*** - 2023/24 will be the thirteenth year of using the 10-year budget. During this period, 198 savings/additional income items have been identified totalling £8.4m. 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

Current 10-year budget position

- 75 The 10-year budget set out in **Appendix B** has been updated from the version agreed by Council on 22 February 2022 by rolling it forward one year
- 76 No changes have been made to future assumptions at the stage. However, due to the April 2022 pay award expected to be higher than previous years and an annual savings target of £100,000 already included, an annual budget gap of £735,000 is currently included.
- 77 The National Employers for local government services have made a final offer for 2022/23 of £1,925 per person. 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 estimated to be £600,000 above the budgeted assumption. A response from the unions is awaited. It should be recognised that the current cost of living crisis has had a severe effect on colleagues on lower salary grades.
- 78 Cabinet on 20 September 2022 agreed that in the interests of prudent financial management this be considered as two costs: the mid-year 2022/23 expense and the separate ongoing commitment in future years.
- 79 First, offsetting the increase in staff costs in 2022/23 with any net surplus that may arise from our membership of the Kent and Medway Business Rates Pool - based on previous years, this is estimated to be £250,000. Second, drawing the balance from the Budget Stabilisation Reserve. Both steps are consistent with the principles which govern the use of the funds since, in the case of the former, the receipts are ordinarily treated as a windfall and

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therefore committed to reserves to meet future expenditure and, with the latter, the Budget Stabilisation Reserve's purpose is to assist in smoothing out peaks and troughs over the course of the ten year budget period. Furthermore, to ensure there is no long term impact on the Budget Stabilisation Reserve, a corresponding savings or income be identified as part of the 2023/24 Budget which can replenish the Reserve over the course of the ten year budget - in other words, committing to reserves an anticipated £35,000 per year.

80 For the future expenditure (i.e. 2023/24 onwards), this will be addressed through the budget setting process, adopting the same approach which has seen the authority successfully meet other financial challenges.

81 The following table shows the current budget gap for 2023/24:

2023/24 Budget Gap	£000
Net savings assumption	100
Pay award April 2022 estimate	600
Reimburse Budget Stabilisation Reserve for 2022/23 impact of April 2022 pay award estimate	35
Total	735

82 Options to remove this gap will be presented as SCIA's to the Advisory Committees and also in the Budget Update report to Cabinet on 12 January 2023. Members will also be asked for their ideas at these meetings.

83 As previously reported, the options are likely to cover a number of areas including:

- Service efficiencies
- Additional income
- Re-prioritisation of reserves including use of the Budget Stabilisation Reserve.

84 It should be recognised that it is not usual to use the Budget Stabilisation Reserve to fix a problem of this size but noting the potential level of variations and complexities that are likely to arise during the budget process, more time may be required to find a longer term solution.

85 When looking at prospects for year 11 onwards, there is still likely to be a need to take further actions as these years come into the rolling 10-year period.

Proposed Financial Strategy

- 86 The proposed Financial Strategy is set out in **Appendix C**.
- 87 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 aims to continue 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.
 - Make effective use of reserves and capital receipts.
 - Manage our money carefully, monitor monthly and constantly strive for better value from our spending.
- 88 It is recommended that this strategy be adopted.

Process and timetable

- 89 Members will note from the timetable set out in **Appendix A** that this report is being considered by the Finance and Investment Advisory Committee on 3 November 2022 and any comments will be considered along with this report at Cabinet on 10 November 2022.
- 90 All Advisory Committees will be presented with their Service Dashboards and Service Change Impact Assessments (SCIAs) between November and January when they will be asked for their views on growth and savings proposals for their areas. This part of the process ensures that all members have a role to play in the Governance of the council and the budget decision making process.
- 91 A Budget Update report will be presented to Cabinet on 12 January 2023 to provide details of progress made before the Budget Setting report is presented to Cabinet on 9 February 2023.
- 92 Training sessions on the budget process were provided to Members in 2019. If Members require any further training or have any questions about the process, they are asked to contact Adrian Rowbotham or Alan Mitchell.

Review of the 10-year Budget Process

- 93 An audit of the 10-year budget process was 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.

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Key Implications

Financial

All financial implications are covered elsewhere in this report.

Legal Implications and Risk Assessment Statement

It is a requirement for the Council to set a balanced budget, failure to be able to do so could result in a S.114 notice being issued by the S.151 Officer. There is currently no expectation that the Council would be required to be in that position. Our 10-year budget approach provides adequate flexibility to manage the unprecedented financial shock of Covid-19, subject to sufficient savings being identified and implemented, and the ongoing effective and prudent management of the Council's finances.

An effective integrated policy and priority driven long-term financial and business 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 risks associated with the 10-year budget approach include uncertainty around the level of shortfall and the timing of key announcements such as future changes to Business Rates Retention. The risks will be mitigated by continuing to review assumptions and estimates, remaining financially self-sufficient and by updating Members throughout the process.

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 Financial Strategy and 10-year budget process have ensured that the Council follows a logical and well considered process and approach in dealing with the

many difficult challenges that it has faced. They have also helped to ensure that the Council is well placed in dealing with more immediate and longer-term challenges.

By becoming financially self-sufficient at an early stage, this Council has become much more in control of its own destiny.

The attached 10-year budget shows that this Council is aiming to continue to be financially stable going into the future with a level of assurance that any council would aspire to. However, with a range of issues nationally and internationally impacting the council's finances to an unknown extent at this point in time, this is the most challenging budget process this Council has faced for many years

The Council aims to continue to provide value for money services to a high standard ensuring that the decisions made lead to an achievable 10-year budget. Members will need to consider the impact on service quality, staff and well-being.

Appendices

Appendix A - Budget Timetable

Appendix B - 10-year Budget

Appendix C - Financial Strategy

Background Papers

None.

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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	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	17,565	17,304	17,477	17,680	18,270	18,823	19,368	19,997	20,450
Inflation	510	518	524	513	519	527	537	545	554	564	574
Superannuation Fund deficit	0	100	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	0	0	0	0	100	100	100	100	100	100
New savings/Income	0	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)
Net Service Expenditure b/f	17,297	17,565	17,304	17,477	17,680	18,270	18,823	19,368	19,997	20,450	21,114
Financing Sources											
Govt Support: Revenue Support Grant	0	0	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)	0	0	0	0	0	0	0	0	0	0
: Local Council Tax Support (LCTS)	0	0	0	0	0	0	0	0	0	0	0
New Homes Bonus	0	0	0	0	0	0	0	0	0	0	0
Council Tax	(11,841)	(12,309)	(12,729)	(13,161)	(13,604)	(14,023)	(14,453)	(14,894)	(15,347)	(15,799)	(16,249)
Business Rates Retention	(2,226)	(2,271)	(2,316)	(2,362)	(2,409)	(2,457)	(2,506)	(2,556)	(2,607)	(2,659)	(2,712)
Collection Fund Deficit/(Surplus)	(27)	4	0	0	0	0	0	0	0	0	0
Interest Receipts	(188)	(188)	(188)	(188)	(188)	(188)	(188)	(188)	(188)	(188)	(188)
Property Investment Strategy Income	(1,518)	(1,568)	(1,568)	(1,568)	(1,665)	(1,665)	(1,665)	(1,706)	(1,706)	(1,706)	(1,706)
Contributions to/(from) Reserves	(189)	(170)	(607)	176	176	176	176	176	176	176	148
Total Financing	(16,251)	(16,502)	(17,408)	(17,103)	(17,690)	(18,157)	(18,636)	(19,168)	(19,672)	(20,176)	(20,707)
Budget Gap (surplus)/deficit	1,046	1,063	(104)	374	(10)	113	187	200	325	274	407
Contribution to/(from) Stabilisation Reserve	(1,046)	(1,063)	104	(374)	10	(113)	(187)	(200)	(325)	(274)	(407)
Unfunded Budget Gap (surplus)/deficit	0	0	0	0	0	0	0	0	0	0	0

Assumptions

Revenue Support Grant:	nil all years
Business Rates Retention:	Business Rates Retention safety-net plus 2% per year
Council Tax:	2% in all 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:	£188,000 in all years
Property Investment Strategy:	£1.568m from 23/24, £1.655m from 26/27, £1.706m from 29/30
Pay 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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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.

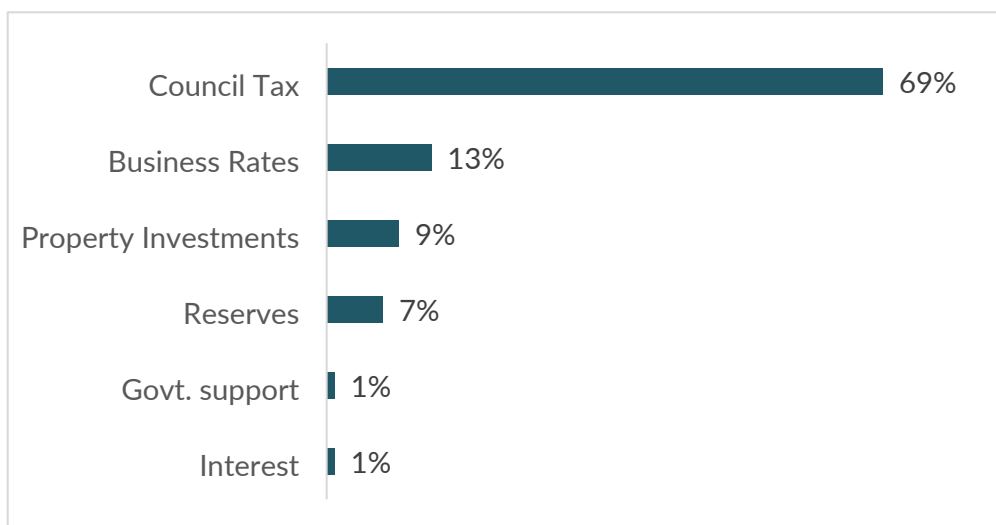
What's important to us:

- 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

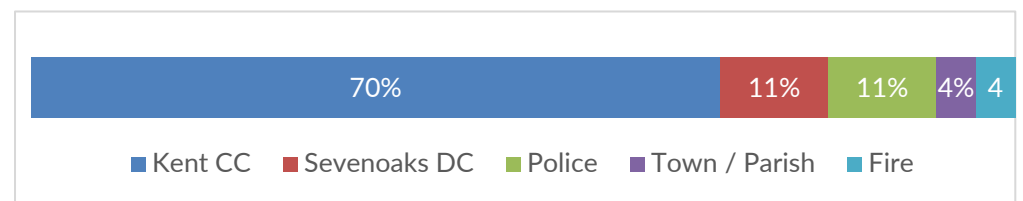
WHERE OUR MONEY COMES FROM



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

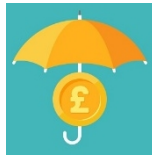
Financial self-sufficiency



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

Finance and Investment Advisory Committee Work Plan (as at 11/10/2022)

3 November 2022

- Treasury Management mid-year update 2022/23
- Financial Performance Indicators 2022/23 - to the end of September 2022
- Financial Monitoring 2022/23 - to the end of September 2022
- Financial Prospects and Budget Strategy 2023/24 and beyond
- Bevan Place Update
-

10 January 2023

- Budget 2023/24: Review of Service Dashboards and Service Change Impact Assessments (SCIAs)
- Discretionary Rate Relief
- Financial Performance Indicators 2022/23 - to the end of November 2022
- Financial Monitoring 2022/23 - to the end of November 2022
- Treasury Management Strategy 2023/24
- Property Investment Strategy Update
- Capital Programme and Asset Maintenance 2023-26
- Risks and Assumptions for Budget 2023/24
-

23 March 2023

- Financial Performance Indicators 22/23 - to the end of January 2023
- Financial Monitoring 2022/23 - to the end of January 2023
- Carry forward requests 2022/23
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