

Public Document Pack

Date: 4 November 2013
Our ref: Cabinet/Agenda
Ask For: Charles Hungwe
Direct Dial: (01843) 577186
Email: charles.hungwe@thanet.gov.uk



CABINET

14 NOVEMBER 2013

A meeting of the Cabinet will be held at **7.00 pm on Thursday, 14 November 2013** in the Council Chamber, Council Offices, Cecil Street, Margate, Kent.

Membership:

Councillor C Hart (Chairman); Councillors: Everitt, Fenner, D Green, Johnston and Poole

A G E N D A

Item
No

Subject

1. **APOLOGIES FOR ABSENCE**
2. **DECLARATIONS OF INTEREST**
To receive any declarations of interest. Members are advised to consider the advice contained within the Declaration of Interest form attached at the back of this agenda. If a Member declares an interest, they should complete that form and hand it to the officer clerking the meeting and then take the prescribed course of action.
3. **MINUTES OF PREVIOUS MEETING** (Pages 1 - 4)
To approve the summary of recommendations and decisions of the Cabinet meeting held on 12 September 2013, copy attached.
4. **CORPORATE PERFORMANCE REPORT** (Pages 5 - 32)
5. **MELLTREE PROPERTIES LIMITED - WRITE-OFF OF BALANCE OF DEBT** (Pages 33 - 36)
6. **EAST KENT OPPORTUNITIES - SPINE ROAD REPAYMENT** (Pages 37 - 40)
7. **BUDGET MONITORING REPORT 2013/14** (Pages 41 - 56)
8. **BUDGET STRATEGY 2014/15** (Pages 57 - 94)
9. **RAMSGATE MARITIME PLAN** (Pages 95 - 132)
10. **NOTICES OF MOTION 1 & 2:-HOUSING BENEFIT SOCIAL RENTED SIZE CRITERIA**
(Pages 133 - 138)

Item
No

Subject

11. **DRAFT TENANCY STRATEGY** (Pages 139 - 156)
12. **THANET'S ECONOMIC GROWTH AND REGENERATION STRATEGY** (Pages 157 - 218)
13. **OSP UPDATE REPORT TO CABINET - EKHUFT NEW CLINICAL STRATEGY PROPOSAL** (Pages 219 - 232)
14. **COUNCIL REFERRAL: INTERIM RECOMMENDATIONS FROM THE OVERVIEW & SCRUTINY PANEL TO CABINET - FREEHOLD OF PLEASURAMA SITE, RAMSGATE** (Pages 233 - 236)

Declaration of Interests Form

CABINET

**Minutes of the meeting held on 12 September 2013 at 7.00 pm in Council Chamber,
Council Offices, Cecil Street, Margate, Kent.**

Present: Councillor Hart (Chairman); Councillors Everitt, Fenner, D Green, Johnston and Poole

In Attendance: Councillors Gideon, King, Watkins, Wells and Wise

96. APOLOGIES FOR ABSENCE

There were no apologies received at the meeting.

97. DECLARATIONS OF INTEREST

There were no declarations of interest.

98. MINUTES OF PREVIOUS MEETING OK

The minutes of the previous meeting were agreed and signed by the Chairman.

99. BUDGET MONITORING

Cabinet noted that the cessation of operations by Transeuropa would have a significant impact on the budget outturn. However the anticipated shortfall in the budget would be covered from service underspends. A realignment of the Council budget would need to be agreed by Cabinet in order to reflect the savings made to date and thereafter continued monitoring of the budget performance would have to be undertaken.

Councillor Wise and Councillor Wells spoke under Council Procedure Rule 24.1.

Councillor Everitt proposed, Councillor C. Hart seconded and Members agreed the following:

1. To note the projected outturn position for 2013/14 for the General Fund;
2. The budget realignments referred to in 2.4 of the Cabinet report , subject to approval by the Cabinet Member for Financial Services;
3. To note the current Housing Revenue Account position;
4. To approve the variations to the Capital Programme as detailed below:

Project	Current budget £	Proposed slippage £	Comment
Community Services			
Disabled Facilities Grants – TDC contribution	899,507	41,000	It is proposed to slip £41k into 2014/15

Swimming Pool/Sports Hall Essential Capital Repairs	50,000	50,000	This is currently unallocated so it is proposed to slip this to 2014/15
Operational Services			
Broadstairs Town Centre Properties	42,500	42,500	This is the agreed contribution to Pierremont Park project. The project is likely to slip to 2014/15
Dane Valley Estate - Fencing	25,032	25,032	This site is currently being reviewed by the Estates team. It is proposed to slip the project to 2014/15
Margate Cemetery Extension	140,000	100,000	It is proposed to slip part of this project relating to the car park extension to 2014/15 and review the associated funding
Public Conveniences	142,000	100,000	A review of toilet provision and condition is underway in advance of developing a structured investment programme for improvements. On this basis a proportion of the funding is being moved into the capital budget for 2014/15.
Ramsgate Marina Eastern Pontoons	125,000	125,000	The spend is still required in 2013/14 but will now be funded from the Maritime Reserve rather than capital receipts
Waste Transfer Station	216,522	216,522	This project is a DEFRA requirement but there is now a much wider review of waste depot provision being undertaken. It is therefore proposed to slip this to 2014/15. There is a sum of £28k within the capital project reserve to cover the re-build of the wall
	1,640,561	700,054	

100. IMPLEMENTATION OF THE SCRAP METAL DEALERS ACT 2013 AND APPROPRIATE DELEGATIONS

The Scrap Metal Dealers Act 2013; was a new piece of legislation that would be coming into effect in October this year. The Act brought with it delegations to Local Authorities, that would see Thanet District Council being required to issue licences to scrap metal dealers, after applicants were cleared as fit and proper persons by the Police.

Councillor Fenner proposed, Councillor C. Hart seconded and Members agreed:

- 1 To recommend that Full Council delegates to the Licensing Board the power to; grant refuse, revoke or vary applications under the 2013 Scrap Metal Dealers Act where representations are to be made. Non-contentious applications without representations may be granted by the Regulatory Services Manager under delegated powers. Fees to be set by the Regulatory Services Manager in consultation with the relevant Cabinet portfolio holder and then agreed annually by Council.

101. ADOPTION OF A REVISED WASTE COLLECTION POLICY TO SUPPORT THE DELIVERY OF NEW WASTE SERVICES FROM NOVEMBER 2013

Cabinet acknowledged the proposed suite of waste management and enforcement policies to support the November 2013 roll-out of a new recycling and waste collection service by Thanet District Council. The adoption of this new service was in accordance with the Council's commitment to the Five Way Inter Authority Agreement regarding the East Kent Joint Waste Project.

Councillor Wise spoke under Council Procedure Rule 24.1

Councillor Poole proposed, Councillor C. Hart seconded and Members agreed:

1. To adopt the Recycling and Waste Management Policies 1-12 and Enforcement Procedures and Guidelines attached in Annexes 1 and 2 to the report.

102. DESIGN FOR FUTURE CLIMATE CHANGE

Cabinet examined the findings of the Technology Strategy Board funded study, carried out by the Council on 'Design for Future Climate Change' on buildings in the Cliftonville West'. The study focused mostly on Victorian buildings.

Councillor Wells spoke under Council Procedure Rule 24.1

Councillor D. Green proposed, Councillor C. Hart seconded and Members accepted the report and agreed that its findings should be incorporated into the Dalby Square Townscape Heritage Initiative Action Plan and the Cliftonville West Design Code as appropriate.

103. ADOPTION OF THE DESTINATION MANAGEMENT PLAN

In accordance with the Visit England principles; Thanet District Council had developed a Destination Management Plan. The Plan identified the key stages and elements that ought to be in place in order to make the plan effective and to increase the benefits derived from visitors to the Thanet area.

Councillor Wise spoke under Council Procedure Rule 24.1

Councillor Johnston proposed, Councillor C. Hart seconded and Cabinet adopted the Destination Management Plan, attached in Annex 1 to the report and agreed that officers take forward its delivery.

104. BID FOR EMPTY HOMES FUNDING TO THE HOMES AND COMMUNITIES AGENCY

Following on the success of the Council's delivery of Round 1 of the Empty Homes Bid, the Homes and Communities Agency (HCA) encouraged Thanet District Council to make an application for Round 2. Cabinet considered the match funding proposal that would enable Council to access the HCA grant funding.

Councillor Wells spoke under Council Procedure Rule 24.1

Councillor D. Green proposed, Councillor C. Hart seconded and Members agreed the following:

1. Bringing back 15 units of accommodation into use as affordable housing, utilising the £300,000 HCA grant funding and the £300,000 of HRA reserves;
2. That the purchase of the leases to empty properties and project management of the works be undertaken to bring them back into use and be delegated to officers and reported back to the Cabinet Portfolio Holder.

105. CORPORATE PERFORMANCE REPORT APRIL - JULY 2013

Cabinet would continue to receive report updates on the performance of the Corporate Plan 2012-16 in order to regularly review the performance of the Council as measured against what the Council had set itself to do.

Councillor Wise and Councillor Wells spoke under Council Procedure Rule 24.1

Councillor Fenner proposed, Councillor C. Hart seconded and Members noted the Council's performance and considered the remedial actions listed.

106. TRAVELLERS' PROTOCOL

Cabinet considered the new protocol for managing the establishment of encampments by Travellers.

Councillor Fenner proposed, Councillor C. Hart seconded and Members agreed to note the Protocol.

Meeting concluded: 8.05 pm

Corporate Performance Report

To: **Cabinet – 14 November 2013**

Main Portfolio Area: **Business Services**

By: **Adrian Halse, Policy and Business Planning Manager**

Classification: **Unrestricted**

Ward: **All wards**

Summary: **Presenting the Corporate Performance Report for the first half of 2013 to 2014 - setting out the performance of the Council against the Corporate Plan priorities and identifying further action where appropriate.**

For Decision

1.0 Introduction and Background

1.1 The Council's Corporate Plan 2012-16 was approved in April 2012. It sets out 11 priorities that the Council will focus on until March 2016:

1. support the growth of our economy and the number of people in work
2. tackle disadvantage across our district
3. support our community and voluntary organisations
4. make our district a safer place to live
5. work to improve parking and transportation in our district
6. make our district cleaner and greener and lead by example on environmental issues
7. plan for the right number and type of homes in the right place (with appropriate tenure) to create sustainable communities in the future
8. support excellent and diverse cultural facilities and activities for our residents and visitors
9. support a broad range of sports, leisure and coastal activities
10. influence the work of other agencies to ensure the best outcomes for Thanet
11. protect and preserve our public open spaces

1.2 When the plan was approved it was agreed that the activities the council would undertake in support of the Corporate Plan priorities would be captured within the service plans.

2.0 Current progress against corporate goals

- 2.1 The Corporate Performance Report attached as Annex 1 pulls together the different projects, and KPIs identified through service planning, and aligns them to the Corporate Plan priorities.
- 2.2 This year 30 key projects address corporate plan priorities. Of these, five have been completed. Of the remainder, all but two of the remaining projects are under way. One of the two outstanding projects has now been withdrawn as it was not fit-for-purpose. Nine of the thirty projects carry risk and this is reflected in the progress alerts given for each. Where there is risk, explanation and actions to deal with the risk are stated for each project.
- 2.3 This report lists 25 targeted KPIs. Four targets appear twice – for example, delivery of affordable housing is listed within priorities two and seven of the Corporate Plan. Two thirds of the targeted KPIs (17) are on track, and five are slightly worse than target. Three of the 25 KPIs are significantly worse than target.
- 2.4 Where any listed activity is not on track, an explanation with steps being taken is stated.

3.0 Options

- 3.1 To note the Council's performance and consider the remedial actions listed.

4.0 Corporate Implications

4.1 Financial and VAT

- 4.1.1 The report has no specific financial implications. All activities listed have been planned within the council's agreed budget. Remedial actions will usually be carried out within existing budgets, where this is not possible funding proposals will be taken through the appropriate channels in keeping with the council's established financial controls.

4.2 Legal

- 4.2.1 There are no specific legal implications to this report.

4.3 Corporate

- 4.3.1 This report provides members with an update on the council's progress against its Corporate Plan priorities.

4.4 Equity and Equalities

- 4.4.1 The equality implications of each of the projects identified in the report will be considered as part of the project planning process in accordance with the Council's equality policy.

5.0 Recommendation(s)

- 5.1 That Cabinet note the council's performance and consider the remedial actions listed (as set out in option 3.1 above).

6.0 Decision Making Process

6.1 This is a non-key decision

Contact Officer:	Adrian Halse, Policy and Business Planning Manager
Reporting to:	Sarah Martin, Financial Services Manager

Annex List

Annex 1	Corporate Performance Report for the period April to September 2013
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Background Papers

Title	Details of where to access copy
<i>Corporate Plan 2012-16</i>	http://www.thanet.gov.uk/council__democracy/corporate_plan_2012_to_16.aspx

Corporate Consultation Undertaken

Finance	Sarah Martin, Financial Service Manager
Legal	Harvey Patterson, Corporate & Regulatory Services Manager






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Corporate Performance Report

For the period April 2013 - September 2013

Report key and guidance

This report provides an update on progress against projects and performance indicators against each Corporate Plan priority. Symbols are used to give a quick indication of progress.

	Projects	Performance Indicators
 	The project is complete	
	The project is on track	Performance is on target
	The project is slightly off schedule or at risk of going off schedule	Performance is worse than target
	The project is significantly off schedule	Performance is significantly worse than target

Where a project or performance indicator is highlighted as an amber circle or red triangle an explanation is given and remedial actions are identified.




The majority of indicators are reported monthly, but there are a number that are reported quarterly. Where this is the case, it is indicated by a (Q1) next to the data. If an indicator is reported to a different pattern (e.g. annually) this is noted next to the data.



Priority 1: We will support the growth of our economy and the number of people in work

The Council is committed to help drive growth across the district by promoting investment, skills, employment, efficiency and innovation to provide a sustainable mixed economy. We will actively promote opportunities such as Regional Growth Funds and will continue to lobby to improve accessibility and development opportunities. The Council cannot deliver this priority on its own and will take the lead through the Thanet Regeneration Board, working with partners from public, private and voluntary sectors to bring jobs into the area.






The Council has direct responsibility for the Ramsgate Port and Marina, a key driver in the local economy. Consequently, a number of the projects and indicators listed below relate to our work at the Port and Marina.

Key Projects

Alert	Description	Progress update	Explanation (if not on target) and next steps / remedial action
	Develop the Local Plan	The Local Plan sets out Thanet's strategy for growth to 2031. Public consultation on issues within, and options for the plan ended on 14 th August 2013. Consultation responses are being used to inform the drafting of policies over the next two months.	
	Develop the Ramsgate Maritime Plan	The draft Ramsgate Maritime Plan was discussed by the Cabinet Advisory Group (CAG) on 24th September 2013, and has been recommended to be taken forward for consideration by Cabinet in November 2013. No specific changes were made to the draft, but it has been noted by the CAG, who have asked that their minuted observations be part of the report to Cabinet.	The amber reflects the fact that progress has taken longer to achieve than initially envisaged as the development of a suitable draft for consideration by the CAG took longer than originally planned. The draft plan will be reported to Cabinet on 14th November.
	The Yacht Valley project: Ramsgate harbour and port (Match funded project)	An extensive programme of works to commercial units in the harbour arches has been undertaken. This included installation of new electrical, water, and telephone ducting for each arch, and replacement of six weak floors and internal stairways for most double arches. Unforeseen extra costs were incurred for provision of services and this reduced the	Although progress was slower than originally envisaged, the desired outcomes are being achieved. The alert remains at amber until the partners agree the changes to programme.

		<p>available funding that remained. Consequently the spend profile has been reviewed to ensure most effective use of the remaining funds.</p> <p>Also a proposed change to the spend profile was submitted to project partners and EU in August 2013.</p> <p>So far one arch had been let and potential tenant evaluations are in hand for three others.</p>	
	<p>Feasibility study for new quay and breakwater at Ramsgate port</p>	<p>The contract has been let to provide this study. It will give an economic analysis of the alongside quay proposal exploring market need and potential in various marine sectors.</p> <p>A successful event (attended by key maritime sector representatives) to inform feasibility assessment of the 'Alongside Quay' proposal took place on 13th September. A report of findings from the event has been completed.</p> <p>Technical scoping work is progressing but is slightly behind schedule due to other priority project and reactive work.</p> <p>The original bid for c£5m to the Coastal Communities Fund was unsuccessful, but this was primarily due to the limited funding available and the size of this scheme, rather than lack of support for the scheme itself. In the meantime, funding for the feasibility work has been formally approved by LOPINOD.</p>	<p>The technical and economic feasibility work will inform the direction of the project leading to the recommendation of a preferred option for approval.</p> <p>The council is optimistic that future funding bidding will be successful.</p>
	<p>Community Infrastructure Levy</p>	<p>This is a new levy that local authorities can choose to charge on new developments in their areas. Scenario testing has been undertaken against potential housing numbers and policy options in the Local Plan.</p> <p>The project has been scoped and a Preliminary Draft Charging Schedule will be prepared following viability assessment, infrastructure appraisal and engagement with members.</p> <p>The draft charging schedule is anticipated in April 2014.</p>	




Key Performance Indicators (KPIs)

Alert	Description	Target	Actual	Explanation and remedial action (if not on target)
	% of Council owned investment property which is vacant	4%	6.36%	There has been insufficient time for the new approaches to asset management to have impacted on this measure.
	Number of enquiries to the VIC service	44,263	48,697	Also in priority 8
	Number of visiting leisure vessels at Ramsgate Royal Harbour	3,681	4,683	
	Average total metreage of occupied permanent berths in Ramsgate Royal Harbour	3.6km	3.63km	
	Number of fishing and angling boats in Ramsgate Marina	42	44	





Priority 2: We will tackle disadvantage across our district

The Council is committed to tackle the issues which can lead to disadvantages for residents through lack of work, skills and poor housing. We will work towards our vision that everyone in Thanet has the same opportunities to access housing, work and an income close to the Kent average, while ensuring that the momentum of economic growth is maintained.

Key Projects

Alert	Description	Progress update	Explanation (if not on target) and next steps / remedial action
	<p>Ensure that the Council is prepared for the impacts of welfare reform</p>	<p>Systems are in place for sharing information on Welfare Reform between TDC departments, and with KCC. Risk assessments exist and are being reviewed. A major risk review will occur when Universal Credit implementation dates are known.</p> <p>To date the numbers of people impacted locally by Welfare Reform is not as high as forecast originally.</p> <p>Active monitoring exists for key areas where the reforms impact on provision of council services. This includes housing options (homelessness) and housing regeneration (housing conditions). Community Services officers are working with housing benefits to mitigate need.</p> <p>Issues will be escalated to SMT and members as necessary.</p>	<p>No date has yet been given for local implementation of the Universal Credit reform.</p> <p>An overview report is currently being prepared to summarise social changes being observed in Thanet. Also, a set of quantitative indicators for long-term monitoring of wellbeing are being compiled to place the impacts of welfare changes in context.</p>
 	<p>Review the Housing Allocation Policy</p>	<p>Full Council approved the Allocation Policy on 11 July 2013. This project is now complete.</p> <p>Implementation of the agreed policy involves setting up an online Housing register (see Priority 7 below)</p>	


Key Performance Indicators (KPIs)

Alert	Description	Target	Actual	Explanation and remedial action (if not on target)
	Average length of time to process Disabled Facilities Grants (referral to completion) (weeks)	68.00 wks	69.58 wks	A large number of cases have been taken off the waiting list that had been on the list in excess of 1 year. This has meant that the time from referral to completion of the grant has been extended on a larger number of cases which has affected the average. We anticipate that this may continue to be the case for the next quarter and will then begin to improve by the end of the year.
N/A	Number of approaches for housing advice	1,206 (2012/13 first 6 months actual)	1,290	The figure in the target column is the number of approaches in the first six months of 2012/13. This figure indicates the increasing demand associated with welfare reforms.
N/A	Number of households on the housing register	N/A	258	The figure shows the number of online registrations processed, using the system introduced at the beginning of September; the number will increase.
	Average time taken to process all new claims and change events for Housing and Council Tax Benefit	9.43 days	8.31 days	
	Benefits accuracy – percentage of Housing and Council Tax Benefit decisions that were correct.	95.9%	96.67%	
	Number of affordable homes delivered ('affordable' is defined by former national indicator NI155. It is as set out in Planning Policy Statement PPS3, 'including social-rented and intermediate housing'. These dwellings are all let below market rent).	Half-year: 0 Whole Year: 112	2	Target numbers are profiled within the programme – the council still expects to deliver 112 affordable homes by the end of the financial year. Also in priority 7.



Priority 3: We will support our community and voluntary organisations

The economic climate has made it much tougher for the diverse range of community and voluntary organisations which operate in Thanet. The Council is committed to working with our partners in the community and voluntary sector, recognising the value of their work and the difference they make to the lives of local people. The Council is also committed to implementing its responsibilities under the new Community Rights effectively so that local communities are empowered to direct and influence their futures.

Key Projects

Alert	Description	Progress update	Explanation (if not on target) and next steps / remedial action
	Engage communities in developing solutions for waste management and street cleanliness	This project will not start until the results of the Public Realm project (see priority six below) are written up, as that project will help inform this project.	



Key Performance Indicators (KPIs)



Alert	Description	Target	Actual	Explanation and remedial action (if not on target)
	Number of initiatives undertaken in partnership with the voluntary/ community sector which support the delivery of the Council's priorities	9	11	
	Number of community groups working in active partnership with the Council on open spaces	15	20	<p>The groups are:</p> <ol style="list-style-type: none"> 1 Friends of Margate Cemetery 2 Westcliff Rose Garden 3 Spencer Square 4 Nelson Crescent 5 Liverpool Lawn 6 Montefiore Woods 7 Mocketts Wood 8 Dalby Sqaure 9 Charlotte Court 10 Friends of Ellington Park 11 League of Friends Ramsgate Cemetery 12 Windmill Project 13 Project Motorhouse 14 St Peters Village Tour 15 St Lawrence churchyard 16 Broadstairs Brush up 17 Culmers allotments 18 Garden Gate project 19 Sea Road Gardens – Chilterns 20 Wrotham Crescent group <p>Also in priority 11</p>

Priority 4: We will make our district a safer place to live


The Council's partnerships with the police and other agencies involve detailed planning to tackle the issues and the offenders who cause most harm, using a range of statistics, data and local knowledge to identify the level of support needed in each neighbourhood. The Council recognises that issues of anti-social behaviour such as noise nuisance, dog fouling, littering and dumped rubbish have a major impact on the quality of life for residents and uses a variety of methods to tackle these. The safety of the public is a key concern for the Council's Environmental Health team, helping to prevent food poisoning incidents and accidents by ensuring businesses operate to the required legislation.

Key Projects

Alert	Description	Progress update	Explanation (if not on target) and next steps / remedial action
	Implement the National Food Hygiene Rating Scheme	<p>The scheme has been bedded in with local traders for more than a year by carrying out food hygiene inspections in accordance with the National Food Hygiene Rating Scheme. The aim is to encourage food business operators to ensure that their premises comply with food hygiene law.</p> <p>The number of inspections being made continues to increase (over 100 premises were rated in August and September 2013); and the team have been undertaking an extension to the programme during weekends and evenings.</p> <p>As at 30th September 2013 some 420 Thanet food premises were rated with a score reflecting the hygiene found at the time of the inspection.</p> <p>Ratings for individual premises are available on a national website and via phone apps so that anyone can view ratings to help them choose where to purchase food.</p>	<p>The scheme is taking longer to implement than originally intended. The delay is primarily the knock-on effect of establishing a Designated Port of Entry (DPE) at Manston airport. Unfortunately low staffing levels are impacting on the number of routine daytime inspections. Further recruitment is well underway, but short term staffing issues remain.</p> <p>The inspection regime of food premises will continue until all food premises are assessed.</p>
	Implement the Thanet Community Safety Plan	<p>The Community Safety Plan focusses on ASB, Domestic Abuse, Violent Crime, Acquisitive crime and Substance Misuse.</p> <p>The work plan for 2013-14 is on target and eight of the 36 actions are completed, with all other actions in progress.</p> <p>A six month progress summary was</p>	

		presented to the Community Safety Partnership executive group and TDC Overview and Scrutiny working party in September 2013.	
	Provide options for making efficiencies in CCTV provision	Direct cost information has been obtained, and options have been identified. Whole life costings for the options are currently being prepared with TDC Finance team, so that clear evaluation of options can be reported.	Cost calculations are now being finalised, and a report explaining the options will go to the next meeting of Cabinet.
	Establish infrastructure for KIA's Designated Port of Entry (DPE) status	Official permanent Designated Point of Entry status at Manston Airport has now been granted, and an on-site team has been established. This project is now complete. Subject to the success of Manston airport this project will be of significant benefit to Thanet in the longer term.	The team is now working towards provision of a seven day a week service.



Key Performance Indicators (KPIs)

Alert	Description	Target	Actual	Explanation and remedial action (if not on target)
	Percentage of food hygiene premises awarded 3 stars or more	80.0%	78.4%	The result shows findings on inspection of 420 food premises in Thanet. The inspection report identifies areas where improvement is required.
N/A	Percentage of High Risk ASB cases that are resolved	TBC	Not yet reported	A new monitoring system with better risk analysis is now in place, but reporting systems are yet to be finalised.



Priority 5: We will work to improve parking and transportation in our district

The recent growth in visitor numbers following the opening of the Turner Contemporary and further developments over the coming years will place increasing demands on local transport and parking provision. The Council is committed to developing a Parking Strategy, in consultation with local people, which sets clear direction for the regulation and management of off and on street parking arrangements. The Council can only achieve improvements to roads and pavements in partnership with Kent County Council, which is the lead local organisation responsible for transport and highway matters. The Council will endeavour to influence and encourage them and government to tackle this important issue.

Key Projects

Alert	Description	Progress update	Explanation (if not on target) and next steps / remedial action
	Conduct a parking review and develop a new Parking Strategy	<p>The results of public parking consultation are due to be released by the end October 2013.</p> <p>Cabinet are recommending the freezing of most parking fees and charges, and continuation of the free Saturday parking scheme.</p> <p>All fees & Charges are to be decided in December Council.</p> <p>The policy will now be produced in 2014.</p>	<p>The project has taken longer to achieve than originally envisaged.</p> <p>However, the timescale still enables implementation of any revised fees in April 2014.</p>
	Develop a transport strategy for Thanet to support the local plan.	The strategy will be reported to cabinet in April 2014 for agreement to go out to consultation alongside the Local Plan	

Key Performance Indicators (KPIs)



Alert	Description	Target	Actual	Explanation and remedial action (if not on target)
N/A	Number of PCN's issued	N/A	7,222	
	Income from on-street parking	£394,940	£395,276	
	Income from off-street parking	£619,600	£591,710	Parking behaviour has adjusted to the free Saturday parking scheme. Off street parking income is adversely affected.


Priority 6: We will make our district cleaner and greener and lead by example on environmental issues

The Council is committed to deliver street cleansing and waste and recycling services that deliver value for money, recognising that these are two of the most important services that we provide. The Council will use both education and enforcement to encourage effective management of waste and a reduction in littering and dumped rubbish.






The Council is committed to reducing its own carbon footprint and to encouraging sustainable energy solutions locally, supporting the operations of London Array and Thanet Offshore Wind from Ramsgate Port.



Key Projects

Alert	Description	Progress update	Explanation (if not on target) and next steps / remedial action
N/A	Carry out upgrade to the waste transfer site	The proposed works at Manston depot have been reconsidered. The intended work will not be cost-effective, will not make the depot fit for the future, and is not essential for the implementation of the new recycling and waste scheme (see below).	The project as originally planned is no longer being progressed. It will be replaced subsequently with a project to carry out an options appraisal for the future location of recycling and waste services.
	Introduce new recycling and waste services	<p>The improved waste service will increase resident recycling. All aspects of procurement and delivery of the project are on track.</p> <p>Restricted access vehicles are in the process of being procured; meanwhile a temporary solution is in place.</p> <p>The project has stimulated the creation of policies to support the service; these were adopted by Cabinet on 12th September.</p>	
	Develop new approaches to undertaking street cleansing to improve results and public perception, whilst reducing costs.	<p>Ramsgate has successfully been used to test one of the approaches, leading to substantial improvement to street cleanliness in the centre of Ramsgate.</p> <p>All Thanet streets have been assessed for usage and cleansing needs; the results have led to a provisional zoning of cleansing for the whole of Thanet.</p> <p>The project timescale has slipped due to the necessity of committing all resources</p>	<p>It is still expected that the project will be delivered, but later than originally planned.</p> <p>New working practices will be rolled out to priority zones first.</p>

		to delivery of the new waste and recycling service.	
	Public Realm Project	The project has explored different ways of working to tackle fly posting, fly tipping, litter, dog fouling, nuisance parking and environmental issues relating to housing, in two pilot wards. The project findings, including consideration of the balance between enforcement and education are due to be written up in November 2013. This will complete the project.	

Key Performance Indicators (KPIs)




Alert	Description	Target	Actual	Explanation and remedial action (if not on target)
	Percentage of household waste sent for re-use, recycling and composting	28.76% (Q1)	25.4±1% (Q1)	Second quarter estimates not yet available. Implementation of new waste & recycling service (November 2013) is designed to improve recycling levels.
	Residual household waste per household per quarter (reported quarterly)	126.42 kg (Q1)	116.6±10kg (Q1)	Second quarter estimates not yet available.
	The number of street cleansing complaints (doesn't include dumped waste & gull damage reports)	758	737	
N/A	The number of dumped waste reports	N/A	1326	A target is not set as this is an indicator of workload rather than performance
	The number of street scene enforcement actions taken	234	259	
	Satisfaction with street cleanliness	70% (2012/13)	52.1% (2012/13)	Data comes from the annual budget consultation. The 2013-14 consultation will be launched in November, with results available early in 2014. The figure is an improvement on the previous survey carried out in 2009 which recorded 48.2% satisfaction. A new approach to street cleansing will be rolled out this year. This will provide greater mobility of cleansers





				<p>and better mechanical sweeping.</p> <p>Litter associated with household collections and the ability of some residents to adequately contain their waste is a major issue. A substantial officer resource is committed to solving the causes of uncontained litter.</p>
	Satisfaction with household waste collection	80% (2012/13)	79.1% (2012/13)	<p>Data comes from the annual budget consultation. The 2013-14 consultation will be launched in November, with results available early in 2014.</p> <p>An improved collection service will commence in November 2013. This will provide a much wider range of items collected from the doorstep including glass, more plastics and food waste.</p>
	Satisfaction with household recycling	71% (2012/13)	70.1% (2012/13)	<p>Data comes from the annual budget consultation. The 2013-14 consultation will be launched in November, with results available early in 2014.</p> <p>An improved collection service will commence in November 2013. This will provide a much wider range of items collected from the doorstep including glass, more plastics and food waste.</p>

Priority 7: We will plan for the right number and type of homes in the right place (with appropriate tenure) to create sustainable communities in the future




The Council intends to ensure that local housing is developed appropriately to create mixed and sustainable communities. Locally, average house prices and rents are high when compared to average household income. The Council aims to ensure that everyone in Thanet has access to housing that is both affordable and of high quality. The Council is committed to continuing its successful work in bringing empty properties back into use, and will work with partners to tackle and provide innovative solutions to the problems of empty properties.

Key Projects

Alert	Description	Progress update	Explanation (if not on target) and next steps / remedial action
	Deliver the Margate Housing Intervention Project	<p>This 15 year multi-agency initiative remains on track with the help of increased private investment in the area. There are short-term challenges related to funding – KCC have stated that they are now unable to deliver their commitment, and an alternative loan scheme is currently being developed.</p> <p>TDC have acquired six properties (which in original form comprised 112 units of accommodation) and are currently negotiating on purchasing a further site that has planning permission for 14 flats.</p>	
	Develop an in-house scheme for managing private rented accommodation	<p>The scheme considers new ways of delivering services that deal with homelessness, and ways of working effectively with private landlords. A consultant's feasibility study has assessed the potential for developing a successful local letting agent. A further joint meeting with the report consultants on 24th July 2013 agreed that further financial modelling is required.</p> <p>Officers are now at the stage of evaluating how the scheme could be implemented.</p>	<p>The amber rating reflects that the project is behind schedule and requires further financial modelling before a decision can be taken.</p> <p>Financial modelling is being undertaken by TDC Financial Services.</p>
	Acquire 50 units (originally 30) for affordable housing in Ramsgate	The current year target for purchases has been achieved; however, additional funding has been granted to deliver a further 20 units. Six additional units are to be delivered this year under a lease repair scheme. Work is currently underway on progressing this scheme.	

	<p>Complete HRA asset management strategy</p>	<p>All HRA sites have been identified, and this list has been cross referenced to the East Kent Housing capital programme.</p> <p>Options for sites are being considered prior to finalising the strategy. The strategy will set out the processes for dealing with HRA sites, including those which are surplus to requirements and could be suitable for redevelopment.</p>	
	<p>Deliver the Selective Licensing Scheme in Margate and Cliftonville</p>	<p>Following successful defence of the judicial review, licencing fee income has been used to help staff this scheme.</p> <p>Enforcement in now ongoing, and will continue for the remainder of the scheme, until April 2016. Future reports during this period will provide evidence on the effectiveness of licencing.</p>	
	<p>Housing online registration</p>	<p>Online registration of applicants for council housing officially went 'live' on 2 September 2013. Workshops were held in several locations to assist customer registration.</p> <p>The system is now being successfully accessed by applicants. The project to set up online registration is now complete.</p>	
	<p>Excellent homes for all</p>	<p>Kent County Council (KCC) and five district and borough council partners, including Thanet, have received initial approval for private finance initiative (PFI) credits from the Department for Communities and Local Government (DCLG), to be used for delivery of an 'Excellent Homes for All' project.</p> <p>However, there is currently an affordability gap (£3million) in the proposal, and ways of bridging this are now being explored. Timescales are at risk because of the protracted nature of negotiation with DCLG.</p>	<p>KCC are now assessing whether 'Supporting People' funding could be used to bridge the funding gap.</p> <p>If the funding gap is not bridged, the viability of the project is undermined.</p>

Key Performance Indicators (KPIs)


Alert	Description	Target	Actual	Explanation and remedial action (if not on target)
	Number of private sector housing notices issued on landlords	50	63	
	Number of empty properties brought back into use	56	83	
TBC	Number of dwellings covered by selective licensing		1,161	
	Number of affordable homes delivered ('affordable' is defined by former national indicator NI155. It is as set out in Planning Policy Statement PPS3, 'including social-rented and intermediate housing'. These dwellings are all let below market rent).	Half-year:0 Whole Year: 112	Half-year actual: 2 (units still under being built)	Target numbers are profiled within the programme – the council still expects to deliver 112 affordable homes by the end of the financial year. Also in priority 2

Priority 8: We will support excellent and diverse cultural facilities and activities for our residents and visitors



The Council is committed to Thanet's heritage as a seaside destination and recognises the role that theatres, museums, galleries, festivals and events play in making Thanet a great place to live in and to visit. In an environment where funding for the cultural sector is reducing, the Council is placing greater emphasis on working with partners and exploring other ways of providing services and facilities.

The Council is committed to the visitor economy, working in partnership with Visit Kent to market the area to potential visitors across the country, and is driving forward the development of the Dreamland Heritage Park aiming to build on the increased tourism offering created by the Turner Contemporary.

Key Projects

Alert	Description	Progress update	Explanation (if not on target) and next steps / remedial action
	Deliver the Dreamland Heritage Amusement Park	<p>Following the council's application for compulsory purchase (CPO) of the site, a series of appeals by the site owners has culminated in the Court of Appeal's agreement with the High Court finding in the council's favour.</p> <p>The ownership of the site was vested in the Council on the 3rd September 2013.</p> <p>Detailed site surveys have been instructed for condition assessments. These are expected to report in November 2013.</p>	The Council is protecting and progressing the opportunity to regenerate Margate. It is consistently endeavouring to facilitate a viable Theme Park of historic thrilling rides, and will continue to take appropriate action to achieve this end.

Key Performance Indicators (KPIs)

Alert	Description	Target (YTD)	Actual (YTD)	Explanation and remedial action (if not on target)
	Number of enquiries to the VIC service	44,263	48,697	Also in priority 1
	Number of visits to TDC owned sport and leisure centres	419,752	480,437	Also in priority 9

Priority 9: We will support a broad range of sports, leisure and coastal activities

The Council continues to provide a diverse range of indoor and outdoor leisure facilities and also provides activities throughout the year in all areas of the district for all ages. The Council is committed to ensuring that Thanet's coastline is protected and maintained to a high standard, recognising that it is a fantastic free resource for active recreation. The Council offers a variety of beach and water sports activities around the coast for residents and visitors alike.

Key Projects

Alert	Description	Progress update	Explanation (if not on target) and next steps / remedial action
★ ✓	Develop the new Ramsgate Pool and Spa	Works on this Your Leisure (formerly Thanet Leisure Force and Vista Leisure) contract completed in July 2013. The new Ramsgate Leisure Centre was officially opened on 1 st August.	
★	Review sport, leisure and play facilities in Thanet	The project contains three sections that are still ongoing: <ul style="list-style-type: none"> • a 'playing pitch' audit that will begin when Sport England update the template being used nationally; • a play development and play facilities report that is currently being undertaken; and, • a refresh of the Sport Facilities Improvement Plan (2009-10) that is expected in early 2014. 	

Key Performance Indicators (KPIs)



Alert	Description	Target	Actual	Explanation and remedial action (if not on target)
★	Number of visits to TDC owned sport and leisure centres	419,752	480,437	Also in priority 8
★	Total throughput for TDC organised sport activities	3,978	4,090	

Priority 10: We will influence the work of other agencies to ensure the best outcomes for Thanet

The Council plays a key leadership role for the local area, and is committed to building strong relationships with other service providers from the public, private, voluntary and community sectors. As well as providing assistance and support, the Council influences and challenges other service providers, encouraging them to develop their service in ways which best meets the needs of people in Thanet.

The Council is a lead member of a number of partnership bodies including the Thanet Regeneration Board, the Margate Task Force and the Community Safety Partnership. We work with many types of organisation including local residents groups, charities and larger organisations such as the University and Kent Fire and Rescue. Our efforts to deliver every one of the other ten priorities involve partnership working in some form and key partnership activities are identified in the priorities which they support. The work of the Margate Task Force project cuts across a number of the priorities and was monitored against this priority in 2012/13. For 2013/14 it has been assigned to priority 2 (we will tackle disadvantage across our district).

Key Projects

Alert	Description	Progress update	Explanation (if not on target) and next steps / remedial action
 	Set up Thanet Health and Wellbeing Board	The Board has been established. The project is now complete.	


Key Performance Indicators (KPIs)

None have been identified against this priority.


Priority 11: We will protect and preserve our public open spaces

Thanet has a diverse range of public open spaces, from areas of cliff top grassland through to formal parks, all a vital part of the natural environment that enriches the quality of life for our communities and visitors alike. The Council is committed to preserving them and retaining the character of the district whilst enabling sensitive enhancements for the benefit of all.

Key Projects

Alert	Description	Progress update	Explanation (if not on target) and next steps / remedial action
	<p>Submit a bid for funding for the reconstruction of the North Thanet Sea Wall</p>	<p>This project is to complete a study and then to prepare and submit a bid. The first aspect is achieved. Technical reports to inform the funding application are complete. However, there is no grant allocation available at this time.</p> <p>Detailed design is ongoing and is programmed for completion by the end of December in readiness for potential funding opportunities towards the end of the financial year when projects with a short lead-in time to construction may be at an advantage.</p> <p>The scheme itself will be designed to refurbish two lengths of north Thanet sea walls which were constructed in the mid 1950's – between Epple Bay and Westgate Bay, and also Westgate Bay and St Mildred's Bay.</p>	<p>The amber reflects uncertainty over funding.</p>

Key Performance Indicators (KPIs)

Alert	Description	Target	Actual	Explanation and remedial action (if not on target)
	Number of community groups working in active partnership with the Council on open spaces	15	20	<p>The groups are:</p> <ol style="list-style-type: none"> 1 Friends of Margate Cemetery 2 Westcliff Rose Garden 3 Spencer Square 4 Nelson Crescent 5 Liverpool Lawn 6 Montefiore Woods 7 Mocketts Wood 8 Dalby Sqaure 9 Charlotte Court 10 Friends of Ellington Park 11 League of Friends Ramsgate Cemetery 12 Windmill Project 13 Project Motormouth 14 St Peters Village Tour 15 St Lawrence churchyard 16 Broadstairs Brush up 17 Culmers allotments 18 Garden Gate project 19 Sea Road Gardens – Chilterns 20 Wrotham Crescent group <p>Also in priority 3</p>
N/A	Satisfaction with parks and open spaces	N/A (2012/13)	55% (2012/13)	2012/13 was the first year that a satisfaction question for parks and open spaces was included in the budget consultation.

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MELLTREE PROPERTIES LIMITED – WRITE OFF OF BALANCE OF DEBT

To: **Cabinet - 14 November 2013**

Main Portfolio Area: **Financial Services**

By: **Financial Services Manager**

Classification: **Unrestricted**

Ward: **All**

Summary: To approve the write off of the balance of a debt of £63,750.

For Decision

1.0 Introduction

- 1.1. A European Regional Development Fund (ERDF) grant of £68,750 was paid by the Council to Melltree Properties Limited on 30 November 2007 in respect of the conversion of the property at 42 High Street and 16 Marine Drive, Margate into artist studios/galleries.
- 1.2. The full conversion of the property into a gallery and artist studios did not happen and consequently the Council has been seeking full repayment of the grant from Melltree Properties Limited and from the two directors of the company. The Council had issued legal proceedings against the company and had successfully applied to join in the company directors in a personal capacity. The company then made an offer of £5,000 in full and final settlement.
- 1.3. Counsel advice was sought on whether the Council was likely to be successful if the case proceeded to trial. Counsel's advice was that due to there being conflicting evidence as to whether the grant monies had to be used for the conversion of the property or whether it could be used to repay property acquisition costs, the Council was unlikely to be successful in court. Counsel therefore recommended that the Council accept the offer of settlement rather than commit more expenditure on litigation, only to lose and then have to pay the other side's costs. Accordingly, the litigation was settled on those terms.
- 1.4. It is therefore necessary to write off the balance of the debt, i.e. £63,750, and in this regard the Council's Financial Procedure Rules require all write offs over £20k to be approved by Cabinet. Cabinet is further advised that because the litigation has been settled, the remaining debt is legally irrecoverable. Consequently, proper accounting treatment requires the debt to be written off.

2.0 Background

- 2.1. Under the ERDF programme, grants were paid to recipients upon evidence of expenditure incurred as set out in the grant approval letters. However, due to a need to spend the ERDF funding to avoid a clawback from the Government

Office of the South East (GOSE), it was agreed with GOSE that the grant to Melltree Properties would be paid up-front. However, the Council's view was that there was still a clear expectation that the grant had to be expended on the permissible purposes i.e. the conversion to a gallery and artist studios. Of the grant monies, a sum of £25k was used to repay property acquisition costs and a further £25k was paid to one of the director's other companies. In the Council's view, the majority of this spend was impermissible and therefore recoverable.

- 2.2. On the basis that the funding had not been used for the purposes for which the grant had been given, the Council subsequently invoiced Melltree Properties Limited for the full repayment of the grant. The Council's legal team then actively pursued this debt and issued proceedings against the company. As Melltree Properties Limited were no longer trading and did not appear to have any assets to repay the debt, the company directors were also joined in the litigation in order that their personal liability could be established.
- 2.3. In turn, the directors argued that the Council had agreed that the grant could be used to defray property acquisition costs and that they could evidence that the full grant had been spent in accordance with the agreement.

3.0 Next Steps

- 3.1. The litigation proceeded to the disclosure of evidence stages whereon the defendants offered a sum of £5k in full and final settlement. Counsels' advice was then sought as to whether to accept or reject the offer.
- 3.2. Although Counsel agreed that the Council's grant offer letter, together with the standard grant conditions, supported the Council's argument that the grant was for a specific purpose and the only condition waived was the payment by results condition, an internal audit report on the grant claim (which had been disclosed to the defendants on the advice of counsel) included a statement from the Council's Project Manager that the grant could in fact be used for property acquisition costs. Counsel therefore advised that the audit report was likely to be used by the Directors' legal advisers against the Council and on this basis, the Council should accept the offer made by the Directors to avoid incurring further litigation costs, To do otherwise would place the Council at risk of losing and to then having to also pay the defendants legal costs.
- 3.3. In order to protect the public purse from further exposure, the Council's Litigation Solicitor, acting on the advice of Counsel settled the claim on the terms offered. The acceptance of the offer resulted in the balance of the debt of £63,750 becoming irrecoverable. As such, it can no longer be treated as a debt and therefore must be written off. As stated above, all write offs over £20k must be approved by Cabinet.

4.0 Corporate Implications

4.1 Financial

- 4.1.1. This debt has been accounted for in full within the Council's bad debt provision. As the debt is now irrecoverable, proper accounting treatment requires the debt to be written off.

4.2. Legal

- 4.2.1 The claim against Meltree Properties Limited and its two directors was settled on the terms advised by Counsel. As the balance of the claim in the sum of £63,750 is irrecoverable, the Cabinet is under a duty to write it off.

4.3. Corporate

- 4.3.1 The Council has since reviewed the procedures and processes for awarding and monitoring external grant and is satisfied that the circumstances that resulted in the full grant being paid over to Melltree Limited in a single instalment in advance of delivery, could no longer occur.

4.4 Equity and Equalities

- 4.4.1 There are no equity or equalities issues arising from this report.

5.0 Recommendation

- 5.1. That Cabinet approves the write off of the balance of the debt owed by Melltree Properties Limited in the sum of £63,750.

6.0 Decision Making Process

- 6.1 Cabinet make decision on such matters where the debt write off is in excess of £20k.

Contact Officer:	Sarah Martin, Financial Services Manager
Reporting to:	Sue McGonigal, Chief Executive

Annex List

N/A	N/A
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Background Papers

Title	Where to Access Document
None	N/A

Corporate Consultation Undertaken

Finance	N/A
Legal	Harvey Patterson, Corporate & Regulatory Services Manager

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EAST KENT OPPORTUNITIES – SPINE ROAD REPAYMENT

To: **Cabinet – 14 November 2013**

Main Portfolio Area: **Financial Services**

By: **Sarah Martin, Financial Services Manager**

Classification: **Unrestricted**

Ward: **All**

Summary: To approve the repayment of the Spine Road liability from internal balances

For Decision

1.0 Introduction and Background

- 1.1. East Kent Opportunities (EKO) was established as a Limited Liability Partnership (LLP) in 2008 to incorporate Kent County Council's landholdings at Manston Park and Eurokent and Thanet District Council's landholdings at Eurokent.
- 1.2. The successful development of the Eurokent site was dependent upon the construction of a new access road across it, which would also act as a by-pass for the existing Haine Road. KCC undertook to forward fund the road on the understanding that this would ultimately be repaid by EKO, including any borrowing costs. The road scheme was opened in November 2008.
- 1.3. The Members' Agreement, dated 22 August 2008, states:
"The LLP shall reimburse to KCC the costs not later than two years after the date of this Agreement or on such other terms and timescales as may be set out in the Business Plan to be agreed between the parties. Such costs are estimated at £5,400,000 but this estimate shall not limit the sums that may be claimed by KCC from the LLP in respect of the Eurokent Spine Road. In addition the LLP shall pay interest to KCC on the costs incurred, calculated on monthly rests at the rate at which KCC can borrow similar sums from time to time, from the date the costs were incurred to the date of payment."
- 1.4. Repayment was therefore due in 2010/11; however, KCC passed a decision on 10 June 2010 to reschedule repayment to before the end of the 2013/14 financial year. The Council's share of this repayment is 50%.

2.0 The Current Situation

- 2.1 Under this joint venture, the economic returns and liabilities are split on a 50:50 basis between Kent County Council and Thanet District Council. The amount due from the Council in respect of the Spine Road liability is £2,698,311. Interest will be charged in addition to this which is likely to be in the region of £50,000 (interest rate to be applied for 2013/14 is expected to be just under 2%). Any further spend incurred over the course of 2013/14 in relation to the Spine Road will also be added to the liability.

2.2 The Council is already making a Minimum Revenue Provision (MRP) in respect of this liability, in accordance with good accounting practice. The MRP is a charge to the General Fund to enable funds to be set aside for the repayment of external loans. The Council's MRP policy is to set MRP based on the estimated life of the asset. The Spine Road is treated as an infrastructure asset and in line with the Council's depreciation policy for infrastructure assets, the useful life has been determined at 40 years. An annual MRP is therefore already budgeted and being provided for in the sum of £66.8k.

2.3 In order to repay the Spine Road liability, the Council could either borrow externally or use internal cash flows:

- If it were to borrow externally, the Council would incur interest charges on this borrowing. The interest charge would be in the region of £113k per annum, based on borrowing £2.7m over 40 years at an interest rate of 4.2%.
- Rather than borrowing externally, the Council could use internal cash flows to repay the loan. This means that the Council could fund the repayment at the 'opportunity cost' of the investment income foregone. It is estimated that the investment income lost would be in the region of £20k per annum (based on an average interest rate of 0.75%). Funding the repayment in this way would also help to reduce the counter-party risk of investing surplus funds. There is a risk from internal borrowing that this could leave the Council's internal funds at a level where some future borrowing may be required in order to meet the Council's needs which may occur at a time when interest rates are unfavourable. However, a review of the Council's cash flow has been undertaken and it has been determined that cash balances would still be sufficient to meet the anticipated cash flow needs of the authority over the medium term after this withdrawal.

3.0 Options

3.1 The Council could borrow externally to repay the Spine Road loan at an annual cost of approximately £113k.

3.2 The Council could use internal cash flows to meet the repayment. This would result in a loss of interest on balances of approximately £20k per annum but is a considerably cheaper option than borrowing externally.

3.3 KCC may be prepared to negotiate an extension to the repayment date, however, the liability will have to be repaid at some stage and it may be preferable to repay it now whilst we have sufficient cash balances to do so.

4.0 Corporate Implications

4.1 Financial and VAT

4.1.1 It would be financially beneficial to repay the loan from internal balances rather than borrowing externally. The proposal within this report is in line with the Council's approved treasury management strategy.

4.2 Legal

4.2.1 The Council is committed to repay the Spine Road loan under the EKO members' agreement.

4.3 Corporate

4.3.1 The EKO venture is important for the development of the Manston and Eurokent sites.

4.4 Equity and Equalities

4.4.1 There are no equality or equity issues arising from this report.

5.0 Recommendation

5.1 That Members approve the repayment of the Spine Road liability from internal balances.

6.0 Decision Making Process

6.1 Budget provision has already been made for the revenue impact of the repayment of this loan. This is therefore within the budgetary framework agreed by Council. The proposal also complies with the treasury management strategy as approved by Council.

Contact Officer:	Sarah Martin, Financial Services Manager
Reporting to:	Sue McGonigal, Chief Executive and S151 Officer

Annex List

None	N/A
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Background Papers

Title	Where to Access Document
None	N/A

Corporate Consultation Undertaken

Finance	N/A
Legal	

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BUDGET MONITORING REPORT 2013/14

To: **Cabinet – 14 November 2013**

Main Portfolio Area: **Financial Services**

By: **Sarah Martin, Financial Services Manager**

Classification: **Unrestricted**

Ward: **All**

Summary: **To inform Cabinet of the latest budget monitoring position against the General Fund, Housing Revenue Account and capital programme for 2013/14.**

For Decision

1.0 Introduction

1.1 This report enables Cabinet to take an informed view of the likely financial impact of the current restriction on non-essential spending on the projected out-turn for the General Fund, as well as the likely outturn on the Housing Revenue Account and capital programme for 2013/14. The report summarises the main issues, with the detail being provided in the annexes.

2.0 Summary Outturn Position for the General Fund 2013/14

2.1 Previous budget monitoring reports have shown a break even position for 2013/14. When monitoring is undertaken very early on in the financial year it is very difficult to predict with any real degree of certainty the year end position and therefore a balanced budget position had been assumed. However, now that it is half way through the financial year a more thorough budget monitoring exercise has been undertaken. Based on this monitoring to the end of September 2013, the projected outturn is an overspend of £481.5k.

2.2 When the budget was set in February 2013, it was still expected that Transeuropa would continue in business. The budgetary impact for 2013/14 as a result of them ceasing business is a shortfall of £836k. This is after terminating contracts at the Port wherever possible and cutting back on the running costs at both the Port and Harbour. Managers have been working diligently during the year to identify savings within their budget areas to offset this shortfall. However, there is still a further £481.5k to find in order to deliver a balanced budget for 2013/14 and therefore every effort will continue to be made to find further efficiencies. This will include continuing with the controls over non-essential spending and restricting recruitment to where it is absolutely necessary.

2.3 The following table summarises the variances that have been identified as part of the budget monitoring exercise with the detail provided in the paragraphs that follow:

Directorate	Variance £'000s
Chief Executive	-3.9
Operational Services	1,141.8
Community Services	-6.9
Corporate Services	-330.2
Savings across Directorates	-319.3
Total	481.5

Chief Executive

2.4 Minor underspends have been identified in respect of the fuel costs for the official car and conference fees totalling £3.9k.

Operational Services

2.5 A number of minor savings have been identified across the directorate, including savings against sand levelling and water safety. These savings total £13k. However, a number of budget pressures have also been identified in this directorate:

- Following the cessation of Transeuropa's business, there is a budget shortfall of £836k. However, the previous budget monitoring report identified savings totalling £170.7k which reduce this shortfall to £665.3k.
- As a result of the Transeuropa shortfall, a detailed exercise has been undertaken to review all the maritime budgets to identify where savings can be made to offset the Transeuropa position. This exercise has also identified that the income budget target for the maritime service is underachieving by £400k. This is due to the income from permanent berths being down; London Array being in the maintenance phase of the windfarm project – income will pick back up once they move back into the construction phase; and the income target for the introduction of the loyalty scheme not yet being met. Every effort is being made to find savings in this area to compensate for this income shortfall, but if sufficient compensating savings can not be found, then an equivalent sum will be drawn down from the Maritime Reserve to offset this shortfall.
- Car parking income is down by £79.8k. This is due to a reduction in the number of people parking at Staffordshire Street due to free parking at Leopold Multi-Storey on Saturdays (£50k); no income coming in for the Bungalow coach park as the site is not secure (£2k); a shortfall against Cavendish Street car park of £12k; a shortfall against Mill Lane of £11k due to free Saturday parking and a shortfall against various car parks of £5k.

- There is also a shortfall against the roundabout sponsorship income budget of £9.7k.

Community Services

- 2.6 A number of minor savings against the whole directorate have been identified totalling £10.9k. An annual contribution of £25k is currently being budgeted from planning to the Local Plan Reserve. The balance on this reserve is £392k and this is considered to be sufficient for the purposes of the Local Plan moving forward. Consequently, this contribution is not required. The budget for a grant in respect of the Housing Care and Repair agency in the sum of £34.7k is also no longer required as this is now being funded by Kent County Council.
- 2.7 Building control income is currently underachieving against the budget but it is expected that this will be offset by an increase in planning fees.
- 2.8 A regeneration grant to Melltree Properties is to be written off in the sum of £63.7k. This is subject to a separate report on this agenda.

Corporate Services

- 2.9 The following underspends/additional income totalling £330.2k have been found in this directorate:
- Additional income from licensing totalling £7.4k is anticipated;
 - Electoral registration costs of £60k will now be met from grant funding;
 - Savings have been identified in respect of Members' allowances of £14.5k;
 - Miscellaneous savings have been identified in Environmental Services of £4.9k;
 - Savings have been identified in the Print Unit of £5.2k;
 - Miscellaneous savings have been found within Financial Services of £2.7k;
 - Savings have been identified against corporate subscriptions of £6.7k;
 - Savings are anticipated against Corporate Marketing of £10.6k;
 - Summonses income for Council Tax and NNDR is expected to exceed the budget by £39.9k;
 - A number of contingency budgets were set up when EK Services was established. These budgets are no longer required, resulting in a saving of £98.3k;
 - Further savings against corporate contingency budgets of £50k are expected;
 - Savings have been offered up against ICT budgets of £30k.

Other Underspends across Directorates

- 2.10 An exercise has been undertaken to look at salary monitoring across the organisation. Based on the trend to date, it is anticipated that the vacancy savings target will be over-achieved by £200k.

- 2.11 Savings have been identified across the various business rate accounts totalling £67.6k.
- 2.12 Savings have been identified across all the Council's utility bills totalling £51.7k.

Business Rates Retention Scheme

- 2.13 The business rates retention scheme was introduced from 1 April 2013. The purpose of the new scheme is to provide an incentive to councils to grow their local economy by allowing them to retain a proportion of the business rates collected. Authorities whose business rates grow above the baseline set by the government are allowed to retain a proportion of this growth, subject to a levy mechanism. However, where rates decline, authorities have to bear a loss in business rates yield, subject to the operation of a safety net.
- 2.14 Although business rates income is being monitored, there is considerable uncertainty around the potential income that the Council may receive. This is mainly due to those businesses who have appealed against their business rate levels as such appeals can take a long time to be settled and it is difficult to know whether the outcome of such appeals will detrimentally affect the business rates income due to the authority or not. Consequently, it is very difficult to predict what the year end position is likely to be for the Council. Based on the most recent monitoring, it is thought that the Council will be showing a loss against its business rates baseline. The Council will have to face the first £330k of any such loss before the safety net kicks in.
- 2.15 Currently, the new Council Tax Reduction Scheme is being delivered with a savings against the budget of £240k. This saving has not been reflected within the monitoring table presented within this report as it is being set aside in case it is required to offset the potential loss in business rates income. If there is a loss in business rates income, the balance of £90k will be drawn down from the Customer Services Reserve.

3.0 Housing Revenue Account

- 3.1 The Housing Revenue Account is currently projecting a variance of £1.079m. This is a reduction of £834k from that reported in September. The Capital expenditure slippage for the Margate Intervention and Ramsgate Intervention from 2012/13 to 2013/14 to be funded from a revenue contribution has reduced down from £1.9m to £1.2m due to the re-allocation of HCA funding as detailed in Annex 2. Increased income is projected against rents for council housing of £42k, with a further £12k on aerial income and £15k contributions to expenditure made up of an £11k insurance settlement and £4k from rechargeable repairs. There is a slight projected shortfall on service charges of £4k. Repairs is projecting a £48k saving. This is due to a £108k underspend against the painting and decorating contract as works are delayed whilst the contract is being re-tendered in a joint procurement exercise with Dover District Council, and an overspend of £60k against re-let works. General savings of £20k have been identified against Supervision and Management costs.

4.0 Capital Programme

- 4.1 A report on the General Fund and HRA capital programme is detailed in Annex 2. Capital receipts show a shortfall of £463k against a budget of £542k within the General Fund. Receipts achieved to date are detailed below:-

General Fund Property Receipts	Amount
Lease of land and buildings at Unit 1 Tivoli Road Estate, Tivoli Brooks, Margate	£68k
TDC Share of sale of 23 & 24 Ozengell Place, Eurokent	£11k
Total Capital Receipts	£79k

In order to achieve a balanced General Fund capital programme the remaining £463k must be achieved in this financial year.

The HRA sales achieved are as follows:

HRA Land Sales	Amount
Land Adjacent to Ramsgate Boxing Club	£25k

4.2 Members are asked to agree the budget virements detailed as per Annex 3 for the General Fund capital fund programme and budget virements detailed as per Annex 4 for the HRA capital fund programme.

4.3 **Corporate Implications**

4.4 **Financial**

4.4.1 The financial implications have been reflected within the body of the report.

4.5 **Legal**

4.5.1 Section 151 of the 1972 Local Government Act requires a suitably qualified named officer to keep control of the Council's finances. For this Council, it is the Chief Executive (S151 Officer), Sue McGonigal, and this report is helping to carry out that function.

4.6 **Corporate**

4.6.1 Corporate priorities can only be delivered with robust finances and this report gives Members the opportunity to review the Council's current position.

4.7 **Equity and Equalities**

4.7.1 There are no equity or equalities issues arising from this report.

5.0 Recommendations

- 5.1 That Cabinet notes the projected outturn position for 2013/14 for the General Fund;
- 5.2 That Cabinet notes the current Housing Revenue Account position;
- 5.3 That Cabinet approves the variations to the General Fund Capital Programme identified in Annex 3;
- 5.4 That Cabinet approves the budget variations to the HRA Capital Programme identified in Annex 4.

6.0 Decision Making Process

- 6.1 The budget is approved by Council in February each year. Cabinet is responsible for monitoring performance against the budget during the year and for approving any budget variations over £50k.

Annex List

Annex 1	Housing Revenue Account Summary
Annex 2	General Fund & HRA Capital monitoring Summary
Annex 3	General Fund Capital Programme
Annex 4	HRA Capital Programme

Background Papers

none

Corporate Consultation Undertaken

Finance	Sarah Martin – Financial Services Manager
Legal	n/a

Contact Officers:

Matthew Sanham (GF), Tel. (01843) 577227

Nicola Walker (HRA and Capital), Tel. (01843) 577236

Annex 1

Housing Revenue Account - 30th September 2013

	2013/14 Original Budget Estimate	2013/14 Working Budget Estimate	2013/14 Outturn	Variance £'000
	£'000	£'000	£'000	£'000
<u>INCOME</u>				
Dwelling Rents (gross)	-12,426	- 12,426	- 12,468	- 42
Non-dwelling Rents (gross)	-220	- 220	- 233	- 13
Charges for services and facilities	-315	- 315	- 311	4
Contributions towards expenditure	-294	- 294	- 309	- 15
Other Charges for services & facilities	-11	- 11	- 11	-
				-
Sub Total	- 13,266	- 13,266	- 13,332	- 66
				-
				-
<u>EXPENDITURE</u>				
Repairs & Maintenance	3,191	3,201	3,153	- 48
Supervision and management-General	2,808	2,798	2,778	- 20
Supervision and management-Special	509	509	509	-
Rents, rates, taxes and other charges	253	253	253	-
Increased provision for bad or doubtful debts	220	220	220	-
Depreciation and impairments of fixed assets	3,438	3,438	3,438	-
Capital expenditure funded from HRA	3,023	3,023	4,236	1,213
Debt Management Costs	8	8	8	-
Non-service specific expenditure	1,200	1,200	1,200	-
				-
Sub Total	14,650	14,650	15,795	1,145
				-
Sub Total: Net Costs of Services	1,384	1,384	2,463	1,079
				-
HRA Investment Income	- 81	- 81	- 81	-
Debt Interest Charges	960	960	960	-
Government Grants and Contributions	-1050	- 1,050	- 1,050	-
Adjustments made between accounting basis and funding basis	1438	1,438	1,438	-
				-
Sub Total: Surplus(-)/Deficit for the Year	2,651	2,651	3,730	1,079
				-
HRA Surplus at 1 April 2013	- 10,244	- 10,244	- 10,244	
Estimated HRA Surplus at 31 March 2014	- 7,593	- 7,593	- 6,514	

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Annex 2

1.0 Capital Programme

Margate Intervention and Ramsgate Empty Homes

- 1.1 Changes to the Margate Intervention cluster bid delivery are required as the current status of the economic climate has created challenges leading to the need to revisit some of the business plan objectives. This has required the re-allocation of some of the cluster bid funding to aid delivery during the remainder of this financial year. It is therefore intended to allocate £78,750 of this funding to Kent County Council as a contribution to the 3 new units they will be delivering as part of the programme and to make available £1m as a contribution to a loan scheme for property owners within the area to encourage them to make capital improvements to their properties within the General Fund capital programme (this will be the subject of a detailed report to Cabinet in January). The remaining cluster bid funding of £1.7m will be used to support the Council's own delivery model for the scheme in the HRA.
- 1.2 The HRA will need to contribute a further £1m towards the Ramsgate empty property model due to the capital investment requirements of some of the long term empty properties purchased. Those properties purchased will result in larger units than initially assumed within key areas of Ramsgate prime for regeneration. It is anticipated that this level of extra funding for the Ramsgate Intervention area can be contained within the initial sums set aside as revenue contributions in total across the two intervention projects so there should be no impact on reserves.
- 1.3 As part of the Margate Intervention programme the authority has recently purchased the Riverdale Hotel in Sweyn Road and 19 Athelstan Road. Acquisitions for the Ramsgate Empty Property programme are continuing and are on target for the March 2015

HRA Capital Programme

- 1.4 East Kent Housing have reviewed the remaining 2012/13 budgets within the HRA Capital Programme that have carried forward into 2013/14 and have offered up savings of £323k. A virement of £40k is requested against unexpected structural repairs at Lancaster Close. A detailed breakdown of the programme is given in Annex 4. The kitchen and bathroom programme is being re-tendered and it is hoped that the programme can re-commence at the latter part of the year, however it is likely that £1.020m of the programme will slip into 2014/15.

General Fund Capital Programme

- 1.5 On 11th July Council approved the utilisation of £500k of New Homes Bonus funding towards the Local Authority Mortgage Scheme. Unfortunately Lloyds Bank have advised that the scheme has been put on hold and is not able to progress at the moment. The budget of £500k has therefore been removed from the programme.
- 1.6 The Margate Coast Protection scheme is largely completed; however there are some on-going works and £101.9k of grant funding has been added to match the final expected expenditure.
- 1.7 The North Thanet Coast Line Sea Wall Construction scheme has not been selected for funding by the Environment Agency this financial year, so this has been moved

back to 2014/15.

- 1.8 The £100k budget for the Port of Ramsgate Terminal Tractor has been transferred to 2014/15, following the cessation of ferry operations at the port. £110k of the 2013/14 budget for the Margate Cemetery Extension has been slipped to 2014/15 due to project timeline changes as has the remaining £20k against the allotment programme.
- 1.9 Works to the Cremator project have now been completed under budget by £20k and the saving has been taken within the capital programme. The solar panel project at the crematorium has also completed under budget and is below the de-minimus threshold for capital spend of £10k. The works will therefore be moved to revenue with the associated reserve contribution. A detailed breakdown of the full General Fund capital programme can be found in Annex 3.

East Kent Services Capital Programme

- 1.10 East Kent Services have notified the Council that they will be replacing the 3 Councils' Customer Relationship Management Systems with 1 online forms package that will make considerable savings in software maintenance. As Thanet District Council is the host authority the acquisition will be made through this council's Capital programme and it is therefore requested to include a capital budget of £60k to be funded from the East Kent Services Reserve. They have also identified that the remaining budget on the Electronic Information Storage project of £15k and the remaining budget of £10k on the Email Archive Hardware and Software project are now surplus and can be taken as savings against the capital programme. These savings will be re-invested into the Payroll system as detailed in paragraph 1.11 below.
- 1.11 East Kent Services have notified Kent County Council that they are reviewing solutions for payroll and an HR information system beyond October 2014 and have a requirement for a simpler, more agile and flexible solution than is currently provided. The favoured consideration is to bring this function in house and secure a new system which can be implemented and maintained internally.

General Fund – Revised Capital Programme

Annex 3

Capital Programme 2013/14	Revised Capital Budget 2013/14 to Cabinet 12 September 2013	Virement or Slippage Ext Funding	Virement or Slippage TDC	Revised Capital Budget 2013/14 to Cabinet 14 November 2013	Committed Spend to Date 30/09/13	Budget Remaining 30/09/13
Business Services						
Authentication-Project	35,000.00			35,000.00	0.00	35,000.00
Dip/Workflow (Bid04)	72,310.38			72,310.38	5,347.56	66,962.82
Electronic Information Storage	15,236.64		-15,236.64	0.00	0.00	0.00
Email Archive Hardware and Software	10,615.27		-10,615.27	0.00	0.00	0.00
Customer Relationship Management System	0.00		60,000.00	60,000.00	0.00	60,000.00
Payroll System	0.00		275,000.00	275,000.00	0.00	275,000.00
Serv-Dev Electronic Interfaces	40,000.00			40,000.00	0.00	40,000.00
Community Services						
Disabled Facilities Grants	1,083,717.00			1,083,717.00	1,083,717.00	0.00
Disabled Facilities Grants - TDC Contribution	858,507.64			858,507.64	295,785.26	562,722.38
Dreamland- TDC	4,785,557.77			4,785,557.77	551,201.41	4,234,356.36
Dreamland - HLF	2,960,614.11			2,960,614.11	36,113.93	2,924,500.18
Empty Properties Initiative	63,750.00			63,750.00	0.00	63,750.00
Historic Town Centre Grants - HLF	9,063.64	-6,507.12		2,556.52	2,556.52	0.00
Historic Town Centre Grants - TDC Contribution	9,723.35		-7,166.82	2,556.53	2,556.53	0.00
Dalby Square - HLF	884,370.00			884,370.00	0.00	884,370.00
Dalby Square - NHB	207,000.00			207,000.00	0.00	207,000.00
Local Authority Mortgage Scheme (LAMS)	500,000.00		-500,000.00	0.00	0.00	0.00
Margate Pedestrian Connections	24,345.12			24,345.12	0.00	24,345.12
Margate Housing Intervention - Loan scheme		1,000,000.00		1,000,000.00	0.00	1,000,000.00
Margate Housing Intervention - KCC Units		78,750.00		78,750.00	0.00	78,750.00
Planning Projects	30,608.75			30,608.75	0.00	30,608.75
Playground Equip/Works	8,263.89	-8,263.89		0.00	0.00	0.00
Private Sector Housing - RHB	111,199.68			111,199.68	-42,482.50	153,682.18
Redevelopment of Newington Centre - S106	100,514.56			100,514.56	0.00	100,514.56

Capital Programme 2013/14 (continued)	Revised Capital Budget 2013/14 to Cabinet 12 September 2013	Virement or Slippage Ext Funding	Virement or Slippage TDC	Revised Capital Budget 2013/14 to Cabinet 14 November 2013	Committed Spend to Date 30/09/13	Budget Remaining 30/09/13
Redevelopment of Newington Centre - TDC	40,648.32			40,648.32	0.00	40,648.32
Skatepark	186,390.00			186,390.00	3,692.13	182,697.87
Swimming Pool /Sports Hall Essential Capital Repairs	75,000.00			75,000.00	75,000.00	0.00
Swimming Pool Adjacent to Ramsgate Sports Centre	24,327.19			24,327.19	18,167.85	6,159.34
Operational Services						
Allotments	32,888.13		-20,000.00	12,888.13	1,755.00	11,133.13
Cecil Street Solar Panels - TDC	1,001.86			1,001.86	0.01	1,001.85
Crematorium Solar Panels	18,844.15		-10,000.00	8,844.15	7,550.00	1,294.15
Coast Protection - Pegwell Bay	51,030.51			51,030.51	15,785.59	35,244.92
Coast Protection-Margate Old Town	215,943.26	101,928.00		317,871.26	236,036.30	81,834.96
Cremator Works	27,000.00		-20,000.00	7,000.00	2,585.88	4,414.12
Crematorium Office Upgrade	40,000.00			40,000.00	0.00	40,000.00
Grounds Maintenance Replace Mowers and Vehicles	144,000.00			144,000.00	75,000.00	69,000.00
Margate Cemetary - Extension	140,000.00		-110,000.00	30,000.00	9,000.00	21,000.00
North Thanet Coast Line Capital Sea Wall Construction Sceme	560,000.00	-560,000.00		0.00	0.00	0.00
Pegwell Walkway	92,825.28			92,825.28	0.00	92,825.28
Port of Ramsgate - Terminal Tractor	100,000.00		-100,000.00	0.00	0.00	0.00
Public Conveniences	75,711.97			75,711.97	1,469.75	74,242.22
Ramsgate Marina Eastern Pontoons	125,000.00			125,000.00	0.00	125,000.00
Ramsgate Marina Water Supply Upgrade	50,000.00			50,000.00	0.00	50,000.00
Replacement of Waste Collection Fleet	4,065,000.00			4,065,000.00	3,031,169.99	1,033,830.01
Waste DLO	9,954.00			9,954.00	9,954.00	0.00
Yacht Valley Project – Interreg Funding	91,610.00			91,610.00	59,668.92	31,941.08
Yacht Valley Project	91,610.01			91,610.01	62,131.67	29,478.34

	18,069,182.48	605,906.99	-458,018.73	18,217,070.74	5,543,762.80	12,673,307.94
Capital Salaries	75,000.00			75,000.00		
	18,144,182.48	605,906.99	-458,018.73	18,292,070.74		

Funding of Capital Programme

						Income as at 30 Sep 2013	
General Fund Capital Programme	Brought Forward Balance External Funding 2012/13	Brought forward Balance TDC from 2012/13	Capital Budget External Funding 2013/14	Capital Budget TDC 2013/14	Virement or Slippage	TDC	External Funding to Date
Breakdown of the 2013/14 Programme	1,926,183.68	2,190,639.16	6,678,443.00	8,422,910.00	-926,105.10	10,090,430.07	8,201,640.67
Funded By							
Capital Project Reserves		307,074.06		74,452.00	2,787.18	384,313.24	
Unallocated Receipts		1,323,684.88				1,323,684.88	
Estimated Income from the sale of assets		374,570.21		1,312,500.00	- 770,054.36	79,268.00	
New Homes Reserve		66,700.00		140,300.00		207,000.00	
Cremator Reserve		27,000.00		140,000.00	- 90,000.00	77,000.00	
Maritime Reserve				100,000.00	25,000.00	125,000.00	
Waste Contingency Reserve				809,730.00		809,730.00	
Contribution from Revenue					309,148.09	309,148.09	
Prudential Borrowing		91,610.01		5,845,928.00		5,937,538.01	
External Funding	1,926,183.68		6,678,443.00		-402,986.01		8,201,640.67
Sub Total	1,926,183.68	2,190,639.16	6,678,443.00	8,422,910.00	-926,105.10	9,252,682.22	8,201,640.67
Surplus/Shortfall	0.00	0.00	0.00	0.00	0.00	837,747.85	0.00
Less future budgeted borrowing						-5,937,538.01	
Current shortfall in capital receipts						837,747.85	

HRA CAPITAL REPAIRS FUND BUDGET MONITORING 13-14				Actual Costs & Commitments			
Details	Budget Approve 12th September	Virement	Budget to be Approved by Cabinet	Actual Spend as at 01/10/13	Commitments	Committed to Date 01/10/13	Budget Remaining
EAST KENT HOUSING MANAGED BUDGETS							
SOIL STACK HARBOUR TOWERS	645		645	-	-	0	645
RE ROOFING 11/12	0	1,281	1,281	1,281	-	1,281	0
RE ROOFING 12/13	100,533	-100,533	0	-	-	0	0
REPLACE WINDOWS DOORS 12/13	0	825	825	824	-	824	1
KITCHEN & BATH REPLACEMENTS 12/13	179,930	-162,487	17,443	17,443	-	17,443	0
ELECTRICAL REWIRING 12/13	0	4,821	4,821	4,821	-	4,821	0
HEATING 12/13	17,086	-18,625	-1,539	1,539	-	-1,539	0
FIRE PRECAUTION WORKS 12/13	8	-8	0	-	-	0	0
PLANNED REFURBISHMENTS 12/13	36,210	-36,210	0	0	-	0	0
STRUCTURAL REPAIRS 12/13	24,201	-24,201	0	-	-	0	0
THERMAL INSULATION 12/13	2,876		2,876	2,562	-	2,562	314
RAINWATER GOODS 12/13	2,659	-2,659	0	-	-	0	0
DISABLED ADAPTATIONS 12/13	68,317	-29,586	38,731	38,730	-	38,730	1
ESTATE IMPROVEMENTS 12/13	0	17,438	17,438	17,437	-	17,437	1
ESTATE REPOINTING 12/13	13,636	-12,755	881	881	-	881	0
RE ROOFING 13/14	30,000	-30,000	0	52,135	-	-52,135	52,135
REPLACE WINDOWS & DOORS 13/14	0	559	559	558	-	558	1
KITCHEN & BATH REPLACEMENTS 13/14	1,345,000	-1,020,000	325,000	52,504	17,371.28	69,875	255,125
ELECTRICAL REWIRING 13/14	200,000	-4,821	195,179	3,007	2,668.04	5,675	189,504
HEATING 13/14	300,000	18,625	318,625	129,976	120,820.00	250,796	67,829
FIRE PRECAUTION WORKS 13/14	6,940	8	6,948	4,600	226.63	4,827	2,121
PLANNED REFURBISHMENTS 13/14	50,000		50,000	6,174	764.35	6,939	43,061
STRUCTURAL REPAIRS 13/14	0	40,000	40,000	5,034	175.00	5,209	34,791
THERMAL INSTALLATION 13/14	50,000		50,000	7,792	2,156.88	9,949	40,051
RAINWATER GOODS 13/14	0	2,659	2,659	2,453	-	2,453	206
DISABLED ADAPTATIONS 13/14	200,000	29,586	229,586	37,176	12,953.89	50,130	179,456
ESTATE IMPROVEMENTS 13/14	125,000	-17,438	107,562	13,200	30,346.23	43,546	64,016
ESTATE REPOINTING 13/14	100,000		100,000	1,155	-	1,155	98,845
WORKS TO TRINITY SQ PROPS	100,000		100,000	-	-	0	100,000
SUB Total	2,953,041	-1,343,521	1,609,520	293,935	187,482	481,417	1,128,103

Details	Budget Approve 12th September	Virement	Budget to be Approved by Cabinet	Actual Spend as at 01/10/13	Commitments	Committed to Date 01/10/13	Budget Remaining
THANET DISTRICT COUNCIL MANAGED BUDGETS							
NEWINGTON CENTRE DEVELOPMENT	261,894		261,894	2,443	-	2,443	259,452
PURCHASE OF SUITABLE PROPERTIES	365,257		365,257			0	365,257
RAMSGATE INTERVENTION	1,910,944	1,340,000	3,250,944	99,590		99,590	3,151,354
MARGATE INTERVENTION	5,048,551		5,048,551	716,746	16,959.47	733,706	4,314,846
BUY BACK SCHEME	100,000		100,000	-	-	0	100,000
	7,686,646	1,340,000	9,026,646	818,779	16,959	835,738	8,190,908
	10,639,687	-3,521	10,636,166	1,112,713.31	204,441.77	1,317,155	9,319,011

Funded By	Budget Approved September 2013	Adjustment	Revised Budget
Major Repairs Allowance & Reserve	3,214,935	- 1,343,521	1,871,414
Revenue Contribution	4,936,750	- 700,000	4,236,750
HCA Ramsgate Empty Property Round 1	428,002	340,000	768,002
HCA Ramsgate Empty Property Round 2	300,000		300,000
DCLG Cluster bid Funding	1,260,000	1,700,000	2,960,000
New Properties Reserve	500,000		500,000
Total	10,639,687	- 3,521	10,636,166

BUDGET STRATEGY 2014/15

To: **Cabinet – 14 November 2013**

Main Portfolio Area: **Finance**

By: **Financial Services Manager**

Classification: **Unrestricted**

Ward: **All wards**

Summary: **To present the draft budget strategy for the General Fund, Housing Revenue Account and Capital programme for 2014/15; to present the assumptions for the medium term and to present the proposed fees and charges.**

For Decision

1.0 INTRODUCTION

1.1 The purpose of this report is to outline the process and assumptions for developing the budget for 2014/15 and the provisional assumptions for the following years to 2017/18. The paper also proposes the level of fees and charges for 2014/15.

2.0 EXECUTIVE SUMMARY

2.1 The Council is continuing to face significant cuts in Government funding over the next few years. Substantial savings have already been taken in recent budget years and therefore it is becoming increasingly more difficult to identify further savings without impacting on frontline services. However, this report presents a number of savings and income generating options that are being further developed which should result in the delivery of a balanced budget for 2014/15, with the minimum impact on priority services.

2.2 A review of the Council's reserve holdings has been undertaken, supported by a robust financial risk assessment. The proposed reserve balances are considered to be adequate for supporting the Council's ongoing needs and plans.

2.3 The draft budget assumptions for the Housing Revenue Account are outlined within the report and the proposed Housing Revenue Account balance is considered to be sufficient to support the 30 year HRA Business Plan.

2.4 The Capital Programme has also been affected by the national economic situation, particularly in regard to the Council's ability to generate capital receipts or to support borrowing to fund the programme. The proposed programme within this report is therefore primarily driven by health and safety requirements and by those schemes that will generate a revenue saving.

3.0 THE BUDGET PROCESS

The Budget Timetable

- 3.1 In February each year the Council is required by statute to set out its budget and Council Tax levels for the forthcoming financial year. It also has to set out a range of other strategies and plans to inform the Council's treasury management activities. At the same time, a Medium Term Financial Plan (MTFP) is published, which provides indicative figures for a further three years. This provides a framework within which service decisions can be taken in the knowledge of their future affordability.
- 3.2 A number of steps have already been taken to build up the budget for 2014/15 and for the medium term in advance of approval in February, with further steps required over the forthcoming months:
- Star chamber meetings have been held with the Senior Management Team (SMT), the Finance Portfolio Holder and service managers where managers have put forward savings proposals for their service areas. These proposals have subsequently been discussed in detail by SMT and then between SMT and Cabinet to determine which are achievable. Meetings are being held with SMT and Cabinet throughout the budget process to discuss the proposals as the budget develops;
 - A schedule of fees and charges has been proposed in consultation with managers, SMT and Cabinet. These are presented in summary format within this report and will go to Council on 5 December 2013 for approval;
 - The Council Tax base will go to Council for approval on 5 December 2013;
 - The draft Treasury Management Strategy will be presented to Governance and Audit on 11 December 2013 and will then go to Cabinet in January and Council in February for approval;
 - The detailed draft budget proposals and MTFP will go to Cabinet on 21 January 2014 and then to Council on 6 February 2014;
 - The Council Tax will then be set by Council on 27 February 2014.
 - Meetings will be held with the Corporate Performance Working Party during the budget process to share with them the budget strategy and the financial risk assessment of reserves.

4.0 FUNDING

- 4.1 When drawing the budget proposals together, the Council needs to consider its various funding streams. These are detailed below:
- 4.2 **Business Rates:** The Government introduced a new business rates retention Scheme with effect from 1 April 2013. The purpose of the new scheme is to provide an incentive to councils to grow their local economy by allowing them to retain a proportion of the business rates collected. In return, authorities also now share the risk of a fall in rate yield, subject to a safety net mechanism. A baseline funding level is established by the Government for each authority. Authorities whose business rates grow above the baseline are able to retain a proportion of that growth in revenue (subject to the operation of a levy), while those whose rates decline or grow at a lower rate experience lower or negative growth in revenue (subject to the operation of a safety net). The first 50% of any new business rate yield goes to the Treasury with the balance being split 80% to the district and 20% to the county. The safety net mechanism ensures that no authority's income falls by more than 7.5% of their baseline funding level. The Council is not anticipating any growth in its business

rates income but could face a loss in business rates income of up to £330k before the safety net would be triggered.

4.3 **Revenue Support Grant:** In addition to business rates, all authorities receive Revenue Support Grant from Central Government as support towards the cost of running council services.

4.3.1 The Revenue Support Grant also includes an element to compensate those authorities who have frozen their Council Tax. Those authorities who froze their Council Tax in 2011/12 are being paid a grant equivalent to a 2.5% increase on their 2010/11 Council Tax for each year up to 2014/15. Those authorities who froze their Council Tax in 2012/13 received a grant equivalent to a 2.5% increase in that year only. Those authorities who froze their Council Tax in 2013/14 are also receiving a grant equivalent to a 1% increase in 2014/15. A further grant has also been announced for those who freeze their Council Tax for 2014/15 and 2015/16. This will also be equivalent to a 1% increase.

4.3.2 The Revenue Support Grant also includes an element to negate the impact of the Council Tax Reduction Scheme (CTRS) on the Council Tax base. The CTRS was introduced from 1 April 2013 to replace the council tax benefit system. The scheme has now been localised, although there are still a number of strict criteria that are nationally imposed. The scheme adopted by this Council has removed the empty property and second homes discounts and has reduced the Council Tax discount for those of working age by 5.5%. This scheme will be rolled into 2014/15 and will then be subject to review for the following year.

4.3.3 The Revenue Support Grant also includes an element to support homelessness.

5.0 CONTEXT

Cuts in Funding

5.1 The Council has faced significant cuts in funding (a cut of 35% in formula grant) over the last four years which has resulted in a cut in the net revenue budget of 18% from 2010/11 to 2013/14. This is illustrated in the following table:

	2010/11 £'000s	2011/12 £'000s	2012/13 £'000s	2013/14 £'000s
Net Budget	23,055.0	21,771.2	20,065.1	18,842.6
% Year on Year Reduction		5.57%	7.84%	6.09%
Funded by:				
Formula Grant	13,310.0	11,644.2	9,673.1	8,530.0
% Year on Year Reduction		12.5%	16.9%	11.8%
CT Freeze Grant re 11/12	0.0	246.0	246.0	246.0
CT Freeze Grant re 12/13 *	0.0	0.0	250.0	0.0
CT Freeze Grant re 13/14	0.0	0.0	0.0	99.6
Council Tax Reduction Scheme	0.0	0.0	0.0	1,990.0
Collection Fund Surplus/(Deficit)	(49.0)	11.0	26.0	0.0
Precept (Council Tax)	9,794.0	9,870.0	9,870.0	7,977.0

Total Funding	23,055.0	21,771.2	20,065.1	18,842.6
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* The CT Freeze Grant for 2012/13 was given as a one year grant only

- 5.2 Further cuts in funding are anticipated over the next few years as shown below. The figures for 2014/15 have been confirmed. Provisional figures have been announced for 2015/16. Further cuts of 10% have been assumed for both 2016/17 and 2017/18. A single figure for the Revenue Support Grant will be announced from 2014/15 onwards which will include the Council Tax freeze grant and the Council Tax Reduction Scheme (CTRS) grant.

	2014/15 £'000s	2015/16 £'000s	2016/17 £'000s	2017/18 £'000s
Formula Grant (including Freeze Grant and CTRS)	9,343.6	7,853.6	6,974.0	6,276.0
% Reduction		15.9%	11.2%	10%

- 5.3 The CTRS grant funding also includes an element to be passed to the parishes to compensate for the reduction in their tax bases following the introduction of the CTRS. In 2013/14 this element of the grant was £160k. From 2014/15 the CTRS grant has been rolled into the Revenue Support Grant but the Government has said that the CTRS element of the funding has not been cut. On this basis, it is proposed to pass the same level of funding across to the parishes in 2014/15. This will be reviewed in the following years and is likely to be cut in line with any cuts in the Revenue Support Grant.

6.0 Savings Approaches to Date

- 6.1 The Council has delivered substantial savings over the last few years:

- 2011/12 £2.2m
- 2012/13 £1.3m
- 2013/14 £1.2m (estimated)

- 6.2 These savings have been delivered from a number of different approaches:

Approach	Detail
Staffing structures	Substantial savings have been taken from reviewing staffing structures over the last few years. The last restructure, effective from April 2011, achieved savings of £1m.
Shared Services	The transfer of Revenues and Benefits, ICT and Customer Services to East Kent Services has delivered savings of over £900k to date with further savings of £150k anticipated for 2013/14.
Re-negotiating contracts	Contracts have been reviewed to ensure they are delivering value for money and more favourable terms have been re-negotiated where possible. A savings target of £100k has been achieved to date.
Revising budgets when costs reduce	A comparison of actual spend against budget has identified a number of savings over the last few years and budgets have been reduced accordingly. A sum of £205.2k is anticipated in 2013/14 as a result of this exercise.

Approach	Detail
Service prioritisation	All non-priority services have been reviewed and savings taken where possible.
Service efficiencies	Savings have been taken from delivering services in a more efficient way. These include reducing printing costs; adopting a more electronic approach to member papers; reducing the number of publications purchased across the Council; rationalising office accommodation
Natural tightening of belts	Managers have been expected to identify savings wherever possible and deliver services within a reduced budget. There has also been a more strict approach to the recruitment process with all vacancies assessed before they are recruited to.
Increased activity on charged-for services	Fees and charges have been reviewed and charges increased where appropriate. Additional income has also been factored into the budget as a result of new activity for example from the wind-farm activities.

6.3 Having already taken the more obvious ‘quick wins’, it is going to be increasingly difficult to find further savings over the coming years to deliver a balanced budget.

7.0 Budget Consultation

7.1 The budget consultation is being launched in November and will seek to identify the priorities of the district’s residents. However, the last few consultations have all highlighted the same priorities which are as follows:

- Street cleansing
- Recycling and waste
- Community safety services
- Beaches (including beach inspections and water safety)

7.2 Members and Officers alike have high aspirations for the Council but the constraints on the budget mean that services and future developments need to be prioritised. By understanding the priorities of the Council’s residents, the Council can ensure that these services are sufficiently resourced to deliver an acceptable quality of service and that the corporate support functions are scaled appropriately. Through the consideration of value for money, costs can also be minimised by making the processes as efficient as possible, taking advantage of economies of scale when defining staffing structures and securing the best value from procurement activities.

7.3 Optimal Resource Allocation for Service Delivery

7.4 Moving forward, the Council needs to ensure that it is adequately resourced to deliver its priorities and must ensure that its processes and structures for delivering these priorities are appropriate.

7.5 **Management Restructure:** An efficiently run organisation should always keep costs to a minimum through setting organisational structures that minimise management costs. The Council is therefore reviewing its management structure to ensure services are grouped together appropriately and to ensure that there is sufficient capacity at a senior level to enable the delivery of the Council’s priorities. Whilst looking to reduce costs, the restructure also aims to ensure that the Council is at the forefront of any opportunities; that it can add the highest value to the public; that it can manage and support members to make the most effective, sustainable and appropriate strategic decisions for the Council and the District; and to ensure that it can effectively manage public perception and relations.

- 7.6 **Support Services:** Many of the Council's support services are needed to ensure the smooth running of the front-line services. Some are required by statute, especially those that relate to the Council's arrangements for corporate governance. However, the cost of running support services should be in proportion to that of providing front-line services and therefore the level of support services will be reviewed to ensure it is still proportionate.
- 7.7 **Statutory Overheads:** The Council also incurs a variety of different costs associated with being a corporate entity, such as insurance charges, audit fees and pension contributions for past employees. Although it is statutorily obligated to meet these costs, where possible these will be subject to review and kept to a minimum.
- 7.8 **Service Delivery Models:** The Council has considered, and continues to consider, a number of different service delivery models to ensure best value:

- **In-house:** This is appropriate where local knowledge is required or it is necessary to have specialist skills in-house. The majority of the Council's services are provided in-house. This includes the waste and street cleansing service which is outsourced at a number of our neighbouring councils. A review has been undertaken and it is still considered that it is more efficient to provide this service in this way. The Council is also reviewing those services that it currently outsources to see if it would be more beneficial to do them in-house for example sand levelling which could potentially be done by in-house staff.
- **Collaboration with other councils:** Substantial savings are possible through the establishment of shared service vehicles. The Council has been extremely proactive in this area:
 - East Kent Audit Partnership provides the internal audit function across Thanet, Dover, Canterbury and Shepway councils which has not only resulted in staff savings but has also meant that best practice can be shared across the four councils.
 - EK Services has been set up to provide Revenues and Benefits, ICT and Customer Services across East Kent (Thanet, Dover and Canterbury). This has delivered savings in excess of £900k since 2011/12.
 - East Kent Human Resources has also been set up to provide a more streamlined HR service. This has recently been moved under EK Services.
 - An Arms Length Management Organisation (ALMO) was set up to share landlord services across East Kent. East Kent Housing was formed in 2011, not just to deliver savings through greater efficiencies and improved procurement capacity, but more importantly, to deliver customer excellence and ensure long term resilience.

Further opportunities for shared working continue to be explored including printing and legal services.

- **Outsourcing:** A number of services are currently outsourced. These include leisure services, archaeological advice and pest control. A review is being undertaken to ascertain whether it would be beneficial to consider outsourcing enforcement activity.

8.0 DEVELOPMENT OF THE GENERAL FUND BUDGET

8.1 General Fund Budget Strategy

The following budget strategy underpins the development of the General Fund budget:

- To adequately resource the Council's statutory services and the corporate priorities as set out within the Corporate Plan.
- To maintain a balanced General Fund such that the income from fees and charges, Council Tax and Government and other grants is sufficient to meet all expenditure.
- To keep Council Tax increases to a minimum to protect residents in the difficult current economic climate.
- To maintain the General Fund balances at a level that is sufficient to cover its financial risks and provide an adequate working capital.
- To maximise the Council's income by promptly raising all monies due and minimising the level of arrears and debt write offs, so as to optimise its treasury management potential.
- To actively engage local residents in the financial choices facing the Council.
- To minimise the impact on the general public and business communities from charges levied by the Council as set put within its approved fees and charges.

8.2 By following these principles a budget will be drafted that is sufficient to meet the Council's day to day needs, as well as enable its priorities as set out within the Corporate Plan to be progressed.

8.3 Development of the Budget

8.4 Given the economic context in which the Council finds itself, the overarching approach to developing the budget is to keep budgetary growth to a minimum to reduce the need to find compensating savings to deliver a balanced budget.

8.5 **Budgetary Growth:** Some budgetary growth is inevitable and therefore the budget proposals will include the following areas of growth:

Growth	Detail
Pay award	The budget will assume a 1% pay award in 2014/15. This equates to growth of £170k
Contractual and Other Unavoidable Price Increases	Managers are expected to contain inflationary increases wherever possible within their existing budgets. However, some growth will be required to reflect where managers are unable to contain this. A sum of £180k will be required for 2014/15. This includes an allowance for an increase in insurance premiums which is currently being negotiated with the Council's insurance broker
Service Pressures	The Council remains hopeful that a new ferry operator will be found shortly, however, the budget assumes that a sum of £850k is required to offset the loss of the Transeuropa business to the Council. There are further potential operating savings at the Port from no longer operating a ferry service which need to be identified to partly offset this service pressure.

8.6 **Fees and Charges:** The draft fees and charges proposals are presented at Annex 1 to this report. As a result of reviewing all the Council's fees and charges and the

income targets, additional income of £191k is anticipated in 2014/15. Where increases have been proposed, these are in the main between 1 to 2%. The parking policy has been reviewed following the public consultation. Although most of the parking charges will not be increased, a number of minor changes are proposed which are detailed in Annex 1.

- 8.7 **Savings:** Based on the budget assumptions around pay increases, contractual/inflationary growth and fees and charges and the cuts to Government funding, savings of £1.8m are required in 2014/15 to set a balanced budget. A number of savings proposals are being considered and worked up in more detail. The areas being looked at are summarised in the following table:

Proposal	Detail
Staff Restructure	Staffing structures are being reviewed which will result in savings, particularly from the management tier
Reduction in budgets to match previous spend	A full review has been undertaken of the outturn for 2012/13 against the current budget and savings have been identified as a result
Reduction in budgets no longer required	Managers have identified a number of budgets that are no longer required
Reduction in controllable spend	Managers have been tasked with finding savings of 20% against their controllable budgets (these include printing, stationery, equipment purchase, conferences, publications etc.)
Reduction in contingency budgets	Contingency budgets across the whole council have been reviewed. All contingencies will be moved into one corporate contingency pot and the overall contingency budget reduced
Review of services provided by Parishes	Consideration is being given to what additional services should transfer across to the parishes. The level of parish agency payments is also being reviewed
Contract savings	Contracts will continue to be re-negotiated wherever possible. This will include looking at options to reduce homelessness costs
More efficient ways of working	Reductions in printing costs and hired and contracted budgets have been identified which will lead to more efficient ways of working
Joint working	Opportunities for further joint working will be reviewed including advertising and joint working around legal services
Reviewing audit fees	The number of audit days provided by EK Audit Partnership is being reviewed. A saving against the budget for external audit fees (provided by Grant Thornton) has also been identified
Corporate subscriptions	A review will be undertaken of the corporate subscriptions to ascertain whether they provide value for money
Multi-Storey Car Parks	The opening hours of the multi-storey car parks will be reviewed
Electoral registration	Electoral registration costs will be reviewed in light of new grant funding available to cover some of these costs
New opportunities for charging for services	This includes charging companies for professional services provided by Council staff

9.0 MEDIUM TERM FINANCIAL PLAN 2014/15 TO 2017/18

- 9.1 A Medium Term Financial Plan (MTFP) was presented to Council in February 2013, covering the period 2013/14 to 2016/17. However, in light of the continuing difficult economic climate in which the Council finds itself, this document needs to be reviewed and updated. A revised MTFP covering the period 2014/15 to 2017/18 will be presented to Cabinet in January. It will capture what is expected in terms of funding opportunities and the general economic environment for the next four years against what the Council foresees as its budgetary demands, as a result of inflationary and other pressures. It will present outline financial plans that show what the Council intends to do in order to deliver its statutory services and priority discretionary services whilst continuing to deliver its key financial strategies. It will also include the assumptions used in the budget calculations, the risks that could impact on future financial standing and the degree to which the budget models are sensitive to changes in the assumptions on which they are based.
- 9.2 Assuming similar levels of budgetary growth (excluding Transeuropa) and after accounting for the anticipated reduction in formula grant set out earlier in this report, the current projected savings targets are £1.08m for 2015/16, £0.85m for 2016/17 and £1.44m for 2017/18. This is based on the worse case scenario that no new ferry provider will be identified over the medium term.
- 9.3 A number of saving proposals are being explored to meet the targets and these will be worked up in more detail over the coming months. These include:
- Reviewing the staffing structures and working hours of the Thanet Frontline team whilst ensuring that levels of service to the public continue to improve;
 - Looking at opportunities to increase income in recycling and waste including expanding the green waste collection service and charging developers for new bins;
 - Working with Your Leisure to ensure that the subsidy provided to Theatre Royal and the Winter Gardens are justifiable;
 - Reviewing options to maximise savings and income potential from office accommodation;
 - Reviewing the case for new parking schemes on the promenades;
 - Consideration of introducing pool cars for those officers with high mileage, including using electric cars;
 - Reviewing beach hut provision;
 - Looking at opportunities for more shared working with Canterbury City Council around dredging;
 - Reviewing centralising processes including the raising of invoices and orders;
 - Encouraging a channel shift of customers to on-line to reduce the cost of administration staff.

10.0 COUNCIL TAX FOR 2014/15

- 10.1 The Council's net budget requirement is met from Revenue Support Grant and the Baseline Funding Level (the local share of business rates). The balance (known as the Precept) has to be raised from Council Tax.
- 10.2 **Council Tax Surplus:** Each year the Council Tax is calculated based on assumed levels of collection rates. At the end of the year an adjustment is made to reflect the actual collection rates. This can lead to a surplus or deficit which has to be accounted for within the calculation of the net budget requirement. The assumed collection rate for 2013/14 reflected a reduction from 97% to 95.5% to take account of any increases

in bad debts from the new Council Tax Reduction Scheme. However, performance to date in 2013/14 shows this collection rate to be too low and therefore a surplus is expected for the year. This is a one-off amount which is estimated to be £180k.

- 10.3 **Tax Base:** The Council Tax is calculated by dividing the Precept by the Council Tax Base. The Council Tax Base is the number of properties within the District adjusted to account for different valuation bands, various discounts and an assumed collection rate. The assumed collection rate for 2014/15 has been put back up to 97% to reflect performance in 2013/14. This will increase the Tax Base and generate additional income of £120k.
- 10.4 **Council Tax:** The Council has frozen Council Tax at the 2010/11 level for the last three years. As a result the Council has received Council Tax freeze grant. The Government has now announced that local authorities will receive funding equivalent to a 1% increase in Council Tax if they freeze the household charge in 2014/15 and 2015/16. The Government has also announced that any increase above 2% in either year would require a referendum (this would be at a cost to the Council of approximately £100k). Cabinet are now considering whether to recommend that Council takes the freeze grant, which would equate to approximately £80k in 2014/15, or increase Council Tax by 1.99% (to keep below the referendum limit), which would generate additional income of £158k. An increase in Council Tax of 1.99% would equate to an increase of £4.17 per annum on a Band D property (equivalent to just over 1p per day).

11.0 THE HOUSING REVENUE ACCOUNT

11.1 Background

- 11.2 The Council's responsibilities in respect of the need to keep a Housing Revenue Account (HRA) are contained within Section 74 of the Local Government and Housing Act 1989 ('The Act') and its use is heavily prescribed through statute. The HRA records all of the revenue expenditure and income relating to land, dwellings and other buildings provided under Part II of the Housing Act 1985 and corresponding earlier legislation. It must be kept separate from the General Fund Revenue Account and therefore is to all intents and purposes ring-fenced. Although the HRA for an individual year may result in a deficit, it is a requirement of 'The Act' that overall it must maintain a surplus, which means that expenditure must be carefully planned so as to remain within the limits of the anticipated income streams over the medium term.

11.3 The Operation of the Housing Revenue Account

- 11.4 Before the estimates are able to be calculated, the context in which the budget is to be built must be considered.

- 11.5 **HRA Service Expenditure** - As explained above, the HRA is a separate record of all of the Council's expenditure on its social housing provision (i.e. Council Houses). This includes the following expenditure:-

Repairs & Maintenance – Spend in relation to the day to day repair and maintenance and those works that cannot be deemed as capital repairs such as painting and decorating and contractor repair costs.

Supervision and Management General – Supervision and management costs that are applied across the whole stock e.g. ALMO Management Fee and support costs from other services.

Supervision and Management Special – Supervision and management costs that are applied to only specific homes e.g. communal lighting and grounds maintenance.

Depreciation and Impairment – A charge to reflect the use of HRA assets in the delivery of services.

Rents, Rates Taxes and Other Charges – All other costs that the HRA incurs as a landlord e.g. Insurance costs and council tax costs for empty HRA properties.

Increased Provision for Bad Debts – To reflect that not all rents and charges will be recoverable.

11.6 **HRA Service Income** – Income received from the running of the Council housing stock is allocated under the following headings:-

Gross Rental Income – Income from rents on council houses, shared ownership properties and leaseholder ground rents.

Non-Dwelling Rents – Income from shops, arials and garages.

Charges for Services and Facilities – Tenant service charges and heating service charges.

Contributions towards Expenditure – Leaseholder re-charges and rechargeable repairs.

11.7 **HRA Non-Service Expenditure and Income** - These include an apportionment of the investment income that is achieved on balances and any grants and contributions receivable.

11.8 As part of the changes to self-financing, the Council opted to split the one loan pool and move to a two loan pool approach, where loans are charged directly to the Housing Revenue Account or General Fund and where each fund is charged their costs of borrowing directly determined by their loan portfolio. Therefore, debt interest costs for the charges associated with the repayment of loan interest are also charged here.

11.9 **The Housing Revenue Strategy**

11.10 The main strategic objectives of the Housing Revenue Account, which provide the underlying principles for financial planning, and allow the Council to remain within the legislation, are as follows:

- To maintain a Housing Revenue Account that is self-financing and reflects both the requirements of residents and the strategic visions and priorities of the Council.
- To achieve the Government's "target" rent level by the rent convergence date*.
- To maintain current Housing Stock at Decent Homes Plus standard.
- To maximise the recovery of rental incomes by reducing the number of void properties and minimising the level of rent arrears and debt write offs.
- To maintain a minimum level of HRA reserves of £800k but with a target level of reserves of £1m.

** though this will need reviewing in the light of the Government's stated intention to terminate this policy (paragraph 11.27 refers)*

11.11 Details of the HRA estimates

- 11.12 The main assumptions that have been applied to the HRA for the 2014/15 estimates are summarised below. The detailed estimates will be presented in the January report to Cabinet.
- 11.13 **Pay and Prices** - For direct expenditure budgets, price increases have been included at 3%, which is the best estimate of the level of inflation at this point in time, unless there is a known inflate within a specific contract, in which case this has been used.
- 11.14 **Repairs and Maintenance** –Thanet and Canterbury jointly procured a contract for repairs and maintenance from April 2010. A full review of the budgets has been undertaken and an RPI inflation increase of 3.2% has been applied as an estimate of the November RPI as per the contract agreement. For repairs and maintenance contracts outside of this agreement, the inflationary increase has been applied as per the contractual agreements. Future years' estimates shown in the MTFP have been based on calculations that include an indicative RPI increase of 2%. A joint procurement exercise is due to be undertaken with Dover District Council for the re-tendering of the painting and decorating Contract. In preparation for this and to catch up with the backlog for this year, growth of £50k has been built in. Increased estate inspections by East Kent Housing have identified revenue repairs promptly and in order to ensure the safety of our tenants, the Housing Officer Funds budgets have been increased by £16k to enable them to instruct for an effective repair quickly. East Kent Housing have identified savings of £40k against the gas servicing contract and this has also been factored in.
- 11.15 **Supervision and Management General** – The Council agreed at its meeting in February 2010 that an Arms Length Management Organisation (ALMO) was the preferred option for sharing Landlord Services in East Kent. The East Kent Housing ALMO was formed and from 1 April 2011 it commenced the management of the Council's social housing.
- 11.16 The ALMO management fee is calculated on an activity based costing basis, in that the Council's charge is based on the amount of staff provided to deliver the service and their supporting budgets. Currently the General Fund budget is under financial pressure and one of the priorities for the Council is to deliver a new build programme. For this reason during 2012 East Kent Housing were given notice by the Partner authorities that it was to be set a savings target effective from 2014/15 at 5% for the next 3 years. Negotiations have commenced with the four partnering councils as to how this is to be achieved. Currently no savings have been factored into the budget to reflect this.
- 11.17 The Council has been successful in its recent bids for HCA funding and in order to prepare for the next round of funding in March 2015 growth of £11k has been built in for the costs of undertaking initial feasibility works relating to new developments.
- 11.18 Savings against the external audit fees of £12.5k have been identified, with a further £43k saving across printing, legal, debt collection fees and subscriptions.
- 11.19 **Provision for Bad or Doubtful Debts** – Due to the economic downturn and changes to Welfare Reform the estimate for the provision of bad and doubtful debts has remained at £220k.

- 11.20 **Depreciation for Fixed Assets** – In accordance with the statutory requirements, the Council has to make a depreciation charge to reflect the use of the HRA assets over their useful lives. Within the Housing Subsidy system the Council received a Major Repairs Allowance to fund capital works which was set so as to reflect the need to replace building components as they wear out. It was therefore considered to be an appropriate measure of depreciation for the HRA assets. With the cessation of the Housing Subsidy System there is no longer a Major Repair Allowance paid and currently work is being undertaken as to how best to calculate the depreciation charge. In the interim, for the next 5 years the Council will be able to use the Major Repairs Allowance as detailed within the 30-year financial model for the HRA self-financing settlement. The estimated depreciation charge is calculated at £2.204m in 2014/15, however, in the uplifted settlement model the figure is £3.372m. The difference of £1.167m will still transfer to the Major Repairs Reserve in order to fund future capital works on the existing stock or debt repayment. The depreciation charge for other HRA assets is estimated to be at £60k.
- 11.21 **Debt charges** – Since the self-financing settlement, the Council has operated a two loan pool approach whereby the HRA and GF are each responsible for the repayment of their own apportionment of loans. The HRA as part of the self-financing settlement had its debt capped at £27.792m and is not able to exceed this level of borrowing. As at the 1 April 2013 the HRA had £22.525m of loans outstanding. A loan is due to mature in December 2013 and the budget for this has been already been agreed and set aside for repayment as part of the budget process for last year. This will take the level of borrowing down to £20.869m. There is a loan due to mature during 2015/16 of £827k and the budget reflects the repayment of this loan.
- 11.22 **Rent Increases** – Rental estimates are based on the Government guideline rental increase which uses the September's RPI figure of 3.2% + 0.5%, combined with a factor for rent convergence for the 2014/15 estimate. As part of the Comprehensive Spending Review, rent policy has determined that from 2015/16 rents will change from RPI + 0.5% to CPI + 1%. Future years' estimates for the MTFP will be based on calculations that include an indicative CPI increase of 1.5% + 1% for 2015/16 and for future years a CPI increase of 1%+ 1%.
- 11.23 Since April 2002 social rents have been set on the basis of target rents for individual properties that take account of relative property values at January 1999, vacant possession values assuming continued residential use, local earnings levels and the number of bedrooms of individual properties. The formula is standard for local authorities and similar for social landlords. Individual dwelling rents must move to within +/-5% of the target rent by the set convergence date.
- 11.24 The process by which the actual rent for each property moves from its current level to its target level within the convergence date is called rent restructuring. The rent restructuring review meant that authorities had to go back to 2002 and apply a higher average stock valuation, a higher average rent and an increased number of bedroom weightings. In practice, the Council uses the Government's rent guidelines to determine its rent increases.
- 11.25 In 2002/03, the first year of rent restructuring, a uniform rent increase of 2.5% was applied to all properties, which was acceptable under Government guidance. Subsequently rents have been increased each year in line with inflationary rates determined by the Government. The rent increase for these estimates has therefore been established according to RPI inflation at September 2013 which was 3.2 % + 0.5%, combined with a factor for convergence to not exceed £2 assuming a convergence timeframe of 2015/16. Garage rental increases have been set at 3.2% in line with RPI.

- 11.26 An estimate of property average rents have been provided below with a comparison as to how they compare against the target rent.

Property	Est. Ave Target Rent £	Est. Ave Rent £	Variance to Est. Average Target Rent £
Bedsits	56.77	56.77	0
1 Bed Flat	67.00	66.99	0.01
1 Bed House	77.58	77.58	0
2 Bed Flat	75.17	75.14	0.03
2 Bed House	83.77	83.54	0.23
3 Bed Flat	87.01	86.78	0.23
3 Bed House	94.28	93.33	0.95
4 Bed Flat	89.80	89.80	0
4 Bed House	103.41	102.34	1.07
5 Bed House	110.56	109.97	0.59

- 11.27 It is understood that a consultation will be released by Government on rent policy during October and one of the likely proposals is that rent convergence is terminated a year earlier at the end of 2014/15. As can be seen from the table above, there is a shortfall in the average rent compared to the average target rent most noticeably for 3 and 4 bedrooms houses which suggests that there are a number of properties within these categories that fall quite short of the target rents. The HRA financial business plan assumes convergence during 2015/16 and in the event it is terminated a year earlier there will be a budgetary impact on the HRA financial business plan if this is not able to be addressed.
- 11.28 New units created as part of the Margate Intervention Programme and Ramsgate Empty Homes project will come under the affordable rent programme and rents will be set based on 80% of the market rental income.
- 11.29 **Non Dwelling Rents** - A number of shops that are held within the HRA no longer meet the requirement of providing a community benefit and are held more for investment purposes. Recent accounting changes have meant that where these premises are valued downwards it is detrimental to the Landlord account. It is therefore proposed to transfer some of the HRA shops that are now kept for investment purposes to the General Fund where the impact is negated due to a different accounting treatment. This will result in an estimated loss of income to the HRA of £16k, although the longer term treatment is of a benefit to the HRA business plan as it is difficult to forecast the impact of any revaluation of these type of properties and the resulting impact on the HRA balances.
- 11.30 **Service Charge Increases** – A review of the service charges within the HRA has been undertaken to take into consideration Welfare Reform changes, Department of Work and Pensions requirements and feedback from the Tenant Board that they are not easy to understand. A proposal was taken to the Tenant Board on 9th October 2013 to make the service charges easier to understand and available for Tenants to scrutinise. This involved disbanding the old apportionment that was undertaken based on historic rateable values and re-apportioning costs, with the exception of heating costs, based on a unit cost. Service charges can now be itemised on tenants' rent accounts to enable them to see how much they are paying for each service. Service charge increases will change from being increased on a standard RPI increase to being recovered at actual cost. For those tenants who have yet to reach target rent

and are not paying full recovery of service charges, it is proposed to make a staged increase over the next 3 years as opposed to charging a full recovery in the first year. The review of service charges confirmed that all of the Council's service charges will be covered under the new benefit changes (heating service charges are excluded).

11.31 The Tenant Board have also raised concerns over the different unit costs for the heating service charges per block, which are already recovered based on actual costs, and the different electricity contracts per block. This is currently subject to a review being undertaken by East Kent Housing and Thanet District Council to explore different options for the heating of the tower blocks.

11.32 **Investment Income** – This consists of interest accruing on mortgages granted in respect of Right to Buy sales and interest on HRA balances. The base rate remains low which in turn means that investment interest will be low. The budget for 2014/15 of £65k is based on achieving an average interest rate of 0.50%.

11.33 **The Housing Revenue Account Reserves**

11.34 The Council operates three HRA reserves: a HRA Major Repairs Reserve, the HRA Balance Reserve and the HRA New Properties reserve, each of which is discussed in turn:

11.35 **Housing Revenue Account Major Repairs Reserve** – The annual Major Repairs Allowance (MRA) that was paid to the Council as part of the HRA Subsidy had to be placed in a Major Repairs Reserve, to be used to meet HRA capital expenditure only. It is proposed to continue with the 5 year transitional arrangement and to continue to place the forecast MRA as per the determination schedules in the reserve. This funding, together with previous allocations of supported borrowing and revenue contributions, with good management, has enabled the Council to maintain the housing stock in a good condition. The Council currently maintains its social housing to Decent Homes Plus standard. As at 1 April 2013 this reserve balance was £3.6m which is higher than usual due to the difficulties last year with the kitchen contract - work that was due to be undertaken during 2012/13 on the kitchens was delayed and therefore funds set aside for works in 2012/13 have continued to be set aside to enable a catch up programme once the kitchen contract has been re-tendered during the current financial year.

11.36 **Housing Revenue Account Balance Reserve** – This reserve holds the balance of the HRA Account and is used to draw down to balance the revenue budget and smooth out any peaks and troughs within the 30 year business plan. It is maintained by annual contributions from the HRA. As at 1 April 2013 this reserve balance was £10.2m, although £4m of these balances have now been earmarked for the Margate Intervention programme and £1.6m for the Ramsgate Empty Property programme.

11.37 **HRA New Properties Reserve** – This reserve holds funds set aside to fund either new build properties or the acquisition of suitable properties for use within the HRA. As at 1 April 2013 this reserve balance was £500k.

12.0 **THE CAPITAL BUDGET**

12.1 A de minimus level of £10k has been set for capital expenditure on a fixed asset which is expected to be in use for more than one year. Capital expenditure below this value is not treated as capital and is therefore not recorded on the asset register or funded from capital resources. Capital expenditure also includes grants that are

provided for the enhancement of buildings to increase the extent to which they can be used by a disabled or elderly person. Capital expenditure can be met from loans, capital receipts, capital grants or revenue contributions.

- 12.2 Due to the complex and large scale nature of capital projects, the original budgets have to be based on estimations that often need revising as the project advances. This in turn leads to re-phasing of the capital programme, in order to keep the overall costs within the agreed bottom line.

12.3 The Asset Management Strategy

- 12.3.1 By far the largest element of the Council's capital worth (as represented by the fixed asset values on the Balance Sheet) is in its property holdings, with a total of £154 million showing as the net book value of all property assets as at 31 March 2013 (after depreciation has been applied). In line with Government and best practice guidelines the Council is required to have prepared and published an Asset Management Strategy (AMS) which outlines its approach to its material asset holdings, to ensure that it acts responsibly in terms of undertaking a stewardship role over valuable public assets whilst deriving the maximum use from them in terms of service delivery so that value for money is able to be evidenced.

- 12.3.2 The Council's Asset Management Strategy outlines the principles, criteria and processes that form the cornerstone of the following draft Capital Programme. This requires a continual assessment of the relative value of an asset (both financial and non-financial) in order to ensure that the Council's investment in its assets is working to optimum effect. This is especially important in the current financial climate, where assets that are no longer viable or surplus to requirements need to be disposed of in order to reduce the Council's liabilities and to generate capital receipts to fund new developments or be transferred for Community benefit.

12.4 Impact of the Current Economic Climate

- 12.4.1 The national economic position has had a serious impact on the Council's capital budget as it depends upon significant levels of capital receipts being generated from the sale of surplus assets. The marked downturn in market conditions has meant that many of the proposed asset disposals have taken longer than anticipated. Members and officers have continued to act decisively to bring the Capital Programme back into balance by deferring, switching funding or deleting schemes with the programme based on a prioritisation of need. The Capital Programme has therefore been scaled back accordingly. The proposed programme of capital expenditure is based on current projections of available capital funds; however members should note that this will be monitored closely during the 2014/15 financial year, as it may be necessary to adjust the programme in year depending on the prevailing economic conditions.

12.5 The Capital Budget Strategy

- 12.5.1 Although the Asset Management Strategy is used to inform the contents of the Capital Budget, it is only one element. In order to ensure that the Capital Budget is able to meet the Council's needs in the wider sense and to manage the impact on the revenue budget, the development and use of the Capital Programme is underpinned by a Capital Strategy as follows:

- To maintain an affordable four-year rolling capital programme.
- To ensure capital resources are aligned with the Council's strategic vision and corporate priorities.

- To undertake Prudential Borrowing only where there are sufficient monies to meet in full the implications of capital expenditure, both borrowing and running costs.
- To maximise available resources by actively seeking external funding and disposal of surplus assets.
- To engage local residents in the allocation of capital resources where appropriate.

Due to the limited availability of capital receipts and the need to contain the level of borrowing undertaken to minimise the revenue impact, it has been necessary to review the Capital Programme to ensure sufficient funding is available for existing schemes that have commenced and that any new projects are of the highest corporate priority and/or reduce the pressure on the revenue account. The General Fund capital programme includes limited forward plan bids as officers have continued to recognise that with a considerable proportion of the programme deferred, new schemes would jeopardise the existing programme. The bids will continue to be assessed and scored by the Capital and Asset Management Group to ensure they focus on the core priorities of the Council. The results of the scoring process will be shared with the Portfolio Holder for Asset Management and the Portfolio Holder for Finance prior to the final budget report.

The level of resources available raises a number of issues and risks for future years, which need to be addressed:-

- Over the past 5 years the Council has seen a significant reduction in the capital receipts from the sale of assets. In the event that they cannot be realised in 2014/15 onwards this will result in a further need to borrow thus increasing the revenue pressure on the General Fund. Regular monitoring will need to be reported back to members and the programme revised accordingly.
- Current resources will only be used to deliver high priority health and safety works/match funded schemes which have already commenced. There is limited scope for future investment in new assets or making improvements to existing buildings. The Asset Management Strategy is due to be revised for 2014 and is key in delivering resources to the Capital Strategy and reducing the size of the Council's asset and property portfolio. It is imperative that limited resources do not damage the Council's ability to maintain its significant income streams as assets deteriorate from lack of investment.
- There are limited capital resources to fund any overspends/new requirements which could occur during the financial year. Any additional schemes during the financial year will require an existing scheme to be deferred or funds re-allocated unless there is headroom in the General Fund to borrow.

A review of the asset register has identified a substantial amount of vehicles, plant and equipment that is nearing the end of its useful life. In order to protect the ability to deliver front line services to the public, a new vehicle, plant and equipment reserve will be set up to put funds aside for a replacement programme. It is also proposed to set aside in this reserve any in-year service underspends from those services requiring the replacement vehicles, plant or equipment.

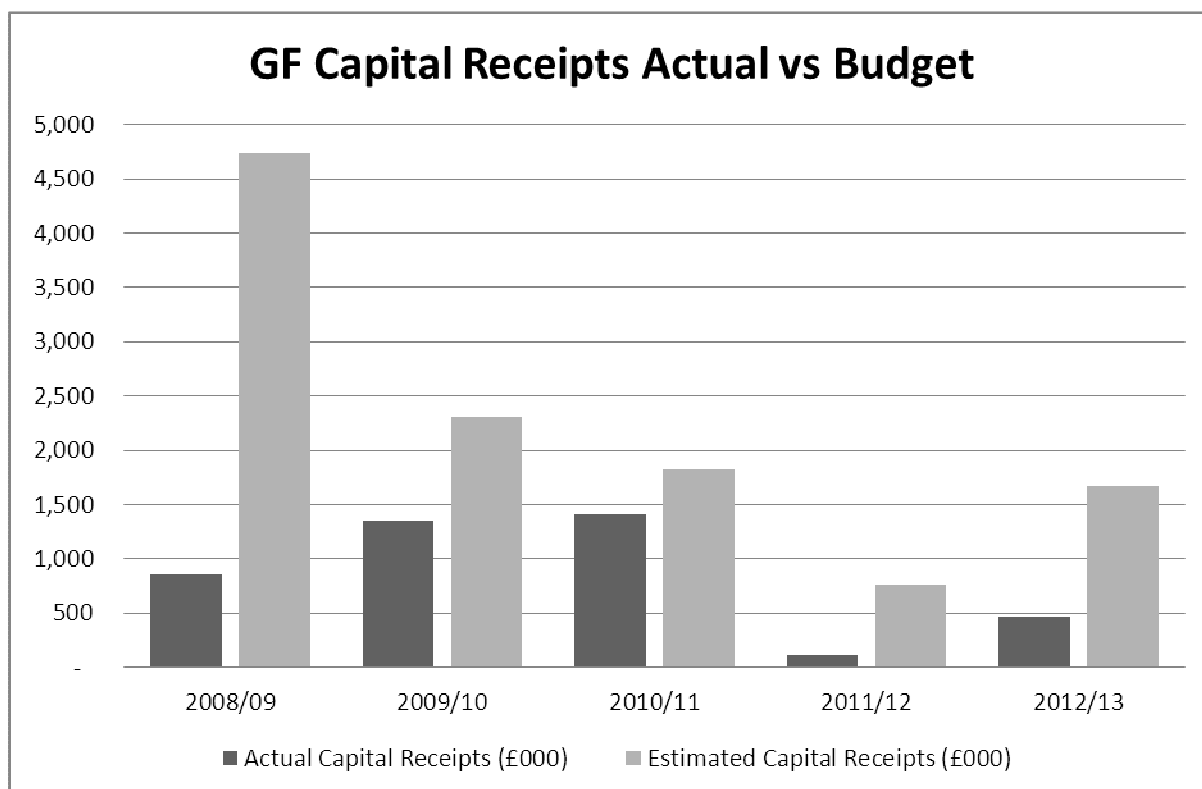
12.6 Available Capital Funding

12.6.1 Capital expenditure can be financed from revenue resources, capital grants, usable capital receipts and borrowing. The General Fund can only be used to fund General Fund related capital expenditure, and the HRA can only finance expenditure on HRA assets; there can be no cross subsidisation between accounts. In both cases, the revenue resources are limited.

12.6.2 **Capital Grants** – these are offered by Government Departments to assist with certain types of expenditure. Capital grants include: Communities and Local Government funding for Disabled Facility Grants, Environment Agency, Lottery funding and European grants. The HRA is currently in receipt of a capital grant from the Homes and Communities Agency (HCA) for the Ramsgate Empty Homes Programme.

12.6.3 **Capital Receipts** – When a fixed asset is sold, provided that the sale receipt is over £10k, the income has to be treated as a “capital receipt”, which means that it can only be used to fund capital expenditure. All of the monies received from the disposal of a General Fund asset are available to the Council for use.

12.6.4 The Council’s capital resources, which in the past have been predominately capital receipts, have declined over recent years. The graph below illustrates General Fund capital receipts achieved against budget over the past 5 years.



12.6.5 It is difficult to estimate the funding level achievable during the current economic climate. Also a number of changes often arise to the disposal programme once the asset disposal consultation process has been completed. For the purpose of this budget an estimate of achievable receipts has been undertaken. This figure will need to be monitored closely during the coming year for achievability under the current economic climate and where necessary the Capital Programme adjusted accordingly.

12.6.6 **Housing Capital Receipts** - On 2 April 2012 Ministers raised the cap on Right to Buy discounts to £75,000 and confirmed that receipts from the additional sales this would

generate would be used to fund replacement stock on a one for one basis. At the same time Ministers confirmed that their favoured option of delivering these new homes would be through local authorities retaining receipts to spend in their areas. On the 26 July 2012 Cabinet gave approval to enter into an agreement with the Secretary of State for Communities and Local Government which allows the Council to retain additional Right to Buy receipts over and above that budgeted by Treasury. Under this regime Treasury receive 75% of income on sales for approximately the first 4 right to buy properties and the Council is able to keep all of the sales income over and above.

12.6.7 Unsupported Borrowing – The Local Government Act 2003 gave local authorities the ability to borrow for capital expenditure above the level supported by Government Grant, provided that such action complies with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Prudential Borrowing (“The Prudential Code”); the objectives of which are to ensure that capital investment plans are affordable, prudent and sustainable. Essentially, it provides a number of controls to ensure that the Council does not incur additional debt without fully understanding the financial implications both now, and in the future. A housing debt cap of £27.792m has been set for the Council, being the maximum amount the HRA can borrow which must not be exceeded. This differs from the way the maximum debt levels are set within the General Fund, which are governed by the Prudential Code and the setting of a number of indicators. It is anticipated that borrowing of £9.5m will be required to support the General Fund Capital Programme in 2014/15.

12.6.8 Capital Projects Reserve – A balance of £1.278m remains in this reserve as at 1 April 2013 of which £1.219m is already earmarked for existing schemes. It is anticipated that the remaining balance will be fully utilised to help fund the 2013/14 capital programme due to the shortfall in capital receipts. Should a surplus arise on the capital programme at the end of 2013/14, this will continue to be set aside in this reserve to provide additional flexibility.

12.6.9 HRA Capital Reserves – The HRA subsidy included a payment of an annual Major Repairs Allowance, which could only be used for HRA capital expenditure. Whilst the housing subsidy system has ceased to exist from 1 April 2012, a transitional period of 5 years has been set whereby the Council can continue to place the Major Repairs Allowance, as detailed in the settlement determination, in the Major Repairs Reserve; although any unused amount may be carried forward for use in later years. The estimated transfer to the Major Repairs Reserve for 2014/15 is £3.372m.

13.0 The Capital Programmes for 2014/15 to 2017/18

13.1 The current property market decline has led to reduced capital receipts. If this continues, the Council’s resources for capital spend will be significantly reduced. The new schemes within the capital programme have been very much driven by those capital schemes that meet the Council’s core priorities, have a health and safety implication and/or a revenue impact to the Council.

13.2 Re-phased Projects – Due to the shortfall of capital receipts achieved during 2013/14 a number of capital projects have been re-phased from 2013/14 into 2014/15. These include a £41k contribution towards Disabled Facilities Grant, £110k for the Margate Cemetery extension, £100k for the crematorium car park extension, £100k for the public convenience enhancement programme, £50k for capital repairs to sports halls and swimming pools, £216k for the waste transfer station, £25k for fencing at Dane Valley, a £42k for the contribution to the community facility at Pierremont Park, £20k for allotments and £100k for the terminal tractor at the Port.

However, unless there is a significant upturn in the circumstances affecting asset disposals, it is likely that a fundamental review of the capital programme will be undertaken in 2014/15, to ensure future capital programmes are deliverable.

- 13.3 **Grant Funded Projects** – The Council undertakes a number of schemes that are fully, or part funded from grant, the most significant of which are the Disabled Facility Grants (DFGs). Councils can claim 100% of Communities and Local Government funding for each DFG without a need to match fund up to the total value of Government grant awarded each year. Unfortunately the Council is anticipating a substantial reduction in the capital receipts budget which has reduced the available funds the Council has to allocate. However, the Council is still committed to providing a contribution towards the government funding. It is intending to provide initial match funding of £300k per annum towards the programme, being the maximum that it can afford in light of the overall capital programme and the anticipated level of capital receipts. It is anticipated that the announcement for this year's allocation from Government will not be available until the end of February; it has therefore been assumed that it will be at the same level as last year's allocation of £1.079m for the purpose of this estimate. Once the final figures are published this will be reported to Cabinet in the first budget monitoring report. However, following the Comprehensive Spending Review and development of the Care Bill, the way DFGs will be delivered is likely to change, with Kent County Council and Clinical Commissioning Groups deciding final allocations to local authorities. There is also a question as to whether local authorities will continue to have the mandatory duty to pay DFGs going forward.
- 13.4 The Heritage Lottery Fund have approved £1.9m towards a townscape heritage initiative scheme in Dalby Square, Dalby Road and Arthur Road. This scheme started in 2013/14 and the remaining budget for the scheme has been factored into 2014/15 and 2015/16.
- 13.5 It is anticipated that the Council will have an initial allocation made from the Environment Agency to undertake works to the sea walls along the North Thanet coastline in 2014/15 with the project completing in 2015/16.
- 13.6 **Continuing Service-Led Capital Schemes** – The running of a district council requires an on-going investment in assets that are used to deliver the business. These include the second year of investment in the water supply upgrade at the Ramsgate Marina of £50k and further investment in the upgrading of the floating pontoons in the outer marina at Ramsgate Harbour of £125k. Vehicles within the Grounds Maintenance Team are nearing the end of their useful life and £250k has been factored in for 2015/16 for their replacement.
- 13.7 **New Capital Projects** – As mentioned previously there are limited forward plan bids as officers have continued to recognise that with a considerable proportion of the programme deferred, new schemes would jeopardise the existing programme. The only new bid received to date is:-
- 13.8 The Alongside Quay – An alongside quay would be constructed to enable the Port to diversify its operation, it would allow for berthing opportunities for larger vessels such as cruise ships and cargo vessels against the south breakwater. It is anticipated that extra revenue can be generated for the Ramsgate Port and Harbour through the increased facilities that can be offered. As a result it will be proposed that this scheme is funded from prudential borrowing combined with any grant funds that are able to be attracted.

- 13.9 **Housing Revenue Account Capital Programme** – The Housing Revenue Account Capital Programme has been set to ensure that the Council’s social housing stock meets Decent Homes Standard Plus and to provide a continuing maintenance scheme to the Council’s housing stock.
- 13.10 An amount of £318k has been included within the HRA capital programme for the third year of the Margate Intervention Programme, to be funded from £120k HRA capital receipts and £198k revenue contribution from affordable rents being re-invested in the area. The Margate Housing Intervention Programme sets out to transform the housing market in two of Britain’s most deprived wards: Cliftonville West and Margate Central.
- 13.11 Funds continue to be drawn down for the third year of the Ramsgate Empty Homes project, the objective of which is to bring back empty properties within the area and convert them to 30 units of affordable housing and a further 20 units through a lease and repair scheme.
- 13.12 With the flexibilities now available as part of the self-financing changes, the Council is currently developing an HRA Asset Management Strategy to review land and buildings within the HRA including garage sites to ensure they are being put to best use and obtaining value for money for the tenants. It is intended to be the driving factor towards a development programme for the HRA.

14.0 The Draft Capital Budgets 2014/15 to 2017/18

- 14.1 The draft General Fund Capital Expenditure Budget for 2014/15 that is proposed for Members’ approval is £12.076m, which will be funded in the main from capital grant, usable capital receipts and prudential borrowing. This is shown in summary format below.

GENERAL FUND CAPITAL PROGRAMME					
	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Statutory and Mandatory Schemes	1,379	1,379	1,379	1,379	1,379
Schemes continuing from prior years	3,322	1,289			
Annual Enhancement Schemes	100	100	100	100	100
Wholly/Part Externally Funded Schemes					
Replacements and Enhancements					
Area Improvement	7,200	2,000			
Capitalised Salaries	75	75	75	75	75
Total Capital Programme Expenditure	12,076	4,843	1,554	1,554	1,554

Capital Resources Used:					
Capital Receipts and Reserves	743	688	475	475	475
Capital Grants and Contributions	1,833	1,749	1,079	1,079	1,079
Prudential Borrowing	9,500	2,406	0		
Total Funding	12,076	4,843	1,554	1,554	1,554

14.1.1 The draft Housing Revenue Capital Programme for 2014/15 that is proposed for Members' approval is £6.5m, which will be funded from the HRA reserves, revenue contributions to capital and capital receipts. A summary of this programme and the proposed funding sources are shown in the following table:

HRA CAPITAL PROGRAMME				
	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Total HRA Capital Programme Expenditure	6,505	6,884	6,740	6,798
HRA Capital Resources Used:				
HRA Major Repairs Reserve	2,750	3,100	2,930	2,950
HRA Revenue Contributions	2,655	3,514		
New Build Reserve	500			
Capital RTB Receipts	200	150	150	150
Housing Capital Receipts	400	120	120	120
Prudential Borrowing			3540	3578
Total Funding	6,505	6,884	6,740	6,798

15.0 RESERVES

15.1 General Reserves

15.1.1 The Local Government Finance Act 1992 requires precepting authorities, such as Thanet District Council, to have regard to the level of reserves needed for future expenditure when calculating the budget requirement. Each year the Council reviews its level of reserves and a draft proposal of the recommended levels of reserves is shown at **Annex 2** to this report. Based on the budget changes for 2014/15 outlined elsewhere in this report, it is estimated that the General Fund balance will be around

£80k above the recommended level and this sum would therefore be available to transfer to the Priority Improvement Reserve.

15.2 Earmarked Reserves

15.2.1 It is good practice to use reserves to 'save' funds over a period of time to spread the impact on the Council Tax of large fluctuating expenditures. The table below shows the planned transfer out of a number of earmarked reserves, which will be used to fund anticipated expenditure during the year. The table also reflects the setting up of a new Vehicles, Plant and Equipment Reserve as detailed in the capital section of this report and a new reserve for Dreamland to bolster the contingency for this project (using Second Homes monies and transferring monies from the Economic Development & Regeneration Reserve).

EARMARKED RESERVES			
Reserve	Estimated Balance 31.03.14 £'000s	Proposed Drawdown in 14/15 £'000s	Proposed Balance 31.03.15 £'000s
Insurance Risk Management	147	0	147
Local Plan	392	0	392
General Fund Repairs	168	-50	118
Information Technology Investment	286	-100	186
Environmental Action Plan	162	0	162
Office Accommodation	9	-9	0
Cremator and Cemeteries	182	0	182
Decriminalisation Fund	145	-40	105
Priority Improvement Reserve	520	-100	420
Customer Services Reserve	610	0	610
Unringfenced Grants	327	-327	0
Waste Reserve	347	0	347
Council Election Fund	117	30	147
Homelessness Fund	201	0	201
Renewal Fund	7	0	7
Maritime Reserve	323	0	323
VAT Reserve	421	-20	401
Pensions Fund	661	0	661
East Kent Services Reserve	754	0	754
New Homes Bonus Reserve	1235	597	1832
Housing Intervention Reserve	682	0	682
Economic Development & Regen	319	-167	152
Pay & Reward Reserve	380	0	380
Vehicle, Plant and Equipment Reserve	227	0	227
Dreamland Reserve	0	247	247
Coastal Infrastructure Reserve	500	0	500
HRA Properties	500	0	500
Total	9,622	61	9,683

15.2.2 **New Homes Bonus** – The provisional allocation of New Homes Bonus funding for 2014/15 for this Council is £1.697m. Members have previously agreed that an annual

sum of £185k from this funding is used to cover the events budget (£165k) and floral grants (£20k). Members have also agreed that the budget shortfall due to the cuts in Formula Grant will also be met from the New Homes Bonus. The proposed draw down in 2014/15 to negate the impact of the Formula Grant cut is £843.6k. In addition to this, Members' approval has already been given for a sum of £40k has been set aside to support domestic violence advisors and £31k to support the Dalby Square project (previously agreed as part of the 2013/14 budget proposals). A sum of £500k had previously been set aside from the New Homes Bonus to fund the Local Authority Mortgage Scheme, however, Lloyds Bank has put this scheme on hold and it is therefore proposed to use this money to support the objectives of the Destination Management Plan by enhancing council assets that help to support and encourage tourism. A new reserve will be set up for this purpose.

- 15.3 The Government is currently consulting on proposals to top-slice the New Homes Bonus allocation with this money going to the Local Growth Fund operated by the Local Enterprise Partnerships. This will result in a reduced allocation of New Homes Bonus funding from 2015/16. Depending on the methodology adopted for the top-slice, the reduction would either be 35% (if the same top slice is taken evenly from all local authorities) or 18% (if the top slice is taken in a higher percentage from the counties).

16.0 OPTIONS

The scenario presented in this report, and the recommendations following, have been drafted to meet the requirements of agreed budget strategies and to take account of prevailing economic conditions. Any of the assumptions could be varied, however, there would be too many possible permutations to present in this report.

17.0 CORPORATE IMPLICATIONS

17.1 Financial and VAT

- 17.1.1 The financial implications for the General Fund, HRA and capital budget are laid out within the body of the report.

- 17.1.2 Based upon the financial risk assessment contained within Annex 2, it would be prudent to maintain General Fund balances at 12% of the net service revenue base.

17.2 Legal

- 17.2.1 Section 151 of the 1972 Local Government Act requires a suitably qualified named officer to keep control of the Council's finances. For this Council, this is the chief Executive (S151 Officer), Sue McGonigal, and this report is helping to carry out that function.

- 17.2.2 The requirements of other relevant statute have been referenced within the body of this report, where relevant.

17.3 Corporate

- 17.3.1 Corporate priorities can only be delivered with robust finances. Both the draft budget and the level of reserves recommended in this report are believed to be sufficient to meet these priorities.

17.4 Equity and Equalities

17.4.1 A full equity and equality impact will be undertaken on the budget proposals in advance of the report going to Cabinet in January 2014.

18.0 Recommendation(s)

18.1 That Members approve the approach being used to develop the budget estimates for the General Fund, Housing Revenue Account and Capital Programme for 2014-2018;

18.2 That Members recommend to Council the draft fees and charges for 2014/15;

18.3 That Members note the financial risk assessment for the General Fund Revenue Account that will be used to inform the setting of reserves for 2014-2018, and the associated impact on the levels and types of reserves held.

19.0 Decision Making Process

19.1 Cabinet is responsible for proposing the budget to Full Council. The draft budget proposals will therefore go to Council for approval in February.

Future Meeting	Date:
Cabinet	21 January 2014
Council	6 February 2014

Contact Officer:	Sarah Martin, Financial Services Manager, 01843 577617
Reporting to:	Sue McGonigal, Chief Executive and S151 Officer

Annex List

Annex 1	Draft Fees and Charges
Annex 2	Financial Risk Assessment of Reserves

Background Papers

Title	Details of where to access copy
None	N/A

Corporate Consultation Undertaken

Finance	N/A
Legal	

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FEES AND CHARGES

Service	Proposed Increase
Environmental Services	Most of these fees are statutory
Land Charges	No increases are proposed. There is a statutory requirement for this service area to break even
Licensing	These fees have increased by between 1.9% and 2.5%
Council Publications	No increases are proposed
Electoral Services	No increases are proposed
Corporate Marketing	No increases are proposed
Car Parking	Majority of fees remain the same, however it is proposed: <ul style="list-style-type: none"> • To charge on a linear basis for car parks with a minimum charge of one hour; • To increase charge for car park season discs; • To introduce a charge of 10p for first 30 minutes at Albion Road car park; • To continue with free Saturday parking at Vere Road, Harold Road, Mill Lane and Leopold Street; • To change on-street charging period from 9am-7pm to 9am-6pm; • To close Mill Lane car park at 7pm; • To increase coach parking and HGV parking charges.
Cremations/Burials	The following increases are proposed: <ul style="list-style-type: none"> • 2.1% increase to the adult cremation fee; • 1.9% increase to the adult grave purchase fee; • 1.9% increase for the garden of rest plot purchase fee; • 4.5% increase on the fees payable by stonemasons
Refuse – Bulky Waste	No increases are proposed
Garden Waste	No increases are proposed
Allotments	An increase of 2% is proposed
Littering & Graffiti	No increases are proposed
Margate & Broadstairs Harbour	Only increases proposed are in respect of sand levelling and car parking, all other charges remain at current levels
Ramsgate Harbour/Port	An increase of 2% is proposed
Property Services	A new charge is proposed for professional surveying services
HMO Licences	A 2% increase is proposed
Building Control	An increase of 2.86% to 4% is proposed
Planning	Fees for applications are set by the Town & Country Planning Act 1990. No increases are proposed to the pre-application planning advice fees
Museums	No increases are proposed
Sports & Leisure	No increases are proposed
Cultural & Outside Events	No increases are proposed

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Annex 2

FINANCIAL RISK ASSESSMENT AND LEVELS OF GENERAL FUND RESERVES

1.0 Background

- 1.1 It is important that the Council has sufficient reserves and balances to enable it not only to maintain its financial standing but also to ensure that the Council can realise its service provision expectations.
- 1.2 The process used to determine and approve the level of reserves gives a good indication of an authority's approach to financial management, and is reviewed by the External Auditor when determining whether or not an authority's financial standing is soundly based. To assist local authorities the Chartered Institute of Public Finance and Accountancy (CIPFA) has published a Local Authority Accounting Practice (LAAP) bulletin that provides best practice guidance on the management of reserves and balances.
- 1.3 In accordance with the CIPFA guidance, the relevancy and adequacy of the levels of reserves for the Council should be reviewed on an annual basis. This review considers the outcomes of a financial risk assessment, to ensure that as a minimum there are sufficient balances to support the budget requirements and adequately mitigate the risk of significant financial loss in the medium term.
- 1.4 The review undertaken as part of the 2013/14 budget build recommended that a level of 12% of the net revenue budget was appropriate. This report considers the current position and anticipated future requirements for inclusion in the 2014/15 budget and medium term.

2.0 Types of Reserve

- 2.1 There are two different types of reserve, general and earmarked, which are held for different purposes and are managed depending upon their type. The recommendations for both types are covered in the paragraphs below.

General Reserves

- 2.2 General reserves should only be called upon to meet unanticipated expenditure arising from unexpected or emergency events. Prior to using the general reserves Members' approval will be sought, unless the nature of the emergency makes prior approval impossible, in which case the Section 151 Officer, in consultation with the Senior Management Team, the Leader and other Group Leaders, is authorised to approve the use of general reserves.

2.3 General reserves are held for two main purposes: as a contingency and as a working balance. These terms are explained more fully below:-

- i) **As a Contingency** - To provide funds for any events that are unable to be contained within the limits of the revenue budget due to unexpected incidents or emergencies. These types of events can include natural disasters, national emergencies, or in fact any unplanned event that draws upon an authority's resources, which cannot be covered by normal insurance arrangements. These also include in year budget fluctuations arising from demand led pressures and delays in delivering planned efficiency savings.
- ii) **As a Working Balance** – A certain level of balances are needed to act as a cushion to deal with changing demands on an authority's bank balances from fluctuations in cash flows as a result of normal business. A correctly sized reserve should avoid the need for temporary borrowing whilst not tying up unnecessarily large amounts of cash. Such reserves are only consumed on a temporary basis as they are subsequently replaced from the regular income that funds the authority.

Earmarked Reserves

2.4 Earmarked reserves are sums specifically held to enable funds to be built up to meet known or predicted expenditure. They can be set up using one-off funds (such as year-end under-spends or grants) or by budgeting for a fixed amount to be taken from the revenue account each year and "saved" separately. Any expenditure then incurred within the year is taken from this "savings account", thereby smoothing the impact on Council Tax.

3.0 Annual Review of Reserves

3.1 A well managed authority with a prudent approach to borrowing should strive to maintain as low a level of general fund reserves as possible, whilst still covering its financial risks.

3.2 The most robust means of assessing the adequacy of an authority's reserves is through a comprehensive financial risk assessment, which determines the degree to which the authority is exposed to uninsured and unbudgeted losses. This must be done with knowledge of the context in which an authority operates.

3.3 A summary of the financial risk analysis is shown in the following table. The risk of financial loss can come from a wide variety of places, and although the list below is comprehensive, it is by no means exhaustive. The risks have

been assessed in the context of the Council's overall approach to risk management and internal financial controls. This information has then been used to determine the optimal level of reserve holdings needed to meet the requirements of the contingency and working balance, details of which are covered later in this document.

3.4 Risk Assessment for the General Fund Balance

Risk	Likelihood & Value £'000
<p>Natural disasters and national emergencies</p> <p>The Bellwin Scheme provides financial assistance to local authorities in the event of a national emergency or disaster, subject to an authority contributing to the total costs by an amount equivalent of 0.2% of its approved budget. For this Authority this would require approximately £40k.</p> <p>Business Continuity - It is difficult to anticipate the cost of such an event that would affect the Authority's business continuity, although it is likely to be substantial. For example, in the event that the offices became unusable, the cost of introducing new working practices (e.g. home working facilities, finding alternative accommodation) would have to be met, as would possible increased legal claims were service delivery detrimentally affected. In the case of the failure of a key system, costs could arise from needing urgent consultancy or replacement equipment, which could be costly at short notice.</p> <p>Ash die-back outbreak – if there were to be a full blown outbreak in the Council's mature stock of ash trees, the potential cost to the Council could be £50k.</p> <p>Coastal defences – the Council's coastline could be exposed to erosion or flood risk in the event of a storm</p>	<p>Low</p> <p>40</p> <p>200 – 500</p> <p>0 – 50</p> <p>100 - 200</p>
<p>National Economic Issues</p> <p>Under the new Business Rates Retention Scheme, the Council could face reductions in business rates income of up to £330k before the safety net mechanism would kick in</p> <p>The Welfare Reforms could lead to an increase in homelessness costs and also, the new Council Tax Reduction Scheme may lead to a worse collection rate than that budgeted</p> <p>The Council has some contractual arrangements whereby if the contractor were to go into liquidation, the Council would lose a significant income stream.</p>	<p>Medium</p> <p>0 - 330</p> <p>0 - 100</p> <p>100 - 200</p>

Risk	Likelihood & Value £'000
<p>The Council has a wide range of contractual arrangements that could see a financial loss in the event of the bankruptcy of a supplier or a customer, including non-payment of debts. Although the Council maintains a bad debt provision it is unlikely to be able to fully fund a loss from a major contract.</p> <p>Although the Council tries to minimise investment risk by only investing with low risk organisations and by spreading the investment portfolio, there is still a potential risk of a bank in which the Authority has invested collapsing.</p>	<p>100 – 250</p> <p>0 – 2,000</p>
<p>Grant Funding</p> <p>The Council sometimes seeks external funding/grants for one-off projects. In the event that the expected projected outturns are not achieved, repayment of funding or grant may be required.</p>	<p>Medium</p> <p>100 – 2,000</p>
<p>Financial Support</p> <p>The Council has provided a soft loan to Vista Leisure. Were Vista Leisure to go out of business, the Council may not be repaid this loan.</p>	<p>Low</p> <p>0 – 250</p>
<p>Property Assets</p> <p>The identification of unplanned major works to the Council's property portfolio could give rise to a budget pressure. As a responsible owner and with a duty to care, the Council could be expected to fund major works at short notice. Although the initial response would be to look to re-phase the capital programme, this may not be feasible, and additional revenue funding may be required, or prudential borrowing. Due to recent urgent repair works required at the Port and Harbour and the Wintergardens, there is evidence that there is a high risk of this occurring.</p>	<p>High</p> <p>0 - 1,000</p>
<p>Legal Issues</p> <p>It would be prudent for the Authority to make provision for an unfavourable outcome of any legal action taken against it, which could be made on a range of different grounds, including compensation payments, equal pay, discrimination and corporate manslaughter.</p> <p>Where the Council provides a paid service to a third party that does not directly relate to any statutory duty, the Council may require Professional Indemnity Insurance. This insurance cover is not automatically arranged and in the event that it isn't and a claim arises the Council could be deemed liable for resulting costs.</p>	<p>Medium</p> <p>100 – 2,000</p> <p>100 - 250</p>
<p>Financial Risk Exposure</p>	<p>840- 9,170</p>

- 3.5 **Proposal for the Level of the General Fund Reserve** - The financial risk assessment indicates that in the worst case the Authority could require £9,170k of its net service revenue budget requirement to fall back on, should all of the potential risks happen concurrently and at their most extreme. Ideally the General Fund Reserve balance should be somewhere between the range identified in the table. The current General Fund Balance level is 12% of the net revenue budget requirement (£2.177m). Based on the current budget proposals, the General Fund Reserve balance for 2014/15 is likely to be around £80k above the recommended limit and this sum would therefore be available to transfer to the Priority Improvement Reserve.
- 3.6 **Plans for the General Fund Reserve 2014 - 2018** – It is recommended that no withdrawal from general reserves is made to support the base budget in the medium term.

Assessment of Need for General Fund Earmarked Reserves

- 3.7 In addition to the level of General Reserves, the Authority maintains a number of reserves specifically set up to meet particular service requirements. These are detailed below:-
- i) **Insurance Risk Management Fund** - This reserve is held to meet potential increases in insurance premiums and to cover the cost of large excesses relating to insurance claims or one-off premiums. As at 1 April 2013, the balance on the reserve was £222k.
 - ii) **Local Plan** – Due to the variable profile of spend on the Local Plan and the variable cost in relation to consultation and inspection, it is proposed that any under-spend on this activity be set aside in this reserve to be drawn against as required.
 - iii) **General Fund Repairs** – This reserve makes provision for necessary essential repairs and maintenance and minor improvements to the Council's assets.
 - iv) **Office Accommodation** – A balance of £9k is held in this reserve which may be used to support any office accommodation changes required as a result of the forthcoming restructure.
 - v) **Revenue Projects (Slippage) Fund** - The annual budget is developed to meet the costs of the purchases and services planned for that financial year, however due to accounting rules, any goods or services that are delivered late (beyond 31 March) are unable to be counted within the financial year. To enable all planned costs to be contained within budget, Members have approved the establishment

of a reserve to carry forward budget that remains unutilised as a result of slippage of a significant value. The reserve is simply used to roll the amount forward into the accounts of the following year to settle the account once the purchase is complete. Failure to do this would result in an under-spend in one financial year and an overspend in the following year.

- vi) **Information Technology Fund** – This reserve was created to support the development of new information technology initiatives to improve efficiency throughout the Council's activities. The annual budget includes provision for IT related projects. Where the projects are not delivered within the financial year, the unutilised budget is transferred to this reserve to be spent in future years. As at 1 April 2013, the balance on this reserve was £486k.
- vii) **Environmental Action Plan Fund** – The Environmental Action Plan (EAP) is a fundamental part of the Council's Corporate Plan and a key corporate priority. The EAP Fund has been established to finance various improvements to public assets throughout the district. The balance on the fund will be drawn down for EAP related expenditure over the period of the Medium Term Financial Strategy 2014-2018.
- viii) **Decriminalisation Reserve** - This reserve is used to meet parking or transport related expenditure. Charges raised from on-street car parking are transferred into this reserve, as required by the Road Traffic Act (1984) as modified by the Traffic Management Act (2004), to be utilised on future parking, transport or environmental improvement related schemes. It is planned to use £40k per annum from this reserve to meet the costs associated with such schemes. The funds within this reserve are not available for general council use.
- ix) **Priority Improvement Reserve** – This reserve is for one-off projects and pump-priming investment into service improvements with a particular emphasis on invest to save projects and activities that will lead to greater efficiency.
- x) **Customer Services Reserve** – This reserve is for housing benefit subsidy. Due to the volatility of this activity and the tight financial constraints which preclude the budget being set at a level that would be sufficient for upper activity levels, it is prudent to set aside under-spends that arise in this area as a contingency for future years. The reserve will also support any potential shortfall in business rates, under the new business rates retention scheme, that won't be covered by the safety net mechanism.

- xi) **Area Based Grants** – The under-spend against the Area Based Grant funding has been carried forward in this reserve and will be utilised over the next couple of years.
- xii) **Waste Reserve** – Service under-spends have been set aside in this reserve to support future service enhancements and the costs of replacing the waste fleet.
- xiii) **Cremator and Cemeteries** – This reserve was created to hold the surcharge element of the cremator fee. This was set aside to meet the cost of the cremator project being undertaken in 2012/13, the purpose of which is to ensure the Council is environmentally compliant. The surcharge on both cremations and burials will continue to be set aside to support future burner replacement and works required at the cemeteries.
- xiv) **Council Elections Fund** – A sum of £30k is being set aside each year towards the costs of the District Elections.
- xv) **Homelessness** – Service under-spends are held in this reserve to meet future homelessness needs.
- xvi) **Renewal Reserve** – This is a saving account for specific purposes, based on the average annual amount required e.g. for the cost of CRB checks.
- xvii) **Maritime Reserve** – A sum of £723k is held in this reserve as at 1 April 2013 to support improvement works at the Port and Harbour and for income protection/maximisation works. A draw down in the region of £400k may be required in 2013/14 to support the budget shortfall following the cessation of the Transeuropa ferry service.
- xviii) **Pensions Reserve** – Savings on pensions costs have been set aside in this reserve to meet any additional costs that may arise as a result of future actuarial valuations.
- xix) **VAT Reserve** – Monies received in respect of the Council's VAT Fleming claim were put into this reserve. If the Council were to breach its partial exemption VAT limit, the potential cost to the Council would be between £400k and £500k. The Council is currently very close to this limit and therefore there is a real risk that this money may be required.

- xx) **East Kent Services** – The year-end surpluses of East Kent Services are set aside in this reserve which the Council holds as accountable body.
- xxi) **New Homes Bonus** – Allocations of New Homes Bonus have been set aside in this reserve to support one-off projects. An annual draw down of £185k has been agreed to support the events and floral grants budgets. The reserve will also be used to support shortfalls in the budget due to cuts in the formula grant.
- xxii) **Housing Intervention** – This reserve is held to support the associated one-off costs (e.g. Compulsory Purchase Orders) of the housing intervention project.
- xxiii) **Economic Development and Regeneration Reserve** – This reserve is held to support one-off service improvements and initiatives encouraging economic growth. This may include consultancy costs associated with such projects.
- xxiv) **Pay and Reward** – This is to support the new pay and reward scheme.
- xxv) **Vehicle, Plant and Equipment Replacement** – The Council has identified that there are a number of vehicles, plant and equipment that will be coming to the end of their useful lives over the next few years. Any service in-year underspends in relation to waste, street cleansing, maritime, parks and grounds will be set aside in this reserve to support a replacement programme.
- xxvi) **Dreamland Reserve** – Monies have been set aside to bolster the contingency for the Dreamland project.
- xxvii) **Coastal Infrastructure** – A sum of £500k that had been set aside within the New Homes Bonus Reserve for the Local Authority Mortgage Scheme is no longer required as the scheme has been put on hold. This money has therefore been moved to a new reserve to support the objectives of the Destination Management Plan by enhancing council assets that help to support and encourage tourism.
- xxviii) **HRA Properties Reserve** – This reserve was set up to support the purchase and refurbishment of HRA properties.

The anticipated movement on each on the approved earmarked reserves is shown in the following table:

PROPOSALS FOR THE GENERAL FUND EARMARKED RESERVES	Balance 31/3/13 £'000	2013/14 Net Transfers £'000	Balance 31/3/14 £'000	2014/15 Net Transfers £'000	Balance 31/3/15 £'000
Insurance Risk Management	222	-75	147	0	147
Local Plan	392	0	392	0	392
General Fund Repairs	368	-200	168	-50	118
Revenue Projects	987	-987	0	0	0
Information Technology	486	-200	286	-100	186
Environmental Action Plan	212	-50	162	0	162
Office Accommodation	85	-76	9	-9	0
Cremator and Cemeteries	182	0	182	0	182
Decriminalisation fund	145	0	145	-40	105
Priority Improvements	874	-354	520	-100	420
Customer Services Reserve	1,010	-400	610	0	610
Area Based Grants	477	-150	327	-327	0
Waste Reserve	347	0	347	0	347
Council Elections Fund	87	30	117	30	147
Homelessness Fund	201	0	201	0	201
Renewal Reserve	42	-35	7	0	7
Performance Reward Grant	55	-55	0	0	0
Maritime Reserve	723	-400	323	0	323
VAT Reserve	441	-20	421	-20	401
Pensions Reserve	661	0	661	0	661
East Kent Services Reserve	754	0	754	0	754
New Homes Bonus Reserve	782	453	1,235	597	1,832
Housing Intervention Reserve	682	0	682	0	682
Economic Development & Regeneration	339	-20	319	-167	152
Pay & Reward Reserve	380	0	380	0	380
Vehicle, Plant & Equipment	0	227	227	0	227
Dreamland Reserve	0	0	0	247	247
Coastal Infrastructure	0	500	500	0	500
HRA Properties Reserve	500	0	500	0	500
Total	11,434	-1,812	9,622	61	9,683

4.0 Proposed Reserve Levels

The levels of General Fund Reserves (General and Earmarked) recommended in this report for the financial year 2014/15 and the medium term are believed to be sufficient to meet all of the Authority's obligations and have been based on a detailed risk assessment. In line with the proposed policies on the control and management of these funds the limits will be reviewed on an annual basis against prevailing risk assessments and other information.

RAMSGATE MARITIME PLAN

To: **Cabinet – 14 November 2013**

Main Portfolio Area: **Operational Services**

By: **Mark Seed, Director of Operational Services**

Classification: **Unrestricted**

Summary: **The report provides Cabinet with the draft Ramsgate Maritime Plan for consideration.**

For Decision

1.0 Introduction and background

- 1.1 The purpose of this report is to present the Ramsgate Maritime Plan, which is attached at Annex 1, for Cabinet's consideration.
- 1.2 The Cabinet Advisory Group was set up to assist Cabinet with the development of a strategic plan for the future of Ramsgate Port and Harbour.
- 1.3 On the 31 July 2013 the draft plan was presented to the Ramsgate Port and Marina Cabinet Advisory Group by the consultants, UK Port Advisers, who prepared the document.
- 1.4 In preparing the plan a consultation process was undertaken with key stakeholders to understand the differing perspectives and any opportunities or constraints that should be considered for the future development of the Port and Harbour.
- 1.5 The Cabinet Advisory Group then considered the content of the document and met again on the 24 September 2013 for further discussion and to make a recommendation to Cabinet on the way forward.

2.0 The Current Situation

- 2.1 UK Port Advisers were commissioned to prepare and present a Maritime Plan to the Port and Marina Cabinet Advisory Group for consideration prior to it going to Cabinet for adoption.
- 2.2 At the Cabinet Advisory Group meeting on the 24 September, a collective view could not be reached, particularly in relation to the governance arrangements, and the Group were unable to make a mutually agreed recommendation to Cabinet. The following recommendation was proposed, seconded and agreed by the Group:

“That the Group notes the Consultants' report and asks Cabinet to consider the different views of Group Members as recorded in the minutes.”

These minutes are attached at Annex 2.

- 2.3 Further information has been sought by officers in connection with the governance arrangements of Portsmouth, Sunderland and Whitstable ports and harbours, which

are municipally owned ports. A summary of their current arrangements are detailed within Annex 3 of this report for information. In the view of officers, the governance arrangements in place at Sunderland and Whitstable would appear to be the most in line with best practice, as set out in the Municipal Ports Review.

3.0 Next Steps

3.1 The information presented will form a useful basis for discussions of Cabinet in determining the next steps in progressing the Maritime Plan and for determining the most appropriate governance arrangements for the Port and Harbour.

4.0 Corporate Implications

4.1 Financial

4.1.1 There are no financial implications arising directly from this report.

4.2 Legal

4.2.1 There are no legal implications arising directly from this report.

4.3 Corporate

4.3.1 The Ramsgate Maritime Plan supports the delivery of the council's Corporate Plan priorities detailed below:

- Priority 1 - Working with European partners and encouraging further location of sustainable energy businesses into the area, particularly at Ramsgate Port
- Priority 1 - Protecting and diversifying the commercial function of Port of Ramsgate as a key Kent cross-channel trade route

4.3.2 Amendment to the council's constitution may be needed in the event that changes to the governance arrangements for the Port and Harbour are agreed; these would require agreement at full Council.

4.3.3 Referring to the Ramsgate Maritime Plan, the Executive Summary of the Plan needs to be completed, and this will be prepared by officers following finalisation of the content of the Plan.

4.4 Equity and Equalities

4.4.1 There are no equity or equalities issues arising from this report.

4.5 Risks

4.5.1 There is a risk that the council will not have an appropriate plan in place that provides the strategic overview to the community, and we are therefore not open and transparent about the way we intend to take for business at the Port and Harbour.

5.0 Recommendations

5.1 That Cabinet receive the report.

6.0 Decision Making Process

- 6.1 This is a key decision. Cabinet needs to make strategic decisions that create a framework for full utilisation of the economic infrastructure in the district in order to enhance the economic benefits for the area.

Contact Officer:	Mark Seed, Director of Operational Services
Reporting to:	Sue McGonigal, Chief Executive

Annex List

Annex 1	Ramsgate Port and Harbour Strategic Plan
Annex 2	Minutes of the Cabinet Advisory Group meeting – 24 September 2013
Annex 3	Governance arrangements summary

Corporate Consultation Undertaken

Monitoring Officer / Legal	Harvey Patterson, Corporate & Regulatory Services Manager
Finance	Sarah Martin, Financial Services Manager

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RAMSGATE MARITIME PLAN

July 2013

Notes to this draft:

1. Footnotes are included for ease of explanation but will be omitted from the published version.
2. This draft omits relevant imagery/photography and has not yet been formatted for final publication.

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Executive Summary¹

¹ To be completed following finalisation of the plan's content. To include a short glossary explaining the different terms used to describe the commercial port and Royal Harbour.

About this Plan

Ramsgate's port and Royal Harbour, owned and operated by Thanet Council, are located 76 miles from the heart of London, and close to continental ports and harbours across the North Sea and Straits of Dover.

The commercial port has for the past decades, until recently, operated ferry services to both Dunkerque and Ostende and, has become both a construction and now operation & maintenance base for three nearby offshore wind farms. The port adjoins the Royal Harbour.

The Royal Harbour forms the visual link between Ramsgate's attractive waterfront and the open sea. The dominant activity in the Royal Harbour is created by large commercial and leisure marinas which provide berths for both local and visiting vessels.

The port and harbour lie in an environmentally sensitive marine area. The latter comprises of a number of nature conservation designations including Thanet Coast and Sandwich Bay Special Areas of Conservation and Special Protection Areas for birds together with Ramsar sites and Sites of Special Scientific Interest.

We have published this Maritime Plan, which has an evolving scope and purpose, as a high level guide for the future operation, development and management of the port and Royal Harbour.

Prime goals

This plan supports the council's prime regeneration goal of accelerating economic growth to achieve greater productivity and profit for businesses in and around the port, more jobs, and increased prosperity for our residents and in particular:

- builds on the unique conflux of a major seaport, international airport and high speed rail;
- rebuilds our reputation as the UK's favourite visitor destination; and
- achieves those goals in ways that are safe, sustainable and environmentally sensitive and which recognise the challenges posed by climate change.

We realise that our goals are ambitious and that their realisation will depend upon a range of factors - not least funding - some of which will depend upon a business case or third party commitments. However, our ambition is not constrained and we hope you will support this plan and the vital roles of the commercial port and Royal Harbour in our community and economy.

Why is a plan needed?

The main purposes of this plan are to:

- clarify our strategic maritime planning for the short, medium to long term;
- assist us, other planning bodies, transport network providers and other stakeholders in preparing and revising their own strategies;
- inform current and potential users, stakeholders and local communities as to how they can expect to see development take place over the coming years;
- promote the efficient management and operation of our maritime assets;

- support individual developments within the context of a wider strategic plan;
- maximise and exploit available land for economic uses;
- improve the public realm, particularly Ramsgate's historic waterfront; and
- identify and promote other complementary economic and leisure uses.

It does this by outlining:

- how the commercial port and Royal Harbour expect to grow and develop over time;
- why this may be feasible in the context of wider patterns of supply and demand;
- where changes of land use may be required to support growth; and
- how we will manage any development to mitigate its impact on the environment and local amenity.

Consultation

In preparing this plan we have consulted with key stakeholders in order to understand their different perspectives and any opportunities or constraints which they feel may apply to the future development of Ramsgate's port and harbour.

We have held numerous separate workshops, each with a wide scope and external facilitation, with participants drawn from a range of different interests.

Core plan context

This plan is not just for the benefit of regional and local planning bodies and local stakeholders; we believe that the process of producing and maintaining it will assist with:

- being clear and transparent about the future strategic direction;
- engaging local and regional planning bodies at an early stage to allow any development to be incorporated at various levels of spatial planning and to secure the buy-in of stakeholders; and
- keeping local stakeholders informed of relevant maritime activities and building good working relationships locally.

We intend that this plan will be a key document in determining the future direction for Ramsgate's port and harbour, which are of considerable importance to the local and regional economy, both now and in the future.

This plan also fits within a wider policy context, as summarised below.

The *Thanet Corporate Plan* emphasises the importance of protecting and diversifying the commercial function of the port as a key Kent cross-channel trade route; working with European partners and encouraging further location of sustainable energy businesses into the area, particularly at the port; and encouraging and influencing the growth of Thanet's economy, including the tourism/leisure, creative and sustainable energy sectors.

The draft *Local Plan* sets out a vision for 2031 and foresees:

- Ramsgate making the most of its close proximity to Europe and easy access to London;

- Ramsgate Port and Manston Airport as successful economic assets, essential to Thanet's business and gateway role;
- Thanet having a sustainable, balanced economy with a strong focus on tourism, culture and leisure;
- the importance of Ramsgate's maritime heritage; the commercial function of the Port; supporting renewable technology; its Royal Harbour, marina, beach and attractive waterfront, providing a vibrant mix of town centre uses, with a strong visitor economy and café culture; and
- a continuing policy for the growth of Ramsgate Port.

The *Economic Growth and Regeneration Strategy* identifies the port as a strategic asset for the District, which is part of a comprehensive transport system that adds to the area's competitive position. The strategy aims to:

- build on the transport and communications infrastructure hence improving the flows of goods and people between Thanet's key markets;
- work with industry to capitalise on Ramsgate's role as the support base for England's largest offshore renewables projects;
- prepare for the future development and deployment of offshore technologies that build on the infrastructure that is already here; and
- capitalise on the area's natural advantages, its assets, heritage and culture that are unique selling points, to encourage private sector investment and support the visitor economy.

The *Local Transport Plan* highlights that:

- the future of the Port of Ramsgate depends very much on the development of new short sea shipping routes between Ramsgate and other European channel ports;
- in line with this view, the Council wishes to support the Government and EU initiative for the development of short sea shipping and aims to attract new business to Ramsgate's port;
- the development of the port is not expected to necessitate further land reclamation in the foreseeable future; and
- as a priority action, the port needs to seek several ferry operators.

Ramsgate's maritime origins and development

History

Ramsgate's maritime tradition goes back to the Romans, but it was not until the 18th century that work started on building Kent's first true safe haven. Enclosed by two vast piers for sailing ships seeking protection from the severe channel weather, Ramsgate's Royal Harbour was completed in 1760.

Ramsgate is justifiably proud of its status as the only Royal Harbour in the UK and can trace its history back 257 years when, following the Great Storm, Parliament passed an act giving approval for construction of a new harbour. George IV granted its Royal designation in 1821 in appreciation of the town's hospitality when he embarked, with the Royal Squadron, from Ramsgate for Hanover.

The Royal Harbour was one of the main embarkation harbours during the Napoleonic wars. In 1940, passenger ships, freighters and warships, unable to sail close enough to Dunkirk's beaches to evacuate the stranded British army, urgently requested small boats from England to help with the rescue of troops waiting on the beaches. Operation Dynamo was launched and boats and other small craft assembled in Ramsgate before crossing to Dunkirk to ferry men from the beaches in these "Little Ships". Around 40,000 rescued Allied troops were landed at Ramsgate.

Commercial port

In the late 1970s Thanet District Council, the present owner and operator, reclaimed land to the west of the Royal Harbour to create a modern commercial port facility. The development provided valuable vehicle and storage land and included the necessary ro-ro berthing, capable of handling multi-decked vessels and passenger facilities required for a cross-channel ferry service.

In 1985, a third ro-ro linkspan was installed and the turning vessel circle was dredged to allow for vessels up to 6.5m draught to berth onto the three linkspans. In 1986 the completion of extended breakwaters gave the ro-ro berths all-weather protection and ensured that year-round operations were practicable.

Further hard standing land was reclaimed, which now provides 32 acres of dedicated port land. The port's approach channel was further widened to accommodate larger vessels. A new passenger terminal was constructed and, in 1999 a new direct relief road tunnel link into the port was completed. Completion of the recent extension to the Thanet Way provides excellent road links to both the M2 and the M25.

Royal Harbour

The Royal Harbour continues to perform valuable activities for both commercial and leisure users. It adjoins the historic waterfront and forms part of Ramsgate's centrepiece. The regeneration of Ramsgate depends, to a large extent, on the attractiveness of the Royal Harbour. It is a tourist and leisure attraction with significant potential and, through its marina, already offers much to smaller pleasure craft for which the European coast is within easy reach. Commercial fishing and ship repair activities are also carried out in the Royal Harbour.

Location and access

By sea

Ramsgate's marine facilities provide direct access to the North Sea and English Channel, which benefits a wide range of different users:

- for commercial shipping, short sea journey times match, or beat, Ramsgate's competitors;
- for cruise ships, Kent's tourist hinterland - including London and Canterbury - is within easy reach by road or rail;
- for leisure sailors, the Royal Harbour is an ideal port of arrival/departure for continental visits; and
- for offshore renewables, Ramsgate's strategic location offers close proximity to major North Sea and English Channel developments.

The table below illustrates the relative journey time for cargoes in transit from their UK origin to four continental ports travelling via Ramsgate, Dover, Harwich or Purfleet/ Dagenham/Tilbury and demonstrates the significant locational advantage which Ramsgate offers.

To	Via	Ramsgate	Dover	Harwich	Purfleet / Dagenham / Tilbury
Rotterdam cluster		1 =	1 =	1 =	+2 hours
Zeebrugge / Ostend		1 =	1 =	+2 hours	+2 hours
Dunkirk		1 =	1 =	+3 hours	+3 hours
Calais		+30 mins	1 =	+3.3 hours	+3.3 hours

1. The figure 1= indicates that there is no material difference between journey times.
2. Journey origins in the UK are Dartford, Lutterworth and Cardiff.
3. The composite results are indicative only, but are of sufficient accuracy to reflect the relative times.

By land and air

The port infrastructure is such that both freight and passengers can be clear of the port and en route within 20 minutes of disembarkation. The port has excellent inland transport links, with dedicated tunnel access giving immediate access to national road and motorway networks. Road distances from Ramsgate are set out in the table below.

Key UK road distances from Port of Ramsgate		
	miles	km
M2 (Junction 7)	24	39
M25 (East - Junction 2)	60	97
M25 (West - Junction 5)	62	100
London	79	127

A high speed rail link connects Ramsgate to London St Pancras in little more than an hour, with direct links from there to the national and European rail systems.

By air Manston Airport, with direct flights to Schipol, is within three miles; London Heathrow is less than two hours away by road and London Gatwick is an hour and a half away.

Existing facilities

Royal Harbour and historic waterfront

The Royal Harbour's visual appeal and the leisure activities available in it have a key role to play in rebuilding Ramsgate's reputation as the UK's essential maritime destination for visitors.

It is part of Ramsgate's historic waterfront which, with the town beyond, offers a wide range of leisure and retail activities (bars, restaurants, cinema and shops). For the visitor, the area includes award-winning beaches, seal watch trips (in season) and excellent public transport.

Marina facilities

The Royal Harbour accommodates a marina for local and visiting leisure craft which has recently won a 4 Gold Anchor award in recognition of its extensive facilities, which include:

- dedicated permanent berths and, in the East and West Marinas, visitor berths;
- 24 hour access to the Outer Harbour;
- petrol and diesel available from fuel barge 365 days a year;
- full repair facilities ashore and afloat;
- water and electricity readily available;
- a modern amenity block with free showers, toilets and coin operated launderette facilities;
- 24 hour security, with CCTV surveillance;
- wireless internet;
- a 40 tonne boat hoist servicing both a secure boat yard or lifts to/from transport;
- recycling points;
- access for people with disabilities includes selected moorings, wheelchair accessible amenity block with dedicated showers and toilets;
- chandlery, sail loft, slipways, boat park and brokerage;
- dedicated parking; and
- a hospitable yacht club overlooking the Royal Harbour Marina.

Commercial fishing

The Ramsgate fishing fleet is mainly composed of small, under 10m boats which tend to fish on day trips and travel up to a maximum of 25 nm from port working within the 6 or 12 mile limits. The principal species caught are sole, skate, plaice and cod.

The fleet operates within the Kent and Essex Fisheries Committee district. It is this committee which regulates the activities of Ramsgate's fleet, through a licensing scheme which limits the quantity of fish caught. These quotas have reduced over time, causing a decline in activity at Ramsgate and elsewhere. Despite this, the Ramsgate Fishermen's Association have been very active in gaining support for the future of Ramsgate's fleet and fishery.

Commercial port

The commercial port is the second largest municipally-owned port in the UK. It can handle 5m passengers and 0.5m freight units annually and accept vessels up to 170m LOA, 6.5m draft, with no tidal restrictions.

Its facilities includes:

- 32 acres of commercial port land;
- three modern ro-ro bridges and pontoons with double lane access;
- a fast freight ferry service capability;
- tri-berth simultaneous operation;
- full passenger services and freight vessel facilities;
- modern and effective VTS;
- multi-deck vessel, stern and quarter ramp capabilities; and
- water and bunker facilities on all berths.

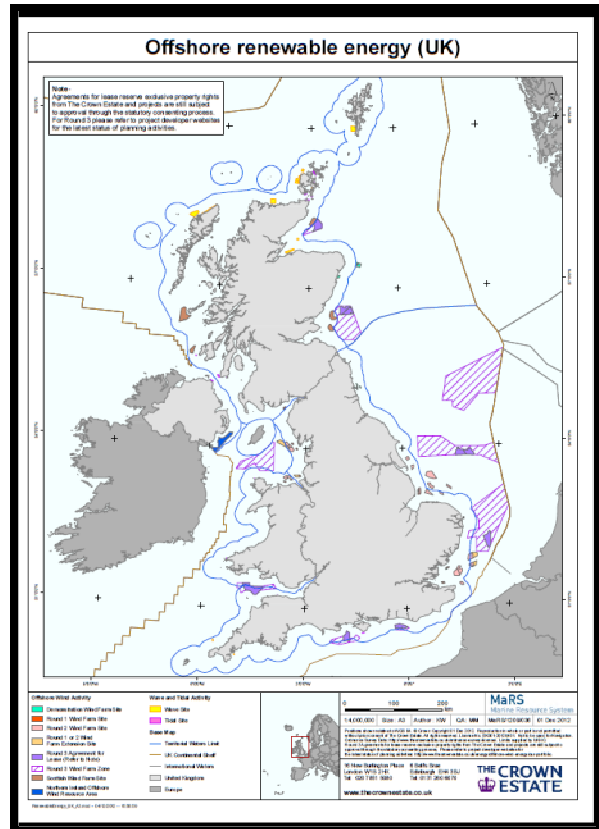
The commercial port's shipping activities covering ro-ro and bulk cargoes are key economic drivers. It takes 10 minutes for a vessel from berth to clearing the buoyed channel.

Marine energy²

The port has firmly established itself as a support centre for the offshore wind industry by attracting major customers including Dong, Eon, Masdar (London Array), Vattenfall (Thanet Offshore Wind and Kentish Flats), VSMC and Siemens Windpower.

Its strategic location close to current and planned offshore renewables sites in the Thames Estuary and the North Sea (see map opposite) has been recognised by major wind industry players, who have made long-term commitments to the port by establishing operating and maintenance support bases.

This has enabled the port to invest and also sparked the growth of onshore supply chain business opportunities - and therefore training and employment - regionally.



² A copyright licence may be required to authorise reproduction of The Crown Estate's map.

Future vision: Royal Harbour and historic waterfront

Royal Harbour

Ramsgate is already a popular tourist attraction with significant growth potential.

We will undertake a range of improvements in order to help attract more visitors and to enhance the tourist and leisure experience:

- shore-based attractions and pedestrian access within the Royal Harbour need to be enhanced in order to achieve better integration with the historic waterfront; and
- some current marine uses (including leisure and commercial fishing) will be rationalised in order to make best use of the facilities.

There is little to encourage pedestrian visitors to visit the Royal Harbour - they just enjoy the view from Ramsgate's waterfront - so we aim to improve visitor footfall and circulation along the Inner Harbour cross wall, Harbour Street and Harbour Parade. In particular, circulation along the Inner Harbour cross-wall would create the potential for a circular visitor route.

Any new development should enhance the Royal Harbour and be congruent with its key (marine-related) brand attributes. Retail, educational and leisure/pleasure uses (A1, A3 and D2) should be supported, especially in the area between the historic slipways and the East Amenity Facility and the former Sally Line Shed.

Those uses should exploit links with Ramsgate's commercial fishing fleet and the Royal Harbour's unique history and location (adjacent to a recommended MCZ³, possible World Heritage Site and NOSTRA⁴).

The Inner Harbour and East Marina will focus on the development of their core heritage and leisure strengths in order to enhance their appeal to visitors and put yachtsmen where they would naturally wish to be - close to the waterfront. Over time, we intend that existing pleasure craft berths in the West Marina will therefore be relocated to the East Marina.

As part of the drive to improve the historic waterfront, priority will also be given to functional and quality improvements of the marina and the marina operation itself. These improvements cover the service standard provided by the marina (the anchor rating) and competitive pricing.

We recognise that leisure uses of the marinas depend upon the reduction of wave conditions which can occur in adverse weather. To provide increased protection we are undertaking a feasibility study to extend the East Pier breakwater, thereby interrupting wave generation and providing safe all-weather berths for leisure craft and preventing sand migration into the harbour. We will use our bathymetric hydrographical surveys to deploy dredging in an appropriate and timely manner.

As and when appropriate, having regard to existing use arrangements, commercial vessels which currently use the East Marina will be moved to the West Marina, which will then be used predominantly for commercial purposes. Once achieved, such a move will place those commercial vessels closer to their shore facilities and improve the efficiency of their operations. Their new locations would still add to the overall nautical ambiance of the Royal Harbour.

Commercial fishing

³ A marine conservation zone, established under the Marine and Coastal Access Act 2009, intended to protect the sea's biodiversity.

⁴ The NOSTRA (Network of Straits) project aims to allow economic development while preserving biodiversity and natural heritage.

We will safeguard an area in the West Marina / Commercial Quay for commercial fishing and support the development of a specialist fish quay/market, a fish processing capability, a quayside chill store (with ice facility), an amenity and training / education facility.

We will explore appropriate sources of domestic and EU funding for those developments and potential ways in which to attract new fisheries business by, for example, seeking approval for use of the new facilities by non-EU fishing vessels to land their catches.

A new fish market will also enhance the appeal of the Royal Harbour to tourists and contribute towards our goal of increasing visitor footfall, particularly in the area of the undeveloped commercial quay.

We will also pursue other opportunities to attract additional fisheries business, *eg* landing of catches by non-EU vessels.

Ship repair

There are four historic slipways in the Royal Harbour which are in commercial use and operated by Ramsgate Harbour Slipways. Those slipways adjoin Ramsgate's waterfront and, while of some interest to visitors, their activities are not well suited to a tourist location.

Subject to a business case (and therefore funding), new, modern slipways should be established in the commercial port and commercial uses transferred to that new location. The existing slipways (which are listed) could then be allocated for limited leisure/pleasure use and in connection with the maintenance and repair of historic vessels.

We will therefore consider any proposals for the creation of new slipways and covered ship repair facilities in the port area to service the needs of commercial vessels and larger pleasure craft.

Future vision: commercial port

We believe that the port's competitive potential may be much improved by the planned implementation of new EU regulations in 2015. They will require the use of much more expensive low sulphur marine fuel and will significantly increase journey and therefore shipping costs and create real advantage for freight and passengers because of the very short UK-continent Channel crossing.

We will therefore safeguard the commercial port and its berthing facilities for use by commercial shipping and support the future development of new marine infrastructure.

In particular, the growth of the commercial port business is inhibited by the lack of an alongside berth and we will develop plans for the provision of that capability.

As well as serving its existing customers, the commercial port will target a wide range of new business opportunities, including ro-ro, aggregates, biomass, fresh produce, offshore renewable energy, cruise and offshore construction, and any other opportunities that we become aware of which fit within the port area.

Any development of the commercial port area will have regard to existing leisure activities, as well as environmental and heritage assets including, in particular, Ramsgate's historic waterfront.

Ro-Ro trade

The commercial port has excellent ro-ro facilities. Despite the recent loss of its major customer, ro-ro has by far the greatest potential. However, the short sea passenger and freight markets suffer from excess capacity and, although ro-ro growth to 2020 is forecast at 15%, any market share will have to be won from competitor ports.

The port's market position is also considerably enhanced by the availability of development land owned by us, with potential for port-centric logistic uses - including, for the rapidly expanding order fulfilment services sector - and a strategic rail freight interchange facility linking directly to the high speed and national rail network also enhances the commercial port's attractiveness to supply chain users who typically have a requirement for land and excellent inland distribution connections.⁵



⁵ A copyright licence may be required to authorise reproduction of the following annotated image.

For those reasons, the port's strategy will include the development of ro-ro businesses with an expanded focus on the commodity supply chains (*ie* the links between shippers and receivers in the UK and Continent), as well as the ferry lines which form an important part of those links.

The port will pursue a ro-ro strategy to exploit the changed market opportunity and it will:

- validate the ro-ro trade's requirements and test the market demand and potential for a longer term inland port/port-centric logistics/strategic rail freight interchange facility;
- employ or contract a highly experienced commercial/trade manager to formulate and execute the ro-ro and port-centric strategy;
- identify continental partner ports, principal commodity types to be targeted, and the related UK element of the allied logistics chains, in conjunction with UK-based commodity managers; and
- plan to achieve maximum water depth/widths in the port and its approaches.

Growth in the commercial port's ro-ro business will utilise spare capacity and also conflict least with leisure uses at the Royal Harbour and historic waterfront.

Marine energy

The further planned increase in the UK's offshore wind capacity - including the Kentish Flats expansion - offers considerable potential to grow the port's support facilities and increase its geographic reach to provide cost effective through-life engineering and logistics support to offshore renewables in the North Sea and English Channel.

The table below shows, by development status, actual and proposed generating capacity, which demonstrates the future scale of opportunity for the port.

Status	Installed Capacity (MW)
Operational	2678.4
Under Construction	1538
Awaiting Construction	2388
In Planning	5611
Scoping	33919

Source: UK offshore wind farm development (DECC, February 2013)

Support requirements are likely to change and grow following construction of planned sites in the Thames Estuary, North Sea and English Channel.

The port is anticipating further growth as blue energy, tidal and wave capture becomes a reality. This is expected to occur within the next 3 - 5 years and could be seen as an 'add-on' to the existing offshore renewables infrastructure.

The development of other sources of renewable marine energy offers further opportunities for the port to further expand as a centre for both green and blue energy.

We recognise the need to integrate offshore renewables operating and maintenance capabilities with the other requirements - particularly training and construction-related - of the industries involved. This may mean collaboration between ports in order to deliver turnkey solutions. The

commercial port will actively seek to identify and exploit partnership opportunities with other ports in the UK and Europe.

The port's nascent concentration of expertise creates opportunity to provide cost effective through-life engineering and logistics support in Thanet. It also offers potential for the port to become a recognised centre of excellence and to exploit its position through the creation of higher skilled job opportunities to serve an emerging but growing industry.

To support all of these activities, we will:

- safeguard the current and potential offshore renewables support areas within the commercial port;
- support the Kent Core, but seek to shift its centre of gravity towards Thanet and expand its ambitions beyond the commercial port's current operational activity;
- establish a centre of excellence in offshore renewables support in Thanet and/or Ramsgate (and consider the possible linkage to an inland port-centric facility);
- develop South East regional 2nd/3rd/4th-line support cluster for southern North Sea, Thames Estuary and Channel offshore renewables projects; and
- forge a link to job creation in manufacturing, engineering, logistics, training & education in Thanet & East Kent.

The successful implementation of this part of our plan will:

- create direct and indirect employment opportunities which will, over time, result in a market leading and highly skilled workforce with the capability to offer its services internationally; and
- stimulate demand for marine-related services (such as towage, bunkering and ship repair) as well as a wide range of inland, non-marine services which will contribute to economic growth.

Bulk commodity trades

The commercial port has the capacity to handle a range of dry bulk and other trades subject, in some cases, to the requirement for an alongside berth which the port cannot currently offer. As sustainable opportunities arise, we will support investment in additional facilities and operating plant and equipment in order to handle new business.

Currently the commercial port operates an aggregates facility in partnership with Brett Aggregates. There is scope to handle greater volumes which the commercial port will exploit within the region.

The commercial port lacks a significant market hinterland which might underpin demand for other bulk products. The majority of the latter are, in any event, relatively high volume/low value cargoes. These nonetheless require additional port facilities *eg* grab crane, and storage areas, all of which would attract capital expenditure (in competition with demands for capital expenditure to service other potential trades).

Through investment in the commercial port's sales and marketing capabilities (see below), we will scope opportunities to grow this business.

Cruise

The long term trend in the European cruise passenger market shows strong growth. This is supported by a noticeable trend in 'cool water' cruising in northern Europe which showed a 10% growth in 2012. Ramsgate is well placed to take advantage of this shift in the market.

Ramsgate is an attractive historic town and one of the ancient Cinque Ports. Its easy access to London, Canterbury, and the Medway coast makes it an ideal location for cruise ship calls. The port will promote its capabilities with a view to increasing the volume of turnaround and cruise calls.

We will undertake a scoping project to understand the potential opportunities to attract cruise business.

Increase market awareness

The commercial port and Royal Harbour serve different and distinct markets and we believe it is important to brand them separately and pursue different, but complementary, plans for their development, as set out in this plan.

To that end, we will create and implement specific communication and marketing strategies for each of the commercial port and the Royal Harbour Marina, because external commercial visibility and knowledge of their existence and capabilities is currently too low.

We will re-brand and re-launch the commercial port as “[Ramsgate Continental Port]” and create a separate identity and website, so that it is no longer marketed alongside the Royal Harbour Marina.

Similarly, we will improve the current arrangements for marketing the marina under the Royal Harbour Marina brand, with a new website which will no longer present the marina as part of the commercial port.

We will also expand the existing sales and marketing capabilities in order to exploit the full potential of both the commercial port (by recruitment of a Sales & Marketing Manager) and the Royal Harbour Marina (by recruitment of a Marina Manager).

Ownership and governance

As well as owning and operating the port and harbour, we are also the statutory harbour authority and pilotage authority (known as the competent harbour authority).

Extensive stakeholder consultation has shown that there is substantial support for keeping the port in public ownership and, in particular, that there is no demand for privatisation or other transfer to private, or different, ownership (such as a trust port).

We therefore intend to keep the port and harbour in public ownership but will make early changes to its governance, in order to create greater transparency and accountability and to introduce more commercial expertise.

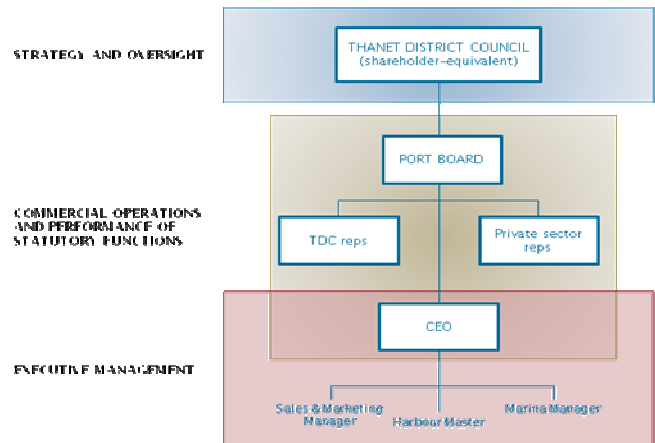
We will adopt a different governance (as opposed to ownership) model, which will preserve our (shareholder-equivalent) role and create a new Board with day-to-day operational responsibility for the commercial port and the Royal Harbour Marina. That Board will report to the Council and we will retain oversight and overall responsibility.

We will consider how best to constitute that Board, having regard to the principles articulated in the "Opportunities for ports in local authority ownership" ("OPLAO"), as published by the Department for Transport. In particular, we will decide whether the Board should be a separate committee of Thanet District Council or a Local Authority Company.

In selecting an appropriate structure we will have regard to the need:

- to achieve transparency and accountability;
- to introduce greater commercial expertise;
- to establish a Board whose membership will combine a mix of skills and experience relevant to the current and future needs of the port (and include elected councillors and representatives from the private sector in equal numbers);
- to establish assured accounts for the operation of the commercial port and Royal Harbour Marina;
- to publish an annual report and accounts describing in reasonable detail the activities and financial performance of the port and harbour for the year under review; and
- which otherwise enshrines the principles set out in OPLAO.

The proposed new model is illustrated opposite, which will achieve a clear separation between ownership, supervision and operations. The model also identifies operational management changes, comprising the recruitment of a chief executive officer and the selection/appointment of additional staff (Sales & Marketing Manager and Marina Manager) from the commercial marketplace to concentrate on the growth of the distinct commercial port and marina business activities respectively.



Approval and key priorities

Approval process

This plan was prepared by our project team and scrutinised by the Cabinet Advisory Group on 31 July 2013 and Overview and Scrutiny on 20 August 2013. Subsequently it was approved by Cabinet on 12 September 2013.

Progress so far

Work has already started on a range of projects each of which, when completed, will contribute to the realisation of our goals:

- the Yacht Valley project which comprises the restoration of the historic arches in Military Road, a study into Smeatons Dry Dock and a study into yacht services for the Royal Harbour;
- we are commissioning a scoping report for the extension of East Pier breakwater (in order to reduce wave conditions) and the construction of an alongside berth at the commercial port and we have EU LO-PINOD funding for those developments, alongside which we are seeking interest for an economic study for the development;
- we are also commissioning plans for the design of a commercial boat park;
- we are applying for a Heritage Lottery Fund grant for the restoration of the Sailor's Church at the Royal Harbour;
- similarly, we will consider applying for financial support from the European Fisheries Fund for the relocation and enhancement of the commercial fishing quay; and
- we are developing proposals to invest in a new marina management system and to investigate the acquisition of a dredger to ensure that minimum channel depths are maintained in future.

Key priorities

As we acknowledged at the beginning of this plan, our goals are ambitious. While we intend over time to deliver each of them, we have to apply our available resources according to the benefits each has the potential to deliver.

With that in mind, in the short term we will give priority to the following areas:

- protecting and growing the existing relationships with users of the port and harbour in order to assure service standards and secure future income streams;
- implementing the ro-ro strategy described in this plan to restore the commercial port's market position and recover recently lost revenue;
- making improvements at the Royal Harbour Marina (new marina management system, improved pedestrian access, dredging and extension of the East Pier breakwater) to significantly enhance the user experience and attract more visitors;
- re-launching the commercial port and Royal Harbour Marina under different brands in order to raise substantially their market profiles;

- adopting a new governance model for the future ownership and operation of the commercial port and Royal Harbour; and
- the scoping of an alongside berth at the commercial port, which will allow a much wider range of business opportunities to be targeted and developed.

We believe that, taken together, the implementation of those priorities will deliver early benefits and contribute substantially to the realisation of our prime goal - the economic regeneration of Ramsgate and the Thanet region.

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RAMSGATE PORT AND MARINA CABINET ADVISORY GROUP

**Minutes of the meeting held on 24 September 2013 at 2.00 pm in the Meeting Room,
Ramsgate Town Council Offices, Harbour Parade, Ramsgate**

Present: Councillor John Watkins (Chairman); Councillors Bayford, Campbell, Huxley, Gideon and Roberts

In Attendance: Councillor Poole

21. APOLOGIES FOR ABSENCE

There were no apologies for absence.

22. DECLARATIONS OF INTEREST

There were no declarations of interest.

23. MINUTES OF THE PREVIOUS MEETING

On the proposal of Councillor Campbell, seconded by Councillor Huxley, it was AGREED that the minutes of the meeting held on 31 July 2013 be approved and signed by the Chairman as a correct record.

24. RAMSGATE MARITIME PLAN

Mark Seed, Director of Operations, asked Members if they thought that the draft Maritime Plan reached the right conclusions and provided sufficient direction on the way forward.

He pointed out that the paragraph on page 20 of the draft Plan which related to the "approval process" was no longer relevant and should be deleted.

The Chairman referred to the purpose of the meeting, namely, "to consider information and proposals from the development of the Master (*Maritime*) Plan and make recommendations to Cabinet accordingly", as per the Group's Term of Reference No. 3.

It was noted that paragraph 1.2 of the report should read, "Following the presentation received on 31 July 2013 ...".

Members then considered issues relating to the draft Maritime Plan. In the discussion, views, comments and questions by Members included the following:

1. It was reported in the local press that a decision had already been taken to seek a new ferry operator. What attention, therefore, is Cabinet likely to take of the Group's views?

The Director of Operations, who confirmed that offers from prospective ferry operators were being sought, referred to the amount of work that had been done since the inception of the Group two years previously, particularly in relation to the proposed alongside quay and the extension of the East Pier breakwater.

It was assumed that, as a starting point, another operator should be brought in; otherwise other things like dredging could not be moved forward. Additionally, the commercial use of the port was identified by the Consultants, UK Port Advisers, as a key driver.

2. It looked as if things were happening already at the Harbour in terms of development, as it was understood that an outline planning application for an entertainment centre at one of the slipways had been submitted to the Planning Authority. [For details of further discussion on this, refer to point no. 15 below]

(Councillor Poole arrived at this stage)

3. As the facilities for ferry operators were at the port, it seemed sensible that offers should be invited or, at least, market interest gauged. However, how feasible was it to find traffic in the current climate?

Robert Brown, Maritime Operations Manager and Harbour Master, said that he considered this to be an opportune time to strike the market.

He referred to the new EU Directive, coming into force on 1 January 2015, which would affect all vessels in the North Sea and Baltic Emissions Control Area, making it mandatory for them to use lower sulphur fuel.

There were two solutions currently open to vessel operators:

Either

- i. Use scrubbers – these were expensive, bulky, presently not suitable for use on most vessels, and where they could be fitted, could adversely affect stability;*

Or

- ii. Switch to lighter fuel, such as marine gas oil (MGO) or liquid natural or petroleum gas, both of which were extremely expensive. It was expected that most ferry operators would go for MGO, but concerns had been made as to whether this diesel would be available in sufficient quantities in Europe when the regulation came into force.*

It was expected, therefore, that ferry companies would shift to shorter sea routes.

Dover port, which represented the shortest route from the continent, was reaching saturation. Ramsgate, the next shortest, was an attractive alternative, particularly in view of its good road infrastructure, including the tunnel link, and lorries not having to enter the M20 operation stack.

4. Was it not likely that the high fuel costs that would, inevitably, be passed onto passengers would impact on the amount of traffic and that, therefore, Dover might have spare capacity?

In response, the Director Operations said that, as a consequence of the 2015 Directive, it was possible that either the overall market would shrink or there would be a shift to alternative forms of transport.

5. Were ferry companies not already making strategic plans for 2015?

The Maritime Operations Manager and Harbour Master said that lobbying was currently taking place to have implementation moved to 2018.

6. If any companies were considering Ramsgate as an option, would they not be talking to us already?

The Maritime Operations Manager and Harbour Master said that the industry was only “waking up” to the impending regulation now.

The Director of Operations added that he would be trying to tease out the reasons preventing companies from “knocking on our door”.

7. By actively seeking an alternative operator, would not plans for other income streams be delayed? Also, did keeping facilities open and maintained at the port not represent a cost to the Council?

The Maritime Operations Manager and Harbour Master responded by pointing out that the port was still actively trading, particularly in relation to offshore windfarm activities, aggregates, concrete batching and project cargoes.

8. What about water depth?

The Maritime Operations Manager and Harbour Master stated that the depth had dropped but not by as much as had been expected.

9. In speaking under Council Procedure Rule 24.1, Councillor Poole stated reiterated the Maritime Operations Manager and Harbour Master's view that Ramsgate port was in a good market position at the present time.

10. It was somewhat surprising that the use of lethal gas, such as LNG or LPG could be justified on ships. Thames Water was reportedly banning calor gas from any vessel if it was over 10 litres in capacity. Additionally, modern cruise ships currently being built for use over the next 30 to 35 years were being designed to use heavy fuel oil.

The Maritime Operations Manager and Harbour Master pointed out that it would not be permissible for ships to burn heavy fuel oil in the North Sea and Baltic emissions Control Area, which included the English Channel to the east of Falmouth, once the Directive came into force unless the aforementioned scrubbers were employed. There were presently many new build and converted vessels, both passenger and freight, presently utilising gas as their propulsive fuel.

11. Was it right to pursue several options for the port and harbour at this time, especially if pursuing one option precluded another? Was there not a need to prioritise and to go for a set of schemes that had been appraised as viable? It seemed unwise to explore everything and then, without strategic direction, go for the first opportunity of income that came along.

The Director of Operations stated that, in his view, the projects suggested in the plan did not compete; rather they were complementary and could therefore be taken forward together.

12. The draft Maritime Plan failed to provide strategic direction based on financial analyses of suggested projects.

13. Nor did the Plan give any sense of what the implications of various scenarios would be; for example, if a different kind of operator, who managed much larger vessels, was introduced to the port, what works would be required and what impact would that have on the scope for other activities at the port?

14. (Contrary to the views expressed at paragraph numbered 11 above) We are duty bound to consider every option; to test the market for as many income strands as possible.

15. In relation to the outline planning application for an entertainment centre at one of the Harbour slipways [Paragraph no. 2 above refers], should the implications of such a development not be fully explored, particularly as the slipway in question had significant heritage value. Would local residents want such a development?

The Director of Operations stated that he would be seeking information on the application from the Planners.

He stated that his preference was to retain the two larger slipways with a stronger focus on what boat owners are looking for, for example, under-cover facilities.

The Harbour's Heritage Role

The Director of Operations also referred to the heritage role of the harbour. There were around 16 heritage features in the harbour area, including the two larger slipways and the Sailor's Church. The Heritage Lottery Fund had shown a considerable amount of interest in maintaining and improving those features. Potentially, the heritage role could significantly enhance the tourist attraction of the area.

16. Should the possibility of accommodating super yachts be explored?

The Maritime Operations Manager and Harbour Master pointed out that, on many occasions, ships that were 60 metres in length had been brought into the Harbour. He said that the introduction of super-yachts was a good idea and that the potential and profitability would be explored. The proposed extension to the East breakwater pier could allow for additional area to be created as appropriate location for mooring of the yachts.

17. Like the Mayor of Ramsgate who had expressed her views at the previous meeting, would local residents be averse to the creation of a "noisy industrial area" on their door step?
18. It made sense to split responsibility for the port and harbour as they were defined profit centres, and yet, at the same time, take account of the synergy that existed between the two.
19. *(In contrast to the view expressed at paragraph numbered 18)* How does profitability work out between the Port and Harbour? If there was no port, would we be any better or worse off? Such questions had not been addressed in the draft Plan.

Governance of the Port and Harbour

20. The governance model as set out in the Maritime Plan should be recommended to Cabinet.
21. *(A contrary view to that stated at paragraph 20)* Should the Council be operating the port?

The Director of Operations pointed out that it was stakeholders' collective view that ownership and control should rest with the Council.

22. Other governance models should not be discounted as they could offer new opportunities for the Council.
23. The council, which was risk averse, did not have the money to invest in developing the new schemes referred to in the Maritime Plan. Contrariwise, the private sector, which could commit at different risk levels, was likely to have sufficient resources. The key objective was to achieve the best possible rate of return, and privatised management of the port was better than the Council not being able to do anything with the port.

24. *(Counter-argument to that at paragraph 23)* It was better for the public purse to derive the best possible return, rather than a private individual. Local government had a better chance than the private sector of acquiring funding, for example, by means of the EU Regional Grant fund, the National Lottery or partnership with Professional Marina Builders; although it was recognised that only the private sector would have access to funding from the Regional Grant Fund.
25. The Plan did not explain the relationship between the Port Board and the Council.
26. Would a housing development not be a viable option for the port? A number of former ports in the United Kingdom had successfully been converted into housing areas. Such a project would yield capital in the short-term and revenue in the long-term. With the right kind of housing, it could contribute towards making Thanet a more prosperous place to live.
27. It seemed that a dual governance structure could exist, with the Council retaining control of the harbour, which residents seemed “wedded to”, but with the private sector managing the port. Cabinet might consider that there was synergy between the port and harbour, but the Group could put forward the option of testing the market for privatisation of port activities or, alternatively, partnership with experienced maritime operators.

The Director of Operations expressed the view that there was more overlap in the operation of the port and harbour than might be apparent, particularly in relation to windfarm operations. Under the Public Works Loan Scheme, the Council was able to borrow at a comparatively low rate, although, on the other hand, regional grant funding was available only to the private sector.

28. In view of European funding being available to the public sector and Regional Grant Funding to the private, it seemed that a fusion of the two would yield the best leverage.
29. The draft plan did not cover the detailed considerations that would have to take place, following the macro decisions. Was it reasonable to form a committee for the purpose of considering how macro decisions could be implemented?

The Director of Operations said that it would be a function of the Port Board to look at specific decisions.

At the conclusion of the discussion, it was recognised that views could not be passed on to the Cabinet in a collective form, particularly in relation to governance, some Members feeling that the governance as set out in the plan should be accepted and allowed to determine the strategic way forward for the port and harbour, and others being of the view that other governance options should be considered.

The Group was unable to wholeheartedly support the Consultants’ report as a plan.

In view of the Group not being able to make collective recommendations to Cabinet, it was proposed by Councillor Gideon, seconded by Councillor Campbell and **AGREED:**

THAT the Group notes the Consultants’ report and asks Cabinet to consider the different views of Group Members as recorded in these minutes.

Meeting concluded : 3.55 pm

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**GOVERNANCE ARRANGEMENTS SUMMARY– PORTSMOUTH, SUNDERLAND
WHITSTABLE****Portsmouth International Port**

The Port Manager, who heads the management team at Portsmouth International Port reports directly to the Chief Executive and the Executive Member for Planning, Regeneration and Economic Development.

The management team roles are as follows:

Port Manager - responsible for long-term development of the Port and heads the management team, co-ordinates all City Council departments working for the Port on strategic issues and top level liaison with customers to ensure services meet their requirements.

Ferry Port Manager - responsible for operational management of the cruise and ferry port and plays a key role in the development of port infrastructure and strategic development.

Harbour Master - responsible for regulation of navigation in the approaches to Portsmouth's commercial berths, pilotage of commercial vessels within the Portsmouth Competent Harbour Authority and operational health and safety.

Business Manager - responsible for commercial activities of the business as well as working closely with the Port Manager on delivery of the port's strategic and business plans. Day to day activities include control of the port's finances, tendering, procurement, personnel and management reporting.

There is a Port Advisory Board in place, which has no decision making authority or delegated powers. It provides an informal forum for discussion of the full range of port activities and is chaired by the Cabinet Member with responsibility for the Port.

Strategic and key decisions are reported to the Executive Member and the City Council as appropriate in accordance with City Council standing orders and Constitution. The Port operates within an agreed budget for 1 year and produces a set of accounts on an annual basis. Any capital funding is the subject of a report to the City Council, they do not operate any reserves.

The governance arrangements of Portsmouth International Port are being reviewed over the next year to eighteen months to assess whether the current system allows sufficient challenge and openness required for good governance principles to be exercised. There is a possibility that consideration will be given to a more formal Port Board that has decision making powers, but also the experience and awareness to provide challenge. It would consist of Members of the City Council and also co-opted non executive members who have the relevant experience.

Port of Sunderland

The Port Director at the Port of Sunderland reports to the Deputy Chief Executive and Sunderland City Council's Port Board. The Management Team comprises the Port Director, Harbour Master, Cargo Operations Manager, Marine Services Manager, Port Engineer and Sales Manager.

In 2010 Sunderland City Council's Cabinet agreed to progress new governance arrangements for the Port in line with best practice as set out in the Municipal Ports Review which was carried out in 2006 by the Department for Transport.

The Port Board is a Council committee, and in line with best practise comprises of 5 councillors (the chair being the Leader of the Council) plus 2 co-opted (non-exec) directors. The Board is responsible for the strategic management of the Port.

It was intended that these governance arrangements would enable the Port to develop an improved and more responsive approach to securing new business in a very competitive market place. The Port Director is responsible for taking forward the Business Improvement Plan and for both consolidating existing and developing new business.

Waiting to hear from contact re pro's and con's of these governance arrangements.

Taken from Sunderland City Council's Constitution - Responsibility for Council Functions (Functions not to be the responsibility of the Executive)

Port Board

The functions of the Port Board will be:

1. To exercise all of the Council's functions in respect of the Port under the Harbours Act 1964, the Sunderland Corporation Act 1972, the Pilotage Act 1987 and all other relevant statutory provisions;
2. To manage the Port business and to take commercial decisions in relation to the Port business, including entering into contracts with existing and prospective Port users and the procurement of works, services and supplies for the Port, in accordance with the Council's budget and policy framework and the Port budget and business plan approved by Council (subject to delegations to officers);
3. To manage and maintain the Port assets and estate, namely the maintenance of the existing assets, the acquisition of new assets and the disposal of leasehold interests in accordance with the agreed budget and business plan;
4. To act as duty holder in relation to the exercise and discharge of the Council's functions and duties under the Port Marine Safety Code and all other legislation or guidance as may from time to time be published by the Government;
5. To submit reports to Council on an annual basis regarding the performance of the Port during the preceding year in light of the agreed budget and business plan.

Whitstable Harbour

The management team at Whitstable Harbour comprises a Port Manager and Harbour Master, Senior Port Controller, Port Admin Officer and Seasonal Port Controller. The Port Manager and Harbour Master reports to the Deputy Head of Culture and Enterprise.

Whitstable is a municipal harbour owned by Canterbury City Council. Since 2003, it has been directed by a Harbour Board comprising both councillor and independent members as a committee of the council. Whilst the Council is itself the competent Harbour Authority, the Board has delegated authority from the Council to make certain decisions relating to the Harbour.

The Whitstable Harbour Board Terms of Reference pay particular regard to the Harbour's need to be financially self sustaining whilst having due regard to:

1. The changing needs of the marine sector and others with an interest in the port activities of Whitstable Harbour.

Annex 4

2. The interest of the local community in the running of the harbour.
3. The contribution which the harbour makes to the economic well being of the area through both direct and secondary employment and purchasing.

The Harbour Board's strategic aim as set out in the Strategic Plan - to develop Whitstable Harbour into a thriving and successful niche port for the benefit of the stakeholders and the community of Whitstable as a whole remains its main driver. To achieve this aim it has set down the following objectives.

- To meet the ambition of the local community
- To maintain and develop the harbour's infrastructure and environs
- To support the local economy
- To be financially self-sufficient
- To comply with all applicable legal and regulatory requirements
- To adhere to the best practice of open and transparent governance

Scheme of delegation taken from Canterbury City Council's Constitution under the powers delegated to the Head of Culture and Enterprise

Whitstable Harbour

8. To approve terms for the letting of the fisherman's huts at Whitstable Harbour. [C]
9. To agree Harbour charges for cargoes where there is no approved scale of charges and to offer concessions on Harbour charges where it is commercially expedient to do so, subject to such charges and concessions being subsequently reported to the Whitstable Harbour Board. [C]

(This delegation is exercisable in consultation with the Director of Finance and Deputy Chief Executive).

10. To take any necessary action in connection with wrecks, obstructions or similar emergencies arising or affecting Whitstable Harbour. [C]
11. To take all necessary action to ensure the safety of the Harbour. (C)
12. To take all necessary action to ensure the environmental protection of the harbour and its surroundings including making appropriate arrangements for dealing with Harbour waste. (C)
13. To sign the three yearly assessment of compliance with the Council's obligations under the Port Marine Safety Code following the assessment's approval by the Whitstable Harbour Board. [C]

(NB Any exercise of these powers should be reported to the next available meeting of the Whitstable Harbour Board).

14. To manage the beach huts at Whitstable Harbour including agreeing and signing licences to beach hut occupiers.

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Council Referrals: - Notices of Motion 1 & 2 - Housing Benefit Social Rented Size Criteria

To: **Cabinet – 14 November 2013**

Main Portfolio Area: **Housing Services**

By: **Craig George, Housing Services Manager**

Classification: **Unrestricted**

Ward: **All**

Summary: Report for Cabinet regarding the Social Rented Size Criteria (SRSC) and options to tackle the impact.

For Decision

1.0 Introduction and Background

1.1 In April 2013 the SRSC came into force which has reduced Housing Benefit entitlement for working age tenants who are deemed to have more rooms than they need. Tenants under-occupying by more than one room have their Housing Benefit reduced by 14% and two or more extra rooms attract a reduction of 25%.

1.2 There are some exceptions to the size criteria:

- Pensioners are not affected by the provisions so will continue to receive full Housing Benefit if they have spare rooms;
- Foster carers are allowed a room in between placements;
- Families with adult sons or daughters in the armed forces are allowed a bedroom when they are away on active duty (so long as they intend to return);
- Disabled children who would normally be expected to share because of their ages no longer have to do so where it is unreasonable to expect this.

1.3 The implementation of the SRSC brings social housing tenancies in line with the private rented sector, where there are twice as many people in Thanet renting their property.

2.0 Notice of Motion 1

“This Council believes that the Government’s ‘Bedroom Tax’ is unfair and disproportionately impacts upon the poorest and most vulnerable people in Thanet.

“Council therefore requests that the Cabinet, in association with other relevant organisations, review policies on rent arrears in the light of the impact of the Bedroom Tax upon tenants of social housing which is owned by Thanet Council. Cabinet are requested to report the results of this review to Council.”

2.1 It is important to consider the changes to Housing Benefit that relate to under-occupation through the SRSC in the context of the government’s wider welfare reforms. The welfare reforms are broad and complex. The council’s response to any

one aspect of it must be mindful of all the other changes that are already taking place and still to be rolled out.

- 2.2 The next challenge for the Council is to consider how best to support tenants who may fall into arrears as a result of SRSC. The Council is committed to working with and supporting vulnerable tenants and assisting them to downsize to appropriate accommodation. It is a challenge for the Council to ensure that we do offer support to those struggling but also ensuring that those who can pay do so. Although some pressure groups are calling for landlords not to take legal action against tenants who do not pay their rent, this is not a recommended policy.
- 2.3 Taking this stance could give the false impression that it is acceptable not to pay rent and could impact on the collection of other elements of the rent e.g. non-dependent charges, heating costs etc. This will become even more of a challenge with the introduction of Universal Credit. It also means that there would be little incentive for tenants to move to smaller accommodation. This would impact significantly upon the debts owed to the Council and would undermine the Housing Revenue Account Business Plan.
- 2.4 The council needs to be mindful of its fiduciary duties to council taxpayers. The collection of income is essential in order to ensure that the council is financially resilient and can afford to meet its agreed priorities.
- 2.5 In these cases East Kent Housing is collecting rent from the tenants on behalf of Thanet District Council and not collecting a tax. We have always done this and we need to continue to collect the rent.

3.0 Notice of Motion 2

“Thanet District Council commits to protecting tenants from the Bedroom Tax in the following ways:

Proactively engaging with tenants and offering advice and assistance;
Preventing tenants from losing their homes through sensitive debt management and rent arrears procedures;
Identifying the need for and processing Discretionary Housing Payments quickly;
Adjusting allocations and letting policies to assist tenants who wish to downsize.

“Thanet District Council also commits to protesting to Government to repeal the Bedroom Tax by:

Working with tenant organisations who call for the repeal of the Bedroom Tax;
Communicating the hidden costs and impracticalities of the Bedroom Tax;
Demonstrating to Government the unfairness of the Bedroom Tax;
Working with the Government to provide alternative strategies to address housing shortages.”

- 3.1 In February 2013, the council identified 401 tenants affected by the SRSC. As of the 30 September 2013, there are now 313 cases where people are affected. By using a combination of options such as mutual exchange and direct lets to those who are affected and wish to move we have successfully reduced the number of tenants impacted.
- 3.2 Of the 313 cases, 64 tenants are affected by a 25% reduction in Housing Benefit and therefore, are under occupying by two bedrooms.
- 3.3 The total level of arrears for these cases is £5,568.31.

- 3.4 Out of the 64 cases, 33 are paying their rent shortfall and in credit, 5 have a nil balance & 26 tenants are currently in arrears.
- 3.5 249 tenants are affected by the 14% reduction in Housing Benefit and have one bed deficiency.
- 3.6 Total arrears for these tenants is £23,601.98
- 3.7 Out of the 249 – 101 are paying and are in credit, 21 have a nil balance & 127 in arrears.
- 3.8.1 Total arrears of SRSC cases is £29,170.29, this represents 10.1% of the overall total arrears figure of the Council.
- 3.9 When the SRSC was first implemented, all residents who were due to be affected by the SRSC were written to advising to contact their Neighbourhood Housing Manager for further advice. This would enable them to discuss the options available to them. East Kent Housing (EKH) has also been helping tenants to maximise their income. This includes assistance with making claims for Discretionary Housing Payment, budget management advice and taking in a lodger.
- 3.10 An estate based event in Newington in conjunction with Orbit Housing Association for residents to drop in for advice regarding welfare reform and the SRSC also took place.
- 3.11 A further event on the 21st October at the Community Centre in Lillian Road, Ramsgate has been arranged for residents affected by the SRSC. All the remaining residents still affected will be invited to attend so that mutual exchanges and other options available to them can be discussed.

4.0 Options

- 4.1 To remove 25% of all allocations and make them direct lets to tenants who wish to move and are affected by the SRSC. This will ensure that we seek to help people affected by the SRSC to down size and find accommodation that ensures that they are not affected by the SRSC. This will equate to approx 70 units per year being directly allocated to tenants within our stock. This is only for the first two years of the scheme. It will then be reviewed and it is anticipated that not as many units will be required to tackle the issue due to the on-going work that will be undertaken by Housing Options and East Kent Housing.
- 4.2 To not take any legal action against any tenant for non-payment of their rent if they are affected by the SRSC until two direct offers of appropriate accommodation have been offered to them. All the best endeavours will be made to accommodate the requirements of the tenant, but there may be cases where the request for property is not feasible.
- 4.3 That the client officer continues to monitor legal action taken by EKH against people affected by the SRSC to ensure fairness and all avenue of assistance have been addressed. That no tenant affected by the SRSC is taken to Court for possession of the property without the Council making two direct offers for accommodation. This will mitigate future risk to both the tenant and reputational risk to the Council.
- 4.4 Although the council will seek to do all it can to support tenants affected by the SRSC through the above activities, enforcement action will be taken against non-payers of rent through the Courts.

5.0 Corporate Implications

5.1 Financial and VAT

- 5.1.1 Any reduction in income to the HRA Business Plan would seriously undermine the Council's aspiration to fund the building of new homes. The council has a duty to protect the interests of prospective tenants on the Housing Register, as well as supporting existing tenants.
- 5.1.2 The 2013/14 HRA budget includes an increase of contribution to the bad debt provision because the introduction of benefit changes may make it harder to collect rents.

5.2 Legal

- 5.2.1 It is vital to draw a clear distinction here between a reduction in benefit and an obligation to pay rent. Whilst it is clear that some tenants will be receiving lower subsidies by way of Housing Benefit towards their rent the obligation to pay rent is a contractual obligation through which tenants obtain security of tenure.
- 5.2.2 All of the Recommendations set out in this report are designed to reduce the impact of these reductions. Owing to the contractual nature of the tenancies mean that failing to pay rent could have potentially serious consequences. The measures outlined will provide considerable scope for tenants to avoid the burden of SRCS.

5.3 Corporate

- 5.3.1 The proposal has been considered adopting the priorities of the Corporate Plan.
Priority 2 - We will tackle disadvantage across our district.
- 5.3.2 The wider welfare reform programme has a risk map for all the welfare reform changes.

6.0 Recommendation(s)

- 6.1 That we remove 25% of all allocations within our own housing stock and make them direct lets to tenants who wish to move and are affected by the SRSC;
- 6.2 That we do not take any legal action against any tenant for non-payment of their rent if they are affected by the SRSC until two direct offers of appropriate accommodation have been offered to them;
- 6.3 That the client officer continues to monitor legal action taken by EKH against people affected by the SRSC to ensure fairness and all appropriate assistance has been offered.

7.0 Decision Making Process

- 7.1 Full Council referred two Notices of Motion to Cabinet which were broadly on a similar subject. The outcome of the Cabinet decision on these issues will need to be reported back to Council for final decision.

Contact Officer:	Craig George, Housing Services Manager
Reporting to:	Madeline Homer, Director of Community Services

Corporate Consultation Undertaken

Finance	Sarah Martin, Financial Services Manager
Legal	Harvey Patterson, Corporate and Regulatory Services Manager
Communications	Hannah Thorpe, PR & Publicity Manager

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DRAFT TENANCY STRATEGY

To: **Cabinet 14th November 2013**

Main Portfolio Area: **Housing Services**

By: **Craig George, Housing Services Manager**

Classification: **Unrestricted**

Ward: **All**

Summary: **This is the draft Tenancy Strategy for Cabinet to approve for consultation.**

For Decision

1.0 Introduction and Background

- 1.1 The Localism Act 2011 received Royal Assent on 15 November 2011. Section 150 of the Act provides that every local housing authority in England must prepare and publish a Tenancy Strategy, setting out the matters to which registered providers of social housing within its district must have regard to when formulating policies, relating to;
- The kind of tenancies they grant;
 - The circumstances in which they will grant a tenancy of a particular kind;
 - Where they grant tenancies for a certain term, the length of the term; and
 - The circumstances in which they will grant a further tenancy when an existing tenancy is coming to an end.
- 1.2 The Act does not affect the rights of existing social housing tenants, but does allow for more flexible arrangements for new tenants. Social landlords are now able to grant tenancies for a fixed length of time, with 5 years being the normal length. There is no upper limit on the length of fixed term tenancies and lifetime tenancies can still be offered. The government believes that flexibility in relation to the length of tenancies will help social landlords manage their homes more efficiently and fairly.
- 1.3 The ability to offer fixed term tenancies has been agreed by Registered Providers as part of their contracts with the Homes and Communities Agency (HCA) to enable delivery of new homes under the Affordable Homes Programme.

2.0 The Current Situation

- 2.1 The statutory provisions for developing a Tenancy Strategy, and the matters which by statute a Local Authority must take into consideration within the development process are set out in sections 150 and 151 of the Localism Act 2011.
- 2.2 In terms of developing a Tenancy Strategy, the 2011 Act provides that a Local Authority would have to develop a draft strategy to every private or social registered housing provider within its governing area, and to give reasonable opportunities to such providers to make comments on the proposed strategy.

2.3 A Members workshop was held at Thanet District Council in June 2013 and from the workshop, overall preferences in relation to the introduction of Affordable Rent, fixed term and flexible tenancies were gathered. Preferences in relation to specific circumstances for some household groups was also gathered.

2.4 The Thanet Area Board representatives were also briefed on the draft Tenancy Strategy in November 2012 and their feedback has been incorporated into the Draft Tenancy Strategy.

3.0 Options

3.1 To approve the Draft Tenancy Strategy for consultation as per legislation.

4.0 Corporate Implications

4.1 Financial and VAT

4.1.1 The draft Tenancy Strategy has been compiled following consultation with Registered Providers and representatives from the Council and Elected Members. It is intended that further consultation following approval of the draft document be carried out on-line via the Council's website and via email. Hard copies will only be available upon request.

4.1.2 Following final approval of the document, it is intended that the Tenancy Strategy be published on-line on the Council's website and emailed to interested parties, therefore keeping costs for both the consultation exercise and publication to a minimum.

4.2.1 Legal

Section 150 of the Localism Bill requires that every Local Authority in England must publish a Tenancy Strategy.

4.3 Corporate

4.3.1 The draft Tenancy Strategy has been written adopting the priorities of the Corporate Plan.

Priority 2 - We will tackle disadvantage across our district.

Priority 7 - We will plan for the right type and number of homes in the right place to create sustainable communities in the future.

5.4 Equity and Equalities

5.4.1 A full Equalities Impact Assessment will be carried out after the consultation.

6.0 Recommendation(s)

6.1 To agree the draft Tenancy Strategy for consultation.

7.0 Decision Making Process

7.1 This is a policy framework decision to go to full Council on 5th December 2013.

Contact Officer:	Craig George, Housing Services Manager, 7220
Reporting to:	Madeline Homer, Director of Community Services, 7123

Annex List

Annex 1	Draft Tenancy Strategy
Annex 2	Draft Tenancy Frequently Asked Questions

Background Papers

Title	Where to Access Document
None	N/A

Corporate Consultation Undertaken

Communications	Hannah Thorpe, PR & Publicity Manager
Legal	None

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Thanet District Council

DRAFT TENANCY STRATEGY 2013-2017

August 2013

INTRODUCTION

The Localism Act 2011 received Royal Assent on the 15 November 2011, and became law in April 2012.

Integral to the Act is a duty on local authorities to provide a Tenancy Strategy for the district.

This sets out the objectives affordable housing providers operating within their district need to consider.

With over 3,000 homes owned by Thanet District Council (TDC), this strategy directly affects the future management of its own stock. For the purposes of this strategy, both stock owned by TDC and its Housing Association partners is referred to as 'affordable housing'.

The Localism Act provides affordable housing providers with more freedom to;

- Provide new tenants with a fixed term tenancy, where it is believed to be more appropriate than a lifetime tenancy. This only applies to new let or re-lets, as existing tenants remain unaffected by any changes and will continue to enjoy full security of tenure. As well as all conditions such as the right to buy, rights of succession and a right to exchange their tenancy.
- Establish the length of the fixed-term tenancy to be offered.
- Develop their own strategy setting out the criteria to be issued in determining whether to issue a new tenancy at the end of any fixed term.
- Continue to grant lifetime tenancies if they wish.
- Build new homes or re-let existing homes under the new 'affordable rent' tenure, which allows for affordable housing providers to charge higher rent levels than are presently charged for their existing rented accommodation.
- The government expects local authorities to have some strategic influence over how affordable housing providers implement these reforms being proposed. All affordable housing providers operating within Thanet, will therefore, be expected to give 'due regard' to the districts' Tenancy Strategy, when implementing their own strategy and policies in regards to these changes.

Thanet District Council's Tenancy Strategy has been developed within the context of the overall Corporate Plan 2012-16 and its strategic objectives;

Priority 2 - We will tackle disadvantage across our district.

Priority 7 - We will plan for the right type and number of homes in the right place to create sustainable communities in the future.

This will apply to the Council's own housing stock, as well as those affordable housing providers operating within Thanet.

LOCAL CONTEXT

Thanet sits on the North Kent Coast and covers the main seaside resorts of Margate, Ramsgate and Broadstairs along with the other village areas, with a population estimated to be 134,200 as per the 2011 census.

The average age of Thanet residents is 42 and the median age is 43. The 2011 Census showed 25,600 usual residents who were under 16, updated to 27,700 by the recently issued 2012 mid-year population estimations.

The 2011 Census showed 28,400 usual residents who were over 65, updated to 29,700 by the recently issued 2012 mid-year population estimations.

The 2011 Census showed that Under 19s accounted for 24% of Thanet's usual population, with 11-18 yrs accounting for 10.5% of the population

It is projected that the overall population of Thanet will rise from 136,000 in 2013 to 146,000 in 2021, with more people moving in from other parts of the country. Overall Thanet should see the retirement age population rise from 22.5% in 2013 to 24% in 2021 and up to 29% by 2035. The projections predict a slight drop in the percentage of school age and working age residents between 2013 and 2021.

There are 63,810 dwellings of which 56,050 are in the private sector.

Thanet District Council owns and manages 3, 070 homes.

The average salary in Thanet is £412.50 per week, in comparison to the Kent median of £546.20 and the South-East median of £554.40 (**Source: NOMIS 2011**).

The Government plans to introduce a Universal Credit system and housing benefit reforms which will cap, welfare benefits and reduce welfare benefits paid to some under occupying households. The Council therefore expects registered providers to be mindful of the potential impact of the proposed changes and the need to help under occupying tenants affected, move to smaller housing where they wish to do so.

There are currently 22 Registered Providers that hold stock within the District, equating to 3714 bed spaces.

AIMS OF THE STRATEGY

The primary purpose of our tenancy strategy is to ensure affordable housing stock within Thanet is used effectively and that those residents unable to secure housing in the private sector (defined as housing which is owner-occupied or rented privately) are given access to it.

The use of flexible tenancies will provide all affordable housing providers including TDC, with opportunities to tackle under occupation allowing larger properties to then be released to assist with overcrowding issues.

The Council intends to take full advantage of the opportunity to grant fixed term tenancies and expects registered providers to do the same. Two year tenancies should only be issued in exceptional circumstances for example where there is a strong likelihood that the tenant will only require the tenancy for a short duration or where the property is only available for a short, fixed term.

The Council believes that the normal minimum tenancy term that should be provided by social landlords in Thanet is 5 years.

AFFORDABLE RENT

The Department of Communities and Local Government (DCLG) and the Homes and Communities Agency (HCA) announced new 'affordable rent' tenure as part of the October 2010 Spending Review. This is to be made available during the 2011-15 Affordable Homes Programme. Under the affordable rent model, affordable housing providers can offer tenancies at rents of up to 80% of

market rent levels within the local area inclusive of service charges. The additional finance raised is available for reinvestment in the development of new social housing.

It can also be applied to both the provision of new affordable homes within the programme and the conversion of existing properties which become available in order to help fund the provision of the new homes.

The main features of this system are:

- Prior to setting an Affordable Rent, Thanet District Council will assess the gross market rent that the individual property would achieve using the Local Housing Allowance, and set the initial rent (inclusive of service charges, where applicable) at up to 80% of that level.
- Affordable Rent will be charged on all new homes developed by Thanet District Council under the contract agreed by Thanet District Council and the HCA relating to the Affordable Homes Programme.
- Thanet District Council will ensure that on each occasion that a new tenancy is issued or renewed on an Affordable Rent property, the rent is reassessed to ensure that it remains at no more than 80% of market rent (inclusive of service charges).

The result of any such reassessment will override the RPI + 0.5% limit, mentioned in the 'rent charges' section below.

RENT CHARGES ON AFFORDABLE RENTS

- Rents will be charged for 52 weeks of each 52 week financial year, or 53 weeks of each 53 week financial year.
- Rent is payable on the Monday of each week it is due and should be paid within the week it is due.
- Rent will be inclusive of any applicable service charge
- The maximum annual rent increase on an Affordable Rent property will be set at Retail Price Index (RPI) + 0.5%.
Should this change to CPI then this will be reviewed.
- Rent increase or decreases will be applied from the first rental charge period of each financial year which will usually be the first Monday in April.
- Customers will be notified in writing of such increases within the 28 day statutory notice period.

DEALING WITH NEW HOMES

All new homes built utilising funding from the HCA must be let at an Affordable Rent due to the funding requirements, including any new build delivered by TDC.

DEALING WITH RE-LETS

As part of the supply agreement for new properties, TDC can convert a proportion of existing Target Rent Properties (also known as Social Housing Rent) to Affordable Rent.

To overcome the problems with the property types, and thereby reducing the impact on some of the more vulnerable customers, it has been decided to restrict this to houses only. Therefore, 20% of all re-lets that are houses will now be let at an affordable rent. This will assist TDC with its

development aspirations as the additional rental income will be used to deliver a new build programme.

Cases will be considered on a case by case basis to ensure we are working towards our strategic housing objectives and to create sustainable communities.

ALLOCATIONS

Affordable Rent homes will be advertised through HomeChoice and in accordance with Thanet District Council's Allocations Policy, in the same way as social rent homes, to ensure fairness and transparency.

SERVICE STANDARDS

Customers will be informed of any increase or decrease to their rent in accordance with the statutory 28 day notice period that is required.

TERMS OF THE STRATEGY

Outlined below are the circumstances TDC will continue to grant secure or lifetime tenancies together with those where a fixed term flexible tenancy may be used. At all times, the rights of existing tenants from within the affordable rented sector will be observed.

Those to be granted life-time tenancies will be;

- Existing tenants of TDC or another affordable housing provider whose tenancy commenced before 1 January 2014 unless they move into a new house with affordable rent.
- Older people who have reached state retirement age. In a couple this is where one person is at state retirement age.
- Former armed forces personnel who have been both medically and honourably discharged and saw active service during their military career.
- Households where the applicant, spouse/partner or dependent child has a disability (Disability defined within the Disability Discrimination Act as a person who has a physical or mental impairment that has a substantial and long-term effect on his or her ability to carry out normal day to day activities).
- Applicants or spouse/partner who is terminally ill.

In all other circumstances, a fixed term tenancy of five years for Local Authority tenants following a one year introductory tenancy will be awarded from 1 January 2014.

The council may also wish to allocate 2 year tenancies. This would be awarded in the following circumstances;

- Where a housing applicant has a previous track record of anti-social behaviour,
- In areas where the Council is involved in a regeneration scheme. For example in areas where the empty property program is being delivered.

The potential for fixed term tenancies to make better use of the stock locally, relates primarily to under occupation in family accommodation (two or more bedroom houses and flats).

MUTUAL EXCHANGE

All requests for permission to mutual exchange must be made to the Landlord. Landlords will provide information to the assignee of the implications of exchanging with a tenant who has a fixed term tenancy. Where any tenant wishes to exchange their property for a home with another landlord, then the tenant and the assignee must be made aware if the tenancies are different.

SUCCESSION

There is an automatic right for a spouse or partner to succeed a flexible tenancy. This will only happen once, however, with any other right being at the discretion of TDC or other affordable housing providers. Where a succession is granted, successors will only be succeeding for the remainder of the period of that tenancy and within any full review period.

TENANCY REVIEWS

No less than 6 months before a flexible tenancy is due to end, it will be subject to a review. If it's decided a tenancy will not be renewed, then written notice advising the tenant of this will be served. Any notice should include the reasons for a decision and advise them of appeal rights.

Should any tenants appeal fail to be overturned, possession of the property will commence. Any application for possession may then be challenged in the County Court.

TENANCY REVIEW CRITERIA

Unless one of the conditions for not re-issuing a fixed term tenancy is met then a new fixed term tenancy will be granted to the tenant for a further five years.

A tenancy may also continue if;

- A tenant or a member of their household is suffering from a terminal illness, substantiated by their GP.
- A tenant or member of the household has a disability, substantiated by occupational therapy.
- A tenant has children attending a local school.
- A tenant is a foster carer and the tenancy needs to continue to enable them to perform this role.
- The tenant is a care leaver and still receives support from social services or equivalent support provider because of this.
- The tenant provides a valuable community service to the area that they reside.

Tenancies will not normally be extended where one or more of the following apply;

- The tenant or member of the household has been convicted of any civil disturbance or criminal act which makes them unsuitable to continue to be a tenant.
- The tenant has breached their conditions of tenancy and has failed to reach or maintain agreements to remedy such a breach.
- Where there is now one or more spare bedroom's in a property.

- The property has been extensively adapted (extensive being works in excess of £5,000) and works were for someone who no longer resides within the property.
- The tenant, spouse/partner has assets or savings which are greater than the amount stipulated in TDC's Allocation Policy this is currently £ 16,000.00.
- Where a tenant is earning more than is stipulated in TDC's Allocation Policy this is currently if any member of the household is earning a higher rate salary which places them into the higher or additional rate taxable bands as per HM Revenue and Customs.

TERMINATION OF A FLEXIBLE TENANCY

Any tenant should be given sufficient notice to seek advice about possible options. TDC is committed to working with the tenant, to assist with their alternative housing options.

These options may include home ownership or accommodation within the private sector. TDC expects affordable housing providers to be able to offer advice and assistance, as well as explore alternative financial opportunities to that which TDC may offer.

TDC Housing Options Team will be able to assist tenants with a range of advice as a result of any termination of tenancy. Advice could include signposting to other organisations that can assist with their housing related issues.

APPEALS

The Council expects that providers will have robust and fair appeals processes in place and advertised that sets out;

To whom appeals or reviews should be made and how they are made. The Council's appeal procedure will contain Elected Members who will sit on the appeal board and who will be fully independent. Along with a more Senior Officer than the one who made the original decision.

Where a tenant wishes to appeal the termination of tenancy and the notice period has expired during the period of the appeal, the tenant will be permitted to stay in the property if there is not likely to be an unreasonable delay in the property becoming vacant.

If the formal review upholds the original decision no other appeals will be considered. The tenant continues to have the usual recourse through the County Court.

The Council will ensure that if people have to leave their Council tenancy due to the size criteria that we will make two offers of appropriately sized accommodation to the tenant to ensure that they do not become homeless.

GLOSSARY

Affordable housing

Affordable housing includes social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market.

Affordable housing should:

Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices. Include provision for the home to remain at an affordable price for future eligible household's or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.

Social rented housing is:

Rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. The proposals set out in the Three Year Review of Rent Restructuring (July 2004) were implemented as policy in April 2006. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency as a condition of grant.

Affordable Rent

Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80 per cent of the local market rent.

Intermediate affordable housing is:

Housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria set out above. These can include shared equity products (e.g. HomeBuy), other low cost homes for sale and intermediate rent but does not include affordable rented housing.

Arms Length Management Organisation – ALMO: A situation where an organisation is established to manage council housing stock. The properties remain council owned and tenants retain secure tenancies. This can provide extra funds.

Decent Homes Standard – All social housing must meet the Decent Homes Standard, to be warm, weatherproof, and have reasonably modern facilities.

Empty Property: For statistical purposes, empty properties are those which have been vacant for more than 6 months.

Homes and Communities Agency (HCA): A body set up by the Government, which provides assistance, regulation and control of Registered Providers landlords (RP's). It also allocates funds for the development of new affordable housing.

Housing Options Team: The team manage the housing list, choice based lettings, housing advice and homelessness functions and ensures that the Council discharges its statutory duties to households in housing need in a fair and transparent manner, complying with statutory obligations, guidance and best practice.

Housing Revenue Account (HRA): This is the Council's landlord's account, which shows all of a Local Authority's income and expenditure arising from its role as the owner of housing. The account is 'ringfenced'; that is, no transfer can be made between it and the rest of the Council's accounts, the 'General Fund'. Other powers and duties of a Housing authority, for example the duty to the homeless, the 'enabling' role in promoting Housing Association activity in the area, and grants for private sector housing are General Fund activities.

Intermediate housing: where prices or rents are above those of social rented housing but below market housing prices or rents.

Kent Homechoice(KHC): Choice Based Lettings scheme partnership in Kent, the largest CBL partnership in the UK. All of the Kent councils are part of the partnership. Vacant council and housing association homes are advertised on a fortnightly basis through KHC. Housing applicants have to bid/express an interest to be considered for them. The homes are allocated to the applicant who bids and has the highest level of priority points for re-housing.

Kent Housing Group (KHG): This is a forum for social housing organisations in Kent. Acting as the “Voice of Housing in Kent” the group serves to represent the collective voice of Kent’s housing bodies providing advice and a “Kent perspective” to regional and national bodies.

Local Housing Allowance (LHA): This is a simplified housing benefit system for people on benefits or low incomes who rent from private landlords. LHA is based on the number of rooms people are allowed, not how much rent is charged. The number of rooms allowed depends on who lives with the tenant.

Market Housing: Private housing for rent or sale, where the price is set in the open market.

Registered Social Landlord (RSL): - A social housing organisation that is registered with the Homes & Communities Agency and is often referred to as a housing association.

Registered Providers: Registered Provider landlords are independent non-profit making housing associations aiming to provide affordable homes for people in housing need. Also known as Housing Association’s.

Right to Buy: Government policy that allows tenants of local authorities to purchase their home from the council.

Vulnerable People: The following people are considered to be vulnerable:

- Older people/young people leaving care
- Single homeless people and rough sleepers
- People with mental health issues
- People with a physical or sensory disability/or a learning disability
- Victims of domestic violence
- Black and minority ethnic groups
- People with aids or who are HIV positive
- Refugees who have been granted leave to remain

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Draft Tenancy Strategy Frequently Asked Questions

1. What is a Tenancy Strategy?

- A Tenancy Strategy is a plan that sets out how the social housing in an area is let and how long tenancies should be granted for.

2. Why has the Council decided to develop a Tenancy Strategy?

- The Localism Act 2011 requires each local authority to produce a Tenancy Strategy. Due to the huge shortage in social housing, this strategy will help the council manage social housing stock more efficiently and help people in the greatest housing need.

3. What are the main changes the Council is proposing to make?

- Prior to the Localism Act 2011, new council and housing association tenants would normally be granted a 'lifetime' tenancy if they comply with the conditions of their introductory / starter tenancy.
- Social landlords now have the freedom and flexibility to grant new tenancies on a fixed term basis and, at the end of the fixed term, to renew the tenancy, offer the tenant alternative social housing, or ask the tenant to move out and work with them to find them somewhere else to live.
- Issuing Fixed Term Tenancies, rather than lifetime tenancies for a period of five years.

4. When are the changes likely to happen?

- The proposal is for fixed term tenancies to start on the 1st January 2014. However, following the consultation it may be that the Tenancy Strategy is adopted at a later date.

5. If the proposed changes go ahead, what will happen to existing council and housing association tenants?

- Nothing will happen to them. The law protects the tenancy rights of existing secure tenants and assured tenants.

What happens at the end of my fixed term tenancy?

- Before the end of the tenancy, a review will be carried out to assess the individual circumstances of each tenant, in order to make a decision about whether the tenancy will be re-issued or brought to an end. Unless one of the conditions for not re-issuing a fixed term tenancy is met then a new fixed term tenancy will be granted to the tenant for a further five years. Please see Tenancy Strategy for full details.

7. Do I have appeal rights?

- Yes, the Council will have a rigorous appeal system and have a panel to listen to your review. This will also include Councillors who will be independent to your case and circumstances.

8. Will there be any people not given a five year fixed term tenancy?

- It is proposed that 5 year Fixed Term Tenancies are used for all new tenants.

Exceptions will be; -

Existing tenants of TDC or another affordable housing provider whose tenancy commenced before 1 January 2014 unless they move into a new house with affordable rent.

Older people who have reached state retirement age. In a couple this is where one person is at state retirement age.

Former armed forces personnel who have been both medically and honourably discharged and saw active service during their military career.

Households where the applicant, spouse/partner or dependent child has a disability (Disability defined within the Disability Discrimination Act as a person who has a physical or mental impairment that has a substantial and long-term effect on his or her ability to carry out normal day to day activities).

Applicants or spouse/partner who is terminally ill.

9. Will there be people given a shorter tenancy than 5 years?

- Yes, we will only offer two year fixed term tenancies where a housing applicant has a previous track record of anti-social behaviour,

- In areas where the Council is involved in a regeneration scheme. For example in areas where the empty property program is being delivered.

10. What is the difference between Social Rent and Affordable Rent?

- Social rents are set at about 40% of market rent levels, affordable rents are set up to 80% of market rent levels.
- Social rent levels are set according to the government rent restructuring formula. Affordable rents are set according to market conditions.

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Thanet's Economic Growth and Regeneration Strategy

To: **Cabinet – 14 November, 2013**

Main Portfolio Area: **Economic Development and Regeneration Services**

By: **Madeline Homer, Director Community Services**

Classification: **Unrestricted**

Ward **All Wards**

Summary: **The Economic Growth and Regeneration Strategy and Plan 2013-2031 are being brought forward for adoption by Cabinet.**

For Decision

1.0 Introduction and Background

- 1.1 The Council is committed to driving growth across the district by promoting investment, skills and employment opportunities, to create a sustainable and balanced economy. To support this; the attached Economic Growth and Regeneration Strategy and Plan has been developed with the engagement of stakeholders to ensure delivery reflects our desire to build on partnership working.
- 1.1 The strategy and action plan were brought to Cabinet on 29 May, 2013 to enable officers to take the action plan out to consultation. The consultation period ran from Friday 31 May until 12 July, 2013. The consultation was targeted at particular organisations and was open to anyone via the Council's website. Consultees were asked to consider each action, whether it was high, medium or low as a priority and to provide other general feedback.
- 1.2 The Council received direct responses to the consultation and also received feedback via the Thanet Regeneration Board during the consultation period.

2.0 The Current Position

- 2.1 The final strategy includes a redrafting of the main document and editing of the action plan following feedback to the consultation.
- 2.2 The initial direction of travel of the strategy has not changed. It is recognised that to achieve the aims it will need to be flexible and react and respond to the changes in current conditions and opportunities as they arise.
- 2.3 The priorities that were originally put forward largely remain, however they have been transferred into four critical success factors. These critical success factors are considered the key elements to make a difference to Thanet's economy. The plan no longer provides the level of detail that was originally proposed. This detail will be managed through the work programmes of the relevant partner organisations. The action plan now highlights the key areas for delivery under each of the critical success factors.
- 2.4 A series of indicators has been identified to measure the success of the plan over time and they are listed within this strategy.

2.5 The strategy sits alongside the Local Plan; however there will be an opportunity to refresh the strategy every five years.

3.0 Corporate Implications

3.1 Financial and VAT

3.1.1 There are no direct financial implications arising directly from the adoption of the strategy however where specific actions/projects are not already part of the relevant partners activities a financial appraisal will be undertaken.

3.2 Legal

3.2.1 There are no direct legal implications arising directly from the adoption of the strategy, specific actions/projects will require a review of legal implications.

3.3 Corporate

3.3.1 Thanet’s Economic Growth and Regeneration is a key priority for the Council and this action plan is the delivery tool by which the Council can implement its regeneration priorities, in partnership. The consultation allows the Council to ensure that it takes into account key stakeholders opinions, thus mitigating risks associated with the strategy and its delivery.

3.3.2 The strategy directly supports delivery of the Corporate Plan 2012-16 through the following priorities:

- Priority One – We will support the growth of our economy and the number of people in work
- Priority two – We will tackle disadvantage across our district
- Priority three - We will support our community and voluntary organisations
- Priority five – We will work to improve parking and transportation in our district
- Priority six – We will make our district cleaner and greener and lead by example on environmental issues
- Priority eight – We will support excellent and diverse cultural facilities and activities for our residents and visitors
- Priority nine – We will support a broad range of sports, leisure and coastal facilities and activities
- Priority ten – We will influence the work of other agencies to ensure the best outcomes for Thanet

3.4 Equity and Equalities

3.4.1 There is no direct equity and equalities implications arising directly from the adoption of the strategy, specific actions/projects will require equality impact assessments.

4.0 Recommendation(s)

4.1 Members are requested to adopt Thanet’s Economic Growth and Regeneration Strategy.

5.0 Decision Making Process

5.1 This is a key decision. Cabinet can make decisions that are aimed at creating conducive environment for the development of the local economy and facilitate the regeneration of the area.

Contact Officer:	Louise Askew, Economic Development Officer,
Reporting to:	Madeline Homer, Director of Community Services

Annex List

Annex 1	Economic Growth and Regeneration Strategy
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Background Papers

Title	Details of where to access copy
None	N/A

Corporate Consultation Undertaken

Finance	
Legal	

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Thanet's Economic Growth and Regeneration Strategy and Plan 2013 - 2031



Foreword

As both the Leader of the council and the Cabinet Member for Strategic Economic Development Services, I am delighted to present Thanet's Economic Growth and Regeneration Strategy and Plan.

This strategy outlines the key activities that are needed to help make a positive difference to Thanet's economy.

The council is committed to driving growth across the district by promoting investment, skills and employment opportunities, to create a sustainable and balanced economy.

This strategy has been developed in partnership with local businesses and organisations whose input has been key. We recognise that by continuing to work in partnership we can help to create the conditions that make Thanet the first choice destination in which to live, work, visit and invest.

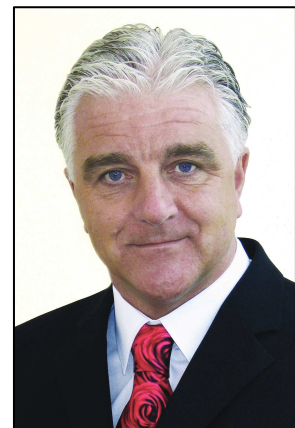
To achieve the aims of the strategy we understand that it will need to be flexible and respond to the changes in current conditions and opportunities as they arise. To that end, we work consistently through the TDC Cabinet and the Thanet Regeneration Board, to bring together partners in the public, private and third sectors. The strategy will help us all to focus on where we can make a difference in recognising what is important to the area.

The council aims to deliver our priorities in a way that is inclusive, supports business growth and encourages local people to take advantage of employment opportunities.

This is an exciting time for Thanet and we hope that the strategy and plan will provide an opportunity to increase productivity and profit for businesses, create more jobs and ultimately increase prosperity for our residents.



Clive Hart
Leader of Thanet District Council



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1. Introduction

Thanet District Council is committed to driving growth across the district by promoting investment, skills and employment opportunities, to create a sustainable and balanced economy. Delivery will build on a strong track record and tradition of partnership working. This tradition will be continued through the Thanet Regeneration Board, bringing together partners in the public and private sectors to develop stronger working arrangements and consider opportunities for refocus, collaboration and integration of key interventions.

This strategy and action plan has been developed via a number of phases, these include:

Phase One: Setting the Direction

This phase recognised the key issues facing the economy through engagement with stakeholders. It proposed a vision and strategic direction, summarised the economic context of Thanet and identified the sectors of the economy that are important to Thanet or have the potential to deliver growth. The first draft outlined the areas where support is required to help business of any size and in any sector to prosper in Thanet. The development included undertaking research and engagement.

Phase Two: Understanding the opportunities

This phase helped shape dialogue between all those engaged in economic growth through consultation on the draft strategy. This highlighted that for the public sector partners to agree the strategic direction and align their activity the private sector must be engaged. This engagement started by inviting private sector membership of the Thanet Regeneration Board to enable the Board to hear first hand what businesses think and what they require.

Phase Three: Action and Policy

The final phase includes redrafting the strategy following the feedback received via consultation on the priorities put forward and the all encompassing action plan. Some of the changes can be seen as a direct response to the consultation, others are more general following this feedback.

The initial direction of travel of the strategy has not changed. It is recognised that to achieve the aims it will need to be flexible and react and respond to the changes in current conditions and opportunities as they arise. Engagement with key stakeholders, including the private sector, will continue to build and strengthen ensuring that the action plan and implementation remains current and relevant.

The overriding reaction to the plan was that there was too much in it, and in particular private sector organisations felt that it might not be achievable. Feedback suggested that what the private sector and partners wanted to see were some key, high level, strategic actions that would, through measurement, highlight the changes to Thanet's economy.

Feedback identified that the strategy and plan need to show a clear mandate for the public, private and third sectors working in and for Thanet. Respondents also requested a series of indicators that could be used to measure the success of the strategy and plan.

Following the consultation a number of changes have been made to the strategy and action plan. The priorities that were originally put forward largely remain, however they have been transferred into four critical success factors. These critical success factors are considered the key things that should be achieved to make a difference to Thanet's economy, and to

deliver the vision. The plan no longer provides the level of detail that was originally proposed. This detail will be managed through the work programmes of the relevant Council and partners teams/departments. The action plan now highlights the key areas for delivery under each of the critical success factors.

A series of indicators has been identified to measure the success of the plan over time and they are listed within this strategy.

The development of a new Local Plan, which will set planning strategies and policies is underway and will play a key role in supporting the development and growth of Thanet's economy. The strategy will have the same timescale as the Local Plan, however it aims to remain flexible and as a living document, therefore there will be an opportunity to update and refresh the strategy on a five yearly basis.

This strategy will provide the framework for projects and define a role for the public and private sectors in creating the conditions that make Thanet the first choice destination to live, work, visit and invest.

2. Thanet's economic context

Thanet is a creative, innovative and inspiring place. Its environment has shaped the economy over centuries. Its rich soil supported a thriving agriculture sector. Natural harbours sparked an age of maritime discovery and traditions, and the beauty of its coast created an irresistible visitor destination. The influence of Thanet's beauty has inspired famous authors and artists such as Charles Dickens and JMW Turner.

2.1 Population

Thanet's population was estimated to be 135,700 people (Nomis 2012) with around 80,100 aged 16-64, who are considered to be the working age population. The 2011 Census highlighted that some 65% of the working age population are economically active (those working or actively seeking work).

Thanet has an above average proportion of over 65s within its population with 21.2% of the population aged 65 and over, compared to the England average of 17.5%. This is likely due to its coastal location, making it a favourable retirement destination. The proportion of 16-29 year olds and 30-39 year olds is below the England average.

2.2 Spatial context

2.2.1 Geographical nature

The district consists of three significant coastal towns – Broadstairs, Margate and Ramsgate that form the urban area along the coastline. Central to Thanet is a rural hinterland.

Thanet's peripheral location has an impact on the economic activity that takes place within the district causing it to be lower than the national average. The economic catchment area is limited as it is bounded by coastline along its eastern, northern and southern edges. This therefore can have an impact on the competitive position of some of the businesses in Thanet and can have an impact on final product prices, wages, profitability and productivity. The distance to major population areas increase the costs of reaching markets for goods. Support services, including the provision of specialist financial, technical and business support services are predominately located outside the district.

Fothergill (SELEP Coastal Towns Report) noted that "there is a high degree of self-containment in some of the more important coastal labour markets. 53% of Margate residents with jobs work in Margate and 78% in Thanet district as a whole". The percentage for Thanet residents is similar to other coastal areas in the SE LEP area. Thanet was also considered to be least likely to benefit from the growth and creation of jobs in London.

The peninsula nature of Thanet that contributes to its economic peripherality also provides a unique natural environment that has supported a significant tourism industry. Whilst direct employment may only be around 10% of the total workforce, the secondary impacts of the tourism industry are also significant. The level of spend during the holiday season is critical to supporting the retail sector and local supply chains.

Fothergill notes that alongside Hastings and Clacton, Margate and Ramsgate are; "larger seaside towns with substantial problems in the South East Local Enterprise Partnership Area". He suggests that "they share significant socio-economic disadvantages, on a scale that on many indicators places them close to the older industrial areas of northern England".

2.2.2 Transport infrastructure

Thanet has an Airport, Port, High Speed Rails services and good access to the arterial roads around London. This transport hub is also networked to the Port of Dover and Euro Tunnel Services from Folkestone. This accessibility places Thanet at the gateway to Europe.

The East Kent Access Road provides dual carriageway from the M25. The Access Road links Thanet and major economic assets such as Kent's International Airport at Manston, the Port of Ramsgate and Discovery Park to the UK's main arterial road network in less than 60 minutes. The introduction of High Speed 1 rail services have reduced commuting from central London to Ramsgate to 76 minutes and Margate to 88 minutes, from almost two hours. Although journey times remain longer than those to comparator locations (such as Folkestone), recently secured Government investment is set to lead to further reductions. This route had also facilitated access from Thanet to North London rather than just to the South.

The recent completion of the East Kent Access road scheme now means that there is a direct dual carriageway connection between Sandwich, Ramsgate and the motorway network to the London arterial motorways.

2.2.3 Employment Land

Vacancy levels are relatively low in the district and this could be an indication of either a stagnant property market or a high demand for the type of property provided. The quality of the majority of the property is however quite poor and this will certainly pose a challenge for attracting inward investors to the area, particularly given the competition from the wider Kent area.

Development has been highly variable in Thanet which is reflective of the size of the area. Warehouses have seen the greatest development rate since 1997. The Commercial Information Audit for 2011/12 revealed that gross take-up of employment space was 9,617 sq m, yet net take up was negative as 13,536 sq m of employment land had been lost to different uses.

Thanet does however have a significant amount of land available for development. The Employment Land Review (date?) identified approximately 87ha on allocated and retained sites although over half of this does not currently have planning permission.

2.2.4 Heritage assets

The District contains 11 buildings listed at Grade I, 22 at Grade II* and in the region of 2500 at Grade II. The District also has four entries on the 2012 English Heritage 'Heritage at Risk' Register. Some of these sites were popular leisure buildings from Thanet's past life as a growing tourist destination, and many provide opportunities for diversification for the district as a developing destination.

2.3 Economic Scale

2.3.1 Recession

Since late 2007 the UK economy has been gripped by a severe and persistent 'credit crunch'. Consequently, economic growth slowed during 2008 as the effect of modest real disposable income growth, tighter credit conditions, a weakening housing market and depressed confidence levels fed through from the financial sector into the economy. In the second half of 2008, output levels fell and the economy began to shrink. By the end of 2008 the national economy was officially in recession.

The national economy has struggled and Thanet has been hit particularly hard; unemployment has increased faster than the regional and national rates between 2008 and 2013 from the start of the recession. The progress made in closing the gap with national economic performance achieved over the previous decade has been reversed. The recession has emphasised some of the inherent weaknesses in our economic structure. The low productivity, low wage businesses that characterise Thanet's economy will continue to face a number of challenges when the national economic recovery is secure.

In Thanet, output fell most sharply between 2008 and 2009 (Experience 2012). The scale of the decline was greater than the UK for both the district and the region and this is likely due to the mix of sectors. Growth started to return to the district in 2010, but this was still lower than the output level in 2007.

Thanet has also been impacted by the announcement in 2010 (?) that Pfizer would be closing its site in Sandwich. With approximately 35-40% of employees at Pfizer living in Thanet this had a huge impact. Discovery Park opened its doors in the summer of 2012, having been previously designated as an Enterprise Zone in 2011. The site has the opportunity to reconfigure and can proceed with simplified planning through a Local Development Order. Businesses on the site enjoy five year business rate discounts of up to £55,000 per year.

2.3.2 Assisted Area Status

Thanet and the northern part of Dover are currently designated as the East Kent Assisted Area. This means that higher levels of public support can be made available to back business growth – attracting investment and creating jobs in an area that has experienced major economic challenges.

Assisted Areas are formally designated and published as a map. The map is reviewed every seven years and the review process is currently underway. This will result in the publication of a new Assisted Areas map, which will be in force from 2014 to 2020. Working with Dover District Council and Kent County Council a strong business case has been developed to maintain the Assisted Area Status and this has been put forward by the Local Enterprise Partnership.

2.3.3 Economic output

The Office for National Statistics data suggests that Thanet has approximately 3,560 (2010) VAT-registered businesses, however Experian's pH data has identified some 5,000 businesses in Thanet, which includes businesses that fall under the VAT threshold. It is estimated that in

2011 Thanet businesses produced some £1.6m (Experian 2012) of Gross Value Added Tax (a measure of the wealth of the economy).

2.3.4 Earnings and income

The challenges faced by businesses in the district, due to location, can cause low levels of profitability for local firms. This can limit their ability to invest and expand and so they provide low wage levels. Earnings are significantly below the English average and amongst the lowest in England. Figure 1 highlights the average earnings by workplace and by residence.

Figure 1

2012	Earnings by workplace per week	Difference from Thanet	Earning by residence per week	Difference from Thanet
Thanet	£383.30		£415.10	
Kent	£490.70	+£107.4	£538.80	+£123.70
South East	£536.60	+£153.30	£555.80	+£140.70
Great Britain	£507.60	+£124.30	£508.00	+£92.90

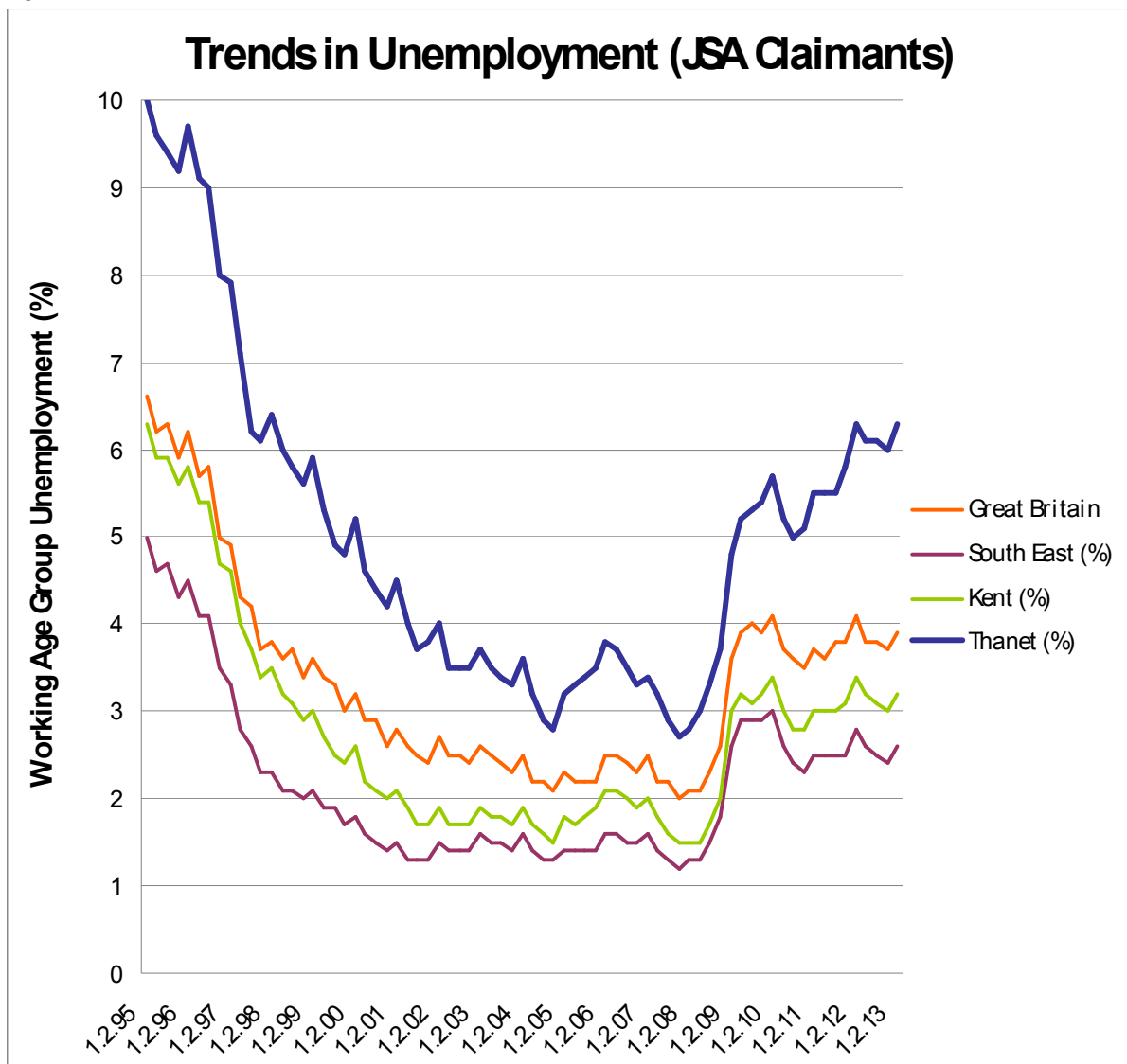
The table aims to highlight the disadvantage that people living and working in Thanet face in relation to the County, Region and Country. It also highlights that if people want to secure higher wages they will need to look outside of the district for work, thus making transport connections very important.

2.4 Employment and skills

2.4.1 Unemployment

Unemployment levels have consistently been above regional and national averages. During the growth period between 1995 and 2007 the unemployment numbers fell – and at a slightly faster than national rates. Increased economic buoyancy raised the levels of business start-ups and survival rates and increased wealth and incomes which reduced issues of social exclusion. During this time economic performance across Thanet also improved. Levels of unemployment were above the national averages but progress towards closing the gap was being made. By 2007 the gap between the unemployment rate in Thanet and that in Kent (and England) was the smallest it had been for a decade. Figure 2 below shows the trend in unemployment since 1995. The trends in unemployment levels in Thanet until 2009 closely mirror those across the rest of the County; however the gap has generally been significant. The graph shows that the gap increased during the recession.

Figure 2



As is being seen across the rest of the County unemployment during 2013 has reduced in Thanet to 5.6% during August. This is compared to the 2.1% average across the South East and 3.3% average across Great Britain. This however does not take into consideration the level of 'worklessness' in the district. Worklessness is defined by the Department of Work and Pensions as 'people of working age who are not in formal employment, but are looking for a job (the unemployed), together with people of working age who are neither formally employed nor looking for formal employment (the economically inactive)'. Statistically, this is viewed as those who are on the 'key out-of-work' benefits. These include Job Seekers Allowance, ESA and incapacity benefits, lone parents and others on income related benefits.

Figure 3

Key out-of-work benefits, as a percentage of the working age population February 2013		
	Percentage	Variance to Thanet
Great Britain	11.7%	- 5.7%
South East	8.2%	- 9.2%

Thanet	17.4%	
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Figure 3 shows that Thanet has double the levels of worklessness than those across the South East average and significantly greater levels than the Great British average.

Figure 4 below identifies those wards in Thanet that have greater than 20% of the working age population in that ward receiving one of the key out-of-work benefits.

Figure 4

Wards with key out-of-work benefits over 20% of the working age population February 2013	
- Cliftonville West	41.6%
- Margate Central	41.1%
- Newington	26%
- Eastcliff	23.8%
- Dane Valley	21.5%
- Ramsgate Central Harbour	21%
- Northwood	20.1%

Not only does Thanet have high levels of people receiving out of work benefits but, as Figure 5 highlights, the district also has high levels of young people who are not in education, employment or training.

Figure 5

Young people not in education, employment or training (NEET) May 2013		
	% of 16-18 who are NEET	% of 16-18 not known
Thanet	7.79%	3.33%
Kent	5.2%	1.72%

2.4.2 Qualifications and skills

It is well evidenced that the district has a number of skills gaps with the qualification profile skewed towards the lower NVQ levels, with all three above the county, region and UK levels. Census data (2011) identifies that 28.4% of residents over 16 have no qualifications which is higher than any other district in the south east region.

Figure 6

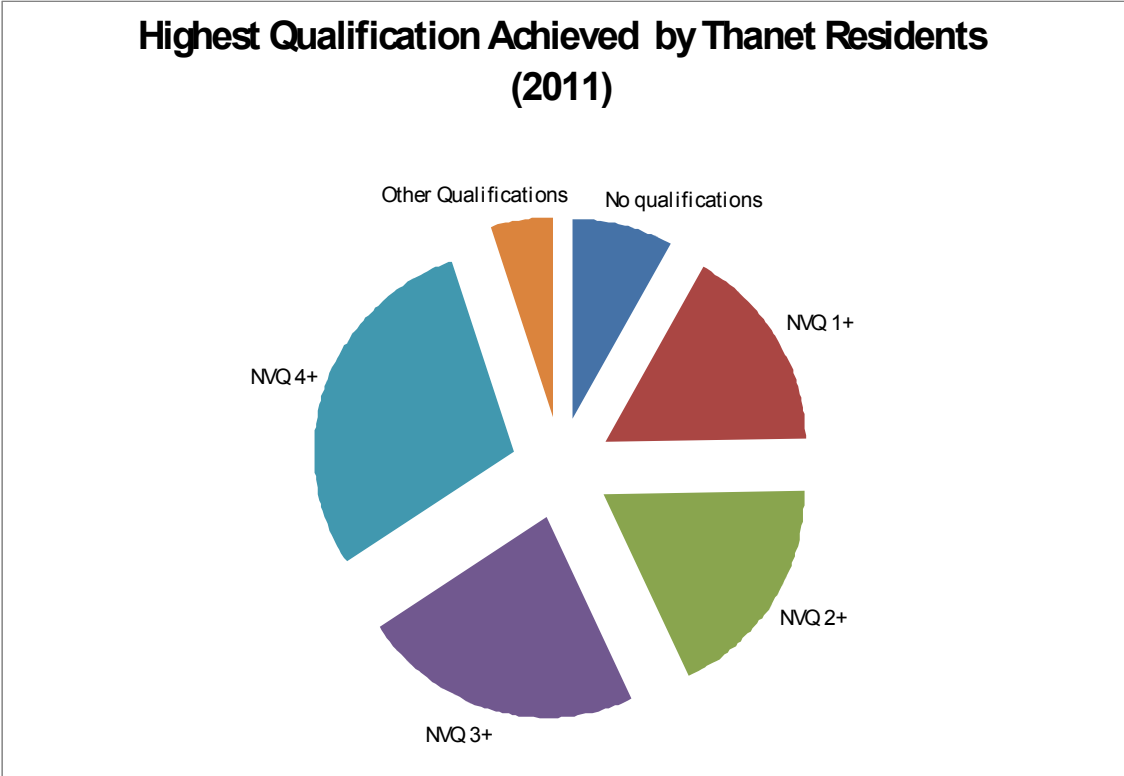
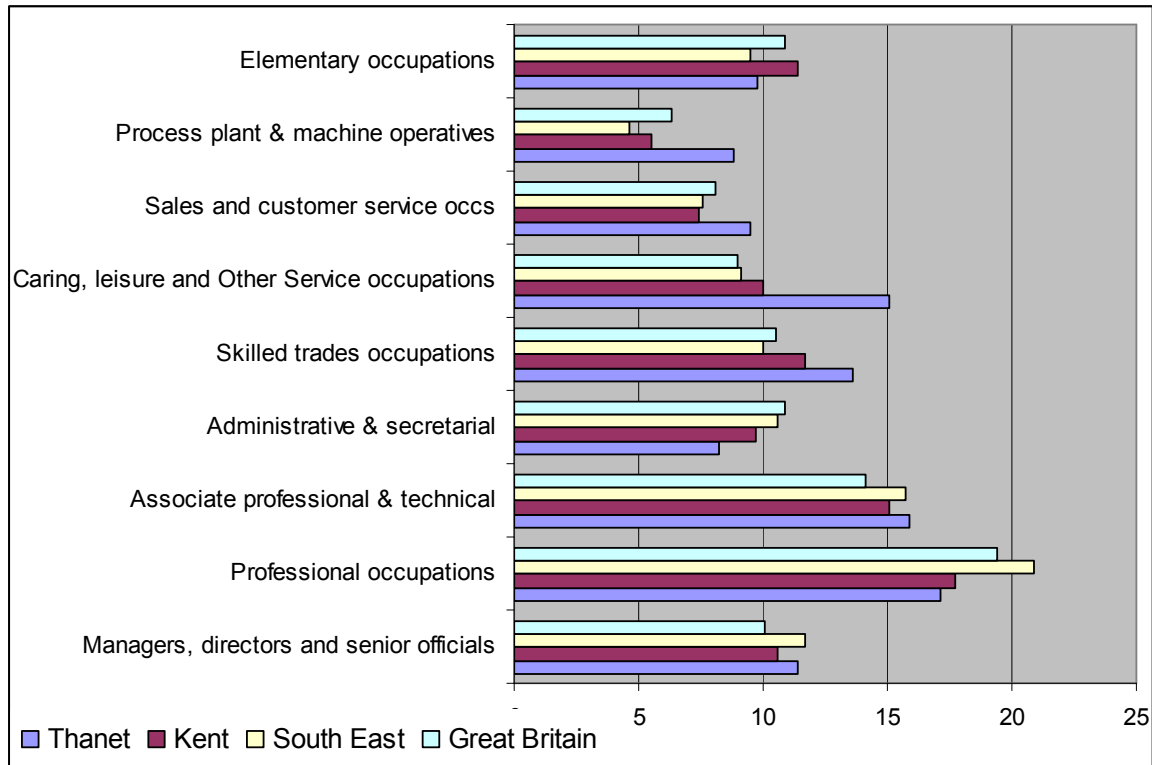


Figure 7 below identifies the 'Employment by Occupation' (Nomis, Apr 2012 – Mar 2013) levels in Thanet, Kent, South East and Great Britain. As would be expected, Thanet has a high percentage of the population (higher than the other averages) working in caring, leisure and other service occupations. It is interesting to note that Thanet has the highest level, as an average, of associate professional and technical occupations but with the lowest professional occupations. Thanet nearly achieves the same level of managers, directors and senior officials; however taking this and the wage levels of the workplace into account, it could be assumed that the majority of these people access work outside of the district's boundaries. This information is also based on those people who are working.

Figure 7



2.4.3 Underemployment

Underemployment refers to an employment situation that is insufficient for the worker. This could include having a part-time job when there is a desire for a full-time job, and/or being over qualified for a job. This data tends to be missed out of the unemployment definitions and measurements used by the government, however it can still have a large impact on a local economy and those people, in particular, who are seeking full time work.

Similarly, there are zero-hour contracts, where a person is provided a contract of employment that contains provisions to create an 'on call' arrangement between an employer and employee. The employer does not have to provide work and the employee does not have to accept any work offered. No particular number of hours or times of work are specified and therefore the employee is only paid for the hours they have worked.

Typical sectors using zero-hour contracts include the health, retail and hospitality sectors. Zero-hours contracts may suit some people who want occasional work and are able to be flexible about when they work. However, the unpredictable nature of working times means that they are unlikely to be suitable for the vast majority of people.

2.4.4 Vacancy rates

Although out of date, the Jobcentre used to provide statistics highlighting the vacancy rates in comparison to the number of people claiming Job Seekers Allowance (JSA). It is worth noting that the last figures show that there were at least ten more JSA claimants per unfilled vacancy in Thanet than in Kent, the South East and Great Britain. See Figure 8.

Figure 8

Jobcentre Plus Vacancies (November 2012)				
	Thanet	Kent	South East	Great Britain
Unfilled Jobcentre vacancies (numbers)	321	6,408	50,509	389,889
JSA claimants per unfilled Jobcentre vacancy	13.9	3.8	2.2	3.4

2.4.5 Commuting

It is interesting to note that the majority of those people travelling out of the area for work generally only go as far as the two adjoining district boundaries – this is just over 60% travelling to Canterbury and Dover.

Figure 9

Travel to Work matrix (KCC, 2011)										
Origin	Destination									
	Ashford	Canterbury	Dover	Shepway	Thanet	East Kent	Rest of Kent	London	Rest of England	Outside England
Thanet	505	4,120	4,070	490	40,310	49,585	1,635	1,395	980	210

East Kent Economic Review 2013

Figure 10 shows the people travelling into Thanet for work.

Figure 10

Travel to Work matrix (KCC, 2011)	
Origin	Destination - Thanet
Ashford	115
Canterbury	2,005
Dover	1,570
Shepway	255
Thanet	40,310
Rest of Kent	465
London	240
Rest of England	270
Outside England	15

East Kent Economic Review 2013

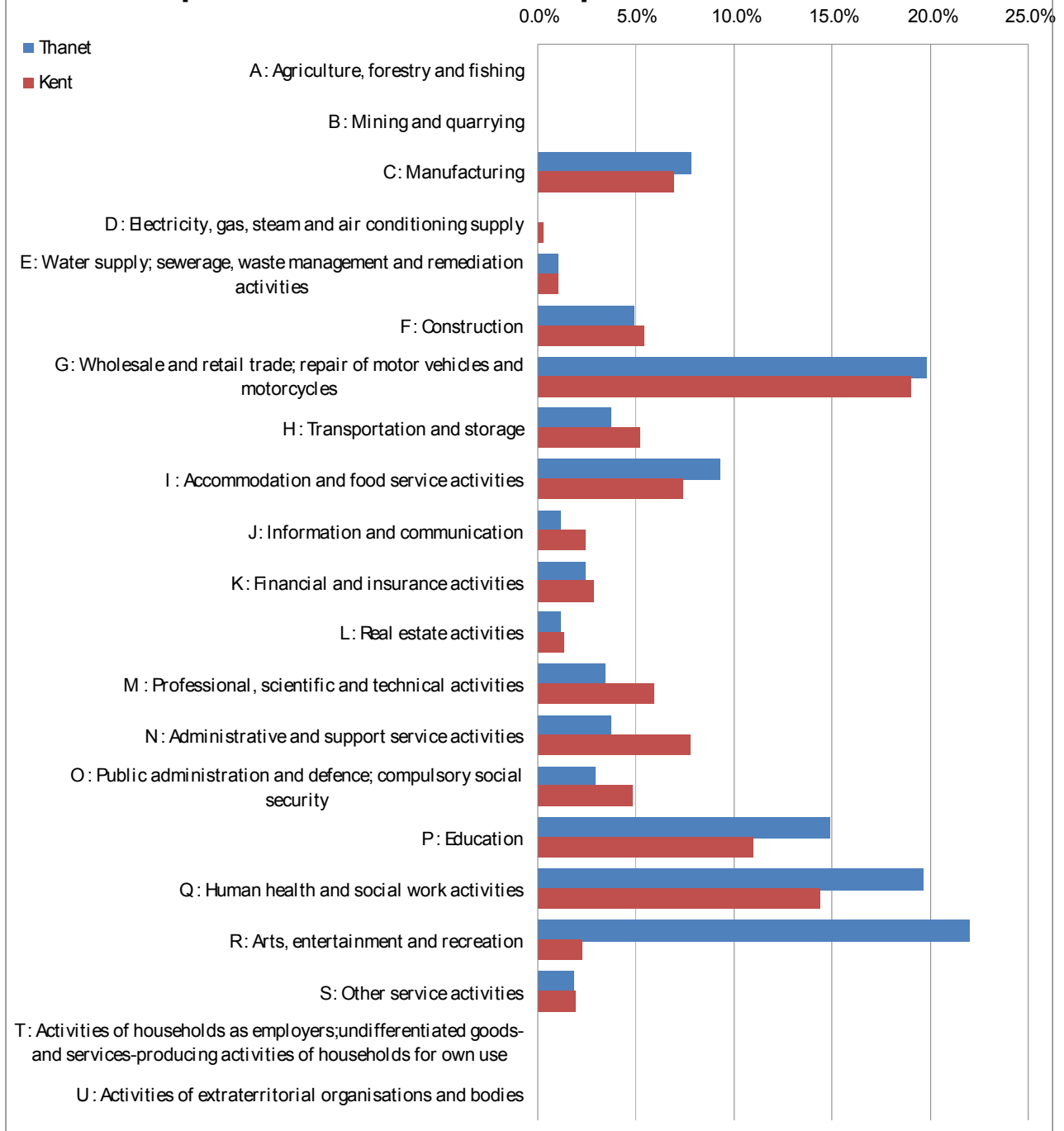
2.5 Businesses

2.5.1 Key Sectors

The sectors that are more prominent in Thanet and have greater levels of employment tend to pay lower wages, where ever they are located. This is further compounded by the occupation mix within the industries. Figure 11 highlights the percentage of businesses across the various sectors, comparing percentages for Thanet and Kent (2011).

Figure 11

Comparison of Business Sector Spread in Kent and Thanet



The East Kent area does however benefit from a strong knowledge and science base due to the facilities at Discovery Park in Sandwich and the location of Sandwich. Discovery Park provides research and development infrastructure that is second to none creating the perfect base for any sized knowledge based business, in particular those relating to the life sciences.

Within Thanet, the sectors which comprised the greatest contribution to GVA include education, real estate, health and construction. The greatest growth over the last five years in Thanet has been in the service sectors, in particular sectors such as finance and real estate. The majority of manufacturing sectors have continued to decline during this time, as has agriculture, forestry and fishing.

In 2011, when looking at the impact of public sector dependency, it was assumed by Kent County Council’s research that there would be 690 jobs in Thanet lost directly over the period 2011-15, with an added 240 indirect job losses. East Kent has approximately 22.6% (East Kent Economic Review, 2013) of employees working in the public sector, higher than the Kent, South East and Great British averages, therefore there it was viewed that there would be a considerable impact.

In terms of total employment within the district, the largest sectors are retail, education, residential care and social work and health. Together they account for around half of all employment. Of these sectors, education has grown at the fastest pace, on average by 3% each year over the last five years. Health has also grown at around 1.5%. Retail and residential care and social work have experienced limited growth, in particular retail has been impacted by the declines in consumer spending and challenging economic climate.

Accommodation and food services and administrative and support service activities also comprise a significant proportion of total employment (13% in total) and whilst the former has experienced some growth during this period, administrative and support services have declined; undoubtedly impacted by the recession. Professional services, albeit from a small base, has grown strongly during this period, as has finance although it comprises just two percent of total employment.

2.5.2 Business numbers

Recent data from Experian (2012) has identified that there are some 5,000 businesses within Thanet. This figure is significantly higher than ONS data which suggested that there were 3,560 businesses in 2010 but this is likely to be due to the fact that pH business data captures businesses which fall below the VAT threshold, including single office home office (SoHo) businesses. A further breakdown reveals that around 80% of the companies identified in Thanet are single site; 61.3% are companies with headquarters in Thanet and multiple sites either in Thanet or elsewhere.

Despite the data from Experian, using the 2010 data the table below shows that although there was growth from 2004-2010 it was less than that across East Kent, Kent and Great Britain. The level of decline was also greater. This is against a back drop of far fewer businesses per 10,000 of population.

Figure 12

Active enterprises 2010 (KCC Innovation for Growth, 2012)				
	Number	% Change 2004-2010	% Change 2009-2010	Enterprises per 10,000 pop
Thanet	3,560	2.1	-1.9	481.1
East Kent	20,395	4.2	-1.8	574.7
Kent	62,280	4.2	-1.8	619.0
Great Britain	2,241,375	6.4	-1.8	600.6

Evidence from Understanding Kent’s Home Based Business Sector (Live/Work Network Ltd, 2010) suggests that a relatively high proportion of the businesses, particularly in ‘urban wards,’ are home based. These businesses account for over 5% of businesses, ranking Thanet in third place in Kent only behind Canterbury and Tunbridge Wells. In addition around 9.4% of the working population in the district are home-based. In particular Margate and Ramsgate have high proportions of home-based businesses.

Figure 13 highlights the percentage of businesses in each employed persons size band in 2010. It is interesting to note that there a lower percentage of businesses in 0-4 persons employed in Thanet, compared to the South East and England; however there is a high percentage in 5-9 persons employed. Thanet also has a higher percentage of businesses in

the 20 plus persons employed bracket, however although there are more businesses in this bracket they tend to be at the lower end of the scale. There are only a small amount of businesses that have 100 plus employees and many of these are owned by foreign organisations, where decisions are made elsewhere.

Figure 13

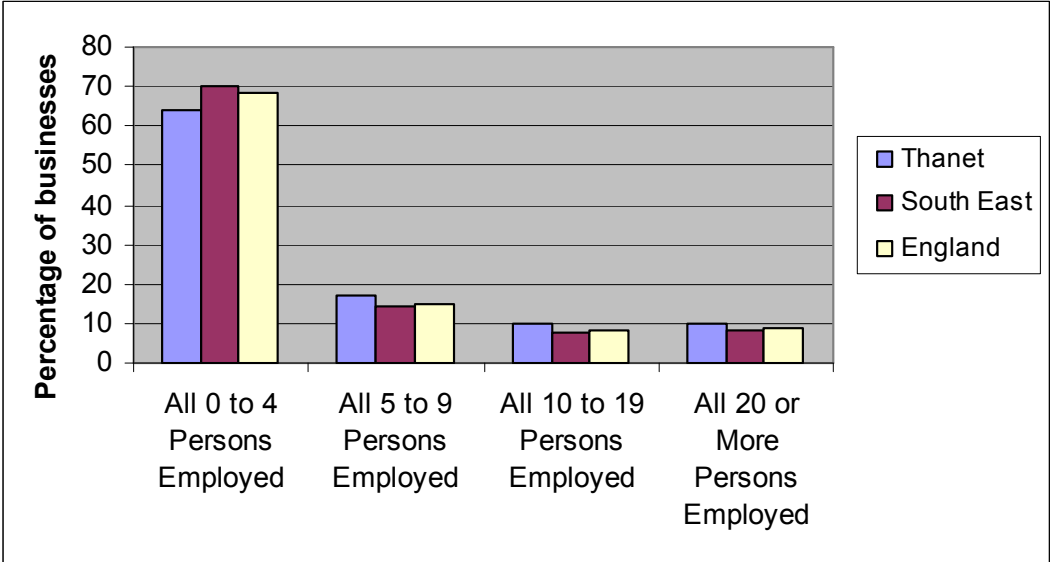
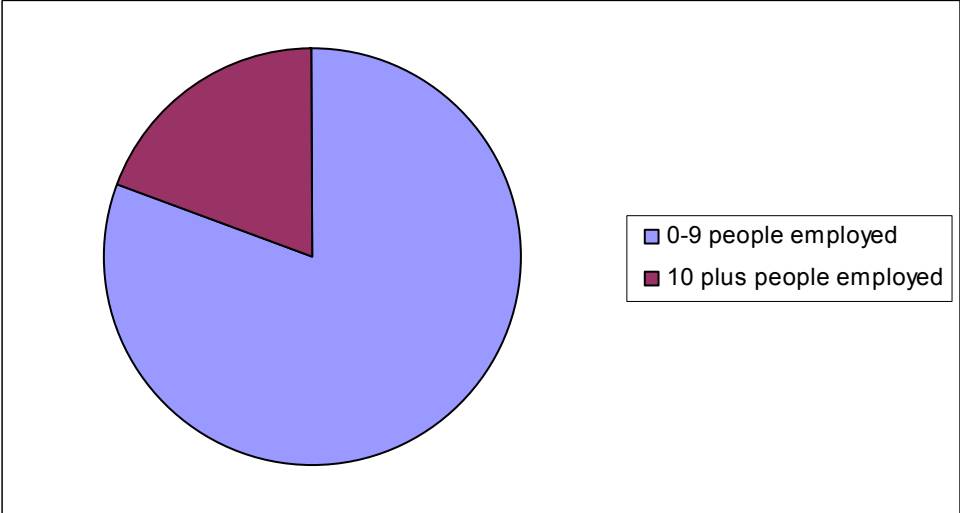


Figure 14 highlights the percentage of business in Thanet employing 0-9 people and then 10 plus.

Figure 14



2.6 Economic Growth

In the Thanet Economic and Employment Assessment by Experian (2012) they forecast that an additional 3,100 jobs over the next two decades will be created in Thanet. This will be seen through the continued growth in the service sectors, with some decline in manufacturing.

Based on the analysis of this growth it is anticipated that there is likely to be a net growth of £700 million in output over the next two decades. The forecast suggests that the biggest growth will be in the construction of buildings, health and real estate sectors. The

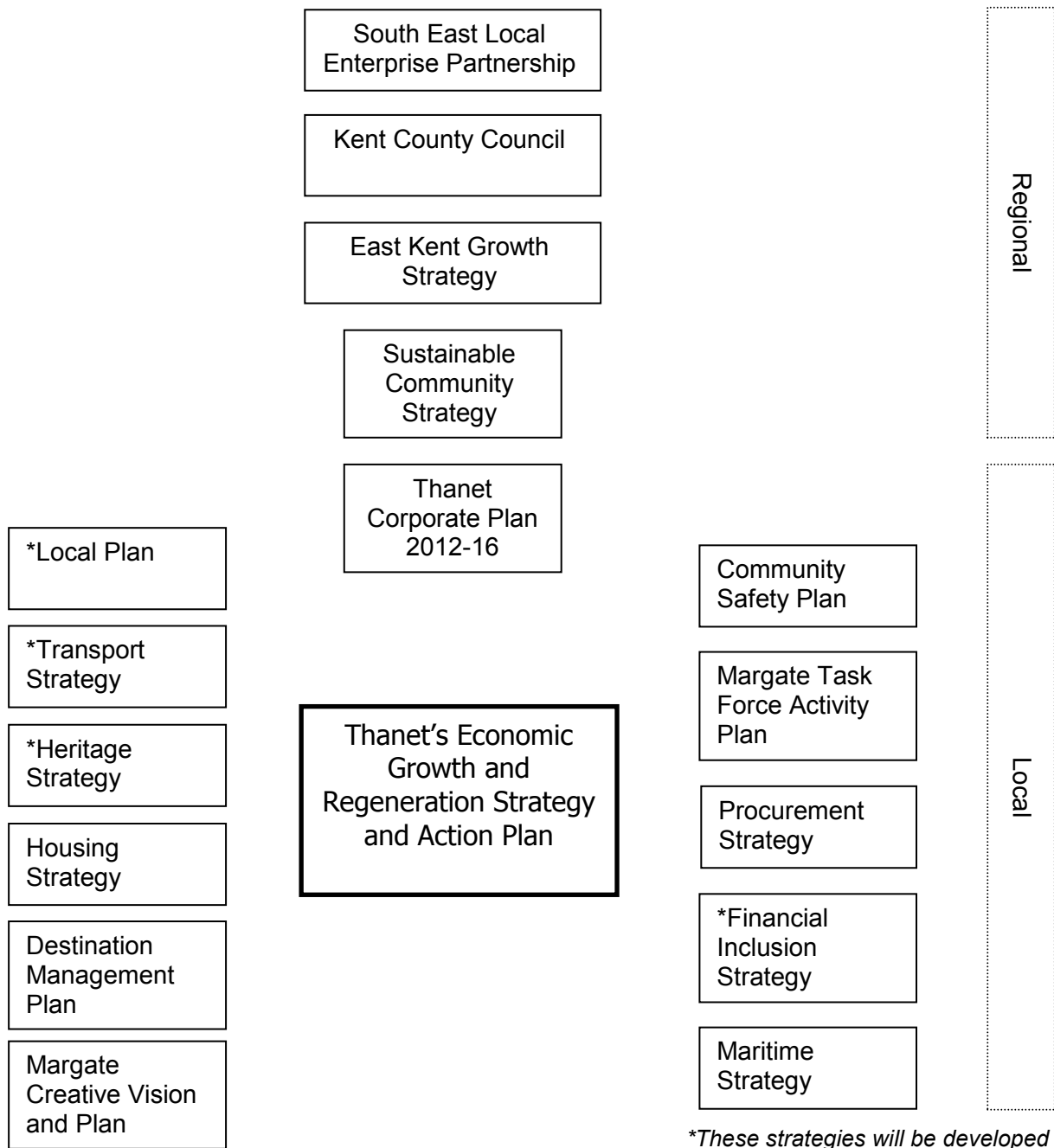
manufacturing sectors are likely to experience the greatest losses, although these are not predicted to be as significant as the employment declines in these sectors pointing to enhanced productivity.

Growth will be predominantly focussed within the service sectors and in particular in those sectors in which the district has strength, namely education, accommodation and food services and health. It is also anticipated that professional services will continue to grow strongly, with net growth of 700 jobs during the period 2011-2031. Professional services include: technical testing and analysis, scientific research and development, other professional, scientific and technical activities, legal and accounting activities, advertising and market research, management consultancy activities, architectural and engineering activities and veterinary activities.

Given the employment projections highlighted it is viewed that there will be a strong growth in the caring, leisure and other service occupations, as well as the professional occupations. Based upon the existing occupation and skills profile this suggests that there could be challenges in ensuring that local residents are able to maximise the potential opportunities that might arise. This is particularly the case within professional services, in which Thanet is under-represented compared to the region and England.

3. Strategic Context

The illustration below shows how the Thanet Economic Growth and Regeneration Strategy fits into the economic strategic context of the Region.



This strategy has an important role to play within a mix of key regional plans and strategies, including the developing South East Local Enterprise Partnership Growth Plan and Structural Funds plan and important local documents such as the Local Plan, which support the growth of the economy. The Council will use this strategy to influence partners in the development of overarching strategic plans that cover the area. This includes Kent County Council's 'Going for Growth' strategy and working with the SELEP Coastal Community Group, working on Place Shaping, Housing, Inward Migration, Worklessness and Offshore Renewables as priority themes for the SE coastal region.

4. SWOT Analysis

STRENGTHS

- Attractive natural environment: peninsula nature provides a unique coastal environment which supports the tourism industry and offers quality of life for residents
- Individual character of each of the towns
- Longstanding and interesting heritage and quality architecture
- Further Education and Higher Education Campus's established in the district
- Expanding creative sector
- Westwood Cross – providing branded shopping in the district
- Road routes into Thanet
- High Speed One rail access
- Cost effective area for business and living relocation
- Growing Green Economy through the offshore wind farms operating from the Port of Ramsgate
- Strong knowledge and science base facilities at nearby Discovery Park
- High availability and affordability of employment land: competitive - provision of cheap available land to businesses
- Affordable residential property
- Local government support across the area aligned through the Thanet Regeneration Board and East Kent Regeneration Board

WEAKNESSES

- Perception of Thanet: negative perception as a result of weaknesses
- Peripherality - the economic catchment area is limited as it is bounded by coastline along its eastern, northern and southern edges
- Persistent structural weaknesses in labour market: high levels of unemployment
- Reliance on public sector jobs
- High levels deprivation: culture of benefit dependency / lack of aspiration
- Digital connectivity remains weak
- Reliance on major 'anchor' employers: Loss of Pfizer has had a major impact on the East Kent area
- Competition from more affluent local areas
- Lack of cohesion: Act as three separate towns
- Large empty commercial properties
- Historic dependency on low value sectors
- Unbalanced housing market in some areas
- Lack of ability to create high paid jobs
- Seasonality of jobs

OPPORTUNITIES

- Growing creative sector
- Strength of independent businesses
- Dreamland redevelopment
- Potential to develop tourism offer
- European links via Ramsgate, Manston, Dover and Folkestone
- Partnership working
- Funding via Coastal Communities and other similar Government sources
- Work through the SELEP
- Potential to develop green sector: capture more of the economic benefits of the windfarms surrounding Thanet – spin-off businesses
- Knowledge intensive sector opportunities: Can maximise the potential of nearby Discovery Park: designation as an Enterprise Zone
- Infrastructure development and expansion potential - Manston Airport, Port of Ramsgate, High Speed One services
- Capacity for growth: relatively large amount of employment land for development
- Retail opportunities - further development around Westwood jobs
- Potential to capitalise on challenging conditions in Europe: existing manufacturing skills base and available employment land can attract FDI from e.g. France and rest of Europe
- Attract in-migrants to area: potential to attract a more affluent older population, as well as retaining young people based on improved quality of housing stock, improved assets and infrastructure

THREATS

- Public sector cuts result in a greater impact on the district
- Negative press activity
- Peripheral location with reduced catchment area
- Failure of employment sites across Thanet to deliver the much needed jobs
- Interlinked and entrenched levels of deprivation
- Low-priced housing
- Low returns on property development
- Workforce skill base
- Threats to growth of the tourism sector: tourist assets are there, but they are not joined up within District and the wider East Kent. Lack of high quality tourist accommodation
- Restrictions to growth of airport: macro-economy is a key challenge for airport, connectivity and the wider environment: perception, location as well as night time restrictions on flights
-

5. Vision

The vision was developed during phase one of the development of the strategy and remains the shared vision for Thanet.

Accelerate economic growth and achieve greater productivity and profit for businesses; to create more jobs, and increased prosperity for residents.



6. Critical Pathways

The critical pathways are the priority areas that need focus to ensure that the district is able to deliver the vision for economic growth and regeneration.

Create the right environment and conditions to deliver real economic growth

Capitalise on the District's assets

Maximise the potential of existing businesses

Create an enterprising and aspirational labour force with the right education and skills

7. Delivery

This section identifies how the strategy will be delivered, taking into account the need for measurements alongside the actions for delivery. It also suggests ways in which the private sector, in particular, can support the delivery.

7.1 The delivery

The strategy identifies some contextual performance indicators; these are highlighted in section eight and can be associated with the different critical pathways.

Outcomes have been identified under each of the critical pathways and linked to these outcomes are a series of actions that form the delivery. Each action includes an indicative timescale for delivery, a lead organisation, a progress update and RAG (Red, Amber, Green) status. The last two will be used to monitor the identified actions through six monthly reporting on progress, to members and the Thanet Regeneration Board.

All projects that the Council are responsible for will go through the Council's project management process. This requires the project lead to develop a project plan that considers how to engage and involve key stakeholders. Stakeholders from the public, private and third sectors will be included and, project leads will be expected to take every opportunity to involve partners in these sectors to ensure that the project delivers the best outcomes for the local area.

Actions and milestones for each project will be identified and tracked during the project implementation. Each project will also have specific measures of success identified and these will be evaluated following project completion.

7.2 The private sector

Support to enable delivery of economic growth and regeneration in Thanet is required from all stakeholders. The private sector can assist the public sector by committing to the district. By creating local employment opportunities, taking on apprentices and delivering corporate social responsibility aspirations the private sector can encourage and develop the local labour force. With businesses in Thanet engaging outside of their normal sphere of activities, including engaging more actively with the public sector, it will be easier to work in partnership and deliver economic growth in Thanet.

Businesses can deliver by championing the area through their connections, contacts and supply chains. Raising the district's profile as a place to do business and invest in.

8. Contextual Measurement Indicators

A number of indicators have been identified to measure the success of the critical pathways. Thanet measurements will be compared to the average for all Kent districts, with a minimum of five years history showing direction of travel.

The expectation is that over the life of this strategy Thanet's position relative to the Kent average improves so that all indicators are the same as or better than the Kent average. Progress will be reviewed annually.

Annex 2 is provided to show the historic trend for each of these measured from 2006 to 2013. The Council will consider this trend as a benchmark for assessing progress for each indicator. The graphs for each indicator contain Thanet figures, the Kent district average, and a trend line.

The following table lists the indicators and shows how they align to the critical pathways.

No	Indicator	Critical Pathway
1	Number of people accessing Job Seekers Allowance	1, 3, 4
2	Number of people on key out of work benefits	1, 3, 4
3	Count of active enterprises	3
4	First year survival rate (%)	3
5	Number of enterprises in each sector by SIC broad industry group	3
6	Economic activity rate as estimated by GVA per head	1, 2, 3
7	Proportion of allocated employment land taken up	2
8	% of Council owned commercial property which is vacant (LI021)	2
9	Number of overnight visitors and how much they spend	2
10	Number of day visitors and how much they spend	2
11	Business turnover derived from tourism	2, 3
12	Total jobs in tourism related business	2
13	Number of people achieving NVQ4+ or equivalent	4
14	Number of people with no qualifications	4
15	Number of 16-18yr olds who are not in education, employment or training (NEET)	4

9. Critical Pathway 1: Create the right environment and conditions to deliver real economic growth



Context

Thanet's economy has been in transition throughout the later stages of the twentieth century and into the twenty first century. Some of the district's traditional sectors have been under pressure, with some decline, imposing a need for diversification to enable economic growth.

The composition of the economy has significant variations from the national average and this is to be expected based on an understanding of the local economy.

The continuing importance of agriculture to Thanet's economy has been underlined with significant private sector investment over recent years. For example, Thanet Earth is a highly efficient production facility adopting the latest technologies and production techniques where the core staff are some of the highest skilled in the sector.

The public sector is still one of the sectors that dominate Thanet's economy, including a large care element to this. The health care sector is fairly regulated with regard to delivery and training, it is expected to be sustainable in the district with organic growth. Ensuring a good health care sector supports the creation of jobs across all skills levels and due to the critical mass of businesses there are growth opportunities for employees within the sector.

The factors that influence a businesses location are becoming less of a constraint as knowledge and a skilled workforce become relatively more important. Those businesses that have located here have done well.

Transport and infrastructure links are vital for enterprises to reach customers, suppliers and exchange knowledge and information. Whilst physical access to Thanet with new road and rail investment has improved, digital connectivity is still weak. ICT infrastructure is critical for improving productivity and increasing employment and will be a particular priority. The project 'Make Kent Quicker' is being delivered by Kent County Council and the Government's broadband agency, Broadband Delivery UK (BDUK) with the 'ambition that 90% of homes and businesses will have superfast broadband access by 2015 and for everyone to have access to a service of at least 2mb'. This infrastructure is being delivered by the County Council with BT, through funding from the parties and the Government.

A significant opportunity in providing a step change in economic growth in Thanet is the reduction of journey times to London, and further afield. The High Speed One rail services Thanet and has reduced journey times. However, to make a fundamental change these need to be reduced further. Reduced journey times would not only support the growth of Thanet's economy but the success of the Enterprise Zone at Discovery Park.

It is not just the economic structure in Thanet which presents opportunities. The designation of an Enterprise Zone at Discovery Park in the neighbouring district of Dover is a major opportunity for the workforce and supply chain business in Thanet. A unique response to the downsizing of Pfizer the Enterprise Zone offers the potential for east Kent to maintain its position as a global leader in life science and pharmaceutical production.

Manston Airport provides a major growth opportunity for Thanet. In the right environment and with the appropriate surrounding infrastructure the airport has the room and desire for expansion. Manston has a number of advantages over other airports in the South East and due to constraints on some of those airports; there could be real opportunities for Manston. The current scheduled passenger flight service from the airport goes to Amsterdam Schipol, which is the fourth largest air hub in the world. This allows travellers via Manston to access over 190 destinations worldwide via KLM. Manston also has a number of cargo operators using the airport with the latest being Saudi Cargo Airlines, which is one of the world's major players in the cargo aviation market.




Thanet should be a place where businesses want to start-up and have the ability to thrive and grow to sustainable organisations. It is important that businesses across all size scales and sectors have the opportunity to take advantage of each other.



Key measures of success






Indicator 1: Number of people accessing Job Seekers Allowance

Indicator 2: Number of people accessing key out of work benefits

Indicator 6: Economic activity rate as estimated by GVA per head

RAG status	Actions	Performance Indicators
	Action is completed or on track	Performance is on target
	Action is slightly off schedule or at a risk of being off schedule	Performance is worse than target
	Action is significantly off schedule	Performance is significantly worse than target

	Outcome	Actions	Timescale	Lead organisation	Progress update	RAG status
CP1.1	The district has the right commercial sites and premises that businesses want to locate to	<ul style="list-style-type: none"> Use the Employment Land Review (to inform the Local Plan) to identify employment sites that will support the districts economic growth, utilising supply and demand data from Locate in Kent 	Dec 2013	Thanet District Council		
		<ul style="list-style-type: none"> Continue to work with Locate in Kent to understand business location requirements, testing assumptions made with the Thanet Business Forum 	Oct 2014	Thanet District Council		
		<ul style="list-style-type: none"> Work with Kent County Council as the lead body to deliver the RECREATE Interreg project at the Margate Media Centre 	Dec 2013	Kent County Council and MACH		
CP1.2	Manston Airport has achieved its full potential and is supporting Thanet's economy	<ul style="list-style-type: none"> Work with the new owners of the airport to understand their plans for Manston, working with them to ensure the best outcomes for the residents of Thanet 	2014	Thanet District Council		

CP1.3	Each of the main Town Centres in Thanet will have a vision and strategic plan to support their regeneration activity	<ul style="list-style-type: none"> Engage with and facilitate the Council support of the Town Teams through an identified framework 	Jan 2014	Thanet District Council		
		<ul style="list-style-type: none"> Identify potential new uses for the town centres with the aim of creating footfall and sustaining existing buildings 	Mar 2014	Thanet District Council and East Kent College		
		<ul style="list-style-type: none"> Ensure that the Local Plan provides a strategy and supportive planning policies for the district's town centres, identifying relevant primary and secondary frontages and making the most of the assets identified in each area 	Draft local Plan 2014	Thanet District Council		
CP1.4	Maintain Assisted Area Status in Thanet	<ul style="list-style-type: none"> Work with Dover District Council, Kent County Council and the South East Local Enterprise Partnership to lobby to maintain the East Kent status 	Oct 2014	Thanet, Dover and Kent Council's		
CP1.5	The Thanet Local Plan provides a strategy and supportive policies that promote a sustainable and balanced economy	<ul style="list-style-type: none"> Consult on, adopt and implement the Local Plan 	Adopted 2015	Thanet District Council		
		<ul style="list-style-type: none"> Identify and plan for the required infrastructure that is necessary to support the strategy 	Adopted 2015	Thanet District Council		
CP1.6	Thanet will have a Transport Strategy which will address the challenges and opportunities in the district	<ul style="list-style-type: none"> Public consultation on the draft strategy, with adoption alongside the Local Plan 	May 2014	Kent County and Thanet District Council's		
CP1.7	High Speed One rail services are delivering reduced journey times from London to Thanet	<ul style="list-style-type: none"> Review the business case for enhancing station capacities in Thanet 	Nov 2014	Kent County and Thanet District Council's		
		<ul style="list-style-type: none"> Assess the economic impact of enhanced rail infrastructure on Thanet's key assets 	Mar 2014	Kent County and Thanet District Council's		

10. Critical Pathway 2: Capitalise on the District's assets



Context

Thanet has a variety of assets including transport, buildings and physical assets, quality of life and affordability. It is critical to use these assets to support the growth of the economy.

Kent's International Airport at Manston has established itself as a major cargo base for the UK and has the potential to develop significant airport-related activities. Not only does the airport act as an economic entity in its own right – employing people to run its business and spending in the local supply chains – it can also play a wider role in promoting economic growth. This role can include the tangible effects such as spin-out of airport related activity, development of the logistics industry and improving access infrastructure. The airport provides great opportunities for the district in relation to the link with Schipol airport and international connections.

The challenge, as with any major development, is to maximize the positive economic contribution whilst minimising any negative impact on the quality of life which is one of the key features of Thanet.

The airport is only one element of a comprehensive transport system that adds to our competitive position. The Port of Ramsgate gives easy access to the North Sea, the English Channel and into mainland Europe, providing a perfect base for supplying key European markets. The port represents a niche UK facility; The Royal Harbour is one of the South East's finest marinas.

The road access is excellent with a dedicated access road and it is only 60 minutes from London's arterial hub, the M25.

Not all the assets that promote our economy are located within the district. The development of the High Speed rail link from London St Pancras has vastly improved connectivity. Continued improvements in the rail infrastructure will see journey times from Ramsgate to London fall to below one hour. The completion of the East Kent Access road is a huge boost to the connectivity and accessibility of Thanet as a destination. The port, airport, road and rail links will work alongside better internet speeds to ensure that Thanet is recognised as a first choice location. We must be careful to protect and enhance our key access routes.

A strong retail and leisure economy is of fundamental importance to both the sustainability of the local economy and the local community. It is also a key mechanism in attracting and retaining people and expenditure to the District – both as residents and as visitors. Until recently the provision of the main retail and leisure offer was spread thinly across the two main towns of Margate and Ramsgate and to a lesser extent, Broadstairs. However the development of a "town centre" at Westwood Cross, with new department stores and a range of other national retail brands, has focused 'high street retailing' in one location and

developed a critical mass which is sustainable and ensures a greater proportion of retail spend is retained in Thanet.

Success at Westwood Cross has inevitably presented a further challenge to the coastal towns. The challenge now is for the traditional high streets to define their own unique characteristics and offer services that compliment Westwood Cross fulfilling a High Street function which is more than just retail.

Margate's old town is beginning to demonstrate how this can be achieved, with niche, bespoke shops that dovetail the wider heritage and creative offering developing in Margate. Broadstairs and Ramsgate have their own niche positions which will continue to develop and compliment the offering across Thanet.

Significant investments have been made to unlock land for industrial and commercial development. Funding has been invested to ensure that serviced sites are available for private sector investment in the strategic employment sites at EuroKent and the Manston Business Park.




Many smaller and start up business require ready made space with the flexibility to adapt and respond to their needs. It is important that private sector developers are encouraged to provide flexible accommodation that meets the needs of our businesses.


Our almost unique natural and built environment creates a quality of life that is almost unrivalled. To realise our ambitions we must also have a housing market that responds to and supports our economic aspirations.





The Housing Strategy compliments this strategic approach to economic growth and regeneration. The Housing Strategy is important to help ensure people get the most out of living and working here. Our strategic approach to housing is key in taking advantage of the quality of housing that exists in the district and provide houses that are fit for the future. We will require the right kind of housing to continue to encourage investment and new people to live in the area.

Key measures of success

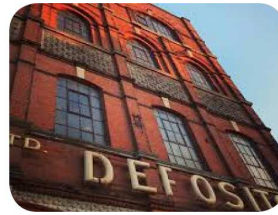
- Indicator 6: Economic activity rate as estimated by GVA per head
- Indicator 7: Proportion of allocated employment land taken up
- Indicator 8: % of Council owned commercial property which is vacant (LI021)
- Indicator 9: Number of overnight visitors and how much they spend
- Indicator 10: Number of day visitors and how much they spend
- Indicator 11: Business turnover derived from tourism
- Indicator 12: Total jobs in tourism related business

RAG status	Actions	Performance Indicators
	Action is completed or on track	Performance is on target
	Action is slightly off schedule or at a risk of being off schedule	Performance is worse than target
	Action is significantly off schedule	Performance is significantly worse than target

	Outcome	Actions	Timescale	Lead organisation	Progress update	RAG status
CP2.1	People are aware of the assets and unique selling points of Thanet	<ul style="list-style-type: none"> ▪ With partners to communicate good news stories about the district, promoting the area's attributes and selling points through various marketing channels 	Mar 2014	Thanet District Council		
CP2.2	An International working group for Thanet is developing the area's international profile	<ul style="list-style-type: none"> ▪ Work with partners to identify their contacts and realise the potential of their international connections 	Oct 2014	Thanet Regeneration Board		
		<ul style="list-style-type: none"> ▪ Establish international links and networks to promote Thanet and its unique selling points 	Nov 2014	Thanet Business Forum		
CP2.3	The Port of Ramsgate and Royal Harbour are thriving hubs of economic activity	<ul style="list-style-type: none"> ▪ Adopt a Port Strategic Plan which will act as a high level guide for the future operation, development and management of the Port of Ramsgate 	Nov 2013	Thanet District Council		

		<ul style="list-style-type: none"> Identify the future ferry operations and other cargo requirements from the Port of Ramsgate in consideration of the competitive nature of the industry 	Mar 2014	Thanet District Council		
		<ul style="list-style-type: none"> Undertake feasibility studies to identify new infrastructure requirements to establish business development at the Port 	Nov 2013	Thanet District Council		
CP2.4	A Risk Register of Thanet's Heritage assets provides a focus point for specific support	<ul style="list-style-type: none"> Deliver as a key part of the Council's Heritage Strategy, subject to identification of resources 	Dec 2015	Thanet District Council and English Heritage		
		<ul style="list-style-type: none"> Engage with partners and stakeholders to assess the condition of the historic building stock of the district 	Dec 2015	Thanet District Council		
		<ul style="list-style-type: none"> Provide a database which will identify the most efficient use of resources in sustaining these assets 	Dec 2015	Thanet District Council		
CP2.5	A programme of activity is regenerating some of Thanet's prominent heritage leisure assets enabling them to support the district's economic growth	<ul style="list-style-type: none"> Work across the Council and with stakeholders to identify the assets in the district that require regeneration activity to ensure their sustainability 	Sept 2014	Thanet District Council		
		<ul style="list-style-type: none"> Create briefs that review potential uses, opportunities, funding sources, physical works requirements and end users 	Dec 2014	Thanet District Council		
CP2.6	Utilising existing infrastructure Thanet is taking advantage of sources of renewable energy	<ul style="list-style-type: none"> Create proposals for the £20m communities fund 	Dec 2013	Thanet District Council		
		<ul style="list-style-type: none"> Through the Kent and Medway Offshore Renewables Working Group continue to network with the sector, through having CORE status, to identify the opportunities 	Sept 2014	Thanet Regeneration Board		
CP2.7	The economic relationship between Thanet's and Dover's assets is clearly understood and provides opportunities for growth	<ul style="list-style-type: none"> Develop a joint prospectus with Dover District Council highlighting the area's assets and joint working potential 	Dec 2013	Thanet and Dover District Council's		
		<ul style="list-style-type: none"> Identify opportunities available along the Richborough Corridor 	Dec 2013	Thanet and Dover District Council's		

11. Critical Pathway 3: Maximise the potential of established businesses



Context

Whilst there is some strength and resilience in having a broad industrial base, there is also some weakness. The lack of specialism prevents agglomeration benefits accruing – where training providers and specialist suppliers can develop alongside key industries to build a competitive advantage unique to the place. To strengthen Thanet's economic base it will be essential to support those sectors that have growth opportunities and to bring new investment that enhances the businesses that are already here.

It is therefore important that we take advantage of key sectors that have a presence in the district; these include tourism, digital and creative sectors and the low carbon and environmental goods and services sector.

With its unique heritage, landscape features and coastlines Thanet is a major tourist destination attracting over 3.1 million visitors per year. The scale of this activity is reflected in the contribution tourism related industries make. The tourism industries account for as much employment as the manufacturing sector does and around twice as much as the construction industry.

Globally, tourism is a growing industry and it is an incredibly competitive market place. With high competition, consumers are demanding more from their holiday experience and are constantly seeking value for money. These changes are making it increasingly challenging for destinations and businesses to differentiate their product and position themselves in a crowded market place.

There is some evidence that seasonality is reducing, with events and other initiatives successfully extending the main season into shoulder months, improving job opportunities. To fully capture the benefits of our heritage we must promote and develop our assets to make Thanet a first choice location for 52 weeks of the year.

For the visitor economy to succeed the whole district must be committed to delivering a quality experience for visitors and residents alike – the quality of place as a whole is as important as the nature of individual attractions. The quality of the toilets, street-cleaning, public realm, shopping, signage, information, transportation, entertainment, restaurants and service need to work together to provide a quality experience. These all feature as priorities and opportunities in the Thanet Destination Management Plan.

Adding value through new services and products and offering quality of service are critical to encouraging customer loyalty. Creating links and routes between attractions across Thanet will build the offer to the visitor and capture greater levels of tourist activity. It is also worth noting that the visitors that Thanet is aiming to encourage want to be cultural participants and not just consumers.

This links to the opportunities provided by the creative sector and the need to develop and grow the critical mass in the district. The SUCCESS Programme, funded through Regional Growth monies, will support the growth of start-ups and employment opportunities in the sector and is seen as a catalyst to attract inward investment. Growth can already be seen in the private sector; Resort Studios CIC provides low cost studio accommodation and workshop spaces, already attracting people from outside the area. The Margate Media Centre, a Thanet District Council owned asset provides offices and co-working space. The 'Make Kent Quicker' project also supports the development of this sector, Kent County Council's aim is that at least 91% of properties in Kent will have access to superfast speeds of 24mbps and above, thus enabling the growth opportunities within the creative and digital sectors to be realised.

The low carbon and environmental goods and services sector is an obvious choice for growth opportunities in Thanet. The district is surrounded by offshore wind farms: Thanet Offshore, London Array and the nearby Kentish Flats are now established features of the seascape. Whilst there has been some success in capturing the economic benefits of this new technology, there is potential for more. The hosting of operational and maintenance facilities for the offshore arrays at the Port of Ramsgate is a significant achievement. The challenge now is to capture any 'spin off' business and skills issues which may arise from this achievement.

Our opportunities do not just come from wind energy. Our reputation for offshore work with the wind farms places us in a strong position to capture the benefits of the next technological developments. Wave and tidal energy technologies are still in their infancy and we need to act now to position ourselves as a prime location for businesses involved in developing, testing and deploying these technologies.

Whilst central government has a headline target to reduce greenhouse gas emissions there are a number of real benefits for residents and businesses that flow from this. The Green Deal and Eco project will help households introduce energy efficiency measures to reduce energy usage and fuel bills. Not only does this help the household but it also provides local supply chain opportunities.




It is also important to promote sustainable patterns of production and consumption that are resource and energy efficient, low-carbon and low waste, non-polluting and safe and which produce products that are responsibly managed throughout their lifecycle. The Green agenda covers the greening of processes, under which all industries continuously improve their resource productivity and environmental performance and become more efficient and competitive.


There are a number of strong multinational organisations with bases in Thanet and these provide an opportunity to showcase the opportunity for similar businesses to be located in the district. For example, the Fujifilm Speciality Ink Systems factory won the Best Process Plant Award at the 2011 and 2013 Best Factory Awards. It is important to appreciate those businesses that play a key role in the district and identify how they could become magnets for further growth within their area/field. It is also important to recognise the progression opportunities that could be available through employment within these organisations. These businesses rely on a steady supply of new talent which can support business growth. To support these companies their needs to be a focus on raising aspiration and providing accessible routes for careers opportunities through the Schools, Further Education and Higher Education locally.


It is equally important to note that social enterprises and community interest companies are considered valuable to the Thanet economy and those already existing in the district considered as businesses through the relevant activities to support economic growth.



Key measures of success

- Indicator 1: Number of people accessing Job Seekers Allowance
- Indicator 2: Number of people on key out of work benefits
- Indicator 3: Count of active enterprises
- Indicator 4: First year survival rate (%)
- Indicator 5: Number of enterprises in each sector by SIC broad industry group
- Indicator 6: Economic activity rate as estimated by GVA per head
- Indicator 11: Business turnover derived from tourism

RAG status	Actions	Performance Indicators
	Action is completed or on track	Performance is on target
	Action is slightly off schedule or at a risk of being off schedule	Performance is worse than target
	Action is significantly off schedule	Performance is significantly worse than target

	Outcome	Actions	Timescale	Lead organisation	Progress update	RAG status
CP3.1	Businesses in Thanet feel that the Council engages with them and listens	<ul style="list-style-type: none"> ▪ Provide consistent and regular opportunities for businesses to meet with the Leader of the Council and Regeneration officers 	Mar 2014	Thanet District Council		
		<ul style="list-style-type: none"> ▪ Make best use of communication channels to keep businesses informed and engaged 	Mar 2014	Thanet District Council		
CP3.2	Businesses in Thanet are able to take advantage of business support activities that are being delivered	<ul style="list-style-type: none"> ▪ Map the business support and advice and business specific training that already exists across the district and promote. Identify potential gaps that need filling. 	Jan 2014	Thanet District Council		
		<ul style="list-style-type: none"> ▪ Work with partners to ensure that Thanet's businesses are able to take advantage of the different 	Mar 2014	Thanet District Council		

		types of business support and advice being delivered in Thanet				
CP3.3	Businesses in Thanet are supporting local communities by delivering on their Corporate Social Responsibility requirements	<ul style="list-style-type: none"> Identify which businesses have a policy of corporate social responsibility 	Sept 2014	Thanet Regeneration Board		
		<ul style="list-style-type: none"> Offer the opportunity to broker relationships between the private sector and relevant community organisations to develop corporate social responsibility and social action. 	Dec 2014	Thanet Regeneration Board		
CP3.4	Businesses in Thanet are creating jobs and achieving their growth plans through the Regional Growth Programmes available	<ul style="list-style-type: none"> Promote the Expansion East Kent and SUCCESS programmes to all relevant new and existing businesses 	Dec 2015	Thanet District and Kent County Council's		
CP3.5	Thanet identifies opportunities for creative and cultural businesses to work together across the district	<ul style="list-style-type: none"> Working with Turner Contemporary, explore the cultural offer across Thanet engaging with the relevant arts groups to explore the opportunities to extend the impact of the 'Turner effect' across the district 	Oct 2014	Thanet Regeneration Board		
		<ul style="list-style-type: none"> Identify the roles for organisations across Thanet to help to promote existing and new cultural activities, identifying opportunities for collaboration and joint funding bids 	Apr 2014	Thanet Regeneration Board		
CP3.6	Thanet's creative sector is developing and diversifying, including an emerging digital sector	<ul style="list-style-type: none"> Work with the organisers of GEEK to create a sustainable festival that can promote Thanet as a hub for the creative and digital sectors 	Feb 2015	Thanet District Council		

		<ul style="list-style-type: none"> Identify links between sectors and the digital agenda to strengthen the sustainability of the business community in Thanet. Create a network of organisations to grow the creative and digital sectors 	Feb 2016	Thanet Regeneration Board		
CP3.7	Thanet has a thriving low carbon and environmental goods and services sector	<ul style="list-style-type: none"> Work with Kent County Council on their supply chain mapping activities in order to identify businesses in Thanet that sit within this sector 	Dec 2013	Thanet Regeneration Board		
		<ul style="list-style-type: none"> Working with partners, deliver a 'green sector' conversation to explore the opportunities available for a low carbon economy to thrive in Thanet 	Apr 2014	Thanet Regeneration Board		
		<ul style="list-style-type: none"> Work with partners to identify the timeline for supply chain delivery to the existing windfarm operators in Ramsgate, for their operations and maintenance contracts 	Dec 2013	Thanet District Council and Locate in Kent		
CP3.8	An exemplar green technology/renewable energy facility is supporting businesses in the low carbon and environmental goods and services sector	<ul style="list-style-type: none"> Engage consultants to deliver a feasibility study into the development of a visitor and innovation centre for low carbon technologies in Thanet 	Oct 2013	Thanet District and Kent County Council's		
		<ul style="list-style-type: none"> Identify the potential to build on the feasibility study once received, to identify delivery opportunities – to include potential sites, funding, delivery partners 	Dec 2013	Thanet District and Kent County Council's		

12. Critical Pathway 4: Create an enterprising and aspirational labour force with the right education and skills



Context

People provide the impetus for economic growth and an enterprising and aspirational workforce will address a number of structural economic weaknesses. A skilled workforce is one of the essential aspects that stimulate inward and indigenous investment. There are significant benefits from increasing both enterprise and aspirations in the District.

Investment in skills provides the opportunity for people to use the full range of their talents, increasing their own prosperity. In work progression creates gaps in the workforce for others to take up – this is an important part of increasing employment opportunities, to include those currently not in employment.

We face significant challenges in relation to skills levels in the labour force with a high proportion of our working age population having no qualifications. There is a strong link between skills and qualifications, employment rates and income levels. Increasing the employment rate is now accepted as one of the key elements in reducing high concentrations of deprivation in disadvantaged communities.

In order to ensure work becomes the route out of deprivation, a number of inter-generational and language barriers need to be overcome. While multi agency delivery over an extended timescale will be required to remove some of the physical barriers, one of the underlying barriers is much harder to remove.

Low ambition can pass from one generation to another and it is imperative that this is addressed so that a more enterprising and entrepreneurial culture underpins the labour force and supports growth. These issues are not common across Thanet but where they do occur the deprivation symptoms are severe and specific interventions – such as the Margate Task Force - have been established to address them.

Continued investment by East Kent College and the proximity to both the Canterbury Christ Church University (particularly with its presence in Broadstairs) and the University of Kent have the potential to boost skills development in our area.

The role of skills development is not just about getting people into work. Whilst this is a vital step in realising the economic potential of our area we also need to pay attention to the development needs of those in work. Continued investment in training and staff development is a key mechanism to improve productivity and business performance. With many of our businesses affected by seasonal and transient employment patterns there is sometimes limited incentive to invest in workforce development.




Enhancing the skill levels of our residents and reducing high levels of worklessness are critical issues for Thanet if we are to tackle our productivity gap.




Key measures of success



Indicator 13: Number of people achieving NVQ4+ or equivalent

Indicator 14: Number of people with no qualifications

Indicator 15: Number of 16-18yr olds who are not in education, employment or training (NEET)

RAG status	Actions	Performance Indicators
	Action is completed or on track	Performance is on target
	Action is slightly off schedule or at a risk of being off schedule	Performance is worse than target
	Action is significantly off schedule	Performance is significantly worse than target

	Outcome	Actions	Timescale	Lead organisation	Progress update	RAG status
CP4.1	A training facility delivering digital and creative skills to support the sector's growth in Thanet	<ul style="list-style-type: none"> East Kent College have funding to develop a creative arts centre to include a theatre, digital media suite and music performance spaces to open 	Sept 2014 (TBC)	East Kent College		
		<ul style="list-style-type: none"> Early engagement with the Planning Department will ensure a quality scheme is developed to fit within the campus 	Nov 2013 (TBC)	East Kent College and Thanet District Council		
		<ul style="list-style-type: none"> Identify a relevant programme of delivery to enhance the digital and creative economy and support its sustainability within the Thanet economy through training and employment opportunities 	2014 (TBC)	East Kent College and Canterbury Christ Church University		
CP4.2	A Tourism Training Academy supporting the hospitality and tourism sector in Thanet	<ul style="list-style-type: none"> Identify opportunities for a training restaurant in Thanet, off the East Kent College campus 	Dec 2013	East Kent College and Thanet District Council		

		<ul style="list-style-type: none"> Review potential tourism and hospitality related opportunities for the Yarrow building on the East Kent College campus 	Sept 2014 (TBC)	East Kent College		
CP4.3	Community Learning Hubs in Thanet are delivered directly where there is identified need	<ul style="list-style-type: none"> Through the Work and Skills Sub-group of the Thanet Regeneration Board identify the opportunities for 'Learning Hubs across Thanet 	Oct 2013	Thanet Regeneration Board		
		<ul style="list-style-type: none"> Provide resources to deliver a review of need and demand to develop a robust proposal for Learning Hubs 	Jan 2014	Thanet Regeneration Board		
		<ul style="list-style-type: none"> All stakeholders to identify the ability to deliver 	Mar 2014	Thanet Regeneration Board		
CP4.4	Thanet's residents are aware of what opportunities are available to them with working hours and contracts that suit them	<ul style="list-style-type: none"> Analyse the number of people who are currently on zero based contracts or under employed with the aim of understanding the impact this has on the local economy and residents 	Sept 2014	Thanet District Council and Jobcentre Plus		
		<ul style="list-style-type: none"> Review what opportunities there might be to ensure that residents are able to access the contracts that suit them to ensure good levels of welfare 	Dec 2014	Thanet District Council and Jobcentre Plus		
		<ul style="list-style-type: none"> Promote to all local employers that they pay and promote the payment of a living wage to employees 		Thanet Regeneration Board		
CP4.5	An East Kent Skills Plan is supporting the delivery of the East Kent Regeneration Board priorities	<ul style="list-style-type: none"> Consult with partners and develop an East Kent Skills Plan 	TBC	East Kent Regeneration Board		
		<ul style="list-style-type: none"> Identify a programme of actions to be taken forward by partners with funding sources 	TBC	East Kent Regeneration Board		
CP4.6	The delivery of apprenticeships is thriving in Thanet, with businesses and employees alike feeling	<ul style="list-style-type: none"> Create a local model for the delivery and support of quality apprenticeships, to include 'on and off' the job training, wages and wrap around support 	Sept 2014	Thanet Regeneration Board		

	supported	<ul style="list-style-type: none"> Develop a Thanet Apprenticeship charter as part of an East Kent Apprenticeship Academy, to promote quality apprenticeships, encouraging young people into this route to employment and creating jobs that are sustainable 	Sept 2014	East Kent College		
CP4.7	Skills development across the district supports the strong and growing sectors in Thanet and East Kent	<ul style="list-style-type: none"> Identify the need for work groups to be developed as part of the Regeneration Board for specific sectors in Thanet 	2015	Thanet Regeneration Board		
		<ul style="list-style-type: none"> Identifying further opportunities to develop and enhance high level skills by working directly with established businesses in Thanet 	2014/15	Canterbury Christ Church University		
		<ul style="list-style-type: none"> Carry out detailed audits of each priority sectors to understand the training programmes currently on offer and the potential job opportunities 	2016	East Kent College and Canterbury Christ Church University		
		<ul style="list-style-type: none"> Create and promote case studies for the priority sectors that clearly outline the opportunities and future career prospects to local people 	2016	Thanet Regeneration Board		
CP4.8	Kent County Council Youth Employment Zone's policy is supporting young people in the district	<ul style="list-style-type: none"> Create a Thanet Regeneration Board task and finish group to identify the partner's role in taking this forward. 	TBC	Thanet Regeneration Board		

13. Annex

Annex 1: Consultation

The Action Plan was launched for consultation on Friday 31 May, 2013 until 12 July, 2013. The consultation was targeted at particular organisations, as highlighted below, however it was open to anyone via the Thanet Regeneration Board website. Consultees were asked to consider each action, whether it was high, medium or low as a priority.

The Council received direct responses to the consultation and received feedback via the Thanet Regeneration Board meeting during the consultation period.

Consultation requests were specifically sent to:

- Ashford Borough Council
- Broadstairs and St Peters Town Council
- Business Support Kent
- Canterbury Christ Church University
- Canterbury City Council
- Connexions Kent and Medway
- Dover District Council
- Dreamland Trust
- East Kent College
- East Kent Spatial Development Company
- English Heritage
- Homes and Communities Agency
- Jobcentre Plus
- Kent County Council
- Local Enterprise Partnership
- Locate in Kent
- Manston Airport
- Margate Charter Trustees
- Margate Community Heritage Federation
- Marine Studios CIC
- Museum voluntary organisations
- NHS
- Pipeline, Hang 10 and Aspire
- Ramsgate Town Council
- Resorts Studio Group
- Schools representative
- Shepway District Council
- Social Enterprise Kent
- Thanet Citizens Advice Bureau
- Thanet's Members of Parliament
- The Diocese of Canterbury, Communities and Partnerships
- Turner Contemporary
- Visit Kent
- Your Leisure

The following Thanet business networks were asked to coordinate responses for their members:

- Thanet Business Forum
- Thanet and East Kent Chamber of Commerce
- Kent Channel Chamber of Commerce
- Kent Invicta Chamber of Commerce

- Federation of Small Business
- Thanet Premier Business Group
- Thanet Business Network
- 4Networking Thanet
- Business Networking International
- Broadstairs Town Team
- Margate Town Team
- Cliftonville Partnership
- Margate Independent Traders

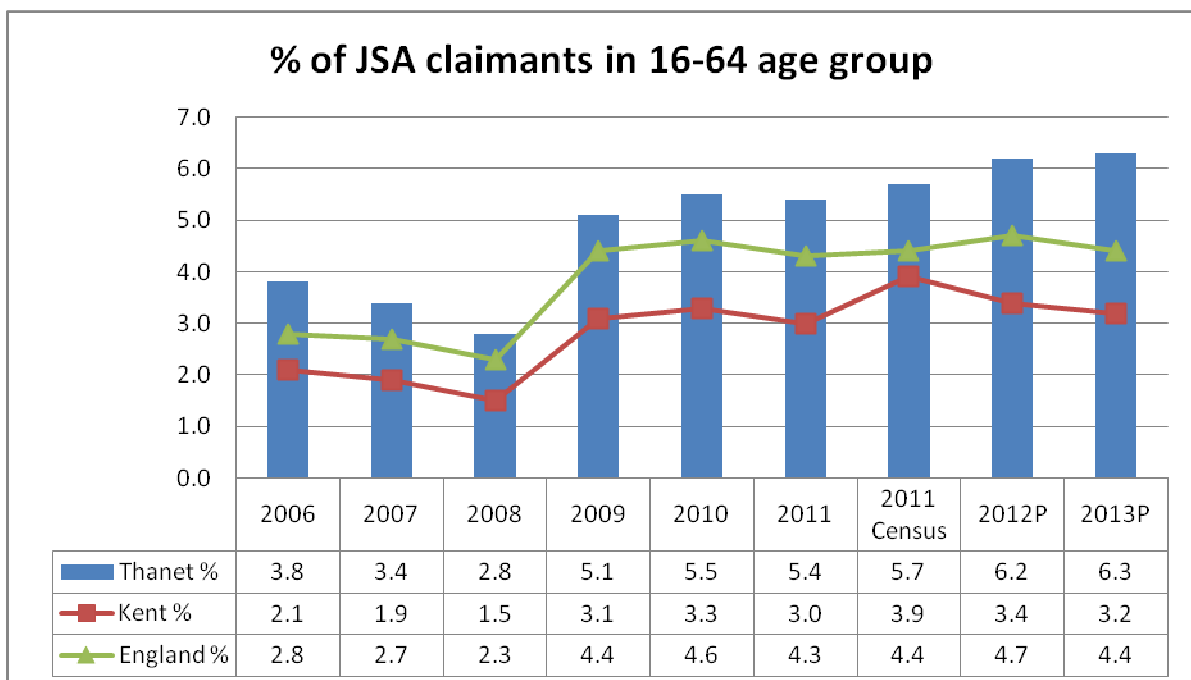
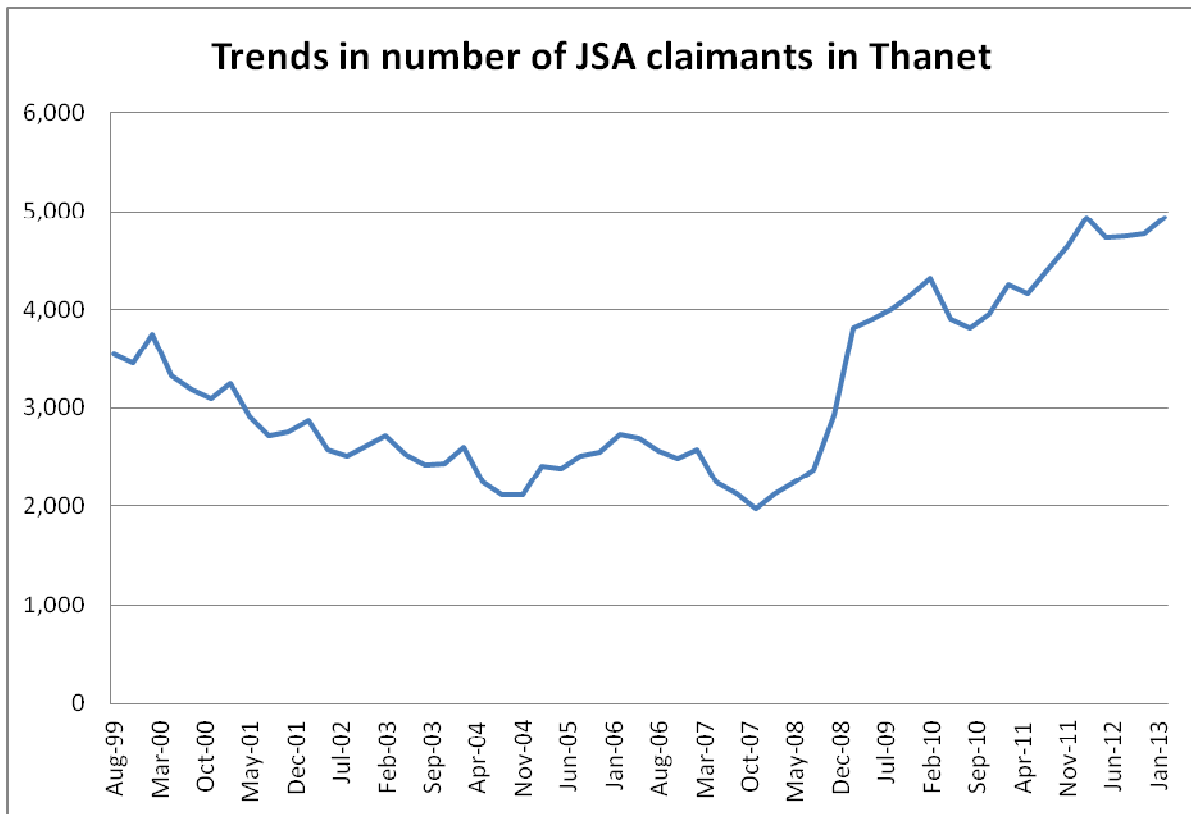
Examples of consultation responses

Below are some comments identified from the consultation responses. Key parts of the responses have been drawn out and they are not attributed to any organisation/person:

- too much in here, especially in the short term, may not be achievable
- prioritise actions that help existing businesses
- the Council should not spread itself too thinly with so many interventions
- ensure existing businesses survive and thrive
- developments must be economic and affordable
- we have a low skill profile of local labour force
- encourage alternative use of property
- include employability skills in education/training
- reduce the number of actions, and priorities in order to improve the prospect of deliverability
- focus on priorities which are critically important to the local economy including;
 - maintaining Assisted Area Status
 - developing a better planning regime and fast track culture and approach to planning
 - recognise that private sector investment, and not public sector funding will drive economic growth
 - identify sources of funding for regeneration activities
 - maximise the value of public sector funding support where available
 - improve the housing stock
- should not focus too much on specific areas so not to overlook other important elements of the local economy
- it should be acknowledged that the Council could delegate the lead role which will avoid any duplication of effort
- adopt a series of key performance indicators and measurements

Annex 2: Contextual Measurement Indicators - Trends

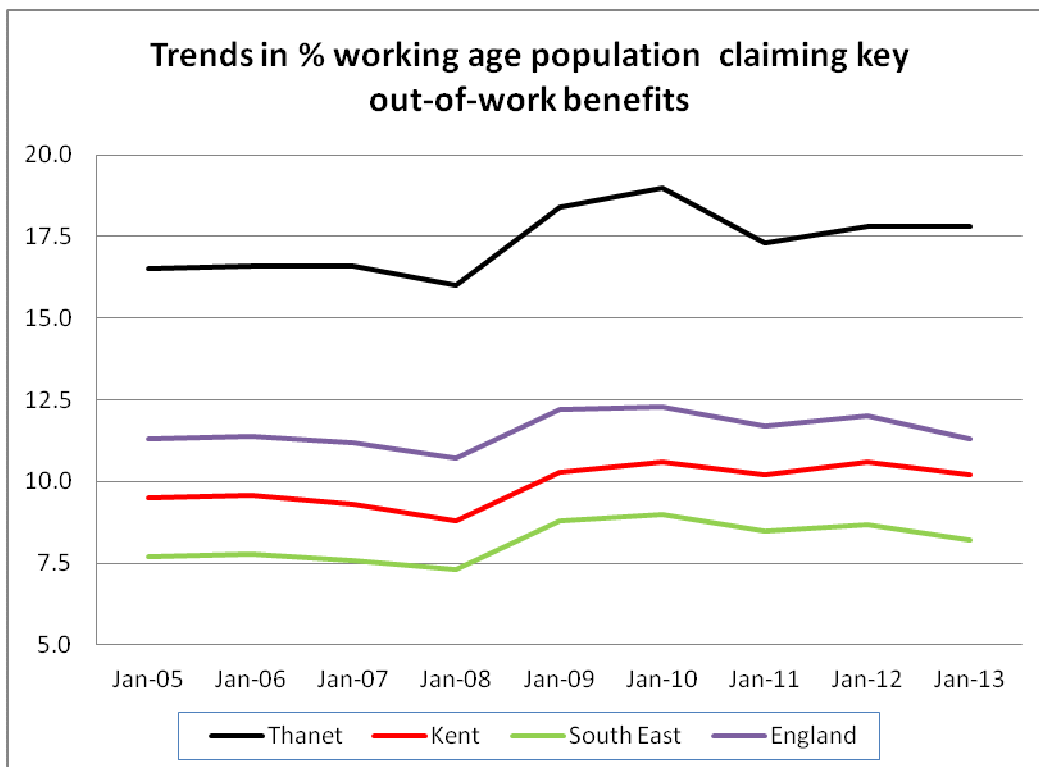
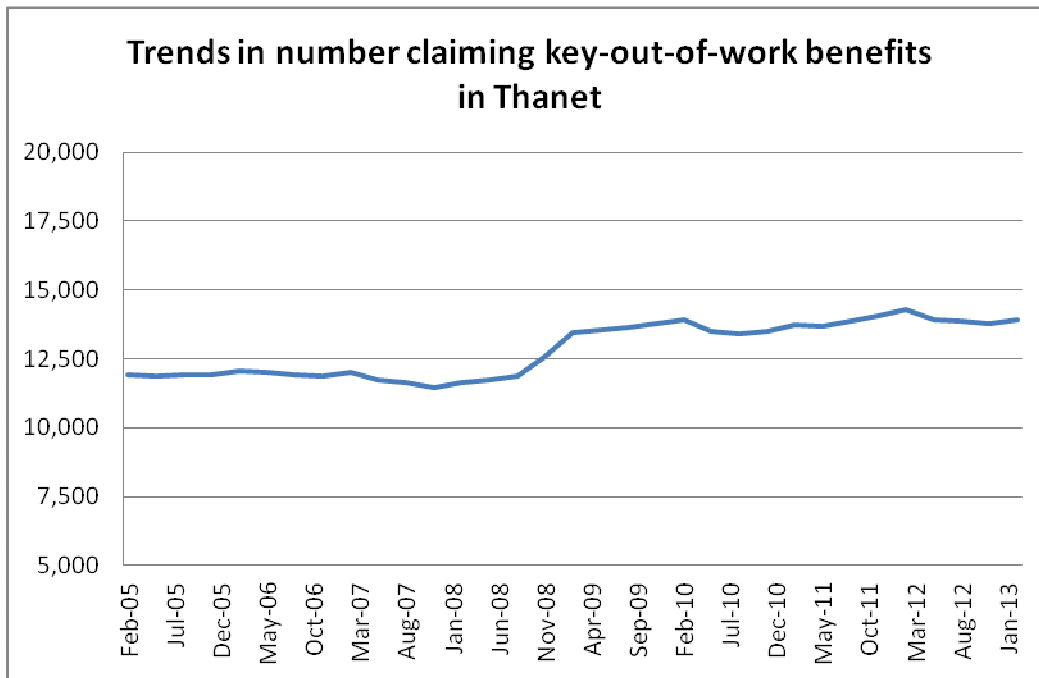
Indicator 1: Number and percentage of people accessing job seekers allowance (JSA)



Notes: Figures are for March each year. Number of JSA claimants is used as proxy for unemployment, for ease of comparison across multiple geographies. P figures are provisional. 2011 Census figure is based on 16-74 age groups.

Source: <http://www.nomisweb.co.uk/reports/lmp/la/2038431814/report.aspx?town=thanet>

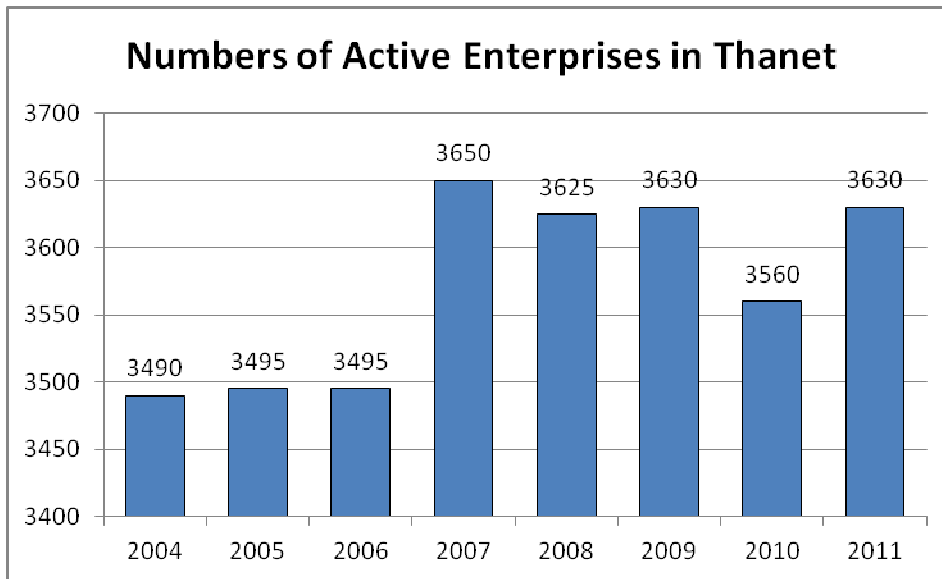
Indicator 2: Number and percentage of people on key out-of-work benefits



Notes: Number of claimants of key-out-of-work benefits is a wider proxy for unemployment, giving considerably higher figures for unemployment across multiple geographies. Measurements of working age population are taken from ONS mid-year estimates. In 2010 these changed to 16-64.

Source: <https://www.nomisweb.co.uk/> and <http://www.ons.gov.uk/ons/search/index.html?newquery=mid-year>

Indicator 3: Count of Active enterprises in Thanet

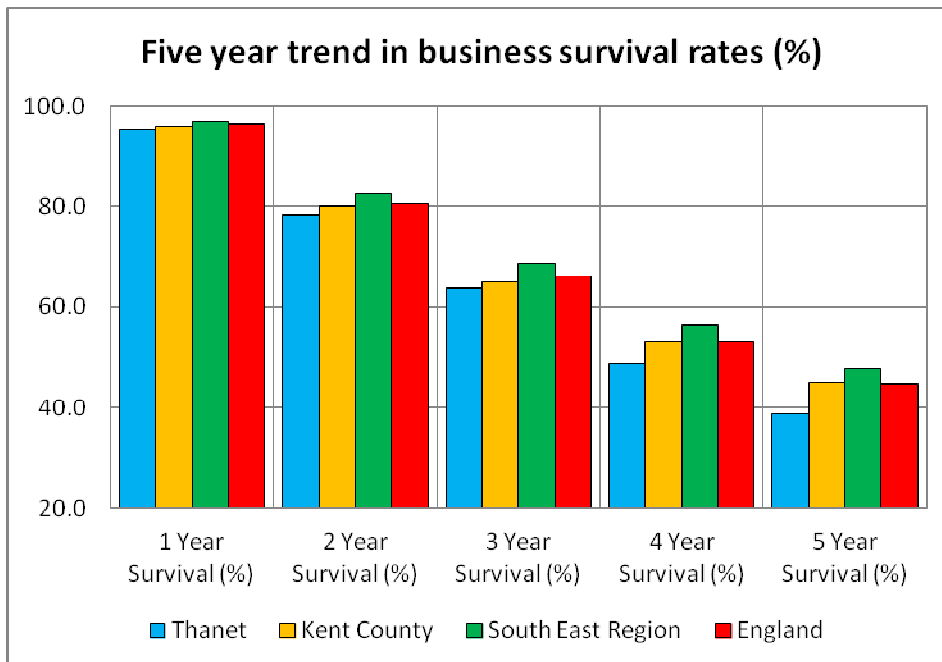


Notes: ONS Business Demography series has been chosen as the one source that carries a consistent series. The percentage of Kent businesses located in each district has remained remarkably constant over the last eight years. Thanet has 6.5% of Kent's enterprises.

Source:

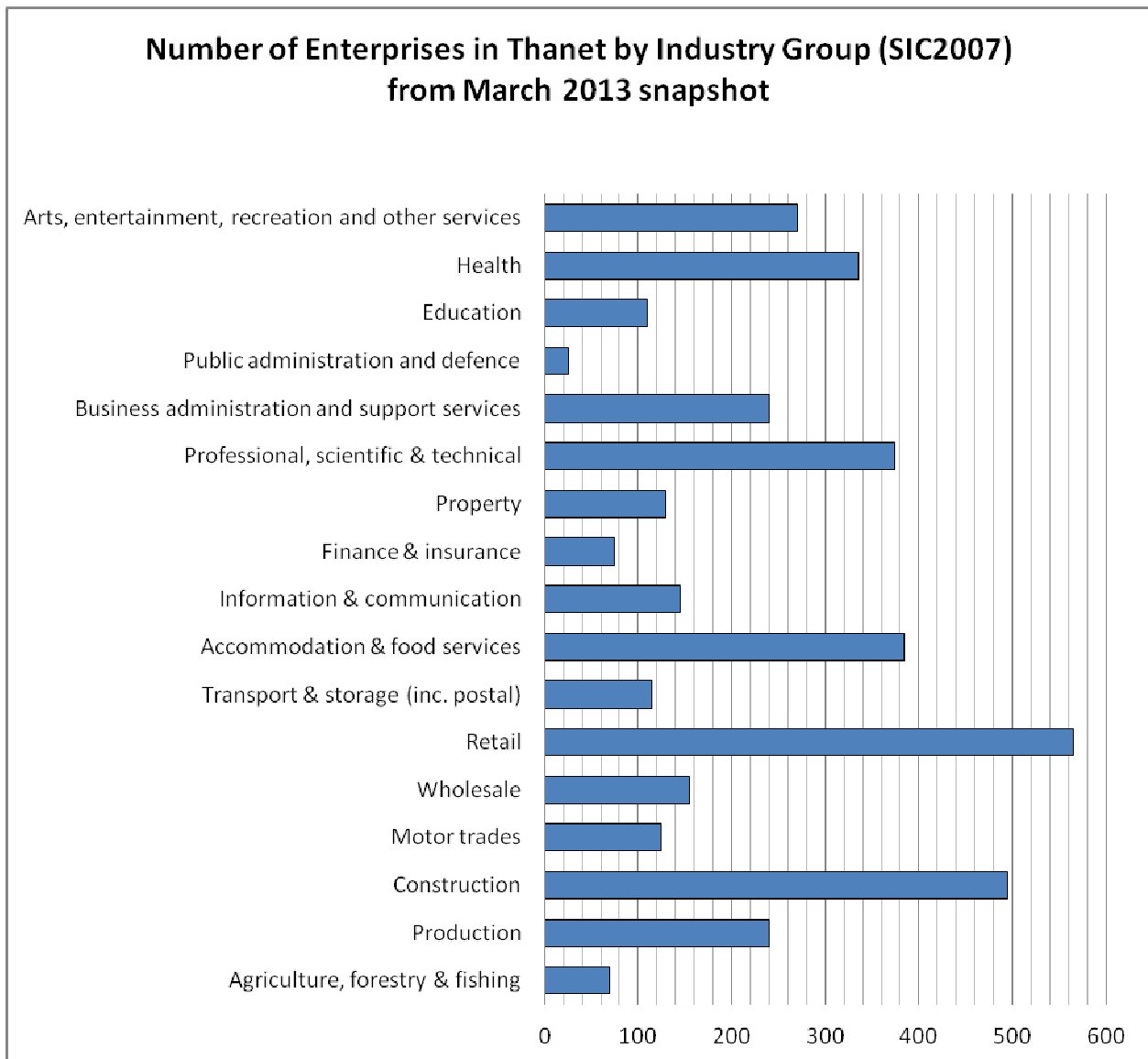
<http://www.ons.gov.uk/ons/search/index.html?pageSize=50&sortBy=none&sortDirection=none&newquery=business+demography+release>

Indicator 4: Five year survival rates of Thanet enterprises



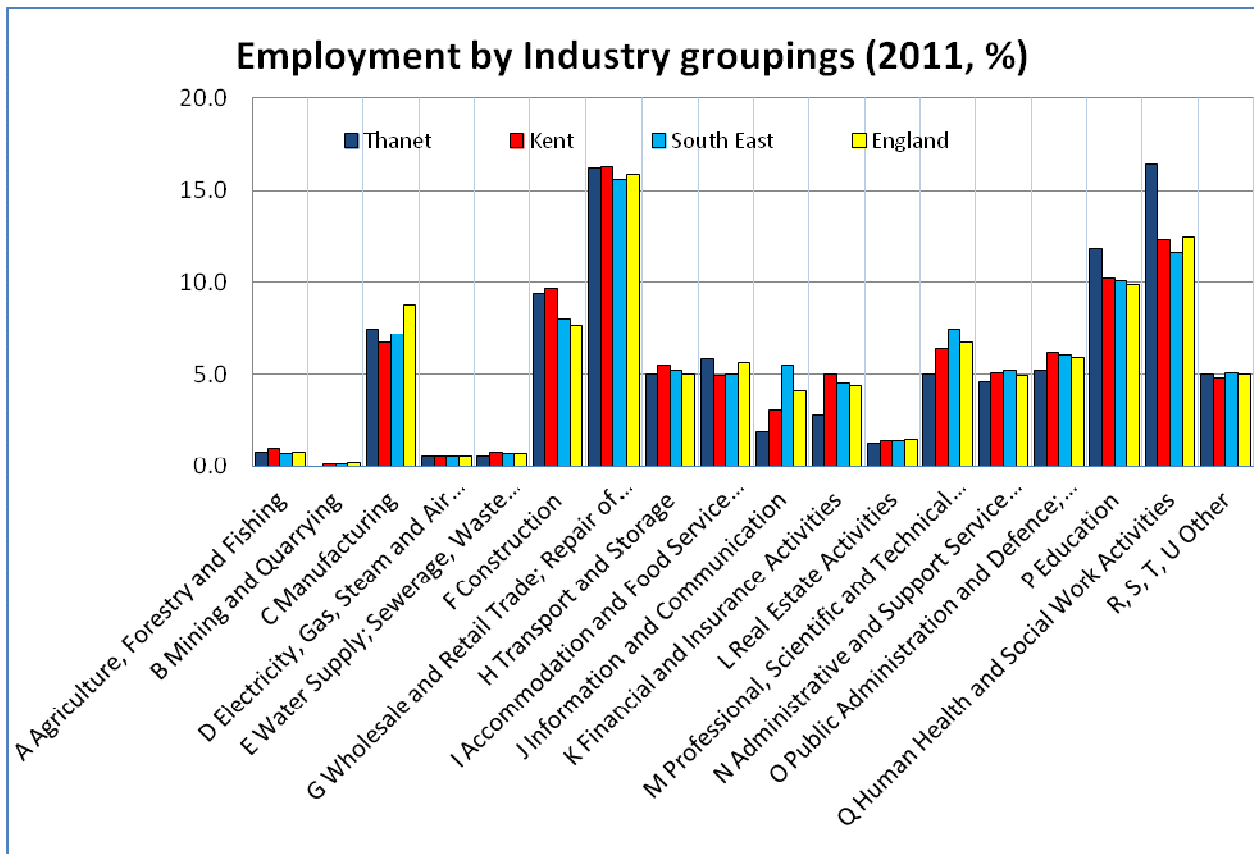
Source: <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-283124>

Indicator 5: Number of enterprises in each sector by SIC broad industry group



Notes: Derived from central government's Inter Departmental Business Register(IDBR)

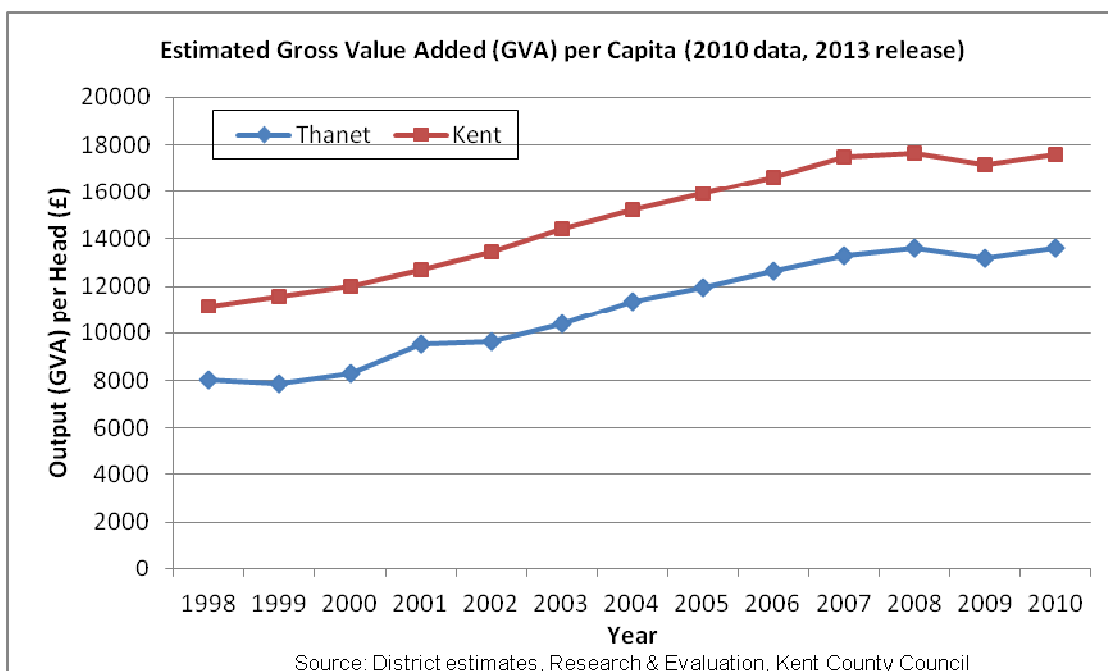
Source: <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tc%3A77-313744>



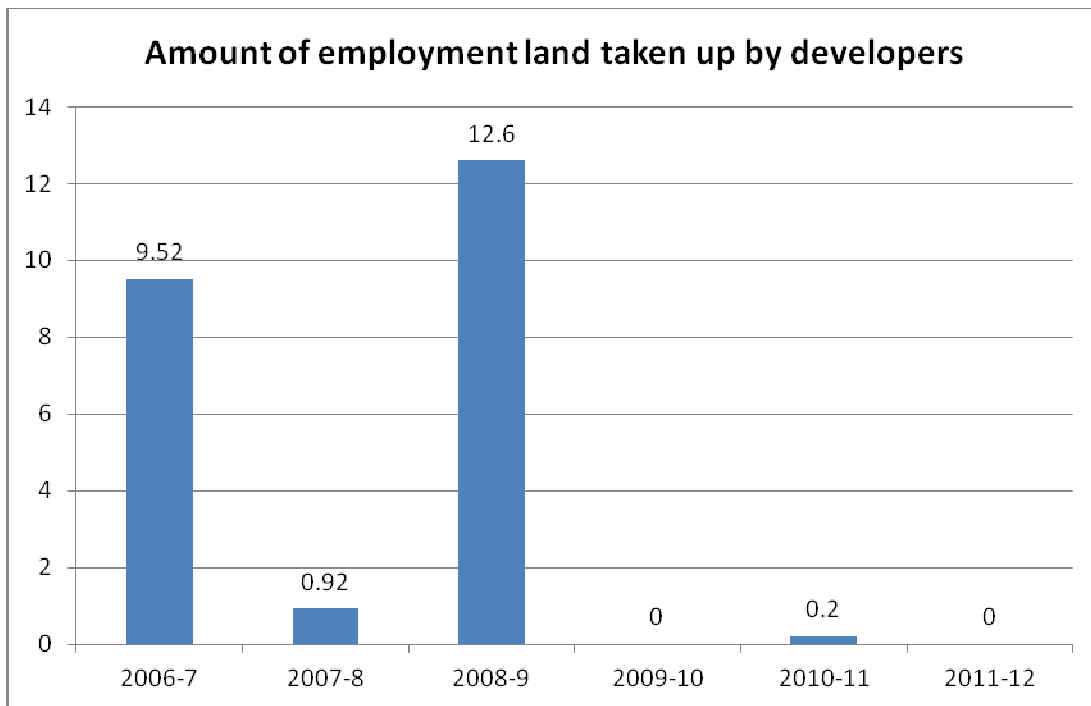
Notes: Derived from ONS Annual UK Business: Activity, size and location 2013

Source: <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-313744>

Indicator 6: Economic activity rate as estimated by GVA per head



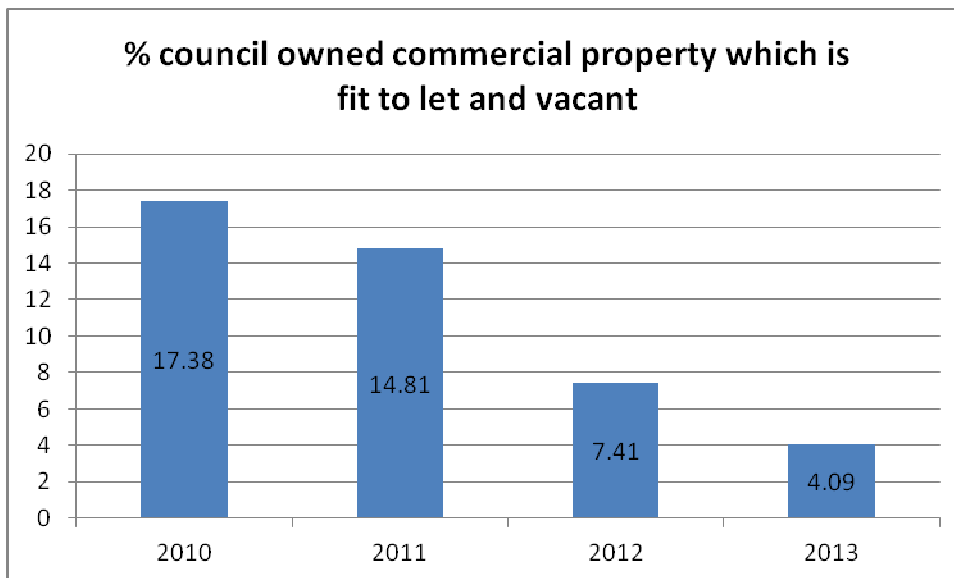
Indicator 7: Amount of allocated employment land taken up



Notes: The total area of employment land in the five main earmarked sites is 134.42ha in 2011. So then level of take-up by developers is very low

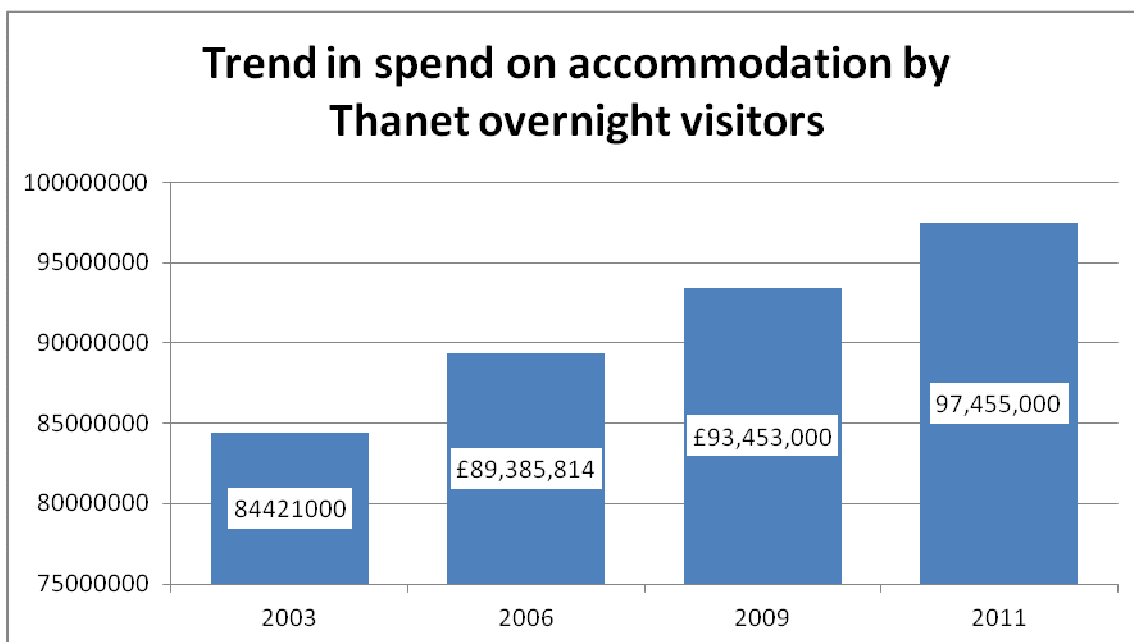
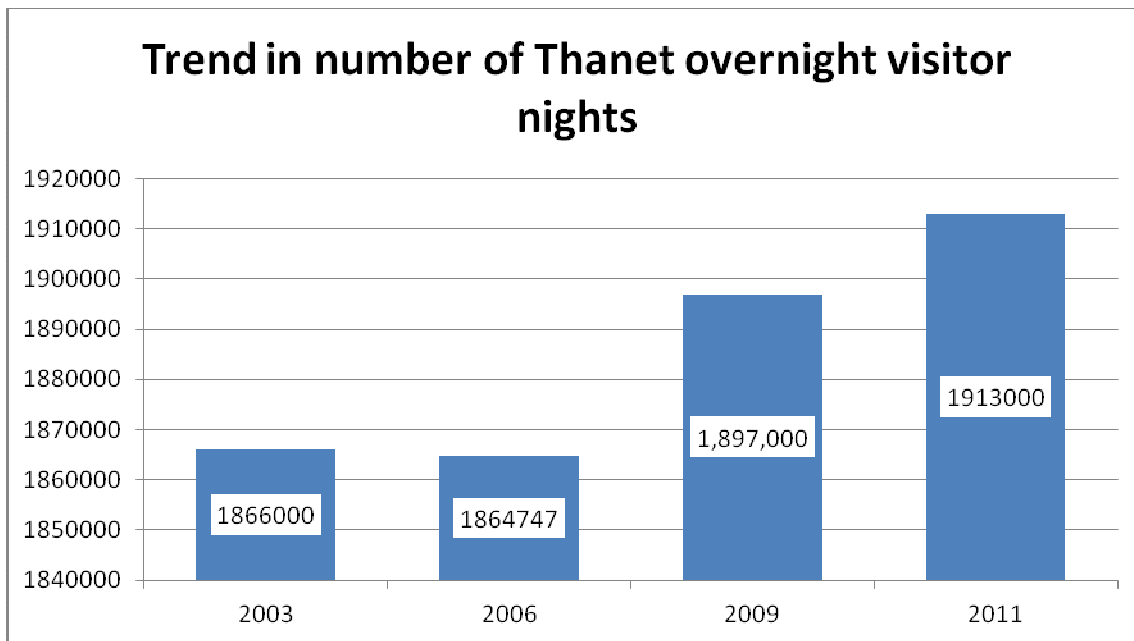
Source: Planning Service Annual Monitoring Report (AMR)

Indicator 8: % council owned commercial property which is vacant (LI021)



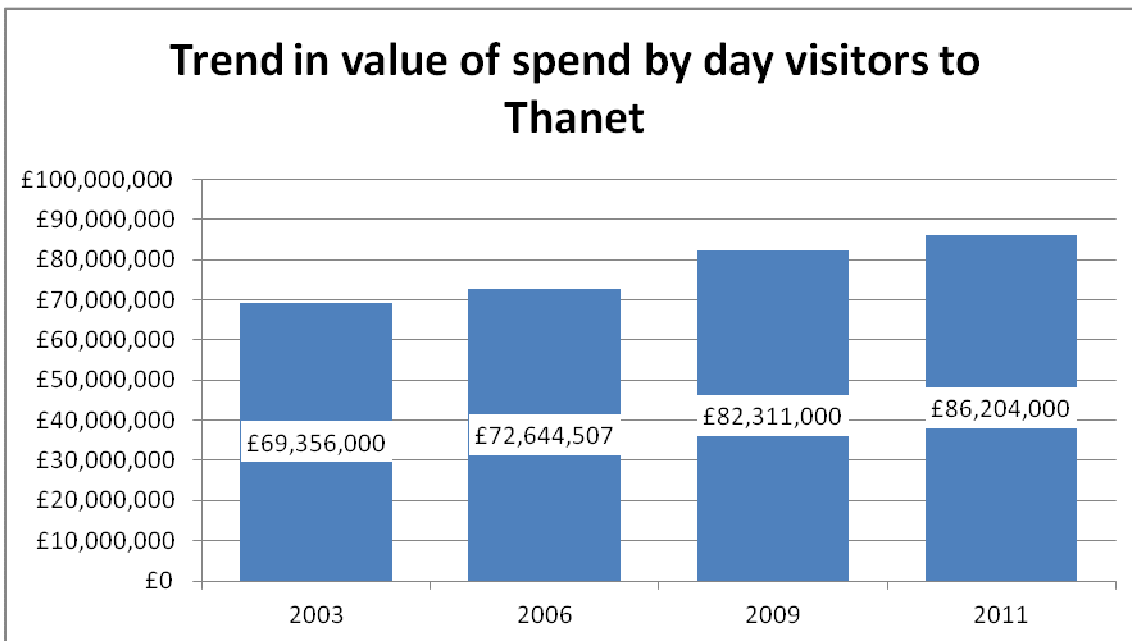
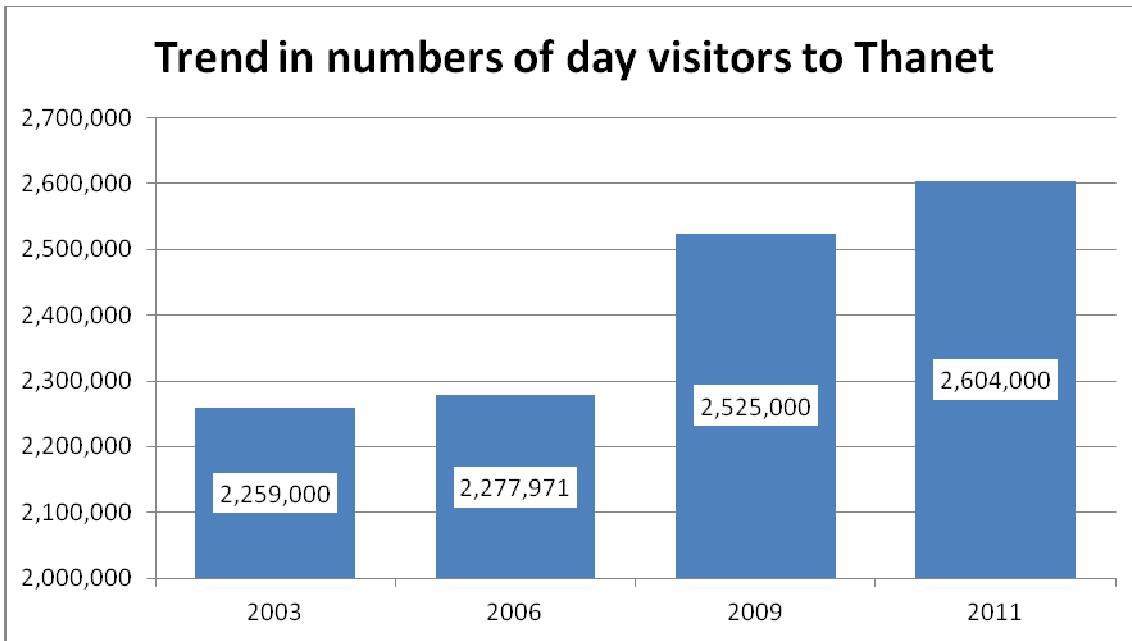
Source: Estates department records reported on Inphase

Indicator 9: Number of overnight visitors and how much they spend



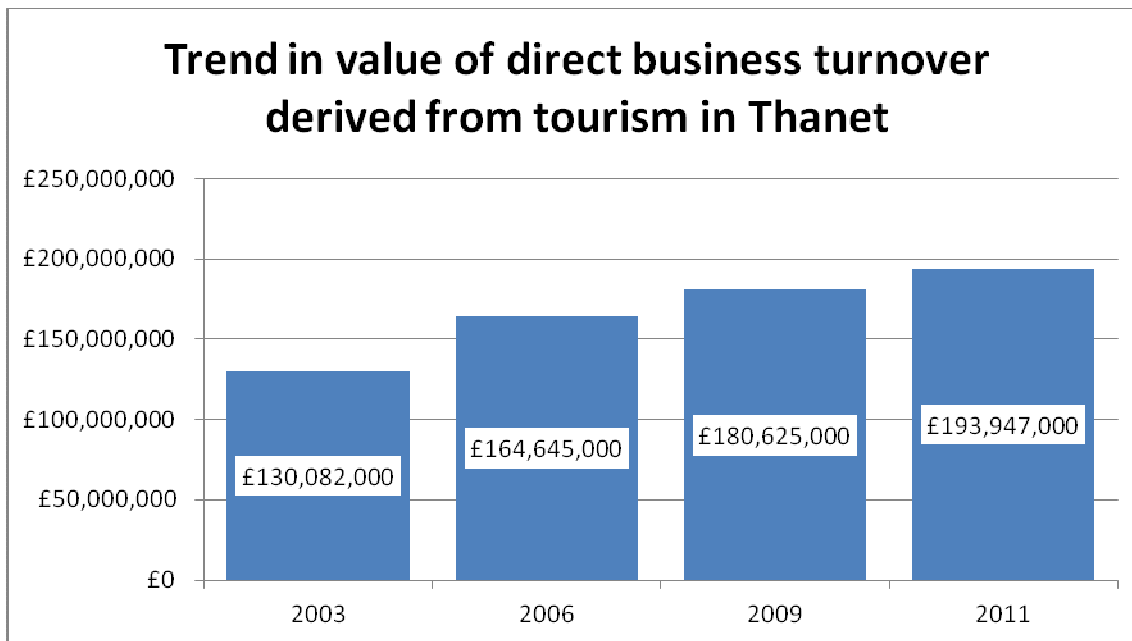
Source: The economic Impact of Tourism on the District of Thanet, prepared for Visit Kent by © Tourism South East

Indicator 10: Number of day visitors and how much they spend



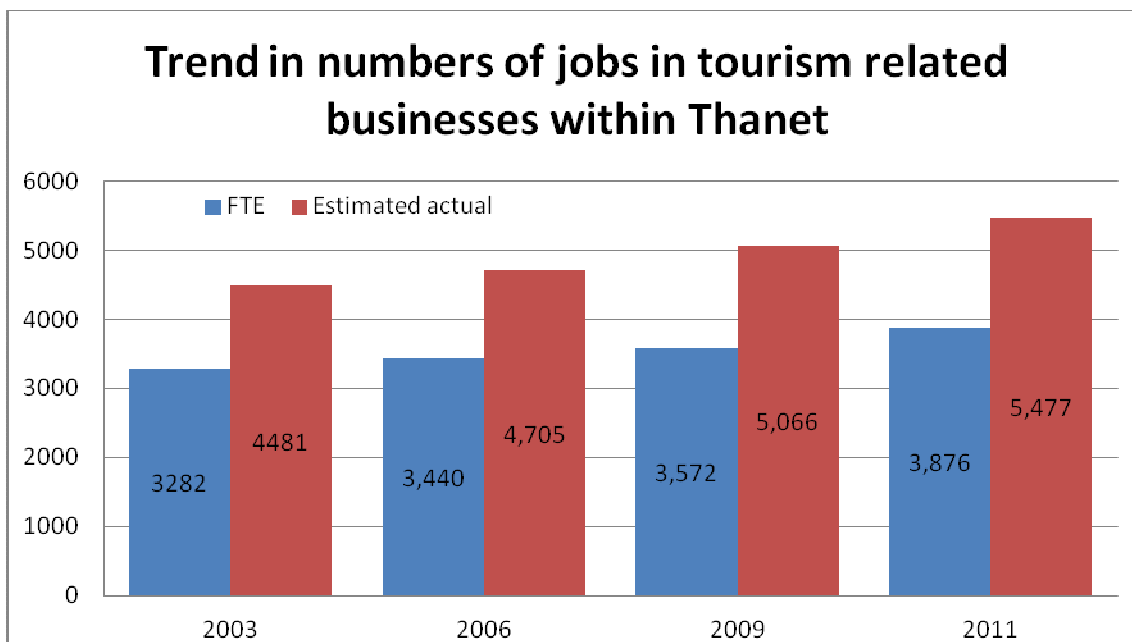
Source: The economic Impact of Tourism on the District of Thanet, prepared for Visit Kent by © Tourism South East

Indicator 11: Business turnover derived from tourism



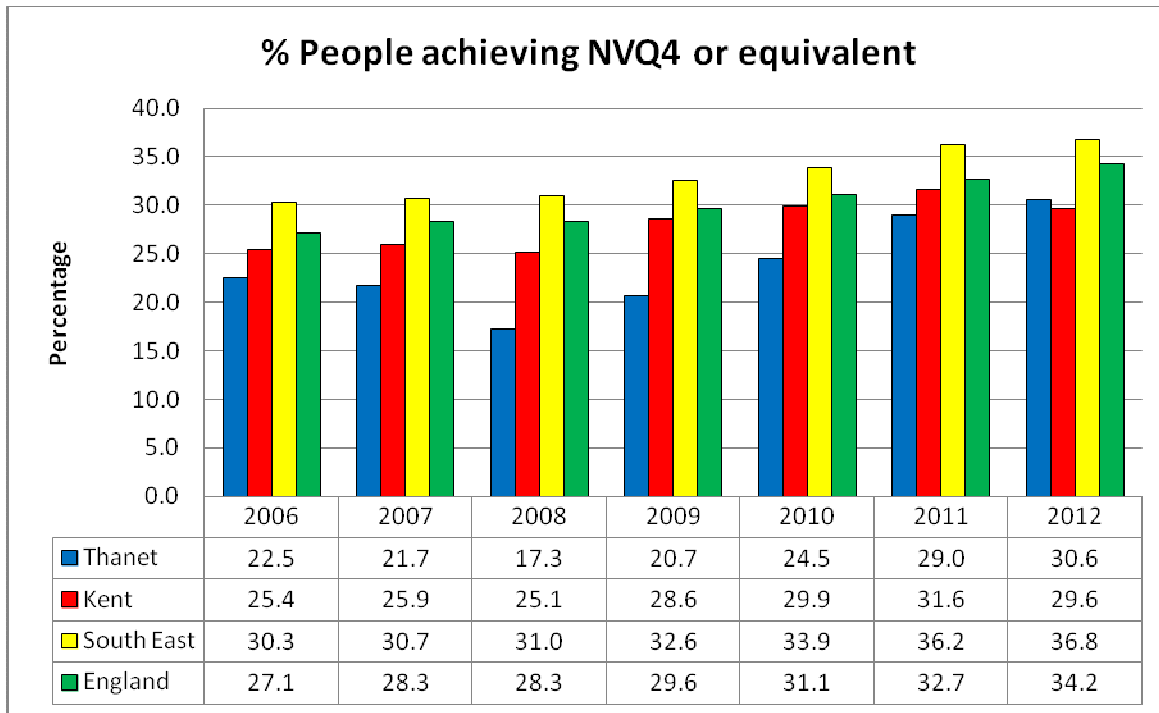
Source: The economic Impact of Tourism on the District of Thanet, prepared for Visit Kent by © Tourism South East

Indicator 12: Total jobs in tourism related business



Source: The economic Impact of Tourism on the District of Thanet, prepared for Visit Kent by © Tourism South East

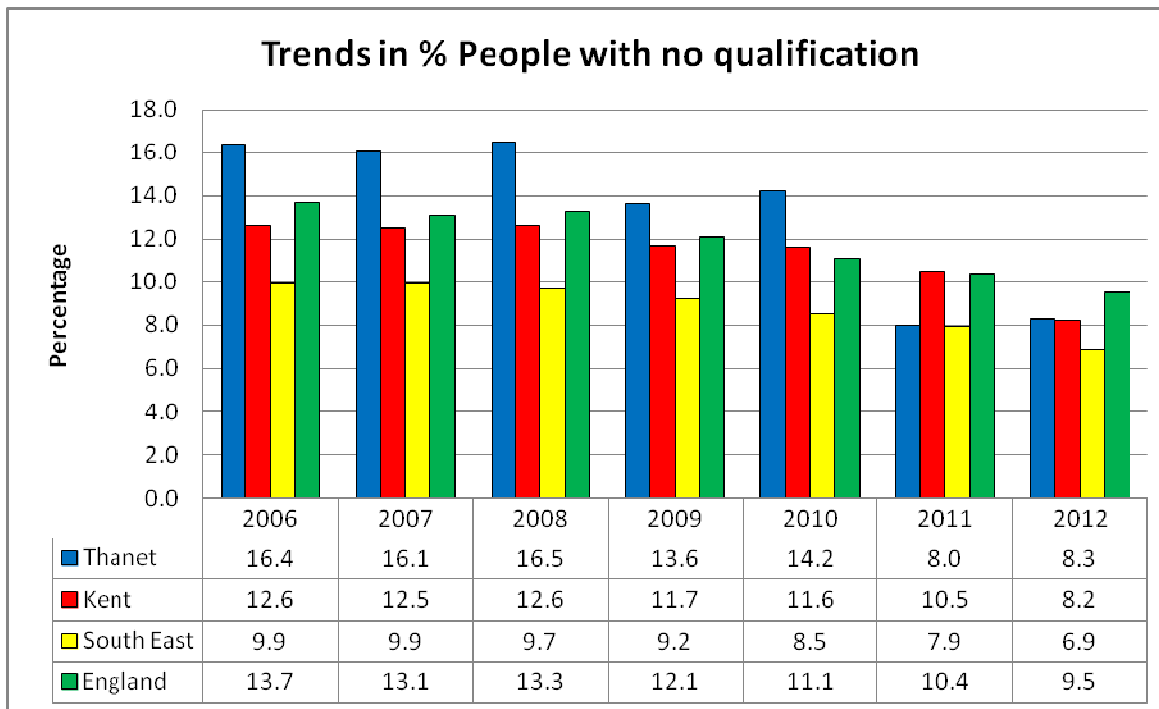
Indicator 13: Number of people achieving NVQ 4+ or equivalent



Notes: e.g. HND, Degree and Higher Degree level qualifications or equivalent

Source: NOMIS qualification reports <https://www.nomisweb.co.uk/>

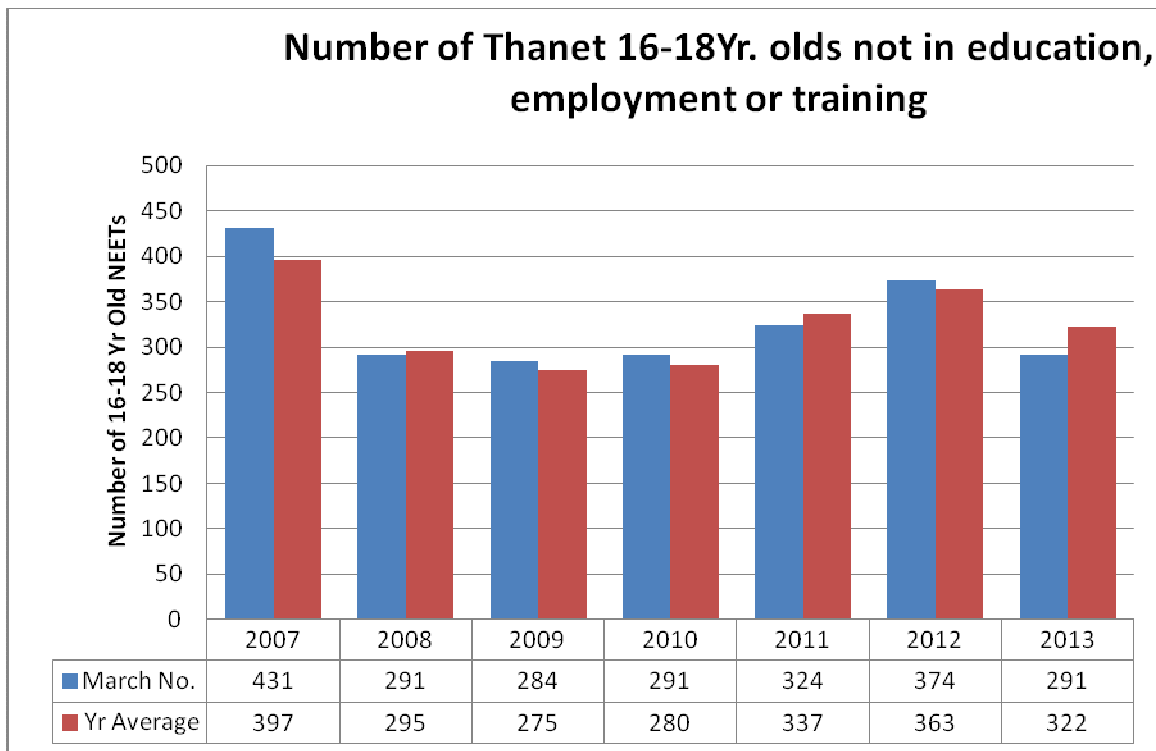
Indicator 14: Number of people with no qualification



Notes: No formal qualifications held

Source: NOMIS qualification reports <https://www.nomisweb.co.uk/>

Indicator 15: Number of 16-18 year olds not in employment education or training (NEET)



Notes: Figures are updated monthly. There is a slight difference between the average in any year and the year end figure, so both are given

Source: Connexions (CXK) <http://cxk.org/>

OSP UPDATE REPORT TO CABINET: - EKHUFT NEW CLINICAL STRATEGY PROPOSAL

To: **Cabinet – 14 November 2013**

Main Portfolio Area: Community Services

By: **Charles Hungwe, Senior Democratic Services Officer**

Classification: **Unrestricted**

Ward: **Thanet Wide**

Summary: **The purpose of the report is to provide an update to Cabinet regarding the scrutiny review work in relation to the proposed Clinical Strategy by the East Kent Hospitals University NHS Foundation Trust (EKHUFT).**

For Decision

1.0 Introduction and Background

- 1.1 On 8 December 2011, Full Council received a question from a member of the public in relation to unconfirmed proposals for transferring trauma services from QEQM Hospital in Margate to Ashford. Some discussions had occurred between Thanet District Council's Cabinet representative and Mr Stuart Bain, Chief Executive of East Kent Hospitals University NHS Foundation Trust. Further investigations of the issue would need to be carried out by the Council.
- 1.2 Cabinet then considered a report on 10 May 2012. Councillor Johnston moved, Councillor Fenner seconded and Members agreed the following:
1. To note the report;
 2. To support the ongoing dialogue with the East Kent Hospitals University NHS Foundation Trust and local campaigners;
 3. Requested the Overview & Scrutiny Panel to add this matter to its Work Plan with a view to informing itself, drafting a consultation response and reporting back to Cabinet.
- 1.3 Thereafter; on 28 May 2012 the Overview & Scrutiny Panel set up the East Kent Hospitals Clinical Strategy Review Task & Finish Group (TFG) to study the proposed clinical strategy and advise the Panel on recommendations to make to Cabinet.
- 1.4 On 15 October 2012 Members of the Task & Finish Group received a power-point presentation on the proposed EK Clinical Strategy by Mr Stuart Bain, CEx of the East Kent NHS Hospitals University Foundation Trust.
- 1.5 At their meeting on 20 November 2012, the Task & Finish Group took evidence from a number of stakeholder groups that included the Clinical Commissioning Group (CCG), Royal College of Surgeons, Patient Group and East Kent Coastal Ambulance Services on the likely impact of the suggested changes to the current

health delivery services in Thanet. Members of the sub-committee agreed to forward to the EKHUFT Board the views of the Council regarding the proposed public consultation. The Chairman of the TFG sent a letter to the EKHUFT Board Chairman on behalf of the sub-group. A copy of the letter is attached as Annex 1 to this report.

- 1.6 The Board Chairman responded and advised Members to respond to the public consultation, once it was in train. A copy of the letter is attached as Annex 2 to the report.

2.0 The Current Situation

- 2.1 On 29 May 2013, the Overview & Scrutiny Panel decided to keep the review of the proposed Clinical Strategy in abeyance until some progress had been made by the EKHUFT Board to produce the final Strategy for public consultation.

- 2.2 As at end of August 2013, the EKHUFT Board had not yet agreed on a final Clinical Strategy proposal to consult on. At a meeting of the East Kent Hospitals University NHS Foundation Trust on 30 August 2013, the Board of Directors considered an update report on the Clinical Strategy.

- 2.3 Detailed analysis of the proposal's various work streams were still being worked through by the Clinical Strategy Implementation Board as can be evidenced by the report considered at the Board meeting on 30 August 2013 which is attached as Annex 3 to the report.

- 2.4 The Overview and Scrutiny Panel considered the issue at its meeting on 22 October 2013; Councillor Campbell proposed, Councillor Harrison seconded and Members agreed the following that:

"The issue be brought back for discussion once the date for the public consultation on the matter has been announced by EKHUFT and decide on whether they are minded to recommend to Cabinet a collective TDC response to the public consultation on a new Clinical Strategy for East Kent as requested by Cabinet on 10 May 2012."

3.0 Options

- 3.1 It is suggested that Cabinet agrees to await the report from the Overview & Scrutiny Panel, which will include a draft consultation response, before responding to the proposals of the EKHUFT Board.

4.0 Corporate Implications

4.1 Financial and VAT

- 4.1.1 There were no financial implications arising directly from this report.

4.2 Legal

- 4.2.1 There were no legal implications arising directly from this report.

4.3 Corporate

4.4 Equity and Equalities

4.4.1 There were no equity and equalities implications arising directly from this report.

5.0 Recommendations

5.1 Members to note the update report;

5.2 Members agree to defer making a final decision on the matter until after the Overview & Scrutiny Panel has made recommendations to Cabinet regarding the public consultation by the EKHUFT Board on the proposed Clinical Strategy for East Kent.

6.0 Decision Making Process

6.1 The Executive can request the Overview & Scrutiny Panel to review an issue of public interest to Thanet area and make recommendations to cabinet for the Executive to consider when making a decision.

Contact Officer:	Charles Hungwe, Senior Democratic Services Officer, Ext 7186
Reporting to:	Glenn Back, Democratic Services & Scrutiny Manger, Ext 7187

Annex List

Annex 1	EK Hospitals Clinical Strategy Review TFG Chairman's Letter to EKHUFT Board – 22 November 2012
Annex 2	EKHUFT Board Chairman's response Letter – 20 December 2012
Annex 3	Update Report to EKHUFT Board – 30 August 2013

Background Papers

Title	Details of where to access copy
None	N/A

Corporate Consultation Undertaken

Finance	Sarah Martin, Financial Services Manager
Legal	Harvey Patterson, Corporate & Regulatory Services Manager

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PO Box 9
Cecil Square
Margate
Kent CT9 1XZ



Our ref:

Mr Nicholas Wells
Chairman
East Kent Hospitals University NHS Foundation Trust HQ
Kent and Canterbury Hospital
Ethelbert Road
Canterbury
Kent
CT1 3NG

Via email to Mr Stuart Bain, CEO, EKHUFT

05 December 2012

Dear Mr Wells

East Kent Hospitals Clinical Strategy Consultation

I am writing to let you know that through the recent East Kent Hospital Foundation Trust engagement process, Thanet District Councillors have heard a great deal about the proposed changes to services at QEQM, both from your Chief Executive, and from our local residents as part of our Overview and Scrutiny function.

The introduction of Major Trauma Units in Kent, and more specifically for East Kent at Ashford has raised concerns that essential surgical services will be drawn away from QEQM. Couple this with the expected consultation on changes to clinical services across East Kent, and I can say that many Councillors and Community representatives have expressed to me their genuine nervousness about a reduction in future services in our area.

I understand that on the 30th of November at your Board Meeting, you were to discuss your Consultation plans for the emerging Clinical Strategy for East Kent. Whilst I would have liked to have written to you earlier about this, I am sorry that our timetable did not allow for our points to be made to you before your Board meeting.

However, I would like to still urge you to ensure that the final consultation is both proactive and genuinely public. In essence, I would recommend that there is full engagement with local Councillors and community representatives; that the consultation and its questions are very visible to the public who understand what is being asked and that the options are clear and do not pre-determine the outcome, if other options are tabled.

I hope that you will find my comments of help to you during your discussions about the consultation and look forward to making our own response to the consultation in due course.

Yours sincerely

Cllr Mike Harrison
Chairman

EKHFT Clinical Strategy Task and Finish Group

East Kent Hospitals University NHS Foundation Trust

Councillor Mike Harrison
Chairman
EKHFT Clinical Strategy Task and Finish Group
PO Box 9
Cecil Square
Margate
Kent
CT9 1XZ

Trust Offices
Kent & Canterbury Hospital
Ethelbert Road
Canterbury
Kent CT1 3NG

Tel: 01227 866308
Fax: 01227 868662

Our Ref: SB/PG/hp

20 December 2012

From the Chief Executive: Stuart Bain

Dear Councillor Harrison

Thank you for your letter dated 5 December 2012 and I am pleased that you recognise the efforts we have made to keep you informed as we progress towards a new clinical strategy. We recognise that in times of change communities and their representatives can become nervous, which is why we are being completely open and transparent regarding the clinical strategy.

I welcome your comments regarding the consultation and can assure you that we intend to fully consult with the public and stakeholders, including yourselves, on any major changes that may be proposed as part of the clinical strategy.

We have used the engagement process to shape our proposals, which are currently being evaluated both internally and externally by the Royal College of Surgeons. In the New Year, once the evaluation regarding viability and sustainability has been completed, we will begin a three month comprehensive consultation process on any proposed changes. The process will be well publicised and provide multiple opportunities for the public to express their opinions.

The provision of health services is a complex area, with many inter-related factors, but we are working very hard to ensure that we clearly explain the options and their impacts.

Thank you again for your comments and I look forward to receiving your views regarding the clinical strategy once the consultation gets underway.

Yours sincerely

Stuart Bain
Chief Executive



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EAST KENT HOSPITALS UNIVERSITY NHS FOUNDATION TRUST

REPORT TO:	BOARD OF DIRECTORS – 30 AUGUST 2013
SUBJECT:	CLINICAL STRATEGY
REPORT FROM:	DIRECTOR OF STRATEGIC DEVELOPMENT AND CAPITAL PLANNING
PURPOSE:	Information
CONTEXT / REVIEW HISTORY / STAKEHOLDER ENGAGEMENT	
The paper provides the Trust's Board of Directors with an update on the progress being made on the plans to develop the Trust's Clinical Strategy.	
SUMMARY:	
East Kent Hospitals University NHS Trust (EKHUFT) has been working to develop a clear strategy for its clinical services. This report provides an update on the progress to date from the Clinical Strategy Implementation Board, which oversees each of the work streams that have been tasked with developing a clinical strategy for:	
<ul style="list-style-type: none"> a. Emergency Surgery; b. Planned Care; c. Emergency Care; d. Outpatients; e. Trauma; f. The Dover Project; and g. Communication and Engagement. 	
IMPACT ON TRUST'S STRATEGIC OBJECTIVES:	
The Clinical Strategy impacts on SO1; SO2; SO3; SO4; SO5 and SO6	
FINANCIAL IMPLICATIONS:	
Financial implications of the Clinical Strategy are being quantified and will form part of the business cases taken forward through the Trust's formal approval mechanisms.	
LEGAL IMPLICATIONS / IMPACT ON THE PUBLIC SECTOR EQUALITY DUTY:	
None	
PROFESSIONAL ADVICE TAKEN ON ANY NOVEL OR CONTENTIOUS ISSUES	
None	
BOARD ACTION REQUIRED:	
(b) to note the report	
CONSEQUENCES OF NOT TAKING ACTION:	
None	

The Trust's Clinical Strategy

1. Introduction

1.1 East Kent Hospitals University NHS Trust (EKHUFT) has been working to develop a clear strategy for its clinical services. This report provides an update on the progress to date from the Clinical Strategy Implementation Board, which oversees each of the work streams that have been tasked with developing a clinical strategy for:

- a. Emergency Surgery;
- b. Planned Care;
- c. Emergency Care;
- d. Outpatients;
- e. Trauma;
- f. The Dover Project; and
- g. Communication and Engagement.

2. Emergency Surgery

2.1 The Emergency Surgery Work Stream continues to progress the development of a clinical strategy for medium and high risk general surgical services.

2.2 Three options for the future model for medium and high risk surgery have been produced and these options were reviewed by the Clinical Strategy Implementation Board in 2012. These three options were approved as being viable subject to external clinical challenge and further detailed financial analysis.

2.3 The three options that have been produced are:

Option A: medium and high risk inpatient general surgical care to be provided from the William Harvey Hospital (WHH);

Option B: medium and high risk inpatient general surgical care to be provided from the Kent and Canterbury Hospital (KCH); and

Option C: Continue to provide medium and high risk inpatient general surgical care from both Queen Elizabeth The Queen Mother Hospital (QEQQMH) and WHH

2.4 One month's data for general surgical activity has now been analysed in detail which has enabled the Team to identify low, medium and high risk procedures, cross-referenced with the complexity of the patients (those with co-morbidities) and the time of day and day of the week surgery was carried out. This detailed analysis will enable the Team to identify the level of activity that would need to be carried out at the surgical hub(s). In turn, this will inform the number of in-patient beds required by site; the day-case / 23 hour bed capacity required by site; the number of operating theatres required at each site; and the design of the estate and capital costs required to support this activity.

- 2.5 Once the general surgical activity data has been analysed and clearly understood (the Team is aiming to complete the detailed data analysis by the end of September), a business case will be required to ensure that all implications associated with the different options can be included within the consultation process. This will include a thorough analysis and understanding of the clinical adjacencies and service dependencies related to general surgery, for example, critical care provision, paediatric surgery and gynaecology surgery.

3. Planned Care Work Stream

- 3.1. The Planned Care Work Stream has continued to progress the development of a clinical strategy for breast surgery and the surgical ambulatory care pathways.
- 3.2. Four options for the future of breast surgery services were appraised using the Trust's option appraisal scoring model and these were presented to an Executive Challenge Event in July. The conclusion drawn from the Executive Challenge Event highlighted the fact that there were clear inter-dependencies between breast surgery and medium and high risk surgery. It was apparent that the future of breast surgery provision in East Kent was integrally linked with the options for the future provision of medium and high risk surgery and therefore both services should be considered together rather than as separate services.
- 3.3. The Kent Health Overview and Scrutiny Committee (HOSC) had also recommended in June that the options around the future provision of breast surgery should be subject to a formal public consultation. The options for the future of medium and high risk surgery would also require a formal public consultation process. The decision was taken to review the provision of breast surgery in conjunction with the provision of medium and high risk surgery.

4. Emergency Care (medicine, paediatrics and gynaecology services) Work Stream

- 4.1. The plans for Emergency care were the subject of an Executive Challenge Event in July. One of the key areas that still require additional work relates to the need to amend the estates plans for each of the emergency departments and the subsequent capital costs, which will form a major element of the full business case. Those estates plans also need to take into consideration the future proposals for medium and high risk surgery and any other possible subsequent change in service provision.
- 4.2. At the last Emergency Care Work Stream Project Board it was agreed that a surgical assessment unit (SAU) could be provided as part of the emergency care full business case (FBC). The Clinical Strategy Implementation Board meeting which was scheduled for Wednesday 28th August will also be dedicated to agreeing a solution for the SAU and for the need to create additional ITU capacity at WHH. The proposals for the SAU may then be incorporated into the Emergency Care FBC. Once the FBC has been completed it will be presented to a further Executive Challenge Event prior to being submitted to the Strategic Investment Group (SIG).
- 4.3. Alongside the work to review the Emergency Care strategy, work is progressing to implement up to 10 new ambulatory emergency care pathways this year. Discussions continue with the CCGs through the Ambulatory Emergency Care Steering Group for

developing and implementing these pathways and a half-day workshop is being planned to look at changes to patient pathway models and financial flows.

5. Outpatients Work Stream

- 5.1. Work to develop a Clinical Strategy for the Trust's outpatient services has been progressing well. The key principles of the Outpatient Clinical Strategy are based on improving the Trust's outpatient services and improving access for the local population.
- 5.2. The FBC for outpatient services was presented to SIG in June 2013 and then to the Corporate Performance Management Team (CPMT) in July. The business case was agreed in principle with some additional work to be completed on:
 - a. the exception report – a report which highlights where services are currently provided from and where service provision may not be equitable across the Trust;
 - b. some phasing for capital expenditure; and
 - c. some more detailed work on the North Kent coast site proposal.
- 5.3. The exception report has been completed and has been presented back to the Divisions for further challenge. It is envisaged that this element of work will be completed by the end of August.
- 5.4. The phasing of capital expenditure has been completed and this will be presented to the Finance and Investment Committee (FIC) in August before being presented to the Trust's Board of Directors meeting in September.
- 5.5. A proposal to develop plans for a 7th outpatient site at Sittingbourne is also under consideration. Commissioners in Swale are working with EKHUFT to provide details of specialties and activity numbers for a sustainable service to be provided by the Trust in the Swale area.
- 5.6. Following discussions with CCGs, the Trust has agreed that the proposals for outpatient services will be subject to formal public consultation. The plans for the public consultation process are being worked up by the Communications and Engagement Work Stream (see Communications and Engagement Work Stream below).
- 5.7. The plans to undertake more detailed work on the North Kent coast proposal have been put on hold until after the public consultation has been completed.

6. Trauma

- 6.1 The Trust went live with the WHH being designated as an Interim Trauma Unit on 8th April 2013. The Trauma Unit service has been running smoothly since the go-live date and the project has now become fully operational and has been handed over to the Urgent Care and Long-term Conditions Division. The Surgical Services Division and the Urgent and Long-Term Conditions Division continue to monitor and report on the Trauma activity and to ensure all the operational standards are met.

7. Dover Hospital Project

- 7.1. Work continues to progress on the new Dover Hospital project. The Hospital will provide a wide range of outpatient services co-located with diagnostic facilities as well as renal dialysis, child health ambulatory services and a minor injuries unit. All existing

services will continue to be provided from the current hospital whilst construction of the new hospital is underway.

- 7.2. Following a review of the activity planned for the new hospital, it was felt that the costs associated with providing lower endoscopies in the proposed treatment room by far out-weighed the income that would be generated from this service. As a consequence, a decision has been taken to remove the provision of lower endoscopies from the new site. The plans have been adjusted accordingly and the area will be "future proofed" to allow for service development if necessary (the clean and dirty scope rooms will remain with fixtures but no equipment will be purchased for this procedure).
- 7.3. The final 1:50 drawings have been completed and are with the Divisions for final sign off. Clinical engagement is good and the components list has been distributed for checking by each team.
- 7.4. Nightingale Associates, the Architects Practice leading the design of the new hospital, has provided proposals for the design of the building's interior and these will be discussed with the users during September.
- 7.5. The Trust has now received the Guaranteed Maximum Price (GMP) from the contractor Interserve Ltd. and building work is due to commence shortly. A separate paper on the capital costs associated with the Dover Project will be presented to the FIC and to the Board of Directors in August.
- 7.6. The planned completion date of the new hospital has slipped by approximately two months due to the discovery of asbestos in the buildings that had to be demolished, the need to redesign part of the building to comply with planning requirements, and the second World War bunkers that we knew existed in the car park (which turned out to be a lot larger than we had originally believed). The planned hand over date therefore is now February 2015.

8. Communication and Engagement Work Stream

- 8.1. Early engagement has already taken place with CCGs, a wide range of stakeholders and hospital-related patient groups on the Trust's Clinical Strategy.
- 8.2. Now that plans for outpatient services have become clearer a decision has been taken to carry out a public consultation on the proposals for outpatient services.
- 8.3. The Trust will be working with the Kent and Medway Commissioning Support (KMCS) Unit to undertake the outpatient public consultation. A meeting has been arranged for 22nd August with KMCS Team to scope out the public consultation and to agree timescales and costs.
- 8.4. The public consultation will focus on the Trust's proposals to implement a new model of care for outpatient services across East Kent including the proposal to provide extended opening hours and one-stop outpatient clinics. The consultation will also present the Trust's proposals to concentrate outpatient services onto a fewer number of sites and will outline a range of proposals for the future provision of outpatient services on the North Kent coast and in the Deal area. The consultation will encompass difficult issues as some local GPs may feel their patients will be disadvantaged by the loss of outpatient clinics from their local Community Hospital. However, under the proposals 88% of patients will be able to access a local outpatient service within 20 minutes by car as opposed to 73% currently.

- 8.5. The consultation documentation will explore the “pros and cons” of each option and is also likely to explore a “do-nothing” option. The main aim will be to create opportunities for local people across east Kent to receive information about the proposals and be able to ask questions and share their views on the proposed changes. This engagement will involve a range of external patient groups, the voluntary and community sector and the wider public.
- 8.6. Work is already underway to lay the ground work for the consultation process. An outpatient survey commenced on 21st August asking patients to provide the Trust with their top three ideas for improving outpatient services. The results of this survey will be used in the public consultation documentation.
- 8.7. C4 CCG has confirmed that they wish to work jointly with EKHUFT on the consultation process. The remaining three CCGs have all confirmed that they intend to be consultees in the process.
- 8.8. The current, proposed, draft timescales suggest that the Trust might commence the outpatient consultation in mid-October through to the end of January (a period of 13 weeks). This would enable the Trust’s Board of Directors to conclude on a preferred service model for outpatient services in March 2014. The draft timescales are however very tight and allow for no slippage or delays. A final timeline will be formally agreed with KMCS and then presented to the Trust’s Board of Directors in September.
- 8.9. It is likely that a second formal public consultation process will be required for the proposed service changes that will come out of the rest of the Clinical Strategy (medium and high risk surgery, breast surgery and any other possible subsequent service changes).

9. Next Steps

- 9.1. The detailed analysis of the general surgical activity data will continue so that clarity can be sought for the capacity planning required for each option for medium and high risk surgery. The plans for breast surgery and other clinical dependencies will then be incorporated into the FBC for surgical services.
- 9.2. Work will continue to model the estates changes required for Emergency Care services and will include a solution for a Surgical Assessment Unit. The FBC will then be presented to an Executive Challenge Event in October.
- 9.3. The Teams will continue to develop the plans for Ambulatory Care services, working closely with CCGs and the Trust’s Finance Department.
- 9.4. The Communications and Engagement Team will work closely with KMCS to clarify the scope and timescales for the public consultation on outpatient services.

COUNCIL PETITION REFERRAL: - INTERIM RECOMMENDATIONS FROM THE OVERVIEW & SCRUTINY PANEL TO CABINET – FREEHOLD OF PLEASURAMA SITE, RAMSGATE

To: **Cabinet – 14 November 2013**

Main Portfolio Area: Operational Services

By: **Charles Hungwe, Senior Democratic Services Officer**

Classification: **Unrestricted**

Ward: **Eastcliff**

Summary: The report invites Cabinet to consider interim recommendations from the Overview and Scrutiny Panel regarding the current Development Agreement in relation to the Pleasurama Site.

For Decision

1.0 Introduction and Background

- 1.1 A petition was considered at Full Council meeting on 18 April 2013 and it was agreed that the petition be referred to the Overview & Scrutiny Panel. As a result of this the Panel agreed to set up a Pleasurama Site Development Task & Finish Group as a priority scrutiny project for 2013/14 at its meeting on 23rd April. The Group was then set up on 28 May 2013. The Executive acknowledged their support for the Scrutiny initiative at the extraordinary Cabinet meeting on 29 May 2013.
- 1.2 At its meeting on 22 October 2013 the Overview and Scrutiny Panel received and adopted some recommendations that had been forward to the Panel by the Task & Finish Group.
- 1.3 Although the Sub-Group has not yet completed its review project, Members agreed interim recommendations regarding the current development agreement which were then adopted by to the Overview and Scrutiny Panel.

2.0 The Current Situation

- 2.1 At that October Overview & Scrutiny Panel meeting Members agreed the following:
 - a) THAT the Corporate and Regulatory Services Manager requests the Leader of the Council as quickly as possible for an executive decision, authorising him to seek external legal advice;
 - b) That no executive decision is taken in relation to further varying the Development Agreement, but that any recommendation in that regard be made to Council for final decision.

2.2 The Corporate & Regulatory Services Manager may wish to update Members at the Cabinet meeting on how the recommendation highlighted in Section 2.1 (a) has been progressed. However it may be worth noting that the Leader has already given his consent that external legal advice be sought and Council is now awaiting the response from the external solicitors.

3.0 Options

3.1 Cabinet may wish to adopt the recommendations from the Overview and Scrutiny Panel as reflected in Section 2.1 of the report;

Or

3.2 Cabinet may opt to note the recommendations in Section 2.1 of the report and then defer making a final decision on the recommendation 2.1 (b) until the Pleasurama Site Development Review Task & Finish Group has completed its scrutiny work and made recommendations to the Panel for onward submission to the Cabinet.

Or

3.3 Cabinet may decide to refuse recommendation 2.1 (b) from the Overview and Scrutiny Panel.

4.0 Corporate Implications

4.1 Financial and VAT

4.1.1 There are no financial implications arising directly from this report. However if the Executive sought external legal advice there are financial costs to be borne.

4.2 Legal

4.2.1 There are no legal implications arising directly from this report. However if the Executive sought external legal advice there are financial costs to be borne.

4.3 Corporate

4.4 Equity and Equalities

4.4.1 There are no equity and equalities issues arising directly from this report.

5.0 Recommendation

5.1 Taking into consideration the recommendations from the Overview & Scrutiny Panel and the options highlighted in Section 2.1 and Section 3.0 of the report respectively, guidance is sought from Cabinet.

6.0 Decision Making Process

6.1 This issue is a Council referral to the Overview & Scrutiny Panel. Although Cabinet is the decision maker on this referral; the Panel would need to report back to Council their findings and recommendations. The Panel can in the meantime make interim recommendations to Cabinet and or Council on the subject under review.

Contact Officer:	Charles Hungwe, Senior Democratic Services Officer
Reporting to:	Glenn Back, Democratic Services Manager

Annex List

None	N/A
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Background Papers

Title	Details of where to access copy
None	N/A

Corporate Consultation Undertaken

Finance	Sarah Martin, Financial Services Manager
Legal	Harvey Patterson, Corporate & Regulatory Services Manager

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THANET DISTRICT COUNCIL DECLARATION OF INTEREST FORM

Do I have a Disclosable Pecuniary Interest and if so what action should I take?

Your Disclosable Pecuniary Interests (DPI) are those interests that are, or should be, listed on your Register of Interest Form.

If you are at a meeting and the subject relating to one of your DPIs is to be discussed, in so far as you are aware of the DPI, you **must** declare the existence **and** explain the nature of the DPI during the declarations of interest agenda item, at the commencement of the item under discussion, or when the interest has become apparent

Once you have declared that you have a DPI (unless you have been granted a dispensation by the Standards Committee or the Monitoring Officer, for which you will have applied to the Monitoring Officer prior to the meeting) you **must**:-

1. Not speak or vote on the matter;
2. Withdraw from the meeting room during the consideration of the matter;
3. Not seek to improperly influence the decision on the matter.

Do I have a significant interest and if so what action should I take?

A significant interest is an interest (other than a DPI or an interest in an Authority Function) which:

1. Affects the financial position of yourself and/or an associated person; or
Relates to the determination of your application for any approval, consent, licence, permission or registration made by, or on your behalf of, you and/or an associated person;
2. And which, in either case, a member of the public with knowledge of the relevant facts would reasonably regard as being so significant that it is likely to prejudice your judgment of the public interest.

An associated person is defined as:

- A family member or any other person with whom you have a close association, including your spouse, civil partner, or somebody with whom you are living as a husband or wife, or as if you are civil partners; or
- Any person or body who employs or has appointed such persons, any firm in which they are a partner, or any company of which they are directors; or
- Any person or body in whom such persons have a beneficial interest in a class of securities exceeding the nominal value of £25,000;
- Any body of which you are in a position of general control or management and to which you are appointed or nominated by the Authority; or
- any body in respect of which you are in a position of general control or management and which:
 - exercises functions of a public nature; or
 - is directed to charitable purposes; or
 - has as its principal purpose or one of its principal purposes the influence of public opinion or policy (including any political party or trade union)

An Authority Function is defined as: -

- Housing - where you are a tenant of the Council provided that those functions do not relate particularly to your tenancy or lease; or
- Any allowance, payment or indemnity given to members of the Council;
- Any ceremonial honour given to members of the Council
- Setting the Council Tax or a precept under the Local Government Finance Act 1992

If you are at a meeting and you think that you have a significant interest then you **must** declare the existence **and** nature of the significant interest at the commencement of the

matter, or when the interest has become apparent, or the declarations of interest agenda item.

Once you have declared that you have a significant interest (unless you have been granted a dispensation by the Standards Committee or the Monitoring Officer, for which you will have applied to the Monitoring Officer prior to the meeting) you **must**:-

1. Not speak or vote (unless the public have speaking rights, or you are present to make representations, answer questions or to give evidence relating to the business being discussed in which case you can speak only)
2. Withdraw from the meeting during consideration of the matter or immediately after speaking.
3. Not seek to improperly influence the decision.

Gifts, Benefits and Hospitality

Councillors must declare at meetings any gift, benefit or hospitality with an estimated value (or cumulative value if a series of gifts etc.) of £100 or more. You **must**, at the commencement of the meeting or when the interest becomes apparent, disclose the existence and nature of the gift, benefit or hospitality, the identity of the donor and how the business under consideration relates to that person or body. However you can stay in the meeting unless it constitutes a significant interest, in which case it should be declared as outlined above.

What if I am unsure?

If you are in any doubt, Members are strongly advised to seek advice from the Monitoring Officer or the Democratic Services and Scrutiny Manager well in advance of the meeting.

DECLARATION OF DISCLOSABLE PECUNIARY INTERESTS, SIGNIFICANT INTERESTS AND GIFTS, BENEFITS AND HOSPITALITY

MEETING.....

DATE..... AGENDA ITEM

DISCLOSABLE PECUNIARY INTEREST

SIGNIFICANT INTEREST

GIFTS, BENEFITS AND HOSPITALITY

THE NATURE OF THE INTEREST, GIFT, BENEFITS OR HOSPITALITY:

.....
.....
.....

NAME (PRINT):

SIGNATURE:

Please detach and hand this form to the Democratic Services Officer when you are asked to declare any interests.