

# Public Document Pack



Date: 14 January 2013  
Our ref: Cabinet/Agenda  
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## CABINET

**22 JANUARY 2013**

A meeting of the Cabinet will be held at **7.00 pm on Tuesday, 22 January 2013** in the Council Chamber, 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**
3. **MINUTES OF PREVIOUS MEETING** (Pages 1 - 6)  
To approve the summary of recommendations and decisions of the Cabinet meeting held on 08 November 2012, copy attached.
4. **BUDGET MONITORING REPORT TO END OF NOVEMBER 2012** (Pages 7 - 18)
5. **2013/14 BUDGETS AND MEDIUM TERM FINANCIAL PLAN 2013-17** (Pages 19 - 130)
6. **HOUSING STRATEGY 2012-2016** (Pages 131 - 204)
7. **PROPOSED REVISED LOCAL DEVELOPMENT SCHEME** (Pages 205 - 232)
8. **ALLOCATIONS POLICY** (Pages 233 - 264)
9. **PIERREMONT PARK COMMUNITY CENTRE LEASE** (Pages 265 - 272)
10. **OVERVIEW & SCRUTINY PANEL RECOMMENDATIONS TO CABINET - THANET BEACHES CONTAMINATION REVIEW** (Pages 273 - 284)
11. **NOTICE ON MOTION REFERRED BY COUNCIL - RAMSGATE ROYAL SANDS** (Pages 285 - 288)
12. **INTRODUCTION OF DOG CONTROL ORDER - DUMPTON GAP** (Pages 289 - 296)
13. **ENFORCEMENT OF THE TERMS OF THE HEAD LEASE OF THE ARLINGTON SITE, MARGATE** (Pages 297 - 320)

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## CABINET

**Minutes of the meeting held on 8 November 2012 at 7.00 pm in Council Chamber, Council Offices, Cecil Street, Margate, Kent.**

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

**In Attendance:** Bayford, Bruce, Campbell, Driver, Edwards, E Green, King, Moores, W Scobie, S Tomlinson, Watkins, Wells and Wise

### **25. APOLOGIES FOR ABSENCE**

Apologies were received from Councillor Poole.

### **26. DECLARATIONS OF INTEREST**

There were no declarations of interest.

### **27. MINUTES OF PREVIOUS MEETING**

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

#### **General Announcement: - Report on Arlington House**

Councillor C. Hart, the Leader of Council advised Members that a report on Arlington House which was meant to be considered at this Cabinet meeting would now be brought to the next Cabinet meeting.

### **28. RISK MANAGEMENT STRATEGY**

Having a Risk Management Strategy was a statutory requirement and demonstrated good governance within the Council. Reviewing this strategy was good practice. The Risk Management Strategy detailed the Council's commitment to risk management.

Councillor Wise spoke under Council Procedure Rule 24.1.

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

1. To approve the reviewed Risk Management Strategy.

### **29. 2012-2013 SECOND QUARTER REPORT ON PROGRESS AGAINST CORPORATE PLAN**

The Corporate Plan provided information on the Council's key priorities; related activities and progress made to-date and identified remedial action where appropriate.

Councillors Bayford, Wells and King spoke under Council Procedure Rule 24.1.

Councillor Fenner proposed, Councillor D. Green seconded and Members agreed to note the report.

### **30. BUDGET MONITORING REPORT QUARTER 2 - 2012/13**

Council produced quarterly budget monitoring reports to inform Members of the budget performance against the General Fund, Housing Revenue Account and the capital

programme for 2012/13. In this instance Cabinet was receiving a report for the second quarter.

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

1. To note the projected outturn position for 2012/13 for the General Fund;
2. To approve the draw down of £40k from the Homelessness Reserve;
3. To note the current Housing Revenue Account position;
4. To note the General Fund and Housing Revenue Account Capital Programmes;
5. To approve the use of reserves to cover the shortfall in capital receipts;
6. To approve the draw down of £216k from HRA balances to support the Newington Development project.

### **31. LOCALISATION OF COUNCIL TAX DISCOUNT SCHEME**

Government was reducing the funding of Council Tax Benefit by 10% and transferring the responsibility for designing the scheme to each local Council. The new local scheme should be in place by April 2013. East Kent Services were given the authority to design such a scheme on behalf of Thanet District Council, Dover District Council and Canterbury City Council as a joint East Kent Council Tax Reduction Scheme. A public consultation was undertaken which helped inform the options for Council. The EK Services model has been designed to meet the criteria for the Kent wide scheme.

Councillors Driver and King spoke under Council Procedure Rule 24.1.

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

1. To recommend to Council the adoption of the scheme as proposed in the consultation exercise and Option 2.

### **32. 2013/14 BUDGETS AND MEDIUM TERM FINANCIAL PLAN 2013-17**

The Councils draft budget proposals for 2013/14 were built in a context of reduced government funding, a limiting economic environment and the need to balance the budget. Fundamental to the budget preparation was the need to craft a four year Medium Term Financial Plan, which forms the Council's overarching Budget Strategy, whose main objective was to create a sustainable budget that will deliver the policies and aspirations of the Council over the medium term.

Councillors Wise and Bayford spoke under Council Procedure Rule 24.1.

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

1. That Members approve the approach being used to develop the budget estimates for the General Fund Revenue, Capital and Housing Revenue Accounts 2013 – 2017;
2. That Members note the financial risk assessment for the General Fund Revenue Account that will be used to inform the setting of reserves for 2013 – 2017;
3. That Members recommend to Council the draft fees and charges for 2013/14.



**33. STATEMENT OF GAMBLING POLICY**

The Council is required by the 2005 Gambling Act to review its Gambling Policy every three years. A public consultation was carried out in summer and a limited number of responses were received. The updated Policy has to be in place in January 2013.

Councillor Wells spoke under Council Procedure Rule 24.1.

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

1. To recommend that Full Council adopt the Statement of Gambling Policy.

**34. THANET ARMED FORCES COVENANT**

The Thanet Armed Forces Covenant was a statement of mutual support between the civilian community and the local armed forces community. The covenant encouraged support to the armed forces community that work and reside in the District and is in recognition of the sacrifices that are made by military personnel. Thanet District Council was requested to be a signatory to the Covenant.

Councillors Moores and Wells spoke under Council Procedure Rule 24.1.

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

1. That Thanet District Council becomes a signatory to the Thanet Armed Forces Covenant.

**35. COMMUNITY RIGHT TO BID**

Under the Localism Act 2011, the Council has a duty to maintain a list of buildings and other lands in its area which are of community value and ensure that when such assets are sold, local community groups have the opportunity to delay the sale to enable them to prepare a bid to buy such assets.

Councillor Wells spoke under Council Procedure Rule 24.1.

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

1. To agree the council's approach to this new duty as set out in the report;
2. To delegate responsibility to the Director of Community Services to implement and manage the duties under this legislation. This will include:
  - i. The decisions on whether assets are listed on the register of assets or not;
  - ii. Reviews of decisions to include an asset on the register when requested by the owners. It is proposed that these review decisions are taken with the appropriate portfolio holder;
  - iii. Assessment of compensation claims made by owner or former owners due to losses and expenses incurred due an asset being listed;
  - iv. Reviews of decisions on compensation when requested by the owners;
  - v. The administration of the processes the council is required to carry out under the Community Right to Bid legislation.

### **36. REVIEW OF EAST KENT ARRANGEMENTS**

Over the last 18 months, there has been a decrease in the appetite for continued joint working by some of the participating local Councils. This has led to Shepway District Council withdrawing from EK Services. The remaining partners began to question the current structure of the EKJAC and have expressed the desire for reviewing the arrangements to reflect on the number of changes that have taken place since the formation of these joint arrangements in 2008.

Councillor Fenner proposed, Councillor D. Green seconded and Members agreed to recommend to Council the following:

1. That the East Kent Joint Arrangements Committee and the East Kent Joint Scrutiny Committee be dissolved with effect from the date of the establishment of the Committee referred to in paragraph 8.2 below.
2. That operating arrangements for a Committee relating to functions shared by Canterbury City Council, Dover District Council and Thanet District Council ('the Continuing Councils') be drafted by the respective Heads of Legal and be submitted to the Continuing Councils for approval with scrutiny being undertaken by the scrutiny committees of the Continuing Councils. Kent County Council and Shepway District Council are to be notified of the date of establishment of the new Committee.
3. That all agreements or arrangements which may need to remain in effect after the dissolution of EKJAC be reviewed by the Heads of Legal of all the Participating councils and they be delegated the power by their respective Councils that if relevant to them they agree the continuation of those matters in such form as they think appropriate.

### **37. REFRESH OF KENT JOINT MUNICIPAL WASTE MANAGEMENT STRATEGY 2012-2021**

The review of the Kent Joint Municipal Waste Management Strategy 2012-21 was necessitated by the need to reflect the changes that have been achieved since 2007 and the increased targets on recycling that have been adopted by the government and across Europe. However Members were concerned by the Kent County Council decision to close the Richborough Waste & Recycling Facility in Sandwich, on the border with Dover District Council.

The following Members spoke under Council Procedure Rule 24.1:

Councillor W. Scobie;  
 Councillor Moores;  
 Councillor E. Green;  
 Councillor Driver;  
 Councillor King.

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

1. That the refreshed objectives and policies for the Kent Waste Partnership contained in Annex 1 of Appendix 1 to the Cabinet report be adopted and supported by Thanet District Council;
2. That the Leader of Council writes to the Leader of Kent County Council expressing disappointment over the decision by KCC to close the Richborough Waste & Recycling Facility and to request a meeting between the two leaders to discuss the issue of the closure and its serious consequences for Thanet.

**38. ASSETS FOR DISPOSAL**

The Council makes use of its property to deliver its own services and support local community groups to provide a wide range of local facilities and activities. The current Interim Asset Disposal Plan detailed the number of sites for disposal and the process for disposing such assets.

Councillor Wells spoke under Council Procedure Rule 24.1.

Councillor C. Hart proposed, Councillor D. Green seconded and Members agreed the disposal of the sites listed below:

- i. Former Rose garden, Pysons Road, Broadstairs;
- ii. 41 Hawley Square, Margate;
- iii. Ramsgate Swimming Pool site, Newington Road, Ramsgate;
- iv. Site in Mocketts Wood, St Peters, Broadstairs;
- v. Jewson site, Tivoli Road, Margate;
- vi. 38-40 Grosvenor Place, Margate.

Meeting concluded: 8.55 pm

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## **BUDGET MONITORING REPORT TO END OF NOVEMBER 2012**

To: **Cabinet – 22 January 2013**

Main Portfolio Area: **Financial Services**

By: **Financial Services Manager**

Classification: **Unrestricted**

Ward: **All**

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**Summary:** **To inform Cabinet of the budget monitoring position against the General Fund, Housing Revenue Account and capital programme as at the end of November 2012.**

### **For Decision**

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#### **1.0 Introduction**

1.1 This report enables Cabinet to take an informed view of the likely financial out-turn on the General Fund, Housing Revenue Account and capital programme for 2012/13. The report summarises the main issues, with the detail being provided in the annexes.

#### **2.0 Summary Outturn Position for the General Fund 2012/13**

- 2.1 It was reported to Cabinet in November that an under-spend of £1.8k was projected, based on early monitoring returns.
- 2.2 Budget monitoring has now been undertaken to the end of November 2012. Based on this monitoring, an under-spend of £4.94k is now anticipated against the General Fund for 2012/13.
- 2.3 The significant changes from the position reported to Cabinet in November in relation to September monitoring have been identified below. Work is continuing to firm up the potential outturn position and therefore a revised report will be brought to Cabinet in March to keep Members fully informed

## General Fund Outturn 2012/13

- 2.4 The table below shows the projected outturn for period ending 30 November 2012 for the General Fund Revenue Budget 2012/13:

	<b>September Monitoring</b>	<b>November Monitoring</b>
	000's	000's
East Kent Shared Services	0.0	0.0
East Kent Housing	0.0	0.0
Chief Executive & S151	(3.3)	0.0
Director of Operational Services	(27.3)	0.0
Director of Community Services	66.5	(4.94)
Director of Corporate Services & Transformation	(37.7)	0.0
Total	(1.8)	(4.94)

### 3.0 Detailed Variance Analysis

- 3.1 Operational Services, savings have been realised within this area over the course of this financial year, these savings have been earmarked to cover the one off staff costs associated with restructuring the Waste Service, as a result Operational Services is showing a breakeven position.
- 3.2 Community Services is projecting an under-spend of £4.94k. This is as a result of various underspends being targeted to deliver a breakeven position, eliminating the overspend previously forecast for the year. In the main these variances relate to realignment of costs associated with Homelessness and reduced costs associated with Community Development and Sports Development offset in part by an overspend on contract costs.
- 3.3 Corporate Services and Transformation is now showing a breakeven position for the year due to further scrutiny of Corporate budgets. These have allowed £25k to be earmarked towards the Pay and Reward Scheme as indicated in paragraph 4.2.

### 4.0 Summary Report by Senior Manager

- 4.1 Attached at **Annex 1** is a summary report per Senior Manager which provides details of budgets broken down over subjective analysis.
- 4.2 During the year vacancy savings have been optimised to provide flexibility around the pay and reward scheme and as a result these savings have not been reflected within the attached Annex or the summary provided above. Should there be a surplus at year end, this will be carried forward to provide additional flexibility moving forward.

## 5.0 Housing Revenue Account

- 5.1 A surplus of £414k is currently projected for the Housing Revenue Account. This is in respect of additional rental income due to better void management of £81k; increased rentals of £45k following the re-negotiation of aerial leases, £6k for shop rental income and £5k for parking space rental income. A saving of £26k has been achieved against the insurance charges to the HRA within the rents rates, taxes and other charges. This is off set by a reduction in contributions towards expenditure of insurance costs recovered of £20k, with extra income against the Leasehold Management fee leaving a net forecast for contributions towards expenditure of £14k. Potential savings of £11k have been identified against the Supervision and Management special costs being the end of a KCC contract; and projected savings of £254k against debt interest charges due to the budget being based on the initial HRA debt settlement figure rather than the final figure. A detailed breakdown is provided at **Annex 2**.
- 5.2 The HRA had a loan maturing in December 2012 of £515k and the overachieved savings have been utilised to pay off this loan, with the balance being taken from the existing surplus already budgeted for.

## 6.0 Capital Programme

- 6.1 The authority has been notified of an extra allocation of the Disabled Facilities Grant from Central of Government of £194k and this has been built into the current programme. It is likely that the works for Public Conveniences will slip by an additional £30k into next financial year (total slippage £92k). The funding required for the latest capital programme for 2012/13 for the General Fund is shown at **Annex 3**.
- 6.2 The latest capital programme for 2012/13 for the Housing Revenue Account is shown at **Annex 4**. Some virements have been requested to cover small overspends. The current forecast provided by East Kent Housing projects a forecast spend of £1.778m against a budget of £1.98m. We have been advised that these are due to works not being required and are likely to result in a saving of £207k. Final payments have been made by the authority for the New Build Project which resulted in 5 new build houses and shows a variance to budget of £10k. Overall the HRA capital programme is forecasting a £197k under-spend.

## **7.0 Corporate Implications**

### **7.1 Financial**

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

### **7.2 Legal**

7.2.1 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, it is the Chief Executive (S151 Officer), Sue McGonigal, and this report is helping to carry out that function.

### **7.3 Corporate**

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

### **7.4 Equity and Equalities**

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

## **8.0 Recommendations**

8.1 That Cabinet notes the projected outturn position for 2012/13 for the General Fund.

8.2 That Cabinet notes the current Housing Revenue Account position and approves the virements as per the table in Annex 2 to cover the repayment of the loan due.

8.3 That Cabinet notes the General Fund and Housing Revenue Account Capital Programmes.

Annex 1	Summary Report by Director
Annex 2	Housing Revenue Account
Annex 3	Funding of Capital Programme
Annex 4	Housing Revenue Account Capital Programme

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#### Contact Officers:

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

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



Summary Report per Director

	5E East Kent Shared Services			5H East Kent Housing			S Chief Executive And S151		
	Working Budget	Revised Forecast	Variance	Working Budget	Revised Forecast	Variance	Working Budget	Revised Forecast	Variance
Employees	9,130,870	9,130,870	-	-	-	-	230,390	233,503	3,113
Premises Related Expenditure	1,990	1,990	-	-	-	-	-	-	-
Transport Related Expenditure	61,600	61,600	-	810	810	-	8,280	7,780	(500)
Supplies And Services	2,226,070	2,226,070	-	122,260	122,260	-	81,650	79,037	(2,613)
Third Party Payments	419,720	419,720	-	-	-	-	-	-	-
Transfer Payments	2,240	2,240	-	-	-	-	-	-	-
Income	(7,993,650)	(7,993,650)	-	(128,350)	(128,350)	-	(29,100)	(29,100)	-
	<b>3,848,840</b>	<b>3,848,840</b>	-	<b>(5,280)</b>	<b>(5,280)</b>	-	<b>291,220</b>	<b>291,220</b>	<b>0</b>

	V Director Of Operational Serv			X Director Of Community Serv			Y Director Corp Serv Transform		
	Working Budget	Revised Forecast	Variance	Working Budget	Revised Forecast	Variance	Working Budget	Revised Forecast	Variance
Employees	7,534,590	7,534,590	-	3,787,140	3,787,140	0	6,978,150	6,963,757	(14,393)
Premises Related Expenditure	4,943,880	4,943,880	-	219,400	228,351	8,951	118,160	127,492	9,332
Transport Related Expenditure	971,300	971,300	-	72,480	70,503	(1,977)	68,400	69,978	1,578
Supplies And Services	2,828,830	2,828,830	-	3,975,750	3,911,110	(64,640)	2,107,780	2,174,228	66,448
Third Party Payments	413,410	413,410	-	537,340	589,050	51,710	-	-	-
Transfer Payments	4,780	4,780	-	31,150	31,390	240	77,375,350	77,375,230	(120)
Income	(11,111,890)	(11,111,890)	-	(3,288,890)	(3,288,117)	773	(82,094,840)	(82,157,685)	(62,845)
	<b>5,584,900</b>	<b>5,584,900</b>	-	<b>5,334,370</b>	<b>5,329,427</b>	<b>(4,943)</b>	<b>4,553,000</b>	<b>4,553,000</b>	<b>0</b>

	Working Budget	Total Revised Forecast	Variance
Employees	27,661,140	27,649,860	(11,280)
Premises Related Expenditure	5,283,430	5,301,713	18,283
Transport Related Expenditure	1,182,870	1,181,971	(899)
Supplies And Services	11,342,340	11,341,535	(805)
Third Party Payments	1,370,470	1,422,180	51,710
Transfer Payments	77,413,520	77,413,640	120
Income	(104,646,720)	(104,708,792)	(62,072)
	<b>19,607,050</b>	<b>19,602,108</b>	<b>(4,942)</b>

# Agenda Item 4 Annex 2

## Housing Revenue Account - 30 November 2012

	2012/13 Original Budget Estimate	2012/13 Working Budget Estimate	2012/13 Outturn	Variance
	£'000	£'000	£'000	£'000
<b><u>INCOME</u></b>				
Dwelling Rents (gross)	-11,666	- 11,666	- 11,747	- 81
Non-dwelling Rents (gross)	-174	- 174	- 230	- 56
Charges for services and facilities	-317	- 317	- 317	-
Contributions towards expenditure	-307	- 307	- 293	14
Other Charges for services & facilities	-5	- 5	- 5	-
<b>Sub Total</b>	<b>- 12,469</b>	<b>- 12,469</b>	<b>- 12,592</b>	<b>- 123</b>
<b><u>EXPENDITURE</u></b>				
Repairs & Maintenance	3,107	3,107	3,107	-
Supervision and management-General	2,975	2,955	2,955	-
Supervision and management-Special	527	527	516	- 11
Rents, rates, taxes and other charges	204	224	198	- 26
Increased provision for bad or doubtful debts	170	170	170	-
Depreciation and impairments of fixed assets	2,446	2,446	2,446	-
Capital expenditure funded from HRA	600	600	600	-
Debt Management Costs	1,304	1,304	1,565	261
<b>Sub Total</b>	<b>11,333</b>	<b>11,333</b>	<b>11,557</b>	<b>224</b>
<b>Sub Total: Net Costs of Services</b>	<b>- 1,136</b>	<b>- 1,136</b>	<b>- 1,035</b>	<b>101</b>
<b>HRA Investment Income</b>	<b>- 99</b>	<b>- 99</b>	<b>- 99</b>	<b>-</b>
<b>Sub Total: Surplus(-)/Deficit for the Year</b>	<b>- 1,235</b>	<b>- 1,235</b>	<b>- 1,134</b>	<b>101</b>
<b>HRA Surplus at 1 April 2012</b>	<b>- 9,709</b>	<b>- 9,709</b>	<b>- 9,709</b>	
<b>Estimated HRA Surplus at 31 March 2013</b>	<b>- 10,944</b>	<b>- 10,944</b>	<b>- 10,843</b>	

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							Income as at 30 Nov 2012
General Fund Capital Programme	Brought Forward Balance External Funding 2011/12	Brought forward Balance TDC from 2011/12	Capital Budget External Funding 2012/13	Capital Budget TDC 2012/13	Virement or Slippage	TDC	External Funding to Date
<b>Breakdown of the 2012/13 Programme</b>	6,813,408.37	1,557,970.29	2,809,000.00	5,236,000.00	-975,158.28	6,473,939.43	8,967,280.95
<b>Funded By</b>							
Capital Project Reserves		108,368.68			292,310.73	400,679.41	
Unallocated Receipts		922,350.50		584,000.00	91,377.99	1,597,728.49	
Estimated Income from the sale of assets				1,675,000.00	-840,419.58	441,000.00	
New Homes Reserve					66,700.00	66,700.00	
Cremator Reserve		427,251.11				427,251.11	
Maritime Reserve		100,000.00				100,000.00	
Waste Contingency Reserve					40,000.00	40,000.00	
Contribution from Revenue					30,000.00	30,000.00	
Prudential Borrowing				2,977,000.00			
<b>External Funding</b>	6,813,408.37	0.00	2,809,000.00	0.00	-655,127.42		3,370,166.55
<b>Sub Total</b>	<b>6,813,408.37</b>	<b>1,557,970.29</b>	<b>2,809,000.00</b>	<b>5,236,000.00</b>	<b>-975,158.28</b>	<b>3,103,359.01</b>	<b>3,370,166.55</b>
<b>Surplus/Shortfall</b>	0.00	0.00	0.00	0.00	0.00	3,370,580.42	5,597,114.40
<b>Less future budgeted borrowing</b>						-2,977,000.00	
<b>Current shortfall in capital receipts</b>						<b>393,580.42</b>	

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HRA CAPITAL REPAIRS FUND BUDGET MONITORING 12-13		Actual Costs & Commitments										
		Cabinet Approved Budget 8th November	Virements	Budget for Cabinet to Approve	Cedar Actual as at 01/12/12	Commts. & Accruals	Spend to Date 01/12/12	Budget Remaining	EKH Forecast Spend	Adverse or Favourable		
<b>EAST KENT HOUSING MANAGED BUDGETS</b>												
SOIL STACK HARBOUR TOWERS	53,708	-23,210	30,498	10,962	-	10,962	19,537	15,000	38,708			
WINDOWS AND DOORS 10/11	0	2,387	2,387	2,387	-	2,387	0	5,000	-5,000			
STRUCTURAL REPAIRS 11/12	3,288		3,288	-	-	0	3,288	11,500	-8,212			
REPLACE WINDOWS DOORS 11/12	0	1,972	1,972	1,972	-	1,972	0	2,000	-2,000			
RE ROOFING 12/13	100,000		100,000	40,232	52,787	93,019	6,981	100,000	0			
REPLACE WINDOWS DOORS 12/13	0	461	461	460	1	461	0	-	0			
KITCHEN & BATH REPLACEMENTS 12/13	630,000		630,000	44,208	30,753	74,962	555,038	630,000	0			
ELECTRICAL REWIRING 12/13	200,000		200,000	25,814	-	25,814	174,186	200,000	0			
HEATING 12/13	300,000		300,000	94,436	151,000	245,436	54,564	300,000	0			
FIRE PRECAUTION WORKS 12/13	5,000		5,000	2,967	137	3,104	1,896	5,000	0			
PLANNED REFURBISHMENTS 12/13	120,000		120,000	63,886	2,307	66,193	53,807	50,000	70,000			
STRUCTURAL REPAIRS 12/13	100,000		100,000	25,171	4,997	30,168	69,832	50,000	50,000			
THERMAL INSULATION 12/13	50,000		50,000	9,285	2,418	11,703	38,297	30,000	20,000			
RAINWATER GOODS 12/13	20,000	9,409	29,409	29,409	-	29,409	0	30,000	-10,000			
DISABLED ADAPTATIONS 12/13	200,000		200,000	20,526	101,185	121,711	78,289	200,000	0			
ESTATE IMPROVEMENTS 12/13	104,483		104,483	28,579	13,353	41,932	62,551	50,000	54,483			
ESTATE REPOINTING 12/13	100,000		100,000	77,123	641	77,764	22,236	100,000	0			
<b>SUB Total</b>	<b>1,986,479</b>	<b>0</b>	<b>1,986,479</b>	<b>486,397</b>	<b>359,580</b>	<b>845,978</b>	<b>1,140,501</b>	<b>1,778,500</b>	<b>207,979</b>			

THANET DISTRICT COUNCIL MANAGED BUDGETS										
NEWINGTON CENTRE DEVELOPMENT	262,493		262,493	580	-	580	262,493	262,493	0	
NEW BUILD PROJECT	7,053		7,053	17,566	-	17,566	7,053	17,566	-10,513	
PURCHASE OF SUITABLE PROPERTIES	3,001,630		3,001,630	269,290	-	269,290	3,001,630	3,001,630	0	
	3,271,176	0.00	3,271,176	287,436	0	287,436	3,281,689	3,281,689	-10,513	
	5,257,655		5,257,655	773,833	359,580	1,133,413	4,124,242	5,060,189	197,466	

HRA Capital Programme	Revised Capital Programme
HRA Capital Programme	5,257,655
<b>Funded By</b>	
Major Repairs Reserve	2,040,025
Revenue Contribution/HRA Reserves	2,717,630
New Homes Reserve	500,000



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## 2013/14 BUDGETS AND MEDIUM TERM FINANCIAL PLAN 2013-17

To: **Cabinet – 22 January 2013**

Main Portfolio Area: **Corporate**

By: **Financial Services Manager**

Classification: **Unrestricted**

Ward: **All**

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Summary: **To present the draft budget for the General Fund, Housing Revenue Account and Capital programme for 2013/14 and the draft Medium Term Financial Plan for 2013 – 2017.**

### **For Decision**

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#### **1.0 INTRODUCTION**

1.1 The purpose of this paper is to present the draft budget for 2013/14 and the provisional estimates for the following years to 2016/17.

#### **2.0 THE NATIONAL FUNDING POSITION**

##### **2.1.1 The Local Government Finance Settlement**

2.1.2 The details of the formula grant settlement for 2011/12 to 2012/13 for Thanet, as announced as part of the 2011-13 two-year settlement, are shown in **Table 1**. These figures reflect the significant cuts in funding as announced in the local government finance settlement in January 2011. The Local Government Finance Report, containing the provisional settlement figures for 2013/14 and 2014/15, was announced on 19 December 2012. This shows a further cut of 7.4% for 2013/14 and a cut of 16.64% for 2014/15. The large reduction in 2014/15 is as a result of the following:

- The 6.5% reduction announced in the 2010 Spending Review;
- The 1% reduction in funding for 2014/15 announced in the Autumn Statement 2011
- The 2% reduction in funding for 2014/15 announced in the Autumn Statement 2012
- A further planned £300m top sliced across local authorities for the New Homes Bonus.

<b>TABLE 1 – FORMULA GRANT</b>			
	<b>2011/12 confirmed £'000</b>	<b>2012/13 confirmed £'000</b>	<b>2013/14 provisional £'000</b>
Relative Needs Amount	5,330.3	4,774.1	4,845.0
Relative Resources Amount	-1,767.8	-1,774.9	-2,403.0
Central Allocation	6,588.5	5,947.4	6,010.0
<b>Pre-damping Grant</b>	10,151.0	8,946.6	8,452.0
Damping	397.4	265.2	78.0
<b>Formula Grant</b>	<b>10,548.4</b>	<b>9,211.8</b>	<b>8,530.0</b>
Transitional Grant	1,095.8	461.3	0.00
<b>Formula Grant incl Transitional Grant</b>	<b>11,644.2</b>	<b>9,673.1</b>	<b>8,530.0</b>
<b>% Reduction exc Transitional Grant</b>	-14.2%	-12.7%	-7.4%
<b>% Reduction inc Transitional Grant</b>	-5.3%	-16.9%	-11.8%

- 2.1.3 The formula grant is made up of two elements: business rates and revenue support grant.

### **Business Rates**

- 2.1.4 Currently, councils collect business rates based on local rateable values multiplied by a national uniform rate. The total amount, less certain reliefs and other deductions, is paid to a central pool managed by Central Government, which in turn pays back to authorities their share of the pool based on a standard amount per head of the local population. There is currently no incentive and no direct financial benefit to councils who succeed in growing their local economy. A new business rates retention scheme is being launched in 2013/14 which seeks to incentivise local authorities to encourage business growth by allowing them to retain a proportion of the business rates collected. In return for the incentives, authorities will share some of the risk of a fall in rate yield, subject to a safety net mechanism. A baseline funding level (known as the Baseline Need) has been established by the Government for each authority. The Baseline Need figure for this Council for 2013/14 is £4.415m. The Government has then made an assumption regarding the amount of business rates that the Council will be able to collect (this is known as the NDR Baseline) and for Thanet this is £12.649m. As the Council will receive more in business rates than its funding level, the difference of £8.234m will be paid over to the Government as a tariff to 'top up' those authorities who will receive less than their funding level. Authorities will be allowed to keep 50% of new business rate yield, with the balance being split 80% to the district and 20% to the county. However, to ensure the scheme is not

weighted towards richer local authorities, some of any business rates growth will be taken as a levy. The levy will be calculated so as to ensure that a 1% increase in business rates income will provide no more than a 1% increase in funding. The levy will be used to provide a safety net mechanism to protect those authorities that see their business rates income drop by more than 7.5%. For this Council, the safety net threshold has been set at £4.084m which means that the Council could potentially face a loss of up to £330k in business rates income before the safety net mechanism would kick in. This is reflected in the financial risk assessment at Annex 3 to this report.

### **Revenue Support Grant**

- 2.1.5 All authorities will receive Revenue Support Grant from Central Government in addition to its baseline funding level (the amount of the total business rates for England that will be allocated to the Council) as support towards the cost of running council services. An authority's Revenue Support Grant amount plus its baseline funding level will together comprise its start-up funding allocation. The amount of Revenue Support Grant for 2013/14 and 2014/15 has been set out in the 2013/14 Provisional Finance Settlement. For this Council, the Revenue Support Grant for 2013/14 will be £6.636m of which £2.521m relates to a number of grants that have now been rolled into the formula grant from 2013/14. These include the homelessness grant, the council tax freeze grant and the council tax support grant, each of which is covered below:

### **Homelessness Grant**

- 2.1.6 The Government has confirmed that the homelessness grant is to continue at the current level in 2013/14 and 2014/15. This means that this Council is to receive £127k in each year.

### **Council Tax Freeze Grant**

- 2.1.7 The Secretary of State provided support for a Council Tax freeze in 2011/12 by awarding a grant equivalent to a 2.5% increase on the 2010/11 Council Tax. This grant is being paid over each of the four years of the Comprehensive Spending Review (up to 2014/15) and amounts to £247k per annum for this Council. The Government also announced support for those authorities who froze their Council Tax for 2012/13, again equivalent to a 2.5% increase. This was given as a one year grant only. The Government has now announced a further Council Tax freeze grant for 2013/14. The funding will provide authorities with the equivalent of a 1% Council Tax increase for 2013/14 and 2014/15, if Council Tax is not increased in 2013/14. For 2013/14, local authorities seeking to increase Council Tax levels by more than 2% will be required to gain approval through a local referendum. This threshold is lower than in previous years (3.5% in 2012/13). The cost of running such a referendum for Thanet would be in the region of £100k.
- 2.1.8 The Council has frozen Council Tax for the last two years and now proposes to take advantage of the Council Tax Freeze Grant and freeze Council Tax for a third year. As a result, it will be eligible to receive a grant of £99.6k in both 2013/14 and 2014/15.

### **Council Tax Support Grant**

- 2.1.9 Council Tax Benefit is currently a demand led benefit, where the Government fully refunds the Council for the benefit it has paid out. The current system is being replaced by a localised Council Tax Reduction Scheme (CTRS) from 1

April 2013. The Government is transferring the responsibility for the design of the scheme to local authorities (subject to certain nationally set criteria), together with the transfer of the financial risks. Originally the Government had announced a reduction in funding for this of 10% as part of the Comprehensive Spending Review, although subsequent estimates show that having allowed for the inflationary impact over time, the reduction is now approximately 14% which for Thanet District Council equates to a reduction of approximately £2.2m. In order to keep the costs for this Council and the major preceptors within the reduced grant level, the Council has designed a scheme which will:

- Remove empty property discounts (except for those properties that are subject to major renovation)
- Remove second homes discounts
- Reduce the Council Tax discount by 5 to 6% for those of working age.

The CTRS will result in a reduced Council Tax base. The Council Tax Support Grant will offset the financial impact of this reduction. Based on the Provisional Finance Settlement, the Council will receive £2.148m in Council Tax Support Grant in 2013/14. Of this sum, £160k relates to negating the impact of the scheme on the parishes and will be distributed to the parishes in proportion to the financial loss of the new scheme of each precepting authority. This will leave a sum of £1.99m to support the General Fund impact.

The Council has also received New Burdens monies of £84k in 2012/13 to cover the consultation on the scheme and the costs of adjusting the software to reflect the changes. Further sums of £121.8k and £119.5k will be received in 2013/14 and 2014/15 respectively.

## **2.2 Transitional Grant Scheme**

The DCLG have announced an additional £100m for one year to support those local authorities who have developed Council Tax Reduction Schemes that meet set criteria which ensures that low-income households do not face an extensive increase in their Council Tax liability in 2013/14.

To apply for the grant, billing authorities will have to demonstrate that their adopted scheme ensures that those who would be entitled to 100% support under current council tax benefit arrangements pay between zero and no more than 8.5% of their net council tax liability; and that there is no sharp reduction in support for those entering work.

Funding is to be made available to those billing authorities and their major precepting bodies whose schemes satisfy the criteria as a non-ringfenced specific grant. Applications for funding are to be made after the deadline for adopting schemes of 31 January 2013.

Under the scheme, the Council can apply for funding of £56k. A bid will be submitted in early February in accordance with the application process. The Council is also hoping to attract a share of the funding applied for by its major precepting bodies. Discussions are ongoing with these bodies to ascertain the fairest way of apportioning this funding across the Kent districts.

Proposals are being worked up as to how to spend this grant, although it is intended that it will be spent on schemes designed to assist new Council Tax customers with welfare advice, and other initiatives to improve the Council Tax base.

### 2.3 Weekly Collection Support Scheme

The Council has been successful in its bid for funding through the weekly collection support scheme. This funding is to support weekly residual waste collections and providing weekly recycling collections. The Council will receive the following:

<b>TABLE 2 – WEEKLY COLLECTION SUPPORT SCHEME</b>		
	<b>2013/14 £'000</b>	<b>2014/15 £'000</b>
Revenue Allocation	214.9	283.6
Capital Allocation	500.8	-
	<b>715.7</b>	<b>283.6</b>

The revenue funding is required to support the introduction of changes to the waste and recycling service.

### 2.4 Other Revenue Grants

2.4.1 The Council is also in receipt of a wide range of grants from Central Government and other agencies:

2.4.2 **Specific Grants** – Specific grants are provided to support core Local Authority activities that require funding outside of the formula grant distribution mechanism. The specific grant received for this Council is as follows:

<b>TABLE 3 – SPECIFIC GRANTS</b>		
	<b>2012/13 £'000</b>	<b>2013/14 £'000</b>
Housing & CT Benefit Administration	1,442.9	1,445.2

2.4.3 **Miscellaneous Grants** - The Council is also in receipt of a number of other grants that have been accessed by bidding against Central Government Department 'pots' that are set aside for specific incentives as well as some that have been sourced from European funding streams and other partners (e.g. KCC). These grants are typically paid with reference to pre-determined criteria for the delivery of agreed outcomes and in most cases they act essentially as ring-fenced funds. However, they still represent excellent value for the Council as they enable additional resources to be made available to fund activities, projects and investments, all of which are designed to improve quality of life within the District. Each of these different grant receipts are shown in the following tables:

<b>TABLE 4 – MISCELLANEOUS REVENUE GRANTS</b>		
	<b>2013/14 £'000</b>	<b>2014/15 £'000</b>
Big Lottery Fund – Footprints in the Sand	24.6	-
Heritage Lottery Fund – Dalby Square THI	35.0	37.0
	<b>59.6</b>	<b>37.0</b>

<b>TABLE 5 – CAPITAL GRANTS</b>		
	<b>2013/14</b>	<b>2014/15</b>
	<b>£'000</b>	<b>£'000</b>
Disabled Facilities Grant –Communities and Local Government grant for improvements for disabled people in their homes.	1,079.0	1,079.0
HCA – Empty Properties Cluster Bid	2,000.0	-
HCA – Empty Homes Funding	160.5	214.0
Heritage Lottery Fund – Dalby Square THI	539.3	539.3
Regional Housing Board – Dalby Square THI	97.4	102.6
Environment Agency – North Thanet Coastline	560.0	250.0
Big Lottery Fund – Coastal Communities Fund	1,050.0	-
KCC – Waste Vehicles	645.0	-
	<b>6,131.2</b>	<b>2,184.9</b>

### **3.0 THE 2013/14 BUDGET AND MEDIUM TERM FINANCIAL PLAN 2013 – 2016**

3.1 A Medium Term Financial Plan (MTFP) was presented to Cabinet in January 2012, covering the period 2012/13 to 2015/16. However, in the light of the continuing unprecedented economic climate in which the Council finds itself, this document has been reviewed and updated, not only to reflect the external environment, but also new developments and changes to internal policies and practices. The revised MTFP covering the period 2013/14 to 2016/17 is shown at **Annex 1**. It captures 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, and presents 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. The assumptions used in the budget calculations, the risks that could have an 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 are all commented on.

3.2 Where future years' figures have been referenced in the text below, these have all been prepared based on the strategies and assumptions that are laid out in the MTFP at **Annex 1**.

### **4.0 THE GENERAL FUND REVENUE ACCOUNT**

#### **4.1 The Basis of the 2013/14 General Fund Revenue Budget**

4.1.1 The following budget strategy has underpinned the development of the General Fund Revenue Account:

- 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 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 out within its approved fees and charges.

By following these principles it has been possible to draft a budget 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.

## 4.2 Budget Consultation

- 4.2.1 A total of 688 responses have been received in respect of the budget consultation. The responses have highlighted the top priorities as being street cleansing; waste and recycling; community safety services and beaches (including beach inspections and water safety). These areas have been protected from budget cuts in recognition of their importance to Thanet's residents. The Council is taking forward significant changes to the provision of waste and recycling services during 2013 which will affect most of the households in Thanet. This includes providing the ability to recycle food waste, glass, tetrapaks and other plastics through normal kerbside collection services. The investment in the Respect Ramsgate initiative is already showing improved street cleansing results in the early stages of the project and this will be taken forward across the district during 2013 using the lessons learned from this work.

## 4.3 Development of the Budget

- 4.3.1 The Council's opening net base budget of £20,379.7k as approved in January 2012 is the starting point for future budget proposals.
- 4.3.2 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 in order to deliver a balanced budget.

## 4.4 Employee Costs

- 4.4.1 **Pay Award** – The budget assumes a pay award of 1% for 2013/14. This will result in budgetary growth of £165k.

## 4.5 Other Growth

- 4.5.1 **Contractual and Other Unavoidable Price Increases** – Growth from price increases has been based on a projected 3% inflate, which, when applied to budgets for contractual and other unavoidable inflationary increases for 2013/14, requires base budget growth of £101.2k.
- 4.5.2 **Increases to Fees and Charges** – The fees and charges schedule for 2013/14 was approved by Council on 6 December. This will generate additional income of

£197.7k in 2013/14. Where fees have increased, these are in the main at 3% in line with inflation. The fees for visiting leisure crafts at the Marina have been increased by 10%. This recognises the significant improvements that have been made to the facilities at the Harbour, whilst still being competitive. The fees and charges for car parking have not been changed at this stage as they are subject to a separate review following the recent car parking consultation.

4.5.3 **Budget Adjustments for Increases and Decreases in Income** – Additional income of £50.3k is anticipated in respect of rentals at the Kent Innovation Centre and an additional £40k is also anticipated from increased licensing income. Planning fee income has continued to fall and therefore the income target has been reduced by £120k.

4.5.4 **Service Pressures** – Borrowing costs of £262k have been factored into the budget to support the capital programme. In addition new service pressures have been identified in respect of individual electoral registration (£60k); canvas costs (£25k); the requirement for new Environmental Health posts following a recent Food Safety Authority audit (£120k); additional Cabinet and Shadow Member (£22k) and a new part-time support post for Overview and Scrutiny (£17k). Budgetary growth has been kept to a minimum, and therefore budgets will need to be redirected through the approved virement process during the year if priorities change.

#### 4.6 **Savings**

4.6.1 Based on the budget assumptions outlined above on pay increases, contractual/inflationary growth and fees and charges, savings of £1.6m are required in 2013/14 to set a balanced budget. If Members decide to build in any additional growth for service improvements or specific projects, then further savings will be required. Savings have been identified as detailed below:

4.6.2 **Medium Term Financial Plan savings** – A number of saving proposals were put forward as part of the 2012-2016 MTFP. Following Council's approval, in principle, to the savings proposals in the MTFP for 2013/14, officers have worked up detailed proposals, which have enabled a more realistic savings target to be estimated. The table below reflects the savings that are now anticipated from these actions against the original saving projections:

<b>TABLE 6 – SAVINGS PROPOSED IN MTFP 2012-2016 FOR 2013/14</b>		
<b>Saving Action</b>	<b>Indicative Saving</b>	<b>Proposed Saving</b>
	<b>£'000</b>	<b>£'000</b>
Review of business hub	14.0	14.0
Pension cost reductions	28.0	28.0
Reduce audit costs	23.0	23.0
Building Control – working closer with neighbours	4.5	4.5



Restructure of planning	20.0	30.0
Reduce Theatre Royal grant	4.0	4.0
Transfer tourism service to Visit Kent	26.0	0.0
Review of Community Development contracts & service delivery	15.0	15.0
*Income from using in house managing agent	80.0	0.0
Integration of GIS into planning database	26.0	26.0
Reduce Minster Parish grant	10.0	0.0
Remove £5 discount for green waste collections	15.0	15.0
Introduce loyalty scheme at harbour	90.0	90.0
Under-achievement of 2012/13 MTFP base savings	0.0	-20.0
<b>Total</b>	<b>355.5</b>	<b>229.5</b>

\* delivery now expected in 2014/15

4.6.3 **Review of previous years' outturn against budget** – Previous years' outturn has been compared to the budget over the last few years and where there have been consistent under-spends or over-achievement against income targets, this has been factored into the budget build. A sum of £205.2k has been included as a saving as a result of this exercise.

4.6.4 **Other Savings** – The following savings have also been identified during the budget build process:

- Following the introduction of self-financing for the Housing Revenue Account (HRA) from 1 April 2012, Members of this Council approved a two pool approach for its debt portfolio. This means that the portfolio is now apportioned between the debt relating to the General Fund and the debt relating to the HRA and both are now managed separately. As a result of this, there are savings in the cost of borrowing to the General Fund of £300k.
- Although a recent actuarial valuation suggested that the pension contribution rate could be reduced assuming existing staffing levels and age profiles remained the same, the budget was held at the same level due to uncertainties about the impact on the pension contributions of the corporate restructure being proposed at the time. Under-spends against the pension contributions in recent years have been set aside in an earmarked reserve specifically to offset any detrimental impact of future actuarial valuations. There is now a sum of £661k in this reserve which is considered sufficient to mitigate this risk. As a result, it is proposed to reduce the pension budgets by £450k, which will bring the budgets in line with the actual contributions currently required.

- Savings of £22.7k have been identified in respect of Central Finance and Treasury costs. These relate to interest payable, interest receivable and the minimum revenue provision (repayment of debt).
- Additional efficiency savings of £150k are expected to be delivered by East Kent Services.

4.6.5 **Phasing of Savings** – The budget is based on the assumption that where feasible all of the savings actions identified will be implemented at the earliest opportunity to give the Council the best chance of stabilising its budget requirement as soon as possible. However, some savings take a few years before a full year reduction is able to be budgeted for and therefore some slippage on savings is built into the budget. In 2012/13, savings of £273.9k were identified that were slipped to 2013/14.

### General Reserves

4.6.6 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. A summary of the proposed reserve holdings for 2013/14 is captured in the following table.

<b>TABLE 7 – PROPOSALS FOR RESERVE HOLDINGS FOR 2013/14</b>				
<b>Name of Reserve</b>	<b>Opening Balance 2013/14 £'000</b>	<b>Transfers In £'000</b>	<b>Transfers Out £000</b>	<b>Closing Balance 2013/14 £'000</b>
<b>GENERAL RESERVE</b>	<b>2,177</b>	<b>0</b>	<b>0</b>	<b>2,177</b>
<b>EARMARKED RESERVES</b>				
Insurance Risk Management	90	0	0	90
Local Development Framework	399	25	0	424
General Fund Repairs	145	0	0	145
Information Technology	342	0	0	342
Environmental Action Plan	189	0	-40	149
Cremator Works	0	128	0	128
Decriminalisation	48	60	-40	68
Priority Improvement	799	0	-100	699
Customer Services Fund	426	0	0	426
Area Based Grants	90	0	-90	0
Council Elections	85	30	0	115
Homelessness	77	0	0	77
Renewal Fund	43	0	0	43
Performance Reward Grant	105	0	-105	0
Maritime Reserve	360	0	-50	310
Pensions Reserve	661	0	0	661
VAT Reserve	402	0	0	402
East Kent Services	292	0	0	292
New Homes Bonus	593	1,447	-185	1,855

Housing Intervention	250	0	-250	0
Economic Development & Regeneration	339	0	-100	239
HRA Properties Reserve	500	0	0	500
<b>Total Earmarked</b>	<b>6,235</b>	<b>1,690</b>	<b>-960</b>	<b>6,965</b>

#### 4.6.7 Using Reserves for Planned Expenditure

- i. **Earmarked Reserves** - As detailed within Annex 2, 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 above shows the planned transfer out of a number of earmarked reserves, which will be used to fund anticipated expenditure during the year in the General Fund Revenue Account.
- ii. **General Reserves** – The reserve stands at the recommended level per the risk assessment shown at Annex 2. There are no planned withdrawals from this reserve to support the base budget.
- iii. **Using Reserves to Support the Net Budget Requirement** - Aside from using earmarked reserves to meet planned but irregular expenditure, reserve balances can also be used to provide additional funds to simply contribute towards the bottom line funding requirement. Given that reserves are one-off funds their use in this way should be by exception, as to use them to meet ongoing base expenditure will ultimately give rise to a 'structural gap' which will need to either be met from future base savings, or additional base growth. For 2013/14 a sum of £40k is proposed to be utilised from the Decriminalisation Reserve. The draft budget proposals also reflect a sum of £89.7k from the Area Based Working Neighbourhood Fund Grant towards specific staffing posts. The details behind the use of these, is given in the details provided in Annex 3.
- iv. **New Homes Bonus** - The provisional allocation of New Homes Bonus funding for 2013/14 for this Council is £1.447m. As outlined in the paragraph above, it is not recommended that such funding should be used to support the base budget. However, the Formula Grant has been top-sliced to fund the New Homes Bonus and therefore it may be necessary to draw down from this funding stream over the course of the MTFS to negate the impact of this, although there will be no requirement to do so in 2013/14. The ongoing use of this will be renewed regularly, as alternative funding sources and the Council's capacity for additional savings are considered.

Members have also previously agreed that an annual sum of £185k from this funding is used to cover the events budget (£165k) and floral grants (£20k).

A number of options are being considered for the use of the unallocated New Homes Bonus monies. Further details of these options will be brought back to Members as part of a future Cabinet report.

#### 4.7 2013/14 General Fund Revenue Budget Proposals

- 4.7.1 The impact of the above changes when applied to the 2012/13 base give a net budget requirement of £18,842.6k for 2013/14, which is felt will just be sufficient to enable the delivery of the Council's statutory services as well as its priority

discretionary services.

- 4.7.2 A summary of the key changes that have been made to arrive at the draft General Fund Revenue Budget for 2013/14 is shown in **Table 8**:

<b>TABLE 8 - GENERAL FUND REVENUE BUDGET</b>	
	<b>2013/14</b>
	<b>£'000</b>
<b>Opening Base Budget</b>	<b>20379.7</b>
Inflationary Increases	68.5
Budget Adjustments re Decreases in Income	120.0
Budget Adjustments re Increases in Income	(90.3)
Service Growth	506.0
Savings Required	(1611.7)
<b>Net Service Revenue Budget</b>	<b>19372.2</b>
Working Neighbourhood Fund contribution to work & skills priorities	(89.7)
Decriminalisation Reserve contribution to traffic related services	(40.0)
Weekly Collection Support Scheme Grant	(214.9)
New Homes Bonus	(185.0)
<b>Net Budget Requirement</b>	<b>18842.6</b>
<b>Funded by:</b>	
Formula Grant re RSG & Business Rates	8530.0
Formula Grant re CT Freeze 2011/12	246.0
Formula Grant re CT Freeze 2013/14	99.6
Formula Grant re CT Discount Scheme	1990.0
Council Tax	7977.0
<b>Tax Base</b>	<b>37990</b>
<b>Indicative Band D Council Tax</b>	<b>209.97</b>
% increase on Band D	0.00%

## 5.0 COUNCIL TAX FOR 2013/14

- 5.1 The Council's net budget requirement is met from Formula Grant given by the Government's settlement, made up of Revenue Support Grant and the Baseline Funding Level (the local share or business rates). The rest (known as the Precept) has to be raised by local taxes in the form of Council Tax.

### 5.2 Council Tax Surplus/Deficit

- 5.2.1 Each year the Council Tax is calculated based on assumed levels of collection rates. This means that at the end of the year an adjustment has to be made to reflect the actual collection rates. This can lead to a surplus or deficit on the fund, which has to be accounted for within the calculation of the net budget requirement. No surplus or deficit has been assumed for this budget.

### 5.3 Tax Base

- 5.3.1 The Council Tax is calculated by the division of the Precept by the Council Tax Base.

- 5.3.2 The Council Tax Base is the number of properties within the District adjusted to account for different valuation bands, various discounts (including those relating to the introduction of the Council Tax Reduction Scheme (CTRS) approved by Council on 6 December 2012) and an assumed collection rate. The assumed collection rate recognises that there will be an element of bad debts that will not be collected. In previous years this has been set at 97% but this has been reduced to 95.5% for 2013/14 to reflect the likely increase in bad debts due to the new CTRS.
- 5.3.3 At the Council meeting on 6 December, Members approved the delegation of the formal resolution determining the Council Tax Base for 2013/14 to the S151 Officer in consultation with the Leader and Finance Portfolio Holder. It has subsequently been determined that the Council Tax Base for 2013/14 shall be as follows:

<b>TABLE 9 – COUNCIL TAX BASE 2013/14</b>	
<b>Parts of District</b>	<b>Band D Equivalent Properties</b>
Acol	104.28
Birchington	3655.81
Broadstairs	8655.46
Cliffsend	695.41
Manston	297.36
Margate	12877.87
Minster	1080.84
Monkton	248.15
Ramsgate	9988.46
St Nicholas-at-Wade and Sarre	362.67
Ministry of Defence Properties *	24.30
<b>Whole of Thanet District Council</b>	<b>37990.61</b>

\* these properties fall wholly within Minster

#### 5.4 Council Tax

- 5.4.1 As detailed earlier in the report, the Government has announced a further Council Tax Freeze grant for 2013/14 and as a result, will reduce the Council Tax increase above which authorities will have to go to a local referendum to 2%. The Council is proposing to take this grant and therefore freeze Council Tax for a third year in a row.
- 5.4.2 The impact of the budget proposals contained within this report on the Council Tax can be seen in **Table 10**.

<b>TABLE 10 – CALCULATION OF COUNCIL TAX FOR 2013/14</b>	
	<b>£'000</b>
<b>Net Budget Requirement for 2013/14</b>	<b>18,842</b>
<b>Financed from:</b>	
Formula Grant	10,865
<b>Balance Remaining = Precept</b>	<b>7,977</b>
<i>Divided by Tax Base</i>	37,990
<b>Council Tax for Band D property 2013/14</b>	<b>£ 209.97</b>

Compared to Council Tax for Band D in 2012/13	£ 209.97
Increase in Council Tax charges	£ 0.00 (0.00%)

## 6.0 THE HOUSING REVENUE ACCOUNT

### 6.1 Background

6.1.1 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.

6.1.2 As part of the Localism Act, from 1 April 2012 the Council's Housing Revenue Account became self-financing. This means that the Council will no longer pay over any notional surplus of income over expenditure to the Treasury but instead, in return for a one off debt settlement, will be able to retain the rental income within the Housing Revenue Account. 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.

### 6.2 The Operation of the Housing Revenue Account

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

6.2.2 **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). In the main this consists of direct expenditure on the provision, repair and maintenance of Council Houses, which includes the majority of the costs of the Housing Service as well as the charges from bought-in services, such as the contract for housing repairs and maintenance. In the past the HRA was also charged with a share of overheads for the Council's corporate services, such as Human Resources and Communications, which contribute indirectly to the provision of the Housing and Community Service. With the transfer of staff to the East Kent Housing ALMO (arm's length management organisation) these previously recharged budgets are now incorporated as an actual charge to the HRA and form part of the ALMO management agreement. Other expenditure associated with the Cost of Services includes a charge for depreciation, to reflect the use of HRA assets in the delivery of services; a provision for bad or doubtful debts, to reflect the fact that not all rents and charges will be recoverable; and debt management costs for external debt charges.

6.2.3 **HRA Service Income** – The Council is required to charge its tenants a rent in respect of dwellings, garages, shops and land; plus service charges for communal services such as heating and cleaning of communal areas. The

Council also receives a number of additional income streams, such as from airdials on tower blocks, charging for the hire of halls and insurance premiums recharged to leaseholders and rechargeable works for damage to property.

6.2.4 **HRA Non-Service Expenditure and Income** - As with the General Fund, there are charges that have to be made which arise as a product of the financial transactions of the Account which are shown separately to the Net Cost of Services. These include an apportionment of the investment income that is achieved on balances and any grants and contributions receivable.

6.2.5 **Adjustments made between Accounting Basis and Funding Basis** – The Council is required to put through its accounts charges to the Income and Expenditure account being accounting entries that do not result in a true increase or decrease in balances. Any such items are adjusted for within this area. An example of this is pension fund entries or asset entries.

### 6.3 **The Housing Revenue Strategy**

6.3.1 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 of 2016.
- 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.

### 6.4 **Details of the HRA estimates**

6.4.1 The majority of the expenditure headings within the HRA have been increased on the same basis as have been used for the General Fund Revenue Account. The details of the main changes that have been applied in order to arrive at the 2013/14 estimates are summarised below.

6.4.2 **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.

6.4.3 **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% has been applied as estimate of the November RPI as per the contract agreement. For repairs and maintenance contracts outside of this agreement, such as the lift contract, the inflationary increase has been applied as per the contractual agreement. Future years' estimates shown in the MTFs have been based on calculations that include an indicative RPI increase of 2%.

- 6.4.4 **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.
- 6.4.5 The project aims are:-
- Delivering excellent customer service – aiming for 3 stars;
  - Realising greater efficiencies and savings for reinvestment;
  - Encouraging stronger and more prosperous communities;
  - Improving procurement capacity;
  - Providing additional investment for council housing estates;
  - Ensuring longer term resilience for the councils' individual Housing Revenue Accounts (HRAs);
  - Establishing a stronger housing role for the councils;
  - Developing a stronger role for tenants in shaping housing services;
  - Improving career opportunities for staff.
- 6.4.6 Previous costs in relation to the majority of landlord services staff forms the basis for the ALMO management fee. Negotiations have commenced with regard to the East Kent Housing Management Fee. The Council has been notified that they have undertaken an activity based costing module for the Management Fee as per the business case and this is still being reviewed with s151 Officers. A saving of 10% has been factored in, to be achieved over the next 3 years' for the East Kent Management Fee. An initial saving of £64.4k has been identified against the accommodation service level agreement for 2013/14, with the remainder to be found over the proceeding 2 years. Negotiations are still continuing and are unlikely to be finalised before the 2013/14 budget is approved. Members are therefore asked to delegate responsibility for approving the Management Fee to the Director of Community Services in consultation with the Portfolio Holder for Housing and Planning.
- 6.4.7 **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 been increased from £170k to £220k.
- 6.4.8 **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 previous charge detailed within the base determination was £2.406m in 2012/13, however, in the uplifted settlement model the figure is £3.337m. The difference will still transfer to the Major Repairs Reserve. The depreciation charge for other HRA assets is estimated to be at £60k.



6.4.9 **Debt Charges** – Since the self-financing settlement the authority has operated a two loan pool approach whereby the HRA and GF are each responsible for the repayment of their own apportionment of loans. As at the 1 April 2011 the HRA had £23.041m of loans outstanding. One loan matured on 31 December 2012 for £515k, further loans mature during 2013/14 £1.656m and 2015/16 £827k. The budget reflects the repayment of these loans and as such a reduction for interest payments has also been reflected.

6.4.10 **Rent Increases** – Rental estimates are based on the Government guideline rental increase which uses the September’s RPI figure of 2.6% + 0.5%, combined with a factor for rent convergence for the 2013/14 estimate. Future years’ estimates shown in the MTFS have been based on calculations that include an indicative RPI increase of 2%.

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.

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.

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 has therefore been established according to RPI inflation at September 2012 which was 2.6% + 0.5%, combined with a factor for convergence to not exceed £2, assuming a convergence timeframe of 2015/16. However, due to the effects of rent restructuring it should be noted that the percentage rent increase will not be identical for all tenants due to where the property rents sit within the rent convergence tables. The budget proposals also include an increase of 2.6 % for garage rents.

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.

<b>TABLE 11 – AVERAGE RENTS</b>		
<b>Property Type</b>	<b>2012/13</b>	<b>Estimate 2013/14</b>
Bedsit	£ 52.18	£ 54.12
1 Bed House	£ 73.42	£ 75.40
1 Bed Flat	£ 62.14	£ 64.25
2 Bed House	£ 77.30	£ 80.35
2 Bed Flat	£ 70.08	£ 72.56
3 Bed House	£ 83.46	£ 87.17
3+ Bed Flat	£ 78.17	£ 81.30
4+ Bed House	£ 91.88	£ 95.86

6.4.11 **Service Charge Increases** – Currently a review of the Service Charges within the HRA is being undertaken to take into consideration Welfare Reform changes. It is proposed to apply no inflationary increase to “un-pooled” service charges to try to alleviate the impact that may be sustained by tenants. Heating service charges have been based on recovering actual costs.

6.4.12 **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 interest on HRA balances for 2013/14 is £79k based on an interest rate of 0.75%.

## 6.5 The Housing Revenue Account Reserves

6.5.1 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:

6.5.2 **Housing Revenue Account Major Repairs Reserve** – As mentioned above in paragraph 6.4.8, 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 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 2012 this reserve balance was £1.5m.

6.5.3 **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 2012 this reserve balance was £9.7m, although £4m of these balances have now been earmarked for the Margate Intervention programme and £1.3m for the Ramsgate Empty Property programme.

6.5.4 **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 2012 this reserve balance was £500k.

<b>TABLE 12 – HOUSING REVENUE ACCOUNT BUDGET</b>				
	<b>2013/14 £'000</b>	<b>2014/15 £'000</b>	<b>2015/16 £'000</b>	<b>2016/17 £'000</b>
<b>Expenditure</b>				
Repairs & Maintenance	3,191	3,344	3,298	3,453
Supervision & Management – General	2,808	2,775	2,741	2,742
Supervision & Management – Special	509	517	525	534
Rents, rates, taxes and other charges	253	262	271	281
Bad or doubtful debts provision	220	220	220	220
Depreciation/impairment of fixed assets	3,438	3,433	3,428	3,423
Capital Expenditure funded from HRA	3,023	198	227	253
Debt Management Costs	8	8	8	8
Non-service specific expenditure	1,200	150	150	150

<b>Gross Expenditure Sub Total</b>	<b>14,650</b>	<b>10,907</b>	<b>10,868</b>	<b>11,064</b>
<b>Income</b>				
Dwelling Rents (gross)	-12,426	-12,600	-12,927	-13,257
Non-dwelling Rents (gross)	-220	-222	-225	-228
Charges for services and facilities	-315	-320	-324	-329
Contributions towards expenditure	-294	-295	-296	-297
Other Charges for Services and Facilities	-11	-11	-11	-11
<b>Income Sub Total</b>	<b>-13,266</b>	<b>-13,448</b>	<b>-13,783</b>	<b>-14,122</b>
<b>Net Costs of Services Sub Total</b>	<b>1,384</b>	<b>-2,541</b>	<b>-2,915</b>	<b>-3058</b>
HRA Investment Income	-81	-81	-159	-239
Debt Interest Charges	960	831	810	808
Government Grants and Contributions	-1,050	0	0	0
Adjustments made between accounting basis and funding basis	<b>1,438</b>	<b>-218</b>	<b>610</b>	<b>-217</b>
<b>(Surplus)/Deficit on HRA</b>	<b>2,651</b>	<b>-2,009</b>	<b>-1,654</b>	<b>-2,706</b>
<b>Housing Revenue Account Balance:</b>				
Estimated Surplus at Beginning of Year	-10,845	-8,194	-10,203	-11,857
(Surplus)/Deficit for Year	2,651	-2,009	-1,654	-2,706
<b>Estimated Surplus at End of Year</b>	<b>-8,194</b>	<b>-10,203</b>	<b>-11,857</b>	<b>-14,563</b>

## 7.0 THE CAPITAL BUDGET

7.1 Capital expenditure includes spend on the acquisition of a fixed asset with a value of £10k or greater which is expected to be in use for more than one year. It also covers 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. The expenditure can be met from loans, capital receipts, capital grants or revenue contributions. With the exception of land, all fixed assets have to be depreciated (i.e. written down) over the expected lifetime.

7.2 As a result of the complex and large scale nature of capital projects, until the project is worked up and quotes obtained, 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.

### 7.3 The Asset Management Strategy

7.3.1 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 £150 million showing as the net book value of all property assets as at 31 March 2012 (after depreciation has been applied). It is unsurprising therefore that the largest investment in capital expenditure in the medium term will be on property. 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.

- 7.3.2 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 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 need to be disposed of in order to generate the capital receipts to fund new developments.

#### **7.4 Impact of the Current Economic Climate**

- 7.4.1 Since the development of the Asset Management Strategy, the deterioration in the national economic position has had a serious impact on the Council's capital budget. The budget 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. The Capital Programme has therefore been scaled back accordingly. The proposed programme of capital expenditure is therefore based on current projections of available capital funds; however members should note that this will be monitored closely during the 2013/14 financial year, as it may be necessary to adjust the programme in year depending on the prevailing economic conditions. During the course of 2012/13 such action had to be taken as budget monitoring had highlighted that as at September 2012 only £782k of capital receipts were likely to be achieved against the budgeted £1.6m. A large number of capital projects have been re-phased into 2013/14 accordingly with Cabinet agreement. Any such change in the capital programme during 2013/14 will of course be brought to Cabinet's approval in line with the Council's financial policy.

#### **7.5 The Capital Budget Strategy**

- 7.5.1 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 managing 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 highest corporate priority and/or reduce the pressure on the revenue account. A review has recently been undertaken with regard to anticipated receipts from the disposal of assets. Until this review was complete, it was not possible to proceed

with scoring of any new capital projects as the Council needed to understand the capital receipts available to fund any new projects. A number of new capital bids have been received and have been 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 have been shared with the Portfolio Holder for Asset Management and the Portfolio Holder for Finance prior to inclusion within this report.

A budget consultation exercise was undertaken with the public and waste and recycling was identified as one of the highest priorities to our residents. The Council plans to invest £4.085m into the Waste Collection service to improve recycling collection and upgrade our existing fleet vehicles.

### **Available Capital Funding**

- 7.5.2 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.
- 7.5.3 **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 two capital grants: £1.338m from the HCA Empty homes Cluster Bid for the Margate Intervention Programme, being £348k for 2011/12 and £1.05m in 2012/13; and £535k of Homes and Communities Funding towards the Ramsgate Empty Homes Programme.
- 7.5.4 **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.
- 7.5.5 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 years for achievability under the current economic climate and where necessary the Capital Programme adjusted accordingly.
- 7.5.6 **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. In order to keep these additional receipts it was necessary to enter into an agreement with the Secretary of State for Communities and Local Government. The agreements were made under the powers proficed by section 11 (6) of the Local Government Act 2003 (as inserted by section 174 of the Localism Act 2011). On the 26 July 2012 Cabinet gave approval to enter into the agreement. This allows the Council to retain additional Right to Buy receipts over and above that budgeted by Treasury. In the past only 25% of capital receipts from the sale of HRA assets (council houses) were available for capital investment. The remaining 75% had to be paid to Central Government.

These “pooled capital receipts” were then allocated back to councils by the Government according to need. Under the new regime Treasury will still receive 75% of income on sales for approximately the first 4 right to buy properties and those sales over and above that budgeted will form part of the new agreement.

**7.5.7 Unsupported Borrowing** – The Local Government Act 2003 gave Local Authorities the ability to borrow for capital expenditure over and 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 £5.8m will be required to support the General Fund capital programme.

**7.5.8 Capital Projects Reserve** – A balance of £495k remains in this reserve as at 1 April 2012 of which £108k is already earmarked for existing schemes. It is anticipated that the remaining balance will be fully utilised to help fund the 2012/13 capital programme due to the shortfall in capital receipts. Should a surplus arise on the capital programme at the end of 2012/13, this will continue to be set aside in this reserve to provide additional flexibility.

**7.5.9 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 Major Repairs Allowance for 2013/14 is £3.337m.

## **7.6 The Capital Programmes for 2013/14 to 2016/17**

**7.6.1** 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 authority’s core priorities, have a health and safety implication and/or a revenue impact to the Council.

**7.6.2 Re-phased Projects** – Due to the shortfall of capital receipts achieved during 2012/13 a number of capital programmes have been re-phased from 2012/13 into 2013/14. These include a number of East Kent Services led Information Technology projects totalling £86k, works to the Waste Transfer Station totalling £217k and Margate Cemetery extension £140k. Some projects were identified during the year as having slipped and have also been re-phased into the 2013/14 programme. These include some of the regeneration expenditure to be funded by the Council and a sum of £92k in respect of the annual enhancement capital works to public conveniences.

**7.6.3 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.

- 7.6.4 The Council has secured £4.1m of Homes and Communities Agency funding towards the 'Bringing Clusters of Empty Homes into Use' programme. This will bring 160 empty homes back into use across Margate Central and Cliftonville West wards. The programme must be delivered by March 2014 and £1.05m is the anticipated spend in 2013/14.
- 7.6.5 The Heritage Lottery Fund have approved £1.9m towards a townscape heritage initiative scheme in Dalby Square, Dalby Road and Arthur Road.
- 7.6.6 The Council has had an initial allocation made from the Environment Agency to undertake works to the sea walls along the North Thanet coastline.
- 7.6.7 **New Capital Projects** – A review has recently been undertaken with regard to anticipated receipts from the disposal of assets. Until this review was completed, it was not possible to proceed with scoring of any new projects as the Council needed to understand the capital receipts available to fund new projects. A number of new capital bids have been received and scored by the Capital Asset Management Group. These include:

**Dalby Square Town Heritage Initiative Grant Scheme** – A £2m project to provide grants for the Historic restoration of properties in the designated area. The project utilises match funding from the New Homes Bonus, re-directed Regional Housing Board money and capital receipts of £212k.

**North Thanet Coastline – Sea Wall Reconstruction Scheme** – An externally funded project for major works to sea walls in 3 separate locations on the North Thanet Coastline, to offer erosion protection to chalk cliffs and protect amenity value such as the Viking Coastal Trail. The works will cost £560k in 2013/14 and £250k in 2014/15.

**Replacement Waste Collection Fleet of Vehicles** – The existing fleet is reaching the end of its useful life and the authority has committed to deliver the Kent wide model of a broader range of recyclables. The cost of this scheme will be approximately £4m, which will mainly be incurred in 2013/14.

**Ramsgate Harbour Marina – Water Supply Upgrade** – The water supply system on the floating pontoons for marina users requires upgrading. A budget of £50k is required in 2013/14 and £50k in 2014/15. Whilst funding in 2013/14 will be undertaken from the disposal of assets, disposal of assets for 2014/15 do not generate sufficient receipts to fund the spend in that year. It is proposed that the £50k required in 2014/15 is funded from the Maritime Reserve.

**Grounds Maintenance Replacement Mowers and Vehicles** – A number of ride on mowers and vehicles are reaching the end of their useful life. As a result of this, funding of £144k is requested for 2013/14 and £250k for 2015/16. It is estimated the funding from capital receipts should be achievable for 2013/14; however the current asset disposal programme does not deliver enough receipts to fund the 2015/16 expenditure. It is therefore recommended that any service savings within the Parks DLO are re-directed into a parks vehicle replacement reserve to set funds aside for 2015/16.

**Ramsgate Harbour Eastern Outer Marina – Replacement Floating pontoons** –The current floating pontoons are coming to the end of their useful life and are costing both staff time and money to make temporary repairs. Sums of £125k in 2013/14 and £125k in 2014/15 are required. Whilst funding in 2013/14 will be undertaken from the disposal of assets, disposal of assets for 2014/15 do not generate sufficient receipts to fund the spend in that year. It is proposed that the £125k required in 2014/15 is funded from the Maritime Reserve.

Further works have been identified to complete the Major works undertaken at the Crematorium:-

**Crematorium Car Park** – Extension of the existing public car park from 14 spaces to 47. Creating sufficient parking will improve the traffic flows around the crematorium, reduce complaint levels and reduce the damage caused to the grounds from vehicles parking or mounting the grass verges. This work will cost £100k. Work will be funded from the Cremator Reserve.

**Crematorium- Residual Works** - Completion of any residual works highlighted from the end of Cremator Replacement project i.e. Office accommodation may require reviewing in order to comply with Health & Safety Regulations. This will cost £40k. Work will be funded from the Cremator Reserve.

- 7.6.8 **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 provides a continuing maintenance scheme to the Council's housing stock.
- 7.6.9 An amount of £4.073m has been included within the HRA capital programme for the second year of the Margate Intervention Programme, to be funded from £2.94m of HRA reserves, £1.05m of Homes and Community Agency Empty Cluster Bid funds and a revenue contribution of £83k. 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.
- 7.6.10 Funds continue to be drawn down for the second 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. The whole programme has been funded using £1.386m of HRA reserves and £535k of Homes and Community Agency funding.



## 7.7 The Draft Capital Budgets 2013/14 to 2016/17

7.7.1 The draft General Fund Capital Expenditure Budget for 2013/14 that is proposed for Members' approval is £14.467m, which will be funded in the main from capital grant, usable capital receipts and prudential borrowing. This is shown in summary format below.

<b>TABLE 13 – GENERAL FUND CAPITAL PROGRAMME</b>					
	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Statutory and Mandatory Schemes	1,379	1,379	1,379	1,379	1,379
Schemes continuing from prior years	5,952		230		
Annual Enhancement Schemes	100	100	100	100	100
Wholly/Part Externally Funded Schemes	1,610	250	0	0	0
Replacements and Enhancements	4,524	195	250	0	0
Area Improvement	827	827	559	0	0
Capitalised Salaries	75	75	75	75	75
<b>Total Capital Programme Expenditure</b>	<b>14,467</b>	<b>2,826</b>	<b>2,593</b>	<b>1,554</b>	<b>1,554</b>
<b>Capital Resources Used:</b>					
Capital Receipts and Reserves	1,943	743	688	475	475
Capital Grants and Contributions	6,678	2,083	1,499	1,079	1,079
Prudential Borrowing	5,846	0	406	0	0
<b>Total Funding</b>	<b>14,467</b>	<b>2,826</b>	<b>2,593</b>	<b>1,554</b>	<b>1,554</b>

7.7.2 The draft Housing Revenue Capital Programme for 2013/14 that is proposed for Members' approval is £5.9m, which will be funded from the Major Repairs Reserve and revenue contributions to capital. A summary of this programme and the proposed funding sources are shown in the following table:

<b>TABLE 14 – HRA CAPITAL PROGRAMME</b>				
	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
<b>Total HRA Capital Programme Expenditure</b>	<b>5,973</b>	<b>2,468</b>	<b>2,422</b>	<b>1,578</b>

<b><i>HRA Capital Resources Used:</i></b>				
HRA Major Repairs Reserve	1,900	2,150	2,075	1,205
HRA Revenue Contributions	3,023	198	227	253
Capital Grant	1,050			
Capital RTB Receipts		120	120	120
<b>Total Funding</b>	<b>5,973</b>	<b>2,468</b>	<b>2,422</b>	<b>1,578</b>

## **8.0 COMPLIANCE WITH THE PRUDENTIAL CODE AND TREASURY MANAGEMENT**

### **8.1 The Prudential Code**

8.1.1 The Prudential Code for Capital Finance in Local Authorities is a statutory requirement specified in the Local Government Act 2003. It is a framework for capital investment decision making and links the medium term capital and revenue plans to the Authority's Treasury Management Strategy. Its use provides assurances of the robustness of capital plans and confirms that they are affordable, sustainable and prudent, through a number of key indicators.

8.1.2 The Code requires that Members approve the prudential indicators and that performance against them is regularly monitored throughout the year and reported back. The indicators are mandatory and cover affordability, prudence, capital expenditure, external debt and treasury management. The proposed prudential indicators are shown at **Annex 3** to this report.

### **8.2 Treasury Management and Investments**

8.2.1 Treasury management is the name given to a range of borrowing and investment activities and the management of associated risk. Its activities are strictly regulated by statutory requirements and a professional code of practice (The CIPFA Code of Practice on Treasury Management).

**8.3 The Annual Treasury and Investment Strategy** - the CIPFA Code of Practice on Treasury Management and the Guidance on Local Government Investments, issued by the Secretary of State under the power in Section 15(1) (a) of the Local Government Act 2003 require the Authority to approve an annual Treasury Management Strategy and an annual Investment Strategy. To comply with these requirements, a combined Treasury Management and Investment Strategy are presented at **Annex 3**. This outlines the Council's approach to its treasury activities and will be used alongside the Prudential Indicators to define the limits for borrowing and investment activities for the financial year 2013/14.

## **9.0 PROCUREMENT**

### **9.1 Contracts Let - £75k and above**

9.1.1 2012 has been a very demanding year with a number of large, significant contracts being let, including three contracts associated with the modernisation of the Crematorium, seasonal beach cleaning and lifeguard services. **Annex 7** provides details of those contracts let.

## 9.2 **Contract Waivers Approved**

9.2.2 Contract Standing Orders do allow, where there is a clear justification, the waiving of some of the Council's local rules for procurement which are not captured by EU Procurement Directives. All applications are scrutinised to ensure that a waiver is applicable and that both probity and value for money will be achieved if approval should be given. A list of waivers approved during the year is shown at **Annex 8**.

9.2.3 During 2012 the Contract Standing Orders (CSOs) were reviewed. The operation of the CSOs over the last three years had shown that where only one supplier is able to carry out the work or service or to supply the goods for technical or artistic reasons or because of exclusive rights, it was not possible to comply with the CSOs, especially Clause 7 which stipulates the purchasing procedure to be followed depending on the contract value, and hence a contract waiver had to be sought in each case. This type of contract has now been excluded from compliance with CSOs so the number of waivers being sought in coming years should show a significant reduction.

## 9.3 **Procurement Programme January 2013 to December 2013**

9.3.1 An indicative programme of established contracting requirements for contract spend of £75k and above for 2013 is shown at **Annex 9**.

## 10.0 **A STATEMENT OF ASSURANCE FROM THE SECTION 151 OFFICER**

10.1 Under the Local Government Act 2003 the Statutory Finance Officer, who for Thanet District Council is the Chief Executive, is required to give Members an opinion on the robustness of the budget estimates and the adequacy of reserves. This has to be done after consideration of the context within which the Council is required to operate, both in the short and medium term.

10.2 The main areas of uncertainty which could put the budget under pressure for 2013/14 are the delivery of savings, the achievement of income targets and uncertainties around the full impact of the council tax reduction scheme and the business rates retention scheme. Whilst there are other areas of uncertainty, around budget estimates for planned expenditure, the risk of overspending can largely be controlled by officers. It is a fact that the draft budget relies upon the delivery of substantial savings, however, the estimates for these have been developed by the Service Managers who are responsible for their delivery, with the assistance of the Financial Services staff, and as a consequence the figures contained within this report are believed to be achievable. The risk around the achievement of planned income receipts is heightened due to the current economic climate and this has been reflected in the revised risk assessment of reserves. Increases in fees and charges have been proposed with due regard to like charges elsewhere in the county and differential rates are used to take account of socio-geographical factors. The consideration that has gone into the production of the budget estimates, combined with the fact that the Council has an up to date financial system in place and operates sound budget monitoring and other financial control systems, means that the Chief Financial Officer believes the Council is well placed to deliver against the budget proposals presented within this report.

10.3 As regards the level of reserves, the proposals are supported by a robust financial risk assessment and their purpose is clearly laid out and well understood.

10.4 In conclusion, it is the Chief Executive's opinion that the budget is robust and achievable and that the proposals for reserves are adequate.

## **11.0 OPTIONS**

11.1 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 in the proposals could be varied; however, there would be too many possible permutations to present in this report.

## **12.0 CORPORATE IMPLICATIONS**

### **12.1 Financial**

12.1.1 The financial implications for the general fund, HRA and capital budget are laid out within the body of the report.

12.1.2 Based upon the financial risk assessment contained within Annex 3, it would be prudent to maintain general fund balances at 12% of the net service revenue base budget.

### **12.2 Legal**

12.2.1 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.

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

### **12.3 Corporate**

12.3.1 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.

### **12.4 Equity and equalities**

12.4.1 The equity and equality impact of the savings carried forward from the 2012-2016 MTFP were considered as part of the budget process for 2012/13 and no issues were identified. There are also no equality issues identified in respect of the further savings highlighted in these budget proposals relating to budgets unspent in prior years and debt costs as these budget cuts will not impact on service delivery. The cuts in the pension budgets, as detailed at paragraph 4.6.4 of this report, merely are to bring the budgets in line with the contributions due under the scheme and therefore do not impact on any individuals.

12.4.2 A six week public consultation was held giving local residents and businesses an opportunity to comment on the budget proposals. The consultation was available to complete online and hard copy surveys were available to collect from local libraries and council offices. Local community groups and businesses were notified and a random sample of 3,000 residents was targeted by direct mail. The consultation was promoted throughout the six week period and a copy of the survey was also printed in the local free newspaper. 688 responses were received by the close of the consultation. No equality or access issues were

raised by the public as part of this consultation. The HRA budget, including the proposed rent increases, will be presented to the Tenant Area Board to which all tenants are invited.

12.4.3 Any further impacts of the budget proposals identified at service level will be assessed by the service managers where there is a relevance to the duty.

### **13.0 RECOMMENDATIONS**

- 13.1 That Members recommend the draft Medium Term Financial Plan at Annex 1 to Council.
- 13.2 That Members recommend to Council the draft General Fund Revenue budget estimates for 2013/14 to 2016/17 and the resulting budget requirement for 2013/14.
- 13.3 That Members recommend to Council that the level of general reserves be held at £2,177k, and specific earmarked reserves be used as identified in Annex 2.
- 13.4 That Members recommend to Council the HRA budget estimates for 2013/14 to 2016/17 and the HRA service charges as shown at Annex 4.
- 13.5 That Members delegate the approval of the EK Housing Management Fee to the Director of Community Services in consultation with the Portfolio Holder for Housing and Planning.
- 13.6 That Members recommend to Council the General Fund and Housing Revenue Account Capital Budgets for 2013/14 as detailed at Annexes 5 and 6.
- 13.7 That Members recommend to Council the draft Treasury Management Strategy (see Annex 3), as approved by Governance and Audit at its meeting on 11 December 2012.
- 13.8 That Members note the procurement update at paragraph 9.

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

### **Annex List**

Annex 1	Medium Term Financial Plan
Annex 2	Risk Assessment of Reserves
Annex 3	Treasury Management Strategy
Annex 4	HRA Service Charges
Annex 5	General Fund Draft Capital Programme
Annex 6	HRA Draft Capital Programme
Annex 7	Contracts Let - £75k and above
Annex 8	Contract Waivers Approved
Annex 9	Procurement Programme 2013

### **Background Papers**

<b>Title</b>	<b>Where to Access Document</b>
Budget Spreadsheet	N/A

**Corporate Consultation Undertaken**

Finance	N/A
Legal	Gary Cordes, Legal Services Manager
Communications	Hannah Thorpe, Acting Corporate Information Manager

# The Medium Term Financial Strategy 2013 - 2017

Thanet District Council

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## Introduction

The Medium Term Financial Strategy (MTFS) sets out the Council's strategic approach to the management of its finances and presents indicative budgets and Council Tax levels for the medium term. It covers the General Fund Revenue Account, the Housing Revenue Account and the Capital Programme, and includes grant funded projects. It also comments on the significant risks facing the Council in the forthcoming years and explains what the Council is doing to reduce those risks.

The main objectives of the MTFS are to:

- explain the financial context within which the Council is set to work over the medium term
- identify the financial resources needed to deliver the Council's priority outcomes
- provide a medium term forecast of resources and expenditure
- achieve a stable and sustainable budget capable of withstanding financial pressures.

Separate four-year plans have been developed that accord with the respective budget strategies for each of the Council's separate financial accounts, namely; the General Fund Revenue and Capital Accounts and the Housing Revenue Account. The objective of these plans is a safe and sustainable budget over the medium term.



## Executive Summary

### The National and Local Economic Outlook

The current economic climate and that of recent years has had a considerable impact on the Council, particularly due to its strong reliance on revenue from interest on reserves and fees and charges. The Bank of England base rate has remained at an historic low of 0.5% which has resulted in reduced investment receipts for the Council. The economic downturn has also resulted in lower income, particularly from planning fees, building control, land charges and car parking. Also severely affected by the current economic climate are asset disposals; selling assets does not necessarily represent value for money to the taxpayer at this point in time and so the Council's ability to generate funds from releasing capital resources has been severely limited to the detriment of the Council's capital programme.

Local Government in general, and district councils specifically, are facing the toughest financial outlook for many decades. The Local Government Settlement announced in January 2011 resulted in unprecedented cuts in formula grant for 2011/12 and 2012/13. Thanet faced a cut of 5.3% in 2011/12 (after receipt of transitional grant) which increased to 16.9% in 2012/13. The provisional settlement for 2013/14 and 2014/15 was announced as part of the Local Government Finance Report in December 2012. This shows a further cut of 7.4% for 2013/14 and a cut of 16.6% for 2014/15. Cuts of 6% in 2015/16 and 5% in 2016/17 have been assumed for this Medium Term Financial Plan based on modelling undertaken by Government analysts.

The Business Rates Retention Scheme (which is detailed further within this MTF) provides further uncertainty. The financial risk associated with businesses leaving the district now passes to the Council (subject to a safety net) whilst any incentive from encouraging new business growth is likely to be minimal.

The new localised Council Tax Reduction Scheme will replace the existing Council Tax Benefit system from 1 April 2013. The Government is transferring the responsibility for the design of the scheme to local authorities (subject to certain nationally set criteria), together with the transfer of the financial risks. Originally the Government had announced a reduction in funding for this of 10% as part of the Comprehensive Spending Review, although subsequent estimates show that having allowed for the inflationary impact over time, the reduction is now approximately 14% which for Thanet District Council equates to a reduction of approximately £2.2m. The Council will be covering this reduction by reducing the support given to working age claimants by 5% and removing second homes and empty property discounts. Although the risk of increases in the number of claimants will be underwritten by Kent County Council, the Council may see a significant increase in the number of bad debts for Council Tax as some of those who will now be expected to pay a proportion of their Council Tax bill may not have the resources to do so.

There is therefore significant uncertainty moving forward with regard to the financial implications of some of the Government's proposals which adds further pressure at a time when funding is already tight and income levels are being hit due to the economic downturn.

## Annex 1

### The Medium Term Financial Strategy

The Council's finances are captured within three different plans. A separate one exists for the General Fund Revenue Account; the Housing Revenue Account; and the Capital Programme, which contains financial projections for both General Fund and Housing Revenue Account capital expenditure.

### The General Fund Revenue Account

The General Fund Revenue Account is where all of the expenditure and income that relates to the day-to-day running costs of the core services of the Council is recorded.

The net budget requirement (after taking into account income from fees and charges and other specific grants) is met by a combination of Central Government Grant (58%) and Council Tax (42%). With just over half of the Council's net budget being funded from Government Grant, a reduction in this funding makes the task of continuing to improve and evolve whilst honouring the commitment to keep Council Tax increases as low as possible very difficult to achieve.

The budget estimates for the General Fund Revenue Account over the next four years are summarised in Table 1.

**Table 1**

#### Summary General Fund Revenue Proposals 2013 – 17

	2013/14	2014/15	2015/16	2016/17
	£'000	£'000	£'000	£'000
<b>Net Budget Requirement</b>	<b>18,842</b>	<b>17,581</b>	<b>17,042</b>	<b>16,870</b>
Reduction in Requirement	6.09%	6.69%	3.06%	1.01%
Increase in Council Tax	0.0%	1.99%	1.99%	1.99%

### Reserves

Councils must have regard to the level of reserves needed for estimated future expenditure when calculating the budget requirement. The Council has reviewed its level of reserves, taking account of the financial risks that could pose a threat to the Authority over the medium term. As a result of this exercise, the Council has set its optimal level of general reserves at 12% of the net revenue budget, which is felt to be a sufficient level of contingency. The Council's general reserves currently stand at just under the 12% optimal level and there are no plans over the medium term to reduce these balances.

In addition to the general reserve, a number of earmarked reserves exist. These are sums set aside for specific purposes and essentially allow funds to be saved over a number of years for large and often one-off items of expenditure, thereby smoothing the impact on Council Tax. The need for these reserves has also been considered over the medium term.

## Annex 1

### The Housing Revenue Account

The Housing Revenue Account is used by the Council to record expenditure and income that relates to the operation of its council houses. These include costs of maintaining the houses, expenses for running communal areas and the overheads associated with council house services.

The Housing Revenue Account sits outside of the Council's own accounts and has to be budgeted for separately. Strict rules govern what can be charged to this account. Any money remaining in the budget at the end of the financial year is carried forward in a special reserve for future housing needs and can not be used by the Council for other purposes.

The budget projections for the Housing Revenue Account for the medium term are shown in the table below.

**Table 2**

#### Summary Housing Revenue Account Revenue Proposals 2013 – 17

	2013/14	2014/15	2015/16	2016/17
	£'000	£'000	£'000	£'000
Expenditure	14,636	10,836	10,829	11,025
Income	(13,183)	(13,250)	(13,555)	(13,868)
<b>Net Cost of Services</b>	<b>1,453</b>	<b>(2,414)</b>	<b>(2,726)</b>	<b>(2,843)</b>
Other	1,274	540	1,268	358
<b>Net Operating Expenditure</b>	<b>2,727</b>	<b>(1,874)</b>	<b>(1,458)</b>	<b>(2,485)</b>
<b>HRA Balance:</b>				
Surplus at the start of the year	(10,845)	(8,118)	(9,992)	(11,450)
Surplus at the end of the year	(8,118)	(9,992)	(11,450)	(13,935)

## Annex 1

### The Capital Programme

The Council's plans for capital investment are used to develop the Capital Programme, which includes capital expenditure associated with both the General Fund and Housing Revenue Account. The programme is driven by the need to get maximum value for money from the Council's assets by making sure that they are well maintained and remain fit for purpose, within the limits of available funding.

Although the Council can borrow to fund its capital expenditure, the cost of the repayments often makes this option unaffordable and so its future capital requirements in the medium term will depend upon a well managed programme of asset disposals; using assets that are no longer suitable or cost effective to fund the acquisition and development of assets for improved service delivery. The Council's Asset Management Strategy provides the framework against which this process is managed to ensure that the best decisions are taken at the right time. In the current economic climate, selling assets does not necessarily represent value for money for the taxpayer and therefore the planned disposal of some assets has been put on hold until market conditions pick back up. This has inevitably resulted in reduced capital receipts which in turn means that the Council's resources for capital spend has been significantly reduced. It is important, therefore that only the most important schemes are selected against the limited resources. The proposed programme has been driven predominately in response to health and safety issues or to support those projects that will generate future revenue or can be funded from external grants.

The asset investment plans over the next four years are summarised in the following table.

**Table 3**

#### The Capital Programme 2013 – 17

	2013/14	2014/15	2015/16	2016/17
	£'000	£'000	£'000	£'000
Statutory and Mandatory Schemes	1379	1379	1379	1379
Schemes continuing from prior years	6586	0	230	0
Annual Enhancement Schemes	100	100	100	100
Wholly/Part Externally Funded Schemes	1610	250	0	0
Replacements and Enhancements	4524	195	250	0
Area Improvement	827	827	559	0
Capitalised Salaries	75	75	75	75
Housing Revenue Account Schemes	5973	2468	2422	1578
<b>Total Capital Programme Expenditure</b>	<b>21074</b>	<b>5294</b>	<b>5015</b>	<b>3132</b>
<b>Capital Resources Used:</b>				
Capital Receipts and Reserves	4477	3013	2883	1800
Capital Grants and Contributions	7728	2083	1499	1079
Contributions from Revenue	3023	198	227	253
Prudential Borrowing	5846	0	406	0
<b>Total Funding</b>	<b>21074</b>	<b>5294</b>	<b>5015</b>	<b>3132</b>

# Detailed Medium Term Financial Plan

The following pages provide more detail of the Council's financial plans over the medium term.

## The Local Government Finance Environment

The cost of local authority services, such as those provided by Thanet District Council, are funded primarily from fees and charges for services, General Government Grant, the Council Tax and other grants.

The Council is able to generate a substantial amount of income from charging for a range of discretionary services, however the ability to raise revenues through this route is limited, due to the constraints that are placed on the Council through a variety of different pieces of legislation.

The General Government Grant is allocated by a complex model which amongst other things takes account of the relative need of an area and the ability to raise taxes locally (based on an area's council tax base). The Spending Review 2010 responded to the impact of the world wide economic recession and the growth in public sector borrowing in the UK. It set out the Government's proposals to reduce public spending and the associated deficit. For Local Government in particular, that foretold of cuts totalling 28% over the 4-year period. The Spending Review was announced in October 2011 and the Financial Settlement that followed confirmed funding reductions for Thanet of 14.2% for 2011/12 and 12.7% for 2012/13. A transitional grant was then given to this Council to ensure our spending power didn't fall by more than 8.8%. Spending power is made up of formula grant, council tax receipts and other government grants. After the transitional grant, the reduction in funding was 5.3% in 2011/12 and 16.7% in 2012/13. The provisional settlement for 2013/14 and 2014/15 was announced in December 2012 as part of the Local Government Finance Report and showed further cuts for 2013/14 of 7.4% followed by 16.6% for 2014/15. This MTFFS assumes further cuts of 5% in both 2015/16 and 2016/17 based on modelling undertaken by Government analysts.

Although the Council is also responsible for collecting business rates across the District, these are currently paid over to Government and the Council is not able to use any of this to fund its services directly (although an element of business rates does return back to the Council within the Formula Grant). The system currently does not provide any financial incentive to promote business growth. The Government is introducing a Business Rates Retention Scheme from 1 April 2013. The intention of this scheme is to provide an incentive to encourage business growth. Those authorities who see an increase in business rates above a baseline set by the Government will retain a proportion of these additional business rates (this will be subject to a levy and the first 50% of any such growth will go back to the Government), whilst those authorities who see a decline in business rates due to businesses failing or moving out of the area will see a reduction in business rates income (subject to the operation of a safety net mechanism). It is not expected that this will result in any growth in business rates income for this Council as only a small

## Annex 1

proportion of any such growth would be retained by the Council, however, the Council could potentially lose up to £330k of business rates income before the safety net would kick in. There is therefore an element of uncertainty as to what the impact of this scheme will be on this MTFS.

The Council Tax system requires local householders to contribute directly to the cost of local service provision. The collection of the Council Tax is administered by Thanet District Council on behalf of itself, Thanet Parish and Town Councils, Kent County Council, the Kent and Medway Fire and Rescue Authority and Kent Police Authority. The element of Council Tax that relates specifically to Thanet District Council is calculated after having taken into account the expenditure needs of the Council and its ability to fund this from charges for services, General Government Grants, the use of reserves and other grant streams.

The current Council Tax Benefit system is being replaced by a localised Council Tax Support system from 1 April 2013. As already outlined in this MTFS, the Council is implementing a scheme which will cover the reduction in Government funding towards Council Tax support of £2.2m by reducing the support given to working age claimants of 5% and removing second homes and empty property discounts. The risk of increases in claimants will be met by Kent County Council but the risk of increases in bad debts will need to be borne by this Council. This is yet another uncertainty that could impact on this MTFS.

## Council Tax Referendum and Council Tax Freeze

The Government has determined that any Council Tax increases above 2% will be considered excessive and therefore any authority proposing an increase above this level will therefore be subject to consultation with the public via a referendum. The cost of such a referendum for this Council would be in the region of £100k.

The Government made a commitment to support councils who froze their Council Tax in 2011/12. A specific grant is being paid to those who accepted this freeze. This grant is equivalent to a 2.5% increase on the 2010/11 Council Tax level and is being paid each year from 2011/12 to 2014/15. The Government also committed to a freeze for 2012/13 but the grant funding for this was for one year only. The Government has now announced a further Council Tax freeze grant for 2013/14. The funding will provide authorities with the equivalent of a 1% Council Tax increase for 2013/14 and 2014/15, if Council Tax is not increased in 2013/14.

As a result of these announcements, and to provide support to its residents in this difficult economic climate, Thanet District Council set a zero increase for both 2011/12 and 2012/13. This MTFS has been developed on the basis of a 0.00% increase for 2013/14 and 1.99% increase thereafter. This will ensure that it can take the Council Tax Freeze Grant for 2013/14 but should keep within the referendum limit moving forward whilst still be honouring the commitment to keep Council Tax increases to a minimum.

The taxbase upon which the current council tax is set was agreed as 47,005.65 Band D equivalents. This was an increase of 0.83% on the previous year. The proposed reductions given to claimants via the Local Council Tax Support Scheme will have the

## Annex 1

effect of lowering the Council Tax Base. The taxbase for 2013/14 has been determined at 37,990.00 Band D equivalents and no change to this is anticipated over this MTFS. The financial impact of the reduction in the taxbase will be offset by the Council Tax Support funding.

# The Local Context

## Quality Services Directed Towards Community Priorities

District Councils have a duty to provide a range of services for the local community and visitors, and as a result much of a District Council's services are governed by statute. Although this sets out what the Council must do, there is often some choice as to how it is done. For example, the Council has a legal responsibility to collect refuse, however it can choose how often it makes collections and the method used.

But each local area or district will have its own particular needs and so, in addition to its statutory services, most councils also provide a range of services that are discretionary, where it believes the outcomes of providing a particular discretionary service are worth the inputs in terms of resources needed.

As part of the development of the Budget and MTFS, we must ensure that all statutory services are adequately resourced and that the discretionary services for which funding is to be provided continue to deliver beneficial outcomes that are proportional to the cost of providing them.

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. In some cases, planned service enhancements have had to be scaled back and future investments re-phased. In the previous year, the Council reorganised its structure to ensure that the Council could deliver its priorities, whilst maintaining effective services. The Council also adopted new ways of working, including shared services, to enable it to concentrate on the core council aims whilst still delivering basic council services well. A service review programme will commence shortly to look at alternative service delivery methods, ensuring more automated processes and maximising efficiency savings whilst also trying to improve customer satisfaction. This programme is expected to deliver savings to ensure a balanced budget for the years 2014/15 through to 2016/17. The Council will develop its future budget plans to protect its key priority services, such as Street Cleansing, Refuse Collection and Recycling; and Community Safety and Crime Reduction from budget reductions that will threaten service delivery, as far as possible. The Council remains committed to promoting a culture of continual improvement to ensure that it delivers good value for money for its residents.

## The Corporate Plan Framework

A new Corporate Plan has been approved for the period 2012-16. The plan sets out the Council's programme of priorities for the four year period and identifies three core aims that will help focus the Council's efforts towards achieving its vision:

**People** - Working together to make Thanet safe and improve the quality of life and health prospects for all;



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**Place** - Keeping Thanet beautiful by making the place cleaner and greener;

**Prosperity** - Attracting employment especially by supporting tourism and the green economy.

To ensure the Council delivers services that meet the needs of the community now and in the future, the Council has identified eleven priorities. These are:

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

Co-existing alongside the Corporate Plan are a number of other service related plans, such as the HRA Business Plan, the Waste Management Strategy and individual Service Plans; as well as capital and asset related strategies, which include the Capital and Asset Management Strategy, the Information and the Computer Technology (ICT) Strategy, the Procurement Strategy and the Accommodation Strategy.

This Medium Term Financial Strategy and the Annual Budget Report provide a key link between all of these plans. They underpin all of these other strategic documents, by translating the plans, actions and non-financial resources into financial terms so as to evidence their affordability and sustainability. In addition to presenting the budget projections of the Council's plans, these financial strategy documents cover the planned approach to the financial management arrangements needed to obtain the maximum value out of the Council's assets.



# The General Fund Revenue Account

## Overview

The General Fund Revenue Account is charged with any expenditure incurred on delivering the Council's services or meeting its day to day expenses that are not covered by legislation relating to the Housing Revenue Account, or can not be treated as capital expenditure. The majority of Thanet's expenditure (86%) is charged here.

This expenditure is funded from income that the Council raises through charging for goods and services (except if it relates to council houses or is of a capital nature) plus grants and Council Tax.

## Fees and Charges

The Council has a fees and charges policy that establishes the corporate principles for charging for services provided by the Council. The three key principles are:

- The Council must comply with all legal requirements for setting charges and income generation. Where appropriate, this will override other factors to ensure the Council is not exposed to the risk of legal challenge.
- The charging arrangements for any service should meet the full cost of providing the service where possible and include sound arrangements for income collection. The full cost of provision includes a share of central costs and a forecast for the effects of inflation.
- The appropriateness of charges set may be dependent on the wider aims and context of the service and as a result other aspects, such as the impact on service users, must be considered rather than just financial gain when setting fees and charges.

To adhere to these principles the Council considers the following guidelines when setting fees and charges each financial year:

- Charging decisions will be taken in the context of the Council's corporate objectives;
- Access, affordability and elasticity of demand will be considered;
- Charges will be consistent with the Council's policies for Value for Money, Equalities and Customer Access, e.g. consideration will be given to any disproportionate impact on vulnerable groups and those least able to pay;
- Where services are provided on a trading basis, charges will be set at the maximum level the market can bare without eroding demand such that the overall financial position of the service offering is weakened;
- Charges will be benchmarked with comparable local authorities and where they are identified as being significantly lower than in other comparable authorities, increases will be fast tracked in order to bring them in line;
- Charges will not be set at a level above other comparable authorities simply to meet efficiency targets or in response to comparatively higher costs for providing services in Thanet;
- The impact of uptake will be considered so that charges are set at a level that would confer a more favourable financial position;

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- Any exemptions and concessions on standard charges will be clearly justified. They will only be provided for services where benefits to the recipient groups are clearly evidenced. The Council will consider the adoption of a concessions policy as part of the review of fees and charges to help address inequalities within the district. Any approved policy will be included on the Council's website; and
- Enforcement charges will be set at a level proportionate to the nature of the offence and comparable charges in comparable authorities.

Application of these principles and associated guidelines aims to ensure that the Council's fees and charges are set within a framework of value for money management; whereby financial, performance, access and equity are considered fully and appropriately and decisions taken represent a transparent and balanced approach.

## External Funding

Historically the Council has been very successful at attracting external funding. External funding is potentially a very important source of income to the Council, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the Council. The Council therefore has an external funding and grants protocol to standardise the process relating to external funding to ensure consistency and clarity and to protect the Council from unidentified risks. The protocol has improved processes over external funding streams by:

- Identifying and publicising the terms and conditions relating to external funding;
- Ensuring risks associated with external funding are identified, considered and managed;
- Ensuring exit strategies are considered where appropriate;
- Ensuring that all financial implications are identified e.g. match funding requirements and ongoing unsupported revenue costs;
- Ensuring that legal and VAT issues are identified and considered;
- Ensuring capacity issues are considered i.e. do we have the resources to deliver the project?
- Ensuring that the external funding being sought is considered within the context of the Corporate Plan and Council priorities;
- Ensuring that projects are monitored and that evidence and output data required by funders is collected, and any issues around these areas are highlighted in a timely manner;
- Increasing robustness particularly when there are staffing changes;
- Clarifying roles and responsibilities.

## Developing the General Fund Revenue Budget

### The General Fund Budget Strategy

Fundamental to the development of the budget and Medium Term Financial Strategy is an overarching Budget Strategy, the objective of which is a safe and sustainable budget that will deliver the policies and aspirations of the Council over the medium term. The strategy, which underpins the General Fund financial plan, is as follows:

#### **The Council's Revenue Budget Strategy is:**

- 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 income from fees and charges, Council Tax and Government and other grants is sufficient to meet all expenditure.
- To maintain Council Tax increases as low as possible to avoid a local referendum, subject to a satisfactory level of Government Grant.
- To maintain the General Fund Reserve 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 minimise 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 out within its approved fees and charges.

These principles will enable the development of a budget that is sufficient to meet the Council's ongoing day to day business activities as well as progress its priorities as contained within the Corporate Plan. Such clear linkages between financial and business planning are the cornerstone of robust budget management practices.

The budget for 2013/14 and the three years that follow is developed by building onto the existing budget provision the anticipated increases for inflationary increases and budgetary growth that is needed for service developments; after which planned savings, growth in income and the use of reserves are reflected. This all has to be done so as to keep the resulting increase in Council Tax to a minimum.

## The Budget Build Process

The paragraphs that follow show how the base budget for 2012/13 is built upon.

### Budgetary Growth

Each of the different types of base budget pressure is discussed in turn below:

**Employee Costs** – A large proportion of the Council's expenditure is on staff related costs, the majority of which relates directly to service delivery. For the purposes of presenting an illustrative model of the impact of the budget strategy contained within this MTFS, the pay award has been included at an average of 1% for each year. A vacancy level of 2% of the employee budget has also been assumed.

**Other Inflationary Increases** – As a general rule the Council does not provide for price increases on goods and services, having instead to find ways to contain the increasing costs within existing budgets or negotiate a better price with its suppliers. The only budgetary growth for price increases that ends up being built into the budget is where it is unavoidable, such as where it is part of the terms of an existing contract or for supplies such as energy and fuel. Where provided for, contractual increases are derived from that specified in the contract. The inflationary growth has been reduced in 2013/14 to reflect a reduction in business rates and savings identified against current insurance budgets. The MTFS reflects an increase in insurance premiums of £200k per annum from 2014/15 following our insurers breaking the long-term agreement they hold with the Council due to poor claims history. Every effort is being made to improve the Council's claims history moving forward so as to try and mitigate the risk of future insurance increases.

**Service Delivery Pressures** – Borrowing costs of £262k have been factored into the budget for 2013/14 to support the capital programme. In addition, new service pressures have been identified for 2013/14 in respect of individual electoral registration (£60k); canvas costs (£25k); the requirement for new Environmental Health posts following a recent Food Safety Audit (£120k); an additional Cabinet and Shadow member (£22k) and a new part-time post to support the Overview and Scrutiny process (£17k). The MTFS also assumes growth will be required in future years for as yet unidentified service pressures and therefore a sum of £250k has been built in for 2014/15 and for each of the remaining years of the MTFS. Any other growth identified during the course of this MTFS will be met by redirecting budgets from other areas through the approved virement process.

**Increase in Fees and Charges** – The majority of fees and charges are increased in line with inflation. However, the level of some fees and charges are set by statute (e.g. planning fees) and some services are required to set their fees to break-even over a three year period (e.g. land charges), therefore the fees for these services will be increased accordingly. The fees for visiting leisure craft at Ramsgate Harbour have been increased by 10% in 2013/14 to reflect the improvements that have been made to the Harbour facilities. The fees for car parking will be the subject of a separate review and do not reflect an increase for this MTFS.

**Adjustments to Income** – Additional rental income is anticipated in respect of the Kent Innovation Centre of £50.3k per annum. This has been built into the budget from 2013/14. The target for licensing income has also been increased by £40k. However, income from planning fees has continued to fall and therefore this target has been reduced by £120k.

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All of the different sources of budgetary growth that are anticipated over the course of the medium term are summarised in Table 4.

**Table 4**

### Budgetary Growth 2013- 2017

	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
Employee costs	165.0	170.0	180.0	190.0
Unavoidable Prices	101.2	430.8	237.9	245.3
Service Delivery Pressures	506.0	250.0	250.0	250.0
Net Increase in Fees and Charges	(197.7)	(104.2)	(104.2)	(104.2)
Decreases in Income	120.0	0.0	0.0	0.0
Increases in Income	(90.3)	0.0	0.0	0.0
<b>Total Budgetary Growth</b>	<b>604.2</b>	<b>746.6</b>	<b>563.7</b>	<b>581.1</b>
Increase in Budget Requirement	2.96%	3.85%	2.99%	3.18%

## Key Proposals for Budget Reductions

The above principles have been taken forward as part of the budget developments for 2013/14. Budget reductions of £1.36m, £1.27m, £1.12m and £0.77m for 2013/14 through to 2016/17 respectively have been identified in order to fund budgetary growth and to keep Council Tax increases to a minimum.

**2012-2016 Medium Term Financial Plan Savings carried forward** – A range of savings were put forward as part of the 2012-2016 MTFS. Officers have worked up detailed proposals, which have enabled a more realistic savings target to be estimated. The following table reflects the anticipated savings from these proposals:

**Table 5**

### Base Savings Carried Forward from 2012-2016 MTFS

	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
Review of business hub	14.0	0.0	0.0	0.0
Reduce pension costs	28.0	0.0	0.0	0.0
Develop in-house design skills	0.0	10.0	0.0	0.0
Reduce audit costs	23.0	0.0	0.0	0.0
Building Control – working closer with neighbouring authorities	4.5	0.0	0.0	0.0
Restructure of Planning team	30.0	0.0	0.0	0.0
Reduce Theatre Royal grant	4.0	0.0	0.0	0.0

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Review of Community Development contracts and service delivery	15.0	25.0	0.0	0.0
Income from using in-house managing agent	0.0	80.0	40.0	40.0
Integration of GIS into planning database	26.0	0.0	0.0	0.0
Remove £5 discount for green waste collections	15.0	0.0	0.0	0.0
Introduce loyalty scheme at the Harbour	90.0	0.0	0.0	0.0
Underachievement of 2012/13 base savings	-20.0	0.0	0.0	0.0
<b>Total</b>	<b>229.5</b>	<b>115.0</b>	<b>40.0</b>	<b>40.0</b>

**Review of Base Budgets** – Previous years' outturn have been compared to the budget over the last few years and where there have been consistent under-spends or over-achievement against income targets, this has been factored into the MTFS. A sum of £205.2k has been included as a saving as a result of this exercise.

**Service Review Programme** – The MTFS identifies a savings requirement of £3m over the years 2014/15 to 2016/17 to be met from a service review programme. This programme will look to see which services can be reduced whilst still meeting customer needs; which can be delivered in a different way to reduce costs; and will look to identify where there are further efficiencies to be made within service areas. This programme will begin in 2012/13 but it has been assumed there may be a time delay before any savings are realised and therefore no savings have been assumed for the purposes of this MTFS until 2014/15.

**Other Savings** – The following savings have also been identified during the development of this MTFS:

- Following the introduction of self-financing for the Housing Revenue Account from 1 April 2012, Members of this Council approved a two pool approach for the debt portfolio. This means that the portfolio is now apportioned between the debt relating to the General Fund and the debt relating to the Housing Revenue Account and both are now managed separately. As a result of this, there are savings in the cost of borrowing to the General Fund of £300k.
- Although a recent actuarial valuation suggested that the pension contribution rate could be reduced assuming existing staffing levels and age profiles remained the same, the budget was held at the same level due to uncertainties about the impact on the pension contributions of the corporate restructure being proposed at the time. Under-spends against the pension contributions in recent years have been set-aside in an earmarked reserve specifically to offset any detrimental impact of future actuarial valuations. There is now a sum of £661k in this reserve which is considered sufficient to mitigate this risk. As a result, the pension budgets have been reduced by £450k, which will bring the budgets in line with the actual contributions currently required.

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- Savings of £22.7k have been identified in respect of Central Finance and Treasury costs. These relate to interest payable, interest receivable and the minimum revenue provision (repayment of debt).
- Additional efficiency savings of £150k are expected to be delivered by East Kent Services.

Presented below in Table 6 are the budget reductions that have been estimated for the medium term.

**Table 6**

### **Budgetary Reductions 2013 - 2017**

	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
MTFS 2012-2016 c/fwd	229.5	115.0	40.0	40.0
Review of Base Budgets	205.2	0.0	0.0	0.0
Service Review Programme	0.0	1157.3	1081.4	731.2
Other Savings	922.7	0.0	0.0	0.0
<b>Total Budgetary Reductions</b>	<b>1357.4</b>	<b>1272.3</b>	<b>1121.4</b>	<b>771.2</b>
As a percentage of opening net budget	6.66%	6.56%	5.96%	4.22%

**Phasing of Savings** – It is proposed that where feasible all of the savings actions will be implemented at the earliest opportunity to give the Council the best chance of stabilising its budget requirement as soon as possible. However, as many of the savings are expected to take a few years before a full year reduction is able to be budgeted for, for modelling purposes it is assumed some of the savings identified in 2013/14 will be slipped to 2014/15.

## General Fund Reserve

The Local Government Finance Act 1992 specifies that precepting authorities, such as Thanet District Council, must have regard to the level of reserves needed for estimated future expenditure when calculating the budget requirement. In order to comply with this requirement each year the Council reviews its level of reserves, taking account of the financial risks that could pose a threat to the Authority over the medium term. The optimal level is considered to be at 12% of the net revenue budget as this is felt to be a sufficient level of contingency.

The opening balance as at 1 April 2012 was £2.177m, which equates to 11.7% of the 2013/14 Net Revenue Budget and 12% of the 2014/15 budget. Every effort will be made to keep the General Reserve at the 12% level.



## Earmarked Reserves

In addition to the General Reserve, a number of earmarked reserves exist, which are sums set aside for specific purposes. Essentially these allow funds to be saved over a number of years for large and often one-off items of expenditure, thereby smoothing the impact on Council Tax.

The earmarked reserves over the medium term are shown below. Where the exact demand on the reserve is not known sufficiently far enough in advance over the medium term no estimates are allowed for within the MTFS. This does not affect the 'bottom line' of the budget requirement, as neither the expenditure nor the equivalent amount of funding from the earmarked reserves are reflected.

### The Earmarked Reserves over the medium term are:

- **Insurance Risk Management** – This is to meet potential increases in insurance premiums and also to cover the cost of large excesses relating to insurance claims.
- **Local Development Framework** – Due to the variable profile of spend on this activity and the variable cost in relation to consultation and inspection, any underspend in relation to LDF is set aside in this reserve to be drawn against as required.
- **General Repairs** – This reserve is held as a contingency for necessary essential repairs and maintenance works to Council assets.
- **Revenue Projects (Slippage) Reserve** – To enable all planned costs to be contained within budget, this reserve has been established to carry forward budget that remains unutilised as a result of slippage of a significant value.
- **Information Technology Reserve** – This reserve was created to control and enhance the development of new information technology initiatives with the objective of improving efficiency throughout the Council's activities. Monies are also held in this reserve to support the replacement of ICT equipment.
- **Environmental Action Plan Reserve** – The Environmental Action Plan is a fundamental part of the Council's Corporate Plan and a key corporate priority. This reserve therefore holds funds that have been set aside to meet various improvements to public assets throughout the district.
- **Office Accommodation Reserve** – This reserve holds monies to support the replacement of the sound and recording equipment within the Council Chamber.
- **Housing and Planning Delivery Grant** – This was set up to receive the Housing and Planning Delivery grant monies (this grant source has now stopped). The funding has been used to support the planning service.
- **Cremator Works Reserve** – The Council had an obligation to be environmentally compliant by the year 2012. Major works to the crematorium facilities were needed in order to meet this requirement and a reserve was established to ensure that sufficient monies were put aside so that the required works could be carried out. A surcharge was raised on all cremation fees and this surcharge was transferred to the reserve. The current balance on this reserve will be fully utilised to fund this project. The surcharge will continue to support future burner replacement.
- **Decriminalisation Reserve** – The Council administers the on-road parking service but has to account for the income and expenditure separately. This reserve holds any unutilised revenues from parking charges. These are used to fund future parking, transport or environmental improvement related schemes. A sum of £40k per annum is drawn down from this reserve to meet base budget transport related costs. The funds within this reserve are not available for general Council use.



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- **Priority Improvement Reserve** – This holds money set aside to fund initiatives that require one-off funding that will deliver service improvements or act as an invest to save reserve, providing initial start-up funds for projects that will ultimately save money.
- **Council Elections Reserve** – This is a saving account for the elections which occur every four years.
- **Renewal Fund** - This is a saving account for specific purposes based on the average annual amount required e.g. for the cost of CRB checks.
- **Customer Services Fund** – 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 underspends that arise in this area as a contingency for future years. This reserve will also help to negate the impact of an increase in the level of bad debts due to the move towards paying claimants direct.
- **Area Based Grants** – Past underspends against the Area Based Grant funding have been set aside in an earmarked reserve to be utilised in future years to help support the Economic Development and Community Development functions.
- **Waste Reserve** - This reserve holds service under-spends to support future service enhancements. The full balance on this reserve will be required to support the borrowing costs associated with the replacement of the waste fleet.
- **Homelessness Reserve** – Service under-spends have been set aside in this reserve to meet future homelessness needs.
- **Performance Reward Grant Reserve** – Unspent Performance Reward Grant monies were put into this reserve with the intention of being utilised on future East Kent working. The monies held will now be used to minimise the demands on the General Fund, while remaining in line with the original aims of the grant.
- **Maritime Reserve** – This is to be used to support improvement works at the Port and Harbour and for income protection/maximisation works.
- **Pensions Reserve** – Due to the uncertainty around pensions, a reserve has been set up from pension savings in order to mitigate future risks around pensions.
- **VAT Reserve** – The receipt of monies in relation to the Council's Fleming claim have been set aside in an earmarked reserve to offset the risk of the Council breaching its partial exemption VAT limit.
- **East Kent Services** – The Council holds this budget as accountable body. It holds year end surpluses in respect to the operation of East Kent Services and the delegated responsibility for spend against the reserve is with the Director of East Kent Services.
- **New Homes Bonus** – The New Homes Bonus monies are held in this reserve and will be utilised to support one-off projects as agreed by Members. An element of the Formula Grant is being top-sliced to fund the New Homes Bonus scheme so the Council may be required to draw down some of this funding in future years to offset this top-slice. A sum of £185k per annum is also being drawn down to support events and floral grants.
- **Housing Intervention** – This reserve is held to support the one-off costs associated with the Housing Intervention project.
- **Economic Development and Regeneration Reserve** – This reserve is to support one-off service improvements and initiatives encouraging economic growth.
- **HRA Properties Reserve** – This is held to support the purchase and refurbishment of HRA properties. Its usage is ring-fenced for the HRA.

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### The General Fund Revenue Budget Requirements

All of the stages in developing the General Fund Revenue Budget that have been described above have been used to calculate the estimated budget requirement for 2013 – 2017 which are presented in summary in Table 7.

**Table 7**

#### The Medium Term General Fund Revenue Budget 2013 - 2017

	2013/14	2014/15	2015/16	2016/17
	£'000	£'000	£'000	£'000
Opening Revenue Budget	20379.7	19372.2	18826.9	18269.1
Inflationary Increases	266.2	600.8	417.9	435.3
Increases in Fees and Charges	(197.7)	(104.2)	(104.2)	(104.2)
Increase/Decrease in Income	29.6	0.0	0.0	0.0
Service Growth	506.0	250.0	250.0	250.0
Savings	(1357.4)	(1272.3)	(1121.5)	(771.2)
Phasing of Savings	(254.3)	(19.6)	0.0	0.0
<b>Net Service Revenue Budget</b>	<b>19372.1</b>	<b>18826.9</b>	<b>18269.1</b>	<b>18079.0</b>
Use of Earmarked Reserves	(129.6)	(40.0)	(40.0)	(40.0)
Weekly Collection Support Scheme	(214.9)	(283.6)	0.0	0.0
New Homes Bonus	(185.0)	(921.6)	(1187.1)	(1169.0)
<b>Net Revenue Budget Requirement</b>	<b>18842.6</b>	<b>17581.7</b>	<b>17042.0</b>	<b>16870.0</b>
Reduction in Budget Requirement	6.09%	6.69%	3.07%	1.01%

# Funding the Medium Term General Fund Revenue Budget

## Local Government Finance Settlement

**Formula Grant** – The Provisional Settlement for 2013/14 and 2014/15 was announced on 19 December 2012. The Council saw cuts of 5.3% in 2011/12 and 16.9% in 2012/13 in Formula Grant after receipt of transitional grant funding. The Provisional Settlement for 2013/14 and 2014/15 shows a further cut of 7.4% for 2013/14, followed by 16.6% in 2014/15. It is anticipated that further cuts are to come and for the purposes of this MTFs, cuts of 5% in both 2015/16 and 2016/17 have been assumed. Also rolled into this funding from 2013/14 will be the homelessness grant, the Council Tax freeze grant and the Council Tax Support grant:

- The Council receives annual funding of £127k to support homelessness initiatives.
- The Council is in receipt of a grant of £246k in respect of freezing its Council Tax for 2011/12 which it will receive in each of the years to 2014/15. Although it froze its Council Tax in 2012/13, the grant funding for this year was for one year only. The Council is intending to freeze its Council Tax for a third year. This will entitle the Council to further grant funding of £99.6k in both 2013/14 and 2014/15.
- Following the introduction of the new Localised Council Tax Reduction Scheme, the Council will receive a reduction in the associated Government funding of approximately 14% (£2.2m). The impact of this will be negated by reducing the Council Tax discount for claimants by 5% and removing second homes and empty property discounts. Council Tax Support funding of £2m will be received to negate the impact on the Taxbase of this scheme.

**Area Based Grants** – In addition to the Formula Grant, the Council has been in receipt of Area Based Grants. These include the Working Neighbourhood Fund and other minor grants. The balance of the unallocated funding is being used as a contribution towards the cost of posts within Economic Development and Community Development. No further allocations of Area Based Grants are anticipated for this MTFP.

**Specific Grants** – Specific Grants are received for administering the housing benefit and council tax payment and collection systems on behalf of Government.

**Transitional Grant Scheme** – Additional funding will be available for those authorities that have adopted Council Tax Reduction Schemes that minimise the impact on low-income households. To apply for this funding, billing authorities will have to demonstrate that their adopted scheme ensures that those who would be entitled to 100% support under current council tax benefit arrangements pay between zero and no more than 8.5% of their net council tax liability. This Council will be applying for funding of £56k for 2013/14 and also will be negotiating with its major preceptors for a proportion of the funding they will receive.

**Weekly Collection Support Scheme** – The Council has been successful in its bid for funding through the weekly collection support scheme. It will receive revenue funding of £214.9k in 2013/14 and £283.6k in 2014/15 and capital funding of £500.8k in 2013/14.

### Grant Funded Revenue Projects

Aside from the grants from Central Government the Council receives grant funding from other sources for a range of projects and initiatives. Some of the grants are ring-fenced, others are provided without limitation, although the Council always aims to ensure that the grant is used in the spirit in which it is provided. Each of the main grant funding streams which are expected to be received in the medium term are discussed below:

**Big Lottery Fund** – Funding of £24.6k is anticipated in 2013/14 towards the 'Footprints in the Sand' scheme for beach awareness.

**Dalby Square** – In April 2011 the Council was awarded by the Heritage Lottery Fund a 'Stage 1' pass for a Townscape Heritage Initiative Scheme in Dalby Square, Dalby Road and Arthur Road. As a result, the Lottery ring-fenced £1.8m, subject to agreement of the details of the scheme. A sum of £35k will be used for revenue expenditure in 2013/14, with a further £37k in 2014/15. The balance will be spent on capital.

### New Homes Bonus

The New Homes Bonus rewards local authorities that deliver sustainable housing development. Local authorities receive a New Homes Bonus equal to the national average for the Council Tax band on each additional property built in the area in the preceding year. This is paid for the following six years as a non ring-fenced grant meaning the Council is not fettered in how it chooses to spend this funding.

Thanet District Council expects to receive £1.447m of New Homes Bonus in 2013/14 and each of the following five years and will also receive additional sums for any further new homes built. The MTFs assumes that these funds are held for projects that will have benefit for its local communities. However, the formula grant has been top-sliced to fund the New Homes Bonus programme and therefore the Council may need to use some of this funding to offset this top-slice in future years. Table 8 assumes that the budget gap from 2014/15 will be met from the New Homes Bonus but every effort will be made to find alternative ways of bridging this gap.

It is also proposed to use £185k per annum to fund the events and floral grants budgets. However, for 2013/14 only, a sum of £50k of this funding will be transferred from events to support one-off tourism and regeneration projects.

### Council Tax

The Council sets its net budget requirement (after having taken account of increased income from charges and the use of reserves) which is then part funded from Government Grant and part from Council Taxes. The total amount that is needed to be raised by Council Taxes is known as the Precept. This is divided by the total number of equivalent Band D properties (the tax base) in order to calculate the individual Council Tax band amounts. For medium term planning purposes, the level of growth in the tax base has been assumed to be zero.

The Council's budget plans, grant predictions and the assumed Council Tax base give the projected levels of Council Tax increases which are shown in Table 8.

## Annex 1

This shows that with the Council's planned efforts to keep expenditure levels down, and optimise revenue receipts, despite the low level of financial support from Central Government, Council Tax increases are to be frozen for a third year in a row with minimal increases of 1.99% per annum planned thereafter.

**Table 8**

**The Medium Term Revenue Funding Summary 2013 - 2017**

	2013/14	2014/15	2015/16	2016/17
	£'000	£'000	£'000	£'000
<b>Net Service Budget</b>	<b>19372.2</b>	<b>18826.8</b>	<b>18269.1</b>	<b>18079.0</b>
Transfer from Earmarked Reserves	129.7	40.0	40.0	40.0
Weekly Collection Support Scheme	214.9	283.6	0.0	0.0
New Homes Bonus	185.0	921.6	1187.1	1169.0
<b>Net Budget Requirement</b>	<b>18842.6</b>	<b>17581.6</b>	<b>17042.0</b>	<b>16870</b>
<b>Funded From:</b>				
Formula Grant (RSG & NNDR)	8530.0	7111.0	6755.0	6418.0
Section 31 Grant	345.6	345.6	0.0	0.0
Council Tax Support Funding	1990.0	1990.0	1990.0	1990.0
Precept	7977.0	8135.0	8297.0	8462.0
Council Tax Base	37990	37990	37990	37990
<b>Band D Council Tax</b>	<b>£209.97</b>	<b>£214.14</b>	<b>£218.40</b>	<b>£222.74</b>
Increase in Band D Council Tax	£0.00	£4.17	£4.26	£4.34
% Increase in Band D Council Tax	0.00%	1.99%	1.99%	1.99%

# The Housing Revenue Account

## Overview

The Council is required by the Local Government and Housing Act 1989 (section 74) to keep a Housing Revenue Account (HRA) which records all revenue expenditure and income relating to the provision of council dwellings and related services. The use of this account is heavily prescribed by statute and the Council is not allowed to fund any expenditure for non-housing related services from this account.

## The HRA 30 Year Business Plan

The HRA Business Plan indicates that the Council can maintain its properties to the Decent Homes Standard for the full 30 years of the plan (which runs to 2036).

To extend the financial viability of the HRA Business Plan an Arms Length Management Organisation (ALMO), East Kent Housing, was established in April 2011 to manage the council housing of all of the East Kent Local authorities. Each council will continue to determine its own HRA Business Plan and its stock investment priorities. The annual planned maintenance budgets will also continue to be determined by each council as part of its existing constitutional and budget processes. The feasibility study for the ALMO identified that savings could be achieved as a result of merging the services. By pooling resources, the councils can also develop greater expertise in specialist areas like asset management, community development and housing and tenancy law. The aims of the ALMO are:

- Delivering excellent customer service – aiming for 3 stars;
- Realising greater efficiencies and savings for reinvestment;
- Encouraging stronger and more prosperous communities;
- Improving procurement capacity;
- Providing additional investment for council housing estates;
- Ensuring longer term resilience for the council's individual Housing Revenue Accounts;
- Establishing a stronger housing role for the councils;
- Developing a stronger role for tenants in shaping housing services;
- Improving career opportunities for staff.

## Changes to Relevant Legislation

From 1 April 2012 the Council's Housing Revenue Account became self-financing as part of the Localism Act. This means that the Council will no longer pay over any notional surplus of income over expenditure to the Treasury but instead, in return for a one-off debt settlement, will be able to retain the rental income within the Housing

## Annex 1

Revenue Account. 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.

# Developing the Housing Revenue Account

## The Housing Revenue Account Budget Strategy

The main strategic objectives of the Housing Revenue Account, which provide the underlying principles for financial planning, are summarised in the box below. This strategy accords with the current HRA 30 Year Business Plan and has been used as the basis on which this Medium Term Financial Plan has been developed.

### The Council's Housing Revenue Account Strategy is:

- 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 of 2016.
- 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.

As with the General Fund Revenue Account, the HRA budget is arrived at after the consideration of inflationary increases; growth in expenditure arising from service led demands and other pressures; reductions in expenditure through the realisation of efficiencies; and changes in income through rent increases and the impact of the sale of council houses.

## Budgetary Growth

**Inflationary Increases** - For direct expenditure budgets, price increases have been included at 3%, in line with the budget assumptions for the General Fund Revenue Account. Where there is a known inflate within a specific contract, this has been used. An RPI inflation increase of 3% has been applied to repairs and maintenance.

## Budget Reductions

**Efficiency Savings** – Negotiations are ongoing with regard to the Management Fee with East Kent Housing. Based on the assumption that after year two of the agreement greater savings are expected to be achieved as East Kent Housing secure greater value for money, a saving of £136k is anticipated on the Management Fee over the next three years.

## Annex 1

### Increased Income

The Council receives income from a variety of sources in respect of its council houses, including that raised from rents and from service charges to residents of flats for communal services in order to recover its costs.

**Service Charges** – A review of the service charges within the HRA is currently being undertaken to take into consideration Welfare Reform changes. It is proposed to apply no inflationary increase to “unpooled” service charges to try to alleviate the increase sustained by tenants. Heating service charges have been based on recovering actual costs.

**Rents** – 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 has therefore been established according to RPI inflations at September 2012 which was 2.6% + 0.5%, combined with a factor for convergence to not exceed £2, assuming a convergence timeframe of 2015/16. The MTFP also includes an increase of 2.6% for garage rents.

**HRA 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 has remained low which in turn means that investment interest will be low. The budget for 2013/14 is based on an interest rate of 0.75%.

### HRA Reserves

The Council keeps three HRA specific reserves: the HRA Major Repairs Reserve, the HRA Balance Reserve and the HRA New Properties Reserve. These are explained in more detail below.

**Housing Revenue Account Major Repairs Reserve** – Within the old HRA Subsidy system, the Major Repairs Allowance (MRA) had to be placed in a Major Repairs Reserve until required to fund HRA capital expenditure. Under the new arrangements, it is proposed to continue with the five year transitional arrangement and 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.

**Housing Revenue Account Balance Reserve** – This reserve holds the balance on the HRA and is used to draw down to balance the revenue budget and smooth any peaks and troughs within the 30 year business plan. It is maintained by annual contributions from the HRA.

**Housing Revenue Account 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.



## The Medium Term HRA Budget Requirements

The changes that are outlined in the paragraphs above have been applied to the 2013/14 budget for the Housing Revenue Account and the resulting financial projections for the HRA over the next four years are summarised in Table 9:

**Table 9**

### The Medium Term Housing Revenue Account Budget 2013 – 2017

	2013/14	2014/15	2015/16	2016/17
	£'000	£'000	£'000	£'000
<b>EXPENDITURE</b>				
Repairs and maintenance	3,191	3,344	3,298	3,453
Supervision and management – General	2,808	2,775	2,741	2,742
Supervision and management – Special	509	517	525	534
Rents, rates, taxes and other charges	253	262	271	281
Bad or doubtful debts provision	220	220	220	220
Depreciation/impairment of fixed assets	3,438	3,433	3,428	3,423
Debt Management Charges	8	8	8	8
Non-service specific expenditure	1,200	150	150	150
Capital expenditure funded from HRA	3,023	198	227	253
<b>Gross Expenditure</b>	<b>14,650</b>	<b>10,907</b>	<b>10,868</b>	<b>11,064</b>
<b>INCOME</b>				
Dwelling Rents (gross)	-12,426	-12,600	-12,927	-13,257
Non-dwelling Rents (gross)	-220	-222	-225	-228
Charges for services and facilities	-315	-320	-324	-329
Contributions towards expenditure	-294	-295	-296	-297
Other Charges for Services and Facilities	-11	-11	-11	-11
<b>Income</b>	<b>-13,266</b>	<b>-13,448</b>	<b>-13,783</b>	<b>-14,122</b>
<b>Net Costs of Services</b>	<b>1,384</b>	<b>-2,541</b>	<b>-2,915</b>	<b>-3,058</b>
HRA Investment Income	-81	-81	-159	-239
Debt Interest charges	960	831	810	808
Government Grants and Contributions	-1,050	0	0	0
Adjustments made between accounting basis and funding basis	1,438	-218	610	-217
<b>(Surplus)/Deficit on HRA</b>	<b>2,651</b>	<b>-2,009</b>	<b>-1,654</b>	<b>-2,706</b>
<b>Housing Revenue Account Balance:</b>				
Surplus(-)/Deficit at Beginning of Year	-10,845	-8,194	-10,203	-11,857
Surplus(-)/Deficit For Year	2,651	-2,009	-1,654	-2,706
<b>Surplus(-)/Deficit at End of Year</b>	<b>-8,194</b>	<b>-10,203</b>	<b>-11,857</b>	<b>-14,563</b>

# The Capital Programme

## Overview

Maintaining and improving the Council's infrastructure requires considerable resources and typically it covers three types of investment:

- Premises;
- Information and communication systems; and
- Vehicles and equipment.

Investment in such infrastructure qualifies as capital expenditure when it results in an asset that costs over £10k and has a useful life of more than one year. It can be funded from loans, capital receipts, capital grants and contributions from revenue.

Assets bought in this way form part of the 'worth' of the organisation, appearing on its balance sheet for years to come until disposed of. Due to the longer term nature of capital projects and the different funding sources that are available, the capital budget is shown separately to the revenue budget.

## Impact of the Current Economic Climate

Since the development of the Asset Management Strategy, the deterioration in the national economic position has had a serious impact on the Council's capital plan. The plan relies upon significant levels of capital receipts being generated from the sale of surplus Council assets. However, with the downturn in the property market, many of the proposed disposals have been delayed. As a result the planned capital investments have had to be scaled back accordingly. The capital programme thus presented in this MTFs is therefore a realistic one which recognises the current market conditions.

## Consideration for the Environment

The Council is committed to reducing its carbon footprint, and acting responsibly in respect of its use of natural resources. Accordingly all future capital investments will be done to either assist in the delivery of the Climate Change Strategy, or with due regard for its aims.

# Developing the Medium Term Capital Programme

## The Capital Budget Strategy

The Capital Programme has been developed following the principles that are laid out in the Council's capital budget strategy, which is shown below.

### The Capital Budget Strategy is:

- 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 the Council undertakes to lessen 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. All projects have been scored and ranked in order of priority so that should the capital receipts exceed that budgeted, the projects on the priority list will be progressed in ranking order.

## Planned Investments

The Capital Programme has been very much driven by those capital schemes that have a health and safety implication or deliver a revenue saving to the authority. The public budget consultation exercise has also been used to identify where funding should be prioritised.

The main capital projects that are planned for in the medium term are outlined below:

**Service Led Capital Schemes** – The running of a district council requires an ongoing investment in assets that are used to deliver the business, such as fixed assets, plant and equipment and infrastructure. The need for expenditure on these has to be weighed up against other competing demands and priorities in order that the costs are able to be contained within the available resources. A review of the waste vehicles has been undertaken and expenditure of £4m factored in.

**Grant Funded Projects** - The Council has plans for a number of schemes that will be fully or part funded by grant. The most significant of these is the provision of Disabled Facility Grants (DFGs) which are provided to residents as a financial contribution for adaptations to their homes, such as to assist with mobility difficulties. 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. Unfortunately the authority is anticipating a substantial reduction in the capital receipts budget which has reduced the available funds the authority has to allocate. However, the authority is still committed to providing a contribution towards the government funding. It is intended to provide an 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.

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The Council has been successful in securing £4.1m from the Homes and Communities agency for the 'Bringing clusters of empty Homes into Use' programme. This will bring 160 empty homes back into use across Margate Central and Cliftonville West wards.

The Council has had £1.9m of Heritage Lottery funding approved towards a townscape initiative scheme in Dalby Square, Dalby Road and Arthur Road. The expenditure has been profiled over the first three years of the scheme 2013/14 to 2015/16. During the scheme, New Homes Bonus and Regional Housing Board monies, already held by the Council, will be used as match funding.

In three separate locations on the North Thanet coastline the existing 1950s sea walls share a common design and have developed similar defects requiring extensive and costly repair work. The combination of the structures' age and the common defect means that work is required in the near future to maintain the structures' integrity and protect from sea erosion. The Council has had an initial allocation made from the Environment Agency to undertake the works with the main capital works being proposed for 2013/14 and 2014/15.

Most of the Council's in-house waste collection vehicles have reached the end of their useful lives and require replacement. As part of the funding package to replace the vehicles, KCC have made £645k available towards the replacement of containers and the Council were successful in a bid for £500k of DCLG funding under the Weekly Collection Support Scheme.

**Re-phased Projects** – Due to a shortfall of capital receipts achieved in 2012/13, a number of capital projects have been re-phased to 2013/14. These include East Kent Services led information technology projects totalling £86k, works to the waste transfer station of £216k, Margate cemetery extension £140k, regeneration projects and the annual enhancement capital works to public conveniences.

**New Capital Projects** – A review has recently been undertaken with regard to anticipated capital receipts from the disposal of assets. Until this review was completed, it was not possible to proceed with the scoring of any new projects as the Council needed to understand the capital receipts available to fund new projects. A number of new capital bids have been received and have now been reviewed and scored by the Capital Asset Management Group. The successful projects include the Dalby Square Town Heritage Project, North Thanet coastline and replacement waste fleet mentioned in the grants funded projects paragraph above; an upgrade to the water supply at Ramsgate Harbour; replacement of the grounds maintenance mowers and vehicles; replacement of the floating pontoons at the Ramsgate Harbour Eastern Outer Marina; and works to the car park and other residual works associated with the crematorium project.

**Council Housing** – The Housing Revenue Account Capital Programme has been set to ensure that the authority's social housing stock meets Decent Homes Standard Plus and provides a continuing maintenance scheme to the Council's housing stock.

The Margate Intervention programme plans to increase the Council's Housing stock by 40 units of affordable housing by the end of 2014 and the Ramsgate Empty Homes programme plans to increase the Council owned housing stock by a further 30 units by the end of 2014.

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Details of the planned capital projects for the next four years are summarised later in Table 10.

## Capital Funding Sources

The capital investment proposals contained within this MTFS rely upon an overall funding envelope made up of a number of sources, including borrowing, capital receipts, capital grant and revenue contributions.

### Borrowing

The local Government Act 2003 gave local authorities the ability to borrow for capital expenditure provided that such borrowing was affordable, prudent and sustainable over the medium term. The Council has to complete a range of calculations (Prudential Indicators) as part of its annual budget setting process to evidence this. These make sure that the cost of paying for interest charges and repayment of principal by a minimum revenue contribution (MRP) each year is taken into account when drafting the Budget and Medium Term Financial Strategy. Over the course of this MTFS, prudential borrowing has been assumed for the waste vehicle replacement programme and Dreamland. A housing debt cap of £27.792m has been set for the Council's HRA, being the maximum amount the HRA can borrow.

### Capital Receipts

Capital receipts are generated when a fixed asset is sold and the receipt is more than £10k. Capital receipts can only be used to fund capital expenditure. All of the receipts from the disposal of an asset on the Council's General Fund (i.e. for its main services) can be kept by the Council. On 2 April 2012 Ministers raised the cap on Right to Buy discounts to £75k 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. In order to keep these additional receipts it was necessary to enter into an agreement with the Secretary of State for Communities and Local Government. On 26 July 2012 Cabinet gave approval to enter into this agreement. This allows the Council to retain additional Right to Buy receipts over and above that budgeted by Treasury. In the past only 25% of capital receipts from the sale of HRA assets (council houses) were available for capital investment. The remaining 75% had to be paid to Central Government. These 'pooled capital receipts' were then allocated back to councils by the Government according to need. Under the new regime Treasury will still receive 75% of income on sales for approximately the first four Right to Buy properties and those sales over and above that budgeted will form part of the new agreement. The Council has set a capital allowance of £750k which can be used to reduce the value of capital receipts arising from the sale of HRA land and shops which are required to be pooled, providing the resources are invested in affordable housing and regeneration.

**The Asset Management Strategy (AMS)** – The Council's planned level of capital expenditure means that significant levels of asset sales are required. The AMS provides a framework for determining which of the Council's assets are suitable for disposal in order to fund new investments that will ensure that its property portfolio is

## Annex 1

fit for purpose. Over the course of this Medium Term Financial Strategy the AMS has enabled the identification of a number of assets that can be disposed of without any detriment to service delivery, and yet improve the overall value for money represented by the Council's assets. The affordability of the Capital Programme has been based on the assumption of a certain level of capital receipts being generated, however, the current economic climate has resulted in falling sales values and consequently some of the planned asset disposals have had to be put on hold until the property market picks up. The Capital Programme will therefore be reviewed once future capital receipt projections are more certain.

### Capital Grant

The Council receives additional grant funding for a variety of purposes and from a range of sources. These include Communities and Local Government funding for Disabled Facility Grants, Lottery funding and European grants.

### Revenue Contributions

**General Fund Contributions** - Although the Council can use its General Fund revenue funds to pay for capital expenditure, as it has in the past, the current financial constraints that are on the Revenue Budget means that this option is limited in the medium term.

**HRA Contributions** – Funding for capital expenditure on houses can be met from within the HRA and small amounts of such funding are anticipated in this Medium Term plan. The future funding requirements will be informed by the revised 30 year HRA business plan.

### Capital Reserves

**HRA Capital Reserves** – Although the HRA subsidy system has ceased to exist, transitional arrangements allow the Council to continue to place the Major Repairs Allowance, as detailed in the settlement determination, in the Major Repairs Reserve. This is exclusively available for use on HRA capital expenditure.

**Capital Projects Reserve** – It is anticipated that this reserve will be fully utilised to help fund the 2012/13 Capital Programme.

The investment plans and the use of the different funding streams produce the budget for the General Fund Capital Budget that is shown in Table 10.

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**Table 10**

**The Medium Term General Fund Capital Budget**

	Est. Slippage 2012/13	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
Statutory and Mandatory Schemes	0	1379	1379	1379	1379
Schemes continuing from prior years	542	5952	0	230	0
Annual Enhancement Schemes	92	100	100	100	100
Wholly Externally Funded Schemes	0	1610	250	0	0
Replacements and Enhancements	0	4524	195	250	0
Area Improvement	0	827	827	559	0
Capitalised Salaries	0	75	75	75	75
<b>Total Capital Programme Expenditure</b>	<b>634</b>	<b>14467</b>	<b>2826</b>	<b>2593</b>	<b>1554</b>
<b>Capital Resources Used:</b>					
Capital Receipts and Reserves	634	1943	743	688	475
Capital Grants and Contributions	0	6678	2083	1499	1079
Contributions from Revenue	0	0	0	0	0
Prudential Borrowing	0	5846	0	406	0
<b>Total Funding</b>	<b>634</b>	<b>14467</b>	<b>2826</b>	<b>2593</b>	<b>1554</b>

The plans that exist for capital investment into the Council's housing stock are reflected in Table 11. Together the information in Table 10 and Table 11 comprises the Medium Term Capital Programme for the Council.

**Table 11**

**The Medium Term Housing Revenue Account Capital Budget**

	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
<b>Total HRA Capital Programme Expenditure</b>	5973	2468	2422	1578
<i>HRA Capital Resources Used:</i>				
HRA Major Repairs Reserve	1900	2150	2075	1205
HRA Revenue Contributions	3023	198	227	253
Capital Grant	1050	0	0	0
RTB Receipts	0	120	120	120
<b>Total Resources</b>	<b>5973</b>	<b>2468</b>	<b>2422</b>	<b>1578</b>

## Treasury Management

The treasury management service is an important part of the overall financial management of the Council's affairs. Treasury management can be defined as the management of the organisation's cash flow, its banking, money market and capital market transactions and the effective management of the risks associated with those activities. Its activities are strictly regulated by statutory requirements and a professional code of practice (the CIPFA Code of Practice on Treasury Management).

**Prudential Code** – The Local Government Act 2003 requires the Council to adopt the CIPFA Prudential Code and produce Prudential Indicators. Each indicator either summarises the expected capital activity or introduces limits upon that activity, reflecting the outcome of the Council's underlying capital appraisal systems. As part of the budget process, Full Council approves a series of Prudential Indicators that demonstrate that its activities are affordable, prudent and sustainable.

**Investment Strategy** - The Council's investment strategy primary objectives are safeguarding the re-payment of the principal and interest of its investments on time, and then ensuring adequate liquidity, with the investment return being the final objective. This strategy will ensure that:

- The Council has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.
- The Council maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security.

The Bank of England base rate has remained at an historic low of 0.5% and therefore investment returns have been very low. Investments are regularly reviewed and new accounts opened with a view to try and take advantage of the best rates available whilst minimising the Council's exposure to counterparty risk, however, returns are expected to remain low.

The Audit Commission's report "Risk and Return" reminded councils that they should invest prudently and should primarily seek to safeguard public funds rather than maximise returns. Security and liquidity should therefore still take priority over yield. This Council is diligent in ensuring that monies are only placed in secure and liquid investments and also uses a wide range of information, including, but not limited to, credit ratings, to ensure it is making informed investment decisions.

**Borrowing** – Active management of the Council's debt portfolio is an important part of the treasury management function. The uncertainty over future interest rates increases the risks associated with treasury activity. As a result the Council will take a cautious approach to its treasury strategy. The Section 151 Officer, under delegated powers, will take the most appropriate form of borrowing depending on the prevailing interest rates at the time, taking into account the risks shown in the forecast above. It is likely that shorter term fixed rates may provide lower cost opportunities in the short/medium term. The Council will need to undertake additional borrowing over the next few years as old debts are due to mature and will need to be



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repaid. The Council will opt to take out borrowing or will consider rescheduling or repaying in due course in line with market conditions.

There are a number of factors that could impact on the interest payable/investment income of the Council:

- Bank of England interest rate
- PWLB borrowing rate
- Cash flow – any variation on anticipated cash flows for major items of income and expenditure can have a significant affect on forecast investment income
- Sums lost due to imprudent investment

These risks have been mitigated by seeking professional advice on interest rate forecasts, carefully modelling the cash flow against anticipated financial forecasts and restricting investments only with those that have high credit ratings as set out in the Council's Treasury Investment Strategy.

## Managing the Financial Risks

With budgeted expenditure of over £70m and income targets of over £50m, just for the General Fund alone, it is fundamental to the financial standing of the Council that its budgets are realistic, affordable and meet its service requirements.

A number of different techniques have been employed to ensure that this Medium Term Financial Strategy represents an affordable needs-based budget that is robust and able to be sustained over the medium term. Each of these are discussed in turn below:

**Longer Planning Timeframes** – With the advent of three-year financial settlements it was expected for it to be possible at last to draw together the impact of known future settlements and anticipated future budget pressures to enable the Medium Term Financial Strategy to be modelled so as to identify the level of savings needed for a safe and sustainable budget requirement, thereby reducing the risk that future years' aspirations will not be deliverable. However, the latest formula grant announcements have only provided figures for 2013/14 and 2014/15. There therefore remains considerable uncertainty about the period from 2015/16 onwards. For the purposes of this MTFs, there has been an assumption that there will be further cuts in this funding of 5% in both 2015/16 and 2016/17.

**The Planning Cycle: Develop, Review and Revise** – The Budget and this Medium Term Financial Strategy set out the expected levels of expenditure and income for the future. The estimates are arrived at through careful consideration of historic trends and actual expenditure levels and any factors which may have an impact in the future, such as known changes in legislation. It also requires a degree of estimation and assumption, such as to calculate the impact of a perceived increase or decrease in future demand as a result of demographic changes or patterns of behaviour that have a socio-economic impact. As time progresses the accuracy of the assumptions behind these figures will become clearer and in many cases will require the budgets within this MTFs to change if they are to continue to reflect the financial implications of delivering the Council's aims and aspirations. Through the financial year the Council regularly monitors its financial performance against its budgets and will revise them where necessary, subject to remaining within the overall available funding envelope. By monitoring the actual expenditure against budget in this way, the budgets can be amended to best meet the actual needs of the Council, and provide a more suitable starting point for the next Medium Term Financial Strategy.

## Financial Risk Assessment

Even with the most sophisticated approaches to budget modelling there is always the chance that events happen which could not be foreseen and plans need to be revisited. The Council holds reserves as a contingency to meet unanticipated expenditure that arises from such an unexpected change in circumstances. In order to be able to gauge the appropriate level of reserves a detailed financial risk assessment is carried out and presented as part of the annual Budget Report and this document is available if required. All of the main risks that face the Council are considered, to assess the likelihood of the risk happening and the possible financial implications.

## Sensitivity Analysis

As explained above, many of the figures contained within this Plan are based on estimates, which could prove to be inaccurate. In order to assess the impact of the use of poor estimates a top level sensitivity analysis has been carried out, using a 10% variance to indicate the impact of that level of error in the estimate. The outcome of this is shown in the table below.

**Table 12**

### Sensitivity Analysis

Area under consideration	Sensitivity of Estimates
The opening base budget	<p>The opening base budget for both 2012/13 and 2013/14 is firm, as it is based on the budgets approved in February 2011 and 2012.</p> <p>The base for future years may change, however this would be picked up as part of budget preparation work.</p>
The pay estimates	<p>A 10% change to the figure for pay increases that result from the pay award and increments would equate to £1.5million. However, such a large discrepancy would be unlikely as the pay budget is developed at a very detailed level (on a per post basis).</p> <p>The main impact on the accuracy of the budgets for pay headings results from vacancy estimates which are impossible to predict.</p>
The vacancy savings and post reduction estimates	<p>For 2013/14 the vacancy abatement saving has been budgeted at approximately £420k which is equivalent to approximately 14 posts. A variance of 2 posts equates to £60k. This will require a robust proactive approach to ensure that the savings that naturally arise due to staff turnover are retained. Based on experience in recent years, and considering the current staff turnover rate, this target is felt to be challenging but achievable.</p>
Price Increases	<p>In the main these are based on the terms of the contract. Inflation has been assumed at 3%. A 2% variance on this would equate to an increase in budget requirement of approximately £160k.</p>
Pension Increases	<p>No provision has been made for an increase in pension contributions. The position will be reviewed again in a year's time to ensure that adequate provision has been made.</p>
Service Delivery Pressures	<p>Very little growth has been allowed for service delivery pressures. Any pressures that arise in year will require realigning of budgets.</p>
Reduced Fees Income	<p>The Council has suffered from reductions in income streams due to the recession. The budget assumes that these reductions will continue over the medium term. The position could worsen though this has been considered when arriving at the growth figures included within the draft budget.</p>
The increased income targets	<p>There is always a risk that increases in fees and charges reduce demand, which can have a detrimental impact on the budget. With £197.7k having been added into the budget for 2013/14 for increased income targets, a 10% reduction in achieving this</p>

## Annex 1

Area under consideration	Sensitivity of Estimates
	<p>would result in £20k. However, the impact of a reduction in demand isn't necessarily limited to the achievement of the increase in income factored in; rather it can affect the achievement of the total income budget for any particular service. The increases proposed within the budget have been carefully calculated to match demand and to remain competitive where appropriate, but customer preference can't always be anticipated, as a result the achievement of income targets will be monitored closely during the year.</p>
Other savings estimates	<p>The budget and Medium Term Financial Strategy reflects the savings as a result of a number of efficiency measures and service reductions, which in some cases have been calculated based on indicative plans and in others on the conclusions of more firm contract negotiations. In order to maintain a balanced budget any under achievement of savings will be offset against emerging underspends in the first instance, but will require compensating savings otherwise. Service managers and the Council's Management Team are aware of this and will review the achievement of them carefully over the year.</p>
The level of reserves	<p>The level of general reserves which has been budgeted has been determined based on a financial risk assessment which considers the likelihood of the main risks facing the Council, and the possible financial implication should the risk happen. The estimated position on general reserves at year end is that they will stand at 12% of the net revenue budget which is the target level.</p> <p>Earmarked reserves are being used to enable funds provided for a specific purpose to be held until needed, and allows budgets that are needed on an irregular or periodic basis to be funded by setting aside an annual base budget at a fraction of the total cost. The funds held within earmarked reserves represent a one-off source of funding to meet planned expenditure. Their use is managed on a cash limited basis, and a shortage of reserved funds in year may be dealt with by re-phasing the expenditure, or by making use of emerging underspends.</p>
Council Tax Reduction Scheme	<p>The collection rate on the Council Tax base has been reduced from 97% to 95.5% to reflect the likely reduction in collection following the introduction of the Council Tax Reduction Scheme. This will need to be carefully monitored during the year.</p> <p>Our major preceptors have agreed to underwrite our scheme which means they will take on the risk of an increase in caseload but this will also need to be carefully monitored moving forward.</p>
Welfare Reforms	<p>The full impact of the proposed welfare reforms are not known at this stage and have not been fully reflected in these budget proposals. This will impact on both the Housing Revenue Account and General Fund and will include likely increases in bad debts as a result of claimants being paid direct, being capped on the amount of benefits that they will be paid and also seeing reductions in benefit due to under-occupying accommodation ('the bedroom tax'); an increase in demand for smaller or cheaper accommodation; an increase in demand for debt management advice; possible increases in homelessness</p>
The Government Grant	<p>The Formula Grant settlement figures for 2013/14 and 2014/15 are provisional at this stage and could therefore change. A 1% cut in formula grant would equate to a loss of income in future years of approximately £70k.</p> <p>The baseline for business rates quoted within the settlement is also indicative. If a large business were to move out of the area or to go into liquidation, the Council would face a loss in business rates income of up to £330k before the safety net</p>

## Annex 1

<b>Area under consideration</b>	<b>Sensitivity of Estimates</b>
	mechanism would kick in.

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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 2012/13 budget build recommended that a level of 11% of the net revenue budget was appropriate. This report considers the current position and anticipated future requirements for inclusion in the 2013/14 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

<b>Risk</b>	<b>Likelihood &amp; Value £'000</b>
<p><b>Natural disasters and national emergencies</b></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><b>Low</b></p> <p>40</p> <p>200 – 500</p>
<p><b>National Economic Issues</b></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>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</p>	<p><b>Medium</b></p> <p>0 - 330</p> <p>0 - 100</p> <p>100 - 1,200</p> <p>100 – 2,200</p> <p>0 – 4,000</p>

<b>Risk</b>	<b>Likelihood &amp; Value</b> <b>£'000</b>
a potential risk of a bank in which the Authority has invested collapsing.	
<p><b>Unanticipated Business Pressures</b></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>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>Due to the devolved budget management arrangements it is possible that a budget manager incorrectly accounts for VAT. This could impact on the Authority's partial exemption status, lead to voluntary disclosures to HMRC (on which default interest may be charged), or incur unnecessary expenditure up front if it is decided retrospectively that a project will not go ahead due to the VAT implications. Recent experience would suggest that there is a high risk of this occurring.</p>	<p><b>High</b></p> <p>100 – 3,000</p> <p>100 - 200</p> <p>100 – 450</p>
<p><b>Employment Related Risks</b></p> <p>Recent Government proposals around pension changes for public sector workers have resulted in strike action. However, the risk of financial loss to the authority as a result of strike action is considered to be low.</p>	<p><b>Low</b></p> <p>0 - 50</p>
<p><b>Financial Guarantee</b></p> <p>The Council has given a guarantee on the Ramsgate Swimming Pool development so that if TLF were to go out of business, the Council would take over the lease agreement for the equipment at the site. However, the Council would also take on the associated income and therefore any financial loss to the Council is considered to be low risk.</p>	<p><b>Low</b></p> <p>0 – 8,060</p>
<b>Legal Issues</b>	<b>Low</b>

<b>Risk</b>	<b>Likelihood &amp; Value £'000</b>
<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 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>100 - 250</p> <p>100 - 250</p>
<b>Financial Risk Exposure</b>	<b>940- 20,630</b>

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 £20,630k of its net service revenue budget requirement to fall back on, should all of the potential risks happen concurrently and at their most extreme. However, this is not actually the case, as in some cases there would be sufficient time to take alternative action to balance the budget. Due to increased risks as a result of the current economic climate and the heightened risk of income targets not being achieved, the recommended level was increased last year from 10% of the net revenue budget requirement to 11% which was also considered to be sufficient to meet the needs of the anticipated cash flows of the Council. It is considered that this should be increased to 12% due to the increased level of risks identified above. The General Fund Reserve currently stands at £2.177m which equates to 11.7% of the net revenue budget requirement for 2013/14 and 12% of the proposed 2014/15 budget.

3.6 **Plans for the General Fund Reserve 2013 - 2017** – 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 2012, the balance on the reserve was £186k.
- ii) **Local Development Framework** – Due to the variable profile of spend on the Local Development Framework 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 sum of £85k is held in this reserve to support the replacement of the sound and recording equipment within the Council Chamber.
- 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 2012, the balance on this reserve was £386k.
- 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 of £229k as at 1 April 2012 will be drawn down for

EAP related expenditure over the period of the Medium Term Financial Strategy 2013-2017.

- viii) **Housing and Planning Delivery Grant** – A sum of £47k remains in this reserve as at 1 April 2012, being the unspent Housing and Planning Delivery grant monies. The funding is being used to support the planning service.
- ix) **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.
- x) **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.
- xi) **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.
- xii) **Area Based Grants** – The under-spend against the Area Based Grant funding received in 2009/10 of £1,791k has been carried forward in this reserve and will be utilised over the next couple of years. A sum of £89.7k is being utilised over each of the years 2011/12 to 2013/14 to support the funding of economic development staff.
- xiii) **Waste Reserve** – Service under-spends have been set aside in this reserve to support future service enhancements. The full balance on this reserve of £550k will be required to support the borrowing costs associated with the replacement of the waste vehicle fleet.
- xiv) **Cremator Works** – 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 will continue to be set aside to support future burner replacement.

- xv) **Council Elections Fund** – A sum of £30k is being set aside each year towards the costs of the District Elections.
- xvi) **Homelessness** – Service under-spends are held in this reserve to meet future homelessness needs.
- xvii) **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. The balance on the reserve as at 1 April 2012 was £38k.
- xviii) **Performance Reward Grant** – The Council had unspent Performance Reward Grant monies of £255k at 31 March 2012. These were transferred to this reserve to be utilised on future East Kent working and empty properties. The monies held in this reserve will therefore be used to minimise the demands on the General Fund, while remaining in line with the original aims of the grant.
- xix) **Maritime Reserve** – A sum of £710k is held in this reserve as at 1 April 2012 to support improvement works at the Port and Harbour and for income protection/maximisation works.
- xx) **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.
- xxi) **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. A sum of £422k is currently in this reserve.
- xxii) **East Kent Services** – The year-end surplus from 2012/13 of East Kent Services was set aside in this reserve which the Council holds as accountable body.
- xxiii) **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.
- xxiv) **Housing Intervention** – This reserve is held to support the associated one-off costs (e.g. Compulsory Purchase Orders) of the housing intervention project.

xxv) **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.

xxvi) **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:

<b>PROPOSALS FOR THE GENERAL FUND EARMARKED RESERVES</b>	<b>Balance 31/3/12 £'000</b>	<b>2012/13 Net Transfers £'000</b>	<b>Balance 31/3/13 £'000</b>	<b>2013/14 Net Transfers £'000</b>	<b>Balance 31/3/14 £'000</b>
Insurance Risk Management	187	-97	90	0	90
Local Development Framework	403	-4	399	25	424
General Fund Repairs	302	-157	145	0	145
Revenue Projects	1,475	-1,475	0	0	0
Information Technology	385	-43	342	0	342
Environmental Action Plan	229	-40	189	-40	149
Office Accommodation	85	-85	0	0	0
Housing and Planning Delivery Grant	47	-47	0	0	0
Cremator Works	678	-678	0	128	128
Decriminalisation	88	-40	48	20	68
Priority Improvements	1,223	-424	799	-100	699
Customer Services Reserve	426	0	426	0	426
Area Based Grants	773	-683	90	-90	0
Waste Reserve	550	-550	0	0	0
Council Elections	55	30	85	30	115
Homelessness	148	-71	77	0	77
Renewal Reserve	38	5	43	0	43
Performance Reward Grant	255	-150	105	-105	0
Maritime Reserve	710	-350	360	-50	310
VAT Reserve	422	-20	402	0	402
Pensions Reserve	661	0	661	0	661
East Kent Services Reserve	292	0	292	0	292
New Homes Bonus	434	159	593	1,262	1,855
Housing Intervention	250	0	250	-250	0
Economic Development & Regeneration	339	0	339	-100	239
HRA Properties Reserve	500	0	500	0	500

<b>Total</b>	<b>10,955</b>	<b>-4,720</b>	<b>6,235</b>	<b>730</b>	<b>6,965</b>
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#### **4.0 Proposed Reserve Levels**

The levels of General Fund Reserves (General and Earmarked) recommended in this report for the financial year 2013/14 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.



## **TREASURY MANAGEMENT STRATEGY STATEMENT, MINIMUM REVENUE PROVISION POLICY STATEMENT AND ANNUAL INVESTMENT STRATEGY FOR 2013/14**

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### **1.0 INTRODUCTION**

#### **1.1 Background**

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

CIPFA defines treasury management as:

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

#### **1.2 Reporting requirements**

The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

**Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report covers:

- the capital plans (including prudential indicators);
- a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

**A mid year treasury management report** – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether the treasury strategy is meeting the strategy or whether any policies require revision.

**An annual treasury report** – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

### **Scrutiny**

The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Governance and Audit Committee.

## **1.3 Treasury Management Strategy for 2013/14**

The strategy for 2013/14 covers two main areas:

### **Capital issues**

- the capital plans and the prudential indicators;
- the minimum revenue provision (MRP) strategy.

### **Treasury management issues**

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

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

## **1.4 Training**

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Training is arranged as required.

The training needs of treasury management officers are also periodically reviewed.

## **1.5 External service providers**

The Council uses Sector as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by

which their value will be assessed are properly agreed and documented, and subjected to regular review.

The Council uses the ICD Portal to invest or redeem trades in its Money Market Funds (MMFs). The portal provides advanced reporting tools so that the authority can assess its exposure to certain banks or countries, which is vital in the current Eurozone crisis.

Some investments via the ICD portal are made via JP Morgan who act as a clearing house for four of the six MMFs the Council currently uses. The clearing house allows the authority to make several investments in different MMFs but only requires one payment to the clearing house, therefore saving the authority costs in CHAPS fees.

## 2 THE CAPITAL PRUDENTIAL INDICATORS 2013/14 – 2015/16

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

### 2.1 Capital expenditure

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

Capital expenditure £m	2012/13 Original	2012/13 Revised	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
<b>Non-HRA</b>	<b>8.045</b>	<b>13.394</b>	<b>15.071</b>	<b>2.826</b>	<b>2.593</b>
<b>HRA</b>	<b>2.740</b>	<b>5.258</b>	<b>5.973</b>	<b>2.468</b>	<b>2.422</b>
<b>Total</b>	<b>10.785</b>	<b>18.652</b>	<b>21.044</b>	<b>5.294</b>	<b>5.015</b>

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need

Capital expenditure £m	2012/13 Original	2012/13 Revised	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Non-HRA	8.045	13.394	15.071	2.826	2.593
HRA	2.740	5.258	5.973	2.468	2.422
<b>Total</b>	<b>10.785</b>	<b>18.652</b>	<b>21.044</b>	<b>5.294</b>	<b>5.015</b>
<b>Financed by:</b>					
Capital receipts	1.675	2.379	1.283	0.688	0.558
Capital grants	2.809	8.773	7.728	2.083	1.499
Capital reserves	2.140	3.575	3.164	2.325	2.325
Revenue	0.600	2.748	3.023	0.198	0.227
<b>Net borrowing need for the year</b>	<b>3.561</b>	<b>1.177</b>	<b>5.846</b>	<b>0.000</b>	<b>0.406</b>

Other long term liabilities. The above financing need excludes other long term liabilities, such as PFI and leasing arrangements which already include borrowing instruments.

If any additional funding for the capital programme is identified, the capital programme will be amended accordingly and reported to members for approval.

## 2.2 The Council's borrowing need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each assets life.

The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council has £3.267m of such schemes within the CFR (as per 31 March 2012).

The Council is asked to approve the CFR projections below:

£m	2012/13 Original	2012/13 Revised	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
<b>Capital Financing Requirement</b>					
CFR – non housing	22.111	19.729	24.837	23.629	22.617
CFR – housing	23.388	23.041	23.041	23.041	23.041
<b>Total CFR</b>	<b>45.499</b>	<b>42.770</b>	<b>47.878</b>	<b>46.670</b>	<b>45.658</b>
<b>Movement in CFR</b>	<b>3.248</b>	<b>0.519</b>	<b>5.108</b>	<b>(1.208)</b>	<b>(1.012)</b>

<b>Movement in CFR represented by</b>					
Net financing need for the year (above)	3.561	1.177	5.846	0.000	0.406
Less MRP/VRP and other financing movements	(0.659)	(0.658)	(0.738)	(1.208)	(1.418)
<b>Movement in CFR</b>	<b>2.902</b>	<b>0.519</b>	<b>5.108</b>	<b>(1.208)</b>	<b>(1.012)</b>

## 2.3 Minimum revenue provision (MRP) policy statement

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

CLG regulations have been issued which require the full Council to approve **an MRP Statement** in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement:

For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be:

- **Existing practice** - MRP will follow the existing practice outlined in former CLG regulations (option 1).

This option provides for an approximate 4% reduction in the borrowing need (CFR) each year.

From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be:

- **Asset life method** – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction) (option 3).

This option provides for a reduction in the borrowing need over approximately the asset's life.

There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made (although there are transitional arrangements in place).

For authorities who participate in the Local Authority Mortgage Scheme (LAMS) using the cash backed option, the mortgage lenders require a five year deposit from the local authority to match the five year life of the indemnity. The deposit placed with the mortgage lender provides an integral part of the mortgage lending, and is treated as capital expenditure and a loan to a third party. The Capital Financing Requirement (CFR) will increase by the amount of the total indemnity. The deposit is due to be returned in full at maturity, with interest paid either annually or on maturity. Once the deposit matures and funds are returned to the local authority, the returned funds are classed as a capital receipt, and the CFR will reduce accordingly. As this is a temporary (five years) arrangement and the funds will be returned in full, there is no need to set aside prudent provision to repay the debt liability in the interim period, so there is no MRP application. The Council is currently investigating the possibilities of LAMS. In the event that the scheme looks to be beneficial for Thanet then member approval will be sought.

Repayments included in annual PFI or finance leases are applied as MRP.

## 2.4 Core funds and expected investment balances

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year end balances for each resource and anticipated day to day cash flow balances.

<b>Year End Resources £m</b>	<b>2012/13 Original</b>	<b>2012/13 Revised</b>	<b>2013/14 Estimate</b>	<b>2014/15 Estimate</b>	<b>2015/16 Estimate</b>
Fund balances / reserves	2.177	2.177	2.177	2.177	2.177
Capital receipts	1.675	2.379	1.283	0.688	0.558
Earmarked reserves	3.990	3.990	9.480	6.992	8.466
<b>Total core funds</b>	<b>7.842</b>	<b>8.546</b>	<b>12.940</b>	<b>9.857</b>	<b>11.201</b>
Working capital*	19.689	32.206	34.178	33.760	33.960
Under/over borrowing**	11.689	12.206	14.178	13.760	13.960
<b>Expected investments</b>	<b>8.000</b>	<b>20.000</b>	<b>20.000</b>	<b>20.000</b>	<b>20.000</b>

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

## 2.5 Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

### 2.6 Ratio of financing costs to net revenue stream.

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

<b>%</b>	<b>2012/13 Original</b>	<b>2012/13 Revised</b>	<b>2013/14 Estimate</b>	<b>2014/15 Estimate</b>	<b>2015/16 Estimate</b>
Non-HRA	4.0	3.8	5.7	7.7	8.3
HRA	11.5	8.3	7.8	6.6	5.8

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

### 2.7 Incremental impact of capital investment decisions on council tax.

This indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended in this budget report compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.

#### Incremental impact of capital investment decisions on the band D council tax

<b>£</b>	<b>2012/13 Estimate</b>	<b>2012/13 Revised</b>	<b>2013/14 Estimate</b>	<b>2014/15 Estimate</b>	<b>2015/16 Estimate</b>
<b>Council tax - band D</b>	0	(0.79)	5.74	5.79	7.06

## 2.8 Estimates of the incremental impact of capital investment decisions on housing rent levels.

Similar to the council tax calculation, this indicator identifies the trend in the cost of proposed changes in the housing capital programme recommended in this budget report compared to the Council's existing commitments and current plans, expressed as a discrete impact on weekly rent levels.

### Incremental impact of capital investment decisions on housing rent levels

£	2012/13 Estimate	2012/13 Revised	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
<b>Weekly housing rent levels</b>	0	0	0.12	0.11	0.45

This indicator shows the revenue impact on any newly proposed changes, although any discrete impact will be constrained by rent controls.

## 3 BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

### 3.1 Current portfolio position

The Council's treasury portfolio position at 1 April 2012, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£m	2012/13 Original	2012/13 Revised	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
<b>External Debt</b>					
Debt at 1 April	27.068	26.720	27.297	30.433	29.643
Expected change in Debt	3.557	0.577	3.136	(0.790)	(1.212)
Other long-term liabilities (OLTL)	3.185	3.267	3.267	3.267	3.267
Expected change in OLTL	0.000	0.000	0.000	0.000	0.000
<b>Total Debt at 31 March</b>	<b>33.810</b>	<b>30.564</b>	<b>33.700</b>	<b>32.910</b>	<b>31.698</b>
<b>The Capital Financing Requirement</b>	<b>45.499</b>	<b>42.770</b>	<b>47.878</b>	<b>46.670</b>	<b>45.658</b>
<b>Under / (over) borrowing</b>	<b>11.689</b>	<b>12.206</b>	<b>14.178</b>	<b>13.760</b>	<b>13.960</b>

<b>Total investments at 31 March</b>					
Investments	<b>8.000</b>	<b>20.000</b>	<b>20.000</b>	<b>20.000</b>	<b>20.000</b>
Investment change		12.000	0.000	0.000	0.000

<b>Net Debt</b>	<b>25.810</b>	<b>10.564</b>	<b>13.700</b>	<b>12.910</b>	<b>11.698</b>
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Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2013/14 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The Director of Finance reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

### 3.2 Treasury Indicators: limits to borrowing activity

**The operational boundary.** This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

<b>Operational boundary £m</b>	<b>2012/13 Estimate</b>	<b>2013/14 Estimate</b>	<b>2014/15 Estimate</b>	<b>2015/16 Estimate</b>
Debt	32.000	35.000	35.000	34.000
Other long term liabilities	11.000	11.000	11.000	11.000
Total	43.000	46.000	46.000	45.000

**The authorised limit for external debt.** A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

1. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
2. The Council is asked to approve the following authorised limit:

<b>Authorised limit £m</b>	<b>2012/13 Estimate</b>	<b>2013/14 Estimate</b>	<b>2014/15 Estimate</b>	<b>2015/16 Estimate</b>
Debt	36.000	39.000	39.000	38.000
Other long term liabilities	14.000	14.000	14.000	14.000
Total	50.000	53.000	53.000	52.000

Separately, the Council is also limited to a maximum HRA CFR through the HRA self-financing regime. This limit is currently:

<b>HRA Debt Limit £m</b>	<b>2012/13 Estimate</b>	<b>2013/14 Estimate</b>	<b>2014/15 Estimate</b>	<b>2015/16 Estimate</b>
Total	27.792	27.792	27.792	27.792



### 3.3 Sector's economic and interest rate forecast (issued by Sector on 20 November 2012)

The Council has appointed Sector as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives the Sector central view.

Annual Average %	Bank Rate	PWLB Borrowing Rates (including certainty rate adjustment)		
		5 year	25 year	50 year
Dec 2012	0.50	1.50	3.70	3.90
March 2013	0.50	1.50	3.80	4.00
June 2013	0.50	1.50	3.80	4.00
Sept 2013	0.50	1.60	3.80	4.00
Dec 2013	0.50	1.60	3.80	4.00
March 2014	0.50	1.70	3.90	4.10
June 2014	0.50	1.70	3.90	4.10
Sept 2014	0.50	1.80	4.00	4.20
Dec 2014	0.50	2.00	4.10	4.30
March 2015	0.75	2.20	4.30	4.50
June 2015	1.00	2.30	4.40	4.60
Sept 2015	1.25	2.50	4.60	4.80
Dec 2015	1.50	2.70	4.80	5.00
March 2016	1.75	2.90	5.00	5.20

The economic recovery in the UK since 2008 has been the worst and slowest recovery in recent history, although the economy returned to positive growth in the third quarter of 2012. Growth prospects are weak and consumer spending, the usual driving force of recovery, is likely to remain under pressure due to consumers focusing on repayment of personal debt, inflation eroding disposable income, general malaise about the economy and employment fears.

The primary drivers of the UK economy are likely to remain external. 40% of UK exports go to the Eurozone so the difficulties in this area are likely to continue to hinder UK growth. The US, the main world economy, faces similar debt problems to the UK, but urgently needs to resolve the fiscal cliff now that the Presidential elections are out of the way. The resulting US fiscal tightening and continuing Eurozone problems will depress UK growth and is likely to see the UK deficit reduction plans slip.

This challenging and uncertain economic outlook has several key treasury management implications:

- The Eurozone sovereign debt difficulties provide a clear indication of high counterparty risk. This continues to suggest the use of higher quality counterparties for shorter time periods;
- Investment returns are likely to remain relatively low during 2013/14 and beyond;
- Borrowing interest rates continue to be attractive and may remain relatively low for some time. The timing of any borrowing will need to be monitored carefully;
- There will remain a cost of carry – any borrowing undertaken that results in an increase in investments will incur a revenue loss between borrowing costs and investment returns.

### 3.4 Borrowing strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is relatively high.

Against this background and the risks within the economic forecast, caution will be adopted with the 2013/14 treasury operations. The Section 151 Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.*
- *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from a greater than expected increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates were still relatively cheap.*

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

#### Treasury management limits on activity

There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments;
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

£m	2013/14	2014/15	2015/16
<b>Interest rate exposures</b>			
	<b>Upper</b>	<b>Upper</b>	<b>Upper</b>
Limits on fixed interest rates:			
• Debt only	53.000	53.000	52.000
• Investments only	45.000	45.000	45.000
Limits on variable interest rates			
• Debt only	53.000	53.000	52.000
• Investments only	45.000	45.000	45.000
<b>Maturity structure of fixed interest rate borrowing 2013/14</b>			
	<b>Lower</b>	<b>Upper</b>	
Under 12 months	0%	50%	
12 months to 2 years	0%	50%	
2 years to 5 years	0%	50%	
5 years to 10 years	0%	55%	
10 years to 20 years	0%	50%	
20 years to 30 years	0%	50%	
30 years to 40 years	0%	50%	
40 years to 50 years	0%	50%	
50 years and above	0%	50%	

### 3.5 Policy on borrowing in advance of need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

The Council has some flexibility to borrow funds this year for use in future years. The Section 151 Officer may do this under delegated power where, for instance, a sharp rise in interest rates is expected, and so borrowing early at fixed rates will be economically beneficial or meet budgetary constraints. Whilst the Section 151 Officer will adopt a cautious approach to any such borrowing, where there is a clear business case for doing so borrowing may be undertaken to fund the approved capital programme or to fund future debt maturities.

Borrowing in advance will be made within the constraint that:

- The authority would not look to borrow more than 18 months in advance of need.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

### 3.6 Debt rescheduling

As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be

considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

All rescheduling will be reported to Cabinet at the earliest meeting following its action.

## **4 ANNUAL INVESTMENT STRATEGY**

### **4.1 Investment policy**

The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, then return.

In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council has below clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list. The creditworthiness methodology used to create the counterparty list fully accounts for the ratings, watches and outlooks published by all three ratings agencies. Using the Sector ratings service potential counterparty ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications.

Further, the Council's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

The aim of the strategy is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk.

The intention of the strategy is to provide security of investment and minimisation of risk.

Investment instruments identified for use in the financial year are listed in section 5 under the 'specified' and 'non-specified' investments categories. Counterparty limits will be as set through the Council's treasury management practices.

## 4.2 Creditworthiness policy

The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

The Section 151 Officer will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

The minimum rating criteria uses the lowest common denominator method of selecting counterparties and applying limits. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution. For instance, if an institution is rated by two agencies, one meets the Council's criteria, the other does not, the institution will fall outside the lending criteria. Credit rating information is supplied by Sector, our treasury consultants, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating watch applying to a counterparty at the minimum Council criteria may be suspended from use, with all others being reviewed in light of market conditions.

The criteria for providing a pool of high quality investment counterparties (both specified and non-specified investments) are:

- Banks 1 - good credit quality – the Council will only use banks which:
  - i. are UK banks; and/or
  - ii. are non-UK and domiciled in a country which has a minimum sovereign long term rating of AAA

and have, as a minimum, the following Fitch, Moody's and Standard and Poors credit ratings (where rated):

- i. Short term – F1
  - ii. Long term – A
  - iii. Viability (Fitch) / Financial Strength (Moody's) –  
bb- (Fitch) / C- (Moody's)
  - iv. Support – 3 (Fitch only)
- Banks 2 – Guaranteed Banks with suitable Sovereign Support – In addition, the Council will use banks whose ratings fall below the criteria specified above if all the following conditions are met:
    - (a) wholesale deposits in the bank are covered by a government guarantee;
    - (b) the government providing the guarantee is the UK government or is rated AAA by all three major rating agencies (Fitch, Moody's and Standard and Poors); and
    - (c) the Council's investments with the bank are limited to amounts and maturities within the terms of the stipulated guarantee.
  - Banks 3 – Part nationalised UK banks – Lloyds Banking Group and Royal Bank of Scotland Group. These banks can be included if they continue to be part nationalised or they meet the above criteria.
  - Banks 4 – The Council's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time.
  - Bank subsidiary and treasury operations - The Council will use these where the parent bank has the necessary ratings outlined above.
  - Building societies: The Council will use all societies which meet the ratings for banks outlined above.
  - Money market funds – AAA
  - UK Government (including gilts and the DMADF)
  - Local authorities, parish councils etc
  - Supranational institutions
  - Local Authority Mortgage Scheme. This is classified as being a service investment, rather than a treasury management investment, and is therefore outside of the specified / non specified categories.

A limit of 0% will be applied to the use of non-specified investments as it is the Council's policy not to invest for longer than a one year period at this time.

**Country and sector considerations** - Due care will be taken to consider the country, group and sector exposure of the Council's investments. In part, the country selection will be chosen by the credit rating of the sovereign state in Banks 1 above. In addition:

- no more than 10% will be placed with any non-UK country at any time;
- limits in place above will apply to a group of companies;
- sector limits will be monitored regularly for appropriateness.

**Use of additional information other than credit ratings.** Additional requirements under the Code require the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating watches/outlooks) will be applied to compare the relative security of differing investment counterparties.

**Time and monetary limits applying to investments.** The time and monetary limits for institutions on the Council's counterparty list are as follows (these will cover both specified and non-specified investments):

	Fitch Long term Rating (or equivalent)	Fitch Viability Rating / Moody's Financial Strength Rating	Money Limit	Time Limit
<b>Higher quality</b>	<b>AA-</b>	<b>bb+ / C</b>	<b>£6m</b>	<b>1yr</b>
<b>Medium quality (1)</b>	<b>A</b>	<b>bb+ / C</b>	<b>£5m</b>	<b>1yr</b>
<b>Medium quality (2)</b>	<b>A</b>	<b>bb- / C-</b>	<b>£4m</b>	<b>1yr</b>
<b>Part nationalised</b>	<b>N/A</b>	<b>N/A</b>	<b>£7m</b>	<b>1yr</b>
<b>Debt Management Account Deposit Facility</b>	<b>AAA</b>	<b>N/A</b>	<b>unlimited</b>	<b>6 months</b>
<b>Guaranteed Organisations</b>	<b>N/A</b>	<b>N/A</b>	<b>£4m</b>	<b>1yr</b>
<b>Money market Funds</b>	<b>AAA</b>	<b>N/A</b>	<b>£5m</b>	<b>1 yr</b>

The proposed criteria for specified and non-specified investments are shown in section 5 for approval.

#### 4.3 Country limits

The Council has determined that it will only use approved counterparties from the UK (irrespective of the UK sovereign credit rating) or other countries with a minimum sovereign credit rating of AAA from Fitch (or equivalent). This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

#### 4.4 Investment strategy

**In-house funds.** Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

**Sector's investment returns expectations (issued by Sector on 30 November 2012).** Bank Rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 4 of 2014. Bank Rate forecasts for financial year ends (March) are:

- 2012/13 0.50%
- 2013/14 0.50%
- 2014/15 0.75%

- 2015/16 1.75%

There are downside risks to these forecasts (i.e. start of increases in Bank Rate is delayed even further) if economic growth remains weaker for longer than expected. However, should the pace of growth pick up more sharply than expected there could be upside risk, particularly if Bank of England inflation forecasts for two years ahead exceed the Bank of England's 2% target rate.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to three months during each financial year for the next five years are as follows:

2012/13	0.50%
2013/14	0.50%
2014/15	0.60%
2015/16	1.50%

**Investment treasury indicator and limit** - total principal funds invested for greater than 364 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the treasury indicator and limit: -

<b>Maximum principal sums invested &gt; 364 days</b>			
<b>£m</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
Principal sums invested > 364 days	£0	£0	£0

#### **4.5 Investment risk benchmarking**

These benchmarks are simple guides to maximum risk, so they may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the mid-year or Annual Report.

Security - The Council's maximum security risk benchmark for the current portfolio, when compared to these historic default tables, is:

- **0.05% historic risk of default when compared to the whole portfolio.**

Liquidity – in respect of this area the Council seeks to maintain:

- Bank overdraft - £0.5m
- Liquid short term deposits of at least £10m available with a week's notice.
- Weighted average life benchmark is expected to be 0.5 years, with a maximum of 1.0 year.

Yield - local measures of yield benchmarks are:

- Investments – internal returns above the 7 day LIBID rate

And in addition that the security benchmark for each individual year is:



	1 year	2 years	3 years	4 years	5 years
<b>Maximum</b>	<b>0.05%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>

Note: This benchmark is an average risk of default measure, and would not constitute an expectation of loss against a particular investment.

#### **4.6 End of year investment report**

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

### **5 TREASURY MANAGEMENT PRACTICE (TMP1) – CREDIT AND COUNTERPARTY RISK MANAGEMENT**

The CLG issued Investment Guidance in 2010, and this forms the structure of the Council's policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council adopted the Code and will apply its principles to all investment activity. In accordance with the Code, the Section 151 Officer has produced its treasury management practices (TMPs). This part, TMP 1(5), covering investment counterparty policy requires approval each year.

#### **5.1 Annual investment strategy**

The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments that the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy proposed for the Council is:

**Strategy guidelines** – The main strategy guidelines are contained in the body of the treasury strategy statement.

#### **5.2 Specified investments**

These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

1. The UK Government (such as the Debt Management Account deposit facility, UK treasury bills or a gilt with less than one year to maturity).
2. Supranational bonds of less than one year's duration.
3. A local authority, parish council or community council.
4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. For category 4 this covers pooled investment vehicles, such as money market funds, rated AAA by Standard and Poor's, Moody's or Fitch rating agencies.
5. A body that is considered of a high credit quality (such as a bank or building society). For category 5 this covers bodies with a minimum short term rating of F1 (or the equivalent) as rated by Standard and Poor's, Moody's or Fitch rating agencies.

Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies, as set out in this report.

### **5.3 Non-Specified investments**

Non-specified investments are any other type of investment (i.e. not defined as specified above). The Council does not use non-specified investments.

### **5.4 The monitoring of investment counterparties**

The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Sector as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Section 151 Officer, and if required new counterparties which meet the criteria will be added to the list.

### **5.5 Use of external fund managers**

It is the Council's policy not to use external fund managers for any part of its investment portfolio.

## **6 DISCLAIMER**

Neither Thanet District Council nor any of its officers or employees makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein (such information being subject to change without notice) and shall not be in any way responsible or liable for the contents hereof and no reliance should be placed on the accuracy, fairness or completeness of the information contained in this document. Any opinions, forecasts or estimates herein constitute a judgement and there can be no assurance that they will be consistent with future results or events. No person accepts any liability whatsoever for any loss howsoever arising from any use of this document or its contents or otherwise in connection therewith.

Annex 4

Review of heating Service Charges

DWELLINGS	No of units	Current Weekly Charge per Unit	2013/14 Heating	Proposed Increase/Decrease	Total
		£	£	£	£
<b><u>Invicta House</u></b>					
Electric Heating	83	8.91	9.02	0.11	8.91
<b><u>Kennedy House</u></b>					
Electric Heating	30	4.92	4.46	-0.46	4.92
	31	6.93	6.28	-0.65	6.93
	29	8.31	7.53	-0.78	8.31
<b><u>Trove Court</u></b>					
Electric Heating	30	6.14	5.55	-0.59	5.55
	31	8.51	7.69	-0.82	7.69
	29	10.18	9.20	-0.98	9.20
<b><u>Brunswick Court</u></b>					
Gas Heating	4	5.87	5.82	-0.05	5.87
	26	7.04	6.97	-0.07	7.04
	1	5.58	7.80	2.22	5.58
<b><u>Staner Court</u></b>					
Electric Heating	14	6.46	6.32	-0.14	6.32
	27	8.64	8.46	-0.18	8.46
	42	9.95	9.74	-0.21	9.74

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# Agenda Item 5 Annex 5

	Estimated Slippage 2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
<b>Draft Capital Programme</b>						

<b>STATUTORY/MANDATORY</b>						
Disabled Facilities Grants	-	1,379	1,379	1,379	1,379	1,379

<b>ONGOING SCHEMES FROM PREVIOUS YEARS</b>						
I.T. - Authentication Project	17	-	-	-	-	-
I.T. - Dip/Workflow	48	-	-	-	-	-
I.T. Serv-Dev Electronic Interfaces	20	-	-	-	-	-
Margate Cemetery - Extension	140	-	-	230	-	-
Waste Transfer Station	217	-	-	-	-	-
Port of Ramsgate - Terminal Tractor	100	-	-	-	-	-
Dreamland	-	5,952	-	-	-	-

<b>ANNUAL ENHANCEMENT PROGRAMMES</b>						
Public Conveniences	92	50	50	50	50	50
Swimming Pool/Sports Halls Essential Capital Repairs	-	50	50	50	50	50

<b>WHOLLY/PARTLY EXTERNALLY FUNDED</b>						
North Thanet Coastline - Capital Sea Wall Reconstruction Scheme	-	560	250	-	-	-
Sunshine Café	-	1,050	-	-	-	-

<b>REPLACEMENT &amp; ENHANCEMENT</b>						
Crematorium Car Park Extension	-	100	-	-	-	-
Crematorium - Residual Works	-	40	-	-	-	-
Ramsgate Harbour Marina - Water Supply Upgrade	-	50	50	-	-	-
Harbour Eastern Outer Marina - Replace Floating Pontoons	-	125	125	-	-	-
Replacement of Waste Collection Fleet of Vehicles	-	4,065	20	-	-	-
Grounds Maintenance Replace Mowers & Vehicles	-	144	-	250	-	-

<b>AREA IMPROVEMENT</b>						
Dalby Square townscape	-	827	827	559	-	-

<b>Capitalised Salaries</b>		75	75	75	75	75
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<b>634</b>	<b>14,467</b>	<b>2,826</b>	<b>2,593</b>	<b>1,554</b>	<b>1,554</b>
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**Total for the Year**

<b>634</b>	<b>14,467</b>	<b>2,826</b>	<b>2,593</b>	<b>1,554</b>	<b>1,554</b>
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<b>General Fund Capital Programme</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
<b>Breakdown of the Capital Programme</b>	634	14,467	2,826	2,593	1,554	1,554
<b>Funded By</b>						
Capital Receipts & Reserves	634	1,943	743	688	475	475
Capital Grants & Contributions	0	6,678	2,083	1,499	1,079	1,079
Contributions from Revenue	0	0	0	0	0	0
Prudential Borrowing	0	5,846	0	406	0	0
<b>Sub Total</b>	<b>634</b>	<b>14,467</b>	<b>2,826</b>	<b>2,593</b>	<b>1,554</b>	<b>1,554</b>

# Agenda Item 5 Annex 6

## HRA DRAFT CAPITAL PROGRAMME 2013 -2017

SCHEME	2013-14 £'000	2014-15 £'000	2015-16 £'000	2016-17 £'000
Re – roofing	30	30	0	20
Replacement windows & doors	0	0	0	110
Kitchen replacements	685	685	850	340
Bathroom replacements	155	155	250	60
Electrical re - wiring	200	200	200	0
Heating	300	300	300	310
Fire Precaution Works	5	5	50	40
Planned refurbishments	50	50	0	0
Thermal Insulation (Lofts)	50	50	0	0
External Repairs (Coastguard Cottages)	0	250	0	0
<b>Total Major Works</b>	<b>1475</b>	<b>1725</b>	<b>1650</b>	<b>880</b>
Aids and Adaptations	200	200	200	200
<b>Disabled Adaptations</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>
Estate Improvements	125	125	125	125
Estate Improvements (Re-Pointing ) Services	100	100	100	0
<b>Estate Improvements</b>	<b>225</b>	<b>225</b>	<b>225</b>	<b>125</b>
Margate Intervention	4073	318	347	373
<b>Purchase of Suitable Properties</b>	<b>4073</b>	<b>318</b>	<b>347</b>	<b>373</b>
<b>HRA Capital Expenditure</b>	<b>5,973</b>	<b>2,468</b>	<b>2,422</b>	<b>1,578</b>

Funded by	2013-14 £'000	2014-15 £'000	2015-16 £'000	2016-17 £'000
Major Repairs Allowance & Reserve	1,900	2,150	2,075	1,205
Supported Capital Expenditure	0			
Revenue Contribution	3023	198	227	253
Capital Grant	1050			
Capital RTB Receipts		120	120	120
<b>Total of Funding</b>	<b>5,973</b>	<b>2,468</b>	<b>2,422</b>	<b>1,578</b>

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# Agenda Item 5 Annex 7

## Annex 7 Contracts let - £75k and above

Service	Contractor	Description	Type of Contract	Contract Value	Contract Start Date	Contract End Date
Community Services	R R Richardson Ltd	Building Works at Embassy Hotel, Margate	TDC Contract	329,548.32	21/01/2012	21/07/2012
Corporate Services and Transformation	Total Gas and Power	Gas - various sites over 2500 therms	LASER Contract	450,000.00	01/10/2012	30/09/2016
Corporate Services and Transformation	Npower	Electricity - Various Maximum Demand sites	LASER Contract	1,019,000.00	01/10/2012	30/09/2016
Corporate Services and Transformation	SSE	Electricity - Various Quarterly Sites	LASER Contract	958,000.00	01/10/2012	30/09/2015
Operations	Ramsey Project Management	Consultancy - Thanet Crematorium Furnace Replacement and modernisation	TDC Contract	81,725.00	25/03/2011	30/12/2012
Operations	Facultatieve Technologies Ltd	Provision of Cremators at Thanet Crematorium	TDC Contract	723,578.00	20/02/2012	30/12/2012
Operations	Facultatieve Technologies Ltd	Maintenance of Cremators and accompanying abatement equipment	TDC Contract	437,762.00	20/02/2012	30/12/2022
Operations	Jark Industrial Ltd, Coyle Personnel Plc and HR Go Plc	Supply of Temporary Agency Staff	TDC Framework	400,000.00	26/03/2012	25/03/2014
Operations	R Cannon	Provision of Contract Labour Boat Hoist Operations at Port of Ramsgate	TDC Contract	81,000.00	11/06/2012	31/05/2015
Operations	Royal National Lifeboat Institution	Provision of Lifeguard Services	TDC Contract	570,995.00	02/06/2012	30/09/2016
Operations	Better Beaches Ltd	Seasonal Beach Cleaning	TDC Contract	170,993.51	20/08/2012	30/03/2014
Operations	Thomas Sinden Ltd	Building Works at Thanet Crematorium	TDC Contract	398,139.31	09/08/2012	31/12/2012

<b>Service</b>	<b>Contractor</b>	<b>Description</b>	<b>Type of Contract</b>	<b>Contract Value</b>	<b>Contract Start Date</b>	<b>Contract End Date</b>
Operations	F M Conway Ltd	Yacht Valley Programme - Refurbishment of Military Road arches	TDC Contract	357,988.53	24/09/2012	31/03/2013
Operations	Provia Construction Ltd	Flood Defence Scheme, Pegwell Bay	TDC Contract	124,442.34	07/01/2013	31/03/2013
Operations	KCC	Fuel for Clean Streets and Maritime Operation	LASER Contract	1,256,000.00	01/07/2012	30/06/2014

# Agenda Item 5 Annex 8

## Annex 8 Contract Waivers approved – 1 January – 31 December 2012

Service	Waiver Details	Value of total Contract
<b>CHIEF EXECUTIVE</b>		
Chief Executive Unit	Recruitment agency services	£ 19,045.00
<b>COMMUNITY SERVICES</b>		
Community Services	PR and Comms support for Olympic Torch relay	£ 14,000.00
Community Services	Legal advice - Night Time Flying Proposals	£ 10,000.00
Community Services	Sustainability Appraisal - Local Plan	£ 18,800.00
Economic Dev and Regeneration	Consultant appointment for ADIPS with professional Engineering appointment for Scenic railway	£ 52,550.00
Economic Dev and Regeneration	Design Consultant - dreamland development	£ 114,000.00
Planning	Review and assessment of proposed night flying application including professional opinions	£ 25,000.00
Planning	Scanning Contract	£ 26,000.00
Planning	Annual maintenance renewal for Acolaid 2012-13	£ 47,000.00
Planning	Consultant to provide maternity cover for two planners	£ 12,000.00
Planning	Legal advice - Night Time Flying Proposals	£ 20,000.00
Regeneration	Purchase of a number of fairground/amusement rides for Dreamland	£ 425,000.00
Regeneration	Purchase of a number of fairground/amusement rides for Dreamland	£ 195,000.00
Sport and Leisure	Supply of Olympic themed resources for Olympic Torch relay	£ 16,064.42
Tourism	Lead campaign sponsor in Visit Kents Marketing activity for 2012	£ 25,000.00
Tourism	Hosting and maintenance of Visit Thanet Website-extension of contract	£ 9,950.00
Tourism	Days support to the Tourism team to end of financial year	£ 9,500.00
<b>CORPORATE SERVICES AND TRANSFORMATION</b>		
Accountancy	Insurance Claims	£ 24,000.00
Accountancy	Agency cover for maternity leave	£ 25,000.00
Accountancy	Insurance claims	£ 4,000.00
Accountancy	Income system - Paris	Unknown
Business services	Job Evaluation and Pay Benchmarking	£ 13,000.00
Democratic Services	Extension of contract for supply of printed election materials	£ 27,000.00
Environmental Health	Use of Agency staff to cover maternity leave	£ 25,000.00
Mail Centre and Kent Innovation Centre	Franking machine - crediting of postal meter	£ 30,000.00

<b>Service</b>	<b>Waiver Details</b>	<b>Value of total Contract</b>
<b>OPERATIONS</b>		
Clean Streets	Engagement of Groundwork Kent & Medway to deliver Apprentice programme for 10 months 12-13	£ 40,800.00
Clean Streets	High speed road cleaning Thanet way and A28	£ 69,000.00
Clean Streets	Engagement of Waste Consulting to complete TDCs outline and final bids for funding from Weekly Waste Collection support fund	£ 4,850.00
Clean Streets	Purchase of fleet of waste collection vehicles - tender address	£ 3,200,000.00
Clean Streets	Hire of 2 x 7.5T Mechanical Sweepers	£ 25,000.00
Crematorium	Project Management of the design, procurement and installation of Furnace replacement	£ 89,898.00
Crematorium	Medical referees	£ 37,500.00
Crematorium	Maintenance, servicing and consumables for Furnace Construction supplied installation	£ 127,000.00
Crematorium	Supply and install new catafalque, refurbishment and work to pews	£ 21,202.00
Crematorium	Project management - Cremator replacement	£ 22,739.70
Engineering and Technical Services	Ramsgate Harbour - Outer Harbour Dredging - Environmental Monitoring	£ 15,500.00
Engineering and Technical Services	Ramsgate Harbour - Outer Harbour Dredging	£ 65,000.00
Engineering and Technical Services	Pegwell Bay Flood Defence Scheme - Feasibility study	£ 14,000.00
Engineering and Technical Services	Dredging of Berth 1 at Ramsgate Port	£ 13,000.00
Engineering and Technical Services	Replace Broken Mooring Pile - Aggregate Berth - Ramsgate Port	£ 70,000.00
Engineering and Technical Services	Hydraulic Access Platform Purchase	£ 13,400.00
Engineering and Technical Services	CCTV Repair and Replacement Ramsgate Port	£ 19,650.17
Engineering and Technical Services	Electrical and mechanical maintenance - Port and Harbour Ramsgate	£ 170,000.00
Engineering and Technical Services	Yacht Valley - Military Road Ramsgate - Arches Restoration - Electrical Services	£ 60,775.01
Engineering and Technical Services	Yacht Valley - Military Road Ramsgate - Arches Restoration - Drainage Repairs	£ 59,963.40
Maritime Services	Pilot Boarding and Landing Services	£ 10,000.00
Maritime Services	Supply of Gas Oil and Petrol to Ramsgate Royal Harbour marina	£ 68,000.00
Maritime Services	Hire of Marine craft	£ 3,000.00
Maritime Services	Navigational Buoy Service and Repair Agreement	£ 17,700.00
Maritime Services	Dredging at Ramsgate Port	£ 310,110.00
Parks	Repair of playground equipment Ellington Park following arson attack	£ 12,070.00

<b>Service</b>	<b>Waiver Details</b>	<b>Value of total Contract</b>
Property	Window and concrete repairs - Harbour Lights, East Pier	£ 25,000.00
Waste and Recycling	Manufacturers overhaul of beach Surf rakes	£ 19,500.00
Waste and Recycling	Supply of Glutton electric street cleaning suction machine and trailer	£ 15,750.00
Waste and Recycling	Supply of various specialised vehicle parts	£ 90,000.00
Waste and Recycling	Supply of truck tyres - one off waiver	£ 2,000.00
Waste and Recycling	Hire of 7.5T refuse freighter	£ 11,500.00
Waste and Recycling	Purchase of 2 x 7.5T refuse freighters	£ 40,000.00
Waste and Recycling	Thanet Frontline Waste and Cleansing Projects	£ 32,000.00

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**Annex 9**  
**Procurement Programme January – December 2013**

<b>Pending Contracts</b>
New Refuse Vehicles
New Recycling Containers
Delegate System/Microphones – Council chamber
Dreamland Consultancy
Dredging
Supply of Bedding Plants
Tree Surgery
Specialist Electrical work and Maintenance
Consultancy Framework
Margate Intervention
Social Housing – Refurbishment of Empty Homes
Advertising
Printing

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## Housing Strategy 2012-2016

To: **Cabinet – 22 January 2013**

By: **Lauren Hemsley – Senior Strategic Housing Officer**

Classification: **Unrestricted**

Ward: **All wards**

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**Summary:** **To approve the Housing Strategy for 2012-2016 following the close of the consultation.**

### **For Decision**

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#### **1.0 Introduction and Background**

1.1 The Local Government Act 2003, requires local authorities to have a Housing Strategy. The current Housing Strategy was adopted in 2005 and expired in 2010. A number of changes were anticipated in 2011 during the refresh of the strategy such as the Localism Act, 2011, the National Housing Strategy, Comprehensive Spending Review and the Welfare and Benefit Reform. These have now been incorporated into the new strategy. The lifespan of the strategy will be the same as the Corporate Plan.

#### **2.0 The Current Situation**

2.1 The key housing issues for Thanet over the next four years have been identified as part of the initial consultation, which was undertaken in December 2011. A review document was sent out to 150 stakeholders, which included Housing Associations, developers, landlords and others. (The initial review document is in Appendix 3, p.42 of the strategy and the stakeholder list is on p.53). The comments received have helped inform the strategy as well as officer workshops and utilising existing strategies and resources. A Members Briefing was held on Monday 25<sup>th</sup> June to introduce members to the housing issues to be included in the strategy. A further SMT/Cabinet briefing was held on 4<sup>th</sup> September and the Housing Strategy was also an agenda item at the Parish Forum on 25<sup>th</sup> October. The Housing Strategy was also presented to the SMT Managers Forum on 20<sup>th</sup> December 2012.

2.2 The main focus of the strategy is in relation to: maximising affordable housing delivery; tackling empty homes and making better use of existing housing stock and managing the impacts of the Welfare and Benefit Reform. These issues are incorporated into five key priorities as below:

1. Deliver a range of homes to meet the local housing need which residents can afford.
2. Make better use of the existing housing stock across all tenures and improve housing conditions.
3. Enable vulnerable people access to good quality housing and to live independently.
4. Provide an accessible housing options service for Thanet residents.
5. Deliver housing in support of our regeneration and economic development objectives.

- 2.3 The Housing Strategy is also accompanied by an Action Plan which sets out how the key priorities will be delivered. It features a range of housing projects and work streams including cross departmental projects such as the empty properties project to bring 30 empty homes back into use as affordable housing utilising funding from the Homes and Communities Agency and the Live Margate housing intervention to bring back into use 160 homes. The Action Plan will be updated annually so members and stakeholders can see how projects are progressing and any new projects that start during the lifespan of the strategy. It will allow for any policy changes to be incorporated ensuring the strategy is kept current and relevant for the four year lifespan.
- 2.4 The 6 week public consultation closed on 3 December 2012. We emailed out a link to the draft Housing Strategy to over 150 stakeholders to include housing associations, developers and other Kent local authorities amongst others. (A full list of stakeholders is available on p.58 of the strategy). A dedicated page was uploaded onto the TDC website for the duration of the consultation and there were also links from the communications consultation pages. An online form was created for comments to be submitted. Hard copies were made available for collection at the Gateway and were posted out to residents on request who were unable to access a computer or call into the gateway.
- 2.5 In total we received 7 responses from stakeholders and 2 responses via the online comments survey form from residents. We had a number of requests for copies of strategies which were posted out to residents and copies were also available at the Gateway for residents and stakeholders to collect.
- 2.6 In summary the stakeholder responses were positive and the following stakeholders made comments on the draft strategy.
- Kent Probation
  - KCC Strategic Housing
  - Orbit South Housing Association
  - East Kent Housing
  - Kent Police
  - Minster Parish Council
  - KCC Families and Social Care
- 2.7 The 2 responses from residents suggested actions we are all ready undertaking which are included in the Action Plan, such as improving standards of private rented sector properties.
- 2.8 Some of the comments made related more to the Local Plan and other more detailed policies, such as the Allocations Policy. These will all be subject to their own consultation and scrutiny. The following issues relating to the content of the strategy were raised from the responses and have been incorporated into the final revised strategy:
- The strategy should address accommodation needs of offenders.
  - The importance of safety and the reduction of crime should be emphasised.
  - We should include more detail about the re-invigorated Right to Buy receipts.
  - More reference should be made to the welfare and benefit reform and under occupation.
  - More reference to Building for Life and Wheelchair Accessible Housing should be made.
  - We need to refer to people with a learning disability in the strategy.

- We should refer to the Care and Support Fund (HCA funding opportunity)
- We should refer to the Local Authority Mortgage Scheme.
- More detail of the new powers under the Localism Act should be included relating to the new powers to discharge our homelessness duty into the private rented sector.
- We need to address the impact of the Welfare and Benefit Reform on the potential migration of benefit dependent households into Thanet in search of cheaper housing costs.
- Need to include more about Affordable Rent.

These comments have now been addressed in the final version of the strategy. None of the feedback requested changing any of the key priorities or disagreed with any actions in the action plan. They referred to drawing out certain issues in more detail and have not substantially altered any of the principles of the housing strategy.

Comments were also received after a presentation on the Housing Strategy was given to the SMT Managers Forum. The presentation of the Action Plan has since been reorganised to make it clearer how the key priorities will be delivered.

### **3.0 Options**

- 3.1 For Cabinet to agree the final version of the Housing Strategy, which can then progress to Council for final approval.

### **4.0 Next Steps**

- 4.1 To take the strategy to Council for approval. The Action Plan is a working document and progress will be reported to SMT and members on an annual basis to ensure the document is kept up to date and that we are tackling housing issues which emerge before the next refresh is due in 2015/16.

### **5.0 Corporate Implications**

#### **5.1 Financial and VAT**

- 5.1.1 The Housing Strategy has very limited financial implications. The consultation has been carried out using the TDC web pages and links to these web pages were emailed out to stakeholders. We produced some hardcopy documents and in addition to officer time, this is the only cost incurred in producing the strategy. The action plan contains details of specific projects where there will be financial implications, but these projects would be subject to a separate scrutiny and Cabinet decision.

#### **5.2 Legal**

- 5.2.1 The author considers there are no legal implications.

#### **5.3 Corporate**

- 5.3.1 The Housing Strategy has strong links with the ethos and priorities of the Corporate Plan. In particular Priority 7: "We will plan for the right type and number of homes in the right place to create sustainable communities in the future." Other priorities such as Priority 2: "We will tackle disadvantage across the district" feature housing issues such as tackling empty homes and also Priority 4: "We will make our district a safer place to live" in terms of good housing design and creating sustainable communities.

## 5.4 Equity and Equalities

- 5.4.1 Equity and equality are addressed within the strategy, but an Equalities Impact Assessment has also produced (please see attached at Annex 2). The strategy does not negatively impact on any residents of the district and aims to improve housing opportunities. The Housing Strategy does not set any new policy, but how we will approach the housing issues over the next four years. Individual policies and strategies which are referred to in the action plan may require an Equality Impact Assessment, but these would be dealt with separately.

## 6.0 Recommendation

- 6.1 For Cabinet to approve the strategy and proceed with the timetable for the document to go to Council in February 2013 for approval.

## 7.0 Decision Making Process

- 7.1 This is a key decision to go to Cabinet and Full Council. It is a key decision because the strategy is for the whole district and therefore affects all wards.
- 7.2 The strategy has been to Overview and Scrutiny for consideration (recommendations from Overview & Scrutiny will be presented at the Cabinet meeting).

Future Meeting if applicable: Overview & Scrutiny Cabinet Council	Date: 15 January 2013 22 January 2013 28 February 2013
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Contact Officer:	Lauren Hemsley, Senior Strategic Housing Officer
Reporting to:	Madeline Homer, Director of Community Services

## Annex List

Annex 1	Housing Strategy 2012-2016
Annex 2	Equality Impact Assessment

## Background Papers

Title	Details of where to access copy
None	N/A

## Corporate Consultation Undertaken

Finance	Sarah Martin – Financial Services Manager
Legal	Gary Cordes – Legal Services Manager
Communications	Hannah Thorpe – Corporate Communications Officer

# Thanet District Council

## Housing Strategy Draft

2012-2016

December 2012



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# Executive Summary

The Council recognises that access to good quality housing which people can afford is key to achieving sustainable communities and making somewhere a good place to live. The Housing Strategy for 2012-2016 outlines the key housing issues and sets objectives for how, with its partners, the Council can continue to make Thanet a great place to live for all its residents.

Housing should provide choices, opportunities and aspiration. Thanet residents should have access to high quality housing which they can afford, whether they are renting in the social or private sector, or already own or aspire to own a home. We are determined to use our housing policies and strategies to achieve our wider objectives to create sustainable communities.

Thanet needs to stabilise its approach to new housing developments with a greater emphasis on family homes. The demand for affordable housing currently outweighs supply. We cannot build ourselves out of the shortage of affordable housing and therefore, we need to look at other creative solutions. Whilst we will continue to maximise the delivery of new affordable homes through new build opportunities, we are committed to bringing empty properties back into use, to create a range of additional homes for our residents.

We will work constructively with the private rented sector to drive up standards in this sector, particularly in areas where there is a high concentration of privately rented accommodation, such as Cliftonville West. This activity is also part of the wider regeneration initiatives for the district.

Current reductions in housing benefit are likely to have an adverse effect on the district. We need to ensure our residents are informed about the changes and have access to professional advice from our Housing Options team. We want to support residents to take greater responsibility for their own housing options.

The Housing Strategy links in with the Corporate Plan, the Local Plan, the Economic Strategy and other strategies as outlined in the Strategic Links diagram on p.8.

The main objectives for delivering the housing strategy are as follows:

- Deliver a range of homes to meet the local housing need which residents can afford
- Make better use of the existing housing stock across all tenures and improve housing conditions
- Enable vulnerable people access to good quality housing and to live independently
- Provide an accessible housing options service for Thanet residents
- Deliver housing in support of our regeneration and economic development objectives

We will need to regularly monitor and review the action plan attached to the housing strategy to ensure the housing issues remain current. Creative thinking is required in order to meet the housing objectives set out in this strategy. We need to adapt to our changing environment with changes like the Welfare and Benefit reform and the new powers of the Localism Act to ensure we meet the overall housing objective that Thanet residents have access to good quality housing which they can afford.

# Thanet's Housing Vision

## Introduction

The Local Government Act 2003, requires local authorities to have a Housing Strategy. The Housing Strategy 2012-2016 provides a framework for how Thanet District Council will work with partners to address the housing and related support needs of people living in the district. As well as delivering services directly, the Housing Strategy can provide leadership and guidance to partners and stakeholders.

The Housing Strategy will help towards delivering some of the key Corporate Plan objectives as well as linking in with the Local Plan, Economic Strategy and other key documents.

There have been a number of changes nationally, regionally and locally which inform the context of the Housing Strategy. These changes are outlined in Appendix 1: Strategic Context, p.28. The Housing Strategy covers housing issues across all forms of tenure and considers the impact of housing on individuals, communities and the environment. The strategy sets priorities for action and identifies the resources that will be necessary to achieve the aims, objectives and actions identified. The action plan which accompanies this Housing Strategy will be monitored annually for the duration of this strategy to ensure the aims and objectives are being met and remain current.

## Vision Statement

The overarching housing vision for Thanet for the next four years is:

To provide good quality housing, that is affordable, which meets people's changing needs and aspirations and is located within pleasant, safe and sustainable communities.

The Council recognises that access to good quality housing which people can afford is key to achieving sustainable communities making Thanet a good place to live and contribute to sustainable economic regeneration. The Housing Strategy will outline the key housing issues and set objectives for how, with its partners, we can continue to make Thanet a great place to live.

Housing should provide choices, opportunities and aspiration. Thanet residents should have access to high quality affordable housing, whether they are renting in the social or private sector, or want to own their own home. The Housing Strategy sets out our plans to achieve this vision.



## Deliver a range of homes to meet the local housing need which residents can afford

There are a range of property prices and rents across Thanet, with distinct pockets of prosperity and deprivation sometimes only streets away from each other. In some areas the housing market is buoyant with sought after properties in attractive and sustainable communities. In other areas there is an imbalanced housing market where one tenure dominates, usually sub standard private rented accommodation.

Housing interventions by Thanet District Council and its partners will improve the housing balance in areas which are struggling and enhance already thriving communities. What remains consistent in terms of the housing need is affordability. Outstanding need for affordable homes remains higher than the supply.

Across the district we must deliver homes which our residents can afford to live in. This means providing affordable homes<sup>1</sup> for residents on the housing register, a range of good quality privately rented accommodation and new market housing developments delivering an appropriate mix of homes. The predominant housing need in Thanet is for family accommodation, of two bedrooms or more, but mainly three bedroom accommodation. We have a large supply of smaller units and this housing need is already provided for through existing properties or planning consents which could still be implemented. It is family accommodation which needs to be delivered in Thanet and this is what we expect to see in the majority of new developments.

The demand for affordable housing currently substantially outweighs the supply. There is less funding available to Housing Associations to build new affordable homes. The Homes and Communities Agency funding has now been allocated up to 2015 and it is unlikely there will be additional grant funding to deliver new affordable homes in Thanet until this time. We need to work more innovatively and maximise the delivery of affordable housing. We can do this by working closely with planning colleagues to ensure the planning policies maximise the provision of affordable homes. Housing Associations will be using affordable rents which will generate additional rental income, which can be put back into developing more affordable homes.

Increasing owner occupation is also a key objective, as well as delivering low cost home ownership and shared ownership options as the local housing authority and in conjunction with Housing Associations.

There are affordability considerations to address with the Welfare and Benefit reform and work is being undertaken to look at households who will be affected in social rented properties owned by the council and households on benefits who live in the private sector. We want to support our residents with their housing aspirations and respond to the housing need, by providing family homes.

## Make better use of the existing housing stock across all tenures and improve housing conditions

New build housing plays an important part in creating new homes for Thanet residents and allowing movement within the housing stock, but this must be combined with other initiatives. We also recognise the importance of properly utilising the existing housing stock, which includes both private and public sector accommodation. Thanet has a number of privately owned empty properties which could be providing homes for households in housing need. The Homes and

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<sup>1</sup> As per the definition in Annex 2 of the National Planning Policy Framework, March 2012 (as per Appendix 4, p.52)

Communities Agency funding we have secured will bring back into use up to 190 homes by 2015, consisting of a mix of tenures.

Our homes are central to our family life, so all housing in Thanet should be high quality, no matter what tenure a person is living in. We will continue to improve the quality of our own housing stock even once the national Decent Homes programme comes to an end, but of particular concern is the quality of housing in the private rented sector. Whilst it is a good thing that there are a range of housing options in Thanet, including cheaper housing, we want to make sure we are protecting residents from substandard landlords. The private rented sector will continue to play an important role and provide a variety of good quality accommodation with a range of rents to suit different affordability levels for Thanet residents. Residents will be able to choose where they want to live to suit their lifestyle and household composition. We will continue to work in partnership with the Landlord focus group and forum to create a good quality private rented sector in Thanet.

We will not tolerate poor quality accommodation and targeted housing interventions will tackle concentrations of deprivation and substandard living conditions across the district. The approach in Cliftonville West and Margate Central wards as part of the Live Margate project, is to use planning powers and property standards to improve living conditions and the community. The approach of targeting resources in an area, improving the quality and management in the private rented sector and raising the standards, is working.

We must make the most out of our current housing stock and assets. To do this we will undertake an asset management review of all the Council's Housing Revenue Account assets. This may unlock new opportunities to increase supply, in addition to the five new family homes built in 2010 with help from the Homes and Communities Agency. It will also tackle under occupation and overcrowding.

We will also improve energy efficiency in new and existing homes so that we tackle fuel poverty and energy waste. We will make sure as far as possible that elderly and vulnerable residents have a warm home during the winter.

## Enable vulnerable people access to good quality housing and to live independently

Thanet has an ageing population and the census results show a further increase of people aged over 85. People generally prefer to stay in their own homes as long as possible and we need to ensure a range of housing options are available.

We will seek to incorporate a range of housing in new schemes, including different tenures, which will meet the needs of vulnerable people and people with disabilities. Design features can be incorporated into new developments to ensure homes can be more easily adapted for people with disabilities and make new housing more sustainable. In terms of adaptations to existing properties, we will review the disabled facilities grant policy, to ensure value for money and an improved customer journey.

Partnership working with other agencies, such as Social Services and the NHS are key to enabling vulnerable people to live in safe and secure environments and retain independence.

## Provide an accessible housing options service for Thanet residents

Housing is about more than meeting housing needs. We want to concentrate on how housing is connected to our residents' opportunities and ambitions.

More unemployed people are living in social housing than before. Thanet's housing policy will be about supporting people's aspirations. Residents in low paid employment deserve our support. Local authorities now have more control over the way we manage the housing register and we aim to better manage people's expectations. Demand for social housing will always outweigh the supply. Social housing is not the only secure, high quality housing option available to Thanet residents and the private rented sector can provide a mainstream housing option.

We are reviewing our Allocations Policy to ensure that the way we allocate social housing is fair and transparent. The Localism Act, 2011 gives local authorities the ability to make decisions locally about how we manage allocations of social housing to suit the residents of Thanet more effectively. We will look at how we can recognise the efforts of those who contribute to the community particularly through seeking paid employment. We can manage expectations more effectively of households on the housing register. The demand for social and affordable housing will always outweigh the supply and we need to ensure our residents continue to receive professional advice in relation to their range of housing options.

## Deliver housing in support of our regeneration and economic development objectives

The people of Thanet should rightly be committed to their community and we will support that by building quality neighbourhoods, where people feel safe and where they choose to live, work and stay. That means access to high quality amenities, good transport links and a thriving local economy with jobs for local people.

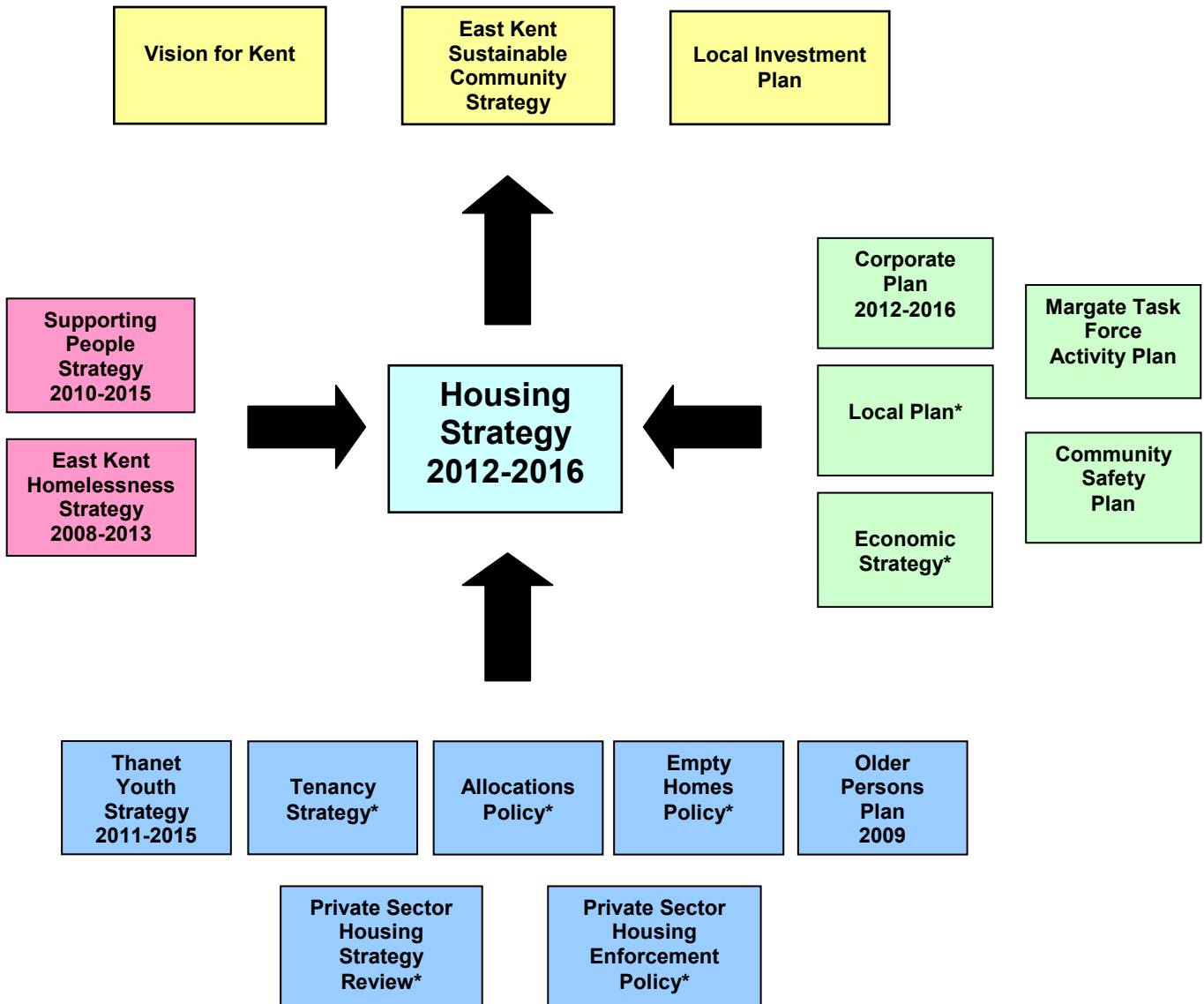
We need to ensure that there are a range of new homes to suit the diverse needs of our residents in line with the economic aspirations of the district. The housing, planning and economic development teams will work together to ensure that through the Local Plan, suitable land is identified for construction of new homes and policies are in place to support appropriate adaptation of the existing stock to meet housing need across all sectors.



**Councillor David Green**  
**Portfolio Holder for Housing and Planning**

# Strategic Links

The diagram below shows how the Housing Strategy fits in with the other relevant strategic documents. The Housing Strategy is the main overarching housing document to set out the strategic priorities accompanied by the action plan. The other housing related plans and strategies cover each area in more detail. Please see Appendix 1, p.28 for further strategic and policy links.



\*Documents to be produced during the lifespan of the Housing Strategy. For further details please see the Action Plan.

## Where are we now?

Despite the economic downturn during the lifespan of the previous Housing Strategy from 2005 - 2010, Thanet District Council made some key successful achievements towards meeting the housing aims and objectives.

These included:

- 421 empty properties were brought back into use
- 316 new affordable homes were delivered for rent and low cost home ownership
- 5 new council homes were built in 2010 for families, with the help of funding from the Homes and Communities Agency
- In partnership with KCC and through the Private Finance Initiative (PFI):
  - 7 additional homes were provided for people with a learning disability
  - 7 additional homes were provided for people with a mental health problem
  - 80 additional homes for older people.
- In 2010, the Cliftonville Development Plan Document was adopted.
- 1026 homeless cases prevented between 2005-2010.
- In 2006/2007 grants totalling £3,036,327 were given for heating, insulation, decent homes and fire safety.

These achievements have all helped towards improving the housing choice and conditions for Thanet residents.

The new strategy for 2012-2016 needs to set new objectives and outline how these will be delivered. The budget consultation demonstrated that Thanet residents view affordable decent housing as an important part of making somewhere a good place to live. Demand is outweighing supply in terms of affordable housing and we need to ensure that delivery of new affordable homes continues in these times of austerity. Bringing empty properties back into use is an important housing objective for Thanet as we can utilise existing housing stock to meet the needs of our residents.

We appreciate that this strategy has been written at a time of uncertainty, in terms of the housing market and economic climate, but we will continue to progress the delivery of new affordable and market housing to meet the needs of local residents. We want our residents to have access to good quality housing across all tenures. Housing is not just about the built environment, but about the people who live in the district. The strategy will also look at how we will set objectives to continue to enable our vulnerable residents' access to good quality housing and provide accessible housing options for our residents.

The external perception of parts of the district from outside of Thanet may be a significant barrier to promoting its economic and social potential and encouraging economically mobile people to stay or migrate into the area. The housing offer in Thanet can help to attract investment, people, skills and knowledge into the area. Many young and skilled people leave the district and we need to give them a reason to stay. We have a unique built environment offering an attractive coastal lifestyle, in close proximity via our improved transport network to London and other major towns and cities in Kent.

National evidence shows a close link between social housing and worklessness, which currently perpetuates a cycle of unemployment, poverty and housing needs. This has a negative impact on physical and mental health. We want to add to our housing offer as the local authority by looking into more shared ownership options to help low income working households buy into a property.

Over the next four years we are committed to tackling the housing issues which Thanet faces, by working creatively and adapting to the changing government policies.

The changes emerging from central government through the Welfare and Benefit Reform will have a significant impact on a number of Thanet residents. We will manage the impacts of these changes by continuing to provide advice to residents and work with private landlords to mitigate the risks of people becoming homeless. We will ensure that we make best use of our housing stock to meet housing need and to reduce the risk of financial hardship. We will work to ensure that we have the right people living in the right housing stock.

Our main interventions are designed to stimulate new housing supply, ensure that developments are well designed, high quality and with the appropriate social infrastructure and services, work with private landlords on better rentals and stimulate private sector renewal of housing and improve the linkages between housing and employment services. The housing team will work closely with the planning, economic development and regeneration departments to ensure that the housing aspirations are translated across the district.

This is still a challenging time for housing providers and will continue to be throughout the lifespan of the strategy. The current property market, along with difficulties in obtaining mortgages means the need for good quality housing, which is affordable, is essential for Thanet. The commitment and leadership provided by Thanet District Council over the next four years will be critical in shaping housing in Thanet.

## Welfare and Benefit Reform

Nearly 1 in 4 of Thanet's working age people claim a key benefit and are likely to feel the impacts of welfare reform when it is introduced in April 2013. Four major changes are being brought in together –

- a) a reduction in levels of Housing Benefit for Council and Social tenants due to the benefits cap of £500 per week per family or £350 per week per single person;
- b) a reduction in Council Tax benefit as new local arrangements apply;
- c) the introduction of social sector size criteria (or the bedroom tax as it is better known) which reduces housing benefit for each bedroom left empty – 14% for one bedroom and 25% for two bedrooms,
- d) the introduction of Universal Credit, or one payment per month arrangements, although this will come in more slowly between 2013 and 2017

Many people will be affected by more than one of these changes at the same time and it is expected that this will have a significant impact on their financial position and on their medium and long term housing options. Some issues will be practical - we are currently planning for, and assisting, those who wish to make a practical change such as exchange an under-occupied house for a smaller one, allowing a family to move on.

But we do believe that there will be a big social change as families move towards more cost effective housing in Thanet by moving out of expensive areas in the South East and beyond. We can manage some of those changes through our Tenancy Strategy and our Allocations Policy and prioritise those with a local connection but it does not help with the additional financial burden that some families will feel through these changes, and we shall be working closely with partners throughout Thanet to mitigate those needs.



# Evidence Base

A Strategic Housing Market Assessment for East Kent (including Thanet) was published in June 2009. Its key findings and recommendations provide an evidence base for the housing need in Thanet.

## Key findings

- Challenge of tackling the impact of an ageing population, especially where the proportion of very elderly people is forecast to increase.
- Single person households are expected to increase, despite the fact that younger age groups (16-24) are continuing to leave the sub-region. However, there is a greater supply and backlog of planning consents for smaller units, compared with larger family accommodation.
- Reflecting ambitions for regeneration and economic development the SHMA identifies a role for housing to provide appropriate and attractive housing options for higher earners and to ensure young families can stay.
- The overall housing provision is dependent on an economic outlook, return of developer confidence, access to mortgages and access to development finance for housing associations. It also notes that an improved housing offer including variety of housing types at differing price levels, market, intermediate and affordable rented should be provided.
- Analysis in the SHMA shows that due to its volume, it is inconceivable that need for affordable housing in the sub region could be met by 2026.

## Recommendations

- A target that 30% of new homes should be affordable (with a higher target in the housing market sub areas of Broadstairs and Thanet villages)
- That this be applied to sites of 15 or more dwellings (or a lower threshold in rural areas where studies suggest this is economically viable).
- That 30% of affordable housing be focused on intermediate tenure, and 70% social/affordable rented homes.
- Focusing provision of new affordable homes on a specific mix of types and sizes to boost supply of dwelling types with the lowest supply: needs ratio e.g. 3 bedroom family houses.
- Guideline proportions on the size-types and market split (entry/medium/high end development) of market housing

The findings of the Strategic Housing Market Assessment will be reviewed and its recommendations will be considered in preparing the Local Plan. The Action Plan (p.19) provides more detail of the tasks which will be undertaken to support this.

We have seen an increase in the submission of 14 unit applications in order to avoid the existing affordable housing policy. We need to maximise the provision of affordable homes, whilst ensuring developments are viable.

# Our Priorities in Detail

## Deliver a range of homes to meet the local housing need which residents can afford

We will work with key partners to increase the supply of affordable homes<sup>2</sup>, including low cost home ownership, across the district and take a proactive role in exploring new housing delivery initiatives.

We need to make best use of planning policies to ensure affordable housing opportunities are maximised in the planning process. This will be addressed in policies in the new Local Plan and based upon viability evidence.

Affordable housing will positively contribute to attractive, secure and sustainable mixed communities. Local lettings plans are produced for all new build affordable housing schemes to ensure the units are allocated appropriately to households on the housing register and in conjunction with the Sustainable Communities Protocol. Affordable rents can now be used providing the additional rental income is put back into delivering more affordable homes. We need to look at how we can best use these rents as a local authority, whilst ensuring a range of affordable homes are delivered.

Increasing the level of owner occupation in the district is an aspiration for Thanet District Council. We want to help people fulfil their housing aspirations. Home ownership is becoming increasingly difficult for first time buyers. Shared ownership options are a more affordable way of making a start on the housing ladder and the planning policies are in place for ensuring shared ownership homes can be incorporated into new build schemes where affordable housing is required. As a local authority we can do more to help people who want to own their own home and we will explore options to help people onto the property ladder. We will be doing a lot more work around shared equity schemes and incorporate this into the empty homes programme and consider it within our asset management strategy. This will enable households on lower incomes to purchase a share in a property and as their circumstances change and improve they can purchase a greater share in their home. Shared ownership can also help to rebalance the housing market, by providing another type of tenure in an area and promote a sustainable community.

New development must be based on high quality sustainable design which meets differing needs. It must complement community cohesion and be supported by local public services and a good transport infrastructure. This approach will be supported by the council's Local Plan and supplementary planning documents.

Good and appropriate design allows people with disabilities to access housing; meeting wider objectives around health and wellbeing, and promoting independent living for vulnerable adults. A range of building standards promoting independent living have been produced in recent years, such as Building for Life, Lifetime Homes and wheelchair accessibility guidance. The application of these standards provides a cost effective solution to addressing the changing needs of residents. It is much more efficient to build in these features where possible as disabled adaptations to properties are costly to incorporate into older housing stock. We need to make homes sustainable for the longer term.

It is important that the housing need of the district is understood. We will undertake rural housing needs surveys in conjunction with the parish councils to ensure the needs of the rural communities are addressed. The Strategic Housing Market Assessment details the housing need of the district and family homes are our main priority.

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<sup>2</sup> As per the definition in Annex 2 of the National Planning Policy Framework, March 2012



Many new developments over the last few years have comprised of flats, delivering a high number of smaller units. There are still a number of planning consents which could be built out providing smaller units for the district. The demand for family homes, however, in the district is high and continuing to rise. Ultimately, the mix of tenures and sizes on individual schemes will be assessed on a case by case basis by the planning department in accordance with planning policies, with input from Strategic Housing on schemes including affordable units. Considerations include the location of the site and the existing housing mix in the area.

There is an increasing demand for student accommodation in the district as a result of the Broadstairs campus of Christchurch University. We recognise the social, economic and cultural benefits that arise from the presence of a University and its students in the area and wish to support the provision of good student accommodation. We should also consider the contribution that the students bring to the local workforce, the community and cultural life of Thanet. We will work closely with the university to ensure the housing needs of students are understood and that a strategic approach is taken to the provision of accommodation.

## Make better use of the existing housing stock across all tenures and improve housing conditions

Thanet has a large private housing sector of which 28.5% is privately rented. In addition 12% of the total housing stock is currently owned by Housing Associations and Thanet District Council. As a result the council is committed to ensuring this existing resource is fully utilised. This means that bringing empty properties back into use and improving the quality of accommodation that is available across the district is a high priority.

There are a large number of empty properties in Thanet. These properties are a blight on the neighbouring properties and are also a waste of housing stock particularly when we have such a high demand for affordable housing. We will utilise the funding from the Homes and Communities Agency, which the authority has been successful in securing, to bring back into use up to 190 units of accommodation over the next 3 years. These units will consist of a range of tenures, to rebalance the housing market. This will also positively impact on the private housing market, by improving the neighbouring areas.

There are areas in Thanet where the private rented sector makes up 85% of the housing available. This imbalance of tenure and a lack of owner occupation creates problems. Areas are over crowded with high numbers of HMOs and densely populated streets. This is partly to do with the nature of the housing stock, as many of the former guest houses are too large to be used as single family dwellings, but also as a result of a number of agencies placing vulnerable people in the area. Interventions such as the 'Live Margate' project will help to rebalance the housing mix by bringing back empty properties into use as a mixture of market and affordable housing.

We will not tolerate poor quality accommodation and where appropriate we will improve the condition and management of privately rented housing in the district. Targeted housing interventions in areas where there is a concentration of poor quality privately rented housing, in particular the selective licensing scheme in tandem with the 'Live Margate' housing intervention, will tackle concentrations of deprivation and substandard living conditions.

Thanet District Council is committed to improving the standard of privately rented accommodation and has a large team dedicated to driving up standards and utilising the sector more effectively. This not only involves intensive enforcement activity, but also demands innovative approaches to working positively with private landlords. Examples of existing projects include tenant referencing, a bond scheme and landlord accreditation, with plans to develop further schemes around property accreditation, landlord liaison and tenancy support. With the powers introduced by the Localism Act, 2011, local authorities can now discharge their homelessness duty into the private rented

sector. This makes the private rented sector even more important and the need to improve standards through these initiatives is a high priority.

There are a number of good quality private rented properties managed by responsible landlords and this should be the normality of the district. Our aim is to rebalance the densely populated areas and improve the quality of accommodation. The private rented sector must play an important role for housing provision with reduced funding to build social housing and the affordability issues people face with being able to purchase their own home. Improving the private rented sector will help create quality neighbourhoods offering an attractive housing option to prospective tenants. Homes need to be well linked to high quality amenities and a local economy that engages the local community.

The Council's Housing Revenue Account assets are managed by the ALMO for East Kent - East Kent Housing (EKH). EKH manage the housing stock for Thanet, Dover, Canterbury and Shepway councils. As part of the Localism Act, the self financing regime for local authorities is now in operation. Thanet can utilise its HRA reserves to build new council homes and by adding empty properties to the portfolio, to bring back as affordable housing and allocate to households on the housing register. Reducing the number of empty properties in this way also reduces the fear of crime and will help make Thanet a safer place to live. A review of all the council's housing revenue account assets will be undertaken in order to ensure we are making best use of our existing stock and adding appropriate properties under the empty homes initiative. Under the re-invigorated Right to Buy, local authorities can retain additional receipts to fund the provision of replacement stock, so these measures will be incorporated into the overall asset management strategy.

As part of the new powers under the Localism Act 2011, we are producing a Tenancy Strategy to set out what tenancies we will offer to tenants in council housing and also what we expect Housing Associations to offer tenants in the district. It will also address the affordable rent policy of the district. The tenancy strategy will tackle under occupation and over crowding issues across all tenures and help to make better use of the housing stock.

In order to reduce fuel poverty and improve the energy efficiency of the existing housing stock across all tenures we will look at the implementation of schemes like the Green Deal.

## Enable vulnerable people access to good quality housing and to live independently

In order to identify and meet the gaps in the provision of the housing related support services for vulnerable people in the district, we will continue to work closely with Supporting People and Families and Social Care. Thanet District Council plays an active role in the Supporting People Commissioning Body, Core Strategy Group and the Joint Policy and Planning Board. These groups provide valuable links across the county with partners such as the health and social care sector.

The population projections for the district indicate that the percentage of older people in Thanet will increase. We need to review the provision of accommodation for older people to ensure their changing needs are being met. Research indicates that people wish to stay in their own home as long as possible. We will ensure that our older population continue to receive support and advice in relation to their housing options. Thanet District Council in partnership with Families and Social Care will ensure that our older population continue to receive support and advice in relation to their housing options and promote the development of housing models that enable independent living such as extra care, supported living and specialist housing.

We will work with private sector landlords, agents and other partners to develop pathways into private sector housing for vulnerable people and utilise the Learning Disabilities Toolkit to help people with a learning disability

To enable vulnerable people to stay in their own home, in a safe and secure environment we will work with the Home Improvement Agency and Families and Social Care to provide telecare solutions

The administration of the Disabled Facilities Grant Programme will continue to facilitate independent living for disabled people in their own homes. We will work with Housing Associations to ensure that disabled units are incorporated into new developments. Promoting independence, social inclusion and keeping people safe all works towards building a sustainable community.

## Provide an accessible housing options service for Thanet residents

We will continue to prevent and reduce homelessness in Thanet. Tackling homelessness is not just about addressing street homelessness, it is also about finding lasting solutions to stop people from becoming homeless in the first place. The council delivers many services to try and prevent homelessness and early intervention is the key to achieving this.

Homelessness applications and acceptances have increased in 2010-11 as have the number of households on the waiting list. The current economic situation and increased unemployment may be responsible for this. The prevention of homelessness continues to be a high priority and this will be closely monitored in conjunction with the benefit changes.

### Housing Options Data 2006 - 2011

Description	2006-7	2007-8	2008-9	2009-10	2010-11
Households on the housing register	3757	3255	4697	4898	5123
Housing register annual percentage increase	+10%	-14%	+30%	+4.3%	4.4%
Homeless applications	178	164	138	131	215
Acceptances	116	101	66	63	123
Percentages of acceptances	65%	62%	48%	49%	42%
Total Lettings	589	624	343 From Aug 08 – March 09	663	660

Some of the joint working which has taken place across the district and county has enabled further solutions and funding streams to actively assist us take a pro-active approach to homeless prevention. We will continue to work alongside MARAC and MAPPA to ensure the best housing solutions for high risk offenders and we recognise our responsibilities to work in partnership with other Criminal Justice agencies to support the rehabilitation of ex-offenders who meet the threshold for priority need.

A review of the allocations policy and the housing register eligibility criteria will be undertaken in accordance with the Localism Act. We need to manage expectations of households on the housing register as the supply of social housing is limited compared with the high demand. To improve the range of housing options available, we will include Low Cost Home Ownership and the private rented sector as mainstream housing options. We can now discharge the homelessness duty into the private rented sector under the powers of the Localism Act and we will work with our statutory partners to do so where appropriate.

As the housing authority we have a duty to provide emergency accommodation to people who may be eligible for assistance, who are homeless and in priority need under the Housing Act 1996 (amended 2002). A review and new options will be considered for this accommodation.

Thanet residents will be affected by the changes as part of the Welfare and Benefit Reform. Housing Options will work closely with the benefits team to manage the impacts. Work is already underway as a result of the social sector size criteria (also known as “bedroom tax”) announcements, which will mean that households currently under occupying their homes will receive reduced benefits. Homes may become unaffordable for some benefit claimants and we need to prevent increased rent arrears and issues for tenants claiming benefits, both in the Council’s housing stock, housing association properties and the private rented sector. We need to be proactive in our approach to ensure our residents are offered professional support and advice.

## Deliver housing in support of our regeneration and economic development objectives

The housing supply in Thanet must reflect the needs and aspirations of a more inclusive community, having regard to prospective economic growth. The housing offer in Thanet can play an important role in encouraging economic growth. As well as re-building our reputation as a visitor destination with a strong and expanding tourist economy, we also have a wide range of housing assets with our rich heritage, coastal location and character properties. The SHMA indicates that many 16-24 year olds leave the district when they leave education and we need to give people a reason to stay. Our housing offer can also attract in-migration of working people in search of a certain lifestyle.

The East Kent Local Investment Plan can promote the regeneration aims of Thanet and ensure housing issues are represented at the East Kent Regeneration Board. Housing issues will be incorporated into the Thanet Regeneration Board to ensure we successfully fulfil our economic aspirations for Thanet. The Housing Strategy, Economic Strategy and Local Plan all link together and work towards achieving the aspirations in the Corporate Plan.

New housing developments must create sustainable and inclusive communities and take advantage of the infrastructure and recently improved transport links. It is the role of the Local Plan to set housing targets for the district, and these should be representative of the housing need for the Thanet.

## How we will manage delivery

The action plan which accompanies this Housing Strategy will be monitored annually for the duration of this strategy to ensure the aims and objectives are being met and remain current.

The key housing issues for Thanet over the next four years have been identified as part of the initial consultation, which was undertaken in December 2011. A review document (Appendix 3) was sent out to 150 stakeholders, to include Housing Associations, developers, landlords and others (full stakeholder consultation list at appendix on p.53).

The review document outlined the achievements since the last strategy and set about identifying the key current housing issues the district faces over the next five years. The main issues are identified below in order of priority as identified during the initial consultation:

<b>High Priority</b>
The continued delivery of affordable housing.
Manage the impacts of the benefit reform and the Localism Bill.
Continue the existing good work to bring long term empty properties back into use.
Make best use of existing and potential new council housing through appropriate asset management.
Make best use of planning policies to deliver affordable homes.
Continued work to improve the conditions of the private rented sector.
A continued focus to prevent homelessness.
<b>Medium Priority</b>
A focus on providing larger family homes.
Further work to review the provision of accommodation for older people in the district.
The provision of new accommodation for people with support needs in line with the Kent Supporting People Strategy.
Review the allocations policy.
Review the under-occupation policy to make best use of existing stock.
<b>Low Priority</b>
<i>None of the issues were considered to be of low priority, all respondents felt that the issues were medium and high priority.</i>

More specific comments were also received which are summarised in Appendix 3 and have helped to inform the draft strategy. In addition to this, internal officer workshops have been held to raise awareness of the changes affecting housing over the next few years and help to ensure the action plan incorporates cross departmental projects.

The comments received as part of the consultation of the draft strategy will inform the final version. The strategy will then go through the Council's adoption procedure.

# Conclusion

Thanet District Council is committed to achieving the housing vision of providing Thanet residents with good quality housing, that is affordable, which meets peoples changing needs and aspirations and is located within pleasant, safe and sustainable communities.

Good quality housing is a vital part of creating sustainable communities. It is essential to the physical health and mental wellbeing of our community. Housing also promotes the independence of vulnerable adults, equality of opportunity, educational attainment, access to work and generally improving opportunities for local people. It can also help to promote the reduction of crime by creating safer communities.

Our Housing Strategy is a key contributor to Thanet District Council achieving the Corporate Plan aims, in particular tackling disadvantage, planning for the right type and number of homes in the right places and influencing the work of other agencies, with the main objective of creating sustainable communities.

The core priorities for our housing strategy are also set within a national and sub regional context. In particular the new powers under the Localism Act, 2011 give us more influence to set objectives in accordance with local needs and circumstances. This means we are better equipped to respond to the housing needs and aspirations of our residents.

We need to focus our resources on seeking imaginative ways of utilising all available housing assets to maximise housing options for local people. The SHMA indicates that we will never be able to meet the housing need for affordable housing simply by building new homes. We therefore need to utilise other initiatives, such as the empty homes programme and also use the private rented sector to meet housing need.

We will bring empty properties back into use, to provide additional homes by utilising the existing housing stock. The private rented sector plays an important role in housing provision for our residents and we will improve standards and continue to work with partners to deliver good quality accommodation.

Targeted housing initiatives will rebalance the housing market in areas dominated by single tenure accommodation. New housing supply must reflect the needs and aspirations of a more inclusive community, having regard to prospective economic growth.

The action plan is the mechanism for delivering the objectives of the Housing strategy. An annual report will be published to monitor the Housing Strategy's implementation, to respond to major policy or financial changes and to identify any amendments to the strategy or action plan.

# Action plan

## Strategic Priority 1: Deliver a range of homes to meet the local housing need which residents can afford.

Action No.	Action	Outcome	Resources	When by	Lead
<b>Objective 1.1</b>	<b>Deliver 280 new affordable homes for rent and low cost home ownership by 2016.</b>				
1.1.1	Work with Housing Associations and other partners to enable the delivery of new affordable homes	Increased supply of affordable housing to households on the housing register.	Officer time.	March 2016	Senior Strategic Housing Officer
1.1.2	Redevelop the Flowing Bowl site in Newington to deliver 15 affordable homes.	The delivery of 15 new affordable houses contributing to the regeneration of The Centre.	Planning application fee. Construction costs. Officer time.	March 2014	Housing Services Manager
1.1.3	Explore the potential to deliver local authority shared ownership accommodation.	Working people on low incomes will be able to purchase a share in a property.	Officer time. HRA reserves.	July 2013	Senior Strategic Housing Officer
<b>Objective 1.2</b>	<b>Maximise the future delivery of affordable housing in the district.</b>				
1.2.1	Develop an affordable housing policy for the Local Plan using the Economic Viability Assessment and Strategic Housing Market Assessment (SHMA).	The current thresholds and requirements for affordable housing will be updated based on the evidence. The recommendations will inform the Local Plan.	Consultant fee. Officer time.	Dec 2013	Strategic Planning and Strategic Housing
1.2.2	Work alongside planning team with Housing Associations and developers to ensure that new development delivers the right amount and type of affordable housing on site and utilise the economic viability assessment in circumstances where off site contributions are necessary.	Schemes which include affordable housing will be actively monitored and their development facilitated.	Officer time.	Ongoing	Senior Strategic Housing Officer



Action No.	Action	Outcome	Resources	When by	Lead
1.2.3	Make recommendations in relation to CIL in respect of affordable housing.	Members and Senior Officers are aware of the implications of CIL on affordable housing delivery.	Officer time.	Dec 2013	Senior Strategic Housing Officer
1.2.4	Develop a strategy for the spend of S106 contributions to provide affordable housing, to ensure best value for money is achieved.	Efficient use of S106 monies on identified sites and schemes to deliver affordable housing.	Officer time.	Dec 2013	Senior Strategic Housing Officer
1.2.5	Develop an Affordable Rent policy.	Thanet have an affordable rent policy for our housing stock and also for Housing Associations to have regard to with their housing stock.	Officer time.	March 2013	Housing Services Manager
<b>Objective 1.3</b>	<b>Understand the housing needs of residents in the district</b>				
1.3.1	Strategic Housing team to work with the planning team to provide evidence and support for the production of the housing elements of the Local Plan.	Strategic Housing priorities and Strategic Planning priorities are interlinked.	Officer time.	Ongoing	Strategic Housing
1.3.2	Provide evidence for local plan policies to support the need for Lifetime Homes.	Planning can implement policies to provide lifetime homes in the district.	Officer time.	Ongoing	Senior Strategic Housing Officer
1.3.3	Gather evidence from Thanet Christchurch University to support the need for student accommodation.	Appropriate student accommodation can be provided for.	Officer time.	Ongoing	Senior Strategic Housing Officer.
1.3.4	Undertake Housing Needs surveys in the rural communities.	The Housing need is understood and can be provided for through the Local Plan process.	Rural Housing Enabler time. Officer time.	April 2013	Strategic Housing Officer

**Strategic Priority 2: Make better use of the existing housing stock across all tenures and improve housing conditions.**

Action No.	Action	Outcome	Resources	When by	Lead
<b>2.1</b>	<b>Bring 290 empty homes back into use.</b>				
2.1.1	Bring 100 empty properties back into use, utilising a range of powers including the no use empty loan scheme.	Successfully brought 100 empty properties back into use across the district.	Officer time	March 2013	Housing Regeneration Manager
2.1.2	Complete the project to bring back into use 30 empty homes as HRA housing stock.	30 new homes are provided through bringing back empty properties to be allocated to households on the Housing Register.	Officer time. £1,386,000 of HRA funding. £535,000 of HCA grant funding.	March 2015	Housing Services Manager/Housing Regeneration Manager
2.1.3	Complete the Clusters of Empty Homes project in Cliftonville/Margate.	Bringing 160 empty homes back into use.	Officer time HCA funding - £4,130,923 HRA funding - £4,000,000	March 2014	Housing Regeneration Manager
2.1.4	Introduce a project to intervene in the housing market in Cliftonville West/ Margate Central (Live Margate).	A balanced housing market providing a range of quality housing options across all tenures including a 10-15 year strategy for developing property in the intervention.	Officer time £2million + HRA Cluster bid funding as above £10million KCC £5million SELEP	Ongoing long term project 2022	Housing Regeneration Manager
<b>2.2</b>	<b>Improve housing conditions in the private rented sector.</b>				
2.2.1	Review the impact of selective licensing 2 years on from scheme becoming operative.	Positive changes have been seen in the designated area around the management of private rented property, housing conditions and anti-social behaviour	Officer time	June 2013	Housing Regeneration Manager

Action No.	Action	Outcome	Resources	When by	Lead
2.2.2	To develop an in-house managing agent/private sector leasing scheme.	Ability to manage private rented property on behalf of landlords in the district to ensure good quality and well managed accommodation.	Officer time	Stage 1 business case March 2013 Stage 2 implementation if agreed March 2014	Housing Regeneration Manager
2.2.3	Monitor licensed HMOs in the district through our inspection programme.	Well managed HMO accommodation that helps support housing need in the district	Officer time	Ongoing	Housing Regeneration Manager
<b>2.3</b>	<b>Ensure acceptable management standards in the private rented sector.</b>				
2.3.1	Develop and introduce a tenant referencing scheme.	To incentivise tenants to be responsible in the rented sector and to assist landlords to make an informed choice over the tenants they take on	Officer time	March 2013	Housing Regeneration Manager
2.3.2	Develop a database to capture data collected through the Your Home Your Health Programme as a pilot for rest of Kent.	An online referral process is in place to assist vulnerable people to access services where needed. Data from the system is being used to provide accurate up to date stock condition profiling.	Officer time £10,000 grant from KHG	March 2013	Housing Regeneration Manager
<b>2.4</b>	<b>Make better use of the Housing Revenue Account assets.</b>				
2.4.1	Develop and monitor a 30 year HRA business plan.	To ensure there are adequate resources to maintain investment in the stock and deliver and effective housing service.	Officer time.	Dec 2013	Housing Services Manager
2.4.2	Produce a Housing Revenue Account Asset Management Strategy.	Maximise opportunities through the strategy for making better use of existing housing stock and assets.	Officer time. Consultant fee.	Sept 2013	Housing Services Manager

2.4.3	Utilise Right to Buy receipts.	Recycling revenue from sales received to build new council homes and enabling tenants who can afford it to become home owners.	Officer time. Potential new build construction costs.	Ongoing.	Housing Services Manager
2.4.4	To set out a repairs and maintenance programme of Housing Revenue Account stock.	That HRA properties will all be well maintained and comply with the Decent Homes standard.	Officer time.	March 2013	East Kent Housing
2.4.5	Consider how TDC can link into and utilise the Green Deal for its housing stock.	A plan of how the Green Deal could benefit tenants is produced.	Officer time.	April 2013	Housing Services Manager/Housing Regeneration Manager
<b>2.5</b>	<b>Increase feelings of community safety in the district.</b>				
2.5.1	Ensure that East Kent Housing develop initiatives to aid the reduction of crime and disorder.	Residents feel safe in their communities and crime is reduced.	Officer time	Ongoing	Housing Services Manager
2.5.2	Ensure that Housing Officers work closely with the Community Safety Team.	Cross departmental working will help to further implement the reduction of crime.	Officer time	Ongoing	Housing Options Manager
<b>2.6</b>	<b>Tackle under occupation and over crowding.</b>				
2.6.1	Develop a joint Tenancy Strategy with Kent Housing Group to cover the broader principles for Kent authorities.	An understanding of the issues affecting all the districts and a greater transparency for Housing Associations.	Officer time.	March 2013	Housing Services Manager
2.6.2	Develop a Thanet specific Tenancy Strategy to detail the specific issues for the district.	To ensure an understanding by Housing Associations, residents and partners of the Thanet specific issues.	Officer time.	March 2013	Housing Services Manager

**Strategic Priority 3: Enable vulnerable people access to good quality housing and to live independently.**

Action No.	Action	Outcome	Resources Required	When by	Lead
<b>Objective 3.1</b>	<b>Review the provision of accommodation for vulnerable groups in the district in conjunction with our statutory partners and stakeholders.</b>				
3.1.1	Provide evidence to support the housing need for wheelchair accommodation, which will inform planning policy.	Wheelchair units will be provided through the planning process. Developers and Housing Association will liaise with Strategic Housing in relation to specific requirements.	Officer time.	Ongoing	Senior Strategic Housing Officer
3.1.2	Review the provision of accommodation for older people in the district to provide evidence to support planning policies.	Planning policies can support the provision of accommodation for older people in accordance with the housing need.	Officer time.	Dec 2013	Senior Strategic Housing Officer
3.1.3	Review the Disabled Facilities Grant policy.	Review the policy to ensure value for money and an improved customer journey.	Officer time	March 2013	Housing Regeneration Manager
<b>Objective 3.2</b>	<b>Enable new supported housing provision that will meet the identified needs of vulnerable groups.</b>				
3.2.1	Continued commitment to the Private Finance Initiative Scheme 'Excellent Homes for All' and select the final preferred bidder and reach financial close of the project.	Thanet will benefit from 40 units of extra care and 9 units of mental health accommodation and have 100% nomination rights over these units.	Officer time. S106 contributions.	Dec 2013	Senior Strategic Housing Officer
3.2.2	Continued commitment to the Private Finance Initiative Scheme 'Better Homes Active Lives'	Attend meetings and letting panels to continue the success of the schemes.	Officer time.	Ongoing	Housing Services Manager
3.2.3	Explore the funding opportunities available through the HCA Care and Support Fund Phase 1.	The HRA could build new wheelchair homes and older persons accommodation.	Officer Time HRA funds	May 2013	Senior Strategic Housing Officer

**Strategic Priority 4: Provide an accessible housing options service for Thanet residents.**

Action No.	Action	Outcome	Resources Required	When by	Lead
<b>Objective 4.1</b>	<b>Allocate social homes to those in most housing need.</b>				
4.1.1	Review the allocations policy.	A revised Allocations Policy which is fit for purpose and incorporates the key priorities for the district.	Time / input from other sources	May 2013	Housing Options Manager
4.1.2	Housing Applications to be registered online enabling sufficient verification to be conducted	Reducing the number of people on the housing register and manage expectations.	Comprehensive Allocation policy / staff time.	April 2013	Housing Options Manager
<b>Objective 4.2</b>	<b>Prevent and reduce homelessness.</b>				
4.2.1	Work with private landlords by creating a specific service to utilise the private rented sector for discharging the homeless duty.	Good quality and well managed private rented sector accommodation as a long term housing option. Ensure suitable, reasonable and tenancy to be for a minimum of 12 months.	Attendance of landlord forum	Ongoing	Housing Options Manager/ Housing Regeneration Manager
4.2.2	Promote the use of the bond scheme, working with the Housing Regeneration team.	Develop a robust bond scheme to enable people to manage and sustain their private rented sector tenancies & ensure an incentive package is developed to encourage landlords to work with us	Staff in both HO and PSH	Ongoing	Housing Options Manager
4.2.3	Continue the Mortgage rescue scheme.	Utilise the small amount of funding supplied by government to clear rent/mortgage arrears to prevent homelessness and refer where appropriate	Staff	Ongoing	Housing Options Manager

Action No.	Action	Outcome	Resources	When by	Lead
<b>Objective 4.3</b>	<b>Prevent and reduce homelessness continued...</b>				
4.3.1	Work closely with partners to ensure that Young People have the appropriate options and support by statutory organisations.	Develop a model with Statutory partners to ensure that young people are reunited with family and support is implemented to the household & conduct joint assessments when required.	Staff and commitment from CSS	Ongoing	Housing Options Manager
4.3.2	Continued involvement in MARAC and make better connections with MAPPA.	To ensure TDC is represented and has input in future housing options for offenders.	Officer time.	Ongoing	Housing Options Manager
4.3.3	Work more closely with Moat, the Homebuy agent to promote low cost home ownership.	Awareness of Homebuy and low cost home ownership is increased amongst residents.	Officer time.	Ongoing	Strategic Housing Officer
<b>Objective 4.4</b>	<b>Reduce the use of temporary accommodation.</b>				
4.4.1	Review the use of temporary accommodation for homeless households and explore new options to include other alternatives to avoid the use of B&Bs.	Reduce the cost of temporary homeless accommodation & in addition explore methods and joint working with other LAs and procuring this service.	EKS / PSH commitment	July 2013	Housing Options Manager
4.4.2	Review the out of hours response to ensure to minimise placements into emergency accommodation.	Minimal placements into emergency accommodation are made to ensure more planned moves.	Officer time.	Ongoing	Housing Options Manager

Action No.	Action	Outcome	Resources	When by	Lead
<b>Objective 4.5</b>	<b>Deliver appropriate services to manage the impact of Welfare and Benefit Reform.</b>				
4.5.1	Monitor the impact of the Welfare reforms and work closely with Housing Benefits.	Ensuring advice and options are given to people facing changes to their housing benefit.	Working with HB / CS / Porchlight	Ongoing	Housing Options Manager
4.5.2	Continue to explore opportunities of funding and support Charities in delivering the Crisis Service which target 25-35 year olds who are the most effected.	More 25-35 years olds will be supported to access accommodation in the private sector.	Officer time.	Ongoing	Housing Options Manager
4.5.3	TDC to develop and deliver a Welfare and Benefit Reform Action Plan.	Mitigation and management of implementation of welfare reform locally.	Officer time.	Ongoing	Strategic Community Manager
4.5.4	Assist residents with their housing options who are affected by the Welfare and Benefit reform and may need to move home.	Residents are able to live in properties they can afford.	Officer time	Ongoing	Housing Options Manager



**Strategic Priority 5: Deliver housing in support of our regeneration and economic development objectives.**

Action No.	Action	Outcome	Resources	When by	Lead
<b>5.1</b>	<b>Ensure the housing objectives link in with the wider strategic objectives for regeneration and economic development.</b>				
5.1.1	Pro-active involvement in the East Kent Local Investment Plan priorities and East Kent Regeneration Board objectives.	Ensure the strategic housing priorities for Thanet are integrated into the East Kent Regeneration Board discussions and objectives.	Officer time.	Ongoing	Economic Development Manager
5.1.2	Support the production of housing policies in the Local Plan to provide the right mix and type of market housing to reflect needs and aspirations, and support Thanet's economic regeneration.	The Local Plan housing policies can support our economic aspirations.	Officer time.	Dec 2013	Senior Strategic Housing Officer
5.1.3	Contact all housing associations with housing stock in Thanet and other Housing Associations working in Kent, to discuss development opportunities in Thanet.	Increased Housing Association development partners working in the district.	Officer time.	June 2013	Strategic Housing Officer

# Appendix 1: Strategic Context

There have been a number of key changes since the previous Housing Strategy 2005-2010 in terms of policy and strategy at the national, regional and local levels:

## National

### **National Housing Strategy**

The Housing Strategy launched by CLG in November 2011, aims to strengthen the local economy by breaking the current cycle in which lenders won't lend, builders can't build and buyers can't buy. The strategy seeks change and it outlines a number of changes which are already being implemented as well as some additional schemes and funding streams.

The proposals in the strategy aim to address the current problems with the housing market by:

- Increasing supply; which will encourage economic growth
- Reforming social and affordable housing
- Encouraging a thriving private rented sector
- Producing a strategy for empty homes
- Improving the quality of the housing experience and support
- Encouraging quality housing which is sustainable and of quality design

### **National Planning Policy Framework (2012)**

This reflects the government's objectives of delivering a wide choice of quality affordable and market homes. It expects planning policies to help widen opportunities for home ownership, to create sustainable, mixed and inclusive communities, facilitate bringing empty properties back into use.

### **Planning Policy Statement 3: Housing (2011)**

The National Planning Policy Framework has now superseded PPS3.

### **Sustainable Communities (2005)**

This is a national strategy for dealing with homelessness, which set out aims to halve the number of households living in insecure temporary accommodation by 2010.

### **Homes for the Future: More Affordable, More Sustainable (2007)**

The government's Housing Green Paper sets out plans for increasing housing supply including affordable housing. Proposals included accelerating the rate of new housing delivery, establishing new growth points, making the most of effective use of existing housing and ensuring homes are well designed and greener.

### **Lifetime Homes, Lifetime Neighbourhoods (2008)**

The national strategy for housing in an ageing society.

### **Creating strong safe and prosperous communities (2008)**

The Statutory guidance on the central and local government, partners and citizens working together through Local Strategic Partnerships and delivery of Sustainable Community Strategies.

### **Localism Act, 2011**

The Localism Bill received royal assent on 15 November 2011, becoming an Act. The Act made a number of changes devolving greater powers to councils and neighbourhoods and giving local communities more control over housing and planning decisions.

The housing provisions will:

- Abolish the requirement to have a Home Improvement Pack.
- Reform the Housing Revenue Account system.
- Provide for a new form of flexible tenure for social housing tenants.
- Allow local authorities to discharge their duties to homeless people by using private rented accommodation.
- Give local authorities the power to limit who can apply for social housing within their areas.
- Abolish the Tenant Services Authority and provides for a transfer of functions to the Homes and Communities Agency.
- Amend the way in which a social tenant can make a complaint about their landlord.
- Improve the ability of social tenants to move to different areas.

Other provisions in the Localism Act will also have an impact on housing:

- Abolish Regional Spatial Strategies, so there will no longer be nationally imposed housing targets (this aspect of the Act was challenged in court and RSS are still a material consideration).
- Amend the Community Infrastructure Levy, which allows councils to charge developers to pay for infrastructure. Some of the revenue will be available for the local community. Affordable housing is not currently part of the CIL arrangements, but a consultation is currently asking local authorities if they consider it should be.
- Provide for neighbourhood plans, which would be approved if they received 50% of the votes cast in a referendum.
- Provide for neighbourhood development orders to allow communities to approve development without requiring normal planning consent.

The Act gives local authorities greater freedom to set their own policies about who should qualify to go on the waiting list for social housing in their area. This means that they are now able, if they wish, to prevent people who have no need of social housing from joining the waiting list. Authorities are still obliged to ensure that social homes go to the most vulnerable in society and those who need it most.

### **The Welfare Reform Act, 2011**

The Act provides for the introduction of a 'Universal Credit' to replace a range of existing means-tested benefits and tax credits for people of working age, starting from 2013. It followed the November 2010 White Paper, 'Universal Credit: welfare that works', which set out the Coalition Government's proposals for reforming welfare to improve work incentives, simplify the benefits system and tackle administrative complexity.

The Act makes a number of changes which will have significant impacts for social housing landlords and their working age tenants including:

- Reducing HB for working age claimants who are considered to be under-occupying their accommodation
- Capping benefits for working age claimants at the level of the average (after tax) earnings of working households
- Paying support for housing costs directly to the tenant rather than the landlord unless the tenant is 'vulnerable'.
- Provides protection from some of the cuts for pension age claimants

- Makes other changes including tougher sanctions, replacement of Disability Living Allowance with Personal Independence Payment, and time-limited payments of contributory Employment and Support Allowance (ESA) for all but the most seriously sick or disabled.
- Many claimants will experience the cumulative impact of multiple changes over the next few years.

### **Homes and Communities Agency (HCA)**

The HCA was formed in December 2008 bringing together the functions of English Partnerships, the investment functions of the Housing Corporation, the Academy for Sustainable Communities, and key housing and regeneration programmes delivered by Communities and Local Government (CLG). The HCA have recently undergone changes in line with the economic situation and the pressures on funding streams. The Affordable Homes Programme 2011-2015 forms the basis for affordable housing provision for this Housing Strategy. The new HCA framework has introduced the new Affordable Rent Model, which are rents charged at 80% of market rents and the additional income generated is to be re-used for affordable housing provision.

Thanet District Council work very closely with the HCA who are a key partner in achieving the aims in this strategy.

### **New Homes Bonus**

The Bonus commenced in April 2011 and will match fund the additional council tax raised for new homes and properties brought back into use, with an additional amount for affordable homes, for the following six years. It is intended to provide an incentive for growth and mitigate the strain increased population can cause on public services and amenities.

### **Community Right to Build**

These proposals form part of the Neighbourhood Planning framework within the Localism Bill. If the Localism Bill becomes law, developments for new houses, community facilities or shops which have the agreement of the local area through a 'community referendum', and meet a minimum criterion, communities will not need to go through the normal planning application process.

## Regional

### **South East Plan (Regional Spatial Strategy) 2006-2026**

The South East plan previously set housing targets for local authorities, but there has been a shift of control from central government and a top down approach to local authorities and the community deciding their housing targets. The abolition of Regional Spatial Strategies was incorporated into the Localism Act, 2011, although this received legal challenge, which the court supported. Until it is abolished, the targets set by the South East Plan are still a material consideration and carry some weight in terms of planning decisions, although it is for Local Authorities to now decide their housing numbers moving forward.

### **Regional Housing Strategy 2008-2011**

This set out the housing priorities for the region and a framework for investment with the key aims:

- To build more affordable homes
- Bring decent housing within reach of people on lower incomes
- Improve the quality of new housing and existing stock

## Sub Regional

### **Vision for Kent**

In April 2006 the Local Strategic Partnership for Kent published its county wide Sustainable Communities Strategy setting out the 'Vision for Kent' over a twenty year period in terms of improvements to the economic, social and environmental wellbeing of the County. Key themes included; housing growth, economic development, the ageing population and tackling disadvantage and promoting independence.

### **Kent Forum Housing Strategy 2012-2015**

The county-wide Housing Strategy, produced on behalf of and endorsed by the Kent Forum, the political Leaders and Chief Executives of the local authorities in Kent. A Kent and Medway Strategic Housing Market Assessment (SHMA) was commissioned in 2009 to inform development of the Strategy and the Strategy features best practice case studies from across the County. The original Strategy was refreshed in 2012 to reflect fast-paced changes in housing policy, including the National Housing Strategy, changes to the planning system and the changes to the welfare benefits system. The Strategy raises a number of issues that are relevant to Thanet and delivery of the recommendations within the Strategy is owned by Kent Housing Group, of which Thanet District Council is a member.

### **Kent Supporting People Strategy 2010-2015**

The Supporting People Commissioning Body for Kent has produced a strategy for the future delivery of housing related support services that will enable vulnerable people to live independently in their community. A key focus of the strategy is on prevention and providing support within people's own homes.

### **Kent and Medway Strategic Plan for Reducing Re-Offending 2012-2015**

Stable, suitable and affordable accommodation is essential to offenders to reduce their risk of re-offending, increase their equality of treatment within the Criminal Justice System and enable inclusive and stable lifestyles within communities. Current data shows that between April 2010 and March 2011, 36% of offenders who started a community order in Kent or Medway were identified as having an accommodation need, this equates to 1247 offenders.

### **East Kent Homelessness Strategy (2008-2013)**

The Homelessness Act 2002 placed a statutory duty on local authorities to publish a homelessness strategy and a requirement that the strategy should be updated every 5 years. The East Kent local authorities have a good track record in joint working and published a joint strategy in 2008. The key strategic priorities are:

1. Maximise housing options and choice for customers.

2. Prevent rough sleeping.
3. Promote sustainable private sector accommodation.
4. Help homeless households to secure and retain good quality accommodation.
5. Reduce the use of temporary accommodation.
6. Tackle youth homelessness.
7. Monitor performance and develop best practice in homelessness.

### **East Kent Sustainable Community Strategy 'Lighting the Way to Success' (2009)**

The East Kent Local Strategic Partnership published the document which places strong emphasis on the regeneration of Dover as well as picking up the Kent Local Strategic Partnership themes of tackling social disadvantage and the need for economic growth.

### **East Kent Local Investment Plan (2011)**

This document was formulated as part of the Single Conversation process with the East Kent Local Authorities, the East Kent Local Strategic Partnership and the Homes and Communities Agency. The purpose of the Local Investment Plan is to translate the vision of the East Kent Sustainable Community Strategy into reality with a programme of projects. The document outlines the key strategic and local priorities for the East Kent districts:

#### Strategic Priorities for Thanet

1. Manston Airport and Central Thanet
2. Dover Port, Waterfront and Town Centre
3. A2 Corridor
4. Dungeness Nuclear Power Station
5. Margate & Cliftonville Housing Intervention and Regeneration Programme
6. Whitfield Extension
7. Folkestone Seafront
8. Canterbury Knowledge City

#### Local Priorities for Thanet

1. Newington and the Flowing Bowl – The Centre, Ramsgate
2. Thanet Small Brownfield Sites
3. Wind Farm
4. Ramsgate Port, Marina and Waterfront
5. East Cliff Regeneration Programme
6. Eco Park at Richborough

The Local Investment Plan priorities have formed the basis of funding discussions with the Homes and Communities Agency relating to the Affordable Homes Programme 2011-2015.

## Local

### **Thanet Vision 2030**

In 2007 Thanet District Council set out its vision for where it wanted the district to be in 2030. The Housing Strategy aims to help Thanet work towards this vision.

### **Corporate Plan, 2012-2016**

The Corporate Plan has now been adopted and runs for the same period as the Housing Strategy from 2012-16.

The three core aims of the Corporate Plan which will help to achieve the Thanet Vision are:

- Working together to make Thanet safe and improve the quality of life and health prospects for all.
- Keeping Thanet beautiful by making the place cleaner and greener.
- Attracting employment especially by supporting tourism and the green economy.

The Housing Strategy and accompanying action plan cross reference with the majority of the Corporate Plan themes in particular Priority 7: We will plan for the right type and number of homes in the right place to create sustainable communities in the future.

The government has introduced a number of changes and proposals that will affect councils, which include reductions in the amount of grant received by local authorities. Thanet District Council's funding has been cut by 5.29% which was finalised in February 2011. Further changes at a national level which will affect Thanet are still emerging, such as the Localism Bill and the Public Service Reform Bill.

### **Community Services Service Plans**

The Service Plans form an important part of the delivery of the Corporate Plan. They detail the projects and work streams which help to achieve the aims in the Corporate Plan.

### **Local Plan**

The National Planning Policy Framework (NPPF) now requires Local Authorities to produce Local Plans instead of Local Development Frameworks. A major review of the Council's Local Plan is in progress. This will roll forward the Council's planning policies relating to quantity, type and location of new homes to be accommodated in the district. The Housing Strategy and Local Plan will be mutually consistent and supportive.

### **Strategic Housing Market Assessment (2009)**

In 2008 consultants were appointed to carry out a Strategic Housing Market Assessment (SHMA) for the East Kent sub-region, the purpose being to help determine the amount of affordable and market housing needed across East Kent and within each local authority district.

The key issue arising from the SHMA was that demand is clearly outweighing the supply of affordable housing in East Kent. In the context of the other districts which took part in the SHMA, Thanet had the highest proportion of its total stock in flats and a high proportion of households renting privately. The SHMA noted that on the Housing Register held by Thanet District Council's Housing department, the highest requirement is for 1 bed homes as well as a substantial demand for 2 bed homes. There is, however, a large supply of homes becoming available to re-let and the SHMA recommends focusing on the needs for larger family homes.

In terms of the future housing market, the SHMA noted the projected increase in the elderly population as the largest driver of housing market change, which has implications for the need for aids, adaptations, wheelchair and lifetime home standards, housing support, care and health services.

In relation to aspirations for economic regeneration, the SHMA indicates that future housing market policy should have a substantial element of family housing development at its core. The SHMA concluded that while a proportion of smaller properties are necessary for younger and older single people, the main property types that the future housing market needs are those that will attract more affluent working households with families, and those that meet the needs of younger families facing deprivation and affordability problems.

A new Strategic Housing Market Assessment will be undertaken during the life of this strategy, and any changes in priorities will be addressed through the action plan, when it is monitored and reviewed annually.

### **Economic Viability Assessment**

This will assess the economic viability of housing and other development in Thanet in order to inform planning policies to deliver new homes including affordable housing and supporting infrastructure.

### **East Kent Housing**

East Kent Housing is an Arms Length Management Organisation (ALMO). They are now responsible for the housing management functions for Dover, Canterbury, Shepway and Thanet councils. The contract is for thirty years to provide housing management services on behalf of the local authorities.

The East Kent Delivery Plan 2012-14 sets out the following objectives and how these will be addressed:

- Objective 1 – Excellent customer service.
- Objective 2 – Improving Performance
- Objective 3 – Improving our estates
- Objective 4 – Working with residents to improve services
- Objective 5 – Providing quality homes
- Objective 6 – Supporting a high quality workforce
- Objective 7 – Providing value for money
- Objective 8 – Promoting equality and Equality and Diversity
- Objective 9 – Good governance
- Objective 10 – Adding value - doing things differently

### **Thanet Community Safety Action Plan 2012-13**

Thanet Community Safety Partnership have a community plan which aims to ensure residents feel safe and involved in the work that the team undertake. The priorities for 2012-13 are to tackle the following:

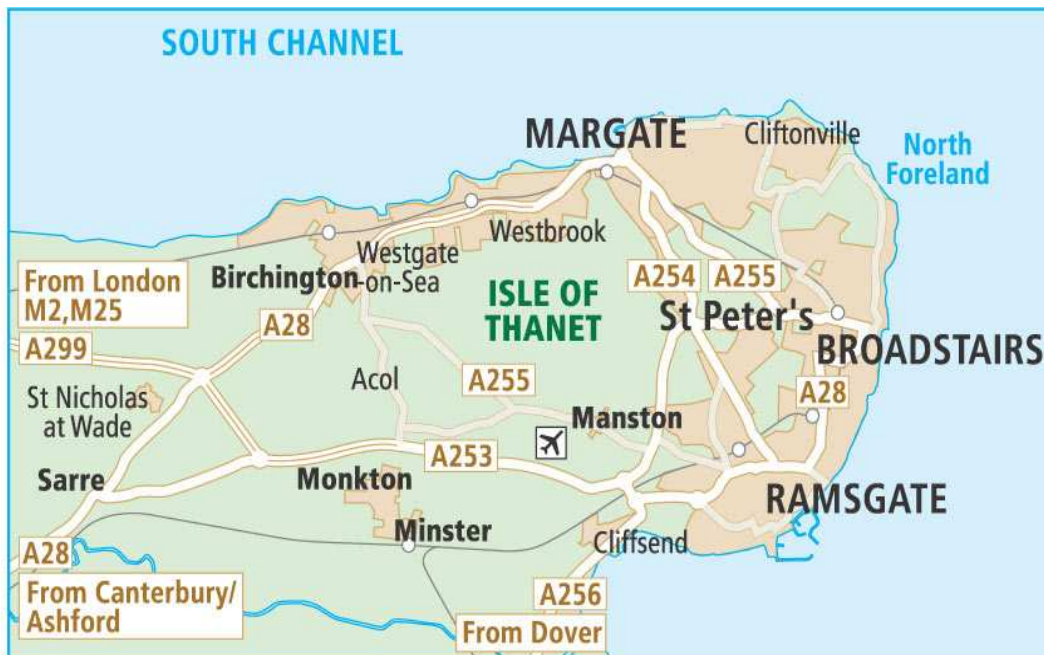
1. Anti-social behaviour
2. Domestic Abuse
3. Substance misuse
4. Violent crime

The action plan sets out the actions in order to address these priorities.



## Appendix 2: Local Context and Key Issues

### Map of Thanet



## Demographics

### Population

The population of Thanet in 2011 was 134,200<sup>3</sup> and the total number of dwellings in Thanet is 65,473 (2012).

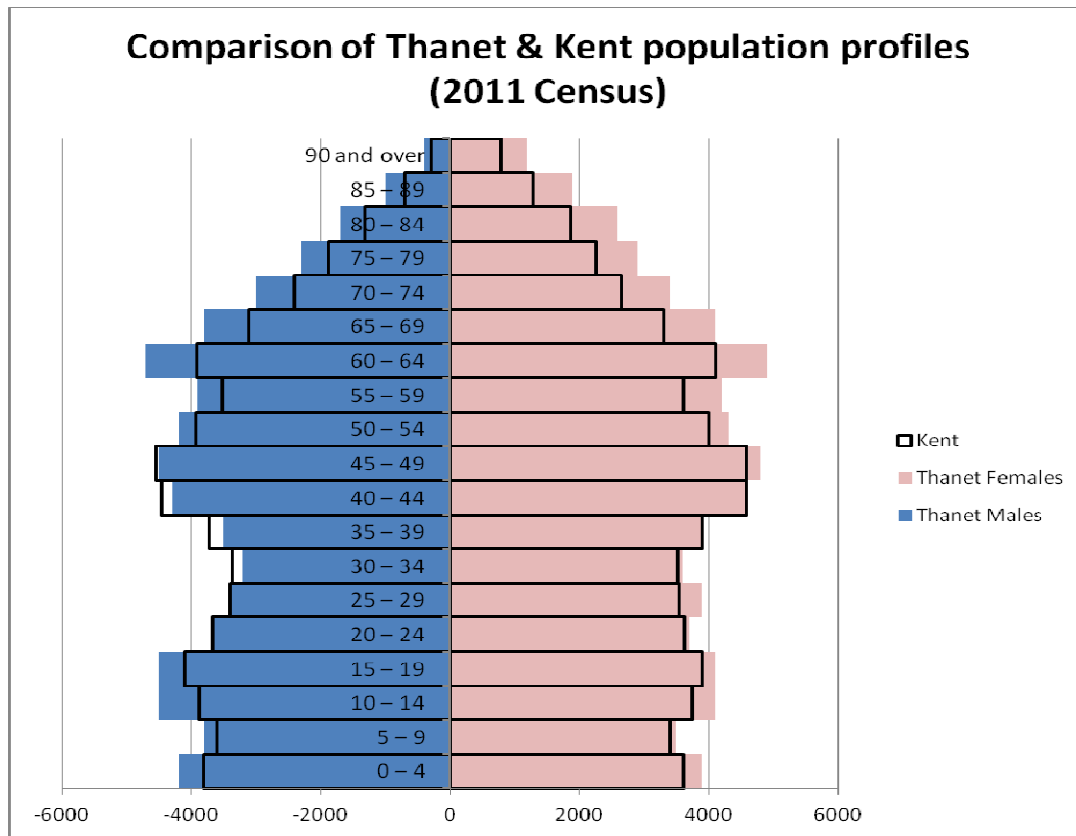
Of the population in Thanet in 2009, 124,230 people lived in urban areas and 6,650 lived in rural areas.<sup>4</sup> Thanet has the second highest density in the County after Dartford.

<sup>3</sup> National Statistics (ONS) Census 2011

<sup>4</sup> Rural and urban areas comply with the 'Rural and Urban Area Classification 2005' by ODPM, DEFRA, NAW, ONS and Countryside Agency.

All statistical data is taken from the State of the District Report (2010), Thanet District Council unless otherwise stated.

**Figure 1 – Thanet’s Age Distribution 2011**

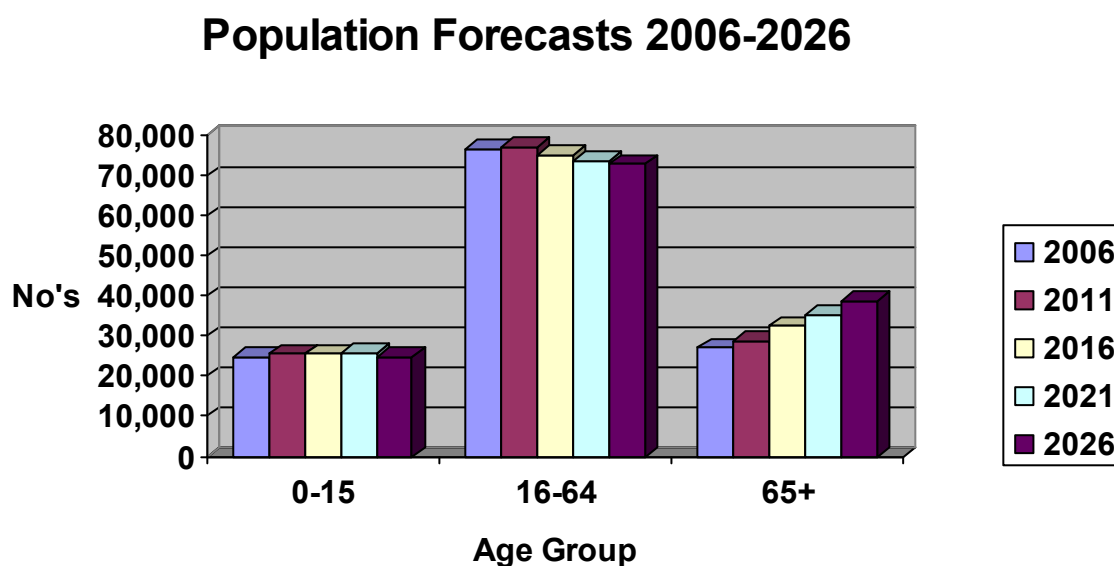


Thanet is the fourth most populous district of the twelve in Kent. It was third in 2001, but has now been overtaken by Swale.

Over the last 10 years there has been a notable increase (over 10%) in the proportion of people in their ‘twenties’, ‘forties’, ‘sixties’ and ‘nineties’, but a notable decrease in the proportion of people in their ‘thirties’.

The proportion of retirement age people living in Thanet (28%) remains higher than both the Kent (25%) and England (22%) averages.

Thanet continues to have the lowest proportion of 15-64 (nearest current approximation to working age) population (60.95% ) of all Kent districts. The Kent average is 64.01%, and the England average is 65.98%.

**Figure 2 – Population Forecasts 2006-2026**

% Population in group		1991	2001	2011 (*1)
Preschool	0-4	6.0	5.6	6.0 (6.1)
School	5-14	11.4	13.2	11.8 (12.0)
Mainly Work	15-64	58.1	59.4	61.0 (64.0)
Mainly retirement	65+	24.4	21.8	21.2 (17.9)
Over 85	85+	2.7	3.1	3.4 (2.5)

(\*1) figures in brackets are the Kent proportions for 2011.

### Older Persons

The most significant rise in population is that of the over 65 age group which is projected to rise from 21% of the total population to 28% by 2026. Thanet already has a significantly higher proportion of over 65s compared to regional figures. The further growth of the older population will have a substantial impact over the next 15 years in terms of housing. We need to plan and incorporate this increase in population into the strategic priorities for Thanet.

### Younger Persons

The population change by age group for younger persons will decrease by 2016. From 2006-2016 the age group 0-15 will decrease by 8.6% and the age group 16-24 will decrease by 0.6%.

63.3% of children and young people in Thanet live in owner occupied accommodation, the lowest in the County.

Thanet also has the highest rates in the country of children and young people living in social rented or private rented accommodation at 19.5% and 15.9% respectively.

Thanet District Council recommends that children over the age of 8 years of the opposite sex have different rooms. This is not a legal requirement, and is used for allocation purposes only.

## The Local Housing Situation

### Housing Current Supply

The total number of dwellings in Thanet as at 1<sup>st</sup> April 2012 is 65,473 (TDC Council Tax records)

- 3077 are owned by TDC, managed by East Kent Housing (Audit Report 2010/11)
- 3714 are owned by 21 different RSL's (HCA 2012)
- 15,029 are owned by way of a mortgage (Stock Condition Survey 2010)
- 20,588 are owned outright (Stock Condition Survey 2010)
- 15,929 are privately rented (Stock Condition Survey 2010)
- 147 are owned by Shared Ownership schemes (Stock Condition Survey 2010)
- The remaining would not disclose.

### House Prices

House prices in the South East have increased three times faster than incomes over the past 10 years. In Thanet, you would need 10.4 times your income to afford a house – source Home-truths 2010 South East.

Thanet experienced the lowest rise in house prices in Kent during 2010 +4.33% compared to the highest 15.1%. The house price to income ratio for Thanet residents is 5.48.

### Average House Prices

In January-March 2012, research showed<sup>5</sup> that house prices in Thanet declined by 9.7%:

Average House Price	£157,204
Semi-detached House	£170,527
Terrace House	£133,649
Flat	£98,794
Total number of sales	416

### Private Rented Sector

Within Thanet approx 10% of the population live in housing which is considered to have poor amenities. 10.98% of children and young people in Thanet live in an overcrowded household. This is far higher than the Kent average of 8.8%.<sup>6</sup>

63.3% of children and young people in Thanet live in owner occupied accommodation, the lowest in the County.

<sup>5</sup> [http://news.bbc.co.uk/1/shared/spl/hi/in\\_depth/uk\\_house\\_prices/html/29un.stm](http://news.bbc.co.uk/1/shared/spl/hi/in_depth/uk_house_prices/html/29un.stm)

<sup>6</sup> Facts and Figures 2010, Management Information Unit, Kent County Council

Between 1991 and 2011 there has been a significant fall in the proportion of people living in communal establishments (from 5.4% of population to 1.8%), and a commensurate increase in people living in households.

Changes in type of residence	Thanet		Kent		South East		England	
	% Household residents	% Communal Establishment residents	% Household residents	% Communal Establishment residents	% Household residents	% Communal Establishment residents	% Household residents	% Communal Establishment residents
1991	94.6	5.4	96.7	3.3	96.4	3.6	97.2	2.8
2001	97.5	2.5	97.9	2.1	97.6	2.4	98.2	1.8
2011	98.2	1.8	98.1	1.9	97.8	2.2	98.2	1.8

The poor housing conditions within Thanet can cause problems in communities in regards to noise pollution, overcrowding, anti-social behaviours and poor neighbourhood quality. In Thanet the majority of households have only one or two people in them. Thanet also has the highest rates in the country of children and young people living in social rented or private rented accommodation at 19.5% and 15.9% respectively.

### Affordable Housing - Supply and Demand

The Strategic Housing Market Assessment (SHMA) undertaken in 2009 identified that in order to meet the back log of housing need we would need to deliver 1544 new affordable homes per year for 5 years or 690 per year over 10 years. These are very high numbers of affordable homes and the other local authorities in East Kent also had high figures, which would be impossible to achieve.

In terms of actual supply of affordable housing, this has previously been driven by the amount of funding the Homes and Communities Agency have available to give to Housing Associations in order for them to develop new affordable homes. Following the Comprehensive Spending Review the amount of funding has been substantially reduced. This has resulted in an overall decline in the projected delivery of affordable homes up to 2015. Fortunately, Thanet still has a number of homes due to complete in 2012-15 from the previous Affordable Homes Programme.

In terms of previous supply and projected supply the figures are as follows:

### Affordable Housing Supply

Year	Affordable Units produced across Thanet
2007-2008	41
2008-2009	90
2009-2010	196
2010-2011	96
2011-2012	30
2012-2013 projected	150
2013-2014 projected	105

It is not the role for the Housing Strategy to deal with the overall number and location of new homes. That is the task for the Local Plan. We do however need to be mindful of the high need for affordable housing and work together with our partners to ensure affordable housing opportunities are maximised.

## Empty properties

Council Tax records for Thanet show that over 7000 addresses are registered as empty, this is 11% of the districts dwellings. In 2003, the Empty Property Strategy was adopted and since then 648 properties have been brought back into use.

The empty property initiative aims to

- get previously empty properties and derelict land back into productive use
- discourage crime and anti-social behaviour, vandalism and fly tipping
- increase the available housing supply
- reduce loss of housing and business space for the area
- enhance the whole community, making neighbourhoods safer

The empty property strategy is due to be renewed and will form part of the action plan accompanying the strategy.

## Average Council Housing rent charges

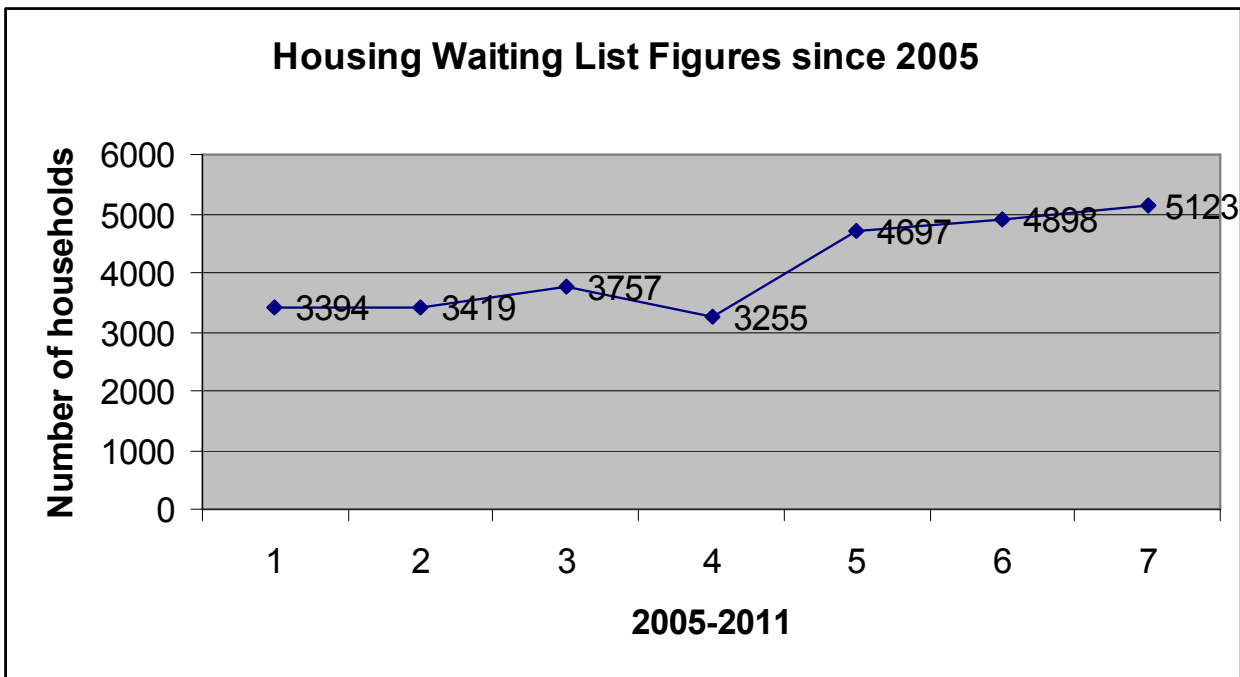
	House	Flat	Maisonette	Bedsit
0 bed	0	0	0	£48.89
1 bed	£69.47	£58.41	£57.97	0
2 bed	£72.28	£65.65	£66.32	0
3 bed	£77.61	£76.75	£70.70	0
4 bed	£85.40	0	£77.45	0
5 bed	£92.89	0	0	0

## Local Housing Allowance Rates – April 2012

Number of Bedrooms	Category	Weekly Amount	Monthly Amount
Shared room rate	A	£58.50	£253.50
1 bedroom	B	£80.77	£350.00
2 bedrooms	C	£114.23	£495.00
3 bedrooms	D	£138.46	£599.99
4 bedrooms	E	£173.08	£750.01

## Housing Register

Housing waiting lists over the last few years have increased by 50%. This includes around 2000 applicants with up to four dependants, 40% of the register.

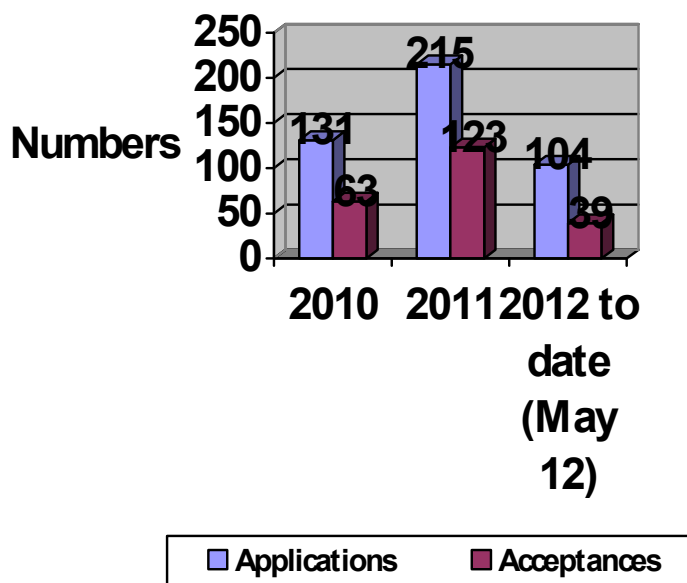


### Homelessness

Housing Acts of 1977, and 1996 and the Homelessness Act places statutory duty on local authorities to assist households who are homeless or threatened with homelessness. The Homelessness Act 2002 places a duty on the Council and its partners to work together to prevent homelessness, as well as updating the framework for assessing individual applications from homeless households. The Act also sets out how requests for housing may be impacted upon if an applicant has a proven history of Anti Social Behaviour.

Figure 3 – Homeless Applications and Acceptances

### Homeless Applications & Acceptances 2010-2012



Homelessness is increasing rapidly within Thanet. Partly due to the current economic climate, and also because the scheme which assisted homeowners for 2 years who were receiving job seekers allowance due to losing their employment, is coming to an end. The Local Housing Allowance rates have also reduced since April 2011 and customers are not able to pay the top-ups on their rent, causing them to be evicted.

### Vulnerable People

The stock condition survey also identified that there were 18,808 vulnerable households in Thanet. A vulnerable adult is defined as someone who is 18 or over:

- Who is, or may be, in need of community services due to age, illness or mental or physical disability.
- Who is, or may be, unable to take care of himself/herself, or unable to protect himself/herself against significant harm or exploitation.<sup>7</sup>

### Number of Vulnerable Households in Thanet

Tenure Type	No	%	Total % of tenure type
Owned - Mortgage	3,823	22.7%	25.4%
Owned - Outright	3,608	21.5%	17.5%
Rented - Private	8,967	53.4%	56.3%
Shared Ownership	147	0.9%	100%
Would not disclose	263	1.6%	6.2%
Total	18,808	100%	30.1%

Of those vulnerable households, 62.2% of them live in non-decent accommodation.

### Number of vulnerable households in Non Decent Housing

Tenure Type	No	%	Total % of tenure type
Owned - Mortgage	1,597	18.2%	41.8%
Owned - Outright	1,877	21.4%	52%
Rented - Private	4,912	56.0%	54.8%
Shared Ownership	127	1.4%	86.8%
Would not disclose	263	3.0%	100%
Total	8,778	100%	62.2%

### BME Population

Of Thanet's population, 7.2% are of Black Minority Ethnic (BME) origin. This is below the English average of 13%.

### The Local Economy

#### Employment

The percentage of people who are of working age in Thanet was 56% in 2009 compared to 62% in the South East, making it the lowest of the districts in Kent. Unemployment levels currently stand

<sup>7</sup> Definition from <http://www.family-action.org.uk/uploads/documents/Protection%20of%20Vulnerable%20Adults%20from%20Abuse%20Policy>.



at 6% in Thanet, the lowest in Kent, compared with an average of 3.4% in the South East and a national average of 3.9%, at January 2012, an increase of 17% since December 2010. Thanet has the highest proportion of long-term Job Seekers Allowance claimants of all Kent districts. There is a poor supply of jobs in Thanet with just 65 jobs per 100 working age people. The Kent average is 75.

Relatively few new business enterprises are set up in Thanet. In 2009 there were 360 compared to the Kent average of 453 for each district.

The withdrawal of Pfizer from its site at Sandwich has focussed national and regional attention on the importance of retaining jobs and creating new employment locally.

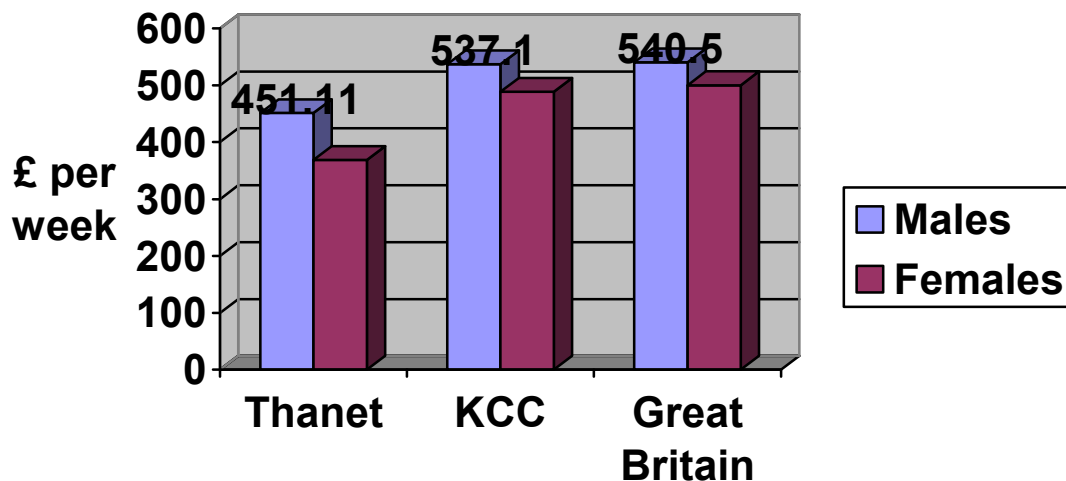
Thanet has the two most deprived wards in the South East; Cliftonville West and Margate Central, with entrenched worklessness.

### Household Incomes

Earnings in Thanet are significantly lower than the rest of the South East and this gap has grown over the past 8 years.

**Figure 4 – Median Weekly Full Time Earnings**

## Median weekly full time earnings (£) 2010



The above chart shows that earnings in Thanet are 20% lower than the rest of Great Britain and 16% lower than the rest of Kent.

### Education, Skills and Training

Skills levels and health levels are low in Thanet compared to the rest of Kent and there is limited access to affordable childcare which can make it difficult for local people to access jobs when they become available.

Thanet has a higher percentage of young people not in employment, education or training (NEET, 16-24 year olds) than the other Kent districts.

As at November 2011 Thanet had:

- 4682 16 -18 year olds,
- 451 are NEETs = this being 10.04%
- 126 are not known = 1.94%

A culture of worklessness is embedded in some areas and can be intergenerational in nature, perhaps reinforced by the fact or perception that the financial benefits of working are marginal and security can be decreased.

### **Crime and Disorder**

Crime in Kent has fallen by 3.9% from 2010-2011 and it has reduced by 3.2% in Thanet with a reduction of 350 crimes, Thanet Strategic Assessment 2012-13. However, Thanet still has the highest recorded crime out of the 13 districts. Incidents of Domestic Abuse increased by 18%, this also being the highest number in Kent.

Cliftonville West, Margate Central and Eastcliff wards have the highest recorded levels of Anti-Social Behaviour, and repeat ASB incidents in the whole of Kent. The Crime and Disorder Act 1998 and the Anti Social Behaviour Act 2003 are useful tools for tackling anti social behaviour.

### **Housing and Health**

There are strong links between housing conditions and health. The White Paper 'Our Health, Our Care, Our Say' 2006 sets out aims to be achieved by the health and social care services and there are clear links to housing:

- An emphasis on promoting independent living and social well being, care at home, increasing activity, individual choice and prevention.
- Encouraging housing and health services to work together to improve the well being of homeless people and to prevent homelessness.
- Providing care closer to home for as many people as possible, by increasing the use of community services including extra-care sheltered housing.
- Reducing delayed discharges from hospitals.
- Assessing the impact of new housing developments. The NHS will be encouraged to work closely with planning authorities to address increasing demands on health, care and community services.

Poor housing conditions can have a negative impact on people's health particularly relating to physical health and social and mental well-being.

Physical health: cold and damp properties and indoor pollutants, the design quality, injury and safety hazards, ease and safety of active transport such as walking and cycling can lead to excess winter deaths, obesity and heart disease, asthma and respiratory disease.

Social and mental well-being can be affected by noise, over-crowding, unstable housing tenure or threat of homelessness, poor neighbourhood quality and community safety, infrastructure deprivation, access to services, open spaces and transport, can all be detrimental to people's health.

Generally the health of people living in Thanet is worse than the England average. Mortality rates are close to the national average but are significantly worse than the Kent and South East averages.

In 2008-09, 7.86% of children were obese and from 2006-08 of the population aged over 16, 27.04% were obese.

Thanet has high levels of teenage pregnancy and smoking in pregnancy. The highest levels of teenage pregnancy are in Margate Central, Cliftonville West and Central Harbour where they are around three times the South East average.

### The Single Agency Assessment

A Single Agency Assessment should be used where a service user requires re-housing due to a health/support need that cannot be met in, or is being exacerbated by their current accommodation and can be completed by:

- Social Services
- Kent and Medway NHS and Social Care Partnership Trust
- Community Mental Health Teams
- Primary Care Trusts
- Occupational Therapists
- Youth Offending Service
- Probation Service
- Kent Council on Addiction (KCA)

### Decent Homes Standards

The decent homes standard is a minimum standard introduced by the Government for public sector housing. It has now been implemented as a public sector agreement (PSA) target to include properties within the private sector.

<b>DECENT HOMES GUIDANCE</b>	
<b>1) Free from Category 1 Hazards</b>	
The property must be free from category 1 hazards under the Housing Health and Safety Rating system	
<b>2) Reasonably modern facilities and services present</b>	
The property would fail this criteria if it lacks three or more of the following facilities:-	
1. a kitchen which is 20 years old or less	4. an appropriately located bathroom and WC
2. a kitchen with adequate space and layout	5. adequate external noise insulation
3. a bathroom which is 30 years old or less	6. adequate size and layout of common areas for blocks of flats
<b>3) Reasonable degree of thermal comfort</b>	
The property must have an efficient form of heating and have effective insulation	
<b>4) Reasonable state of repair</b>	
The property would fail this criteria if:-	
1. one or more key building components are old and because of their condition need major repair or replacement	
2. two or more other building components are old and because of their condition need major repair or replacement	

### Your Home Your Health

The Multi-agency referral form has been developed to provide a method to support true cross-agency working which will serve to enhance partnership working across all sectors, from health through to housing, fire safety and community safety. The form can be used to address a range of priorities such as take up of benefits, fire safety, home security, hazards in the home, and identifying the need for disabled adaptations or social care for all vulnerable groups, not just older people. The aims of the multi agency referral form can be summarised as the following:

- A preventative tool to address issues which may arise whilst officers are visiting clients but may not necessarily know who to refer to.
- To enable clients to remain safe and secure in their own home
- To reduce accidents in the home, reduce hospital admissions and reduce levels of fuel poverty
- To provide an avenue for vulnerable people to access services
- To assist in reducing the number of people on the housing register.
- To provide an avenue to collect data to assist social care and PCT future planning.
- To improve working relationships between agencies
- To raise awareness of the services available across the disciplines and provide a greater understanding of how the sectors can overlap and achieve common goals/targets

The 'Your Home Your Health' project is an intensive inspection programme of a geographical area that uses the multi agency referral form as a tool to collect information as well as make referrals. This project began in October 2009 and started in Dalby square. The Housing Regeneration team have systematically attempted access to every property within the selective licensing designated area. The inspection programme ends in August 2012.

## Appendix 3 - Copy of Initial Review Document



### Review of Thanet District Council Housing Strategy 2005-2010

The Housing Strategy for Thanet sets out how the council and its partners intend to work together to meet the housing and related needs of the district. The current Housing Strategy was adopted in 2005 and is due to be updated.

This review document sets out the key achievements of the current Housing Strategy and considers the housing issues and challenges which will face the district over the next 5 years. It also proposes a range of priorities for the district which are to be implemented over the lifespan of the strategy.

We are seeking your views on how best we can meet the housing needs of Thanet.

### Housing Strategy 2005-2010 – Key Achievements

The following outcomes have been achieved through the current housing strategy:

Actions	Outcome
Meet the demand for affordable housing across the district.	<ul style="list-style-type: none"> <li>316 new affordable homes provided for rent and low cost home ownership between 2005 and 2010.</li> </ul>
Improve choice and access to housing for all communities in the district and work in partnership to expand housing related support schemes.	In partnership with KCC and the Private Finance Initiative - <ul style="list-style-type: none"> <li>7 additional homes provided for people with a learning disability.</li> <li>7 additional homes provided for people with mental health problems.</li> <li>80 additional homes for older people.</li> </ul>
Take all relevant bidding opportunities for more housing resources.	<ul style="list-style-type: none"> <li>5 new council homes were built in 2010 for families, with the help of funding from the Homes and Communities Agency.</li> </ul>
Continue to implement Empty Property Strategy to bring empty properties back into use.	<ul style="list-style-type: none"> <li>421 empty properties have been brought back into use since 2005.</li> </ul>
Work in partnership with Kent partners to research options for a Kent wide choice based lettings scheme.	<ul style="list-style-type: none"> <li>Thanet joined Kent Homechoice in August 2008, working in partnership with 32 partners to transform lettings of social housing in Kent.</li> <li>Since 2008 over 15,000 families and 30% of all bidders have been re-housed across Kent.</li> </ul>
Commission new housing needs survey.	<ul style="list-style-type: none"> <li>In June 2009, the East Kent Strategic Housing Market Assessment was completed which identified the housing need in Thanet.</li> </ul>
Develop lettings agreements to ensure homes are let to those in greatest need, while supporting communities.	<ul style="list-style-type: none"> <li>Local lettings plans are in place for all new affordable housing developments, ensuring allocations create sustainable communities.</li> </ul>

Tackling Homelessness.	<ul style="list-style-type: none"> <li>In 2005, the government set a target for us to reduce the number of homeless applicants in temporary accommodation by half. In March 2008 we reached this target with only 56 in TA.</li> <li>1026 homeless cases prevented between 2005-2010.</li> </ul>
Review the Thanet District Council Homelessness Strategy	<ul style="list-style-type: none"> <li>The homelessness strategy was reviewed and updated in 2008 in partnership with the other East Kent authorities.</li> </ul>
Making use of planning policies to increase the provision of affordable housing.	<ul style="list-style-type: none"> <li>In April 2008 the Planning Obligations and Developer Contributions Supplementary Planning Document was introduced.</li> </ul>
Work in partnership with planning, developers and other partners to ensure appropriate size and tenure mix is delivered in the renewal area.	<ul style="list-style-type: none"> <li>In 2010, the Cliftonville Development Plan Document was adopted.</li> </ul>
Develop partnerships with the Home Improvement Agency to administer grants and building contractors to improve homes in Thanet	<ul style="list-style-type: none"> <li>Sanctuary Scheme was developed in Thanet with the Home Improvement Agency to make repairs and make 'safe' properties of applicants who are in threat of domestic violence. This enables people to remain in their properties.</li> </ul>
Develop Private Sector Housing Strategy	<ul style="list-style-type: none"> <li>In December 2007 the strategy was adopted. Housing Enforcement policy adopted in March 2007.</li> </ul>
Improve standards and fitness of Private Sector Housing	<ul style="list-style-type: none"> <li>In 2005, we were awarded funding for unfit properties, 25 grants were awarded to a total of £350,000.</li> <li>In 2006/2007 grants totalling £3,036,327 were given for heating, insulation, decent homes and fire safety.</li> <li>476 grants were given to improve living conditions across the district.</li> <li>Increase in the amount of housing enforcement notices served from 17 in 2006/07 to 168 to 2010/11.</li> </ul>

### Issues and Challenges for Thanet

Although we have achieved some major milestones during the last five years, Thanet still has some important issues which need to be addressed. The information we have gathered has highlighted the following issues which impact on the well being and community of Thanet:

#### Housing Issues

- The Strategic Housing Market Assessment identifies the need for 1544 new affordable homes per year. Existing planning permissions show that there will be 90 new affordable homes built per year up to 2015, leaving a large gap between the need and actual delivery.
- 1421 homes in the district have been empty for more than six months.
- Over the next 5 years there will be considerably less grant funding available from government, reducing the resources available for the provision of new affordable housing.
- There are approx 4229 households on the Housing Register waiting for council or housing association accommodation, an increase of 29% since 2005.
- The average household income in Thanet is the lowest in the South East.

- Thanet has an over provision of smaller flats and sub-divided family homes and a shortage of larger homes.
- In 2001-2007 Thanet's house prices increased by 132%.
- Average house prices in Thanet are currently more than six times the average household income, one of the highest levels in the country, creating affordability problems.
- The coalition government is proposing a range of changes to national housing policy which may impact on the operation of the local housing market. The council and its partner agencies will follow any policy developments closely.
- The benefit reform and reduced Local Housing Allowance rates will have a financial impact on Thanet residents, particularly single people under 35 affected by changes to the single room rate.

### Housing Priorities for Thanet

- A continued ongoing affordable housing programme for the district to provide homes for affordable rent and low cost home ownership.
- A focus on providing larger affordable homes in the district as larger affordable homes are less readily available.
- Make best use of planning policies and supporting documents to ensure delivery of affordable homes. The overall housing supply figures for the district are being considered as part of the council's Local Development Framework Core Strategy.
- Make best use of existing and potential new council housing through appropriate asset management.
- Continue the existing good work to bring long term empty properties into use.
- Continued work with private sector landlords to improve conditions and the standard of management arrangements in the sector, making best use of privately rented properties.
- A continued focus on our work to prevent homelessness.
- Further work to review the provision of accommodation for older people in the district.
- The provision of new accommodation for people with support needs in line with the Kent Supporting People strategy.
- Review the under-occupation policy to make best use of existing stock.
- Review the allocations policy and ensure need is not imported from outside the area.
- Manage the impacts of the benefit reform and the Localism Bill.

### Housing Strategy 2012-2016

#### 1. Do you think that the Housing priorities identified are the correct priorities for Thanet?

Please take time to answer the questions below to let us know your views and tell us which you think are the most important priorities.

Please select which level of priority you think is most relevant for the following housing priorities:

Housing Priority	High Priority	Medium Priority	Low Priority
The continued delivery of affordable housing.			
A focus on providing larger family homes.			
Make best use of planning policies to deliver affordable homes.			
Make best use of existing and potential new council housing through appropriate asset management.			
Continue the existing good work to bring long term empty properties back into use.			
Continued work to improve the conditions of the private rented sector.			
A continued focus to prevent homelessness.			
Further work to review the provision of accommodation for older people in the district.			

The provision of new accommodation for people with support needs in line with the Kent Supporting People Strategy			
Review the under-occupation policy to make best use of existing stock.			
Review the allocations policy.			
Manage the impacts of the benefit reform and the Localism Bill.			

You will also have a further opportunity to let us know your views when we publish a draft version of the Council’s Housing Strategy in spring 2012.

**2. Are there any other priorities that you feel should be included in the new strategy?**

If there is anyone else who could be included in the consultation of the Housing Strategy, please provide their contact details below:

.....

If you would like to receive updates on the progress of the Council’s Housing Strategy review, please let us have your name and email address below:

**Name**.....

**Organisation**.....

**Email address**.....

If you would like further information about the Council’s Housing Strategy review, please contact Lauren Hemsley (Senior Strategic Housing Officer) [Lauren.hemsley@thanet.gov.uk](mailto:Lauren.hemsley@thanet.gov.uk) 01843 577062 or Ashley Stacey (Strategic Housing Officer) [Ashley.stacey@thanet.gov.uk](mailto:Ashley.stacey@thanet.gov.uk) 01843 577280.



## Initial Consultation Results

159 partners, agencies, colleagues, letting agents and housing developers were sent the Housing Strategy initial review document.

26 responses = 16% response rate

Housing Priority	High Priority	Medium Priority	Low Priority
The continued delivery of affordable housing.	17 11%	2 1%	0
A focus on providing larger family homes.	5 3%	15 9%	0
Make best use of planning policies to deliver affordable homes.	11 7%	6 4%	1
Make best use of existing and potential new council housing through appropriate asset management.	13 8%	5 3%	1
Continue the existing good work to bring long term empty properties back into use.	14 9%	4 3%	0
Continued work to improve the conditions of the private rented sector.	11 7%	6 4%	1
A continued focus to prevent homelessness.	10 6%	6 4%	0
Further work to review the provision of accommodation for older people in the district.	5 3%	14 9%	1
The provision of new accommodation for people with support needs in line with the Kent Supporting People Strategy	8 5%	11 7%	1
Review the under-occupation policy to make best use of existing stock.	6 4%	8 5%	3 2%
Review the allocations policy.	7 4%	9 6%	3 2%
Manage the impacts of the benefit reform and the Localism Bill	15 9%	4 3%	0

### Summary of results

The top three priorities were:

5. The continued delivery of affordable housing.
6. Manage the impacts of the benefit reform and the Localism Bill (this has now gained royal assent and is now the Localism Act).
7. Continue the existing good work to bring long term empty properties back into use.

These issues are prominent issues within the Housing Strategy and Action Plan.

### Comments

The review document also asked for comments from respondents. The majority of these comments raised issues which were already included in the strategy and the action plan. The remaining comments have resulted in additional information being incorporated into the strategy and action plan.

## Appendix 4 – Full Consultation Results

The 6 week public consultation ran from 22 October 2012 until 3 December 2012. We emailed out a link to the draft Housing Strategy to over 150 stakeholders to include housing associations, developers and other Kent local authorities amongst others. (A full list of stakeholders is available on p.61). A dedicated page was uploaded onto the TDC website for the duration of the consultation and there were also links from the communications consultation pages. An online form was created for comments to be submitted. Hard copies were made available for collection at the Gateway and were posted out to residents on request who were unable to access a computer or call into the gateway.

In total we received 7 responses from stakeholders and 2 responses via the online comments survey form from residents. We had a number of requests for copies of strategies which were posted out to residents and copies were also available at the Gateway for residents and stakeholders to collect.

In summary the stakeholder responses were positive and the following stakeholders made comments on the draft strategy:

- Kent Probation
- KCC Strategic Housing
- Orbit South Housing Association
- East Kent Housing
- Kent Police
- Minster Parish Council
- KCC Families and Social Care

Some of the comments made related more to the Local Plan and other more detailed policies, such as the Allocations Policy. These will all be subject to their own consultation and scrutiny. The following issues relating to the content of the strategy were raised from the responses and have been incorporated into the final revised strategy:

- The strategy should address accommodation needs of offenders.
- The importance of safety and the reduction of crime should be emphasised.
- We should include more detail about the re-invigorated Right to Buy receipts.
- More reference should be made to the welfare and benefit reform and under occupation.
- More reference to Building for Life and Wheelchair Accessible Housing should be made.
- We need to refer to people with a learning disability in the strategy.
- We should refer to the Care and Support Fund (HCA funding opportunity)
- We should refer to the Local Authority Mortgage Scheme.
- More detail of the new powers under the Localism Act should be included relating to the new powers to discharge our homelessness duty into the private rented sector.
- We need to address the impact of the Welfare and Benefit Reform on the potential migration of benefit dependent households into Thanet in search of cheaper housing costs.
- Need to include more about Affordable Rent.

These comments have now been addressed in this final version of the strategy. None of the feedback requested changing any of the key priorities or disagreed with any actions in the action plan. They referred to drawing out certain issues in more detail and have not substantially altered any of the principles of the housing strategy.

## Appendix 5 – Extract from National Planning Policy Framework – Annex 2

### Annex 2: Glossary

**Affordable housing:** Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.

Social rented housing is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned 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.

Affordable rented housing is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).

Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.

Homes that do not meet the above definition of affordable housing, such as “low cost market” housing, may not be considered as affordable housing for planning purposes.

## Key terms/glossary

**Affordable housing:** As per the definition in the National Planning Policy Framework (NPPF) Annex 2 (p. 52)

**Affordable Rent Housing:** As per the definition in the National Planning Policy Framework (NPPF) Annex 2 (p. 52)

**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.

**Black and minority ethnic (BME):** a term commonly used to refer to all people who are members of minority ethnic communities, including Gypsy and Traveller communities.

**Building for Life:** a national standard for well designed homes and neighbourhoods.

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

**Disabled Facilities Grant (DFG):** a mandatory grant, subject to means testing, which is available to provide certain adaptations to a dwelling for disabled persons.

**East Kent Local Investment Plan EKLIP –** The East Kent Local Investment Plan has been developed by the Council in partnership with Canterbury, Dover and Shepway Councils, sets out the priorities for Homes and Communities Agency investment for housing and regeneration in the District and the rest of East Kent over the next fifteen years. The focus of the document is the level of funding required to deliver housing and regeneration priorities across East Kent, including both new affordable housing and investment in the private sector housing stock.

**East Kent Strategic Housing Market Assessment (SHMA):** a study carried out by ECOTEC to assist in determining the location and amount of affordable and market housing in East Kent: for whom it is required; and within what timescale it need to be provided.

**Empty Dwelling Management Order (EDMO):** an Order that enables the council, in certain circumstances, to take management control of a dwelling in order to secure occupation of it.

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

**Extra Care Housing:** housing schemes comprising self-contained dwellings designed to enable older people to self-care for longer and give them access to care and other services, which help them retain their independence.

**House in Multiple Occupation (HMO):** a dwelling occupied by more than one or numerous households.

**Floating Support:** Is a service that is delivered to a family or an individual that is not tied to accommodation. Floating support services provide service users with a support package that is based upon their assessed needs and as independence increases, the level of support is reduced.

**Handyperson Scheme:** a service provided by the In touch Home Improvement Agency covering essential repairs and maintenance that are too small for general contractors to price but are too difficult for older and disabled clients to tackle on their own.

**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 'ring fenced'; 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:** As per the definition in the National Planning Policy Framework (NPPF) Annex 2 (p.52)

**INVOKE:** an East Kent Adult Social Services project that supports the residents of Ashford, Shepway, Canterbury, Swale, Thanet and Dover to live independently in their communities. The project is funded through the Partnerships for Older People Projects (POPP's).

**Joint Policy and Planning Board (JPPB):** This represents all local authorities, social services and health to prioritise, monitor and review the provision of supported housing across Kent.

**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 Forum Housing Strategy:** This is a county-wide document that takes a new radical look at housing and how it is delivered.

**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.

**Kent Reconnection Policy:** a county-wide policy designed to help vulnerable people access housing in the area where they have a connection.

**Lifetime Homes:** the Lifetime Homes standard is a set of design criteria that provide a model for building accessible and adaptable homes.

**Lifetime Neighbourhoods:** a government strategy for ensuring that housing and planning policies take account of the aspirations and changing lifestyles of people as they grow older.

**Local Development Framework (LDF):** This replaces the old system of Local Plans and sets out the Council's plans for all land use and development in the District, along with its policies for planning issues such as affordable housing.

**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.

**Local Investment Plan (LIP):** A document developed in partnership with the HCA to set out the local investment priorities for the district.

**LDF Core Strategy:** This is the principal document in the LDF. It contains the Council's overall ambitions and priorities for the District and will be used to decide what the District should be like in 2026.  
**Market Housing:** Private housing for rent or sale, where the price is set in the open market.

**Multi Agency Public Protection Arrangements (MAPPA):** Is the name given to arrangements for the responsible authorities tasked with the management of high risk offenders.

**Multi Agency Risk Assessment Conference (MARAC):** Is part of a coordinated community response to domestic abuse.

**NEET:** Stands for Not in Education, Employment or Training. It is a measure used nationally to identify how many young people are not engaged in learning or work after the end of compulsory schooling.

**New Homes Bonus:** Provides local authorities with a grant payment equal to the national average for the council tax band on each additional property built. Grant payment is paid for a six year period (per completed property), as a non ring fenced grant. Includes enhancement for new affordable homes completed.

**No Use Empty:** a collaboration between Kent County Council and local authority partners including Dover District Council, and Shepway District Council which provides a resource to support the existing work being carried out by the Council to bring empty homes back into use.

**Private Finance Initiative (PFI):** a particular form of Public Private Partnership by which a public sector organisation contracts with a private sector body to construct a facility and provide associated services of a specified quality over a sustained period.

**Private Sector Enforcement:** Private sector enforcement work completed by the Private Sector Housing Team to improve the condition of accommodation in the Private Sector.

**Private Sector Stock Condition Survey:** The condition survey provides a detailed picture of the current housing conditions across the whole of the district. The Survey includes information about the housing stock such as type, size and age of properties whether they are rented or owned; the type of repairs required and information on the energy rating of properties.

**Porchlight:** a Kent based charity providing a range of support services for vulnerable and homeless people in Kent.

**Primary Care Trust (PCT):** these are local National Health Service organisations responsible for commissioning all NHS services in the area on behalf of local people – including local GP and other primary care services.

**Private Sector Leasing Scheme:** a scheme operated by an RSL or local authority whereby private housing is leased for a period of time and used to meet the needs of households on the housing register.

**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 Associations.

**Rent Deposit Scheme:** a scheme designed to help individuals on low incomes who cannot afford the initial outlay of an advance rent and deposit payment to access homes in the private rented sector.

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

**Rural Housing Enabler (RHE):** Rural Housing Enablers work with rural communities providing independent advice and support, acting as a facilitator and helping them through the complicated process of providing affordable housing. The RHE covering the Thanet District is employed by Action with Communities in Rural Kent.

**S106 Sites:** Sites subject to a S.106 Agreement under the Town & Country Planning Act 1990: often referred to as planning gain or planning obligations. It relates to financial contributions paid by developers to local planning authorities in order to offset the costs of the external effects of development and to the possible provision of affordable housing as part of the development.

**Section 215 Notices:** Section 215 (s215) of the Town & Country Planning Act 1990 (the Act) provides a local planning authority with the power, in certain circumstances, to take steps requiring land (including a building) to be cleaned up when its condition adversely affects the amenity of the area. It is one of the tools that can be used to tackle empty properties.

**Secured by Design:** a national scheme which focuses on crime prevention at the design, layout and construction stages of homes and commercial premises.

**Single Conversation:** the process by which the Homes & Communities Agency engages with local authorities at a sub regional level to plan investment across the full range of housing, infrastructure, regeneration and community activities that are within its scope.

**Shared Ownership:** Shared ownership homes offer a low cost way to get on the home ownership ladder. Shared Ownership makes housing affordable.

**Sheltered Housing:** Homes for persons over the age of 60 years or vulnerable people with a support need, usually with a Scheme Manager on site or on call to offer to help and support with a 24 hour lifeline service.

**Social Rented Housing:** As per the definition in the National Planning Policy Framework (NPPF) Annex 2 (p.52)

**Special Needs:** People with special needs including older people, those with physical or learning disabilities, mental ill health or people who are vulnerable for other reasons.

**Super Output Areas SOA:** Super output areas is a geographical area designed for the collection and publication of small area statistics. It is used on the Neighbourhood statistics site, and has a wider application throughout national statistics. SOA's give an improved basis for comparison throughout the country because the units are more similar in size of population than, for example, electoral wards.

**Supporting People:** is a Government programme to provide housing-related support services, like homeless hostels, women's refuges and sheltered housing, to help vulnerable people live independently. The programme is administered across the county by the Kent County Council Supporting People Team.

**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
- Survivors of domestic violence
- Black and minority ethnic groups
- People with aids or who are HIV positive
- Refugees who have been granted leave to remain



## Stakeholder List

Accent Peerless	Gillcrest Homes	Oasis – Womens Refuge
Amicus Horizon	Gravesham BC	Orbit South
Anchor Retirement Housing	Golding Homes	Paul Letchford Management
Appleton Lettings Agents	Haig Homes	Pearson Properties
Ashford Borough Council	Hanover Housing Association	Pie Music Factory
Avante Partnership	Hodges & Andrews	Places For People
Baricks	Homes & Community Agency	Porchlight
Barratt Homes	Hyde Housing Group	Quarterdeck Youth Centre
Belmonte Lettings Agents	Jenners	Regency Properties
Breyer Group	KCA	Riverside Group
Café IT	KCC	Russett Homes
Canterbury City Council	Kent Community Organisation	Sanctuary Housing
Casa Support	Kent Housing Group	Sevenoaks DC
CASE Kent	Kent Police	Shelter
Catch 22	Kent Youth Offending Service	Shepway DC
Cliftonville Developments	Kenward Trust	Six Bells Children Centre
Cliftonville Partnership	London & Quadrent Housing	Southern Housing Group
Citizens Advice Bureau	Lovell Partnerships Ltd	Supporting People
Connexions Kent & Medway	Maidstone BC	Surestart Millmead
Cockett Henderson	Margate Civic Society	Swale BC
Croudace	Medway Council	Templars
Dover District Council	MHS Homes	The Land Group
East Kent Housing	Milton Ashbury Ltd	Tonbridge and Malling BC
East Kent Mencap	Millwood Homes	Town & Country Housing Group
Ellis Builders	Moat Housing	Tunbridge Wells BC
English Rural Housing	My 4 walls	United House Ltd
Explore Living	National Landlords Association	West Kent Housing Association

## Document History

- The Housing Strategy will now be in place until 2016. Following the Comprehensive Spending Review in 2015, we will be able to begin to review the strategy.
- The Action Plan will be reviewed annually and any new projects will be added. This will ensure the strategy is current and relevant.

<b>Version</b>	<b>Date</b>	<b>Meeting</b>	<b>Minute ref</b>
Draft	June 2012	Members Briefing	
Draft	August 2012	SMT/Cabinet Briefing	
Final draft	Jan 2013	Cabinet	
Final draft	Jan 2013	Overview and Scrutiny	
Final document	Feb 2013	Full Council	

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01843 577165



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# Full Equality Impact Analysis

<b>Title of review</b>	<b>Housing Strategy 2012-16</b>
<b>Service</b>	Housing Services, Community Services
<b>Date of review</b>	December 2012
<b>Date of next review</b>	January 2014
<b>Lead officer, Job Title and Service</b>	Lauren Hemsley, Senior Strategic Housing Officer
<b>Review team</b>	Ashley Stacey, Strategic Housing Officer  Claire Grant, Business Services
<b>Scope of the analysis</b>	<p>The Local Government Act 2003 requires local authorities to have a Housing Strategy. The strategy is a four year strategy and sets the strategic objectives and approach Thanet District Council will take in relation to housing issues. The strategy addresses wider housing issues which are:</p> <ol style="list-style-type: none"> <li>1. Deliver a range of homes to meet the local housing need which residents can afford.</li> <li>2. Make better use of the existing housing stock across all tenures and improve housing conditions.</li> <li>3. Enable vulnerable people access to good quality housing and to live independently.</li> <li>4. Provide an accessible housing options service for Thanet residents.</li> <li>5. Deliver housing in support of our regeneration and economic development objectives.</li> </ol> <p>The Housing Strategy is also accompanied by an Action Plan which sets out how the key priorities will be delivered. It features a range of housing projects and work streams including cross departmental projects. The Action Plan will be updated annually so members and stakeholders can see how projects are progressing and any new projects that start during the lifespan of the strategy. It will allow for any policy changes to be incorporated ensuring the strategy is kept current and relevant for the four year lifespan.</p>
<b>Beneficiaries</b>	The Housing Strategy is a high level strategic document that sets out our priorities over the next four years. Five priorities have been identified which will benefit residents, developers, communities and partners.
<b>Stakeholders</b>	<p>Stakeholders to the strategy include:</p> <ul style="list-style-type: none"> <li>• Residents</li> <li>• Council Members</li> </ul>

	<ul style="list-style-type: none"> <li>• Council Staff</li> <li>• Public Sector Partners (e.g. Police, Kent County Council, Fire &amp; Rescue and NHS)</li> <li>• Housing Associations and Developers</li> <li>• Community &amp; Voluntary Organisations</li> <li>• Local Landlords</li> </ul>
<b>Relevant data and research</b>	<p>The council's 'State of the District' report summarises recent data for key indicators of social, economic, health and well-being of our district. Comparing data across England, South East Region, Kent and Kent Districts, the report provides a source of information to support and inform local decision-making and setting of priorities. Parts of the 2011 Census have now been released and where information is available, the strategic context of the Housing Strategy has been updated.</p> <p>Data and research is still emerging in relation to the Welfare and Benefit Reform changes. The action plan attached to the strategy will be reviewed every year, which will ensure new data can be analysed and projects added or amended which are within the action plan.</p>
<b>Access complaints</b>	No specific complaints have been received relating to the Draft Housing Strategy.
<b>Consultation</b>	<p>The Housing Strategy has been developed over a number of months by the Senior Strategic Housing Officer and Strategic Housing Officer. The key housing issues were identified as part of the initial consultation, which was undertaken in December 2011. A review document was sent out to 150 stakeholders, to include Housing Associations, developers, landlords and others. (The initial review document is in Appendix 3, p.42 of the strategy and the stakeholder list is on p.53).</p> <p>The comments received have helped inform the strategy as well as officer workshops and utilising existing strategies and resources. A Members Briefing was held on Monday 25<sup>th</sup> June to introduce members to the housing issues to be included in the strategy. A further SMT/Cabinet briefing was held on 4<sup>th</sup> September and the Housing Strategy was also an agenda item at the Parish Forum on 25<sup>th</sup> October.</p> <p>The 6 week consultation on the draft Housing Strategy ran from 22 October 2012 to 3 December 2012. We emailed out a link to the draft Housing Strategy to over 150 stakeholders to include housing associations, developers and other Kent local authorities amongst others. A full list of stakeholders is available on p.58 of the strategy. A dedicated page was uploaded onto the TDC website for the duration of the consultation, there were also links from the communications consultation pages and a press release was issued. An online form was created for comments to be submitted. Hard copies were made available for collection at the Gateway and were posted out to residents on request who were unable to access a computer or call into the gateway.</p>
<b>Results of consultation</b>	<p>In total we received 7 responses from stakeholders and 2 responses via the online comments from residents. We had a number of requests for copies of strategies which were posted out to residents and copies were also available at the Gateway for residents and stakeholders to collect.</p> <p>In summary the responses related to the following areas:</p>

- The strategy should address accommodation needs of offenders.
- The importance of safety and the reduction of crime should be emphasised.
- We should include more detail about the re-invigorated Right to Buy receipts.
- More reference should be made to the welfare and benefit reform and under occupation.
- More reference to Building for Life and Wheelchair Accessible Housing should be made.
- We need to refer to people with a learning disability in the strategy.
- We should refer to the Care and Support Fund (HCA funding opportunity)
- We should refer to the Local Authority Mortgage Scheme.
- More detail of the new powers under the Localism Act should be included relating to the new powers to discharge our homelessness duty into the private rented sector.
- We need to address the impact of the Welfare and Benefit Reform on the potential migration of benefit dependent households into Thanet in search of cheaper housing costs.
- Need to include more about Affordable Rent.

These comments have now been addressed and incorporated into the final version of the strategy. None of the feedback requested changing any of the key priorities of disagreed with any actions in the action plan. They referred to drawing out certain issues in more detail and did not propose substantially altering any of the principles of the strategy.

#### Relevance to the Duty:

#### 1. **Eliminate unlawful discrimination** – harassment, victimisation and any other conduct prohibited by the Act;

The strategy does not set any direct policies, that is the task for the individual projects and work streams referred to in the action plan. The strategy aims to make long term improvements to the housing conditions and situation in Thanet by delivering homes which people can afford, making better use of existing housing stock, such as bringing empty properties back into use to provide more quality housing. It also aims to manage the standards of the private rented sector. None of the actions proposed or the priorities identified within the strategy discriminate against the protective characteristics. Appendix 2 - Local Context and Issues of the strategy, details the demographic information for the district and this has been taken into consideration when forming the strategic priorities.

#### 2. **Advance equality of opportunity** – between people who share a protected characteristic and people who do not share it by;

- The strategy seeks to review the provision of accommodation for older people in the district to provide evidence to support planning policies. This is to enhance housing opportunities for older people. 21.9% of the population within Thanet are over 65years.
- The strategy seeks to provide more detailed evidence to support the need for wheelchair accommodation, which will then inform planning policy to enable the housing needs of wheelchair households to be addressed more efficiently.
- The provision of accommodation for other vulnerable groups in the district will also be undertaken to ensure we are informed of more specialist housing needs of our residents.
- Encouraging people with protected characteristics to participate in public life or in other activities where their participation is low.

<b>Equality impacts raised or identified:</b>		
The Housing Strategy provides the strategic direction of the council over the next four years. Five priorities are identified in the strategy and the action plan advises how we will deliver our services.		
Protected Characteristic	Commentary	
Age	<b>Impact</b>	The delivery of the housing strategy will have a positive impact on people of all ages.
	<b>Mitigation</b>	None Needed
Gender	<b>Impact</b>	The delivery of the housing strategy will have a positive impact on both men and women.
	<b>Mitigation</b>	None needed
Race	<b>Impact</b>	The strategy aims to have a positive impact for all people regardless of their race.
	<b>Mitigation</b>	It seems there is little or no evidence in this area.
Disability	<b>Impact</b>	The housing strategy will aim to reduce gaps for groups with various disabilities.
	<b>Mitigation</b>	DFG's will continue to ensure disabled people can adapt their properties and therefore remain in their own homes.  Homes will be built to lifetime standards.
Religion or belief	<b>Impact</b>	The strategy aims to have a positive impact for all people regardless of their religion or belief.
	<b>Mitigation</b>	It seems there is little or no evidence in this area.
Gender reassignment	<b>Impact</b>	This strategy aims to have a positive impact for all people regardless of gender reassignment.
	<b>Mitigation</b>	It seems there is little or no evidence in this area. Speak to Housing Options for number of presentations.
Sexual Orientation	<b>Impact</b>	This strategy aims to have a positive impact for all people regardless of their sexual orientation.
	<b>Mitigation</b>	It seems there is little or no evidence in this area. Speak to Housing Options for number of presentations.
<b>Overall conclusions and options to be put before decision maker (if contributing towards a report) or to take forward to develop your service (if reviewing a service)</b>		
An overarching Equalities Impact Assessment has been undertaken and there is no reason to state at this time that the content of the Housing Strategy will negatively impact on any groups with protected characteristics. In fact the strategy focuses on improving the quality of life in		



Thanet for all.

Opportunities to further the aims of the duty will be investigated during equality impact analysis of individual projects, and plans from this strategy, for example, the Allocations Policy EIA will look specifically at the direct impact on households.

<b>Actions arising from analysis:</b>		
<b>Action</b>	<b>Responsible Officer</b>	<b>Deadline</b>
To undertake equality impact analysis (EIA)'s yearly to assess the impact of the Housing Strategy where there is relevance to the Public Sector Equality Duty/protected characteristic(as defined within the Equality Act 2010)	Senior Strategic Housing Officer	January 2014

**Acceptance**

Name and signature of assessing officer and date of assessment.

**Name:** ..... **Position:** .....

**Signed:** ..... **Date:** .....

What to do now:

- Attach the EIA as an annex to your report to Members. Members must have all of the information before them at the time of making the decision. Also remember to complete the Equalities section in the report template.
- Send a copy of the EIA to the clerk to the Equalities Group – [claire.grant@thanet.gov.uk](mailto:claire.grant@thanet.gov.uk) to enable the review date and any actions arising to be added to the Equality Objectives Plan which is monitored by the Corporate Equalities Group and reported to SMT.

**Please be aware that this assessment will be published on the Council’s web pages and must not contain any information that may identify individuals.**

- Add your actions to your service plan.
- Report your outcomes to the clerk to the Equalities Group, we are keen to publicise our equalities work and ensure that success is captured and good practice shared.

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## **Proposed Revision to Local Development Scheme**

To: **Cabinet – 22<sup>nd</sup> January 2013**

Main Portfolio Area: Community Services

By: Simon Thomas, Planning Manager

Classification: **Unrestricted**

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**Summary:** This report proposes changes to the Local Development Scheme (LDS). These include updating the form and content of planning policy documents proposed to be prepared, with associated amendments to the work programme and milestone dates. The report recommends that a revised LDS be brought into effect to accommodate these changes.

## **For Decision**

---

### **1.0 Introduction and Background**

- 1.1 Government guidance stresses the central importance of the plan-led system in the form of Local Plans, to provide the framework for guiding determination of planning applications in order to manage development effectively.
- 1.2 Government's planning system requires us to prepare and maintain a Local Development Scheme (LDS) setting out our programme for preparing the documents that will make up Local Planning Policy for Thanet. The Council's first LDS was published January 2005, and revised versions were brought into effect in February 2006, April 2007, February 2009, and May 2012. This proposed revision to the LDS focuses on preparing a new single Local Plan looking to 2031, and Supplementary Planning Documents, collectively known as Local Development Documents which will be produced as considered necessary.

### **2.0 Proposed Revision to Local Development Scheme (LDS)**

- 2.1 The Local Development Scheme (LDS) is a public statement of the Council's programme for production of Local Development Documents (LDDs) that will form Thanet's Local Planning Policy. The LDS needs to set out a realistic and achievable work programme. This report proposes changes to the current LDS and recommends that a Revised LDS be brought into effect.
- 2.2 The current LDS was brought into effect in May 2012 following consideration by Cabinet on 10<sup>th</sup> May 2012. It sets out a timetable for each of the Local Planning Policy documents in preparation, including milestones for key dates leading to adoption, and covers the period to May 2012.
- 2.3 The planning system requires local planning authorities to prepare and maintain a LDS including the timetable for preparation and revision of the relevant LDDs. Unless otherwise directed, a local authority is to revise its LDS at such time it considers appropriate.

2.4 It is considered that revisions are needed to the current LDS in order to: -

- Update the number, form and content of Local Development Documents that are proposed to be prepared.
- Adjust the target dates and key milestones in order to accommodate this

#### Progress in 2012

2.5 Since the adoption of the current LDS in 2012 work has continued mainly in evidence collection. One element of this has been work to identify housing numbers for the district. The proposed revocation of the South East Plan through the Localism Act 2011 means that determining housing numbers now falls at a local level, rather than regionally through the Regional Spatial Strategies. Throughout 2012, the Council has been working with Kent County Council to develop potential options for housing numbers over the period 2011-2031. In relation to this there has been the need to commission economic projections, which needed to be informed by the Council's draft economic strategy. This work has taken longer than was envisaged at the time of the current LDS, and is the main reason why the milestones in the current LDS have not been met.

2.6 Other evidence that has been completed in 2012 or is currently in progress includes:

- Economic Viability
- Transport Modelling
- Strategic Housing Land Availability Assessment Update
- Settlement Hierarchy
- Strategic Housing Market Assessment Review
- Town Centre Needs Assessment
- Economic and Employment Assessment and Employment Land Review Update
- Natural Environment Background Paper
- Landscape Character Assessment Update
- Water Cycle paper
- Village Audits

2.7 Informal consultation has taken place, including meetings with all town and parish council's, and attendance at Business Groups meetings.

2.8 Cabinet Advisory Group workshops have also taken place, covering the issues of vision and objectives, housing and the economy.

#### Amending the Local Development Documents in the LDS

2.9 Following the adoption of the current LDS in May 2012, to ensure accordance with the requirements of the NPPF to produce a Local Plan, with additional development plan documents only being used where clearly justified, a review of the form of the Local Planning Policy documents proposed to be prepared has been carried out.

2.10 It is considered that there are the following benefits to producing a single Local Plan, rather than separate Core Strategy and Site Allocations DPD:

- accords with requirements of the National Planning Policy Framework
- single examination and associated cost saving
- shorter overall timescale
- ensures a 5 year housing land supply from date of adoption, reducing the risk of potential housing development in unsuitable locations.

2.11 In order to accommodate this change, I consider the LDS revision needs to include the following amendment:

**Thanet Local Plan** – to replace the Local Plan Core Strategy and Local Plan Site Allocations DPDs with a single Local Plan DPD. It is proposed that the Thanet Local Plan will be the Council’s single and overarching planning policy document, which will cover the whole of the District, for a minimum 15 year period to 2031. The document will include a district wide vision and strategic objectives. It will identify land that is to be allocated or safeguarded for particular uses and developments in order to deliver the vision, as well as containing development management policies. The document will cover the subject areas of Housing, Economy, Town Centres, Environment and Quality of Life, including Green Infrastructure, Climate Change and Design Quality, as well as issues of Transport and Infrastructure.

Amending Milestones in the Current LDS

2.12 The current LDS timetable was prepared in light of best information available at that time and in the context of producing separate Core Strategy and Site Allocations Documents. In the light of the proposed change to a single Local Plan document, the timetable and milestones need to be amended to accommodate this.

2.13 The timetable proposed has been informed by legal advice which has been sought regarding the proposed consultation and Sustainability Appraisal processes, and how best to utilise the previous Core Strategy consultations that have taken place, to ensure that the Council meets the statutory requirements for plan making.

2.14 Current work includes finalising the evidence base and background documents and re-scoping the sustainability appraisal. Following this it is proposed that two formal public consultations will take place, prior to the pre-submission consultation. The first will be a high level ‘options’ consultation, which will deal with strategic issues, for example overall levels of development, and broad principles for the location of development, as well as generic policies. The second consultation will be informed by the first consultation and deal with land allocations, and other policies which are affected by the strategic issues. Both stages will set out the options which the Council consider are the reasonable options and where appropriate, a preferred option.

2.15 Legal advice confirmed that the two stage consultation is the only reasonable option for the consultation process, stating:

*‘This approach has the advantage of genuinely facilitating the front end loading of a Local Plan but without pre-determining issues before the consultation has begun. The risk of moving from a high level options consultation straight to a pre-submission draft Local Plan is that there is considerable scope for consultees to raise new points very late in the plan making progress. This frequently requires Councils to advance proposed changes (of varying) significance to ensure soundness which in turn require consultation for which the Regulations in fact make no formal provision.*

*For the same reason, it would be inappropriate to combine stages 1 and 2 of the consultation. That course risks creating at best a consultation deficit and at worst a very confusing consultation process. To consult on site allocations before there has been any consultation on the revised strategy to 2031 reduces the effectiveness of the consultation process and increases the risk that consultees will raise issues which require significant or perhaps radical re-thinking.’*

2.16 The revised timetable is featured at Annex 1 to this report, and indicates the following key milestones and timetabling dates for the Local Plan DPD:

- SA/SEA Scoping Current
- Stage 1 Public Consultation June 2013
- Stage 2 Public Consultation January 2014 (subject to Cabinet and Council meeting timetables being arranged for December 2013)
- Publication and Pre-submission consultation July 2014

- Submission to SoS
- Examination
- Adoption

November 2014  
January 2015  
Spring/Summer 2015

- 2.17 There is significant work that needs to take place prior to the Stage 1 consultation. This includes identifying all strategic options and generic policy options, re-scoping the Sustainability Appraisal, which involves a consultation with statutory consultees, followed by testing of all options against the objectives, and refining the options. This is alongside preparing the consultation document, continued targeted consultation with key stakeholders, and finalising all of the evidence and background documents, including a number of topic papers, which will be used to justify and inform the options proposed. It is envisaged that the draft consultation document will be prepared for April 2013, to enable a Cabinet meeting in May 2013.
- 2.18 Subject to Cabinet agreeing the document for consultation, all material will be prepared for the consultation, and public consultation will take place during June and July 2013. Following the consultation, a review of all comments received will take place, and will be used to inform the next stage of the process. At this stage preferred options will be considered and options will be generated in relation to site allocations and other detailed matters. The draft Local Plan document will be written as well as preparing the consultation documentation, updating and finalising evidence and background documents. It is envisaged that the draft document will be ready by the end of November 2013, with Cabinet and Council meetings to follow.
- 2.19 The proposed amendment to the production timetable for the Local Plan DPD has knock-on effects for milestones proposed for the supplementary planning documents. The LDS has been updated to reflect this, and the proposed revised timetable is best estimate at the current time.

#### Proposed amendments

- 2.20 The chart summarising the proposed list of documents and their preparation timetable is featured as annex 1 to this report. A copy of the draft revised LDS is available in the Members' Room or on request from the Strategic Planning team.

### **3.0 Options**

#### 3.1 Regarding the LDS:

- (i) Resolve to bring the revised LDS into effect and that it should come into effect at the date indicated in the recommendation
- or
- (ii) Resolve to bring the revised LDS into effect and that it should come into effect on another date,
- or
- (iii) Resolve that the LDS should be brought into effect subject to amendments to its content.
- or
- (iv) Resolve not to bring the LDS into effect

### **4.0 Corporate Implications**

#### **4.1 Financial and VAT**

- 4.1.1 This report recommends that a Revised Local Development Scheme be brought into effect. The LDS as proposed for revision sets out a revised programme of work, including a timetable for preparing relevant documents and acknowledges the need to gather additional evidence to support those documents. It is envisaged that the programme of

work can be absorbed within current budgeting procedures for preparation of the Local Plan and that this report does not give rise to specific additional financial implications.

## 4.2 Legal

4.2.1 The Planning and Compulsory Purchase Act 2004 states that a local planning authority must prepare and maintain a scheme to be known as their Local Development Scheme. This must specify the relevant Local Development Documents (which are to be Development Plan Documents) their subject matter and area of coverage and their timetable for preparation and revision. While the Council is no longer required to submit the Scheme to the Secretary of State, it must publish up to date information on its progress in preparing DPD's against the LDS.

## 4.3 Corporate

4.3.1 The Local plan will represent the council's overarching plan for shaping future development of the District over the period up to 2031. It contains a vision and sets out the issues and opportunities facing the district and takes account of the plans and resources of a wide range of agencies and organisations who will participate in its delivery. The documents that make up the plans will set out the objectives and policies against which all new development in Thanet will be considered.

## 4.4 Equity and Equalities

4.4.1 The Statement of Community Involvement sets out the way in which all sectors of the community will be given the opportunity to become involved in the planning process.

4.4.2 The 2009 Preferred Options document that incorporated an illustrative Core Strategy, set out the priority aims of the Council which are, amongst other things, to reduce social deprivation suffered in part of the District and build a mixed and better educated healthy and confident community as well as to deliver a range of homes accessible to and suited to the needs and aspirations of a more settled and confident community along with improving earning power and employability within the local population.

4.4.3 The Preferred Options 2009 document was the subject of an Equalities Impact Assessment, and the future Local Plan will be subject to Equalities Impact Assessments.

## 5.0 Recommendation(s)

5.1 That Cabinet resolves to bring the revised Local Development Scheme into effect on 22 January 2013 (or if necessary as soon as possible thereafter).

## 6.0 Decision Making Process

6.1 This is a key decision as it relates to planning policy for the whole district. The decision is subject to call in.

Contact Officer:	Ashley Hills, Planning Projects Manager
Reporting to:	Madeline Homer Director of Community Services

## Annex List

Annex 1	Draft Local Development Scheme
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## Background Papers

Title	Where to Access Document
National Planning Policy Framework (Communities and Local Government, March 2012)	
The Town and Country Planning (Local Planning)(England) Regulations 2012	

## Corporate Consultation Undertaken

Finance	Sarah Martin, Financial Services Manager
Legal	Gary Gordes, Legal Services Manager
Communications	Hannah Thorpe, Corporate Information Officer



# Thanet Local Development Scheme

Fifth Revision Effective January 2013

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Monitoring

Resources

## Annex 1 List and full description of acronyms

This Local Development Scheme uses acronyms. Whilst these will be explained at the point of their

introduction, this Annex provides further explanation.

# 1 Introduction

## **Purpose and background to this Local Development Scheme**

- 1.1 As part of the Planning and Compulsory Act 2004 (as amended) each Local Planning Authority must prepare a Local Development Scheme (LDS). The LDS is a project management document for the production of the Local Plan. This LDS for Thanet identifies and describes the “Development Plan Documents (DPD’s)” which the District Council intends to produce to make up the Local Plan. It provides an overview of the process of drafting them and identifies key milestones and timescales for their preparation. This LDS covers a three year time period. The Council’s previous Local Development Scheme came into effect in May 2012.
- 1.2 Additional information is included in this LDS about Supplementary Planning Documents (SPD’s) the Council also anticipates will be prepared to supplement the Local Plan. This includes indicative timescales for preparing them. Collectively the DPD’s and SPD’s are known as Local Development Documents (LDD’S)
- 1.3 The LDS serves two purposes:
  - i) it provides the starting point for the local community to find out what the Council’s, as the Local Planning Authority, planning policies are for the area, by setting out all the LDD’s that already form and supplement the Local Plan; and
  - ii) it sets out the programme for the preparation of DPD’s over a three-year period including timetables indicating when the various stages in the preparation of any particular DPD will be carried out.
- 1.4 This LDS replaces the May 2012 scheme, and will be kept under review and amended when appropriate.

## **Changes to the Planning Policy Making Process**

- 1.5 Changes to the national Planning System and plan making process have come into effect through the Localism Act 2011. Government has also introduced a new and more streamlined “National Planning Policy Framework” (March 2012) to replace its previous suite of national policy statements and guidance notes. The Localism Act 2011 also provided for abolition of regional spatial strategies, subject to strategic environmental assessments. The regional strategy (South East Plan) will therefore no longer form part of the development plan, once this process has taken place.
- 1.6 The National Planning Policy Framework defines the Local Plan as:

*‘the plan for the future development of the local area, drawn up by the local planning authority in consultation with the community...’*

Under the changes the District Council as local planning authority is still required to prepare Local Plans containing development plan policies, which may be supplemented as necessary by SPD’s.
- 1.7 The Localism Act introduces the option for parish councils or “neighbourhood forums” to prepare, with the support of the District Council as local planning authority, Neighbourhood Development Plans (NDP’s) to establish general planning policies for development and land use in their neighbourhood. These plans have to be compliant with an up to date Local Plan for the area. The District Council will aim to include local communities in preparation of the Local Plan for Thanet, but would also support town and parish councils or appropriate neighbourhood forums wishing to take forward a NDP.

## Where we are – Progress since 2009

- 1.8** In line with the 2009 LDS the **Core Strategy** preferred options consultation document was approved in September 2009, with the consultation period extending into January 2010. Announcement by the coalition government of proposals to radically reform the planning system, and its intention to revoke the Regional Spatial Strategy, resulted in the formal progress on the Core Strategy being deferred until the reforms were introduced. However, work has continued in assembling and updating the evidence needed to support it.
- 1.9** The following key documents have also been progressed since 2010:
- Cliftonville DPD**, relating to an area in western Cliftonville suffering substantial deprivation and declared a Neighbourhood Renewal Area, was adopted in February 2010
- Developer Contribution SPD**, providing developers and residents with essential information about the facilities that will be required to meet the needs of all new development, was adopted in April 2010.
- 1.10** Following the enactment of the Localism Act, and the introduction of the National Planning Policy Framework, the Council has been reviewing work on the Core Strategy, and has concluded that the most appropriate and effective way forward is to combine the previously proposed Core Strategy and Site Allocations DPDs to produce a single Local Plan DPD. This follows the preferred format of government, as set out in the National Planning Policy Framework.
- 1.11** Significant additional evidence has been gathered over the past year which is needed to take the Local Plan forward. Given the proposed revocation of the South East Plan, it is now a requirement for Local Authorities to determine housing numbers at a local level, rather than these being provided through the Regional Spatial Strategies. Throughout 2012, the Council has been working with Kent County Council to develop potential options for housing numbers over the period 2011-2031. Other evidence that has been completed or drafted includes:
- Economic Viability
  - Transport Modelling
  - Strategic Housing Land Availability Assessment Update
  - Settlement Hierarchy
  - Strategic Housing Market Assessment Review
  - Housing Numbers Modelling
  - Town Centre Needs Assessment
  - Economic and Employment Assessment and Employment Land Review Update
  - Natural Environment Background Paper
  - Landscape Character Assessment Update
- 1.12** Informal consultation has taken place with parish and town councils and business groups. In addition Cabinet Advisory Group workshops have taken place.
- 1.13** A **revised Statement of Community Involvement** has been prepared and was adopted in July 2012.

## 2013 Local Development Scheme

- 1.14** The update to the 2012 LDS is needed for two reasons:
- 1) Following further review of the Local Plan process in the context of the Localism Act and the National Planning Policy Framework, it is considered appropriate to revise the number and form of development plan documents that will be produced for the District over the next three years.

2) For this reason the timetable set out in the 2012 LDS also needs to be amended.

## Contents of this Local Development Scheme

- 1.15** This LDS firstly lists and outlines the scope of existing DPD's and SPD's
- 1.16** It goes on to identify future DPD's and SPD's, which the Council as local planning authority proposes to produce over the next three years. It includes a timetable, key milestones and a profile of each DPD, and an indicative timescale for SPD's.
- 1.17** The LDS refers also to the Statement of Community Involvement, Sustainability Appraisal, and the Monitoring Report.
- 1.18** The LDS includes a statement of how resources and the evidence base will be managed across the programme.

## 2 Local Planning Policy Documents

- 2.1** Local Planning Policy and related documents for Thanet comprise the Statement of Community Involvement (SCI), the Local Plan and Neighbourhood Plans (Development Plan Documents), Supplementary Planning Documents (SPD's), the Monitoring Report (MR) and Local Development Scheme (LDS).

### The Local Plan - Existing Development Plan Documents

- 2.2** Adopted documents already forming part of the Local Plan are: -
- **Thanet Local Plan Saved Policies.** The Thanet Local Plan was adopted in June 2006. On 2<sup>nd</sup> June 2009 a direction was received from the Secretary of State and 93 of the policies in the 2006 Local Plan have been saved and continue to be part of the Development Plan. The policies will remain saved until they are replaced by policies that are brought forward in new DPDs. The Proposals Map in the Local Plan has also been saved.
  - **South East Plan** The Localism Act 2011 provides for the potential future revocation of all regional spatial strategies, subject to Environmental Assessments. The National Planning Policy Framework states that '*Regional Strategies remain part of the development plan until they are abolished by Order using powers taken in the Localism Act. It is government's intention to revoke the regional strategies outside of London, subject to the outcome of the environmental assessments that are currently being undertaken.*' The South East Plan remains part of the development plan until the assessment process is completed.
  - **Cliftonville DPD.** This DPD was adopted in February 2010 and relates to an area in western Cliftonville suffering substantial deprivation which has been declared a Neighbourhood Renewal Area. The DPD provides specific policies to address factors fuelling the deprivation cycle affecting the area.
  - **Kent Waste and Minerals Local Plan Saved Policies.** Kent County Council is responsible for producing policy in relation to Minerals and Waste. Existing policies are the 'saved' policies contained in the Construction Aggregates Minerals Local Plan, Chalk and Clay Minerals Local Plan, Oil and Gas Minerals Local Plan, Brick Earth Subject Local Plan and Waste Local Plan.

## Existing Supplementary Planning Documents

**2.3** Supplementary planning documents providing guidance to supplement policies and proposals in the Local Plan are: -

- **Developer Contributions SPD** This SPD provides guidance on the types of facilities, services and infrastructure (including affordable housing) that may be required as a result of new development, and the mechanisms to be applied to ensure that developers make appropriate provision or contribution to secure such provision.
- **Kent Design Guide SPD.** This guidance is produced by Kent County Council in partnership with all other District Councils in Kent, and has been adopted by Thanet District Council.
- Supplementary Planning Guidance produced by the Council, which is linked to 'saved' policies D1 and TR7 in the Local Plan, has also be saved. The SPG's that have been saved are;

### Policy D1

- Leaflet 1, Shopfront Design
- Leaflet 2, Shopfront Security Shutters
- Leaflet 3, Conservation Areas
- Leaflet 4, Conversion of Shops to Residential Accommodation
- A Guide to Converting Your Home
- Conversion to Flats Guidelines

### Policy TR7

- A Planning Strategy for Roadside Services on Primary Routes – Eastern Kent.

*It is anticipated that these SPG's will be reviewed alongside the proposed Quality Development Supplementary Planning Document and may be incorporated therein.*

## Statement of Community Involvement

**2.4** This sets out the standards and approach in involving stakeholders and the community in the production of all local development documents. The SCI review was adopted in July 2012.

## Proposed Local Plan Documents

### **2.5 Thanet Local Plan**

It is proposed that the Thanet Local Plan will be the Council's single and overarching planning policy document, which will cover the whole of the District, for a minimum 15-year period to 2031.

The document will include a district wide vision, spatial strategy and strategic objectives. It will identify areas and strategic sites where major change should take place to address development, transport and infrastructure needs. These areas will be set out in a key diagram.

The DPD will include allocations and safeguarding of land to enable delivery of the strategy, identifying sites for housing, employment, open space and other development or uses that may be required to deliver the strategy. These will be presented on a policies map.

District wide development management policies will also be included in the document, covering the following subject areas; Employment and the Economy, Housing, Environment and Quality of Life, and Transport and Infrastructure.

The DPD will include an Infrastructure Delivery Schedule, which will identify the infrastructure required to deliver the plan.

Its preparation will be in conformity with the National Planning Policy Framework, the Regional Spatial Strategy (until the time of its revocation) and will have regard to the Sustainable Community Strategy and the Thanet Council Corporate Plan.

The Local Plan must be informed by a robust evidence base, a list of the current and proposed evidence documents are included in Section 4.

The Local Plan will be subject to a Sustainability Appraisal (SA) and Strategic Environmental Assessment (SEA) together with “appropriate assessment” under the Habitat Regulations. Section 4 provides more information about SA, SEA and Appropriate Assessment.

## **2.6 Kent Minerals and Waste Development Framework.**

Kent County Council is responsible for producing policy in relation to Minerals and Waste, and they are preparing a Minerals and Waste Core Strategy, Mineral Site Development Plan Document and Waste Management Development Plan Document.

### **Proposed Supplementary Planning Documents (SPD's)**

**2.7** SPD's generally over a wide range of issues, on which the Council wishes to provide guidance to supplement the policies and proposals in the Local Plan. It is anticipated that the following SPD's may be prepared in the indicative timeframe of this LDS:

**2.8 Quality Development SPD.** This document will include guidance for developers and other stakeholders on the standard of development and design principles which the Council as Local Planning Authority expects developments to achieve, in order to meet the objectives of the Core Strategy DPD. This will include a review and update to the existing SPDs linked to saved policies, including the Flat Conversion Guidelines, which were last revised in 1998, and are still used to guide consideration of planning applications. The government is currently carrying out a Housing Standards Review, which aims to rationalise standards in the housing building process that can be applied in local planning policies or through planning conditions. This review has potential impacts upon the scope and detail of the document.

**2.9 Cliftonville Design Code SPD.** Subject to scoping and detailed consideration this document would set out design principles and guidance for development within the Cliftonville Renewal Area.

**2.10 Review of Planning Obligations and Developer Contributions SPD.** The Council will review the Planning Obligations and Developer Contributions SPD, in relation to the Community Infrastructure Levy. This document will set out guidance on the types of facilities, services and infrastructure (including affordable housing) that may be required as a result of new development, and the mechanisms to be applied to achieve this.

### **Monitoring Report**

**2.11** The Council is required to monitor how effective its policies and proposals are in meeting the vision in the Core Strategy DPD (when prepared). The reports monitor whether the Council is meeting, or is on track to meet, its targets; the impact policies are having against other, i.e. national, targets; and whether any policies need to be replaced and if they do, what action needs to be taken.

## **Neighbourhood Planning**

- 2.14** A neighbourhood plan is a plan prepared by a Parish Council or Neighbourhood Forum for a particular neighbourhood area. Whilst neighbourhood plans will form part of the development plan and are increasingly relevant in planning and resource terms, this document does not identify the project management process for producing neighbourhood plans, as they are instigated by the local community rather than the Local Planning Authority.

## **Community Infrastructure Levy**

- 2.15** The Community Infrastructure Levy is a levy that local authorities can choose to charge on new developments in their area. The money can be used to support development by funding infrastructure that the council, local community and neighbourhoods want. The Levy does not form part of the Local Plan, however is likely to be developed alongside it. The Levy will contribute to funding the infrastructure that is needed to deliver the Local Plan.





## 3 Profiles

3.1 The Profiles of each LDD are contained in this section. They are as follows:

### LDD's Programmed for Preparation

- Thanet Local Plan DPD
- Quality Development SPD
- Cliftonville Design Code SPD
- Review of Developer Contributions SPD
- Statement of Community Involvement.

### Existing Adopted LDD's

- Statement of Community Involvement
- Cliftonville DPD
- Developer Contributions SPD
- The Kent Design Guide SPD

## Local Development Documents Programmed for Preparation

### Thanet Local Plan DPD

#### Overview

**Role & Subject** Thanet Local Plan will be the Council's single and overarching planning policy document, which will cover the whole of the District, for a minimum 15-year period to 2031. The document will include a district wide vision, spatial strategy and strategic objectives. It will identify areas and strategic sites where major change should take place to address development, transport and infrastructure needs. The DPD will include allocations and safeguarding of land to enable delivery of the strategy, identifying sites for housing, employment, open space and other development or uses that may be required to deliver the strategy. District wide development management policies will also be included in the document, covering the following subject areas; Employment and the Economy, Housing, Environment and Quality of Life, and Transport and Infrastructure.

**Coverage** District-wide

**Status** Development Plan Document

**Conformity** With the National Planning Policy Framework and, if still in existence, the Regional Spatial Strategy (the South East Plan). The Local Plan Core Strategy will be consistent with the Sustainability Community Strategy and the Council's Corporate Plan.

#### Timetable.

<b>Stage</b>	<b>Dates</b>
SA/SEA Scoping	December – February 2013
Public Participation (2012 Regulation 18)	June – July 2013
Public Participation (2012 Regulation 18)	January - February 2014
Publication & pre-submission Consultation (2012 Regulation 19)	July - September 2014
Date of Submission to Secretary of State	November 2014
Examination	January 2015 Subject to Planning Inspectorate availability
Estimated date for adoption	Spring/Summer 2015 Subject to DPD being found sound in Inspector's Report

### **Arrangements for Production**

<b>Organisational Lead</b>	Director of Community Services
<b>Political Management</b>	Cabinet / Council decision
<b>Internal Resources</b>	Managed by the Strategic Planning Team in liaison with Development Management, Economic Development and Regeneration, Housing Strategy, Housing Regeneration, Community Development, Corporate Information and Communication & Environmental Health Teams.
<b>External Resources</b>	External consultants likely to undertake housing number assessment work, retail/town centre study, public open space/sports provision study and SA, SEA and HRA. Highways advice from Kent County Council and external consultants.
<b>External Stakeholder Resources</b>	Local Enterprise Partnership, Kent County Council and East Kent Local Authorities, likely to input issues of a strategic nature. Also various stakeholders will have input into SEA/SA work.
<b>External Community &amp; Stakeholder Involvement</b>	The views of specific agencies, service providers, voluntary and private sector, general stakeholder consultees and parish and town Councils are being sought on specific issues during the preparation of the consultation document, and will be continuous throughout the process.

# Quality Development SPD

## Overview

**Role & Subject.** Guidance for developers and other stakeholders on the standard of development and design principles which the Local Planning Authority expect developments to achieve, which will include updated guidance on design and standards appropriate for converting premises to flats, and reviewing the existing guidance on shopfront design, shopfront security shutters, conservation areas and conversion of shops to residential accommodation.

**Coverage** District Wide

**Status** Supplementary Planning Document

**Conformity** With Local Plan DPD

## Timetable

Stage	Dates (indicative)
Early Stakeholder & Community involvement (2012 Regulation 12)	March 2014 – November 2014
Publication & Public Participation (2012 Regulation 12)	May 2015
Date of Adoption	Autumn 2015

## Arrangements for Production

**Organisational Lead** Director of Community Services

**Political Management** Cabinet/Council Decision.

**Internal Resources** Managed by the Councils Strategic Planning team in liaison with Development Management, Strategic Housing and Housing Regeneration team.

**External Stakeholder Resources** Time – consultation with local developers and agents.

**External Community & Stakeholder Involvement** Views on issues from specific and general stakeholders and the community will be sought.

# Cliftonville Design Code SPD

## Overview

<b>Role &amp; Subject</b>	This document will set out design principles and guidance for development within the Cliftonville Renewal Area. The purpose of the document is to improve the design quality in the area and provide greater clarity for developers.
<b>Coverage</b>	Cliftonville Renewal Area
<b>Status</b>	Supplementary Planning Document
<b>Conformity</b>	With Core Strategy, saved Local Plan policy H10 and Cliftonville Development Plan Document.

## Timetable

<b>Stage</b>	<b>Dates (indicative)</b>
Early Stakeholder & Community involvement (2012 Regulation 12)	March 2014 – November 2014
Publication & Public Participation (2012 Regulation 12)	May 2015
Date of Adoption	Autumn 2015

## Arrangements for Production

<b>Organisational Lead</b>	Director of Community Services
<b>Political Management</b>	Council Decision.
<b>Internal Resources</b>	Managed by the Councils Strategic Planning Team and Housing Regeneration team.
<b>External Stakeholder Resources</b>	Time – consultation with local developers and agents.
<b>External Community &amp; Stakeholder Involvement</b>	The views on issues from specific and general stakeholders and the community will be sought.

# Planning Obligations and Developer Contributions SPD

## Overview

<b>Role &amp; Subject</b>	To set out guidance on the types of facilities, services and infrastructure (including affordable housing) that may be required as a result of new development, and the mechanisms to be applied to achieve this.
<b>Coverage</b>	District Wide
<b>Status</b>	Supplementary Planning Document
<b>Conformity</b>	With saved Thanet Local Plan policy, Core Strategy and Site Allocations DPD

## Timetable

Stage	Dates (indicative)
Early Stakeholder & Community involvement (2012 Regulation 12)	March 2014 – November 2014
Publication & Public Participation (2012 Regulation 12)	May 2015
Date of Adoption	Autumn 2015

## Arrangements for Production

<b>Organisational Lead</b>	Director of Community Services
<b>Political Management</b>	Cabinet/Council Decision.
<b>Internal Resources</b>	Managed by the Councils Strategic Planning Team and Housing Regeneration team.
<b>External Stakeholder Resources</b>	Time – consultation with local developers and agents.
<b>External Community &amp; Stakeholder Involvement</b>	Views on issues from specific and general stakeholders and the community will be sought.

# Existing Adopted Local Development Documents

## Statement of Community Involvement

(Adopted July 2012)

### Overview

<b>Role &amp; Subject</b>	Document setting out standards and approach to involving stakeholders and the community in the production of the Local Development Plan.
<b>Coverage</b>	District-wide and involving organisations external to the district.
<b>Status</b>	Non Development Plan Local Development Document.
<b>Conformity</b>	Must at least meet the requirements in the regulations and will have regard to the Council's corporate communications strategy.

## Kent Design SPD

(Adopted January 2007)

### Overview

<b>Role &amp; Subject</b>	To set out guidance on design issues for new development.
<b>Coverage</b>	District Wide
<b>Status</b>	Supplementary Planning Document
<b>Conformity</b>	With Local Plan

## Cliftonville DPD (Adopted February 2010)

### Overview

<b>Role &amp; Subject</b>	To support the regeneration of the Cliftonville area of Margate to reinstate a balanced and confident community and stimulate property investment.
<b>Coverage</b>	Western Cliftonville Area of Margate.
<b>Status</b>	Development Plan Document
<b>Conformity</b>	With the South East Plan and Local Plan and consistency with the Neighbourhood Renewal Area, Corporate Plan and the Thanet Community Strategy.

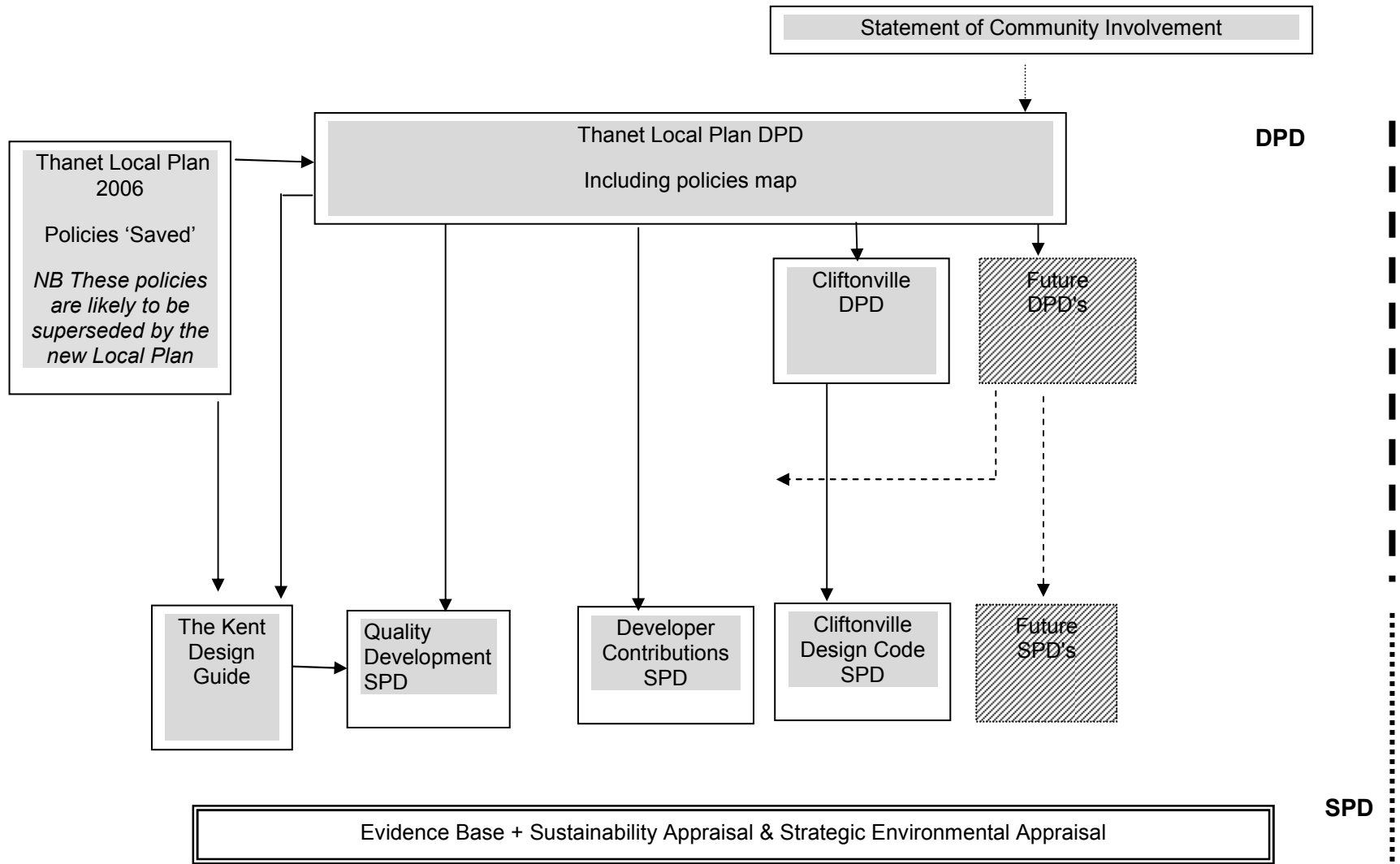
# Planning Obligations and Developer Contributions SPD (Adopted April 2010)

## Overview

<b>Role &amp; Subject</b>	To set out guidance on the types of facilities, services and infrastructure (including affordable housing) that may be required as a result of new development, and the mechanisms to be applied to achieve this.
<b>Coverage</b>	District Wide.
<b>Status</b>	Supplementary Planning Document
<b>Conformity</b>	With saved Thanet Local Plan policy.



Diagram 1 Relationships between Local Development Documents.



# Evidence Base

**4.1** The Council's LDD's will be founded on a thorough understanding of the needs, opportunities and constraints of the area. The evidence base will be maintained and kept under review so that emerging policies are achievable. Published evidence base documents are available to view on the Council's website, [www.thanet.gov.uk](http://www.thanet.gov.uk) Table 1 below lists the main areas of information collection. Topic Papers will also be written to identify and inform options generation in a number of subject areas.

**Table 1**

<b>Study</b>	<b>Description</b>
Commercial Information Audit and Employment Land Review	The CIA is reviewed yearly in conjunction with Kent County Council. The ELR was completed in 2009 and will be subject to review and any necessary updating.
Economic and Employment Assessment	A study carried out to assess the future economic potential of the district which identifies potential employment growth options, and assesses the strengths and weaknesses of the district in relation to economic development.
Housing Information Audit	Reviewed yearly in conjunction with Kent County Council.
Urban Capacity Study and Strategic Housing Land Availability Study	A Strategic Housing Land Availability Assessment was completed in 2010, and is currently being updated.
Housing Needs Survey and Strategic Housing Market Assessment	A Housing Needs Survey was published in 2002. An East Kent Strategic Housing Market Assessment was carried out in 2009 and is currently being updated. Rural Housing Needs surveys are currently being carried out.
Transport Assessment and Strategy	This work is underway and will inform the Local Plan.
Retail Needs Assessment/Town Centre Needs Assessment	A study has recently been completed to inform the Local Plan in relation to the need for town centre development, including retail, leisure, tourism and cultural uses.
Flood Risk Assessment	A Strategic Flood Risk Assessment was carried out in 2009
Infrastructure Delivery Plan	This work is underway and assesses infrastructure required to enable the delivery of the Local Plan
Core Town Centre Area Study	This is carried out periodically and monitors changes in the retail centres.
Kent Habitat Survey	This was published in 2003 and has been updated and will be used as baseline data.
Pollution Data/Air Quality	Environmental Health monitoring reports. Thanet is producing an Air Quality Action Plan.
Gypsy and Travellers	A Gypsy and Traveller Accommodation Assessment was carried out in 2007, and work to commission a new study has commenced to inform the Local Plan.
Landscape Character Assessments	An assessment which assess and identifies important landscapes in the district.
Open Space Audit	This was carried out in 2005/6 to consider the recreational needs of the community in Thanet.

## **Strategic Environmental Assessment, Sustainability Appraisal and Appropriate Assessment**

- 4.2** The SA has a wider focus than the SEA process as it includes social and economic criteria as well as environmental factors but the Governments approach is that all the SEA requirements will be fully met by the SA.

The Requirements of the Strategic Environmental Assessment (SEA) Directive have been linked with the Regulations covering Sustainability Appraisals. As part of the process the Council must;

- Prepare an environmental report on the significant effects of options;
- Carry out consultation on the draft plan and accompanying environmental report;
- Take into account the environmental report and the results of consultation in decision making; and
- Provide information when the plan is adopted and show how the results of the SEA and SA have been taken into account.

- 4.3** Studies that are to be used in the preparation of the LDDs and SEA/SA are listed in Table 1 above.

- 4.4** Under the European Habitats Directive, all LDDs will need to be screened to assess whether there is a risk that they might adversely affect the integrity of sites designated as being of European importance for nature conservation. Where such risk exists, the LDD's will need to be subject to "Appropriate Assessment", and alternative options examined to avoid any potential damaging effects identified.

### **Monitoring**

- 4.5** Monitoring systems will be maintained to assess the implementation of the Local Plan and to ensure that the evidence upon which the Local Plan is based is still relevant and up to date.

- 4.6** The Council produces a Monitoring Report (MR). It will use the MR to assess:
- Whether the Council is on track to meet the targets it has set itself in its LDD's and if not the reasons why;
  - What impact the Council's policies are having;
  - Whether the Council needs to review any policies in order to meet their sustainable development objectives;

- 4.7** The report will also identify residential sites that have been developed during that reporting period.

### **Resources**

- 4.8** Resources relating to each LDD are indicated in each Profile. The Council recognises the importance of ensuring that resources for evidence gathering, consultation, examination and ongoing SA/SEA are available.

### **Risk Assessment**

- 4.9** In preparing this Local Development Scheme, it was found that the main areas of risk relate to:
- **Resources.** Insufficient resources may result in the process not being 'sound' and may cause slippage in the timetable so targets are not met. The Council will need to assess on an annual basis the budget resource and ensure that there is a full complement of staff.
  - **New Issues.** Whilst consulting with stakeholders and specific consultation bodies new issues may be raised, which could result in the need to prepare a new DPD or SPD. This may slow procedures down and take additional officer time. It is therefore proposed that

early stakeholder consultation should take place so that any new issues can be programmed in without producing delays at a later stage. Continuing dialog with the Planning Inspectorate (PINS) would also assist.

- **Political Change.** With the hung Council and future local elections there may be a possibility of a change in direction in Council policy, causing delays in the process. The Cabinet Advisory Group includes representatives from all political parties so that all parties are engaged.
- **Capacity of the Planning Inspectorate (PINS) and other agencies to cope with demand for public examinations nation-wide.** This is not within the Council's control but the Council will give early warning of the programme.
- **'Soundness' of Plans.** The risk will be minimised by following appropriate government guidance and working closely with PINS at all milestone stages in the run up to submission of DPD's.
- **Legal Challenge.** This risk will be minimised by ensuring that each DPD is 'sound' and founded on a robust evidence base and through well-audited stakeholder and community engagement systems.
- **Programme Slippage.** There is a risk that there has been insufficient time given to the process as unfamiliar procedures are involved, and further legislative changes are to be made affecting the plan making process. This risk should be reduced by carefully following all given advice on time tabling of procedures. There is also the risk that other priorities may take precedence such as the need to divert staff resources to responding to any unforeseen priorities.

# Annex 1

## List and full description of acronyms

AAP	Area Action Plan	These Plans focus upon implementation, providing an important mechanism for ensuring development of an appropriate scale, mix and quality for key areas of opportunity, change and conservation.
MR	Monitoring Report	Authorities are required to produce MR's to assess the implementation of the LDS and the extent to which policies in the LDD's are being achieved.
DP	Development Plan	This includes adopted Local Plans, neighbourhood plans and the London Plan and is defined in section 38 of the Planning and Compulsory Purchase Act 2004.
DPD	Development Plan Document	The documents that the local planning authority must prepare and which have to be subject to community involvement, consultation and independent examination.
LDD	Local Development Document	LDD's comprise of DPD's, SPD's SCI and the SEA/SA
LDS	Local Development Scheme	The LDS sets out the programme for preparing the DPD's
LP	Local Plan	The plan for the future development of the local area, drawn up by the local planning authority in consultation with the community. In law this is described as the development plan documents adopted under the Planning and Compulsory Purchase Act 2004. Current core strategies and other planning policies that are development plan documents, form part of the Local Plan. This includes policies which have been 'saved'.
NP	Neighbourhood Plans	A plan prepared by a Parish Council or Neighbourhood Forum for a particular neighbourhood area.
RSS	Regional Spatial Strategy	The RSS, incorporating a regional transport strategy, provides a spatial framework to inform the preparation of local development documents, local transport plans and regional and sub-regional strategies and programmes that have a bearing on the land use activities. Regional Strategies remain part of the development plan until they are abolished by Order using powers taken in the Localism Act. It is the government's clear intention to revoke the regional strategies outside London, subject to the outcome of the environmental.
SA	Sustainability Appraisal	Assessment of the social, economic and environmental impacts of the policies and proposals contained within the LDF
SCI	Statement of Community Involvement	Document explaining to stakeholders and the community how and when they will be involved in the preparation of the Local Plan and the steps that will be

taken to facilitate this involvement.

SEA	Strategic Environmental Appraisal	A procedure which requires the formal environmental assessment of certain plans and programmes which are likely to have significant effects on the environment.
SPD	Supplementary Planning Document	Documents which add further detail to the policies in the Local Plan. They can be used to provide further guidance for development on specific sites, or on particular issues, such as design. Supplementary Planning Documents are capable of being a material consideration in planning decisions but are not part of the development plan.

If you would like a copy of this document in a different format such as Braille, audio or large print, or in another language please call 01843 577165

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## **Allocations Policy**

To: **Cabinet – 22 January 2013**

Main Portfolio Area: Community Services

By: **Victoria May, Housing Options Manager**

Classification: **Unrestricted**

Ward: **All Ward affected**

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**Summary:** **Implementation of a new Allocations Policy outlining how we will let social homes. Permission is required to go out for a 6 week consultation commencing 25 January 2013.**

## **For Decision**

---

### **1.0 Introduction and Background**

- 1.1 The current Lettings Policy was adopted in October 2004 following publication of Allocations of Accommodation Code of Guidance. There is a statutory obligation for each local housing authority to publish how they will let their homes.
- 1.2 The economy has changed considerably and the new National Allocation Policy was published in June 2012 taking into account the new powers the Localism Act gives local Authorities.
- 1.3 This report is to request authorisation to consult on the new Allocations Policy for a period of six weeks. If agreed, I hope to commence this on 25 January 2013.

### **2.0 The Current Situation**

- 2.1 This new Allocations Policy will supersede the existing Lettings Policy which was written in 2004 and is out of date. Households will still be allocated into a priority band A, B, C & D and the new system will ensure we have minimal households in the top two bands giving far more opportunity to band C households which would be households who fall within a 'reasonable preference' category as stipulated through the Housing Act. This will prevent the 'top heavy' housing register that currently exists.
- 2.2 As part of writing the new policy there have been 3 members' workshops held in September 2012 that 17 members attended with cross party representation. At this stage the main Localism Act powers were discussed and useful feedback was received. In October 2012 the Housing Options Team met to discuss the policy to ensure that this document not only worked as a strategic document but also was a robust working policy.
- 2.3 East Kent Housing manages the social housing stock and therefore it was essential to have their input when writing the document. In November 2012 discussions took place with the Housing Manager, Senior Neighbourhood Manager and a representative from the Housing Officers.

2.4 SMT (the larger one) were informed of the key changes to the Allocation Policy in December 2012.

2.5 The main differences are:

Now	New	Reason why
Anyone can register for the Councils housing register. Most have no or little prospect of being re-housed.	Closed Housing Register	Enabling the Council to prioritise Thanet residents due to the existing housing need of residents locally.
No residential criteria	Applicants will be required to meet minimum three years residency criteria to qualify for the housing register.	To ensure residents that are housed are living and contributing to the Thanet area
No blanket exclusion on households who have been guilty of unacceptable behaviour	Exclusion for households who have been guilty of unacceptable behaviour	To ensure the council reinforces minimal standards of behaviour which will contribute towards a sustainable community.
Additional bedrooms for families with two children of the opposite sex where the eldest is over 8 years old	Additional bedrooms for families with two children of the opposite sex where the eldest is over 10 years old	To be in line with Housing Benefit and ensure that households are in affordable accommodation, avoiding eviction through non-payment of rent.
No guidance at present and requires each case to be decided on its own merit.	Additional bedroom requests for carers in line with Housing Benefit guidance	To be in line with Housing Benefits and ensure family units are only offered to those that most require it due to medical circumstances and that accommodation offered will be affordable.
Homeless Households are placed into Band A	Homeless Households placed into Band C	To be treated like all other categories of 'Reasonable Preference' as stipulated under the Housing Act. Also to change perceptions of the 'passport' into social housing and minimise the use of emergency accommodation.
Not stipulated in existing policy	Armed Forces Personnel prioritised and not effected by other criteria's set out in policy	The Council wishes to demonstrate the support that Armed Forces personnel will have fair access to housing without being discriminated.



No blanket exclusion on households who have debts outstanding to the Council.	Tighter guidelines on former and current rent arrears taking into consideration of the changes to welfare reform.	To ensure that households take responsibility for debts owed to the local authority and appropriate support is offered to those effected by welfare reform.
There is no income or asset restriction for households applying to be housed. People who could afford to buy or rent in the private sector are able to go on the council's Housing Register.	A cap on assets and savings to the value of £16k inc exclusion for households earning a salary in the next tax bracket	To be in line with Housing Benefit regulations and It is felt that households with a level of income or assets are in a position to resolve their own circumstances in the private sector or by home ownership.

- 2.6 A public consultation will be held from Friday 25 January to Friday 1 March 2013 to give members of the public an opportunity to comment on the draft Allocations Policy. The consultation will be available to complete online and hard copy surveys will also be available upon request or to collect from local libraries and council offices. The consultation will be promoted through the local press, on the council's website, by posters in key public places and through social media channels. Key stakeholder and partner organisations will be contacted directly to ensure they have an opportunity to comment and to invite them to promote the consultation through their own communication channels to their customers. A link to the online survey will also be published on the Kent Homechoice website to residents currently bidding for a property.

### **3.0 Options**

- 3.1 For Cabinet to agree the document to go out to consultation

### **4.0 Next Steps**

- 4.1 Go out to Consultation commencing 25 January 2013.

### **5.0 Corporate Implications**

#### **5.1 Financial and VAT**

- 5.1.1 Total project cost was forecast against Housing Options Manager time and was estimated £4000

#### **5.2 Legal**

- 5.2.1 The Housing Act outlines in Section 167(7) of Part 6 says:

(7) Before adopting an allocation scheme, or making an alteration to their scheme reflecting a major change of policy, a local housing authority shall—

(a) Send a copy of the draft scheme, or proposed alteration, to every registered social landlord with which they have nomination arrangements (see section 159(4)), and

(b) Afford those persons a reasonable opportunity to comment on the proposals.

5.2.2 Legal advice has been obtained when writing about Data Protection, Personal Data and Statute Barred and this advice has been used to inform writing the document accurately.

### 5.3 Corporate

5.3.1 There are corporate risks as any part of the new Allocations Policy can be legally challenged however this should be addressed at consultation stage.

5.3.2 The Allocations Policy document support the corporate plan priorities:

- Priority 2 '*We will tackle disadvantage across our district*' as the new allocation policy will create more opportunity for households in disadvantaged areas as they will be banded in a position that will enable re-housing
- Priority 7 '*We will plan for the right type and number of homes in the right place to create sustainable communities in the future*' When we move onto online registration the system will enable us to report on need and therefore this will inform the housing strategy team when looking at developments and types of homes required.
- Priority 10 '*We will influence the work of other agencies to ensure the best outcomes for Thanet*' Continued work with partner agencies will ensure that we house those most in need and ensure that stock is used appropriately to minimise Anti Social Behaviour and ensuring all relevant agencies are involved with vulnerable families.

### 5.4 Equity and Equalities

5.4.1 An Equality Impact Assessment is being carried out to illustrate the main aspects or impact on any specific groups – young, old, unemployed, disabled. This will be available in draft for Overview and Scrutiny on 15 January 2013.

### 6.0 Recommendation(s)

6.1 Members' views are sought regarding the consultation document and process;

6.2 Cabinet is asked to approve the consultation document and process.

### 7.0 Decision Making Process

7.1 This is a policy framework key decision and is going to cabinet on the 22 January 2013 to get the view of Members and seek Cabinet approval of the consultation document. This new Allocation Policy could potentially affect all Thanet residents requiring re-housing.

7.2 Further dates for the corporate process are as follows:

Cabinet Agenda ( <i>Doc &amp; approval for consultation</i> )	Craig George	04/01/2013	07/01/2013
Overview & Scrutiny Panel	Vicky May	21/12/2012	15/01/2013
Cabinet ( <i>Doc &amp; approval for consultation</i> )	Madeline Homer	11/01/2013	22/01/2013
Consultation for 6 weeks	V May/H Thorpe	25/01/2013	25/01/2013
SMT	Craig George	01/03/2013	05/03/ 2013
Cabinet Agenda Conference ~(after consultation)	Craig George	06/03/2013	11/03/2013
Cabinet	Madeline Homer	14/03/2013	28/03/2013
Full Council	Madeline Homer	05/04/2013	18/04/2013

Contact Officer:	Victoria May, Housing Options Manager
Reporting to:	Madeline Homer, Director of Community Services

### **Annex List**

Annex 1	Allocation Policy
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### **Background Papers**

<b>Title</b>	<b>Details of where to access copy</b>
None	N/A

### **Corporate Consultation Undertaken**

Finance	Sarah Martin, Financial Services Manager
Legal	Harvey Patterson, Corporate & Regulatory Services Manager Gary Cordes, Legal Services Manager
Communications	Hannah Thorpe, Corporate Communications Officer

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# Thanet District Council

## Housing Allocation Policy



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## Foreword

This policy sets out our priorities for how social rented housing in the Thanet district is allocated, and the guidelines which determine entitlement and eligibility to that housing. This will supersede any existing and former policy relating to the allocations of housing and is in accordance with the requirements of Section 167 of the Housing Act 1996, as amended by the Homelessness Act 2002.

It also explains what help people can expect from us in meeting their housing needs, and sets out the system and processes by which we let council-owned homes and make nominations for housing owned and managed by housing associations. The policy sets out:

- Who is eligible to be accepted onto the housing register
- How homes are allocated
- How to apply to Thanet's housing register
- How priority for housing applicants will be given
- How transfer applications will be assessed
- Eligibility for different property types

As at 1<sup>st</sup> April 2012, the Council is landlord of 3075 properties which are broken down as follows:

<b>Accommodation Type</b>	<b>No of Properties</b>
Studio Flats	79
One bedroom flats/maisonette	550
One bedroom house	1
Two bedroom flats/maisonette	789
Two bedroom house	598
Three bedroom flats/maisonette	49
Three bedroom houses	929
Four bedroom flats/maisonette	2
Four Bedroom houses	77
Five bedroom house	1

During the period 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2012 we housed 354 households in the following accommodation:

<b>Accommodation Type</b>	<b>No of Lets</b>
Studio Flats	22
One bedroom flats/maisonette	91
One bedroom house	0
Two bedroom flats/maisonette	105
Two bedroom house	35
Three bedroom flats/maisonette	49
Three bedroom houses	51
Four bedroom flats/maisonette	0
Four Bedroom houses	1
Five bedroom house	0

As you can see, there is clearly insufficient social housing in the Thanet district to meet the need of every household on the housing register. It is therefore essential that each household is assessed and given the appropriate priority against the new policy.

## **1.0 Introduction**

The Housing Register and this Allocations Policy operates under the provisions of the Housing Act 1996 – Part VI (as amended) and takes into account the three codes of guidance issued by the Government - Allocation of Accommodation: Code of Guidance for Housing Authorities 2002, the Allocation of Accommodation: Choice Based Lettings Code of Guidance for Housing Authorities 2008 and Fair and Flexible: Statutory guidance on social housing allocations for local authorities in England 2009. This Policy will be reviewed annually and may have to be amended to reflect any legislative changes.

### 1.1 Aims of the allocation policy

The Choice Based lettings policies and key objectives are:

- Empower applicants by offering choice, through a range of housing options, choice and information which will enable them to make realistic decision in relation to their future housing prospects.
- To target scarce resources to those in the greatest need.
- To challenge the perception that a homeless application offers the best route to re-housing, where possible creating active incentives for applicants to choose the housing register.
- Ensure sufficient priority is awarded to transfers in order to make best use of the social housing stock.
- Promote the development of sustainable mixed communities and neighbourhoods of choice

## **2.0 Who is eligible?**

### 2.1 Residential Criteria

Households, who are Thanet residents and have been living within the Thanet district for a continuous period of 3 years immediately prior to date of application. For households currently temporarily residing outside of the district and where their principle home was in Thanet prior to moving can be considered if they have been resident in Thanet for 3 out of the last 5 years. Examples of this could be hospital, HMP, temporary lodgings, women in refuges.

Households who can evidence full time employment within the district and require to live in the area due to their job can also be considered.

### 2.2 Qualifying persons

Qualifying persons, all 'qualifying persons' are eligible to have their application added to the Housing Register. Part VI of the Housing Act 1996, (as amended), confirms that the Secretary of State may prescribe who are or are not qualifying persons. Currently, the following persons are entitled to join the housing register:

- Qualifying persons aged 16 or 17 (see Section 4 for further details)
- Any person aged 18 or over, and
- Their current home is their only home, or sole residence, unless proven otherwise with reason and
- They do not have access to a suitable home elsewhere, and
- They are not already on the housing list, either on their own or with someone else, and
- They are not ineligible for housing assistance under section 160A(1) and (3), and 185(2) of the Housing Act 1996 (as amended), or any regulation



- prescribed by the Secretary of State. In general terms a person from abroad who is subject to immigration control is ineligible for housing assistance, and
- They, or a member of their household, have not been guilty of unacceptable behaviour serious enough to make them unsuitable to be a tenant.

### 2.3 Ineligible on the grounds of unacceptable behaviour

Under sections 160A (7) and (8) of the Housing Act 1996 (amended by the Homelessness Act 2002), the Council can decide to treat persons as ineligible for an allocation of accommodation if they or a member of their household have been guilty of unacceptable behaviour serious enough to make them unsuitable to be a tenant.

The Act says that the council may only regard a person as unacceptable if the behaviour is sufficient to entitle the council to a court order for possession under s 84 Housing Act 1985 on any grounds mentioned in Part 1, Schedule 2 of that Act (other than Ground 8) and if they are, at the time of the application, still unsuitable. There is no need for the applicant to have been a council/housing association tenant when the unacceptable behaviour occurred. This relates to an entitlement to possession on the following grounds:

- rent arrears
- breach of tenancy agreement
- nuisance or annoyance to neighbours
- conviction of using for immoral or illegal purpose
- damage or neglect of your home
- conviction for arrestable offence in the locality of your home
- domestic violence causing another household member to leave the home
- false statement to induce grant of tenancy
- premium paid for assignment
- tied accommodation when dismissed for misconduct

Where a person has previously been found not eligible due to unacceptable behaviour, but now believes this should no longer be held against him, the applicant can make a fresh application. The local authority can allow an application if they are satisfied that the person's behaviour has improved. This would be accepted, where an applicant had held a tenancy and a good tenancy reference was received or if specific satisfactory documentation was received upon Thanet District Councils request.

### 2.4 Voluntarily worsening your housing circumstances

Where an applicant moves from accommodation that was available for their occupation that was more suitable for them than the accommodation they have moved to and which it was reasonable for them to have continued to occupy. This category also applies where they have left temporary accommodation provided by the council under a duty arising via the Housing Act 1996 (as amended Homelessness Act 2002) to provide interim accommodation to homelessness households. For an applicant to have intentionally worsened their circumstances there must be evidence that it would have been reasonable for the applicant to have remained in their original accommodation.

## **3.0 Assessment of Need**

### 3.1 The banding system

To try and be as fair as possible in deciding who should be offered properties, we use a banding system to determine priority for re-housing. Assessment is based

on an applicant's housing circumstances, suitability of the property, and any medical problems.

Persons eligible to join the housing list will have their application assessed by a Housing Options Advisor and placed into one of four bands, in accordance with the 'Fair and flexible' statutory guidance. The bands are referred to as 'A, B, C, and D', and applications in band A will be given the highest priority for re-housing, band B the next highest, then C, with band D applicants having the lowest priority. Further details of how an applicants circumstances will determine the priority band they are placed in, are set out in (Appendix 2).

**Band A – Urgent housing needs**

Factor 1	Urgent medical or welfare needs.
Factor 2	Management transfer.

**Band B – Serious housing needs**

Factor 1	People occupying very overcrowded housing or otherwise living in very unsatisfactory housing conditions.
Factor 2	Social housing tenants in Thanet who are under-occupying by one bedroom or more.

**Band C – Reasonable preference**

Factor 1	People who are homeless
Factor 2	People occupying unsanitary or overcrowded housing or otherwise living in unsatisfactory housing conditions.
Factor 3	People who need to move on medical or welfare grounds, including grounds relating to a disability

**Band D – General housing needs**

Factor 1	People who are intentionally homeless, or who have deliberately worsened their housing circumstances
Factor 2	People who are homeless by another local authority

3.2 Medical priority

Applicant's who indicate in their application form that they consider their health or disability is adversely affected by their current housing conditions, will be asked to complete a Welfare and Medical Assessment form describing their health problems. Additional information, such as from a medical professional, may also be submitted. A home visit may be made to establish how the medical issue is affected in real terms by their housing situation. Applicants should be aware that even if they provide supporting documents stating that a move to alternative accommodation is essential, it is for the council to determine the appropriate level of priority in accordance with the allocation scheme (See Appendix 3 for more information).

All medical information supplied will be assessed initially by the Thanet Medical Panel, consisting of a minimum of two council Housing Advisors. Cases that are unable to be determined due to the complexity will be advised of the Kent

Agency Assessment process. Dependent on the case, we can request information from Now Medical. Applicants will be advised by letter of the medical priority awarded and the type of accommodation identified as being suitable for their needs.

If we determine that a particular type of property is required on medical grounds; for example a home with no internal stairs, the applicant will be expected to bid for accommodation matching that criteria. Bids placed on accommodation that does not meet the required criteria may be bypassed. Contact may be made to explain your accommodation needs based upon the information we have on file. If the applicant continues to bid on accommodation that does not meet their medical requirements any priority awarded on medical grounds will be reviewed. If an applicant's medical circumstances improve, any priority awarded on medical grounds will be reviewed and may be removed.

### 3.3 Kent Agency Assessment

The Kent Agency Assessment (KAA) process is a mechanism for Health or Social Services professionals, and their agents, to refer an applicant with a housing related health/support need, to the council for help accessing suitable accommodation. A Kent Agency Assessment should be used where an applicant requires re-housing due to a health/support need that cannot be met in, or is being exacerbated by, their current accommodation and the form provides all the supporting information required to assess an applicant's housing needs. Applicants will be advised by letter of the level of priority awarded and the type of accommodation identified as being suitable for their needs.

Where an applicants needs are so great or severe that general housing is not suited, there are documents to evidence this or where a duty of care is owed by another statutory partner Thanet District Council will be able to refuse the KAA and send back to the referrer to ensure the applicant is provided with the appropriate accommodation that is suited to the applicants needs.

### 3.4 Suitable size of accommodation

The council considers the suitable size of accommodation for a household to be as shown in the following table.

Single Person	Studio or one bedroom flat (inc up to 32 weeks pregnant)
Couple	One bedroom flat (inc up to 32 weeks pregnant)
Families with one child (under 18)	Two bedroom flat, maisonette or house
Families with two children of the same sex up to 16 years old	Two bedroom flat, maisonette or house
Families with two children of the opposite sex where the eldest child is under 10 years old as in line with housing benefit regulation	Two bedroom flat, maisonette or house
Families with two children of the opposite sex where at least one child is 10 years old or over as in line with housing benefit regulations	Three bedroom flat, maisonette or house
Families with three children	Three bedroom flat, maisonette or house
Families with four or more children	three or four bedroom flat, house or maisonette
Households with special housing needs	studio flats, bungalows, sheltered flats and accommodation as defined by Kent Agency Assessment (see section 3.3)

### 3.5 Additional bedroom requests/carers

Where households request an additional bedroom due to medical or health needs we will not allow additional rooms for medical equipment, or for the applicant or partner to occupy additional rooms. We will only consider the room requirement of a households to be increased as in line with housing benefits for a carer if:

- The carer is not already a household member (in which case they may be able to share with other members of the household, a partner perhaps, so being a carer doesn't entitle them to an extra room), or
- A non resident carer is required for either the claimant or the partner and the claimant or partner receives disability living allowance care at either middle or highest rate or attendance allowance and supporting evidence is provided by a medical professional to confirm this requirement.

### 3.6 National Witness Mobility Service (NWMS)

In order to assist the national police force to tackle serious crime and to support witnesses in the legal process, the council works in partnership with colleagues in the NWMS and will, as required, accept referrals from this source.

Such cases will have been assessed and verified by the NWMS managers and referrals will only be accepted with the agreement of the Housing Options Manager. There are particular confidentiality considerations for such cases and no personal information will be taken until the applicant accepts a direct offer of accommodation in the district. Any proposed offer will be checked for suitability by the NWMS before the offer is made and details of successful lettings may not subsequently be made available to the public.

### 3.7 Other considerations in determining need

Because of the shortage of social housing and in order to make best use of all the available stock, there may be occasions when properties are restricted to applicants who have particular medical needs. There are limited availability of purpose built and adapted properties for people with disabilities. People with a need for such accommodation will be considered for suitable vacancies on the basis of medical priority. If a ground floor property becomes available, and at the time of allocation there are no suitable applicants requiring ground floor accommodation the property may then be let to those registered for a house, maisonette or upper floor accommodation, at the discretion of the council.

Priority for houses will be given to applicants with dependent children therefore if the household consists of adult children only i.e. over the age of 18 you may not be offered a house. Because of the very limited availability of four bedroom homes, priority for three bedroom properties with two living rooms (lounge & dining rooms), will be given to larger families, to ensure best use is made of the available stock. For households that are pregnant, 6 weeks prior to the birth of the baby, registration will take place of baby X to enable those households to bid on suitable accommodation. This will mainly benefit those that would require an additional bedroom following the birth.

## 4.0 **Determining priority**

### 4.1 Homeless households

We are committed to extending choice of housing to those who are accepted as homeless under the Council's statutory duties, ensuring effective use of Council

resources and the provision of temporary accommodation. Consequently those accepted as being owed the full statutory housing duty under Part VII of the Housing Act 1996 (as amended), will be given a period of a month from notification of acceptance within which to bid for properties through Kent Homechoice. If at the end of the month they have not been bidding appropriately for a property, officers may bid on their behalf for each suitable property that becomes available and may change bids when an applicant has applied for a property that they are ineligible for. When a bid is successful for a suitable property this will then constitute as a offer or nomination for the purposes of discharging the homeless duty.

The Localism Act 2011 gives a legislative change to enable the way in which the duty on authorities to secure accommodation under section 193(2) of the 1996 Act can be brought to an end with an offer of suitable accommodation in the private sector. These changes allow local authorities to end the main homelessness duty with a private rented offer, without the applicants consent. The duty can only be ended in the private rented sector in this way with a minimum 12 month assured shorthold tenancy. If the household becomes homeless within two years of taking the tenancy then the reapplication duty (section 195A(1)) applies.

#### 4.2 Separated households

If one member of the household is suitably housed and the 'partner' could move into the property without causing additional housing need then their banding could be prioritised based upon that accommodation.

Children will only be considered on an application if they primarily reside with that household. If that child also resides with another household they will only be considered as part of the household they primarily reside with.

#### 4.3 16 and 17 year olds

Young people under the age of the age of 18 are eligible to join the housing register (subject to exemptions). If you are aged 16 or 17 the law states that you are not old enough to hold an assured or secure tenancy. In exceptional circumstances an applicant aged under 18 maybe eligible to join the housing register:

- If you are a non-dependent applicant aged 16 or 17, requiring independent accommodation, which is not provided by Children's Specialist Services
- If you are a teenage parent aged 16 or 17
- If you are aged 16 or 17 and leaving local authority care
- If you are aged 16 or 17 and owed a housing duty by Thanet Council

Where you are an applicant aged under the age 18 and are eligible to be on the housing register, if you are successful within an allocation of a property, you must have an appropriate adult aged 18 or over, to hold your tenancy in trust for you until you reach the age of 18. This will be in the form of an "Equitable Agreement" where the trustee will hold the legal estate, but is not liable for the rent.

You may also be asked to attend and interview with a Neighbourhood Manager from East Kent Housing to ensure that you have the skills to sustain a tenancy. You must be willing to be referred for floating support to assist with tenancy sustainment if necessary.

If you are under 18 and have a serious housing problem, you are homeless or in threat of becoming homeless, please contact either Kent County Council

Children's Specialist Services on 08458 247 100 or the Housing Options Team. We will make every effort to ensure that you are able to remain within your parental or family home. Where it may not be appropriate for you to remain in your home, you will need to attend a joint assessment with a Housing Options Officer and Children's Specialist Services Social Worker to see what your needs are. This will be arranged with you and normally will take place within your home or at the Thanet Gateway.

#### 4.4 Serious Offenders

Applications made by serious offenders, as defined by the Serious Crime Act 2007 will be subject to an appropriate assessment of their eligibility, which will take MAPPA (Multi-Agency Public Protection Arrangements) guidance into account. Any allocation will only be made following a multi-agency risk assessment and where suitable and safe accommodation has been identified.

#### 4.5 Armed Forces

Armed Forces Personnel mean's a person who is serving in the regular forces or a person who has served in the regular forces within five years of the date of their application for an allocation of social housing under Part 6 of the Housing Act 1996. The Regulations give effect to the Government's commitment to ensure that members of the regular and reserve forces, and their families, are given appropriate priority for social housing if they need it when serving or after they have left the Armed Forces.

These Regulations are made by the Secretary of State under section 166A(7) of the Housing Act 1996, inserted by section 147 of the Localism Act 2011. Section 166A(7) gives the Secretary of State power by regulation to amend the reasonable and additional preference provisions in section 166A(3) which determine who has priority for an allocation of social housing.

The Regulations provide that local housing authorities must frame their allocation scheme to give additional preference to the following persons if they fall within one or more of the statutory reasonable preference categories and are in urgent housing need:

- a) serving members of the regular forces who are suffering from a serious injury, illness or disability which is wholly or partly attributable to their service
- b) former members of the regular forces
- c) bereaved spouses or civil partners of those serving in the regular forces where (i) the bereaved spouse or civil partner has recently ceased, or will cease to be entitled, to reside in Ministry of Defence accommodation following the death of their service spouse or civil partner, and (ii) the death was wholly or partly attributable to their service
- d) existing or former members of the reserve forces who are suffering from a serious injury, illness, or disability which is wholly or partly attributable to their service

For members of the Armed Forces, priority date will be awarded when service commenced, backdated to a maximum of five years, rather than time on the Housing Register. Confirmation of commencement of service will be required at the time of registration. A residential criteria will not be applied (2.1) and armed forces personnel will not be discriminated against when assessing their financial situation (6.4).



## **5.0 Housing for older people**

### 5.1 Sheltered housing

Sheltered housing is housing designed for persons over 55 with housing related support needs. Sheltered housing will normally only be available to persons requiring the level of support offered in this type of accommodation. Eligible persons may be subject to an assessment by the landlord to establish their support needs and suitability for living in the scheme selected. Applicants over 55 years of age will be considered as well as applicants with a disability who require the accommodation and support provided within a sheltered scheme. In the latter case, some landlords will accept persons over 50 years of age.

Priority for allocations to ground floor sheltered and elderly persons accommodation will be given to current tenants on the housing register, living on an upper floor, within the same block, who have a medical/mobility need for ground floor accommodation. Allocations made thereafter will be based on individual need. This will then free up a property for another applicant via CBL. If the assessment indicates that the person requires a higher level of support than can be provided by sheltered housing, they will be advised that sheltered housing would not be appropriate and referred to Adult Care Services.

### 5.2 Extra care housing

Extra care is housing for older people where additional support and social care services are provided in accordance with assessed need. Extra Care housing is intended to enable older people to live as independently as possible for as long as possible and improve the quality of life and choice that older people can expect as they become less able. Extra care housing will be advertised through Kent Homechoice but a dedicated allocation panel, consisting of representatives from the Council and Social Services, will make allocations. Allocations through this panel will be based on an assessment of the level of support and care required by the applicant.

## **6.0 Financial criteria**

### 6.1 Current rent arrears

We may take into account, in accordance with S167(2B) of the Housing Act 1996 (as amended), current rent arrears. If a tenant of a social landlord applies on the housing register we will apply for a tenancy reference from your current landlord. If the applicant/tenant is in arrears and there is a failure to maintain a payment arrangement, the application maybe suspended until the situation is resolved. For households that are affected by welfare reform and have accrued rent arrears, each case will be considered on their own merit based upon circumstances, level of debt, reasons why they are effected, efforts to pay etc. Where any application is suspended for the above reasons the applicant will be notified in writing of the decision and the grounds for it (S167(4A)(b)).

### 6.2 Former tenancy debts

We may also take into account former tenancy debts with another social landlord (registered social landlord or local authority). If an outright possession order was granted by the court and no efforts have been made to clear this debt, or we have reason to believe that an outright possession order would have been granted, we will not consider your application until this debt has been cleared. If a debt is owed to Thanet District Council you will not be eligible for housing on the housing register.

Housing associations (HAs) participating in the choice based lettings scheme may have policies which prevent them offering a tenancy to an applicant who has former/current tenant arrears with another local authority or HA.

### 6.3 Statute Barred debts

"A debt is statute-barred if legal proceedings for the recovery of the debt from the debtor have not been started within a period of six years from the date when the debt became payable. Although the debt continues to exist, Thanet District Council is unable to take any legal action against an applicant in order to recover the debt. "

If an applicant applies for housing and has a former tenancy debt with Thanet District Council and it is **not** statute barred then the applicant will be required to clear this debt subject to any duty that the council may have to an applicant under relevant legislation.

If the debt **is** statute barred then Thanet District Council will not pursue this debt through the legal channels however the applicant will still be required to clear this debt.

### 6.4 Savings and Assets

We will take into account the financial resources available to the applicant. If an applicant applies on the housing register and has savings and assets of over £16k they will not be considered on the housing register as in line with housing benefit regulations (Armed Forces Personnel will be exempt from this rule). This may rise with changes to benefits levels. Therefore, the applicant will be expected to use this money to secure accommodation. If it is considered that an applicant has purposely deprived themselves of capital in order to meet the criteria to apply on the housing register their application will not be considered. If any member of the household is earning a salary which places them in the next tax bracket (at present £40k per annum) then you will not be considered on the housing register.

### 6.5 Owner/Occupiers

If an applicant owns their home they will not be considered on the housing register unless there is a substantial reason to move. If specific or specialist accommodation is required due to change in circumstances, each application will be considered on its own merit.

## **7.0 Allocations exceptions**

### 7.1 What does this mean?

People who apply to join the housing register are assessed in accordance with the provisions of Part VI of the Housing Act 1996 (as amended). There are a number of circumstances where people will be assessed outside of this and will have their applications managed by the local authority and/or housing association separately. These circumstances are:

- Mutual exchange.
- An application made under Part VII of the Housing Act 1996 (as amended) (Homelessness) and consideration for temporary accommodation under this Part.



- Transfers involving a temporary decant for major works, or other management reason not involving an application from the tenant.
- Where a local authority secures the provision of suitable alternative accommodation under the Land Compensation Act 1973, section 39.
- The grant of a secure tenancy under the Housing Act 1985, section 554 or 555, regarding a defective home.
- Any duties arising from an application made under the Rent (Agriculture) Act 1976, section 27 or 28.
- Where a secure tenant dies, the tenancy is a periodic one, and there is a person qualified to succeed the tenant under the Housing Act 1985, section 89.
- Where a secure tenant with a fixed term tenancy dies and the tenancy remains secure by virtue of the Housing Act 1985, section 90.
- Where a secure tenancy is assigned to someone who would be qualified to succeed to the tenancy if the secure tenant died immediately before the assignment.
- The grant of a secure joint tenancy where the tenancy is held by one of the joint tenants as a sole tenancy.
- The grant of a secure sole tenancy to a former joint tenant, where the joint tenancy has been terminated by one joint tenant and the other tenant wants to remain in the property (when this is in accordance with eligibility for that specific property type).
- Where a secure tenancy vests or is otherwise disposed of in pursuance of an order made under:
  - the Matrimonial Causes Act 1973, section 24 (property adjustment orders in connection with matrimonial proceedings);
  - the Matrimonial and Family Proceedings Act 1984, section 17(1) (property adjustment orders after overseas divorce); or
  - the Children Act 1989, Schedule 1, paragraph 1 (orders for financial relief against parents), or

## **8.0 Transfer applications**

### 8.1 Thanet District Council tenants

Social tenants can apply to move to alternative council and housing association owned property. Priority awarded to their application will be based on an assessment of their housing needs. Applications for transfer may be made jointly by separate tenants of the council who wish to apply for housing together, on the condition that both tenancies will be relinquished if the council makes an acceptable offer of a transfer to a third property. Transfer applications will be subject to checks relating to the condition of the applicant's property and their compliance with the conditions of their tenancy.

### 8.2 Transfer Incentive Scheme

In order to encourage council tenants who are under-occupying homes to move to smaller non-family housing, or if a tenant is occupying fully adapted, wheelchair accessible accommodation and no longer requires the use of these facilities, a grant of £1,000 is currently offered. Any debt owed to Thanet District Council will be cleared using this money prior to the remainder being paid to you. This grant will only be payable if the move is as a result of a successful bid to alternative council or housing association property through the choice based lettings scheme. For more information please refer to the East Kent Housing Transfer Incentive Scheme policy.

### 8.3 Management transfers

The council recognises that there may be exceptional circumstances where the only way a housing need can be resolved is through the use of discretion. If a council or housing association tenant has an urgent need for re-housing due to a confirmed risk to the personal safety of themselves or their household, or other exceptional factors, their landlord may agree a management transfer. This will only be agreed if there are no other options available or feasible and you are in immediate housing need. Please contact East Kent Housing for more information on the Management Move Policy.

## **9.0 How homes are let**

### 9.1 Choice based lettings

We are one of 14 local authorities and 23 housing association partners involved in Kent Homechoice the choice based lettings service which is used to let social homes across the whole of Kent. As a partner we are committed to offering the greatest choice possible in the allocation of social housing in the district, whilst ensuring that housing goes to those with the greatest need.

Choice based lettings (CBL) schemes are designed to introduce an element of choice for people who apply for council and housing association homes. Choice based lettings allow people applying for a home, including existing tenants who want a transfer, to bid for properties which become available. Available properties are advertised through various channels and the adverts will describe the property and which type of household can bid for it. For example, if it is for an elderly or disabled person, or for a household which needs a certain number of bedrooms.

Where an applicant may have difficulty in making bids for properties without assistance, they may nominate a friend, relative or advocacy worker from an appropriate agency to act on their behalf. In certain circumstances applicants can be added to the assisted bidding list and sent a fortnightly personalised freesheet with details of all the properties they are eligible to bid for. Once bids have been made they are sorted in order of priority, and the person with the highest priority normally gets considered first for the property. If that person turns the offer down, the next person on the list gets the chance to see it, and so on.

There will be certain situations where choice in the allocation of housing has to be restricted – such as when the council or a housing association needs to re-house a household in an emergency. The circumstances when this may apply are set out in the policy. Apart from these exceptional cases, housing will be allocated to applicants who bid for a specific property, and all applicants will have the opportunity to bid for properties they are entitled to be considered for, having regard to household size and other eligibility criteria.

Choice based lettings enables those seeking housing in the district to identify the level of priority they have been awarded within the allocation scheme, to develop awareness of the availability of accommodation suitable to their needs within the district, and to make informed decisions which balance their need for accommodation with the availability of properties that meet their requirements. As a result applicants can decide whether to wait until they have sufficient priority to obtain their ideal property, or whether to lower their aspirations and bid for properties they are more likely to have a chance of obtaining. It also helps applicants to make an informed choice about whether they wish to seek alternative solutions to their housing needs.

## 9.2 Length of time

The housing register will differentiate between people who are in the same priority band according to the date their priority band was awarded.

## 9.3 Local lettings policies

Local Lettings Policies have been introduced to help maintain and promote a balanced and sustainable community, in line with the Kent Sustainable Communities Protocol. The Council has the power under s167 (2e) of the Housing Act 1996, as amended by the Homelessness Act 2002, to allocate particular accommodation to people of a particular description, whether or not they fall within the reasonable preference categories or not. However, in operating local lettings policies, we need to ensure that, overall, reasonable preference for allocations is given to applicants in the reasonable preference categories; and that our local lettings policies do not discriminate, directly or indirectly, on racial or other equality grounds, as set out in Paragraph 5.26 of the Allocations Code of Guidance issued in November 2002.

Examples of situations when a local lettings policy may be used include:

- New developments where there is a need to achieve a balanced mix of household sizes
- Criteria that aim to reduce the likelihood of anti-social behaviour in areas that have existing high levels of ASB.
- Rural Housing developments where a local connection is identified in the Section 106 agreement.

Following the implementation of a Local Lettings Plan on a development any re-lets on the site will be subject to the same criteria as outlined in the plan.

## 9.4 Discretionary powers

The Allocations Policy cannot cover every eventuality and in special cases where there are exceptional needs or hardship, the Housing Options Manager has discretionary power to review any criteria within the policy to ensure an additional priority is awarded and/or approve offers of housing, sometimes outside of choice based lettings. A full audit trail should be available to evidence the decision reached and the reasons why.

# 10.0 Applying to the Thanet Housing Register

## 10.1 What is the Housing Register?

The Housing Register is essentially the list of people who wish to be housed by a social landlord in the Thanet district and existing tenants who wish to transfer to another council or housing association property. We receive a large number of enquiries each year from people looking to rent a home in the district and the housing register is constantly growing. Regrettably, there are only enough properties becoming available to be able to house those most in need. As a result of this shortfall, applicants for housing, and in particular those identified as having no or low need, may never be housed. We will only accept households who would reasonably be expected to reside with each other and joint tenancies will only be offered to cohabiting couples as recognised in law.

Applicants may want to consider other options for re-housing such as renting accommodation in the private sector. Thanet District Council has a team of Housing Options Officers who can provide advice and information about how to

access other types of housing. Further information about other options available can be found on the Kent Homechoice website: [www.kenthomechoice.org.uk](http://www.kenthomechoice.org.uk)

Because of the limited amount of social housing available, we have a system to prioritise households on the housing register in accordance with their identified need for housing and to manage the letting of social homes in accordance with our objectives. The criteria and rules that relate to this system are set out in (Appendix 2) of this policy.

## 10.2 How to apply for housing

People wishing to apply for housing should complete a housing application form. To do this visit the Kent Homechoice website at [www.kenthomechoice.org.uk](http://www.kenthomechoice.org.uk) and choose the Register tab.

It is important that the application is completed fully and any evidence requested on the form is provided. Additional priority for length of time on the Housing Register will only start to accrue from the date that we receive all the information necessary to make an assessment. Incomplete applications without photographs and supporting information may be returned to the applicant. Once the form has been completed and all the information has been provided, the council may need to make additional enquiries.

In accordance with S171 of the Housing Act 1996 (as amended), a tenancy granted on the basis of information subsequently found to be false or because material information has been withheld, may result in legal action being taken by the landlord to recover possession of the property. In addition it may be decided that an applicant has committed a criminal offence where:

*'he knowingly or recklessly makes a statement that is false and may lead the council to award priority for housing if the statement was relied on when assessing the application'.*

A person guilty of such an offence would be liable on summary conviction to a fine of up to £5,000.

## 10.3 Proof of identity and supporting information

The housing options department has a service level agreement with the housing benefit department, enabling officers to use the verified identification documents, to process their housing register application.

Every person making an application to the housing register will need to supply 2 identical passport-sized photographs, or an alternative type of photographic identification acceptable to the council, for each named applicant or joint applicant must accompany all applications. These should be recent photographs with the applicant's name printed on the reverse together with his/her signature. (Appendix 1) has more information about providing proof of identity.

## 10.4 Renewing an application

It is an applicant's responsibility to renew their application each year. Every applicant will be sent a renewal request, close to the anniversary of the date of registration, which will include a request to provide information on any change in circumstances. If the renewal form is not returned within four weeks the application will be cancelled without further notice. An application can only be considered for reinstatement in exceptional circumstances and if the request is made within six months of the cancellation date.

## 10.5 Changes of circumstances

Once placed in a priority band, applicants should notify the Council of any material change in their circumstances that will affect their priority for housing, for example:

- A change of address, for themselves or any other person on the application.
- Any additions to the family or any other person joining the application
- Any member of the family or any other person on the application who has left the accommodation.
- The health of any member of the family or any other person on the application, getting better or worse.
- A change in the applicants income or employment status

Applicants will normally be required to complete a new housing register form. Applications will be temporarily suspended from bidding while the Council assesses the information provided by the applicant and completes further enquiries that may be necessary. The council will carry out an assessment of each applicant's entitlement and priority for re-housing on the basis of information which has been provided by the applicant or otherwise received in connection with the application.

## 10.6 Members of the council, staff members and their relatives

To ensure that we are seen to be treating all applicants fairly, any application from members of the council, employees of the council or associated persons must be disclosed on the application form. Such applications will be assessed in the normal way but in addition be passed to the Housing Options Manager to be audited. In order to ensure public confidence, any accommodation allocated to the applicant under the scheme must be approved by the Housing Services Manager following appropriate checks. The term 'associated persons' above is as defined in S178 of the Housing Act 1996 (as amended).

## 11.0. Reviews and Customer Feedback

### 11.1 Right to a review

Applicants have the right to ask for a review of any decision made under the terms of this policy with which they do not agree.

Please note that only information that has already been supplied can be reviewed. If an application has been correctly assessed but the applicant failed to supply the requested or appropriate information at the point of application they are not entitled to have their application reviewed. They will instead be asked to submit a new application, which gives a clear account of their current situation. If an applicant is eligible for inclusion onto the housing register by virtue of this new application, priority will begin from the date that all the correct information is received. **An application will not be backdated.**

A request for a review must be made to the Housing Options Manager within 21 days of being notified of the decision. Following the request for a review being received the Council has a maximum of 8 weeks to respond. If the review is likely to take longer the applicant will be notified of the amended response time. The Council's decision on the review will be final and the applicant will not be entitled to a further review of that decision. Reviews of decision requested under Part VII of the Housing Act 1996 (as amended by the Homelessness Act 2002) are outside the scope of this Allocations Policy.

## 11.2 Complaints, compliments and comments

We aim to provide a high standard of customer care and to treat every application equally. We appreciate feedback and would welcome any comments about how we can improve or increase the service that we offer. If an applicant is dissatisfied with any aspect of the way in which their application for housing is dealt with, other than one for which a review can be requested, they should contact the council and, if the matter is not resolved to their satisfaction, make a formal complaint which can be via telephone, email, in writing or by visiting the Thanet Gateway Plus.

## 12.0 Equality and diversity

We are committed to delivering a service that is accessible and equitable to all the communities that we serve. We will ensure that people will be treated with respect and dignity. We will monitor access to the housing list, and the assessment of need in accordance with our equality impact assessment. We will make certain that no-one is discriminated against on the grounds of:

- Age
- Disability
- Gender reassignment
- Marriage and Civil Partnership
- Pregnancy and Maternity
- Race
- Sex (gender)
- Religion or belief
- Sexual orientation

The various application forms referred to in this policy can be made available in a number of different languages. We can also arrange a translation service for people who visit the Council Offices. If you require this service, you should contact our Housing Options Team.

## 13.0 Information sharing

### 13.1 Information Sharing Protocol

We will share data provided by a person applying for housing in accordance with the Information Sharing Protocol agreed by the Kent Choice Based Lettings Partnership. When completing an application form, either using a paper copy of the form or on-line, the person is asked to provide their consent to the sharing of personal data between the parties to the protocol. Personal data can be shared provided the person has given informed consent and the sharing is for the purposes for which consent is given. Informed consent means that the person has the capacity to give consent, is aware of what information is to be shared, whom it is to be shared with and what it is to be used for. Personal information is only disclosed to other parties with the person's consent or in exceptional circumstances where disclosure without consent is necessary. These reasons are:

- Where there are overriding legal, social or public interest considerations, for example there is a risk of serious harm to the person themselves or to others if the information is not disclosed.
- Where the information is required by a local authority department or external auditors to carry out a statutory function.

- Where the information is required by the police as part of a criminal investigation.

## 13.2 Personal Data

Information provided to the council by housing applicants is confidential. The Data Protection Act 1998 (DPA) provides individuals with a right to request access to any of their personal data held by the Council, and a right to know where the data came from, how it is used and why it is held. Such a request is called a “subject access request” and applies to personal data in housing files.

Subject access requests should be made in writing to the Director of Community Services, and must describe the information sought. Applications must state their name and provide proof of their identity (please see appendix 1).

If the person considers the personal information they have received is inaccurate, they may request that it is amended or removed from their records. If this is accepted by the council, appropriate action will be taken to amend the records. In the event of a disagreement, the information will remain and the person’s comments will be recorded on file.

Disclosure of information may be denied by the local authority in the following circumstances:

- The information could prejudice criminal proceedings.
- Legal professional privilege could be claimed.
- A care professional is of the opinion that disclosure could result in a risk of serious harm to the person or others as a result of disclosure.

Information held on file may include documents submitted by third parties, for example, health care professionals. This will only be provided to the applicant with the permission of the third party concerned.

## Appendix 1 – Application Checklist

Please check that the information you have given is correct, ensuring that:

- You have answered all the necessary questions
- You have included your name, address and postcode on page 1 (if you are of 'no fixed abode' you must use state a care of or correspondence address)
- You have signed and dated the application form
- You have or will be providing the following items (these must be originals and not copies)

### Proof of Identity

(This is required for ALL household members).

Please provide either ONE of the documents from list A or TWO documents list B

#### List A

- Passport
- Driving Licence
- Birth or Marriage Certificate
- Medical Card

#### List B

- A letter addressed to you from a solicitor, social worker, probation officer, the Home Office, HM Revenue & Customs
- A letter addressed to you from Housing Benefit or Council Tax
- A recent gas, electricity or water bill
- A recent bank statement

### Proof of Current Address

(This must be provided even if you are of 'no fixed abode' and only using the address as a care of or correspondence address)

Please provide ONE item from the list below for each adult or non-dependent child named on the application to be re-housed.

- Utility Bill
- Council Tax bill
- Bank/Building Society Statement
- Housing Benefit entitlement letter
- College/School letter
- Letter from a professional person or organisation (i.e. Doctor; Probation Service; Social Services)
- Payslip with address
- Letter from Department of Work & Pensions (e.g. Benefit or Pensions letter)
- Tenancy agreement (if you are still within the fixed term of the tenancy)
- Mobile phone or telephone Bill

### Proof of Income

(Please provide proof of ALL income being received by the applicant)

- The last six weekly, last three fortnightly or last two monthly wage slips for you and your partner.
- Your latest accounts if you are self-employed and letter from the HMRC which indicate self-employment
- Benefit award letters i.e. Job Seekers Allowance, Employment Support Allowance, Pension Credit



- Child Benefit award letter
- Working and Child Tax Credit letters

**Proof of Savings or Capital**

(For people not receiving income-based Job Seeker's Allowance, Income Support, income-related Employment Support Allowance, or Pension Credit Guarantee)

- Full statements for each account showing the last two months' transactions
- Documents showing any stock, shares, bonds, or certificates owned

**Additional Documentation**

(You will also be required to supply additional documentation should any of the following apply)

- Proof of pregnancy i.e. MAT B1 form or pregnancy record (including the EDD)
- At least two valuations of any property owned in the UK or abroad and details or any outstanding mortgage or loans secured on this property.
- Home Office documentation, such workers registration scheme documents; residence cards or visas, for persons subject to immigration control or persons who do not hold a Great Britain and Northern Ireland passport.
- Notice to quit, possession order, notice of eviction or letter giving notice if you are being asked to vacate your current home.

Without this information it will not be possible to process your application for housing, so you must provide everything as quickly as possible.

## Appendix 2 – Priority bands and criteria for reasonable preference

The banding scheme reflects the legal requirement set out in the section 167(2) of the Housing Act 1996 which requires that the allocations system gives “reasonable preference” for people in five groups:-

- *People who are homeless (within the meaning of Part VII (7) of the Housing Act 1996, as amended by the Homelessness Act 2002)*
- *People who are owed a duty by any local housing authority under section 190(2), 193(2), or 195(2) of the 1996 Act (or under section 65(2) or 68(2) of the Housing Act 1985) or who are occupying accommodation secured by any such authority under section 192(3)*
- *People occupying unsanitary or overcrowded housing or otherwise living in unsatisfactory housing conditions*
- *People who need to move on medical or welfare grounds (including grounds relating to a disability); and*
- *People who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or to others).*

The local authority may award “additional preference” to particular individuals, provided that they have “urgent housing needs”. The authority may take into account a wide range of actions when considering whether to give an individual “additional preference” or whether to give a lesser priority, but it must be able to explain the reasons for the decision.

### **Band A – urgent housing needs**

Applications from persons who meet the following criteria:

1. Urgent medical or welfare needs.  
Where an urgent medical need has been agreed with the local authority or a high priority referral has been accepted by the local authority under the Kent Agency Assessment procedure.
2. Management transfer.  
Where the social landlord requires the tenant to move or the tenant needs to move due to violence, harassment, intimidation or threats of violence likely to be carried out, major works or other urgent management reason.

### **Band B – serious housing needs**

Applications from persons where none of the above in Band A applies but who meet the following criteria:

1. People occupying very overcrowded housing or otherwise living in very unsatisfactory housing conditions.

Where a household is suffering from the following:

- a. Major overcrowding, that is lacking two or more bedrooms.
- b. Living in supported housing and needs to move, as support is no longer required.

- c. Where a Category One hazard exists under the Housing Health and Safety Rating System, which cannot be resolved within a reasonable time.
2. Social housing tenants in Thanet who are under-occupying by one bedroom or more.

<b>Band C – reasonable preference</b>
---------------------------------------

Applications from persons where none of the above in band A or band B applies but who meet the following criteria:

1. People who are homeless.  
Where the local authority have accepted a re-housing responsibility under Part VII of the Housing Act 1996 (as amended), or determined that the person does not have a priority need for accommodation, or the household will be homeless soon.
2. People occupying unsanitary or overcrowded housing or otherwise living in unsatisfactory housing conditions.  
Living in insecure housing, for example on a licence agreement or non-secure tenancy, but excluded occupiers  
Lacking bathroom or kitchen  
Lacking inside WC  
Lacking cold or hot water supplies, electricity, gas, or adequate heating  
Overcrowding (see Appendix 5)  
Sharing living room, kitchen, bathroom/WC  
Property in disrepair, with a Category 1 hazard  
Poor internal or external arrangements  
Social housing tenants in Thanet under-occupying by one bedroom
3. People who need to move on medical or welfare grounds, including grounds relating to a disability.  
Where a medical need has been agreed with the local authority or a priority referral has been accepted by the local authority under the Kent Agency Assessment procedure. A list of criteria for priority to be given on medical and welfare grounds can be found in Appendix 4.
4. Mobility.  
People who need to move to a particular locality in the district of the local authority, where failure to meet that need would cause hardship to themselves or to others. For example, to give or receive care, or to take up employment.

<b>Band D – general</b>
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Applications from persons where none of the above in band A, band B or band C applies, or:

1. People who are intentionally homeless, or who have deliberately worsened their housing circumstances.  
Where a decision has been made by the local authority under Part VII of the Housing Act 1996 (as amended) or, where a person has deliberately worsened their housing circumstances and would have been found to be intentionally homeless if an application under Part VII had been made.
2. People who are homeless by another local authority

This applies where a duty is owed by another local authority under section 190(2), 193(2) or 195(2) of the Housing Act 1996, or who are occupying accommodation secured by another local authority under section 192(3).

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### **Appendix 3 - People who need to move on medical or welfare grounds (criteria may apply to any member of the household)**

Medical or welfare priority is awarded where the current housing is adversely affecting the health or wellbeing of an applicant, or member of their household, and whereby a move would positively improve their health or wellbeing. Below are examples of where priority would be awarded.

#### Band A – Urgent medical or welfare needs

- Any life threatening illness being made worse by housing conditions
- A person who is housebound due to stairs or steps (e.g. using a wheelchair in an upstairs property)
- Any person who requires specifically adapted accommodation that they are lacking.
- Any person who cannot be released from hospital until alternative accommodation is secured.

#### Band C – People needing to move on medical or welfare grounds, including grounds relating to a disability

- Severe mental health problems affected by current accommodation.
- Elderly persons with moderate to severe arthritis which significantly affects mobility (e.g. spine, legs) living upstairs or on a steep hill.
- Conditions requiring on going medical treatment, being very severely exacerbated by living conditions (e.g. extreme cases of asthma).
- Conditions causing a reduction in mobility (e.g. breathlessness, dizziness) when combined with stairs or poor location.

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## **PIERREMONT PARK COMMUNITY CENTRE LEASE**

To: **Cabinet - 22 January 2013**

Main Portfolio Area: **Commercial Services**

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

Classification: **Unrestricted**

Wards: **Viking**

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Summary: **To note the agreement to the granting of a lease within Pierremont Park for the construction of a new community centre following the advertisement of a notice under Section 123 of the Local Government Act 1972.**

### **For Information**

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#### **1.0 Introduction and Background**

1.1 The background to this report is set out within the decision notice attached at Annex 1 and the decision report at Annex 2, and represents the requirement to report the making of the lease decision to a subsequent meeting of Cabinet.

#### **2.0 The Current Situation**

2.1 The attached decision report in Annex 2 to agree the lease was approved by the Leader of the Council and the Cabinet member for Community Services following the advertisement of a Section 123 notice, and consideration of the representations this produced.

#### **3.0 Corporate Implications**

##### **3.1 Financial and VAT**

3.1.1 As set out in Annex 2.

##### **3.2 Legal**

3.2.1 As set out in Annex 2.

##### **3.3 Corporate**

3.3.1 As set out in Annex 2.

##### **3.4 Equity and Equalities**

3.4.1 As set out in Annex 2.

#### **4.0 Recommendation**

4.1 That Cabinet notes that agreement is given to the granting of a lease in Pierremont Park on the area of land as defined by the published Section 123 notice, subject to the achievement of planning and listed building consents for the proposals, and demonstration of sufficient funding to undertake the development.

#### **5.0 Decision Making Process**

5.1 Cabinet can note the recommendation relating to an earlier delegated decision.

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

#### **Annex List**

Annex 1	Decision Record – Pierremont Park Community Centre Lease
Annex 2	Decision Report – Pierremont Park Community Centre Lease



# Agenda Item 9

## Annex 1

### THE THANET DISTRICT COUNCIL

#### RECORD OF DECISION OF INDIVIDUAL CABINET MEMBER

Name of Cabinet Member:

Relevant Portfolio:

Date of Decision:

Subject:

Key Decision  In Forward Plan

Brief summary of matter:

To confirm the agreement to the granting of a lease within Pierremont Park for the construction of a new community centre following the advertisement of a notice under Section 123 of the Local Government Act 1972.

Decision made:

That agreement is given to the granting of a lease in Pierremont Park on the area of land as defined by the published Section 123 notice, subject to the achievement of planning and listed building consents for the proposals, and demonstration of sufficient funding to undertake the development.

Reasons for decision:

The decision arises from the agreed recommendation at the Cabinet meeting on 27<sup>th</sup> July 2012 in relation to the proposal to take forward a project for a new community centre at Pierremont Park. It was required to advertise the proposed lease of the site for the community centre under Section 123 of the Local Government Act 1972, as it was within a public open space, and then consider the representations before making the decision on the lease that had been delegated to Cabinet members.

Alternatives considered and why rejected:

The alternative was to reject the proposal for a lease within Pierremont Park, but this was not agreed as the redesign of the proposals had considerably reduced the environmental impact of the proposal within the park. The proposal would still be subject to achieving planning and listed building consents, and a lease would not be granted until this occurred and the required funding was in place to take forward the project.

Details of any conflict of interest declared by any executive Member who has been consulted and of any dispensation granted by the Standards Committee:

Author and date of officer report:

Background papers:

Representations received to Section 123 Notice

This form completed by: Mark Seed

Date: 23.11.12

Signed

Date:

(Leader on behalf of Cllr Poole – Cabinet Member for Commercial Services)

Signed

Date:

For office use only:

Call-in should only be used in exceptional circumstances. Any call-in request signed by the Chairman of the Scrutiny Committee or by five members of the Scrutiny Committee (who cannot all be from the same political group) must be received by the Committee Services Manager by:

Date of  
Publication:

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### DECISION REPORT – PIERREMONT PARK COMMUNITY CENTRE LEASE

To: **Councillor Clive Hart – Leader of the Council**  
**Cllr Iris Johnston – Cabinet member for Community Services**

Main Portfolio Area: **Commercial Services**

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

Classification: **Unrestricted**

Wards: **Viking**

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**Summary:** To confirm the agreement to the granting of a lease within Pierremont Park for the construction of a new community centre following the advertisement of a notice under Section 123 of the Local Government Act 1972.

#### For Urgent Decision

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#### 1.0 Introduction and Background

1.1 The proposal to seek the construction of a new community centre in Pierremont Park, Broadstairs was considered at the Cabinet meeting held on 26<sup>th</sup> July 2012. At the meeting the following relevant recommendations were approved:

- **A notice under Section 123 of the Local Government Act 1972 is advertised.**
- **Representations under this notice are considered by the Cabinet members for Commercial Services and Community Services (Community Development).**
- **Delegated authority is granted to these cabinet members to make a final decision on the proposal affecting Pierremont Park and the granting of a lease for just less than 25 years.**
- **A Decision Notice is subsequently reported to a future meeting of Cabinet.**

1.2 A notice under Section 123 was advertised on 19<sup>th</sup> September with a closing date of 5<sup>th</sup> October, which led to 77 responses being received. A summary of these responses was provided to the Cabinet Members for Commercial Services and Community Services on 9<sup>th</sup> October, and both members confirmed agreement to taking forward the granting of a lease for the community centre.

1.3 This decision notice reflects the formal record of this agreement.

#### 2.0 The Current Situation

2.1 The construction of a community centre is still subject to the submission of applications for planning and listed building consent as the leased area is different from the original proposals for the centre. A lease would not be agreed finally until these planning and listed building consents were achieved.

2.2 The proposal is also reliant on the receipt by the council of Section 106 funding arising from the Ellington and Hereson school site. This has not yet been received by the council and again before granting a lease the council would need a demonstration that the required funding for the proposal was assured. If it goes ahead there is also a requirement that 3 trees are planted in the park for every tree removed as part of the

construction of the community centre (even though these will only be large sycamores). This requirement will form part of any lease agreement.

### **3.0 Corporate Implications**

#### **3.1 Financial and VAT**

3.1.1 The council has agreed to assist the development with £600,000 of Section funding from the Ellington and Hereson school site if the project goes ahead and the funding is received. This is in addition to the £42,000 of support that was previously agreed by the council. In addition, the lease for the site will conform to the council's policy of seeking best value for its property.

#### **3.2 Legal**

3.2.1 The lease will be for a period of just under 25 years and as such it does not constitute a disposal under the terms of the council's interim Asset Disposal Plan.

#### **3.3 Corporate**

3.3.1 The proposal supports the council's corporate plan aims of seeking to improve facilities for the community in Thanet.

3.3.2 The proposal has been contentious with representations both in favour and against the proposals having been received on both occasions that Section 123 notices have been advertised. As such the decision to proceed with the granting of a lease has been taken with these in mind, and reflects a balance between the competing views.

#### **5.4 Equity and Equalities**

5.4.1 The public service equality duty has been assessed in relation to this stage of the disposal process, but it is not considered that the proposed lease will compromise the rights and requirements of any protected group. The final design for the proposed community centre will need to be undertaken to support the needs of people with disabilities, and provide facilities for members of protected groups.

### **6.0 Recommendation**

6.1 That agreement is given to the granting of a lease in Pierremont Park on the area of land as defined by the published Section 123 notice, subject to the achievement of planning and listed building consents for the proposals, and demonstration of sufficient funding to undertake the development.

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

**Decision Record – Pierremont Park Community Centre Lease**

I confirm my agreement to the proposals as set out in the report above having taken into consideration the implications associated with this decision:

Signed \_\_\_\_\_ Date: \_\_\_\_\_

Cllr Clive Hart – Leader of the Council (on behalf of Cllr Alan Poole - Cabinet Member for Commercial Services)

Signed \_\_\_\_\_ Date: \_\_\_\_\_

Cllr Iris Johnston - Cabinet Member for Community Services

Decision confirmed

Signed \_\_\_\_\_ Date: \_\_\_\_\_

Mark Seed – Director of Operational Services

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## **OVERVIEW & SCRUTINY PANEL RECOMMENDATIONS TO CABINET – THANET BEACHES CONTAMINATION REVIEW**

To: **Cabinet – 22 January 2013**

Main Portfolio Area: Operational Services

By: **Harvey Patterson, Corporate & Regulatory Service Manager**

Classification: **Unrestricted**

Ward: **Thanet Coastal Areas**

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**Summary:** **The report sets out the recommendations from the Overview & Scrutiny Panel regarding the recent review of sewage spillage incidents that occurred on Thanet Beaches in early 2012.**

### **For Decision**

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#### **1.0 Introduction and Background**

- 1.1 At an extraordinary meeting of the Overview & Scrutiny Panel on 17 July 2012, Members agreed to set up a Thanet Beaches Contamination Review Task & Finish Group to investigate the sewage spillage incidents that occurred in May 2012, which led to the closure of Thanet Beaches during the Jubilee Weekend.
- 1.2 The Task & Finish Group carried out its investigations as mandated by the Panel and reported back to the Panel at an Extraordinary meeting on 20 December 2012.

#### **2.0 Overview & Scrutiny Panel Recommendations to Cabinet**

- 2.1 A number of recommendations were agreed by the Members of the Panel. There were some recommendations directed only at Thanet District Council, the Environment Agency and Southern Water as individual agencies and some directed at all of these bodies collectively.
- 2.2 These recommendations are highlighted in the recommendations section of the Task & Finish Group report to the Panel, which is hereby attached as Annex 1 of this Cabinet report. Cabinet would therefore need to take a decision on which of these recommendations to endorse and communicate to the Environment Agency and Southern Water.
- 2.3 Cabinet may need to note that at the Panel meeting, Members considered but did not finalise the Environment Agency suggestion for rewording Recommendation 6.15 to read as follows:
- i) That Thanet District Council work with the Environment Agency, other coastal Local Authorities, and partner organisations, to produce, agree and exercise a plan for marine & beach incident management response. This plan will provide a consistent framework for warning and informing people, businesses and others, with each organisation having a clearly defined set of remits and responsibilities.

### **3.0 Options**

3.1 Cabinet could adopt the all the recommendations from the Overview & Scrutiny Panel as reflected in Section 6.0 of the report.

Or

3.2 Cabinet could adopt the Overview & Scrutiny Panel recommendations with some amendments with reasons for such amendments back to the Panel.

### **4.0 Next Steps**

4.1 If Cabinet agrees the recommendations, there will be a need for the Executive to communicate the Council position on the matter to the Environment Agency and Southern Water and engage these two agencies further if there is a need to do so.

### **5.0 Corporate Implications**

#### **5.1 Financial and VAT**

5.1.1 If Cabinet approves the OSP recommendation relating to stocking and deployment of appropriate signage for future emergencies, then there may be financial implications for the adoption of such a recommendation.

5.1.2 An indicative figure of £2,500 would be required to be set aside for such expenditure. It should be noted that this allocation could be accessed from the contingency fund.

#### **5.2 Legal**

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

#### **5.3 Corporate**

5.3.1 This investigation was undertaken by a Sub-Group of the Panel in order to improve future approaches to emergency responses by Thanet District Council and its partner agencies to contamination of Thanet beaches.

#### **5.4 Equity and Equalities**

5.4.1 There are no equity and equality issues arising directly from this report.

### **6.0 Recommendation(s)**

6.1 Cabinet is asked to agree the findings and subsequent recommendations of the Overview & Scrutiny Panel as detailed below:

#### **A. RECOMMENDATIONS TO THANET DISTRICT COUNCIL, SOUTHERN WATER AND ENVIRONMENT AGENCY**

6.1 Communication: - Thanet District Council, Southern Water and Environment Agency should meet quarterly to look at the emergency response arrangements and ensure that these arrangements are appropriate and up to date;

6.2 In the event of an emergency, with regards to the initial contact between Thanet District Council and Southern Water; there should be confirmation of any communication between the agencies; so that if a telephone message is left, the call should be returned and if an email is sent, it should be replied to;



- 6.3 There was a need to produce and adopt a Contingency Plan for the closure of Thanet Beaches which should be based on the best practice framework model for the South East Region to be developed by the Environment Agency;

**B. RECOMMENDATIONS TO THANET DISTRICT COUNCIL**

- 6.4 Compensation: - Cabinet be asked to lobby local MPs to amend the legislation that governs the water industry (particularly the sewer management sub-sector) so that in cases whereby flooding caused by the overwhelming of sewer systems it becomes the responsibility of water companies;
- 6.5 Thanet District Council should be responsible for signage and dissemination of information during emergencies;
- 6.6 Generic large signage boards (AO size) should be in store; ready to be deployed at strategic points of public access only to the beaches affected by the emergency event. The response to emergencies should be measured and appropriate and ensure that beaches not affected are not closed;
- 6.7 Social media (to include face book, twitter and local radio stations) should be used to alert the public about the contamination on the beaches;
- 6.8 After the beaches have been cleaned, signage should be put up to let visitors and the public know that the beaches are now clean and open. Appropriate signage, including social media should be used to advertise that the beaches have been cleaned and are safe;
- 6.9 Cabinet be asked to lobby local MPs to amend the legislation that governs the funding of the Environment Agency to enable them to carry out random sampling of bathing water on beaches during the off season (in winter);
- 6.10 Cabinet be asked to lobby Department for Environment, Food and Rural Affairs (Defra) to provide extra funding for off-season sampling of bathing water on beaches.

**C. RECOMMENDATIONS TO SOUTHERN WATER**

- 6.11 The response time between alarm action and the physical presence of staff to an emergency site should be 20 minutes and Monitoring CCTV facility should be installed at strategic points at Foreness Point Pumping Station in order to enable early response to emergencies;
- 6.12 After a prolonged period of drought, there should be more frequent jet washing of the sewer system particularly along known pinch points;
- 6.13 Southern Water communication/compensation procedures should be more responsive and more sympathetic discretion should be used to compensate residents whose properties are affected by sewage flooding;
- 6.14 In the event of future emergencies, an ad hoc 'Incident Dedicated Contact Point' for customers should be set up;

## **D. RECOMMENDATIONS TO ENVIRONMENT AGENCY**

- 6.15 Request the Environment Agency to consider carrying out random water sampling on beaches in winter due to the increase in winter sports during the off-season.
- 6.16 Request the Environment Agency to draft a best practice framework model for Contingency Plan for closure of beaches in emergencies.

### **7.0 Decision Making Process**

- 7.1 The Overview & Scrutiny Panel can investigate matters that affect the well being of the residents in Thanet District and where appropriate, recommend to Executive for further action.

Contact Officer:	Charles Hungwe, Senior Democratic Services Officer, Ext 7186
Reporting to:	Glenn Back, Democratic Services & Scrutiny Manager, Ext 7187

### **Annex List**

Annex 1	Thanet Beaches Contamination Review TFG Report to OSP – 20 December 2012
Annex 2	Thanet Beaches Contamination Review TFG – Terms of Reference

### **Background Papers**

<b>Title</b>	<b>Details of where to access copy</b>
None	N/A

### **Corporate Consultation Undertaken**

Finance	Sarah Martin, Financial Services Manager
Legal	N/A

### **THANET BEACHES CONTAMINATION REVIEW TASK & FINISH GROUP FINAL REPORT TO OVERVIEW & SCRUTINY PANEL**

To: **Extraordinary Overview & Scrutiny Panel – 20 December 2012**

Main Portfolio Area: **Operational Services**

By: **Members Report - Thanet Beaches Contamination Review Task & Finish Group**

Classification: **Unrestricted**

Ward: **Thanet Coastal Wards**

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**Summary:** The purpose of this report is to present the findings and recommendations of the Thanet Beaches Contamination Review Task & Finish Group to the Overview & Scrutiny Panel for adoption and recommendation to Cabinet.

#### **For Decision**

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#### **1.0 Introduction and Background**

- 1.1 On 17 July 2012, Members of the Overview & Scrutiny Panel established the Thanet Beaches Contamination Review Task & Finish Group to review the sewage spillage incidents that took place early this year. The terms of reference for the Group are detailed in Annex 1 of the report.
- 1.2 The Group held five meetings where they took evidence from Thanet District Council officers, Environment Agency, Southern Water, members of the public and business community separately. Southern Water representatives were recalled for another meeting because Members of the Group wanted to seek further clarifications on issues raised by some residents affected by the sewage spillage flooding on their private properties.
- 1.3 Members also went on site visits to the Southern Water Foreness Point Pumping Station and Weatherlees Hills Wastewater Treatment Works. These visits enabled Members to familiarise themselves with some of the operational work involved in managing the sewer system under review. Members also went on a site visit to the Margate Beaches (Main Sands) to witness the sampling procedures that are routinely conducted by the Environment Agency to monitor the quality of bathing waters on Thanet Beaches. A work programme for the Group is detailed in Annex 2 of the report.
- 1.4 After all evidence gathering, Members then met to draft their report with recommendations in accordance with their terms of reference. The report will be referred to the Extraordinary Overview & Scrutiny Panel meeting on 20 December 2012.
- 1.5 Members of the Task & Finish Group are grateful to all the TDC officers, Southern Water and Environment Agency staff as well as members of the public and business community who cooperated with the review and took time out to give evidence at the various meetings set up for this investigation.

## **2.0 The Findings**

- 2.1 After collecting evidence from witnesses that included TDC officers, Environment Agency staff, Southern Water representatives, members of the public and business community, the Group made a number of observations regarding how the emergency incidents in question were managed.
- 2.2 Members were concerned that the spillage incidents were reported by a member of the public and not any one officer from the three agencies (TDC, Southern Water or Environment Agency). They suggested that a more rigorous approach for monitoring Foreness Pumping Station and identifying any spillages should be put in place.
- 2.3 There was confusion regarding who was responsible for producing and distributing signage to warn the public of the sewage spillages on the beaches.
- 2.4 There was limited use of alternative media to advise the public about the contamination of beaches due to the spillages.
- 2.5 Signage used to warn the public about contamination on the closed beaches was too small, inadequate and therefore not appropriate.
- 2.6 There was no acknowledgement of communication between the three agencies regarding reporting of the emergency incidents; or confirmation that action was being taken.
- 2.7 Once the beaches had been cleaned up, there was no evidence of advertising through social media that the beaches were clean, open and safe to use.
- 2.8 Members were concerned that the beaches that had not been affected by the spillages were unnecessarily closed.
- 2.9 Thanet District Council does not have an effective Contingency Plan for closing the beaches in response to emergencies. The Environment Agency was looking at coming up with some framework for Best Practice which can be considered for adoption by Councils in the South East region.
- 2.10 Southern Water should be more sympathetic to direct claims of compensation by sewage related flood victims. There was concern about what appeared to be inadequate communication between Southern Water and residents affected by these incidents under review.
- 2.11 The accumulation of 'rag' particularly during a drought period increases the chances of flooding on some properties (due to back flow) during heavy rains. There are no planned schedules of jet cleaning to get rid of rag and thereby mitigate this problem.
- 2.12 Members are of the view that the costs incurred in improving the sewer system infrastructure would be justified if it helps avoid the damage caused by contamination on beaches during the spillage incidents under investigation.
- 2.13 The Environment Agency do not ordinarily carry out bathing water sampling on beaches in winter because there was no legislative funding for it.
- 2.14 Members would like to forward to the Overview & Scrutiny Panel a number of recommendations in relation to their observations made during this review. These recommendations are detailed in Section 6.0 of the report.

### **3.0 Other**

3.1 Members of the Thanet Beaches Contamination Review Task & Finish Group would like thank Southern Water, Environment Agency, TDC officers and members of the public and business community for their cooperation during this investigation.

3.2 Members feel enormous sympathy for the residents affected by these spillage incidents.

### **4.0 Next Steps**

4.1 Once agreed, any recommendations adopted by the Overview & Scrutiny Panel would have to be referred to the Executive. Cabinet may then wish to engage both Southern Water and the Environment Agency to progress these recommendations.

### **5.0 Corporate Implications**

#### **5.1 Financial and VAT**

5.1.1 Although there are no financial implications arising directly from this report, part of the recommendations suggest the production and stocking of appropriate signage (boards) that would be used in emergencies to warn the public about the closure of the beaches in Thanet.

5.1.2 Some costs would be incurred in procuring these boards. This would have to be funded from the Council's contingency budget set aside for emergencies.

#### **5.2 Legal**

5.2.1 There are no legal issues arising directly from this report.

#### **5.3 Corporate**

5.3.1 Council's response to emergencies is an important aspect of a responsive public organisation. Where concerns are raised regarding previous performance in relation to corporate preparedness to emergencies, Council should endeavour to make improvements as is appropriate.

5.3.2 The Overview & Scrutiny Panel can review matters of public concern affecting Thanet residents and then make recommendations to an appropriate body of Council for final approval.

#### **5.4 Equity and Equalities**

5.4.1 There are no equity and equality issues arising directly from this report.

## **6.0 Recommendation(s)**

### **A. RECOMMENDATIONS TO THANET DISTRICT COUNCIL, SOUTHERN WATER AND ENVIRONMENT AGENCY**

- 6.1 Communication: - Thanet District Council, Southern Water and Environment Agency should meet quarterly to look at the emergency response arrangements and ensure that these arrangements are appropriate and up to date;
- 6.2 In the event of an emergency, with regards to the initial contact between Thanet District Council and Southern Water; there should be confirmation of any communication between the agencies; so that if a telephone message is left, the call should be returned and if an email is sent, it should be replied to;
- 6.3 There was a need to produce and adopt a Contingency Plan for the closure of Thanet Beaches which should be based on the best practice framework model for the South East Region to be developed by the Environment Agency;

### **B. RECOMMENDATIONS TO THANET DISTRICT COUNCIL**

- 6.4 Compensation: - Cabinet be asked to lobby local MPs to amend the legislation that governs the water industry (particularly the sewer management sub-sector) so that in cases whereby flooding caused by the overwhelming of sewer systems it becomes the responsibility of water companies;
- 6.5 Thanet District Council should be responsible for signage and dissemination of information during emergencies;
- 6.6 Generic large signage boards (AO size) should be in store; ready to be deployed at strategic points of public access only to the beaches affected by the emergency event. The response to emergencies should be measured and appropriate and ensure that beaches not affected are not closed;
- 6.7 Social media (to include face book, twitter and local radio stations) should be used to alert the public about the contamination on the beaches;
- 6.8 After the beaches have been cleaned, signage should be put up to let visitors and the public know that the beaches are now clean and open. Appropriate signage, including social media should be used to advertise that the beaches have been cleaned and are safe;
- 6.9 Cabinet be asked to lobby local MPs to amend the legislation that governs the funding of the Environment Agency to enable them to carry out random sampling of bathing water on beaches during the off season (in winter);

### **C. RECOMMENDATIONS TO SOUTHERN WATER**

- 6.10 The response time between alarm action and the physical presence of staff to an emergency site should be 20 minutes and Monitoring CCTV facility should be installed at strategic points at Foreness Point Pumping Station in order to enable early response to emergencies;
- 6.11 After a prolonged period of drought, there should be more frequent jet washing of the sewer system particularly along known pinch points;

6.12 Southern Water communication/compensation procedures should be more responsive and more sympathetic discretion should be used to compensate residents whose properties are affected by sewage flooding;

6.13 In the event of future emergencies, an ad hoc 'Incident Dedicated Contact Point' for customers should be set up;

#### **D. RECOMMENDATIONS TO ENVIRONMENT AGENCY**

6.14 Request the Environment Agency to consider carrying out random water sampling on beaches in winter due to the increase in winter sports during the off-season.

6.15 Request the Environment Agency to draft a best practice framework model for Contingency Plan for closure of beaches in emergencies.

#### **7.0 Decision Making Process**

7.1 This is a review project by a sub committee of the Overview & Scrutiny Panel. The Panel can finalise recommendations from its Task & Finish Groups and forward to another appropriate body of Council for final decision. Members of the Task & Fish Group have agreed to forward their report directly to the Overview & Scrutiny Panel without the need for another Group meeting.

Contact Officer:	Charles Hungwe, Senior Democratic Services Officer, Ext 7186
Reporting to:	Glenn Back, Democratic Services & Scrutiny Manager,

#### **Annex List**

Annex 1	Thanet Beaches Contamination Review Task & Finish Group Terms of Reference
Annex 2	Thanet Beaches Contamination Review Task & Finish Group Work Programme – 2012-13

#### **Background Papers**

<b>Title</b>	<b>Details of where to access copy</b>
None	N/A

#### **Corporate Consultation Undertaken**

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

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# Agenda Item 10

## Annex 2

### THANET BEACHES CONTAMINATION REVIEW TASK & FINISH GROUP TERMS OF REFERENCE AND WORK PROGRAMME FOR 2012/13

#### A. TERMS OF REFERENCE

##### General

A Sub-Committee of the Overview & Scrutiny Panel established to review and scrutinise issues related to the collaborative working between Thanet District Council, Southern Water and the Environment Agency especially during emergencies.

##### Membership, Chairmanship and Quorum

Number of Members	8
Substitute Members Permitted	Yes
Political Balance Rules apply	No
Appointments/Removals from Office	By the Overview and Scrutiny Panel
Restrictions on Membership	Non Executive Members only
Restrictions on Chairmanship	None
Quorum	4
Number of ordinary meetings per Council Year	Meetings will be called as required and as reflected in the work programme below

##### Terms of Reference

1. Review the events in relation to the Southern Water sewage release incidents that occurred recently;
2. Review of the Southern Water and Thanet District Council emergency planning arrangements for managing similar incidents;
3. Review the collaborative working arrangements between Thanet District Council, Southern Water and the Environment Agency;
4. Gather evidence in relation to the impact of the sewage release from members of the public and businesses;
5. Make recommendations to the Overview & Scrutiny Panel on how the emergency plan can be made more robust and fit for purpose if appropriate;
6. Submit written interim and final reports with recommendations to the Overview and Scrutiny Panel.

##### Delegations

None

## **Notes**

This task & finish group was proposed for establishment in principle by the decision of the Overview & Scrutiny Panel on 17 July 2012. These terms of reference were approved by the Overview & Scrutiny Panel on 17 July 2012.

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## MOTION ON NOTICE REFERRED BY COUNCIL - RAMSGATE ROYAL SANDS

To: **Cabinet - 22 January 2013**

Main Portfolio Area: **Commercial Services**

By: **Harvey Patterson, Corporate & Regulatory Services Manager**

Classification: **Unrestricted**

Ward: **Eastcliff**

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**Summary:** Pursuant to Council Procedure Rule 16.3, to consider the Motion on Notice referred to Cabinet at the meeting of Council held 6 December 2012 concerning Ramsgate Royal Sands.

### For Decision

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#### **1.0 Introduction**

1.1 At the meeting of Council held 6 December Councillor Driver placed on notice the following motion, seconded by Councillor Wells:

*'This Council expresses its concern about the worrying lack of progress of SFP Ventures (UK) Ltd in developing the Royal Sands construction project.*

*Council notes that SFP Ventures (UK) Ltd have been in negotiations with the Council to change the current development agreement.*

*Council understands that this new agreement is ready for approval once SFP Ventures (UK) Ltd has demonstrated that:*

- A) it has finance in place to complete the project; and*
- B) that it has an agreement in place with a hotel management company to run the hotel which forms part of the development agreement with the Council.*

*Council notes that more than 4 months have elapsed since it requested SFP Ventures (UK) Ltd to provide the information in A) and B) above.*

*Council recommends to Cabinet that if SFP Ventures (UK) Ltd are unable to provide the information requested by the Council in A) and B) above by 31 January 2013 that Cabinet refuses to agree any new terms with this company and will robustly enforce the existing agreement including taking back the leasehold of the Royal Sands development if necessary.'*

1.2 Council resolved not to debate the motion as a result of which the motion stood referred to the Cabinet for consideration.(Minute 58/2011 refers).

#### **2.0 Background**

2.1 On 26 July 2012 the Cabinet received and considered an exempt report concerning Ramsgate Royal Sands. Upon the motion of Councillor Poole, seconded by Council Hart it was resolved as follows (minute14/2012 refers):-

*'THAT the revised development agreement summarised in Annex 1 to the report is agreed, with delegated authority granted to the Corporate and Regulatory Services Manager to sign the final agreement, once all advance conditions are met, in consultation with the Cabinet Member for Commercial Services.'*

2.2 On 16 August the Overview and Scrutiny Panel considered a 'call-in' of the decision of the Cabinet in relation to the Ramsgate Royal Sand site. Upon the motion of Councillor Harrison, seconded by Councillor Bayford, it was resolved to recommend to Cabinet as follows (minute 282/2012 refers):-

1. *That before any final decision is made, external due diligence be undertaken and the report brought back to the Overview & Scrutiny Panel;*
2. *That the final decision is made by the Cabinet Member for Commercial Services, Leader of Council and Officers;*
3. *That points (i.e. all unanswered Questions/Queries) raised by Members of the Panel be responded to and the report authors be present when such issues would be considered next'.*

2.3 On 23 August 2012 Cabinet received and considered an exempt report in relation to the recommendations of the Overview & Scrutiny Panel. Upon the motion of Councillor Poole, seconded by Councillor Fenner, it was resolved as follows (minute 24/2012 refers:-

*.'As all the concerns expressed by the Overview & Scrutiny Panel have now been addressed, Cabinet confirms its decision taken on 26 July 2012.'*

#### **4.0 Options**

4.1 To debate the Motion on Notice referred by Council or to not debate the Motion on Notice referred by Council

#### **5.0 Corporate Implications**

##### **5.1 Financial and VAT**

5.1.1 The financial and VAT implications have been considered by the Cabinet at previous meetings.

##### **5.2 Legal**

5.2.1 The Legal implications have been considered by the Cabinet at previous meetings.

##### **5.3 Corporate Implications**

5.3.1 The Corporate implications have been considered by the Cabinet at previous meetings.

##### **5.4 Equity and Equalities**

5.4.1 The Public Sector Equalities duty is not engaged.

## 6.0 Recommendation

6.1 That Cabinet considers the Motion on Notice and determines whether or not to debate it.

## 7.0 Decision Making Process

7.1 This is a non-key decision. However, the decision of the Cabinet will be referred back to Council for noting.

Contact Officer:	Harvey Patterson, Corporate & Regulatory Services Manager, ext 7005
Reporting to:	Dr Sue McGonigal, Chief Executive

## Annex List

None	N/A
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## Background Documents

Title	Where to Access Document
None	N/A

## Corporate Consultation Undertaken

Finance	N/A
Legal	N/A
Communications	N/A

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## INTRODUCTION OF DOG CONTROL ORDER – DUMPTON GAP

To: **Cabinet – 22 January 2013**

Main Portfolio Area: **Business, Corporate & Regulatory Services**

By: **Penny Button, Environmental Health Manager**

Classification: **Unrestricted**

Ward: **Viking**

**Summary:** To consider a Petition proposing a dog ban on Dumpton Gap Beach between the hours of 10.00 to 18.00 from 1 May to 30 September in each year, referred to Cabinet for consideration in accordance with the Council’s Petition Scheme .

### For Decision

#### 1.0 Introduction and Background

At the December 2012 Council Meeting a petition containing 135 signatures requesting that a dog ban be imposed at Dumpton Gap Beach, was referred to the Cabinet for consideration in accordance with the Council’s Petition Scheme. The beach is shown edged in black on the plan attached as **Annex 1**.

The petition requested that the Council imposes a dog ban at Dumpton Gap Beach, from 1 May to 30 September, banning dogs during the hours of 10:00 hrs to 18:00 hrs under the provisions of the Clean Neighbourhoods and Environment Act 2005.

The Clean Neighbourhoods and Environment Act 2005 replaced the previous system of byelaws for the control of dogs and repealed the Dog (Fouling Of Land) Act 1996 with Dog Control Orders

#### 2.0 The Current Situation

2.1 There are a number of different types of Dog Control Orders currently in force across Thanet’s beaches. They split into three distinct types of beach, those where dogs are welcome, those where they are totally banned between 1 May and 30 September and those where they are banned between 10:00 and 18:00 hours from 1 May to 30 September. This is summarised in the table below:

	<b>Birchington</b>	<b>Broadstairs</b>	<b>Cliftonville</b>	<b>Margate</b>	<b>Ramsgate</b>
<b>Dogs Allowed</b>	Grehnam Bay Epple Bay	Dumpton Gap Kingsgate Bay	Foreness Point Palm Bay Sacketts Gap	Fulsam Rock	Eastcliff Western undercliff
<b>Dogs Not Allowed May to September inc.</b>	Minnis Bay (Main Area)	Viking Bay	Walpole Bay	Main Sands	Main Sands (Harbour End)

	Birchington	Broadstairs	Cliftonville	Margate	Ramsgate
<b>Dogs Not Allowed 10.00 to 18.00 May to September inc.</b>		Botany Bay Joss Bay Lousia Bay Stone Bay		Westbrook Bay West Bay St Mildred's Bay	

2.2 Significant public consultation was held prior to the introduction of the Dog Control Orders shown in the table and it was felt that a balance between allowing and restricting dogs across the district had been made. Following receipt of this petition discussions have been held with our Parks & Coast Manager who supports the view that the current restrictions adequately balance the needs of beach users.

2.3 Dog Control Orders can be introduced to prescribe offences relating to the control of dogs and can be made in respect of land, which is open to the air and to which the public are entitled or permitted to have access (with or without payment).

2.4 The legislation is extremely specific around the process involved in introducing a Dog Control Order which includes extensive formal consultation. This formal consultation must be for a minimum period of 28 days and includes:

- publishing a notice of the proposal in the local newspaper circulating in the area, in which the land in respect of which the order would apply is situated, details of what should be included in the notice are specified;
- consultation with every other Authority having power under section 55 to make a dog control order in respect of all or part of the land in respect of which the proposed order would apply i.e. a primary or secondary authority;
- consultation with the access authority if the land to which the proposed order would apply is access land;
- consultation with the local access forum for that access land.

Additionally it is recommended that any local dog societies or clubs should be formally consulted.

2.5 On completion of the consultation period, further reports are submitted to Members to consider any representations that have been made and to decide whether or not to proceed with making an order. Once the decision is taken to proceed with making the Order, then the date it comes into force must be at least 14 days from the date on which it was made.

2.6 Consideration into how a new Dog Control order would be enforced should also be considered. We currently have two dog wardens who undertake a small amount of enforcement but a vast majority of their work involves dealing with stray dogs which is extremely time consuming. They do undertake operations around our Dog Control Orders but inevitably they are not able to provide constant cover at beaches to enforce bans.

2.7 The legislation & guidance clearly states that Authorities need to balance the interests of those in charge of dogs against those affected by the activities of dogs. The ability to enforce them also needs to be taken into account.



### **3.0 Options**

- 3.1 Maintain current situation and allow dogs at any time at Dumpton Gap Beach.
- 3.2 Propose to introduce a ban on dogs at any time between 1 May and 30 September in each year, proceed to public consultation and take the final decision taking into account the responses to the public consultation.
- 3.3 Propose to introduce a ban on dogs between the hours of 10:00 and 18:00 from 1 May to 30 September in each year, proceed to public consultation and take the final decision taking into account the responses to the public consultation.

### **4.0 Next Steps**

- 4.1 Should the decision be taken to undertake a consultation then a report will be brought back to Cabinet for decision following completion of the consultation.

### **5.0 Corporate Implications**

#### **5.1 Financial and VAT**

- 5.1.1 The cost of proposal will include the placing of a notice in the local newspaper, on two occasions, the purchasing of the relevant signage and the analysis of the representations made during the consultation period.
- 5.1.2 Whilst the existing dog enforcement budgets under Environmental Health are sufficient to cover the cost of notices and signage the staff cost of consultation and analysis is not something which is easily quantifiable and budget does not exist for this exercise to be outsourced.

#### **5.2 Legal**

- 5.2.1 Section 55 of the Clean Neighbourhoods and Environment Act 2005 gives the Council power to make Dog Control Orders providing for an offence or offences for the control of dogs.

Dog Control Orders can be introduced to prescribed offences for:

- (a) Failing to remove dog faeces
- (b) Not keeping a dog on a lead
- (c) not putting and keeping a dog on a lead when directed to do so by an authorised officer
- (d) Permitting a dog to enter land from which dogs are excluded.

The procedure for making a Dog Control Order is set out in Regulation 3 of the Dog Control Order (Procedures) Regulations 2006.

- 5.2.2 The consultation period mitigates the risk of legal challenge as alternative views are considered.

#### **5.3 Corporate**

- 5.3.1 Dog Control Orders support the corporate priorities of making the district a safer place to live and making the district cleaner and greener.
- 5.3.2 It is important to ensure that sufficient 'dog welcome' beaches are maintained across the district in order to cater for the needs of dog owners and to minimise the risk of dog incursions at peak times on prime bathing beaches during the summer season as well as to the national nature reserve at Pegwell Bay. However, it is not considered

that the introduction of a Dog Control Order at Dumpton Gap Beach banning dogs between the hours of 10.00 to 16.00 from 1 May to 30 September in each year would compromise these objectives.

#### 5.4 Equity and Equalities

5.4.1 The Clean Neighbourhoods and Environment Act states that in proposing the Order the Authority must be able to show that:

- The order is a necessary and proportionate response to problems caused by the activities of dogs and those in control of them.
- It has balanced the interests of those in charge of dogs against those affected by the activities of dogs.
- It has considered the ease with which the order can be enforced, since failure to properly enforce the Order could undermine its

The statutory consultation period provides the opportunity for the residents of Thanet to voice their opinion as to the equality of the Order.

Dog Control Orders provide exemptions, for people with disabilities who make use of trained assistance dogs.

An Equality Impact Assessment has not been carried out as the legislation has taken equalities considerations into account in its formulation.

#### 6.0 Recommendations

6.1 Subject to recommendation 6.2 below to make a Dog Control Order prohibiting the presence of dogs on the land shown edged with a thick black line on the plan reproduced at Annex 1 and known as Dumpton Gap Beach between the hours of 10.00 to 18.00 from 1 May to 30 September in each year;

6.2 To consult the public on this proposal;

6.3 To receive a further report and take the final decision having regard to the consultation responses.

#### 7.0 Decision Making Process

7.1 This is a non-key decision.

7.2 Should Cabinet agree the recommendation then upon completion of a public consultation period a further report will be submitted to Cabinet.

Contact Officer:	Penny Button, Environmental Health Manager, 7425
Reporting to:	Harvey Patterson, Corporate & Regulatory Services Manager

#### Annex List

Annex 1	Plan of Dumpton Gap Beach
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## Background Papers

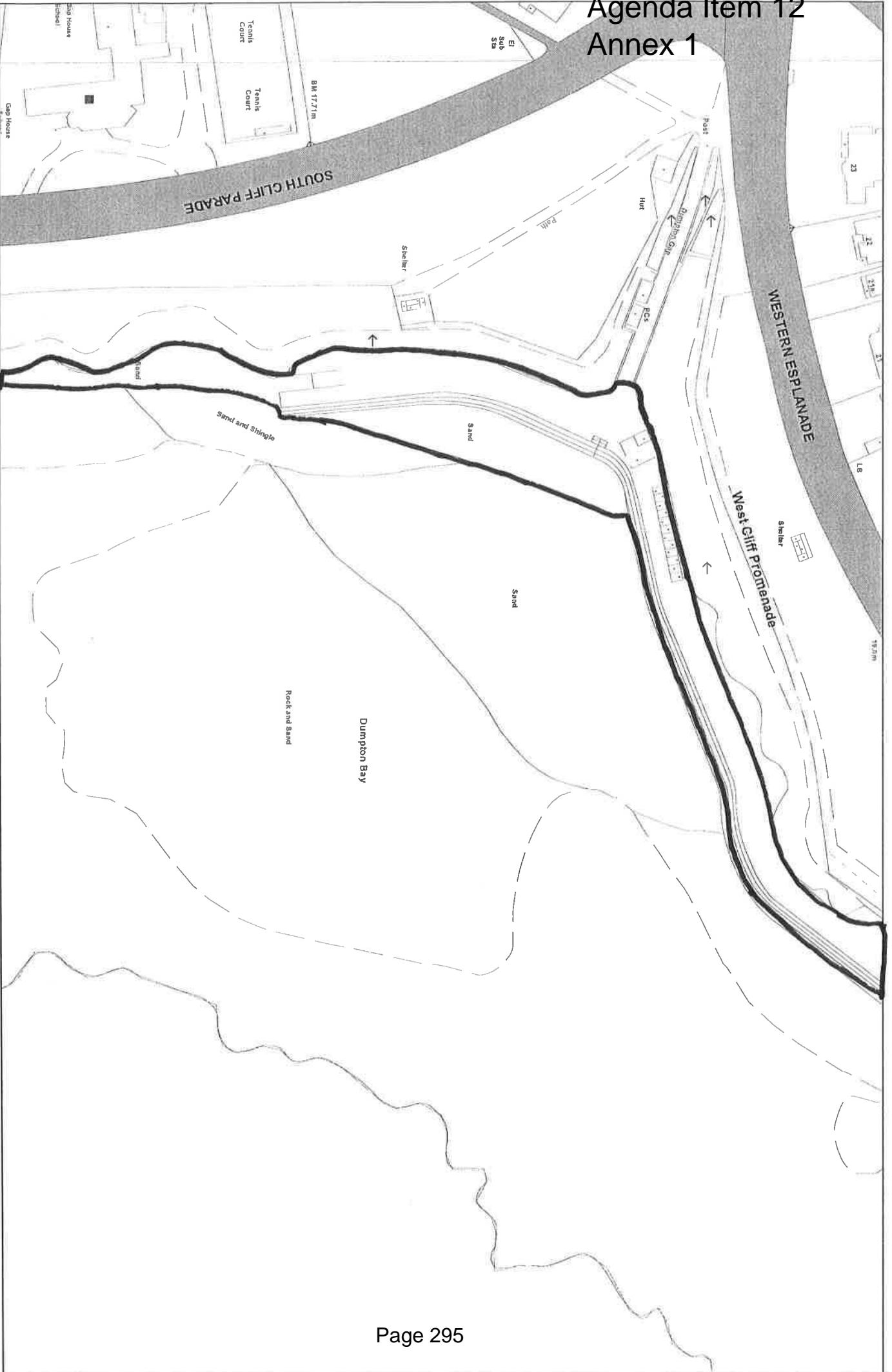
Title	Details of where to access copy
Petition	Democratic Services

## Corporate Consultation Undertaken

Finance	Sarah Martin, Financial Services Manager
Legal	Harvey Patterson, Corporate & Regulatory Services Manager
Communications	Justine Wingate, Corporate Information Manager

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# Agenda Item 12 Annex 1



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## ENFORCEMENT OF THE TERMS OF THE HEAD LEASE OF THE ARLINGTON SITE, MARGATE

To: **Cabinet - 22 January 2013**

Main Portfolio Area: **Commercial Services**

By: **Corporate & Regulatory Services Manager**

Classification: **Unrestricted**

Ward: **Margate Central**

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**Summary:** **To review the terms of the Council's Head Lease of the Arlington site and to agree the steps to be taken by officers to ensure compliance with terms of the Head Lease by the tenant.**

### For Decision

---

#### **1.0 Introduction and Background**

- 1.1 On 19 May 1965, the Council's predecessors in title, the former Margate Borough Council granted a 199 year lease ('the Lease') of a 4.49 acre site fronting Marine Terrace Margate ('the Arlington Site') to Bernard Sunley Investments (Margate) Limited. The site originally comprised a casino and corporation car park but by the date of the grant of the Lease the tenant had substantially completed the redevelopment of the site in accordance with the terms of a development agreement entered into with the Borough Council on 17 October 1961, namely the construction of a multi storey residential tower block with a number of ground floor retail units floor to be known as Arlington House, a public house and a number of other retail units to be known as Arlington Square and a coach/car park and a petrol filling station with a show room to the rear. As a result, the term of years granted by the Lease was defined to commence from 1 October 1961 at a ground rent of £7,500 per annum payable by equal quarterly instalments in advance. (The Lease made no provision for this sum to be uplifted with inflation).
- 1.2 The Lease was granted on 'clear lease' terms, that is to say as a tenants full repairing and insuring lease, meaning in theory that the Landlord should not have to incur any expenditure on the site and that the ground rent would therefore represent pure profit.
- 1.3 On 31 March 1969 Bernard Sunley Investments (Margate) Limited transferred the tenant's interest in the Lease of the Arlington site to Metropolitan Property Realizations Limited ('MPRL') and on 1 April 1974 the newly created Thanet District Council automatically succeeded to the Landlord's interest in the Lease of the site.
- 1.4 A copy of the Head Lease is attached for information as **Annexe 1** and the Lease Plans are attached as **Annexes 2, 3 and 4**. In essence, Clause 3(xix) and Schedule 2 of the Lease stipulate the uses to which each part of the site can be put although the Tenants can apply for a change of use to any part of the site and the Council cannot unreasonably withhold its consent to such a change of use. This will be a relevant consideration if MPRL is ultimately successful in obtaining planning permission for a retail food store and ancillary customer car park on the part of the site currently reserved for coach and public car parking. However, in that event in accordance with clause 3 (xii) of the Head Lease MPRL will also require the Council's consent Council to carry out the necessary alteration works, although, again, the Council cannot unreasonably withhold its consent to the

carrying out of such works. However, there is no restriction in the Head Lease at all concerning sub letting and MPRL will be free to sub-let the rear portion of the site to e.g. Tesco's, should they wish to do so.

## **2.0 Current Issues.**

- 2.1 A number of the current long leaseholders of the flats in Arlington House (the Council's sub-tenants) have expressed concerns about the poor management of the wider Arlington site by MPRL. Although it is not the Council's responsibility to enforce the terms of the long lease-holders leases with MPRL nor does the Council have the right regulate the conduct or actions of the managing agents appointed by MPRL, the long leaseholders at Arlington House are entitled to expect the Council to require MPRL in a planned and systematic way to comply with the covenants and other obligations on the part of the tenant contained in the Head Lease to the extent permitted by the terms of the Lease and any relevant statutory limitations, whereas, until recently, enforcement action by the Council has largely been re-active. The Council should also not be deterred from taking enforcement action by the fact that MPRL are likely to try to pass on all costs and expenses incurred by them in complying with terms of the Head Lease to the sub-tenants. That being so, consideration is now given to the enforcement of tenant's covenants generally and then to the major tenant's covenants contained in the Head Lease:-

### Enforcement of Covenants Generally

- 2.2 There is no direct contractual relationship between the Council and MPRL as the Council is a statutory successor to the Margate Borough Council and MPRL are the assignees of Bernard Sunley Investments (Margate) Limited. Nevertheless under the doctrine of privity of estate which still applies to leases granted before 1 January 1996 (before the Landlord and Tenant Covenants Act 1995 came into force the Council will be able enforce restrictive/negative tenants covenants (e.g. a restriction on use) and all positive covenants (e.g. a covenant to repair) which 'touch and concern' the land and 'have reference to the subject matter of the Lease' meaning in theory (if not always in practice) that all the major tenant's covenants in the lease are enforceable by the Council against MPRL.
- 2.3 The methods of enforcement are four fold - forfeiture, action in damages, injunction, and specific performance. In addition, where in the event of a breach of a positive covenant the lease gives the landlord the right to enter and perform the covenant and then recover its costs from the tenants, the landlord will also have an action in debt recovery. However, the Lease of the Arlington site only confers default powers on the Council if MPRL fail to keep the open part of the site clean and tidy and free from weeds or if MPRL fail to effect proper insurance. In addition, as the costs to the Council in effecting insurance in default is prescribed by the Lease to be recoverable as rent, the Council can also consider forfeiture as an alternative to debt recovery action.

### Forfeiture

- 2.4 Forfeiture is an application to court to terminate the lease and can be instituted 'as of right' in relation to rent arrears or other sums of money due under the lease prescribed to be recoverable as rent, e.g. Landlord's insurance premiums. However, in order to enforce all other tenant's covenants by this remedy a landlord must first serve a notice under section 146 of the Law of Property Act 1925 - a 'notice before forfeiture' which gives the tenant the opportunity to remedy the breach before formal forfeiture proceedings are taken. There are also significant statutory restrictions on the use of forfeiture proceeding for a breach of tenant's repairing obligations in the form of the Leasehold Property Repairs Act 1938 - considered in more detail later in this report. It is also the case that the courts 'lean against forfeiture' because, if successful, the tenant is deprived of his lease. Accordingly, even where an order in forfeiture is granted, the court will normally grant the tenant 'relief from forfeiture' - meaning that so long as the tenant undertakes to now comply with terms of the lease (and does so) the lease will be continued subject to the right of the landlord to revert to the court if the tenant does not.



### Action in Damages

- 2.5 A landlord will always have the right to recover damages for breach of a covenant by a tenant - assuming of course that the landlord can prove that he has suffered quantifiable financial damage to his reversionary interest as a direct result of the breach. However, actions in damages for breaches of repairing covenants are also subject to the significant statutory restrictions imposed by the Leasehold Property Repairs Act 1938.

### Injunction

- 2.6 This is a remedy which typically is used to enforce against a breach of a restrictive covenant, e.g. a covenant requiring land to only be used in a particular way, However it is a discretionary remedy and the court may award damages instead an injunction as well as in addition to it. Additionally, the courts are unlikely to grant an injunction if the landlord only suffers trivial damage to the value his reversionary interest.

### Decree of Specific Performance

- 2.7 This is similar to an injunction but used to require a tenant to perform a positive obligation in the Lease - e.g. to keep the premises in repair. Although a superficially attractive remedy, it is little used in practice because it cannot be used to circumvent the statutory restrictions contained in the Leasehold Property Repairs Act 1938 and, as a discretionary remedy, the courts will hardly ever grant a decree of specific performance if the landlord can be adequately compensated in damages or can only prove insignificant loss.

## **3.0 Major Covenants in the Head Lease**

- 3.1 The major covenants in the lease of the Arlington Site are now considered in turn, including, where potential or actual breaches are identified, recommendations on what action can or should be taken (if any).

### To Pay Rent - Clause 2

- 3.1.1 This covenant is being complied with.

### To Insure - Clauses 3 (iii) and (iv)

- 3.1.2 The terms of the Lease require MPRL to insure the whole of the Arlington site in full reinstatement value against loss or damage by fire storm or tempest, subsidence and aircraft in the joint names of the Council and MPRL with a reputable insurance company approved by the Council. MPRL are required to produce each year the policy or policies of insurance maintained by them along with evidence of payment of the annual premium. The proceeds of any claim on the policy are required to be deposited in a joint bank account nominated by the Council to be used in the re-instatement of the premises with MPRL making up any shortfall out of its own monies. In default of these requirements the Council can itself insure the Arlington site and recover the premium costs from MPRL as additional rent - i.e. the Council can consider instituting forfeiture proceedings for non payment of rent without having to serve a notice before forfeiture. MPRL are also required to insure to full value all plate glass windows in the premises and to expend all claims monies received in the reinstatement of any damaged plate glass.
- 3.1.3 Currently MPRL do not carry insurance on the rear car park, nor until prompted recently by the Estates team has insurance been maintained in the joint names of the Council and MPRL. In addition, MPRL have yet to produce evidence that they carry plate glass insurance.
- 3.1.4 It is therefore recommended that Cabinet agrees to the Council affecting insurance on the car park and re-charging the annual premium costs and that MPRL be formally requested to produce evidence of their plate glass insurance policy. It is further recommended that

in the event that MPRL does not promptly pay the insurance premium the Cabinet authorises forfeiture action so this is available as an alternative to a debt recovery action and that Council will not tolerate the flagrant breach of a covenant of this nature,

To Repair - Clause 3(vi)

- 3.1.5 As noted above the Lease is a full repairing lease, meaning in theory that the Council has three potential remedies in respect of identified disrepairs - (i) the right to take forfeiture proceedings to terminate the lease (begun by the service of a notice before forfeiture) or (ii), the right to give written notice of disrepair requiring MPRL to commenced the repairs within two months, failing which the Council can bring an action in damages for breach of covenant or, (iii), an action for specific performance.
- 3.1.6 However, the contractual position under the lease has been substantially modified by statutory intervention. The provisions of Section 1 of the Leasehold Property Repairs Act 1938 (as amended by Section 51(2) of the Landlord & Tenant Act 1954) applies to any lease granted for a term of seven years or more of which more than three years remain unexpired. The Arlington site lease is for 199 years with 147 years unexpired. So far as forfeiture for disrepair is concerned, the section provides that if a Landlord serves a notice before forfeiture in relation to lease to which the 1938 Act applies, the tenant may within 28 days of the date of service of such notice serve a counter-notice on the Landlord claiming the protection of the Section - the protection being that the Landlord cannot commence forfeiture proceeding without the leave of the court - which in all but exceptional circumstances will not be granted. Should the Landlord choose to enforce a breach of a repairing covenant by suing in damages the effect of the 1938 Act is much the same - the Landlord has to serve a notice on the Tenant at least one month before the date that the Landlord intends to institute proceedings and the Tenant can within 28 days serve a counter-notice claiming the protection of the section meaning that an action in damages can only be commenced with the leave of the court - which in all but exceptional circumstances will not be granted. In addition, it will not be possible to circumvent these restrictions by applying to the court for specific performance.
- 3.1.7 The rationale behind the statutory restrictions is clear- that in the enforcement of repairing obligation the courts are concerned with the damage caused by the breach to the value of the Landlord's reversionary interest - and the longer a lease has still to run, the less likely that a breach will have any impact on the value of that interest. In the case of the Arlington lease which still has 147 years to run, it is quite clear that even major breaches of the repairing obligations would have a negligible impact on the value of the Council's reversionary interest, whereas when the Lease has e.g. ten years left to run it is much more likely that the court would grant the Council leave to sue and/or commence forfeiture proceedings if the Council was able to prove that breaches of the repairing covenant substantially diminished the value of the Council's reversionary interest.
- 3.1.8 It is therefore the case that unless the Council is able to prove demonstrable harm to its financial interests as a result of breaches of the repairing covenant in the Lease, the Council will **not** be able to enforce compliance against MPRL through forfeiture action, an action in damages or specific performance - which in my view goes some way to explaining the Council's low key approach to date in relation to securing compliance with any perceived breaches of the repairing covenant in the Lease.

To Paint - Clause 3 (vii)

- 3.1.9 MPRL are required to paint the external woodwork, ironwork and other parts of the premises usually so painted with at least one undercoat and one gloss coat of first quality paint every four years. Internal painting should occur on a seven year cycle.
- 3.1.10 In my view there is a clear distinction between a maintenance covenant such as this clause and a repairing covenant. As, a result enforceability of the external painting covenant is not affected by Section 1 of the Leasehold Property Repairs Act 1938.

However, the Lease does not reserve to the Council the right to carry out such decorations in default with the right to recover the expenses of so doing from MPRL, meaning that the only practical means of enforcement would be by way of an action in damages. In this regard, although the Council would not require the leave of the court to proceed it would be very unlikely to succeed as the Council could not at this stage prove any appreciable damage to the value of its reversionary interest by reason of the tenant's non compliance. In addition, so far as the internal painting covenant is concerned, statutory relief is afforded by Section 147 of the Law of Property Act 1925 against a landlords notice requiring the tenant to carry out internal decorative repairs. In essence the tenant can apply to court for relief on the grounds that the notice is unreasonable. As any want of internal decorative repair would not at this stage result in any diminution in the value of the Council's reversionary interest, it is likely that a court would view any notice as unreasonable.

- 3.1.10 Consequently, even if there are extant breaches of this covenant, they are unlikely to be enforceable by the Council against MPRL.

To Permit Public Access - Clauses 3(viii) and (xx)

- 3.1.11 Clause 3 (vii), which is the right of the public to use the roads pathways and ramps on the premises to access the shops and other parts of the site which are open to public (including any coach/car park on the site) is almost certainly being breached by the locked gate that prevent public access to Arlington Square and the car park behind. However, as there are currently no shops in Arlington Square for the public to visit and as the car park is not currently open to the public, there is little merit in the Council taking any action at present to enforce this covenant as open public access to a vacant shopping arcade may encourage vandalism, littering and anti-social behaviour. However, the position can be reviewed should the car park ever open to the public.

- 3.1.12 As to the car park, Clause 3(xx) of the Lease requires MPRL throughout the whole of the term to keep open and make available for use by the public on reasonable terms the coach/car parking facilities 'now existing on the premises', although should any of these facilities become unnecessary the clause can be varied by mutual agreement. However, it is the case the courts will hardly ever enforce a 'keep open' clause by specific performance on the grounds that it will often cause disproportionate financial damage to the tenant compared to the financial damage caused to the landlord e.g. where the tenant is thereby required to trade at a loss or to commit significant expenditure in order to comply with the covenant.

- 3.1.13 Nevertheless, there is a possibility that this covenant may be enforceable by the Council against MPRL by specific performance due to the fact that covenant does not prevent MPRL charging for the use of the car park to enable it to meet the costs of compliance. However, it is not recommended that enforcement action is considered at this stage as the car park may be re-developed within the next two years if MPRL obtains planning permission from the Secretary of State for the construction of a Tesco Express food store to the rear of the site and the Council gives the necessary landlords consents (all of which the Council cannot unreasonably withhold). This position can be reviewed in the event that planning permission is not granted or should the Council refuse to give the necessary landlords consents.

To Permit Entry By Landlord and Commence Repairs on Notice - Clauses 3(x) and (xi)

- 3.1.14 Clause 3 (x) entitles Council officers and agents with or without workmen to view the premises on two occasions each year and give notice in writing to MPRL of all defects, decay or wants of reparation identified by the inspection. Clause 3 (xi) of the Lease then requires MPRL within two months of receipt of a Landlords notice and at their sole cost to expeditiously proceed to carry out the identified repairs.

- 3.1.15 Clearly the Council has the right to inspect the Arlington site twice a year and to prepare and serve relevant defect/repair notices but should MPRL declines to comply with such a notice, Section 1 of the Leasehold Property Repairs Act 1938 will effectively prevent the Council from enforcing compliance by forfeiture action, an action in damages or by specific performance. Moreover, as the Lease does not give the Council in default the right to carry out the repairs and recharge the costs to MRPL, it will not be possible to secure compliance with the covenant in this way either.
- 3.1.16 Nevertheless it is still recommended that Council officers exercise bi-annual inspections at reasonable interval and prepare and serve any necessary notices on MPRL as this will encourage MPRL to keep the site in good repair as well as meeting some of the criticisms of the long leaseholders about the Council's management of the site.

To Maintain Amenity – Clause 3(xxiv)

- 3.1.17 This clause requires the open parts of the site but particularly any open space to be kept clean and tidy and free from weeds etc in order to maintain amenity. Moreover, if MPRL are in breach the Council can serve a Notice on MPRL requiring them to restore amenity failing which the Council can carry out the necessary remedial works itself and recover the costs from MPRL as a simple contract debt.
- 3.1.18 In this regard Council officers have recently met with the MPRL's managing agents to secure the removal of weeds and a general tidying up of public views into the site from Marine Terrace and given the co-operation of the managing agents it has not been considered necessary to serve formal notices. It is also recommended that the bi-annual site inspections also assess compliance with the amenity covenant and that enforcement action is taken as necessary.

Not to Make Alterations Without Consent – Clause 3(xii)

- 3.1.19 There is no evidence of breach of this covenant. However the Council cannot unreasonably withhold consent to an application by MPRL for a Licence for Alterations. MPRL will need such a Licence in order to redevelop the rear of the site to provide a Tesco Express food store and ancillary customer car park.

Not To Assign – Clause 3 (xvi)

- 3.1.20 There is no evidence of breach of this covenant. However the Council cannot unreasonably withhold consent to an application by MPRL for e.g. a Licence to Assign part of the site to Tesco's. However if MPRL decides to proceed by way of the grant of an under-lease to Tesco's, it will not require the consent of the Council to do so.

Permitted User- Clause 3(xix)

- 3.1.21 There is no evidence of breach of this covenant as non use of e.g. the rear car park does not constitute a breach of the user clause. In addition, the Council cannot unreasonably withhold consent to an application by MPRL for Licence for a Change of Use. MPRL will require such a licence in order to redevelop the rear of the site to provide a Tesco Express food store and ancillary customer car park.

#### **4.0 Suggested Approach**

- 4.1 Subject to the substantial statutory limitations imposed on the Council, the Council should enforce the tenant's covenants in the Lease to the fullest extent, particularly in relation to insurance, inspection rights and the preservation of amenity. Moreover, should MPRL fail to obtain planning permission for the proposed Tesco Express food store or should the Council determine on lawful grounds to withhold any of the necessary landlords consents, the Council should consider the merits of taking enforcement action in relation to the

existing rear car park in the event that it is considered expedient or desirable to require MPRL to re-open the car park to the public.

## **5.0 Corporate Implications**

### **5.1 Financial and VAT**

5.1.1 It is considered that enforcement action can be met from within existing resources. In addition, the costs of effecting insurance or taking action to restore the amenity of the site can be recovered from MPRL.

### **5.2 Legal**

5.2.1 As set out in the report.

### **5.3 Corporate**

5.3.1 Fair and proportionate enforcement of the terms of the Lease may counteract perceptions that the Council has failed in the past to deliver effective Landlord management of the Arlington site

### **5.4 Equity and Equalities**

5.4.1 There are no equity or equalities issues arising out of the report

## **6.0 Recommendation(s)**

6.1 That the report be received and noted;

6.2 That Cabinet further notes the significant statutory limitations imposed on the Council in the taking of enforcement action against Metropolitan Property Realizations Limited in respect of perceived breaches of the tenants repairing and decorating covenants in the Head Lease.

7.1 That subject to the applicable statutory limitations the Council will seek to enforce compliance with the tenants covenants contained in the Head Lease of the Arlington site and in particular:-

- (i) the officers are authorised to effect buildings insurance on the rear car park and recover the premium costs from Metropolitan Property Realizations Limited by forfeiture action if necessary;
- (ii) the officers are instructed to require Metropolitan Property Realization Limited to provide evidence of its plate glass insurance policy;
- (iii) the officers are instructed to carry out bi-annual inspections of the Arlington site at reasonable intervals to include inspections for compliance with the obligations contained in the Lease to preserve the amenity of the site and keep it clean and tidy and free from weeds and to prepare and serve on Metropolitan Property Realizations Limited any notices considered necessary or desirable as a result of such inspections including, where possible, taking action in default and recovering the costs thereof from Metropolitan Property Realizations Limited as a simple contract debt.

6.4 That no action is taken at this time in relation to the rear car park on the site but that the officers report back to Cabinet when the Secretary of State has taken the decision whether or not to grant planning permission for a Tesco Express food store.

## 7.0 Decision Making Process

7.1 The recommendations in this report are non key executive decisions to be taken by the Cabinet.

Contact Officer:	Harvey Patterson, Corporate & Regulatory Services Manager, ext 7005
Reporting to:	Dr Sue McGonigal, Chief Executive, ext. 7001

### Annex List

Annex 1	Arlington Site Lease excluding Plans
Annex 2	Plan 'A' - Arlington Site Lease
Annex 3	Part of Plan 'B', - Arlington Site Lease
Annex 4	Remaining Part of Plan 'B' - Arlington Site Lease

### Background Papers

Title	Details of where to access copy
None	N/A

### Corporate Consultation Undertaken

Finance	Sarah Martin, Financial Service Manager
Legal	Judith Woodward, Senior Legal Executive
Communications	Justine Wingate, Corporate Information Manager

2291

DATED May 19th 1965

THE MAYOR ALDERMEN AND BURGESSES OF  
THE BOROUGH OF MARGATE

- to -

BERNARD SUNLEY INVESTMENTS (MARGATE)  
LIMITED

*Cowick*  
LEASE

relating to the Casino Site Margate in  
the County of Kent.

Term: 199 years from 1st October 1961  
Rent: £7,500 per annum

per 35/11/65

*Ray Smith*

*Memorandum. By a Deed of Charge dated 1st February 1966 made between Bernard Sunley Investment Trust Limited of the first part in Substituted Chargees Companies (including Bernard Sunley Investments (Margate) Limited) of the second to the seventh parts and Eagle Star Insurance Company Limited of the eighth part the property comprised in the within-written lease was with other property charged by way of first legal mortgage to the said Eagle Star Insurance Company Limited with the payment to the said Company of the principal premium (if any) of and interest on the Stock and of all other moneys intended to be secured by the Principal Deed and Supplemental Deeds therein referred to.*

copy

Please do not date

THIS LEASE made the Nineteenth day of May thousand nine hundred and Sixty five BETWEEN THE MAYOR ALDERMEN AND BURGESS



OF THE BOROUGH OF MARGATE (hereinafter called "the Lessor" which expression where the context admits or requires shall include their successors and assigns) of the one part and BERNARD SUNLEY INVESTMENTS (MARGATE) LIMITED whose registered office is situate at Berkeley Square House Berkeley Square London W.1. (hereinafter called "the Lessee" which expression where the context admits or requires shall include their successors and assigns) of the other part

WITNESSETH as follows:-

1. IN consideration of the expense incurred by the Lessee in erecting the buildings and constructing the works hereinafter mentioned on the land hereby demised and of the rents and covenants hereinafter reserved and contained and on the part of the Lessee to be paid observed and performed the Lessor HEREBY DEMISES unto the Lessee ALL THAT piece or parcel of land in the Borough of Margate in the County of Kent abutting to the north to the private forecourt adjoining Marine Terrace in the ownership of the Lessor to the west to All Saints Avenue to the east to land now in the ownership of Margate Estates Company Limited and to the south to land now in the ownership of the British Transport Commission as the same comprises an area of 4.49 acres or thereabouts and is for the purpose of identification only more particularly delineated on the plan annexed hereto and marked "A" and thereon

Exceptions and Reservations

coloured pink TOGETHER with the buildings and works recently erected or constructed thereon or on some part thereof (which said piece or parcel of land with the buildings and works thereon is hereinafter referred to as "the premises") EXCEPT AND RESERVING unto the Lessor and the Lessor's successors in title

- (i) full right and liberty at any time hereafter and from time to time to execute works and erections upon the neighbouring land of the Lessor in such manner as the Lessor may decide notwithstanding any interference with the access of light or air to the premises or any part thereof
- (ii) full right and liberty at all reasonable times to enter upon the premises to view the state and condition of and to repair and maintain adjoining roadways or adjoining works the Lessor causing as little interference as possible with the Lessee and making good all damage and disturbance so caused to the premises
- (iii) the free right of uninterrupted passage and running of water and soil from and to all other lands of the Lessor and the Lessor's tenants through the gutters pipes and sewers drains and water courses which are now or may hereafter during the term hereby granted be in or under the premises and to make communications with such gutters pipes sewers drains and water courses or any of them for the purpose of exercising such right



(iv) full right and liberty at all times during the term hereby granted for the Lessor and the Lessor's assigns and officers servants agents or licensees to pass with or without vehicles laden or unladen over and along so much of the premises as may be necessary to inspect lay maintain replace or relay electricity cables post office cables gas mains water mains sewers drains and all other services to any neighbouring or adjoining land or premises of the Lessor which right and liberty shall include the right to erect maintain renew or replace electric street lighting fittings on such adjoining or neighbouring land or premises and the right to lay maintain replace or relay electric cables thereto and such conduits as may be necessary under over or across the premises making good all damage and disturbance occasioned thereby at its own expense

To pay rates and taxes

TO HOLD the premises unto the Lessee from the First day of October One thousand nine hundred and sixty one for the term of One hundred and ninety nine years YIELDING AND PAYING unto the Lessor therefor during the said term the rent of SEVEN THOUSAND FIVE HUNDRED POUNDS (£7,500) per annum clear of all deductions to be paid by equal quarterly payments in advance on the Thirty first day of March the Thirtieth day of June the Thirtieth day of September and the Thirty first day of December in each year the first of such quarterly payments or a due proportion thereof to become payable on the First day of October One thousand nine hundred and sixty one PROVIDED that the rental payable during the first two years of the said term shall be Three thousand pounds (£3,000) in accordance with Clause 1 of an Agreement made between the Lessor and the Lessee dated 17th October 1961 AND ALSO YIELDING AND PAYING unto the Lessor on demand by way of additional rent a sum equal to all such sums as the Lessor may from time to time pay for insuring and keeping insured the premises against loss or damage by fire in case the Lessee shall make default in insuring or keeping insured the premises pursuant to the covenant hereinafter contained.

To insure

Incidents and Restrictions

2. IT IS HEREBY AGREED by and between the parties hereto as follows:-

- (i) the Lessee shall hold the premises during the said term subject to and with the benefit of the Incidents and Restrictions referred to in the First Schedule hereto (hereinafter referred to as the "Incidents and Restrictions") so far as the same are still subsisting and capable of taking effect and the Lessee shall be deemed to have express notice thereof
- (ii) the Lessee shall during the continuance of the said term observe and perform all the covenants and obligations arising under the Incidents and Restrictions and shall indemnify the Lessor against all actions claims and liability in respect of any breach or non-observance of any of the said covenants and obligations.

Lessee's covenants. 3. THE Lessee HEREBY COVENANTS with the Lessor in manner following that is to say

To pay rent

- (i) during the continuance of the term hereby granted to pay the said yearly rent hereinbefore reserved and made payable at the times and in the manner

at and in which the same is hereinbefore reserved and made payable without any deduction -

To pay rates and taxes

(ii) from time to time and at all times during the said term to pay and discharge all rates taxes duties charges assessments impositions and outgoings whatsoever (whether Parliamentary parochial local or of any other description) which are now or may at any time hereafter be assessed charged or imposed upon or payable in respect of the premises or by the owner or occupier in respect thereof and an apportioned part of any rates taxes duties charges assessments and outgoings of the nature hereinbefore mentioned which are now or may at any time hereafter be assessed charged or imposed upon the premises together with other property or on the owners or occupiers of the premises and other property Tithe Redemption Annuity and Land Tax and the Lessor's Landlord's Property Tax (if any) only excepted -

To insure

(iii) to insure and keep insured the premises at all times during the said term against loss or damage by fire storm or tempest subsidence and aircraft to the full cost of reinstatement thereof (including professional fees) to be determined from time to time by the Borough Engineer and Surveyor for the time being of the Lessor (hereinafter called "the Borough Engineer") in a well established office to be approved of in writing by the Lessor (such approval not to be unreasonably withheld) in the joint names of the Lessor and the Lessee and of any other persons having an interest in the premises and to pay all premiums necessary for that purpose within the usual days of grace after the same shall become due and to produce to the Lessor the policy or policies of such insurance and each year as received the receipt for the annual premium for every such insurance and as often as the premises or any part thereof shall be destroyed or damaged as aforesaid to pay all moneys received into a joint account at a bank to be nominated by the Lessor and without undue delay but subject to the necessary labour and materials being procurable to rebuild and reinstate the same to the reasonable satisfaction of the Borough Engineer and in accordance with plans and elevations approved by the Lessor as owner of the freehold (such approval not to be unreasonably withheld) it being hereby agreed that all moneys to be received by virtue of any such insurance as aforesaid shall be applied so far as the same shall extend in so rebuilding and reinstating the premises and in case the same shall be insufficient for that purpose then the Lessee if so required in writing by the Lessor shall make up the deficiency out of the Lessee's own money and if any question shall arise between the Lessor and the Lessee or the Borough Engineer and the Lessee as to the approval of the plans such question shall on the application of either party be referred to arbitration in accordance with the provisions of Clause 3 hereof PROVIDED that in respect only of the insurance against damage by subsidence to be

effected hereunder the Lessee shall be permitted to maintain a policy of insurance under the provisions of which the Lessee shall bear the first Two thousand five hundred pounds (£2,500) of each and every claim PROVIDED FURTHER that if any of the premises shall not be kept insured as aforesaid the Lessor may insure the same and pay the premiums and the amounts thereof shall be repaid by the Lessee and in the meantime shall be a charge on the premises and be recoverable either by action or by distress as for rent in arrear

To insure plate glass

(iv) forthwith to insure and keep insured against loss or damage by accident all plate glass windows in the premises to the full value thereof in a well established office to be approved of in writing by the Lessor (such approval not to be unreasonably withheld) and whenever required to produce to the Lessor the policy of such insurance and the receipt for the last due premium payable in respect thereof and in case the said plate glass windows or any of them shall be destroyed or damaged by accident then and as often as the same shall happen all moneys received in respect of such insurance shall with all convenient speed be laid out in reinstating the same with glass of the same nature quality and thickness as at present

To pay proportion of repairing party walls and drains

(v) to pay a reasonable proportion of the expense of repairing and maintaining all party walls or fences and all pipes sewers drains water courses or other easements used or to be used in common by the occupiers of the premises and the occupiers of any adjoining or neighbouring premises

To repair

(vi) well and substantially to repair and keep in tenable repair the premises and every part thereof and all other buildings and erections which at any time during the said term may be upon any part of the premises

To paint

(vii) once in every fourth year of the said term to paint in a workmanlike manner with at least one undercoat and one gloss coat of first quality paint all the external woodwork ironwork and other parts of the premises usually so treated and once in every seventh year of the said term to clean down paint varnish paper or colour in like manner all the inside of the premises usually painted varnished papered or coloured

Public to have use of roads and pathways.

(viii) to permit members of the public to use the roads pathways and ramps on the premises for the purpose of visiting the shops and other buildings thereon open to the public as well as for the purpose of access to any coach or car parking area provided either generally for the public or for patrons of the shops or other buildings or facilities on the premises

To deliver up

(ix) at the expiration or sooner determination of the said term quietly to yield up to the Lessor the premises duly painted repaired cleansed maintained and kept in accordance with the covenants in that behalf hereinbefore contained together with all additions and improvements made thereto in the meantime and all fixtures of every kind in or upon the premises or which during the said term may be affixed or fastened to or upon the same (except

	<p>tenants' or trade fixtures) safe undefaced and fit for use</p>
<p>To permit entry</p>	<p>(x) to permit the Lessor and the Lessor's officers servants or agents with or without workmen and others at least twice in every year during the said term at reasonable hours in the daytime to enter upon the premises and every part thereof to view the state and condition of the same and of all defects decays and wants of reparation there found to give notice in writing to the Lessee</p>
<p>To repair after notice</p>	<p>(xi) within two months next after every such notice as aforesaid to commence (as expeditiously as possible) completely to repair well and substantially and make good all such defects decays and wants of reparation to the premises at the Lessee's cost absolutely</p>
<p>Not to make alterations without consent</p>	<p>(xii) not at any time during the said term without the previous consent in writing of the Lessor as Lessor (such consent not to be unreasonably withheld) in addition to any permission or approval required by statute or by byelaws to put up or erect or suffer to be put up or erected any building or erection nor to make or permit or suffer to be made any structural alteration or addition to any building or erection whatsoever in or upon the premises or any part thereof or any access to the adjoining roads</p>
<p>Not to instal shop front nor to exhibit any sign or advertisement without approval</p>	<p>(xiii) not to erect or instal or cause or permit or suffer to be erected or installed in any part of the premises any shop front nor to affix or permit or suffer to be affixed or exhibited to or upon any part of the exterior of the premises or of the external walls rails or fences thereof any placard poster signboard fascia or other advertisement except such as shall be approved in writing by the Borough Engineer such approval not to be unreasonably withheld</p>
<p>Not to hang goods</p>	<p>(xiv) not to hang or permit or suffer to be hung any goods or articles of any kind outside the premises or any part thereof or over any footpath nor to exhibit any goods outside the premises or any part thereof</p>
<p>Not to hold auction</p>	<p>(xv) not to hold or permit or suffer to be held any sale by auction on the premises or any part thereof</p>
<p>Not to assign</p>	<p>(xvi) (a) not to assign this Lease nor the residue unexpired thereof at any time either in respect of the premises or any part thereof without the consent of the Lessor first had and obtained such consent not to be unreasonably withheld</p>
	<p>(b) within one month of every assignment or vesting or parting with possession or underlease of the premises or any part thereof to give notice of such fact to the Lessor stating the date of and parties to every instrument or document evidencing the same or the circumstances giving rise thereto if the same is brought about by no instrument in writing</p>
<p>Not to carry on noxious or offensive trade or to do anything to increase rate of insurance</p>	<p>(xvii) not to carry on or permit or suffer to be carried on upon the premises or any part of the premises any noxious offensive or noisy trade business or</p>

	<p>manufactory or occupation or use or permit or suffer the premises or any part thereof to be used for any illegal or immoral purpose or so as to cause nuisance annoyance or inconvenience to the Lessor or the owner lessee or occupier of any adjoining or neighbouring premises in particular not to use the same or permit or suffer the same or any part thereof to be used for the purposes of a fried fish shop pet shop or cat or dog meat shop nor to do or permit or suffer to be done upon the premises anything which may invalidate any insurance or render any increased or extra premium payable for the insurance of the premises as provided in Clause 3(iii) hereof _____</p>
<p><u>To indemnify Lessor (xviii) against claims etc.</u></p>	<p>to keep the Lessor indemnified against all actions proceedings costs claims demands and liability of whatsoever nature which but for the erection use or future alteration of the buildings and works erected or constructed on the premises would not have arisen _____</p>
<p><u>Permitted user</u></p>	<p>(xix) not without the Lessor's previous written consent such consent as Lessor not to be unreasonably withheld to use the respective parts of the premises or permit or suffer the same to be used for any purpose other than that specified in the Second Schedule hereto _____</p>
<p><u>Public access</u></p>	<p>(xx) during the whole of the term hereby granted to keep open and make available for use by the public upon reasonable terms the coach and car parking facilities and public lavatories now existing upon the premises <u>PROVIDED NEVERTHELESS</u> should at any time during the term hereby granted the said coach and car park facilities and/or public lavatories become unnecessary or are no longer required through any change of circumstances so that a change of user is deemed necessary or advantageous then and in such case this Clause may be varied by mutual agreement upon written notice given by the Lessee to the Lessor _____</p>
<p><u>Not to stop up windows or permit new lights</u></p>	<p>(xxi) not to stop up or darken or obstruct any windows or lights belonging to the premises nor to permit any new window light opening doorway path passage drain or other encroachment or easement to be made into against or upon the premises which might be or grow to the damage or annoyance or inconvenience of the Lessor and if any such window light opening doorway path passage drain or other encroachment or easement shall be made or attempted to be made the Lessee shall give immediate notice thereof to the Lessor and shall at the request of the Lessor adopt such means as may reasonably be required or deemed proper for the prevention of any such encroachment or acquisition of any such easement _____</p>
<p><u>To permit entry to take inventory</u></p>	<p>(xxii) during the last seven years of the term hereby granted to permit the Lessor and its officers servants or agents to enter upon the premises at all reasonable times during the daytime for taking schedules or inventories of the fixtures and things to be yielded up at the expiration of this Lease _____</p>

and at any time during the term hereby granted upon reasonable notice being given to the Lessee to permit any prospective lessee or purchaser to view the premises in the event of the Lessor being minded at any time to part with its reversion or any part thereof in the premises or any part thereof \_\_\_\_\_

To permit Lessors to lay down drains and gas and water pipes in connection with the adjoining property

(xxiii) to permit the Lessor or any person or persons by the Lessor authorised in that behalf to enter upon the premises for the purpose of constructing laying down altering repairing cleansing emptying or maintaining any sewers water courses gutters drains water pipes electric or telegraph cables or gas or hydraulic pipes in connection with or for the accommodation of any adjoining or neighbouring property doing as little damage as may be to the premises and at its own expense in all things restoring the premises without any unreasonable delay but without making compensation for any temporary damage or inconvenience to the Lessee \_\_\_\_\_

To maintain amenity

(xxiv) to keep the premises and every part thereof including any land not within a fully enclosed building and particularly any open space between any buildings in a clean and tidy condition free from noxious weeds deposits of materials or refuse and generally will maintain a good clean and tidy appearance to the buildings open spaces and courtyards and ways in and about the same and will not bring or keep or suffer to be brought or kept upon the premises or any part thereof anything which is or may become in the opinion of the Lessor untidy unclean unsightly or in any way detrimental to amenity either of the premises or of the neighbourhood and will within one month comply with the requirements of any written notice to restore the amenity as aforesaid and in the event of the Lessee failing to comply with such notice the Lessor shall be entitled to enter upon the premises and carry out any works necessary to comply with such notice and to recover the cost thereof from the Lessee \_\_\_\_\_

Cost of notices

(xxv) to pay all expenses (including solicitors' costs and surveyors' fees) incurred by the Lessor of and incidental to the preparation and service of a notice under Section 146 of the Law of Property Act 1925 notwithstanding forfeiture is avoided otherwise than by relief granted by the Court \_\_\_\_\_

To conform with Town and Country Planning Acts

(xxvi) not to do or suffer to be done or omitted any act matter or thing in on or respecting the land and premises hereby demised required to be done or omitted (as the case may be) by the Town and Country Planning Acts 1947 to 1962 or any statute regulation or order relating to town planning for the time being in force or which shall contravene the provisions of the said Acts regulations or orders nor without the consent in writing of the Lessor to alter or permit the alteration of the existing use within the meaning of the said Acts of the land and premises hereby demised and at all times hereafter to indemnify and keep indemnified the Lessor against



all actions proceedings costs penalties expenses claims and demands in respect of any such act matter or thing contrary to the said provisions of the said Acts regulations or orders or altering the said existing use of the premises hereby demised or any of them as aforesaid

Non-payment of rent

4. IF the said rent hereby reserved or any part thereof shall be unpaid for the space of twenty-one days next after any of the days hereinbefore appointed for payment thereof (whether the same shall have been legally demanded or not) or if default shall be made in the performance or observance of any of the covenants stipulations conditions or agreements on the part of the Lessee herein contained or if the Lessee shall enter into liquidation whether compulsory or voluntary (except for the purposes of reconstruction amalgamation or other similar purposes not involving a realisation of assets) or suffer its goods to be taken in execution then and in any such case it shall be lawful for the Lessor or any person or persons authorised by them in that behalf into and upon the premises or any part thereof in the name of the whole to re-enter and the same to have again repossess and enjoy as in their first and former estate anything herein contained to the contrary notwithstanding and thereupon the term hereby created shall cease but without prejudice to any right of action or remedy of the Lessor in respect of any antecedent breach of any of the covenants stipulations conditions or agreements on the part of the Lessee hereinbefore contained

Power of distress

5. IF any part of the said rent shall be in arrear for twenty-one days whether legally demanded or not it shall be lawful for the Lessor to enter into and upon the premises or any part thereof and to distrain and to dispose of the distress or distresses then and there found in due course of law and to apply the produce thereof in or towards payment of the said rent so in arrear and all costs charges and expenses occasioned by the non-payment thereof and so that the power of the Lessor to distrain upon the premises for rent in arrear shall extend to and include any tenants' fixtures or fittings not otherwise by law distrainable which may from time to time be thereon

Quiet enjoyment

6. THE Lessor HEREBY COVENANTS with the Lessee that the Lessee paying the rent hereinbefore reserved and performing and observing the covenants stipulations conditions and agreements on the part of the Lessee hereinbefore contained shall and may peaceably and quietly hold and enjoy the premises for the term hereby granted without any interruption from or by the Lessor or any person lawfully claiming through under or in trust for the Lessor

Service of notices

7. ANY notice hereinbefore or by statute required to be served by the Lessor shall be sufficiently served if left addressed or sent by post to the Lessee at its registered office for the time being notified to the Lessor and by the Lessee if left addressed or sent by post to the Town Clerk at the Town Hall Margate

Arbitration

8. EXCEPT as hereinbefore specifically provided if any difference shall arise between the parties hereto touching their respective rights duties or liabilities

hereunder the dispute shall be referred to the determination of a single arbitrator in case the parties agree but otherwise to two arbitrators (one to be appointed by each party) or their umpire in accordance with the provisions of the Arbitration Act 1950 or any statutory modification or re-enactment thereof

I N W I T N E S S whereof the Lessor and the Lessee have caused their respective Corporate Seals to be hereunto affixed the day and year first before written

THE FIRST SCHEDULE hereinbefore referred to

(Clause 2)

1. The exceptions and reservations and the covenants on the part of the Lessor contained in a Conveyance dated the twenty-fifth day of August One thousand nine hundred and twenty-seven and made between The Southern Railway Company of the one part and the Lessor of the other part

2. The right of way and appurtenant rights granted to Margate Estates Company Limited by a Deed of Release and Lease dated the 19th day of May One thousand nine hundred and sixty-four and made between the Lessor of the first part and Margate Estates Company Limited of the second part and the Lessee of the third part

(Clause 3(xix))

THE SECOND SCHEDULE hereinbefore referred to

Colour on plan annexed hereto and marked "B"

Permitted use

Ground Floor

Yellow	Shops and Public House
Green	Coach parking station, offices, left luggage, public lavatories and taxi rank
Turquoise	Petrol filling station and showroom
Light Blue	Access roads and ways
Blue	Entrance to flats, lifts, pump room, refuse chamber and transformer chamber
Brown	Car parking spaces
Red	Lock-up garage

Upper Floors

Blue	Flats in Tower Block
Brown	Car parking spaces
Light Blue	Access Roadways Ramps and Ways
Yellow	Roofs of shops and public house



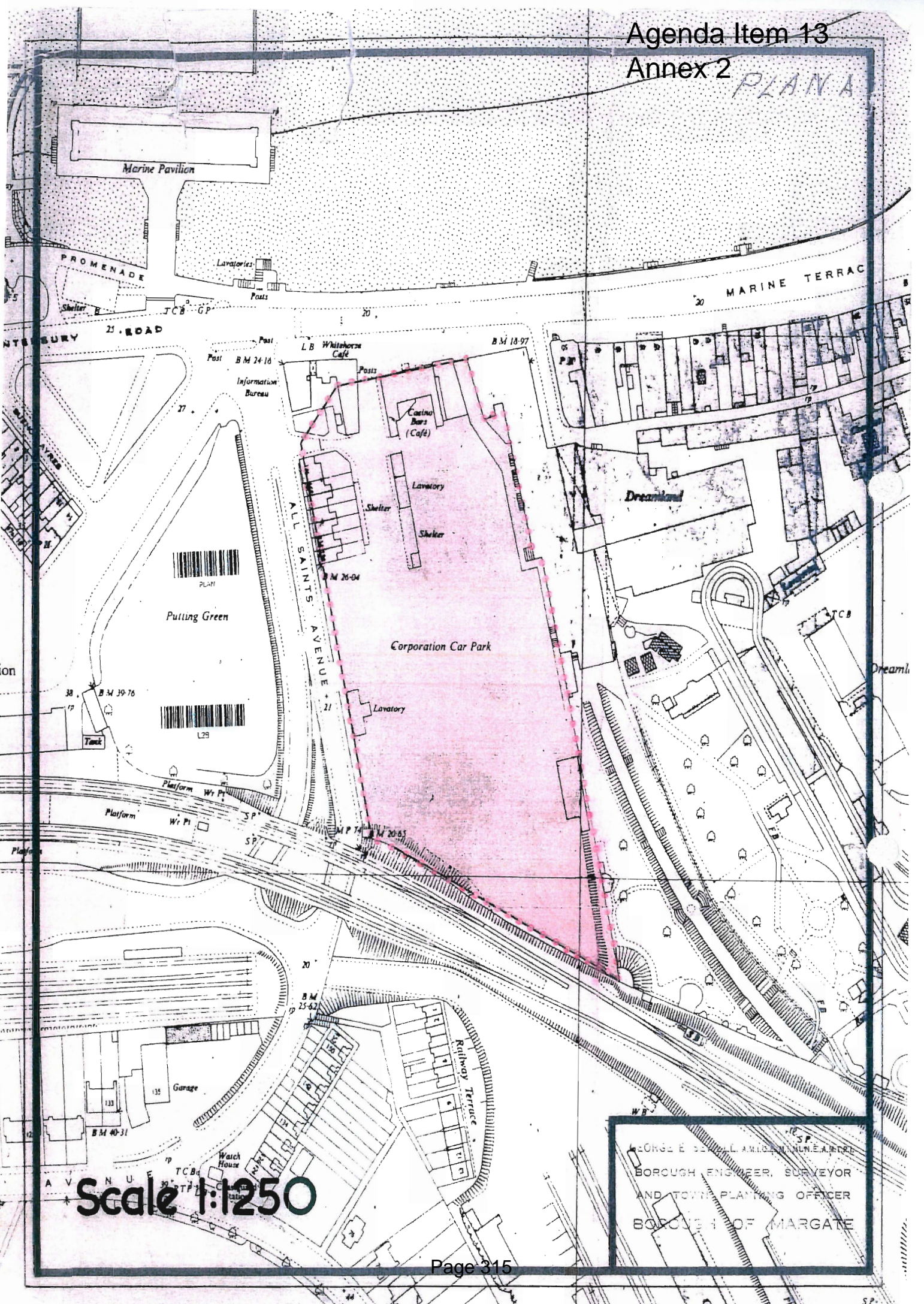
(THE COMMON SEAL of BERNARD SUNLEY INVESTMENTS (MARGATE) LIMITED was hereunto affixed in the presence of:-

Director

Secretary



PLAN A



Scale 1:1250

GEORGE E. DEVLAM, M.A., M.I.C.E., M.I.E.S.E.  
BOROUGH ENGINEER, SURVEYOR  
AND TOWN PLANNING OFFICER  
BOROUGH OF MARGATE

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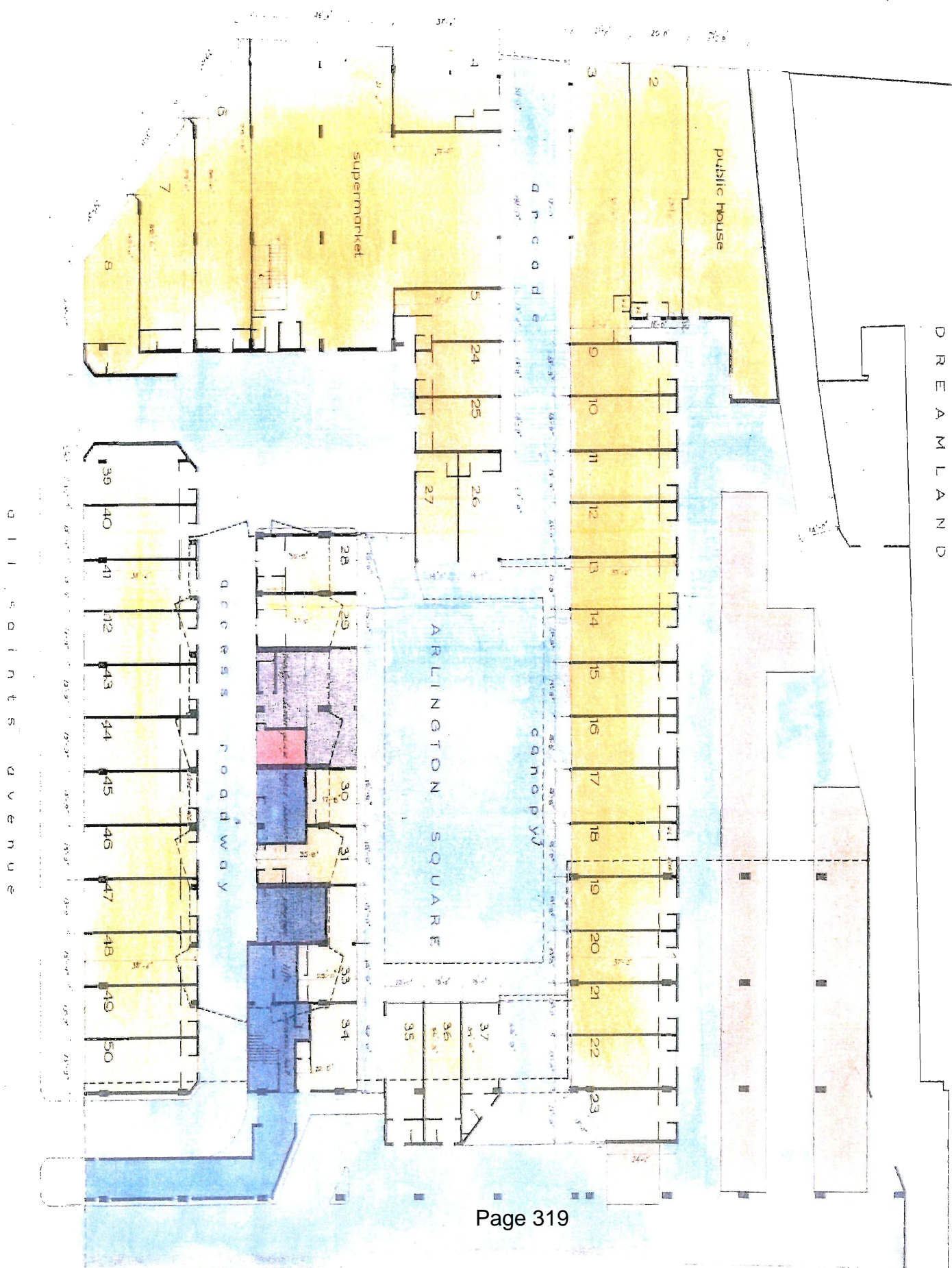
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Agenda Item 13  
Annex 4



marine terrace



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