

Public Document Pack



Date: 20 July 2015
Our ref: Cabinet/Agenda
Ask For: Charles Hungwe
Direct Dial: (01843) 577186
Email: charles.hungwe@thanet.gov.uk

CABINET

30 JULY 2015

A meeting of the Cabinet will be held at **7.00 pm on Thursday, 30 July 2015** in the Council Chamber, Council Offices, Cecil Street, Margate, Kent.

Membership:

Councillor Wells (Chairman); Councillors: L Fairbrass, Brimm, Smith, Stummer-Schmertzing and Townend

A G E N D A

Item
No

Subject

1. **APOLOGIES FOR ABSENCE**
2. **DECLARATIONS OF INTEREST**
To receive any declarations of interest. Members are advised to consider the advice contained within the Declaration of Interest form attached at the back of this agenda. If a Member declares an interest, they should complete that form and hand it to the officer clerking the meeting and then take the prescribed course of action.
3. **MINUTES OF PREVIOUS MEETING** (Pages 1 - 4)
To approve the summary of recommendations and decisions of the Cabinet meeting held on 18 June 2015.
4. **MINUTES OF EXTRAORDINARY MEETING** (Pages 5 - 6)
To approve the summary of recommendations and decisions of the extraordinary Cabinet meeting held on 14 July 2015.
5. **BUDGET OUTTURN REPORT 2014/15** (Pages 7 - 26)
6. **BUDGET MONITORING REPORT 2015/16** (Pages 27 - 38)
7. **ANNUAL TREASURY REVIEW** (Pages 39 - 56)
8. **SELECTIVE LICENSING IN CLIFTONVILLE WEST AND MARGATE CENTRAL** (Pages 57 - 68)
9. **EMPTY PROPERTY REFURBISHMENT** (Pages 69 - 76)

Declaration of Interest form - back of agenda

This page is intentionally left blank

CABINET

Minutes of the meeting held on 18 June 2015 at 7.00 pm in Council Chamber, Council Offices, Cecil Street, Margate, Kent.

Present: Councillor Christopher T Wells (Chairman); Councillors L Fairbrass, Brimm, Smith, Stummer-Schmertzing and Townend

In Attendance: Councillors Ashbee, Bayford, Collins, Game, I Gregory, K Gregory, Johnston, D Saunders, M Saunders, Savage and Taylor-Smith

264. APOLOGIES FOR ABSENCE

There were no apologies received at the meeting.

265. DECLARATIONS OF INTEREST

There were no declarations of interest made at the meeting.

266. MINUTES OF PREVIOUS MEETING

The minutes of the Cabinet meeting held on 2 April 2015 were agreed as a correct record.

267. CORPORATE PERFORMANCE REPORT FOR APRIL 2014 - MARCH 2015

Cabinet received an update on key projects across the four focus areas and secondly performance on key areas of the business including an update on the progress made since the peer review, shared services and customer response data. The indicators with regard to projects showed the Council was delivering well on the majority of projects and although five were currently behind target an update was included in the annex to the report with remedial actions.

East Kent Housing had progressed well against all their targets for the year and in the future would be providing increased monitoring against disabled adaptations to properties under their management. The time taken to process Housing and Council benefit claims by the Shared Service arrangements had fallen since last year whilst accuracy had increased. The collection rates on council tax and business rates were above target.

The Council had fallen below target with regards to the response time for Freedom of Information requests. However Members were advised that such requests had increased dramatically since 2012. The number of complaints recorded had fallen since 2013/14. A range of new approaches would be introduced for street cleansing and waste & recycling in order to improve the customer satisfaction.

The meeting was told that new litter and dog fouling patrol officers had been introduced and they would issue £80 fines for anyone dropping litter or not picking up after their dogs. Mechanical sweepers would be purchased across the district along with a new dog mess removal machine. An Environmental Education Officer would be appointed to provide advice and support in schools and communities for residents. Council's performance against most targets had been met for the period under consideration.

Councillor I. Gregory and Councillor Bayford spoke under Council Procedure Rule 24.1.

Councillor Townend proposed, Councillor Stummer-Schmertzing seconded and Members agreed to note the report.

268. PROPOSED NEIGHBOURHOOD PLAN AREA FOR RAMSGATE

Under the Localism Act 2011, local communities can produce Neighbourhood Plans, setting out policies on the development and use of land in their area. If Thanet Council adopted a neighbourhood plan; such a plan would have the same significance as other Development Plan documents for the District.

Ramsgate Town Council submitted its neighbourhood plan area application and the application met all of the legal requirements. Thanet District Council consulted on the application for six weeks from 13 October 2014 to 21 November 2014. It was reported that the comments that were received during that process largely supportive.

Ramsgate Town Council held consultation events with the community and before submitting this application. Cabinet acknowledged the hard work that had been put into the consultation process by the town council. Members felt encouraged by the level of community involvement in this process of producing of the neighbourhood plan that was meant to make the local areas better.

Councillor Lin Fairbrass proposed, Councillor Smith seconded and Cabinet agreed that the proposed Ramsgate Neighbourhood Plan Area as shown at Annex 2 (of the report) be designated.

269. PROPOSED NEIGHBOURHOOD PLAN AREA FOR BROADSTAIRS AND ST PETERS

Like any other town or parish council under the Localism Act 2011; Broadstairs & St Peter's Town Council was also permitted to take a leading role in producing a Neighbourhood Plan for their local area and submit a plan application to Thanet District Council.

The Town Council submitted a neighbourhood plan application which met all of the legal requirements. Thanet District Council consulted on the application for six weeks from 12 November 2014 to 24 December 2014. The comments received from the public were largely supportive.

Councillor Bayford spoke under Council Procedure Rule 24.1.

Councillor Lin Fairbrass proposed, Councillor Stummer-Schmertzling seconded and Cabinet agreed that the Broadstairs & St Peters Neighbourhood Plan Area be designated as shown at Annex 2 to the Cabinet report.

270. REPRESENTATION ON EXECUTIVE APPOINTED OUTSIDE BODIES FOR 2015/16

Councillor Wells, Leader of Council introduced the report with the list of his nominations for members who would represent Thanet District Council on various executive appointed outside bodies that were highlighted in Annex 1 to the Cabinet report. The meeting noted that the Local Government Association (Rural Commission) outside body was no longer in existence and would be removed from the list of outside bodies.

Councillor K. Gregory spoke under Council Procedure Rule 24.1.

The Leader of Council indicated that he was willing to look into the suggestion by Councillor K Gregory that Thanet District Council applied for fee paying membership to the Rural Services Network.

Councillor Wells proposed, Councillor Lin Fairbrass seconded and Cabinet agreed the list of nominations to the Executive-related outside bodies as shown at Annex 1 of the report,

subject to the amendment that the Local Government Association (Rural Commission) should be excluded from the list as it is no longer in existence.

Meeting concluded: 7.23 pm

This page is intentionally left blank

EXTRAORDINARY CABINET

Minutes of the extraordinary meeting held on 14 July 2015 at 7.00 pm in Council Chamber, Council Offices, Cecil Street, Margate, Kent.

Present: Councillor Christopher T Wells (Chairman); Councillors L Fairbrass, Brimm, Smith, Stummer-Schmertzing and Townend

In Attendance: Councillors: Ashbee, Bayford, Buckley, Campbell, Collins, Connor, Curran, Elenor, Game, I Gregory, K Gregory, Jaye-Jones, Piper, D Saunders, M Saunders, Savage, Shonk and Taylor-Smith

271. APOLOGIES FOR ABSENCE

There were no apologies received at the meeting.

272. DECLARATIONS OF INTEREST

There were no declarations of interest.

273. MANSTON AIRPORT CPO

On the 21st May 2015, at an Extraordinary Council meeting, it was agreed that 'Council recommends to Cabinet that it reviews its position in relation to the Manston Airport site, taking account of all the surrounding circumstances relating to an indemnity partner for a possible Compulsory Purchase Order.'

Three major law firms had been approached to provide Council with estimates on the costs and work required to provide advice if commissioned to undertake the identification of an indemnity partner for a Compulsory Purchase Order (CPO) of Manston Airport. Cabinet would need to be satisfied that RiverOak met the requirements of a suitable indemnity partner before the commencement of a CPO process.

This process would be undertaken by the legal teams representing Thanet District Council and RiverOak, respectively. Before the CPO process commences Cabinet would need to formally agree on the indemnity partner for the CPO of Manston Airport.

Councillor Bayford and Councillor K. Gregory spoke under Council Procedure Rule 24.1.

Councillor Wells proposed, Councillor Smith seconded and Members agreed the following:

1. The recommendation from Council on the 21st May 2015 to review its position in relation to the Manston Airport site, taking account of all the surrounding circumstances relating to an indemnity partner for a possible Compulsory Purchase Order;
2. To authorise that specialist legal and finance advice be obtained to determine whether RiverOak are a suitable indemnity partner in relation to a CPO for Manston Airport and to provide advice on the indemnity agreement and CPO process generally.

Meeting concluded: 7.17 pm

BUDGET OUTTURN REPORT 2014/15

To: **Cabinet – 30 July 2015**

Main Portfolio Area: **Financial Services and Estates**

By: **Cllr John Townend, Portfolio Holder for Financial Services and Estates**

Classification: **Unrestricted**

Ward: **All Wards**

Summary: **To inform Cabinet of the outturn position against the General Fund and Housing Revenue Account budgets and against the 2014/15 Capital Programme.**

For Decision

1.0 Introduction and Background

1.1 In February 2014 Council agreed the General Fund, Housing Revenue Account and Capital budgets for 2014/15. The purpose of this report is to advise on the outturn position against these budgets. Members should note that the figures within this report are subject to audit and are therefore draft at this stage.

2.0 General Fund

2.1 The Council has faced significant cuts in funding over a number of years, this has seen the net revenue budget reduced by around 26.9% from 2010-11 to 2015-16. Further cuts in funding are anticipated over the next few years with cuts of 10% having been assumed for 2016-17, 2017-18 and 2018-19. For 2014/15 management continued to try to deliver maximum savings to help ease some of the budget pressures moving forward, thus helping to ensure that the Council's balances and reserves are sufficient to meet the needs of the Council over the medium term.

2.2 Budget monitoring to Cabinet in year reflected that Managers would continue to work towards a balanced budget position and this was despite in year pressures, including reduced parking income, pressures on delivering the new look Recycling and Waste Service, reduced income at the Port, pressure on delivering savings factored in as part of the 2014/15 budget build and reduced property income. Managers were encouraged to not recruit immediately as a post became vacant but instead took the opportunity to review the needs of the service, with ultimately all decisions with regard to whether a vacancy should be filled being taken by the Workforce Forum/Finance. Managers also worked diligently to make efficiency savings wherever possible and reduce discretionary spend.

2.3 As a result of the measures highlighted in paragraph 2.2 above and after various Reserve movements as detailed in 2.7 below, a General Fund breakeven position has been achieved in 2014/15. The following table shows the final position by Service:

Service	Outturn £'000s	Reason for Variance
Chief Executive	168	Increased staff costs offset by increased recharges to the HRA and miscellaneous Corporate adjustments including but not restricted to internal recharges such as IAS19 (pensions) and Central Support (IAS 19 being adjusted through Corporate Services).
Operational Services	891	Increased Crematorium income, reduced costs associated with Minor Work Team and reduced staff costs as well as other minor variations offset by miscellaneous Corporate adjustments including but not restricted to internal recharges such as IAS19 (pensions), Asset Charges and Central Support (IAS 19 and Capital being adjusted through Corporate Services).
Community Services	74	Reduced Staff costs across Community and increased income offset by miscellaneous Corporate adjustments including but not restricted to internal recharges such as IAS19 (pensions), Asset Charges and Central Support (IAS 19 and Capital being adjusted through Corporate Services).
Corporate Services	(1,133)	Additional costs recovered in relation to NDR/Council Tax, various reserve movements offset by increased Bad Debt provision and miscellaneous Corporate adjustments including but not restricted to internal recharges such as IAS19 (pensions), Asset Charges and Central Support (IAS 19 and Capital being adjusted through Corporate Services).
Total	0	

2.4 The movements to and from earmarked reserves as indicated at 2.3 above that have facilitated a breakeven position are proposed as per the table overleaf and include any movement on the HRA to ensure that this agrees to the Explanatory Forward and the Movement in Reserves statements within the Financial Statements.

	£000's
General Fund	
Capital Projects	968
Council Election	(1)
Cremator & Cemeteries Works	(158)
Customer Services	(619)
Decriminalisation	(28)
Destination Management	(400)
Dreamland Reserve	-
East Kent Services	487
Economic Development & Regeneration	4
Environmental Action Plan	-
General Fund Repairs	63
Homelessness	(16)
Housing and Planning Delivery Grant	-
Housing Intervention	74
Information Technology	39
Insurance Risk Management	154
Local Development Framework	7
Maritime Reserve	163
New Homes Bonus	98
Office Accommodation	(1)
Pay and Reward	86
Pensions Earmarked Reserve	249
Performance Reward Grant	-
Priority Improvement	268
Renewal Reserve	(1)
Slippage Fund - GF	286
Unringfenced Grant	263
VAT Reserve	4
Vehicle-Plant-Equip Replacement Reserve	-
Waste Reserve	64
HRA	
Slippage Fund - HRA	(270)
New HRA Properties Reserve	484
	2,267

2.5 Attached at **Annex 1** is a more detailed table which includes the remaining balance on each reserve after the above have been taken into consideration.

2.6 The General Fund balance has been maintained at £2.011m, which is at the level recommended by the S151 Officer of 12% of the net revenue budget requirement as highlighted as part of the Budget Report approved by Council in February 2015.

3.0 Housing Revenue Account

3.1 The Housing Revenue Account (HRA) generated a decrease in balances of £272k in 2014/15 against a budgeted deficit of £531k. A re-profiling of the New Build Programme resulted in a reduced revenue contribution made to the capital programme and funds have been set aside in the New Properties Reserve as agreed with Cabinet on 20 January 2015. The HCA Empty Homes Programme completed on

31 March 2015. A further commitment has been given to an on-going empty homes refurbishment programme for the creation of a further 14 units over the coming year. The council is continuing on with Margate Intervention as a long-term regeneration programme in Cliftonville West and Margate Central area with Kent County Council and Homes and Community Agency to transform the housing market in two of Britain's most deprived wards. Major variances against original HRA budget are detailed below:

Major Variances on the Housing Revenue Account	2014-15 £'000s
Reduced revenue contribution to capital expenditure	(715)
Increased contribution to New Properties Reserve	776
Increase in social dwelling rents	(98)
Reduction in new affordable rent income due to slippage	172
Increased income from Service Charges & aerals	(89)
Increase in shops/land income	(14)
Reduction in Day to Day Expenditure	(306)
Increase in Pension Costs	36
Increase in Member Recharges	38
Reduction in bad debt contribution	(99)
Increase in Insurance Premium Payments	38
Other various	2
	(259)

3.2 The accumulated HRA balance at 31 March 2014 is £5.392m. The balance provides flexibility for the delivery of the Housing Business Plan which has recently been reviewed.

4.0 The Capital Programme

4.1 Capital expenditure includes spend on the acquisition or enhancement 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. Capital expenditure can be met from loans, capital receipts, capital grants, reserves or revenue contributions.

4.2 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.

4.3 The capital programme, agreed at Council for 2014/15, totalled £12.105m, to be funded from £1.862m of external grants and contributions, £0.743m of capital receipts and unallocated reserves and £9.500m of prudential borrowing. Also the balance of projects agreed in previous years budgets that were still on-going were rolled forward until project completion.

4.4 During the course of the year, through budget monitoring reports, Cabinet and Council have been advised of the progress of the programme and any slippage that had been reported by Budget Managers. As Capital projects are usually large scale projects, they tend to span over a number of years.

- 4.5 The 2014/15 capital programme was based on achieving capital receipts in year of £675k. Early on in the financial year it became apparent that the capital receipts could not be achieved in the timescale available and a revised report was taken to members to agree a revision of the capital programme which included slippage and deletion of some projects and fully committing the capital project reserve. At year end the amounts actually achieved for the sale of General Fund assets was £141k a shortfall of £534k against budget. This reduction was due to a number of large scale assets requiring officers to undertake further work prior to disposal.
- 4.6 A summary of the General Fund expenditure is tabled overleaf with a breakdown of expenditure in **Annex 3**.

	B/Fwd from 2013/14 £'000	Original Budget 2014/15 £'000	Revised Budget 2014/15 £'000	Actual Spend 2014/15 £'000
Business Services	482	0	398	135
Community Services	9,939	4,635	14,870	6,305
Operational Services	3,144	7,395	3,134	1,433
Capitalised Salaries		75	75	
	13,565	12,105	18,477	7,873
<i>Funded by:</i>				
Capital Grants and Contributions	6,112	1,862	8,238	4,035
Capital Receipts and Unallocated Reserves	3,564	743	3,680	1,596
Revenue contributions			370	122
Prudential borrowing	3,889	9,500	6,189	2,120
	13,565	12,105	18,477	7,873

4.7 **Business Services**

The capital schemes in this area relate to the upgrading of council systems, through implementation of new software or through the way information is stored by the Council. Slippage in this area was largely due the joint projects undertaken by East Kent Services with Dover and Canterbury and the complexities of procuring for a joint project.

4.8 **Community Services**

Included within this service area are three of the Council's main capital schemes; the renovation of Dreamland, Disabled Facilities Grants and the Dalby Square Townscape Heritage Scheme.

- 4.9 The CPO appeals process meant that budgeted spend on the Dreamland site had to be slipped until the site ownership reached a final conclusion. Works for the first stage of the park are on target for delivery and the park opened its doors on Friday 19th June 2015 after a long period of closure. Further works are still on-going as are negotiations for the CPO settlement.

- 4.10 This has been the second year of the Dalby Square Townscape Heritage Scheme and it is usual for the first few years to result in a lower level of grant payments. This is due to the fact that once the grants are awarded they can only be drawn down on the completion of the works carried out.

4.11 Disabled Facilities Grant (DFG) expenditure totalled £1.416m, comprising of £1.108m grant from the Department of Communities and Local Government and £0.308m funded from the capital projects reserve. A balance of £98k remained unspent and has been rolled forward into the next financial year. For the past few years the Disabled Facilities Grant has regularly not been fully utilised, however this year 96% of the allocated budget has been spent. As a result of this increased activity the time taken to process DFGs from referral to completion has fallen from 66.32 weeks (13/14) to 47.95 weeks (14/15). The Housing Revenue Account capital programme has an allocation for Disabled Adaptations of £226k to be utilised for adaptations required by tenants of Council owned housing stock. This budget was fully spent albeit with £3k remaining.

4.12 The Margate Intervention loan scheme has been delayed due to the need to consult on the new policy on the way housing loans and grant are allocated, which has now concluded. The Housing Manager is also currently considering the loan requirements with that of the Financial Conduct Authority (FCA) requirements for registration and options available to deliver the scheme.

4.13 **Operational Services**

The main capital schemes within this area are the payments in relation to the Yacht Valley Project, pontoon and water supply upgrades at the Harbour, the replacement of the Waste Collection Fleet and delivery of the playground enhancement programme.

4.14 The replacement of the Ramsgate Marina Eastern Pontoons and Marina water supply upgrade and playground enhancement programme have now been completed and all within budget. The on-going replacement of the Waste and Cleansing fleet is continuing based on service delivery requirements.

4.15 **Housing Revenue Account Capital Programme**

4.16 The HRA capital programme is summarised below with a detailed breakdown reported in **Annex 2**. The programme has been set to maintain the authority's council housing at decent homes plus.

	B/Fwd Budget 2013/14 £'000	Original Budget 2014/15 £'000	Revised Budget 2014/15 £'000	Actual 2014/15 £'000
Total HRA Capital Programme Expenditure	6,861	6,505	12,031	7,149
<i>HRA Capital Resources Used:</i>				
HRA Major Repairs Reserve	404	2,750	3,199	2,011
HRA Revenue Contributions/Reserves	4,268	3,155	6,443	3,890
Capital Grant	2,189	0	2,189	938
Capital RTB Receipts		600	200	85
Prudential Borrowing				225
Total Resources	6,861	6,505	12,031	7,149

- 4.17 The New Build Programme was re-profiled for 2015-18 and reported to Cabinet at the 20 January meeting, where agreement was sought to set aside the unutilised revenue contribution for 2014-15 of £1.443m in the HRA New Properties reserve. Slippage and re-profiling in relation of HRA properties and procurement of works for the Margate Intervention and Ramsgate empty property schemes resulted in the revenue contribution to fund these works not being fully utilised and as agreed in the Cabinet report dated 3 April all unutilised contributions to these projects have been set aside in the Earmarked HRA New Properties Reserve at year end.
- 4.18 An overspend of £365k is showing against the Empty Properties Programme which is largely due to a property that was purchased as part of the scheme but that was unfortunately vandalised to such an extent that the refurbishment could not meet the HCA grant funding criteria of being brought back into use by 31 March 2015. Therefore, funding of the purchase of the property has now fallen solely to the HRA and a further report will be required to be brought back to Cabinet to fund the refurbishment from within HRA balances.
- 4.19 The authority experienced difficulties with the legal documentation to progress the HCA Round 1 stage 2 Lease and Repair funding and also had difficulties in identifying suitable properties. As a result of this the £340k contribution from the HCA has not been able to be claimed.
- 4.20 The Council was awarded a further £300K HCA funding as part of the Round 2 Empty Property Programme, which was largely targeted for long term empty commercial properties and the accommodation above. Works have commenced on site and are anticipated as due for completion in the autumn of this year. Unfortunately, in order to be able to draw down the available HCA funding completion had to be finalised by the 31 March 2015.
- 4.21 East Kent Housing are showing an unspent variance of £919k. A restructure within the Asset Management team of East Kent Housing meant that there were a number

of unfilled vacancies and the Council were notified that works for the £230K Estate Improvements and £260K Lift Refurbishment programme would not be able to undertaken during 2014-15 and would need to be undertaken as part of the 2015-16 programme. The roofing budget of £114K was unable to be allocated during the year as the existing contract had expired and had to be re-tendered.

4.22 Fire precaution works of £110k are awaiting an external risk assessment to be undertaken before works can be tendered and the budget will be utilised during 2015-16. Structural repairs of £104k have been retendered and are due to complete in early 2015-16.

5.0 Options

5.1 Cabinet Members note the outturn against the General Fund and HRA budgets and the Capital Programme for 2014/15 and approve the movements to reserves as outlined in paragraph 2.4 of this report.

6.0 Corporate Implications

6.1 Financial and VAT

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

6.2 Legal

6.2.2 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 Director of Corporate Resources (S151 Officer), and this report is helping to carry out that function.

6.3 Corporate

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

6.4 Equity and Equalities

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

7.0 Recommendations

7.1 That Cabinet note the General Fund, HRA and capital outturn position for 2014/15.

7.2 That Cabinet approve the proposed movements to earmarked reserves as outlined in paragraph 2.4 of this report.

Contact Officers:	Nicola Walker, Interim Head of Financial Services
	Matthew Sanham, Corporate Finance Manager
Reporting to:	Tim Willis, Director of Corporate Resources (S151 Officer)

Annex List

Annex 1	Earmarked Reserves
Annex 2	HRA Capital Programme 2014-15
Annex 3	GF Capital Programme 2014-15

Background Papers

Title	Details of where to access copy
2014/15 Budget and Medium Term Financial Plan.	<i>Full Council Agenda 6th February 2014</i>

Corporate Consultation Undertaken

Finance	N/A
Legal	Tim Howes, Interim Head of Legal & Democratic Services and Monitoring Officer
Communications	Hannah Thorpe – Interim Head of Communications

This page is intentionally left blank

Annex 1

	1 April 2013	Transfers Between Reserves	Revenue Appropriations	1 April 2014	Transfers Between Reserves	Revenue Appropriations	31 March 2015
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Capital Projects	1,278	411	233	1,922	(1,194)	226	954
Council Election	87	-	30	117	-	1	118
Cremator & Cemeteries Works	182	(147)	212	247	-	159	406
Customer Services	1,010	(100)	(324)	586	-	619	1,205
Decriminalisation	145	6	31	182	-	28	210
Destination Management	-	-	-	-	500	(100)	400
Dreamland Reserve	-	117	-	117	-	-	117
East Kent Services	754	(60)	96	790	(22)	(465)	303
Economic Development & Regeneration	339	(117)	(20)	202	-	(4)	198
Environmental Action Plan	212	(50)	-	162	-	-	162
General Fund Repairs	368	-	11	379	(130)	67	316
Homelessness	201	-	59	260	-	16	276
Housing and Planning Delivery Grant	1	(1)	-	-	-	-	-
Housing Intervention	682	-	(436)	246	-	(74)	172
HRA Properties Reserve	500	-	4,687	5,187	(489)	4	4,702
Information Technology	486	-	(136)	350	-	(39)	311
Insurance Risk Management	222	-	35	257	-	(154)	103
Local Development Framework	392	-	33	425	-	(7)	418
Maritime Reserve	723	(188)	(17)	518	(81)	(81)	356
New Homes Bonus	782	(236)	(311)	235	(500)	402	137
Office Accomodation	85	-	(54)	31	-	-	31
Pay and Reward	380	-	(2)	378	-	(87)	291
Pensions Earmarked Reserve	661	-	-	661	-	(249)	412
Performance Reward Grant	55	(53)	(2)	-	-	-	-
Priority Improvement	874	-	(128)	746	(12)	(256)	478
Renewal Reserve	42	(35)	2	9	-	1	10
Slippage Fund - GF	987	(68)	458	1,387	(10)	(261)	1,101
Slippage Fund - HRA	68	-	(62)	6	-	271	277
Unringfenced Grant	477	85	54	616	(40)	(223)	353
VAT Reserve	441	-	(4)	437	-	(4)	433
Vehicle-Plant-Equip Replacement Reserve	-	227	-	227	-	-	227
Waste Reserve	347	-	-270	77	-	-64	13
	12,781	(194)	4,170	16,757	(1,993)	(274)	14,490
Revenue Appropriations							(274)
Funding for the Capital Program							(1,993)
Contributions from Reserves as per Movement in Reserves Statement							(2,267)

This page is intentionally left blank

Annex 2

HRA CAPITAL REPAIRS FUND BUDGET MONITORING 14-15							
Details	13-14 Budget Brought Forward	Original Budget 14-15	Budget Approved January Cabinet	Virement	Revised Budget	Cedar Actual as at 01/04/15	Budget Remaining
EAST KENT HOUSING MANAGED BUDGETS							
SOIL STACK HARBOUR TOWERS	645		645		645	0	645
RE ROOFING 12/13	681		681		681	0	681
KITCHEN & BATH REPLACEMENTS 12/13	1,925		54,395		54,395	54,395	0
STRUCTURAL REPAIRS 12/13	24,201		24,201	-24,201	0	0	0
REPLACE WINDOWS & DOORS 13/14	0		1,265	221	1,486	1,486	0
KITCHEN & BATH REPLACEMENTS 13/14	41,664		3,000	1,855	4,855	4,855	0
ELECTRICAL REWIRING 13/14	37,268		20,662	-839	19,823	19,823	0
HEATING 13/14	7,028		8,567	2,810	11,377	11,377	0
PLANNED REFURBISHMENTS 13/14	35,971		22,442		22,442	22,442	0
STRUCTURAL REPAIRS 13/14	3,669		4,825		4,825	- 11,905	16,730
THERMAL INSTALLATION 13/14	29,496		318		318	318	0
DISABLED ADAPTATIONS 13/14	29,106		10,958		10,958	10,958	0
ESTATE IMPROVEMENTS 13/14	107,562		22,239		22,239	19,205	3,034
RE-ROOFING 14/15		110,000	110,000		110,000	- 4,725	114,725
REPLACEMENT WINDOWS & DOORS 14/15		20,000	20,000	-4,790	15,210	15,211	-1
REPLACE KITCHEN & BATH 14/15		1,015,000	1,015,000	182,400	1,197,400	1,197,399	1
ELECTRICAL WIRING 14/15		100,000	120,076		120,076	104,887	15,189
HEATING 14/15		415,000	415,000		415,000	396,786	18,214
FIRE PRECAUTION 14/15		200,000	207,153	-49,500	157,653	47,144	110,509
REFURBISHMENT 14/15		50,000	63,529	-32,492	31,037	31,039	-2
STRUCTURAL REPAIRS 14/15		80,000	80,000	24,201	104,201	17,009	87,192
THERMAL INSULATION 14/15		50,000	50,000		50,000	49,710	290
RAINWATER GOODS 14/15		25,000	25,000		25,000	4,679	20,321
DISABLED ADAPTATIONS 14/15		200,000	220,500	6,035	226,535	222,852	3,683
ESTATE IMPROVEMENTS 14/15		125,000	230,764		230,764	0	230,764
ESTATE REPOINTING 14/15		100,000	100,000		100,000	62,735	37,265
LIFT REFURSBISHMENT 14/15		260,000	260,000		260,000	0	260,000
SUB Total	357,743	2,750,000	3,091,220	105,700	3,196,920	2,277,680	919,240

THANET DISTRICT COUNCIL MANAGED BUDGETS							
NEWINGTON CENTRE DEVELOPMENT	45,894		2,456		2,456	0	2,456
PURCHASE OF SUITABLE PROPERTIES	163,167		163,167		163,167		163,167
EMPTY PROPERTIES PROGRAMME	2,559,640		3,990,984	-340,000	3,650,984	4,015,822	-364,838
MARGATE INTERVENTION	3,534,566	318,000	4,230,525		4,230,525	848,738	3,381,787
BUY BACK SCHEME	100,000		100,000		100,000	-	100,000
WORKS TO TRINITY SQ PROPS	100,000		25,000		25,000	-	25,000
NEW BUILD PROGRAMME		3,437,000	92,000		92,000	7,000	85,000
EKH LOAN			230,000		230,000	-	230,000
	6,503,267.00	3,755,000	8,834,132	340,000.00	8,494,132	4,871,560	3,622,572
Total	6,861,010.00	6,505,000	11,925,352	234,300.00	11,691,052	7,149,240	4,541,812

Funded By	Brought Forward	Budget 2014-15	Revised Budget Approved Jan Cabinet	Adjustment	Revised Budget	HRA Capital Outturn
Major Repairs Allowance & Reserve	403,637	2,750,000	3,137,114	62,262.00	3,199,376	2,011,470
Revenue Contribution	45,167	2,655,000	1,211,729	43,438.00	1,255,167	1,939,601
HCA Ramsgate Empty Property Round 1	107,008		107,008		107,008	89,165
HCA Ramsgate Empty Property Round 2	640,000		640,000	-640000	-	
DCLG Cluster bid Funding	1,441,971		1,441,971		1,441,971	848,738
RTB 1-4-1 Receipts		200,000	200,000		200,000	85,205
Capital RTB Receipts		400,000	-		-	
New Properties Reserve	4,223,227	500,000	5,187,530	300,000	5,487,530	1,949,865
Prudential Borrowing						225,196
Total	6,861,010	6,505,000	11,925,352	234,300.00	11,691,052	7,149,240

This page is intentionally left blank

Annex 3

Agreed Full Council 06/02/14

Capital Programme 2014/15	Brought Forward Budget	External Funding 2014/15	TDC Budget 2014/15	Total Approved Budget	Virement or Slippage Ext Funding	Virement or Slippage TDC	Revised Budget – approved Cabinet 20 Jan 2015	Actual Spend to Date 31/03/15	Budget Remaining
Business Services									
Authentication-Project	35,000.00			35,000.00		-35,000.00	0.00	0.00	0.00
Dip/Workflow (Bid04)	72,310.38			72,310.38		-32,000.00	40,310.38	1,700.00	38,610.38
Customer Relationship Management System	60,000.00			60,000.00		22,400.00	82,400.00	82,400.00	0.00
Payroll-HR System	275,000.00			275,000.00			275,000.00	51,313.79	223,686.21
Serv-Dev Electronic Interfaces	40,000.00			40,000.00		-40,000.00	0.00	0.00	0.00
Community Services									
Coastal Communities Fund - Sunshine Café					81,790.00		81,790.00	0.00	81,790.00
Disabled Facilities Grants	106,376.53	1,107,983.00	300,000.00	1,514,359.53			1,514,359.53	1,416,373.14	97,986.39
Dreamland	6,655,717.62		2,300,000.00	8,955,717.62	130,090.00		9,085,807.62	4,421,622.35	4,664,185.27
Empty Properties Initiative	63,750.00			63,750.00			63,750.00	0.00	63,750.00
Historic Town Centre Grants	2,165.72			2,165.72			2,165.72	-329.40	2,495.12
Dalby Square	1,091,370.00	753,630.00	73,040.00	1,918,040.00			1,918,040.00	82,448.08	1,835,591.92
Margate Pedestrian Connections	24,345.12			24,345.12		-24,345.12	0.00	0.00	0.00
Margate Housing Intervention - Loan scheme	1,000,000.00			1,000,000.00			1,000,000.00	0.00	1,000,000.00
Margate Housing Intervention - KCC Units	78,750.00			78,750.00			78,750.00	78,750.00	0.00
Planning Projects	30,608.75			30,608.75		62,000.00	92,608.75	36,580.76	56,027.99
Private Sector Housing - RHB	174,727.17			174,727.17			174,727.17	32,222.80	142,504.37
Redevelopment of Newington Centre	141,162.88			141,162.88	-100,514.56	-40,648.32	0.00	0.00	0.00
Skatepark	178,872.87			178,872.87		33,610.00	212,482.87	147,172.55	65,310.32
Jackey Bakers						50,000.00	50,000.00	0.00	50,000.00
19 Hawley Square Refurbishment	89,707.90			89,707.90			89,707.90	89,707.90	0.00
Warre Rec Car Park						130,000.00	130,000.00	0.00	130,000.00
Broadstairs Town Centre Properties	42,500.00			42,500.00			42,500.00	0.00	42,500.00
Public Conveniences	175,711.97		50,000.00	225,711.97			225,711.97	0.00	225,711.97
Swimming Pool /Sports Hall Essential Capital Repairs	50,000.00		50,000.00	100,000.00			100,000.00	0.00	100,000.00
Swimming Pool Adjacent to Ramsgate Sports Centre	7,887.82			7,887.82			7,887.82	0.00	7,887.82

Operational Services									
Allotments	32,888.13			32,888.13			32,888.13	10,036.06	22,852.07
Coast Protection - Pegwell Bay	56,385.52			56,385.52			56,385.52	-1,374.75	57,760.27
Coast Protection-Margate Old Town	67,884.61			67,884.61			67,884.61	6,921.65	60,962.96
Cremator Works	5,716.62			5,716.62		-5,716.62	0.00	-5,909.00	5,909.00
Crematorium Office Upgrade	40,000.00			40,000.00		-30,000.00	10,000.00	785.00	9,215.00
Crematorium Car Park Extension	100,000.00			100,000.00		-100,000.00	0.00	0.00	0.00
Dane Valley Estate - Fencing	25,032.36			25,032.36		-25,032.36	0.00	0.00	0.00
Grounds Maintenance Replace Mowers and Vehicles	34,988.00			34,988.00			34,988.00	24,500.00	10,488.00
Margate Cemetery - Extension	131,483.46			131,483.46			131,483.46	8,995.58	122,487.88
North Thanet Coast Line Capital Sea Wall Construction Scheme	560,000.00			560,000.00			560,000.00	154,926.11	405,073.89
Pegwell Walkway	92,825.28			92,825.28	-92,825.28		0.00	0.00	0.00
Port of Ramsgate - Terminal Tractor	100,000.00			100,000.00		-100,000.00	0.00	0.00	0.00
Ramsgate Marina Eastern Pontoons	125,000.00	125,000.00		250,000.00	5,692.53	5,692.53	261,385.06	258,207.02	3,178.04
Ramsgate Marina Water Supply Upgrade	50,000.00		50,000.00	100,000.00	32,070.42	-5,692.53	126,377.89	64,500.85	61,877.04
Fuel Facilities, Ramsgate Harbour	80,000.00			80,000.00	-17,000.00		63,000.00	0.00	63,000.00
Replacement of Waste Collection Fleet	1,012,554.91		20,000.00	1,032,554.91		-20,000.00	1,012,554.91	522,379.77	490,175.14
Waste DLO						42,000.00	42,000.00	42,921.69	-921.69
Alongside Quay, Commercial Boat Park & Rock Revetment			7,200,000.00	7,200,000.00		-7,200,000.00	0.00	0.00	0.00
Vattenfall Pegwell Community Projects					50,000.00		50,000.00	0.00	50,000.00
Waste Transfer Station	216,522.00			216,522.00			216,522.00	0.00	216,522.00
Playground enhancement programme	250,000.00			250,000.00		-50,000.00	200,000.00	199,880.00	120.00
Yacht Valley Project	188,196.15			188,196.15	49,608.29	30,500.00	268,304.44	146,357.67	121,946.77
	13,565,441.77	1,986,613.00	10,043,040.00	25,595,094.77	138,911.40	-7,332,232.42	18,401,773.75	7,873,089.62	10,528,684.13

Capital Salaries

75,000.00

75,000.00**75,000.00****Total for the Year****12,104,653.00****25,670,094.77****138,911.40****-7,332,232.42****18,476,773.75**

Funding of Capital Programme

General Fund Capital Programme	Brought Forward Balance External Funding	Brought forward Balance TDC	Capital Budget External Funding 2014/15	Capital Budget TDC 2014/15	Virement or Slippage	Revised Budget	Actual 31/03/15
Breakdown of the 2014/15 Programme	6,112,534.12	7,452,907.65	1,986,613.00	10,118,040.00	-7,193,321.02	18,476,773.75	7,873,089.62
Funded By							
Capital Project Reserves		1,684,704.15		300,000.00	280,979.94	2,265,684.09	1,448,323.03
Unallocated Receipts		548,689.22				548,689.22	24,500.00
Estimated Income from the sale of assets		658,715.11		268,040.00	-576,682.36	350,072.75	
New Homes Reserve		207,000.00				207,000.00	
Repairs Reserve					130,000.00	130,000.00	
Housing Right to Buy Receipts		89,707.90				89,707.90	89,707.90
Maritime Reserve		100,000.00		50,000.00	-69,500.00	80,500.00	
Unringfenced Grants Reserve					8,570.00	8,570.00	
Contribution from Revenue		275,000.00			94,400.00	369,400.00	
Prudential Borrowing		3,889,091.27		9,500,000.00	-7,200,000.00	6,189,091.27	2,119,867.46
Performance Reward Grant Reserve							116,004.32
External Funding	6,112,534.12		1,986,613.00		138,911.40	8,238,058.52	4,074,686.91
Sub Total	6,112,534.12	7,452,907.65	1,986,613.00	10,118,040.00	-7,193,321.02	18,476,773.75	7,873,089.62
Surplus/Shortfall	0.00	0.00	0.00	0.00	0.00	0.00	0.00

This page is intentionally left blank

BUDGET MONITORING REPORT 2015/16

To: **Cabinet – 30 July 2015**

Main Portfolio Area: **Financial Services and Estates**

By: **Cllr John Townend, Portfolio Holder for Financial Services and Estates**

Classification: **Unrestricted**

Ward: **All**

Summary: **To inform Cabinet of the latest budget monitoring position against the General Fund, Housing Revenue Account and capital programme for 2015/16.**

For Decision

1.0 Introduction

1.1 This report enables Cabinet to take an informed view of the likely financial out-turn for the General Fund, as well as the likely outturn on the Housing Revenue Account and Capital Programme for 2015/16. The report summarises the key issues, with the detail being provided in the annexes.

2.0 Summary Outturn Position for the General Fund 2015/16

2.1 Monitoring has now been undertaken for the first quarter to 30 June of the financial year 2015/16 and a breakeven position is anticipated. However, in achieving a breakeven position emerging pressures such as the on-going delivery of savings factored in as part of the 2015/16 Budget Build and the restructuring of Front Line Services have been assumed to be containable within existing resources. A more detailed budget monitoring report will be brought to Cabinet for Qtr. 2 in November covering the period to the end of September 2015.

2.2 As indicated above savings factored in as part of the 2015/16 Budget Build will need to be carefully monitored in order to ensure that they are delivered as expected. With only three months monitoring data it is too early to know with certainty the outturn position, however the current position will be carefully monitored over the coming months and corrective action will be taken if necessary to bring it back to a balanced budget position.

3.0 General Fund Detail By Directorate:

Chief Executive

3.1 There are no major variances to report at this time.

Operational Services

3.2 There are no major variances to report at this time, however:

- Within Maritime, the Manager of this Service is accommodating reduced Windfarm activity and the on-going impact of not having a Ferry Operation in place whilst looking to deliver within budget by year end, any variance here will be covered from the Maritime Reserve.
- There remains pressures to deliver the new look Frontline Service and work continues to ensure that this remains within budget.

Director of Community Services

3.3 There are no major variances to report at this time:

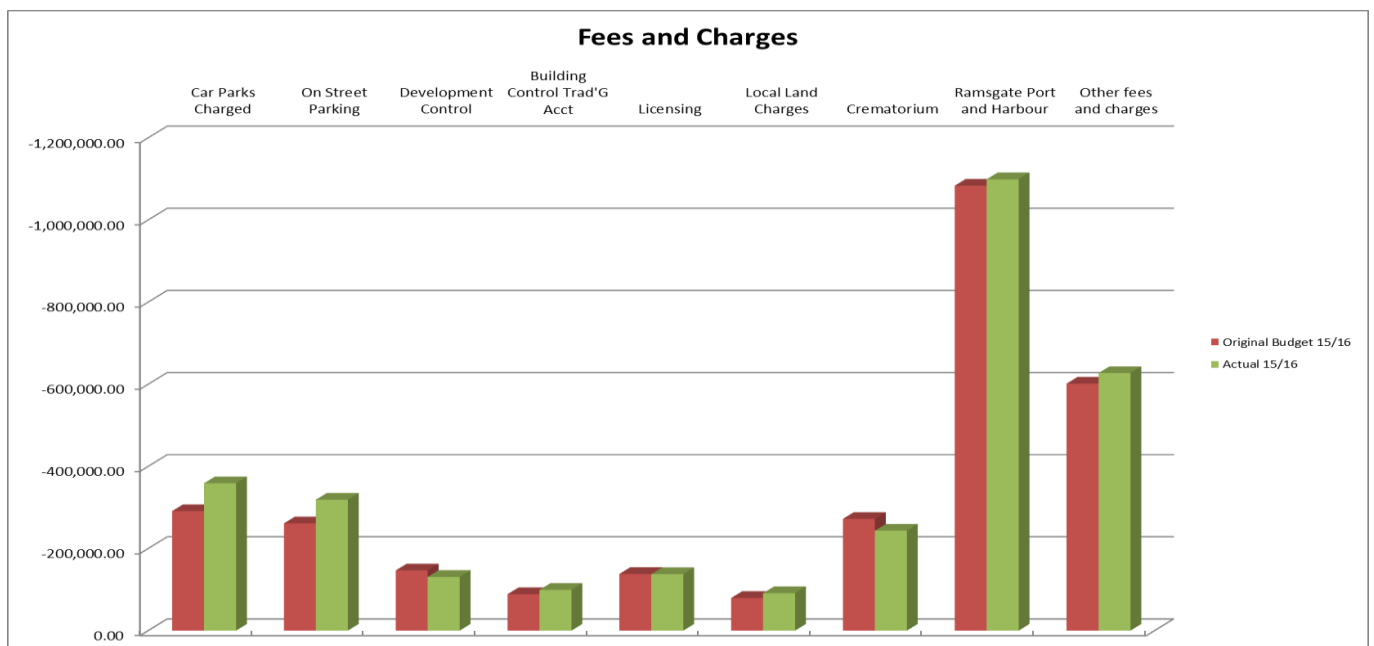
Director of Corporate Resource

3.4 There are no major variances to report at this time:

General

3.5 Between now and September, Financial Services will work with Managers to ensure that they are on target to deliver balanced budgets and that the impact if any, is monitored managed and reported. This will include supporting the on-going change programme within Frontline Services to deliver the new look Recycling and Waste Service.

4.0 Fees and charges trends up to end of June 2015



4.1 Currently Fees and Charges appear on target for the year based on Quarter 1, these will continue to be monitored over the balance of the year and any variance will be reported accordingly.

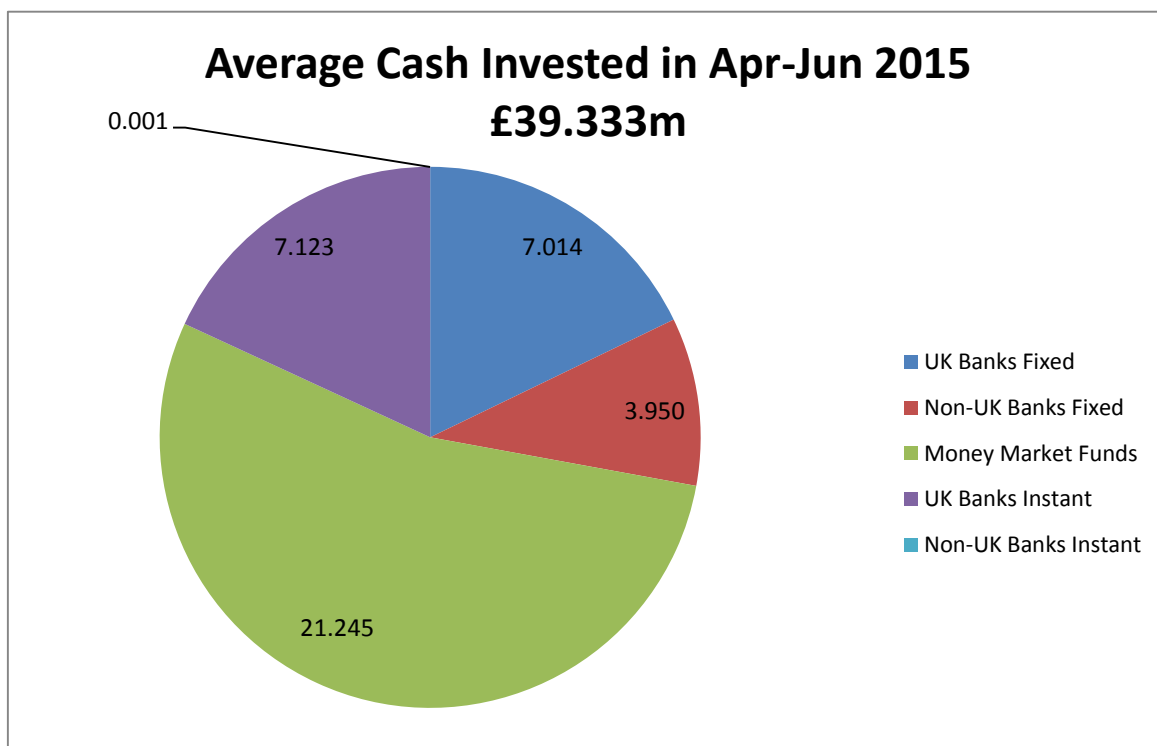
5.0 Reserve Movements

5.1 To deal with unforeseen current and future costs of the various phases of Dreamland's regeneration, £240k underspend in relation to the minimum revenue provision and £161.5k from the un-ring fenced grants reserve require reallocation to the Dreamland Reserve.

6.0 Treasury Management for Quarter 1 (June 2015)

6.1 Key Highlights

- The average Apr-Jun cash balance invested was £39.333m (Q4 2014/15: £38.228), ranging from £33.400m to £48.099m. The cash balance invested at the end of Jun was £35.879m.
- Investment interest income for the three months to the end of Jun was £0.048m, at an average rate of 0.49%.



7.0 Housing Revenue Account

7.1 There are no major variances within the HRA Revenue Account to report.

8.0 Capital Programme

8.1 Reports on the General Fund and HRA capital programme are detailed in **Annex 1 and Annex 2**.

8.2 General Fund property receipts to the end of June 2015 are as detailed below and have already nearly achieved the set budget for the year.

Property	Amount £
30 Ozengell Place	13,302
1 Ozengell Place	25,823
The Pavilion & Garden on the Sands	460,000
York Gate House	620,000
Land between College Road & Tivoli Road	39,000
Land Covell's Row	33,000
Land adj 84 Margate Road	36,000
4c York Street	84,000
Land Booth Place	83,000
Princes Road Store	34,000
Ramsgate Harbour Slipways Lease	50,000
Less disposal costs	(16,470)
Capital receipts balance	1,461,655

8.3 General Capital Investment

The general capital investment programme includes the following major works:

- Dreamland Heritage Park
- Disabled Facilities Grants
- North Thanet Coast Line Capital Sea Wall Construction Scheme

9.0 Members are asked to agree the budget virements detailed as per **Annex 1** for the General Fund capital programme and **Annex 2** for the HRA capital programme.

10.0 Corporate Implications

10.1 Financial

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

10.2 Legal

10.2.1 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 Director of Corporate Resources, Tim Willis, and this report is helping to carry out that function.

10.3 Corporate

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

10.4 Equity and Equalities

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

11.0 Recommendations

11.1 That Cabinet notes the projected outturn position for 2015/16 for the General Fund;

11.2 That Cabinet agrees the reserve movements detailed in 5.1 of this report;

11.3 That Cabinet notes the current Housing Revenue Account position;

11.4 That Cabinet notes the General Fund and Housing Revenue Account Capital Programmes and agree the budget virements detailed as per **Annex 1** and **Annex 2** for the General Fund capital and HRA.

Contact Officers	Matthew Sanham – Corporate Finance Manager Tel. (01843) 577227 Nicola Walker Interim Head of Financial Services, Tel. (01843) 577236
Reporting to:	Tim Willis, Director of Corporate Resources & S151 Officer

Annex List

Annex 1	General Fund Capital Programme
Annex 2	HRA Capital Programme

Background Papers

Title	Where to Access Document
None	N/A

Corporate Consultation Undertaken

Finance	Matthew Sanham – Corporate Finance Manager Tel. (01843) 577227
Legal	Tim Howes, Interim Head of Legal & Democratic Services and Monitoring Officer
Communications	Hannah Thorpe – Interim Head of Communications

This page is intentionally left blank

Annex 1

Capital Programme 2015/16	Original Capital Budget 2015/16 (incl balances b/f from 14/15)	Virement or Slippage Ext Funding	Virement or Slippage TDC	Revised Capital Budget 2015/16 to Cabinet 17 July 2015	Committed Spend to Date 30/06/15	Budget Remaining	Comments
---------------------------	--	----------------------------------	--------------------------	--	----------------------------------	------------------	----------

Business Services							
Dip/Workflow (Bid04)	38,610.38			38,610.38	18,045.06	20,565.32	
Payroll-HR System	223,686.21			223,686.21	74,544.82	149,141.39	
Telephony Upgrade	0.00		89,000.00	89,000.00	0.00	89,000.00	Funded from the IT reserve (£81,000) and capital receipts (£8,000).
Single Revenue & Benefits System – Externally Funded	0.00	150,000.00		150,000.00	0.00	150,000.00	Externally Funded
Single Revenue & Benefits System – TDC Funded	0.00		164,150.00	164,150.00	0.00	164,150.00	Funded from revenue

Community Services							
Sunshine Café	81,790.00	1,816,766.00		1,898,556.00	3,040.52	1,895,515.48	Remaining Coastal Communities Fund grant has been added for Dreamland's Sunshine Café.
Disabled Facilities Grants – Externally Funded	1,107,983.00	169,017.00		1,277,000.00	553,320.34	723,679.66	Additional allocation of £169,017 has been received for DFGs this year over and above the provisional budgeted figure.
Disabled Facilities Grants - TDC Funded	397,986.39			397,986.39	0	397,986.39	
Dreamland- TDC Funded	4,147,122.14			4,147,122.14	6,372,622.14	-2,225,500.00	As the Council have acquired the whole estate the borrowing required to fund the potential overspend can be funded through the income achieved by the estate.
Dreamland – Externally Funded	3,172,641.41			3,172,641.41	3,172,641.41	0.00	
Empty Properties Initiative	63,750.00			63,750.00	0.00	63,750.00	
Dalby Square – Externally Funded	2,182,551.92			2,182,551.92	157,800.44	2,024,751.48	
Dalby Square – TDC Funded	212,270.00			212,270.00	0.00	212,270.00	
Margate Pedestrian Connections	24,345.00			24,345.00	0.00	24,345.00	
Margate Housing Intervention - Loan scheme	1,000,000.00			1,000,000.00	0.00	1,000,000.00	
Planning Projects	56,027.99		-20,000.00	36,027.99	1,915.75	34,112.24	Removal of revenue elements of project
Private Sector Housing - RHB	142,504.37	66,599.22		209,103.59	0.00	209,103.59	This budget include emergency assistance repayable grants and energy efficiency “top

Annex 1

							Up ⁿ grants. Historic Regional Housing Board grants have been repaid to the Council and the budget available for these initiatives has increased as a result.
Private Sector Housing – Winter Warmer Grants	0.00	22,406.08		22,406.08	0.00	22,406.08	Kent County Council Winter Warmth grant to provide grants to improve the living conditions of local residents
Skate park – Externally Funded	31,700.32	-215.71		31,484.61	0.00	31,484.61	Funding adjustment
Skate park – TDC Funded	33,610.00			33,610.00	0.00	33,610.00	
Jackey Bakers enhancements	50,000.00			50,000.00	0.00	50,000.00	
19 Hawley Square Refurbishment	0.00			0.00	2,510.41	-2,510.41	
Broadstairs Town Centre Properties	42,500.00			42,500.00	0.00	42,500.00	
Historic Town Centre Grants	2,495.12	-1,247.56	-1,247.56	0.00	0.00	0.00	Project finished
Public Conveniences	275,711.97			275,711.97	0.00	275,711.97	
Warre Rec Car Park	130,000.00			130,000.00	6,000.00	124,000.00	
Property Enhancement Programme	200,000.00			200,000.00	0.00	200,000.00	
Swimming Pool/Sports Hall Essential Capital Repairs	150,000.00			150,000.00	0.00	150,000.00	
Swimming Pool Adjacent to Ramsgate Sports Centre	7,887.82			7,887.82	0.00	7,887.82	
Operational Services							
Coast Protection - Pegwell Bay	57,760.27	-57,760.27		0.00	0.00	0.00	Project finished
Coast Protection-Margate Old Town	60,962.96	-60,962.96		0.00	0.00	0.00	Project finished
Crematorium Office Upgrade	39,215.00		25,000.00	64,215.00	4,080.00	60,135.00	£25k increase funded from crematorium reserve
Grounds Maintenance Replace Mowers and Vehicles	260,488.00			260,488.00	22,730.00	237,758.00	
Margate Cemetery - Extension	352,487.88			352,487.88	2,690.38	349,797.50	
North Thanet Coast Line Capital Sea Wall Construction Scheme	405,073.89	749,000.00		1,154,073.89	979,768.35	174,305.54	Remainder of the grant for the North Thanet Coast Sea Wall scheme has been added.
Ramsgate Marina Eastern Pontoons	3,178.04	-3,178.04		0.00	0.00	0.00	Project finished
Ramsgate Marina Water Supply Upgrade	61,877.04		-55,000.00	6,877.04	0.00	6,877.04	Project largely finished
Fuel Facilities, Ramsgate Harbour	63,000.00		20,000.00	83,000.00	73,607.35	9,392.65	Revenue contribution has been added to increase the available budget for this project.

Annex 1

Replacement of Waste Collection Fleet	490,175.14			490,175.14	79,473.22	410,701.92	
Waste DLO	-921.69		5,000.00	4,078.31	1,863.70	2,214.61	£5k increase funded by revenue contribution
Waste Transfer Station	716,522.00			716,522.00	0.00	716,522.00	
Port Low Carbon Plan	105,000.00			105,000.00	0.00	105,000.00	
Boat Wash Separator	25,000.00			25,000.00	0.00	25,000.00	
Ramsgate Timber Groynes	40,000.00			40,000.00	0.00	40,000.00	
CCTV	182,000.00			182,000.00	5,000.00	177,000.00	
Vehicle Replacement Programme	500,000.00			500,000.00	0.00	500,000.00	
Marina Management System	0.00		78,000.00	78,000.00	0.00	78,000.00	Funded from maritime reserve
Yacht Valley	121,946.77	-52,445.96	-69,500.81	0.00	0.00	0.00	Project finished
Cremator Works	5,909.00		-5,909.00	0.00	0.00	0.00	Project finished
Playground Enhancement Programme	120.00		-120.00	0.00	0.00	0.00	Project finished
Allotments	22,852.07			22,852.07	0.00	22,852.07	
Vattenfall Community Projects	50,000.00			50,000.00	50,000.00	0.00	Project finished

Total	17,337,820.41	2,797,977.80	229,372.63	20,365,170.84	11,581,653.89	8,783,516.95
Capital Salaries	75,000.00			75,000.00		
Grand Total	17,412,820.41	2,797,977.80	229,372.63	20,440,170.84		

Annex 1
Funding of Capital Programme

						Income as at 30 June 2015	
General Fund Capital Programme	Brought Forward Balance External Funding 2014/15	Brought forward Balance TDC from 2014/15	Capital Budget External Funding 2015/16	Capital Budget TDC 2015/16	Virement or Slippage	TDC	External Funding to Date
Breakdown of the 2015/16 Programme	6,885,606.70	6,298,655.71	1,567,983.00	2,660,575.00	3,027,350.43	9,188,603.34	11,251,567.50
Funded By							
Capital Project Reserves		961,040.31		54,345.00	-82,276.56	933,108.75	
Unallocated Receipts		665,966.74				665,966.74	
Estimated Income from the sale of assets		488,957.65		1,066,930.00	8,000.00	1,461,655.00	
IT Reserve					81,000.00	81,000.00	
Crematorium Reserve					25,000.00	25,000.00	
Dreamland Reserve		116,900.00				116,900.00	
Maritime Reserve				25,000.00	78,000.00	103,000.00	
Vehicle Replacement Reserve				227,300.00		227,300.00	
Priority Improvement Reserve				182,000.00		182,000.00	
Unringfenced Grants Reserve	44,175.24	8,570.00				8,570.00	44,175.24
Contribution from Revenue		223,686.21			189,150.00	412,836.21	
Prudential Borrowing		3,833,534.80		1,105,000.00	-69,500.81	4,869,033.99	
External Funding	6,841,431.46		1,567,983.00		2,797,977.80		6,282,762.17
Sub Total	6,885,606.70	6,298,655.71	1,567,983.00	2,660,575.00	3,027,350.43	9,086,370.69	6,326,937.41
Surplus/Shortfall	0.00	0.00	0.00	0.00	0.00	102,232.65	4,924,630.09
Less future budgeted borrowing						-4,869,033.99	
Current shortfall in capital receipts						102,232.65	

Annex2 HRA CAPITAL REPAIRS FUND BUDGET MONITORING 15-16

Details	14-15 Budget Brought Forward	Original Budget 15-16	Virement	Budget to be Approved by Cabinet	Committed Spend to Date 30/06/15	Budget Remaining	Comments
EAST KENT HOUSING MANAGED BUDGETS							
SOIL STACK HARBOUR TOWERS	645			645	0	645	
RE ROOFING 12/13	681			681	0	681	
STRUCTURAL REPAIRS 13/14	16,730			16,730	0	16,730	
ESTATE IMPROVEMENTS 13/14	3,034			3,034	0	3,034	
RE-ROOFING 14/15	114,725			114,725	0	114,725	
REPLACEMENT WINDOWS & DOORS 14/15					3,958	-3,958	To be covered by underspends elsewhere in the programme
REPLACE KITCHEN & BATH 14/15					24,454	-24,454	
ELECTRICAL WIRING 14/15	15,189			15,189	1,118	14,071	
HEATING 14/15	18,214			18,214	17,858	356	
FIRE PRECAUTION 14/15	110,509			110,509	1,667	108,842	
REFURBISHMENT 14/15					31,417	-31,417	To be covered by underspends elsewhere in the programme
STRUCTURAL REPAIRS 14/15	87,192			87,192	958	86,234	
THERMAL INSULATION 14/15	290			290	1,501	-1,211	
RAINWATER GOODS 14/15	20,321			20,321	1,108	19,213	
DISABLED ADAPTATIONS 14/15	3,683			3,683	0	3,683	
ESTATE IMPROVEMENTS 14/15	230,764			230,764	0	230,764	
ESTATE REPOINTING 14/15	37,265			37,265	10,409	26,856	
LIFT REFURBISHMENT 14/15	260,000			260,000	0	260,000	
REPLACEMENT WINDOWS & DOORS 15/16		30,000		30,000	2,890	27,110	
KITCHEN & BATH REPLACEMENTS 15/16		1,335,000		1,335,000	265,846	1,069,154	
ELECTRICAL WIRING 15/16		100,000		100,000	21,780	78,220	
HEATING 15/16		415,000		415,000	100,068	314,932	
FIRE PRECAUTION 15/16		150,000		150,000	1,962	148,038	
PLANNED REFURBISHMENTS 15/16		50,000		50,000	7,535	42,465	
STRUCTURAL REPAIRS 15/16		80,000		80,000	1,854	78,146	
THERMAL INSULATION 15/16		60,000		60,000	1,973	58,027	
RAINWATER GOODS 15/16		10,000		10,000	8,662	1,338	

Annex2 HRA CAPITAL REPAIRS FUND BUDGET MONITORING 15-16

Details	14-15 Budget Brought Forward	Original Budget 15-16	Virement	Budget to be Approved by Cabinet	Committed Spend to Date 30/06/15	Budget Remaining	Comments
DISABLED ADAPTATIONS 15/16		300,000	100,000	400,000	10,693	389,307	Additional budget required for backlog of disabled adaptations. Funded from the Major Repairs Reserve
ESTATE IMPROVEMENTS 15/16		125,000		125,000	0	125,000	
ESTATE REPOINTING 15/16		100,000		100,000	2,820	97,180	
SUB Total	919,242	2,755,000	100,000	3,774,242	520,531	3,253,711	
THANET DISTRICT COUNCIL MANAGED BUDGETS							
NEWINGTON CENTRE DEVELOPMENT	2,456			2,456	0	2,456	Affordable housing at Fort Road Hotel site funded by 1-4-1 Receipts and HRA contributions.
PURCHASE OF SUITABLE PROPERTIES	163,167			163,167	0	163,167	
EMPTY PROPERTIES PROGRAMME	-364,838	1,600,000		1,235,162	-200,680	1,435,842	
VOID WORKS FOR INTERVENTION PROGRAMME				0	0	0	
MARGATE INTERVENTION VOID WORKS FOR INTERVENTION PROGRAMME	3,381,787	1,900,000		5,281,787	341,209	4,940,578	
BUY BACK SCHEME	100,000			100,000	0	100,000	
WORKS TO TRINITY SQ PROPS	25,000			25,000	0	25,000	
NEW BUILD PROGRAMME	85,000	4,194,000		4,279,000	0	4,279,000	
EKH LOAN	230,000			230,000	223,000	7,000	
FORT ROAD HOTEL			950,000	950,000	0	950,000	
SUB Total	3,622,572.00	7,694,000	950,000	12,266,572	363,529	11,903,043	
Total	4,541,814.00	10,449,000	1,050,000	16,040,814	884,060	15,156,754	

ANNUAL TREASURY MANAGEMENT REVIEW 2014/15

To: **Cabinet – 30 July 2015**

Main Portfolio Area: **Finance**

By: **S151 Officer**

Classification: **Unrestricted**

Summary: **This report summarises treasury management activity and prudential/treasury indicators for 2014/15.**

For Decision

1.0 Introduction and Background

1.1 This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2014/15. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

1.2 During 2014/15 the minimum reporting requirements were that the full Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 6 Feb 2014 and revised by Council 2 Oct 2014)
- a mid-year (minimum) treasury update report (Council 6 Feb 2014)
- an annual review following the end of the year describing the activity compared to the strategy (this report).

In addition, this Council's Governance and Audit Committee has received quarterly treasury management update reports on 24 Sep 2014 and 17 Mar 2015.

1.3 The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

1.4 This Council confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Governance and Audit Committee before they were reported to the full Council. Member training on treasury management is undertaken to support members' scrutiny role.

1.5 This report summarises the following:-

- Capital activity during the year;
- Impact of this activity on the Council's underlying indebtedness (the Capital Financing Requirement);
- The actual prudential and treasury indicators;
- Overall treasury position identifying how the Council has borrowed in relation to this indebtedness, and the impact on investment balances;
- Summary of interest rate movements in the year;
- Detailed debt activity; and
- Detailed investment activity.

Please note that the Council's 2014/15 accounts have not yet been audited and hence that the figures in this report are subject to change.

2.0 Executive Summary

2.1 During 2014/15, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

Prudential and treasury indicators	2013/14 Actual £000	2014/15 Estimate £000	2014/15 Actual £000
Capital expenditure			
• Non-HRA	6,689	18,416	8,184
• HRA	3,958	14,044	7,149
• Total	10,647	32,460	15,333
Capital Financing Requirement:			
• Non-HRA	20,898	26,460	22,390
• HRA	20,874	20,874	20,874
• Total	41,772	47,334	43,264
Gross borrowing	27,252	30,659	30,659
Investments			
• Longer than 370 days	0	0	0
• Under 370 days	27,615	20,000	29,435
• Total	27,615	20,000	29,435
Net borrowing	(363)	10,659	1,224

2.2 Other prudential and treasury indicators are to be found in the main body of this report. The Section 151 Officer also confirms that borrowing was only undertaken for a capital purpose and the statutory borrowing limit (the authorised limit) was not breached.

2.3 The financial year 2014/15 continued the challenging investment environment of previous years, namely low investment returns.

3.0 The Council's Capital Expenditure and Financing 2014/15

3.1 The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

3.2 The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

£000 General Fund	2013/14 Actual	2014/15 Estimate	2014/15 Actual
Capital expenditure	6,689	18,416	8,184
Financed in year	4,623	12,227	6,064
Unfinanced capital expenditure	2,066	6,189	2,120

£000 HRA	2013/14 Actual	2014/15 Estimate	2014/15 Actual
Capital expenditure	3,958	14,044	7,149
Financed in year	3,753	13,819	6,924
Unfinanced capital expenditure	205	225	225

4.0 The Council's Overall Borrowing Need

4.1 The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2014/15 unfinanced capital expenditure (see above table), and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

4.2 Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public Works Loan Board [PWL] or the money markets), or utilising temporary cash resources within the Council.

4.3 **Reducing the CFR** – the Council's (non HRA) underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to

ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision – MRP, to reduce the CFR. This is effectively a repayment of the non-Housing Revenue Account (HRA) borrowing need (there is no statutory requirement to reduce the HRA CFR). This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

- 4.4 The total CFR can also be reduced by:
- the application of additional capital financing resources (such as unapplied capital receipts); or
 - charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).

The Council's 2014/15 MRP Policy (as required by CLG Guidance) was approved as part of the Treasury Management Strategy Report for 2014/15 on 6 Feb 2014.

- 4.5 The Council's CFR for the year is shown below, and represents a key prudential indicator. It includes PFI and leasing schemes on the balance sheet, which increase the Council's borrowing need. No borrowing is actually required against these schemes as a borrowing facility is included in the contract (if applicable).

CFR (£000): General Fund	31 March 2014 Actual	31 March 2015 Estimate	31 March 2015 Actual
Opening balance	19,450	20,898	20,898
Add unfinanced capital expenditure (as above)	2,066	6,189	2,120
Less MRP/VRP*	(618)	(852)	(853)
Less PFI & finance lease repayments	0	0	0
Transfer from HRA**	0	225	225
Closing balance	20,898	26,460	22,390

CFR (£000): HRA	31 March 2014 Actual	31 March 2015 Estimate	31 March 2015 Actual
Opening balance	22,325	20,874	20,874
Add unfinanced capital expenditure (as above)	205	225	225
HRA loan repayments	(1,656)	0	0
HRA downward revaluation	0	0	0
Less VRP*	0	0	0
Less PFI & finance lease repayments	0	0	0
Transfer to GF**	0	(225)	(225)
Closing balance	20,874	20,874	20,874

* Includes voluntary application of capital receipts.

**This relates to the transfer of property from HRA to GF on 1 April 2014 at a market value of £225k.

Borrowing activity is constrained by prudential indicators for net borrowing and the CFR, and by the authorised limit.

The HRA CFR includes a £200k deduction for the 2012/13 downward revaluation of HRA non-current assets which has been charged to the Comprehensive Income and Expenditure Statement and not then transferred to the Capital Adjustment Account. The treatment of this £200k is under review by the Department of Communities and Local Government (requiring both Ministerial and Treasury approval) and accordingly is subject to change.

- 4.6 **Gross borrowing and the CFR** - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2014/15) plus the estimates of any additional capital financing requirement for the current (2015/16) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs in 2014/15. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator.

£000	31 March 2014 Actual	31 March 2015 Estimate	31 March 2015 Actual
Gross borrowing position	27,252	30,659	30,659
CFR	41,772	47,334	43,264

- 4.7 **The authorised limit** - the authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2014/15 the Council has maintained gross borrowing within its authorised limit.
- 4.8 **The operational boundary** – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.
- 4.9 **Actual financing costs as a proportion of 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.

£000	2014/15
Authorised limit	62,000
Maximum gross borrowing position	48,000
Operational boundary	54,000
Average gross borrowing position	28,448
Financing costs as a proportion of net revenue stream – General Fund	4.72%
Financing costs as a proportion of net revenue stream - HRA	5.81%

5.0 Treasury Position as at 31 March 2015

- 5.1 The Council’s debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting detailed in the summary, and through officer activity detailed in the Council’s Treasury Management Practices. At the beginning and the end of 2014/15 the Council’s treasury (excluding borrowing by PFI and finance leases) position was as follows:

£000	31 March 2014 Principal	Rate/ Return	Average Life yrs	31 March 2015 Total Principal	31 March 2015 HRA Principal	31 March 2015 GF Principal	Rate/ Return	Average Life yrs
Fixed rate funding:								
-PWLB	22,752	4.27%	12.5	26,159	16,989	9,170	3.69%	13.2
-Market	4,500	4.19%	0.5	4,500	3,880	620	4.19%	0.5
Variable rate funding:								
-PWLB	0			0	0	0		
-Market	0			0	0	0		

Total debt	27,252	4.26%	10.6	30,659	20,869	9,790	3.77%	11.3
CFR	41,772			43,264	20,874	22,390		
Over / (under) borrowing	(14,520)			(12,605)	(5)	(12,600)		
Investments:								
- in house	27,615	0.52%		29,435			0.53%	
- with managers	0			0				
Total investments	27,615	0.52%		29,435			0.53%	

5.2 The maturity structure of the debt portfolio was as follows:

£000	31 March 2014 actual	2014/15 upper limits	31 March 2015 actual
Under 1 year	4,500	15,329	5,940
1 year to under 2 years	960	15,329	480
2 years to under 5 years	0	15,329	6,239
5 years to under 10 years	11,691	16,862	7,367
10 years to under 20 years	4,341	15,329	2,787
20 years to under 30 years	3,840	15,329	4,926
30 years to under 40 years	1,920	15,329	1,920
40 years to under 50 years	0	15,329	1,000
50 years and above	0	15,329	0
Total debt	27,252		30,659

5.3 All investments were for under 370 days. As at 31 March 2015 the amount invested between 365-370 days was £1.6m (limit: £5.0m).

5.4 The exposure to fixed and variable rates was as follows:

£000	31 March 2014 Actual	2014/15 Upper Limits	31 March 2015 Actual
Fixed rate	27,252 debt	62,000 debt	30,659 debt
	6,800 investments	45,000 investments	11,754 investments
Variable rate	0 debt	62,000 debt	0 debt
	20,815 investments	45,000 investments	17,681 investments

6.0 The Strategy for 2014/15

- 6.1 The Council uses Capita as its external treasury management advisor. Capita's expectation for interest rates within the strategy for 2014/15 anticipated the Bank Rate remaining at 0.5% for 2014/15, and gradual rises in fixed borrowing rates during 2014/15. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.
- 6.2 In this scenario, the treasury strategy was to postpone borrowing to avoid the cost of holding higher levels of investments and to reduce counterparty risk.
- 6.3 The actual movement in gilt yields meant that PWLB rates saw little overall change during the first four months of the year but there was then a downward trend for the rest of the year with a partial reversal during February.
- 6.4 Change in strategy during the year: the investment strategy adopted in the original Treasury Management Strategy Report for 2014/15 approved by the Council on 6 Feb 2014 was revised by the Council on 2 Oct 2014 to remove the minimum credit ratings criteria for Viability, Financial Strength and Support (in line with Capita's new rating assessment methodology).

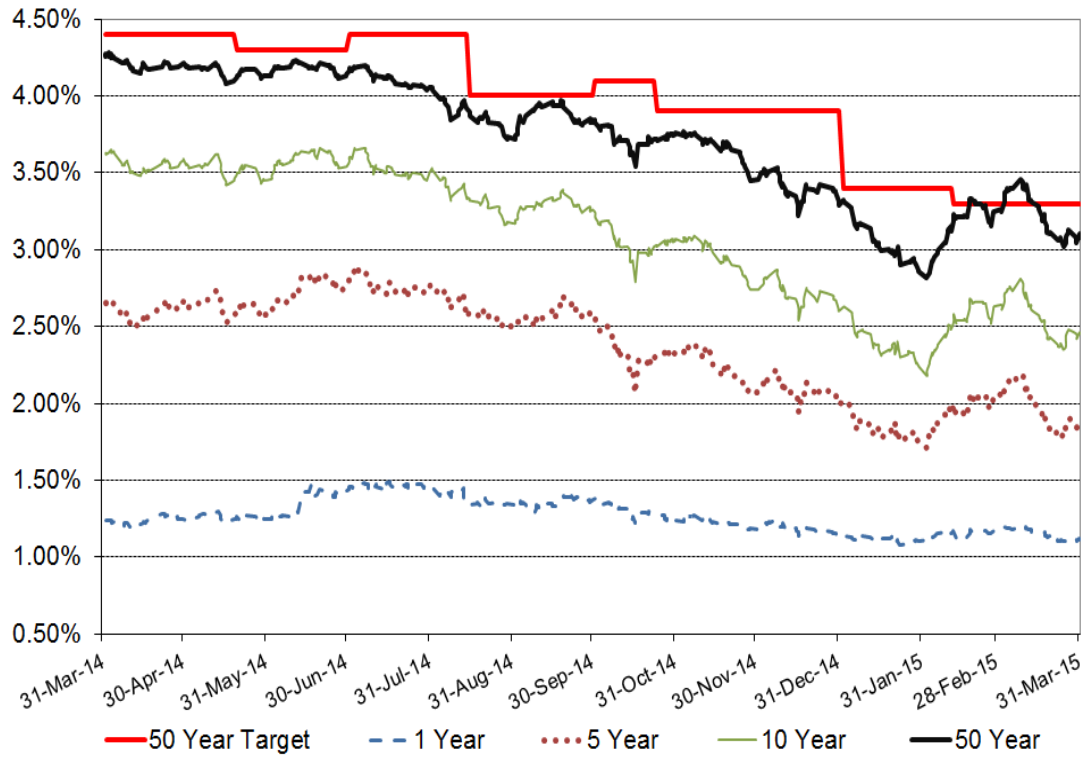
7.0 Capita's Review of the Economy and Interest Rates (issued by Capita on 23 April 2015)

- 7.1 The original market expectation at the beginning of 2014/15 was for the first increase in Bank Rate to occur in quarter 1 2015 as the unemployment rate had fallen much faster than expected through the Bank of England's initial forward guidance target of 7%. In May, however, the Bank revised its forward guidance. A combination of very weak pay rises and inflation above the rate of pay rises meant that consumer disposable income was still being eroded and in August the Bank halved its forecast for pay inflation in 2014 from 2.5% to 1.25%. Expectations for the first increase in Bank Rate therefore started to recede as growth was still heavily dependent on buoyant consumer demand. During the second half of 2014 financial markets were caught out by a halving of the oil price and the collapse of the peg between the Swiss franc and the euro. Fears also increased considerably that the European Central Bank (ECB) was going to do too little too late to ward off the threat of deflation and recession in the Eurozone. In mid-October, financial markets had a major panic for about a week. By the end of 2014, it was clear that inflation in the UK was going to head towards zero in 2015 and possibly even turn negative. In turn, this made it clear that the Monetary Policy Committee (MPC) would have great difficulty in starting to raise Bank Rate in 2015 while inflation was around zero and so market expectations for the first increase receded back to around quarter 3 of 2016.

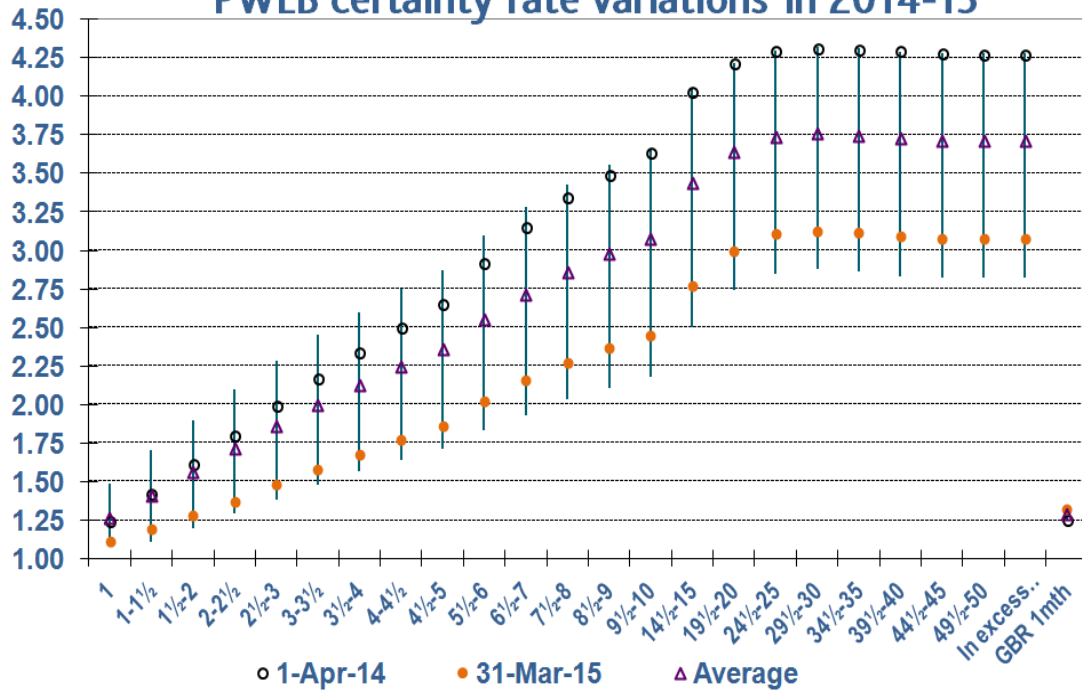
- 7.2 Gilt yields were on a falling trend for much of the last eight months of 2014/15 but were then pulled in different directions by increasing fears after the anti-austerity parties won power in Greece in January; developments since then have increased fears that Greece could be heading for an exit from the euro. While the direct effects of this would be manageable by the European Union (EU) and ECB, it is very hard to quantify quite what the potential knock on effects would be on other countries in the Eurozone (EZ) once the so called impossibility of a country leaving the EZ had been disproved. Another downward pressure on gilt yields was the announcement in January that the ECB would start a major programme of quantitative easing, purchasing EZ government and other debt in March. On the other hand, strong growth in the US caused an increase in confidence that the US was well on the way to making a full recovery from the financial crash and would be the first country to start increasing its central rate, probably by the end of 2015. The UK would be closely following it due to strong growth over both 2013 and 2014 and good prospects for a continuation into 2015 and beyond. However, there was also an increase in concerns around political risk from the general election due in May 2015.
- 7.3 The Funding for Lending Scheme, announced in July 2012, resulted in a flood of cheap credit being made available to banks which then resulted in money market investment rates falling drastically in the second half of that year and continuing throughout 2014/15.
- 7.4 The UK coalition Government maintained its tight fiscal policy stance but recent strong economic growth and falling gilt yields led to a reduction in the forecasts for total borrowing in the March budget.
- 7.5 The EU sovereign debt crisis had subsided since 2012 until the Greek election in January 2015 sparked a resurgence of fears. While the UK and its banking system has little direct exposure to Greece, it is much more difficult to quantify quite what effects there would be if contagion from a Greek exit from the euro were to severely impact other major countries in the EZ and cause major damage to their banks.

8.0 Borrowing Rates in 2014/15

- 8.1 **PWLB certainty maturity borrowing rates** - the graphs and table for PWLB rates below show, for a selection of maturity periods, the average borrowing rates, the high and low points in rates, spreads and individual rates at the start and the end of the financial year.



PWLB certainty rate variations in 2014-15



	1	1-1.5	2.5-3	3.5-4	4.5-5	9.5-10	24.5-25	49.5-50	1 month variable
1/4/14	1.240%	1.420%	1.990%	2.340%	2.650%	3.630%	4.290%	4.270%	1.250%
31/3/15	1.110%	1.190%	1.480%	1.680%	1.860%	2.450%	3.110%	3.080%	1.320%
High	1.490%	1.700%	2.280%	2.600%	2.870%	3.660%	4.300%	4.280%	1.340%
Low	1.080%	1.110%	1.380%	1.570%	1.710%	2.180%	2.850%	2.820%	1.250%
Average	1.266%	1.417%	1.863%	2.130%	2.362%	3.083%	3.737%	3.719%	1.290%
Spread	0.410%	0.590%	0.900%	1.030%	1.160%	1.480%	1.450%	1.460%	0.090%
High date	16/07/2014	03/07/2014	03/07/2014	03/07/2014	03/07/2014	20/06/2014	03/04/2014	02/04/2014	17/09/2014
Low date	23/01/2015	06/01/2015	07/01/2015	07/01/2015	02/02/2015	02/02/2015	02/02/2015	02/02/2015	01/04/2014

9.0 Borrowing Outturn for 2014/15

9.1 **Treasury Borrowing**– Council debt at 31 March 2015 was:

Lender	Principal £000	Principal HRA £000	Principal GF £000	Interest Rate %	Maturity Date	Start Date
PWLB	960	828	132	2.75	03/05/15	07/05/10
PWLB	960	828	132	3.84	31/03/19	07/05/10
PWLB	3,840	3,311	529	3.57	01/10/19	15/10/09
PWLB	3,840	3,311	529	3.31	15/09/21	15/09/11
PWLB	584	503	81	4.875	30/06/24	12/03/99
PWLB	1,817	1,567	250	4.875	30/06/24	12/03/99
PWLB	1,920	1,656	264	4.04	01/10/29	15/10/09
PWLB	21	18	3	11.625	05/08/33	25/09/73
PWLB	3,840	3,311	529	4.42	31/12/35	24/01/08
PWLB	1,920	1,656	264	4.22	01/10/49	15/10/09
PWLB	900	0	900	2.48	27/11/23	27/11/13
Lender	Principal £000	Principal HRA £000	Principal GF £000	Interest Rate %	Maturity Date	Start Date

PWLB	1,757	0	1,757	1.97	27/11/20	27/11/13
PWLB	1,000	0	1,000	3.87	24/09/64	24/09/14
PWLB	1,800	0	1,800	3.08	23/10/35	23/10/14
PWLB	1,000	0	1,000	3.16	12/02/40	12/02/15
Market	4,500	3,880	620	4.19	09/06/65	09/06/05
Total	30,659	20,869	9,790			

The Market Loan is subject to six monthly LOBO (Lender Option Borrower Option) arrangements.

9.2 **Borrowing** – The following General Fund loans were drawn to fund net unfinanced capital expenditure and naturally maturing debt:

Lender	Principal £000	Type	Interest Rate	Maturity	General Fund Average Interest Rate for 2014/15
PWLB	1,000	Fixed interest rate	3.87%	24/09/64	3.18%
PWLB	1,800	Fixed interest rate	3.08%	23/10/35	3.18%
PWLB	1,000	Fixed interest rate	3.16%	12/02/40	3.18%

9.3 **Rescheduling**

No rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

9.4 Repayments

The Council repaid £393k of maturing debt using investment balances.

Lender	Principal £000	Interest Rate	Repayment Date
PWLB	50	2.48%	27/05/14
PWLB	146	1.97%	27/05/14
PWLB	50	2.48%	27/11/14
PWLB	147	1.97%	27/11/14
Total £000	393		

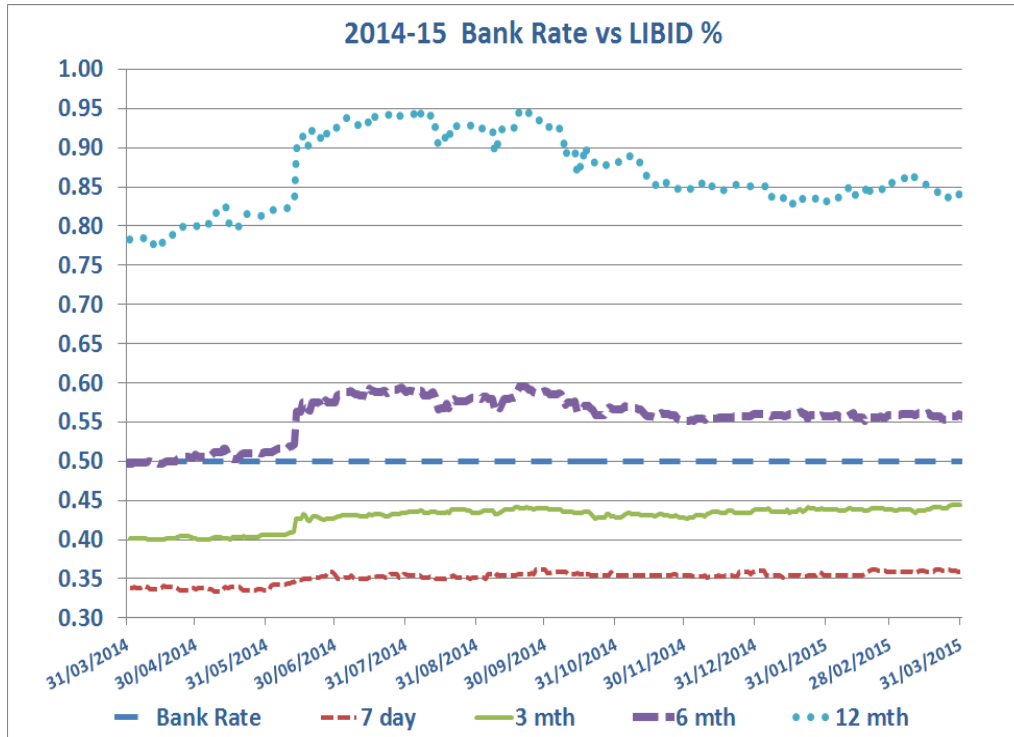
9.5 Summary of debt transactions

Management of the debt portfolio resulted in a fall in the average interest rate of 0.49%, representing net savings of £139k p.a.

10.0 Investment Rates in 2014/15

10.1 Bank Rate remained at its historic low of 0.5% throughout the year; it has now remained unchanged for six years. Market expectations from Capita (as at 23 April 2015) as to the timing of the start of monetary tightening started the year at quarter 1 2015 but then moved back to around quarter 3 2016 by the end of the year. Deposit rates remained depressed during the whole of the year, primarily due to the effects of the Funding for Lending Scheme.

Money market investment rates 2014/15					
	7 day	1 month	3 month	6 month	1 year
1/4/14	0.338	0.362	0.402	0.497	0.783
31/3/15	0.358	0.378	0.445	0.559	0.841
High %	0.362	0.384	0.445	0.596	0.951
Low %	0.334	0.360	0.400	0.496	0.772
Average %	0.352	0.374	0.429	0.556	0.868
Spread %	0.028	0.024	0.045	0.100	0.180
High date	26/3/15	26/9/14	27/3/15	19/9/14	5/8/14
Low date	8/5/14	4/4/14	9/4/14	14/4/14	14/4/14



11.0 Investment Outturn for 2014/15

- 11.1 **Investment Policy** – the Council’s investment policy is governed by CLG guidance, which was implemented in the annual investment strategy approved by the Council on 6 Feb 2014 (revised by Council 2 Oct 2014). This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).
- 11.2 The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.
- 11.3 **Resources** – the Council’s cash balances comprise revenue and capital resources and cash flow monies. The Council’s core cash resources comprised as follows:

Balance Sheet Resources (£000)	31 March 2014	31 March 2015
Balances (General Fund & HRA)	7,841	7,841
Earmarked reserves (incl MRR & Capital Grants Unapplied)	22,980	20,556
Usable capital receipts	1,628	2,512
Total	32,449	30,909

- 11.4 **Investments held by fund managers** – the Council does not use external fund managers and hence no investments were held by fund managers in 2014/15.

11.5 **Investments held by the Council** - the Council maintained an average balance of £39,813k of internally managed funds. The internally managed funds earned an average rate of return of 0.53%. The comparable performance indicator is the average 7-day LIBID rate, which was 0.35%. This compares with a budget assumption of £20,000k investment balances earning an average rate of 0.5%.

12.0 Performance Measurement

12.1 One of the key requirements in the Code is the formal introduction of performance measurement relating to investments, debt and capital financing activities. Whilst investment performance criteria have been well developed and universally accepted, debt performance indicators continue to be a more problematic area with the traditional average portfolio rate of interest acting as the main guide (as incorporated in the table in section 5). The Council's performance indicators were set out in the Annual Treasury Management Strategy.

12.2 This service has set the following performance indicators:

- Investments – internal returns above the 7 day LIBID rate.

The Council exceeded this return as reported above, achieving an average investment rate of 0.53% compared to the average 7 day LIBID rate of 0.35%.

The Council's maximum security risk benchmark for the investment portfolio, when compared to historic default tables, was set as follows:

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

The Section 151 Officer can report that the default risk of investments was within this criterion throughout 2014/15.

12.3 Liquidity – The Council set facilities/benchmarks 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 year.

The Section 151 Officer can report that the liquidity of investments were within these criteria throughout 2014/15.

13.0 Options

13.1 Following approval by the Governance and Audit Committee on 24 June 2015, that Cabinet:

- Notes the actual 2014/15 prudential and treasury indicators in this report.
- Approves the annual treasury management report for 2014/15.
- Recommends this report to Council.

14.0 Corporate implications

14.1 Financial and VAT

There are no financial or VAT implications arising directly from this report.

14.2 Legal

This report is required to be brought before the Governance and Audit Committee, Cabinet and Council for approval, under the CIPFA Treasury Management Code of Practice.

14.3 Corporate

This report evidences that the officers are continuing to carefully manage the risk associated with the Council's treasury management activities.

14.4 Equity and Equalities

There are no equality or equity issues resulting from this report.

15.0 Recommendations

15.1 Following approval by the Governance and Audit Committee on 24 June 2015, that Cabinet:

- a) Notes the actual 2014/15 prudential and treasury indicators in this report;
- b) Approves the annual treasury management report for 2014/15;
- c) Recommends this report to Council.

16.0 Decision Making Process

16.1 This report is to go to Council for approval. The next Council meeting is on 15 October 2015.

17.0 Disclaimer

17.1 This report is a technical document focussing on public sector investments and borrowings and, as such, readers should not use the information contained within the report to inform personal investment or borrowing decisions. 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.

Contact Officer:	Nicola Walker, Interim Head of Financial Services, extn 7236
Reporting to:	Madeline Homer, Chief Executive

Annex List

None	N/A
------	-----

Corporate Consultation Undertaken

Finance	N/A
Legal	N/A

This page is intentionally left blank

SELECTIVE LICENSING IN CLIFTONVILLE WEST AND MARGATE CENTRAL

To: **Cabinet – 30 July 2015**

Main Portfolio Area: **Community Services**

By: **Richard Hopkins, Housing Regeneration Team Leader**

Classification: **Unrestricted**

Ward: **Cliftonville West and Margate Central**

Summary: The council's existing selective licensing designation in Margate is due to expire on 20 April 2016. This report seeks the agreement of Cabinet to undertake a public consultation with a view to exploring the possibility of making a further five-year designation.

For Decision

1.0 Introduction and Background

- 1.1 In 2011, the council designated certain parts of Cliftonville West and Margate Central as a selective licensing area for the maximum permitted period of five years. Unless subject to exemption, all privately rented properties in the area must be licensed with the council. As around 70% of dwellings are in the private rented sector (national average 19%), the majority of homes are affected by the designation. A map showing the designated area is provided in Annex 1.
- 1.2 Selective licensing was introduced to help tackle low housing demand, poor housing conditions and anti-social behaviour (ASB) and is part of the council's wider regeneration activities in Margate. The scheme requires all landlords to effectively manage their properties. Licences include conditions regarding occupancy restrictions and management standards, including responsibilities relating to tenant referencing; the use of written agreements for occupation; anti-social behaviour; waste management; property maintenance; and furniture, electrical, gas and fire safety.
- 1.3 The decision to designate the current scheme in 2011 was subject to judicial review in the High Court. While the claim failed, there was a significant delay in the case being heard. As such, for much of the first two years of the designation, enforcement was extremely difficult. This shortened the effective life of the scheme.
- 1.4 The current designation expires on 20 April 2016 and this report sets out the options for selective licensing going forward.

2.0 The Current Situation

- 2.1 The council has published a selective licensing progress review which sets out the position as at 01 October 2014. A second review is proposed for publication shortly.
- 2.2 As of 01 April 2015, 1953 dwellings were subject to a selective licence or a valid licence application, and a further 200 suspected licensable dwellings were under investigation. Many landlords have required considerable encouragement to make

valid licence applications and so enforcement activity has been high, with more than 20 cases resulting in prosecution.

- 2.3 Licence conditions do not place unnecessary burdens on good landlords: they should already be demonstrating compliance if they are operating sound businesses. However, they are a means by which all other landlords can be encouraged (and where necessary enforced) to improve their accommodation offer. In particular, there have been significant improvements in gas, electrical and fire safety. For example, landlords are required, upon application, to provide electrical installation condition reports that are no older than five years. Many installations that had not been checked for some time were found to be unsafe and in need of remedial action. Licence holders are also required to routinely provide gas and electrical certificates at specified intervals. Over 600 licence holders had been reminded to comply with their licence conditions, owing to their failure to supply gas and/or electrical safety documentation on time.
- 2.4 The council has inspected over 850 licensed properties. Almost two-thirds (65%) of inspections have revealed concerns that require council intervention as a consequence of licensing breaches and/or health and safety hazards. Over 500 breach of condition notices have been sent to licence holders in the last two years, and since the start of the scheme, 588 homes have been made safe from health and safety hazards. Housing conditions are therefore improving.
- 2.5 Licence conditions also require landlords to effectively manage ASB, should it ever originate from one of their properties. Since the selective licensing scheme began in 2011, there has been a 28.7% reduction in ASB within the designated area. While encouraging, ASB levels remain disproportionate when compared to Thanet as a whole. In the 2014-2015 financial year, 11.3% of all Thanet's ASB complaints emanated from the designated area, yet residents only constitute 4.9% of the Thanet population.
- 2.6 In 2010, empty homes were believed to account for 20% of the housing stock in the designated area. More recent evidence from data extracted from Council Tax records on 14 April 2015 revealed that this percentage has fallen to 6.8%. While this figure remains high when compared to the Thanet average (2.8%), the trend is very much downward.
- 2.7 The designated area suffers from myriad and multifaceted problems that are entrenched and which arose out of many years of socio-economic change. Selective licensing alone cannot guarantee wholesale regeneration, but it has proved to be a powerful legislative tool that can have a tangible impact on environmental conditions and the safety and quality of accommodation available.
- 2.8 Delivering the current scheme has been challenging, having regard to the judicial review and the level on non-compliance experienced. Nevertheless, the evidence suggests that, in combination with other measures (in particular the Margate Task Force), the scheme is having a positive effect on the designated area, and that should the designation end on 20 April 2016, it would leave much undone. The hard won gains could be lost and property management standards in the private rented sector could again decline, leading to less favourable outcomes for residents. Five years will not prove to be long enough in which to effect long-lasting change.

3.0 Public consultation

- 3.1 If the council decides to consider the possibility of making a further selective licensing designation, it must first consult those who are likely to be affected and carefully consider any representations made. There is a statutory minimum consultation period of 10 weeks.

- 3.2 In law, the existing designation cannot be extended. However, a new designation could be made such that it becomes operative on the day after the existing scheme expires. This, in effect, would provide for a continuous scheme of 10 years.
- 3.3 If, following public consultation, a continuous scheme is proposed, a new designation must be made at least three months before the current scheme expires to comply with legislative requirements. As such, any new designation would need to be made in early January 2016. For Cabinet to be in a position to make an informed decision before this date, a public consultation must begin no later than 17 August 2015.
- 3.4 Therefore, if Cabinet agree to undertake a public consultation, the following schedule would need to be followed if a continuous scheme is to be achieved:

Action	Timescale
Cabinet agreement to undertake a public consultation	30 July 2015
Public consultation	17 August 2015 to 26 October 2015
Overview and Scrutiny Panel	15 December 2015
Cabinet decide whether to make a selective licensing designation or not	Early January 2016
Current designation expires	20 April 2016
New designation begins (if agreed by Cabinet)	21 April 2016
New designation expires (if agreed by Cabinet)	20 April 2021

4.0 Changes to selective licensing legislation

- 4.1 Before the council could consider making a further selective licensing designation, it would need to ensure that the area in question met certain legal tests. Until 27 March 2015, an area could only be designated for the purposes of selective licensing if it met at least one of the two legal tests (known as conditions) set out in the Housing Act 2004. However, on this date the Government introduced four new sets of conditions. The council may now designate an area if:
- (i) It is, or is likely to become, an area of low housing demand; or
 - (ii) It has a significant and persistent problem with anti-social behaviour where the inaction of private landlords is a contributory factor; or
 - (iii) Following a review of housing conditions, it is believed that the area is suffering from significant housing condition problems and the council intends to inspect the dwellings concerned (NEW TEST); or
 - (iv) It has experienced a recent influx in migration, and where the migrants are primarily occupying privately rented accommodation (NEW TEST); or
 - (v) It suffers from a high level of deprivation which particularly affects the occupiers of privately rented accommodation (NEW TEST); or
 - (vi) It suffers from a high level of crime that affects residents and businesses in the area (NEW TEST).
- 4.2 There is clear evidence to support five of the six tests. The area remains an area of low housing demand, ASB while reduced remains disproportionately high, and poor housing conditions are widespread. The area is also one of the most deprived in England and crime levels are disproportionately high. However, the argument for migration is less convincing as Government guidance suggests that the migration test should relate to relatively sudden increases in migration (say 15% over a 12

month period). Movement into the area is not a new phenomenon as higher than average levels of migration have been a theme for some years.

- 4.3 While Government has increased the scope for selective licensing, it has also restricted how large schemes can be before Secretary of State approval is needed. Approval must now be sought for any scheme that is more than 20% of the geographical area of the district, or applies to more than 20% of all privately rented properties in the district. The current designation does not exceed either of the two 20% tests, and so the council has general approval to designate a similar sized area again.

5.0 Options

- 5.1 Selective licensing is a discretionary power. With the current designation expiring in April 2016, there are three viable courses of action that can be taken at this time.

5.2 Option 1 – To do nothing further.

- The current designation would expire on 20 April 2016 and no further licence applications would be required after this date.
- The scheme would be gradually run down and selective licensing staff would be made redundant.
- Enforcement of housing management problems in the designated area would revert to normal practices and be carried out by the five-strong team that covers the whole district.
- The additional powers provided by selective licensing would be lost.

5.3 Option 2 – To undertake a public consultation with a view to potentially designating an area that is substantially similar to that already designated.

- While the currently designated area is substantially appropriate, there has always been some minor anomalies.
- In particular, two-thirds of one side of Northdown Road and one side of Trinity Square were left out of the original designation. The dwellings in these areas are similar in nature to those in the currently designated area and there would be no good reason to purposely exclude them in any future designation.
- By including these areas, there would be an additional 237 residential dwellings within the designation, of which approximately 158 (67%) are in the private rented sector. Around 27% of the occupiers of these dwellings have complained to the council about their housing conditions over the past five years, and the council's two most recent housing prosecutions concerned rented homes in this area.
- Queens Court on Queens Parade could also be set outside the designated area. It comprises 126 purpose-built flats, with very few licensable properties within. The building is almost entirely owner-occupied, and is subject to minimum age residency rules (55 and over). It is not problematic, and owing to the building's location on the sea side of the seafront road, it may naturally fall outside any designation boundary.
- The current designation encompasses around 2150 licensable dwellings, whereas this option would increase the number to 2300. A map showing the proposed designated area is provided in Annex 2.
- This proposal has been developed following consultation with relevant council departments and the Margate Task Force and is fully supported by experienced front-line officers.

5.4 **Option 3** – To undertake a public consultation with a view to potentially designating the same area.

- The same area could be considered for designation again. However, this option does not take into account the lessons learnt over the past four years and would leave minor anomalies unaddressed.
- Owing to the limited timescales available for preparing the public consultation, a continuous scheme is unlikely to be achievable if this option is taken. The public consultation would need to be postponed to allow for revised documents to be prepared.
- The currently designated area is shown in Annex 1.

6.0 Corporate Implications

6.1 Financial and VAT

6.1.1 The costs associated with undertaking a public consultation include writing to every resident in the area, residents in adjacent streets, and to all property owners. There would also be costs associated with placing advertisements in the local press and arranging public drop-in sessions.

6.1.2 The council received grant funding from Kent County Council in 2010 to support selective licensing and help increase housing enforcement activity in Cliftonville West and Margate Central. Around £10,000 remains uncommitted and this would be used to fund the mail-out, printing and advertising costs associated with the public consultation. As such, the estimated expenditure of £7,000 would be externally funded, and there is contingency for any unexpected costs.

6.1.3 Should a designation be made following a public consultation, the licence fee income generated would be used to fund the staffing arrangements required to administer the scheme. Staff currently working on selective licensing are on temporary contracts that are reviewed each year, having regard to available funding. Their contracts would be extended into any new scheme, with the number of contracts being made available dependent on licence fee income.

6.1.4 There would be no additional burden on existing budgets should a further designation be made.

6.2 Legal

6.2.1 Section 80(1) of the Housing Act 2004 empowers the council to designate either the area of its district, or an area in its district, as subject to selective licensing. The area subject to any such designation must meet at least one of the six legal tests, known as general or additional conditions, set out in sections 80(3) and 80(6) of the Housing Act 2004 and The Selective Licensing of Houses (Additional Conditions) (England) Order 2015 (SI 2015/977).

6.2.2 The Housing Act 2004: Licensing of Houses in Multiple Occupation and Selective Licensing of Other Residential Accommodation (England) General Approval 2015 empowers the council to make selective licensing designations under general approval, except when proposed schemes are over a certain size.

6.2.3 Any designation that (either by itself, or in combination with other selective licensing designations made by the council) would cover more than 20% of the geographical area of the district is excluded from the 2015 general approval. Furthermore, any designation that (either by itself, or in combination with other selective licensing designations made by the council) would affect more than 20% of privately rented homes in the district (based on census data) would also be excluded.

- 6.2.4 Thanet comprises an area of 10,329 hectares (39.9 square miles). The area proposed for designation (Option 2) is approximately 47.7 hectares (0.18 square miles) in size, which represents 0.46% of the district in terms of geographical area. The proposed designation would not therefore require approval from the Secretary of State owing to its relatively small size.
- 6.2.5 According to the 2011 Census, there were 14,151 households privately renting in Thanet. Therefore, Secretary of State approval would be required for any scheme (or schemes) in Thanet that included more than 2,830 privately rented homes. The area proposed for designation (Option 2) includes approximately 2,300 privately rented homes. As such, Secretary of State approval would not be required for the proposed designation.
- 6.2.6 The general approval is subject to the requirement to undertake a 10-week public consultation on any proposed scheme.
- 6.2.7 If a designation were to be made, the decision could be subject to judicial review, as was the case with the current designation. That judicial review was based on the opinion that the area subject to designation did not meet the two legal tests relating to low housing demand and ASB. The application failed on both counts. If a designation were to be made again, it is likely to be based on five of the six now available legal tests. As the new tests appear to be more straight-forward to prove than the original tests, the risk of judicial review appears to be much diminished.

6.3 Corporate

- 6.3.1 Selective licensing links to the following corporate priorities:

Priority 2: We will tackle disadvantage across our district;

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

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

6.4 Equity and Equalities

- 6.4.1 Persons from vulnerable groups can sometimes have limited housing choices. In particular, families with young children, older persons and those with a disability can find themselves in poor quality rented accommodation. Selective licensing often involves safeguarding the health, safety and welfare of these Protected Characteristics (Age and Disability). Therefore, selective licensing can help to minimise disadvantage and contribute to the needs of some Protected Characteristics.
- 6.4.2 If, following public consultation, a proposal to designate is made, a Full Equality Impact Analysis will be undertaken and provided with the proposal documents.

7.0 Recommendation(s)

7.1 That Cabinet:

- (i) Agree to undertake a public consultation with a view to potentially designating the area shown in Annex 2 for the purposes of selective licensing. This proposal is set out in option 2 above and relates to an area that is substantially similar to that already designated;
- (ii) Authorise officers to undertake a 10 week public consultation beginning on 17 August 2015 that sets out the proposal and seeks views;
- (iii) Agree to receive a further report in early January 2016 following the public consultation to determine whether a selective licensing designation should be made.

8.0 Decision Making Process

8.1 This is a non-key decision.

Contact Officer:	Richard Hopkins, Housing Regeneration Team Leader, 01843 577402
Reporting to:	Bob Porter, Interim Head of Housing Services

Annex List

Annex 1	Map of current selective licensing designation.
Annex 2	Map of proposed selective licensing designation (Option 2).

Background Papers

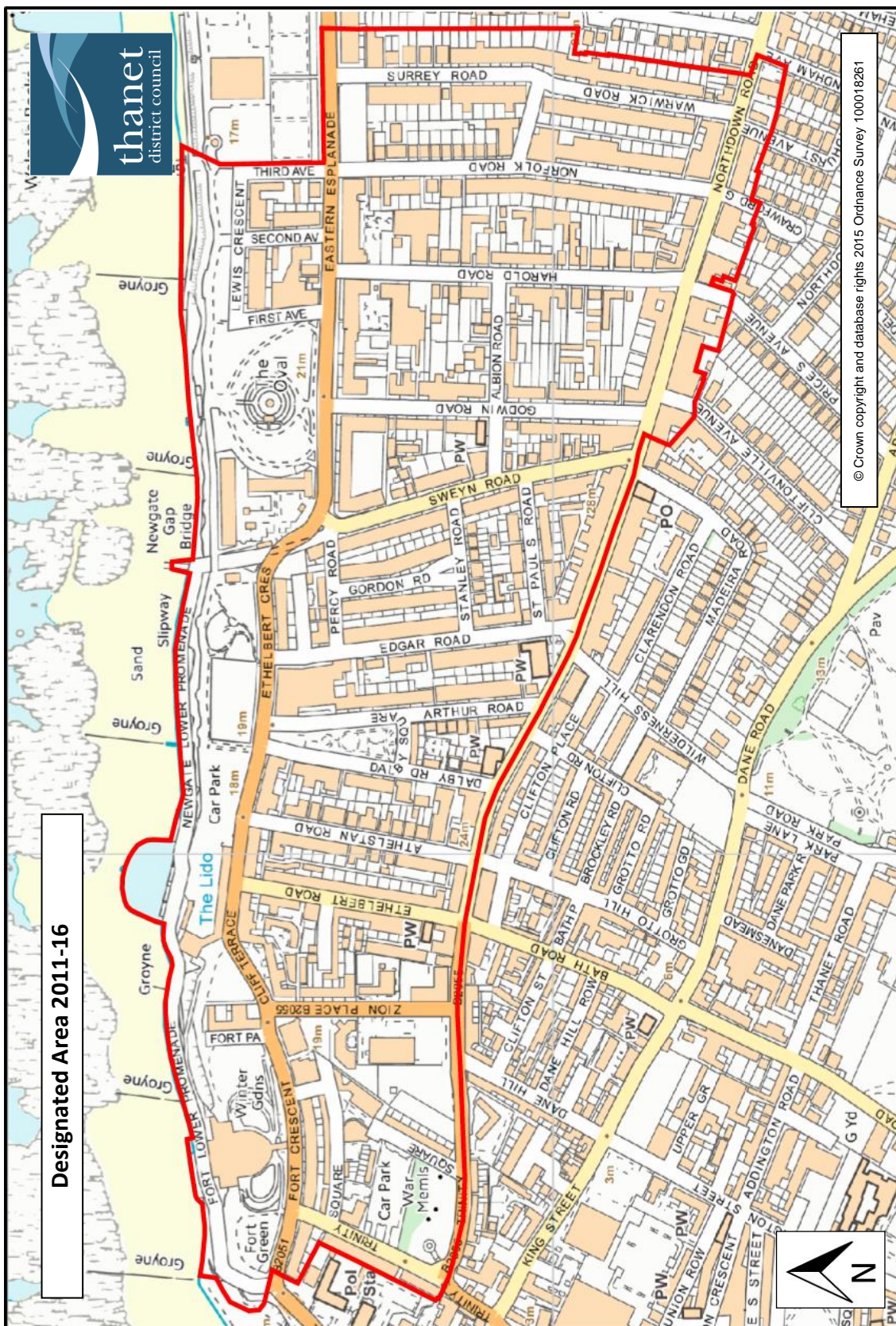
Title	Details of where to access copy
None	N/A

Corporate Consultation Undertaken

Finance	Sarah Hills, Strategic Housing Accountant
Legal	Tim Howes, Interim Head of Legal and Democratic Services & Monitoring Officer

This page is intentionally left blank

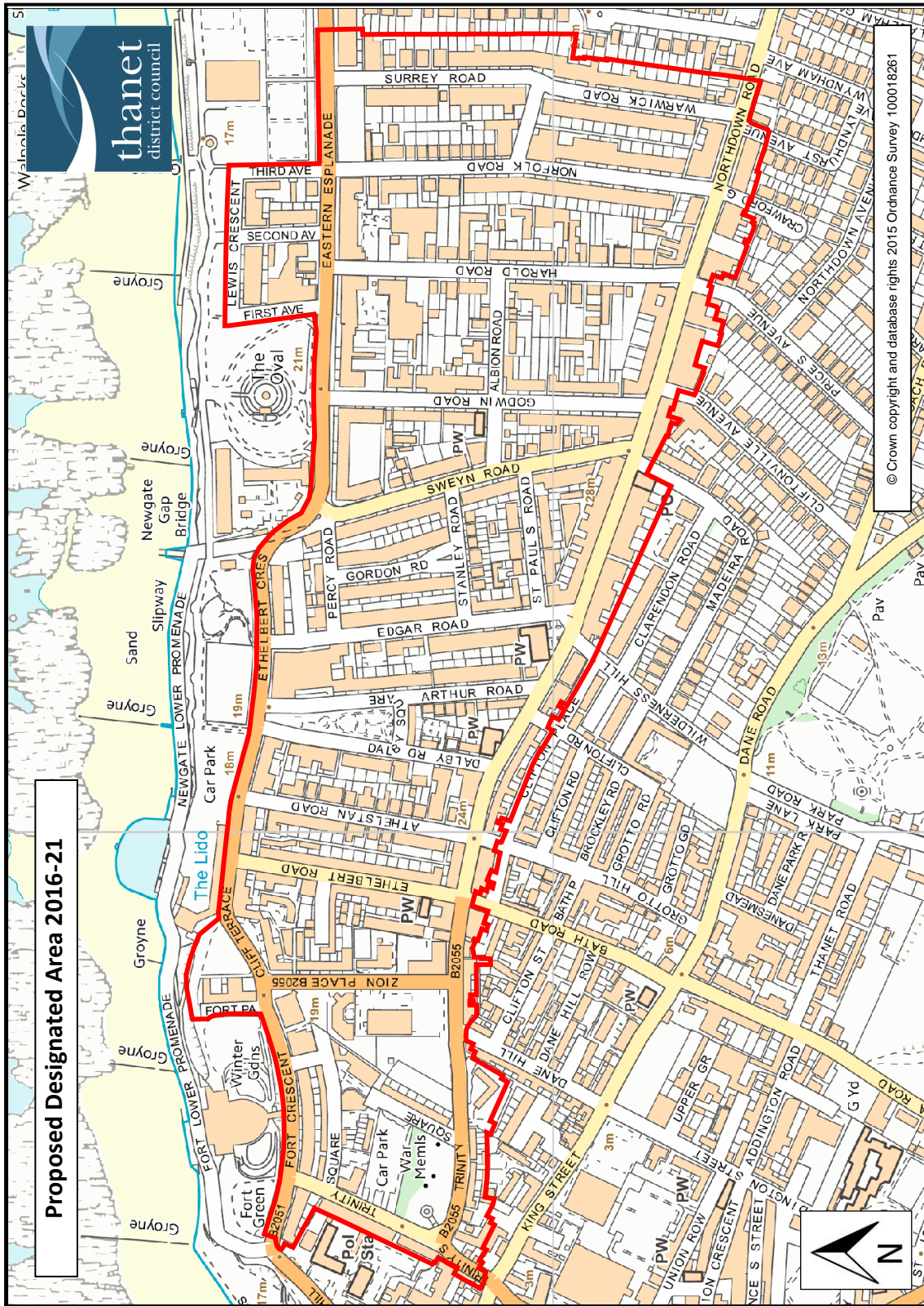
Annex 1 – Map of current selective licensing designation.



Designated Area 2011-16

This page is intentionally left blank

Annex 2 – Map of proposed selective licensing designation (Option 2)



Proposed Designated Area 2016-21

This page is intentionally left blank

Empty Property Refurbishment

To: **Cabinet - 30th July 2015**

Main Portfolio Area: **Planning & Housing Services**

By: **Bob Porter, Head of Housing Services**

Classification: **Unrestricted**

Ward: **Central Harbour**

Summary: **To seek approval to use a total of £500,000, made up of both HRA balances and one-for-one right to buy receipts to fund the acquisition and refurbishment costs of 93 Westcliff Road, Ramsgate.**

For Decision

1.0 Introduction and Background

- 1.1 Empty properties were an important part of the Coalition Government's Housing Strategy for England, 'Laying the Foundations: A Housing Strategy for England' (CLG, 2011). As part of the 2011-2015 Affordable Homes Programme, £100 million of capital funding has been set aside to tackle empty properties. The funding was intended to deliver 3300 affordable homes by March 2015.
- 1.2 In order to bring back the empty properties into use as affordable housing, TDC needed to commit to financial spend as well. The HCA's bidding guidance indicated that we could bid for the grant funding under two routes, either through lease and repair, or purchase and repair. We considered that the most appropriate route would be to purchase and repair the properties, utilising the HRA to fund the purchase of the properties and the grant funding from the HCA to undertake the works to bring the properties back into a habitable condition.
- 1.3 The Empty Homes Bid to the Homes and Communities agency was approved by cabinet on 10th May 2012 (Decision 233 – 2012/13 refers).
- 1.4 93 Westcliff Road, Ramsgate has been empty and vacant since 2008, and was purchased as part of the Empty Homes Project in September 2014.
- 1.5 It had previously been purchased by a private investor who renovated the property. However, it was not compliant to current building regulations.
- 1.6 When renovations are complete it will result in 3 units of housing.

2.0 The Current Situation

- 2.1 This property had been empty and vacant since 2008. It had been extensively altered internally and included an illegal rear extension. The previous owner did not obtain planning or building regulation consent for the alterations. Thanet District Council's long term empty property officer approached the owner and had been working for

some time with him in order to purchase the property and bring it back into use. Negotiations began with the owner back in 2012.

2.3 Originally, this property was pursued and purchased as part of the HCA Empty Homes Funding project. Following a reassessment of the condition of the property it was withdrawn from the Empty Homes Project. The reason for this was that the works would not have been completed by 31st March 2015, which was a requirement of the HCA 2012-15 funding.

2.4 Attached, at annex 1, is photographic evidence showing the current condition of the property. Confirmation of the costs of refurbishment are detailed in the schedule of works attached at annex 2. These costs were verified in November 2014 by our consultant. An additional consultant's fee of 10.55% is to be added to the costs.

3.0 Options

3.1 To agree the use of HRA balances and one-for-one receipts (the Government's commitment to ensure that the receipts on every additional home sold under the Right to Buy are used to fund its replacement on a one for one basis) to renovate and refurbish 93 Westcliff Road, Ramsgate to create 3 affordable homes.

3.2 To sell the property on the open market. We purchased the property for £250,000k. However, in its current condition the market value would be a lot lower, resulting in a loss to the HRA. This option would not necessarily result in the building being returned to use.

4.0 Corporate Implications

4.1 Financial and VAT

4.1.1 Capital expenditure will be required to develop the property into affordable housing. Up to 30% of acquisition and development costs can be funded from one-for-one receipts for new affordable housing units. A revenue contribution to capital spend could facilitate the balance.

4.1.2 Annex 2 shows a total estimated cost of building and external works of £207,645. Additional to this is the consultant fee of 10.55%, totalling £21,906, and a small contingency sum of £20,000 which have been included. This is in addition to £250,000 for the acquisition of the property; however the £250,000 acquisition cost still needs to be accounted for within the HRA.

4.1.3 Of the total estimated cost of £500,000, £150,000 (30%) can be funded from one-for-one receipts with the remaining cost of £350,000 funded from HRA revenue contribution to capital. The HRA business model is currently being updated to reflect this. A breakdown of the costs are shown in the table below:

Description	Scheme total			Average per unit		
	HRA	1-4-1	Total	HRA	1-4-1	Total
Purchase	£175k	£75k	£250k	£58k	£25k	£83k
Capital Cost	£146k	£62k	£208k	£49k	£21k	£70k
Fees	£15k	£7k	£22k	£5k	£2k	£7k
Contingency	£14k	£6k	£20k	£4.5k	£1.5k	£6k
Total	£350k	£150k	£500k	£116.5k	£49.5k	£166k

4.2 Legal

4.2.1 There are no specific legal implications not already covered within this report.

4.3 Corporate

4.3.1 The delivery of the project will meet the corporate targets to bring empty properties back into use as well as providing much needed affordable housing. The delivery of the programme is in accordance with the Housing corporate priorities to provide a balanced housing market in the district, ensure there is housing supply to meet local demand, create safe and secure homes and for the council to deliver quality services to its tenants

4.4 Equity and Equalities

4.4.1 Bringing back empty properties will help to tackle antisocial behaviour and deprivation in areas blighted by neglected empty properties. Additional affordable homes will be brought back into use for households on the housing register. This will promote community cohesion and will create a range of accommodation to meet the needs of residents.

4.4.2 In the opinion of the writer there are no equity and equality implications to this report which are not addressed as part of the Council's Lettings Policy.

5.0 Recommendation(s)

5.1 To agree the use of HRA balances and one-for-one receipts to undertake the development and refurbishment works at 93 Westcliff Road, Ramsgate.

6.0 Decision Making Process

6.1 This is a budget decision to go to Cabinet who will need to consider the spend of the one-for-one receipts in order to create additional affordable homes.

Contact Officer:	Ashley Stacey, Strategic Housing Manager
Reporting to:	Bob Porter, Head of Housing Services

Annex List

Annex 1	Photographic Evidence of property
Annex 2	Details of works costs

Background Papers

Title	Details of where to access copy
None	N/A

Corporate Consultation Undertaken

Finance	Sarah Hills, Strategic Housing Accountant
Legal	Tim Howes, Interim Head of Legal and Democratic Services

This page is intentionally left blank



This page is intentionally left blank

Pre Tender Estimate No.1

A.3 - Cost Breakdown 93 West Cliff Road ONLY

Total area (m2/GIFA)	190
----------------------	-----

Ref	Element	Total	Cost/m2	% of total
			-	
1	PREPARATORY AND CLEARING WORKS	6,050	32	3%
2	DEMOLITIONS	6,450	34	3%
3	SUBSTRUCTURES	10,868	57	5%
4	UPPER FLOORS	5,124	27	2%
5	ROOFS	14,195	75	7%
6	STAIRCASES	500	3	0%
7	EXTERNAL WALLS	6,656	35	3%
8	INTERNAL WALLS	2,695	14	1%
9	WINDOWS AND EXTERNAL DOORS	1,818	10	1%
10	INTERNAL DOORS	12,820	67	6%
11	FLOOR FINISHES	6,069	32	3%
12	WALL FINISHES	6,155	32	3%
13	CEILING FINISHES	7,162	38	3%
14	FITTINGS	7,935	42	4%
15	PLUMBING, MECHANICAL AND ELECTRICAL INSTALLATIONS	5,624	30	3%
16	DECORATIONS	10,178	54	5%
17	DRAINAGE	950	5	0%
18	CONTRACTOR DESIGNED WORKS	9,350	49	5%
19	PROVISIONAL SUMS	64,800	341	31%
Sub-Total: Building Works		185,398	976	89%
20	Preliminaries (12%)	22,248	117	11%
21	Overheads and Profit	inc	-	0%
Total Building Works (Exc. Fees)		207,645	1,093	
22	Fees (contractor post design fees only)	inc	-	
23	Other Development Costs	exc	-	0%
Total Building Works (Inc. Fees)		207,645		
24	Risk Allowance (Contingency)	no allowance	-	
25	Inflation	no allowance	-	0%
Building and External Works Total		207,645		

This page is intentionally left blank

THANET DISTRICT COUNCIL DECLARATION OF INTEREST FORM

Do I have a Disclosable Pecuniary Interest and if so what action should I take?

Your Disclosable Pecuniary Interests (DPI) are those interests that are, or should be, listed on your Register of Interest Form.

If you are at a meeting and the subject relating to one of your DPIs is to be discussed, in so far as you are aware of the DPI, you **must** declare the existence **and** explain the nature of the DPI during the declarations of interest agenda item, at the commencement of the item under discussion, or when the interest has become apparent

Once you have declared that you have a DPI (unless you have been granted a dispensation by the Standards Committee or the Monitoring Officer, for which you will have applied to the Monitoring Officer prior to the meeting) you **must**:-

1. Not speak or vote on the matter;
2. Withdraw from the meeting room during the consideration of the matter;
3. Not seek to improperly influence the decision on the matter.

Do I have a significant interest and if so what action should I take?

A significant interest is an interest (other than a DPI or an interest in an Authority Function) which:

1. Affects the financial position of yourself and/or an associated person; or
Relates to the determination of your application for any approval, consent, licence, permission or registration made by, or on your behalf of, you and/or an associated person;
2. And which, in either case, a member of the public with knowledge of the relevant facts would reasonably regard as being so significant that it is likely to prejudice your judgment of the public interest.

An associated person is defined as:

- A family member or any other person with whom you have a close association, including your spouse, civil partner, or somebody with whom you are living as a husband or wife, or as if you are civil partners; or
- Any person or body who employs or has appointed such persons, any firm in which they are a partner, or any company of which they are directors; or
- Any person or body in whom such persons have a beneficial interest in a class of securities exceeding the nominal value of £25,000;
- Any body of which you are in a position of general control or management and to which you are appointed or nominated by the Authority; or
- any body in respect of which you are in a position of general control or management and which:
 - exercises functions of a public nature; or
 - is directed to charitable purposes; or
 - has as its principal purpose or one of its principal purposes the influence of public opinion or policy (including any political party or trade union)

An Authority Function is defined as: -

- Housing - where you are a tenant of the Council provided that those functions do not relate particularly to your tenancy or lease; or
- Any allowance, payment or indemnity given to members of the Council;
- Any ceremonial honour given to members of the Council
- Setting the Council Tax or a precept under the Local Government Finance Act 1992

If you are at a meeting and you think that you have a significant interest then you **must** declare the existence **and** nature of the significant interest at the commencement of the

matter, or when the interest has become apparent, or the declarations of interest agenda item.

Once you have declared that you have a significant interest (unless you have been granted a dispensation by the Standards Committee or the Monitoring Officer, for which you will have applied to the Monitoring Officer prior to the meeting) you **must**:-

1. Not speak or vote (unless the public have speaking rights, or you are present to make representations, answer questions or to give evidence relating to the business being discussed in which case you can speak only)
2. Withdraw from the meeting during consideration of the matter or immediately after speaking.
3. Not seek to improperly influence the decision.

Gifts, Benefits and Hospitality

Councillors must declare at meetings any gift, benefit or hospitality with an estimated value (or cumulative value if a series of gifts etc.) of £100 or more. You **must**, at the commencement of the meeting or when the interest becomes apparent, disclose the existence and nature of the gift, benefit or hospitality, the identity of the donor and how the business under consideration relates to that person or body. However you can stay in the meeting unless it constitutes a significant interest, in which case it should be declared as outlined above.

What if I am unsure?

If you are in any doubt, Members are strongly advised to seek advice from the Monitoring Officer or the Democratic Services and Scrutiny Manager well in advance of the meeting.

DECLARATION OF DISCLOSABLE PECUNIARY INTERESTS, SIGNIFICANT INTERESTS AND GIFTS, BENEFITS AND HOSPITALITY

MEETING

DATE..... **AGENDA ITEM**

DISCRETIONARY PECUNIARY INTEREST

SIGNIFICANT INTEREST

GIFTS, BENEFITS AND HOSPITALITY

THE NATURE OF THE INTEREST, GIFT, BENEFITS OR HOSPITALITY:

.....
.....
.....

NAME (PRINT):

SIGNATURE:

Please detach and hand this form to the Democratic Services Officer when you are asked to declare any interests.