MEETING
OF THE COUNCIL

Thursday, 11th February, 2021

5.30 pm

Council Chamber
Thanet District Council
Margate

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01843 577000

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Date: **2 February 2021**
Ask For: **James Clapson**
Direct Dial: **(01843) 577200**
Email: **james.clapson@thanet.gov.uk**

You are hereby summoned to attend the meeting of the Thanet District Council to be held by Video conference on Thursday, 11 February 2021 at 5.30 pm for the purpose of transacting the business mentioned below.

Timothy Howes

Director of Corporate Governance

A G E N D A

Item No

1. **APOLOGIES FOR ABSENCE**

2. **MINUTES OF THE PREVIOUS MEETING** (Pages 3 - 10)

   To approve the Minutes of the meeting of Council held on 10 December 2020, copy attached.

3. **ANNOUNCEMENTS**

   To receive any announcements from the Chairman, Leader, Members of the Cabinet or Chief Executive in accordance with Council Procedure Rule 2.2 (iv).

4. **DECLARATIONS OF INTEREST** (Pages 11 - 12)

   To receive any declarations of interest. Members are advised to consider the advice contained within the Declaration of Interest advice attached to this Agenda. If a Member declares an interest, they should complete the Declaration of Interest Form

5. **TREASURY MANAGEMENT STRATEGY 2021-22** (Pages 13 - 54)

6. **2021-22 BUDGET** (Pages 55 - 88)

7. **MEMBERS ALLOWANCES SCHEME 2021/22** (Pages 89 - 102)

8. **CHANGES TO COMMITTEES, PANELS AND BOARDS - 2020/21** (Pages 103 - 110)

COUNCIL

Minutes of the meeting held on 10 December 2020 at 5.30 pm in by Video conference.

Present: Councillor Jason Savage (Chairman); Councillors Albon, Ara, Ashbee, Bailey, Bambridge, J Bayford, R Bayford, Boyd, Braidwood, Campbell, Coleman-Cooke, Crittenden, Currie, Day, Dennis, Dexter, Duckworth, Cllr Everitt, Farrance, Fellows, Game, Garner, Gregory, Hart, Hopkinson, Huxley, Keen, Kup, Pat Moore, Paul Moore, Ovenden, Parsons, L Piper, Cllr Rev. S Piper, Potts, Pugh, Rattigan, Rawf, Rogers, Roper, Rusiecki, D Saunders, M Saunders, Scobie, Scott, Shrubb, Tomlinson, Towning, Whitehead, Wing, Wright and Yates

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Green and Taylor.

2. MINUTES OF THE PREVIOUS MEETING

It was proposed by the Chairman, seconded by the Vice-Chairman and agreed that the minutes of the meeting of Council held on 15 October 2020 be approved.

3. ANNOUNCEMENTS

The Chairman advised Members of the passing of former Councillor Dr Jack Cohen. Dr Cohen had represented Birchington for a number of years, initially as a Conservative Councillor, then as an Independent Councillor. Tributes were paid to Dr Cohen's work and character during his years as a Councillor.

4. DECLARATIONS OF INTEREST

There were no declarations of interest.

5. PETITIONS

(a) Report Back to Council - Cabinet Response to the Adequate Toilet Facilities at Thanet Beaches Petition

Members noted Cabinet's response to the petition as contained within the report.

6. QUESTIONS FROM THE PRESS AND PUBLIC

(a) Question No.1 from a Member of the Public Regarding Disabled Parking Bays

Mrs Culligan, Deputy Monitoring Officer, asked Councillor Albon the following question on behalf of Mr Wraight:

"Can disabled parking bays have permits issued to the person who applied for the bay, as the current situation leaves it open for use by people who refuse to apply for one thus depriving the person who applied for the bay who needs it."

Councillor Albon responded with the following points:

- Disabled bays were available to be used by any blue badge holder, they were not for the sole use of the applicant. This was explained on the application form.
- It was a national scheme and the Council was bound by its rules regarding who can use the bays.

(b) **Question No.2 from a Member of the Public Regarding the Usage of Ramsgate Port**

Ms Austin asked the Leader the following question:

"Last year's consultancy tender mentioning moves to 'facilitate future expansion' at Ramsgate Port Berths 4/5 understandably worried residents.
Could you please confirm here your statement in correspondence that TDC will never import waste at the Port and has no plans for Berths 4/5 except Bretts' existing usage at current levels?"

The Leader responded with the following points:

- Ms Austin could publish the correspondence referred to in her question, as it could help to shed light on the issue.
- The consultancy tender referred to additional non-aggregate uses for the berth because it was believed that the scope of uses should remain as wide as possible, in order to avoid potential obstruction to future opportunities for new business at the Port.
- The Council had no plans or intentions to import waste at the Port.
- The Council was unaware of any plans by Brett Aggregates to change the volume or frequency of its aggregate imports.

7. QUESTIONS FROM MEMBERS OF THE COUNCIL

(a) **Question No. 1 From A Member Regarding Enforcement of Byelaws**

Councillor Bailey asked Councillor Albon the following question:

"Thanet has many byelaws which the public generally support. However, the prevalent feeling seems to be that these byelaws are not as effectively enforced as people would like.
Wouldn't the employment of additional enforcement officers prove cost beneficial as well as improving the quality of life in the district?"

Councillor Albon responded that:

- The Council recognised its limitations in enforcement of the byelaws. It was conducting a review to update them and make use of new legislation that would make enforcement easier.
- Part of the review looked at how the Council enforced and how to maximise enforcement presence.
- The approach would be inform, educate, challenge then enforce if necessary.
- The Council intended to increase public awareness of the coastal rules and regulations.
- The Council had insufficient budget available to employ more enforcement staff.

Councillor Bailey followed up her question with a supplementary question asking if it would be possible to publish, on the Council's website, a breakdown of the enforcement statistics, such as dog fouling, littering and parking offenses on a quarterly basis.

Councillor Albon offered to discuss the options with Mr Waite, the Director of Operational Services.

(b) **Question No. 2 from a Member, Regarding Manston Airport and the Local Plan**

Councillor Roper asked the Leader the following question:

"Now that the Secretary of State has stopped the DCO on Manston Airport due to not giving adequate reasons for his decision supporting the development, what are the prospects of the Local Plan being amended to take account of this?"

The Leader responded with the following points:

- The Council had not received any official information regarding this, however it was understood that a decision would need to be issued by the Secretary of State, after a re-examination of the Planning Inspectorate evidence.
- It would not be possible to make detailed recommendations about how the Local Plan should be amended until a final decision had been made.
- It was expected that a clear decision would be made before the Local Plan review was complete, and that the decision would be reflected in the updated Local Plan.

Councillor Roper followed up his question with a supplementary question asking if the Council would approach RiverOak Strategic Partnership to discuss how the site could support and promote environmental activities.

The Leader responded that the Council would want to play a full role in discussions about the future of the site.

8. NOTICE OF MOTION

(a) **Anti-Racism Motion**

It was proposed by Councillor Rawf and seconded by Councillor Hopkinson that:

"Thanet council notes the mood for change amongst the community to defeat racism.

In recent months Thanet has seen two peaceful, socially distanced, community led marches in support of the cause of anti-racism.

The council also notes that:

● Nationally there has been a surge in hate crimes since July 2016

● The council understands the importance and deep reliance we have on tourism to support the health of the local economy. This council believes that our future prosperity as a tourist destination is inextricably linked with our ability to stamp out the scourge of racism. This council further believes that we have a historic opportunity to shape the area into one that is attractive to all sectors of our diverse community and the wider country.

Thanet council resolves to:

- Acknowledge and support the work of local groups such as Calling Time on Racism, the People Dem Collective and Everyday Racism (We note and welcome the outreach work currently being undertaken with the aforementioned groups by officials of the council).
- Build a campaign to mark a cultural shift toward businesses taking a more active role in shaping an anti-racist community calling on the experience of these local groups.
- Review our obligations under the Equality Act making explicit the working links between all the departments and functions of the council.
- Support the work of all the council's community facing functions with due regard for the council's legal obligations as stated under the General Duty of the Public Sector Equality Duty to:
  - Eliminate unlawful discrimination, harassment and victimisation
  - Advance equality of opportunity
  - Foster good relations between people who share a protected characteristic and those who do not
- Create a task force/working group if none already exists to oversee implementation of this vitally important area of work. The task group will include councillors, council officers, community activists and organisations and external expertise when required.."

Councillor Whitehead, Deputy Leader and Cabinet Member for Housing and Community Services provided a response to the motion.

Members voted to debate the motion.

Following the debate the motion was passed to Cabinet for consideration in accordance with Council procedure rule 3.8(a)iv and 3.8(a)vii.

9. LEADERS REPORT

The Leaders report had been circulated to Members and published on the Council's website before the meeting. The report has been attached as an annex to these minutes.

Councillor Ashbee as Leader of the Conservative Party made the following points:

- She echoed the Leaders thanks to the NHS and key workers, emphasising that everyone needed to continue to follow the rules.
- There was continued concern regarding the use of the Manston airport as a lorry park site. She asked how the Government's offer of £500,000 would be used to mitigate the impact.
- There was a need to end the uncertainty about the future of the Airport.
- She looked forward to more information about the Margate Town Deal and suggested that a Development Group could be set up to encourage investigation of other investment opportunities for the unsuccessful bids.
- Recognition of the work done by the Thanet RISE team was well deserved.
- It would require bold action for the Council to achieve carbon neutral status by 2030.
- She awaited the outcome of the tree felling situation at Park Avenue, it should be made clear that the unlawful felling of protected trees would be investigated.

The Leader replied to Councillor Ashbee's comments with the following points:

- The Council was still some way from understanding the potential impact of a Manston lorry park, it was awaiting crucial information from the Government. The Council would need to be transparent about how the Government's £500,000 funding would be spent.

- He welcomed the idea of a Development Group to harness the energy of the Margate community and noted that there would also be a focus on projects in Ramsgate next year.
- The Council needed to embrace its declaration of a Climate emergency and the associated challenges.

Councillor Reverend Piper as leader of the Thanet Independents Party made the following points:
- He wished to add his heartfelt thanks to the NHS, care workers and key workers. The Council should do more to encourage the community to obey the rules.
- TDC officers should be proud of their efforts to help as many people as possible during the pandemic.
- The climate emergency declaration was ambitious, the Council could only operate inline with current Government legislation.
- He wished everyone a merry Christmas.

The Leader replied to Councillor Reverend Piper's comments with the following point:
- The Council had undertaken a number of measures and steps to encourage the public to obey the Covid 19 rules.

Councillor Garner as Leader the Green Party made the following points:
- The year had been dominated by the impact Covid 19 has had on the community, he was proud of the role Council staff have played during the crisis.
- He was pleased to see the 24/7 Winter Shelter was available, the project should continue for years to come.
- Congratulations were offered to Councillor Ara for her nomination as one of 2020's local heroes by the Isle of Thanet News.
- If Manston was used as a lorry park there was concern about air pollution levels. Air monitoring should take place and actions taken to mitigate the impact.
- There was a growing sense across the District that action needed to be taken to protect trees, it was good to see that a tree replacement order had been issued in Park Avenue. The Council should look to prosecute illegal tree felling.
- He wished everyone a merry Christmas and a happy new year.

The Leader replied to Councillor Garner's comments noting that:
- It was important to highlight the Wintershelter and the work of the RISE team. There was always more to be done but it should be recognised that some of those living on the street had very complicated situations.
- The Council recognised the need to protect the District's trees, but before a prosecution could be initiated, the Council needed to be sure that it would win the case.
- The Leader wished everyone a merry Christmas.

10. REPORT OF THE CHAIRMAN OF THE OVERVIEW AND SCRUTINY PANEL

Councillor Robert Bayford as Chair of the Overview and Scrutiny Panel provided members with a brief summary of his report, during which it was noted that:
- The Panel had met twice since the last Council meeting and had received a presentation from Councillor Albon regarding beaches, and a presentation from the Leader and Mr Waite regarding the Brexit transition.

- The Fees and Charges for 2021-22 were considered by the Panel who voted against changes to the figures presented.
- Councillor Bayford wished everyone a happy Christmas.

Members noted the report.

11. FEES AND CHARGES 2021-22

Councillor Yates, Cabinet Member for Finance, Administration and Community Wealth Building proposed, and the Leader seconded the recommendation from the report, namely:

'That Council approves the fees and charges as listed in Annexes 1 and 2.'

In accordance with council procedure rule 17.6, a recorded vote was conducted by the Deputy Monitoring Officer on the motion as follows:

39 Members voted in favour of the motion: Councillors Albon, Ara, Ashbee, Bailey, J Bayford, R Bayford, Braidwood, Campbell, Coleman-Cooke, Crittenden, Currie, Dennis, Duckworth, Everitt, Farrance, Garner, Gregory, Hopkinson, Huxley, Keen, Kup, Pat Moore, Paul Moore, Ovenden, Parsons, L Piper, Rev. S Piper, Potts, Pugh, Rawf, Roper, D Saunders, M Saunders, Savage, Scobie, Tomlinson, Whitehead, Wing, and Yates.

Five Members voted against the motion: Councillors Day, Game, Hart, Rattigan, and Shrubb.

Nine Members abstained from voting on the motion: Councillors Bambridge, Boyd, Dexter, Fellows, Rogers, Rusiecki, Scott, Towning, and Wright.

The motion was carried.

12. MID YEAR REVIEW 2020-21: TREASURY MANAGEMENT AND ANNUAL INVESTMENT STRATEGY

It was proposed by Councillor Yates, seconded by the Leader and Members agreed the recommendations detailed in the report, namely;

"That council:

- Makes comments on this report and annexes as appropriate.
- Approves this report and annexes, including the prudential and treasury indicators that are shown and the proposed changes to the 2020-21 Treasury Management Strategy Statement."

13. REVIEW OF QUESTIONS WORD LIMIT

It was proposed by the Chairman and seconded by the Vice-Chairman that the recommendations detailed in the report be approved, namely:

"To increase the word limit for Full Council questions from Members of the Public and Councillors from 50 words to 150 words."

Following debate Members agreed to withdraw the item from the agenda to allow the Constitutional Review Working Party and Standards Committee, to consider an appeals process for rejected questions and the offer of a supplementary question to members of the public.

14. REVIEW OF PETITION SCHEME

It was proposed by the Chairman, seconded by the Vice-Chairman and Members agreed that the recommendations detailed in the report be approved, namely that:

- Signatories of paper and e-petitions would be added together when calculating thresholds.
- The total number of signatories required to debate a petition at Council remains at the proposed 1500.
- The committee raised no other objections to the remaining proposed changes.

15. USE OF NON-GENDER SPECIFIC TITLES IN THE CONSTITUTION

It was proposed by the Chairman, seconded by the Vice-Chairman and Members agreed that the recommendations detailed in the report be approved, namely:

“That Council removes gender-specific titles from the Constitution”

16. CHANGES TO COMMITTEES, PANELS AND BOARDS 2020/21

The Leader advised that he wished to make the following changes to the Labour group’s nominations to committees:

- Councillor Duckworth would be replaced by Councillor Pat Moore on the Planning Committee.
- Councillor Campbell would be replaced by Councillor Duckworth on the Governance and Audit Committee.

Councillor Ashbee advised that she wished to make the following changes to the Conservative group’s nominations:

- Councillor Day replaced by Councillor Pugh on the Governance and Audit Committee.
- Councillor Rattigan would be replaced by Councillor Paul Moore on the Planning Committee
- Councillors Day and Game would be replaced by Councillors Wright and Robert Bayford on the General Purposes Committee.

Councillor Garner advised that Councillor Roper would be replaced by Councillor Wing as the Green Party’s reserve nomination to the Planning Committee.

Councillor Rev Piper did not wish to make any changes to his group’s nominations.

Meeting concluded: 7.17 pm

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thanet
district council

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 £25 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 Committee Services Manager well in advance of the meeting.

If you need to declare an interest then please complete the declaration of interest form.

Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy for 2021-22

Council	11 February 2021
Report Author	Tim Willis, Deputy Chief Executive & Section 151 Officer
Portfolio Holder	Councillor Rob Yates, Cabinet Member for Finance, Administration and Community Wealth Building
Status	For Decision
Classification	Unrestricted
Previously Considered by	Governance and Audit Committee (25 Nov 2020) Cabinet (14 Jan 2021)
Ward	Thanet Wide

Executive Summary:

This report and annexes includes the proposed Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement, Annual Investment Strategy, Capital Strategy and Non-Treasury Investments Report (TMSS) for 2021-22.

The Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as:

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

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:

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

Key reporting items to consider include:

- capital expenditure of £35.6m forecast over the next three years (2021-22 to 2023-24 inclusive), requiring borrowing of £4.8m.

- No change to the Minimum Revenue Provision policy (policy for paying off the accumulated borrowing requirement).

- This report is in line with the amendment as per the Treasury Management and Annual Investment Strategy Mid Year 2020-21 Review; that the council may use investment counterparties with a minimum long term credit rating from at least one of Fitch, Moody's and Standard and Poors (where rated) of A- (or equivalent), where this was previously given as A in the TMSS, and that any such investments be included as specified investments.

Recommendation(s):

That council approves this report and annexes, including each of the key elements listed below.

a. The Capital Plans, Prudential Indicators and Limits for 2021-22 to 2023-24, including the Authorised Limit Prudential Indicator;
b. The Minimum Revenue Provision (MRP) Policy;
c. The Treasury Management Strategy for 2021-22 to 2023-24 and the Treasury Indicators;
d. The Investment Strategy for 2021-22 contained in the Treasury;
e. Management Strategy, including the detailed criteria;
f. The Capital Strategy for 2021-22;
g. The Non-Treasury Investments Report for 2021-22.

Corporate Implications

Financial and Value for Money

The financial implications are highlighted in this report.

Legal

Section 151 of the 1972 Local Government Act requires a suitably qualified named officer to keep control of the council's finances. For this council, this is the Deputy Chief Executive, and this report is helping to carry out that function.

Corporate

Failure to undertake this process will impact on the council's compliance with the Treasury Management Code of Practice.

Equalities Act 2010 & Public Sector Equality Duty

There are no equity and equalities implications arising directly from this report, but the council needs to retain a strong focus and understanding on issues of diversity amongst the local community and ensure service delivery matches these.

It is important to be aware of the council's responsibility under the Public Sector Equality Duty (PSED) and show evidence that due consideration had been given to the equalities impact that may be brought upon communities by the decisions made by council.

CORPORATE PRIORITIES

This report relates to the following corporate priorities: -
- Growth
- Environment
- Communities.

1 INTRODUCTION

1.1 Background

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

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

The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities (arising usually from capital expenditure) and are separate from the day to day treasury management activities.

CIPFA defines treasury management as:

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

1.2 Reporting requirements

1.2.1 Capital Strategy

The CIPFA 2017 Prudential and Treasury Management Codes require all local authorities to prepare reports which will provide the following:

- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services.
- an overview of how the associated risk is managed.
- the implications for future financial sustainability.

The aim of this is to ensure:

- that all elected members on the full council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.
- the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset.

For this council, these additional reports are the Capital Strategy and the Non-Treasury Investments Report.

1.2.2 Treasury Management reporting

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

a. **Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and covers:
   - the capital plans (including prudential indicators);
   - a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
   - the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
   - an investment strategy (the parameters on how investments are to be managed).

b. **A mid-year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.

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

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

1.3 Treasury Management Strategy for 2021-22

The strategy for 2021-22 covers two main areas:

Capital issues

- the capital expenditure plans and the associated prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury management issues

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

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

1.4 Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Training was last undertaken by members on 31 October 2019 and further training will be arranged as required.

The training needs of treasury management officers are periodically reviewed.

1.5 External service providers

The council uses Link Group, Treasury Solutions as its external treasury management advisors.

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

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

The council uses the Institutional Cash Distributors (ICD) Portal to invest or redeem trades in its Money Market Funds (MMFs). The portal provides advanced reporting tools so that the authority can assess its exposure to certain banks or countries.

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

2 THE CAPITAL PRUDENTIAL INDICATORS 2021-22 – 2023-24

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

2.1 Capital expenditure

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

Capital expenditure £m	2019-20 Actual	2020-21 Budget	2021-22 Budget	2022-23 Budget	2023-24 Budget
General Fund	6.887	21.389	5.461	5.308	3.894
HRA	10.586	22.418	16.518	2.208	2.180
Total	**17.473**	**43.807**	**21.979**	**7.516**	**6.074**

The above capital expenditure forecast excludes any potential capital project(s) that may be required in connection with the council's Covid-19 Plan for Recovery. Likewise, this has not been reflected elsewhere in this report, pending the formulation and approval of any such scheme(s).

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

Capital expenditure £m	**2019-20 Actual**	**2020-21 Budget**	**2021-22 Budget**	**2022-23 Budget**	**2023-24 Budget**
General Fund	6.887	21.389	5.461	5.308	3.894
HRA	10.586	22.418	16.518	2.208	2.180
Total	**17.473**	**43.807**	**21.979**	**7.516**	**6.074**
Financed by:					
Capital receipts - GF	1.155	6.442	0.789	0.808	0.314
Capital receipts - HRA	1.809	2.223	1.300	0.000	0.000
Capital grants - GF	5.078	7.708	3.642	3.880	3.000
Capital grants - HRA	0.876	0.719	0.000	0.000	0.000
Reserves - GF	0.111	2.665	0.427	0.020	0.000
Reserves - HRA	3.497	13.765	11.886	1.908	1.880
Revenue - GF	0.000	0.104	0.000	0.000	0.000
Revenue - HRA	0.152	0.548	0.300	0.300	0.300
Net financing need for the year	**4.795**	**9.633**	**3.635**	**0.600**	**0.580**

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

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

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

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.

The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the council's borrowing requirement, these types of scheme include a borrowing facility from the provider and so the council is not required to separately borrow for these schemes. The council had £2.778m of long term liabilities (excluding pensions) as at 31 March 2020.

The council is asked to approve the CFR projections below:

£m	2019-20 Actual	2020-21 Estimate	2021-22 Estimate	2022-23 Estimate	2023-24 Estimate
Capital Financing Requirement					
CFR – General Fund	25.836	29.076	48.249	47.341	46.402
CFR – HRA	24.200	29.362	32.216	31.936	31.606
Total CFR	**50.036**	**58.438**	**80.465**	**79.277**	**78.008**
Movement in CFR	**2.753**	**8.402**	**22.027**	**(1.188)**	**(1.269)**

Net financing need for the year (above)	4.795	9.633	3.635	0.600	0.580
Less loan / liability repayments	(0.839)	(0.000)	(0.179)	(0.280)	(0.330)
Less MRP/VRP and other financing movements*	(1.203)	(1.231)	18.571	(1.508)	(1.519)
Movement in CFR	**2.753**	**8.402**	**22.027**	**(1.188)**	**(1.269)**

**2021-22 includes an estimate for the recognition of leases under International Financial Reporting Standard 16 (IFRS 16).*

2.3 Core funds and expected investment balances

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

Year End Resources £m	2019-20 Actual	2020-21 Estimate	2021-22 Estimate	2022-23 Estimate	2023-24 Estimate
Fund balances / reserves	26.168	17.319	8.656	8.656	8.656
Capital receipts	8.544	4.895	3.595	3.595	3.595
Earmarked reserves	13.528	9.403	9.403	9.403	9.403
Total core funds	**48.240**	**31.617**	**21.654**	**21.654**	**21.654**
Balances incl working capital*	7.897	6.359	14.149	10.761	10.250
(Under)/over borrowing	(22.233)	(14.976)	(12.803)	(9.415)	(8.904)
Expected investments	**33.904**	**23.000**	**23.000**	**23.000**	**23.000**

**Working capital balances shown are estimated year end; these may be different mid-year.*

2.4 Minimum revenue provision (MRP) policy statement

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

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

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

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

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

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

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

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

There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made.

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

MRP Overpayments - A change introduced by the revised MHCLG MRP Guidance was the allowance that any charges made over the statutory minimum MRP, VRP or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose any cumulative overpayment made each year.

3 BORROWING

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

3.1 Current portfolio position

The overall treasury management portfolio as at 31 March 2020, and the position as at 30 September 2020, are shown below for both borrowing and investments.

TREASURY PORTFOLIO				
	Actual 31 March 2020	**Actual 31 March 2020**	**Actual 30 Sept 2020**	**Actual 30 Sept 2020**
Treasury Investments	**£m**	**%**	**£m**	**%**
Banks	17.939	52.91	14.123	33.35
Money Market Funds	15.965	47.09	28.224	66.65
Total (all managed in-house)	**33.904**	**100.00**	**42.347**	**100.00**
Treasury External Borrowing				
PWLB	20.503	81.93	20.192	81.72
LOBOs	4.500	17.98	4.500	18.21
Salix	0.022	0.09	0.017	0.07
Total	**25.025**	**100.00**	**24.709**	**100.00**
Net treasury investments / (borrowing)	**8.879**		**17.638**	

The Council's forward projections for borrowing are summarised below. The table shows the actual external debt against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£m	**2019-20 Actual**	**2020-21 Estimate**	**2021-22 Estimate**	**2022-23 Estimate**	**2023-24 Estimate**
External Debt					
Debt at 1 April	30.456	25.025	41.025	46.447	48.997
Expected change in Debt	(5.431)	16.000	5.423	2.549	(0.549)
Other long-term liabilities (OLTL) at 1 April	2.148	2.778	2.437	21.223	20.883
Expected change in OLTL*	0.630	(0.341)	18.786	(0.340)	(0.200)
Gross debt at 31 March	**27.803**	**43.462**	**67.671**	**69.879**	**69.131**
The Capital Financing Requirement*	50.036	58.438	80.465	79.227	78.008
Under / (over) borrowing	**22.233**	**14.976**	**12.794**	**9.348**	**8.877**

**2021-22 includes an estimate for the recognition of leases under International Financial Reporting Standard 16 (IFRS 16).*

Within the range of prudential indicators there are a number of key indicators to ensure that the council operates its activities within well defined limits. One of these is that the council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2021-22 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Section 151 Officer reports that the council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

3.2 Treasury Indicators: limits to borrowing activity

The operational boundary. This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Operational boundary £m	2020-21 Estimate	2021-22 Estimate	2022-23 Estimate	2023-24 Estimate
Debt	69.000	76.000	76.000	76.000
Other long term liabilities (incl leases)	30.000	35.000	35.000	35.000
Total	99.000	111.000	111.000	111.000

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

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

Authorised limit £m	2020-21 Estimate	2021-22 Estimate	2022-23 Estimate	2023-24 Estimate
Debt	74.000	81.000	81.000	81.000
Other long term liabilities (incl leases)	35.000	45.000	45.000	45.000
Total	109.000	126.000	126.000	126.000

Composition of Operational Boundary and Authorised Limit

Debt (in both the Operational Boundary and Authorised Limit above) for 2020-21 onwards includes:

a) An allowance for capital expenditure being incurred in advance of generating capital receipts to fund this expenditure (£3.0m for 2020-21 increasing to £4.0m from 2021-22 onwards). As this is anticipated to be a relatively short-term timing difference it has not been reflected elsewhere in this report.

b) £5m to allow for any commercial activities/non-financial investments that the council may pursue (in addition to any such amounts already included within the capital and treasury estimates). This has not been reflected elsewhere in this report, pending the formulation and approval of any such items.

Other long term liabilities (in both the Operational Boundary and Authorised Limit above) includes an estimate for the recognition of leases under International Financial Reporting Standard 16 (IFRS 16). Once full details are known, the Operational Boundary and/or Authorised Limit may need to be revised for approval.

3.3 Link's economic and interest rate forecast (issued by Link on 27 October 2020)

The council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Link provided the following forecasts on 11 August 2020 (PWLB rates are certainty rates, gilt yields plus 180bps):

Link Group Interest Rate View 11.8.20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month average earnings	0.05	0.05	0.05	0.05	0.05	-	-	-	-	-
6 month average earnings	0.10	0.10	0.10	0.10	0.10	-	-	-	-	-
12 month average earnings	0.15	0.15	0.15	0.15	0.15	-	-	-	-	-
5yr PWLB Rate	1.90	2.00	2.00	2.00	2.00	2.00	2.10	2.10	2.10	2.10
10yr PWLB Rate	2.10	2.10	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.30
25yr PWLB Rate	2.50	2.50	2.50	2.60	2.60	2.60	2.70	2.70	2.70	2.70
50yr PWLB Rate	2.30	2.30	2.30	2.40	2.40	2.40	2.50	2.50	2.50	2.50

The coronavirus outbreak has done huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged at its last meeting on 6th August, although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that he currently thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown in the forecast table above, no increase in Bank Rate is expected in the forecast table above as economic recovery is expected to be only gradual and, therefore, prolonged.

Gilt yields / PWLB rates

There was much speculation during the second half of 2019 that bond markets were in a bubble which was driving bond prices up and yields down to historically very low levels. The context for that was a heightened expectation that the US could have been heading for a recession in 2020. In addition, there were growing expectations of a downturn in world economic growth, especially due to fears around the impact of the trade war between the US and China, together with inflation generally at low levels in most countries and expected to remain subdued. Combined, these conditions were conducive to very low bond yields. While inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers. This means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. The consequence of this has been the gradual lowering of the overall level of interest rates and bond yields in financial markets over the last 30 years. Over the year prior to the coronavirus crisis, this has seen many bond yields up to 10 years turn negative in the Eurozone. In addition, there has, at times, been an inversion of bond yields in the US whereby 10 year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession. The other side of this coin is that bond prices are elevated as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities.

Gilt yields had therefore already been on a generally falling trend up until the coronavirus crisis hit western economies during March. After gilt yields spiked up during the financial crisis in March, we have seen these yields fall sharply to unprecedented lows as investors panicked during March in selling shares in anticipation of impending recessions in western economies, and moved cash into safe haven assets i.e. government bonds. However, major western central banks took rapid action to deal with excessive stress in financial markets during March, and started massive quantitative easing purchases of government bonds: this also acted to put downward pressure on government bond yields at a time when there has been a huge and quick expansion of government expenditure financed by issuing government bonds. Such unprecedented levels of issuance in “normal” times would have caused bond yields to rise sharply. Gilt yields and PWLB rates have been at remarkably low rates so far during 2020-21.

As the interest forecast table for PWLB certainty rates above shows, there is likely to be little upward movement in PWLB rates over the next two years as it will take economies, including the UK, a prolonged period to recover all the momentum they have lost in the sharp recession caused during the coronavirus shut down period. From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.

Investment and borrowing rates

- **Investment returns** are likely to remain exceptionally low during 2021-22 with little increase in the following two years.

- **Borrowing interest rates** fell to historically very low rates as a result of the COVID crisis and the quantitative easing operations of the Bank of England: indeed, gilt yields up to 6 years were on negative yields during most of the first half of 20-21. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years. However, the unexpected increase of 100 basis points (bps) in PWLB rates on top of the then current margin over gilt yields of 80 bps, required an initial major rethink of local authority treasury management strategy and risk management. However, in March 2020, the Government started a consultation process for amending the margins over gilt rates for PWLB borrowing for different types of local authority capital expenditure. *(Please note that Link has concerns over this approach, as the fundamental principle of local authority borrowing is that borrowing is a treasury management activity and individual sums that are borrowed are not linked to specific capital projects).* It also introduced the following rates for borrowing for different types of capital expenditure: -

  - **PWLB Standard Rate** is gilt plus 200 basis points (G+200bps)
  - **PWLB Certainty Rate** is gilt plus 180 basis points (G+180bps)
  - **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
  - **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
  - **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

- In view of the consultation process which ended on 31 July 2020, local authorities may wish to exercise caution and delay any new long-term General Fund borrowing until such time as new borrowing margins and regulations have been decided and announced, unless there is a desire for certainty in respect of long-term funding rates from a budgetary perspective.

- **Borrowing not for HRA or infrastructure capital expenditure.** As Link's long-term forecast for Bank Rate is 2.00%, and all PWLB non-HRA certainty rates (i.e. gilts plus 180bps) are close to, or under 1% above, 2%, there is little value in borrowing from the PWLB at present. Accordingly, the Council will reassess its risk appetite in terms of either seeking cheaper alternative sources of borrowing or switching to short term borrowing in the money markets until such time as the Government reconsiders the margins charged over gilt yields for non-HRA capital expenditure. Longer-term borrowing could also be undertaken for the purpose of certainty, where that is desirable, or for flattening the profile of a heavily unbalanced maturity profile.

- **Borrowing for HRA and infrastructure capital expenditure.** As Link's long-term forecast for Bank Rate is 2.00%, and all PWLB HRA and infrastructure certainty rates are below 2.00%, there is value in borrowing from the PWLB, especially as current rates are at historic lows.

- While authorities may not be able to avoid borrowing to finance new capital expenditure, to replace maturing debt and the rundown of reserves, there will be a cost of carry (the difference between higher borrowing costs and lower investment returns) to any new short or medium-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

3.4 Borrowing strategy

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

Against this background and the risks within the economic forecast, caution will be adopted with the 2021-22 treasury operations. The Section 151 Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in borrowing rates*, then borrowing will be postponed.
- *if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than those currently forecast,* perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

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

3.5 Policy on borrowing in advance of need

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

Borrowing in advance will be made within the constraints that:

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

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

3.6 Debt rescheduling

Rescheduling of current borrowing in our debt portfolio is unlikely to occur as the 100 basis points increase in PWLB rates only applied to new borrowing rates and not to premature debt repayment rates.

If rescheduling were done, it will be reported to Cabinet at the earliest meeting following its action.

3.7 New financial institutions as a source of borrowing and / or types of borrowing

Following the decision by the PWLB on 9 October 2019 to increase its margin over gilt yields by 100 basis points to 180 basis points on all certainty rate loans lent to local authorities, consideration will need to be given to sourcing funding at cheaper rates from the following in order to finance capital expenditure for non-HRA and infrastructure purposes:

- Local authorities (primarily shorter dated maturities)
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of spot or forward dates)
- Municipal Bonds Agency

The degree to which any of these options proves cheaper than PWLB Certainty Rate is still evolving at the time of writing but our advisors will keep us informed.

3.8 Approved Sources of Long and Short term Borrowing

The council may make use of borrowing from internal sources, PWLB, local authorities, financial institutions and/or the Municipal Bonds Agency as and when appropriate.

4 ANNUAL INVESTMENT STRATEGY

4.1 Investment policy - management of risk

The MHCLG and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with financial investments (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy and Non-Treasury Investments Report (separate reports).

The Council’s investment policy has regard to the following: -
- MHCLG’s Guidance on Local Government Investments (“the Guidance”)
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 (“the Code”)
- CIPFA Treasury Management Guidance Notes 2018

The Council’s investment priorities will be security first, portfolio liquidity second and then yield (return).

The above guidance from the MHCLG and CIPFA place a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

1. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus

avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.

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

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

4. This authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in annex 2 under the categories of 'specified' and 'non-specified' investments.

- **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year (or have less than a year left to run to maturity if originally they were classified as being non-specified investments solely due to the maturity period exceeding one year).

- **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.

5. **Non-specified investments limit.** The Council has determined that it will limit the maximum total exposure to non-specified investments at £5m (see paragraphs 4.2, 4.3 and 4.4).

6. **Lending limits** (amounts and maturity) for each counterparty will be set through applying the matrix table in paragraph 4.2.

7. This authority will set a limit for the amount of its investments which are invested for maturities **longer than 365 days**, (see paragraphs 4.2 and 4.4).

8. Investments will only be placed with counterparties from foreign countries which have a specified minimum **sovereign rating**, (see paragraph 4.3). This does not apply to pooled investment vehicles.

9. This authority has engaged **external consultants**, (see paragraph 1.5) to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.

10. All investments will be denominated in **sterling**.

11. As a result of the change in accounting standards under **IFRS 9,** this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. In November 2018, The Ministry of Housing, Communities and Local Government (MHCLG) concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of investments by announcing a statutory override to delay implementation of IFRS 9 for five years ending 31 March 2023.

However, this authority will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance (see paragraph 4.5). Regular monitoring of investment performance will be carried out during the year.

Changes in risk management policy from last year.
The above criteria are unchanged from last year, apart from incorporating the amendment as per the Treasury Management and Annual Investment Strategy Mid Year 2020-21 Review; that the council may use investment counterparties with a minimum long term credit rating from at least one of Fitch, Moody's and Standard and Poors (where rated) of A- (or equivalent), where this was previously given as A in the TMSS, and that any such investments be included as specified investments.

4.2 Creditworthiness policy

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

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

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

Credit rating information is supplied by Link Asset Services, our treasury advisors, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of the longer term bias outside the central rating view) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating watch applying to a counterparty at the minimum council criteria may be suspended from use, with all others being reviewed in light of market conditions.

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

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

  and have, as a minimum, the following credit rating from at least one of Fitch, Moody's and Standard and Poors (where rated):

  i. Short term – F1 (or equivalent)
  ii. Long term – A-(or equivalent)
- Banks 2 – Part nationalised UK bank – Royal Bank of Scotland Group ring-fenced operations. This bank can be included provided it continues to be part nationalised or it meets the above criteria.
- Banks 3 – The council's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time invested.
- Bank subsidiary and treasury operations: If separately rated, the council will use those that meet the ratings/criteria for banks outlined above. If not separately rated, the council will use these where the parent bank has the necessary ratings/criteria outlined above.
- Building societies: The council will use all societies which meet the ratings/criteria for banks outlined above.
- Money market funds, enhanced money market funds, bond funds – AAA
- UK Government (including gilts, treasury bills and the DMADF)
- Local authorities, parish councils, community councils, companies controlled by the council (either alone or with other public sector organisations) etc
- Housing associations
- Supranational institutions
- Multi-asset funds

A limit of £5m will be applied to the use of non-specified investments.

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

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

	Fitch Long Term Rating (or equivalent)*	Money Limit	Time Limit (settlement period)
Level 1 (previously called Higher Quality)	**AA-**	**£6m per institution**	**370 days**
Level 2 (previously called Medium Quality)	**A**	**£5m per institution**	**370 days**
Level 3	**A-**	**£4m per institution**	**185 days**
Part nationalised	**N/A**	**£7m per institution**	**370 days**
Debt Management Account Deposit Facility	**UK sovereign rating**	**unlimited**	**6 months**
Money market funds, enhanced money market funds, bond funds	**AAA**	**£6m per fund**	**370 days**
Local authorities, parish councils, community councils, companies controlled by the council (either alone or with other public sector organisations), housing associations, supranational institutions etc	**N/A**	**£4m per institution**	**5 years**
Multi-asset funds	**N/A**	**£5m per fund**	**370 days**

**The institution must have this minimum credit rating from at least one of Fitch, Moody's, and Standard and Poors (where rated).*

The proposed criteria for specified and non-specified investments are shown in Annex 2 for approval.

Creditworthiness
Although the credit rating agencies changed their outlook on many UK banks from Stable to Negative during the quarter ended 30 June 2020 due to upcoming risks to banks' earnings and asset quality during the economic downturn caused by the pandemic, the majority of ratings were affirmed due to the continuing strong credit profiles of major financial institutions, including UK banks. However, during Q1 and Q2 2020, banks made provisions for *expected* credit losses and the rating changes reflected these provisions. As we move into future quarters, more information will emerge on *actual* levels of credit losses. (Quarterly earnings reports are normally announced in the second half of the month following the end of the quarter). This has the potential to cause rating agencies to revisit their initial rating adjustments

earlier in the current year. These adjustments could be negative or positive, although it should also be borne in mind that banks went into this pandemic with strong balance sheets. This is predominantly a result of regulatory changes imposed on banks following the Great Financial Crisis. Indeed, the Financial Policy Committee (FPC) report on 6th August revised down their expected credit losses for the UK banking sector to “somewhat less than £80bn”. It stated that in its assessment, “banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the MPC’s central projection”. The FPC stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC’s projection, with unemployment rising to above 15%.

All three rating agencies have reviewed banks around the world with similar results in many countries of most banks being placed on Negative Outlook, but with a small number of actual downgrades.

4.3 Other limits

Due care will be taken to consider the exposure of the council’s total investment portfolio to non-specified investments, countries, groups and sectors.

a) **Non-specified investment limit.** The council has determined that it will limit the maximum total exposure to non-specified investments at £5m.

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

c) **Other limits.** In addition:

- no more than £5m will be placed with any non-UK country at any time (this limit applies to each non-UK country individually and not to non-UK countries in total);
- limits in place above will apply to a group of companies;
- secor limits will be monitored regularly for appropriateness.

The above restrictions do not apply to pooled investment vehicles (including multi-asset funds (apart from the non-specified investment limit), money market funds, enhanced money market funds and bond funds). The council only invests in sterling denominated pooled investment vehicles.

4.4 Investment strategy

In-house funds: Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

Link's Investment returns expectations (issued by Link on 27 October 2020):

Bank Rate is unlikely to rise from 0.10% for a considerable period. It is very difficult to say when it may start rising so it may be best to assume that investment earnings from money market-related instruments will be sub 0.50% for the foreseeable future.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows (the long term forecast is for periods over 10 years in the future):

2020-21	0.10%
2021-22	0.10%
2022-23	0.10%
2023-24	0.25%
2024-25	0.75%
Long term later years	2.00%

- The overall balance of risks to economic growth in the UK is probably relatively even, but is subject to major uncertainty due to the virus. It may also be affected by what, if any, deal the UK agrees as part of Brexit.
- There is relatively little UK domestic risk of increases or decreases in Bank Rate and shorter term PWLB rates until 2023-24 at the earliest.

Negative investment rates

While the Bank of England said in August / September 2020 that it is unlikely to introduce a negative Bank Rate, at least in the next 6 -12 months, some deposit accounts are already offering negative rates for shorter periods. As part of the response to the pandemic and lockdown, the Bank and the Government have provided financial markets and businesses with plentiful access to credit, either directly or through commercial banks. In addition, the Government has provided large sums of grants to local authorities to help deal with the COVID crisis; this has caused some local authorities to have sudden large increases in cash balances searching for an investment home, some of which was only very short term until those sums were able to be passed on.

As for money market funds (MMFs), yields have continued to drift lower. Some managers have already resorted to trimming fee levels to ensure that net yields for investors remain in positive territory where possible and practical. Investor cash flow uncertainty, and the need to maintain liquidity in these unprecedented times, has meant there is a surfeit of money at the very short end of the market. This has seen a number of market operators, now including the DMADF, offer nil or negative rates for very short term maturities. This is not universal, and MMFs are still offering a marginally positive return, as are a number of financial institutions for investments at the very short end of the yield curve.

Inter-local authority lending and borrowing rates have also declined due to the surge in the levels of cash seeking a short-term home at a time when many local authorities are probably having difficulties over accurately forecasting when disbursements of funds received, will occur or when further large receipts will be received from the Government.

Investment treasury indicator and limit - total principal funds invested for maturities greater than 365 days. These limits are set with regard to the council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

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

Upper limit for principal sums invested for maturities longer than 365 days			
£m	**2021-22**	**2022-23**	**2023-24**
Principal sums invested for maturities longer than 365 days	£5m	£5m	£5m

Investments as at 31 September 2020 invested for maturities longer than 365 days were £nil.

For its cash flow generated balances, the council will seek to utilise its instant access and notice accounts, pooled investment vehicles and term deposits in order to benefit from the compounding of interest.

4.5 Investment performance / risk benchmarking

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

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

- 0.05% historic risk of default when compared to the whole portfolio (excluding unrated investments).

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

- Liquid short term deposits of at least £10m available with a week's notice.

- Weighted average life benchmark is expected to be in the range of 0 to 1 years, with a maximum of 5 years.

Yield - local measures of yield benchmarks are:

- Investments – internal returns above the 7 day LIBID rate

And in addition that the security benchmark for each individual year is (excluding unrated investments):

	1 year	2 years	3 years	4 years	5 years
Maximum	**0.05%**	**0.05%**	**0.05%**	**0.05%**	**0.05%**

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

The council is appreciative that the provision of LIBOR and associated LIBID rates is expected to cease at the end of 2021. It will work with its advisors in determining suitable replacement investment benchmark(s) ahead of this cessation and will report back to members accordingly.

4.6 End of year investment report

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

4.7 Use of external fund managers

It is the council's policy not to use external fund managers on a discretionary basis for any part of its investment portfolio.

The council may use pooled investment vehicles and fully appreciates the importance of monitoring the activity and resultant performance of such investments. In order to aid this assessment, the council is provided with a suite of regular reporting from its providers.

4.8 Ethical investing

Although investment guidance, both statutory and from CIPFA, makes clear that all investing must adopt the principles of security, liquidity and yield (in that order) the council is committed to ethical high standards and declared a climate emergency on 1 July 2019; doing what is within its power to become carbon neutral by 2030 within its estates and activities.

Environmental, Social and Governance (ESG) metrics are incorporated into the credit rating agency assessments, which the council uses in its investment strategy.

Typical ESG considerations are shown below.

Environmental: Emissions and air quality, energy and waste management, waste and hazardous material, exposure to environmental impact.

Social: Human rights, community relations, customer welfare, labour relations, employee wellbeing, exposure to social impacts.

Governance: Management structure, governance structure, group structure, financial transparency.

5 OPTIONS

That council

a) Approves this report and annexes, including each of the key elements listed below.

- The Capital Plans, Prudential Indicators and Limits for 2021-22 to 2023-24, including the Authorised Limit Prudential Indicator.
- The Minimum Revenue Provision (MRP) Policy.
- The Treasury Management Strategy for 2021-22 to 2023-24 and the Treasury Indicators.
- The Investment Strategy for 2021-22 contained in the Treasury Management Strategy, including the detailed criteria.
- The Capital Strategy for 2021-22.
- The Non-Treasury Investments Report for 2021-22.

b) Does not approve this report and annexes (advising the reason(s) why); thereby not complying with the Treasury Management Code of Practice.

6 DISCLAIMER

This report (including its annexes) 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: Tim Willis, Deputy Chief Executive & Section 151 Officer
Reporting to: Madeline Homer, Chief Executive

Annex List

Annex 1: The Capital Prudential and Treasury Indicators 2019-20 – 2023-24
Annex 2: Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management

Annex 3: Guidance on Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy (TMSS)
Annex 4: Capital Strategy 2021-22
Annex 5: Non-Treasury Investments Report 2021-22

Corporate Consultation Undertaken

Finance: Chris Blundell, Director of Finance and Deputy Section 151 Officer
Legal: Tim Howes, Director of Corporate Governance & Monitoring Officer

ANNEX 1 - THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2019-20 – 2023-24

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

1. Capital expenditure

Capital expenditure £m	2019-20 Actual	2020-21 Budget	2021-22 Budget	2022-23 Budget	2023-24 Budget
General Fund	6.887	21.389	5.461	5.308	3.894
HRA	10.586	22.418	16.518	2.208	2.180
Total	**17.473**	**43.807**	**21.979**	**7.516**	**6.074**

2. Affordability prudential indicators

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

a. Ratio of financing costs to net revenue stream

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

%	2019-20 Actual	2020-21 Estimate	2021-22 Estimate	2022-23 Estimate	2023-24 Estimate
General Fund	7.4	9.2	11.7	12.2	12.2
HRA	4.3	5.0	6.2	6.6	6.3

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

b. HRA ratios

£	2019-20 Actual	2020-21 Estimate	2021-22 Estimate	2022-23 Estimate	2023-24 Estimate
HRA debt £m	15.900	25.608	28.437	31.190	30.861
HRA rents £m	13.077	13.083	13.534	13.801	14.073
Ratio of debt to rents %	121.6%	195.7%	210.1%	226.0%	219.3%

£	2019-20 Actual	2020-21 Estimate	2021-22 Estimate	2022-23 Estimate	2023-24 Estimate
HRA debt £m	15.900	25.608	28.437	31.190	30.861

Number of HRA dwellings	3,019	3,053	3,033	3,013	2,993
Debt per dwelling £	5,267	8,388	9,376	10,352	10,311

3. Maturity structure of borrowing

These gross limits are set to reduce the council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

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

Maturity structure of fixed interest rate borrowing 2021-22		
	Lower	**Upper**
Under 12 months	0%	50%
12 months to under 2 years	0%	50%
2 years to under 5 years	0%	50%
5 years to under 10 years	0%	50%
10 years to under 20 years	0%	50%
20 years to under 30 years	0%	50%
30 years to under 40 years	0%	50%
40 years to under 50 years	0%	50%
50 years and above	0%	50%

Maturity structure of variable interest rate borrowing 2021-22		
	Lower	**Upper**
Under 12 months	0%	50%
12 months to under 2 years	0%	50%
2 years to under 5 years	0%	50%
5 years to under 10 years	0%	50%
10 years to under 20 years	0%	50%
20 years to under 30 years	0%	50%
30 years to under 40 years	0%	50%
40 years to under 50 years	0%	50%
50 years and above	0%	50%

4. Control of interest rate exposure

Please see paragraphs 3.3, 3.4 and 4.4 of the main report.

ANNEX 2 - TREASURY MANAGEMENT PRACTICE (TMP1) – CREDIT AND COUNTERPARTY RISK MANAGEMENT

The MHCLG issued Investment Guidance in 2018, and this forms the structure of the council's policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime.

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

Annual investment strategy

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

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

The investment policy proposed for the council is:

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

Specified investments - These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the council has the right to be repaid within 12 months if it wishes. They also include investments which were originally classed as being non-specified investments, but which would have been classified as specified investments apart from originally being for a period longer than 12 months, once the remaining period to maturity falls to under 12 months.These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

1. The UK Government (such as the Debt Management Account deposit facility, UK treasury bills or a gilt with less than one year to maturity).
2. Supranational bonds of less than one year's duration.
3. Local authorities, housing associations, parish councils, community councils, companies controlled by the council (either alone or with other public sector organisations).
4. Money market funds, enhanced money market funds and bond funds that have been awarded a high credit rating by a credit rating agency. This covers pooled investment

vehicles rated AAA by Standard and Poor's, Moody's and/or Fitch rating agencies (where rated).

5. A body that is considered of a high credit quality (such as a bank or building society). This covers bodies with a minimum short term rating of F1 (or the equivalent) and minimum long term rating of A- (or the equivalent) as rated by at least one of Standard and Poor's, Moody's and/or Fitch rating agencies (where rated).
6. Any part nationalised UK bank or building society.
7. Any subsidiary and treasury operations that meet the above criteria or, if not separately rated, where the parent bank or building society has the necessary ratings outlined above.
8. The council's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time invested.

Within these bodies, and in accordance with the Code, the council has set additional criteria to set the time and amount of monies which will be invested in these bodies, as set out in the council's annual investment strategy.

Non-specified investments

Non-specified investments are any other type of investment (i.e. not defined as specified above). The council may only use the following non-specified investments:

1. Those with a maturity of no more than 5 years and which otherwise meet the above criteria for specified investments.

2. Multi-asset funds.

The council has applied a limit of £5m for non-specified investments.

The monitoring of investment counterparties

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

Use of external fund managers: It is the council's policy not to use external fund managers on a discretionary basis for any part of its investment portfolio. The council may use pooled investment vehicles and fully appreciates the importance of monitoring the activity and resultant performance of such investments. In order to aid this assessment, the council is provided with a suite of regular reporting from its providers.

ANNEX 3 - GUIDANCE ON TREASURY MANAGEMENT STRATEGY STATEMENT, MINIMUM REVENUE PROVISION POLICY STATEMENT AND ANNUAL INVESTMENT STRATEGY (TMSS)

Prudential Code

The Prudential Code was developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) as a professional code of practice for capital finance, to which local authorities must have regard.

Capital Expenditure

The Capital Expenditure table (section 2.1 of report) is split between the Council's Housing Revenue Account (HRA) and General Fund (GF or non-HRA).

The table also shows the resources used to fund the capital expenditure (being capital receipts from the sale of assets, capital grants, capital reserves and revenue) and any shortfall in resources. This shortfall is described as the 'net financing need' and represents the Council's borrowing need.

Borrowing Need (Capital Financing Requirement)

The Capital Financing Requirement (CFR) represents the Council's aggregate borrowing need. i.e. the element of the capital programme that cannot be funded.

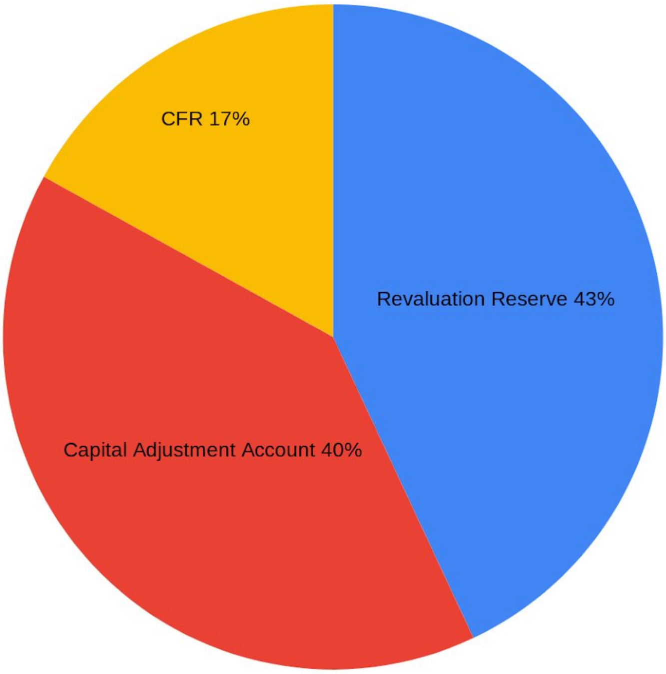
The table (section 2.2 of report) shows how the net financing need (borrowing requirement) increases the CFR.

So that the CFR does not increase indefinitely, an annual resource contribution from revenue must be set against it (called the Minimum Revenue Provision or MRP), which is shown in the table.

The Fixed Asset Analysis chart below shows that, using the council's draft accounts as at 31 March 2020, 17% of the council's capital / long-term assets had yet to be funded (CFR) and 40% had effectively been paid off or funded (Capital Adjustment Account). The remaining 43% represented the aggregate increase in value of these assets since acquisition by the council.

Fixed Asset Analysis	**£m**	**%**
Capital Financing Requirement	50	17
Capital Adjustment Account	116	40
Revaluation Reserve	124	43
Other Adjustments	1	0
Fixed Assets (total of above)	**291**	**100**

Fixed Asset Analysis



Core Funds and Expected Investment Balances

This table (section 2.3 of report) shows that the Council may satisfy its net financing need by borrowing from its own reserves or cashflow (internal borrowing) rather than from an external provider (external borrowing).

Either form of borrowing may only be undertaken for capital expenditure purposes.

MRP Policy Statement

This describes the method for calculating the annual MRP contribution described above (section 2.4 of report).

Borrowing

Current portfolio position – this table (section 3.1 of report) shows that the Council's debt is not more than the CFR because, as above, the CFR represents the Council's aggregate borrowing need.

Borrowing limits (section 3.2 and annex 1 of report) – there are various general controls on the Council's borrowing activity (operational boundary, authorised limit and maturity profiles).

Basis Points

The report may refer to basis points, which is a unit of measure for interest rates. 1 basis point is equal to 0.01%, so 100 basis points is 1%.

Annual Investment Strategy

This section (section 4 of report) sets out general controls on the Council's investment activity to safeguard the security and liquidity of its investments, including:

- Creditworthiness of investment counterparties.
- Counterparty money limits.
- Counterparty time limits.
- Counterparty country limits.

Ratio of Financing Costs to Net Revenue Stream

This table (annex 1 of report) shows (separately for HRA and GF) the percentage of the Council's revenue stream that is used to finance the CFR (net interest payable and MRP).

ANNEX 4: THANET DISTRICT COUNCIL - CAPITAL STRATEGY 2021-22

1. Background

A revision to the CIPFA Prudential Code for Capital Finance in Local Authorities was issued in December 2017 (with guidance notes issued in September 2018), with a new requirement being that local authorities produce a Capital Strategy for consideration and approval by Members.

The Capital Strategy forms part of this council's integrated revenue, capital and balance sheet planning. Capital expenditure and associated investment decisions are taken in line with service objectives and properly take account of stewardship, value for money, prudence, sustainability and affordability. Due consideration is given to both risk and reward, and impact on the achievement of priority outcomes.

2. Priorities and Objectives

Like most councils, this council has capital expenditure needs that far exceed its potential capital resources, particularly given public sector funding cuts and resource pressures.

Accordingly, this council's Capital Protocol is that financial resources and assets are used to their maximum effect, and that Financial Procedure Rules and Contract Standing Orders are adhered to, with the following objectives:

a) Corporate Plan/council priorities, including any environmental impact, are considered when prioritising limited resources (see section 3 below).
b) All financial implications arising from the project are identified e.g. match funding requirements and ongoing unsupported revenue costs etc.
c) The correct authorisation is obtained to enter into an agreement for capital expenditure.
d) The project progresses as approved.
e) Monitoring takes place in a timely manner.
f) All expenditure is properly incurred and recorded.
g) All project outcomes, outputs and results are achieved.
h) There is an audit trail for all expenditure and income relating to the project.
i) Issues that may arise for project delivery are identified and considered appropriately e.g. legal, VAT and capacity issues.
j) Any significant changes to the project are considered in the overall prioritisation of the capital programme and the correct authorisation is obtained.

3. Corporate Priorities and Values

The council will use its corporate priorities to help prioritise its investment in, and disposal of, assets. The current corporate priorities are:

Growth: We will continue to ensure we work to consider new ways to generate income and invest our current resources. Delivering a Council that is financially strong to discharge its services and invest in the growth of the District.

Environment: Having a clean and well-maintained environment remains important to us. We will be clear with our residents on what we will do and what our asks of residents are - cultivating a shared responsibility approach. Delivering a clean and accessible living environment, maintaining an emphasis on prevention but where necessary we will use an enforcement approach.

Communities: Through effective partnership working with both the public sector agencies and the community, we will provide leadership and direction across the district and the region to ensure everyone is working to the same goal. Delivering high-quality housing, safer communities and enhancing the health and wellbeing of our residents.

4. Revenue Implications

As per section 2b, council rules require that all financial implications arising from a capital project are identified, including revenue implications which can include:

a) The cost of borrowing (Minimum Revenue Provision and interest charges).
b) Loss of investment income from capital receipts.
c) Running costs associated with the project.
d) The positive impact of investment and economic growth on the council's tax base and business rates income.

Accordingly, a key consideration is that council capital schemes generate revenue savings and/or are externally funded.

5. Focussing the capital programme on delivering the council's priorities

The capital programme demands significant resources which, if not managed effectively, can actually impede what the council is looking to deliver. The Capital Strategy is to pay particular attention to better aligning the capital programme to the council's corporate values and priorities.

In particular:

Slippage will not be the acceptable norm - capital schemes will be at risk of having their council funding re-directed should there be delays that cannot be substantiated (schemes that are externally funded may require more flexibility however).

Assumptions that a council owned asset should be invested in or disposed of will be challenged - consideration of whether that asset could be better utilised will need to be evaluated and demonstrated.

Opportunities for non-treasury investment should be explored. Subject to (a) being able to stabilise its financial position, and (b) risk considerations, the council should consider investing in a wider choice of assets that can generate better economic returns. More information is given in the council's Non-Treasury Investments Report.

The Corporate Management Team (CMT) will be taking the lead on achieving the focus the capital programme requires and may, at its discretion, delegate some or all of this work to a sub-team whose membership includes at least one CMT member (the Capital Team).

6. Assessing and Monitoring Schemes

Officer arrangements for assessing and monitoring capital schemes is overseen by CMT (which includes the council's Section 151 Officer). The role of CMT in this regard is:

a) To coordinate all aspects of the council's Capital Programme including the assessment of bids, preparation of the programme, monitoring and post audit reviews.
b) To review annually the capital assessment and prioritisation methodology.
c) To evaluate and prioritise all projects submitted according to the council's prioritisation methodology.
d) To produce a capital programme based upon the prioritised scoring methodology .
e) To monitor capital schemes and to summarise all variation reports received by client officers.
f) To consider requests for capital bids during the year and, where the request is considered urgent, to score and prioritise within the whole programme, together with making funding arrangements.
g) To review the scheme evaluation reviews and ensure lessons learnt and where necessary, to amend the Capital Protocol.
h) To review all capital slippage and underspends at financial year end and re-evaluate with regards to the council's priorities and resources.

As per section 5, CMT may, at its discretion, delegate some or all of this work to a sub-team whose membership includes at least one CMT member (the Capital Team).

The criteria for capital bids include:

a) Meeting Corporate Priorities or requiring Health and Safety action.
b) Not having a revenue impact that cannot be funded.
c) Being clear as to the benefits the project provides.
d) Identifying how the project will be managed.
e) Having robust estimates for future costs and revenues.
f) The sensitivity of costs and revenues to both external and internal risks.

On the basis of recommendations drawn up by CMT and/or the Capital Team, Cabinet considers and approves the proposed draft capital programme for inclusion within the budget. This budget is then recommended to full council for approval of the final capital budgets for the year ahead. Cabinet is to receive quarterly capital budget monitoring reports and a final outturn report at year end showing scheme performance - specifically underspends, overspends and slippage supported by explanations.

7. Additional Resources and Links with External Bodies

Project appraisals consider additional and alternative funding sources, match funding requirements, bidding time frames and the likely success in being awarded grants.

Grants are allocated in relation to specific programmes or projects and this council aims to maximise such funding; developing appropriate partnership, joint working and cross agency initiatives to address council priority needs. Partners include central and local government, government agencies, representative bodies of the local community, voluntary groups, housing associations, health bodies, the police, and the private sector business community.

8. Asset Management

An Asset Management Plan is the report on the systematic preparation of information to optimise the deployment and utilisation of land, buildings and other assets. Accordingly the council's Asset Management Plan informs the links to both the council's capital strategy and capital programme.

9. The council's capital spending

Details of the Council's capital programme, capitalisation policies, capital financing, borrowing/funding restrictions, commercial activity, knowledge and skills, long-term liabilities and treasury management are shown in the following documents (which are all available on the Council's website www.thanet.gov.uk):

a) Medium Term Financial Strategy
b) Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy
c) Flexible Use of Capital Receipts Strategy
d) Statement of Accounts
e) Non-Treasury Investments Report
f) Budget monitoring reports

The council's Section 151 Officer is satisfied with the affordability and risk associated with this Capital Strategy and, where appropriate, has access to specialised advice to enable him to reach this conclusion.

ANNEX 5: THANET DISTRICT COUNCIL - NON-TREASURY INVESTMENTS REPORT 2021-22

1. Background

A revision to the CIPFA Treasury Management in the Public Services Code of Practice was issued in December 2017 (with guidance notes issued in July 2018), with a new requirement being that local authorities produce a Non-Treasury Investments Report for consideration and approval by Members.

'Treasury management investments' activity covers those investments which arise from the council's cash flows and debt management activity, and ultimately represents balances which need to be invested until the cash is required for use in the course of business.

'Non-treasury investments' are investments in financial assets and property primarily for service purposes and/or financial return that are not part of treasury management activity.

2. Permissible non-treasury investments

This council may:

a) purchase property for service and/or commercial purposes.
b) make investments for service and/or commercial purposes.
c) make loans for service and/or commercial purposes.

Service investments are held in relation to operational services (including regeneration) whereas commercial investments are held for mainly financial reasons.

3. Existing non-treasury investments

This council's existing non-treasury investments include:

a) Investment Property

The council's 2019-20 draft Statement of Accounts shows a 31 March 2020 balance sheet value of £22,965,000 for investment property. These accounts disclose a net yield of £689,000 from investment property (rental income less direct operating expenses), which represents an annual percentage yield of 3.0%.

b) Investments and Loans

East Kent Housing Limited (EKH): EKH is a company limited by guarantee without share capital, owned and controlled by this council, together with Canterbury City Council, Dover District Council and Folkestone & Hythe District Council. EKH, which was incorporated on 11 January 2011, was run as an Arms Length Management Organisation (ALMO) and its principal activity was to manage and maintain each of the four council's housing stock.

On 17 October 2019 Cabinet agreed that the council's preferred option is to withdraw from EKH and return housing management services back in-house under direct management of the council, subject to formal consultation with all tenants (and leaseholders, as required) to satisfy the requirements of Section 105 of the Housing Act 1985.

On 17 February 2020 Cabinet noted the results of the consultation, cost/benefit analysis and risk analysis, and confirmed that the management of the council's housing stock would be brought back in-house. This transfer happened on 1 October 2020 (for all four local authorities) and it is intended for EKH to be wound-up.

Your Leisure Kent Limited (YL): This council engages YL, which is an Industrial and Provident Society with charitable status, to run its leisure facilities. YL was registered on the Mutuals Public Register on 16 April 1999 and was called Thanet Leisure Force Limited until 26 March 2013. The principal activity of YL is to manage leisure, catering and entertainment facilities and associated service provision for the local communities of Dover and Thanet.

East Kent Opportunities LLP (EKO): To aid economic development and regeneration in Thanet, this council in partnership with Kent County Council set up EKO as a limited liability partnership. EKO was incorporated on 4 March 2008 with this Council and Kent County Council having 50:50 ownership, control and economic participation in EKO.

The council acts as guarantor for YL in respect of certain loans taken out by YL. These arrangements are described in the 'Critical Judgements in applying Accounting Policies' note to the council's Statement of Accounts.

In addition, the council makes loans from time to time to one or both of YL and EKO for service purposes.

The council acted as guarantor for EKH in respect of its pension liability and made loans to EKH for service purposes. These arrangements are being dealt with as part of the transfer of housing management services out of EKH and the subsequent winding-up of this company.

4. Investment Management Practices

Non-treasury investments are subject to the council's normal approval processes for revenue and capital expenditure and need not comply with the specific requirements of the council's annual Treasury Management Strategy Statement and Investment Strategy. These processes ensure effective due diligence and consideration of the council's risk appetite (including proportionality in respect of overall resources), that independent and expert advice is taken where appropriate, that scrutiny arrangements are properly made, and that ongoing risk management is properly undertaken and acted upon.

Details of risk management, performance measurement and management, decision making, governance, due diligence, reporting and knowledge and skills are shown below and in the following documents (which are all available on the council's website www.thanet.gov.uk):

a) Medium Term Financial Strategy
b) Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy
c) Flexible Use of Capital Receipts Strategy
d) Statement of Accounts
e) Capital Strategy

The key principle of control of risk, and optimising returns consistent with the council's risk appetite, is applied across all investment activities (including any commercially based investments). Where any commercial investment does not give priority for security and liquidity over yield, whether because of the nature of the asset itself or for service reasons, then such a decision should be explicit, the additional risks set out clearly, and the impact on financial sustainability identified and reported.

5. Risk Management

The council's risk appetite for any non-treasury investment should be clearly determined, both individually and collectively, including the potential impact on the overall sustainability of the council if the investment does not perform as intended. Key considerations also include:

a) The significance of the amount and variability of both the investment income and capital value to balancing the council's budget.
b) How the investment is financed and its liquidity, given the council's cash flow requirements.
c) Maximum periods for which funds may prudently be committed.
d) The setting of quantitative indicators to better assess risk exposure (including how investments are funded and the rate of return over both the payback period of the investment and the length of any associated borrowing).

6. Performance Measurement and Management

Performance measurement and management of any non-treasury investment should include both the ongoing capital value/security and yield. Key considerations include:

a) Regular fair value assessments (at least annually), including the limitations and assumptions inherent in such assessments.
b) Procedures to highlight key ongoing risks and changes in market conditions that may adversely impact the security, liquidity and/or yield of any investment.
c) Ongoing repairs and other costs to maintain the income and value of any property investment.
d) Any mitigating action required and undertaken to protect the income and value of any investment.

7. Decision Making, Governance and Due Diligence

Decision making will be as open and transparent as possible, after allowing for any commercial sensitivity needs. Key considerations include:

a) The formulation and developments of business cases for approval.
b) Enhanced decision making and scrutiny, according to risk.
c) Arrangements for professional due diligence, including obtaining professional advice where appropriate.
d) The identification and quantification of any implied material subsidies in investments for service/regeneration purposes.

8. Reporting, Knowledge and Skills

Robust arrangements will be made for the assessment, implementation and monitoring of any non-treasury investments; including:

a) Reporting any material increase in risk to capital and/or yield.
b) Regularly reviewing performance and risk reporting arrangements.
c) Ensuring that the range of skills required (including finance, property and economic regeneration) are available, either in-house or externally sourced.
d) Arranging any specific staff training or qualifications that may be needed to meet future requirements (capacity, skills, knowledge and culture).

BUDGET 2021-22

Council	14 January 2021
Report Author	Tim Willis, Deputy Chief Executive and S151 Officer
Portfolio Holder	Cllr Rob Yates, Cabinet Member for Finance, Administration & Community Wealth Building
Status	For Decision
Classification:	Unrestricted
Key Decision	Budget and Policy Framework
Reasons for Key (if appropriate)	Significant effect on communities
Ward:	All

Executive Summary:

This report presents the 2021-22 budget and 2021-25 capital programme for the General Fund and Housing Revenue Account.

Recommendation(s):

That Council approves:

A. The General Fund revenue budget estimates for 2021-22 are approved, assuming a £4.99 increase in the band D equivalent for Council Tax.
B. The HRA budget estimates for 2021-22 are approved, assuming a CPI+1% increase in social rents and a freeze in affordable rents.
C. The General Fund and Housing Revenue Account capital programmes for 2021-25 are approved.
D. The Flexible Use of Capital Receipts Strategy for 2021-22 is approved.
E. The Section 151 Officer's Assurance Statement is noted.

Corporate Implications

Corporate priorities can only be delivered with robust finances. Both the draft budget and the level of reserves recommended in this report are believed to be sufficient to contribute towards meeting those priorities and to deliver services.

Financial and Value for Money

The financial implications of the budget are laid out within the body of the report.

Legal implications

Section 151 of the Local Government Act 1972 requires a suitably qualified named officer to keep control of the council's finances. For this council, this is the Deputy Chief Executive and this report is helping to carry out this function. The requirements of other relevant statutes have been referenced within the body of this report, where relevant.

Corporate implications

The budget has been prepared with reference to the corporate priorities.

Equality Act 2010 & Public Sector Equality Duty

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it. Actions arising from this report - in particular the savings requirements - will each be assessed for equalities implications by relevant managers.

Corporate Priorities

This report relates to the following corporate priorities: -

- Growth
- Environment
- Communities

1.0 Introduction and Background

1.1 The Budget Strategy was approved by Cabinet on 19 November 2020 and it informed the approach adopted for the budget that was reported to Cabinet on 14 January 2021. Overview & Scrutiny Panel on 21 January considered the proposals and discussed a number of aspects of the papers. The Panel did not make any recommendations to Cabinet.

1.2 This report provides an overview of TDC finances within the context of corporate priorities, Government financial policy and resident feedback. Whilst only provisional information is available regarding Government funding at the time of writing the report, projected funding is presented along with budget pressures which give rise to the budget gap - the difference between estimated funding and estimated expenditure for 2021-22.

1.3 A review of the council's reserves is included, both leading up to 2021-22 and the impact on reserves of approving the budget. The report further sets out the assumed Council Tax and housing rent increases to assist in funding the budget. The report sets out the proposed budget savings to bridge the gap, taking into account all of the above.

1.4 The report covers both the General Fund and Housing Revenue Account (HRA), both revenue and capital. It also makes reference to the Treasury Management Strategy and the Flexible Use of Capital Receipts.

2.0 Context for the budget

2.1 The impact of Covid-19 on the council's finances has been profound. During the summer of 2020, as the first wave had a major impact on residents and businesses, it also had a major impact on the council's spending (as we attempted to alleviate the worst aspects of the virus) and income (through reductions in fees and charges, Council Tax and Business Rates). For the current year, the council has administered substantial financial support which includes:

- £1.6m of Hardship grants to Council Tax Support claimants.
- £22m of Business Rates relief to small businesses and those in the Retail, Leisure and Hospitality sectors.
- £35m of business grants in the first wave of Covid.
- An estimated £6m of business grants in the second wave.

2.2 Council on 10 September 2020 was presented with an estimated budget overspend for 2020-21 of £5.6m, offset by an estimated £2.6m of Government Covid funding at the time, leaving a net overspend of £3m. Reserves were identified to fund this overspend. The strategy was to treat the cost of Covid as largely one-off in 2020-21, with any longer term effects being addressed in the 2021-22 budget and 2021-25 Medium Term Financial Strategy. When considering the impact of Covid on next year's budget, it is necessary to take a view on the extent to which its effects will have (a) another one-off adverse impact and (b) an impact that lasts for years to come. Any impact will be mitigated by the council's own actions to address budget problems, but an assessment is needed as to the extent that Government Covid funding will reduce the net cost. This is extremely difficult.

2.3 An optimistic view would be that vaccines are now being rolled out, the Spring will start to see a return to some semblance of normality, the wider economy will grow quickly, Thanet's business sector will start to recover, unemployment will fall, and Thanet will become a popular destination in the summer of 2021 for visitors and staycations. Any remaining adverse impact on residents, businesses and the council's finances will be covered by additional Government support and we will be well placed for economic growth, a stabilisation of the council's finances and an ability to replenish reserves.

2.4 A more pessimistic view would be that the vaccination programme is slow to roll out and take-up is limited, there continue to be local outbreaks of Covid, there are still restrictions on trading, unemployment remains high, Thanet's business sector is found to have been badly damaged by the economic effect of Covid and slow to recover, Government support is inadequate and the council's finances are in an even worse condition, with reserves being perilously low.

2.5 The view of the S151 Officer is somewhere in the middle of these scenarios in economic terms, but the budget for next year still presents a challenge and reserves are very low. Until there is evidence of recovery, it would not be wise to anticipate a significantly improved financial position. This is being translated into the following approach:

- The budget gap remains, due to largely unavoidable long term growth that needs to be funded through the long-term/permanent budget savings in this report.
- There is no recommendation to increase reserves in 2021-22 as part of the budget strategy as this would place additional burdens on projects and service delivery; but to aim to do so in future years.
- There is a vital need to address underlying and long-standing budget issues that have very little to do with Covid - in Property, Building Control, Licensing, Coastal Development and Land Charges (although the last of these has been subject to some management intervention). The budget presumes these areas will be addressed and if they are not, we will start the year with an inbuilt overspend, which would not be setting a balanced budget.
- The improved financial position in 2020-21 as compared to that reported to Council on 10 September 2020 is largely as a result of higher levels of one-off income (including Government grants). This enables us to make some provision, through reserves, for any adverse financial impact of Covid in 2021-22 that has not been funded by Government.
- This approach steers a line between maintaining a balanced budget by addressing all the non-Covid financial issues, which if not addressed would reappear if Covid disappeared; but providing some capacity for funding further Covid costs in 2021-22, which if not needed could be used to assist in recovery.

3.0 Government financial policy and TDC projected funding

3.1 The Government announced a one-year Spending Review on 25 November 2020. It has been followed by a Provisional Financial Settlement for local government on 17 December 2020. The main headlines insofar as they affect Thanet are:

- A limit of 2% or £5 for Council Tax increases without a referendum.
- A further tranche of emergency Covid funding in 2021-22 of £1.016m.
- A promise of further support for quarter one of 2021-22 for losses in sales, fees and charges due to Covid.

- A Local Income Tax Guarantee scheme to assist with irrecoverable losses of Council Tax and Business Rates in 2020-21, value currently unknown.
- A Local Council Tax Support grant to assist with additional costs of Council Tax Support, worth approximately £300k in 2021-22.
- Revenue Support Grant of £100k rolled over for one more year to 2021-22.
- A Lower Tier Services grant, probably one-off, worth £215k in 2021-22.

3.2 Separately, on 21 December the MHCLG announced a Homelessness Prevention Grant of £862k for Thanet. This is welcome as it will provide funding for the council's continuing work in this area, and helps reduce the financial risk of the 2021-22 homelessness budget. It continues to be a frustration that Government homelessness funding tends to be announced late and on an ad-hoc basis, usually for one year only. This makes it challenging to plan strategically for the service. We also still await news of further funding (if any) for rough sleeping.

3.3 The Government's financial settlement announcements are broadly in line with the expectations built into our Budget Strategy. One change compared to our assumptions is regarding Revenue Support Grant - we had assumed zero in 2021-22 and thereafter, but we should now receive £100k on a one-off basis in 2021-22. A new grant, which is generally viewed as one-off in 2021-22, is the Lower Tier Services grant of £215k. This seems to be a supplementary sum to "level up" funding, in part for those authorities that had lost New Homes Bonus. These will help our reserves position and could help in funding any delays in implementing budget savings, but do not change the budget gap of £840k and savings to this value have been identified and are set out in section 5 below.

3.4 A summary of the funding position is set out below.

Table 1 - 2020-21 Forecast and 2021-22 Assumed Government Funding

	2020-21 £000	**2021-22 £000**
Revenue Support Grant	100	**100**
Business Rates Funding	5,910	**5,910**
Settlement Funding Assessment	6,010	**6,010**
New Homes Bonus	142	**125**
One off Lower Tier Funding	0	**215**
Ctax Support for Losses	0	**300**
Total	6,152	**6,650**

3.5 The Covid Emergency Grant Funding of £1.016m has not been included in the base budget. This is because the budget has been prepared on the assumption that Covid has a minimal direct net impact on the Council's finances, as such this money will be held in reserves to mitigate any adverse effects that may arise in 2021-22.

4.0 Resident views and corporate priorities

4.1 A residents survey was undertaken last year, but due to Covid, this year's results won't be available to inform the budget. Last year's survey found that 57% were surprised that the council receives such a small proportion of the overall Council Tax bill. Some 34% of respondents expressed agreement to the statement that the council provides value for money for the Council Tax that is paid. Respondents felt that the three things that most need improving in Thanet were clean streets, feeling safe and thriving towns. The council's budget and Medium Term Financial Strategy supports the corporate priorities set out within the Corporate Statement which very much focuses on delivering in these areas of concern.

4.2 The Medium Term Financial Strategy (MTFS) 2021-25 is on the same agenda as this report. It sets out themes to be adopted to address the projected funding gap for 2021-22 and beyond. These were as follows:

- **Growth:** We will continue to ensure we work to consider new ways to generate income and invest our current resources. Delivering a council that is financially strong to discharge its services and invest in the growth of the district.

- **Environment:** Having a clean and well-maintained environment remains important to us. We will be clear with our residents on what we will do and what our asks of residents are - cultivating a shared responsibility approach. Delivering a clean and accessible living environment, maintaining an emphasis on prevention but where necessary we will use an enforcement approach.

- **Communities:** Through effective partnership working with both the public sector agencies and the community, we will provide leadership and direction across the district and the region to ensure everyone is working to the same goal. Delivering high-quality housing, safer communities and enhancing the health and wellbeing of our residents.

4.3 The objectives of the council's budget strategy are to:

- Adequately resource the council's statutory services and corporate priorities set out within the Corporate Statement.
- Maintain a balanced General Fund such that income from council tax, business rates, grants and fees and charges is sufficient to meet its expenditure.
- Keep council tax increases as low as possible so as to avoid triggering a local referendum.
- Maintain the General Reserve at a level that is sufficient to cover financial risks and provide an adequate working capital.
- Maximise the council's income by promptly raising all monies due and minimise the level of arrears and debt write offs.
- Actively engage local residents in the financial choices facing the council.

5.0 Budget savings

5.1 A breakdown of the savings is set out below. The key drivers when identifying these savings have been to minimise the impact on council services and to minimise compulsory redundancies.

Table 2 - Savings proposals 2021-22

Service Area	Proposed Savings	£000
Finance & Procurement	Reprocurement of Merchant Acquiring service for card payments	30
Finance & Procurement	Reduction in bad debt annual provision	38
Finance & Procurement	Income and Payments Team 0.5 post	12
Finance & Procurement	Phased Finance & Procurement staffing structure change in anticipation of retirements	21
Finance & Procurement	Reduced interest rate reduces borrowing costs	52
Finance & Procurement	Review of historic recurring underspending budgets	18
Finance & Procurement	Corporate training	10
Finance & Procurement	Other small finance savings	19
Communications & Digital	Savings from digital strategy	14
Housing & Planning	Reduction in B&B as a result of reduced homelessness	84
Housing & Planning	Switch core budget funding to Better Care Fund	93
Housing & Planning	Switch core budget funding to be funded from enforcement/selective licensing	20
Housing & Planning	Reduction in the homelessness service budget by currently uncommitted element	36
Housing & Planning	Other Housing & Planning savings	12
Maritime	Maritime Operations/Technical Services staff saving	34
Maritime	Coastal maintenance	25

Maritime	Other Maritime savings	28
Operational	Coastal Development and Tourism staff saving	19
Operational	Other Operational Services savings	18
Enforcement & Neighbourhoods	Sports and Leisure provision for council contributions to external funding	12
Enforcement & Neighbourhoods	Neighbourhood Services staff savings	80
Enforcement & Neighbourhoods	Other Enforcement & Neighbourhoods savings	20
Property & Asset Management	Facilities management printing, postage, other savings	62
Property & Asset Management	Capital Development/Building Control staff saving	59
Chief Executive	Chief Executive savings	24
	Total	**840**

5.2 It is estimated that approximately eight staff members may be at risk of redundancy, although this depends in some cases on the precise nature of the relevant restructure and subject to consultation. Any staff that are at risk of redundancy will be considered for vacant posts where appropriate.

5.3 The savings above have been as a result of detailed work by managers and a great deal of discussion in order to minimise the impact on services and staff. The list of proposed savings has been shared at budget briefings that all members have had the opportunity to attend. All the proposed savings have been assessed as having a minimal impact on front line services.

6.0 Overview of the budget

6.1 The summary of the General Fund budget is set out below.

Table 3 - Summary General Fund Revenue Budget 2021-22

	£000	£000
Opening Funding Position		16,982
Budget pressures (including inflation but excluding funding)		1,249
Budget savings (£840k + £25k achieved from 2020-21)	-865	
Fees and charges	-200	
Total Savings		-1,065
Contribution to reserve Grants		526
Contribution from reserve Covid NNDR		-527
Net Budget Requirement		**17,165**
Funded by:		

Government funding (including RSG, business rates and New Homes Bonus)		-6,135
Other Grants		-961
Collection Fund deficit		144
Collection Fund Deficit NNDR		527
Council Tax income		-10,740
Net Financing		**-17,165**
Tax Base		**44,156**
Indicative Band D Council Tax		**£243.13**
% Increase on Band D		**2.10%**
£ increase on Band D		**£4.99**
General Reserve b/fwd		**2,011**
Contribution to/from reserve		**-**
General Reserve c/fwd		**2,011**

7.0 Council Tax

7.1 Under section 33 of the Local Government Finance Act 1992 (as amended) and supporting Regulations, the council must make an annual calculation of its tax base. The tax base is the total number of properties on which Council Tax will be charged expressed as a band D equivalent, after allowing for discounts, exemptions and losses on collection. The method of calculation is prescribed in the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.

7.2 The tax base is used in the calculation of the Council Tax Requirement, to produce the standard amount of Council Tax for a band D property, in relation to both the District and the major precepting authorities.

7.3 The calculation of the tax base has been amended to take account of the Council Tax Support Scheme (CTSS). The resultant tax base for 2021-22 is 44,156 and is being considered by Cabinet for approval on this same agenda. This compares to a figure of 44,506 for 2020-21.

7.4 The calculation of the Council Tax Base for a given year includes an assumption of the percentage of amounts due which are actually collected. The forecast collection rate has been assumed as 98.0% and has been included within the budget calculations.

7.5 The Government has confirmed in its provisional financial settlement for 2021-22 that Council Tax referendum limits will apply, so that any increase above the greater of 2% or £5 on a Band D equivalent will be subject to a referendum.

8.0 General Fund Capital Programme

8.1 This section considers the capital programme and supporting strategy for the period 2021-22 to 2024-25. A summary of the programme is included in Annex 1.

8.2 A minimum level of £15k has been set for capital expenditure on a fixed asset which is expected to be in use for more than one year. Expenditure below this value is not treated as capital and is therefore not recorded on the asset register or funded from capital resources. Capital expenditure also includes qualifying grants and loans, such as those 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 borrowing, capital receipts, capital grants or revenue contributions.

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

The Asset Management Plan

8.4 By far the largest element of the council's capital worth (as represented by the fixed asset values on the balance sheet) is in its property holdings, with a total of £267 million showing as the net book value of all property assets as at 31 March 2020 (after depreciation has been applied). In line with Government and best practice guidelines, the council is required to have prepared and published an Asset Management Plan (AMP) which outlines its approach to its material asset holdings. This is to ensure that it acts responsibly in terms of undertaking a stewardship role over valuable public assets whilst deriving the maximum use from them in terms of service delivery so that value for money is able to be evidenced.

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

The Capital Budget Strategy

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

- To maintain an affordable four-year rolling capital programme.

- To ensure capital resources are aligned with the council's strategic vision and corporate priorities.
- To undertake prudential borrowing only where there are sufficient monies to meet in full the implications of capital expenditure, both borrowing and running costs.
- To maximise available resources by actively seeking external funding and disposal of surplus assets.
- To engage local residents in the allocation of capital resources where appropriate.

8.7 Due to the limited availability of capital receipts and the need to contain the level of borrowing undertaken to minimise the revenue impact, it has been necessary to review the capital programme. This is to ensure sufficient funding is available for existing schemes that have commenced and that any new projects are of the highest corporate priority and/or reduce the pressure on the revenue account.

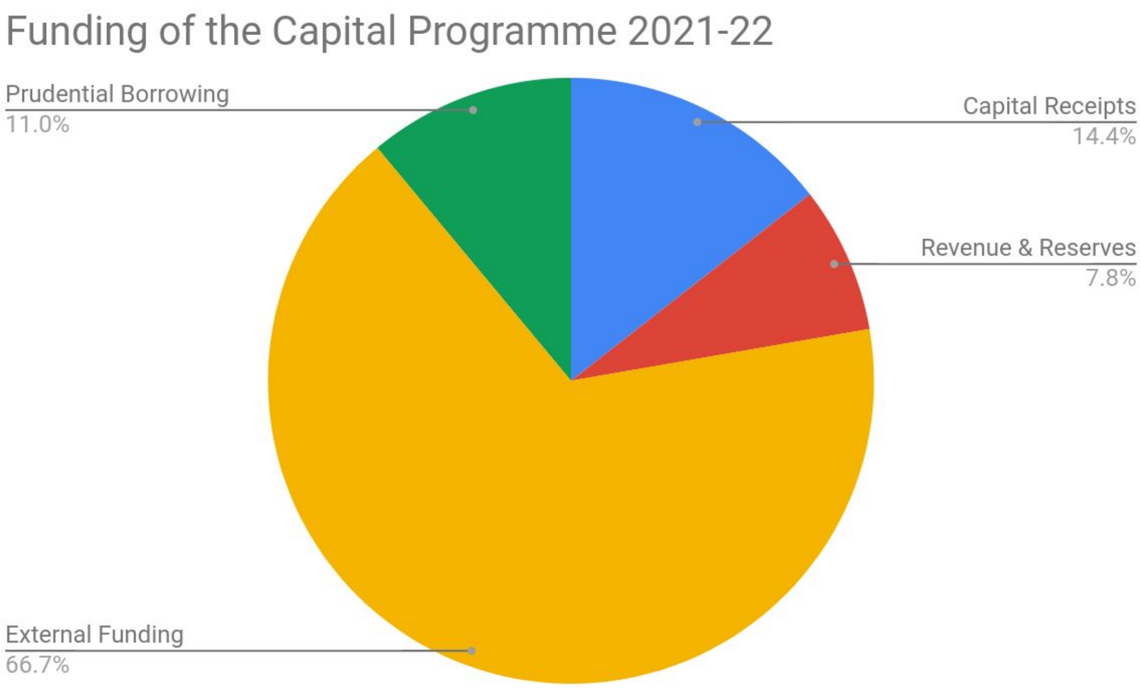
8.8 Applications for capital bids have been reviewed by the Corporate Management Team and scored against a weighted matrix to ensure they focus on the council's core priorities, benefit to the community, environmental impact, health and safety requirements, the generation or protection of income streams and affordability. The level of resources available raises a number of issues and risks for future years, which need to be addressed. Over the past few years the council has seen significant constraints in its available capital receipts. It is difficult to estimate the funding level achievable, as a number of changes often arise to the asset disposal programme once the consultation process has been completed. In the event that sufficient disposals cannot be realised in 2021-22 onwards this will result in a need to reduce or defer the capital programme or to borrow, thus increasing the revenue pressure on the General Fund. Regular monitoring will need to be reported back to members and the capital programme adjusted accordingly.

8.9 There is limited scope for future investment in new assets or making improvements to existing buildings. The Asset Management Plan is key in delivering resources to the capital programme and rationalising the council's asset and property portfolio. It is imperative that limited resources do not damage the council's ability to maintain its significant income streams as assets deteriorate from lack of investment. It is likely that over the next four years some difficult decisions will need to be made on some of the asset holdings. There are limited capital resources to fund any overspends/new requirements which could occur during the financial year. Any additional schemes during the financial year are likely to require an existing scheme to be deferred or funds re-allocated unless there is a strong case to borrow.

Available Capital Funding

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

A summary of the 2021-2025 capital resources utilised to fund the Capital Programme is detailed in Annex 1, but shown graphically below.



8.11 **Capital Grants** – these are offered by external funders to assist with certain types of expenditure. Capital grants include those from the Environment Agency and Lottery Fund. The Better Care Fund allocation for 2021-22 is estimated to be at least in line with the 2020-21 allocation, £3.015m. Some £3.192m (inc. b/fwd) has been set aside to fund the Housing Assistance Policy within the capital programme. This is made up of funding from the Better Care Fund and recycled Regional Housing Board monies. The 2021-22 capital programme also includes a project to bolster Thanet's sea defences (funded by the Environment Agency).

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

8.13 Before the start of each financial year, a Flexible Use of Capital Receipts Strategy should be prepared as part of the annual budget documents. This sets out the rare occasions the council can apply to Government to capitalise expenditure that would normally be deemed as revenue. Government has advised that the council can apply to capitalise the costs of transformational revenue reform projects. The Flexible Use of Capital Receipts Strategy is set out in Annex 2 and details the criteria where this may be considered as per guidance issued by Government.

8.14 The level of capital receipts available from the sale of surplus assets has been very constrained over the last few years. Reasons for this have included the economic situation, assets being removed from the disposal list following consultation, and capital funding being switched from reserves to capital receipts wherever possible due to significant pressures on the council's revenue budget. Members should note that an estimated £0.789m in capital receipts has been forecast to fund the 2021-22 programme. This will be monitored closely during the financial year, as it may be necessary to adjust the programme in year depending on asset disposal and funding outcomes.

8.15 Every new capital project requires a funding source. This may be external grant funding, or else funded from within the council's own resources. A major source of funding the capital programme for some years has been capital receipts. The policy has been to dispose of some of the council's assets to enable investment in other of the council's assets. The council needs to be sure that the assets that benefit from investment offer a return of some sort; whether that be a financial return, additional social value or an enhanced operational capability to deliver better/more efficient services. Only in exceptional cases does the council consider funding a capital project from borrowing, as this creates a long term liability that requires debt repayments, the cost of which has to be funded from the same source as for service delivery.

8.16 Projects already agreed from previous years within the four year programme are Housing Assistance Policy (including Disabled Facilities Grants), Upgrade of Amenity Blocks, Pontoon Decking Improvements, School Gate Safety Enforcement Partnership, Vehicle & Equipment Replacement Programme, Property Enhancement Programme, End User Computing Refresh of Devices, IT Infrastructure, Stone Bay Sea Wall Work, and Broadstairs Flood and Coast Protection Scheme.

8.17 Capital bids for the forthcoming years have been reviewed and scored. Where projects require prudential borrowing further details can be found within the attached Annex 1.

8.18 **Table 4: New Capital Projects**

New Capital Project	Project Outline
Financial Management System	Replace the current system with an improved one; making greater use of cloud computing and improved compatibility with the council's other IT systems/infrastructure.
Jet-Ski Berths	Instal Jet-Ski berths at Ramsgate Marina for the benefit of the community.
Ramsgate Port - Berth 1 Refurbishment	Refurbishment to ensure the continuing effective operation of this berth.
Boat Wash Separator	Enhancement to the current boat wash service at Ramsgate Harbour.
Thanet District LED Lighting	Convert council owned street/open spaces lighting to LED (also replacing lamp columns where necessary).
Replacement Crematorium Chapel Roof	To make the roof watertight and reduce the need for repairs.
Royal Harbour Multi-Storey Car Park Lift Replacement	To improve the lift facility at this car park and reduce servicing costs through the reduction of plant required and improved resilience of a modern installation.

8.19 The draft General Fund Capital Programme for 2021-22 is £5.461m, which will be funded in the main from capital grants, usable capital receipts and prudential borrowing. This is shown in summary format below.

Table 5: Draft Capital Programme 2021-2025

	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000
Statutory and Mandatory Schemes	3,192	3,000	3,000	3,000
Ongoing Schemes from Previous Years	275	0	0	0
Annual/Regular Enhancement Programmes	739	1,053	739	739
Wholly/Part Externally Funded	450	880	0	0
Construction, Replacement and Enhancement	730	300	80	0
Capitalised Salaries (not yet allocated to capital projects)	75	75	75	75
Total Capital Programme Expenditure	**5,461**	**5,308**	**3,894**	**3,814**
Capital Resources Used:				
Capital Receipts and Reserves	1,216	828	314	314
Capital Grants and Contributions	3,642	3,880	3,000	3,000
Contributions from Revenue	0	0	0	0
Prudential Borrowing	603	600	580	500
Total Funding	**5,461**	**5,308**	**3,894**	**3,814**

8.20 Any slippage from the 2020-21 capital programme will be in addition to the numbers in the above table. For example, the Budget Monitoring Report for the 14 January 2021 Cabinet meeting gives an estimated 2020-21 General Fund capital programme underspend of £11.142m.

9.0 Treasury Management Strategy

9.1 The Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy for 2021-22 were considered by Governance & Audit Committee on 25 November 2020 and are contained in a separate report on this agenda.

10.0 Flexible use of receipts

10.1 In March 2016 the government produced Statutory Guidance on the Flexible Use of Capital Receipts, allowing councils to use capital receipts received in the period 1 April 2016 to 31 March 2019 to fund revenue spending which is forecast to generate ongoing savings to an authority's net service expenditure.

10.2 The above initiative has subsequently been extended by the government for a further three years. Accordingly, capital receipts which have been received from 1 April 2016 to 31 March 2022 may now be used to fund revenue expenditure incurred during this period which is forecast to generate ongoing savings to the council's net service expenditure.

10.3 This provides an opportunity for the council to invest in some significant projects during this period to embed efficiencies for future years. As previously reported, capital receipts have been or are being used to:

A. Fund in 2017-18 a Corporate Restructure that was conducted by the Chief Executive, which will reduce the establishment costs of the council, delivering long-term savings. In 2018-19 and 2019-20 there have been further service reconfigurations and restructures that will deliver long-term savings.

B. Deliver Digitally Enabled Services (which will reduce costs and also improve customer service).

10.4 Expenditure on these two projects has been as set out in the table below.

Table 6: Flexible Use of Receipts

Budget and Expenditure	**Corporate Restructuring and Service Reconfiguration £'000**	**Digitally Enabled Services £'000**	**Total £'000**
Original Budget	800	200	1,000
2017-18 spend	(287)	(32)	(319)
2018-19 spend	(23)	(95)	(118)
2019-20 spend	(437)	(60)	(497)
Forecast 2020-21 spend	(53)	(73)	(126)
Previous budget transfer (from End User Computing refresh of Devices)	0	60	60
Requested budget transfer (from IT Infrastructure)	0	100	100
Total - estimated budget remaining to the end of	**0**	**100**	**100**

March 2022			

10.5 Expenditure for the 2020-21 financial year will be reflected in monitoring reports.

10.6 The updated strategy requests that £100k of the 2020-21 capital budget for IT Infrastructure be transferred to Digitally Enabled Services, as shown in the table above. This is also reflected in the Budget Monitoring Report No.3 included elsewhere on this Cabinet agenda.

10.7 Cabinet is asked to consider and agree this revised strategy (see Annex 2) and recommend it to council.

11.0 General Fund reserves

11.1 Section 32 of the Local Government Finance Act 1992 requires local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating their Council Tax Requirement. The Section 151 Officer is responsible for providing advice, so that decisions taken on reserves represent proper stewardship of public funds. Reserves should be set and maintained at a level at least sufficient to meet any unexpected increase in expenditure or shortfall in income in the ensuing year that cannot be met from within the approved budget. Any decision that fails to take into account his advice may require a report to be made to the council under Section 114 of the Local Government Finance Act 1988.

11.2 Section 25 of the Local Government Act 2003 includes a duty on the Section 151 Officer to report, at the time the Council Tax is set, on the robustness of the budget calculations as well as the adequacy of the council's reserves and other matters. The level of reserves is also a factor the external auditor will consider in appraising the council's financial standing.

11.3 When reviewing medium term financial plans and preparing annual budgets, Members should consider the establishment and maintenance of reserves. These may be held for three main purposes:

- As a working balance to help manage cash flow and cushion the impact of unexpected budgetary pressures (general balances).
- As a contingency to cushion the impact of significant unexpected events or emergencies (general balances).
- As a means of building up funds to meet known or predicted requirements and again to prevent significant fluctuations in net budget cost between years (earmarked reserves).

Ultimately, reserves and balances are held by the council in order to help it manage risk. This is important as we cannot borrow money over the medium term, other than for investment in assets, and we are required to balance our budget on an annual basis.

11.4 General Fund reserves consist of a number of earmarked reserves, together with the unallocated general reserve. All reserves and balances form part of the General Fund but the Housing Revenue Account balance is specifically 'ring fenced' for use in connection with that account.

11.5 In addition to the cash-backed reserves described above, local authorities maintain a number of other reserves in the balance sheet. Some are required for statutory reasons and other reserves are required to comply with proper accounting practice. In either case these balances are not available for investment.

11.6 The council's policy is for a minimum General Fund reserve of £2.0m. In accordance with best practice, an annual risk assessment is undertaken to check the level required for 2021-22. Revised calculations show that the assessed level should remain at £2.0m. Although this report on adequacy of reserves is specific to 2021-22, the council should bear in mind that adequacy should also be judged against longer-term plans.

11.7 In addition to the General Fund reserve, the council keeps a number of earmarked reserves on the Balance Sheet. These reserves are required in order to comply with proper accounting practice, whilst others have been created to earmark resources for known or predicted liabilities. A summary of the projected reserves, allowing for the budget proposals, is shown in the table below for information.

Table 7: Council Reserves

Reserves	**31 Mar 20**	**Movement**	**31 Mar 21**	**Movement**	**31 Mar 22**
	£000	**£000**	**£000**	**£000**	**£000**
General Fund	2,011	0	2,011	0	2,011
HRA - Balances Reserve	8,645	(1,348)	7,297	(1,145)	6,152
Earmarked - GF	12,453	(1,700)	10,753	(1)	10,752
HRA - New Prop/ Repairs Reserve	1,075	(1,075)	0	0	0
Capital receipts	8,544	(3,649)	4,895	(1,300)	3,595
HRA - Major Repairs Reserve	15,469	(7,409)	8,060	(7,676)	384
Total	**48,197**	**(15,181)**	**33,016**	**(10,122)**	**22,894**

12.0 Analysis of Reserves and S151 Officer view

12.1 The council's reserves were low before Covid-19 and as with other local authorities, Covid had an impact on the accounts that resulted in a further reduction. Council on 10 September 2020 agreed the use of £3m of earmarked reserves in order to fund the one-off impact of Covid in 2020-21. Subsequently, the overall budget forecast reduced from a £5.6m overspend to a £5.2m overspend, and the Government funding projection has increased by £900k. This gives rise to an improved projected position on reserves of £1.3m. Based on some broad assumptions, only £1.7m of reserves will be needed to fund the in-year overspend.

12.2 There remain a number of uncertainties. Our 2020-21 forecast overspend of £5.2m may worsen, particularly as the impact of Covid has probably continued for longer than previously thought. The country entered a second national lockdown in November. Thanet was in tier 4 of Covid restrictions from 20 December 2020 and at the time of writing this report, the Government has just announced a new national lockdown until at least mid-February 2021. Government funding of £2.9m has been welcome and has been supplemented by a variety of other funding pots. The funding to support income loss from fees and charges will also assist - this was forecast at £800k in September but is now forecast at £600k to reflect lower forecasts of income loss.

12.3 The 2021-22 service budgets have been set on the basis of Covid having a minimal impact. The council is taking a strategic view, aiming to hold reserves as protection against unfunded Covid losses in 2021-22. Therefore it is recommended not to reverse any of the previous decisions regarding the use of earmarked reserves, but instead to wait until the financial picture is clearer for 2020-21 and to assess the level of reserves at 31 March 2021. During 2021-22, reserves will be supplemented by £100k in Revenue Support Grant and £215k Lower Tier Services grant which had not been planned, as well as further Covid funding.

12.4 Overall, the changing impact on reserves and forecast for 2020-21 is set out below:

As at 10 September 2020:

	£000
Forecast overspend	5.6
Government Covid expenditure funding estimate	(1.8)
Government Covid income funding estimate	(0.8)
Net use of reserves	3.0

As at December 2020:

	£000
Forecast overspend	5.2
Government Covid expenditure funding estimate	(2.9)
Government Covid income funding estimate	(0.6)
Net use of reserves	1.7

12.5 The council is committed to replenishing reserves over the medium term. The reduced need to use reserves in 2020-21 can help the council manage the risk of Covid in 2021-22 and should hopefully enable reserves to be returned to at least their pre-Covid levels, starting in 2022. The Section 151 Officer is of the opinion that the proposals in this report are based on realistic assumptions and represent a balanced approach of supporting services to residents and businesses now, whilst managing risks and protecting the council's financial resilience.

13.0 Housing Revenue Account (HRA)

13.1 Following consultation, Cabinet on 17 February 2020 decided that future provision of Tenant and Leasehold services will be via an in-house model. This new service came into effect from 1 October 2020 after Council had agreed the revised budget in September. As a result of this decision, this budget represents the first full budget cycle for the new in-house service.

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

13.3 Covid has had a significant effect on the housing service and on the HRA. At the time of writing this report it is still too soon to know the full extent of the impact. A reduced level of rent income is forecast in 2020-21 as a result of Covid, partly as a result of non-payment but also because of delays in completing new-build projects which then delay the date from which rent income can be collected.

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

- To maintain a Housing Revenue Account that is self-financing and reflects both the requirements of residents and the strategic visions and priorities of the council.
- To provide opportunities for tenants and leaseholders to become involved in the management of their homes.
- To provide safe, well maintained and energy efficient homes.
- To invest in long-term improvements to the council's housing stock and provide homes that people choose to live in.
- To increase the council's housing stock through programmes of new build and refurbishment.
- To review the alternative options for homes that cannot be maintained to meet current and future standards.
- To maintain a rent and charging policy that is both affordable for residents and ensures the resources needed for investment in homes and services.
- To maintain a minimum level of HRA reserves of £1m.

13.5 Details of the HRA expenditure estimates

13.5.1 **Contract and Price Inflation** - For direct expenditure budgets, price increases have been included at 2%, which is the best estimate of the level of inflation at this point in time, unless there is a known inflation factor within a specific contract, in which case this has been used.

13.5.2 **Repairs and Maintenance -** The net revenue budget has increased by £152k to reflect the increased costs of water safety risk assessments and contractual inflation.

13.5.3 **Supervision and Management General** – This area of expenditure includes the costs of the majority of staff in the new in house tenant and leasehold service. As such the costs in this section have risen slightly as a result of the higher cost of the in house service.

13.5.4 **Bad or Doubtful Debts Provision** – The provision for bad or doubtful debts for 2021-22 has been increased slightly as it is now set at 1.75% of expected rental income, so it will increase in line with rental income increases. Covid-19 continues to impact on rent arrears, but it is impossible to separate the true impact from other arrears. The overall arrears have not increased as much as anticipated in 2020-21 and therefore it is hoped the bad debt provision proposed for 2021-22 will be sufficient going forward. However, this is one area that will continually be monitored closely through quarterly monitoring.

13.5.5 **Depreciation for Fixed Assets** – The estimated depreciation charge for dwellings and other assets is calculated at £4.31m in 2021-22. This is an increase of £260k over 2020-21 as a result of new units being built and purchased and the increase in housing stock valuations.

13.5.6 **Debt charges** – Since the self-financing settlement, the council has operated a two loan pool approach whereby the HRA and GF are each responsible for the repayment of their own apportionment of loans. As part of the self-financing settlement, the HRA had its debt capped at £27.792m, with this cap being abolished from 29 October 2018. As at 1 December 2020 the HRA had £15.9m of loans outstanding.

13.6 Details of the HRA income estimates

13.6.1 **Rent Increases** – Social rents have been set based on government rent guidance. Affordable Rents are linked to local market rents and to the Local Housing Allowance for the area. Rents are applied to individual properties at the lower of either 80% of the local market rent or the Local Housing Allowance. Members have raised concerns about the impact of the rent increase on current tenants and as a result, the budget presented has been set based on a CPI+1% increase for social rent tenants and a freeze for affordable rent tenants. Based on the proposed increase across the whole stock the average rent is £84.94, this is an average increase of £1.98 per property per week. For 2022-23 to 2024-25 an estimated 2% inflationary increase has been assumed. The average rents for 2021-22 per property type can be found in section 15.

13.6.2 The proposed average rent of £84.94 is substantially below the Local Housing Allowance levels - LHA rents are in the order of 50% higher - and actual private sector rents are higher still. It should also be noted that approximately three quarters of council tenants are in receipt of either Housing Benefit or Universal Credit. Whilst individual cases may vary due to specific circumstances, it is reasonable to assume that in general, increased rent will be matched by increased benefit.

13.6.3 **Non Dwelling Rents** - Garage rents are to remain at £12 per week. All sites are being reviewed for development and regeneration opportunities, as well as a new planned maintenance programme.

13.6.4 **Service Charge Increases** – Service charges are calculated based on actual cost. Tenant service charge increases continue to be capped at £3 a week.

13.6.5 **Heating Charges** – Heating charges will be recovered on actual cost based on usage and contract price and then apportioned across the block dependent on bedroom size.

13.6.6 **Investment Income** – This consists of interest accruing on HRA balances. The budget for 2021-22 of £15k is based on achieving an average interest rate of 0.1%.

13.7 Summary HRA Budget 2021-22

Table 8 - Summary HRA Budget 2021-22

	£000
Income	
Dwelling Rents (gross)	-13,346
Non-dwelling Rents (gross)	-227
Charges for services and facilities	-540
Contributions towards expenditure	-397
Income Subtotal	**-14,510**
Expenditure	
Repairs & Maintenance	4,160
Supervision & Management – General	4,103
Supervision & Management – Special	781
Rents, rates, taxes and other charges	259
Bad or doubtful debts provision	233
Depreciation/impairment of fixed assets	4,310
Capital Expenditure funded from HRA	300
Debt Management Costs	9
Expenditure Subtotal	**14,155**

Net Costs of Services Sub Total	**-355**
Share of Members and Democratic Core	148
HRA Investment Income	-15
Debt Interest Charges	888
Government Grants and Contributions	0
Adjustments made between accounting basis and funding basis	479
(Surplus)/Deficit on HRA	**1,145**
Housing Revenue Account Balance:	
Estimated Balance at Beginning of Year	**-7,297**
(Surplus)/Deficit for Year	1,145
Estimated Balance at End of Year	**-6,152**

13.8 HRA Business Plan

13.9 The HRA is currently running at a deficit which is putting pressure on previously built up reserves, this trend will continue to at least 2030-31 when the business plan is set to generate a surplus.

14.0 The HRA Capital Programmes for 2021-22

14.1 The major works capital programme budgets have been allocated according to the latest stock condition survey report.

14.2 The key budget in the 2021-22 Capital Programme which remains unchanged for that reported previously, is that for tower block works. Following reviews of the council's tower blocks, a programme of major upgrade works is required. These include upgrades to fire safety arrangements, such as fire compartmentation works, fire doors, fire alarms, smoke vents, and flat entrance doors, as well as upgrades to electrical installations, and other linked works such as redecorations. The programme also includes proposals to re-provide external wall insulation on five of the council's tower blocks with a fully non-combustible system. Fully structural, electrical and mechanical surveys are also planned so that any additional essential works can be identified and planned for. Fire safety works have already started at Invicta House and these will be replicated at all remaining blocks as part of the proposed programme.

14.3 The current new build programme is progressing well. Phase 1 completed in November 2018, delivering 11 affordable homes. Phase 2 and 3 started on site in 2019-20 and will deliver a total of 40 units which will complete in 2020-21. In 2020-21 further property acquisitions have been made through Phase 4 of the programme which will deliver 12 units and future acquisition/development is planned and budgeted in the programme although unit numbers cannot be confirmed until specific sites have been identified.

14.4 The Margate Housing Intervention is also continuing to make progress. Godwin Road and Warwick Road developments incurred delays, however both projects are now completed. There remains funding in the programme for a further project in Cliftonville.

14.5 The draft Housing Revenue Capital Programme for 2021-22 that is proposed for Members' approval is £16,518k, which will be funded from the HRA reserves, revenue contributions to capital, prudential borrowing and 141 receipts.

14.6 A summary of the programme and proposed funding sources are shown in Annex 3.

15.0 Proposed Average Rents

Table 9: Average rents 2021-22

AVERAGE RENTS 2021-22		
PROPERTY TYPE	SOCIAL RENT	AFFORDABLE RENT (inclusive of service charges)
BEDSITS	58.03	82.32
1 BED HOUSE	79.40	76.17
1 BED FLAT	68.57	80.28
2 BED HOUSE/BUNGALOW	86.35	113.93
2 BED FLAT	77.54	119.99
3 BED HOUSE	94.21	144.14
3 BED FLAT	92.03	143.94
4 BED HOUSE	104.04	158.61
4 BED FLAT	91.90	217.85
5 BED HOUSE	113.15	n/a

16.0 Options

16.1 Council could choose not to approve some or all of the proposals. This could include the proposed budget savings, the Council Tax increase or the housing rent increases. However, Members would also need to identify alternative ways of bridging the budget gap, if the changes gave rise to a shortfall.

Contact Officer: Tim Willis, Deputy Chief Executive & S151 Officer
Reporting to: Madeline Homer, Chief Executive

Annex List

Annex	Title
1	General Fund Capital Programme
2	Flexible Use of Receipts Strategy
3	HRA Capital Programme

Background Papers

Budget Strategy 2021-22, approved by Cabinet on 19 November 2020.
Fees and charges 2021-22, approved by Cabinet on 19 November 2020 and by Council on 10 December 2020.

Corporate Consultation

Finance: n/a
Legal: Estelle Culligan, Deputy Monitoring Officer

Annex 1 - General Fund Capital Programme

Capital Programme £000	Capital Bid Score	Directorate	Reprofiling from 2020-21	2021-22	2022-23	2023-24	2024-25
STATUTORY/MANDATORY							
Housing Assistance Policy (incl Disabled Facilities Grants)	104	Corporate Resources		3,192	3,000	3,000	3,000
ONGOING SCHEMES FROM PREVIOUS YEARS							
Upgrade of Amenity Blocks	102	Operational Services		75			
Pontoon Decking Improvements	103	Operational Services		85			
School Gate Safety Enforcement Partnership	104	Operational Services		115			
ANNUAL/REGULAR ENHANCEMENT PROGRAMMES							
Vehicle & Equipment Replacement Programme	128	Operational Services		500	500	500	500
Property Enhancement Programme	N/A	Corporate Governance		80	80	80	80
End User Computing - Refresh of Devices	104	Corporate Resources			314		
IT Infrastructure	108	Corporate Resources		159	159	159	159
WHOLLY/PARTLY EXTERNALLY FUNDED							
Stone Bay Sea Wall Work	121	Operational Services		450			
Broadstairs Flood and Coast Protection Scheme	112	Operational Services			880		
CONSTRUCTION, REPLACEMENT & ENHANCEMENT							
Financial Management System	100	Corporate Resources		220	30		
Jet-Ski Berths	107	Operational Services		15			
Ramsgate Port - Berth 1 Refurbishment	105	Operational Services			150		
Boat Wash Separator	106	Operational Services		45			
Thanet District LED Lighting	107	Operational Services		88	100	80	
Replacement Crematorium Chapel Roof	107	Operational Services		50			
Royal Harbour Multi-Storey Car Park Lift Replacement	104	Operational Services		312	20		
Capitalised Salaries (not yet allocated to capital projects)				75	75	75	75
Total for the Year			**0**	**5,461**	**5,308**	**3,894**	**3,814**

General Fund Capital Programme Funded By	Reprofiling from 2020-21	2021-22	2022-23	2023-24	2024-25
Capital Receipts		789	808	314	314
Reserves		427	20	0	0
Capital Grants & Contributions		3,642	3,880	3,000	3,000
Contributions from Revenue		0	0	0	0
Prudential Borrowing		603	600	580	500
Total for the Year	**0**	**5,461**	**5,308**	**3,894**	**3,814**

Analysis of Prudential Borrowing	Budget Area	Reprofiling from 2020-21	2021-22	2022-23	2023-24	2024-25
Jet-Ski Berths	Operational Services		15			
Thanet District LED Lighting	Operational Services		88	100	80	
Vehicle & Equipment Replacement Programme	Operational Services		500	500	500	500
Total		**-**	**603**	**600**	**580**	**500**

Total	MRP Life	MRP Cost £pa	Interest cost at 3% £pa
15	10	2	0
268	20	13	8
2,000	6	333	60
2,283		**348**	**68**

Agenda Item 6
Annex 1

Annex 2 - Flexible Use of Capital Receipts Strategy 2021-22

1.0 Flexible Use of Capital Receipts

1.1 In March 2016 the government produced Statutory Guidance on the Flexible Use of Capital Receipts. Proper accounting practices mean that capital receipts can only be used to support capital expenditure. However, the purpose of the guidance is to give flexibility as to the use of capital. In summary, the guidance allowed councils to use capital receipts from the disposal of property, plant and equipment assets received in the period 1 April 2016 to 31 March 2019 to fund revenue spending which is forecast to generate ongoing savings to an authority's net service expenditure.

1.2 The above initiative has subsequently been extended by the government for a further three years. Accordingly, capital receipts which have been received from 1 April 2016 to 31 March 2022 may now be used to fund revenue expenditure incurred during this period which is forecast to generate ongoing savings to the council's net service expenditure.

1.3 The guidance itself gives examples of the type of expenditure that can be funded from this source although it is not exhaustive. This includes:

- Funding the cost of service reconfiguration, restructuring or rationalisation (staff or non-staff), where this leads to ongoing efficiency savings or service transformation.

- Driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities where possible.

A more comprehensive list is provided in section 2 - Guidance below.

1.4 This provides an opportunity for the council to invest in some significant projects during this period to embed efficiencies for future years. As previously reported, capital receipts have been or are being used to:

(a) fund in 2017-18 a Corporate Restructure that was conducted by the Chief Executive, to reduce the establishment costs of the council, delivering long-term savings. Subsequently there have been further service reconfigurations and restructures to deliver long-term savings.

(b) deliver Digitally Enabled Services (to reduce costs and also improve customer service).

Hence, the use of capital receipts will result in significant ongoing savings for the council. Notification was duly given by the council to the Department for Communities and Local Government (DCLG).

1.5 It was previously estimated that these projects would produce significant ongoing savings, as set out below.

Project Name	Project Description	Estimated Qualifying Expenditure £'000	Estimated Annual Savings £'000
Corporate Restructuring and Service Reconfiguration	To review and update the organisational structure and service configuration to deliver efficiencies	800	814
Digitally Enabled Services	To adopt digital technology to enable new ways of working	200	50

1.6 Expenditure on these two projects has been as follows:

Budget and Expenditure	Corporate Restructuring and Service Reconfiguration £'000	Digitally Enabled Services £'000	Total £'000
Original Budget	800	200	1,000
2017-18 spend	(287)	(32)	(319)
2018-19 spend	(23)	(95)	(118)
2019-20 spend	(437)	(60)	(497)
2020-21 spend (estimated)	(53)	(73)	(126)
2019-20 budget transfer	0	60	60
2021-22 budget transfer	0	100	100
Total - estimated budget remaining to the end of March 2022	**0**	**100**	**100**

1.7 The corporate restructuring and service reconfiguration as implemented continues to deliver ongoing efficiencies throughout the organisation and this drive to deliver more efficient ways of working will continue through the MTFS 2021-25.

1.8 The push for Digitally Enabled Services continues to deliver improvements in the way that we manage our services. This is reflected through the delivery of ongoing savings within the MTFS 2021-25.

1.9 Actual spend for the 2020-21 financial year will be reflected in future updates.

1.10 It is requested that £100k of the capital budget for IT Infrastructure be transferred to Digitally Enabled Services, as shown in the table in section 1.6 above.

1.11 The following 2021-22 Treasury Management Strategy Statement Prudential Indicator will be potentially impacted by the use of £226k of General Fund capital receipts:

> **Ratio of Financing Costs to Revenue Stream**: The 2021-22, 2022-23 and 2023-24 General Fund ratios (to one decimal place) increase by 0.0%, 0.0% and 0.0% respectively - i.e. the increase is less than 0.1% for all three years.

This is calculated on the assumption that the flexible use of capital receipts does not increase the council's revenue stream but does increase the council's funding requirement by £226k.

1.12 Council is recommended to consider and approve this revised Capital Receipts Strategy.

2.0 Flexible Use of Capital Receipts – Guidance

2.1 To support local authorities deliver more efficient and sustainable services, under the Local Government Act 2003 section 15(1) the government allows local authorities to spend up to 100% of their capital receipts on the revenue costs of reform projects (revenue reform costs) and issued revised guidance in March 2016 and subsequently.

2.2 Accordingly the council can treat as capital expenditure, any expenditure that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services for any of the public sector delivery partners.

2.3 Revenue Reform Costs must be properly incurred by 31 March 2022 and can only be met from capital receipts which have been received from 1 April 2016 to 31 March 2022. Revenue Reform Costs cannot be financed from (i) Right to Buy receipts, (ii) pre 1 April 2016 capital receipts, and/or (iii) borrowing.

2.4 Revenue Reform Costs that generate ongoing savings may be funded from the council's capital receipts for the following:

- Sharing back-office and administrative services with one or more other council or public sector bodies;
- Investment in service reform feasibility work, e.g. setting up pilot schemes;
- Collaboration between local authorities and central government departments to free up land for economic use;
- Funding the cost of service reconfiguration, restructuring or rationalisation (staff or non-staff), where this leads to ongoing efficiency savings or service transformation;
- Sharing Chief-executives, management teams or staffing structures;
- Driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities where possible;
- Aggregating procurement on common goods and services where possible, either as part of local arrangements or using Crown Commercial Services or regional procurement hubs or Professional Buying Organisations;
- Improving systems and processes to tackle fraud and corruption in line with the Local Government Fraud and Corruption Strategy;

- Setting up commercial or alternative delivery models to deliver services more efficiently and bring in revenue; and
- Integrating public facing services across two or more public sector bodies to generate savings or to transform service delivery.

2.5 On a project by project basis details of the expected savings/service transformation will be provided.

2.6 The impact on the council's Prudential Indicators from Revenue Reform Costs being treated as capital expenditure is:

- Estimated and actual capital expenditure will increase by the amount of the Revenue Reform Costs;
- Balance Sheet resources (capital receipts) will decrease by the amount of the Revenue Reform Costs;
- The ratio of 'financing costs to net revenue stream' may increase or decrease depending on whether the reduction in treasury interest income from the utilisation of capital receipts is greater or less than any relevant revenue savings/enhancements achieved from successful implementation of the reform project(s).

2.7 Effect

Utilisation of capital receipts to fund expenditure that would usually be funded from revenue resources diverts the receipts available for re-investment in existing assets or the creation of new ones.

The council is using capital receipts to fund the redundancy costs of the corporate restructure and service reconfiguration, and the costs of digitally enabled services.

HRA Capital Programme 2021-22 to 2024-25

SCHEME	2021-22	2022-23	2023-24	2024-25
	£'000	£'000	£'000	£'000
Major Works				
Re – Roofing	270	280	290	300
Window & Door Replacements	200	175	175	175
Kitchen Replacements	468	477	487	497
Bathroom Replacements	156	159	162	165
Rewiring	153	156	159	162
Heating	367	375	382	390
Fire Precaution Works:	50	50	50	50
Tower Block Works	8,997	61	0	0
Planned Refurbishments (Door Entry and Entrance Doors)	65	65	65	20
Structural Repairs	250	100	100	100
Thermal Insulation	10	10	10	10
Lift Refurbishment & Replacements	900	0	0	0
Capital Salaries	100	100	100	100
Total Major Works	**11,986**	**2,008**	**1,980**	**1,969**
Disabled Adaptations				
Disabled Adaptations	300	300	300	300
Total Major Works + Disabled Adaptations	**12,286**	**2,308**	**2,280**	**2,269**
New Development Programmes				
New build Phase 4	4,332	0	0	0
Total Development Programmes	**4,332**	**0**	**0**	**0**
Total HRA Capital Expenditure	**16,618**	**2,308**	**2,280**	**2,269**

FUNDING	2021-22	2022-23	2023-24	2024-25
	£'000	£'000	£'000	£'000
Major Repairs Reserve	11,986	2,008	1,980	1,969
Revenue Contributions	300	300	300	300
Prudential Borrowing	3,032			
141 Capital Receipts	1,300			
Total Funding	**16,618**	**2,308**	**2,280**	**2,269**

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MEMBERS ALLOWANCES SCHEME 2021/22

Council	**11 February 2021**
Report Author	**Nicholas Hughes – Committee Services Manager**
Status	**For Decision**
Classification:	**Unrestricted**
Key Decision	**No**
Ward:	**All Wards**

Executive Summary:

This report is provided to allow the Council to agree the members allowances scheme for the 2021/22 financial year.

Once the scheme is agreed it will be forwarded to the East Kent Joint Independent Remuneration Panel for them to comment on. These comments will then be considered by Council at a future meeting.

Recommendation(s):

To adopt the proposed 2021/22 Members allowances scheme as set out at annex 1 to this report and to refer the scheme to EKJIRP for them to consider, with any amendments being reported back to Council.

Corporate Implications

Financial and Value for Money

If Members agree to the scheme of Members allowances as outlined at annex 1 to this report, then there will be no direct financial implications as a result of this report.

If Members agree to increase the rate of Members' Allowances to more than that set out in the report, additional budget or commensurate savings would need to be identified within the 2021/22 budget to cover this increase.

Legal

The Council is required to have regard to the recommendations of EKJIRP in making a scheme of allowances.

Section 18 of the Local Government and Housing Act 1989 permits the Secretary of State, by regulations, to make a scheme providing for the payment of a basic allowance, an attendance allowance and a special responsibility allowance to members of a local authority. Section 100 of the Local Government Act 2000 permits the Secretary of State, by regulations, to provide for travelling and subsistence allowances for members of local authorities, allowances for attending conferences and meetings and reimbursement of expenses. In exercise of these powers the Secretary of State has made the Local Authorities (Members' Allowances) (England) Regulations 2003.

The Regulations require the council to make a scheme before the beginning of each year for the payment of basic allowance. The scheme must also make provision for the authority's approach to special responsibility allowance, dependants' carers' allowance, travelling and subsistence allowance and co-optees' allowance. The scheme may also provide for other matters of the kind dealt with in the proposed scheme.

When considering the scheme, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who don't (the public sector equality duty). This consideration should be supported by a proportionate level of equality analysis.

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Corporate

The level of allowances may be seen as both impacting on the public's perception of the Council and a factor in making public services as a Councillor attractive to a broad range of potential candidates.

Equalities Act 2010 & Public Sector Equality Duty

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.

Protected characteristics: age, gender, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.

Although it does not directly relate to protected groups, the draft scheme contains the ability to pay a dependent carers allowance to Councillors. This contributes to aims 1 and 2 of the Equality Act as it removes barriers to Councillors standing who have relatives that may be in need of dependent care.

Corporate Priorities

This report relates to the following corporate priorities: -

- Communities

1.0 Introduction and Background

1.1 This paper gives Council the opportunity to adopt a Members' Allowances Scheme for the 2021/22 financial year.

2.0 Basic Allowance

2.1 Whilst it proposed to retain the current level of basic allowance for members, the list below details a history of the basic allowance over the last ten years with effect from 1 April:

2021/22: £4,570**
2020/21: £4,570
2019/20: £4,570
2018/19: £4,570
2017/18: £4,570
2016/17: £4,570
2015/16: £4,570

2014/15: £4,570
2013/14: £4,570
2012/13*: £4,570
2012/13: £4,360
2011/12: £4,360
2010/11: £4,360

*allowance increased on 12/7/2012
**Proposed basic allowance

2.2 The full scheme is attached to the report at Annex 1.

3.0 Options

3.1 Council can choose;

a) To adopt the proposed 2021/22 Members' Allowances Scheme as set out at annex 1 to this report and to refer the scheme to EKJIRP to consider, with any amendments being reported back to Council.

b) To propose an alternative scheme of allowances for 2021/22 and to refer that scheme to EKJIRP to consider, with any amendments being reported back to Council.

4.0 Next Steps

4.1 It is for Council to agree the Members' Allowances Scheme. However the scheme and any amendments made would need to be the subject of consultation with the East Kent Joint Independent Remuneration Panel. The Remuneration Panel can then make recommendations back to Council, any recommendations will then be considered by Council at a future meeting.

Contact Officer: Nick Hughes, Committee Services Manager
Reporting to: Tim Howes, Director of Corporate Governance and Monitoring Officer

Annex List

Annex 1: 2021/22 Draft Scheme of Members Allowances.

Background Papers

There are no background papers with this report.

Corporate Consultation

Finance: Matthew Sanham Financial Services Manager
Legal: Tim Howes, Director of Corporate Governance and Monitoring Officer

Part 6 - Members' Allowances Scheme 2020/21

1.1 This scheme is made in exercise of the powers conferred by The Local Authorities (Members' Allowances) (England) Regulations 2003 and of all other enabling powers, the Council having had regard to the recommendations made to it by an independent remuneration panel.

1.2 This scheme shall take effect on and from the 1 April 2020 and shall remain effective for the purposes of the determination and payment of any allowances to Members until it is next reviewed by Council.

1.3 Where a Member of the Council is also a Member of another authority, that Member may not receive allowances from more than one authority in respect of the same duties.

1.4 This scheme shall be construed in accordance with the meanings contained within the above Regulations.

Basic Allowance

1.5 The annual entitlement to Basic Allowance for each Member is the amount detailed in **Schedule 1.**

Special Responsibility Allowance

1.6 The annual entitlement to a Special Responsibility Allowance for each Member having a special responsibility is the relevant amount in relation to that responsibility detailed in **Schedule 1**.

1.7 Where a Member would otherwise be entitled to claim more than one Special Responsibility Allowance only one shall be payable, normally the higher unless the member gives notice in writing to the Committee Services Manager that he or she wishes to receive the lower.

1.8 Where Members of the Council are divided into at least two political groups and a majority belong to the same political group a Special Responsibility Allowance shall be paid to at least one person who is not a member of the controlling group.

Dependants' Carers' Allowance

1.9 Members are entitled to claim Dependants' Carers' Allowance for expenses necessarily incurred in arranging care on account of any 'Approved Duty'. The current allowance is included in **Schedule 1**.

1.10 The definition of a dependant for the purpose of payment of this allowance is that used in S57A (3) of the Employment Rights Act 1996. This is a spouse or partner, a child, a parent, a person who lives in the same household but who is not an employee, tenant, lodger or boarder.

1.11 Additionally the secondary carer must not be a member of the claimant's immediate family i.e. spouse or partner, other children of the Member or the Member's spouse or any member of the Member's family who lives at the same address as the Member. Nor can it be an employee, tenant, lodger or boarder who lives at that address.

1.12 Payment of Dependants' Carers' Allowances will be on the production of invoices and is limited to no more than one hundred hours per quarter. [**Note:** To avoid excess administration in processing claims, these should be submitted on a quarterly basis.]

Travelling and Motor Mileage Allowances

1.13 Members will be reimbursed car mileage only from their home to place of duty and return in respect of attendance at Approved Duties, or as the Council's representative, in accordance with the rates set out in **Schedule 1**.

1.14 If a Member visits the vicinity of the place of duty for some other purpose and then goes directly to the approved duty, a claim should not be made.

1.15 Subject to paragraph 1.16 below, for journeys outside the District, car mileage reimbursement will be capped at the cost of an equivalent journey by public transport (meaning the standard open rail fare together with reasonable taxi/bus fares, parking charges and underground fares incurred, or which would have been incurred if the Member had travelled by public transport). If, however, the costs of an equivalent journey by public transport equals or exceeds car mileage costs, full mileage costs will be reimbursed.

1.16 Notwithstanding that the cost of car mileage reimbursement would exceed the cost of an equivalent journey by public transport, a Member will nevertheless be entitled to claim mileage for out of district travel:-

(i) If he or she car shares with either an officer or one or more members, any of whom would have been entitled to make a mileage claim had they travelled independently; or

(ii) If the Committee Services Manager agrees in writing that the meeting, seminar, conference, event, presentation, service or other approved duty that necessitated the journey was not reasonably practical to make by public transport due to any or a combination of the following factors:-

- the distance from the members home to the nearest railway station;
- the location of the meeting;
- the start or finish time of the meeting;
- the amount of luggage to be taken; and
- the overall journey time on public transport compared to travel by car.

1.17 The written agreement of the Committee Services Manager under paragraph 1.16 above should normally be sought in advance of the intended journey but in exceptional circumstances may be obtained subsequently. In addition, where it is likely that a Member will be travelling to the same destination one more than one occasion, the Committee Services Manager shall be entitled to give the Member his agreement in writing to all such journeys.

1.18 Travelling and motor mileage allowances may be payable for attendance at any official meetings of the Council to which members of more than one party are invited to attend and also for representation on those bodies included in **Schedule 2.**

Subsistence

1.19 Payment of subsistence allowances in connection with any approved duty shall be in accordance with the provisions, including the maximum amounts payable, set out in **Schedule 1**.

Explanation of "Approved Duty"

1.20 Approved Duties comprise the following:-

a) a meeting of the authority or of any committee or sub-committee of the authority, or of any other body to which the authority makes appointments or nominations, or of any committee of such a body;

b) any other meeting, the holding of which is authorised by the authority, or a committee or sub-committee of the authority, or a joint committee of the authority and one or more other authorities, or a sub-committee of such a joint committee, provided that –

   i) where the authority is divided into two or more political groups, it is a meeting to which members of at least two such groups have been invited, or

   ii) if the authority is not so divided, it is a meeting to which at least two members of the authority have been invited;

c) a meeting of any association of authorities of which the authority is a member.

d) the carrying out of any other duty approved by the Council, or any duty of a class so approved, for the purpose of or in connection with the discharge of the functions of the Council or any of its committees or sub-committees. [Attendances at meetings of the bodies listed in Schedule 2 have been approved.]

e) There is also a general duty permitting the Leader or nominated deputy to represent the Council at formal meetings not specified elsewhere, with other authorities, official bodies or agencies for the purposes of any function of the Council, but excluding meetings organised by private individuals or commercial organisations.

1.21 Scrutiny Panel Members attending meetings of the Cabinet are entitled to claim travelling allowance and any Member speaking on an issue relevant to their Ward at a meeting of the Cabinet with the consent of the Leader or in accordance with Council rules is also entitled to claim travelling allowance.

1.22 If any Overview or Scrutiny Panel requires a Member of the Cabinet to attend before it in relation to matters within that Member's remit, then that Member is entitled to claim travelling expenses.

1.23 Where Cabinet Members attend non-executive meetings to observe only this is not deemed to be an approved duty and travelling expenses will not be paid.

1.24 Where any Member attends any Committee to speak on an item with the Chairman's consent, this attendance will be an approved duty for payment of travelling expenses.

1.25 Members are entitled to claim travelling expenses for Committee briefings and for all Partnership meetings or Chairman and Vice-Chairman meetings with the Lead Officer and these meetings are therefore approved duties.

1.26 This Scheme does not allow for travelling expenses to be paid to individual Members arranging meetings with officers as this is deemed to be part of the Member's role and Members' allowances paid are calculated to reflect these extra duties.

1.27 For any other ad hoc briefings e.g. on major developments, Members from all political groups with in excess of 5 Members will need to be invited to these briefings in order for travelling allowances to be paid.

1.28 No allowance shall be payable if such payment would be contrary to provision made by or under any enactment.

1.29 Members who attend committee meetings of which they are not a member (under Council Procedure Rule 20(1)) shall be entitled to claim travelling expenses.

1.30 Co-opted and Independent members shall be treated as Members of the Council for the purposes of Approved Duties.

Renunciation

1.31 A Member may, by notice in writing given to the Democratic Services and Scrutiny Manager, elect to forego any part of his/her entitlement to an allowance under this scheme.

Part Year Entitlements

1.32 The provisions of this paragraph shall have effect to regulate the entitlements of a Member to Basic and Special Responsibility Allowances where in the course of the year

- The Scheme is amended; or
- That Member becomes, or ceases to be, a Member, or
- He/she accepts or relinquishes a special responsibility in respect of which a Special Responsibility Allowance is payable

1.33 If an amendment, or amendments, to this scheme change(s) the amount of the Basic Allowance or a Special Responsibility Allowance to which a Member is entitled, then for each period in a particular year during which the relevant amounts are applicable, the entitlement to such allowance(s) shall be calculated on the basis of the equivalent daily rate(s) that is/are applicable to the relevant periods.

1.34 Where the term of office of a Member begins or ends at any time other than at the beginning or end of a year, the entitlement of that Member to a Basic Allowance shall be calculated on the basis of the equivalent daily rate that is applicable to the relevant period.

1.35 Where both:

- this Scheme is amended as described in sub-paragraph 1.32; and
- the term of office of a Member begins and/or ends as described in paragraph 1.33; then
- the entitlement of any such Member to a basic allowance shall be calculated on the basis of the equivalent daily rate that is applicable to the relevant periods.

1.36 Where a Member has during part of, but not throughout, a year such special responsibilities as entitle him/her to one or more Special Responsibility Allowances, that Member's entitlement shall be calculated on the basis of the equivalent daily rate(s) that is/are applicable to the relevant periods.

1.37 Where this scheme is amended as mentioned in paragraph 1.32 and a Member has during part, but does not have throughout the whole, of any period mentioned in paragraph 1.33 any such special responsibilities as entitle him/her to one or more Special Responsibility Allowances, that Member's entitlements shall be calculated on the basis of the equivalent daily rate(s) that is/are applicable to the relevant periods.

Repayment and Withholding of Allowances

1.38 Where payment of any Basic Allowance or Special Responsibility Allowance has already been made after a Member, ceases to be a Member of the Council or is in any other way not entitled to receive any such allowance in respect of that period, the Council may require that such part of the allowance as relates to any such period be repaid.

Payments and Claims

1.40 Allowances will be paid in instalments of one-twelfth of the amounts specified in this scheme by BACS transfer on the 19th of the month, one month in arrears.

1.41 Where a payment of one-twelfth of the amount specified in this scheme in respect of a Basic Allowance or a Special Responsibility Allowance would result in the Member receiving more than the amount to which, by virtue of paragraph 1.33, he/she is entitled, the payment shall be restricted to such amount as will ensure that no more is paid than the amount to which he/she is entitled.

1.42 Claims for Dependants' Carers' Allowances, Travel and Subsistence Allowances and Co-optee's Allowance (if applicable) shall be made within three months from the date on which an entitlement arises.

1.43 Nothing in the above paragraph shall prevent the Council from making a payment where an allowance is not claimed within that period.

Pensions

1.44 In accordance with the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014, no Member of Thanet District Council is entitled to be a member of the Local Government Pension Scheme after 11 May 2015.

With effect from the 1st day of April 2021 pursuant to a resolution of the Thanet District Council passed on the 11 February 2021.

SCHEDULE 1

MEMBERS' ALLOWANCES SCHEME – 2021/222

Basic Allowance

£4,570 each Member x 56 = £255,920

Special Responsibility Allowances

Position	Number	Allowance £	Possible maximum expenditure £
Executive			
Leader	1	18,082	18,082
Deputy Leader	1	10,776	10,776
Cabinet Portfolio Holder	3	7,990	23,970
Non-Executive			
Chairman of Council	1	2,188	2,188
Vice Chairman of Council	1	1,530	1,530
Opposition Group Leader	1	7,990	7,990
Deputy Opposition Group Leader	1	2,862	2,862
Opposition Spokesperson	3	2,862	8,586
Scrutiny Panel Chairman	1	7,990	7,990
Scrutiny Panel Vice-Chairman	1	3,216	3,216
Planning Committee Chairman	1	5,204	5,204
Planning Committee Vice-Chairman	1	1,216	1,216
Licensing Committee Chairman	1	3,216	3,216
Licensing Committee Vice-Chairman	1	805	805
Governance and Audit Committee - Chairman	1	5,204	5,204
Governance and Audit Committee – Vice-Chairman	1	1,216	1,216
Standards Committee - Chairman	1	1,216	1,216
Standards Committee – Vice-Chairman	1	400	400
Standards Committee – other Independent	2	250	500

Member			
“Independent Person”	1	250	250
Substitute “Independent Person”	1	100	100
JTB Chairman	1	1,216	1,216
TOTAL SRAs only			**£107,633**

Total basic + SRAs = £363,553

(1) Co-optees and "independent" Members shall be treated as Members of Thanet District Council for this purpose.

Dependants' Carers’ Allowances

An allowance for any approved duty of £8.91 per hour *(or the national living wage whichever is higher)* subject to the conditions set out in paragraph 4 of the ‘Members Allowances Scheme’.

Motor Mileage Allowance

Payable in accordance with the Mileage rates as set out in the TDC staff travel plan:

For the duration of this scheme the rates are as follows:

(i) For journeys within the District (casual user rate)

21.69 pence per mile

(ii) In exceptional circumstances and provided approval of the Committee Services Manager is obtained prior to the journey (see paragraph 1.16 of the Scheme) for journeys outside the District (essential user rate)

45 pence per mile*

(iii) Journeys by rail outside the District

standard open class rail fare

(iv) Cycling Allowance (HMRC Guidance)

20.4p per mile

* Normally for journeys outside of the district the equivalent of a standard open class rail will be paid.

Subsistence Allowances

Subsistence allowances will be payable to Members who are prevented by their official duties from taking a meal at their home, or place of work where they normally take their meals, and thereby incur additional expenditure. A Member will be required to submit receipts in order for reimbursement to be made.

Overnight Accommodation

Members who are required to make overnight stays in the performance of their official duties should, whenever possible, pre-book accommodation of an appropriate standard and obtain approval from the Head of Legal and Democratic Services. Arrangements should be made for an invoice to be submitted directly to the Council. If this is not possible, a detailed VAT receipt MUST be obtained to substantiate the claim.

Out of Pocket Expenses

Expenses are claimable if a Member is required to stay away from home overnight. They cover such items as newspapers and personal telephone calls.

Allowances payable as at 01/04/2021

	Subsistence Allowances (£)	
Subsistence	Breakfast	7.36
	Lunch	10.17
	Tea	4.03
	Evening Meal	12.59
Out of pocket expenses	Per night	5.73
	Per week	22.90

SCHEDULE 2

DUTIES WHICH ARE APPROVED FOR THE PURPOSE OF CLAIMING TRAVELLING & SUBSISTENCE

Representation on the following bodies

Action with Communities in Rural Kent (T)
Age UK: Thanet (T)
British Ports Association (TS)
British Destinations (AGM, Annual Conference and Executive meetings) (TS)
British Resorts Association (AGM, Annual Conference and Executive Meetings) (TS)
Campaign to Protect Rural England (T)
Canterbury Festival (T)
Citizens' Advice Bureau, Thanet (T)
Community Safety Partnership (T)
Domestic Violence Forum (T)
East Kent Housing Board (T)
East Kent Opportunities Ltd (T)
East Kent Spatial Development Company (T)
Kent Coast Volunteering (T)
Kent and Medway Independent Persons Forum (T)
Kent Police and Crime Panel (T)
Local Government Association Coastal Special Interest Group (TS)
Local Government Association Strategic Aviation Specialist Interest Group
Local Government Association District Council's Network (TS)
Local Government Association (General Assembly) (TS)
Margate Town Partnership (T)
Millmead Children's Centre Partnership (T)
Multiple Sclerosis Society (T)
Parking and Traffic Regulation Outside London (Adjudication Joint Committee) (T)
Powell Cotton Museum and Quex House (T)
River Stour (Kent) Internal Drainage Board (T)
Sandwich and Pegwell Bay National Nature Reserve Steering Group (T)
South East England Councils (SEEC) (TS)
Supporting People in Kent Commissioning Body (T)
Thanet Countryside Trust (T)
Thanet Harbour Users' Groups (T)
Thanet Quality Bus Partnership (T)
Thanet Rural Regeneration Group (T)
Thanet Sports Network (T)
The Friends of Margate Cemetery Trust (T)
Trust for Thanet Archaeology (T)
Tourism South East (T)
Your Leisure Thanet Sub-Group (T)
Youth Advisory Group (T)

(TS) Travel and Subsistence allowance may be claimed.
(T) Travel allowance only may be claimed.

CHANGES TO COMMITTEES, PANELS AND BOARDS - 2020/21

Meeting	11 February 2021
Report Author	Nick Hughes, Committee Services Manager
Status	For Decision
Classification:	Unrestricted

Executive Summary:

The report allows Council to agree on the number and size of the Committees, Panels and Boards for the remainder of the municipal year and then subsequently the proportionality of the Council as result of Cllr Taylor resigning his position as a Councillor. The report then goes on to address the allocation of seats on those bodies to political Groups, taking this into account and the notification Democratic Services have received that Cllr Campbell is stepping down from the Committees of which he is a member.

Recommendation(s):

3.6.1 That Council agrees the solution as outlined at paragraph 3.4.1 to achieve proportionality.

4.6.1 To note the corresponding group nominations to Committees, Panels and Boards for the remainder of 2020/21 as per paragraph 3.4.1. (The names of those Councillors so nominated will be presented at the meeting)

Corporate Implications

Financial and Value for Money

There are no direct financial implications from this report. However members allowances included in the annual budget are based on the existing structure and any increase in size or number of committees would require approval of the resulting increase in the budget.

Legal

The composition and allocation of membership of committees has been based on the relevant legislative requirements.

Corporate

There are no direct Corporate Implications

Equality Act 2010 & Public Sector Equality Duty

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.

Protected characteristics: age, sex, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.

This report relates to the following aim of the equality duty: -

- To eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act.
- To advance equality of opportunity between people who share a protected characteristic and people who do not share it
- To foster good relations between people who share a protected characteristic and people who do not share it.

Corporate Priorities

This report relates to the following corporate priorities: -

- Communities

1.0 Introduction and Background

1.1 The report allows Council to agree on the number and size of the Committees, Panels and Boards for the remainder of the municipal year and then subsequently the proportionality of the Council as result of Cllr Taylor resigning his position as a Councillor. The report then goes on to address the allocation of seats on those bodies to political Groups.

2.0 Political Balance

2.1 The political balance of the Council as a result of Cllr Taylor resigning as a Councillor is shown below:

Political Group	No. of Cllrs before changes	No. of Cllrs after changes
Conservative	25	25
Labour	18	18
Thanet Independents	7	**6**
Green	3	3
Independent (not in a group)	2	2
Vacant Seats	1	**2**

3.0 Political Proportionality

3.1 The Local Government and Housing Act 1989 requires the Council to allocate seats on committees to political Groups in accordance with the size of each group on the Council as a whole and in accordance with the following principles which should be observed as far as is reasonably practicable:

a) That not all seats on the same committee are allocated to the same political group;

b) That the majority of the seats on a committee are allocated to a particular political group if the number of persons belonging to that group is a majority of the Council's membership;

c) That, subject to a) and b) above, the number of seats on committees allocated to each political group bears the same proportion of the total of all the seats on committees;

d) That, subject to a), b) and c) above, the number of seats on a committee allocated to each political group bears the same proportion to the number of all seats on that committee.

3.2 For the purposes of political balance a Group is required to have at least two members and to have been formally constituted as a political group before the meeting.

3.3 The report author has contacted the leaders of the political groups and consensus on an option to achieve political balance has been achieved. Therefore the Council is asked to agree to the following solution.

3.4 Consensus Solution

3.4.1 That a seat on the Overview and Scrutiny Panel is removed and that the Thanet Independent Group representation on the Overview and Scrutiny is reduced from two seats to one seat. The table below shows the changes to numbers serving on Committees as a result of this proposal:

Committees	Total	Conservative Group	Labour Group	Thanet Independents	Green Group
Planning Committee	14	7	4	2	1
Licensing Board	13	6	5	1	1

Overview and Scrutiny Panel	**13**	6	5	**1**	1
Gov. and Audit	13	6	5	1	1
General Purposes	12	6	4	2	0
B&EA Working Party	6	3	2	1	0
CRWP	4	2	1	1	0
Totals	**75**	35	27	**9**	4

3.5 The overall political balance calculation for the proposal shown above is available at Annex 1.

3.6 Recommendation

3.6.1 That Council agrees the option outlined at paragraph 3.4.1 to achieve proportionality.

4.0 Nominations of Members to serve on Committees

4.1 Members are reminded that Section 16 of the Local Government and Housing Act 1989 states that where the Council has determined the allocation to different groups of the seats to which the Act applies, it shall be the duty of the authority to give effect to a Group's wishes about who is to be appointed to the seats that they have been allocated.

4.2 Therefore the corresponding amendments to group nominations as outlined below must also be made.

4.3 Consensus Option

4.3.1 That a seat is removed from the Thanet Independent Group on the Overview and Scrutiny Panel and the Thanet Independent Group need to remove a nomination from that Committee. The Thanet Independent Group will need to make new nominations to the Planning Committee and the Joint Transportation Board to replace Cllr Taylor. The Labour Group will need to make new nominations to the Overview and Scrutiny Panel, Standards Committee, General Purposes Committee and the Planning Reserves to replace Cllr Campbell.

This is summarised in the table below:

Committee/Group	Current Position	New Position
Planning Committee		
Thanet Independents	Cllr Taylor	New appointee needed
Planning Reserves		
Labour Group	Cllr Campbell	New appointed needed
General Purposes		
Labour Group	Cllr Campbell	New appointee needed
Overview & Scrutiny Panel		
Labour Group	Cllr Campbell	New appointee needed
Thanet Independents	2 seats	1 seat (one appointee to be removed)
Standards Committee		
Labour Group	Cllr Campbell	New appointee needed
Joint Transport Board		
Thanet Independents	Cllr Taylor	New appointee needed

4.4 Recommendation

4.4.1 To note the corresponding group nominations to Committees, Panels and Boards for the remainder of 2020/21 as per paragraph 3.4.1. (The names of those Councillors so nominated will be presented at the meeting)

5.0 Changes to Chair and Vice-Chairs of Committees

5.1 Any vacancies in Chairs or Vice Chair positions as a result of the changes outlined in this report would be considered as casual vacancies and as such would be filled by the relevant committee at their next meeting.

Contact Officer: Nick Hughes, Committee Services Manager
Reporting to: Tim Howes, Corporate Director, Governance & Monitoring Officer

Annex List

Annex 1: Proportionality calculations for main committees covered by Local Government & Housing Act 1989

Background Papers

None

Corporate Consultation

Finance: Chris Blundell, Director of Finance
Legal: Tim Howes, Corporate Director, Governance & Monitoring Officer

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Option 1

	Members		Conservative		Labour		TIC		Green		Non group
Overall Council	54		25		18		6		3		2
Groups only	*52*		*25*		*18*		*6*		*3*		0
	100.00%		*48.08%*		*34.62%*		*11.54%*		*5.77%*		100.00%
Under s15 LGHA 1989 proportionality applies in full											
	Members		Conservative		Labour		Thanet Independents		Green		check
Planning Committee	14		7		4		2		1		
	100.00%		50.00%		28.57%		14.29%		7.14%		100.00%
Licensing Board	13		6		5		1		1		
	100.00%		46.15%		38.46%		7.69%		7.69%		100.00%
Scrutiny Panel	13		6		5		1		1		
	100.00%		46.15%		38.46%		7.69%		7.69%		100.00%
Governance & Audit	13		6		5		1		1		
	100.00%		46.15%		38.46%		7.69%		7.69%		100.00%
General Purposes	12		6		4		2		0		
	100.00%		50.00%		33.33%		16.67%		0.00%		100.00%
BEAWP	6		3		2		1		0		
	100.00%		50.00%		33.33%		16.67%		0.00%		100.00%
CRWP	4		2		1		1		0		
	100.00%		50.00%		25.00%		25.00%		0.00%		100.00%
Totals allocated	75		36		26		9		4		
	100.00%		48.00%		34.67%		12.00%		5.33%		100.00%
Totals entitlement	*75*		*36.06*		*25.96*		*8.65*		*4.33*		76.00
Difference from entitlement no.	0		-0.06		0.04		0.35		-0.33		0.00
Difference from entitlement %			-0.0769		0.0513		0.4615		-0.4359		

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