

Date: 219 July 2021
Our ref: Cabinet/Agenda
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CABINET

29 JULY 2021

A meeting of the Cabinet will be held at **7.00 pm on Thursday, 29 July 2021** in the Council Chamber, Council Offices, Cecil Street, Margate, Kent.

Membership:

Councillor Ashbee (Chair); Councillors: Pugh, J Bayford, R Bayford, Kup and D Saunders

AGENDA

Item
No

Subject

1. **APOLOGIES FOR ABSENCE**
2. **DECLARATIONS OF INTEREST** (Pages 3 - 4)
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](#)
3. **MINUTES OF EXTRAORDINARY MEETING** (Pages 5 - 8)
To approve the summary of recommendations and decisions of the Extraordinary Cabinet meeting held on 08 June 2021, copy attached.
4. **MINUTES OF PREVIOUS MEETING** (Pages 9 - 12)
To approve the summary of recommendations and decisions of the Cabinet meeting held on 17 June 2021, copy attached.
5. **ASSET MANAGEMENT- GRANVILLE CINEMA** (Pages 13 - 18)
6. **QUARTER 4 TENANT AND LEASEHOLDER SERVICES UPDATE** (Pages 19 - 46)
7. **STATEMENT OF COMMUNITY INVOLVEMENT REVIEW - RESULTS OF PUBLIC CONSULTATION AND ADOPTION** (Pages 47 - 82)
8. **ANNUAL TREASURY MANAGEMENT REVIEW** (Pages 83 - 106)
9. **GENERAL FUND & HRA PROVISIONAL OUTTURN 2020-21** (Pages 107 - 130)
10. **BUDGET MONITORING 2021-22: REPORT NO.1** (Pages 131 - 148)

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11. **INSURANCE TENDER** (Pages 149 - 152)
12. **BERTH 4/5 - PORT OF RAMSGATE - ADDITIONAL FUNDING** (Pages 153 - 170)



Please scan this barcode for an electronic copy of this agenda.

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](#).

EXTRAORDINARY CABINET

Minutes of the extraordinary meeting held on 8 June 2021 at 7.00 pm in Council Chamber, Council Offices, Cecil Street, Margate, Kent.

Present: Councillor Ash Ashbee (Chair); Councillors Pugh, R Bayford, J Bayford, Kup and D Saunders

In Attendance: Councillors Albon, Austin, Bailey, Dexter, Everitt, Fellows, Garner, Keen, Ovenden, Rogers, M Saunders, Shonk, Towning, Whitehead and Yates

727. APOLOGIES FOR ABSENCE

There were no apologies received at the meeting.

728. DECLARATIONS OF INTEREST

There were no declarations of interest.

729. MARGATE TOWN DEAL UPDATE AND NEXT STEPS

Cabinet considered an update report on the Margate Town Deal and agreed that the Town Deal would play a considerable part in the regeneration of a significantly important coastal town in the South East. This opportunity would help deliver on growth aspirations for the town's residents, businesses and visitors, which are clearly set out in the Margate Town Investment Plan.

Within the Heads of Terms there was an in principle allocation of up to £22.2m out of the initially requested £29m in the Margate Town Investment Plan. Since receiving the Heads of Terms, the Margate Town Deal Board and the project team had been working hard to identify those projects that best met the priorities for the Towns Fund and Margate, to ensure that there was a robust programme of projects that would support the vision for regeneration and levelling up.

Capital investment in developing a Creative Land Trust, refurbishing and redeveloping the Theatre Royal, improvements to Walpole Bay, the Bathing Pool and access to the Bay, including an opportunity to test business ideas relating to coastal wellbeing and access to the sea would help to create jobs, skills and employment pathways. Investment in the Oval Bandstand and Skate Park would provide opportunities to engage the communities living in the most deprived area of Margate, and would aim to engage and support young people in the town.

Improving the public realm, enabling people to move around Margate and Cliftonville more easily would help spread the growth opportunities and improve the look of the town centre and coastal strip in Cliftonville. Investment in some of Margate's heritage assets would also support the future of these much loved buildings and would enable them to grow and take advantage of the town's economic growth.

The programme was now moving into the second stage of its development that involved putting the business cases together to set out a roadmap for delivery. Cabinet looked forward to receiving more detail about the delivery and the progress of the Margate Town Deal Board and the project team over the coming months.

Councillor Garner spoke under Council Procedure Rule 20.1.

Thereafter Councillor Pugh proposed, Councillor Bob Bayford seconded and Cabinet agreed to note the report.

730. RAMSGATE FUTURE INITIATIVE AND LEVELLING UP FUND

Cabinet welcomed the opportunity provided to Thanet by Central Government as a Priority 1 area for the recently announced Levelling Up Fund. The priority for the Levelling Up Fund was to focus resources on areas of deprivation in education and skills, employment, productivity, and to those areas that would need support for economic growth and recovery following the impact of the pandemic. Thanet had some significant hotspots in the district where levelling up, as set out by central government, was needed. Two thirds of the most deprived Lower Super Output Areas were in Margate, and a successful offer from the Ministry of House, Communities and Local Government for the Town Deal would support the Town's levelling up requirement. The other third were in Ramsgate and significant government investment was required to help drive regeneration and job growth.

Members noted that the submission of a bid to the Levelling Up Fund would complement other opportunities that are available to Thanet such as the successful Future High Street Fund bid, Margate's Town Deal offer of up to £22.2m and the Heritage Action Zones. This funding opportunity would support the delivery of regeneration projects in Ramsgate, which would undoubtedly support the whole district's economic recovery and levelling up of its communities.

Communities in Ramsgate want job creation, opportunities for young people, enhancement of the Royal Harbour and investment to support the regeneration of the port of Ramsgate, improvements to the public realm and removing any opportunities for crime. Regeneration of leisure and retail spaces to encourage new businesses was also important to residents. The Ramsgate Levelling Up Bid would help to do some of this, and the wider Town Investment Plan for Ramsgate would include those things that cannot be picked up by the Bid. Whilst £20m in capital was a significant amount, it was worth noting that further work would be needed by all stakeholders to benefit from this investment from central government.

Cabinet further noted that there were a number of things that were required for the Levelling Up Fund. Delivery would need to start within the 2021/22 financial year. All delivery would be required by March 2024. There was up to £20m investment, which was a capital fund and the government was encouraging bids to include a local financial contribution representing at least 10% of total costs. Although the funding contribution does not form part of the Gateway criteria for the fund, there was an expectation that a contribution would be expected from private sector stakeholders, such as developers, if they stood to benefit from a specific project. Cabinet agreed that therefore there would be no expectation that the Council would be underwriting any financial contributions referenced by 10% match in the governments narrative that are required from the private sector.

The following Members spoke under Council Procedure Rule 20.1:

Councillor Austin;
Councillor Everitt.

After the discussion, Councillor Ashbee proposed, Councillor Bob Bayford seconded and Cabinet agreed the following:

1. To approve submission of a Levelling Up Bid to the 18 June 2021 deadline;
2. To delegate authority to Chief Executive and the Leader of Council for final sign-off of the Levelling up Bid;

3. That the Council will not make a financial contribution in any form within the 10% financial contribution encouraged in the prospectus.

731. COST AND FINANCING OF DISCIPLINARY AND GRIEVANCES MATTERS

Cabinet considered the report on the cost and financing of disciplinary and grievances matters and confirmed that it was the responsibility of the Council's General Purpose Committee and its Investigations and Disciplinary Sub-Committee to consider the substance of these matters. The report only addressed the necessary approval of budget required for the costs incurred to date and anticipated possible future costs. Cabinet further noted the concerns of the Director of Finance in regards to affordability of the current proceedings.

The following Members spoke under Council Procedure Rule 20.1:

Councillor Garner;
Councillor Yates;
Councillor Towning;
Councillor Bailey.

Thereafter Councillor David Saunders proposed, Councillor Bob Bayford seconded and Cabinet agreed the following:

1. To approve the expenditure relating to these matters, in accordance with Rule 4 of the Budget and Policy Framework Procedure Rules;
2. That a one-off 2020-21 supplementary General Fund revenue budget of £247,000 be retrospectively approved for external legal costs already incurred in relation to on-going disciplinary and grievance proceedings, to be funded from earmarked reserves; and
3. That a one-off 2020-21 supplementary General Fund revenue budget of £486,000 be approved to create a financial provision for future anticipated external legal costs in relation to on-going disciplinary and grievance proceedings, to be funded from earmarked reserves.

Meeting concluded: 7.30 pm

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CABINET

Minutes of the meeting held on 17 June 2021 at 7.00 pm in Council Chamber, Council Offices, Cecil Street, Margate, Kent.

Present: Councillor Ash Ashbee (Chair); Councillors Pugh, J Bayford, R Bayford, Kup and D Saunders

In Attendance: Councillors Austin, Bailey, Duckworth, Everitt, Garner, M Saunders, Shonk and Wright

732. APOLOGIES FOR ABSENCE

There were no apologies received at the meeting.

733. DECLARATIONS OF INTEREST

There were no declarations of interest.

734. MINUTES OF PREVIOUS MEETING

Councillor Ashbee proposed, Councillor Bob Bayford seconded and Cabinet agreed to take the minutes of the meeting held on 29 April 2021 as read.

735. EVALUATION OF RETENTION OR DISPOSAL OPTIONS FOR 18 ALBERT STREET, RAMSGATE, CT11 9HD

Cabinet considered disposal proposals for the council property at 18 Albert Street, which is a grade 2 listed building. It was previously occupied as a shared ownership property, with the council owning a share. The previous occupants, who owned the remaining share, were responsible, under the terms of the sharing arrangement for the maintenance of the building. The property was currently in very poor condition, as detailed in the Cabinet report, with high estimated costs of refurbishment.

The property was also poorly laid out, with accommodation over 3 floors, connected by a narrow and winding staircase. The kitchen and bathroom were extremely small and there was now outside amenity space. For these reasons it was not considered suitable for retention as part of the council's rented housing stock. Members were reminded that there was a specific requirement on the council to ensure that any disposals of vacant dwellings are at a market value. It was therefore recommended that the council tested the market by disposing of the property at auction.

Councillor Austin spoke under council Procedure Rule 20.1.

Councillor Jill Bayford proposed, Councillor Pugh seconded and Cabinet agreed the following, that:

1. The Council owned property; 18 Albert Street is disposed of through auction;
2. The proceeds of sale are reinvested in the council's HRA capital programme.

736. REPRESENTATION ON OUTSIDE BODIES

Members considered the nominations presented to the meeting by the Leader of Council. The meeting was advised that the Margate Town Partnership was no longer in existence and had been replaced by the Margate Town Team which did not require member representation. The

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Margate Town Partnership was therefore taken off the list of Executive Appointed Outside Bodies for 2021/22.

Councillor Ashbee proposed, Councillor Kup seconded and Cabinet agreed the following nominations for the listed Executive Appointed Outside Bodies for the municipal year 2021/22.

| Name of Outside Body | No. of Reps | Representatives 2021/22 |
|---|--------------------|---------------------------------|
| British Ports Association | 1 | Cllr Ashbee |
| British Resorts Association (AGM, Annual Conference and Executive Meetings) | 1 | Cllr Pugh |
| Community Safety Partnership | 1 | Cllr Kup |
| Domestic Violence Forum | 1 + 1 sub | Cllr Kup Cllr J. Bayford |
| East Kent Opportunities Ltd | 1 | Cllr Ashbee |
| East Kent Spatial Development Company | 1 | Cllr R. Bayford |
| Kent Police and Crime Panel | 1 | Cllr Kup |
| Local Government Association Coastal Special Interest Group | 1 | Cllr Pugh |
| Local Government Association District Councils' Network | 1 | Cllr Ashbee |
| Local Government Association (General Assembly) | 1 | Cllr Ashbee |
| Local Government Association Strategic Aviation Specialist Interest Group | 1 | Cllr Ashbee |

| | | |
|--------------------------|---|---|
| Margate Town Partnership | 4 | This was replaced by the Margate Town Team which does not have member representation and has therefore been removed from the list |
|--------------------------|---|---|

737. COASTAL LIFTS CURRENT POSITION

Cabinet considered the updates regarding the current state of the coastal lifts in Broadstairs and Ramsgate. It was agreed that maintenance work on the lift at Viking Bay would be undertaken and be completed by the beginning of July 2021 at a cost of £17k. The costs would be paid from the Brexit Fund allocated by government. There had been a delay to start the repair works as a result of the parts being made.

There was now a new emergency response and attendance procure for the lifts to ensure that any problems would be fixed as soon as possible. The Viking Bay lift was over twenty years old and would require about £45k to bring it up to modern day standards. This would require a replacement of all the major components to give the lift more longevity. However no further budget had been allocated for these works.

The Ramsgate lifts had been affected by theft of lead from the roof and £48k had already been spent on repairs. It was anticipated that a further £20k would be needed to get the lift operational. However the additional repair works would be subject to structural surveys that had just been completed. Therefore until there was a clear understanding of the condition and work required, no further budget had been allocated for the repairs.

The following Members spoke under Council Procedure 20.1:

Councillor Bailey;
Councillor Garner.

Councillor Bob Bayford proposed, Councillor Pugh seconded and Cabinet agreed to note the report.

738. LEVELLING UP FUND - MARGATE DIGITAL

Cabinet appreciated the opportunity made available to Thanet District by central government to be a Priority One area for the Levelling Up Fund. This was the second opportunity that Thanet has had to bid for the funding for MargateDigital. The proposals under this bid would provide a cutting edge, industry relevant training space, which aims to influence creative thinking and technology, inspire people and provide industry ready candidates. The centre aimed to deliver inward investment, raise aspirations, provide opportunities for retraining and support SME's in the sector. EKC Group proposed to deliver more than 200 learners in the first year who would be primarily aged between 16 and 19 years.

This proposal was aligned with the Margate Town Deal which that was presented at the extraordinary cabinet meeting that took place on 8 July 2021, and will support the regeneration and repurposing of Margate High Street. Members were supportive of the bid and it had the full backing of the local Member of Parliament. Thanet had been lucky enough to have more than one opportunity to bid to this fund, with each of the two Parliamentary constituency areas in the district represented in the submitted bids.

Councillor Everitt spoke under Council Procedure Rule 20.1

Councillor Pugh proposed, Councillor Kup seconded and Cabinet agreed the following:

1. To approve submission of a Levelling Up Bid to the 18 June, 2021 deadline;
2. To delegate authority to Chief Executive and the Leader, for final sign-off of the Levelling up Bid;
3. That the Council will not make a financial contribution in any form within the 10% financial contribution encouraged in the prospectus, and this will be contributed by EKC Group.

Meeting concluded: 7.34 pm

Asset Management - Granville Cinema

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|-------------------------|--|
| Cabinet | 29 July 2021 |
| Report Author | Rob Large, Interim Director of Property and Asset Management |
| Portfolio Holder | Cllr-David Saunders and Cllr- Reece Pugh |
| Status | For Decision |
| Classification: | Unrestricted |
| Key Decision | No |
| Ward: | Eastcliff |

Executive Summary:

The Council's Corporate Statement for 2019-2023 sets out the direction of travel for the next four years. The assets identified below represent ageing property that requires repair and capital investment but, should this be completed, will not improve the return on income, or fulfil any operational requirements.

Cabinet is asked to consider the assets and make a decision on the recommended way forward.

Recommendation(s):

1. To progress the following property through the Community Asset Transfer as listed in Option 1.
2. To give delegated authority to the Director of Property, in consultation with the Disposal Surveyor, to enter into the relevant Agreement(s), on terms to be agreed.
3. To give delegated authority to the Disposal Surveyor to agree Heads of Terms and enter into the Agreement(s).

Corporate Implications

Financial and Value for Money

The disposal of the asset listed in this report will generate a capital receipt for the authority. The Council's 2021-22 capital programme is predicated on the receipt of £48k disposal proceeds in order to fully fund it. It should be noted that this requirement rises to £800k for the 2022-23 programme based on current estimates.

The asset also requires a substantial level of capital investment to bring it up to required compliance standards, and disposal of the asset would avoid the requirement to finance

these costs and reduce ongoing maintenance costs and reduce the risk of incurring future capital expenditure.

Legal

The proposal has no legal implications.

Corporate

The Council's Corporate Statement sets out its commitment to 'Maximise the return on our assets and services'. This recommendation will be supporting the Councils Corporate Statement for 2018 -2023.

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 foster good relations between people who share a protected characteristic and people who do not share it.*

The freehold sales will have no impact under the Equality Act 2010 and Public Sector Equality Duty. Transfers to benefit the community will support our commitment under these acts to continue to provide inclusive community facilities.

CORPORATE PRIORITIES

This report relates to the following corporate priorities: -

- *Growth*

1.0 Introduction and Background

- 1.1 Thanet Council is committed to a robust asset management strategy to renew underperforming land and property in order to achieve its corporate aims.

- 1.3 The property and land below have been fully appraised and are considered suitable for disposal via freehold transfer or lease.

2.0 The Current Situation

2.1 GRANVILLE THEATRE, VICTORIA PARADE, RAMSGATE, KENT CT11 8DG

The property comprises a 2 screen cinema/theatre building of 10,750 sq ft approx, with a total of 340 seats built circa 1947.

In 1998 it was let on a 20-year full repairing and insuring lease with effect from March 1997 at a rent of £10,000 pa which expired in 2017, but since then the tenant has held over under the security of tenure provisions of the Landlord & Tenant Act 1954.

The original rent was set on the basis that the tenants refurbished the building to create two auditoria at a cost of approx £160K. The tenant also received grant aid from Council, which covered rent for the first 5 years. However, other repairs to the building were left unfinished.

The lease was subsequently assigned to Granville Theatre Ltd (GTL), the current occupier, in May 2007, however, the building has been closed since March 2020.

A Schedule of works was prepared in April 2017 and identified £153k worth of repairs which included a replacement roof (the figure is exclusive of fees and VAT). The building has since deteriorated further with necessary works now estimated to have at least doubled in cost.

The property was nominated and accepted as an Asset of Community Value (ACV) on the 1st of October 2019 (ACV/19/GT).

The Council has been collaborating with the outgoing tenant to ensure a smooth handover and is due to take formal possession of the building in June 2021.

3.0 Options

The preferred and recommended options are as documented at the top of this report.

All options presented below will require an “intention to dispose” notice to be published in accordance with the Localism Act 2011 as the building is a registered ACV.

3.1 Option 1: Community Asset Transfer

Freehold transfer to a qualifying community organisation using our Community Asset Transfer policy and process with restrictive covenants limiting the use to allow for public use in perpetuity retaining the main use as cinema/theatre and arts and cultural events.

As well as Community Groups being suitably incorporated they must also be able to provide evidence of existing funds in excess of £300,000. The existing funds criteria is essential so that the council can be assured that the necessary works for the building are carried out at the outset.

We recommend that a new Schedule of Works report be obtained to incorporate in the sale agreement. This will require a new budget allocation.

If the proposal fails to deliver a viable arts and cultural community bid within 6 weeks, then a further marketing period of 6 weeks allowing all other qualifying community groups to be considered.

If the combined 12 weeks of marketing fail to deliver a viable bid, then proceed to option 3.

Note that community asset transfers are not a transfer at nil value; however, market value will be restricted by the community use.

All transfers will be subject to the transferee paying Thanet Council reasonable legal and surveying costs.

Option 2: Secure a new lease

Securing a new operator for the building under a new lease agreement would provide an ongoing revenue stream for the council. However, significant funding would be required to repair and refurbish the property to make it compliant.

According to the figures from the Schedule of works dated April 2017, the sum of £152,555 exclusive of fees would be required to bring the building up to standard. The building has since deteriorated further with necessary works now estimated to have at least doubled in value.

If rental income is assumed to be close to the previous lease terms of £10,000 per annum, then it is estimated that it would take approximately 30 years just to recover the required investment in the site to bring it up to standard.

Given the local cinematic competition from large chain Cinemas that outprice the smaller independent venues, the level of rent a business could afford to pay is likely to be unviable for TDC, unless the tenant receives further guaranteed outside support. If the tenant fails, then the property/liabilities revert to TDC as a tenant will look to the landlord for assistance in the event of financial difficulties.

Option 3: Open market disposal

A disposal on the open market would mean there will be no further ongoing liabilities for TDC. By open market disposal, the Council will be able to fulfil the requirement under the Local Government Act 1972, which compels TDC to obtain best consideration whilst being transparent and allowing all stakeholders the chance to purchase.

As the property is listed as an ACV the disposal will have to allow for a potential 6 months moratorium period.

Note that all disposals to be made at full market value, if sold at auction market value will be established on the auction day by the highest bidder.

Contact Officer: *Andreea Plant, Disposal and Acquisition Surveyor, Estates Department*
Reporting to: *Rob Large (Interim Director of Property Asset Management)*

Background Papers

Title: Strategic Asset Management Plan - Thanet District Council Website or contact estates@thanet.gov.uk.

Corporate Consultation

Finance: Chris Blundell, Director of Finance

Legal: Estelle Culligan, Director of Law and Democracy

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Tenant and Leaseholder Services - Quarter 4 performance report

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| Cabinet | 29 July 2021 |
| Report Author | Sally O'Sullivan, Tenant and leaseholder Services Manager |
| Portfolio Holder | Cllr Jill Bayford, Cabinet member for Housing and Community Services |
| Status | For Information |
| Classification: | Unrestricted |
| Key Decision | No |
| Reasons for Key | N/A |
| Ward: | Thanet Wide |

Executive Summary:

This report provides members of the Cabinet information about the performance of the Tenant and Leaseholder Services (TLS) during quarter 4 2020/21.

This report was previously considered by the Overview and Scrutiny Committee at its meeting on 25 May 2021.

Recommendation(s):

Members are asked to:
Consider and comment on the contents of the report.

Corporate Implications

Financial and Value for Money

There are no direct financial implications arising from this report.

Legal

There are no direct legal implications arising from this report.

Corporate

The decision to bring housing management and maintenance services back in house was to improve services provided to the councils tenants and leaseholders, to ensure that the service is more accountable to members and open to scrutiny from tenants and leaseholders. This specifically supports the council's service ambitions, as set out in its published Corporate Statement.

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: -
(Delete as appropriate)

- *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.*

The council's tenants and leaseholders include residents that have protected characteristics as set out in the Public Sector Equality Duty.

An Equalities Impact Assessment was completed and published when the decision was taken to bring housing management and maintenance services back in house. The assessment identified positive impacts for tenants and leaseholders with physical disabilities. No negative impacts were identified.

Any changes or improvements considered to the service, following go live on 1 October 2020 will be subject to further Equalities Impact assessments.

CORPORATE PRIORITIES

This report relates to the following corporate priorities: -

- *Communities*

1.0 Introduction and Background

- 1.1 Since transition in October 2020 of East Kent Housing services in-house, the new Tenant and Leaseholder Services (TLS) team have shown improved performance in many areas. Factors contributing to improved performance include, empowerment of officers and improved communication with all stakeholders.
- 1.2 The report also highlights areas of improvement and how we intend to approach these.
- 1.4 Since transition, health and safety compliance has been a high priority and we have been working closely with the Regulator for Social Housing. The council's agreed

tenant and leaseholder health and safety policies state that the position in relation to compliance will be reported to Cabinet on a quarterly basis.

2.0 Supporting documentation

- 2.1 The service performance is detailed in three annexes to this report. They show performance metrics for operational performance, customer satisfaction and landlord compliance. The commentary provides some explanation to the performance indicators and how we are tackling areas of unsatisfactory performance.
- 2.2 Annex 1 and 2 show a detailed update in service performance for the quarter from 1 January 2021 to 31 March 2021 and a summary of the key performance indicators, respectively.
- 2.3 Annex 3 provides information on tenant and leaseholder health and safety compliance, covering the period to 31 March 2021.

3.0 Staff empowerment

- 3.1 50% of our team transferred from East Kent Housing (EKH) and 50% were recruited into the council. Much of the talent we recruited externally was from outside the social housing sector and many transferring staff felt deskilled in their roles at EKH.
- 3.2 To empower our staff, we must give them the right tools and therefore our team has undergone a vast amount of training since transition. This has included:
 - Extensive landlord compliance training in the 6 major work streams
 - Specialised technical training in asset management, housing management and income recovery. Delivered internally and by an external supplier
 - Access to best practice networks
 - All team training in customer service, political awareness, coping with change emotional intelligence
 - Other training includes complaint response writing, policy writing, report writing and housing regulation
 - Specific professional training,
 - Three apprentices recruited into the team.
- 3.4 We recognise that different teams have different priorities which may at times be conflicting. Part of the work to integrate the new service into the council is about removing barriers to good communication and cross service working that existed when the tenant and leaseholder service was provided by EKH. The team are making good progress in this area and we have seen some good examples of joint working for example between housing management officers, our housing development team and housing options officers.
- 3.6 As we come out of lockdown, it is hoped that we can organise some face to face team building to further bond our new team.

4.0 Resident Involvement

- 4.1 Since coming in house, our residents have shown us significant support. We have a record number of residents wanting to be involved and many new members on our Thanet Tenant and Leaseholders Group (TTLG).
- 4.2 The TTLG has added untold value to the teams performance, for example shown us areas to improve our service that we did not realise required attention, offered suggestions, carried out mystery shopping, tested surveys, give their experience of poor performance so we can see how best we can improve, support our reports of poor contract performance with their own experience.
- 4.3 The Resident Involvement team is developing a much greater understanding of the needs and priorities of tenants and leaseholders and to identify a wider range of opportunities for people to become involved in the service.

5.0 ICT

- 5.1 The Northgate Housing System is now hosted in the Cloud and each of the four councils has had their data separated so we are now working from our own system. The Digital Team is now working on our much required upgrade, which will offer us improved functionality within our housing management system. Our ambition, once upgraded, is to enable greater mobile working in the team, supported by the right technology to improve officer efficiency.
- 5.2 The upgraded version of Northgate will also offer us the opportunity to record workflows through the system. This will give us improved reporting capability to monitor performance by. We also plan to explore enabling greater customer access online.
- 5.3 A further area for digital improvement is the procurement of a single landlord compliance system that will hold all data and workflow across all compliance workstreams. We have developed a specification for our requirements and will be starting and exercising for procurement shortly.
- 5.4 The new system will allow us to drive compliance programmes using the system rather than manual tracking spreadsheets, gives functionality for high level performance reporting in real time and to drill down into the detail where required. This will give us increased confidence in our data and reporting and reduce incidence of human error.

Contact Officer: Sally O'Sullivan, Tenant and leaseholder Services Manager
Reporting to: Bob Porter, Director of Housing and Planning, 01843 577006

Annex List

Annex 1: The TLS quarter 4 operational performance report.
Annex 2: The TLS operational performance summary

Annex 3: Landlord compliance report for the period to 31 March 2021.

Background Papers

NA

Corporate Consultation

Finance: Chris Blundell (Director of Finance)

Legal: Estelle Culligan (Director of Law and Democracy)

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Thanet District Council

Tenant and Leaseholder Services Performance report Quarter 4 2021

April 2021/V1/Sally O'Sullivan

Introduction

Monitoring period: Quarter 4 2021 (1 January 2021 to 31 March 2021)

Author: Sally O'Sullivan

1.1 Summary

This report provides the OSP with the performance from quarter 4 2021 for the Tenant and Leaseholder Service (TLS).

Six months since transition and the team have settled into their new roles. During this time we have seen very little movement within our establishment; with only 3 staff moving on and 2 internal transfers. We are awaiting 4 new starters to fill key positions.

It has been unfortunate that all vacant roles are key roles within our Asset Management Team. This has put enormous pressure on our Asset Manager as she has led the Planned Works Team and Day to Day Repairs Team. This has meant that there has not been as much focus on managing our day to day contracts as we would have liked, especially at a time when lockdown measures are being lifted and we are feeling the impact from a backlog of repairs.

The team has undergone extensive training over the last 6 months a mixture of delivery from external bodies and internal sessions. We are at a stage where teams are fully trained and operating in a business as usual state. Evidence of this can be seen clearly in the statistics provided by the Income Team, as you can see the fluctuations in performance as the team comes to grips with a new way of working. (section 3.3).

The highlight of this quarter has been the development of our draft Service Improvement Plan, for which we had input from staff and customers. This is a highly ambitious plan but as we have already seen improved collaboration between colleagues, teams, internal and external partners leading to improvement in our service delivery; we are confident that this will carry us forward to achieve our plan and increase performance and our customers' satisfaction.

During this quarter we have sought further meaningful statistics that tell the story for the entire team. This is something we keep under review to make sure the data we are gathering provides meaningful insights into our performance.

2. Housing Performance Report: Asset Management

2.1 Gas servicing and heating repairs (Gas Call)

| Short Name | Jan 2021 | Feb 2021 | Mar 2021 |
|---|----------|----------|----------|
| Total number of appointments made by Phone or letter that were kept | 100% | 100% | 98% |
| Volume of repairs completed within timescale | 98% | 98% | 98% |
| Total planned installations completed in accordance with programme | 100% | 100% | 100% |

Gas Call continues to perform highly according to their statistics, more time is needed to scrutinise the stats we receive as we have been experiencing issues with their performance.

Since transition, Gas Call has not provided customer satisfaction data and they put this down to the pandemic. Transactional surveys have been devised by our Resident Involvement Team; in partnership with our contractors and Gas Call will start to use this in April 2021.

Gas Call has been taken to task over the performance issues, this has led to a restructure of their contract managers and employment of a further voids operative. Following this, we have seen a vast improvement in performance across all workstreams (gas programme, void works, day to day)

Their planned works team has continued to perform well and we have passed over the 21/22 programme.

2.2 Day-to-day responsive repairs (Mears)

| Performance Indicator | Jan 2021 | Feb 2021 | Mar 2021 | Q4 |
|---|----------|----------|----------|-------|
| Customer Satisfaction | 90 | 74 | 73 | 79 |
| Emergency jobs completed on time | 95.74 | 98.06 | 100 | 98 |
| Urgent Jobs Completed on Time | - | 96.13 | 98.88 | 98 |
| All jobs completed on time | 96.02 | 98.52 | 98.96 | 98 |
| Average days to complete non-urgent works | 15.31 | 16.11 | 16.29 | 16 |
| Appointments made and kept | 97.93 | 98.01 | 97.26 | 97.73 |
| Work completed in one visit | 78.83 | 86.30 | 83.03 | 82.03 |

Repairs are our highest cause of customer complaints, although Mears statistics do not necessarily tell the same story. The PI that stands out to us is the number of jobs completed on time, reported by Mears as 98%, but we are aware of a backlog of jobs in certain trades and cancellation of jobs due to staff shortages, sickness and furlough. The stats are showing good performance because we were granting extensions of time for these reasons; a practice that ceased in April.

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Annex 1

Mears have acknowledged the poor service they have been providing. They have told us they will employ further staff where gaps have been identified and provide further training for their call centre staff.

We have seen improvements in their call centre already as the average holding time for customers has reduced from 6 mins to 30 seconds.

Customer satisfaction remains low, which can be put down to the issues identified above. Other reasons for the low results could be:

- The method of collection is by text, where as previously the operative requested feedback immediately using their PDA.
- Of the 330 text messages sent in March, 62 customers gave feedback, only 18%. This could indicate that customers are more likely to respond to a survey if they have had a poor experience.

Our Resident Involvement team have been working with Mears to develop a new customer satisfaction survey that gives feedback on the entire experience rather than focussing on the works delivered by the operative in the home. To ensure a representative sample of customers has the opportunity to give feedback, our team will run a validation survey on 10%-20% of the customers that have had a repair in that month.

2.3 Day to day repairs - Post Inspections

| Performance Indicator | Jan 2021 | Feb 2021 | Mar 2021 |
|---|----------|----------|----------|
| % post inspections carried out **New for Feb report | | 9.35% | 6.93% |

Covid 19 ceased all post inspections for the period of lockdown. Officers began post inspections in a planned way in Feb and we expect to see an increase in the number completed over the next couple of months as customers and officers gain confidence in the nation's recovery from the pandemic and the roll out of vaccinations.

Target has not been set but it is likely to be around 10% of jobs.

In February and March, Zero post inspections failed, indicating that Mears are performing on quality.

As the number of inspections picks up, we will be looking to focus post inspections on areas where we are experiencing complaints. I.e in a certain area or with a certain trade.

2.4 Capital Programme

| Performance Indicator | Jan 2021 | Feb 2021 | Mar 2021 |
|---|----------|----------|----------|
| Percentage of capital programme spent (NB revised budget from 01 Oct) | 29.44% | 33.01% | 37.42% |
| Percentage of properties that meet decent homes standard | | | 92.78% |

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Capital programme

Total capital works spend for 2020/21 is £4,437,246.58, this is only 37.42% of the total capital budget but in-line with our forecast spend given at Quarter 3. The reasons for the failure to utilise the full budget are as follows:

- At transition EKH had spent only 19.34%
- We had to resolve many legacy issues to determine our position
- Knock on effects of covid in gaining access and having operatives available to carry out the work. (for example, the windows and doors programme ceased during the 3rd lockdown as our windows and doors contractor could not find accommodation in the area)
- Staff shortages

From June, the Asset Management will be fully staffed and the capital programme for 2021/22 will be reprofiled. Many large projects were in the planning phase in 2020/21, that we expect to progress rapidly through 2021/22 - for example, lift refurbishments, improvements to our tower blocks and planned works to Royal Crescent.

Invicta House fire safety works are close to completion and structural surveys of the tower blocks, to inform the specification for external wall insulation replacement are underway. The lift refurbishment programme has also started on site.

Decent homes

We have 222 decent homes failures reported at the end of March 2021, which represents 7.2% of our stock. Our biggest failures are our tower block bathrooms. There had been a reluctance to carry out these replacements by EKH due to the presence of asbestos insulation board (AIB), which needs to be removed before the bathroom can be replaced. Due to the nature of these works and the length of time tenants would be without bathroom facilities, the tenants would need to be decanted while the work was carried out. The other area where our decent homes are failing is in electrical works. This is linked to the work our compliance team is carrying out to identify electrical compliance for all.

2.5 Aids and Adaptations

| Performance Indicator | Jan 2021 | Feb 2021 | Mar 2021 |
|--|----------|----------|----------|
| Adaptations completed Minor **New for Feb report *** | | 3 | 16 |
| Adaptations completed Major **New for Feb report *** | | 6 | 5 |

Since transition, the Aids and Adaptations (A&A) surveyor has completed 48 Majors and 62 Minors.

Our £400,000 budget was underspent by £179,000. Covid 19 has had a significant impact upon A&A's Budget due to clientele being the most vulnerable in Thanet.

Our A&A surveyor has given a more personalised service than previously experienced, some of the highlights as follows:

- 0 complaints received during 20/21
- 2 refusals due to property constraints in 20/21
- Excellent feedback from clients.
- Mears A&A team exceptionally empathetic, personable & capable.

Our draft A&A policy sets the following targets for timescales:

- 3 months for minors
- 1 year for majors

We will record the waiting time of customers, from going on the waiting list to completion of work so we can monitor performance against this target.

3. Housing Performance Report: Housing Operations

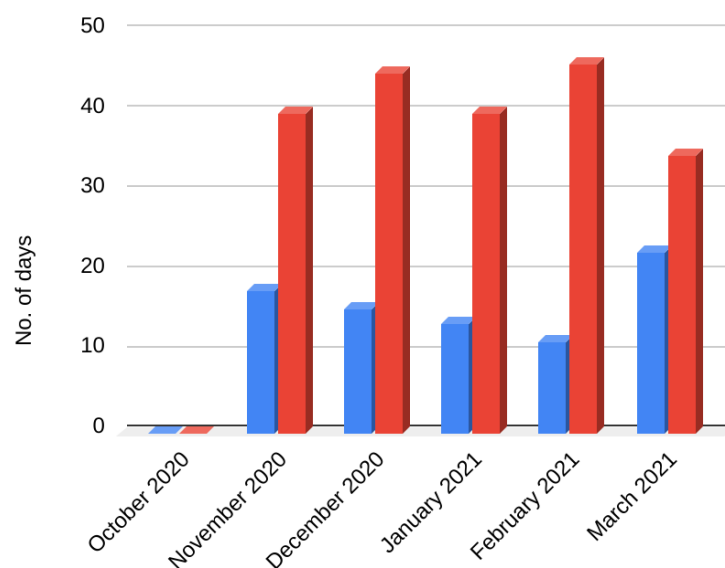
3.1 Voids and re-lets

| Performance Indicator | Jan 2021 | Feb 2021 | Mar 2021 | Q4 |
|---|----------|----------|----------|-------|
| Average days to re-let all properties excluding major works | 13.67 | 11.29 | 22.5 | 15.82 |
| Average days to re-let all properties including major works | 40 | 46 | 34.75 | 40.25 |

Overall this quarter, we have performed well for minor works voids against the 16.5 day target. We have not performed well for major voids against the 22.75 day turn around since transition and quarter 4 follows the trend. The chart below shows this, with a decrease in performance on minor voids during March 21

Voids and relets

- Average days to re-let all properties excluding major works
- Average days to re-let all properties including major works



The poor performance is linked to the following:

- Increased volume of voids due to influx of new properties and buy backs from the Housing Strategy team, from average 2 voids per week since October 2020 to 4 voids per week in March 2021. This has an impact as we have prioritised transferring current tenants in overcrowded conditions and thus a knock on effect on our officers' resources and that of our contractors.

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Annex 1

- The condition that we have received our voids back has been poor, with extensive repairs required and/or asbestos removal. Potentially due to low investment due to failing capital programme whilst under EKH management.
- Poor communication between multiple stakeholders

A review of our void process was carried out and the following improvements were identified as quick wins are being actioned:

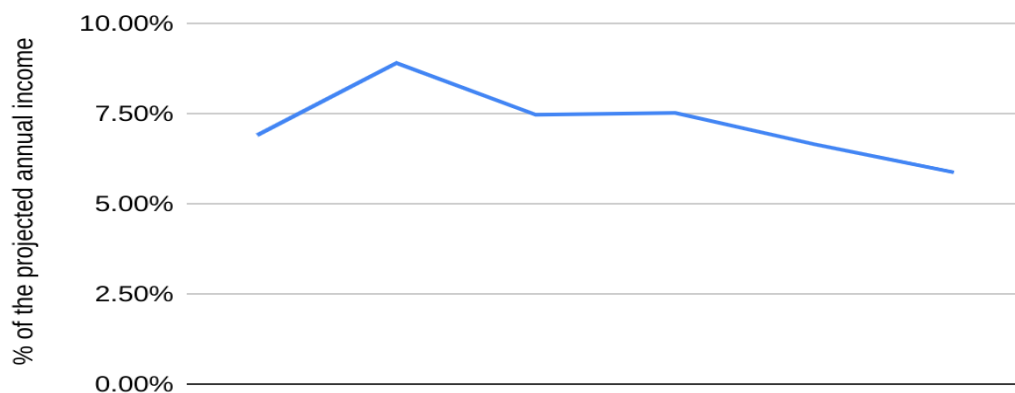
- Improved communication between contractors
- Identification of asbestos earlier in the process or pre void if possible
- Single tracking tool used across all teams

3.3 Income Management

| Performance Indicator | Jan 2021 | Feb 2021 | Mar 2021 |
|---|----------|----------|----------|
| Current tenant arrears as a % of the projected annual rental income | 7.54% | 6.67% | 5.89% |
| Garage arrears as a % of the projected annual rental income | 0.10% | 0.01% | 0.04% |
| % of rent arrears due to Universal Credit | ? | ? | 11.18% |
| Former tenant arrears | £527,905 | £537,907 | £544,953 |

Our arrears data shows a positive trend, although we have not achieved our target of 5%, the team have made great progress towards this.

Current tenant arrears



On transition, current arrears were at 6.8% of the total debit, 1% worse than in the previous year at the same time. This figure continued to grow as the team undertook training during quarter 3, peaking at 1.5% higher than for the same period in the previous year.

At year end, the team achieved 5.89%. This is a 1% improvement since October 2020 and 0.54% improvement the same time the previous year.

Analysing these figures in cash terms, highlights the progress:

- Total income rent is around £13m per annum.
- At its highest, our arrears totalled £1m
- Current arrears: £800,000
- Arrears for Universal Credit (UC) claimants: £630,000 (approx 85% of our debt)

The UC debt is high due to previous mismanagement of these claims by EKH. Our improved reporting capability means we can pick this up and prioritise cases appropriately, offering the right support to a tenant to enable them to pay their rent and maintain their tenancy.

Our greatest achievement is that the team has increased income at a time when it is predicted income will be impacted by the pandemic; and without the threat of eviction.

During this time the team have made 134 referrals to the Welfare Benefits Team, who assist tenants in maximising their income and have allocated £60,000 worth of DHP to help our most vulnerable tenants.

4. Housing Performance Report: Customer Service

4.1 Complaints

| Performance Indicator | Jan 2021 | Feb 2021 | Mar 2021 | Q4 |
|---|----------|----------|----------|------|
| The total number of all complaints received | 5 | 4 | 6 | 15 |
| Percentage of all complaints closed on time | 100% | 100% | 100% | 100% |
| No stage 1 complaints | 5 | 3 | 6 | 14 |
| No stage 2 complaints | 0 | 1 | 0 | 1 |
| No complaints upheld | 5 | 2 | 4 | 11 |

There is a trend for repair related complaints issues, which fits with the difficulties Mears have experienced during lockdown. ie less staff available in their call centre means higher waiting times, less operatives on the ground means longer time for a repair to be complete. Mears have acknowledged this and we are working in partnership to improve their service to our customers.

Our performance for complaints has maintained 100% responses on time during quarter 4. In February, we introduced a new complaints procedure. This has improved communications internally and with our contracting partners; and given us a better understanding of our customers issues. The result for our customers is that they feel they are listened to and they receive a well rounded, consistent response.

Our new procedure is compliant with the Ombudsman's Code of Guidance

4.2 Call Stats

| Performance Indicator | Jan 2020 | Feb 2021 | Mar 2021 | EKH stats Mar 2020 |
|--|----------|----------|----------|--------------------|
| The total number of calls received **new for Feb** | | 913 | 1121 | No data |
| Average waiting time for a call to be answered **new for Feb** | | 0:30 | 0:34 | 6.57 |
| Call answer rate | | 93.2% | 93.5% | No data |
| % calls abandoned **new for Feb** | | 6.9% | 6.51% | 8.12% |
| Average time spent on a call **new for Feb** | | 6:55 | 6:42 | 9.17 |

We wanted to show the performance of our customer transactions team and therefore started to report on inbound call statistics in February 2021. Due to the short amount of time we have been reporting this data, we do not have the opportunity to identify trends or themes in performance.

These stats do tell us two things:

- Increase in calls by 200 in March has not meant a decrease in the teams performance. They are able to reassign resources to cover peaks in service demand.
- Compared to EKH performance at the same time last year, customers are receiving a far superior service. Call waiting time has decreased by over 6 mins and the proportion of calls answered has increased by 1.6 percentage points.

Following feedback from our customers regarding the ease at which you can speak to the right person, we carried out some mystery shopping on our IVR. We received some great feedback and recommendations, which we are putting into action.

4.3 Disrepair

| Performance Indicator | Jan 2021 | Feb 2021 | Mar 2021 |
|---------------------------------------|----------|----------|----------|
| Number of disrepair claims with legal | 5 | 5 | 5 |

Since transition we have received 11 disrepair claims:

- 6 legacy claims carried over from EKH
- 5 new claims since transition
- 3 claims received in quarter 4
- Currently 5 live claims
- 73% of claims relate to damp and mould.
- Total paid out for compensation and external legal costs 2020/21 is £74,000

Improved relationships between TLS and legal have facilitated faster resolution of claims and all live claims are progressing satisfactorily.

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Annex 2: Performance Indicators

Last updated: 15 Mar 2021

This is a selection of the KPIs for Tenant and Leaseholder Services







Month-on-month performance is shown against the cumulative year-to-date position for 2019/20. **Traffic Light Icon** indicates whether we are on target for the month; **Short Term Trend Arrow** indicates direction of performance from previous month.

Key:

| | | | | | | | |
|---|------------|---|-----------------------|---|-----------------------|---|-------------------------|
|  | On target |  | With 5% of target |  | Performance improving |  | Performance is the same |
|  | Off target |  | No target (data only) |  | Performance worsening |  | Data is missing. |

1. Assets & Development

Gas servicing and heating repairs (Gas Call)

| Code | Short Name | Jan 2021 | Feb 2021 | Mar 2021 | Q4 | Perf. Trend | Traffic Light Icon | Current Target |
|--------|---|----------|----------|----------|-------|---|---|----------------|
| GCPI 2 | Total number of appointments made by phone or letter that were kept | 100% | 100% | 98% | 99.3% |  |  | 100% |
| GCPI 3 | Volume of repairs completed within timescale | 98% | 98% | 98% | 98% |  |  | 98% |
| GCPI 4 | Total planned installations completed in accordance with programme | 100% | 100% | 100% | 100% |  |  | 100% |
| GCPI 5 | Customer satisfaction - repairs | | | | | | | TBC |

Day-to-day responsive repairs (Mears)

| Code | Performance Indicator | Jan 2021 | Feb 2021 | Mar 2021 | Q4 | Perf. Trend | Traffic Light Icon | Current Target |
|-------|---|----------|----------|----------|-------|-------------|--------------------|-----------------|
| REP01 | Customer Satisfaction | 90 | 74 | 73 | 79 | ↓ | 🛑 | 98% |
| REP02 | Emergency jobs completed on time | 95.74 | 98.06 | 100 | 98 | ↑ | 🟡 | 98.5% |
| REP03 | Urgent Jobs Completed on Time | - | 96.13 | 98.88 | 98 | ↑ | 🟡 | 98.5% |
| REP04 | All jobs completed on time | 96.02 | 98.52 | 98.96 | 98 | ↑ | ✅ | 98% |
| REP05 | Average days to complete non-urgent works | 15.31 | 16.11 | 16.29 | 16 | ↓ | 🛑 | 10 working days |
| REP06 | Appointments made and kept | 97.93 | 98.01 | 97.26 | 97.73 | ↑ | ✅ | 96% |
| REP07 | Work completed in one visit | 78.83 | 86.30 | 83.03 | 82.03 | ↑ | ✅ | 80% |

Day-to-day responsive repairs



| Code | Performance Indicator | Jan 2021 | Feb 2021 | Mar 2021 | Q4 | Perf. Trend | Traffic Light Icon | Current Target |
|------|--|----------|----------|----------|-------|-------------|--------------------|----------------|
| PI1 | % of post inspections carried out **New for Feb report | | 9.35% | 6.93% | 8.14% | ↓ | | TBA |

Capital Programme





| Code | Performance Indicator | Jan 2021 | Feb 2021 | Mar 2021 | End of year | Perf. Trend | Traffic Light Icon | Current Target |
|-------|---|----------|----------|----------|-------------|-------------|--------------------|----------------|
| IMP05 | Percentage of capital programme spent (NB revised budget from 01 Oct) | 29.44% | 33.01% | 37.42% | 37.42% | ↑ | 🛑 | |
| AA1 | Adaptations completed Minor **New for Feb report *** | | 3 | 16 | 100% | | | 📊 |
| AA2 | Adaptations completed Major **New for Feb report *** | | 6 | 5 | 55.07% | ↓ | | 📊 |
| IMP06 | Percentage of properties that meet decent homes standard | ? | ? | 92.78% | 92.78% | | | |

2. Housing Operations

Voids and re-lets

| Code | Performance Indicator | Jan 2021 | Feb 2021 | Mar 2021 | Q4 | Perf. Trend | Traffic Light Icon | Current Target |
|--------|---|----------|----------|----------|-------|-------------|---|----------------|
| VOID01 | Average days to re-let all properties excluding major works | 13.67 | 11.29 | 22.5 | 15.82 | ↓ |  | 16.5 |
| VOID02 | Average days to re-let all properties including major works | 40 | 46 | 34.75 | 40.25 | ↓ |  | 22.5 |

Income Management

| Code | Performance Indicator | Jan 2021 | Feb 2021 | Mar 2021 | End of year | Perf. Trend | Traffic Light Icon | Current Target |
|-------|---|---|---|------------|-------------|-------------|---|----------------|
| ARR01 | Current tenant arrears as a % of the projected annual rental income | 7.54% | 6.67% | 5.89% | 5.89% | ↑ |  | 5.00% |
| ARR02 | Garage arrears as a % of the projected annual rental income | 0.10% | 0.01% | 0.04% | 0.04% | ↓ |  | 1.00% |
| ARRO3 | % of rent arrears due to Universal Credit |  |  | 11.18% | 11.18% | | | |
| ARR04 | Former tenant arrears | £527905.02 | 537907.46 | £546654.12 | | ↓ | | |

3. Customer Service

Complaints

| PI Code | Performance Indicator | Jan 2021 | Feb 2021 | Mar 2021 | Q4 | Perf. Trend | Traffic Light Icon | Current Target |
|---------|---|----------|----------|----------|------|-------------|--------------------|----------------|
| COM01 | The total number of all complaints received | 5 | 4 | 6 | 33 | | | |
| COM02 | Percentage of all complaints closed on time | 100% | 100% | 100% | 100% | | | 100% |
| COM03 | No stage 1 complaints | 5 | 3 | 6 | 29 | | | |
| COM04 | No stage 2 complaints | 0 | 1 | 0 | 3 | | | |
| COM05 | No complaints upheld | 5 | 3 | 4 | 21 | | | |
| | Disrepair Claims | 5 | 5 | 6 | | | | |

Incoming Calls

| PI Code | Performance Indicator | Jan 2020 | Feb 2021 | Mar 2021 | Q4 | Perf. Trend | Traffic Light Icon | Current Target |
|---------|---|----------|----------|----------|-------|-------------|--------------------|----------------|
| | The total number of calls received **new for Feb*** | | 913 | 1121 | N/A | | | |
| | Average waiting time for a call to be answered **new for Feb*** | | 0:30 | 0:34 | 0.28 | | | |
| | Call answer rate | | 93.2% | 93.5% | 94.3% | | | |
| | Number of calls dropped **new for Feb*** | | 63 | 73 | 264 | | | |
| | Average time spent on a call **new for Feb*** | | 6:55 | 6:42 | 6:45 | | | |

4. Resident Involvement

| PI code | Performance Indicator | 30/06/2020 | 30/09/2020 | 31/12/2020 | 31/03/2021 | Year to date 2020/21 |
|---------|---|------------|------------|------------|------------|-------------------------|
| RI01 | Number of resident consultations carried out | 0 | 0 | 0 | 3 | 3 |
| RI02 | Number of resident scrutiny projects carried out | 0 | 0 | 1 | 2 | 3 |
| RI03 | Number of residents who have expressed an interest in getting involved | | | 13 | 247 | 260 |
| RI04 | Number of residents targeted for involvement in resident involvement activities | 0 | 0 | 13 | 3433 | 3446 |
| RI05 | Number of residents involved in resident involvement activities | 0 | 0 | 6 | 406 | 412 |
| RI06 | Number of meetings held with resident groups | 0 | 0 | 3 | 5 | 8 |
| RI07 | Number of resident/group enquiries/comments/suggestions collected | 0 | 0 | 25 | 8 | 33 |
| RI08 | Number of information campaigns delivered | 0 | 0 | 2 | 2 | 4 |
| RI09 | Number of training opportunities offered to residents | 0 | 0 | 0 | 0 | 0 |
| RI10 | Number of residents engaged in training opportunities | 0 | 0 | 0 | 0 | 0 |
| RI11 | Number of services changed, implemented or withdrawn during the year as a result of resident involvement (HouseMark) | 0 | 0 | 1 | 0 | 1 |
| RI12 | Number of residents / service users involved in formal / informal consultation groups (including digital) (HouseMark) | | | | | 0 |

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Annex 3:

Tenant and Leaseholder Health and Safety Compliance Performance

| | |
|-------------------|---|
| Meeting: | Compliance Monitoring Report to OSP |
| Date: | 1 April 2021 |
| Monitoring Period | March 2021 |
| Author: | Sally O'Sullivan |
| Summary: | This report covers health and safety compliance areas relating to Thanet District Council' housing stock, both for individual properties and for communal services and locations. The details of the current position with rates of compliance are detailed in this report. |

1. Introduction

The Compliance Team has worked hard this quarter, with workstreams preparing for audit at the end of May 2021.

The team have devised manual trackers that give us assurance and prepare the data for the new compliance management system that we are procuring. We are pleased with the improvements that have been made and recognise the areas where further work is needed before full recovery is achieved. I.e electrical safety certificates, FRA and asbestos actions.

2. Lifts

| | |
|--|--|
| Compliance with written examination schemes for lift plant | 14 (100%) |
| Number of Entrapments - month and year to date | 1 Entrapments this month 6 Entrapments year to date |
| Stair lifts and through floor lifts in individuals homes. Compliance indicates the % of assets in properties with an in date inspections | Stairlifts - 70.37% Compliant Through floor lifts - 53.85% Compliant Low compliance is indicative of the vulnerability of this customer group. Many are reluctant to give access until they have had their 2nd Covid 19 vaccine. TDC are working with Zurich surveyors to get the remaining home aids booked in. We are working with the residents to minimise the risk and make them feel comfortable and safe when the surveyors attend. |

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Annex 3

| | |
|---|---|
| Outstanding Defect A and Defect B risk actions as identified in a Lifting Operation and Lifting Equipment Regulations 1998 (LOLER) report | <p>Passenger lifts Defect A - 0 Defect B - 22</p> <p>Home aids (including stairlift and Through floor)</p> <p>Defect A - 0 Defect B - 10</p> <p>No defects are overdue.</p> |
| RIDDOR Notices issued | None |

3. Water

| | |
|---|--|
| Properties with a valid in date legionella Risk Assessment | 100% |
| Number of follow up works / actions arising from risk assessments and inspections | <p>High Risk - 82 Medium - 178 Low - 3</p> <p>No actions are overdue .</p> |

4. Fire Risk Assessment

| | |
|---|---|
| Properties with a valid in date FRA. This is the level of compliance as a number and overall percentage | 100% |
| Follow up works - total number of actions (by priority) raised in period completed and outstanding - and time outstanding | <p>399 total actions</p> <p>31 New actions added in March</p> <p>121 actions are for planned works, including door replacement programmes & the recommendation to install heat detectors in properties. These will be put into future programmes as we focus on the fire safety in the tower blocks first</p> <p>Overdue actions 131, 39 overdue actions are planned works</p> <p>Actions completed in April - 42</p> |

5. Asbestos

| | |
|--|---|
| Properties with a valid in date survey / re-inspection. This is the level of compliance as a percentage | Domestic - 48.43% Communal 100% Community buildings 100% |
| The number of follow up works / actions arising from surveys and the numbers 'completed,' 'in time' and 'overdue.' | Communal areas: 1 medium works Outstanding works: 143 Domestic 45 v low 53 low 43 Med - working through actions 2 High - These are being re-surveyed. (Of these: 1 tenant contacted with view to attending w/c 10th May and 1 Tenant does not seem to be occupying the premises and a legal letter is being sent). Historical actions outstanding: 57 Medium risk |

6. Electrical

| | |
|--|---|
| Properties with a valid in date EICR (In line with 10 year inspection period). This is level of compliance expressed as a number and a percentage | 115 properties total with a 10 year EICR See note * 100 compliant with a 10 year EICR 86.95% compliance Communal 9 properties with 10 year EICR Domestic 91 properties with EICR |
| Properties with an expired and out of date EICR (In line with 10 year inspection period). This is level of non compliance expressed as a number and a percentage | 15 Non compliant 13.04% Communal 0 properties with non compliant 10 year EICR Domestic 15 properties with non compliant EICR See note ** |
| Properties with a valid in date EICR (In line with 5 year inspection period). This is level of compliance expressed as a number and a percentage | 3,126 with a 5 year EICR (comm & dom) 2,289 Compliant with a 5 year EICR 73.22% Compliant Communal 147 properties with 5 year EICR Domestic 2,140 properties with EICR Garage - 1 Compliant Community Buildings - 2 Compliant |

Agenda Item 6

Annex 3

| | |
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| Properties with an expired and out of date EICR (In line with 5 year inspection period). This is level of non compliance expressed as a number and a percentage | <p>837 Non Compliant</p> <p>26.39%</p> <p>825 Domestic -Non compliant 12 Communal - Non compliant</p> <p>444 -Certificate not found - checking with contractor and alternative folders (Com and Dom) (included in the 837 non compliant figure)</p> |
| 2021 electrical safety programme | <p>179 properties were no access in the 2020/21 electrical safety programme. Letters have been sent and residents are booking appointments. TDC compliance team are working closely with Mears to get the rest booked in.</p> <p>It has been agreed, due to the Lockdown the new programme for the domestics will begin again in May. Communal will and have continued as normal. See note ***</p> |

Electrical Notes:

* Mears have now been instructed and working on all 10 year certification to be completed to bring in line with the 5 year certificates.

** We have been searching for the MEIWC to prove compliance on the 15 units we are reporting as non compliant with a 10 year certs. We have now instructed our contractor to re inspect these 15 properties.

*** The full new programme will start in May.

7. Gas

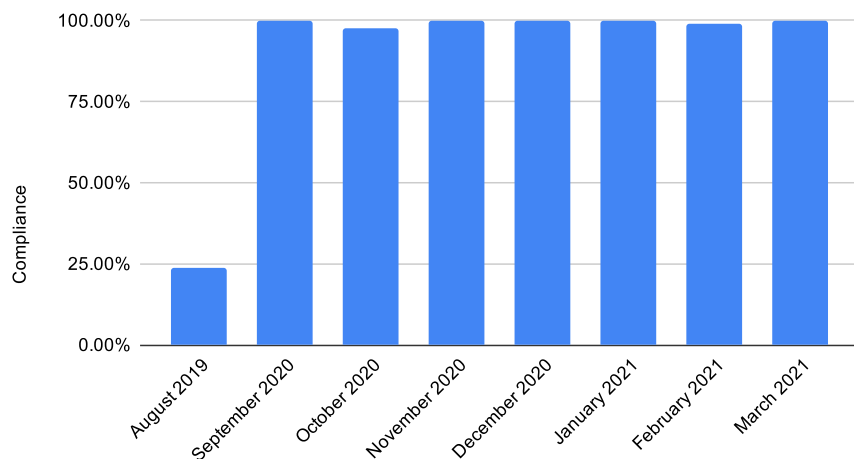
| | |
|---|--|
| Properties with a valid in date LGSR certification. | <p>99.96% Complaint</p> <p>1 property without a valid LGSR is due to the resident undergoing chemotherapy, therefore shielding</p> |
|---|--|

Gas Notes:

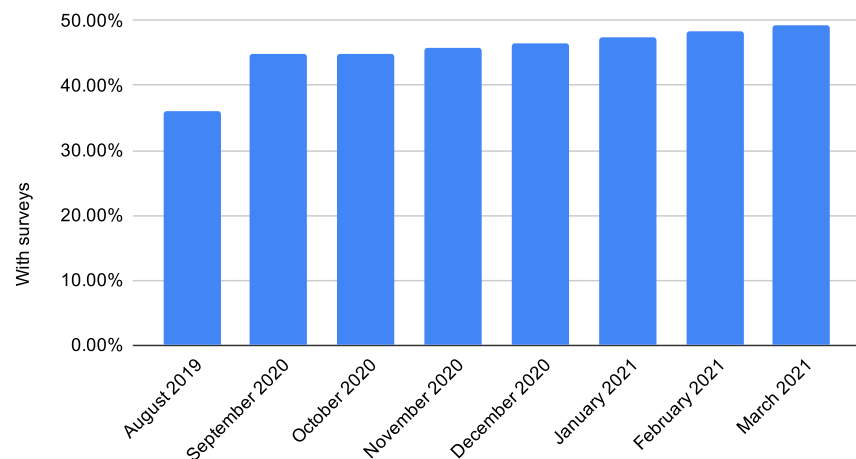
The recent restructure at Gas Call has had a positive impact on the ease of running our gas programme.

Appendix 2: Charts

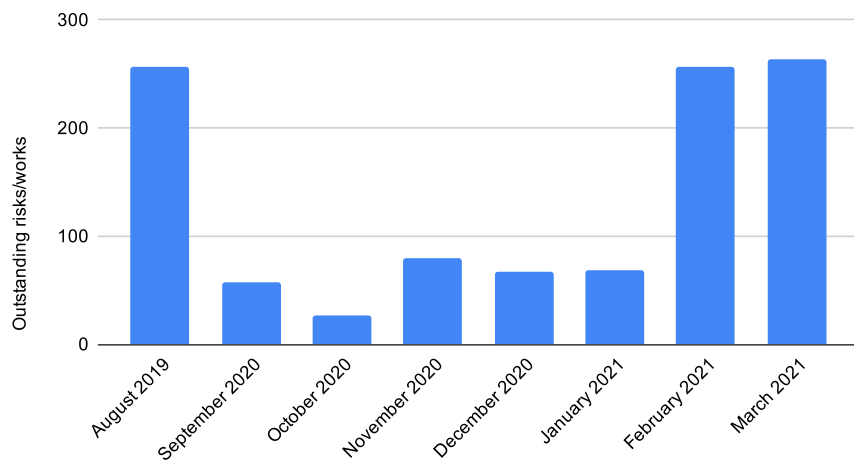
Communal Asbestos Surveys



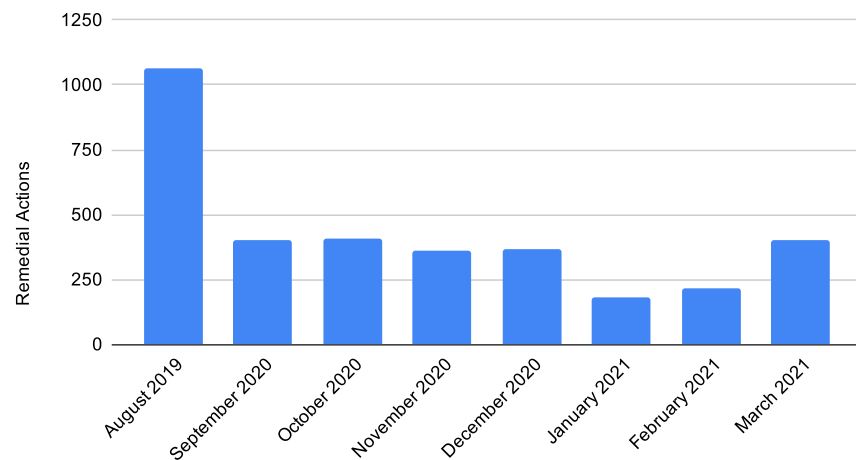
Domestic Properties with Asbestos Surveys



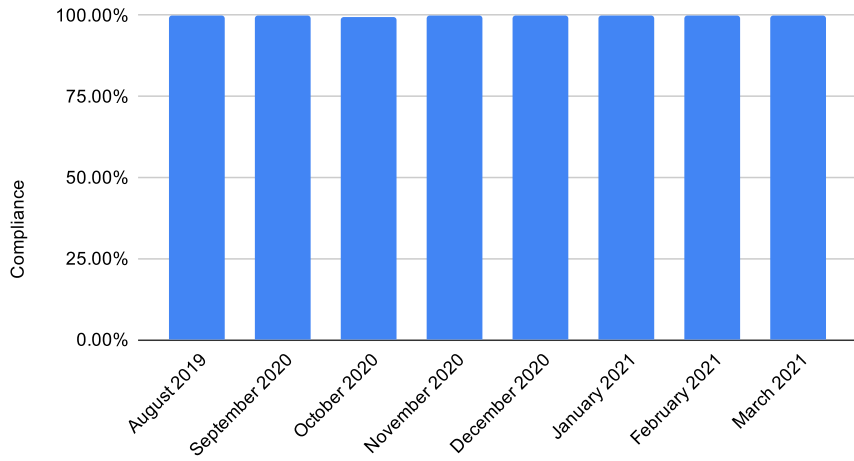
Legionella: Outstanding risks/works



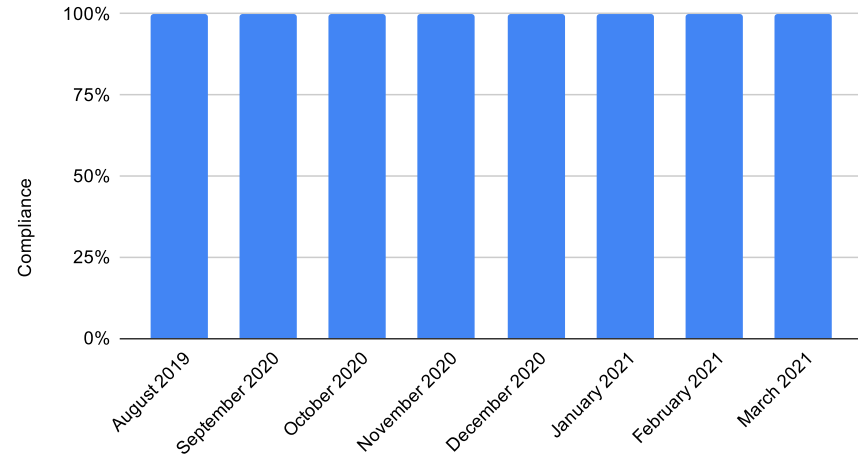
Fire Safety: Outstanding Remedial Actions



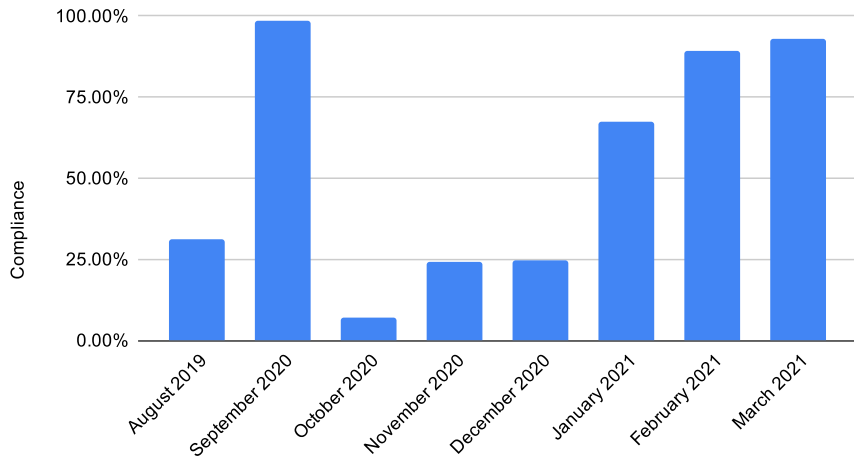
Properties with a valid Landlord Gas Safety



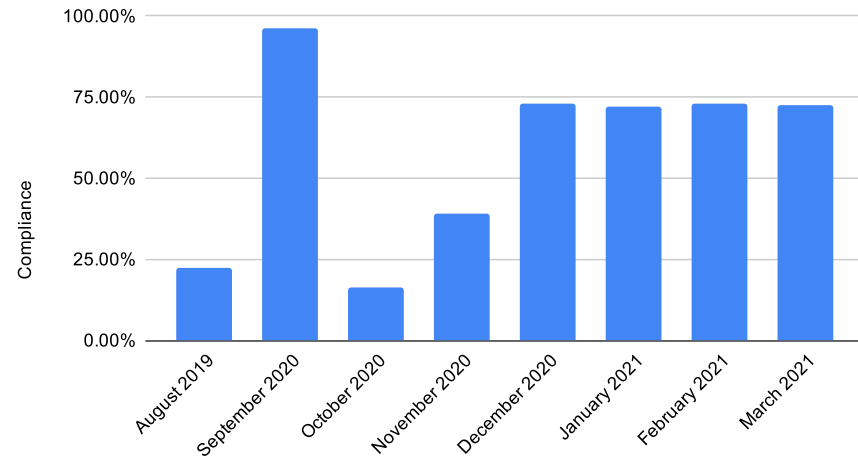
Lifts



Communal EICRs



Domestic EICRs



STATEMENT OF COMMUNITY INVOLVEMENT REVIEW- RESULTS OF PUBLIC CONSULTATION AND ADOPTION

| | |
|---------------------------------|--|
| Cabinet | 29 July 2021 |
| Report Author | Adrian Verrall, Strategic Planning Manager |
| Portfolio Holder | Cllr Ash Ashbee, Leader of the Council |
| Status | For Decision |
| Classification: | Unrestricted |
| Key Decision | No |
| Reasons for Key | N/A |
| Previously Considered by | Cabinet - 28 January 2021 |
| Ward: | Thanet Wide |

Executive Summary:

The Statement of Community Involvement (SCI) sets out how the Council will consult on planning policy issues, planning applications and neighbourhood plans. The SCI was originally adopted by Council in 2007. A reviewed and updated SCI was adopted by Council in 2012.

It is considered appropriate that the SCI should be reviewed now in line with the forthcoming Local Plan review, and to reflect changes in methods of communication and engagement. There is also a requirement under the Town and Country Planning Regulations that SCIs are reviewed every 5 years.

The Council carried out a public consultation on the SCI Review from 25 February - 9 April 2021. This report sets out the main issues raised in response to that consultation and any resulting changes to be made to the SCI. Subject to an agreement by Cabinet, the reviewed SCI will be reported to Full Council for adoption.

Recommendation(s):

That Cabinet agree that the reviewed SCI should be reported to Full Council on 9 September 2021 for adoption.

Corporate Implications

Financial and Value for Money

There are no costs directly associated with this report. However there will be costs associated with some methods of consultation and engagement to be funded through the Local Plan Reserve budget and operational budgets.

Legal

The Statement of Community Involvement should be reviewed every 5 years to meet the requirements of section 10A of the Town and Country Planning (Local Planning) (England) Regulations 2012 as amended and in accordance with section 23 of the Planning & Compulsory Purchase Act 2004

Corporate

The engagement and consultation requirements that apply to the Council's planning activity are extensive. However, it is important to reflect the Council's corporate commitment to community engagement, which the SCI seeks to do.

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: -
(Delete as appropriate)

- *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.*

You should then explain how your report supports the aims you have indicated in the table above.

In addition authors are required to conduct a Customer Impact Assessment where proposals affect customers or staff. Topics such as:

- *the introduction/change/cessation of a service*
- *introduction/increases in fees and charges*
- *staff restructures*
- *creation/amendment of policy or strategy documents*
- *introduction of new initiatives/schemes*

are examples of where an assessment should be carried out.

Compliance can only be achieved if we can evidence that due regard is given in substance, this means starting your assessment at the beginning of your piece of work and updating it throughout. Completing the assessment at the end or after a decision is taken will not satisfy the Duty.

Where an assessment is required please summarise the key findings here and append your full analysis to the report with any personal data redacted.

Please see the equality compliance toolkit on TOM or contact the Legal Department for assistance.

CORPORATE PRIORITIES

This report relates to the following corporate priorities: -

- *Communities*

1.0 Introduction and Background

- 1.1 The Statement of Community Involvement (SCI) sets out how the Council will involve people in the planning process. It explains how people can become involved when the Council is preparing planning policies, deciding planning applications and consulting on Neighbourhood Plans.
- 1.2 The SCI is a statutory document, required under the Planning and Compulsory Purchase Act 2004.
- 1.3 The Council has to review its Statement of Community Involvement every 5 years (Town & Country (Amendment) Planning Regulations 2012, 10A). It was originally adopted by the Council in 2007 and was reviewed in 2012. It was considered that the 2012 version was still fit for purpose for the Local Plan Examination which took place in 2019. The Inspectors' report concluded that 'the Plan meets the relevant legal requirements...' in relation to consultation. The consultations carried out during the Local Plan process were prepared in conjunction with the 2012 SCI. However it is now necessary to review the SCI, in line with the forthcoming Local Plan Review.
- 1.4 Since the last review of the SCI, communication methods have dramatically changed, allowing easier, more direct and more digitally focussed methods in addition to traditional methods of engagement. The updated SCI will reflect the Council's current practices, and will replace the 2012 version once adopted

2.0 The Current Situation

- 2.1 The Council carried out a consultation on a review of the SCI from 25 February - 9 April 2021. A total of 74 comments were made by 20 respondents.
- 2.2 A link to all of the full responses online can be found in the Background Papers section of this report.

- 2.3 Some of the comments received did not relate directly to the SCI or related to the Local Plan and local plan process. Officers have carefully considered all of the comments received and have responded to the main relevant issues and common issues raised in the consultation responses. The table in **Annex 1** shows the summary of the issues, the Council's response, and any resulting changes proposed to be made to the SCI.
- 2.4 One of the main concerns raised by respondents was the proposal to charge administrative fees for officers to process long and complex representations to Local Plan consultations. This was not intended to affect representations made by local people. However, we have listened to the concerns raised by people during the consultation, and it is recommended that the fee proposal is removed from the SCI.
- 2.5 The main changes proposed to the SCI as a result of the public consultation include:
- Clarification that consultation events will be held in a variety of locations within the district
 - Amendments to make it clear that a Local Plan is a Development Plan Document
 - Additional text to refer to compliance with the Governments accessibility requirements
 - Additions to Table 1 (Methods of Consultation) to include more dialogue with Town and Parish Councils and wider distribution of publicity materials
 - Clarification in that a combination of methods of consultation will be used
 - Deletion of reference to a potential administration fee to process long and complex documents
 - More specific detail about which newspapers will be used for formal notices and press releases
 - Factual correction to Stage 1 of the Neighbourhood Plan process to reflect updated Neighbourhood Planning Regulations that no longer require the Council to consult on a proposed neighbourhood area if the boundary is the same as the town or parish boundary
 - New paragraph setting out how the Council will give advice or assistance throughout the neighbourhood planning process
 - Update contact details for the CPRE under the 'Where to get help with a Planning Issue' section

3.0 Options

- 3.1 Option 1 - To agree the responses to the consultation, agree the proposed amendments to the SCI and recommend that the reviewed and amended SCI be reported to full Council for adoption.
- 3.2 Option 2 - To require further changes to be made to the document and recommend that the reviewed and amended SCI be reported to full Council for adoption
- 3.4 Option 1 is the recommended Option. The SCI has been reviewed taking into consideration the most recent legislative requirements and government guidance, reviewed responses received during the public consultation and made changes to the SCI as a result of those responses where appropriate.

4.0 Next Steps

- 4.1 The SCI will be reported to:
Overview & Scrutiny - 26 August
Cabinet - 31 August
Full Council - 9 September

Contact Officer: Adrian Verrall, Strategic Planning Manager
Reporting to: Bob Porter, Director of Housing and Planning

Annex List

Annex 1: Summary of Main Issues, Councils Response and resulting changes to the SCI
Annex 2: Equalities Impact Assessment

Background Papers

Title: [SCI Review Consultation Draft - February 2021](#)
Title: [Full responses to the consultation](#)

Corporate Consultation

Finance: *Chris Blundell, Director of Finance*
Legal: *Estelle Culligan, Director of Law and Democracy*

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Statement of Community Involvement Public Consultation - Summary of Main Issues, Councils Response and Resulting Changes to the SCI

| Summary of issue | Response | Proposed Change |
|--|---|-----------------|
| Chapter 1 - Why is the Statement of Community Involvement being reviewed? | | |
| The Council should embrace the concept of the SCI for all of its services | <p>The Statement of Community Involvement is a specific requirement of the local plan process and not necessarily applicable to wider council services.</p> <p>The council is committed to communicating openly with Thanet's communities and to involving communities in the design and review of its services, using the most appropriate means relevant to the issue or service.</p> | N/A |

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| <p>The Council should engage with communities in their communities, rather than communities having to go to the Council</p> | <p>Part of the Local Plan consultations included drop-in sessions in Margate, Birchington, Westgate, Ramsgate, Broadstairs, Westwood and Minster. However it would help to clarify in the SCI that drop in sessions will be held in a variety of places.</p> | <p>Amend Table 1, column 2 (relating to exhibitions/drop in sessions) as follows:</p> <p>Provides an opportunity for two way dialogue. Provides opportunities for consultation events to be held in a variety of locations within the district. Accessible to broad audience</p> <p>Add the following to column 3: Availability and suitability of venues in various locations</p> |
| <p>The SCI Review is overdue</p> | <p>In 2017, the Local Plan was at an advanced stage in the Local Plan process, with its submission for independent examination scheduled for 2018. That year, Council received a letter from the Secretary of State regarding his concerns about delays in our local plan process. The Council was working to extremely tight deadlines to keep to the Local Plan timetable - reviewing the SCI at this time would have delayed the Local Plan process.</p> | <p>N/A</p> |

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| | <p>As part of the Examination process, the Inspectors consider whether or not Local Plan consultations have been carried out in accordance with the SCI. As the 2012 SCI was the relevant SCI for the majority of the Local Plan consultations, it was appropriate for it to remain in place until after the Examination. In the Statement of Consultation submitted to the Local Plan Examination, it states that the methods set out in the 2012 SCI were still relevant. Those methods of consultation are still considered relevant and have been included in this SCI review.</p> <p>In their report, the Examination Inspectors noted the requirements of the SCI, and concluded that the draft Local Plan met all the legal requirements, including for consultation. However, before embarking on the update of the Local Plan, it was considered necessary to review the SCI.</p> <p>The Council will continue to use a variety of methods for public consultations, including traditional methods as well as new online methods</p> | |
| Chapter 2 - What we will consult on | | |

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| Please give consideration to use of language and terminology. | The Council uses 'plain English' as far as possible in publicity materials, adverts and information about consultations. However Planning Policy documents, once adopted, have a legal status so the language and terminology used may not be as easy to read or understand. | N/A |
| Have previous consultations been effective? Comments that people have not heard about consultations or aware of issues proposed in the Local Plan. | During the Local Plan process, the Council used a number of methods for its public consultations including adverts in local newspapers, information on social media, drop-in sessions, public meetings and making documents available in local libraries. A summary of the consultations including people who attended drop-in sessions and numbers of comments received was reported to the Local Plan Inspectors in the Statement of Consultation . | N/A |
| Paragraph 2.6, second line down, this should include the addition of the words, Thanet District as it is unclear which Council residents need to apply to | Agree this would make it clearer | Amend para 2.6 as follows: 2.6 A Neighbourhood Development Order means that town and parish councils can grant permission for certain types of development without the need for people to apply to the Thanet District Council for planning permission |
| Paragraph 2.1 - This paragraph is confusing as a Local Plan is a Development Plan Document | Agree | Amend paragraph 2.2 as follows: The Council can also produce other 'Development Plan Documents' (DPD) to include planning policies that sit alongside |

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| | | Local Plan policies (e.g. the Cliftonville DPD) |
| The Council should consult on other documents that form the evidence base for the Local Plan | The Council made every effort to publish evidence base documents as soon as it was able. Many of these documents were published before the submission of the Plan to Examination, and some people did comment on the documents as part of their responses to the draft Plan. | N/A |
| Restricting the circulation of weekly planning applications lists does not aim to increase community involvement. | <p>The primary purpose of the weekly list is for members to be notified in accordance with the Council Call in procedure. The Council's online planning public access has the ability to generate weekly list specific to individual areas, available here: https://planning.thanet.gov.uk/online-applications/search.do?action=weeklyList</p> <p>Also residents or groups can sign up through sign up to automated notification when applications are received within a prescribed radius of sites. This is available here: https://planning.thanet.gov.uk/online-applications/registrationWizard.do?action=start</p> | N/A |
| It states above at Paragraph 2.3 'The Council has to carry out informal and formal consultations in the process of preparing a Local Plan, a DPD or a review of an existing | Agree that para 2.3 could be worded better. The council is only required to carry out formal consultations on Neighbourhood Plans as engagement/involvement in carried | Amend first sentence of para 2.3 as follows: The Council will engage and involve communities as well as carrying has to carry out informal and formal consultations in |

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| <p>Local Plan. The Local Plan, DPD, or reviewed Local Plan will have to be formally adopted by the Council'. In the interests of transparency and accountability consultations it must be right that consultations must be formal not informal.</p> <p>Please delete the words "informal and" in Paragraph 2.3.</p> <p>This marries up with Paragraph 2.5</p> | <p>out by the Town or Parish Council preparing a Neighbourhood Plan</p> | <p>the process of preparing a Local Plan, a DPD or a review of an existing Local Plan</p> |
| Chapter 3 - Who we will consult | | |
| <p>Reference should be made to the need for compliance with the Governments accessibility requirements.</p> | <p>Agree</p> | <p>Add to para 3.4: All online documents produced by the Council will meet the requirements of the Government's accessibility requirements (https://www.gov.uk/guidance/accessibility-requirements-for-public-sector-websites-and-apps)</p> |
| Chapter 4 - How we will consult | | |
| <p>Comments relating to difficulties using the online portal, particularly with large or complex documents or maps and diagrams.</p> | <p>The Council appreciates that some of the consultations are complex and is continually looking for ways to improve and simplify online consultations. We have added links to each chapter to help people find the section they would like to comment on, and also provided instructions for some consultations.</p> | <p>Add the following to the end of para 4.4: The Council may prepare a step by step guide on how to respond to some consultations, and for any consultation officers will be available to help people use the online system.</p> <p>Amend Table 1 to include making the online</p> |

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| | <p>The Council will continue to provide paper copies of consultation documents for consultations on planning policy.</p> <p>The council will provide assistance in using the online consultation system - the SCI should be amended to reflect this.</p> | system available at drop in sessions. |
| There should be more dialogue/briefings with Town and Parish Councils | Agree | Amend Table 1 - Methods of Consultation as set out in Appendix 1 |
| Wider distribution of leaflets/publicity material - every household/more public notice boards/community places eg food banks, community centres, notices in town halls and libraries. Not everyone has internet access. | Distributing publicity materials to every household would incur high costs in both printing and postage. However, agree that materials could be more widely distributed. | Amend Table 1 - Methods of Consultation as set out in Appendix 1 |
| Table 1 - Methods of Consultation is non-specific and non-committal | Paragraph 4.6 of the SCI explains that the methods set out in Table 1 are methods the Council could use depending on the nature of the consultation. However this could be made clearer in para 4.6 | <p>Amend para 4.6 as follows:</p> <p>The Council will use an appropriate combination of methods one or more of the methods identified as being appropriate; depending on the type, nature, context and stage in the process of the consultation concerned.</p> |
| Charging an administration fee to process representation is unlawful and unreasonable | <p>This was suggested as Council officers input a significant amount of representations received by post or email:</p> <p>Preferred Options Consultation - 59% of responses entered by officers</p> <p>Proposed Revisions Consultation - 35% of responses entered by officers</p> <p>Pre-Submission Consultation - 39% of responses entered by officers</p> <p>Proposed Modifications Consultation - 75%</p> | <p>Amend para 4.4 as follows:</p> <p>4.4 Council officers will enter all comments received by email or post into the online consultation portal to make it easier for us to assess responses, publish the results of a public consultation, and send comments to Inspectors/Examiners at the independent</p> |

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| | <p>of responses entered by officers.</p> <p>The idea of charging was aimed at large or complex responses which include large documents with graphics and volumes of appendices which all need to be transferred into the consultation portal. However the Council accepts that the inclusion of this may deter some people from responding, and that was not the intention.</p> | <p>assessment stage. Inputting comments into the online portal relies on the interpretation of them by Council officers. This can be very time-consuming and cause delay to the Local Plan process. Where long and complex representations are submitted on paper or by email, an administration fee may be charged when they have to be entered manually by officers. Based on previous experience, it is anticipated that the vast majority of representations would not be affected by fee charges. In order to avoid any mis-interpretation or mis-understanding of your representations, or administrative charges, we would encourage people to use the online consultation portal themselves.</p> |
| <p>Are there additional ways to support and reach out to people with protected characteristics and other marginalised or harder to reach communities – for example, through correspondence with faith, voluntary, community and social enterprises and other stakeholder organisations in Thanet.</p> <p>For exhibitions and drop-in sessions, venues should provide reasonable access to all, in line with the Equality Duty 2010.</p> | <p>This is our current procedure as set out in para 3.4 of the SCI.</p> | <p>N/A</p> |

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| Will adverts/announcements appear in only one of the local newspapers? If so, then which one? And will it appear in the printed edition or the online edition or both? | Formal public notices and adverts are placed in the Kent Messenger - both printed and online. Press releases are sent to a much wider distribution including the Isle of Thanet Gazette, Thanet Extra, Isle of Thanet News, Kent on Sunday, Thanet Community Ad, ITV Meridian, BBC South East, BBC Radio Kent, Heart FM and Academy FM. An amendment could make this clearer. | Add to third point under para 4.1: Formal notices and adverts will be placed in the Kent Messenger, press releases will be sent to a much wider distribution including the Isle of Thanet Gazette, Thanet Extra, Isle of Thanet News and Kent on Sunday |
| Chapter 5 - What happens to the comments that the Council receives? | | |
| The Council should respond to individual comments rather than common issues. Cabinet/Committee dates should be publicised when representations and responses will be considered by councillors. | The planning policy process seeks to address the main issues raised during consultations rather than responding to each individual comment. This was introduced to reflect the requirements of the Planning Inspectorate at Reg 19 stage (as set out in the Inspectorate's Procedure Guide). It also helps to speed up the planning policy process. The Council will email or write to people who have commented during a consultation to let them know when the main issues and responses are available on the consultation portal. | N/A |
| Paragraph 5.1 - It would be recommended that the Council undertake at least some basic analysis of submission document | This relates to a more detailed part of the independent Examination process. The reference in the SCI is to clarify that any consideration of representations and | N/A |

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| comments as certain matters of legal compliance and duty-to-co-operate issues cannot be rectified once the document is formally submitted. | subsequent changes made after that consultation are not decided by the Council. | |
| Chapter 6 - Local Plan/DPDs/SPDs | | |
| The Regulation 18 stage should have a more flexible approach as there is no limit to the number of Regulation 18 consultations a Council can hold. Suggested wording: The Council will engage with residents and stakeholders to identify the main subjects, options and preferred options for the plan for a time period relevant to the depth of matters under considered, with at least one consultation for a minimum of 6 weeks. | Agree | <p>Amend Stage 2 as follows: Draft planning document produced – people will have an opportunity to comment on the Council's preferred strategy or consider possible alternatives</p> <p>Identification of main subjects, options and preferred options.</p> <p>Who? General invitation for people to make representations giving at least 6 weeks for people to comment</p> <p>The Council will engage with residents and stakeholders for a time period relevant to the depth of matters under consideration, with at least one consultation for a minimum of 6 weeks</p> |
| The Council should consult for longer than 6 weeks even though this is the statutory minimum requirement. | The Council will consult for longer than 6 weeks depending on the depth and complexity of the subject of the consultation, stage in the planning process or time of year. The Regulation 19 consultation must be for a | N/A |

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| | period of 6 weeks as set out in the Town and Country Planning Regulations 2012 (Regulation 35) and Section 113(4) of the Planning and Compulsory Purchase Act 2004. | |
| <p>8. This section is orientated largely towards 'consultation' rather than 'involvement', the difference between their meanings seems lost on the author. If wider involvement is a genuine objective, then there should be ways in which people are enabled to take part in the process of developing policy rather than simply being consulted about policy that has been largely predetermined.</p> <p>29. The following comments refer to selected stages:</p> <p>a. Stage 1 -Evidence gathering etc – At this stage there should be a 'call for evidence' relating to the matter in hand. The call should be far reaching, widely publicised and supported by the methods suggested; it should not be limited to the audiences set out in the document.</p> | Agree that Stage 1 could be amended to make this clearer | <p>Amend Stage 1 as follows:</p> <p>Who? Targeted consultation and engagement with some or all of the following: Local residents, Statutory Agencies, Town and Parish Councils, Neighbourhood Plan groups, Mayors Offices, Business Community, Developers, Community Groups, Residents Associations, Traders Associations</p> |
| Comments that this section is confusing as it's not clear if it refers to the SCI or the whole Local Plan process, and that the content is vague and non-committal. | The purpose of this section is to outline the processes for producing planning policy documents and where in those processes people can be involved. It does not refer to the SCI review. The content is to give an idea of the consultations which will take place at | N/A |

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| | various stages - the greater detail as to who and how is explained in greater detail in earlier chapters. | |
| Paragraph 6.1 - Suggests that this is re-phrased along the lines of “There are two types of planning policy document – Development Plan Documents, which includes the Local Plan and Supplementary Planning Documents | Agree | Amend para 6.1 as follows: There are two types of planning policy document - Development Plan Documents, which includes the Local Plan Documents and Supplementary Planning Documents |
| Chapter 7 - Neighbourhood Plans | | |
| Potential conflict in stage 1. The draft SCI states 'The Council will consult for a minimum of six weeks to ensure that people who live, work or carry on business in the area have the chance to comment.' whereas this statement is correct if the neighbourhood area does not align with a parish council area, if the area does align with a then section 3 of regulation 5 of the The Neighbourhood Planning (General) Regulations 2012 (as amended) states that regulation 6 and 6a (publication for 6 weeks) does not apply. Where a proposed neighbourhood area aligns with a Parish Council boundary then the regulations set out 3 requirements the applicants must provide, boundary map, a statement why the area is considered appropriate for | Agree - this is a factual correction | Amend Stage 1 as follows: The Town or Parish Council apply to the Council for a specific geographic area to be designated to which the Neighbourhood Plan will apply. In Thanet the Neighbourhood Area is usually the Parish or Town boundary, in which case the Council will designate the Neighbourhood Area. If the proposed Neighbourhood Area does not align with a Town or Parish boundary the Council will consult for a minimum of six weeks to ensure that people who live, work or carry on business in the area have the chance to comment. The Neighbourhood Area is then either approved or refused by the Council within the time limit specified in the Neighbourhood Planning Regulations and the outcome publicised as required under the |

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| <p>designation and a statement that the organisation or body making the area application is the relevant body (i.e that the Parish Council confirm they are seeking area designation). These three matters should be able to address under delegated authority as it leaves little scope for the Local authority to have grounds for refusal.</p> | | <p>legislation. In areas where there is not a Town or Parish Council, those wishing to prepare a Neighbourhood Plan can establish a Neighbourhood Forum which must have a minimum of 21 Members. They must apply to the Council to designate a forum and the Council must consult on this. Where possible, the Council will carry out consultations for a Neighbourhood Forum and a Neighbourhood Plan Area at the same time.</p> |
| <p>The SCI should specify how the Council will give advice or assistance throughout the Neighbourhood Planning process.</p> | <p>Agree</p> | <p>New paragraph 7.6: The Council will actively engage with Neighbourhood Plan groups, subject to resources, and provide advice and assistance on the following: <ul style="list-style-type: none"> • The legal procedures and conformity matters • The scope of a neighbourhood plan • Related local plan and planning policy documents and up to date information on the Local Plan • Requirements of other legislation such as Human Rights Act, the Habitats Regulations and Strategic Environmental Assessments • Any updates on funding or grants available • Relevant Local Plan evidence base <p>The Council will also fulfil its statutory</p> </p> |

| | | |
|--|--|---|
| | | <p>duties in the Neighbourhood Plan process:</p> <ul style="list-style-type: none"> • Confirm that the draft plan meets the criteria in the Localism Act and Regulation 15 of the Neighbourhood Planning Act 2012. The Local Planning Authority can refuse to take forward a plan proposal if it does not comply with the criteria for a neighbourhood plan. The Local Planning Authority must notify the Qualifying Body (ie a Town or Parish Council or a Neighbourhood Plan Forum) whether or not they are satisfied that the proposal complies with the criteria for a neighbourhood plan. Where it is not satisfied the Local Planning Authority can refuse and must notify them of the reasons. It must also publicise its decision in a 'Decision Statement'. • Publicise the submission plan and other relevant documentation (under Regulation 16 of the Neighbourhood Planning Act 2012) and pass on representations to the Independent Examiner under Regulation 17 of the Neighbourhood Planning Act 2012. |
|--|--|---|

| | | |
|---|--|---|
| | | <ul style="list-style-type: none"> • Appoint a suitable examiner in agreement with the Qualifying Body and submit the draft plan, supporting documents to the Independent Examiner under Regulation 17 of the Neighbourhood Planning Act 2012. • Consider the recommendations in the Examiner's Report, that the draft plan meets the basic conditions and publication of a 'Decision Statement' under Regulation 18 and 19 of the Neighbourhood Planning Act 2012 following the receipt of the inspectors report. • Make arrangements, including the setting of a date, for the holding of the referendum. • Adopt the plan under Regulation 19 and 20 of the Neighbourhood Planning Act 2012, within 8 weeks of a positive referendum vote. |
| Can the Council ensure they can adequately resource the necessary support and assistance for neighbourhood planning | For 12 months, the Council had sufficient resources to employ an officer whose primary focus was supporting Neighbourhood Plans. Unfortunately, in that time, only one NP made significant progress. | N/A |

| | | |
|--|---|--|
| | The Council did extend the role for a further 6 months, but at the end of that period had to discontinue the role due to resource constraints. The Council will continue to provide advice within the resources it has available. | |
| Chapter 8 - Where to get help with a planning issue | | |
| CPRE reference needs updating with the following details: CPRE Kent – the Countryside Charity https://cprekent.org.uk/how-can-i-help/ CPRE Kent, Queen's Head House, Ashford Road, Charing, Kent TN27 0AD | Agree - this is a factual update | Update Section 8 with the details provided |
| Chapter 9 - Planning Applications and Submissions | | |
| | | |
| Chapter 10 - Review of the SCI | | |
| The SCI should be kept under review and updated more regularly than every 5 years | The methods and detail in the SCI are flexible to enable the council to adapt to current circumstances or lessons learnt from previous consultations and still be in accordance with the SCI. More frequent reviews of the SCI could hold up the planning | N/A |

| | | |
|--|---|--|
| | policy process as reviews are consulted on and adopted by Council | |
|--|---|--|

| Additions to Table 1 - Methods of Consultation | | | |
|--|---|--|--|
| Method | Useful for: | For us to consider: | Resources: |
| Add the following row to Table 1: Involvement of Town and Parish Councils | Understanding issues from a more local perspective, briefing for dissemination to the wider community | Method of engagement appropriate to the consultation - eg briefing for all Councils online or face to face, all councils together or separately. Potential to work with town/parish council for local consultation events | Staff availability |
| Advert/leaflet/ posters in Local Papers, town/parish halls/libraries/other community spaces | Raising levels of awareness and publicising specific opportunities to get involved. Reaching a wider audience | The timescale needed to ensure availability at the beginning of a consultation period | Costs of advertising/printing/delivery |
| Exhibitions/Drop in Sessions | Provides an opportunity for two way dialogue. Accessible to broad audience | Information should be accessible to all in terms of mobility, understanding and times available. Availability of resources/equipment to make the online consultation system available at venues | Preparation costs, display materials and time needed can be significant. Additional staff time needed if exhibition is manned. Venue costs for hire. |

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Thanet District Council (TDC) Equality Impact Assessment Statement of Community Involvement

Thanet District Council (TDC) Equality Impact Assessment: Statement of Community Involvement

Step one: test for relevance

1 Person responsible for this assessment

| | | | |
|---------------|----------------------------|---------------------|---------------------|
| Name: | Adrian Verrall | | |
| Job title: | Strategic Planning Manager | | |
| Phone: | 01843 577139 | | |
| Service area: | Housing & Planning | Date of assessment: | April/May/June 2021 |

2 Others involved in carrying out the analysis

| | |
|-------|---|
| Name: | Jo Wadey, Strategic Planning Officer |
| Name: | Iain Livingstone, Planning Applications Manager |
| Name: | Estelle Culligan, Director of Law and Democracy |

3. Description of strategy, policy, service, project, activity or decision

| | |
|--------|--|
| Title: | Statement of Community Involvement (SCI) |
|--------|--|

| | | | | |
|-----------------------|-----|-------------------------------------|----|-------------------------------------|
| Is it new? | Yes | <input type="checkbox"/> | No | <input checked="" type="checkbox"/> |
| A review of existing? | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> |

3.1 Aims and objectives

Consider: **what** you are doing? **why** you are doing it? **who** will benefit?

The purpose of the SCI is to set out the ways in which the Council will engage with local communities regarding planning matters, both in plan-making and planning applications. It is a statutory requirement for the Planning Service.

The SCI needs to be updated to reflect changes since the current SCI was adopted. This should benefit all parts of the local community in their engagement with the planning system.

It should be noted that this assessment relates only to the operation of the Statement of Community Involvement and to the methods by which the Council will consult on planning matters. It does not relate to the assessment of Local Plan proposals and planning applications, which are subject to separate statutory processes.

3.2 What outcomes are expected? Who is expected to benefit?

The intended outcome is to ensure that anyone in the district can participate in planning matters, by a range of different means.

This does not necessarily mean that more people will participate in planning consultations/engagement, just that as many people as possible will have the opportunity to do so.

4 Who is affected?

4.1 Which groups or individuals does the strategy, policy, service, project, activity or decision affect? For example, the Council, employees (including temporary workers), other public authorities, contractors, partner organisations, wider community, others.

The Council; wider community; partner organisations; statutory consultees.

4.2 Does the strategy, policy, service, project, activity or decision relate to a service area with known inequalities? (Give a brief description).

No.

5 Equality Act 2010

How does the strategy, policy, service, project, activity or decision actively meet the public sector equality duties to:

Eliminate unlawful discrimination (including harassment, victimisation and other prohibited conduct)

N/A.

Advance equality of opportunity (between people who share a protected characteristic and people who do not share it)

The SCI is intended to ensure that all members/sectors of the community have the opportunity to participate in the planning process; whether in terms of plan-making or planning applications.

Foster good relations (between people who share a protected characteristic and people who do not share it). Could it have an adverse impact on relations between different diverse groups?

N/A.

6 Priority

The following questions will help you to identify whether this 'service' is a high priority. Please answer all questions with particular reference to the protected characteristics; race, gender, gender reassignment, disability, religion or belief, sexual orientation, age, marriage and civil marriage/partnership and pregnancy and maternity.

Agenda Item 7

Annex 2

Please provide a comment for each answer, providing evidence for your answer, regardless whether you have answered yes or no.

| Questions | Yes | No |
|--|-----|----|
| 1. Are there any particular groups who may have trouble accessing the 'service'? | x | |
| Comments: Potential language barrier for some community groups - the Council offers translation services for people for whom English is not their first language. As the Local Plan itself is a large document, the Council could provide a translation of a non-technical summary document. Age - ability to access information - there is currently no evidence to indicate that fewer older people take part in planning consultations. There is a suggestion that online-only consultations may deter older people who either do not possess internet access, or perhaps the necessary IT knowledge, to participate. However, there is no intention to use such an approach, but just to broaden the use of IT as part of the response to changing lifestyles and to the impact of COVID19. This would be in addition to other consultation and engagement methods. | | |
| 2. Does your information suggest that some groups of people are less satisfied than others with this 'service'? | | x |
| Comments: No specific indication has been given that particular groups of people are less satisfied than others. | | |
| 3. Will this service have a significant impact on any of our residents? | | x |
| Comments: This EqIA relates to the SCI, not the operation of the planning system itself. The assessment of the impact of detailed proposals in Local Plans and planning applications are subject to separate processes. | | |
| 4. Do you have any evidence that discrimination, harassment and/or victimisation could occur as part of this service? | | x |
| Comments: No. | | |
| 5. Do you think the service will hinder communication and negatively impact relations between the organisation and its employees, residents, contractors or anyone else? | | x |
| Comments: No. It is designed to improve communication between these groups. | | |
| 6. Does this service need to improve the way in which it is communicated to people who have literacy, numeracy or any other access needs? | | x |
| Comments: | | |

| | |
|---|-------------------------------------|
| <p>This service does involve the dissemination of quite a lot of technical information. However, both parts of the service offer “help-lines” for people to telephone for advice, and during Local Plan consultations, it is standard practice to arrange drop-in sessions/ exhibitions, which provide people the opportunity to ask questions.</p> | |
| <p>7. Does consultation need to be carried out?</p> | <p style="text-align: right;">x</p> |
| <p>Comments:</p> <p>Consultation has been undertaken in relation to the draft SCI. 74 responses were received, a number of which related directly to equalities matters:</p> <ul style="list-style-type: none"> • The changes in communications methods since the last review offer new opportunities but also risk greater exclusion, particularly for those unable to access digital systems • Face-to-face engagement should be held in venues that provide reasonable access to all, in line with the Equality Duty 2010 • Online documents should meet the Government's accessibility requirements • Are there additional ways to support and reach out to people with protected characteristics and other marginalised or harder to reach communities – for example, through correspondence with faith, voluntary, community and social enterprises and other stakeholder organisations in Thanet? • For exhibitions and drop-in sessions, venues should provide reasonable access to all, in line with the Equality Duty 2010. <p>The SCI provides a “menu” of engagement and consultation methods, and the Council will seek to use those methods flexibly, depending on the nature of the topic. The Council always uses a combination of digital, non-digital and in-person engagement and consultation for the Local Plan process (although this has necessarily been limited by the COVID pandemic in the latter stages of the Local Plan process). The Council is producing all new documentation in an accessible format.</p> | |

In order to assess the priority of your ‘**service**’ please complete the table below by adding up how many questions you answered yes to and following the appropriate action.

| Priority | Number of questions answered ‘yes’ | Rating | Action |
|----------|------------------------------------|--------|--|
| High | 3 or more | | Continue to section 2 |
| Medium | 1 to 2 | * | Please provide evidence to any questions you answered ‘yes’ to in section 1. Test for relevance complete (sometimes a full assessment may be required). |
| Low | 0 | | Test for relevance complete. |

If, following the completion of the test for relevance, a full assessment is not required, go straight to the declaration. If a full assessment is required, go to Step two: full equality impact assessment.

Step two: full equality impact assessment

- 1 Could the strategy, policy, service, project, activity or decision have a **negative, positive or neutral** effect on groups or individuals?

Consider:

What you are doing?

Why you are doing it?

How you are doing it?

Who can access the service easily and who may not be able to access the service and **why**?

The full analysis explores ways to reduce or eliminate barriers and/or negative impacts.

| Protected characteristics | N e g a t i v e | P o s i t i v e | N e u t r a l | Evidence/Reasoning (Consider any barriers which will have negative impact and/or good practices giving positive impact) |
|--|--------------------------------------|--------------------------------------|---------------------------------|--|
| Age Consider: <ul style="list-style-type: none"> The way younger and older people access services may be different Use of technology Child care/care of other dependant Timings/flexibility, such as work patterns Transport arrangements Venue location | | | | Recommendations: |
| Disability (Includes: physical, learning, sensory (deaf/blind), mental health) Consider: <ul style="list-style-type: none"> Communication methods Accessibility – venue, location, transport Range of support needed to participate Hearing Loops/Interpreters Disability awareness training for employees | | | | Recommendations: |
| Race (Includes; gypsy, travelling, refugee and migrant communities) Consider: | | | | Recommendations: |

| | | | | |
|---|--|--|--|-------------------------|
| <ul style="list-style-type: none"> • The size of the BME communities that your service/project affects. • Language(s) spoken/understood. • Culture, such as hygiene, clothing, physical activities, mixed gender activities. • What access support can you offer? | | | | |
| Religion, faith or belief Consider: <ul style="list-style-type: none"> • The diversity within the communities that your service/project affect • Prayer times, meal times, food (some religions do not eat meat), cultural habit or belief, religious holidays such as Ramadan • Awareness training for employees | | | | Recommendations: |
| Pregnancy and maternity Consider: <ul style="list-style-type: none"> • Flexible hours of the service/project • Is there access to private area for breastfeeding mothers? | | | | Recommendations: |
| Gender Consider: <ul style="list-style-type: none"> • The impact on men and women • Child care/care of other dependant • Mixed/single gender groups/activities • Timing of services/projects | | | | Recommendations: |
| Sexual orientation (Includes: lesbian, gay, bisexual) Consider: <ul style="list-style-type: none"> • LGB people should feel safe to disclose their sexual orientation without fear of prejudice • Make it clear you recognised civil | | | | Recommendations: |

| | | | | |
|---|--|--|--|-------------------------|
| marriage and partnerships <ul style="list-style-type: none"> Awareness training for employees | | | | |
| Transgender Consider: <ul style="list-style-type: none"> Trans people should be able to disclose their gender identity without fear of prejudice Making it clear you have a Trans policy and process Awareness training for employees | | | | Recommendations: |
| Marriage and civil marriage/partnership Consider: <ul style="list-style-type: none"> All couples or partners, regardless of gender, should be able to access services | | | | Recommendations: |

| Outsourced services | |
|--|--|
| If your policy/process is partly or wholly provided by external organisations/agencies (such as Civica or Capita), please list any arrangements you plan to ensure that they promote equality and diversity. Include this in your improvement plan | |
| Relations between different equality groups | |
| Does your assessment show that a strategy, policy or process may amount to potential adverse impact between different equality groups? If yes please explain how the improvement plan is going to tackle this issue | |
| Consultation responses | |
| Summary of replies from individuals and stakeholders consulted including any previous complaints on equality and diversity issues about the strategy, policy or process | |

| Summary of recommendations | | |
|----------------------------|--------|---------|
| Actions | By Who | By When |

Declaration

I am satisfied that a Test for Relevance has been carried out on the matter named in this Analysis and conclude that a full Equality Impact Assessment **is not required**.

Yes ☒ No ☐

If you do not think that a full Equality Impact Assessment is required – please give your reasons:

The Test for Relevance identifies two groups who might potentially be affected by the service, and the assessment sets out the Council's current practice in relation to these matters.

I confirm that a full Equality Impact Assessment has been completed.

Yes ☐ No ☐

Signature of Head of Service:

Date:

Recommendations agreed:

Yes ☐ No ☐

Signed:
(Director):

EIA date:

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Annual Treasury Management Review 2020-21

| | |
|---------------------------------|--|
| Cabinet | 29 July 2021 |
| Report Author | Tim Willis, Deputy Chief Executive and Section 151 Officer |
| Portfolio Holder | Councillor David Saunders, Cabinet Member for Finance |
| Status | For Decision |
| Classification | Unrestricted |
| Previously Considered by | Governance & Audit Committee - 28 July 2021 |
| Ward | Thanet Wide |

Executive Summary:

This report summarises treasury management activity and prudential/ treasury indicators for 2020-21. However, the council's 2020-21 accounts have not yet been audited and hence the figures in this report are subject to change.

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 details of the 2020-21 year-end position for treasury activities.

Key reporting items to consider include:

- 2020-21 capital expenditure on long term assets was £23.5m (2019-20: £17.5m), against a budget of £43.8m.
- The council's gross debt, also called the borrowing position, at 31 March 2021 was £24.4m (31 March 2020: £25.0m).
- The council's underlying need to borrow to finance its capital expenditure, also called the Capital Financing Requirement (CFR), was £56.7m at 31 March 2021 (31 March 2020: £54.6m).
- Therefore it can be reported the council has complied with the requirement to hold less gross debt than its CFR.
- The maximum debt held by the council during 2020-21 was £25.0m, which was well within the statutory authorised limit of £109.0m
- At 31 March 2021 the council's investment balance was £31.3m (31 March 2020: £33.9m).

Recommendation(s):

That Cabinet:

1. Notes the actual 2020-21 prudential and treasury indicators in this report;
2. Makes comments as appropriate on this Annual Treasury Management Report for 2020-21;
3. Recommends this report to council for approval.

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 and Background

- 1.1. 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.”

- 1.2. 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.
- 1.3. 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 existing debt may also be restructured to meet council risk or cost objectives.

2. Reporting Requirements

- 2.1. This council is required by regulations issued under the Local Government Finance Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2020-21. This report meets the requirements of both the Chartered Institute of Public Finance & Accountancy (CIPFA) Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).
- 2.2. During 2020-21 the minimum reporting requirements were that the full council should receive the following reports:
 - an annual treasury strategy in advance of the year (council 06-02-2020):
<https://democracy.thanet.gov.uk/documents/s67348/TMSS%202020-21.pdf>
 - a mid-year treasury update report (council 10-12-2020):
<https://democracy.thanet.gov.uk/documents/s70687/Mid%20Year%20Report%20Council%202020-21.pdf>
 - an annual review following the end of the year describing the activity compared to the strategy (this report).
- 2.3. The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the 2020-21 year-end position for treasury activities and highlights compliance with the council's policies previously approved by members.
- 2.4. This council confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Governance and Audit Committee before they were reported to the full council. Member training on treasury management issues was last undertaken on 31-10-2019 in order to support members' scrutiny role, and further training will be arranged as required. The council's external treasury management advisor is Link Group, Treasury Solutions (Link).

- 2.5. The council's 2020-21 accounts have not yet been audited and hence the figures in this report are subject to change

3. The Council's Capital Expenditure and Financing

- 3.1. The council undertakes capital expenditure on long-term assets. These activities may either be:
- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the council's borrowing need; or
 - If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure for the General Fund (GF) and the Housing Revenue Account (HRA) and how this was financed.

| | 2019-20 Actual £'000 | 2020-21 Budget £'000 | 2020-21 Provisional Actual £'000 |
|------------------------------------|----------------------------|----------------------------|---|
| Capital expenditure - GF | 6,887 | 21,389 | 12,376 |
| Capital expenditure - HRA | 10,586 | 22,418 | 11,118 |
| Capital expenditure - Total | 17,473 | 43,807 | 23,494 |
| Financed by: | | | |
| Capital receipts | 2,964 | 8,665 | 3,259 |
| Capital grants | 5,954 | 8,427 | 4,169 |
| Revenue and reserves | 3,760 | 17,082 | 5,730 |
| Borrowing | 4,795 | 9,633 | 10,336 |
| Total | 17,473 | 43,807 | 23,494 |

- 3.2. Full details of capital expenditure and explanations of variances from budget will be reported within the Financial and Performance Monitoring Year-End Report to Cabinet in September. The council is committed to tackling the significant level of slippage in the capital programme as per the following extract from section 5 of the council's Capital Strategy document:

"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)."

4. The Council's Overall Borrowing Need

- 4.1. The council's underlying need to borrow to fund its capital expenditure is termed the Capital Financing Requirement (CFR). The CFR can be thought of as the outstanding debt that still needs to be repaid in relation to the capital assets (buildings, vehicles etc) that the council has purchased or invested in. It can also be helpful to compare it

to the outstanding balance that is still payable on a loan or a mortgage, in this case we are considering how much of the council's debt still needs to be paid for.

- 4.2. **Gross borrowing and the CFR** - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the council should ensure that its gross external borrowing (borrowing undertaken with financial institutions or external organisations) does not, except in the short term, exceed the total of the CFR in the preceding year (2020-21) plus the estimates of any additional capital financing requirement for the current (2021-22) and next two financial years.
- 4.3. This essentially means that the council is only borrowing to fund capital expenditure and is not borrowing to support revenue expenditure. Under statutory requirements councils are not allowed to borrow to fund their revenue budget activities.
- 4.4. By assessing this indicator over four years it allows the council some flexibility to borrow in advance of its immediate capital needs in 2020-21. The table below highlights the Council's gross borrowing position against the CFR and shows that the council has complied with this prudential indicator, as the council's gross debt of **£24.4m** is less than the **£56.7m** CFR at 31 March 2021.

| | 31 March 2020 Actual £'000 | 31 March 2021 Budget £'000 | 31 March 2021 Provisional Actual £'000 |
|--------------------------|-------------------------------------|-------------------------------------|--|
| CFR GF | 30,422 | 29,076 | 28,449 |
| CFR HRA | 24,200 | 29,362 | 28,236 |
| Total CFR | 54,622 | 58,438 | 56,685 |
| Gross borrowing position | (25,025) | (43,463) | (24,394) |
| Underfunding of CFR | 29,597 | 14,975 | 32,291 |

- 4.5. **The authorised limit** - the authorised limit is the "affordable borrowing limit" required by s3 of the Local Government Act 2003. Once this has been set, the council does not have the power to borrow above this level.
- 4.6. **The operational boundary** – the operational boundary is the expected borrowing position of the council during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.
- 4.7. The table below shows that during 2020-21 the Council's maximum gross debt position was **£25.025m** and therefore it has maintained gross borrowing within its authorised limit and operational boundary.

| | 2020-21 £000 |
|--|-----------------|
| Authorised limit | 109,000 |
| Maximum gross borrowing position during the year | 25,025 |
| Operational boundary | 99,000 |

| | |
|----------------------------------|--------|
| Average gross borrowing position | 24,650 |
|----------------------------------|--------|

- 4.8. **Actual financing costs as a proportion of net revenue stream** - this indicator identifies the trend in the cost of capital, (borrowing and other long term obligation costs net of investment income), against the net revenue stream.

| | 2020-21 % |
|--|--------------|
| Financing costs as a proportion of net revenue stream - GF | 5.7% |
| Financing costs as a proportion of net revenue stream -HRA | 4.8% |

5. **Treasury Position as at 31 March 2021**
- 5.1. Table 1 presents the council's treasury position (excluding finance leases) at the beginning and the end of 2020-21.

Table 1 - Overall Treasury Position as at 31 March 2021

| | 31 March 2020 Principal £'000 | Rate/ Return % | Average Life Years | 31 March 2021 Principal £'000 | Rate/ Return % | Average Life Years |
|--|--|----------------------|--------------------------|--|----------------------|--------------------------|
| Gross Debt Position | | | | | | |
| GF debt | 9,125 | 3.28% | 14.8 | 8,495 | 3.36% | 14.9 |
| HRA debt | 15,900 | 4.08% | 8.3 | 15,899 | 4.14% | 7.6 |
| Total debt (all fixed rate) | 25,025 | 3.80% | 10.7 | 24,394 | 3.86% | 10.1 |
| CFR compared to Gross Debt | | | | | | |
| GF CFR | 30,422 | | | 28,449 | | |
| HRA CFR | 24,200 | | | 28,236 | | |
| Total CFR | 54,622 | | | 56,685 | | |
| Under- borrowing | 29,597 | | | 32,291 | | |
| Net Debt / Investment | | | | | | |
| Total debt | 25,025 | 3.80% | 10.7 | 24,394 | 3.86% | 10.1 |
| Total investments | (33,904) | 0.79% | | (31,325) | 0.23% | |
| Net debt / (investment) | (8,879) | | | (6,931) | | |

- 5.2. Table 1 shows that, as previously stated, gross debt was £24.394m and the CFR was £56.685m at the end of 2020-21. This means the Council is in an under borrowed position of £32.291m, as external gross debt is less than the CFR.

- 5.3. Table 1 also shows that the council's investments totalled £31.325m at the 2020-21 year end and therefore was in a net investment position, as investments held exceeded gross debt by £6.931m.
- 5.4. All of the debt is from the Public Works Loan Board (PWLb), which is a facility operated by the UK Debt Management Office on behalf of HM Treasury and provides loans to local authorities, apart from the following two GF loans (as at 31 March 2021):
- Market: £4.5m principal at 4.19% with an average life of 0.5 years.
 - Salix: £13k principal at 0.00% with an average life of 0.5 years.
- 5.5. The maturity structure of the debt portfolio, or the timeline of when the council's debt is repayable, was as follows:

| | 31 March 2020 actual £000 | 2020-21 upper limits £000 | 31 March 2021 actual £000 |
|----------------------------|---------------------------------|---------------------------------|---------------------------------|
| Under 1 year | 5,131 | 12,197 | 8,679 |
| 1 year to under 2 years | 4,179 | 12,197 | 334 |
| 2 years to under 5 years | 3,080 | 12,197 | 2,833 |
| 5 years to under 10 years | 2,356 | 12,197 | 2,356 |
| 10 years to under 20 years | 7,359 | 12,197 | 7,272 |
| 20 years to under 30 years | 1,920 | 12,197 | 1,920 |
| 30 years to under 40 years | 0 | 12,197 | 0 |
| 40 years to under 50 years | 1,000 | 12,197 | 1,000 |
| 50 years and above | 0 | 12,197 | 0 |
| Total debt | 25,025 | | 24,394 |

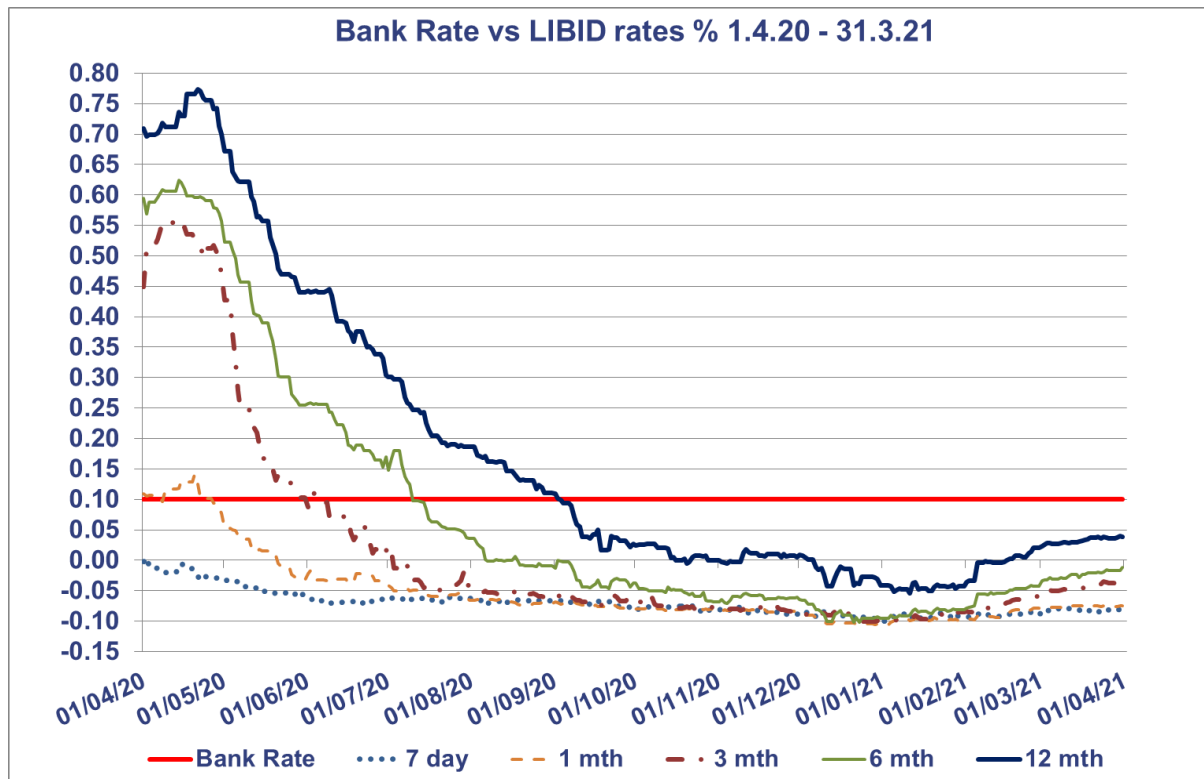
- 5.6. The following table shows the value of the type of investments the council was holding at year-end. All investments at the 2020-21 year-end were for under one year. Investments at the 2019-20 year-end for longer than 365 days were £0.6m.

| | 31 March 2020 actual £000 | 31 March 2020 actual % | 31 March 2021 actual £000 | 31 March 2021 actual % |
|-----------------------------------|------------------------------------|------------------------------|------------------------------------|------------------------------|
| Banks - Instant Access | 3 | 0.01 | 29 | 0.09 |
| Banks - Notice Accounts | 4,453 | 13.13 | 8,154 | 26.03 |
| Banks - Fixed Term Deposits | 13,483 | 39.77 | 3,200 | 10.22 |
| Money Market Funds | 15,965 | 47.09 | 19,942 | 63.66 |
| Total Treasury Investments | 33,904 | 100.00 | 31,325 | 100.00 |

6. The Strategy for 2020-21

6.1. Investment strategy and control of interest rate risk

- 6.1.1. The following chart tracks the Bank of England base rate of interest and the London Interbank Bid Rates (LIBID) during 2020-21.



- 6.1.2 Investment returns which had been low during 2019-20, plunged during 2020-21 to near zero or even into negative territory. Most local authority lending managed to avoid negative rates and one feature of the year was the growth of inter local authority lending. The expectation for interest rates within the treasury management strategy for 2020-21 was that Bank Rate would continue at the start of the year at 0.75 % before rising to end 2022/23 at 1.25%. This forecast was invalidated by the Covid-19 pandemic bursting onto the scene in March 2020 which caused the Monetary Policy Committee to cut Bank Rate in March, first to 0.25% and then to 0.10%, in order to counter the hugely negative impact of the national lockdown on large swathes of the economy. The Bank of England and the Government also introduced new programmes of supplying the banking system and the economy with massive amounts of cheap credit so that banks could help cash-starved businesses to survive the lockdown. The Government also supplied huge amounts of finance to local authorities to pass on to businesses. This meant that for most of the year there was much more liquidity in financial markets than there was demand to borrow, with the consequent effect that investment earnings rates plummeted.
- 6.1.3 While the council has taken a cautious approach to investing, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the financial crisis. These requirements have provided a far stronger basis for financial institutions, with

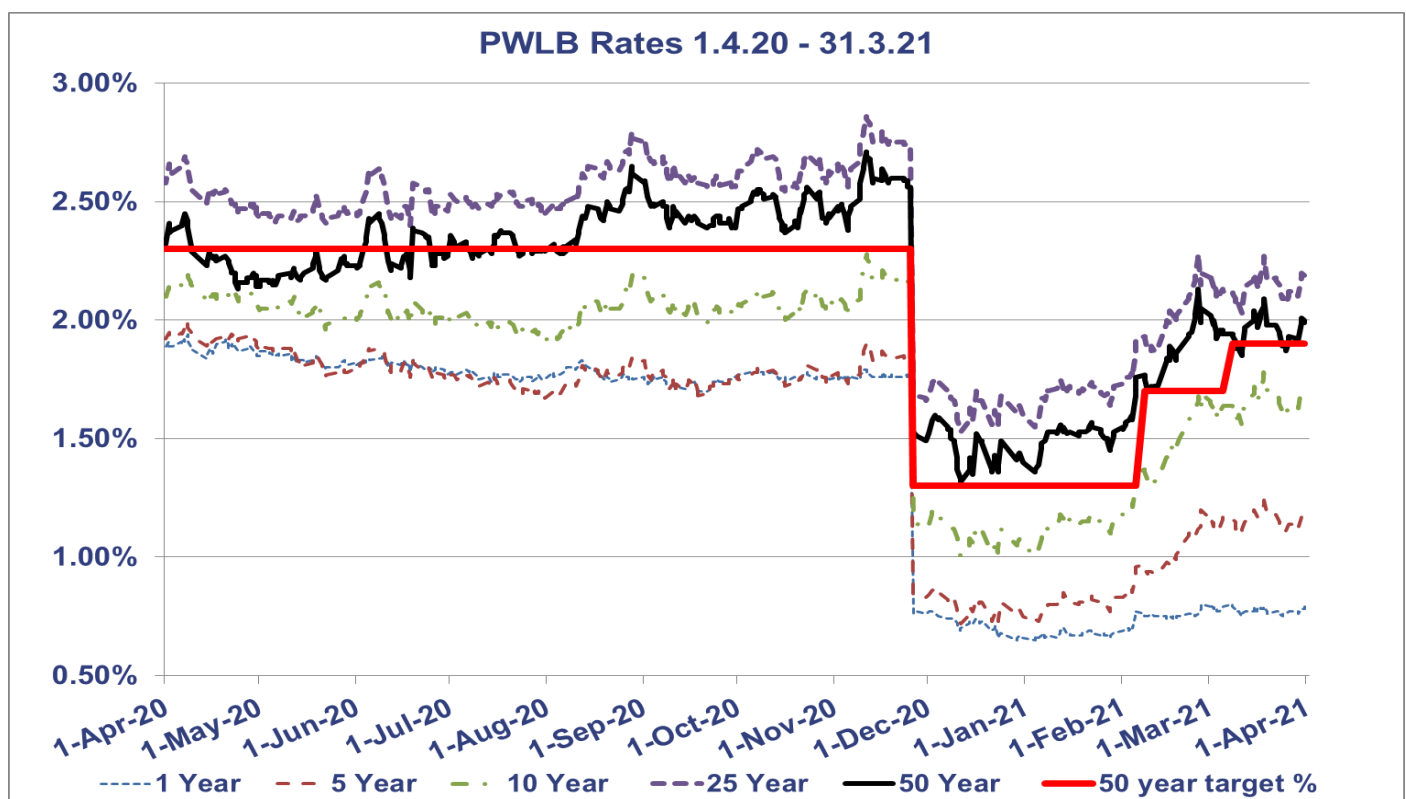
annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.

- 6.1.4 Investment balances have been kept to a minimum through the agreed strategy of using reserves and balances to support internal borrowing, rather than borrowing externally from the financial markets. External borrowing would have incurred an additional cost, due to the differential between borrowing and investment rates as illustrated in the charts/graphs shown above and below. Such an approach has also provided benefits in terms of reducing the counterparty risk exposure, by having fewer investments placed in the financial markets.

6.2. **Borrowing strategy and control of interest rate risk**

- 6.2.1. During 2020-21, the council maintained an under-borrowed position. This meant that the capital borrowing need (the Capital Financing Requirement) was not fully funded with loan debt, as cash supporting the council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were low and minimising counterparty risk on placing investments also needed to be considered.
- 6.2.2. A cost of carry remained during the year on any new long-term borrowing that was not immediately used to finance capital expenditure, as it would have caused a temporary increase in cash balances; this would have incurred a revenue cost – the difference between (higher) borrowing costs and (lower) investment returns.
- 6.2.3. The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this was kept under review to avoid incurring higher borrowing costs in the future when this authority may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.
- 6.2.4. Against this background and the risks within the economic forecast, caution was adopted with the treasury operations. The Section 151 Officer therefore monitored interest rates in financial markets and adopted a pragmatic strategy based upon the following principles to manage interest rate risks:
- if it had been felt that there was a significant risk of a sharp FALL in long and short term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings would have been postponed, and potential rescheduling from fixed rate funding into short term borrowing would have been considered.
 - if it had been felt that there was a significant risk of a much sharper RISE in long and short term rates than initially expected (e.g. perhaps arising from an acceleration in the start date and 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 would have been re-appraised. Most likely, fixed rate funding would have been drawn whilst interest rates were lower than they were projected to be in the next few years.
- 6.2.5. Interest rate forecasts expected only gradual rises in medium and longer term fixed borrowing rates during 2020-21 and the two subsequent financial years. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period.

| Link Group Interest Rate View 8.3.21 | | Mar-21 | Jun-21 | Sep-21 | Dec-21 | Mar-22 | Jun-22 | Sep-22 | Dec-22 | Mar-23 | Jun-23 | Sep-23 | Dec-23 | Mar-24 |
|--------------------------------------|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| BANK RATE | | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 |
| 3 month ave earnings | | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 |
| 6 month ave earnings | | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 |
| 12 month ave earnings | | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 |
| 5 yr PWLB | | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 | 1.30 | 1.30 | 1.40 | 1.40 | 1.40 | 1.40 |
| 10 yr PWLB | | 1.60 | 1.60 | 1.60 | 1.60 | 1.70 | 1.70 | 1.70 | 1.80 | 1.80 | 1.90 | 1.90 | 1.90 | 1.90 |
| 25 yr PWLB | | 2.10 | 2.10 | 2.10 | 2.20 | 2.30 | 2.30 | 2.30 | 2.40 | 2.40 | 2.50 | 2.50 | 2.50 | 2.50 |
| 50 yr PWLB | | 1.90 | 1.90 | 1.90 | 2.00 | 2.10 | 2.10 | 2.10 | 2.20 | 2.20 | 2.30 | 2.30 | 2.30 | 2.30 |



- 6.2.6. PWLB rates are based on, and are determined by, gilt (UK Government bonds) yields through H.M.Treasury determining a specified margin to add to gilt yields. The main influences on gilt yields are Bank Rate, inflation expectations and movements in US treasury yields. Inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation and 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. This has pulled down the overall level of

interest rates and bond yields in financial markets over the last 30 years. We have seen over the last two years, many bond yields up to 10 years in the Eurozone turn negative on expectations that the EU would struggle to get growth rates and inflation up from low levels. 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.

- 6.2.7. Gilt yields fell sharply from the start of 2020 and then spiked up during a financial markets melt down in March caused by the pandemic hitting western countries; this was rapidly countered by central banks flooding the markets with liquidity. While US treasury yields do exert influence on UK gilt yields so that the two often move in tandem, they have diverged during the first three quarters of 2020-21 but then converged in the final quarter. Expectations of economic recovery started earlier in the US than the UK but once the UK vaccination programme started making rapid progress in the new year of 2021, gilt yields and PWLB rates started rising sharply as confidence in economic recovery rebounded. Financial markets also expected Bank Rate to rise quicker than in the forecast tables in this report.
- 6.2.8. At the close of the day on 31 March 2021, all gilt yields from 1 to 5 years were between 0.19 – 0.58% while the 10-year and 25-year yields were at 1.11% and 1.59%.
- 6.2.9. HM Treasury imposed **two changes of margins over gilt yields for PWLB rates in 2019-20** without any prior warning. The first took place on 9th October 2019, adding an additional 1% margin over gilts to all PWLB period rates. That increase was then, at least partially, reversed for some forms of borrowing on 11th March 2020, but not for mainstream non-HRA capital schemes. A consultation was then held with local authorities and **on 25th November 2020, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates**; the standard and certainty margins were reduced by 1% but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three year capital programme.
- 6.2.10. The new margins over gilt yields are as follows: -
- **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
 - **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)
 - **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)
- 6.2.11. There is likely to be only a gentle rise in gilt yields and PWLB rates over the next three years as Bank Rate is not forecast to rise from 0.10% by March 2024 (as per Link's forecast of 8 March 2021 in section 6.2.5 above) as the Bank of England has clearly stated that it will not raise rates until inflation is sustainably above its target of 2%; this sets a high bar for Bank Rate to start rising.
- 6.3. **Change in strategy during the year** – the strategy adopted in the original Treasury Management Strategy Report for 2020-21 (approved by the council on 06-02-20) was

revised during 2020-21 in the mid-year treasury update report (approved by the council on 10-12-20).

7. Borrowing Outturn for 2020-21

- 7.1. **Borrowing** – Due to investment concerns, both counterparty risk and low investment returns, no borrowing was undertaken during the year.
- 7.2. **Borrowing in advance of need** - The council has not borrowed more than, or in advance of, its needs purely in order to profit from the investment of the extra sums borrowed.
- 7.3. **Rescheduling** – No rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.
- 7.4. **Repayments** – The council repaid £0.631m of maturing debt using investment balances, as below:

| Lender | Principal £'000 | Interest Rate | Repayment Date |
|--------------|--------------------|---------------|-------------------|
| Salix | 4 | 0.00% | 01-04-20 |
| PWLB | 43 | 3.08% | 23-04-20 |
| PWLB | 50 | 2.48% | 27-05-20 |
| PWLB | 146 | 1.97% | 27-05-20 |
| PWLB | 72 | 1.28% | 20-06-20 |
| Salix | 4 | 0.00% | 01-10-20 |
| PWLB | 43 | 3.08% | 23-10-20 |
| PWLB | 50 | 2.48% | 27-11-20 |
| PWLB | 147 | 1.97% | 27-11-20 |
| PWLB | 72 | 1.28% | 20-12-20 |
| Total | 631 | | |

- 7.5. **Summary of debt transactions** – The average interest rate on the debt portfolio increased from 3.80% to 3.86% during the year. This was due to the repayment of maturing debt as shown above.

8. Investment Outturn for 2020-21

- 8.1. **Investment Policy** – the council's investment policy is governed by the Ministry of Housing, Communities and Local Government (MHCLG) investment guidance, which has been implemented in the annual investment strategy approved by the council on

6 February 2020. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).

- 8.2. The investment activity during the year conformed to the approved strategy.
- 8.3. During the year the council's treasury adviser, Link Group Treasury Solutions, reduced its suggested maximum duration from 1 year to 6 months for a bank that the council had a number of fixed term deposits with; even though the maximum duration as per the council's investment policy (set out in the Treasury Management Strategy Report) remained at 370 days given the bank's credit rating. As at 31 March 2021 the remaining terms on deposits with this bank were all under 6 months.
- 8.4. From 1 April 2020 to 15 April 2020 inclusive, the council maintained balances with its own banker which exceeded the £7m investment limit stipulated in the council's investment policy; the highest daily deposit account balance being £26.764m. However, these balances were for operational/transactional purposes (to help deal with the coronavirus pandemic) rather than for investment. The council received an exceptional amount of coronavirus related grant funding (£40m) from the Government on 1 April 2020 and (given the very short notice) was unable to fully absorb this within its various money market funds (MMFs), given MMF facility limits and MMFs available at that time.
- 8.5. **Resources** - the council's cash balances comprise revenue and capital resources and cash flow monies. The council's core cash resources comprised as follows:

| Balance Sheet Resources | 31 March 2020 £000 | 31 March 2021 Provisional £000 |
|------------------------------|-----------------------|--------------------------------------|
| GF Balance | 2,011 | 2,011 |
| Earmarked Reserves | 13,528 | 25,400 |
| HRA Balance | 8,645 | 8,020 |
| Capital Receipts Reserve | 8,544 | 6,316 |
| Major Repairs Reserve | 15,469 | 15,425 |
| Capital Grants Unapplied | 43 | 43 |
| Total Usable Reserves | 48,240 | 57,215 |

- 8.6. **Investments held by the council**
 - The council maintained an average balance of £50.198m of internally managed funds.
 - The internally managed funds earned an average rate of return of 0.23%.
 - The comparable performance indicator is the average 7-day London Interbank Bid Rate (LIBID) rate, which was minus 0.07%.

- This compares with an original budget assumption of £33m investment balances earning an average rate of 1.00%.
- Total investment income was £115k compared to a budget of £330k.

8.7. **Investments held by fund managers** – the council does not use external fund managers on a discretionary basis for any part of its investment portfolio.

9. Investment risk benchmarking

9.1. The following investment benchmarks were set in the council's 2020-21 annual treasury strategy:

9.1.1. **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).

9.1.2. **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.

9.1.3. **Yield** - local measures of yield benchmarks are:

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

9.1.4. The council kept to the above benchmarks during 2020-21.

10. International Financial Reporting Standard 16 (IFRS 16)

10.1. The implementation of IFRS16 (bringing almost all lease liabilities on to the balance sheet together with the corresponding 'right of use' assets) has been delayed for a further year from 2021-22 to 2022-23 accounts closedown, due to pressures on council finance teams as a result of the Covid-19 pandemic.

11. Prudential and Treasury Codes

11.1 Following consultation, CIPFA intends publishing revised Prudential and Treasury Codes in December 2021. (The Prudential Code aims to ensure that the financial plans of local authorities are affordable, prudent and sustainable).

11.2 Key changes to the Codes are due to include:

- a) Clarification of commercial activity/investment and prudent borrowing activity.
- b) The inclusion of proportionality as an objective (assessing risks against resource levels).
- c) Introduction of the Liability Benchmark as a treasury management indicator.

- d) Integration of environmental, social and governance risks into the treasury policy framework.
- e) Guidance on treasury development, knowledge retention, skills and training.

12. Options

- 12.1 The recommended option (to ensure regulatory compliance as set out in section 1 of this report) is that Cabinet:
- Notes the actual 2020-21 prudential and treasury indicators in this report.
 - Makes comments as appropriate on this Annual Treasury Management Report for 2020-21.
 - Recommends this report to council for approval.
- 12.2 Alternatively, Cabinet may decide not to do this and provide reason(s) why.

13. Next Steps

- 13.1 This report is to go to council for approval, at the 9 September 2021 meeting.

14. Disclaimer

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

Contact Officer: Tim Willis, Deputy Chief Executive & Section 151 Officer
Reporting to: Madeline Homer, Chief Executive

Annex List

Annex 1: Report Guidance

Annex 2: Abbreviations and Definitions

Annex 3: Capital Financing Charts

Corporate Consultation Undertaken

Finance: Chris Blundell, Director of Finance and Deputy Section 151 Officer

Legal: Estelle Culligan, Director of Law and Democracy

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ANNUAL TREASURY MANAGEMENT REVIEW 2020-21

Annex 1: Report Guidance

Capital Expenditure and Financing

This section includes the council's debt and Capital Financing Requirement (CFR) split between its General Fund (GF) and Housing Revenue Account (HRA). The HRA is a 'ring-fenced' account for local authority housing.

The CFR represents the council's aggregate borrowing need (the element of the capital programme that has not been funded). The council's debt should not normally be higher than its CFR as explained in the report.

Borrowing Need

PWLB is the Public Works Loan Board which is a statutory body operating within the UK Debt Management Office, an Executive Agency of HM Treasury. PWLB's function is to lend money from the National Loans Fund to local authorities, and to collect the repayments.

The council has the following types of fixed rate loan with the PWLB:

- Annuity: fixed half-yearly payments to include principal and interest.
- Equal Instalments of Principal: equal half-yearly payments of principal together with interest on the outstanding balance.
- Maturity: half-yearly payments of interest only with a single payment of principal at the end of the term.

Financing Costs as a Proportion of Net Revenue Stream

This 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 Minimum Revenue Provision (MRP)).

MRP is the annual resource contribution from revenue which must be set against the CFR so that it does not increase indefinitely.

Borrowing and Investments

Borrowing limits – there are various general controls on the council's borrowing activity (operational boundary, authorised limit and maturity profiles).

General controls on the council's investment activity, to safeguard the security and liquidity of its investments, include:

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

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ANNUAL TREASURY MANAGEMENT REVIEW 2020-21

Annex 2: Abbreviations and Definitions

| | |
|--------------|---|
| ALMO | An Arm's Length Management Organisation is a not-for-profit company that provides housing services on behalf of a local authority. Usually an ALMO is set up by the authority to manage and improve all or part of its housing stock. |
| LG | Link Group, Treasury solutions – the council's treasury management advisers. |
| CE | Capital Economics - is the economics consultancy that provides Link Asset Services, Treasury solutions, with independent economic forecasts, briefings and research. |
| CFR | Capital Financing Requirement - the council's annual underlying borrowing need to finance capital expenditure and a measure of the council's total outstanding indebtedness. |
| CIPFA | Chartered Institute of Public Finance and Accountancy – the professional accounting body that oversees and sets standards in local authority finance and treasury management. |
| CPI | Consumer Price Inflation – the official measure of inflation adopted as a common standard by countries in the EU. It is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them. |
| ECB | European Central Bank - the central bank for the Eurozone. |
| EU | European Union. |
| EZ | Eurozone - those countries in the EU which use the euro as their currency. |
| Fed | The Federal Reserve, often referred to simply as "the Fed," is the central bank of the United States. It was created by Congress to provide the nation with a stable monetary and financial system. |
| FOMC | The Federal Open Market Committee – this is the branch of the Federal Reserve Board which determines monetary policy in the USA by setting interest rates and determining quantitative easing policy. It is composed of 12 members -- the seven members of the Board of Governors and five of the 12 Reserve Bank presidents. |
| GDP | Gross Domestic Product – a measure of the growth and total size of the economy. |
| G7 | The group of seven countries that form an informal bloc of industrialised democracies--the United States, Canada, France, Germany, Italy, Japan, and the United Kingdom--that meets annually to discuss issues such as global economic governance, international security, and energy policy. |
| Gilts | Gilts are bonds issued by the UK Government to borrow money on the financial markets. Interest paid by the Government on gilts is called a coupon and is at a rate that is fixed for the duration until maturity of the gilt (unless a gilt is index linked to inflation). While the coupon rate is fixed, the yields will change inversely to the price of gilts, i.e. a rise in the price of a gilt will mean that its yield will fall. |
| HRA | Housing Revenue Account. |

Agenda Item 8

Annex 2

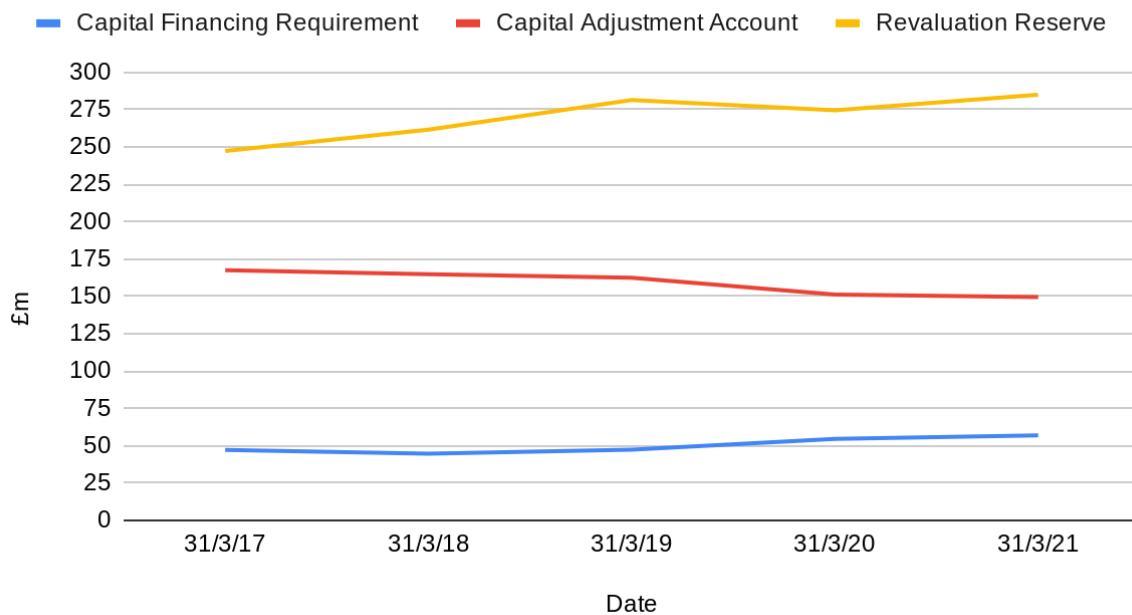
- IMF** International Monetary Fund - the lender of last resort for national governments which get into financial difficulties.
- LIBID** The London Interbank Bid Rate is the rate bid by banks on deposits, i.e. the rate at which a bank is willing to borrow from other banks. It is the "other end" of the LIBOR (an offered, hence "ask" rate, the rate at which a bank will lend).
- MHCLG** The Ministry of Housing, Communities and Local Government - the Government department that directs local authorities in England.
- MPC** The Monetary Policy Committee is a committee of the Bank of England, which meets for one and a half days, eight times a year, to determine monetary policy by setting the official interest rate in the United Kingdom (the Bank of England Base Rate, commonly called Bank Rate), and by making decisions on quantitative easing.
- MRP** Minimum Revenue Provision - a statutory annual minimum revenue charge to reduce the total outstanding CFR (the total indebtedness of a local authority).
- PFI** Private Finance Initiative – capital expenditure financed by the private sector i.e. not by direct borrowing by a local authority.
- PWLB** Public Works Loan Board – this is the part of H.M. Treasury which provides loans to local authorities to finance capital expenditure.
- QE** Quantitative Easing – is an unconventional form of monetary policy where a central bank creates new money electronically to buy financial assets, like government bonds (but may also include corporate bonds). This process aims to stimulate economic growth through increased private sector spending in the economy and also aims to return inflation to target. These purchases increase the supply of liquidity to the economy; this policy is employed when lowering interest rates has failed to stimulate economic growth to an acceptable level and to lift inflation to target. Once QE has achieved its objectives of stimulating growth and inflation, QE will be reversed by selling the bonds the central bank had previously purchased, or by not replacing debt that it held which matures. The aim of this reversal is to ensure that inflation does not exceed its target once the economy recovers from a sustained period of depressed growth and inflation. Economic growth, and increases in inflation, may threaten to gather too much momentum if action is not taken to 'cool' the economy.
- RPI** The Retail Price Index is a measure of inflation that measures the change in the cost of a representative sample of retail goods and services. It was the UK standard for measurement of inflation until the UK changed to using the EU standard measure of inflation – CPI. The main differences between RPI and CPI is in the way that housing costs are treated and that the former is an arithmetical mean whereas the latter is a geometric mean. RPI is often higher than CPI for these reasons.
- TMSS** The annual Treasury Management Strategy Statement report that all local authorities are required to submit for approval by the full council before the start of each financial year.
- VRP** A Voluntary Revenue Provision to repay debt, in the annual budget, which is additional to the annual MRP charge (see above definition).

ANNUAL TREASURY MANAGEMENT REVIEW 2020-21

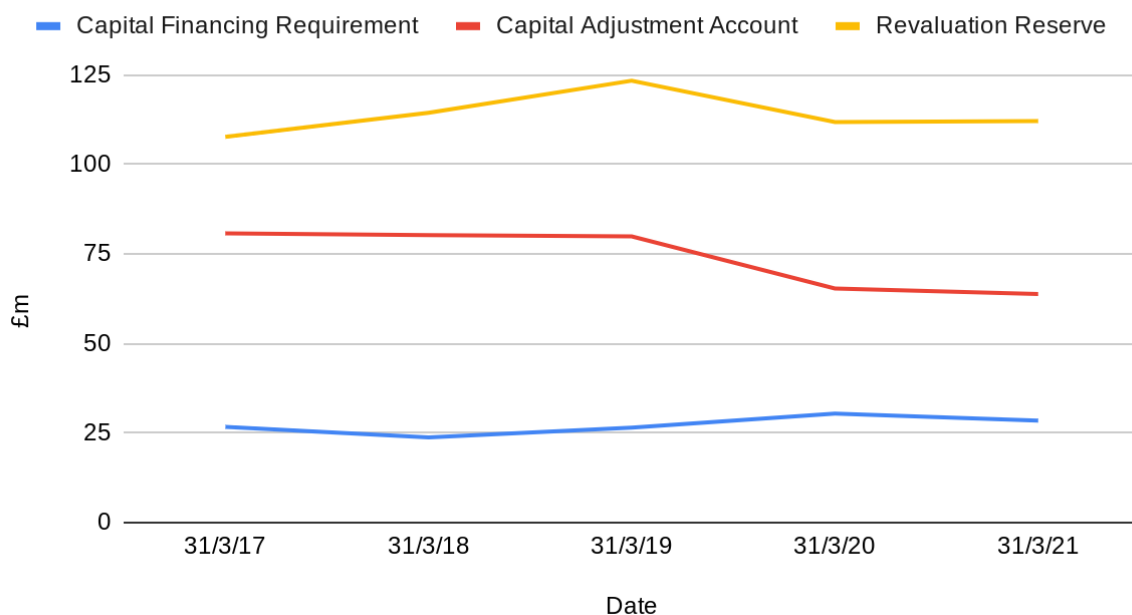
Annex 3: Capital Financing Charts

Capital Asset Financing - 5 Year Summary

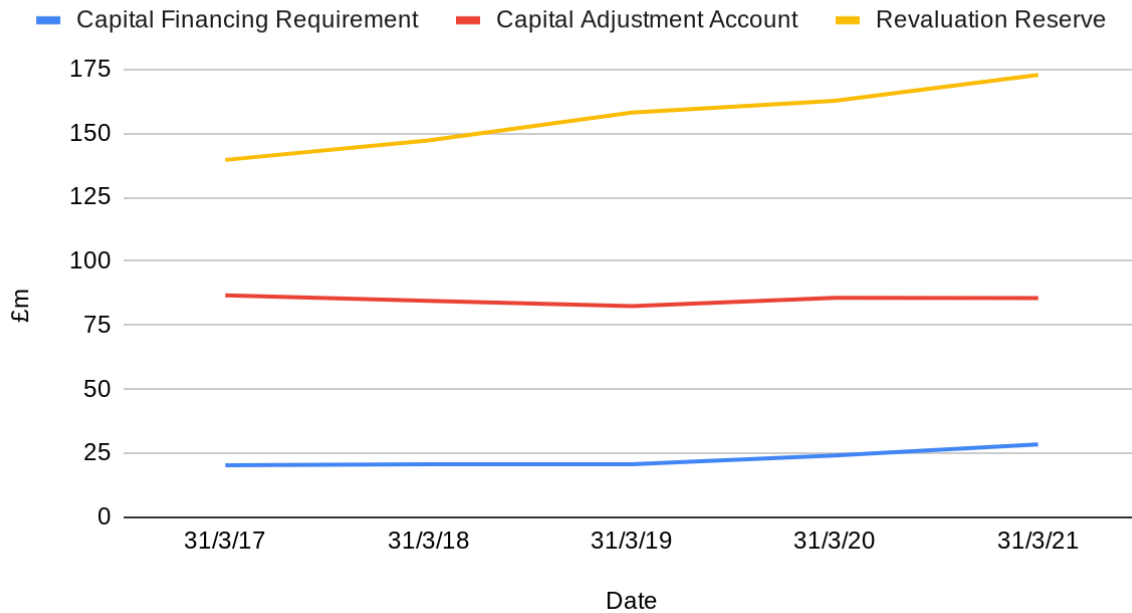
Capital Asset Financing - Total (5 Year Summary)



Capital Asset Financing - GF (5 Year Summary)

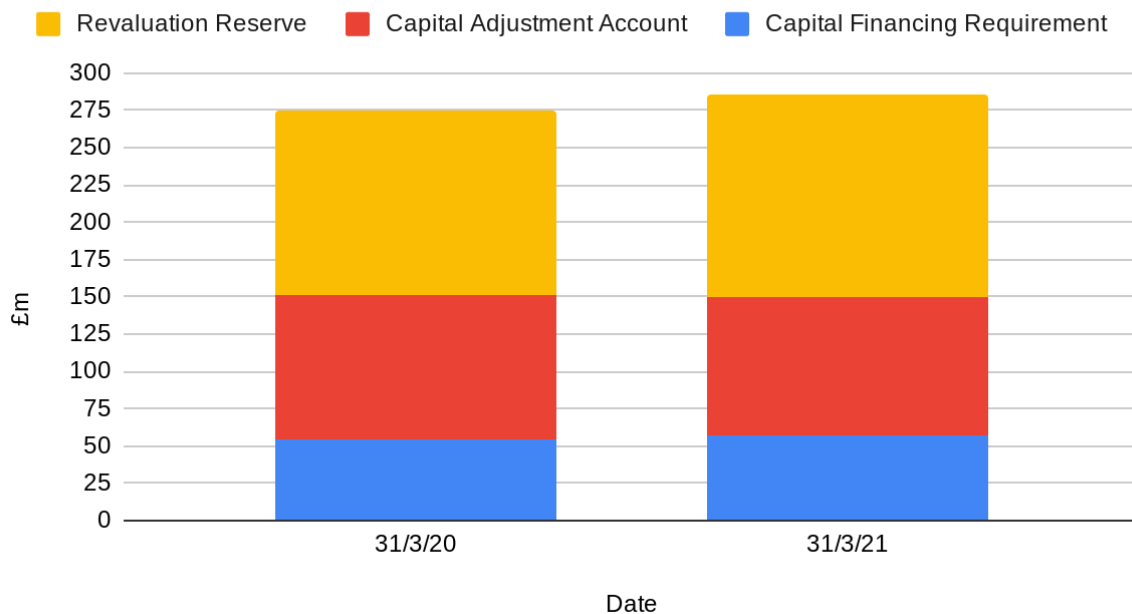


Capital Asset Financing - HRA (5 Year Summary)

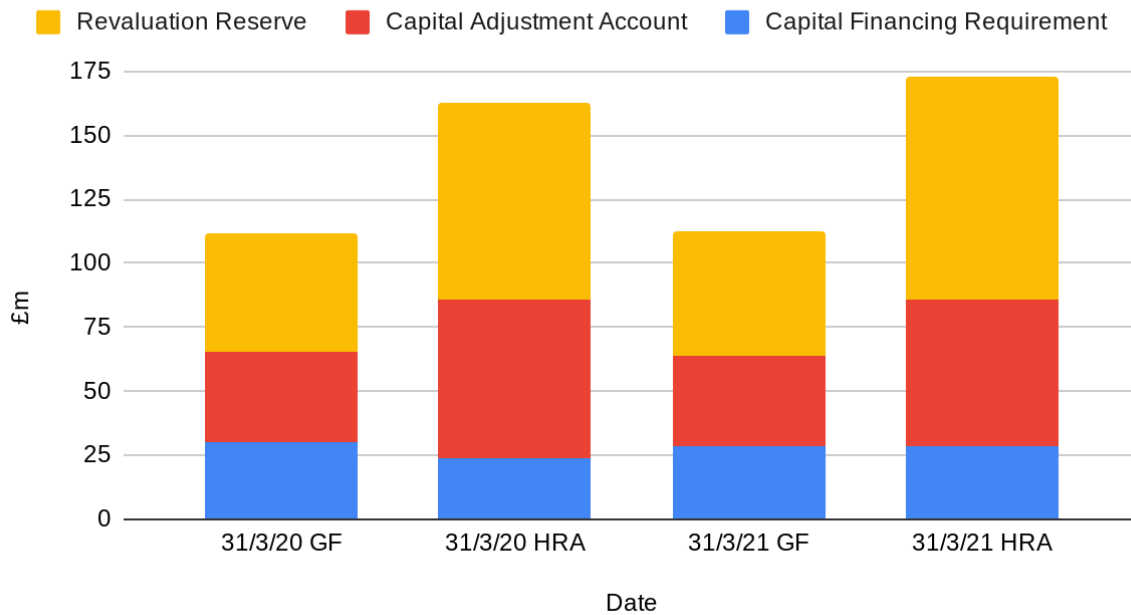


Capital Asset Financing - Current and Prior Year

Capital Asset Financing - Total (Current and Prior Year)

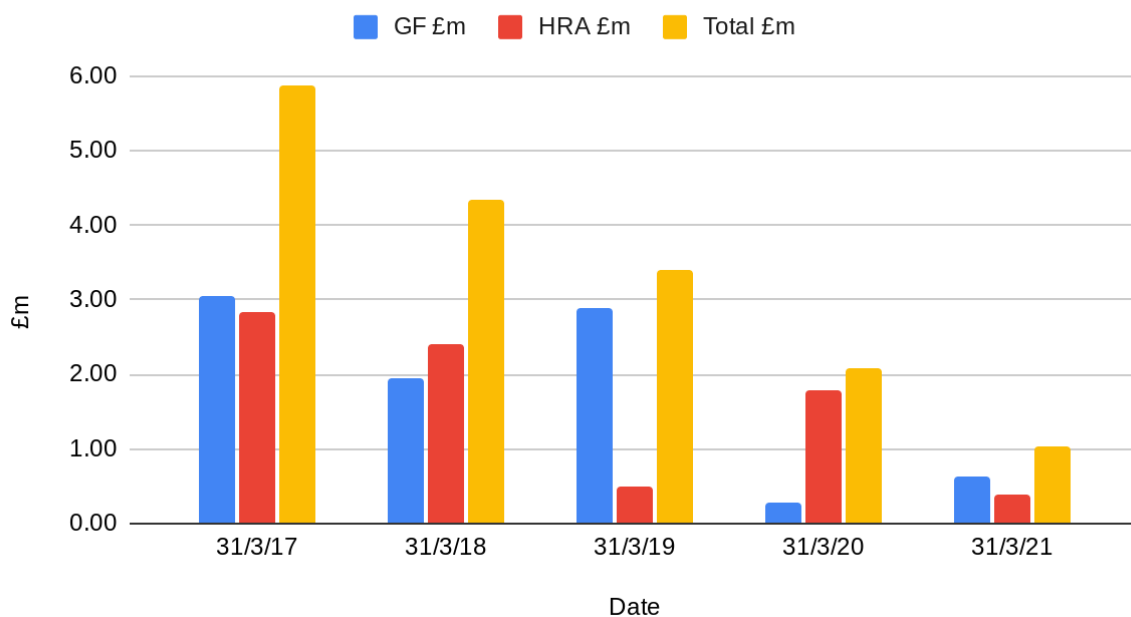


Capital Asset Financing - GF/HRA (Current and Prior Year)



Net Capital Receipts - 5 Year Summary

Net Capital Receipts - GF/HRA (5 Year Summary)



The Net Capital Receipts chart above excludes the 2020/21 capital receipt from the Dreamland disposal, as this is being used to reduce the council's capital financing requirement (CFR) rather than finance the future capital programme.

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2020-21 Provisional Outturn

| | |
|-------------------------|---|
| Cabinet | 29 July 2021 |
| Report Author | Tim Willis, Deputy Chief Executive and s151 Officer |
| Portfolio Holder | Cllr David Saunders, Portfolio Holder for Finance |
| Status | For Decision |
| Classification: | Unrestricted |
| Key Decision | No |
| Ward: | All Wards |

Executive Summary:

This report provides Cabinet with a view on the 2020-21 provisional outturn for General Fund revenue and capital, as well as the Housing Revenue Account. As indicated, these figures are provisional and therefore subject to possible change as part of the year-end accounts closure process. Recharges and other year end adjustments have been excluded to allow a like for like comparison with the last budget monitoring report, Monitor No. 3, taken to Cabinet on 14 January 21.

Recommendation(s):

1. That Cabinet notes the following:
 - (i) The provisional outturn position for the General Fund.
 - (ii) The provisional outturn position for General Fund Capital.
 - (iii) The provisional outturn position for the Housing Revenue Account.
 - (iv) The provisional outturn position for Housing Revenue Account Capital
2. That Cabinet agrees the following:
 - (i) That Cabinet agrees the reserve movements as identified at section 5 table 3 to this report.
 - (ii) That Cabinet agrees the slippage in the General Fund Capital Programme as identified in section 6 to this report.
 - (iii) That Cabinet agrees the slippage in HRA budgets as identified in section 6/7 to this report.

Corporate Implications

Financial and Value for Money

The financial implications have been reflected within the body of the report. Covid has had a massive effect on all of local government, Thanet's reserves remain relatively low even after considering the impact of Covid-19 emergency grant funds, sales fees and charges compensation and S31 grants pertaining to business rates. The S31 monies specifically relate to the deferred impact of covid on business rates and will be required in full in 21/22.

The Section 151 Officer needs to be confident that the impact of Covid-19 and the impact of drawing upon reserves does not leave the council exposed to too high a risk of financial failure. Members need to make the decisions in this report, in order to provide sufficient confidence to the Section 151 Officer.

Legal

Section 151 of the 1972 Local Government Act requires a suitably qualified named officer to monitor and control the Council's finances in order to provide a balanced budget.

Corporate

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

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.

There are no direct equality implications arising from this report, however the delivery and implementation of and budgetary changes will consider this as part of the budget setting process and be reported to members in due course.

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

1.0 General Fund – Provisional Outturn 2020-21

- 1.1 The General Fund covers all income and expenditure included in the day-to-day running of the council's services. The budget monitoring report for quarter 3 reported a net overspend of approximately £1.7m. Table 1 below summarises the current projected General Fund outturn position, it does not include corporate recharges and other technical accounting adjustments. It should be noted that the figures are still provisional - the draft accounts will not be complete until August.

Table 1: 2020-21 Provisional Outturn

| Function | Revised Budget £'000 | Actual £'000 | Variance £'000 | Paragraph |
|---|-------------------------|-----------------|-------------------|------------------------|
| Chief Executive | 399 | 399 | - | n/a |
| Deputy Chief Executive and s151 Officer | 7,664 | 8,607 | +943 | See Para 2.1 |
| Corporate Governance | 1,315 | 2,756 | +1,441 | See Para 2.2 |
| Communities | 5,140 | 6,716 | +1,576 | See Para 2.3 |
| Other Fees and Charges | - | - | - | See Para 2.4 |
| Total Service Expenditure | 14,518 | 18,478 | +3,960 | |
| Corporate Budgets | 2,550 | 2,205 | -345 | See Para 2.4 |
| Net Revenue Expenditure | 17,068 | 20,683 | +3,615 | See Para 3 (ii) |

Positive variances (+): *overspends or underachievement of income*
 Negative variances(-): *underspends or surplus income*

2.0 General Fund provisional outturn

Deputy Chief Executive and s151 Officer

- 2.1 A provisional outturn figure of +£943k overspend.

(i) **Housing Services -£15k**

Additional pressures were placed on the service to place vulnerable homeless and rough sleepers in temporary accommodation (TA) throughout the pandemic. This resulted in an overspend of +£453k that was partially funded by grant allocations of Next Steps -£96k and Containment Outbreak Management Fund -£105k, leaving a net +£252k overspend to be funded by the Council.

These additional costs have been partially mitigated as the service has implemented process improvements to increase the proportion of TA costs that can be recovered

through Housing Benefit (HB), resulting in -£185k of additional HB that can be claimed against these costs .

The service overspend has been offset by reduced costs, primarily staff savings due to vacancies in Strategic Housing of -£50k, a -£30k surplus on selective licensing used to contribute to service overheads, as well as other minor variances across the service.

(ii) Housing Benefit +£250k

The Council processed £41.086m of Housing Benefit (HB) payments that mainly were funded by £40.804m of HB subsidy payments from central government, leaving a net cost to the council of £281k. This position was a +£250k overspend compared to budget.

Due to the scale and the nature of the transactions the accounting for HB is complex and volatile and as such difficult to forecast from a financial planning perspective, consequently it is not possible to isolate all individual factors that contributed to this overspend, but it is expected that Covid will have had an impact. This overspend will be financed from the Council's equalisation reserve.

(iii) Communications and Digital +£16k

There were additional costs for communication to residents and services necessary in light of Covid, including direct mailed out leaflet distribution bus shelter advertising in support of Protect NHS.

(iv) Planning fee income -£43k

The expected +£100k shortfall in planning income forecasted in previous budget monitoring reports did not materialise, as income from planning applications remained stable for 2020-21. In fact, as a result of additional major applications a surplus of -£43k was realised.

(v) Council Tax recovery + £747k

The council typically receives and budgets for income from cost recovery from court summonses. Due to the pandemic there was no enforcement activity and therefore this income was not realised. A claim for this income shortfall has been submitted as part of the Government's Sales, Fees and Charges compensation scheme.

Income from the actual collection of council tax is accounted for within the Collection Fund and due to statutory requirements any variance does not affect the General Fund balance in the year of collection. As such, the 2020-21 shortfall due the pandemic is therefore recognised as a Collection Fund pressure and not a General Fund pressure in 2020-21. This is explained further in section 4.

(vi) Finance & Procurement -£12k

The Council received a -£56k New Burdens grant in recognition of the additional costs for the administration of Covid business support grant schemes. This grant has been partially used for an interim member of staff who was employed to ensure the efficient administration of Covid costs and funding. The balance of this funding has been carried forward to facilitate ongoing activities.

Director of Corporate Governance

2.2 A provisional outturn figure of +£1.441m overspend:

(i) **Property +£297k**

To address previous years' budget shortfalls, work commenced to review our property portfolio, considering the age and condition of stock, as well as market forces that are impacting rentals. However, the conclusion of this review was significantly impacted by Covid in 2020-21, resulting in fewer disposals, slower review of rentals and less new take-up. As a result, there was a loss of income of +£228k against the budget.

Other, non-Covid variances include an increased staff costs with Property of +£82k that were mainly due to redundancy costs associated with the agreed delivery of savings for the 2021-22 budget, offset by various minor variations across service -£13k.

(ii) **Building control +£191k**

This is mainly due to income being below budget, primarily as a result of the impact of Covid on delivering planned service changes.

(iii) **Land Charges +£31k**

There has been a +£62k deficit against the 2020-21 income budget for local land charge searches. The service management has undertaken action to address prior year structural budget shortfalls, however, reduced income as a result of Covid has undermined this work. This income shortfall has been offset by savings of -£19k from reduced staff costs and also a -£12k reduction in search fee costs.

(iv) **Facilities Management -£20k**

The service has recognised savings against budget on:

- equipment leasing costs -£43k,
- salaries due to vacant posts -£36k,
- utilities -£41k and
- postages -£24k

Some of the above have been factored in as permanent savings for the 2021-22 budget. These savings were offset by additional Personal Protective Equipment (PPE) costs pertaining to Covid of +£62k, as well as a +£62k loss against budget for rental income and service charges at the Kent Innovation Centre and Dickens House, also relating to Covid.

(v) **Dreamland car park +£49k**

As with other car parks, income has impacted and a loss of +£150k has been realised at year end due reduced demand because of the pandemic, this has been offset by savings totally -£101k from reduced repairs and maintenance costs and a staff vacancy.

(vi) **External Legal Costs +£733k**

As reported to Cabinet in June, costs in 2020-21 relating to external legal advice incurred on disciplinary matters is +£121k. It is also necessary to create a provision

in this year's accounts of +£612k to reflect the estimated possible costs to conclude these matters.

(vii) **Your Leisure +£160k**

The council's leisure trust, Your Leisure, has faced a substantial shortfall in its income as a result of Covid, as have all leisure trusts. The Council paid its management fee for the year up-front, and paid an additional +£160k to the trust. This additional fee is equivalent to the previously agreed 2020-21 budget saving in the management fee that was not achieved as a result of the pandemic.

Director of Communities

2.3 A provisional outturn figure of +£1.576m overspend:

(i) **Enforcement Services +£569k**

Parking income has been significantly affected as a result of the social and economic restrictions implemented to address the Covid pandemic, albeit not as badly as originally anticipated due to the easing restrictions and warm weather over the 2020 summer period.

Within the Council's off-street car parks income is down compared to budget by +£636k at year-end, this represents a pressure for the General Fund.

An additional +£66k income shortfall has been seen within on-street parking, these include lost income associated with pedestrianisation of areas in Margate and Ramsgate. However, this has been more than offset by reduced costs associated with on-street parking -£167k (any surplus on On-Street parking, regardless of size, will be managed through the reserve in line with the Road Traffic Act, as a result there is zero variance here).

Outside of parking, other savings across Enforcement include -£33k on Dog Control and -£34k from Enforcement Services staffing vacancies.

(ii) **Domestic Waste/Street Cleansing +£371k**

A +£218k overspend primarily as result of the measures put in place to ensure service delivery throughout the Covid pandemic. This includes an increased need for agency staff to cover staff sickness and self isolation, additional rounds to collect food waste to help mitigate social distancing, as well as additional daily deep cleans at Manston Road. Further to this there were costs of +£26k for additional vehicle hire whilst clearing a backlog of MOT tests.

There was also a +£43k income shortfall resulting from KCC reducing its enabling payment to facilitate the recycling and waste service. This reduction has been fully reflected in the 2021-22 budgets.

Over and above these there were other increased costs associated with net operating position relating to Trade Waste +£11k, Additional staffing costs associated with Street Cleansing +£47k and Foreshores of +£26k relating to increased agency.

(iii) **Maritime and Technical Services +£764k**

There was a +£150k income shortfall compared to budget within Port operations due to restricted opportunities result from Covid, as well as £182k within the Harbours where visitor numbers both domestic and foreign were impacted by Covid, these were offset by other minor variances of -£13k.

Over and above these costs, the need to set aside funds for the revenue impact of increased project costs on the berth 4/5 capital scheme have resulted in a budget pressure of +£445k. This is in addition to a forecast +£380k capital pressure, expected to materialise in 2021-22, resulting in a total overspend of +£825k. It is proposed to finance the revenue element of this from earmarked reserves.

(iv) **Clinical Waste +£20k**

The establishment of a clinical waste collection service was deferred, as the service prioritised resources and focused on addressing the immediate concerns and issues arising from the pandemic. As such the +£20k income target for the clinical waste service has not been achieved.

(v) **Toilets +£61k**

Additional costs of +£61k were incurred for the provision of a security contractor to support cleansing staff over summer season. This was necessary due to public behaviour experienced following the relaxation of lockdown restrictions over the summer period.

(vi) **Coastal Development +£7k**

There was a +£52k income shortfall as the budgeted income target for this service area was not achieved; this income target has been removed from the 2021-22 budget. The in-year variance was offset by a one-off -£39k reduction in foreshore costs from reduced payments to the RNLI as a result of the Covid enforced furlough, and other minor variances of -£6k.

(vi) **Licensing Income +£141k**

There has been an +£81k income shortfall against budget due to the impact of Covid on customer demand for the service. There were also one-off employment termination costs of +£60k associated with the service restructure to deliver agreed permanent savings in 2021-22 and beyond.

(vii) **Safer Neighbourhoods -£30k**

Some staffing costs were covered from the Winter Grants Scheme providing a -£30k saving, a further -£31k in staff savings were also recognised from holding vacant the Community Development Officer post. These savings were partially offset by the cost of establishing a community network/ community team in response to the Covid pandemic, which cost £31k.

(ix) **Open Spaces -£48k**

Underspends of -£57k associated with reduced staffing costs in Open Spaces, offset by +£9k of additional costs for the Heritage Lottery Funding (HLF) project at Ellington Park where delivery timeframes were impacted by Covid.

(x) **Crematorium and cemeteries -£196k**

The service has received additional income due to increased demand.

(xi) **Community Safety -£83k**

There have been savings on Sports Development of -£69k, mainly due to the enforced non-delivery of sport programmes during the peak of the national lockdown, along with the reduced cost of delivering Community Safety (£24k). These savings were partially offset by +£10k of lost income from outside events.

Corporate Budgets

2.4 A provisional outturn figure of +£345k:

- (i) Additional staff and other costs were charged to the HRA as a result of the dissolution of East Kent Housing and the transfer back in house of Tenant and Leaseholder services, this resulted in a -£95k benefit for the General Fund.
- (ii) The financing of the Capital Programme is derived from the individual schemes along with their funding sources, this then requires us to set aside funds to meet any revenue obligations associated with this. As the capital programme has slipped, this year there is a requirement to set aside the -£250k underspend in the Capital Projects reserve to meet these future obligations.
- (iii) Within earlier in-year monitoring we reported on Other Fees and Charges losses arising from Covid, for the purpose of outturn these are rolled back into the main service costs and therefore are not reported on at a corporate level.

3. Income and Reserve Transfers

Reserve movements Required to balance outturn (£3.615m)

- (i) Drawdowns from reserves are required to facilitate the additional cost associated with legal costs as identified in 2.2 (vi) above of (£612k) as well as for Project overrun costs associated with the Port as identified at 2.3 (iii) above of (£445k). It is proposed that residual reserve allocations that were provisionally set aside for Covid are used to fund these costs.
- (ii) In order to cover the net overspend at year end it is proposed that the funding will be drawn down from the various grants associated with Covid (£2.558m), any unutilised funding will remain in order to manage the ongoing volatilities associated with the pandemic.

The sources of income from which the net revenue expenditure was financed, together with transfers to and from reserves and balances are set out in the following table to give the final net budget position for the year.

Table 2: Income and Reserve Transfers

| | Revised Budget £000 | Actual £000 | Variance £000 | Comment |
|--|------------------------------------|------------------------|--------------------------|----------------|
| | | | | |

| | | | | |
|-----------------------------|----------------|----------------|----------------|---|
| | | | | |
| Net Revenue | 17,068 | 20,683 | 3,615 | |
| Expenditure | | | | |
| | | | | |
| Corporate Income | | | | |
| Covid Grants | 0 | -3,496 | -3,496 | General Covid grants not included in Net Service Expenditure |
| Council Tax | -10,610 | -10,610 | - | The deficit on council tax is managed through the Collection Fund - see section 4 |
| Business Rates | -5,910 | -16,577 | -10,667 | see section 4 |
| RSG, NHB and other grants | -428 | -996 | -568 | |
| Collection Fund Surplus | -120 | -60 | 60 | see section 4 |
| Sub-total | -17,068 | -31,739 | -14,671 | |
| Unplanned Reserve Transfers | 0 | +11,056 | +11,056 | see section 5 |
| Sub-total | -17,068 | -20,683 | -3,615 | |
| NET POSITION | 0 | 0 | 0 | |

Positive variances (+): *overspends, underachievement of income, or net contribution to reserves*

Negative variances(-): *underspends, surplus income or net contribution from reserves*

4. Council Tax and Business Rates

4.1 Accounting for the Collection of Council Tax and Business Rates

Local authorities have to account for the collection of council tax and business rates in a separate fund, this is called the Collection Fund (CF). The CF includes all council tax and business rate receipts and also the related payments to relevant bodies (e.g. KCC, KFR, TDC, Police and Crime Commissioner and Central Gov).

The transactions recognised in the Collection Fund Statement are those permitted by statute and reflect the full (surplus)/deficit on the fund at the end of the year. These surpluses and deficits are then credited or charged to our General Fund budget in later years, this is done to protect the council from volatility in collection from one year to the next and also to require for council's to recover any prior year deficits on collection as part of the budget setting process.

4.2 Business Rates in 2020-21

2020-21 was for obvious reasons a challenging year for the collection of council tax and business rates. When the 2020-21 budget was prepared, it was estimated that -£34.115m in business rates would be collected. However, to support businesses through the pandemic the government mandated business rate relief of +£22.143m to retail, leisure and hospitality business and nurseries, which dramatically reduced the amount of collectable business rates for the year. Adding in further collection issues due to non-payment, it meant that we only collected -£10.233m of rates last year, resulting in a total deficit of +£23.882m.

Our share of this deficit was **+£9.553m**, with the rest shared with central gov (+£11.941m) and KCC and KFR (+£2.388m). To help us meet these losses the government provided us with -£8.642m in section 31 grants to fund our deficit resulting from the mandatory business rate relief. We were also able to claim -£338k from the government Tax Income Guarantee (TIG) scheme for non-payment and defaults. This leaves a net **+£0.573m** to be financed by TDC, which is broadly comparable with +£600k forecast deficit that was forecast to Council in September 2020.

4.3 Council Tax

For Council Tax a deficit of £2.486m was recorded in the 2020-21 CF due to lower collection of council tax, of which Thanet's share was £371k. For Council Tax we were awarded a TIG payment of -£219k, leaving a net pressure of +£152k. When combined with the +£747k loss of income from court summons for council tax, as explained in section 2.1, results in a net loss for council tax of £899k, which is again broadly comparable to the September 2020 forecast loss of £1.0m.

4.4 Timing of Deficits Charged to the General Fund

As explained in section 4.1 losses from the collection fund are not charged to the General Fund in the same year, but as part of the budget setting process for subsequent years.

Regulation passed in 2020-21 states that business rate losses because of the mandated covid reliefs must be recovered in 2021-22, but for any other council tax or business rate losses arising in 2020-21 the government is allowing these to be spread equally over 3 years (2021-22 to 2023-24) "to ease immediate pressures on budgets".

The table below shows how these deficits will be spread over the medium term, how s31 grant and TIG funding can be utilised to mitigate them and the residual pressure left on the council's budgets.

| | TDC 2020-21 Deficit | Phasing / Spreading | | |
|--|---------------------------|---------------------|---------|---------|
| | | 2021-22 | 2022-23 | 2023-24 |
| | £'000 | £'000 | £'000 | £'000 |
| Deficit on collection for Business Rates | 9,553 | 9,000 | 354 | 199 |
| Business Rates - Tax Income Guarantee | -338 | -133 | -131 | -73 |

| | | | | |
|--|------------|------------|------------|------------|
| Section 31 Funding - released from reserve | -8,642 | -8,642 | - | - |
| TDC Business Rates Pressure | 573 | 225 | 223 | 126 |
| Deficit on collection Council Tax | 371 | 144 | 114 | 113 |
| Council Tax - Tax Income Guarantee | -219 | -85 | -67 | -67 |
| TDC Council Tax Pressure | 152 | 59 | 47 | 46 |

Positive figures : deficits on collection

Negative figures(-): surplus on collection or additional grant income

4.5 Recover of Council Tax Debts

The Courts & Tribunals Service has recently restarted debt enforcement hearings. During July 2021, the Council is undertaking the first formal Council Tax and Business Rate debt enforcement activity in over 16 months. It is anticipated that this activity will continue whilst the Court Service continues to make hearing dates available. The resumption gives the Council confidence that the levels of debts ultimately collected over a number of years, will align closely to historical levels and expectations. Particular scrutiny will be paid to identify risk of potential bad debt, particularly in Business Rates, as companies seek to recover from the pandemic.

It is therefore anticipated that some of these deficits arising from non-payment in 2020-21 may be recovered in future years.

5. Provisional reserves at 1 April 2021

Taking into account the provisional outturn figures above, reserves balances at the 2020-21 year-end are £2m unallocated and £23.554m earmarked.

This represents a £11.092m net increase during the year this is mainly due to NNDR £10.5m, which represents the timing issues associated with additional reliefs awarded due to Covid, meaning the impact is in 21-22 when this funding will then be drawn down.

There is also Council Tax Hardship Funding of £524k where again there will be a timing issue and Covid Grants including Sales Fees and Charges compensation of £3.371m of which £2.558m, will be used to fund the corporate overspend, the following table reflects all movements:

Table 3: Reserve Movements

| | £'000 | £'000 | Rationale |
|--|-------|-------|---|
| Recurring Reserve Movements (Planned) | | | |
| Thanet Lottery | +9 | | The annual surplus on the operating of the Thanet Lottery is credited to a reserve to fund future contributions to good causes |
| Business Rates Growth Reserve | +298 | | Despite the deficit on the collection of BR in-year, the authority still collected sufficient rates to receive a payment arising from the benefits of our membership of the Kent wide |

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| | | | |
|--|------|-------------|---|
| | | | BR pool. The terms of the pooling arrangement require that a proportion of the funds must be set aside for future growth generating projects, such as the Parkway train station |
| Equalisation (NNDR/HB) | +48 | | To smooth impact of HB and NNDR volatilities in year |
| Capital Projects | +357 | | Revenue contributions to Capital Schemes, see 2.4 above |
| Risk management | +21 | | To manage insurance risks |
| Council Elections | +39 | | Annual smoothing of budget to avoid spike associated with District Elections |
| Local Plan | +75 | | Annual smoothing of budget to avoid variable profile of spend on consultation and inspection |
| Training | +35 | | There was an underspend on the corporate training budget, so it is proposed to transfer this to the reserve to facilitate future programmes of staff and member training |
| IT | +48 | | To control and enhance the development of new Information Technology initiatives by improving efficiency throughout the Councils activities. |
| Total planned contributions to reserves | | +930 | |
| Repairs | -93 | | Annual smoothing of budget to avoid spike associated with larger one-off works |
| Housing Intervention | -300 | | To smooth the impact of increased housing costs on the 2020-21 budget included a one-off reserve contribution from external funding previously accumulated |
| EK Services | -13 | | A budgeted contribution was included in the budget to smooth pressure on the 2020-21 budget |
| Strategic | -13 | | This reserve is there to help drive the strategic objectives of the Council |
| Decrim | -475 | | This reserve holds the balance of On Street Parking income in-line with the road traffic act. £475k was drawn down to finance a programme of capital works, agreed with KCC, for investment in transport and environmental related schemes. |
| Total planned contributions from reserves | | -894 | |
| | | | |
| Net planned contributions to reserves | | +36 | |
| | | | |

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| In year Reserve Movements (unplanned) | | | |
|--|--------|----------------|--|
| MHCLG COVID grant funding | +938 | | Agreed as part of the 2021-22 budget strategy to be held in reserve to mitigate the on-going impact of Covid. This represents the net contribution to reserves |
| Maritime | +41 | | Annual smoothing of budget to avoid spikes and to allow investment in one off projects |
| Slippage | +52 | | Annual smoothing of budget to avoid spikes and to allow investment in one off projects |
| Equalisation - Section 31 Grants & TIG | +9,199 | | As explained in section 4, the council received £8.642m of section 3 grant to compensate it for business rate income foregone due to the covid reliefs granted to retail, hospitality & leisure businesses and nurseries. This money will be allocated to the Equalisation reserve and then drawn down in future years when the losses on the collection fund are charged to the General Fund. |
| Equalisation (NNDR/HB) | +1,814 | | To smooth impact of HB and NNDR volatilities in year, this being in the main due to extra S31 grants associated with lost NNDR driven by collection fund deficit |
| Homelessness | +69 | | To hold unspent homelessness grant and recovered rent deposit monies to be recycled for future schemes. |
| Provisions | -1,057 | | Monies set aside to meet future known obligations |
| Total unplanned contributions to reserves | | +11,056 | |
| | | | |
| Net unplanned contributions to reserves | | +11,056 | |
| | | | |
| Net increase in reserves | | +11,092 | |

Positive figures (+): *contributions to reserves (money added in)*
 Negative figures(-): *contributions from reserves (money taken out)*

6.0 General Fund Capital Programme –Provisional Outturn 2020-21

- 6.1 The council's 2020-21 revised General Fund capital programme of £26.69m as per annex 2 (excluding flexible use of capital receipts) underspent by £14.52m, which was £0.82m greater spend than estimated in the 14 January 2021 Cabinet report.
- 6.2 **Annex 2** shows that £12.17m cost was incurred against this year's budget. It also shows the following changes to the revised programme:
- Increase of £4.150m for Dreamland Compulsory Purchase Order related costs, which were provided for in the 2019-20 Statement of Accounts (funded from borrowing, which was subsequently redeemed from the disposal receipt).
 - Removal of £147k for Dreamland Car Park Enhancement (following the Dreamland sale).
 - £5k budget transfer from Pontoon Decking Improvements to Welfare Unit for Margate Cemetery.
 - £99k increase to the Ramsgate Flood and Coast Protection Scheme, which is funded externally (£48k) and from the Capital Projects Reserve (£51k).
 - £85k increase to Manston and Dane Park Depot Improvements for a Dane Park Welfare Unit, which is externally funded.
 - £16k increase to the Vehicle & Equipment Replacement Programme, which is funded from capital receipts (vehicle sale).
 - The removal of residual budgets for finished schemes: including £7k, £3k and £2k budgets for Westbrook Groyne and Sea Wall, New Air Conditioning for Server Room, and Memorials for Children's Area in Margate Cemetery respectively.
- 6.3 It is proposed that budgets remaining will be carried forward from 2020-21 to 2021-22.

7.0 Housing Revenue Account (HRA)

- 7.1 The HRA recorded a deficit of £624k in 2020-21, which represents a -£724k underspend against the budgeted deficit of £1.348m. The following narrative sets out the key variances for the HRA in 2020-21.

7.2 Income

- (i) The outturn position reflects -£56k of increased rental and service charge income due to social rents generating a surplus over budget. This surplus was primarily due to voids being -£204k lower than budgeted, although this is offset by lower income levels for affordable rents of +£115k, mainly caused by a delay in new build properties completion due to Covid.
- (ii) There has also been a -£160k higher amount of contributions from leaseholders towards major works. We were also repaid £93k by East Kent Housing for Thanet's Tenant Participation budget. This has subsequently been put in HRA reserves.

7.3 Expenditure

(i) Repairs and maintenance

There was a net overspend on R&M of a +£173k. The main driver for this overspend was the lack of a robust planned maintenance programme by East Kent Housing,

resulting in an increased demand for reactive and responsive repairs and a +£386k overspend on responsive R&M budget.

This overspend is offset by -£165k underspend on external decorations. The contract was let in October 2020 but due to surveys and the winter period no works were undertaken in 2020-21. It is proposed the underspend on this budget is carried forward to the 2021-22 maintenance budget to ensure works can be completed in-line with the contract now let.

(ii) **Supervision and Management general**

Key variations include:

- An increase in settling disrepair claims +£74k,
- An underspend on new developments -£61k, due to a vacant post in-year, and
- A reduction in the use of revenue budgets that support the development of sites and the remaining transition budget from EKH -£13.6k.

It is proposed the underspend on the transition budget be carried forward to 2021-22.

(iii) **Bad debt provision**

The budget for the provision was increased to £630k when the revised HRA budget was approved by members in the September budget report. However the impact on rent arrears caused by Covid and Universal Credit changes were not as high at year end as expected. This is also in part due to the new in-house team being more proactive in chasing outstanding arrears than was experienced in previous years.

A summary of the increase in bad debt can be seen below:

| 2019-20 | 2020-21 | Change |
|---------------|---------------|---------------------|
| £1,885,101.20 | £2,041,630.46 | £156,529.26 (+8.3%) |

A detailed analysis of bad debt results in the Council setting aside funds in the provision to deal with the forecast level of write offs. The required increase in the provision is £317k, this includes a prudent additional contribution to deal with potential future bad debts created as a result of the Covid pandemic and the potential lifting of the evictions ban, which will result in further unrecoverable debt.

The amount set aside in the provision in 20-21 is -£313k less than the budget.

(iv) **Capital expenditure funded from the HRA**

An underspend of -£232k is stated as a result of a lower use of the revenue reserves/resources to finance capital expenditure, mainly due to underspends on both disabled adaptations and intervention capital schemes.

(v) **Investment Income**

A fall in interest rates saw the HRA lose investment income of +£103k against the budgeted amount.

(vi) **Debt Interest Charges**

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By using our own internal cash resources to fund capital new build programmes (referred to as undertaking internal borrowing), rather than external borrowing, it realised a saving of -£339k.

(vii) **Adjustments made between accounting basis and funding basis**

Reduction in use of the New Properties Reserve to fund capital expenditure +£175k, capital borrowing principal repayments increased due to a voluntary repayment of debt +£128k

(viii) Table 2 provides a summary of the outturn position on the Housing Revenue Account alongside further virements processed since Cabinet approved the revised budget in September:

Table 2 - HRA – Provisional Outturn 2020-21

| | 2020-21 Sept | Virements Qtr 4 | 2020-21 Revised | Outturn | Variance |
|--|-----------------|--------------------|--------------------|----------------|---------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Income | | | | | |
| Dwelling Rents (gross) | -12,911 | -10 | -12,921 | -13,007 | -86 |
| Non-dwelling Rents (gross) | -227 | | -227 | -237 | -10 |
| Charges for services and facilities | -531 | | -531 | -491 | +40 |
| Contributions towards expenditure | -386 | -91 | -477 | -712 | -235 |
| Income Subtotal | -14,055 | -101 | -14,156 | -14,447 | -291 |
| | | | | | |
| Expenditure | | | | | |
| Repairs & Maintenance | 3,735 | +49 | 3,784 | 3,958 | +174 |
| Supervision & Management – General* | 4,190 | +45 | 4,235 | 4,552 | +317 |
| Supervision & Management – Special | 779 | - | 779 | 737 | -42 |
| Rents, rates, taxes and other charges | 250 | +7 | 257 | 210 | -47 |
| Bad or doubtful debts provision | 630 | | 630 | 317 | -313 |
| Depreciation/impairment of fixed assets* | 4,050 | | 4,050 | 11,042 | +6,992 |
| Capital Expenditure funded from HRA | 1,172 | | 1,172 | 940 | -232 |
| Debt Management Costs | 9 | | 9 | 7 | -2 |
| Expenditure Subtotal | 14,815 | +101 | 14,916 | 21,763 | +6,847 |
| Net Costs of Services Sub Total | 760 | - | 760 | 7,316 | +6,556 |
| | | | | | |

Agenda Item 9

| | | | | | |
|---|--------------|----------|--------------|------------|-------------|
| Share of Members/Democratic Core | 148 | | 148 | 117 | -31 |
| HRA Investment Income | -160 | | -160 | -57 | +103 |
| Debt Interest Charges | 997 | | 997 | 658 | -339 |
| Government Grants/Contributions | -300 | | -300 | -240 | +60 |
| Adjustments made between accounting basis and funding basis | -97 | | -97 | -6,898 | -6,801 |
| (Surplus)/Deficit on HRA | 1,348 | - | 1,348 | 896 | -452 |

Positive variances (+): *overspends or underachievement of income*

Negative variances(-): *underspends or surplus income*

*The majority of these variances are caused by accounting entries that are reversed out within Adjustments made between accounting basis and funding basis

8.0 Housing Revenue Account Capital Programme – Provisional outturn 2020-21

- 8.1 There is an £11.2m (50.1%) underspend on the HRA Capital Programme against an approved budget of £22.3m. £7.4m relates to Council Dwelling Major works and disabled adaptations and £3.8m in relation to Council dwelling purchase/replenishment schemes.
- 8.2 There was a +£651k overspend in relation to re-roofing works as a result of EKH commissioning works that were in excess of budget. Additional resources from the Major Repairs Reserve will be required to fund this significant overspend.
- 8.3 Tower block works are significantly underspent -£5.250m in the year due to slippage as a result of a delay in finalising surveys commissioned and managed by EKH and this delay having a knock on effect on the procurement process. This scheme will be reprofiled accordingly over the next few financial years as part of a Capital Programme review.
- 8.4 The structural repairs budget includes elements for Royal Crescent and Churchfields developments, both of which are at an early stage and so significant costs have not been incurred to date, leading to an underspend -£1.134m.
- 8.5 The lift refurbishment programme commenced in 2020-21 however as the start of this scheme was delayed and as such re-profiling of the budget for this scheme is required, the underspend for 2020-21 was -£688k.
- 8.6 The Margate intervention scheme includes a significant underspend -£1.650m on new projects as a result of a lack of suitable development sites within the intervention area. Currently the team are continuing to search for appropriate sites and hope to bring forward additional redevelopment schemes within 21-22.
- 8.7 The new build programmes as presented show an underspend on Phase 1 and 2 which offsets an overspend in Phase 3. Phases 1 and 2 are now largely complete.
- 8.8 Phase 4 has an underspend -£1.266m, this is a result of a lack of suitable sites to undertake additional new build development rather than purchase. Some sites have now been identified and so a significant proportion of this budget will be spent within 21-22.

- 8.9 The acquisitions programme for Ramsgate has yet to commence -£728k as several units identified in this area were acquired using Phase 4 monies. Over the coming financial year it is anticipated that some units will be identified to be funded from these monies.
- 8.10 A full review of the Capital Programme has been undertaken in order to re-profile the budgets now the in-house team has become established. This will be reported to members as part of the quarter one budget monitoring report.

| | |
|------------------|---|
| Contact Officer: | Chris Blundell, Director of Finance |
| Reporting to: | Tim Willis, Deputy Chief Executive and S151 Officer |

Annex List

| | |
|---------|---|
| Annex 1 | Provisional Reserves at 1 April 2021 and their proposed use |
| Annex 2 | GF Capital Programme 31 May 2020-21 |
| Annex 3 | HRA Capital Programme 2020-21 |

Background Papers

| | |
|-------|---|
| Title | Budget monitoring papers held in Financial Services |
|-------|---|

Corporate Consultation

| | |
|---------|---|
| Finance | N/A |
| Legal | Estelle Culligan, Head of Legal and Democratic Services |

Agenda Item 9

Annex 1

| ANNEX 1 - Reserves | | | | |
|--------------------------------|-----------------------|---|---|--|
| | | | | |
| | Reserves at 1/4/20 | Revised Balance of reserve after Covid Adj | Contributions (to)from reserves 20/21 | Closing balance on reserves 31/03/21 |
| | £000 | £000 | £000 | |
| CORONAVIRUS SHORTFALL RESERVE | 89 | 1,119 | -119 | 1,000 |
| THANET LOTTERY RESERVE | 38 | 38 | 9 | 47 |
| HOUSING INTERVENTION RESERVE | 448 | 448 | -300 | 148 |
| EK SERVICES RESERVE | 138 | 138 | -13 | 125 |
| MARITIME RESERVE | 136 | 0 | 0 | 0 |
| BUSINESS RATES GROWTH RESERVE | 2,270 | 2,270 | 298 | 2,568 |
| EQUALISATION RESERVE | 2,144 | 2,144 | 11,061 | 13,205 |
| INFORMATION TECHNOLOGY RESERVE | 378 | 228 | 48 | 276 |
| UNRINGFENCED GRANTS RESERVE | 393 | 233 | -1 | 232 |
| GF REPAIRS RESERVE | 401 | 401 | -93 | 308 |
| VAT RESERVE | 53 | 53 | 0 | 53 |
| CAPITAL PROJECTS RESERVE | 1,319 | 1,319 | 357 | 1,676 |
| STRATEGIC RESERVE | 220 | 128 | -13 | 116 |
| SLIPPAGE FUND GF - NON HARBOUR | 0 | 0 | 52 | 52 |
| WASTE RESERVE | 112 | 50 | 0 | 50 |
| SLIPPAGE FUND GF - HARBOUR | 0 | 0 | 41 | 41 |
| CREM/CEMETERIES WORKS RESERVE | 499 | 499 | 0 | 499 |
| RISK MANAGEMENT RESERVE | 1,770 | 1,770 | 21 | 1,791 |
| DECRIM RESERVE | 1,151 | 1,151 | -475 | 677 |
| COUNCIL ELECTION RESERVE | 0 | 0 | 39 | 39 |
| HOMELESSNESS RESERVE | 261 | 261 | 69 | 330 |
| PRIORITY IMPROVEMENT RESERVE | 39 | 20 | 0 | 20 |
| LOCAL PLAN (LDF) | 101 | 101 | 75 | 176 |
| PAY AND REWARD RESERVE | 28 | 0 | 0 | 0 |
| DREAMLAND RESERVE | 218 | 0 | 0 | 0 |
| DESTINATION MANAGEMENT RESERVE | 114 | 0 | 0 | 0 |
| TRAINING RESERVE | 111 | 60 | 35 | 95 |
| COASTAL MAINTENANCE RESERVE | 21 | 21 | 0 | 21 |
| | 12,452 | 12,452 | 11,092 | 23,544 |
| GENERAL FUND BALANCE | 2,011 | 2,011 | 0 | 2,011 |
| CLOSING BALANCE ON RESERVES | | | | 25,555 |

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**ANNEX 2 - General Fund Capital Programme Qtr 4
2020-21**

| Capital Programme 2020-21 | Capital Budget 2020-21 to Cabinet 14 Jan 2021 £ £ | Additions / Removals £ | Capital Salary Allocation £ | Revised Capital Budget 2020-21 to Cabinet [] 2021 £ £ | Estimated Outturn 2020-21 to Cabinet 14 Jan 2021 £ | Actual Outturn 2020-21 £ | Variance Overspend / (Underspend) against Revised Budget 2020-21 £ | Comments |
|--|---|----------------------------------|--------------------------------|--|--|---------------------------------------|---|---|
| Deputy Chief Executive (incl East Kent Services) | | | | | | | | |
| Housing Assistance Policy (Disabled Facilities Grants) | 4,080,793 | | | 4,080,793 | 3,374,000 | 3,052,235 | -1,028,558 | |
| Margate Housing Intervention - Loan scheme | 50,000 | | | 50,000 | 50,000 | 20,000 | -30,000 | |
| Housing Assistance Policy (additional support for home owners and private sector landlords) | 354,444 | | | 354,444 | 100,000 | 1,046 | -353,398 | |
| Homelessness Accommodation | 1,111,326 | | | 1,111,326 | 131,174 | 120,608 | -990,718 | |
| SAMM Van | 22,000 | | | 22,000 | 22,000 | 0 | -22,000 | |
| IT Infrastructure | 203,928 | | | 203,928 | 70,000 | 46,539 | -157,389 | |
| Total | 5,822,490 | 0 | 0 | 5,822,490 | 3,747,174 | 3,240,428 | -2,582,063 | |
| Corporate Governance | | | | | | | | |
| Dreamland | 435,667 | 4,150,452 | | 4,586,119 | 435,667 | 4,450,439 | -135,680 | This relates to the Compulsory Purchase Order and was provided for in the 2019-20 Statement of Accounts (funded from borrowing) |
| Dreamland Car Park Enhancement | 147,438 | -147,438 | | 0 | 0 | 0 | 0 | Budget removed following Dreamland sale |
| New Air Conditioning for Server Room | 110,000 | -3,016 | | 106,984 | 106,984 | 106,984 | 0 | Scheme finished |
| Parkway Railway Station | 2,000,000 | | | 2,000,000 | 0 | 0 | -2,000,000 | |
| Public Toilet Refurbishment | 750,000 | | | 750,000 | 0 | 0 | -750,000 | |
| Office Accommodation | 3,000,000 | | | 3,000,000 | 0 | 0 | -3,000,000 | |
| 51-57 High Street, Margate - Refurbishment | 750,000 | | 27,025 | 777,025 | 40,000 | 27,025 | -750,000 | |
| Property Enhancement Programme | 160,000 | | | 160,000 | 160,000 | 57,156 | -102,844 | |
| Total | 7,353,105 | 3,999,998 | 27,025 | 11,380,128 | 742,651 | 4,641,604 | -6,738,523 | |
| Operational Services | | | | | | | | |
| Replacement of Lead Lights at Port | 80,000 | | | 80,000 | 80,000 | 9,933 | -70,067 | |
| Westbrook Promenade Infrastructure Improvements | 750,000 | | | 750,000 | 311,000 | 0 | -750,000 | |
| School Gate Safety Enforcement Partnership | 107,500 | | | 107,500 | 0 | 0 | -107,500 | |
| Ramsgate Harbour Sluice Gate | 75,000 | | | 75,000 | 75,000 | 0 | -75,000 | |
| Welfare Unit for Margate Cemetery | 36,855 | 5,000 | | 41,855 | 37,063 | 39,548 | -2,307 | Budget transfer from Pontoon Decking Improvements |
| Ellington Park | 1,412,142 | | 19,167 | 1,431,309 | 696,418 | 446,430 | -984,880 | |
| Pontoon Decking Improvements | 106,907 | -5,000 | | 101,907 | 76,907 | 23,911 | -77,997 | Budget transfer to Welfare Unit for Margate Cemetery |
| West Breakwater Replacement | 140,982 | -110 | | 140,872 | 140,982 | 140,872 | 0 | Scheme finished |
| Upgrade of Amenity Blocks | 84,024 | | | 84,024 | 84,024 | 3,124 | -80,900 | |
| Manston and Dane Park Depot Improvements | 68,970 | 85,000 | 987 | 154,957 | 68,968 | 64,162 | -90,796 | Budget increase for Dane Park Welfare Unit (externally funded) |
| Ramsgate Port - Berth 2/3 & 4/5 Replacement | 1,474,681 | | 22,479 | 1,497,160 | 1,474,681 | 277,188 | -1,219,971 | |
| Mooring Spine Improvements | 75,000 | | | 75,000 | 75,000 | 0 | -75,000 | |
| Vehicle & Equipment Replacement Programme | 3,020,730 | 16,400 | | 3,037,130 | 2,816,000 | 2,654,663 | -382,467 | Budget increase funded from capital receipts (vehicle sale) |
| Memorials for Children's Area in Margate Cemetery | 1,806 | -1,806 | | 0 | 1,806 | 0 | 0 | Scheme finished |
| In-Cab System | 4,250 | | | 4,250 | 4,250 | 0 | -4,250 | |
| Ramsgate Flood and Coast Protection Scheme | 220,814 | 99,000 | | 319,814 | 220,814 | 319,814 | 0 | Budget increase from grants (£48k) and Capital Projects Reserve (£51k). |
| Ramsgate Port & Harbour Utilities Supply Upgrade | 78,076 | | | 78,076 | 78,076 | 22,959 | -55,117 | |
| Westbrook to St Mildred's Sea Wall Work | 450,000 | | | 450,000 | 0 | 0 | -450,000 | |
| Ramsgate Harbour Railings | 70,953 | | 921 | 71,874 | 70,953 | 921 | -70,953 | |
| Viking Bay to Dumpton Gap Sea Wall Work (previously Louisa Bay to Dumpton Gap Sea Wall Work) | 450,000 | | | 450,000 | 0 | 0 | -450,000 | |

**ANNEX 2 - General Fund Capital Programme Qtr 4
2020-21**

| Capital Programme 2020-21 | Capital Budget 2020-21 to Cabinet 14 Jan 2021 £ £ | Additions / Removals £ | Capital Salary Allocation £ | Revised Capital Budget 2020-21 to Cabinet [] 2021 £ £ | Estimated Outturn 2020-21 to Cabinet 14 Jan 2021 £ | Actual Outturn 2020-21 £ | Variance Overspend / (Underspend) against Revised Budget 2020-21 £ | Comments |
|---|---|------------------------------|--------------------------------|--|--|-----------------------------------|---|-----------------|
| Ramsgate Port & Harbour: Additional Self Storage Containers | 41,000 | -40 | | 40,960 | 41,000 | 40,960 | 0 | Scheme finished |
| Westbrook Groyne and Sea Wall | 6,712 | -6,712 | | 0 | 6,712 | 0 | 0 | Scheme finished |
| Sea Wall Refacing - Minnis Bay to Grenham Bay | 13,567 | | | 13,567 | 13,567 | 13,567 | 0 | |
| Harbour Gate & Bridge | 5,013 | | | 5,013 | 5,013 | -15,142 | -20,156 | |
| Broadstairs Play Area Enhancement | 158,504 | -207 | 5,162 | 163,459 | 158,504 | 163,459 | 0 | Scheme finished |
| Brexit Resilience | 250,000 | | | 250,000 | 250,000 | 81,467 | -168,533 | |
| Skatepark | 59,487 | | | 59,487 | 0 | 0 | -59,487 | |
| Total | 9,242,975 | 191,524 | 48,716 | 9,483,214 | 6,786,739 | 4,287,835 | -5,195,380 | |
| Total Programme | 22,418,569 | 4,191,522 | 75,741 | 26,685,832 | 11,276,564 | 12,169,867 | -14,515,966 | |
| Capital Salaries | 75,000 | 741 | -75,741 | 0 | 75,000 | 0 | 0 | |
| Grand Total | 22,493,569 | 4,192,263 | 0 | 26,685,833 | 11,351,564 | 12,169,867 | -14,515,966 | |

| Funded By | Capital Budget 2020-21 to Cabinet 14 Jan 2021 £ £ | Additions / Removals £ | Revised Capital Budget 2020-21 to Cabinet [] 2021 £ £ | Actual Outturn 2020-21 £ |
|----------------------|---|------------------------------|--|--------------------------------|
| Revenue and Reserves | 2,884,115 | 50,589 | 2,934,704 | 695,755 |
| Capital Receipts | 6,453,332 | - 339,984 | 6,113,348 | 1,631,721 |
| Prudential Borrowing | 4,470,097 | 4,355,277 | 8,825,374 | 6,058,996 |
| External Funding | 8,686,025 | 126,382 | 8,812,407 | 3,783,395 |
| Total | 22,493,569 | 4,192,264 | 26,685,833 | 12,169,867 |

| ANNEX 3 - HRA Capital Programme | | | | |
|---|---|------------------|--|---|
| Capital Programme 2020-21 | Revised Capital Budget 2020-21 | Outturn | Variance Overspend / (Underspend) | |
| | £ | £ | £ | Comments |
| <i>COUNCIL DWELLING MAJOR WORKS AND DISABLED ADAPTATIONS</i> | | | | |
| Heating 18-19 | 0 | -94,314 | -94,314 | P & R accrual c/fwd - now resolved saving |
| Re-Roofing | 1,202,931 | 1,853,609 | 650,678 | EKH over ordered works so budget significantly over spent |
| Replacement Windows & Doors | 266,439 | 141,546 | -124,893 | |
| Kitchen & Bathroom Replacements | 800,097 | 466,148 | -333,949 | |
| Electrical Re-wiring | 282,663 | 79,623 | -203,040 | |
| Heating | 361,265 | 278,173 | -83,092 | |
| Tower Block Works | 5,357,000 | 106,704 | -5,250,296 | |
| Fire Precaution Works | 131,876 | 178,648 | 46,772 | Increased works |
| Planned Refurbishments | 114,377 | 23,887 | -90,490 | |
| Structural Repairs | 1,752,431 | 617,980 | -1,134,451 | |
| Thermal Insulation | 39,505 | 42,900 | 3,395 | |
| Lift refurbishments | 759,000 | 73,229 | -685,771 | |
| Disabled Adaptations | 400,000 | 342,786 | -57,214 | |
| CCTV | 251,180 | 267,645 | 16,465 | |
| Garages | 140,343 | 58,681 | -81,662 | |
| Total | 11,859,107 | 4,437,245 | -7,421,862 | |
| <i>COUNCIL DWELLING PURCHASE/REPLENISHMENT SCHEMES</i> | | | | |
| <u>Margate Housing Intervention</u> | | | | |
| 40-46 Sweyn Road | 45,462 | 8,285 | -37,177 | |
| 1 Godwin Road | 380,869 | 379,510 | -1,359 | |

| ANNEX 3 - HRA Capital Programme | | | | |
|--|---|-------------------|--|--|
| Capital Programme 2020-21 | Revised Capital Budget 2020-21 | Outturn | Variance Overspend / (Underspend) | |
| | £ | £ | £ | Comments |
| 17-21 Warwick Road | 126,975 | 100,609 | -26,366 | |
| 24 Ethelbert Crescent | 71,348 | 2,065 | -69,283 | |
| New Projects | 1,650,150 | 0 | -1,650,150 | |
| <u>New Build Programme</u> | | | | |
| Phase 1 | 293,729 | 477 | -293,252 | |
| Phase 2 | 582,603 | 451,062 | -131,541 | |
| Phase 3 | 2,070,187 | 2,494,974 | 424,787 | |
| Phase 4 | 4,500,000 | 3,234,238 | -1,265,762 | |
| Acquisitons Programme | 727,600 | 0 | -727,600 | |
| St Johns Crescent | 0 | 9,692 | 9,692 | Property now completed, but slight o/spend |
| Total | 10,448,923 | 6,680,912 | -3,768,011 | |
| Grand Total | 22,308,030 | 11,118,157 | -11,189,873 | |

Budget Monitoring Report No.1, 2021-22

| | |
|-------------------------|---|
| Cabinet | 29 July 2021 |
| Report Author | Tim Willis, Deputy Chief Executive and s151 Officer |
| Portfolio Holder | Cllr David Saunders, Portfolio Holder for Finance |
| Status | For Decision |
| Classification: | Unrestricted |
| Key Decision | No |
| Ward: | All Wards |

Executive Summary:

This report provides the first 2021-22 budget monitoring report for General Fund revenue and capital, reflecting the latest forecasts in light of Covid-19 (hereafter referred to as “Covid”) as well as the Housing Revenue Account.

Recommendation(s):

1. That Cabinet notes the following:
 - (i) The General Fund revenue budget 2021-22 forecast position.
 - (ii) The General Fund Capital Programme 2021-22 forecast position.
 - (iii) The Housing Revenue Account position.
2. That Cabinet agrees the recommendation for funding the budget gap as at 5.2 to this report
3. That Cabinet agrees to the change in HRA funding as set out in 7.2 of this report.
4. That Cabinet agrees to the updated General Fund capital programme as set out in Section 6 and Annex 1 to this report.

Corporate Implications

Financial and Value for Money

The financial implications have been reflected within the body of the report. Covid has continued to affect all of local government, Thanet’s reserves remain relatively low even before Covid-19. Monies were aside in reserves last year with the specific purpose of addressing Covid and additional Government support is anticipated this year. If spend exceeds these allocations difficult decisions will need to be made to identify reserves to bridge this gap.

The Section 151 Officer needs to be confident that the impact of Covid-19 and the impact of drawing upon reserves does not leave the council exposed to too high a risk of financial failure. He also needs to be confident that the council will agree a budget for 2022-23 and Medium Term Financial Strategy for 2022-26 that replenishes reserves, which will also

involve difficult decisions. Members need to make the decisions in this report, in order to provide sufficient confidence to the Section 151 Officer.

Legal

Section 151 of the 1972 Local Government Act requires a suitably qualified named officer to monitor and control the Council's finances in order to provide a balanced budget.

Corporate

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

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.

There are no direct equality implications arising from this report, however the delivery and implementation of and budgetary changes will consider this as part of the budget setting process and be reported to members in due course.

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

1.0 General Fund – Revenue Forecast 2021-22

- 1.1 The 2021-22 General Fund budget of £17.165m was agreed at the Council meeting on 11 February 2021. It incorporated £840k of savings proposals to bridge the funding gap (progress against these savings is identified at 3.0 below).
- 1.2 It is too early in the monitoring process to forecast with any degree of certainty what the outturn position will be, as a result, the vast majority of information pertaining to overspends centres around Covid and what we know the impact to have been last year.

- 1.3 As was the case last year and continuing this, the council continues to face challenges as a result of Covid. Managers continue to estimate the financial impact of the restrictions and initiatives that have been implemented in response to the Covid pandemic. Monthly Government returns, based on managers' projections, will capture the estimated impact on revenue budgets. Government support will be essential to delivering a balanced position for this council. Any residual cost will rely on reserves for remedy, but the council's reserves were already comparatively low before Covid, so this places the council at further financial risk.
- 1.4 Table 1 below summarises the current projected General Fund spending position based on actuals to the end of May, and forecasts from budget holders. Paragraphs 2.1 - 2.4 explain variances between the budget and forecasts, including the projected cost of Covid.

Table 1 - General Fund - Forecast against Budget 2021-22

| Function | 2021-22 Budget £'000 | 2021-22 Forecast £'000 | 2021-22 Variance £'000 | Paragraph |
|---|----------------------------|------------------------------|------------------------------|-------------------|
| Chief Executive | 437 | 437 | 0 | n/a |
| Deputy Chief Executive and s151 Officer | 6,550 | 7,013 | +463 | See paragraph 2.1 |
| Corporate Governance | 1,356 | 1,949 | +593 | See paragraph 2.2 |
| Communities | 5,091 | 6,031 | +940 | See paragraph 2.3 |
| Other Fees and Charges | - | 60 | +60 | See paragraph 2.4 |
| Corporate Budgets | 3,731 | 3,776 | +45 | See paragraph 2.4 |
| Total Net Expenditure | 17,165 | 19,266 | 2,101 | |

Note: + overspends or underachievement of income, - underspends or surplus income

2.0 General Fund detail by Directorate/Department:

Deputy Chief Executive and s151 Officer

- 2.1 A potential overspend of **+£463k** is currently forecast:

(i) **Housing Needs +£444k**

Forecast additional costs of accommodation for vulnerable homeless and rough sleepers +£444k due to the ongoing impact of Covid. It is worth noting that, as shown at Table 2, there are a number of savings that have already been delivered in this area and the +£444k pressure is the net position after taking these savings into consideration.

(ii) **Administering Business Rates, Council Tax & Benefits £0k**

There are expected to be increased staffing costs to administer covid support schemes including; hardship fund, business grants and BR reliefs. Also cost of DWP Increases (Housing Benefit) and Universal Credit impact on Council Tax Support recalculations. These are all expected to total +£80k, but should be covered by additional New Burdens funding from central government.

(iii) **Finance & Procurement +£19k**

An additional interim member of staff has been employed to ensure the efficient administration of Covid costs and funding.

Director of Corporate Governance

2.2 An overspend of **+£433k** is currently forecast:

(i) **Property income +£191k**

To address ongoing budget shortfalls, work has commenced to look at the current portfolio, the age and condition of stock as well as market forces that are impacting rentals. However, the outcome of this review has been significantly impacted by Covid, resulting in fewer disposals, slower review of rentals and less new take-up. Current projections assume a loss of income of +£191k against budget.

(ii) **Building control +£84k**

This is in the main due to forecast income being below budget, primarily as a result of Covid.

(iii) **Land Charges +£47k**

This relates to deficits for income earned from local land charge searches. The service management has undertaken action to address ongoing structural budget shortfalls, however, reduced income as a result of Covid has undermined this work.

(iv) **Facilities Management +£76k**

Covid has resulted in a +£39k reduction in rental income and service charges at the Kent Innovation Centre and Dickens House, there has also been +£47k of additional lost rental income due to the CCG vacating Cecil Street offices. This is offset by minor savings within staffing and supplies and services costs of -£10k.

(v) **Elections +£29k**

This represents the additional cost of running Covid compliant TDC elections.

(vi) **Committee Services +£6k**

To facilitate Covid compliant public meetings it has been necessary to hire venues with sufficient capacity to allow for social distancing.

Director of Communities

2.3 An overspend of **+£940k** is currently forecast:

(i) **Parking +£160k**

Parking income was significantly affected as a result of social and economic restrictions implemented to address the Covid pandemic in 2020-21. It is expected that this will continue to be the case this year although not at the same levels. Income is forecast to be +£160k below budget at year-end within the council's off-street car parks.

An additional +£140k adverse impact is forecast from on-street parking. However, this deficit can be met from the earmarked reserve associated with this activity.

(ii) **Domestic Waste Collection +£370k**

A +£370k overspend as a result of Covid primarily due to the increased need for agency staff to ensure service delivery and the requirement for two additional rounds to cope with the increased levels of waste associated with the amount of people now working from home and the associated increase in waste that is generated.

(iii) **Maritime and Technical Services +£280k**

Income is projected to be down compared to budget, this is represented by a +£210k shortfall within Port operations due to restricted opportunities as well as +£70k within the Harbours where visitors, both domestic and foreign continue to be down as a result of Covid.

(iv) **Clinical Waste +£20k**

Due to competing demands and pressures on the service area, it is anticipated the establishment of a clinical waste service will be deferred for another year and as such the forecast net income is unlikely to be achieved.

(v) **Toilets £0k**

Provision of additional toilets coupled with the earlier opening for the summer season to help mitigate the impact of increased visitor numbers due to the Covid effect +£66k. This was necessary due to public behaviour experienced following the relaxation of the lockdown and is expected to be covered from our Contain Outbreak Management Fund allocation.

(vi) **Coastal Development +£30k**

Additional costs associated with improved signage and lifeguard services to help manage the increased visitor numbers generated by the Covid effect.

(vi) **Licensing Income +£80k**

£80k of the income target is unlikely to be met due to the impact of Covid on customer demand for the service.

2.4 Other and Corporate

- (i) Included within corporate budgets are such items as:
- East Kent Shared Services and their central charge,
 - HRA recharges i.e. service costs that are recharged to the HRA but which are held centrally for monitoring purposes,
 - Capital charges including recharges for staff time,
 - External funding and
 - The 2020-21 assumed collection fund deficit that hits 2021-22.
- (ii) There is an estimated income shortfall in other fees and charges not listed above of +£60k. This will continue to be monitored during the remainder of the year, to refine the forecasts.
- (iii) There are additional costs associated with staff working from home that the authority has a responsibility to contribute to, as a result of this there are +£45k worth of new costs associated with Covid.
- (iv) **Council Tax income £0k**

The ongoing economic impact of Covid will continue to lead to increasing levels of debt, as furloughing ends and unemployment rises. This is anticipated to lead to non-payment of Council Tax due, plus an increase in the cost of Council Tax Support, leading to a total loss of +£267k. Although this year's Council Tax losses are accounted for over the next three financial years, and there is additional Government funding for tax losses announced as part of the 2021-22 financial settlement, the +£267k estimate represents assumed losses against this year's bills and this is expected to be covered through the equalisation reserve.

(v) **Business Rates income £0k**

The ongoing economic impact of Covid and the tailing-off of rate reliefs is expected to lead to further increase in business failures and an increase in non-payment of Business Rates due, estimated at +£400k and this is expected to be covered through the equalisation reserve.

3.0 Savings proposals 2021-22 progress

Table 2 below shows the progress on the delivery of the savings agreed as part of the 2021-22 budget setting process. It can be seen that the majority of these savings have already been delivered at the end of the first quarter of the financial year. It should be noted that the delivery of some of these savings have offset or partially mitigated projected service overspends as explained in section 2.

Table 2

| Service Area | Agreed Savings | £000 | Delivered Y/N |
|-----------------------|---|------|---------------|
| Finance & Procurement | Reprocurement of Merchant Acquiring service for card payments | 30 | Y* |

Agenda Item 10

| | | | |
|------------------------------|---|----|----|
| Finance & Procurement | Reduction in bad debt annual provision | 38 | Y |
| Finance & Procurement | Income and Payments Team 0.5 post | 12 | Y |
| Finance & Procurement | Phased Finance & Procurement staffing structure change in anticipation of retirements | 21 | Y* |
| Finance & Procurement | Reduced interest rate reduces borrowing costs | 52 | Y |
| Finance & Procurement | Review of historic recurring underspending budgets | 18 | Y |
| Finance & Procurement | Corporate training | 10 | Y |
| Finance & Procurement | Other small finance savings | 19 | Y |
| Communications & Digital | Savings from digital strategy | 14 | Y |
| Housing & Planning | Reduction in B&B as a result of reduced homelessness | 84 | Y* |
| Housing & Planning | Switch core budget funding to Better Care Fund | 93 | Y |
| Housing & Planning | Switch core budget funding to be funded from enforcement/selective licensing | 20 | Y |
| Housing & Planning | Reduction in the homelessness service budget by currently uncommitted element | 36 | Y* |
| Housing & Planning | Other Housing & Planning savings | 12 | Y |
| Maritime | Maritime Operations/Technical Services staff saving | 34 | Y |
| Maritime | Coastal maintenance | 25 | Y |
| Maritime | Other Maritime savings | 28 | Y |
| Operational | Coastal Development and Tourism staff saving | 19 | Y |
| Operational | Other Operational Services savings | 18 | Y |
| Enforcement & Neighbourhoods | Sports and Leisure provision for council contributions to external funding | 12 | Y |
| Enforcement & Neighbourhoods | Neighbourhood Services staff savings | 80 | Y |
| Enforcement & Neighbourhoods | Other Enforcement & Neighbourhoods savings | 20 | Y |
| Property & Asset Management | Facilities management printing, postage, other savings | 62 | Y |
| Property & Asset Management | Capital Development/Building Control staff saving | 59 | Y |
| Chief Executive | Chief Executive savings | 24 | Y |

| | | | |
|--|--------------|------------|--|
| | Total | 840 | |
|--|--------------|------------|--|

- 3.1 Although all budgets have been adjusted downwards to reflect the budget savings, the actions required to fully realise asterisked * items are not yet completed. It is anticipated that the savings will be achieved. However, it should be noted that the two savings in housing, related to B&B and homelessness, are projected to be offset by an overspend as a result of newly-arising homelessness demands due to Covid (see 2.1(i)).

4.0 Government Support

- 4.1 The government continues to provide emergency funding nationally in 2021-22, to support local authorities' response to and impact of the pandemic. The Council has been notified of an award of additional emergency funding of £1.0m for 2021-22 and this was considered in the budget setting presented to Members in February 2021.
- 4.2 In addition the Council has submitted returns requesting support through the Sales, Fees and Charges compensation scheme, where authorities are compensated for 75% of their losses after meeting a 5% top slice. Funding from this scheme for 2021-22 will be clearer after our next monitoring report.
- 4.3 Funding was also announced to compensate local authorities for losses in council tax and business rates.
- 4.4 All of the above funding pots are either spent or committed. A breakdown of spending will be provided to members in a future report.

5.0 Size of the gap

- 5.1 Although this is an early monitoring report, current forecasts show a potential overspend primarily due to ongoing Covid pressures of just under +£2.1m.
- 5.2 Currently it is anticipated that there will be £1m remaining in the Covid reserve as at the end of 2020-21 based on provisional outturn and it is proposed that this, along with the £1m forecast additional emergency funding, and anything received through Sales Fees and Charges compensation will fund this gap, if it materialises.
- 5.3 Any shortfall in funding will require action to be taken to bridge the gap, this could be a further review of reserves, a moratorium on spending or even in-year targeted savings.
- 5.4 Although the forecast overspend is a matter for concern, it is almost all due to Covid and most of the overspend is not anticipated to recur, once restrictions are fully lifted.

6.0 General Fund Capital Programme – Forecast 2021-22

- 6.1 The council's 2021-22 revised General Fund capital programme of £21.297m (£21.131m as per annex 1 + £0.166m flexible use of capital receipts) is expected to be underspent by -£4.68m. This underspend includes the following relatively large projects which are not expected to incur any capital spend by 31 March 2022:

- **Public Toilet Refurbishment -£0.750m:** Expenditure on this programme is predicated on the receipt of existing toilets across the district. There has been

no disposals (and hence capital receipts) and therefore no spending against the scheme.

- **Office Accommodation** - £3.000m: Accommodation requirements are still under review given scope for flexible working as highlighted by Covid.
- **Westbrook to St Mildred's Sea Wall Work** -£0.450m: Externally funded project dependent on cost-benefit analysis, then grant allocation and timing.

6.2 **Annex 1** shows that £4.588m has been committed against this year's budget. It also shows the following changes that were recently approved by Members:

- **Kent Innovation Centre:** £1.100m budget has been added for the decarbonisation of Kent Innovation Centre, which is externally funded.
- **High Street Heritage Action Zone:** £150k budget has been added for a High Street Heritage Action Zone grant, which is externally funded.

It is proposed that the following changes to the capital programme be approved by members, as per recommendation 4 to this report.

- **CCTV and street lighting:** It is proposed that a £240k budget be added for CCTV and street lighting, which is wholly externally funded.
- **Stone Bay Sea Wall Work:** It is requested that the £450k budget is slipped forward and re-profiled to 2023-24.
- **Ellington Park:** £84k budget be added for Ellington Park, which is externally funded, and represents transferring existing agreed funding from revenue to capital.
- **Covid Budget:** A £29k budget be added for Covid Response, which is externally funded.

It is proposed that Cabinet note the overspend position in relation to Berth 4/5, for which there is a separate report on this agenda, the underspend at 6.1 above has been amended accordingly.

6.3 At this stage no changes are required to the capital programme to reflect the impact of Covid, apart from the new Covid response budget referred to above.

7.0 Housing Revenue Account (HRA)

7.1 The HRA is currently forecast to spend in-line with its proposed revised budget, which is a net deficit of £2.221m in 2021-22.

7.2 Five tower blocks are currently awaiting external wall insulation to be replaced with a fully non-combustible system. Following review of the fire break surveys by Kent Fire and Rescue, the advice is that a temporary simultaneous evacuation strategy is adopted until the wall insulation is removed, replacing the existing stay-put arrangements. The advice also recommends that we deploy a waking watch service at these blocks during this period until fire alarm sounders are installed in each flat. However this additional provision comes at a cost of **+£897k** for 2021-22. It is recommended that a budget adjustments be approved to facilitate this programme of work.

7.3 The External Decorations contract was not let in 2020-21 resulting in a **£165k** underspend. This underspend was put in reserves at the end of 2020-21 and is now requested that an additional budget be approved in 2021-22 for the scheme, to be funded from the drawn down from reserves.

- 7.4 In 2020-21 the main driver for the overspend on repairs and maintenance was the lack of a robust planned maintenance programme by East Kent Housing, this pressure remains although it's too early in the financial year to assess the 2021-22 impact.
- 7.5 The budget for completing the transition from EKH to the in-house service was underspent by **£13.6k** in 2020-21. This underspend was put in reserves at the end of 2020-21 and is now requested to be drawn down from reserves and added to the 2021-22 budget.
- 7.6 Table 2 provides a summary of the projected spending position on the Housing Revenue Account compared to the original and revised budgets.

Table 2 - HRA – Forecast against Budget 2021-22

| | 2021-22 Budget | Move- ment Qtr 1 | 2021-22 Revised Budget | 2021-22 Projected Forecast | 2021-22 Variance |
|--|---------------------------|---------------------------------|---------------------------------------|---|-----------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Income: | | | | | |
| Dwelling Rents | (13,346) | | (13,346) | (13,346) | - |
| Non-dwelling Rents | (227) | | (227) | (227) | - |
| Charges for services and facilities | (540) | | (540) | (540) | - |
| Contributions towards expenditure | (397) | | (397) | (397) | - |
| TOTAL INCOME | (14,510) | - | (14,510) | (14,510) | - |
| Expenditure | | | | | |
| Repairs & Maintenance | 4,160 | 165 | 4,325 | 4,325 | - |
| Supervision & Management | 4,884 | 911 | 5,795 | 5,795 | - |
| Depreciation & Impairments | 4,310 | | 4,310 | 4,310 | - |
| Allowance for bad or doubtful debts | 233 | | 233 | 233 | - |
| Contribution to Capital | 300 | | 300 | 300 | - |
| Non-service specific expenditure | 259 | | 259 | 259 | - |
| Debt Management Costs | 9 | | 9 | 9 | - |
| TOTAL EXPENDITURE | 14,155 | 1,076 | 15,231 | 15,231 | - |
| Other Adjustments: | | | | | |
| Share of Members and Democratic Core | 148 | | 148 | 148 | - |
| HRA Investment Income | (15) | | (15) | (15) | - |
| Debt Interest Charges | 888 | | 888 | 888 | - |
| Government Grants and Contributions | 0 | | 0 | 0 | - |
| Adjustments, accounting /funding basis | 479 | (179) | 300 | 300 | - |
| Deficit/ (Surplus) for HRA Services | 1,145 | 897 | 2,042 | 2,042 | - |

8.0 Housing Revenue Account Capital Programme – Forecast 2021-22

8.1 The council's 2021-22 HRA capital programme has been reviewed now that the in-house team has become established, and revised to £7.838m. This review has led to a number of capital schemes being re-profiled over the next 5 years in line with their expected delivery and this is reflected in **Annexes 2 and 3**.

8.2 The Capital Programme is expected to spend in line with the revised budget.

8.3 The key revisions to the HRA Capital Programme are:

- Additional monies added for fire precaution works, thermal insulation and CCTV to reflect the revised programme of works.
- Tower block works has been re-profiled to match the forecast schedule of works
- A re-profiling of the lift refurbishment programme to match the let contract timeline
- £1m has been slipped in relation to the Margate Intervention Programme to undertake works following potential acquisition in this year's programme.
- Allocating the underspends from Phases 1 and 2 to offset Phase 3 new build forecast costs.
- Phase 4 of the new build programme has been re-profiled
- The acquisitions programme has been re-profiled to allow for one unit of acquisition in each financial year.

8.8 **Annex 2** shows the revised 2021-22 Capital Programme and **Annex 3** shows the revised 5 year programme.

Contact Officer: *Chris Blundell*

Reporting to: *Tim Willis, Deputy Chief Executive and Section 151 Officer*

Annex List

Annex 1 GF Capital Programme to 30 June 2021

Annex 2 HRA Capital Programme

Annex 3 5 Year Revised HRA Capital Programme

Background Papers

Budget monitoring papers held in Financial Services

Corporate Consultation

Finance: N/A

Legal: Estelle Culligan, Deputy Monitoring Officer

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ANNEX 1 - General Fund Capital Programme 30 June 2021

| Capital Programme 2021-22 | Capital Budget 2021-22 (incl unused budget from last year) £ | Additions / Removals £ | Revised Capital Budget 2021-22 to Cabinet 29 July 2021 £ | Estimated Outturn 2021-22 £ | Variance Overspend / (Underspend) 2021-22 £ | Committed Spend to 30 June 2021 £ | Comments |
|---|--|------------------------|--|-----------------------------|---|-----------------------------------|--|
| Deputy Chief Executive (incl East Kent Services) | | | | | | | |
| Housing Assistance Policy (Disabled Facilities Grants & Better Care Fund) | 4,221,058 | | 4,221,058 | 4,221,058 | 0 | 1,273,575 | |
| Margate Housing Intervention - Loan scheme | 30,000 | | 30,000 | 30,000 | 0 | 0 | |
| Housing Assistance Policy (additional support for home owners and private sector landlords) | 353,398 | | 353,398 | 353,398 | 0 | 0 | |
| Homelessness Accommodation | 990,718 | | 990,718 | 465,000 | -525,718 | 55,320 | |
| SAMM Van | 22,000 | | 22,000 | 22,000 | 0 | 0 | |
| Financial Management System | 220,000 | | 220,000 | 50,000 | -170,000 | 0 | |
| IT Infrastructure | 316,321 | | 316,321 | 316,321 | 0 | 141,079 | |
| Total | 6,153,495 | 0 | 6,153,495 | 5,457,777 | -695,718 | 1,469,974 | |
| Corporate Governance | | | | | | | |
| Dreamland | 135,680 | | 135,680 | 135,680 | 0 | 49,395 | |
| Parkway Railway Station | 2,000,000 | | 2,000,000 | 2,000,000 | 0 | 0 | |
| Public Toilet Refurbishment | 750,000 | | 750,000 | 0 | -750,000 | 0 | |
| Office Accommodation | 3,000,000 | | 3,000,000 | 0 | -3,000,000 | 0 | |
| High Street Heritage Action Zone Grant - Ramsgate | 0 | 150,550 | 150,550 | 150,550 | 0 | 135,945 | £150,550 budget externally funded (Individual Cabinet Member Decision effective 4 June 2021) |
| 51-57 High Street, Margate - Refurbishment | 750,000 | | 750,000 | 750,000 | 0 | 0 | |
| Decarbonisation of Kent Innovation Centre | 0 | 1,100,000 | 1,100,000 | 1,100,000 | 0 | 16,200 | £1,100,000 budget externally funded (Individual Cabinet Member Decision effective 14 April 2021) |
| Property Enhancement Programme | 182,844 | | 182,844 | 182,844 | 0 | -1,715 | |
| Total | 6,818,524 | 1,250,550 | 8,069,074 | 4,319,074 | -3,750,000 | 199,825 | |
| Operational Services | | | | | | | |
| Replacement of Lead Lights at Port | 70,067 | | 70,067 | 70,067 | 0 | 7,500 | |
| Westbrook Promenade Infrastructure Improvements | 750,000 | | 750,000 | 750,000 | 0 | 0 | |
| School Gate Safety Enforcement Partnership | 222,500 | | 222,500 | 222,500 | 0 | 0 | |
| CCTV & Street Lighting | 0 | 240,000 | 240,000 | 240,000 | 0 | 0 | £240,000 budget externally funded |
| Stone Bay Sea Wall Work | 450,000 | -450,000 | 0 | 0 | 0 | 0 | Project re-profiled to 2023/24 |
| Ramsgate Harbour Sluice Gate | 75,000 | | 75,000 | 75,000 | 0 | 0 | |
| Thanet District LED Lighting | 88,000 | | 88,000 | 88,000 | 0 | 0 | |
| Welfare Unit for Margate Cemetery | 2,307 | | 2,307 | 2,307 | 0 | 125 | |
| Ellington Park | 984,880 | 83,784 | 1,068,664 | 900,000 | -168,664 | 1,064,060 | £83,784 additional budget externally funded (scheme re-profiling from revenue to capital) |
| Pontoon Decking Improvements | 162,997 | | 162,997 | 162,997 | 0 | 48,208 | |
| Jet Ski Berths | 15,000 | | 15,000 | 15,000 | 0 | 0 | |
| Upgrade of Amenity Blocks | 155,900 | | 155,900 | 155,900 | 0 | 79,951 | |
| Manston and Dane Park Depot Improvements | 90,796 | | 90,796 | 90,796 | 0 | 92,216 | |
| Ramsgate Port - Berth 2/3 & 4/5 Replacement | 1,219,971 | | 1,219,971 | 1,599,971 | 380,000 | 1,201,998 | |
| Mooring Spine Improvements | 75,000 | | 75,000 | 75,000 | 0 | 74,863 | |
| Vehicle & Equipment Replacement Programme | 882,467 | | 882,467 | 882,467 | 0 | 155,224 | |
| Boat Wash Separator | 45,000 | | 45,000 | 45,000 | 0 | 0 | |
| In-Cab System | 4,250 | | 4,250 | 4,250 | 0 | 0 | |
| Ramsgate Port & Harbour Utilities Supply Upgrade | 55,117 | | 55,117 | 55,117 | 0 | 43,659 | |
| Westbrook to St Mildred's Sea Wall Work | 450,000 | | 450,000 | 0 | -450,000 | 0 | |
| Ramsgate Harbour Railings | 70,953 | | 70,953 | 70,953 | 0 | 69,000 | |
| Viking Bay to Dumpton Gap Sea Wall Work | 450,000 | | 450,000 | 450,000 | 0 | 0 | |

ANNEX 1 - General Fund Capital Programme 30 June 2021

| Capital Programme 2021-22 | Capital Budget 2021-22 (incl unused budget from last year) £ | Additions / Removals £ | Revised Capital Budget 2021-22 to Cabinet 29 July 2021 £ | Estimated Outturn 2021-22 £ | Variance Overspend / (Underspend) 2021-22 £ | Committed Spend to 30 June 2021 £ | Comments |
|---|--|------------------------|--|-----------------------------|---|-----------------------------------|---|
| Replace Crematorium Chapel Roof | 50,000 | | 50,000 | 50,000 | 0 | 0 | |
| Royal Harbour Multi-Storey Lift Replacement | 312,000 | | 312,000 | 312,000 | 0 | 0 | |
| Harbour Gate & Bridge | 20,156 | | 20,156 | 20,156 | 0 | 17,799 | |
| Brexit Resilience | 168,533 | | 168,533 | 168,533 | 0 | 34,888 | |
| Covid Response | 0 | 28,794 | 28,794 | 28,794 | 0 | 28,794 | £28,794 budget externally funded - vehicle relating to clinically extremely vulnerable people |
| Skatepark | 59,487 | | 59,487 | 59,487 | 0 | 0 | |
| Total | 6,930,378 | -97,422 | 6,832,956 | 6,594,295 | -238,662 | 2,918,284 | |
| Total Programme | 19,902,397 | 1,153,128 | 21,055,525 | 16,371,146 | -4,684,379 | 4,588,084 | |
| Capital Salaries | 75,000 | | 75,000 | 75,000 | 0 | 0 | |
| Grand Total | 19,977,397 | 1,153,128 | 21,130,525 | 16,446,146 | -4,684,379 | 4,588,084 | |

| Funded By | Capital Budget 2021-22 (incl unused budget from last year) £ | Additions / Removals £ | Revised Capital Budget 2021-22 to Cabinet 29 July 2021 £ |
|----------------------|--|------------------------|--|
| Revenue and Reserves | 2,667,649 | | 2,667,649 |
| Capital Receipts | 5,306,700 | | 5,306,700 |
| Prudential Borrowing | 3,333,236 | | 3,333,236 |
| External Funding | 8,669,811 | 1,153,128 | 9,822,939 |
| Total | 19,977,397 | 1,153,128 | 21,130,525 |

| ANNEX 2 - HRA Capital Programme | | | | | | | |
|---|---|------------------------------|---|------------------------------------|--|--|--|
| Capital Programme 2021-22 | Original Capital Budget 2021-22 (incl balances b/f from 2020-21) £ | Additons / Removals £ | Revised Capital Budget 2021-22 to Cabinet 29 July 2021 £ | Estimated Outturn 2021-22 £ | Variance Overspend / (Underspend) £ | Committed Spend to 30 June 2021 £ | Comments |
| MAJOR WORKS AND DISABLED ADAPTATIONS | | | | | | | |
| Re Roofing | -380,678 | 650,678 | 270,000 | 270,000 | 0 | -8,200 | Additional budget added due to 20/21 o/spend |
| Replace Windows Doors | 324,893 | | 324,893 | 324,893 | 0 | 45,068 | |
| Kitchen & Bath Replacements | 957,949 | -333,949 | 624,000 | 624,000 | 0 | 68,782 | Underspend in 20/21 taken as saving |
| Electrical Rewiring | 356,040 | -103,040 | 253,000 | 253,000 | 0 | 14,693 | Underspend in 20/21 taken as saving |
| Heating | 450,092 | -83,092 | 367,000 | 367,000 | 0 | 71,811 | Underspend in 20/21 taken as saving |
| Tower Block Works | 14,247,296 | -12,247,296 | 2,000,000 | 2,000,000 | 0 | 150,775 | Budget re-profiled |
| Fire Precaution Works | 3,228 | 86,772 | 90,000 | 90,000 | 0 | -13,398 | Increase in line with forecast works |
| Planned Refurbishments | 155,490 | -90,490 | 65,000 | 65,000 | 0 | 6,303 | Underspend in 20/21 taken as saving |
| Structural Repairs | 1,384,451 | -1,134,451 | 250,000 | 250,000 | 0 | 520 | Budget re-profiled |
| Thermal Insulation | 6,605 | 3,395 | 10,000 | 10,000 | 0 | 9,117 | Increase in line with forecast works |
| Lift Refurbishment | 1,585,771 | -412,000 | 1,173,771 | 1,173,771 | 0 | -9,314 | Budget re-profiled |
| Disabled Adaptations | 357,214 | -57,214 | 300,000 | 300,000 | 0 | 28,517 | Underspend in 20/21 taken as saving |
| Cctv | -16,465 | 42,865 | 26,400 | 26,400 | 0 | 26,400 | Increase in line with forecast works |
| Garages | 81,662 | | 81,662 | 81,662 | 0 | 0 | |
| Capital Salaries | 100,000 | | 100,000 | 100,000 | 0 | 0 | |
| Total | 19,613,548 | -13,677,822 | 5,935,726 | 5,935,726 | 0 | 391,074 | |
| PURCHASE/REPLENISHMENT SCHEMES | | | | | | | |
| Margate Housing Intervention | | | | | | | |
| 40-46 Sweyn Road | 37,177 | | 37,177 | 37,177 | 0 | 32,056 | |
| 1 Godwin Road | 1,359 | | 1,359 | 1,359 | 0 | -2,476 | |
| 17-21 Warwick Road | 26,366 | | 26,366 | 26,366 | 0 | 1,183 | |
| 24 Ethelbert Crescent | 69,283 | | 69,283 | 69,283 | 0 | 600 | |
| New Projects | 1,650,150 | -1,000,000 | 650,150 | 650,150 | 0 | 0 | Budget re-profiled |
| New Build Programme | | | | | | | |
| Phase 1 | 293,252 | -293,252 | 0 | 0 | 0 | 0 | Saving used for Phase 3 |
| Phase 2 | 131,541 | -131,541 | 0 | 0 | 0 | -61,048 | Saving used for Phase 3 |
| Phase 3 | -424,787 | 424,793 | 6 | 6 | 0 | 32,478 | Budget increased |
| Phase 4 | 5,597,762 | -4,847,762 | 750,000 | 750,000 | 0 | 13,205 | Budget re-profiled |

| ANNEX 2 - HRA Capital Programme | | | | | | | |
|--|---|------------------------------|---|------------------------------------|--|--|---------------------------------------|
| Capital Programme 2021-22 | Original Capital Budget 2021-22 (incl balances b/f from 2020-21) £ | Additons / Removals £ | Revised Capital Budget 2021-22 to Cabinet 29 July 2021 £ | Estimated Outturn 2021-22 £ | Variance Overspend / (Underspend) £ | Committed Spend to 30 June 2021 £ | Comments |
| Acquisitions Programme | 727,600 | -360,000 | 367,600 | 367,600 | 0 | 0 | Budget re-profiled |
| St Johns Crescent | -9,692 | 9,692 | 0 | 0 | 0 | 0 | Budget increased due to o/spend 20/21 |
| Total | 8,100,011 | -6,198,070 | 1,901,941 | 1,901,941 | 0 | 15,998 | |
| Grand Total | 27,713,559 | -19,875,892 | 7,837,667 | 7,837,667 | 0 | 407,072 | |

| Annex 3 - HRA Capital Programme 2021-22 to 2025-26 | | | | | |
|--|--------------|---------------|--------------|--------------|--------------|
| SCHEME | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Major Works | | | | | |
| Re – Roofing | 270 | 477 | 290 | 300 | 310 |
| Window & Door Replacements | 325 | 377 | 175 | 175 | 175 |
| Kitchen Replacements | 468 | 477 | 487 | 497 | 507 |
| Bathroom Replacements | 156 | 159 | 162 | 165 | 168 |
| Rewiring | 253 | 232 | 159 | 191 | 165 |
| Heating | 367 | 375 | 382 | 390 | 397 |
| Fire Precaution Works | 90 | 120 | 50 | 50 | 50 |
| Tower Block Works | 2,000 | 12,308 | 0 | 0 | 0 |
| Planned Refurbishments (Door Entry and Entrance Doors) | 65 | 65 | 65 | 20 | 20 |
| Structural Repairs | 250 | 1,411 | 260 | 431 | 100 |
| Thermal Insulation | 10 | 10 | 10 | 10 | 10 |
| Lift Refurbishment & Replacements | 1,174 | 412 | 0 | 0 | 0 |
| Garages | 82 | 0 | 0 | 0 | 0 |
| CCTV | 26 | 0 | 0 | 0 | 0 |
| Capital Salaries | 100 | 100 | 100 | 100 | 100 |
| Total Major Works | 5,636 | 16,523 | 2,140 | 2,329 | 2,002 |
| Disabled Adaptations | | | | | |
| Disabled Adaptations | 300 | 300 | 300 | 300 | 300 |
| Total Major Works + Disabled Adaptations | 5,936 | 16,823 | 2,440 | 2,629 | 2,302 |
| Development Programme | | | | | |
| Margate Intervention programme | 784 | 1,000 | 0 | 0 | 0 |
| New build Phase 2 | 0 | 0 | 0 | 0 | 0 |
| New build Phase 3 | 0 | 0 | 0 | 0 | 0 |
| New build Phase 4 | 750 | 2,848 | 2,000 | 0 | 0 |

| | | | | | |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|
| | | | | | |
| Acquisitons Programme | 368 | 360 | 0 | 0 | 0 |
| | | | | | |
| TDC Managed Budgets | 1,902 | 4,208 | 2,000 | 0 | 0 |
| Total HRA Capital Expenditure | 7,838 | 21,031 | 4,440 | 2,629 | 2,302 |
| | | | | | |
| FUNDING | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Major Repairs Reserve | 5,636 | 16,523 | 2,140 | 2,329 | 2,002 |
| Revenue Contributions | 300 | 300 | 300 | 300 | 300 |
| New Properties Reserve | 409 | 1,000 | | | |
| Section 106 | 343 | | | | |
| Capital Receipts | 400 | 360 | | | |
| Prudential Borrowing | 525 | 1,994 | 1,400 | | |
| 141 Capital Receipts | 225 | 854 | 600 | | |
| Total Funding | 7,838 | 21,031 | 4,440 | 2,629 | 2,302 |

INSURANCE TENDER

| | |
|-------------------------|--|
| Cabinet | 29 July 2021 |
| Report Author | Chris Blundell, Director Of Finance |
| Portfolio Holder | Councillor David Saunders, Cabinet Member for Finance |
| Status | For Decision and or For Recommendation |
| Classification: | Unrestricted |
| Key Decision | Yes |
| Reasons for Key | An executive decision that involves expenditure over £750k |
| Ward: | All |

Executive Summary:

This report seeks authority for the Council to enter into a new contract for insurances that is within the approved budget.

The Council is required to ensure best value for money when procuring its contracts and as such the Council is required to re-procure its insurance contract before the insurance renewal date of January 2022.

The value of the estimated contract is detailed in the report and exceeds £750k.

Recommendation(s):

Cabinet is asked to agree to letting of the contract for insurance services as laid out in the report.

Corporate Implications

Financial and Value for Money

The contract is estimated to cost £9.657m over the 7 year term and that is forecast to cover the estimated amount of the contract/s over the full 5 years + 2 year extension period. This level of forecast expenditure can be met from existing approved budgets.

The Council will separate the tender into different lots to ensure that expertise and value for money can be achieved for each element, for example such as motor insurance. Although there is the possibility that one insurer could tender for multiple or all lots.

Legal

It is important that the Council maintains insurance cover to transfer risk, both financial and legal on to a third party.

Procurement of the contract will be in accordance with the Council's CSOs and will ensure that value for money is maintained.

Corporate

The Council has an adopted Risk Management Strategy that assists in the management of Corporate Risks, the provision of insurance services allows the Council to mitigate many corporate risks through transferring of the risk to the procured insurer.

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.*

The required service to be procured will protect the Council and will ensure that financial interests of the Council and taxpayers are protected.

CORPORATE PRIORITIES

This report relates to the following corporate priorities: -

- *Growth*
- *Environment*
- *Communities*

1.0 Introduction and Background

- 1.1 The Council's current insurance contract comes to an end at the end of December 2021 and requires reprocurring to ensure ongoing value for money.
- 1.2 The Council currently maintains insurance cover with a number of different insurers and selects the best insurer for each element of insurance, such as motor.
- 1.3 Insurance cover is vitally important to ensure the transfer of risk in the delivery of all services from the Council to the insurer and to maintain correct cover is therefore essential for their delivery.
- 1.4 Cabinet approval of key decisions are required for any expenditure that is for a contract over a number of years with an expected value in excess of £750k.
- 1.5 The letting of a contract for insurance services is therefore considered a key decision.

2.0 Options

- 2.1 Only two options have been considered.
 - To procure a new contract for insurances, with the objective of securing best value for money for the Council.
 - To not procure a the new contract, which could mean increased costs to remain with the current insurer and potential challenge from other insurers in the market.
- 2.2 To not maintain cover is not deemed to be an option given the risk this would pose to delivery of services and the increased risk exposure for the Council.

Contact Officer: *Chris Blundell (Director Of Finance)*

Reporting to: *Tim Willis (Deputy Chief Executive (S151 Officer))*

Finance: *N/A*

Legal: *Estelle Culligan (Director of Law and Democracy)*

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Port of Ramsgate - Replacement of Berth 4/5 Funding

| | |
|-------------------------|---|
| Cabinet | 29th July 2021 |
| Report Author | Director of Operations |
| Portfolio Holder | Cllr Ashbee, Leader of Council and Cabinet Member for Port and Harbours |
| Status | For Decision |
| Classification: | Unrestricted |
| Key Decision | Yes |
| Reasons for Key | Expenditure not in budget and exceeding virement rules |
| Ward: | Central Harbour |

Executive Summary:

The delivery of the berth 4/5 project has been delayed whilst an Environmental Impact Assessment (EIA) is undertaken to inform the planning and marine licence consents process. This unanticipated delay has resulted in a significant increase in the estimated total cost of the scheme which now exceeds the allocated budget. This report provides detail on the additional scheme cost and proposes an increase in the budget allocation. The report also provides a summary of project activity to date along with the revised programme for the delivery of the new berth.

Recommendation 1 is a decision for Cabinet.

Recommendations 2 and 3 ordinarily are decisions for Council, but are recommended to Cabinet as urgent decisions. This is because the duration of the delay in completing the contract is directly connected to the value of the increase in project costs and it is not therefore recommended that the decisions be held until the next available meeting of Council on 9th September 2021. As urgent decisions outside the Budget Framework, the Chair of Overview and Scrutiny has been informed and has given consent for the matter to be dealt with by Cabinet. The matter will be reported to the next scheduled meeting of Council in September.

Recommendation(s):

1. A 2021-22 General Fund capital virement to transfer budget totalling £55k to the 'Berth 4/5 Replacement Project' scheme for the development of the EIA be approved, to be funded from a £25k transfer from the 'Replacement of Lead Lights at Port' scheme and £30k transfer from the 'Ramsgate Port & Harbour Utilities Supply upgrade' scheme.

2. That a 2021-22 supplementary capital budget of £325,000 be approved for additional costs associated with the 'Berth 4/5 Replacement Project' scheme, to be funded from a £50,000 revenue contribution and £275,000 of borrowing, in accordance with Rule 4 of the Budget and Policy Framework Procedure Rules.
3. That additional revenue expenditure of £445,000 recognised in the 2020-21 accounts and financed from the Council's earmarked reserves be approved, in accordance with Rule 4 of the Budget and Policy Framework Procedure Rules.

Corporate Implications

Financial and Value for Money

On 16 December 2019 Cabinet approved the expenditure for the replacement of Berth 4/5 via an open tender route and a revised budget of £1.497m for the scheme, of which £206k was funded from the capital projects reserve and the remaining £1.291m funded from borrowing.

The delay in progressing and completing the project has directly impacted upon the overall scheme cost. The additional costs (over and above the approved £1.497m budget value) as a result of the delay are estimated at £825k, bringing the revised total estimated costs to £2.322m.

The increase in costs consist, as detailed in Annex 1, of additional revenue costs totalling £445k and capital expenditure totaling £380k.

It has been necessary to account for the additional £445k revenue costs in 2020-21, as presented in the 2020-21 Outturn report included elsewhere on this Cabinet agenda. In order to comply with accounting standards it has been necessary to create a provision to recognise and finance the expected expense in full from 2020-21 budgets. The outturn report shows that this expenditure has been consolidated into the overall budget overspend position for the year and therefore funded from the Council's earmarked reserves. However it needs to be formally approved.

The capital overspend is £380k. Included in this total is the requirement to spend £67k on an Environmental Impact Assessment (EIA), this can be partly funded from existing uncommitted funding within the scheme, but a further £55k budget is required to fund this in full. It is proposed to finance this cost by transferring budget from existing maritime schemes with uncommitted funds in the 2021-22 capital programme.

The proposed budget virements are as follows:

- Replacement of Lead Lights at Port - remaining project budget £70k (proposed virement £25k)
- Ramsgate Port & Harbour Utilities Supply Upgrade - remaining project budget £55k (proposed virement £30k)

Should this virement not be approved, alternative funding sources would need to be identified in order to progress with the EIA. This would result in further delay and a consequent increase in costs for the council.

After consideration of the EIA, there is a residual £325k of anticipated capital spend that requires budget approval and also financing. This can be part-funded from proposed contributions from the 2021-22 maritime revenue budget of £50k, which reduces the remaining capital budget shortfall to £275k. It is proposed to fund this additional £275k budget requirement from further borrowing. Over the expected 20 year life of the pontoon this will result in an annual debt repayment of £13.5k and interest payments of £6k. There is no provision in the revenue budget for this £19.5k increase in the Council's debt and interest repayments and as such will increase the budget gap forecast for 2022-23 (last reported at c.£2m in Feb 2021).

It should be noted that the objective of the awarded contract i.e. the replacement of berth 4/5 has not changed following contract award so there has been no impact on project costs as a result of any change in scope.

It is proposed to procure the required Environmental Impact Assessment directly from the existing project consultant who is acting in the role of project manager. This is to maintain continuity following the development of the EIA scoping report and to reduce further impact on the project programme which will lead to a further budget pressure. This will require a waiver of the Council's Contract Standing Orders to award on the basis of a single written quotation.

Legal

Recommendations 2 and 3 above are subject to Rule 4 of the Budget and Policy Framework Procedure Rules in the Constitution which state that all decisions outside the budget and policy framework should be made by full Council. These two recommendations are being brought to Cabinet as urgent decisions to fit in with the recommendation 1 which is a Cabinet decision in its own right, since the next available meeting of Council is not until September. The Constitution states that Cabinet can deal with urgent decisions outside the budget framework, subject to the agreement of the Chair of Overview and Scrutiny Committee.

Corporate

The council has a contractual obligation to provide an aggregate berth at the Port of Ramsgate.

The current project was taken forward following a Cabinet decision made on 16 December 2019. This resulted in a procurement exercise and contract award in 2020 to deliver a floating aggregate berth.

It is likely that the financial impact on the Council will worsen in any scenario where the council does not achieve the completion of the works specified in the 2020 design and build contract.

Equality Act 2010 & Public Sector Equality Duty

The proposal has limited relevance to the duty in respect of the protected characteristics. It is the officer's assessment that the duty is not engaged by this proposal and no impacts have been identified. However, should any issues arise as a direct result of this proposal in the future, they will be assessed accordingly.

CORPORATE PRIORITIES

This report relates to the following corporate priorities: -

- *Growth*
- *Environment*

1.0 Introduction and Background

- 1.1 Feasibility and design work for a project to replace the existing aggregate berth (Berth 4/5) at the Port of Ramsgate commenced in 2019. The berth was at the end of its useful life and a report outlining options was considered at Cabinet on 16 December 2019. Cabinet decided to undertake an open competitive procurement for a single floating berth to replace the existing berth.
- 1.2 A procurement exercise commenced in February 2020 and a contract for a replacement floating berth was awarded on 1 September 2020. The programmed contract start date was 21 September 2020 for off site and quayside 'dry' works and 9 November 2020 for marine based 'wet' site works.
- 1.3 The Marine Management Organisation (MMO) indicated on 17 June 2020 that the project would need to be screened to determine whether an EIA would be required. The purpose of screening for EIA is to assess the effects that a project may have on the environment and people. Where it is deemed that there may be significant effects, the screening process will conclude that the applicant must carry out an EIA to inform statutory permissions such as a marine licence or planning prior approval / planning permission. On 17 August the MMO confirmed that an EIA would not be required for the berth 4/5 replacement project.
- 1.4 On 16th October 2020 notification was received from Thanet District Council as Local Planning Authority (LPA) that the project would need an Environmental Impact Assessment (EIA) to inform the planning prior approval application. This required the construction work (both dry and wet) to be delayed to allow an EIA to be developed and submitted to the LPA for approval.
- 1.5 It is not tenable for an EIA to be required for one statutory permission but not another as both are screened against similar criteria. The MMO confirmed that it would defer to the LPA's decision on the EIA when submitted to inform the marine licence application.
- 1.6 The existing berth was taken out of service and removed from its station in November 2020. This was unrelated to the replacement contract and was necessary due to the deteriorating condition of the berth and to avoid unacceptable H&S risk during the rougher winter weather. Until a new berth has been provided the port customer Brett Aggregates is bringing coarse aggregates to site by road rather than via sea. Road haulage of aggregates is less cost efficient than transporting it by sea.

2.0 The Current Situation

- 2.1 Following the notification that an EIA would be required a scoping exercise was undertaken. In January 2021 an EIA scoping report was prepared by the project consultant who was commissioned as project manager for the berth replacement scheme. The EIA itself has not yet been started and will be informed by a formal scoping opinion. An Environmental Statement will form the output of the EIA and this will inform both the planning (prior approval) application and marine works licence application. These consents are administered by the LPA and the Marine Management Organisation respectively. It is important therefore that both organisations inform the response to the scoping report.
- 2.2 The EIA scoping report was submitted to the LPA on 28 January 2021 with an anticipated response date of 4 March 2021. However the required comments by the Marine Management Organisation on the scoping report were not shared until 6th July 2021. This in turn has delayed the issuing of the scoping opinion by the LPA which is still awaited at the time of preparing this report.
- 2.3 A quotation for the EIA development work (based upon the likely scope of the EIA) was also sought and received from the project consultant. Option 1 as recommended by this report will allow the EIA development work to be commissioned and started early in August 2021.
- 2.3 The anticipated total cost of the project has now increased significantly following the notification that an EIA will be required. A breakdown of the costs by activity can be found at Annex 1
- 2.4 The anticipated increase in project costs is £825k. Contributions totalling £80k are identified and proposed in this report reducing the residual shortfall to £745k.
- 2.5 A programme which indicates revised project timescales is provided at Annex 2. This programme is based upon the assumption that Cabinet approves Option 1 as described in this report. The revised project completion date is 19 August 2022 which compares with the original contract completion date of 31 January 2021. The programme shows the critical path items (i.e. those which are reliant upon the completion of the previous activity) through to completion of the project.
- 2.6 A timeline showing principle project actions and events from March 2019 is provided at Annex 3

3.0 Options

Note: The recommendations described at the beginning of this report are for both Option 1 and Option 2 (below) to be approved.

- 3.1 Option 1 - Cabinet approve the £55k virement to fund the EIA. Option 1 will enable the development of the required EIA to commence in August 2021. Should this virement not be approved, alternative funding sources would need to be identified in

order to progress with the EIA. This would result in further delay and a consequent increase in costs for the council.

- 3.2 Option 2 - Cabinet approve the £325k capital budget and the additional £445k revenue costs as described in the *Financial and Value for Money* section of this report to cover the cost of the items set out in Annex 1. Should Cabinet not approve this supplementary budget it will require the decision to be taken to Council in September for consideration. This would result in further delay and a consequent increase in costs for the council.
- 3.3 Option 3 - Cabinet do not approve the additional project funding as set out at Options 1 and 2 and detailed in this report. This would leave the council unable to complete the project and therefore unable to fulfill its contractual obligations to the port customer and principal berth user Brett Aggregates. This could result in a significant financial risk to the Council.

Contact Officer: Mike Humber, Director of Operations - 01843 577083
Reporting to: Gavin Waite, Corporate Director - Communities

Annex List

Annex 1: Budget Summary and Additional Estimated Costs
Annex 2: Revised Project Programme
Annex 3: Berth 4/5 - Project Timeline

Background Papers

N/A

Corporate Consultation

Finance: Chris Blundell (Director of Finance)

Legal: Estelle Culligan (Director of Law and Democracy)

| | Capital £000 | Revenue £000 | Notes |
|---|-----------------|-----------------|--|
| Project actuals (25/05/21) | 268 | | Total project spend to date. |
| Project commitments (25/05/21) | 1201 | | Existing commitments including contract to replace berth, project management fees and marine licencing fees |
| Berth replacement contract - additional costs | | 261 | Estimated additional contractual costs due to delay in delivering the contract to replace the berth. |
| EIA and Environmental Statement | 68 | | Cost of developing Environmental Impact Assessment and preparing Environmental Statement for submission to the Local Planning Authority |
| Marine Management Organisation fees | 10 | | Estimated additional marine Licencing fees |
| Project management support | 25 | | Estimated cost of further Project Management Support due to increased contract duration |
| Berth outage costs | | 180 | Estimated costs passed on by customer of additional cost of road haulage of aggregates. This may be subject to change. |
| Dredging | 50 | | The cost of the required dredging is approx £50,000 based on volumetric calculation. It is proposed that this be funded via a contribution from the revenue dredging budget. |
| Legal fees | | 4 | Estimated value of further legal input to the project |
| Installation of services to pontoon (not included in main contract) | 55 | | This item includes modification and connection to services on quayside such as power and water. Also provision of Navigation/Safety aids. |
| Project Contingency (12% of works items) | 201 | | 12% contingency recalculated based on future commitments and original cost of capital works |
| Total estimated project cost | 1877 | 445 | Total estimated project cost - £2,322m |
| Less 2021/22 Budget | (1497) | | |
| Further budget required | 380 | 445 | Estimated additional Capital and Revenue project costs |
| Additional Funding Required | 825 | | Total estimated additional project cost (for which Cabinet Approval is sought) |
| Less contribution from Maritime 2021/22 revenue budget | (50) | | Contribution to capital scheme budget from Maritime 2021/22 revenue budget |
| Less contribution from other 2021/22 maritime capital projects | (55) | | Contribution of £30k and £25k from two other maritime capital projects |
| Remaining budget requirement | 275 | 445 | |
| Remaining budget requirement (total) | 720 | | Source of funding as described within the Financial and Value for Money section of the Cabinet report |

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Annex 2 - Revised Project Programme

Port of Ramsgate - Berth 4/5 Replacement

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| TDC Berth 4/5 Project Timeline | | March 2019 - May 2021 | |
|--------------------------------|--|--|--|
| Date | Subject | Notes / Description | Risks/Implications/Outcome |
| 08/03/19 | | Initial contact from BAM informing that an aggregate berth on the River Crouch used on the crossrail project was no longer required. Berth consisted of two large steel pontoons. | |
| 15/05/19 | | Initial meeting with project consultant, to develop outline design for a fixed quay replacement for the existing berth 4/5. | At the meeting instructions were also given to carry out an assessment of the suitability of the BAM pontoons for use as a replacement Berth 4/5 at Ramsgate |
| 28/06/19 | Planning Advice commissioned by TDC as Applicant | Advice was sought from external lawyers on the interaction between the Ramsgate Corporation Act 1934 and the General Permitted Development Order (GPDO2015) in the context of the proposed works. | Although the development is considered to be schedule 1 development (EIA Regulations) the advice indicated that reliance could still be placed on part 18 of the GPDO. On this basis a prior approval application could therefore be made without the need to undertake an EIA or to make a full planning application. |
| 25/07/19 | | <p>Port Working Party Meeting</p> <p>Attendees:</p> <p>Cllr-Robert Bayford (Leader and Portfolio Holder)</p> <p>Cllr Peter Campbell</p> <p>Cllr Brenda Rogers</p> <p>Cllr George Rusiecki</p> <p>Cllr Rick Everitt</p> <p>Gavin Waite</p> <p>Madeline Homer</p> <p>Mike Humber</p> <p>Two technical reports from the project consultant shared with attendees.</p> <ol style="list-style-type: none"> 1. Basis of design report for a fixed quay 2. Assessment of the suitability of the BAM pontoons for use as two separate berths at Ramsgate | Outcome of the meeting was that the pontoon option should be taken forward and developed with costs sought as this appeared to represent best value |
| 01/08/19 | | Meeting with BAM and formal offer made to supply and install both pontoons for a lump sum cost of £1,250,000. | |
| 12/08/19 | | BAM agreed to reduce the cost of the proposed works to £1,050,000 | The reduced BAM offer along with other project costs were estimated to total £1.415m leaving a contingency of £85k in the total allocated budget of £1.5m |
| 20/08/19 | Legal Instruction | Legal Instruction to seek procurement advice on purchase and installation of the BAM pontoons and compliance with the PCR2015 | |

| TDC Berth 4/5 Project Timeline | | March 2019 - May 2021 | |
|--------------------------------|--------------------------|---|--|
| Date | Subject | Notes / Description | Risks/Implications/Outcome |
| 23/08/19 | Legal Advice | Legal advice received on the following question: "Can the pontoons be purchased in accordance with the Public Contracts Regulations 2015" | The decision made following the advice was to prepare a PSR2015 compliant tender pack with performance spec for competitive tendering. |
| 18/09/19 | Legal Advice | Legal check of the draft tender documents to ensure it was possible for open competition. The documents provided additional information which allowed a better understanding of the scale of the project that our lawyers had not had prior to the initial advice. | A second piece of legal advice was proposed and sought which indicated that the council could argue that the project is works or a mixed works/supply contract. This would mean that the works would be below the PCR2015 works threshold of approx £4.3m opening the opportunity to legally make a direct award subject to the waiving of TDC contract standing orders. |
| 20/09/19 | Budget / Scheme Approval | Record of decision signed by Cllr Bayford as portfolio holder to approve the addition to the 2019/20 capital programme of a capital project to deliver the Commercial Berth in the Eastern Gully of the Royal Harbour, to be funded from the realignment of the existing 2019-20 budget for Berth 4/5. | This published decision would (if implemented) have split the £1,477k budget as follows: Berth 4/5 - £887k Commercial Berth - Eastern Gully, Ramsgate Harbour project - £590k |
| 23/09/19 | Budget / Scheme Approval | Cllr Campbell as the chair of O&S gave notice by email that the record of decision made on 20/09/2019 would be called into O&S | Overview And Scrutiny Panel Call-in of Individual Cabinet Member Decision - Port And Harbour Projects - Variation to 2019/20 Capital Programme |
| 01/10/19 | Budget / Scheme Approval | Overview and Scrutiny Meeting Councillor Everitt proposed, Councillor Albon seconded and Members agreed to request that the Leader of Council held in abeyance the implementation of the decision for ten days during which arrangements were made for the Panel to view the legal documents relating to the procurement process of the two pontoons. | O&S Members to have opportunity to view legal advice during a 10 day period before decision is implemented |
| 15/10/19 | Budget / Scheme Approval | Following the change in administration on 10/10/2019 a Cabinet report was requested with options to take the project forward. | The individual cabinet member decision of 20/09/2019 was not implemented after the 10 working days referenced above pending the outcome of the report. |
| 14/11/19 | | Pre- Cabinet Meeting Revision of 18/9/19 advice with additional content on risk of direct award was presented to Cabinet and CMT, advice from the Monitoring Officer & Deputy Monitoring officer was that the external advice was sound and that the Council could issue a | The Section 151 officer indicated that he did not support the direct award and preferred option would be a competitive process |

| TDC Berth 4/5 Project Timeline | | March 2019 - May 2021 | |
|--------------------------------|---|--|--|
| Date | Subject | Notes / Description | Risks/Implications/Outcome |
| | | direct award | |
| 14/11/19 | Budget / Scheme Approval | <p>Cabinet Cabinet report - Replacement of Berth 4/5 (Port of Ramsgate) and Provision of Commercial Berth (Ramsgate Harbour).</p> <p>The report described the urgent need to replace the existing Berth 4/5 (aggregate berth) and the proposal to deliver a commercial berth project in Ramsgate Harbour.</p> | A total of 4 options were listed in this report. The Cabinet decision on the report was deferred to the December 2019 meeting of Cabinet. |
| 16/12/19 | Budget / Scheme Approval | <p>Cabinet As above</p> | Option 4 for a competitive tender for a single berth to replace berth 4/5 was approved. The second additional commercial berth in the harbour included within BAM's original offer was therefore not taken forward. |
| 24/01/20 | Procurement | Open tender advertised for Berth 4/5 project | |
| 02/03/20 | Procurement | Tender return date | |
| 10/03/20 | Procurement | Tender opening meeting | |
| 08/04/20 | Budget / Scheme Approval | Email from Finance regarding berth 4/5 budget confirming budget position | It was confirmed that as the original decision to approve the commercial berth was called in, the capital budget had not been split into two separate budgets. Accordingly, the full budget has always remained in the Berth 4/5 capital budget. |
| 14/04/20 | Procurement | Order raised for technical evaluation of lowest tender by project consultant. | |
| 16/04/20 | Budget / Scheme Approval | Confirmation from Committee Services Manager that budget in place and no further decision or authorisation required to award tender provided that the decision of Cabinet on 16 December 2019 is followed. | Subject to tender evaluation, permissions in place to award contract |
| 04/05/20 | Procurement | Meeting with project consultant to run through and sign off draft outputs of technical evaluation of tender submission | |
| 07/05/20 | Consents and Licencing | Estates surveyor contact with Crown Estates to update on project progress and inform of proposed tender award | |
| 20/05/20 | Marine Licence (Consents and Licencing) | Project consultant shared draft Marine Licence and Water Framework Directive applications to the MMO | |
| 20/05/20 | Procurement | Award decision notice to successful and unsuccessful tenderers sent by Procurement (10 day standstill starts). | |

| TDC Berth 4/5 Project Timeline | | March 2019 - May 2021 | |
|--------------------------------|---|--|--|
| Date | Subject | Notes / Description | Risks/Implications/Outcome |
| 22/05/20 | Consents and Licencing | UXO (Unexploded Ordnance) desktop study commissioned to inform CDM Construction Phase Plan | |
| 26/05/20 | Consents and Licencing | Amendments to draft marine licence application and instruction to project consultant to submit to MMO | |
| 29/05/20 | Consents and Licencing | Crown Estates confirm estimated fees of £9k for the provision of new supplemental lease | |
| 01/06/20 | Budget / Scheme Approval | Committee Services Manager confirms that the decision on 16/12/2019 meets the requirements of the constitution for a contract award of this value. | |
| 02/06/20 | Consents and Licencing | Marine licence application is submitted | |
| 09/06/20 | Contract Award | Provisional contract dates shared with legal services as follows | Project start - 13/07/2020. The access date - 14/09/2020. Completion date 30/10/2020 |
| 10/06/20 | EIA (Consents and Licencing) | Screening request sent to Natural England for Appropriate Assessment. | |
| 10/06/20 | Contract Award | Tender acceptance letter sent by legal to BAM | Contract offer letter sent to BAM |
| 17/06/20 | EIA (Consents and Licencing) | MMO notification that the scheme will need to be screened for EIA. | This had the effect of putting the marine licence application on hold until screening complete. This would delay marine licence determination so contract award was held. |
| 18/06/20 | EIA (Consents and Licencing) | Information on frequency and level of berth usage sent to MMO to inform EIA Screening Opinion. | |
| 22/06/20 | Contract Award | Legal informed of need to hold on completion of contract award | BAM informed that contract award on hold |
| 29/06/20 | EIA (Consents and Licencing) | Legal advice received on potential to challenge the MMO's request to screen for EIA | No scope to challenge position based on EIA regs and rights under GPDO |
| 17/08/20 | EIA (Consents and Licencing) | Conclusion of MMO screening opinion is that EIA is not required. Marine licence application resumed | Marine licence process started again at week 3 of 13. |
| 20/08/20 | Prior Approval (Consents and Licencing) | Prior Approval application was submitted to Local Planning Authority (LPA) | This submission had to wait until the outcome of the MMO's EIA screening process |
| 26/08/20 | Contract Award | New dates agreed in principle with contractor | Contract start date - 14/09/2020 Contract Access Date (landside) - 21/09/2020 Contract Access Date (Marine) - 09/11/2020 |

| TDC Berth 4/5 Project Timeline | | March 2019 - May 2021 | |
|--------------------------------|---|---|--|
| Date | Subject | Notes / Description | Risks/Implications/Outcome |
| | | | Contract Completion - 31/01/2021 |
| 01/09/20 | Contract Award | Contract Awarded to BAM | Contract documents sent to BAM for signature |
| 25/09/20 | Marine Licence (Consents and Licencing) | Marine Licence consultation starts | 4 week consultation with adverts in local papers as part of marine licence process |
| 30/09/20 | Contract Award | Signed contract returned and completed by Legal | Formal contract now in place |
| 13/10/20 | Prior Approval (Consents and Licencing) | Local Planning Authority confirmed to TDC as applicant that legal advice had been sought which indicated that an EIA would now be required before the Prior Approval application could be determined | Potential to halt marine licence and prior approval applications and significantly delay construction start |
| 15/10/20 | Construction Contract | Notification to BAM that EIA required and contracted works will be unable to start until EIA in place to inform prior Approval. Instruction issued not to start works. | |
| 22/10/20 | Marine Licence (Consents and Licencing) | Indication from MMO that they are considering the LPA's position on need for an EIA and aligning consents | This effectively halts the marine licence process until an EIA has been undertaken and accepted |
| 05/11/20 | Site Works | Seaward barge of existing Berth 4/5 decommissioned and removed from station | Following poor weather and damage to the berth and due to poor condition, berth decommissioned. Bretts unable to bring coarse aggregates by sea until a new berth is in place. |
| 23/11/20 | Site Works | Second barge removed | As above |
| 09/12/20 | Construction Contract | Notification of compensation event issued by BAM as a result of the delay in starting the works | |
| 18/12/20 | Construction Contract | Notification to BAM that revised start date will be communicated in January 2021 | |
| 14/01/21 | Construction Contract | Notification to BAM of consent to restart works on dates as follows: <ul style="list-style-type: none"> access date for marine works within the ite 04/10/21 access date for all other works 13/09/21 completion date 23/01/22 | Dates shown based on best information available at the time but still subject to revision if required |
| 18/01/21 | Marine Licence (Consents and Licencing) | MMO confirmed that it will defer to the LPA's decision on the EIA. MMO will also undertake the required Habitats Regulations Assessment (HRA) | |
| 22/01/21 | EIA (Consents and Licencing) | Scoping Report draft received from project consultant | Draft report for client review |
| 28/01/21 | Marine Licence (Consents and | Sampling Plan for Marine licence received from MMO. importantly this included | |

| TDC Berth 4/5 Project Timeline | | March 2019 - May 2021 | |
|--------------------------------|---|---|--|
| Date | Subject | Notes / Description | Risks/Implications/Outcome |
| | Licencing) | sampling and testing for Brominated flame retardants (PBDEs), a new requirement. | |
| 28/01/21 | EIA (Consents and Licencing) | Formal submission of scoping report for EIA to the LPA | |
| 03/02/21 | Marine Licence (Consents and Licencing) | Indication that the PBDE testing will require 90 day lead in time and 120 days for a lab to complete there after | Quotes received were on this basis as only one accredited lab in the UK can undertake this testing. Likely to lead to further serious delay to programme. |
| 18/02/21 | Construction Contract | Compensation Event Quotation 01 (CEQ01) submitted by the contractor (BAM) | |
| 04/03/21 | Marine Licence (Consents and Licencing) | Order placed for sediment samples to be taken to inform licence process and for testing to be undertaken | This activity is now considered to be on critical path due to the length of time needed for PBDE testing so order placed as quickly as possible. |
| 05/03/21 | EIA (Consents and Licencing) | 5 weeks since EIA Scoping opinion sought - (anticipated date of response.) However MMO not yet engaged on the process. | |
| 26/03/21 | Change in Project budget | Update at Cabinet/CMT Due to ongoing delays with EIA and consents the project costs have significantly increased. | Additional project costs now exceed allocated budget and alternative funding solutions to be considered in relation to capital and revenue expenditure. |
| 13/04/21 | EIA (Consents and Licencing) | Email from project consultant to MMO MMO determination period is 5 weeks on EIA Scoping Opinion - but now 10 weeks since the request was made. No update on progress received. | |
| 13/04/21 | EIA (Consents and Licencing) | MMO email informing of capacity issues and won't be able to look at EIA scoping at the current time. | This has the effect of delaying the LPA's ability to issue a full scoping response. This is particularly important because the intended route to gaining approval of the Environmental Statement and EIA is for the MMO to adopt the LPA's decision. If the MMO's comments are not included in the scoping response then this may not be possible. |
| 19/05/21 | Marine Licence (Consents and Licencing) | Indication from the bathymetry samples testing lab that PDBE test results will be available the first week of June. | This is better than the anticipated date. |
| 26/05/21 | EIA (Consents and Licencing) | MMO email, indicating that the MMO have now received most of the consultation responses and are in the process of drafting a scoping opinion but are still awaiting one response. | Due to sediment testing happening earlier than expected the critical path falls back to the EIA and Marine Licence. Construction start date directly affected by return of scoping opinion and approval of scoping |

| TDC Berth 4/5 Project Timeline | | March 2019 - May 2021 | Agenda Item 12 |
|--------------------------------|------------------------------|------------------------------------|--|
| Date | Subject | Notes / Description | Risks/Implications/Outcome |
| | | | report. |
| 06/07/21 | EIA (Consents and Licencing) | MMO response to EIA Scoping Report | This provides the LPA with the last required stakeholder response to make its formal response to the scoping report. |

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