Date: 6 November 2023
Our ref: Cabinet/Agenda
Ask For: Charles Hungwe
Direct Dial: (01843) 577207
Email: charles.hungwe@officer.thanet.gov.uk

CABINET

16 NOVEMBER 2023

A meeting of the Cabinet will be held at **7.00 pm on Thursday, 16 November 2023** in the Council Chamber, Council Offices, Cecil Street, Margate, Kent.

Membership:

Councillor Everitt (Chair); Councillors: Whitehead, Albon, Duckworth, Keen and Yates

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 PREVIOUS MEETING** (Pages 5 - 8)

   To approve the summary of recommendations and decisions of the Cabinet meeting held on 19 October 2023, copy attached.

4. **BUDGET MONITORING REPORT NO.2, 2023/24**

   Report to follow

5. **MID YEAR REVIEW 2023/24: TREASURY MANAGEMENT AND ANNUAL INVESTMENT STRATEGY** (Pages 9 - 30)

6. **EXTERNAL AUDITOR'S ANNUAL AUDIT REPORT ON VALUE FOR MONEY** (Pages 31 - 94)

7. **NDR DISCRETIONARY RELIEF POLICY** (Pages 95 - 216)

8. **EXTENSION TO THE ALCOHOL PUBLIC SPACE PROTECTION ORDER** (Pages 217 - 226)

Item No	Subject
9.	**PURCHASE OF 5 HOMES AT READING STREET, BROADSTAIRS FOR AFFORDABLE RENT** (Pages 227 - 232)
10.	**LOCAL AUTHORITY HOUSING FUND ROUND 2** (Pages 233 - 240)
11.	**ADOPTION OF THE BROADSTAIRS & ST PETERS NEIGHBOURHOOD PLAN REVIEW** (Pages 241 - 244)
12.	**ADOPTION OF THE BIRCHINGTON NEIGHBOURHOOD PLAN** (Pages 245 - 248)

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.

CABINET

Minutes of the meeting held on 19 October 2023 at 7.00 pm in Council Chamber, Council Offices, Cecil Street, Margate, Kent.

Present: Councillor Rick Everitt (Chair); Councillors Whitehead, Albon, Duckworth, Keen and Yates

In Attendance: Councillors Austin, J Bayford, Davis, Kup, Pugh, Rattigan and Rogers

44. APOLOGIES FOR ABSENCE

There were no apologies for absence made at the meeting.

45. DECLARATIONS OF INTEREST

There were no declarations of interest.

46. MINUTES OF PREVIOUS MEETING

Councillor Everitt proposed, Councillor Yates seconded and Members agreed the minutes as a correct record of the meeting held on 21 September 2023.

47. 2024/25 DRAFT BUDGET

Members welcomed the presentation of a balanced budget for 2024/25 and the setting process for setting the budget had begun in summer. Cabinet acknowledged Members and officers' dedication and the tremendous amount of time and effort to get to the balanced budget position. Cabinet thanked officers and Members who were involved and contributed to the budget making process.

The meeting was advised that the next stage in the process was to consult with residents on the draft budget proposals, using the annual residents survey. This would run for six weeks through November into early December. After Having considered the survey results, Cabinet would return in the early part of 2024 with the final budget proposals to recommend to Council for approval.

Cabinet noted that despite what may seem like a lengthy and complicated process, this level of planning was of critical importance. It was how the Council could continue to deliver the services that matter to people, protect and support the most vulnerable residents. Within this draft budget, Cabinet was proposing to increase the net spending on local services by £2.2m. This was a really significant increase.

The inflationary pressures that the district council continued to face were the same cost increases as everyone else was facing on fuel, transport and pay and this had to be funded. Inflation remained high and the current economic climate made it difficult to predict the future. The Portfolio Holder for Corporate Resources presented a number of proposals to invest in some of the council's key services, which made a difference to the lives of local people.

On the General Fund budget, the Portfolio Holder proposed increased spending on priorities such as investment in parks and open spaces and recruitment of more street cleansing staff. This investment had been prioritised for some of the service areas that matter the most to residents. When preparing this budget, Cabinet also made sure to propose spending money wisely and in a way that was clearly aligned with the proposed corporate priorities, as detailed in the report.

Despite the fact that inflation was running at around 6.7%, the Council was only allowed to increase Council Tax by a maximum of 3%. The proposed 3% increase in Council Tax, at £7.64 per Band D equivalent property, represented an increase of less than 15p a week for each household. Therefore, Cabinet continued to look to optimise local income, in order to improve and provide quality services for local people. This was being done by optimising key income streams and applying inflation linked increases to charges for services which were only used by a limited proportion of residents.

The Council had a substantial capital programme to deliver over the next four years, through ongoing Levelling Up Fund projects for both Margate and Ramsgate and the Margate Town Deal. These funds provided the opportunity for significant investment in the district and the impacts on the budget were set out in the draft capital programmes for 2024-2028.

Cabinet was proposing investing in assets right across the wide range of services that were provided by Council to residents and visitors. This included the following:

- £1.5m allocated for Mill Lane Car Park refurbishment;
- Electrifying the Council's vehicle fleet and investing in charging infrastructure and
- Putting solar panels on the Council's leisure centres and decarbonising its property estate to meet its climate change targets.

In summary the Portfolio Holder said that Cabinet was proud to be making further investment in order to provide additional temporary accommodation to meet the needs of homeless people, with a plan to spend £8.4m over the next four years. This approach would help provide more temporary housing within the district for some of the most vulnerable residents. In the long run this would be beneficial to the Council's finances, as it would reduce the spend on temporary housing accommodation to private companies.

The following Members spoke under Council Procedure Rule 20.1:

Councillor Rattigan;
Councillor Davis;
Councillor Rogers.

Councillor Yates proposed Councillor Albon seconded and Cabinet agreed that:

1. The proposed budget consultation be approved for publication;

2. The draft 2024/25 General Fund revenue budget be considered and noted; and

3. The 2024-28 General Fund capital programme be considered and noted.

48. EXTENSION TO THE PUBLIC SPACE PROTECTION ORDER FOR DOG CONTROL

Cabinet considered proposals for the extension of the Public Space Protection Order for Dog Control and Members agreed that Thanet District Council was committed to improving the environment and improving community safety. Directly relating to this commitment was the Council's ability to address anti-social behaviour and related complaints.

Public Space Protection Orders was a valuable tool to allow councils and partners to tackle behaviours that could have a detrimental effect on the quality of life of those in the locality. The Thanet Dog Public Spaces Protection Order was originally implemented in

2017 and extended for a further 3 years in 2020 and continued to be an important aspect in maintaining quality of cleanliness on Thanet's beaches, and protection of the district's coastline, cemeteries and playgrounds. The order had helped protect the diversity of bird populations and wildlife at Pegwell Bay.

Councillor Pugh spoke under Council Procedure Rule 20.1.

Councillor Keen proposed, Councillor Duckworth seconded and Cabinet agreed:

1. That the Current PSPO is extended for a further 3 years until 2026;

2. To delegate any minor amendment of the PSPO to the Chief Executive.

49. THE HEALTH & SAFETY POLICY

Cabinet considered the Health and Safety Policy proposals presented at the meeting. These proposals were reviewed by the Overview and Scrutiny Panel on 26b September 2023. The proposed policy was an update to reflect a new senior corporate management structure and legislative changes.

The new policy now reflected the new corporate management health and safety responsibilities, Health and Safety Committee restructure, the current Chief Executive endorsement of the policy through a new signature. The Policy needed updating to reflect the legal compliance to the latest health and safety regulation and standards.

Councillor Austin spoke under Council Procedure Rule 20.1.

Councillor Yates proposed, Councillor Keen seconded and Cabinet approved the Health & Safety Policy.

50. DRAFT CORPORATE PLAN 2024-28

Cabinet considered proposals for draft Corporate Plan for 2024-28. The council's previous Corporate Statement, which was approved by Council in 2019, had now reached the end of its four-year cycle and was due for renewal. The report proposed a new Corporate Plan which intended to set the direction of travel for the council over the next four years.

Having a clearly defined plan was essential to support the council to work towards achieving its longer-term aspirations for Thanet and to ensure that resources across the council were focused on what matters most to local people. This subject matter therefore followed on naturally from the proposed budget that Cabinet discussed earlier during the meeting.

The refreshed Corporate Plan proposed five new overarching priorities for the council:

1. To keep our district safe and clean;
2. To deliver the housing we need;
3. To protect our environment;
4. To create a thriving place;
5. To work efficiently for you.

These were clear statements and firmly reflect the feedback that was received from constituents when they told Council that they wanted their streets to be kept clean, be able to feel safe and have thriving towns in the district. A six-week consultation period was proposed to ensure that the local community and key stakeholders had an opportunity to comment. A final Corporate Plan document would be prepared taking into account the feedback received during this engagement. The plan would then be presented to the Overview and Scrutiny Panel for their consideration and then to Cabinet and Full Council for formal approval and adoption.

Having a clear and concise Corporate Plan would help the Council to ensure that the community and stakeholders were aware of the work that it was delivering and through regular reporting of the corporate performance, would have an oversight of the progress being made. For this to be as clear as it could be the Portfolio Holder made additional proposals and said that further detail would be added to the draft Corporate Plan prior to public consultation, to provide some specific and tangible examples of the work the Council will deliver over the next four years against each of the priority areas.

Councillor Austin spoke under Council Procedure Rule 20.1.

Councillor Everitt proposed, Councillor Albon seconded and Cabinet approved the following recommendations:

1. That delegated authority be granted to the Chief Executive, in consultation with myself, to provide examples of the projects and activities that the Council will deliver within the draft Corporate Plan;

2. That the draft Corporate Plan 2024-28 and proposed six-week public consultation beginning the week commencing 30 October.

Meeting concluded: 7.31 pm

Mid Year Review 2023/24: Treasury Management and Annual Investment Strategy

Cabinet	16 November 2023
Report Author	Chris Blundell, Director of Corporate Services and Section 151 Officer
Portfolio Holder	Councillor Rob Yates, Cabinet Member for Corporate Services
Status	For Decision
Classification	Unrestricted
Ward	Thanet Wide
Previously Considered by	N/A

Executive Summary:

This report summarises treasury management activity and prudential/ treasury indicators for the first half of 2023/24.

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 2023/24 mid-year position for treasury activities.

Key reporting items to consider include:

- 2023/24 mid-year capital expenditure on long term assets was £5.9m (2022/23 mid-year: £6.3m), against a full-year budget of £60.7m.
- The Council's gross debt, also called the borrowing position, at 30 September 2023 was £19.7m (30 September 2022: £20.0m).
- The Council's underlying need to borrow to finance its capital expenditure, also called the Capital Financing Requirement (CFR), is estimated to be £78.3m at 31 March 2024 (31 March 2023: £52.2m).
- The Council has held less gross debt than its CFR and accordingly has complied with the requirement not to exceed its authorised borrowing limit of £81m.

- As at 30 September 2023 the Council's investment balance was £55.4m (30 September 2022: £56.8m).
- It is proposed that the 2023/24 Treasury Management Strategy Statement be amended as described in section 3 of this report.

Recommendation(s):

That Cabinet:

1. Notes, and makes comments on as appropriate, this report and annexes;

2. Recommends this report and annexes (including the prudential and treasury indicators that are shown and the proposed changes to the 2023/24 Treasury Management Strategy Statement) 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 Director of Corporate Services and Section 151 Officer, and this report is helping to carry out that function.

Risk Management

Risk management is as per the provisions of the annual Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy.

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 Background

1.1 Treasury management

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 Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operation is to ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.

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

1.2 Capital Strategy

The CIPFA Prudential and Treasury Management Codes require all local authorities to prepare a Capital Strategy which is to provide the following: -

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

2 Introduction

2.1 This report has been written in accordance with the requirements of the CIPFA Code of Practice on Treasury Management.

2.2 The primary requirements of the Code are as follows:

a) Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.

b) Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.

c) Receipt by the full Council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy (for the year ahead), a Mid-year Review Report (this report) and an Annual Report (stewardship report), covering activities during the previous year. Two additional quarterly reports are also provided to the Governance and Audit Committee.

d) Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.

e) Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is the Governance and Audit Committee.

2.3 This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the first half of the 2023/24 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure (see also the Capital Strategy) and prudential indicators;
- A review of the Council's investment portfolio for 2023/24;
- A review of the Council's borrowing strategy for 2023/24;
- A review of any debt rescheduling undertaken during 2023/24;
- A review of compliance with Treasury and Prudential Limits for 2023/24.

3 Treasury Management Strategy Statement and Annual Investment Strategy Update

3.1 The Treasury Management Strategy Statement (TMSS) for 2023/24, which includes the Annual Investment Strategy, Capital Strategy and Non-Treasury Investment Report, was approved by the Council on 9 February 2023.

3.2 It is proposed that both the Operational Boundary and Authorised Limit for borrowing in the 2023/24 TMSS (referred to in section 3.1 above) be increased by £20m to reflect the increase in the 2023/24 HRA capital programme for the acquisition and development of new affordable housing units (as referred to in section 4.2 below).

3.3 During the half year ended 30 September 2023 the Council operated within the treasury and prudential indicators set out in the 2023/24 TMSS.

4 The Council's Capital Position (Prudential Indicators)

4.1 This part of the report is structured to update:

- The Council's capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

4.2 Prudential Indicator for Capital Expenditure

This table shows the revised budgets for capital expenditure and the changes since the capital programme was agreed at the Budget.

The revised GF budget includes net reprofiling of -£6.748m (£33.159m unspent budgets from 2022/23 that have been rolled into 2023/24 less £39.907m subsequently transferred out). The largest element of the increase in the revised HRA budget is £19.485m for the acquisition and development of new affordable housing units

Capital Expenditure	2023/24 Original Budget £m	Current Position – Actual spend at 30/09/23 £m	2023/24 Revised Budget £m
General Fund	32.999	2.567	26.640
HRA	12.453	3.286	34.095
Total	**45.452**	**5.853**	**60.735**

Monitoring information on the capital programme at scheme level, including forecasts to the end of the financial year, is included in the regular Cabinet Budget Monitoring Reports.

4.3 Changes to the Financing of the Capital Programme

The table below takes the capital expenditure plans (as detailed in the previous table), and shows the expected financing arrangements of this capital expenditure.

The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

Capital Expenditure	2023/24 Original Budget £m Total	Current Position – Actual at 30/09/23 £m	2023/24 Revised Budget £m GF	2023/24 Revised Budget £m HRA	2023/24 Revised Budget £m Total
Total spend	**45.452**	**5.853**	**26.640**	**34.095**	**60.735**
Financed by:					
Capital receipts	3.811		4.653	1.517	6.170
Capital grants	25.836		14.336	1.583	15.919
Reserves	8.332		1.034	9.023	10.057
Revenue	0.405		0.112	0.370	0.482
Total financing	**38.384**		**20.135**	**12.493**	**32.628**
Borrowing need	**7.068**		**6.505**	**21.602**	**28.107**

4.4 Changes to the Prudential Indicators for the Capital Financing Requirement, External Debt and the Operational Boundary

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.

The table below shows the CFR, and also shows the expected debt position over the period, which is termed the Operational Boundary.

Prudential Indicator – Capital Financing Requirement

We are on target to achieve the forecast CFR. The main reason for the increase in estimate shown below is the increase in the 2023/24 HRA capital programme for the acquisition and development of new affordable housing units (as referred to in section 4.2 above). THE CFR estimates below do not reflect the transfer of land off Highfield Road, Ramsgate from GF to HRA (as per the report tabled at the 2 March 2023 Cabinet meeting) as this transfer is estimated for 2024/25.

Prudential Indicator – the Operational Boundary for external debt

	2023/24 Original Estimate £m	Current Position – Actual at 30/09/23 £m	2023/24 Revised Estimate £m
Prudential Indicator – Capital Financing Requirement			

CFR –General Fund	29.002		28.687
CFR – HRA	31.331		49.631
Total CFR	60.333		78.318
Net movement in CFR	**8.099**		**26.084**
	2023/24 Original Indicator £m	**Current Position – Actual at 30/09/23 £m**	**2023/24 Revised Indicator £m**
Prudential Indicator - the Operational Boundary for External Debt			
Borrowing	76.000	19.718	96.000
Other long term liabilities*	10.000	0.596	10.000
Total debt	**86.000**	**20.314**	**106.000**

** Any 'on balance sheet' PFI schemes and finance leases etc (including the leisure centre deferred credit).*

4.5 Limits to Borrowing Activity

The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, borrowing will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2023/24 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent.

	2023/24 Original Estimate £m	**Current Position – Actual at 30/09/23 £m**	**2023/24 Revised Estimate £m**
Gross borrowing	54.683	19.718	77.317
Plus other long term liabilities*	0.597	0.596	0.568
Total gross borrowing	**55.280**	**20.314**	**77.885**
CFR (year end position)	60.333		78.318

The Section 151 Officer reports that no difficulties are envisaged for the current or future years in complying with this prudential indicator.

A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

Authorised Limit for external debt	2023/24 Original Indicator £m	Current Position – Actual at 30/09/23 £m	2023/24 Revised Indicator £m
Borrowing	81.000	19.718	101.000
Other long term liabilities*	15.000	0.596	15.000
Total	**96.000**	**20.314**	**116.000**

** Any 'on balance sheet' PFI schemes and finance leases etc (including the leisure centre deferred credit).*

5 Annual Investment Strategy 2023/24

5.1 The Treasury Management Strategy Statement (TMSS) for 2023/24, which includes the Annual Investment Strategy, was approved by Council on 9 February 2023. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council's investment priorities as being:

- Security of capital
- Liquidity
- Yield

5.2 The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit quality financial institutions.

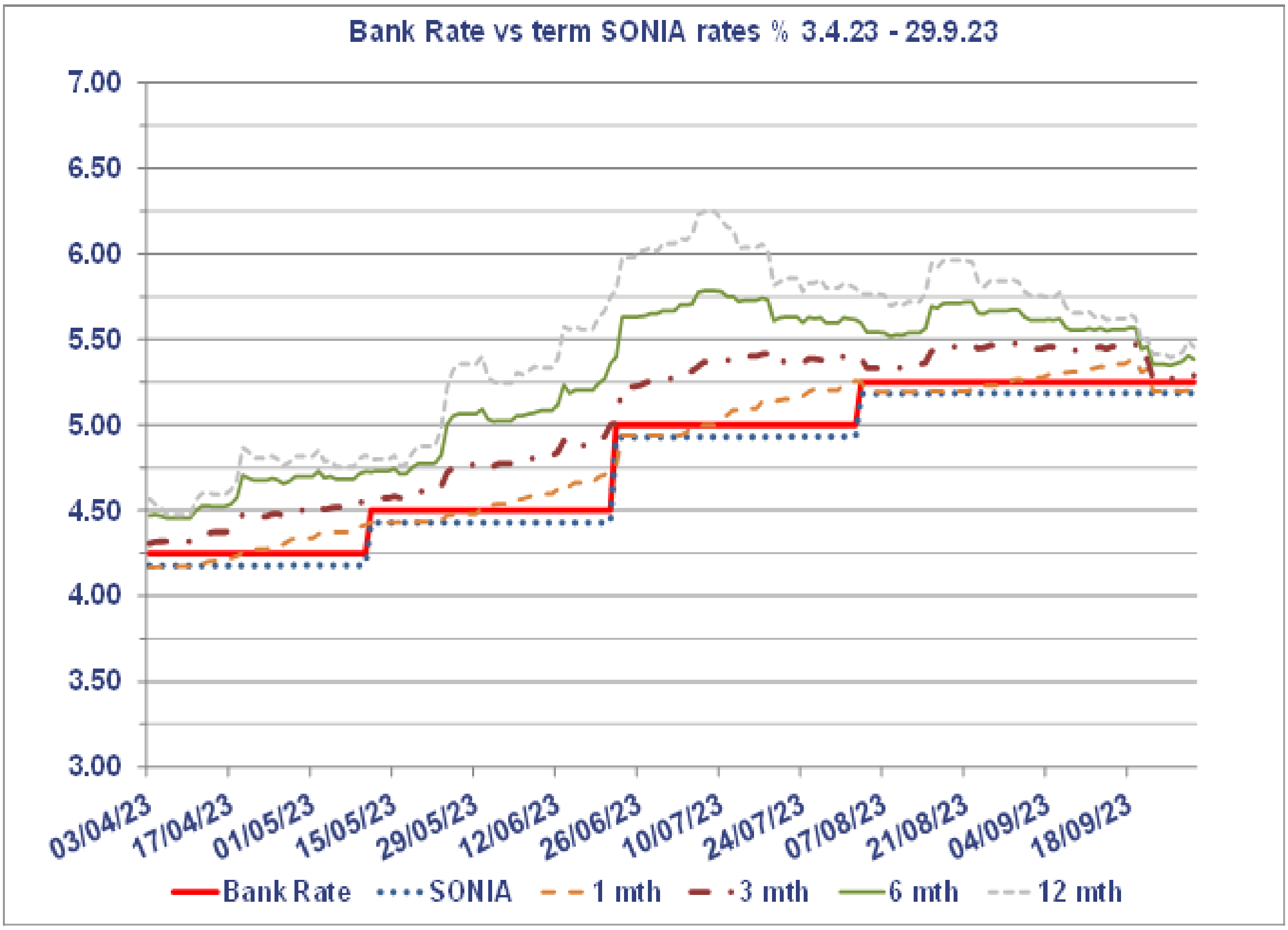
5.3 **Creditworthiness**

Following the Government's fiscal event on 23rd September 2022, both S&P and Fitch placed the UK sovereign debt rating on Negative Outlook, reflecting a downside bias to the current ratings in light of expectations of weaker finances and a challenging economic outlook. Nothing further has evolved in the first half of 2023/24.

5.4 **Credit Default Swap (CDS) prices**

It is noted that sentiment in the current economic climate can easily shift, so it remains important to undertake continual monitoring of all aspects of risk and return in the current circumstances.

5.5 Investment rates during half year ended 30th September 2023



	Bank Rate	SONIA	1 mth	3 mth	6 mth	12 mth
High	5.25	5.19	5.39	5.48	5.78	6.25
High Date	03/08/2023	29/09/2023	19/09/2023	30/08/2023	07/07/2023	07/07/2023
Low	4.25	4.18	4.17	4.31	4.46	4.47
Low Date	03/04/2023	04/04/2023	03/04/2023	03/04/2023	06/04/2023	06/04/2023
Average	4.81	4.74	4.83	5.03	5.26	5.45
Spread	1.00	1.01	1.22	1.17	1.33	1.77

5.6 The Council held £55.441m of investments as at 30 September 2023, with maturities all under one year (£56.827m at 31 March 2023). The investment portfolio yield for the first six months of the year is 4.68% against a benchmark (average 7 day SONIA compounded rate) of 4.67%. The constituent investments are:

Sector	Country	Total £m
Banks	UK	6.285
Money Market Funds	UK	48.156
Bond Funds	UK	1.000
Total		**55.441**

5.7 The Section 151 Officer confirms that the approved limits within the Annual Investment Strategy were not breached during the first six months of 2023/24.

5.8 The Council's budgeted investment return for 2023/24 is £1.262m (£0.631m half-year) and performance for the first half of the financial year is above budget at £1.389m. The revised estimate for 2023/24 is £2.385m.

5.9 The above bond fund is a pooled investment fund accounted for at fair value, although there is a mandatory statutory override for local authorities to reverse all unrealised fair value movements resulting from pooled investment funds to 31st March 2025. There was an unrealised fair value gain of £24k as at 31 March 2023 and it is not expected that the cessation of the override will have an adverse impact on the Council.

5.10 Investment Risk Benchmarking

Investment risk benchmarks were set in the 2023/24 Treasury Management Strategy Statement (TMSS) for security, liquidity and yield. The mid-year position against these benchmarks is given below.

5.10.1 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).

The security benchmark for each individual year is (excluding unrated investments):

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

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

The Section 151 Officer can report that the investment portfolio was maintained within this overall benchmark for the first half of this financial year.

5.10.2 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 0.5 years, with a maximum of 1.0 year.

The Section 151 Officer can report that liquidity arrangements were adequate for the first half of this financial year.

This authority does not currently place investments for more than 370 days due to the credit, security and counterparty risks of placing such investments.

5.10.3 Yield

Local measures of yield benchmarks are:

- Investments – Internal returns above the average 7 day SONIA compounded rate.

The Section 151 Officer can report that the yield on deposits for the first half of the financial year is 4.68% against a benchmark (average 7 day SONIA compounded rate) of 4.67%.

5.11 Investment Counterparty criteria

The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function.

6 Borrowing

6.1 The Council's capital financing requirement (CFR) revised estimate for 2023/24 is £78.318m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. The Council has borrowings of £19.718m (table 4.5) and will have utilised an estimated £58.600m of cash flow funds in lieu of borrowing (assuming no additional borrowing is undertaken during the year). This is a prudent and cost effective approach in the current economic climate but will require ongoing monitoring if further upside risk to gilt yields prevails.

6.2 No new external borrowing was undertaken during the first half of this financial year.

6.3 The Council repaid £0.165m of maturing debt during the first half of this financial year using investment balances, as below:

Lender	Principal £'000	Interest Rate	Repayment Date
PWLB	43	3.08%	24/04/23
PWLB	50	2.48%	30/05/23

PWLB	72	1.28%	20/06/23
Total	**165**		

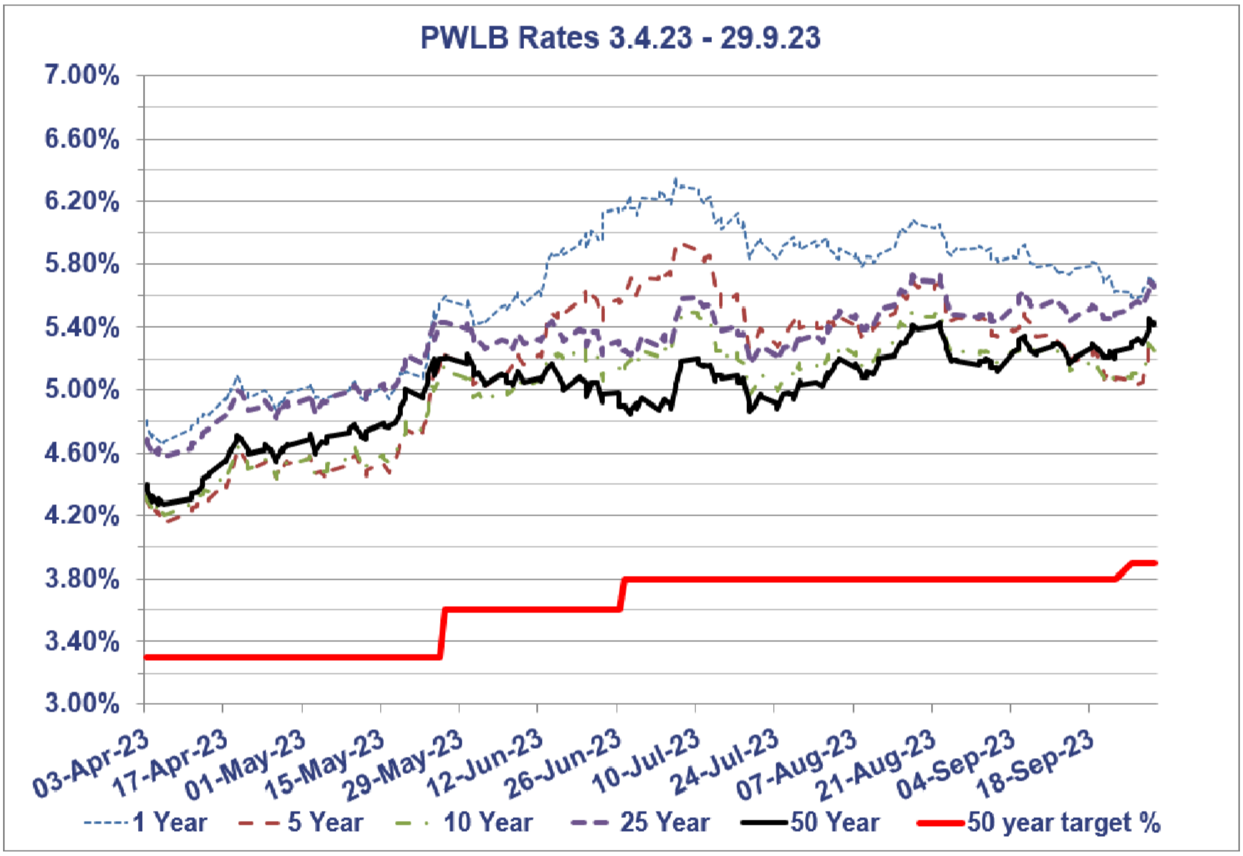
As below, a further £0.093m of existing maturing debt is due to be repaid during the second half of this financial year. In addition, the Council has a long term loan of £4.5m from Dexia which has a lender's option/borrower's option (LOBO) feature. The option allows Dexia to alter the interest rate every six months although, if Dexia exercises this option, the Council may repay the loan. If Dexia decides not to exercise this option, the loan will continue at the fixed rate until maturity in 2065.

Lender	**Principal £'000**	**Interest Rate**	**Repayment Date**
PWLB	43	3.08%	23/10/23
PWLB	50	2.48%	27/11/23
Total	**93**		

6.4 Borrowing may be undertaken during the second half of this financial year and options will be reviewed in due course in line with market conditions. The capital programme is being kept under regular review due to the effects of inflationary pressures and shortages of materials, labour, and capital receipts. The Council's borrowing strategy will therefore also be regularly reviewed and then revised, if necessary, in order to achieve optimum value and risk exposure in the long-term.

6.5 The graph and table below show the movement in PWLB borrowing rates for the first six months of the year to 30 September 2023.

6.6 PWLB borrowing rates during half year ended 30th September 2023



	1 Year	5 Year	10 Year	25 Year	50 Year
Low	4.65%	4.14%	4.20%	4.58%	4.27%
Date	06/04/2023	06/04/2023	06/04/2023	06/04/2023	05/04/2023
High	6.36%	5.93%	5.51%	5.73%	5.45%
Date	06/07/2023	07/07/2023	22/08/2023	17/08/2023	28/09/2023
Average	5.62%	5.16%	5.01%	5.29%	5.00%
Spread	1.71%	1.79%	1.31%	1.15%	1.18%

6.7 Gilt yields and PWLB certainty rates were on a generally rising trend throughout the first half of 2023/24. At the beginning of April, the 5-year rate was the cheapest part of the curve and touched 4.14% whilst the 25-year rate was relatively expensive at 4.58%.

6.8 July saw short-dated rates peak at their most expensive. The 1-year rate spiked to 6.36% and the 5-year rate to 5.93%. Although, in due course, short-dated rate expectations fell, the medium dates shifted higher through August and the 10-year rate pushed higher to 5.51% and the 25-year rate to 5.73%. The 50-year rate was 4.27% on 5th April but rose to 5.45% on 28th September.

6.9 Link Group (the Council's external treasury management advisor) forecasts rates to fall back over the next two to three years as inflation dampens. The CPI measure of inflation is expected to fall below 2% in the second half of 2024, and Link Group forecasts 50-year rates to stand at 3.90% by the end of September 2025. However, there is considerable gilt issuance to be digested by the market over the next couple of years, as a minimum, so there is a high degree of uncertainty as to whether rates will fall that far.

6.10 The current PWLB rates are set as margins over gilt yields as follows: -

- **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB Certainty Rate (GF)** is gilt plus 80 basis points (G+80bps)
- **PWLB Local Infrastructure Rate** is gilt plus 60bps (G+60bps)
- **PWLB Certainty Rate (HRA)** is gilt plus 40bps (G+40bps)

The **UK Infrastructure Bank** will lend to local authorities that meet its scheme criteria at a rate currently set at gilt plus 40bps (G+40bps).

6.11 Debt rescheduling opportunities have increased over the course of the past six months and will be considered if giving rise to long-term savings. However, no debt rescheduling has been undertaken to date in the current financial year.

6.12 The Council's budgeted debt interest payable for 2023/24 is £2.077m (£1.039m half-year) and performance for the first half of the financial year is below budget at £0.401m, reflecting the use of internal borrowing (see section 6.1). The revised estimate for 2023/24 is £2.388m.

7 Treasury Management Indicators

7.1 Ratio of financing costs to net revenue stream

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

%	**2023/24 Original Indicator**	**2023/24 Revised Indicator**
GF	10.0%	5.6%
HRA	6.6%	3.5%

7.2 Maturity Structures of Borrowing

These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing.

	2023/24 Original Upper Limit	**Current Position – Actual at 30/09/23**	**2023/24 Revised Upper Limit**

Maturity structure of fixed rate borrowing			
Under 12 months	50%	35.7%	50%
1 year to under 2 years	50%	0.4%	50%
2 years to under 5 years	50%	1.3%	50%
5 years to under 10 years	50%	12.0%	50%
10 years to under 20 years	50%	35.8%	50%
20 years to under 30 years	50%	9.7%	50%
30 years to under 40 years	50%	0.0%	50%
40 years to under 50 years	50%	5.1%	50%
50 years and above	50%	0.0%	50%

The current position shows the actual percentage of fixed rate debt the authority has within each maturity span. None of the upper limits have been breached.

8 Options

8.1 The recommended option (to ensure regulatory compliance as set out in section 1 of this report) is that Cabinet:

- Notes, and makes comments on as appropriate, this report and annexes.
- Recommends this report and annexes (including the prudential and treasury indicators that are shown and the proposed changes to the 2023/24 Treasury Management Strategy Statement) to Council for approval.

8.2 Alternatively, Cabinet may decide not to do this and advise the reason(s) why.

9 Next Steps

9.1 This report is to go to the 29 November 2023 Governance & Audit Committee meeting, and then to the 7 December 2023 Council meeting for approval.

10 Disclaimer

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

Contact Officer: Chris Blundell, Director of Corporate Services & Section 151 Officer
Reporting to: Colin Carmichael, Interim Chief Executive

Annex List

Annex 1: Economic Update, Interest Rate Forecast and Debt Maturity
Annex 2: Guidance on the Treasury Management Strategy Statement and Annual Investment Strategy – Mid Year Review Report 2023/24

Corporate Consultation Undertaken

Finance: N/A
Legal: Sameera Khan, Interim Head of Legal & Monitoring Officer

ANNEX 1 – ECONOMIC UPDATE, INTEREST RATE FORECAST AND DEBT MATURITY

1 Link Group's Economic Update (issued by Link on 4 October 2023)

1.1 The first half of 2023/24 saw:

- Interest rates rise by a further 100 basis points, taking Bank Rate from 4.25% to 5.25% and, possibly, the peak in the tightening cycle.
- Short, medium and long-dated gilts remain elevated as inflation continually surprised to the upside.
- A 0.5% m/m decline in real GDP in July, mainly due to more strikes.
- Consumer Price Index (CPI) inflation falling from 8.7% in April to 6.7% in August, its lowest rate since February 2022, but still the highest in the G7.
- Core CPI inflation declining to 6.2% in August from 7.1% in April and May, a then 31 years high.
- A cooling in labour market conditions, but no evidence yet that it has led to an easing in wage growth (as the 3myy growth of average earnings rose to 7.8% in August, excluding bonuses).

1.2 The 0.5% m/m fall in GDP in July suggests that underlying growth has lost momentum since earlier in the year. Some of the weakness in July was due to there being almost twice as many working days lost to strikes in July (281,000) than in June (160,000). But with output falling in 10 out of the 17 sectors, there is an air of underlying weakness.

1.3 The fall in the composite Purchasing Managers Index from 48.6 in August to 46.8 in September left it at its lowest level since COVID-19 lockdowns reduced activity in January 2021. At face value, it is consistent with the 0.2% q/q rise in real GDP in the period April to June, being followed by a contraction of up to 1% in the second half of 2023.

1.4 The 0.4% m/m rebound in retail sales volumes in August is not as good as it looks as it partly reflected a pickup in sales after the unusually wet weather in July. Sales volumes in August were 0.2% below their level in May, suggesting much of the resilience in retail activity in the first half of the year has faded.

1.5 As the growing drag from higher interest rates intensifies over the next six months, Link thinks the economy will continue to lose momentum and soon fall into a mild recession. Strong labour demand, fast wage growth and government handouts have all supported household incomes over the past year. And with CPI inflation past its peak and expected to decline further, the economy has got through the cost-of- living crisis without recession. But even though the worst of the falls in real household disposable incomes are behind us, the phasing out of financial support packages provided by the government during the energy crisis means real incomes are unlikely to grow strongly. Higher interest rates will soon bite harder too. Link expects the Bank of England to keep interest rates at the probable peak of 5.25% until the second half of 2024. Mortgage rates are likely to stay above 5.0% for around a year.

1.6 The tightness of the labour market continued to ease, with employment in the three months to July falling by 207,000. The further decline in the number of job vacancies from 1.017m in July to 0.989m in August suggests that the labour market has loosened a bit further since July. That is the first time it has fallen below 1m since July 2021. At 3.0% in July, and likely to have fallen to 2.9% in August, the job vacancy rate is getting closer to 2.5%, which would be consistent with slower wage growth. Meanwhile, the 48,000 decline in the supply of workers in the three months to July offset some of the loosening in the tightness of the labour market. That was due to a 63,000 increase in inactivity in the three months to July as more people left the labour market due to long term sickness or to enter education. The supply of labour is still 0.3% below its pre-pandemic February 2020 level.

1.7 But the cooling in labour market conditions still has not fed through to an easing in wage growth. While the monthly rate of earnings growth eased sharply from an upwardly revised +2.2% in June to -0.9% in July, a lot of that was due to the one-off bonus payments for NHS staff in June not being repeated in July. The headline 3myy rate rose from 8.4% (revised up from 8.2%) to 8.5%, which meant UK wage growth remains much faster than in the US and in the Euro-zone. Moreover, while the Bank of England's closely watched measure of regular private sector wage growth eased a touch in July, from 8.2% 3myy in June to 8.1% 3myy, it is still well above the Bank of England's prediction for it to fall to 6.9% in September.

1.8 CPI inflation declined from 6.8% in July to 6.7% in August, the lowest rate since February 2022. The biggest positive surprise was the drop in core CPI inflation, which declined from 6.9% to 6.2%. That reverses all the rise since March and means the gap between the UK and elsewhere has shrunk (US core inflation is 4.4% and in the Euro-zone it is 5.3%). Core goods inflation fell from 5.9% to 5.2% and the further easing in core goods producer price inflation, from 2.2% in July to a 29-month low of 1.5% in August, suggests it will eventually fall close to zero. But the really positive development was the fall in services inflation from 7.4% to 6.8%. That also reverses most of the rise since March and takes it below the forecast of 7.2% the Bank of England published in early August.

1.9 In its latest monetary policy meeting on 20 September, the Bank of England left interest rates unchanged at 5.25%. The weak August CPI inflation release, the recent loosening in the labour market and the downbeat activity surveys appear to have convinced the Bank of England that it has already raised rates far enough. The minutes show the decision was "finely balanced". Five Monetary Policy Committee members (Bailey, Broadbent, Dhingra, Pill and Ramsden) voted for no change and the other four (Cunliffe, Greene, Haskel and Mann) voted for a 25 basis point hike.

1.10 Like the US Fed, the Bank of England wants the markets to believe in the higher for longer narrative. The statement did not say that rates have peaked and once again said if there was evidence of more persistent inflation pressures "further tightening in policy would be required". Governor Bailey stated, "we'll be watching closely to see if further increases are needed". The Bank also retained the hawkish guidance that rates will stay "sufficiently restrictive for sufficiently long".

1.11 This narrative makes sense as the Bank of England does not want the markets to decide that a peak in rates will be soon followed by rate cuts, which would loosen financial conditions and undermine its attempts to quash inflation. The language also gives the Bank of England the flexibility to respond to new developments. A rebound in services inflation, another surge in wage growth and/or a further leap in oil prices could conceivably force it to raise rates at the next meeting on 2nd November, or even pause in November and raise rates in December.

1.12 The yield on 10-year Gilts fell from a peak of 4.74% on 17th August to 4.44% on 29th September, mainly on the back of investors revising down their interest rate expectations. But even after their recent pullback, the rise in Gilt yields has exceeded the rise in most other Developed Market government yields since the start of the year. Looking forward, once inflation falls back, Gilt yields are set to reduce further. A (mild) recession over the next couple of quarters will support this outlook if it helps to loosen the labour market (higher unemployment/lower wage increases).

1.13 The pound weakened from its cycle high of $1.30 in the middle of July to $1.21 in late September. In the first half of the year, the pound bounced back strongly from the Truss debacle last autumn. That rebound was in large part driven by the substantial shift up in UK interest rate expectations. However, over the past couple of months, interest rate expectations have dropped sharply as inflation started to come down, growth faltered, and the Bank of England called an end to its hiking cycle.

1.14 The FTSE 100 has gained more than 2% since the end of August, from around 7,440 on 31st August to 7,608 on 29th September. The rebound has been primarily driven by higher energy prices which boosted the valuations of energy companies. The FTSE 100's relatively high concentration of energy companies helps to explain why UK equities outperformed both US and Euro-zone equities in September. Nonetheless, as recently as 21st April the FTSE 100 stood at 7,914.

2 Link Group's Interest Rate Forecast (issued by Link on 4 October 2023)

2.1 The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates.

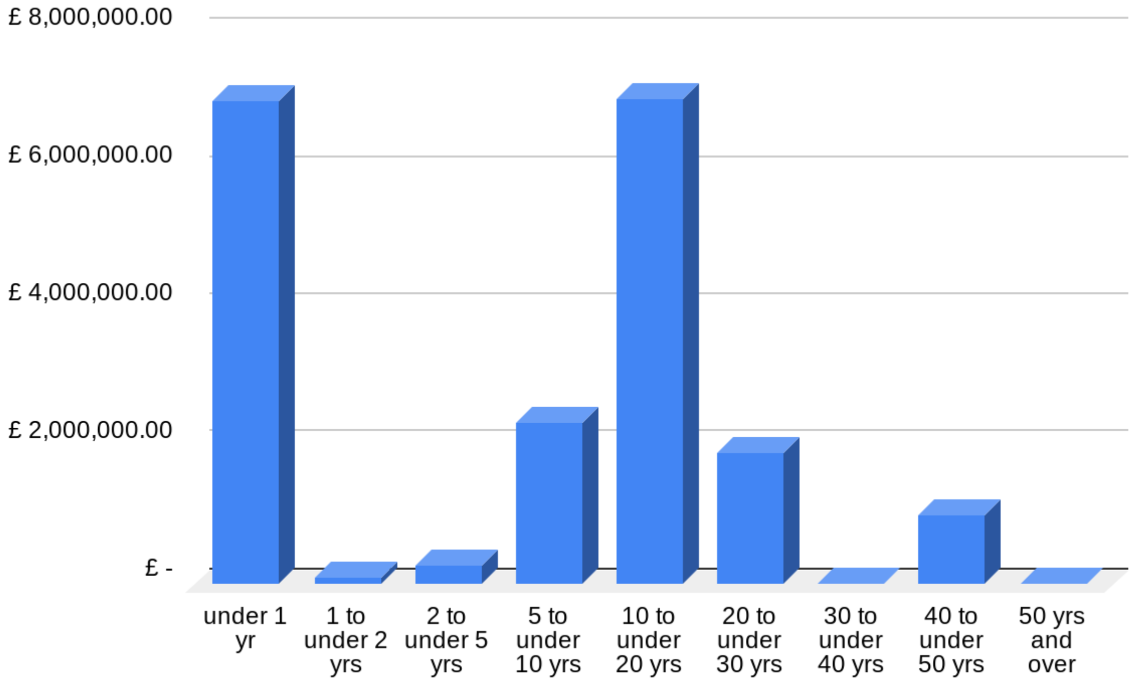
2.2 Link's latest forecast on 25th September 2023 sets out a view that short, medium and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy.

2.3 Link's PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 basis points, calculated as gilts plus 80 basis points) which has been accessible to most authorities since 1st November 2012.

Link Group Interest Rate View	25.09.23												
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
BANK RATE	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.00	2.75	2.75	2.75	2.75	2.75
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.00	2.80	2.80	2.80	2.80	2.80
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.10	2.90	2.90	2.90	2.90	2.90
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.20	3.00	3.00	3.00	3.00	3.00
5 yr PWLB	5.10	5.00	4.90	4.70	4.40	4.20	4.00	3.90	3.70	3.70	3.60	3.60	3.50
10 yr PWLB	5.00	4.90	4.80	4.60	4.40	4.20	4.00	3.80	3.70	3.60	3.60	3.50	3.50
25 yr PWLB	5.40	5.20	5.10	4.90	4.70	4.40	4.30	4.10	4.00	3.90	3.80	3.80	3.80
50 yr PWLB	5.20	5.00	4.90	4.70	4.50	4.20	4.10	3.90	3.80	3.70	3.60	3.60	3.60

3 Debt Maturity

3.1 The maturity structure of the Council's borrowing as at 30 September 2023 (as per section 7 of the main report) is shown below in graph format.



3.2 As per section 6.3 of the main report, £0.165m of council debt with the PWLB matured, and was repaid, during the first half of this financial year.

ANNEX 2 – GUIDANCE ON THE TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY – MID YEAR REVIEW REPORT 2023/24

Prudential Code

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

Capital Expenditure

The Capital Expenditure table (section 4.3 of report) is split between the Council's Housing Revenue Account (HRA) and General Fund (GF or non-HRA). The HRA is a 'ring-fenced' account for local authority housing.

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

Borrowing Limits

The Capital Financing Requirement (CFR) represents the Council's aggregate borrowing need. i.e. the element of the capital programme that cannot be funded. Borrowing may only be undertaken for capital expenditure purposes.

The Limits to Borrowing Activity table (section 4.5 of report) shows that the Council's debt is not more than the CFR because, as above, the CFR represents the Council's aggregate borrowing need.

Borrowing limits (sections 4.5 and 7.2 of report) – there are various general controls on the Council's borrowing activity (operational boundary, authorised limit and maturity profiles).

Investments

General controls on the Council's investment activity to safeguard the security and liquidity of its investments (as set out in the Council's Annual Investment Strategy), include:

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

Borrowing Sources/ Types

PWLB (section 6 of report) 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 (section 7.1 of report), 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.

External Auditor's Annual Audit Report on Value for Money

Cabinet	16 November 2023
Report Author	Colin Carmichael, Interim Chief Executive and Chris Blundell, Director of Corporate Services and Section 151 Officer
Portfolio Holder	Cllr Rob Yates, Portfolio Holder for Corporate Services
Status	For Noting
Classification:	Unrestricted
Key Decision	No
Ward:	All wards

Executive Summary:

The Council's external auditor Grant Thornton is required to report its audit findings from its audit of the accounts to G&A, but this year, due to the fact that this report covers 3 years rather than 1, it is being brought to the attention of Cabinet for noting.

Recommendation(s):

1. The External Auditors Annual Report covering Value for Money for the years 20/21 through to 22/23 be noted as set out in Annex 1;

2. The External Auditors Annual Report covering Value for Money for the years 20/21 through to 22/23 be recommended onto G&A for approval.

Corporate Implications

Financial and Value for Money

There are no financial implications arising directly from this report.

Legal

This is a statutory requirement in accordance with the Local Audit and Accountability Act 2014 and, Accounts and Audit Regulations 2015 and The Code of Audit Practice

Corporate

This is part of the external audit process.

Risk Management

No action on this item would result in non delivery of the statutory requirement pertaining to the accounts, this could result in:

- Loss of confidence
- Reputational damage

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.

Corporate Priorities

This report relates to the following corporate priorities: -

- Growth
- Environment
- Communities

1. Introduction and Background

1.1 The auditors are required to reach a formal conclusion on whether the council has put in place proper arrangements to secure value for money.

1.2 The council received a number of objections to the accounts on the grounds of the council's arrangements to secure value for money which has delayed reporting.

1.3. The report on value for money covers the 3 years from 2020/21 to 2022/23. It therefore covers a period in the council's history of significant upheaval and revisions to its senior leadership and governance arrangements.

1.4 It would be fair to say that the report concludes that the first two of those three years were a period in which the necessary steps were being taken to identify and address the problems. The last of those years, 2022/23, is a period in which significant progress has been made to resolve the problems. The details of this process are set out below.

1.5 The Council's External Auditors, Grant Thornton, issued a report under Section 24 of the Local Audit and Accountability Act 2014 on 12 October 2021. That report is a formal report to a Council that requires the Council to take necessary steps to resolve perceived failures of governance and leadership. It is a most unusual step, and significant to the difficulties the Council was facing.

1.6 Following on from this and directly as a result of the recommendations of the External Auditor's report, an Independent Monitoring Officer (IMO) was appointed by the Council, with a remit to investigate the issues raised by the External Auditor, and to look more broadly at the governance of the Council. The IMO produced his report, which was considered by Council on 19th May 2022. The recommendations made by the IMO were approved by Council.

1.7 As a result of the recommendations, the Council appointed Chris Blundell as Director of Corporate Services and Section 151 Officer. Sameera Khan was appointed as the Interim Monitoring Officer on 18 July 2022, and Colin Carmichael was appointed as Interim Chief Executive (and Head of the Paid Service) on 20th July, and is under contract until at least the end of July 2024. As the Council's Statutory Officers, they have worked with the Service Directors (now Heads of Service) to form the Council's Corporate Management Team (CMT). One of the remits of the CMT has been to work with Councillors to implement the recommendations of the External Auditor and the IMO.

1.8 The Chief Executive reported to Cabinet and to Full Council last March to advise Councillors of the progress made on implementing the recommendations of the Section 24 report from the external auditor, and those from the IMO. Those reports were noted by Council. They are available to Councillors as the agendas for both meetings were public. We will not, therefore, go into detail about the content of the reports.

1.9 The issues that remained outstanding, when the reports were considered last March, were:

- improving the ability of Councillors to get appropriate information from Officers;
- Improving the Council's approach to Project Management and Procurement;
- Training for Councillors to enable them to carry out their duties more effectively.
- Taking each of these in turn.

1.10 Progress is being made on the flow of information, but we acknowledge that there is still much to do. The emergence of hybrid working after the pandemic has caused problems which CMT is working hard to resolve. Councillors will note that the budget proposals contain a post to be created that will support Councillors in carrying out their Ward duties and improving the information flow.

1.11 We are making substantial progress on Project Management and Procurement. One of the recommendations of the IMO was to conduct a review of the process used to reconstruct Berths 4 and 5 at Ramsgate Port. That review was conducted by the Internal Auditor, and her report was also presented to Cabinet and Council last March. CMT accepted all her recommendations. We have commissioned a review of our procurement processes, and have also engaged a consultant to work with us on a complete review of our project management processes, coupled with across the board training for relevant officers.

1.12. We deferred the recommendation on training for Councillors until after our election last May. Since then a comprehensive tracing programme has been delivered for all newly elected Councillors.

1.13 In addition to these actions, two other changes have been made.

1.14 The Chief Executive has conducted a complete review of the senior management structure. That was approved by the General Purposes Committee in January. The posts of Director were filled by the Appointment Panel, and the posts of Head of Service have been filled by the Chief Executive.

1.15 The Chief Executive has reviewed the functioning of CMT. Perhaps unusually, it comprises not only the CE and Directors, but also all Heads of Service. The purpose is to include all senior managers in the corporate direction and strategy of the Council.

1.16 However, there are some issues which require more specific membership, and the contribution of Officers who are not members of CMT. We have, therefore, created three sub groups of CMT to do this. They are:

- a Project Management Working Group - which will commission, monitor, take officer decisions on, and oversee the completion of major projects;
- a Governance Working Group - which will look in detail at reports from Internal Audit, ensuring that recommendations made by the Auditor are properly considered and implemented - which has been a problem in the past. It will also look in detail at Health and Safety monitoring;
- Property Working Group - to reach conclusions at Officer level on issues relating to property owned by the Council.

1.17 Cabinet is now asked to consider and note the Auditors Annual report and to comment on and hopefully endorse the management action outlined above before passing the report to G&A for decision where a representative from Grant Thornton will attend the committee meeting and present the key findings.

Contact Officer: Chris Blundell Director of Corporate Resource and Section 151 Officer
Reporting to: Colin Carmichael, Interim Chief Executive

Annex List

Annex 1 External Auditors Annual Report

Background Papers

None

Corporate Consultation

Finance: N/A
Legal: N/A

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Grant Thornton

Interim Auditor's Annual Report on Thanet District Council

2020/21, 2021/22 and 2022/23

September 2023

Consultation Draft

Contents

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Executive summary

Value for money arrangements and key recommendation(s)

- No significant weaknesses in arrangements identified or improvement recommendation made.
- No significant weaknesses in arrangements identified, but improvement recommendations made.
- Significant weaknesses in arrangements identified and key recommendations made.

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Auditors are required to report their commentary on the Council's arrangements under specified criteria. 2020/21 was the first year that we reported our findings in this way. The NAO have issued guidance to auditors which states that a commentary covering more than one financial year can be issued where it is more efficient and effective to do so. We have reported a combined commentary on the Council's arrangements for 2020/21, 2021/22 and 2022/23 as this provides a current position of the arrangements in place and enables the Council to take timely effective action. If our findings relate only to one year this will be clearly stated, where we do not refer to a year it covers all years. As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Our conclusions are summarised in the table below.

Criteria	Risk assessment	2020/21 Auditor Judgement	2021/22 Auditor Judgment	2022/23 Auditor Judgment	Direction of travel
Governance	Risk identified in the 2020/21 Plan due to complex grievance issues apparent in 2019/20 requiring external support. Our work identified that weaknesses in governance arrangements at the top tier of the Council were apparent in all years. Improvements were made by 2022/23 to suggest however until these are fully embedded there is no evidence to suggest the weaknesses have been eradicated.	Two significant weaknesses in arrangements identified and two key recommendation made as a result. Two further improvement recommendations made.	Two significant weaknesses in arrangements identified and two key recommendation made as a result. Two further improvement recommendations made.	Two significant weaknesses in arrangements identified and two key recommendation made as a result. Two further improvement recommendations made.	↔
Improving economy, efficiency and effectiveness (3E's)	No potential risks of significant weakness were identified within our Audit Plan, however potential risks became evidence around project management and performance reporting in the course of our work. When investigated in 2020/21 both provided evidence of weaknesses in arrangements and were therefore considered risks for subsequent years.	Two significant weaknesses in arrangements identified and two key recommendation made.	One weakness in relation to performance monitoring addressed. One significant weakness in arrangements remains and one key recommendation made.	One significant weaknesses in arrangements identified and one key recommendation remain. An improvement recommendation is also made.	↔
Financial sustainability	Risk identified in the 2021/21 Plan because of the Council's comparatively low level of reserves when compared to other Kent District Council's. Our work in 2020/21 did not identify a weakness and therefore no risk, at risk assessment stage, considered relevant for 2021/22 or 2022/21. We did identify a weakness in reporting arrangements for outturn and budget monitoring which was not identified as a risk due to no issues prior to or within 2020/21 being evident.	No significant weakness identified, five improvement recommendations made.	One significant weakness in arrangements identified and eight improvement recommendations made.	One significant weakness in arrangements remains relevant and seven improvement recommendations made.	↓

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Annex 1

Executive summary

Governance

Council-Wide Governance and Transparency

Following our 2019/20 Value for Money work statutory recommendations were raised to the Council as a result of poor governance arrangements concerning the ability of senior officers to work together and make decisions for the benefit of the Council. This resulted in inadequacy of, and non-compliance with, policies and in relation to whistleblowing, grievances and disciplinary actions and the ultimate financial impact of each of these issues. One of the statutory recommendations included a requirements to undertake a review by an Independent Monitoring Officer (IMO). The Council developed an action plan to the statutory recommendations and engaged and IMO immediately, this produced further recommendations and a separate action plan. By the end of 2022/23 the actions in both plans are substantially completed with the exception of a people strategy and behavioural framework being developed and training in relation to those frameworks having been undertaken to address the recommendations related to improving member and officer relationships. The Council has elected new members in early 2023/24 and undertaken a restructure of its senior management team which is due to complete when all staff are in post by October 2023. It is expected that the remaining points will be addressed when this restructure is complete so incoming officers can be included. Therefore, there is sound rationale for the Council's judgement to pause this element of the plan.

The statutory recommendations and IMO findings were indicative of a weakness in governance arrangements in the years they relate to, 2020/21 and 2021/22. Although a strong progress in producing, monitoring and substantially responding to the recommendations has been observed in 2022/23, until the action plans be fully completed and there is evidence the updated arrangements are well embedded following the management restructure a weakness is apparent in 2022/23 also. As such we have raised a key recommendation aimed at addressing this weakness going forwards, see page 10.

Service Level Governance

Whilst governance arrangements at the top tier of the organisation have improved, governance arrangements within individual service lines are an area of concern. As noted there has been an increasing number of Limited and No Assurance Internal Audit reports in 2021/22 and 2022/23 and low confidence in corporate governance arrangements in all three years, as a result of the council-wide issues and the individual Internal Audit reviews each year. A common casual theme has been a lack of underlying policies, procedures and compliance. As such we believe there to be a weakness in the standards of several services due to the lack of underlying governance and have raised a key recommendation in this area on page 11.

Executive summary

Governance

Risk Management

The Council has reviewed and updated its Risk Management Strategy in 2022/23. Under both the old and updated strategies members focus their attention on the highest rated risks from Corporate Risk Register, however transparency has increased in the period and the number of risks being reviewed has increased. Developments in risk management are taking place regularly and iterative improvements are seen throughout the three-years covered by our reporting. We have made some improvement recommendations aimed at ensuring best practice is achieved in this area.

The Council is well supported by the Internal Audit function, which is provided by East Kent Audit Partnership, which is evidenced via their fair and open reporting to members in relation to their reviews. This has led to an increasing number of Limited and No Assurance rated reviews over the period as the function ensure they provide an objective view of the Council's services. There is evidence as the three-year period has progressed of Internal Audit, Members and the current Chief Executive and Section 151 Officer working closely together to respond to findings and a good level of communication has been observed. This is an improvement noted since the 2019/20 year. Although positive relationships and regular detailed reporting have been observed the Council should now seek a review of the function against the Public Sector Internal Audit Standards, required every 5 years, to provide assurance to the Council over the effectiveness of the service to ensure compliance with this requirement.

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Executive summary

Improving economy, efficiency and effectiveness

Performance Reporting

It is an expectation that members, as decision makers, receive information on and pay equal attention to the non-financial performance of the Council as well as financial. The two are directly correlated. It was noted that in 2021/21 Cabinet did not receive any reporting in relation to the non-financial performance of the Council and therefore did not have the required information with which to make decisions to target underperforming services, or learn from services that were performing well. This has been badged as a significant weakness in arrangements and a key recommendation raised on page 12.

At the start of the 2021/22 year the Council introduced a live tool which monitors operational performance across a number of Key Performance Indicators (KPIs) which was made available, and remains available, on the Council website. This is a significant improvement and addresses the weakness in 2020/21 as the information is available publicly, however there was still no reporting on a summary basis to members. This has since been rectified in 2022/23 at members' request. We believe further improvement could be made to this reporting to ensure the actions being taken in relation to underperforming areas is clear, can be monitored and responsible individuals can be held accountable and that there is effective monitoring of, not only Council performance, but that of key partners the Council works with.

When looking at Council performance reporting and financial information provided to central government it is clear that homelessness is a key area of pressure for the Council. This is a demand led service, over which the Council has limited control. However, it is also an area of high cost and therefore there is the opportunity for the Council to address the supply, rather than demand, aspect of the service. The Council has begun to take positive action to reduce unit costs converting a disused Council-owned building into temporary accommodation to reduce the costs of using private sector provision. This work was shortlisted for an industry award due to its successes and therefore the Council is now seeking to extend projects of this kind to reduce costs and respond to demand at the same time.

Project and Contract Management

During the course of the investigations by the Independent Monitoring Officer, noted in the Governance section previously, the investigator became aware of several concerns in relation to a key capital project on berths 4 and 5 of the Ramsgate Port and therefore recommended that a detailed review into the project took place. A post-implementation review by internal audit identified failings in the Council's project management processes in relation to this project and more widely within the Council. The report was provided in March 2023 and therefore there has been limited time with which to fully respond to the findings. The findings of the report and the fact that a key piece of governance, a Project Management Framework, have not been in place we believe there to be a weakness in project management arrangements and have raised a key recommendation in response. See page 13 for further details of the weakness and recommendation raised.

Executive summary

Improving economy, efficiency and effectiveness (continued)

Project and Contract Management

An objection was raised concerning the same project and our investigations into the specific issues raised has not identified the need for a Public Interest Report (as requested in the objection) or unlawful decision making, and therefore the weakness is limited to the underlying project management governance arrangements and expertise.

Internal Audit have also undertaken a review on contract management which has highlighted an emerging potential fraud issue. The issue was highlighted by whistleblowing to the Internal Audit function and was not identified by the performance or contract management arrangements in place for this particular contract., The issue is currently being investigated and the Council is encouraged to undertake a wider review across more contracts to understand if the issues are more pervasive. As contracts are a key part of any project this is linked to the weakness identified in project management arrangements on page 13.

Financial sustainability

Outturn Position and Reporting

The Council reported its 2020/21 outturn position to Cabinet in July 2021 and this confirmed a deficit position of £3.6m as a result of the pressures of responding to the pandemic, such as in relation to car parking income, and other non-Covid-19 related issues such as legal costs associated with disciplinary matters and revenue cost overspends in relation to the Berth 4/5 project. Risks have been recognised elsewhere in relation to the non-Covid related issues. The 2020/21 accounts production was delayed, however these have since been produced and audited with the anticipated outcome being an unmodified opinion, which provides some certainty over the accuracy of this position.

Members have not received an outturn report for 2021/22 or 2022/23 nor have draft accounts for these been published, and subsequently audited, and as such there is limited certainty in relation to the financial positions in these years with which to help members make financial decisions. It is estimated that in 2021/22 to the Council made a £1.1m surplus and in 2022/23 made a £1.99m deficit. The reason for the lack of reporting has been a result of capacity within the Finance Team, particularly at the senior level, due to the impact of departure of statutory officers amid the governance issues highlighted previously. This has caused senior finance staff to have to undertake multiple roles at the top level of the Council and hindered the ability to produce the usual reporting.

Quarterly budget monitoring has also been impacted and members have not received a budget monitoring report since quarter 2 of 2022/23. Members are due to receive the 2022/23 outturn report alongside the 2023/24 quarter 1 report in September 2023. As there is a significant time lag between the date the information relates to and the time of reporting this reduces the reliability of the decisions that can be based on this. A weakness and key recommendation has been raised, see page 14, due to the lack of reporting and time-lag in the information, should the required improvements not be evident as planned in September 2023 further escalation of the issue via a more serious statutory recommendation is anticipated.

Executive summary

Financial sustainability (continued)

Reserves and Savings

Despite the estimated deficits in 2021/22 and 2022/23 which has been met from reserves the Council has been able to increase its earmarked reserves from a historical low in 2015/16. The Council medium term financial planning includes a gap over the next 4 years of £5.8m. The plans already include savings and therefore, currently, if the gap is left unaddressed would cause additional pressure of reserves and potentially divert them away from the purposes they were set aside for. The Council, at current estimates, does have sufficient reserves, however it has also identified a series of risks in its medium term planning which could increase reliance on these further. Reserves are a finite resource which protect the Council against future unbudgeted for risks, and so the Council should seek to increase the timeframe and scope upon which it plans savings, explore opportunities for greater income generation and look into alternative options to respond to the medium term gap as a priority to avoid depletion of reserves.

As well as increasing the scope and time frame when planning savings the Council would also benefit from more detailed oversight of savings schemes to allow members to hold officers to account and actions to be taken in advance of year end where slippage is noted. This is considered an area of improvement and is noted as such in the report.

Budget Setting Process

The Council approves it budget in February each year, ahead of the start of the financial year. The process for developing and approving the budget is well understood and established. Improvement has been seen in the setting of the final 2022/23 and 2023/24 budgets, compared to prior years, in that a 'Budget Prioritisation' process has been implemented which involves greater collaboration between service leads, finance and members and a greater level of challenge on proposals which are developed at service level. This is a move away from the top-down approach led by the Corporate Management Team and the Director of Finance observed in prior years and increases the probability of achieving the budget due to more realistic estimates, consideration of operational viability and greater buy in from services. There are still further improvements that could be made in the budget setting process which have been raised as improvement recommendations, these are aimed at achieving best practice as opposed to taking corrective action.

Executive summary

Financial sustainability (continued)

Capital Programme

The Council's capital programme has increased significantly between 2021/22 and 2023/24, from £18.5m to £55m. This is due to successful bids for additional central government funding for Town Deal and Levelling Up Fund projects. A report from external consultants in 2020/21 highlighted that the Council had a poorly profiled capital programme and slippage has been seen each year. Some of the slippage is due to poor project management which remains a concern and a weakness in arrangements raised. The Council has engaged a project management expert to assist in some ongoing projects and they have assisted in reprofiling the programme based on their own detailed analysis, the Council should now and is now seeking further project management support and this will be vital in enduring that the programme remains correctly profiled and deliverable. The funding gained from the Town Deal and Levelling Up Fund has conditions attached which include that it should be spent on projects by March 2025, the slippage in the capital programme suggests a delayed start to many of these projects due to the underlying project management issues and lack of capacity and framework in place. Steps are now being taken to engage external support to respond to the lack of capacity, the framework is still in development and the Council has joined a pilot scheme which extends the deadline to March 2026.

Key recommendations

Governance

The range of recommendations that external auditors can make is explained in Appendix C.

Key Recommendation 1	**Council Wide Governance and Transparency** Reports from Grant Thornton and an Independent Monitoring Officer (IMO) covering the period from 2019/20 to 2021/22 highlighted a series of governance issues at the Council in this period, including the below, and raised several recommendations between these reports to rectify the significant weaknesses identified in arrangements: • Inability of the management team to work together in a way that optimises effectiveness and builds a healthy management culture, in the best interests of the Council • A high number of grievances raised formally and by whistleblowing and subsequent disciplinary action, some against senior officers • This highlighted that the policies and procedures in place to manage such issues were inadequate • A financial impact as a result of these issues The above is indicative of a weakness in arrangements in 2020/21 and 2021/22. In 2022/23 the key statutory officers of the Council, who were at the heart of concerns around culture and inability to work together, have left and a restructure is nearing completion. The Council has put in place an action plan to respond to the concerns from the reports and has substantially completed these, with those areas still in progress due to the fact that all new senior officers are not yet in post. The remaining response required to fulfil the action plan relates to implementation of the people strategy, behavioural framework and training in these areas which require all new officers to be in post. This is expected by October 2023. We have also seen improvements in the transparency of information that is being provided to members to aid them in their decision making. There is no further evidence of widespread whistleblowing or grievance procedures. Internal Audit have determined their to be low confidence in corporate governance between 2020/21 and 2022/23. With the caveat that in 2022/23 this is due to the fact that newly implemented governance improvements have not yet had time to embed. Therefore, although substantial improvement has been made in Council-Wide arrangements a weakness remains in 2022/23 as the action plan to respond to the Grant Thornton and IMO reports is yet to be fully complete pending new senior officers being in post as part of the Council restructure. Therefore our key recommendation is that, following completion of the Council senior management restructure, the Council should prioritise developing the people strategy, behavioural framework and evidence of training on these key foundational frameworks so that they can be implemented as soon as all staff are in post, with no lag, so they can be mobilised and having the desired impact immediately.
Audit years	2020/21, 2021/22 and 2022/23
Why/impact	Robust governance arrangements are the backbone of an organisation and allow it to make effective decisions for the benefit of the staff and residents the Council serves.
Management Comments	We welcome that GT have identified substantial improvements here and we will look to prioritise these workstreams now that all new Heads of Service have been appointed.

Key recommendations

Governance

Key Recommendation 2	**Service Level Governance** The Council has received several Limited and No Assurance rated reviews from Internal Audit in 2021/22 and 2022/23, and due to the retrospective nature of these reports are indicative of arrangements in 2020/21 also. Although improvements have been observed in governance arrangements at the top tier of the organisation as a result of responding to the recommendations within the IMO and Section 24 reports, individual services' governance still appears to be a challenge due to: • a significant increase in the number of no assurance reports in both 21/22 and 22/23 • across a range of operations/services and so suggest pervasive issues • a common theme being a lack of underlying governance arrangements, such as policies and procedures leading to risk of non-compliance • a significant increase in the number of critical and high priority recommendations escalated to Governance and Audit Committee not addressed as expected in the time expected • a lack of engagement from management in some directorates with Internal Audit recommendations • evidence of lack of governance arrangements, specifically in Corporate Priority areas • evidence of lack of improvement in some services over a sustained period Key causal themes noted in relation to the service level governance issues was a lack of capacity of staff, with many undertaking dual roles as a result of staff departures, and a lack of robust policy and procedure documentation to ensure compliance. Service levels are unaffected but lack of underlying governance arrangements are a pervasive issue a cause of the weakness identified. It is expected that the completion of the Council restructure in 2023/24 should have a positive impact on capacity. Increasing capacity of services, particularly where Limited and No Assurance ratings have been received and relate to Corporate Priorities, should be an urgent priority. It would be beneficial if the individuals recruited were experienced in developing and monitoring the required underlying governance arrangements in each service.
Audit years	2020/21, 2021/22 and 2022/23
Why/impact	Robust governance arrangements are the backbone of an organisation, and the individual services within it, and ensure that these service are run in an effective and compliant manner.
Management Comments	**We note GT's findings here and will look to prioritise these workstreams now that all new Heads of Service have been appointed.**

Key recommendations

Improving economy, efficiency and effectiveness

Key Recommendation 3	**Performance Reporting** There were no performance reports taken to Cabinet during 2020/21. This is a weakness due to the fact that: • decision makers at the top tier of the organisation are not cited on performance • there are red rated areas of performance that are far from target left unaddressed at the top level of the organisation as a result • there is a significant time lag between when the data is related to when it is received impacting is usefulness in decision making • there is no clear mechanism for Overview and Scrutiny Committee to raise performance issues by exception since there is no escalation of the performance to Cabinet noted • the objectives being reported against are outdated (using the Corporate Statement from 2015-2019 when reporting in the 2020/21 year) Steps should be taken to formalise, and monitor with sufficient regularity, the performance of the organisation.
Audit years	2020/21
Why/impact	Performance reporting is a vital tool in allowing the Council to assess if it is successfully meeting its corporate objectives and therefore it should be reviewed with sufficient regularity, in a timely manner and sufficiently detailed to allow this assessment to be made.
Management Comments	**Performance reporting is now being taken on a regular basis, but we acknowledge these findings and will ensure that work continues here.**

Key recommendations

Improving economy, efficiency and effectiveness

Key Recommendation 4	**Project and Contract Management** As a result of the Internal Audit review of the Berth 4/5 project, recommendations were made and there is not yet sufficient evidence to confirm the recommendations have been implemented in relation to new and ongoing capital projects within the significantly increased capital programme. The Council should strengthen project management and contract management arrangements by: • seeking additional support from project management experts across more projects to ensure there is the required capacity and expertise and limit further delays • prioritising developing and training on the new project management framework as projects are currently ongoing without the underlying governance yet in place Ongoing Internal Audit work in relation to Contract Management has led to further investigations into the accuracy of the costs being paid by the Council under these arrangements and potential overpayments. The investigations in relation to contract management issues lead us to raise the following points since contracts are a key element in the capital projects that the Council undertakes the two are directly linked. The Council should prioritise: • developing and implementing and contract management framework which includes performance monitoring. This will ensure that all contracts, contractors and projects can be effectively managed without reliance on external contractors doing this on the Council's behalf - this would be a proactive control to ensure underperformance (or overpayments) were identified prior to the Council incurring a cost • implementing a second layer of control by undertaking post completion reviews and inspections of works by contractors on projects so that a retrospective control is in place to identify any under-performance or potential overpayments, these reviews are rare with only Berth 4/5 as an example • reviewing all contracts to identify similar overpayment failings, implement required controls and seek compensation as required. • reviewing all contracts to ensure that any threats and risks to effective arrangements are removed • ensuring effective escalation mechanisms are in place internally within departments to ensure that issues raised in relation to projects and contracts can be dealt with in a timely manner, removing the need to whistle blow
Audit years	2020/21, 2021/22 and 2022/23
Why/impact	In order to avoid repetition of the issues causing time delays and cost overruns highlighted from review of the Berth 4/5 project the Council should seek to immediately apply the lessons learned. The lack of underlying governance arrangements which need to be rectified also apply to the contract arrangements within each project.
Management Comments	We note GT's findings here and can confirm that work has already begun to implement improvements in these areas.

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Key recommendations

Financial sustainability

Key Recommendation 5	**Outturn and Budget Monitoring Reporting** Members have not received reporting on the 2021/22 and 2022/23 outturn position or quarterly budget monitoring since December 2022, this covers both the revenue and capital positions. Nor has the Council been able to produce and publish the financial statements for these financial years either. This is due to lack of capacity within the finance team at all levels and is expected to be rectified from September 2023 onwards. Where budget monitoring information has been presented, or is expected be received, there is a significant time-lag. A similar timing issue also exists within the Council's treasury performance reporting. This is deemed a weakness in arrangements as it does not provide members with sufficient information with which to make reliable, effective and up to date financial decisions. Therefore, the Council should ensure the following to improve the weaknesses identified: • budget monitoring is reported each quarter and a year-end outturn report which allows members to make financial decisions effectively • budget and treasury monitoring information should be presented to members in a timely manner with no more than a 2-month time lag between the date of information and the date of reporting to ensure reliable decisions can be made on up-to-date information
Audit years	2021/22 and 2022/23
Why/impact	Members, as the decision makers of the organisation, currently have a gap in their knowledge as to the true financial position of the Council as a result of the lack of reporting of year end outturn position for two years running. As such their ability to make financially sustainable decisions may be impaired as they do not have the information available to identify the financial impact of their decisions. Should the required improvements to transparency of the financial position not improve we would be required to escalate the issue further, via a more serious statutory recommendation, as there would be no evidence to confirm the Council remained financially viable.
Management Comments	We note GT's findings here and will ensure that future reporting is more timely.

Use of auditor's powers

We bring the following matters to your attention:

	2020/21	2021/22	2022/23
Statutory recommendations Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly	Statutory recommendations were made in October 2021 as a result of the 2019/20 VFM work and so are relevant to all years covered in this report. See pages 39 to 41 for details of the recommendations made. These have been followed up as part of our work. We consider the points to have been substantially addressed in the 2022/23 year but a weakness remains until the senior management restructure completes in October 2023 and our key recommendation reflects this.		
Public Interest Report Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.	We have not issued any such reporting	We have not issued any such reporting	We have not issued any such reporting
Application to the Court Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.	We have not made any such applications.	We have not made any such applications.	We have not made any such applications.
Advisory notice Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority: • is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure, • is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or • is about to enter an item of account, the entry of which is unlawful.	We have not issued any such notices.	We have not issued any such notices.	We have not issued any such notices.
Judicial review Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.	We have not made any such applications.	We have not made any such applications.	We have not made any such applications.

Securing economy, efficiency and effectiveness in the Council's use of resources

All Council's are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Council's responsibilities are set out in Appendix A.

Council's report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:

Financial Sustainability

Arrangements for ensuring the Council can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).

Governance

Arrangements for ensuring that the Council makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Council makes decisions based on appropriate information.

Improving economy, efficiency and effectiveness

Arrangements for improving the way the Council delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

Our commentary on the Council's arrangements in each of these three areas, is set out on pages 17 to 43.

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Governance

We considered how the Council:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour (such as gifts and hospitality or declaration/conflicts of interests) and where it procures and commissions services.

Council Decision Making and Appropriate Standards

During our 2019/20 Value for Money work we became aware of governance issues relating to the conduct of senior management and reported these to members in July 2021 via a letter. We undertook additional work in relation to governance to understand the issues more deeply and this resulted in a Section 24 notice being released in October 2021 to raise our significant concerns. We found that there was an inability of the management team to work together in a way that optimised effectiveness and built a healthy management culture, in the best interests of the Council, due a to breakdown in relationships between those officers.

This then resulted in a number of grievances raised formally, and by whistleblowing, and some of which concerned those senior officers indicating that their behavior had fallen below expected standards on several occasions and casts serious doubt over the appropriateness of tone from the top of the organisation. Subsequent disciplinary action highlighted that the policies and procedures in place to manage such issues were inadequate.

The Section 24 notice raised four recommendations we felt were required to rectify the issues identified. One of those recommendations was that the Council should engage an Independent Monitoring Officer (IMO) to investigate the issues further and produce a report which would enable the Council to learn lessons from the evidence and themes collated. The Council acknowledged the severity of the findings and immediately engaged the IMO following the release of the Section 24 notice.

The final IMO report reviewed arrangements retrospectively to December 2021 and was released in May 2022, the themes around senior officer behaviour, mis-handling of grievances and ineffective decision making culture concurred with our own work and nine further recommendations were made to improve member and officer relationships, transparency, senior officer restructure, training of members and officers and review of a specific project impacted by poor decision making under previous arrangements.

During this time Internal Audit continued to provide their Annual Report and Opinion, one area they comment on specifically each year is in relation to Corporate Governance. For 2020/21, 2021/22 and 2022/23 this stated that there was low confidence in this area of arrangements. Therefore it is clear that there was a weakness in governance arrangements related to decision making and maintaining appropriate standards as a result of the outcomes of these reports *(Key Recommendation 1)*.

In the meantime, between October 2021 and June 2022, the four senior officers at the heart of the issues identified left the Council through various means including mediated talks, dismissals and suspensions (one of which was later revoked with public apology). Their positions were filled with a combination of interim staff, promotions from within the organisation and a new Chief Executive with a wealth of public sector and local experience. We note that due to the Chief Executive's success in supporting the Council to respond to these reports that it was unanimously agreed to extend his interim appointment until at least July 2024 to assist in embedding the arrangements that have been implemented.

The Council quickly mobilised action plans to respond to the recommendations within the Section 24 notice and the IMO report.

This has been monitored by the Corporate Management Team and shows evidence of actions being taken immediately in many cases and was reported to members at Cabinet in March 2023 to ensure they were made aware of progress. At that date the actions contained within both plans were substantially implemented. The Council has initiated a restructure at Senior Officer level and this was approved by members in January 2023. Recruitment began in March 2023 with all officers expected to be in post by October 2023, as this recruitment process was finalised early in 2023/24. The recommendations from the action plans yet to be completed centre around updating the constitution, developing a people strategy, developing a behavioural framework and evidence of training on each of these policies.

Governance

Council Decision Making and Appropriate Standards (continued)

We have seen evidence of the Constitution being updated in July 2023 and accept that the decision to pause the finalisation and training of these key people policies until the senior officer restructure has been completed is a sound judgement to ensure that new officers undertake the requirements of these policies with immediate effect, however finalising these policies so they can be mobilised as soon as all officers are in post should be a priority *(Key Recommendation 1)*.

Internal Audit's Annual Report for 2022/23 continues to express low confidence in Corporate Governance arrangements, however this includes the caveat, for the first time in the three-year period, that this is due to the fact that arrangements have not yet embedded and does note the positive action taken to respond to the issues raised in previous years. Our conclusions are consistent with this sentiment.

Matters linked to the disciplinary issues in years covered by this report have been reviewed again following a whistleblowing in 2023/24 and further investigations are ongoing. We will consider the impact of this as part of our 23/24 work.

Service Level Governance

As well as providing an overall opinion across Corporate Governance, Risk Management and Internal Control Internal Audit report quarterly and annually on individual service reviews included in their Audit Plan. They provided ratings on scale where Limited Assurance and No Assurance are the most significant ratings denoting poor performance and tend to generate critical and high priority recommendations for the Council to respond to make the required improvements to arrangements. The Council has experienced and increasing number of Limited and No Assurance ratings between 2020/21 and 2022/23, and therefore while improvements have been noted in governance at the top-tier of the organisation attention now needs to be focused on arrangements within individual services. To provide some context in relation to the No Assurance rated audits there were no such results in 2020/21, one in 2021/22 and increasing significantly to six reviews with this rating in 2022/23. In addition Internal Audit escalate to the Governance and Audit Committee any high and critical priority recommendations that are unaddressed by the Council, in 2020/21 there were no such escalations, in 2021/22 there were 18 and in 2022/23 there were 35.

Within the results there are some specific services of concern, one of which is the Street Cleansing service. The 2019 Internal Audit review of this service was of Limited Assurance and when followed up in 2021/22 the rating had not improved. This was reviewed in full as a stand-alone exercise in 2021/22 with the rating worsening to No Assurance. This service is a specific Corporate Priority within the Council's Corporate Statement and so is seen as vital to the success of the Council meeting it's objectives. A follow up did not improve the result until a second follow up review was undertaken and reported an improvement to Limited Assurance at the end of 2022/23. Key issues identified in this area were related to a lack of timely progress of action plans, issues not being prioritised by senior management, high turnover of staff in the service causing a lack of continuity and capacity and a lack of underlying governance such as performance monitoring and compliance with regulatory Codes.

The Street Cleansing service is one example, however we believe there to be a more pervasive issue in relation to meeting appropriate standards due to:

- the significant increase in the number of No Assurance reports since 2021/22
- the ratings being associated with a range of services and operations and therefore not an isolated issue
- the significant increase in the number of critical and high priority recommendations escalated to Governance and Audit Committee
- lack of engagement from management in certain directorates with No Assurance reports due to lack of capacity
- continuing evidence of failures in Corporate Priority areas (Litter Enforcement)
- lack of improvement in some services over a sustained period (East Kent Opportunities recommendations repeated from 2018 are repeated in the 2022/23 review)

Overall, across the three-year period Internal Audit have not demonstrated an adverse opinion in relation to Internal Control or Risk Management. Therefore, the decline in service level performance has been captured via the low confidence expressed in Corporate Governance in all three years and so suggests a weakness in each year.

Governance

Service Level Governance (continued)

This is due to the fact that a key theme within the Limited and No Assurance rated services is a lack of underlying governance arrangements such as the creation, updating and adherence to key policies and procedures. We note that level and quality of service has not been raised as a recurring issue.

Throughout our work capacity of teams has been noted as a challenge at the Council, some of which has been created by the departure of senior officers and the need for remaining officers to undertake dual roles until the restructure is complete in October 2023. Another factor has been that the Council reviewed vacant posts as part of the 2022/23 budget setting process and removed these, it has since been noted that some services have been left at low capacity and additional budget for the most impacted teams to restore these posts has been included in the 2023/24 budget. Increasing capacity of services, particularly where Limited and No Assurance ratings have been received and relate to Corporate Priorities, should be an urgent priority. It would be beneficial if the individuals recruited were experienced in developing and monitoring the required underlying governance arrangements in each service *(Key Recommendation 2)*.

Risk Management

The Council's approach to identifying, monitoring and reporting risk is set out in the Risk Management Strategy 2019-23 which was approved by the Governance and Audit Committee at its meeting on 6 March 2019. The Strategy was updated in 2022/23 and so are satisfied the committee is fulfilling their role of keeping the framework up to date and fit for purpose. We would expect a key strategy such as this to be updated every 3-5 years or when any significant changes occur in the operating environment and so the Council are within this expectation.

As per the Strategy the Corporate Management Team oversaw a quarterly process of updating detailed operational risk registers throughout the three-year period and escalated top-rated corporate risks to the Council's Governance and Audit Committee. In both 2021/22 and 2022/23, at the request of the Committee for greater risk oversight, the Council reduced the score above which risks were escalated to the Committee compared to the prior year. Although this demonstrates positive improvement towards increased risk oversight, we believe that the Committee would benefit from reviewing the full strategic risk register to allow review and challenge of lower rated risks which may need updating. In addition we note that there is no escalation of risks to Cabinet, it is good practice for the top-tier of the organisation to be aware of the risks being faced and the risk appetite in order that this can inform key decisions and ensure these are made in line with agreed appetite.

The approach of escalating risks from operational risk registers does mean that there are examples of risks which are not necessarily strategic in nature, and more operational, being reviewed by the Committee such as building legislation, watercraft and burial related risks. More examples have become apparent as the threshold for escalation has decreased. We would expect the Governance and Audit Committee to focus their attention on only those risks which have potential to impact the Council's ability to meet its strategic objectives.

A by-product of the reduction of the threshold for escalation is also an increasing number of risks being reviewed by the Committee, this has reached 29 in total. We would suggest that the optimum number of strategic risks for the Committee to review for a District Council such as Thanet would be between 10 to 20 to allow members to undertake meaningful discussion on each and ensure they are only those strategic risks. Despite the increasing number of risks there is a good level of discussion and challenge from members in relation to the risk register and this is well supported by presentation from the Director of Finance and narrative in the report to highlight changes in risks each quarter.

The Council's Internal Audit team concluded a review of risk management arrangements in May 2022 and provided "Reasonable Assurance" on risk management arrangements overall but noted that risk reports to the Governance and Audit Committee lacked detail. As the format of the risk register being presented to the Governance and Audit Committee has developed and improved over the period more detail has been included to help members evaluate risk. There are some minimum standards we would expect to be met in an effective risk register as below, we believe the current format to fulfil each of these requirements, with the exception of a clear mapping to the relevant corporate objective.

- relevant key controls and sources of assurance are set out
- they are RAG-rated, including impact and likelihood
- they are mapped to corporate objectives
- they are allocated to a responsible senior officer
- direction of travel for each key risk is provided

The Council may consider continuing to make iterative improvements to the format of the risk register it presents to members to ensure they have a full suite of information to help aid decision making including mapping risks to corporate objectives, assigning a target risk score to each risk and demonstrating the current score before and after mitigating actions to help assess how successfully the Council is managing each risk.

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Risk Management (continued)

The Annual Report from Internal Audit provides commentary on Risk Management each year in determining their overall opinion, in each year no issues have been noted with procedures and positive opinion given in this respect.

Our findings in relation to risk management have culminated in an improvement recommendation *(Improvement Recommendation 1)* covering several factors identified, including improvements to:

- Distinguishing between strategic and operational risk
- Reviewing the number of risks in the strategic risk register
- Ensuring oversight of all strategic risks by the Governance and Audit Committee with sufficient regularity
- Ensuring annual oversight of strategic risks by Cabinet
- Ensuring the strategic risk register includes sufficiently detailed information to aid decision making

Internal Audit

Internal Audit services have been provided by East Kent Audit Partnership (EKAP) throughout the three-year period, under a shared services arrangement, for which the other Councils are Canterbury, Dover and Folkestone. They report progress on their work to the Governance and Audit Committee sufficiently regularly (quarterly) and ensure that they follow up their reviews in a timely manner to be able to provide assurances on whether the Council have effectively responded to recommendations. There is evidence that the Council has been well supported by the function across the period due to them developing an audit plan in each year which has sufficient coverage of a range of the Council's operations and services. The ability of EKAP to complete the planned audits was hindered in 2020/21, in particular, with 77% of the planned work completed. Audits were deferred and in each subsequent year there has been improvement in completion of the plan, with 91% in 2021/22 and 103% in 2022/23 (due to deferrals and additional days added after the plan was initially approved. EKAP have been able to sufficiently complete the Plan in each year, despite the impact of the pandemic on resourcing and availability of Council staff, to be able to provide a robust opinion each year. In addition completion of the plan is included in the metrics Internal Audit monitor themselves against in performance KPI's to demonstrate their effectiveness to the Governance and Audit Committee.

The Public Sector Internal Audit Standards (PSIAS) expect that the Council conducts an external review every five years to provide assurances on the compliance of the Internal Audit function against the PSIAS's. Internal Audit complete a self assessment against the standards each year. There is, however, currently no appetite with the Client Officer Group to undertake an External Quality Assessment of Internal Audit's level of compliance, relying on a review by the Director of Finance of the self-assessment which is informal and not presented to members *(Improvement Recommendation 2).*

The Committee considers the effectiveness of the internal audit arrangements by reviewing the quality of reports, actions and follow-ups through the quarterly reports submitted during the year to the Committee. We have reviewed these documents throughout our work, reviewed minutes and attended the committee itself with no issues raised in relation to the Interna Audit function. The year end reporting notes that The EKAP self-assessment of the level of compliance against the Public Sector Internal Audit Standards shows that some actions are required to achieve full compliance which EKAP will continue to work towards. There is, however, currently no appetite with the Client Officer Group to undertake an External Quality Assessment of the EKAP's level of compliance, relying on a review by the s.151 officers of the self-assessment which is informal and not presented to the Governance and Audit Committee.

We note that the Internal Audit function embodies appropriate principles and prioritises 'doing the right thing' as evidenced by the increasing number of Limited and No Assurance reviews and associated critical and high priority recommendations aimed at improving the Council's arrangements for the benefit of its staff and service users.

It is the follow-up and fair reporting approach that has been vital in highlighting pervasive challenges in governance arrangements across services, currently, and at the top tier of the organisation in prior years. Internal Audit's willingness to highlight low confidence in Corporate Governance in their annual report in 2020/21, and in each year since, led to an attempt to initiate disciplinary procedures against the Head of Internal Audit. These were not followed through and the Internal Audit function has continued to act independently and professionally. Following changes in the Council's statutory officer structure we have observed strong collaborative relationships between the Head of Internal Audit, the Director of Finance, the Chief Executive and members which is built upon open, honest and regular communication and a common purpose to meet the Council's objectives.

Governance

Conclusion

Our Audit Plan for 2020/21 noted a risk of significant weakness in governance arrangements in relation to grievances and concerns. We reported a number of key deficiencies in the Council's governance processes in October 2021 and made a series of Statutory Recommendations via a Section 24 notice. This resulted in a subsequent Independent Monitoring Officer (IMO) review to investigate the issues further and make a series of further recommendations. These retrospective reviews are evidence of a weakness in governance arrangements at the top tier of the organisation in the 2020/21 and 2021/22 years and we raise a Key Recommendation that the recommendations from these reviews are urgently prioritised. This weakness has continued to be recognised for the 2022/23 year as although actions have been taken these are yet to be fully implemented and embedded.

We also identified a significant weakness in relation to service level governance arrangements in 2021/22 and 2022/23 due to an increasing number of poorly rated Internal Audit reports, the issues identified focus on policy and procedure documentation and adherence to these but service levels and quality remain unaffected.

Two improvement recommendations have been noted in relation to risk management, internal audit compliance review and prioritising the remaining recommendations from the Section 24 notice and IMO review. These are aimed at the Council achieving best practice and do not constitute a weakness in arrangements in the same way our key recommendations do.

Improvement recommendations

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Improvement Recommendation 1	Over the years being audited the Council has amended Risk Management processes and this has demonstrated an upward improvement journey. Following these changes there are some further improvements the Council should consider to ensure best practice is demonstrated in the risk management process. They should review the process to ensure that: • Governance and Audit Committee focus on only those risks which are strategic in nature, ensuring that operational risks are overseen at a more appropriate level of the organisation • Governance and Audit Committee have a manageable number of strategic risks with which to undertake meaningful discussion, we would suggest between 10-20 is commonplace • Governance and Audit Committee have sight of all strategic risks sufficiently regularly, as opposed to just high rated risks, to ensure they have a full picture of the risk facing the organisation and can challenge effectively • Cabinet have sight of strategic risks at least annually to help inform their decision making and allow them to act with the Council's risk appetite • Governance and Audit Committee receive a sufficient level of detail in the risk reporting with which to understand the impact of the risks and mitigating actions on the Council's ability to meet its objectives these would include assigning each risk to a corporate objective, assigning a target score and including the impact of mitigating actions on the current scoring
Audit years	2020/21, 2021/22 or 2022/23
Why/impact	The Corporate Risk Register is a key mechanism for managing risk to the achievement of the Council's strategic objectives and therefore it is important that there is a clear link between those objectives and the risk being faced, and that the content of the register appropriately informs decision makers. To ensure that the risks within the register, supporting actions and scoring remain appropriate it is important it undergoes regular scrutiny at the top tier of the organisation and is included in Cabinet meeting papers for transparency to the entire organisation and to ensure that decisions approved at this level are acceptable within the Council's risk appetite. Effective risk management ensures that both the strategic and operational risks of the organisation are managed consistently.
Management Comments	We welcome that GT have identified the improvements that have been made here and we will look to improve further by implementing these recommendations as soon as it is practical.

The range of recommendations that external auditors can make is explained in Appendix C.

Improvement recommendations

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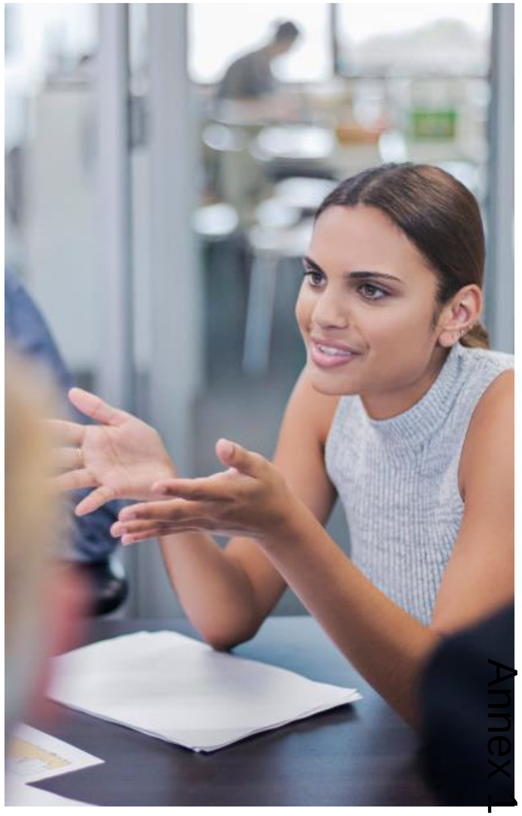
Improvement Recommendation 2	An external five yearly review is required to assess if Internal Audit conform to Public Sector Internal Audit Standards (PSIAS). We have seen no evidence of this taking place in the three years covered by our work and note in each year end Internal Audit report that there is no intention of management to undertake this. Management should consider undertaking this early in 23/24 to ensure that members can be assured of the effectiveness of this service and ensure compliance with the standards.
Audit years	2020/21, 2021/22 or 2022/23
Why/impact	External assurances provide a view on and recommendations for improvements that ensure Internal Audit continue to be effective in their role. This type of review is also a requirement, every five years, under the Public Sector Internal Audit Standards with which the service must comply
Management Comments	Noted and Agreed.



Improving economy, efficiency and effectiveness

We considered how the Council:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives
- where it commissions or procures services assesses whether it is realising the expected benefits.

Performance Reporting

For 2020/21, arrangements were put in place for corporate performance to be monitored against the 2015-19 Corporate Priorities by way of quarterly performance reporting to the Council's Overview and Scrutiny Committee and Cabinet. New performance measures had been planned for April 2020 but were delayed due to resource redeployment to deal with the impacts of Covid-19. Instead, the measures which had been in place since 2015 continued in interim use. As the year 2020/21 progressed, however, it was not only the updating of the measures themselves which was delayed. The actual process of reporting on them also deteriorated. By the end of 2020/21, only two quarterly performance reports had been reviewed by the Overview and Scrutiny Committee (Q1 and Q2) and none had been reviewed by Cabinet, meaning that decision makers at the top tier of the organisation were not sighted on performance and therefore did not have the opportunity to take decisions to impact areas of poor performance. This would have been beneficial given that the latest report in 2020/21 showed 7 of the 24 Key Performance Indicators (KPI's) were red-rated and so demonstrating below target performance where actions were needed to facilitate improvement.

In addition, it is noted that the latest performance reporting in the 2020/21 year was taken to the Overview Scrutiny Committee in January 2021, however it included performance data up to September 2020. This is a significant time lag and renders the data somewhat obsolete, reducing the reliability of the decisions that could be made based on this.

During 2020/21, whilst Cabinet and Overview and Scrutiny Committee level performance reports were delayed, directorates were still required to maintain performance data. The Internal Audit service was scheduled to review the performance data reporting system as a whole and was expected to include substantive consideration of performance within service lines sampled for detailed reviews.

With the Covid-19 pandemic causing delays to Internal Audit's programme of work, we note that there was no internal audit of the performance reporting system in 2020/21 or 2021/22 and although planned in 2022/23 this has again been deferred. As such the Council does not have any assurance as to whether arrangements in relation to performance monitoring are effective, however the issues noted in 2020/21 coupled with this lack of assurance lead us to believe there is a weakness in arrangements in the financial year *(Key Recommendation 3).*

In April 2021 a refresh of corporate performance reporting was endorsed by Cabinet and introduced new KPIs for the Council to assess their performance across a range of services against. Overview and Scrutiny Committee made several recommendations in the update of performance reporting prior to their endorsement which were considered or accepted by members, this shows the role of the committee in challenging and improving arrangements working effectively in practice.

The KPIs are directly linked to the Council's priorities in their updated 2019-23 Corporate Statement and so reflect the up to date objectives of the organisation. In completing the refresh the Council agreed a number of changes to their approach, one of which was reducing the number of metrics to 31 from 47 (this has since been revised again to 35). The evidence suggests that no key areas of operations appear to be omitted and thus enables focus on a fewer number of key areas for members, which leads to more effective monitoring of performance.

The refresh included the development and implementation of a live data tool, available via the Council website, providing retrospective performance across each of the KPI's which are clearly linked to the Council's objectives. This has dramatically increased transparency when compared to 2020/21. However, in 2021/22, there was still a 6 month time lag between the date the information is reported and the date it related to and no evidence of reporting the information to members via Cabinet or Overview and Scrutiny Committee and as such this would continue to require improvement.

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Performance Reporting (continued)

From March 2023, following a request by members, a six monthly report of the council's Corporate Performance will be shared with the Cabinet to provide an opportunity to more closely review the direction of travel of key service areas and so the improvement in terms of oversight by Cabinet has already been addressed. There continued to be a time lag in information at the start of 2022/23 but this has reduced two 2 months in the final quarter and therefore has been addressed.

The Council should consider keeping the performance management process under review to ensure that members have a full suite of information with which to make decisions as we note that currently the information they receive does not include any information related to the actions that are being taken, especially where there are declines in performance, and who is responsible to allow them to hold the relevant manager to account. Engaging with Internal Audit to ensure that the deferred Performance Management review is undertaken in 2023/24 will be a vital source of information as to the effectiveness of the updated arrangements and further improvements that could be made *(Improvement Recommendation 3).*

The KPI monitoring tool and reporting focusses on establishing the effectiveness of the Council's performance by focusing on an inward looking view. In order to gain an alternative perspective the Council could also undertake an outward view to gauge performance relative to other similar organisations and learn from those organisation where they may be comparatively worse, or provide assurances where comparatively better. This is especially useful as the Council has opted not to include a target within the KPI tool and so there is little information with which to understand comparative performance *(Improvement Recommendation 4).*

East Kent Housing

There is evidence of the Council reacting appropriately when faced with below target performance. One key example is the Regulator of Social Housing issuing adverse findings in 2019 in relation to the service. In 2020/21 the Council response included development of a detailed action plan, weekly monitoring, Internal Audit reviews and, ultimately, bring the housing service back in house from April 2021. Since then the Council has set up the Tenants and Leaseholders Service which aims to address the failings leading to the initial regulatory notice now the service has reverted to an in-house provision. KPI's related to this service are reported quarterly to members with improvements seen throughout the period, therefore there is effective monitoring of the performance of this service. The regulatory notice was withdrawn in February 2022 as a result of the actions taken and so provides evidence of the effectiveness of the improvements made to arrangements.

Your Leisure

Your Leisure is a not-for-profit leisure trust which manages many of the district's leisure and entertainment facilities. This includes Northdown House, Margate Winter Gardens, Hartsdown Leisure Centre and Ramsgate Leisure Centre on behalf of the Council. Government restrictions in place as a result of the COVID-19 pandemic, including the closure of local gyms in 2020/21, led to a significant financial impact on the financial performance of Your Leisure. The arrangements in place included the Council as a guarantor to two loans that the Trust has taken out and therefore financial pressures are not only a concern for the Trust but for the Council as there is a risk they would need to fund those loan liabilities. The Council has provided £160k to the Trust in 2021/22 and 2022/23 to support them in reducing their financial pressures, assisting them in the response to the impact of the pandemic and reducing the risk of defaulting on their loans. The council is working with colleagues from Your Leisure to find a mutually beneficial resolution for the refinancing of loans in order to make a £160k per year saving included in the 2023/24 budget, which demonstrates the Council is looking to mitigate the risks associated with this arrangement whilst maintaining leisure services in the district. These negotiations are still ongoing. In understanding the arrangements with the Trust we have noted that members do not report on the performance of this, or any other, key partnership within its performance reporting or as a separate exercise. Given the financial issues being faced by Your Leisure, which are directly linked to operational performance, this should be of benefit ***(Improvement Recommendation 3).***

Benchmarking Analysis

Council's across England submit annual returns on their financial performance to Department for Levelling Up, Homes and Communities (DLUHC). For 2020/21 and 21/22 RO (Revenue Outturn) data is available, for 22/23 only RA (Revenue Account Budget) data has been submitted. Using Grant Thornton benchmarking tools, which makes use of these returns, we have compared unit costs of Council services with all other district councils. This is a tool designed to highlight potential opportunities for savings where unit costs may be high, with the caveat that the information does not account for regional variances between districts or differences in the categorisation and completion of the underlying returns by different councils.

This analysis has identified that the Council's housing services are performing at a comparatively high unit costs based on both the outturn and budget positions, further investigations notes that the key driver of this performance is specifically within homelessness services.

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Benchmarking Analysis (continued)

The challenge within this service is well documented and understood throughout the Council. The cause is high and unpredictable demand which is commonplace across Kent and the country and an area of overspend we have seen over the last few years across several councils, it is also very much out of the Council's control. Demand impacts the total cost of the service, but our analysis shows that unit cost is also high and therefore even if the Council were able to impact the demand side of the equation total costs could still be high if actions are not also taken to reduce the unit cost of homelessness provision. Our work has highlighted that the Council has taken significant actions to address the issue and time lag is expected between the action taken and the impact being evidenced, as such at this stage we have no recommendations to make. The Council's approach is focused on increasing the supply of accommodation to help meet the demand with £3.5m additional spend included in the 2023/24 budget for temporary accommodation.

There are much higher unit costs associated with different types of temporary accommodation, with private provider costs being much higher than that of Council owned accommodation. As such to make the investment included in the budget most effective the Council would need an action plan in place to increase Council owned provision and reduce reliance on private provision. Steps have already been taken to shift accommodation provision in this direction, in October 2020 the Council made the decision to convert a disused building in Margate, Foy House, into temporary accommodation that was Council owned. This was completed in January 2023 and cost £1.6m. Ongoing operating costs for housing management and support service, repairs and maintenance and other associated costs are expected to be £25-30,000 per year, significantly less than private provider provision. The project was recognised as a finalist in in the 'Best Social Housing Initiative' of the MJ Achievement Awards 2023. The industry-leading awards recognise outstanding achievements by local authorities. One of the factors in the recognition was that the project and redevelopment has been 'innovative, enhancing the Council's ambitious homelessness prevention strategy through provision of council-owned and managed temporary accommodation; reducing costs while increasing control and management of the service', therefore reduced costs are a factor in this being an effective arrangement. The 23/24 Capital programme demonstrate that the Council has already approved £2.22m of funding to support a further project of this kind and therefore appropriate steps are being taken and success of Foy house being learned from.

Berth 4/5

The Council operates the Port of Ramsgate. As part of this, it has a long-term contract with an aggregates company to provide a berth for their use. The Council began looking at options to replace the existing berths, 4 and 5, in 2015/16. A capital allocation was approved of £1.5m for the project and it was expected to take 12 months to complete. Between 2015/16 and 2018/19 several options were considered to replace the berth and complete the project but all exceeded the capital allocation. As a result, rather than building a new fixed berth, the Council began to explore suitable second hand options, which are scarcely available.

This project is still ongoing in 2022/23 and during the Independent Monitoring Officer (IMO) review of governance arrangements challenges with the project were raised by staff at the Council. As such the IMO felt it pertinent to include a recommendation that this project have a detailed post implementation review take place to identify the key issues and recommendations so that, ultimately, the same mistakes were not carried forward into other significant capital projects. Internal Audit undertook this review and it was completed in January 2023, and reported to members in March 2023 with a 'No Assurance' rating, the lowest rating Internal Audit provide and so indicative of weaknesses in arrangements.

Internal Audit's review has highlighted several issues that have caused significant delays and cost overruns with the project. Some of the delay and cost overruns are a result of the council-wide governance arrangements around risk averse culture and transparency of decision making noted by the IMO report and therefore are covered by the weaknesses in governance arrangements highlighted via that report.

During 2020/21, following completion of the procurement, the Council submitted its application of relevant planning permission to commence the project, but did so without having undertaken an Environmental Impact Assessment which is requirement of the relevant regulations, but was originally advised by the Marine Management Office (MMO) as not being required.

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Berth 4/5 (continued)

The Council was notified of this requirement in October 2020 from the Planning Authority and therefore took steps to undertake this work. This caused a delay of 20 months to the start of the project, with it eventually commencing in June 2022. This also had a significant effect on the costs as the total expected cost of the scheme to date is £2.322m, which is an overspend on the original provision of £825,000.

The post-implementation review of the project highlighted, that aside from the council-wide governance arrangements, that the cause of the delays and cost overruns were also related to poor project management as a result of unrealistic time allocations, unrealistic budget allocations, lack of effective communication strategy and not identifying certain requirements such as assessment or expertise required early enough in the project. These are all underpinned by a lack for a project management framework in place. Our discussions with management have also highlighted that lack of capacity within teams to manage such projects is a challenge. Given the project is still ongoing we would suggest the project management weaknesses were apparent in all years 20/21 , 21/22 and 22/23 and that the Council need to urgently prioritise seeking additional support from project management experts to ensure there is the required capacity and expertise and limit further delays and prioritising developing and training on a project management framework, as projects are currently ongoing without the underlying governance yet in place *(Key Recommendation 4).*

The External Audit team received an objection on In September 2021 that related to the Berth 4/5 project and requested that External Audit produce a report in the Public Interest. Our investigations covered both whether it was appropriate for a Public Interest Report to be made and whether decision making in relation to the project was unlawful. The conclusion of this work is that there was no unlawful decision making relating to the issues raised in the objection and that in relation to the two concerns that were raised in the objection that the Council acted appropriately. As part of our review, we also considered as part of our discretion if there is a need to issue a public interest report into the wider circumstances of the project. We noted that the Internal audit report identified weaknesses in arrangements of the project and provided a "no assurance opinion", our consideration of this was that given the significant deficiencies in the project had been reported in the public domain and accepted by management that it was not appropriate to issue a report in the Public Interest on this matter.

As a result of securing government funding, from the Levelling Up Fund and Margate Town Deal, the Council's capital programme has significantly increased.

The bids for this funding were submitted with high level plans for each of the projects, however these were not fully drawn up and since the funding has been received the Council have reprofiled many of the projects delaying the start and use of this funding and suggesting that similar project management issues are continuing to occur. The Council has applied to be part of a pilot scheme in relation to this funding which extends the deadline with which it can be used and so has mitigated some of the risk of the delay caused by a lack of underlying governance arrangements.

Other steps have been taken to learn lesson from the Berth 4/5 project such as engaging a project management firm to run some projects, a Levelling Up and Town Deal Board to oversee project arrangements for the scheme as a whole, a Project Board to review each project individually and regular discussion at Corporate Management Team meetings.

However, we note that the key factor which still requires development is the underlying project management framework which is yet to be completed. In addition, many of these arrangements have been implemented in the 2023/24 year and therefore highlight that weakness did exist in the years our reporting covers.

Contract Management

In early 2023/24 Internal Audit has undertaken a planned review of Contract Management arrangements at the Council. This is a backward looking review and so concerns arrangements in the prior year. At the time of writing this has yet to be reported to members as work is still ongoing. However, discussion with Internal Audit has highlighted emerging findings within this review as their investigations continue. Potential overcharging on a contract has been brought to Internal Audit's attention directly, prompting further ongoing work. Internal Audit's work to date highlights similarities with a lack of underlying governance arrangements within project management of Berth 4/5 and performance monitoring identified elsewhere in this report and therefore suggests a pervasive issue across project management and the contracts being managed to deliver those projects. Potential issues include a lack of monitoring arrangements or post completion reviews at the Council to review performance in line with contract arrangements, with reliance being placed on the contractor to undertaking necessary checks. There is potential that the issues highlighted could pertain to multiple contracts and therefore the Council should prioritise working with Internal Audit to understand the depth of the issues highlighted by this current review *(Key Recommendation 4).*

Improving economy, efficiency and effectiveness

Conclusion

2020/21 saw a significant gap in performance reporting to Cabinet during the Covid-19 pandemic, this has been highlighted as a significant weakness in arrangements and a Key Recommendation raised. This was at a time of pressure on services, and since then a new continuous, live system has since been introduced, and further improvements to ensure that the outputs from this are reported to Cabinet going forwards, as such the weakness does not exist beyond 2020/21.

Internal Audit have provided a 'No Assurance' rating in relation to the project management of the Berth 4/5 project and other reviews by the function have highlight similar issues within contract management. The overriding theme is a lack of effective underlying governance arrangements and therefore a weakness and Key Recommendation have been raised to this effect.

Improvement recommendations

Improving economy, efficiency and effectiveness

Improvement Recommendation 3	Improvements in performance reporting have occurred since 2020/21, which was unable to be evidenced, which included greater transparency of performance using live data tool, link to updated corporate objectives and retrospective performance data available. As such the previous weakness identified is able to lifted for subsequent financial years. However some improvement recommendations were still noted for 2021/22: • Time lag between date being reported on and the date at which is being reported being around 6 months, this should be reduced to improve reliability of decisions that can be made based on the information • Explicit presentation of performance data to Cabinet with sufficient regularity so that there is clear mechanism for discussion rather than placing reliance on members to use the live data 2022/23 identified further improvements made as a summary of performance is now reported to Cabinet every 6 months to address point two above. Improvement recommendation in relation to the time lag remains for the first half of the 2022/23 year but has been addressed in the final two quarters. The Council should now consider demonstrating best practice and strengthening performance management processes by: • including details of actions being taken and who is responsible in the KPI reporting to allow members to track progress effectively • working with Internal Audit to prioritise the output of the Performance Management review to ensure useful information is available with which to assess, and make further improvements to, new performance management arrangements while they are embedding into the organisation • developing a Council wide approach to service performance benchmarking, opportunities exist to formalise this as part of the iterative improvements being made to the performance reporting • ensuring that reporting on the performance of key partnerships is regular and based on up to date information, particularly in relation to Your Leisure where negotiations are ongoing and challenges have been faced
Audit years	2022/23
Why/impact	Performance reporting is a vital tool in allowing the Council to assess if it is successfully meeting its corporate objectives and therefore it should be reviewed with sufficient regularity, in a timely manner and sufficiently detailed to allow this assessment to be made.
Management Comments	I am pleased that GT have noted the improvements that have been made over the last few years and we will look to make further progress by implementing the additional recommendations as soon as is practical.

Financial sustainability

We considered how the Council:

- identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds them into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

Outturn and Medium-Term Outlook

For 2020/21, a balanced budget was anticipated but a £3.6m deficit outturn was incurred, although covid-19 pressures accounted for a proportion of this overspend it was, in part, also attributable to factors which were specific to the Council. The most significant unbudgeted costs were £733k in legal costs related to whistleblowing, grievance and disciplinary matters and £445k of project costs related to the Berth 4/5 project. Both issues are noted as weaknesses elsewhere in our reporting and resulted in additional pressures to the financial position of the Council as noted in our Statutory Recommendations in October 2021.

Again in 2021/22 and 2022/23 the Council set a balanced budget, as is legally required. The outturn position for 2021/22 was a £1.1m surplus and for 2022/23 the final outturn is estimated at a £1.99m deficit as this has not yet been produced. The key reasons for this deficit are the cost of living crisis causing additional demands on the need to place homeless and rough sleepers in temporary accommodation, staff sickness causing the use of agency staff in the street cleaning department and income shortfall compared to budget within Port operations due to restricted opportunities. Homelessness and street cleaning are covered in the 3E's section of the report and assessed in more detail, the shortfall in port operations is being responded to via the capital programme investing significantly in future port of Ramsgate over the medium term. This programme is again covered in more detail later in this section.

Each of these outturn positions is provided with the caveat that the supporting accounts are yet to be produced and audited for material accuracy nor has supporting reporting or documentation been able to be provided, this is noted as a weakness later in this report. As this is an interim report we will update our review of this section once this information is available for review.

The Council updates its Medium-Term Financial Plan (MTFP) alongside the annual budget each year. The latest MTFP for 2023/24 spans a 4-year planning horizon and is within the expected timeframe for a Council of Thanet's size and nature. Per this latest plan the Council expects to have a budget gap of £5.8m between 2024/25 and 2026/27. The gap has improved since the MTFP was updated as part of the 2022/23 budget setting process.

This is due to a continuation of current funding levels in 2024/25 and a delay to funding reforms, which are expected to reduce funding from business rates growth, Revenue Support Grant and New Homes Bonus from 2025/26. Currently the mechanism at the Council's disposal to respond to the gap is the use of reserves, as savings are already built into the MTFP. Savings and opportunities for additional income generation within the MTFP are, predominantly, planned for on a one-year basis and therefore there is the opportunity for the Council to plan for savings on a longer-term horizon in order to reduce the gap and increase financial sustainability.

The Council should prioritise extending the savings planning horizon alongside exploring alternative options to reduce reliance on reserves, which are a finite resource and may be diverted away from the purposes they were set aside for, should they be required to fulfil future budget gaps. *(Improvement Recommendation 4).*

Budget and Treasury Monitoring Process

Cabinet and Overview and Scrutiny Committee (OSC) receive budget monitoring reports within the financial year. The format of the reports provides the forecast outturn position compared to budget and therefore allows decision makers to assess the full potential impact of the current variance by year end and take action accordingly. The report effectively explains why the variance in each case has occurred, and therefore ensures members understand the underlying operational factors impacting the budget. However, there is limited information included on next steps and actions being taken. This information would be particularly beneficial for underperforming services and would allow decision makers to track progress at each meeting against the proposed actions, ultimately increasing accountability *(Improvement Recommendation 5).*

The Council commits to undertaking budget monitoring each quarter, with a final outturn report presented to confirm the year-end position in the fourth quarter.

Financial sustainability

Budget and Treasury Monitoring Process (continued)

This was successfully upheld in 2021/22 with the final outturn presented to Cabinet in July 2021. Quarters 1-3 were reported in 2021/22 and quarter 1-2 reported in 2022/23, there is no reporting to date in 2023/24. The Council did not formally report the 2021/22 outturn to Cabinet and at the time of writing the 2022/23 outturn reporting has not yet been prepared. It is expected to be reported to members in September 2023. Therefore, members have not had sight of the Council's financial performance since December 2022, which related to the position at September 2022, and are now due to receive the 2022/23 outturn position with a significant time-lag. It is of particular importance that members receive timely financial information given that the Council are also delayed in publishing their financial statements.

In addition, of the reporting that has been provided to members, there is an increasing time lag between the date the information relates to and the time at which it is reported of up to 3 months for those reports available to date, with a much longer gap anticipated for the 2022/23 outturn. The lack of information and time lag combined are deemed to be a weakness in arrangements as it does not provide members with sufficient information with which to make reliable and up to date financial decisions. The reason for the lack of reporting is due to a variety of staffing capacity issues, noted in the Governance section, which led to key officers including the Director and Deputy Director of Finance covering multiple roles. In addition to this, there were also further issues within the finance department due to staff turnover and the departure of key staff that meant that they were not able to complete the closure of the 2021/22 accounts in a timely manner. The senior management restructure is expected to be fully completed in October 2023 which is expected to respond to the challenges observed as key staff members will no longer be fulfilling multiple roles and key interim finance staff have now also been replaced by permanent team members. However should the required improvements to transparency of the financial position not improve we would be required to escalate the issue further via a more serious statutory recommendation as there would be no evidence to confirm the Council remained financially viable if timely reporting is not restored. *(Key Recommendation 5).*

The Council updates its Treasury Management Strategy Statement and Annual Investment Strategy annually in line with the budget setting timetable. Full Council and Cabinet also receive a mid-year and year-end review of Treasury Management performance and therefore are sighted on activity 3 times a year, this is deemed sufficiently regular and representative of the level of investments, borrowing and risk being faced in this area. There are no gaps in the monitoring reports, as has been observed with budget monitoring, however a time-lag issue also exists within this area reporting of up to 6 months. The year-end performance is reported in September the following year, for example. More up to date information would be beneficial for decision makers in ensuring their decisions can be made on relevant and reliable information *(Key Recommendation 5).*

Budget Setting Process

The 2021/22 budget setting process began in November 2020 and concluded with final approval by Full Council in February 2021. There was discussion by Cabinet and Overview and Scrutiny Committee prior to this. The same process and timeline was followed for the 2022/23 and 2023/24 budgets and is deemed provide multiple opportunities for engagement and challenge in the process at the top-tier of the organisation. Concerns were raised internally regarding the lack of service level engagement in the initial stages of developing the 2022/23 budget and as such the budget process was considered to be a top-down approach, predominantly led by the top-tier of the organisation with concerns around the engagement of the finance team and services being raised by the Director of Finance at the time.

As the 2022/23 budget process progressed, as well as a change of Director of Finance, a 'Budget Prioritisation' approach was implemented which involved services in proposing their own budgeted revenue, expenditure and savings which was subject to a detailed scrutiny process. As such the previous challenges in lack of involvement and engagement have been rectified in the 2022/23 and 2023/24 budgets *(Improvement Recommendation 6).* There is clear involvement of residents in setting budgets in all years, and although the reporting of this is implicit within the 2021/22 budget, there is clear analysis of resident feedback included within future budgets.

In each year the budget has been set using the prior year budget as a starting point and adjusting for known changes in funding, expenditure and assumptions. This then determines the reserves strategy and savings programme required to set a balanced budget. This is presented at Council-wide level and therefore there is no information presented to members at service or directorate level. The in-year budget monitoring is presented at directorate level and so does provide more granular detail. Councils are required, by law, to provide certain services with all other services representing discretionary spend. Although the Council currently has no plans to reduce or remove any discretionary services, they are facing a medium-term financial gap, which may result in the need to evaluate the cost effectiveness of such services. Designing the budget and MTFP around directorates or services to allow this analysis to take place would be beneficial to facilitate any future discussions around the cost effectiveness of services *(Improvement Recommendation 7).*

With regards to funding and income assumptions the Council has demonstrated robust and realistic assumptions being made in the years reported on. Two key expenditure assumptions impacting the budget in all years are pay awards and non-pay inflation. A range of rates of inflation are used depending on the type of expenditure, to estimate these a specific modelling exercise is undertaken each year by the Finance Team during the budget setting process. The average rates of inflation used in each year were 2% for 2022/23, 2% for 2022/23 and 6% for 2023/24.

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Budget Setting Process (continued)

Although the increase in the assumption between budgets does demonstrate that the Council has responded to rising inflation in the UK, the rates used in the budget are considered to be optimistic, and therefore presenting a risk of overspend in the actual outturn when compared to the CPI rates in the relevant years. For context, at February 2023 the CPI rate was 9.2% and therefore above the assumption made. A similarly optimistic assumption exists in relation to the annual pay award. The Council allowed for 1%, 2% and 4% increases in 2020/21, 2021/22 and 2022/23 respectively. Announcements in relation to the pay award are made after the date the budget is set and determined that the average uplift would be in the region of 2% and 7% in 2020/21 and 2021/22 and the proposed 3.88% increase for 2023/24 was rejected nationally. The Council would benefit from ensuring a mechanism is in place for updating the budget for key assumptions as updated information becomes available *(Improvement Recommendation 7).*

It is commonplace for Council's to undertake scenario planning as part of the budget and MTFP setting process to enable them to effectively plan for a range of opportunities and challenges that could realistically be faced before they occur. Optimistic, pessimistic and neutral scenarios are considered in the 2021/22 budget from an operational perspective but with no analysis of the potential financial impact. The 2022/23 budget improves its analysis in this respect provides the total financial impact over the life of the MTFP of the three scenarios, but with limited information on a line-by-line or service basis. In each year the budget is based on the neutral scenario as this is deemed the most likely, the 2022/23 budget therefore reduces the scenario planning analysis to focus solely on this potential outcome. To ensure the budget is most beneficial to decision makers at a time when the Council is facing financial risks the Council should consider planning for a range of scenarios at service level to ensure a range of outcomes can be planned for in advance. *(Improvement Recommendation 7).*

Financial risks facing the Council are considered implicitly throughout the 2021/22 budget and Medium-Term Financial Plan (MTFP) but improvement has been seen in the presentation of risk in the 2022/23 and 2023/24 documentation where there is a standalone specific section on risk to allow members to fully understand these when approving the budget for the year ahead. The risks identified are those expected of a District Council and are commonplace in the sector. Other potential risks facing the Council, which are specific to their circumstances and could have a financial impact, such as the potential impact of a loan guarantor agreement with the Council's leisure provider, impact of specific projects such as the Port of Ramsgate delays and any revenue impact and legal costs which are noted in our statutory recommendation on financial sustainability.

These risks are not explicitly set out in the budget papers and therefore transparency of risk could be improved. Further improvement could be made to ensure decision makers fully understand how risks may crystallise by estimating the financial impact of each on the MTFP, this is linked to the recommendation around scenario planning as the different scenarios are based on how much/many of the risks occur in reality *(Improvement Recommendation 7).*

The most significant area of spend for the Council is staff costs and as such it is good practice for a Council to have a forward looking workforce strategy, and associated plan, which covers the same time period as the MTFP, to ensure that the Council has the workforce required to provide planned service levels and that these can be afforded within resources the Council has available. We have not identified a workforce plan being developed and presented alongside the 2021/22 budget. As part of the 2022/23 budget an exercise was undertaken to review and remove vacant posts providing savings totalling £248k.

This shows some consideration of the direct impact of the workforce on the budget but this was not informed by a forward looking workforce plan. In 2023/24 the Council has identified that some departments, as a result of the removal of vacant posts, are experiencing issues with low capacity and growth in budgets has been required to rectify this. A forward looking plan to help plan for the costs of the expected workforce going forwards would be beneficial to avoid any further unbudgeted costs as a result of decision making in relation to the workforce and to avoid removing posts that are required for the smooth running of certain services *(Improvement Recommendation 8).*

Savings

The 2020/21, 2021/22, 2022/23 and 2023/24 budgets all include a savings target broken down by the individually identified project/actions to make these savings. Savings targets in the respective years were £730k, £840k, £667k and £852k with additional support from income generation in the form of fees and charges. Savings and efficiencies are narrow in scope and rely on small spending cuts across several services, while this is positive and so does not place pressure on just one area of operations the Council has the opportunity to explore other ways of making savings across a greater range of cost and income drivers *(Improvement Recommendation 9).*

We have been unable to review the Councils saving target against their actual outturn due to the latest information having not been reported to members. As this is an interim report, we will review this position once available in our final report.

Financial sustainability

Savings (continued)

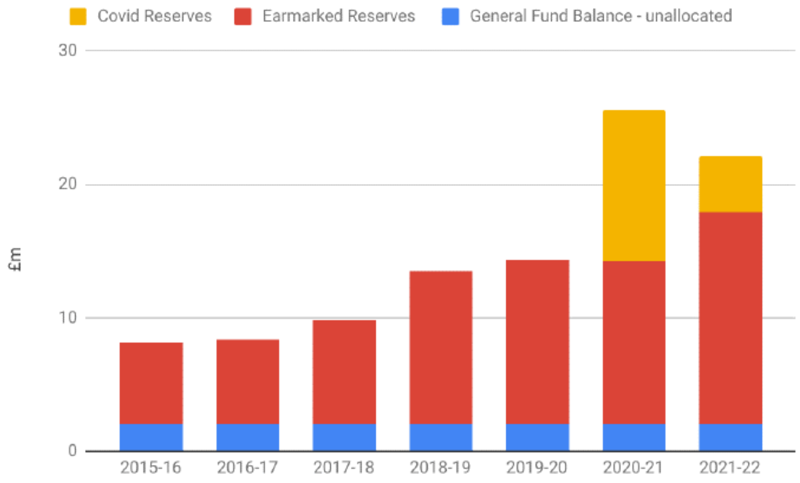
Cabinet and OSC have sight of the budget, including savings, before Full Council approval. As such there is a simple and well-established method of approval of savings in place. As noted, changes to the budget process in 2022/23 and 2023/24 to include a 'Budget Prioritisation' process have ensured that service lead are at the forefront of identifying their own savings schemes and gaining approval for these through a detailed challenge process. In theory, this should increase the probability of the required savings being achieved and ensures that the savings identified are through specific programmes of work as opposed to simple cost cutting, which tend to be non-recurrent and place pressure on services each year.

Once savings are approved, they form part of the base budget and are monitored as part of the monthly monitoring undertaken by Managers throughout the organisation. Financial performance is then reviewed at Council-wide level and reported to Members accordingly, through the budget monitoring reports. Although there is consideration of the impact of savings performance within the variance analysis in the budget monitoring reports there is no granular level detail available to members on individual savings schemes, with the exception of quarter 1 of 2021/22, to assist them in monitoring the success of these in the year and allowing them to take actions prior to year end to progress slippage in savings *(Improvement Recommendation 9)*.

Where savings are successfully delivered there is no evidence of a post implementation review process taking place to enable the Council to learn lessons from these success, extend such schemes or apply to other services to maximise savings across the Council *(Improvement Recommendation 9)*.

Reserves

It has been well reported in prior years that the Council has historically held relatively low reserves, especially when compared to other district councils. This was supported by analysis undertaken within the Chartered Institute of Public Finance and Accountancy's financial resilience index which confirmed that at 2019/20 the Council were the 29th lowest out of the districts in England and the second lowest in Kent, based on total General Fund reserves (including general fund earmarked reserves). Reserves were at their lowest point in 2015/16 when general fund and earmarked reserves balances stood at £8.2m, which equated to only 42% of the council's net revenue budget.



Over recent years the Council committed to increasing reserve holdings and these have steadily increased, at the time of setting the 2023/24 budget reserves stood at £17.9m (excluding Covid reserves), which is more than double the level held at the end of 2015/16. This represents approximately 85% of planned net revenue expenditure for 2023/24. As such the Council's reserves are now in a much stronger position.

It is noted that the Council's total reserve balances reduced by £3.5m during 2021/22. This was a result of usage of Covid-19 reserves, which relate to Section 31 grant payments made to the Council from government in order to compensate for lost business rate income due to pandemic related business rate reliefs and cannot be spent on anything else.

Therefore, their usage is deemed to have been for the purpose they were provided and negated the need to use existing earmarked reserves and divert them away from the specific projects they were set aside for, to respond to the pandemic. The ongoing increase in earmarked reserves demonstrates robust planning for the mitigation of future specific risks and projects. Therefore, the underlying position tells a positive story of the Council's continuing improved financial standing and planning for the future.

Grant Thornton recently published a paper entitled 'Lessons from recent Public Interest reports' and it includes a strong emphasis on the importance of maintaining an adequate level of reserves. There is no formal definition as to what constitutes adequate, but Grant Thornton's view is that reserves should be a minimum of 5% of net spending and preferably be somewhere between 5% and 10%. Using the audited 2020/21 accounts, CPI inflation and the reserves information available we can conclude that for 2021/22 reserves would be approximately 13% of the net cost of services. This would not reduce below the threshold based on the 2022/23 draft position.

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Reserves (continued)

Earmarked reserves are proposed to be used on a number of occasions for the 2023/24 budget, however the section 151 officer is satisfied that these allocations are appropriate; the contributions are of a one-off nature and are in keeping with the intended purpose of the reserve, in that they will either help smooth or mitigate emergency expenditure pressures or will help to generate additional income or reduce costs in the future.

The Council identifies several risks in the budget each year. The potential risks, track record of poor savings performance and a budget gap in the medium term of £5.8m within the 2023/24 Medium Term Financial Plan (MTFP) would eradicate reserves if all came to fruition in the 23/24 year. In reality these risks and budget gap would occur over several years, in the meantime the Council is looking to increase savings, which links with our previous improvement recommendation. The Council does need to continue to work to reduce unbudgeted risks, continued efforts in relation to governance to avoid further legal action and addressing financial risks such as savings delivery to reduce the medium-term gap in order to continue on the positive trajectory in terms of reserves that has been observed in recent years *(Improvement Recommendation 4)*.

Section 25 of the Local Government Act 2003 requires that when a local authority is agreeing its annual budget and precept, the chief finance officer must report on the adequacy of the proposed financial reserves. This requirement is met in the 2021/22 budget, however for 2022/23 although there is detailed historical analysis of reserves usage and benchmarking there is no explicit statement as to their adequacy. This has been rectified for 2023/24 in setting the budget which includes the confirmation that 'the section 151 officer is satisfied with the adequacy of the council's current reserve holdings and the robustness of the estimates that have been applied to the 2023/24 budget'. Our work has noted a strengthening position and therefore concurs with this statement in all years *(Improvement Recommendation 7)*.

Capital Programme

The Council produces its capital programme each year as part of the budget setting process and sets out its plans across a 4 year medium term time frame in line with the MTFP. The capital programme is informed by the Asset Management Plan which outlines the Council's approach to its material asset holdings. The Plan spans 2017-2021 and therefore is outdated and requires updating to ensure that capital decisions remain relevant to the changing capital programme *(Improvement Recommendation 10)*.

In May 2021, an external consultant was engaged to review the effectiveness of its financial management. The consultant's final report (received in September 2021) included significant observations around the poor time-phasing of the 2020/21 capital programme and as such reprofiling was required when producing the 2021/22 programme *(Improvement Recommendation 11)*.

The capital programme for the four years from 2021/22 totalled £18.5m. However, after successful bids for additional funding the Council, in 2021/22, secured £40m from the Margate Town Deal and Levelling Up Funding from central government to support regeneration projects in the district. As a result of this capital programme has increased substantially with the 2023/24 programme totalling £55m over 4 years. Slippage in the capital programme has also been noted in each financial year which is likely linked to poor project management identified as a weakness earlier in the report.

Discussions with officers has noted that when the project plans were produced to include in the proposals for additional funding that these were at a high level, with further work needed after the funding was secured to enable projects to be successfully mobilised. This has caused some delays to commencing these projects and has led to reprofiling of many of the projects into later years of the capital programme and contributed to the slippage observed.

The Town Deal and Levelling Up funding has conditions attached to it which includes that it should be spent on the projects it was intended for by March 2025, therefore the delayed start and reprofiling has a potential risk to the Council of not meeting this deadline and funding being clawed back. The Council, in early 2023/24, has secured a place within a pilot scheme associated with this type of funding and one of the benefits of this scheme is that there is an extension to this deadline to March 2026. As such the risk associated with the delayed start is somewhat mitigated. In addition, there is evidence of some projects having now commenced, the Council has engaged external project management support in relation to some of projects and have liaised with these consultant regarding the profiling of the projects to ensure the timeline is more realistic than the initial estimates made by the Council. It would be beneficial to extend this support and analysis across the remaining programme to ensure the profiling remains realistic across all projects *(Improvement Recommendation 11)*.

The risk of future potential profiling issues due to poor project management remain a cause for concern and a key recommendation has been raised in that respect earlier in the report. The Council is looking to seek additional external project management support as capacity of the procurement and legal teams is low, and as such capacity and expertise required for such a large programme is limited. Initial discussion have begun to progress this engagement.

Financial sustainability

Conclusion

A significant weakness has been highlighted in relation to the reporting of financial performance to members via budget monitoring and outturn reporting. Cabinet have not received financial performance reporting since December 2022 which related to quarter 2 of the 22/23 financial year, nor have they received the final outturn position for 2021/22 or 2022/23. The financial statements for these financial years are also yet to be produced and published and as such there is a lack of awareness of the Council's financial standing by its decision makers.

We have also noted several improvement recommendations concerned, predominantly, with ensuring best practice in the production and reporting of the budget setting process.

Improvement recommendations

Financial sustainability

Improvement Recommendation 4	The latest MTFP demonstrates that the Council has a £5.8m financial gap in the medium term, which the Council plans to meet from reserves. Sufficient reserves are available in the medium term based on current projections as the Council has built these up since 2015/16. However, this would divert those reserves away from the purposes they were set aside for and therefore the Council should prioritise identifying alternative mitigations to the risks identified in the budget each year. Notably, the Council predominantly plans for savings and additional income generation on a one-year basis, planning these areas of the budget over a longer-term horizon would be beneficial in identifying potential opportunities to reduce the medium-term gap and improve financial sustainability.
Audit years	2020/21, 2021/22 and 2022/23
Why/impact	Reserves are a finite resource and to ensure that the Council can protect itself, and its services, from future uncertainties and as such the Council should reduce reliance on reserves to meet financial gaps.
Management Comments	We note and agree GT's recommendations.

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Improvement recommendations

Financial sustainability

Improvement Recommendation 5	The Council report their budget and treasury performance to members via the OSC and Cabinet, this is also reviewed by CMT. The Council could improve the information provided to these decision makers by updating the financial monitoring reports to include, not only causes of individual variances, but also actions being taken to address negative variances.
Audit years	2020/21, 2021/22 and 2022/23
Why/impact	Information relating to the actions proposed to tackle variances provides members with a mechanism with which to track progress and impact of those actions and ultimately hold the responsible officers to account.
Management Comments	Noted and agreed.

Improvement Recommendation 6	There is limited evidence of individual services being involved in the initial setting of the 2022/23 budget which was a top-down approach led by the top-tier of the organisation. The Council should seek to improve processes to ensure better service level engagement in the budget setting process. However, this has been rectified in setting both the latter stages and finalisation of the 22/23 budget and throughout the 23/24 budget via a 'Budget Prioritisation' process
Audit years	2021/22
Why/impact	Budget holders are ultimately the officers who are responsible for delivering the budget at an operational level and therefore greater collaboration with budget holders could be of benefit as this can identify new opportunities for efficiencies, more robust assumptions and more buy in from teams to deliver budgets as they have a greater sense of ownership.
Management Comments	Noted and agreed.

Improvement recommendations

Financial sustainability

Improvement Recommendation 7	The Council should review the budget setting process each year to ensure it remains effective, including: **Risk Documentation** - further improvement could be made to how risk is considered in the budget documentation to ensure decision makers fully understand how risks may crystallise by estimating the financial impact of each on the MTFP. Many of the risks are generic, common risks to the sector, the Council would benefit from reviewing the financial risks to the budget and MTFP for completeness to ensure Thanet specific risks are included considered. **Scenario Planning** - in 2021/22 risk analysis and scenario planning was implicit in the budget, improvements have been seen in the 2022/23 budget where planning was based on three scenarios, however only a neutral scenario has been planned for in the latest 2023/24 budget. To ensure the budget is most beneficial to decision makers at a time when the Council is facing financial risks the Council should consider planning for a range of scenarios at service level to ensure a range of outcomes can be planned for in advance. **Assumptions** - There is evidence that some key assumptions, such as the pay award and inflation, are overly optimistic at the time of the budget setting. The Council should review assumptions used within the budget, and allow these to be updated via budget updates, to ensure that the budget remains realistic in light of changing external factors. **Section 25 Statement** – this statement is a requirement of budget setting. The 22/23 budget does not include a specific Section 25 S151 statement and it is recommended to be included in budget documentation to members going forwards. This is rectified with further explanation and justification in the 2023/24 budget report. **Identification of Discretionary Spend** - The Council should consider making a clear distinction between statutory and discretionary spending in the budgetary information provided to members. Although the Council currently has no immediate plans to consider removing or reducing services, a medium-term financial gap exists and therefore this information would be beneficial to facilitate potential future discussions as to the cost effectiveness of services..
Audit years	2021/22 and 2022/23

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Improvement recommendations

Financial sustainability

Improvement Recommendation 7 (continued)

Why/impact	Financial risks have the potential to impact the achievability of the budget, as such it is imperative that the risks identified are complete and relevant to the Council's specific circumstances. Scenario planning is commonly used in the sector as a way of planning ahead for potential challenges and limiting the need to make reactive decisions should such challenges occur, as they already have an action plan in place for a range of possible scenarios ahead of time. Assumptions which are overly optimistic in the budget setting process can lead to additional financial pressures higher than expected unplanned variances occur in year. The section 25 statement from the S151 officer is a regulatory requirement and provides decision makers with appropriate assurance as to the integrity of the budget they are asked to approve. To ensure that decision makers can easily identify those services which are underperforming financially and the actions that will be taken to address that underperformance. This allows members to more easily track progress and impact of those actions on underperforming services and hold relevant budget holders to account where required.
Management Comments	Noted and where possible, this will be fed into the 2024/25 MTFS process.

Improvement recommendations

Financial sustainability

Improvement Recommendation 8	The Council should develop a forward-looking workforce plan setting out the establishment required for the smooth running of each service, this can then be aligned to the budget and MTFP.
Audit years	2020/21, 2021/22 and 2022/23
Why/impact	A workforce plan ensures that the Council has the appropriate capacity to fulfil its operations, does not remove vacant posts that it will require in future and understands the cost impact of the required workforce over the medium term.
Management Comments	Service by service salary estimates are already produced to sit alongside the MTFS.

Improvement Recommendation 9	The Council identifies the savings required for each year during the budget setting process and these are monitored by finance throughout the year. The Council may wish to improve this process by: • **Increasing the Scope** - Savings and efficiencies are narrow in scope and rely on small spending cuts across several services, while this is positive and so does not place pressure on just one area of costs savings the Council has the opportunity to explore other ways of making savings across a greater range of cost and income drivers. • **Monitoring Processes** - greater oversight at individual scheme level and more frequent monitoring is needed of the savings. Cabinet, in particular, should have greater oversight and ability to hold services to account. • **Post Implementation Review** - there is no evidence of such reviews taking place in relation to savings schemes. The council should perform post implementation reviews to ensure that lessons can be learned and savings maximised.
Audit years	2020/21, 2021/22 and 2022/23
Why/impact	Maximising savings delivery is imperative to the achievement of the budget each year and reduces the reliance on reserves.
Management Comments	Noted.

Improvement recommendations

Financial sustainability

Improvement Recommendation 10	The Council should update its Asset Management Policy as this latest version expired in 2021 despite the fact that asset disposals have continued into the 2022/23 year and the capital programme has significant increased in value.
Audit years	2021/22 and 2022/23
Why/impact	Updates required to ensure that disposals and additions to the Council estate remain relevant to objectives.
Management Comments	Work is already underway to review the scope of Asset Management and associated policies.

Improvement Recommendation 11	An external review noted that the capital programme for 2020/21 was poorly time phased and therefore it would be recommended that the Council undertake more realistic reprofiling of the programme in subsequent years. The Council has now engaged a project management expert in relation to some projects who have assisted in profiling projects based on their own analysis. It is recommended that this approach is extended across the programme.
Audit years	2020/21, 2021/22 and 2022/23
Why/impact	The Council has increased its capital programme significantly as a result of the Town Deal and Levelling Up funding. This funding has conditions attached which include a deadline by which projects should be completed, as such poor profiling of projects and slippage creates a risk to achieving this deadline and funding potentially being clawed back.
Management Comments	Noted.

COVID-19 arrangements

Within the 2020/21 year COVID-19 had a significant impact on the population as a whole and how local government services are delivered.

We have considered how the Council's arrangements in the 2020/21 financial year adapted to respond to the new risks faced.

Financial sustainability

The impacts of the Covid-19 pandemic were felt widely across the General Fund by Thanet District Council. Examples of budget pressures in 2020/21 as costs increased and revenues fell included:

- £747k Council tax recovery income not realised;
- £282k property income not realised because f slower tenancy turnover;
- £191k lower building control income as fewer planning permission applications were made;
- £160k additional cost to waive Your Leisure management and additional fees, to support the leisure sector through the crisis;
- £569k parking enforcement income not realised as car parks and town centres stayed closed;
- £218k increased costs of waste and staff cleaning to contain virus spread;
- £150k port income not realised as travel and transport activity contracted; and
- £81k fall in income from licencing applications.

The Council received Covid grants from the UK Government of £3.371m during 2020/21. Of these, £2.558m was used to fund the corporate overspend incurred as a result of the pandemic and the balance was transferred to reserves. The Council also 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.

Governance

A by-election was postponed by Thanet District Council from March 2020 to May 2021, but most routine governance processes within the Council itself continued to operate over the period of delay. Between 4 April 2020 and 7 May 2021, all meetings were held online. Thanet District Council's Democratic Services team provided support with online meetings not only to Thanet's Committees by also to support the work of other East Kent Districts

The Finance Team set up new activity codes on ledgers to capture covid costs. Costs and lost income were reported as separate items in all monitoring reports to Cabinet and the Corporate Management Team through 2020/21 as well as in monthly returns to central Government. The overall size of the finance team expanded as in-house teams took on new grant paying functions that could not be absorbed within Civica's Revenue and Benefits services. Most officers worked online/ remotely during 2020/21 though. Even now, Council use office space has declined by around 50%, adding impetus to discussion around what the long-term future of the Council head office building should be.

A significant amount of Internal Audit resource was redeployed in the first Quarter of 2020/21 to support the Council's Covid-19 response. By the end of 2020/21, 77% of the Internal Audit days planned for the year had been provided. Enough to provide opinion although we note that work following up Limited Assurance opinions in three areas from 2019/20 could not be completed.

COVID-19 arrangements

Improving Economy, Efficiency and Effectiveness

New corporate performance measures that were due to be implemented from 1 April 2020 were delayed due to the redeployment of Council resources to support the response to Covid-19. As an interim measure for April 2020 - March 2021, corporate performance continued to be monitored against the previous corporate priorities the council has seen overall performance impacted by the increased demands of responding to the COVID-19 pandemic. For context, the last quarter of performance reported in 2019/20 was 5 red, 3 amber and 16 green

Conclusion

Arrangements were disrupted during the Covid-19 pandemic but there are no new issues identified as a result.

Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
1	Commission an independent, experienced Monitoring Officer (IMO) from a large local authority to report to the General Purposes Committee on: - A risk assessment of the current employment tribunal claims and propose actions which safeguard the Council's best interests including a detailed financial analysis of the options available t the Council - An assessment of the status of all outstanding grievances, alleged whistleblowing complaints and any continuing suspensions and propose a plan of action to address them - A lessons learnt report collating themes and recommendations from all externally commissioned reports and any other appropriate evidence.	Statutory	October 2021	In terms of the risk assessment, a provision for expected costs associated with the disciplinary and legal proceedings was included in the 2020/21 statement of accounts, based on a risk informed assessment of probable costs. Cabinet were also updated in June 2021 of the provision. The adequacy of this provision is periodically reviewed by the S151 Officer as part of the production of the Council's financial statements. As such this element of the recommendation has been fulfilled. The assessment of outstanding grievances was taken to the General Purposes Committee in April 2022. The Committee received evidence which was not received at the time of the allegations and should have been, along with a response from the Chief Executive at the time, Madeline Homer. In addition, the Committee also received independent investigations from August 2021, details of the settlement agreed with the former Chief Finance Officer and outstanding matters still to deal with in respect of these investigations. As such the recommendation has been fulfilled in early 2022/23. The Council engaged an IMO in December 2021, shortly after the Statutory Recommendations were presented to Council. His work concluded in May 2022. It made 9 recommendations and action plan was developed to address these by the Council. At March 2023 progress was presented to members and noted that the response to the recommendations of the IMO were substantially complete. Our work has reviewed the response and noted those still in progress are predominantly due to the fact that the Council's senior management restructure will complete in October 23 when all staff, that have already been recruited, will be in post. Our key recommendation reflects this but we are satisfied that the requests of the recommendation have been addressed.	Yes	To follow up in 2023/24 whether the actions taken to complete the IMO action plan have been completed and that updated arrangements are fully embedded in order to consider the recommendations closed.

Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
2	Bring the current Investigations and Disciplinary Sub-Committee (IDSC) process to a conclusion with clear actions that are reported and action monitored	Statutory	October 2021	The Council developed an action plan to respond to the statutory recommendation which states that this item was considered fully responded to in April 2022. The item was restricted from the public when presented to members, given its sensitivity, we are satisfied this was appropriate and not indicative of transparency issues. The report includes several appendices to ensure that members were provided with a full suite of information with which to make the decision including an independent investigation into the individual and recommendations from the IDSC. The Monitoring Officer was dismissed with immediate effect in April 2022 and therefore concluded in the 2022/23 year. One specific case, where an employee raised grievances against the former Chief Executive, eventually resulted in redundancy of the complainant. Actions taken to progress this redundancy continued following our statutory recommendation being raised. It resulted in the pausing of the process following legal advice, therefore delaying the conclusion of the case. The case continued with three employment tribunals being raised against the Council in total, linking the redundancy to unfair dismissal and the initial grievance raised. The case was eventually settled in July 2023 at a cost to the Council. This is indicative that poor decision making in relation to this specific grievance continued after the statutory recommendation was raised, despite a positive response to the recommendation to settle other cases. As such the recommendation in relation to this case was not addressed in the period being reviewed. Although it has now concluded and settled the value forms part of the financial statements provisions. Given that 2021/22, 2022/23 and 2023/24 financial statements have not yet been published the recommendation cannot be considered fully closed until the public have had the opportunity to exercise their right to challenge the accounts.	Partially	Follow up of the statutory recommendation as part of the 2021/22 and 2022/23 financial statements audit process.

Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
3	Revisit financial plans and identify additional savings plans to address the further cost pressures created in resolving the grievances and whistleblowing complaints	Statutory	October 2021	The 2022/23 Budget Strategy was approved by Cabinet on 18 November 2021. Within this was a proposal to make a £180k contribution to reserves over the life of the MTFP in order restate the reserves that were used to fund the cost pressures.	Yes	No
4	Agree an approach where the Council demonstrates that it is responding to the substance of concerns raised including a clear agreement of where Officer and Member responsibilities lie	Statutory	October 2021	This recommendation remains in progress. It requires an update to specific sections of the Constitution related to member and officer protocols, development of a behavioural framework and training on the new framework. As at March 2023 when the Council action plan was last presented to members progress had been stalled due to the fact that the Council senior officer restructure had not yet completed and local elections would result in a change in members. It was felt that new policies and training would be most effective if implemented when new staff and members were in post, we would agree with this sentiment. All officers have been recruited under the restructure and are expected to be in post by October 2023. We have noted some ongoing updates to the Constitution and have therefore included in our improvement recommendations to prioritise the development of the behavioural framework and associated training so it can be mobilised immediately once all officers are in post.	Partially	To follow up in 2023/24 whether the behavioural framework and training have been completed and that updated arrangements are fully embedded.

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Summary of objections to accounts

Year of Objection	Open/ Closed Status September 2023	Objection	Auditor assessment and conclusion	Status in September 2023
2018-19	Closed	Parking charges and claims the Council was not acting in line with the "Road Traffic Regulation Act (1984)"	No public Interest report or declaration to the Court for an unlawful item of account was required.	Complete- this means we are able to issue our Audit Certificate following this meeting. This opinion will include and except for highlighting issues around East Kent Housing. Note this service has in subsequent years been brought in house.
2019-20	Open	Related to the Councils use of Non-Disclosure Agreements.	Work ongoing- we are unable to provide interim views on our review of objections until we issue our statement of reasons.	Work is ongoing on this matter. We require further documents from the Council to enable us to complete our review regarding this matter.
2020-21	Open	We received an objection in relation two specific matters on the Berth 4-5 project.	We received one formal objection on this matter. In relation to this our Statement of reasons has been sent to the objector: No public Interest report or declaration to the Court for an unlawful item of account was required. We also received in the inspection period other requests on this matter and we still in the process of liaising with these individuals regarding this matter.	Work is complete and was responded to formally in our Statement of Reasons to the objector.
2020-21	Open	Objection in relation to the Sale of Dreamlands.	Work ongoing- we are unable to provide interim views on our review of objections until we issue our statement of reasons.	Work is nearing completion, and we will update the Committee in November on our findings.

Summary of objections to accounts cont.

Year of Objection	Open/ Closed Status September 2023	Objection	Auditor assessment and conclusion	Status in September 2023
2020-21	Open	We received an objection raising specific concerns regarding the Governance of the Margate Town Deal Board.	Work ongoing- we are unable to provide interim views on our review of objections until we issue our statement of reasons.	Work is ongoing in relation to this objection.
2020-21	Open	We received an objection regarding the fact the Council did not have an active Lottery license holder.	Work ongoing- we are unable to provide interim views on our review of objections until we issue our statement of reasons.	Work is nearing completion and we will update the Committee in November on our findings.
2020-21	Open	We received an objection regarding the fact the Council did not have an active Data protection officer.	Work ongoing- we are unable to provide interim views on our review of objections until we issue our statement of reasons.	Work is nearing completion and we will update the Committee in November on our findings.
2020-21	Open	Objection in relation to the procurement of RCV Diesel vehicles considering the Council declaring a climate change emergency.	Work ongoing- we are unable to provide interim views on our review of objections until we issue our statement of reasons.	Work is nearing completion, and we will update the Committee in November on our findings.

In relation to the outstanding objections, we will issue an updated version of this report following the finalisation of our work on these matters.

In doing so we will also consider if any of the findings impact on our Value for Money findings for the 3 years in this report.

We also note due to the fact the Council has not issued the 2021-22 or 2022-23 accounts we have not had a chance to consider potential objections in these financial years. From discussions with members of the public we are expecting to receive objections in relation to the 2021-22 financial year.

Opinion on the financial statements

Audit opinion on the financial statements

We have substantially completed our audit of the Council's financial statements for 2020/21 and plan to issue an unqualified audit opinion following the Governance and Audit Committee meeting on 27 September 2023.

Production, and subsequent audit, of the 2021/22 and 2022/23 accounts has been delayed and notified via the Council's website. The 2021/22 accounts are due to be completed and ready for audit shortly.

Audit Findings Report

More detailed findings can be found in our AFR, which was published and reported to the Council's Governance and Audit Committee on 27 September 2023.

Whole of Government Accounts

To support the audit of the Whole of Government Accounts (WGA), we are required to review and report on the WGA return prepared by the Council. This work includes performing specified procedures under group audit instructions issued by the National Audit Office.

Thanet District Council is not a sampled component in the WGA accounts.

Grant Thornton provides an independent opinion on whether the accounts are:

- True and fair
- Prepared in accordance with relevant accounting standards
- Prepared in accordance with relevant UK legislation

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Appendices

Appendix A – Responsibilities of the Council

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

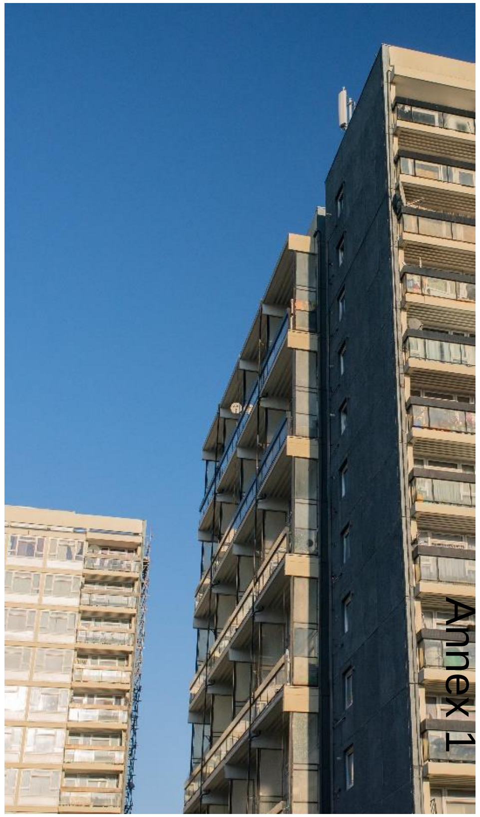
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) or equivalent is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



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Appendix B – Risks of significant weaknesses, our procedures and findings

As part of our planning and assessment work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. The risks we identified are detailed in the table below, along with the further procedures we performed, our findings and the final outcome of our work. Some risks were identified in the course of our work, these are also noted below:

Year of audit	Risk of significant weakness	Procedures undertaken	Findings	Outcome
All years	Governance - risk identified in the 2020/21 Audit Plan due to complex grievance issues apparent in 2019/20 requiring external support. This resulted in us raising statutory recommendations in October 2021.	Review of the Council's action plan to respond to the statutory recommendations, discussions with key officers and review of supporting evidence to determine if the recommendations had been effectively responded to.	The actions taken to respond to the statutory recommendations raised as a result of the grievance issues were substantially complete at the end of 2022/23. Those remaining actions required all new members and senior managers to be in post, which is expected in the 2023/24 year. As such we believe the Council has shown commitment to responding to the issues and the weakness identified at risk assessment stage. However, to fully address the weakness the Council should prioritise the remaining actions required to fully respond to the statutory recommendations. In undertaking our work in this area we reviewed wider governance arrangements and noted that whilst there had been improvement in governance at the top-tier of the organisation weaknesses were apparent at service level. This was identified via review of Internal Audit reports and discussion with the Head of Internal Audit.	Our work identified that weaknesses in governance arrangements at the top tier of the Council were apparent in 2020/21 and 2021/22 and improvements were made by 2022/23. However, until the Council completes its senior management restructure and associated policies and training the weaknesses are not fully responded to. Our work identified that whilst improvement had been made at this level, at service level further improvements were required to ensure that policies and procedures were effective in order to ensure compliance of those services. A weakness in arrangements and key recommendations have been raised relevant to all years

Appendix B – Risks of significant weaknesses, our procedures and findings (continued)

Year of audit	Risk of significant weakness	Procedures undertaken	Findings	Outcome
All years	3E's - No potential risks of significant weakness were identified within our Audit Plan, however potential risks became evident in relation to ineffective project and contract management in the course of our work.	Review of the Council's post implementation findings in relation to the Berth 4/5 project, application of lessons learned to date from the review and liaison with officers and internal audit to understand arrangements in relation to contract management and emerging issues within specific contracts.	The Council does not have sufficient capacity or a robust project management framework in place with which to manage large scale projects or a large number of projects and as such requires additional support from project management experts. An emerging contract issue has highlighted potential fraudulent activity which was not picked up via existing performance monitoring arrangements. The Council now needs to investigate whether this is a more pervasive issue. This is of particular importance as the Council's capital programme has substantially increased in terms of the volume of projects and total value. This is a result of successful bids for Levelling Up and Town Deal funding totalling c.£40m. Should the appropriate governance arrangements to monitor projects not be in place then there is a risk of overruns, overspends and further fraudulent activity on a much larger scale.	Significant weakness identified in all years and a key recommendations raised.

Appendix B – Risks of significant weaknesses, our procedures and findings (continued)

Year of audit	Risk of significant weakness	Procedures undertaken	Findings	Outcome
2020/21	3E's - No potential risks of significant weakness were identified within our Audit Plan, however a risk was identified in the course of work in relation to a lack of performance reporting	Review of changes in performance reporting arrangements in following years, 2021/22 and 2022/23, to ensure arrangements were implemented following a period of no reporting. This included reviewing the Council's live reporting tool and the content and frequency of reports to members to summarise information from the tool.	No performance reporting was presented to members of the Cabinet in 2020/21. In 2021/22 the Council implemented a live tool which monitored performance against KPIs linked to the Council's objectives. This was a marked improvement from the prior year. A time-lag between the information and the date of reporting was identified and although the tool was available publicly no papers related to the outcomes were taken to Cabinet to challenge, discuss and propose actions to respond. In 2022/23 Cabinet requested that reporting on the performance be provided every 6-months and this has been implemented. There still remains a time-lag in the information and an improvement recommendation has been raised to prompt the Council to review this.	Significant weakness identified in 2020/21 and a key recommendation raised. The issue was effectively responded to in 2021/22 and 2022/23 and therefore the weakness and key recommendation not relevant in later years. An improvement recommendation raised aimed at achieving best practice raised to include greater information on actions being taken

Appendix B – Risks of significant weaknesses, our procedures and findings (continued)

Year of audit	Risk of significant weakness	Procedures undertaken	Findings	Outcome
2020/21	Financial Sustainability - risk identified in the 2021/21 Plan because of the Council's comparatively low level of reserves when compared to other Kent District Council's. We did identify a weakness in reporting arrangements for outturn and budget monitoring which was not identified as a risk due to no issues prior to or within 2020/21 being evident	We reviewed the arrangements for: • the Council's arrangements for identifying and monitoring risks to financial delivery • the robustness of the council's medium term financial strategy and savings plans • level and use of reserves. In undertaking this work we identified that the Council had not reported its outturn position to members for 2021/22 or 2022/23 or quarterly budget monitoring beyond quarter 2 of 2022/23. To follow up this finding and identify if there was a risk we liaised with officers to understand the reasoning for this and obtained alternative financial information to review the draft outturn position in each year.	The Council has built up its reserves over a number of years since 2015/16. Although medium term plans include a financial gap of £5.8m at the latest MTFP the Council has sufficient reserves based on their current estimates to support the gap as a last resort. We have raised improvement recommendations for the Council to prioritise seeking longer term savings, income generation opportunities and alternative methods to plug the gap so as not to divert reserves away from the purposes they have been set side for. We identified that the capacity of senior management within the finance team following the departure of key officers at the top tier of the Council was the reason for the lack of reporting on financial performance.	Our work did not identify a weakness in arrangements due to the Council's level of reserves. Our work did identified a weakness in arrangements as a result of a lack of financial reporting to members.

Appendix C – An explanatory note on recommendations

A range of different recommendations can be raised by the Council's auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference
Statutory	Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No – Section 24 notice and statutory recommendations were raised in October 2021 following the 2019/20 Value for Money work and have been followed up as part of our work in proceeding years as documented in this report.	N/A
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council. We have defined these recommendations as 'key recommendations'.	Yes	See relevant sections of the report and pages 9 to 13.
Improvement	These recommendations, if implemented should improve the arrangements in place at the Council, but are not a result of identifying significant weaknesses in the [type of body]'s arrangements.	Yes	See relevant sections

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Non-Domestic Rates (Business Rates) Discretionary Relief Policy

Cabinet	16 November 2023
Report Author	Chris Blundell, (Director of Corporate Services), Sadie Furner (Business Rates Manager, Civica)
Portfolio Holder	Cllr Rob Yates, (Cabinet Member for Corporate Services)
Status	For Decision
Classification:	Unrestricted
Key Decision	Budget and Policy Framework

Executive Summary:

This report presents a revised Business Rates discretionary relief policy and decision-making process for approval.

Businesses are currently able to apply for discretionary relief (including hardship relief) to alleviate the burden of business rates in certain circumstances. There are currently two policies covering the decision-making process on such applications – one policy dates from 2016, and another from 2018 (which covers additional reliefs introduced in 2017). The 2016 policy also includes discretionary relief for council tax, which should not be included in a business rates policy. The legacy of this policy development has resulted in the current decision-making process not being transparent to applicants.

In addition, the government has introduced various new reliefs that local authorities were, in essence, obliged to give businesses meeting the relevant criteria as set out in government guidance. The proposal in this report is to create two 'volumes' for the overall Discretionary Relief policy;

Volume 1 - containing the discretionary reliefs that local authorities are effectively obliged to award to businesses, and

Volume 2 - covering what can be considered to be 'true 'discretionary' relief.

This policy update will make the overall policy clearer, more transparent to applicants, and easier to update when the government either removes a relief or announces a new relief scheme.

Awards made under Volume 2 will include the granting of automatic relief to businesses in certain categories. All other applications will go through a scoring regime, whereby relief may be awarded based on the business contribution towards or alignment with the council's corporate priorities.

Lastly, all reference to discretionary relief for council tax is removed in the draft revised policy, as a standalone policy for awarding discretionary relief for council tax was approved and published in April 2021.

Recommendation(s):

1. Approve a revised business rates discretionary relief policy, in two volumes;
    - Volume 1 containing the discretionary reliefs that local authorities are effectively obliged to award businesses and
    - Volume 2 covering true ‘discretionary’ relief;
2. Approve a process to facilitate the automatic award of discretionary relief to certain business types under Volume 2; and
3. Approve a revised process for making decisions on relief applications in non-automatic award cases, on a case-by-case basis, via a scoring matrix procedure.

Corporate Implications

Financial and Value for Money

If approved, operation of the revised policy can be contained within the existing service contract provision with Civica. There are no additional budget implications.

It is important to note that all reliefs contained within Volume 1 are fully funded by central government. Those reliefs contained within Volume 2 are funded on a 50/40/9/1 percentage basis (Central government/ District council/ County council/Fire authority). Therefore Thanet will fund 40% of all Volume 2 reliefs awarded.

The current annual cost of reliefs covered by Volume 2 of this policy is approximately £340k, of which Thanet’s share of this is £136k. Initial modelling undertaken indicates that the changes proposed by this revised policy are not likely to significantly alter that sum. It is however recognised that any large scale revaluations undertaken by the Valuation Office Agency (VOA) could potentially create a spike in relief applications, and therefore monthly monitoring of expenditure under this policy will be undertaken, and reported to the council's Section 151 officer.

Legal

Section 47 of the Local Government Finance Act 1988 provides that Local Authorities have the discretion to reduce business rate payers’ liability in accordance with rules set by them. The Council is therefore empowered to implement the proposed reliefs and make amendments to the Policy as set out in this report. Further, the eligibility criteria set out in the Policy comply with the statutory requirement to set out rules for the exercise of the discretion. In the case of the Discretionary Business Rate Relief scheme and under section 69 of the Localism Act 2011 the Central Government is keen that individual Councils develop their own scheme to meet local needs. The Government has allocated funds to each Council using a particular methodology, but it has been keen to point out that this should have no bearing on the actual scheme adopted. The recommendations within the report meet the Council's legal obligations under section 47 and section 49 of the Local Government Finance Act 1988.

Risk Management

This report is recommending an amendment to an existing policy. As such, the main risk is of the recommendation not being approved. If this were the case, then the current policy would continue, but for the reasons set out in the report would not be fit for future purpose.

The current policy includes material relevant to council tax, which is now irrelevant as council tax has its own stand-alone policy, and the existing policy is confusing for applicants to understand in terms of how decisions are made. The existing policy is in fact two policies – one from 2016 and one from 2018. Whilst the amended policy recommended for approval is also in 2 parts (2 'volumes') these are now simply two volumes of the same policy – and are clearer in terms of content and structure. The revised policy also incorporates a more transparent decision-making process, and also incorporates upcoming changes due in 2024.

If the new policy is not approved then the council will be operating a policy that is likely to prompt enquiries and complaints from applicants, as well as it not being up to date.

Approval of the revised policy will also enable a review to be undertaken of all existing discretionary relief awards, using the criteria in the revised policy – thereby removing any extant anomalies in current awards and ensuring all awards (existing and new, from 1 April 2024) are decided upon using the same criteria. Thus full consistency of decision-making will be achieved.

Corporate

The policy allows the council to provide a level of financial support to organisations who make a contribution towards or are aligned with the Council's corporate priorities.

Equality Act 2010 & Public Sector Equality Duty

This report is recommending an amendment to an existing policy which offers financial support to businesses, not individuals, or groups of individuals. As such, a business cannot have a 'protected characteristic' , and also therefore no unlawful discrimination , harassment, victimisation , or other conduct prohibited by the Act can take place.

Corporate Priorities

This report relates to the following corporate priorities: -

Communities

1. Introduction and Background

1.1 The Local Government Finance Act 1988 provides, under Sections 44A, 47, and 49, for relief from business rates to be granted to businesses in certain circumstances and the number of reliefs has increased since 2017. Section 69 of the Localism Act 2011 allows local councils to create their own discretionary relief schemes outside of the confines of the Local Government Finance Act 1988.

1.2 The local policy from 2016 (attached as Annex 1) covered the following reliefs:

- discretionary relief,
- Hardship relief,
- Section 44A (partly occupied) relief,
- Enterprise Zone relief,
- Retail relief,
- Re-occupation relief.

This policy also includes reference to Council Tax discretionary relief, as originally a single policy covered both council tax and business rates discretionary reliefs.

1.3 In 2017, as a result of the business rates revaluation exercise, more reliefs were introduced by government as follows;

- supporting small business relief (Government guidance on issue),
- pub relief (Government guidance on issue) and
- local discretionary relief scheme (local scheme).

1.4 As a result of those additional reliefs a supplementary policy for the consideration and granting of those reliefs was created and approved – this is the 2018 policy attached at Annex 2.

1.5 As more reliefs were included for businesses, having two separate policies in place became unwieldy and not immediately transparent for business customers. It was also confusing for council tax payers to see discretionary relief for council tax 'mixed in' with a policy covering businesses.

1.6 So, to start the rationalisation process, in April 2021 a standalone council tax discretionary relief policy was approved. However, the process for commensurately revising the business rates side of this was not dealt with at the same time. A draft set of revised policy guidelines, including a proposal to implement a transparent 'scoring matrix' for applications was put forward and approved in October 2019, but its implementation was postponed due to the COVID-19 pandemic, and the associated heavy increase in workload supporting local businesses via various business grant schemes and new reliefs. Now that the business rates function has reverted to normal workloads this is being addressed.

2. Summary of the proposed changes

2.1. Proposed changes to current policies

1. Remove all references to council tax, as there is now a separate policy covering council tax discretionary awards.

2. Consolidate the two current business rate relief policies into one discretionary relief policy, but separate the policy into two volumes covering reliefs that the government obliges local authorities to award (Volume 1),and awards where the local authority has true discretion over the decision (Volume 2)

3. Introduce an automatic award for certain types of organisation (see para 4.6.2 of policy Volume 2), and also introduce a more objective decision-making approach in relation to reliefs where full guidance is not provided by Government on the awards (see a, b, and c below). This will enable workload to be spread more evenly and create resilience in the decision-making process:

    a. Discretionary rate relief Top-Up of up to 20% (recipients of mandatory relief inc. Charities and Community Amateur Sports Clubs [CASCs])

    b. Up to 100% discretionary rate relief (not for profit organisations, Community Interest Companies [CICs])

    c. Discretionary rural rate relief

2.2 Other changes to the policy:

- Section added for Subsidy Control (formerly State Aid)
- Section added for discretionary relief awarded under the Localism Act 2011
- Inclusion of provision for any new reliefs introduced by Central Government under Section 47 to be awarded, where full guidance on qualification and funding is provided by DLUHC, BEIS or other relevant departments.
- Outline of the approval route for decision making
- Outline backdating rules to apply from 1 April 2024 once the NDR Rating Bill removes the current complicated compulsory backdating rules.

2.3 Changes proposed to relief qualification, within Volume 2:

- Creation of classification for clusters / groups such as Cubs, Girl Guides, Trustees of Parish Councils, Community Projects etc where they would be automatically considered for relief (para 4.6.2 of policy Volume 2 refers)
- Additional qualification guidance / criteria used for decision making. A scoring matrix introduced, which informs the decision on the amount of relief to be awarded based on how the organisation aligns to the council’s priorities and Corporate Objectives.

Practical impacts

2.4 Currently all decisions on 100% discretionary relief, 20% discretionary ‘top-up’ relief, Section 44A relief and hardship relief are made via a recommendation, by the Business Rates Manager or the Senior Business Rates Officer, to the Head of Shared Service, as the officer with delegated authority for discharging the business Rates function. The Head of Shared Service for East Kent Services is Chris

Blundell, Thanet District Council's Director of Corporate Services. The implementation of a scoring matrix will allow for the workload to be shared amongst Business Rates Officers, whilst still allowing for review by senior officers, and final decision-making by the Head of Shared Service and Section 151 officer using the existing approval process.

2.5 How decisions are reached will be more transparent for ratepayers. When a decision is reached the outcome can be clearly communicated to the ratepayer, and the decision-making process can be seen to be more objective when set against the revised policy and the scoring matrix.

2.6 If approved, the new policy and scoring matrix will allow for a complete review of all current discretionary reliefs to be undertaken. This review will allow for total consistency across all businesses and will remove any extant anomalies that may be present since 2016.

Ratepayer impacts

2.7 Overall, the majority of ratepayers in receipt of discretionary relief will continue to receive it, post review. The proposed scoring methodology aims to provide a more transparent view of how a decision on a relief application is arrived at. As there are now 'automatically included' groups, all others will be assessed in line with the new methodology.

2.8 **No changes will be felt by ratepayers immediately. They have received notice of at least 1 year that their existing relief is to be removed.** As part of the review, they will be invited to re-apply to receive relief from 1 April 2024, and their application will be assessed using the new scoring criteria.

2.9 Proposed review process

- Letters were issued, on 28 and 29 March 2023 to all ratepayers in receipt of top-up relief or discretionary relief, advising them that the discretionary relief scheme was under review and that they would potentially need to re-apply for relief once a new policy was approved. The letter advised them that their existing relief will end on 31 March 2024.

- If the revised policy is approved, a further letter will be issued inviting the ratepayer to re-apply for relief if they want to receive it from 1 April 2024 onwards. The letter will give the ratepayer the appropriate period of time within which to apply, and advise them that if no application is made then an adverse inference will be taken.

- For any ratepayers who re-apply; Business Rates Officers will review applications using the new qualification guidelines and put forward proposals for decisions to the council.

- An officer of the council then reviews the proposed decision and informs the Business Rates team of the outcome.

- A Business Rates Officer then advises the ratepayer of the council's decision, and administers the award of relief in line with that decision.

- Any new applications for relief received, following approval of new policy and operating guidelines, would be considered under the new procedure and therefore not require inclusion in the first review.
- Periodic reviews of the relief caseload would be conducted. Any ratepayers considered 'automatic qualifiers' (as set out in Volume 2) would be excluded from review.

Proposed scoring matrix

2.10 Essentially a number of points are allocated according to how the business performs against 5 measures: alignment to the council's corporate priorities, access to services and affordability, service provision and availability of alternatives, resident participation, and finally financial status and funding.

2.11 Each measure is scored up to a total of 8 points, and then to the total score allows for a percentage award of relief. The details for this can be seen at Annex 4.

2.12 There will be a small number of categories where those businesses are automatically awarded discretionary relief – these are described at para 4.6.2 of Volume 2.

Identification of options

2.13 Option 1 - Do nothing - leave current policies as they are.

2.14 Option 2 - Revise policies as per the proposals

2.15 Option 3 – Revise the policy but use a different methodology for assessing and awarding discretionary relief.

3.0 Options

3.1 **Option 1** – does nothing to correct the current position of having two policies when there should be just one, and does nothing to remove the rogue council tax elements contained in the 2016 policy. Also does nothing to make the overall policy clearer, and does not make any future policy updates simpler. Not recommended.

3.2 **Option 2** – provides for the implementation of a single policy and the removal of any council tax elements. Allows for a fully transparent decision-making process and also allows for the workload to be shared amongst officers on a wider scale then currently. Having the overall policy in two volumes allows for simpler amendments in light of future government announcements. This is the recommended option.

3.3 **Option 3** – would need to be developed from scratch. Timescale for implementing the review of existing cases (i.e before 1 April 2024) would not be met. Not recommended.

Contact Officer: Mark Gillmore, Revenues & Benefits Manager, Civica.
Sadie Furner, Business Rates Manager, Civica,

Reporting to: Chris Blundell, Head of Shared Services

Annex List

Annex 1 – 2016 policy

Annex 2 – 2018 supplementary policy

Annex 3 – policy review letter issued to ratepayers on 28 and 29 March 2023.

Annex 4 – proposed scoring methodology and tables

Annex 5 – proposed policy document (in Volumes 1 & 2) for 2024-25

Background Papers

None

Corporate Consultation

Finance: Chris Blundell (Director of Corporate Services - Section 151)
Legal: Sameera Khan (Interim Head of Legal & Monitoring Officer)

EK SERVICES POLICIES AND PROCEDURES

DISCRETIONARY AND HARDSHIP RELIEF POLICY

Canterbury City Council, Dover District Council and Thanet District Council have entered into a shared service agreement to allow joint working in the Customer Services, ICT, Benefits, Council Tax and Business Rates sections.

Where 'EK Services' and 'EKS' are mentioned this refers to the shared service between Canterbury City Council, Dover District Council and Thanet District Council

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7.0 Business Rates and Council tax Discretionary Relief - Right of appeal

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8.0 Action to recover unpaid Business Rates or Council Tax whilst a decision is pending

9.0 Promotion of availability of relief

10.0 Equalities Statement

11.0 Policy review

1.0 Introduction and purpose of policy document

1.1 For the purpose of clarity, any reference to 'EK Services' within this document should be taken to mean EK Services working on behalf of participating authorities to deliver the shared priorities and objectives. Any reference to 'we' refers to EK Services.

1.2 This power to award discretionary relief for Business Rates and Council Tax has been fully delegated to EK Services and the power is allowed under the following Regulations;

- **Business Rates –** Sections 44A, 47 and 49 of the Local Government Finance Act 1998, Section 69 of the Localism Act 2011.
- **Council Tax –** Section 13A of the Local Government Finance Act 1992

1.3 This policy has been agreed by authorities participating in EK Services to ensure that all customers making application for relief are treated in a fair, consistent and equal manner.

1.4 This policy has been written to;

- Set guidelines for the factors that should be considered when making a decision to award or refuse relief;
- Set out the delegated authority to award relief in appropriate circumstances;
- Establish an appeals procedure for customers dissatisfied with EK Services decision;
- Safeguard the interest of the local taxpayers by ensuring that funds that are allocated for the award of relief are used in the most effective and economic way.

2.0 Business Rates – Relief for Charities, Not for Profit Organisations, Community Amateur Sports Clubs (CASC) and Rural properties

2.1 Legal Requirements

2.1.1 Section 47 of the Local Government Finance Act 1988 provides the discretion to award relief.

2.1.2 Registered Charities and CASC's are entitled to Mandatory Relief of 80%. EK Services has the discretion to award further rate relief of up to 20%, which is commonly referred to as a 'top-up'.

2.1.3 Rural properties are entitled to Mandatory Relief of 50% providing the qualifying criteria are met. EK Services has the discretion to award a further rate relief of up to 50%.

2.1.4 The award of the 80% mandatory relief to charities and CASC's, and the award of 50% relief for qualifying rural properties are administered in accordance with legislation. This policy explains how the 20% and 50% top-ups are administered.

2.1.5 The amount of relief awarded is entirely at the discretion of EK Services.

2.2 Legal Requirements – State Aid

2.2.1 European Union competition rules restrict Government subsidies to businesses. Relief from taxes, including business rates, could be considered as state aid.

2.2.2 Rate relief for charities and non-profit making bodies is not normally considered state aid because the recipients are not in market competition with other businesses. However, if they are engaged in commercial activities, compete with commercial bodies or have a commercial partner, rate relief could constitute state aid. In such cases it would be unlikely that the customer would be considered for rate relief.

2.3 Financial Impact

2.3.1 The funding arrangements for relief changed when the Business Rates retention scheme was introduced in April 13.

2.3.4 EK Services aims to spend no more than the budgeted amount. If the budget is likely to be exceeded then EKS staff will discuss this with the clients at the affected Council. It is to be noted that awarding Discretionary Relief on a first come, first served basis i.e. refusing applications once the annual budget is used up, is not permitted. In the event that the annual budget proves to be insufficient, then each Local Authority must either increase the annual budget or re-visit this policy to amend the criteria for granting such relief. The budget will be monitored closely throughout the year and reports on successful and unsuccessful applications will be passed to the Councils monthly. EKS will report to Single Grants Gateway for CCC cases where the award is likely to take them over the annual budget.

2.4 Persons who can make application

2.4.1 Applications must be made by the ratepayer.

2.4.2 Where the ratepayer is an organisation the application must be made by a person with the authority to act on behalf of the organisation. EK Services may ask for evidence that the person making the application is entitled to act in that capacity.

2.5 The Decision Making Process

2.5.1 Although there is no statutory necessity to complete a formal application form, it is recommended that a form be completed, as it will form a checklist of criteria to be met or questions to be answered. This will assist in speeding up the application process.

2.5.2 All applications will be considered on an individual basis. Consideration for awarding Discretionary Relief is based on the organisations ability to meet its Business Rate liability. Therefore, copies of the last 3 years audited accounts are to be submitted with the application form. Where audited accounts are not available, financial statements prepared by, or approved by, an appropriate representative shall be acceptable. For a new organisation 12 months projected cash flow forecast are required.

2.5.3 Where an organisation has retained funds, or built up reserves, for a purpose related to the aims and objectives of the organisation, provided that the works are realistically expected to be completed within three years of the date of application, those funds/reserves may be disregarded for the purposes of the award of relief. It is accepted that funds may have to be accrued over many years to fund major projects i.e. replacing an ageing building and consideration to this will be given on an individual basis.

2.5.4 Relief is likely to be awarded where it is clear that the activities of the applicant are of direct benefit to the local community and the other criteria mentioned in this policy are met.

2.5.5 Relief may be refused or capped if it is considered that the financial cost to each Local Authority or the local community outweighs the benefits generated through the award of relief.

2.5.6 Organisations with unallocated reserves or substantial assets (taken to mean 6 months or more of operating costs) will be excluded from qualification if it is determined that those reserves or assets could reasonably be used to provide financial support.

2.5.7 To ensure there is a fair and consistent approach to the award of Discretionary Relief, all applications will be considered within the guidelines of this policy and a written record will be kept on file of the decisions and factors considered in the process. The decision will be available free of charge to the applicant on request.

2.5.8 EK Services will consider applications within 21 days of the application and all supporting information being received and will notify the customer should there be a delay in processing the application.

2.5.9 EK Services will notify the applicant of the decision in writing and where less than the maximum amount of relief is granted or the relief is refused, an explanation of the reasons why will be given.

2.5.10 EK Services will not consider applications where the customer has failed to provide information within the timescales provided to them and will notify the customer in writing that the application has been refused.

2.5.11 Where an application has been refused either initially or through an appeal, further applications will not be considered within the same financial year unless;

- The use of the property changes; or
- The objectives of the organisation change; or
- There have been other changes that may affect EK Services' decision i.e. where an organisation has taken action to address an issue which had previously precluded an award of relief

2.5.12 There is no time limit for an organisation to make application for Discretionary Relief. EK Services must determine applications within six months after the end of the financial year (between 1 April and 30 September) for which the application for relief is made, after this time applications are invalid.

2.6 Period of Rate Relief

2.6.1 Discretionary Rate Relief will be awarded for one financial year (From 1 April to 31 March) except in circumstances where consideration is being given to awarding relief for a previous financial year within the qualifying timescales outlined in paragraph 2.5.12.

2.6.2 Customers receiving relief will be contacted and invited to reapply for relief on an annual basis or as specified by EK Services.

2.7 Calculation of relief

2.7.1 Relief will be calculated as a percentage of the Business Rates bill. Should the Business Rates bill reduce within the period Discretionary Rate Relief is granted, the relief will be reduced proportionately.

2.7.2 If the Business Rates bill increase within the period Discretionary Rate Relief is granted i.e. an increase in rateable value, the amount awarded will not automatically be increased. In such cases, EK Services, upon request of the customer, will reconsider the application and may award additional relief.

2.8 Authority to process applications and award Relief

2.8.1 In the interests of efficiency, the authority to consider applications is delegated as set out below;

Thresholds – Value of relief	**Position of Authority**	**Counter Authority**
Up to £10,000	Council Tax / Business Rates Officer	Senior Council Tax Officer
£10,001 to £30,000	Council Tax / Business Rates Officer	Senior Council Tax Officer
Over £30,000	Council Tax / Business Rates Officer Revenues Officer to make recommendation & Council Tax Team Leader to approve application	Income Manager
Where relief applied will exceed annual budget	Council Tax / Business Rates Officer to make recommendation & Inc Council Tax Team Leader to approve application (for CCC the Income Manager will make a recommendation via the Client Officer to the SGG Panel)	Income Manager to approve and refer for Executive / Cabinet decision. For CCC the SGG Panel will recommend and refer to the Executive.

2.9 Special Provisions

2.9.1 The full 20% ‘top up’, discretionary relief may be applied to charity shops and other premises but will normally only be awarded if the charity is a local one, not a national one (a local charity is defined to be one who only operates in the particular Council area or who are part of a national Charity but whose accounts and finances are specific to a local area). If the premises are operated by a national charity that does not exist to wholly or mainly benefit the residents of the local area, then discretionary relief will not normally be awarded to ‘top up’ the 80% mandatory award.

2.9.2 EK Services will consider the contribution and benefit that the charity has to the local community.

2.9.3 Charity shops that sell wholly or mainly donated goods may be granted a higher amount of relief than those that sell mainly bought in (new) goods.

2.9.4 Discretionary Relief for clubs will not normally be granted if the organisation operates a bar. Membership must be active rather than social membership and wholly or mainly benefit the residents of the local area. Consideration to award relief will only be given if the club is able to fully demonstrate that the bar is not the primary or significant attraction for the majority of the members.

2.9.5 Schools with Academy status will not normally be awarded Discretionary Relief to top up the mandatory award.

2.10 Backdating Applications

2.10.1 The law allows claims received between 1 April and 30 September in any year to be backdated to 1 April of the previous year. Requests for a backdated award of relief i.e. for the previous year will be dealt with in the same way as applications for the current year.

2.10.2 Applications outside of the qualifying period in 2.9.1 will not be backdated beyond 1 April of the year in which it is awarded.

3.0 Business Rates - Relief for properties that are partially unoccupied for a temporary period (Section 44A)

3.1 Legal Requirements

3.1.1 Under section 44A of the Local Government Finance Act 1988 a Local Authority has the discretion to allow rate relief where a property is partly occupied for a temporary period.

3.1.2 The definition of a 'temporary period' is not prescribed with the law and therefore EK Services, using delegated authority, have discretion to decide the period relief should be awarded.

3.1.3 Partially occupied rate relief (also referred to as Section 44A Relief) is not intended to be used where part of a property is temporarily not used. The intention is aimed at situations where there are practical difficulties in occupying or vacating part of the property.

3.2 Financial Impact

3.2.1 Following the introduction of the Business Rates Retention scheme 2013/2014 there will be a cost to each Local Authority.

3..2.2 EK Services recognises that awarding this relief is beneficial to local businesses, therefore Section 44A Relief will be awarded as set out below in all cases that meet the statutory requirements. Thanet District Council and Canterbury City Council have amended their decisions to award up to £10,000, and will consider other applications in exceptional circumstances. Dover District Council has now amended their decision to award up to £10,000, and will consider other applications in exceptional circumstances.

3.2.3 Thanet District Council revised their decision on the 15.02.2015, that any applications received for Thanet Council, will be considered up to £10,000. Exceptional circumstances will be considered if the RV is over £10,000 by the S151 Officer and the Portfolio Holder for Finance.

3.2.4 Canterbury City Council revised their decision on the 24.04.2015, that any applications received for Canterbury Council, will be considered up to £10,000. Exceptional circumstances will be considered if the RV is over £10,000 by the S151 Officer and the Portfolio Holder for Finance.

3.2.5 Dover District Council revised their decision on the 19th October 2015, that any applications received for Dover Council, will be considered up to £10,000. Exceptional circumstances will be considered if the RV is over £10,000 by the S151 Officer and the Portfolio Holder for Finance.

3.3 Persons who can make application

3.3.1 Applications must be made by the ratepayer.

3.3.2 EK Services will require a written application and the ratepayer must supply a plan of the property, with the unoccupied portions clearly identified.

3.4 The decision making process

3.4.1 There are no restrictions in the provisions of a Section 44A Relief, regarding the type of property or circumstances in which relief can be awarded, except for the financial conditions that Thanet District Council and Canterbury City Council and Dover Council have now agreed locally to their authority area.

3.4.2 Once EK Services has received an application, providing the application meets the qualifying criteria, relief will be awarded, in respect of the above conditions.

3.4.3 EK Services will require accompanied access to the property during normal working hours to verify the application. Further access will be required on at least one occasion each month, during normal office hours, during the period for which relief is being awarded.

3.4.4 Relief will not be awarded under any circumstance where it is not possible to verify the application.

3.4.5 EK Services will consider applications within 21 days of the application and all supporting information being received and will notify the customer should there be a delay in processing the application.

3.4.6 EK Services will notify the applicant of the decision in writing and where the relief is refused, an explanation of the reasons why will be given.

3.4.7 EK Services will not consider applications where the customer has failed to provide information within the timescales provided to them and will notify the customer in writing that the application has been refused.

3.4.8 To ensure there is a fair and consistent approach to the award of Section 44a Relief, all applications will be considered within the guidelines of this policy and a written record will be kept on file of the decisions and factors considered in the process. The decision will be available free of charge to the applicant on request.

3.5 Period of Section 44A Relief

3.5.1 Section 44A Relief will only be applied to a property that is partly occupied for a temporary period.

3.5.2 Section 44A Relief will end under the following circumstances;

- At the end of a financial year, regardless of the date relief was applied;
- Where all or part of the unoccupied area becomes occupied;
- The person liable for Business Rates changes.

3.5.3 A new application may be submitted immediately by the customer if relief ends for any of the reasons outlined in 3.5.2.

3.6 Calculation of Section 44A Relief

3.6.1 Where EK Services agrees to award a Section 44A Relief, we will notify the Valuation Officer to seek a reduction in the rateable value.

3.6.2 The amount of relief is calculated on a statutory basis based on the rateable value of the empty portion of the property. The appropriate rateable value is provided to EK Services by the Valuation Office Agency. The amount awarded by Thanet District Council, Canterbury City Council and Dover District Council will not exceed £10,000 as detailed above.

3.7 Authority to Award Section 44A Relief

3.7.1 In the interests of efficiency, the authority to consider applications is delegated to EK Services' Business Rates Officers, other than the applications that are above £10K for Thanet District Council, Canterbury City Council and Dover District Council which will now be considered by the S151 and the Portfolio Holder for Finance.

3.8 Backdating Section 44A Applications

3.8.1 Where a backdated application is received, the customer will be required to produce evidence to prove the area was unoccupied for the period the relief relates to. Acceptance of such evidence is at the discretion of EK Services.

4.0 Business Rates - Hardship Relief

4.1 Legal Requirements

4.1.1 Section 49 of the Local Government Finance Act 1988 provides a Local Authority with the discretion to reduce or remit payment of rates under the grounds of hardship.

4.1.2 EK Services, using delegated authority, can reduce or remit the payment of rates where it is satisfied that the customer would sustain hardship if we did not do so and that it is reasonable award relief, having taken into account the interests of the Council Tax payers.

4.1.3 There is no statutory definition of ‘hardship’ and it is for EK Services to decide on the facts of each case as to whether to exercise our discretion. EK Services may adopt rules for the consideration of hardship but are unable to adopt a blanket policy and each case will be considered individually.

4.1.4 It is the Governments guidance that remission of Business Rates on the grounds of hardship is the exception rather than the rule.

4.2 Legal Requirements – State Aid

4.2.1 European Union competition rules restrict Government subsidies to businesses. Relief from taxes, including business rates, could be considered as state aid.

4.2.2 Hardship Relief for customers engaged in commercial activities, which compete with commercial bodies or have a commercial partner, could constitute state aid. In such cases it would be unlikely that the customer would be considered for Hardship Relief.

4.3 Financial Impact

4.3.1 The funding arrangements for relief changed when the Business Rates retention scheme was introduced in April 13. Relief awarded is now funded by the Government, local Council and County Council.

4.4 Persons who can make application

4.4.1 Applications must be made in writing by the ratepayer or their agent.

4.4.2 Applications for hardship relief must be accompanied by the following;

- The most recent accounts and the last audited accounts; and
- An up to date trading statement showing the current financial position of the business; and
- Details of the amount of relief being requested and the period of time it is being requested for; and
- An explanation of the benefits to the community arising from an award of hardship relief.

4.5 The Decision Making Process

4.5.1 Although there is no statutory necessity to complete a formal application form, it is recommended that a form be completed, as it will form a checklist of criteria to be met or questions to be answered. This will assist in speeding up the application process.

4.5.2 All applications will be considered on an individual basis and decisions will be made in accordance with this policy. The following examples indicate circumstances where it may be appropriate to award Hardship Relief. They are included in this policy in the form of broad, general guidelines and are not intended to be prescriptive;

- The customer will suffer hardship if the relief is not granted;
- There is a direct benefit to the ratepayer or the community or no adverse impact to other ratepayers or the community as a result of awarding relief;
- The cost to local Council Tax payers is proportional to the benefits of the community;
- The ratepayer's business has been detrimentally affected by circumstances beyond the ratepayers control and that do not constitute part of the normal risks in running a business i.e. a natural disaster or an unusual or uncontrollable event in the neighbourhood of the business
- By refusing to award the relief may result in the loss of the business. The impact on local amenities must be considered if the business is the sole provider of a service in the local area i.e. the only village shop;
- By refusing to award the relief may result in the loss of the business. The impact on employment prospects in the local area must be considered i.e. if the closure results in a large number of redundancies, the social aspect of increasing unemployment and the possible negative impact in attracting further investment in the area must be considered;

4.5.3 EK Services will only grant Hardship Relief for a period where there is clear evidence of hardship for the ratepayer concerned. This will ordinarily be for short period of time and not on an ongoing basis.

4.5.4 Hardship Rate Relief may not be awarded if there are alternative facilities within the area or if the business is situated in an area with adequate public transport links to alternative businesses. The granting of relief should be in the interests of the community as a whole although the legislative "test" is that the business itself has to be suffering from "hardship". If the decision is that it is not in the interests of the community as a whole to grant Hardship Relief, then the decision will be final with no rights to appeal.

4.5.5 EK Services will also consider applications from new businesses as well as established businesses. We recognise that a new business could also be the sole provider of a service in our local area who contributes to the health and quality of life of the Council Tax payers generally.

4.5.6 EK Services recognises that there may be occasional circumstances in which the use of this power is beneficial to either an individual ratepayer or the community. However, in accordance with Government guidelines it accepts that this power should be used sparingly and only in the most exceptional of circumstances.

4.5.7 EK Services will consider applications within 21 days of the application and all supporting information being received and will notify the customer should there be a delay in processing the application.

4.5.8 EK Services will notify the applicant of the decision in writing and where less than the maximum amount of relief is granted or the relief is refused, an explanation of the reasons why will be given.

4.5.9 EK Services will not consider applications on the grounds of hardship where the customer has failed to provide information within the timescales provided to them and will notify the customer in writing that the application has been refused.

4.5.10 To ensure there is a fair and consistent approach to the award of Hardship Relief, all applications will be considered within the guidelines of this policy and a written record will be kept on file of the decisions and factors considered in the process. The decision will be available free of charge to the applicant on request.

4.6 Period of Hardship Relief

4.6.1 EK Services will normally only award Hardship Relief retrospectively. However, where the applicant can show that the circumstances will remain the same for a period up to the end of the current financial year, relief may be award for the remainder of the year.

4.6.2 In all cases Hardship Relief will end in the following circumstances;

- At the end of a financial year;
- A change of liable person;
- The property becomes empty or unoccupied;
- The customer enters any form of Insolvency proceedings;
- The customer's financial circumstances change. The customer must inform EK Services if their circumstances change.

4.7 Calculation of Hardship Relief

4.7.1 Hardship Relief will be calculated as a percentage of the Business Rates bill. Should the Business Rates bill reduce within the period Hardship Rate Relief is granted, the relief will be reduced proportionately.

4.7.2 If the Business Rates bill increase within the period Hardship Relief is granted, i.e. an increase in rateable value, the amount awarded will not automatically be increased. In such cases, EK Services, upon request of the customer, will reconsider the application and may award additional relief.

4.8 Authority to process applications and award relief

4.8.1 In the interests of efficiency, the authority to consider applications is delegated as set out below;

Thresholds – Value of award	**Position of Authority**	**Counter Authority**
Up to £10,000	Council Tax / Business Rates Officer	Senior Council Tax Officer
£10,001 to £30,000	Council Tax / Business Rates Officer	Senior Council Tax Officer
Over £30,000	Council Tax / Business Rates Officer Revenues Officer to make recommendation & Council Tax Team Leader to approve application	Income Manager
Where relief applied will exceed annual budget	Council Tax / Business Rates Officer to make recommendation & Council Tax Team Leader to approve application	Income Manager to approve and refer for Executive / Cabinet decision.

4.9 Backdating Applications

4.9.1 The law allows claims received between 1 April and 30 September in any year to be backdated to 1 April of the previous year. Customers requesting hardship relief to be backdated i.e. for the previous year will be dealt with in the same way as applications for the current year.

4.9.2 Applications outside of the qualifying period in 4.9.1 will not be backdated beyond 1 April of the year in which it is awarded.

5.0 Local Business Rates discounts

Section 69 of the Localism Act 2011 amends section 47 of the Local Government Finance Act 1988 to replace the limited circumstances in which local authorities can currently give discretionary relief with a power to grant relief in any circumstances. This is subject to the condition that, except in the limited circumstances specified, the local authority may only grant relief if it would be reasonable to do so having regard to the interests of council tax payers in its area. The amendments also require a local authority to have regard to any relevant guidance issued by the Secretary of State.

Periodically, the Government will ask local authorities to consider exercising their powers under the Localism Act for exceptional circumstances (for example the 2014 flooding which affected some businesses and is covered by a separate financial grant from Government). Where this happens EK Services will have due regard to the relevant guidance issued by the Secretary of State and award this relief as appropriate.

This new power was introduced in December 2011 and enacted from 1 April 2012. The Government has not issued guidance in respect of English local authorities but councils do have to ensure that the reliefs they allow do not transgress state aid rules. Any relief granted will have to be funded locally and the Government expects local councils to work closely with the county council on the use of the power.

5.1 Retail relief scheme

The Government announced in the Autumn Statement on 5 December 2013 that it will provide a relief of up to £1,000 to all occupied retail properties with a rateable value of £50,000 or less in each of the years 2014-15 and 2015-16.

The Government have not introduced legislation to cover these reliefs. Instead Councils are instructed to use their discretionary relief powers, introduced by the Localism Act (under section 47 of the LGFA 1988) to grant relief. Central Government will fully reimburse local authorities for the local share of the discretionary relief.

Full details of which businesses qualify for this relief for 2014/15 and 2015/16 are contained in Appendix I

EK Services will award this relief automatically to all businesses who clearly fall into one of the approved “business types” outlined in Appendix I for the financial years 2014/15 and 2015/16. Those that cannot be easily identified will be contacted for further information and the relief awarded as appropriate. EK Services reserves the right to make decisions on awards for businesses that do not readily fall into the Government categories on a “best match” basis.

5.2 Business Rates – Enterprise Zone relief

The Non-Domestic Rating Contributions (England) (Amendment) Regulations 2012 allow local authorities to fund a 100% business rates discount for up to 5 years for businesses that move into Enterprise Zones before April 2015. The discount is awarded using Section 47 Local Government Finance Act 1988 powers and is a matter for the local authority. The total level of discount awarded is subject to state aid de minimis limits.

There is only one Enterprise Zone in East Kent – the Discovery Park in Sandwich. All businesses that are situated within the official zone boundary are eligible to receive the discount regardless of the type of business and regardless of whether the accommodation is occupied or not. Relief awarded to companies that exist in name only and who do not physically occupy the relevant property will be discussed with the Council first and approval received prior to awarding the relief.

5.3 Business Rates – Re-occupation relief

50% relief awarded for 18 months to occupied property that:

- When previously in use was used for retail use.
- Had been empty for 12 months or more before re-occupation.
- Becomes re-occupied for any use between 01.04.14 to 31.03.16
- Is being used for any use except:
    - Betting shops
    - Payday loan shops
    - Pawn brokers

EK Services will always look at each application for relief individually and decide whether the property is wholly occupied and bona fide within the spirit of the guidance.

Relief will not be granted where it is believed that the occupation of the property/business is contrived so as to mitigate the impact of empty property charges. Examples of this may be where businesses have just installed Bluetooth transmitting equipment or insubstantial amounts of boxes etc. for storage purposes.

6.0 Council Tax - Reduction in Council Tax Liability (Section 13A)

6.1 Legal Requirements

6.1.1 Section 13A(1)(c) of the Local Government Finance Act 1992 inserted by Section 76 of the Local Government Act 2003 provides a local authority with the discretion to reduce Council Tax.

6.1.2 EK Services, under delegated authority, can further reduce the payment of Council Tax where it is satisfied that the customer is liable to pay Council Tax.

6.1.3 EK Services has the discretion to choose whether to reduce Council Tax on a case by case basis or to specify a class of use. A class of use is where several people who pay Council Tax fall into a group because their circumstances are similar i.e. customers who have had to leave their homes due to flooding.

6.1.4 Applications will only be granted in exceptional circumstances and where other eligible discounts, reliefs and exemptions have been considered. EK Services will give consideration to reducing Council Tax liability for any customer within the local area.

6.1.5 For taxpayers within the Canterbury City Council boundary special provision has been made under this legislation to award a local discount if the following criteria apply:

a) A property has been empty and substantially unfurnished for 2 years or more; and is subject to the “long term empty premium”
b) The property itself is “sheltered” housing – the definition of which is a privately owned property which is designed and occupied exclusively by people aged over 60; and
c) The property is currently empty due to the long term illness or death of the taxpayer and is for sale at market value

The amount of local discount granted in these circumstances is limited to the value of the additional 50% long term empty premium which would normally apply

6.1.6 There is a separate policy and set of rules for Council Tax Reductions under the published Council Tax Reduction Scheme which replaced Council Tax Benefit and these are not covered by this policy.

6.2 Financial Impact

6.2.1 The cost of any reduction awarded under Section 13A(1)(c) must be met by each Local Authority.

6.3 Persons who can make application

6.3.1 Application for reduction of Council Tax liability can be made by the Council Tax payer, an appointee or an authorised third party acting on the customer’s behalf.

6.3.2 Applications must be made in writing and be accompanied by the following;

- The circumstances for which the reduction is being requested including any hardship or personal circumstances relating to the application;

- A full income and expenditure breakdown for the applicant and all other persons residing in the property;

- Details of the amount of reduction being requested and the period of time it is being requested for;

6.3.3 EK Services may request evidence that is relevant to the application. No costs will be borne by EK Services in the provision of this evidence.

6.4 The decision making process

6.4.1 There is no statutory necessity to complete a formal application form.

6.4.2 All applications will be considered on an individual basis and decisions will be made in accordance with this policy. EK Services will consider the following before awarding any reduction;

- The customer must demonstrate in their application that they have taken all reasonable steps to resolve their own situation prior to making application;
- Whether there is an entitlement to Council Tax Support under the Council Tax Reduction Scheme;
- All other discounts./reliefs have been awarded to the customer where there is entitlement;
- Where appropriate, any entitlement to Discretionary Housing Payments;
- The customer does not have access to other assets that could be used to pay the Council Tax;
- Where the criteria applying only to Canterbury City Council “sheltered housing” residents applies then the discount will normally be awarded.
- The financial circumstances of the customer at the time the Council Tax charge or arrears accrued;
- If the customers Council Tax account is in arrears for previous financial years, EK Services must be satisfied that non-payment was not due to refusing to make payment or not prioritising the payment of Council Tax.

6.4.3 There must be clear evidence of hardship or personal circumstance that justifies a reduction in Council Tax liability. This will ordinarily be for a short period of time and not on an ongoing basis.

6.4.4 EK Services will consider applications within 21 days of the application and all supporting information being received and will notify the customer should there be a delay in processing the application

6.4.5 EK Services will notify the applicant of the decision in writing and where less than the maximum reduction amount or the reduction is refused, an explanation of the reasons why will be given.

6.4.6 EK Services will not consider applications to reduce Council Tax liability where the customer has failed to provide information within the timescales provided to them and will notify the customer in writing that the application has been refused.

6.4.7 To ensure there is a fair and consistent approach to the award of Section 13A(1)(c) reduction, all applications will be considered within the guidelines of this policy and a written record will be kept on file of the decisions and factors considered in the process. The decision will be available free of charge to the applicant on request.

6.5 Period of Section 13(A)(1)(c) reduction

6.5.1 EK Services will normally only award Section 13A(1)(c) reduction retrospectively. However, where the applicant can show that the circumstances will remain the same for a period up to the end of the current financial year, a reduction may be awarded for the remainder of the year.

6.5.2 In all cases a Section 13A(1)(c) reduction will end in the following circumstances;

- At the end of a financial year;
- A change of liable person;
- The property becomes empty or unoccupied;
- The customer enters any form of Insolvency proceedings;
- The customer’s financial circumstances change. The customer must inform EK Services if their circumstances change.

In the case of the discount awarded to Canterbury City Council “sheltered housing” taxpayers the reduction will continue all the time the 50% long term empty premium is still being charged and will end automatically if the premium ends.

6.6 Calculation of 13A(1)(c) Reduction

6.6.1 EK Services will not set percentage discounts or reductions to be applied, as each individual case will have different circumstances. The amount of remission or reduction awarded will take into account the level of arrears or Council Tax charge and the extent to which the criteria or guidelines are met.

6.6.2 Should the Council Tax bill reduce within the period that Section 13A(1)(c) reduction has been applied; the reduction will be reduced proportionately. If the Council Tax bill increases within the period the reduction is applied, i.e. discount is removed, the amount of relief awarded will not automatically increase. In such cases, EK Services, upon request of the customer, will reconsider the application and may award an additional reduction.

In the case of the discount awarded to Canterbury City Council “sheltered housing” taxpayers the reduction will be to the same financial value as the extra 50% premium added by the “long term empty property premium”

6.7 Authority to process applications and award Section 13A(1)(c) relief

6.7.1 In the interests of efficiency, the authority to consider applications is delegated as set out below;

Thresholds – Annual Cost to EK Services	**Position of Authority**	**Counter Authority**
Up to £2,000 *	Council Tax Officer	Senior Council Tax Officer
£2,001 to £6,000	Senior Council Tax Officer	Council Tax Team Leader

Over £6,000	Council Tax Team leader to make recommendation	Income Manager
Where relief applied will exceed annual budget	Council Tax Team Leader to make recommendation	Income Manager to approve and refer for Cabinet decision.

* In the case of applications from Canterbury City Council "sheltered housing" taxpayers all decisions will be made by the Council Tax Team Leader or more senior officer regardless of the financial value involved.

6.8 Backdating Applications

6.8.1 Customers requesting Section 13A(1)(c) reduction to be backdated i.e. for the previous year will be dealt with in the same way as applications for the current year.

6.9 Fraudulent claims

6.9.1 If a reduction has been made as a result of a false or fraudulent claim EK Services reserves the right to withdraw the award granted.

6.9.2 EK Services will consider prosecuting any applicant who makes a false statement or provides fraudulent evidence to support their application.

7.0 Council Tax and Business Rates Discretionary Relief - Right of Appeal

7.1 Overview

7.1.1 There is no statutory right of appeal against a decision regarding discretionary relief made by EK Service. However, EK Services recognises that customers should be entitled to have a decision reviewed objectively, if they are dissatisfied with the outcome.

7.1.2 EK Services will give consideration to all appeals in accordance with this policy and agrees to abide by the following appeals process. Aggrieved customers should make an appeal in accordance with the process.

7.1.3 Customers will be notified of the appeals process by EK Services in writing at the time that they are notified of the outcome of their request for discretionary relief.

7.1.4 Appeals against decisions to award discretionary relief will not be considered by the same Officers administering the application for relief and will normally be considered by a Senior Council Tax Officer or the Business Rates Team Leader.

7.1.5 Decisions made after the appeals process has been followed will be final. Submitting an appeal does not affect the appellant's legal rights to challenge a decision made by the Council through the Judicial Review process

7.2 Persons that can appeal

7.2.1 Appeals may only be made by the original applicant. An appellant may appoint a third party to act on their behalf and in such cases EK Services will require written authorisation from the appellant.

7.2.2 Customers may appeal against the decision to award or not award relief or against the level of relief awarded. An appeal must be made within four weeks of the issue of the letter notifying them of EK Services' decision.

7.2.3 Any appeals received outside of the 4 week period will only be considered if EK Services are satisfied that exceptional circumstances led to the delay in submitting the appeal.

7.3 Applications for appeal

7.3.1 Appeals must be in writing and include the following;

- The reasons why it is believed the decision should be amended;
- Any new or additional information relevant to the decision making process.

7.3.2 The appellant does not have a right to appear in person but may make a request to present evidence in person. Such requests will be considered at the discretion of EK Services, as appropriate.

7.3.3 EK Services can request a meeting with the customer to hear evidence in person.

7.4 Notification of the final decision following appeal

7.4.1 EK Services will consider appeal applications within 21 days of the application and all supporting information being received and will notify the customer should there be a delay in the consideration of the appeal.

7.4.2 EK Services will notify the applicant of the final decision in writing within the 21 days period and whether an appeal is refused or accepted, a full explanation of the decision making process will be given. A written record will be kept on file of the decisions and factors considered in the process.

7.4.3 For Business Rates, both Discretionary Relief and Hardship Relief is the subject of separate applications. Should an EK Services Officer decide to reject the appeal in respect of Discretionary Relief they cannot offer Hardship Relief as an alternative. However, the applicant can be invited to make a separate application.

7.5 Discontinuation of Applications or Appeals

7.5.1 If EK Services have requested further evidence from the customer and this has not been received within the specified time given, the appeal will not be considered.

7.5.2 Customers will be advised in writing the reason why their application has been discontinued.

7.6 Cancellation of relief

7.6.1 Relief will be cancelled if;

- The applicant ceases to be the ratepayer or taxpayer;
- The property becomes empty or becomes occupied, or all or part of the unoccupied area becomes occupied;

- The use of the property changes;
- The aims or objectives of the ratepayer / taxpayer change;
- The financial circumstances for a customer changes.

7.6.2 Where relief is cancelled for any of the reasons above, a new application may be made by customers straight away.

8.0 Action to recover unpaid Business Rates or Council Tax whilst a decision is pending

8.1 Once an application for discretionary relief is received, no action will be taken to recover any unpaid Business Rates or Council Tax until after the decision has been notified to the customer.

8.2 In the case where the customer has been notified of a decision and they exercise their rights to appeal, payment cannot be withheld pending an appeal decision. In the event that an appeal is successful, any overpayment will be refunded.

8.3 For circumstances where an application is being discontinued, recovery action will commence after the ratepayer has been notified of the discontinuation in writing.

9.0 Promotion of the availability of relief

9.1 EK Services will proactively promote the availability of discretionary relief, in the following ways;

- All Business Rates and Council Tax Bills will have include accompanying information explaining the availability of relief;
- EK Services Officers who deal with enquiries from customers will be trained in all aspects of this policy and will actively promote the availability of relief when responding to customers enquiries;
- EK Services will work in partnership with other organisations to promote the availability of relief;
- Information regarding the availability of relief's will be published on our web site;
- A copy of this policy will be placed on our website and printed copies will be made available to ratepayers and other stakeholders on request.

10.0 Equalities Statement

EK Services are committed to delivering a service that is accessible and fair to all of the communities that we serve. We will ensure that all people are treated with respect and dignity.

The Equality Act 2010 sets us an "Equality Duty" to:

1. eliminate discrimination, harassment and victimisation;
2. promote equality of opportunity between different groups in the community; and
3. foster good relations within the local community

We give careful consideration to equality issues in our new and existing policies, strategies and services to see what effect they will have on different groups within our communities, including those with protected characteristics.

The protected characteristics covered by the Equality Duty are:

- age;
- disability;
- marriage and civil partnership (but only in respect of eliminating unlawful discrimination);
- pregnancy and maternity;
- gender reassignment;
- race – this includes ethnic or national origins, colour or nationality;
- religion or belief – this includes lack of belief;
- sex (gender);
- sexual orientation.

We also recognise that socio-economic status can be a significant barrier to equality of opportunity.

We identify potential consequences for these groups and ensure any negative impacts are eliminated or reduced. We also identify opportunities to eliminate discrimination and promote positive relations between groups and throughout our communities.

11.0 Policy Review

This policy will be reviewed on an annual basis, or where significant legislation changes in order to ensure it remains valid, effective and relevant.

Appendix I

Retail relief scheme – qualifying properties

Properties that will benefit from the relief will be occupied hereditaments with a rateable value of £50,000 or less, that are wholly or mainly being used as shops, restaurants, cafes and drinking establishments.

We consider shops, restaurants, cafes and drinking establishments to mean:

i. **Hereditaments that are being used for the sale of goods to visiting members of the public:**

- Shops (such as: florist, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licence, chemists, newsagents, hardware stores, supermarkets, etc.)
- Charity shops
- Opticians
- Post offices
- Furnishing shops/ display rooms (such as: carpet shops, double glazing, garage doors)
- Car/ caravan show rooms
- Second hard car lots
- Markets
- Petrol stations
- Garden centres
- Art galleries (where art is for sale/hire)

Hereditaments that are being used for the provision of the following services to visiting members of the public:

- Hair and beauty services (such as: hair dressers, nail bars, beauty salons, tanning shops, etc.)
- Shoe repairs/ key cutting
- Travel agents
- Ticket offices e.g. for theatre
- Dry cleaners
- Launderettes
- PC/ TV/ domestic appliance repair
- Funeral directors
- Photo processing
- DVD/ video rentals
- Tool hire
- Car hire

Hereditaments that are being used for the sale of food and/ or drink to visiting members of the public:

- Restaurants
- Takeaways
- Sandwich shops
- Coffee shops
- Pubs/Bars

To qualify for the relief the hereditament should be wholly or mainly being used as a shop, restaurant, cafe or drinking establishment. In a similar way to other reliefs (such as charity relief), this is a test on use rather than occupation. Therefore, hereditaments which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief.

The list set out above is not intended to be exhaustive as it would be impossible to list the many and varied retail uses that exist. There will also be mixed uses. However, it is intended to be a guide for authorities as to the types of uses that government considers for this purpose to be retail. Authorities should determine for themselves whether particular properties not listed are broadly similar in nature to those above and, if so, to consider them eligible for the relief. Conversely, properties that are not broadly similar in nature to those listed above should not be eligible for the relief.

Retail relief scheme – non qualifying properties

Hereditaments that are being used for the provision of the following services to visiting members of the public:

- Financial services (e.g. banks, building societies, cash points, bureau de change, payday lenders, betting shops, pawn brokers)
- Other services (e.g. estate agents, letting agents, employment agencies)
- Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)
- Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers, tutors)
- Post office sorting office

Hereditaments that are not reasonably accessible to visiting members of the public

EK SERVICES POLICIES AND PROCEDURES

POLICY FOR THE GRANTING OF DISCRETIONARY BUSINESS RATES RELIEF, SUPPORTING SMALL BUSINESSES RELIEF AND PUB RELIEF

Canterbury City Council, Dover District Council and Thanet District Council have entered into a shared service agreement to allow joint working and make savings in the Benefits, Council Tax and Business Rates sections.

Where 'EK Services' and 'EKS' are mentioned this refers to the shared service between Canterbury City Council, Dover District Council and Thanet District Council.

Where references are made to ‘EK Services Officers’ these services are now being delivered by Civica UK Limited. Civica UK Limited provides benefit services, income collection services, council tax and business rates administration and collection services and customer contact services to the Council.

Contents

1.0 Purpose of the Policy

1.1 The purpose of this policy is to determine the level of Discretionary Business Rates Relief to be granted to certain defined ratepayers within the Partnership Councils' area.

1.2 The Local Government Finance Act 1988 and subsequent legislation requires each Council to grant discretionary relief for premises occupied by Charities and similar organisations that own or occupy them wholly or mainly for charitable purposes. Likewise, certain premises situated within a rural settlement area will be eligible for relief. Powers have also been granted under the Localism Act 2011, which allow for the granting of discretionary rate relief to any premises where a Council feels the granting of such relief would be of benefit to the local community.

1.3 In addition to the above, Central Government is keen that in certain cases, assistance should be provided to businesses who have had increases in their rate liability due to the revaluation of premises in April 2017. In these cases, and where a Council meets Central Government guidelines, grants are available under section 31 of the Local Government Act 2003.

1.4 Whilst the all Councils are obliged to grant relief to premises, which fall within the mandatory category, the Partnership Councils also have powers to grant discretionary relief and reductions to ratepayers, subject to certain criteria being met.

1.5 This document outlines the following areas:

- Details of the criteria for receiving an award under the Discretionary Business Rates Relief Scheme;
- The EK Service's general policy for granting of all types of Discretionary Reliefs;
- Guidance on granting and administering the reliefs;
- European Union requirements including provisions for State Aid; and
- The Partnership Councils' Scheme of Delegation.

1.6 This document covers all aspects of the new Discretionary Business Rates Relief scheme which is available from 1st April 2017. Where businesses apply for relief they will be granted (or not granted) relief in line with the following policy.

2.0 Discretionary Relief - Legislative Background

Introduction

2.1 The original purpose of discretionary relief was to provide assistance where the property does not qualify for mandatory relief, or to 'top' up cases where ratepayers already receive mandatory relief.

2.2 Over recent years, and particularly since 2011, the discretionary relief provisions have been amended to allow authorities the flexibility to provide more assistance to businesses and organisations.

2.3 The range of bodies, which are eligible for discretionary rate relief, is wide and has been developed by both the Council and Central Government to address certain issues with business rates.

2.4 Unlike mandatory relief, ratepayers are obliged to make a written application to EK Services. EK Services will expect all businesses to make applications in such a format as is required (which may vary from time to time) and for the business to provide such information, evidence, certificates etc. as required in order to determine whether relief should be awarded .

2.5 EK Services is obliged to consider carefully every application on its merits, taking into account the contribution that the organisation makes to the amenities within the authority's area. There is no statutory appeal process or Tribunal against any decision made by EK Services, although as with any decision of a public authority, decisions can be reviewed by Judicial Review. The authority will however, upon request, review decisions made. Details of the internal review process are given within this policy.

2.6 The granting of discretionary relief falls broadly into the following categories:

a. Discretionary Relief - Charities who already receive mandatory relief;

b. Discretionary Relief - Premises occupied by organisations not established or conducted for profit whose main objects are charitable or are otherwise philanthropic or religious or concerned with education, social welfare, science, literature or the fine arts or premises occupied by organisations not established or conducted for profit and wholly or mainly used for purposes recreation;

c. Discretionary Relief - Granted under the Localism Act 2011 provisions;

d. Local Newspaper Relief (from 1st April 2017 for a period of two years);

e. Local Public House Relief (from April 2017 for a one year period);

f. Supporting Small Businesses Relief (from 1st April 2017 for a period of five years or until business pay their full rate charge or their transitional rate charge (calculated in accordance with the Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2016); and

g. Discretionary Business Rates Relief Scheme (from 1st April 2017 for a period of up to four years).

2.7 This policy document purely covers the granting of awards under e., f., and g. above. The decision to grant or not to grant discretionary relief is a matter purely for each Council. The EK Services policy for granting other reliefs can be found on the each of the partnership Councils' websites.

EK Services' general approach to granting Discretionary Relief

2.8 In deciding which organisations should receive discretionary rate relief, EK Services has considered the following factors and priorities:

a. That any award should support business, organisations and groups that help to retain services in any partnership Councils' area and not compete directly with existing businesses in an unfair manner;

b. It should help and encourage business, organisations, groups and communities to become self-reliant;

c. Awarding discretionary relief should not distort competition or significantly change the provision of services within any of EK Services' areas;

d. Local organisations will be given priority over national organisations. Where requested, the organisation will need to supply the partnership with clear evidence of all financial affairs including, and most importantly, the amounts of monies raised, used and invested locally. This will be essential where the organisation is national in nature;

e. To enable appropriate organisations to start, develop or continue their activities, which deliver outcomes to the community and that also relate to the priorities of each Council, which, without granting discretionary relief they would be unable to do;

f. To assist each Council in delivering services which could not be provided otherwise;

g. To enable each Council to determine the level of rate change in comparison with the organisation's financial situation; and

h. To ensure that the financial impact of awarding discretionary business rate relief is justified in terms of the local outcomes achieved by the organisation receiving it.

2.9 Where any reduction or remission is granted to a ratepayer under S49 Local Government Finance Act 1988 where hardship is proven, then there will be no requirement to grant Discretionary Rate Relief for that amount.

2.10 In certain cases, the order in which relief is granted is specified. Mandatory relief shall be granted in all cases where the criteria is met irrespective of whether discretionary relief can be granted or not.

The EK Services' approach to granting Government led Discretionary Relief schemes

2.11 Over the past few years, a number of schemes have been led by Central Government but without specific legislative changes. These are administered under S47 of the Local Government Finance Act 1988 and guidance if often provided. EK Services are keen to support such initiatives especially where they are designed to help local businesses and will look to maximise both the reliefs given as well as maximising any grants receivable. However, EK Services reserves the right to vary its approach where thought appropriate.

2.12 In the case of the Discretionary Business Rate Relief scheme, Central Government is keen that individual Councils develop their own scheme to meet local needs. Government has allocated funds to each Council using a particular methodology, but it has been keen to point out that this should have no bearing on the actual scheme adopted.

3.0 Effect on the Partnership Councils' Finances

3.1 The granting of discretionary relief will, in the main, potentially involve a cost to each Council. Since the change to the funding for Non-Domestic Rating in April 2013, the effect of the relief is complex.

3.2 Any amounts granted prior to 1st April 2013 and continuing since that date will be included in the Councils' baseline within the Business Rates Retention Scheme. Any amounts granted for similar cases after 1st April 2013, the costs of the relief will be borne in accordance with the Business Rates Retention Scheme share namely 50% borne by Central Government, 40% by each Partnership Council and 10% by Kent County Council This also applies where mandatory relief is granted.

3.3 In March 2017, Central Government announced that it would make available a discretionary fund of £300 million over four years from 2017-18 to support those businesses that face the steepest increases in their business rates bills as a result of the revaluation. Government determined that Councils would be best placed to determine how this fund should be targeted and administered to support those businesses and locations within their area that are in the greatest need.

3.4 Where Central Government leads an initiative such as the Discretionary Business Rates Relief Scheme, grants are often made available. This is not automatic and Central Government will look to each Council to adopt any recommended criteria when granting in these areas to ensure that any grant is paid.

3.5 Every authority within England is to be provided with a share of the fund to support their local businesses. This is to be administered through billing authorities' discretionary relief powers under section 47 of the Local Government Act 1988. The full effects of the financial allocation are shown below.

3.6 The allocation of monies to authorities and the methodology of the funding award is completely separate to the scheme itself and Government believes that local authorities are best placed to judge the particular circumstances of local ratepayers and direct the funding where it is most needed to support local economies .

3.7 The funding is not provided equally over the four-year period but in the following approximate proportions:

Year 1 (2017/18)	58%
Year 2 (2018/19)	28%
Year 3 (2019/20)	12%
Year 4 (2020/21)	2%

3.8 Councils will be compensated for any relief granted under section 31 of the Local Government Act 2003. The Government has stated that any underspend cannot be 'vired' from one year to the next.

3.9 Key criteria of reimbursement will be that all Billing Authorities will consult with major precepting authorities when formulating their schemes.

3.10 The financial effects to each Council of the Discretionary Business Rates Relief Scheme are shown in the following table

Council Amount of discretionary fund awarded (£000s)

	2017-18	2018-19	2019-20	2020-21
Canterbury City Council	425	206	85	12
Dover District Council	232	113	46	7
Thanet District Council	330	160	66	9

3.11 The above is to be awarded up to the maximum level set by Central Government. It is possible for the Council to grant more relief than that allocated by grant. However, once the maximum grant level has been reached, any additional amount granted is borne 40% by each Council, 10% by Kent County Council and 50% by Central Government.

4.0 Discretionary Relief - EU State Aid requirements

4.1 European Union competition rules generally prohibit Government subsidies to businesses. Relief from taxes, including non-domestic rates, can constitute state aid. Any Council must bear this in mind when granting discretionary rate relief.

4.2 Rate relief for charities and non-profit making bodies is not generally considered to be state aid, because the recipients are not in market competition with other businesses. However, where other bodies receive relief and are engaged in commercial activities or if they are displacing an economic operator or if they have a commercial partner, rate relief could constitute state aid.

4.3 Relief will be State Aid compliant where it is provided in accordance with the De Minimis Regulations (1407/20 13)1. The De Minimis Regulations allow an undertaking to receive up to €200,000 of De Minimis aid in a three-year period (consisting of the current financial year and the two previous financial years).

4.4 Where the relief to any one business is greater than the De Minim is level, then permission will need to be obtained from the European Commission. In such cases the matter will be referred to the Department for Communities and Local Government (DCLG) for advice and then referred back to the Council for consideration. It will be for the ratepayer to provide confirmation as to whether the State Aid provisions apply to them.

4.5 In all cases, where discretionary relief is to be granted or where liability is to be reduced, when making an application, ratepayers will be required to provide EK Services with sufficient information to determine whether these provisions are applicable in their case.

5.0 Administration of Discretionary Relief - General approach

5.1 The following section outlines the procedures followed by officers in granting, amending or cancelling discretionary relief and reduction. This is essentially laid down by legislation 2

Applications and Evidence

5.2 All reliefs must be applied for. Application forms are produced by EK Services both in hard copy and electronic format. The relevant application form is included within Appendix A of this policy. EK Services will specify how applications are to be received and this may vary from time to time.

5.3 Organisations are required to provide a completed application form plus any such evidence, documents, accounts, financial statements etc. necessary to allow EK Services to make a decision. Where insufficient information is provided, then no relief will be granted. In some cases, it may be necessary for officers to visit premises and we would expect organisations claiming relief to facilitate this where necessary.

5.4 Applications should initially be made to the Revenues Section and will be determined in accordance with this policy.

5.5 EK Services will provide this service and guidance free of charge. Ratepayers are encouraged to approach the relevant Council direct and not pay for such services through third parties.

Granting of relief

5.6 In all cases, EK Services will notify the ratepayer of decisions made.

5.7 Where an application is successful, then the following will be notified to them in writing:

- The amount of relief granted and the date from which it has been granted;
- If relief has been granted for a specified period, the date on which it will end;
- The new chargeable amount;
- The details of any planned review dates and the notice that will be given in advance of a change to the level of relief granted; and
- A requirement that the applicant should notify EK Services of any change in circumstances that may affect entitlement to relief.

5.8 Where relief is not granted then the following information is provided, again in writing:

- An explanation of the decision within the context of each Councils' statutory duty; and
- An explanation of the appeal rights (see below).

The Non-Domestic Rating (Discretionary Relief) Regulations 1989

5.9 Discretionary relief is to be granted from the beginning of the financial year in which the decision is made. Since 1997 decisions can be made up to 6 months after the end of the financial year for which the application was made. In such cases, EK Services may backdate its decision.

5.10 A decision to award discretionary relief and how much relief is given is normally only applicable to the financial year for which the application is made. However, EK Services reserves the right to grant relief for any other period as appropriate. In relation to the Discretionary Business Rate Relief scheme, awards will, in the main be granted from 1st April 2017.

5.11 A fresh application for discretionary relief will be necessary for each financial year or at such time-period as EK Services determines.

Variation of a decision

5.12 Variations in any decision will be notified to ratepayers as soon as practicable and will take effect as follows:

- Where the amount is to be increased due to a change in rate charge or a change in a Council's decision which increases the award - this will apply from the date the Council as appropriate;
- Where the amount is to increase for any other reason it will take effect at the expiry of a financial year, and so that at least one year's notice is given;
- Where the amount is to be reduced due to a reduction in the rate charge or liability including any reduction in rateable value, awarding of another relief or exemption this will apply from the date of the decrease in rate charge; and
- Where the amount is to be reduced for any other reason, it will take effect at the expiry of a financial year, and so that at least one year's notice is given.

5.13 A decision may be revoked at any time, however, a one year period of notice will be given and the change will take effect at the expiry of a financial year.

6.0 Scheme of Delegation

Granting, Varying, Reviewing and Revocation of Relief

6.1 All powers in relation to reliefs are given under the Local Government Finance Act 1988, the Local Government and Rating Act 1997, the Local Government Act 2003 and the Localism Act 2011.However section 223 of the Local Government Act 1992 allows for delegation of decisions by each Council to Cabinet, Committees, Sub-Committees or Officers.

6.2 The Partnership Councils' scheme of delegation allows for the EK Services Income Manager to award, revise or revoke any discretionary relief applications. However, any application which is considered to be of a significant nature will be subject to consultation with the S151 Officer of the Council, and/ or the relevant Executive member prior to final determination.

6.3 Applications that are refused will, on request, be reconsidered if additional supporting information is provided or the refusal is subsequently considered to be based on a misinterpretation of the application.

Reviews

6.4 The policy for granting relief will be reviewed annually or sooner where there is a substantial change to the legislation or funding rules. At such time, a revised policy will be brought before the relevant committee of the Council.

Appeals

6.5 Where any Council receives an appeal from the ratepayer regarding the granting, non-granting or the amount of any discretionary relief, the case will be reviewed by the EK Services Income Manager. Where a decision is revised then the ratepayer shall be informed, likewise if the original decision is upheld.

6.6 Where the ratepayer continues to be aggrieved by the decision, the case will be referred to the section 151 Officer for review. Where appropriate, cases of this nature may also be referred to the Executive member as appropriate.

6.7 Ultimately the formal appeal process for the ratepayer is Judicial Review although EK Services will endeavour to explain any decision fully and openly with the ratepayer.

7.0 Consultation

7.1 EK Services has consulted with the major preceptors in relation to this scheme and has taken their comments into account when determining the eligibility criteria. This is an essential part of the Discretionary Business Rates Relief Scheme and is in line with the grant determination issued by the Department of Communities and Local Government (DCLG) No.31 /3071.

7.2 The grant determination states that a condition of the fund is that consultation is undertaken with 'relevant authorities'. Relevant authorities for the purposes of this scheme means:

a. Any major precepting authority; and

b. Any combined authority.

7.3 In the case of Partnership Council's only the major precepting authorities have been consulted namely:

a. Kent County Council;

b. The Police and Crime Commissioner for Kent; and

c. The Kent Fire and Rescue Service.

8.0 Decisions by EK Services under this scheme

8.1 Decisions by EK Services are made directly in line with the Scheme of Delegation as outlined within section 6 of this policy. Any decision to award relief under this scheme will follow the core principles of each Council's discretionary relief policy as defined by section 2.8.

8.2 It should be noted that, whilst the funding from Central Government for Discretionary Business Rate Relief Scheme is limited, the decision of EK Services whether to award any relief under this scheme cannot take account of any level of funding.

Applications for relief under this scheme

8.3 EK Services is keen to identify ratepayers who may qualify for the relief and as such will look to encourage certain ratepayers to apply. Each Council will look to simplify the application process wherever possible, but it will expect any ratepayers to provide such information as is required by the Council to support their application.

8.4 Each Council has decided that relief under the scheme will be awarded using the following criteria:

a. The scheme is designed to assist ratepayers who have suffered significant increases in rate liability due to the revaluation and the subsequent increase to their Rateable Value;

b. Relief will not be awarded where mandatory relief is granted;

c. In assessing any potential entitlement to an award under this scheme, each Council will compare the following:

   i. The rate liability of the ratepayer at 31st March 2017 after any reliefs and reductions; and

   ii. The rate liability of the ratepayer at 1st April 2017 taking into account any transitional relief or discretionary relief within this policy;

d. Relief will be awarded where the calculation above would result in an increase;

e. Relief will only be given to premises which are liable for occupied rates. No relief within this scheme will be granted for unoccupied premises;

f. Relief will only be granted to ratepayers who were in occupation at 31st March 2017 and in occupation on 1st April 2017 and for each day subsequently.

g. Ratepayers taking up occupation after the 1st April 2017 will not be eligible for relief on the basis that new ratepayers would not have suffered from increases due to a revaluation;

h. Relief will be targeted to local businesses and not those businesses that are national or multi- national in nature. Local businesses are, for the purposes of this scheme, those which have premises wholly in Kent;

   i. Relief may be awarded for more than one premises as long as all other criteria are met;

j. Relief will not be awarded where:

   i. the hereditament has a Rateable Value of greater than £275,000;

   ii. the hereditament is a Prescribed Education Establishments;

   iii. the hereditament is an excepted one (occupied by any Billing or Precepting Authority);

   iv. mandatory relief is awarded;

   v. where the ratepayer has applied for a reduction under S44a of the Local Government Finance Act 1988; or

   vi. the hereditament has an increase in Rateable Value after the 1st April 2017 which increases the rate charge above the 1st April 2017 value

Amount of Relief

8.5 The amount of relief is tapered and will be calculated as follows:

2017/18

Award = the following% age of the increase:

Council	%age of increase awarded as a relief
Canterbury City Council	55%
Dover District Council	70%
Thanet District Council	85%

2018/19

Award = 2017/18 award x 50% (for clarity this will be half of the relief awarded in 2017/18)

2019/20

Award = 2018/19 award x 50% (for clarity this will be half of the relief awarded in 2018/19)

2020/21

Award = 2019/20 award x 10% (for clarity this will be 10% of the relief awarded in 2019/20)

Variation and amendment of relief under the scheme

8.6 As with all reliefs, the amount of relief awarded under the Discretionary Businesses Rates relief scheme will be recalculated in the event of a change of circumstances. In effect relief is calculated on a daily basis in line with the ratepayer's liability on that day. This will include, for example, a backdated change to the rateable value of the hereditament. This change of circumstances could arise during the year in question or during a later year.

8.7 The Non -Domestic Rating (Discretionary Relief) Regulations 1989 (S.I. 1989/1059) requires the Council to provide ratepayers with at least one year's notice in writing before any decision to revoke or vary a decision so as to increase the amount the ratepayer has to pay takes effect. Such a revocation or variation of a decision can only take effect at the end of a financial year. But within these regulations, the Council may still make decisions which are conditional upon eligibility criteria or rules for calculating relief which allow the amount of relief to be amended within the year to reflect changing circumstances.

9.0 Reporting changes in circumstances

9.1 Where any award is granted to a ratepayer, EK Services will require any changes in circumstances which may affect the relief to be reported as soon as possible and in any event not more than 21 days from the happening of the event. This will be important where the change would result in the amount of the award being reduced or cancelled e.g. where the premises comes unoccupied or is used for a purpose other than that determined by the Partnership as eligible for relief.

9.2 Where a change of circumstances is reported, the relief will, if appropriate be revised or cancelled. Where any award is to be reduced, EK Services will look to recover the amount from the date the change of circumstances occurred.

10.0 Fraud

10.1 Where a ratepayer falsely applies for any relief, or where the ratepayer provides false information, makes false representation, or deliberately withholds information in order to gain relief, prosecutions will be considered under the Fraud Act 2006.

11.0 Supporting Small Businesses Relief

General Explanation

11.1 Central Government has increased the thresholds for Small Business Rate Relief from 1 April 2017 to £12,000 for the 100% relief and £15,000 for the tapered relief. They have also allowed rural rate relief to be granted up to 100% using S47 of the Local Government Finance Act 1988 as a top up to the mandatory level of 50%, albeit that the rateable value limits have not been changes in respect of rural hereditaments. Unfortunately, despite these changes, some small businesses and businesses in rural areas may lose their entitlement to the relief due to increases in Rateable Value through the revaluation on 1st April 2017.

11.2 The transitional relief scheme (provided under the Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2016 No. 1265) does not provide support in respect of changes in reliefs. Therefore, those ratepayers who have lost some or all of their small business or rural rate relief may face large percentage increases in bills from 1 April 2017.

11.3 In view of this, Central Government announced that a new scheme of relief would be made available to those ratepayers facing large increases as a result of the loss of small business or rural rate relief due to the revaluation. All authorities are encouraged to grant the relief in accordance with the guidelines laid down by Central Government and if granted strictly in accordance with guidance, each Council will be compensated by Central Government through a grant under section 31 of the Local Government Act 2003.

11.4 The relief is known as the 'Supporting Small Businesses Scheme'

Who is eligible for the relief and how much relief will be available?

11.5 The Supporting Small Businesses relief will help those ratepayers who as a result of the change in their rateable value at the revaluation are losing some or all of their small business or rural rate relief and, as a result, are facing large increases in their bills.

11.6 To support these ratepayers, the Supporting Small Businesses relief will ensure that the increase per year in the bills of these ratepayers is limited to the greater of:

a. a percentage increase per annum. of 5%, 7.5%, 10%, 15% and 15% 2017/18 to 2021/22 plus inflation. (Unlike the transitional relief scheme under the Chargeable Amount regulations), for the first year of the scheme the percentage increase is taken against the bill for 31 March 2017 after small business rate relief or rural rate relief; or

b. a cash value off 600 per year (£50 per month).

11.7 This cash minimum increase ensures that those ratepayers paying nothing or very small amounts in 2016/17 after small business rate relief are brought into paying something.

11.8 In the first year of the scheme, this means all ratepayers losing some or all of their small business rate relief or rural rate relief will see the increase in their bill capped at £600. The cash minimum increase is £600 per year thereafter. This means that ratepayers who in 2016/17 paid nothing under small business rate relief and are losing all of their entitlement to relief (i.e. moving from £6,000 rateable value or less to more than £15,000) would under this scheme be paying £3,000 in year 5.

11.9 The Government has also decided that those on the Supporting Small Businesses relief scheme whose 2017 rateable values are £51,000 or more will not be liable to pay the supplement (1.3p) to fund small business rate relief while they are eligible for the Supporting Small Businesses relief scheme.

11.10 Ratepayers will remain in the Supporting Small Businesses relief scheme for either 5 years or until they reach the bill they would have paid without the scheme (this would be the charge payable as their true rates payable or the charge calculated under the Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2016).

11.11 A change of ratepayer will not affect eligibility for the Supporting Small Businesses relief scheme but eligibility will be lost if the property falls vacant or becomes occupied by a charity or Community Amateur Sports Club.

11.12 The rules for state aid (as detailed in section 4 of this policy) shall apply when considering Supporting Small Businesses Relief.

Recalculation of relief

11.13 The amount of relief awarded under the Supporting Small Businesses relief scheme will be recalculated in the event of a change of circumstances including the following:

- This could include, for example, a backdated change to the rateable value or the hereditament; or
- The awarding of another relief.

11.14 EK Services will, in effect, calculate the award on a daily basis taking into account the above, and the relief will be re-calculated if the rateable value changes.

Other Reliefs

11.15 Hereditaments eligible for charity or Community Amateur Sports Club relief or hereditaments which are unoccupied are not eligible for Supporting Small Businesses Relief. Likewise, the same principle applies to properties for which a Section 44A certificate has been granted (apportionment of rateable values for partly occupied properties). The presence of a section 44A certificate will not further reduce the bill found under the Supporting Small Business scheme.

11.16 In accordance with Central Government guidelines, all other discretionary reliefs, will be considered after the application of Supporting Small Businesses relief.

11.17 Each partnership Council has decided that EK Services can grant relief strictly in accordance with Central Government guidelines

12.0 Public House Relief

General Explanation

12.1 This is a temporary relief for 2017-18 and the Government is not changing the legislation around the reliefs available to premises. Central Government will reimburse local authorities that use their discretionary relief powers (under section 47(3)) of the Local Government Finance Act 1988) to grant £1000 relief in line with the eligibility criteria set out in guidance to be produced by Central Government.

12.2 Central Government guidelines have been issued and it has been established that any amount granted will be reimbursed by a section 31 grant.

Eligibility criteria

12.3 EK Service's policy, in line with Central Government requirements, will provide a relief of £1,000 relief for one year only (1st April 2017 to 31st March 2018) for all eligible public houses who have a rateable value of less than £100,000 on 1st April 2017.

12.4 The definition of a 'Public House' means any premises as defined in the Licensing Act 2003, which has a premises license authorising sale by retail of alcohol for consumption on the premises. In addition, the premises must be used principally for retail sales of alcohol to members of the public for consumption on the premises, and sales must not be subject to the condition that buyers reside at or consume food on the premises.

12.5 It will be for EK Services to decide whether any premises falls within the definition give in the above paragraph. No relief shall be given where the premises are unoccupied.

Other Reliefs

12.6 Pubic House relief will be granted after applying any other mandatory reliefs and reductions

Public House Relief- the Council's policy for granting discretionary relief

12.7 Each partnership Council has decided to allow EK Services to grant relief strictly in accordance with Central Government guidelines.

13.0 Equalities Statement

EK Services are committed to delivering a service that is accessible and fair to all of the communities that we serve. We will ensure that all people are treated with respect and dignity.

The Equality Act 2010 sets us an "Equality Duty" to:

1. eliminate discrimination, harassment and victimisation;
2. promote equality of opportunity between different groups in the community; and
3. foster good relations within the local community

We give careful consideration to equality issues in our new and existing policies, strategies and services to see what effect they will have on different groups within our communities, including those with protected characteristics.

The protected characteristics covered by the Equality Duty are:

- age;
- disability;
- marriage and civil partnership (but only in respect of eliminating unlawful discrimination);
- pregnancy and maternity;
- gender reassignment;
- race – this includes ethnic or national origins, colour or nationality;
- religion or belief – this includes lack of belief;
- sex (gender);
- sexual orientation.

We also recognise that socio-economic status can be a significant barrier to equality of opportunity.

We identify potential consequences for these groups and ensure any negative impacts are eliminated or reduced. We also identify opportunities to eliminate discrimination and promote positive relations between groups and throughout our communities.

14.0 Policy Review

This policy will be reviewed on an annual basis and when changes dictate in order to ensure it remains valid, effective and relevant.

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Appendix 3 – review notification letter to ratepayers

Dear

Discretionary Rate Relief

Business Rates account number:
Property:

I am writing to you as your organisation currently receives Discretionary Rate Relief to reduce their business rates bill. Eligibility for this relief is currently based upon the circumstances at the time of your last application and periodically these circumstances need to be reviewed.

In accordance with the Government regulations, I am giving you 12 months notice that this relief will cease from 31 March 2024.

In order to continue receiving relief from 1 April 2024, a new application for relief will be required, which will be assessed against the guidelines within the Council's Discretionary Rate Relief Policy. During the 2023/24 financial year (April 2023 to March 2024) we will write to you again to provide details on how to re-apply for the relief.

Please DO NOT reapply for relief now. Please wait until you receive the second letter, inviting you to reapply. If you complete a relief form now, this will be completed with no action and you will need to complete another form at a later date.

If you do not want relief to continue after 31 March 2024, then there is no need to do anything further and relief will automatically be removed when we send your new year bill in March 2024.

Yours sincerely,

Mrs S Furner
Business Rates Team Manager

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Appendix 4 - Proposed scoring methodology for awarding business rates discretionary relief to charities and non profit-making organisations

Methodology and scoring

In the interests of transparency the following criteria and scoring matrix will be used, to determine the level of either Discretionary or Top-up Discretionary Relief. A judgment will be made against 5 different measures, as set out below, and a score given for each of those 5.
Each of the measures carries a maximum of 8 points and an application receiving a certain level of points will qualify for a fixed percentage of Discretionary rate relief, as follows:-

Scoring Values	Discretionary Relief	Top-up Discretionary Relief
More than 36 points	100% Awarded	20% Awarded
Between 30 to 34 points	75% Awarded	15% Awarded
Between 20 to 30 points	50% Awarded	10% Awarded
Between 10 to 20 points	25% Awarded	5% Awarded
Less than 10 points	0% Awarded	0% Awarded

The only exceptions to cases subject to the criteria are the ‘Included’ categories, as stated previously. These cases will be granted the additional “top up” of 20% discretionary relief, automatically.

Measure 1 – Alignment to relevant corporate priorities

How is it measured?

The organisation must demonstrate its alignment to the relevant corporate priorities, through the application form, its constitution, aims, objectives and physical delivery to the community.

Description	Measure	Points
How do the organisation's objectives link into the Corporate priorities.	Significantly aligned	8
	Mostly aligned	6
	Partially aligned	4
	Limited alignment	2
	No alignment	0

Measure 2 – Access to services & affordability

How is it measured?

The organisation must demonstrate its access to services, any charging policies, and concessionary rates, through the application form, its website, its constitution or any other evidence.

Description	Measure	Points
Open to all	Free service provision and / or positive discrimination to enable affordability to less well-off groups	8
Open to most	Majority of service provision is free and any charges are affordable to all groups	6
Open to some	Elements of free service provision and some concessions for less well-off groups and any membership fees are affordable.	2
Closed Members only	Annual membership with no concessions for citizens of different groups	0

Measure 3 – Service provision & availability of alternatives

How is it measured?

The organisation must demonstrate how its service provision compliments or substitutes for Council Services and whether there are any other service providers within the area that deliver the same or similar services, through the application form, its constitution, aims, objectives and physical delivery to the community.

Description	Measure	Points
Sole provider	Sole provider of services that meet the needs of the Council and its residents	8
Two providers	Two organisations providing the same services to meet the needs of the Council and its residents	6
Three Providers	Three organisations providing the same services to the Council's residents	4
Four or more Providers	Multiple providers giving the same services to the Council's residents.	2

Measure 4 – Residents Participation

How is it measured?

The organisation must demonstrate what proportion of the Council's community is benefitting from the service provision, through the application form, its website or other collateral and specific group feedback within the community.

Description	Measure	Points
Exclusive to the Council Area	90% or more of service users live within the Council area.	8
Primarily within the Council Area	Between 50% and 90% of the service users reside within the Council area.	6
Open to some	Between 25% and 50% of the service users reside within the Council area.	4
Open to few	< 25% of the service users reside within the Council area	2

Measure 5 – Financial Status & Funding

How is it measured?

The organisation must demonstrate where its funding streams come from, through the application form, accounts, Charity Commission or an initial income forecast if recently created.

Description	Measure	Points
Annual surplus is less than the Business Rates payable or making a loss	The expenditure on activities is either equal to or greater than the annual unrestricted income. All funding is received through grants or donations.	8
Annual surplus is more than the Business Rates payable but less than £10k per annum.	The expenditure on activities is less than the annual unrestricted income. All funding is received through grants or donations.	6
Annual surplus is more than the Business Rates payable and is £10k - £20k per annum.	The expenditure on activities is less than the annual unrestricted income. Funding is received through grants, donations or	4

	income generation.	
Annual Surplus is more than the Business Rates payable and greater than £20k per annum	The expenditure on activities is less than the annual unrestricted income. Funding is received through membership fees or income generation.	2
Annual Surplus is more than the Business Rates payable, greater than £20k per annum or restrictive membership practices.	The majority of funding is received through membership fees, income generation or from a bar.	0

POLICY FOR THE GRANTING OF DISCRETIONARY BUSINESS RATES RELIEF UNDER SECTION 47 OF LOCAL GOVERNMENT FINANCE ACT 1988

Canterbury City Council, Dover District Council and Thanet District Council have entered into a shared service agreement to allow joint working and make business efficiencies in the Benefits, Council Tax, Business Rates, and Customer Service teams.

Where 'EK Services', and 'EKS' are mentioned this refers to the shared service between Canterbury City Council, Dover District Council and Thanet District Council.

Where references are made to ‘EK Services Officers’ these services are now being delivered by Civica UK Limited. Civica UK Limited provides benefit services, income collection services, council tax and business rates administration and collection services and customer contact services to the Council.

Contents

1.0 Purpose of the Policy

1.1 The purpose of this policy is to determine the level of Discretionary Business Rates Relief to be granted to certain defined ratepayers within the Councils' area.

1.2 The Local Government Finance Act 1988 and subsequent legislation requires each Council to grant discretionary relief for premises occupied by Charities and similar organisations that own or occupy them wholly or mainly for charitable purposes. Likewise, certain premises situated within a rural settlement area will be eligible for relief. Powers have also been granted under the Localism Act 2011, which allow for the granting of discretionary rate relief to any premises where a Council feels the granting of such relief would be of benefit to the local community.

1.3 In addition to the above, Central Government is keen to assist businesses in other specified cases. These reliefs are usually outlined at a fiscal event and guidance on the administration of these reliefs is provided to Local Authorities. Local Authorities are expected to award these reliefs using their powers under discretionary powers contained within Section 47 of The Local Government Finance Act 1988. In these cases, and where a Council meets Central Government guidelines, grants are available under section 31 of the Local Government Act 2003 to fund the award of these reliefs and discounts.

1.4 Whilst all Councils are obliged to grant relief to premises which fall within the mandatory categories, the Councils also have powers to grant discretionary relief and reductions to ratepayers, subject to certain criteria being met.

1.5 This document outlines the following areas:

- Details of the criteria for receiving an award under schemes introduced by Government during a fiscal event;
- Guidance on granting and administering the reliefs;
- Subsidy Control limitations on granting relief
- The Partnership Councils' Scheme of Delegation.

1.6 This document covers all aspects of the Discretionary Business Rates Relief schemes which are available from 1st April 2023. Where businesses are eligible for or request relief they will be granted (or not granted) in line with this policy.

2.0 Discretionary Relief - Legislative Background

Introduction

2.1 The original purpose of discretionary relief was to provide assistance where the property does not qualify for mandatory relief, or to 'top up' cases where ratepayers already receive mandatory relief.

2.2 Over recent years, and particularly since 2011, the discretionary relief provisions have been amended to allow authorities the flexibility to provide more assistance to businesses and organisations.

2.3 The range of bodies, which are eligible for discretionary rate relief, is wide and has been developed by both the Council and Central Government to address certain issues with business rates.

2.4 Unlike mandatory relief, ratepayers are obliged to make an application for discretionary relief. This policy will set out scenarios where an automatic award may be made and ratepayers required to 'opt out' of relief when they do not qualify.

2.5 Applications are to be carefully considered under their own merits. Where Central Government provides guidelines under which to consider awards, standard criteria may be applied in line with these guidelines.

2.6 There is no statutory appeal process or Tribunal against any decision made by the Council, although as with any decision of a public authority, decisions can be reviewed by Judicial Review. However, the local authority will, upon request, review decisions made. Details of the internal review process are given within this policy.

2.7 The granting of discretionary relief broadly falls into the following categories:

a. Discretionary Relief 'top up' - Charities and Community Amateur Sports Clubs (CASCs) who already receive mandatory relief;
b. Discretionary Relief - Premises occupied by organisations not established or conducted for profit, whose main objectives are charitable or are otherwise philanthropic or religious or concerned with education, social welfare, science, literature or the fine arts, or premises occupied by organisations not established or conducted for profit and wholly or mainly used for purposes of recreation;
c. Discretionary Relief - granted under the Localism Act 2011 provisions;
d. Discretionary reliefs - granted under section 47 of the LGFA 1988 following announcements made by the Government at a fiscal event.

This policy relates specifically to category d.

Approach to granting Government led Discretionary Relief schemes

2.8 Over the past few years, a number of schemes have been led by Central Government but without specific legislative changes. These are administered under S47 of the Local Government Finance Act 1988 and guidance is often provided. The local authority is keen to support such initiatives especially where they are designed to help local businesses and will look to maximise both the reliefs given as well as maximising any grants receivable. However, we reserve the right to vary our approach where thought appropriate.

2.9 In the case where there is a scheme introduced without full guidance and where there is a discretionary element, Local Councils will need to develop their own scheme to meet local needs (for example, Local Discretionary Discount and Covid-19 Additional Relief Fund [CARF]). A separate decision will be made in addition to the guidelines in this policy on the allocation of central government funding for the operation of such schemes.

3.0 Effect on the Partnership Council's Finances

3.1 The granting of discretionary relief will, in the main, potentially involve a cost to each Council. Since the change to the funding for Non-Domestic Rating in April 2013, the effect of the relief is complex.

3.2 Any amounts granted prior to 1st April 2013 and continuing since that date will be included in the Council's baseline within the Business Rates Retention Scheme. For any amounts granted for similar cases after 1st April 2013, the costs of the relief will be borne in accordance with the Business Rates Retention Scheme share, namely 50% borne by Central Government, 40% by each Council and 10% by Kent County Council. This also applies where mandatory relief is granted.

3.3 Each scheme introduced by Central Government will come with its own funding mechanisms. In the main, schemes introduced where Councils are required to use their powers under section 47 of the Local Government Finance Act 1988 will be fully funded by Central Government. Compensation for relief awarded will be granted under section 31 of the Local Government Act 2003.In some cases, where local discretionary elements of a scheme are included, a separate, fixed funding pot may be provided to each Council for distribution based on local priorities.

3.4 Where there is a fixed funding pot for a specific discretionary scheme, the Council will distribute funding up to and not exceeding the funding provided. It is possible for the Council to grant more relief than that allocated by grant. However, once the maximum grant level has been reached, any additional amount granted is borne by each Council, County Council and Central Government, based on retention arrangements at that time.

4.0 Administration of Discretionary Relief - General Approach.

4.1 The following section outlines the procedures followed by officers in granting, amending or cancelling discretionary relief and reduction.

4.2 All reliefs must be applied for. Where specific information is required in order to assess eligibility, the Council will make an electronic application form available on the Council's website. Application may also be by 'opt out'. In some cases, officers will have sufficient information to make an assumption on eligibility for a relief. Where this happens, the Council will communicate how ratepayers are able to opt out of receiving relief based on choice or eligibility.

4.3 Where a relief can be carried over from one financial year to the next without reapplication, information will be made available to tell ratepayers how to decline further relief.

4.4 Where a formal application is required, applicants will need to ensure that all requested information is provided. If the required information is not provided within the timescales specified, the application will be marked as incomplete and an award of relief will not be considered.

4.5 The Council will provide advice and assistance to ratepayers applying for relief. Ratepayers are encouraged to approach the relevant council direct and not pay for such services through third parties.

4.5 Where an application is provided, the Council will notify the ratepayer of decisions made. This can be in writing in the form or letter or email, by telephone (with calls diary noted on the relevant business rates account) or by the issuing of a new business rates bill showing the relief award.

4.6 Where no application is provided and an automatic award made, details of how to opt out of relief will be made available on the Council website and where necessary, signposted by separate letter, email, secure message or on the reverse of the bill.

4.7 Where relief is not granted following an application, then the decision to refuse relief will be notified to the ratepayer. The ratepayer will be told:

- Why the decision has been made to refuse relief
- What the ratepayer can do if they disagree with the decision
- If relating to a relief where guidance has been provided by Central Government, a link to the relevant guidance on the Government website.

The Non-Domestic Rating (Discretionary Relief) Regulations 1989

4.8 Discretionary relief is to be granted from the beginning of the financial year in which the decision is made. Since 1997 decisions can be made up to 6 months after the end of the financial year for which the application was made. In such cases, the decision may be backdated.

4.9 A decision to award discretionary relief and how much relief is given is normally only applicable to the financial year for which the application is made. However, we reserve the right to grant relief for any other period as appropriate.

4.10 Variations in any decision will be notified to ratepayers as soon as practicable and will take effect as follows:

- Where the amount is to be increased due to a change in rate charge or a change in a Council's decision which increases the award. This will apply from the date the Council deems appropriate;
- Where the amount is to be increased for any reason it will take effect at the expiry of a financial year (with financial year meaning 1 April in one year to 31 March of the next) and so that at least one year's notice is given;
- Where the amount is to be reduced due to a reduction in the rate charge or liability including any reduction in rateable value, awarding of another relief

or exemption this will apply from the date of the decrease in rate charge; and

- Where the amount is to be reduced for any other reason, it will take effect at the expiry of a financial year, and so that at least one year's notice is given.

4.11 A decision may be revoked at any time, however, a one year period of notice will be given and the change will take effect at the expiry of a financial year.

4.12 Where a decision to award relief is in line with Central Government guidance and the relief awarded only applies in respect of a single financial year, relief will automatically end at the end of that financial year.

5.0 Retail Discount

General Explanation

5.1 This is a temporary relief for 2022/23 and the Government is not amending the primary legislation around the reliefs available to premises. Central Government will reimburse Local Authorities that use their discretionary relief powers under section 47 of the Local Government Finance Act 1988 to grant relief in line with the eligibility criteria set out in guidance produced by Central Government.

5.2 Central Government guidelines have been issued and it has been established that any amount granted in line with these guidelines will be reimbursed by a section 31 grant.

Background

5.3 In 2019/20 Government announced that eligible retailers with a rateable value below £51,000 will receive a one third discount on their business rates bills. This scheme will run in 2019/20 and 2020/21, and adopts the same definition of 'retail' following the previous retail relief scheme in 2014/15 and 2015/16.

5.4 In 2020/21, in response to the Covid-19 pandemic, Central Government expanded Retail Discount to include the Hospitality and Leisure sectors and increased the discount to 100% of the charge for all qualifying businesses. There was no cap on relief and no maximum Rateable Value (RV) and State Aid limits did not apply. A list of qualifying retail, hospitality and leisure businesses was provided by Central Government.

5.5 In 2021/22, the Expanded Retail Discount came in two parts; 100% relief for all eligible qualifiers for 1 April 2021 to 30 June 2021, with no impact on Subsidy Controls. This relief was then reduced to 66% for qualifying businesses, up to a maximum award of £105,000 per economic actor. Relief awarded from 1 July 2021 was subject to Subsidy Controls. A list of qualifying retail, hospitality and leisure businesses was provided by Central Government.

5.6 In 2022/23, Retail Discount of 50% awarded to those in the Retail, Hospitality and Leisure sectors. A list of qualifying retail, hospitality and leisure businesses was provided by Central Government. Relief was capped at £110,000 per economic actor and subject to Subsidy Controls.

2023/24 Retail Discount

5.7 The Council's policy, in line with Central Government requirements, will grant relief at 75% of the chargeable amount to qualifying businesses for the 2023/24 financial year only.

5.8 Relief will only be granted for one financial year to which the scheme relates.

5.9 Relief will be calculated on a daily basis and will be awarded up to a maximum of £110,000 per business. Ratepayers that occupy more than one property which satisfy the criteria will be entitled to relief for each of their eligible properties subject to the relevant cash cap level. No ratepayer can exceed the cash cap. A ratepayer will be treated as having a qualifying connection with another ratepayer if:

a. both ratepayers are companies, and

i. one is a subsidiary of the other, or

ii. both are subsidiaries of the same company; or

b. where only one ratepayer is a company, the other ratepayer has such an interest in that company as would, if the second ratepayer were a company, result in its being the holding company of the other.

5.10 Qualifying properties can be found in Appendix 1. Full details of businesses qualifying for this relief for 2023/24 can be found at gov.uk.

5.11 It will be up to the Council to decide if businesses fall under the qualification criteria in Appendix 1. This list is not exhaustive and it will be for the Council to decide whether or not a business operates in a similar nature to any other listed, or falls among the broader scheme criteria and therefore qualifies for relief.

5.12 Relief cannot be granted in respect of unoccupied properties.

5.13 Retail discount will place under the following hierarchy when awarding relief:

- Transitional Relief
- Mandatory reliefs
- S. 47 Discretionary reliefs in the following order:

I SSBR

II Charitable, CASC and rural relief top up, not for profit relief

III other discretionary relief, including Freeport relief

IV 2023/24 Retail, Hospitality and Leisure relief scheme

V Other locally funded schemes (such as hardship)

5.14 Ratepayers have the right to refuse relief. Relief must be refused by 30 April 2024. Once a ratepayer has refused relief, they are unable to opt back in and request relief for the same period. Refusal of relief places them outside of the scope of the scheme. If a ratepayer opts out, relief will immediately be removed from the account and an adjusted Demand notice will be issued, without relief.

5.15 Retail Discount will be automatically awarded in most cases. For 2023/24 it will automatically be awarded to those businesses previously receiving Retail Discount in 2022/23. Some effort will be made to identify businesses that will exceed the cash cap and these will not be allocated relief.

5.16 If a ratepayer is not automatically granted relief they are able to request relief be awarded. A contact form should be completed on the relevant Council website and their request will be considered in line with this policy and the Government guidance.

5.17 If a ratepayer is not eligible for relief but it has been awarded, they should tell the Council straight away. This can be done by email or by completing the relevant online form on the Council website. Relief will be removed immediately and a revised Demand issued without relief.

5.18 Properties that are subject to splits, mergers or other changes during the 2023/24 billing year will be considered afresh based on their new daily liability.

5.19 No discount will be given under this scheme to properties owned by the Council, a precepting Authority or a functional body, within the meaning of the Greater London Authority Act 1999.

Circumstances under which an award will be terminated

5.20 In addition to the circumstances outlined above under which no award will be made under these schemes; awards will be terminated early under the following circumstances:

- the organisation ceases from activities which the Council deems to meet the above eligibility criteria. The organisation is required to advise the Council of any such change as soon as possible in writing.
- The organisation ceases trading

Subsidy

5.21 Retail discount is considered subsidy and subject to the UK's domestic and international subsidy control obligations. General subsidy information is available in section 9 of this policy.

5.22 To the extent that the Council is seeking to provide relief that falls below the Minimal Financial Assistance (MFA) thresholds, the Subsidy Control Act allows an economic actor (e.g. a holding company and its subsidiaries) to receive up to £315,000 in a 3-year period (consisting of the 2023/24 year and the 2 previous financial years). MFA subsidies cumulate with each other and with other subsidies that fall within the category of 'Minimal or SPEI financial assistance'.

Expanded Retail Discount granted in 2021/22 does not count towards the £315,000 allowance but BEIS COVID-19 business grants and any other subsidies claimed under the Small Amounts of Financial Assistance limit of the Trade and Cooperation Agreement will be counted.

5.23 In those cases where it is clear to the Council that the ratepayer is likely to breach the cash cap or the MFA limit then we will automatically withhold the relief. Otherwise, the Council will include the relief in bills and ask ratepayers on a self-assessment basis, to inform the Council if they are in breach of the cash caps or MFA limit.

5.24 MFA subsidies above £100,000 are subject to transparency requirements. This is not cumulated per beneficiary but applies per subsidy award. This means that for every individual subsidy provided of more than £100,000, the Council needs to include details of the subsidy on the subsidy control database.

6.0 Supporting Small Business Relief

General Explanation

6.1 This is a temporary relief for 2022/23, 2023/24 and 2024/25 financial years and Central Government is not amending the primary legislation around the reliefs available to premises. Central Government will reimburse Local Authorities that use their discretionary relief powers under section 47 of the Local Government Finance Act 1988 to grant relief in line with the eligibility criteria set out in guidance produced by Central Government.

6.2 Central Government guidelines have been issued and it has been established that any amount granted in line with these guidelines will be reimbursed by a section 31 grant.

Background

6.3 Central Government increased the thresholds for Small Business Rate Relief from 1 April 2017 to £12,000 for the 100% relief and £15,000 for the tapered relief. They also allowed rural rate relief to be granted up to 100% using S47 of the Local Government Finance Act 1988 as a top up to the mandatory level of 50%, albeit that the rateable value limits have not been changed in respect of rural hereditaments. Unfortunately, despite these changes, some small businesses and businesses in rural areas lost their entitlement to the relief due to increases in Rateable Value through the revaluation on 1st April 2017.

6.4 The transitional relief scheme (provided under the Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2016 No. 1265) did not provide support in respect of changes in reliefs. Therefore, those ratepayers who lost some or all of their small business or rural rate relief faced large percentage increases in bills from 1 April 2017.

6.5 In view of this, Central Government provided a new scheme of relief that would be made available to those ratepayers facing large increases as a result of the loss of small business or rural rate relief due to the 2017 revaluation. All local authorities are encouraged to grant the relief in accordance with the guidelines laid down by Central Government and if granted strictly in accordance with guidance, each Council will be compensated by Central Government through a grant under section 31 of the Local Government Act 2003.

6.6 The relief is known as the 'Supporting Small Businesses Scheme'

Supporting Small Business Relief (SSBR) 2023

6.7 The SSBR 2023 scheme will help those ratepayers who as a result of the change in their rateable value at the 2023 revaluation are losing some or all of their small business or rural rate relief and, as a result, are facing a large increase in their bills.

6.8 To support these ratepayers, the SSBR will ensure that the increase per year in the bills of these ratepayers is limited to £600.

6.9 In the first year of the scheme, this means all ratepayers losing some or all of their small business rate relief or rural rate relief will see the increase in their bill capped at £600. For each subsequent year, the increase in their bill will be capped at a further £600 per year.

6.10 Central Government has also decided that those in receipt of SSBR scheme whose 2023 rateable values are £51,000 or more will not be liable to pay the supplement (1.3 pence per £ of RV) to fund small business rate relief while they are eligible for the SSBR scheme.

6.11 Ratepayers will remain in the SSBR scheme for either 3 years or until they reach the bill they would have paid without the scheme. The following exclusions to this apply:

- Those ratepayers receiving 2017 SSB in 2022/23, any eligibility for 2023 SSBR will end on 31 March 2024. Relief will be withdrawn on 31 March 2024 without further notice.
- Ratepayers who during 2022/23 lost SBRR due to second property, but continued to receive SBRR for 12 months, will be eligible for SSBR until the end of their 12 month run-on. They will then lose the relief.

6.12 A change of ratepayer will not affect eligibility for SSBR scheme, but eligibility will be lost if the property becomes vacant or is occupied by a charity or CASC (Community Amateur Sports Club).

6.13 SSBR will place under the following hierarchy when awarding relief:

- Transitional Relief
- Mandatory reliefs
- S. 47 Discretionary reliefs in the following order:

I SSBR

II Charitable, CASC and rural relief top up, not for profit relief

III other discretionary relief, including Freeport relief

IV 2023/24 Retail, Hospitality and Leisure relief scheme

V Other locally funded schemes (such as hardship).

6.14 The amount of relief awarded under the SSBR scheme will be recalculated in the event of a change of circumstances including the following:

- This could include, for example, a backdated change to the rateable value or the hereditament; or
- The awarding of another relief.

6.15 The award will be calculated on a daily basis, taking into account the above and the relief will be re-calculated if the rateable value changes. This change of circumstances could arise during the year in question or during a later year.

6.16 Hereditaments eligible for charity or CASC relief or hereditaments which are unoccupied are not eligible for SSBR.

6.17 The presence of a section 44A certificate will not further reduce the bill found under the SSBR scheme.

6.18 Under regulations made under section 47 of the Local Government Finance Act 1988 authorities must give at least 12 months' notice of a revocation or variation of a rate relief scheme the effect of which would be to increase rate bills. Such a revocation or variation can only take effect at the end of a financial year (other than to comply with international agreements). But within these regulations, local authorities may still make decisions which are conditional upon eligibility criteria. If a change in circumstances renders a property ineligible, the relevant bill can be amended in the year to reflect the loss of the relief.

6.19 Relief will only be awarded providing the property continues to remain eligible for relief. If the use of the property changes so that it is no longer eligible for relief, the relief will be recalculated or removed and a new Demand notice issued.

Subsidy control

6.20 SSBR is considered a subsidy and is subject to the UK's domestic and international subsidy control obligations. General subsidy information is available in section 9 of this policy.

6.21 To the extent that the Council is seeking to provide relief that falls below the Minimal Financial Assistance (MFA) thresholds, the Subsidy Control Act allows an economic actor (e.g. a holding company and its subsidiaries) to receive up to £315,000 in a 3-year period (consisting of the 2023/24 year and the 2 previous financial years). MFA subsidies cumulate with each other and with other subsidies that fall within the category of 'Minimal or SPEI financial assistance'.

BEIS COVID-19 business grants and any other subsidies claimed under the Small Amounts of Financial Assistance limit of the Trade and Cooperation Agreement will be counted under the £315,000 allowance.

6.22 In those cases where it is clear to the Council that the ratepayer is likely to breach the cash cap or the MFA limit then we will automatically withhold the relief. Otherwise, the Council will include the relief in bills and ask ratepayers on a self-assessment basis, to inform the Council if they are in breach of the cash caps or MFA limit.

6.23 MFA subsidies above £100,000 are subject to transparency requirements. This is not cumulated per beneficiary but applies per subsidy award. This means that for every individual subsidy provided of more than £100,000, the Council needs to include details of the subsidy on the subsidy control database.

7.0 Heat Network Relief

General explanation

7.1 In October 2021, the government announced a 100% relief for eligible low-carbon heat networks that have their own rates bill to begin on 1 April 2023.

7.2 At the Spring Statement 2022, the Chancellor announced that the heat network relief would be brought forward and would apply from 1 April 2022. For the 2022/23 financial year, this relief has been delivered using existing local government discretionary relief powers and funded by Central Government. This will continue for 2023/24.

7.3 The Heat Network Relief scheme will be administered by the Council and applied directly to business rate accounts.

Heat Network relief 2023/24

7.4 In order to be eligible for Heat Network Relief the rating assessment must be:

a. wholly or mainly used for the purposes of a heat network, and

b. The heat is expected to be generated from a low carbon source (irrespective of whether that source is located on the hereditament or on a different hereditament) over the next 12 months.

7.5 For these purposes, a heat network is defined as:
A facility, such as a district heating scheme, which supplies thermal energy from a central source to consumers via a network of popes for the purposes of space heating, space cooling or domestic hot water.

7.6 A low carbon source is a source of which at least:

a. 50% is renewable

b. 50% is waste heat

c. 75% is cogeneration heat (where cogeneration means the simultaneous generation in one process of thermal energy and electrical or mechanical energy), or

d. 75% is a combination of the sources above.

7.7 For a source to be considered renewable, it must be one of the sources listed in Class1(e) of the Schedule to the Valuation for Rating (Plant and Machinery) (England) Regulations 2000 (SI 2000 No. 540) as inserted by regulation 2(b) of SI2022 No. 405

7.8 Hereditaments wholly or mainly providing heat for a different purpose (such as industrial process) are not eligible.

7.9 The test will be applied to the property as a whole and relief will not be granted in respect of part of a rating assessment. Where a heat network forms part of another rating assessment, such as the heating system in a multi-occupied building or estate, relief will not be granted.

7.10 Properties comprising a power station and a heat recovery and network system will not qualify for relief. The purpose of generating electricity does not count towards meeting the wholly or mainly test. If a heat recovery and network system is separately rated to the power station, then it may still qualify, depending on meeting the other eligibility criteria.

7.11 Where heat is being taken from an incinerator or Energy from Waste (EfW) Plant, it will not qualify for relief. This is because the heat network is likely to be a by product of the main purpose of the property, the incineration of waste or generation of power. Only if the heat network has been specifically designed as a heat network, will it qualify, providing the other eligibility criteria are met.

Waste heat includes heat or coolth unavoidably generated as a by-product of another process, which would be wasted if not used for the purposes of a district heating network.

7.12 Heat network relief will place under the following hierarchy when awarding relief:

- Transitional Relief
- Mandatory reliefs
- Heat network relief
- Other discretionary reliefs

7.13 The amount of relief awarded under the Heat Relief scheme will be recalculated in the event of a change of circumstances including the following:

- This could include, for example, a backdated change to the rateable value or the hereditament; or
- The awarding of another relief.

7.14 The award will be calculated on a daily basis, taking into account the above and the relief will be re-calculated if the rateable value changes. This change of circumstances could arise during the year in question or during a later year.

7.15 Under regulations made under section 47 of the Local Government Finance Act 1988 authorities must give at least 12 months' notice of a revocation or variation of a rate relief scheme the effect of which would be to increase rate bills. Such a revocation or variation can only take effect at the end of a financial year (other than to comply with international agreements). But within these regulations, local authorities may still make decisions which are conditional upon eligibility criteria. If a change in circumstances renders a property ineligible, the relevant bill can be amended in the year to reflect the loss of the relief.

7.16 Relief will only be awarded providing the property continues to remain eligible for relief. If the use of the property changes so that it is no longer eligible for relief, the relief will be recalculated or removed and a new Demand notice issued.

8.0 Local Newspaper Relief

General explanation

8.1 Local Newspaper Relief was introduced from 1 April 2017 following a Central Government Consultation into providing relief from business rates for local newspapers. This formed part of the Conservative Party Manifesto to support the print industry and to allow local newspapers to adapt to new technology and changing circumstances.

8.2 Relief was originally introduced to be awarded for 2017/18 and 2018/19 only. This was subsequently extended by a further 5 years until 2025..

Award of relief

8.3 On 16 March 2016 the Chancellor announced at the Budget that Central Government would introduce a £1,500 business rates discount for office space occupied by local newspapers, up to a maximum of one discount per local newspaper title and per hereditament, and up to state aid limits, for 2 years from 1 April 2017.

8.4 The relief is intended to be specifically for local newspapers and will be delivered through local authority discretionary discount powers (under section 47(3) of the Local Government Finance Act).

8.5 The criteria for relief:

a) The relief is to be specifically for local newspapers and by that we mean what would be considered to be a “traditional local newspaper.”
b) The relief will not be available to magazines.
c) The hereditament must be occupied by a local newspaper and wholly or mainly used as office premises for journalists and reporters.
d) The amount of relief is limited to a maximum of one discount: - per newspaper title (e.g. per newspaper name) and per hereditament.

8.6 On Monday 27 January 2020, the Financial Secretary to the Treasury made a Written Ministerial Statement announcing additional business rates measures that will apply from 1 April 2020. This included the extension of Newspaper Relief up to and including 31 March 2025.

8.7 Local Newspaper relief will place under the following hierarchy when awarding relief:

- Transitional Relief
- Mandatory reliefs
- Local Newspaper relief
- Other discretionary reliefs

8.8 The award will be calculated on a daily basis. Should there be a change in circumstances, such as a change in the use of the property which means that the ratepayer is no longer eligible for the relief, the relief will be recalculated or removed and a new Demand notice issued. This change of circumstances could arise during the year in question or during a later year.

8.9 Under regulations made under section 47 of the Local Government Finance Act 1988 authorities must give at least 12 months' notice of a revocation or variation of a rate relief scheme the effect of which would be to increase rate bills. Such a revocation or variation can only take effect at the end of a financial year (other than to comply with international agreements). But within these regulations, local authorities may still make decisions which are conditional upon eligibility criteria. If a change in circumstances renders a property ineligible, the relevant bill can be amended in the year to reflect the loss of the relief.

9.0 Rural Rate relief

9.1 During the 2016 Autumn Statement, Central Government announced that the amount of Rural Rate relief for eligible properties would double from 50% to 100% from 1 April 2017. This is because, under the current legislation, eligibility for 50% rural rate relief prevents some rural businesses from benefiting from 100% small business rates relief.

9.2 In the absence of any amendment to primary legislation, Local Councils are required to use their discretionary powers under section 47 of the Local Government Finance Act 1988 to grant the additional relief, based on the guidance issued by Central Government. It is the Government's intention to amend the primary legislation, so this measure is temporary.

9.3 All local authorities are encouraged to grant the relief in accordance with the guidelines laid down by Central Government and if granted strictly in accordance with guidance, each Council will be compensated by Central Government through a grant under section 31 of the Local Government Act 2003.

Mandatory relief - eligibility

9.5 Eligible businesses can qualify for rural rate relief if their business is in a rural area with a population below 3,000; they are the only village shop or post office, with a rateable value of up to £8,500, or the only public house or petrol station, with a rateable value of up to £12,500.

9.6 Eligible businesses will receive a mandatory discount that equates to 50% of their business rates liability.

9.7 As rural rate relief is a mandatory relief, there is no further eligibility in respect of small business rate relief.

Discretionary relief - eligibility

9.8 Until primary legislation is amended, where a ratepayer is eligible for 50% mandatory rural rate relief, they will automatically be eligible for an additional 50% discretionary relief. No additional qualification criteria will be required.

9.9 Rural rate relief will place under the following hierarchy when awarding relief:

- Transitional Relief
- Mandatory rural rate relief
- Discretionary rural rate relief

9.9 The award of relief will be calculated on a daily basis. Should there be a change in circumstances, such as a change in the use of the property which means that the ratepayer is no longer eligible for the relief, the relief will be recalculated or removed and a new Demand notice issued. This change of circumstances could arise during the year in question or during a later year.

9.10 Under regulations made under section 47 of the Local Government Finance Act 1988 authorities must give at least 12 months' notice of a revocation or variation of a rate relief scheme the effect of which would be to increase rate bills. Such a revocation or variation can only take effect at the end of a financial year (other than to comply with international agreements). But within these regulations, local authorities may still make decisions which are conditional upon eligibility criteria. If a change in circumstances renders a property ineligible, the relevant bill can be amended in the year to reflect the loss of the relief.

9.11 Local councils can also give relief of up to 100% to other rural businesses (for properties with a rateable value under £16,500). This relief is not covered by this policy.

10.0 Review / Reconsideration Process

10.1 Rate Reliefs made under the local authority's discretionary powers have no formal right of appeal. However, applicants dissatisfied with the authority's decision may request a review/ reconsideration under the following circumstances:

- Additional information that is relevant to the application and that was not available at the time the decision was made becomes available; or
- There are good grounds to believe the application or supporting information was not interpreted correctly at the time the decision was made.

10.2 Where any Council receives an appeal from the ratepayer regarding the granting, non-granting or the amount of any discretionary relief, the case will be reviewed by the Business Rates Manager. Where a decision is revised then the ratepayer shall be informed, likewise if the original decision is upheld.

10.3 Where the ratepayer continues to be aggrieved by the decision, the case will be referred to the section 151 Officer for review. Where appropriate, cases of this nature may also be referred to the Executive member as appropriate.

10.4 Ultimately the formal appeal process for the ratepayer is Judicial Review although EK Services will endeavour to explain any decision fully and openly with the ratepayer.

11.0 Discretionary Relief - Subsidy Controls

11.1 The discretionary reliefs within this policy, unless specifically stated otherwise are considered subsidy and subject to the UK's domestic and international subsidy control obligations.

11.2 Ratepayers eligible for relief will need to fulfil any requirements in place to ensure compliance with those obligations in advance of, during and after claiming relief. It is important that ratepayers claiming discretionary relief maintain records of all subsidies received, as these can be requested by the Council at any time.

11.3 BEIS issued guidance for public authorities containing information for the new UK subsidy control regime from 4 January 2023. The reliefs in this policy will be administered in line with these controls or any later controls introduced by Central Government.

12.0 Scheme of Delegation

Granting, Varying, Reviewing and Revocation of Relief

12.1 All powers in relation to reliefs are given under the Local Government Finance Act 1988, the Local Government and Rating Act 1997, the Local Government Act 2003 and the Localism Act 2011.However section 223 of the Local Government Act 1992 allows for delegation of decisions by each Council to Cabinet, Committees, Sub-Committees or Officers.

13.0 Equalities Assessment

13.1 The Council is committed to delivering a service that is accessible and fair to all of the communities that we serve. We will ensure that all people are treated with respect and dignity.

The Equality Act 2010 sets us an “Equality Duty” to:

1. eliminate discrimination, harassment and victimisation;
2. promote equality of opportunity between different groups in the community; and
3. foster good relations within the local community

We give careful consideration to equality issues in our new and existing policies, strategies and services to see what effect they will have on different groups within our communities, including those with protected characteristics.

The protected characteristics covered by the Equality Duty are:

- age;
- disability;
- marriage and civil partnership (but only in respect of eliminating unlawful discrimination);
- pregnancy and maternity;
- gender reassignment;
- race – this includes ethnic or national origins, colour or nationality;
- religion or belief – this includes lack of belief;
- sex (gender);
- sexual orientation.

We also recognise that socio-economic status can be a significant barrier to equality of opportunity.

We identify potential consequences for these groups and ensure any negative impacts are eliminated or reduced. We also identify opportunities to eliminate discrimination and promote positive relations between groups and throughout our communities.

14.0 Policy Review

14.1 This policy will be reviewed on an annual basis and when changes dictate in order to ensure it remains valid, effective and relevant.

Appendix 1

Retail Discount Scheme - 2023/24 Qualifying properties

Hereditaments that meet the eligibility for Retail, Hospitality and Leisure scheme

will be occupied hereditaments which meet all of the following conditions for the

chargeable day:

(a) they are wholly or mainly being used:

i. as shops, restaurants, cafes, drinking establishments, cinemas or live music venues,

ii. for assembly and leisure; or

iii. as hotels, guest & boarding premises or self-catering accommodation

1. We consider shops, restaurants, cafes, drinking establishments, cinemas and live

music venues to mean:

- Hereditaments that are being used for the sale of goods to visiting members of the public:

Shops (such as: florists, bakers, butchers, grocers, greengrocers, jewellers,stationers, off licences, chemists, newsagents, hardware stores, supermarkets, etc)

Charity shops

Opticians

Post offices

Furnishing shops/ display rooms (such as: carpet shops, double glazing, garage doors)

Car/caravan show rooms

Second-hand car lots

Markets

Petrol stations

Garden centres

Art galleries (where art is for sale/hire)

- Hereditaments that are being used for the provision of the following services to visiting members of the public:

Hair and beauty services (such as: hairdressers, nail bars, beauty salons, tanning shops, etc)

Shoe repairs/key cutting

Travel agents

Ticket offices e.g. for theatre

Dry cleaners

Launderettes

PC/TV/domestic appliance repair

Funeral directors

Photo processing

Tool hire

Car hire

- Hereditaments that are being used for the sale of food and/or drink to visiting members of the public:

Restaurants

Takeaways

Sandwich shops

Coffee shops

Pubs

Bars

- Hereditaments which are being used as cinemas
- Hereditaments that are being used as live music venues:

Live music venues are hereditaments wholly or mainly used for the performance of live music for the purpose of entertaining an audience. Hereditaments cannot be considered a live music venue for the purpose of business rates relief where a venue is wholly or mainly used as a nightclub or a theatre, for the purposes of the Town and Country Planning (Use Classes) Order 1987 (as amended). Hereditaments can be a live music venue even if used for other activities, but only if those other activities (i) are merely ancillary or incidental to the performance of live music (e.g. the sale/supply of alcohol to audience members) or (ii) do not affect the fact that the primary activity for the premises is the performance of live music (e.g. because those other activities are insufficiently regular or frequent, such as a polling station or a fortnightly community event). There may be circumstances in which it is difficult to tell whether an activity is a performance of live music or, instead, the playing of recorded music. Although we would expect this would be clear in most circumstances, guidance on this may be found in Chapter 16 of the statutory guidance

2. We consider assembly and leisure to mean:

i. Hereditaments that are being used for the provision of sport, leisure and facilities to visiting members of the public (including for the viewing of such activities).

Sports grounds and clubs

Museums and art galleries

Nightclubs

Sport and leisure facilities

Stately homes and historic houses

Theatres

Tourist attractions

Gyms

Wellness centres, spas, massage parlours

Casinos, gambling clubs and bingo halls

ii. Hereditaments that are being used for the assembly of visiting members of the public.

Public halls

Clubhouses, clubs and institutions

3. We consider hotels, guest & boarding premises and self-catering accommodation to mean:

i. Hereditaments where the non-domestic part is being used for the provision

of living accommodation as a business:

Hotels, Guest and Boarding Houses

Holiday homes

Caravan parks and sites

- The list below sets out the types of uses that the government does not consider to be an eligible use for the purpose of this discount. Again, it is for local authorities to determine for themselves whether particular properties are broadly similar in nature to those below and, if so, to consider them not eligible for the discount under their local scheme.

Hereditaments that are being used for the provision of the following services to visiting members of the public:

Financial services (e.g. banks, building societies, cash points, bureaux de

change, short-term loan providers, betting shops)

Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)

Professional services (e.g. solicitors, accountants, insurance agents/ financial

advisers, employment agencies, estate agents, letting agents)

Post office sorting offices

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EKS

Business Rates Discretionary Rates Relief Schemes 2024 / 2025

Working in partnership with Canterbury City Council, Dover District Council and Thanet District Council.

Canterbury City Council, Dover District Council and Thanet District Council have entered into a shared service agreement to allow joint working in the Customer Services, ICT, Benefits, Council Tax and Business Rates sections.

Where 'EK Services' and 'EKS' are mentioned this refers to the shared service between Canterbury City Council, Dover District Council and Thanet District Council.

Where references are made to ‘EK Services Officers’ these services are now being delivered by Civica UK Limited. Civica UK Limited provides benefit services, income collection services, council tax and business rates administration and collection services, and customer contact services to the council.

Contents

1.0 Background

1.1.1 Discretionary Relief guidelines have been developed by EK Services, and approved by Canterbury City Council, Dover District Council and Thanet District Council, to assist organisations who may need support beyond any standard Government Reliefs, such as Transitional Relief, Small Business Rates Relief, Empty Property Relief and Mandatory Charitable Relief. This is to provide a reduction in the Business Rates liability.

- Support will be considered under Sections 44A, 47 and 49 of the Local Government Finance Act 1998 and Section 69 of the Localism Act 2011.
- The guidelines are applied to ensure that all customers making application for relief are treated in a fair, consistent and equal manner

1.2.1 The main features of the guidelines are as follows:

- The operation of the Schemes will be at the total discretion of the Council, with the exception of Relief Schemes introduced by Central Government as a policy.
- The guidelines will be applied to each applicant by EK Services on behalf of the Council.
- The factors that must be considered when making a decision to award or refuse relief
- Sets out the delegated authority to award relief in appropriate circumstances, based upon the financial impact to the respective Council.
- Establishes an appeals procedure for customers dissatisfied with EK Services decision.
- Safeguards the interest of the local taxpayers by ensuring that funds that are allocated for the award of relief are used in the most effective and economic way.
- Further detailed guidance for Discretionary Relief and the associated scoring mechanisms are shown in Appendix 1.

2.0 Equalities

2.1 The creation of a Discretionary Rate Schemes guidance meets the Council's obligations under the Equality Act 2010.

3.0 Purpose of this guidance

3.1 The purpose of this guidance document is to specify how EK Services will operate the schemes, to detail the application process, and indicate a number of factors which will be considered when deciding if an award can be made.

3.2 Each case will be treated on its own merits and all applicants will be treated fairly and equally.

4.0 Relief for Charities, Not for Profit Organisations and Community Amateur Sports Clubs (CASC) and Rural properties not eligible for Mandatory Relief

4.1 Legal Requirements

4.1.1 Section 47 of the Local Government Finance Act 1988 provides the discretion to award relief.

4.1.2 Registered Charities and CASC's are entitled to Mandatory Relief of 80%. EK Services has the discretion to award further rate relief of up to 20%, which is commonly referred to as a 'top-up'.

4.1.3 Charity shops will be awarded 80% Mandatory Rate Relief, where the shop is selling solely or mainly donated goods. Where the shop is selling solely, or mainly new items or goods bought in under licence then no Mandatory Rate Relief will be awarded.

4.1.4 Rural properties are entitled to Mandatory Relief of 50% providing the qualifying criteria are met. Central Government has also stated that qualifying properties, below the Small Business Rates Relief (£12,000) threshold are to be topped up to 100% relief. This top up is fully funded. EK Services has the discretion to award a further rate relief of up to 50% in cases where the Rateable Value is between £12,000 and £16,500.

4.1.5 The award of the 80% mandatory relief to charities and CASC's, and the award of 50% relief for qualifying rural properties are administered in accordance with legislation. This guidance explains how the 20% and 50% top-ups are administered.

4.1.6 The amount of relief awarded is entirely at the discretion of EK Services.

4.2 Legal Requirements – Subsidy control

4.2.1 Since leaving the European Union the UK Government has introduced its own competition rules to restrict the amount of state subsidies available to businesses, ensuring trade can continue with other sovereign nations. Any relief from taxes such as business rates, could be considered as a qualifying subsidy and should be subject to the Government set limits.

4.2.2 Rate relief for charities and non-profit making bodies is not normally considered a qualifying subsidy because the recipients are not in market competition with other businesses. However, if the organisation is engaged in commercial activities, competes with commercial bodies or has a commercial partner then rate relief could constitute subsidy. In such cases it would be unlikely that the organisation would be considered for rate relief.

4.3 Financial Impact

4.3.1 The funding arrangements for relief changed when the Business Rates retention scheme was introduced in April 2013. Prior to this date the cost of any award was borne solely by Central Government, via a National Pool. Since April 2013 the cost of any award is shared between Central and Local Government and the Local share is funded by the Council Taxpayers.

4.3.2 Expenditure under this policy will be monitored by EK Services on a monthly basis, and will be reported to the councils Section 151 Officer. In the event that expenditure increases significantly then the council reserves the right to amend this policy to ensure it remains financially viable, and that the council can continue to offer an appropriate level of support to local businesses.

4.4 Persons who can make application

4.4.1 Applications must be made by the ratepayer or an individual or organisation working on behalf of the Ratepayer, who has a signed letter of authority to act on their client's behalf.

4.4.2 Where the ratepayer is an organisation the application must be made by a person with the authority to act on behalf of the organisation. EK Services may ask for evidence that the person making the application is entitled to act in that capacity.

4.4.3 Although there is no statutory requirement to complete a formal application form, the councils do require a form be completed, as it will provide a checklist of criteria to be met or questions to be answered. It will also ensure a consistent approach to decision-making

4.5 The Decision-Making Process

4.5.1 All applications will be considered on an individual basis. Consideration for awarding Discretionary Relief is based on the organisation's ability to meet its Business Rate liability. Therefore, copies of the last 3 years audited accounts are to be submitted with the application form. Where audited accounts are not available, financial statements prepared by, or approved by, an appropriate representative shall be acceptable. For a new organisation, 12 months projected cashflow forecast is required.

4.5.2 Where an organisation has retained funds, or built up reserves, for a purpose related to the aims and objectives of the organisation, provided that the works are realistically expected to be completed within three years of the date of application, those funds/reserves may be disregarded for the purposes of the award of relief. It is accepted that funds may have to be accrued over many years to fund major projects i.e. replacing an ageing building and consideration to this will be given on an individual basis.

4.5.3 Relief is likely to be awarded where it is clear that the activities of the applicant are of direct benefit to the local community and the other criteria mentioned in this policy are met.

4.5.4 Relief may be refused or capped if it is considered that the financial cost to each Local Authority or the local community outweighs the benefits generated through the award of relief.

4.5.5 Organisations with unallocated reserves or substantial assets (taken to mean 6 months or more of operating costs) may be excluded from qualification or receive a reduced award if it is determined that those reserves or assets could reasonably be used to provide financial support. This will be factored into the decision making process.

4.5.6 To ensure there is a fair and consistent approach to the award of Discretionary Relief, all applications will be considered within the guidelines and a written record will be kept on file of the decisions and factors considered in the process. The decision record will be available free of charge to the applicant on request.

4.5.7 EK Services will consider applications within 21 days of the application and all supporting information being received. Where there is a delay in the notification of the outcome and the customer cannot be notified within 21 days of application, EKS will notify the customer that there be a delay in processing the application.

4.5.8 EK Services will notify the applicant of the decision in writing and where less than the maximum amount of relief is granted or the relief is refused, an explanation of the reasons why will be given. Where full relief is granted, the revised bill showing the award of relief will be considered sufficient notification of the award.

4.5.9 EK Services will not consider applications where the customer has failed to provide information within the timescales provided to them and will notify the customer in writing that the application has been refused. If the customer requires additional time to provide supporting documentation they should request an extension to the timescales to avoid the claim being refused.

4.5.10 Where an application has been refused either initially or through an appeal, further applications will not be considered within the same financial year unless;

- The use of the property changes; or
- The objectives of the organisation change; or
- There have been other changes that may affect EK Services' decision i.e. where an organisation has taken action to address an issue which had previously precluded an award of relief
- The claim has been refused due to insufficient information and the organisation has provided the missing information within 28 days of the claim refusal.

4.5.11 There is no time limit for an organisation to make an application for Discretionary Relief. However, the maximum period for which the council will consider awarding relief is the start of the preceding financial year. For example: relief application received on 8 June 2024 – the maximum period of award that could be considered would be back to 1 April 2023

4.6 Automatic maximum awards - 'clusters'

4.6.1 It is recognised that there are certain classes of occupier and property that should be automatically eligible for the maximum amount of top up relief and the guidelines have been amended to take this into consideration.

4.6.2 The following types of organisations which provide a significant benefit to the local community and meet the corporate priorities or policy intent would automatically be considered for the 20% top up.

- Trustees of Village Halls or playing fields.
- Uniformed youth and children's groups (such as Scouts or Girl Guides).
- Local Groups running Community Centres.
- Eligible organisations managing divested functions on behalf of the Council.
- Locally affiliated branches of National Charities eg Citizens Advice Bureau, which have their own registered Charity number and specifically serve members of the local community.
- Hospices caring for terminally ill residents of the Council where the primary funding is not from the NHS.

Where an organisation does not fall into one of these clusters, they will be assessed based on scoring criteria in Annex 1.

4.7 Period of Rate Relief

4.7.1 Discretionary Rate Relief will be awarded for one financial year (From 1 April to 31 March) except in circumstances where consideration is being given to awarding relief for a previous financial year within the qualifying timescales outlined in paragraph 4.5.11.

4.7.2 Customers receiving relief will be contacted and invited to reapply for relief on an annual basis or as specified by EK Services. EK Services will write to eligible ratepayers to advise them of the process for reapplying, as an alternative application form may be required.

4.8 Calculation of relief

4.8.1 Relief will be calculated as a percentage of the Business Rates bill. Should the Business Rates bill reduce within the period Discretionary Rate Relief is granted, the relief will be reduced proportionately.

4.8.2 If the Business Rates bill increases within the period Discretionary Rate Relief is granted i.e. an increase in rateable value, the amount awarded will not automatically be increased. In such cases, EK Services, upon request of the customer, will reconsider the application and may award additional relief.

4.8.3 In the interests of transparency the following criteria will be used, to determine the levels of either Discretionary or Top up Discretionary Relief.

- **Alignment to relevant corporate priorities**

  The organisation must demonstrate its alignment to the relevant corporate priorities, through the application form, its constitution, aims, objectives and physical delivery to the community

- **Access to services and affordability**

  The organisation must demonstrate its access to services, any charging policies, and concessionary rates, through the application form, its website, its constitution or any other evidence

  Organisations that provide free services to all members of the community or positively discriminate citizens on low income / Welfare Benefits will score highly. However, organisations that are members only or have limited or no concessions will not score highly.

- **Service provision and availability**

  The organisation must demonstrate how its service provision compliments or substitutes for Council Services and whether there are any other service providers within the area that deliver the same or similar services, through the application form, its constitution, aims, objectives and physical delivery to the community

  Where there is a single organisation that provides these services to all members of the community it will score highly. However where multiple organisations are providing the same service they will not score as highly.

- **Residents participation**

  The organisation must demonstrate what proportion of the Council's community is benefitting from the service provision, through the application form, its website or other collateral and specific group feedback within the community

  Scoring will be based upon the % of local service users with a higher score being allocated where the % of local residents benefitting is the highest.

- **Financial status and funding**

  The organisation must demonstrate where its funding streams come from, through the application form, accounts, Charity Commission or an initial income forecast if recently created

  Organisations that have the majority or all of their income received through grants, donations or self-funding and is used for expenditure providing the services will score highly. However organisations that have significant operating surpluses and the means to pay the Business Rates due will not score highly.

4.9 Authority to process applications and award Relief

4.9.1 In the interests of efficiency, the authority to consider applications is delegated and shown below

Thresholds – Value of relief	Position of Authority	Counter Authority
Up to £10,000	Business Rates Officer	Senior Business Rates Officer and Client Officer
£10,001 to £30,000	Senior Business Rates Officer	Business Rates Manager and Client Officer
Over £30,000	Business Rates Manager	Business Rates Manager and Client Officer
Where relief applied will exceed annual budget	Business Rates Manager	Business Rates Manager to review and Client Officer to approve and refer for Executive / Cabinet decision.

4.10 Special Provisions

4.10.1 The full 20% 'top up', discretionary relief may be applied to charity shops and other premises but will normally only be awarded if the charity is a local one, not a national one (a local charity is defined to be one who only operates in the particular Council area or who are part of a national Charity but whose accounts and finances are specific to a local area). If the premises are operated by a national charity that does not exist to wholly or mainly benefit the residents of the local area, then discretionary relief will not normally be awarded to 'top up' the 80% mandatory award.

4.10.2 EK Services will consider the contribution and benefit that the charity has to the local community.

4.10.3 Charity shops that sell wholly or mainly donated goods may be granted a higher amount of relief than those that sell mainly bought-in (new) goods.

4.10.4 Discretionary Relief for clubs will not normally be granted if the organisation operates a bar and the majority of the income into the organisation is from bar takings. Membership must be active rather than social membership and wholly or mainly benefit the residents of the local area. Consideration to award relief will only be given if the club is able to fully demonstrate that the bar is not the primary or significant attraction for the majority of the members.

4.10.5 Schools with Academy status will not normally be awarded Discretionary Relief to top up the mandatory award.

4.11 Backdating Applications

4.11.1 Applications from 1 April 2024 will be considered in line with paragraph 4.5.11

4.11.2

5.0 Relief for properties that are partially occupied for a temporary period (Section 44A)

5.1 Legal Requirements

5.1.1 Under section 44A of the Local Government Finance Act 1988 a Local Authority has the discretion to allow rate relief where a property is partly occupied for a temporary period.

5.1.2 The definition of a 'temporary period' is not prescribed with the law and therefore EK Services, using delegated authority, have discretion to decide the period relief should be awarded.

5.1.3 Partially occupied rate relief (also referred to as Section 44A Relief) is not intended to be used where part of a property is temporarily not used. The intention is aimed at situations where there are practical difficulties in occupying or vacating part of the property. Rate relief will not be awarded in respect of partly occupied property where the partial occupation of the property may be considered to arise due to the ordinary day-to-day nature of the business (for example the operation of a warehouse).

5.1.4 Partially occupied rate relief cannot be granted retrospectively. Applications will only be considered if partial occupation exists at the time the application is made.

5.2 Financial Impact

5.2.1 Following the introduction of the Business Rates Retention scheme 2013/2014 there is a cost to each Local Authority in every award of relief.

5.2.2 EK Services recognises that awarding this relief is beneficial to local businesses, particularly when creating jobs and growth within the Council's geographical areas. The application will be considered favourably where the following criteria are met.

- Where the award would stimulate Economic gains to the Local area, measured by job creation

- Where a company is considering moving to the area and will be taking occupation of the premises in a phased approach, such as a disused factory premises, which is subject to redevelopment

5.2.3 EKS will work closely with the client officers and the individual Council's Economic Development Teams to understand the impact of the Business to the Council area and to ensure all avenues of support are made available to the organisation.

5.2.4 Applications for relief will not be considered under the following conditions:

Where the premises are being refurbished or re-stocked

Where the Ratepayer is moving out of the EKS area, in a phased vacation

Where the application is received after the period of temporary vacation has ceased (retrospective applications).

Where it appears to the council that the reason that part of the property is unoccupied is wholly or mainly for the purposes of applying for rate relief.

Where the Council deem that it may be appropriate to request the Valuation Officer to split the assessment.

5.3 Persons who can make application

5.3.1 Applications must be made by the ratepayer or an individual /company acting on the Ratepayer's behalf, with a signed letter of authority.

5.3.2 EK Services will require a written application, clearly stating the reasons for the relief award and the benefits to the local economy. In addition, the ratepayer must supply a plan of the property, with the unoccupied portions clearly identified and any timeline for reoccupation of the area.

5.4 The decision-making process

5.4.1 There are no restrictions in the provisions of a Section 44A Relief, regarding the type of property or circumstances in which relief can be awarded, however due regard must be made to the cost to the Local Taxpayer.

5.4.2 Once EK Services has received an application, the relief will be considered in line with the criteria set out in this policy.

5.4.3 EK Services may require accompanied access to the property during normal working hours to verify the application. Further access may be required under the same conditions during the period for which relief is being awarded.

5.4.4 Relief will not be awarded under any circumstance where it is not possible to verify the information submitted on the application.

5.4.5 EK Services will consider applications within 21 days of the application and all supporting information being received. Where there is a delay in the notification of the outcome and the customer cannot be notified within 21 days of application, EKS will notify the customer that there be a delay in processing the application.

5.4.6 EK Services will notify the applicant of the decision in writing and where the relief is refused, an explanation of the reasons why will be given.

5.4.7 EK Services will not consider applications where the customer has failed to provide information within the timescales provided to them and will notify the customer in writing that the application has been refused.

5.4.8 To ensure there is a fair and consistent approach to the award of Section 44a Relief, all applications will be considered within the guidelines of this policy and a written record will be kept on file of the decisions and factors considered in the process. The decision will be available free of charge to the applicant on request.

5.4.9 Some examples of circumstances where relief may be considered appropriate are:

Where full occupation is being phased in over a period of time. This may be due to relocation to the District.

Where there are difficulties fully occupying the property due to short-term practical or financial restraints.

Temporary occupation, for example due to remedial building or refurbishment works, fire damage or similar.

5.4.10 Partly occupied relief will not normally be considered where partial occupation of a property is down to mechanical failure of machinery.

5.5 Period of Section 44A Relief

5.5.1 Section 44A Relief will only be applied to a property that is partly occupied for a temporary period.

5.5.2 Section 44A Relief will end under the following circumstances:

- At the end of a financial year, regardless of the date relief was applied
- Where all or part of the unoccupied area becomes occupied
- The person liable for Business Rates changes
- Where the whole of the property becomes unoccupied.
- A new award is made which supersedes the previous award.
- Where EKS are unable to verify, following reasonable notice, that the area remains unoccupied.

5.5.3 A new application may be submitted immediately by the customer if relief ends due to the end of a financial year, the person liable for Business Rates changes or where EKS are unable to verify the area remains unoccupied.

5.6 Calculation of Section 44A Relief

5.6.1 Where EK Services agrees to award a Section 44A Relief, we will notify the Valuation Officer to seek a reduction in the rateable value. EK Services cannot be held responsible for any delays in the Valuation Officer providing this information to the Council.

5.6.2 The amount of relief is calculated on a statutory basis based on the rateable value of the empty portion of the property. The appropriate rateable value is provided to EK Services by the Valuation Office Agency.

5.6.3 EKS will not apply to the Valuation Officer for a determination of relief amount until it has confirmed the eligibility for an award.

5.7 Authority to Award Section 44A Relief

5.7.1 In the interests of efficiency, the authority to consider applications is delegated and shown below:

Thresholds – estimated value of award	**Position of Authority**	**Counter Authority**
Up to £10,000	Business Rates Officer	Senior Business Rates Officer and Client Officer
£10,001 to £30,000	Senior Business Rates Officer	Business Rates Manager and Client Officer
Over £30,000	Business Rates Manager	Client Officer
Where relief applied will exceed annual budget	Business Rates Manager	Client Officer to approve and refer for Executive / Cabinet decision.

5.8 Backdating Section 44A Applications

5.8.1 Where a backdated application is received, the customer will be required to produce evidence to prove the area was unoccupied for the period the relief relates to. Acceptance of such evidence is at the discretion of EK Services as retrospective applications will not normally be accepted.

6.0

Hardship Relief (Section 49)

6.1 Legal Requirements

6.1.1 Section 49 of the Local Government Finance Act 1988 provides a Local Authority with the discretion to reduce or remit payment of rates under the grounds of hardship.

6.1.2 EK Services, using delegated authority, can reduce or remit the payment of rates where it is satisfied that the customer would sustain hardship if we did not do so and that it is reasonable award relief, having taken into account the interests of the Council Tax payers.

6.1.3 There is no statutory definition of ‘hardship’ and it is for EK Services to decide on the facts of each case as to whether to exercise our discretion. EK Services may adopt rules for the consideration of hardship but are unable to adopt a blanket policy and each case will be considered individually.

6.1.4 It is the Government's guidance that remission of Business Rates on the grounds of hardship is the exception rather than the rule.

6.2 Legal Requirements – Subsidy Control

6.2.1 Since leaving the European Union the UK Government has introduced its own competition rules to restrict the amount of state subsidies available to businesses, ensuring trade can continue with other sovereign nations. Any relief from taxes such as business rates, could be considered as a qualifying subsidy and should be subject to the Government set limits.

6.2.2 Hardship Relief for businesses engaged in commercial activities, which compete with other commercial bodies or have a commercial partner, would constitute a qualifying subsidy. In such cases it would be unlikely that the organisation would be considered for Hardship Relief.

6.3 Financial Impact

6.3.1 The funding arrangements for relief changed when the Business Rates retention scheme was introduced in April 13. The cost of any relief awarded is shared between Central and Local Government and is a direct cost to the local taxpayer.

6.4 Persons who can make application

6.4.1 Applications must be made in writing by the ratepayer or their agent, where the agent has a letter of authority to act on behalf of the ratepayer.

6.4.2 Applications for hardship relief must be accompanied by the following:

- The most recent accounts and the last audited accounts, and
- An up to date trading statement showing the current financial position of the business; and
- Details of the amount of relief being requested and the period of time it is being requested for; and

- An explanation of the benefits to the community arising from an award of hardship relief.

6.5 The Decision Making Process

6.5.1 Although there is no statutory necessity to complete a formal application form, it is recommended that a form be completed, as it will form a checklist of criteria to be met or questions to be answered. This will assist in speeding up the application process. An application form is available on the Council's website.

6.5.2 All applications will be considered on an individual basis and decisions will be made in accordance with this policy. The following examples indicate circumstances where it may be appropriate to award Hardship Relief. They are included in these guidelines in the form of broad, general principles and are not intended to be prescriptive:

- The customer will suffer hardship if the relief is not granted

- There is a direct benefit to the ratepayer or the community or no adverse impact to other ratepayers or the community as a result of awarding relief

- The cost to local Council Taxpayers is proportional to the benefits of the community

- The ratepayer's business has been detrimentally affected by circumstances beyond the ratepayer's control and that do not constitute part of the normal risks in running a business i.e. a natural disaster or an unusual or uncontrollable event in the neighbourhood of the business

- By refusing to award the relief may result in the loss of the business. The impact on local amenities must be considered if the business is the sole provider of a service in the local area i.e. the only village shop

- By refusing to award the relief may result in the loss of the business. The impact on employment prospects in the local area must be considered i.e. if the closure results in a large number of redundancies, the social aspect of increasing unemployment and the possible negative impact in attracting further investment in the area must be considered

6.5.3 EK Services will only grant Hardship Relief for a period where there is clear evidence of hardship for the ratepayer concerned. This will be for a short period of time and not on an ongoing basis.

6.5.4 Hardship Rate Relief may not be awarded if there are alternative facilities within the area or if the business is situated in an area with adequate public transport links to alternative businesses. The granting of relief should be in the interests of the community as a whole although the legislative "test" is that the business itself has to be suffering from "hardship". If the decision is that it is not in the interests of the community as a whole to grant Hardship Relief, then the decision will be final with no rights to appeal.

6.5.5 EK Services will also consider applications from new businesses as well as established businesses. We recognise that a new business could also be the sole provider of a service in our local area who contributes to the health and quality of life of the Council Taxpayers generally. Where a new business applies, the Council will want to see that adequate provision has been made in any business plan to cover the normal set up costs of that business.

6.5.6 EK Services recognises that there may be occasional circumstances in which the use of this power is beneficial to either an individual ratepayer or the community. However, in accordance with Government guidelines it accepts that this power should be used sparingly and only in the most exceptional of circumstances.

6.5.7 EK Services will consider applications within 21 days of the application and all supporting information being received and will notify the customer should there be a delay in processing the application.

6.5.8 EK Services will notify the applicant of the decision in writing and where less than the maximum amount of relief is granted or the relief is refused, an explanation of the reasons why will be given. If full relief is awarded, a revised business rates bill showing the award of relief will be sufficient notification.

6.5.9 EK Services will not consider applications on the grounds of hardship where the customer has failed to provide information within the timescales provided to them and will notify the customer in writing that the application has been refused.

6.5.10 To ensure there is a fair and consistent approach to the award of Hardship Relief, all applications will be considered within the guidelines of this policy and a written record will be kept on file of the decisions and factors considered in the process. The decision will be available free of charge to the applicant on request.

6.6 Period of Hardship Relief

6.6.1 EK Services will normally only award Hardship Relief retrospectively. However, where the applicant can show that the circumstances will remain the same for a period up to the end of the current financial year, relief may be awarded for the remainder of the year.

6.6.2 In all cases Hardship Relief will end in the following circumstances:

- At the end of a financial year
- A change of liable person
- The property becomes empty or unoccupied
- The customer enters any form of Insolvency proceedings, including but not limited to winding up, liquidation, administration or bankruptcy.
- The customer's financial circumstances change. The customer must inform EK Services if their circumstances change, failure to do so may result in a penalty being applied.

6.7 Calculation of Hardship Relief

6.7.1 Hardship Relief will be calculated as a percentage of the Business Rates bill. Should the Business Rates bill reduce within the period Hardship Rate Relief is granted, the relief will be reduced proportionately.

6.7.2 If the Business Rates bill increases within the period Hardship Relief is granted, i.e. an increase in rateable value, the amount awarded will not automatically be increased. In such cases, EK Services, upon request of the customer, will reconsider the application and may award additional relief.

6.8 Authority to process applications and award relief

6.8.1 In the interests of efficiency, the authority to consider applications is delegated and shown below:

Thresholds – Value of award	**Position of Authority**	**Counter Authority**
Up to £10,000	Business Rates Officer	Senior Business Rates Officer and Client Officer
£10,001 to £30,000	Senior Business Rates Officer	Business Rates Manager and Client Officer
Over £30,000	Business Rates Manager	Business Rates Manager and Client Officer
Where relief applied will exceed annual budget	Business Rates Manager	Business Rates Manager to review and Client Officer to approve and refer for Executive / Cabinet decision.

6.9 Backdating Applications

6.9.1 Applications from 1 April 2024 will be considered in line with 4.5.11
6.9.2

7.0 Discretionary Relief – Localism Act 2010

7.1 Legal Requirements

7.1.1 Section 69 of the Localism Act 2011 amends section 47 of the Local Government Finance Act 1988 to replace the limited circumstances in which local authorities can currently give discretionary relief with a power to grant relief in any circumstances. This is subject to the condition that, except in the limited circumstances specified, the local authority may only grant relief if it would be reasonable to do so having regard to the interests of council taxpayers in its area. The amendments also require a local authority to have regard to any relevant guidance issued by the Secretary of State.

7.1.2 Periodically, the Government will ask local authorities to consider exercising their powers under the Localism Act for exceptional circumstances (for example the 2014 flooding which affected some businesses and is covered by a separate financial grant from Government). Where this happens EK Services will have due regard to the relevant guidance issued by the Secretary of State and award this relief as appropriate.

7.1.3 This new power was introduced in December 2011 and enacted from 1 April 2012. The Government has not issued guidance in respect of English local authorities, but councils do have to ensure that the reliefs they allow do not transgress subsidy limits. Any relief granted will have to be funded locally and the Government expects local councils to work closely with the county council on the use of the power.

7.2 Legal Requirements – Subsidy Control

7.2.1 Since leaving the European Union the UK Government has introduced its own competition rules to restrict the amount of state subsidies available to businesses, ensuring trade can continue with other sovereign nations. Any relief from taxes such as business rates, could be considered as state aid and should be subject to the Government set limits.

7.2.2 Discretionary Relief under the Localism Act would constitute a qualifying subsidy.

7.3 Financial Impact

7.3.1 The cost of any relief awarded is fully funded by the local taxpayer.

7.4 Persons who can make application

7.4.1 Applications must be made in writing by the ratepayer or their agent, where the agent has a letter of authority to act on behalf of the ratepayer.

7.4.2 Applications for relief must be accompanied by the following:

- The most recent accounts and the last audited accounts, and
- An up to date trading statement showing the current financial position of the business; and
- Details of the amount of relief being requested and the period of time it is being requested for; and
- An explanation of the benefits to the community arising from an award of this type of relief.

7.5 The Decision Making Process

7.5.1 Although there is no statutory necessity to complete a formal application form, it is recommended that a form be completed, as it will form a checklist of criteria to be met or questions to be answered. This will assist in speeding up the application process.

7.5.2 All applications will be considered on an individual basis and decisions will be made in accordance with this policy. The following examples indicate circumstances where it may be appropriate to award Relief. They are included in these guidelines in the form of broad, general principles and are not intended to be prescriptive:

- The organisation will create substantial employment in the local community
- The organisation is working with the Council to regenerate a significant proportion of the local area, creating wealth and opportunities
- It is in the wider interests of the local Council Taxpayers to support the organisation because of the inherent benefits to the community

7.5.3 EK Services will work with the individual authority's respective officers and provide advice and support relating to Business Rates. However any decision would be reviewed and determined by the client team because of the wider aspect of this relief and its implications.

7.5.4 EK Services will consider applications within 21 days of the application and all supporting information being received and will notify the customer should there be a delay in processing the application.

7.5.5 EK Services will notify the applicant of the decision in writing and where less than the maximum amount of relief is granted or the relief is refused, an explanation of the reasons why will be given.

7.5.6 EK Services will not consider applications where the customer has failed to provide information within the timescales provided to them and will notify the customer in writing that the application has been refused.

7.5.7 To ensure there is a fair and consistent approach to the award of this type of Relief, all applications will be considered within the guidelines of this policy and a written record will be kept on file of the decisions and factors considered in the process. The decision will be available free of charge to the applicant on request.

7.6 Period of Relief

7.6.1 EK Services will normally only award this relief for a period up to the end of the current financial year or for the period specified in any Government guidance issued.

7.7 Calculation of Relief

7.7.1 The Relief will be calculated as a percentage of the Business Rates bill. Should the Business Rates bill reduce within the period the Relief is granted, the relief will be reduced proportionately.

7.7.2 If the Business Rates bill increases within the period the Relief is granted, i.e. an increase in rateable value, the amount awarded will not automatically be increased. In such cases, EK Services, upon request of the customer, will reconsider the application and may award additional relief.

7.8 Authority to process applications and award relief

7.8.1 In the interests of efficiency, the authority to consider applications is delegated and shown below:

Thresholds – Value of award	**Position of Authority**	**Counter Authority**
Up to £10,000	Business Rates Manager	Business Rates Manager and Client Officer
£10,001 to £30,000	Business Rates Manager	Business Rates Manager and Client Officer
Over £30,000	Business Rates Manager	Business Rates Manager and Client Officer
Where relief applied will exceed annual budget	Business Rates Manager	Business Rates Manager to review and Client Officer to approve and refer for Executive / Cabinet decision.

8.0 Appeals

8.1 Overview

8.1.1 There is no statutory right of appeal against a decision regarding discretionary relief made by EK Services. However, EK Services recognises that customers should be entitled to have a decision reviewed objectively, if they are dissatisfied with the outcome.

8.1.2 EK Services will give consideration to all appeals in accordance with this policy and agrees to abide by the following appeals process. Aggrieved customers should make an appeal in accordance with the process.

8.1.3 Customers will be notified of the appeals process by EK Services in writing at the time that they are notified of the outcome of their request for discretionary relief.

8.1.4 Appeals against decisions to award discretionary relief will not be considered by the same Officers administering the application for relief and will normally be considered by an independent Senior Officer or Manager.

8.1.5 Decisions made after the appeals process has been followed will be final. Submitting an appeal does not affect the appellant's legal rights to challenge a decision made by the Council through the Judicial Review process

8.2 Persons that can appeal

8.2.1 Appeals may only be made by the original applicant. An appellant may appoint a third party to act on their behalf and in such cases EK Services will require written authorisation from the appellant.

8.2.2 Customers may appeal against the decision to award or not award relief or against the level of relief awarded. An appeal must be made within four weeks of the issue of the letter notifying them of EK Services' decision.

8.2.3 Any appeals received outside of the 4 week period will only be considered if EK Services are satisfied that exceptional circumstances led to the delay in submitting the appeal.

8.3 Applications for appeal

8.3.1 Appeals must be in writing and include the following:

- The reasons why it is believed the decision should be amended
- Any new or additional information relevant to the decision making process.

8.3.2 The appellant does not have a right to appear in person but may make a request to present evidence in person. Such requests will be considered at the discretion of EK Services, as appropriate.

8.3.3 EK Services can request a meeting with the customer to hear evidence in person.

8.4 Notification of the final decision following appeal

8.4.1 EK Services will consider appeal applications within 28 days of the application and all supporting information being received and will notify the customer should there be a delay in the consideration of the appeal.

8.4.2 EK Services will notify the applicant of the final decision in writing within the 28 days period and whether an appeal is refused or accepted, a full explanation of the decision making process will be given. A written record will be kept on file of the decisions and factors considered in the process.

8.4.3 For Business Rates, both Discretionary Relief and Hardship Relief is the subject of separate applications. Should an EK Services Officer decide to reject the appeal in respect of Discretionary Relief they cannot offer Hardship Relief as an alternative. However, the applicant can be invited to make a separate application.

8.5 Discontinuation of Applications or Appeals

8.5.1 If EK Services have requested further evidence from the customer and this has not been received within the specified time given, the appeal will not be considered.

8.5.2 Customers will be advised in writing the reason why their application has been discontinued.

8.6 Cancellation of relief

8.6.1 Relief will be cancelled if:

- The applicant ceases to be the ratepayer or taxpayer or
- The property becomes empty or becomes occupied, or all or part of the unoccupied area becomes occupied or
- The use of the property changes or
- The aims or objectives of the ratepayer / taxpayer change or
- The financial circumstances for a customer change

8.6.2 Where relief is cancelled for any of the reasons above, a new application may be made by customers straight away

9.0 Recovery whilst a decision is pending

9.1.1 Once an application for discretionary relief is received, no action will be taken to recover any unpaid Business Rates until after the decision has been notified to the customer.

9.1.2 In the case where the customer has been notified of a decision and they exercise their rights to appeal, payment cannot be withheld pending an appeal decision. In the event that an appeal is successful, any overpayment will be refunded.

9.1.3 For circumstances where an application is being discontinued, recovery action will commence after the ratepayer has been notified of the discontinuation in writing.

10 Promotion of the availability of Relief

10.1 EK Services will proactively promote the availability of discretionary relief, in the following ways:

- All Business Rates Bills will have accompanying information explaining the availability of relief. This may be accessible on the Council website rather than in printed form.

- EK Services Officers who deal with enquiries from customers will be trained in all aspects of this policy and will actively promote the availability of relief when responding to customers enquiries

- EK Services will work in partnership with other organisations to promote the availability of relief

- Information regarding the availability of reliefs will be published on the partner Council websites

11.0 Fraud

11.1 The Council is committed to protect public funds and ensure reductions are awarded to the people who are rightfully eligible to them.

11.2 Any applicant who tries to fraudulently claim an Discretionary relief by falsely declaring their circumstances, and/or providing a false statement or evidence in support of their application, may have committed an offence under The Fraud Act 2006.

11.3 Where the Council suspects that such a fraud may have been committed, this matter will be investigated as appropriate and may lead to criminal proceedings being instigated.

12.0 Complaints

12.1 The Council's 'Complaints Procedure' (available on the Councils website) will be applied in the event of any complaint received about the application of this scheme.

13.0 Publicity

13.1 The Councils will make a copy of this scheme available for inspection on their respective websites.

14.0 Scheme Review

14.1 This scheme will be reviewed on an annual basis and updated as appropriate to ensure it remains fit for purpose. However, a review may take place sooner should there be any significant changes in legislation.

Annex 1 - Operational Scoring Guidelines

Methodology and scoring

In the interests of transparency the following criteria and scoring matrix will be used, to determine the levels of either Discretionary or Top up Discretionary Relief.

Each of the criteria carries a maximum of 8 points and an application receiving a certain level of points will qualify for a fixed percentage of Discretionary rate relief, as follows:-

Scoring Values	Discretionary Relief	Top up Discretionary Relief
36 points or more	100% Awarded	20% Awarded
Between 30 to 34 points	75% Awarded	15% Awarded
Between 20 to 30 points	50% Awarded	10% Awarded
Between 10 to 20 points	25% Awarded	5% Awarded
Less than 10 points	0% Awarded	0% Awarded

The only exceptions to cases subject to the criteria are the 'Included' categories, as stated previously. These cases will be granted the additional "top up" of 20% discretionary relief, automatically.

Scoring Matrix Discretionary Relief for Charities & Non Profit making Organisations

Measure 1 – Alignment to relevant corporate priorities

How is it measured?

The organisation must demonstrate its alignment to the relevant corporate priorities, through the application form, its constitution, aims, objectives and physical delivery to the community.

Description	Measure	Points
How do the organisation's objectives link into the Corporate priorities.	Significantly aligned	8
	Mostly aligned	6
	Partially aligned	4
	Limited alignment	2
	No alignment	0

Measure 2 – Access to services & affordability

How is it measured?

The organisation must demonstrate its access to services, any charging policies, and concessionary rates, through the application form, its website, its constitution or any other evidence.

Description	Measure	Points
Open to all	Free service provision and / or positive discrimination to enable affordability to less well-off groups	8
Open to most	Majority of service provision is free and any charges are affordable to all groups	6
Open to some	Elements of free service provision and some concessions for less well-off groups and any membership fees are affordable.	2
Closed Members only	Annual membership with no concessions for citizens of different groups	0

Measure 3 – Service provision & availability of alternatives

How is it measured?

The organisation must demonstrate how its service provision compliments or substitutes for Council Services and whether there are any other service providers within the area that deliver the same or similar services, through the application form, its constitution, aims, objectives and physical delivery to the community.

Description	Measure	Points
Sole provider	Sole provider of services that meet the needs of the Council and its residents	8
Two providers	Two organisations providing the same services to meet the needs of the Council	6

	and its residents	
Three Providers	Three organisations providing the same services to the Council's residents	4
Four or more Providers	Multiple providers giving the same services to the Council's residents.	2

Measure 4 – Residents Participation

How is it measured?

The organisation must demonstrate what proportion of the Council's community is benefitting from the service provision, through the application form, its website or other collateral and specific group feedback within the community.

Description	Measure	Points
Exclusive to the Council Area	90% or more of service users live within the Council area.	8
Primarily within the Council Area	Between 50% and 90% of the service users reside within the Council area.	6
Open to some	Between 25% and 50% of the service users reside within the Council area.	4
Open to few	< 25% of the service users reside within the Council area	2

Measure 5 – Financial Status & Funding

How is it measured?

The organisation must demonstrate where its funding streams come from, through the application form, accounts, Charity Commission or an initial income forecast if recently created.

Description	Measure	Points
Annual surplus is less than the Business Rates payable or making	The expenditure on activities is either equal to or greater than the annual	8

a loss	unrestricted income. All funding is received through grants or donations.	
Annual surplus is more than the Business Rates payable but less than £10k per annum.	The expenditure on activities is less than the annual unrestricted income. All funding is received through grants or donations.	6
Annual surplus is more than the Business Rates payable and is £10k - £20k per annum.	The expenditure on activities is less than the annual unrestricted income. Funding is received through grants, donations or income generation.	4
Annual Surplus is more than the Business Rates payable and greater than £20k per annum	The expenditure on activities is less than the annual unrestricted income. Funding is received through membership fees or income generation.	2
Annual Surplus is more than the Business Rates payable, greater than £20k per annum or restrictive membership practices.	The majority of funding is received through membership fees, income generation or from a bar.	0

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Extension to the Alcohol Public Space Protection Order

Cabinet **16 November 2023**

Report Author **Jo-Anna Taylor, Community Services Manager**

Portfolio Holder **Cllr Keen, Cabinet Member for Neighbourhoods**

Status **For Decision**

Classification: **Unrestricted**

Key Decision **Yes**

Reasons for Key **Significant effect on communities**

Previously considered by: **Overview and Scrutiny Panel on 24th October 2023**

Ward: **All wards within Thanet district.**

Executive Summary:

The purpose of this report is to recommend that the Council exercises its powers as contained within the Anti Social Behaviour Crime & Policing Act 2014 to extend the current Alcohol PSPO for a further 9 months. This extension of 9 months will bring the expiry of the alcohol PSPO into alignment with the Anti Social behaviour PSPO which will expire on 31st July 2024, at which point a combined ASB and Alcohol PSPO will be applied for.

Recommendation(s):

It is recommended that Cabinet agree to the following actions:

1. The Current PSPO is extended for a further 9 months, to 30th July 2024 to bring in alignment with the current Anti Social Behaviour PSPO, at which point a combined PSPO will be drafted and applied for;

2. To delegate any minor amendment of the PSPO to the Chief Executive.

Corporate Implications

Financial and Value for Money:

Costs associated with the management of the Alcohol PSPO will be contained within current budgets. Mechanisms in relation to breaches of this PSPO are already adopted.

There may potentially be future legal costs for enforcement of breaches via court process however this will also be covered within the existing budgets.

Legal:

Section 59(1) of the Act empowers local authorities to make a PSPO if they are satisfied, on reasonable grounds, that any activity carried out or which is likely to be carried out in a public space within their area:

- has had, or is likely to have, a detrimental effect on the quality of life of those in the locality;
- is, or is likely to be, persistent or continuing in nature;
- is, or is likely to be, unreasonable;
- justifies the restrictions imposed

Section 59(5) of the Act provides that the only prohibitions or requirements that may be imposed are reasonable to impose in order-

- To prevent the detrimental effect referred to above from continuing, occurring or reoccurring; or

- To reduce the detrimental effect or to reduce the risk of its continuance, the occurrence of reoccurrence

Section 59(8) of the Act requires that a PSPO must be published in accordance with regulations made by the Secretary of State. Section 60 of the Act provides that a PSPO may not have an effect for a period of more than 3 years unless extended.

Section 61(4) of the Act provides that a PSPO may be discharged by the local authority that made it. Section 61(6) of the Act provides that where a PSPO is discharged, a notice identifying the PSPO and stating the date when it ceases to have effect must be published in accordance with regulations made by the Secretary of State.

Section 72 of the Act requires that, in extending or varying a PSPO, the local authority must consult with –

- the chief officer of police, and the local policing body, for the police area that includes the restricted area;
- whatever community representatives the local authority thinks it appropriate to consult;
- the owner or occupier of land within the restricted area

Risk Management:

The council operates a robust process around the enforcement of PSPO related issues which include the issue of penalty notices.

The issue of Penalty notice is a remedy offered as an alternative to prosecution. There is a low risk of error in the issue of these types of penalty notices which may have a disproportionate impact upon different groups within society. Legislative guidance around the issue of penalty notices of this type allows for a mechanism for appeal and an ability to challenge the issue at a judicial level if the issue of an FPN is either believed incorrect or issued in error.

There is a range of information available including online, in a written format and delivered in person in schools. Areas covered by the PSPO have clear understandable signage in place Those committing the offence are given an opportunity to stop their behaviour before a fixed penalty notice is issued.

The continuation of this PSPO reduces risk of negative behaviour, including anti-social behaviour, associated with the consumption of alcohol.

Corporate

The recommendations support The Council's Core Business Objectives in the following areas:

- To keep our district safe and clean: Work with communities and partner organisations, including the Police, to improve the perception and reality of public safety.
- Communities: Work with our partners to deliver a range of community safety initiatives across the District, taking tough action to tackle anti-social behaviour and alcohol related negative behaviour.

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.

It is not felt that the continuation of the alcohol PSPO has any negative impact in respect of protected characteristics and the public sector equality duty.

There have been no previous complaints in relation to equalities since the PSPOs inception.

A customer impact screening exercise has been undertaken and there are no matters arising from this proposal at this time.

This will be kept under review.

Corporate Priorities

This report relates to the following corporate priorities: -

- Growth: Open spaces, free from alcohol related negative behaviour support the growth of the area, attracting positive behaviour from residents and visitors.
- Environment: Protect and enhance where possible our parks, beaches and open spaces for the benefit of current and future residents.
- Communities: Work with our partners to deliver a range of community safety initiatives across the District, taking tough action to tackle anti-social behaviour and alcohol related behaviour.

1.0 Introduction and Background

1.1 A Public Spaces Protection Order (PSPO) is an order made by the Local Authority if it is satisfied on reasonable grounds that two conditions are met. These are:

- That activities being carried out within a public place have had a detrimental effect on the quality of life of those in the locality or it is likely they will.
- That the effect, or likely effect, of these activities is, or is likely to be, of a persistent or continuing nature, such as to make the activities unreasonable.

1.2 These orders identify public places and prohibit specific things from being done in that area or require specific things to be done in that area for a maximum of three years. A breach of the order would constitute a criminal offence. A PSPO may be extended as many times as required.

2.0 The current situation

The current alcohol PSPO is due to expire on the 15th November 2023.

2.1 The impact of the original order and subsequent orders around PSPO restrictions have had a positive impact and helped prevent some of the negative behaviour that affects residents and visitors of Thanet.

2.2 The council continues to receive a number of complaints around alcohol behaviour.

2.3 The content of this report was reviewed at the Overview and Scrutiny Panel on the 24th October 2023 and agreed to progress to cabinet for approval.

2.4 Representatives from Kent Police have been consulted with and have agreed the rationale for the extension.

2.5 We are recommending that the PSPO will continue unchanged for the next 9 months and that the authority to approve any further minor amendments to the order be delegated to the chief executive.

3.0 Options

3.1 To approve the recommendations.

3.2 To amend the recommendations and then approve them.

3.3 To reject the proposed order and recommendations.

Contact Officer: Jo-Anna Taylor (Community Services Manager)
Reporting to: Penny Button (Head of Neighbourhoods)

Annex List

Annex 1 - Alcohol PSPO document

Background Papers

Current Web page

https://www.thanet.gov.uk/info-pages/alcohol-pspo/

Corporate Consultation

Finance: Chris Petrou (Finance Officer)
Legal: Sameera Khan (Interim Head of Legal & Monitoring Officer)

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The Anti-Social Behaviour, Crime and Policing Act 2014

Public Spaces Protection Order - (Thanet District Council) 2023

No. 2 (Alcohol control)

Thanet District Council (in this order called "the Authority") hereby makes the following Order;

Under section 59 of the Anti Social Behaviour, Crime and Policing Act 2014, the authority is satisfied that alcohol related anti-social behaviour is being carried out within the area to which this order applies, it is likely that these activities will continue to be carried out and that this is having or it is likely to have a detrimental effect on the quality of life of those in the locality by causing harassment, alarm and distress.

This order relates to the land inside the area marked on the attached map (Schedule 1) which is outlined in red ('the Restricted Area') . This includes all spaces within this boundary that are accessible to the public.

This Order comes into force on Thursday 16th November 2023 for a period of 9 months.

Offences

1. Alcohol control in a public place

All persons are prohibited from consuming or carrying alcohol in a public place, and must dispose of any vessel believed to contain alcohol, when asked to do so by an authorised person who reasonably believes that they are either committing or likely to commit Anti-Social Behaviour.

An authorised person can require any person:

a) To not consume alcohol or anything the authorised person reasonably believes to be alcohol, in sealed or unsealed vessels.
b) To surrender anything in the person's possession which is, or the authorised person reasonably believes to be, alcohol or likely to be used as a container for alcohol.

Any surrendered items are to be retained by the authorised person and safely disposed of as appropriate.

2. Exemptions

This provision does not apply to alcohol being consumed within premises (including designated outdoor areas) that have obtained a licence under the Licensing Act 2003 or section 115E of the Highways Act 1980.

3. Breaches

If, without reasonable excuse, you fail to comply with clause 1 of this Order, (Alcohol Consumption) you commit an offence for which the maximum penalty upon summary conviction is a fine not exceeding level 2 on the standard scale.

4. Definitions

Public place means any place to which the public or any section of the public has access, on payment or otherwise, as of right or by virtue of express or implied permission. This includes beaches and foreshores.

Authorised person means an officer or agent acting on behalf of Thanet District Council, a police constable or a police community support officer.

Alcohol has the meaning as given by Section 191 of the Licensing Act 2003

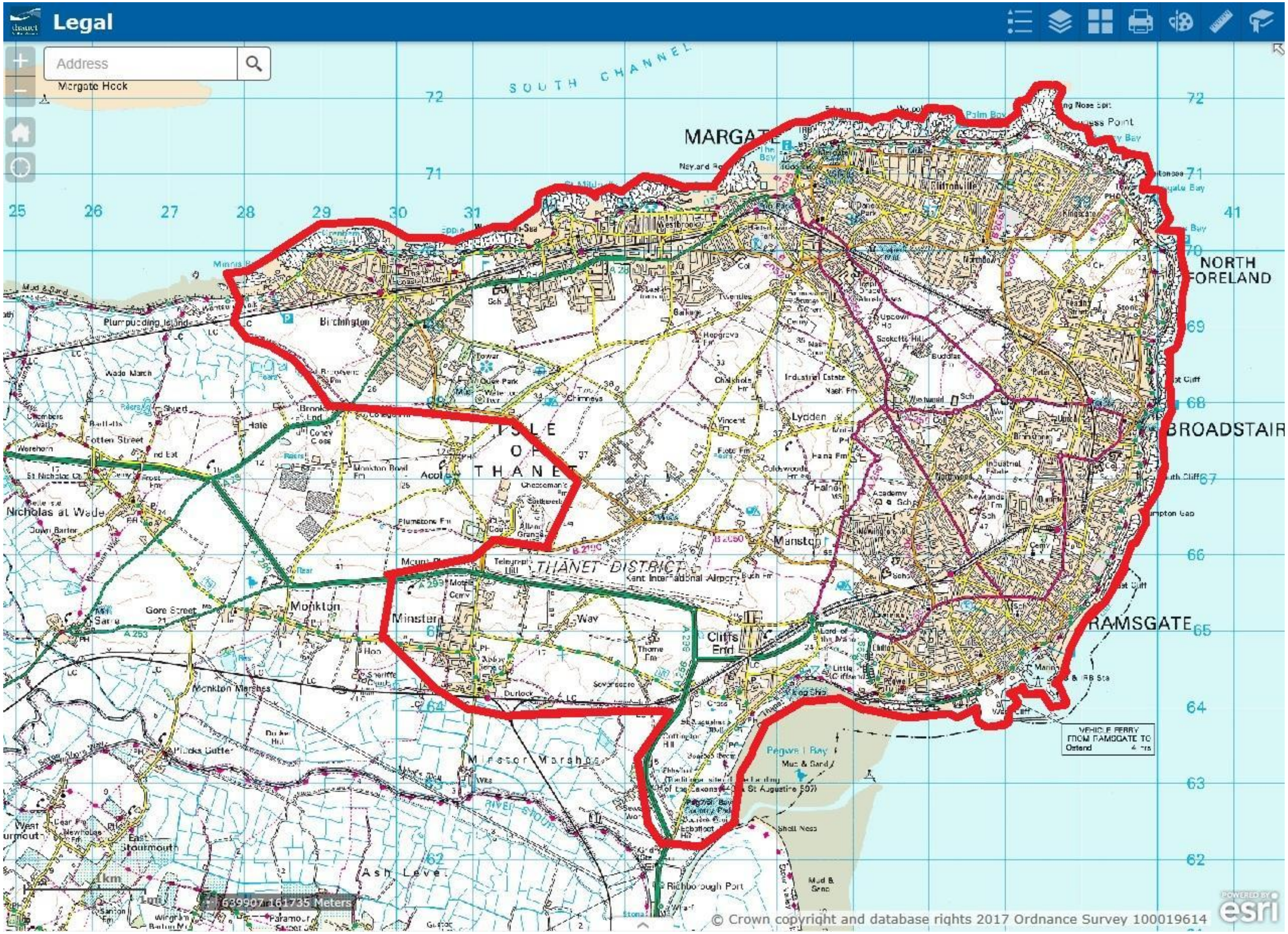
5. Date of effect

This Order shall come into effect on Thursday 16th November 2023 .

6. Length of Order

This Order shall have effect for a period of 9 months.

Schedule 1 : "Restricted Area"



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Purchase of 5 Homes at Reading Street, Broadstairs for Affordable Rent

Cabinet	16th November 2023
Report Author	Ashley Jackson, Housing Strategy and Projects Manager
Portfolio Holder	Cllr Helen Whitehead, Deputy Leader and Cabinet Member for Housing
Status	For Decision
Classification:	Unrestricted
Key Decision	Yes
Reasons for Key	Budget
Ward:	Beacon Road Ward

Executive Summary:

Following approval at Council of the accelerated affordable housing development programme, this report seeks the approval to purchase 5 Section 106 units.

Recommendation(s):

Cabinet is being asked to agree to:

1. The purchase of 5 new affordable homes, using the additional capital budget, approved by council at its meeting on 12th October 2023;

2. The letting of these homes in accordance with the council's Allocations Policy, at an affordable rent as set out in the council's Tenancy Strategy.

Corporate Implications

Financial and Value for Money

The detailed financial implications are set out in the body of this report. Notably, the financial modelling undertaken has demonstrated that across the long-term the HRA business plan will benefit from the proposed acquisitions.

Legal

Section 106 of the Town and Country Planning Act 1990, as amended by Section 12 of the Planning and Compensation Act (1991) and the Community Infrastructure Levy Regulations 2010 (as amended), provides the legislative framework for planning obligations. The Council has acted in accordance with this legislation.

Risk Management
Acquisition and development activity has within it inherent risks. Officers strive to identify and manage risk at each stage of projects. The acquisition project will have a risk register that is reviewed throughout the lifecycle of the project by the Housing Strategy & Projects Team. Risks around acquisition activity are sought to be mitigated through regular review and the appointment of professional expertise to provide legal due diligence, and accredited valuation advice to ensure value for money, in terms of the cost of the project.

Corporate

This proposal supports the Council Corporate Statement 2019-2023 , Communities. Work to prevent homelessness and increase housing options including additional social housing.

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.

An Equalities Impact Assessment has been completed in respect of this proposal. The new homes will be let in line with the council's allocations policy, which has had an Equalities Impact assessment completed.

Corporate Priorities
This report relates to the following corporate priorities: -
- Communities

1.0 Introduction and Background

1.1 Council has recently approved an accelerated affordable rented housing development programme of at least 400 new homes, constructed or acquired, by 2027.

1.2 Section 106 of the Town and Country Planning Act 1990 provides an opportunity for local planning authorities to negotiate with housing developers for the provision of affordable housing, on qualifying sites. The council's local plan policies set out a preference for these requirements to be discharged through the provision of affordable homes within the application site.

1.3 These agreements require developers to transfer completed homes to an affordable housing provider at a value that makes an affordable rent viable. This means that the developer effectively provides the necessary subsidy in the form of a discounted purchase price below market value. Officers have been contacted by a number of developers who have been unable to secure an affordable housing provider partner to purchase section 106 units and deliver affordable homes.

1.4 Failure to secure an affordable housing delivery partner can lead to developers requesting that the S106 agreement be amended to provide a commuted sum in lieu of on site homes.

2.0 Reading Street, Broadstairs

2.1 Officers were contacted by Millwood Homes, who are required to deliver 5 new affordable homes, as part of their development at Reading Street, Broadstairs. This requirement is set out in the section 106 obligations for the development. They have been unable to secure an affordable housing provider to deliver these homes.

2.2 The capital cost for the 5 homes is £800k and £50k for associated costs.

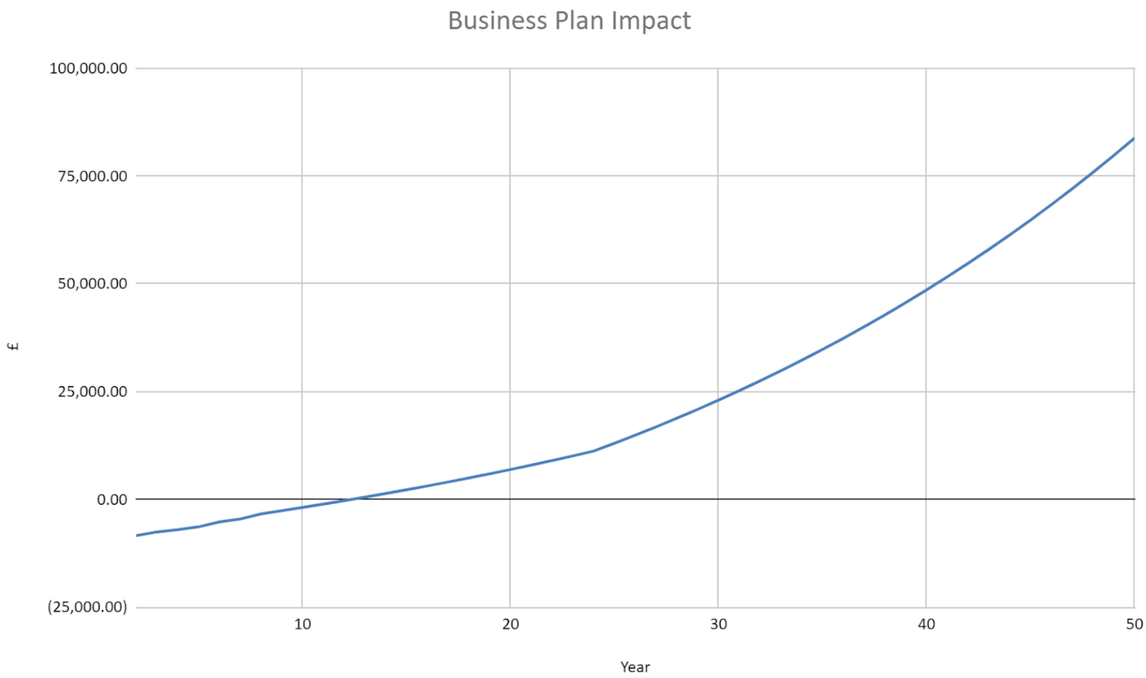
2.3 Officers have developed a detailed viability assessment tool to assess the viability of individual schemes, which is used to inform a go/no-go decision for individual proposals. It is essential for the viability of the overall HRA programme that only schemes that have a positive impact on the HRA Business Plan are delivered.

2.4 To be viable, schemes need to show an overall surplus over a 30 or 50 year timescale, depending on the duration of any borrowing. The assessment tool operates like a mini business plan and takes into account all relevant costs and income, including rent income, capital costs, professional fees and project management, the costs of borrowing and management, maintenance costs and depreciation over the lifetime of the homes. A summary of the income and costs for the proposed purchase are shown in the table below.

Year	**1**	**2**	**3**	**4**	**13**
Revenue Income					
Rental income	(41,000)	(41,000)	(42,800)	(43,800)	(57,200)
Revenue Costs					
Management Contribution	800	800	900	900	1,100
Revenue Repairs	400	400	800	900	4,700
Major Repairs (Capital contrib)	7,000	7,300	7,700	8,000	9,600
Insurance	1,000	1,100	1,100	1,200	1,400
Saving before MRP and	**(31,800)**	**(31,400)**	**(32,300)**	**(32,800)**	**(40,400)**

interest					
Interest on debt	39,900	39,900	39,900	39,900	39,900
Net cost/(saving)	**8,100**	**8,500**	**7,600**	**7,100**	**(500)**

2.5 This shows that the proposed purchase would generate a cash flow deficit in year 1 of £8.1k with a break even point in year 13, with surpluses accumulating between year 13 and year 50. The project shows a surplus over a 30 to 50 year period, and a cash flow summary is shown in the table below:



2.6 As the homes have been designated as affordable homes in the planning consent and section 106 agreement, they have been designed specifically for that purpose and accordingly are considered appropriate for the HRA, in line with the needs of households on the council's register or those living in temporary accommodation. There is a significant level of need for 1 bedroom homes, as well as for larger family homes.

2.7 The unit sizes and the mix of dwellings are as follows:

- 1 x 1 bed flat
- 1 x 2 bed flat
- 3 x 3 bed houses

2.8 A provisional offer of £800k has been made to the developer and subject to contract, legal due diligence, formal valuation and full approval this offer has been accepted.

2.9 It is proposed that the new homes are let in accordance with the council's adopted allocations policy. It is also proposed that they are let at an affordable rent, in line with the council's approved Tenancy Strategy. The Tenancy Strategy defines an affordable rent, as a rent that is no more that 80% of the local market rent and does not exceed the relevant Local Housing Allowance rate. As a Registered Social Landlord the council is required to consult with Homes England and the Regulator for Social Housing about its rent policy.

3.0 Options

3.1 To approve the purchase of 5 S106 units, and delegate authority to officers to conclude the due diligence and complete the purchase.

3.2 Do not purchase the Section 106 units, which would mean that the developer would negotiate a commuted sum, losing the affordable housing units.

Contact Officer: Ashley Jackson, Head of Housing and Planning
Reporting to: Bob Porter (Director of Place)

Annex List

None

Background Papers

None

Corporate Consultation

Finance: Chris Blundell (Director of Corporate Services - Section 151)
Legal: Sameera Khan (Interim Head of Legal & Monitoring Officer)

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Local Authority Housing Fund Round 2

Cabinet	16th November 2023
Report Author	Ashley Jackson, Housing Strategy and Projects Manager
Portfolio Holder	Cllr Helen Whitehead, Deputy Leader and Cabinet Member for Housing
Status	For Decision
Classification:	Unrestricted
Key Decision	Yes
Reasons for Key	Acquisition or disposal of land or property with a value of £750,000 or above
Ward:	All wards

Executive Summary:

In March 2023, it was announced that the Local Authority Housing Fund would be expanded by £250m for a second round of funding (LAHF R2), with the majority of the additional funding used to house those on Afghan resettlement schemes (ARAP/ACRS) currently in bridging accommodation and the rest used to ease wider homelessness pressures.

Thanet has been identified as eligible for capital grant funding with an indicative allocation of £694,000 in funding to purchase 4 homes for the resettlement element and 1 home for the Temporary Accommodation element.

A Memorandum of Understanding was returned to the Department for Levelling Up, Housing and Communities (DLUHC) in August 2023 which registered the council's interest in the scheme. In order to utilise the grant It will be necessary to match fund the acquisitions with £788,860k of additional borrowing within the HRA capital programme. The properties must be purchased by 31st March 2024.

Recommendation(s):

Cabinet is being asked to:

1. Approve the purchase of the 5 homes in line with the grant guidelines of LAHF R2.

Corporate Implications

Financial and Value for Money

The Council has considered the financial implications of the purchase of the 5 units. The Council will have on-going borrowing and maintenance costs that will be offset via the rental income generated from the purchased units.

The financial modelling undertaken has demonstrated that the HRA business plan will benefit from the proposed acquisitions.

Legal

The grant provided to the local authority is pursuant to section [31(3) and] 31(4) of the Local Government Act 2003, whereby the Secretary of State has determined that the grant will be paid subject to the condition in Annex B of the schedule.

The main condition of the grant is that it will only be used for the purposes that a capital receipt in accordance with regulations made under section 11 of the Local Government Act 2003.

https://www.gov.uk/government/publications/local-authority-housing-fund/local-authority-housing-fund-grant-determination-capital-2022-23-316497

The law states that Provided that the use of the property (or at least, that part of it which will be funded with subsidy) is regarded as the provision of social housing (as defined in s68 onwards of the Housing and Regeneration Act 2008), and expenditure is incurred on or after 15/03/2023, the transaction would be exempt from SDLT under s71 of the Finance Act 2003 which would be advantageous to the authority.

In addition to the above, the Council has a general power under section 1 of the Localism Act 2011 to do anything that an individual may generally do provided it is not prohibited by other legislation and the power is exercised in accordance with the limitations specified in the Act. The council is therefore able to accept and receive the funds and utilise it in line with the government guidelines.

Risk Management

The potential risks and implications associated with the grant are as follows
- The target date for completion is challenging and failure to deliver homes within the 2023/24 financial year may lead to funding being clawed back. This can be mitigated by purchasing completed homes on existing developments.

Risks to not taking the funding are
- We risk losing the opportunity to add affordable housing stock to our portfolio.
- We risk not meeting the housing needs of the funds eligible households and fulfilling statutory functions.
- We risk not meeting wider housing and homelessness pressures.
- We risk increasing the use of inappropriate and expensive temporary accommodation in particular bed and breakfast.

Corporate

This proposal supports the Council Corporate Statement 2019-2023 , Communities. Work to prevent homelessness and increase housing options including additional social housing.

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.

An Equalities Impact Assessment has been completed in respect of this proposal. The assessment indicated that the proposals would help support the needs of a community with protected characteristics on the grounds of race and nationality and help to foster good relations. In the first instance these new homes will be let to qualifying Ukrainian or Afghan (see section 102). Subsequently they will be let in line with the council's allocations policy, which has had an Equalities Impact assessment completed.

Corporate Priorities

This report relates to the following corporate priorities: -

- Communities

1.0 Introduction and Background

1.1 The United Kingdom has welcomed over 24,000 Afghans who worked alongside the government and risked their lives alongside our Armed Forces, as well as people who assisted British efforts in Afghanistan. In March 2023, the government announced plans to increase support for the remaining Afghan cohort in bridging hotel accommodation to secure settled accommodation.

1.2 In December 2022, the Department for Levelling Up, Housing and Communities (DLUHC) launched the first round of the Local Authority Housing Fund (LAHF R1). LAHF R1 provided £500m funding for local authorities in England to obtain accommodation for families with housing needs who have arrived in the UK via Ukrainian (for example the Homes for Ukraine scheme) and Afghan resettlement and relocation schemes. TDC was allocated a grant sum of £1.19 million to facilitate the purchase of nine homes in the districts. At least two of the homes were required to have 4 bedrooms. The remainder (up to 7 homes) are required to be 2 or 3 bedroom homes.

1.3 In March 2023, it was announced that the Local Authority Housing Fund would be expanded by £250m for a second round of funding (LAHF R2), with the majority of the additional funding used to house those on Afghan resettlement schemes (ARAP/ACRS) currently in bridging accommodation and the rest used to ease wider homelessness pressures.

1.4 LAHF R2 will also support local authorities to acquire good quality, and better value for money Temporary Accommodation (TA) for families owed a homelessness duty by local authorities. This will reduce the usage of B&B accommodation and will enable local authorities to grow their asset base, creating sustainable assets to help manage local housing pressures on an ongoing basis.

1.5 Any properties acquired will form part of the Council's Housing Revenue Account and can subsequently be used to accommodate households from the Council's housing waiting list by providing a new and permanent supply of accommodation which will help to address local housing and homelessness pressures.

1.6 The fund is aimed to assist Local Authorities buy housing stock, build new homes, convert existing non-residential properties, refurbish dilapidated housing or empty homes and turn them into accommodation for families.

1.7 The Council is expected to match fund the balance of acquisitions costs through its own resources. Match funding is included with the additional HRA capital budget for Housing Development, agreed by Council at its meeting on 12 October 2023.

1.8 Buying section 106 properties with this funding would not provide any net additional affordable housing units and therefore cannot be done as part of the LAHF programme.

1.9 Given the objectives of the fund, those eligible for the homes provided will be those who are homeless, at risk of homelessness or who live in unsuitable Temporary Accommodation (including bridging accommodation) and who also meet the below Definition:

- Afghan Citizen Resettlement Scheme (including eligible British Nationals under this scheme) (ACRS),
- Afghan Relocations and Assistance Policy (ARAP),
- Ukraine Family Scheme (UFS),
- Homes for Ukraine (HFU),
- Ukraine Extension Scheme (UES)

1.8 The Council is required to complete all the property purchases by 31st March 2024.

2.0 TDC Allocation

2.1 The Council was allocated a grant sum of £694,000 to facilitate the purchase of five homes in the districts. Four of the homes are required to have 3 bedrooms and one of the homes, also a 3 bedroom home is required to be used for Temporary Accommodation.

2.2 The council has signed the Memorandum of Understanding which registered our interest in the scheme. This allowed us time to see if there were units available which would be suitable. It would not have been possible to undertake refurbishments on dilapidated properties, purchase empty properties or purchase non-residential properties, due to such a short timescales for the grant funding.

2.3 Discussions have taken place with a local developer currently developing the Westwood Cross site to purchase 5 x 3 bed units. The units will be an 'off the shelf' purchase with no refurbishments or adaptations needed. They are nearing completion and will be ready soon. Grant £694k (46%) and match funding £788,860 (54%) towards the purchase price of £1.41m, with the remainder for associated purchase costs.

2.4 Funding these purchases would require match funding from the council's HRA capital programme of £788,860.

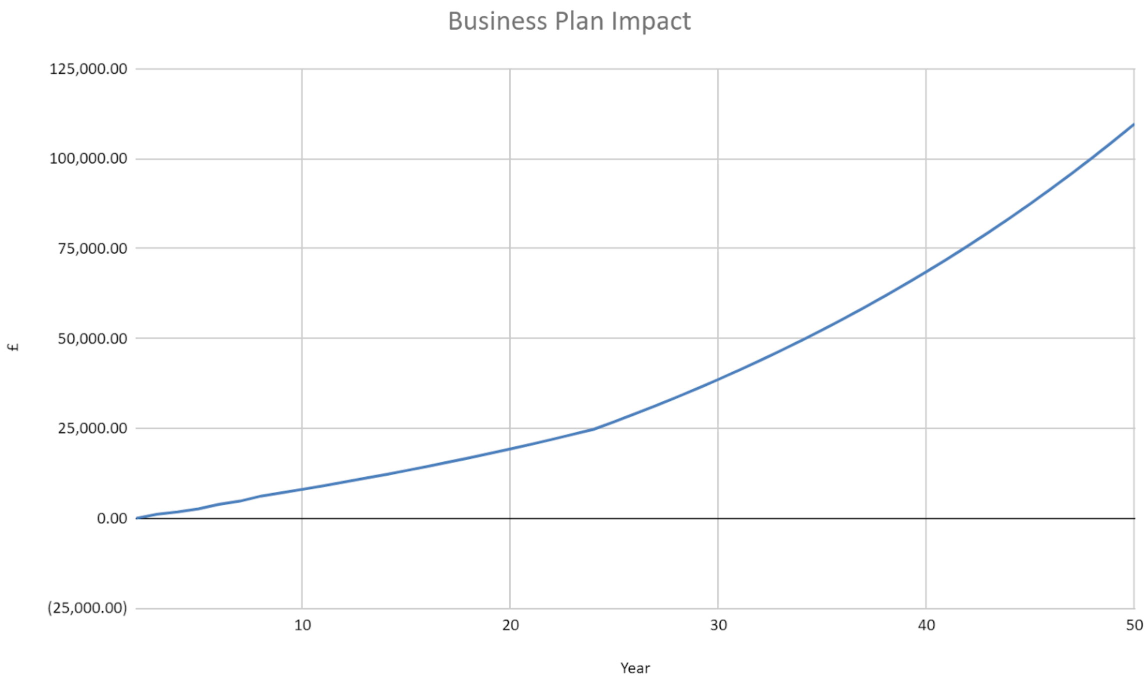
2.5 The impact of purchasing these properties has been considered against the HRA business plan taking into account forecast revenue costs of borrowing and other revenue costs against forecast rental income and this demonstrates that the properties generate a surplus to the business plan in year 1. If borrowing rates fall by the time the Council needs to borrow £788,860, then the surplus generated would be larger.

2.6 Officers have developed a detailed viability assessment tool to assess the viability of individual schemes, which is used to inform a go/no-go decision for individual proposals. It is essential for the viability of the overall HRA programme that only schemes that have a positive impact on the HRA Business Plan are delivered.

2.7 To be viable, schemes need to show an overall surplus over a 30 or 50 year timescale, depending on the duration of any borrowing. The assessment tool operates like a mini business plan and takes into account all relevant costs and income, including rent income, capital costs, professional fees and project management, the costs of borrowing and management, maintenance costs and depreciation over the lifetime of the homes. A summary of the income and costs for the proposed purchase are shown in the table below.

Year	**1**	**2**	**3**	**4**	**5**
Revenue Income					
Rental income	(46,600.00)	(46,600.00)	(48,600.00)	(49,700.00)	(51,200.00)
Revenue Costs	0.00	0.00	0.00	0.00	0.00
Management Contribution	800.00	800.00	900.00	900.00	900.00
Revenue Repairs	400.00	400.00	800.00	900.00	1,300.00
Major Repairs (Capital contrib)	7,000.00	7,300.00	7,700.00	8,000.00	8,200.00
Insurance	1,000.00	1,100.00	1,100.00	1,200.00	1,200.00
Saving before MRP and interest	**(37,400.00)**	**(37,000.00)**	**(38,100.00)**	**(38,700.00)**	**(39,600.00)**
Interest on debt	37,000.00	37,000.00	37,000.00	37,000.00	37,000.00
Net cost/(saving)	**(400.00)**	**0.00**	**(1,100.00)**	**(1,700.00)**	**(2,600.00)**

2.8 This shows that the proposed purchase would generate a cash flow surplus in year 1 of £400, with surpluses accumulating then onwards. The project generates a surplus for the business plan and a cash flow summary is shown in the graph below:



3.0 Options

3.1 To agree to:

Approve the purchase of the 5 homes in line with the grant guidelines of LAHF R2.

3.2 Alternatively Cabinet could decide to not participate in the Local Authority Housing Fund R2. This option is not recommended as it would require the council to advise the central government that we are unable to participate in the scheme and the allocated grant funding will not be taken up.

Contact Officer: Ashley Jackson, Housing Strategy & Projects Manager
Reporting to: Bob Porter (Director of Place)

Annex List

None

Background Papers

None

Corporate Consultation

Finance: Clive Bowen (Finance Manager)
Legal: Sameera Khan (Interim Head of Legal & Monitoring Officer)

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Adoption of the Broadstairs & St Peters Neighbourhood Plan Review

Cabinet	16 November 2023
Report Author	Adrian Verrall, Strategic Planning Manager
Portfolio Holder	Councillor Everitt, Leader of the Council and Cabinet Member for Strategy and Transformation
Status	For Decision
Classification:	Unrestricted
Key Decision	No - Policy Framework
Previously Considered by	Cabinet - 10 August 2023
Ward:	Beacon Road, Kingsgate, Bradstowe, St Peters, Viking

Executive Summary:

Under the Localism Act 2011, Neighbourhood Plans can be prepared by local communities and are led by Town or Parish Councils or a Neighbourhood Forum in areas which do not have a Town or Parish Council. If Thanet Council adopt a neighbourhood plan it would have the same significance as other Development Plan Documents (eg the Local Plan) for the Relevant neighbourhood area.

Broadstairs & St Peters Town Council has reviewed its neighbourhood plan. The neighbourhood plan review has been examined by an independent Examiner and progressed to referendum, as agreed by Cabinet on 10 August 2023.

The referendum took place on 26 October 2023. The result was that 2268 people voted for the neighbourhood plan and 279 voted against it. As more than half of those who voted, voted in favour of the neighbourhood plan, the plan now comes into force as part of the Development Plan, and the Council must formally ‘make’ (adopt) the plan within 8 weeks of the date of the referendum.

Recommendation(s):

That Cabinet recommend to a meeting of the full Council that Thanet District Council make the Broadstairs & St Peters Neighbourhood Plan Review.

Corporate Implications

Financial and Value for Money

There are no financial implications associated with this report.

Legal

The council must make the Neighbourhood Plan under section 38A(4) of the Planning and Compulsory Purchase Act 2004 or refuse to make the Neighbourhood Plan under section 38A(6) of the same Act

Risk Management

The only risk associated with this report would be if the Council were to refuse to 'make' the plan for reasons other than those set out in paragraph 1.3 of the report. See also the 'Options' section.

Corporate

There are no corporate risks associated with this report.

Equality Act 2010 & Public Sector Equality Duty

This decision relates only to the "making" of the Plan, which has been considered through Examination, and been supported through the referendum. The Council's only role at this stage is to consider whether the making of the plan would breach, or would otherwise be incompatible with, any EU obligation or any of the Convention rights (within the meaning of the Human Rights Act 1998). If not, the plan must be "made".

Corporate Priorities

This report relates to the following corporate priorities: -

- *Environment*
- *Communities*

1.0 Introduction and Background

1.1 Under the Localism Act 2011, Neighbourhood Plans can be prepared by local communities and are led by Town or Parish Councils or a Neighbourhood Forum in areas which do not have a Town or Parish Council. If Thanet Council adopts a neighbourhood plan it would have the same significance as other Development Plan Documents (eg the Local Plan) for the relevant neighbourhood area.

1.2 The draft Broadstairs & St Peters Neighbourhood Plan Review has been examined by an Independent Examiner who issued his report on 22 June 2023. The Examiner recommended a number of modifications to the Plan and that, subject to those modifications being accepted, it should proceed to referendum

1.3 The referendum took place on 26 October 2023. The result was that 2268 people voted for the neighbourhood plan and 279 voted against it. As more than half of those who voted, voted in favour of the neighbourhood plan, the plan now comes into force as part of the Development Plan, and the Council must formally 'make' (ie adopt) the plan within 8 weeks of the date of the referendum. The only circumstances the Council can refuse to make the neighbourhood plan is if it is considered it would breach, or be incompatible with any EU obligation or any of the Convention rights (within the meaning of the Human Rights Act 1998). This includes matters such as Strategic Environmental Assessment. No breaches of any European Union obligation or any of the Convention rights (within the meaning of the Human Rights Act 1998) have been identified during the Neighbourhood Plan process and the Council is now requested to make the decision to formally make the Broadstairs & St Peters Neighbourhood Plan Review

1.5 The Neighbourhood Plan forms part of the development plan for Thanet, and will be part of the decision making process for determining planning applications in the Broadstairs & St Peters neighbourhood plan area.

2.0 Options

2.1 **Option 1 (Recommended)** That Cabinet recommend that the Broadstairs & St Peters Neighbourhood Plan Review is made at a meeting of the full Council.

2.2 **Option 2 (Not recommended)** That Cabinet decide not to make the Broadstairs & St Peters Neighbourhood Plan Review.

In accordance with section 38A(6) of the Planning and Compulsory Purchase Act 2004, the only circumstances under which the Council can refuse to make a neighbourhood plan is if it is considered that the making of the plan would breach, or would otherwise be incompatible with, any EU obligation or any of the Convention rights (within the meaning of the Human Rights Act 1998). This is not considered to be the case for the Broadstairs & St Peters Neighbourhood Plan Review.

3.0 Next Steps

3.1 If Cabinet agree with Option 1 in this report, a report will be put to full Council on 7 December 2023 for the Broadstairs & St Peters Neighbourhood Plan Review to be formally made

Contact Officer: Adrian Verrall (Strategic Planning Manager)
Reporting to: Ashley Jackson (Head of Housing and Planning)

Background Papers

Broadstairs & St Peters Neighbourhood Plan Review

Corporate Consultation

Finance: Chris Blundell (Director of Corporate Services - Section 151)
Legal: Sameera Khan (Interim Head of Legal & Monitoring Officer)

Adoption of the Birchington Neighbourhood Plan

Cabinet	16 November 2023
Report Author	Adrian Verrall, Strategic Planning Manager
Portfolio Holder	Councillor Everitt, Leader of the Council and Cabinet Member for Strategy and Transformation
Status	For Decision
Classification:	Unrestricted
Key Decision	No - Policy Framework
Previously Considered by	Cabinet - 10 August 2023
Ward:	Birchington North, Birchington South

Executive Summary:

Under the Localism Act 2011, Neighbourhood Plans can be prepared by local communities and are led by Town or Parish Councils or a Neighbourhood Forum in areas which do not have a Town or Parish Council. If Thanet Council adopt a neighbourhood plan it would have the same significance as other Development Plan Documents (eg the Local Plan) for the Relevant neighbourhood area.

Birchington Parish Council has prepared a neighbourhood plan which has been examined by an independent Examiner and progressed to referendum, as agreed by Cabinet on 10 August 2023.

The referendum took place on 26 October 2023. The result was that 2084 people voted for the neighbourhood plan and 174 voted against it. As more than half of those who voted, voted in favour of the neighbourhood plan, the plan now comes into force as part of the Development Plan, and the Council must formally ‘make’ (adopt) the plan within 8 weeks of the date of the referendum.

Recommendation(s):

That Cabinet recommends to Full Council that Thanet District Council make the Birchington Neighbourhood Plan.

Corporate Implications

Financial and Value for Money

There are no financial implications associated with this report.

Legal

The council must make the Neighbourhood Plan under section 38A(4) of the Planning and Compulsory Purchase Act 2004 or refuse to make the Neighbourhood Plan under section 38A(6) of the same Act

Risk Management

The only risk associated with this report would be if the Council were to refuse to 'make' the plan for reasons other than those set out in paragraph 1.3 of the report. See also the 'Options' section.

Corporate

There are no corporate risks associated with this report.

Equality Act 2010 & Public Sector Equality Duty

This decision relates only to the "making" of the Plan, which has been considered through Examination, and been supported through the referendum. The Council's only role at this stage is to consider whether the making of the plan would breach, or would otherwise be incompatible with, any EU obligation or any of the Convention rights (within the meaning of the Human Rights Act 1998). If not, the plan must be "made".

Corporate Priorities

This report relates to the following corporate priorities: -

- Environment
- Communities

1.0 Introduction and Background

1.1 Under the Localism Act 2011, Neighbourhood Plans can be prepared by local communities and are led by Town or Parish Councils or a Neighbourhood Forum in areas which do not have a Town or Parish Council. If Thanet Council adopts a neighbourhood plan it would have the same significance as other Development Plan Documents (eg the Local Plan) for the relevant neighbourhood area.

1.2 The draft Birchington Neighbourhood Plan has been examined by an Independent Examiner who issued his report on 21 July 2023. The Examiner recommended a number of modifications to the Plan and that, subject to those modifications being accepted, it should proceed to referendum

1.3 The referendum took place on 26 October 2023. The result was that 2084 people voted for the neighbourhood plan and 174 voted against it. As more than half of those who voted, voted in favour of the neighbourhood plan, the plan now comes into force as part of the Development Plan, and the Council must formally 'make' (ie adopt) the plan within 8 weeks of the date of the referendum. The only circumstances the Council can refuse to make the neighbourhood plan is if it is considered it would breach, or be incompatible with any EU obligation or any of the Convention rights (within the meaning of the Human Rights Act 1998). This includes matters such as Strategic Environmental Assessment. No breaches of any European Union obligation or any of the Convention rights (within the meaning of the Human Rights Act 1998) have been identified during the Neighbourhood Plan process and the Council is now requested to make the decision to formally make the Birchington Neighbourhood Plan.

1.5 The Neighbourhood Plan forms part of the development plan for Thanet, and will be part of the decision making process for determining planning applications in the Birchington neighbourhood plan area.

2.0 Options

2.1 **Option 1 (Recommended)** That Cabinet recommends that the Birchington Neighbourhood Plan is made at a meeting of the full Council.

2.2 **Option 2 (Not recommended)** That Cabinet decide not to make the Birchington Neighbourhood Plan.

In accordance with section 38A(6) of the Planning and Compulsory Purchase Act 2004, the only circumstances under which the Council can refuse to make a neighbourhood plan is if it is considered that the making of the plan would breach, or would otherwise be incompatible with, any EU obligation or any of the Convention rights (within the meaning of the Human Rights Act 1998). This is not considered to be the case for the Birchington Neighbourhood Plan.

3.0 Next Steps

3.1 If Cabinet agree with Option 1 in this report, a report will be put to full Council on 7 December 2023 for the Birchington Neighbourhood Plan to be formally made

Contact Officer: Adrian Verrall (Strategic Planning Manager)
Reporting to: Ashley Jackson (Head of Housing and Planning)

Annex List

None

Background Papers

Birchington Neighbourhood Plan

Corporate Consultation

Finance: Chris Blundell (Director of Corporate Services - Section 151)
Legal: Sameera Khan (Interim Head of Legal & Monitoring Officer)

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