



AGENDA

CABINET MEETING

Date: Wednesday, 1 February 2017

Time: 7.00 pm

Venue: Council Chamber, Swale House, East Street, Sittingbourne, Kent, ME10 3HT

Membership:

Councillors Bowles (Chairman), Mike Cosgrove, Duncan Dewar-Whalley, Alan Horton, Gerry Lewin (Vice-Chairman), Ken Pugh and David Simmons.

Quorum = 3

RECORDING NOTICE

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1. Emergency Evacuation Procedure

Pages

The Chairman will advise the meeting of the evacuation procedures to follow in the event of an emergency. This is particularly important for visitors and members of the public who will be unfamiliar with the building and procedures.

The Chairman will inform the meeting whether there is a planned evacuation drill due to take place, what the alarm sounds like (i.e. ringing bells), where the closest emergency exit route is, and where the second closest emergency exit route is, in the event that the closest exit or route is blocked.

The Chairman will inform the meeting that:

(a) in the event of the alarm sounding, everybody must leave the building via the nearest safe available exit and gather at the Assembly points at the far side of the Car Park; and

(b) the lifts must not be used in the event of an evacuation.

Any officers present at the meeting will aid with the evacuation.

It is important that the Chairman is informed of any person attending who is disabled or unable to use the stairs, so that suitable arrangements may be made in the event of an emergency.

2. Apologies for Absence

3. Minutes

To approve the Minutes of the Meeting held on 7 December 2016 (Minute Nos. 1045 - 1057) as a correct record.

4. Declarations of Interest

Councillors should not act or take decisions in order to gain financial or other material benefits for themselves or their spouse, civil partner or person with whom they are living with as a spouse or civil partner. They must declare and resolve any interests and relationships.

The Chairman will ask Members if they have any interests to declare in respect of items on this agenda, under the following headings:

(a) Disclosable Pecuniary Interests (DPI) under the Localism Act 2011. The nature as well as the existence of any such interest must be declared. After declaring a DPI, the Member must leave the meeting and not take part in the discussion or vote. This applies even if there is provision for public speaking.

(b) Disclosable Non Pecuniary (DNPI) under the Code of Conduct adopted by the Council in May 2012. The nature as well as the existence of any such interest must be declared. After declaring a DNPI interest, the Member may stay, speak and vote on the matter.

(c) Where it is possible that a fair-minded and informed observer, having considered the facts would conclude that there was a real possibility that the Member might be predetermined or biased the Member should declare their predetermination or bias and then leave the room while that item is considered.

Advice to Members: If any Councillor has any doubt about the existence or nature of any DPI or DNPI which he/she may have in any item on this agenda, he/she should seek advice from the Director of Corporate Services as Monitoring Officer, the Head of Legal or from other Solicitors in Legal Services as early as possible, and in advance of the Meeting.

Part A Reports for Recommendation to Council

- | | | |
|----|--|---------|
| 5. | Medium Term Financial Plan and 2017/18 Budget | 1 - 30 |
| 6. | Treasury Management Strategy Statement and Investment Strategy 2017/18 | 31 - 44 |

Part B Reports for Decision by Cabinet

- | | | |
|-----|--|-----------|
| 7. | Sittingbourne Town Centre Regeneration Project - variations to the development agreement | 45 - 50 |
| 8. | Compulsory Purchase Order for Crown Quay Lane Development allocation | 51 - 60 |
| 9. | The Mill Project | 61 - 74 |
| 10. | Adoption of Biodiversity Action Plan and Swale Green Grid Strategy | 75 - 134 |
| 11. | Public Conveniences Cleaning and Minor Maintenance Contract Renewal | 135 - 140 |
| 12. | Cabinet's response to recommendations of Scrutiny Review of Leisure and Tourism | 141 - 144 |
| 13. | Minutes of the South Thames Gateway Building Control Joint Committee held on 8 December 2016 | 145 - 146 |
| 14. | Minutes of the Swale Joint Transportation Board meeting held on 19 December 2016 | 147 - 148 |

Cabinet is asked to approve the recommendations which fall within the remit of Swale Borough Council's Cabinet.

Members are reminded that the terms of reference for the JTB state that: The Cabinet will normally act in accordance with the advice or views of the JTB. If the Cabinet is minded to act otherwise, no decision will be taken until after discussion between the relevant Cabinet Member and the Chairman and Vice-Chairman of the JTB.

15. Exclusion of the Press and Public

To decide whether to pass the resolution set out below in respect of the following item:

That under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Act:

3. Information relating to the financial or business affairs of any particular person (including the authority holding that information).

16. South Thames Gateway Building Control Partnership - Business Plan
2017 to 2020

149 -
190

Issued on Monday, 23 January 2017

The reports included in Part I of this agenda can be made available in **alternative formats**. For further information about this service, or to arrange for special facilities to be provided at the meeting, **please contact DEMOCRATIC SERVICES on 01795 417330**. To find out more about the work of the Cabinet, please visit www.swale.gov.uk

**Director of Corporate Services, Swale Borough Council,
Swale House, East Street, Sittingbourne, Kent, ME10 3HT**

Cabinet Meeting	
Meeting Date	1 February 2017
Report Title	Medium Term Financial Plan and 2017/18 Budget
Cabinet Member	ClIr Dewar-Whalley, Cabinet Member for Finance & Performance
SMT Lead	Abdool Kara, Chief Executive
Head of Service	Nick Vickers, Head of Finance
Lead Officer	Phil Wilson, Chief Accountant
Key Decision	Yes
Classification	Open
Forward Plan	Reference number:
Recommendations	<ol style="list-style-type: none"> 1. To approve the 2017/18 budget proposals. 2. To approve the proposed Council tax band D increase for 2017/18 to £164.88. 3. To note the Medium Term Financial Plan funding position. 4. To approve the capital investment principles. 5. To approve increasing the borrowing facility from £30m to £60m. 6. To approve the draft Capital Programme. 7. To note the additional amount of Council Tax for parish precepts. 8. To approve the Minimum Revenue Provision Statement as set out in Appendix IX. 9. To consider the recommendations of Scrutiny Committee.

1 Purpose of Report and Executive Summary

- 1.1 This report sets out the Council's Medium Term Financial Plan (MTFP), and the 2017/18 budget proposals.
- 1.2 Cabinet received a budget report on 7 December. This report updates that version of the budget report, taking into account the Provisional Local Authority Grant Settlement announced on 15 December.
- 1.3 The 7 December Cabinet report provided the basis for Scrutiny Committee's examination of the budget proposals on 26 January.
- 1.4 This report, if agreed by Cabinet, will then go forward to Council on 15 February for final decision.

2 Background

Provisional Local Government Finance Settlement 2017/18

- 2.1 On 15 December the Provisional Local Government Finance Settlement was announced. The main high level features of the Settlement were:
- (I) the four-year settlements that were offered in the 2016/17 settlement have been confirmed. The following funding streams are included: Revenue Support Grant (RSG), Business rates tariff and top up payments, (which will not change for reasons relating to the relative needs of local authorities), Rural Services Delivery Grant, and Transition Grant;
 - (II) 97% of local authorities including Swale accepted the Four Year deal;
 - (III) Core Spending Power is published by the Government to show the overall impact on local authorities of changes in funding and locally-raised council tax. At a national level it shows that overall spending power is expected to reduce by only 1.14% in 2017/18. This is driven by a reduction of 12.46% in the Settlement Funding Assessment (primarily the significant cut in RSG), which is partially offset by an expected increase in Council Tax (5.60%). It is really important to reinforce that in their funding assumptions Government assumes maximum increases in Council Tax, and they also take into account some growth in the Council Tax base, thus continuing the change introduced in 2016/17 when the previous policy of encouraging Council Tax to be held was abandoned;
 - (IV) the main issue in the media before the Settlement was speculation over increased funding for adult social care. The Settlement allows councils with adult social care statutory responsibilities a maximum 6% increase in Council Tax over the next three years, with a maximum increase in any one year of 3%; and
 - (V) the Government is also reducing New Homes Bonus funding by £240m in 2017/18 to fund an Adult Social Care Grant for councils with social care responsibility.
- 2.2 By far and away the biggest issue for the Council from the Settlement is its long awaited changes to how the New Homes Bonus system operates. The Government consultation on New Homes Bonus was completed in March 2016, with no announcements made until the Settlement in December 2016.
- 2.3 In the Settlement it was announced that grant in 2017/18 will be paid for five years (rather than the previous six years), and from 2018/19 the basis of the award will be reduced further, to only four years.
- 2.4 The Government also introduces the concept of baseline growth in the housing stock. For 2017/18 they have assumed 0.4% 'deadweight' growth.
- 2.5 From 2018/19 further unspecified additional conditions will be introduced, subject to consultation in the new year.

2.6 The financial impact on the Council is set out in the table below:

	2017/18 £	2018/19 £	2019/20 £
Total forecast	3,097,000	2,273,000	2,272,000
Amount budgeted	2,860,000	2,273,000	2,272,000
New allocation	2,743,000	2,089,000	2,005,000
Reduction	117,000	184,000	267,000

Note: in 2016/17 the Council took £2,860,000 of New Homes Bonus into the base budget.

2.7 The reduction for 2017/18 in the total funding for New Homes Bonus is clearly very disadvantageous to the Council, and we have made strong representations back to Government on the proposed changes. This is compounded by the longer term changes to New Homes Bonus (NHB) which significantly reduces the incentive effect of NHB on housing delivery.

2.8 Overall the Settlement sees the Council's Spending Power reduce by 6.84% in 2017/18, compared with a shire district average reduction of 5.2%. The Council was already budgeting for a further 41% or £848,000 reduction in RSG. The spending power calculation by Government allows for a £5 increase in Council Tax, and unspecified growth in the Council Tax base.

3 Proposals

Medium Term Financial Plan

3.1 The Medium Term Financial Plan (MTFP) is the core forecast of the financial position of the Council over the next three years. The financial context for the MTFP has completely changed in recent years, with the reduced reliance upon RSG and a much greater reliance on locally based revenue streams. This makes forecasting much more difficult, particularly in relation to highly volatile business rates income.

3.2 The future financing projections for the Council therefore will be dominated by considerations related to Council Tax, business rates growth, New Homes Bonus, and fees and charges income. The Council has to identify and realise new funding streams if services are to not just be retained at existing levels, but also to be improved to reflect residents' aspirations for the services the Council provides.

3.3 This has been the background for the proposals which have been agreed, subject to full due diligence, for the Council to become the funder and owner of sections of the Sittingbourne Town Centre redevelopment. At the heart of this proposal is the creation of new income streams which will replace the lost Central Government funding.

- 3.4 The three year forward plan is also now supplemented with an indicative ten-year financial plan, based on a set of assumptions which are largely guesswork beyond 2019/20, given that:
- (i) the Government's plan to devolve the whole of business rates income to local government to replace RSG, on a basis yet to be determined;
 - (ii) the Government's plan to introduce a new needs based formula for local government, the basis of which is at this stage entirely unknown; and
 - (iii) further changes to the NHB calculation, which are also unknown at the present time.
- 3.5 Nonetheless, having such a plan reflects the need for the Council to look further ahead than three years in its quest to become self-financing, and this will be an evolving initiative which we will develop further over coming years.
- 3.6 The updated MTFP is attached in Appendix I. Any variations from the 7 December Cabinet report are explained below. The updated ten-year plan is attached in Appendix II.

Balanced Budget Proposals

- 3.7 The only change to the detailed budget proposals in the 7 December budget report is the deletion of the £500 major events licence additional income following clarification in the fees and charges update process. These are set out in Appendix III.
- 3.8 The 7 December report identified a gap of £61,000 for 2017/18. The changes to this position are set out below:

2017/18 funding gap		£61,000
Add		
Reduction in New Homes Bonus (NHB)	£354,000	£415,000
Less		
No contribution from NHB to Regen Fund	£237,000	
Higher final Council Tax base	£58,000	
Revised Collection Fund surplus	£4,000	£299,000
Required drawdown from Reserves		£116,000

Council Tax

- 3.9 The Council has not increased Council Tax since 2010/11, and the band D at £159.93 is the second lowest in the County. Whilst the borough council element is by far the smallest element of the Council Tax (in non-parished areas), it has been an important principle for the Council to not increase the financial burden on residents at a time of financial restraint for many residents. Despite the fact that Government now assumes that councils will increase Council Tax by the maximum possible in their funding assumptions, it remains

a central belief of the Administration that Council Tax should be kept as low as possible.

- 3.10 However, as was explained in the 7 December Cabinet report, the 133% increase in the Lower Medway Internal Drainage Board (LMIDB) precept costing the Council an additional £442,000 per annum was a new financial pressure which just could not be absorbed within the funding envelope available for 2017/18.
- 3.11 Under the regulations all borough or district councils have the option of increasing Council tax by a maximum of £5 per annum rather than just 2%. Therefore the budget proposals assume a £4.95 increase in the band D Council Tax, to £164.88 per annum.
- 3.12 The Collection Fund and Council Tax base is set out in Appendix IV.
- 3.13 The Council Tax base was agreed by Council on 25 January.
- 3.14 The calculation of the Budget Requirement and Council Tax Requirement is shown in Appendix V.
- 3.15 Parish precepts are shown in Appendix VI.

Capital Strategy

- 3.16 Over a long period the Council has had a very limited capital programme focussed upon specific grant-funded items, primarily Disabled Facilities Grant, and use of some reserve funds to support identified priority projects such as the Sittingbourne Skatepark or building improvements at Faversham Swimming Pool. The Council has also been debt free.
- 3.17 In March 2016 Council agreed that a borrowing facility of up to £30m could be put in place to fund capital projects. This reflected a fundamental change in the Council's stance, recognising that some capital investment could be undertaken to create some of the income generation opportunities. The Council is not alone in taking this approach - nationally, in the third quarter of 2016 councils invested £800m in to Commercial Property, representing 10% of the total investment in Commercial property, which was more than in the previous ten years combined.
- 3.18 In considering investing in assets there are two overriding principles to be applied:
 - (i) minimising the cost to the revenue budget - given the continued reductions in local government financing there is no scope within the revenue budget to meet debt charge costs. If the Council incurred debt charge costs then, unless the investment generated sufficient income to cover these costs, the Council effectively would have to reduce services to fund the costs. In the case of the Sittingbourne Town Centre investment all the capital financing costs will be wholly funded from rental income; and

- (ii) strategic impact - if the Council is going to invest in property it needs to support wider Council objectives around regeneration of the Borough, including creating new employment. This means there needs to be additionality in-terms of the wider economic benefits e.g. higher business rates.

3.19 The timing of new investment opportunities cannot be predicted in advance, and so it is proposed that a facility is created which would enable the Council to borrow up to an additional £30m on top of the £30m previously agreed. This borrowing would need to satisfy the principles set out in paragraph 3.18, and any project would be subject to a business case report to Cabinet.

3.20 The capital programme is set out in Appendix VII.

Reserves

3.21 The key principles for the management of Reserves moving forward are:

- maintain a prudent level of reserves to allow the Council to deal with unexpected one-off events;
- funding of strategic Council priorities; and
- fund one-off items of expenditure to support service delivery.

3.22 When the Council is considering its budget requirement, it is the Chief Financial Officers' duty under section 25 of the Local Government Act 2003 to report on the adequacy of reserves. These have been reviewed in line with guidance from the Chartered Institute of Public Finance and Accountancy.

3.23 The Council currently seeks to maintain a minimum of £1.5m as its General Fund balance, and there is no reason to change this. The Council also holds earmarked reserves for specific purposes. The remaining unallocated funds form the General Reserve. The Head of Finance's view is that the level of reserves and balances held by the Council are at a reasonable level.

3.24 The Council's Section 151 Officer (Head of Finance), in accordance with the Local Government Act 2003, has hereby confirmed his opinion that the 2017/18 budget is robust, and the reserves are reasonable given an assessment of the financial risks faced by the Council (see Appendix VIII).

4 Alternative Options

4.1 The proposals made reflect the views of Cabinet on the best way to meet the Council's objectives, given the resources available.

5 Consultation Undertaken or Proposed

5.1 The budget proposals were reported to Cabinet on 7 December, and were examined by Scrutiny Committee on 26 January.

5.2 Consultation with local business groups has been undertaken as required by legislation.

5.3 As there are no proposed reductions in service provision, there is no requirement to consult with service users on any proposals contained within this budget.

6 Implications

Issue	Implications
Corporate Plan	The budget proposals for 2017/18 support the Corporate Plan objectives. In particular, setting a balanced budget meets the priority of being a Council to be Proud of.
Financial, Resource and Property	The report sets out the approach to the 2017/18 budget, and the medium term financial plan.
Legal and Statutory	The approach reflects the legal requirement for the Council to agree a balanced budget.
Crime and Disorder	Any potential impact will be addressed by service managers.
Sustainability	The sustainability implications of budget decisions will be fully investigated by service managers in implementing proposals.
Health and Wellbeing	No issues identified.
Risk Management and Health and Safety	A register of the key financial risks is attached in Appendix VIII. Corporate risks are reviewed through the Corporate Risk register.
Equality and Diversity	Any implications will be addressed via service managers preparing equality risk assessments.

7 Appendices

7.1 The following documents are to be published with this report and form part of the report:

- Appendix I: Medium Term Financial Plan
- Appendix II: Outline Ten-Year Plan
- Appendix III: Detailed Budget Proposals
- Appendix IV: Collection Fund and Council Tax Base
- Appendix V: Budget Requirement and Council Tax Requirement
- Appendix VI: Parish Precepts
- Appendix VII: Reserves
- Appendix VIII: Capital Programme
- Appendix IX: Financial Risk Register

- Appendix X: Minimum Revenue Provision Statement 2017/18

8 Background Papers

Cabinet budget report 7 December 2016

[http://services.swale.gov.uk/meetings/documents/s6621/Item%205%20Cabine
t%20Report%201718%20v4%20AK%20NV%20final.pdf](http://services.swale.gov.uk/meetings/documents/s6621/Item%205%20Cabine%20Report%201718%20v4%20AK%20NV%20final.pdf)

Medium Term Financial Plan

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Base Budget	18,146	18,146	18,146	18,146
Growth items	0	78	82	94
Unavoidable cost pressures	0	364	470	525
Loss of income	0	213	213	214
Additional income	0	(259)	(273)	(308)
Committed price increases	0	144	250	305
Lower Medway Internal Drainage Board (LMIDB)	0	456	472	488
Contribution from reserves for LMIDB		(220)	0	0
<u>Salary Related:</u>				
Pay Award (1.2%)	0	109	201	294
Other Pay Increases	0	78	125	150
Contribution to/(from) reserves	395	3	42	42
Revenue Support Grant	(2,086)	(1,238)	(707)	(113)
Business Rates	(5,682)	(6,506)	(7,132)	(7,398)
Contribution from Business Rates Reserve	0	(255)	0	0
Council Tax	(7,030)	(7,469)	(7,831)	(8,030)
New Homes Bonus	(3,482)	(2,743)	(2,089)	(2,005)
Collection Fund Surplus/Deficit C Tax	(261)	(140)	(72)	0
Savings Required	0	761	1,897	2,404
Service savings	0	(645)	(572)	(629)
Requirement for balanced position	0	0	(1,325)	(1,775)
Committed savings	0	(645)	(1,897)	(2,404)
Contribution (to) from General Fund	0	116	0	0

Ten-Year Plan

Swale Council Ten-Year MTFP	Budget 2016/17 £'000	Plan 2017/18 £'000	Plan 2018/19 £'000	Plan 2019/20 £'000	Plan 2020/21 £'000	Plan 2021/22 £'000	Plan 2022/23 £'000	Plan 2023/24 £'000	Plan 2024/25 £'000	Plan 2025/26 £'000
Expenditure										
Net service expenditure c/f	17,914	18,146	18,684	19,114	19,279	19,121	18,965	18,810	18,658	18,508
Net forecast cost/ (savings)	66	(105)	275	31	56	57	58	59	60	61
Lower Medway Internal Drainage Board	0	456	16	16	17	17	17	18	18	19
Pay award	109	109	92	93	94	95	95	96	97	98
Non pay award salary increases	57	78	47	25	25	25	25	25	25	25
Efficiency savings					(350)	(350)	(350)	(350)	(350)	(350)
Net Service Expenditure b/f	18,146	18,684	19,114	19,279	19,121	18,965	18,810	18,658	18,508	18,361
Financing Sources										
Government Support										
Revenue Support Grant	(2,086)	(1,238)	(707)	(113)	0	0	0	0	0	0
New Homes Bonus	(3,482)	(2,743)	(2,089)	(2,005)	(2,005)	(2,005)	(2,005)	(2,005)	(2,005)	(2,005)
Council Tax	(7,030)	(7,469)	(7,831)	(8,030)	(8,347)	(8,669)	(8,997)	(9,330)	(9,669)	(10,014)
Business Rates	(5,682)	(6,506)	(7,132)	(7,398)	(7,472)	(7,547)	(7,622)	(7,698)	(7,775)	(7,853)
Collection Fund surplus for C Tax	(261)	(140)	(72)	0	0	0	0	0	0	0
Contribution to/(from) reserves	395	(588)	42	42	42	42	42	42	42	42
Net Sittingbourne Town Centre rental income	0	0	0	0	(500)	(500)	(500)	(500)	(500)	(500)
Total Financing	(18,146)	(18,684)	(17,789)	(17,504)	(18,282)	(18,679)	(19,082)	(19,491)	(19,907)	(20,330)
Budget Gap (surplus)/ deficit	0	0	1,325	1,775	839	286	(272)	(833)	(1,399)	(1,969)
Cumulative Budget Gap (surplus)/ deficit	0	0	1,325	3,100	3,939	4,225	3,953	3,120	1,721	(248)

Detailed Budget Proposals

Growth items				
No.	Description	Cabinet Member / Head of Service	2016/17 Original Budget £	2017/18 over 2016/17 £
Economy & Community Services				
1	Swale Contribution to Kent Integrated Domestic Abuse Commissioning Contract	Cllr A. Horton / C. Hudson	0	21,040
2	Communications - Squiz CMS licence and support costs	Cllr A. Bowles / E. Wiggins	530	8,250
Mid Kent Improvement Partnership (MKIP) Services				
3	Essential Users Car Allowance	Cllr D. Dewar-Whalley / D. Smart	44,600	4,130
Democratic Services				
4	Members' Allowances	Cllr A. Bowles / M. Radford	397,060	38,840
Environmental Health				
5	Single Employing Proposal for the Mid Kent Environmental Health Service	Cllr D. Simmons / T. Beattie	51,160	5,800
Total Growth Items				78,060

Unavoidable Cost Pressures				
No.	Description	Cabinet Member / Head of Service	2016/17 Original Budget £	2017/18 over 2016/17 £
Mid Kent ICT				
1	Increase in licence fees due to Microsoft realigning prices in British pounds to be close to Euro levels	Cllr D. Dewar-Whalley / A. Cole	148,730	3,600
Resident Services				
2	Increase in homelessness costs	Cllr K. Pugh / A. Christou	237,600	170,000

Detailed Budget Proposals

Unavoidable Cost Pressures				
No.	Description	Cabinet Member / Head of Service	2016/17 Original Budget £	2017/18 over 2016/17 £
Economy & Community Services				
3	Potential increase in costs of dog kennelling and re-homing service - currently out to tender, so increase is based upon maximum predicted costs for the service	Cllr A. Horton / C. Hudson	17,800	20,000
Mid Kent Improvement Partnership (MKIP) Services				
4	Auto enrolment in the Local Government Pension Scheme (LGPS) for those that currently opt out - estimate based on 90% take up	Cllr D. Dewar-Whalley / D. Smart	0	51,990
5	Apprenticeship levy	Cllr D. Dewar-Whalley / D. Smart	0	29,230
Mid Kent Legal Services (MKLS)				
6	Swale BC is increasing its use of MKLS resources - so the Council will have to increase its contribution by approximately 3%, though possibly more in 2017/18	Cllr D. Dewar-Whalley / E. Culligan	0	20,000
Director Of Corporate Services				
7	Duty officer charge not previously budgeted for	Cllr D. Dewar-Whalley / M. Radford	0	2,000
Finance				
8	Increase in Pension Costs to Kent County Council (KCC) as a result of triennial revaluation	Cllr D. Dewar-Whalley / N. Vickers	0	60,000
Environmental Health				
9	Shellfish Sampling - Port of London passing on sampling costs to SBC for monthly monitoring.	Cllr D. Simmons / T. Beattie	17,500	7,500
Total Unavoidable Cost Pressures				364,320

Detailed Budget Proposals

Additional Income				
No.	Description	Cabinet Member / Head of Service	2016/17 Original Budget £	2017/18 over 2016/17 £
Resident Services				
1	In House Debt Recovery Service	Cllr D. Dewar-Whalley / A. Christou	0	(50,000)
Property Services				
2	Guildhall, Queenborough - additional rental income	Cllr D. Dewar-Whalley / A. Adams	(1,300)	(1,100)
3	Miscellaneous properties - additional rental income	Cllr D. Dewar-Whalley / A. Adams	(13,000)	(3,000)
4	Rental/Service charge income from Swale Action to End Domestic Abuse (SATEDA)	Cllr D. Dewar-Whalley / A. Adams	0	(6,200)
Economy & Community Services				
5	Environmental Response Team - Fixed Penalty Notice's	Cllr D. Simmons / C. Hudson	(3,000)	(3,000)
Commissioning & Customer Contact				
6	Increase in season ticket charges to bring these closer in line with the current Pay & Display tariff	Cllr A. Horton / D. Thomas	(50,000)	(8,500)
7	Increase in resident and visitor parking permit charges	Cllr A. Horton / D. Thomas	(97,000)	(13,000)
8	Garden Waste collections - Increased subscriber base	Cllr D. Simmons / D. Thomas	(367,500)	(17,500)
9	Refuse collection contract	Cllr D. Simmons / D. Thomas	(57,000)	(20,000)
10	Current pay and display income remains above expectation following the uplift in parking tariffs last year. This will enable the budget expectation to be increased	Cllr A. Horton / D. Thomas	(1,564,900)	(100,000)

Detailed Budget Proposals

Additional Income				
No.	Description	Cabinet Member / Head of Service	2016/17 Original Budget £	2017/18 over 2016/17 £
	Mid Kent Legal Services (MKLS)			
11	Proposal to charge a flat rate of £210 per hour for all legal work may see a slight rise in legal income	Cllr D. Dewar-Whalley / E. Culligan	(12,300)	(1,400)
12	Significant increase in S106 receipts in 16/17 is expected to be continued in 17/18	Cllr D. Dewar-Whalley / E. Culligan	(9,000)	(20,000)
	Environmental Health			
13	Management of the new Kent & Medway Air Quality monitoring contract	Cllr D. Simmons / T. Beattie	0	(5,000)
	Finance			
14	Increased income from external interest of investments	Cllr D. Dewar-Whalley / N. Vickers	(100,480)	(10,000)
	Total Additional Income			(258,700)

Detailed Budget Proposals

Loss Of Income				
No.	Description	Cabinet Member / Head of Service	2016/17 Original Budget £	2017/18 over 2016/17 £
Property Services				
1	Net loss of income due to vacant site at Gas Road and other rent increases	Cllr D. Dewar-Whalley / A. Adams	(336,270)	15,000
2	Faversham Dry Sports. No recharge from tenant for insurance premium but offset by reduction in amount recharged from insurance budget	Cllr D. Dewar-Whalley / A. Adams	(1,510)	1,510
Economy & Community Services				
3	Reduced income from ending of CCTV monitoring contract by third party	Cllr A. Horton / C. Hudson	(8,150)	6,210
Commissioning & Customer Contact				
4	The Council will no longer be undertaking the Kent Highways Service Maintenance work with the consequent reduction in income from KCC offset by a saving to the ground maintenance budget. See service savings	Cllr D. Simmons / D. Thomas	(138,660)	138,660
5	No longer operating Queenborough Harbour moorings	Cllr D. Simmons / D. Thomas	0	2,000
Mid Kent Legal Services (MKLS)				
6	Savings through restructure in MKS Legal. This saving will be offset by the loss of income from the resulting lower contributions from the other Legal shared service authorities	Cllr D. Dewar-Whalley / E. Culligan	(1,039,970)	49,500
Total Loss Of Income				212,880

Detailed Budget Proposals

Service Savings				
No.	Description	Cabinet Member / Head of Service	2016/17 Original Budget £	2017/18 over 2016/17 £
Mid Kent Legal Services (MKLS)				
1	Savings through restructure in MKS Legal. This saving will be offset by the loss of income from the resulting lower contributions from the other Legal shared service authorities	Cllr D. Dewar-Whalley / E. Culligan	1,316,000	(66,000)
Resident Services				
2	£3,000 paid to Kent Rural Housing Enabler to develop their rural housing policy and carry out housing needs surveys. There is little demand for the surveys and there is little to no funding available to build rural affordable housing at present. Continuing to make the full contribution to fund the agency may not provide value for money	Cllr K. Pugh/ A. Christou	4,000	(2,000)
3	Mileage, no longer needed to send staff to other offices on such a regular basis. There are also no longer Visiting Officers; we therefore have less mileage claims going through	Cllr K. Pugh/ A. Christou	8,530	(7,000)
4	Staff restructuring in Housing	Cllr K. Pugh/ A. Christou	271,600	(15,000)
5	Homeless hostel budget. New agreement with Amicus Horizon to use Housing Benefit Subsidy to cover management costs of this accommodation mean a reduction in this expenditure	Cllr K. Pugh/ A. Christou	35,000	(20,000)
6	Saving in Fraud Partnership	Cllr K.Pugh / A. Christou	75,530	(74,000)
Property Services				
7	Guildhall - budget not required	Cllr D. Dewar-Whalley / A. Adams	330	(330)

Detailed Budget Proposals

Service Savings				
No.	Description	Cabinet Member / Head of Service	2016/17 Original Budget £	2017/18 over 2016/17 £
8	Health & Safety budget reduction possible as Technical Index cancelled	Cllr D. Dewar-Whalley / A. Adams	3,250	(2,000)
9	Print Room. Reduction in hours of print room operator	Cllr D. Dewar-Whalley / A. Adams	39,800	(9,000)
Economy & Community Services				
10	Rates - budget no longer required	Cllr A.Horton / C. Hudson	3,460	(3,460)
11	Cancellation of fibre optic lines, following decommissioning of cameras from CCTV effectiveness review	Cllr A.Horton / C. Hudson	48,080	(6,180)
Commissioning & Customer Contact				
12	A249 litter picking reduced cost	Cllr D. Simmons / D. Thomas	4,800	(800)
13	Wheeled bins - Reduced need	Cllr D. Simmons / D. Thomas	5,000	(1,000)
14	Procurement reduction	Cllr D. Simmons / D. Thomas	10,000	(2,000)
15	Reduction in bin purchases	Cllr D. Simmons / D. Thomas	14,000	(2,000)
16	Activity programme at Milton Creek Country park	Cllr D. Simmons / D. Thomas	7,440	(2,440)
17	Cancelled subscription to Cleaner Kent	Cllr D. Simmons / D. Thomas	3,000	(3,000)
18	Grounds Maintenance Contract	Cllr D. Simmons / D. Thomas	1,409,000	(50,000)
19	The Council will no longer be undertaking the Kent Highways Service Maintenance work with the consequent reduction in income from KCC offset by a saving to the ground maintenance budget. See loss of income	Cllr D. Simmons / D. Thomas	135,430	(135,430)

Detailed Budget Proposals

Service Savings				
No.	Description	Cabinet Member / Head of Service	2016/17 Original Budget £	2017/18 over 2016/17 £
Planning				
20	Dangerous Structures - reflects underspend over past few years	Cllr G. Lewin / J. Freeman	3,000	(2,000)
21	MKS Planning Support and Local Land Charges - SBC contribution revision	Cllr G. Lewin / J. Freeman	312,910	(87,080)
Director Of Corporate Services				
22	Savings on newspapers & periodicals, officer subscriptions, cellphone and Warning and Informing budgets	Cllr D. Dewar-Whalley / M. Radford	7,830	(1,390)
Finance				
23	Reduction in cost of adding interest to selected funds	Cllr D. Dewar-Whalley / N. Vickers	8,210	(1,000)
24	Reduction on interest element of a finance lease	Cllr D. Dewar-Whalley / N. Vickers	72,570	(3,910)
25	Contributions to risk management reserve originally agreed from 2009 insurance tender no longer required as a result of the 2016 insurance tender	Cllr D. Dewar-Whalley / N. Vickers	15,000	(15,000)
26	Tender for the cost of processing debit and credit card transactions resulted in a reduction in costs	Cllr D. Dewar-Whalley / N. Vickers	79,970	(30,000)
27	Change in the basis of the calculation of the Minimum Revenue Provision	Cllr D. Dewar-Whalley / N. Vickers	318,040	(100,000)
Environmental Health				
28	Renewal of Air Quality station data monitoring contract with Kent & Medway Air Quality Monitoring Network. In addition a review of the number of monitoring stations from 4 to 3	Cllr D. Simmons / T. Beattie	10,000	(2,500)
Total Service Savings				(644,520)

Collection Fund and Council Tax Base

Tax Base

The tax base for 2017/18 is 45,299.89.

Collection Fund

As the Billing Authority, Swale Borough Council had to make an estimate of the surplus or deficit on the Collection Fund in January 2017, notifying Kent County Council, the Police and Crime Commissioner for Kent and the Kent & Medway Towns Fire & Rescue Authority of their proportions. The declared surplus of £3,625,600 is shared as follows:

	(Surplus)/ £'000
Kent County Council	(1,087)
The Police and Crime Commissioner for Kent	(116)
Kent & Medway Towns Fire & Rescue Authority	(79)
Swale Borough Council	(1,119)
Central Government	(1,224)
Total	(3,625)

These amounts are not added to precepts or budgets, but must be taken into account by each Authority when setting their basic Council Tax. The net surplus for Swale Borough Council is therefore £1,119,400, including a £979,000 surplus for business rates, and a £140,400 surplus for council tax.

Only the council tax surplus is shown in the budget projections for the calculation of the 2017/18 Council Tax, as the business rates surplus will be put to the business rates volatility reserve.

Other Preceptors

Kent County Council, the Kent & Medway Fire Authority and the Kent Police and Crime Commissioner will set their own precepting for all valuation bands. These tax levels will form part of the overall Council Tax to be set by full Council on 15 February 2017.

Parish Council Precepts

Parish Council precept demands have been submitted during January 2017 as and when the Parish Councils met to set their precepts. These will be expressed as an additional precept.

Budget Requirement and Council Tax Requirement

	2017/18 £'000
2016/17 Swale Operating Expenditure Budget Before Savings and Growth Items	18,146
Lower Medway Internal Drainage Board	456
Growth items	78
Unavoidable cost pressures	364
Loss of income	213
Additional income	(259)
Committed price increases	144
Pay increases	78
Pay award	109
Contribution to/ (from) reserves	(588)
Service savings	(645)
Sub total	18,096
New Homes Bonus	(2,743)
Swale Budget Requirement (to be agreed)	15,353
Revenue Support Grant	(1,238)
Business Rates	(6,506)
Collection Fund Surplus	(140)
Council Tax Requirement (to be agreed)	7,469
Council Tax Income (assuming £164.88 for Band D)	(7,469)

Parish Precepts

Parish/Town Council	Additional Council Tax for Band D 2016/17 £	Tax Base 2017/18	Parish Precept (rounded) 2017/18 £	Additional Council Tax for Band D 2017/18 £	Parish Precept 2017/18 % Change
Bapchild	22.95	461.95	11,000.00	23.81	3.75%
Bobbing	19.82	902.12	18,000.00	19.95	0.66%
Borden	46.47	1,071.93	To be advised		
Boughton-under-Blean	66.30	680.48	49,195.00	72.29	9.03%
Bredgar	33.08	286.21	9,615.00	33.59	1.54%
Doddington	35.97	218.69	8,302.00	37.96	5.53%
Dunkirk	24.42	495.44	11,792.00	23.80	-2.54%
Eastchurch	42.74	732.80	30,000.00	40.94	-4.21%
Eastling	22.34	145.99	5,110.00	35.00	56.67%
Faversham Town Council	53.06	6,193.73	328,638.00	53.06	0.00%
Goodnestone & Graveney	30.37	184.29	6,118.00	33.20	9.32%
Hartlip	19.38	361.56	7,500.00	20.74	7.02%
Hemhill	28.24	283.86	9,000.00	31.71	12.29%
Iwade	35.43	1,361.82	48,250.00	35.43	0.00%
Leysdown	22.66	1,083.36	To be advised		
Lower Halstow	64.68	446.49	35,455.00	79.41	22.77%
Luddenham	0	46.03	0	0	0
Lynsted	37.58	462.38	17,049.00	36.87	-1.89%
Milstead	58.77	91.28	5,500.00	60.25	2.52%
Minster	26.89	5,216.95	144,056.00	27.61	2.68%
Newington	50.55	871.04	45,760.00	52.53	3.92%
Newnham	35.46	150.67	5,355.00	35.54	0.23%
Norton & Buckland	31.31	182.71	5,847.00	32.00	2.20%
Oare	51.63	168.23	8,568.00	50.93	-1.36%
Ospringe	25.31	278.31	7,250.00	26.05	2.92%
Queenborough Town Council	58.91	780.72	65,225.00	83.54	41.81%
Rodmersham	31.54	240.71	7,750.00	32.20	2.09%
Selling	23.92	346.70	10,384.00	29.95	25.21%
Sheldwich, Leaveland & Badlesmere	24.56	348.27	To be advised		
Stalisfield	26.80	99.96	2,600.00	26.01	-2.95%
Teynham	52.78	868.43	47,480.00	54.67	3.58%
Throwley	23.14	139.84	3,166.00	22.64	-2.16%
Tonge	14.13	140.61	2,200.00	15.65	10.76%
Tunstall	24.23	702.95	17,560.00	24.98	3.10%
Upchurch	28.85	921.95	27,900.00	30.26	4.89%
Warden	31.70	484.70	15,000.00	30.95	-2.37%
TOTAL					

Reserves

Description	Forecast Contributions		Forecast Contributions		Balance as at 31/03/18 £'000
	Balance as at 31/03/16 £'000	to / from Reserves 2016/17 £'000	Balance as at 31/03/17 £'000	to / from Reserves 2017/18 £'000	
General Reserve	(3,088)	230	(2,858)		(2,858)
Performance Fund	(537)		(537)		(537)
Transformation Fund	(212)		(212)		(212)
Regeneration Fund	(362)	(522)	(884)		(884)
Swale Local Loan Fund	(250)		(250)		(250)
Building Maintenance Fund	(818)		(818)		(818)
Housing Reserves	(198)		(198)		(198)
Repairs and Renewals Funds	(289)	(90)	(379)	(90)	(469)
Local Development Framework Fund	(70)		(70)		(70)
Stay Put Grants Reserve	(152)		(152)		(152)
Revenues Main Reserve	(277)		(277)		(277)
Business Rates Volatility Reserve	(2,649)	1,348	(1,301)	(724)	(2,025)
Preceptors Council Tax Support Reserve	(250)	66	(184)	66	(118)
Commuted Sums	(259)		(259)		(259)
Other Reserves	(1,643)	(79)	(1,722)	21	(1,701)
Total Earmarked Reserves	(11,054)	953	(10,101)	(727)	(10,828)
Usable Capital Receipts Reserve	(1,127)		(1,127)		(1,127)
Capital Grants Unapplied Account	(312)		(312)		(312)
General Fund	(5,365)	1,377	(3,988)	336	(3,652)
Total Usable Reserves	(17,858)	2,330	(15,528)	(391)	(15,919)

Appendix VIII

Capital Programme

	Funding SBC / Partnership	2016/17 Original Budget £	2016/17 Revised Budget £	2017/18 Original Budget £	2018/19 Original Budget £	Budget Later Years £
<u>Commissioning & Customer Contact - D.Thomas</u>						
Cemeteries - future burial provision - Capital Receipts	SBC	0	22,000	0	0	0
Cemeteries – Bell Road - Reserves	SBC	0	41,000	0	0	0
Sheppey Leisure Centre – Exercise Studio Floor – Reserves	SBC	0	35,000	0	0	0
Milton Creek Footpath & Viewing platform - Capital Receipts	SBC	0	16,200	0	0	0
Newington Car Park Wall – Capital Receipts	SBC	0	125,000	0	0	0
Beach Huts, Leysdown – Capital Receipts	SBC	0	60,000	0	0	0
Resurfacing Promenade, The Leas – Capital Grant	P	0	306,000	0	0	0
Thistle Hill Community Woodland - Trim Trail - S106	P	0	35,000	0	0	0
New Play Area - Iwade Schemes - S106	P	0	92,200	0	0	0
Borden Playstool Playground Equipment – S106	P	0	13,100	0	0	0
Car Park Machines – Reserves	SBC	15,000	45,000	0	0	0
Car Park Information Boards – Reserves	SBC	0	40,000	0	0	0
Milton Creek Access Road – Reserves	SBC	0	40,000	0	0	0
Bridge Deck Replacement at Bartons Point – Reserves	SBC	0	14,000	0	0	0
Modular Toilet Kiosks – Reserves	SBC	0	30,000	0	0	0
Oare Gunpowder Works - S106	P	0	9,000	0	0	0
Total Commissioning & Customer Contact		15,000	923,500	0	0	0
<u>Corporate Services – M. Radford</u>						
Uniform Licensing Implementation – Capital Receipts	SBC	0	17,000	0	0	0
TOTAL CORPORATE SERVICES		0	17,000	0	0	0

Capital Programme

	Funding SBC / Partnership	2016/17 Original Budget £	2016/17 Revised Budget £	2017/18 Original Budget £	2018/19 Original Budget £	Budget Later Years £
<u>Economy & Communities – C. Hudson</u>						
CCTV – Reserves - Repairs & Renewals	SBC	15,000	15,000	15,000	15,000	15,000
The Mill Project, Sittingbourne Skate Park - Capital Receipts	SBC	200,000	200,000	0	0	0
Faversham Creek Basin Regeneration Project (Swing Bridge) - Capital Receipts	SBC	200,000	200,000	0	0	0
Faversham Pools refurbishment - Capital Receipts	SBC	150,000	150,000	0	0	0
The Meads Community Centre - Reserves – Regen Fund	SBC	0	11,100	0	0	0
The Meads Community Centre- S106	P	0	6,800	0	0	0
Easthall Farm Community Centre - S106	P	964,000	964,000	0	0	0
Kemsley Community Facilities - S106	P	0	4,900	0	0	0
Total Economy & Communities		1,529,000	1,551,800	15,000	15,000	15,000
<u>Environmental Health - T. Beattie</u>						
Replacement of Air Quality Stations - Capital Receipts	SBC	55,000	55,000	35,000	0	0
Total Environmental Health		55,000	55,000	35,000	0	0
<u>Finance - N. Vickers</u>						
Income Management System - Replacement - Capital Receipts	SBC	0	2,500	0	0	0
TOTAL FINANCE		0	2,500	0	0	0

Capital Programme

Housing - A. Christou

Disabled Facilities Grants - External Grant	P	1,140,000	1,943,100	1,664,800	1,664,800	1,664,800
Disabled Facilities Grants – Reserves	SBC	0	92,100	0	0	0
Total Housing		1,140,000	2,035,200	1,664,800	1,664,800	1,664,800
Total Capital Programme Funded by SBC	SBC	635,000	1,210,900	50,000	15,000	15,000
Total Capital Programme Funded by Partners	P	2,104,000	3,374,100	1,664,800	1,664,800	1,664,800
Total Capital Programme		2,739,000	4,585,000	1,714,800	1,679,800	1,679,800

Capital Programme

	2016/17 Original Budget £	2016/17 Revised Budget £	2017/18 Original Budget £	2018/19 Original Budget £	Budget Later Years £
Total Capital Expenditure	2,739,000	4,585,000	1,714,800	1,679,800	1,679,800
Funding Analysis					
Partnership Funding	2,104,000	3,374,100	1,664,800	1,664,800	1,664,800
Revenue Contributions					
(a) Repairs & Renewals Reserves					
- CCTV	15,000	15,000	15,000	15,000	15,000
(b) General Reserve					
- Disabled Facilities Grant	0	92,100	0	0	0
- Cemeteries – Bell Road	0	20,500	0	0	0
- Car Park Information Boards	0	40,000	0	0	0
- Milton Creek Access Road	0	40,000	0	0	0
- Bridge Deck Replacement at Bartons Point	0	14,000	0	0	0
- Modular Toilet Kiosks	0	30,000	0	0	0
- Car Park Machines	15,000	45,000	0	0	0
Sub total	15,000	281,600	0	0	0
(c) Regeneration Fund					
- The Meads Community Centre	0	11,100	0	0	0
(d) Building Maintenance Fund					
- Cemeteries – Bell Road	0	20,500	0	0	0
- Exercise Floor at Sheppey Leisure Centre	0	35,000	0	0	0
Sub total	0	55,500	0	0	0
(e) Performance Fund					
- Uniform Licensing Implementation	0	17,000	0	0	0
Total Revenue Contributions	30,000	380,200	15,000	15,000	15,000

Capital Programme

	2016/17 Original Budget £	2016/17 Revised Budget £	2017/18 Original Budget £	2018/19 Original Budget £	Budget Later Years £
Capital Receipts:-					
- The Mill Project, Sittingbourne Skate Park	200,000	200,000	0	0	0
- Faversham Creek Basin Regeneration Project (Swing Bridge)	200,000	200,000	0	0	0
- Faversham Pools Refurbishment	150,000	150,000	0	0	0
- Newington Car Park Wall – Capital Receipts	0	125,000	0	0	0
- Beach Huts Leysdown – Capital Receipts	0	60,000	0	0	0
- Milton Creek Footpath and Viewing Platform	0	16,200	0	0	0
- Cemeteries - Future Burial Provision	0	22,000	0	0	0
- Income Management System	0	2,500	0	0	0
- Replacement of Air Quality Stations	55,000	55,000	35,000	0	0
Total Capital Receipts	605,000	830,700	35,000	0	0
Total Funds Utilised	2,739,000	4,585,000	1,714,800	15,000	15,000

Financial Risk Register

(Very High=4, High=3, Medium=2, Low=1)

Issue	Likelihood/Impact	Mitigation
Funding reductions	L 4 x I 3 = 12	Medium term financial plan Income generation National and local intelligence
Sittingbourne Town Centre	L 3 x I 3 = 9	External advice Due diligence Regular reporting
Localisation of business rates, business rates appeals	L4 x I 2 = 8	Consultation responses In-depth research Modelling
Leisure centre contract renewal	L 4 x I 2 = 8	Early examination of all options Project planning
New Homes Bonus	L 3 x I 2 = 6	Consultation responses Lobbying Budgeting
Homelessness	L 3 x I 2 = 6	Alternative provision Limiting support to budget available
Judicial review of a key decision	L2 x I 3 = 6	Good governance Member and officer training
Delivery of 2017/18 budget savings	L 2 x I 2 = 4	Robust budget preparation Good monitoring
Loss of key staff	L 2 x I 2 = 4	Succession planning Staff development and training
Fraud	L 1 x I 3 = 3	Internal controls Internal audit review Member and staff awareness

Minimum Revenue Provision Statement 2017/18

The Department for Communities and Local Government's Guidance on Minimum Revenue Provision (issued in 2010) places a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Secretary of State, and local authorities are required to "have regard" to such Guidance, under section 21(1A) of the Local Government Act 2003.

The Regulations require that "A local authority shall determine for the current financial year an amount of minimum revenue provision which it considers to be prudent".

The concept of Minimum Revenue Provision (MRP) was introduced in 1989 to prescribe the minimum amount which must be charged to the revenue account each year to meet credit liabilities (borrowing and leasing costs). MRP is charged to the General Fund and therefore does affect levels of Council Tax. Under the previous MRP regulations MRP was set at a uniform rate of 4% of the adjusted Capital Financing Requirement (CFR), which represents the underlying need to borrow for the Council.

The detailed rules and formulae to be used in the more recent method of calculation were laid down in Regulation 28 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. This system was later radically revised, and now requires an annual statement setting out the method of calculation of MRP.

The Secretary of State for Communities and Local Government issued guidance under section 21(1A) of the Local Government Act 2003. This states that "the broad aim of prudent provision is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of the grant." This would affect any future borrowing that local authorities may be considering.

The four MRP options available are:

- Option 1: Regulatory Method
- Option 2: CFR Method
- Option 3: Asset Life Method (Equal Instalment or Annuity)
- Option 4: Depreciation Method

Note: This does not preclude other prudent methods.

MRP in 2017/18:

Options 1 and 2 may be used only for supported expenditure (i.e. financing costs deemed to be supported through Revenue Support Grant from Central Government). Methods of making prudent provision for self-financed expenditure include Options 3 and 4 (which may also be used for supported expenditure if the Council chooses).

The MRP Statement will be submitted to Council before the start of the 2017/18 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement should be put to Council at that time.

Minimum Revenue Provision Statement 2017/18

Council on 17 February 2016 resolved that for the 2016/17 financial year, the Council's policy for the calculation of Minimum Revenue Provision would be the asset life (equal instalment) method for Prudential Borrowing, and the "Regulatory Method" for calculating the MRP for the CFR created by unfunded capital expenditure before 1/4/2008. In this option, MRP is equal to the amount determined in accordance with the former regulations 28 and 29 of the 2003 Regulations as if they had not been revoked. MRP is set at a uniform rate of 4% of the adjusted CFR, i.e. adjusted for "Adjustment A" on a reducing balance method (which in effect means that MRP charges will stretch into infinity).

The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 does provide a number of options for local authorities to use to calculate their MRP, which must be then be approved by Council annually. Although options are recommended in the guidance the intention was not to be prescriptive, and local authorities can propose alternative approaches as long as they can demonstrate that the resulting MRP will be prudent.

Therefore it is proposed that the MRP element relating to unfunded capital expenditure incurred before 1 April 2008 is changed from 1 April 2017 from the Regulatory Method to the Annuity Method, based on full repayment of the CFR over 50 years, and using an interest rate of 2%. The Council believes that the 50 year period is prudent as the aim is to repay capital expenditure, and this matches the Council's existing accounting policies on the standard useful lives of assets used in our annual accounts. The 2% is taken from the Government's inflation target. The element of the CFR relating to unfunded capital expenditure before 1 April 2008 is forecast to be £4m on 1 April 2017. Using the proposed annuity method this will be fully repaid in 50 years; if the regulatory method had continued to be used, £780,000 would still be left unfunded after the 50 years.

This Policy will be reviewed on an annual basis.

For 2017/18 it is recommended that:

- for supported expenditure, and for all capital expenditure incurred prior to 1 April 2008, MRP will, under delegated authority, be calculated under the Annuity Method over 50 years;
- MRP for all self-financed capital expenditure incurred after 1 April 2008 will, under delegated authority, be calculated under the Asset Life (Equal Instalment) Method;
- MRP in respect of leases and Public Finance Initiative (PFI) schemes brought on Balance Sheet under the International Financial Reporting Standards based Accounting Code of Practice will match the principal repayment for the associated deferred liability, to ensure that the impact on the revenue account is neutral; and
- where loans are made to other bodies for their capital expenditure, no MRP will be charged but the Council would apply the capital receipt arising from the principal repayments to reduce the CFR instead.

Cabinet

Meeting Date	1 February 2017
Report Title	Treasury Management Strategy 2017/18
Cabinet Member	Cllr. Duncan Dewar-Whalley, Cabinet Member for Finance & Performance
SMT Lead	Nick Vickers, Head of Finance
Head of Service	Nick Vickers, Head of Finance
Lead Officer	Olga Cole, Management Accountant
Key Decision	Yes
Classification	Open
Forward Plan	Reference number:

Recommendations	1. To approve the Treasury Strategy 2017/18 and the Prudential and Treasury Management Indicators.
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1. Purpose of Report and Executive Summary

- 1.1 The Chartered Institute of Public Finance and Accountancy’s Code of Practice for Treasury Management in Public Services and the Prudential Code require the Council to approve a Treasury Strategy and Prudential Indicators before the start of each financial year.
- 1.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) has defined Treasury Management as: “The management of the organisation’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.
- 1.3 In addition, the Department for Communities and Local Government (DCLG) issued revised Guidance on Local Authority Investments in March 2010 that requires the Authority to approve an investment strategy before the start of each financial year.
- 1.4 This report sets out and seeks approval of the proposed Treasury Management Strategy and Prudential and Treasury Management Indicators for 2017/18. It will be proposed to Council at the meeting on 15 February 2017.
- 1.5 This report fulfils the Council’s legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the DCLG Guidance. Should the assumptions upon which this report is based change significantly, then a revised Treasury Strategy will be submitted for approval.

2. Background

Interest rate Forecast and Market Outlook

- 2.1 The Council's treasury adviser - Arlingclose's central case is for UK Bank Rate to remain at 0.25% during 2017/18. A more detailed economic and interest rate forecast provided by Arlingclose is attached at Appendix I. Given this view and the current inflation outlook, further falls in the Bank Rate look less likely. Negative Bank Rate cannot be entirely ruled out in the medium term. Gilt yields have started to rise, but remain at low levels. The Arlingclose central case is for yields to decline when the Government triggers Article 50.
- 2.2 Bail-in legislation, which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the European Union, Switzerland and USA, while Australia and Canada are progressing with their own plans. The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other investment options available to the Council; returns from cash deposits continue to fall.

Borrowing Strategy

- 2.3 The Council is currently debt free. In March 2016 Council agreed to a borrowing facility of up to £30m subject to individual business case and in November and December Cabinet agreed an outline business case for borrowing up to £28m for Sittingbourne Town Centre regeneration. This all remains subject to due diligence. In the budget report agreement is sought to extending the borrowing facility to £60m, again subject to business cases to Cabinet. The Prudential Indicators have been prepared on the basis of this higher borrowing figure.
- 2.4 The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead of borrowing at fixed rates for long periods. The Council may arrange forward starting loans during 2017/18, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period. In addition, the Council may borrow short-term loans to cover unplanned cash flow shortages.
- 2.5 The approved sources of long-term and short-term borrowing are:
 - Public Works Loan Board (PWLB) and any successor body;
 - any institution approved for investments;
 - any other bank or building society authorised to operate in the UK;
 - UK public and private sector pension funds (except the Kent Pension Fund);
 - capital market bond investors.

Investment Strategy

- 2.6 The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's investment balance has ranged between £26.3m and £50m with an average of £37m. Given the plans for the Sittingbourne Town Centre project there will need to be very careful management of the cash flow implications, balancing the need for liquidity with deferring borrowing costs as much as possible.
- 2.7 In considering investing in assets there are two overriding principles to be applied:
- Minimising the cost to the revenue budget - given the continued reductions in local government financing there is no scope within the revenue budget to meet debt charge costs. If the Council incurred debt charge costs then, unless the investment generated sufficient income to cover these costs, the Council effectively would have to reduce services to fund the costs. In the case of the Sittingbourne Town Centre investment all the capital financing costs will be wholly funded from rental income; and
 - Strategic impact - if the Council is going to invest in property it needs to support wider Council objectives around regeneration of the borough and creating new employment. This means there needs to be additionality in-terms of the wider economic benefits e.g. higher business rates.
- 2.8 The Council has a cash flow forecast to determine the maximum period for which funds may prudently be committed and which aims to minimise the risk of borrowing on unfavourable terms to meet its financial commitments.
- 2.9 Both the CIPFA Code and the CLG Guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield.
- 2.10 There is a small chance that the Bank of England could set its Bank Rate at or below zero in the year, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in some European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.
- 2.11 The Council has had a risk averse investment strategy focussing on deposits with major financial institutions and Money Market Funds. The main diversification has been an investment of £3m in the CCLA Property Fund.
- 2.12 The Council could make use of the following asset classes:

Government	Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.
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Banks Unsecured	Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.
Banks Secured	Covered bonds and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.
Corporates	Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made as part of a diversified pool in order to spread the risk widely.
Registered Providers	Loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social Housing, formerly known as Housing Associations. These bodies are tightly regulated by the Homes and Communities Agency and, as providers of public services, they retain the likelihood of receiving government support if needed.
Pooled Funds	Shares in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.
Direct Investments	Investment in and funding commercial property, both inside and outside the borough, and private rented sector housing.

2.13 Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

- 2.14 Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made,
 - any existing investments that can be recalled or sold at no cost will be, and
 - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
- 2.15 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.
- 2.16 The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.
- 2.17 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.
- 2.18 The CLG Guidance defines specified investments as those:
- denominated in pound sterling,
 - due to be repaid within 12 months of arrangement,
 - not defined as capital expenditure by legislation, and
 - invested with one of:
 - the UK Government,
 - a UK local authority, parish council or community council, or
 - a body or investment scheme of "high credit quality".

- 2.19 The Council defines “high credit quality” organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds “high credit quality” is defined as those having a credit rating of A- or higher.
- 2.20 Any investment not meeting the definition of a specified investment is classed as non-specified. The Council does not intend to make any investments denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and schemes not meeting the definition on high credit quality.

3. Proposal

- 3.1 Very limited changes to the current counter parties are proposed for 2017/18. The most important areas to highlight are:
- With returns on unsecured bank deposits continuing to reduce the Council will consider the use of some well-established Cash Plus and Short Dated Bond Funds.
 - Multi Asset Income Funds which typically target a return of around 5% and focus on a diversified range of assets primarily focussed on an income return rather than capital growth.
- 3.2 The Council may invest its surplus funds with any of the counterparty types in the table below, subject to the cash limits (per counterparty) and the time limits shown.

Debt Management Office (Debt Management Account Deposit Facility) and Treasury Bills	Unlimited
Major UK banks / building societies. (Barclays, HSBC, Lloyds Banking Group, RBS Group, Santander UK, Nationwide, Standard Chartered) unsecured deposits	£3m
Svenska Handelsbanken unsecured deposits	£3m
Leeds Building Society unsecured deposits	£1.5m
Close Brothers unsecured deposits	£1.5m
Major overseas banks unsecured deposits (to be determined based upon Arlingclose advice – to date only Nordea used) Netherlands: Bank Nederlande Gemeeten, Rabobank Singapore: OCBC, UOB, DBS Sweden: Nordea Bank Denmark: Danske Bank USA: JP Morgan Chase Australia: Australian and New Zealand Banking Group,	£1.5m limit per bank, £3m country limit

Commonwealth Bank of Australia, National Australian Bank Ltd, Westpac Banking Corp Canada: Bank of Montreal, Bank of Nova Scotia, Canadian Imperial Bank of Commerce, Royal Bank of Canada, Toronto Dominion Bank	
Short Term Money Market Funds	£3m each
Cash Plus Funds and Short Dated Bond Funds	£3m each
Multi Asset Income Funds	£3m each
CCLA LAMIT Local Authority Property Fund	£3m
Supranational Bonds	£3m in aggregate
Corporate Bond Funds and Corporate Bonds	£3m in aggregate
Covered Bonds	£9m in aggregate with £3m limit per bank
Absolute return funds	£3m in aggregate
Equity income funds	£3m in aggregate
Direct investments	Subject to business case to Cabinet

3.3 Currently the maximum duration for unsecured term deposits is 13 months. The Head of Finance in consultation with the Cabinet Member for Finance and Performance may consider longer duration depending on market conditions. For bonds, the maximum duration will be five years including, where applicable, the 5-year benchmark bond which may at the point of issue have a maturity a few months in excess of five years.

Treasury Adviser

3.4 The Council has appointed Arlingclose Limited as treasury management advisers and receives specific advice on investment, debt and capital finance issues. Officers meet with Arlingclose on a quarterly basis, receive information daily and attend relevant training courses.

4. Alternative Options

4.1 The strategy is intended to give flexibility with regard to borrowing and investment options.

5. Consultation Undertaken or Proposed

5.1 Consultation has been taken with Arlingclose.

6. Implications

Issue	Implications
Corporate Plan	Good management of the Council's cash balances assists the overall financial position of the Council and this helps meet its objective to be a Council to be proud of.
Financial, Resource and Property	The budget for investment income in 2017/18 is £110,000, based on an average investment portfolio of £33 million at an interest rate of 0.33%.
Legal and Statutory	DCLG and CIPFA requirements complied with.
Crime and Disorder	Not applicable
Sustainability	Not applicable
Health and Wellbeing	Not applicable
Risk Management and Health and Safety	Risk is controlled through adherence to specific guidance included in CIPFA's Treasury Management Code of Practice and Cross-Sectoral Guidance Notes. The principle of security of funds over-rides investment performance considerations.
Equality and Diversity	Not applicable

7. Appendices

7.1 The following appendices are published with this report and form part of the report.

- Appendix I Arlingclose interest rate forecast
- Appendix II Prudential and Treasury Management Indicators

8. Background Papers

None

ArlingClose Interest Rate Forecast November 2016

Forecast:

- Globally, the outlook is uncertain and risks remain weighted to the downside. The UK domestic outlook is uncertain, but likely to be weaker in the short term than previously expected.
- The likely path for Bank Rate is weighted to the downside. The Arlingclose central case is for Bank Rate to remain at 0.25%, but there is a 25% possibility of a drop to close to zero, with a very small chance of a reduction below zero.
- Gilt yields have risen sharply, but remain at low levels. The Arlingclose central case is for yields to decline when the government triggers Article 50.

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Average
Official Bank Rate														
Upside risk	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.12
Arlingclose Central Case	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Downside risk	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.40
3-month LIBID rate														
Upside risk	0.05	0.05	0.10	0.10	0.10	0.15	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.18
Arlingclose Central Case	0.25	0.25	0.25	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.29
Downside risk	0.20	0.25	0.25	0.25	0.30	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.34
1-yr LIBID rate														
Upside risk	0.10	0.10	0.15	0.15	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.23
Arlingclose Central Case	0.60	0.50	0.50	0.50	0.50	0.50	0.50	0.60	0.70	0.85	0.90	0.90	0.90	0.65
Downside risk	0.10	0.15	0.15	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.24
5-yr gilt yield														
Upside risk	0.25	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.39
Arlingclose Central Case	0.50	0.40	0.35	0.35	0.35	0.40	0.40	0.40	0.45	0.50	0.55	0.60	0.65	0.45
Downside risk	0.30	0.45	0.45	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.47
10-yr gilt yield														
Upside risk	0.30	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.39
Arlingclose Central Case	1.15	0.95	0.85	0.85	0.85	0.85	0.85	0.90	0.95	1.00	1.05	1.10	1.15	0.96
Downside risk	0.30	0.45	0.45	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.47
20-yr gilt yield														
Upside risk	0.25	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.39
Arlingclose Central Case	1.70	1.50	1.40	1.40	1.40	1.40	1.40	1.45	1.50	1.55	1.60	1.65	1.70	1.75
Downside risk	0.40	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.57
50-yr gilt yield														
Upside risk	0.25	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.39
Arlingclose Central Case	1.60	1.40	1.30	1.30	1.30	1.30	1.30	1.35	1.40	1.45	1.50	1.55	1.60	1.41
Downside risk	0.40	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.57

Prudential and Treasury Management Indicators

Background

There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their Prudential Indicators. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Authority has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

1. Gross Debt and the Capital Financing Requirement (CFR)

This is a key indicator of prudence. In order to ensure that over the medium term net debt will only be for a capital purpose, the local authority should ensure that the net debt does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional increases to the capital financing requirement for the current and next two financial years.

Gross Debt and the Capital Financing Requirement	2016/17 Revised £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
Gross CFR	4,488	60,363	58,908	57,533
Less: Other Long Term Liabilities	(382)	(181)	(24)	(3)
Borrowing CFR	4,106	60,182	58,884	57,530
Less: External Borrowing	0	(56,206)	(55,059)	(53,912)
Cumulative Maximum External Borrowing Requirement	4,106	3,976	3,825	3,618

2. Estimates of Capital Expenditure

This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax. (See Capital Programme in 2017/18 Budget Report).

Capital Expenditure and Financing	2016/17 Revised £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
Total Expenditure	4,585	1,715	1,680	1,680
Capital receipts	831	35	0	0
Grants	3,374	1,665	1,665	1,665
Revenue contributions	380	15	15	15
Total Financing	4,585	1,715	1,680	1,680

Prudential and Treasury Management Indicators

3. Ratio of Financing Costs to Net Revenue Stream

This is an indicator of affordability, highlighting the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2016/17 Revised	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
	%	%	%	%
Total	1.51	12.13	15.29	14.72

4. Incremental Impact of Capital Investment Decision

This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax levels. The incremental impact on Council Tax is the difference between the total revenue budget requirement of the current approved capital programme and the revenue budget requirement from the capital programme proposed.

Incremental Impact of Capital Investment Decisions	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
	£	£	£
Increase/(Decrease) in Band D Council tax	50.50	59.81	47.75

5. Estimates of Capital Financing Requirement

The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose.

Capital Financing Requirement	2016/17 Revised	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
	£'000	£'000	£'000	£'000
Total CFR	4,488	60,363	58,908	57,533

6. Authorised Limit for External Debt

The Authorised Limit sets the maximum level of external borrowing on a gross basis (i.e., not net of investments) for the Council. It is measured on a daily basis against all external borrowing items on the Balance Sheet (i.e., long and short-term borrowing, overdrawn bank balances and long-term liabilities). This Prudential Indicator separately identifies borrowing from other long-term liabilities such as finance leases. It is consistent

Prudential and Treasury Management Indicators

with the Council's existing commitments, its proposals for capital expenditure and financing, and its approved treasury management policy statement and practices.

The Authorised Limit has been set on the estimate of the most likely, prudent but not worst case scenario with sufficient headroom over and above this to allow for unusual cash movements.

The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit).

Authorised Limit for External Debt	2016/17 Revised £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
Borrowing	35,000	65,000	65,000	65,000
Other Long-term Liabilities	2,000	2,000	2,000	2,000
Total	37,000	67,000	67,000	67,000

7. Operational Boundary for External Debt

The operational boundary is based on the Council's estimate of most likely (i.e. prudent but not worst case) scenario for external debt. It links directly to the Council's estimates of capital expenditure, the capital financing requirement and cash flow requirements, and is a key management tool for in-year monitoring. Other long-term liabilities comprise finance lease and other liabilities that are not borrowing.

Operational Boundary	2016/17 Revised £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
Borrowing	30,000	60,000	60,000	60,000
Other Long-term Liabilities	382	181	24	3
Total	30,382	60,181	60,024	60,003

8. Adoption of the CIPFA Treasury Management Code

This indicator demonstrates that the Council has adopted the principles of best practice.

The Council adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* on 22 February 2012.

9. Interest Rate Exposures

This indicator is set to control the Council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of net principal borrowed will be:

Prudential and Treasury Management Indicators

Upper Limit	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Interest on fixed rate borrowing	100%	100%	100%
Interest on fixed rate investments	-100%	-100%	-100%
Upper Limit for Fixed Interest Rate	0%	0%	0%
Interest on variable rate borrowing	100%	100%	100%
Interest on variable rate investments	-100%	-100%	-100%
Upper Limit on Variable Interest Rate Exposure	0%	0%	0%

10. Maturity Structure of Borrowing

This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

Maturity Structure of Borrowing	Lower Limit for 2017/18 %	Upper Limit for 2017/18 %
Under 12 months	0	100
12 months and within 24 months	0	100
24 months and within 5 years	0	100
5 years and within 10 years	0	100
10 years and above	0	100

11. Principal Sums Invested for Periods Longer than 364 days

The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

	2017/18 £'000	2018/19 £'000	2019/20 £'000
Limit on principal invested longer than 364 days	10,000	10,000	10,000

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Cabinet Meeting	
Meeting Date	01 February 2017
Report Title	Deed of Variation to the Development Agreement between the Council and Spirit of Sittingbourne
Cabinet Member	Cllr Mike Cosgrove, Cabinet Member for Regeneration
SMT Lead	Emma Wiggins, Interim Director of Regeneration.
Head of Service	Charlotte Hudson, Interim Head of ECS
Lead Officer	Peter Binnie, Sittingbourne Town Centre Senior Project Advisor.
Key Decision	No
Classification	Open
Forward Plan	Reference number:
Recommendations	<p>1. That Cabinet delegates authority to the Interim Director of Regeneration, in consultation with the Leader and the Cabinet Member for Regeneration to agree a Third Deed of Variation to the Development Agreement to:</p> <ul style="list-style-type: none"> (i) amend the Developer's Phase 1 Conditions; (ii) remove the Council's obligation to pay section 106 costs; (iii) remove the Council's obligation to pay a contribution from the multi-storey car park budget; (iv) allow the Developer to vary the Developer's minimum percentage profit margin; and (v) allow for construction works to elements funded by the Council to be carried out under an access licence rather than a building lease.

1 Purpose of Report and Executive Summary

- 1.1 This report provides the background and relevant information to request delegated authority to the Interim Director of Regeneration, in consultation with the Leader and Cabinet Member for Regeneration, to agree a Third Deed of Variation to the Development Agreement (DA) entered into between the Council and Spirit of Sittingbourne on 19 September 2012 and subsequently varied by the First Deed of Variation and the Second Deed of Variation both dated 20 January 2015.
- 1.2 In a project of this complexity it is inevitable that over time the DA will be varied, and this process following on from discussion and negotiation creates greater flexibility and the ability to deliver.

- 1.3 The purpose of this Third Deed of Variation is to allow the Council and the Developer to unlock the proposed development of Sittingbourne Town Centre and start the physical construction works that are being delayed due to having to comply with Developer conditions that cannot be waived in the existing Agreement.
- 1.4 The Deed will remove obligations for the Council to fund section 106 works and a contribution from the multi-storey car park budget, and will allow the Developer to accept a reduced margin below the current minimum of 12.5% if it so chooses.
- 1.5 Full details, and where relevant the risks associated with each variation, are detailed in section 3.

2 Background

- 2.1 The Council's corporate priority for the regeneration of Sittingbourne is to deliver the highway works, cinema, restaurants and retail units. Significant work has been undertaken to ensure that these are viable and fully funded and ready to be built out, subject to the Development Agreement (DA) between the Council and Spirit of Sittingbourne going unconditional.
- 2.2 The DA contains a number of conditions that have to be satisfied in order that it can go unconditional. Substantial progress has been made in meeting the conditions of the current DA for Phase 1 of the project. Phase 1 incorporates the Big Box retail, Leisure (cinema, Travelodge, MSCP, public realm) and residential. However, some conditions which are not capable of being performed under the DA as it is currently drafted are delaying the DA going unconditional and hence work starting on site.
- 2.3 In terms of progress made, planning consent has been granted at Committee for the whole of Phase 1, and two additional planning permissions for a hotel and the retail park. Final determination of planning matters is imminent, subject to signing of the section 106 agreement that is now agreed by all parties.
- 2.4 Highways and public realm works and the statutory suppliers and service diversions for Phase 1 have all been tendered, and orders for the work have been placed by Spirit. The works are being programmed to start at the soonest dates possible, subject to lead-in times and co-ordination of works from each of the suppliers.
- 2.5 The Developer has received tenders for demolition works to the depot site, and an access agreement has been prepared between Spirit and the Council, and a BAPA (Basic asset protection agreement) has been prepared between Spirit and Network Rail to allow demolition works to proceed ahead of DA unconditionality. It is anticipated that demolition works will commence in February 2017.
- 2.6 The Council has agreed to fund the highways and infrastructure works up to £2.2m to supplement and match fund £2.5m of SELEP funding which needs to be spent by March 2017. This work has been tendered by Spirit, and is being scheduled and programmed so that it can be implemented in full when the DA goes unconditional.

- 2.7 Subject to final due diligence, the Council has undertaken to fund the leisure and retail elements of the project in order to generate significant financial returns. These will also be built out subject to the DA going unconditional.
- 2.8 In terms of conditions that are holding up the DA going unconditional, within the DA there are Council obligations to meet section 106 costs and to make a contribution from the multi-storey car park budget, both of which have been superseded by the Council becoming funder and investor for the leisure and retail units, and contributing £2.2m to the highways and infrastructure works. The proposals below seek to remove these and other conditions from the current DA.

3 Proposals

- 3.1 The DA contains a minimum Developers Margin required to allow the Development to go unconditional, and this may not be met. The Developer has therefore asked for the flexibility to accept a reduced margin, and so the proposed Deed of Variation will allow the Developer to accept a margin below the 12.5% minimum requirement in the current DA.
- 3.2 As already noted, the Council has recently taken the decision in principle to fully fund the retail and leisure elements; and to contribute £2.2m of Council funds to the highways and infrastructure works, alongside the £2.5m SELEP allocation. Together these now make redundant the obligations in the current DA for the Council to contribute £500k to section 106 and £512k to highways and infrastructure works from the multi-storey car park budget. The Third Deed of Variation will remove these obligations from the DA.
- 3.3 The current DA also does not allow the Developer to waive any of the Developers Phase 1 Initial Conditions. Most of these conditions have already been satisfied, other than the Planning Condition that will shortly be satisfied upon final determination of the planning permission, and the Vacant Possession Condition. The proposed Third Deed of Variation will allow the Developer to waive or vary the Vacant Possession Condition to allow for vacant possession in stages as necessary to meet the programme, and not as a prerequisite for unconditionality. Specifically:
- the Depot Site is already vacant, and hence the condition is already satisfied for that site;
 - the properties on Fountain Street are on a one month notice, and so delaying vacant possession will result in ongoing rental income to the Council and not having to secure the buildings and incur empty building rates; and
 - there are some small areas of highway land that KCC has agreed to transfer to Swale that are on six months' notice, and the variation will allow these to be drawn down by Spirit to best meet their programme, and not as a prerequisite for unconditionality.
- 3.4 It is in the Council's interests to agree to this variation so as to maximise rental income from the Fountain Street properties, and remove any possibility of adverse publicity from the premises remaining empty for a length of time.

- 3.5 In addition, the current DA does not allow the Developer to waive any of the Developers Phase 1 remaining conditions, comprising the Tender Condition, the Funding Condition, and the Viability Condition. Currently, these conditions are required to be satisfied for all of Phase 1 before the DA goes unconditional. The Deed of Variation will uncouple the elements so that each can be delivered in isolation, with no obligation to deliver the others unless the conditions are all satisfied. This will allow each element to be delivered independently or grouped together as the Developer proposes, and the conditions will all need to be satisfied for the respective building lease or licence to construct to be issued.
- 3.6 The risk of this proposed variation is that the Developer may not draw down all of the building leases and build out all of the Phase if it does not satisfy the conditions. However, the Council's retail, leisure and highways priorities are all fully funded, so any risk of non-delivery would relate solely to the remaining areas (namely the residential).
- 3.7 Lastly, the DA only allows for all of the construction work to be carried out under a building lease. The Developer has requested that works to be funded by the Council be carried out under an access licence rather than a building lease, to avoid the inefficient double-transfer of the property interest. Specialist commercial and legal advice is being sought from the Council's independent tax and legal advisors in order to establish the degree of risk in doing so before exercising the delegation in this regard.
- 3.8 Agreement to this Third Deed of Variation as proposed will unlock the development and allow the DA to go unconditional without delay, and the Developer to start construction work to deliver the leisure, retail and highways works that are fully funded. Agreement to this Third Deed of Variation and uncoupling of the elements within Phase 1 will also allow the Developer the flexibility to maximise the return from the remaining sites without delaying the leisure, retail and highway works.
- 3.9 The Council has taken legal and commercial advice on all of the proposed changes to the DA and any risks identified have been set out above.

4 Alternative Options

- 4.1 The alternative is to proceed under the existing DA. In this case, the date when the DA will go unconditional and the Developer will be able to proceed with the development would be significantly delayed.

5 Consultation Undertaken or Proposed

- 5.1 Consultation has been carried out with the Leader and the Cabinet Member for Regeneration, relevant staff, and the Council's independent tax and legal advisors.

6 Implications

Issue	Implications
Corporate Plan	Delivering “a Borough to be proud of”, and in particular priority PR3 Regenerating town centres.
Financial, Resource and Property	All costs, including by Swale BC staff and the Council’s independent professional advisors, are being contained within existing budgets. Pinsent Mason has provided advice on the key legal issues. The detailed financial impact on the Council will be reflected in the coming year’s Medium Term Financial Plan and the annual budgets, starting with the 2017/18 financial year.
Legal and Statutory	Detailed professional advice has been provided by Pinsent Mason and the Council’s own Legal Team.
Crime and Disorder	No implications have been identified from these changes.
Sustainability	The regeneration proposals ensure the future of the Town Centre, and contribute significantly to its sustainability.
Health and Wellbeing	No implications have been identified from these changes.
Risk Management and Health and Safety	No implications to the Council have been identified at this stage - the changes proposed are all of an administrative nature. Risk Management and Health and Safety are all fully covered in the Development Agreement.
Equality and Diversity	No implications have been identified from these changes.

7 Appendices

7.1 The following documents are to be published with this report and form part of the report:

- None

8 Background Papers

8.1 Cabinet approval for the original Development Agreement
<http://services.swale.gov.uk/meetings/CeListDocuments.aspx?MID=1422&RD=Minutes&DF=09%2f04%2f2014&A=1&R=0>

8.2 Cabinet approval for the first and second deeds of variation
<http://services.swale.gov.uk/meetings/CeListDocuments.aspx?MID=302&RD=Minutes&DF=06%2f06%2f2012&A=1&R=0>

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Cabinet Meeting	
Meeting Date	1 February 2017
Report Title	Crown Quay Lane Compulsory Purchase Order
Cabinet Member	CIlr Gerry Lewin, Cabinet Member for Planning
SMT Lead	Emma Wiggins, Interim Director of Regeneration
Head of Service	James Freeman
Lead Officer	James Freeman
Key Decision	No
Classification	Open
Forward Plan	Reference number:
Recommendations	<ol style="list-style-type: none"> 1. That Members grant delegated authority to the Head of Planning, in consultation with the Head of Mid Kent Legal Services, to progress a suitable indemnity agreement(s) with the owners of land outlined in red on the attached plan, in order that the Council can ultimately progress to compulsorily acquire the land pursuant to section 226(1)(b) of the Town and Country Planning Act 1990; and 2. The confirmation of the CPO, including the associated back-to-back indemnity agreement with prospective developer(s), be reported back to the Cabinet for decision.

1 Purpose of Report and Executive Summary

- 1.1 This report seeks Members' 'minded to' decision to compulsorily acquire land at Crown Quay Lane, Sittingbourne, subject to suitable back-to-back indemnity agreements being entered into, to enable it to be comprehensively developed in accordance with Policy A9 of the emerging Swale Local Plan. Any final decision to serve a Compulsory Purchase Order (CPO) would come back to the Cabinet for agreement.
- 1.2 The land is in multiple ownership, and without intervention by the Council it is considered unlikely that a comprehensive development will come forward in the foreseeable future.

2. Background

- 2.1 This report is concerned with Land at Crown Quay Lane, Sittingbourne, which is allocated for residential development – Policy A9 of the emerging Local Plan currently subject to a Local Plan Examination. The site Allocation is 18.2 ha, and provides for a minimum of 650 dwellings, open space and habitat creation.
- 2.2 A major component of the allocation is to create public access to the Creekside and to enhance connectivity between the site and the northern bank of the Creek by providing a footbridge link to the Saxon Shore Way footpath. The development would also be required to contribute financially to education, library, social services and health facilities.
- 2.3 The allocated site is integral to meeting the housing needs of the Borough, and for contributing towards the five-year housing land supply. The principle of the development of the site was agreed by the Local Plan inspector in her Interim Report to the emerging Local Plan. Whilst the Plan is subject to further main modifications, the Inspector does not expect to discuss the principle of the sites allocation within the Plan.
- 2.4 In order to achieve all the planning components for the site, it was anticipated that a planning application covering the whole site would be submitted to ensure, either through direct works related to the site or through planning obligations, a comprehensive approach to infrastructure provision. The planning application would be expected to accord with an agreed development brief for the site, as required by the Policy.

The site

- 2.5 Appendix I attached sets out the emerging Local Plan allocation site and associated development concepts, and Appendix II sets out the various land owners within the allocation.
- 2.6 The allocation site as a whole extends to roughly 18.4ha (measuring a maximum of approximately 510m wide W-E by 530m N-S) and sits to the north of Eurolink Way, west of the Eurolink industrial estate, east of the existing Sittingbourne retail park, and south of Milton Creek. Land levels change dramatically from Eurolink Way down to the site, with a step of roughly 10m at the western end, gradually reducing to the east as Eurolink Way slopes down eastwards towards the roundabout. From this point onwards the allocation site is generally flat.
- 2.7 The majority of the allocation is owned by Redrow Homes, who took ownership of the former Tesco land, which itself previously comprised an industrial estate of single-storey buildings that was cleared several years ago. Redrow have also recently cleared the land of all structures and internal roadways. Tesco retain ownership of the former A2 Tyres unit, which is currently vacant.
- 2.8 The south-eastern corner of the allocation is owned and currently operated by APM Metals, and comprises a working scrap yard. Other operational sites within the

allocation include Jewsons (roughly central on the site); Odds timber yard (on the eastern side of Crown Quay Lane); and British Chestnut Fencing (north-western corner of the site, at the termination of Crown Quay Lane).

- 2.9 Members may also be aware of an unauthorised gypsy and traveller camp on the eastern side of Crown Quay Lane (on land owned by Persimmon Homes), and an HGV park and associated amenities block and food trailer at the northern end, adjacent to the Creek, which is currently the subject of an Enforcement Notice against these uses. The final parcel, at the north-eastern end of the site, is owned by Bellway Homes, and is currently being cleared of stockpiled aggregates.
- 2.10 At this juncture, it is considered appropriate to consider the whole allocation site for the purposes of progressing the compulsory acquisition in order to bring about comprehensive development. As far as the Council is aware, there are currently fifteen separate land ownerships covering the site. However, it may transpire through discussions with developers and landowners that either existing uses or sites need not be included or necessary in the compulsory acquisition to bring about a comprehensive development of the site. Where existing commercial uses are operating and would need to be compulsory purchased, the Council will work closely with these parties with a view to relocating them to an alternative site.
- 2.11 The piecemeal development of the site would undermine the proper planning of the site allocation, including its overall design layout, the provision of adequate and appropriate infrastructure to support the development, and to ensure a comprehensive approach is established between all the various landowners where appropriate and possible.
- 2.12 A planning application for part of the site (10.7 ha) owned by Redrow Homes has been submitted to the Council (ref. 16/507877/FULL, Erection of a residential development comprising 405 dwellings including associated access, parking, public open spaces and landscaping. New vehicular/pedestrian access from Eurolink Way and further secondary vehicular/pedestrian access off Crown Quay Lane. Associated drainage and earthworks).
- 2.13 Whilst Redrow Homes have submitted a Development Brief for the whole allocation site to support their planning application, it is clear that the applicant does not accept that they would be responsible for delivering the wider components of the planning application, particularly in relation to the habitat and landscape provision and the pedestrian footbridge link. Discussions are taking place with the applicant with a view to them accepting their wider role, and to engage with the Council as a partner in progressing a Compulsory Purchase Order (CPO) for the remainder of the site. However, to date there is no such commitment.

Back-to-back/indemnity agreement

- 2.14 The preferred approach for moving forward with the CPO would be for the main landowner(s) to enter into agreement with the Council as the Local Planning Authority to coordinate the progression of the CPO of the allocated site as a whole and to also enter into a back-to-back / indemnity agreement to indemnify the Council from any costs incurred as a result of the CPO.
- 2.15 Where such agreement is reached, the threat of a CPO can often bring other landowners on board to enter into the negotiation with a realistic expectation of the value their sites.
- 2.16 Equally important to the CPO process would be to extinguish any restrictive covenants and easements by virtue of section 203 of the Housing and Planning Act 2016. Any person who formerly had the benefit of these covenants or easements would be entitled to compensation if the CPO process results in the diminution of the value of the land.
- 2.17 All the costs involved in the compulsory purchase of the land within the allocated site, including legal and support costs, would be expected to be borne by the landowners.

The compulsory purchase power

- 2.18 Section 226(1)(b) of the Town and Country Planning Act 1990 allows a Local Planning Authority to compulsorily acquire land required for a purpose which it is necessary to achieve in the interests of the proper planning of an area in which the land is situated. This power is the appropriate one to use in this instance as it will secure the comprehensive development of an important housing allocation.
- 2.19 The test the Secretary of State applies in deciding if a CPO should be confirmed is that of a compelling case in the public interest. This is the test that the Council should similarly apply in considering whether to make a CPO. The test is considered to be met in this case because without intervention by the Council the potential for a comprehensive development of the site may well be lost. The consequences of this are that the proposals for habitat creation, recreation opportunities within the Creek shore line, and providing adequate pedestrian connections north and south of the Creek, including a new pedestrian footbridge, would be lost.
- 2.20 Any CPO interferes with the human rights of those with an interest in the land. However, whenever the compelling case test is met, such interference is considered to be proportionate and lawful.

The compulsory purchase process

- 2.21 There are legal and administrative costs associated with making a CPO, which would be likely to amount to approximately £15,000. These might include the cost of statutory notices in the local paper, and Land Registry fees. These costs can escalate depending on whether objections to the CPO are received, and the number of objections received.
- 2.22 If a person with an interest in the land objects to the CPO, the objection will either be dealt with at a Public Inquiry, or by written representations. In this scenario, the Council has to pay the Planning Inspectorate's costs for dealing with the Inquiry or written representations. Typically, these would amount to approximately £6,000. If the case was heard at a Public Inquiry, there would be further additional legal fees for representation at the Inquiry, at a cost of approximately £15,000. Most CPOs do not result in maintained objections. However, if an objector was successful the Council would have to pay the objector's costs of opposing the CPO.
- 2.23 Subsequent to the execution of the CPO, when the land is vested in the Council, Stamp Duty Land Tax (SDLT) will be payable on the market value of the land, but this can be avoided if the land is to be disposed of to a third party for development. It is anticipated that this option will be available for this case.
- 2.24 Once the land has been compulsory acquired and vested in the Council, the Council comes under a duty to pay compensation to those who previously held an interest in the land. The amount of compensation payable is usually agreed between the parties following a period of negotiation. For this reason compensation is usually settled some time after the CPO is confirmed. If the parties cannot agree on the amount of compensation, either party can refer the matter to the Upper Tribunal (Lands Chambers) for determination.
- 2.25 The main component of compensation is for former owners to receive the open market value of their interest in the land. The open market value is the value that could be reasonably achieved if the land was not subject to a CPO. The assumption in this case, given the proposed allocation as set out in the emerging Local Plan, is that it has the benefit of 'in principle' planning permission for at least 650 dwellings over the whole 18.5 ha site.
- 2.26 Importantly, however, the physical condition of the land including constraints and restrictions which have a bearing on the development of the land must also be taken into account in the market value such as contamination issues etc.
- 2.27 The market value is assessed at the date the Council acquired ownership following confirmation of the CPO. A specialist valuation of the market value of the site will need to be commissioned at an appropriate time in advance of any formal decision to proceed with a CPO.

- 2.28 It is also possible for someone to claim 'disturbance' compensation. This often applies when someone has to physically move to new premises, in which case they are able to obtain the costs of moving.
- 2.29 It is important to note that all costs relating to the CPO would be expected to be met by the developer partner involved in the back-to-back indemnity agreement, preferably the main existing landowner(s). As mentioned previously, discussions are taking place with the main landowner / developer to establish an agreed approach to using CPO.
- 2.30 Should they not be willing to enter into a partnership agreement on using CPO then there is a likelihood that the current planning application could be refused on the grounds of lack of comprehensivity. The applicant would then need to consider whether they were to test this decision at a planning appeal. If they were to do so and should the Council be successful at appeal, it is expected that the major landowners would move to engage with the Council to proceed on the basis of a CPO.
- 2.31 However, if agreement then cannot be reached, the Council does have the option of entering into agreement with another housing developer with a view to compulsory purchase the land, including the land currently owned by the current applicant, as well as the other landowners.
- 2.32 It should be noted that the Council would not wish to see any significant delay in bringing forward the Crown Quay Lane site to meet housing needs and contribute to the Council's five-year supply. To this end, some development could come forward in advance of a confirmed CPO on the proviso that the applicant(s) have signed up to a partnership agreement to progress a CPO.

3. Proposal

- 3.1 The Council has set out within Policy A9 of the emerging Local Plan the need for a comprehensive approach to developing this important brownfield development allocation. An intrinsic element for the allocation is the need to bring forward critical open space and habitat, and strong pedestrian linkages with neighbouring sites, making best use of the Creek area.
- 3.2 In these circumstances, it is proposed that the Council agrees to the principle of moving forward with a Compulsory Purchase Order under section 226(1) (b) of the Town and Country Planning Act 1990, covering the whole site allocation.
- 3.3 Any decision to formally progress a CPO would be brought back to the Cabinet at an appropriate time.

4. Alternative Options

- 4.1 Should the Council not be willing to progress the acquisition of the site using CPO powers, the Council's position as a Local Planning Authority in determining any planning applications for the site allocation would need to reflect on the practical willingness of landowners to co-operate to bring forward co-ordinated development and associated infrastructure.
- 4.2 This dependency would likely give rise to some landowners and/or occupiers not being willing to engage, and therefore undermining a co-ordinated approach to the comprehensive development of the whole site as each site would likely come forward without the necessary landscaping and habitat infrastructure and the important pedestrian connections to neighbouring sites.
- 4.3 Such a decision could also undermine the Council's approach to other sites within the emerging Local Plan, with the consequences of delivering reduced quality of development and not securing the necessary infrastructure required.
- 4.4 In these circumstances this option is not recommended.

5. Consultation Undertaken or Proposed

- 5.1 Significant consultation has been undertaken in developing Policy A9 of the emerging Local Plan, including the need for the site's comprehensive and co-ordinated development.

6. Implications

Issue	Implications
Corporate Plan	<p>The proposal would contribute to the regeneration and improvement of Sittingbourne Town Centre and the Borough as a whole as a Borough to be Proud of.</p> <p>Similarly, it will help Swale BC fulfil its community leadership role in securing and sustaining effective development partnerships, in accordance with the theme of being a Council to be Proud of.</p>
Financial, Resource and Property	<p>It is anticipated that all costs related to the confirmation and implementation of the CPO, including those costs set out in Section 2 of the report, would be anticipated to be covered by a back-to-back agreement with a developer.</p> <p>At this stage there has not been a valuation of the costs of compulsory purchasing the land, or any related 'disturbance costs'. These costs would be assessed and reported if and when the CPO progresses to formal submission to the Secretary of State.</p> <p>Any initial costs, including on-going legal advice, would be met from existing budgets at this stage.</p>

Legal and Statutory	CPO powers are afforded to a Local Planning Authority under section 226 of the Town and Country Planning Act 1990 (as amended) Circular 6/2004 – ‘Compulsory Purchase and the Criche Down Rules’ sets out the guidance to acquiring authorities in England making CPOs to which the Acquisition of Land Act 1981 (as amended) applies.
Crime and Disorder	None identified at this stage
Sustainability	The intent of Local Plan Policy A9 is to provide for a quality and sustainable development of the Crown Quay Site. Not progressing a CPO would undermine that objective.
Health and Wellbeing	None identified at this stage.
Risk Management and Health and Safety	The need to consider the compulsory purchase of land should be considered as a last resort where alternatives have failed to secure the intended outcome. The compulsory purchase of land has a number of attendant risks. These are principally financial – as set out in more detail in the report; and procedural – if there are errors in the undertaking of the CPIO or the case is not upheld at Inquiry, then the CPO could fail. It is considered that these risks are all capable of being mitigated, and this is set out in the body of the report.
Equality and Diversity	None identified at this stage.

7 Appendices

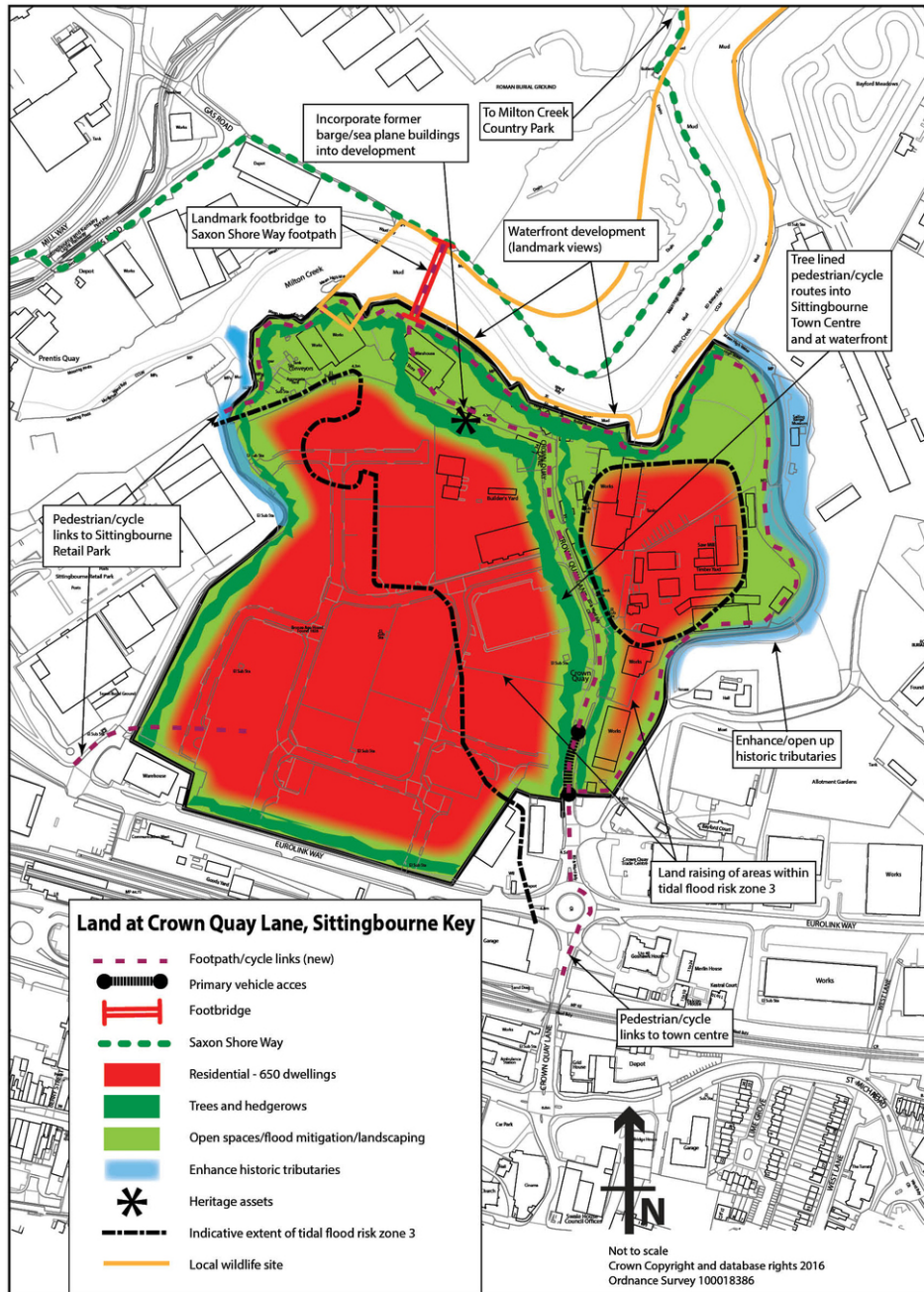
7.1 The following documents are to be published with this report and form part of the report:

- Appendix I: Development concepts at Crown Quay Lane, Sittingbourne (modification showing changes to site area and increased development area)
- Appendix II: Crown Quay Lane Allocation – Land Ownership Plan

8 Background Papers

8.1 None.

Development concepts at Crown Quay Lane, Sittingbourne (modification showing changes to site area and increased development area)



Crown Quay Lane Allocation – Land Ownership Plan

3. LANDOWNERSHIP PLAN

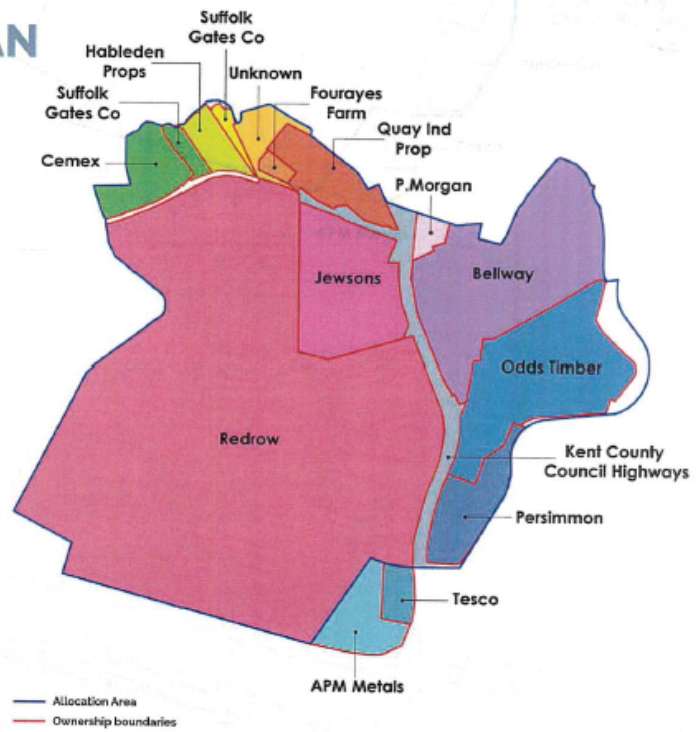


Figure 3.3

Cabinet Meeting	
Meeting Date	1 February 2017
Report Title	The Mill Skatepark – Contract Award and Asset Transfer Proposal.
Cabinet Member	Cllr. Duncan Dewar-Whalley, Cabinet Member for Finance and Performance. Cllr Ken Pugh, Cabinet Member for Housing and Wellbeing.
SMT Lead	Emma Wiggins, Interim Director of Regeneration
Head of Service	Charlotte Hudson, Interim Head of Economy and Community Services
Lead Officer	Sophia Ramm, Community Services Officer
Key Decision	Yes
Classification	Open
Forward Plan	Reference number:
Recommendations	<ol style="list-style-type: none"> 1. To approve the appointment of Gravity Engineering Ltd as Design and Build Contractor for the Mill Project for £240,000. 2. To approve contract waiver in Appendix I. 3. To transfer The Mill Skatepark to Brogdale CIC on a 125 year lease. 4. To delegate authority to the Head of Economy and Community Services and the Head of Property Services to negotiate the final terms of the lease to Brogdale CIC, in consultation with the Cabinet Member for Finance and Performance. 5. To delegate authority to the Head of Mid Kent Legal Services to complete the documentation required for the lease on the terms as agreed by the Head of Economy and Community Services and the Head of Property Services, in consultation with the Cabinet Member for Finance and Performance.

1 Purpose of Report and Executive Summary

- 1.1 This report provides Cabinet with an update on the progress of The Mill Skatepark and provides recommendations for the award of the design and build contract and for a community asset transfer of The Mill Skatepark to Brogdale CIC.

2 Background

- 2.1 The Council and local stakeholders have for some time held an aspiration to build a skate park in the Sittingbourne area as a way of increasing participation in sport and physical activities and encouraging young people in sporting achievements. A working group was established that worked for over four years to make this a reality.
- 2.2 The project at the outset was led by the Sittingbourne Skate Park Group that included local residents, members and officers of the Council. The group procured support from Groundwork for feasibility work, consultancy and design, and for fund raising.
- 2.3 Sufficient funds were secured to support this project, which were agreed by Cabinet in March 2015. The Council has provided £200,000 for the project and in addition £25k from S.106 contributions has been provided. The remaining funds have been raised by the Sittingbourne Skatepark group to fund the remainder of the project.
- 2.4 There was an aspiration held by Cabinet that a Trust would be established to operate and manage the facility, to ensure sustainability of the project and therefore this was set as a condition to release the funds.
- 2.5 Following discussions with the Sittingbourne Skate Park Group, it was felt that having an established group to take on the running of the park would provide the best chance for this to project to flourish. An active search was then undertaken to find a suitable organisation, which led to the expression of interest received by Brogdale CIC and submission of a business plan.
- 2.6 The plan was considered by the group alongside the Cabinet Member for Finance and Performance. It was agreed that it demonstrated successfully how the park could become a sustainable asset to the Borough and therefore it was decided that Brogdale CIC would operate and manage the facility.
- 2.7 Due to having experienced officers within the Council who have previously managed large construction projects, the Council will support the group by managing the design and build aspect of this project. The skate park would then be transferred to Brogdale CIC in accordance with the Asset Transfer Policy.

Tender process

- 2.7 Economy and Community Services carried out a one stage tender process using the ESPO framework, which comprises of specialist providers for skate parks, based on the most economically advantageous tender (MEAT) which was evaluated on 60% price and 40% quality. The design and build contract is to provide the Mill Project with a skate park design and construction of the park.

- 2.8 The opportunity was advertised on the ESPO framework, in accordance with current contract standing orders, with interested parties asked to complete an Invitation to Tender. Due to one organisation going in to administration, there were only two suitable contractors on the framework who were able to submit a tender. Two tenderers replied and scores were allocated according to the criteria explained in the tender document. As we have only received two compliant tenders a waiver is sought from Contract Standing Orders, Appendix I.
- 2.9 The tenders were evaluated by the procurement panel. The panel consisted of Interim Head of Economy of Community Services, Project Manager and Community Services Officer. Representatives from The Mill Project user group and other young people were invited to evaluate the skate park designs and this was considered as part of the quality score. The tender price and quality scores are shown in the table below.

Organisation	Price Score (Max 60%)	Quality Score (Max 40%)	Total
Gravity	60%	33%	93%
Company B	60%	30%	90%

- 2.10 The panel therefore recommend the appointment of Gravity Engineering Ltd as the Design and Build Contractor for the Mill Project Skatepark for a contract sum of £240,000.

Asset transfer

- 2.11 Upon completion of the build of The Mill Skatepark it is proposed to transfer the skate park to Brogdale CIC in accordance with the Asset Transfer Policy. After an active search to find a suitable body, Brogdale CIC expressed an interest to run and manage the skate park, which enabled the funding to be released, as previously agreed by Cabinet in March 2015. Brogdale CIC has incorporated the Mill Skatepark working group into their structure and also formed a Young People Advisory Board to ensure that the project incorporates their requirements and the voice of young people. Brogdale CIC has also produced and adopted a business plan for the Mill Project and is in the process of developing all the relevant policies to operate the skate park.
- 2.12 Brogdale CIC has requested a 125-year leasehold agreement based upon a nominal rent and from their business plan have requested a grant of £14,000 in year 1 and £6,000 in year 2. This funding has been secured from the Communities Fund.
- 2.13 The Heads of Terms will be in-line with the principles of the asset transfer policy.

3 Proposals

- 3.1 To approve the appointment of Gravity Engineering Ltd as the Design and Build Contractor for the Mill Project Skatepark for a contract sum of £240,000.
- 3.2 To approve the contract waiver, based on only having two suitable providers on the procurement framework as shown in Appendix I.
- 3.3 To transfer The Mill Project Skatepark to Brogdale CIC on a 125 year lease.
- 3.4 To delegate authority to the Head of Economy and Community Services and the Head of Property Services to negotiate the final terms of the lease, in consultation with the Cabinet Member for Finance and Performance.
- 3.5 To delegate authority to the Head of Mid Kent Legal Services to complete the documentation required for the lease if applicable on the terms as agreed by the Head of Economy and Community Services and the Head of Property Services, in consultation with the Cabinet Member for Finance and Performance.

4 Alternative Options

- 4.1 The skate park is not built; this is not recommended as there is an identified need for the skate park and funding for the project in place.

5 Consultation Undertaken or Proposed

- 5.1 Consultation around the design of the skate park has been undertaken with the user group to identify how suitable the submitted designs were and highlight any gaps.
- 5.2 Consultation with the user group will continue after appointment of contractor to ensure that a top quality skate park is delivered, in consistent demand and use.

6 Implications

Issue	Implications
Corporate Plan	The completion of The Mill Skatepark assists in delivering the 'Community to be Proud of' priority within the corporate plan.
Financial, Resource and Property	The Council has provided £200,000 for the project and in addition £25k from S.106 contributions has been provided. The remaining funds have been raised by the Sittingbourne Skatepark group to fund the remainder of the project.

	<p>A project manager is in place to oversee the project.</p> <p>Officer time will be required from Legal and Property services to draw up the lease and grant agreement.</p> <p>As the land has been acquired through s106 agreements there are no benefits or liabilities to the Council and therefore no financial implications relating to the community asset transfer. For this reason, and in accordance with the Community Asset Transfer policy, it has been unnecessary to obtain a valuation of the asset.</p>
Legal and Statutory	<p>The contract will be the standard ESPO framework contract that is compliant with the Council's current Terms and Conditions.</p> <p>That the Head of Mid Kent Legal Services is authorised to complete the documentation required for the lease if applicable on the terms as agreed by the Head of Economy and Community Services and the Head of Property Services</p>
Crime and Disorder	<p>Design of the skate park has taken into consideration designing out crime.</p> <p>Good management of the park will reduce the likelihood of damage and antisocial behaviour.</p>
Sustainability	<p>Design of the park has taken into consideration within the constraints of budget environmental and sustainability issues.</p> <p>The skate park will be managed by Brogdale CIC in the future and a commuted sum will be provided towards future maintenance and running costs. The preferred supplier also provides a 10 year warranty for the skate park.</p>
Health and Wellbeing	<p>The skate park will offer a space for people of all ages to access and also offer a range of activities which will enhance the health and wellbeing of residents in the borough.</p>
Risk Management and Health and Safety	<p>CDM 2015 regulations apply and will be monitored throughout the construction of the skate park.</p>
Equality and Diversity	<p>Design of the skate park ensures that it is compliant with the Disability and Discrimination Act.</p>
Social Value	<p>Contractor will work with Brogdale CIC and their agricultural students to provide onsite experience.</p>
Commissioning & Procurement	<p>The ESPO Framework was utilised as it is compliant with the Councils Contract Standing Orders and relevant Public Contract Regulations 2015.</p>

7 Appendices

The following documents are to be published with this report and form part of the report:

- Appendix I: Waiver request Design and Build The Mill Skatepark

8 Background Documents

- Cabinet Report, March 2015

Contract Standing Orders Checklist


Name of Project / Procurement	The Mill Project Design and Build Contract
Works, Goods or Services	Capital Works
Budget Value	£240,000
Estimated Value	£240,000
Capital or Revenue Spend	Capital
Whole Life Contract Value Inc. extension period	£240,000

Total net Value	Type of contract	Procedure to be used	
£0 - £999	works, supplies and services	a) At least one quotation in advance; b) All purchases however small to be in writing, on an official order; c) Approved by the relevant Head of Service or authorised officer; d) Officer should be able to provide a rationale for why they selected the provider used.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Procedure to be used £1,000 to £4,999	works, supplies and services	a) At least two quotes in advance; b) All purchases however small to be in writing, on an official order; c) Consideration given to Purchasing Scheme's e.g. to provide better V.F.M.; d) Approved by the relevant Head of Service or authorised officer; e) Records maintained to demonstrate probity and V.F.M. obtained.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Procedure to be used £5,000 to £24,999	works, supplies and services	a) At least three quotes in advance; b) Contracts & Procurement need to be made aware of any procurement where the whole life value is >£5,000. c) All purchases however small to be in writing, on an official order d) Consideration given to Purchasing Scheme's e.g. to provide better V.F.M.; e) Approved by the relevant Head of Service or authorised officer; f) Records maintained to demonstrate probity and VFM obtained; g) Record to be entered on the Council s Contract Register;	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

Total net Value £	Type of Contract	Procedure to be used	Tick
Procedure to be used £25,000 to 74,999	works, supplies and services	a) At least three electronic tenders in advance b) As a minimum to be advertised on www.swale.gov.uk , the Council's E-procurement System plus Contract Finder ; c) Tenders opened at the same time by the Democratic and Electoral Services Manager (or nominee), in the presence of the Responsible Officer (or nominee) and a suitable person from Legal Services (or Nominee); d) Record to be entered on the Council's Contract Register; e) Contracts in writing using the standard clauses and to include the core clauses as set out within the CSOs document; f) Award of contract approved by the Responsible Officer plus signed by another officer; g) Risk assessment conducted (in writing) and kept on the file.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Procedure to be used £75,000 to £164,176**	works, supplies and services	a) At least three written tenders in advance; b) As a minimum to be advertised www.swale.gov.uk the Kent and Business Portal plus Contract Finder ; c) List of contractors invited to tender approved by the Responsible Officer; d) Tenders opened at the same time by the Democratic and Electoral Services Manager (or nominee), and a suitable person from Legal Services (or Nominee and also where required or requested in the presence of the cabinet portfolio holder (or nominee); e) Tenderers subjected to Financial Appraisal prior to award of tender; f) Approval required from the Cabinet for award of contract, waiver from CSOs and extensions to contracts; g) Contract executed as a deed; h) Record of the contract entered on the Council's Contract Register; i) Standard contract clauses to be used and to include the core clauses as set out within the CSOs document; j) Risk assessment conducted (in writing) and kept on the file.	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
Procedure to be used £164,176** plus **EU Threshold	Supplies and services	a) EU Rules apply – full competitive process with tenders following advertisement in the O.J.E.U. for supplies and services, there is a presumption in favour of advertising and a competitive process. This will also be advertised on the Swale website, Kent Business Portals and Contract Finder. b) Points a; c; d; e; f; g; h; I and j as above for works, supplies and services for £75,000 to £173,934**	<input type="checkbox"/> <input type="checkbox"/>

Incomplete requests will be returned. This waiver request must be signed and dated.

Total net Value £	Type of Contract	Procedure to be used	Tick
Procedure to be used 164,176 to 4,104,394* *	Works	a) Points a – j as above for works, supplies and services for £75,000 to £164,176**	<input checked="" type="checkbox"/>
Procedure to be used £589,148** Plus **EU Threshold	Light Touch Regime Services	a) Points a – j as above for works, supplies and services for £75,000 to £589,148**	<input type="checkbox"/>
Procedure to be used £4,104,394 ** plus **EU Threshold	Works	a) EU Rules apply – full competitive process with tenders following advertisement in the O.J.E.U. b) Points a; c; d; e; f; g; h; I and j as above for works, supplies and services for £75,000 to £164,176**	<input type="checkbox"/> <input type="checkbox"/>

I confirm that contract standing orders are fully complied with as above (Delete Yes / No)			YES
I confirm that waiver of the regulation have been sought and a written report submitted to;			
a) The Head of Commissioning & Customer Contact as 13.3.2 for contracts not exceeding £75,000			<input type="checkbox"/>
b) The Executive for contracts of £75,000 and above.			<input checked="" type="checkbox"/>
Signed by responsible officer	Sophia Ramm		05/01/17
Authorised by line manager	Charlotte Hudson	Charlotte Hudson	05/01/2017

In compliance with Contract standing orders the following conditions of contract shall apply

- 1 Services provided shall be to a good quality standard. Where materials are supplied they shall be fit for purpose and where services are undertaken reasonable skill and care shall be exercised in undertaking the services equivalent to that of an expert or professional associated with undertaken such services.
2. The Provider shall have in place the following insurances. Public liability Insurance to a minimum level of £5 million. Employers Liability Insurance to a minimum level of £10 million, professional indemnity insurance as appropriate.
3. Contract can be terminated at any time by either party in the event of a failure to comply with contractual obligations.
4. The Supplier shall comply at all times with all statutory and other provisions to be observed and performed in connection with the Services provided under the Contract including equalities and Health and Safety legislation.

Form P.1

Incomplete requests will be returned. This waiver request must be signed and dated.

5. The Council shall be entitled to cancel the contract and recover losses in the event that the Supplier does anything improper to influence the council to give the contractor any contract or commits an offence under the Bribery Act 2010 or s117(2) Local Government Act 1972.
6. The Supplier shall take all reasonable steps, in accordance with Good Industry Practice, to prevent any fraudulent activity by Staff, the Supplier (including its shareholders, members, directors) and/or any of the Suppliers other suppliers, in connection with the receipt of monies from the Authority. The Supplier shall notify the Authority immediately if it has reason to suspect that any fraud has occurred or is occurring or is likely to occur. The Supplier shall ensure that Staff are made aware of the Authority's policy on whistleblowing and that the details of this policy are fully explained to them and the Supplier shall provide the Authority with evidence of doing so upon request.
7. The term of the contract shall be from the 15 February 2017 to 14 February 2018 or until such time that a new contract is in place that shall supersede and replace the contract, whichever is the shorter.
8. The Council shall pay the Service Provider for the works goods or services upon satisfactory completion and within 30 days of receipt of invoice.

Description of Service/Goods	Design and Build of The Mill Skatepark.
Whole life Contract Period	1 year
Date waiver submitted to Procurement team	04 January 2017
Whole life Value of order (ex VAT)	£240,000
Name of Supplier	Gravity Engineering Ltd

Waiver for procurement of services/goods £1,000 - £5,000	<input type="checkbox"/>
Waiver for procurement of services/goods £5,001 - £24,999	<input type="checkbox"/>
Waiver for procurement of services/goods £25,000 - £74,999	<input type="checkbox"/>
Waiver for procurement of services/goods £75,000 +	<input checked="" type="checkbox"/>
Waiver request form	

Please provide a full explanation for seeking a waiver of the rules. For Waivers >15k, you are required to include neighbouring Authority approaches to delivering similar works good and services:

The ESPO Framework was utilised to procure a specialist contractor for the design and build of the Skatepark. There are currently only two providers on the framework following the third provider recently going into administration. Therefore, only two tenders were received.

Responsible officer Name (PRINT)	Sophia Ramm	Dept. / Section	ECS
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***You will be notified within 7 days of receipt of request.
Please see below for primary acceptance of waiver regulations criteria**

Waiver of Regulations in Accordance with Contract Standing Orders 13.3

The Mill Project Design and Build Contract

I have considered the reasons for the waiver in relation to the above for a contract sum of £240,000 for the period of 1 year. I am **satisfied** that the circumstances for the waiver are justified in line with CSO 13.1.4 and are genuinely exceptional by virtue of details provided and contained with the waiver report form P.1 to Contracts & Procurement dated 05.01.2017

The primary reasons for waiver of regulations are set out as

- a) the work, supply or service is required as a matter of urgency and a delay would be likely to lead to financial loss, personal injury or damage to property (13.1.1)
- b) the circumstances set out in EU Regulation 14 apply (whether or not the contract is of a type which is subject to the application of the EU Rules); (e.g. where the council has already gone out to competitive tender and only non-compliant tenders received) (13.1.2)
- c) the contract is awarded under a Purchasing Scheme of a type where a competition has already been undertaken on behalf of the Council (13.1.3)
- d) The proposals are most expedient to the efficient management of the service for the reasons recorded (13.1.4)
- e) Waiver declined as deemed non-compliant with Contract Standing Orders. CSO 13.2 (Re Purchasing guide)

The primary reason for the waiver is therefore point d

I confirm consultation has taken place with Legal and Financial Services, (if applicable), through the agreed email procedures protocol for procurements of value of £25,000 (£25,001 - £74,999)

Comments / Conditions / Suggestions.

The agreement needs to be updated to reflect agreed contract period namely 1 year from 15.02.2017 - 14.02.2018.

Consider longer contract period but for service to be annual renewable or for there to be a break clause subject to 6 months written notice to terminate at the end of a given financial year.

Signed Name Title	<i>e-signature</i> David Thomas Head of Commissioning and Customer Contact Cabinet agree to the waiver requested in relation to the works contract and that the Head of
-------------------------	--

Form P.1

Incomplete requests will be returned. This waiver request must be signed and dated.

	Commissioning and Customer Services be authorised to complete the necessary documentation”.
Dated	02.02.2017
Reference	A155
Department	Contracts & Procurement

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Cabinet Meeting	
Meeting Date	1 February 2017
Report Title	Endorsement of Biodiversity Action Plan and Swale Green Grid Strategy
Cabinet Member	Cllr David Simmons, Cabinet Member for Environment and Rural Affairs
SMT Lead	Emma Wiggins
Head of Service	Charlotte Hudson
Lead Officer	Lyn Newton
Key Decision	No
Classification	Open
Forward Plan	Reference number:
Recommendations	1. To endorse the Biodiversity Action Plan and Swale Green Grid Strategy

1 Purpose of Report and Executive Summary

- 1.1 This reports sets out the consultation that has been undertaken through the Swale Green Grid Partnership and now seeks agreement of Cabinet to endorse the Biodiversity Action Plan and Swale Green Grid Strategy.

2 Background

- 2.1 The Swale Green Grid Partnership managed by the Council and comprising statutory environment partners has now reviewed and revised the Biodiversity Action Plan and Swale Green Grid Strategy to reflect the current environment framework including legislative changes.
- 2.2 The Biodiversity Action Plan provides a framework for protecting and enhancing valued landscapes, geology and soils and co-ordinated working to secure coherent ecological networks and a reversal in decline in the quality and diversity of the environment as well as providing a platform for partner agencies, communities and individuals to work together to conserve the Borough's wildlife. The Swale Green Grid Strategy provides a vision for planning, designing and managing green spaces as an interconnected network rather than isolated sites; the strategy is a framework for partner agencies, organisations and individuals involved in the management of the environment in Swale.

3 Proposals

- 3.1 That the documents – Biodiversity Action Plan and Swale Green Grid Strategy – be endorsed by the Council.

4 Alternative Options

- 4.1 Do nothing – this is not recommended as the Council along with its environmental partners are keen to encourage environmental stewardship through its local community actions.

5 Consultation Undertaken or Proposed

- 5.1 In addition to internal services areas (e.g. planning policy, greenspaces, leisure and technical services), consultation has been undertaken through Policy Development and Review Committee and the Public Services Board. An extensive 8-week consultation with residents, businesses and local organisations was also undertaken. There were no comments received from this latter consultation.

6 Implications

Issue	Implications
Corporate Plan	A Borough To Be Proud Of – priority theme focuses on actions which promote Swale as a physical place A Community To Be Proud Of – priority theme focuses on the Council’s aspirations for the people of Swale
Financial, Resource and Property	The Council has a working budget of £1,000 used to support quarterly meetings, site visits and partners’ funding applications; partner agencies bring resources (financial and human) for project delivery in Swale. The ECS Manager (Culture and Places) and ECS Project Officer provide professional, technical and administrative support to the Swale Green Grid Partnership.
Legal and Statutory	None identified at this stage.
Crime and Disorder	None identified at this stage.
Sustainability	High quality, distinct urban and rural landscapes, accessible diverse opens paces and contact with wildlife are increasingly

	recognised as key components of sustainable communities contributing to people's quality of life and supporting economic and social programmes.
Health and Wellbeing	The Green Grid in particular will promote health and wellbeing by encouraging active exercise and opportunities for contact with nature; enhance recreation and amenity with more opportunities for high quality formal and informal recreation; strengthen and makes connections between new and existing communities and their local environment, by building on Swale's distinctive environment, the Green Grid will inspire people to be proud of where they live, work and to enjoy being activity and having more contact with nature; produce and promote local food through local food markets and direct market initiatives.
Risk Management and Health and Safety	None identified at this stage.
Equality and Diversity	Both strategies seek to promote positive community engagement and a Community Impact Assessment was undertaken as part of the wider consultation and final strategies.

7 Appendices

7.1 The following documents are to be published with this report and form part of the report:

- Appendix I: Biodiversity Action Plan
- Appendix II: Swale Green Grid Strategy

8 Background Papers

None

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Swale Biodiversity Action Plan

Revised June 2016



Swale Green Grid Partnership

Swale Biodiversity Action Plan

Revised June 2016

Contents

Introduction.....	3
What is biodiversity?.....	3
Why does biodiversity matter?	3
What is the Swale BAP?.....	3
How does the Swale BAP fit in with County and UK plans?.....	4
The current Swale Biodiversity Action Plan	5
General Biodiversity Conservation	6
Community	8
Orchards.....	11
Estuary Habitats	12
Woodlands.....	15
Wildflower grassland	18
Farmland	20
Built-up areas and gardens	22

Photographs on front cover
 Main Photo courtesy of R Canis
 Wigeon in flight courtesy of John Whitting

Introduction

What is biodiversity?

Present-day life can, at times, appear to be highly complex yet this is nothing compared to the variety of life in the natural world. It has become a form of shorthand to use the word 'biodiversity' to refer to the full range of animals and plants found in Swale, Kent, the UK and the world as a whole.

Biodiversity can be used to describe not only the easily observed wildlife of every day life – starlings in your garden, the fox crossing from a flowering and grassy roadside verge to an urban garden and the trees bursting into leaf – but also the invertebrates in the soil, mosses, fungi, bacteria and even viruses.

Why does biodiversity matter?

Most people would agree that wild animals and plants are important in their own right and it is also true that biodiversity contributes to our economy, supports our society and improves our quality of life. Natural and managed wildlife habitats can help to stabilise the soil, reduce the risk of flooding, and improve air quality. The natural environment of Swale can support local tourism initiatives and businesses, and provide a setting for regeneration. Not least, the natural environment contributes to our mental and physical health and wellbeing, education and development of community spirit through a shared interest and enjoyment of our natural spaces.

By ignoring biodiversity in Swale, we will risk environmental, economic and spiritual loss. Protecting and enhancing biodiversity will help to ensure that current and future residents have opportunities to maintain and improve their physical and mental well-being, and that economic development and regeneration are truly sustainable.

What is the Swale Biodiversity Action Plan?

The Swale BAP is intended to provide a sound basis for local actions working in partnership with environmental agencies to conserve, protect and enhance the biodiversity of the Borough. Conserving and enhancing Swale's natural environment is at the heart of the Local Plan. This means protecting and enhancing valued landscapes, geology and soils and co-ordinated working to secure coherent ecological networks and a reversal in declines in the quality and diversity of the environment. The Local Plan recognises the value of ecosystems for the support they give to communities such as food, water, flood, disease control, recreation and health and well-being. The Swale BAP offers residents and businesses an opportunity to work together to conserve the Borough's wildlife.

Swale's environment is particularly diverse, with a range of semi-natural and man-made habitats which include the sea, coastal mudflats, coastal shingle, soft cliffs, grazing marsh, chalk grassland, scrub, broad-leaved woodland, open freshwater, rivers and streams, arable land, orchards, conifer plantations, parks, gardens, urban areas and post-industrial land. Some of these habitats are recognised as being of national and even international importance, while other areas are recognised as important at county and local level. They support a countless number of wild species, many of which are noted as being rare or threatened in the UK.

How does the Swale BAP fit in with Kent and UK plans?

The Swale BAP forms a positive part of the efforts being made at district, county and national scale to fulfil commitments made by the UK at the landmark **Earth Summit** in Rio de Janeiro in 1992 at which a new form of environmental governance, environmental agreements on climate change and biodiversity were reached. With biological resources vital to the economic and social development of countries across the world, the signing of the **Convention on Biological Diversity** by over 150 countries, including the UK, recognised the need to halt the worldwide loss of animals, plant species and genetic resources.

Following Rio+20 (2012), the UK supported and contributed to the development of the **UN 17 Sustainable Development Goals** and the **2030 Agenda for Sustainable Development** of which there are two objectives particularly relevant for biodiversity:

- Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development
- Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

The report ***Biodiversity: the UK Action Plan*** (1994) outlined plans to conserve biodiversity in response to the Rio Convention, providing a framework to protect and enhance biological diversity throughout the UK. The four UK countries developed their own country strategies for biodiversity and a shared vision for UK biodiversity conservation ***Conserving Biodiversity – the UK Approach*** (1997). This in turn was succeeded by the ***UK Post - 2010 Biodiversity Framework*** (2012).

The UK List of Priority Species and Habitats (2007) remains an important reference source and had been used to draw up statutory lists of priority habitats at a new country level rather than UK level as required under Section 41 (England) of ***The Natural Environment and Rural Communities (NERC) Act 2006***. The habitats increased from 49 to 65 (www.jncc.defra.gov.uk).

Local authorities have a key role to play in the conservation of biodiversity and this is now recognised and formalised within Section 40 of the ***Natural Environment and Rural Communities (NERC) Act 2006***:

“Every public body must, in exercising its functions, have regard, so far as is consistent with the proper exercise of those functions, to the purpose of conserving biodiversity”

The Kent Nature Partnership, awarded Local Nature Partnership (LNP) status in 2012, seeks to drive positive change in the local natural environment through a three pronged approach setting out a county framework – Habitat Improvement, Health and Wellbeing and Rural and Green Economy. Prepared by the Kent LNP, the ***Kent Biodiversity Strategy – Kent Biodiversity 2020 and beyond – a strategy for the natural environment 2015 -2025*** (<http://www.kentnature.org.uk/biodiversity-strategy.html>) sets out what needs to be achieved in order to safeguard a future for the county's biodiversity. The Partnership aims to make Kent a place where plants, animals and habitats are protected and enhanced, both for their own sake and as an integral part of the quality of life in the county.

The Swale Biodiversity Action Plan 2016

The first Swale BAP was drawn up in 2001 and was subsequently revised in 2008. The Swale Bap (2016) represents a review of these documents by Swale Green Grid environmental partners and takes account of the Kent Biodiversity Strategy 2015-2025 in particular.

Focusing on conserving and enhancing nationally and locally important biodiversity, and informed by the recent landscape characterisation of the Borough (www.swale.gov.uk/assets/Planning-General/Planning-Policy/Landscape-Character-Appraisal-Final-Sept-2011/Introduction-reduced-size.pdf) this plan aims to conserve, protect and enhance the biodiversity of the Borough of Swale and capture the enthusiasm and support of local people. **The Swale Landscape Character and Biodiversity Appraisal** may be read in conjunction with the following:

Habitats Regulations Assessment (April 2015)

(<http://archive.swale.gov.uk/assets/Planning-General/Planning-Policy/Evidence-Base/Local-Plan-2014/Further-evidence-2015/Habitats-Regulation-Asessment-April-15-web.pdf>)

The Habitats Regulations Assessment Mitigation (April 2015) (<http://archive.swale.gov.uk/assets/Planning-General/Planning-Policy/Evidence-Base/Local-Plan-2014/SBC-EIP-Statements/SBCPS063-Matter-6.2-FINAL.pdf>)

Green Spaces and conserving/enhancing the landscape (April 2015)

(<http://archive.swale.gov.uk/assets/Planning-General/Planning-Policy/Evidence-Base/Local-Plan-2014/SBC-EIP-Statements/SBCPS064-Matter-6.3-FINAL.pdf>)

The actions in the Swale BAP have been arranged into distinct categories. These are:

General Biodiversity Conservation actions not specific to a particular habitat, and largely dealing with land-use planning and other action where the local authority will need to take the lead on delivery.

Community actions directed at supporting and encouraging local communities to take action for wildlife.

Actions specific to particular habitats **priority habitats** for action in Swale and comprise:

- **Orchards** (includes the UK BAP priority habitat *Traditional Orchards*).
- **Estuary habitats** (includes the UK BAP priority habitats *Coastal Saltmarsh, Intertidal Mudflats, Seagrass Beds, Coastal and Floodplain Grazing Marsh and Saline Lagoons*).
- **Woodlands** (includes the UK BAP priority habitats *Lowland Mixed Deciduous Woodland and Wood-Pasture and Parkland*).
- Wildflower grassland (includes the UK BAP priority habitats *Lowland Calcareous Grassland, Lowland Meadows and Lowland Dry Acid Grassland*).
- **Farmland** (includes the UK BAP priority habitat *Arable Field Margins*).
- **Built-up areas** and gardens (includes the UK BAP priority habitat *Open Mosaic Habitats on Previously Developed Land*).

General Biodiversity Conservation

Background

The planning system has an increasingly important role in the conservation of wildlife. The National Planning Policy Framework (NPPF) and other policy documents emphasise the need to protect important sites, plan for green infrastructure and plan for ecological networks at 'landscape scales' taking account the anticipated effects of climate change. National policy reflects the commitment to 'halt the loss of biodiversity and the degradation of ecosystem services in the EU by 2020'.

The NPPF is clear that pursuing sustainable development includes **moving from a net loss of biodiversity to achieving net gains for nature**, and that a core principle for planning is that it should contribute to conserving and enhancing the natural environment and reducing pollution. It states further in terms of its environmental role as contributing to protecting and enhancing our natural, built and historic environment, **and as part this, helping to improve biodiversity**, use natural resources prudently, minimize waste and pollution, and mitigate and adapt to climate change including moving to a low carbon economy.

There is a clear role for a wide range of partners to seek to ensure that planning in, and affecting, Swale brings the kind of benefits to wildlife envisaged in Government planning policy. It is the local authority, however, which will take the lead in setting local planning direction and policy through the Local Plan.

Under the Natural Environment and Rural Communities Act (2006), local authorities have a duty to have regard, in the exercise of their functions, to the conservation of biodiversity. Good practice guidance issued by Defra (***Guidance for Local Authorities on Implementing the Biodiversity Duty***, 2007) states:

- Biodiversity conservation involves taking opportunities to enhance biodiversity, as well as protect it.
- Local authorities should play the leading role in establishing systems to conserve and enhance Local Wildlife Sites and to give proper consideration to biodiversity outside designated areas.
- Management of local authority sites is important both in providing habitats for wildlife and in reducing environmental impacts that affect biodiversity.
- Biodiversity conservation measures need to have regard both to designated sites and priority species, and to wider species and habitats.
- A wide variety of sites are important in this respect including designated sites and nature reserves, green infrastructure, buildings, school grounds, wetland and coastal sites, highways and rights of way, farms and tenanted land.

Through the Local Plan there is a commitment to an urban Green Infrastructure Strategy. The strategy seeks to promote the expansion of Swale's natural assets and green infrastructure, including within new and existing developments, by:

- Delivering a high standard of design quality to maximise the social, economic, health and environmental benefits of green infrastructure
- Providing a focus for social inclusion, community development and lifelong learning

- Taking into account the guidelines and recommendations of relevant management plans and guidance, Biodiversity Action Plans and Supplementary Planning Documents
- Contributing to the protection, conservation and management of historic landscapes, archaeological and built heritage assets
- Achieving where possible, a net gain of biodiversity
- Providing new recreation facilities, exploiting opportunities to link urban and countryside areas and to create new footpath and cycle links

By maintaining its involvement in the Swale BAP, and working to take forward the actions set out below and throughout the rest of this document, Swale Borough Council and its partners will be able to demonstrate their commitment to wildlife in compliance with its duty to have regard to biodiversity conservation.

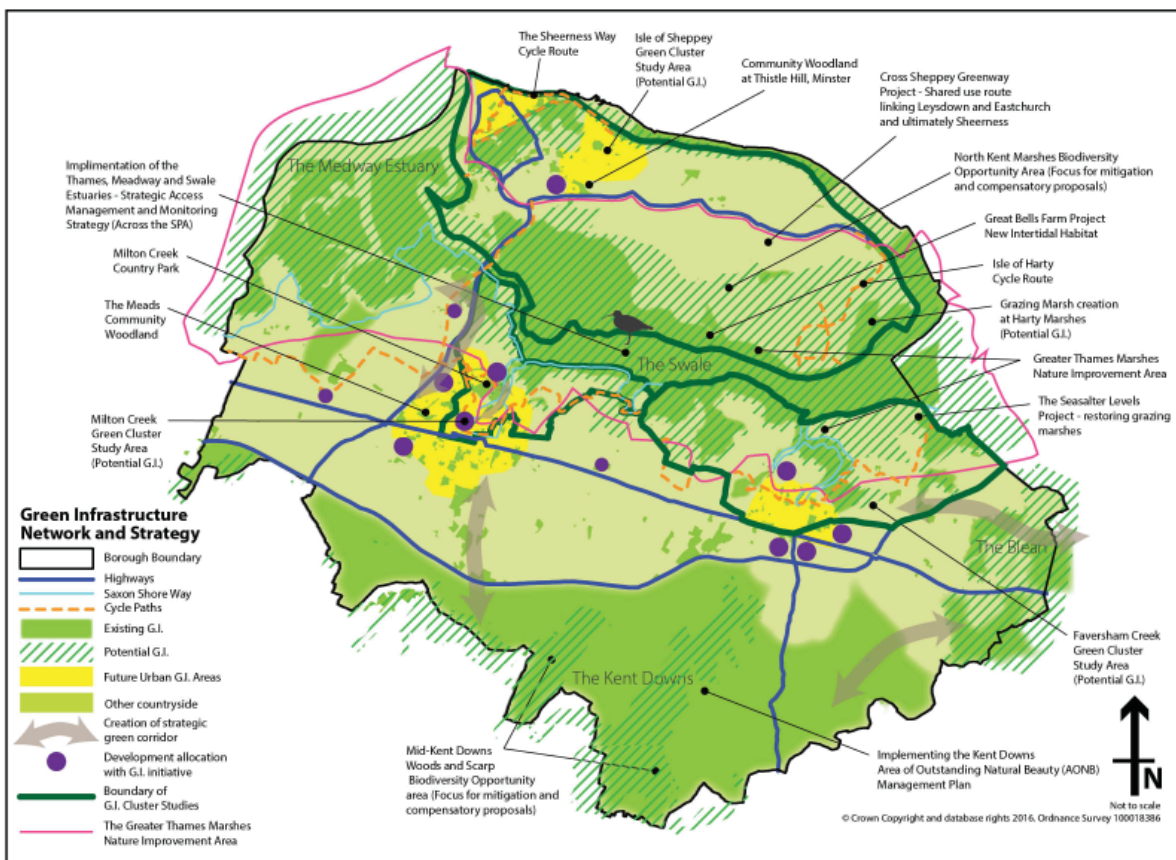


Figure 1. Natural Assets and Green Infrastructure Network

General actions

- 1) The emerging Swale Local Plan, Bearing Fruits 2031 will include policies to protect BAP habitats. The Local Plan will also guide approaches and create more robust ecological and landscape structures including a natural assets and green infrastructure strategy culminating in the creation of a major new green infrastructure initiative within the A249 corridor, connecting both Sittingbourne and Iwade, together with other green links through to Kemsley and Milton Creek. At Faversham, new space at Oare will be established whilst habitat creation to compensate for development and/or climate change will take place on Sheppey.

- 2) As far as possible, all sites supporting habitat of county importance will be designated as Local Wildlife Sites (LWSs). The Kent Nature Partnership oversees the selection of LWSs in this county, using robust, scientifically-determined criteria and local knowledge and understanding of this area's natural environment. The Partnership is made up of a great variety of stakeholders including local authorities, public bodies, nature conservation NGOs and groups representing landowners and farmers.
- 3) The importance of 'brownfield' sites for wildlife will be taken into account in planning policies and decisions ensuring that development proposals for brownfield sites give consideration to conservation of wildlife. **The State of Brownfields in the Thames Gateway** (2012) quantified the ecological importance of brownfield land for biodiversity at a landscape scale. (www.buglife.org.uk).
- 4) The provision of support and advice by Kent Wildlife Trust (KWT) to site owners and/or managers, including local authority owned green spaces, will ensure that there is a net increase in the number of Local Wildlife Sites in positive conservation management.
- 5) There will be an inventory of council-owned sites prepared by KWT supporting semi-natural habitats, together with a programme for the preparation and delivery of site management plans for each site: priority will be given to
 - i) sites designated as Local Wildlife Sites and
 - ii) sites within target landscape units (see Figures 4 and 5).

Community

Background

Local residents often want to be involved in the protection and enhancement of their local environment, individually or through a local community group, parish council or countryside group. This not only provides a way to achieve important benefits for wildlife, but also can help people stay fit and healthy, and provide a way to strengthen local communities.

Parish plans are being developed by many parish councils, and these often indicate the importance that many village residents attach to the environment. Parish councils have a duty to have regard to conserving biodiversity, because they are 'public authorities' in the meaning of the Natural Environment and Rural Communities Act 2006. Support for local environmental activities is one way in which they can show that they are complying with this duty.

Action by local communities may be particularly important for wildlife habitats which occur in numerous small patches. In particular, ponds and traditional orchards occur in small, scattered blocks across the Borough, and can provide ideal projects to enrich local life – as well as being very important for wildlife. Almost every parish in Swale has at least one traditional orchard, and every parish has a number of ponds – even if some are garden ponds. There is huge potential, therefore, for people to take part in census and management of these important habitats.

Community orchards offer a way of saving vulnerable old orchards and species and opportunities to plant new ones. They provide places for quiet contemplation or

local festivities, a reservoir of local varieties of fruit and a refuge for wildlife. They may be in private ownership, owned or leased for or by the community (or held by agreement) by a community group, parish council, or by a local authority or voluntary body. As well as enjoying the place, local people may share the harvest or profit from its sale, with the opportunity of taking responsibility for work in the orchard.

Trends

Old orchards are characterised by well-established fruit (apple, pear, cherry, damson and cobnut) on vigorous rootstocks and at traditional standard spacing, with a grass sward usually either grazed by livestock or cut for hay. The most important sites for wildlife are the older, traditional standard orchards, as these tend to be extensively managed and contain mature trees of a variety of species. Most remaining old orchards, however, are no longer commercially managed owing to their declining yield, consumer demand for new varieties, and health and safety issues regarding the use of ladders. However, there is a growing interest in community orchards as a way of saving vulnerable old orchards and planting new ones, and this is dealt with in more detail under 'Orchards', overleaf. Swale has the highest concentration on non-intensive orchards of any Kent district: though only occupying 10% of the county's land surface, Swale has a third (458ha) of non-intensive orchards in Kent.

Pond Conservation (www.freshwaterhabitats.org.uk) notes that, although ponds are still common almost everywhere in Britain, the number of ponds has dropped by around 500,000 in the last 100 years. To be considered a priority habitat, the pond must be of high conservation or ecological importance, be home to species, plants or animals or have other attributes such as being rare, old or part of a special landscape. Around 20% of the UK's 400,000 ponds (not including those in gardens) might meet one or more these criteria but many that remain are badly affected by pollution. In fact recent research shows 80% of wildlife ponds in the UK are in a 'poor' or 'very poor' state. The effects of this loss on wildlife are devastating, as freshwater ponds provide many species with valuable breeding and feeding habitat. Ponds have and continue to be lost to urban development and landscape change, agricultural drainage and in-filling, fragmentation and through poor management.

There is an increasing trend for community involvement in local nature conservation projects, with large numbers of people volunteering to conserve local wildlife sites and nature reserves, planting hedges and trees including community orchards, working to improve school grounds and churchyards, or supporting the work of conservation organisations.

Action with parishes and local communities

- 1) The Swale Green Grid Partnership will signpost relevant environment organisation(s) to support work with local communities on Parish Environment Plans, and, in particular:
 - a) To support work to conserve and enhance ponds (particularly where these are identified as important ponds under the criteria in the National Ponds Habitat Action Plan (http://jncc.defra.gov.uk/pdf/UKBAP_BAPHabitats-42-Ponds.pdf) or where there are networks of ponds supporting great crested newt).
 - b) To maintain, enhance and extend traditional or non-intensively managed orchards, in particular where this will help meet targets in the Kent, Regional or National Biodiversity Action Plans.

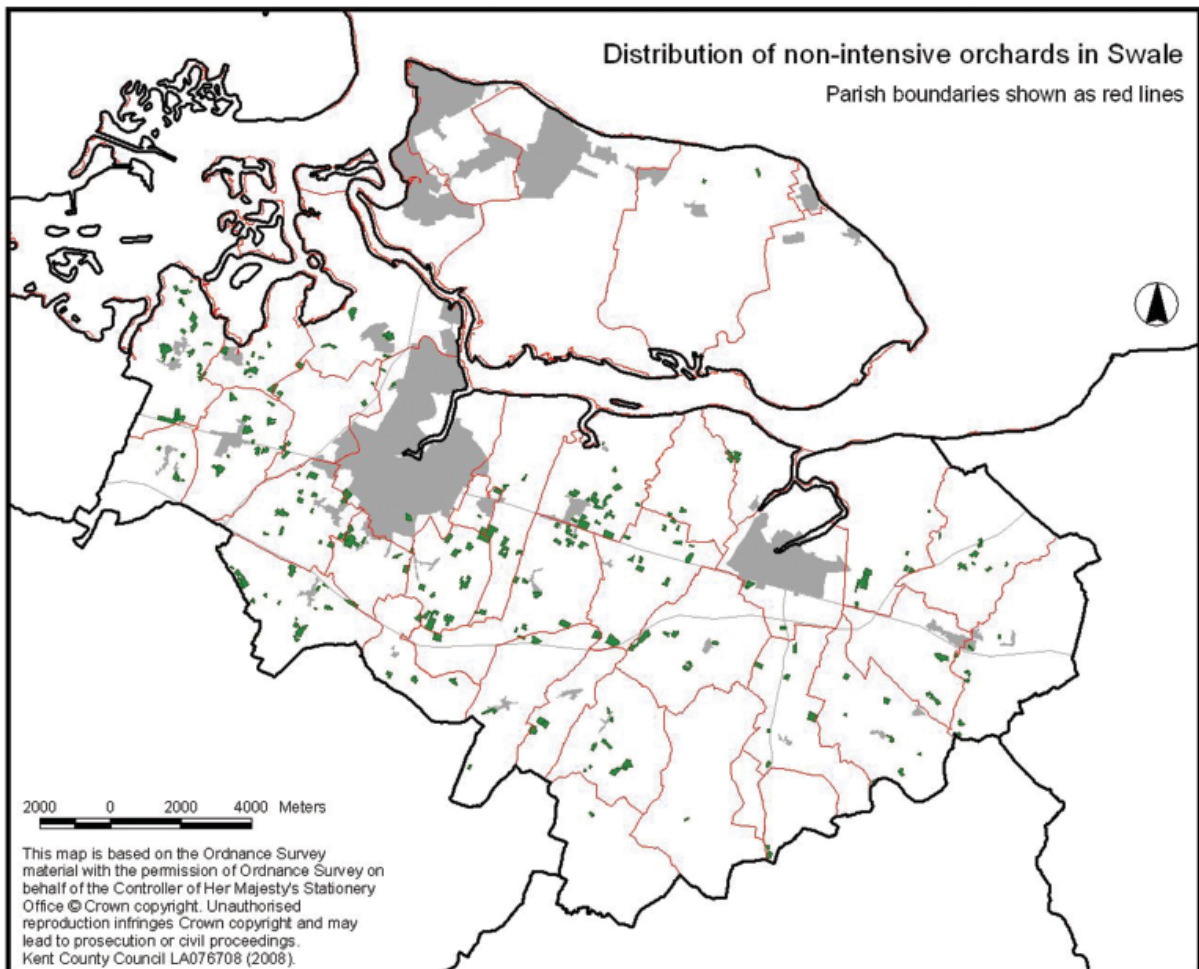


Figure 2. Distribution of non-intensive orchards in Swale

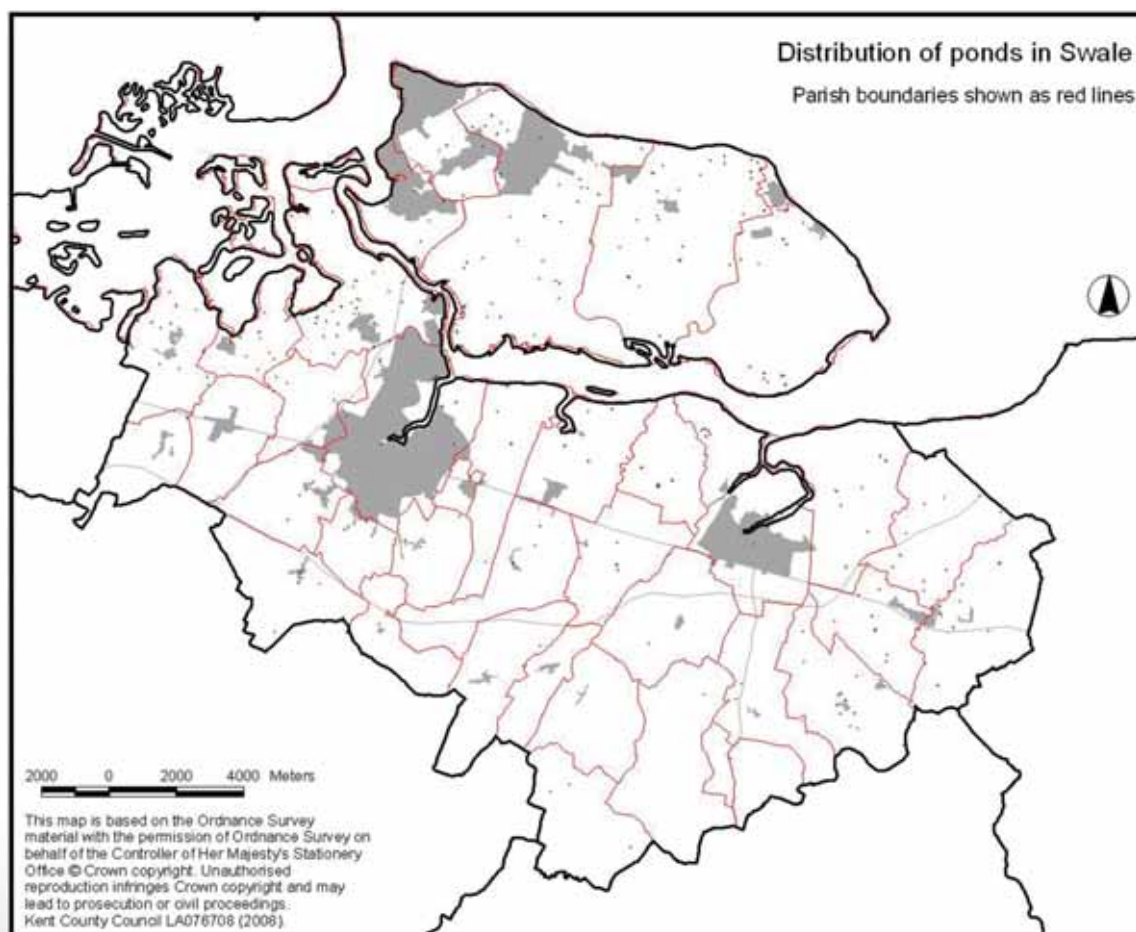


Figure 3. Distribution of ponds in Swale

Orchards

Background

Traditional orchards have long been valued for their importance to wildlife. However, it is only very recently that their importance has been formally recognised with their inclusion as a priority habitat in the UK Biodiversity Action Plan. Traditional Orchards are defined as orchards over 40 years of age which are characterised by well established fruit (apple, pear, cherry and plum) or cobnut on vigorous rootstocks and at traditional standard spacing (apple, cherry and plum must have less than 150 tree stations to the hectare), with a grass sward usually grazed by livestock or cut for hay.

The suitability of the soil in much of Swale, with its rich brick earth, combined with excellent and expanding transport links, sustained a vibrant and thriving commercial industry until the mid 1960s. In Swale the majority of remaining traditional old orchards are now cherries with a selection of varieties; traditional apple, pear and plum orchards have for the most part been grubbed to make way for modern, commercially productive orchards.

The most important sites for wildlife are the older, traditional orchards with standard-sized trees, as these tend to be less intensively managed and to contain mature trees which are most likely to support a wider a range of species, including those

associated with dead wood. The noble chafer, a nationally rare beetle previously thought extinct in Kent has recently been discovered in a traditional plum orchard in Iwade, and has highlighted the importance of Swale's orchards in a county context. Swale has as many as 274 old traditional orchards, covering an area of 458ha, the highest concentration in any Kent district (see Figure 2). Though occupying only 10% of Kent's land surface, Swale is covered by 30% of all Kent's non-intensive orchards.

Trends

Since the middle of the 20th Century, changes to the economics of farming, and the availability of semi-dwarfing rootstocks (which reduce the height of mature trees, making the fruit easier to pick), have led to a decline in the acreage of fruit, and loss of traditional orchards. Swale has retained its fruit growing industry, but it is the smaller growing rootstocks that have prevailed.

There is a growing interest in community orchards as a way of saving vulnerable old orchards and planting new ones. These can provide places for quiet contemplation or local festivities, a reservoir of local varieties of fruit and a refuge for wildlife. Local people may share the harvest or profit from its sale, with the opportunity of taking responsibility for work in the orchard. Such projects are already running at Lynsted, Iwade, Sheldwich, Belmont and Milstead.

Action for traditional orchards

- 1) The Swale Local Plan will include policies to protect BAP habitats with support being given to the most valuable traditional orchard habitats.
- 2) Projects for the maintenance, restoration and creation of traditionally managed orchards will be supported by the most relevant environment partner where they form part of wider projects for the restoration of wildlife habitats at a landscape scale.

Estuary Habitats



Photograph courtesy of John Whitting

Background

The character of Swale is strongly influenced by the Borough's estuary habitats. Much of the land in and around Swale's coast consists of UK BAP priority habitats, including:

- Intertidal mudflats in the Swale and the Medway Estuary, and to the north of Sheppey.
- Saltmarsh in the Swale and the Medway Estuary.
- Coastal grazing marsh, particularly along the Swale, but also in the Medway Estuary to the west of the Borough.
- Seagrass beds on the mudflats in the Swale.
- Saline lagoons, in the form of the defensive canals at Queenborough Lines and the boating lake at Barton's Point Country Park.

Mudflats, saltmarsh, grazing marsh and seagrass beds are treated as separate habitats in the UK BAP, and it is the case that certain species rely more on one sort of habitat than another: for example

- Mudflats, intertidal saltmarsh and sea grass beds are important nursery habitats for sea fish.
- Grazing marsh is an important habitat for water voles (a very rapidly declining species for which Sheppey remains a very important refuge) as well as for many insect species associated with wet ditches.
- Saline lagoons support a number of species tolerant of brackish conditions, but unable to survive in fresh or fully saline water, including the tasselweeds (*Ruppia* spp.) and the lagoon cockle.

It is the combination of estuary habitats which is important for supporting much estuary wildlife, especially the populations of wild birds for which the Swale and the Medway Estuary are internationally important. The many thousands of ducks, geese and wading birds which visit the Medway and Swale in the winter, or pass through on migration, make use of different parts of the estuary – and different types of habitat – to feed or to rest in safety.

Because of the vital importance of Swale's estuary habitats to the conservation of wildlife on a European scale, almost the entire area has been designated as a Special Protection Area (SPA) under European law. They are also designated as Sites of Special Scientific Interest (SSSI) under UK law, in recognition not just of their importance for birds, but also their national importance for the conservation of saltmarsh and grazing marsh plant communities.

Trends

Historically, estuary habitats have been subject to huge pressures from land reclamation, agricultural improvement and industrial development, all of which have led to substantial habitat loss. Land reclamation has significantly slowed and the Environmental Impact Assessment Regulations 2006 (www.legislation.gov.uk) have made it considerably more difficult to convert grazing marsh to arable farming (a significant cause of past loss of this habitat).

Nonetheless, estuary habitats continue to be threatened. Sea-level rise, particularly at the rate expected under future climate change, is leading to 'coastal squeeze' whereby intertidal habitats are losing space between the increasingly high low-water marks and fixed coastal defences. The Thames Estuary 2100 project (www.gov.uk/government/collections/thames-estuary-2100), looking at future coastal defence needs, is investigating how existing coastal defences can be set back in order to provide space for intertidal habitats as sea levels continue to rise. This is not only important for wildlife, but will also reduce future flood defence costs: intertidal

habitats play an important role in reducing the energy of waves as they move inshore, so that sea defences are easier to build and maintain, and are less likely to be overtopped during storms.

Perhaps surprisingly, given the known importance of habitats such as grazing marsh, estuary habitats continue to be affected by development pressure. Impacts can be direct, through development of the habitats themselves, or indirect, through increased need for hard sea defences, increased pollution (for example, as a result of effluent discharge, which is known to affect seagrass beds), or alteration of the complex dynamics of the currents and sediments which maintain the character and wildlife of Swale's coast.

Pressure from amenity use is continuing to increase, particularly from recreational use of boats and personal water craft (e.g. jet-skis), and potentially even from walkers using the coast and sea-walls where access routes run close to important bird roosting or feeding areas. Disturbance to breeding birds and to wintering or migrating birds can make a critical difference to population survival, and will require careful management if there is not to be significant conflict between people's enjoyment of the coast and its wildlife interest.

These pressures need to be managed and work with North Kent districts to ensure that indirect impacts upon estuarine habitats can be compensated through habitat creation/management and /or the implementation of the Strategic Access Management and Monitoring Strategy, 2014 (SAMMS) that will enable developer contributions to be levied to implement it.

Action for estuary habitats

- 1) The Swale Local Plan will include policies to protect BAP habitats. There will be a presumption against any development encroaching upon estuary or intertidal habitats, including grazing marsh, saltmarsh and mudflats. Any unavoidable losses to development will be compensated by appropriate habitat creation within the target areas identified in Figure 4. The SAMMS will be used to support the determination of planning applications and inform any Local Plan review and the Council's Community Infrastructure Levy.
- 2) Opportunities will be sought by the Medway Swale Estuary Partnership (MSEP) and realised coastal and wetland habitats in the target areas shown in Figure 3. This should include:
 - a) Managed retreat of flood defences in order to create new saltmarsh and mudflats, including where opportunities are presented by new developments next to estuaries and the coast.
 - b) Protecting, enhancing and extending habitats within or next to Milton, Conyer, Oare and Faversham Creeks, including securing the positive management of Local Wildlife Sites.
- 3) Work with Natural England to ensure widespread consultation on National Coastal Path strategy and its relationship to Swale; gain a better understanding of impact on fixed route including increased footfall and challenges to habitats in proximity.

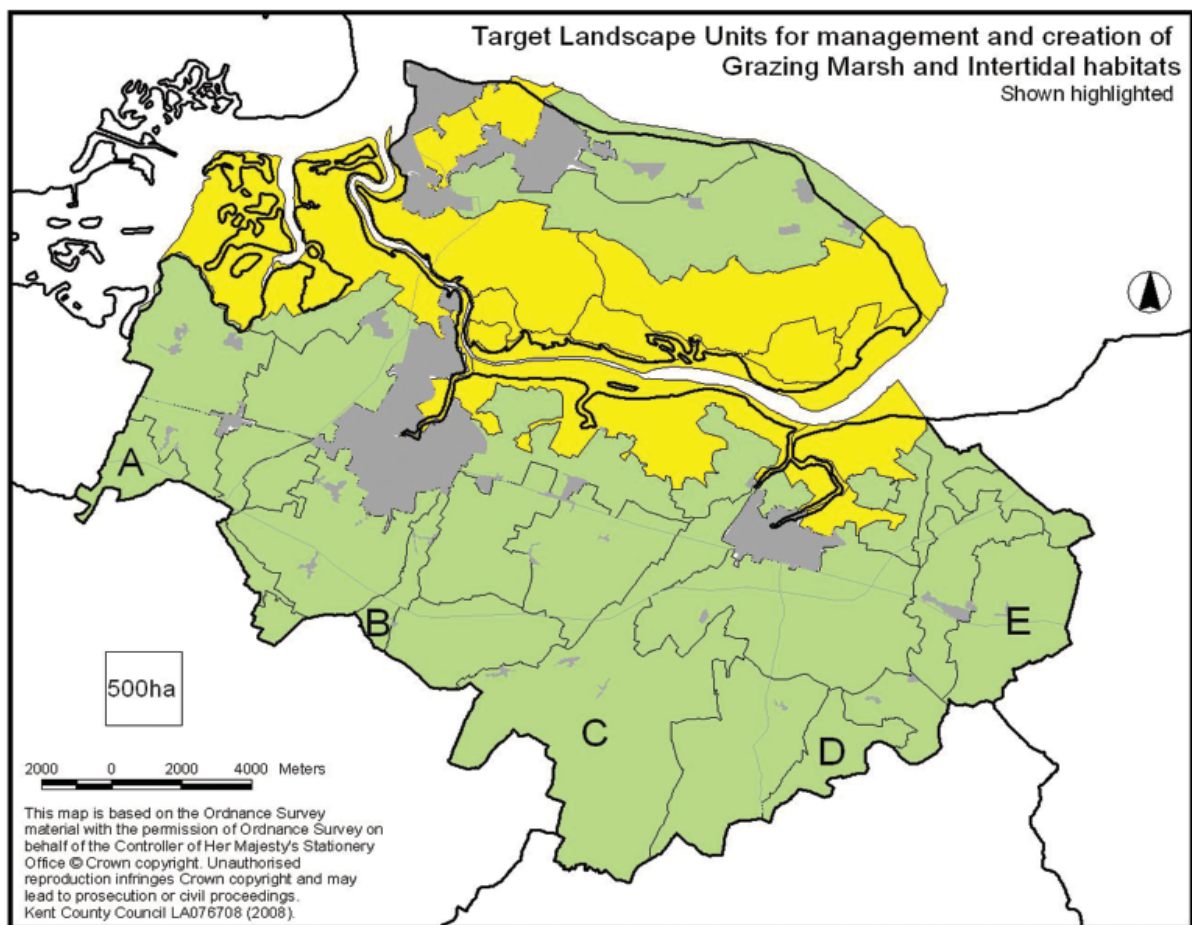


Figure 4. Target areas for grazing marsh and intertidal habitats



Woodlands

Background

Swale is not a heavily wooded Borough, with woodland and scrub covering only around 6% of the Borough compared with 13% for Kent as a whole. In Swale, most woodland is in the south of the Borough, on the dip slope of the North Downs, and in the east of the Borough, where it occurs on the sand and gravel geology at the western edge of the Blean.

Most of the woodland in Swale is ancient woodland that is known to have been wooded since at least the year 1600, and is much richer in wildlife than more recent woodland. Ancient woodland is well known for its rich flora, which, in Swale, includes plants such as wood anemone, herb paris and early purple orchid, and is also important for woodland invertebrates.

Although most of the Borough's woodland is ancient, this does not mean that it has not been modified by human activity. Historically, most has been managed as coppice, with a timber crop being taken every five to twenty years, and this has influenced both the physical structure of the woodland, and the species which can be supported. In places, the original woodland cover has been replaced by plantations of broad-leaved or coniferous trees.

Woodland in Swale supports a number of species identified in the UK BAP as priorities for action, including dormouse, Bechstein's bat, tree pipit (which occurs in recently coppiced woodland), lesser spotted woodpecker, hawfinch (now a very rare bird in Kent), great crested newt, lesser butterfly orchid and fly orchid. Other species of note include nightingale, a species for which Kent is particularly important, and common buzzard, a bird which has recently re-colonised Kent after an absence of many decades.

Significant areas of Swale's woodland are of county or national importance. Part of the Church Wood, Blean Site of Special Scientific Interest (SSSI) lies within Swale, and is close to woodland blocks of county importance (designated as Local Wildlife Sites) at South Blean, Blean Woods (West) and Perry Wood. An important complex of smaller woodland Local Wildlife Sites on the dip slope of the North Downs includes Endings Wood, Putt Wood, Oakenpole Wood, Divan Wood, and woodland on the Belmont Estate.

Trends

In Kent, woodland cover has increased over the last hundred years, largely as a result of new plantation and abandonment of land (for example, where reduction in grazing has led to scrub development on chalk grassland and heathland). Ancient woodland, though generally protected from development or loss to agriculture, has continued to decline slowly, for example, as a result of road building. Many woodlands remain small and isolated and, therefore, may be vulnerable to extreme weather events associated with climate change, such as storms and high winds.

Traditional woodland management is normally coppicing. Such management has declined drastically, with associated loss of species associated with open woodland habitats, such as woodland butterflies, but perhaps with some benefits for species associated with less disturbed woodland habitats. The lack of dead wood and absence of large, ancient trees in coppiced woodlands, for example, can mean that it is poor for fungi and wood-boring insects such as beetles.

The increased emphasis on wood as a sustainable biofuel may make coppice management more economically viable in future, with benefits for those species associated with this kind of habitat. Care will be needed, however, to ensure that the continuing presence of decaying timber as a niche for invertebrates and lower order plants is well recognised, and that secondary woodland habitat features, such as streams, ponds and glades are also maintained and enhanced.

Action for woodlands

- 1) The Swale Local Plan will include policies to protect BAP habitats and other ancient woodland. Support will be given to the identification as Local Wildlife Sites of all woodlands meeting the appropriate criteria.
- 2) Opportunities by the most appropriate environmental organisation will be sought and realised for enhancing, extending and connecting woodlands in target areas B-E shown in Figure 5. This should include:
 - a) Securing the positive management of Local Wildlife Sites.
 - b) Identifying and taking forward potential landscape-scale habitat restoration projects.
 - c) Encouraging and, where appropriate, undertaking the removal of non-native species from ancient woodlands.

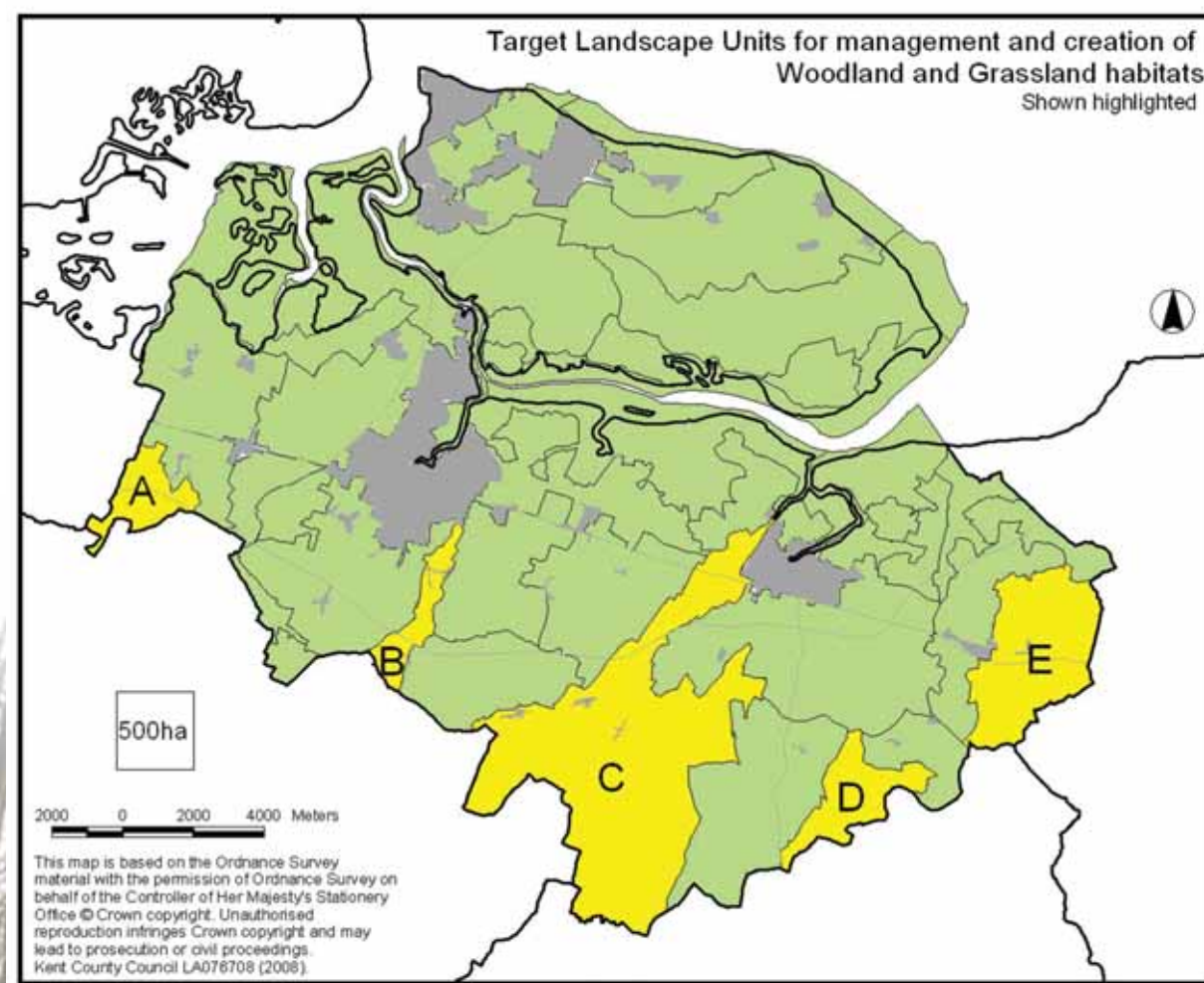


Figure 5. Target areas for woodland and grassland habitats

Wildflower grassland



Background

Flower filled meadows and open areas of grassland peppered with flowers make this a habitat with great appeal to people. Traditionally managed, flower-rich grassland is now a very rare habitat in Swale as in the rest of Kent, and, indeed, the UK. As a result, many wild species associated with grassland are under significant threat.

Swale does have large areas of coastal grassland, most of which is important as coastal grazing marsh. These are important for breeding and wintering birds but often dominated by grasses and not rich in wildflowers. The remaining flower-rich grassland in Swale is largely restricted to a few patches of chalk grassland in the south of the Borough.

The most significant area is Queendown Warren, near Hartlip, which is of international importance and recognised as a Special Area of Conservation under European law, both for its chalk grassland habitat and its important populations of wild orchids. Other areas of chalk grassland are scattered across valley sides in the southern part of the Borough, and more can be found on road verges, a number of which are designated as Roadside Nature Reserves for this reason.

Other small areas of flower-rich grassland do occur, but are small and scattered: examples include the chalk grassland which has developed on the floor of Highsted Quarries Local Wildlife Site and the tiny area of neutral grassland at Doddington Churchyard (churchyards, having escaped agricultural change, can support relict areas of high quality grassland).

Wildflower grasslands can support populations of wild orchids, including, in Swale, common spotted orchid, early spider orchid, fragrant orchid, man orchid (a UK BAP priority species) and pyramidal orchid. Other important species associated with species-rich grassland include birds such as skylark and yellowhammer (both UK BAP priority species), and a large number of butterflies, moths, and other insects such as glow-worms. The decline of many of these species is associated with loss of flower-rich grassland and the increased intensity of management of agricultural

grassland. Loss of insects has led to loss of the species that depend on them, and the rapid decline of some, once-common bat species is almost certainly due to loss of beetles and moths associated with traditionally managed grassland.

Trends

The substantial long-term loss of wildflower grasslands has been associated with agricultural change. Flower-rich grassland is often unproductive compared with agricultural grasslands, so that traditional grasslands have been converted either to arable, improved with fertilizers or by reseeded with agricultural grasses, or, as in the case of much chalk grassland, abandoned altogether.

Remaining areas of wildflower grassland are now small and fragmented, so that the species they support exist in isolated populations which are vulnerable to climate change impacts. There is increased emphasis, therefore, on creating larger habitat blocks, and creating better links across the landscape. There is a role for the creation of wildflower grasslands as part of new built developments, where they can be incorporated as attractive elements of open spaces and verges, or even as green roofs or walls.

Action for wildflower grassland

- 1) Within target area A shown in Figure 5, projects for the maintenance, restoration or recreation of species-rich chalk grassland will be supported by the most appropriate environmental organisation in partnership with the community'.
- 2) Within other target areas shown in Figure 5, projects for the maintenance, restoration or recreation of species-rich grassland will be supported where they form part of wider projects for the restoration and reconnection of wildlife habitats at a landscape scale.
- 3) Plans and proposals for landscaping and other green infrastructure associated with development and regeneration will include flower-rich grassland as a major element, particularly where there is potential to support populations of rare bumblebees.

Farmland



Background

Although so much emphasis is placed upon built development and its impact, it is farming which has had, and continues to have, the greatest influence on the environment. It provides the backdrop and setting for built development and has created the landscape within which other wildlife habitats sit. The future of Swale as a whole, and the quality of life of its residents, is significantly linked with the actions of landowners, farmers, and landscape managers.

A number of UK BAP priority species are associated particularly with farmland, including brown hare (which occurs in arable land on the Downs as well as on coastal grazing marsh) and a suite of birds including corn bunting, grey partridge, lapwing, skylark, tree sparrow, turtle dove, yellow wagtail and yellow hammer. Many previously widespread species (such as some of the bumblebee species now include in the UK BAP) would have originally been associated with farmland. In recognition of this, agri-environment grant schemes, such as the Entry Level Environmental Stewardship Scheme (<https://www.gov.uk/guidance/environmental-stewardship>), aim to encourage action for these species.

Impacts of farming upon wildlife have been both positive and negative: for example, in the past, much grazing marsh has been converted to arable land. It is still the case, however, that most remaining grazing marsh is in private ownership and actively farmed, including the majority of the area within the Swale SSSI.

Increasingly, the importance of the wider environment to quality of life – and to economic and social development is being recognised. Emphasis is being put on so-called ‘ecosystem services’, that is, the benefits which society gets from the environment, such as amelioration of climate, reduction of flood risk, recreation and amenity, and both mental and physical well-being. The farmed environment has a huge role in delivering these services, and its health and good management is of great significance to everyone.

It is also the case that wildlife-friendly farmland can act to buffer and connect areas of wildlife habitat, and, as such, has a critical role in any proposals to link and extend habitats in order to create large habitat blocks.

Trends

Pressures on farmland and on farmers continue to change rapidly. At the time of writing (2016), land prices are rising because of increases in wheat prices, and there is a likelihood that any increase in the demand for biofuels will increase prices further. 'Countryside Stewardship (CS) provides financial incentives for land managers to look after their environment through activities such as:

- conserving and restoring wildlife habitats
- flood risk management
- woodland creation and management
- reducing widespread water pollution from agriculture
- keeping the character of the countryside
- preserving features important to the history of the rural landscape
- encouraging educational access

(<https://www.gov.uk/government/collections/countryside-stewardship-get-paid-for-environmental-land-management>)

Built development also has an impact on farming, and farming close to extensive areas of built development can be a difficult task, leading to economic losses for farmers and resulting in a loss of quality in the urban fringe environment.

Action for farmland

- 1) Within or adjacent to the target areas shown in Figures 4 and 5, farmers and other land-owners will be encouraged by the Swale Green Grid Partnership to undertake action to improve farmland habitats in order to protect and enhance farmland biodiversity, particularly where:
 - a) This would result in the maintenance, enhancement, restoration or recreation of BAP Priority Habitats.
 - b) Nectar and grass strips, which would favour bumblebees and other pollinating insects, can be created within or adjacent to the target areas shown in Figure 4.
 - c) This would help support existing populations of important farmland birds, including tree sparrow, corn bunting, grey partridge, turtle dove, yellow wagtail and lapwing, particularly within target areas identified by RSPB.
 - d) It would support the delivery of a landscape-scale habitat restoration project.

Built-up areas and gardens



Background

The variety of habitats found in built-up areas and gardens, which is taken here to include previously developed land – so-called ‘brownfield’ sites – not only contributes to biodiversity but also provide opportunities for people to have close contact with wildlife.

The huge variety of sites includes urban and rural settlements, school grounds, hospital and care homes, caravan parks, farm buildings, industrial estates, retail parks, waste and derelict land, urban parkland, transport infrastructure, domestic gardens, allotments, churchyards and cemeteries. Heritage sites may also be included in this category.

Careful management of built-up areas and gardens can provide good wildlife habitats and for many people their main or only contact with the natural environment. It is also the case that some brownfield sites have developed substantial wildlife interest in the absence of management. **The State of Brownfields in the Thames Gateway** (2012) found that 198 sites (over 40%) showed High or Medium potential for invertebrate biodiversity. (www.buglife.org.uk).

The importance of sites of this nature has led to several being designated as Local Wildlife Sites, including Bysing Wood and Oare Gravel Pits, Conyer Pits, and Doddington Churchyard. Others areas, such as Murston Pits and the former Elmley Village and Cement Works are now part of larger Sites of Special Scientific Interest. Built-up areas and gardens provide suitable habitats for a number of UK BAP priority species, including hedgehog, pipistrelle bat, song thrush, spotted flycatcher, common toad and stag beetle. Other species may have a strong association with buildings where structures often mimic their favoured natural habitats, for example bats, house martins and swifts, and even lichens (for which churchyards can be especially important). Brownfield sites can be particularly important for rare insects, including, in Swale, the very rare shrill carder bumblebee.

Trends

In contrast to many other habitats, built-up areas and gardens are increasing in extent, though pressure for building on brownfield sites may threaten some of the most important areas. There are also suggestions that the quality of the built environment (from the point of view of wildlife) may be decreasing: for example, declines in urban sparrow populations may be linked to loss of cover in gardens, which may in turn be driven by the need to provide off-road parking; and improved building regulations are making it harder for bats, as well as swifts and other birds, to gain access to cavities in buildings.

Action for built areas and gardens

- 1) The Swale Local Plan will include policies for the identification and delivery of green infrastructure, and will identify how new development will be expected to contribute to this.
- 2) The positive conservation management of roadside nature reserves will be encouraged by the most appropriate environmental organisation working in partnership with the community.
- 3) Swale in Bloom to continue to work with The Kent Wildlife Trust to promote wildlife gardening in Swale. In particular, the Wild About Gardens Awards (www.kentwildlifetrust.org) will continue to be supported with local partners such as Amicus Horizon.
- 4) Swale Borough Council and its partners will sign up to Britain in Bloom (<https://www.rhs.org.uk/communities/campaigns/britain-in-bloom/about-rhs-britain-in-bloom>) RHS Britain in Bloom. Swale in Bloom will encourage and support local 'In Bloom' and other gardening and environmental groups by helping them raise funds, improve their skills and plant knowledge and organise and take part in garden competitions including entries to South East in Bloom and Britain in Bloom
- 5) The In-Bloom Co-ordinator works with local delivery partners (schools, community groups, town and parish councils to support the Centenary '100 in 100' planting scheme – the planting of 100 new poppy areas in Swale to coincide with centenary commemorations.
- 6) The In-Bloom Co-ordinator will work with local delivery partners (schools, community groups, town and parish councils) to add bird boxes to appropriate buildings

Contacting Swale Green Grid Partnership

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Swale Green Grid Strategy



June 2016

Swale Borough Council

The Borough of Swale is situated on the North Kent Coast between the Medway Towns and Canterbury and is a diverse area comprising four areas, Faversham, the Isle of Sheppey, Sittingbourne and the rural hinterland.

Swale has spectacular natural assets, ranging from the unique coastal marshlands to the Kent Downs Area of Outstanding Natural Beauty. The area is also scattered with attractive towns and villages. The quality of these environments is a major asset to the area, not only to the quality of life for people that live and work locally but also to future prosperity, impacting upon the area's ability to attract visitors and investment.

The Council has an important role in safeguarding and enhancing our natural and built environments. We will integrate this into our regeneration programme.



The Swale Green Grid Partnership comprises representatives of the following organisations:

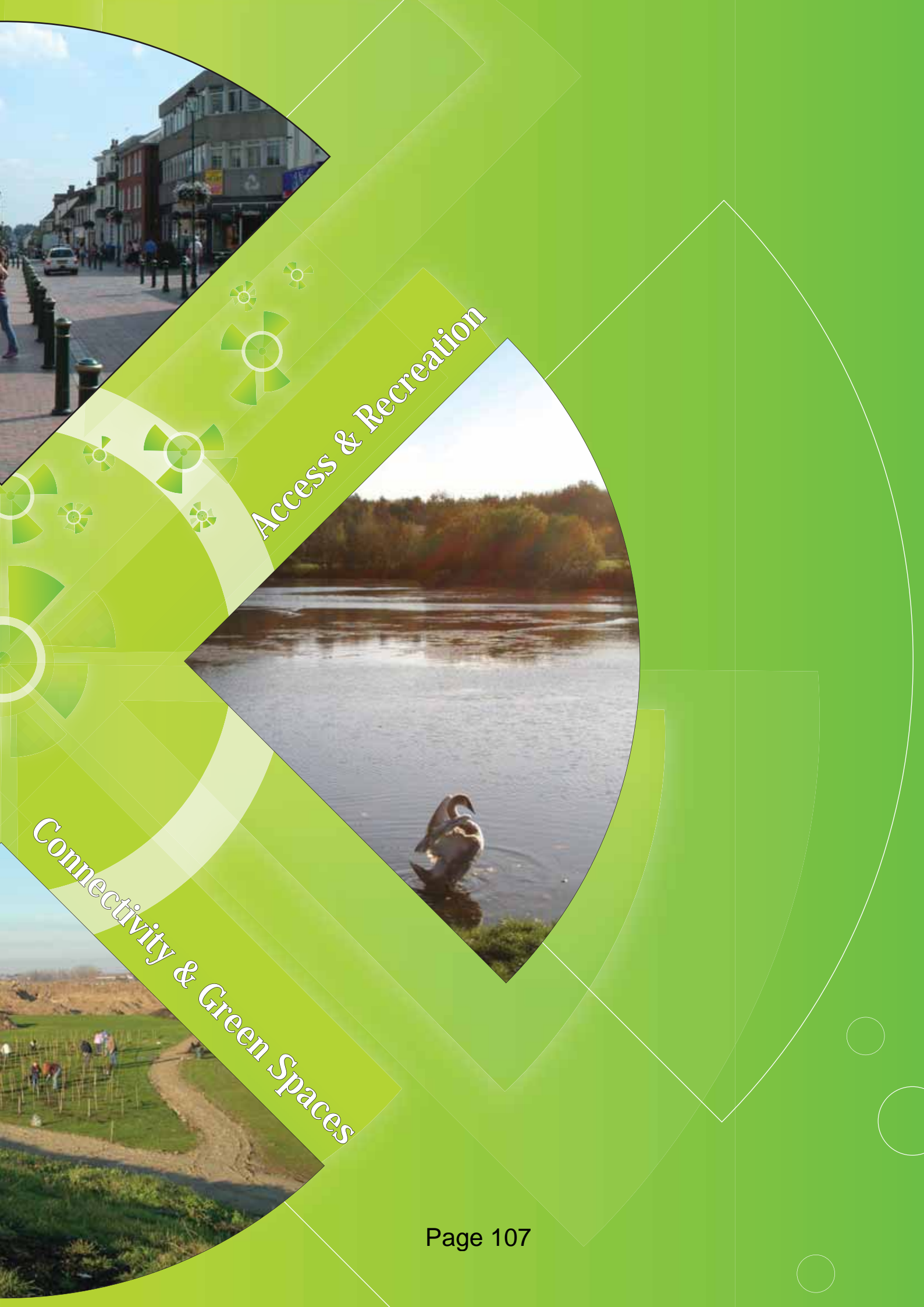
Swale Borough Council, Natural England, Groundwork Kent and Medway, Kent Downs Area of Outstanding Natural Beauty Unit (AONB), Royal Society for the Protection of Birds (RSPB), Kent Wildlife Trust, and the Environment Agency.

Contents

	Page No.
1 Green Grid Framework	
1.1 Context	6
1.2 Why a Green Grid?	7
1.3 How does it add value?	7
1.4 What will it deliver?	7
1.5 The case for investment	8
1.6 Delivering strategic priorities	8
1.7 Case Studies	9 & 10
2 Green Grid Components	
2.1 Swale's environmental resource	11
2.2 Green Grid opportunities	12
3 Swale's Green Grid Vision	
3.1 Green Grid structure	14
3.2 Swale Green Grid Strategic Framework	14
<p>Swale's Green Grid Delivery Plan is available as a separate document containing Green Grid project schedules cross referenced to a GIS map of all the Green Grid projects. It is regularly updated</p>	
Map 1 - Kent landscape character areas	16
Map 2 - Landscape & biodiversity importance	18
Map 3 - Ecological network model	20
Map 4 - Accessibility	22
Map 5 - Strategic Green Grid Framework	24
Annexes	
A Strategic policy context	26
B Links to Swale's Corporate Plan	29

People & Places

Natural & Built Environment



Access & Recreation

Connectivity & Green Spaces

1 Green Grid Framework

1.1 Context

Swale's stunning and distinctive environment is the Borough's greatest asset. It includes an outstanding range of internationally and nationally important landscapes, focusing on the extensive grazing marshes, mudflats and saltmarshes of the Swale estuary, but also including wetlands, chalk downland and ancient woodland. Swale's outstanding natural environment is complemented by its rich cultural heritage.

Highlights are the historic dockland at Sheerness, the defensive moat of Queenborough Lines, Sittingbourne's diverse industrial base, which includes barge building, brick-making and paper mills, orchards within the rural 'fruit belt' and the historic creekside market town of Faversham, where hop growing has fuelled the local brewing industry and where boats and fine historic buildings are juxtaposed at the heart of the town.

Many of these superb landscapes are accessible to the public and Swale's Open Space Strategy sets out the Borough's vision for its open spaces. It will establish a framework for future investment which balances the need to protect Swale's natural environment with the need to improve the quality and distribution of public open spaces and facilities for sport and recreation.

Swale is the focus for significant investment via a range of infrastructure, employment, housing, environment and community initiatives. With new investment comes high expectations and Swale must demonstrate best practice in delivering sustainable development on the ground.

A focused and visionary environmental agenda will be central to successful regeneration. High quality, distinct urban and rural landscapes, accessible diverse open spaces and contact with wildlife are increasingly recognised as key components of sustainable communities, contributing to people's quality of life and supporting economic and social programmes.

While a planning constraints approach can continue to conserve important green spaces, it will not be adequate to achieve these multifaceted goals. Instead there is a need to

take a positive, proactive and holistic approach to delivering a sustainable and diverse landscape framework for Swale's communities.

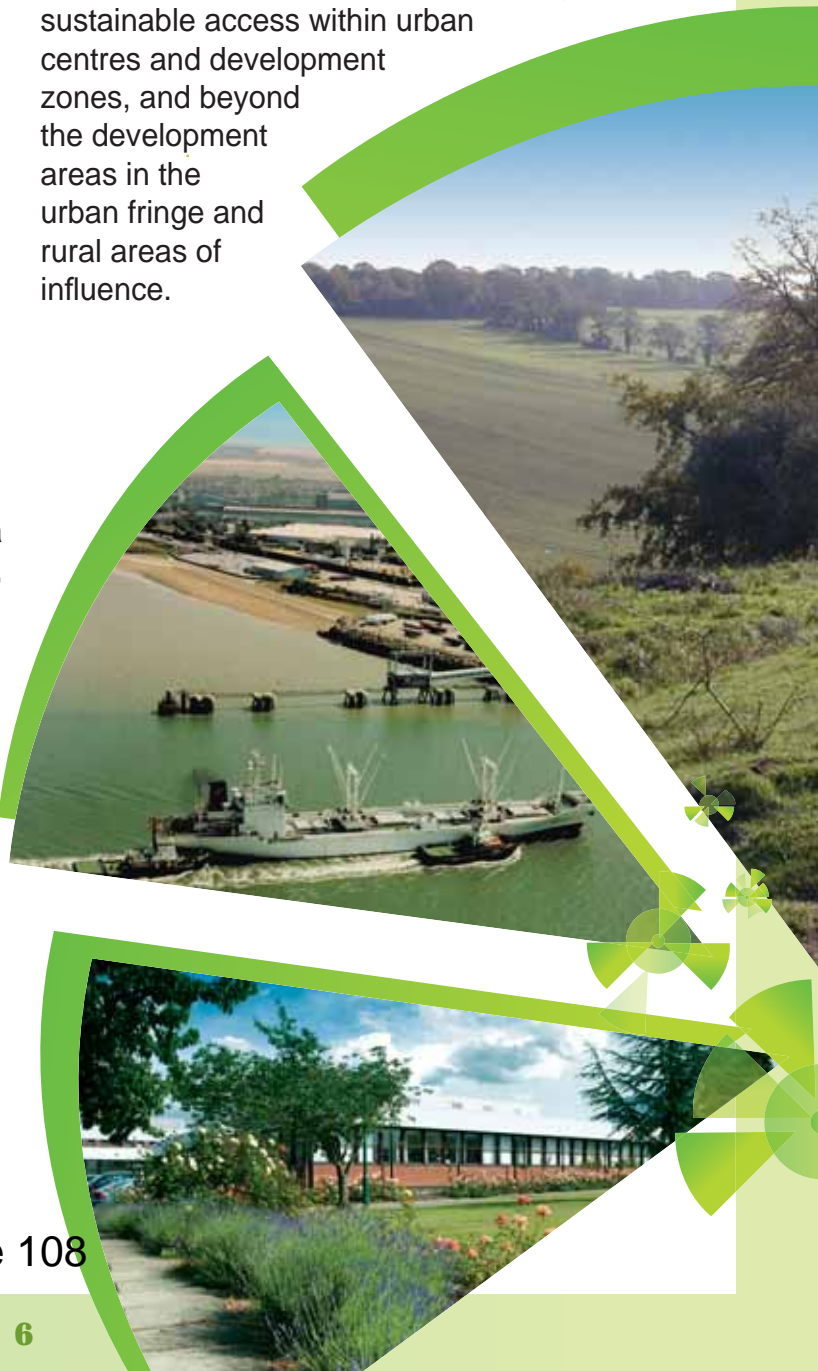
This Green Grid Strategy explains what the Green Grid is, why it will make a difference and how it can take forward and help to deliver the regeneration priorities for Swale.

A separate Action Plan sets out a range of projects for delivering the Swale Green Grid.

1.2 Why a Green Grid?

Green Grid is a strategic, joined up approach to land management. It focuses on the relationship between green spaces and the communities they serve and aims to maximise the potential multi-functional benefits of a well-designed public realm.

The Green Grid aims to create a network of multi-functional green spaces providing sustainable access within urban centres and development zones, and beyond the development areas in the urban fringe and rural areas of influence.



1.3 How does it add value?

The Green Grid approach offers a strategic vision, which inspires confidence in private and public sectors alike. By planning, designing and managing green spaces as an interconnected network, rather than as isolated sites, Green Grid can add value to existing projects, justify prioritisation decisions and provide a carefully phased and tailored investment.

It is a design-led approach which requires co-ordination of a wide range of stakeholder interests and engagement with local communities. The role of this Green Grid Strategy is to promote, guide and co-ordinate investment in Swale's Green Grid. The Action Plan is the key tool for Green Grid project planning, management and implementation. It provides:

- contact details for key stakeholders involved in the delivery of Swale's Green Grid;
- information on leadership and accountability; and...

The detail of the Green Grid will vary from community to community but the overarching, sustainable principles will remain the same providing a clear and workable framework for every agency, organisation and individual involved in the future management of the environment of Swale.

1.4 What will it deliver?

The Green Grid will:

- create more accessible greenspace and wildlife areas along an integrated network of safe, attractive pedestrian and cycle routes;
- manage key resources by designing greenspace areas so that they also function as water retention areas for flood alleviation and new developments in accordance with the principles of sustainable drainage;

- reduce pollution by increasing vegetation cover (which absorbs noxious gases and improves local micro-climatic conditions) and by encouraging walking and cycling to reduce dependency on the car;
- promote health and wellbeing by encouraging active exercise and opportunities for contact with nature;
- promote sustainable transport, by providing a permeable and logical network of routes between key destinations and open spaces to encourage walking and cycling and by ensuring that public transport routes are incorporated into the wider network;
- improve the aesthetic qualities of Swale's outstanding landscape, providing a strong landscape infrastructure which reinforces local character;
- enhance recreation & amenity, with more opportunities for high quality formal & informal recreation;
- encourage active communities with a strong community spirit which will advocate ongoing investment in their local landscape;
- enhance education, training and life-long learning, using the local landscape as a learning asset which provides a wealth of cultural, social historical and natural heritage;
- attract economic investment through creating attractive settings and high quality, accessible green open spaces for new development, as well as direct opportunities for employment;
- enhance local cultural heritage by managing the cultural heritage resource and using it to help develop a sense of place and sense of identity;
- strengthen and make connections between new and existing communities and their local environment, by building on Swale's distinctive environment, the Green Grid will inspire people to be proud of where they live, work and to enjoy being active and having more contact with nature;
- enhance biodiversity by linking, extending and creating habitats, by promoting sustainable landscape management practices in all greenspace areas and by raising awareness of biodiversity issues amongst local residents and visitors;
- produce & promote local food through local food markets and direct marketing initiatives.



1.5 The case for investment

There is an obvious and direct connection between investment in green infrastructure and enhanced land values. Surveys demonstrate that properties close to existing green spaces have higher values and that there are commercial benefits in creating an environment that is attractive to buyers. The CABI report also suggests that the cumulative influence of a network of parks and greenspaces has the potential to achieve wider value uplift.

Swale's Green Grid is seen as a key component in the regeneration of the region, providing opportunities to link new and existing communities with Swale's distinctive natural environment via a sustainable network of green spaces.

1.6 Delivering strategic priorities

The Swale Green Grid offers the potential to deliver strategic priorities at national, regional and local scales. The table in Annex A – Swale Green Grid Policy Context describes how Swale's Green Grid Strategy fits within the overall policy context and demonstrates how the Green Grid concept contributes to key policy objectives. Key points are summarised below.

1.6.1 National priorities

A series of key government documents have established a policy context which places strong emphasis on the value of green infrastructure in delivering improved quality of life and contributing to economic regeneration. More recently there has been an emphasis on responding to climate change.

1.6.2 Swale Borough Council priorities

In Swale, the Green Grid Strategy will contribute to the delivery of the Borough Council's Vision for Swale via the three priorities set out in the Corporate Plan.

1. A Borough to be Proud of
2. A Community to be Proud of
3. A Council to be Proud of

This plan is the key policy document for the delivery of Swale's Green Grid as it provides the framework to guide the Council's allocation of resources.

Swale's Green Grid will help to deliver all of the Corporate Plan's priorities, but there is an obvious and direct connection between delivery of Green Grid benefits (see Section 1.4) and the delivery of the Corporate Plan's priorities – A Borough to be Proud of and A Community to Be Proud of.

Annex A sets out a summary of the links between the priorities from Swale's Corporate Plan and the benefits which will be delivered through its Green Grid Strategy.

- 1 Royal Institution of Chartered Surveyors, July 2007, Urban parks, open space & residential property values and CABI, March 2005, Does money grow on trees?
- 2 Swale Forward, 2004, Swale: State of the Borough Report Swale Forward, Interim Regeneration Framework, 2005-6 ODPM, 2004, Creating Sustainable Communities: Greening the Gateway – a greenspace strategy for Thames Gateway, HMSO
- 3 Swale Forward, Interim Regeneration Framework, 2005-6
- 4 ODPM, 2004, Creating Sustainable Communities: Greening the Gateway – a greenspace strategy for Thames Gateway, HMSO



2 Green Grid Components

2.1 Swale environmental resource

2.1.1 Landscape character

The Swale Landscape Character Assessment describes how the character of Swale's landscape has been shaped by the interaction of the natural environment and human activities. The character assessment incorporates a sequence of maps which illustrate the geology of Swale, patterns of landform, drainage and biodiversity. It also describes historical influences on landscape character.

Swale's landscape character assessment sets out the hierarchy of landscape character areas for Swale – from the three regional joint character areas to the 10 landscape character areas defined at county level by Kent County and a detailed subdivision into 42 local landscape character areas.

Map 1 summarises the county level landscape character areas, which highlight local variations – for instance, areas where orchards are predominant, or where fields have an irregular pattern or where the farmland has a more open, sweeping scale.

The landscape character assessment provides an objective guide to making places which reinforce and enhance local distinctiveness. It does this by describing the inherent diversity of the landscape and by drawing attention to the specific patterns of landform, land cover, land use and settlement which make one place different to another.

Assessment of landscape character is particularly pertinent for Green Grid projects because it describes how a landscape is perceived. It highlights aspects of landscape

character such as scale, texture, colour, form, enclosure and complexity which suggest how different landscapes feel and how new interventions can be designed to enhance aspects of landscape character which are valued by local people.

The idea is to encourage positive landscape change and avoid a standardised approach: every new building, road, wall and stile should be designed with local landscape character in mind so that new developments (at every scale) are harmonious with their setting and make a positive contribution to local diversity and distinctiveness.

2.1.2 Landscape significance – Statutory designations

The character and quality of Swale's landscape is reflected by the many designations that protect large parts of it. Map 3 shows the key landscape and biodiversity designations, all of which demonstrate the international and national importance of Swale's landscapes. These include:

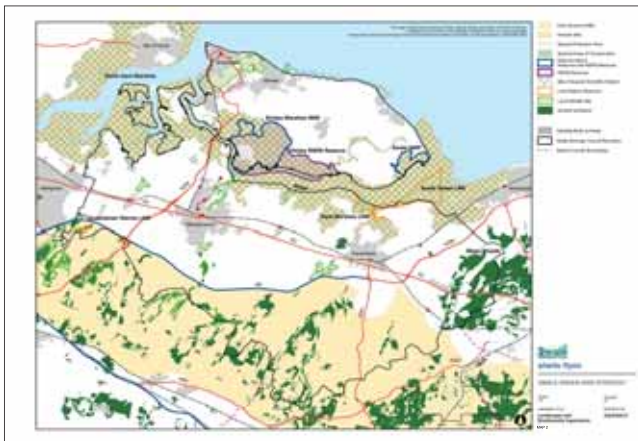
- the international importance of the North Kent Marshes Ramsar Site.
- the Special Protection Areas of Blean Woods, the North Downs and North Kent Marshes
- National Nature Reserves at Elmley Marshes and Swale
- Special Areas of Conservation at Queendown Warren and the Blean woodland complex
- the Kent Downs Area of Outstanding Natural Beauty



Map 1 - Kent Landscape Character areas
(See Page 16)



Map 3 also shows the Sites of Special Scientific Interest (SSSIs) and the Local Wildlife Sites (formerly known as Sites of Nature Conservation importance). The map immediately highlights the immense value of Swale’s landscapes in a national and pan European context. It also demonstrates the strong contrasts in character between two types of landscape which are attractive and highly valued – the wild, expansive north Kent marshes and the chalklands of the Kent Downs AONB.



Map 2 - Landscape & Biodiversity Importance
(See Page 18)

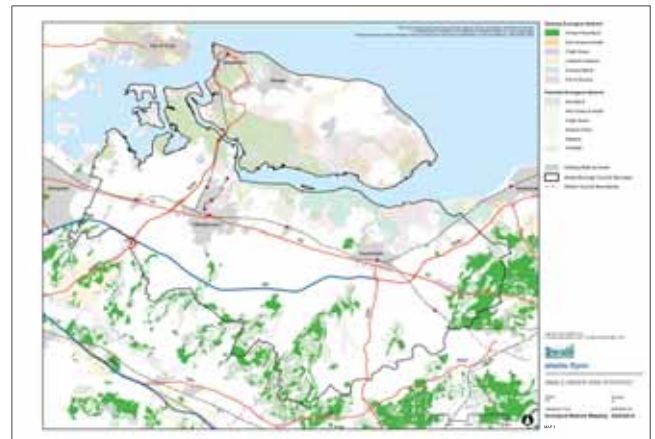
2.1.3 Ecological network mapping

Kent Wildlife Trust has developed an exemplary ecological network mapping project – A Living Landscape for the South-East. The Kent component of this detailed GIS mapping project demonstrates how a co-ordinated approach to habitat restoration, enhancement and re-creation might function at a strategic scale. The model is based on high quality habitat data and seeks to inform strategic planning and land use management decisions.

The argument for creating inter-connected ecological networks and large habitat areas is based on the fact that:

- small, isolated areas of habitat are likely to hold proportionately fewer species than larger areas, and the populations of these species are likely to be more vulnerable to local extinction;
- functional connectivity between areas of wildlife habitat is likely to make it easier for populations of species to shift in response to climate change;

- the small and isolated nature of most areas of wildlife habitat in the UK poses a significant risk to biodiversity, particularly in the face of likely climate change.



Map 3 - Ecological Network model
(See Page 20)

The ecological network model for Kent identifies:

- existing habitat patches, with priority given to BAP habitats, the largest blocks and then those closest to them;
- locations where new habitats of the same type might most appropriately be restored or recreated within a threshold distance of an existing habitat patch (using the habitat opportunity mapping developed as part of the Kent Lifescapes Study).

Drawing on the ecological network model for Kent, the core biodiversity challenges for the Swale Green Grid are to:

- create larger habitat blocks by linking existing habitat patches, giving priority to BAP species, designated and protected sites and ancient woodland;
- create physical connections between habitat patches, either in the form of a series of ‘stepping stone’ patches of habitat or as linear ‘corridors’; and
- focus efforts to improve the wildlife value of farmland or areas of built development surrounding the blocks and corridors of important habitats highlighted on the ecological model.



Map 4 - Accessibility
(See Page 22)

2.2 Green Grid Opportunities

2.2.1 Public rights of way

Green Grid projects will extend and enhance the existing network of public rights of way, linking urban areas with the surrounding countryside, and neighbourhoods with local destinations, such as schools, workplaces, parks and other managed greenspaces.

Map 5 summarises the existing network of public rights of way, highlighting promoted footpaths, such as the Saxon Shore Way and cycle routes, including National Cycle Route 1. It also shows principal destinations - public parks, recreation facilities, community woodlands and nature reserves.

2.2.2 Swale's regeneration priorities

Parts of Swale, particularly urban areas, experience dereliction and poor environmental quality. Examples are Milton Regis, Queenborough & Rushenden, Sheerness and Blue Town. Swale's regeneration opportunities for investment at:

- Queenborough & Rushenden – aims to provide 1,100 new homes alongside new employment, with up to 2 million sq ft of new floor space. The project is part of the Homes and Communities Agency (HCA) economic assets programme. To date there has been investment in the new road infrastructure to provide a direct link to the A249; site preparation works for 20 ha of employment development; approximately 20 ha of brownfield

land acquired for re-development for residential; preparation of the first phase of residential land for the market; completion of the retail-led first and second phases of employment development at Neats Court with the opening of 55,000 sq ft Morrisons and KFC food retail unit, 67,000 sq ft of new units for B&M, Iceland, Sports Direct and Poundland; planning permission and commencement of works to deliver a new 6000,000 sq ft Regional Distribution Centre for Aldi

- Sittingbourne – in 2011, the Spirit of Sittingbourne consortium was selected by the Council as its development partner to regenerate Sittingbourne Town Centre. The proposals will provide a wide range of new facilities and housing with an aim to generate significant economic improvement and employment in the borough. The Eurolink Business Park in Sittingbourne has grown to be one of Kent's largest business areas with a new phase, Eurolink Phase Five, having recently been granted outline planning consent with the potential to provide a further 43,000 metres of development and up to 1,000 jobs. Kemsley Fields, Business Park, including G-Park, Sittingbourne is positioned to the north of Sittingbourne and is in a strategic location to take full advantage of the area's good transport links, including road, rail and port. There remains scope for further development and the ability to deliver build to suit facilities from 127,500 sq ft to 540,000 sq ft. Kent Science Park provides 500,000 sq ft of existing space and is home to over 60 companies, perating across a range of technologies.
- Sheerness – Public realm improvements, improved links between the town centre, the sea and the historic dockyard, gateway features, public art etc to substantially improve the environment for residents, visitors and investors.
- Faversham - town centre public realm improvements; Faversham Town

Council has been undertaking work on the Neighbourhood Plan since October 2011 and was part of the Government's Neighbourhood Planning Vanguard Scheme. Improvements will be consistent with the town's architectural and historical heritage.

- Targeted urban intervention public realm improvements in other urban locations where they can be linked with delivery of new housing, to combat deprivation or facilitate economic development. Investment in regeneration provides opportunities to develop and deliver Green Grid projects

2.2.3 Projects with Green Grid potential

The Green Grid Strategy aims to add value to ongoing environmental projects and initiatives by identifying gaps and opportunities for connections, additions and new linked projects. So it will be guided by a range of existing projects and investment opportunities which have the potential to deliver Green Grid benefits.

Not all of Swale's Green Grid projects have a specific site – many are thematic initiatives such as marketing schemes for local food, promoting health walks or environmental education schemes.

3 Green Grid Vision

3.1 Green Grid Structure

The spatial structure of Swale's network of Green Grid projects and opportunities can be understood in terms of six components:

1. **Greenspaces** – the hierarchy of greenspace resources includes managed open spaces, nature reserves, urban squares, streets, allotments, cemeteries, derelict land and private gardens. They provide recreational, social, cultural, wildlife and community benefits.
2. **Corridors** – a network of routes including rivers, estuaries & creeks – water has shaped Swale's cultural and physical development and the 'blue' component of the Grid is central to the borough's distinctive identity. Swale's waterfronts hold a natural fascination for people and 'unlocking' their potential (by enhancing waterfront access and the redevelopment of major river frontage sites) is a key objective of the Green Grid.

Habitat links – which connect habitats or features of high biodiversity value such as river floodplains, ancient woodlands and chalk grassland

Local connector - routes connecting settlements to the wider countryside, which might be enhanced through footpath/cycleway improvements, shared space schemes or street landscape improvements

Circular routes – often designed around subject or area-based (locally distinct) themes and incorporating interpretation eg Faversham circular walks and the 'Harty Trail and Sheerness Way' cycle routes.

Strategic long distance routes - including the Saxon Shore Way, National Cycle Route and the proposed coastal access path where enhanced landscaping will, additionally, contribute to quality of the route

Roads - in particular extending existing landscaping around the A2 and A249 to provide a multifunctional landscape strip along their whole length

Railways - promoting conservation management along railways and seeking opportunities to create new landscape and wildlife features within and around the railway lands.

3. **Hubs** – the town centres and principal rural settlements which are the 'shop window' of the Borough, providing an introduction to local heritage and culture, as well as opportunities for recreation, events, activities and social contact. Other green infrastructure 'hubs' are visitor attractions such as centres for field study, interpretation or heritage. At a smaller scale, Green Grid 'hubs' might also be points of interpretation or orientation at small car parks or viewing points. Some Green Grid projects may incorporate a hub, as one component of the overall project.

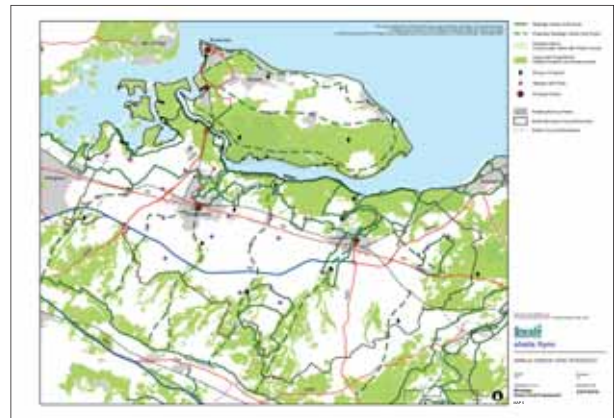


4. Gateways - Gateways indicate transition and provide a sense of arrival. In the context of the Green Grid, the key gateways occur on the main approach routes to the Borough and to individual settlements. Approach routes are not limited to roads but include main routes from stations and other public transport nodes as well as pedestrian and cycle routes. All gateways should make a statement, reflecting the quality of the Grid and individual character of the surrounding area. Some Green Grid projects may incorporate a gateway, as one component of the overall project.

5. Major development sites - Green Grid provides the opportunity and a rationale for greenspace within new developments and as part of targeted regeneration projects.

6. Wider area initiatives – land management and habitat enhancement projects. In Swale there is a strong focus on the marshes, but land management projects are also concentrated on the chalk downs, areas of ancient woodland and heritage orchards. New projects may offer scope to enhance degraded areas, reinforcing local landscape character and ecological value. Changes in agricultural practice and the associated environmental grant structure will have a role to play.

3.2 Strategic Green Grid Framework Plan



Map 5 - Strategic Green Grid Framework
(See Page 24)

3.2.1 'Layers' of key information

Swale's Strategic Green Grid Framework Plan is informed by combining key information from the landscape character, landscape significance, ecological network and accessibility maps. This is essentially a 'sieve mapping' process, which takes account of these key influences and highlights areas and connections which should be part of Swale's strategic Green Grid network.

3.2.2 Strategic Green Grid Framework Plan

The strategic Green Grid routes focus on the principal connections between:

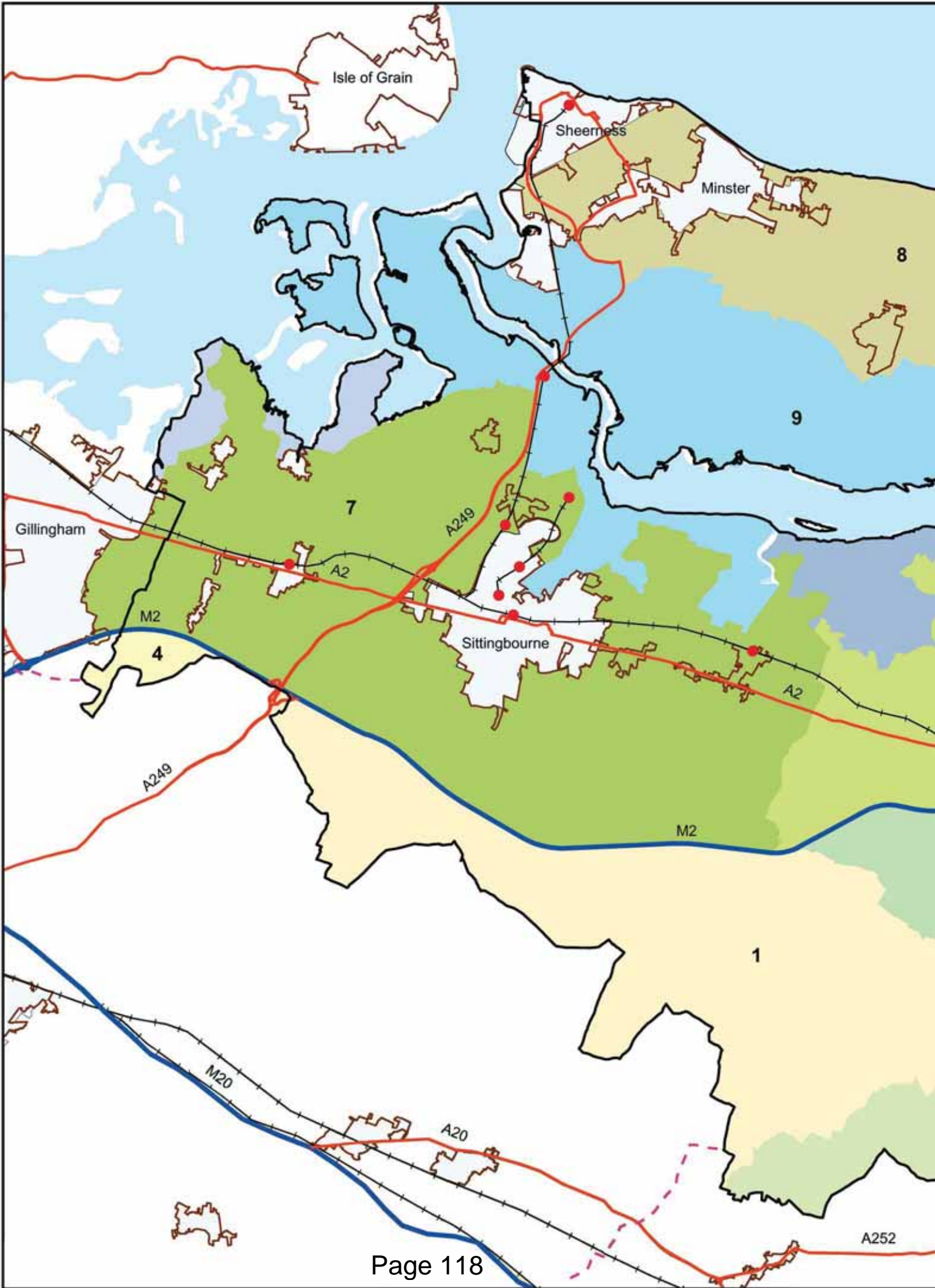
- centres of population and the wider countryside, taking account of the location of railway stations, places of interest and opportunities to experience the different types of landscape in Swale

- nationally important habitats and areas where there is potential for habitat creation and enhancement, taking account of the data from the ecological network model.

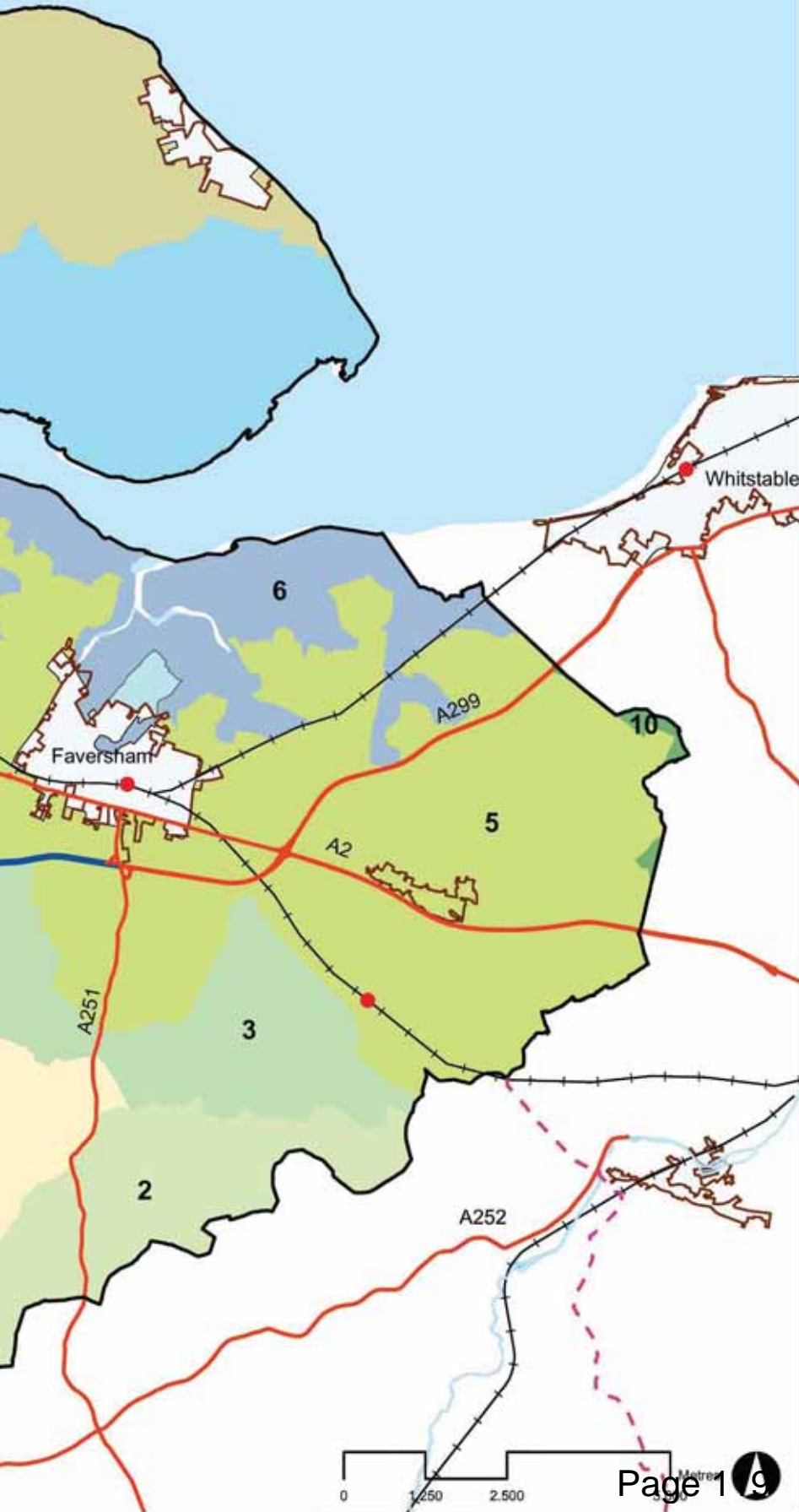
The Strategic Green Grid Framework Plan illustrates only the strategic Green Grid routes, which provide an overall framework for the network of smaller routes and public access and habitat enhancement projects which together make up the Green Grid.

The existing strategic Green Grid routes are along the Swale estuary and marshes – the Saxon Shore Way and National Cycle Route One. The Faversham circular walks, the Sheppey cycle routes and the Strategic Green Grid Framework Plan illustrates the principal of connections between key settlements and the North Downs Way, with promoted strategic Green Grid routes and appropriate landscape or habitat enhancement projects within the chalk valleys which link the Downs to the Swale.

The proposed routes are broadly aligned to link places of interest, villages and areas with potential for habitat enhancement.



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- 1. Bicknor: Mid Kent Downs
 - 2. Challock: Mid Kent Downs
 - 3. Faversham Fruit Belt: Mid Kent Downs
 - 4. Chatham Outskirts: Mid Kent Downs
 - 5. Eastern Fruit Belt
 - 6. Eastern Swale Marshes
 - 7. Fruit Belt
 - 8. North Sheppey
 - 9. Swale Marshes
 - 10. The Blean
- Existing Built up Areas
 - Swale Borough Council Boundary
 - District Council Boundaries

Data from Kent County Council & Jacobs Babbie
Kent County Landscape Character Assessment, 1994

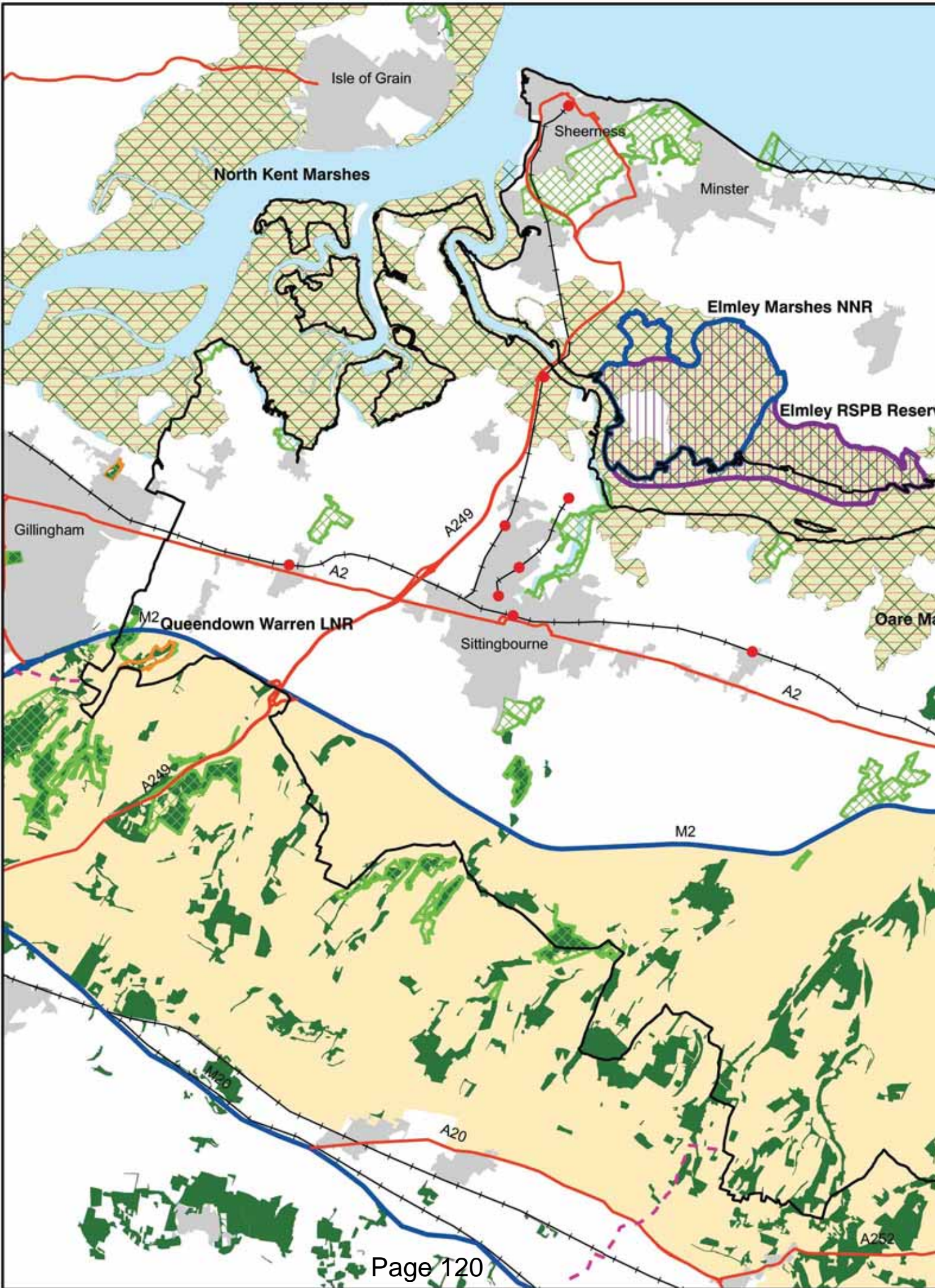


SWALE GREEN GRID STRATEGY

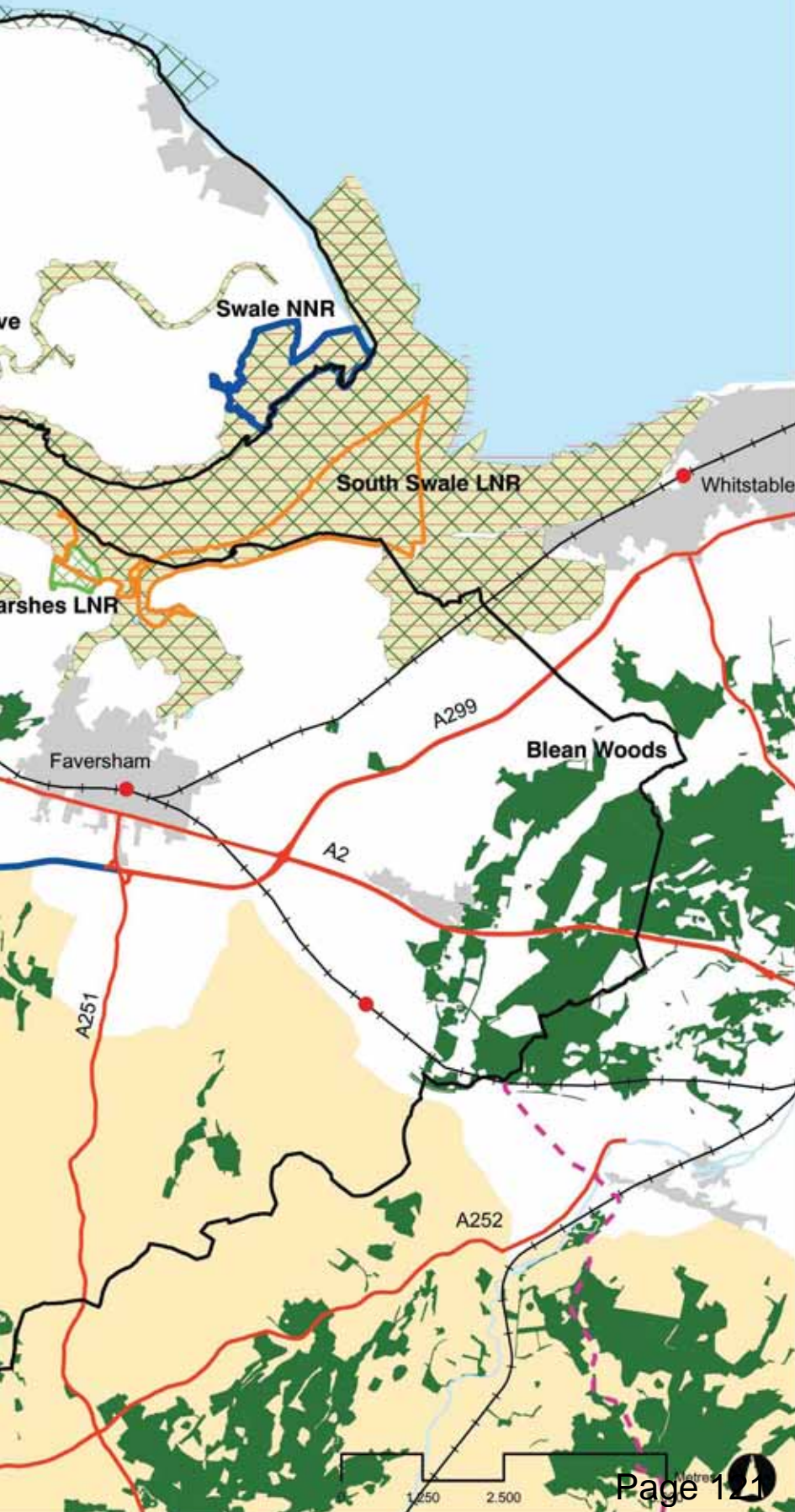
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MAP 1

Map 2 - Swale Green Grid Strategy: landscape & biodiversity importance



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- Kent Downs AONB
- Ramsar Site
- Special Protection Area
- Special Areas of Conservation
- National Nature Reserves and RSPB Reserves
- Elmley NNR
- Site of Special Scientific Interest
- Local Nature Reserves
- Local Wildlife Site
- Ancient woodland

- Existing Built up Areas
- Swale Borough Council Boundary
- District Council Boundaries

Swale
BOROUGH COUNCIL
1998-2011

sheils flynn

SWALE GREEN GRID STRATEGY

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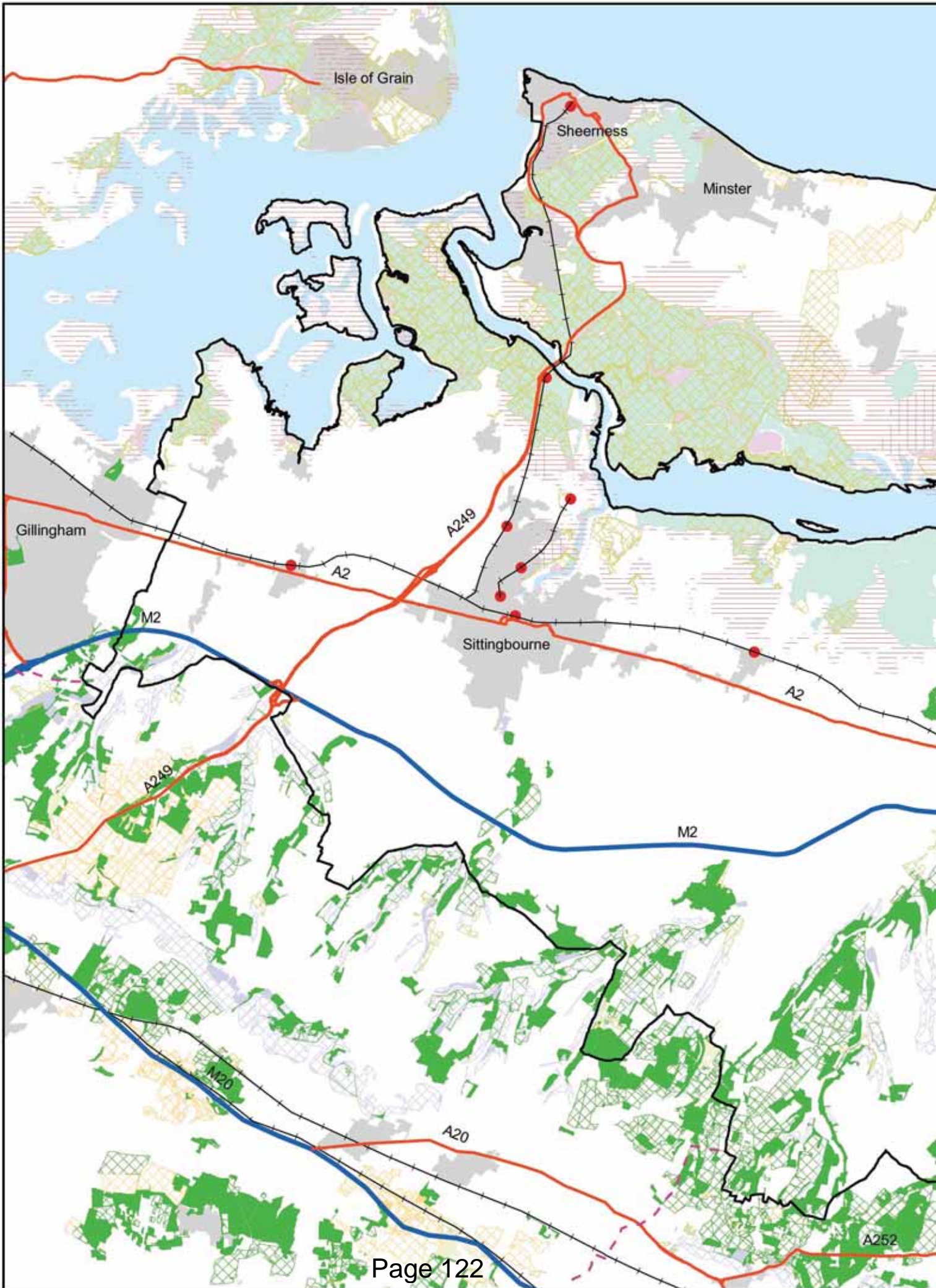
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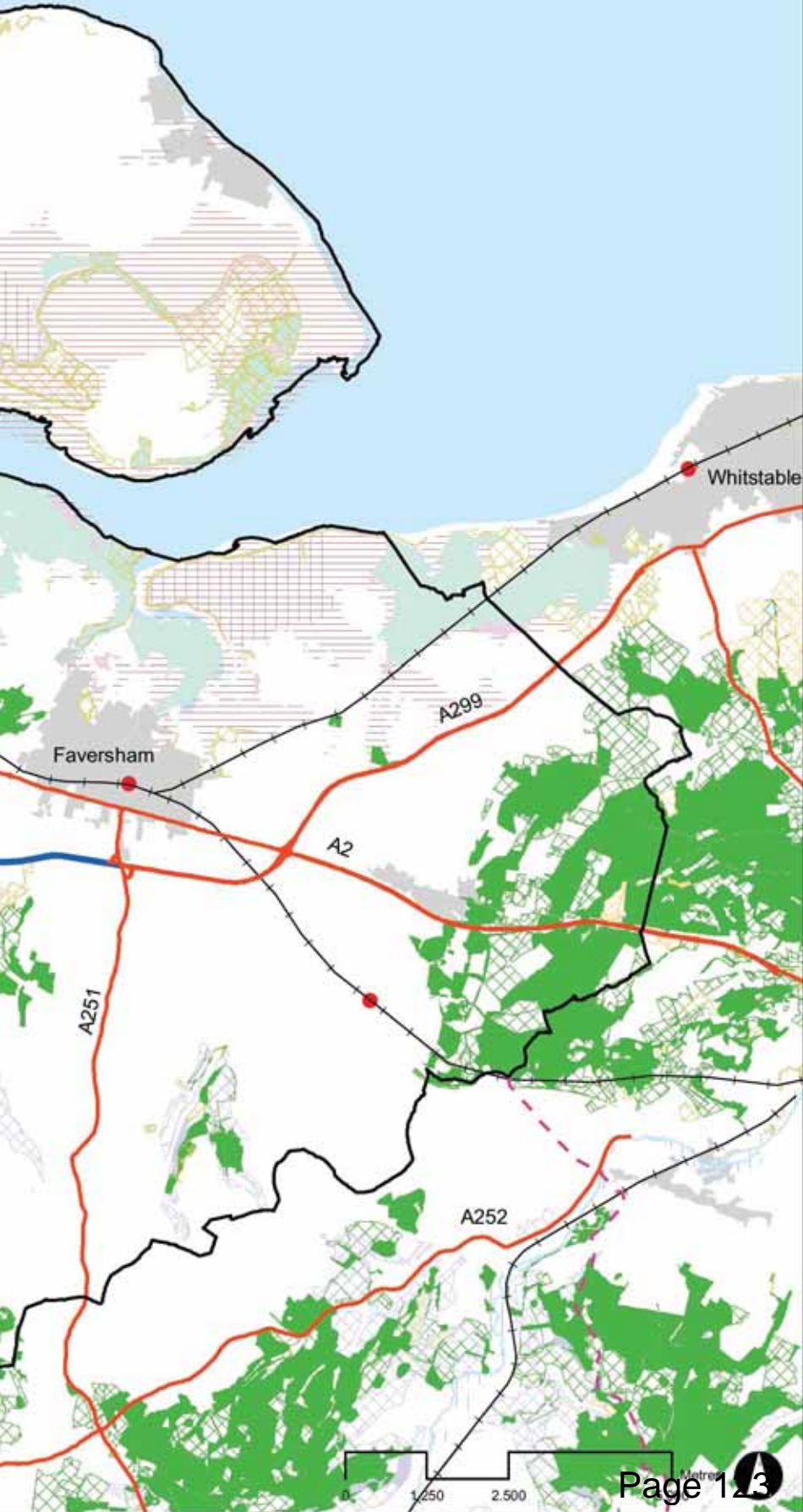
Landscape and Biodiversity Importance

232/FS/013

MAP 2



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Existing Ecological Network

- Ancient Woodland
- Acid Grass & Heath
- Chalk Grass
- Lowland meadow
- Grazing Marsh
- Fen & Swamp

Potential Ecological Network

- Woodland
- Acid Grass & Heath
- Chalk Grass
- Neutral Grass
- Wetland
- Intertidal

Existing Built up Areas

Swale Borough Council Boundary

District Council Boundaries

Data from Kent Wildlife Trust
A Living Landscape for Kent - Ecological Network Map, 2007



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SWALE GREEN GRID STRATEGY

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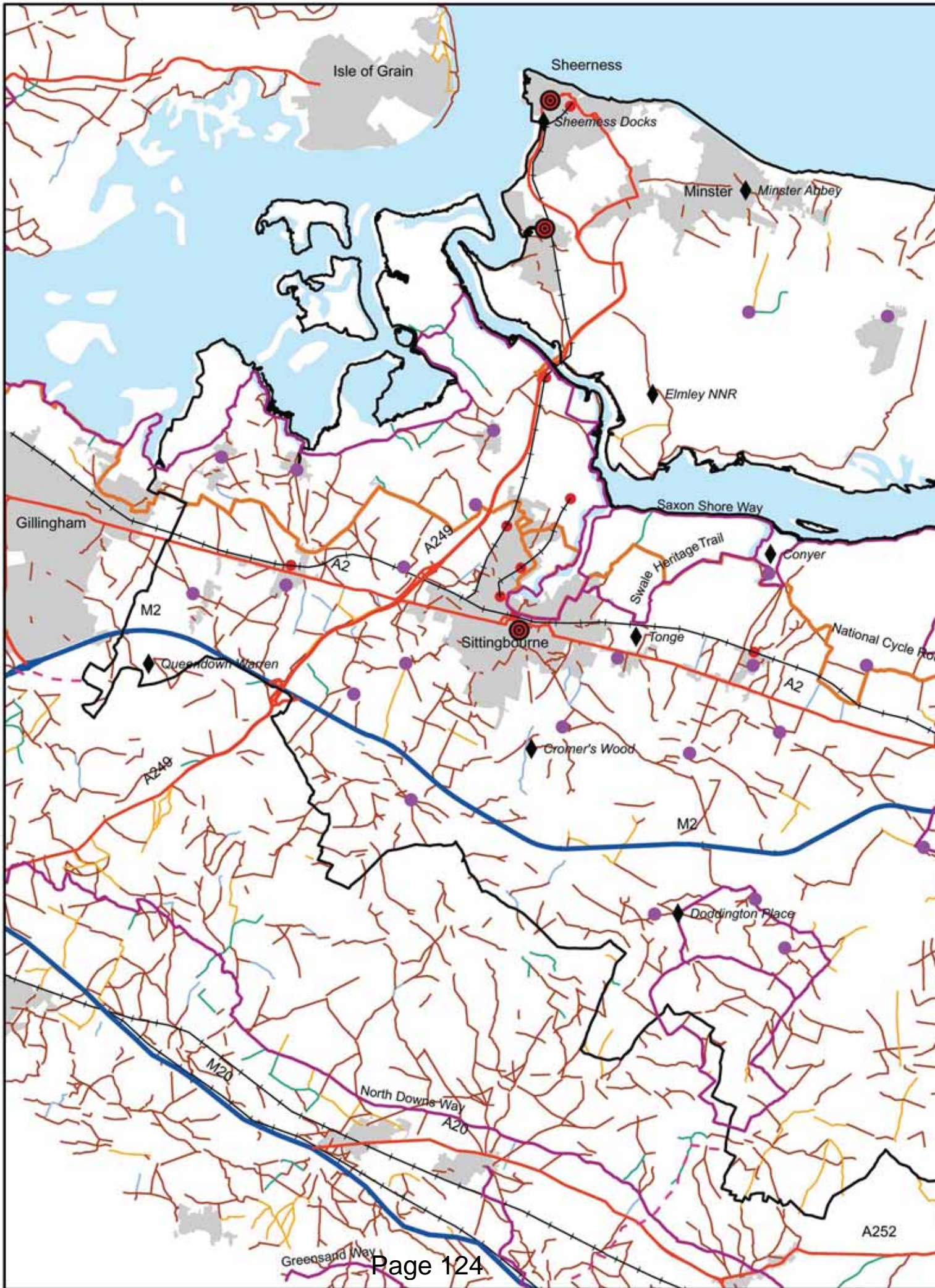
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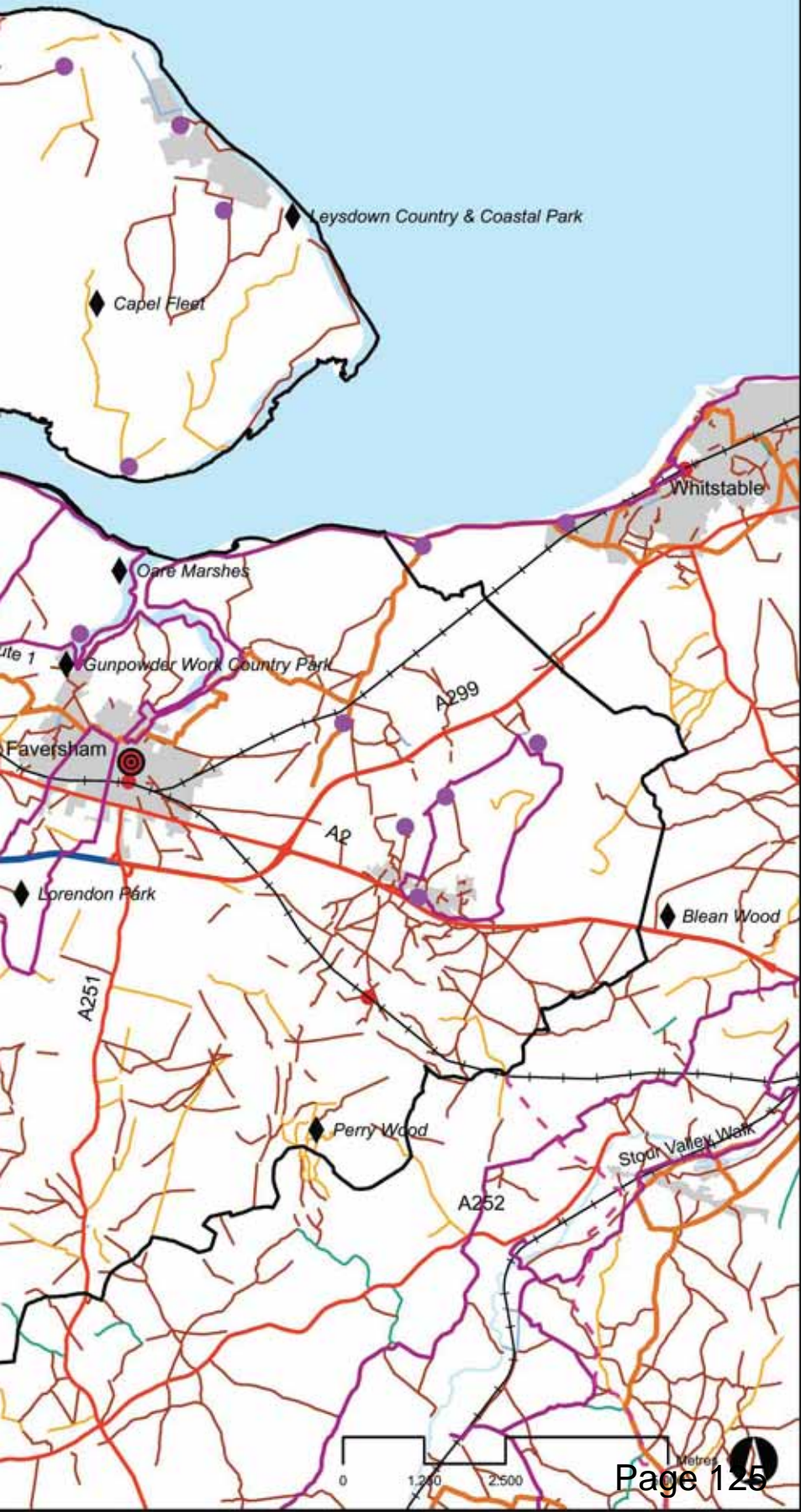
Ecological Network Mapping 232/FS/014

MAP 3

Map 4 - Swale Green Grid Strategy: Accessibility



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- Promoted Footpaths
- Promoted Cycleways

Public Rights of Way

- Bridleway
- Byway
- Footpath
- Restricted Byway

- ◆ Places of Interest
- Villages with Pubs
- ◎ Principal Towns

- Existing Built up Areas
- Swale Borough Council Boundary
- District Council Boundaries



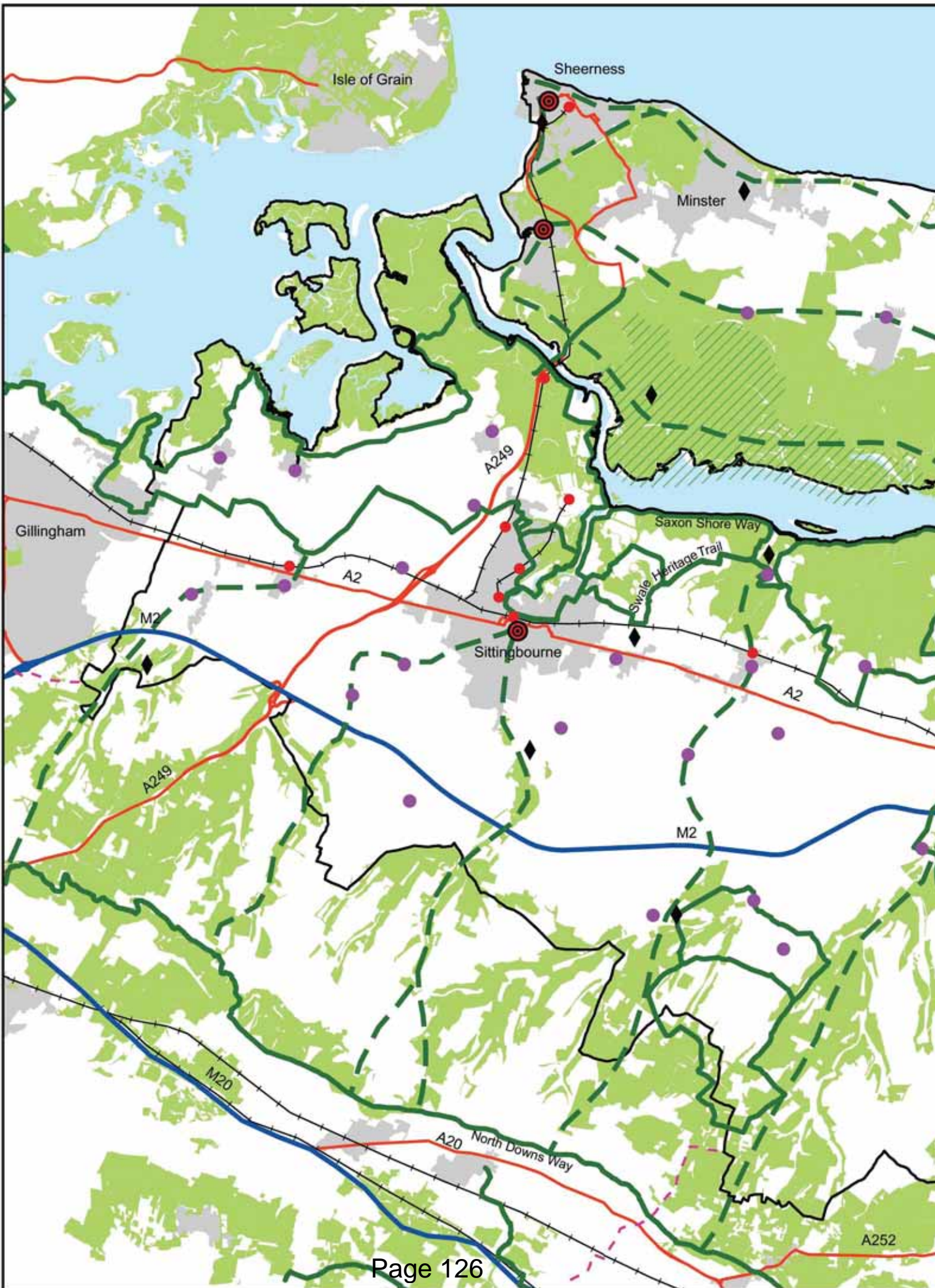
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SWALE GREEN GRID STRATEGY

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Map 5 - Swale Green Grid Strategy: Strategic Green Grid Framework



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-  Strategic Green Grid Route
-  Proposed Strategic Green Grid Route
-  Existing Nature Conservation Sites with Public Access
-  Areas with Potential for Habitat Creation and Enhancement
-  Places of Interest
-  Villages with Pubs
-  Principal Towns
-  Existing Built up Areas
-  Swale Borough Council Boundary
-  District Council Boundaries

Data from Kent Wildlife Trust
A Living Landscape for Kent - Ecological Network Map, 2007



SWALE GREEN GRID STRATEGY

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**Strategic
Green Grid Framework**

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MAP 5

Annex A - National Policy

Policy document	Relevance
<p><i>DEFRA Biodiversity 2020: A strategy for England's wildlife and ecosystem services</i></p>	<p>A national strategy for England's wildlife and ecosystem services. Sets out the strategic direction for biodiversity policy to 2020 on land (including rivers and lakes) and at sea.</p>
<p><i>Joint Strategic Needs Assessment (JSNA)</i></p>	<p>The Local Government and Public Involvement in Health Act 2007 require PCTs and local authorities to produce a Joint Strategic Needs Assessment (JSNA) of the health and wellbeing of their local community. They identify the key issues affecting health and wellbeing of local people.</p>
<p><i>National Planning Policy Framework (NPPF)</i></p>	<p>PPG 17 - Planning for Open Space, Sport and Recreation, 2002 requires local authorities to undertake an assessment of their existing and current open space needs. This open space audit is part of Swale's Open Space Strategy and informs decisions on the distribution and function of open space. It also highlights areas of open space deficiency, taking account of Natural England's national targets for access to natural green space.</p> <p>PPS 7 – Sustainable Development in Rural Areas, 2005 aims to improve the quality and sustainability of local environments and neighbourhoods, while continuing to protect valued landscapes and natural resources. The implementation of Swale's Green Grid Strategy will further the same aims.</p> <p>PPS 9 – Biodiversity and Geological Conservation, 2004 is an extension of the Government's biodiversity strategy, Working with the Grain of Nature: a Biodiversity Strategy for England, 2002. PPS 9 sets out the way in which the Government's policies for the conservation of biological and geological diversity should be reflected in land use planning. Swale's Green Grid offers a key tool for the delivery of biodiversity in line with Kent's Living Landscapes ecological network model and in a manner which is sensitive to the inherent character of Swale.</p>
<p>The DEFRA Natural Environment White Paper (NEWP) The Natural Choice: securing the value of nature (2011)</p>	<p>The natural environment covers living things in all their diversity: wildlife, rivers and streams, lakes and seas, urban green space and open countryside, forests and farmed lands.</p>
<p><i>Localism Act 2011</i></p>	<p>The key components of the Act include:</p> <ul style="list-style-type: none"> • new freedoms and flexibilities for local government • new rights and powers for communities and individuals • reform to make the planning system more democratic and more effective • reform to ensure that decisions about housing are taken locally

Regional Policy

Policy document	Relevance
<p><i>South East Local Enterprise Partnership – Rural Strategy 2015 - 2021 (2015)</i></p>	<p>A strategy to enable continued economic growth, absorb the development of new infrastructure, business and urban expansion and to manage the rural environment to provide clean air, water and safe and nutritious food for the growing population. Protecting landscape and habitats, safeguarding rural communities</p>
<p><i>Kent Nature Partnership – Kent Biodiversity 2020 and beyond – a strategy for the natural environment 2015-2025</i></p>	<p>Sets out the framework including priorities for the natural environment in Kent and Medway recognising that actions will be delivered by organisations and individuals across the county.</p>
<p><i>Kent County Council a Strategy for environment, economy and health, March 2016</i></p>	<p>Strategy recognises Kent’s unique, rich and diverse environment which provides significant benefits to the county’s economy and the health and wellbeing of its residents. It sets out challenges – air quality, transport, water, severe weather, heat and flooding, land-use changes, biodiversity, energy consumption and generation. The strategy has been developed to provide a framework to ensure that resources are utilised to greatest impact.</p>
<p><i>Local Transport Plan, Kent County Council, 2006-11</i></p>	<p>Kent’s Local Transport Plan aims to provide good, safe accessibility to jobs and services for all sections of the community, to improve the environment and health of the community and to widen the choice of available transport by developing public transport and promoting walking and cycling. The Swale Green Grid will make a strong contribution to all these policy objectives.</p>
<p><i>Kent Downs Area of Outstanding Natural Beauty Management Plan, 2014-2019</i></p>	<p>Running along the southern boundary of Swale, the Kent Downs Area of Outstanding Natural Beauty (AONB) is an internationally recognised natural landscape area designated under the National Parks and Access to the Countryside Act 1949 and protected by various statute including the Countryside and Rights of Way Act 2000. The AONB management plan provides the management framework for the AONB. The AONB is an important landscape and recreational resource for the communities of Swale and Swale’s Green Grid will take account of, and develop options for, access to the AONB. Of particular relevance are policies relating to the sustainable management of the AONB’s landscapes, visitor facilities, open access sites and public rights of way, opportunities for sustainable tourism and high quality interpretation and the provision of coordinated information about visitor use, recreation and access across the AONB.</p>

Local Policy	
Policy document	Relevance
<i>Swale Corporate Plan 2015 - 2018</i>	See separate table in Annex B
<i>Sustainable Community Strategy(updated 2012) to 2031</i>	<p>Details priorities to 2031 Targets are summarised under 7 key themes. The implementation of Swale's Green Grid will make a direct contribution to the delivery of 4 of the themes:</p> <ul style="list-style-type: none"> • Vibrant and safe – provide accessible, safe but interesting public spaces and recreation facilities where there are fulfilling opportunities for everyone • Green and clean – ensure that preservation and enhancement of the natural environment is fully integrated into Swale's regeneration and renewal and to create a sustainable network of green public open space • Connected – an efficient and integrated sustainable transport and communication network, capable of supporting a growing population and increased economic opportunity • Sustainable neighbourhoods – exemplary urban and rural environments in which people chose to live and work.
<i>Swale Landscape Character and Biodiversity Appraisal (Jacobs, 2011)</i>	Incorporates both landscape and biodiversity elements without one study; it provides an evidence base to protect highly valued local areas of landscape within Swale as well as a useful tool for planners, land managers, developers and conservation bodies
<i>Swale Regeneration Framework, 2006 – 2016, Swale Forward</i>	Swale's Regeneration Framework sets out the overall vision for regeneration in Swale. The key locations for regeneration highlighted in the Framework are also listed within the Swale Green Grid Strategy and there is a direct link between investment in regeneration and investment in the Green Grid network. The Green Grid Strategy also reflects the emphasis in the Regeneration Framework on sense of place and the need to ensure that physical development contributes to local identity and distinctiveness
<i>Bearing Fruits 2031: The Swale Borough Local Plan 2014 - 2031</i>	The Swale Borough Local Plan, contains a range of policies and proposals aimed at protecting and raising environmental quality and increasing the provision of new open spaces accessible by local communities. Sites proposed for development, particularly those within the urban areas, will be required to provide new green and open spaces which will all contribute to the wider Green Grid objectives.

Annex B - Links to Swales Corporate Plan

Swale Corporate Plan & Swale Green Grid: Cross-cutting themes & priorities

Swale Corporate Plan Priorities	Green Grid benefits
<p><i>A Borough to be proud of...</i></p>	<p>Attract investment – Provide a setting for investment, complementing inward investment in homes, jobs and tourism. High quality landscape settings and integrated access will enhance property values and help to attract investors and residents</p> <p>Employment opportunities - large scale green space provision can also have a direct impact on the local economy providing employment opportunities for local contractors, nurseries and grounds maintenance contractors through both the public and private sectors. Opportunities are likely to be generated in the fields of outdoor education, play leadership, horticultural therapy, sport supervision and countryside interpretation.</p> <p>There may also be the scope to develop commercial operations based on timber crops and green waste recycling.</p>
<p><i>A Community to be proud of...</i></p>	<p>Reinforce local distinctiveness - a strong landscape infrastructure will establish urban and rural character and provide a setting for new development, promoting a sense of place and installing community pride.</p> <p>Sustainable transport - accessible greenspace and wildlife areas along with an integrated network of safe, attractive cycle and pedestrian routes are at the heart of the Green Grid. The network of green routes will enhance access to green space but will also provide safe, attractive routes to schools, work and shops providing a real alternative to car based travel.</p> <p>Contact with nature - landscape improvements based on sustainable principles will bring people closer to nature and provide both physical and visual contact with wildlife and natural environments.</p> <p>Manage greenspace assets - the Green Grid will maximise the potential of the greenspace resource of the Borough, which ranges from cemeteries and pocket parks to allotments, private gardens and parks, to serve local needs whilst ensuring that more sensitive sites and wildlife areas are protected for future generations.</p> <p>Enhance biodiversity value - the Green Grid will substantially benefit local wildlife, contribute to local Biodiversity Action Plan objectives and raise awareness of biodiversity issues amongst local residents. Existing areas of ecological interest will be identified and enhanced, development of new spaces and the review of current open space, squares and streetscapes will create opportunities for additional habitat as well as green corridors to increase connectivity between natural areas which will assist colonisation and the movement of wildlife.</p> <p>Environmental education - Through the adoption of sustainable management practices in all greenspace areas, wildlife will be brought into the urban area and closer to people providing opportunities for education, interpretation and contact. This will help to increase quality of life and provide a platform for raising awareness of biodiversity and sustainability issues.</p>

Swale Corporate Plan Priorities	Green Grid benefits
	<p>Recreation - The Green Grid will improve access to meet the needs of a larger number of people, identify opportunities for open space and access creation within existing and new developments and ensure a coherent and integrated approach to open space and access provision. It will also provide improvements in both the quality and quantity of facilities for formal and informal recreation. This is has been identified as the highest cultural priority by residents of the Borough. Drawing on an objective assessment of current provision and community needs</p> <p>Community engagement - In addition to preserving and celebrating local heritage and culture, the Green Grid will have a direct practical, cultural and social role. Accessible green spaces in close proximity to where people live will provide opportunities for social interaction, cultural events and other non-recreation activities such as volunteering, environmental education, art festivals and outdoor performance. Opportunities for community involvement will provide a common interest and promote social engagement. Involvement will also create a sense of local achievement and pride of place which can do much to raise community aspirations and will, over the longer term, help to ensure successful ownership and protect investment in the landscape.</p> <p>Healthy lifestyles - preventative health care is increasingly highlighted as a principal benefit of adopting a bold approach to greenspace planning and implementation. Contact with greenspace can reduce stress and contribute to health and a sense of well being. Involvement in greenspace can benefit people with sensory and other disabilities. An integrated, accessible and diverse greenspace also promotes and provides opportunities and facilities for more active exercise whether through formal sport, organised activities or informal recreation.</p> <p>Education - the local landscape is a valuable learning asset at all levels providing a wealth of cultural, social, historical, natural heritage and environmental resources. The Green Grid will help to identify and protect these resources and, through interpretation and in partnership with interest groups, increase access and local appreciation. The Green Grid will also provide practical training opportunities (for instance in horticulture, countryside management, interpretation and construction, helping to address the increasing shortage of people with practical skills.</p>
<p><i>A Council to be proud of...</i></p>	<p>Partnership working - Sustainable principles are being promoted and supported in relation to new developments, in agriculture, across business and in daily lives. Mechanisms, partnerships and the knowledge to deliver landscape and access enhancements exist within the public, private and voluntary sectors. The Green Grid Strategy can ensure that this effort is co-ordinated towards a common plan, by providing access to advice and support, promoting best practice and identifying deficiencies in the network and delivery process.</p> <p style="text-align: center;">Page 132</p>

Contacting Swale Green Grid Partnership

Swale Green Grid Partnership

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Cabinet Meeting	
Meeting Date	01 February 2017
Report Title	PUBLIC CONVENIENCES CONTRACT 2017-2022
Cabinet Member	Cllr David Simmons Cabinet Member for the Environment and Rural Affairs
SMT Lead	Dave Thomas, Head of Commissioning and Customer Contact
Head of Service	Dave Thomas, Head of Commissioning and Customer Contact
Lead Officer	Alan Turner, Contracts and Procurement Manager
Key Decision	Yes
Classification	Open
Forward Plan	Reference number:
Recommendations	<ol style="list-style-type: none"> 1. That the Cabinet approves the appointment of Monitor Services Ltd for an initial period of five years. 2. To delegate authority to the Head of Commissioning and Customer Contact, in consultation with the Cabinet Member for Environmental and Rural Affairs, to complete the contract award.

1. Purpose of Report and Executive Summary

- 1.1 The contract to provide Minor Maintenance and Public Convenience Cleaning to the Borough's public toilets ends on 31 March 2017. The Contracts and Procurement Team (together with Maidstone Borough Council colleagues) carried out a two stage tender process for a new contract, based on the most economically advantageous tender (MEAT) which was evaluated on 60% price and 40% quality, in accordance with the Council's policy standard ratio for tenders.
- 1.2 This report summarises the procurement process and its results, and seeks Cabinet approval of the recommended contractor.

2 Background

- 2.1 The opportunity was advertised in accordance with current Contract Standing Orders, with interested parties asked to complete an Invitation to Tender. Tenderers replied and scores were allocated according to the criteria explained in the tender document.

- 2.2 As is usual, the opportunity for joint procurement with Mid Kent authorities was explored, and as a result Swale BC entered the tendering process in partnership with Maidstone BC. The procurement was led by Swale BC, with the objective of securing a joint Minor Maintenance and Public Conveniences Cleansing contract in the expectation that this would be the most cost-effective option.
- 2.3 Nonetheless, in line with regulation 46 of the Public Contract Regulations 2015, the tender was also divided into two Lots: Lot One – Swale; and Lot Two - Maidstone. As it turned out, based on the tenders there is an economically advantageous benefit in awarding separate Lots, and the recommendation is therefore based on Lot One (Swale only). Maidstone BC will conduct their own process of award within the procurement guidelines set by Swale.
- 2.4 In November 2016 as a legal requirement a notice was placed in the Official Journal of the European Union and other media circulations, inviting tenders for the Public Conveniences Cleansing Contract to run from April 2017 until March 2022, with an optional extension period of two years subject to satisfactory performance and at the Council's sole discretion.
- 2.5 Nine companies submitted tendered bids for consideration by the due date. Officers from both Swale and Maidstone then evaluated the bids based on the instructions that had been issued in the Invitation to Tender documents that were sent out as part of the contract tender package.
- 2.6 Based on the criteria contained within the Invitation to Tender Documents, nine bids satisfied the stage one suitability assessment of the Instructions to Tender. Following this an initial headline assessment (stage two) was undertaken, which resulted in eight tenders being evaluated for Lot One. The ninth company only bid for Lot Two.
- 2.7 Eight compliant tenders were received for Lot One, ranging in value from £209,990 to £331,707 per annum, which were ranked 1-8 accordingly on price.
- 2.8 The eight companies were then assessed at the technical/quality stage of the process, and were awarded points based on the specified requirement of the Invitation to Tender document.
- 2.9 All of the tenders met the requirements of the specification, and one exceeded the requirement, but at a significantly higher cost. Company One (Monitor Services Limited) offered the most competitive price and, based on their submission, can provide the requisite level of service specified, whilst demonstrating some innovation in their approach to service delivery. This company currently provide a similar service for Dover District Council, and through references we have been able to confirm that they provide a satisfactory service.

2.10 The formal outcome of this assessment is shown the table below

Company	Price 60 pts maximum	Quality 40 points maximum	Total Points
Company 1 (Monitor Services Ltd)	60.00	28.00	88.00
Company 7	40.43	36.00	76.43
Company 5	48.89	27.00	75.89
Company 3	55.02	20.00	75.02
Company 4	51.98	22.00	73.98
Company 6	43.33	25.00	68.33
Company 2	56.00	11.00	67.00
Company 8	37.98	16.00	53.98

- 2.11 Monitor Services Ltd is an organisation with over 150 directly employed staff and several other similar contracts within the South East of England, including Dover DC. Their tender price was competitive, and they they met the requirements of the specification under the quality evaluation, based on the evidence of their track record, policies and procedures, and approach to social value. Monitor Services Limited therefore submitted the overall most economically advantageous tender.
- 2.12 The winning bid represents a saving of c£30,000 per annum against the current contract costs.

3 Proposal

- 3.1 Cabinet is recommended to approve the proposal to enter into a contract with Monitor Services Limited for a five year contract, with the option after five years to extend the contract for a further two years, totalling seven years, subject to satisfactory performance and at the Council's sole discretion.

4 Alternative Options

- 4.1 One option is to not award a contract. This is not recommended as whilst the provision of public conveniences is a discretionary area of service, if we are to provide them, then we are obliged to clean and maintain the facilities appropriately.
- 4.2 The tender mechanism provided the opportunity to explore cost efficiencies through a joint tender with Maidstone BC, though ultimately it proved economically advantageous to award the two lots to different providers.

5 Consultation Undertaken or Proposed

- 5.1 Consultation has taken place with the Commissioning and Procurement Team throughout the tendering process to ensure that Swale's formal procedures have been followed.

6 Implications

Issue	Implications
Corporate Plan	<p>A Borough to be Proud of - Objective 1.4: Protect and improve the natural and built environments.</p> <p>A Council to be proud of – improve residents' perceptions and customer experiences.</p>
Financial, Resource and Property	The recommended bid represents an annual saving against current costs of approx. £30,000 per annum, or £150,000 whole contract life savings (without a contract extension).
Legal and Statutory	<p>Section 87 Public Health Act 1936 states that Local Authorities have discretionary powers, but not a duty, to provide public conveniences.</p> <p>Disability Discrimination Act 1995. The Disability Discrimination Act 1995 and subsequent Special Educational Needs and Disability (NI) Order 2005 gives people with disabilities important rights not to be discriminated against. A list public conveniences with disabled facilities is provided in Appendix I.</p> <p>The Transfer of Undertakings (Protection of Employment) Regulations 2006 as amended ('TUPE') do apply to this contract, and the implications of this have been addressed in the procurement process.</p>
Crime and Disorder	Public toilets can provide an environment for anti-social behaviour including drug misuse, graffiti, vandalism and voyeurism, although the list is not exhaustive.
Sustainability	Contract Conditions are in place to ensure sustainability of the contract for its due term of five years.
Health and Wellbeing	<p>There are many specialist user groups who suffer from medical conditions that require immediate access to the toilet. Access to clean, hygienic public toilets is regarded by many as a basic human right, fulfilling an important requirement for health and well-being, equality, social inclusion, and both private and public decency. The health and well-being of residents and visitors alike is well served by the provision of clean and hygienic public toilets.</p>
Risk Management and Health and	Each facility is either visited daily or has a full time attendant to

Safety	<p>address health and safety issues.</p> <p>Appropriate risk assessments are undertaken annually, along with regular legionella testing on a monthly routine.</p>
Equality and Diversity	<p>Disabled facilities are available in some facilities but not all (see Appendix I).</p>
Social Value	<p>Monitor Services Ltd has a policy of whenever possible recruiting locally, and all staff employed on the Dover Contract, other than one, are from the local area.</p> <p>In addition:</p> <ul style="list-style-type: none"> ▪ Local employment as a KPI measure - Monitor Services Ltd produce a suite of key performance indicators (KPIs) which are formally reported to clients and management on a regular basis, usually monthly. Part of this suite of reports is a KPI on local employment, which enables us to set targets for this and report on performance to ensure they are met; and ▪ Local Suppliers - Monitor Services Ltd are committed to creating benefits for the local economy when fulfilling their contracts. Monitor have a policy to use local suppliers for their products and chemicals, and this will also be the case for Swale if the contract is awarded.
Commissioning and Procurement	<p>Consultation has taken place with the Commissioning and Procurement Team throughout the tendering process to ensure that Swale's formal procedures have been followed</p>

7 Appendices

7.1 The following documents are to be published with this report and form part of the report:

- Appendix I: Swale Public Conveniences illustrating disabled facilities.

8 Background Documents

8.1 None.

List of public conveniences in Swale

Public convenience	Disabled Facilities	Baby Change Facility
Faversham Central Car Park	Yes	Yes
Faversham Rec	No	No
Spinney Toilets, Leysdown	Yes	No
Grove Toilets, Leysdown	Yes	Yes
Queenborough Toilets	Yes	No
Bartons Point Toilets	Yes	No
Rose Street, Sheerness	Yes	Yes
Halfway Cemetery	No	No
Milton High Street, Sittingbourne	No	No
Forum, Sittingbourne	Yes	Yes
Central Avenue, Sittingbourne	Yes	Yes
King Georges, Sittingbourne	No	No

Cabinet Response to the Scrutiny Committee Recommendations

Leisure and Tourism Review

Scrutiny Recommendations	Cabinet Response	Cabinet Member	Lead Officer
(a) Promotion and marketing		Cllr Mike Cosgrove	Lyn Newton
i) to commit a minimum of £25,000 to the tourism base budget to allow for substantial marketing and promotion of Swale as a tourist destination;	A Visitor Economy Strategy is currently being developed and will identify tourism priorities and make budget recommendations		
ii) to agree an objective of growing Swale tourism by 5 – 10% over the next four years;	Visitor Economy Strategy will set out target market segments in conjunction with industry		
iii) to consider as part of the future tourism plans the best forms of branding of Swale.	To be included as part of the work to be undertaken Visitor Economy Strategy		
(b) Visitors and local infrastructure		Cllr Mike Cosgrove	Lyn Newton
i) SBC should identify and provide sufficient coach parking in convenient locations to meet the demands of all visitors to Swale;	Internal discussions with parking team underway on this critical issue		
ii) SBC should work closely with tourist attractions to ensure the Borough has a comprehensive coverage of up to date “brown tourist signs”, including on strategic routes;	Technical help is provided to visitor attractions through Visit Swale and Visit Kent using national visitor signing guidance and will continue		
iii) provision of more local signs;	Will be reviewed as part of Visitor Economy Strategy		
iv) consideration given to whether the funding of these signs could be	Will be reviewed as part of Visitor Economy Strategy		

supported by SBC, either through a new fund, Member grants, Section 106 grants or a combination of these;			
v) SBC should make sustained efforts to influence KCC Highways and Highways England to fulfil their responsibilities to keep roads clean, and do the same with Network Rail in relation to the approaches to local stations.	Establish high level tourism stakeholder group to monitor Visitor Economy Strategy including external drivers impacting on tourism, leisure and hospitality		
(c) Working with the local tourism sector:		Cllr Mike Cosgrove	Lyn Newton
i) that SBC facilitates the establishment of collaborative groups preferably led by the private sector and/or voluntary sector;	This is a model that has worked well in other LA areas where Visitor Economy Strategies and/or Destination Management Plans have been developed		
ii) that SBC establishes a challenge fund of £3,000 to support new activities or events.	Will be reviewed as part of Visitor Economy Strategy		
(d) Research and intelligence:			
i) to conduct a full economic assessment of tourism in Swale. It is understood that this has been arranged to cover 2015 using "Destination Research". This should be repeated strictly every three years which has not recently been met;	Model has been run based on 2015 data and the Visitor Economy Strategy will contain performance measures including volume and value data ; noted requirement for performance monitoring every three years		
ii) additionally extra information should be sought from useful reports available on the tourism market;	Council is in membership of Visit Kent and British Destinations Association and has access to tourism research and data on demand. The services of these and other agencies will be used in the preparation of the Visitor Economy Strategy		
iii) to make contact with several other similar Boroughs to develop a	Districts meet twice a year through Visit Kent and		

benchmarking programme to seek the best ways of increasing the economic and cultural effects of tourism. A minimum of £2,000 pa should be set aside for research.	the matter can be considered through this Forum.		
(e) Financial and other support to the sector:			
i) SBC to proactively assist local tourist organisations to find and bid for grants to increase tourism;	Noted		
ii) consider the creation and promotion of a challenge fund worth around £5,000, subject to future review, which local tourism businesses could bid for;	State Aid rules may apply and a review will be undertaken to see how/if this might be best achieved		
iii) that SBC increases the availability of officer time to ensure the best possible potential achievement of all the recommendations made by the Scrutiny Committee.	Will be reviewed as part of the Visitor Economy Strategy		

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Recommendations for Approval

South Thames Gateway Building Control Joint Committee – 8 December 2016

Renewal of STG Partnership for a 3rd Term

Resolved that:

(1) Members recommend to Gravesham, Medway and Swale Councils that the South Thames Gateway Building Control Partnership continues for a third term from 1 October 2017 and requests that the Director of the Partnership, in consultation with the Officer Steering Group, submit reports to the respective authorities together with the Business Plan 2017/20 incorporating the financial plan up to 2020.

STG Business Plan 2017-2020

Resolved that:

(1) The Joint Committee approves the updated version of the Draft Business plan for submission to the Cabinet of each partner authority to approve the Final Draft Business Plan.

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Recommendations for approval

Swale Joint Transportation Board – 19 December 2016

MINUTE NO. 1080 - INFORMAL CONSULTATION ON PROPOSED WAITING RESTRICTIONS - FAIRVIEW ROAD, SITTINGBOURNE

(1) That the Traffic Regulation Order on proposed double yellow lines in Fairview Road, Sittingbourne proceed, as per the second consultation.

MINUTE NO. 1081 - FORMAL OBJECTIONS TO TRAFFIC REGULATION ORDER SWALE AMENDMENT 5

(1) That the proposed Traffic Regulation Order be progressed.

MINUTE NO. 1082 - UPDATE REPORT - PROPOSED RESTRICTIONS CAPEL ROAD, SITTINGBOURNE

(1) That the proposed restrictions be abandoned and the site be monitored.

MINUTE NO. 1083 - UPDATE ON THE PROGRESS OF THE SWALE FREIGHT TRANSPORT PLAN

(1) That the Draft Freight Management Plan be submitted to DEFRA, to include all the recommendations agreed by the Board at the 12 September 2016 JTB meeting.

(2) That the proposed actions in the Plan are progressed during 2017 with Swale Borough Council, Kent County Council and other partners.

(3) That the final changes to Section 3 and to paragraphs 7.7 and 7.8 go to the Chairman and Vice-Chairman of the JTB, prior to the Plan being submitted to DEFRA.

MINUTE NO. 1084 - A2 TEYNHAM SPEED LIMIT PETITION RESPONSE

(1) That the Cabinet Member at KCC be advised that the three tiers of Local Government represented on the Swale JTB are dissatisfied with the report and would like the matter to be looked into again, to include looking at how changes could be made.

MINUTE NO. 1085 - ELIGIBILITY OF NEW DEVELOPMENTS TO PURCHASE PERMITS IN RESIDENTS' PARKING SCHEMES

(1) That the report be noted which clarifies the current position with regard to the eligibility of residents in new developments to purchase parking permits in existing Residents' Parking Schemes.

(2) That the current position is reconsidered and strengthened as part of any future planning policy review of Parking Standards.

(3) That a review of the Parking Standards used by Swale Borough Council's Planning Officers takes place at the earliest opportunity with a view to decoupling from the current KCC Standards and adopting a local policy by the end of 2018. This would help Planners ensure adequate numbers of parking places are provided on new developments.

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