



AGENDA

CABINET MEETING

Date: Wednesday, 7 February 2018

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

Pages

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1. Emergency Evacuation Procedure

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. Nobody must leave the assembly point until everybody can be accounted for and nobody must return to the building until the Chairman has informed them that it is safe to do so; 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 6 December 2017 (Minute Nos. 376 - 383) 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 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 Report for recommendation to Council

- | | | |
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| 5. | Medium Term Financial Plan and 2018/19 Budget | 1 - 28 |
| 6. | Treasury Management Strategy Statement and Investment Strategy 2018/19 | 29 - 42 |

Part B Report for Decision by Cabinet

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| 7. | South Thames Gateway Building Control Partnership 2018-2021 | 43 - 46 |
| 8. | Visitor Economy Strategy | 47 - 64 |
| 9. | Landholdings Review - Sale of Various Sites | 65 - 72 |
| 10. | Minutes of the South Thames Gateway Building Control Joint Committee | 73 - 74 |
| 11. | Minutes of the Swale Joint Transportation Board Meeting | 75 - 76 |
| 12. | 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).

- | | | |
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| 13. | Sale of Land at Minster Cliffs Estate | 77 - 78 |
| 14. | Appendix I: South Thames Gateway Building Control Partnership - Business Plan 2018 – 21 – Exempt Appendix | 79 - 100 |
| 15. | Appendix II: South Thames Gateway Building Control Partnership - Service delivery Plan 2018 – 21 – Exempt Appendix | 101 - 116 |
| 16. | Landholdings Review - Sale of Various sites - Exempt Appendix | 117 - 118 |

Issued on Monday, 29 January 2018

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

**Chief Executive, Swale Borough Council,
Swale House, East Street, Sittingbourne, Kent, ME10 3HT**

Cabinet Meeting	
Meeting Date	7 February 2018
Report Title	Medium Term Financial Plan and 2018/19 Revenue and Capital Budgets
Cabinet Member	Cllr Duncan Dewar-Whalley, Cabinet Member for Finance & Performance
SMT Lead	Nick Vickers, Chief Financial Officer
Head of Service	Nick Vickers, Chief Financial Officer
Lead Officer	Phil Wilson, Financial Services Manager
Key Decision	Yes
Classification	Open
Recommendations	<ol style="list-style-type: none">1. To approve the 2018/19 revenue budget proposals.2. To note the medium term funding position.3. To approve the draft capital budget.4. To note the additional amount of Council tax for parish precepts.5. To consider the recommendations of Scrutiny Committee.6. To approve the Minimum Revenue Provision Statement as set out in Appendix IX

1 Purpose of Report and Executive Summary

- 1.1 This report sets out the Council's Medium Term Financial Plan (MTFP) and the 2018/19 revenue and capital budget proposals.
- 1.2 Cabinet received a budget report on 6 December prior to the Provisional Local Authority Grant Settlement announced on 20 December. This report updates that version of the budget report, taking into account the implications of the settlement.
- 1.3 The 6 December Cabinet report provided the basis for Scrutiny Committee's examination of the budget proposals on 25 January.
- 1.4 This report, if agreed by Cabinet, will then go forward to Council on 21 February.

2 Background

Provisional Local Government Finance Settlement 2018/19

- 2.1 It was not expected that there would be major changes from the Settlement given the Multi Year Settlement from 2016/17 but in fact there were a number of very significant developments announced which will be considered below.

100% Business Rate Pilots

- 2.2 The 6 December report to Cabinet included the Kent submission to be one of the pilot areas for the full localisation of business rates. The Secretary of State announced that there would be 11 pilots including Kent and Medway rather than the five expected. These cover 89 authorities and in total 200 authorities applied to be a pilot. The list in full is London boroughs (GLA already has a pilot started in 2017/18), Berkshire, Derbyshire, Devon, Gloucestershire, Leeds City Region, Lincolnshire, Solent, Suffolk and Surrey. At the LGA Local Authority Finance Settlement Conference on 9 January, the Secretary of State in his presentation said that pilots would continue into 2019/20.
- 2.3 In the submission document, the model agreed between the Kent and Medway Councils projected the largest gainer of any of the lower tier Councils being Swale with a projected increase in funding of £700,000. The actual figure will depend upon the 2018/19 NNDR3 return and it is prudent to assume some gain in revenue in the base but the position will be much clearer for 2019/20. As a result of being in the pilot, the Council will not receive the Revenue Support Grant in 2018/19, but is offset by an equivalent reduction in the tariff to be paid on business rates by the Council.

Adjustments for the Business Rate Retention System

- 2.4 Each authority's Top-up or Tariff, Baseline Funding Level (BFL) and Revenue Support Grant (RSG) has been updated to reflect the new multiplier which, from 2018/19 onwards, will be based on the CPI.
- 2.5 Changes have also been made to the way that the Government will adjust for the effect of the 2017 revaluation. The final version of the 2017 revaluation has generated revised tariffs and top-ups for 2017/18 with a one-off adjustment being made in 2018/19. The result is to reduce the Council's retained business rates by £100,000 from the level previously forecast.

Council Tax Threshold

- 2.6 Local authorities will be able to increase their "core" Band D Council Tax by an additional 1% in 2018/19. The previously announced threshold was 2%, and the new threshold will be 3%. The higher threshold for "core" Band D is justified on the grounds that it keeps pace with inflation. District councils will be able to increase their Band D council tax by the higher of £5 or 3%.

- 2.7 Swale is one of 88 authorities to whom the additional 1% does not add to the revenue that we can raise because for Swale a £4.95 increase equates to an increase of 3.002%.

New Homes Bonus

- 2.8 The Government has decided not to implement any further changes to the way that New Homes Bonus (NHB) is calculated. It had been proposed in a recent consultation paper (September 2017) that NHB payments might be reduced where the Council had refused planning permission which was subsequently granted on appeal. Also in 2017/18 the Government announced that it would reduce the number of payments for which legacy payment would be made, from 6 years to 4 years. This element of the scheme remains in 2018/19.
- 2.9 Compared with our previously projected figure of £2,056,000 the actual figure announced is £10,000 lower.

Changes in Local Government Funding in 2020/21

- 2.10 Two significant announcements were made which will take effect from 2020/21.
- 2.11 Firstly a consultation document was published on the Fair Funding Review; this is a fundamental reworking of needs based funding allocations.
- 2.12 Secondly and unexpectedly the Secretary of State announced that the local share in the Business Rate Retention Scheme (BRRS) will increase from 50% to 75% in 2020/21. The increase in local share will be fiscally neutral and will be matched by transfers of Revenue Support Grant, public health grant and other grants. No announcement has been made about the tier split that will accompany the increase in local share to 75%. That the transferred grants will largely be upper-tier possibly indicates that the increase in local share will go to counties in two-tier areas, but this is only speculation. We will not know for certain until later in the review process.
- 2.13 The Secretary of State also suggested that there would be a full baseline reset for 2020/21 but there was no clarity on whether there would be a full or partial reset. This whole issue is very significant for the Council given the extent of business rate growth since the partial localisation from 1 April 2013. When the reset is combined with the extension of business rate localisation and a Comprehensive Spending Review in 2019 it makes any forecasts beyond 2019/20 highly speculative.

Planning Fees

- 2.14 The Settlement confirmed previous indications that Councils could increase their planning fees by 20%, This had been trailed earlier in the year in the Housing White Paper. However, the increased fee income will need to be spent on the Planning Service. In the draft budget we had assumed that this income was available to support the Council's base budget but this will not be the case and the income will have to be spent on planning activities.

Staff Pay

- 2.15 The Council has locally set pay scales and it decides the annual pay award. The December Cabinet report assumed a 1.2% increase.
- 2.16 Subsequent to this nationally a 2% increase has been agreed and locally Unison have written requesting a 2% increase as well. In their letter Unison say “This settlement would reflect the two competing pressures; employees who are facing rising costs (with inflation at 3%) and pay rises which have not kept pace over a number of years, against the financial pressures faced by Swale Borough Council.”
- 2.17 The Council has kept pay increases to around 1% for the last six years and discussions will be held with the Trade Unions on 2% given the higher level of inflation currently being experienced and the level of commitment and contribution made by staff across the Council. This would require a funding increase of £80,000.

Capital Budget

- 2.18 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 a business case for borrowing up to £28m for Sittingbourne Town Centre regeneration. This facility was extended to £60m in February 2017 with any additional borrowing being subject to business cases to Cabinet.
- 2.19 In considering investing its investment strategy there are two overriding principles to be applied:
- (1) 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 may have to reduce services to fund the costs. In the case of the Sittingbourne Town Centre investment all the capital financing costs will be funded from rental income; and
 - (2) 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.
- 2.20 For many years the Council has had a very limited capital budget; basically 100% grant funded Disabled Facilities Grant and small projects funded mainly by capital receipts and reserves. For 2018/19 and beyond the position changes significantly due to:
- (1) Sittingbourne Town Centre- progress is already underway on the Retail and highways works. The Retail development will be completed in March.

The Development Agreement and Funding Agreement have been signed at a cost of £32m.

- (2) Multi Storey Car Park - Huber are contracted for the construction of a 302 space car park commencing work in Spring 2018. The projected cost is £3.5m.
- (3) Leisure Centres- work is continuing on options for the Swallows and Sheppey Leisure Centres in advance of the current contract ceasing in late 2019. Detailed work has been undertaken on the options for the centres and prior to any final decision at this stage an allowance of £2m is made for capital spend.
- (4) Open space play equipment renewal - a capital budget of £0.5m is proposed.

2.21 With regard to funding the projects above; the Retail, early phase highways works and the Multi Storey Car Park will be funded from internal borrowing. Officers are working with Arlingclose the Council's treasury adviser to develop an optimised long-term borrowing strategy. The improvements to the leisure centres and open space play equipment will be funded from internal borrowing and then savings on the leisure contract.

3 Proposals

Medium Term Financial Plan

3.1 The updated MTFP is attached in Appendix I. An updated 10 year plan is attached in Appendix II.

Balanced Budget Proposals

3.2 The 6 December budget report identified a revenue budget gap for 2018/19 of £677,000 and also highlighted a revenue reserve to help smooth the 2018/19 and 2019/20 years of £677,000. It has to be emphasised that 2018/19 is an extremely difficult year for the Council and there is a fine line to tread in setting an achievable budget which allows core services to be developed and improved for residents. The table below summarises and explains the main movements from the 6 December base position.

	£'000	£'000
Opening position (shortfall)		677
Add		
Improved Staff Pay Award	80	
Adverse movement in business rates	100	
Adverse movement in NHB	10	
Additional B&B costs (additional to the £200k already allocated)	50	

	£'000	£'000
Additional Planning posts <i>(to be funded from the additional income from increase in planning fees)</i>	201	
Data Protection resource <i>(the new General Data Protection Regulations (GDPR) come into force in the UK on 25 May 2018, effectively replacing the provisions of the Data Protection Act)</i>	60	
Other items	4	
Sub-total	505	1,182
Less		
Staff savings <i>(including deletion of the Corporate Services Director post)</i>	250	
Delete pensions back funding pressure <i>(fund from reserves)</i>	50	
Delete MKS additional legal costs for planning work <i>(not a base issue - fund from reserves if required)</i>	80	
Additional core planning fees	50	
Section 31 grant for difference between RPI and CPI	86	
Additional business rates from pilot	350	
Sub-total	866	
Revised shortfall		316

3.3 The shortfall of £316,000 will be drawn down from the £677,000 reserve.

3.4 The updated detailed budget proposals are attached in Appendix III.

Council Tax

3.5 The budget proposals assume an increase of £4.95 in the band D Council Tax to £169.83.

3.6 The Collection Fund and Council tax base is set out in Appendix IV.

3.7 The Council tax base was agreed by Council on 24 January.

3.8 The calculation of the Budget Requirement and Council Tax Requirement is shown in Appendix V.

3.9 Parish precepts are shown in Appendix VI.

Capital Budget

3.10 The capital budget is attached in Appendix VIII.

Reserves

- 3.11 The key principles for the management of Reserves moving forward are:
- (1) Maintain a prudent level of reserves to allow the Council to deal with unexpected one-off events,
 - (2) Funding the Council's strategic priorities, and
 - (3) Fund one-off items of expenditure to support service delivery.
- 3.12 When the Council is considering its budget requirement it is the Chief Financial Officers' duty under S25 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.
- 3.13 The Council seeks to maintain a minimum of £1.5m as its General Fund balance and there is no reason to change this. The Council holds earmarked reserves for specific purposes. The remaining unallocated funds form the General Reserve. The Chief Financial Officers' view is that the level of reserves and balances held by the Council are at a reasonable level. Reserves and balances are set out in Appendix VII.
- 3.14 It is proposed that £150,000 is transferred from the General Fund balance to the Performance Fund to fund on going service developments and £150,000 is added to a reserve to meet costs of the next phase of the Local Plan work.
- 3.15 The Council's Section 151 Officer (Chief Financial Officer), in accordance with the Local Government Act 2003, has hereby confirmed his opinion that the 2018/19 budget is robust, and the reserves are reasonable given the risks faced by the Council.

Risk

- 3.16 The Council's risk register has been updated to reflect developments and will be reported to Audit Committee on 14 March.

4 Alternative Options

- 4.1 The proposals made reflect discussions with Cabinet following the Settlement to establish 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 6 December 2017 and were examined by Scrutiny Committee on 25 January.

6 Implications

Issue	Implications
Corporate Plan	The budget proposals for 2018/19 support the Corporate Plan objectives.
Financial, Resource and Property	The report sets out the approach to the 2018/19 budget and the medium term financial plan.
Legal and Statutory	The report reflects the legal requirement for the Council to set a balanced budget.
Crime and Disorder	Any potential impact has been assessed by service managers and is manageable.
Environmental Sustainability	Any potential impact has been assessed by service managers and is manageable.
Health and Wellbeing	No issues identified.
Risk Management and Health and Safety	The financial risks are reflected in the Council's Risk Register.
Equality and Diversity	Any potential impact has been assessed by service managers and is manageable.
Privacy and Data Protection	The budget proposals allocate additional funds to data protection.

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 10 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: Minimum Revenue Provision Statement

8 Background Papers

Cabinet budget report 6 December 2017

<http://services.swale.gov.uk/meetings/documents/s8633/Cabinet%20December%20017%202018-19%20Budget%20Report%20v4.pdf>

Medium Term Financial Plan

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Base Budget	17,916	17,916	17,916	17,916
Growth items	0	549	551	552
Unavoidable cost pressures	0	488	636	479
Loss of income	0	12	12	12
Additional income	0	(995)	(1,026)	(1,048)
Committed price increases	0	291	317	373
Lower Medway Internal Drainage Board	783	803	827	852
<u>Salary Related:</u>				
Pay Award (2%)	0	213	430	652
Other Pay Increases	0	78	125	150
Contribution to/(from) reserves	(372)	(11)	(11)	(11)
Revenue Support Grant	(1,238)	0	0	0
Business Rates	(6,506)	(8,441)	(8,272)	(8,339)
Contribution from Business Rates Reserve	(255)	0	0	0
Council Tax - maximum increase every year	(7,469)	(7,913)	(8,310)	(8,730)
New Homes Bonus	(2,743)	(2,046)	(1,945)	(1,666)
Savings Required	116	944	1,250	1,192
Service savings	0	(628)	(588)	(709)
Rental income from Sittingbourne Town Centre Regeneration Scheme	0	0	(112)	(450)
Requirement for balanced position	0	0	(550)	(33)
Committed savings	0	(628)	(1,250)	(1,192)
Contribution (to) from General Fund	116	316	0	0

Ten-Year Plan

Swale Council 10 Year MTFP	Budget 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	Plan 2026-27 £'000
Expenditure										
Net Service Expenditure c/f	17,819	18,699	18,727	19,200	19,229	19,462	19,701	19,946	20,198	20,457
Net forecast cost/ (savings)	(90)	(283)	185	(243)	56	57	58	59	60	61
Lower Medway Internal Drainage Board	783	20	24	25	26	26	27	28	29	30
Pay Award	109	213	217	222	226	231	235	240	245	250
Other Salary Increases	78	78	47	25	25	25	25	25	25	25
Efficiency savings					(100)	(100)	(100)	(100)	(100)	(100)
Net Service Expenditure b/f	18,699	18,727	19,200	19,229	19,462	19,701	19,946	20,198	20,457	20,723
Financing Sources										
Government Support										
Revenue Support Grant	(1,238)	0	0	0	0	0	0	0	0	0
New Homes Bonus	(2,743)	(2,046)	(1,945)	(1,666)	(1,666)	(1,666)	(1,666)	(1,666)	(1,666)	(1,666)
Council Tax	(7,469)	(7,913)	(8,310)	(8,730)	(9,077)	(9,439)	(9,817)	(10,210)	(10,619)	(11,045)
Business Rates	(6,506)	(8,441)	(8,272)	(8,339)	(8,422)	(8,506)	(8,591)	(8,677)	(8,764)	(8,852)
Contribution from reserves	(743)	(327)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)
Net Sittingbourne Town Centre rental income	0	0	(112)	(450)	(450)	(450)	(450)	(450)	(450)	(450)
Total Financing	(18,699)	(18,727)	(18,650)	(19,196)	(19,626)	(20,072)	(20,535)	(21,014)	(21,510)	(22,024)
Budget Gap (surplus)/ deficit	0	0	550	33	(164)	(371)	(589)	(816)	(1,053)	(1,301)
Cumulative Budget Gap (surplus)/ deficit	0	0	550	583	419	48	(541)	(1,357)	(2,410)	(3,711)

Detailed Budget Proposals

Growth items			
No.	Description	Cabinet Member / Head of Service	2018/19 over 2017/18 £
	Resident Services		
1	Running expenses relating to houses for temporary accommodation.	Cllr D. Dewar-Whalley / A. Christou	7,660
	Economic & Community Services		
2	Fixed Penalty Notices – Additional fees and equipment offset by additional income from Fixed Penalty Notices (see additional income).	Cllr A. Horton / C. Hudson	139,100
	Mid Kent Services (MKS) - ICT		
3	Upgrade of the IDOX system.	Cllr D. Dewar-Whalley / C. Woodward	10,000
4	Remote Desktops are running on an unsupported platform and must be upgraded to take full advantage of Skype for Business.	Cllr D. Dewar-Whalley / C. Woodward	7,000
5	General Data Protection Regulation (GDPR) IT impact.	Cllr D. Dewar-Whalley / C. Woodward	10,000
6	SQL Server licence increase.	Cllr D. Dewar-Whalley / C. Woodward	8,330
	Planning		
7	Additional Transport / Infrastructure Planner post - three years fixed term offset by additional planning income (see additional income).	Cllr G. Lewin / J. Freeman	59,000
8	New Development Management Planning Post (offset by additional income)	Cllr G. Lewin / J. Freeman	43,000
9	Planning Enforcement Restructure (offset by additional income)	Cllr G. Lewin / J. Freeman	14,000
10	Development Management funding of graduate planners and planning technicians (offset by additional income)	Cllr G. Lewin / J. Freeman	126,000
11	Development Management Restructure (offset by additional income)	Cllr G. Lewin / J. Freeman	18,000

Detailed Budget Proposals

Growth items			
No.	Description	Cabinet Member / Head of Service	2018/19 over 2017/18 £
	Commissioning & Customer Contact		
12	Increased rent car park site (Crown Quay).	Cllr A. Horton / M. Cassell	18,000
	Finance		
13	In order to comply with PCI DSS industry standards of Data Protection the Council needs to upgrade its systems.	Cllr D. Dewar-Whalley / N. Vickers	9,700
14	Data Protection resource for new GDPR regulations	Cllr D. Dewar-Whalley / N. Vickers	60,000
	Others		
15	Items £5,000 or less.		19,700
	Total Growth Items		549,490

Detailed Budget Proposals

Unavoidable Cost Pressures

No.	Description	Cabinet Member / Head of Service	2018/19 over 2017/18 £
	Property		
1	Increased water charges at Swale House.	Cllr D. Dewar-Whalley / A. Adams	6,700
	Resident Services		
2	Homelessness temporary accommodation budget increases.	Cllr K. Pugh / A. Christou	250,000
	Planning		
3	Increase in staffing costs for the Planning Support shared service to maintain performance levels. This will be offset by additional income for Local Land Charges (see additional income).	Cllr G. Lewin / J. Freeman	55,000
	Commissioning & Customer Contact		
4	Waste and recycling bins replacement costs are due to new garden waste bins (some offset by Additional Income for subscriptions). In addition, the ongoing replacement of standard wheeled bins which are coming to the end of useful life and remain the property of the Council not the resident.	Cllr D. Simmons / M. Cassell	75,000
	Finance		
6	There has been an increase in the insurance premium on public liability as a result of the Government changes made to how compensation for personal injury and accident claims are calculated. In addition, there is an increase in the revised property valuations.	Cllr D. Dewar-Whalley / N. Vickers	26,000
7	Growth/ savings on principal element of a finance lease for Serco.	Cllr D. Dewar-Whalley / N. Vickers	13,000
	Mid Kent Services (MKS)	Cllr D. Dewar-Whalley / S. McGinnes	
8	Increases in MKS shared services for HR, ICT, Parking, Environmental, Fraud, Director and MKS membership.	Cllr D. Dewar-Whalley / N. Vickers	43,070

Detailed Budget Proposals

Unavoidable Cost Pressures			
No.	Description	Cabinet Member / Head of Service	2018/19 over 2017/18 £
9	Mid Kent Audit - increase in MKS Audit Shared Services budget	Cllr D. Dewar-Whalley / R. Clarke	19,170
Total Unavoidable Cost Pressures			487,940

Detailed Budget Proposals

Loss Of Income			
No.	Description	Cabinet Member / Head of Service	2018/19 over 2017/18 £
	Commissioning & Customer Contact		
1	Income for Sport Facilities has not been achieved over period of time.	Cllr D. Simmons / M Cassell	5,630
	Others		
2	Items £5,000 or less.		5,950
	Total Loss Of Income		11,580

Detailed Budget Proposals

Additional Income			
No.	Description	Cabinet Member / Head of Service	2018/19 over 2017/18 £
	Resident Services		
1	Increased fee income for Staying Put.	Cllr D. Dewar-Whalley / A. Christou	(50,000)
	Property Services		
2	Miscellaneous properties - additional rental income.	Cllr D. Dewar-Whalley / A. Adams	(23,380)
3	Income from Citizens Advice for occupation of Swale House.	Cllr D. Dewar-Whalley / A. Adams	(10,000)
	Economic & Community Services		
4	Increase in income for Fixed Penalty Notices (See growth item).	Cllr A. Horton / C. Hudson	(134,000)
	Commissioning & Customer Contact		
5	Anticipated additional garden waste subscriptions (see unavoidable cost pressures).	Cllr D. Simmons / M. Cassell	(133,000)
6	Additional income resulting from proposed increase in street naming and numbering.	Cllr A. Horton / M. Cassell	(20,500)
7	Business permits to increase by £5 to £45 to bring in line with resident parking permit charges.	Cllr A. Horton / M. Cassell	(11,000)
8	Car Parking - income for Penalty Charge Notices.	Cllr A. Horton / M. Cassell	(30,000)
9	Increase income from bulky waste items.	Cllr D. Simmons / M. Cassell	(20,000)
10	Increase in car parking pay and display income.	Cllr A. Horton / M. Cassell	(125,000)
11	Additional beach hut annual rental income and ground rental income following Leysdown development and future additions at Minster.	Cllr M. Cosgrove / M. Cassell	(14,100)
	Planning		
12	Pre-application/Planning Performance Agreement (PPA) increased fee income.	Cllr G. Lewin / J. Freeman	(30,000)

Detailed Budget Proposals

Additional Income			
No.	Description	Cabinet Member / Head of Service	2018/19 over 2017/18 £
13	Increased volume of planning application fee income.	Cllr G. Lewin / J. Freeman	(70,000)
14	20% increase in national planning fees.	Cllr G. Lewin / J. Freeman	(162,000)
15	Additional Increased volume of planning application fee income	Cllr G. Lewin / J. Freeman	(50,000)
	Mid Kent Services (MKS)	Cllr D. Dewar-Whalley / S. McGinnes	
16	Mid Kent Planning - Changes to Local Land Charges fees across the three shared service authorities to ensure consistency.	Cllr G. Lewin / J. Freeman	(55,000)
17	Mid Kent Revenue & Benefits - Debt Recovery Service.	Cllr G. Lewin, Cllr D. Dewar-Whalley / S McGinnis	(25,000)
	Others		
18	Items £5,000 or less.		(31,550)
	Total Additional Income		(994,530)

Detailed Budget Proposals

Service Savings			
No.	Description	Cabinet Member / Head of Service	2018/19 over 2017/18 £
	Resident Services		
1	Savings arising as a result of online form processing and the implementation of Performance Fund Bid.	Cllr K. Pugh/ A. Christou	(10,500)
	Economic & Community Services		
2	Grant to the Alexander Centre no longer required.	Cllr A. Horton / C. Hudson	(49,620)
	Mid Kent Services (MKS)	Cllr D. Dewar-Whalley / S. McGinnes	
3	Mid Kent ICT - saving due to implementation of Skype for Business.	Cllr D. Dewar-Whalley / C. Woodward	(22,670)
	Democratic		
4	There are no Borough and Parish elections scheduled to take place in 2018	Cllr A. Bowles / K. Bescoby	(12,000)
	Commissioning & Customer Contact		
5	Reduction due to new contract award for public conveniences.	Cllr D. Simmons / M. Cassell	(44,000)
6	Saving on refuse and recycling.	Cllr D. Simmons / M. Cassell	(10,000)
	Finance		
7	Reduction on interest element of a finance lease for Serco.	Cllr D. Dewar-Whalley / N. Vickers	(28,020)
8	Forecast of SBC's share of surplus on Council Tax Collection Fund at end of 2017/18.	Cllr D. Dewar-Whalley / N. Vickers	(178,000)
	Others		
9	Staff savings		(250,000)
10	Items £5,000 or less.		(23,610)
	Total Service Savings		(628,420)

Collection Fund and Collection Tax Base

Tax Base

The tax base for 2018/19 is 46,590.79.

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 2018, 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 £1,821,400 is shared as follows:

	(Surplus) £'000
Kent County Council	(1,133)
The Police and Crime Commissioner for Kent	(147)
Kent & Medway Towns Fire & Rescue Authority	(72)
Swale Borough Council	(307)
Central Government	(162)
Total	(1,821)

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 £307,200, including a £129,200 surplus for business rates, and a £178,000 surplus for council tax.

Only the council tax surplus is shown in the budget projections for the calculation of the 2018/19 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 21 February 2018.

Parish Council Precepts

Parish Council precept demands have been submitted during January 2018 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

	2018/19 £'000
2018/19 Swale Operating Expenditure Budget Before Savings and Growth Items	18,719
Growth items	549
Unavoidable cost pressures	488
Loss of income	12
Additional income	(995)
Committed price increases	291
Pay increases	78
Pay award	213
Contribution to/ (from) reserves	(327)
Service savings	(450)
Sub total	18,578
New Homes Bonus	(2,046)
Swale Budget Requirement (to be agreed)	16,532
Business Rates	(8,441)
Collection Fund Surplus	(178)
Council Tax Requirement (to be agreed)	7,913
Council Tax Income (assuming £169.83 for Band D)	(7,913)

Parish Precepts

Parish / Town Council	Additional Council Tax for Band D 2017/18 £	Tax Base 2018/19	Parish Precept (rounded) 2018/19 £	Additional Council Tax for Band D 2018/19 £	Parish Precept 2018/19 % Change
Bapchild	23.81	458.51	11,550.00	25.19	5.80%
Bobbing	19.95	963.82	19,231.10	19.95	0.00%
Borden	47.81	1,079.06	57,250.00	53.06	10.98%
Boughton-under-Blean	72.29	689.33	53,695.00	77.89	7.75%
Bredgar	33.59	287.53	9,884.22	34.38	2.35%
Doddington	37.96	223.45	8,500.00	38.04	0.21%
Dunkirk	23.80	492.80	11,792.00	23.93	0.55%
Eastchurch	40.94	784.93	33,000.00	42.04	2.69%
Eastling	35.00	146.75	5,137.00	35.00	0.03%
Faversham Town Council	53.06	6,279.21	364,160.00	57.99	9.29%
Graveney & Goodnestone	33.20	185.46	10,000.00	53.92	62.41%
Hartlip	20.74	365.61	8,000.00	21.88	5.50%
Hernhill	31.71	284.26	9,500.00	33.42	5.39%
Iwade	35.43	1,445.30	51,208.00	35.43	0.00%
Leysdown	23.08	1,171.19	25,000	21.35	-7.50%
Lower Halstow	76.00	453.94	34,849.00	76.77	1.01%
Luddenham	0	0	0	0	0
Lynsted	36.87	470.51	17,049.00	36.24	-1.71%
Milstead	60.25	88.66	5,500.00	62.03	2.95%
Minster	27.61	5,411.75	149,418.00	27.61	0.00%
Newington	52.53	878.94	46,675.00	53.10	1.09%
Newnham	35.54	156.19	5,355.00	34.29	-3.52%
Norton & Buckland	32.00	185.85	5,971.00	32.13	0.41%
Oare	50.93	170.11	8,568.00	50.37	-1.10%
Ospringle	26.05	280.13	7,500.00	26.77	2.76%
Queenborough Town Council	83.54	843.66	55,000.00	65.19	-21.97%
Rodmersham	32.20	242.17	9,750.00	40.26	25.03%
Selling	29.95	363.56	11,029.00	30.34	1.30%
Sheldwich, Leaveland & Badlesmere	24.69	348.42	To be advised		
Stalisfield	26.01	100.46	2,900.00	28.87	11.00%
Teynham	54.67	882.00	47,480.00	53.83	-1.54%
Throwley	22.64	143.56	3,022.44	21.05	-7.02%
Tonge	15.65	261.72	2,200.00	8.41	-46.26%
Tunstall	24.98	708.14	19,850.00	28.03	12.21%
Upchurch	30.26	964.79	29,195.00	30.26	0.00%
Warden	30.95	500.97	15,000	29.94	-3.26
TOTAL					

Reserves

	Balance as at 31/03/17	Forecast Contrib- utions to / from Reserves 2017/18	Balance as at 31/03/18	Forecast Contrib- utions to / from Reserves 2018/19	Balance as at 31/03/19
	£'000	£'000	£'000	£'000	£'000
General Reserve	(2,918)		(2,918)		(2,918)
Performance	(535)		(535)	(150)	(685)
Regeneration	(687)		(687)		(687)
Local Loan Fund	(200)		(200)		(200)
Business Rates Volatility	(1,425)	(130)	(1,555)		(1,555)
Building Maintenance	(934)		(934)		(934)
Business Rates Pool (Economic)	(748)	(520)	(1,268)		(1,268)
Housing Benefits	(490)		(490)		(490)
Commuted Sums	(331)		(331)		(331)
Preceptors Council Tax Support	(309)	66	(243)	66	(177)
Repairs & Renewals	(295)	(75)	(370)	(75)	(445)
Transformation	(205)		(205)		(205)
Local Development Framework	(175)		(175)	(150)	(325)
Housing	(157)		(157)		(157)
Stay Put Grants	(144)		(144)		(144)
Miscellaneous	(1,708)	20	(1,688)	20	(1,668)
Sub Total Earmarked Reserves	(11,261)	(639)	(11,900)	(289)	(12,189)
Capital Receipts Reserve	(986)		(986)		(986)
	0		0		0
Capital Grants Unapplied Account	(306)		(306)		(306)
General Fund	(4,132)	116	(4,016)	616	(3,400)
Total Reserves	(16,685)	(523)	(17,208)	327	(16,881)

Note: This shows the Budget position, but all in-year changes will be reflected in closedown and in the Council's financial accounts.

Capital Programme

	2017/18 Revised Budget £	2018/19 Original Budget £	2019/20 Original Budget £	Budget Later Years £
<u>ECONOMY & COMMUNITIES</u>				
Sittingbourne Town Centre - Multi-Storey Car Park	96,248	3,532,215	54,883	0
Sittingbourne Town Centre - Regeneration	0	26,521,826	0	0
Sittingbourne Town Centre - Retail Properties	4,807,656	720,127	0	0
Sittingbourne Town Centre - Other Assets	2,378,981	59,740	59,740	24,890
CCTV - Reserves - Repairs & Renewals	15,000	15,000	15,000	15,000
The Mill Project, Sittingbourne Skate Park - Capital Receipts	200,000	0	0	0
The Mill Project, Sittingbourne Skate Park - S106	25,000	0	0	0
The Mill Project, Sittingbourne Skate Park - Capital Grant	15,000	0	0	0
Faversham Creek Basin Regeneration Project (swing bridge) - Capital Receipts	200,000	0	0	0
Easthall Farm Community Centre - S106	507,740	0	0	0
TOTAL ECONOMY & COMMUNITIES	8,245,625	30,848,908	129,623	39,890
<u>COMMISSIONING & CUSTOMER CONTACT</u>				
Leisure Centres	0	1,000,000	1,000,000	0
Open Spaces Play Equipment - S106	0	100,000	100,000	100,000
Cemeteries - Bell Road - Reserves	41,000	0	0	0
Milton Creek Footpath & Viewing platform - Capital Receipts	17,390	0	0	0
Newington Car Park Wall - Reserves	11,260	0	0	0
Kemsley Recreation Ground - Sports Improvement - S106	20,640	0	0	0
Thistle Hill Community Woodland - Trim Trail - S106	35,000	0	0	0
New Play Area - Iwade Schemes - S106	150,000	0	0	0
Faversham Recreation Ground Improvements- S106	27,640	0	0	0
Faversham Recreation Ground Improvements- Capital Grant	117,800	0	0	0

Capital Programme

	2017/18 Revised Budget £	2018/19 Original Budget £	2019/20 Original Budget £	Budget Later Years £
Iwade Recreation Ground Sports Provision - S106	280,325	0	0	0
Car Park New Ticket Machines & Installation - Reserves	14,000	0	0	0
Minster Leas Promenade Resurfacing - Capital Grant	104,660	0	0	0
Car Park Information Boards - Reserves	24,360	0	0	0
Stonebridge Pond Bridge, Faversham - Reserves	20,765	0	0	0
Modular Toilet Kiosks - Reserves	30,000	0	0	0
Milton Creek Country Park Access Road - Reserves	40,000	0	0	0
Bridge Deck Replacement at Barton's Point Coast Park - Reserves	18,860	0	0	0
Nursery Close/Q'Boro Lines Bridge Replacement - Reserves	1,735	0	0	0
Beach Huts, Leysdown - Capital Receipts	19,260	0	0	0
New Play Area - Thistle Hill - S106	180,000	0	0	0
Oare Gunpowder Works - S106	9,000	0	0	0
TOTAL COMMISSIONING & CUSTOMER CONTACT	1,163,695	1,100,000	1,100,000	100,000
<u>RESIDENT SERVICES</u>				
Disabled Facilities Grants - Reserves	92,100	0	0	0
Disabled Facilities Grants – Capital Grant	2,174,090	1,664,800	1,664,800	1,664,800
TOTAL RESIDENT SERVICES	2,266,190	1,664,800	1,664,800	1,664,800
<u>ICT</u>				
ICT infrastructure and equipment replacement - Reserves	0	103,400	42,900	213,600
TOTAL ICT	0	103,400	42,900	213,600

Capital Programme

	2017/18 Revised Budget £	2018/19 Original Budget £	2019/20 Original Budget £	Budget Later Years £
<u>FINANCE</u>				
Payment Card Software - Reserves	82,500	0	0	0
TOTAL FINANCE	82,500	0	0	0
<u>ENVIRONMENTAL HEALTH</u>				
Replacement of Air Quality Stations - Capital Receipts	77,380	0	0	0
TOTAL ENVIRONMENTAL HEALTH	77,380	0	0	0
TOTAL CAPITAL PROGRAMME	11,835,390	33,717,108	2,937,323	2,018,290

Minimum Revenue Provision Statement 2018/19

The Department for Communities and Local Government's Guidance (DCLG) 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 (MRP) 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 Ministry of Housing, Communities and Local Government (MHCLG) has gone out to consultation on Proposed Changes to the Prudential Framework of Capital Finance. This comprises proposed new versions of its Guidance on Local Government Investments and Statutory Guidance on Minimum Revenue Provision. The deadline for responses to the consultation was 22 December 2017 and at time of writing the new Guidance had not been published. Therefore this Statement will be based on the existing 2010 guidance and should the assumptions upon which this is based change significantly, then a revised MRP Statement will be submitted for approval.

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.

Minimum Revenue Provision Statement 2018/19**MRP in 2018/19:**

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 2018/19 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.

Council on 15 February 2017 resolved that for the 2017/18 financial year, the Council's policy for the calculation of MRP would be as follows:

- 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

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.

This Policy will be reviewed on an annual basis.

For 2018/19 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

Minimum Revenue Provision Statement 2018/19

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	
Meeting Date	7 February 2018
Report Title	Treasury Management Strategy 2018/19
Cabinet Member	Cllr. Duncan Dewar-Whalley, Cabinet Member for Finance & Performance
SMT Lead	Nick Vickers, Chief Financial Officer
Head of Service	Nick Vickers, Chief Financial Officer
Lead Officer	Olga Cole, Management Accountant
Key Decision	Yes
Classification	Open
Recommendations	1. To recommend to Council the Treasury Strategy 2018/19 and the Prudential and Treasury Management Indicators.

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 2018/19.
- 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.
- 1.6 Just before Christmas CIPFA published new editions of Treasury Management in the Public Sector Code of Practice and the Prudential Code for Capital Finance in Local Authorities. Publication at the point where budget and treasury strategies are well advanced is far from helpful. The timing may reflect the disquiet reported at local authorities making significant commercial property investments. The concerns have focused upon local authorities investing outside their geographical

area and doing so solely for commercial gain. Based upon our examination of the new requirements there is nothing that this Council is not already complying with.

2. Background

Interest rate Forecast and Market Outlook

- 2.1 The key issue impacting on treasury management is that we remain in a very low interest rate environment despite the Bank of England increasing the base rate to 0.5% in November 2017. Inflation has risen to 3%, driven by the devaluation of sterling but the impact of this will come out of the index in 2018. The Council's treasury adviser Arlingclose's central case is for UK Bank Rate to remain at 0.50% during 2018/19, following the rise from the historic low of 0.25%. Arlingclose's forecast is for gilt yields to remain broadly stable across the medium term. Upward movement will be limited, although if the UK Government's fiscal stance deteriorates this would place upward pressure on rates. A more detailed economic and interest rate forecast provided by Arlingclose is attached at Appendix I.
- 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. In addition, the largest UK banks will ring fence their retail banking functions into separate legal entities during 2018. There remains some uncertainty over how these changes will impact upon the credit strength of the residual legal entities. 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 however remain very low.

Borrowing Strategy

- 2.3 In March 2016 Council agreed to a borrowing facility of up to £30m subject to individual business cases and in November and December Cabinet agreed a business case for borrowing up to £28m for Sittingbourne Town Centre (STC) regeneration. This facility was extended to £60m in February 2017 with any additional borrowing being subject to business cases to Cabinet.
- 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. With short-term interest rates currently 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 2018/19, 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 Council has already started to pay significant costs for the STC retail development, highways works and accrued costs for the regeneration development. To date these have all been funded from internal borrowing.

Arlingclose are commissioned to develop a model to underpin the longer term borrowing strategy.

2.6 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;
- UK Local Authorities;
- 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

2.7 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 £28m and £48m with an average of £38m.

2.8 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 may have to reduce services to fund the costs. In the case of the Sittingbourne Town Centre investment all the capital financing costs will be 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.

2.9 The Council uses 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.

2.10 Both the CIPFA Code and the CLG Guidance require the Authority 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.

2.11 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.
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.
Non treasury investments	The Council is a significant owner of assets in the borough and will, where there are opportunities, invest either to generate an income stream or for a capital gain.
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. 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.

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 Council'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 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) Netherlands: Bank Netherlande Gemeeten, Rabobank Singapore: OCBC, UOB, DBS Sweden: Nordea Bank Denmark: Danske Bank USA: JP Morgan Chase Australia: Australian and New Zealand Banking Group, 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	£1.5m limit per bank, £3m country limit
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
Non treasury investments	To be agreed on a case by case basis
Covered Bonds	£9m in aggregate with £3m limit per bank
Absolute return funds	£3m in aggregate
Equity income funds	£3m in aggregate

- 3.2 The Council may also purchase property for investment purposes and may also make loans and investments for service purposes, for example in shared ownership housing, as loans to local businesses and landlords, or as equity investments and loans to the Council's subsidiaries.
- 3.3 The Council does not directly invest in financial derivatives although these may be present in pooled funds and will be managed in line with the overall treasury strategy.
- 3.4 Local authorities are due to adopt the new International Financial Reporting Standard (IFRS) 9 accounting standard for financial instruments in 2018/19 and the financial implications will be reviewed once CIPFA has published its guidance at a later date.
- 3.5 Currently the maximum duration for unsecured term deposits is 13 months. The Chief Financial Officer 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

- 3.6 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 2018/19 is £110,000, based on an average investment portfolio of £24m at an interest rate of 0.46%. Arlingclose are commissioned to develop a model to underpin the longer term borrowing strategy and the financial implications will be reported during 2018/19.
Legal and Statutory	Ministry of Housing, Communities and Local Government 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

- The Monetary Policy Committee (MPC) have changed their rhetoric, implying a rise in Bank Rate in the near future. Arlingclose are not convinced the UK's economic outlook justifies such a move at this stage, but the Bank's interpretation of the data seems to have shifted.
- This decision is still very data dependent and Arlingclose are now maintaining their central case for Bank Rate at 0.25% whilst introducing near-term upside risks to their forecasts.
- The Arlingclose central case is for gilt yields and therefore long-term interest rates to remain broadly stable in the across the medium term, but there may be near term volatility due to shifts in interest rate expectations.

	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Average
Official Bank Rate														
Upside risk	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.44
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	0.00	0.00	0.00	0.00	0.00	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.15
3-month LIBID rate														
Upside risk	0.30	0.30	0.30	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.53
Arlingclose Central Case	0.25	0.25	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.29
Downside risk	-0.10	-0.10	-0.15	-0.10	-0.10	-0.20	-0.20	-0.20	-0.20	-0.20	-0.20	-0.20	-0.20	-0.17
1-yr LIBID rate														
Upside risk	0.15	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.65	0.65	0.32
Arlingclose Central Case	0.50	0.50	0.50	0.50	0.60	0.70	0.70	0.70	0.70	0.70	0.70	0.60	0.60	0.62
Downside risk	-0.15	-0.20	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.10	-0.10	-0.25
5-yr gilt yield														
Upside risk	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55
Arlingclose Central Case	0.55	0.55	0.60	0.60	0.60	0.65	0.70	0.75	0.80	0.85	0.90	0.95	0.95	0.73
Downside risk	-0.20	-0.20	-0.25	-0.25	-0.25	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.33
10-yr gilt yield														
Upside risk	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55
Arlingclose Central Case	1.05	1.05	1.05	1.05	1.05	1.10	1.15	1.20	1.25	1.30	1.35	1.40	1.40	1.18
Downside risk	-0.20	-0.35	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.15	-0.15	-0.24
20-yr gilt yield														
Upside risk	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.70	0.70	0.57
Arlingclose Central Case	1.60	1.60	1.60	1.60	1.60	1.65	1.70	1.75	1.80	1.85	1.90	1.95	1.95	1.73
Downside risk	-0.30	-0.30	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.34
50-yr gilt yield														
Upside risk	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.85	0.85	0.60
Arlingclose Central Case	1.50	1.50	1.50	1.50	1.50	1.55	1.60	1.65	1.70	1.75	1.80	1.85	1.85	1.63
Downside risk	-0.30	-0.30	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.50	-0.50	-0.37

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	2017/18 Revised £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000
Gross CFR	13,069	41,572	41,444	40,299
Less: Other Long Term Liabilities	(200)	(41)	(24)	(19)
Borrowing CFR	12,869	41,531	41,420	40,280
Less: External Borrowing	0	(26,522)	(26,522)	(26,522)
Cumulative Maximum External Borrowing Requirement	12,869	15,009	14,898	13,758

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 2018/19 Budget Report)

Capital Expenditure and Financing	2017/18 Revised £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000
Total Expenditure	11,835	33,717	2,937	2,018
Capital receipts	516	0	0	0
Grants	3,647	1,765	1,765	1,765
Revenue contributions	389	118	58	228
Internally borrow	7,283	5,312	1,114	25
Externally borrow	0	26,522	0	0
Total Financing	11,835	33,717	2,937	2,018

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	2017/18 Revised	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
	%	%	%	%
Total	2.88	7.01	6.63	5.66

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	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
	£	£	£
Increase/(Decrease) in Band D Council tax	13.82	(0.42)	(0.09)

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	2017/18 Revised	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
	£'000	£'000	£'000	£'000
Total CFR	13,069	41,572	41,444	40,299

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	2017/18 Revised £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2019/20 Estimate £'000
Borrowing	60,000	60,000	60,000	60,000
Other Long-term Liabilities	2,000	2,000	2,000	2,000
Total	62,000	62,000	62,000	62,000

7. Operational Boundary for External Debt

The operational boundary is based on the Authority's estimate of most likely (i.e. prudent but not worst case) scenario for external debt. It links directly to the Authority'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	55,000	55,000	55,000	55,000
Other Long-term Liabilities	200	41	24	19
Total	55,200	55,041	55,024	55,019

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.

Just before Christmas CIPFA published new editions of Treasury Management in the Public Sector Code of Practice and the Prudential Code for Capital Finance in Local Authorities and the intention is to adopt them during 2018/19.

9. Interest Rate Exposures

This indicator is set to control the Council's exposure to interest rate risk. The upper limits

Prudential and Treasury Management Indicators

on fixed and variable rate interest rate exposures, expressed as the proportion of net principal borrowed will be:

Upper Limit	2018/19 Estimate	2019/20 Estimate	2020/21 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 Authority'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 2018/19 %	Upper Limit for 2018/19 %
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 Authority'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:

	2018/19 £'000	2019/20 £'000	2020/21 £'000
Limit on principal invested longer than 364 days	10,000	10,000	10,000

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Cabinet Meeting	Agenda Item:
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Meeting Date	7 February 2017
Report Title	South Thames gateway Building Control Partnership Business Plan 2018 to 2021
Cabinet Member	Cllr Gerry Lewin, Cabinet Member for Planning
SMT Lead	Emma Wiggins, Director of Regeneration
Head of Service	James Freeman, Head of Planning
Lead Officer	James Freeman, Head of Planning
Recommendations	The Draft South Thames Gateway Building Control Partnership Business Plan for 2018 to 2021 be agreed

1 Purpose of Report and Executive Summary

- 1.1 The purpose of this report is to consider and make any comments on the draft South Thames gateway Building Control Partnership (STG) Business Plan 2018 to 2021 and to refer the comments to the Joint Committee.

2 Background

- 2.1 The South Thames Gateway Building Control Partnership (involving Medway, Gravesham and Swale) went live in October 2007. Under the terms of the Memorandum Agreement between the three partner authorities, a three year rolling business plan needs to be agreed.
- 2.2 Each partner authority must advise the Secretary to the Joint Committee whether it approves or rejects the revised draft business plan by no later than 10 days before the Annual Meeting of the Joint Committee in June each year
- 2.3 Whilst much of the Building Control Partnership operation is subject to competition from Approved Inspectors, the service retains statutory responsibilities regarding public protection e.g. dangerous structures, demolitions, unauthorised works and maintaining registers etc.
- 2.4 Over the past year, the Building Control partnership has successfully
- maintained a balanced budget despite the difficult market competition and conditions;
 - Over the past three years STG have further developed their IT systems to enhance off-site technology, to provide 24/7 access to customer based systems and to deliver digital savings with other statutory bodies such as the water companies and the fire and rescue service; and
 - maintained high performance levels with excellent customer satisfaction ratings given the above and the increased difficulties in retaining and recruiting qualified staff.

- 2.5 Agreement has been reached with Canterbury City Council for their building control service to join with STG and this merger is on track for this to take place on 1 April 2018. It should be noted that the draft Business Plan includes scenarios for the three existing authorities with and without the inclusion of Canterbury City Council.
- 2.6 STG recently received excellent results from the BSI quality assurance audit in November which not only reconfirmed STG as a quality assured company but through the preparation work that was carried out in the Summer, were also upgraded to the new standard, nearly a year ahead of planned implementation.
- 2.7 Whilst staffing issues during the Summer/Autumn of 2017 has had an impact on performance levels, additional communication with key customers has meant that customer satisfaction levels have been maintained. New staff have now been trained on plan vetting and this should be reflected in a return to improved performance levels and meeting expected targets.

3 Proposal

- 3.1 The introduction of Canterbury City Council into the partnership with a new much larger area will bring with it a number of opportunities to increase current market share and build in further resilience to the partnership.
- 3.2 The plan includes action plans aimed at:
- Working towards a paperless office;
 - Applying the principles of the borderless office; and
 - Utilising the benefits of digital transformation.
- 3.3 In order to meet the requirements of each authority's reducing budgets, Swale's contribution to the shared service will fall from the current £68,653 to £59,244 by 2020/21. This represents a 13.7% saving over the business plan period. Details of the financial plan 2016-19 are included in Appendix I.

4 Alternative Options

- 1.2 The Cabinet needs to advise the secretary to the Joint Committee whether it approves without amendment or approves with further proposed modifications to the Business plan to be agreed with partner authorities or rejects the revised draft business plan.

5 Consultation Undertaken or Proposed

- 1.3 The Business Plan has been considered and agreed by the Joint Authorities Committee overseeing the operation of the Building Control partnership. This has involved the Cabinet member for planning throughout the process.

6 Implications

Issue	Implications															
Corporate Plan	The Partnership has built resilience into the service that supports the Council's aim to be a Council to be proud of.															
Financial, Resource and Property	<p>Appendix I sets out the details of the financial plan accompanying the Business Plan.</p> <p>It is proposed to reduce total partner contributions over the three year plan by £9,409 (13.7%).</p> <p>The contributions for Swale BC are as follows:</p> <table border="1" data-bbox="488 600 1435 905"> <thead> <tr> <th data-bbox="488 600 805 688">Year</th> <th data-bbox="805 600 1122 688">Contribution (£'s)</th> <th data-bbox="1122 600 1435 688">Reduction for previous year (£'s)</th> </tr> </thead> <tbody> <tr> <td data-bbox="488 688 805 741">2017/18</td> <td data-bbox="805 688 1122 741">72,050</td> <td data-bbox="1122 688 1435 741"></td> </tr> <tr> <td data-bbox="488 741 805 793">2018/19</td> <td data-bbox="805 741 1122 793">68,266</td> <td data-bbox="1122 741 1435 793">3,784</td> </tr> <tr> <td data-bbox="488 793 805 846">2019/20</td> <td data-bbox="805 793 1122 846">62,972</td> <td data-bbox="1122 793 1435 846">5,294</td> </tr> <tr> <td data-bbox="488 846 805 905">2020/21</td> <td data-bbox="805 846 1122 905">59,244</td> <td data-bbox="1122 846 1435 905">3,728</td> </tr> </tbody> </table> <p>At Swale, the medium term financial plan will accommodate the proposed contributions as stated above.</p>	Year	Contribution (£'s)	Reduction for previous year (£'s)	2017/18	72,050		2018/19	68,266	3,784	2019/20	62,972	5,294	2020/21	59,244	3,728
Year	Contribution (£'s)	Reduction for previous year (£'s)														
2017/18	72,050															
2018/19	68,266	3,784														
2019/20	62,972	5,294														
2020/21	59,244	3,728														
Legal and Statutory	The Partnership and Joint Committee operate under a memorandum of agreement signed by each of the partner authorities.															
Crime and Disorder	Effective control and enforcement of building standards and dealing with dangerous structures is consistent with an increased perception of security and wellbeing.															
Risk Management and Health and Safety	This is detailed in Section Three of the Service Delivery Documentation, focussing on the highly competitive market the partnership operates within as well as a lack of investment in staff development and IT solutions.															
Health and Well Being	None identified at this stage.															
Equality and Diversity	None identified at this stage.															
Sustainability	None identified at this stage.															

7 Appendices

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

- Appendix I: South Thames Gateway Building Control Partnership – Business Plan 2018 – 21
- Appendix II: South Thames Gateway Building Control Partnership – Service delivery Plan 2018 - 21

8 Background Papers

None.

Cabinet Meeting	
Meeting Date	Wednesday 7 February 2018
Report Title	Visitor Economy Framework
Cabinet Member	CLlr Mike Cosgrove, Cabinet Member for Regeneration
SMT Lead	Emma Wiggins
Head of Service	Charlotte Hudson
Lead Officer	Lyn Newton
Key Decision	Yes
Classification	Open
Recommendations	<ol style="list-style-type: none"> 1. That the Visitor Economy Framework for 2018 – 2023 is adopted 2. That funding of £250,000 from the shared business rates pool with Kent County Council is used to contribute to the delivery of the framework

1 Purpose of Report and Executive Summary

- 1.1 Cabinet is asked to adopt the Visitor Economy Framework for 2018 – 2023 which sets out six priorities to maximise the contribution of the visitor economy to Sittingbourne, Faversham and the Isle of Sheppey. A budget of £250,000 has been identified for delivery of the framework from the shared business rates pool with Kent County Council and that a request is made to release monies to support local delivery.
- 1.2 This high level framework seeks to increase the contribution of the visitor economy to Swale and support to the Council’s Medium Term Financial Strategy through business growth and business rate retention.

2 Background

- 2.1 The difference between Tourism and a Visitor Economy Framework is that whilst tourism is a function of people’s active interests and can be shaped and supported, a Visitor Economy Framework is the strategic leadership by the Council of the tourism industry and economy within a policy framework that enables stakeholders to fully play their part.
- 2.2 The premise driving this is that the Visitor Economy Framework creates economic as well as social benefit, and creates growth, employment and skills. The Framework is a cross Council activity that includes factors that will create a

multiplier effect on the visitor experience such as infrastructure, car parks, green space and the Council's large investment in leisure in Sittingbourne.

- 2.3 The visitor economy in Swale supports economic growth and creates employment in the tourism, leisure and hospitality sectors. The economic impact assessment (2015) shows that tourism continues to be one of the drivers of the local economy and supports sector sustainability. Tourism remains important to Swale economic growth (comparable to the health and social care sector) and is the fourth highest performing sector (after wholesale and retail; transport and storage and manufacturing).
- 2.4 Tourism is a long-standing corporate priority and the Council has invested in its open spaces seafronts and keeping the borough clean for both residents and visitors. Sector businesses are also being supported through bespoke tourism business support as well as access to the wider business support service. Alongside the £11,000 used to support the industry through Visit Kent projects and activities including the Visit Swale web portal. There are a range of corporate projects that support the Visitor Economy including enhancements at Minster Leas which has seen significant investment over recent years of £159,000 for resurfacing works, £124,000 for beach hut development and annual seasonal costs of £64,000. The investment in the regeneration of Sittingbourne will also see a wider cultural and leisure offer. The successful Stage 1 HLF bid to enhance Faversham Recreation Ground has secured £117,000 and could lead to an investment of £1.7m.

3 Proposals

- 3.1 We will have a Visitor Economy Framework with six key priorities
- Identity, marketing and promotion
 - Infrastructure and connectivity
 - Public realm improvements
 - Sector support
 - Developing the cultural offer
 - Market segmentation and information management
- 3.2 The implementation of the Visitor Economy Framework will support a buoyant tourism, leisure and hospitality sector in Swale creating a more positive perception of place. The framework will provide a five year timeframe for place shaping and set out clear principles to help Swale achieve its potential in a global tourism economy as a visitor destination. The Borough will become a more prosperous place with distinctive identities and image that will help attract new inward investment, visitors and sustainable jobs. We will be measured on the numbers of jobs created, new accommodation providers and bed spaces with an increase in room occupancy, greater visitor satisfaction, strong industry and public sector partnerships characterised by sharper communication.

- 3.3 A budget of £250,000 from the shared business rates pool is identified for the five- year Visitor Economy Framework (2018-2023). It is proposed that in addition to the ECS Manager and the ECS Project Officer there will be a re-alignment of other officer resources of up to 2 FTE posts equating to £85,000 per annum to deliver against this Framework. This will be agreed by the Head of Service as part of the annual service planning together with continuing discussions with higher academic institutions continue with a view to securing tourism interns. Our approach will be to also seek match funding along with partnership funding for initiatives e.g. S106, Coastal Communities Fund, EU PROFIT) to provide additional leverage and resources for delivery.
- 3.4 Preliminary actions will include establishing a new baseline position through an Economic Impact Assessment (more commonly known as the Cambridge Model); industry leads are currently being identified from the three geographical areas whose role will be to develop area action plans. A Council led Officer Working Group will agree investment against the six priorities identified in the framework.

4 Alternative Options

- 4.1 Do nothing - this is not recommended given the current and future potential of sector growth and a contribution to the Council's Medium Term Financial Plan. Sector support is a corporate priority and the Council's desire to increase activity and industry performance.
- 4.2 Status Quo – there is currently no strategy in place and this is not recommended. There is opportunity to increase sector growth and make a contribution to the Council's Medium Term Financial Plan. Sector support is a corporate priority and there is a desire to increase activity and industry performance.
- 4.3 Other organisation – this is not recommended but the Council could consider passing the function to an external body. This is likely to require a start-up approach possibly including funding and capacity building and is not recommended.

5 Consultation Undertaken or Proposed

- 5.1 A cross authority officer workshop followed by an extensive period of industry consultation undertaken from May through to September 2017 through survey, focus groups and partnership meetings. 1 to 1 meetings, telephone calls and emails.

6 Implications

Issue	Implications
Corporate Plan	<p>A Borough To Be Proud Of – this priority theme focusses on the Council’s aspirations for Swale as a physical place. In particular the following are relevant:</p> <ul style="list-style-type: none"> • A redeveloped town centre for Sittingbourne which acts as a catalyst for the wholesale regeneration of the town, fostering economic and cultural renewal • Delivery of smaller scale regeneration projects elsewhere in the Borough it improves the appearance and facilities of our towns and villages • A Borough which is noticeable clean and well maintained, in which the natural and built environments are respected, conserved and enhanced for future generations • A Borough with a strong brand which is recognised nationally and internally for its advantageous business environment and for its wealth of visitor attractions <p>The relevant high-level objectives under this priority theme include:</p> <ul style="list-style-type: none"> • Enhance the Borough’s economic and tourism offer • Keep Swale clean and tidy • Protect and improve the natural and built environments <p>A Community To Be Proud Of – this priority theme focuses on the Council’s aspirations for the people of Swale. In particular the following are relevant:</p> <ul style="list-style-type: none"> • Communities across Swale which people work together to solve the issues that confront their local areas • A diverse, flourishing and well supported voluntary sector working to improve lives across the Borough <p>The relevant high-level objectives under this priority theme include:</p> <ul style="list-style-type: none"> • Foster economic growth and prosperity for all • Encourage active communities and support the voluntary sector <p>Use our influence to ensure local skills are matched to local jobs.</p>
Financial, Resource and Property	<p>Delivery of a five year action plan will include the need for industry leads to be identified, working groups and work programmes and priorities to be agreed collaboratively with the Council. The current tourism service has one 0.5 FTE (ECS Project Officer) and one</p>

	<p>0.25 FTE (ECS Manager) and will be supported with up to an additional 2 FTE at an annual cost of £85,000 to manage the Council's investment of £250,000 and delivery of the Framework. The Head of Service will co-ordinate and steer an internal Officer Working Group where Council intervention and influence is needed to facilitate and support local action and stimulate growth.</p> <p>The Council is also looking to collaborate with higher education Kent through its tourism degree courses to acquire additional resources through its funded intern programme and for the life of the Visitor Economy Strategy. It is envisaged that funding of £250,000 from the shared business rates pool with Kent County Council is used for delivery of the framework. In addition, match funding and partnership funding will be sought. The sector contributes significantly to economic growth and jobs and in part contributes to the Council's Medium Term financial strategy which is based on business rate growth.</p>
Legal and Statutory	Provision for the section is not a statutory function of the local authority but does contribute to regeneration through place shaping. The economic impact assessment forms part of the Local Plan which is a statutory document.
Crime and Disorder	None identified at this stage but quality sought-after destinations support civic and community pride in place.
Environmental Sustainability	None identified at this stage but the VES links with other key strategic documents such as Green Grid Strategy and Biodiversity Action Plan
Health and Wellbeing	Partnership delivery will be explored through existing partnership arrangements with new opportunities sought to promote healthier lifestyles both for resident communities and visitors. The Swale Green Grid Partnership will facilitate this
Risk Management and Health and Safety	None identified at this stage
Equality and Diversity	The Visitor Economy Framework will provide facilities and services directly and indirectly to residents and visitors but is high-level and does not focus on key attractions but destinations and themes (coast, country, marshland, heritage and events) in terms of place. Different services and facilities provided through the sector could have the potential of different impacts on groups with different characteristics; public sector projects would need to be assessed independently.
Privacy and Data Protection	Database preparation to support industry liaison and consultation with regard to the VES has been undertaken by the Consultant. The Council maintains principal point of contact with industry through the Visit Swale and social media messaging. The sector is

	being advised on future legislative challenges through commercial lawyers.
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7 Appendices

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

- Appendix I: Visitor Economy Framework 2018-2023

8 Background Papers

Not applicable

SWALE

Your destinations of choice

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A Visitor Economy Framework for
Sittingbourne, Faversham and
the Isle of Sheppey 2018 – 2023



Foreword



Cllr. Mike Cosgrove
Cabinet Member for
Regeneration

Swale is geographically well placed to offer visitors and residents memorable experiences. By drawing on a rich and colourful past, a vibrant present and an even more exciting future the Council is keen to maximise the contribution of the visitor economy to Swale.

We will retain our local distinctiveness which creates our unique sense of identity in Sittingbourne, Faversham and the Isle of Sheppey. Each destination will be celebrating different offers; all will exhibit a cohesive, joined-up approach locally, working smarter with the resources available, and placing an emphasis on what really matters in each destination.

With more of us holidaying in the UK and an increasing reliance on social media to make those decisions we are investing to make sure our visitors, residents and an increasing global travel market benefit from this investment. We will maximise the contribution of the visitor economy to Swale through:

- Identity, marketing and promotion
- Infrastructure and connectivity
- Public realm improvements
- Sector support
- Developing the cultural offer
- Market segmentation and information management

Swale's visitor economy will have seen real and tangible change in five years and we aim to add another £25m to the bottom line by 2023 increasing tourism's value from £193m to £218m an increase of 11.5%. In order to achieve growth we will invest our money to improve our spaces, change perception and increase confidence in place as well as create higher tourism values from a less seasonal industry. Swale will be prepared, inspired and more effectively placed to drive growth, jobs, local pride, interest and vitality through a more effective, engaged and supportive visitor economy. Using a dedicated team and working with partners and businesses we can increase and develop the contribution that our visitors make to our local economy.

Together we can make it happen...



Photo courtesy of Shepherd Neame



Sittingbourne, Faversham and the Isle of Sheppey are distinctive places in which to live, work and visit.

The National and County Context

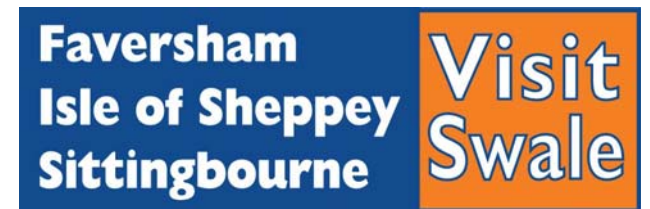
The visitor economy is the fourth largest industry and contributes in England alone £106 billion to GDP and supports 2.6 million jobs making it an important sector within the national economy. Inbound tourism is set to grow at 3.5% every year until 2025. The Council will work collaboratively through Visit England and Visit Kent to maximise Swale’s opportunities. It works closely with other sectors including, sports, museums and the arts, fishing and farming, transport and retail*. Kent’s visitor economy continues to show growth contributing £3.6billion and supports 72,000 jobs.

Our Visitor Economy

The value and importance of the visitor economy as a core sector is recognised across Swale and is reflected in the Corporate Plan and Local Plan. The visitor economy plays an important part of Swale’s success being the fourth largest sector in terms of jobs and skills as well as economic performance. In an increasingly competitive visitor market we will grow our investment in place. We will continue to appeal to all key visitor markets and grow our visitor performance through an enhanced offer in our coast, country, marshland, heritage and events.

The majority of our visitors come from within the UK and we need to better understand who they are, where they come from and why they are visiting. There is opportunity to grow our market share from visitors from further afield. We are committed to develop the growth of Swale’s visitor economy to the benefit of Swale’s businesses and communities through sector investment to ensure the industry remains resilient, flexible and ready to face changing visitor demands.

There needs to be new offers to meet new visitor demands. The visitor experience will be both exceptional and experiential drawing upon the unique qualities and distinctiveness of the areas - Sittingbourne, Faversham, the Isle of Sheppey and the surrounding countryside and marshes. The marketing needs to reflect current trends around accessing information with greater emphasis placed on online and social media information.



*Source: <https://www.visitbritain.org/value-tourism-england>

Our priorities

To deliver results our strategy is based on six key priorities:

- Identity, marketing and promotion
- Infrastructure and connectivity
- Public realm improvements
- Sector support – Open for Business
- Developing the cultural offer
- Market segmentation and information management

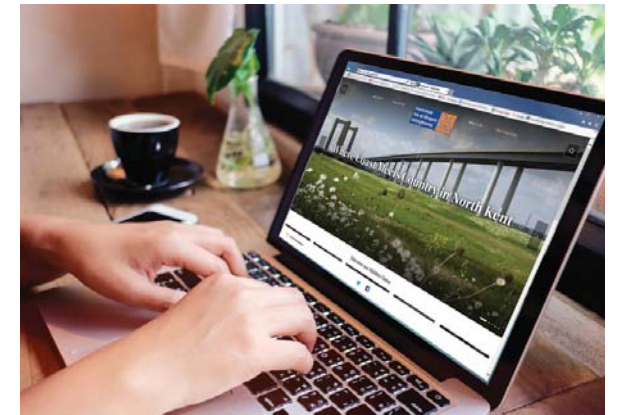


Photo courtesy of Macknade Fine Foods

A joined-up approach on delivery will provide clarity, reduce duplication and provide efficiencies. An improved visitor offer will create more reasons to visit Sittingbourne, Faversham and the Isle of Sheppey. A five year strategy and action plans will provide a framework for collaboration and partnership. There is an enhanced budget of £250,000 in place with an additional officer resource to ensure delivery.

Our strengths lie in our outstanding landscapes – coast, country and marshland; our rich and varied heritage; our festivals and events alongside our local food and drink which celebrates Kentish culture and diversity.

Our weaknesses come from poor infrastructure, weak market intelligence and the fast changing pace around accessing information requiring improved on-line and social media opportunities.



Our current performance

SWALE

5 million trips

£193 million visitor spend

4,561 jobs supported

59% of our visitors are on holiday

41% of our visitors are here for other reasons
(including meeting family and friends and business)

KENT

60 million trips

£3.6 billion visitor spend

72,000 jobs supported



Source: Cambridge Model based on 2015 data.
The national benchmark tool used by Kent to measure tourism performance. Data extracted from surveys must be interpreted with a degree of caution



Photo courtesy of Elmley Nature Reserve



Photo courtesy of Visit Kent

To support the growth of Swale’s visitor economy to the benefit of local businesses and communities, making the most of our local resources and assets.

Outcomes

Identity, marketing and promotion

Promote a positive image of the area to inspire visitors

Key actions are:

- To use campaigns to target specific audience groups that will grow footfall increase dwell time and deliver greater visitor economy revenues
- To further develop and enhance Visit Swale
- To support and develop industry partners so they can actively engage with their customers and potential customers and improve on-line and social media activity
- To develop new audiences through the use of on-line and social media opportunities
- To highlight and promote the identity of the area through greater collaboration with Screen South and Kent Film Office
- To establish stronger links with Produced in Kent to highlight and promote food tourism



Infrastructure and Connectivity

Enhance the visitor experience

Key actions are:

- To work with partners to create travel incentives (including joint ticketing where possible) for residents and visitors
- To improve promotion of the destination through a Swale App
- To promote high quality transport connections including cycling and walking
- To increase the number of car and coach parking facilities to improve access to the coast as well as town centres
- To increase destination infrastructure for shared use routes
- To review highways infrastructure and signage



Public Realm and Place Shaping

Be a beacon for the visitor economy

Key actions are:

- To deliver consistent and improved signage to aid residents and visitors (vehicular and pedestrian)
- To deliver improvements to the public realm in our town centres and strategic gateways to create a more visitor-friendly environment (car parks, lighting, street furniture, signing)
- To enhance our beaches, coastal and country paths and open spaces
- To improve visitor services and facilities
- To encourage and promote quality assessment to meet resident and visitor expectations of accommodation and visitor attractions
- To develop and promote the Borough’s maritime offer



Sector Support – Open for Business

Support businesses

Key actions are:

- To support and encourage visitor economy businesses to develop new products and packages to stimulate additional visits and bookings
- To develop a Welcome Programme
- To increase tourism investment through flexible planning
- To boost productivity by extending and promoting year-round tourism through targeted funding to increase out of season offers through festivals, green tourism, wildlife promotion and activity breaks
- To improve the quality of the tourism offer
- To create better career and education opportunities (including apprenticeships) to boost recruitment, skills and long-term careers

Developing the cultural offer

Create experiences

Key actions are:

- To develop a range of new and unique and distinctive experiences to include food and drink, sport and leisure, festivals and events, arts and culture, history and heritage and outdoor activities in coastal and rural destinations
- To deliver enhancements to the Borough's physical environment that benefit residents and visitors as well as develop a Welcome Programme
- To promote local distinctiveness through quality specialist street markets and events that enhance, animate and promote the individual towns and villages
- To increase access opportunities to all parts of the Borough including the villages

Market Segmentation and Information Management

Create a one-stop sector resource

Key actions are:

- To commission an economic impact assessment biennially
- To develop collection of relevant visitor economy data and intelligence to ensure businesses are better informed (key facts, attractions monitoring, visitor survey, business tourism, hotel occupancy, visitor economy intelligence)
- To undertake market segmentation to inform key marketing campaigns



Photo courtesy of Shepherd Neame

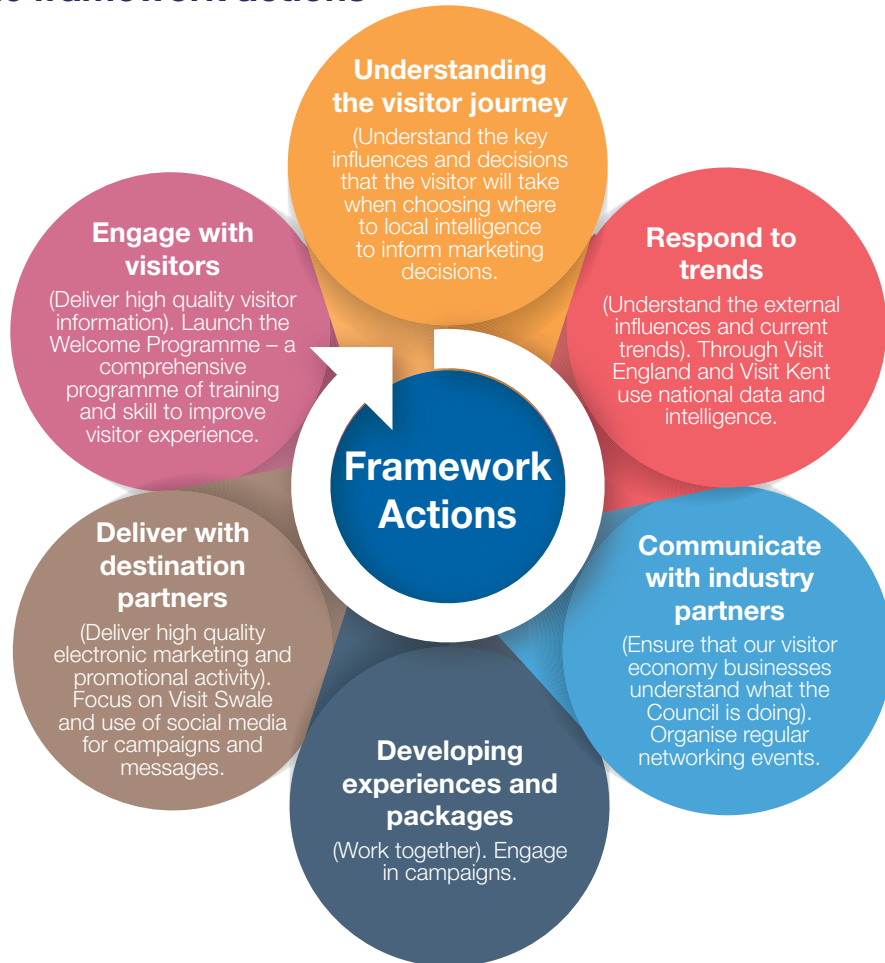


Photo courtesy of Robert Canis

Measuring Performance

The outcomes will be delivered over the next five years using the **framework actions**

Page 62



Measuring and understanding our performance is vital to success. We will undertake surveys and market intelligence studies moving forward. Swale Borough Council will share destination intelligence enabling partners to review and benchmark their own performance, monitor trends and respond to new opportunities.



Photo courtesy of Robert Canis

Photo locations

Front cover: Standard Quay, Faversham

Page 2: Sheerness Beach
Bredgar and Wormshill Light Railway
West Street, Faversham

Page 3: The Sheppey crossings

Page 5: Lower Halstow Creek, near Sittingbourne
Marshland, Isle of Sheppey
Beach Huts, Minster Leas, Isle of Sheppey
Macknade Fine Foods, Faversham
Artists impression, The Light Cinema, Sittingbourne
Visit Swale website

Page 7: The Old House at Home, Queenborough
Shepherd's Hut, Elmley Nature Reserve
Faversham Hop Festival
Cycling, Sheerness Seafront

Page 8: Artist painting, Faversham Creek
The Sheppey crossings
Queenborough Harbour

Page 9: Master Brewer, Shepherd Neame, Faversham
Faversham Market
Boxing Hares, Elmley Nature Reserve

Page 10: Elmley Marshes

Page 11: Sunrise on Elmley Marshes

Back cover: Faversham Market

Contact Us

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If you would like alternative versions (i.e. large print, audio, different language) we will do our best to accommodate your request.

Please contact the council at:

Customer Service Centre
Swale Borough Council
Swale House, East Street
Sittingbourne
Kent, ME10 3HT

Customer Service Centre 01795 417850



Photo courtesy of Visit Kent

Cabinet Meeting		Agenda Item: 9
Meeting Date	7 February 2018	
Report Title	Landholdings Review - Sale of Various Sites	
Cabinet Member	Cllr Duncan Dewar-Whalley, Cabinet Member for Finance and Performance	
SMT Lead	Nick Vickers, Chief Financial Officer	
Head of Service	Anne Adams, Head of Property Services	
Lead Officer	Kent Parker, Estates Surveyor	
Key Decision	Yes	
Classification	Open with restricted appendix	
Forward Plan	Reference number:	
Recommendations	<p>1. That, on behalf of the Council, Cabinet agrees in principle to dispose of the freehold of the sites by auction at the reserve prices agreed with the auctioneers set out in Appendix III.</p> <p>2. That the Head of Property Services in consultation with the Cabinet Member for Finance and Performance be authorised to finalise the terms and the Head of Legal Services be authorised to complete the necessary legal formalities in due course.</p>	

1 Purpose of Report and Executive Summary

- 1.1 As part of the Council's Income Generation review work has been undertaken on a number of sites. The objectives being to release sites for development where this is considered appropriate and generate capital receipts for the Council.
- 1.2 The purpose of this report is to obtain approval for the freehold sale by auction of the Council owned sites (as shown on the attached plans Appendix I and II) as potential building plots.
- 1.3 The sites have been retained as potential future development plots. As part of the Landholdings Review these sites are considered to have development potential and disposal by auction is recommended.

2 Background

- 2.1 The sites were retained by the Council following the transfer of the housing stock to Swale Housing Association in 1990 as potential development land. The plot at

Frogna! Gardens was also held as a potential access route to the adjacent farmland in the event of future development. The new Local Plan allocates the farmland for housing development but envisages access will be from a different point and therefore it is no longer required to be held for this purpose. The footpath adjacent to the plot will be retained and is likely to form part of a footpath / cycle link with the new development to the north. This site is currently occupied under a licence agreement by the adjoining owner as a garden extension.

2.2 The sites were considered as part of the Council's recent landholdings review. The sites are located within former Council house estates.

2.3 Following the review by DHA Planning the sites were considered to have potential for development of housing. Pre application advice has been obtained for each site.

3 Proposals

3.1 Pre application advice indicates that the sites identified for disposal have development potential and it is therefore recommended that the sites be sold by auction on this basis. The proposed guide and reserve prices discussed with the auctioneers are set out in the attached Appendix III. The sites will be sold without planning permission and it will be for the purchaser to apply for permission following their purchase.

3.2 It is also recommended that the sites are sold over two auctions to maximise interest and price. The next available auctions to be held by Clive Emson Auctioneers are 20 March 2018 and 1 May 2018.

3.3 It is recommended that the sites are sold by auction subject to the stated reserve prices. This method of sale will ensure that the disposals will be for the best consideration reasonable obtainable and complies with the Council's statutory obligations.

3.4 Where the site at Frogna! Gardens is currently occupied by the adjoining owner they have been given prior notice of the Council's intention to dispose of the land by auction and they would have the opportunity to bid for the land. It is suggested that an appropriate timescale for disposal is agreed to limit disturbance to the Licensee. The Licence would need to be terminated prior to the land being sold and is subject to three months' notice.

3.5 Given that these plots could be suitable for self or custom build housing, subject to an appropriate planning permission being granted, consideration could also be given to alerting entrants on the Council's Self Build and Custom Housebuilding Register as to the means and timing of their disposal.

4 Alternative Options

- 4.1 Do nothing i.e. sites either remain vacant or let as garden land: This is not recommended as it would be a missed opportunity and not achieve any capital receipt
- 4.2 Sell by private treaty: This is not recommended as it is not as transparent and not as likely to achieve the best price.
- 4.3 Offer to the adjoining owners: This is not recommended as it is not considered that this would achieve a higher price than a sale by auction.

5 Consultation Undertaken or Proposed

- 5.1 Consultations have been carried out with Planning through the pre-application advice and the Asset Management Group who support the proposal.

6 Implications

Issue	Implications
Corporate Plan	The proposal contributes to A Borough to be Proud Of by helping to deliver small scale regeneration and additional housing. It also contributes to A Council to be Proud Of by disposal of underused land for a capital receipt which strengthens our financial resilience.
Financial, Resource and Property	The consideration to be paid for the sites will be the best consideration reasonable obtainable. The proposal will also remove the Council's liability for managing and maintaining the sites in the future.
Legal and Statutory	The Council has power under section 123(1) of the Local Government Act 1972 to dispose of land and property in any manner that it wishes. The proposed disposals must be for the best consideration reasonably obtainable in accordance with section 123 of the Local Government Act 1972 or meet the requirements of Circular 06/03: Local Government Act 1972 General Disposal Consent (England) 2003 - disposal of land for less than the best consideration that can be reasonably obtained failing which, the Secretary of State's consent would be required.
Crime and Disorder	None identified at this stage.

Environmental Sustainability	None identified at this stage.
Health and Wellbeing	The provision of new housing will benefit the health and wellbeing of the residents
Risk Management and Health and Safety	None identified at this stage.
Equality and Diversity	None identified at this stage.
Privacy and Data Protection	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: Site Plan – Scrapsgate Road, Minster
- Appendix II: Site Plan – Frognal Gardens, Teynham
- Appendix III(Restricted): – Details of guide and reserve prices

8 Background Papers

None

Appendix I: Scrapsgate Road, Minster

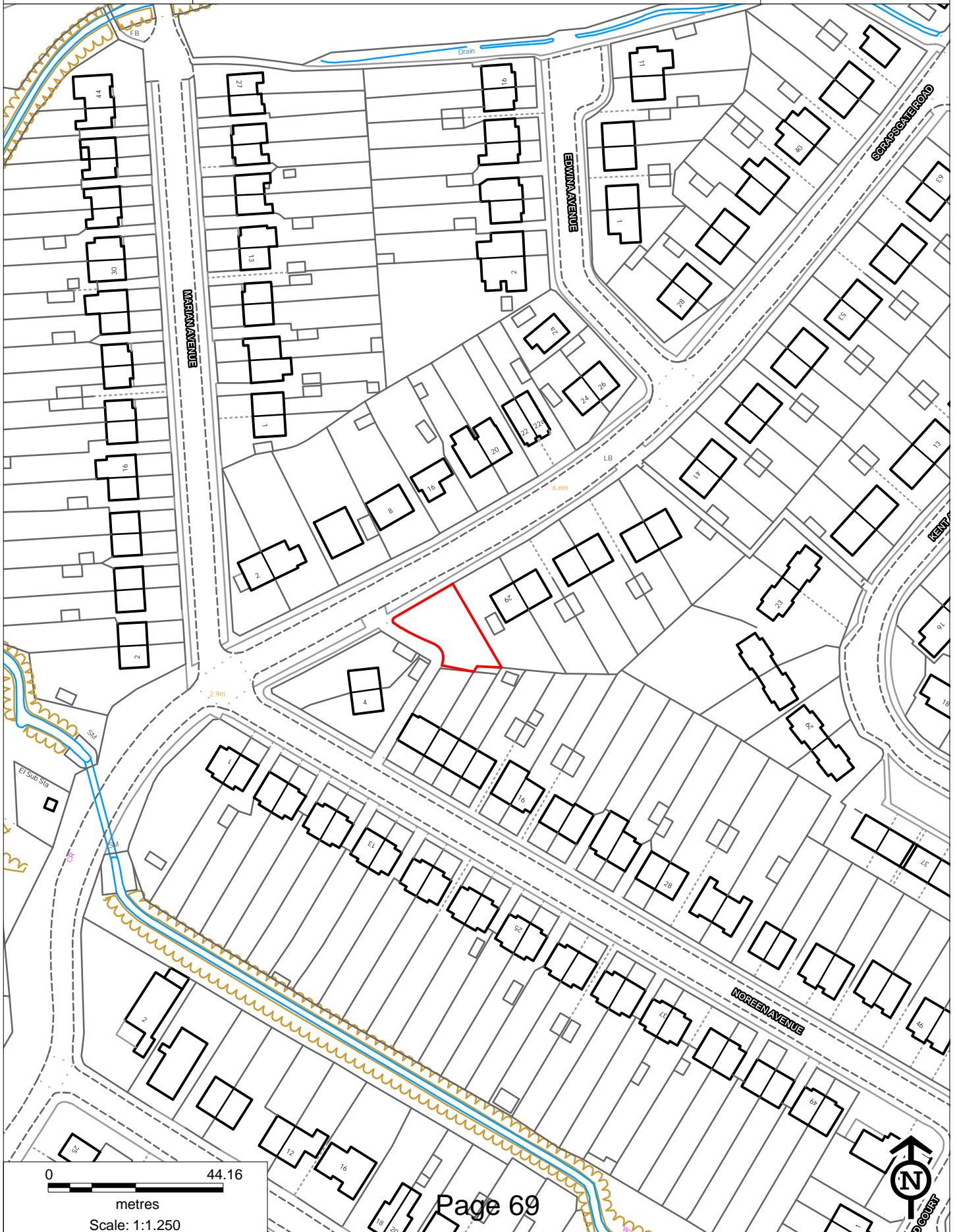
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Appendix II: Frognal Gardens, Teynham

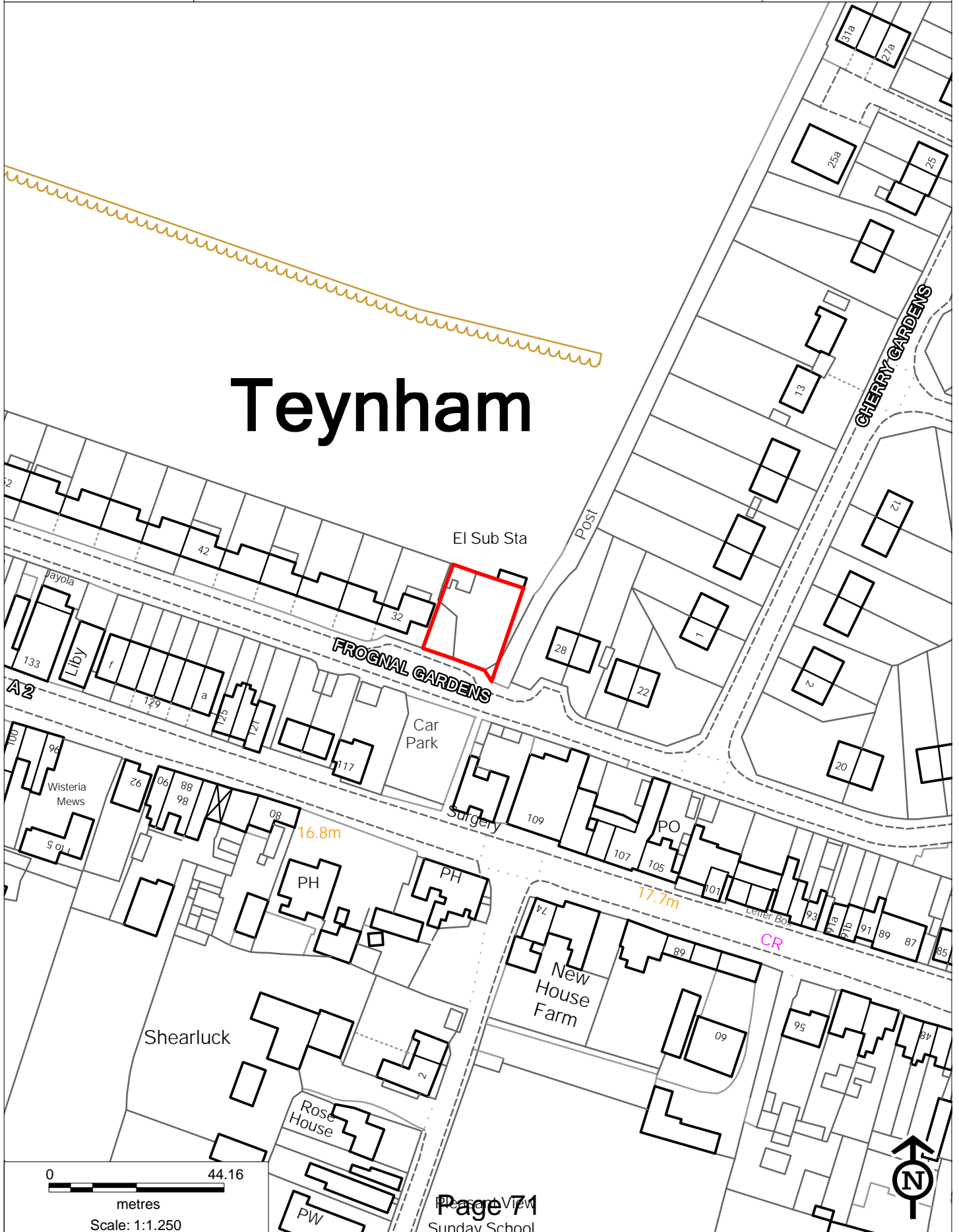
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Recommendations for Approval

South Thames Gateway Building Control Joint Committee – 7 December 2017

Schedule of Meetings 2018/19

Resolved that:

(1) The Joint Committee agreed the provisional timetable of meetings for the 2018/2019 municipal year as set out in paragraph 2.3 of the report.

South Thames Gateway Building Control Partnership Business Plan 2018-2021

Resolved that:

(1) The Joint Committee approved the updated version of the Business Plan and agreed to refer it to the Cabinet of each partner authority to approve the Final Draft Business Plan, subject to the following amendments:

- Clarifying that the main purpose of the conference for neighbouring authorities was to encourage councils to join the partnership;
- The Partnership's objectives set out in Paragraph 4.1 of the Plan be amended to read as follows:
 - Continue to meet customer needs
 - Maximise technology to reduce cost and improve delivery
 - Continue to improve the way we work
 - Value support and develop staff.

Monitoring report September 2017 to November 2017

Resolved that

(1) *The report be noted.*

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Recommendations for approval

Swale Joint Transportation Board – 18 December 2017

Minute No. 406 - **PETITION FOR RESIDENTS PARKING SCHEME - LAVENDER COURT, AUBRETIA WALK AND HEATHER CLOSE, SITTINGBOURNE**

(1) That the contents of the report be noted and officers take no further action until such time as substantial changes occur to the parking arrangements in the area.

Minute No. 407 - **CONSULTATION ON CHANGES TO EXISTING WAITING RESTRICTION TIMES - SITTINGBOURNE RESIDENTS' PARKING SCHEME**

(1) That the contents of the report and the overall low response rate to the consultation be noted and that officers do not proceed with any changes to the existing 1 hour waiting time limit of the Sittingbourne Residents' Parking Scheme, but that the comments around enforcement be forwarded to the appropriate team.

Minute No. 408 - **PETITION FOR CHANGES TO RESIDENTS' PARKING SCHEME - UFTON LANE, SITTINGBOURNE - CONSULTATION RESULTS**

(1) That the contents of the report be noted and officers do not proceed with any changes to the existing 2 hour waiting limit for the Ufton Lane area of the Sittingbourne Residents' Parking Scheme, but that the comments around enforcement be forwarded to the appropriate team.

Minute No. 409 - **FORMAL OBJECTION TO TRAFFIC REGULATION ORDER - SWALE AMENDMENT 9**

(1) That the contents of the report be noted and Officers proceed with the Traffic Regulation Order as advertised.

Minute No. 410 - **FORMAL OBJECTIONS TO TRAFFIC REGULATION ORDER - SWALE AMENDMENT 10**

(1) That the formal objections received to the proposed double yellow lines around the Guild Hall in Faversham be noted, and officers proceed with the proposals.

(2) That the contents of the report with regard to the proposed double yellow lines in Wellesley Road, Sheerness be noted.

Minute No. 411 - **KENT COMMUNITY RAIL PARTNERSHIP**

(1) That a meeting be set up between KCRP and the Cabinet Member for Regeneration and/or officers to investigate whether additional funding is needed for Swale projects and if so Cabinet look to see if funding is possible.

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of the Local Government Act 1972.

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