



AGENDA

CABINET MEETING

Date: Wednesday, 6 February 2019

Time: 7.00pm

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

Membership:

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

Quorum = 3

RECORDING NOTICE

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1. Emergency Evacuation Procedure

Pages

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

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

The Chairman will inform the meeting that:

(a) in the event of the alarm sounding, everybody must leave the building via the nearest safe available exit and gather at the Assembly points at the far side of the Car Park. 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 12 December 2018 (Minute Nos. 380 - 389) 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 Reports for Recommendation to Council

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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).

Part B Report for Decision by Cabinet

13.	Exempt Appendices - South Thames Gateway Building Control Partnership - 2019 - 2022 Business and Delivery Plan	107 - 142
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Issued on Monday, 28 January 2019

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

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Cabinet Meeting	
Meeting Date	6 February 2019
Report Title	2019/20 Revenue Budget/Medium Term Financial Plan and Capital Strategy
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 2019/20 Revenue Budget proposals. 2. To approve the proposed Council Tax band D increase for 2018/19 to £174.42. 3. To note the Medium Term Financial Plan. 4. To approve the Capital Strategy. 5. To approve the Capital Programme proposals. 6. To note the additional amount of Council Tax for Parish Precepts. 7. To consider any recommendations of Scrutiny Committee. 8. To approve the Minimum Revenue Provision Statement as set out in Appendix VIII

1. Purpose of Report and Executive Summary

- 1.1 This report sets out the Council's Revenue budget proposals for 2019/20, the Medium Term Financial Plan (MTFP) and the Capital Strategy. The latter is a new Treasury Management requirement reflecting Government concerns over Councils investing for investment purposes only out of their area.
- 1.2 Cabinet received a budget report on 12 December prior to the Provisional Local Authority Grant Settlement announced on 13 December. This report reflects the implications of the settlement.
- 1.3 This report, if agreed by Cabinet, will then go forward to Council on 20 February.

2. Background

Provisional Local Government Finance Settlement 2019/20

- 2.1 This is the last year of the Four Year Financial Settlement and as anticipated, there were very few changes in the Provisional Settlement other than the announcement that Kent had not been successful in its bid for being a Business Rate Pilot in 2019/20.
- 2.2 The main issues to highlight are:
- Negative Revenue Support Grant has been cancelled, with the cost funded by the Government. This has no impact on this Council;
 - The New Homes Bonus national baseline increase was as expected 0.4%, and the Government transferred £20m to fund the additional cost. Actual income is £28k higher than projected in the December Cabinet report;
 - Additional funding was also found to ensure that the Rural Services Delivery Grant remained at the same level in 2019/20 as it was in 2018/19 (£16m), again no impact on this Council.
- 2.3 As has previously been reported Kent was a pilot for 100% business rate retention in 2018/19 alongside 10 other pilot areas. A significant amount of work went in to developing and agreeing a new bid which reflected conversations which Officers at Maidstone Borough Council, the scheme “banker”, had had with Government officials. These conversations had been very positive about the Kent scheme. In the event, Kent has not been selected to be one of the pilots for 2019/20.
- 2.4 Only three areas (outside London and “devo” areas) will continue their pilots from 2018/19 to 2019/20: Solent, Berkshire and Leeds City Region (this time alongside North Yorkshire). Other areas that were unsuccessful from 2018/19 are Suffolk, Surrey, Devon, Gloucestershire, Lincolnshire, and Derbyshire.
- 2.5 Commentators have observed that new areas include a number such as Lancashire, Norfolk and East Sussex, which have been high profile about their funding difficulties. The Leader has formally asked for clarification from the Secretary of State on why the Kent pilot bid was not successful. It has been confirmed that the business rate pool previously operated with ten other Borough/District Councils and KCC will be re-established. The impact of the business rate pilot not proceeding as assumed in the December budget report is a loss of £337k but the Council will receive £113k of Revenue Support Grant.

Reserves

- 2.6 The Council's Reserves have increased substantially in recent years; at 31 March 2010, they stood at £10.316m and on 31 March 2018 at £19.876m. Research undertaken nationally shows that in aggregate Council Reserves have increased over the same period although there are large variations between Councils. Those District/Borough Councils that have increased Reserves have done so in the knowledge that their longer term funding position is likely to remain very difficult, with funding in aggregate likely to be flat or slightly decreased and this tier of Councils unlikely to be favoured in the future Fair Funding regime as Government seeks to find resources for upper tier Councils with Adult and Children Social care responsibilities. The core reasons for the increase in Reserves at this Council have been one-off VAT reimbursements, significant underspends driven by planning and car parking income and initially buoyant New Homes Bonus income then followed by strong growth in business rates. None of these are likely to be as sustained in the future.
- 2.7 A breakdown of the Council's Reserves is shown in Appendix VII. Broadly, Reserves fall in to two main categories: General and Earmarked Reserves. The General Reserve and the General Fund can be used for any purpose. The agreed policy of the Council is to maintain a General Fund balance of a minimum of £1.5m. Earmarked Reserves can be further broken down in to those where the Council could move resources out, for example the Repairs and Renewals Fund for building maintenance, and funds which have come from Specific Government Grants, such as Housing, where funding can only be used for specific purposes.
- 2.8 The rationale for maintaining Reserves are:
- (1) To meet statutory requirements. Sections 32 and 43 of the Local Government Finance Act 1992 require local authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating their budget requirement. Chief Financial Officers have a duty to report on the robustness of estimates and adequacy of reserves under section 25 of the Local Government Act 2003.
 - (2) To meet unexpected items of expenditure. With a reduced revenue budget there is much less scope to meet unexpected items in year.
 - (3) To fund service developments. This particularly applies to the Performance Fund and the Regeneration Fund. The Performance Fund is used for internal facing projects such as funding the Transformation Team. The Regeneration Fund is for outward facing projects such as funding Member Grants. Delivering service improvements would be very difficult without such funds.
 - (4) To fund pension and redundancy costs. When an Officer aged over 55 is made redundant their pension benefits become payable and the Council has to pay the Kent Pension Fund the costs of paying the pension benefits early (the actuarial strain costs). These can be very substantial where benefits

could be paid at age 55, 12 years earlier than an individual's Normal Retirement Age. There are also the redundancy costs. The Council has had fairly limited costs in recent years with senior officers choosing to retire and therefore not incurring additional costs for the Council.

- 2.9 A Council with minimal or low levels of Reserves becomes much more prone to short term decision making and can be thrown off course much more easily than one with a prudent level of Reserves. Short-term financial issues can then have a predominant impact on decision making.
- 2.10 The budget proposals which follow do make use of Reserves, but to fund one-off items not recurring expenditure, such as election costs. The Council needs to ensure that it does not use Reserves to fund base budget expenditure, as the Council needs to be able to function within the funding envelope that it receives or raises on a recurring basis.
- 2.11 A further consideration is the Markets in Financial Instruments Directive generally referred to as MiFID II. This legislation introduced in May 2016 required organisations such as Councils to opt for either Professional or Non-Professional status as an investor. Those organisations, such as this Council, which opted for Professional status could, subject to passing various tests with financial intermediaries, invest in a much wider range of financial products. Therefore, the investment in the CCLA Property Fund is only possible if you are a Professional investor. A further requirement is that the organisation must have available to invest a minimum of £10m. So maintaining sufficient designated investments as defined in MiFID II to remain a professional investor is an important consideration.

Capital Strategy

- 2.12 This Capital Strategy is a new item for 2019/20, giving a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services. The proposed Treasury Management Strategy is reported separately to this meeting. The proposed capital programme and its funding are detailed in appendix VI to this report.
- 2.13 The Council is not asset rich and the revenue budget constraints minimise the ability to purchase new assets. The Sittingbourne Town Centre (STC) project has shown that even within these constraints the Council can deliver a major project. The Capital Strategy needs to build upon this to identify viable new projects which help the Council achieve its wider objectives be they regeneration, housing or planning related.
- 2.14 In March 2016, Council agreed to a borrowing facility of up to £30m subject to individual business case and in November and December 2016 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. The only business cases which have been agreed are for STC and the Leisure Centre

refurbishment. In January 2019 the Council took out two loans of £5m each, from other local authorities. One loan is for 12 months at a rate of 1.1% and the other for 18 months at a rate of 1.21%.

2.15 Each year, the Council agrees an annual Treasury Management Strategy covering the management of council debt and cash investments with the 2019/20 strategy due to be considered on 20 February 2019. In considering investing, for the Council's 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 effectively would have to reduce services to fund the costs. In the case of the STC investment all the capital financing costs will be wholly 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.

2.16 The process for agreeing the STC investment was a transparent one with two reports to Cabinet and a robust examination by Scrutiny Committee. Financial return was the main objective, the Council accepted higher risk on commercial investment than with treasury investments. The principal risk exposures include the development risk, the risk of voids and the potential for falls in capital values. These are mitigated by a fixed cost funding arrangement with Spirit of Sittingbourne, good progress on tenants and a long-term investment horizon.

2.17 The Council will also invest for service purposes and an example of this has been the refurbishment of the Sittingbourne and Sheerness Leisure Centres. With the end of the current contract with Serco in 2019 a full options appraisal process was undertaken involving Members and Officers supported by external consultants. This culminated in a report to Cabinet in May 2018. Going back to the principles set out in paragraph 2.15 this project is self-financing with the costs of capital being funded by revenue savings.

2.18 In the last year, the Council acquired land adjoining Swale House on East Street. This was an opportunistic purchase from an owner that had not previously considered a sale. This has potential for both commercial or service related development in the future.

2.19 The Council has not made any commercial investments outside of the Borough and is very unlikely to do so. Revenue and capital funds are very limited and the investment criteria for strategic impact would make it very hard to prioritise spend

outside the Borough given that by definition investment outside of the Borough cannot deliver the wider strategic regeneration benefits within the Borough.

- 2.20 In 2018 the Council was successful alongside KCC and Kent Police in bidding for funding under the auspices of One Public Estate for funding for a scoping exercise on rationalising the property holdings of the three organisations in Sittingbourne Town Centre. A consultancy firm Pellings have been procured to undertake the work and a report is expected in mid-2019. This alongside clarity on future phases of STC will allow the Council to start to move forward a plan for moving out of Swale House and for the use of the land purchased on East Street Sittingbourne.
- 2.21 Decisions on either commercial or service investment will be made by Cabinet.
- 2.22 Debt is only a temporary source of finance, since loans must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as Minimum Revenue Provision (MRP). MRP is a charge to the revenue budget which then accrues on the Balance Sheet; it is not an external payment. Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance.
- 2.23 All organisations need to manage their cash flow. For most Councils their cash flow level is much larger than their Reserves as they take in funds through sources such as Business Rates and Council Tax which they hold before making payments to other bodies such as KCC. The Council's daily cash balances are typically £27m. With short-term deposit rates continuing to be very low, where a Council is investing in a capital project it can fund this capital investment from cash flow and this is known as internal borrowing. Internal borrowing defers the financial commitment to external borrowing. MRP still has to be made. The Council to date has been using internal borrowing to fund expenditure on STC, the Multi-Storey Car Park, the purchase of land adjoining Swale House and the Leisure Centre refurbishment. The Chief Financial Officer closely monitors cash flow to ensure that there is no adverse impact.
- 2.24 The 2019/20 will see the completion of the Multi-Storey Car Park (MSCP) and the STC development. The Chief Financial Officer will be seeking to minimise external borrowing until such time as the tenant rent free periods expire. In this period there will be very little scope for any other significant capital spend except in areas such as Disabled Facilities Grant which is 100% funded by specific grants.
- 2.25 For any significant investment the Council will supplement the expertise of Members and Officers with appropriate external specialist expertise to ensure that proposals are fully tested and risks considered.
- 2.26 The Chief Financial Officer believes that the Capital Strategy and Capital Programme proposed are sustainable.

3. Proposals

Medium Term Financial Plan

3.1 The updated MTFP is attached in Appendix I.

Balanced Budget Proposals

3.2 The 12 December budget report identified a revenue budget gap for 2019/20 of £503k. It should also be highlighted that a revenue reserve of £677k to help smooth the 2018/19 and 2019/20 years has £361k remaining. The overall impact of the Settlement is summarised below:

	£000	£000
Budget gap reported to Cabinet 12 December 2018		+503
Effect on business rates of not being in a Pilot but remaining in a Pool	+337	
Revenue Support Grant	-113	
SBC share of Levy Account surplus	-65	
Effect of actual tax base on C Tax income	-9	
Actual New Homes Bonus compared to forecast	-28	
Total differences		+122
Requirement for a balanced budget		+625

3.3 With the application of the £361k reserve, this leaves a gap of £264k.

3.4 It should also be highlighted that in light of work on the Housing, Homelessness and Rough Sleepers Strategy, currently out to consultation, an additional £100,000 has been earmarked to support this work.

3.5 The Balanced Budget proposals are set out below:

Budget Heading	(Saving)/ Increase £	Description
Heritage Conservation and Design	(61,170)	Funded from reserves in accordance with the requirements of the Local Plan review
Beach Huts	(4,000)	Increased income identified
Markets	(17,000)	Saving on Business Rates
MKS Planning Support	(11,000)	Budget pressure reduced from £50,000 to £39,000
Licensing - Loss of income for gambling licences	(18,280)	The pressure has been reduced and the budget increase can be deleted
MKS Debt Recovery	(50,000)	Additional income
Staff savings	(50,000)	Staff vacancy factor
Use of 2018/19 underspend	(74,050)	
Reduction in Council Tax	21,300	
Total	(264,200)	

3.6 Detailed Revenue Budget Proposals are attached in Appendix II.

Council Tax

3.7 The budget proposals assume an increase of 2.7% in the Band D Council Tax to £174.42 in line with the December Retail Price Index.

3.8 The Collection Fund and Council Tax are set out in Appendix III.

3.9 The Council Tax base was agreed by Council on 9 January.

3.10 The calculation of the Budget Requirement and Council Tax Requirement is shown in Appendix IV.

3.11 Parish precepts are shown in Appendix V.

Capital Programme

3.12 The Capital Budget is attached in Appendix VI.

Reserves

3.13 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.

3.14 When the Council is considering its budget requirement, it is the Chief Financial Officer's 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.

3.15 The Council seeks to maintain a minimum of £1.5m as its General Fund balance and there is no reason to change this - the balance at 1 April 2018 was £4.695m. The Council holds earmarked reserves for specific purposes. The remaining unallocated funds form the General Reserve. The Chief Financial Officer's 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.

3.16 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.

4. Alternative Options

4.1 The proposals made reflect the views of Cabinet as being 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 12 December 2018 and were examined by Scrutiny Committee on 23 January.

6. Implications

Issue	Implications
Corporate Plan	The budget proposals for 2019/20 support the Corporate Plan objectives.
Financial, Resource and Property	The report sets out the approach to the 2019/20 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.
Environmental Sustainability	Any potential impact has been assessed by service managers.
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.
Privacy and Data Protection	No issues identified.

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: Detailed Budget Proposals
- Appendix III: Collection Fund and Council Tax Base
- Appendix IV: Budget Requirement and Council Tax Requirement
- Appendix V: Parish Precepts
- Appendix VI: Capital Programme
- Appendix VII: Reserves
- Appendix VIII Minimum Revenue Provision Statement

8. Background Papers

Cabinet budget report 12 December 2018

<https://services.swale.gov.uk/meetings/documents/s11288/Item%205%20budget.pdf>

Medium Term Financial Plan

	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Base Budget	17,924	17,924	17,924	17,924
Growth items	0	619	596	597
Unavoidable cost pressures	0	58	80	101
Loss of income	0	696	662	662
Additional income	0	(1,084)	(873)	(882)
Committed price increases	0	325	517	715
Lower Medway Internal Drainage Board	803	817	838	859
<u>Salary Related:</u>				
Pay Award (2%)	0	230	464	704
Other Pay Increases	0	78	125	150
Contribution to/(from) reserves	(11)	(11)	(11)	(11)
Revenue Support Grant	0	(113)	0	0
Business Rates	(8,441)	(7,768)	(8,040)	(8,159)
Contribution from Business Rates Reserve	0	(250)	0	0
Levy account surplus		(65)	0	0
Council Tax	(7,913)	(8,258)	(8,632)	(9,021)
New Homes Bonus	(2,046)	(1,875)	(1,574)	(1,474)
Savings Required	316	1,323	2,076	2,165
Service savings	0	(962)	(1,062)	(1,090)
Requirement for balanced position	0	0	(1,014)	(1,075)
Committed savings	0	(962)	(2,076)	(2,165)
Contribution from General Fund	316	361	0	0
Balance of Usable Reserves at 31 March	(17,693)	(15,435)	(14,831)	(14,120)

Detailed Budget Proposals

Head of Service	Medium Term Financial Plan (MTFP) Category	Description	2019/20 over 2018/19 £
Adams	Growth items	Vaccinations for staff (hepatitis)	5,000
Adams	Growth items	Princes Street Retail Park operational running costs	10,000
Adams	Additional income - increase in existing fees and charges	Rent properties	(15,850)
Adams		Total	(850)
Beattie	Growth items	Air Quality Project Officer	50,000
Beattie	Growth items	Air Quality Project Officer contribution from the General Reserve	(50,000)
Beattie	Unavoidable cost pressures	Mid Kent Environmental Health - increase in shared service budget	9,980
Beattie		Total	9,980
Bescoby	Growth items	Budget for Members induction as a result of the May 2019 Elections	2,000
Bescoby	Growth items	Borough and Parish Elections - Hire of Premises	17,000
Bescoby	Growth items	Borough and Parish Elections - Fees and Services	15,000
Bescoby	Growth items	Borough and Parish Elections - Poll Clerks	18,000
Bescoby	Growth items	Borough and Parish Elections - Counters and Clerical	18,000
Bescoby	Growth items	Borough and Parish Elections - Presiding Officer	18,000
Bescoby	Growth items	Borough and Parish Elections - Poll Cards	12,000
Bescoby	Growth items	Borough and Parish Elections - Postage	20,000
Bescoby	Growth items	Funding of 2019/20 elections from reserves	(120,000)
Bescoby	Growth items	Electoral Registration - Maintenance of scanners for electoral registration and postal votes	5,000
Bescoby	Growth items	Electoral Registration - Online response service and external printing	15,000
Bescoby	Additional income - new charges raised	Estimate of recovery of costs from running parish and town council elections in May 2019	(15,000)
Bescoby		Total	5,000

Detailed Budget Proposals

Head of Service	Medium Term Financial Plan (MTFP) Category	Description	2019/20 over 2018/19 £
Cassell	Growth items	Car Park Staff - MKS charges for car parking	34,300
Cassell	Growth items	Client and Amenity reorganisation of team resource as per transformation project. Recognition that some seasonal resource is needed with increasing number of beach huts (see service savings)	12,500
Cassell	Service savings	Client and Amenity reorganisation of team resource as per transformation project (see growth)	(34,100)
Cassell	Additional income	Additional income from Beach Huts	(4,000)
Cassell	Growth items	Seafront equipment purchase (funded by grant - see additional income)	29,000
Cassell	Additional income - increase in existing fees and charges	Seafront grants to fund equipment (see growth item)	(29,000)
Cassell	Growth items	Increased annual contribution to Faversham Swimming Pool	20,000
Cassell	Growth items	Contracts - Serco Leisure Operations	59,140
Cassell	Service savings	Contracts - Swale Community Leisure	(211,110)
Cassell	Growth items	Swale open spaces grounds maintenance. Funds for Faversham Rec maintenance	12,000
Cassell	Growth items	Swale cemeteries grounds maintenance - Heritage repair costs	1,790
Cassell	Loss of income	Swale play areas - contracts	3,000
Cassell	Loss of income	Swale open spaces - contracts	30,000
Cassell	Growth items	Car park maintenance increase 1: to meet service demands and health and safety for car parks (see additional income)	15,000
Cassell	Growth items	Car park maintenance increase 1: to meet service demands due to vandalism of equipment in Swale Car Parks (see additional income).	3,360
Cassell	Additional income - increase in existing fees and charges	Car park maintenance increase 1: to meet budget increase in maintenance for car parks (see growth)	(18,360)

Detailed Budget Proposals

Head of Service	Medium Term Financial Plan (MTFP) Category	Description	2019/20 over 2018/19 £
Cassell	Growth items	Car parks increase 2: road lining (see additional income)	10,000
Cassell	Growth items	Car parks increase 2: parking adjudication fees (see additional income)	7,660
Cassell	Additional income - increase in existing fees and charges	Car parks increase 2: funding from ring-fenced fund (see growth items).	(17,660)
Cassell	Growth items	Swale car parks - licence fees. GDPR compliance. Upgrade of parking database	32,120
Cassell	Unavoidable cost pressures	Footway lighting KCC contract. Current KCC Lighting contract with Districts to end in 2018/19, will lead to increased maintenance costs	4,000
Cassell	Unavoidable cost pressures	Mid Kent Parking service - increase in shared services budget	1,350
Cassell	Loss of income	Swale car parks - overpayments loss due to change in VAT treatment	60,000
Cassell	Additional income - increase in existing fees and charges	Swale car parks - fees and charges	(193,680)
Cassell		Total	(172,690)
Clarke	Unavoidable cost pressures	Mid Kent Audit - Increase in MKS Audit Shared Services budget	3,920
Clarke		Total	3,920
Clifford	Loss of income	Sheerness Gateway - staff cost recovery (see service savings)	4,260
Clifford	Growth items	Sheerness Gateway - contracts (see savings)	1,280
Clifford	Service savings	Sheerness Gateway - salaries (see loss of income)	(6,960)
Clifford	Growth items	Swale publications - developing and printing	4,000
Clifford	Growth items	Swale publications - postage	1,000
Clifford		Total	3,580
Freeman	Growth items	Spatial Planning - salaries	54,280
Freeman	Growth items	Planning market supplements	14,000

Detailed Budget Proposals

Head of Service	Medium Term Financial Plan (MTFP) Category	Description	2019/20 over 2018/19 £
Freeman	Growth items	Heritage Conservation and Design costs	61,170
Freeman	Growth items	Heritage Conservation and Design – contribution from General Reserve	(61,170)
Freeman	Growth items	MKS Planning Support to meet requirements for increase in planning applications	39,000
Freeman	Service savings	Planning Admin Team - MKS charges for Planning review of running costs	(10,000)
Freeman	Additional income - increase in existing fees and charges	Development Management - planning fees	(216,000)
Freeman	Additional income - increase in existing fees and charges	Development Management - pre-application planning advice	(30,000)
Freeman	Service savings	Building Control - contract	(15,000)
Freeman		Total	(163,720)
Hudson	Growth items	Housing, Homelessness and Rough Sleepers Strategy	100,000
Hudson	Growth items	Housing, Homelessness and Rough Sleepers Strategy funded from reserves	(100,000)
Hudson	Loss of income	Temporary Accommodation - fees and charges adjustment to more accurately reflect benefit income (see savings)	199,810
Hudson	Service savings	Temporary Accommodation - B & B Landlord payments (see loss of income)	(111,200)
Hudson	Loss of income	Temporary Accommodation - homelessness contribution to rent costs	5,900
Hudson	Additional income - increase in existing fees and charges	Temporary Accommodation - Homeless - Flexible Homeless Support Grant	(82,680)
Hudson	Service savings	Temporary Accommodation - refund of Housing Benefit	(12,980)
Hudson	Service savings	Saving on business rates for Markets	(17,000)
Hudson	Loss of income	Stay Put private work income	2,200

Detailed Budget Proposals

Head of Service	Medium Term Financial Plan (MTFP) Category	Description	2019/20 over 2018/19 £
Hudson	Growth items	Increased contract CCTV Partnership cost for monitoring & maintenance service due to monitoring changes for the other partners in the Partnership	8,000
Hudson		Total	(7,950)
Narebor	Growth items	New MKLS staffing structure. Cost increase offset by additional income, increase in legal fees, and increase in MKLS partnership income	73,730
Narebor	Additional income - increase in existing fees and charges	Increase in legal fees - property VATable	(2,920)
Narebor	Additional income - increase in existing fees and charges	Increase in legal fees - property VAT exempt	(6,930)
Narebor	Additional income - increase in existing fees and charges	Increase in legal fees - Planning S106	(11,530)
Narebor	Additional income - increase in existing fees and charges	MKLS contributions from partners	(52,350)
Narebor	Growth items	Legal market supplements - this will be offset by additional income for contributions from partners towards this cost	54,000
Narebor	Additional income - increase in existing fees and charges	Legal market supplements - share of additional cost borne by Maidstone and Tunbridge Wells Borough Councils	(38,000)
Narebor		Total	16,000
Sandher	Unavoidable cost pressures	Mid Kent HR/Payroll service - increase in shared services budget	5,140
Sandher		Total	5,140
Vickers	Service savings	Revenues Service: salary savings arising from restructuring of the Benefits service. This will be offset by the reduction in the Government Admin Grant for the Benefits services	(333,990)

Detailed Budget Proposals

Head of Service	Medium Term Financial Plan (MTFP) Category	Description	2019/20 over 2018/19 £
Vickers	Loss of income	Revenues Service: reduction in the Benefits and Council Tax Admin Grant, This is offset by salary savings on Council Tax and Benefits	336,530
Vickers	Service savings	Revenues Service: salary savings from the Council Tax service. This is offset by the reduction in the Government Council Tax Admin Grant.	(68,680)
Vickers	Growth items	Revenues Service: Council Tax posts which previously have been funded from reserves are included in the Council's base budget. This will be offset by Council Tax salary savings	66,140
Sub Total Revenues Service			0
Vickers	Growth items	Revenues Service: Benefit equipment maintenance	1,550
Vickers	Additional income	Revenues Service: additional income from MKS Debt Recovery	(50,000)
Vickers	Service savings	Forecast of the Council's share of surplus on Council Tax Collection Fund at end of 2018/19	(40,000)
Vickers	Service savings	Contribution to reserves of the Council's share of surplus on Council Tax Collection Fund at end of 2018/19	14,660
Vickers	Service savings	Corporate Costs: use of 2018/19 underspend	(74,050)
Vickers	Service savings	Corporate Costs: staff vacancy factor	(50,000)
Vickers	Unavoidable cost pressures	Corporate Costs: pension commitments from last revaluation	88,370
Vickers	Unavoidable cost pressures	Corporate Costs: pension commitments from last revaluation funded from reserves	(88,370)
Vickers	Unavoidable cost pressures	Financial Services - Insurance	8,070
Vickers	Unavoidable cost pressures	Mid Kent Fraud Partnership - increase in shared service budget	660
Vickers	Unavoidable cost pressures	Mid Kent Services - increase in shared services budget	760
Vickers	Unavoidable cost pressures	Mid Kent Services Director - increase in shared services budget	720

Detailed Budget Proposals

Head of Service	Medium Term Financial Plan (MTFP) Category	Description	2019/20 over 2018/19 £
Vickers	Service savings	Financial Services: reduction in cost of pension enhancements	(8,350)
Vickers	Service savings	Financial Services: Minimum Revenue Provision (MRP) for Leisure capital project	100,000
Vickers	Service savings	Financial Services: interest payable for Serco Leisure Finance Lease (see MRP for Serco Finance Lease and Leisure Capital Project)	(21,900)
Vickers	Service savings	Financial Services: Minimum Revenue Provision (MRP) for Serco Leisure Finance Lease (see interest payable for Serco Finance Lease and MRP for Leisure Capital Project)	(43,000)
Vickers	Service savings	Financial Services: MRP for capital projects funded from internal borrowing	302,000
Vickers	Service savings	MRP for capital projects funded from reserves	(302,000)
Vickers	Additional income - new charges raised	Retail Park rental income	(240,000)
Vickers	Service savings	Financial Services: MRP for funding of historic capital projects due to end in 2067.	1,300
Vickers		Total	(399,580)
Woodward	Growth items	Increase in licence costs and improved cyber security	49,830
Woodward	Service savings	Savings on telephones budget	(38,830)
Woodward	Unavoidable cost pressures	Mid Kent ICT and GIS service - increase in shared services budget	9,540
Woodward		Total	20,540
	Grand Total		(680,630)
Minor Changes			7,270
Committed Price Increases			325,400
Total Budget Changes for Medium Term Financial Plan (MTFP)			(347,960)

Collection Fund and Council Tax Base

Tax Base

The tax base for 2019/20 is 47,344.08.

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 2019, notifying Kent County Council, the Police and Crime Commissioner for Kent and the Kent & Medway Towns Fire & Rescue Authority of their proportions. The declared deficit of £18,000 is shared as follows:

	Deficit/ (Surplus) £'000
Kent County Council	(40)
The Police and Crime Commissioner for Kent	(35)
Kent & Medway Towns Fire & Rescue Authority	(11)
Swale Borough Council	104
Total	18

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 deficit for Swale Borough Council is therefore £104,000, including a £144,000 deficit for business rates, and a £40,000 surplus for council tax.

Only the council tax surplus is shown in the budget projections for the calculation of the 2019/20 Council Tax, as the business rates deficit will be met from 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 20 February 2019.

Parish Council Precepts

Parish Council precept demands have been submitted during January 2019 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

	2019/20
	£'000
2019/20 Swale Operating Expenditure Budget Before Savings and Growth Items	18,741
Growth items	619
Unavoidable cost pressures	58
Loss of income	696
Additional income	(1,084)
Committed price increases	325
Pay increases	78
Pay award	230
Contribution to/ (from) reserves	(687)
Service savings	(922)
Sub total	18,054
New Homes Bonus	(1,875)
Swale Budget Requirement (to be agreed)	16,179
Revenue Support Grant	(113)
Business Rates	(7,768)
Collection Fund Surplus	(40)
Council Tax Requirement (to be agreed)	8,258
Council Tax Income (assuming £174.42 for Band D)	(8,258)

Parish Precepts

Parish / Town Council	Additional Council Tax for Band D 2018/19 £	Tax Base 2019/20	Parish Precept (rounded) 2019/20 £	Additional Council Tax for Band D 2019/20 £	Additional Council Tax for Band D 2019/20 % Change
Bapchild	25.19	459.28	12,125	26.40	4.80%
Bobbing	19.95	992.79	19,806	19.95	0.00%
Borden	53.06	1,084.19	59,000	54.42	2.56%
Boughton-under-Blean	77.89	693.62	56,635	81.65	4.83%
Bredgar	34.38	283.53	10,121	35.70	3.84%
Doddington	38.04	229.55	8,732	38.04	0.00%
Dunkirk	23.93	495.69	12,027	24.26	1.38%
Eastchurch	42.04	819.53	34,362	41.93	-0.26%
Eastling	35.00	146.16	5,116	35.00	0.00%
Faversham Town Council	57.99	6,357.73	368,684	57.99	0.00%
Graveney & Goodnestone	53.92	187.56	11,127	59.33	10.03%
Hartlip	21.88	362.39	8,000	22.08	0.91%
Hernhill	33.42	287.69	10,000	34.76	4.01%
Iwade	35.43	1,452.72	51,470	35.43	0.00%
Leysdown	21.35	1,188.13	25,000	21.04	-1.45%
Lower Halstow	76.77	451.92	37,000	81.87	6.64%
Luddenham	0	44.54	0	0	0.00%
Lynsted	36.24	477.56	17,049	35.70	-1.49%
Milstead	62.03	86.17	5,500	63.83	2.90%
Minster	27.61	5,521.88	152,459	27.61	0.00%
Newington	53.10	907.92	47,842	52.69	-0.77%
Newnham	34.29	154.43	5,295	34.29	0.00%
Norton & Buckland	32.13	184.59	6,320	34.24	6.57%
Oare	50.37	171.95	8,825	51.32	1.89%
Ospringle	26.77	283.84	7,500	26.42	-1.31%
Queenborough Town Council	65.19	859.22	65,000	75.65	16.05%
Rodmersham	40.26	244.41	10,500	42.96	6.71%
Selling	30.34	369.60	20,254	54.80	80.62%
Sheerness Town Council		2,799.24	139,962	50.00	New parish
Sheldwich, Leaveland & Badlesmere	24.68	352.63	8,600	24.39	-1.18%
Stalisfield	28.87	100.40	2,925	29.13	0.90%
Teynham	53.83	903.29	49,480	54.78	1.76%
Throwley	21.05	144.18	3,098	21.49	2.09%
Tonge	8.41	394.38	2,200	5.58	-33.65%
Tunstall	28.03	704.30	20,212	28.70	2.39%
Upchurch	30.26	1,003.54	50,177	50.00	65.23%
Warden	29.94	505.85	15,000	29.65	-0.97%
TOTAL			1,367,403		

Capital Programme

	Funding SBC/ Partnership	2018/19 Original Budget £	2018/19 Revised Budget £	2019/20 Original Budget £	2020/21 Original Budget £	Budget Later Years £
<u>Commissioning, Environment & Leisure - M.Cassell</u>						
Faversham Recreation Ground Improvements – S106	P	0	27,440	225,920	21,320	53,310
Faversham Recreation Ground Improvements – External Grants	P	0	133,950	1,103,000	104,080	260,290
Gunpowder Works Oare Faversham – S106	P	0	9,000	0	0	0
Iwade Orchard Artwork – S106	P	0	5,000	0	0	0
Leisure Centres – Internal / External Borrowing	SBC	1,000,000	2,000,000	0	0	0
Milton Creek Access Road – Reserves	SBC	0	0	40,000	0	0
Modular Toilet Kiosks – Reserves	SBC	0	0	30,000	0	0
New Play Area – Iwade Schemes – S106	P	0	0	45,000	0	0
New Play Area – Thistle Hill – S106	P	0	26,380	0	0	0
Nursery Close/Queenborough Lines Bridge Replacement – Reserves	SBC	0	400	0	0	0
Open Spaces Play Equipment – S106	P	100,000	14,000	226,000	130,000	100,000
Play Area, Windermere Faversham – S106	P	0	13,890	0	0	0
Play Area Refurbishment, Milton Recreation Ground – S106	P	0	45,190	0	0	0
Play Improvements – Reserves	SBC	0	150,000	150,000	100,000	100,000
Queenborough Causeway – Reserves	SBC	0	60,000	0	0	0
Resurfacing Promenade, The Leas – External Grant	P	0	30	84,970	0	0
Total Commissioning, Environment & Leisure		1,100,000	2,485,280	1,904,890	355,400	513,600

Capital Programme

	Funding SBC/ Partnership	2018/19 Original Budget £	2018/19 Revised Budget £	2019/20 Original Budget £	2020/21 Original Budget £	Budget Later Years £
<u>Housing, Economy & Community Services - C.Hudson</u>						
CCTV – Reserves	SBC	15,000	15,000	15,000	15,000	15,000
Disabled Facilities Grant – External Grant	P	1,664,800	3,290,640	2,062,800	1,850,000	1,850,000
Dolphin Yard Sailing Barge Museum – S106	P	0	70,000	0	0	0
Dolphin Yard Sailing Barge Museum – Reserves	SBC	0	35,000	0	0	0
Easthall Farm Community Hall – S106	P	0	158,170	0	0	0
Faversham Creek Basin Regeneration Project (Swing Bridge) – Capital Receipts	SBC	0	0	200,000	0	0
Former Bus Depot, East Street – Internal/External Borrowing	SBC	0	1,155,690	0	0	0
The Mill Project, Sittingbourne Skate Park – S106	P	0	4,020	0	0	0
The Mill Project, Sittingbourne Skate Park – Capital Receipts	SBC	0	50,000	150,000	0	0
The Mill Project, Sittingbourne Skate Park – Capital Grant	P	0	0	15,000	0	0
Sittingbourne Town Centre – Internal/External Borrowing	SBC	30,833,920	12,983,862	14,212,758	0	0
Total Housing, Economy & Community Services		32,513,720	17,762,382	16,655,558	1,865,000	1,865,000

Capital Programme

	Funding SBC/ Partnership	2018/19 Original Budget £	2018/19 Revised Budget £	2019/20 Original Budget £	2020/21 Original Budget £	Budget Later Years £
<u>Property – A. Adams</u>						
Swale House – Lifts Refurbishment – Reserves	SBC	0	78,560	0	0	0
Total Property		0	78,560	0	0	0
<u>Environmental Health – T. Beattie</u>						
Replacement of Air Pollution Monitoring Station – Capital Receipts	SBC	0	56,640	0	0	0
Total Environmental Health		0	56,640	0	0	0
<u>ICT - C. Woodward</u>						
ICT Infrastructure & Equipment Replacement - Reserves	SBC	103,400	27,000	91,200	20,000	91,000
Total ICT		103,400	27,000	91,200	20,000	91,000
<u>Finance - N.Vickers</u>						
Agresso Upgrade – Reserves	SBC	0	25,000	0	0	0
Total Finance		0	25,000	0	0	0
Total Capital Programme Funded by SBC	SBC	31,952,320	16,637,152	14,888,958	135,000	206,000
Total Capital Programme Funded by Partners	P	1,764,800	3,797,710	3,762,690	2,105,400	2,263,600
Total Capital Programme		33,717,120	20,434,862	18,651,648	2,240,400	2,469,600

Capital Programme

	2018/19 Original Budget £	2018/19 Revised Budget £	2019/20 Original Budget £	2020/21 Original Budget £	Budget Later Years £
Total Capital Expenditure	33,717,120	20,434,862	18,651,648	2,240,400	2,469,600
<u>Funding Analysis</u>					
Partnership Funding	1,764,800	3,797,710	3,762,690	2,105,400	2,263,600
Revenue Contributions					
(a) Repairs & Renewals Reserves					
- CCTV	15,000	15,000	15,000	15,000	15,000
(b) General Reserve					
- Housing	0	0	0	0	0
- Play Improvements	0	150,000	150,000	100,000	100,000
- Disabled Facilities Grant	0	0	0	0	0
- Cemeteries Bell Road	0	0	0	0	0
- Milton Creek Access Road	0	0	40,000	0	0
- Modular Toilet Kiosks	0	0	30,000	0	0
- Dolphin Barge Museum	0	35,000	0	0	0
- Queenborough Causeway	0	60,000	0	0	0
- Nursery Close/Q'Boro Lines Bridge Replacement	0	400	0	0	0
- Adelante Upgrade	0	25,000	0	0	0
- ICT Infrastructure & Equipment Replacement	103,400	27,000	91,200	20,000	91,000
Sub Total	118,400	312,400	326,200	135,000	206,000
(c) Building Maintenance Fund					
- Swale Lifts – Replacement	0	78,560	0	0	0
Sub Total	0	78,560	0	0	0
Total Revenue Contributions	118,400	390,960	326,200	135,000	206,000

Capital Programme

Appendix VI

	2018/19 Original Budget £	2018/19 Revised Budget £	2019/20 Original Budget £	2020/21 Original Budget £	Budget Later Years £
Capital Receipts					
- Adelante Payment Card Software	0	0	0	0	0
- The Mill Project, Sittingbourne Skate Park	0	50,000	150,000	0	0
- Faversham Creek Basin Regeneration Project (swing bridge)	0	0	200,000	0	0
- Beach Huts Leysdown	0	0	0	0	0
- Milton Creek Footpath and Viewing Platform	0	0	0	0	0
- Replacement of Air Quality Stations	0	56,640	0	0	0
Total Capital Receipts	0	106,640	350,000	0	0
Internal/ External Borrowing	31,833,920	16,139,552	14,212,758	0	0
Total SBC Funding	31,952,320	16,637,152	14,888,958	135,000	206,000
Unfunded	0	0	0	0	0

Reserves

	Balance as at 31/03/18 £'000	Forecast Contrib- utions to / from Reserves £'000	Balance as at 31/03/19 £'000	Forecast Contrib- utions to / from Reserves £'000	Balance as at 31/03/20 £'000
General Reserve	(3,015)	172	(2,843)	1,015	(1,828)
Performance	(316)	(300)	(616)	0	(616)
Regeneration	(350)	(300)	(650)	0	(650)
Local Loan Fund	(200)	0	(200)	0	(200)
Parking	(305)	0	(305)	36	(269)
Pension & Redundancy	(205)	0	(205)	0	(205)
Business Rates Volatility	(3,549)	(130)	(3,679)	394	(3,285)
Building Maintenance	(824)	78	(746)	0	(746)
Business Rates Pool (Economic)	(1,346)	0	(1,346)	0	(1,346)
Housing Benefits	(416)	0	(416)	0	(416)
Commuted Sums	(258)	0	(258)	0	(258)
Preceptors Council Tax Support	(563)	66	(497)	0	(497)
Repairs & Renewals	(186)	(33)	(219)	31	(188)
Local Development Framework	(237)	0	(237)	0	(237)
Financial Services	(183)	25	(158)	0	(158)
Stay Put	(183)	0	(183)	0	(183)
Communities	(112)	(75)	(187)	0	(187)
Miscellaneous	(1,526)	(45)	(1,571)	85	(1,486)
Sub Total Earmarked Reserves	<u>(13,774)</u>	<u>(542)</u>	<u>(14,316)</u>	<u>1,561</u>	<u>(12,755)</u>
Capital Receipts Reserve	(1,081)	107	(974)	350	(624)
Capital Grants Unapplied Account	(326)		(326)		(326)
General Fund	(4,695)	2,618	(2,077)	347	(1,730)
Total Reserves	<u>(19,876)</u>	<u>2,183</u>	<u>(17,693)</u>	<u>2,258</u>	<u>(15,435)</u>

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

Minimum Revenue Provision Statement

Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Council to have regard to the Department for Communities and Local Government's Guidance on Minimum Revenue Provision (the CLG Guidance) most recently issued in 2018.

The broad aim of the CLG Guidance is to ensure that capital expenditure is financed 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 that grant.

The CLG Guidance requires the Council to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance as well as locally determined prudent methods.

For 2019/20 it is recommended that:

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

Capital expenditure incurred during 2019/20 will not be subject to a MRP charge until 2020/21. MRP on property is not required until the asset is operational.

The budget implications of MRP are detailed elsewhere in this report and the estimated Capital Financing Requirement is detailed in the Annual Treasury Management Report for 2019/20.

Cabinet	
Meeting Date	6 February 2019
Report Title	Treasury Management Strategy 2019/20
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	1. To approve the Treasury Strategy 2019/20 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 This report sets out and seeks approval of the proposed Treasury Management Strategy and Prudential and Treasury Management Indicators for 2019/20.
- 1.4 This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the DCLG Guidance. Should the assumptions upon which this report is based change significantly, then a revised Treasury Strategy will be submitted for approval.

2. Background

Interest Rate Forecast and Market Outlook

- 2.1 Following the Bank of England's decision to increase the Bank Rate to 0.75% in August, no changes to monetary policy has been made since. However, the Bank expects that should the economy continue to evolve in line with its November forecast, further increases in Bank Rate will be required to return inflation to the 2% target.

- 2.2 The big four UK banking groups have now divided their retail and investment banking divisions into separate legal entities under ring-fencing legislation. Bank of Scotland, Barclays Bank UK, HSBC UK Bank, Lloyds Bank, National Westminster Bank, Royal Bank of Scotland and Ulster Bank are the ring-fenced banks that now only conduct lower risk retail banking activities. Barclays Bank, HSBC Bank, Lloyds Bank Corporate Markets and NatWest Markets are the investment banks. Credit rating agencies have adjusted the ratings of some of these banks with the ring-fenced banks generally being better rated than their non-ring-fenced counterparts.
- 2.3 Following the increase in Bank Rate to 0.75% in August 2018, the Council's treasury management adviser Arlingclose is forecasting two more 0.25% increases during 2019 to take official UK interest rates to 1.25%. The Bank of England's Monetary Policy Committee (MPC) has maintained expectations for slow and steady rate rises over the forecast horizon. The MPC continues to have a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. Arlingclose believes that MPC members consider both that ultra-low interest rates result in other economic problems, and that higher interest rates will be a more effective policy weapon should downside Brexit risks crystallise when rate cuts will be required.

Borrowing Strategy

- 2.4 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.
- 2.5 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. By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal/short-term borrowing will be monitored regularly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2019/20 with a view to keeping future interest costs low, even if this causes additional cost in the short-term. The Council may arrange forward starting loans during 2019/20, where the interest rate is fixed in advance, but the cash is received in later years.
- 2.6 The STC project, the Multi-Storey Car Park and the Leisure Centre improvements have all been funded from internal borrowing. The Chief Financial Officer has commissioned a specific report from Arlingclose on financing STC. This recommends short-term borrowing and deferring long-term borrowing until rent free periods for tenants are over. If longer-term interest rates have moved higher, the Council can continue to borrow short term and take opportunities for longer-term borrowing at advantageous times.
- 2.7 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); and,
- Capital market bond investors.

2.8 In January 2019 the Council took out two loans of £5m each, from other local authorities. One loan is for 12 months at a rate of 1.1% and the other for 18 months at a rate of 1.21%.

Investment Strategy

2.9 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 averaged £28m compared with £38m in the previous financial year.

2.10 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 incurs debt charge costs then, unless the investment generates 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.

2.11 The CIPFA Code requires the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

2.12 Given the increasing risk and very low returns from short-term unsecured bank investments, the Council largely uses Money Market Funds for short-term investments. The only long-term investment remains the £3m in the Church, Charities and Local Authorities (CCLA) Property Fund. The Chief Financial Officer recently attended a CCLA investment seminar and believes that the Council should remain invested despite concerns over parts of the Retail sector. The CCLA fund is now valued at £1bn and around two-thirds of local authorities are invested.

2.13 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 generally a lower risk of insolvency, although they are not zero risk. 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, reverse repurchase agreements 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 either following an external credit assessment or to a maximum of £1m per company 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 and registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing. As providers of public services, they retain the likelihood of receiving government support if needed.
Real Estate Investment Trusts (REITs)	Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with pooled property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

Pooled Funds	<p>Shares or units in diversified investment vehicles consisting of any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.</p> <p>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.</p>
Operational Bank Accounts	<p>The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.</p>

2.14 The strategy for the coming year will not change significantly. The Council will retain the CCLA fund and keep the remaining monies in Money Market Funds. The Chief Financial Officer does not believe that investing in equity or bond funds is advisable at the current time given equity market valuations and the impact on bond investments of the likely rise in interest rates. This will be reviewed as market conditions develop.

2.15 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.

2.16 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.

- 2.17 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.
- 2.18 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.
- 2.19 The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return. This is replicated in the Ministry of Housing, Communities and Local Government's (MHCLG's) Investment Guidance, in which the definition of investments is further broadened to also include all such assets held partially for financial return. The Council holds £3m of such longstanding investments in 13 directly owned properties. These investments are expected to generate £0.2m of investment income for the Council after taking account of direct costs, representing a rate of return of 5.7%.

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
Money Market Funds	£3m each
Pooled Funds e.g. Property REIT's, Absolute return, Equity income	£3m each
CCLA 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	£3m in aggregate with £1m limit per bank

- 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 owned companies.
- 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 The Council has adopted the International Financial Reporting Standard 9 (IFRS 9) with effect from 1 April 2018. A key issue is the treatment of gains and losses on the fair value of the Council's £3 million investment in the CCLA Property Fund. Previously, losses and gains were only realised when the assets were disposed of. Under IFRS 9, gains and losses will be reported every year in the accounts so that if there is a loss then it would become a 'real' cost to the Council's reserves and/or Council Taxpayers. However, the MHCLG has introduced a 'statutory override' whereby the Council's accounts would meet IFRS 9 requirements, but any financial impact would be reversed out so it would not be a 'real' charge to the Council.
- 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 government 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.
- 4.2 The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Chief Financial Officer, having consulted the Cabinet Member for Finance and Performance, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

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 2019/20 is £110,000, based on an average investment portfolio of £24m at an interest rate of 0.46%.
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

Issue	Implications
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
Privacy and data Protection	Not applicable

7. Appendices

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

- Appendix I Prudential and Treasury Management Indicators

8. Background Papers

None

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 Council 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. Statutory guidance is that external debt should not exceed the capital financing requirement in the previous year plus the estimates of any increase in the CFR at the end of the current year and the next two years. The table below demonstrates that the Council is complying with this aspect of the Prudential Code.

Capital Financing Requirement	2018/19 Revised	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
	£'000	£'000	£'000	£'000
Gross CFR	28,853	42,475	41,395	40,314
Less: long term liabilities	(140)	0	0	0
Borrowing CFR	28,713	42,475	41,395	40,314
Gross External Debt	10,000	5,000	0	0

Prudential and Treasury Management Indicators

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 2019/20 Budget Report to Cabinet 6 February 2019.)

Capital Expenditure and Financing	2018/19 Revised	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
	£'000	£'000	£'000	£'000
Total Expenditure	20,435	18,652	2,240	2,470
Revenue contributions	391	326	135	206
Capital receipts	107	350	0	0
Grants	3,798	3,763	2,105	2,264
Internally/ externally borrow	16,139	14,213	0	0
Total Financing	20,435	18,652	2,240	2,470

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	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
	%	%	%	%
General Fund Total	1.5	3.2	5.6	5.4

Prudential and Treasury Management Indicators

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 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	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
	£	£	£
Increase/(Decrease) in Band D Council Tax	1.52	(3.88)	(0.46)

5. 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 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	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
	£'000	£'000	£'000	£'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

Prudential and Treasury Management Indicators

6. Operational Boundary for External Debt

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

Operational Boundary	2018/19 Revised £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000
Borrowing	55,000	55,000	55,000	55,000
Other long-term liabilities	500	500	500	500
Total Operational Boundary	55,500	55,500	55,500	55,500

7. Interest Rate Risk

The Council regularly reviews its interest rate exposures with its Treasury adviser Arlingclose and this is reflected in the monitoring of the budget. It is the aim of the Council to minimise interest paid on borrowing and maximise the interest earned on investments, but in the case of investments, protection of the capital sum must take precedence over the rate of return. The Council currently has two external loans totalling £10m both of which are at fixed interest rates. As reported in the 2018/19 Half Year Treasury Report the Council had achieved a return of 0.96% on its investments and therefore an estimate of the impact of a 0.5% change in this return would be worth £139,000.

Prudential and Treasury Management Indicators

8. Maturity Structure of Borrowing

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

Maturity Structure of Borrowing	Lower Limit for 2019/20	Upper Limit for 2019/20
	%	%
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

9. Principal Sums Invested for Periods Longer than a Year

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

	2019/20	2020/21	2021/22
	£'000	£'000	£'000
Limit on principal invested longer than 1 year	10,000	10,000	10,000

Cabinet Meeting	
Meeting Date	6 February 2019
Report Title	Corporate plan 2019-2022: Adoption of final draft
Cabinet Member	Cllr Bowles, Council Leader
SMT Lead	David Clifford
Head of Service	Head of Policy, Communications and Customer Services
Lead Officer	
Key Decision	No
Classification	Open
Recommendations	Cabinet is asked to recommend council to: 1. Adopt the text at appendix I as the council's corporate plan for the period April 2019 to March 2023.

1 Purpose of Report and Executive Summary

- 1.1 This report reviews the purpose of the corporate plan and outlines the consultative approach which has been taken to developing a new one. It summarises the new priorities and objectives which have resulted from this process, considers the mechanisms available for monitoring progress towards these, and finally invites members to adopt the text at appendix I as the council's corporate plan for the period April 2019 to March 2023.

2 Background

- 2.1 The corporate plan is the overarching statement of the council's medium-term strategic objectives. It sets out in broad terms the council's overall direction over the next few years, and tries to provide a clear steer for decision-makers in terms of the issues and ambitions which are and are not priorities. Its purpose is to act as a point of reference when detailed decisions are being made on a day-to-day basis, rather than to set out the substance of those decisions in advance.
- 2.2 Swale first adopted a corporate plan in 2007, as a way of strengthening its focus on what was really important to it in the light of its recognition of the need to improve its overall performance at that time. A new plan has been developed every four years since then, and the version at appendix I thus represents the fourth such plan to be adopted.
- 2.3 The plan is traditionally structured around a limited number of high-level priorities which articulate both local political aspirations and a considered response to anticipated changes in the council's wider operating environment. These priorities

determine the focus of the council's activities and resource allocation for the duration of the plan. They are generally concerned with areas of change and development for the organisation, rather than acting as a complete list of the council's disparate range of activities.

3 Proposals

- 3.1 Given the long-term nature of many of the council's most cherished ambitions, each new corporate plan generally has a more evolutionary than revolutionary relationship to previous versions. However, significant progress was made on several of these ambitions during the lifetime of the last plan, and this is reflected in the way in which the text at appendix I tries to build upon the organisational learning from these successes.
- 3.2 In some cases this has resulted in new objectives which represent more of a departure from previous ones than has typically been the case in the past, but the new plan does also recognise the need to balance such ambitions against the restrictions to the council's freedom of action which are likely to be imposed by ongoing financial constraints and uncertainty during the plan period.
- 3.3 This is reflected in the way that the first two priorities are outward-facing ones, outlining what the council wants to achieve for the borough, while the third is more internally focused, outlining among other things how the council will try to obviate or minimise the impact of financial constraints on its ability to make progress on the first two priorities, while still being clear that those constraints will inevitably represent a brake on what it is able to achieve.
- 3.4 As with the previous version of the plan, each priority is broadly based but includes a small number of more detailed and specific objectives. This structure is intended to 'square the circle' of the plan's dual purpose, being at once the apex of the council's policy framework *and* the source of the 'golden thread' which runs through departmental service plans to every individual officer's appraisal targets: the objectives are specific enough to represent clear political ambitions, but the overarching priorities are general enough that every officer should be able clearly to relate her function to one (or more) of them. This is of course important in terms of staff engagement and motivation.
- 3.5 As outlined in section 5 below, a broad and sometimes iterative process of consultation was followed in developing the new plan. Emerging from this process, the priorities and objectives proposed for the new plan are as follows:

Priority 1: Delivering regeneration

- 1.1 Continue to support Swale's economy to provide a diverse and increasing range of employment opportunities across the full spectrum of skill and wage levels.
- 1.2 Support residents and businesses to improve the borough's vocational skills.

- 1.3 Implement the visitor economy framework to increase investment, address new visitor demands and grow the value of the sector to the Swale economy.
- 1.4 Progress the redevelopment of Sittingbourne town centre and extend regeneration into other parts of the borough.
- 1.5 Develop a coherent and flexible long-term plan to help Sheppey fulfil its potential for the benefit of all its residents.
- 1.6 Take steps to help the most disadvantaged families and communities to embrace opportunities from regeneration, skills provision and economic growth.

Priority 2: Delivering improved quality of life

- 2.1 Keep the borough clean and well-maintained, and continue to provide excellent environmental stewardship.
- 2.2 Maximise opportunities from sustainable development to improve infrastructure and create attractive and functional new neighbourhoods.
- 2.3 Work with partners to develop measures to address air quality issues throughout the borough.
- 2.4 Develop a pragmatic and adaptable approach to helping local families to access affordable decent housing.
- 2.5 Promote improved health, wellbeing and enjoyment of life by facilitating and supporting a wide range of sporting, cultural and other leisure activities.

Priority 3: Delivering the council of tomorrow

- 3.1 Continue to reduce dependence on government-controlled funding sources and support innovative ways to ensure other objectives can be met in the context of diminished resources.
- 3.2 Experiment with a more differentiated approach to service delivery for key neighbourhoods and key groups of customers.
- 3.3 Encourage innovative ideas at every level of the organisation and embed the Swale Manager programme to ensure consistent understanding of the council's expectations of all managers.
- 3.4 Develop new approaches to partnership working based on shared objectives with statutory agencies, other councils, and the private and voluntary sectors.
- 3.5 Continue to ensure that Swale's internal governance and decision-making are second to none.
- 3.6 These priorities and objectives will form the basis of the annual service plans created by individual departments, and via that route will be linked to individual officers' appraisal targets. Each year the council produces an annual report, which accounts for progress towards the achievement of the priorities. It is intended that this reporting function will be significantly augmented from 2020, when the first annual report on the new plan is produced, so as to provide a fuller and more robust measurement of progress.

- 3.7 Another means for monitoring performance against the plan is through quantitative indicators, and a refreshed corporate performance-indicator set, together with new targets, is currently under development following a root-and-branch appraisal of the purpose and ongoing value of existing indicators. There are a number of reasons why alignment between the corporate plan and the corporate indicator set can never be absolute, but indicators will nonetheless be grouped around individual objectives so that progress towards the latter can be quantified as well as possible. The new indicator set will come to council early in the new municipal year.
- 3.8 The corporate plan is more of an inward-facing document than a public one, although of course it is published on the website and freely available to anyone who wants to read it. The intention for this iteration of the plan is additionally to produce a shorter, more readable version, based on the summary of the priorities and objectives, which may assist with both public and staff engagement. The latter is of course particularly important, and an internal communications campaign including presentations at key staff forums will be developed to help all officers understand what the priorities and objectives are about and how they relate to their job roles.
- 3.9 Council is now **recommended** to adopt the text at appendix I as the council's corporate plan for the period April 2019 to March 2023.

4 Alternative Options

- 4.1 The council is under no statutory duty to adopt a corporate plan, so the option not to have a plan in place beyond March is a valid one. However, the decision to produce the council's first corporate plan back in 2007 has been widely recognised as sound one, providing an opportunity to agree clear priorities and then to focus sustained effort and resources on them over a four-year period. The option to dispense with a corporate plan altogether is thus not recommended.
- 4.2 A further option would be to adopt a new corporate plan which established a wholly different direction for the council. However, while it is important that the council undertakes regular reviews of its strategic objectives to ensure that they remain the most appropriate ones in the light of emerging local issues and changes in the broader context within which it works, this does not mean that each new corporate plan should represent a radical departure from the last.
- 4.3 Four years is not a long time in terms of strategic ambitions for a borough, and many of the council's most significant aspirations for Swale will take longer than the lifetime of a single plan to realise. While it is entirely appropriate that the plan at appendix I includes new objectives and some potential new areas of work for the council, it is nonetheless not recommended that the new plan should completely abandon the overall direction set in previous iterations.

5 Consultation Undertaken or Proposed

- 5.1 In view of the overarching and sometimes relatively abstract nature of the corporate plan, it has historically been difficult to engage the public with its development. For this new plan, the option to consult with the public primarily through social media was considered, but was rejected as not being well suited to a high-level policy such as a corporate plan, the purpose and content of which require a certain level of explanation and caveating.
- 5.2 The decision was therefore taken that Swale would ask town and parish councils to engage with the development of the plan and the consultation on the final product, as a more fruitful way of gauging the opinions of interested residents and communities. The leader or deputy leader, together with the chief executive or head of policy, offered to attend a meeting of all the borough's town and parish councils to discuss the plan at a very formative stage, and the offer was accepted by nine councils from across the borough (Bredgar, Dunkirk, Faversham TC, Hartlip, Leysdown, Minster, Ospringe, Rodmersham and Warden).
- 5.3 These meetings were a useful opportunity to hear about what was important in different places, and while in many cases the issues were very specific to the locality, there were a number of common themes, including the distinctive needs of rural communities and the need for Swale to work more collaboratively with local councils both to realise shared ambitions for small areas and to influence other agencies more effectively to prioritise the needs of Swale's communities. These themes have been taken up in the plan at appendix I.
- 5.4 A consultation draft of the plan was published in November, and was sent to all the borough's town and parish councils as well as a wide range of partner organisations. A public version was made available online and publicised on social media. We received formal responses from six local councils (Borden, Dunkirk, Faversham TC, Oare, Teynham and Tunstall), as well as from the Thames Gateway Kent Partnership.
- 5.5 Responses were on the whole favourable, with two essentially stating simply that they agreed with the plan as consulted on. There was a good level of support for the objective of strengthening collaboration between the borough and local councils. As was the case at the local council meetings attended by the leader and chief executive/head of policy, consultation responses from parishes raised disparate issues, many of which were not directly related to borough council functions, but there was some commonality across the themes of housing, planning, air quality and healthcare infrastructure.
- 5.6 Some relatively small amendments were made to the text as a result of suggestions received in consultation responses. The intention is to write to all organisations which took the trouble to make submissions, setting out the council's individual response to the issues they raised.

Policy Development and Review Committee

- 5.7 PDRC has been involved in the development of the new corporate plan from a fairly early stage. The deputy leader and the head of policy took a discussion paper to the committee in July setting out the main issues, some areas of potential divergence between the existing plan and the new one, and a very provisional list of possible new priority areas.
- 5.8 There was a very full discussion on this, which resulted in a number of themes and issues being picked up in the new plan, including the need to extend regeneration into areas beyond Sittingbourne, including rural areas; to diversify as well as expand Swale's employment offer; to focus more on housing and health inequality; and to improve the council's ability to deliver on objectives collaboratively, ranging from better lobbying of government and national agencies at one end of the spectrum to better working with the voluntary sector and town/parish councils at the other.
- 5.9 The leader and the head of policy attended a further session of the PDRC in November, where the committee considered the public consultation draft of the new plan. This was generally well received by most members of the committee, with one or two suggestions for minor amends. A minority of committee members did express more significant reservations, particularly in respect of objective 2.2. However, a motion to ask to cabinet to defer adoption of the plan until June 2019 was unsuccessful when put to the vote.

6 Implications

Issue	Implications
Corporate Plan	This report includes the text of the new corporate plan which is due to replace the current one when it expires in April 2019. The corporate plan represents a key component of the council's overall budgetary and policy framework, and as such adoption is a matter for full council.
Financial, Resource and Property	The corporate plan to some extent represents the narrative complement to the medium-term financial strategy (MTFS), in that it sets out in broad terms what the council aims to achieve given the resources established by the MTFS. Conversely, it is anticipated that the activities required by the plan will generally be funded within the resourcing framework established in the MTFS.
Legal, Statutory and Procurement	The council is under no statutory duty to prepare or adopt a corporate plan. However, section 3 of the Local Government Act 1999 (as amended) does impose a general duty, known as the 'best value duty', to 'secure continuous improvement in the way in which [the council's] functions are exercised, having regard to a combination of economy, efficiency and effectiveness'. One of the purposes of the corporate plan is to provide clear strategic direction on agreed medium-term priorities in order to facilitate optimal and

	equitable resource allocation, thereby improving the economy, efficiency and effectiveness of council services. No specific procurement implications have been identified at this stage.
Crime and Disorder	The proposed plan includes some specific points on crime and disorder, and the partnerships which are needed to tackle them. No further implications identified at this stage.
Environment and Sustainability	The proposed plan includes some specific points on the environment and sustainability. No further implications identified at this stage.
Health and Wellbeing	The proposed plan includes some specific points on health and wellbeing. No further implications identified at this stage.
Risk Management and Health and Safety	The corporate plan is a key component of the council's risk management processes, particularly as risks on the comprehensive risk register are generally expressed (however artificially) as risks to the achievement of a corporate-plan objective. This approach has worked well during the life of the current corporate plan, and given that the new one at Appendix I is structured in the same way, this should be able to continue into the future. No health-and-safety implications have been identified at this stage.
Equality and Diversity	The public sector equality duty requires decision-makers to have 'due regard' to the need to eliminate unlawful discrimination and advance equality of opportunity right throughout the decision-making process. An equality impact assessment has been conducted, the results of which are attached at Appendix II. This concludes that the corporate plan is in general at too high a level of abstraction for the aims of the equality duty to be relevant in any concrete way, although they are likely to be much more relevant to many of the pieces of work which will flow from it. The impact of the plan itself on the aims of the equality duty, without reference to these more detailed pieces of work, is at this stage considered to be low, and nothing requiring the mitigation of adverse impacts has been identified. It is believed at this stage that the plan involves no unlawful discrimination.
Privacy and Data Protection	No implications 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: Corporate plan 2019-2022
- Appendix II: Equality impact assessment

8 Background Papers

8.1 The following documents may be considered as background papers to this report:

- SBC corporate plan 2015-2018: <https://www.swale.gov.uk/corporate-plan-2015-2018/>

Swale Borough Council: Delivering a better borough for you

Corporate Plan 2019-2022

Version 4.0

Version control

V.	Details	Author	Date
0.1	First draft of priorities and objectives following initial internal and external consultation	DC	Aug 2018
0.2	Revised first draft of priorities and objectives for SMT	DC	Aug 2018
0.3	Revisions to first draft of priorities following SMT	DC	Aug 2018
1.0	First draft of priorities and objectives for informal cabinet	DC	Sep 2018
1.1	Revisions following informal cabinet and parish councils	DC	Sep 2018
1.2	First consultation draft to SMT	DC	Oct 2018
2.0	First consultation draft for informal cabinet	DC	Oct 2018
2.1	Revisions following informal cabinet	DC	Nov 2018
3.0	Consultation draft	DC	Nov 2018
4.0	Final draft following consultation amends	DC	Jan 2019

Foreword

[To be included]

Introduction

The corporate plan is the overarching statement of the council's strategic priorities for the period April 2019 to March 2022. It consists of 16 medium-term objectives grouped into three broad priorities. Between them, the objectives articulate both local political aspirations for the borough and community of Swale and the council's response to anticipated changes to the policy and fiscal context in which it operates.

The document's primary purpose is to ensure that the organisation's resources are coherently allocated in support of agreed priorities. The objectives established here will therefore be a significant factor in determining the focus of the council's activities over the next few years, but the plan sets out a broad direction of travel rather than a detailed list of actions, and its emphasis is on areas of change and development rather than continuity.

Swale is one of 12 districts (boroughs and cities) which make up the county of Kent. Located on the county's northern coast, the borough sits between Medway, Maidstone and Canterbury, around 40 miles from central London in one direction and 25 miles from the Channel tunnel in the other. The borough covers an area of 140 square miles, roughly one-tenth of Kent, and is home to just under 150,000 people, also approximately one-tenth of the county figure.

For such a relatively small area, the borough is a remarkably diverse place, including the historic market town of Faversham, the traditional seaside resort of Sheerness and the more industrial market town of Sittingbourne, which is currently undergoing a major council-led regeneration. These urban centres are connected both physically and culturally by the borough's extensive and important rural areas, accounting for around a quarter of the population, which take in the whole of the Isle of Sheppey and part of the Kent Downs area of outstanding natural beauty.

Swale's demographic make-up is no less diverse than its geography, including a mix of affluent and less affluent areas, but in general the borough is less well-off than is typical for the south-east. Over recent decades, Swale has seen a successful diversification of its economy, which now has key strengths in manufacturing and distribution, as well as high-skilled activities including cutting-edge technology and life sciences. Nonetheless, there are some concentrated pockets of severe socioeconomic deprivation to be found in locations across the area.

The borough council is made up of 47 elected members representing 24 wards and employing around 280 full-time equivalent staff. Thanks to prudent decision-making, robust management practices and considerable success in expanding the business rate base, Swale has been better placed than many councils to weather the storm of austerity over the last decade.

Nonetheless, financial sustainability will remain a key concern for the organisation over the next few years, and financial constraints will represent a significant brake on what the council is able to achieve. The first two priorities in this plan set out the objectives for the borough towards which we want to work notwithstanding these constraints, but we must recognise that the constraints are real and will have an impact. The final priority sets out some of the ways we will try to obviate or minimise this impact.

Summary:

Our priorities and medium-term objectives for 2019-2022

Priority 1: Delivering regeneration

- 1.1 Continue to support Swale's economy to provide a diverse and increasing range of employment opportunities across the full spectrum of skill and wage levels.
- 1.2 Support residents and businesses to improve the borough's vocational skills.
- 1.3 Implement the visitor economy framework to increase investment, address new visitor demands and grow the value of the sector to the Swale economy.
- 1.4 Progress the redevelopment of Sittingbourne town centre and extend regeneration into other parts of the borough.
- 1.5 Develop a coherent and flexible long-term plan to help Sheppey fulfil its potential for the benefit of all its residents.
- 1.6 Take steps to help the most disadvantaged families and communities to embrace opportunities from regeneration, skills provision and economic growth.

Priority 2: Delivering improved quality of life

- 2.1 Keep the borough clean and well-maintained, and continue to provide excellent environmental stewardship.
- 2.2 Maximise opportunities from sustainable development to improve infrastructure and create attractive and functional new neighbourhoods.
- 2.3 Work with partners to develop measures to address air quality issues throughout the borough.
- 2.4 Develop a pragmatic and adaptable approach to helping local families to access affordable decent housing.
- 2.5 Promote improved health, wellbeing and enjoyment of life by facilitating and supporting a wide range of sporting, cultural and other leisure activities.

Priority 3: Delivering the council of tomorrow

- 3.1 Continue to reduce dependence on government-controlled funding sources and support innovative ways to ensure other objectives can be met in the context of diminished resources.
- 3.2 Experiment with a more differentiated approach to service delivery for key neighbourhoods and key groups of customers.
- 3.3 Encourage innovative ideas at every level of the organisation and embed the Swale Manager programme to ensure consistent understanding of the council's expectations of all managers.
- 3.4 Develop new approaches to partnership working based on shared objectives with statutory agencies, other councils, and the private and voluntary sectors.
- 3.5 Continue to ensure that Swale's internal governance and decision-making are second to none.

Priority 1: Delivering regeneration

Objective 1.1:

Continue to support Swale's economy to provide a diverse and increasing range of employment opportunities across the full spectrum of skill and wage levels.

The council has unusually good links with local businesses, is well-placed to understand their needs, and offers a comprehensive range of support and guidance services to entrepreneurs and investors. An additional 280,000m² of commercial business space was constructed in Swale over the past decade, more than any other Kent district. Swale's economic growth has produced 6,000 additional jobs since 2013, while during the same period new business start-ups increased by 56 percent and Swale continued to have the best survival rates for new businesses in Kent.

Nonetheless, unemployment in the borough remains above the regional average, and despite significant successes in attracting and growing high-tech businesses, especially in the life sciences sector, much of the employment available in the borough is relatively low-skilled and low-paid, with much larger manufacturing and logistics sectors than is typical for the south-east. In addition to promoting general economic growth, the council will therefore also focus on facilitating employment opportunities right across the spectrum of skill and wage levels.

Having benefited from so much expansion already, the challenge of where future business growth can be accommodated, which is common right across North Kent, will also need to be addressed in creative and sensitive ways, including options for bringing much-needed employment opportunities to areas of the borough which are more remote and hence less attractive to most businesses.

Links between this objective and others in the plan:

All six objectives in this priority are closely interconnected. The need for new employment sites accessible both from existing towns and villages and potentially from new settlements also links this objective to place-shaping (Objective 2.2), while the vital importance of business rates for funding council services, as well as the reduction in demand on services that can result from more prosperous residents, give this objective clear links with council finances (Objective 3.1).

Objective 1.2:

Support residents and businesses to improve the borough's vocational skills.

Swale has a relatively low proportion of highly qualified people and a high proportion of people with no qualifications compared to national and regional averages.

Although there is a limited provision on Sheppey, Sittingbourne is the only town of its size in Kent not to have its own dedicated further education college, with Swale's post-16 vocational students being obliged to travel some two hours in each direction to Medway, Canterbury or Maidstone to access a full range of learning opportunities. The council will work with partners in the skills sector to pursue with vigour all reasonable options to address this deficiency through the provision of a new further education college in Sittingbourne, and will explore possibilities for Kent-based universities to play a greater role in the educational life of all parts of the borough.

In addition to enabling successful transition into good careers for school-leavers, skills provision in Swale also needs to benefit working-age people, particularly those whose multiple issues and lack of basic employment skills inhibit their ability to take advantage of new opportunities. There is also a need to support businesses to enable their employees to upskill so that they can make progress in their careers and open up entry-level vacancies to new recruits, and to help people who want to re-train mid-career in order to change direction or re-enter the workplace after spending time away.

These needs are likely to become more pressing as further globalisation, automation and general business investment in productivity increase the skill levels required in many sectors and erode the availability dependable lower-skilled employment still further. New further education provision will help meet these needs, but the council will also encourage employers to invest in skills within their workforce and will lead by example through its own programme, including the use of apprenticeship frameworks to upskill staff.

Links between this objective and others in the plan:

All six objectives in this priority are closely interconnected. The council's ability to contribute to the overall skill levels in the borough by means of training opportunities for staff must not be overlooked, linking this objective to council innovation (Objective 3.3), while the need for productive partnerships with businesses and skills providers link it clearly with improved collaboration (Objective 3.4).

Objective 1.3:

Implement the visitor economy framework to increase investment, address new visitor demands and grow the value of the sector to the Swale economy.

Swale benefits from a diverse range of visitor attractions catering to an equally diverse range of visitors, including historic towns with a rich nautical heritage, traditional seaside resorts, great beaches, and a wide variety of internationally protected landscapes and wildlife reserves. Tourism is already the borough's fourth-largest economic sector, contributing almost £200m per year to the local economy and supporting more than 4,500 jobs, but we recognise that there is potential to grow this still further.

The council has worked with partners including local tourism businesses to develop a visitor economy framework aimed at ensuring we help businesses make the most of local resources and assets. Aspirations include better marketing of what the borough has to offer, improved connectivity and more attractive public spaces, better economic intelligence and support to businesses, and the development of a new cultural offer based on the unique heritage and distinctiveness of each of the borough's geographical areas. The council will continue to work with partners to implement the framework over the life of the corporate plan, aiming to add £25m to the value of the sector to the borough's economy by 2023. In doing so, the council will be conscious of the need to ensure that improvements create a more attractive environment for both businesses as well as visitors.

Links between this objective and others in the plan:

All six objectives in this priority are closely interconnected. The need to ensure that the borough looks its best for visitors and residents alike links this objective with the environment (Objective 2.1), while the need to support and promote a wide range of visitor attractions link it no less clearly to leisure (Objective 2.5). The need for good joint working with a range of partners from small businesses to national agencies also link this objective with improved collaboration (Objective 3.4).

Objective 1.4:

Progress the redevelopment of Sittingbourne town centre and extend regeneration into other parts of the borough.

The completion of Sittingbourne's new cinema, hotel and restaurants, together with the new multi-storey car-park and new retail sites, will represent the culmination of a long-standing ambition for the council, and has also resulted in considerable organisational learning in terms of how such schemes can be made viable and the joint venture arrangements which can be used to achieve them. The next phase of the town centre redevelopment will need to include consideration of the most advantageous futures for both the Swale House and Swallows sites, and if appropriate for moving the council offices and the leisure centre to alternative locations.

The regeneration of run-down physical infrastructure can act as a catalyst for wholesale economic and social renewal, and where this is likely to be the case the council will look to replicate the success of Sittingbourne town centre, on an appropriate scale and in different configurations of partnerships, in other locations. In considering these, we will be mindful of the need to ensure that the economic opportunities created by any scheme can in fact be taken up by the local families who would most benefit from them.

The council understands that the renewal of physical infrastructure is important also in areas where sweeping changes to the urban landscape such as those in Sittingbourne would not be desirable. Schemes such as the £1.9m Lottery-funded project to restore and improve the Faversham recreation ground will continue to play an important role in the ongoing regeneration of the borough. The council will continue to offer its backing to schemes such as the Faversham Creek swing bridge, and will also consider whether there is more that it can do to support the sustainability of vibrant high streets as centres for community life across the borough, even where this might involve difficult decisions about what constitutes sustainability in the age of online retail.

Links between this objective and others in the plan:

All six objectives in this priority are closely interconnected. In view of what the renewal of run-down infrastructure can encompass, this objective also links with place-shaping (Objective 2.2) and potentially housing (Objective 2.4), while the likely significance of the Swallows and Beachfields sites to further regeneration in Sittingbourne and Sheerness give it a strong link with leisure (Objective 2.5). In addition, the potential for revenue-generating investment by the council – one of the key drivers of the Sittingbourne town centre project – links this objective strongly to council finances (Objective 3.1).

Objective 1.5:

Develop a coherent and flexible long-term plan to help Sheppey fulfil its potential for the benefit of all its residents.

The Isle of Sheppey offers a host of advantages to investors, businesses and residents, including affordable property values, proximity to London and the Channel ports, good connections to the strategic road and rail networks, superb natural landscapes including beaches and nature reserves, and a rich cultural and historical heritage. An increasing appreciation of these benefits in recent years has resulted in considerable inward investment, including major new retail and commercial development at Queenborough, expansion of the capabilities at the port of Sheerness and improvements to the infrastructure supporting the visitor economy.

Nevertheless, many communities on Sheppey continue to face significant socioeconomic disadvantage, with almost half of the island's neighbourhoods falling within the ten percent most deprived neighbourhoods in the country overall, based on the most recent deprivation figures. The origins of this hardship stretch all the way back to the post-war period, but the issues that maintain it today include poor educational provision, lack of local job opportunities, poor road and public transport connections around the island itself and, related to all of these, low land values which inhibit regeneration through development.

These are entrenched problems to which there are no simple solutions, but there are also huge opportunities: the port has plans for continued investment as set out in its 20-year masterplan, there remain good prospects for further commercial development, the housing-led regeneration of Queenborough and Rushenden is beginning to take shape, and the island's outstanding natural and heritage attractions will help the visitor economy to expand and diversify. The council will work with all willing partners to develop a flexible and multifaceted long-term plan to address the issues that hold Sheppey back and maximise the opportunities that will help it to improve its economic fortunes and close the gap between what the island is now and what it could and should be in the future.

Links between this objective and others in the plan:

All six objectives in this priority are closely interconnected. The importance of development, infrastructure, leisure and culture to this objective also link it strongly with place-shaping (Objective 2.2), housing (Objective 2.4) and leisure (Objective 2.5). The need for the council to work better 'with the grain' of Sheppey's communities link this objective to the idea of greater differentiation in service delivery (Objective 3.2), while the self-evident need for the council to work in partnership with a wide range of statutory and community organisations also link it clearly with improved collaboration (Objective 3.4).

Objective 1.6:

Take steps to help the most disadvantaged families and communities to embrace opportunities from regeneration, skills provision and economic growth.

Like any district of its size, Swale is a mixture of affluent and less affluent neighbourhoods, but on average there is more deprivation in the borough than is typical either for the south-east or for England as a whole. This includes generally small pockets of highly concentrated poverty and disadvantage in locations right throughout the borough, including Faversham, Sheppey, Sittingbourne and the rural areas. The council's regeneration work in Sittingbourne town centre and elsewhere is intended to deliver benefits to all residents including improved facilities and a more attractive environment, but a key ambition has been the creation of new opportunities for our most disadvantaged residents to find jobs and improve their lives.

As the council seeks to extend its regeneration schemes and redouble its efforts to improve skills provision in the borough, there will be a need to ensure that these significant new opportunities are taken up by the local people who need them most. In some cases these residents, whether on a family-by-family or a neighbourhood-by-neighbourhood basis, will need tailored help to enable them to do this.

A number of the council's statutory- and community-sector partners are already engaged in this type of work, and the council will consider what more it can do to support and augment these efforts to ensure that regeneration schemes and new opportunities to acquire skills, as well as general economic growth, become the catalyst for sustainable improvement in the fortunes of our most disadvantaged residents and, by extension, of the places in which they live. In view of the high proportion of families living in poverty who are already in some form of work, this needs to be about helping not only unemployed people to find jobs but also people in insecure and low-paid work to find better jobs.

Links between this objective and others in the plan:

All six objectives in this priority are closely interconnected. There is an unambiguous correlation between people's economic situation and their ability to access decent housing (Objective 2.4) and to take advantage of leisure and cultural opportunities (Objective 2.5), while the need to target more intensive help at a relatively small number of residents also links it with the idea of greater differentiation in service delivery (Objective 3.2).

Priority 2: Delivering improved quality of life

Objective 2.1:

Keep the borough clean and well-maintained, and continue to provide excellent environmental stewardship.

Collecting waste and recycling, together with keeping the streets free of litter, are two of a district council's most visible and universal functions, and among the most important on which residents typically judge our overall performance. The current waste, recycling and cleansing contract will be reviewed during the lifetime of the corporate plan, and in the context of rising costs and diminishing council resources this is likely to involve some difficult decisions about new methods of delivering the service and what can be achieved. Encouraging residents to support the council's recycling and litter objectives through education and incentives is likely to be key. The current grounds maintenance contract will expire during the lifetime of the corporate plan, and this will also require fresh thinking about how levels of performance can be maintained or enhanced at reduced levels of expenditure.

In common with Swale residents, the council is proud of the borough's outstanding natural environments and agricultural traditions, and wants to continue to safeguard these for future generations. About a quarter of Swale's population lives in rural areas, and the council recognises that the needs of these communities are often different to those in urban settlements, with different issues to address. Frequently these are problems which require the cooperation of other agencies to solve, and Swale is keen to understand how it can work better with parish councils to influence these agencies to take necessary action. People's quality of life in both rural and urban areas can be very adversely affected by environmental crime, antisocial behaviour and illegal encampments, underlining the ongoing importance of the council's strong stance on enforcement activities across a range of issues.

Extreme weather events in recent years have begun to demonstrate the reality of a changing climate, and the council will work with residents and businesses to help them prepare as well as possible for what is likely to be a hotter, dryer and more unpredictable climate in the future. Swale will also continue to work with local and national partners as best as we can to minimise the adverse impact of human activities in Swale on the environment, including using the planning system and other levers to reduce carbon emissions and taking steps to lessen reliance on single-use plastics.

Links between this objective and others in the plan:

This objective has clear implications for the visitor economy, linking it with Objective 1.3, while the high value of the main contracts involved (primarily waste and

recycling collection, street cleansing and grounds maintenance) mean these issues are of central importance to council finances (Objective 3.1). The conflict between the need to keep the borough looking its best and the need to make further savings on contracts can only be resolved on a case-by-case basis as current contracts expire, but a more commercial approach to understanding the cost implications of decisions (Objective 3.1) has prompted the council to find alternatives to taking on responsibility for green spaces in new developments (Objective 2.2).

Objective 2.2:

Maximise opportunities from sustainable development to improve infrastructure and create attractive and functional new neighbourhoods.

The local plan *Bearing Fruits*, adopted after extensive public consultation and scrutiny in 2017, sets out the council's vision for Swale in 15 years' time, seeking to create a sustainable and flourishing borough in which to enjoy life and do business, with a thriving Faversham, a rejuvenated Sheppey, a transformed Sittingbourne and successful rural communities. Like many local authorities, especially in the south-east, Swale is under huge pressure from government to increase housing numbers, with the stark reality that if centrally imposed targets are not achieved in a planned way then they will be achieved by developers winning planning appeals even for the most unsuitable sites, generally against the interests of the borough and its existing residents.

It is important that the council takes a realistic and pragmatic approach to this situation, seeking to maximise the potential benefits of development and thoughtful place-making while minimising the adverse consequences. The recent 'looking ahead' consultation raised the option of completely new settlements as an alternative to further extensions of existing towns and villages, and this could represent an opportunity to think more strategically about where developments should be situated, how they should be designed and what infrastructure and facilities are necessary to make them viable.

More generally, many parts of the borough are in need of very significant investment in infrastructure, including improvements and additions to junctions on the M2 and A249, and the council cannot ignore the possibility that major housing developments could be one of the very few ways open to it to secure at least some of that investment.

Links between this objective and others in the plan:

The regenerative potential of new development link this objective clearly with regeneration (Objective 1.4) and the plan for Sheppey (Objective 1.5), while the vital importance of adequate infrastructure in enabling any economy to compete

internationally means it is also strongly linked with economic growth and jobs (Objective 1.1). The tension between long-term housing needs and air-quality concerns link this objective with air quality (Objective 2.3) and housing (Objective 2.4). In addition, the continuing importance for the foreseeable future of the new homes bonus also link this objective to council finances (Objective 3.1).

Objective 2.3:

Work with partners to develop measures to address air quality issues throughout the borough.

Air quality and the presence of pollutants from vehicle emissions in the air we all breathe has become a high-profile issue both nationally and locally in recent years. Poor air quality is associated with a number of health impacts, including the onset of heart disease and cancer, and more vulnerable groups of residents are typically worse affected than others, including children, older people, and those with pre-existing conditions. While Swale's air quality issues are far from exceptional, the council has been proactive in monitoring pollutants, and has declared a higher number of air quality management areas (AQMAs) than is typical for a borough of this size.

The council is currently developing a strategic air quality action plan (AQAP) covering the whole borough for the period 2018-2022, which will establish targets for reductions in the concentration of pollutants and in exposure to pollution. While the preparation of the strategy is a district council function, Swale is dependent on other levels of government for the most 'strategic' actions to improve air quality (e.g. central government in incentivising lower-emission vehicles, or KCC in determining highway improvement priorities).

Working with these and other partners, the strategic action plan will focus on reducing emissions from goods vehicles, facilitating smoother traffic flows through AQMAs, promoting alternatives to car and motor vehicle use for both people and freight, and using the planning system to neutralise the impact of housebuilding, for example by encouraging low-emission developments. The council will also encourage tree-planting across the borough, which can have a range of beneficial effects in addition to helping to remove pollutants from the environment.

Links between this objective and others in the plan:

The fact that vehicular carbon emissions are a major contributor to an area's overall greenhouse gas emissions link this objective clearly with the wider environment and climate change (Objective 2.1). The tension between long-term housing needs and complex air-quality concerns link this objective with place-making (Objective 2.2) and housing (Objective 2.4), while the improvement in air quality which can result from infrastructure enhancement represents another link with Objective 2.2.

Objective 2.4:

Develop a pragmatic and adaptable approach to helping local families to access affordable decent housing.

What is commonly referred to by the media and even cabinet ministers as the nationwide 'housing crisis' is in Swale a group of interrelated issues which have combined to make it increasingly difficult for families from across the demographic spectrum to access decent housing or achieve their aspiration of home ownership. These issues include elevated property values which make it harder for people to take the first step on the housing ladder, disincentives for landlords which reduce the number of rental properties available, and reforms to the social security system which have significantly reduced the incomes of the poorest families, including those in work.

The crisis is most acutely affecting poor families, who can no longer afford the homes in the private rented sector which are now occupied by more affluent people who in past generations would have expected to be owner-occupiers. These are for the most part issues over which the council has little control, but in view of the huge impact on residents' quality of life there is a need for us to do what we can to help.

The council will continue to work in close partnership with the borough's housing associations to maximise the number of homes being made available for affordable and social rents, and will work cooperatively with housebuilders and social landlords to ensure that the number of affordable homes achieved through development is as great as possible in spite of viability issues, being clear that developments need to include a balanced mix of housing types and tenures.

The full effects of the Homelessness Reduction Act on vulnerable households in Swale are still being assessed, but the housing options team will continue to seek out new initiatives and partnerships to prevent homelessness and reduce its impact on both the welfare of families and the finances of the council. Where innovative schemes for ensuring lower-income households have access to decent housing appear to have worked in other areas, the council will vigorously pursue options for implementing the learning in Swale.

Links between this objective and others in the plan:

Housing links with many of the objectives under the first priority in this plan, including regeneration (Objective 1.4), a long-term plan for Sheppey (Objective 1.5) and targeted help for disadvantaged families (Objective 1.6). It also links with place-shaping (Objective 2.2) and public health and leisure (Objective 2.5), while the need for strong partnerships to deliver solutions links it clearly with improved collaboration (Objective 3.4).

Objective 2.5:

Promote improved health, wellbeing and enjoyment of life by facilitating and supporting a wide range of sporting, cultural and other leisure activities.

District councils play a major role in the prevention of ill-health through the provision of sports and leisure facilities including leisure centres, green and other open spaces, and opportunities for communities to come together in shared activities and events. These can have beneficial effects not only on physical health but also on mental wellbeing, including helping people to overcome the increasingly common problem of loneliness.

Public Health England estimates that Swale has the second-highest proportion of overweight or obese adults of any district in the south-east, as well as a significant issue with health inequality, most starkly illustrated in the difference of up to nine years in average life expectancy between the borough's most and least affluent neighbourhoods. The causes of these phenomena are complex and require concerted action by a wide range of local partners to tackle, but for the council it is important to ensure that all residents can access opportunities to adopt healthier lifestyles and, where necessary, that they are encouraged and helped to take them up.

The council's leisure centres facilitate a wide range of activities aimed at both prevention of ill-health and recovery from acute episodes, some targeted at specific demographic audiences, as well as enabling social prescribing by GPs; these activities will be augmented by the additional £2m which is currently being invested. The borough's open spaces host many activities run by commercial providers, while the Active Lives Framework guides the council's support to the voluntary sector in broadening residents' opportunities to improve their activity levels.

Going forwards, the expiry of the current leisure centre contract in 2025 is an opportunity to think strategically about the long-term needs of the borough and how (and where) these can best be met given limited council resources, and work will begin on this in earnest during the lifetime of this corporate plan. The council will also consider what more it can do to support voluntary and community organisations who want to run activities in the borough, including promoting events and helping them to access third-party funding.

Links between this objective and others in the plan:

The potential opportunities for regeneration which could result from changes to the configuration – or even location – of existing leisure centres link this priority clearly with regeneration (Objective 1.4) and the plan for Sheppey (Objective 1.5), while

enhancing the borough's vibrancy by supporting cultural and sporting opportunities has clear links to the visitor economy (Objective 1.3).

Further housing growth implies a need to review the adequacy (quantity and quality) of leisure provision in all parts of the borough, linking this objective with place-shaping (Objective 2.2), while the recognition that the council's role in sport and culture is often a facilitative one rather than one of direct provision means that this objective is also strongly linked with the need to maintain and deepen our partnerships with other organisations, particularly in the community sector (Objective 3.4).

Priority 3:

Delivering the council of tomorrow

Objective 3.1:

Continue to reduce dependence on government-controlled funding sources and support innovative ways to ensure other objectives can be met in the context of diminished resources.

The impact of austerity on local authorities has been disproportionate to that of most central government departments, with core grant funding expected by the LGA to be cut by 77 percent during the five years to 2020. Swale has not been immune to these difficulties, with its revenue budget having shrunk by 16 percent since 2010, but with prudent management it has been able to set and achieve balanced budgets every year while also increasing reserves by 93 percent over the same period. With both a low council tax base and a relatively high-needs population, Swale has lost out disproportionately from the phasing out of revenue support grant, but its ability to accommodate commercial growth has meant that it has benefited greatly from the shift towards local retention of business rate income.

There are further uncertainties on the horizon for local government funding, including the 2019 comprehensive spending review, the fair funding review, and the lack of clarity on the detail of the government's stated intention of moving to 75 percent local retention of business rates as early as 2020/21. The medium-term outlook for investment yields is uncertain, and the effect of the forthcoming reset of the business rates baseline could have an adverse impact on Swale. The council is currently making very significant property investments in Sittingbourne town centre, income from which will start to come on stream from 2019/20, but this will not mean that the overall size of the annual budget will not be subject to further decreases.

Financial impacts therefore need to be a central consideration in all the council's decision-making over the lifetime of this plan, whether in terms of fully understanding the cost implications of those decisions, including ongoing revenue costs, or of identifying potential ways of using new initiatives to reduce costs or generate revenue. In view of its ability to grow business rate income, Swale has so far generally avoided the commercial ventures which have been attempted by other councils. However, where Swale can learn from commercial organisations is in promoting a wider understanding among managers and staff of the financial costs and benefits of the whole spectrum of its activities, and the importance of these to its overall effectiveness as an organisation.

Links between this objective and others in the plan:

This objective is inextricably linked with all the other objectives in the plan. Nothing can be achieved without resources, and the need to ensure that the costs and benefits of competing spending proposals are fully understood so that every last drop of value to the borough is wrung from every pound we spend will unavoidably be of central importance to all council decisions over the lifetime of this plan.

Objective 3.2:

Experiment with a more differentiated approach to service delivery for key neighbourhoods and key groups of customers.

Like any council, Swale provides different services to different customer groups in different ways, from universal services such as waste collection through to the intensive one-to-one assistance offered to people at risk of homelessness. Nonetheless, there is scope for us to think more carefully about how we can tailor services to a more nuanced understanding of the specific needs of certain customers and certain communities.

Clearly, where this would involve an increase in costs, this would need to be carefully weighed against any potential benefits, but this is not to say that, for example, a more expensive but less problematic way of collecting refuse and recycling from the borough's terraced streets could not be rendered cost-effective. The same is potentially true of the help the council offers to individual families, particularly where a more expensive way of working would result in positive changes which meant that the family was less of a drain on public resources in the long term.

As in many areas of the country, Swale appears to be suffering from a rise in the proportion of people who refuse to recognise the adverse impact their behaviour has on the quality of life of those around them, a phenomenon which manifests itself in a range of ways, whether dropping litter, inconsiderate parking or being nuisance neighbours.

The council will consider ways in which it can use a more differentiated approach to service delivery as one side of a 'new deal' with neighbourhoods and individuals, in which the council will seek better to understand what causes people to behave in adverse ways and offer them more tailored help to change that behaviour, but on the understanding that in the interests of other residents and the wider community it will not hesitate to push for the strongest penalties against those who are unwilling to make use of that help to improve their behaviour.

Links between this objective and others in the plan:

The recognition that some neighbourhoods and families could benefit from services delivered to them in a more bespoke way links this objective to disadvantaged

families (Objective 1.6) and potentially housing (Objective 2.4). The need for absolute clarity on the financial costs and benefits of trialling new approaches represents a strong link with council finances (Objective 3.1), while the need for imagination and experimentation is a link to innovation (Objective 3.3). Finally, the likelihood that new approaches to service delivery would be more effective if they were offered on a multi-agency or 'team-around-the-family' basis also links this objective with improved collaboration (Objective 3.4).

Objective 3.3:

Encourage innovative ideas at every level of the organisation and embed the Swale Manager programme to ensure consistent understanding of the council's expectations of all managers.

Many of the council's services are broadly transactional in nature, in the sense that their primary purpose is to move relatively high volumes of customers from a starting state to a finishing state along a fairly predictable – albeit often complex – transactional pathway. These services can be regarded as systems, and the simpler and more predictable the system can be made, the cheaper and more effectively it can be run. The people who understand the system best, and who are best placed to develop ideas for improving it, are the people who work in it, and the council therefore needs to continue to support and encourage people at all levels of the organisation to experiment and take controlled risks in trying out new ideas to make their systems better.

The council will continue its strategy of promoting 'digital by choice' as a means of harnessing the ability of technology to make transactional services cheaper to run and easier to use without creating barriers for residents who are unable to access services online. The same encouragement of innovative ideas in support of better or cheaper outcomes also needs to be in place of course for people working in less transactional services.

As the council's financial resources have diminished in recent years, successive changes to the management structure have seen ever fewer senior managers taking on accountability for ever wider ranges of services. The long-term sustainability of this development is dependent on the capacity of less senior managers to take greater responsibility for ensuring their teams operate in a way which is consistent with corporate objectives and compliant with corporate governance requirements.

The council will therefore continue its roll-out of the Swale Manager programme, aimed at ensuring that all council managers are equipped with the same knowledge of what is expected of them as managers and how to achieve it. We will also instigate a new forum of heads of service and key managers as a 'corporate

leadership team' charged primarily with overseeing and developing the corporate culture.

Links between this objective and others in the plan:

The need to encourage innovative and experimental ideas at all levels and across all teams in the organisation links this objective to most of the other objectives in this plan, but perhaps particularly to some of the most intractable issues, including the plan for Sheppey (Objective 1.5), disadvantaged families (Objective 1.6), housing (Objective 2.4) and leisure (Objective 2.5). The essence of the Swale Manager programme is about ensuring that all council managers have an adequate understanding of the complex framework within which the council takes decisions, linking this objective clearly to governance (Objective 3.5).

Objective 3.4:

Develop new approaches to partnership working based on shared objectives with statutory agencies, other councils, and the private and voluntary sectors.

Public services in Swale are provided through a highly fragmented landscape of agencies, each operating with different objectives and different geographical footprints. To some extent the reduced cohesion which results from this does cause Swale residents to be disadvantaged in comparison, for example, to a metropolitan borough with fewer agencies all focused on broadly the same geographical area. This situation is compounded for districts such as Swale by the lack of attention which shire areas have received in successive waves of government decentralisation initiatives, in which city regions have occasionally benefited from real improvement in their ability to tackle issues including unemployment, low skills and poor transport.

The council has long understood that it does not have the resources, the powers or the knowledge to address the borough's most entrenched problems on its own, and it already benefits from participation in a range of productive partnerships with local and national organisations from the statutory, voluntary and private sectors. In recent years however, as the financial situation of many partners has deteriorated, their capacity for engagement has also diminished.

Going forwards, Swale will try to sustain and where necessary re-energise joint initiatives with individual partners on a bilateral or multilateral basis to work on shared objectives in areas such as crime, health and mental health, but will be clear that it will not waste its resources on unproductive 'talking shops'. Swale will also explore options for strategic partnerships with other councils and major agencies on a larger geographical footprint than our own borough, focused primarily on shared opportunities for regeneration and devolution.

At the more local end of the spectrum, we will take steps to strengthen our relationships with town and parish councils as partners in realising shared ambitions for local communities. In a similar vein, we will continue to work closely with the highly-valued services offered to residents by the voluntary and community sector in the borough, including where relevant helping them to take advantage of third-party funding opportunities.

Links between this objective and others in the plan:

The need to work in partnership to achieve shared ambitions underpins all the objectives of the first two priorities in this plan. Regeneration schemes (Objective 1.1) invariably depend on complex partnering arrangements with commercial developers and other agencies, while growing the economy (Objective 1.2) and improving skills (Objective 1.3) will require the continuation of close links with businesses and providers. Any long-term plan for Sheppey (Objective 1.4) will need the buy-in and support of a wide range of strategic and operational partners, as will our desire to help disadvantaged families take advantage of new opportunities (Objective 1.5), while the visitor economy framework (Objective 1.6) has been developed precisely as a means of clarifying how the council will support and collaborate with local businesses and community organisations.

Partnership working with the private and statutory sector will also be essential in keeping the borough clean (Objective 2.1), place-shaping (Objective 2.2), improving air quality (Objective 2.3) and developing new housing solutions (Objective 2.4), but our ability to support a broad spectrum of potential providers will be of particular importance in ensuring access to a wide range of leisure, sporting and cultural activities (Objective 2.5).

Objective 3.5:

Continue to ensure that Swale's internal governance and decision-making are second to none.

Local authorities operate within a complex legal framework which sets limits to their powers and determines how they are structured and how they make decisions. In addition to these formal, externally mandated elements of good governance, the council strives to be an organisation which is responsive to the needs of the residents it serves, rational and transparent in the way it spends public money, and ethical in its behaviour, and that of its members and officers, at all times.

It is in the nature of a corporate plan that it sets the strategic direction for an organisation over a given period of time but cannot envisage the detail of how that direction will unfold in the hundreds of individual decisions that will be taken by the organisation over its lifetime. Good governance – that is, the assurance that those decisions will be taken with accountability, objectivity and integrity, and in a way

which follows a definite and comprehensible process – is therefore the essential foundation of all the priorities and objectives established in this plan.

With this in mind, the council will continue to promote understanding of its constitution and values by everyone in the organisation, making incremental improvements to these as needs and opportunities present themselves. Good governance also requires a sound approach to identifying and managing uncertainty and risk, and the council will continue to develop its risk management framework over the lifetime of this plan.

Links between this objective and others in the plan:

As with ensuring that there are adequate financial resources and adequate control over those resources (Objective 3.1), robust organisational governance is a prerequisite for achieving all of the objectives in this plan.

An Equality Impact Assessment (EIA) is a document that summarises how the council has had due regard to the public sector equality duty (Equality Act 2010) in decision-making.

When to assess

An EIA should be carried out when you are changing, removing or introducing a new service, policy or function. The assessment should be proportionate; a major financial decision will need to be assessed more closely than a minor policy change.

Public sector equality duty

The Equality Act 2010 places a duty on the council, when exercising public functions, to have due regard to the need to:

- 1) Eliminate discrimination, harassment and victimisation;
- 2) Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- 3) Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

These are known as the three aims of the general equality duty.

Protected characteristics

The Equality Act 2010 sets out nine protected characteristics that apply to the equality duty:

- Age
- Disability
- Gender reassignment
- Marriage and civil partnership*
- Pregnancy and maternity
- Ethnicity
- Religion or belief
- Gender
- Sexual orientation

*For marriage and civil partnership, only the first aim of the duty applies in relation to employment.

We also ask you to consider other socially excluded groups, which could include people who are geographically isolated from services, with low literacy skills or living in poverty or low incomes; this may impact on aspirations, health or other areas of their life which are not protected by the Equality Act, but should be considered when delivering services.

Due regard

To 'have due regard' means that in making decisions and in its other day-to-day activities the council must consciously consider the need to do the things set out in the general equality duty: eliminate discrimination, advance equality of opportunity and foster good relations.

How much regard is 'due' will depend on the circumstances and in particular on the relevance of the aims in the general equality duty to the decision or function in question. The greater the relevance and potential impact, the higher the regard required by the duty. The three aims of the duty may be more relevant to some functions than others; or they may be more relevant to some protected characteristics than others.

Collecting and using equality information

[The Equalities and Human Rights Commission](#) (EHRC) states that 'Having due regard to the aims of the general equality duty requires public authorities to have an adequate evidence base for their decision making'. We need to make sure that we understand the potential impact of decisions on people with different protected characteristics. This will help us to reduce or remove unhelpful impacts. We need to consider this information before and as decisions are being made.

There are a number of publications and websites that may be useful in understanding the profile of users of a service, or those who may be affected.

- The Office for National Statistics Neighbourhoods website <https://www.ons.gov.uk/>
- Swale in 2016 <https://archive.swale.gov.uk/assets/About-us/Summary-of-Key-Data-for-Swale.pdf>
- Kent County Council Facts and Figures about Kent <http://www.kent.gov.uk/about-the-council/information-and-data/Facts-and-figures-about-Kent>
- Health and Social Care data http://www.kpho.org.uk/search?mode=results&queries_exclude_query=no&queries_excludefromsearch_query=yes&queries_keyword_query=Swale

At this stage you may find that you need further information and will need to undertake engagement or consultation. Identify the gaps in your knowledge and take steps to fill these.

Case law principles

A number of principles have been established by the courts in relation to the equality duty and due regard:

- Decision-makers in public authorities must be aware of their duty to have 'due regard' to the equality duty
- Due regard is fulfilled before and at the time a particular policy is under consideration as well as at the time a decision is taken. Due regard involves a conscious approach and state of mind.
- A public authority cannot satisfy the duty by justifying a decision after it has been taken.
- The duty must be exercised in substance, with rigour and with an open mind in such a way that it influences the final decision.
- The duty is a non-delegable one. The duty will always remain the responsibility of the public authority.
- The duty is a continuing one.
- It is good practice for those exercising public functions to keep an accurate record showing that they have actually considered the general duty and pondered relevant questions. Proper record keeping encourages transparency and will discipline those carrying out the relevant function to undertake the duty conscientiously.
- The general equality duty is not a duty to achieve a result, it is a duty to have due regard to the need to achieve the aims of the duty.
- A public authority will need to consider whether it has sufficient information to assess the effects of the policy, or the way a function is being carried out, on the aims set out in the general equality duty.
- A public authority cannot avoid complying with the duty by claiming that it does not have enough resources to do so.

Lead officer:	David Clifford – Head of Policy, Communications and Customer Services
Decision maker:	Council
People involved:	David Clifford – Head of Policy, Communications and Customer Services Sarah Porter – Transformation Programme Manager Bob Pullen – Policy and Performance Officer
Decision: <ul style="list-style-type: none"> • Policy, project, service, contract • Review, change, new, stop 	This is a high-level strategic plan which is being reviewed and updated.
Date of decision: The date when the final decision is made. The EIA must be complete before this point and inform the final decision.	Council: February 2019
Summary of the decision: <ul style="list-style-type: none"> • Aims and objectives • Key actions • Expected outcomes • Who will be affected and how? • How many people will be affected? 	<p>The main purpose of the corporate plan is to set the council's strategic direction over the medium term. It is intended to influence and guide future detailed decision-making about resource allocation and activities, rather than to set out the detail of that decision-making in advance. It is therefore very difficult to foresee equality-related issues at this stage, and separate EIAs will need to be conducted on individual decisions as they arise.</p> <p>Insofar as it provides guidance for the allocation of council resources over the medium term, the corporate plan potentially has an impact on everyone living in, working in or visiting the borough. However, the plan is a strategic document which sets out broad areas of focus rather than proposing concrete pieces of work which could have a definite and measurable equality impact.</p> <p>The plan proposes three overarching priorities for the council to focus on over the period 2019/20-2022/23. Beneath each of these priorities sit a number of high-level objectives, as follows:</p> <p>Priority 1: Delivering regeneration</p> <p>1.1 Continue to support Swale's economy to provide a diverse and increasing range of employment opportunities across the full spectrum of skill and wage levels.</p> <p>1.2 Support residents and businesses to improve the borough's vocational skills.</p> <p>1.3 Implement the visitor economy framework to increase investment, address new visitor demands and grow the value of the sector to the Swale economy.</p> <p>1.4 Progress the redevelopment of Sittingbourne town centre and extend regeneration into other parts of the borough.</p> <p>1.5 Develop a coherent and flexible long-term plan to help Sheppey fulfil its potential for the benefit of all its residents.</p> <p>1.6 Take steps to help the most disadvantaged families and communities to embrace opportunities from regeneration,</p>

	<p>skills provision and economic growth.</p> <p>Priority 2: Delivering improved quality of life</p> <p>2.1 Keep the borough clean and well-maintained, and continue to provide excellent environmental stewardship.</p> <p>2.2 Maximise opportunities from sustainable development to improve infrastructure and create attractive and functional new neighbourhoods.</p> <p>2.3 Work with partners to develop measures to address air quality issues throughout the borough.</p> <p>2.4 Develop a pragmatic and adaptable approach to helping local families to access affordable decent housing.</p> <p>2.5 Promote improved health, wellbeing and enjoyment of life by facilitating and supporting a wide range of sporting, cultural and other leisure activities.</p> <p>Priority 3: Delivering the council of tomorrow</p> <p>3.1 Continue to reduce dependence on government-controlled funding sources and support innovative ways to ensure other objectives can be met in the context of diminished resources.</p> <p>3.2 Experiment with a more differentiated approach to service delivery for key neighbourhoods and key groups of customers.</p> <p>3.3 Encourage innovative ideas at every level of the organisation and embed the Swale Manager programme to ensure consistent understanding of the council's expectations of all managers.</p> <p>3.4 Develop new approaches to partnership working based on shared objectives with statutory agencies, other councils, and the private and voluntary sectors.</p> <p>3.5 Continue to ensure that Swale's internal governance and decision-making are second to none.</p>
<p>Information and research:</p> <ul style="list-style-type: none"> • Outline the information and research that has informed the decision. • Include sources and key findings. • Include information on how the decision will affect people with different protected characteristics. 	<p>The text of the plan contains some contextual demographic information about the borough and its residents. However, the plan is (intentionally) at too abstract a level to have a definite impact on people with particular protected characteristics. More detailed pieces of work which will sit under the objectives in the plan will need to be subject to impact assessments in their own right in due course.</p>
<p>Consultation:</p> <ul style="list-style-type: none"> • Has there been specific consultation on this decision? • What were the results of the consultation? • Did the consultation analysis reveal any difference in views 	<p>Significant consultation has taken place during the development of the plan and on a consultation draft. This will be described fully in the relevant section of the report to council. Although some consultation responses have raised issues specific to certain groups, none of the feedback can be said to reveal differences in views between consultees with different protected characteristics.</p>

<p>across the protected characteristics?</p> <ul style="list-style-type: none"> Can any conclusions be drawn from the analysis on how the decision will affect people with different protected characteristics? 	
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Is the decision relevant to the aims of the equality duty?	
Guidance on the aims can be found in the EHRC's PSED Technical Guidance - https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-technical-guidance	
Aim	Yes/No
1) Eliminate discrimination, harassment and victimisation	Yes
2) Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it	Yes
3) Foster good relations between persons who share a relevant protected characteristic and persons who do not share it	Yes

Assess the relevance of the decision to people with different protected characteristics and assess the impact of the decision on people with different protected characteristics.		
When assessing relevance and impact, make it clear who the assessment applies to within the protected characteristic category. For example, a decision may have high relevance for young people but low relevance for older people; it may have a positive impact on women but a neutral impact on men.		
Characteristic	Relevance to decision High/Medium/Low/None	Impact of decision Positive/Negative/Neutral
Age	Low at this stage	Neutral at this stage
Disability	Low at this stage	Neutral at this stage
Gender reassignment	Low at this stage	Neutral at this stage
Marriage and civil partnership	Low at this stage	Neutral at this stage
Pregnancy and maternity	Low at this stage	Neutral at this stage
Ethnicity	Low at this stage	Neutral at this stage
Religion or belief	Low at this stage	Neutral at this stage
Gender	Low at this stage	Neutral at this stage
Sexual orientation	Low at this stage	Neutral at this stage
Other socially excluded groups ¹	Medium at this stage	Positive at this stage

<p>Conclusion:</p> <ul style="list-style-type: none"> Consider how due regard has been had to the equality duty, from start to finish. There should be no unlawful discrimination arising from the decision (see PSED Technical Guidance). <p>Advise on the overall equality implications that should be taken into account in the final decision, considering relevance and impact.</p>	<p>The corporate plan is in general at too high a level of abstraction for the aims of the equality duty to be relevant in any concrete way, although they are likely to be much more relevant to many of the pieces of work which will flow from it. The impact of the plan itself on the aims of the equality duty, without reference to these more detailed pieces of work, is at this stage considered to be low, and nothing requiring the mitigation of adverse impacts has been identified. It is believed at this stage that the plan involves no unlawful discrimination.</p>
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Timing

- Having 'due regard' is a state of mind. It should be considered at the inception of any decision.

¹ Other socially excluded groups could include those with literacy issues, people living in poverty or on low incomes or people who are geographically isolated from services

- Due regard should be considered throughout the development of the decision. Notes should be taken on how due regard to the equality duty has been considered through research, meetings, project teams, committees and consultations.
- The completion of the EIA is a way of effectively summarising the due regard shown to the equality duty throughout the development of the decision. The completed EIA must inform the final decision-making process. The decision-maker must be aware of the duty and the completed EIA.

Full technical guidance on the public sector equality duty can be found at:

<https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-technical-guidance>

Please send the EIA in draft to Bob Pullen in the Policy and Performance Team

(bobpullen@swale.gov.uk – 01795 417187) who will refer it on to the EIA Group who will peer review it and let you have any comments or suggested changes.

This Equality Impact Assessment should form an appendix to any SMT or committee (e.g. Cabinet or Council) report relating to the decision and a summary should be included in the ‘Equality and Diversity’ section of the standard committee report template under ‘Section 6 – Implications’.

Cabinet Meeting	Agenda Item: 8
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Meeting Date	6 February 2019
Report Title	Council Tax Long Term Empty Premium
Cabinet Member	Clr Duncan Dewar-Whalley, Cabinet Member for Finance and Performance
SMT Lead	Nick Vickers – Chief Financial Officer
Head of Service	Nick Vickers - Chief Financial Officer
Lead Officer	Zoe Kent - Revenues and Benefits Manager
Recommendations	1. To recommend a revision to the Council Tax premium for the financial years beginning on 1 April 2019, 1 April 2020 and 1 April 2021 as per paragraph 2.4 of the report

1 Purpose of Report and Executive Summary

- 1.1 The Council currently charges a 50% Council Tax premium on properties that have been unoccupied for more than two years. New regulations have been introduced to allow authorities to vary the percentage of Council Tax premium that is charged over the next 3 financial years, 2019-20, 2020-21 and 2021-22. The charges will then continue as per the 2021-22 charges from 1 April 2022.
- 1.2 The purpose of this report is to seek approval to introduce changes for each of these financial years.

2 Background

- 2.1 In April 2015 the Council introduced a premium of 50% of the Council Tax charged on properties that have been empty for a period of more than two years. The definition of an empty property for Council Tax purposes is one that is unoccupied and is substantially unfurnished.
- 2.2 On 1 November 2018 the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act was introduced to allow authorities to vary the percentage of premium that is charged, based on the length of time that a property has been empty.
- 2.3 The premium cannot apply to homes that are empty due to the occupant living in armed forces accommodation for job-related purposes or to annexes being used as part of a main property. The Council can also choose not to charge a premium for properties that are actively being marketed for rent or for sale on a case by case basis.

2.4 From 1 April 2019 Councils may charge a premium as follows:

- Financial Year 2019/20
 - Maximum of 100% premium (currently 50%)
- Financial year 2020/21
 - Maximum of 100% premium - empty less than 5 years
 - Maximum of 200% premium - empty more than 5 years
- Financial year 2021 onwards
 - Maximum of 100% premium – empty less than 5 years
 - Maximum of 200% premium - empty at least 5 years but less than 10
 - Maximum of 300% premium – empty at least 10 years.

2.5 Any adjustment to the premium will be reflected in the Council Tax Base, increasing the amount of Council Tax to be generated by the Borough Council, Kent County Council, Kent Police, Kent Fire & Rescue and Parish Councils in line with their individual proportion of the overall Council Tax set.

2.6 In making this recommendation, the following considerations have been taken into account. The increasing pressures on housing and local government finance and the need to provide a greater incentive for empty properties to be returned to use.

2.7 Council Tax is not charged on the basis that residents or non residents will use every service and many services such as planning, highways, street cleaning, local policing and fire services are essential in maintaining the local environment for both residents and non resident owners. Those services do not stop or become cheaper when a property becomes empty with the cost of awarding discounts being subsidised by the wider Council Tax payer.

2.8 Using the current position for properties that have been empty for more than two years, the estimated additional income is shown below. In addition £65,170 will also be raised each year from the 50% premium that is already being charged.

Table 1. Increase in premium - estimated additional income

	Current numbers of Long Term Empty Premium Cases	Additional premium to be charged from April 2019	Additional premium to be charged from April 2020		Additional premium to be charged from April 2021	
100%	92	£65,170	35	£25,058	35	£25,058
200%			57	£120,333	25	£50,667
300%					32	£116,111
		£65,170		£145,391		£191,836

3 Proposal

- 3.1 To recommend a revision to the Council Tax Premium for the financial years beginning on 1 April 2019, 1 April 2020 and 1 April 2021 as per paragraph 2.4.

4 Alternative Options

- 4.1 To not increase the premium and to continue to charge a premium of 50% to properties that have been empty for more than two years. This is not recommended because it does not provide an additional incentive for owners to bring back empty properties into use.

5 Consultation Undertaken or Proposed

- 5.1 No consultation is necessary for these changes to take effect. Information will be made available on the Council's website and will be provided with the annual council tax bills. Owners of properties who will be affected will be written to before the start of the next financial year.

6 Implications

Issue	Implications
Corporate Plan	A Council to be Proud Of – a Council whose ongoing financial viability is largely independent of the decisions made by central government, which is less dependent on grant funding.
Financial, Resource and Property	Significant pressure on budgets means that the council needs to use available income generation legislation to deliver services.
Legal and Statutory	The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 amends Section 11B of the Local Government Finance Act 1992. Section 11B of the 1992 Act sets out the higher amounts of council tax payable from April 2019 for long-term empty dwellings as detailed in paragraph 2.4 above.
Crime and Disorder	None
Environmental Sustainability	None
Health and Wellbeing	None
Risk Management and Health and Safety	There is a risk of an increase in the number of appeals to the Valuation Tribunal. An appeals procedure will be put in place. The risk on current resources would be minimal. The cost of administering the premium would be minor and therefore there

	would be no impact on current budgets.
Equality and Diversity	Equalities have been considered and no impact has been identified.
Privacy and Data Protection	None

7 Appendices

7.1 None

8 Background Papers

8.1 None

Cabinet Meeting	Agenda Item: 9
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Meeting Date	6 February 2019
Report Title	Business Rate Retail Relief
Cabinet Member	Cllr Duncan Dewar-Whalley, Cabinet Member for Finance and Performance
SMT Lead	Nick Vickers – Chief Financial Officer
Head of Service	Nick Vickers – Chief Financial Officer
Lead Officer	Zoe Kent - Revenues and Benefits Manager
Recommendations	1. That Business Rate Retail Relief is awarded for the whole Borough for 2019/20 and 2020/21.
	2. That Business Rate Retail Relief is awarded for all types of businesses listed in the MHCLG Business Rate Relief guidance document.
	3. That Business Rate Retail Relief is awarded automatically with no application process.

Purpose of Report and Executive Summary

- 1.1 The Government has re-introduced a Business Rate Relief to help local retail businesses by reducing the amount of business rates they will have to pay for a two year period.

2 Background

- 2.1 On 29 October 2018 as part of the autumn budget the Government announced that it would provide a discount of a third to all occupied retail properties with a rateable value below £51,000 for the financial years 2019-20 and 2020-21. This is a discretionary relief meaning the Council can consider awarding the relief to those businesses wholly or mainly being used as shops, restaurants, cafes and drinking establishments. A full list of the types of businesses that will and will not be included can be found on pages 5 to 7 of Appendix I.
- 2.2 The Government has recognised that changing consumer behaviour presents a significant challenge for retailers in town centres and is taking action to help the high street evolve. As this relief is discretionary the relief could be awarded only to high street areas or to any businesses that meet the criteria across the whole of the Borough.

- 2.3 It is likely that approximately 600 businesses would be eligible for the relief, the cost of this would be borne by Central Government.

3 Proposal

- 3.1 It is recommended that the relief should be awarded to all retail businesses included within the list of hereditaments being used for the sale of goods within Appendix I and that bingo halls and amusement arcades be added as a category of ineligible services within the Borough. The corporate priority a Borough to be Proud Of embraces the whole Borough so it is recommended that the relief should be awarded to all businesses that meet the criteria with a rateable less than £51,000. It is also recommended that the relief is awarded automatically to all eligible rate payers. To comply with State Aid law a paragraph would then be included in all Business Rate bills requiring the rate payer to make a declaration that the relief does not exceed EU limits as set out in the guidance. This could be an issue for some large retail chains, if the state aid limits are reached the relief will then be removed.

4 Alternative Options

- 4.1 The relief could only be awarded to those areas considered to be a High Street. This is not recommended because this could lead to unfair competition within certain areas of the Borough. An application process could also be put into place, this is also not recommended because it could increase administration costs and could lead to some rate payers not receiving the relief they would be entitled to.

5 Consultation Undertaken or Proposed

- 5.1 The Government does not require a consultation to be carried out for the proposed local retail discount scheme. The Borough is also not bearing the cost of the retail relief and it is proposed that the relief is awarded to all eligible businesses.

6 Implications

Issue	Implications
Corporate Plan	<p>A Borough to be Proud Of – awarding this discretionary retail relief will help the local retail businesses within the Borough.</p> <p>Awarding the relief to the whole of the Borough will support all areas whether urban or rural.</p>
Financial, Resource and Property	<p>It is estimated that the cost of this relief will be in the region of £1,000,000, Central Government have stated that local authorities will be reimbursed for this cost, so under the business rate retention scheme there will not be a financial implication to the Council. If the relief is awarded automatically with no application process there will not be a resource implication. This also reduces the amount of Business Rates that has to be collected by the Council.</p>
Legal and Statutory	<p>The Council will be reimbursed for using its discretionary relief powers, introduced by the Localism Act (under section 47 of the Local Government Finance Act 1988, as amended). Retail Relief will be awarded under a local scheme also under section 47 of the Local Government Finance Act 1988, as amended.</p>
Crime and Disorder	None
Environmental Sustainability	None
Health and Wellbeing	None
Risk Management and Health and Safety	<p>There could be a risk to the collection of business rates if the relief was not awarded.</p>
Equality and Diversity	<p>By awarding to all areas of the Borough there should not be any equality or diversity implications.</p>
Privacy and Data Protection	None

7 Appendices

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

- Appendix I: Business Rate Retail Relief Guidance November 2018

8 Background Papers

8.1 None



Ministry of Housing,
Communities &
Local Government

Business Rates

Retail Discount – Guidance



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About this guidance

1. This guidance is intended to support local authorities in administering the “Retail Discount” announced in the Budget on 29 October 2018. This Guidance applies to England only.
2. This guidance sets out the criteria which central Government considers for this purpose to be retail and eligible for this discount. The guidance does not replace existing legislation.
3. Enquiries on this measure should be addressed to:
ndr@communities.gov.uk

Introduction

4. The Government recognises that changing consumer behaviour presents a significant challenge for retailers in our town centres and is taking action to help the high street evolve.
5. The Government announced in the Budget on 29 October 2018 that it will provide a business rates Retail Discount scheme for occupied retail properties with a rateable value of less than £51,000 in each of the years 2019-20 and 2020-21. The value of discount should be one third of the bill, and must be applied after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied. Where an authority applies a locally funded relief, for instance a hardship fund, under section 47 this is must be applied after the Retail Discount.
6. This document provides guidance to authorities about the operation and delivery of the policy. The Government anticipates that local authorities will include details of the relief to be provided to eligible ratepayers for 2019-20 in their bills for the beginning of that year.

Retail Discount

How will the relief be provided?

7. As this is a measure for 2019-20 and 2020-21 only, the Government is not changing the legislation around the reliefs available to properties. Instead the Government will, in line with the eligibility criteria set out in this guidance, reimburse local authorities that use their discretionary relief powers, introduced by the Localism Act (under section 47 of the Local Government Finance Act 1988, as amended) to grant relief. It will be for individual local billing authorities to adopt a local scheme and determine in each individual case when, having regard to this guidance, to grant relief under section 47. Central government will fully reimburse local authorities for the local share of the discretionary relief (using a grant under section 31 of the Local Government Act 2003). The Government expects local government to apply and grant relief to qualifying ratepayers from the start of the 2019/20 billing cycle.

8. Central government will reimburse billing authorities and those major precepting authorities for the actual cost to them under the rates retention scheme of the relief that falls within the definitions in this guidance. Local authorities will be asked to provide an estimate of their likely total cost for providing the relief in their National Non-Domestic Rate Return 1 (NNDR1) for 2019-20 and 2020-21. Central government will provide payments to authorities to cover the local share, as per the usual process.
9. Local authorities will also be asked to provide outturn data on the actual total cost for providing the relief, as per the usual process via the National Non-Domestic Rate 3 (NNDR3) forms for 2019-20 and 2020-21. Any required reconciliations will then be conducted at these points.¹

Which properties will benefit from relief?

10. Properties that will benefit from the relief will be occupied hereditaments with a rateable value of less than £51,000, that are wholly or mainly being used as shops, restaurants, cafes and drinking establishments.
11. We consider shops, restaurants, cafes and drinking establishments to mean:

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

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

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

- Hair and beauty services (such as: hair dressers, nail bars, beauty salons, tanning shops, etc)

¹ As required in the NNDR3 guidance notes, the former categories of discretionary relief prior to the localism act (i.e. charitable/CASC/rural etc. top up and not for profit) should be applied first in the sequence of discretionary reliefs and, therefore, before the retail discount.

- Shoe repairs/ key cutting
- Travel agents
- Ticket offices e.g. for theatre
- Dry cleaners
- Launderettes
- PC/ TV/ domestic appliance repair
- Funeral directors
- Photo processing
- Tool hire
- Car hire

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

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

12. To qualify for the relief the hereditament should be wholly or mainly being used as a shop, restaurant, cafe or drinking establishment. In a similar way to other reliefs (such as charity relief), this is a test on use rather than occupation. Therefore, hereditaments which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief.
13. The list set out above is not intended to be exhaustive as it would be impossible to list the many and varied retail uses that exist. There will also be mixed uses. However, it is intended to be a guide for authorities as to the types of uses that Government considers for this purpose to be retail. Authorities should determine for themselves whether particular properties not listed are broadly similar in nature to those above and, if so, to consider them eligible for the relief. Conversely, properties that are not broadly similar in nature to those listed above should not be eligible for the relief.
14. The list below sets out the types of uses that the Government does not consider to be retail use for the purpose of this relief. Again, it is for local authorities to determine for themselves whether particular properties are broadly similar in nature to those below and, if so, to consider them not eligible for the relief under their local scheme.

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

- Financial services (e.g. banks, building societies, cash points, bureaux de change, payday lenders, betting shops, pawn brokers)
- Other services (e.g. estate agents, letting agents, employment agencies)
- Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)

- Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers, tutors)
- Post office sorting offices

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

15. Generally speaking, the government also does not consider other assembly or leisure uses beyond those listed at paragraph 11 to be retail uses for the purpose of the discount. For example, cinemas, theatres and museums are outside the scope of the scheme, as are nightclubs and music venues which are not similar in nature to the hereditaments described at paragraph 11(iii) above. Hereditaments used for sport or physical recreation (e.g. gyms) are also outside the scope of the discount. Where there is doubt, the local authority should exercise their discretion with reference to the above and knowledge of their local tax base.

How much relief will be available?

16. The total amount of government-funded relief available for each property for 2019-20 and 2020/21 under this scheme is one third of the bill, after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied, excluding those where local authorities have used their discretionary relief powers introduced by the Localism Act which are not funded by section 31 grants². There is no relief available under this scheme for properties with a rateable value of £51,000 or more. Of course, councils may use their discretionary powers to offer further discounts outside this scheme. However, where an authority applies a locally funded relief, sometimes referred to as a hardship fund, under section 47 this is must be applied after the Retail Discount.
17. The eligibility for the relief and the relief itself will be assessed and calculated on a daily basis. The following formula should be used to determine the amount of relief to be granted for a chargeable day for particular hereditament in the financial year 2019-20:

Amount of relief to be granted =

$$\frac{V}{3} \text{ where}$$

V is the daily charge for the hereditament for the chargeable day after the application of any mandatory relief and any other discretionary reliefs, excluding those where local authorities have used their discretionary relief

² As required in the NNDR3 guidance notes, the former categories of discretionary relief prior to the localism act (i.e. charitable/CASC/rural etc. top up and not for profit) should be applied first in the sequence of discretionary reliefs and, therefore, before the retail discount.

powers introduced by the Localism Act which are not funded by section 31 grants³.

18. This should be calculated ignoring any prior year adjustments in liabilities which fall to be liable on the day.
19. Ratepayers that occupy more than one property will be entitled to relief for each of their eligible properties, subject to State Aid De Minimis limits.

State Aid

20. State Aid law is the means by which the European Union regulates state funded support to businesses. Providing discretionary relief to ratepayers is likely to amount to State Aid. However Retail Relief will be State Aid compliant where it is provided in accordance with the De Minimis Regulations (1407/2013)⁴.
21. The De Minimis Regulations allow an undertaking to receive up to €200,000 of De Minimis aid in a three year period (consisting of the current financial year and the two previous financial years). Local authorities should familiarise themselves with the terms of this State Aid exemption, in particular the types of undertaking that are excluded from receiving De Minimis aid (Article 1), the relevant definition of undertaking (Article 2(2)⁵) and the requirement to convert the aid into Euros⁶.
22. To administer De Minimis it is necessary for the local authority to establish that the award of aid will not result in the undertaking having received more than €200,000 of De Minimis aid. Note that the threshold only relates to aid provided under the De Minimis Regulations (aid under other exemptions or outside the scope of State Aid is not relevant to the De Minimis calculation). Annex B of this guidance contains a sample De Minimis declaration which local authorities may wish to use, to discharge this responsibility. Where local authorities have further questions about De Minimis or other aspects of State Aid law, they should seek advice from their legal department in the first instance⁷.
23. The UK is scheduled to leave the EU on 29 March 2019. If there is an Implementation Period, the State Aid rules will continue to apply as now and will be subject to control by the EU Commission as at present. If the UK leaves the EU without a negotiated Withdrawal Agreement, the Government has announced its intention to transpose EU State Aid rules into UK domestic legislation, with only technical modifications to correct deficiencies with the transposed EU law to ensure

³ As required in the NNDR3 guidance notes, the former categories of discretionary relief prior to the localism act (i.e. charitable/CASC/rural etc. top up and not for profit) should be applied first in the sequence of discretionary reliefs and, therefore, before the retail discount.

⁴ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:352:0001:0008:EN:PDF>

⁵ The 'New SME Definition user guide and model declaration' provides further guidance:

http://ec.europa.eu/enterprise/policies/sme/files/sme_definition/sme_user_guide_en.pdf

⁶ http://ec.europa.eu/budget/contracts_grants/info_contracts/infoeuro/infoeuro_en.cfm

⁷ Detailed State Aid guidance can also be found at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/15277/National_State_Aid_Law_Requirements.pdf

the regime operates effectively in a domestic context⁸. Local authorities should therefore continue to apply State Aid rules, including De Minimis, to the relief for 2019/20 and 2020/21.

Splits, mergers, and changes to existing hereditaments

24. The relief should be applied on a day to day basis using the formula set out above. A new hereditament created as a result of a split or merger during the financial year, or where there is a change of use, should be considered afresh for the relief on that day.

⁸ <https://www.gov.uk/government/publications/state-aid-if-theres-no-brex-it-deal/state-aid-if-theres-no-brex-it-deal>

Annex A: Calculation examples for 2019/20

The retail discount (one third) is always calculated after mandatory relief and other discretionary reliefs funded by section 31 grant.

Example 1: An occupied shop with a rateable value of £40,000

Gross rates (before any reliefs) = £40,000 x 0.491	= £19,640
Retail discount (1/3):	= -£6,547
Rates due (after retail discount):	= £13,093

Example 2: An occupied charity shop with a rateable value of £40,000

Gross rates (before any reliefs) = £40,000 x 0.491	= £19,640
Net rates after charity relief:	= <u>£3,928</u>
Retail discount (1/3):	= -£1,309
Rates due (after charity relief and retail discount):	= £2,619

Example 3: An occupied shop with a rateable value of £13,500 eligible for Small Business Rate Relief (SBRR)

Gross rates (before any reliefs) = £13,500 x 0.491	= £6,629
Net rates after SBRR (50%):	= <u>£3,314</u>
Retail discount (1/3):	= -£1,105
Rates due (after SBRR and retail discount):	= £2,210

Example 4: An occupied shop with a rateable value of £10,000 eligible for Small Business Rate Relief (SBRR)

Gross rates (before any reliefs) = £10,000 x 0.491	= £4,910
Net rates after SBRR (100%):	= £nil
Rates bill is nil and, therefore, no retail discount applies	

Example 5: An occupied shop with a rateable value of £40,000 eligible for Transitional Relief (TR) and receiving Revaluation Discretionary Relief

Gross rates (before any reliefs) = £40,000 x 0.491	= £19,640
Transitional Relief (say):	= -£1,500
Net rates after Transitional Relief:	= £18,140
Net rates after Revaluation Discretionary Relief (say):	= <u>£15,140</u>
Retail discount (1/3):	= -£5,047
Rates due (after TR, revaluation relief and retail discount):	= £10,093

Example 6: An occupied shop with a rateable value of £18,000 previously paying nothing prior to revaluation 2017 and eligible for Supporting Small Businesses Relief (SSB)

Gross rates (before any reliefs) = £18,000 x 0.491	= £8,838
Supporting Small Businesses Relief (say):	= -£7,038

Net rates after SSB:	= £1,800
Retail discount (1/3):	= -£600
Rates due (after SSB and retail discount):	= £1,200

Example 7: A shop with a rateable value of £40,000 (example 1) but only occupied until 30 September 2019

Gross rates (before any reliefs) = £40,000 x 0.491	= £19,640
Retail discount (1/3):	= -£6,547
Rates due p.a. (after retail discount):	= £13,093
Daily charge while occupied (leap year):	= £35.77 per day
Occupied charge 1/4/19 to 30/9/19 (183 days):	= £6,547
Unoccupied property relief (1/10/19 to 1/1/20):	= £nil
Unoccupied property rates (1/1/20 to 31/3/20), £19,640 x 91/366	= £4,883
Rates due for the year (after retail relief):	= £11,430

Example 8: A shop with a rateable value of £40,000 (example 1) with a rateable value increase to £60,000 with effect from 1 October 2019

Gross rates (before any reliefs) = £40,000 x 0.491	= £19,640
Retail discount (1/3):	= -£6,547
Rates due p.a. (after retail discount):	= £13,093
Daily charge while occupied (leap year):	= £35.77 per day
Charge 1/4/19 to 30/9/19 (183 days):	= £6,547
Daily charge on standard multiplier (1/10/19 to 31/3/20): (£60,000 x 0.504)/366	= £82.62 per day
Charge 1/10/19 to 31/3/20 (183 days):	= £15,120
Rates due for the year (after retail relief):	= £21,667

Annex B: Sample paragraphs that could be included in letters to ratepayers about Retail Discount for 2019/20 and 2020/21

At Autumn Budget 2018, the Chancellor announced that eligible retailers will receive a one third discount on their business rates bills for two years from April 2019.

Relief will be provided to eligible occupied retail properties with a rateable value of less than £51,000 in 2019/20 and 2020/21. Your current rates bill includes this Retail Discount.

Awards such as Retail Discount are required to comply with the EU law on State Aid⁹. In this case, this involves returning the attached declaration to this authority if you have received any other *de minimis* State Aid, including any other Retail Discount you are being granted for premises other than the one to which this bill and letter relates, and confirming that the award of Retail Discount does not exceed the €200,000 an undertaking¹⁰ can receive under the *de minimis* Regulations EC 1407/2013.

Please complete the declaration and return it to the address above. In terms of declaring previous *de minimis* aid, we are only interested in public support which is *de minimis* aid (State Aid received under other exemptions or public support which is not State Aid does not need to be declared).

If you have not received any other *de minimis* State Aid, including any other Retail Discount you are being granted for premises other than the one to which this bill and letter relates, you do not need to complete or return the declaration.

If you wish to refuse to receive the Retail Discount granted in relation to the premises to which this bill and letter relates, please complete the attached form and return it to the address above. You do not need to complete the declaration. This may be particularly relevant to those premises that are part of a large retail chain, where the cumulative total of Retail Discount received could exceed €200,000.

Under the European Commission rules, you must retain this letter for three years from the date on this letter and produce it on any request by the UK public authorities or the European Commission. (You may need to keep this letter longer than three years for other purposes). Furthermore, information on this aid must be supplied to any other public authority or agency asking for information on '*de minimis*' aid for the next three years.

⁹ Further information on State Aid law can be found at <https://www.gov.uk/state-aid>

¹⁰ An undertaking is an entity which is engaged in economic activity. This means that it puts goods or services on a given market. The important thing is what the entity does, not its status. Therefore, a charity or not for profit company can be undertakings if they are involved in economic activities. A single undertaking will normally encompass the business group rather than a single company within a group. Article 2.2 of the *de minimis* Regulations (Commission Regulation EC/ 1407/2013) defines the meaning of 'single undertaking'.

‘De minimis’ declaration

Dear []

NON-DOMESTIC RATES ACCOUNT NUMBER: _____

The value of the non-domestic rates Retail Discount to be provided to [name of undertaking] by [name of local authority] is £ [] (Euros []).

This award shall comply with the EU law on State Aid on the basis that, including this award, [name of undertaking] shall not receive more than €200,000 in total of *De minimis* aid within the current financial year or the previous two financial years). The *de minimis* Regulations 1407/2013 (as published in the Official Journal of the European Union L352 24.12.2013) can be found at:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:352:0001:0008:EN:PDF> .

Amount of <i>de minimis</i> aid	Date of aid	Organisation providing aid	Nature of aid

I confirm that:

1) I am authorised to sign on behalf of _____ [name of undertaking]; and

2) _____ [name of undertaking] shall not exceed its *De minimis* threshold by accepting this Retail Discount.

SIGNATURE:

NAME:

POSITION:

BUSINESS:

ADDRESS:

DATE:

Refusal of Retail Discount form

Name and address of premises	Non-domestic rates account number	Amount of Retail Discount

I confirm that I wish to refuse Retail Discount in relation to the above premises.

I confirm that I am authorised to sign on behalf of _____ [name of undertaking].

SIGNATURE:

NAME:

POSITION:

BUSINESS:

ADDRESS:

DATE:

Recommendations for approval

Swale Joint Transportation Board – 17 December 2018

Minute No. 394 – **FORMAL OBJECTIONS TO TRAFFIC REGULATION ORDER SWALE AMENDMENT 13**

- (1) That the proposed double yellow lines extension in Lyndhurst Grove, Sittingbourne be abandoned and removed from the draft Traffic Regulation Order.*
- (2) That the existing advisory disabled persons' parking bay outside 37 Imperial Drive, Warden be formalised.*

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CABINET Meeting	Agenda Item: 11
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Meeting Date	6 February 2018
Report Title	STG Building Control Partnership Business Plan 2019 to 2022
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 and Delivery Plans for 2019 to 2022 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 STG shared Building Control Partnership (STG) Business and Delivery Plans 2019 to 2022 and to refer the comments to the Joint Committee.

2 Background

- 2.1 STG Building Control Partnership (involving Medway, Canterbury, Gravesham and Swale) went live in October 2007 with Canterbury joining last April. Under the terms of the Memorandum Agreement between the four 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 Since 2017 the service has made rapid progress on embracing digital transformation increasing the freedoms and accessibility that remote and agile working operations deliver, improving the customer experience and introducing efficiencies and savings to service delivery.
- 2.5 Despite these major improvements, the service has experienced a sudden fall in income from building control applications from August 2018 arising from a recession in the construction industry at a time where the service has had to compete with the increased number of approved inspectors in a shrinking market. This has resulted in a service budget shortfall forecast of £132,000 across the four partner authorities (£29,000 share to Swale Borough Council).

- 2.6 Actions have been put in place to ensure that the current deficit is accounted for in the 2019/20 service budget to ensure as far as possible a balanced budget is secured. This will be achieved by terminating contractor contracts, not filling expected posts following retirement and an immediate moratorium on expenditure. Fortunately, the resilience provided by the shared service and the investment in the training of junior staff, who are now in a position to take on an increased and more complex workload, will enable the expected required savings to be secured.
- 2.7 During this difficult period, the service has been able to maintain a high level of performance and there has been no noticeable increase in customer dissatisfaction.

3. Proposal

- 3.1 The plan includes actions to maintain progress towards;
- continued working towards a paperless and borderless office;
 - utilising the benefits of digital transformation;
 - consequential reduction in staffing numbers;
 - offering dedicated consultancy resource to deliver energy assessments.
- 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 £68,266 to £56,094 by 2020/21. This reduction includes making savings to counter the drop in fee income as described previously. This represents a further 17.8% saving on existing budget over the business plan period. Details of the financial plan 2019-21 are included in Appendix I.

4 Alternative Options

- 4.1 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

- 5.1 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	Appendix I sets out the details of the financial plan accompanying the

and Property	<p>Business Plan.</p> <p>It is proposed to reduce total partner contributions over the three year plan by £12,172 (17.8%).</p> <p>The contributions for Swale BC are as follows:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Contribution (£'s)</th> <th>Reduction for previous year (£'s)</th> </tr> </thead> <tbody> <tr> <td>2018/19</td> <td>68,266 (+ £27,720)</td> <td></td> </tr> <tr> <td>2019/20</td> <td>62,972</td> <td>5,964 (33,684)</td> </tr> <tr> <td>2020/21</td> <td>59,244</td> <td>3,728</td> </tr> <tr> <td>2021/22</td> <td>56,094</td> <td>3,150</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)	2018/19	68,266 (+ £27,720)		2019/20	62,972	5,964 (33,684)	2020/21	59,244	3,728	2021/22	56,094	3,150
Year	Contribution (£'s)	Reduction for previous year (£'s)														
2018/19	68,266 (+ £27,720)															
2019/20	62,972	5,964 (33,684)														
2020/21	59,244	3,728														
2021/22	56,094	3,150														
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 2019 – 22
- Appendix II: South Thames Gateway Building Control Partnership – Service delivery Plan 2019 - 22

8 Background Papers

None.

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Document is Restricted

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