



Agenda

Meeting: **Cabinet**
Date: **15 November 2017**
Time: **5.00 pm**
Place: **Council Chamber - Civic Centre Folkestone**

To: **All members of the Cabinet**

All Councillors for information

The cabinet will consider the matters listed below on the date and at the time and place shown above. The meeting will be open to the press and public.

1. **Apologies for Absence**
2. **Declarations of Interest**

Members of the Council should declare any interests which fall under the following categories. Please see the end of the agenda for definitions*:

- a) disclosable pecuniary interests (DPI);
- b) other significant interests (OSI);
- c) voluntary announcements of other interests.

3. **Minutes (Pages 5 - 14)**

To consider and approve, as a correct record, the minutes of the meeting held on 11 and 18 October 2017.

4. **Waste and Street Cleansing Project 2021 (Pages 15 - 34)**

The waste partnership agreement and Veolia contract ends in January 2021. It is proposed that the East Kent Districts and KCC work together to develop options for new joint service arrangements to start in 2021, before if practicable. This report summarises the current issues and risks, the likely options to be considered and presents a project plan to develop and

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deliver the new service arrangements.

5. **Oportunitas Quarterly Progress Report 17/18 (Q1 & Q2) (Pages 35 - 44)**

Report C/17/53 provides an update from the Board of Oportunitas Ltd (“the company”) covering activities undertaken in Q1 & Q2 of the current 2017/18 financial year, including a financial statement in-line with the requirement contained in the Shareholder’s Agreement between the company and the Council.

6. **General Fund Revenue Budget Monitoring - 2nd Quarter 2017/18 (Pages 45 - 52)**

This monitoring report provides a projection of the end of year financial position of the General Fund revenue budget, based on expenditure to the 31 August 2017.

7. **Update to the General Fund Medium Term Capital Programme and Quarter 2 Capital Budget Monitoring 2017/18 - 2nd Quarter 2017/18 (Pages 53 - 64)**

The report provides a projected outturn for the General Fund capital programme in 2017/18, based on expenditure to 30 September 2017, and identifies variances compared to the latest approved budget. The report also seeks full Council’s approval to include three new schemes in the General Fund Medium Term Capital Programme previously considered by Cabinet during 2017/18.

8. **Housing Revenue Account and Capital Budget Monitoring - 2nd Quarter 2017/18 (Pages 65 - 76)**

This monitoring report provides a projection of the end of year financial position for the Housing Revenue Account (HRA) revenue expenditure and HRA capital programme based on net expenditure to 30 September 2017.

9. **Budget Strategy 2018/19 (Pages 77 - 100)**

This Budget Strategy sets out the guidelines for preparing the 2018/19 Budget. It supports the Corporate Plan and aligns with the direction and objectives of the Medium Term Financial Strategy (MTFS).

The Budget Strategy takes account of current and future financial issues, sets out the underlying assumptions and initial budget-setting proposals and provides a timetable for delivering a balanced budget in 2018/19.

10. **Fees and Charges 2018/19 (Pages 101 - 132)**

This report focuses on the proposed fees and charges for 2018/19. These will contribute towards meeting the council’s budget objectives and Medium Term Financial Strategy.

11. **Property purchase initiative to increase the supply of affordable and good quality temporary accommodation (Pages 133 - 154)**

This report sets out a proposal to purchase a property to be used as temporary accommodation as an alternative to expensive and less suitable Bed and Breakfast accommodation. The proposed temporary accommodation is the most appropriate and cost effective method for meeting the statutory requirements of the Homelessness Reduction Act.

12. **Exclusion of the Public**

To exclude the public for the following item of business on the grounds that it is likely to disclose exempt information, as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 –

‘Information relating to the financial or business affairs of any particular person (including the authority holding that information). “Financial or business affairs” includes contemplated as well as current activities.’

Part 2 – Exempt Information Item

13. **Biggins Wood - Site for Business Expansion (Pages 155 - 160)**

The report sets out options to create more jobs locally through facilitating the growth of a local business by constructing suitable premises on the Council’s employment land at Biggins Wood, Folkestone.

*Explanations as to different levels of interest

(a) A member with a disclosable pecuniary interest (DPI) must declare the nature as well as the existence of any such interest and the agenda item(s) to which it relates must be stated. A member who declares a DPI in relation to any item must leave the meeting for that item (unless a relevant dispensation has been granted).

(b) A member with an other significant interest (OSI) under the local code of conduct relating to items on this agenda must declare the nature as well as the existence of any such interest and the agenda item(s) to which it relates must be stated. A member who declares an OSI in relation to any item will need to remove him/herself to the public gallery before the debate and not vote on that item (unless a relevant dispensation has been granted). However, prior to leaving, the member may address the meeting in the same way that a member of the public may do so.

(c) Members may make voluntary announcements of other interests which are not required to be disclosed under (a) and (b). These are announcements made for transparency reasons alone, such as:

- membership of outside bodies that have made representations on agenda items, or
- where a member knows a person involved, but does not have a close association with that person, or
- where an item would affect the well-being of a member, relative, close associate, employer, etc. but not his/her financial position.

Voluntary announcements do not prevent the member from participating or voting on the relevant item

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Minutes

Cabinet

Held at: Council Chamber - Civic Centre Folkestone

Date: Wednesday, 11 October 2017

Present: Councillors Mrs Ann Berry, John Collier,
Malcolm Dearden, Alan Ewart-James, David Godfrey,
Mrs Jennifer Hollingsbee, Rory Love, David Monk,
Dick Pascoe and * Stuart Peall

Officers Present: *Paul Butler (Elections Manager), Kate Clark (Committee Services Officer), *Adrian Hammond (Housing Strategy Manager), *Andrew Hatcher (Revenues and Benefits Manager), *Amandeep Khroud (Head of Democratic Services and Law), Sue Lewis (Committee Services Officer), Tim Madden (Corporate Director - Organisational Change), Susan Priest (Corporate Director - Strategic Development), Charlotte Spendley (Head of Finance), Alistair Stewart (Chief Executive) and Jemma West (Senior Committee Services Officer)

(* For part of the meeting)

NOTE: All decisions are subject to call-in arrangements. The deadline for call-in is Friday 20 October 2017 at 5pm. Decisions not called in may be implemented on Monday 23 October 2017.

36. **Declarations of Interest**

There were no declarations of interest.

37. **Minutes**

The minutes of the meeting held on 13 and 27 September 2017 were submitted, approved and signed by the Chairman.

38. **Affordable housing delivery at the Military Road site**

Cabinet had requested that officers review the potential delivery of homes for shared ownership within the HRA new build/acquisition programme. The report considered the viability of delivering homes for shared ownership purchase in the Military Road development.

Members raised concerns around limiting the new homes at Military Road to affordable rent, and indicated that they wished to support shared equity schemes as part of the council's ambition to help people onto the housing ladder. Their concerns are reflected in the resolution below.

Proposed by Councillor Ewart-James,
Seconded by Councillor Love; and

RESOLVED:

- 1) That report number C/17/39 be received and noted.
- 2) That 20% of the homes within the Military Road development, (two three bedroom homes and five two bedroom homes) be marketed as shared ownership for a period of six months maximum (from the point of initial marketing), subject to the caveat that if any were in negotiations at this point, a further six months be allowed to complete negotiations, with the remainder of the homes being affordable rent.

(Voting figures: 9 in favour, 0 against, 0 abstentions).

REASONS FOR DECISION:

- a) Cabinet approved the Council's current Housing Revenue Account Business Plan at its meeting on 23 March 2016 (Minute number 80)
- b) The Council has committed to deliver approximately 200 additional affordable Council homes over the ten year period 2014/15 to 2024/25.
- c) The Council's programme is funded through the rental income received from the housing stock held within the HRA.
- d) The programme is reliant on the Council maximising the income that it receives within the HRA.
- e) Any significant reduction on the rental income received within the HRA will impact on the number homes that can be delivered through the new build and acquisition programme.
- f) Delivering homes for affordable rent maximises the income received into the HRA and will enable the Council to fully deliver its agreed programme and maintain its existing housing stock.
- g) The current HRA Business Plan sets out that the delivery of Homes for shared ownership purchase within the programme will be subject to a detailed viability assessment.
- h) The district is currently meeting and delivering its annual shared ownership requirement, identified by the Strategic Housing Market Assessment.
- i) If shared ownership is not financially viable within a development under the HRA, it will impact the Council's projected income requirements,

resulting in the 200 additional affordable homes in the district agreed by Cabinet needing to be reduced.

39. Housing Benefit, Council Tax and Non Domestic Rate Anti-Fraud Policy

Report C/17/44 presented the proposed Housing Benefit, Council Tax and Non Domestic Rate Anti-Fraud Policy and sought approval for the policy to be agreed and published.

Proposed by Councillor Dearden,
Seconded by Councillor Pascoe; and

RESOLVED:

- 1) That report C/14/44 be received and noted.
- 2) That subject to the amendments below, Shepway District Council's Housing Benefit, Council Tax and Non Domestic Rate Anti-Fraud Policy (Appendix 1) be approved:
 - a. Removal of second bullet point at paragraph 7.4.
 - b. The addition of the wording 'in consultation with the Cabinet Member for Finance' at the end of paragraph 13.1.

(voting figures: 9 in favour, 0 against, 0 abstentions).

REASONS FOR DECISION:

Cabinet agreed the publication of the new Shepway District Council Housing Benefit, Council Tax and Non Domestic Rate Anti-Fraud Policy to ensure that policies are up to date for current working practices.

40. District, Parish and Town Council Elections - Election Fees and Charges

Report No C/17/42 set out a proposed scale of fees and expenses of Shepway's Returning Officer to undertake the arrangements for managing and conducting district, parish and town council elections.

Proposed by Councillor Monk,
Seconded by Councillor Love; and

RESOLVED:

1. That report C/17/42 - District, Parish and Town Council Elections – Election Fees and Charges be received and noted.
2. That the annually revised versions of the Kent scale of fees and charges in line with the NJC pay award be automatically adopted. The current Kent scale of fees is shown in Appendix 1 of the report.
3. That the revised Kent scale of fees and charges that take effect on 1 April of each year be agreed.

(Voting figures: 9 in favour, 0 against, 0 abstentions).

REASONS FOR THE DECISION:

Cabinet agreed the recommendations in respect of the maximum scale of fees and charges for district, parish and town council elections to enable a fair and reasonable recharge to be made by the Council to town and parish councils for their elections.

41. **National Non Domestic Rates Locally-Administered Relief Scheme**

(Prior to the consideration of this report, Councillor Peall arrived at the meeting).

Report C/17/45 set out the detailed policy for implementation of the locally-administered National Non Domestic Rates relief scheme, as announced in the Chancellor's Spring Budget on 8 March 2017.

The report had been considered at the meeting of the Overview and Scrutiny Committee held on 10 October 2017, and their comments had been circulated to the Cabinet Members.

Proposed by Councillor Dearden,
Seconded by Councillor Ewart-James; and

RESOLVED:

That report C/17/45 be received and noted.

(voting figures: 10 in favour, 0 against, 0 abstentions).

REASONS FOR DECISION:

Cabinet members requested sight of the final policy when available.

42. **Medium Term Financial Strategy 2018/19 to 2021/22**

The Medium Term Financial Strategy (MTFS) is the Council's key financial planning document. It puts the financial perspective on the council's Corporate Plan priorities, expressing the aims and objectives of various plans and strategies in financial terms over the four year period ending 31st March 2022. It covers both revenue and capital for the General Fund and the Housing Revenue Account. Also included were the Council's reserves policies. The MTFS is a key element of sound corporate governance and financial management.

The report had been considered at the meeting of the Overview and Scrutiny Committee held on 10 October 2017, and their comments had been circulated to the Cabinet Members.

Proposed by Councillor Monk,
Seconded by Councillor Collier; and

RECOMMENDED (TO FULL COUNCIL):

1. That Report C/17/47 be received and noted.
2. That the Medium Term Financial Strategy, as appended to this report, be adopted.
3. That the flexible use of capital receipts as set out in the report to fund the council's future efficiency programme be agreed.

(Voting figures: 10 in favour, 0 against, 0 abstentions).

REASONS FOR RECOMMENDATION:

- (a) The MTFs is the council's key financial planning document.
- (b) The strategy defines the financial resources needed to deliver the council's corporate objectives and priorities and covers the financial implications of other key strategies.
- (c) The council needs to be able to carry out an early assessment of the financial implications of its approved policies and strategies and also external financial pressures facing the authority to ensure that it has robust budgeting and remains financially viable.

43. Treasury Management and Prudential Indicators Monitoring Report 2017/18

Report C/17/48 provided an update on the council's treasury management activities that had taken place during 2017/18 against the agreed strategy for the year. The report also provided an update on the treasury management indicators approved by Council earlier this year.

The report had been considered at the meeting of the Overview and Scrutiny Committee held on 10 October 2017, and their comments had been circulated to the Cabinet Members.

Proposed by Councillor Dearden,
Seconded by Councillor Godfrey; and

RESOLVED:

That report C/17/48 be received and noted.

(Voting figures: 10 in favour, 0 against, 0 abstentions).

REASONS FOR DECISION:

Both the CIPFA Code of Practice on Treasury Management and the Council's Financial Procedure Rules require Members to receive a report on the Council's treasury management activities during the year.

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Cabinet

Held at:	Council Chamber - Civic Centre Folkestone
Date	Wednesday, 18 October 2017
Present	Councillors Mrs Ann Berry, John Collier, Malcolm Dearden, Alan Ewart-James, David Godfrey, Mrs Jennifer Hollingsbee, Rory Love, David Monk, Dick Pascoe and Stuart Peall
Apologies for Absence	None.
Officers Present:	Amandeep Khroud (Head of Democratic Services and Law), Chris Lewis (Planning Advisor), Tim Madden (Corporate Director - Organisational Change), Susan Priest (Corporate Director - Strategic Development), Alistair Stewart (Chief Executive), Julia Wallace (Masterplanning Project Manager) and Jemma West (Senior Committee Services Officer)
Others Present:	Councillor Lyons.

NOTE: All decisions are subject to call-in arrangements. The deadline for call-in is Friday 27 October at 5pm. Decisions not called in may be implemented on Monday 30 October 2017.

44. **Declarations of Interest**

Councillor Mrs Jenny Hollingsbee made a voluntary announcement in relation to 'A Charter for Otterpool Park', in that she owns two properties within the area of search for Otterpool Park. She remained present at the meeting during discussions.

45. **Funding of Proposed Acquisition Former Gasworks Site, Ship Street, Folkestone**

Report No C/17/50 sought to clarify the funding of the pre development work for the above site following on from the report considered at Cabinet on the 27 September 2017 (report no. C/17/37).

Proposed by Councillor Ewart-James,

Seconded by Councillor Love; and

RESOLVED:

That report C/17/50 be received and noted and that replace the original recommendation 3 (b) in report C/17/37 be replaced with the following:

“That Cabinet authorise officers to complete the remaining pre-development work and prepare draft planning proposals for consideration at a future Cabinet, and agree to allocate the sum of £230,000 from the Corporate Development Fund budget and the Housing Revenue Account to be apportioned as per the housing mix”.

(Voting figures: 10 in favour, 0 against, 0 abstentions).

REASONS FOR DECISION:

The original recommendation did not reflect the intended funding split between the Corporate Development reserve and the Housing Revenue Account (HRA) as set out in the report.

46. **Business rates**

Report C/17/51 informed Cabinet of the discussions currently being undertaken to explore a Kent wide bid to be part of the government's 100% business rates pilot. It sought to obtain delegations for the final decision as to whether to join the pilot due to the deadline required for any submission.

Proposed by Councillor Monk,
Seconded by Councillor Dearden; and

RESOLVED:

1. That the report and the work being carried out across Kent on a business rate pilot be noted.
2. That delegated authority be given to the Corporate Director, Organisational Change, in consultation with the Leader of the Council, to determine whether to become part of the pilot.

(Voting figures: 10 in favour, 0 against, 0 abstentions).

REASONS FOR DECISION:

Deadline for submission of an application to be a pilot is the 27th October 2017. Discussions are ongoing between Kent Leaders and the form of any application is not yet finalized. Subject to the outcome of discussions, if a bid is decided to be made there will not be time to bring a further report back to Cabinet. Therefore delegated authority is being sought to be part of the bid should one be made.

47. **Otterpool Park - principles of long term stewardship**

Report C/17/46 set out some proposed principles for the long term management and maintenance of open space and community assets at Otterpool Park.

Proposed by Councillor Monk,
Seconded by Councillor Pascoe; and

RESOLVED:

1. That report C/17/46 be received and noted.
2. That the principles set out in section 2 of the report for the long term stewardship of public space and other community assets for Otterpool Park be approved as the basis for developing a future strategy.

(Voting figures: 10 in favour, 0 against, 0 abstentions).

REASONS FOR RECOMMENDATIONS:

Cabinet is asked to agree the recommendations set out below because:

- a) The recommendations will enable officers to progress work in a timely manner with our collaboration partner on a long term stewardship strategy that will be required as part of the outline planning application for Otterpool Park.
- b) The recommendations below will ensure effective and appropriate measures are put in place to achieve high quality management and maintenance of open space and other public assets to benefit residents and visitors to Otterpool Park.

48. A Charter for Otterpool Park

Report C/17/49 presented, for consideration by Cabinet, a draft Charter for Otterpool Park. The Charter built on the seventeen sustainability principles set out in the Expression of Interest submitted to Government in June 2016. It provided guidance on how the new garden town should be planned, built out and delivered so as to create the foundations of a truly sustainable high quality new community.

“A Charter for Otterpool Park – Consultation Draft” was attached to the report. The Charter had been prepared as a corporate document and was without prejudice to any future decisions the Council might take in its capacity as Local Planning Authority or landowner.

The meeting was adjourned for a period of 15 minutes to allow Cabinet Members to read the stakeholder comments which had been circulated at the commencement of the meeting in a Supplementary Report.

Proposed by Councillor Monk,
Seconded by Councillor Pascoe; and

RESOLVED:

1. That report C/17/49 be received and noted.
2. That the Charter for Otterpool Park attached to the report be agreed.
3. That the Corporate Director - Strategic Development, in consultation with the Leader of the Council, be authorised to make revisions to the document in response to the issues raised by Cabinet and set out in the Supplementary Report.

(Voting figures: 10 in favour, 0 against, 0 abstentions).

REASONS FOR DECISION:

- a) The recommendations allow the Council to set out in further detail its aspirations for Otterpool Park.
- b) The recommendations will inform future planning policy and the masterplanning of the new garden town.

This Report will be made public on 7 November 2017

Folkestone

Hythe & Romney Marsh
Shepway District Council



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Report Number **C/17/52**

To: Cabinet
Date: 15 November 2017
Status: Non-Key Decision
Head of Service: Amandeep Khroud, Democratic Services and Law
Cabinet Member: Councillor David Godfrey, Special Projects

SUBJECT: WASTE & STREET CLEANSING PROJECT 2021

SUMMARY: The waste partnership agreement and Veolia contract ends in January 2021. It is proposed that the East Kent Districts and KCC work together to develop options for new joint service arrangements to start in 2021, before if practicable. This report summarises the current issues and risks, the likely options to be considered and presents a project plan to develop and deliver the new service arrangements.

REASONS FOR RECOMMENDATIONS:

Cabinet is asked to agree the recommendations set out below because:

- a) The current service arrangements end in 2021 and due to the long lead in times for service design and procurement, project planning needs to start well in advance.
- b) The East Kent Districts and KCC already work within a waste partnership that has delivered benefits in both cost and service delivery. There will be significant cost pressures on the next waste and street cleansing contract which may be best addressed working jointly. It also potentially creates a level of scale in processing that makes options to improve the waste infrastructure in East Kent feasible.

RECOMMENDATIONS:

- 1. To receive and note report C/17/52.
- 2. To approve the following –
 - a. SDC to participate in a multi-authority project group tasked to deliver as a first stage an options report and strategy to take forward the joint approach across East Kent for the provision of Waste, Recycling and Street Cleansing services from 2021.
 - b. Options report to be completed and reported to Cabinet by July 2018 and to include:

- i. Review of the current service operating model with recommendations that will form East Kent Waste Strategy from 2021 onwards, or before if practicable.**
 - ii. Review of options to develop the waste management infrastructure in East Kent.**
 - iii. Review of service delivery options for in-house service, local authority owned company and outsourced service.**
- c. Draft Project Plan and timeline to be recommended for adoption by other participating councils.**
- d. Approval of project budget of £50,000 for 2017/18.**

1. BACKGROUND

- 1.1 In 2007 the four East Kent Waste Collection Authorities (Canterbury, Dover, Shepway and Thanet) and the Waste Disposal Authority (Kent County Council) undertook a project to develop through joined up working arrangements the recycling, waste collection and street cleansing services in East Kent
- 1.2 The project was tasked with delivering a consistent collection scheme across the East Kent district, which delivered savings and streamlined the recycling and waste collection methods.

This was to be achieved by: -

- Minimising the escalating costs of waste disposal.
 - Delivering cost efficiencies in collection systems.
 - Increasing the recycling rate.
 - Developing a coordinated approach to managing waste across the two tiers of Local Government.
 - Facilitating the development of processing facilities within the East Kent area.
 - Removing budget constraints from individual authorities.
 - Removing the distorting effect of the recycling credit mechanism.
- 1.3 The outcomes of this project eventually developed in 2010 into a formal legal partnership agreement ('5-way agreement'), between five authorities.
 - 1.4 The 5-way agreement committed the four District Councils to make changes to their services, notably to containerisation and kerbside collection, with KCC committing in return to provide both enabling revenue and capital funding to facilitate these service changes. This agreement formally ends on 15 January 2021.
 - 1.5 After the formation of the partnership the authorities completed the following procurements:

2011

- Dover and Shepway joint contract for waste, recycling collection and street cleansing.
- The contract also includes the KCC responsibilities for reprocessing of the recyclate collected across all four East Kent district authorities.
- The contract was awarded to Veolia and ends 15 January 2021.

2013

- Canterbury City Council contract for waste collection and street cleansing.

- Contract was awarded to Serco Ltd.
- The contract ends 31 March 2021 in order to align with the DDC/SDC/KCC contract.

1.6 Thanet District Council has continued to run an in-house direct service for both waste collections and street cleansing.

1.7 All four district authorities and the county council have expressed an interest in continuing to work collectively and further develop their waste, recycling and street cleansing services when the current contracts end in 2021. Due to the complexity of the service delivery options and the long procurement lead in times, decisions related to any joint arrangements in 2021 need to be decided several years in advance.

2. FUTURE ISSUES AND RISKS

Financial

2.1. A motivation in forming the original East Kent partnership was the ability to achieve cost efficiencies throughout the waste and recycling process. Cost savings were achieved in the outsourced contract with Veolia. In addition, KCC agreed to pay annually a fixed 'enabling' payment to ensure a 'no-worse' financial position for each District at the outset of the project.

2.2. The combination of a competitively tendered contract, the fixed enabling payments and low contract indexation have meant that during the contract term costs have been controlled and remained within budget. However it is recognised that there are significant financial pressures that will impact on future service arrangements.

2.3. In summary the main financial pressures arise from: -

- Operating losses – It is understood from discussions with Veolia Ltd that meeting the service requirements of the current joint contract with DDC, SDC and KCC within the budget envelope as per the tender documents has created significant financial pressures on their cost model. There is therefore that a significant risk that the cost to SDC (&DDC) of delivering the current service model could increase substantially when the services are retendered and as a consequence a provision of £1.5m per annum has been made in the MTFS. CCC share similar concerns regarding their contract with Serco.
- Income generation - There was a general expectation that the price of recycle would progressively increase. However this has not been the case and instead prices have remained low and often fluctuated widely. This has depressed contractor incomes and placed a greater emphasis on the quality of recycle rather than quantity produced.
- Infrastructure - The limited waste infrastructure in East Kent has resulted in haulage costs and multi-site tipping becoming an increasing burden on the contractor...

- Enabling payment - The annual enabling payment made by KCC will cease with the end of the agreement in 2021. KCC have already advised that it cannot sustain payments that do not drive or incentivize recycling performance improvements and it would instead be looking for payments to become equalized across all Collection Authorities and commensurate with actual performance rather than modelled performance that is not achieved. The annual enabling payment to SDC is £797,160 and based on similar arrangements being introduced in West Kent this could fall by as much as £450k per annum depending on the performance levels achieved.
 - Competition - It is difficult to assess the level of commercial competition that will exist in 2021. However soundings from the major outsource providers would suggest that they will be more selective and financially realistic about future bids.
- 2.4. Overall there is a clear financial risk of significantly increased costs in maintaining the current service provision from 2021 onwards. There is therefore a need to review the current service arrangements, methodology and collection frequency to ensure future affordability. It is recognised that plans to change service methodology or frequency will need to be considered carefully and subjected to extensive consultation before any decision.

The current MTFs has built in a £1.5 million per annum cost pressure from January 2021 which is part of the increasing financial pressure the council is facing as reported to Cabinet in May 2017. As identified above, although this is a significant sum this will need to be reviewed as it may well not be sufficient to fund the costs of the new waste service depending on the negotiations. At this stage although the scale of the pressure has been highlighted, the means of meeting those increased costs or the adjustments to the service arrangements required in order to mitigate the increased costs has not.

Infrastructure

- 2.5. Limitations in the East Kent waste infrastructure have resulted in increased haulage costs and impacted on service arrangements due to the need waste streams at different locations. If this remains unchanged this will be a cost pressure on the next service arrangements and will make them particularly at risk from spikes in fuel prices.
- 2.6. The current service arrangements, by combining collection and processing responsibilities, aimed to encourage private sector investment in the provision of sorting and processing capacity within East Kent. The Veolia bid did in fact include a proposal to develop a waste processing facility earmarked to be built at Richborough.
- 2.7. In the event, Veolia decided not to proceed with this investment. A decision it is understood they now regret the financial impact of the haulage of materials to alternative sites across Kent and the South East has increased. From the start of the contract, mixed recycling from Shepway

has been transported outside of the county mainly to Veolia's plant at Rainham in Essex. Whilst any proposal for an East Kent MRF would need to be subject to a detailed business case, fundamentally there would appear to be merit in exploring the options for new facility to enable informed decisions to be taken..

2.8. The infrastructure issues are not solely related to the lack of processing facilities: -

- HWRCs - KCC estimate that many of the HWRC located in East Kent will be working at near of over capacity by 2030. There will also remain reliance in East Kent on third party provision of transfer site facilities, which is a risk as these facilities are not in direct control.
- Ross Depot - The Environment Agency has restricted the Ross Depot license and food waste can no longer be tipped. Food waste is now transported to Ashford for bulking. There is also a question over the long-term suitability of Ross Depot as an operational site in what is increasingly a residential area.
- Waste Transfer Stations - The transportation of SDC waste to the transfer station in Ashford has resulted in additional haulage costs of £214,000 (16/17 estimates). These costs are currently met by KCC as the Waste Disposal Authority. Refuse collection in the district is heavily reliant on an efficient turnaround at the Ashford and Whitfield sites. Service issues at these sites or delays due to limited transfer capacity would increase directly impact on service delivery.

2.9. Working in partnership with the other Districts and KCC could create a level of scale that would make the opportunity to develop and enhance the waste infrastructure feasible. The result of this could be a significant reduction in transportation costs, improved processing and realisation of other opportunities to create cost efficiencies through service integration. KCC are shortly due to begin consultation on the next stage of its proposed Kent Waste Disposal Strategy for 2017-2035.

2.10. Options for infrastructure development may include but are not restricted to:-

- The building of a materials recycling facility (MRF) to serve East Kent.
- Re-location of depot facilities.
- Improvement or development of transfer stations.
- Improved integration with the Household Waste Recycling Centres (HWRC).
- Single management of waste infrastructure to support the transfer of waste collected by the collection authorities and residents using the HWRC.

Legislative Framework

2.11. Leading up to and post Brexit there will be an opportunity for the UK to develop its own legislative framework for environmental issues. Much of the current waste legislation originates from EU directives (e.g. EU Waste

Framework Directive 2008) and it is expected that this will initially be transposed into UK law. However how these directives will be enforced in practice is uncertain. There is also uncertainty over the long-term approach that will be adopted to promoting the 'Circular Economy Package' and how recycling targets will be treated. The direction taken by the Scottish and Welsh devolved administrations may suggest an increased commitment to both.

- 2.12. This uncertainty will make planning for the new service arrangements in 2021 difficult. The project will need to be mindful that future statutory obligations may change. There is also a risk that the current uncertainty may impact negatively on the level of private sector investment and commitment being made in processing facilities and improving capacity.

3. PROJECT PLAN

Overview

- 3.1. Draft project plans are attached as Appendix 1 (Waste Company Scenario) and Appendix 2 (Joint Tender Scenario). These broadly represent the two directions the project could take.
- 3.2. Although the current service is outsourced it is recognised that due to concerns over limited market competition means that any options appraisal would need to look at all service alternatives including in-house delivery possibly via a local authority owned waste company. Several councils across the country have chosen to pursue this option in recent years such as Bristol Waste Company, Ansa Environmental Services Ltd (Cheshire East), Swindon Commercial Services, Ubico (Cheltenham Borough and Cotswold District Council), Joint Waste Solutions (Surrey CC).
- 3.3. There are several 'company' options ranging from a joint company that commissions and procures its own service contracts; through to a joint waste collection and waste reprocessing company that directly delivers the services in-house, as well as offering its own services to the commercial sector. The project plan in Appendix 1 is based on the scenario of a joint waste company established with the remit to directly deliver services, employ staff and purchase and manage its own vehicle fleet.
- 3.4. Similarly if the option was to taken to outsource service arrangements there are different procurement approaches that could be adopted. For the purposes of the report, the project plan in Appendix 2 is based on a project involving a joint district and county procurement that also incorporated options for a negotiated infrastructure investment programme. For this reason the Competitive Dialogue Procedure would be advised.
- 3.5. Both project plans are split into three 'phases' that can be roughly defined as: -
 - Phase 1 'Options'
 - Options appraisal, review of options through to approval of the new waste strategy and service delivery method.

- Phase 2 'Preparation'
 - Detailed work on the governance and structure of any company or partnership, legal formation of these arrangements and preparation (e.g. tender specifications) for any procurements exercises.
 - Phase 3 'Procurement'
 - Formal procurement exercises, recruitment, delivery lead in times, service transition through to Day 1 operations.
- 3.6. Both project plans have the same Phase 1 tasks, which include the completion of an options appraisal report. This report would develop into recommendations/business case for the new service delivery arrangements coming into operation from 2021. It would also develop into proposals for a new East Kent Waste Strategy to come into effect from 2021. Both the business case and draft strategy would be submitted to Cabinet for approval in July 2018.
- 3.7. In terms of the options appraisal a consultant brief has been prepared in partnership with the other East Kent Councils and KCC and work on the procurement of a consultant to undertake the work is well advanced. The aim will be to complete the report by early 2018, to inform decision within each authority. The consultant brief provides a wide remit of options to be considered including:
- Collection Methodology - Reviewing the current collection methodology and making recommendations on changes in terms of savings and performance.
 - Infrastructure - Costs, risks and benefits of building waste infrastructure in East Kent (e.g. district Materials Recovery Facility).
 - Funding - Funding arrangements between KCC (disposal/reprocessing) and the District Authorities (collections) in particular use of recycling credits / Enabling payments.
 - Service Integration - Improved integration between districts' collection and county's disposal/reprocessing services – HWRC / transfer stations.
 - Future delivery structures - Risks, benefits, savings from setting up a waste trading company and governance arrangements.
 - Market Position - Reviewing the current procurement market in terms of delivering waste infrastructure, waste collection and street cleansing. Compare the risks/benefits of insourcing for some or all the services
- 3.8. After Phase 1, the project timelines diverge depending on the service delivery arrangements adopted. It is worth noting that having made a commitment to a service delivery model whether in-house or outsourced in summer 2018, it will be difficult to change approach later without risking the new arrangements failing to be operational from January 2021. For practical purposes a point of 'no return' is effectively reached for both preferred service delivery and project timelines by the end of 2018.

East Kent Waste Strategy

- 3.9. A second action from Phase 1 is the drafting of an East Kent Waste Strategy. The strategy serves several purposes. Firstly in the absence of a national waste framework it provides a degree of strategic direction which could be helpful when negotiating with service providers. Secondly, it will provide a blue print for what will eventually become the service plan/service targets for a directly delivered service or specification for an outsourced service. Finally, it provides an opportunity to link waste and recycling objectives with street cleansing objectives.
- 3.10. It is proposed that the new waste strategy would take a comprehensive view of waste management and street cleansing issues. As expected it would agree targets for recycling, contamination and participation. It would also look at establishing a commonality of approach to more operational issues like waste enforcement (street-level fly tipping, bins out early and contamination), bin replacement policy and tenanted properties. Having a commonality of approach would be important for a joint service or joint contract as we know from experience where this is not the case it can result in additional costs and inefficiencies.
- 3.11. An East Kent Strategy would also need to dovetail with other county-level strategies developed for 2021 onwards for example Kent Joint Municipal Waste Management Strategy (adopted by SDC in 2007/08) or Kent Waste Disposal Strategy 2017-2035. An East Kent Strategy would however be able to consider delivery at a local level. Topics for consideration within the strategy may include: -
- Collection Methodology/Scheme
 - Targets set for active participation in recycling schemes.
 - Targets for recycling %
 - Segmented targets for recycling % (e.g. food waste)
 - Targets for level of contamination
 - Reduce/re-use initiatives
 - Links to HWRCs
 - Building local waste infrastructure
 - Street cleansing standards
 - Improving litter sent recycling
 - Enforcement
 - Bin replacements
 - Education programme/work with schools
 - New builds - space for schemes
 - Transition Plan to new strategy
- 3.12. The project timeline for the preparation of the strategy is: -
- | | |
|---------------|--|
| Feb-May 2018 | Draft strategy and action plan prepared |
| July 2018 | Draft strategy approved to go to public consultation |
| July-Sep 2018 | Public Consultation |
| Oct 2018 | Final approval of strategy |
| Nov 2018 | Strategy implementation work begins |

- 3.13. The project plan recognises that implementation of the new strategy would need to take place in advance of the new service arrangements in 2021. An example of a potential 'transition' action could be to improve the overall levels of recycling and reduce levels of material contamination in advance of the new service arrangements. This would be beneficial to any commercial negotiation and would give the new service arrangements a solid platform from which to operate.

Waste Company Scenario

- 3.14. After Phase 1 the project timelines diverge for both scenarios.
- 3.15. In the Waste Company scenario, Phase 2 is focused on formation of the new company, exploring infrastructure and vehicle options and preparing for vehicle and equipment procurements. Phase 2 would run from July 2018 to May 2019.
- 3.16. Listed below are some of the main decisions related to the formation of a new company: -
- Governance arrangements between authorities
 - Cost allocation between authorities
 - Employee terms, conditions and pension arrangements
 - TUPE arrangements and timescales
 - New management structure
 - Management Agreement
 - Key Performance Indicators and Service Level Agreements
 - Business Plan
 - Trading powers (e.g. commercial waste)
 - Client performance monitoring
 - Location of company and depots
 - Set up and transition period
- 3.17. Phase 3 in this scenario would run from June 2019 to Day 1 operations in January 2021. This phase would be occupied by the vehicle and equipment procurement and the company transition to full operation (e.g. staff recruitment).
- 3.18. The company would need to arrange for the large scale procurement of new equipment and vehicles for start of the contract. Options around purchasing vehicles from the current contractors will be limited as many of these will be end of life. A major vehicle replacement programme would also be necessary if the options appraisal recommended changes to the collection methodology.
- 3.19. In terms of delivery times from the point a purchase order is raised Dennis are currently delivering waste refuse vehicles around 24-26 weeks and Scania around 32 weeks. For the purposes of the project plan, the time line for the procurement work stream is based solely on replacement vehicles. It is anticipated that there would be in fact be several procurement projects

running consecutively including the purchase of new street cleansing equipment and an IT procurement to implement a service management/monitoring application with linked 'in cab' technology, vehicle telematics and handheld devices.

Joint Tender Scenario

- 3.20. Phase 2 of the Joint Tender Scenario would run from July 2018 to January 2019. In comparison to the company scenario this is a shorter phase and the focus would be on preparation for the tender and competitive dialogue stages that would begin in 2019. The main tasks in this phase would be preparation of the new waste partnership agreement, preparation of the tender specification and detailed work on the infrastructure options.
- 3.21. Phase 3 of this scenario would run from February 2019 to Day 1 operations in January 2021. The focus in this phase would be formal procurement process and the competitive dialogue phases where the new service solution would be considered including potential infrastructure projects. For the purposes of the project plan three dialogue stages have been programmed in although the last stage may not be necessary. In addition the procurement time line has been designed to give a reasonable service transition period from August 2020 to December 2020.

Further Project Phases

- 3.22. It anticipated that for both scenarios there would be further project phases probably related to Year 1 service operations and Infrastructure Delivery. Project plans for these stages would need to be developed as the project progresses and key decisions are made.
- 3.23. In terms of an Infrastructure Delivery project it is likely that the building of a district MRF would take precedence over any plan to re-locate depots. This is because reducing high bulking and transportation costs would be a major financial incentive to complete this project first. There may also be an extended negotiation if a commercial partner is sought to jointly invest and operate the facility.
- 3.24. Realistically it is difficult to see that a newly formed company or commercial provider would be in the position to deliver the infrastructure projects before the new service came into operation in January 2021. This would mean that the new waste infrastructure would be delivered over a period of time beyond 2021 starting with the building of a new MRF and then new depot facilities optimally placed to serve the four districts. This would mean that the new waste company would need to make interim reprocessing arrangements for the collected material until a new district MRF was operational.
- 3.25. Delaying the building of a new MRF may however be advantageous as it would allow the impact of any new post-Brexit waste framework to be assessed.

4. DECISIONS

- 4.1. Listed below are the main decisions for cabinet and council as identified in the project plans:

Waste Company Scenario

July 2018	Business case to form Waste Company
July 2018	Draft EK Waste Strategy for public consultation
October 2018	Final approval EK Waste Strategy and Action Plan
January 2019	Waste Company Management Agreement
February 2019	Appointments to the Waste Company Board
June 2019	Capital spend for vehicles/equipment procurement

Joint Tender Scenario

July 2018	Business case to form Waste Company
July 2018	Draft EK Waste Strategy for public consultation
October 2018	Final approval EK Waste Strategy and Action Plan
January 2019	Approval of tender/service specification
July 2020	Approval of tender award

- 4.2. It is also expected that throughout the project there would be a series of update reports to be prepared by the Project Group.

5. PROJECT GOVERNANCE & RESOURCES

- 5.1. It is proposed that the project will be delivered via Project Group or Board comprised of at least one representative from each district and KCC. SDC will be represented on the Project Group by the Corporate Contracts Manager. The Project Group held already held initial meetings within the framework of the existing partnership in order to prepare the Options Appraisal specification and develop the proposed Project Plan.
- 5.2. The Project Group will be responsible for delivering each phase of the project plan. It will need in each phase to set up 'task and finish' work streams each of which will report into the main Project Group. The Project Group will need to be empowered co-opt staff from across the authorities to assist with the delivery work streams or to provide general administrative support or advisory services to the main Project Group.
- 5.3. A project budget of £50,000 is requested for financial year 17/18 to be funded from the Council's general fund reserve.
- 5.4. This would fund:
- SDC contribution to the consultant costs for the Options Appraisal.
 - Any further work related to Options Appraisal commissioned within this financial year.

6. RISK MANAGEMENT ISSUES

6.1 The Project Group will need to develop for the project its own detailed risk register. At this stage, the main risks are: -

Perceived risk	Seriousness	Likelihood	Preventative action
Financial –a significant increase in costs for the next waste, recycling and street cleansing contract	High	High	<ul style="list-style-type: none"> • Early planning for the next service arrangements. • Joint working to create economies of scale and cost efficiencies across the collection and processing. • Opportunities to improve the waste infrastructure in East Kent to reduce transportation and processing costs. • EK Waste Strategy to improve recycling both in terms of volume and quality. • Review of waste collection methodology to drive cost efficiencies.
Service Failures – The waste, recycling and street cleansing service is a high profile customer facing service. It is logistically complex with many potential points of failure.	High	High	<ul style="list-style-type: none"> • Early planning for the next service arrangements • Public consultation on waste strategy • Robust client and contract monitoring arrangements to be established. • Agreed service plans and service level agreements. • Enforceable KPIs and SLAs with default mechanisms applicable to both an in-house or outsourced service.
Limitations of	High	High	<ul style="list-style-type: none"> • Waste project 2021

the Waste Infrastructure in East Kent.			to review option for provision of waste infrastructure.
Regulatory Uncertainty	High	High	<ul style="list-style-type: none"> • Regular monitoring of the national debate about regulatory standards and waste framework. • Additional consultancy support if needed to inform service options. • EK MRF proposals after 2021.
Lack of commercial competition	High	Medium	<ul style="list-style-type: none"> • In-house service delivery options to be considered. • EK Waste Strategy gives clear direction for contract and specification. • EK Waste Transition Plan – improve commercial factors like material contamination in order to make new contract commercially appealing. • Options to provide EK waste infrastructure.
Project Not Delivered By January 2021	High	Medium	<ul style="list-style-type: none"> • Early planning for the next service arrangements • Project budget to obtain additional consultancy support if needed

7. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

7.1 Legal Officer's Comments (David Kelly)

There are no legal implications arising directly out of this report. (Upon instruction) Legal Services will advise on the benefits of entering into a partnering or consortium agreement with other councils in order to facilitate the project group agreeing on ways forward and their respective responsibilities.

7.2 Finance Officer's Comments (Tim Madden)

The report itself identifies the potential financial pressure arising from the end of the current waste contract. Although these are identified in part in the MTFS the means of funding this position has not as yet been identified.

As further options are considered, the full financial impact will need to be assessed using a whole life costing principles to assess the most cost effective option of delivering the chosen service.

7.3 Diversities and Equalities Implications (AR)

No equalities or diversities implications at this stage.

8. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting

Andrew Rush, Corporate Contracts Manager
Telephone: 01303 853271
Email: andrew.rush@shepway.gov.uk

The following background documents have been relied upon in the preparation of this report:

Appendices:

Appendix 1 – Project Plan Waste Company Scenario
Appendix 2 – Project Plan Joint Tender Scenario

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Folkestone

Hythe & Romney Marsh
Shepway District Council



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Report Number **C/17/53**

To: Cabinet
Date: 15 November 2017
Status: Non-Key Decision
Director: Susan Priest, Corporate Director, Strategic Development
Oportunitas Chairman: Councillor Claire Jeffrey

**SUBJECT: OPORTUNITAS QUARTERLY PROGRESS REPORT
2017/18 (Q1 & Q2)**

SUMMARY: This report provides an update from the Board of Oportunitas Ltd ("the company") covering activities undertaken in Q1 & Q2 of the current 2017/18 financial year, including a financial statement in-line with the requirement contained in the Shareholder's Agreement between the company and the Council.

REASON FOR RECOMMENDATIONS:

Cabinet is asked to agree the recommendations set out below because:-

- a. Oportunitas Ltd ("the company") is required to provide quarterly updates to Cabinet as set out in the Shareholder's Agreement between the company and the Council.**

RECOMMENDATIONS:

- 1. To receive and note the report.**

1. BACKGROUND

- 1.1 On establishing Oportunitas a series of supporting documents (Articles, Shareholder's Agreement, and Service Level Agreement) were entered in to and clause 8.3.16 of the Shareholder's Agreement states that:

"as soon as practicable and in any event within 15 Business Days of the end of each quarter, or such other period as may be agreed by Cabinet, the Company shall send to the Cabinet a report showing progress against the Business Plan."

1.2 Therefore, in line with this provision, this report sets out the progress of Oportunitas Ltd. in 2017/18 in relation to its investments and trading activity.

1.3 In addition, Clause 8.3.13 of the Shareholder's Agreement states that:

“save to the extent otherwise agreed by the Cabinet, the Company shall prepare and provide to the Cabinet, by no later than 20 Business Days following the end of the 6 month period to which they relate, a financial statement and unaudited management accounts for the Company containing such information as the Cabinet shall agree from time to time for such relevant 6 month period. The Cabinet may request from time to time that the Company provides such a report to cover a shorter period.”

1.4 A financial statement for the period from 1 April 2017 to 26 September 2017 is included under appendix 1 of this report. A net loss of £20k has been incurred to September 2017, almost identical to the equivalent position for the previous year.

2 INVESTMENT PORTFOLIO UPDATE

2.1 At the time of writing Oportunitas has invested in 29 residential units and one commercial unit which are offered at market level rents. Oportunitas continues to look for and assess more purchase opportunities as they arise. In total £4.78m of capital funding has been approved to support the acquisitions programme and about £3.53m has been used for the properties acquired to date, leaving £1.25m available to invest.

2.2 The current property portfolio is therefore as follows:

Walter Tull Way, Folkestone

2 x 1 bed units

2 x 2 bed units

1 x 3 bed unit

6 visitor car parking spaces

2 Grove Terrace, Dover Road, Folkestone

1 x 4 bed unit

15 Grace Hill, Folkestone

5 x 1 bed units

1 x commercial unit

82-84 Leyburne Road, Dover

8 x 2 bed units

Unused garage with development potential (currently let for storage)

19 Castle Hill Avenue, Folkestone

9 x 1 bed units

1 x 2 bed unit

- 2.3 The board has also identified the potential of securing an additional 20 new units in Folkestone. Further detailed work is being undertaken which, if successful, will see investment being made during 2018/19 and 2019/20. The acquisition of these units would be subject to the Council approving further investment in the company.
- 2.4 In addition, negotiations are taking place regarding the freehold acquisition of 4 units in a single block comprising 3 x 1 bed and 1 x 2 bed unit all with off-street parking in Folkestone. Expectations are for a deal to be concluded during Q3 of 17/18 and the cost can met from the existing agreed capital funding available from the council.
- 2.5 All properties are currently tenanted and when vacancies have occurred the company's agents have worked hard to minimise void periods.
- 2.6 The company is required to have its property portfolio independently revalued as at 31 March each year. At 31 March 2017 the company benefitted from an increase of 6% in value for those properties held since 31st March 2016, such as Walter Tull Way and Grace Hill. The properties at Leyburne Road saw a 4% increase in value from December 2016 to March 2017, measured against their basic acquisition costs excluding fees. The Valuer has indicated that the rate of increase for local residential property prices is slowing down in the current year and this could be around 3% for the 12 month period to 31st March 2018.
- 2.7 Since the last update was presented to Cabinet in March 2017, the Board has taken the following steps to reduce operational expenditure:

Reduction in Management Fees – Negotiations took place with both our managing agents, Reeds Rains and Smith Woolley, to reduce their management and set up fees for new tenancies. The outcome of these negotiations successfully resulted in both agents reducing their fees and set up fees.

Rental Review – Oportunitas sought advice from our managing agents on rentals charged. Reeds Rains conducted a full review of the Walter Tull Way portfolio and identified scope for increases in line with trending market rates. The Board approved rental increases and these were implemented from May 2017, following statutory notice periods.

Review of Property Management Arrangements – In June 2017 the Board agreed to move the management of No 4 Walter Tull Way from Reeds rains to Smith Woolley. The decision followed a notice of tenancy vacation and a review of the management arrangements to a more competitive offer. The property was immediately re-tenanted under the new managing agent. Oportunitas continues to review to ensure best value is being provided.

3 TRADING ACTIVITY – UPDATE

- 3.1 The number of ground maintenance quotations for private clients from 1st April 2016 to 30 September 2017 was (the point of writing this report) was 138. This is a decrease of some 21% on 2016/17 figures (175 quotes given) representing a reduction in the level of interest for services. The advertising for services focused in the last period on tree works; this could have impacted on the amount of quotes requested due to a very competitive market.
- 3.2 The number of accepted quotes was 46, the number not accepted was 4, with 88 awaiting confirmation.
- 3.3 The total value of quotes accepted during the period was £13,298 ex VAT and the total value of works completed during the period was £8,119 ex VAT.
- 3.4 The value of works completed during this period from earlier quotations in previous trading periods and the completion of regular jobs was £9,091 ex VAT. The total income over this period was therefore £17,210 ex VAT.
- 3.5 The Board has recently asked that more emphasis is given to promoting services and the website will be enhanced. The increased use of social media will also be monitored and further reports will be presented to the Board.

4 LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

Legal (NE) – The power for councils to trade their services for cost recovery only has been in force for many years. The power for councils to establish companies to trade for profit is set out more recently in the Localism Act 2011. The company model provides the only mechanism for local councils to operate more commercially and generate profit.

Officers have taken specialist legal advice from Bevan Brittan and will continue to work with these external legal advisers as and when the need arises.

Resources (LW) – The council's approved capital funding of £4.78m towards the company is identified in the body of the report along with the £0.3m working capital facility. The company has approximately £1.25m of resources available to it through the council to support further acquisitions in line with the approved Business Plan. As its shareholder, the council is currently undertaking a review of the funding structure of the company with the aim of ensuring its long term financial sustainability and providing the council with an optimum return on its investment.

Equalities – There are no diversity or equalities implications arising from this report.

5 CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officers prior to the meeting:

Susan Priest, Corporate Director - Strategic Development
Telephone: 01303 853315
Email: susan.priest@shepway.gov.uk

Gavin Edwards, Board Administrator
Telephone: 01303 853436
Email: gavin.edwards@shepway.gov.uk

Appendix 1 - Financial Statement Period 1st April 2017 to 26th September 2017

The Company's draft profit and loss statement and balance sheet for the trading period 1st April 2017 to 26th September 2017.

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Appendix 1 – Financial Update 2017/18

The company's profit and loss account and balance sheet for the period from 1 April 2017 to 26 September 2017 are shown below with comparative information for the same period from 2016:

Oportunitas Limited **Comparative Profit and Loss Report**

	<u>2017/18</u>	<u>2016/17</u>
	Actual to 26.9.17	Actual to 30.9.16
	£	£
Income		
Grounds Maintenance Charges (note 1)	15,887.63	17,534.00
Housing Rents - Market Rate	88,701.31	33,262.00
Commercial Rents	5,501.37	5,482.00
	110,090.31	56,278.00
Purchases		
Direct Expenses		
SDC Grounds Maintenance		
Recharges	12,732.67	14,027.00
Advertising	1,130.00	1,470.00
Property Expenses (note 2)	7,590.17	2,726.00
Property Management Charges	4,720.05	2,790.00
Premises Insurance	5,914.56	2,638.00
	32,087.45	23,651.00
Gross Profit/(Loss):	78,002.86	32,627.00
Overheads		
Insurance	3,580.66	3,772.00
Professional Fees (note 3)	3,710.00	13.00
Legal Fees	63.00	35.00
Audit Fees	0.00	0.00
Management Charges from SDC	9,996.30	11,666.00
Directors Remuneration (note 4)	5,279.52	6,374.00
Bank Charges	82.55	85.00
Mileage	0.00	4.00
Computer and Software	85.09	68.00
Sundry Expenses	49.90	(64.00)
	22,847.02	21,953.00
Interest Payable	75,519.76	30,173.00
Net Profit/(Loss):	(20,363.92)	(19,499.00)

Oportunitas Ltd Balance Sheet for 01/04/2017 to 26/09/2017

Fixed Assets	£	-	£
Investment Assets	3,551,000.00		<u>3,551,000.00</u>
Current Assets			
Debtors	5,681.83		
Bank Account	154,606.44		
VAT Liability	<u>610.36</u>		
	160,898.63		
Current Liabilities			
Creditors : Short Term	(6,776.88)		
Credit Card (Creditors)			
VAT Liability	0.00		<u>154,121.8</u>
Net Current Assets			
Total Assets less Current Liabilities:			<u>3,705,121.75</u>
Long Term Liabilities			
SDC Loan	(3,211,000.00)		
Loan Interest	<u>(211,558.76)</u>		
			<u>(3,422,558.76)</u>
Total Assets less Total Liabilities:			<u><u>282,562.99</u></u>
Capital & Reserves			
Called up Share Capital	300.00		
Share Premium Account	478,451.39		
Profit and Loss Account	<u>(196,188.40)</u>		
			<u><u>282,562.99</u></u>

Commentary

1. The company has made a net loss of £20k from its trading activities for the period to 26 September 2017, almost identical to the equivalent position for the previous year.
2. The main change to the company's financial activities is the impact of the residential property acquisitions made during the past year at 82-84 Leyburne Road, Dover and 19 Castle Hill Avenue, Folkestone. The housing rental income has increased by £55k compared to the same point last year but is offset by a similar increase in interest payable and property related expenses.
3. The specific variances noted on the Profit and Loss Account compared to the equivalent point in 2016/17 are;-

Note 1: Grounds Maintenance Income – The volume of work undertaken is slightly lower than last year. The figure may also be distorted by a small number of jobs undertaken during September and yet to be invoiced. The majority of outstanding invoices have now been raised to customers.

Note 2: Property Expenses – The higher cost in the current year is partly a reflection of the increase in the size of the property portfolio compared to the same period last year. £2k has been spent on installing a television aerial and satellite system for the 10 units at 19 Castle Hill Avenue. £1.4k has been incurred on electrical safety works required to several properties.

Note 3: Professional Fees – The current year's figure includes a £3k fee paid to Smith Woolley for their work in helping to negotiate the purchase of 19 Castle Hill Avenue, Folkestone.

Note 4: Directors Remuneration – The comparable figure for last year included a small backdated adjustment in accordance with the Council's Members Allowances scheme.

4. The balance sheet shows that the company's accumulated loss is now £196k. However, at this stage, it does not reflect the impact of any increase in property values that may have incurred during the year to date. Indicative information from the company's external valuer suggests that local property prices are increasing by around 3% for the year, less than the 6% achieved in the year to 31 March 2017. A revaluation of the property portfolio will be undertaken at the end of the financial year in March 2018.

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This Report will be made public on 14 November 2017

Folkestone

Hythe & Romney Marsh
Shepway District Council



Report

Number **C/17/60**

To: Cabinet
Date: 15 November 2017
Status: Non-Key Decision
Head of Service: Charlotte Spendley - Head of Finance
Cabinet Member: Councillor – Malcolm Dearden - Cabinet Member for Finance

SUBJECT: GENERAL FUND REVENUE BUDGET MONITORING – 2ND QUARTER 2017/18

SUMMARY: This monitoring report provides a projection of the end of year financial position of the General Fund revenue budget, based on expenditure to the 31 August 2017.

REASONS FOR RECOMMENDATIONS:

Cabinet is asked to agree the recommendations set out below because it needs to be informed of the council's General Fund revenue budget position and take appropriate action to deal with any variance from the approved budget.

RECOMMENDATIONS:

1. To receive and note Report C/17/60.

1. INTRODUCTION AND BACKGROUND

- 1.1 This report updates Cabinet on the likely projected outturn on the General Fund revenue budget, based on data received as at 31 August 2017.
- 1.2 General Fund projections are made against the latest approved estimate and approved virements within year to 31 August 2017.
- 1.3 Members will recall that a high level approach was taken for the Quarter 1 monitoring report. This Quarter 2 report provides a more detailed analysis of changes and the likely year end outturn.

2. GENERAL FUND REVENUE 2017/18 - PROJECTED OUTTURN

- 2.1 The Quarter 2 projected outturn shows a forecast deficit of £3.451m against the latest approved estimated deficit of £2.902m.
- 2.2 Compared to the projection as at Quarter 1, the then forecast deficit of £997k has been replaced by a deficit of £549k. This is an improvement of £448k for the period.
- 2.3 There are a significant number of individual variances. The latest projected outturn for the General Fund in 2017/18 is summarised below:

GENERAL FUND NET REVENUE EXPENDITURE
VARIANCE ANALYSIS 2017/18 - SUMMARY

@ August 2017 - Period 5

General Fund Net Cost of Services	Original Budget	Approved Carry Forwards	Latest Approved Budget	Projected Outturn	Variance
	£000	£000	£000	£000	£000
Strategic Development	95	-	456	456	-
Leadership Support	817	-	1,955	1,921	(34)
Communications	241	-	241	247	6
Democratic Services & Law	4,789	-	4,817	4,734	(83)
Human Resources	2,494	-	2,488	2,473	(15)
Finance	2,696	-	2,677	3,677	1,000
Communities	2,257	-	2,257	2,396	139
Strategic Development Projects	359	-	395	393	(2)
Economic Development	472	-	436	475	39
Planning	828	-	838	884	46
Commercial & Technical Services	2,549	-	2,544	2,094	(450)
Sub-Total - Heads of Service	17,597	-	19,104	19,750	646
Unallocated Net Employee Costs	(224)	-	(224)	(224)	-
Total for Service	17,373	-	18,880	19,526	646
Internal Drainage Board Levies	444	-	444	444	-
Interest Payable and Similar Charges	526	-	526	526	-
Interest and Investment Income	(451)	-	(451)	(548)	(97)
New Homes Bonus Grant	(1,572)	-	(1,572)	(1,572)	-
Other Non Service Related Government Grants	(899)	-	(1,009)	(1,009)	-
Town and Parish Council Precepts	2,053	-	2,053	2,053	-
Minimum Revenue Provision	389	-	389	389	-
Capital Expenditure Financed from Revenue	2,190	-	2,405	2,405	-
NET REVENUE EXPENDITURE BEFORE USE	20,053	-	21,665	22,214	549
Net Transfer to/from(-) Earmarked Reserves	(240)	-	(2,520)	(2,520)	-
TOTAL TO BE MET FROM TAXPAYERS & FOR	19,813	-	19,145	19,694	549
Transfer to/from(-) the Collection Fund	(203)	-	(203)	(203)	-
Revenue Support Grant and Re-distributed NNDR	(848)	-	(848)	(848)	-
Business Rates Income	(3,747)	-	(3,747)	(3,747)	-
Demand on the Collection Fund	(11,445)	-	(11,445)	(11,445)	-
SURPLUS(-)/DEFICIT FOR THE YEAR	3,570	-	2,902	3,451	549

The significant movements are outlined below:

	£000s	£000s	£000s
Increased Income			
On Street Parking	(85)		
Off street Parking	(114)		
Building Control	(36)		
New Hythe T.C. Grounds Maint. Contract	(19)		
Interest Receivable	(97)		
Misc Corporate Property	(143)	(494)	
Reduced Income			
Cemeteries	39		
Market income	25		
Loss of income re Resource Centre	40		
Reduced income re Coast protection	24		
Reduced Shingle Extraction	33	161	
Increased Expenditure			
Housing Benefit	176		
Housing Rebates	678		
Housing Benefit Administration	93		
Finance	162		
Miscellaneous small variations	64	1,173	
Decrease in Expenditure			
Council Tax reduction Scheme	(43)		
Customer Services	(41)		
Electoral Services	(25)		
Committee Services	(46)		
Leadership	(32)		
Folkestone Sports Centre Contract	(11)		
Property	(38)		
Corporate Training	(35)		
Members Allowances	(20)	(291)	
Total variance against budget			549

2.4 The main variations are explained in more detail below.

Car Parking.

2.5 Projection for both on-street and off-street parking increased in line with current trends.

Building Control

2.6 The projection is in line with 2016/17 trends.

New Hythe Town Council grounds maintenance contract.

2.7 Additional salary costs of £20k offset by £39k contract income.

- 2.8 Miscellaneous Corporate Property
Increased rental income
- 2.9 Cemeteries
The trend over recent years is continuing thus showing a significant reduction in income.
- 2.10 Market Income
This income has reduced as a result of continued under-utilisation of available spaces.
- 2.11 Resource Centre
The expenditure budget for the resource centre was removed from the 2017/18 budget; however there remains a £40k income budget elsewhere in the accounts that will no longer be realised.
- 2.12 Coastal Protection
Reduction in grant received. Coast protection includes long term schemes contributed to by Kent County Council as a loan agreement, therefore income will reduce year on year as schemes drop out.
- 2.13 Shingle Extraction
There is an anticipated reduction in the income from shingle extraction in line with previous periods.
- 2.14 Housing Benefit/Rent Rebates
A variance in demand has resulted in a projected net increase in costs. The majority of this variance is as a consequence of a significant increase in temporary bed and breakfast accommodation claims which in some cases are eligible for very restricted levels of subsidy. Prevention continues to play a key role in our work with homeless/threatened with homeless customers. Officers are exploring ways to mitigate the rise in homeless through initiatives such as the existing Social Lettings Agency, alongside new initiatives including the feasibility of acquiring temporary accommodation and reviewing the robustness of staffing resources.
- 2.15 Housing Benefit Administration
The 2nd stage of Housing Benefit Administration reorganisation has been completed but because of timings relating to staff recruitment and long term sickness there is a projected overspend against the current year budget.
- 2.16 Finance
The planned service restructure is now in progress but a number of senior posts will continue to be covered on an interim basis until implementation is complete. The full budget savings from the restructure will not be realised until 2018/19.
- 2.17 Folkestone Sports Centre Contract
The contract in respect of the Sports Centre has an agreed annual reduction in contract value.

Capital Financed from Revenue

- 2.18 In line with the outturn on the General Fund Capital Budget Monitoring report, also on this agenda, it is projected that this cost will be approximately £2.405 million in 2017/18. The assumption made here is that this will be funded:

	£000s
General Reserve	1,452
Earmarked Reserves	953
Total	2,405

This is an increase of £0.215m in the budgeted sum. The projection includes £60k to fund the Prince Parade Parking scheme which full Council are considering on their agenda later today. The remainder of the charge is mainly in respect of the re-profiling of capital schemes between financial years. Where capital expenditure is financed from revenue there is no net cost to the General Fund because it is funded from reserves.

Movement in Earmarked Reserves:

- 2.19 The projected movement on Earmarked Reserves now reflects the planned release from the Otterpool Reserve to offset service expenditure on a range of incurred developer and related project costs for the Otterpool development. The current estimate of release from this reserve is £1.125m for 2017/18. The Carry Forward reserve also now assumes eventual distribution of those carry forward requests made at the end of 2016/17, although in year use of this reserve is subject to a review and confirmation process. A release of £0.890m is assumed in this case. All other Earmarked Reserve movements are in line with previous assumptions and estimates made at Quarter 1 monitoring.

Movement in Earmarked Reserves

Reserve	Balance at		Change	Outturn	Balance at	
	1/4/2017	Latest Budget			31/3/2018	
	£'000	£'000	£'000	£'000	£'000	
Earmarked						
Business Rates	2,682	0	0	0	2,682	
Carry Forward	1,117	-890	0	-890	227	
Corporate Initiatives	754	-439	0	-439	315	
IFRS Reserve	67	-18	0	-18	49	
Invest to Save	366	0	0	0	366	
Leisure	146	50	0	50	196	
New Homes Bonus (NHB)	2,431	283	0	283	2,714	
VET Reserve	876	-231	0	-231	645	
Economic Development	2,027	-150	0	-150	1,877	
Otterpool	1,989	-1,125	0	-1,125	864	
Maintenance of Graves	12	0	0	0	12	
	12,467	-2,520	0	-2,520	9,947	

Other Non Service related Government Grants:

2.20 The projected outturn for this income area has been increased by £110k (favourable). This reflects recent DCLG confirmation of levels of s31 receipts for this financial year.

3. RISK MANAGEMENT ISSUES

3.1

A summary of the perceived risks follows:

Perceived risk	Seriousness	Likelihood	Preventative action
MTFS becomes out of date.	High	Low	The MTFS is reviewed annually through the budget process.
Assumptions may be inaccurate.	High	Medium	Budget monitoring is undertaken regularly and financial developments nationally are tracked. Assumptions are regularly reviewed.
Budget strategy not achieved.	High	Low	The budget making process is controlled closely with regular reconciliations against projections.
Incorrect assessment of Local Government Finance Settlement impact.	High	Low	Figures provided by Central Government have been used. The December Autumn Statement will inform latest forecast.
Failure to address the significant budget pressure arising from the costs of increased housing benefit (temporary accommodation) claims	High	High	Implement solutions that reduce the number of costly claims that attract restricted levels of DWP subsidy.

4 LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

4.1 Legal Officer's Comments (DK)

There are no legal implications arising directly out of this report.

4.2 Finance Officer's Comments (AK)

This report has been prepared by Financial Services. There are therefore no further comments to add.

4.3 **Diversities and Equalities Implications**

The report does not cover a new service/policy or a revision of an existing service/policy and therefore does not require an Equity Impact Assessment

5. **CONTACT OFFICERS AND BACKGROUND DOCUMENTS**

Councilors with any questions arising out of this report should contact the following officer prior to the meeting

Alan King, Group Accountant

Telephone: 01303 853213 Email: alan.king@shepway.gov.uk

The following background documents have been relied upon in the preparation of this report:

Budget projection working papers.

This Report will be made public on 7 November 2017

Folkestone

Hythe & Romney Marsh
Shepway District Council



www.shepway.gov.uk

Report Number **C/17/55**

To: Cabinet
Date: 15 November 2017
Status: Key Decision
Head of Service: Charlotte Spendley, Head of Finance
Cabinet Member: Councillor Malcolm Dearden, Finance

SUBJECT: UPDATE TO THE GENERAL FUND MEDIUM TERM CAPITAL PROGRAMME AND QUARTER 2 MONITORING 2017/18

SUMMARY: The report provides a projected outturn for the General Fund capital programme in 2017/18, based on expenditure to 30 September 2017, and identifies variances compared to the latest approved budget. The report also seeks full Council's approval to include three new schemes in the General Fund Medium Term Capital Programme previously considered by Cabinet during 2017/18.

REASONS FOR RECOMMENDATIONS:

- a) Cabinet is asked to agree the recommendations set out below because it needs to be kept informed of the General Fund capital programme position and take appropriate action to deal with any variance from the approved budget.
- b) Proposed changes to the Medium Term Capital Programme need to be submitted to full Council for approval.

RECOMMENDATIONS:

1. To receive and note Report C/17/55.
2. To seek full Council's approval to update the General Fund Medium Term Capital Programme for the schemes set out in section 3 to this report.

1. INTRODUCTION AND BACKGROUND

- 1.1 As part of the council's normal budget monitoring process this report updates Cabinet on the latest position for the General Fund capital programme at the 2nd quarter of 2017/18, based on expenditure to 30 September 2017, compared to the latest budget, approved as part of the Medium Term Capital Programme by Full Council on 22 February 2017 (minute 183 refers).
- 1.2 This report also seeks full Council approval to update the General Fund Medium Term Capital Programme for the five year period ending 31 March 2022 to include three new schemes that Cabinet has considered and agreed during 2017/18.
- 1.3 The report also includes the impact any changes to the overall capital programme will have on the financing resources required to fund it.

2. CAPITAL PROGRAMME 2017/18 – PROJECTED OUTTURN

- 2.1 The latest projection for the total cost and funding of the approved General Fund capital programme for 2017/18 is £4,160,000, a reduction of £2,752,000 compared to the latest budget of £6,912,000. Full details are shown in Appendix 1 to this report and the following table summarises the position across the Service Units and also outlines the impact on the capital resources required to fund the programme:

General Fund Programme 2017/18	Latest Budget 2017/18	Quarter 2 Projection 2017/18	Variance
Service Unit	£'000	£'000	£'000
Commercial & Technical Services	3,416	927	(2,489)
Democratic Services & Law	112	112	-
Finance	1,178	1,178	-
Human Resources	11	11	-
Communities	1,163	1,061	(102)
Strategic Development Projects	1,032	871	(161)
Total General Fund Capital Expenditure	6,912	4,160	(2,752)
Capital Funding			
Capital Grants	(2,395)	(1,120)	1,275
External Contributions	(1,007)	(7)	1,000
Capital Receipts	(1,009)	(596)	413
Revenue	(2,501)	(2,345)	156
Borrow	-	(92)	(92)
Total Funding	(6,912)	(4,160)	2,752

- 2.2 The main reasons for the net reduction in the projected outturn for 2017/18 are summarised below:

		£'000
1.	Delay to phases 2 and 3 of the Coronation Parade coastal defence scheme until 2018/19. This is to enable further consideration to be given to find the most suitable technical solution to protect the significant infrastructure of the National Grid's cross-channel power supply cable which comes on shore at this location. This scheme is entirely funded by a grant from The Environment Agency and a contribution from The National Grid	(2,425)
2.	Planned expenditure on the Empty Properties Initiative in 2017/18 is lower than anticipated. Saving planned to be used to extend the initiative into 2018/19	(212)
3.	Reprofiling to 2018/19 of the pre-development and draft planning cost element for the Ship Street, Folkestone scheme	(161)
4.	Reprofiling to 2018/19 for health and safety works to the General Fund property portfolio	(59)
5.	Saving on the cost of Home Safe Loans due to the demand being lower than anticipated	(40)
6.	Increase in spending on Disabled Facilities Grants and Loans being met entirely from the council's allocation from the government's Better Care Fund	150
7.	A small saving on the cost of implementing the Parking Self-Serve System scheme	(5)
	Net reduction	(2,752)

2.3 The projections contained in this report are based on the most accurate information at the current time and every effort is made to ensure the capital programme is delivered on time and in budget. Some capital schemes are more difficult to project accurately in terms of both the timing of expenditure and the final cost. In particular it is difficult to accurately project the timing of expenditure for the Disabled Facilities Grants and Loans and the release of funding to Oportunitas Limited for its housing acquisitions programme.

3. UPDATE TO THE MEDIUM TERM CAPITAL PROGRAMME

3.1 During 2017/18 Cabinet has considered and agreed proposals for the three new General Fund capital schemes listed in the table below:

Item	Cabinet Date	Minute Ref.	Scheme	Value (£)	Funding
1	19/7/17	17	Princes Parade On-Street Parking	60,000	Internal resources
2	19/7/17	25	Otterpool Park Land Acquisition	3,675,000	Prudential Borrowing
3	13/9/17	33	Holiday Lets Development, Coast Drive, Greatstone	1,959,000	Prudential Borrowing
Total value of proposed new schemes				5,694,000	

- 3.2 Budget approval is now required from full Council for these schemes to be added to the Medium Term Capital Programme. The profiling of the expenditure and funding for these schemes is shown in the table below:

Scheme	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
Princes Parade Parking On-Street Parking	60	-	-	60
Otterpool Park Land Acquisition	75	600	3,000	3,675
Holiday Lets Development, Coast Drive, Greatstone	222	780	957	1,959
Total	357	1,380	3,957	5,694

- 3.3 The financial implications of the three new schemes have been covered in the original Cabinet reports and, subject to full Council approval, will be incorporated into the current budget process for 2018/19. Specifically, the borrowing implications, including the impact on the Minimum Revenue Provision (MRP), will be reflected in Treasury Management Strategy and Capital Prudential Indicators for 2018/19 to 2020/21, along with a revised position for 2017/18, to be considered by Cabinet and full Council early in 2018 as part of the current budget cycle.

4. IMPACT OF PROGRAMME CAPITAL FUNDING RESOURCES

- 4.1 One of the key principles underlying the council's Medium Term Financial Strategy is the capital programme is funded from available or realised capital resources. Borrowing is only to be used to support schemes expected to generate a net revenue saving and/or future capital receipt. The only exception to this is where a scheme is subject to grant funding or external contributions in which case no commitment is made against these until the funding is confirmed. The latest forecast for the General Fund capital programme conforms to this key principle.
- 4.2 The latest position regarding the council's available capital receipts to fund capital expenditure is shown in the following table:

Capital Receipts Position Statement	£'000
Receipts in hand at 31 st August 2017	(7,489)
Less:	
Committed towards General Fund capital expenditure	1,469
Committed towards HRA capital expenditure	4,130
Ring-fenced for specific purposes	1,208
Contingency for urgent or unforeseen capital expenditure	500
Balance available to support new capital expenditure	(182)

5. CONCLUSIONS

- 5.1 The projected outturn shown for the existing General Fund capital programme for 2017/18 reflects the position based on actual expenditure and forecasts at 30 September 2017.
- 5.2 Full Council approval is required to be sought for the three new capital schemes identified in section 3 of this report to be included in the General Fund Medium Term Capital Programme.

6. RISK MANAGEMENT ISSUES

- 6.1 A summary of the perceived risks follows:

Perceived risk	Seriousness	Likelihood	Preventative action
Capital resources not available to meet the cost of the new projects.	High	Medium	Capital receipts required have already been realised for the majority of the programme. Schemes subject to future capital resources will only commence once these are realised. Schemes supported by grant funding will only commence once fully approved and committed by the relevant body.
Cost of new projects may exceed the estimate.	High	Medium	Capital monitoring procedures in place allowing prompt early action to be taken to manage the risk effectively.

7. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

7.1 Legal Officer's Comments (DK)

There are no legal implications arising directly out of this report.

7.2 **Finance Officer's Comments (LW)**

This report has been prepared by Financial Services. There are no further comments to add.

7.3 **Diversities and Equalities Implications**

The report does not cover a new service or policy or a revision of either and therefore does not require an Equality Impact Assessment.

8. **CONTACT OFFICERS AND BACKGROUND DOCUMENTS**

Councillors with any questions arising out of this report should contact the following officer prior to the meeting

Lee Walker, Group Accountant

Tel: 01303 853593. e-mail :lee.walker@shepway.gov.uk

The following background documents have been relied upon in the preparation of this report:

None

Appendices:

Appendix 1 – General Fund Capital Programme 2017/18 Q2 Projection

GENERAL FUND CAPITAL PROGRAMME 2017/18 QUARTER 2 PROJECTION					
Item No	Service Area and Scheme	Latest Approved Budget	Q2 Projection	Variance Budget to Q2 Projection	Comments
		£'000	£'000	£'000	
Andy Blaszkowicz - Head of Commercial and Technical Services					
1	Improvements to Hawkinge Yard	29.0	29.0	0.0	Project due to be completed this autumn
2	Grounds Maintenance Vehicle and Equipment Replacement Programme	284.0	284.0	0.0	On target for new and replacement vehicles and equipment to be delivered in year
3	Pumping Stations - New Vehicle	25.0	25.0	0.0	Subject to discussion with East Kent Housing
4	Coast Protection - Coronation Parade, Folkestone	2,575.0	150.0	-2,425.0	Phase 2 has been suspended after tendering. Re-design is needed which will delay project into 18/19 and also push phase 3 into 18/19. Project all externally funded
5	Coast Protection - Greatstone Dunes Management & Study	15.0	15.0	0.0	Funded from Environment Agency grant
6	Coast Protection - Hythe to Folkestone Beach Management (from 2015)	305.0	305.0	0.0	Funded from Environment Agency grant
7	General Fund Property - Health and Safety Enhancements	99.0	40.0	-59.0	Topple Testing of gravestones quote was 26k but this has now being undertaken in house. The rest of the programme is due to roll over in preparation for future capital projects.
8	Lifeline Capitalisation	42.0	42.0	0.0	On target for new equipment to be purchased in year

GENERAL FUND CAPITAL PROGRAMME 2017/18 QUARTER 2 PROJECTION					
Item No	Service Area and Scheme	Latest Approved Budget	Q2 Projection	Variance Budget to Q2 Projection	Comments
		£'000	£'000	£'000	
9	Royal Military Canal Enhancements	20.0	20.0	0.0	Work planned to be undertaken during the winter
10	Parking Self-Serve System	22.0	17.0	-5.0	Saving of £5k on implementation costs for guest voucher scheme.
Total - Head of Commercial and Technical Services		3,416.0	927.0	-2,489.0	
Amandeep Khroud - Head of Democratic Services and Law					
11	PC Replacement Programme	32.0	32.0	0.0	On target for new equipment to be purchased in year
12	Server Replacement Programme	60.0	60.0	0.0	On target for new equipment to be purchased in year
13	Virtual Desktop Technology	20.0	20.0	0.0	On target for software to be purchased in year
Total - Head of Democratic Services and Law		112.0	112.0	0.0	

GENERAL FUND CAPITAL PROGRAMME 2017/18 QUARTER 2 PROJECTION					
Item No	Service Area and Scheme	Latest Approved Budget	Q2 Projection	Variance Budget to Q2 Projection	Comments
		£'000	£'000	£'000	
	Charlotte Spendley - Head of Finance				
14	Oportunitas Loan & Share Capital Phase (Housing Acquisitions Programme)	1,178.0	1,178.0	0.0	Oportunitas currently seeking further residential acquisitions
	Total - Head of Finance	1,178.0	1,178.0	0.0	
	Andrina Smith - Head of Human Resources				
15	Burials Software System	11.0	11.0	0.0	Planned to be installed this autmn
	Total - Head of Human Resources	11.0	11.0	0.0	

GENERAL FUND CAPITAL PROGRAMME 2017/18 QUARTER 2 PROJECTION					
Item No	Service Area and Scheme	Latest Approved Budget	Q2 Projection	Variance Budget to Q2 Projection	Comments
		£'000	£'000	£'000	
	Head of Communities				
16	Disabled Facilities Grant	500.0	650.0	150.0	The projection reflects the latest known demand for the service and is entirely met from the government's Better Care Fund grant.
17	Home Safe Loans	100.0	60.0	-40.0	Demand for scheme lower than anticipated
18	Empty Properties Initiative	563.0	351.0	-212.0	Jointly funded scheme with KCC. The projected underspend is planned to be carried forward to 2018/19 to support further expenditure on bringing empty homes in the district back in to use.
	Total - Head of Communities	1,163.0	1,061.0	-102.0	

GENERAL FUND CAPITAL PROGRAMME 2017/18 QUARTER 2 PROJECTION					
Item No	Service Area and Scheme	Latest Approved Budget	Q2 Projection	Variance Budget to Q2 Projection	Comments
		£'000	£'000	£'000	
	Andy Jarrett - Head of Strategic Development Projects				
19	Hythe Environmental Improvements	7.0	7.0	0.0	On target
20	Princes Parade - Preparatory Costs	331.0	331.0	0.0	Professional advice to support the planning application process
21	Corporate Property Development Projects	161.3	161.3	0.0	Unallocated balance
22	Ship Street Site, Folkestone (GF Element)	441.0	280.0	-161.0	Acquisition subject to successful funding bid to the Housing Infrastructure Fund. Pre-development and draft planning costs £161k likely to be in 2018/19
23	Biggins Wood Commercial Development	91.7	91.7	0.0	Share of site preparation costs
	Total - Head of Strategic Development Projects	1,032.0	871.0	-161.0	
	Total General Fund Capital Expenditure	6,912.0	4,160.0	-2,752.0	

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This Report will be made public on 7 November 2017

Folkestone

Hythe & Romney Marsh
Shepway District Council



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Report Number **C/17/57**

To: Cabinet
Date: 15 November 2017
Status: Non-Key Decision
Head of Service: Charlotte Spendley, Head of Finance
Cabinet Members: Councillor Malcolm Dearden, Finance and
Councillor Alan Ewart-James, Housing

SUBJECT: HOUSING REVENUE ACCOUNT REVENUE AND
CAPITAL BUDGET MONITORING 2017/18 – 2nd
QUARTER 2017/18

SUMMARY: This monitoring report provides a projection of the end of year financial position for the Housing Revenue Account (HRA) revenue expenditure and HRA capital programme based on net expenditure to 30 September 2017.

REASONS FOR RECOMMENDATIONS:

Cabinet is asked to agree the recommendations set out below because Cabinet needs to be kept informed of the Housing Revenue Account position and take appropriate action to deal with any variance from the approved budget.

RECOMMENDATIONS:

1. To receive and note Report C/17/57.
2. Agree to make loan finance of £92,500 available to East Kent Housing for the Single IT System project, as set out in section 4.

1. INTRODUCTION AND BACKGROUND

- 1.1 This report informs Cabinet of the likely projected outturn on HRA revenue and capital expenditure for 2017/18.
- 1.2 The projections are based on actual expenditure and income to 30 September 2017. Some caution therefore needs to be exercised when interpreting the results. However, a thorough budget monitoring exercise has been carried out.

2. HOUSING REVENUE ACCOUNT REVENUE 2017/18 – PROJECTED OUTTURN

- 2.1 The table below provides a summary of the projected outturn compared to the latest budget for 2017/18.

	Latest Budget £'000	Projection £'000	Variance £'000
Income	(16,032)	(16,058)	(26)
Expenditure	11,284	10,918	(366)
HRA Share of Corporate Costs	226	206	(20)
Net Cost of HRA Services	(4,522)	(4,934)	(412)
Interest Payable/Receivable etc	1,570	1,570	0
HRA Surplus/Deficit	(2,952)	(3,364)	(412)
Revenue Contribution to Capital	8,420	5,332	(3,088)
Decrease/(Increase) to HRA Reserve	5,468	1,968	(3,500)

- 2.2 The table shows that overall at quarter 2 there is a projected decrease in net expenditure of £3,500k on the HRA.

The main reasons for this are as follows:-

	£'000
Increase in charges for services and facilities	14
Decrease in revenue contribution to capital (see 2.3 below)	(3,088)
Decrease in repairs and maintenance (see 2.4 below)	(273)
Decrease in bad debt provision (see 2.5 below)	(70)
Increase in dwelling rents (see 2.6 below)	(38)
Decrease in supervision and management	(20)
Decrease in HRA share of corporate costs	(20)
Other minor variances	<u>(5)</u>
Total net projected Housing Revenue Account increase	<u>(3,500)</u>

- 2.3 The decrease in revenue contribution to capital relates to the slippage of the capital programme in 2017/18 and relates to the re-profiling of schemes that will commence in 2018/19 and 2019/20. The amount of revenue contribution to capital will change from year to year depending on the profile of the new build/acquisition programme.
- 2.4 The decrease in repairs and maintenance relates largely to internal and external decorations being reduced by £237k due to an outstanding issue with the current supplier being resolved. It is therefore likely that a carry forward may be required in 2018/19 however, future monitoring reports will provide more detail. The asbestos removal budget is projected to underspend by £35k due to the level of works required being lower than originally anticipated.
- 2.5 The underspend within bad debt provision relates to there being minimal expected impact during 2017/18 since the phased implementation of Universal Credit in January 2016 and the full implementation expected in February 2018.
- 2.6 The increase in dwelling rents income relates to vacant properties being filled quicker than originally estimated.
- 2.7 The financial projections have been compared to the previous year's outturn and analysed in detail. These have been adjusted where genuine underspends have previously occurred or where there has been a change to current activity levels.
- 2.8 Overall, the HRA reserve at 31 March 2018 is expected to be £5,412k compared with £1,912k in the latest budget.

3. HOUSING REVENUE ACCOUNT CAPITAL 2017/18 (see Appendix 2)

- 3.1 The latest approved budget for HRA capital programme in 2017/18 is £15,262k and the projected outturn for the year is £10,446k, an underspend of £4,816k on the capital programme. Appendix 2 outlines the current schemes contained within the programme.
- 3.2 The reasons for the decrease in expenditure is as follows:-

EKH Single System (see 3.3 below)	93
New build/acquisition programme (see 3.4 below)	(4,256)
External Enveloping (see 3.5 below)	(280)
Environmental Works (see 3.6 below)	(192)
Windows and Doors (see 3.7 below)	(130)
Lift Replacement (see 3.8 below)	(20)
Garages Improvements (see 3.9 below)	(18)
Play Areas	(10)
Treatment Works	<u>(3)</u>
Total decrease in expenditure 2017/18	<u>(4,816)</u>

- 3.3 EKH has requested an additional loan amount of £92,500 to help complete the Single IT System project as explained in section 4.
- 3.4 The decrease in revenue contribution to capital relates to the slippage of the capital programme in 2017/18 and relates to the re-profiling of new build schemes that will commence in 2018/19 and 2019/20. The amount of revenue contribution to capital will change from year to year depending on the profile of the new build/acquisition programme.
- 3.5 The underspend on external enveloping is due to the estimate for works being lower than originally anticipated.
It is therefore likely that a carry forward may be required in 2018/19 however, future monitoring reports will provide more detail.
- 3.6 The improvement works approved from The Shepway Tenant & Leaseholders Board are less than previously experienced and the anticipated use relating to the use on HRA land is no longer required due to the new build programme using larger non-HRA sites. There was a carry forward approved for Environmental Works from 2016/17 and these have all been completed.
- 3.7 The underspend on windows and doors is due to a new contract being procured relating to timber windows therefore Mila have been instructed to only undertake emergency works.
- 3.8 The underspend on lift replacement is due to the refurbishment of 2 lifts at Mittel Court being lower than originally anticipated.
- 3.9 The underspend on garage improvements is due to the estimate for completing works at Brook Lane Cottages being lower than originally anticipated.
- 3.10 The following table compares the resources required to finance the projected outturn for the HRA capital programme in 2017/18. The variation shown below corresponds to the figure in section 3.1, above.

	1-4-1 Capital Receipts	Revenue Contribution	Major Repairs Reserve	Total
	£'000	£'000	£'000	£'000
Projected Outturn	2,168	4,881	3,397	10,446
Approved Budget	3,445	8,420	3,397	15,262
Variation	(1,277)	(3,539)	(0)	(4,816)

4. EAST KENT HOUSING – SINGLE IT SYSTEM

4.1 To complete the project, EKH has requested to borrow an additional sum of £370,000 from the 4 councils therefore, £92,500 being our share. This includes the cost of mobile devices, but does not contain a contingency, and has been worked up against their project plan to date on the following terms:

(a) That the total loan remaining, (£743,333) plus the further £370,000, totalling £1,113,333, be repaid to the Councils interest free over seven years, by equal annual repayments to each council, with the first repayment being due on 1 April 2019.

(b) That the Councils identified systems budgets be transferred in full to EKH to support their repayment of the loan, with such transfers to take place when each Council decommissions its existing legacy system, or on 31 March 2018, whichever shall be the earlier.

4.2 EKH paid the first loan repayment on 1 March 2017, in line with the agreement, and has requested future repayments be re-profiled and extend the loan repayment term to seven years with future repayments to commence on 1 April 2019.

4.3 Therefore, the sum of £92,500 has been included within the attached report and the capital programme within appendix 2.

4.4 The business case from EKH has been discussed with all 4 councils and each Section 151 Officer and will be monitored throughout the programme.

5. RISK MANAGEMENT ISSUES

5.1 A summary of the perceived risks follows:

Perceived risk	Seriousness	Likelihood	Preventative action
The latest projection of the outturn could be materially different to the actual year end	Medium	Medium	Areas at greater risk of variances are being closely monitored and an update will be made to Cabinet if appropriate when this report is

position.			considered to allow action to taken.
Capital receipts (including right to buy sales) not materialising	Medium	Low	The capital programme uses realised capital receipts only.
Insufficient capacity to manage delayed expenditure along with new year programme	Medium	Medium	The 2017/18 to 2018/19 capital programme will need to continue to be reviewed to take account of the capacity to manage the programme. 2017/18 planned expenditure will need to be reviewed to determine whether any expenditure will fall into 2018/19 and beyond.

6. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

6.1 Legal Officer's Comments (DK)

There are no legal implications arising from this report.

6.2 Finance Officer's Comments (LH)

This report has been prepared by Financial Services. There are no further comments to add.

6.3 Diversities and Equalities Implications

The report does not cover a new service/policy or a revision of an existing service or policy therefore does not require an Equality Impact Assessment.

7. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting

Leigh Hall, Group Accountant
 Tel: 01303 853231 Email: leigh.hall@shepway.gov.uk

The following background documents have been relied upon in the preparation of this report:

Budget projection working papers

Appendices:

[Appendix 1](#) Housing Revenue Account revenue budget monitoring report at 30 September 2017

[Appendix 2](#) Housing Revenue Account capital budget monitoring report at 30 September 2017

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HOUSING PORTFOLIO	LATEST APPROVED BUDGET £000	PROJECTED OUTTURN £000	VARIANCE £000	REASON
INCOME				
Dwelling rents	14,649	14,687	-38	Income higher due to vacant properties being filled quicker
Non-dwelling rents	352	354	-2	
Charges for services and facilities	979	965	14	Heating charges lower than anticipated due to a change in supplier
Contributions from general fund	52	52	0	
Total Income	16,032	16,058	-26	
EXPENDITURE				
Repairs and maintenance	3,309	3,036	-273	Planned Maintenance -£246k, Asbestos Removal -£35k, Mears contract £9k, Other minor variances -£1k
Supervision and management	3,905	3,885	-20	Premises Insurance -£10k, Other minor variances -£10k
Rents, rates and taxes	23	20	-3	
Depreciation charges of fixed assets	3,885	3,885	0	
Debt management expenses	22	22	0	
Bad debts provision	140	70	-70	Due to minimal impact expected due to the implementation of Universal Credit
Total Expenditure	11,284	10,918	-366	
Net	-4,749	-5,140	-392	
HRA Share of Corporate and Democratic Costs	226	206	-20	Lower projected costs than originally budgeted
Net Cost of HRA Services	-4,522	-4,934	-412	
Interest payable	1,677	1,677	0	
Interest and investment income	-85	-85	0	
Premiums and discounts	-22	-22	0	
(SURPLUS)/DEFICIT	-2,952	-3,364	-412	
MOVEMENTS IN HRA BALANCE FOR 2017/18				
Revenue contribution to capital	8,420	5,332	-3,088	HRA capital programme projected to underspend in 2017/18
Surplus/deficit for the year	-2,952	-3,364	-412	
Increase/Decrease in Net Movement in HRA Balance	5,468	1,968	-3,500	
HRA Reserve balance brought forward	-7,380	-7,380	0	
HRA Reserve balance carried forward	-1,912	-5,412	-3,500	

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PORTFOLIO AND SCHEMES	LATEST APPROVED BUDGET	PROJECTED OUTTURN	VARIANCE	COMMENTS
HOUSING PORTFOLIO	£'000	£000	£000	
1. Planned Improvements				
Windows & Doors	210	80	-130	Due to a new contract being procured, only emergency works being undertaken
Re-roofing	365	365	0	
Heating Improvements	480	480	0	
Kitchen Replacements	300	300	0	
Bathroom Improvements	200	200	0	
Voids Capital Works	300	300	0	
Disabled Adaptations	300	300	0	
Sheltered Scheme upgrades	110	110	0	
Rewiring	100	100	0	
Lift Replacement	100	80	-20	Lift refurbishment at Mittel Court lower than anticipated
Thermal Insulation	50	50	0	
Fire Protection Works	424	424	0	
	2,939	2,789	-150	
2. Major Schemes				
External Enveloping *	380	100	-280	Due to necessary works being lower than originally anticipated
Garages Improvements	68	50	-18	Due to Brook Lane Cottages estimate lower than anticipated
Treatment Works	10	7	-3	
	458	157	-301	
3. Environmental Improvements				
Environmental Works	355	164	-192	Lower value of works identified in conjunction with The Shepway Tenant & Leaseholders Board
New Paths	15	15	0	
Play Areas	10	0	-10	
	380	179	-202	
4. Other Schemes				
New Builds/Acquisitions	11,485	7,229	-4,256	Re-profile of the new build programme into 2018/19 and 2019/20
EKH Single System	0	93	93	Due to increase in loan to EKH
	11,485	7,322	-4,164	
TOTAL	15,262	10,446	-4,816	
FUNDING				
Major Repairs Reserve	3,397	3,397	0	
Revenue Contribution	8,420	4,881	-3,539	
1-4-1 Capital Receipts	3,445	2,168	-1,277	
TOTAL FUNDING	15,262	10,446	-4,816	

* This includes all items of the property structure that is external, such as roof, chimneys, gutters, fascias, eaves and repointing.

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This Report will be made public on 7 November 2017.

Folkestone

Hythe & Romney Marsh
Shepway District Council



www.shepway.gov.uk

Report Number **C/17/56**

To: Cabinet
Date: 15 November 2017
Status: Key Decision
Head of Service: Charlotte Spendley, Head of Finance
Cabinet Member: Councillor David Monk, Leader of the Council,
Councillor Malcom Dearden, Finance.

SUBJECT: BUDGET STRATEGY 2018/19

SUMMARY:

This Budget Strategy sets out the guidelines for preparing the 2018/19 Budget. It supports the Corporate Plan and aligns with the direction and objectives of the Medium Term Financial Strategy (MTFS).

The Budget Strategy takes account of current and future financial issues, sets out the underlying assumptions and initial budget-setting proposals and provides a timetable for delivering a balanced budget in 2018/19.

REASONS FOR RECOMMENDATIONS:

Cabinet is asked to agree the recommendations set out below because:

- (i) The Budget Strategy provides the framework for compiling the detailed 2018/19 budgets;
- (ii) The Budget Strategy will support the delivery of the MTFS; and
- (iii) The council's constitution requires approval of such a Strategy at least two months in advance of final budget approval.

RECOMMENDATIONS:

1. To receive and note report C/17/56.
2. To approve the Budget Strategy for 2018/19 set out in this report.
3. To approve the General Fund revenue growth proposals for 2018/19 (Appendix 2).
4. To approve the General Fund revenue savings proposals for 2018/19 (Appendix 3).
5. To approve the General Fund capital growth proposals for 2018/19 (Appendix 4).
6. To agree the proposed timetable for preparing 2018/19 budgets (Appendix 5).

1. INTRODUCTION

- 1.1 The Constitution requires that ‘no less than two months before any plan, strategy or budget that forms part of the Budget and Policy Framework needs to be adopted, the Cabinet will publish initial proposals and a timetable to council’.
- 1.2 This Budget Strategy covers those requirements, setting out the initial proposals and a timetable that will be used to inform the setting of the detailed budget for 2018/19. The Budget Strategy is consistent with the direction and objectives of the updated MTFS.
- 1.3 The MTFS and Budget Strategy are aligned with the council’s strategic financial objectives, which are:
- To maintain a balanced Budget such that expenditure matches income from Council Tax, fees and charges, and government and other grants and to maintain that position.
 - To maximise the council’s income by setting fees and charges, where it has the discretion and need to do so, at a level to ensure at least full cost recovery, promptly raising all monies due and minimising the levels of arrears and debt write offs.
 - To ensure a long term sustainable view is taken of any investments and the appropriate risk analysis is provided in considering those.
 - To set a rate for Council Tax which maximises income necessary for the council to deliver its strategic objectives but ensures that government referendum limits are not exceeded. The percentage increase will be reviewed annually.
 - To ensure resources are aligned with the council’s strategic vision and corporate priorities.
 - To consider and take advantage of commercial opportunities as they arise to achieve a commercial return
 - To maintain an adequate and prudent level of reserves.

2. CURRENT FINANCIAL POSITION

2016/17 General Fund Budget Outturn

- 2.1 The final deficit to the General Fund Reserve for the year was £0.806m, which was £3.021m less than the budgeted withdrawal of £3.827m. The net transfer to Earmarked Reserves was £1.437m compared to a budgeted use of £3.105m. Overall, the addition to the General Fund Reserve was £0.631m.
- 2.2 Over recent years, Shepway has established a good track record of maintaining a healthy reserves position. This enables the council to have greater stability and resilience for dealing with current and future financial challenges and uncertainties.

- 2.3 In their Audit Findings Report 2016/17 to Audit and Governance Committee on 13 September 2017 Grant Thornton confirmed that the council has proper arrangements in place to secure value for money in its use of resources in addition to an unqualified statement of accounts.

2017/18 Forecast General Fund Budget Outturn

- 2.4 The General Fund Revenue Budget monitoring for the second quarter of 2017/18 is reported to this meeting of Cabinet. Based on information to 31 August 2017 there is a projected variance of £0.549m for the year against the latest approved budget. The reasons for the variance are detailed in the monitoring report and relate primarily to the financial pressures arising from the costs of temporary accommodation for the homeless.
- 2.5 The Quarter 2 HRA Monitoring is reported to this meeting of Cabinet and sets out the likely outturn for HRA revenue and capital expenditure for 2017/18. The projections, based on actual expenditure and income to 30 September 2017, show there is a projected decrease in net expenditure of £3.6m on the HRA and an underspend of £4.9m on the capital programme against the £15.3m capital programme.
- 2.6 The latest projection for the General Fund capital programme in 2017/18 is reported to this meeting of Cabinet and shows a reduction in planned capital expenditure of about £2.75m against the latest budget. The main reason for the reduction is a delay to phases 2 and 3 of the Coronation Parade, Folkestone coastal defence scheme to enable a suitable technical to be found that protects the National Grid's cross-channel power supply cable which comes on shore at this location. The Quarter 2 projection requires £92k of borrowing to support it.

Government Funding

- 2.7 In February 2017, the Secretary of State for the Department for Communities and Local Government announced the final local government finance settlement 2017/18. This announcement followed on from consultation on the provisional settlement.
- 2.8 The main points of note from the settlement relevant for this council are as follows:

	2016/17	2017/18	Change
	£'000	£'000	£'000
Settlement Funding			
Revenue support grant	1,736	848	(888)
Baseline funding	3,416	3,486	70
Settlement funding assessment	5,152	4,334	(818)
Reduction in funding compared to 2016/17	n/a	(818)	(15.9%)

- 2.9 Funding was reduced by £0.8m (15.9%) in 2017/18. This reduction was £0.4m more than originally expected. Whilst the budget for 2017/18 has been balanced, the impact of the reduced funding brought added pressure to future projections within the MTFs.

Four-Year Settlement

- 2.10 The Government has previously set out indicative figures to allow councils to apply for a four year settlement and make more flexible use of capital receipts. The offer was to the end of the current Parliament and the aim is to permit councils to plan with greater certainty. In September 2016 the council approved an efficiency plan within its MTFs that demonstrates that the council can effectively manage its finances over this timeframe, and this plan was accepted by Government. Four year settlement figures have subsequently been included in the supporting information provided by DCLG in the Local Government Finance Settlement 2017 to 2018, published in December 2016.
- 2.11 Whilst the council has accepted the four-year settlement, it does not ensure full certainty over core Government funding or offer protection from extra responsibilities and functions that might need to be accepted by local government as part of the move to 100% business rates retention, the outcome of the ongoing Fair Funding Review or future transfers of functions.

New Homes Bonus

- 2.12 As a result of the Government's consultation on reform of the New Homes Bonus (NHB) initiative ('Sharpening the Incentive'), the methodology for payment was adjusted with effect from financial year 2017/18 - the key changes were as follows:
- From 2017/18 onwards, only new homes bonus growth above 0.4% of an authority's baseline level of dwellings will attract NHB payments.
 - Move to 5-year payments (previously 6 years) for existing and future allocations in 2017/18, and then to 4 years from 2018/19.
 - The Government has retained the option of making adjustments to the baseline in future years to reflect any significant and unexpected housing growth.
 - The Government has not introduced proposals to withhold payments for areas without a local plan in 2017/18; however, it will revisit this issue for 2018/19.
- 2.13 The council currently receives £1.6m in NHB payments; 77% of this funding is used to support services with the remaining amount set aside within a reserve to fund the additional cost of services.

Business Rates Revaluation 2017

- 2.14 The outcome of the business rates revaluation was to increase the business tax base for Shepway district from £73.6m to £78.6m, an increase of 6.8% in rateable value. This revaluation is intended to be fiscally neutral; under rating statute the amount of revenue collected across England cannot increase as a result of revaluation. However there remains some risk that the new rating list will lead to an increase in appeals activity; the Government is implementing changes to the appeals process to inhibit speculative appeals.

2018/19 Local Government Finance Settlement

- 2.15 In September 2017 the Government published a technical consultation paper on the approach to the 2018/19 local government finance settlement. The consultation reconfirms the Government's commitment to the 4-year settlement offer and seeks views on expanding this offer. It also outlines a number of measures that are relevant to district councils:
- Barring 'exceptional circumstances', the amounts agreed as part of the multi-year settlement (see paragraph 2.10 above) are expected to be presented to parliament for the 2018/19 provisional local government finance settlement late this year.
 - Potential adjustment to New Homes Bonus awards related to the number of appeals allowed by the Planning Inspectorate relative to the total planning applications made to the local planning authority.
 - Council tax referendum principles proposing that :
 - Districts are allowed to increase council tax at less than 2% or up to £5, whichever is the higher.
 - It is also proposed that authorities with social care responsibilities are allowed to increase council tax by less than 2% as a core principle; with a continuation of the Adult Social Care (ASC) precept at 2%; or between 1% and 3% where the total increases between 2017/18 and 2019/20 do not exceed 6%. Kent County Council applied a 2% ASC precept for 2017/18
 - The Government has not signalled a specific intention to introduce a referendum limit for Town and Parish councils; but it is looking at evidence of whether they are demonstrating restraint when setting precept increases that are not a result of taking on additional responsibilities. Any revised proposals will be made at the time of the provisional settlement.
 - The proposed approach for adjusting business rates retention tariffs and top ups to cancel out, as far as is practicable, the impact of the 2017 business rates revaluation on local authorities' income.

100% Business Rates Retention

- 2.16 The Government has also issued a prospectus inviting proposals to pilot 100% business rates retention in 2018/19. Local government overall currently retains a 50 per cent share of business rate income. The settlement will be designed to ensure that other authorities are not adversely affected by the pilots, together with measures covering the allocation of funding streams within devolution deal areas, if all affected councils agree.
- 2.17 In collaboration with the other authorities in the Kent area the council has agreed to submit a pilot bid (details: Cabinet report C/17/51 on 18 October 2017) and awaits further information about how this system will work, in particular about the additional responsibilities that will have to be taken over by local government under these new arrangements.

2018/19 FINANCIAL FORECAST

Medium Term Financial Strategy (MTFS)

- 3.1 The MTFS is the council's key financial planning document. It links the council's strategic priorities with the financial resources required to deliver

them. The MTFS covers a four year period, providing the context and framework within which the Budget Strategy is prepared, and considers the implications of the council's approved priorities. It also takes in to account the uncertainty surrounding the financial climate that the council is working within. The MTFS is updated each year, most recently in May (Cabinet report C/17/03) and October (Cabinet report C/17/46).

- 3.2 The current MTFS forecasts a cumulative funding gap of £6.525m over the lifetime of this MTFS. This is based on a 2% annual council tax increase for the period of the MTFS. These will be subject to political decisions at the appropriate time. The table below shows the cumulative deficit over the period of the MTFS.

	2018/19	2019/20	2020/21	2021/22
	£000	£000	£000	£000
Forecast Deficit	574	1,726	3,468	6,525

- 3.3 The current MTFS forecasts a deficit of £0.574m in 2018/19. This Budget Strategy explains the assumptions underlying this forecast (section 4 below) and proposals for addressing next year's funding gap (section 5 below).

Reserves

- 3.4 Total General Fund reserves at 1 April 2017 amounted to £17.368m, of which £4.901m was held within the General Reserve. The table below shows projected reserves at 31 March 2018 before any application towards new budget growth or initiatives.

Description of Reserve	Balance	Forecast Balance
	1/4/17	31/3/18
	£000	£000
General Reserve	4,901	2,596
Earmarked Reserves:		
Business rates	2,682	2,682
Invest to save	366	366
Carry forwards	1,117	227
IFRS	67	49
Vehicles, equipment and technology	876	645
New Homes Bonus initiatives	2,431	2,714
Corporate plan initiatives	754	315
Maintenance of Graves	12	12
Leisure	146	196
Otterpool Park	1,989	864
Economic Development	2,027	1,877
Total Earmarked Reserves	12,467	9,947
Total General Fund Reserves	17,368	12,543

4.0 BUDGET ASSUMPTIONS

- 4.1 Appendix 1 explains the changes between the 2017/18 approved budget and 2018/19 budget forecast that have been taken into account in the MTFS. These changes comprise:

	£'000
2017/18 Net Approved Budget	0
Inflationary Pressures 2018/19	479
Corporate Funding Changes 2018/19 (net)	(1,348)
Previously Approved Service Changes 2018/19 (net)	(8)
Contributions To/(From) Reserves	1,451
MTFS Forecast 2018/19 Budget Deficit - Before Growth and Savings Proposals	574

- MTFS Funding Assumptions 2018/19
- 4.2 Revenue Support Grant lower-tier funding is assumed to reduce by 64% (£0.543m) from the 2017/18 grant of £0.848m.
- 4.3 Income from Business Rates is based on last year's estimates, pending a full review. The MTFS shows a 6.6% increase compared to 2017/18, reflecting a more stable position on outstanding appeals, but this area remains volatile during the move towards 100% retention with potential additional cost burdens. Multiplier growth is based on 2% per annum.
- 4.4 A council tax increase of 2% has been assumed pending the final decision by Full Council in February 2018, being the maximum increase without requiring a referendum. A council tax base increase of 0.5% per annum and Collection Fund surplus of £100k per annum have been assumed.
- 4.5 A projected Collection Fund net surplus of £100k is taken into account for 2018/19, compared to a net surplus of £204k that was applied in 2017/18.
- 4.6 Continuation of current New Homes Bonus receipts but no new monies from 2018/19
- MTFS Expenditure and Income Assumptions 2018/19
- 4.7 Additional unallocated net employee costs amount to £350k, covering the estimated costs of a salary award, salary increments, savings from unfilled vacancies and the impacts of the local government pension fund valuation. An estimated annual increase of 1.5% per annum plus an allowance for increments and estimated pension revaluation in 2020/21 plus a vacancy provision of 2% has been built into the base budget assumptions.
- 4.8 Contract inflation of £120k has been included in the non-pay budget forecast based on prevailing inflation rates within existing contracts.

- 4.9 An increase of 2% has been assumed in relation to the Internal Drainage Board levy.
- 4.10 Net Interest forecasts an increase of £124k additional income compared to the 2017/18 projection.
- 4.11 Fees and charges income assumptions are based on current budgets and existing policies, adjusted for proposed changes as detailed in the Fees & Charges 2018/19 report to this meeting of Cabinet.

5.0 2018/19 BUDGET PROPOSALS

- 5.1 The council will continue to use a range of approaches to address the deficit in the short and medium term, including:
- Reviewing the level of council tax
 - An annual review of fees and charges
 - Pursuing alternative income streams
 - Continuing the use of digital technologies to transform services
 - Making the most of commercial opportunities
 - Growing the local economy
 - Reviewing all services to generate efficiencies
 - Containing new budget pressures within allocated resources, and
 - Considering the use of reserves to help manage year on year variations in income and expenditure.

Budget Growth 2018/19

- 5.2 Service heads and budget holders were also asked to identify any unavoidable budget growth items that were necessary to ensure future service sustainability and address unavoidable budget pressures. These total £0.313m and are detailed at Appendix 2.

Budget Savings and Efficiencies 2018/19

- 5.3 A rigorous review of the 2017/18 base budget and previous years' outturns has been undertaken by the CMT with service heads. This review identified potential savings and efficiencies of £0.593m (details at Appendix 3).

Fees and Charges 2018/19

- 5.4 A review of fees and charges has been undertaken and the outcome has been included in a separate Fees & Charges report to this meeting. The proposed changes to fees and charges are anticipated to increase net income receipts by approximately £57,900.

The increase comprises:

	£	£
Reduced income (budget growth):		
Credit Card charges	13,300	
Shingle Extraction	40,900	54,200

Increased income		
Off-Street Parking	-90,000	
Dog Control	-1,000	
Pollution Reduction	-3,200	
Green Waste	-7,500	
Bulky Waste Collections	-1,200	
Donated Seat Income	-5,300	
Football pitches	-3,800	
Allotments	-100	-112,100
		<hr/>
Net		£57,900
		<hr/>

Emerging Budget Issue – Temporary Accommodation

- 5.5 The latest MTFS makes reference to emerging budget pressures, including the rise in homelessness and associated bed and breakfast accommodation costs to the council. This issue is also highlighted in the General Fund Revenue Budget monitoring for the second quarter of 2017/18 as reported to this meeting of Cabinet. Shepway is not alone in identifying this new financial pressure which mirrors the experience of districts across Kent.
- 5.6 The costs of providing temporary accommodation for the homeless whose benefit claims are not eligible for full housing benefit subsidy was (at August 2017) forecast to exceed current budgets by £0.678m during 2017/18 if mitigating action is not successful in reducing the additional costs.
- 5.7 The Housing Options team is deploying a range of measures and the most recent statistics (October 2017) indicate a significant reduction in the number of cases.
- 5.8 At this stage the budget for 2018/19 has been prepared on the prudent assumption that a budget pressure of £0.5m will continue into 2018/19. This forecast will be updated in the 2018/19 Draft Budget report to Cabinet on 14 December to reflect the latest position having assessed in more detail the anticipated impacts of the mitigating action that is underway and having identified options for funding the residual impacts.

Forecast Budget Deficit 2018/19

- 5.9 Based on the work undertaken to date, the latest forecast deficit is set out below. Members should note that this position will change as more detail becomes available.

MTFS Forecast Deficit 2018/19	£'000
Forecast deficit – September 2017 MTFS	574
Technical adjustments to MTFS forecast	24
Add: budget growth proposals	313
Less: further savings and efficiencies	(593)
Less: increase in income generated	(112)
Add: temporary accommodation budget pressure	500
	<hr/>

- 5.10 Options for addressing the forecast deficit for 2018/19 are now being considered in preparation for the detailed budget report to Cabinet on 14 December and will take into consideration:
- Any new factors affecting local government funding arising from the Chancellor's Autumn Budget on 22 November and the Government funding settlement announcements in December/early new year
 - Collection Fund surplus/deficit assumptions, with reference to the latest in-year collection performance
 - The outcome of ongoing work to review the revenue budget savings and growth proposals at Appendices 2 and 3, and
 - The action that is being taken to address the residual budget gap, in particular the pressures relating to funding temporary accommodation.

6.0 HOUSING REVENUE ACCOUNT (HRA)

- 6.1 This Budget Strategy does not explore the Housing Revenue Account further as the council approved on 23 March 2016 a HRA business plan for the period 2016 to 2046. This includes the impact of the 1% housing rent reduction which was announced by the Chancellor in July 2015 budget as well as the continuation of the new build capital programme.
- 6.2 The detailed 2018/19 HRA revenue and capital budgets that will be submitted to Cabinet in December 2017 will be consistent with the agreed business plan.
- 6.3 An update to the HRA business plan is being worked on and any further announcements will be factored in and, if appropriate, submitted to Cabinet.

7.0 CAPITAL PROGRAMME

- 7.1 As part of the Budget Strategy, Cabinet is asked to consider the proposals for new capital schemes to be included in the council's General Fund Capital Programme for 2018/19. Any new capital scheme to be included in the programme will need to contribute to the objectives set out in section 1.3 of this report. New General Fund capital scheme proposals of £1.569m for 2018/19 are shown in Appendix 4 to this report. Additionally the council's General Fund Medium Term Capital Programme (MTCP) will need to be updated to include recurring schemes planned to continue over the 5 year period to 2022/23. The council's other major capital investment initiatives, such as Otterpool Park, Princes Parade and Biggins Wood Commercial Development, remain to be reported in full detail to Members for approval. The capital programme implications of these schemes will be included in budget reports following this approval.
- 7.2 All proposed changes to the council's General Fund MTCP are required to be approved by Full Council as part of the budget setting process.

- 7.3 During 2017/18 Cabinet has already separately considered and agreed proposals for the three schemes listed in the table below to be submitted to Full Council for immediate approval. Full Council is due to consider these schemes for approval at its meeting to be held later today:

Scheme	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
Princes Parade Parking On-Street Parking	60	-	-	60
Otterpool Park Land Acquisition	75	600	3,000	3,675
Holiday Lets Development, Coast Drive, Greatstone	222	780	957	1,959
Total	357	1,380	3,957	5,694

- 7.4 Capital Receipts – the existing MTFS states that a minimum of £0.5m in capital receipts must be retained as a contingency to meet urgent or unforeseen capital expenditure. The council's general policy is that only capital receipts received should be earmarked to fund capital projects. The only departure from this is ring-fencing the use of future repaid decent homes loans and home safe loans receipts to be reinvested in further private sector housing improvement loans. The latest position regarding the council's available capital receipts to fund capital expenditure, based on the second quarter's capital budget monitoring for 2017/18, is shown in the following table:

Capital Receipts Position Statement	£'000
Receipts in hand at 31 August 2017	(7,489)
Less:	
Committed towards General Fund capital expenditure	1,469
Committed towards HRA capital expenditure	4,130
Ring-fenced for specific purposes	1,208
Contingency for urgent or unforeseen capital expenditure	<u>500</u>
Balance available to support new capital expenditure	(182)

- 7.5 Over the term of the MTFS the council expects to receive approximately £2.6m in capital receipts which it could choose to use to fund its future capital expenditure plans or retain for investment purposes. This excludes 'Right to Buy' disposals of council dwellings where the retained element of capital receipts are required to be reinvested directly in local social housing initiatives. This also currently excludes any potential future capital receipts that may be generated through the council's current 'invest to save' initiatives. The council has previously adopted the government's Statutory Guidance for the Flexible Use of Capital Receipts. This allows the council to use capital receipts received from General Fund asset disposals from 1 April 2016 to 31 March 2019 on revenue expenditure that is planned to generate ongoing efficiencies and savings. It is likely that the first call on

the forecast £2.6m of capital receipts will be to support the major transformation project the council is considering.

- 7.6 Other Capital Funding Sources - in addition to the available capital receipts, the council can choose to use its revenue resources (earmarked revenue reserves and balances) or consider prudential borrowing to fund its General Fund capital expenditure plans. Prudential borrowing will incur a revenue cost to the General Fund in terms of interest and a minimum revenue provision charge (MRP). Therefore, prudential borrowing is best suited to capital 'invest to save' projects, such as Otterpool Park, Princes Parade and the Biggins Wood Commercial development, that will provide a net long term financial return to the council allowing for these costs.
- 7.7 Any capital scheme included in the approved capital programme requiring external grant funding to support it will only be allowed to commence once a formal funding agreement has been established between the council and the relevant funding body.

8.0 THE BUDGET TIMETABLE

- 8.1 By early March each year the council is required by law to approve its budget (revenue, capital and HRA) and council tax levels for the forthcoming year. The Full Council meets in February to do this. Advance notice is given in the publication of key decisions to be made.
- 8.2 Detailed guidance on the annual budget preparation process was circulated to officers in July 2017. This guidance covered roles and responsibilities; the links between finance and service planning; expected standards and approach; and the timetable for preparing the 2018/19 Budget.
- 8.3 The 2018/19 Budget timetable is attached at Appendix 5.

9.0 BUDGET CONSULTATION

- 9.1 There is a duty under section 65 of the Local Government Finance Act 1992 to consult ratepayers (or bodies appearing to represent ratepayers) about proposed expenditure, including capital expenditure, prior to calculating the council tax requirement under S31a (England) of the Act.
- 9.2 The objectives for consultation on the 2018/19 budget proposals are to:
- Engage with key stakeholder groups and local residents;
 - Seek feedback on specific budget proposals for 2018/19; and
 - Seek feedback on general spending and income generation priorities.

This will be achieved through making budget information available to the public, inviting feedback and meeting with representatives from the business community.

10.0 RISK MANAGEMENT ISSUES

- 10.1 A summary of the perceived risks follows:

Perceived risk	Seriousness	Likelihood	Preventative action
MTFS becomes out of date.	High	Low	The MTFS is reviewed annually through the budget process.
Assumptions may be inaccurate.	High	Medium	Budget monitoring is undertaken regularly and financial developments nationally are tracked. Assumptions are regularly reviewed.
Budget strategy not achieved.	High	Low	The budget making process is controlled closely with regular reconciliations against projections.
Incorrect assessment of Local Government Finance Settlement impact.	High	Low	Figures provided by Central Government have been used. The December Autumn Statement will inform latest forecast.
Failure to address the significant budget pressure arising from the costs of increased housing benefit (temporary accommodation) claims	High	High	Implement solutions that reduce the number of costly claims that attract restricted levels of DWP subsidy.
Failure to take action to address forecast medium term financial pressures as well as focusing on the 2018/19 budget position.	High	Medium	Ensure that MTFS forecasts are monitored and timely interventions identified and implemented to address future deficits.

11.0 LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

11.1 Legal Officer's Comments (DK)

There are no legal implications arising directly out of this report, subject to the Council ensuring its general fiduciary duties are met, including those of consulting with rate payers and ensuring best value.

11.2 Finance Officer's Comments (PM)

The Budget for 2018/19 will be submitted to council in February 2018. This Budget Strategy is the first stage in the detailed budget process and will be used to inform the preparation of budget estimates.

11.3 **Diversities and Equalities Implications (PM)**

The budget report to Full Council in February 2018 will include an Equality Impact Assessment of the budget recommendations for 2018/19.

12.0 **CONTACT OFFICERS AND BACKGROUND DOCUMENTS**

Councillors with any questions arising out of this report should contact the following officer prior to the meeting

Charlotte Spendley, Head of Finance

Tel: 01303 853420

E-mail: charlotte.spendley@shepway.gov.uk

The following background documents have been relied upon in the preparation of this report:

None

Appendices:

Appendix 1 – Movement from 2017/18 Approved Budget to 2018/19 Base

Appendix 2 – General Fund Revenue Growth Proposals

Appendix 3 – General Fund Revenue Savings Proposals

Appendix 4 – Capital Programme Growth Proposals

Appendix 5 – Budget Timetable

Budget Strategy - Movement from 2017/18 Approved Budget to 2018/19 Base

	£000
Net Budget - 2017/18	0
Inflationary Pressures	
Pay Inflation (1.5%)	181
Pay Increments	132
Pension Scheme Revaluation 2016	37
Contract Inflation (p.a.)	120
Internal Drainage Board (2%)	9
	<hr/> 479
Corporate Funding Changes	
Reduction in Revenue Support Grant	543
Interest	-124
Capital Financing	-2,053
Reduced New Homes Bonus	546
Council Tax Base / Collection Fund	-144
Council Tax income	-233
Reserves Movements - net	6
Reduction - other grants	111
	<hr/> -1,348
Previously Approved Service Changes	
District Council elections 2019 - preparation costs	30
Economic Development - apprenticeships	-38
	<hr/> -8
Movement in Contributions To/(From) Reserves	1,451
Forecast 2018/19 Budget Deficit Before Growth and Savings Proposals	<u>574</u>

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2018/19 General Fund Revenue Growth Proposals

Service Area	Description of Proposal	2018/19 Revenue Growth £
Democratic Services & Law - Amandeep Khroud		
1	Document scanning system maintenance	10,000
Commercial & Technical Services - Andy Blaszkowicz		
2	New post - Building Control	35,000
3	Reduced income - highways grass cutting	7,300
4	Reduced income - shingle extraction	40,900
5	Energy Performance Certification regulation costs	5,000
6	Business rates increase - Car Parks	8,600
7	Reduced income budget - Sports and Recreation	6,900
8	Hythe Swimming Pool - water/sewage cost increase	15,000
9	Minimum/Living wage increase	6,100
10	Lifeline system contract increase	19,000
Communities - Sarah Robson		
11	Increased costs - bailiffs	10,000
Finance - Charlotte Spendley		
12	Reduced grant - Housing Benefit Administration	40,000
13	Reduced income - credit card charges	13,300
Human Resources - Andrina Smith		
14	Increased costs - occupational health	5,000
15	Increased costs - professional advice and fees.	15,000
16	Web chat software license	5,600
Planning - Ben Geering		
17	Improving planning services - self and custom build	15,000
18	Improving planning services - additional staff	50,000
19	Investment in pre-application web form technology	5,000
		312,700

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2018/19 General Fund Revenue Savings Proposals

Service Area	Description of Proposal	2018/19 Revenue Saving £
Leadership Support - Suzy Tigwell		
1	Otterpool Park project set up costs	-15,000
Democratic Services & Law - Amandeep Khroud		
2	Software licence fees	-30,500
3	Telephone costs	-10,000
4	Deletion of post	-56,000
5	Realignment of Member Allowance budgets to reflect actual costs	-6,900
Commercial & Technical Services - Andy Blaszkowicz		
6	Hythe Town Council grounds maintenance service	-14,000
7	Income generation - sale of logs	-10,000
8	Increased property rental income	-36,000
9	Business rates reduction - public toilets	-10,000
10	Increased property rental income	-60,000
Communities - Sarah Robson		
11	Dog kennelling fees	-5,700
12	Folkestone Sports Centre	-9,000
13	Environmental Education	-5,000
Human Resources - Andrina Smith		
14	Grow Our Own project - staffing	-59,400
15	Grow Our Own project - training expenses	-14,000
16	Deletion of post	-9,500
Economic Development - Katharine Harvey		
17	Reduced Economic Development salary costs	-33,000
18	Apprenticeships scheme	-62,000
Planning - Ben Geering		
19	Increase in planning fees	-100,000
20	Income from pre-application advice service	-10,000
21	Government grant - self and custom build 'new burdens' funding	-30,000
22	Training budget	-7,000
		-593,000

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2018/19 Capital Programme Growth Proposals

Service Area	Description of Proposal	2018/19 Capital Growth £
Communities - Sarah Robson		
1	Replacement vehicle - environmental enforcement	14,000
2	Replacement vehicle - dog warden	29,000
3	Temporary Accommodation - invest to save	1,000,000
4	Empty Homes Initiative (2018/19 only)	350,000
Commercial & Technical Services - Andy Blaszokowicz		
4	New plant and vehicles - grounds maintenance	156,000
5	Footpath improvements - Royal Military Canal	<u>20,000</u>
		<u>1,569,000</u>

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2018/19 Budget Timetable

Date	Details
11 October 2017	Full Council <ul style="list-style-type: none"> • Medium Term Financial Strategy 2018/19 to 2021/22
14 November 2017	Overview and Scrutiny <ul style="list-style-type: none"> • Budget Strategy 2018/19 • Fees and Charges 2018/19.
15 November 2017	Cabinet <ul style="list-style-type: none"> • Budget Strategy 2018/19 • Fees and Charges 2018/19. <p>Budget consultation begins</p>
22 November 2017	Chancellor's Autumn Budget
December 2017 (TBC)	Provisional local government finance settlement 2018/19 announced by Department for Communities and Local Government.
12 December 2017	Overview and Scrutiny Committee <ul style="list-style-type: none"> • Detailed scrutiny of Draft Budget • General Fund Draft Revenue Budget 2018/19 • HRA Revenue and Draft Capital Budget 2018/19 • General Fund Draft Medium Term Capital Programme 2018/19 to 2022/23.
14 December 2017	Cabinet <ul style="list-style-type: none"> • General Fund Draft Revenue Budget 2018/19 • HRA Revenue and Capital Draft Budget 2018/19 • General Fund Draft Medium Term Capital Programme 2018/19 to 2022/23.
Early 2018 (TBC)	Final Local Government Finance Settlement confirmed.
17 January 2018	Cabinet <ul style="list-style-type: none"> • Outcome of Final Local Government Finance Settlement (if required) <p>Budget consultation ends</p>
28 February 2018	Cabinet: <ul style="list-style-type: none"> • General Fund Budget 2018/19 • HRA Budgets and Rents 2018/19 • General Fund Medium Term Capital Programme 2018/19 to 2022/23.
28 February 2018	Full Council : <ul style="list-style-type: none"> • General Fund Budget 2018/19 • HRA Budgets and Rents 2018/19 • General Fund Medium Term Capital Programme 2018/19 to 2022/23. • Council Tax 2018/19.

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This Report will be made public on 7 November 2017

Folkestone

Hythe & Romney Marsh
Shepway District Council



Report Number **C/17/54**

To: Cabinet
Date: 15 November 2017
Status: Key Decision
Head of Service: Charlotte Spendley, Head of Finance
Cabinet Member: Councillor Malcolm Dearden, Finance

SUBJECT: FEES AND CHARGES 2018/19

SUMMARY:

This report focuses on the proposed fees and charges for 2018/19 which will contribute towards meeting the council's 2018/19 budget objectives and Medium Term Financial Strategy.

The Council's Fees and Charges Policy was approved by Cabinet on 8 September 2010 (Report C/10/24). This report recommends some changes to the Policy to ensure it remains relevant and up to date.

RECOMMENDATIONS

- 1. To receive and note report C/17/54.**
- 2. To approve:**
 - (i) The 2018/19 fees and charges which are set at the discretion of the council for the General Fund and Housing Revenue Account, as outlined at Appendix 2;**
 - (ii) The statutory charges subject to discretionary charges at Appendix 3; and**
 - (iii) To note the statutory charges at Appendix 4.**
- 3. To approve the recommended changes to the Fees and Charges Policy, as detailed in the report.**

1. INTRODUCTION AND BACKGROUND

1.1 The Fees and Charges Policy sets out the Council's charging framework. The proposed changes to the Fees and Charges Policy for 2018/19 are highlighted at Appendix 1 and relate to the addition of two new exceptions to the principles of full cost recovery and inflationary increases:

- Commercial activities - where fees and charges need to respond to market conditions or their ability to compete effectively for tenders. These will be discussed with the relevant portfolio holder at the appropriate time but will be on the basis of covering all costs at a minimum.
- Statutory charges - over which the council has no control and will be introduced as per the respective guidance and will not be subject to this policy

Price Inflation

1.2 The proposal for 2018/19 is to apply the CPI rate at June 2017 (2.6%) as the benchmark for price increases. There are exceptions to this principle where an inflationary increase is anticipated to have an adverse impact on demand or where it would place the charge out of line with comparable services in neighbouring councils.

1.3 The proposed discretionary fees and charges for 2018/19 are detailed at Appendices 2 and 3. Statutory charges are shown in Appendix 4.

1.4 A further report will be presented to Cabinet in December 2017 which sets out the proposed charges for car parking in 2018/19.

2. PROPOSED NEW GENERAL FUND FEES AND CHARGES

Discretionary – Appendix 2

Environmental Information / General Data Protection Regulation (GDPR) Requests

2.1 Proposed new charges for Freedom of Information, Environmental and Data Protection requests following deletion of the statutory Data Protection and Access to Files charge from May 2018.

Commercial & Technical

2.2 Proposed new charges for daily Lifeline check calls:

- Quarterly: £17.20
- Annual: £68.60

Community Services

2.3 Proposed new charges for:

- Premise Licence - pre-application - £24 per hour for written advice (basic); £45 per 30 minute meeting with written advice
- Environmental Protection - £10 per hour for works in default (returning seized goods and removal of fly posting)
- Food Hygiene Scheme - £45 per re-rating application

Human Resources - Cemeteries

2.4 Proposed new charges for:

- Family History Requests - £30 per request, increasing to £60 for requests for more than three names.
- Administration fees of £50 for replacement headstones, burial where ashes are added and mixing of two ashes

3. PROPOSED DELETION OF GENERAL FUND FEES AND CHARGES

Discretionary – Appendix 2

Data Protection/Access to Files charges

- 3.1 The Data Protection and Access to Files charges have been deleted from the statutory fees and charges schedule in anticipation of introduction of the General Data Protection Regulation on 25 May 2018.

Hythe Pool

- 3.2 Proposed increase in various charges (2.0% to 2.6%); other charges have been reduced or deleted to increase uptake and remain in line with other centres eg. deleted membership joining fee. Full details are set out in Appendix 2.

Shingle Extraction

- 3.3 The annual fee is not forecast to be recovered in 2018/19. The consequent budget growth requirement of £40,850 is addressed in the 2018/19 Budget Strategy report on this agenda.

Lifeline

- 3.4 Proposed deletion of the Neo-Falls Detector fees. This equipment is no longer supplied.

Financial Services

- 3.5 Charges to customers who pay by credit card will be deleted for 2018/19 in line with the EU Payment Services Directive II which comes into force on 13 January 2018. The consequent budget growth requirement of £13,300 is addressed in the 2018/19 Budget Strategy report on this agenda.

Statutory Charges Subject to Discretionary Fees - Appendix 3

Local Land Charges

- 3.6 The Statutory Additional Questions fee is no longer charged.

4. PROPOSED CHANGES TO GENERAL FUND FEES AND CHARGES

Discretionary – Appendix 2

Housing

- 4.1 The charge for use of mobile scooter stores has been amended to £2.30 with the intention of encouraging residents to store their scooters outside our sheltered schemes.

- Street Naming & Numbering
- 4.2 Proposed increase in the charge per additional unit (over 20) from £22.80 to £30.
- Hythe Pool
- 4.3 Proposed increase in various charges (2.0% to 2.6%); other charges have been reduced or deleted to increase uptake and remain in line with other centres eg. deleted membership joining fee. Full details are set out in Appendix 2.
- Waste and Recycling
- 4.4 Proposed increase in charges:
- Bulky household waste collection charge (for 1 and 2 items) - 2.6%.
 - Garden Waste subscription – an increase of £1 per annum
- Fees and charges for wheeled and other bins – no change.
- Grounds Maintenance
- 4.5 Proposed increase (2%) in charges for football pitches; income budget increased from £4,250 to £8,000 to reflect increased fees and current usage.
- 4.6 Proposed increase in charges for Green Lane allotments.
- Lifeline
- 4.7 Proposed increase in the majority of charges of between 2% and 3%.
- Housing Services Charges
- 4.8 Two statutory charges have been added to the schedule
- Penalty Charge for breach of Smoke and Carbon Monoxide Alarms (England) Regulations 2015;
 - The Redress Schemes for Lettings Agency Work and Property Management Work (Requirement to Belong to a Scheme etc) (England) Order 2014.
- Immigration Inspection Fee
- 4.9 Proposed increase from £120 to £126.
- Dog Control
- 4.10 Fees for flea treatment (£8) and vaccination charge (£25) have been added to the schedule. Income budget increased from £1,000 to £4,800.
- Fixed Penalty Notices
- 4.11 Proposed increase in some charges for fixed penalty notices from £80 to £100. The wording of dog offences has been amended to reflect introduction of the Public Space Protection Order 2 in 2016.
- Cemeteries
- 4.12 Proposed increase (2.6%) in the majority of cemeteries fees and charges. Fees remain comparable to those of neighbouring authorities.

- General photocopying
- 4.13 Proposed increase; this service is subject to review as demand is now very low and it is no longer cost effective to administer.

- Council ID Cards
- 4.14 Proposed increase from £5.00 to £7.50 to reflect the costs of printing and issuing new cards.

Statutory Charges Subject to Discretionary Fees - Appendix 4

- Local Land Charges
- 4.15 Proposed amendment to separate the Basic Research (CON29) and Official Search (LLC1) fees.

- 4.16 Planning Fees
The Government's Housing White Paper (February 2017) announced that councils in England would be able to raise planning fees by 20 per cent from July 2017. The Department for Communities and Local Government then wrote to local planning authorities to offer them a deal: the 20 per cent fee increase, in return for a commitment to 'invest the additional fee income in their planning department'. All councils in England accepted this offer, which was then delayed following the general election earlier this year. The fee increase will commence at the beginning of 2018.

5. 2018/19 GENERAL FUND BUDGET IMPLICATIONS

- 5.1 The changes to fees and charges that are proposed for 2018/19 are anticipated to increase net income receipts by approximately £57,900.

The increase comprises:

	£	£
Reduced income:		
Credit Card charges	13,300	
Shingle Extraction	40,900	54,200
Increased income		
Off-Street Parking	-90,000	
Dog Control	-1,000	
Pollution Reduction	-3,200	
Green Waste	-7,500	
Bulky Waste Collections	-1,200	
Donated Seat Income	-5,300	
Football pitches	-3,800	
Allotments	-100	-112,100
Net		£57,900

6. PROPOSED AMENDMENTS TO HOUSING REVENUE ACCOUNT FEES AND CHARGES

Charges for Wastewater Treatment Works and Pumping Stations

- 6.1 The 2017/18 Fees and Charges report highlighted that the HRA subsidises the cost of this service. As in previous years, Cabinet agreed to limit increases on the charge for this service for existing users to annual increases of 8% in 2017/18 where users of the service were already paying the maximum charge of £810 per property. Users whose charge was lower than this would continue to pay the actual cost of the service up to the capped maximum amount. Cabinet has also previously agreed that new purchasers of properties, who buy under the 'Right to Buy' scheme, pay the actual cost of wastewater treatment works and cesspools.

The increase to the capped charge takes it from £810 in 2017/8 to £875 in 2018/19 and will reduce the HRA subsidy to £6,000 from £8,000.

Cesspools

- 6.2 In 2017/18 the same principle of the council recovering its costs up to a maximum of £810 for each household has previously been approved for the 7 council-owned properties which drain to cesspools. This produces annual income of £5,670. The cost of the service in 2016/17 was £9,410. If the cost is about the same in 2017/18 the HRA would be subsidising the service by approximately £3,740. In line with the above, it is recommended that the cap remains at the already approved figure of 8% per annum for 2018/19 taking the annual charge to £875.
- 6.3 Charges to tenants for garages, parking, room hire, etc. are to be increased by 2.6%
- 6.4 The budget implications of these changes will be reflected in the Housing Revenue Account and Capital Original Budget 2018/19 report to Cabinet in February 2018.

7. RISK MANAGEMENT ISSUES

- 7.1 A summary of the perceived risks follows:

Perceived risk	Seriousness	Likelihood	Preventative action
Income targets are not achieved resulting in a budget deficit	High	Medium	All fees and charges and income budgets are reviewed in detail each year to ensure that they are reasonable and achievable.

8. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

8.1 Legal Officer's Comments (DK)

As a general rule, the Council is under a duty to act fairly in its decision-making, including exercising its discretion to increase relevant fees and charges. The Localism Act 2011 gives the Council a wide ambit of power to charge for its services and section 93 of the Local Government Act 2003 gives the Council capacity to charge for relevant services; on the basis it is doing so without 'trading' (or making a profit).

8.2 Finance Officer's Comments (AK)

The financial implications are set out in the report.

8.3 Diversities and Equalities Implications (AK)

The budget report to Full Council in February 2018 will include an Equality Impact Assessment of the budget recommendations for 2018/19.

Councillors with any questions arising out of this report should contact the following officer prior to the meeting

Alan King, Group Accountant (General Fund)

Tel: 01303 853213

E-mail: alan.king@shepway.gov.uk

The following background documents have been relied upon in the preparation of this report:

Budget working papers

Appendices:

Appendix 1 - Fees and Charges Policy

Appendix 2 - Discretionary Fees and Charges Schedule

Appendix 3 - Statutory Fees Subject to Discretionary Charges Schedule

Appendix 4 - Statutory Fees Schedule

General Fees and Charges Policy

All fees and charges are subject to the following general policy.

1. There shall be full cost recovery so that general council taxpayers are not subsidising the costs of an optional service. Any exceptions to this rule can only be agreed by cabinet. Where there is a substantial change between the current charge and the full cost recovery amount, the increase can be staggered over a period of up to three financial years.

In addition:

2. Fees and charges are increased by the current rate of inflation (generally rounded up to the nearest 10p).

The main exceptions to this rule are:

- Court fees
- Room bookings at the civic centre – voluntary organisations
- Car parking – as subject to review in the Car Park Strategy
- Building control – subject to full cost recovery of building control chargeable element.
- Contract charges with other organisations which are subject to separate negotiations
- [NEW] Commercial activities - where fees and charges need to respond to market conditions or their ability to compete effectively for tenders. These will be discussed with the relevant portfolio holder at the appropriate time but will be on the basis of covering all costs at a minimum.
- [NEW] Statutory charges - over which the council has no control and will be introduced as per the respective guidance and will not be subject to this policy

Discretionary Fees and Charges 2018/19

VAT KEY	OS	Outside the scope of VAT	
	S	Standard Rated	20%
	E	Exempt	

APPENDIX 2

Service	Further Information	VAT Category	Charges for 2017/18 Net of VAT if applicable £	Charges for 2017/18 with VAT if applicable £	Proposed Charges for 2018/19 Net of VAT if applicable £	Proposed Charges for 2018/19 with VAT if applicable £
LEGAL, DEMOCRATIC AND CONTRACTS SERVICES						
Street Naming and Numbering						
Changing a property address		OS	57.10	57.10	57.00	57.00
Registering a new property		OS	114.20	114.20	114.00	114.00
New Street/Building (2-10 units)		OS	217.00	217.00	217.00	217.00
New Street/Building (11-19 units)		OS	354.10	354.10	354.00	354.00
New Street/Building (>20 units)		OS	354.10	354.10	354.00	354.00
Additional unit		OS	22.80	22.80	30.00	30.00
Changing a street name		OS	571.00	571.00	571.00	571.00
Provision of historical information		OS	239.80	239.80	239.00	239.00
Freedom of Information Act 2000						
Estimation of officer time taken to process the request – less than 18 hours : no charge (disbursements eg. photocopying and postage will be charged separately)		OS	0.00	0.00	0.00	0.00
Estimation of officer time taken to process the request – 18 hours or more: (disbursements eg. photocopying and postage will be charged separately)						
Initial charge (for first 18 hours)		OS	0.00	0.00	450.00	450.00
Additional hours (per hour)		OS	0.00	0.00	25.00	25.00
Environmental Information Regulations						
Requests under the Environmental Information Regulations will be charged at £25 an hour (disbursements eg. photocopying and postage will be charged separately)			0.00	0.00	25.00	25.00
Data Protection Act (Effective from 25 May 2018)						
Manifestly unfounded or excessive request - estimation of the officer time taken to process the request – less than 18 hours: no charge (disbursements eg. photocopying and postage will be charged separately)		OS	0.00	0.00	0.00	0.00
Manifestly unfounded or excessive request - estimation of officer time taken to process the request – 18 hours or more: (disbursements eg. photocopying and postage will be charged separately)		OS	Variable	Variable ariable	Variable	Variable
Initial charge (for first 18 hours)		OS	0.00	0.00	450.00	450.00
Additional hours (per hour)		OS	0.00	0.00	25.00	25.00
Requests for further copies of information already supplied: hours charged at £25 per hour (disbursements eg. photocopying and postage will be charged separately)		OS	0.00	0.00	25.00	25.00
Legal Fees						
Development/planning agreements	First 10 hours	OS	650 to 4,000	650 to 4,000	650 to 4,000	650 to 4,000
Hourly rate thereafter		OS	100.00	100.00	100.00	100.00
Commercial property / lease	Hourly rate if applicable	OS	400 to 800	400 to 800	400 to 800	400 to 800
Transfer of miscellaneous land		OS	500 to 700	500 to 700	500 to 700	500 to 700
Lease renewals		OS	200 to 450	200 to 450	200 to 450	200 to 450
License to assign		OS	350 to 800	350 to 800	350 to 800	350 to 800
Licenses for land		OS	200 to 800	200 to 800	200 to 800	200 to 800

Discretionary Fees and Charges 2018/19

VAT KEY	OS	Outside the scope of VAT	
	S	Standard Rated	20%
	E	Exempt	

APPENDIX 2

Service	Further Information	VAT Category	Charges for 2017/18	Charges for 2017/18	Proposed Charges for	Proposed Charges for
			Net of VAT if applicable	with VAT if applicable	2018/19 Net of VAT if applicable	2018/19 with VAT if applicable
			£	£	£	£
Easements		OS	300 to 700	300 to 700	300 to 700	300 to 700
Land enquiries - abortive transaction fee		OS	150.00	150.00	150.00	150.00
Deed of surrender/novation		OS	250.00	250.00	250.00	250.00
Leaseholder matters/post RTB Matter		OS	55 to 230	55 to 230	55 to 230	55 to 230
Discharge of mortgages		OS	97.00	97.00	97.00	97.00
Rent reviews		OS	57.00	57.00	57.00	57.00
Supplying copies of deed/misc land documents per A4 photocopying charge		OS	0.10	0.10	0.10	0.10
Hourly rate for providing services to external organisations or hourly rate to be applied in complex property/development transactions		S	97.00	116.40	97.00	116.40
Hythe Swimming Pool						
<i>These activities are subjected to standard VAT unless there is a block booking of 10 or more sessions by schools, clubs or</i>						
Swimming – Adult		S	3.40	4.10	3.50	4.20
Swimming – Junior		S	2.10	2.50	2.20	2.60
Swimming – Senior		S	2.10	2.50	2.20	2.60
Swimming – Off Peak		S	2.60	3.10	2.70	3.20
Swimming – Disabled		S	1.70	2.00	1.75	2.10
Swimming – Carer		S	1.70	2.00	1.75	2.10
Organised Groups – Adults		S	2.90	3.50	3.00	3.60
Organised Groups – Junior		S	1.80	2.20	1.90	2.30
Family ticket (2 adults & 2 juniors or 1 adult & 3 juniors)		S	8.50	10.20	8.70	10.40
Aqua Aerobics/Fit		S	4.40	5.30	4.50	5.40
Aqua Zumba		S	4.40	5.30	4.50	5.40
Spectator Admission		S	0.80	1.00	0.80	1.00
Gym		S	3.90	4.70	4.00	4.80
Gym & Swim		S	5.20	6.20	N/A	N/A
Shower only (non facility users)		S	2.00	2.40	0.00	0.00
Adult lessons – course of 10 (45 minute lessons)		E	94.90	94.90	81.50	81.50
Adult lessons (claimants) – course of 10 (45 min lessons)		E	54.90	54.90	N/A	N/A
Adult (front crawl) training - per session		E	15.60	15.60	5.50	5.50
Junior lessons – course of 10 (30 minute lessons)		E	54.90	54.90	56.00	56.00
Junior Tri Sessions		E	10.20	10.20	N/A	N/A
Pool hire per hour (includes 1 lifeguard and upto 30 people)		S	90.50	108.60	90.50	108.60
Teaching Pool hire per hour		S	32.90	39.50	32.90	39.50
Club hire (Monday-Saturday)		E	66.80	66.80	68.00	68.00
Club hire (Sunday)		E	60.50	60.50	62.00	62.00
Lifeguard for clubs		E	11.50	11.50	11.70	11.70
Adult blue voucher book (12 tickets)		S	32.70	39.20	35.00	42.00
Senior voucher book (12 tickets)		S	20.30	24.40	22.00	26.00
Junior voucher book (12 tickets)		S	20.30	24.40	22.00	26.00
Early Riser Voucher Book (12 tickets)		S	32.70	39.20	27.00	32.00
Disabled Voucher book (12 tickets)		S	15.90	19.10	17.50	21.00
Aqua Aerobics yellow voucher books (12 tickets)		S	43.20	51.80	45.00	54.00
Gym orange voucher books		S	37.90	45.50	N/A	N/A
Gym & Swim voucher books		S	51.10	61.30	N/A	N/A
School swimming teacher - per half hour		S	6.70	8.00	6.90	8.30

Discretionary Fees and Charges 2018/19

VAT KEY	OS	Outside the scope of VAT	
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APPENDIX 2

Service	Further Information	VAT Category	Charges for 2017/18	Charges for 2017/18	Proposed Charges for	Proposed Charges for
			Net of VAT if applicable	with VAT if applicable	2018/19 Net of VAT if applicable	2018/19 with VAT if applicable
			£	£	£	£
Schools non exclusive – per child per half hour		S	1.80	2.20	1.85	2.20
School exclusive pool hire – per half hour (maximum 20 children)		S	24.40	29.30	29.00	35.00
School exclusive pool hire – additional children		S	1.20	1.40	1.25	1.50
Private lessons per half hour – 1 child		E	16.80	16.80	17.20	17.20
Private lessons per half hour – 2 children		E	20.00	20.00	N/A	N/A
Private lesson per half hour – 1 adult		E	20.00	20.00	N/A	N/A
Private lesson per half hour – 2 adults		E	24.40	24.40	N/A	N/A
Direct debit - annual advance payment		S	175.00	210.00	175.00	210.00
Direct debit - monthly payment on a minimum 12 month contract		S	15.30	18.40	15.30	18.40
Direct debit monthly payment - open contract (no minimum term can be cancelled at		S	19.70	23.60	19.70	23.60
Joining fee for open contract direct debit		S	13.50	16.20	N/A	N/A
Waste & Recycling						
Bulky household collection (1 item)		OS	23.95	23.95	24.50	24.50
Bulky waste additional items (collected on the same visit)		OS	6.00	6.00	6.00	6.00
Two bulky household items (collected on the same visit)		OS	23.95	23.95	24.50	24.50
Abortive visits (including scheduled collections not cancelled 1 working day in advance)		OS	29.95	29.95	24.50	24.50
Cancelled visits - (including scheduled collections not cancelled 1 working day in advance)		OS	5.00	5.00	5.00	5.00
Garden waste sacks individual		OS	1.25	1.25	1.25	1.25
Garden waste sacks (roll of 10 sacks)		OS	11.45	11.45	11.45	11.45
Purple sacks (restrictions apply) - individual		OS	2.45	2.45	2.45	2.45
Purple sacks (restrictions apply) - roll of 13 sacks		OS	29.95	29.95	29.95	29.95
Supply & delivery of 140 litre wheeled bin		OS	35.99	35.99	35.99	35.99
Supply & delivery of 180 litre wheeled bin		OS	49.99	49.99	49.99	49.99
Supply & delivery of 240 litre wheeled bin		OS	47.95	47.95	47.95	47.95
Supply & delivery of 360 litre wheeled bin		OS	75.95	75.95	75.95	75.95
Supply & delivery of 660 litre green (residual) wheeled bin		OS	235.00	235.00	235.00	235.00
Supply & delivery of 660 litre wheeled bin (recyclables)		OS	245.00	245.00	245.00	245.00
Supply & delivery of 1100 litre green (residual) wheeled bin		OS	252.00	252.00	252.00	252.00
Supply & delivery of 1100 litre wheeled bin (recyclables)		OS	262.00	262.00	262.00	262.00
Bin authorisation fee (2 wheeled bin)		OS	6.00	6.00	6.00	6.00
Bin authorisation fee (4wheeled bin)		OS	12.00	12.00	12.00	12.00
Food waste collections, kerbside container		OS	9.95	9.95	9.95	9.95
Food waste collections, kitchen caddy		OS	5.95	5.95	5.95	5.95
New property container offer (Up to 2WB, 2 Food + Box) Price capped at		OS	84.95	84.95	84.95	84.95
Black box recycling container		OS	9.95	9.95	9.95	9.95
Purple box recycling container		OS	9.95	9.95	9.95	9.95
Blue bag recycling container		OS	4.95	4.95	4.95	4.95
Green waste collection - contribute towards purchase		OS	29.95	29.95	29.95	29.95
Green waste collection - annual subs.		OS	45.00	45.00	46.00	46.00
Green waste collection - direct debit		OS	45.00	45.00	46.00	46.00

COMMUNICATIONS

Below are the advertised rates, but discretionary discounts could be considered.

Discretionary Fees and Charges 2018/19

VAT KEY	OS	Outside the scope of VAT	
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APPENDIX 2

Service	Further Information	VAT Category	Charges for 2017/18	Charges for 2017/18	Proposed Charges for	Proposed Charges for
			Net of VAT if applicable	with VAT if applicable	2018/19 Net of VAT if applicable	2018/19 with VAT if applicable
			£	£	£	£
Advertising space in Shepway Today	1/4 Page	S	200.00	240.00	200.00	240.00
Advertising space in Shepway Today	1/2 Page	S	380.00	456.00	380.00	456.00
Advertising space in Shepway Today	Full Page	S	720.00	864.00	720.00	864.00
Advertising space in Shepway Today	Back Page	S	800.00	960.00	800.00	960.00
HOUSING SERVICES						
Housing Revenue Account						
Garages let to SDC tenants	Per week	OS	11.10	11.10	11.40	11.40
Garages let privately	Per week	S	11.10	13.30	11.40	13.70
Parking spaces let to SDC tenants	Per week	E	3.20	3.20	3.30	3.30
Parking spaces let privately	Per week	S	3.20	3.80	3.30	3.30
Stores	Per week	E	16.70	16.70	17.10	17.10
Hire of scooter store	Per week	E	5.90	5.90	2.30	2.30
Lounge hire - sheltered accommodation	Per hour	E	13.90	13.90	14.30	14.30
Guest rooms - sheltered accommodation	Per night	E	16.70	16.20	17.10	17.10
Lifeline for Council tenants (VAT is zero rated for clients with disabilities)	Per week	S	1.00	1.20	1.00	1.20
Long lease renewals						
Administrative fee		S	200.00	240.00	205.00	246.00
Valuation fee		S	360.00	432.00	369.00	443.00
Plan fee		S	96.00	115.20	98.00	118.00
Supporting People						
- Full Sheltered	Per week	E	10.90	10.90	10.90	10.90
- Semi Sheltered	Per week	E	0.80	0.80	0.80	0.80
Shed	Per week	E	3.80	3.80	3.80	3.80
RTB - management fee	Annual	E	210.00	210.00	215.00	215.00
RTB - reference for purchase		E	42.80	42.80	44.00	44.00
RTB - service charges enquiry		E	75.00	75.00	77.00	77.00
Sale of land - administration fee		S	250.00	300.00	257.00	308.00
Housing						
Immigration inspection fee	Per inspection	S	100.00	120.00	105.00	126.00
COMMERCIAL & TECHNICAL SERVICES						
Parking Services						
Provision of white 'access' road markings (outside premises or private drive):						
Analysis and survey work	per application	E	121.00	121.00	121.00	121.00
Installation and maintenance (10 years)	per application	E	158.00	158.00	158.00	158.00
Hire of Land						
Refundable deposit - non-commercial events(minimum of £100) - sliding scale		OS	up to £500.00	up to £500.00	up to £500.00	up to £500.00
Small non-commercial events - hire charge		OS	130.00	130.00	135.00	135.00
Charitable/Community events - hire charge		OS	40.00	40.00	40.00	40.00
Boot Fairs		OS	250.00	250.00	260.00	260.00
Commercial events hire charge (per day)		OS	1,100.00	1,100.00	1,150.00	1,150.00

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			Net of VAT if applicable	with VAT if applicable	2018/19 Net of VAT if applicable	2018/19 with VAT if applicable
			£	£	£	£
Refundable deposit - commercial events (minimum of £500) - sliding scale		OS	up to £1,000.00	up to £1,000.00	up to £1,000.00	up to £1,000.00
Arranging TPC road closure (admin fee)		OS	20.00	20.00	20.00	20.00
Cleaning & restocking charge for use of WCs used by event organiser (some exemptions available on request)		S	100.00	120.00	104.00	125.00
Public Toilets						
Dymchurch Sea Wall toilets		OS	0.20	0.20	0.20	0.20
Radar keys		S	2.20	2.60	2.20	2.60
Outdoor Sports and Recreation						
<i>Strategic Projects</i>						
Outdoor Sports and Recreation						
These activities are subjected to standard VAT unless there is a block booking of 10 or more sessions by schools, clubs or associations, then it is treated as an exempt activity.						
Cricket – Shorncliffe		S	53.50	64.20	60.00	72.00
Cricket – Shorncliffe (Concession)		S	19.90	23.90	25.00	30.00
Football – Sports Ground (Cheriton)		S	63.30	76.00	65.00	78.00
Football – Sports Ground (Cheriton) (concession)		S	43.50	52.20	45.00	54.00
Mini Soccer - Sports Ground (Cheriton)		S	14.20	17.00	14.50	17.40
Football - 9v9 Sports Ground (Cheriton Rd and North Rd)		S	28.00	33.60	29.00	34.80
Football – Stadium (Cheriton)		S	51.10	61.30	55.00	66.00
Football – Stadium (Cheriton) (concession)		S	32.50	39.00	35.00	42.00
Royal Military Canal:						
Allotments (Green Lane) Full Plot		OS	28.30	28.30	40.00	40.00
Allotments (Green Lane) Half Plot		OS	14.20	14.20	20.00	20.00
Shingle Extraction						
Annual Fee up to 120,000 cubic metres		OS	40,845.66	40,845.66	n/a	n/a
Fee per cubic metre over 120,000 cubic metres		OS	1.02	1.02	1.02	1.02
Beach Huts						
Hythe	per annum	E	800	800.00	800.00	800.00
Sale of Documents						
Sale of miscellaneous documents - Building Control		S	Variable	Variable	Variable	Variable
Private Lifeline Charges						
<i>Equipment subject to VAT but client has option to complete VAT exemption form.</i>						
Gemini unit (per week)	per week	S	3.20	3.80	3.40	4.10
Bogus caller alarm		S	30.30	36.40	30.50	36.60
CO2 fall & flood detector	Quarterly charge	S	33.00	39.60	40.00	48.00
Neo falls detector	per week	S	2.00	2.40	n/a	n/a
GPS Footprint	per week	S	5.10	6.10	5.20	6.20
Universal sensor	Quarterly charge	S	16.10	19.30	16.80	20.20
Epilepsy sensor	per week	S	6.50	7.80	6.60	7.90
Pull cord		S	2.10	2.50	2.00	2.40
Property exit sensor		S	6.25	7.50	2.20	2.60
Bed occupancy sensor	Quarterly	S	73.50	88.20	74.50	89.40
Bed sensory pad	per week	S	1.30	1.60	1.40	1.70

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			Net of VAT if applicable	with VAT if applicable	2018/19 Net of VAT if applicable	2018/19 with VAT if applicable
			£	£	£	£
PR / fault visits		S	37.00	44.40	39.00	46.80
Safe socket		S	30.50	36.60	31.00	37.20
Smoke detectors	per week	S	2.10	2.50	2.25	2.70
Telephone extension lead		S	5.00	6.00	5.50	6.60
Electrical extension lead		S	7.50	9.00	8.00	9.60
Pendant		S	71.25	85.50	72.00	86.40
Pendant rental	per week	S	1.30	1.60	1.50	1.80
Replacement pendant (used)		S	37.00	44.40	39.00	46.80
Lost units (replacements)		S	130.00	156.00	135.00	162.00
GSM (mobile phone lifeline)	per week	S	6.60	7.90	6.70	8.00
Care assist	per week	S	3.20	3.80	3.30	4.00
Care assist for existing clients with faulty line		S	43.00	51.60	44.00	52.80
Replacement power supply	per unit	S	35.00	42.00	36.00	43.20
Big button phone	per unit	S	16.00	19.20	17.50	21.00
Minuet pendants	per unit	S	83.50	100.20	85.00	102.00
ADSL filters	Unit price +10%	S	Variable	Variable	5.00	6.00
Installation charge		S	37.00	44.40	39.00	46.80
Out of area installation charge		S	66.50	79.80	68.00	81.60
RSL monitoring income shown as an hourly rate		S	0.11	0.10	0.11	0.13
Wristband set up charge		S	35.00	42.00	35.00	42.00
Wristbands (per annum)		S	20.00	24.00	20.00	24.00
Telehealth monitoring		S	1.85	2.20	1.85	2.20
Warm Homes		S	1.58	1.90	1.58	1.90
Lone Worker scheme set-up	per person	S	5.50	6.60	5.50	6.60
Lone Worker scheme part-time	per week	S	0.80	1.00	0.90	1.10
Lone Worker scheme full-time	per week	S	1.10	1.30	1.20	1.40
Data holding and contract holding	per week	S	0.60	0.70	0.60	0.70
Monitoring only - donated (per week)	As per supporting people grant	S	2.10	2.50	2.20	2.60
Daily Check Calls (New Charge)	per quarter	S	N/A	N/A	14.30	17.20
Daily Check Calls (New Charge)	per annum	S	N/A	N/A	57.20	68.60

PLANNING SERVICES

Planning Pre-Application Charging Schedule

Householder application - written advice (basic) following letter/submission received	S	42.00	50.00	42.00	50.00
Householder application - per 30 minute meeting with written advice	S	125.00	150.00	125.00	150.00
Replacement dwellings					
Single dwelling - written advice following letter/submission received	S	125.00	150.00	125.00	150.00
Single dwelling - per one hour meeting with written advice	S	210.00	250.00	210.00	250.00
2 - 9 units - written advice following letter/submission received	S	210.00	250.00	210.00	250.00
2 - 9 units - per one hour meeting with written advice	S	350.00	420.00	350.00	420.00
10 - 49 units - charge includes two hour meeting with written advice	S	n/a	n/a	n/a	n/a
10 - 20 units - charge includes two hour meeting with written advice	S	542.00	650.00	542.00	650.00
21 - 49 units - charge includes two hour meeting with written advice	S	708.00	850.00	708.00	850.00
50 - 99 units - charge includes two hour meeting with written advice	S	833.00	1,000.00	833.00	1,000.00
Strategic development +100 units - Planning Performance Agreement (Cost recovery of officer time and consultant costs)	S	Variable	Variable	Variable	Variable

Discretionary Fees and Charges 2018/19

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APPENDIX 2

Service	Further Information	VAT Category	Charges for 2017/18 Net of VAT if applicable £	Charges for 2017/18 with VAT if applicable £	Proposed Charges for 2018/19 Net of VAT if applicable £	Proposed Charges for 2018/19 with VAT if applicable £
Listed Buildings - written advice following letter/submission received		S	42.00	50.00	42.00	50.00
Listed Buildings - 30 minute meeting with written advice		S	125.00	150.00	125.00	150.00
Trees with a Tree Preservation Order or in a Conservation Area		S	0.00	0.00	0.00	0.00
Advertisements (initial one hour advice meeting and letter)		S	0.00	0.00	0.00	0.00
Businesses - free initial advice meeting and letter		S	0.00	0.00	0.00	0.00
Businesses - any further work required for business with a floor space above 500m²		S	Variable	Variable	Variable	Variable
Other operations and developments (bespoke fee linked to scale and complexity of development)		S	Variable	Variable	Variable	Variable
Sale of Documents						
Sale of miscellaneous documents - Planning Policy		S	Variable	Variable	Variable	Variable
Sale of miscellaneous documents - Development Control		S	Variable	Variable	Variable	Variable
Charging for monitoring legal agreements		S	Variable	Variable	Variable	Variable
Shepway Core Strategy Local Plan	Hard Copy	S	71.80	86.20	71.80	86.20
Shepway Core Strategy Local Plan	Saved Policies	S	92.30	110.80	92.30	110.80
Shepway Core Strategy Local Plan - concessionary rate for local residents, Town and Parish Councils	Hard Copy with Saved Policies	S	51.30	61.60	51.30	61.60
		S	71.80	86.20	71.80	86.20
COMMUNITY SERVICES						
Hackney Carriage Licensing						
Drivers Single Licence		OS	127.00	127.00	127.00	127.00
Drivers Dual Licence		OS	173.00	173.00	173.00	173.00
Knowledge Test		OS	60.00	60.00	60.00	60.00
Vehicle Licence – Annual		OS	273.00	273.00	273.00	273.00
Vehicle Licence – Transfer		OS	94.00	94.00	94.00	94.00
Vehicle Plate replacement		OS	20.00	20.00	20.00	20.00
Driver Badge replacement		OS	20.00	20.00	20.00	20.00
Private Hire Operator Licence (Per vehicle)		OS	63.00	63.00	63.00	63.00
Miscellaneous Licensing						
Pet Animals Act 1951		OS	188.00	188.00	188.00	188.00
Dangerous Wild Animals Act 1964 & 1970	Every Two years	OS	410.00	410.00	410.00	410.00
Riding Establishments Act 1964 & 1970		OS	243.00	243.00	243.00	243.00
Breeding of Dogs Act						
-2-10 bitches		OS	160.00	160.00	160.00	160.00
-over 10 bitches		OS	273.00	273.00	273.00	273.00
Animal Boarding Establishment Act 1963						
- up to 20 animals		OS	122.00	122.00	122.00	122.00
- 21-40 animals		OS	184.00	184.00	184.00	184.00
- over 40 animals		OS	243.00	243.00	243.00	243.00
Zoo Licence Act 1982						
- up to 2 hours		OS	219.00	219.00	219.00	219.00
- each hour thereafter		OS	52.00	52.00	52.00	52.00
Performing Animals		OS	123.00	123.00	123.00	123.00
Veterinary fees - recharged at cost.			0.00	N/A	0.00	N/A

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			£	£	£	£
Street Trading Consent (Annual)		OS	284.00	284.00	284.00	284.00
Non mobiles > 25 feet in length		OS	785.00	785.00	785.00	785.00
Stall per foot- Sandgate Road	March to December	OS	3.00	3.50	3.00	3.50
Stall per foot- Sandgate Road	January and February	OS	1.80	1.80	1.80	1.80
Stall per foot- Guildhall Street	March to December	OS	2.00	2.35	2.00	2.35
Stall per foot- Guildhall Street	January and February	OS	1.35	1.35	1.35	1.35
Street Trading Licence (Lanterns) - per stall per day	per foot	OS	2.00	2.00	2.00	2.00
Canoe - annual		OS	28.50	28.50	28.50	28.50
Canoe - seasonal		OS	18.50	18.50	18.50	18.50
Boat - annual		OS	46.00	46.00	46.00	46.00
Boat - seasonal		OS	29.00	29.00	29.00	29.00
Scrap Metal Licensing						
Grant of site licence		OS	492.00	492.00	492.00	492.00
Renewal of site licence		OS	462.00	462.00	462.00	462.00
Collectors licence		OS	289.00	289.00	289.00	289.00
Variation of licence		OS	63.00	63.00	63.00	63.00
Change of details		OS	53.00	53.00	53.00	53.00
Personal & Premises Licences						
Personal - Acupuncture, ear piercing, electrolysis & semi-permanent ink		OS	189.00	189.00	189.00	189.00
Personal - Tattooing Registration		OS	308.00	308.00	308.00	308.00
Personal - Sex Shop Consent		OS	2,021.00	2,021.00	2,021.00	2,021.00
Personal - Change to Registration		OS	105.00	105.00	105.00	105.00
Premise Licence Pre-Application Schedule						
Written advice (basic) following letter/submission received		S	0.00	0.00	20.00	24.00
Per 30 minute meeting with written advice		S	0.00	0.00	38.00	45.00
Dog Control						
Kennelling per night		OS	17.00	17.00	17.00	17.00
Out of hours dog collection		OS	50.00	50.00	50.00	50.00
Veterinary fees at cost		OS	Variable	Variable	Variable	Variable
Flea treatment		OS	8.00	8.00	8.00	8.00
Vaccination charge		OS	25.00	25.00	25.00	25.00
Pollution Environmental Health						
Contaminated land search fee		OS	126.10	126.10	126.10	126.10
Hourly fee for works in default (returning seized goods and removal of fly posting)		OS	0.00	0.00	10.00	10.00
Food and Safety						
Certificate for voluntary surrender of unfit food (Including 1 hour officer time)		OS	90.00	90.00	90.00	90.00
Plus officer time per additional hour		OS	41.00	41.00	41.00	41.00
Food export certificate		OS	140.00	140.00	140.00	140.00
Food Hygiene course - fee per person		E	60.00	60.00	60.00	60.00
Food Hygiene Scheme - re-rating	per application	E	0.00	0.00	45.00	45.00
Private Water Supply Sampling						
Risk assessments(If carried out by contractor)	per hour	OS	51.30	51.30	51.30	51.30
Risk assessments(If carried out by SDC staff)	per hour	OS	25.70	25.70	25.70	25.70

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	E	Exempt	

APPENDIX 2

Service	Further Information	VAT Category	Charges for 2017/18	Charges for 2017/18	Proposed Charges for	Proposed Charges for
			Net of VAT if applicable	with VAT if applicable	2018/19 Net of VAT if applicable	2018/19 with VAT if applicable
			£	£	£	£
Mileage	per mile	OS	0.60	0.60	0.60	0.60
Sampling	per visit	OS	55.00	55.00	55.00	55.00
Analysis and courier (first sample)	first sample	OS	15.90	15.90	15.90	15.90
Additional sample	each	OS	5.40	5.40	5.40	5.40
Caravan Site Licensing						
New application	Band A (single pitch)	E	0.00	0.00	0.00	0.00
New application	Band B (2 - 10 pitches)	E	516.00	516.00	516.00	516.00
New application	Band C (11 - 25 pitches)	E	600.00	600.00	600.00	600.00
New application	Band D (26 - 50 pitches)	E	740.00	740.00	740.00	740.00
New application	Band E (51 - 100 pitches)	E	998.00	998.00	998.00	998.00
New application	Band F (101 - 200 pitches)	E	1,530.00	1,530.00	1,530.00	1,530.00
New application	Band G (201 - 400 pitches)	E	2,579.00	2,579.00	2,579.00	2,579.00
New application	Band H (401 - 800 pitches)	E	4,676.00	4,676.00	4,676.00	4,676.00
Annual fee	Band A	E	0.00	0.00	0.00	0.00
Annual fee	Band B	E	306.00	306.00	306.00	306.00
Annual fee	Band C	E	390.00	390.00	390.00	390.00
Annual fee	Band D	E	530.00	530.00	530.00	530.00
Annual fee	Band E	E	789.00	789.00	789.00	789.00
Annual fee	Band F	E	1,320.00	1,320.00	1,320.00	1,320.00
Annual fee	Band G	E	2,369.00	2,369.00	2,369.00	2,369.00
Annual fee	Band H	E	4,466.00	4,466.00	4,466.00	4,466.00
Transfer	Band A	E	0.00	0.00	0.00	0.00
Transfer	Band B to Band H	E	57.00	57.00	57.00	57.00
Amendment	Band A (single pitch)	E	0.00	0.00	0.00	0.00
Amendment	Band B to Band H	E	79.00	79.00	79.00	79.00
Site rules	Band A (single pitch)	E	0.00	0.00	0.00	0.00
Site rules	Band B to Band H	E	38.00	38.00	38.00	38.00
HUMAN RESOURCES						
Cemeteries						
Purchase fees						
Children not exceeding 12		OS	197.00	197.00	202.00	202.00
Person over 12 –purchase fee		OS	545.00	545.00	559.00	559.00
Burial and Plot Fees		OS	1,012.00	1,012.00	1,038.00	1,038.00
Green Burials (Hawkinge Only)		OS	982.00	982.00	1,008.00	1,008.00
Plot purchase, first internment & right to erect						
Garden of remembrance (Lydd, Double Plot)		OS	595.00	595.00	610.00	610.00
Garden of remembrance (New Romney, Double Plot)		OS	595.00	595.00	610.00	610.00
Garden of remembrance (New Romney, Single Plot)		OS	372.00	372.00	382.00	382.00
Digging Fees						
Children stillborn - No charge		E	0.00	0.00	0.00	0.00
Person over 12 – single depth digging		OS	561.00	561.00	576.00	576.00
Person over 12 – double depth		OS	833.00	833.00	855.00	855.00
Person over 12 – triple depth		OS	1,116.00	1,116.00	1,145.00	1,145.00
Other Fees						

Discretionary Fees and Charges 2018/19

VAT KEY	OS	Outside the scope of VAT	
	S	Standard Rated	20%
	E	Exempt	

APPENDIX 2

Service	Further Information	VAT Category	Charges for 2017/18	Charges for 2017/18	Proposed Charges for	Proposed Charges for
			Net of VAT if applicable	with VAT if applicable	2018/19 Net of VAT if applicable	2018/19 with VAT if applicable
			£	£	£	£
Exhumation Fee (Plus additional charge to cover actual cost)		E	1,188.00	1,188.00	1,219.00	1,219.00
Internment of ashes		OS	140.00	140.00	144.00	144.00
Late internment		OS	133.00	133.00	137.00	137.00
Spreading of ashes		OS	48.00	48.00	49.00	49.00
Scattering of ashes under turf		OS	140.00	140.00	144.00	144.00
Re-open fee		OS	85.00	85.00	87.00	87.00
Add. inscription		OS	72.00	72.00	74.00	74.00
Use of chapel		OS	138.00	138.00	142.00	142.00
Memorials – 6 X 3		OS	240.00	240.00	246.00	246.00
Vases		OS	92.00	92.00	94.00	94.00
Kerbs		OS	426.00	426.00	437.00	437.00
Laying down unsafe memorial		OS	121.00	121.00	124.00	124.00
Standard cost of a donated memorial bench, new plaque and 10 years mtce		OS	1,456.00	1,456.00	1,494.00	1,494.00
Standard cost of a refurbished donated memorial bench, new plaque and 10 years mtce		OS	854.00	854.00	876.00	876.00
Standard cost of a refurbished donated memorial bench, existing plaque and 10 years mtce		OS	748.00	748.00	767.00	767.00
Deed of grant		E	40.00	40.00	40.00	40.00
Transfer of Deed of Grant		E	103.00	103.00	103.00	103.00
Rose bush (includes 5yr maintenance)		E	95.00	95.00	97.00	97.00
Reserved plot surcharge on use		OS	78.00	78.00	80.00	80.00
Reservation fee		OS	78.00	78.00	80.00	80.00
Family History Request - per request up to 3 names		E	0.00	0.00	30.00	30.00
Family History Request - per request more than 3 names		E	0.00	0.00	60.00	60.00
Replacement headstones - administration fee		E	0.00	0.00	50.00	50.00
Burial where ashes are added - administration fee		E	0.00	0.00	50.00	50.00
Mixing of two ashes - administration fee		E	0.00	0.00	50.00	50.00
Hiring of council meeting rooms for all non Shepway District Council meetings/functions						
<i>KALC (Kent Association of Local Councils) and relevant voluntary/Charity organisations 100% discount</i>						
Council Chamber	Basic Hourly rate	E	35.00	35.00	35.00	35.00
Council Chamber	Hourly rate after 9pm week day evenings & Saturday (including Civic Warden fee)	E	58.75	58.75	59.20	59.20
Council Chamber	Hourly rate for Sundays & Bank Holidays (including Civic Warden fee)	E	65.00	65.00	65.60	65.60
Boulogne and Middleburg Room	Basic Hourly rate	E	25.00	25.00	25.00	25.00
Boulogne and Middleburg Room	Hourly rate after 9pm week day evenings & Saturday (including Civic Warden fee)	E	48.75	48.75	49.20	49.20
Boulogne and Middleburg Room	Hourly rate for Sundays & Bank Holidays (including Civic Warden fee)	E	55.00	55.00	55.60	55.60
Other meeting rooms	Basic Hourly rate	E	15.00	15.00	15.00	15.00

Discretionary Fees and Charges 2018/19

VAT KEY OS Outside the scope of VAT
S Standard Rated 20%
E Exempt

APPENDIX 2

Service	Further Information	VAT Category	Charges for 2017/18 Net of VAT if applicable £	Charges for 2017/18 with VAT if applicable £	Proposed Charges for 2018/19 Net of VAT if applicable £	Proposed Charges for 2018/19 with VAT if applicable £
Other meeting rooms	Hourly rate after 9pm week day evenings & Saturday	E	38.75	38.75	39.20	39.20
Other meeting rooms	Hourly rate for Sundays & Bank Holidays (including Civic Warden fee)	E	45.00	45.00	45.60	45.60
Use of drinks machine for non Shepway District Council meetings/functions						
Per drink - Up to 30 persons		S	0.83	1.00	0.83	1.00
30 Persons or more		S	16.67	20.00	25.00	30.00
General sale of documents / photocopying						
Photocopying	per A4 sheet (black & white)	S	0.10	0.12	0.12	0.15
Photocopying	per A4 sheet (colour)	S	0.12	0.15	0.16	0.20
Photocopying	per A3 sheet (black & white)	S	0.25	0.30	0.28	0.35
Photocopying	per A3 sheet (colour)	S	0.30	0.36	0.32	0.40
Photocopying	per A1 sheet (black & white)	S	2.90	3.50	3.00	3.60
Photocopying	per A1 sheet (colour)	S	3.50	4.00	3.50	4.00
Photocopying	per A2 sheet (black & white)	S	2.90	3.50	3.00	3.60
Photocopying	per A2 sheet (colour)	S	3.50	4.00	3.50	4.00
Providing electronic copies (PDF or equivalent)	per sheet	S	0.83	1.00	0.83	1.00
Lost/Unreturned ID cards						
Charge to staff		E	5.00	5.00	7.50	7.50
Charge to contractors		E	5.00	5.00	7.50	7.50
FINANCIAL SERVICES						
Court Costs						
Summons & Liability Order - council tax		E	125.00	125.00	125.00	125.00
Summons & Liability Order - business rates		E	180.00	180.00	180.00	180.00
Failure to submit Completion of Means Enquiry Form		E	70.00	70.00	70.00	70.00
Credit card charges						
Surcharge for credit card payments		OS	1% on all payments	1% on all payments	0.00	0.00

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Statutory Charges Subject to Discretionary Fees 2018/19
VAT KEY

 OS
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 Outside the scope of VAT
Standard Rated 20%
Exempt

Appendix 3

Service	Further Information	VAT category	Charges for	Charges for	Proposed Charges	Proposed Charges
			2017/18 Net of VAT if applicable	2017/18 with VAT if applicable	for 2018/19 Net of VAT if applicable	for 2018/19 with VAT if applicable
			£	£	£	£
HOUSING SERVICES						
Licensing Application for Houses in Multiple Occupation Fees(renewals)	Properties with 2 - 5 units of accommodation	OS	289.00	289.00	297.00	297.00
	Properties with 6 - 9 units of accommodation	OS	309.00	309.00	317.00	317.00
	Properties with 10+ units of accommodation	OS	320.00	320.00	328.00	328.00
Licensing Application for Houses in Multiple Occupation Fees(new applications)	Properties with 2-5 units of accommodation	OS	392.00	392.00	402.00	402.00
	Properties with 6-9 units	OS	412.00	412.00	423.00	423.00
	Properties with 10+ units	OS	423.00	423.00	434.00	434.00
PLANNING SERVICES						
High Hedge Complaints	level of fee discretionary	OS	401.00	401.00	401.00	401.00
HUMAN RESOURCES						
Local Land Charges						
Residential						
Official search of the Local Land Charges Register (LLC1)		OS	20.00	20.00	20.00	20.00
Basic Research Fee (CON29)		S	115.00	138.00	95.00	114.00
Optional questions (CON29 Part II optional enquiries of local authority)		S	10.00	12.00	10.00	12.00
Search of Building Control database		S	5.00	6.00	5.00	6.00
Search of Planning database		S	10.00	12.00	10.00	12.00
Additional parcels (An extra parcel of land in separate occupation or separately rated at the time of the search)		S	13.00	15.60	13.00	15.60
Additional parcels where submitted as part of an LLC1 only		OS	3.00	3.00	3.00	3.00
Submitted via NLIS						
Official search of the Local Land Charges Register (LLC1)		OS	20.00	20.00	20.00	20.00
Basic Research Fee (CON29)		S	105.00	126.00	85.00	102.00
Optional questions (CON29 Part II optional enquiries of local authority)		S	10.00	12.00	10.00	12.00
Additional parcels (An extra parcel of land in separate occupation or separately rated at the time of the search)		S	13.00	15.60	13.00	15.60
Additional parcels where submitted as part of an LLC1 only		OS	3.00	3.00	3.00	3.00
Commercial						
Official search of the Local Land Charges Register (LLC1)		OS	20.00	20.00	20.00	20.00
Basic Research Fee (CON29)		S	150.00	180.00	130.00	156.00
Optional questions (CON29 Part II optional enquiries of local authority)		S	10.00	12.00	10.00	12.00
Additional parcels (An extra parcel of land in separate occupation or separately rated at the time of the search)		S	13.00	15.60	13.00	15.60
Additional parcels where submitted as part of an LLC1 only		OS	3.00	3.00	3.00	3.00

Statutory Charges Subject to Discretionary Fees 2018/19

VAT KEY

OS Outside the scope of VAT
 S Standard Rated 20%
 E Exempt

Appendix 3

Service	Further Information	VAT category	Charges for	Charges for	Proposed Charges	Proposed
			2017/18 Net of VAT if applicable	2017/18 with VAT if applicable	for 2018/19 Net of VAT if applicable	Charges for 2018/19 with VAT if applicable
			£	£	£	£
Submitted via NLIS						
Official search of the Local Land Charges Register (LLC1)		OS	20.00	20.00	20.00	20.00
Basic Research Fee (CON29)		S	140.00	168.00	120.00	144.00
Optional questions (CON29 Part II optional enquiries of local authority)		S	10.00	12.00	10.00	12.00
Additional parcels (An extra parcel of land in separate occupation or separately rated at the time of the search)		S	13.00	15.60	13.00	15.60
Additional parcels where submitted as part of an LLC1 only		OS	3.00	3.00	3.00	3.00

Statutory Fees and Charges 2018/19

VAT KEY	OS	Outside the scope of VAT
	S	Standard Rated 20%
	E	Exempt

APPENDIX 4

Service	Further Information	VAT category	Existing Charge for 2017/18 £	Proposed Charges for 2018/19 £
LEGAL, DEMOCRATIC, AND CONTRACT SERVICES				
Data Protection Fee		OS	10.00	N/A
Access to Files		OS	10.00	N/A
Registration of Electors				
Full Register Costs - fee plus £5.00 per 1000 entries (or part)	Paper Copy	OS	10.00	10.00
Full Register Costs - fee plus £1.50 per 1000 entries (or part)	Data Copy	OS	20.00	20.00
Open Register Costs - fee plus £5.00 per 1000 entries (or part)	Paper Copy	OS	10.00	10.00
Open Register Costs - fee plus £1.50 per 1000 entries (or part)	Data Copy	OS	20.00	20.00
Marked Register Costs - fee plus £2.00 per 1000 entries (or part)	Paper Copy	OS	10.00	10.00
Marked Register Costs - fee plus £1.00 per 1000 entries (or part)	Data Copy	OS	10.00	10.00
COMMERCIAL & TECHNICAL SERVICES				
Parking				
On street parking penalty notice (PCN)	if paid within 14 days	OS	25.00/35.00	25.00/35.00
	if paid within 28 days	OS	50.00/70.00	50.00/70.00
	if paid after 28 days	OS	50.00/70.00	50.00/70.00
Off street parking penalty notice (PCN)	if paid within 14 days	OS	25.00/35.00	25.00/35.00
	if paid within 28 days	OS	50.00/70.00	50.00/70.00
	if paid after 28 days	OS	50.00/70.00	50.00/70.00
COMMUNITY SERVICES				
Dog Control				
Stray Dog Collection		OS	25.00	25.00
Gambling Act 2005 - Premise Licence Fees				
Existing Casino	Application to vary	OS	n/a	n/a
	Application to transfer	OS	n/a	n/a
	Application for reinstatement	OS	n/a	n/a
	Application for provisional statement	OS	n/a	n/a
	Licence Application (provisional statement)	OS	n/a	n/a
	Copy of Licence	OS	n/a	n/a
	Notification of change	OS	n/a	n/a
	Annual Fee	OS	n/a	n/a
New Small Casino	Application to vary	OS	4,000.00	4,000.00
	Application to transfer	OS	1,800.00	1,800.00

Statutory Fees and Charges 2018/19

VAT KEY OS Outside the scope of VAT
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 E Exempt

APPENDIX 4

Service	Further Information	VAT category	Existing Charge for 2017/18 £	Proposed Charges for 2018/19 £
	Application for reinstatement	OS	1,800.00	1,800.00
	Application for provisional statement	OS	8,000.00	8,000.00
	Licence Application (provisional statement)	OS	3,000.00	3,000.00
	Copy of Licence	OS	25.00	25.00
	Notification of change	OS	50.00	50.00
	Annual Fee	OS	5,000.00	5,000.00
New large Casino	Application to vary	OS	5,000.00	5,000.00
	Application to transfer	OS	2,150.00	2,150.00
	Application for reinstatement	OS	2,150.00	2,150.00
	Application for provisional statement	OS	10,000.00	10,000.00
	Licence Application (provisional statement)	OS	5,000.00	5,000.00
	Copy of Licence	OS	25.00	25.00
	Notification of change	OS	50.00	50.00
	Annual Fee	OS	10,000.00	10,000.00
Regional Casino	Application to vary	OS	7,500.00	7,500.00
	Application to transfer	OS	6,500.00	6,500.00
	Application for reinstatement	OS	6,500.00	6,500.00
	Application for provisional statement	OS	15,000.00	15,000.00
	Licence Application (provisional statement)	OS	8,000.00	8,000.00
	Copy of Licence	OS	25.00	25.00
	Notification of change	OS	50.00	50.00
	Annual Fee	OS	15,000.00	15,000.00
Bingo Club	Application to vary	OS	1,750.00	1,750.00
	Application to transfer	OS	1,200.00	1,200.00
	Application for reinstatement	OS	1,200.00	1,200.00
	Application for provisional statement	OS	3,500.00	3,500.00
	Licence Application (provisional statement)	OS	1,200.00	1,200.00
	Copy of Licence	OS	25.00	25.00
	Notification of change	OS	50.00	50.00
	Annual Fee	OS	1,000.00	1,000.00
Betting Premise (excluding Tracks)	Application to vary	OS	1,500.00	1,500.00
	Application to transfer	OS	1,200.00	1,200.00
	Application for reinstatement	OS	1,200.00	1,200.00

Statutory Fees and Charges 2018/19

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APPENDIX 4

Service	Further Information	VAT category	Existing Charge for 2017/18 £	Proposed Charges for 2018/19 £
	Application for provisional statement	OS	3,000.00	3,000.00
	Licence Application (provisional statement)	OS	1,200.00	1,200.00
	Copy of Licence	OS	25.00	25.00
	Notification of change	OS	50.00	50.00
	Annual Fee	OS	600.00	600.00
Track	Application to vary	OS	0.00	0.00
	Application to transfer	OS	950.00	950.00
	Application for reinstatement	OS	950.00	950.00
	Application for provisional statement	OS	2,500.00	2,500.00
	Licence Application (provisional statement)	OS	950.00	950.00
	Copy of Licence	OS	25.00	25.00
	Notification of change	OS	50.00	50.00
	Annual Fee	OS	1,000.00	1,000.00
Family Entertainment Centre	Application to vary	OS	1,000.00	1,000.00
	Application to transfer	OS	950.00	950.00
	Application for reinstatement	OS	950.00	950.00
	Application for provisional statement	OS	2,000.00	2,000.00
	Licence Application (provisional statement)	OS	950.00	950.00
	Copy of Licence	OS	25.00	25.00
	Notification of change	OS	50.00	50.00
	Annual Fee	OS	750.00	750.00
Adult Gaming Centre	Application to vary	OS	1,000.00	1,000.00
	Application to transfer	OS	1,200.00	1,200.00
	Application for reinstatement	OS	1,200.00	1,200.00
	Application for provisional statement	OS	2,000.00	2,000.00
	Licence Application (provisional statement)	OS	1,200.00	1,200.00
	Copy of Licence	OS	25.00	25.00
	Annual Fee	OS	1,000.00	1,000.00
	Notification of change	OS	50.00	50.00
Lottery Registration		OS	40.00	40.00
Lottery Registration Renewal		OS	20.00	20.00
Hackney Carriage Licencing				

Statutory Fees and Charges 2018/19

VAT KEY OS Outside the scope of VAT
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 E Exempt

APPENDIX 4

Service	Further Information	VAT category	Existing Charge for 2017/18 £	Proposed Charges for 2018/19 £
Criminal Records Check - paper		OS	44.00	44.00
Criminal Records Check - online		OS	53.00	53.00
Personal & Premises Licences				
Premises	Based on rateable value	OS	Variable	Variable
HOUSING SERVICES				
Penalty Charge for breach of Smoke and Carbon Monoxide Alarms (England) Regulations 2015	1st offence	OS	2,500.00	2,500.00
	1st offence with early payment reduction (14 days)	OS	1250	1250
	Subsequent offence (statutory maximum)	OS	5000	5000
	Subsequent offence with early payment reduction	OS	2500	2500
The Redress Schemes for Lettings Agency Work and Property Management Work (Requirement to Belong to a Scheme etc) (England) Order 2014	Statutory Maximum Penalty £5,000	OS	Variable	Variable
PLANNING SERVICES				
PLANNING FEE TABLE (Town & Country Planning Act 1990) wef 22 November 2012 (Exc. VAT)				
1 Residential Development (Category 1)				
Erection of dwelling houses				
a) Outline	i) For each 0.1 ha of site where site area does not exceed 2.5 ha	OS	385.00	385.00
	ii) Site area in excess of 2.5ha - £9,527 plus £115.00 For each 0.1 ha in excess of 2.5ha	OS	max £125,000	max £125,000
b) Detailed	i) For each dwelling house created - (50 dwellings or less)	OS	385.00	385.00
	ii) More than 50 dwellings - £19,049 plus £115.00 For each additional dwelling in excess of 50	OS	max £250,000	max £250,000

2 Non-Residential Building Works (Category 2)

Statutory Fees and Charges 2018/19

VAT KEY OS Outside the scope of VAT
 S Standard Rated 20%
 E Exempt

APPENDIX 4

Service	Further Information	VAT category	Existing Charge for 2017/18 £	Proposed Charges for 2018/19 £
Erection of other buildings (excluding agricultural buildings, glasshouses and plant and machinery)				
a) Outline	i) For each 0.1 ha of site where site area does not exceed 2.5 ha	OS	385.00	385.00
	ii) Site area in excess of 2.5ha - £9,527 plus £115.00 For each 0.1 ha in excess of 2.5ha	OS	max £125,000	max £125,000
b) Detailed	i) No floorspace does not exceed 40sqm	OS	195.00	195.00
	ii) floorspace in excess of 40sqm but not in excess of 75 sqm	OS	385.00	385.00
	iii) Floorspace over 75sqm, but not exceeding 3,750sqm per 75sqm area or part	OS	385.00	385.00
	iv) Floorspace over 4,215sqm - £19,049 plus £115.00 For each 75 sqm in excess of 3,750sqm	OS	max £250,000	max £250,000
3 Agricultural Buildings (Category 3)				
Agricultural buildings on agricultural land:				
a) Outline	i) For each 0.1 ha of site where site area does not exceed 2.5 ha	OS	385.00	385.00
	ii) Site area in excess of 2.5ha - £9,527 plus £115.00 For each 0.1 ha in excess of 2.5ha	OS	max £125,000	max £125,000
b) Detailed	i) Where the area of gross floor space to be created by the development does not exceed 465 square metres	OS	80.00	80.00
	ii) Floorspace in excess of 465sqm but not in excess of 540sqm	OS	385.00	385.00
	iii) Floorspace over 540sqm, but not exceeding 4,215sqm - £385.00 plus £385 For each 75sqm in excess of 540sqm	OS	£385 plus £385 per 75sqm	£385 plus £385 per 75sqm

Statutory Fees and Charges 2018/19

VAT KEY OS Outside the scope of VAT
 S Standard Rated 20%
 E Exempt

APPENDIX 4

Service	Further Information	VAT category	Existing Charge for 2017/18 £	Proposed Charges for 2018/19 £
	iv) Floorspace over 4,215sqm - £19,049 plus £115.00 For each 75 sqm in excess of 3,750sqm	OS	max £250,000	max £250,000
4 Glasshouses and Polytunnels (Category 4)				
Erection of glasshouses/polytunnels on agricultural land:	a) Floorspace does not exceed 465sqm	OS	80.00	80.00
	b) Floorspace exceeds 465 sqm	OS	2,150.00	2,150.00
5. Plant and Machinery (Category 5)				
Erection, alteration or replacement of plant or machinery:	i) For each 0.1ha of site where site area does not exceed 5ha	OS	385.00	385.00
	ii) Site area in excess of 5 ha - £19,049 plus £115 For each 0.1ha in excess of 5 ha	OS	max £250,000	max £250,000
6. Householder Extensions and Alterations (Category 6)				
a) Alterations or extensions to existing dwelling house		OS	172.00	172.00
b) Alterations or extensions to two or more dwelling houses		OS	339.00	339.00
7. Operations within Curtilage of Dwelling House (Category 7)				
Erection of gate/fences/walls and buildings and the carrying out of other operations within the curtilage of a dwelling house that are ancillary to the use of the dwelling house		OS	172.00	172.00
8. Car Park, Service Roads and Other Means of Access (Category 8)				
Construction of car parks, services, roads and other means of access on land for a single undertaking where required in connection with existing use of land		OS	195.00	195.00
9. Other Operations not coming within any of the above categories (Category 10)				
Other operations (excluding drilling for oil or gas or the winning and working of minerals):	For each 0.1 ha of site area subject to a maximum of £1,690	OS	195.00	195.00
10 Conversion to a dwelling (Category 11)				
Change of use of building to one or more dwelling houses:				
a) From single dwelling	i) For 50 dwellings or less dwellings (per additional dwelling)	OS	385.00	385.00

Statutory Fees and Charges 2018/19

VAT KEY	OS	Outside the scope of VAT
	S	Standard Rated 20%
	E	Exempt

APPENDIX 4

Service	Further Information	VAT category	Existing Charge for 2017/18 £	Proposed Charges for 2018/19 £
	ii) For more than 50 dwelling £19,049 plus £115.00 For each dwelling over 50	OS	max £250,000	max £250,000
b) Other cases	i) For 50 dwellings or less dwellings (per additional dwelling)	OS	385.00	385.00
	ii) For more than 50 dwelling £19,049 plus £115.00 For each dwelling over 50	OS	max £250,000	max £250,000
11 Changes of use (excluding waste deposit and deposit and storage of minerals) (Category 13)				
	Change of use of land or buildings	OS	385.00	385.00
12 Advertisements				
	Advertisements on business premises stating nature of business, goods sold, services provided or name and qualifications of person carrying on business	OS	110.00	110.00
	Advertisement directing people to business premises	OS	110.00	110.00
	Other Advertisements	OS	385.00	385.00
13 Certificates of Lawful Development or Use				
	Certificates of Lawful Existing Development or Use	OS	Planning Fee	Planning Fee
	Certificates of Lawful Proposed Development or Use	OS	Half of planning fee	Half of planning fee
14 Notification for agriculture, forestry, development or demolition work				
		OS	80.00	80.00
15 Variation of conditions and minor material amendments				
	Variation or removal of conditions	OS	195.00	195.00
	Minor material amendments - not retrospective (Free if submitted by same applicant within 12 months of original permission and only the first application is free)	OS	195.00	195.00
	Minor material amendments - full retrospective	OS	Full planning fee	Full planning fee
16 Telecommunications notification and applications				
		OS	385.00	385.00
17 High Hedges complaints				
		OS	350.00	350.00
18 Conformation of Compliance with condition(s) on planning permission				
	Conditions on permission for alteration/extension to dwellings and works within curtilage of dwellings (per request)	OS	28.00	28.00
	Conditions on permission for all other development (per request)	OS	97.00	97.00
19 Extension to time limit for existing planning permissions				

Statutory Fees and Charges 2018/19

VAT KEY	OS	Outside the scope of VAT
	S	Standard Rated 20%
	E	Exempt

APPENDIX 4

Service	Further Information	VAT category	Existing Charge for 2017/18 £	Proposed Charges for 2018/19 £
Applications for householder development		OS	57.00	57.00
Applications for major development		OS	575.00	575.00
All other applications		OS	195.00	195.00
20 Non-material amendments following a grant of planning permission				
a) Householder applications		OS	28.00	28.00
b) All other applications		OS	195.00	195.00
21 Certificate of Appropriate Alternative Development				
		OS	195.00	195.00
Fixed Penalty Notices and Tariffs				
Offence				
Littering - Section 87/88 Environmental Protection Act 1990	Full penalty	OS	80.00	100.00
	Maximum on conviction	OS	2,500.00	2,500.00
Street litter control notice non compliance - Section 92C/94A Environmental Protection Act 1990	Full penalty	OS	100.00	100.00
	Maximum on conviction	OS	2,500.00	2,500.00
Litter clearing Notice non compliance - Section 92C/94A Environmental Protection Act 1990	Full penalty	OS	100.00	100.00
	Maximum on conviction	OS	2,500.00	2,500.00
Failure to produce waste documents - Environmental Protection Act 1990 Section 34/34a Environmental Protection Act 1990	Full penalty	OS	300.00	300.00
	Maximum on conviction	OS	£5,000.00 or unlimited	5,000.00
Unauthorised distribution of free printed matter- Schedule 3A Environmental Protection Act 1990	Full penalty	OS	80.00	100.00
	Maximum on conviction	OS	2,500.00	2,500.00
Deface by Fly posting Section 43/44 of Anti Social Behaviour Act 2003	Full penalty	OS	80.00	100.00
	Maximum on conviction	OS	2,500.00	2,500.00
Abandonment of a vehicle - Section 2/2A Refuse Disposal (Amenity) Act 1978	Full penalty	OS	200.00	200.00
	Maximum on conviction	OS	£2,500.00 and/or imprisonment	£2,500.00 and/or imprisonment
Nuisance vehicles - Section 3/4/5/6 Clean Neighbourhood & Environment Act 2005	Full penalty	OS	100.00	100.00
	Maximum on conviction	OS	2,500.00	2,500.00
Failure to comply with domestic waste receptacles and putting out notice- Section 46, 47ZA and 47ZB of Environmental Protection Act 1990	Full penalty	OS	80.00	100.00
	Maximum on conviction	OS	1,000.00	1,000.00
Failure to comply with commercial waste receptacles and putting out notice- Section 47, 47ZA and 47ZB of Environmental Protection Act 1990	Full penalty	OS	100.00	100.00

Statutory Fees and Charges 2018/19

VAT KEY OS Outside the scope of VAT
 S Standard Rated 20%
 E Exempt

APPENDIX 4

Service	Further Information	VAT category	Existing Charge for 2017/18	Proposed Charges for 2018/19
			£	£
	Maximum on conviction	OS	1,000.00	1,000.00
Failure to remove dog faeces forthwith - this will be charged under the Public Space Protection Order	Full penalty	OS	80.00	100.00
	Maximum on conviction	OS	1,000.00	1,000.00
Allowing dog in an excluded zone - this will be charged under the Public Space Protection Order	Full penalty	OS	80.00	100.00
	Maximum on conviction	OS	1,000.00	1,000.00
Failing to put dog on lead when requested to do so by authorised officer - this will be charged under the Public Space Protection Order	Full penalty	OS	80.00	100.00
	Maximum on conviction	OS	1,000.00	1,000.00
Failure to put dog on lead in designated area - this will be charged under the Public Space Protection Order	Full penalty	OS	80.00	100.00
	Maximum on conviction	OS	1,000.00	1,000.00
Failure to produce authority to transport waste - Section 5/5b Control of Pollution (amendment) Act 1989	Full penalty	OS	300.00	300.00
	Maximum on conviction	OS	5,000.00	5,000.00
Breach of Community Protection Notice - Anti-Social Behaviour, Crime and Policing Act 2014 - sec 52	Full penalty	OS	80.00	100.00
	Maximum on conviction	OS	2,500.00	2,500.00
Breach of Public Space Protection Notice - Anti-Social Behaviour, Crime and Policing Act 2014 - sec 63/67 (Including: street drinking/legal highs; street sleeping; dog control; street begging)	Full penalty	OS	80.00	100.00
	Maximum on conviction	OS	1,000.00	1,000.00
Small Fly-tipping incidents - Deposit of Waste (Fixed Penalties) Regulations 2016	Full penalty	OS	300.00	300.00
	Maximum on conviction	OS	2,000.00	50,000.00
	Maximum on conviction	OS	1,000.00	1,000.00
Smoking in a smoke free place (section 7(2) Health Act 2006	Full penalty	OS	50.00	50.00
	Maximum on conviction	OS	200.00	200.00
FINANCIAL SERVICES				
Imposition of a penalty for failure to notify the council tax office		E	70.00	70.00

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This report will be made public on 7 November 2017

Folkestone

Hythe & Romney Marsh
Shepway District Council



Report Number: **C/17/58**

To: Cabinet
Date: 15 November 2017
Status: Key Decision
Head of Service: Ben Geering, Head of Planning
Portfolio Holder: Councillor Alan Ewart-James, Cabinet Member for Housing

SUBJECT: Property purchase initiative to increase the supply of affordable and good quality temporary accommodation

SUMMARY: This report sets out a proposal to purchase a property to be used as temporary accommodation as an alternative to expensive and less suitable Bed and Breakfast accommodation. The proposed temporary accommodation is the most appropriate and cost effective method for meeting the statutory requirements of the Homelessness Reduction Act.

REASON FOR RECOMMENDATIONS: Cabinet is asked to approve the recommendations because:

1. The Council's temporary accommodation costs have increased considerably over the last 2 years.
2. The implementation of the Homelessness Reduction Act will further increase the need for temporary accommodation in the district.
3. It is essential for the council to identify a good quality and cost effective supply of temporary accommodation.
4. Direct delivery of temporary accommodation by the Council is a cost effective delivery model.
5. The acquisition/conversion process proposed in this report will be in line with the principles set out in the attached business plan (Appendix 1).

RECOMMENDATIONS:

1. To receive and note report C/17/58.
2. To approve principles set out in the attached draft Business Plan.
3. Agree that a request be made to full Council establish a Capital budget of £1 million for the acquisition and conversion of a suitable property or properties to provide 12 units of temporary accommodation for homeless households.

1. BACKGROUND

- 1.1 Shepway, like many areas across the county and nationally, has experienced an ongoing rise in the number of people presenting as homeless, despite excellent performance in preventing homelessness, for a number of reasons including:
- Government Welfare Reform, Benefit caps and Local Housing Allowance caps limit the number of private rented properties locally that are affordable, therefore the number of working homeless households looks set to grow.
 - The high cost of home ownership has created higher competition for private rented housing and increased rental costs, meaning this option is no longer affordable for many households.
- 1.2 The Council has a statutory duty to secure accommodation for certain homeless households (Part VII Housing Act 1996 (as amended)). Currently, the Council uses a number of private specialist providers alongside mainstream hotel companies. Households can range from single people through to family groups who must be given emergency accommodation if they have no other accommodation available to them.
- 1.3 Over the last few years, there has been an increase in the numbers of homeless people seeking assistance and an increase in numbers of homeless people requiring emergency accommodation. Since there are limited numbers of local providers, the Council must compete with other districts for these finite resources. Where no local accommodation is available, the Council is forced to find more expensive accommodation or look to neighbouring authority areas. These issues clearly affect these homeless people who are already under great stress, but also have a huge implication on Council finances.

2. INTRODUCTION

- 2.1 It is anticipated that the current homelessness trends in the district will become a growing rather than diminishing problem. During 2016/17, 1109 households approached the Council for housing options advice; this represents a 10% increase on the number of presentations received during 2015/16.
- 2.2 At this time the Council has 68 households in temporary accommodation, large households in particular those who are welfare capped pose a particular difficulty in terms of move on from temporary accommodation, while we further predict a probable rise in the need for one and two bedroom units following the implementation of the Homeless Reduction Act (HRA) on the 1st April 2018. A summary of the HRA is set out in Appendix 2 of this report.
- 2.3 As a Council we have a good track record in preventing homelessness. During 2016/17, 444 households were prevented from becoming homeless following

intervention by the Council. However, there will be an impact on service delivery arising from the HRA.

- 2.4 The preparatory work completed to date indicates that once in force, the changes as a result of the HRA will increase the workload of the Housing Options team by up to 51% based upon the Pathfinders authorities experiences to date, and will put further pressure on the authority to use temporary accommodation. This is due to the additional steps that will have to be undertaken as part of our new duties.
- 2.5 It is likely that there will be an increase in the use and cost of temporary accommodation as the length of time customers stay in temporary accommodation is likely to be longer. For example, the length of time which intentionally homeless households but in priority need will have to be accommodated will double, due to the changes in legislation within the HRA.
- 2.6 There is already a shortage of temporary accommodation available in the area due to the rising numbers of households who are in temporary accommodation and the lack of move on accommodation. There will be further financial pressures as councils affected by the legislation changes compete for available accommodation, which will put pressure on the nightly rates paid for accommodation.
- 2.7 In summary with the levels of homelessness continuing to rise, the number of cases owed the new duties will increase. We are already faced with a shortage of affordable housing options in the private rented sector and social housing.

3. PROPOSAL

- 3.1 The proposed solution is to consider the provision of emergency temporary accommodation directly by the Council and not through the use of standard temporary accommodation (i.e. hotels and guest houses), thereby removing the profit margin from such suppliers. If the Council owned an appropriate asset, the cost of emergency accommodation to the Council would be substantially reduced and the quality of the accommodation assured.
- 3.2 At present, the Council does not own a suitable asset, but could look towards to approving an addition to the Capital Programme of a total of up to £1 million to enable the Council to proceed with the purchase and repair of a property/properties as set out above (and set out in detail in the attached business case document in Appendix 1).
- 3.3 In order for such a scheme to be viable, the annual cost of provision must provide for management of the site and maintenance of the site. In addition, the benefit of the scheme must be realised which is to reduce the overall cost of emergency accommodation to the Council.
- 3.4 The expectation is that the proposal will be required for a minimum period of ten years, therefore any proposal must also ensure that the asset value at the end of the ten years is sufficient to provide a return on investment.

- 3.5 A need in the community has been identified, in this case, homelessness and the lack of affordable B&B accommodation for families. The outcomes of the project include reducing homelessness rates and spend on B&B accommodation, as well as other outcomes that strengthen the key corporate priorities.
- 3.6 Where possible we would like to identify option where a building can be easily converted and with relevant planning requirements in place, e.g. an existing guest house or care home.
- 3.7 A Temporary Accommodation Officers Working Group was established in May 2017. Officers have reviewed the details of a number of suitable residential properties, which have been used as example guides for the purchase and conversion to temporary accommodation.
- 3.8 Initial capital costs are projected to be approximately £1 million This will enable the acquisition and conversion of 6 x 1 bedroom flats to provide 12 x bedsit flats with shared bathroom facilities and self-contained kitchenette facilities. The bedsits can be occupied individually by small households or combined to provide accommodation for larger families. The flats could be acquired in one separate property or in two or three properties. The proposed temporary accommodation will also provide the Council with a capital asset, which will appreciate in value over time.
- 3.9 An initial assessment must be made on any property, as planning requirements to change usage, seeks permissions etc. will increase any timelines.
- 3.10 The current average cost of providing emergency temporary accommodation per household is £55 per night, per room or £385 per week, or £20K per annum. For twelve units of accommodation, this equates to £240,240. The income available from housing benefit is capped at £86.30 per household per week (in line with LHA), equating to £4,487.60 per annum. Therefore, for 12 units of temporary accommodation, the Council only receives a DWP subsidy of £53,851.20. The provision of 12 units of temporary accommodation delivered directly by the Council could achieve an annual bed and breakfast (B and B) expenditure saving of £186,388.52 (£240,240 minus £53,851).
- 3.11 Following a successful bid submission by the Council, the Local Government Association has recently confirmed that at nil cost to the Council, it will provide a dedicated LGA advisor for 14 days who will work with us over a 12 month period in order to support the temporary accommodation project by:
- Assisting to scope out our project delivery needs and where our efforts might best be targeted (e.g. the provision of temporary accommodation and increasing successful private sector offer).
 - Helping to connect a capital project with the operational requirements of the Homelessness Reduction Act.

- Identifying skills gaps within the Council to support a reduction of homelessness through our operational delivery and capital projects and make recommendations of how this can be addressed.
- Exploring external investment and partnership opportunities to help promote, facilitate and enhance Shepway District Council's role and capacity to meet local housing need.
- Exploring the project's legacy and future planning e.g. new models and opportunities for providing housing, which would add to the offer of social housing, affordable housing and private rented sector.
- Considering greater responsibility on the part of London placing boroughs to contribute to supply or resources in Shepway relating to the households they move into the district.

4. CONCLUSION

4.1 This report presents the business case to proceed with the option to purchase a property/properties for letting as temporary accommodation. It offers many benefits as follows:

- It increases the supply of temporary accommodation stock within the district and reduces uncertainty of availability. We will be less reliant on the vagaries of supply in the lower quartile private rented market.
- It is a far superior housing solution for families in housing need providing good quality housing in the district.
- It delivers a substantial saving on projected Bed and Breakfast costs.
- It is a relatively quick option to deliver.
- There will be long-term capital asset value which can be realised in future years for the ultimate benefit of the council.
- It assists with mitigating the risk of families in Bed and Breakfast for more than 6 weeks.
- Substantial Bed and Breakfast savings are projected which form part of the benefit to the Council of this proposal.
- The delivery of this option could result in a reduction in net expenditure on Bed and Breakfast of approximately £186,388 per year.

5. RISK MANAGEMENT ISSUES

5.1 A summary of the perceived risks to the Council is shown below:

Perceived risk	Seriousness	Likelihood	Preventative action
Increasing temporary accommodation costs.	High	High	Delivery of the proposed Council owned temporary accommodation.
Lack of a suitable supply of temporary accommodation	High	Medium	Delivery of the proposed Council owned temporary accommodation.

Future reduced level of need for temporary accommodation in the district.	Medium	Low	The Council would be able to dispose of the temporary accommodation units or convert them into fully self-contained units.

6. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

6.1 Legal Officer's Comments (DK)

Part VII of the Housing Act 1996 (as amended) imposes statutory duties on the Council to provide temporary accommodation to homeless applicants in a number of situations. These include circumstances where it has reason to believe that a person may be eligible for assistance, may be homeless and/or may be in priority need (in each case after the Council has completed an assessment and concluded that an applicant is owed the full housing duty.)

6.2 Finance Officer's Comments (LW)

The Business model is included within Appendix 1 of this report. The Business Plan at this stage is only an estimate of costs as no property has been identified. A more detailed financial appraisal will be required should approval in principle be given. The project has the potential to deliver a substantial saving on projected Bed and Breakfast costs. There may be long-term capital asset value which can be realised in future years for the ultimate benefit of the Council.

The Council is assumed to borrow the funding required to make the purchase of a property, which would be repayable within a given timescale. In the event of the scheme not proving viable, if the property was sold, there would be financial implications for the early repayment of the loan

6.3 Diversities and Equalities Implications (SR)

The proposal will have no negative impacts on any protected characteristics and a positive impact on families, including lone parent families and those from an ethnic minority community who are over-represented amongst homeless families and therefore more likely to be housed in less suitable Bed and Breakfast accommodation if this proposal is not taken forward.

6.4 Communications (ML)

There will be a need to allocate resources to produce and deliver the communications plan to communicate benefits identified in the business plan. It will also be necessary to take into account risks associated with any reaction from local residents once the location of property is identified.

7. CONTACT OFFICER AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting.

Adrian Hammond

Housing Strategy Manager

adrian.hammond@shepway.gov.uk

Mark Damiral

Housing Options and Inclusion Manager

mark.damiral@shepway.gov.uk

The following background documents have been relied upon in the preparation of this report:

None

Appendices:

Appendix 1: Business Case

Appendix 2: Summary of the Homelessness Reduction Act

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BUSINESS CASE

FOR

Purchase of Temporary Accommodation

PROJECT TITLE- Purchase of Temporary Accommodation

Project Sponsor	Tim Madden
Project Manager	
Revision No.	1
Approved by:	
Signature	
Distribution list	Corporate Management Team Adrian Hammond, Housing Strategy Manager Andrew Rush, Corporate Contracts Manager Andy Jarrett, Head of Strategic Development Projects Andy Blaszkowicz, Head of Property and Procurement Lee Walker, Group Accountant (Capital & Treasury Management)
Date of first issue	15/5/17

1. Project overview

1.1 Background

Shepway, like many areas across the county and nationally, has experienced an ongoing rise in the number of people presenting as homeless, despite excellent performance in preventing homelessness, for a number of reasons including:

- Government Welfare Reform, Benefit caps and Local Housing Allowance caps limit the number of private rented properties locally that are affordable, therefore the number of working homeless households looks set to grow.
- The high cost of home ownership has created higher competition for private rented housing and increased rental costs, means this option is no longer affordable for many households.

The Council has a statutory duty to secure accommodation to certain homeless households (Part VII Housing Act 1996 (as amended)). Currently, the Council uses a number of private specialist providers alongside mainstream hotel companies. Households can range from single people through to family groups who must be given emergency accommodation if they have no other accommodation available to them.

Over the last few years, there has been an increase in the numbers of homeless people seeking assistance and an increase in numbers of homeless people requiring emergency accommodation. Since there are limited numbers of local providers, the Council must compete with other districts for these finite resources. Where no local accommodation is available, the Council is forced to find more expensive accommodation or look to neighbouring authority areas. These issues clearly affect these homeless people who are already under great stress, but also have a huge financial implication on Council finances.

This project is defined as the purchase, renovation and subsequent utilisation of a property in the district to provide accommodation in order that the Council meets its duties under the homelessness legislation.

Once the purchase and subsequent renovation works are completed, the accommodation will be operated on behalf of the Council to provide emergency temporary accommodation for homeless households.

1.2 Introduction

With no apparent improvement expected in the current climate, it is anticipated that this will become a growing issue rather than a diminishing problem. Shepway's situation reflects the national picture to the extent that during the year 2015/16, 177 households were placed into emergency accommodation.

Household Type	Numbers placed
Families (including pregnant)	65
Singles	96
Couple/non cohabiting couples	16
Total	177

The negative effect of poor quality emergency accommodation on individuals and families with children has been well documented by organisations such as Shelter and the Joseph Rowntree Trust. In addition, the cost of providing good quality emergency accommodation is significant. In 2015/16, the Council spent in excess of £588,468

(net of income) on the provision of emergency accommodation. In 2016/17, the Council spent £552,512 on the provision of emergency accommodation (net of income).

One of the key concerns is that the Council does not get this back in subsidy as we only get expenditure up to the lower of the one bedroom self-contained LHA rate (£86.30p/w) and the upper limit (£375). To put this into context we are estimating expenditure in B&B and short term accommodation for 2017/18 as £941,329 for Housing Benefit, from this we will only receive subsidy back from DWP of £301,474, essentially at a cost of £639,855 to the Council.

As at 1 November 2017, the Council currently has 68 households placed in temporary accommodation.

The proposed solution is to consider the provision of emergency temporary accommodation directly by the Council and not through the use of standard temporary accommodation (i.e. hotels and guest houses). If the Council owned an appropriate asset, the cost of emergency accommodation to the Council would be reduced and the quality of the accommodation assured.

At present, the Council does not own a suitable asset, but could look towards borrowing the funding required to make the purchase of a property, which would be repayable within a given timescale

In order for such a scheme to be viable, the annual cost of provision must provide for management of the site and maintenance of the site. In addition, the benefit of the scheme must be realised which is to reduce the overall cost of emergency accommodation to the Council.

The expectation is that the proposal will be required for a minimum period of ten years, therefore, any proposal must also ensure that the asset value at the end of the ten years is sufficient to provide a return on investment.

A need in the community has been identified, in this case, homelessness and the lack of B&B accommodation for families. The outcomes of the project include reducing homelessness rates and spend on B&B accommodation, as well as other outcomes that strengthen the key corporate priorities.

In order to consider which options to take for service provision, the following options must be considered during any commissioning process:

- **How efficient is the service?:** Does it represent value for money? Will it be run in the best possible way for the resources being spent? Will it deliver the service for the least expense, time and effort?
- **How effective is the service?:** Does it achieve the outcomes for the project and does it work towards our key corporate priorities?
- **How equitable is the service?:** Does the service reach all people that it is intended to? Will everyone receive a level of service appropriate to their level of need?
- **How sustainable is the service?:** Will the service be sustainable over its lifetime?

2. Capital funding

Housing Revenue Account

General Fund X

	2017/18	2018/19	2019/20	Totals
Direct capital costs	£720K	-	-	£900
Purchase price – example property (properties providing total of 6 x 1 bedroom flats) and conversion costs, to deliver 12 bedsit flats	£180K			
Contingency sum	£100K	-	-	£100K
Less external funding, grants etc.	-	-	-	-
Net estimated total cost to SDC	£1million			£1million

Comments:

The above suggests an overall estimated property purchase price of approximately £720,000 with a future valuation of £1million in 10 years (in good condition, excluding goodwill). This is based on the current average market value of £120K for 1 bedroom flats in the district.

The suggested direct capital costs are at this stage is an estimate, as a property has not been identified.

1. Officer's preference is to seek properties in the Folkestone wards, within easy access to local services and which can be easily converted and with relevant planning requirements in place, e.g. an existing guest house or care home, which may reduce initial outlay costs considerably.
2. However, having reviewed the local housing market, these types of properties are rarely available and officers have instead searched residential properties with the potential for conversion, but requiring planning consent for change of use, which may be a potential hurdle. However, it is clear that it is feasible for the Council to acquire a suitable property to deliver the proposed temporary accommodation.
3. A Temporary Accommodation Officer Working Group has considered details of a number of potential properties in the district. An alternative option is to purchase a property containing 6 x one bedroom flats and then convert each flat to form 2 x bedsits with shared bathroom facilities and basic cooking facility in each bedsit flat. This proposal would provide 12 x bedsit flats in total. Each bedsit could then be used to provide temporary accommodation for smaller households or alternatively 2 bedsits could be combined to provide temporary accommodation for a larger family. Based on the initial feasibility work completed, it is estimated that each 1 bedroom flat can be converted to provide 2 x bedsit units at an approximate cost of £25K-£30K. This will allow for any upgrade work in the communal areas within the property, including fire protection works. The proposal also includes a 10% contingency sum to cover any unforeseen works. A full property survey will be completed prior to any property purchase being completed to ensure that the proposed conversion is viable.

3. Revenue implications

<i>Please specify</i>	2017/18	2018/19	2019/20
Additional expenditure (<i>Refurbishment</i>)			
Tenancy management and support	-	£50,000	£50,000
Maintenance Costs per year	-	£20,000	£20,000
Loan: Estimated Annual Revenue Cost (<i>over 50 years</i>)*	£45,000*	£45,000*	£45,000*
Savings to existing budget (<i>Reduction in B&B budget</i>)	-	£93,194 +	£186,388
Income generated per year (based on 5 % bedsit void rate per annum)	-	£26,000^	£51,336

*Finance has calculated at £1m borrowing over 50 years

+ Housing benefit does not cover all of the B and B costs; a top up payment is required

^Assumes accommodation will only be available from the second half of the financial year

- Households occupying the accommodation will be responsible for paying all the utility costs associated with the accommodation. These costs will be collected through a service charge arrangement.
- An effective management and maintenance service will need to be delivered to residents living in the accommodation. This will also need to be factored into the accommodation charges,

Comments:

As part of the Working Group actions, the Procurement team have contacted other local authorities and service contractors to gain an understanding of the contracts required and cost implications. These have been reflected in the table above. Procurement would be involved from the earliest stages in terms of procuring elements such as building contractors, tenancy management, support, cleaning and maintenance.

Fire safety requirements of buildings requiring conversion may increase initial outlay costs. A contingency sum has been factored into the Capital funding requirements set out in section 2 of this Business Case.

The Council will still have ongoing management and maintenance costs for the property and these will need to be reviewed beyond 2018/19.

4. Risks (including financial risks)

Risk	Likelihood score (1)	Impact score (2)	Total score (1x2)	Mitigation measures
Unable to source a suitable supply of properties at the target prices to purchase in Folkestone.	3	3	9	Consider properties across the district.
Property acquisition scheme revenue costs prove to be more expensive than Bed and Breakfast.	1	3	3	Dispose of property and offset with capital growth or turn to self-contained rented units.

Comments:

The business plan makes cautious assumptions to demonstrate the benefits of the proposed acquisition of property for use as temporary accommodation. Doing nothing has far riskier outcomes with regard to legal challenge as more people are placed in Bed and Breakfast for increasing lengths of stay and substantial increasing costs to the Council's General Fund.

Councils can legally place individuals and families in B&B accommodation for no more than more than 6 weeks.

Tenants within the proposed accommodation would be given licences of no more than 6 months, which would allow for support and future homeless prevention interventions to be provided and suitable move on accommodation to be secured.

Financial Comments:

Finance has estimated an indicative summary of the annual cost of borrowing £1 million. Details of the proposed borrowing arrangement are set out below.

Assumptions

1. Property useful life = 50 years
2. Link borrowing and MRP to useful life
3. Loan = PWLB maturity loan using Certainty Rate

<u>Borrowing:</u>	£1,000,000
Loan – years:	50
Interest Rate:	2.50%

Loan	Annual Cost
Annual Interest	£25,000

Minimum Revenue Provision (50 years)	<u>£20,000</u>
Total Annual Revenue Cost	<u>£45,000</u>

5. Options (to include a ‘do nothing’ option if appropriate)

The options are

1. Do nothing. The Council will continue to incur increasing costs in respect of its temporary accommodation provision.
2. Purchase, renovate and subsequent utilisation of a property in the district to provide accommodation in order that the Council meets its duties under the homelessness legislation.

Preferred Option

Purchase, renovate and subsequent utilisation of a property in the district to provide accommodation in order that the Council meets its duties under the homelessness legislation (2)

6. Links to Corporate aims and objectives

	✓
More home	✓
More jobs	
Appearance matters	
Health Matters	✓
Achieving stability	✓
Delivering excellence	

Explanation of the link:

This proposal will contribute positively to the Council’s objectives by making a difference for the vulnerable and making a difference for families, providing local, good quality temporary housing for those who are most in need.

Links to other strategies:

Housing Strategy

East Kent Homelessness Strategy

7. Statutory or non-statutory

	✓
Statutory	✓
Non-statutory	
Grant aided	

Evidence: The Council has a statutory duty to secure accommodation to certain homeless households (Part VII Housing Act 1996 (as amended)).

8. Timescale

Task	Start	End
CMT Report – present Business Case	Oct 17	Oct 17
Cabinet and Full Council	Nov 17	Nov 17
Source property	Nov 17	Apr 18
Purchase property	Apr 18	May 18
Refurbishment	June 18	Dec 18
Arrange management and maintenance	Apr 18	Oct 18
Six monthly review	Jun 19	Jul 19

Summary of key dates and milestones

Comments

The above provides basic lead times for implementation. As a property has not been identified, these times are subject to change.

It is proposed that the Council should appoint a suitably qualified surveyor to make necessary enquiries into available properties on its behalf and leading on any purchase.

An initial assessment must be made on any property, as planning requirements to change usage, seeks permissions etc. will increase any timelines.

9. Pre-requisites for initiation

An in house working group has assessed the viability of the proposed temporary accommodation delivery model and has confirmed the financial outcomes that will be achieved by the Council through the delivery of this model.

10. Anticipated benefits

- The current average cost of providing emergency temporary accommodation is £55 per night, per room or £385 per week, or £20,020 per annum. For 12 units of temporary accommodation, this equates to £240,240.
- Income, available currently from housing benefit is capped at £86.30 per household, per week (in line with LHA), equating to £4,487.60 per annum. Therefore, for 12 units of temporary accommodation, the Council would only receive a DWP subsidy return of £53,851.20.
- If the Council were to deliver its own temporary accommodation, it would charge in line with the DWP weekly subsidy of £86.30 per week, rather than the high B&B cost of £385 per week, in order to eliminate any additional cost to the Council.
- Therefore, it is envisaged that the Council could achieve a bed and breakfast (B&B) expenditure saving of £186,388.52 (£240,240 minus £53,851.20) per annum based on a 12 unit property.
- This represents a very prudent expectation of the reduction in use of B&B accommodation that could be achieved from the provision of emergency temporary accommodation directly by the Council.
- The proposal will enable the Council to provide good quality accommodation and to provide specific services to help disadvantaged people who find themselves homeless. The proposal will help meet the Corporate Plan priorities of More Homes and Deliver Value for Money.
- The Council would be acquiring a capital asset which will (subject to housing market conditions) increase in value.

11. Use of Resources

(i) Value for Money

The project delivers a substantial saving on projected Bed and Breakfast costs. There will be long-term capital asset value which can be realised in future years for the ultimate benefit of the Council.

(ii) Supporting the Local Economy

N/A

(iii) Improving Environmental Sustainability

Improvements will be made to a property acquired under this programme to bring it up to the lettable standards for temporary accommodation. Works may include for example replacement of boilers with energy efficient models where necessary to meet current regulations. Additionally it may be possible to include these properties within any Council-led schemes to install Photovoltaic(PV) systems. This may therefore have the impact of improving a property and contributing to climate change objectives, benefits which would otherwise not be realised within the same timescales.

(iv) Responding to the Needs and Aspirations of the Community

If the proposal to purchase properties does not go ahead, the council will have little option but to use expensive Bed and Breakfast as temporary accommodation for increasing numbers of families. As well as being of lower quality to a self-contained flat or house, increasingly this may have to be outside of the district, which will also increase the risk of legal challenge.

(v) Promoting Equality and Inclusiveness

The proposal will have no negative impacts on any protected characteristics and a positive impact on families, including lone parent families and those from an ethnic minority community who are over-represented amongst homeless families and therefore more likely to be housed in less suitable Bed and Breakfast accommodation if this proposal is not taken forward.

(vi) Managing Resources (people, natural and physical assets)

A suitably qualified surveyor/agent should be appointed to make enquiries and lead on the property acquisition, working alongside the Council's legal team. Existing Council staff will oversee the project management. The tenancy management and maintenance for the temporary accommodation proposal are factored into the business plan assumptions under the revenue costs.

12. Communication

A communications plan will be developed in consultation with the Communications team to demonstrate that the project:

- Increases the supply of temporary accommodation stock within or near to the district and reduces uncertainty of availability. We will be less reliant on the vagaries of supply in the lower quartile private rented market;
- It is a far superior housing solution for families in housing need providing good quality housing in the district;
- It delivers a substantial saving on projected Bed and Breakfast costs;

12.1 Stakeholders

Change will be communicated widely. A communication plan will be prepared.

12.2 Engagement

The project group will consult with the Shepway Homelessness Forum.

Appendices

Appendix 2

1. SUMMARY OF THE HOMELESSNESS REDUCTION ACT (HRA)

- 1.1 The HRA introduces requirements for local housing authorities (LHAs) to carry out homelessness prevention work with all those who are eligible for help and threatened with homelessness.
- 1.2 **Definition of homelessness and threatened with homelessness:** this clause extends the period during which a local housing authority (LHA) should treat someone as threatened with homelessness from 28 to 56 days, and sets out the action LHAs should take when someone applies for housing assistance, having been served with a notice to end an assured shorthold tenancy.
- 1.3 **Duty of Local Housing Authority to provide advice:** this clause strengthens and extends the general advice duty, requiring the LHA to design a service that meets the needs of certain groups at risk of homelessness. These include;
- Persons released from prison or youth detention
 - Care leavers
 - 16/17 year old homeless cases
 - Former members of the regular armed forces
 - Persons leaving hospital
 - Victims of domestic abuse
 - Persons suffering mental illness
 - And any other groups identified as a particular risk of homelessness within the district.
- 1.4 **Mandatory code of practice:** this clause stipulates that the Secretary of State *must* provide a code of practice for LHAs, to be approved by a resolution by each House of Parliament, on the services they provide which are aimed at reducing homelessness.
- 1.5 **Homelessness prevention duties:** this clause includes new duties to those who are homeless or threatened with homelessness, to:
- carry out an assessment;
 - agree a personal housing plan;
 - help prevent homelessness; and
 - help to secure accommodation for all eligible applicants, regardless of priority need.
- 1.6 **Duty owed to those who are homeless:** this clause further amends the 1996 Act), placing a duty on LHAs to relieve homeless for 56 days by helping applicants to secure accommodation regardless of priority need. LHAs will be required to take reasonable steps that are likely to help the applicant to secure accommodation. Reasonable steps could include, for example, providing a rent deposit or access to mediation to keep households together

- 1.7 **Deliberate and unreasonable refusal to cooperate:** this clause also amends the 1996 Act to introduce the provision for the LHA to serve a notice on the applicant where it is considered they have deliberately and unreasonably refused to cooperate with the authority to help prevent their homelessness.
- 1.8 **Local connection of a care leaver:** this clause amends the 1996 act to clarify the circumstances under which care leavers should be treated as having a local connection with the LHA.
- 1.9 **Review of decisions:** this clause proposes additional rights of review in relation to new duties in the HRA.
- 1.10 **Co-operation between authorities and others:** this new duty applies to all public authorities specified in the regulations to refer cases to the LHA where they consider that a person is homeless or threatened with homelessness.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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