



Agenda

Meeting: **Overview and Scrutiny Committee**
Date: **18 October 2016**
Time: **7.00 pm**
Place: **Council Chamber - Civic Centre, Folkestone**

To: **All members of the Overview and Scrutiny Committee**

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

Members of the committee, who wish to have information on any matter arising on the agenda, which is not fully covered in these papers, are requested to give notice, prior to the meeting, to the Chairman or appropriate officer.

1. **Apologies**

2. **Declarations of interest**

To consider and approve, as a correct record, the minutes of the meeting held on 22 July 2016.

3. **Minutes**

To consider and approve, as a correct record, the minutes of the meeting held on 13 September 2016.

4. **Dover Road Bin Pilot Scheme - Mid Year review**

Report C/16/69 The Dover Road Bin Pilot Scheme is a project that has sought to address the ongoing waste and fly tipping issues in 45-95 Dover Road. Following an investment of £20,000 towards the scheme, this report now presents a scheme evaluation and conclusion.

5. **Review of the Ward Profiles, Ward Plans, Ward Plan Budget Scheme and other community funding schemes**

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Email: committee@shepway.gov.uk or download from our website
www.shepway.gov.uk

Report C/16/56 sets out to review and improve the allocation, administration and effectiveness of Council expenditure to ensure better transparency, value for money, sustainability and more positive and targeted outcomes led by ward members in partnership with their communities.

6. General fund revenue budget monitoring - 2nd Quarter 2016/17

Report C/16/61 provides a projection of the end of year financial position of the General Fund revenue budget, based on expenditure to the 31 August 2016.

7. General Fund Capital budget monitoring - 2nd Quarter 2016/17

Report C/16/62 provides a projection of the latest financial position for the General Fund capital programme, based on expenditure to 31 August 2016. The report identifies variances on planned capital expenditure for the General Fund in 2016/17.

8. Housing Revenue account and capital budget monitoring 2016/17 - 2nd Quarter 2016/17

Report C/16/63 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 31 August 2016

9. Treasury Management and Prudential Indicators monitoring report 2016-17

Report C/16/60 provides an update on the council's treasury management activities that have taken place during 2016/17 against the agreed strategy for the year. The report also provides an update on the prudential indicators for capital expenditure, borrowing and treasury approved by Council earlier this year.

10. Quarter 1 performance report 2016/17

Report C/16/67 provides an update on the Council's performance for the first quarter of 2016/17, covering 1st April 2016 to 30th June 2016. The report enables the Council to assess progress against the approved performance indicators for each service area.

*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

Overview and Scrutiny Committee - 18 October 2016

- 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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Folkestone

Hythe & Romney Marsh
Shepway District Council



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Minutes

Overview and Scrutiny Committee

Held at:	Council Chamber - Civic Centre, Folkestone
Date	Tuesday, 13 September 2016
Present	Councillors Mrs Ann Berry, Peter Gane (Chairman), Clive Goddard, Mrs Claire Jeffrey, Len Laws (In place of Ian Meyers), Michael Lyons and Frank McKenna
Apologies for Absence	Councillor Ian Meyers, Councillor David Owen, Councillor Peter Simmons and Councillor Mrs Rodica Wheeler
Officers Present:	Kate Clark (Trainee Committee Services Officer), Ben Geering (Head of Planning), Sue Lewis (Committee Services Officer), Tim Madden (Corporate Director - Organisational Change), Susan Priest (Corporate Director - Strategic Development) and David Whittington (Planning Policy Team Leader)
Others Present:	Councillor Ms Susan Carey, Cabinet Member for Finance and Councillor Alan Ewart-James, Cabinet Member for Housing

15. Minutes

The minutes of the meetings held on 28 June and 5 July 2016 were submitted, approved and signed by the Chairman.

16. Declarations of interest

There were no declarations of interest.

17. Medium Term Financial Strategy 2017/18 to 2020/21

Report C/16/38 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 2021. It covers both revenue and capital for the General Fund and the Housing Revenue Account. Also included are the Council's reserves policies. The MTFS is a key element of sound

corporate governance and financial management.

Members paid particular attention to the following:

- Council Tax – the Council will decide its final budget and council tax level at its meeting in February 2017
- Reserves – officers consider the approach to reserves each year to ensure there are adequate but not excessive reserves.
- Head of Economic Development (appendix 1), increase 2017/18 – Tim Madden, Corporate Director will provide a response as to the large increase shown in the document.
- Target for New Homes – the HRA was reviewed following the government’s announcement reducing social housing rents by 1%. As a result the level of income is significantly reduced meaning a reduction for new homes.

Proposed by Councillor Clive Goddard

Seconded by Councillor Michael Lyons and

Resolved:

- 1. To receive and note Report C/16/48.**

(Voting: For 7; Against 0; Abstentions 0)

18. Shepway Places and Policies Local Plan - preferred options

Report C/16/35 On 29th June Cabinet agreed report C/16/13 which provided an update on the progress of the Shepway Places and Policies Local Plan, seeking cabinet approval for the formal structure of the Preferred Options document, range of proposed policies and the consultation strategy and associated arrangements, prior to consideration of the document itself.

Appendix 1 to this report provides a copy of the final draft of the Places and Policies Local Plan Preferred Options Document. Cabinet is asked to agree this draft document, subject to any minor changes delegated to the Head of Planning. Cabinet is also asked to agree to the consultation arrangements set out within the report, so as undertake a 6 week engagement process in accordance with regulation 18 of the Town and Country Planning (Local Planning) (England) Regulations 2012.

Members were informed that the final draft will be brought back to committee May 2017.

The Chairman suggested that anyone who receives questions from residents or members of the public that they are forwarded to Ben Geering, Head of Planning to respond to or add to the consultation process.

Proposed by Councillor Clive Goddard

Seconded by Councillor Michael Lyons and

Resolved:

- 1. To receive and note report C/16/35.**

(Voting: For 7; Against 0; Abstentions 0)

19. Managing Freight vehicles through Kent: A consultation on proposals for a lorry area at Stanford West

Report C/16/47 The Secretary of State for Transport announced on 6th July 2016 that as a result of public consultation and of further work undertaken by Highways England into the design of the Stanford West and Junction 11 North sites, he had sufficient information to make a decision on the way forward. The Secretary of State has decided to propose a single large lorry area at Stanford West.

Highways England are now carrying out a further consultation that sets out in more detail the proposed design and operation of the Stanford West site. The consultation document sets out the main issues relating to the proposal and is supplemented by an Environmental Assessment Report (EAR) that identifies in more detail the potential environmental impacts and proposed mitigation measures. The consultation was launched on 12th August and responses are required by Highways England by 11.45pm on 23rd September 2016.

The consultation document which includes a questionnaire is attached to this report as Appendix A and is also available at:

<https://highwaysengland.citizenspace.com/he/managing-freight-vehiclesthrough-kent>

<http://www.highways.gov.uk/publications/environmental-assessmentreport-figures-and-appendices/>

Highways England are also holding a series of stakeholder consultation events at various locations during the consultation period where people will be able to view information about the proposals, ask the project team any questions and provide feedback on the proposals.

Members paid particular attention to the following:

- Facilities for drivers using the holding area – adequate facilities need to be made available.
- Potential impacts on Otterpool Park proposals – this will continue to be monitored as a greater level of detail becomes available on the design and operation of the lorry holding area.
- Compensation – this has been raised by SDC with Highways England and we expect a bespoke compensation package will be provided.
- Expansion of Ashford lorry park – there is no suggestion in the Highways England consultation to increase in this site as part of Government's response to Operation Stack.

Members were made aware that if a severe situation arose, such as Operation Stack in 2015, then the highway would be used to accommodate lorries beyond the capacity proposed in the holding area.

Proposed by Councillor Peter Gane
Seconded by Councillor Len Laws and

Resolved:

- 1. To receive and note report C/16/47.**
- 2. To look at including extra technology to provide drivers with as much information as possible.**
- 3. To make sure that adequate facilities are made available in the holding area.**

(Voting: For 7; Against 0; Abstentions 0)



This report will be
made public on 11
October 2016

Report **C/16/69**

To: Cabinet
Date: 19 October 2016
Status: Non-executive Decision
Head of Service: Sarah Robson, Head of Communities
Cabinet Member: Councillor Stuart Peall, Environment

SUBJECT: DOVER ROAD BIN PILOT SCHEME – MID YEAR REVIEW

SUMMARY: The Dover Road Bin Pilot Scheme is a project that has sought to address the ongoing waste and fly tipping issues in 45-95 Dover Road. Following an investment of £20,000 towards the scheme, this report now presents a scheme evaluation and conclusion.

RECOMMENDATIONS:

Cabinet is asked to consider the following recommendations:

- 1. To receive and note Report C/16/69.**
- 2. To note the introduction of a Fixed Penalty Notice (FPN) of £300 for small fly-tipping incidents under the Unauthorised Deposit of Waste (Fixed Penalties) Regulations 2016.**
- 3. The above has been proposed as part of the Fees and Charges setting for 2017/18. However, approval is asked for the charge to be added to the current year Fees and Charges schedule.**
- 4. To approve an £18,000 growth item contribution towards the purchase of additional mobile CCTV cameras to help with deterring and enforcing against fly tipping in Dover Road.**

1. Background

1.1 Ongoing waste and fly tipping issues have dominated 45-95 Dover Road in Folkestone. In March 2016, Cabinet agreed an additional budget of £20,000 to support the Dover Road bin pilot scheme, tackling three priority areas for further action:

- Waste collection
- Fly tipping
- Recycling

1.2 Budget expenditure was identified to support the following actions:

Action	Cost	Actual Cost	Project Lead
Continue Dover Street Community Bins collections (three times per week)	£2,800 pa	£2800	Waste Management Team
Residual bin lid apertures	£4,000 (one off cost)	£2020	Waste Management Team
Recycling bin lid apertures	£4,000 (one off cost)	£600	Waste Management Team
Waste information bin stickers	£500 (one off cost)	£60	Waste Management Team
No fly tipping signage (design, print and installation)	£550 (one off cost)	Planned £550 from corporate budget	Environmental Health (Pollution) Team
Overt camera (purchase, installation and monitoring)	£7,500	£7,185.45 WWCTV Camera - £7,000 Remaining spend on protective spikes, electrical sockets etc	Environmental Health (Pollution) Team
Waste and Recycling information leaflet (design, print and translation)	£500 (one off costs)	Paid for within current budget	Waste Management Team
TOTAL COST	£19,850	£13,215.45	

2. Action review

2.1 Additional investment, both in terms of budget and staffing resource has been dedicated to Dover Road since November 2015. However, now that the majority of residents are using the communal bins, they are filling up very quickly and overflowing. The bins are also attracting fly-tipping from outside of Dover Road,

including domestic and commercial waste and bulkier furniture items. Recycling advice has been provided through the well-attended weekly Dover Road Community Hub at the Children's Centre, however recycling remains comparatively low and waste contamination is high.

Priority 1: Waste Collections

- 2.2 40 properties were identified in the trial area, housing approximately 69 separate dwellings. Education of the recycling and waste scheme has been focused on residents who live in the properties from 45-95 Dover Road.
- 2.3 Waste Services is currently emptying the wheeled refuse bins three times a week; this allows each property to generate 860ltrs of waste per fortnight when the agreed limit for a household is 180ltrs.
- 2.4 Lockable lids with apertures were fitted to all refuse bins to avoid overfilling and to all recycling bins to reduce contamination. New bins have been installed, with some initial issues, including residents not putting sacks through the aperture, but leaving on the road side.
- 2.5 Whilst the recycling bins are being used and the recycling within them is of a good quality, the refuse bins with the aperture lids are not and waste is regularly being left on the road side. The refuse bins have now been replaced at no additional cost to the authority and the aperture refuse bins will be utilised in other areas.
- 2.6 Intelligence from the Veolia team has shown that the bins are attracting waste disposal and fly-tipping from outside of Dover Road, including domestic and commercial waste and bulkier furniture items.
- 2.7 The domestic waste enforcement procedure under Section 46 of the Environmental Act 1990 has suffered as a result of the Deregulation Act, particularly in areas where there are known 'transient' communities. The Council continues to issue Section 46 warning and education letters and Notices where waste is presented in the incorrect bags, on the wrong collection day or contaminated. However, although the breach of a Section 46 Notice is subject to the issue of a Fixed Penalty Notice, if it is not paid, a civil recovery procedure is instigated, which is often fruitless due to the transient nature of the tenants. The legislation does not support progress to legal action in court as it has been decriminalised.

Priority 2: Fly tipping

- 2.8 Fly tipping in Queen Street Alley was an issue before the communal bins were installed. The installation of CCTV and signage in Queen Street alley in July, has acted as a clear deterrent and seen a reduction in fly tipping incidents and dog fouling. It also gives the Council the ability to investigate and prosecute based on the CCTV footage evidence provided. However, the Enforcement Officers have reported that this has served to only push the issues to the other two communal sites in Dover Road. Intelligence has shown that fly tipping is prevalent around bin collection days.
- 2.9 The Environmental Enforcement Officers are investigating all issues of fly tipping across Dover Road. However, where CCTV is not present, no direct evidence has been forthcoming in helping to trace the fly tipping back to the originator. Therefore, no prosecutions have been undertaken.
- 2.10 The Environmental Enforcement Officers have provided morning and afternoon patrol visits during Monday to Friday each week, reporting any issues to the Waste

Services team to provide education letter and clearance. No FPNs have been issued. One Community Protection Warning was issued for accumulation in a back garden address on Dover Rd (103). The landlord has now served notice on the tenants to leave due to continual problems with them. The landlord cleared the first large amount of rubbish and is now clearing the second instance (see photos in Appendix 1).

- 2.1 Prior to morning and afternoon patrolling (commenced in August 2016), patrol hours have totalled 260 hours. The experience of officers also suggests the bins are being used by passers-by i.e. general members of the public.

Priority 3: Recycling

- 2.2 Provision of wheeled bins for recycling were already placed out at the communal sites, but were not being used correctly despite engagement with residents. Recycling information stickers have been applied to the bins and aperture lids put on them. Recycling levels remain low, but the recycling within them is of good quality and does allow the residents who wish to recycle to be able to. The clear use of visual communications has been used to reach the audience where English is not necessarily the first language.

3. Conclusion and Recommendations

- 3.1 It is recommended that the existing task and finish group continues to meet to explore future options and work with the community to increase public ownership and buy in to resolving problems.

Priority 1: Waste Collections

- 3.2 Historically, the Dover Road area and Queens Street alley has always had issues with waste and the communal sites have at least directed the waste and fly tipping to the communal sites.
- 3.3 It is an opinion that due to the demographics of the area and its level of deprivation that waste issues will never be completely resolved. The sites need to be managed, with regular inspections by Veolia and the waste team to ensure that the bins are fit for purpose, are not overflowing and any evidence found is dealt with to ensure that enforcement action can be taken where relevant.
- 3.4 The introduction of rubbish collections 3 times a week and daily cleansing has reduced many of problems, however the bins themselves are attracting fly tipping as rubbish sacks and large bulky items are placed around them.
- 3.5 Waste Services will continue to review other types of waste disposal methods, including lockable bins, with education advice regularly being provided to residents. Increased investigation searches of waste bags have been undertaken since May this year, with Section 46 warning letters and notices being issued, however, due to the transient nature of Dover Road residents, this is ongoing work.
- 3.6 Where bulky waste gets put out in front of the property, this can be classed as waste put out incorrectly, and not necessarily a fly-tip. However, due to the housing of large families and transient populations in the Dover Road area, the Environmental Enforcement, Waste Services and Veolia are reviewing their working processes to ascertain when bulky waste items in the Charlotte Street, Queen Street and Martello Road areas should be reported to Veolia for immediate bulky waste collection and

where there is clear evidence of fly tipping, to notify the Environmental Enforcement Officers to investigate and potential prosecution.

- 3.7 Although previous checks on some commercial operations in the area have shown premises are complying with the disposal of trade waste, Environmental Enforcement Officers are due to undertake a review of trade waste agreements in the vicinity of Dover Road in December 2016, to ensure the relevant paperwork is in place.

Fly-tipping

- 3.8 Fly-tipping can be anything from a single black bag to several truck loads of construction, demolition and excavation waste. Some illegal dumps, whilst small in size can be serious, particularly if hazardous waste is involved.
- 3.9 The introduction of CCTV in Queen's Street Alley has acted as a deterrent, helping to significantly reduce fly tipping in this location. However, it has pushed the issues to the other two communal sites in Dover Road, with fly tipping being reported weekly, predominantly around waste collection days. Therefore, it is recommended that two further CCTV cameras are required at the two communal bin sites if the problem of waste by the transient Dover Road residents is ever to be fully deterred and eradicated. This would assist better partnership working across Environmental Enforcement, Waste Services and Veolia to increase opportunities for enforcement and prosecution. The additional deployment of CCTV cameras would require Council investment of £18,000.
- 3.10 Under Section 33 of the Environmental Protection Act 1990, the Council may take someone who has fly-tipped on public land to Court. However, the Council must prove in court, beyond all reasonable doubt, that the accused fly-tipper has fly-tipped, which is both a lengthy and resource intensive legal route.
- 3.11 However, the Unauthorised Deposit of Waste (Fixed Penalties) Regulations 2016 introduces a new enforcement tool, the serving of a Fixed Penalty Notice (FPN) of up to £400 for lower level, minor instances of fly-tipping. The FPN can be issued when an authorised officer has reason to believe that a person has committed a waste deposit offence in the area of the authority. By issuing a FPN, the legislation allows this to discharge any liability to conviction for the offence to which it relates by payment of a fixed penalty. However, if the FPN is unpaid or the offence is recommitted, the legislation supports incurring fines of £2,500 in a magistrates court and £250 per day that the offence continues after conviction.
- 3.12 It is proposed that the Council sets a Fixed Penalty Notice (FPN) fee of £300, payable within 14 days and no early payment reduction. In Dover Road, the fly-tipping is often caused by residents placing their domestic waste in areas of the road a small distance from their household dwelling, but within the same road. Therefore, although the council would need to be sensible on how it enforced the FPN for small fly tips, it would provide officers with a mechanism to enforce in a consistent manner.

Recycling

- 3.13 Environmental Enforcement Officers are continuously providing education on their patrol visits, but a focused education programme needs to be considered in partnership with Veolia, Waste Services and Environmental Enforcement.
- 3.14 Clearer leaflets with pictorial images need to be produced to help the community further. A small cost is likely to be associated with this.

4. Implications

7.1 Please give consideration to the following and provide information here (if relevant):

- **Legal (DK)**

The Unauthorised Deposit of Waste (Fixed Penalties) Regulations 2016 introduce a new section 33ZA to the Environmental Protection Act 1990 (EPA 1990) to allow the Council (as a waste collection authority) to issue fixed penalty notices (FPNs) for fly-tipping waste offences in breach of section 33(1)(a) of the EPA 1990. The FPN can be for between £150 and £400, as specified by the Council. (Central government has indicated that the FPNs will only be appropriate for small-scale fly-tipping offences; the Council is still able to prosecute large-scale or repeat offences.

- **Finance (LH)**

There is no budget that has been set-aside for this in 2017/18 and would therefore require a growth bid of £18,000.

- **Equalities (ST)**

The project aims to work with all sectors of the community regardless of age, gender, disability, race, religion etc. Education and engagement is paramount and we have worked with the community affected to ensure they understand what is required and the potential consequences if this is not followed. Enforcement is applied in a fair and consistent manner. It is important that, due to the transient nature of the community living within this area, we undertake regular communication with these households.

- **Communications (ML)**

Communications on waste in Dover Road remain a challenge as until there are either successful prosecutions and/or improvements to the level of waste on in the Dover Road area we will continue to have to deal with complaints from the public and residents. The newspapers are currently keen to publicise fly-tipping issues and we can publicise any successes that are reported to us.

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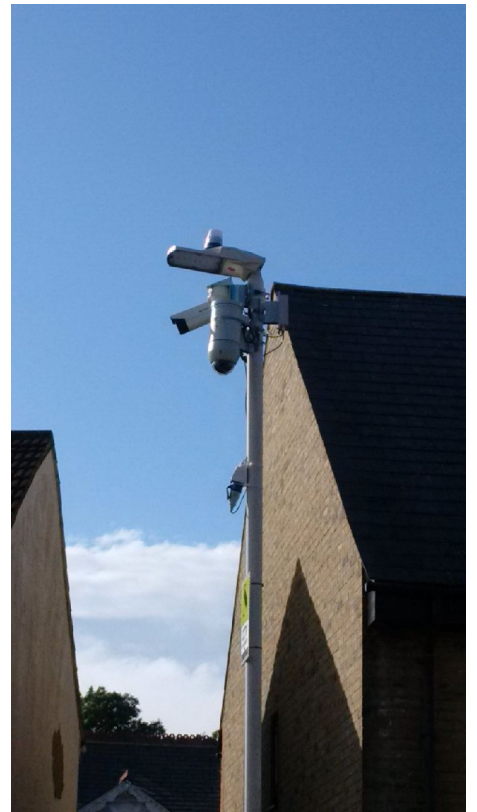
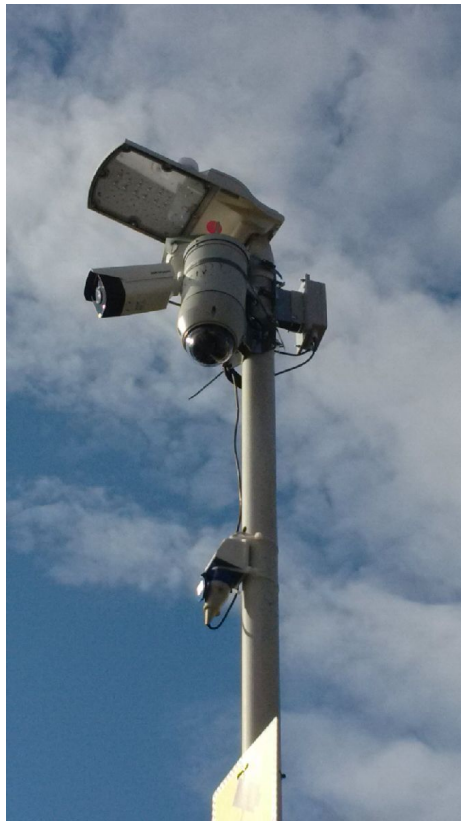
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The following background documents have been relied upon in the preparation of this report: None

Appendices:

Appendix 1: Community Protection Notice, 103 Dover Road and CCTV installation

WCCTV Camera in situ (Protective Spikes were added later)



Signage:





Recycling and Waste Education at Dover Road Hub



103 Dover Road – Enforcement Activity undertaken



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This Report will be made public on 11 October 2016

Folkestone

Hythe & Romney Marsh
Shepway District Council



Report Number **C/16/56**

To: Cabinet
Date: 19 October 2016
Status: Non-Key Decision
Head of Service: Sarah Robson, Head of Communities
Portfolio Holder: Councillor Jenny Hollingsbee, Cabinet Member for Communities

SUBJECT: Review of the Ward Profiles, Ward Plans, Ward Plan Budget Scheme and other community funding schemes

REASONS FOR RECOMMENDATIONS: Cabinet is asked to consider the following reasons for recommendation:

The report sets out to review and improve the allocation, administration and effectiveness of Council expenditure to ensure better transparency, value for money, sustainability and more positive and targeted outcomes led by ward members in partnership with their communities.

RECOMMENDATIONS:

1. To receive and note Report C/16/56.
2. To consider the options being presented to:
 - Discontinue Ward Profiles and Ward Plans with immediate effect.
 - Increase individual ward member grants from £1,500 to £3,000 per member, per annum from 1 April 2017.
 - Develop, deliver and commission against a Shepway profile, action plan and online community asset resource, with an allocated budget of £35,000 per annum from 1 April 2017.
 - Continue the Community Chest funding programme.
 - Continue to provide existing Grant Agreements with the voluntary and community sector.
 - Provide an in year budget saving of £160,000 and next financial year saving of £80,000.

1. BACKGROUND

1.1 The Council's Annual Governance Statement supports the priority to ***“Establish clear channels of communication with all sections of the community and other stakeholders and ensure accountability.”*** To support this priority, a Member Working Group was established in 2015 to consider the development of Ward Plans against 5 key principles:

- Clearly articulate members priorities for their respective wards
- Ensure that officers are working to deliver member and community priorities
- Use Ward Profiles to ensure a strong evidence base to identify community priorities
- Enable Members to collaborate with partners in an accountable and clear fashion
- Provide an opportunity for local people to influence local priorities and shape their community.

1.2 To support Ward Plans, it was agreed that Ward Profiles would be created to provide an overview of each of the district's ward assets, needs and priorities, including demographics, health and wellbeing, skills and employment, education, housing and community assets such as parks and open spaces, community halls and clubs.

1.3 In addition, Ward Plan Budget funding of £160,000 was approved and established in 2015/16, being reserved for projects that deliver local community priorities, as articulated in formally approved Ward Plans.

1.4 Member interest in Ward Plans has varied from area to area. Initial feedback received from both councillors and officers has suggested that the Ward Plan and funding process is both timely and protracted. Questions have been raised whether Ward Plans and Budgets have managed to significantly strengthen the way ward councillors and the Council in general engage with local communities and other stakeholders to bring about positive change in wards across the district. It is also unclear how Ward Plans and budgets can be evaluated in terms of community impact and outcomes.

2. INTRODUCTION

Ward Profiles

2.1 Ward Profiles were created for each of the district's wards, highlighting community assets and an overview of demographics, health and wellbeing, skills and employment, education, housing and community assets such as parks and open spaces, community halls and clubs.

2.2 Community Development Officers did not have the skill set required to compile Ward Profiles, therefore, the development of Ward Profiles demanded additional staffing and financial resource, with an officer seconded full-time from the Housing team to gather relevant data, write and finalise each profile over an 8 month period.

- 2.3 A recent survey of Heads of Service and Managers highlighted that no Council officer had utilised the profiles to inform their service area priorities or actions in the past 12 months. Outdated information and lack of county, district and ward comparisons were used as the main reasons. However, a consultant utilised by the Economic Development team had used the profiles “to broadly understand the area under review and access information and statistical data at a ward level, although it is clear that some information is not current and therefore unusable”.
- 2.4 In the survey, some officers commented that they would like an improved understanding of the expanding health and wellbeing agenda, its impact on district council services and support joined up strategic and operational thinking between health and wellbeing and services such as housing, planning, parks and open spaces.
- 2.5 A further survey (see Appendix 1) undertaken in June 2016 with the 30 Ward Members attracted 3 responses, of which 2 had utilised the ward profiles for information on health and wellbeing, local economy, planning and development and voluntary and community sector groups.
- 2.6 Overall, it is clear that the Ward Profiles are underused; data becomes quickly outdated and the staffing resource required to update 13 individual profiles on an annual basis is unachievable.

Ward Plans and Ward Budgets

- 2.7 Member interest in Ward Plans has varied from area to area. In 2015/16, out of 13 wards, 4 Ward Plans were submitted from the following wards; Broadmead, Hythe Rural, North Downs West and Hythe. At the close of the last financial year, Ward Plan Budget applications of £123,000 were approved by the Leader of the Council to support the 4 submitted Ward Plans.
- 2.8 However, from the Ward Plan Budget applications received, there is officer concern that the funding is being used to support the mainstream activities or responsibilities of a community or voluntary organisation. In some instances, little consideration has been given to the Ward Profiles, in particular, the opportunity to tackle health inequalities and community cohesion, social wellbeing and needs. In other instances, it is issues such as project management, permissions, sustainability and match funding that has been overlooked.
- 2.9 At present, there is very little distinction between projects being funded by the Ward Plan Budget funding and other sources of funding such as Ward Member Grants and Community Chest.
- 2.10 In 2015/16, Ward Plan Budget funding of £123,000 was approved supporting projects identified in local Ward Plans including; seagull proof bins, signage, replacement of a fence at Sellindge Sports Club and Social Club and the refurbishment of the Committee Room at Lympne Village Hall. Many of the smaller funding applications supported projects at around the £3,000 mark with secured match funding or in kind support. Although it is clear that the

funding supports actions contained within local Ward Plans, the funding framework means it is difficult to demonstrate a strong evidence base to identify community priorities, evidence of value for money or how the funding can be measured to show it directly engages and benefits local communities and other stakeholders to bring about positive change in wards across the district.

- 2.11 Whilst there is a genuine appetite from Ward Councillors to identify priorities and issues for their communities – and it is important that this is celebrated and encouraged - some of the intentions of Ward Profiles, Plans and Budgets have been lost.
- 2.12 In the Ward Member survey, members collectively commented that the district and individual ward community priorities should focus investment on the following five areas:
- Active and healthy lifestyles
 - Community cohesion
 - Environment (littering, dog fouling and fly tipping)
 - Social isolation and loneliness
 - Youth engagement
- 2.13 Although the responses received were low in the survey, the feedback given was helpful, in particular the steer from the Cabinet Member for Communities to ensure that priorities identified were ones that could be measured in terms of community engagement and cohesion outcomes, performance, customer satisfaction and value for money.

Ward Member Grant

- 2.14 It should be recognised that each of the 30 ward members currently receive an allocation of £1,500 per annum, which can be applied for and spent in their wards to support voluntary and community sector groups to deliver projects and activities in the locality for the benefit of the community. Through the Ward Member Grant, members have been able to actively target and support smaller, local initiatives and gain a wider local presence and understanding of their local community at a grassroots level.

Community Chest

- 2.15 A £95,000 grant awarded from Kent County Council (KCC) supports an annual programme of Community Chest grants to community groups and charities delivering projects for the benefit of Shepway residents, with one amount of up to £50,000 and smaller grants between £1,000 - £5,000 being made available.
- 2.16 In recent years, funding has supported similar initiatives to those highlighted in Ward Plans, including the Radnor Park play area improvement, village hall and community facility improvements and equipment, an online project supporting those in the early stages of living with dementia, community gardens, disability sports, youth engagement activities and wellbeing and therapeutic programmes. KCC is currently phasing out the funding arranged,

with a reduced allocation of 50% of the funding being provided in the next financial year, before being phased out completely.

- 2.17 The table below outlines the annual funding arrangements the Council currently provides to the community.

Funding	Purpose	£
Ward Member Grants (£1,500 per member)	Support voluntary and community sector groups to deliver projects and activities in the locality for the benefit of the community.	£45,000
Ward Plan Budgets	Support Ward Plans to deliver projects and activities in the locality for the benefit of the community.	£160,000
Community Chest	One-off grants to community groups and charities delivering projects for the benefit of Shepway residents.	£95,000
Community Team: Voluntary and Community Sector Grant Agreements	Grant Agreements with voluntary and community sector to deliver projects and services to reduce the impact on SDC core services.	£467,000*
Total		£767,000

*Includes £150,000 available to Folkestone Triennial in 2017.

- 2.18 The table above demonstrates a duplication of purpose with regards to community funding, with only the Community team's Voluntary and Sector Grant Agreements having grant agreements, which are regularly monitored and evaluated to highlight impact, value for money and alignment to the council's Corporate Plan objectives.
- 2.19 It is clearly positive, that in light of significant reductions in resources, including budgets and external grants, that the Council is investing in its local communities.
- 2.20 Any new proposal would need to help build on the Council's existing record of financially supporting projects, whilst delivering a degree of continuity and supporting better services to our communities.
- 2.21 The Communities Service is supporting the Cabinet Member for Communities, who represents the Council on the South Kent Coast Health and Wellbeing Board and is vice chair of the Local Children's Partnership Group, to embed health and wellbeing across all work areas by focusing on community engagement, cohesion and wellbeing measures and offering innovative ideas as to how the Council can work more effectively with partners and residents to ensure that our priorities are meeting the needs our most vulnerable and in need communities and reducing the resource impact on our services.
- 2.22 Therefore, any review of funding, should, where possible, support a holistic approach to embed community wellbeing within the Community Services team, enabling effective partnerships with the private, public and voluntary sector and work closely with community and third sector groups who provide

services within our neighbourhoods to create more resilient communities and support greater social responsibility.

3. OPTIONS CONSIDERED

- 3.1 There are various options in relation to the future of community support and funding arrangements.

Option 1

- 3.2 Do nothing. However, this is not recommended, as this review has demonstrated that Ward Plans, Profiles and Budgets are failing in terms of impact, outcomes and value for money. The aim of this review has been to increase the impact of ward members working alongside and supporting their local communities.

Option 2

- 3.3 Continue successfully funding streams, including Ward Member Grants, Community Chest and Grant Agreement, but discontinue Ward Plans, Profiles and Budgets, which this report has shown are failing in terms of impact, outcomes and value for money. This would generate an in year saving of £160,000. However, based on the findings of this report, this would be a wasted opportunity to consider a more impactful, community funding model.

Option 3

- 3.4 The Council is empowered under the Localism Act 2010 to authorise expenditure benefiting local communities. Therefore, the third proposal recommends the Council continues to invest in those areas of work that demonstrate value, whilst redesigning initiatives such as Ward Plans and Ward Profiles to ensure that there is a more usable and impactful model to support the district's communities.
- 3.5 The Ward Profiles and Ward Plans would not be continued. In support of the Cabinet Member for Communities role in supporting community resilience, engagement and wellbeing agendas, a Shepway Profile and Action Plan could be introduced supporting a 2-3 year period. The profile and action plan would provide an overview of the district's community priorities and needs, with areas of focus and performance measures at ward level, to encourage community cohesion and increase healthier lifestyles and outcome based accountability working in partnership with key agencies and the voluntary sector.
- 3.6 The Action Plan will address priority community priorities and inequalities that currently impact both the Council's financial and staffing resources, including community engagement, cohesion, safety, housing and environmental health etc.
- 3.7 The actions of Shepway District Council as a local authority can have an influence, sometimes big, sometimes small on the health of our residents.
- 3.8 The overarching aim of the Shepway Profile and Action Plan would be to support the Corporate Plan priorities, whilst seeking to reduce the staffing

and financial resource pressures on Council services by building personal, economic and community resilience. The Action Plan will support people to make positive choices that maintain or improve their role in the community. The work of traditional community services, the Council and its partners – from tackling community cohesion, housing support, promoting employment, to improving sports and leisure activities– all affect the wellbeing of local people.

- 3.9 A further piece of work will be undertaken to utilise the asset mapping (including community groups, clubs, village halls etc.) from each of the Ward Profiles, to provide an accessible, online district community asset search facility (linked through the Council’s website), which is reviewed and updated on an annual basis. The shape and form this will take can be proposed through the Council’s Digital Transformation Board. Although, not a direct service delivery improvement, it will require an ICT response in terms of project delivery. Interest in asset mapping databases has been shown by the South Kent Coast Clinical Commissioning Group, Kent Public Health and the voluntary and community sector as a useful and impactful way of signposting residents to access alternative support and help.
- 3.10 Individual Ward Member grants would be increased from £1,500 to £3,000 per member, per annum to give Members more control in supporting voluntary and community sector groups to deliver projects and activities in the locality for the benefit of the community. The existing grant criteria will remain unchanged. Where a Ward Plan has been previously developed, the grant could be utilised to ensure any partnership/stakeholder work is not lost. The availability of greater Ward Member grants will further enhance the Council’s involvement with local communities and assist with the delivery of efficient and effective projects and services to ward areas. This funding stream would continue to be open for applications year round and officers can assist Members with applications, if requested.
- 3.11 Community funding could then be provided or commissioned as follows in the new financial year (2017/18):

Funding	Purpose	£
Ward Member Grants (£3,000 per member)	Support voluntary and community sector groups to deliver projects and activities in the locality for the benefit of the community.	£90,000
Community Chest	One-off grants to community groups and charities delivering projects for the benefit of Shepway residents.	£47,500
Community Team: Voluntary and Community Sector Grant Agreements	Grant Agreements with voluntary and community sector to deliver public services to enhance SDC core services.	£467,000*
Shepway Profile, Action Plan and online Community Asset database	To commission a targeted programme of community projects and initiatives based on identified district priorities and needs, ensuring outcomes can be demonstrated to the	£35,000

	community.	
Total		£639,500

*Includes £150,000 available to Folkestone Triennial in 2017.

3.12 The above has the potential to bring an in year budget saving of £160,000 and would see next year's (2017/18) Council investment reduced by £80,000. However, more importantly, the above would ensure members continue to have a sense of oversight and leadership in local priorities, including those who may wish to retain their existing ward plans, which could be supported through an increase in individual ward grants.

4. CONCLUSION

4.1 With such significant spend being allocated towards community projects and activities, it is essential that the Council can demonstrate that its community work and funding arrangements are making a difference in supporting local communities and priorities.

4.2 Therefore, this report supports the proposed Option 3 in line with the report's recommendations to ensure better value for money, sustainability and an outcome focused approach, which can be championed by ward members in partnership with their communities.

4.3 Option 3 provides members with additional resource (via the increased ward member grant) to support local services and projects in order leverage more impact in their communities.

4.4 The proposal to develop a Shepway Action Profile and Plan will support the Cabinet Member for Communities to establish a clear direction of travel for the Council to address community engagement, cohesion and the complex and interlinked health and wellbeing issues, which impact our services and identify how we need to work differently.

5. RESOURCE IMPLICATIONS

5.1 There are no resource implications that are not covered within the Finance Officer's comments below.

6. RISK MANAGEMENT ISSUES

6.1 Perceived risks as follows:

Perceived Risk	Seriousness	Likelihood	Preventative Action
Reputational risk: The review has demonstrated that Ward Plans, Profiles and Budgets are currently failing in terms community impact, outcomes and value for money.	Medium	High	Establish a clear direction of travel to ensure better value for money, sustainability and an outcome focused approach, which can be championed by

			ward members in partnership with their communities.
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7. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

7.1 Legal Officer's Comments (DK)

Whilst the Council has the power to allocate funding for various projects in accordance with various enactments, including the Local Government Act 1972 and the Localism Act 2011, it is important that such allocation is made with capacity to do so, following consultation and that the Council has ascertained justifiable cause for the funding, without potential that third parties may challenge such cause.

7.2 Finance Officer's Comments (DB)

This report relates to a review of the Ward Profiles, Ward Based and Ward Plan schemes. It also recommends continuance of the Community Chest scheme and other community funding schemes. Apart from the payment towards the Triennial, which is funded from a reserve, there are existing budgets of £767,000 for the schemes detailed. The report recommends that from 1 April 2017, option 3 is implemented. These schemes total £639,500. This means an in year saving to the Council of £160,000 and future annual saving of £80,000. This saving should be included as part of the Budget Strategy 2017/18. In relation to the Community Chest scheme, it should be remembered that the budget for the scheme is based on an annual contribution from Kent County Council of £95,000. This will be reduced from 2017/18, so would need to be included as part of the Budget Strategy 2017/18.

7.3 Diversities and Equalities Implications (ST)

The Council aims to provide the community with fair and equal treatment in all its activities. Members and Officers should ensure that all communities are able to participate in funding schemes wherever possible. Therefore, all community funding schemes need to be widely publicised and the Council should encourage applications from a wide range of community groups.

8. CONTACT OFFICER AND BACKGROUND DOCUMENTS

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

Sarah Robson, Head of Communities
01303 853426
sarah.robson@shepway.gov.uk

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

None

Appendices:

App 1: Member consultation document

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Ward Members Consultation Review of Ward Profiles, Plans and Budgets May 2016

Since their introduction in 2015, Ward Plans and Budgets have aimed to provide opportunities for residents to influence decisions, address local priorities and shape the community.

It is clear that there is a genuine appetite from ward members to identify and address priorities and issues in their communities. However, not every ward has chosen to develop a Ward Plan. It is therefore timely to pause the programme in order to review and consider the future of Ward Profiles, Plans and Budgets in consultation with ward members.

I would be grateful if you could complete the consultation questionnaire below, returning by post or email to Emily Ghassempour, Communities Officer, Shepway District Council, Civic Centre, Castle Hill Avenue, Folkestone CT20 2QY or email: emily.ghassempour@shepway.gov.uk by **Friday 17 June 2016**.

1.	Your Name		
2.	Ward		
3.	Email		
4.	Do you have a Ward Plan? <i>If yes, please go to Q5</i> <i>If no, please use the space provided to explain why you have chosen not to adopt a Ward Plan and go to Q9</i>	Yes/No	
5.	Did you use the local ward profile to develop your ward plan?	Yes/No	
6.	What information did you use from the Ward Profile to develop a Ward Plan? <i>Please tick all those that apply</i>	Yes/No	
		Demographics	
		Local Economy	
		Education and skills	
		Health and wellbeing	
		Housing	
		Planning and development	
		Physical assets	
		Places of worship	
		Arts and culture	
		Voluntary and Community Groups	
Events and venues			
Tourist attractions			

7.	Have you applied for Ward Budget funding?	Yes/No	
8.	Did your Ward Budget funding address any of the following Communities Service Plan priorities? <i>Please tick all those that apply</i>	Active and healthy lifestyles	
		Arts and culture	
		Community assets	
		Community cohesion	
		Community safety	
		Environment (littering, dog fouling, fly tipping etc.)	
		Housing (affordable, standards etc.)	
		Mental health and emotional wellbeing	
		Social isolation and loneliness	
	Youth engagement		
9.	What are the priority community needs that need to be addressed or improved in your ward?	1.	
		2.	
		3.	
10.	What are the priority community aspirations in your ward?	1.	
		2.	
		3.	
11.	How could these community priorities, needs and aspirations be delivered or achieved for your ward?		

Your view matters. Thank you for taking the time to complete the consultation document. If you have any questions regarding the questionnaire or review, please contact emily.ghassempour@shepway.gov.uk. Your responses will be collated and inform the report reviewing the Ward Profiles, Plans and Budgets.

This Report will be made public on 11 October 2016

Folkestone

Hythe & Romney Marsh
Shepway District Council



Report **C/16/61**

To: Cabinet
Date: 19 October 2016
Status: Non-Key Decision
Head of Service: Pat Main - Head of Finance
Cabinet Member: Councillor Susan Carey – Cabinet Member for Finance

SUBJECT: GENERAL FUND REVENUE BUDGET MONITORING – 2ND QUARTER 2016/17

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 2016.

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/16/61.

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 2016.
- 1.2 General Fund projections are made against the latest approved estimate which has been adjusted for approved carry-forwards from the 2015/16 budget and approved virements within year to 31 August 2016.
- 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 2016/17 - PROJECTED OUTTURN

- 2.1 The Quarter 2 projected outturn shows a forecast deficit of £2,827m against the latest approved estimated deficit of £2.588m. This represents a deterioration of £239k from Quarter 1.
- 2.2 Compared to the projection as at Quarter 1, the then forecast surplus of £127k has been replaced by a deficit of £239k. This is a deterioration of £366k for the period.
- 2.3 Although capital expenditure funded from revenue has increased by about £187k, as shown in paragraph 2.11, almost all of this has been funded from earmarked reserves. The latest projected outturn for the General Fund in 2015/16 is summarised below:

**GENERAL FUND NET REVENUE EXPENDITURE
VARIANCE ANALYSIS 2016/17 - SUMMARY**

@ August 2016 - Period 5

General Fund Net Cost of Services	Original Budget	Approved C/fwds and Virements	Latest Approved Budget	Projected Outturn	Variance
	£'000	£'000	£'000	£'000	£'000
Strategic Development	89	393	484	485	1
Leadership Support	796	54	850	893	43
Communications	250	(2)	248	240	(8)
Democratic Services & Law	5,694	23	5,717	5,687	(30)
Human Resources	881	(103)	778	820	42
Finance	4,164	240	4,404	5,143	739
Communities	2,363	432	2,795	2,644	(151)
Strategic Development Projects	321	30	351	365	14
Economic Development	560	107	667	701	34
Planning	637	182	819	660	(159)
Commercial & Technical Services	1,454	206	1,660	1,342	(318)
Sub-Total - Heads of Service	17,209	1,562	18,773	18,980	207
Unallocated Net Employee Costs	64	(192)	(128)	(174)	(46)
Recharges to Non General Fund Accounts					-
Total for Service	17,273	1,370	18,645	18,806	161
Reversal of Capital Charges Included in Portfolios		-			-
Reversal of pension adjustments		-			-
Reversal of write down of renovation advances		-			-
Internal Drainage Board Levies	436	-	436	436	-
Interest Payable and Similar Charges	576	-	576	573	(3)
Interest and Investment Income	(605)	(30)	(635)	(543)	92
Local Services Support Grant		-			-
	-	-	-	-	-
New Homes Bonus Grant	(1,950)	-	(1,950)	(1,950)	-
Other Non Service Related Government Grants	(763)	-	(763)	(832)	(69)
Town and Parish Council Precepts	1,827	-	1,827	1,827	-
Minimum Revenue Provision	405	-	405	405	-
Capital Expenditure Financed from Revenue	5,374	(1,308)	4,066	4,253	187
NET REVENUE EXPENDITURE BEFORE USE OF RESERVES	22,573	32	22,607	22,975	368
Net Transfer to/from(-) Earmarked Reserves	(1,708)	(1,348)	(3,056)	(3,185)	(129)
TOTAL TO BE MET FROM TAXPAYERS & FORMULA GRANT	20,865		19,551	19,790	239
Transfer to/from(-) the Collection Fund	(589)	-	(589)	(589)	-
Revenue Support Grant and Re-distributed NNDR	(1,736)	-	(1,736)	(1,736)	-
Business Rates Income	(3,799)	-	(3,799)	(3,799)	-
Demand on the Collection Fund	(10,839)	-	(10,839)	(10,839)	-
(SURPLUS)/DEFICIT FOR THE YEAR	3,902	2	2,588	2,827	239

The significant movements are outlined below:

	£'000	£'000	Paragraph Reference
Withdrawal as per latest approved estimate		2,588	
Reduced Income			
Reduced Investment income re housing acquisition programme	-92		2.5
		-92	
Decrease in Expenditure			
Planning - vacancies	-159		2.6
Communities restructuring and vacancies	-174		2.7
Reduced cost on waste management contracts	-50		2.8
		-383	
Increase in Expenditure			
Housing benefit	104		2.9
Rent rebates	357		2.9
Revenues and Benefits administration	215		2.10
Increased Capital expenditure from Revenue	187	863	2.11
Other net variations		-149	
Total Variance		239	
Withdrawal as per projected outturn		2,827	

2.4 The main variations are explained in more detail below.

Reduction in interest and investment income

2.5 The main reason for the reduction in income is the lower than anticipated interest receivable from Oportunitas Ltd on loans advanced to it by the council. Oportunitas' housing acquisitions programme is taking longer to progress than originally planned meaning a delay in the drawing down of loans from the council to support this. This is reflected in the General Fund Capital Budget Monitoring report being separately considered by Cabinet as part of this agenda.

Planning vacancies

2.6 It has been assumed that all vacancies will have been filled by 1 October and projections have been made accordingly.

Communities restructuring and vacancies

2.7 The projected variance shown for this year is a combination of the effects of a departmental restructure where certain posts have been made redundant and others have remained unfilled for a period.

Reduced cost of the waste management contract

2.8 This has resulted from an overprovision regarding contract inflation.

Increased budgetary pressure - housing benefit and rent rebate payments.

- 2.9 The expenditure on both areas has significantly changed during this year as a result of variances in demand for benefits which are in the main outside the control of the authority. Increased control in respect of overpayments has resulted in reduced payments, however this is offset to a degree by reduced subsidy income which has mitigated the total impact. However an overall adverse situation of some £461k is projected.

Increased budgetary pressure - revenues and benefits administration

- 2.10 The 2016/17 budget was prepared on the assumption that the savings from the digital transformation of the service would start to be delivered mid-way through the year. Now that detailed project plans have been developed it is evident that this timescale for implementing the new organisation structure will not now be met; at this stage in the project it is not yet possible to predict with certainty how much of the savings will be delivered by year-end. Therefore the projected outturn has been based on an assumption that none of the savings will be delivered during 2016/17. This will be updated as soon as firm implementation dates have been agreed.

Capital financed from revenue

- 2.11 There is no direct net cost to the General Fund because these costs are being funded from reserves. It is projected that this cost will be approximately £4.253m in 2016/17. The assumption made here is that this will be funded:

	£000s
General Reserve	946.0
Earmarked reserves (see paragraph 2.5)	3,306.6
Total	4,252.6

Based on existing resources, both are fundable. This is an increase of £186.6k charged to reserves over the period 1 projection.

Net movement in reserves

- 2.12 On the basis of the projections set out in this report as at 31 August 2016, the council's net movement in earmarked reserves are expected to be:

Movement in Earmarked Reserves

Earmarked Reserve	Balance at	Latest	Change	Projected	Balance
	01/04/2016	Budget	Projected	Outturn	at 31/03/2017
	£'000	£'000	£'000	£'000	£'000
Business Rates	2,457	-30	0	-941	1,516
Invest to Save	381	-15	15	0	381
Carry forwards	1,650	-1,342	1,678	-1,394	256
IFRS	85	-22	0	-17	68
Corporate Property	20	0	-20	-20	0
Vehicle, Equipment and Technolog	942	-316	-36	-352	590
New Homes Bonus	1,757	599	0	599	2,356
Corporate Initiatives	1,227	-759	221	-620	607
Maintenance of Graves	12	0	0	0	12
Leisure	247	-100	100	-150	97
Economic Development	2,251	-1,200	-500	-1,764	487
Total Earmarked Reserves	11,029	-3,185	1,458	-4,659	6,370

3. RISK MANAGEMENT ISSUES

3.1 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 position	Medium	Medium	Regularly reviewing monthly budget monitoring to identify key expenditure and income variances and taking remedial action where possible.
Fluctuating interest rate movement impacting on investment returns	Medium	Medium	Interest rate forecasts regularly reviewed. Investment portfolios split between fixed rate/fixed term deposits to help manage impact of interest rate movement.
Adverse weather conditions impacting on car parking income	Medium	Medium	Regularly reviewing monthly budget monitoring to identify key income trends/variances and taking remedial action where possible.
Increase in claimants receiving housing benefits due to the economic climate	Medium	Medium	Regularly reviewing the number of claimants receiving benefits and highlighting any significant increases as early as possible so remedial action can be taken where possible
Increase in	Medium	Medium	Regularly reviewing the

homelessness numbers due to the changes to the benefit system			homelessness situation and highlighting any significant increases as early as possible so remedial action can be taken where possible.
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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.

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VARIANCE ANALYSIS 2016/17 - Susan Priest
August 2016 - Quarter 2

SERVICE	Cost Centre	Original Budget	Latest Approved Budget	Projected Outturn	Variance	BRIEF EXPLANATION OF VARIANCE
REVENUE EXPENDITURE		£000	£000	£000	£000	
<u>Susan Priest - Corp Dir - Strategic Development</u>						
Services						
M20 Jct 11 Study	EC14	89	486	485	(1)	-
Sub Total - Services		89	486	485	(1)	
Admin						
Sub Total - Admin		-	-	-	-	
Total - Susan Priest - Corp Dir - Strategic Development		89	486	485	(1)	

N.B.

The above excludes admin recharges, capital charges and depreciation costs.

The 'latest approved budget' is the original budget plus any approved carry forwards and virements.

VARIANCE ANALYSIS 2016/17 - Suzy Tigwell
August 2016 - Quarter 2

SERVICE	Cost Centre	Original Budget	Latest Approved Budget	Projected Outturn	Variance	BRIEF EXPLANATION OF VARIANCE
REVENUE EXPENDITURE		£000	£000	£000	£000	
<u>Suzy Tigwell - Leadership Support</u>						
Services						
Feasibility Study Folk Seafront CP	CE46	-	-	-	-	-
Otterpool - Developer	ED00	-	-	-	-	-
Folkestone Airshow	EE23	12	12	13	1	-
Civic Ceremonials	FE20	15	15	15	-	-
Emergency Planning	FH25	24	24	24	-	-
Sub Total - Services		51	51	52	1	
Admin						

Corporate Centre	GB00	162	205	203	(2)	
Corporate Director - Strategic Operations	GL05	142	144	138	(6)	Management salary saving.
Corporate Director - Organisational Change	GM00	122	124	126	2	
Corporate Director - Strategic Development	GM01	93	95	149	54	(£4k) saving on overstated salary budget, £56k cost for Masterplanning Urban Design and Viability Post - no budget.
Leadership and PA Support	GM38	226	231	225	(6)	£26k agency cost, £38k no budget for policy and performance officer, £12k extra manager cost from increased hours offset by (£19k) maternity saving, (£15k) Leadership Support Assistant saving, (£21k) policy and performance vacancy saving, (£22k) resilience and risk vacancy and (£3k) saving for PA post - overstated budget.
Sub Total - Admin		745	799	841	42	
Total - Suzy Tigwell - Leadership Support		796	850	893	43	

N.B.

The above excludes admin recharges, capital charges and depreciation costs.

The 'latest approved budget' is the original budget plus any approved carry forwards and virements.

VARIANCE ANALYSIS 2016/17 - Mark Luetchford

August 2016 - Quarter 2

SERVICE	Cost Centre	Original Budget	Latest Approved Budget	Projected Outturn	Variance	BRIEF EXPLANATION OF VARIANCE
<u>REVENUE EXPENDITURE</u>		£000	£000	£000	£000	
<u>Mark Luetchford - Communications</u>						
<u>Services</u>						
Sub Total - Services		-	-	-	-	
<u>Admin</u>						
Website Project	GL35	6	1	1	-	
Communications	GM37	244	247	239	(8)	(£4k) EKH SLA, (£4k) Shepway Today, (£2k) salary saving offset by £2k reduced budget advertsing income.
Sub Total - Admin		250	248	240	(8)	
Total - Mark Luetchford - Communications		250	248	240	(8)	

N.B.

The above excludes admin recharges, capital charges and depreciation costs.

The 'latest approved budget' is the original budget plus any approved carry forwards and virements.

ARIANCE ANALYSIS 2016/17 - Amandeep Khroud
August 2016 - Quarter 2

SERVICE	Cost Centre	Original Budget	Latest Approved Budget	Projected Outturn	Variance	BRIEF EXPLANATION OF VARIANCE
REVENUE EXPENDITURE		£000	£000	£000	£000	
<u>Amandeep Khroud - Democratic Services & Law</u>						
<u>Services</u>						
Household Waste Collection	CE10	8	10	(14)	(24)	(mpile,15Jul16) Income increased (£21k) for the collection of bulky waste based on current income so far this year.
Recycling and Waste	CE11	(1,364)	(1,364)	(1,323)	41	(mpile,26May16) Income increased (£8.4k) for bulky collections (mpile,16Aug16) Garden waste income increased by a further £8k, under recovering by £40k (mpile,15Jul16) Garden waste projected income not met £48k)
Environmental Enhancements	CE12	-	-	-	-	-
Hythe Swimming Pool	CE31	3	6	28	22	(rhedges,06Sep16) Approx +£20k mainly due to under-recovery of income. Pool closed for 12 weeks due to major repairs (rhedges,06Jun16) +£27k, due to under-recovery of income.
Cleansing	CE60	6	6	6	-	-
Street Naming & Numbering	DA12	(11)	(11)	(20)	(9)	-
Leas Cliff Hall	EA01	681	681	681	-	-
Members Allowances & Expenses	FE05	384	384	386	2	-
Democratic Representation-Misc Expenditure	FE15	23	21	20	(1)	-
Democratic Representation-Support Services	FE61	-	-	-	-	-
Democratic Representation-Recharges	FE70	(117)	(117)	(117)	-	-
Registration of Electors	FH03	77	77	77	-	(rhedges,12May16) Incl £16,772 IER income
Conducting Elections	FH04	5	5	5	-	(wfitter,02Jun16) Costs for Unit 2, Learoyd Road,
Individual Electoral Registration (IER)	FH05	(43)	(43)	-	43	(wfitter,02Jun16) Transitional income no longer received from Cabinet Office (wfitter,02Jun16) Transitional income no longer received
Sub Total - Services		(348)	(345)	(271)	74	
<u>Admin</u>						
Client Side Unit	GA03	127	129	128	(1)	-
Procurement	GA10	111	113	114	1	(arush,18Aug16) 2 vancancies within team covered by agency staff.
Centralised Equipment	GA11	1	-	-	-	-
Corporate Consumables - Floors 1 & 2	GA24	4	4	4	-	-
Legal Services	GL00	381	377	383	6	(dkelly,01Jun16) Due to staffing issues, additional legal/professional costs will be incurred
Solicitor to the Council	GL41	78	79	83	4	-
Electoral Services	GL51	90	97	114	17	(rhedges,06Sep16) +£16k on staffing costs in JH Electoral Officer post (rhedges,31May16) null
	GL52	130	132	124	(8)	(abrooks,07Sep16) £7k savings on staffing costs (Governance Manager secondment completed) Add note text here (rhedges,06Sep16) -£20k on staffing costs.....Govern Mgr post 'vacant'
Committee Services						

ICT Contract	GM13	382	382	350	(32)	-
Waste Contract	GM14	3,549	3,549	3,450	(99)	-
Contract Parking Enforcement	GM15	371	371	371	-	-
ICT Operations	GM19	591	601	608	7	-
Waste Contract Management	GM34	172	173	174	1	-
Sub Total - Admin		5,987	6,007	5,903	(104)	
<u>Holding</u>						
Civic Centre-Cleaning Contract	GX02	55	55	55	-	-
Sub Total - Holding		55	55	55	-	
Total - Amandeep Khroud - Democratic Services & Law		5,694	5,717	5,687	(30)	

N.B.

The above excludes admin recharges, capital charges and depreciation costs.
The 'latest approved budget' is the original budget plus any approved carry forwards and virements.

VARIANCE ANALYSIS 2016/17 - Andrina Smith

August 2016 - Quarter 2

SERVICE	Cost Centre	Original Budget	Latest Approved Budget	Projected Outturn	Variance	BRIEF EXPLANATION OF VARIANCE
<u>REVENUE EXPENDITURE</u>		£000	£000	£000	£000	
<u>Andrina Smith - Head of Human Resources</u>						
<u>Services</u>						
Cemeteries	CE20	(179)	(179)	(179)	-	-
Closed Churchyards	CE21	-	-	-	-	-
Burials	CE25	-	2	-	(2)	-
Corporate Training	FD16	24	24	24	-	-
Local Land Charges	FH57	(162)	(162)	(167)	(5)	-
CX Savings	AX02	-	-	-	-	-
Sub Total - Services		(317)	(315)	(322)	(7)	
<u>Admin</u>						
Business Support Unit	GA23	631	614	624	10	(rhedges,09Aug16) Update staffing projection - overall +£3k (rhedges,09Aug16) Update staffing projection - overall showing -£2k overspend (rhedges,23May16) null
Organisational Development	GL45	317	312	308	(4)	-
Centrally Managed Staffing	GM02	-	-	(1)	(1)	-
Payroll	GM07	48	48	48	-	-
Human Resources (Corporate Training)	GM08	144	61	80	19	-

Human Resources (Central Costs)	GM09	58	58	83	25	(asmith,31Aug16) Increased projection on 2602 due to current casework
Sub Total - Admin		1,198	1,093	1,142	49	
Total - Andrina Smith - Head of Human Resources		881	778	820	42	

N.B.

The above excludes admin recharges, capital charges and depreciation costs.
The 'latest approved budget' is the original budget plus any approved carry forwards and virements.

VARIANCE ANALYSIS 2016/17 - Pat Main
August 2016 - Quarter 2

SERVICE	Cost Centre	Original Budget	Latest Approved Budget	Projected Outturn	Variance	BRIEF EXPLANATION OF VARIANCE
<u>REVENUE EXPENDITURE</u>		£000	£000	£000	£000	
<u>Pat Main - Head of Finance</u>						
<u>Services</u>						
Members Community Grant Bid	ED42	-	7	7	-	-
Corporate Management- Misc Expenditure	FD15	301	378	378	-	-
Corporate Management-Support Services	FD61	-	-	-	-	-
Corporate Management-Recharges	FD70	(109)	(109)	(109)	-	-
Pensions Back Funding	FF15	1,743	1,743	1,743	-	-
Early Retirement Contributions	FF16	-	-	-	-	-
Business Rates Collection	FL05	(172)	(172)	(172)	-	-
Council Tax Collection	FL20	(498)	(498)	(498)	-	-
Council Tax Benefits	FL21	-	-	-	-	-
Council Tax Reduction Scheme	FL22	(236)	(235)	(166)	69	Some of salary variance of £76k to be met by KCC & KPCC grant of £125k, loss of DCLG grant of £91k and payments to TC & PC £28k
Housing Benefits	FN01	(325)	(325)	(221)	104	Although payments for Housing Benefits are down against the budget the loss of subsidy has resulted in this negative variance
Rent Rebates	FN02	6	6	363	357	Although payments for Rent Rebates are down against budget the loss of subsidy has resulted in this negative variance
Sub Total - Services		710	795	1,325	530	
<u>Admin</u>						
Accountancy	GA00	687	738	777	39	5 vacancies providing (£205k) savings within permanent staff costs; Financial Services Manager, Chief Accountant, GF Group Accountant, Full time Finance Officer & Part time Finance Officer. Savings of (£8k) on cash alternative to leased car relating to FS Manager post. £240k temporary staff costs to cover FS Manager, Chief Accountant & GF Group Accountant, and £12k addition costs in relation to Professional fees & Subscriptions

Corporate Debt	GA05	275	265	265	-	-
Treasury Management	GA08	14	44	44	-	-
Revenues	GA20	354	352	401	49	Sopra Steria review savings of £75k forecast still to be achieved. Additional temporary staff costs £12k. 2 vacant Recovery Officer posts budgeted but not planned to be filled (£50k)
Technical, Fraud & VO's	GA22	233	313	313	-	-
Benefits	GA27	517	487	653	166	Sopra Steria review savings of £253k forecast still to be achieved. 3 x Operational Improvement officers unbudgeted costs £81k, temporary staff costs £24k, offset by Middle Office Officer vacancies, grants, reduction in budgeted hours, Maternity leave, cash alternative to leased car & budget for Computer equipment no longer required (£190k)
FERIS Fraud & Error Reduction Incentive Scheme	GA28	-	-	-	-	-
DWP Additional Fees	GA29	-	-	-	-	-
Printing Services	GA54	324	326	325	(1)	-
New Romney One Stop	GA56	3	3	3	-	-
Hythe Library	GA57	-	-	-	-	-
Lydd Library	GA58	-	-	1	1	Increased projection to cover handymen costs for the removal of SD equipment
Civic Wardens	GA60	80	93	94	1	-
Customer Services	GA62	866	887	841	(46)	Various secondments, vacancies, temp costs, maternity leave & reduced hours (£46k)
ICT Innovation Project	GL32	-	-	-	-	-
Office Moves	GL33	-	-	-	-	-
Ways of Working	GL34	-	-	-	-	-
Digital Transformation	GL37	-	-	-	-	-
Internal Audit	GP00	101	101	101	-	-
Sub Total - Admin		3,454	3,609	3,818	209	
Total - Pat Main - Head of Finance		4,164	4,404	5,143	739	

N.B.

The above excludes admin recharges, capital charges and depreciation costs.

The 'latest approved budget' is the original budget plus any approved carry forwards and virements.

VARIANCE ANALYSIS 2016/17 - Sarah Robson**August 2016 - Quarter 2**

SERVICE	Cost Centre	Original Budget	Latest Approved Budget	Projected Outturn	Variance	BRIEF EXPLANATION OF VARIANCE
<u>REVENUE EXPENDITURE</u>		£000	£000	£000	£000	
<u>Sarah Robson - Head of Communities</u>						
<u>Services</u>						
Licensing	BE57	(172)	(172)	(172)	-	-

Caravan Sites	BE58	(3)	(3)	(3)	-	-
Crime and Disorder	BF53	27	27	27	-	-
Food Safety, Health and Safety etc	BG50	266	240	247	7	Maternity cover
Pollution Reduction	BG51	26	31	31	-	-
Pest Control	BG52	1	1	1	-	-
Silver Back Project	CE27	-	-	-	-	-
Family Champions	CE28	57	76	19	(57)	Two vacant posts not being filled
Troubled Families Secondment	CE29	-	-	-	-	-
Working Families Everywhere	CE32	-	-	-	-	-
Dog Control	CE51	17	17	17	-	-
Litter and Fouling Enforcement	CE54	1	8	8	-	-
CSE External Projects	CE55	-	10	10	-	-
Hackney Carriage Licensing	CE58	(86)	(86)	(86)	-	-
Other Environmental Services	CE99	62	60	62	2	-
Cultural Services	EA59	33	-	-	-	-
Community Chest	ED15	-	211	211	-	-
Members Ward Allowance	ED40	45	45	45	-	-
Community Grants	ED41	197	321	321	-	-
Sports Development Initiatives	EE20	21	21	21	-	-
Folkestone Sports Centre	EE25	190	190	190	-	-
Young People Initiative	EF01	-	-	-	-	-
Tall Ships Project	ER02	20	20	20	-	-
General Grants	FH18	57	90	90	-	-
Housing Standards	HE10	(1)	(1)	(1)	-	-
Housing Strategy	HH11	4	4	4	-	-
Homelessness	HH21	47	47	118	71	£39k Outreach Service (Homeless Prevention Fund), £26k Tenant Sustainment (Homeless Prevention Fund), £6k Other minor variance
Registered Social Landlords	HH31	-	-	-	-	-
Renovation Grants	HH40	-	-	-	-	-
Care and Repair Scheme	HH42	44	44	44	-	-
Other Housing Improvement Services	HH48	-	-	-	-	-
Housing Advances	HH70	-	-	-	-	-
Sub Total - Services		853	1,201	1,224	23	
<u>Admin</u>						
Head of Housing, Land & Property	GH51	80	82	84	2	-
Housing Options	GH58	257	273	307	34	Increase in salaries due to restructure, 1 staff member increase in grade and 2 staff members increased hours
Social Lettings Agency	GH61	2	23	31	8	-
Housing Strategy & Support	GH62	96	98	96	(2)	-
Crime Reduction	GL20	-	-	-	-	-
Community Safety	GL21	239	441	320	(121)	4 redundant posts
Environmental Health	GM22	-	-	-	-	-
Private Sector Housing	GM29	235	238	233	(5)	-
Environmental Protection	GM36	434	339	263	(76)	Savings from restructure and part year vacancies
Licensing	GM44	-	100	86	(14)	Savings from restructure and part year vacancy
Caravan Co-ordinator	GM45	-	-	-	-	-

Community Development	GM47	167	-	-	-	-
Sub Total - Admin		1,510	1,594	1,420	(174)	
Total -Sarah Robson - Head of Communities		2,363	2,795	2,644	(151)	

N.B.

The above excludes admin recharges, capital charges and depreciation costs.

The 'latest approved budget' is the original budget plus any approved carry forwards and virements.

VARIANCE ANALYSIS 2016/17 - Andy Jarrett

August 2016 - Quarter 2

SERVICE	Cost Centre	Original Budget	Latest Approved Budget	Projected Outturn	Variance	BRIEF EXPLANATION OF VARIANCE
<u>REVENUE EXPENDITURE</u>		£000	£000	£000	£000	
<u>Andy Jarrett - Strategic Development Projects</u>						
<u>Services</u>						
Hythe Sports Provision Study	CE35	-	-	-	-	-
Princes Parade Planning Project	ED02	41	41	41	-	-
Misc Regeneration Initiatives	ED11	(35)	(14)	(12)	2	-
Strategic Projects	ED50	-	30	30	-	-
Sub Total - Services		6	57	59	2	
<u>Admin</u>						
Projects	GM33	202	128	128	-	-
Strategic Development Projects	GM40	113	84	84	-	-
Land Owners Projects	GM48	-	82	94	12	Officer seconded from Planning
Sub Total - Admin		315	294	306	12	
Total - Andy Jarrett - Strategic Development Projects		321	351	365	14	

N.B.

The above excludes admin recharges, capital charges and depreciation costs.

The 'latest approved budget' is the original budget plus any approved carry forwards and virements.

VARIANCE ANALYSIS 2016/17- Katharine Harvey

August 2016 - Quarter 2

SERVICE	Cost Centre	Original Budget	Latest Approved Budget	Projected Outturn	Variance	BRIEF EXPLANATION OF VARIANCE
REVENUE EXPENDITURE		£000	£000	£000	£000	
<u>Katharine Harvey - Head of Economic Development</u>						
<u>Services</u>						
Community Infrastructure Levy	EC13	-	-	-	-	-
Commercial Development	ED01	-	-	-	-	-
Regeneration & Economic Development	ED10	300	378	398	20	-
Rural Regeneration Initiatives	ED12	13	31	30	(1)	-
European Initiatives	ED13	27	27	32	5	-
High Street Innovation Fund	ED14	-	2	2	-	-
Folkestone CLLD	ED16	-	5	10	5	-
Environmental Initiatives	ES05	24	25	25	-	-
Sub Total - Services		364	468	497	29	
<u>Admin</u>						
Regeneration & Economic Development	GM30	196	199	204	5	-
Sub Total - Admin		196	199	204	5	
Total - Katharine Harvey - Head of Economic Development		560	667	701	34	

N.B.

The above excludes admin recharges, capital charges and depreciation costs.

The 'latest approved budget' is the original budget plus any approved carry forwards and virements.

VARIANCE ANALYSIS 2016/17 - Ben Geering**@ August 2016 - Period 5**

SERVICE	Cost Centre	Original Budget	Latest Approved Budget	Projected Outturn	Variance	BRIEF EXPLANATION OF VARIANCE
REVENUE EXPENDITURE		£000	£000	£000	£000	
<u>Ben Geering - Head of Planning</u>						
<u>Services</u>						
Development Control	DA11	(481)	(501)	(501)	-	-
Planning Policy	EC12	92	124	124	-	-
Sub Total - Services		(389)	(377)	(377)	-	

Admin Planning Control	GM20	1,026	1,196	1,037	(159)	Assumes that all six vacant posts are filled from the half year.
Sub Total - Admin		1,026	1,196	1,037	(159)	
Total - Ben Geering - Head of Planning		637	819	660	(159)	

N.B.

The above excludes admin recharges, capital charges and depreciation costs.
The 'latest approved budget' is the original budget plus any approved carry forwards and virements.

VARIANCE ANALYSIS 2016/17 - Andy Blaszkowicz
August 2016 - Quarter 2

SERVICE	Cost Centre	Original Budget	Latest Approved Budget	Projected Outturn	Variance	BRIEF EXPLANATION OF VARIANCE
REVENUE EXPENDITURE		£000	£000	£000	£000	
Andy Blaszkowicz - Head of Commercial & Technical Services						
<u>Services</u>						
CCTV	BE51	-	-	-	-	-
Highways Non-Partnership	CE01	16	1	1	-	-
Street Furniture	CE02	20	20	24	4	-
Passenger Shelters	CE03	18	18	18	-	-
Street Lighting	CE04	66	66	76	10	-
Outdoor Sports and Recreation	CE30	(25)	(25)	(19)	6	£6k reduction to football income due to alternative use of new 3G pitch at the Cheriton Road Sports Ground Trust.
Royal Military Canal (including Ecology & Habitat Maintenance (HLF))	CE33 / CE34	(9)	7	11	4	
RMC Drainage Functions	CE36	8	8	8	-	-
RMC - Bridge Painting	CE37	22	22	22	-	-
Community Parks & Open Spaces	CE38	30	50	51	1	-
Off-Street Parking	CE40	(895)	(883)	(978)	(95)	(rhedges,02Jun16) Increase in projected income for both parking charges and fines
On-Street Parking Enforcement	CE45	(394)	(391)	(453)	(62)	(rhedges,02Jun16) Increase in projected parking fines
Public Toilets	CE52	(6)	(6)	(6)	-	-
Oil Pollution	CE91	-	-	-	-	-
Sewerage Services	CG55	-	-	-	-	-
Coast Protection	CG80	(208)	(208)	(208)	-	-
Shoreline Management	CG85	(52)	(52)	(52)	-	-
Flood Defence & Land Drainage	CG90	16	16	16	-	-
Romney Marsh Project	CG96	-	-	-	-	-
Flood Repair & Renew	CG97	-	-	-	-	-
Building Control	DA10	(237)	(237)	(237)	-	-
Leas Bandstand	EA11	4	4	3	(1)	-

Hythe Beach Chalets	EA12	-	-	(7)	(7)	(£7k) rental income only, expenditure budgets to be added, which will reduce the net balance.	-
Shornccliffe Industrial Estate	EB01	-	-	-	-		-
Mountfield Industrial Estate	EB02	(76)	(76)	(76)	-		-
Industrial Estates - Support Services	EB04	-	-	-	-		-
Lifeline Facilities	HH51	(171)	(161)	(204)	(43)		-
Dover Careline	HH52	-	-	-	-		-
Sub Total - Services		(1,873)	(1,827)	(2,010)	(183)		
Admin							
Property Handymen	GM18	-	-	40	40		-
Building Control	GM21	253	257	252	(5)		-
Parking Services	GM23	91	92	91	(1)		-
Handyman Service	GM24	60	61	60	(1)		-
Grounds Maintenance Contract Management	GM25	73	74	74	-		-
Engineers	GM31	225	220	153	(67)	(rhedges,10Aug16) Staffing proj. £74k. Underspend due to change in staffing structure (aclifford,08Aug16) Staffing proj. £70k. Total projection -£52k (rhedges,08Aug16) Staffing proj. £70k. Total projection -£78k (rhedges,08Aug16) Staffing proj. £80k. Total projection -£78k (rhedges,31May16) Staffing proj. £70k (new Eng starting beg. July). Total projection -£78k (rhedges,17May16) £60k/£70k savings (rhedaes.04Mav16) Amend projection for new engineer?	-
Property	GM32	258	270	249	(21)		-
Head of Commercial & Technical Services	GM39	87	88	88	-		-
Sub Total - Admin		1,047	1,062	1,007	(55)		
Holding							
ASD - Grounds Maintenance	CE39	-	-	-	-		-
Grounds Maintenance	GE01	1,128	1,189	1,187	(2)	(£11k) savings identified during Base Budget Review April 16, (£14k) fine income earmarked for future tree projects (£8k) small net saving staffing costs, offset by £34k Oportunitas material costs and reduction to anticipated annual income and (£3k) other minor net operational savings.	-
Charity Areas	GE05	201	199	196	(3)		-
Royal Military Canal	GE06	91	94	92	(2)		-
Toilet Cleaning	GE07	110	111	109	(2)		-
Pump Maintenance Crew	GE08	10	10	10	-		-
Civic Centre	GX00	184	198	198	-		-
3/5 Shornccliffe Road	GX01	4	4	6	2		-
Hawkinge Depot	GX05	4	4	4	-		-
Oss-New Romney	GX06	4	4	4	-		-
Public Toilets	GX10	110	110	110	-		-
Parks & Open Spaces Buildings	GX20	40	53	53	-		-
Royal Military Canal Buildings	GX21	6	6	6	-		-
Hythe Beach Huts	GX22	-	-	15	15		-
Bandstand	GX23	3	3	3	-		-
Sports & Recreation Buildings	GX24	17	17	17	-		-
Charity Parks & Open Spaces	GX25	40	49	49	-		-
Hythe Swimming Pool	GX27	118	119	118	(1)		-

Car Parks	GX30	196	196	196	-	-
Prog Planned Maintenance	GX40	107	152	152	-	-
Cemeteries Buildings	GX50	9	9	9	-	-
Oxenden Road Depot	GX51	6	6	6	-	-
Mountfield Rd Depot	GX52	16	16	16	-	-
Misc Corporate Property	GX53	(150)	(150)	(150)	-	-
Christchurch Tower	GX54	-	-	-	-	-
Ross Depot & Murf	GX55	17	17	14	(3)	-
Fishermans Beach	GX56	-	-	-	-	-
Mountfield Industrial Estate	GX60	5	5	5	-	-
Miscellaneous Commercial Property	GX69	-	-	-	-	-
Misc Leisure Prop (Non-Op)	GX79	3	3	3	-	-
Miscellaneous Agricultural Property	GX89	-	-	(84)	(84)	-
Misc Vacant Land & Buildings	GX99	1	1	1	-	-
Sub Total - Holding		2,280	2,425	2,345	(80)	
Total - Andy Blaszkowicz - Head of Commercial & Technical		1,454	1,660	1,342	(318)	

N.B.

The above excludes admin recharges, capital charges and depreciation costs.

The 'latest approved budget' is the original budget plus any approved carry forwards and virements.

This Report will be made public on 11 October 2016

Folkestone

Hythe & Romney Marsh
Shepway District Council



Report Number **C/16/62**

To: Cabinet
Date: 19 October 2016
Status: Non-Key Decision
Head of Service: Pat Main, Interim Head of Finance
Cabinet Member: Councillor Susan Carey, Finance

SUBJECT: GENERAL FUND CAPITAL BUDGET MONITORING – 2nd QUARTER 2016/17

SUMMARY: This monitoring report provides a projection of the latest financial position for the General Fund capital programme, based on expenditure to 31 August 2016. The report identifies variances on planned capital expenditure for the General Fund in 2016/17.

REASONS FOR RECOMMENDATIONS:

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.

RECOMMENDATIONS:

1. To receive and note Report C/16/62.

1. INTRODUCTION AND BACKGROUND

- 1.1 This report updates Cabinet on the latest position for the General Fund capital programme at the 2nd quarter of 2016/17, based on expenditure to 31 August 2016, compared to the latest overall approved budget for the Medium Term Capital Programme, including reprofiling of expenditure between 2015/16 and 2016/17. 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 2016/17 – PROJECTED OUTTURN

- 2.1 The latest projection for the total cost and funding of the General Fund capital programme for 2016/17 is £9,150,600, an reduction of £2,031,000 compared to the latest budget of £11,181,600. Full details are shown in the appendix to this report. 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 2016/17	Latest Budget 2016/17	Quarter 2 Projection 2016/17	Variance
Service Unit	£'000	£'000	£'000
Commercial & Technical Services	3,701.6	3,697.6	(4.0)
Democratic Services & Law	100.5	100.5	-
Economic Development	40.0	40.0	-
Finance	3,347.0	1,347.0	(2,000.0)
Human Resources	20.5	20.5	-
Communities	1,433.0	1,406.0	(27.0)
Strategic Development Projects	2,539.0	2,539.0	-
Total General Fund Capital Expenditure	11,181.6	9,150.6	(2,031.0)
Capital Funding			
Grants and Contributions	(3,431.0)	(3,439.0)	(8.0)
Capital Receipts	(1,494.0)	(1,459.0)	35.0
Revenue	(6,256.6)	(4,252.6)	2,004.0
Total Funding	(11,181.6)	(9,150.6)	2,031.0

- 2.2 The following table analyses the reasons for the net reduction in the planned capital expenditure in 2016/17. Full details of the variances for the individual schemes are also shown in the appendix to this report:

Analysis of Variances – 2016/17 Latest Budget to Projected Outturn

	£'000
1 Anticipated delay in the need for Oportunitas Ltd to draw down funding for phase 2 of its housing acquisitions programme until 2017/18	(2,000)
2 Saving on Home Safe Loans due to a reduction in demand	(45)
3 An increase in Warm Home Loans granted met from KCC grant held over from 2015/16	18
4 Other minor net changes	(4)
Total movement	(2,031)

- 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, the Private Sector Empty Homes Initiative and the release of funding to Oportunitas Limited for its housing acquisitions programme.

3. IMPACT OF PROGRAMME CAPITAL FUNDING RESOURCES

- 3.1 One of the key principles underlying the council's Medium Term Financial Strategy is the current approved capital programme is funded from available or realised capital resources and that no new borrowing is used. 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.
- 3.2 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 August 2016	(7,452)
Less:	
Committed towards General Fund capital expenditure	1,859
Committed towards HRA capital expenditure	3,011
Ring-fenced for specific purposes	1,694
Contingency for urgent or unforeseen capital expenditure	500
Balance available to support new capital expenditure	(388)

4. CONCLUSIONS

- 4.1 The projected outturn shown for the General Fund capital programme for 2016/17 reflects the position based on actual expenditure and forecasts at 31 August 2016.
- 4.2 The projected outturn for the programme is funded from existing available capital resources and does not require any borrowing to support it.
- 4.3 The General Fund capital programme for 2016/17 does not require changes to the approved budget at this stage and, therefore, Cabinet is requested to note this report.

5. RISK MANAGEMENT ISSUES

- 5.1 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.

6. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

6.1 Legal Officer's Comments (DK)

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

6.2 Finance Officer's Comments (LW)

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 or policy or a revision of either and 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

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 2016/17 Q2 Projection

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APPENDIX - GENERAL FUND CAPITAL PROGRAMME 2016/17 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	
2	Grounds Maintenance Vehicle and Equipment Replacement Programme	246.0	246.0	0.0	
3	Coast Protection - Coronation Parade Urgent Repairs to Sea Wall	45.0	45.0	0.0	Repairs to storm damaged wall undertaken in Spring 2016. £35K grant from Environment Agency towards work
4	Coast Protection - Coronation Parade, Folkestone	2,570.0	2,570.0	0.0	Enhancement to existing coastal defences at Coronation Parade, Folkestone entirely funded from approved Environment Agency grant (£2,070k) and contribution from The National Grid (£500k)
5	Coast Protection - Greatstone Dunes Management & Study	15.0	15.0	0.0	
6	Coast Protection - Hythe to Folkestone Beach Management (from 2015)	250.0	250.0	0.0	
7	General Fund Property - Health and Safety Enhancements	207.0	207.0	0.0	Primarily for works to the Civic Centre, Folkestone

Item No	Service Area and Scheme	Latest Approved Budget	Q2 Projection	Variance Budget to Q2 Projection	Comments
		£'000	£'000	£'000	
8	Lifeline Capitalisation	42.0	42.0	0.0	
9	Responsive Repairs Contract - New Vehicle	24.0	16.0	-8.0	Saving
10	Royal Military Canal Enhancements	50.0	50.0	0.0	Scheme planned to start from Autumn 2016
11	Parking Self-Serve System	32.6	36.6	4.0	Includes extra cost for replacing handheld computers
12	Hythe Pool Improvements	191.0	191.0	0.0	Works to replace the pool liner, roof and chlorine storage system during the summer 2016
	Total - Head of Commercial and Technical Services	3,701.6	3,697.6	-4.0	

Item No	Service Area and Scheme	Latest Approved Budget	Q2 Projection	Variance Budget to Q2 Projection	Comments
		£'000	£'000	£'000	
	Amandeep Khroud - Head of Democratic Services and Law				
13	PC Replacement Programme	20.5	20.5	0.0	
14	Server Replacement Programme	60.0	36.0	-24.0	Budget realigned to support Virtual Desktop Technology
15	Virtual Desktop Technology	20.0	44.0	24.0	Additional capacity required. Cost being met from Server Replacement Programme budget
	Total - Head of Democratic Services and Law	100.5	100.5	0.0	
	Katharine Harvey - Head of Economic Development				
16	Connectivity	40.0	40.0	0.0	
	Total - Head of Economic Development	40.0	40.0	0.0	

Item No	Service Area and Scheme	Latest Approved Budget	Q2 Projection	Variance Budget to Q2 Projection	Comments
		£'000	£'000	£'000	
	Pat Main - Interim Head of Finance				
17	Oportunitas Loan & Share Capital Phase 1 (Housing Acquisitions Programme)	1,347.0	1,347.0	0.0	Phase 1 acquisitions programme extended and reprofiled to 2016/17
18	Oportunitas Loan & Share Capital Phase 2 (Housing Acquisitions Programme)	2,000.0	0.0	-2,000.0	Proposed to be reprofiled to 2017/18 as Phase 1 programme has been extended to 31/3/17
	Total - Head of Finance	3,347.0	1,347.0	-2,000.0	
	Andrina Smith - Head of Human Resources				
19	Burials Software System	20.5	20.5	0.0	
	Total - Head of Human Resources	20.5	20.5	0.0	

Item No	Service Area and Scheme	Latest Approved Budget	Q2 Projection	Variance Budget to Q2 Projection	Comments
		£'000	£'000	£'000	
	Sarah Robson - Head of Communities				
20	Disabled Facilities Grant	500.0	500.0	0.0	Projection in line with budget but lower than external 'Better Care Fund' grant available to support scheme. Launch of new Shepway Home Enablemet Scheme Service this Autumn may see increase in demand for service. Currently no waiting list for existing DFGs.
21	Home Safe Loans	100.0	55.0	-45.0	Demand currently lower than anticipated
22	Warm Home Loans Scheme	12.0	30.0	18.0	KCC funding in hand from 2015/16
23	Empty Properties Initiative	821.0	821.0	0.0	
	Total - Head of Communities	1,433.0	1,406.0	-27.0	

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				
24	Hythe Environmental Improvements	39.0	39.0	0.0	
25	Princes Parade - Preparatory Costs	500.0	500.0	0.0	Professional advice required to support the planning application process
26	Corporate Property Development Projects	2,000.0	2,000.0	0.0	Subject to approval of a business investment case by Cabinet
	Total - Head of Strategic Development Projects	2,539.0	2,539.0	0.0	
	Total General Fund Capital Expenditure	11,181.6	9,150.6	-2,031.0	

This Report will be made public on 11 October 2016

Folkestone

Hythe & Romney Marsh
Shepway District Council



Report Number **C/16/63**

To: Cabinet
Date: 19 October 2016
Status: Non-Key Decision
Head of Service: Pat Main, Interim Head of Finance
Cabinet Members: Councillor Miss Susan Carey, Finance and
Councillor Alan Ewart-James, Housing

SUBJECT: HOUSING REVENUE ACCOUNT REVENUE AND
CAPITAL BUDGET MONITORING 2016/17 – 2nd
QUARTER 2016/17

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 31 August 2016.

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/16/63.

1. INTRODUCTION AND BACKGROUND

- 1.1 This report informs Cabinet of the likely projected outturn on HRA revenue and capital expenditure for 2016/17.
- 1.2 The projections are based on actual expenditure and income to 31 August 2016. 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 2016/17 – PROJECTED OUTTURN

- 2.1 The table below provides a summary of the projected outturn compared to the latest budget for 2016/17.

	Latest Budget £'000	Projection £'000	Variance £'000
Income	(16,113)	(16,180)	(67)
Expenditure	11,324	11,296	(28)
HRA Share of Corporate Costs	235	225	(10)
Net Cost of HRA Services	(4,554)	(4,659)	(105)
Interest Payable/Receivable etc	1,597	1,624	27
HRA Surplus/Deficit	(2,957)	(3,035)	(78)
Repayment of Debt	900	0	(900)
Revenue Contribution to Capital	5,885	1,624	(4,261)
Decrease/(Increase) to HRA Reserve	3,828	(1,411)	(5,239)

- 2.2 The table shows that overall at quarter 2 there is a projected decrease in net expenditure of £5,239k on the HRA. The main reasons for this are as follows:-

	£'000
Increase in repairs and maintenance (see 2.3 below)	61
Decrease in interest and investment income	27
Increase in charges for services and facilities	8
Decrease in revenue contribution to capital (see 2.4 below)	(4,261)
Decrease in repayment of debt (see 2.5 below)	(900)
Decrease in supervision and management (see 2.6 below)	(90)
Increase in dwelling rents (see 2.7 below)	(69)
Decrease in HRA share of corporate costs	(10)
Increase in non-dwelling rents	(6)
Other minor variances	1
Total net projected Housing Revenue Account increase	(5,239)

- 2.3 The increase in repairs and maintenance relates to a £60k increase in void repairs due to the current level of higher category void works that are necessary to ensure properties are available to be re-let to tenants, a £25k increase in asbestos removal as full house surveys are being completed to

comply with landlords responsibilities and a £13k reduction on planned maintenance.

- 2.4 The decrease in revenue contribution to capital relates to the slippage of the capital programme in 2016/17 and relates to the re-profiling of phase 1 and 2 of the Military Road new build programme. It is anticipated that the phase 1 deposit will be paid in 2016/17 however, the balance for phase 1 and the deposit for phase 2 will be paid in 2017/18 and then the balance for phase 2 will be made in 2018/19. The amount of revenue contribution to capital will change from year to year depending on the profile of the new build/acquisition programme.
- 2.5 The decrease in the repayment of debt relates to a change in strategy within the HRA Business Plan. The detailed HRA Business Plan went to Cabinet on 23 March 2016 and agreed to extend the payback of debt period by approx 5-7 years to ensure the council can continue to deliver the new homes programme.
- 2.6 The underspend within supervision and management relates to premises insurance and the stock condition survey.

Regarding the premises insurance this is following the re-tender for insurance, a competitive bid from our existing insurer and the low claims experience that has built up over the previous contract term, therefore the premium for HRA has been substantially reduced.

During 2016/17 EKH has commissioned a stock condition survey through Rand Associates for the four councils who are in the ALMO. This joint approach has provided a saving against the original budget.

- 2.7 The increase in dwelling rents income relates to guidance received from CLG regarding the 1% reduction in rents from April 2016. Within the budget setting process for 2016/17 the guidance stated that the 1% rent reduction in rents related to all properties within the HRA stock however, later guidance stated that sheltered accommodation was exempt from the reduction and could be increased in accordance with previous formula. Within the detailed budget report this was included as part of the recommendations, however there was not sufficient time to amend the detailed budgets in the report.
- 2.8 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.
- 2.9 Overall, the HRA reserve at 31 March 2017 is expected to be £7,276k compared with £2,037k in the latest budget.

3. HOUSING REVENUE ACCOUNT CAPITAL 2016/17 (see Appendix 2)

3.1 The latest approved budget for HRA capital programme in 2016/17 is £12,422k and the projected outturn for the year is £8,935k, an underspend of £3,487k on the capital programme. Appendix 2 outlines the current schemes contained within the programme.

3.2 The reasons for the increase in expenditure is as follows:-

	£'000
New Builds/acquisition programme (see 3.3 below)	(3,170)
Lift Replacement (see 3.4 below)	(180)
Fire Protection Works (see 3.5 below)	(116)
Heating Improvements (see 3.6 below)	(100)
Sheltered Scheme Upgrades (see 3.7 below)	80
Total decrease in expenditure 2016/17	(3,487)

3.3 The decrease in new build/acquisition programme relates to the re-profiling of phase 1 and 2 of the Military Road new build programme. It is anticipated that the phase 1 deposit will be paid in 2016/17 however, the balance for phase 1 and the deposit for phase 2 will be paid in 2017/18 and then the balance for phase 2 will be made in 2018/19.

3.4 The underspend on lift replacement is due to the requirement to procure a new lift contract during 2016/17. Therefore the originally planned lift replacements will not be completed until 2017/18. The monies carried forward for Phillipa House lift replacement will be completed in 2016/17.

3.5 The underspend on fire protection works is due to essential works identified following an independent fire risk assessment that was carried out by Savills Housing Consultants which identified the need for urgent and essential works to properties within the HRA stock. A large part of these works were carried out in 2015/16, therefore less expenditure is required for 2016/17.

3.6 The underspend on heating improvements is due to the number of boilers needing replacement being less than originally anticipated. The revised projection is based on a re-appraisal of the programme identifying suitable candidates for boiler replacements.

3.7 The budget required for sheltered scheme upgrades is due to the installation of a new mobility scooter store at Win Pine House. It has been identified through health and safety checks that the current storage is no longer suitable or fit for purpose.

3.8 The following table compares the resources required to finance the projected outturn for the HRA capital programme in 2016/17. 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	1,663	4,167	3,105	8,935
Approved Budget	2,614	6,387	3,421	12,422
Variation	(951)	(2,220)	(316)	(3,487)

4. RISK MANAGEMENT ISSUES

4.1 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 position.	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 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 2016/17 to 2017/18 capital programme will need to continue to be reviewed to take account of the capacity to manage the programme. 2016/17 planned expenditure will need to be reviewed to determine whether any expenditure will fall into 2017/18 and beyond.
Significant amendments having to be made to the financial results following audit.	High	Low	The formal accounts have been prepared in accordance with professional standards and best accounting practice.

5. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

5.1 Legal Officer's Comments (DK)

There are no legal implications arising from this report.

5.2 Finance Officer's Comments (LH)

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

5.3 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.

6. 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 31 August 2016

[Appendix 2](#) Housing Revenue Account capital budget monitoring report at 31 August 2016

HOUSING PORTFOLIO	LATEST APPROVED BUDGET £000	PROJECTED OUTTURN £000	VARIANCE £000	REASON
INCOME				
Dwelling rents	14,741	14,810	-69	Sheltered Accommodation rents exempt from 1% rent reduction
Non-dwelling rents	347	353	-6	
Charges for services and facilities	974	966	8	
Contributions from general fund	51	51	0	
Total Income	16,113	16,180	-67	
EXPENDITURE				
Repairs and maintenance	3,166	3,227	61	£63k void repairs due to current level of voids; £25k asbestos removal due to full house surveys being completed; -£13k planned maintenance; -£5k insurances -£70k premises insurance lower premiums; -£22k stock condition survey lower than anticipated
Supervision and management	3,968	3,878	-90	
Rents, rates and taxes	20	21	1	
Depreciation charges of fixed assets	3,989	3,989	0	
Debt management expenses	32	32	0	
Bad debts provision	149	149	0	
Total Expenditure	11,324	11,296	-28	
Net	-4,789	-4,884	-95	
HRA Share of Corporate and Democratic Costs	235	225	-10	
Net Cost of HRA Services	-4,554	-4,659	-105	
Interest payable	1,737	1,737	0	HRA balances lower than originally expected and lower interest rates
Interest and investment income	-115	-88	27	
Premiums and discounts	-25	-25	0	
(SURPLUS)/DEFICIT	-2,957	-3,035	-78	
MOVEMENTS IN HRA BALANCE FOR 2016/17				
Repayment of debt	900	0	-900	Change in HRA Business Plan strategy HRA capital programme projected to underspend in 2016/17
Revenue contribution to capital	5,885	1,624	-4,261	
Surplus/deficit for the year	-2,957	-3,035	-78	
Increase/Decrease in Net Movement in HRA Balance	3,828	-1,411	-5,239	
HRA Reserve balance brought forward	-5,865	-5,865	0	
HRA Reserve balance carried forward	-2,037	-7,276	-5,239	

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PORTFOLIO AND SCHEMES	LATEST APPROVED BUDGET	PROJECTED OUTTURN	VARIANCE	COMMENTS
HOUSING PORTFOLIO	£'000	£000	£000	
1. Planned Improvements				
Replacement Doors and Windows	185	185	0	
Re-roofing	200	200	0	
Heating Improvements	575	475	-100	The number of boilers needing replacement is less than originally anticipated
Kitchens Replacements	500	500	0	
Bathroom Improvements	200	200	0	
Voids Capital Works	280	280	0	
Disabled Adaptations	350	350	0	
Sheltered Scheme upgrades	0	80	80	Installation of a mobility scooter store at Win Pine House
Rewiring	90	90	0	
Lift Replacement	297	117	-180	A new lift contract needs to be procured during 16/17 and therefore the majority of the works will not be completed until 17/18
Thermal Insulation	50	50	0	
Fire Protection Works	250	134	-116	Priority works completed in 15/16, therefore programme has been re-profiled
	2,977	2,661	-316	
2. Major Schemes				
External Enveloping *	389	389	0	
Garages Improvements	35	35	0	
Treatment Works	20	20	0	
	444	444	0	
3. Environmental Improvements				
Environmental Works	263	263	0	
New Paths	15	15	0	
Play Areas	10	10	0	
	288	288	0	
4. Other Schemes				
New Builds/Acquisitions	8,712	5,542	-3,170	Re-profile phase 1 and phase 2 of Military Road new build programme
	8,712	5,542	-3,170	
TOTAL	12,422	8,935	-3,487	
FUNDING				
Major Repairs Reserve	3,421	3,105	-316	
Revenue Contribution	6,387	4,167	-2,220	
1-4-1 Capital Receipts	2,614	1,663	-951	
TOTAL FUNDING	12,422	8,935	-3,487	

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

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This Report will be made public on 11 October 2016

Folkestone

Hythe & Romney Marsh
Shepway District Council



Report Number **C/16/60**

To: Cabinet
Date: 19 October 2016
Status: Non-Key Decision
Head of service: Pat Main, Interim Head of Finance
Cabinet Member: Councillor Susan Carey, Finance

SUBJECT: TREASURY MANAGEMENT AND PRUDENTIAL INDICATORS MONITORING REPORT 2016-17

SUMMARY: This report provides an update on the council's treasury management activities that have taken place during 2016/17 against the agreed strategy for the year. The report also provides an update on the prudential indicators for capital expenditure, borrowing and treasury approved by Council earlier this year.

REASONS FOR RECOMMENDATIONS:

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

- a) The Council must have regard to the Prudential Code when carrying out its duties under Part 1 of the Local Government Act 2003.
- b) 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.

RECOMMENDATIONS:

1. To receive and note report C/16/60.

1. BACKGROUND

- 1.1 Full Council approved the latest Treasury Management Strategy and Prudential Indicators for capital expenditure, borrowing and treasury management on 18 February 2016 (report A/15/22 refers).
- 1.2 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management requires the council, as a minimum, to produce a mid-year report reviewing its treasury management activity undertaken so far against the approved strategy for the year and to consider any significant issues which may impact upon the function for the remainder of the year. This includes reviewing approved borrowing and treasury management prudential indicators. This report meets CIPFA's reporting requirement.
- 1.3 CIPFA's Prudential Code for Capital Finance also requires the council to review the approved prudential indicators for its capital expenditure during the year and the report also meets this requirement.
- 1.4 The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. This report covers treasury activity and the associated monitoring and control of risk.

2. ECONOMIC UPDATE AND INTEREST RATE OUTLOOK

(Based on commentary supplied by the council's Treasury Advisor, Arlingclose)

- 2.1 The preliminary estimate of Q2 2016 GDP showed reasonably strong growth as the economy grew 0.6% quarter-on-quarter, as compared to 0.4% in Q1 and year/year growth running at a healthy pace of 2.2%. However the UK economic outlook changed significantly on 23rd June 2016 with the result of the EU referendum. Growth forecasts had already been downgraded as 2016 progressed, as the very existence of the referendum dampened business investment, but the crystallisation of these downside risks and the subsequent political turbulence prompted a sharp decline in household, business and investor sentiment.
- 2.2 The repercussions of this reduction in sentiment on economic growth were judged by the Bank of England to be severe, prompting the MPC to initiate substantial monetary policy easing at its August meeting to mitigate the worst of the downside risks. This included a cut in Bank Rate to 0.25%, further gilt and corporate bond purchases (QE) and cheap funding for banks to maintain the supply of credit to the economy. MPC members also played on expectations, suggesting that many members of the Committee supported a further cut in Bank Rate to near-zero levels (the Bank, however, does not appear keen to follow peers into negative rate territory) and more QE should the economic decline worsen.
- 2.3 In response to the Bank of England's policy announcement, money market rates and bond yields declined to new record lows. Banks are being heavily

encouraged to pass on the reduction in rates to customers – great for borrowers, although the outlook for savers is now rather more downbeat. Since the onset of the financial crisis over eight years ago, Arlingclose’s rate outlook has progressed from ‘lower for longer’ to ‘even lower for even longer’ to, now, ‘even lower for the indeterminable future’. Whilst the economic growth consequences of Brexit remain speculative, there is uniformity in forecasts that the outlook in the near-term will be one characterised by lower growth.

2.4 Meanwhile, inflation is expected to pick up due to a rise in import prices, dampening wage growth and real investment returns. The August Quarterly Inflation Report from the Bank of England forecast a rise in CPI to 0.6% before it increases to 0.8% and ends 2016 at 0.9%. As outlined in the Report and by Governor Mark Carney this will be driven by the pace of transmission into prices of the higher cost of imports arising from the post-Brexit vote depreciation in sterling, implying that there is scope for the rise in inflation to be less linear than the Bank’s forecasts suggest.

2.5 Market Reaction

2.5.1 Following the referendum result gilt yields fell sharply across the maturity spectrum on the view that Bank Rate would remain extremely low for the foreseeable future. The yield on the 10-year gilt fell from 1.37% on 23rd June to a low of 0.52% in August, a quarter of what they were at the start of 2016. The yield on 2 and 3-year gilts briefly dipped into negative territory intra-day on 10th August to -0.1% as prices were driven higher by the Bank of England’s bond repurchase programme. The fall in gilt yields was reflected in the fall in PWLB borrowing rates, summarised in the table below at 2.7.

2.5.2 On the other hand, after an initial sharp drop, equity markets appeared to have shrugged off the result of the referendum and bounced back despite warnings from the IMF on the impact on growth from ‘Brexit’ as investors counted on QE-generated liquidity to drive risk assets.

2.5.3 The most noticeable fall in money market rates was for very short-dated periods (overnight to 1 month) where rates fell to between 0.1% and 0.2%

2.6 Outlook for the medium term

2.6.1 The domestic outlook is uncertain, but likely to be substantially weaker in the short term than previously forecast. Arlingclose has changed its central case for the path of Bank Rate over the next three years. Arlingclose believes any currency-driven inflationary pressure will be looked through by Bank of England policymakers. The likely path for Bank Rate is downwards and the central case is 0.25%, but there is a 40% possibility of that the rate is cut to zero.

2.6.2 The following table, based on information from Arlingclose, is the latest forecast of interest rates for the short and medium term.

	Apr 16 – Aug 15	Dec 16	Mar 17	2017/18 average	2018/19 average
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	average				
Bank Rate	0.45%	0.25%	0.25%	0.25%	0.25%
Investments					
3 month LIBID	0.41%	0.30%	0.30%	0.30%	0.30%
12 month LIBID	0.78%	0.60%	0.50%	0.50%	0.66%
Borrowing					
5 year PWLB	1.39%	1.11%	1.16%	1.13%	1.10%
10 year PWLB	1.99%	1.52%	1.55%	1.59%	1.54%
20 year PWLB	2.68%	2.04%	2.03%	2.02%	2.06%

- 2.7 **Local context:** From the council's point of view the most noticeable impact for interest rates currently is on its investment income. The table below provides a selected comparison of typical interest rates across a range of investment options between those available in April 2016 and those currently available:

Investment	April 2016	August 2016
Standard Life Money Market Fund (instant access)	0.49%	0.43%
Santander 60 day notice call account	0.75%	0.50%
Lloyds Bank 1 year fixed deposit	1.05%	1.00%
Local Authority 1 year fixed deposit	0.65%	0.40%
Local Authority 2 year fixed deposit	0.98%	0.60%

- 2.8 The impact of the falling interest rates on the council's investment income is covered later in the financial summary at section 6 of this report.

3. DEBT AND BORROWING

- 3.1 The following key factors were approved as part of the council's borrowing strategy for 2016/17:-
- i) Use of internal borrowing to meet the increased capital financing requirement resulting from the 2015/16 capital expenditure for the acquisition of land at Otterpool Park.
 - ii) No borrowing required to finance approved new capital expenditure or to replace existing maturing debt.
 - iii) Opportunities for debt rescheduling to continue to be monitored.
- 3.2 Additionally the borrowing strategy recognised that future major capital investment to support the council's strategic corporate initiatives such as the Otterpool Park and Princes Parade developments will require some borrowing to fund them. This position remains unchanged. The strategy also outlined that borrowing is likely to be required to support some of the Housing Revenue Account's (HRA) new build and acquisitions elements programmes for its Business Plan. This report now recognises the future

borrowing requirements required to support the capital expenditure plans for the HRA Business Plan from 2017/18 approved by Cabinet on 23 March 2016 (report C/15/87 refers). Full Council is required to approve changes to the capital programme and also the Treasury Management Strategy if new borrowing is required to support it.

- 3.3 At 31/8/2016 the Authority held £60.1m of loans, unchanged from the balance held at 31/3/16. The average interest rate on these loans is 3.7% and the average life to maturity of the loan portfolio is 15.2 years. The planned repayment of principal on the council's Public Works Loan Board loans portfolio in 2016/17 is only expected to be approximately £60k. The council does not expect to increase its borrowing in 2016/17, subject to 3.2 above.
- 3.4 The only borrowing incurred so far this year is a series of short term loans from Folkestone Town Council taken up for cash flow purposes. At the 31 August loans totalling £550,000 were held. The agreed interest rate for these loans is set at 25 basis points below the official bank base rate meaning from early August 2016 these loans are held at 0.00% interest rate. Folkestone Town Council has been given the option to have these loans repaid but have, so far, declined this.
- 3.5 The council's latest borrowing position for 2016/17 compared to its Capital Financing Requirement is summarised below:

	Opening 1/4/16	Current 31/8/16	Original Projection 31/3/16	Latest Projection 31/3/16
	£m	£m	£m	£m
CFR				
General Fund	17.8	17.8	17.3	17.3
HRA	47.4	47.4	45.6	47.4
Total CFR	65.2	65.2	62.9	64.7
Borrowings				
General Fund	9.5	9.5	8.9	8.9
HRA	50.6	50.6	50.5	50.5
Total Borrowings	60.1	60.1	59.4	59.4
Under-borrowed	(5.1)	(5.1)	(3.5)	(5.3)

3.6 Debt Rescheduling

- 3.6.1 The premium charge for early repayment of PWLB debt remained relatively expensive for the loans in the Authority's portfolio and therefore unattractive for debt rescheduling activity. Consequently no rescheduling activity has been undertaken or is expected to be for the remainder of the current financial year.

4. INVESTMENTS

- 4.1 The council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. Cashflow forecasts indicated that during 2016/17 the council's investment balances would typically range between £30 and £40 million. To 31 August 2016 this has actually been more typically between £35m and £45m.
- 4.2 The Guidance on Local Government Investments in England gives priority to security and liquidity and the council's aim is to achieve a yield commensurate with these principles.
- 4.3 The transposition of European Union directives into UK legislation places the burden of rescuing failing EU banks disproportionately onto unsecured local authority investors through potential bail-in of unsecured bank deposits.
- 4.4 Given the increasing risk and continued low returns from short-term unsecured bank investments and in line with advice from Arlingclose, the council's new treasury advisor, it is the council's aim to further diversify into more secure and/or higher yielding asset classes during the remainder of this financial year and beyond. This is especially the case for the estimated £15m that is available for longer-term investment.
- 4.5 The council's investment activity in 2016/17 to 31 August 2016 is summarised in the table below:

Investments	Balance on 01/04/16 £m	Deposits Made £m	Redeemed /Sold £m	Balance on 31/08/16 £m
Unsecured Investments (call accounts, deposits and CDs) with financial institutions	12.5	16.0	(9.5)	19.0
Secured Investments with financial institutions rated A+ or higher	0	1.0	-	1.0
Investments with other Local Authorities	13.0	5.0	(10.0)	8.0
Money Market Funds	0.8	67.6	(61.0)	7.4
<u>Other Pooled Funds</u> CCLA Property Fund.	5.3	-	-	5.3
TOTAL INVESTMENTS	31.6	89.6	(80.5)	40.7
Increase/ (Decrease) in Investments £m				9.1

- 4.6 The average investment balance held for the period to 31 August 2016 is £40.6m with an average return of 1.22%. Appendix 1 to this report provides a list of the investments held at 31st August 2016.
- 4.7 **CCLA Local Authority Property Fund** - The council has a total cash investment of £5m in the CCLA LA Property Fund. Cabinet is reminded the Fund is only available to local authorities and invests in UK commercial property. The Fund has grown significantly from approximately £150m when the council first invested in May 2014 to some £617m at June 2016. Equally the Fund has seen net capital growth of about 15% since the council's initial investment, including a recent 4% reduction to reflect concerns of the impact of the Brexit vote on the UK economy and specifically the commercial property sector. The Fund continues to provide a dividend of around 5% net of fees and this is expected to be maintained for the remainder of the current financial year.
- 4.8 Security of capital has remained the council's main investment objective. This has been maintained by following the council's counterparty policy as set out in its Treasury Management Strategy Statement for 2016/17.
- 4.9 Counterparty credit quality is assessed and monitored with reference to credit ratings (the council's minimum long-term counterparty rating for institutions defined as having "high credit quality" is A- across rating

agencies Fitch, S&P and Moody's); credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. The Royal Bank of Scotland's credit rating is below the minimum long term rating of A- but is viewed as a suitable counterparty because of their part-nationalised status which conforms to the current approved criteria for investments.

- 4.10 **Credit Risk** – Arlingclose, the council's treasury advisor, use a credit risk scoring methodology broadly based on the credit rating of individual counterparties and the duration of investments to assess the credit quality of their clients in-house investment portfolios. The council's current investment portfolio comfortably sits within the scoring range Arlingclose suggest for their clients to demonstrate a prudent approach to credit risk and the security of funds placed invested.

5. COUNTERPARTY UPDATE

- 5.1 Following the European Union referendum result Fitch downgraded the UK's sovereign rating by one notch to AA from AA+, and Standard & Poor's downgraded its corresponding rating by two notches to AA from AAA. Fitch, S&P and Moody's have a negative outlook on the UK. S&P also downgraded the long-term ratings of the local authorities to which it assigns ratings as well as the long-term rating of the EU from AA+ to AA, the latter on the agency's view that it lowers the union's fiscal flexibility and weakens its political cohesion.
- 5.2 Moody's affirmed the ratings of nine UK banks and building societies but revised the outlook to negative for those banks and building societies that it perceived to be exposed to a more challenging operating environment arising from the 'leave' outcome.
- 5.3 There was no immediate change to Arlingclose's credit advice on UK banks and building societies as a result of the referendum result. Arlingclose believes there is a risk that the uncertainty over the UK's future trading prospects will bring forward the timing of the next UK recession.
- 5.4 The European Banking Authority released the results of its 2016 round of stress tests on the single market's 51 largest banks after markets closed on Friday 29th July. The stress tests give a rather limited insight into how large banks might fare under a particular economic scenario of a fall in GDP of 1.7% over three years. No bank was said to have failed the tests. The Royal Bank of Scotland made headline news as one of the worst performers as its ratios fell by some of the largest amounts, but from a relatively high base. Barclays Bank and Deutsche Bank ended the test with Common Equity Tier 1 (CET1) ratios below the 8% threshold, and would be required to raise more capital should the stressed scenario be realised.

6. FINANCIAL SUMMARY

- 6.1 The projected outturn for the net cost of treasury management to the General Fund in 2016/17 is summarised below:

Financial Summary	2016/17 Original Estimate	2016/17 Projection	Variance
	£'000	£'000	£'000
Interest on all Borrowing	2,225	2,223	(2)
Related HRA Charge	(1,737)	(1,737)	-
General Fund Borrowing Cost	488	486	(2)
Investment Income	(538)	(494)	44
HRA Element	106	72	(34)
Net General Fund Investment Income	(432)	(422)	10
Net General Fund Borrowing Cost	56	64	8

- 6.2 In gross terms the reduction in interest rates available for some of the council's investment portfolio is projected to reduce the investment income by about £44k. The majority of this is offset by a reduction in interest due to the HRA in part because its balances are lower than originally anticipated and also because of the overall lower interest rates being received on investments.
- 6.3 This position is included within the General Fund budget monitoring report for Quarter 2 of 2016/17, due to be considered by Cabinet on this agenda.
- 6.4 Opportunities to reduce the net cost of treasury management will continue to be sought as part of the pro-active management to the council's debt and investment portfolios by its officers in consultation with the Portfolio Holder.

7. COMPLIANCE WITH PRUDENTIAL INDICATORS

- 7.1 Full Council approved the various statutory Prudential Indicators for capital, borrowing and treasury activities in 2016/17 as part of the Treasury Management Strategy Statement. Additionally the council set local prudential and performance indicators for 2016/17. It can be confirmed the council is projected to remain within all these limits during the year and no further action is required at this time. Details of the indicators can be found in Appendix 2.

8. CONCLUSIONS

- 8.1 The decision to leave the European Union following the referendum vote has seen UK interest rates reduce significantly during the current financial year with the council's investment portfolio in particular exposed to this.
- 8.2 The reduction in investment income from the reduced interest rates has, in part, been mitigated by the council having higher than previously anticipated cash reserves and balances available to invest during 2016/17.
- 8.2 The loan and investment portfolios will continue to be closely monitored to ensure they efficiently contribute towards the council's medium term financial strategy.
- 8.3 The council's existing approved capital expenditure, borrowing and treasury prudential indicators reflect the latest projected position for 2016/17 and do not require any further action at this time.

9. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

9.1 Legal Officer's Comments (DK)

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

9.2 Finance Officer's Comments (LW)

Prepared by Financial Services, no further comments.

9.3 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.

10. 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
Telephone: 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 – Investments held at 31 August 2016
Appendix 2 – Prudential and Treasury Indicators

APPENDIX 1 – INVESTMENTS HELD AT 31 AUGUST 2016

Counterparty	Amount £	Terms	Interest Rate
Unsecured Investments			
Lloyds Bank	2,000,000	1 year fixed to 06/07/2017	1.05%
Lloyds Bank	2,000,000	6 months fixed to 26/01/2017	0.80%
Royal Bank of Scotland	3,001,748	Certificate of Deposit 2 years to 12/05/2017	1.48%
Toronto Dominion Bank	4,000,821	Certificate of Deposit to 10/02/2017	0.77%
Svenska Handelsbanken	3,000,412	Certificate of Deposit to 23/12/16	0.63%
Santander	2,500,000	60 day notice account	0.50%
Santander	2,500,000	60 day notice account	0.50%
	19,002,981		
Secured Investments			
Nationwide Building Society	1,002,141	Covered Floating Rate Note to 17/07/2017	0.46%
Local Authorities			
Peterborough City Council	3,000,000	2 years fixed to 29/09/2017	0.92%
Lancashire City Council	5,000,000	2 years fixed to 16/11/2017	1.00%
	8,000,000		
Money Market Funds			
Standard Life	5,000,000	Instant access	0.43%
Legal and General	2,430,000	Instant access	0.37%
	7,430,000		
Pooled Funds			
CCLA LA Property Fund	5,269,430	Commercial Property Fund	5.00%*
Total Investments	40,704,552		

*approximate net of fees

APPENDIX 2 – PRUDENTIAL AND TREASURY INDICATORS

Prudential Indicator 1 – Capital Expenditure and Financing

	2016/17 Projection	2017/18 Projection	2018/19 Projection
	£'000	£'000	£'000
Non-HRA capital expenditure	9,151	5,594	1,003
HRA capital expenditure	8,935	8,015	8,879
Total capital expenditure	18,086	13,609	9,882
Resourced by:			
Capital receipts	(3,122)	(100)	(100)
Capital grants	(3,439)	(3,340)	(765)
HRA Major Repairs Reserve	(3,105)	(3,856)	(3,952)
Revenue (GF)	(4,253)	(2,154)	(138)
Revenue (HRA)	(4,167)	(4,064)	(2,813)
Unfinanced capital expenditure (additional need to borrow)	-	95	2,114

The 2016/17 projection shown above is based on the second quarter's capital programme budget monitoring reports for the General Fund and HRA due to be considered by Cabinet on this agenda. The borrowing requirement for 2017/18 and 2018/19 is consistent with the HRA new build expenditure plans included in the latest approved HRA Business Plan.

Prudential Indicator 2 – Capital Financing Requirement

The Capital Financing Requirement (CFR) is the council's underlying need to borrow for a capital purpose. It represents the total outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is increased each year by any new borrowing required (see 1, above) and decreased by any statutory revenue charge for repayment of debt (the Minimum Revenue Provision [MRP].) and additional voluntary payments where it is seen to be in the council's best interest.

This indicator is consistent with the borrowing and debt repayment provisions contained in the latest approved HRA Business Plan.

As at 31 st March	2016/17 Projection	2017/18 Estimate	2018/19 Estimate
	£'000	£'000	£'000
Opening balance			
CFR – Non Housing	17,751	17,346	16,957
CFR - Housing	47,417	47,417	47,512
Total CFR	65,168	64,763	64,469

Net Financing Need – P.I. 1, above	-	95	2,114
Less, MRP	(405)	(389)	(373)
Less, HRA financing movement	-	-	-
Closing balance	64,763	64,469	66,210

Prudential Indicator 3 – Ratio of Financing Costs to Net Revenue Stream

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream. The revenue stream for non-HRA is the amount to be met from government grant and council tax payers and for HRA is rent and other income.

%	2016/17 Projection	2017/18 Estimate	2018/19 Estimate
Non-HRA	30.62%	17.04%	2.55%
HRA	36.05%	35.06%	27.03%

Prudential Indicators 4 & 5 - Incremental Impact of Capital Investment Decisions

These indicators identify the revenue costs associated with new schemes introduced to the Medium Term Capital Programme, recommended in the budget report for 2016/17, compared to the council's existing approved commitments and current plans.

P.I.	£	2016/17 Projection	2017/18 Estimate	2018/19 Estimate
4	Council Tax – Band D	0.16	0.32	0.12
5	Weekly Housing Rents	(0.52)	(1.32)	(0.89)

Prudential Indicator 6 – Gross Borrowing / CFR

Within the prudential indicators there are a number of key indicators to ensure the council operates its activities within well defined limits. One of these is that the council needs to ensure its total borrowing does not, except in the short term, exceed the CFR in the preceding year plus the estimate of any additional CFR for 2016/17 and the following two years. This allows some flexibility for limited early borrowing for future years, but ensures borrowing is not undertaken for revenue purposes.

£'m	31 March 2017 Projection	31 March 2018 Estimate	31 March 2019 Estimate
Borrowing at 1 April	60.1	59.4	57.8

Expected change in borrowing	(0.7)	(1.6)	(1.4)
Other long-term liabilities (OLTL)	-	-	-
Expected change on OLTL	-	-	-
Borrowing at 31 March	59.4	57.8	56.4
CFR – the borrowing need	64.8	64.5	66.2
Under / (over) borrowing	5.4	6.7	9.8

Prudential Indicators 7 & 8 – Borrowing Limits

Two other key prudential indicators are used to ensure the council operates its borrowing activities within well defined limits.

The Operational Boundary - The limit beyond which external borrowing is not normally expected to exceed. In most cases this would be a similar figure to the CFR but may be lower or higher depending on the levels of actual borrowing.

The Authorised Limit for External Borrowing - This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by Full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although no control has yet been exercised.

The following table summarises the CFR and the projected borrowing position for the year against the approved operational and authorised borrowing limits.

P.I.	£m	31 March 2017 Approved	31 March 2017 Projection	31 March 2018 Estimate	31 March 2019 Estimate
	CFR – the borrowing need	62.3	64.8	64.5	66.2
	Borrowing at 31 March	59.4	59.4	57.8	56.4
7	Operational boundary	64.0	65.8	67.2	68.6
8	Authorised limit	66.5	66.5	69.7	71.1

The Authorised Limit is the “Affordable Borrowing Limit” required by section 3 of the Local Government Act 2003. The council does not have the power to borrow above this level.

The Chief Finance Officer reports that no difficulties are envisaged meeting the requirements of this prudential indicator for the current or future years. This view takes into account current commitments, existing plans and is based on expenditure matching the resources available.

Prudential Indicator 9 – Interest Rate Exposures

%	2016/17 Approved Limit	2016/17 Projection
	Upper	Upper
Limits on fixed interest rates:		
• Debt	100%	99.8%
• Investments	100%	40.2%
Limits on variable interest rates;		
• Debt	20%	0.2%
• Investments	80%	59.8%

Prudential Indicator 10 – Maturity Structure of Borrowing

Maturity Structure of Fixed Interest Rate Borrowing 2016/17					
	Latest Approved		Projection		
	Lower	Upper	Lower	Upper	Value £m
Under 12 months	0%	30%	0%	1.01%	0.6
12 months to 2 years	0%	40%	0%	2.50%	1.5
2 years to 5 years	0%	50%	0%	7.48%	4.5
5 years to 10 years	0%	80%	0%	30.47%	18.3
10 years to 20 years	0%	100%	0%	46.88%	28.2
20 years to 50 years	0%	100%	0%	11.66%	7.0

Prudential Indicator 11 – Funds Invested for greater than 364 days

Investments	2016/17 Approved Limit £m	2016/17 Projection £m	2017/18 Estimate £m	2018/19 Estimate £m
Principal sums invested > 364 days	17.0	16.0	17.0	17.0

Local Indicators - HRA Debt Ratios

CIPFA's Prudential Code recommends the use of local indicators to measure the affordability and sustainability of the HRA's debt over the medium term. The following two local indicators consider the total level of HRA debt and how its proportion is changing over the next three year period. Both these indicators show reductions over the next three years and are consistent with the HRA Business Plan.

i) HRA Debt to Revenue Ratio

	2016/17 Estimate	2016/17 Projection	2017/18 Estimate	2018/19 Estimate
HRA debt £m	50.52	50.52	49.59	48.64
HRA revenues £m	16.11	16.18	16.24	16.18
Ratio of debt to revenues	3.14	3.12	3.05	3.01

ii) HRA Debt per Dwelling

	2016/17 Estimate	2016/17 Projection	2017/18 Estimate	2018/19 Estimate
HRA debt £m	50.52	50.52	49.59	48.64
Number of HRA dwellings	3,424	3,424	3,436	3,418
Debt per dwelling £	14.76	14.76	14.43	14.23

iii) Local Treasury Management Indicators

	2016/17	Estimate	Projection
1. Debt – Average rate of interest on Non-HRA borrowing (excluding benefit of 'internal borrowing')		5.38%	5.11%
2. Debt – Average rate of interest on HRA borrowing		3.44%	3.44%
3. Investments – Average rate of return on all investments		1.34%	1.22%

This Report will be made public on 11 October 2016

Folkestone

Hythe & Romney Marsh
Shepway District Council



Report Number **C/16/67**

To: Cabinet
Date: 19 October 2016
Status: Non-Key Decision
Head of service: Suzy Tigwell, Leadership Support Manager
Cabinet Member: Councillor David Monk

SUBJECT: QUARTER 1 PERFORMANCE REPORT 2016/17

SUMMARY: This report provides an update on the Council's performance for the first quarter of 2016/17, covering 1st April 2016 to 30th June 2016. The report enables the Council to assess progress against the approved performance indicators for each service area.

REASONS FOR RECOMMENDATIONS:

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

- a) The Council is committed to monitoring performance across all of its service areas to ensure progress and improvement is maintained.
- b) The Council needs to ensure that performance is measured, monitored and the results are used to identify where services are working well and where there are failings and appropriate action needs to be taken.

RECOMMENDATIONS:

1. To receive and note report C/16/67.
2. To note the performance information for quarter 1.
3. To note the performance indicator amendments for 2016/17.

1. BACKGROUND

- 1.1 On the 30th June 2016, Cabinet approved the key performance indicators for 2016/17, which would be reported quarterly to CMT and Members.
- 1.2 Appendix 1 provides an update on the key performance indicators within the council for the first quarter of 2016/17, covering the period of 1st April 2016 to 30th June 2016. This performance report enables the Council to assess progress against the approved performance indicators.
- 1.3 Where the performance indicator is not being achieved explanations have been sought from the relevant Service Manager's and noted in the report.
- 1.4 The key performance indicators which have fallen below target will be monitored more closely and if they do not improve during Quarter 2, the Policy and Improvement Officer will work with the relevant Service Manager to identify appropriate action that can be taken to resolve the situation.
- 1.5 The Quarter 2 report will provide a comparison against Quarter 1 and show the direction of travel of each indicator.
- 1.6 Appendix 2 shows all of the performance indicators being monitored for 2016/17; the Key Performance Indicators have been highlighted in yellow.

2. PERFORMANCE ISSUES

Complaints & FOI

- The performance for FOI's and Subject Access Requests (SAR) has reduced. This was due to an unexpected number of SAR's being received in June and these took priority over FOI requests. A new member of staff has recently been recruited and this should have a positive impact on the performance figures going forward.

Benefits

- The number of days to process Council Tax Reduction change of circumstances has increased significantly in May and June. The Service Manager confirmed there is no particular reason for the increase other than an increasing number of cases for CTR only.

Parking

- The PCN recovery rate is an issue, this is due to the number of PCN's which are issued to foreign vehicles and the income is hard to recover. Processes have been put in place by the Transportation Manager to assist in recovering these debts however the success rate remains low. For Quarter 2 this performance indicator will be split to show the recovery rate for foreign vehicles and British registered vehicles.

3. Changes to the approved Key Performance Indicators for 2016/17

- 3.1 Meetings were held with Service Managers to discuss/review their performance indicators and data for Quarter 1 and to obtain further information on their area's performance. During some of the meetings it was identified the approved performance indicators were not specific enough or meaningful for their function and these needed to be amended to assist and improve service delivery.
- 3.2 Listed below are the performance indicators that have been amended through the review process:-

Business Support

- Process new licence applications and renewals within 10 working days – this has been changed to 30 working days to take into account the consultation period of 28 days which is allowed before the licence is granted.

Housing Options

- Number of homeless prevented – this has changed to a percentage to be more meaningful

Planning

- % of other planning applications to be determined within statutory period had been omitted from the approved list and therefore this has now been included.

4. RISK MANAGEMENT ISSUES

Perceived risk	Seriousness	Likelihood	Preventative action
The Council's strategic objectives are not met.	High	Medium	Monitor progress against performance indicators and take remedial action for those areas where targets and actions are unlikely to be achieved.

5. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

5.1 Legal Officer's Comments

Legal Officer's comments are not required for this report.

5.2 Finance Officer's Comments

Finance Officer's comments are not required for this report.

5.3 Diversities and Equalities Implications (ST)

There are no specific diversity and equality implications arising from this report.

6. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

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

Dee Chambers, Policy and Improvement Officer

Tel: 01303 853508

Email: dee.chambers@shepway.gov.uk

Appendices:

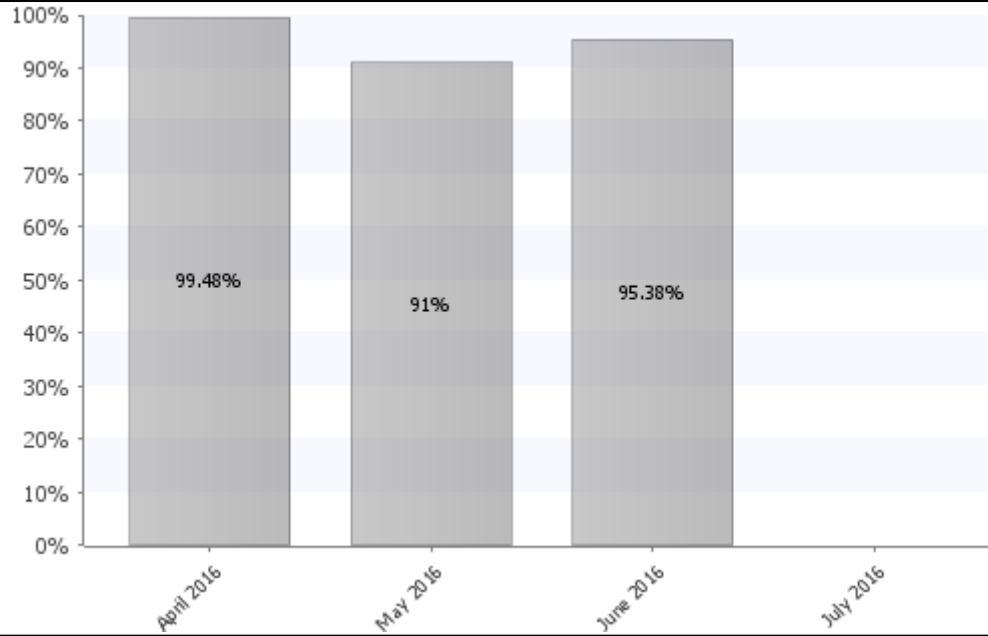
Appendix 1: Quarter 1 Key Performance Indicators Report

Appendix 2 – Performance Indicators 2016/17

Appendix 1
Quarter 1 Key Performance Indicators

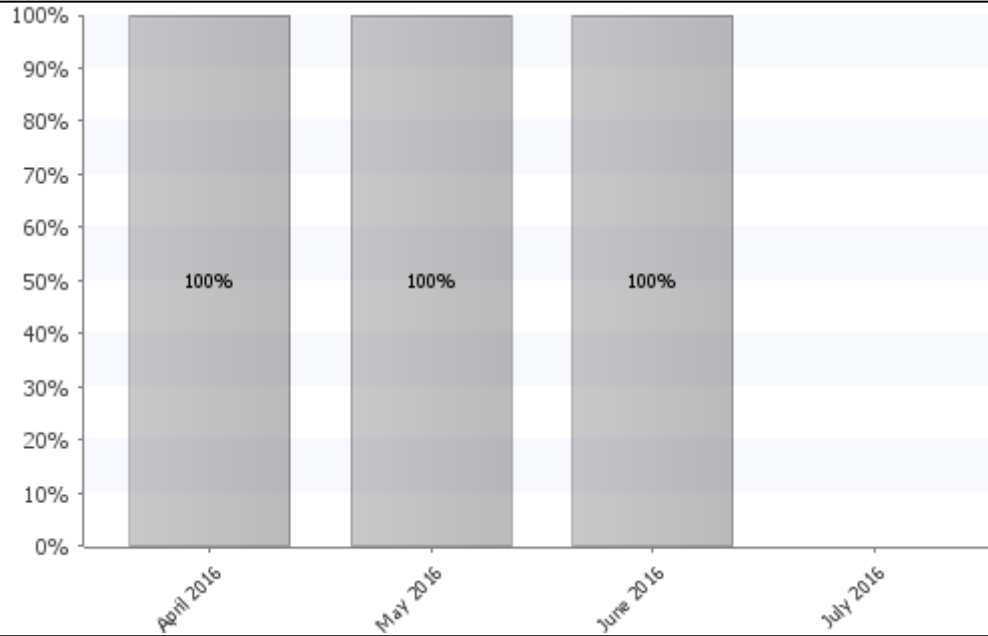
Performance Indicator	Trend Chart	Latest Note								
Building Control - Number of full plan applications checked within 15 days from receiving a valid application	<table border="1"> <caption>Building Control - Number of full plan applications checked within 15 days from receiving a valid application</caption> <thead> <tr> <th>Month</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>April 2016</td> <td>77%</td> </tr> <tr> <td>May 2016</td> <td>93%</td> </tr> <tr> <td>June 2016</td> <td>79%</td> </tr> </tbody> </table>	Month	Percentage	April 2016	77%	May 2016	93%	June 2016	79%	April – 43 checked May – 28 checked June – 36 checked
Month	Percentage									
April 2016	77%									
May 2016	93%									
June 2016	79%									

Business Support - LLC searches responded to within 10 working days



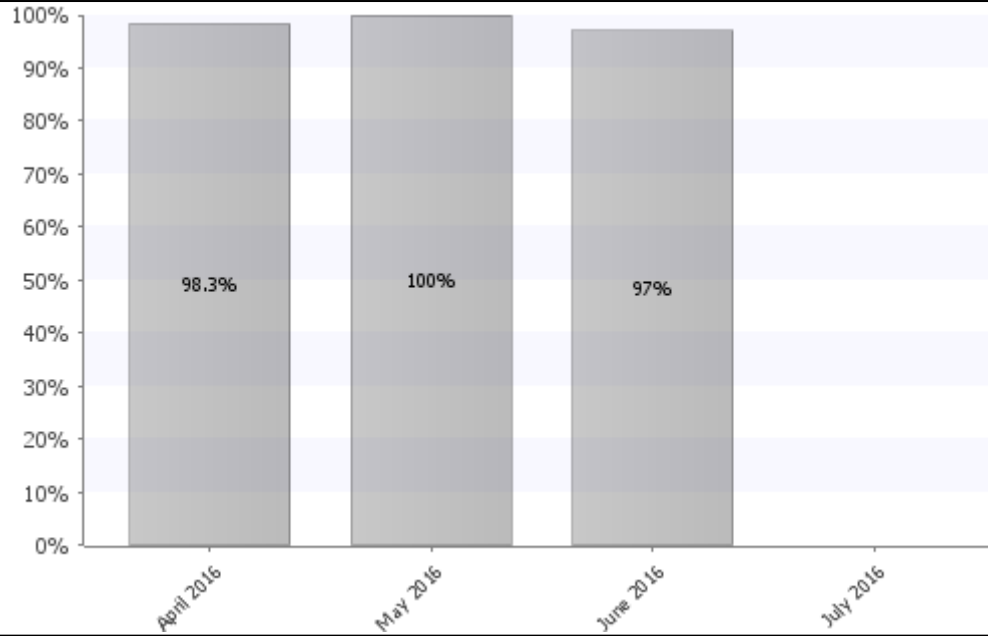
LLC search results rely on other departments answering the questions relating to their service area. With planning admin having a backlog due to system issues this had an effect on the time taken to answer their LLC searches.

Business Support - All LLC queries responded to within 20 working days



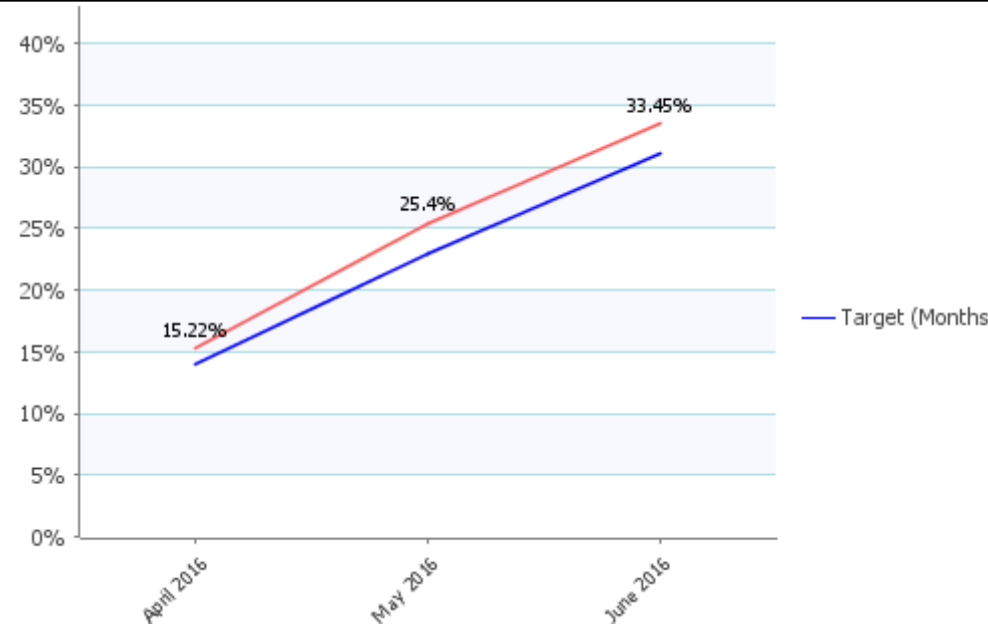
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Business Support - FPN challenges responded to within 20 working days

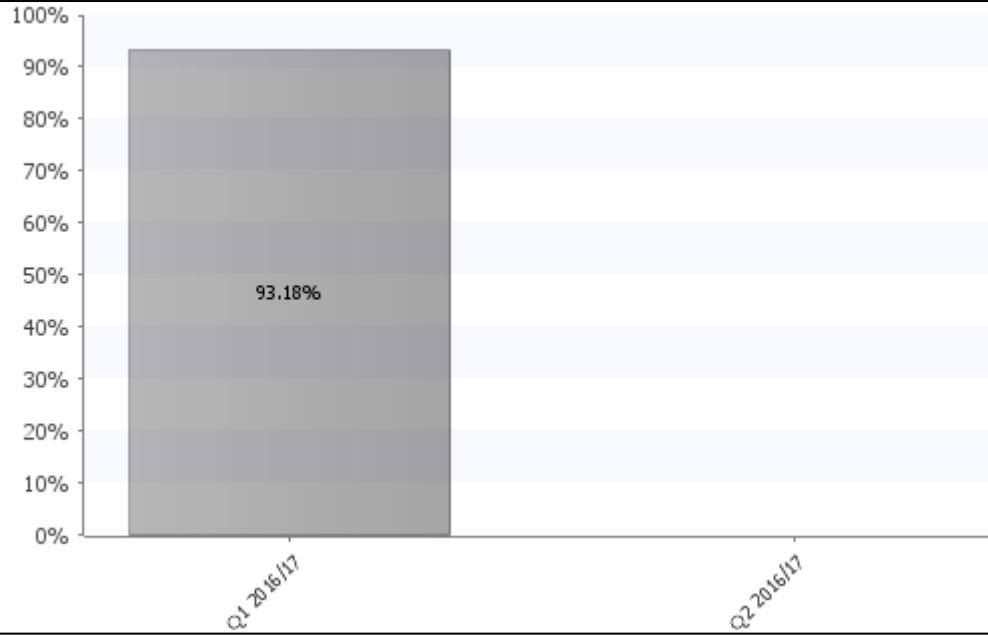


April – 273 challenges received
May – 290 challenges received
June – 278 challenges received

Corporate Debt - Business rates collection



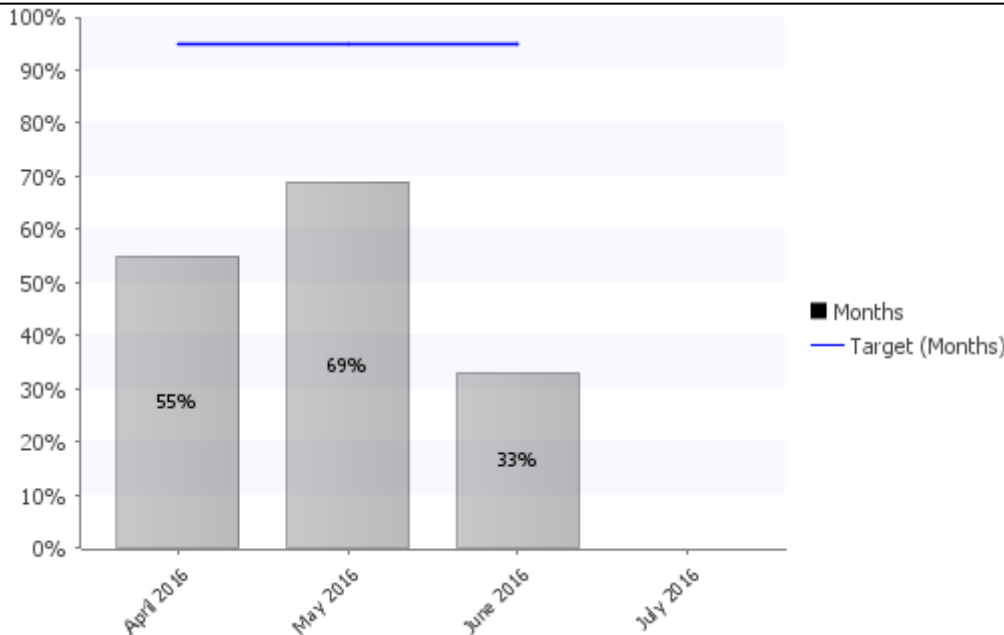
Environmental Health -
% of premises rated 3 or
above



93.18% are currently rated 4 or 5. Where premises haven't been inspected and rated, an interim 0 rating is applied, which has resulted in a slightly under quarter return.

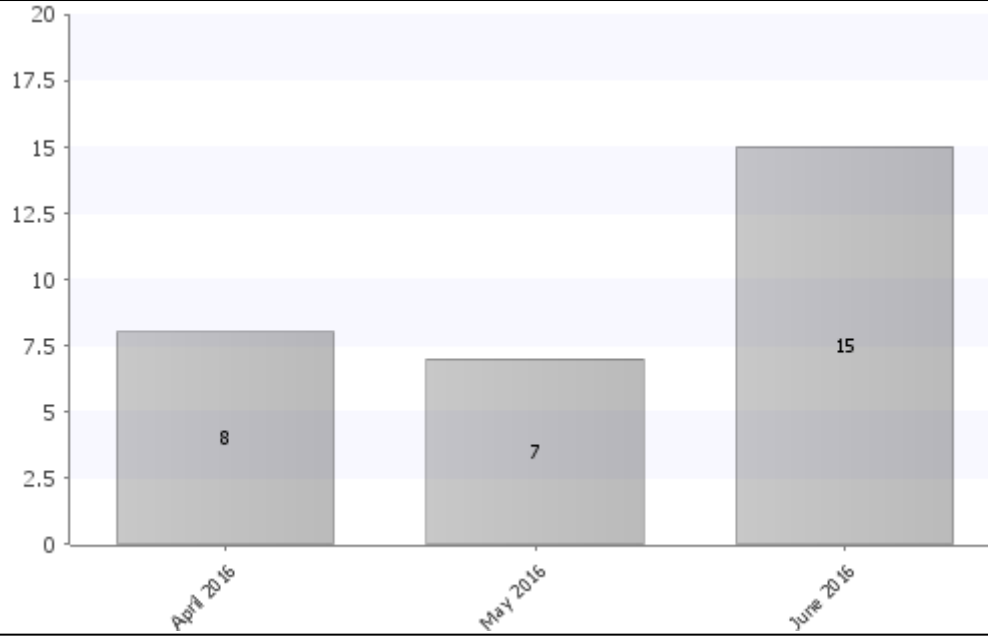
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Environmental Health -
% of premises due for
inspection, which are
Completed

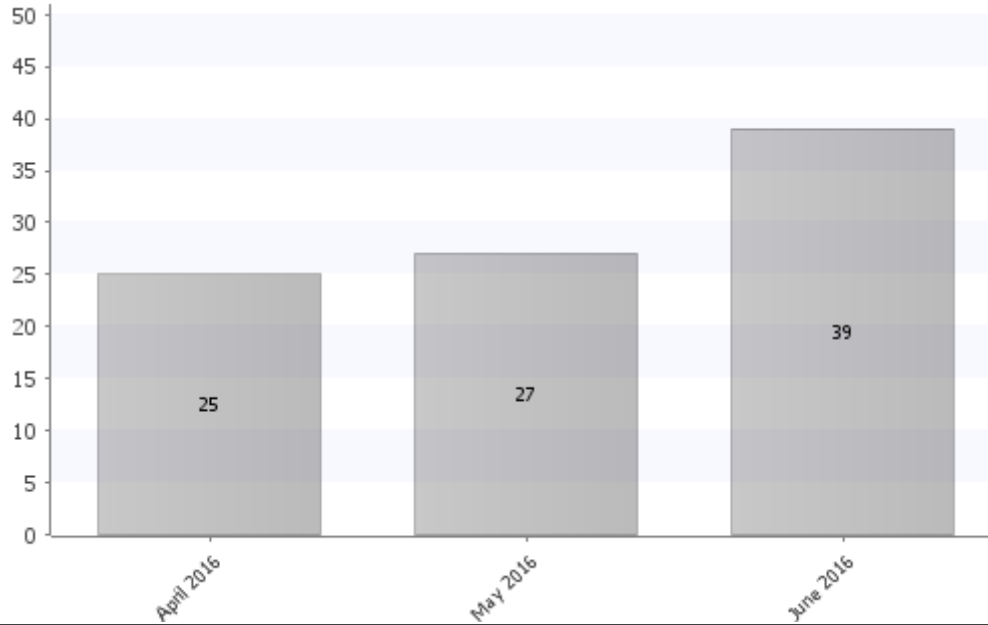


A member of staff has been on training which has had an impact on the number of inspections undertaken. This occurs every year and by the Autumn the team have caught up on the outstanding inspections.

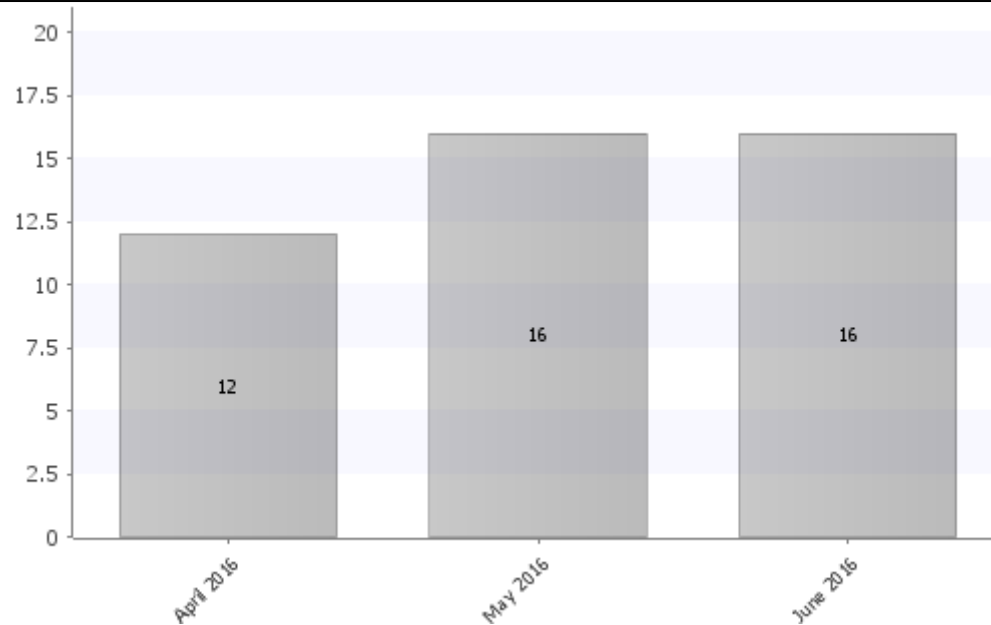
Environmental Health -
No of licensed premises
inspected



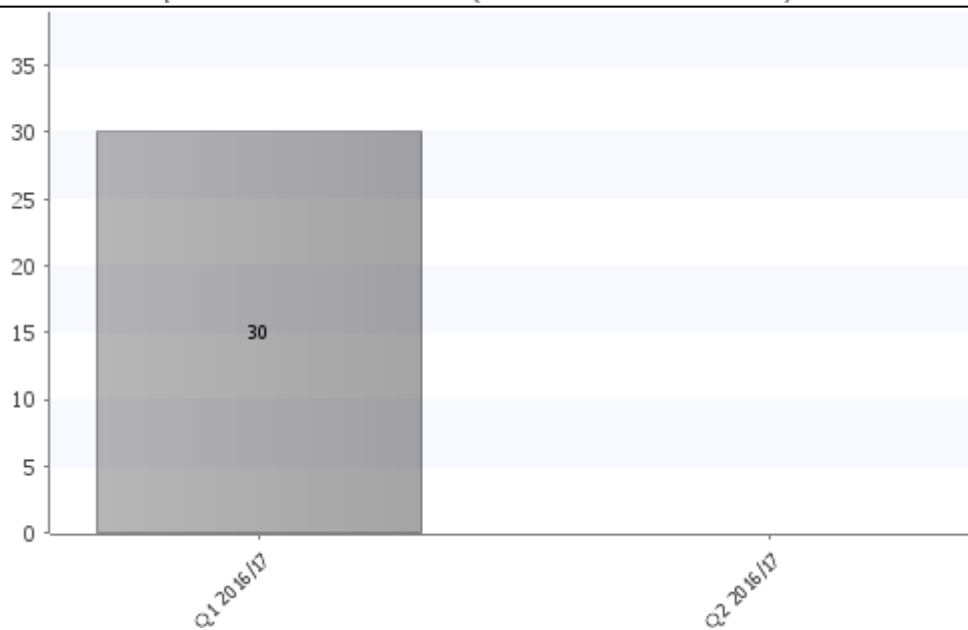
Environmental Health -
No of Temporary Event
Notices issued



Environmental Health -
No of Licensing
complaints investigated

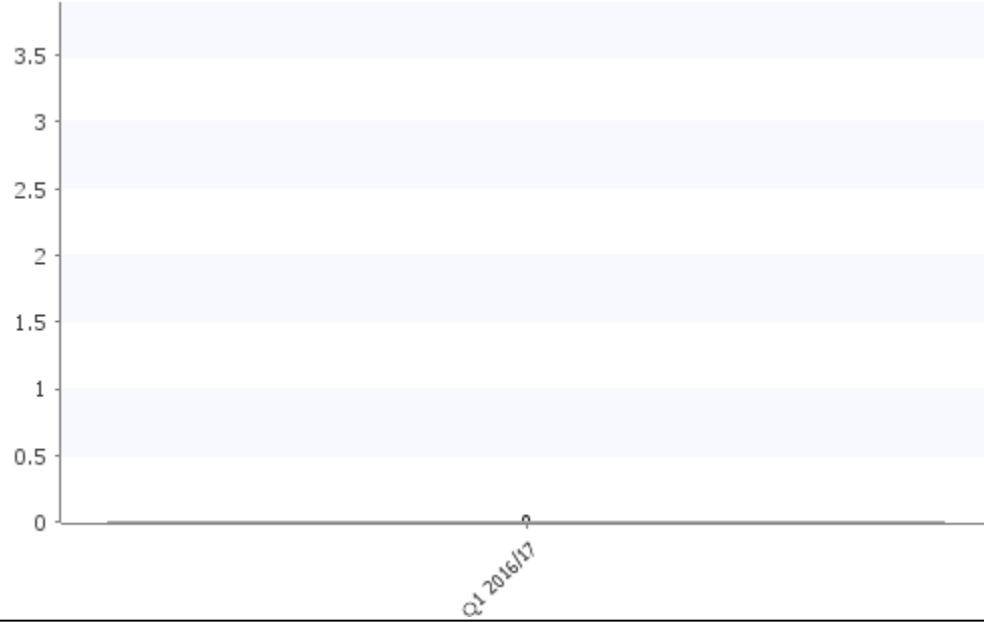


Community Safety -
Number of community
litter picks



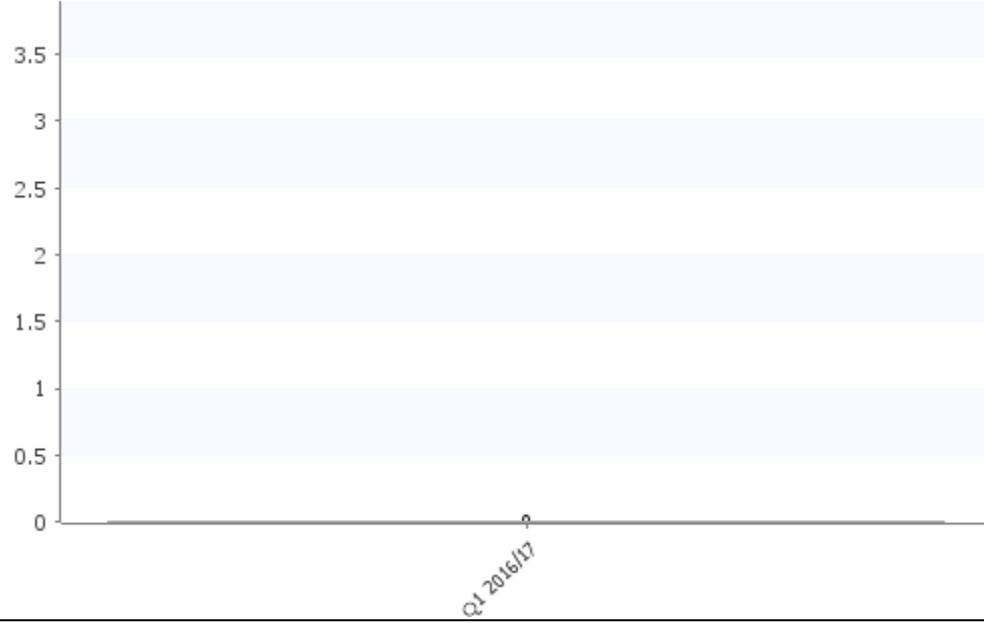
Community litter picks have been undertaken all over the district, some examples are:-
02.04.16 - 42 bags of litter collected from the seafront area and J11
15.04.16 – 150 bags of litter and a number of larger items were collected in the Harbour Beach area
07.05.16 – 35 bags of litter collected in Hythe
08.05.16 – 30 bags of litter plus fly tipping collected in Brookland
26.06.16 – 26 bags of litter collected in Sandgate

Community Safety -
CPN notices served



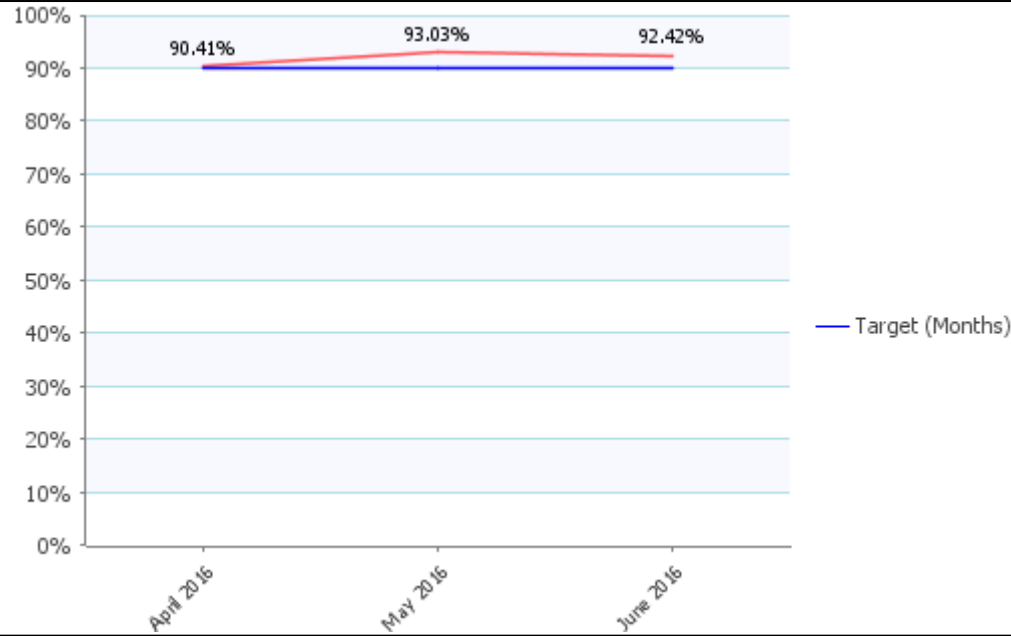
No Community Protection Notices have been issued in Quarter 1.

Community Safety -
PSPO breaches



No PSPO breaches have been identified in Quarter 1

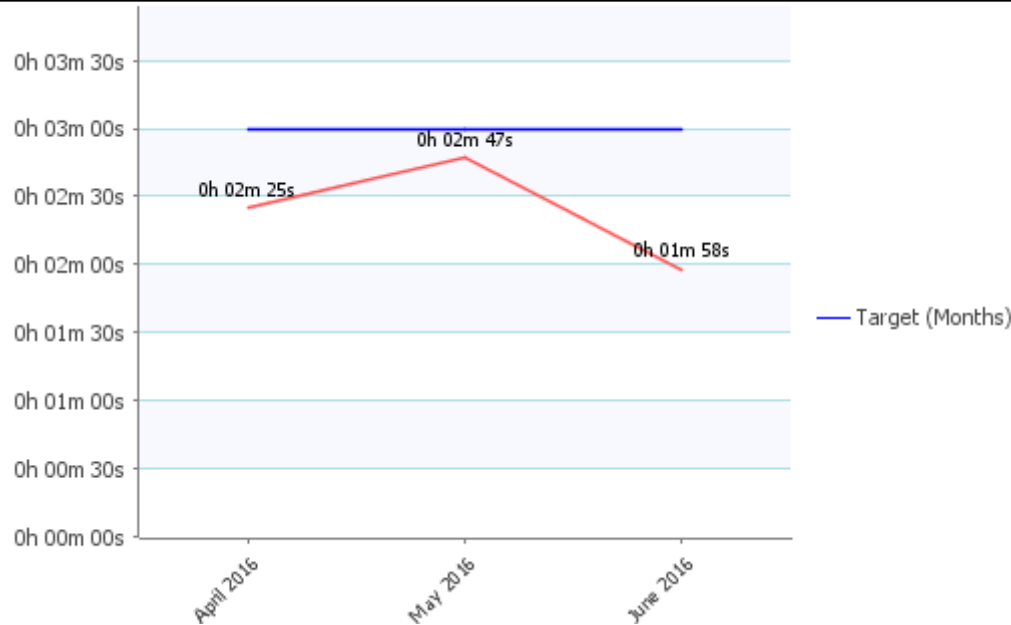
Customer Services -
Customers seen within
20 minutes at a
customer service desk



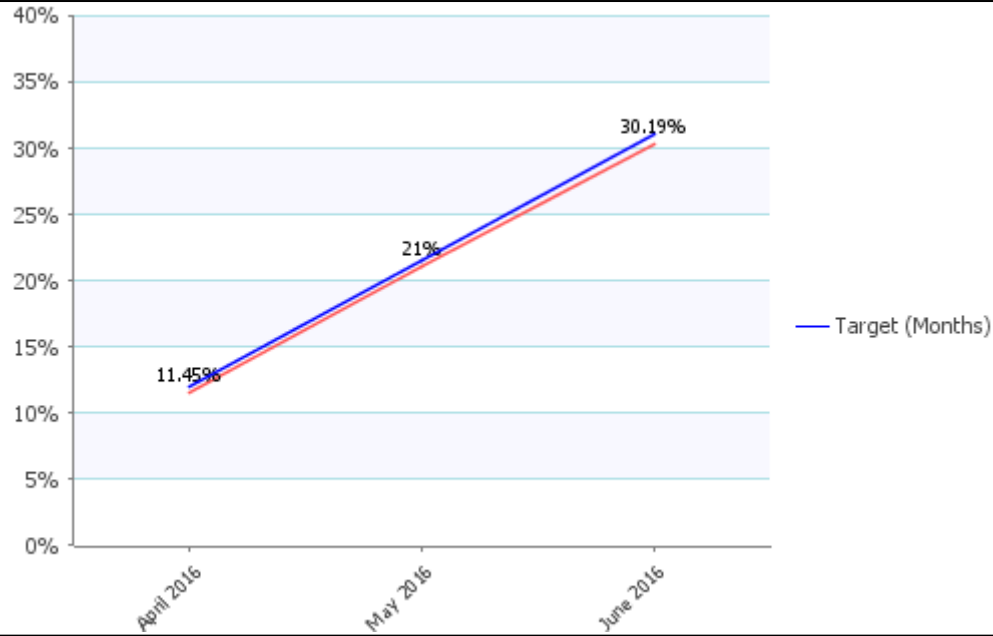
April 2400 customers were seen
May 2433 customers were seen
June 2314 customers were seen

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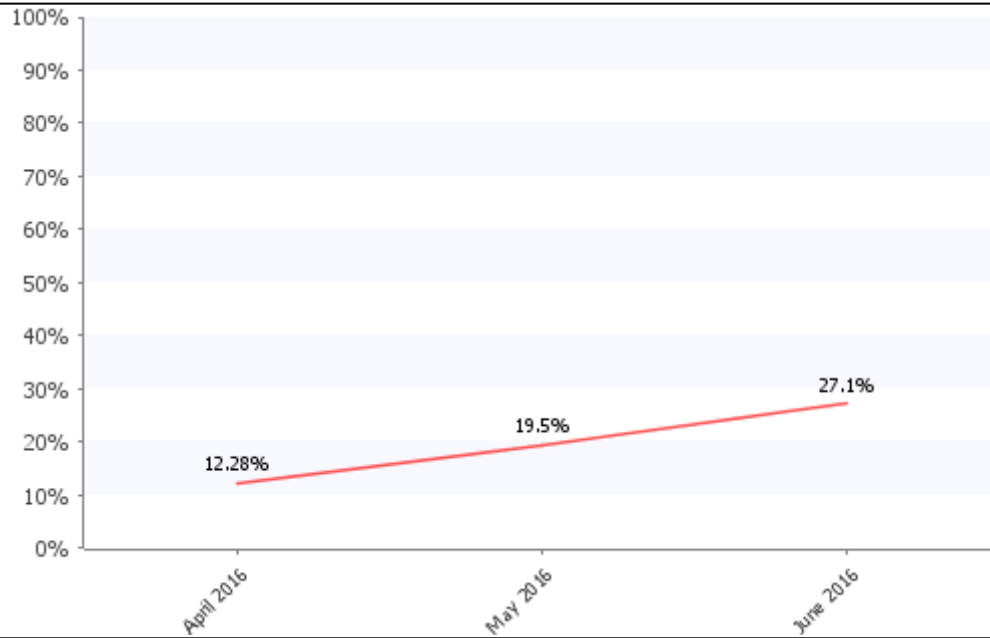
Customer Services -
Average wait time for
calls (at peak times)



Revenues - Council Tax Collection

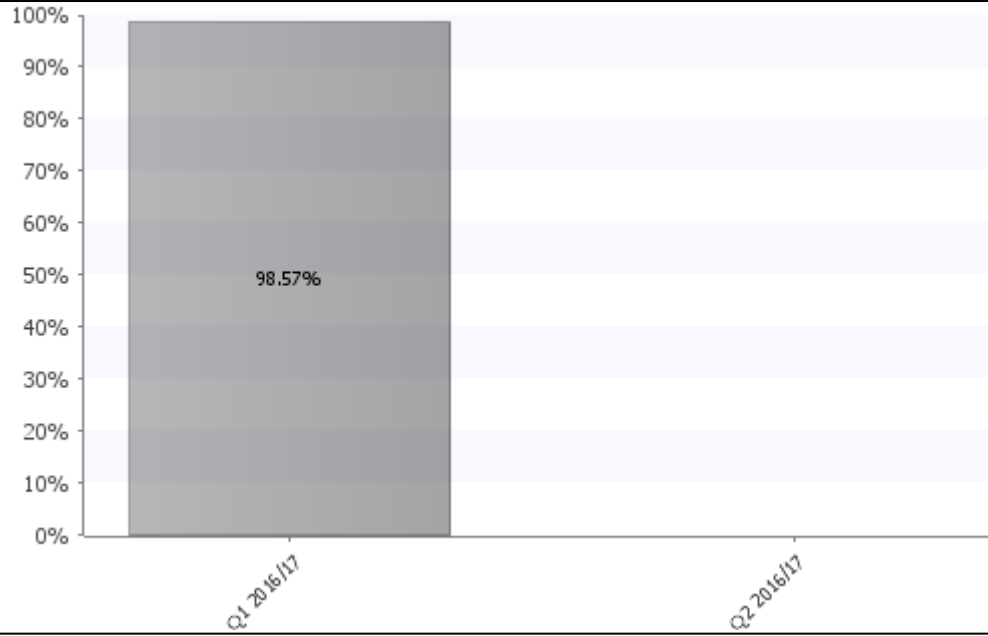


Revenues - Council tax reduction collection rate



Annual target is 85%

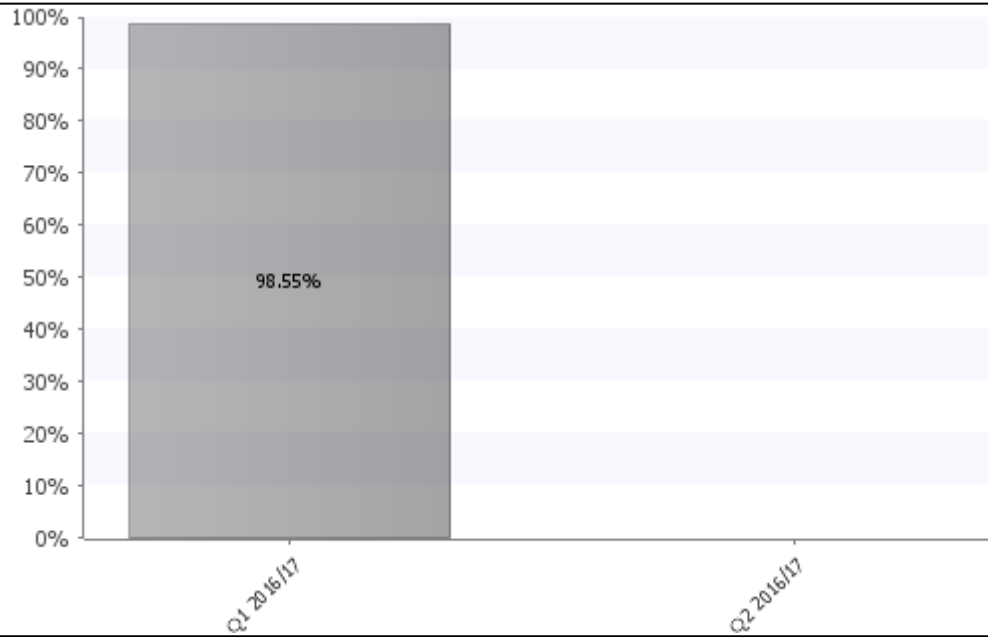
Commercial Unit (EKH)
- % of emergency
repairs completed on
time



Target is 98%

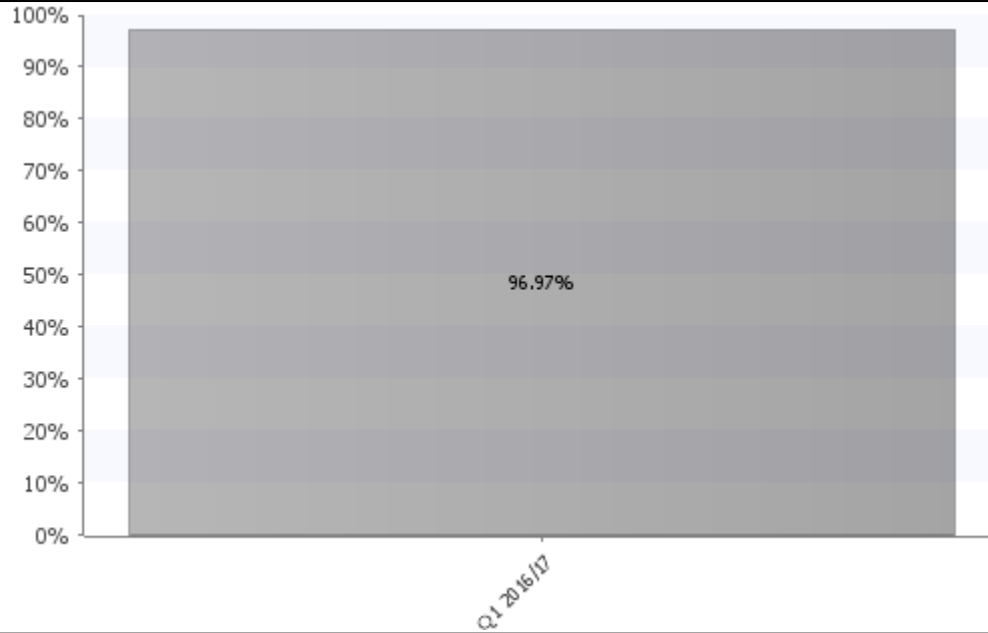
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Commercial Unit (EKH)
% of routine repairs
completed on time



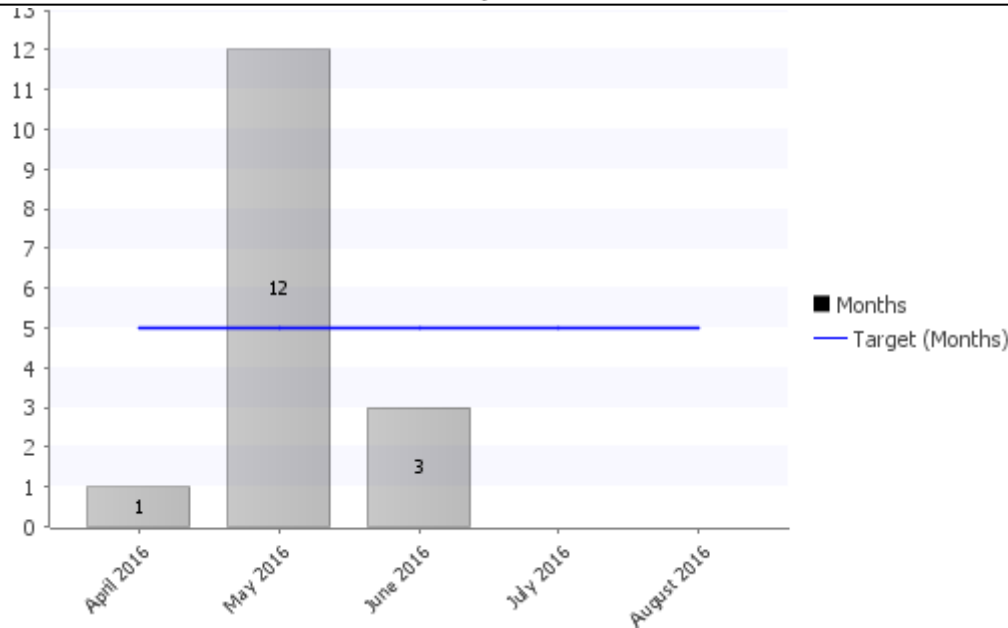
Target is 90%

Commercial Unit - % of invoices paid within the agreed timescales



Department	On Time
Charities	100%
Communications	86.96%
Community Safety	99.08%
Commercial & Technical Services	97.89%
East Kent Housing	96.95%
Finance	92.33%
Human Resources	95.24%
Leadership Support	100%
Planning & Environmental Health	100%
Regeneration & Economic Dev	100%
Strategic Dev Projects	90.91%
Solicitors	100%

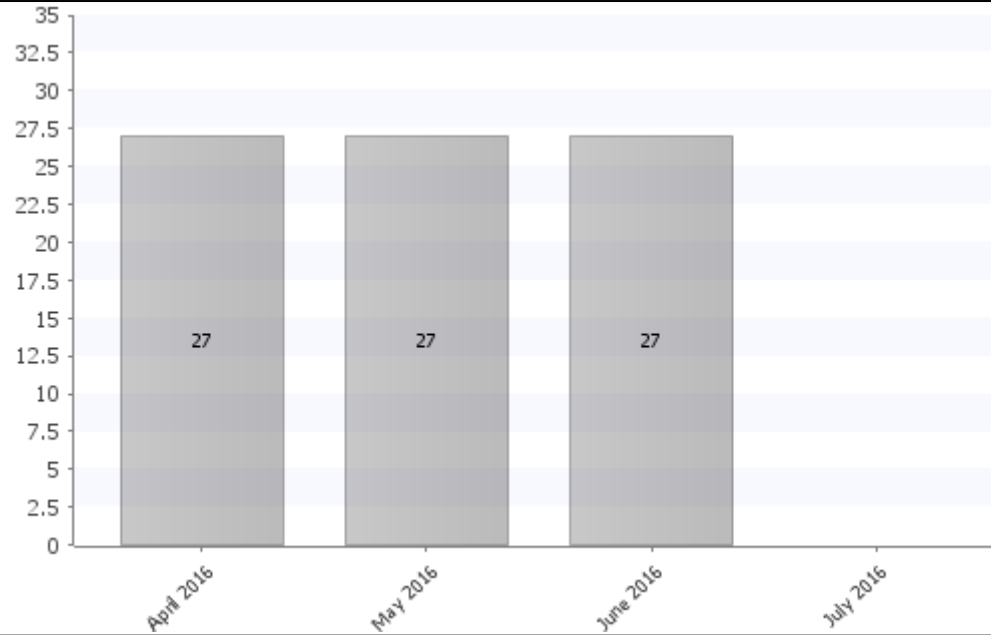
Environmental Health (Pollution Control) - Number of enforcement notices served



Monthly target of 5 notices served.

Pollution notices are served for noise, fly tipping, odour, etc. Performance in April and June dipped, however action has been taken to rectify this by recruiting a temporary member of staff in July 2016.

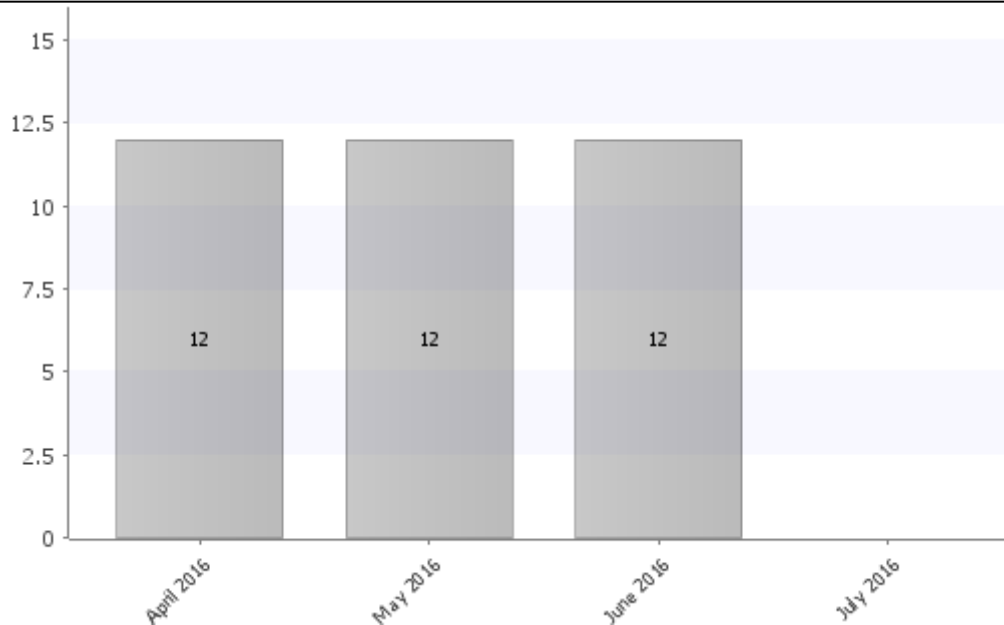
Environmental Health
(Pollution Control) -
Compliant part A & part
B environmental permits



There are 27 businesses that are regulated in the Shepway area for pollution. Annually a consultant is employed to check them.

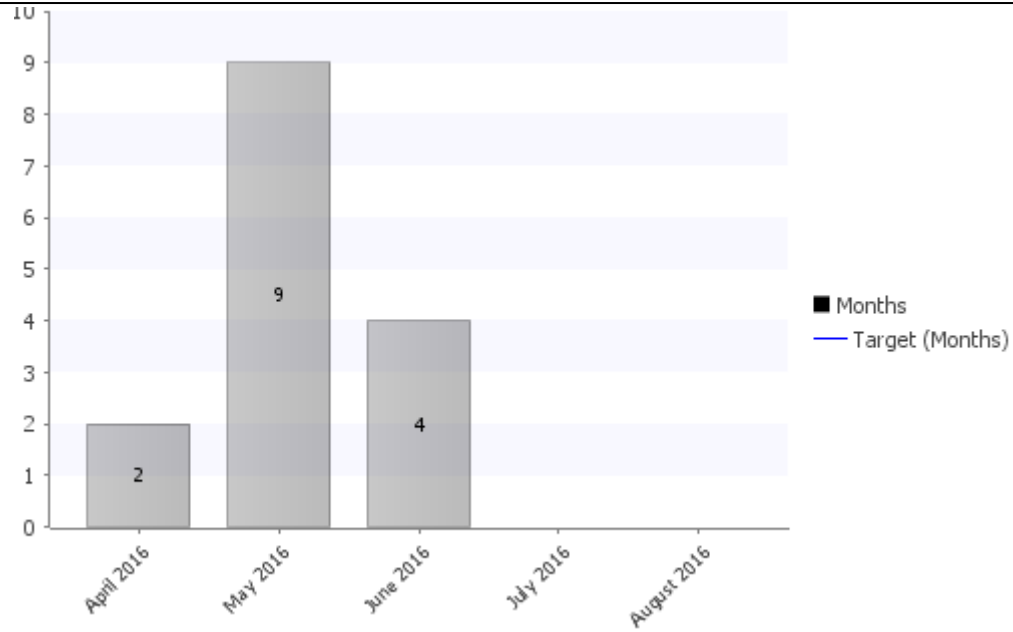
New businesses would be notified to Environmental Health via Planning as permission is required to operate.

Environmental Health
(Pollution Control) -
Compliant air quality
monitoring sites

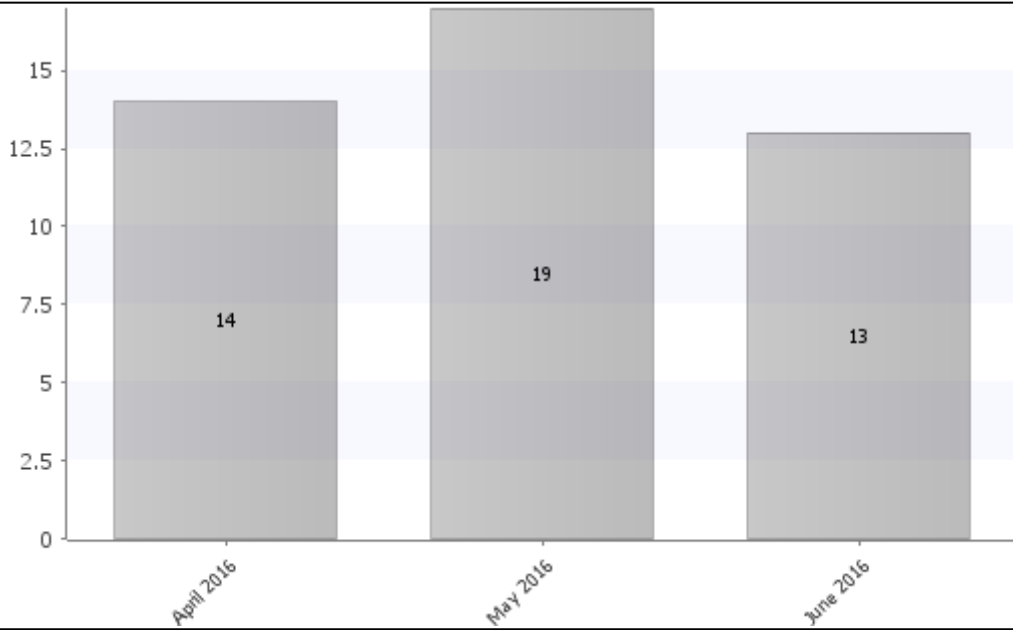


There is currently 12 air quality monitoring sites in Shepway. These are monitored by an external company.

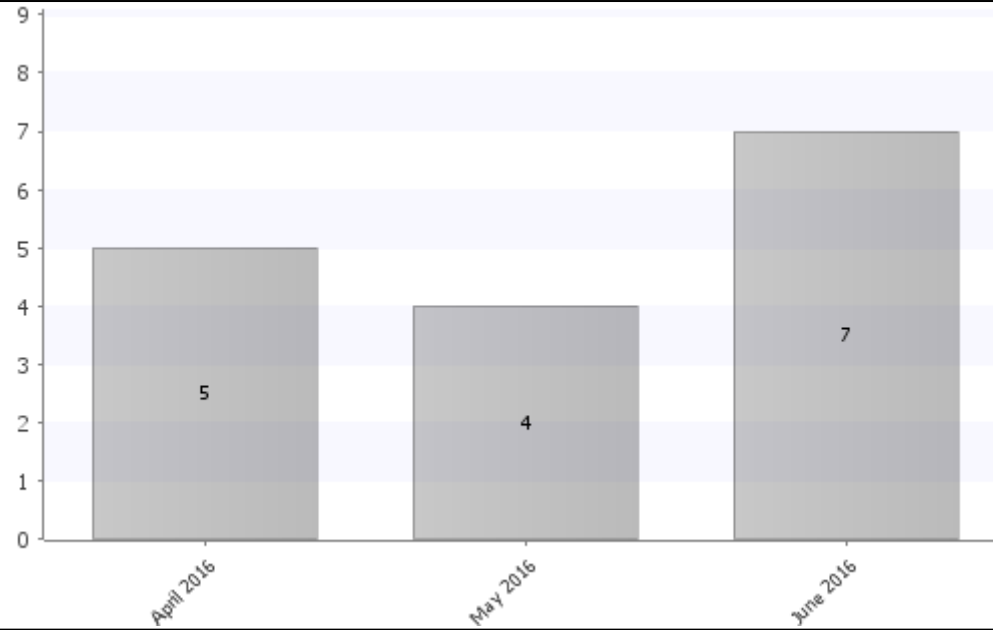
Environmental Health
(Pollution Control) -
Number of
contaminated land
enquiries successfully
dealt with



Environmental Health
(Dog Control) - Number
of stray dogs found

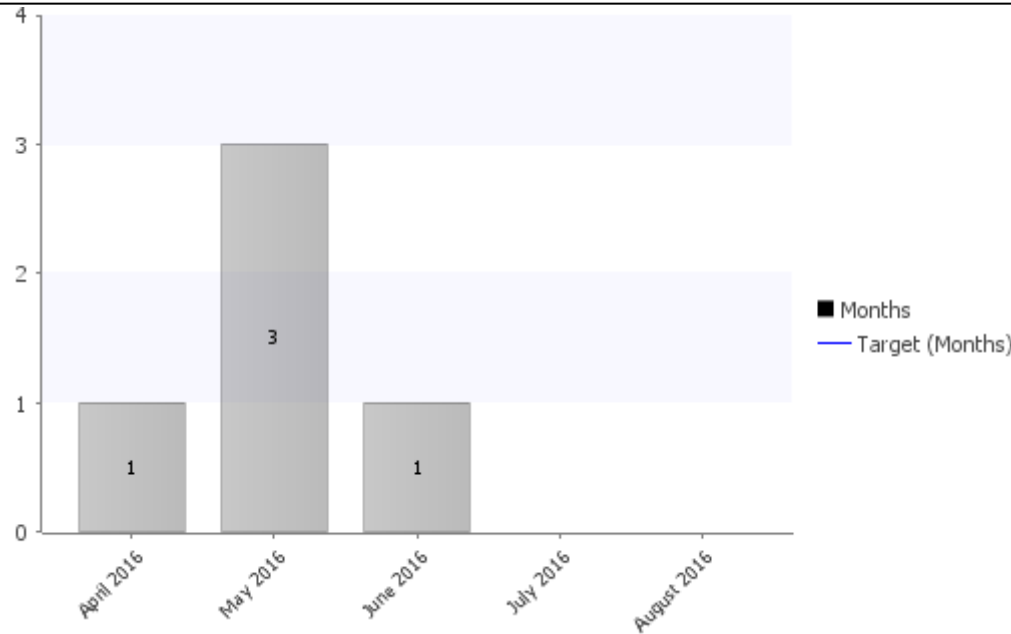


Environmental Health (Dog Control) - Number of stray dogs successfully returned to owner



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Environmental Health (Enforcement) - successful prosecutions

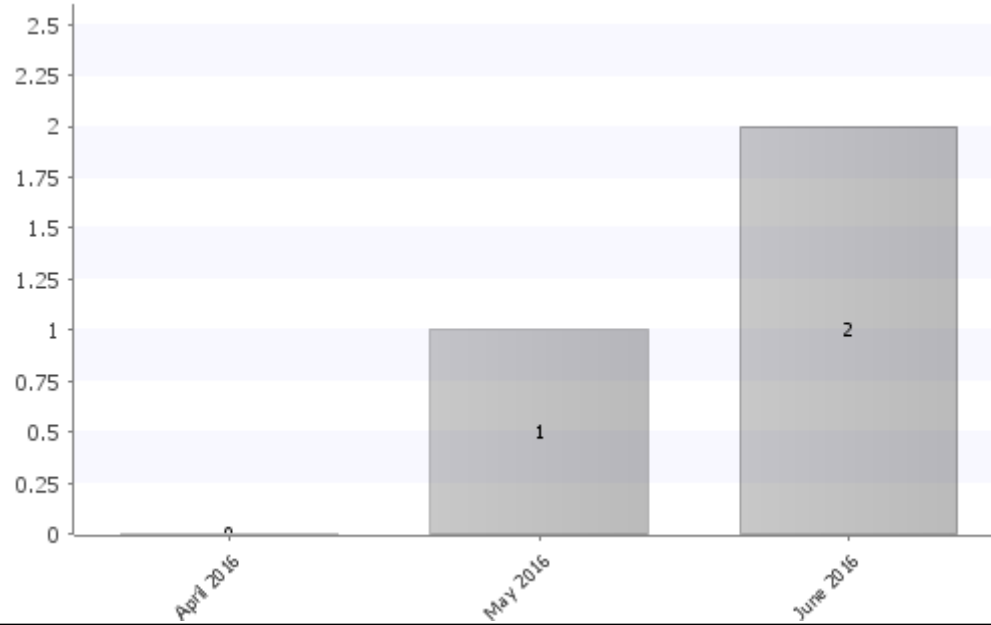


April – prosecution for breach of 47 EPA 1990 notice (Trade Waste)

May – there were three dog fouling prosecutions that went to court.

June – prosecution for breach of community prosecution notice - Anti-social behaviour, crime and Policing Act 2014

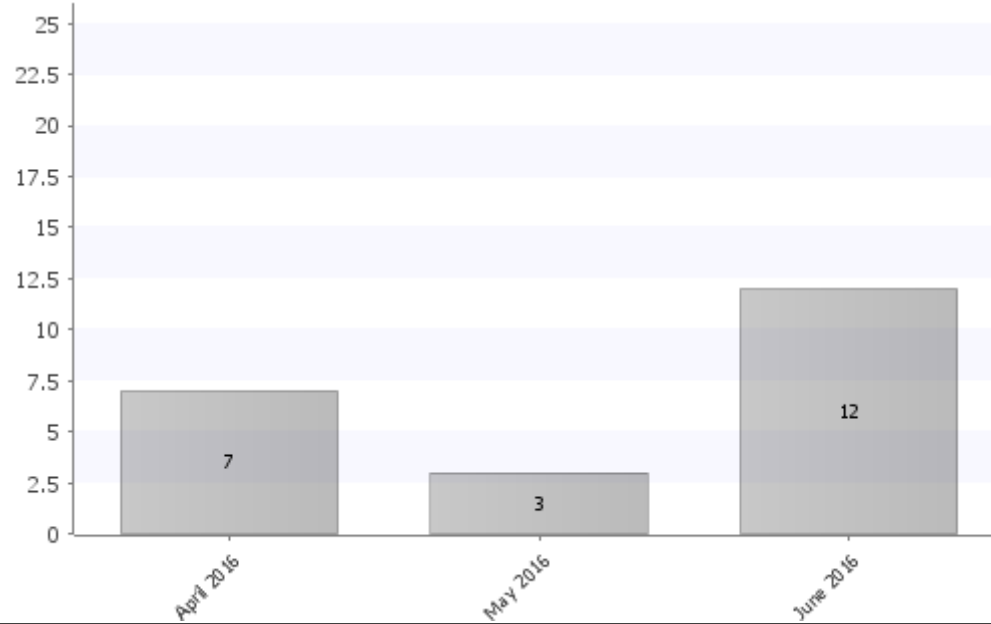
Environmental Health
(Enforcement) - formal
cautions issued



May – caution was issued for Duty of Care –
Section 34 EPA 1990

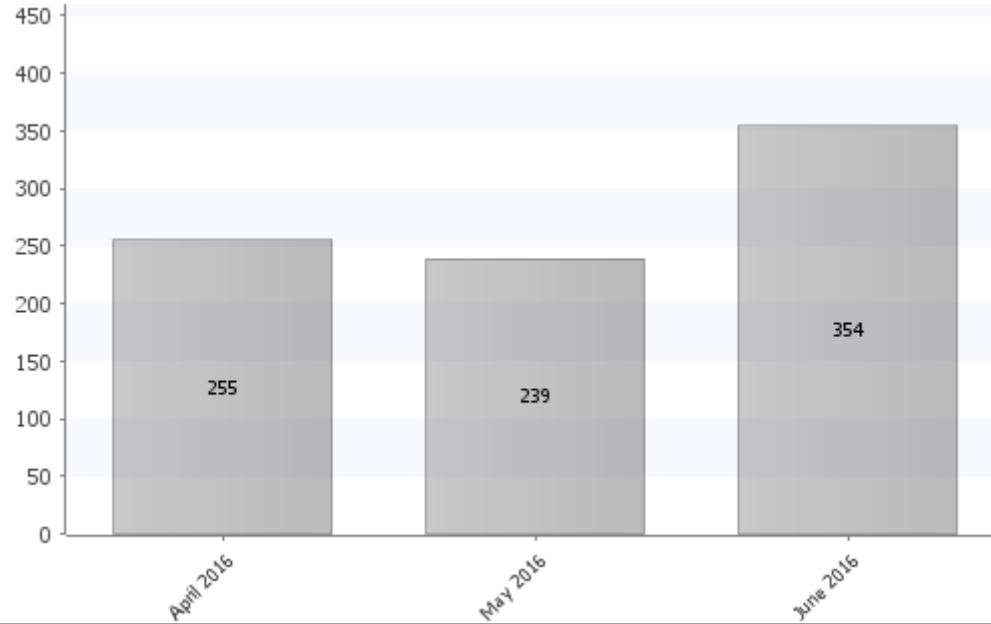
June – 2 caution's were issued for Duty of Care –
Section 34 EPA 1990

Environmental Health
(Enforcement) - fixed
penalty notices issued



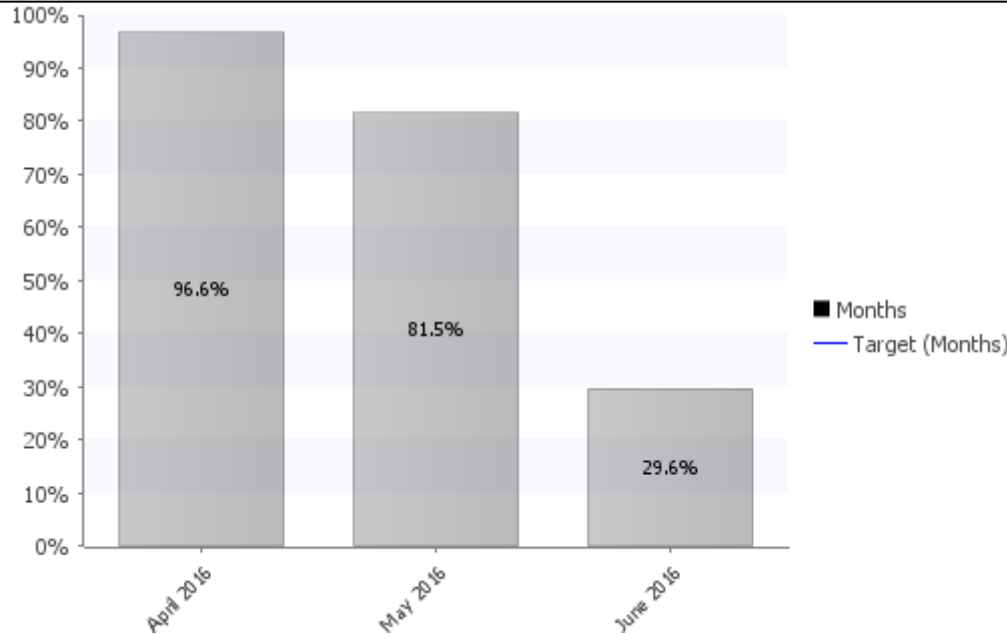
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Environmental Health (Enforcement) - number of hours spent on environmental crime patrol



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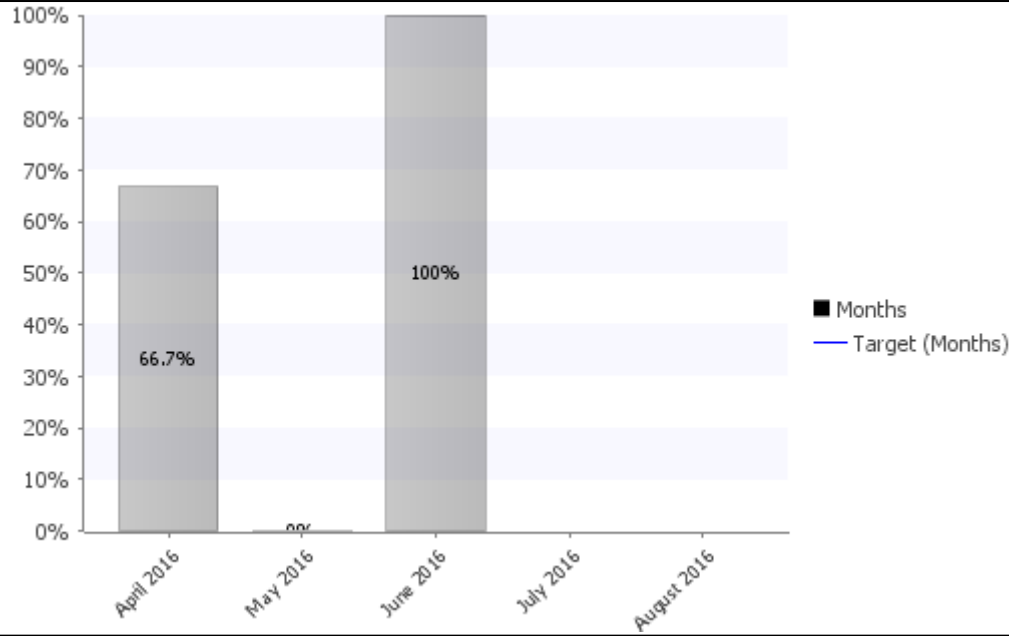
Complaints and FOI - Standard FOI requests will be satisfactorily replied to within stat timeframe of 20 working days



In June there was an unexpected number of urgent requests received under the Data Protection Act (SARs) which involved large amounts of information which needed to be carefully checked and redacted, scanned and emailed, etc, these had to be given priority over FOI requests due to the need for information.

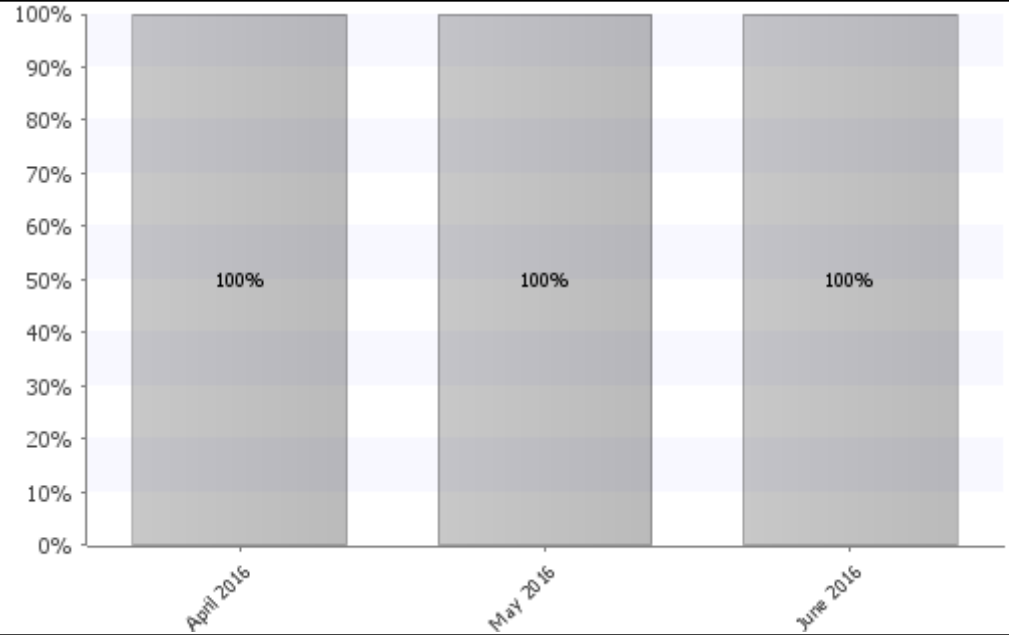
There were a number of large and complex FOI requests for information on major projects which were resource intensive.

Complaints and FOI - All subject access requests will be satisfactorily replied to within the stat timeframe of 40 days

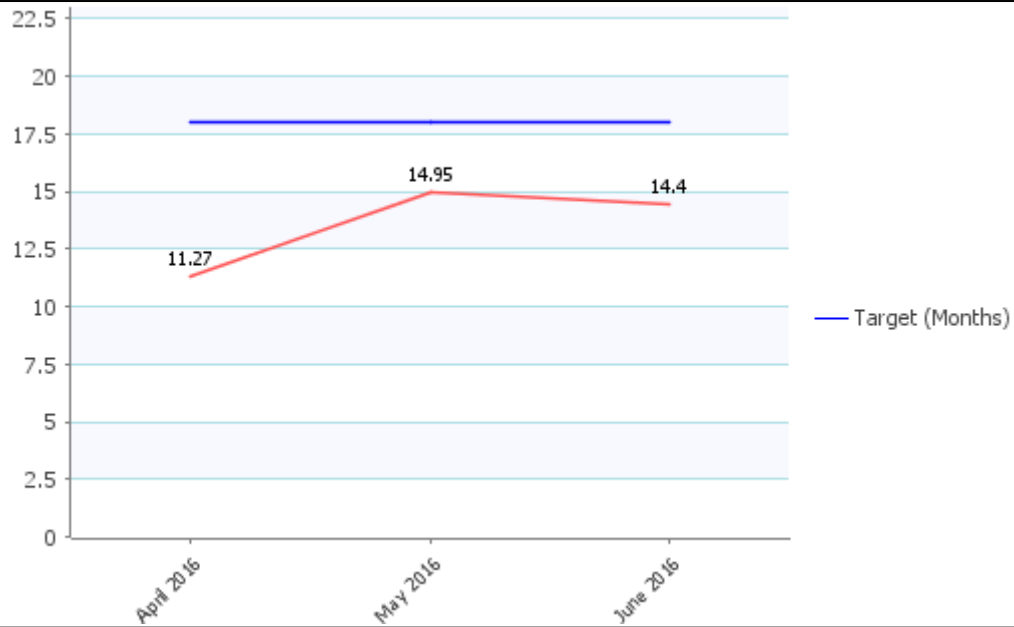


A new officer has recently been recruited to assist with FOI's and subject access requests which should improve the response times.

Complaints and FOI - All complaints will be acknowledged within 5 days

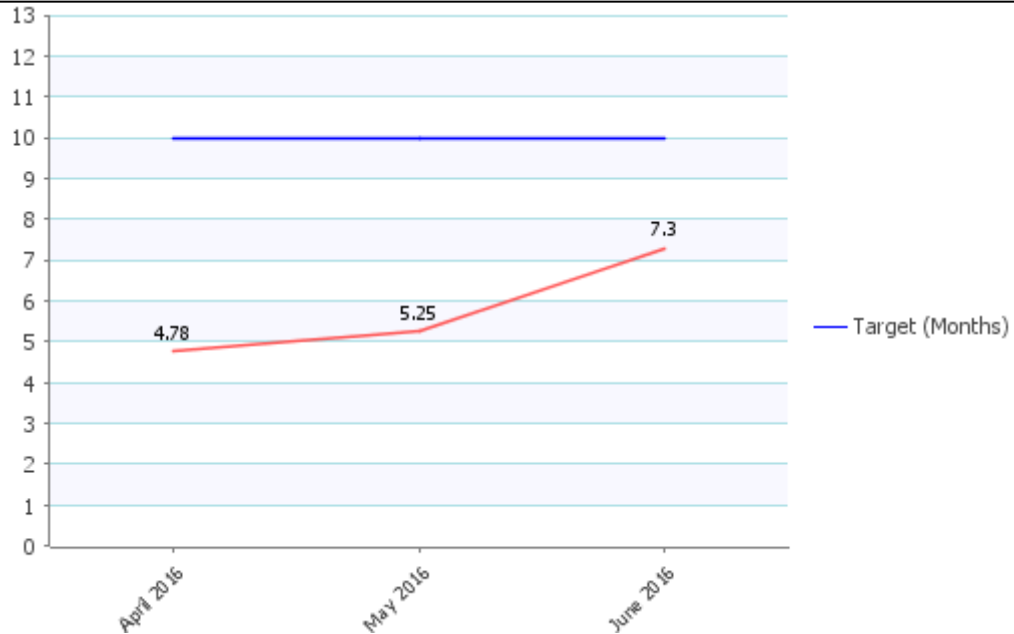


Benefits - Average number of days taken to process new claims for Housing Benefit



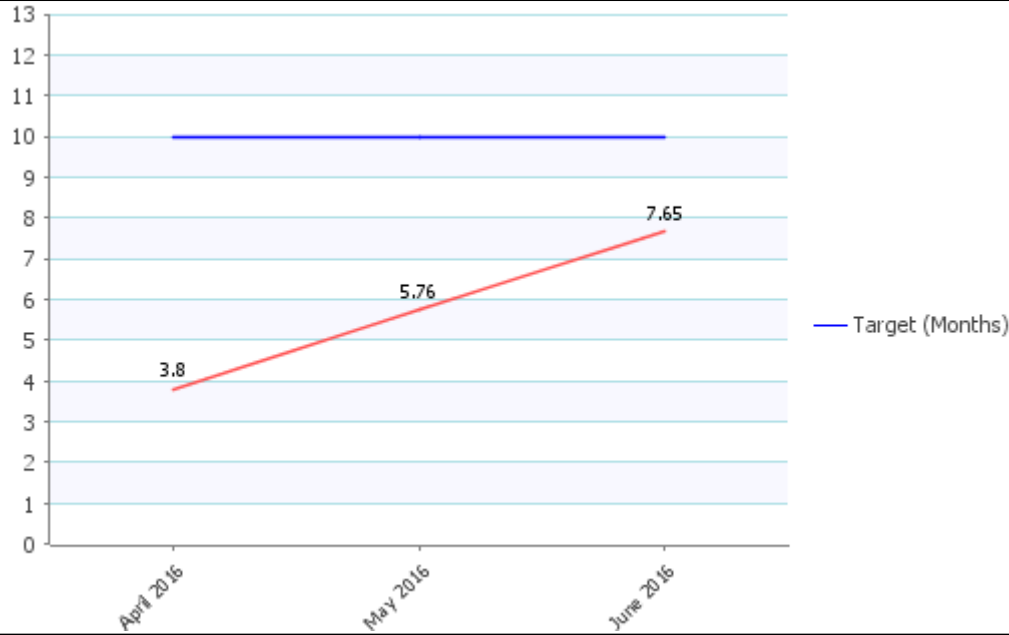
Monthly target is 18 days

Benefits - Average number of days to process new claims for Closing Benefit from the date the complete evidence is received.



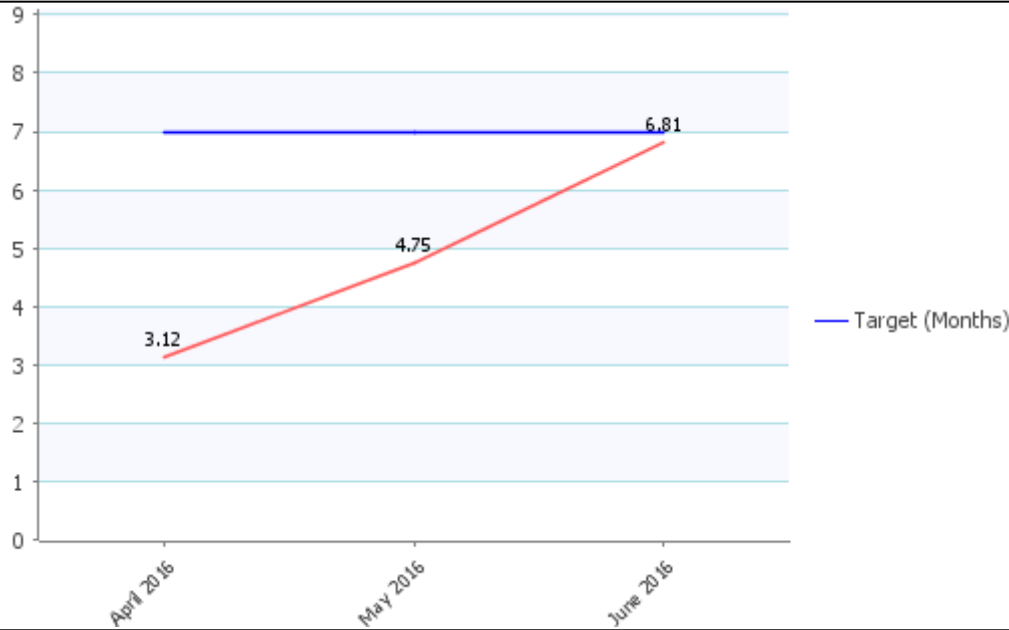
Monthly target is 10 days

Benefits - Average number of days taken to process change of circumstances for Housing Benefit



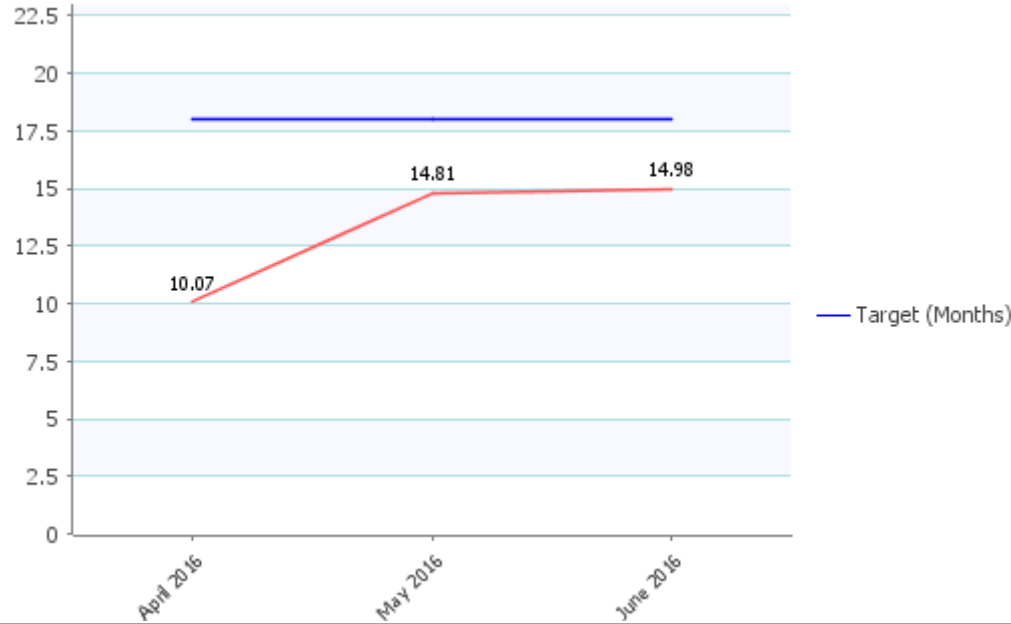
Monthly target is 10 days

Benefits - Average number of days to process change of circumstances for Housing Benefit from the date complete evidence is received.



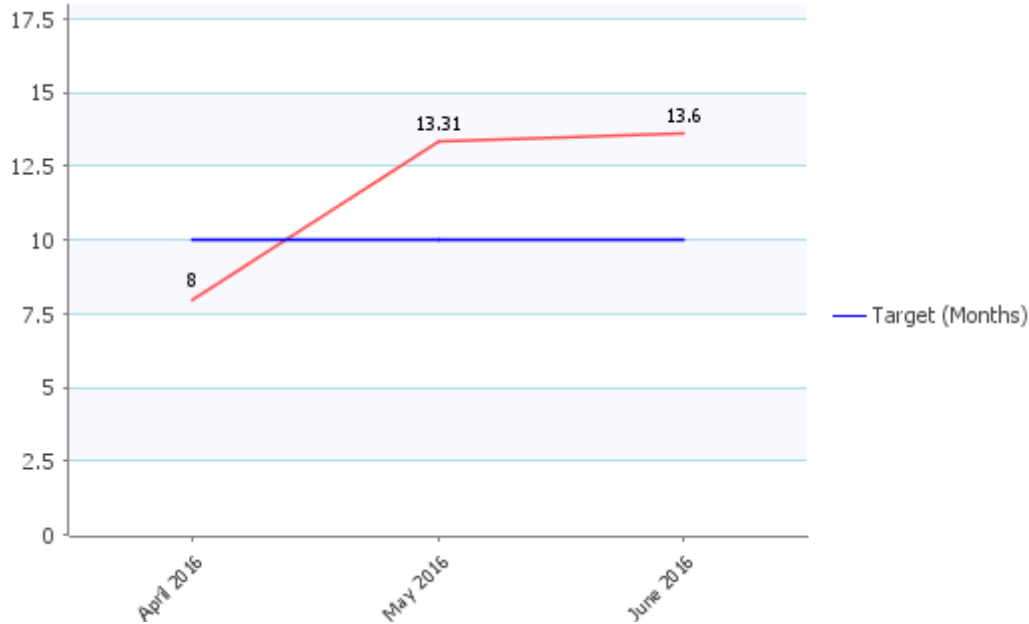
Monthly target is 7 days

Benefits - Average number of days taken to process new claims for Council Tax Reduction



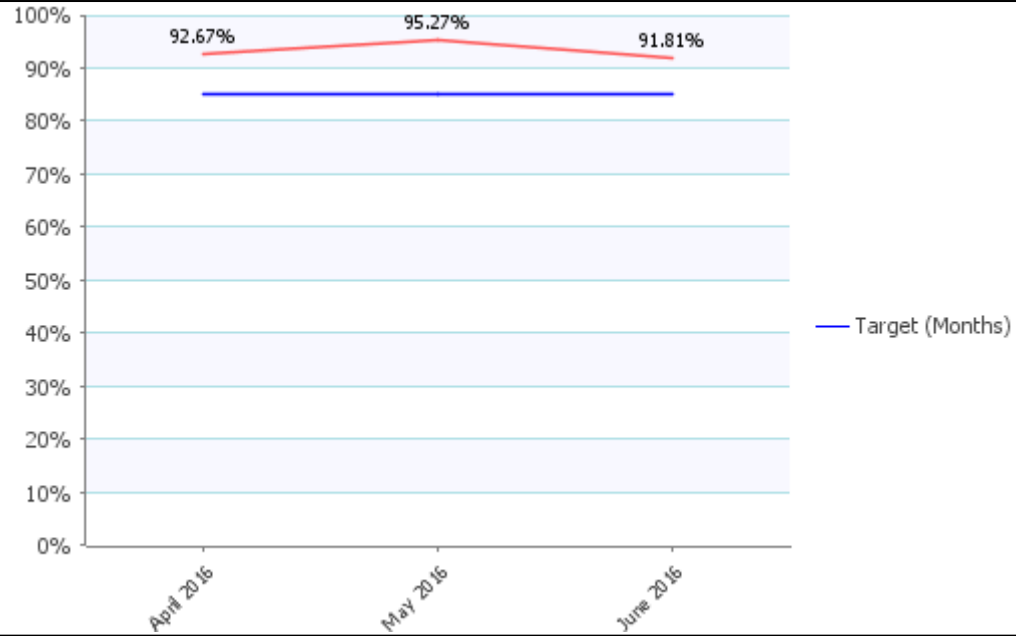
Monthly target is 18 days

Benefits - Average number of days taken to process change of circumstances for Council Tax Reduction

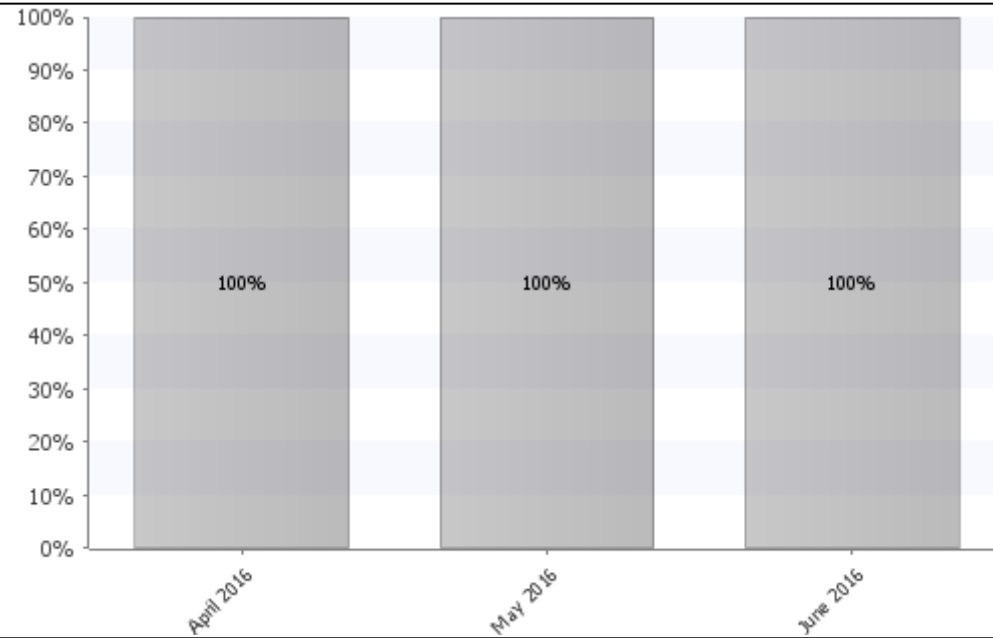


The number of days to process Council Tax Reduction change of circumstances has increased significantly in May and June. The Manager has investigated as to why the number of days has increased significantly in May and June but is unable to find a reason for it. The figures for July onwards are below the 10 day target.

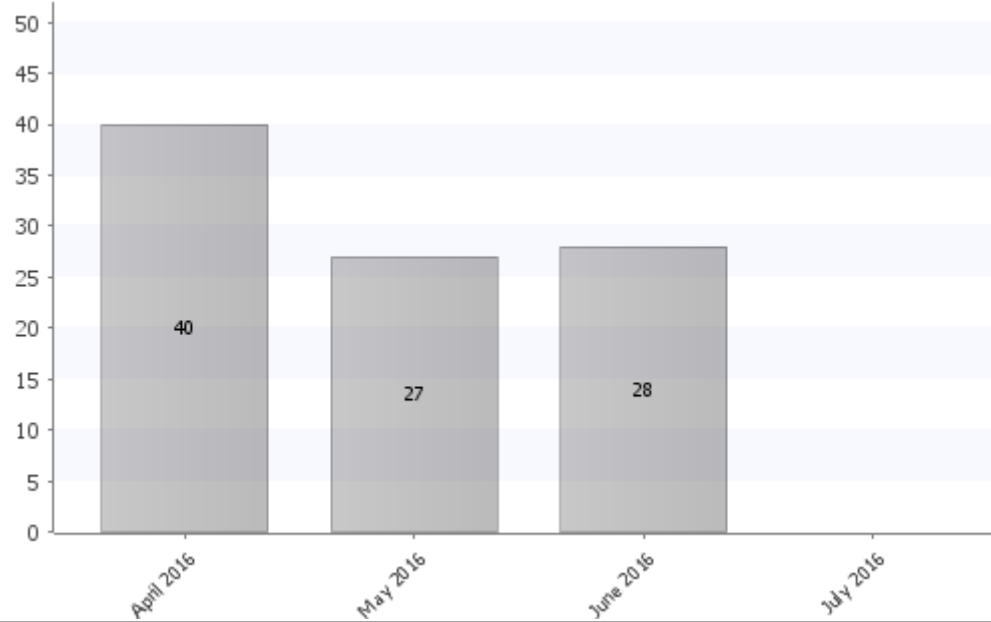
Benefits - HB
Processing accuracy



Benefits - Applications
for Discretionary
Housing Payment
processed within 2
working days

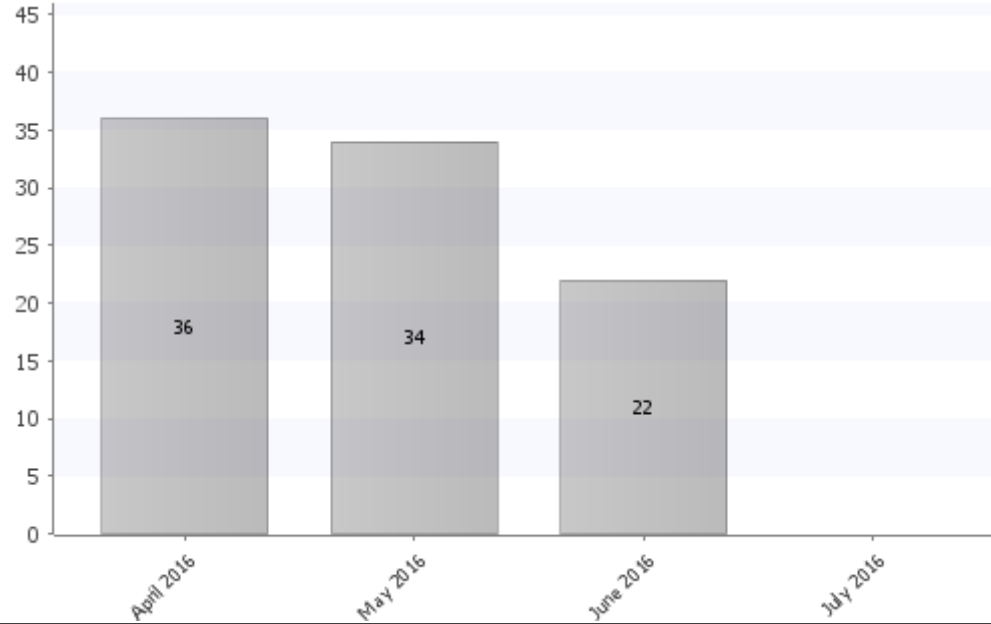


Housing Options -
Number of homeless
decisions made



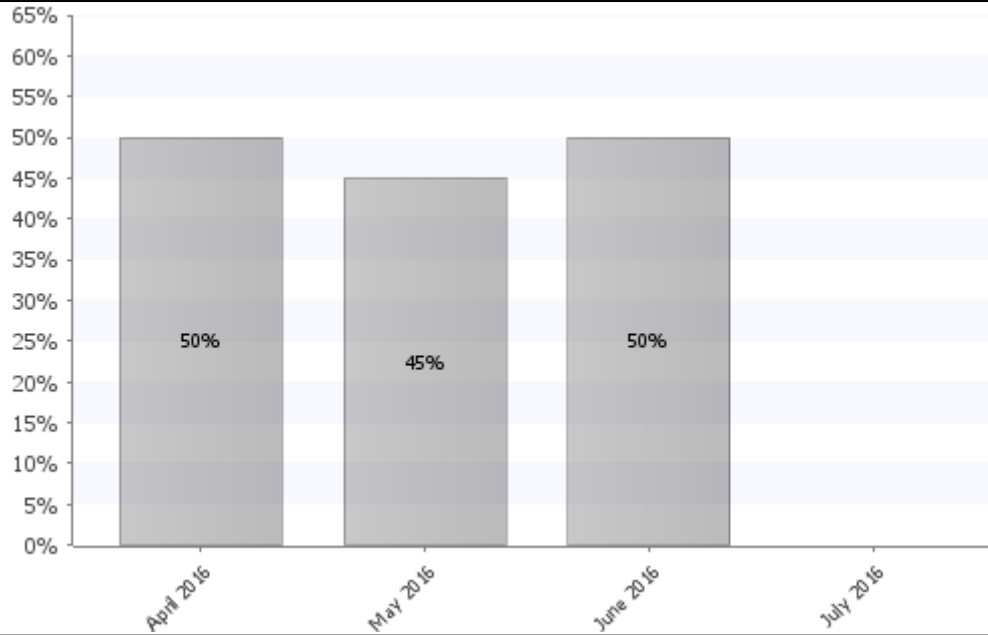
In Quarter 1, the Housing Options Team received a total of 332 homeless applications, from which 95 homeless decisions were made.

Housing Options -
Average number of
people in temporary
accommodation



The new Housing Options Team restructure has embedded reducing homeless through prevention work, which has had a significant impact on reducing the need for temporary accommodation.

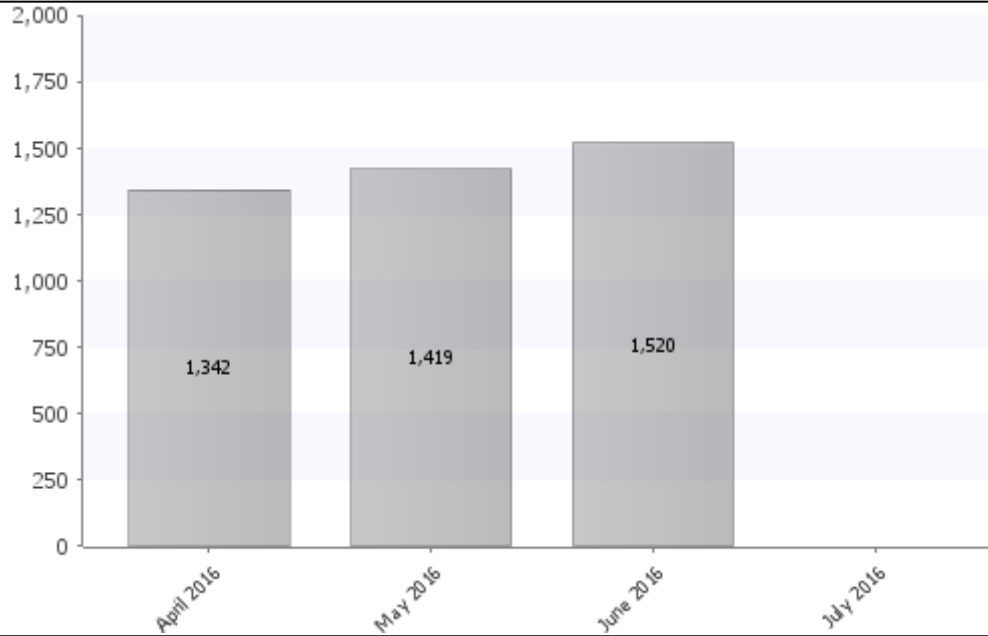
Housing Options –
Percentage of homeless
cases prevented



April – 48 cases
May – 48 cases
June – 65 cases

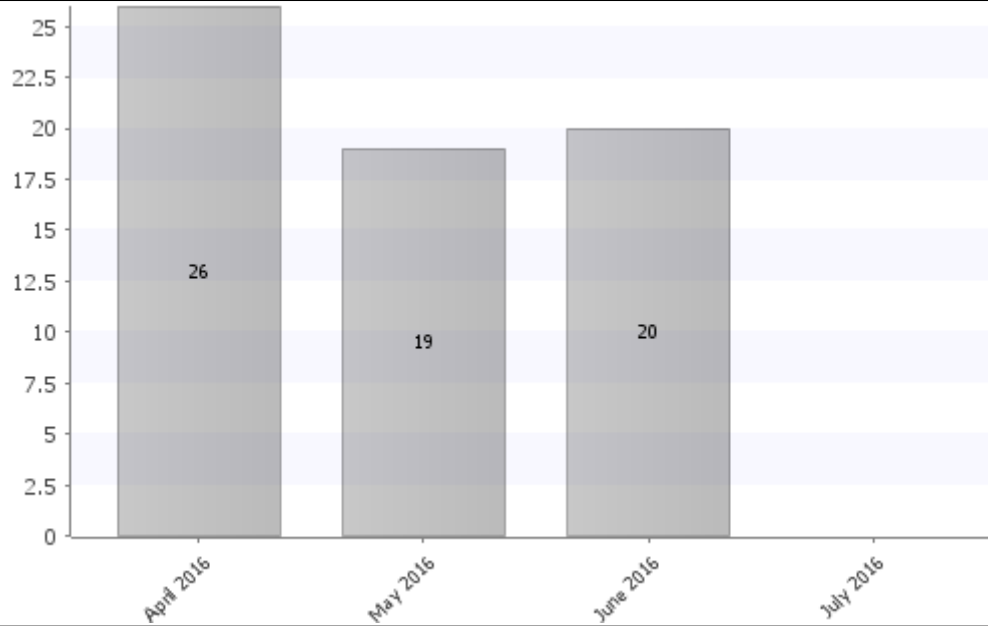
Homeless prevention cases are increasing due to the new structure. Cases are being triaged to the right officer to provide the right intensity of support.

Housing Options -
Number of applications
on the housing list



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Housing Options - Average processing time for applicants on the housing list (days)



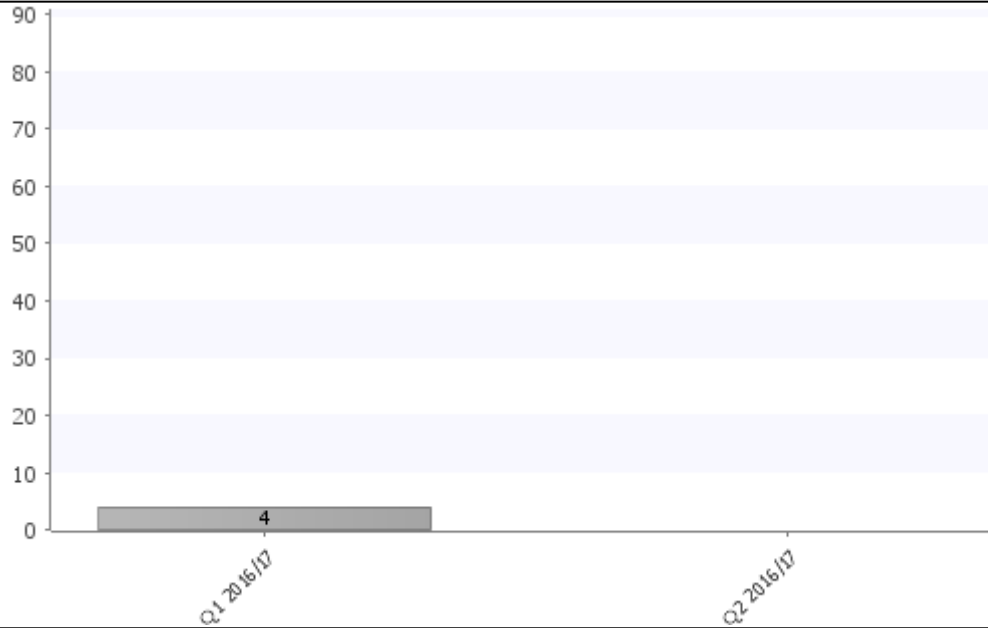
These figures are calculated from when the application is first received until it going live on the system.

The figures from when all of the documents have been received to going live on the system are:-

- April – 1 day
- May – 0.9 day
- June - 5.4 days

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Housing Strategy - Long term empty homes brought back into use



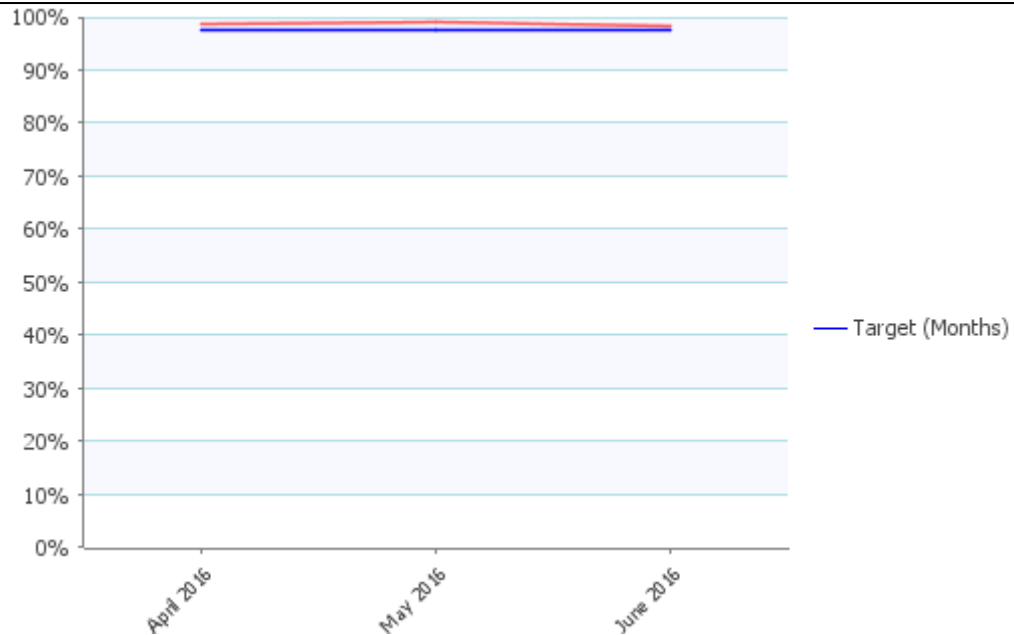
The annual target is 70 properties

Works are currently being carried out which will bring 26 long-term empty homes back into use over the next 1-2 months. A further 10 units have also been identified as occupied following the intervention of the council's Corporate Debt Team and the council's Private Sector Housing Team. Works are also due to start in the next 1-2 months which will bring a further 29 long-term empty homes back into use.

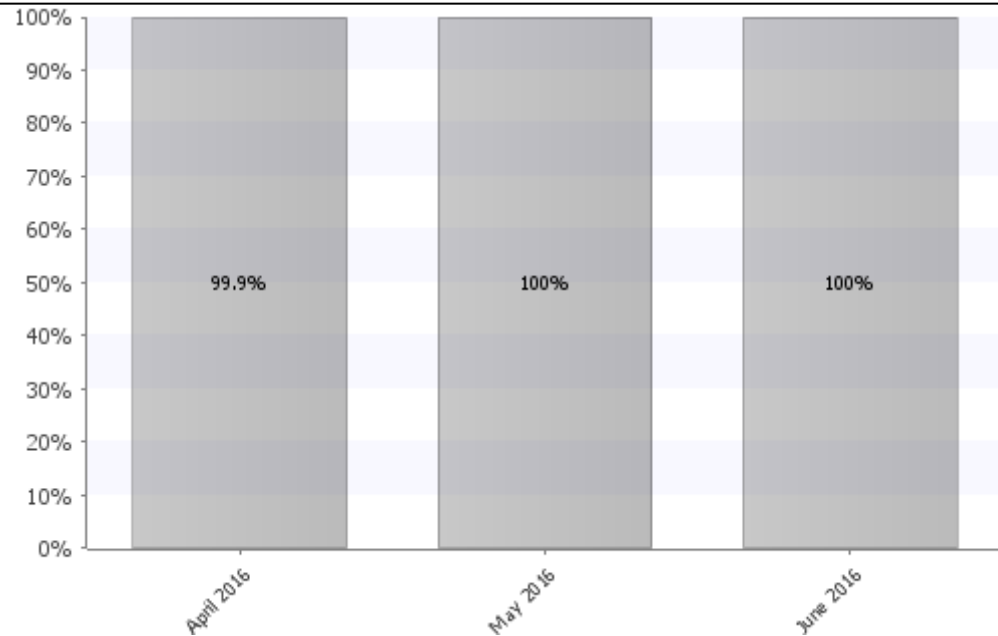
<p>Housing Strategy - HRA property acquisitions completed</p>	<table border="1"> <thead> <tr> <th>Quarter</th> <th>Acquisitions Completed</th> </tr> </thead> <tbody> <tr> <td>Q1 2016/17</td> <td>1</td> </tr> <tr> <td>Q2 2016/17</td> <td>0</td> </tr> </tbody> </table>	Quarter	Acquisitions Completed	Q1 2016/17	1	Q2 2016/17	0	<p>The annual target is 10 properties.</p> <p>So far in 2016/17 (Aug 2016), 2 property acquisitions have been completed and a further 2 property purchases are due to be completed during September. The Housing Strategy Team are currently working to identify other potential properties and are confident the target of 10 acquisitions in 2016/17 will be achieved.</p>
Quarter	Acquisitions Completed							
Q1 2016/17	1							
Q2 2016/17	0							
<p>Housing Strategy - Additional affordable homes delivered in the district by the council and its partner agencies</p>	<table border="1"> <thead> <tr> <th>Quarter</th> <th>Homes Delivered</th> </tr> </thead> <tbody> <tr> <td>Q1 2016/17</td> <td>3</td> </tr> <tr> <td>Q2 2016/17</td> <td>0</td> </tr> </tbody> </table>	Quarter	Homes Delivered	Q1 2016/17	3	Q2 2016/17	0	<p>The annual target is 80 properties.</p> <p>In addition to the homes completed so far, a further 70 affordable homes are currently onsite and due to be completed during 2016/17.</p>
Quarter	Homes Delivered							
Q1 2016/17	3							
Q2 2016/17	0							

<p>Housing Strategy - Homes provided in the district for low cost home ownership</p>	<p>A bar chart with a vertical axis from 0 to 40 in increments of 5. The horizontal axis has two categories: 'Q1 2016/17' and 'Q2 2016/17'. A single grey bar for Q1 2016/17 has the value '2' written on it. The bar for Q2 2016/17 is at zero.</p> <table border="1"> <thead> <tr> <th>Quarter</th> <th>Homes Provided</th> </tr> </thead> <tbody> <tr> <td>Q1 2016/17</td> <td>2</td> </tr> <tr> <td>Q2 2016/17</td> <td>0</td> </tr> </tbody> </table>	Quarter	Homes Provided	Q1 2016/17	2	Q2 2016/17	0	<p>The annual target is 32 properties.</p> <p>35 homes are due to be delivered in the district by the end of 2016/17 by the council's partners.</p>
Quarter	Homes Provided							
Q1 2016/17	2							
Q2 2016/17	0							
<p>Housing Strategy - Private sector homes improved as a result of intervention by the council and its partner agencies</p>	<p>A bar chart with a vertical axis from 0 to 150 in increments of 25. The horizontal axis has two categories: 'Q1 2016/17' and 'Q2 2016/17'. A single grey bar for Q1 2016/17 has the value '74' written on it. The bar for Q2 2016/17 is at zero.</p> <table border="1"> <thead> <tr> <th>Quarter</th> <th>Homes Improved</th> </tr> </thead> <tbody> <tr> <td>Q1 2016/17</td> <td>74</td> </tr> <tr> <td>Q2 2016/17</td> <td>0</td> </tr> </tbody> </table>	Quarter	Homes Improved	Q1 2016/17	74	Q2 2016/17	0	<p>The annual target is 120 properties.</p> <p>The council's private sector housing team is now fully resource staffing wise, which has enabled the team to maximise the number of homes improved following intervention by the council. The team has also been working closely with the Kent Warmer Homes Partnership to maximise the number of homes receiving energy efficiency works in the district. Work has also continued in partnership with Home Improvement Agency to improve the homes of vulnerable households.</p>
Quarter	Homes Improved							
Q1 2016/17	74							
Q2 2016/17	0							

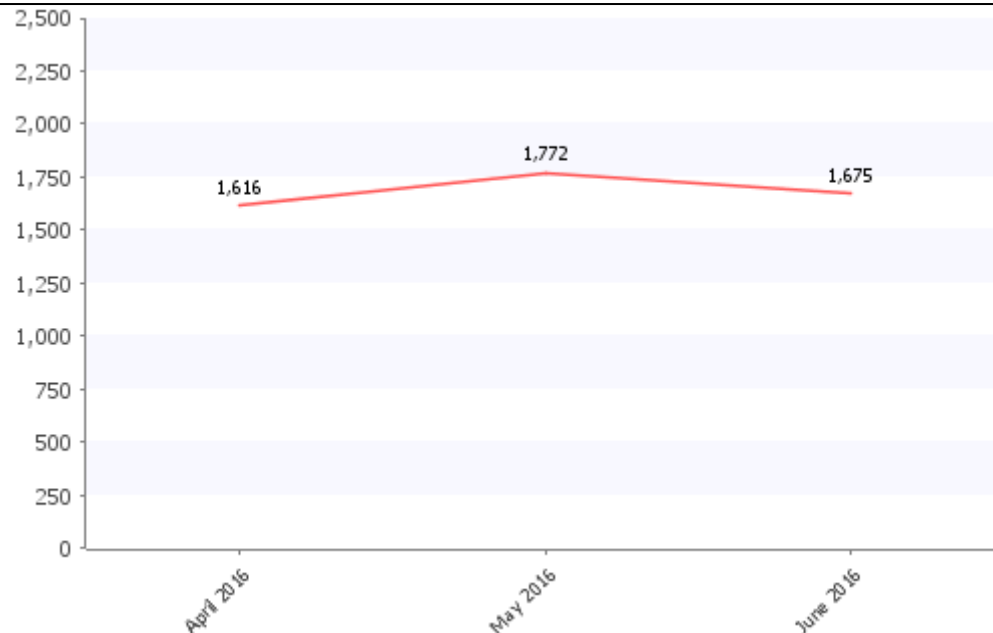
Lifeline - Number of lifeline calls answered within 60 seconds



Lifeline - Number of lifeline calls answered within 180 seconds



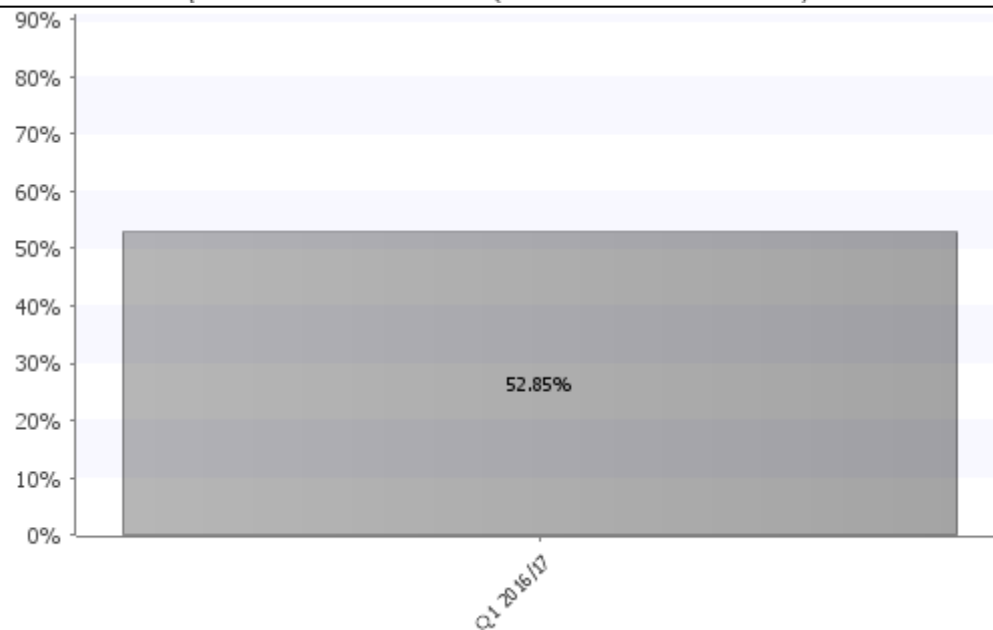
Parking - Number of PCN's issued



The Transportation Manager monitors the number of PCN's issued and will liaise with NSL if an issue is identified.

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Parking - PCN recovery rate



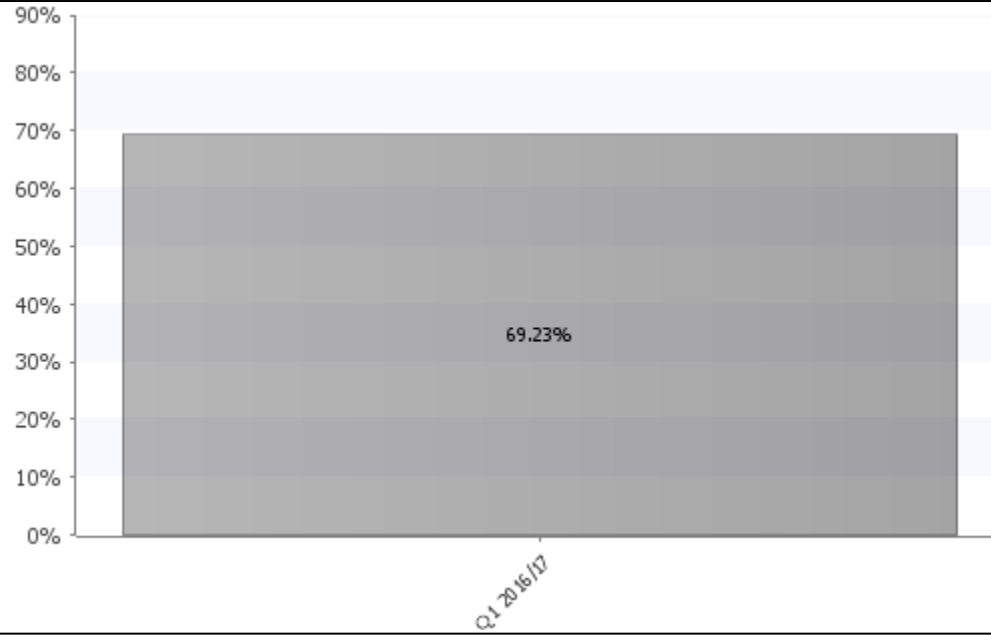
Annual target is 70%

Parking tickets issued have 28 days to pay so some tickets issued in June are not outstanding until after 28 days have passed.

The recovery of income for tickets issued to foreign vehicles has a detrimental effect to the overall recovery rate. The collection rate is approximately 30% for foreign vehicle PCN's. Two bailiff companies have been employed to assist in recovering the income however the collection rate still remains low.

For Quarter 2 the PI will be split to show recovery rate for foreign vehicles and for british registered cars.

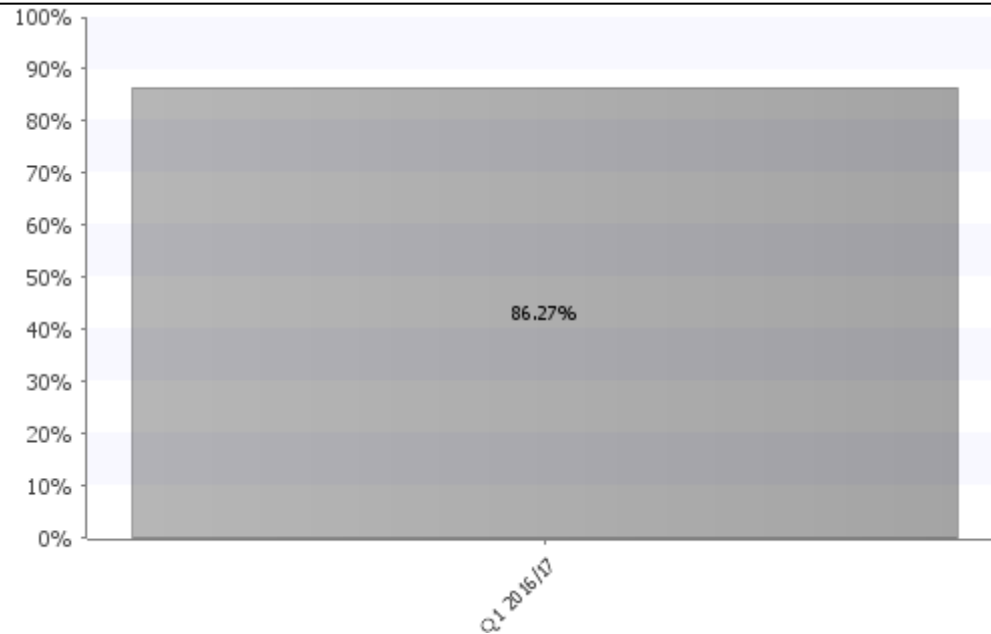
Planning - % of major planning applications determined within statutory period



April 75%
May 100%
June 25%
Target is 50%

June figures are low as 4 major applications were determined in this period, of these 3 were outside the statutory time period. 2 of them required lengthy negotiations with the applicants in order to overcome issues of concern so that planning permission could be granted.

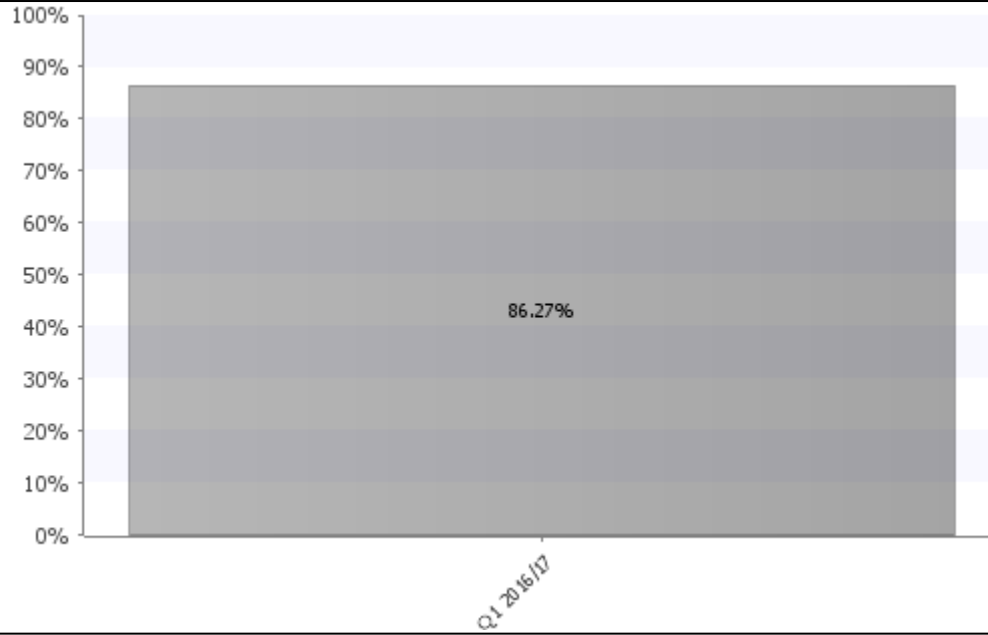
Planning - % of non major planning applications determined within statutory period



Target is 70%

April – 95.45%
May – 84.62%
June – 75%

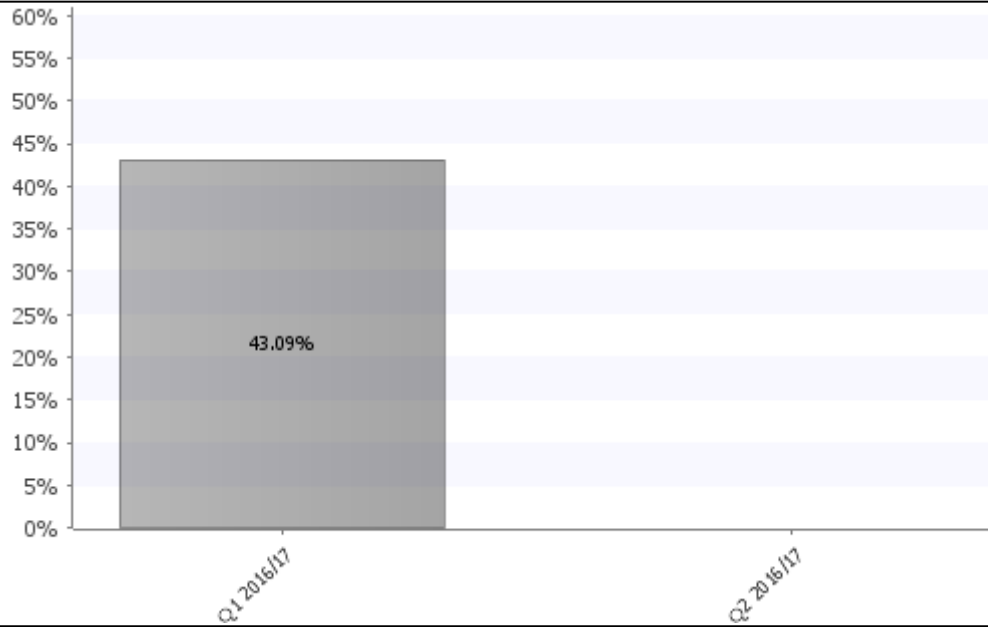
Planning - % of other planning applications to be determined within statutory period



Target is 85%

April – 86%
May – 95.24%
June – 83.33%

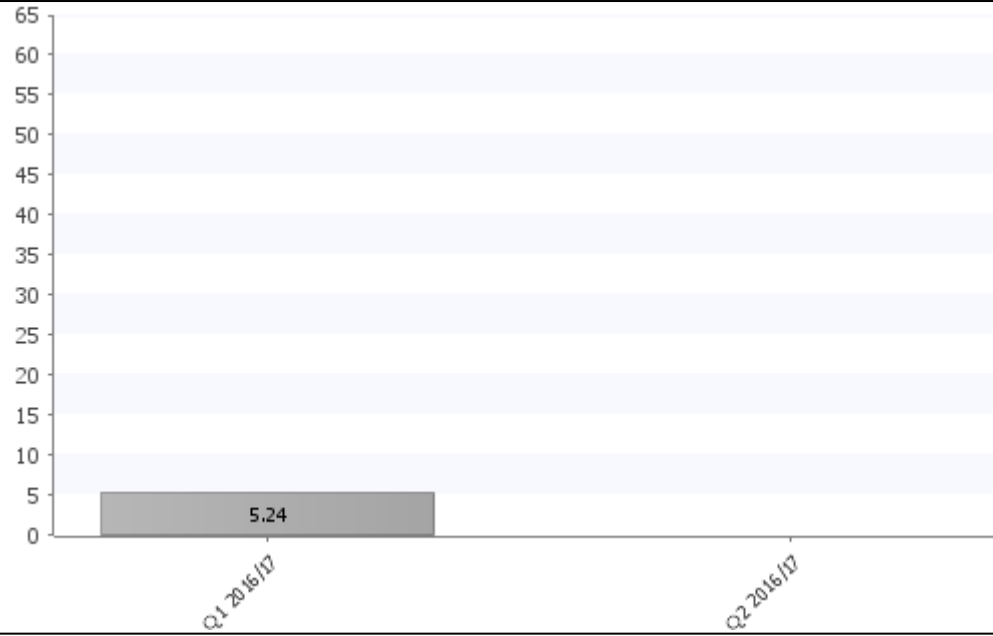
Waste Contract - Percentage of household waste recycled



Target is 47%

April – 43.75%
May – 42.75%
June – 44.93%

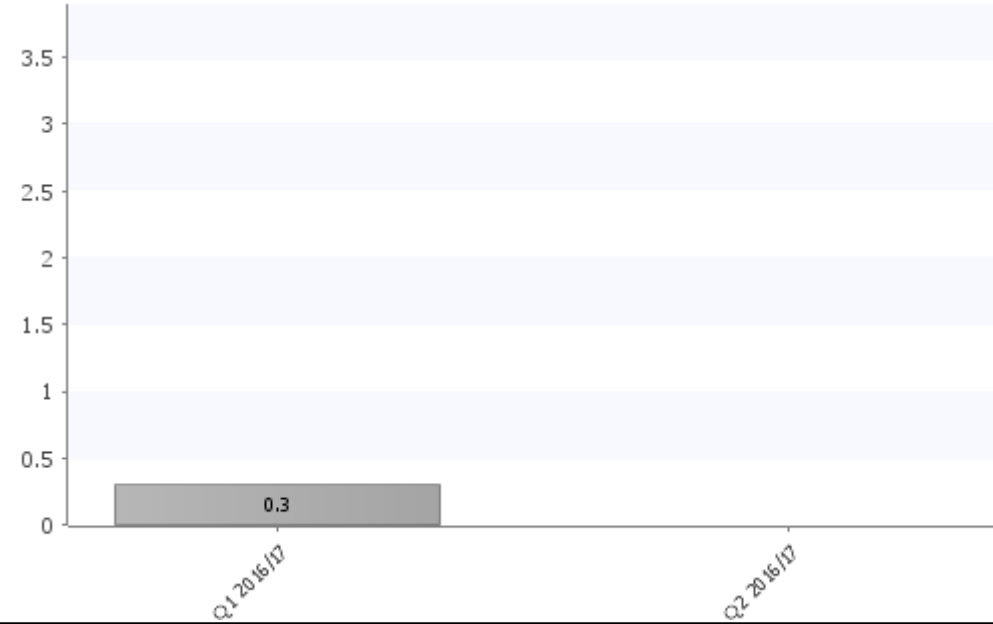
Waste Contract -
Number of missed
collections per 100,000



Target is 50

April – 8
May – 8
June – 12

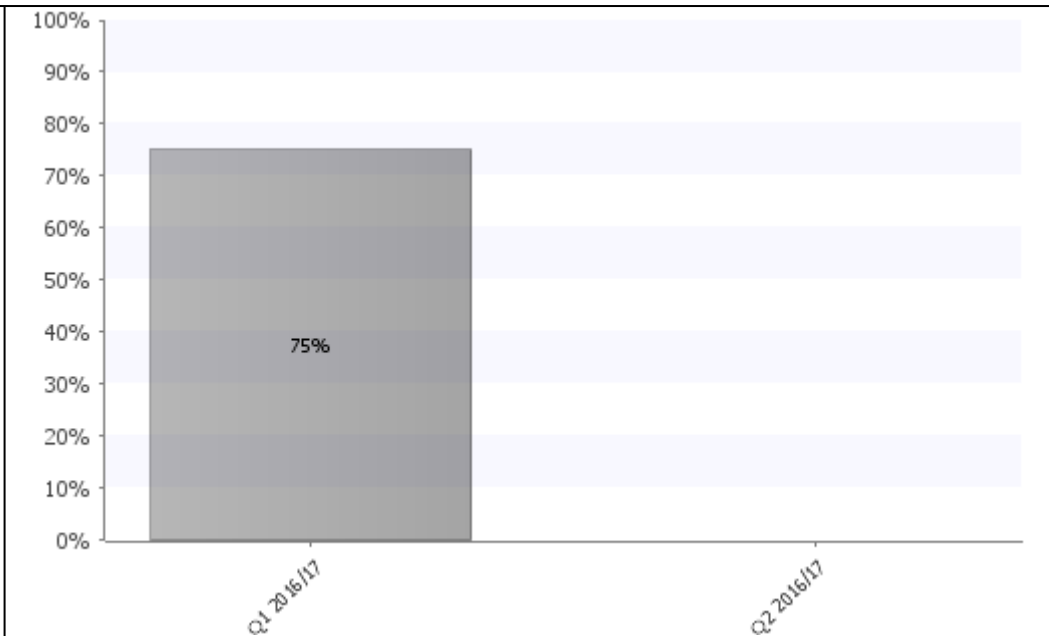
Waste Contract - No of
days to remove fly
tipped waste on public
land once reported



There were 242 instances of fly tipping in quarter 1.

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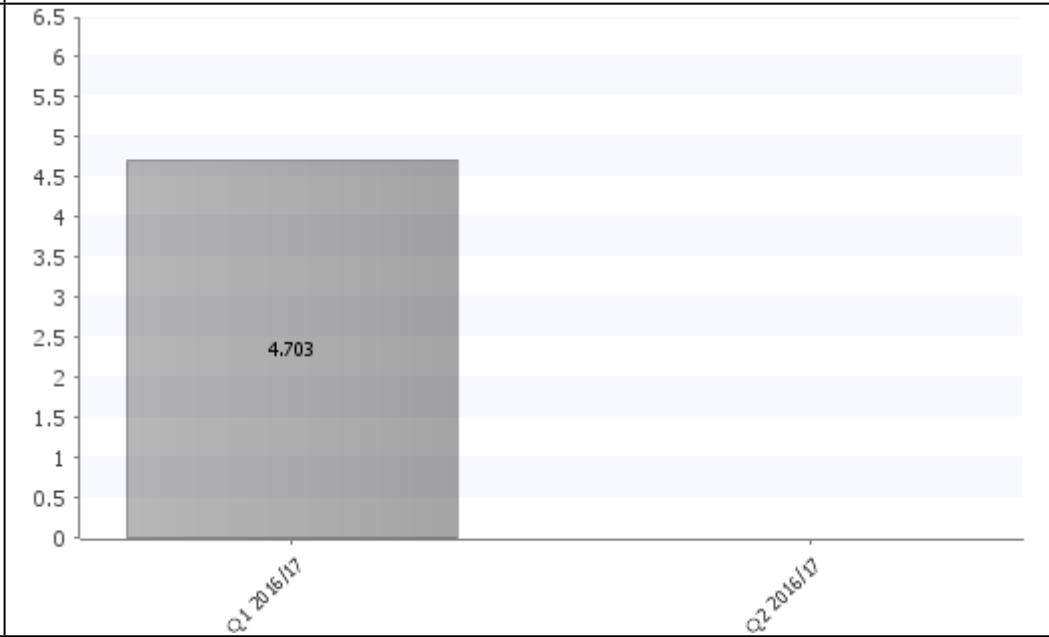
Waste Contract -
Percentage of returns to empty a missed bin by the end of the next working day if it is reported within 24 hours



Target is 100%

Due to incorrect reporting this figure does not reflect the true number of bins collected within contract timescales, this figure is currently being validated.

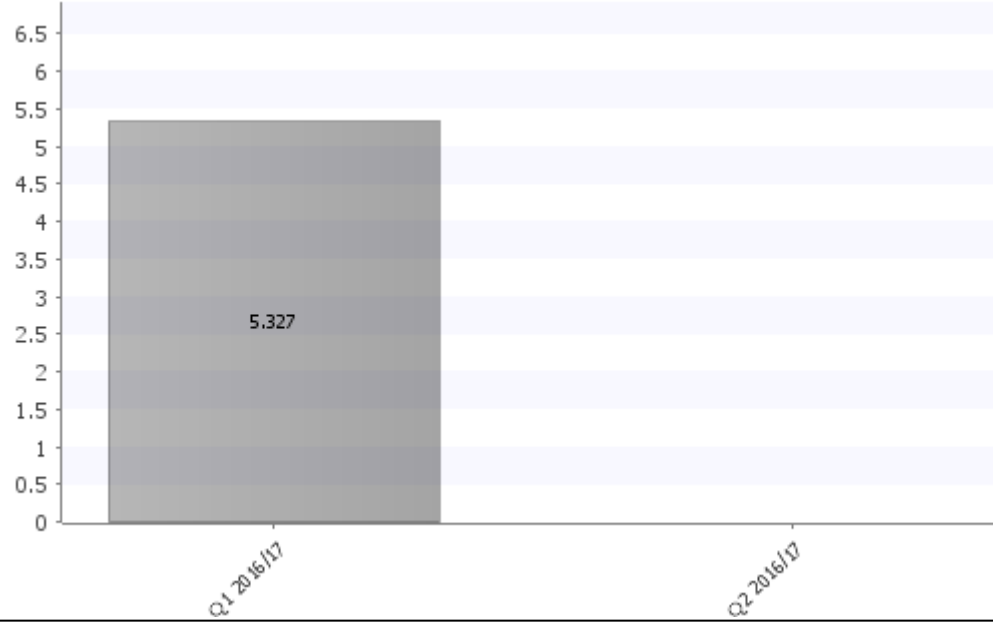
Waste Contract -
Average number of days to respond to requests for unwanted bulky waste collections



Target is 5 days

There were 344 collections in quarter 1.

Waste Contract -
Average number of
hours to remove
offensive graffiti in
public places



Target is 4 hours

There was one instance of offensive graffiti in this quarter at Guildhall Street.

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PERFORMANCE INDICATORS 2016/17	TIME PERIOD
BENEFITS	
Average number of days taken to process new claims for Housing Benefit	Monthly
Average number of days to process new claims for Housing Benefit from the date complete evidence is received.	Monthly
Average number of days taken to process change of circumstances for Housing Benefit	Monthly
Average number of days to process change of circumstances for Housing Benefit from the date complete evidence is received.	Monthly
Average number of days taken to process new claims for Council Tax Reduction	Monthly
Average number of days taken to process change of circumstances for Council Tax Reduction	Monthly
To serve customers in under 20 minutes of waiting	Monthly
To resolve the customer's query at the first point of contact in Middle Office (Benefits)	Monthly
HB processing accuracy (team average)	Monthly
To process applications for Discretionary Housing Payment within an average of 2 working days	Monthly
BUILDING CONTROL	
Number of building control applications received	Monthly
Number of days taken to check full plans applications from receiving a valid application	Monthly
Respond to Dangerous Structure notifications within 2 hours	Monthly

BUSINESS SUPPORT (LAURA)

Planning and Building Control

Input planning & building control applications within 24 hours of receipt Monthly

Log pre-app requests within 24 hours of receipt and any written requests for pre application advice acknowledged within 3 working days Monthly

Ensure all call-backs are answered the same day Monthly

Acknowledge neighbour comments within 24 hours Monthly

Issue decisions the same day Monthly

Answer all general enquiries within 20 working days and acknowledge within 3 working days Monthly

Action amendments within 24 hours Monthly

Acknowledge a complaint about an alleged breach of planning control within 2 working days Monthly

Local Land Charges

Log all LLC searches within 24 hours Monthly

Respond to all LLC searches within 10 working days Monthly

Respond to all LLC queries within 20 working days Monthly

Burials

Respond to a request for a burial service within an average of 5 working days Monthly

Private Sector Housing

Monitor PSH mailbox, raising work orders and send acknowledgment with 2 working days Monthly

Carry out passport checks for DFG within 5 working days and once result received log on M3 within 2 working days Monthly

Revenues and Benefits

Revenues and Benefits mailbox to be indexed/completed within 2 working days Monthly

Indexing for incoming post to be completed within 2 working days Monthly

Housing

Housing mailbox to be completed within 2 working days Monthly

Applications/change of circumstance to be completed within 10 working days Monthly

Request for documentation to be sent within 10 working days Monthly

Removals cleared within 30 days after deadline Monthly

Parking

Respond to all FPN challenges within 20 working days Monthly

Issue permit within 5 working days of receipt of application Monthly

Parking mailbox to be indexed within 2 working days Monthly

Complete between 10 – 15 letters daily Monthly

Licensing

Process TENS applications within 24 hours Monthly

Process new applications and renewals within 30 working days Monthly

Licensing mailbox to be indexed within 2 working days Monthly

Environmental Health

Environmental Health mailbox to be indexed within 2 working days Monthly

BUSINESS SUPPORT (STEVE)

Revenue system correctly set up and billed correctly.	Annual
System availability	Monthly
New projects delivered	Monthly
Respond to system failures	Monthly

COMMERCIAL AND LICENSING**Inspections - Food Hygiene**

% of premises rated 3 or above	Quarterly
% of premises due for inspection, which are completed	Monthly

Health and Safety - Corporate

No of corporate accidents reported to Environment Health	Monthly
No of corporate accidents reported to the HSE for further investigation	Monthly
No of corporate near misses reported to Environmental Health	Monthly
No of corporate incidents reported to Environmental Health	Quarterly

Health and Safety

No of RIDDOR reports/complaints received	Monthly
No of RIDDOR reports/complaints investigated by the Council (quarterly)	Quarterly

Licensing

No of Licensed Premises inspected (subject to training)	Monthly
No of Hackney Cabs and Private Hire Vehicles viewed	Monthly
No of Hackney Cab and Private Hire Vehicle meters checked	Monthly
No of caravan sites inspected	Monthly
No of TENS issued	Monthly
No of complaints investigated	Monthly
No of Street Traders checked for compliance	Monthly
Number of days to respond to license applications	Monthly
Number of weeks to determine license applications	Monthly

COMMERCIAL UNIT**ICT Contract**

Total no of incidents logged during the period.	Monthly
Number of incidents resolved during the period	Monthly
Number of incidents unresolved during the period.	Monthly
% of critical application availability	Monthly
Average % of customers satisfied with service received.	Monthly

East Kent Housing

Average time taken to re-let council dwellings exc major works	Quarterly
Rent arrears as % of projected annual rental income	Quarterly
% of emergency repairs completed on time	Quarterly
% of routine repairs completed on time	Quarterly

Creditors

% of invoices paid within the agreed timescales	Quarterly
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Leas Cliff Hall

Ticket sales achieved	Annual
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Hythe Pool

Annual income	Annual
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COMMUNITY SAFETY

Ward based community safety and environmental action days (1 per ward) targeting clean, green and safe issues relevant to the Ward.	Quarterly
Number of persons at-risk engaged in diversionary activities	Quarterly
Number of community litter picks	Quarterly
Number of community trigger applications	Quarterly
CPN Notices served	Quarterly
PSPO Breaches	Quarterly

Engagement

Number of businesses signed up to Health Business Awards	Quarterly
Number of schools engaged in engagement/learning events	Quarterly

COMPLAINTS AND FOI

All standard FOI requests will be satisfactorily replied to within the statutory timeframe of 20 working days after receipt	Monthly
All subject access requests will be satisfactorily replied to within the statutory timeframe of 40 days	Monthly
All complaints will be acknowledged within 5 days as required in the policy	Monthly
Complainants will receive the appropriate stage response within 20 days as required in the policy	Monthly

COMMUNICATIONS

Number of press releases each month	Monthly
Number of people reached through Social Media (Facebook and Twitter)	Monthly
Number of people engaged through Social Media e.g. Liked,retweeted,shared	Monthly
Number of new followers and likes on Social Media	Monthly
Website Analytics – count sessions, unique visitors, page views, bounce rate and use of mobile	Monthly

CORPORATE DEBT

Business Rates collection target is met	Monthly
Council Tax collection target is met	Monthly
Business Rates and Council Tax arrears reduction	Annual
Reduction in Housing Benefit Overpayment arrears	Annual
Reduction in Sundry Debts arrears	Annual
Reduction in number of cheques received within Council	Annual
Average number of working days we will aim to respond to enquiries.	ongoing

CUSTOMER SERVICES

Customers seen within 20 minutes at a Customer Service Desk	Monthly
Calls served (versus volumes of calls received)	Monthly
Reduce abandoned calls	Annual
Reduce dissuaded calls	Annual
Average wait time for calls (except at peak times)	Monthly

ECONOMIC DEVELOPMENT

Apply for external funding.	Annual
Investment in SDC area scheme	Annual
Delivery of business accommodation scheme.	Annual
Delivery of the engagement programme to key employers	Annual
DBR grant is obtained.	Annual
Creative and digital companies are successfully attracted to locate in Shepway	Annual
Apprenticeship grants are awarded	Annual
Skills related events are provided	Annual

ELECTORAL SERVICES

Achieve a 90% return rate on household enquiry forms returned during the annual canvass	Annual
We will aim to process all applications for registration and absent votes (outside of the annual canvas in the autumn) \	Monthly

ENVIRONMENTAL HEALTH**Pollution Control**

Number of enforcement notices served (i.e. EPA section 79 - Abatement Notices, CPN, PDPA, COPA)	Monthly
Compliant part A & part B environmental permits	Monthly
Compliant air quality monitoring sites	Monthly
Number contaminated land enquires successfully dealt with	Monthly

Dog Control

Stray dogs found	Monthly
Stray dogs successfully returned to owner	Monthly

Enforcement

Successful prosecutions	Monthly
Formal cautions issued	Monthly
Fixed Penalty Notices issued	Monthly
Enviro Crime Patrol hours (dog fouling & littering)	Monthly

GROUNDS MAINTENANCE

Maintain a 4+ rating on trip advisor for the Coastal Park	Annual
5 % increase on volunteer hours	Annual
Oportunitas - value of works invoiced	Quarterly
Oportunitas - net income retained	Annual
Oportunitas - number of quotations given	Quarterly
Oportunitas - number of quotations accepted	Quarterly
Oportunitas - number of clients served	Quarterly

HOUSING OPTIONS

Number of homeless decisions made	Quarterly
Number of decisions made within 33 days	Quarterly
Average number of days to complete homeless decisions	Quarterly
Average number of people in temporary accommodation	Quarterly
% of homeless cases prevented	Quarterly
Number of single homeless referred to Porchlight	Quarterly
Number of cases supported into accommodation	Quarterly
Number of protocol referrals	Quarterly
Number of applications on the housing list	Quarterly
Average processing time for applicants on the housing list	Quarterly
Number of properties advertised	Quarterly
Number of households housed	Quarterly
Average number of working days to provide a Housing Options interview for anyone who is threatened with homelessness within 2 months	Quarterly

HOUSING STRATEGY

Long-term empty homes brought back into use	Quarterly
Council new builds to start on site	Quarterly
HRA property acquisitions completed	Quarterly
Additional affordable homes delivered in the district by the council and its partner agencies	Quarterly
Affordable homes provided in the district for low cost home ownership	Quarterly
Private sector homes improved as a result of intervention by the council and its partner agencies	Quarterly
Number of days to respond to a complaint	Monthly

HR	
Succession planning / talent management reviews with Heads of Service	Annual
ILM Level 3 qualification for team leaders	1 st cohort
Development sessions for middle managers & team leaders on Leadership and Management	Annual
Compliance with mandatory / statutory training (eg safeguarding, prevention or radicalism & terrorism)	Annual
Soft skills development sessions for all staff	Annual
Staff correctly categorised ahead of the next auto enrolment review in January 2017	Annual
Annual staff survey Net Promoter score increases	Annual
Number of days absence per employee	Monthly
Staff paid on time and correctly	Monthly
Relevant staff completing DBS checks	Annual
LIFELINE	
Number of calls answered within 60 seconds	Monthly
Number of calls answered within 180 seconds	Monthly
Urgent lifeline referrals installed within 2 days	Monthly
Non-urgent lifeline referrals installed within 5 days	Monthly
Urgent lifeline repairs carried out within 24 hours	Monthly
Non-urgent lifeline repairs carried out within 5 days	Monthly
PARKING	
Gross income per off-street parking space	Annual
Gross income per on-street parking space	Annual
Car park usage expressed as a percentage of capacity	Quarterly
Number of PCNs issued	Monthly
PCN recovery rate	Quarterly
PLANNING	
% of major planning applications to be determined within statutory period	Quarterly
% of non-major planning applications to be determined within statutory period	Quarterly
% of other planning applications to be determined within statutory period	Quarterly
National threshold for quality of decisions on applications for major development to be met or exceeded	Quarterly
Proposed national threshold for quality of decisions on applications for non major development to be met or exceeded	
Breaches of planning control complaints acknowledged within 2 working days of receipt	Quarterly
Complainant notified of how council intends to deal with breach of planning control complaint within 20 working days of receipt	Quarterly
Written request for pre application advice acknowledged within 3 working days	Quarterly
Written request for pre application advice not requiring a meeting to be sent a full written response within 20 working days or within 10 working days of meeting if one is requested	Quarterly

REVENUES	
Council tax collection	Monthly
Council tax reduction collection rate	Monthly
To resolve the customer's query at the first point of contact in Middle Office (Revenues)	Monthly
STRATEGIC PROJECTS	
Strategic Development	
Total number of dwellings for which planning permission is secured.	Annual
Feasibility studies completed for newly identified residential schemes and/or commercial schemes	Annual
HRA	
Number of homes delivered	Annual
TROUBLED FAMILIES	
Maintain a caseload of 10 families per family champion	Annual
Ensure effective and timely engagement with allocated families	Annual
Ensure robust turnaround is maintained (closure of families/signposting to other services), achieve as close to 80% turnaround as possible.	Annual
WASTE	
Percentage of household waste recycled	Quarterly
Number of missed collections per 100,000	Quarterly
Percentage of streets surveyed clear of litter within the district	Quarterly
Percentage of streets surveyed clear of detritus within the district	Quarterly
Number of days to remove fly tipped waste on public land once reported	Quarterly
Percentage of returns to empty a missed bin by the end of the next working day if it is reported within 24 hours	Quarterly
Average number of days to respond to requests for unwanted bulky waste collections	Quarterly
Average number of hours to remove offensive graffiti in public places.	Quarterly