



Agenda

Meeting: **Cabinet**
Date: **21 October 2020**
Time: **5.00 pm**
Place: **Zoom - remote meeting**

To: **All members of the Cabinet**

All Councillors for information

The committee will consider the matters, listed below, at the date and time shown above. The meeting will be open to the press and public and streamed live at bit.ly/YouTubeMeetings

1. **Apologies for Absence**
2. **Declarations of Interest (Pages 5 - 6)**

Members of the Council should declare any interests which fall under the following categories:

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

3. **Minutes (Pages 7 - 10)**

To consider and approve, as a correct record, the minutes of the meeting held on 16 September 2020.

4. **Cabinet and Overview and Scrutiny Protocol (Pages 11 - 20)**

Following the recent review into the council's Scrutiny arrangements, this report proposes adoption of a Cabinet and Overview and Scrutiny Protocol, to clarify relationships between the Cabinet and Overview and

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website
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Scrutiny Members, help to ensure the smooth conduct of Overview and Scrutiny business and encourage effective communication between the Overview and Scrutiny Committee and the Cabinet. The protocol was endorsed by the Overview and Scrutiny Committee at its meeting on 6 October 2020.

5. **General Fund Revenue Budget Monitoring - Quarter 2 2020/21 (Pages 21 - 28)**

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 2020.

6. **General Fund Capital Budget Monitoring - Quarter 2 2020/21 (Pages 29 - 38)**

This monitoring report provides the latest projection of the current financial position for the General Fund capital programme in 2020/21, based on expenditure to 31 August 2020, and identifies variances compared to the latest approved budget.

7. **HRA Revenue & Capital Budget Monitoring Qtr 2 (Pages 39 - 48)**

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 2020.

8. **Treasury Management Annual Report 2019/20 (Pages 49 - 66)**

This report reviews the council's treasury management activities for 2019/20, including the actual treasury management indicators. The report meets the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities. The Council is required to comply with both Codes through Regulations issued under the Local Government Act 2003.

9. **Electric Vehicle Charging Points (Pages 67 - 78)**

This report provides details of the district's electric vehicle (EV) charging point infrastructure, and make recommendations for further charging points to be installed to meet anticipated future EV uptake.

10. **Response to consultation on the Planning White Paper, 'Planning for the Future' (Pages 79 - 114)**

This report summarises the proposals in the Government's Planning White Paper, 'Planning for the Future', currently out for consultation. The report sets out proposed comments from Folkestone & Hythe District Council, which, if approved by Cabinet, will be submitted to the Ministry of Housing, Communities and Local Government as the district council's formal response to the consultation.

11. **Exclusion of the Public**

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

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

Part 2 – Exempt Information Item

12. **Waste Project 2021 - inter authority agreement (Pages 115 - 158)**

The Inter Authority Agreement (IAA) regulates the relationship between FHDC as the Waste Collection Authority and KCC as the Waste Disposal Authority. The current agreement ends in January 2021. This report summarises the proposed new agreement.

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Declarations of Interest

Disclosable Pecuniary Interest (DPI)

Where a Member has a new or registered DPI in a matter under consideration they must disclose that they have an interest and, unless the Monitoring Officer has agreed in advance that the DPI is a 'Sensitive Interest', explain the nature of that interest at the meeting. The Member must withdraw from the meeting at the commencement of the consideration of any matter in which they have declared a DPI and must not participate in any discussion of, or vote taken on, the matter unless they have been granted a dispensation permitting them to do so. If during the consideration of any item a Member becomes aware that they have a DPI in the matter they should declare the interest immediately and, subject to any dispensations, withdraw from the meeting.

Other Significant Interest (OSI)

Where a Member is declaring an OSI they must also disclose the interest and explain the nature of the interest at the meeting. The Member must withdraw from the meeting at the commencement of the consideration of any matter in which they have declared a OSI and must not participate in any discussion of, or vote taken on, the matter unless they have been granted a dispensation to do so or the meeting is one at which members of the public are permitted to speak for the purpose of making representations, answering questions or giving evidence relating to the matter. In the latter case, the Member may only participate on the same basis as a member of the public and cannot participate in any discussion of, or vote taken on, the matter and must withdraw from the meeting in accordance with the Council's procedure rules.

Voluntary Announcement of Other Interests (VAOI)

Where a Member does not have either a DPI or OSI but is of the opinion that for transparency reasons alone s/he should make an announcement in respect of a matter under consideration, they can make a VAOI. A Member declaring a VAOI may still remain at the meeting and vote on the matter under consideration.

Note to the Code:

Situations in which a Member may wish to make a VAOI include membership of outside bodies that have made representations on agenda items; 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. It should be emphasised that an effect on the financial position of a Member, relative, close associate, employer, etc OR an application made by a Member, relative, close associate, employer, etc would both probably constitute either an OSI or in some cases a DPI.

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Minutes

Cabinet

Held at:	Zoom - remote meeting
Date	Wednesday, 16 September 2020
Present	Councillors John Collier, Ray Field, David Godfrey, Mrs Jennifer Hollingsbee (Vice-Chair), David Monk (Chairman), Stuart Peall, Tim Prater, Lesley Whybrow and David Wimble
Apologies for Absence	None.
Officers Present:	John Holman (Assistant Director of Housing), Amandeep Khroud (Assistant Director), Sue Lewis (Committee Services Officer), Susan Priest (Chief Executive), Charlotte Spendley (Director of Corporate Services), Helen Sudbury (Housing Operations Lead Specialist), Adrian Tofts (Strategy, Policy & Performance Lead Specialist), Lee Walker (Capital and Treasury Senior Specialist) and Jemma West (Committee Service Specialist)
Others Present:	Councillor Rolfe (Chairman of Oportunitas).

NOTE: All decisions are subject to call-in arrangements. The deadline for call-in is Friday 25 September 2020 at 5pm. Decisions not called in may be implemented on Monday 28 September 2020.

30. **Declarations of Interest**

There were no declarations of interest at the meeting.

31. **Minutes**

The minutes of the meeting held on 22 July 2020 were submitted, approved and signed by the Chairman.

32. **Regulation of Investigatory Powers Act 2000 - Policy**

The report set out the Council's policy on the use of directed surveillance and covert human intelligence sources under the Regulation of Investigatory Powers Act 2000.

Proposed by Councillor Field,
Seconded by Councillor Peall; and

RESOLVED:

- 1. That report C/20/34 be received and noted.**
- 2. That the RIPA policy and procedure, set out in appendix 1 to the report be endorsed.**

(Voting figures: 9 for, 0 against, 0 abstentions).

REASON FOR DECISION:

The Cabinet was asked to agree the recommendations, in order to endorse the policy.

33. Oportunitas Limited - Progress report and Business Plan 2020 - 2022

The report proposed a Business Plan from the Board of Oportunitas Ltd ("the company") covering its activities through to 31 March 2022. The report also provided a summary of the company's provisional financial outturn position for 2019/20 as well as a trading update for 2020/21. The report is in-line with the requirement contained in the Shareholder's Agreement between the company and the Council.

Proposed by Councillor Monk,
Seconded by Councillor Peall; and

RESOLVED:

- 1. That report C/20/32 be received and noted.**
- 2. That the Business Plan for Oportunitas Limited be agreed for the period through to 31 March 2022.**

(Voting figures: 7 for, 0 against, 2 abstentions).

REASONS FOR DECISION:

Cabinet was asked to agree the recommendations because the Shareholder's Agreement between the company and the Council requires a Business Plan to be approved for the next trading period.

34. Vision for the Housing Management Service

The paper outlined the vision for the new Housing Management Service; describing the delivery principles that will provide operational clarity and accountability. The Vision is the long term destination for the Service; the initial work being to ensure the service is built on sound systems, processes and staff

on which the culture and values will be shaped and embedded within the council. The paper considers consultation feedback from the Tenant and Leaseholder Liaison Board and the Overview and Scrutiny Committee.

Proposed by Councillor Godfrey,
Seconded by Councillor Collier; and

RESOLVED:

- 1. That the report be received and noted.**
- 2. That the consultation responses from the Tenant and Leaseholder Liaison Board and feedback from Overview and Scrutiny Committee be noted.**
- 3. That the amendment to the Vision be noted.**
- 4. That the draft Vision for the Housing Management Service be approved.**

(Voting figures: 9 for, 0 against, 0 abstention).

REASONS FOR DECISION:

Cabinet were asked to consider the feedback from the Tenant and Leaseholder Liaison Board and the Overview and Scrutiny Committee, the minor amendments to the draft Vision for the Housing Management Service and approve the draft document which sets out clear principles of how the Council will operate and manage the Housing Management Service.

35. Consultation on changes to Planning Policy and Regulations' by the Ministry of Housing, Communities and Local Government

The Ministry of Housing, Communities & Local Government (MHCLG) is consulting on '*Changes to the current planning system: Consultation on changes to planning policy and regulations*'. The consultation sets out proposed changes to planning guidance and regulations covering: the method for assessing housing numbers; delivering affordable homes through a new First Homes scheme; supporting small- and medium-sized developers; and extension of the Permission in Principle consent regime. The report set out draft comments, which, if approved by Cabinet, would be sent to MHCLG as the council's response to the consultation.

Proposed by Councillor Wimble,
Seconded by Councillor Mrs Hollingsbee; and

RESOLVED:

- 1. That report C/20/33 be received and noted.**
- 2. That the draft consultation comments set out in Appendix 1 be approved for submission to MHCLG, with any final amendments or additions agreed by the portfolio holder, in consultation with the Leader.**

(Voting figures: 9 for, 0 against, 0 abstentions).

REASONS FOR DECISION:

That Folkestone & Hythe District Council's views on the consultation are provided to MHCLG so that they can be considered by Government before any changes are introduced.

This Report will be made public on 13 October 2020



Report Number **C/20/35**

To: Cabinet
Date: 21 October 2020
Status: Non key
Responsible Officer: Amandeep Khroud, Assistant Director Governance and Law
Cabinet Member: Councillor Monk, Leader of the Council

SUBJECT: CABINET AND OVERVIEW AND SCRUTINY PROTOCOL

SUMMARY: Following the recent review into the council's Scrutiny arrangements, this report proposes adoption of a Cabinet and Overview and Scrutiny Protocol, to clarify relationships between the Cabinet and Overview and Scrutiny Members, help to ensure the smooth conduct of Overview and Scrutiny business and encourage effective communication between the Overview and Scrutiny Committee and the Cabinet. The protocol was endorsed by the Overview and Scrutiny Committee at its meeting on 6 October 2020.

REASONS FOR RECOMMENDATIONS:

The adoption of the protocol will ensure clarity of expectations on members of both Overview and Scrutiny and Cabinet, thereby assisting in making the council's scrutiny process more effective.

RECOMMENDATIONS:

1. To receive and note report C/20/35.
2. To approve and adopt the Cabinet and Overview and Scrutiny Protocol, set out at appendix 1.

1. BACKGROUND

- 1.1 On 25 September 2019, a motion was put to Full Council regarding a review of the council's governance arrangement. The Council subsequently agreed that a cross party working group of all group leaders be set up to consider the issues of moving to a committee system, or an alternative system.
- 1.2 The working group met twice in November 2019, and again in January 2021, and it was made clear that Members did not feel that Overview and Scrutiny arrangements were fit for purpose.
- 1.3 Ian Parry from the Centre for Governance and Scrutiny (formerly the Centre of Public Scrutiny) was commissioned to assist with a review of the Council's Scrutiny arrangements. A series of workshops were held with all Members in February and March 2020. As a result of these workshops various changes were proposed.
- 1.4 One of the suggested improvements was the implementation of a protocol, in order to clarify relationships between the Cabinet and Overview and Scrutiny Members, helping to ensure the smooth conduct of OSC business and encourage effective communication between the Overview and Scrutiny Committee and the Cabinet.
- 1.5 The protocol is not intended to change the respective constitutional positions, roles or responsibilities of either the Cabinet or the Overview and Scrutiny Committee.
- 1.6 The proposed protocol is set out at Appendix 1.
- 1.7 The protocol was approved by the Overview and Scrutiny Committee at their meeting on 6 October 2020.

2. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

2.1 Legal Officer's Comments (AK)

The legal issues are covered in the main body of the report.

2.2 Finance Officer's Comments (RH)

There are no financial implications to this report.

2.3 Diversities and Equalities Implications (GE)

There are no equalities implications directly arising from this report.

3. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

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

Jemma West, Committee Services Specialist
Telephone: 01303 853369
Email: Jemma.west@folkestone-hythe.gov.uk

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

None.

Appendices:

Appendix 1: Cabinet and Overview and Scrutiny protocol

Cabinet and Overview and Scrutiny Committee protocol

1. Introduction

- 1.1 The aim of the protocol is not intended to change the respective constitutional positions, roles or responsibilities of either the Cabinet or the Overview and Scrutiny Committee.
- 1.2 It is to clarify relationships between the two and help ensure the smooth conduct of Overview and Scrutiny business and encourage effective communication between the Overview and Scrutiny Committee and the Cabinet.
- 1.3 This Protocol applies to all Members of the Overview and Scrutiny Committee, any sub – committee, and any Member who may sit on a Scrutiny Task and Finish Group and all Members of the Executive (comprising the Leader and the other Cabinet Members).
- 1.4 The protocol provides guidance on the way in which Members fulfilling their different roles interact to enable Folkestone and Hythe District Council to carry out the Overview and Scrutiny function. The Protocol also outlines the framework and procedures underpinning the operation of Overview and Scrutiny and provides guidance on role of officers who support this process.
- 1.5 The key responsibilities of Overview and Scrutiny at the Council are set out in the Council's constitution, they are to hold the cabinet to account and for scrutinising Cabinet decisions before, or after, they have been implemented, to make recommendations on future policy options and for reviewing the general policy and service delivery of the Council

2. Objectives

- 2.1 To enable Overview and Scrutiny Members, Officers and Cabinet Members to fully understand their powers, roles and responsibilities in relation to the Overview and Scrutiny function, so as to maximise their personal effectiveness.
- 2.2 To establish a positive framework and the necessary procedures to enable the scrutiny function to work effectively.
- 2.3 To promote an ethos of mutual respect, trust and courtesy in the interrelationships between Overview and Scrutiny Members and Cabinet Members and to foster a climate of openness leading to constructive debate, with a view to ensuring service improvements.
- 2.4 To create a culture of holding the Executive to account on behalf of the electorate, by monitoring the effectiveness of the Council's policies and through the regular review of its performance in relation to service delivery.

- 2.5 To define and clarify the role of the Executive as an integral component of the scrutiny process.

3. Holding the Executive to Account

- 3.1 One of the underpinning principles of Overview and Scrutiny is the ability of non-Executive Members to hold the Executive to account. A key method of ensuring accountability is through critically and routinely considering the performance and decisions taken by the Executive.
- 3.2 To facilitate this approach, the Overview and Scrutiny Committee (or its sub-Committee) may challenge the Executive about decisions, which it has taken collectively, or Officer Key Decisions. The Overview and Scrutiny Committee/sub-Committee may also consider any relevant performance information in respect of the delivery of services. In addition, the Committee may query or make recommendations in relation to decisions which the Executive is proposing to take, as set out in the Forward Plan.
- 3.3 The Executive will be required to consider any recommendations or views expressed by the Overview and Scrutiny Committee/Sub-Committee and to take such action it sees fit. The Chairman or Vice-Chairman, or if unavailable, a representative of the Overview and Scrutiny Committee shall attend the Cabinet meeting to present the report and/or recommendations. Where any decision taken by the Executive is not in accordance with advice provided by the Committee, the relevant Cabinet Member, or if unavailable an Executive Member Colleague, shall attend the following meeting of the Committee to provide an explanation of the reasons for that decision to the Committee concerned.

4. Powers of the Overview and Scrutiny Committee

- 4.1 Paragraph 13.2, Part 7.2 of the Council's Constitution, sets out the relevant powers of the Overview and Scrutiny Committees, which include:-
- "Subject to resources being available within the agreed annual budget, the Overview and Scrutiny Committee may:
- a) Review and scrutinise decisions made and look at past performance;
 - b) Investigate options for future direction in Council policy;
 - c) Investigate and make reports and recommendations to the Council, or the Cabinet, on any matter which affects the authority's area, or the inhabitants of that area.

5. Overview and Scrutiny Committee Agendas

- 5.1 The agenda of each Overview and Scrutiny Committee meeting will include an item on the Committee's Work Plan to enable the Committee's priorities for scrutiny for the remainder of the Municipal Year to be included and prioritised.
- 5.2 The Cabinet may be invited to comment on the Committee's proposed priorities within the Work Plan to inform the selection process and to undertake a co-ordinating role by providing advice to the Committee about any potential conflict between proposed scrutiny topics and areas of planned policy development.

5.3 The Cabinet may also advise the Committee about instances where it may be requested by the Cabinet to assist in policy development. Members may at any time propose items for inclusion in the Committee's Work Plan.

5.4 The agendas of the Sub-Committee will include quarterly performance monitoring information at relevant times during the municipal year. The purpose of this item is to assist Members to monitor the recent performance of services within its remit against key targets and to make recommendations or to implement a more detailed scrutiny review in relation to those areas of identified weakness.

**6. Attendance by Cabinet Members at Overview and Scrutiny Committee
(including 'Call-In' meetings)**

6.1 Cabinet Members with responsibility for the subject matter being considered, will normally be expected to attend meetings of the Overview and Scrutiny Committee, for the purposes of being held to account in relation to decisions taken and to answer questions in relation to proposed decisions.

6.2 Cabinet Members are encouraged to avail themselves of every opportunity to gauge the views of non-Executive Members on any issues falling within their remit. A close working relationship and an open exchange of views will be of particular importance to the Cabinet Member and Overview and Scrutiny Members, where consideration is being given to the development of the Council's budget or policy framework.

6.3 Cabinet Members will normally be expected to attend any meeting of the Overview and Scrutiny Committee at which it is intended to consider a Call-In request in relation to his/her area of responsibility.

6.4 At Call-In meetings, the purpose of the Cabinet Member's attendance is to answer questions of fact and not to present the item. Cabinet Members need to be careful not to be drawn into the debate, so as to avoid any possible allegations of becoming involved in the scrutiny of their own decisions. It is therefore important to draw the distinction between answering questions of fact and becoming involved in the Committee debate into the issue in question.

6.5 Unless there are extenuating circumstances, the relevant Cabinet Member should always attend a Call-In meeting. It is accepted however that Officers are often better placed to present greater detailed information that led up to the decision and this is deemed to be acceptable although it should always be the decision maker that is held to account.

6.6 The following procedure should take place at Call-In meetings:

- The Members who called in the decision should speak first.
- The Chairman would then invite the Cabinet Member (decision maker) to respond.
- The Committee can then ask questions of the decision maker who may ask a relevant officer to supply further information if necessary.
- The Committee debates the issue and votes on the outcome.

- 6.7 In the event of a situation where the relevant Cabinet Member cannot attend a Call-In meeting, the Leader of the Council or Deputy Leader should attend in their absence. In the event of both the Leader and Deputy Leader being unavailable, they should nominate another Cabinet Member to attend and be accountable for the decision.

7. Ethos of the Meeting

- 7.1 All Members should promote an atmosphere of openness at Overview and Scrutiny Committee meetings and should strive to ensure that questioning and debate takes place within a climate of mutual respect and trust between Overview and Scrutiny Committee Members, the Cabinet Member and other participants.
- 7.2 Overview and Scrutiny Committee Members should be prepared to ask searching questions of Cabinet Members, who in turn should be willing to respond to any question put. It should however be stated that Overview and Scrutiny Committee Members should be aware of and show an understanding of the fact that Cabinet Members may not be in a position to answer every question immediately or in detail.
- 7.3 Cabinet Members should, in so far as possible, anticipate and be prepared to answer questions on decisions taken, or proposed to be taken, which fall within their remit. Cabinet Members should also value the contribution of Overview and Scrutiny Committee Members who raise questions under these headings and respond in an appropriate and professional manner.
- 7.4 Cabinet Members should normally be authorised by the Committee to speak upon any item on the agenda which falls into their portfolio area of responsibility and may at any time offer to assist the Overview and Scrutiny Committee by the provision of factual information or advice in relation to the matters under discussion.
- 7.5 The Chairman of the meeting shall at all times ensure that the conduct of the meeting shall be fair and that all participants are treated courteously.
- 7.6 The Chairman, supported by the officers, should provide leadership and guidance to the Committee on all scrutiny matters and should promote the Committee's role to improve services and monitor the effectiveness of Council policies.

8. Supporting Overview and Scrutiny Reviews

- 8.1 These are reports with recommendation that have resulted from the work of the Committee, sub – committee or Task and Finish Group who will have spent time considering background information, witness evidence, and formulating their recommendations. In this and the immediately following paragraph “Chairman” refers to the chairman of the body carrying out the review.
- 8.2 The Chairman will be invited to present the final report at a Cabinet meeting.

The Cabinet can expect a report that:

- Has clear, concise recommendations;
 - Identifies potential areas for improvement; and
 - Highlights implications including financial, legal, equality, policy, of the recommendations and where possible identify solutions as appropriate.
- 8.3 The relevant Cabinet Member(s) can assist the review in a number of ways including:
- At the outset of the review, when consideration is given to the scope, methodology and witnesses to give evidence;
 - During the review when the Cabinet Member can be invited to give evidence;
 - At the end of the review after the first draft of the report has been produced.
- 8.4 During the review period the Chairman is recommended to meet with the Cabinet Member and Officers:
- To discuss the proposed scope, methodology and sources of evidence for the review and ascertain if the Cabinet Member has any suggestions to make;
 - To highlight and examine areas of potential agreement or disagreement in relation to the report's findings and recommendations to ascertain if any areas of disagreement can be resolved at the draft report stage, or identify if any further work needs.
- 8.5 Although this dialogue is encouraged, it is recognised that the Overview and Scrutiny function is independent of the Cabinet and as such agreement may not be possible on all the findings and conclusions in a draft report.
- 8.6 It is recognised that senior officers have a valuable role to play in the scrutiny process in terms of the provision of factual evidence for a review. At the commencement of an internal review, the Chairman will notify the relevant senior officer who will then contribute to the review in terms of supplying information and helping to identify suitable witnesses.
- 8.7 The relevant senior officer will be given the opportunity to comment and/or make recommendations on a completed draft report in terms of any factual errors. The decision as to whether to incorporate any suggested amendments will remain with the body whose report it is.
- 8.8 The responsibility for the implementation of scrutiny recommendations that have been approved by the Cabinet will rest with the relevant senior officer who will also be responsible for providing regular updates on progress to the Overview and Scrutiny Committee.
- 8.9 A completed scrutiny report, together with any comments provided by Officers will be forwarded to the Cabinet who will consider whether or not to implement the recommendations contained within the report.
- 8.10 If the content of a report, including any recommendations, is likely to impact on any external organisation, the Cabinet will have the opportunity to pass

comment, including whether or not it endorses the recommendations, before the report is passed to the external body.

9. Attendance by Officers at the Overview and Scrutiny Committee

- 9.1 Meetings of the Overview and Scrutiny Committee, and any Sub-Committee will be attended by the assigned Lead Officer and senior officer with responsibility for any agenda item under discussion. The role of the Lead Officer will be to assist the Committee through the provision of professional advice and to ensure access to relevant information and personnel.
- 9.2 The attendance of other relevant officers will be at the request of the Chairman, who will have regard to the appropriate level of seniority of attendees. In general the relevant officer should not be below third tier level. Attendance officers below third tier is at the discretion of the Head of Paid Service.
- 9.3 An officer in receipt of a request to attend a Committee meeting should make reasonable efforts to do so. Where an officer is unable to attend on a particular date he/she should notify the Chairman or Lead Officer as soon as possible, in order to agree the most appropriate course of action, which may include the attendance of an alternative representative.
- 9.4 Officers in attendance at Committee meetings should be prepared to assist the Cabinet Member in the provision of information to the Committee in response to any question raised.
- 9.5 Relevant Officers will normally be expected to attend any meeting of the Overview and Scrutiny Committee at which it is intended to consider a Call-In request in relation to his/her service area.

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This Report will be made
public on 13 October
2020

Report Number **C/20/43**

To: Cabinet
Date: 21 October 2020
Status: Non-Key Decision
Head of Service: Charlotte Spendley – Director of Corporate Services
Cabinet Member: Councillor David Monk - Cabinet Member for Finance

SUBJECT: GENERAL FUND REVENUE BUDGET MONITORING – 2ND QUARTER 2020/21

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 2020.

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/20/43.

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 2020.
- 1.2 General Fund projections are made against the latest approved estimate and approved virements within year to 31 August 2020.

2. GENERAL FUND REVENUE 2020/21 - PROJECTED OUTTURN

- 2.1 The Quarter 2 projected outturn for service areas shows a forecast of £22,745k against the latest approved budget of £20,802k resulting in a variance of £1,943k (projected overspend).
- 2.2 When taking into account other entries such as Earmarked Reserves, Other Service Grants and Business Rates Income, the total projected outturn is a projected overspend of £1,322k.
- 2.3 The following table summarises the latest projected outturn position across the Service Units:

General Fund Net Cost of Services	Latest Approved Budget	Projected Outturn	Variance
	£'000	£'000	£'000
Finance, Strategy & Corporate Services	6,777	6,369	-408
Human Resources	767	725	-42
Governance & Law	4,953	4,818	-135
Leadership Support	960	1,001	41
Place	2,433	2,613	180
Economic Development	1,033	1,027	-6
Planning	509	0	-509
Operations	1,360	2,092	732
Strategic Development	1,267	1,916	649
Housing	1,033	1,180	147
Transition & Transformation	34	1,004	970
Sub-Total – Heads of Services	21,126	22,745	1,619
Unallocated Net Employee Costs	-324	0	324
Total – Heads of Service	20,802	22,745	1,943

2.4 The main variations are shown and explained in more detail below.

	£'000
Finance, Strategy & Corporate Services	
Housing Benefit/Rent Rebates – increase in payments	223
Council Tax Collection – decrease in income	150
Covid-19 grant received	-1,154
Council Tax Benefits – Covid-19 grant received	-169
Corporate Priorities	400
Governance & Law	
Recycling & Waste – additional income	-95
Elections – reduced expenditure due to delay	-66
Place	
Hythe Swimming Pool – decrease in income	249
Local Land Charges – decrease in income	45
Planning	
Development Control – additional income from Planning Performance Agreements	-100
Development Control – additional income	-202
Building Control – decrease in income	45
Operations	
On Street Parking – decrease in income	169
Off Street Parking – decrease in income	364
Commercial Properties – rent reduction	395
Strategic Development	
Otterpool Park	764
Transition & Transformation	
Transformation project	970
Other small variations	-45
Total – Heads of Service	1,943

Finance, Strategy & Corporate Services

Housing Benefit/Rent Rebates – the projected net overspend on Housing Benefits mainly relates to the projected increase in rent allowance payments which is partly off-set by a decrease in Rent Rebates payments.

Council Tax Collection – due to the Courts being closed so far this financial year there will be a reduction in the Council Tax collection income relating to court costs.

Covid-19 grant – due to the Covid-19 pandemic the Council has received an emergency funding grant and covers a wide variety of costs. These

include the purchase of Personal Protective Equipment (PPE), the set-up of Community Hubs, any impact on homelessness and the loss of parking income. The grant aims to offset these cost pressures however, these will occur within various other service areas.

Council Tax Benefits – due to Covid-19 the Council has received a grant specifically for council tax hardship and is being used to give all Council Tax Reduction Scheme (CTRS) claimants an additional £150 discount. This grant is partially offsetting some of the loss of council tax income shown under 2.5 below against the Demand on the Collection Fund.

Corporate Priorities – As part of the 2019/20 Qtr 3 budget monitoring report that went to Cabinet in January 2020 it was agreed to utilise up to £400k of the projected underspend to provide interim capacity for the delivery of Corporate Priorities. In order to be met from the available resources the funds are to be spent only on one off items and will not have any recurring financial impact. Additionally this allocation will only be used in the pursuit of agreed corporate priorities and was agreed to be allocated to an Earmarked Reserve for use during 2020/21.

The initiatives and projects currently proposed to utilise the £400k are:

	£'000
COVID-19 Community Hub response	120
Heritage enhancements	40
Park enhancements (including additional bin capacity and H&S equipment improvements)	60
Specialist support for FOI team	10
EiP Core Strategy legal advice	45
Policy Resource *	45
Development of new ED Strategy	50
Additional CLLD capacity	12
Sandgate Rd Car Park – additional security measures	8
Provision for Kent Savers Credit Union *	10
	400

* these proposals remain preliminary at this stage

Governance & Law

Recycling & Waste – the increase in income relates to the continuing increase in the garden waste collection subscriptions in 2020/21.

Elections – the underspend is due to reduced expenditure with both the Local and Police and Crime Commissioner (PCC) elections being delayed by a year.

Place

Hythe Swimming Pool – the reduction in income relates to the closure of the pool due to Covid-19. This will continue to be monitored closely depending on when the pool re-opens and is likely to change as we go through the financial year and as the current situation develops.

Local Land Charges – there is a reduction in income received relating to official land charge fees which is partly off-set by a decrease in land registry fee expenditure paid to KCC.

Planning

Development Control – following the successful introduction of Planning Performance Agreements additional income is projected to be received in 2020/21.

Planning Application Fees – there is a projected over recovery of income based on previous years outturn and current trends in this financial year.

Building Control – there is projected to be a decrease in income within 2020/21 for building regulation fees.

Operations

Car Parking - income projections for both on-street and off-street parking are projected to decrease significantly in 2020/21.

This will continue to be monitored closely and is likely to change as we go through the financial year and as the current situation regarding Covid-19 develops.

Commercial Properties – there is projected to be a loss of rental income throughout the financial year. This will continue to be monitored closely and is likely to change as we go through the financial year and as the current situation regarding Covid-19 develops.

Strategic Development

Otterpool Park - The projected cost for progressing the Otterpool masterplanning process in 2020/21, both as a developer and as the local planning authority, is projected to be £764k more than budgeted.

The increase relates to additional masterplanning costs to meet the requirements of statutory bodies involved in the consultation for the planning process.

The total cost in 2020/21 is projected to be £1,570k which will be met from and fully utilise the Otterpool Reserve.

Transition & Transformation

Transformation Project - The transformation project is currently on target to spend the budget that was approved by Cabinet in March 2018. This was profiled over 2 years with 2019/20 being year 2 and has been re-profiled into 2020/21 and is at present projecting to be on target however, this will be reviewed on an ongoing basis and re-profiled if necessary.

The funding of the expenditure in 2020/21 is due to come from the Flexible Use of Capital Receipts however, if these do not materialise in this financial year then this would create a funding pressure.

2.5 Further variances below the heads of service total are shown below.

Interest Payable & Similar Charges

The projected overspend of £112k relates to an increase in the contribution of bad debt provision. This is consistent with the 2019/20 outturn position and allows for a slight increased impact in this financial year.

Interest and Investment Income

A decrease of £115k investment interest is projected to be received mainly due to a slightly lower interest rate being received than originally anticipated.

Other Non-Service related Government Grants

There is projected to be additional grant received of (£5,578k) which reflects net changes to Section 31 (s31) grant received from Ministry of Housing, Communities & Local Government (MHCLG) in relation to the expanded retail discount in response to Covid-19 which is to be fully funded by s31 grant. This increase in grant income off-sets the reduction in Business Rates income.

It also includes additional income in the form of MHCLG grant relating to sales, fees and charges losses of income relating to April-July 2020 due to Covid-19.

Capital Financed from Revenue

In line with the latest projected outturn position on the General Fund Capital Budget Monitoring report it is reported that this cost will be approximately £3,109k in 2020/21.

This is an increase of £1,430k in the budgeted sum and mainly relates to the purchase of the former Debenhams store of £2,400k and is partly off-set by the funding of the Transformation Programme.

Movement in Earmarked Reserves

The projected movement on Earmarked Reserves of (£3,360k) reflects the release of (£2.1m) for the purchase of the former Debenhams store, (£835k) increase use of the Otterpool reserve due to re-profiling of expenditure and (£400k) assumed use of monies carried forward from 2019/20 for Corporate Priorities.

Reserve	Balance at 1/4/2020 £'000	Latest Budget £'000	Projection £'000	Change £'000	Balance at 31/3/2021 £'000
Earmarked					
Business Rates	5,699	-4,426	-4,318	108	1,381
Leisure Reserve	497	-100	50	150	547
Carry Forwards	681	-159	-159	0	522
VET Reserve	257	-50	-50	0	207
Invest to Save	366	-366	-366	0	0
Maintenance of Graves	12	0	0	0	12
New Homes Bonus (NHB)	2,360	-18	-18	0	2,342
Corporate Initiatives	998	-136	-734	-598	264
IFRS Reserve	30	-23	-23	0	7
Otterpool Park Garden Town	1,570	-735	-1,570	-835	0
Economic Development	4,384	-2,239	-3,958	-1,719	426
Community Led Housing	418	-52	-52	0	366
Lydd Airport	9	0	0	0	9
Homelessness Prevention	401	0	0	0	401
High Street Regeneration	3,000	-468	-934	-466	2,066
Climate Change	0	5,000	5,000	0	5,000
Total Earmarked Reserves	20,682	-3,772	-7,132	-3,360	13,550

Business Rates Income

Business Rates income has decreased by £5,875k compared to budget. This relates to a reduction in business rates income due to the additional reliefs awarded as part of the expanded retail discount announced by the Government in response to Covid-19 which is compensated by the increase in s31 grant and an increase in the provision for bad debts based on the estimated impact on the collection rate during the year.

Demand on the Collection Fund

The reduction in Council Tax income of £1,133k relates to additional reliefs awarded as a result of Covid-19 and the estimated impact on the collection rate during the year.

- 2.6 With the above variances added to the service areas adverse variance of £1,943k, the overall position for the general fund shows a projected overspend of £1,322k.

3. CONCLUSIONS

- 3.1 The projected outturn shown for the General Fund revenue account for 2020/21 reflects the position based on actual expenditure and forecasts at 31 August 2020.
- 3.2 As previously reported to Cabinet work is underway to address the pressures in year resulting from the global pandemic.

4. RISK MANAGEMENT ISSUES

- 4.1 A summary of the perceived risks follows:

Perceived risk	Seriousness	Likelihood	Preventative action
MTFS becomes out of date.	High	Low	The MTFS is reviewed annually through the budget process.
Assumptions may be inaccurate.	High	Medium	Budget monitoring is undertaken regularly and financial developments nationally are tracked. Assumptions are regularly reviewed.

5. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

5.1 Legal Officer's Comments (NE)

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

5.2 Finance Officer's Comments (LH)

This report has been prepared by Financial Services. There are therefore 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/policy and therefore does not require an Equity 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, Case Management Lead (Corporate Services)

Telephone: 01303 853231 Email: leigh.hall@folkestone-hythe.gov.uk

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

Budget projection working papers.



This Report will be made public on 12 October 2020

Report Number **C/20/38**

To: Cabinet
Date: 21 October 2020
Status: Non-Key Decision
Head of Service: Charlotte Spendley – Director of Corporate Services
Cabinet Member: Councillor David Monk, Leader and Portfolio Holder for Finance

SUBJECT: GENERAL FUND CAPITAL PROGRAMME BUDGET MONITORING 2020/21

SUMMARY: This monitoring report provides the latest projection of the current financial position for the General Fund capital programme in 2020/21, based on expenditure to 31 August 2020, and identifies variances compared to the latest approved budget.

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/20/38.

1. INTRODUCTION AND BACKGROUND

- 1.1 As part of the council's normal budget monitoring process this report updates Cabinet on the current position for the General Fund capital programme in 2020/21, based on expenditure to 31 August 2020, compared to the latest approved budget. Specifically, this report;-
- i) identifies variances on planned capital expenditure for 2020/21 and explanations of these differences, and
 - ii) considers the impact any changes to the overall capital programme will have on the financing resources required to fund it.
- 1.2 Cabinet is reminded that Full Council approves a rolling five year General Fund Medium Term Capital Programme (MTCP) annually as part of the overall budget process. This monitoring report considers the latest projected expenditure for 2020/21 against the profiled budget for the year.
- 1.3 Cabinet considered and noted the initial projection for General Fund capital programme in 2020/21 on 22 July 2020 (Report C/20/24 refers). In summary, this initial projection showed the total cost to be approximately £22m, a reduction of about £20.9m compared to the latest budget of almost £42.9m. There have been no changes to the approved budget for the capital programme since the previous monitoring report.
- 1.4 The projections shown in this report are made at a relatively early stage in the financial year and will be subject to further change which will be reported to Cabinet as part of the on-going budget monitoring process.

2. CAPITAL PROGRAMME 2020/21 – PROJECTED OUTTURN

- 2.1 The latest projection for the total cost and funding of the General Fund capital programme for 2020/21 is £19,951,055, a decrease of £22,930,345 compared to the latest budget of £42,881,400. Full details are shown in Appendix 1 to this report and the following table summarises the position across the Service Units and also outlines the impact on the capital resources required to fund the programme:

General Fund Capital Programme Q2 2020/21	Latest Budget 2020/21	Projection 2020/21	Variance Budget to Projection
	£'000	£'000	£'000
Service Units			
Operations	7,666	4,507	(3,159)
Corporate Services	5,918	3,216	(2,702)
Housing	1,959	1,519	(440)
Economic Development	735	735	0
Strategic Development	26,603	9,974	(16,629)
Total Capital Expenditure	42,881	19,951	(22,930)
Capital Funding			
Capital Grants	(5,628)	(1,869)	3,759
External Contributions	(943)	(1,175)	(232)
Capital Receipts	(1,741)	(1,287)	454
Revenue	(3,947)	(3,129)	818
Borrowing	(30,622)	(12,491)	18,131
Total Funding	(42,881)	(19,951)	22,930

2.2 The following table summarises the main reasons for the net reduction in the projected outturn compared to the latest budget:

Variances – 2020/21 Latest Budget to Projected Outturn			
1	Reprofiling between 2020/21 and 2021/22	£'000	£'000
i)	Area Officer Vans	(30)	
ii)	Oportunitas Phase 2 Funding	(2,470)	
iii)	Greatstone Holiday Lets	(1,849)	
iv)	Otterpool Park Land and Property Acquisitions	(2,810)	
v)	Otterpool Park Delivery	(9,662)	
vi)	Princes Parade Leisure Centre	(1,365)	
vii)	Biggins Wood Commercial Development	(950)	
			<u>(19,136)</u>
2 Overspends			
i)	Grounds Maintenance Vehicle Replacement Programme	66	
ii)	Former Debenhams Building	146	
iii)	PC Replacement Programme	20	
iv)	Lower Sandgate Rd Beach Huts	18	
v)	Otterpool Park Garden Town Delivery Vehicle	7	
			<u>257</u>

3 Underspend

i)	Coast Protection, Coronation Parade Folkestone - The rock revetment work originally planned for the scheme is now not expected to take place due to it be uneconomical (externally funded)	(1,389)
ii)	Hythe-Folkestone Beach Recharge - Modelling has found it will be more beneficial to continue with an enhanced annual beach management programme (externally funded)	(1,970)
iii)	Disabled Facilities Grants - reduction in referrals from the Occupational Therapist service due to staff being redeployed to other priorities at the peak of the COVID-19 crisis	(400)
iv)	Home Safe Loans - reduction in applications due to the impact of COVID-19	(40)
v)	FHDC Transformation - Now included within the General Fund revenue projected outturn for 2020/21	(252)
		<hr/> (4,051)
	Total change in overall capital programme for 2020/21	<hr/> (22,930) <hr/>

2.3 The main changes between the initial projection of £22.02m reported to Cabinet on 22 July 2020 and this latest projection of £19.95m for 2020/21 are:

		£'000
i)	Reprofiling of part of the Biggins Wood commercial development to 2021/22	(950)
ii)	Further reprofiling of the Greatstone Holiday Lets to 2021/22	(485)
iii)	Reduction in expenditure on Disabled Facilities Grants	(400)
iv)	FHDC Transformation	(252)
v)	Other net changes	19
	Net change between initial and latest projection	<hr/> (2,068) <hr/>

2.4 As the variance analysis in the table above shows, there is a significant projected reprofiling of budgets from 2020/21 to 2021/22. Some capital schemes are more difficult to project accurately in terms of both the timing of expenditure and, in some cases, the final cost. This is particularly the case with some of the strategic property initiatives and the drawdown of funding for property acquisitions by Oportunitas Limited. It is important to remember that the Council controls its capital expenditure against the sums approved within the Medium Term Capital Programme rather than the profiled amounts for each year.

3. IMPACT OF PROGRAMME CAPITAL FUNDING RESOURCES

3.1 One of the key principles underlying the council's Medium Term Financial Strategy is the capital programme is funded from available or realised capital resources and that new borrowing should only be used where it is prudent and affordable. 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 2020/21 projected outturn for the General Fund capital programme conforms to this key principle.

3.2 As summarised in section 2 of this report, the council's projected capital expenditure for 2020/21 requires a significant level of borrowing to support it. The capital schemes in 2020/21 planned to be supported by borrowing are:

	£'000
i) Otterpool Park acquisitions	6,900
ii) Otterpool Park Delivery Vehicle	1,257
iii) Oportunitas Phase 2 funding	3,120
iv) Temporary Accommodation	527
v) Greatstone Holiday Lets	15
vi) Lower Sandgate Road Beach Huts	515
vii) Princes Parade Development	157
Total	12,491

3.3 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
Total receipts in hand at 31 August 2020	(8,835)
Less:	
Committed towards General Fund capital expenditure	1,948
Committed towards HRA capital expenditure	5,662
Ring-fenced for specific purposes	78
Contingency for urgent or unforeseen capital expenditure	500
Balance available to support new GF capital expenditure	(647)

4. CONCLUSIONS

4.1 The projected outturn shown for the General Fund capital programme for 2020/21 reflects the position based on actual expenditure and forecasts at 31 August 2020. The projected outturn will be reviewed, updated and reported to Cabinet as part of the budget monitoring process for 2020/21.

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	Low	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. Prudential borrowing is only used for capital schemes expected to generate a net revenue benefit and/or future capital receipts
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 (NM)

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, Capital and Treasury Senior Specialist
Tel: 01303 853593. e-mail: lee.walker@folkestone-hythe.gov.uk

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

None

Appendices:

Appendix 1 – General Fund Capital Programme 2020/21 Projected Outturn

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APPENDIX 1 - GENERAL FUND CAPITAL PROGRAMME 2020/21					
by Head Of Service					
0					
Item	Scheme	Latest Approved Budget	Latest Projection	Variance	Comments
		£000	£000	£000	
Andy Blaszkowicz - Director of Operations					
1	Vehicle Replacement Programme	0	66	66	Purchase of a new tractor and replacement park keeper waste vehicle which is beyond reasonable repair.
2	Coast Protection, Coronation Parade Folkestone	2,389	1,000	(1,389)	Not expected to complete rock revetment, cost consequence of works is too high so scheme effectively cancelled. The forecast spend of £1m is for the cliff stabilisation which is expected to go ahead this financial year subject to contract award. Scheme fully externally funded by the Environment Agency and National Grid.
3	Coastal Protection, Greatstone dune management & study	15	15	0	Annual scheme funded by the Environment Agency
4	Beach Management 2015-2020	250	250	0	Annual scheme funded by the Environment Agency
5	General Fund Property - Health and Safety Enhancements	13	13	0	Anticipated to be spent during 20/21
6	Lifeline Capitalisation	50	50	0	Anticipated to be spent during 20/21
7	Royal Military Canal Enhancements	20	20	0	Anticipated to be spent during 20/21
8	Coronation Parade Annual Monitoring	4	4	0	Annual scheme funded by the Environment Agency
9	Hythe-Folk Beach Rech Study	1,970	0	(1,970)	Modelling has found there isn't a need for a major beach recharge scheme. More substantial beach management works will deliver the same protection at a reduced cost.
10	Public Toilet Enhancement	200	200	0	Anticipated to be spent during 20/21
11	Hawkinge Cemetery Expansion	28	28	0	Scheme completed
12	Area Officer Vans	30	0	(30)	Scheme provisionally re-phased to 21/22. Looking at electric vehicles but costs and capacity are restrictive.
13	Lower Sandgate Rd Beach Huts	497	515	18	Project running over budget
14	Former Debenhams Building	2,200	2,346	146	Purchase made under Council's scheme of delegated powers for urgent decisions
Total - Operations		7,666	4,507	(3,159)	
Charlotte Spendley - Director of Corporate Services					
15	PC Replacement Programme	16	36	20	The return of council housing will be an increased pressure on this budget.
16	Server Replacement Programme	60	60	0	Anticipated to be spent during 20/21
17	Oportunitas PH 2	5,590	3,120	(2,470)	Expenditure projected to be partly reprofiled to 2021/22 in line with Oportunitas' capital investment plans to acquire residential units at the former Royal Victoria Hospital site in Folkestone.
18	FHDC Transformation	252	0	(252)	Now included within the General Fund revenue projected outturn for 2020/21
Total - Finance, Strategy & Corporate Services		5,918	3,216	(2,702)	
Katharine Harvey - Head of Economic Development					
19	Mountfeild Business Hub	735	735	0	Joint venture with East Kent Spacial Development Company
Total - Head of Economic Development		735	735	0	

Item	Scheme	Latest Approved Budget	Latest Projection	Variance	Comments
	John Holman - Head of Housing				
20	Temporary Accommodation	527	527	0	Targeting to identify a suitable property, hoping to deliver this project in 20/21.
21	Disabled Facilities Grants	1,000	600	(400)	Projection lower due to a reduction in referrals from the Occupational Therapist service because they were redeployed to other priorities during the peak of the COVID-19 crisis
22	Home Safe Loans	100	60	(40)	Projection lower due to the impact of COVID-19.
23	Empty Home Initiatives	332	332	0	Project to budget. Possible slower start early part of year , but anticipate will pick up latter part of the year and will spend to budget.
	Total - Head of Housing	1,959	1,519	(440)	
	Andy Jarrett - Head of Strategic Development				
24	Corporate Property Development Projects	161	161	0	
25	Biggins Wood Commercial Development	1,050	100	(950)	Site remediation and servicing works now expected to commence during the Spring of 2021. Commercial units to be delivered through a joint venture once these works are completed. Budget being reprofiled to 2021/22
26	Greatstone Holiday Lets	1,864	15	(1,849)	Project delayed whilst costs are negotiated to ensure they remain within budget. Estimated to spend during Spring 2021.
27	Ship Street Site Folkestone	441	441	0	Cabinet approval made in October 2019 to proceed with the purchase of the site and negotiations are continuing to secure this.
28	Otterpool Park GardenTown Del Veh	0	7	7	
29	Otterpool Park Land and Property Acquisitions	9,710	6,900	(2,810)	Projection provides for the acquisition of various property and land required to help support the proposed development. A further £2.8m is earmarked to support further acquisitions anticipated for 2021/22.
30	Otterpool Park Delivery	10,912	1,250	(9,662)	Cabinet approval in May 2020 for the initial funding of Otterpool LLP who will be the delivery vehicle for the Otterpool Park Garden Town development.
31	Princes Parade Leisure Centre	2,465	1,100	(1,365)	The Judicial Review has delayed progress with the preliminary work to complete the detailed design work for the scheme and this is expected to take place during the remainder of 2020/21 ahead of awarding the contract for the construction phase. Construction of the scheme is now expected to commence from 2021/22.
	Total - Head of Strategic Development	26,603	9,974	(16,629)	
	TOTAL GENERAL FUND MEDIUM TERM CAPITAL PROGRAMME	42,881	19,951	(22,930)	

This Report will be made public on 13 October 2020

Report Number **C/20/41**

To: Cabinet
Date: 21 October 2020
Status: Non-Key Decision
Head of Service: Charlotte Spendley, Director of Corporate Services
Cabinet Members: Councillor David Monk, Leader of the Council and Councillor David Godfrey, Housing, Transport and Special Projects

SUBJECT: HRA Budget Monitoring Quarter 2

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 2020.

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 and be informed of the final 2020/21 position.

RECOMMENDATIONS:

1. To receive and note Report C/20/41.

1. INTRODUCTION

- 1.1 This report informs Cabinet of the likely projected outturn on HRA revenue and capital expenditure for 2020/21
- 1.2 The projections are based on actual expenditure and income to 31 August 2020. Some caution therefore needs to be exercised when interpreting the results due to the early stage of the financial year, however, a thorough budget monitoring exercise has been carried out.

2. HOUSING REVENUE ACCOUNT REVENUE 2020/21 (see Appendix 1)

- 2.1 The table below provides a summary of the projected outturn compared to the latest budget for 2020/21.

	Latest Budget £'000	Projection £'000	Variance £'000
Income	(16,358)	(15,529)	829
Expenditure	11,271	11,469	198
HRA Share of Corporate Costs	175	175	0
Net Cost of HRA Services	(4,912)	(3,885)	1,027
Interest Payable/Receivable etc	1,472	1,509	37
HRA Surplus/Deficit	(3,440)	(2,376)	1,064
Revenue Contribution to Capital	6,805	2,726	(4,079)
Decrease/(Increase) to HRA Reserve	3,365	350	(3,015)

- 2.2 The table shows that overall at quarter 1 there is a projected decrease in net expenditure of £3.0m on the HRA.

The main reasons for this are as follows:-

	£'000
Decrease in revenue contribution to capital (see 2.3 below)	(4,079)
Decrease in rental income (see 2.4 below)	829
Anticipated costs of new housing structure (see 2.5 below)	100
Other variances	135
Total net projected Housing Revenue Account decrease	<u>(3,015)</u>

- 2.3 The decrease in revenue contribution to capital mainly relates to re-profiling of the new build and acquisition programme with anticipated schemes being delayed to 2021/22 as well as an increased use of the Major Repairs Reserve relieving pressure on the HRA reserve.
- 2.4 The decrease in rental income largely relates to a projected 5% reduction in income due to Covid-19. This is based on a review of latest data and assumptions and is indicative only as the actual impact is unknown at this stage. Data will continue to be monitored closely and the projection updated

as more information becomes available in the coming months. There is also currently a high level of void garages which is resulting in reduced income.

- 2.5 The early estimate of additional costs for the new housing staffing structure in 2020/21 is £100k, this will continue to be monitored as the year progresses and the service embeds.
- 2.6 Overall, the HRA reserve at 31 March 2021 is expected to be £12.1m compared with £9.1m in the latest budget.

3. HOUSING REVENUE ACCOUNT CAPITAL 2020/21 (see Appendix 2)

3.1 The latest budget for the HRA capital programme in 2020/21 is £13.8m and the projected outturn for the year is £10.5m, an underspend of £3,3m.

3.2 The reasons for the decrease in expenditure are as follows:-

	£'000
New Builds/Acquisitions (see 3.3 below)	(2,878)
Rewiring (see 3.4 below)	(265)
Kitchen Replacements (see 3.4 below)	(207)
Disabled Adaptations (see 3.4 below)	(162)
Heating Improvements (see 3.4 below)	(149)
Windows and Doors (see 3.4 below)	(125)
Re-roofing (see 3.5 below)	332
Fire Protection Works (see 3.5 below)	300
EKH Single System (see 3.6 below)	130
Other minor variances	<u>(252)</u>
Total decrease against Original Budget	<u>(3,276)</u>

3.3 The decrease in new build/acquisition expenditure relates to the re-profiling of the High View scheme which has not progressed as quickly as anticipated and is now expected to commence in 2021/22.

3.4 Due to Covid-19 and lockdown restrictions these areas of the Capital programme have seen a reduction in works completed as access to properties and social distancing are enforced. Scaled down services have resumed in some areas following the easing of lockdown measures depending on available access to complete the works, but works are not anticipated to return to planned levels and so underspends are anticipated.

3.5 Fire protection works in communal and external areas and re-roofing works have continued during Covid-19 lockdown and additional works have been identified which can be completed during 2020/21 and will require further budget.

3.6 The indicative one-off capital cost of transitioning the EKH Single System to FHDC as part of bringing the housing service back in-house is £130k. This has reduced from the initial estimate of £187k following a further review of

costs by an external analyst, the results of which were presented to Cabinet at its July meeting.

- 3.7 The following table compares the resources required to finance the projected outturn for the HRA capital programme in 2020/21. The variation shown below corresponds to the figure in section 3.1, above.

2020/21 HRA	1-4-1 Capital Receipts	Revenue Contribution	Major Repairs Reserve	Total
	£'000	£'000	£'000	£'000
Projected Outturn	1,091	2,726	6,662	10,479
Approved	1,425	6,805	5,525	13,755
Variation	(334)	(4,079)	1,137	(3,276)

4. CONCLUSION

- 4.1 The HRA revenue outturn projection for 2020/21 forecasts £3.0m lower expenditure than the latest approved budget.
- 4.2 The HRA capital outturn projection for 2020/21 forecasts £3.3m lower expenditure than the latest approved budget.
- 4.3 The projected outturn for both the HRA revenue expenditure and capital programme for 2020/21 reflects the position based on actual expenditure and forecasts at 31 August 2020.

5. RISK MANAGEMENT ISSUES

- 5.1 A summary of the perceived risks follows:

Perceived risk	Seriousness	Likelihood	Preventative action
The latest projection of the outturn could be materially different to the actual year end 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 be 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	Medium	Medium	The 2020/21 to 2021/22 capital programme will need to continue to be reviewed to take account of the capacity to

along with new year programme			manage the programme. 2020/21 planned expenditure will need to be reviewed to determine whether any expenditure will fall into 2021/22 and beyond.
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6. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

6.1 Legal Specialist's Comments (NE)

There are no legal implications arising from this report.

6.2 Finance Specialist's Comments (LW)

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

6.3 Diversities and Equalities Implications (DA)

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

7. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

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

Cheryl Ireland, Lead Accountant

Tel: 01303 853213 Email:cheryl.ireland@folkestone-hythe.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 2020

[Appendix 2](#) Housing Revenue Account capital budget monitoring report at 31 August 2020

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HOUSING PORTFOLIO	ORIGINAL APPROVED BUDGET £000	LATEST APPROVED BUDGET £000	PROJECTED OUTTURN £000	VARIANCE £000	REASON
INCOME					
Dwelling rents	14,954	14,954	14,208	746	Estimated impact on rental income due to Covid-19 (5% loss)
Non-dwelling rents	342	342	304	38	Due to a high level of void garages - Total of 806 of which 343 are currently void
Charges for services and facilities	1,010	1,010	965	45	Estimated impact on income due to Covid-19
Contributions from general fund	52	52	52	0	
Total Income	16,358	16,358	15,529	829	
EXPENDITURE					
Repairs and maintenance	3,787	3,787	3,835	48	Planned Maintenance (£103k), Scaffolding (£17k), Void Repairs £135k, Asbestos Removal £25k, Clearance £8k
Supervision and management	4,748	4,748	4,848	100	Anticipated part year costs of new housing structure
Rents, rates and taxes	22	22	22	0	
Depreciation charges of fixed assets	2,565	2,565	2,565	0	
Debt management expenses	0	0	0	0	
Bad debts provision	150	150	200	50	Increase based on estimated impact of Covid-19 on arrears
Total Expenditure	11,271	11,271	11,469	198	
Net	-5,087	-5,087	-4,060	1,027	
HRA Share of Corporate and Democratic Costs	175	175	175	0	-
Net Cost of HRA Services	-4,912	-4,912	-3,885	1,027	
Interest payable	1,547	1,547	1,547	0	-
Interest and investment income	-75	-75	-38	37	Fall in interest rate
(SURPLUS)/DEFICIT	-3,440	-3,440	-2,376	1,064	
MOVEMENTS IN HRA BALANCE FOR 2020/21					
Revenue contribution to capital	6,805	6,805	2,726	-4,079	Increased use of major repairs reserve and underspend on capital programme
Surplus/deficit for the year	-3,440	-3,440	-2,376	1,064	
Increase/Decrease in Net Movement in HRA Balance	3,365	3,365	350	-3,015	
HRA Reserve balance brought forward	-12,482	-12,482	-12,482	0	
HRA Reserve balance carried forward	-9,117	-9,117	-12,132	-3,015	

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PORTFOLIO AND SCHEMES	LATEST APPROVED BUDGET	PROJECTED OUTTURN	VARIANCE	COMMENTS
	£'000	£000	£000	
HOUSING PORTFOLIO				
1. Planned Improvements				
Windows & Doors	250	125	-125	Work was on hold by Wrekin Windows during the first quarter of this financial year and re-commenced during August. A large budget underspend is predicted by year end.
Re-roofing	350	682	332	These works have not been affected by Covid-19 and are progressing well and as a result a request for budget virement from other areas is likely.
Heating Improvements	649	500	-149	Access to property issues during lockdown resulted in a reduction in works which have gradually improved as lockdown restrictions have eased.
Kitchen Replacements	411	204	-207	Qtr 1 of this year was lost due to Covid-19 lockdown. The re-mobilisation will be a scaled down service depending upon available access to do the work. Large forecast shortfall in budget spend by year end
Bathroom Improvements	174	85	-89	Works were on hold by Mears due to Covid-19 and H&S restrictions during lockdown. Mears re-commenced surveys as from 1st July and works on site have recommenced where possible, possible delays due to manufacture lead times
Voids Capital Works	300	300	0	
Disabled Adaptations	450	288	-162	This is the most vulnerable group that were impacted by self-isolation and shielding restrictions so works were paused during lockdown and have recommenced now restrictions have eased.
Sheltered Scheme upgrades	80	40	-40	Partial spend is being predicted for 20/21 due to access restrictions in the first part of the year.
Rewiring	485	220	-265	The lack of progress in Qtr1 and access issues have resulted in a significant budget underspend forecast by end of 20/21
Contract Specification	31	10	-21	
Lift Replacement	60	20	-40	Projected underspend due to smaller works being instructed than originally anticipated
Thermal Insulation	10	10	0	
Fire Protection Works	50	350	300	Communal and external works have continued. Additional works relating to Fire Alarms will require further budget. Propose to utilise available budget from areas with an underspend. There is an estimated budget of £300k required for these (based upon Mears' costs of a 50% sample)
Impairment of Assets	0	0	0	
Enhanced Capital Programme	3,500	3,500	0	
	6,799	6,334	-465	
2. Major Schemes				
External Enveloping *	350	308	-42	
Garages Improvements	30	10	-20	Until works have been fully scoped an underspend remains based upon current identified works
Treatment Works	10	10	0	
Broadmead Road	0	0	0	
	390	328	-62	
3. Environmental Improvements				
Environmental Works	25	25	0	
New Paths	15	15	0	
Play Areas	10	10	0	
	50	50	0	
4. Other Schemes				
New Builds/Acquisitions	6,515	3,637	-2,879	4 acquisitions have been made so far this year with another potential 16 to be purchased and work is planned to commence on Biggins Wood. Works on High View have not progressed as quickly as anticipated and are anticipated to be delayed until 2021/22
EKH Single System	0	130	130	Anticipated costs of transitioning the EKH single system to FHDC
Cash Incentive Scheme	0	0	0	
	6,515	3,767	-2,749	
TOTAL	13,755	10,479	-3,276	
FUNDING				
Major Repairs Reserve	5,525	6,662	1,137	
Revenue Contribution	6,805	2,726	-4,079	
1-4-1 Capital Receipts	1,425	1,091	-334	
TOTAL FUNDING	13,755	10,479	-3,276	

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

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This report will be made public on 13 October 2020

Report Number **C/20/39**

To: Cabinet
Date: 21 October 2020
Status: Non-Key Decision
Head of Service: Charlotte Spendley – Director of Corporate Services
Cabinet Member: Councillor David Monk, Leader and Portfolio Holder for Finance

SUBJECT: TREASURY MANAGEMENT ANNUAL REPORT 2019/20

SUMMARY: This report reviews the council's treasury management activities for 2019/20, including the actual treasury management indicators. The report meets the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities. The Council is required to comply with both Codes through Regulations issued under the Local Government Act 2003.

REASONS FOR RECOMMENDATION:

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

- a) Both CIPFA's Code of Practice on Treasury Management in the Public Services and their Prudential Code for Capital Finance in Local Authorities, together with the Council's Financial Procedure Rules, require that an annual report on treasury management is received by the Council after the close of the financial year.

RECOMMENDATION:

1. To receive and note Report C/20/39.

1. INTRODUCTION

- 1.1 The annual treasury report is a requirement of the Council's reporting procedures. It covers the treasury activity for 2019/20 compared to the approved strategy for the year. It also summarises the actual treasury management indicators for 2019/20 compared to those approved for the year.
- 1.2 The report meets the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities. The Council is required to comply with both Codes through Regulations issued under the Local Government Act 2003.
- 1.3 Cabinet approved the Treasury Management Strategy Statement for 2019-20, including treasury management indicators, on 20 February 2019 (report C/18/71 refers). Full Council approved the Capital Strategy for 2019-20 covering capital expenditure and financing, treasury management and non-treasury investments on 20 February 2019 (report A/18/23 refers). On 16 October 2019 Cabinet received an update on the council's treasury management activities and projections against the approved treasury management indicators for 2019/20 (report C/19/27 refers).
- 1.4 The Council's formal treasury management reporting arrangements comply with the requirements of the CIPFA's Treasury Management Code and also provide the opportunity for proper scrutiny of its treasury management activities.

2. ECONOMIC COMMENTARY

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

2.1 Economic Background

- 2.1.1 The key issues affecting the UK economy over the past year are summarised below.
 - i) The UK's exit from the European Union remained a major influence on the domestic economy until the outcome of the General Election in December 2019 and the subsequent signing of the withdrawal agreement removed a lot of the uncertainty.
 - ii) **Growth** - UK Gross Domestic Product (GDP) grew by just 1.1% for the year ending 31 December 2019, below expectations, on the back of concerns over the impact of global trade tensions on economic activity. However, GDP contracted by 2.3% in the quarter to 31 March 2020 due to the impact of the Covid-19 pandemic on the UK economy during March 2020.
 - iii) **Inflation** – Consumer Price Inflation (CPIH) peaked at 2.0% in April and July 2019, falling as low as 1.4% in December 2019 before ending at 1.5% in March 2020. The relatively low price of oil has been a factor in inflation remaining below the Bank of England's target of 2%.

- iv) **Wages and Employment** – The labour market continued to show resilience with unemployment falling to a new low of just 3.8% during the year, its lowest level since 1975, before rising marginally to 3.9% by the end of March 2020. The UK employment reached a record high of 76.6% in March 2020. Real average earnings, after inflation and excluding bonuses, were up at 3.1% providing some evidence that a shortage of labour had been supporting wage growth prior to the impact of the pandemic.
- v) **Global Economy** – Fears to the global economy were heightened during the year as the trade war between the United States and China intensified. However, the signing of Phase 1 of the trade agreement between the US and China in January was initially viewed as positive. However, the pandemic severely impacted the sentiment and production of both countries. The US Federal Reserve (Fed) had started cutting interest rates in August 2020 amid fears of a global recession. This saw rates fall from 2.5% to 1.75% before a cut to between 0% and 0.25% in March in response to the pandemic. The European Central Bank rate was already at 0% and this remained unchanged at March 2020.
- vi) **Bank Base Rate** – The Bank of England left the Bank Base Rate unchanged at 0.75% until March 2020 when it responded to the emerging impact of the Covid-19 pandemic by cutting it initially to 0.25% and then to 0.1%.

2.2 Financial Markets

- 2.2.1 Gilt yields, which regulate borrowing rates through the Public Works Loan Board (PWLB), fell over the year although there were periods of volatility due in part to the economic and political uncertainty in the UK over Brexit up until the General Election in December. The 5-year benchmark gilt fell from 0.75% in April 2019 to 0.26% by 31 March 2020. The 10-year gilt fell from 1% to 0.4% and the 20-year gilt fell from 1.47% to 0.76% over the same period.
- 2.2.2 The 1-month, 3-month and 12-month LIBID money market rates, used as a benchmark for short term cash deposits, averaged 0.56%, 0.63% and 0.80% respectively over the year.
- 2.2.3 The equities market, as measured by the FTSE 100, saw its value reduce by about 30% from January to March 2020 as the impact from the pandemic worsened. Measures implemented by central banks and governments have helped to restore some confidence and financial markets have experienced a limited rebound in recent months but remain extremely volatile.

2.3 Credit Background

- 2.3.1 In December 2019 the Bank of England announced its latest stress tests results for the main seven UK banking groups and they all passed these

affirming they have the capital buffers to withstand a deep recession.

- 2.3.2 Against a backdrop of the worsening financial impact of the global pandemic, and an increase in the Credit Default Swap spreads (the premium banks pay to guarantee liquidity for borrowing), Arlingclose reduced their recommended duration for unsecured investments with both UK and Non-UK banks to a maximum of 35 days from mid-March. This had no impact on the Council's investment position.
- 2.3.3 Fitch downgraded the UK sovereign rating to AA- in March 2020 which was followed by a number of actions on UK and Non-UK banks. This had no impact on the Council's investment position.

3. TREASURY POSITION AT 31 MARCH 2020

- 3.1 On 31 March 2020, the council had net investments of £29.7m arising from its revenue and capital income and expenditure, a decrease on 2019 of £12.5m. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors and the year-on-year change are summarised in table 1 below.

Table 1: Balance Sheet Summary

	31.3.19 Actual £m	2019/20 Movement £m	31.3.20 Actual £m
General Fund CFR	20.4	49.6	70.0
HRA CFR	47.4	-	47.4
Total CFR	67.8	49.6	117.4
Less, External Borrowing	56.4	33.9	90.3
Internal Borrowing	11.4	15.7	27.1
Less: Usable reserves	(51.2)	(2.3)	(53.5)
Less: Working capital	(2.4)	(0.9)	(3.3)
Net Investments	(42.2)	12.5	(29.7)

- 3.2 The net increase in the Council's CFR of £49.6m was reported to Cabinet on 24 June 2020 in the General Fund Capital Programme Outturn 2019/20 report (Report C/20/11 refers). Notably, capital expenditure in 2019/20 on the Otterpool Park Garden Town development (£31.1m) and the acquisition of the Connect 38 office building in Ashford (£17.7m) was met from prudential borrowing.
- 3.3 The council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low. The treasury management position as at 31 March 2020 and the year-on-year change in show in table 2 below.

Table 2: Treasury Management Summary

	31.3.19 Balance £m	2019/20 Movement £m	31.3.20 Balance £m
Long-term borrowing	54.8	3.7	58.5
Short-term borrowing	1.6	30.2	31.8
Total borrowing	56.4	33.9	90.3
Long-term investments	(19.0)	4.9	(14.1)
Short-term investments	(10.0)	6.5	(3.5)
Cash and cash equivalents	(13.2)	1.1	(12.1)
Total investments	(42.2)	12.5	(29.7)
Net borrowing	14.2	46.4	60.6

Note: the figures in the table are from the balance sheet in the authority's statement of accounts, but adjusted to exclude operational cash, accrued interest and other accounting adjustments.

- 3.4 The main reason for the increase in net borrowing of £46.4m was to meet capital expenditure financed from prudential borrowing, represented by the increase in the CFR described above.

4. BORROWING 2019/20

4.1 Borrowing Update

- 4.1.1 On 9th October 2019, and without prior notice, the PWLB raised the cost of certainty rate borrowing by 1% to 1.8% above UK gilt yields as HM Treasury was concerned about the overall level of local authority debt. PWLB borrowing remains available but the margin of 180bp above gilt yields appears relatively very expensive. Market alternatives are available and new products will be developed; however, the financial strength of individual authorities will be scrutinised by investors and commercial lenders.

- 4.1.2 The Chancellor's March 2020 Budget statement included significant changes to Public Works Loan Board (PWLB) policy and launched a wide-ranging consultation on the PWLB's future direction. Announcements included a reduction in the margin on new HRA loans to 0.80% above equivalent gilt yields, (the value of this discount is 1% below the rate at which the authority usually borrows from the PWLB), available from 12th March 2020 and £1.15bn of additional "infrastructure rate" funding at gilt yields plus 0.60% to support specific local authority infrastructure projects for England, Scotland and Wales for which there is a bidding process. The outcome of the PWLB consultation is expected to be known during the autumn of 2020.

4.2 Borrowing Activity 2019/20

4.2.1 At 31 March 2020, the Council held £90.3m of loans, an increase of £33.9m on the previous year, as part of its strategy for funding previous and current years' capital programmes. Following the introduction of the Housing Revenue Account (HRA) Self-Financing regime in 2012 the Council operates a two pool debt approach allocating its loans between the General Fund and HRA. The year-end borrowing position and the year-on-year change in show in table 3 below. A full list of the loans held at 31 March 2020 is shown in appendix 1 to this report

Table 3: Borrowing Position – Two Pool Debt Approach

	31.3.19 Balance £m	2019/20 Movement £m	31.3.20 Balance £m	31.3.20 Rate %
<u>General Fund</u>				
Public Works Loan Board	7.2	-	7.2	4.69%
Local Authorities (long-term)	-	5.0	5.0	1.60%
Local Authorities (short-term)	0.5	30.0	30.5	0.95%
Total General Fund borrowing	7.7	35.0	42.7	3.29%
<u>Housing Revenue Account</u>				
Public Works Loan Board	48.7	(1.1)	47.6	3.23%
Total HRA borrowing	48.7	(1.1)	47.6	3.23%
Total borrowing	56.4	33.9	90.3	3.24%

4.2.2 The weighted average maturity of the overall loans portfolio at 31 March 2020 is 8 years.

4.2.3 The Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the authority's long-term plans change being a secondary objective.

4.2.4 With short-term interest rates remaining much lower than long-term rates, it was considered to be more cost effective in the near term to use mainly short-term loans borrowed from other local authorities and also to continue using internal resources to meet the increase in the CFR. The movement in these loans is shown in table 3, above.

4.2.5 The Council's borrowing decisions are not predicated on any one outcome for interest rates and a balanced portfolio of short and long-term borrowing is in place to provide flexibility for future decisions.

5. INVESTMENT ACTIVITY 2019/20

5.1 The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During 2019/20, the Council's investment balance ranged between £21.3 and £53.3 million due to timing differences between income and expenditure. The Council had an average investment balance of £33.9m during 2019/20 generating a return, net of fees, of 2.38% over the year. The year-end investment position and the year-on-year change are shown in table 4 below. A list of the individual investments held at 31 March 2020 is shown in appendix 2 to this report.

Table 4: Investment Position

	31.3.19 Balance £m	2019/20 Movement £m	31.3.20 Balance £m
Banks & building societies (unsecured)	-	0.2	0.2
Covered bonds (secured)	3.5	-	3.5
Government (incl. local authorities)	10.0	(10.0)	-
Money Market Funds	13.2	(1.3)	11.9
Property Pooled Funds	5.5	(0.2)	5.3
Multi-Asset Income Funds	10.0	(1.2)	8.8
Total investments	42.2	(12.5)	29.7

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

5.3 These objectives were broadly met during the year. Firstly, the amount of short term liquid cash for investments was reduced by using it for internal borrowing to support capital expenditure, as outlined previously in sections 3 and 4 of this report. This reduced the authority's exposure to credit risk. Secondly, the strategic investments in externally managed pooled funds, representing the authority's forecast minimum level of cash reserves and balances over the medium term, have been maintained. These pooled funds provided returns in excess of inflation and were generating some limited capital growth until the sudden economic impact of the pandemic affected their value.

5.4 In the relatively short period since the onset of the pandemic, the global economic fallout was sharp and large. Market reaction was extreme with large falls in equities, corporate bond markets and, to some extent, real estate echoing lockdown-induced paralysis and the uncharted challenges for governments, businesses and individuals. Volatility measured by the VIX index was almost as high as during the global financial crisis of 2008/09 and evidenced in plummeting equity prices and the widening of corporate bond spreads, very close to rivalling those twelve years ago.

5.5 The Council is invested in multi-asset and property funds. The falls in the capital values of the underlying assets were reflected in the fund valuations at 31 March 2020 with every fund registering negative capital returns over the 12 month period. A summary of the pooled funds value and performance to 31 March 2020 is shown in table 5 below.

Table 5 – Pooled Funds Summary

Fund	Value at 01/04/19	Value at 31/03/20	Valuation change	Valuation change	Dividend Return 2019/20	Dividend Return 2019/20
	£m	£m	£m	%	£'000	%
CCLA Local Authority Property Fund	5.52	5.32	(0.20)	-3.62%	238.6	4.37%
CCLA Diversified Income Fund	1.97	1.80	(0.17)	-8.63%	64.8	3.22%
Diversified Monthly Income Fund	3.52	2.96	(0.56)	-15.91%	173.9	4.89%
Investec) Diversified Income Fund	3.52	3.19	(0.33)	-9.38%	145.2	4.17%
UBS Multi-Asset Income Fund	0.98	0.86	(0.12)	-12.24%	45.9	4.74%
Total	15.51	14.13	(1.38)	-8.90%	668.4	4.32%

5.6 Table 5 above shows the unrealised capital value of the pooled fund investments fell by almost 9% or £1.38m over the year. However, these funds provided cash dividend returns to the General Fund of 4.32% or £668k, significantly above CPI inflation which remained below 2% over the year. In accordance with MHCLG guidance, the Council is able to defer the unrealised capital losses to the Pooled Investment Fund Adjustment Account until 2023/24 meaning there is no impact to the General Fund in 2019/20. Encouragingly there has been a partial recovery of almost £0.5m in the capital values of the pooled funds to the 31 July 2020.

5.7 Because the pooled funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives is regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a three to five-year period total returns will exceed cash interest rates.

- 5.8 The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in table 6 below.

Table 6: Investment Benchmarking – Treasury investments managed in-house only

	Credit Score	Credit Rating	Bail-in Exposure	WAM (days)	Income Return
<u>FHDC</u>					
31.03.2019	4.34	AA-	49%	75	0.85%
31.03.2020	3.44	AA-	78%	11	0.77%
Similar LAs	3.95	AA-	59%	53	0.68%
All LAs	4.03	AA-	56%	20	0.64%

- 5.9 The investment benchmarking, which is a snapshot at the end of each quarter and only covers in-house managed investments, demonstrates the council had a similar risk and return profile as both its peer group and the wider local authority population in 2019/20 (measured against other Arlingclose clients only).

6. FINANCIAL SUMMARY

- 6.1 The following table summarises the Council's net interest cost for its treasury management activities in 2019/20 and shows the outturn is significantly lower than the approved estimate, subject to audit:

Table 7: Net Interest Cost

	<i>2018/19 Actual</i>	2019/20 Estimate	2019/20 Actual	2019/20 Variance Estimate to Actual
	<i>£'000</i>	£'000	£'000	£'000
Interest Paid	1,959	1,912	1,960	48
Interest Received (net of fees)	(730)	(679)	(807)	(128)
Net Interest	1,229	1,233	1,153	(80)
<u>Net Impact</u>				
General Fund	(287)	(261)	(389)	(128)
H.R.A	1,516	1,494	1,498	4
Capitalised Interest	-	-	44	44
	1,229	1,233	1,153	(80)

- 6.2 The reduction in the net borrowing cost to the General Fund of £128k is mainly due to additional investment income received from the enhanced returns on the multi-asset income pooled funds.
- 6.3 The increase in interest paid of £48k is due to new loans taken up during the year to help meet capital expenditure incurred being met from prudential borrowing. The Council has changed its Accounting Policy from 2019/20 to allow it to capitalise interest incurred on qualifying capital projects that are expected to take a number of years to be delivered. For 2019/20 this has enabled the capitalisation of interest on borrowing to purchase the property from Cozumel Estates for the Otterpool Park development.

7. OTHER NON-TREASURY HOLDINGS AND ACTIVITY

- 7.1 The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Council as well as other non-financial assets which it holds primarily for financial return. This is replicated in MHCLG's Investment Guidance, in which the definition of investments is further broadened to also include all such assets held partially for financial return. The assets are summarised in the table below:

Table 8: Non-Treasury Holdings and Returns

Investment Type	Value 31/03/19	Value 31/03/20	Income 2020/21	Rate of Return
	£m	£m	£'000	%
Investment Property				
Otterpool Property	28.9	55.9	104	0.19
Offices	-	17.0	1,235	7.26
Commercial Land	1.1	0.8	-	-
Commercial Units	1.5	1.6	131	8.27
Agricultural Land	0.2	-	-	-
Assets Under Construction	0.1	0.6	-	-
Total Investment Property	31.8	75.9	1,470	1.94
Subsidiary Company				
Oportunitas loan	3.5	4.1	174	4.24
Oportunitas equity	1.3	1.3	0	0
Total Subsidiary	4.8	5.4	174	3.20
Total	36.6	81.3	1,644	2.02

- 7.2 Ordinarily the rate of return on non-treasury investment assets would be expected to be higher than that earned on treasury investments reflecting the additional risks to the council of holding such investments. This is demonstrated with the return on the commercial units and Oportunitas. However the return on the investment property portfolio for 2019/20 is significantly distorted because of the land acquisition taking place for the Otterpool Park project in particular. The council anticipates receiving rental

streams from some of the property being acquired in the short to medium term.

8. COMPLIANCE WITH INVESTMENT LIMITS AND TREASURY INDICATORS

- 8.1 The Director of Corporate Services reports that, with one exception, the treasury management activities undertaken during 2019/20 complied fully with the CIPFA Code of Practice and the council's approved Treasury Management Strategy. The Council exceeded its advisory upper limit for its level of borrowing for loans due to mature within 12 months. This was due to additional borrowing taken up in late March 2020 to provide a liquidity buffer amid concerns at the time regarding the financial impact of the emerging Covid-19 crisis. Further information regarding compliance with the specific investment and Treasury Indicators is demonstrated in appendix 3 to this report.

9. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

9.1 Legal Officer's Comments (NM)

There are no significant legal implications as a result of the recommendations in this report which are not covered in the body of the report. Compliance with the CIPFA Code of Practice for Treasury Management in the Public Services and the CIPFA Prudential Code for Capital Finance in Local Authorities issued under the Local Government Act 2003 provides assurance that the council's investments are, and will continue to be, within its legal powers.

9.2 Finance Officer's Comments (LW)

This report has been prepared by the Finance Specialist Team and relevant financial implications are included within it.

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 OFFICER AND BACKGROUND DOCUMENTS

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

Lee Walker, Capital and Treasury Senior Specialist
Telephone: 01303 853593 Email: lee.walker@folkestone-hythe.gov.uk

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

Arlingclose Ltd – Model Treasury Management Annual Report Template

Appendices:

Appendix 1 – Borrowing, loans held at 31 March 2020

Appendix 2 – Investments held at 31 March 2020

Appendix 3 – Compliance with specific investment and borrowing limits and Treasury Indicators

APPENDIX 1 – BORROWING, LOANS HELD AT 31 MARCH 2020

Lender	Loan No	Loan Type	Start Date	Maturity Date	Principal Outstanding 31/03/2020 £	Interest Rate %
Public Works Loan Board	430141	Fixed	09/11/1973	01/11/2033	3,899	11.38
Public Works Loan Board	480111	Fixed	14/10/1997	31/03/2023	1,000,000	6.63
Public Works Loan Board	488942	Fixed	12/08/2004	07/08/2034	2,000,000	4.80
Public Works Loan Board	492233	Fixed	28/09/2006	15/03/2054	2,000,000	4.05
Public Works Loan Board	493698	Fixed	10/08/2007	07/08/2055	2,500,000	4.55
Public Works Loan Board	493914	Fixed	10/09/2007	07/02/2053	2,500,000	4.55
Public Works Loan Board	494027	Fixed	31/10/2007	15/03/2044	2,000,000	4.65
Public Works Loan Board	494028	Fixed	31/10/2007	15/03/2045	2,000,000	4.65
Public Works Loan Board	494029	Fixed	31/10/2007	15/03/2046	2,141,190	4.65
Public Works Loan Board	500536	Fixed	28/03/2012	28/03/2023	4,000,000	2.56
Public Works Loan Board	500537	Fixed	28/03/2012	28/03/2031	4,010,000	3.26
Public Works Loan Board	500538	Fixed	28/03/2012	28/03/2028	4,000,000	3.08
Public Works Loan Board	500540	Fixed	28/03/2012	28/03/2025	4,000,000	2.82
Public Works Loan Board	500541	Fixed	28/03/2012	28/03/2029	4,000,000	3.15
Public Works Loan Board	500542	Fixed	28/03/2012	28/03/2030	4,000,000	3.21
Public Works Loan Board	500543	Fixed	28/03/2012	28/03/2027	4,000,000	3.01
Public Works Loan Board	500544	Fixed	28/03/2012	28/03/2021	1,300,000	2.21
Public Works Loan Board	500545	Fixed	28/03/2012	28/03/2022	1,300,000	2.40
Public Works Loan Board	500546	Fixed	28/03/2012	28/03/2024	4,000,000	2.70
Public Works Loan Board	500548	Fixed	28/03/2012	28/03/2026	4,000,000	2.92
Total - Public Works Loan Board					54,755,089	
London Borough of Havering		Fixed	03/02/2020	01/02/2021	5,000,000	1.00
London Borough of Barking and Dagenham		Fixed	31/01/2020	31/01/2022	5,000,000	1.60
Greater London Authority		Fixed	31/01/2020	29/01/2021	10,000,000	1.00
Castle Point Borough Council		Fixed	21/02/2020	15/04/2020	2,000,000	0.92
Cumbria County Council		Fixed	02/03/2020	24/04/2020	5,000,000	1.00
Milton Keynes Council		Fixed	25/03/2020	25/03/2021	5,000,000	1.65
Hertfordshire County Council		Fixed	30/03/2020	17/07/2020	3,000,000	2.00
Folkestone Town Council	n/a	Variable - 2 day call notice	Various May 2018	n/a	500,000	0.00
Total - All Borrowing					90,255,089	

APPENDIX 2 – INVESTMENTS HELD AT 31 MARCH 2020

Category and Counterparty	Amount or Value £	Terms	Interest Rate or Yield %
Banks & Building Societies (unsecured)			
NatWest - Business Reserve	245,000	No notice instant access	0.20
Covered Bonds (Secured)			
Royal Bank of Scotland	1,000,149	Covered floating rate note to 15/05/2020	0.98
Royal Bank of Scotland	2,500,602	Covered floating rate note to 15/05/2020	0.98
Money Market Funds			
Aberdeen Standard MMF	4,990,000	No notice instant access	0.73
Legal & General MMF	3,900,000	No notice instant access	0.71
Federated MMF	2,965,000	No notice instant access	0.73
Other Pooled Funds			
Commercial Property Funds			
CCLA Property Fund	5,320,414		4.18*
Multi-Asset Income Funds			
CCLA Diversified Income Fund	1,795,117		3.82
UBS Multi-Asset Income Fund	859,212		4.67
Aegon (formerly Kames) Diversified Monthly Income Fund	2,960,519		5.95
Investec Diversified Income Fund	3,189,358		4.48
Total Investments	29,725,371		2.87
* Net of Fees			

APPENDIX 3 – COMPLIANCE WITH SPECIFIC INVESTMENT AND TREASURY INDICATORS

Compliance with specific investment limits is demonstrated in table 1 below.

Table 1: Specific Investment Limits

	Maximum to 31.3.20	31.3.20 Actual	2019/20 Limit	Complied
Any single organisation, except UK Government	£5m	£5m	£5m each	✓
UK Central Government	£16.0m	nil	Unlimited	✓
Any group of funds under the same management	nil	nil	£5m per group	✓
Negotiable instruments held in a broker's nominee account	£3.5m	£3.5m	£10m per broker	✓
Foreign countries	nil	nil	£5m per country	✓
Registered Providers	nil	nil	£10m in total	✓
Unsecured investments with Building Societies	nil	nil	£5m in total	✓
Loans to unrated corporates	nil	nil	£5m in total	✓
Money Market Funds	£20.0m	£11.9m	£25m in total	✓
Any group of pooled funds under the same management	£7.5m	£7.1m	£10m per manager	✓
Real estate investment trusts	nil	nil	£10m in total	✓

Treasury Management Indicators

The council measures and manages its exposures to treasury management risks using the following indicators.

Security: The council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	31.3.20 Actual	2019/20 Target	Complied
Portfolio average credit rating	AA-	A	✓

Liquidity: The council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing

	31.3.20 Actual	2019/20 Target	Complied
Total cash available within 3 months	£15.6m	£5m	✓

Interest Rate Exposures: This indicator is set to control the council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the amount of net principal borrowed is shown in table 3 below:

Table 3: Interest Rate Exposures

	31.3.20 Actual	2019/20 Limit	Complied
Upper limit on one-year revenue impact of a 1% rise in interest rates	£250,451	£265,000	✓
Upper limit on one-year revenue impact of a 1% fall in interest rates	£142,509	£215,000	✓

The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at current rates.

Maturity Structure of Borrowing: This indicator is set to control the council's exposure to refinancing risk. Compliance with the upper and lower limits on the maturity structure of fixed rate borrowing is shown in table 4 below:

Table 4: Maturity Structure of Borrowing

	31.3.20 Actual	Upper Limit	Lower Limit	Complied
Under 12 months	35.2%	30%	0%	x
12 months and within 24 months	7.0%	40%	0%	✓
24 months and within 5 years	10.0%	50%	0%	✓
5 years and within 10 years	22.1%	80%	0%	✓
10 years and above	25.7%	100%	0%	✓

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

The Council exceeded its advisory upper limit for loans maturing under 12 months at 31 March 2020. The Council borrowed additional short term loans in late March

2020 to ensure it had sufficient liquidity to manage its cash flows amid concerns over the financial impact of the emerging Covid-19 crisis at the time. These concerns did not materialise as financial markets remained highly liquid and the Council received the majority of its anticipated local tax revenues on time.

Principal Sums Invested for Periods Longer than 364 days: The purpose of this indicator is to control the council’s exposure to the risk of incurring losses by seeking early repayment of its investments. Compliance with the limits on the long-term principal sum invested to final maturities beyond the period end is shown in table 5 below:

Table 5: Principal Sums Invested for Periods Longer than 364 days

At 31.3.20	2019/20	2020/21	2021/22
Actual principal invested for longer than 364 days	-	-	-
Limit on principal invested beyond 364 days	£15m	£5m	£5m
Complied	✓	✓	✓

Although the council’s investments in the pooled funds of £14.1m are accounted for as non-current (long term) assets, based on the intention to continue to hold them for longer than 12 months, they do not have a fixed maturity date and can be redeemed within a short notice period if required so do not feature in this indicator.

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This Report will be made public on 13 October 2020

Report Number **C/20/37**

To: Cabinet
Date: 21st October 2020
Status: Non-Key Decision
Responsible Officer: Frederick Miller- Transportation Lead Specialist
Andy Blaszkowicz – Director, Housing & Operations
Cabinet Member: Cllr David Godfrey, Cabinet Member for Housing, Transport and special projects

SUBJECT: ELECTRIC VEHICLE CHARGING POINTS

SUMMARY: This report provides details of the district's electric vehicle (EV) charging point infrastructure, and makes recommendations for further charging points to be installed to meet anticipated future EV uptake.

REASONS FOR RECOMMENDATIONS:

Cabinet is asked to agree the recommendations because:

1. The additional charge points will contribute to the council's Carbon Action Plan to reduce carbon footprint by encouraging the adoption of EVs.
2. Charging infrastructure needs to be in place to give residents and businesses the confidence to purchase EVs.
3. Additional EV charge points are needed in the district to fulfil the required number identified in a recent study commissioned by Kent County Council
4. There is already an expectation from residents and visitors that places will have adequate coverage of convenient and affordable EV charging infrastructure available to use.
5. Full Council approval is required for proposed budget changes to the General Fund Capital Programme.

RECOMMENDATIONS:

1. To receive and note report C/20/37.
2. That Cabinet seek Full Council approval for the capital funding of £40,000 to be provided in the current financial year 2020/21 for 15 on-street fast chargers (7kw-22kw), and that this expenditure is met from the Climate Change Reserve.
3. That charges of 25p per kWh (minimum of £2.50) be applied to all units to cover the cost of electricity usage and credit/debit card charges when the new charge points are installed.
4. That EV drivers continue to pay for parking in chargeable car parks and on-street locations.
5. That charges be reviewed annually in line with council's fees and charges policy.

1. BACKGROUND

- 1.1 FHDC first introduced EV charging points in 2014 in three car parks: Shellon Street, Folkestone; Military Road, Hythe; and West Street, New Romney. The council was able to obtain funding from the DFT through KCC for these, but made a contribution of £1,000 per unit, amounting to £3,000.
- 1.2 The council signed a contract with ChargeYourCar (CYC) for the provision of the network services. The decision was made then not to charge customers for the use of the facilities to encourage greater usage.
- 1.3 By early 2018, the units were beyond economical repair. The council signed a 5 year contract with CYC in June 2018 to replace, operate, and maintain all three units (at no cost to the council) with 22kw dual fastcharge points.
- 1.4 The usage numbers have been growing steadily. There were 1,553 charging sessions recorded in 2019/20 with electricity costs met by the council, now amounting to just over £4,000 per annum.
- 1.5 In addition to the six charging points provided by the council, there are around 23 more (mainly rapid chargers) provided by commercial businesses in Folkestone and Hythe, such as Shell, Sainsbury's, Bannatyne Health Club and Stop 24.
- 1.6 The number of electric vehicles registered in F&H has almost doubled from 127 in 2017 to 252 in June 2020. This fits the trend in the county with 5,035 EVs now registered in Kent.

2. CONSIDERATIONS FOR ON & OFF STREET CHARGE POINTS

- 2.1 In 2018, KCC commissioned a company, Cenex to undertake a study on the future requirements of electric vehicle charging infrastructure across the county. A report was issued last year, which provided the amount and locations of the existing EV charging points, and priority locations for future charging infrastructure based on uptake scenarios.
- 2.2 The Cenex report assumes three scenarios:
 - a) Business as usual- low level of EVs purchased by drivers in line with the UK general uptake rates
 - b) Medium uptake scenario- the number of low emission vehicles uptake as a percentage of new car sales in the UK. This proposes a minimum of 15% and 30% of new car sales
 - c) High uptake scenario- represents an aggressive EV uptake pathway required to meet the UK's 2050 greenhouse gas (GHG) emission reduction commitments. Under this scenario the number of EVs in Kent would increase from ~2,000 in 2017 to ~126,000 in 2028
- 2.3 The table below shows the allocation charge points for Folkestone & Hythe using medium uptake scenario.

	Number of vehicles	2021 Medium Uptake Scenario	
		7kw Ac- Fast charger	50 kw DC- Rapid charger
Folkestone & Hythe	54,648	47	2

- 2.4 Officers are currently working with KCC to secure OLEV (Office for Low Emission Vehicles) funding for additional EV charging points in almost all of our car parks, which we believe will meet the criteria. The list of potential sites is shown in appendix 1. The funding available is for 75% of the capital costs of procuring and installing the charge point. It is expected that the remaining 25% costs will be met by the successful supplier through a concession model, where they would be offered a share of the revenue. KCC will be carrying out the procurement exercise autumn 2020.
- 2.5 It is estimated that OLEV funding will be provided for at least 40 charge points in 23 of our car parks. This plus the 21 charge points (mostly rapid chargers) currently provided by the commercial businesses, and the 6 existing council charge points, will exceed the 49 required for the district to fulfil the medium uptake scenario.
- 2.6 KCC have stated they are not prepared to fund on-street charge points. However, KCC officers have indicated they would not object to banks of chargers placed in convenient on-street locations at the district's cost.
- 2.7 A cost-effective solution to address the need for on-street charging is to use unmetered supply (i.e. lampposts) as standalone pedestal charge points are very expensive.
- 2.8 Officers have received a quotation from Bougyes who already have a contract with KCC to maintain street lights. Bougyes have indicated that the charge points could be connected to lamp columns. The costs to provide these units and install them will be £39,220. A planned maintenance schedule of rates will follow.
- 2.9 It is recommended that funding be provided for on-street charging points in 15 locations shown in appendix 1. The potential on-street sites include taxi ranks to meet anticipated taxi plug-in vehicle demand, and destinations where drivers are expected to spend a reasonable amount of time, perhaps an hour or more, during which they can charge their vehicles. Officers will monitor use of these charge points and make recommendations for further on-street units beyond 2021 if necessary.
- 2.10 Under the Workplace Charging Scheme, officers can apply for funding from OLEV for 75% of the purchase and installation costs of new charge points. Officers received a quotation totaling £11,590 for three dual charge points from an approved supplier. However, a site survey has revealed there is insufficient grid capacity at the civic centre for the new charge points. The cost

for the power upgrade is £27,270. Given the substantial costs of the power upgrade, and the uncertainty about future use of the civic centre, it is therefore recommended to not progress the Workplace Charging Scheme.

2.11 It is therefore recommended that capital funding of £40,000 be provided to fund the installation of 15 on-street charging points, and that this expenditure is met from the Climate Change Reserve.

3. PROPOSED CHARGES

3.1 As already mentioned, the council currently do not charge customers for electricity, but drivers are required to pay for parking. When the charging points were first introduced, electricity costs were around £1k each financial year. The cost to the council now for providing free electricity to customers is over £4k in the 2019/20 financial year.

3.2 CYC currently provide the council’s back office services for the existing charge points and charge customers a £1 connection fee. They already collect tariff payments for electricity from some of their clients. This is quite similar to the arrangements the council has with RingGo for parking fees.

3.3 The majority of districts in Kent do not yet charge customers for electricity although many are considering doing so. Dartford Council currently charges 25 pence per kWh (minimum £2.50) and this is the current average charge in the UK.

3.4 KCC will be including in the tender documents that the successful supplier will be required to provide network services, back office provision, and collect tariff payments on behalf of councils.

3.5 It is therefore recommended that a tariff of 25 pence per kWh (minimum of £2.50) is introduced when the new charge points are installed, and this is reviewed annually in line with other fees & charges.

3.6 The energy costs for EV charging points is usually around 14p per KWH so the monies collected will cover the costs of the electricity, and also go towards any credit and debit card charges. There is currently no specific budget set aside to cover electric bills for EV charge points but this would save the council the £4k it currently spends, plus the additional costs for the new units.

3.7 It is also recommended that drivers continue to pay for parking in chargeable sites as this would encourage drivers to return to their vehicles and not overstay, which is usually a problem with these facilities.

4. RISK MANAGEMENT ISSUES

4.1 There is not a great deal of risk management involved in this issue

Perceived risk	Seriousness	Likelihood	Preventative action
-----------------------	--------------------	-------------------	----------------------------

Suppliers unwillingness to invest in remote off-street sites	High	Medium	Working with KCC and other districts increases the number of charge points required and makes the project more attractive to suppliers to invest.
Some on-street parking sites are already oversubscribed. Dedicated EV charge point bays would add to this constraint.	Medium	Medium	Engage with stakeholders. Communication

5. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

5.1 Legal Officer's Comments (ADL)

There are no legal implications associated with the recommendations in the report. However Legal have not had sight of the contracts for supply and maintenance of the Charging Points so cannot comment here on the same.

5.2 Finance Officer's Comments (LW)

As a new initiative, there is no budget provision for the proposed scheme in the approved Medium Term Capital Programme and Full Council approval will be required for this. The net capital cost to the Council of £40,000 can be met from the Climate Change Reserve as outlined in the report. If the proposed charge is agreed for using the charging points this will cover the direct revenue costs of providing the service.

5.3 Diversities and Equalities Implications (FM)

There are no negative 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:

Frederick Miller, Transportation Manager
 Telephone: 01303 853207
 Email: frederick.miller@folkestone-hythe.gov.uk

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

Kent County Council EV Infrastructure Update Study- Report prepared by CENEX (Independent, not-for-profit, low emission vehicle and energy for transport experts), and issued on the 5th March 2019

Appendices:

Appendix 1: List and map of potential on & off street sites in F&H for EV charge points

Potential on-street sites for Electric Charging Points

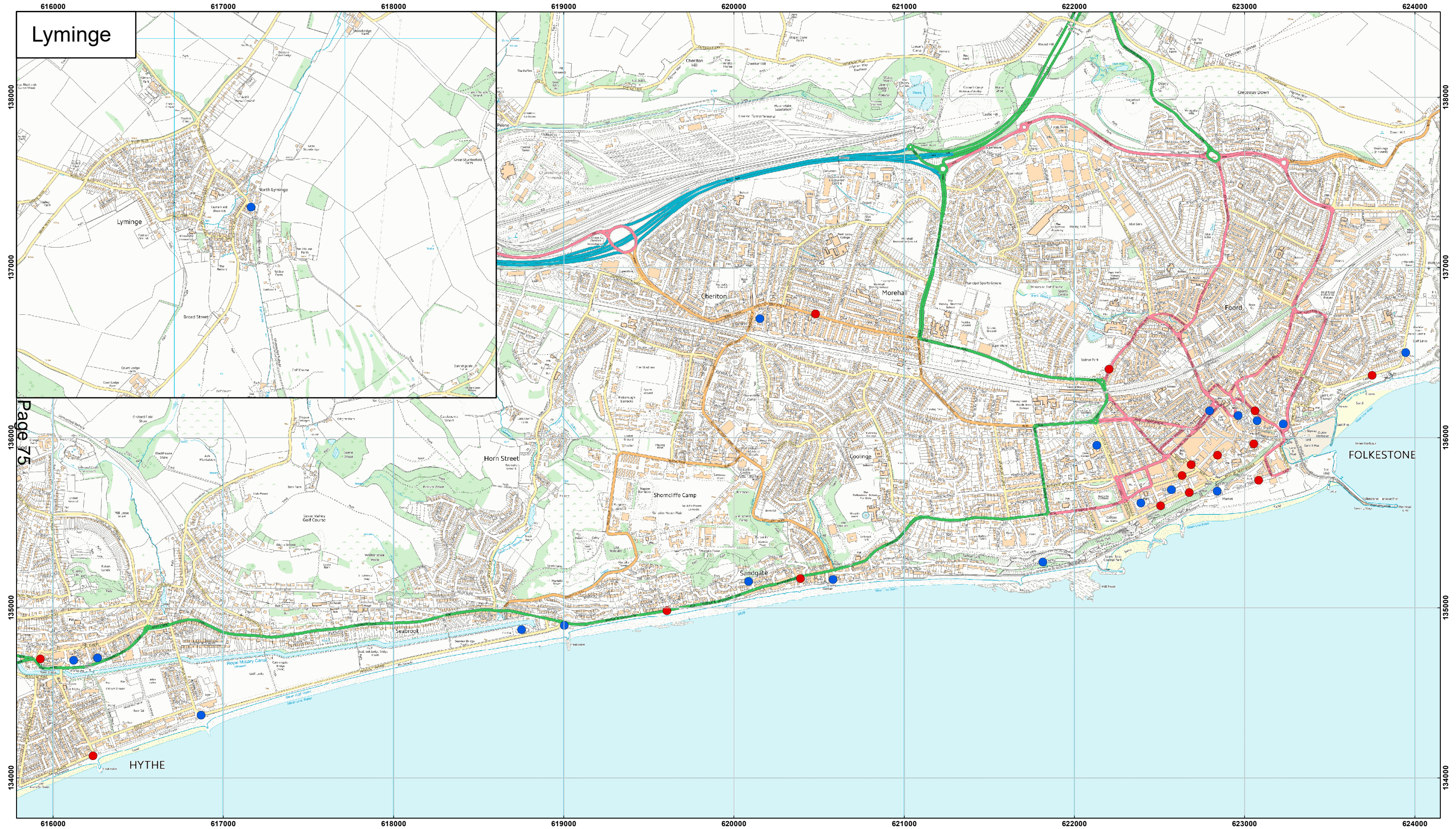
Road	Address /location
Sandgate Road	O/S 90 SANDGATE ROAD, FOLKESTONE, KENT, CT20 2BE
Sandgate Esplanade	Opposite Sunnyside Road CT20 3DR
The Leas	opp The Leas Club and or opp Shakespeare Terrace, Folkestone
Radnor Park Road	Opp 18 RADNOR PARK ROAD, FOLKESTONE, KENT, CT19 5AU
Cheriton Road	378 CHERITON ROAD, FOLKESTONE, KENT, CT19 4SW
The Bayle	O/S The Bayle Pond, Folkestone CT20 1SQ
Tontine Street	MERLIN COURT, 50-52 TONTINE STREET, FOLKESTONE, KENT, CT20 1GY
West Parade	adj sea wall after junction with Stade Street, Hythe
Wear Bay Road	Opposite WEAR BAY HOUSE, 17A WEAR BAY ROAD, FOLKESTONE, KENT, CT19 6AT
Marine Parade	13 MARINE PARADE, FOLKESTONE, KENT, CT20 1PX
Sandgate High Street	RIVIERA COURT, SANDGATE HIGH STREET, SANDGATE, KENT, CT20 3RP - echelon bays
High Street New Romney	52-54 HIGH STREET, NEW ROMNEY, KENT, TN28 8AT
Bouverie Place Taxi Rank	1-5 BOUVERIE PLACE, FOLKESTONE, KENT, CT20 1WB
Chapel Street Taxi Rank	1 CHAPEL STREET, HYTHE, KENT, CT21 5BE
West Cliff Gardens Taxi Rank	WEST CLIFF GARDENS, FOLKESTONE, KENT, CT20 1SP
(THOSE SHOWN ABOVE IN RED WILL BE FOR TAXIS ONLY)	

Potential off-street sites

Coastal car park, Lower Sandgate Road
Civic Centre Visitors car park, Castle Hill Avenue
Foresters Way car park
Tram Road car park, Harbour Street
Pleydell Gardens car park
Sandgate Road car park
Broomfield Road car park, Cheriton
Castle Road car park, Martello Terrace, Sandgate
Wilberforce Road car park, Hillside, Sandgate
Twiss Fort car park, Princes Parade, Hythe
Dymchurch Central car park

Lower Sandgate Road West
Church Road car park, New Romney
Station Road, The Sidings, Lyminge
Jolly Fisherman, Greatstone
Martello Tower, Dymchurch
East Cliff Pavilion
Upper Payers
Battery Point, Hythe
Sea Point, Hythe
The Paddocks, Hythe
Mount Street, Hythe
The Lade, Greatstone

Electric Vehicle Chargepoints Potential Sites (Folkestone and Hythe)



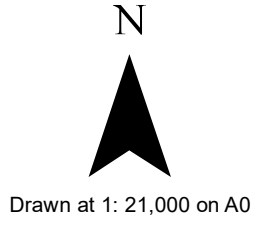
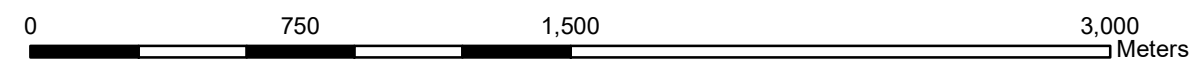
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04 Sep 2020

Drawn by:
Holly Bradbury

Drawing ref:
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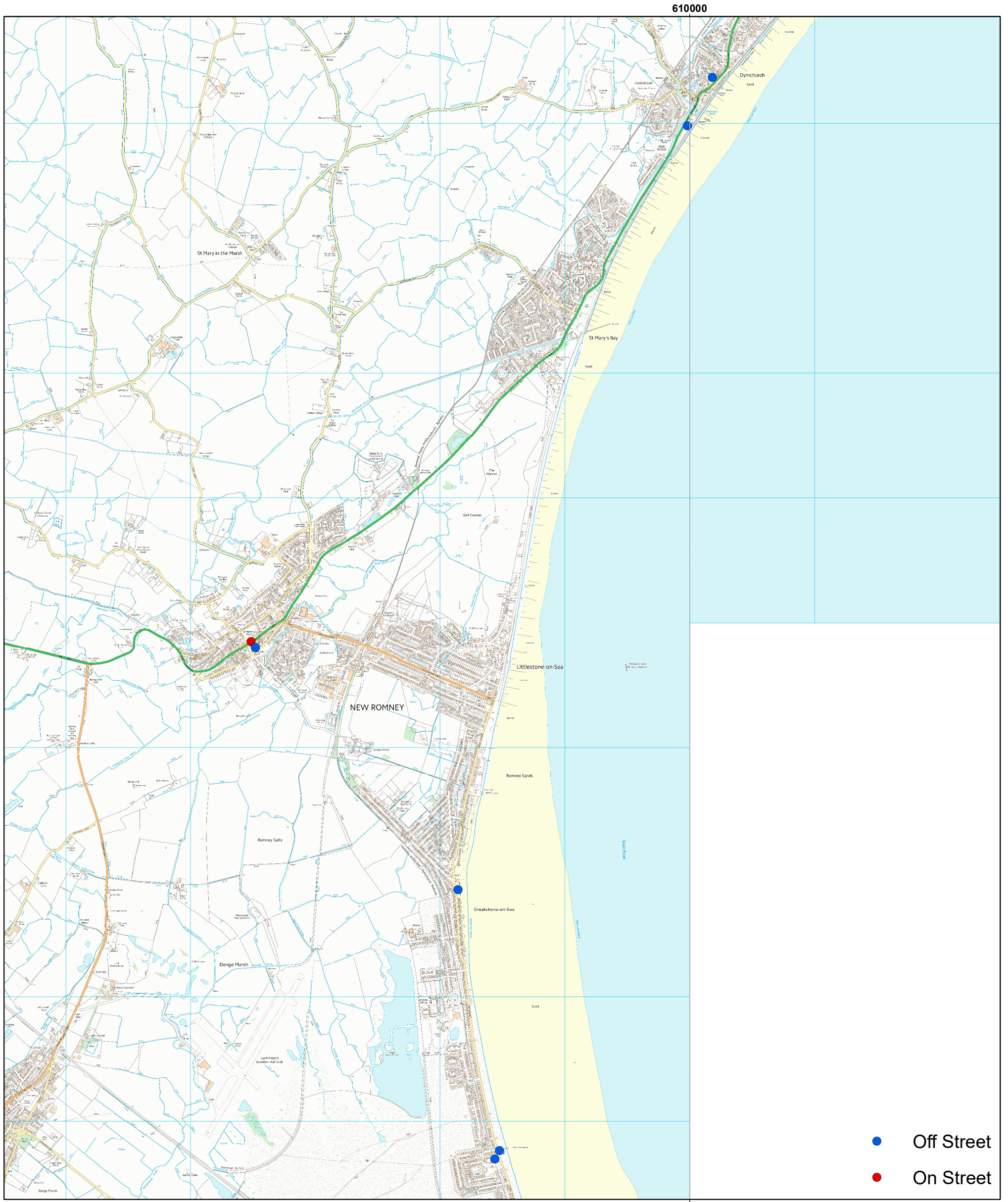
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Electric Vehicle Chargepoints Potential Sites (Romney Marsh)

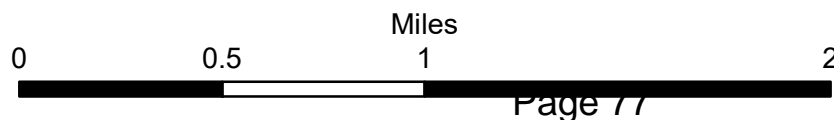


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This Report will be made public on 13 October 2020



Report Number **C/20/40**

To: Cabinet
Date: 21 October
Status: Non key
Responsible Officer: Charlotte Spendley, Director – Corporate Services
Cabinet Member: Councillor David Wimble, Cabinet Member for the District Economy

SUBJECT: RESPONSE TO CONSULTATION ON THE PLANNING WHITE PAPER 'PLANNING FOR THE FUTURE'

SUMMARY: This report summarises the proposals in the Government's Planning White Paper, 'Planning for the Future', currently out for consultation. The report sets out proposed comments from Folkestone & Hythe District Council, which, if approved by Cabinet, will be submitted to the Ministry of Housing, Communities and Local Government as the district council's formal response to the consultation.

REASONS FOR RECOMMENDATIONS:

So that the district council's comments can be taken into account by the Ministry of Housing, Communities & Local Government in finalising its proposals.

RECOMMENDATIONS:

1. To receive and note report C/20/40.
2. To approve the draft consultation comments set out in Appendix 1 for submission to MHCLG, with any final amendments or additions agreed by the portfolio holder, in consultation with the Leader.

1. BACKGROUND

- 1.1 The Ministry of Housing, Communities & Local Government (MHCLG) has recently consulted on two documents:
- *'Changes to the current planning system: Consultation on changes to planning policy and regulations'* - this consultation ran for eight weeks and closed on 1 October 2020; and
 - The White Paper, *'Planning for the Future'* - this consultation runs for 12 weeks and closes on 29 October 2020.
- 1.2 The first of the consultations was reported to Cabinet on 16 September 2020 and the consultation comments were submitted to MHCLG on 18 September.
- 1.3 This report deals with the second consultation, the planning White Paper. Draft consultation comments are set out in Appendix 1, which, if approved by Cabinet, will be submitted to MHCLG by 29 October 2020, subject to any amendments or additions under Recommendation 2.

2. **'PLANNING FOR THE FUTURE', WHITE PAPER AUGUST 2020**

- 2.1 The White Paper, *'Planning for the Future'*, sets out major reforms to the planning system. The consultation paper can be viewed on MHCLG's website.¹
- 2.2 The White Paper is highly critical of the planning system, stating that the system is *'outdated'* and *'ineffective'*, a *'relic from the middle of the 20th [century]'*. It leads to *'nowhere near enough homes in the right places'* and means that *'businesses cannot afford to grow and create jobs'*.
- 2.3 The Prime Minister's Foreword states that *'The whole thing is beginning to crumble and the time has come to ... tear it down and start again.'* Following from this the Prime Minister promises *'Radical reform unlike anything we have seen since the Second World War'*.
- 2.4 The Secretary of State's Foreword adds that the reforms will place a *'higher regard on quality, design and local vernacular than ever before'*, drawing inspiration *'from the idea of design codes and pattern books that built Bath, Belgravia and Bourneville'*.

The Government's vision for a new planning system

- 2.5 The Government sets out a vision for a new planning system, including aspirations to:

¹ See: *'Planning for the Future'* White Paper, August 2020, Ministry of Housing, Communities & Local Government

<https://www.gov.uk/government/consultations/planning-for-the-future>

- Create new developments that are beautiful, rather than just avoiding harm to the street scene;
- Make more use of technology to encourage public involvement at all stages of the process – the system *'should be based on data, not documents'*;
- Support home ownership, economic growth and renewal;
- Support innovation in housebuilding, through increasing opportunities for small firms, self-build and modern methods of construction;
- Promote the stewardship of the environment, gains in biodiversity and address the challenges of climate change; and
- Support the renewal of villages, towns and cities.

2.6 The Government's proposals are based on three 'pillars':

- *Pillar One – Planning for development* – reforms to the local plan process;
- *Pillar Two – Planning for beautiful and sustainable places* – reforms to the development management process; and
- *Pillar Three – Planning for infrastructure and connected places* – a streamlined approach to developer contributions.

2.7 The White Paper sets out 24 proposals relating to these three pillars and how the reforms will be implemented (under the heading 'Delivering Change'). The consultation asks 26 questions (set out in Appendix 1 with proposed district council responses):

- Most of the questions ask for views on the Government's proposals;
- Some questions are directed more at the general public or planning applicants and no responses are proposed to these questions;
- The final question asks about the equalities impacts of the proposals and no response is proposed to this question; and
- Some of the proposals (Proposals 15 to 18) are more statements of intent or are linked to separate initiatives that will be subject to later consultation, and the consultation does not ask any questions in relation to these proposals.

3. PILLAR ONE – PLANNING FOR DEVELOPMENT

3.1 The White Paper highlights other countries where a zoning system operates (Japan, the Netherlands and Germany) and suggests that a similar approach could be used in this country, with local plans giving outline planning permission for development falling within certain parameters. The development management system would be greatly scaled-back, particularly in areas where no major constraints apply.

3.2 Local plans should be based on transparent requirements that make the process of getting planning permission as simple as possible. Local plans should be published as standardised data to enable data from different

authorities to be compiled into a national map. Clear expectations should be established, so that people have confidence that development will deliver beautiful and sustainable places.

Proposal 1: The role of local plans should be simplified

3.3 The White Paper proposes that local plans are simplified. Local plans would identify three types of area and different consent regimes would apply within each area (summarised in the table in Appendix 2). The three types of area would be:

- *Growth areas* – land suitable for comprehensive development, such as new settlements, extensions to settlements, urban regeneration or business parks;
- *Renewal areas* – built areas where infill development would be appropriate or small sites within, or on the edge of, villages suitable for development; and
- *Protected areas* – where more stringent controls would apply, including Green Belt, Areas of Outstanding Natural Beauty, Conservation Areas, Local Wildlife Sites, areas of significant flood risk and the open countryside.

3.4 Local Plans would become web-based, making data and policies easy to search. Plans would set out proposals for the three different areas as follows:

- *Growth areas* and *Renewal areas* – policies within these two types of area would set out suitable uses with limitations on height and density where relevant, with sub-areas such as high streets and town centres defined as distinct areas. There would be a requirement to identify particular sub-areas for self-build and custom-build homes and community-led housing developments; and
- *Protected areas* – permissible development would be defined by cross-reference to the National Planning Policy Framework (NPPF).

3.5 The consultation asks for views on these proposals and whether they could be simplified further, for example, by combining the Growth and Renewal areas into a single category.

Proposal 2: Development management policies established at national scale and an altered role for Local Plans

3.6 Policies in new Local Plans would be restricted to site or area-specific requirements, such as broad height limits, scale and/or density limits. The NPPF would provide general policy guidance; there would be no provision for general development management policies in local plans.

3.7 The White Paper promotes the use of design guides and codes to provide certainty about the form and appearance of development. These could be produced for a whole local authority area, for a smaller area or site, or a combination of both. Design guides and codes would be produced by the local authority in parallel with work on the local plan. The White Paper suggests that these guides and codes would be written *‘in a machine-*

readable format so that wherever feasible, they can be used by digital services to automatically screen developments and help identify where they align with policies and/or codes.'

- 3.8 The consultation asks about this proposal, or whether some scope could be given to local authorities to produce general development management policies, provided they did not repeat policies in the NPPF.

Proposal 3: Local Plans should be subject to a single statutory 'sustainable development' test, replacing the existing tests of soundness

- 3.9 The White Paper proposes simplifying the range of tests that local plans are subject to by:

- Abolishing the Sustainability Appraisal system;
- Removing the Duty to Co-operate on strategic cross-boundary issues; and
- Simplifying the requirement to demonstrate the deliverability of the plan.

A simpler 'sustainable development' test would be introduced to replace the current tests.

- 3.10 The Duty to Cooperate was introduced by the Localism Act of 2011; this requires local planning authorities *'to engage constructively, actively and on an ongoing basis'* on cross-boundary planning matters. Further changes were introduced by the 2018 NPPF, which requires local planning authorities to prepare and maintain Statements of Common Ground with neighbouring authorities and other organisations on cross-boundary matters.

- 3.11 Regarding what might replace the Duty to Cooperate and Statements of Common Ground, the consultation suggests that strategic plans are being considered as an option in some areas, stating that *'further consideration will be given to the way in which strategic cross-boundary issues, such as major infrastructure or strategic sites, can be adequately planned for, including the scale at which plans are best prepared in areas with significant challenges'*.

Proposal 4: A standard method for establishing housing requirement figures factoring in land constraints and opportunities to use land more effectively

- 3.12 The proposal for a standard method for setting housing requirements would be different from the current system and would be binding. The new method would have regard to:

- The size of existing settlements;
- The relative affordability of places;
- The extent of land constraints in an area;
- Opportunities to use previously developed ('brownfield') land for housing;
- The need to make an allowance for other types of development; and

- The inclusion of a buffer to offer choice to the market.

3.13 A separate consultation was undertaken alongside consultation on the White Paper (reported to Cabinet on 16 September 2020) that included proposals for a new housing methodology, although the methodology in that consultation made no reference to land constraints and the relationship between that proposal and the White Paper is unclear.

3.14 It is proposed to remove the need to demonstrate a five-year supply of housing (the current forward-looking test under which local authorities have to show that they have at least five years' of housing land available) as the supply of housing would be demonstrated through the local plan. However, the Housing Delivery Test (the annual test of new homes built against targets for the previous three years) would remain.

Proposal 5: Areas identified as Growth Areas would automatically be granted outline planning permission and automatic approvals would also be available for pre-established development types in other areas suitable for building

3.15 Where the local plan has identified land for development, planning decisions should focus on resolving outstanding issues, not the principle of development. A faster consent regime would apply in these areas (proposals are summarised in the table in Appendix 2 and outlined below).

Growth Areas

3.16 In Growth Areas, outline planning permission would be conferred through adoption of the local plan and full permission would be achieved through a streamlined and faster consent route, focussed on securing good design. Detailed permission could be secured through:

- A reformed reserved matters process; or
- A Local Development Order prepared by the local planning authority in parallel with the local plan.

3.17 The consultation states that for exceptionally large sites, such as new towns, *'we also want to explore whether a Development Consent Order under the Nationally Significant Infrastructure Projects regime could be an appropriate route to secure consents.'*

3.18 The Nationally Significant Infrastructure Projects (NSIP) regime is a system for infrastructure developments whereby the applicant makes the application to the Planning Inspectorate. An examination is then held and the Planning Inspector makes a recommendation to the relevant Secretary of State who makes the final decision on the application. If approved, a Development Consent Order (DCO) is issued.

Renewal Areas

3.19 In Renewal Areas there would be a general presumption in favour of development. Consent for development would be granted in one of three ways:

- For the redevelopment of certain building types permission could be granted through a new form of automatic consent if the scheme meets certain design and other requirements; or
- For other types of development a faster planning application process would be used, determined in context of the local plan; or
- A Local or Neighbourhood Development Order could be granted.

3.20 Where a proposal comes forward that is not in line with the local plan (such as where an unexpected development opportunity arises) this would require a planning application; the White Paper says that these should be the exception rather than the rule.

Protected Areas

3.21 In Protected Areas any development proposals would need to come forward through the planning application process and would be judged against the general policies in the NPPF, as under the new system there would no longer be detailed development management policies in local plans.

Proposal 6: Decision-making should be faster and more certain, with firm deadlines, and make greater use of digital technology

3.22 The White Paper states that the current time limits for deciding planning applications of eight weeks or 13 weeks should be firm deadlines, not, as the paper puts it, *'an aspiration which can be got around through extensions of time as routinely happens now.'*

3.23 The White Paper suggests that there should be an automatic refund of the application fee where a planning application fails to be determined within the time limit. It is also proposed that where an application is refused but is granted on appeal, the application fee should be automatically refunded to the applicant.

3.24 Proposals are put forward for speeding up the planning application process:

- Greater digitisation of the planning application process with validation occurring at the point of submission so that the right information is provided at the start;
- New software to automate routine processes to support faster decision-making;
- Shorter and more standardised applications where information required is *'reduced considerably and made machine-readable'*;
- National monitoring of planning application information including developer contributions;
- A digital template will be created for planning notices;
- Greater standardisation for supporting information, such as for highway impacts, flood risk and heritage matters;
- Clearer and more consistent planning conditions with standard national conditions to cover common issues;

- A streamlined approach to developer contributions (see Pillar Three below); and
- The delegation of decisions to planning officers where the principle of development has been established.

Proposal 7: Local plans should be visual and map-based, standardised, based on the latest digital technology, and supported by a new template

- 3.25 The Government will publish a guide to the new local plan system setting out data standards, including clearer expectations around the more limited evidence that will be needed to support local plans.
- 3.26 Text in local plans should be limited to spatially-specific matters and local plans should be *'web-based ... rather than document based'*. This will allow a new level of digital civic engagement, the White Paper argues, and will encourage increased participation from a broader audience, particularly young people. The Government will set up a series of pilots to work with local authorities and technology companies to develop this technology.

Proposal 8: Local authorities and the Planning Inspectorate will be required to meet a statutory timetable for key stages in the local plan process

- 3.27 Currently local authorities can choose to hold an initial consultation at the start of the plan-making process (consultation on 'Issues and Options'). Following this optional stage, authorities are required to consult on:
- The Preferred Options local plan (at Regulation 18 stage);
 - The Submission local plan (at Regulation 19 stage), before the local plan is submitted to the Planning Inspectorate for examination; and
 - Any main modifications to the local plan identified by the Inspector, before the Inspector issues his/her report and the plan can be adopted.
- 3.28 As a result, local plans can take a number of years from first draft to adoption. The White Paper proposes a streamlined process, stating that this would shorten the preparation to 30 months or less. This would comprise five stages:
- Stage 1 (6 months) - the authority invites suggestions for areas to be identified under the Growth Area, Renewal Area and Protected Area categories;
 - Stage 2 (9 months) - the authority drafts its proposed local plan and supporting evidence;
 - Stage 3 (6 weeks) - the authority submits the plan for examination and publicises the plan for public comment;
 - Stage 4 (9 months) – the planning Inspector considers whether the three categories in the plan meet the new sustainable development test (see Proposal 3) and makes binding changes; and
 - Stage 5 (6 weeks) – the local plan is brought into force.

- 3.29 A statutory duty would be placed on local authorities to adopt a new style local plan within 30 months of the new legislation being enacted, although authorities which have a recently-adopted plan in place would be given longer (42 months). As is the case now, there would be a requirement to review plans at least every five years, or sooner, and the Secretary of State would have powers of intervention where progress is not made.

Proposal 9: Neighbourhood plans should be retained, and better use should be made of digital tools

- 3.30 The White Paper highlights the success of neighbourhood plans and states that it wants to retain neighbourhood plans in the new system. The consultation states that the Government will explore the potential of digital co-creation platforms and three-dimensional visualisation technologies to help neighbourhood planning groups.

Proposal 10: A stronger emphasis on build-out through planning

- 3.31 The White Paper states that policy in the NPPF relating to large sites will be amended to encourage a variety of development types and sizes of firm, to allow multiple phases of a development to come forward at the same time. The White Paper states that the Government is considering other measures to support faster build-out.

4 PILLAR TWO: PLANNING FOR BEAUTIFUL AND SUSTAINABLE PLACES

- 4.1 The White Paper states that new developments should deliver net gains for the built and natural environment, and not just avoid harm. Reference is made to the report of the Building Better, Building Beautiful Commission² - the White Paper states that the Government will be responding to the Commission's recommendations in the autumn but key proposals are included within the White Paper. Some general questions are asked about people's perception of new development and their priorities for their areas.

- 4.2 The Government will publish a National Model Design Code in the autumn to set out detailed parameters for development in different types of location; this will be accompanied by worked examples and a revised and consolidated Manual for Streets. The National Model Design Code is intended to set a baseline standard of quality which local planning authorities will be expected to use in developing their own codes.

Proposal 11: Design guidance and codes will be prepared locally with community involvement, and codes will be more binding on decisions

- 4.3 The White Paper proposes that local design codes will be given added weight in the planning process, if the local authority, neighbourhood planning group or developer demonstrates that they have been prepared with local

² See: <https://www.gov.uk/government/groups/building-better-building-beautiful-commission#reports>

input. Where no local codes are in place, the National Model Design Code should be used to guide decisions.

Proposal 12: The Government will set up a body to support the delivery of local design codes and will require each authority to have a chief officer for design and place-making

- 4.4 The Government recognises that not all local authorities have the necessary expertise to produce local design codes, and the White Paper states that a new expert body will be established to provide advice, monitor progress and challenge the development sector. Proposals will be published later this year for improving the resourcing of planning departments, but the consultation states that local authorities should provide leadership by appointing a Chief Officer for Design and Place-making.

Proposal 13: Homes England's strategic objectives will be amended to give greater emphasis to delivering beautiful places

- 4.5 The White Paper states that the Government will engage with Homes England, as part of the forthcoming Spending Review, to consider how its objectives could give weight to design quality and environmental standards.

Proposal 14: A fast-track process of consent will be introduced to incentivise high quality development which reflects local character

- 4.6 The NPPF will be amended to state that schemes which comply with local design codes should have swift approval.
- 4.7 Where Growth Areas are identified in local plans, the permission in principle that will be granted through the local plan will require that a site-specific design code or masterplan, prepared by the local authority or site promoter, is agreed.
- 4.8 The White Paper also proposes that permitted development rights will be extended to allow the prior approval of *'popular and replicable forms of development'*. *'There is a long history'*, the White Paper argues, *'of 'pattern books' being used to articulate standard building types, options and associated rules (such as heights and set-backs)'*. Some approvals would still be needed from the local planning authority, such as for building materials, as well as for considerations such as flood risk and safe access. The Government intends to explore these proposals through pilot projects.

Proposal 15: The NPPF will be amended to strengthen the planning system regarding mitigating and adapting to climate change and maximising environmental benefits

- 4.9 The consultation states that the proposed reforms can be linked to a simpler, more effective approach to assessing environmental impacts. While local policies can continue to play a role in identifying important views or areas for renewable energy or woodland creation, the Government intends to provide a more robust framework in the NPPF so that there is no longer a need for generic policies in local plans.

Proposal 16: A quicker framework will be introduced for assessing environmental impacts and enhancement opportunities

- 4.10 The White Paper argues that the current system of Strategic Environmental Assessment, Sustainability Appraisal and Environmental Impact Assessment lead to duplication of effort and generate long and complex reports which inhibit transparency and cause delay.
- 4.11 A new system will be needed that speeds up decision-making, reduces duplication and is simpler to understand. The Government will set out proposals in a separate consultation in the autumn.

Proposal 17: Conserving and enhancing historic buildings and areas

- 4.12 The White Paper states that the Government will review and update the planning framework for listed buildings and conservation areas to allow for sympathetic changes to support their continued use and mitigate and adapt to climate change.
- 4.13 In doing so, the consultation adds, *‘we want to explore whether there are new and better ways of securing consent for routine works, to enable local planning authorities to concentrate on conserving and enhancing the most important historic buildings. This includes exploring whether suitably experienced architectural specialists can have earned autonomy from routine listed building consents.’*

Proposal 18: Improvements will be made to energy efficiency standards for buildings to help deliver the Government’s commitment to net zero emissions by 2050

- 4.14 The White Paper highlights the Future Homes Standard which will require new homes to produce 75 to 80 per cent lower CO₂ emissions from 2025. These homes will be *‘zero carbon ready’* with the ability to become fully zero carbon as the electricity grid decarbonises, without the need for retrofitting. The Government is reviewing the timescales for implementing these proposals and will set out further measures in the autumn.

5 PILLAR THREE – PLANNING FOR INFRASTRUCTURE AND CONNECTED PLACES

- 5.1 The White Paper highlights problems with current systems for securing developer contributions through Section 106 agreements and the Community Infrastructure Levy (CIL). Negotiations over Section 106 agreements are lengthy and opaque and can be subject to renegotiation depending on viability. Although simpler and clearer, CIL can increase risks and costs for developers, as payment is required when development starts, before costs can be recouped through the sale of homes.
- 5.2 The White Paper proposes reforms to the system for securing developer contributions to simplify the process, ensure a fairer contribution from developers, improve transparency and better reflect the rise and fall of prices.

Proposal 19: The Community Infrastructure Levy should be reformed to be charged as a fixed proportion of the development value above a threshold, with a mandatory nationally-set rate

- 5.3 The White Paper proposes that the current system of Section 106 agreements be abolished and a reformed, extended 'Infrastructure Levy' be created. This would be a nationally-set flat-rate charge based on the final value of a development (or assessment of the sales value where homes are built for rent) at the point where planning permission is granted. Although set nationally, revenues would be collected and spent locally.
- 5.4 The Infrastructure Levy would become payable at the point of occupation. There would be a threshold below which the levy would not be charged, to avoid making low-value developments unviable: in areas where land values are low more of the value generated by a development would fall below the threshold; in higher value areas a greater proportion of the development value would be above the exempt amount and so be subject to the levy.
- 5.5 Local authorities would be allowed to borrow against Infrastructure Levy revenues so that infrastructure could be forward-funded before development begins.

Proposal 20: The scope of the Infrastructure Levy could be extended to capture changes of use through permitted development rights

- 5.6 The White Paper asks whether the scope of the Infrastructure Levy should be extended to capture changes of use which require planning permission, even where no additional floorspace is provided. It also asks whether changes brought about through permitted development rights, such as the conversion of offices to residential use, should come within the scope of the levy. The White Paper states that the Government intends to keep the current exemptions for self-build and custom-build homes.

Proposal 21: The Infrastructure Levy should be used to deliver affordable housing

- 5.7 The consultation states that currently around half of all affordable housing built in England is provided through developer contributions secured through Section 106 agreements.
- 5.8 The White Paper proposes that under the new system, Infrastructure Levy funds could be used to secure affordable housing. Local planning authorities could require affordable housing to be provided on-site and could specify the forms and tenures of the housing, working with an affordable housing provider. The difference in value between the affordable unit and the price of the same unit on the open market could be offset against the developer's Infrastructure Levy liability.
- 5.9 The White Paper states that this proposal would transfer some risk to the local planning authority, but suggests that this risk could be mitigated through allowing local planning authorities to 'flip' a proportion of affordable homes back to market units for the developer to sell, if Infrastructure Levy liabilities are not high enough to cover the value secured through the affordable

homes. Alternatively, it could be specified that a developer would have no right to reclaim overpayments, if the value secured through the affordable housing was greater than the final levy liability.

- 5.10 The consultation also recognises that there would have to be safeguards put in place to prevent developers producing low quality affordable homes to reduce their costs. It is proposed that levy payments could be provided in the form of land within or adjacent to a site. Local authorities could borrow against further levy receipts to fund the delivery of more affordable homes.

Proposal 22: More freedom could be given to local authorities over how they spend the Infrastructure Levy

- 5.11 Currently a proportion of the CIL revenue collected in a local area is transferred to the local parish or town council (the proportion depends on whether a Neighbourhood Plan is in place in the area). The White Paper states that these arrangements would continue, but that local engagement could be enhanced to give residents a greater say in how this proportion is spent.

- 5.12 Greater scope could be given to local authorities to spend Infrastructure Levy funds on other policy priorities, once core infrastructure obligations have been met; improving services or reducing council tax are suggested. As with town and parish councils, the consultation suggests that digital engagement could be enhanced to give local people a greater say in how Infrastructure Levy receipts are spent.

6 DELIVERING CHANGE

- 6.1 The final part of the White Paper highlights a number of other initiatives that the Government has recently introduced, or is intending to bring in, including:

- The separate consultation on technical changes to the planning system (see report to Cabinet, 16 September 2020);
- Recent changes to permitted development rights to support high streets and town centres following the COVID-19 pandemic;
- Plans to transform the Government's office estate by creating regional hubs in city centres and smaller towns across the UK;
- Exploring how the disposal of publicly-owned land can support smaller businesses and the self-build sector; and
- Supporting the creation of development corporations.

- 6.2 The White Paper recognises that planning departments are under great pressure, with spending per person down 60 per cent on average and shortages of staff; it also acknowledges that advances in technology will be needed if all of the Government's aspirations are to be met.

- 6.3 The consultation states that the focus of local planning authorities will shift from making discretionary decisions on planning applications to producing new local plans and high-quality design codes that set the parameters for

development and that this needs leadership from planning departments and a change of culture.

Proposal 23: The Government will develop a comprehensive resources and skills strategy for the planning sector

- 6.4 The White Paper proposes that planning fees will continue to be set on a national basis and should at least cover the full cost of processing the application type. The consultation suggests that a small proportion of the Infrastructure Levy income could be set aside for local planning authorities to cover their overall planning costs, including the preparation of local plans and enforcement activities.
- 6.5 Some local planning activities should still be funded through general taxation; other time-limited funding will be provided by Government to implement the reforms as part of the next Spending Review.
- 6.6 The Government will continue to engage with the property technology ('Prop Tech') sector through a Minister-led Prop Tech Innovation Council.

Proposal 24: The Government will seek to strengthen enforcement powers and sanctions

- 6.7 The Government wants to see an increased emphasis on planning enforcement; a service *'too often seen as the 'Cinderella' function of local planning authorities'*, the White Paper claims. As local planning authorities are freed from existing requirements through the proposed reforms, they will be able to focus more on enforcement, the White Paper argues.
- 6.8 The Government will introduce more powers to address unauthorised development and encampments and will consider introducing higher fines. It will also ensure temporary stop notices are more effective and consider what can be done in cases where the Environment Agency's flood risk advice is not followed.

7. CONSULTATION

- 7.1 Consultation is being undertaken by Government on its planning White Paper and proposed responses to the consultation are set out in Appendix 1 of this report.

8. OPTIONS

- 8.1 The options are:

(1) Not to respond to the consultation

This would mean that the district council would not have the chance to influence the Government's proposed changes to the planning system.

(2) To respond to the consultation

This would mean that the district council's comments, as set out in Appendix 1 with any additions or amendments under Recommendation 2, would be submitted to MHCLG for Government to consider in developing its proposals.

9. RISK MANAGEMENT ISSUES

- 9.1 The Cabinet report recommends submitting the comments set out in Appendix 1 to MHCLG, with or without amendments under Recommendation 2. It is not considered that this action comes with any appreciable risks.

Perceived risk	Seriousness	Likelihood	Preventative action
None	Not applicable	Not applicable	Not applicable

10. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

10.1 Legal Officer's Comments

There are no direct legal implications arising from this report. The White Paper proposes changes to primary and secondary legislation.

10.2 Finance Officer's Comments

There are no financial implications at this stage of the consultation.

10.3 Diversities and Equalities Implications

There are no direct diversities and equalities implications arising from responding to the consultation. The implications will depend on the final reforms introduced by Government.

11. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

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

Adrian Tofts, Strategy, Policy & Performance Lead Specialist
 Telephone: 01303 853438
 Email: adrian.tofts@folkestone-hythe.gov.uk

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Appendices:

Appendix 1: Consultation Questions and Proposed Folkestone & Hythe District Council Responses

Appendix 2: Summary of Proposals Relating to Local Plan Areas and Consent Regimes

APPENDIX 1: CONSULTATION QUESTIONS AND PROPOSED FOLKESTONE & HYTHE DISTRICT COUNCIL RESPONSES

General questions

1. **What three words do you associate most with the planning system in England?**

Proposed District Council response:

No comment.

- 2(a) **Do you get involved with planning decisions in your local area?**

[Yes / No]

Proposed District Council response:

No comment.

- 2(b) **If no, why not?**

[Don't know how to / It takes too long / It's too complicated / I don't care / Other – please specify]

Proposed District Council response:

No comment.

3. **Our proposals will make it much easier to access plans and contribute your views to planning decisions. How would you like to find out about plans and planning proposals in the future?**

[Social media / Online news / Newspaper / By post / Other – please specify]

Proposed District Council response:

No comment.

4. **What are your top three priorities for planning in your local area?**

[Building homes for young people / building homes for the homeless / Protection of green spaces / The environment, biodiversity and action on climate change / Increasing the affordability of housing / The design of new homes and places / Supporting the high street / Supporting the local economy / More or better local infrastructure / Protection of existing heritage buildings or areas / Other – please specify]

Proposed District Council response:

The priorities for the district in the council's emerging Corporate Plan are: a Quality Environment; Quality Homes and Infrastructure for the Future; Excellent Community Services; and A Thriving Economy.

PILLAR ONE – PLANNING FOR DEVELOPMENT

Proposal 1: The role of local plans should be simplified

5. Do you agree that Local Plans should be simplified in line with our proposals?

[~~Yes~~ / ~~No~~ / **Not sure**. Please provide supporting statement.]

Proposed District Council response:

The principle of simplifying the process is supported but the council has significant concerns highlighted throughout the responses to these questions.

There are outstanding questions that the White Paper has not addressed, such as the definition of Sustainable Development or what national policies there will be and how far local codes could deviate from these. In addition further clarity is required as to situations where the Local Plan and the Design Codes are not produced at the same time: could development go ahead before the codes are in place?

If district-level Local Plans are no longer to have general development management policies, it is unclear what implications this will have for other plans, such as county-level Minerals and Waste Plans or, for coastal areas, Marine Management Plans.

The role of Supplementary Planning Documents or Area Action Plans, if any, is also not dealt with in the White Paper; the district council is currently preparing a masterplan for the regeneration of Folkestone town centre, but it is not clear what status these types of documents will have under the new system.

Furthermore there are some wider cross-boundary matters that do not sit neatly within a rigid approach of 'growth', 'renewal' and 'protected areas', such as the natural environment. It is not clear how habitats will be protected when they do not fall within 'protected' areas or when wildlife moves across spatial areas. Would there be a national policy on wildlife corridors for example? Under the current system Green Infrastructure Plans seek to protect and enhance interconnected habitats, such as river corridors, which could potentially cross between a number of different 'growth', 'renewal' and 'protected' areas; it is not clear if these documents will have any place in the new system. How will this be compatible with and deliver the Environment Bill's proposals on net biodiversity gain and improvement plans?

*With regard to the process and time taken to identify the three categories ('growth', 'renewal' and 'protected areas'), as **all** land has to fall into one these, with the possibility of sub-areas within two of these as well, much will depend on how 'fine-grained' the identification of areas will be. There could be areas, such as in towns, where all three categories could overlap (for example, a*

major development site, partly within and partly outside a conservation area). There could, therefore, be many areas to identify and detailed work will have to be undertaken to justify where the particular boundaries of each category will be delineated. With greater emphasis on public consultation at this stage (which is supported), there could be a wide range of differing views from those who want development and those who do not in each of the proposed areas. This will not be a speedy task to undertake and decisions by the local authority will have to be fully justified.

Proposal 2: Development management policies established at national scale and an altered role for Local Plans

6. Do you agree with our proposals for streamlining the development management content of Local Plans, and setting out general development management policies nationally?

[Yes / No / **Not sure**. Please provide supporting statement.]

Proposed District Council response:

While this is again supported in principle, there are concerns as to what the national policies may say and cover and how far local codes could deviate from these.

For example, the current legislation and National Planning Policy Framework policies for the historic environment (Listed Buildings and Conservation Areas) work reasonably well and there is no need for local policies to repeat what is said at national level to help decide whether development should proceed or not. (This is the approach that the district council has taken to the historic environment policies in its recently adopted local plan.)

There are, however, instances where local issues may not fit directly with national policy. For example flood risk. This district's Core Strategy currently considers flood risk policy in three character areas (for applying the sequential test within each). This is because one character area is primarily within Flood Zone 3 and settlements there would not be able to develop to meet their future needs if the sequential test was applied district-wide. Under the new system, would national policy allow for this?

Another example is policy relating to Areas of Outstanding Natural Beauty (AONBs). The Kent Downs AONB unit produces a Management Plan, which the Council, as partner on the Joint Advisory Committee, has endorsed. Although not part of the development plan, the AONB Management Plan is a material consideration in preparing local plans and determining planning applications. Within this there are principles that are applied to the specific character of the AONB (such as setting). The AONB unit also produces guidance on development which is adopted by the council as supplementary planning documents. It is not clear what status, if any, these documents would have under the new system. Would local authorities be able to consider such specific guidance when deciding planning applications if planning applications within protected areas are to be judged solely against national policy?

Proposal 3: Local Plans should be subject to a single statutory ‘sustainable development’ test, replacing the existing tests of soundness

7(a). Do you agree with our proposals to replace existing legal and policy tests for Local Plans with a consolidated test of “sustainable development”, which would include consideration of environmental impact?

[Yes / No / ~~Not sure~~. Please provide supporting statement.]

Proposed District Council response:

The current legal and soundness tests are confusing, especially for the general public, and it would be advantageous to replace these with a more straightforward test or question. The process of sustainability appraisal and habitats regulations assessment is complex and legalistic and involves a significant cost for local authorities. It is not stated, however, what the sustainable development test would involve.

7(b). How could strategic, cross-boundary issues be best planned for in the absence of a formal Duty to Cooperate?

Proposed District Council response:

District and County Councils, as well as other statutory agencies, routinely discuss cross-boundary issues but the current duty is too rigid. A new less rigid process, which demonstrates discussions have been undertaken but does not automatically stop plans progressing at examination, should be considered.

Proposal 4: A standard method for establishing housing requirement figures factoring in land constraints and opportunities to use land more effectively

8(a) Do you agree that a standard method for establishing housing requirements (that takes into account constraints) should be introduced?

[~~Yes~~ / No / Not sure. Please provide supporting statement.]

Proposed District Council response:

The national approach to housing delivery needs to move away from a single focus on housing numbers and consider the broader range of housing needs, particularly the need for affordable housing.

It is difficult to comment on proposals for the new housing methodology, as little detail is provided. It is not clear how the proposals for the new housing methodology in the White Paper relate to the proposals set out in the earlier consultation, ‘Changes to planning policy and regulations’. The White Paper states that the new methodology will be binding on authorities and will factor in land constraints. The consultation on ‘Changes to planning policy and regulations’ does not refer to land constraints. ‘Changes to planning policy and regulations’ also states that the proposed methodology will be temporary, prior

to the changes in the White Paper being introduced; however, it also states that the new methodology will form 'part of the process' for setting the binding requirement, which suggests it will continue into the new system.

It is not clear from this how land constraints will be factored into this process: whether this will be a matter for testing at the examination of a local plan or whether the Government intends to introduce further changes to the national methodology at some future date.

This is a very important consideration for Folkestone & Hythe, where large areas of the district are covered by Area of Outstanding Natural Beauty designation, are subject to high risk of flooding or are subject to international protection for their rare and vulnerable habitats.

Despite these constraints the district council is bringing forward ambitious proposals for a sustainable new garden settlement. The district council should not be penalised in the future for housing delivery under the new system, given the high environmental qualities of the district and the constraints to development that this leads to.

8(b) Do you agree that affordability and the extent of existing urban areas are appropriate indicators of the quantity of development to be accommodated?

[~~Yes~~ / **No** / ~~Not sure~~. Please provide supporting statement.]

Proposed District Council response:

The national approach to housing delivery needs to move away from a single focus on housing numbers and consider the broader range of housing needs, particularly the need for affordable housing.

The methodology currently measures affordability based on a single average wage and a mortgage of four times' annual income. To more accurately reflect affordability, the assessment needs to reflect the fact that many people buy homes with a joint mortgage. While some of these joint purchases may be a reflection of affordability problems (for example where a parent is a joint mortgagor with a child who is a first-time buyer), most will reflect a situation where the buyers are a couple and both mortgagors are in employment.

Regarding the introduction of measures for the existing housing stock, it is not clear why this is proposed to be introduced into the formula to calculate future housing need. The 'Changes to planning policy and regulations' consultation states that these new elements are intended to 'ensure that diverse housing needs in all parts of the country are taken into account.' However, the housing stock is a crude measure: in areas where there is high overcrowding, a factor for the existing housing stock is likely to underestimate housing need; in areas where there is a concentration of second homes or vacant properties, the addition of this factor is likely to overestimate housing need.

Current national policy and guidance already allow authorities to plan for higher levels of growth than set out in their minimum requirement figures. Planning Practice Guidance currently stresses that the national methodology

provides a minimum starting point and allows local authorities to plan for levels of growth above these figures; for example, to account for changing economic circumstances, growth strategies, infrastructure improvements or taking on unmet need from neighbouring authorities. It is not clear why existing planning guidance on this issue is considered inadequate to deal with this issue.

Proposal 5: Areas identified as Growth Areas would automatically be granted outline planning permission and automatic approvals would also be available for pre-established development types in other areas suitable for building

9(a) Do you agree that there should be automatic outline permission for areas for substantial development (Growth areas) with faster routes for detailed consent?

[~~Yes~~ / ~~No~~ / **Not sure**. Please provide supporting statement.]

Proposed District Council response:

It is agreed that the principle of development should be established by the allocation of a site in an adopted local plan to avoid unnecessary debate about the principle of development at planning application stage. However, this should not mean that the detail of schemes evades proper democratic scrutiny at planning application stage by local authorities' planning committees.

Primacy needs to return to the development plan for residents and developers. There needs to be a clearer emphasis that the allocation of a site removes, not the need for detailed permission, but any question of the principle. Outline applications which establish the place-making objectives are to be encouraged.

In short, there are some advantages of such an approach, but the mechanism appears crude and would significantly reduce local democratic say in development, further undermining trust in the planning system and in turn government. There should be a much stronger position in law that states where a site is allocated, for the period of the local plan, the principle of the development cannot be challenged.

There should perhaps be a requirement for local planning authorities to draw up development briefs for detailed sites or for local planning authorities to commission indicative masterplans for consultation events.

However, there are important issues that are currently identified at the outline stage. For example environmental impacts are usually screened, scoped and assessed at this stage; it is not clear when this would be undertaken for a particular scheme coming forward in a growth area.

9(b) Do you agree with our proposals above for the consent arrangements for Renewal and Protected areas?

[~~Yes~~ / ~~No~~ / **Not sure**. Please provide supporting statement.]

Proposed District Council response:

As with the above, (see the council's answer to Question 9(b)), while there are some merits, the overall approach is crude and lacks flexibility.

9(c) Do you think there is a case for allowing new settlements to be brought forward under the Nationally Significant Infrastructure Projects regime?

[~~Yes~~ / **No** / ~~Not sure~~. Please provide supporting statement.]

Proposed District Council response:

It is assumed that this proposal would be aimed at larger developments - new towns, villages and garden city proposals.

There are some positives with the Nationally Significant Infrastructure Projects (NSIP) regime, particularly for the developer.

For the developer (or those engaged in the delivery), there may be huge benefits for the timetabled approach (six months from formal submission; but often the pre-application process requires a significant amount of time before a scheme is submitted) and consequent certainty about the decision-making this brings. It is front-loaded and creates certainty, although it is heavily reliant on pre-application engagement with interested parties, statutory consultees and the local planning authority itself. Although this can be successful, it would not be appropriate for all types of development, and requires developers to be open to changing their schemes, based on the advice of the local planning authority and other consultees.

The NSIP mandated 'Pre-application engagement' includes environmental assessment (so effectively removing the need for Environmental Impact Assessment), helps with transparency and should be embedded in any validation requirement for outline applications.

However, there are many drawbacks to the NSIP regime.

New settlements could have a significant impact locally and to make them NSIP applications would reduce local democratic input and undermine trust in the system.

The local planning authority would be expected to attend hearings (which can go on for six months) to defend its position in planning and policy terms. This requirement is particularly onerous on local planning authorities – already stretched resources have meant that often local representation is missing from hearings.

Under the NSIP regime, the developer can craft its own consent through the Development Consent Order (DCO) – this often leaves the local planning authority powerless within the system. Local planning authorities effectively become merely a consultee with a voice the same as other consultees (such as the Environment Agency or Natural England), although it will be the local planning authority that will have to deal with the long-term impacts of the development.

Other observations:

- *Local communities and members of the public may find it difficult to understand the system, and is not always easily accessible. Also, once the DCO is granted, there is little need for the developer to continue public engagement.*
- *Some local planning authorities may already have accumulated experience and understand how they need to increase capacity to respond to an application. However, knowledge about the DCO system will vary between authorities.*
- *Local planning authorities would be required to prepare a Local Impact Report on the effects of a particular development as part of DCO pre-submission process. These are technical documents and experience shows that there is little or no reference to these reports or their implications later in the process.*
- *Local planning authorities would have to assess and approve the pre-submission consultation, undertaken by the developers.*
- *After the DCO, the local planning authority would need to be involved in the discharge of requirements (similar to a reserved matters submission) and permissions for associated works and developments. Discharge requirements must and should be subject to a Planning Performance Agreement – especially if more rigid time frames for determination (without extensions of time) is to be introduced.*

Proposal 6: Decision-making should be faster and more certain, with firm deadlines, and make greater use of digital technology

10. Do you agree with our proposals to make decision-making faster and more certain?

[Yes / **No** / Not sure. Please provide supporting statement.]

Proposed District Council response:

If the fee is to be returned if no decision has been made within the time limit, then this could encourage the routine refusal of applications that are approaching their cut-off point and deter local planning authorities from negotiating with applicants to resolve issues and seek more acceptable schemes.

Under the current system, it is very difficult to determine a major application with a Section 106 agreement within 13 weeks, and the fees for these applications tend to be larger and they tend to be the developments that the local planning authorities will want to encourage.

This would also significantly impact on tight local planning authority budget setting. How could local planning authorities plan to resource their planning departments with uncertain fee income, especially where the fee income does not cover the full cost of the service in the first place?

The council would support a national digitized validation process, but what about local requirements for validation? It will be very difficult to standardise supporting information as every local authority is different, particularly, for example, with flooding issues.

Certain conditions could be standardised, but the more complicated the proposal, the more complicated the conditions. The district council uses standardised conditions for small-scale developments in any event, and they are based on the model conditions in Circular 11/95.

Proposal 7: Local plans should be visual and map-based, standardised, based on the latest digital technology, and supported by a new template

11. Do you agree with our proposals for accessible, web-based Local Plans?

[Yes / ~~No~~ / ~~Not sure~~. Please provide supporting statement.]

Proposed District Council response:

Visual, web-based local plans would be clearer and more accessible for most. There are however, members of the public who do not use electronic information or could not use it due to internet service availability where they live. Folkestone & Hythe District includes large rural areas with a poor internet service. No alternatives are suggested.

This part of the proposals may need a staggered introduction – the proprietary IT local plan packages currently available are not of a high standard and are expensive for local authorities to buy in.

Proposal 8: Local authorities and the Planning Inspectorate will be required to meet a statutory timetable for key stages in the local plan process

12 Do you agree with our proposals for a 30 month statutory timescale for the production of Local Plans?

[~~Yes~~ / No / ~~Not sure~~. Please provide supporting statement.]

Proposed District Council response:

While the council would support efforts to simplify the local plan process, particularly the procedural requirements and tests, it is questioned whether this timetable could be achieved without a significant reduction in community involvement.

The council's recently adopted local plan involved five separate consultations (on issues and options, proposals and main modifications) and took almost five years. The proposals in the White Paper would allow a maximum of two-and-a-half years and permit two consultations: one at the start, before the plan is drafted, and one at the very end after the local plan is submitted to the Secretary of State and cannot be amended.

In addition, as 'Growth' areas are required to have an accompanying "masterplan" and "site-specific code" agreed as part of the 'permission in

principle’, it is difficult to see how such a level of detail could be achieved within the local plan process itself, given the proposed new time limit and the emphasis on front-end community engagement. While it is noted that the site-specific codes and masterplans could be developed “subsequent to” the local plan being approved it also states that these documents “should be in place prior to detailed proposals coming forward”. This suggests that they should be undertaken at the same time to avoid delay and uncertainty.

With the approval of outline permission for new development in growth zones moving to the plan-making stage, rather than the planning committee, it is likely that carrying out consultation, considering representations made and the discussions at the Local Plan Examination in Public will all take longer than anticipated, as there will be no opportunity for issues to be resolved during the drafting of the plan and participants will be forced to make their points at examination.

Any penalties for failing to meet the timescale for plan preparation needs to recognise that delays can occur through reasons outside the control of local authorities. The preparation of the district council’s Core Strategy Review has had to accommodate three different methods for calculating housing requirements, with changes in Government policy, as well as the publication of two different versions of national planning policy, and a legal judgement in the ‘People Over Wind’ case, affecting the process of Sustainability Appraisal and Habitats Regulations Assessment.

The Government must also ensure that the legislation is properly considered and that there is a sufficient transition period so that local authorities are not forced to abandon work they have already undertaken.

Proposal 9: Neighbourhood plans should be retained, and better use should be made of digital tools

13(a) Do you agree that Neighbourhood Plans should be retained in the reformed planning system?

[Yes / ~~No~~ / ~~Not sure~~. Please provide supporting statement.]

Proposed District Council response:

Neighbourhood Plans provided an opportunity for local communities to shape the place in which they live. They have, however, become far more complex than originally anticipated and the majority in our district did not reach completion (only one out of five has moved forward to prepare and adopt a Neighbourhood Plan).

One advantage with Neighbourhood Plans is that consultation with the community could be more focused and successful than a broader consultation for the whole district.

However, the status and sequencing of Neighbourhood Plans needs to be properly considered. While ideally we would work with interested neighbourhoods at the same time as preparing a new-style Local Plan, the

new local plan timetable would mean that there would only be 18 months for this to be completed.

It seems inevitable from this that many Neighbourhood Plans would follow on from an adopted Local Plan. Will they have to follow the proposals for 'growth', 'renewal' and 'protected areas' in the local plan? If neighbourhoods want to put forward different proposals what status will these plans have?

If the new-style Local Plans cannot contain locally-specific development management policies, and this will be dealt with solely at the national level, does this mean that Neighbourhood Plans can only allocate sites for development and not contain any other policies? If this is the case, then it is likely to reduce the enthusiasm of local communities to produce Neighbourhood Plans.

13(b) How can the neighbourhood planning process be developed to meet our objectives, such as in the use of digital tools and reflecting community preferences about design?

Proposed District Council response:

The Neighbourhood Plan process would need to be simplified to ensure that local communities can undertake the work. The amount of work required to produce a plan and the evidence base, including Sustainability Appraisals, has put many local communities off undertaking a plan. The use of digital tools may well help speeding up and assist with the process. There is, however, the question of how this would be resourced.

Proposal 10: A stronger emphasis on build-out through planning

14. Do you agree there should be a stronger emphasis on the build out of developments? And if so, what further measures would you support?

[Yes / No / Not sure. Please provide supporting statement.]

Proposed District Council response:

Government should reduce implementation periods. We would also suggest that land-banking is tackled. The Government should revisit the recommendations of the Letwin Review, particularly those relating to improved compulsory purchase mechanisms.

If the Government is serious about radical reform, then when development is approved and planning permission is given this should be subject to a significant bond, as happens in the oil industry. Where the agreed build-out rates are not met, the bond should be forfeit to Homes England or the local planning authority to step in and take over the implementation of the development.

The council agrees with the idea of encouraging multiple phases of development to come forward at the same time but this must be supported by infrastructure. Furthermore, delivery may be managed by housebuilders to stop the release of too many homes on the market at any one time to keep

sales values high. The Government needs to understand that - other than granting planning permissions or undertaking development themselves - local authorities currently have little control over how quickly sites are built-out and homes released for sale, so measures to address this should be directed at the development industry, rather than local planning authorities.

General questions

15. What do you think about the design of new development that has happened recently in your area?

[Not sure or indifferent / Beautiful and/or well-designed / Ugly and / or poorly-designed / There hasn't been any / Other – please specify]

Proposed District Council response:

The quality is dictated far too often by the ambitions of the developer – or lack thereof. The focus should be on place-making as a start with local planning authorities resourced accordingly to actively encourage and secure better developments.

Quality is often diluted post-permission by developers seeking to isolate individual elements of the design quality of a scheme through minor material amendments and details pursuant to conditions or just not complying. Therefore, the execution is often left wanting.

Outside London, in the absence of a determined local planning authority and committee base, quality can suffer.

16. Sustainability is at the heart of our proposals. What is your priority for sustainability in your area?

[Less reliance on cars / More green and open spaces / Energy efficiency of new buildings / More trees / Other – please specify]

Proposed District Council response:

While all of these measures, and others not listed, are important, the focus needs to be on the source of greenhouse gas emissions. SCATTER Cities data for the district council's administrative area suggests that the two most significant sources of emissions are energy use in the existing housing stock and emissions from road transport.

PILLAR TWO: PLANNING FOR BEAUTIFUL AND SUSTAINABLE PLACES

Proposal 11: Design guidance and codes will be prepared locally with community involvement and codes will be more binding on decisions

17. Do you agree with our proposals for improving the production and use of design guides and codes?

[Yes / No / **Not sure**. Please provide supporting statement.]

Proposed District Council response:

A base design code is a promising idea to explore, but local planning authorities must have the freedom to have their own detailed guides and codes.

The council is developing design codes for the new garden settlement at Otterpool Park; however, it remains to be seen how design codes could be applied district-wide to largely replace the need for planning applications, as the White Paper proposes.

Unlike design codes for new towns or large urban extensions, district-wide design codes would need to be applied to a wide variety of sites, in a range of different contexts, reflecting, for example, local vernacular buildings, large Victorian villas, post-war suburban developments and densely-developed commercial town centre plots.

It is strongly suggested that By Design, Urban Design Compendium and the Commission for Architecture and the Built Environment (CABE) are reinstated, as well as Government setting out a clear message that good design and place-making is key to all decisions. The revised National Planning Policy Framework reintroduced some of the tools lost from the former Planning Policy Guidance 3 and Planning Policy Statement 3; other guidance from these withdrawn documents should be considered.

Proposal 12: The Government will set up a body to support the delivery of local design codes and will require each authority to have a chief officer for design and place-making

18. Do you agree that we should establish a new body to support design coding and building better places, and that each authority should have a chief officer for design and place-making?

[Yes / **No** / Not sure. Please provide supporting statement.]

Proposed District Council response:

It is considered that there does not have to be a Chief Officer for Design and Place-Making: this should be the job of the Chief Planner, supported by a team of professionals.

Each local planning authority should, however, have specialist urban designers, and place-making and design should be at the heart of local planning authorities' decision-making. Resources would be better used in training existing planners and embedding the principles of urban design training in all planning degrees.

Furthermore, local planning authorities should ensure that their structures encourage the 'development team' approach, with a range of skills in-house to support the community and decision-making at all stages (including for example, heritage specialists, ecologists, arboriculturists, urban designers, landscape architects). Local planning authorities used to have these

specialists in-house, but it is now rare for them to be able to call on this range of skills, due to imposed budget cuts.

Proposal 13: Homes England’s strategic objectives will be amended to give greater emphasis to delivering beautiful places

19. Do you agree with our proposal to consider how design might be given greater emphasis in the strategic objectives for Homes England?

[Yes / No / ~~Not sure~~. Please provide supporting statement.]

Proposed District Council response:

Support from Homes England on design quality and environmental standards is a good idea in principle and is supported.

Proposal 14: A fast-track process of consent will be introduced to incentivise high quality development which reflects local character

20. Do you agree with our proposals for implementing a fast-track for beauty?

[Yes / No / Not sure. Please provide supporting statement.]

Proposed District Council response:

This proposal is not clearly articulated in the White Paper. How is local character defined and interpreted, and what about innovation? The Government needs to find a mechanism for breaking the monopoly that large house builders have on local areas. This could be achieved by a programme of council building across the country which would accelerate delivery and raise the bar against which private schemes would then need to compete. Until high quality is recognised across the country irrespective of location the development industry will continue to just deliver ‘what sells’.

We need to create a rush to the top, not retain the current rush to the bottom, which the current system encourages through its overwhelming focus on housing numbers at the expense of housing quality.

PILLAR THREE: PLANNING FOR INFRASTRUCTURE AND CONNECTED PLACES

21. When new development happens in your area, what is your priority for what comes with it?

[More affordable housing / More or better infrastructure (such as transport, schools, health provision) / Design of new buildings / More shops and/or employment space / Green space / Don’t know / Other – please specify]

Proposed District Council response:

New developments should properly contribute to the full range of infrastructure for which they create a demand. The reforms should set up a

clear expectation of 'infrastructure first'. One of the main reasons leading local people to oppose development is that new infrastructure too often does not keep pace with the needs of the growing community; the proposal that the new Infrastructure Levy will be paid on occupation will only add to this resistance.

Of particular concern would be any extension of permitted development rights, which would mean that more developments would escape the need to provide development contributions through the planning process.

The statement in the White Paper that the Government will 'look to extend the scope of the consolidated Infrastructure Levy and remove exemptions from it to capture changes of use through permitted development rights' is welcomed. However, it needs to be recognised that this will add to the burden on local authorities, since these changes are inherently more difficult to monitor, and enforcement may be needed where developments have occurred but no payments have been made.

Proposal 19: The Community Infrastructure Levy should be reformed to be charged as a fixed proportion of the development value above a threshold, with a mandatory nationally-set rate

22(a) Should the Government replace the Community Infrastructure Levy and Section 106 planning obligations with a new consolidated Infrastructure Levy, which is charged as a fixed proportion of development value above a set threshold?

[~~Yes~~ / **No** / ~~Not sure~~. Please provide supporting statement.]

Proposed District Council response:

The council is operating the Community Infrastructure Levy (CIL) and is collecting funding through this mechanism. Scrapping this system for a new and untested proposal would be a backward step.

CIL allows a local approach to infrastructure funding which recognises the different land values within the district. CIL payments are also due when development starts which helps with the timely provision of infrastructure. Proposals for a fixed, national rate could never recognise the very different land values across the country, and payment on occupation, rather than when construction starts, will only delay the delivery of infrastructure. The reforms should set a clear expectation of 'infrastructure first' for new developments.

The collection of revenue is only part of the process of providing infrastructure; there needs to be consideration of how local authorities can compel external infrastructure providers to deliver in a timely way to allow development to come forward.

22(b) Should the Infrastructure Levy rates be set nationally at a single rate, set nationally at an area-specific rate, or set locally?

[~~Nationally at a single rate~~ / ~~Nationally at an area-specific rate~~ / **Locally**]

Proposed District Council response:

The district council currently operates the Community Infrastructure Levy. CIL is a relatively flexible and straightforward system which has allowed for the designation of four different charging zones to reflect the very different land values within the district.

The imposition of a standard national rate risks de-incentivising development in areas where land values are low, or, if set at a fairly low rate, allowing areas with higher land values to contribute less towards the provision of infrastructure. Rates should be set locally, and, as now, be supported by local evidence of development uplift and infrastructure needs.

22(c) Should the Infrastructure Levy aim to capture the same amount of value overall, or more value, to support greater investment in infrastructure, affordable housing and local communities?

[~~Same amount overall / More value / Less value~~ / **Not sure**. Please provide supporting statement.]

Proposed District Council response:

As outlined in the council's response to Question 22(b), the amount of uplift that can be captured will be dependent on the very different land values that apply across a local authority's area. The imposition of a national rate cannot hope to be responsive to the varied land values that operate across local authorities' areas.

22(d) Should we allow local authorities to borrow against the Infrastructure Levy, to support infrastructure delivery in their area?

[~~Yes~~ / **No** / ~~Not sure~~. Please provide supporting statement.]

Proposed District Council response:

There should be an option for local authorities to borrow against the Infrastructure Levy - if it is necessary to deliver a major piece of infrastructure that could unlock significant development - but this should not be the default position.

One of the main reasons leading local people to oppose development is that new infrastructure too often does not keep pace with the needs of the growing community; the proposal that the new Infrastructure Levy will be paid on occupation will only add to this resistance. The reforms should set a clear expectation of 'infrastructure first'.

Expecting local authorities to routinely borrow against the Infrastructure Levy (because payment is delayed until occupation rather than when construction begins) puts an unnecessary financial and administrative burden on local authorities and would also fundamentally delay necessary infrastructure.

This would simply transfer risks from the development industry to local authorities; if this is introduced, does the Government expect that this

reduction in risk would really be reflected in reduced values for landowners or reduced profit margins for developers?

Proposal 20: The scope of the Infrastructure Levy could be extended to capture changes of use through permitted development rights

23. Do you agree that the scope of the reformed Infrastructure Levy should capture changes of use through permitted development rights?

[**Yes** / No / Not sure. Please provide supporting statement.]

Proposed District Council response:

The statement in the White Paper that the Government will 'look to extend the scope of the consolidated Infrastructure Levy and remove exemptions from it to capture changes of use through permitted development rights' is welcomed. However, it needs to be recognised that this will add to the burden on local authorities, since these changes are more difficult to monitor, and enforcement may be needed where developments have occurred but no payments have been made.

Permitted development rights must also take account of local authorities' space standards for new homes, to avoid unsuitable developments that restrict residents' life choices and affect their health and wellbeing.

Proposal 21: The Infrastructure Levy should be used to deliver affordable housing

24(a). Do you agree that we should aim to secure at least the same amount of affordable housing under the Infrastructure Levy, and as much on-site affordable provision, as at present?

[**Yes** / No / Not sure. Please provide supporting statement.]

Proposed District Council response:

If this new system is imposed on local authorities, then it should not lead to any reduction in the provision of affordable homes. As set out in the council's response to the 'Changes to the current planning system' consultation, the introduction of First Homes is not likely to deliver truly affordable homes within this district; the proportion and type of affordable homes should be set by local authorities, based on local evidence, and delivered on site in the first instance.

24(b) Should affordable housing be secured as in-kind payment towards the Infrastructure Levy, or as a 'right to purchase' at discounted rates for local authorities?

[**Yes** / No / Not sure. Please provide supporting statement.]

Proposed District Council response:

If this new system is imposed on local authorities, then there should be provision for in-kind delivery of affordable homes on site. The White Paper

states that 'Local authorities would have a means to specify the forms and tenures of the on-site provision, working with a nominated affordable housing provider' and this is welcomed. However, this seems to go against the Government's proposals for First Homes, which would take precedence over any local requirement; the proportion and type of affordable homes should be set by local authorities, based on local evidence, and delivered on site in the first instance.

24(c) If an in-kind delivery approach is taken, should we mitigate against local authority overpayment risk?

[Yes / ~~No~~ / ~~Not sure~~. Please provide supporting statement.]

Proposed District Council response:

The fact that such a mechanism is needed illustrates the unsuitability of the proposals.

If the market falls and local planning authorities are required to return affordable homes to the developer to sell on the open market, or, alternatively, if a developer cannot claw back any overpayments, then this shows the inherent uncertainty of forecasting the level of infrastructure payments until the very end of the process, as homes are occupied.

The advantage of CIL is that the level of payment is known in advance and can be factored into the offer the developer makes for the land. The current proposals seem to protect the landowner at the expense of either the local authority (if overpayments need to be returned) or the developer (if overpayments cannot be clawed back).

24(d) If an in-kind delivery approach is taken, are there additional steps that would need to be taken to support affordable housing quality?

[Yes / ~~No~~ / ~~Not sure~~. Please provide supporting statement.]

Proposed District Council response:

If this approach is introduced, then the council would support the idea of being able to revert to a cash contribution if affordable housing quality is poor. However, the cash contribution should reflect the real cost of provision of affordable housing. This means not just the build cost, but also land purchase price, as the affordable housing foregone on a poor-quality site will need to be provided at another site within the local authority's area. This may reduce the benefit to the developer of providing poor quality affordable housing. Furthermore, a definition of poor quality should be agreed by the local planning authority and developer ahead of the delivery and written into a legal agreement to be binding on both parties.

Proposal 22: More freedom could be given to local authorities over how they spend the Infrastructure Levy

25. Should local authorities have fewer restrictions over how they spend the Infrastructure Levy?

[Yes / No / Not sure. Please provide supporting statement.]

Proposed District Council response:

While greater freedoms would be welcome in principle, in practice the amount of revenue collected by the new Infrastructure Levy is unlikely to fully meet the demand for new infrastructure, and, as now, local authorities will have to explore other funding sources to make up the gap. It seems highly unlikely that there would be excess revenue that could be spent on other non-infrastructure related services.

25(a) If yes, should an affordable housing ‘ring-fence’ be developed?

[Yes / No / Not sure. Please provide supporting statement.]

Proposed District Council response:

If there were any excess infrastructure revenues, then the provision of affordable housing should be ‘ring-fenced’. However, as set out in the council’s response to Question 25, it seems highly unlikely that there would be any excess infrastructure revenue that could be spent on other non-infrastructure related services.

Equalities Impacts

26. Do you have any views on the potential impact of the proposals raised in this consultation on people with protected characteristics as defined in section 149 of the Equality Act 2010?

Proposed District Council response:

No comment.

APPENDIX 2: SUMMARY OF PROPOSALS RELATING TO LOCAL PLAN AREAS AND CONSENT REGIMES

Local Plan Zoning	Types of area covered	Planning status	Policies and guidance	Development management regime
1. Growth areas	Comprehensive development (e.g. new settlements, urban extensions, regeneration areas, business parks)	Automatic outline permission on adoption of local plan	<ul style="list-style-type: none"> • Design codes • Local plan policies covering: land use; height and density; town centres; self-build homes, etc. 	Faster consent route: <ul style="list-style-type: none"> • Reserved matters; • Local Development Order; or • Development Consent Order for large-scale schemes
2. Renewal areas	Built areas suitable for infill development; small sites within or on edge of villages	Presumption in favour of development	As above	Faster consent route: <ul style="list-style-type: none"> • Automatic consent if scheme meets certain requirements; or • Local/Neighbourhood Development Order Where proposal is not in line with local plan – planning application still needed
3. Protected areas	Areas of Outstanding Natural Beauty; Conservation Areas; flood risk; Local Wildlife Sites; open countryside	No automatic presumption in favour of development	General policies in National Planning Policy Framework	Planning application still needed – to be judged against NPPF policies

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