



# Agenda

Meeting: **Cabinet**  
Date: **23 November 2022**  
Time: **3.00 pm (PLEASE NOTE CHANGE OF TIME)**  
Place: **Council Chamber - Civic Centre Folkestone**

To: **All members of the Cabinet**

All Councillors for information

The cabinet will consider the matters listed below on the date and at the time and place shown above.

This meeting will be webcast live to the council's website at <https://folkestone-hythe.public-i.tv/core/portal/home>.

Please note there will be 37 seats available for members of the public, which will be reserved for those speaking or participating at the meeting. The remaining available seats will be given on a first come, first served basis.

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 - 14)**

To consider and approve, as a correct record, the minutes of the meeting held on 20 October 2022.

## Queries about the agenda? Need a different format?

Contact Jemma West – Tel: 01303 853369  
Email: [committee@folkestone-hythe.gov.uk](mailto:committee@folkestone-hythe.gov.uk) or download from our  
website  
[www.folkestone-hythe.gov.uk](http://www.folkestone-hythe.gov.uk)

4. **Medium Term Financial Strategy 2023/24 to 2026/27 (Pages 15 - 54)**

The Medium Term Financial Strategy ('MTFS') is the Council's key financial planning document. It puts the financial perspective on the Council's Corporate Plan priorities, expressing the aims and objectives of the various plans and strategies in financial terms over the four year period ending 31<sup>st</sup> March 2027. It covers both revenue and revenue implications for capital spend for the General Fund. Also included are the Council's reserves policies. The MTFS is a key element of sound corporate governance and financial management.

5. **The Rural Prosperity Fund (Pages 55 - 64)**

This report presents an overview of the Governments Rural England Prosperity Fund (REPF) and details the allocation the Council will receive. The report outlines a recommended approach for use of the funding in an Addendum to the submitted UKSPF Investment Plan and seeks agreement for the delivery of the fund.

6. **New Three Year Grant Agreement (2023 -2026) for Shepway Citizens Advice Bureau (Pages 65 - 92)**

The Council has historically provided grant funding to the Shepway Citizens Advice Bureau (CAB) subject to formal three-year Grant Agreement (GAs). In recent years the funding was renewed on a yearly basis due to the global pandemic in 21 /22 and ongoing recovery in 22/23. It was agreed that a more detailed review of the work of the CAB would be carried out during 22/23 for future funding and to inform corporate budget development for future years. This report reviews the work of CAB and recommends that funding is continued for a further three years.

7. **Social Housing Decarbonisation Fund - Wave 1 Update and Wave 2 Bid application (Pages 93 - 98)**

This report provides a progress update to Cabinet on the successful award of the Social Housing Decarbonisation Fund Wave 1 (SHDF) application bid. It also outlines details of the proposed Wave 2 bid. The Wave 2 bid, if successful, will improve the energy efficiency and thermal performance of another 300 of the Council's worst performing housing properties using a 'fabric first' approach over a two-year period.

8. **Otterpool Park Education Provision (Pages 99 - 156)**

This report presents the approach by which it is proposed to deliver the education provision for Otterpool Park new garden town development. The report sets out the strategic principles which will underpin the approach and the role of the Otterpool Park Education Trust. The report also sets out a proposal to make an application for the first primary school at Otterpool Park to be a free school.

## **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:              | Council Chamber - Civic Centre Folkestone  |
| Date                  | Thursday, 20 October 2022  |
| Present               | Councillors John Collier, David Godfrey, David Monk (Chairman), Stuart Peall, Tim Prater, Lesley Whybrow and David Wimble  |
| Apologies for Absence | Councillors Ray Field  |
| Officers Present:     | Andy Blaszkowicz (Director of Housing and Operations), Gavin Edwards (Performance and Improvement Specialist), Ewan Green (Director of Place), Councillor Mrs Jennifer Hollingsbee, Amandeep Khroud (Assistant Director), Susan Priest (Chief Executive), Jonathan Smith (Senior Accountant), Charlotte Spendley (Director of Corporate Services), Adrian Tofts (Strategy, Policy & Performance Lead Specialist), Lee Walker (Capital and Treasury Senior Specialist), Jemma West (Committee Service Specialist) and David Whittington (Strategy & Policy Senior Specialist) |

NOTE: All decisions are subject to call-in arrangements. The deadline for call-in is Monday 31 October at 5pm. Decisions not called in may be implemented on Tuesday 1 November 2022.

#### 29. **Declarations of Interest**

Councillor Mrs Hollingsbee declared an OSI in respect of Minute Nos 41 and 42 (Otterpool Park Stewardship and Otterpool Park – proposed collaboration agreement with Homes England) due to her role as a Director of the Board. She indicated that she would move to the public gallery during consideration of the report, and would not participate in the debate or vote.

#### 30. **Minutes**

The minutes of the meeting held on 21 September 2022 were submitted, approved and signed by the Leader.

#### 31. **Oportunitas progress report 2022/23**

This report provided an update from the Board of Oportunitas Ltd (“the company”) on activities undertaken so far during the 2022/23 financial year, including a projected outturn for the profit and loss account for the period to 31 March 2023 compared to the original forecast. This report is in-line with the requirement contained in the Shareholder’s Agreement between the company and the Council.

Proposed by Councillor Peall,  
Seconded by Councillor Mrs Hollingsbee;

**RESOLVED:**

**That report C/22/49 be received and noted.**

(Voting figures: 8 for, 0 against, 0 abstentions).

**REASON FOR DECISION:**

Cabinet was asked to agree the recommendations because Oportunitas Ltd (“the company”) is required to provide regular updates to Cabinet as set out in the Shareholder’s Agreement between the company and the Council.

**32. Creating Tomorrow Together - Corporate Action Plan (2021-24) Progress update on actions**

The report provided a progress update on work undertaken so far to deliver the high-level actions documented within the Council’s Corporate Action plan that covers the three-year period (2021-24).

A member raised concerns about the proposal to demolish part of the Folca building to provide a new medical centre. A proposal was put and for this matter to be brought back to Cabinet. A vote was taken and the proposal was lost.

(Voting figures: 2 for, 5 against).

Proposed by Councillor Peall,  
Seconded by Councillor Collier; and

**RESOLVED:**

- 1. That report C/22/52 be received and noted.**
- 2. That the Corporate Action Plan progress updates set out in Appendix 1 be noted.**

(Voting figures: 8 for, 0 against, 0 abstentions).

**REASONS FOR DECISION:**

- The Council has a key role to play in making the district an even better place to live, work and visit. The action plan is designed to set out how the Council intends to deliver against the three year priorities defined within the corporate plan to ensure the primary needs of the district and residents are met

- It is essential that the Council has an action plan in place so that it can inform operational plans, financial plans, strategies and policies over the medium term.
- This report provides members with an update on our progress towards the three year (2021-2024) actions agreed.

**33. Quarter 1 Performance report 2022-23**

This report provided an update on the council's performance for the first quarter of the year covering 1<sup>st</sup> April 2022 – 30<sup>th</sup> June 2022. The report enables the council to assess progress against the approved key performance indicators arising from the Council's new Corporate Action Plan. Key performance indicators will be monitored during 2022-23 and reported to Members quarterly.

Proposed by Councillor Peall,  
Seconded by Councillor Wimble; and

**RESOLVED:**

- 1. That report C/22/45 be received and noted.**
- 2. That the performance information for Quarter 1 2022-23 in Appendix 1 be noted.**
- 3. That the ongoing review work being undertaken into the call levels being answered by Customer Services set out in section 3.1 be noted.**
- 4. That the inclusion of the additional KPIs set out in section 4.1 be approved.**

(Voting figures: 8 for, 0 against, 0 abstentions).

**REASONS FOR DECISION:**

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

**34. Treasury Management Monitoring Report 2022/23**

The report provided an update on the Council's treasury management activities that have taken place during 2022/23 against the agreed strategy for the year. The report also provided an update on the treasury management indicators approved by Cabinet earlier this year.

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

**RESOLVED:**

**That report C/22/53 be received and noted.**

(Voting figures: 8 for, 0 against, 0 abstentions).

**REASONS FOR DECISION:**

Cabinet is asked to agree the recommendations because:

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

**35. General Fund Capital Programme Budget Monitoring 2022/23**

The monitoring report provided an initial projection of the current financial position for the General Fund capital programme profiled for 2022/23, based on expenditure to 31 August 2022, and identifies variances compared to the latest approved budget.

Proposed by Councillor Peall,  
Seconded by Councillor Collier; and

**RESOLVED:**

**That report C/22/42 be received and noted.**

(Voting figures: 8 for, 0 against, 0 abstentions).

**REASONS FOR DECISION:**

Cabinet is asked to agree the recommendations 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.

**36. General Fund Revenue Budget Monitoring - 2nd Quarter 2022/23**

The monitoring report provided a projection of the end of year financial position of the General Fund revenue budget, based on expenditure to the 31 August 2022.

Proposed by Councillor Monk,  
Seconded by Councillor Peall; and

**RESOLVED:**

**That report C/22/41 be received and noted.**

(Voting figures: 8 for, 0 against, 0 abstentions).

**REASONS FOR DECISION:**

Cabinet is asked to agree the recommendations 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.

**37. HRA Budget Monitoring Quarter 2**



The monitoring report provided 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 2022.

Proposed by Councillor Godfrey,  
Seconded by Councillor Wimble; and

**RESOLVED:**

**That report C/22/43 be received and noted.**

(Voting figures: 8 for, 0 against, 0 abstentions).

**REASONS FOR DECISION:**

Cabinet is asked to agree the recommendations 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.

**38. Changing Places Grant (Round 2) - Grant Application**

The report provided details on a recent grant application for the Changing Places Grant (Round 2). If successful this will provide funding for three Changing Places Toilet Facilities within the District at the Coastal Park, Coast Drive Destination Project and FOLCA.

Proposed by Councillor Collier,  
Seconded by Councillor Prater; and

**RESOLVED:**

- 1. That report C/22/50 be received and noted.**
- 2. That the Expression of Interest submission to The Department for Levelling Up, Housing and Communities (DLUHC) for a £205,000 grant for capital funding towards the installation of up to 3 Changing Places toilet facilities be noted and approved.**
- 3. That authority be delegated to the Director of Housing and Operations to accept grant awarded towards the installation of up to 3 Changing Places toilet facilities, with appropriate update reports given in due course.**
- 4. That the ongoing revenue implications for cleaning be approved.**

(Voting figures: 8 for, 0 against, 0 abstentions).

**REASONS FOR DECISION:**

Cabinet is asked to agree the recommendations because approval is required to apply for, and accept, any Grant offered to the Council. The report also updates Members on the Grant applied for including ongoing revenue implications associated with installation of any funded Changing Places toilet facilities.

**39. Green and Blue Infrastructure Strategy**

The report introduced the draft Green and Blue Infrastructure Strategy Priorities and Opportunities Summary document. This is an evidence base document for the local plan and other future planning documents as well as being a material consideration for planning applications. The report also requested that a public consultation exercise is undertaken in relation to the Priorities and Opportunities Summary document.

Proposed by Councillor Whybrow,  
Seconded by Councillor Prater; and

**RESOLVED:**

- 1. That report C/22/47 be received and noted.**
- 2. That the draft Priorities and Opportunities Summary document (Appendix 1) be approved for consultation, subject to any amendments that Cabinet considers necessary.**
- 3. That authority be delegated to the Interim Assistant Chief Director of Corporate Services, in consultation with the Leader of the Council and Cabinet Member for the Environment, to make any amendments identified following consultation.**

(Voting figures: 8 for, 0 against, 0 abstentions).

**REASONS FOR DECISION:**

So that the council can consult on the draft Priorities and Opportunities Summary document presented in Appendix 1 to provide an opportunity for the public to comment and make suggestions, to identify joint working opportunities and to prioritise actions.

**40. Membership of the UK100 Network**

The report outlined the support that the UK100 network of local authorities can provide to assist Folkestone & Hythe District Council to meet its climate change objectives. The report seeks approval for Folkestone & Hythe District Council to join the UK100 network.

Proposed by Councillor Whybrow,  
Seconded by Councillor Prater; and

**RESOLVED:**

- 1. That report C/22/51 be received and noted.**

- 2. That the district council become a member of the UK100 network of local authorities.**

(Voting figure: 8 for, 0 against, 0 abstentions).

**REASON FOR DECISION:**

To support Folkestone & Hythe District Council in achieving its climate change objectives.

**41. Otterpool Park Stewardship**

The report presented the approach by which it is proposed to deliver the stewardship element the Otterpool Park new garden town development. The report set out the strategic principles which will underpin the approach to stewardship. The report outlined key considerations for the Council and sought agreement to establish a dedicated stewardship vehicle in line with the Otterpool Park Charter.

Proposed by Councillor Peall,  
Seconded by Councillor Wimble; and

**RESOLVED:**

- 1. That report C/22/46 be received and noted.**
- 2. That the overall approach to delivering stewardship as set out in the report be agreed.**
- 3. That the establishment of a stewardship vehicle as a Limited Liability Partnership and as a subsidiary of Otterpool Park LLP be agreed.**
- 4. That a further report return to Cabinet with more detail on the assets proposed to be transferred to the vehicle, the treatment of assets, and funding model supported in a detailed business plan.**

(Voting figures: 8 for, 0 against, 0 abstentions).

Prior to the debate on this item, Councillor Mrs Hollingsbee moved to the public gallery for the remainder of the meeting.

**REASONS FOR DECISION:**

Cabinet agreement is required to determine and agree the overall approach to delivery of stewardship and the establishment of a new stewardship vehicle as a subsidiary of the Otterpool Park LLP. The decision is required in advance of the Otterpool Park outline planning application being determined by the Local Planning Authority to confirm that the requirements of the policies related to Otterpool Park stewardship within the Core Strategy have been met.

**42. Otterpool Park - Proposed Collaboration Agreement with Homes England**

The report sought approval in principle to entering into a collaboration agreement with Homes England relating to the delivery of the Otterpool Park project.

Proposed by Councillor Monk,

Seconded by Councillor Peall; and

**RESOLVED:**

1. That report C/22/40 be received and noted.
2. That the principle of entering into a collaboration agreement with Homes England as outlined in the report be agreed.
3. That a further report be received on the details of the proposed collaboration agreement prior to any final decisions on the matter being made.

(Voting figures: 8 for, 0 against, 0 abstentions).

**REASONS FOR DECISION:**

Cabinet is asked to agree the recommendations in order that the Council and Otterpool Park LLP can proceed with detailed discussions on the collaboration agreement.

This Report will be made public on 15 November 2022



Report Number: **C/22/61**

**To:** Cabinet  
**Date:** 23 November 2022  
**Status:** Key Decision  
**Corporate Director:** Charlotte Spendley, Director of Corporate Services  
**Cabinet Member:** Councillor David Monk, Leader of the Council

**SUBJECT:** MEDIUM TERM FINANCIAL STRATEGY 2023/24 TO 2026/27

**SUMMARY:** The Medium Term Financial Strategy ('MTFS') is the Council's key financial planning document. It puts the financial perspective on the Council's Corporate Plan priorities, expressing the aims and objectives of the various plans and strategies in financial terms over the four year period ending 31<sup>st</sup> March 2027. It covers both revenue and revenue implications for capital spend for the General Fund. Also included are the Council's reserves policies. The MTFS is a key element of sound corporate governance and financial management.

#### **REASONS FOR RECOMMENDATION:**

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

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

#### **RECOMMENDATIONS:**

1. To receive and note Report C/22/61.
2. To recommend to Full Council that the Medium Term Financial Strategy, as appended to this report, is adopted by Full Council.
3. To recommend to Full Council that the Reserves Policy outlined in appendix 3 be adopted.

## **1. THE MEDIUM TERM FINANCIAL STRATEGY (MTFS)**

- 1.1 The MTFS is the Council's key financial planning tool and underpins the strategic approach to managing the Council's finances. It is a live document which needs to be periodically reviewed to reflect changing priorities and objectives. As the MTFS outlines the financial resources necessary to deliver strategic priorities, it should not be viewed in isolation but as part of the wider corporate process.
- 1.2 The Council last reviewed the MTFS at its meeting of 24 November 2021. The attached MTFS has updated the document agreed at that point based on the work completed to date through the budget setting process, and in the preparation of the 2023/24 budget. The detailed budget strategy, which sets out the detailed preparation for the 2023/24 budget, will be presented to Cabinet at its meeting in December. The MTFS provides the medium term view of the financial position of the Council.
- 1.3 The attached document reflects a summarised version of the key financial elements facing the Council. It covers key areas of the Council's finances and in particular updates the financial projections which are of importance at this stage of the process and considers emerging issues including legislative requirements and the new corporate plan. Every effort has been taken to incorporate the impact of the recovery from the pandemic both on the Council's finances and the wider economic impact as well as other key factors such as utilities cost rises and the impact of Otterpool over the medium term. However, the MTFS is a high level planning document and it is accepted that there will be a need to continue to monitor and review our assumptions on these projections and be agile.
- 1.4 As in recent years, local authority financial management is set against a background of uncertainty and the MTFS is subject to influence outside the Council's control. A three-year spending review (SR21) was announced for local government last year and runs from 2022/23 through to 2024/25. This Spending Review provided high level indications for the direction of the Provisional Local Government Finance Settlement which will be announced in December. Cabinet will also be aware that the Government under direction of the new Prime Minister, is due to announce a new Medium Term Fiscal Plan on 17 November 2022. The details contained in this fiscal plan are likely to impact upon Local Government and its funding settlement for 2023/24 onwards. The results of the Fiscal Plan and from the Provisional Local Government settlement will be reported to Cabinet alongside the detailed budget position for 2023/24 in January 2023.
- 1.5 The current strategy has been developed in the context of the current period of uncertainty, with the war in Ukraine on-going, the effects of the current economic climate including energy price rises and cost of living crisis. Also, with inflation running at high levels and interest rates and the cost of borrowing rising rapidly. As such, assumptions have had to be made with regard to future income streams and assessments of future government grant and permissible increases to Council Tax. Although these are very much best estimates, they are taken in the context of the current economic

climate and the uncertainties identified above. As such, a difficult but realistic forecast of income trends has been incorporated into this MTFS model.

- 1.6 There is a long-term pressure upon the finances of the Council as the MTFS shows. The pressures are a combination of continued downward projections of central government support for local authorities, inflationary cost pressures, increased borrowing costs due to interest rate rises and demand for services. Despite a strong recovery, there are also still concerns about COVID-19 and its impact on residents and businesses in the District.
- 1.7 The current MTFS forecasts a cumulative funding gap of £18.5 million over its lifetime to 2026/27. Much of this pressure is faced year on year and therefore needs to be addressed through the base budget in the early part of each year. The Council does have reserves to help mitigate the impact of the deficits in the MTFS, but these reserves will diminish over time and are not sufficient (at this point in time) to absorb the deficit over the four year period. It should also be noted that the Council has a Reserves Policy (Appendix 3) which sets out the required level of reserves. No changes are proposed to the Reserves Policy which is included as previously agreed and for completeness. Future income from initiatives such as Otterpool Park and efficiency savings will be required to help bridge the MTFS funding gap.

1.8

| Financial Forecast  | 2023/24<br>£000 | 2024/25<br>£000 | 2025/26<br>£000 | 2026/27<br>£000 |
|---------------------|-----------------|-----------------|-----------------|-----------------|
| Deficit / (Surplus) | 4,286           | 4,501           | 4,961           | 4,751           |
| Cumulative Deficit  | 4,286           | 8,787           | 13,748          | 18,499          |

- 1.9 The position set out above is in advance of the budget strategy which will be presented to Cabinet at its meeting in December. That will seek to address the detailed measures to consider the deficit for 2023/24 in terms of identifying savings but also any known cost pressures. In light of the increasing pressures facing the Council, all budget considerations will look at the impact in future years and the sustainability of any options.
- 1.10 The MTFS covers the key aspects of the Council's future plans to address the projected deficit and also to place the Council on a sustainable and secure footing for the future. This is an overarching view and detail will be found in subsequent reports to Cabinet and Council.
- 1.11 The MTFS is included within the appendices to this report and sets out the financial forecast for the Council.

## 2. RISK MANAGEMENT ISSUES

2.1 A summary of the perceived risks follows:

| Perceived risk  | Seriousness | Likelihood | Preventative action   |
|---|-------------|------------|---|
| The Council does not remain up to date up to date with changes in legislation and other developments. | High        | Low        | <p>Financial Services are keeping abreast of finance changes.</p> <p>Assistant Directors and Chief Officers to keep up to date with / communicate changes to their areas of work.</p> <p>MTFS is prepared in consultation with all directorates to ensure such changes are identified</p>   |
| Assumptions may be inaccurate   | High        | Medium     | <p>Budget monitoring process is up to date and a close eye is being kept on financial developments nationally. Assumptions are constantly reviewed and amended in light of information received.</p> <p>The MTFS was completely refreshed with service input from all areas during Autumn 2022. There are opportunities to review, and amend, assumptions for the 2023/24 budget up to the point of Cabinet</p> |



| Perceived risk  | Seriousness | Likelihood | Preventative action recommendation in February 2023.  |
|---|-------------|------------|---|
| Local Government Finance Settlement is worse than anticipated.          | High        | Medium     | Realistic assumptions have already been included and any new information is being assessed as to its likely impact. This is subject to ongoing review especially given the changes in future funding arrangements.  |
| MTFS becomes out of date  | High        | Low        | This is reviewed annually through the budget process.<br><br>Should an exceptional event occur then the MTFS could be updated at any time.  |
| Significant financial shocks worsen the current position of the council | High        | Medium     | There is ongoing monitoring of the overall financial position and climate and by adopting the MTFS a longer term time horizon is maintained to anticipate and respond to uncertain events. A prudent approach to the impact of COVID and the war in Ukraine with associated impact on financial and energy markets on assumptions have been made. An MTFS stress testing exercise is being undertaken |

| Perceived risk | Seriousness | Likelihood | Preventative action  |
|----------------|-------------|------------|--|
|                |             |            | alongside a self-assessment against the CIPFA Financial Management standards and review of CIPFA's financial resilience index. |

### **3. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS**

#### **3.1 Legal Officer's Comments (NM)**

There are no specific direct legal implications set out in the report. The legal duty to spend with propriety falls under s151 of the Local Government Act 1972.

#### **3.2 Finance Officer's Comments (CS)**

There are no direct financial consequences arising from this report. However the strategy will influence the management of the council's resources ensuring that the focus is on the objectives and targets outlined in the corporate plan.

#### **3.3 Diversity and Equalities Implications (CS)**

There are no diversity and equality implications arising from this document. When the budget for 2023/24 is prepared, an Equalities Impact Assessment will be completed.

#### **3.4 Climate Change Implications (OF)**

The Medium Term Financial Strategy covers the key aspects of the council's future plans to address the projected financial deficit and also to place the council on a sustainable and secure financial footing. It is an overarching document and detail will be found in subsequent reports to Cabinet and Council.

Climate change implications of the various projects referenced in the Medium Term Financial Strategy (Annex A) will be assessed as part of the development and implementation phases of those projects through the appropriate decision-making processes.

#### **3.5 Communications and Engagement Implications (KA)**

There are no communication implications arising from this report.

#### **4. CONTACT OFFICERS AND BACKGROUND DOCUMENTS**

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

*Charlotte Spendley, Director of Corporate Services*

*Tel: 07935 517986 E-mail: [charlotte.spendley@folkestone-hythe.gov.uk](mailto:charlotte.spendley@folkestone-hythe.gov.uk)*

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

No background documents have been used.

##### **Appendices:**

1. Medium Term Financial Strategy 2023/24 – 2026/27
2. MTFS workings
3. Reserves Policy
4. MTFS summary of variations
5. MTFS assumptions used (indices)

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# MEDIUM TERM FINANCIAL STRATEGY

## 2023/24 TO 2026/27

(Version produced in November 2022)



## **MEDIUM TERM FINANCIAL STRATEGY**

### **Introduction**

The Medium Term Financial Strategy (MTFS) is one of the key strategies of Folkestone & Hythe District Council and is a four year strategy that sets out in financial terms the Council's commitment to provide services which meet the needs of the people locally and that represent good value for money.

This document sets out the key challenges and approach of the Council in relation to the Council's MTFS and it provides an integrated view of the whole of the Council's finances and it also maps out the objectives to be secured, policies to be applied and risks to be managed over the period. It links the Council's vision and priorities with its financial budgets and details how the Council's finances will be structured and managed to ensure that this fits with, and supports, the priorities of the Council and its partners.

Since the introduction of austerity in 2010, local government has taken a disproportionately large share of the reductions in public expenditure as part of efforts to balance the nation's finances and the previously integral part of Local Government funding that was Revenue Support Grant is now completely phased out for this District as well as most other Councils.

In terms of a backward look, the local and national financial picture in 2020/21 and 2021/22 was heavily influenced by the COVID-19 pandemic. Whilst the Council received a substantial amount of government funding for COVID-19 in 2020/21 and some funding in 2021/22 this strategy assumes there will be no specific additional expenditure and/or grant funding relating to COVID-19 and the MTFS reflects this in the multi-year plan. There are at present, no commitments regarding any further longer term COVID funding for local authorities.

### **Local and National funding – the current year**

During the current financial year 2022/23 a number of new and significant pressures have arisen for both Central and Local Government, these being:-

- The war in Ukraine and its impact on the world economy and financial climate
- Unprecedented increases in the price of utility costs such as electricity and gas
- Huge fluctuations in the price of crude oil and supply side pressures
- Significant increases in consumer price inflation (CPI) now at 10.1% in the U.K.
- Rapidly increasing Bank of England base rates, now at 3% (as of 03/11/2022) with further increases possible to combat inflation
- Increases in the cost of borrowing due to higher interest rates
- Turbulent political times recently at national Westminster level
- Volatility in the bond and currency markets affecting the financial climate

All of the events above have led to an environment of increasing financial pressure, and great uncertainty over the future financial support that is available to local government for 2023/24 and onwards.

The Chancellor of the Exchequer, the Right Honourable Jeremy Hunt MP, made a statement on 17 October 2022 bringing forward a range of fiscal measures in advance of the Government's new Medium-Term Fiscal Plan, which was due to be announced on 31 October 2022. This has now been put back to 17 November 2022 - as announced by the Government on 26 October 2022.

The Chancellor also signalled in his statement that further savings may be required as the Government may have to bridge a funding gap of £28bn if it is going to meet its fiscal target of falling debt by the medium term. In light of this, the Chancellor advised that government departments will be asked to find efficiency savings within their budgets.

Alongside potential savings to bridge the gap, the Government may possibly consider some increases in taxation, the possibility of a VAT increase to 2.5% (which would raise an estimated £15-16bn). The Treasury is also reviewing a Council Tax rise above the current referendum limit for Councils. A 1% increase in the "core" Council Tax (excluding the Adult Social Care precept) nationally would raise an additional £312m for this sector as a whole.

In the short term, Local Government will also need to know whether the Spending Review 2021 (SR21) allocations will be honoured, as this covered a three year period to 2024/25. The new Chancellor has not made a commitment yet, and so it is possible that cuts will be seen in this review. Indications are that capital projects are a more likely target than revenue savings in the short term, and that any efficiency savings would have to be re-cycled within departments.

Folkestone and Hythe District Council like others, is unlikely to receive any clarity about future funding until 17 November 2022 when the Medium Term Fiscal Plan details are released. It is hoped that the details in the plan, likely to be at the macro level, will give Local Government an early indication of what may be contained in the settlement for 2023/24.

It is anticipated at this stage, that the Provisional Local Government Settlement will still be announced in December as usual and not delayed. This settlement announcement advises all Councils of their key Spending Funding Assessment (SFA) numbers for the next financial year. A final Local Government Settlement is published in late January to confirm final numbers.

Further details of the possible funding assumptions for this Council are detailed below in the detailed sections of this strategy report.

## Medium Term Financial Plan update and rationale

Medium Term financial planning is critical in ensuring that the Council has a clear understanding of the level of available resources, the costs of delivering services and plans for new projects and services. This financial planning facilitates strategic choices around service delivery, efficiency and service reductions. The MTFPS informs the annual budget process and the Council has a legal requirement to set a balanced budget each year.

The last Government Spending Review 2021 (SR21) was announced on 27 October 2021 alongside and set out the Government's spending priorities, resource and capital budgets and devolved administrations' block grants for the three years from 2022/23 to 2024/25. Key measures announced in the Spending Review for local government included:

- Council tax thresholds will remain at similar levels to recent years, with the threshold for "core" Council tax increases remaining at 1.99% (and the adult social care precept by a further 1%). Confirmation of the thresholds will be in the provisional settlement.
- Local government in England will receive an additional £4.8bn increase in grant funding over the next 3 years (£1.6bn in each year).
- There was also smaller allocations within the core funding announcement, including £200m for the "cross-government Supporting Families programme", £37.8m for cyber security, and £34.5m to "strengthen local delivery and transparency".

It is important to note that the Local Government grant increase (above) of £4.8bn was £1.6bn per year. This means that after adding £1.6bn to base budgets in year one (2022/23), the following years of 2023-24 and 2024-25 are flat cash with no further growth for inflation pressures or pay award.

Furthermore, there were no announcements in the review about local government funding reforms (Fair Funding Review or business rates changes) and so it is anticipated that they have been pushed back to at least 2025/26 if not later. Latest updates (at October 2022) suggest that the Fair Funding Review is being modelled for 2025/26 with a view to implementation in 2026/27. Therefore the longer term funding picture continues to remain unknown and uncertain, which makes financial planning in the long term more challenging.

In response to the financial challenges experienced over the past ten years, local government has innovated, streamlined services and increased productivity over recent years. The Government's plans to devolve more responsibilities to local government through the localisation and retention of business rates have been delayed again. This work is currently being considered alongside the Fair Funding Review.

The Government is currently considering how to help local businesses in the challenging economic climate, due to increases in energy costs and interest rates. As a result this could lead to a freeze or cap in the small business rates multiplier for 2023/24. In short, this could mean that Councils will not be able to benefit from



increasing business rates yields at the rate of CPI, unless Central Government compensates Local Government as part of the 2023/24 settlement package. Again, further news is awaited in the Chancellor's Fiscal Plan due on 17 November 2022. In the meantime the Council remains part of a business rates pool with a number of other Council's in the County to maximise yields wherever possible and share benefits.

In terms of Council Tax, the current referendum limit for District Councils for the core element is 1.99% or £5 whichever is the greater. It is possible that the Fiscal Plan may vary this to give Councils an opportunity to raise Council Tax above this level. The outcome of that review at HM Treasury is still awaited.

In summary, the MTFs is a critical document in setting out the Council's approach to establishing a strong financial base to enable the Council's policies and priorities to be delivered whilst ensuring the Council's finances are sustainable and in-line with latest policy from Central Government. Within the document are some key issues which will need to be tackled due to the financial pressures outlined in the introductory sections of this strategy report. The Council's annual budget setting and strategy process will set out the detailed actions required to meet these but will in all cases be consistent with the direction and objectives of the MTFs.

### **Folkestone and Hythe Council - the Current Position**

Folkestone and Hythe Council is a coastal district in south eastern England and home to a diverse collection of towns, villages and environments. It covers an area of 140 square miles and has a population of over 100,000 people with approximately 48,122 dwellings in the district. The majority of the residents live in urban areas (67%) with the remaining 37% to be found living in rural areas. The Council has responsibility for a wide range of services including waste collection, planning, environmental enforcement, housing and homelessness, parking and grounds maintenance. In 2022/23 the Council planned to spend approximately £18.3 million per annum net revenue (after income) on expenditure for services.

Continuing challenges for the Council to consider when establishing its priorities and financial strategy include, but are not limited to: considerable deprivation relative to the national average but with significant inequality within the District; rural areas have poorer access to services and facilities; the district suffers from high levels of disability/long term illness, reflecting, in part, the relatively high proportion of older people living in the District and bringing associated demands on local services; an increasing demand for housing is outstripping supply and there are rising house costs particularly in the private rental market as well as high demand for affordable housing and increasing levels of homelessness.

To add to this list in 2022/23 are increasing mortgage interest rates for home owners, unprecedented increases in the cost of living due to increases in gas and electricity costs, pay rises not linked to CPI rates and the growing use of food banks and potential homelessness.

## The Council's Aspirations

Following a period of public consultation, the Council has outlined its vision and strategic objectives in the new Corporate Plan 2021/2030 – Creating Tomorrow Together:

The plan is focused on four service ambitions, positive community leadership, a thriving environment, a vibrant economy and quality homes and infrastructure and by 2030 will have achieved the following:

### Creating Tomorrow Together

- **Positive community leadership** – local leadership in community services will be recognised for the vital contribution in creating a sense of place, health and wellbeing. This will be a shared ambition with partners across our communities. Local leadership will address many of the inequalities that exist between our communities and we will have improved access to services in our most deprived neighbourhoods. A strong and distinctive sense of place will prevail.
- **A thriving environment** - we will be recognised as an outstanding place and known as a green exemplar Council. Across the district, we will ensure excellent accessible open spaces for all. We will have invested in green infrastructure to enhance our superb natural environment and the Council itself will generate net zero carbon emissions.
- **A vibrant economy** - Folkestone & Hythe will have a thriving, distinctive and dynamic economy. It will have capitalised on major investment, will have responded positively to the structural challenges facing high streets, and will enjoy a diverse range of economic opportunities in its towns and rural areas. Building on its excellent connectivity it will attract more, higher-value employment, driving aspiration and demand for skills.
- **Quality homes and infrastructure** - Residents in Folkestone & Hythe will have better access to a wider choice of homes. New development will embrace high standards of sustainability and the district will be delivering planned, high quality housing with the necessary infrastructure to meet identified need, anchored by an ambitious new Garden Town at Otterpool Park.

At the heart of everything the Council does, it wants to build sustainable, resilient and prosperous communities and has set out six guiding principles to run through all activities, they are:

- **Locally Distinctive**
- **Sustainable Recovery**
- **Greener Folkestone & Hythe**
- **Transparent, Stable, Accountable & Accessible**
- **Working effectively with partners**
- **Continuous Improvement**

The Council has also developed a detailed action plan which provides focus for the first three years and outlines the outcomes anticipated to be delivered over that period relating to the Corporate Plan service ambitions.

The Council will continue to deliver a range of major projects as outlined in the plans and initiatives focusing on putting the community and our customers first, whilst ensuring financial stability, and continuing on the journey of service improvement alongside realising development projects at sites including Mountfield Industrial Estate, Biggins Wood and ultimately, Otterpool Park – a garden town for the future and the creation of new homes in-line with the Council's Local Plan.

### **Strategic Financial Objectives**

The MTFs covers all areas of Council spending and is underpinned by the strategic financial objectives as set out below:

- To maintain a balanced Budget such that expenditure matches income from Council Tax, fees and charges, and government and other grants and to maintain that position.
- To maximise the Council's income by setting fees and charges, where it has the discretion and need to do so, at a level to ensure at least full cost recovery, promptly raising all monies due and minimising the levels of arrears and debt write offs.
- To ensure a long term sustainable view is taken of any investments and the appropriate risk analysis is provided in considering those.
- To set a rate for Council Tax which maximises income necessary for the Council to deliver its strategic objectives but ensures that government referendum limits are not exceeded. The percentage increase will be reviewed annually.
- To ensure resources are aligned with the Council's strategic vision and corporate priorities.
- To safeguard public money and ensure financial resilience.
- To maintain an adequate and prudent level of reserves.

The Council faces a number of difficult financial decisions if it is to achieve its corporate priorities in the current economic and financial climate which remains challenging. Effective prioritisation and management of resources therefore continues to remain significant for the coming years. It is prudent to assume a limited level of support from Central Government in the next years and if the U.K. enters a challenging period despite its ambition to grow the economy and boost investment within the sector.

Supporting the production of the delivery of sound financial planning for the Council are several Council wide documents and programmes including:

- The Corporate Plan 2021 – 2030 ‘Creating Tomorrow Together’
- Council Constitution, Part 10 – Financial Procedure Rules, Contract Standing Orders and Auditing the Council
- Economic Development Strategy
- The Medium Term Financial Strategy
- The HRA Business Plan
- Housing Delivery Action Plan
- The Council’s Capital Strategy and Investment Strategy (Treasury Management)
- CIPFA Financial Management Code self-assessment and action plan
- The investment in longer term strategic developments to secure the financial future of the Council
- The development of the garden town at Otterpool Park with a long term financial benefit for the Council and establishing sustainable communities for the future
- Otterpool Park LLP Business Plan
- The Folkestone Place Plan
- A sustainable and prudent reserves policy to underpin the financial resilience of the Council

An MTFS stress testing exercise is now executed annually alongside a self-assessment against the CIPFA Financial Management (which had to be introduced in 2022/23) standards and review of CIPFA’s financial resilience index. The MTFS stress test ensures that the Council can constantly monitor a series of best and worst case scenarios to ensure that its financial plans are robust and based on varied assumptions.

The range of strategy documents and approaches provides the overall strategy of the Council in delivering its future agenda and as a combination they are owned by the Council as a whole. This MTFS brings together the financial strands of that approach in the context of the current financial climate and essentially provides a golden thread that runs through all the Council’s plans to ensure sound financial planning, management and stewardship.

### **Budget Process**

The MTFS represents an overarching view of the finances of the organisation. It is the document that takes a medium term view of the financial environment the Council is operating in, and looks to anticipate future demands and pressures so the Council can make longer term decisions over its financial sustainability. In addition to this, there are a number of key documents which contribute to the overall financial health of the organisation. These are:

- The Budget Strategy. This is produced on an annual basis and sets out the strategy for setting and managing the budget for the new financial year. It is here the detailed decisions on expenditure are taken including determining

key growth and savings and fees and charges for the year ahead. MTFS assumptions are also refined for further details where these are available. For 2023/24, the Budget Strategy will also include the implications and impact for the Council that are contained in the Medium Term Fiscal Plan that is due to be announced by the Chancellor of the Exchequer on 17 November 2022 (where feasible given the time restraints).

- The detailed revenue estimates. These represent the operational detail for the following year's budget and form the basis of the following years budget monitoring and management.
- The Medium Term Capital Programme. This sets out the Council's capital expenditure plans over the medium term. This also informs the revenue budget of the costs and implications of any proposed developments. For 2023/24 this is highly critical due to the increased costs of capital financing as a result of increased interest rates and long term borrowing rates.
- The Housing Revenue Account. This sets out the annual capital and revenue budget for the Council's housing stock and links to the 30 year business plan. For 2023/24 the impact of CPI inflation on costs, borrowing and rent increases or a cap on increases will be a key consideration.
- The Treasury Management, Capital and Investment strategies. These documents set out the approach to managing the cash available to the Council and how to maximise its value to the Council. They also consider all of the Council's investments and plans to achieve future returns over the longer term. Again, the strategy for 2023/24 will be crucial to the impact of interest rate increases on both investments and borrowing costs for the Council.
- Fees and Charges. This sets out a corporate view of the fees and charges which are levied by the Council for consideration each year.

Together these reports lead to the final Council Tax setting report that will be presented to Full Council in February 2023 and the agreement of the Budget for the new financial year.

## **Financial Pressures and Projections**

The last seven years have seen significant shifts in funding for the local government sector. The spending review in 2015 confirmed a transition away from direct central government Revenue Support Grant (RSG) and for Folkestone and Hythe this grant was consistently reduced from £4.901 million in 2013/14 to nil. This is in line with the Government's intention to see more money raised locally for its core spending base from local taxation (Council Tax and Business Rates) to provide local services. The Government's intention was to introduce a new funding regime for Local Government based on a Fair Funding formula coupled with a major review of the Business Rates system to help Councils keep more of their business rates growth.

Since April 2020, there have been constant delays and set-backs to the introduction of the Fair Funding Review. The review was anticipated to make major changes in the structure of local government finance including local business rates retention, a revised allocation of resources and new arrangements to replace the New Homes Bonus to reward those Councils which support home building. A spending (SR21) was finally announced on 27 October 2021 alongside an Autumn Budget and this set

out the government's spending priorities and funding plans for 2022/23 through to 2024/25. However, whilst this provided a steer of the financial impact for the Council over this period, the Council like others is still be dependent upon a local government settlement that is announced annually in December. This is known as the Provisional Local Government Finance Settlement.

The degree of uncertainty to the projections made within the MTFS remains on-going and funding announcements will have to be factored into the MTFS as they are announced. The Government's new Medium Term Fiscal Plan is due to be delivered on the 17 November 2022 and this plan is expected to lay out how the current £28bn funding gap will be addressed. There is also likely to be an Autumn Statement or Budget in late November to support this.

The Council's financial recovery from the COVID-19 pandemic in 2021 and 2022 has been strong with income and collection rates recovering at a steady rate and this continued into the current financial year 2022/23. The grants received from Central Government to provide essential support to businesses have also been fully received and accounted for and no further grant funding is expected during this phase of the recovery.

For 2023/24, a range of different economic factors have had to be considered in the MTFS, in light of the rapid rise in CPI inflation and increases in utility costs and the cost of living crisis. There has been turbulence in the financial markets and the costs of borrowing for Local Government has increased markedly due to the above factors. Many of these factors have not been previously expected by Councils and so most Medium Term Financial plans have had to be re-cast to allow for these changes, some of which are still considered variable due to the uncertainty in the economic and financial environment that U.K. faces.

As many economic commentators have reported, Councils currently faces a future of "known-unknowns" and this makes for a period of great uncertainty in terms of effective financial planning. As such, the forecasts set out below for the MTFS recognise current service levels plus any known and agreed variations. They are based on a continuation of those service levels and reasonable assumptions in relation to pay and price inflation and other known pressures. The forecast is based on a mid-range scenario and will need to be updated in line with government announcements and as new information becomes available as detailed in the introductory sections of this strategy report.

The current MTFS forecast, set out at Table 1 below, and identifies the ongoing pressure the Council is facing and it is clear to see that the Council faces marked increases in cost and price pressures in years 2023/24 onwards. It should be noted that at this stage, the MTFS excludes any service growth, savings and fees and charge increases for 2023/24 as these are to be considered as part of the Council's Budget Strategy which will be submitted to Cabinet in November 2022.

Table 1 – Medium Term Financial Forecast

| Financial Forecast  | 2023/24<br>£000 | 2024/25<br>£000 | 2025/26<br>£000 | 2026/27<br>£000 |
|---------------------|-----------------|-----------------|-----------------|-----------------|
| Deficit / (Surplus) | 4,286           | 4,501           | 4,961           | 4,751           |
| Cumulative Deficit  | 4,286           | 8,787           | 13,478          | 18,499          |

A more detailed presentation for the MTFS is attached at Appendix 2. Some of the key underlying assumptions and drivers are set out in the paragraphs below:

### **Council Tax**

Council Tax is one of the key core funding streams for the Council and accounts for approximately two thirds of the Council's income. Although this is a significant funding source, it is subject to restrictions by central government. The Localism Act included a requirement to hold a local referendum if any Council Tax increase is deemed 'excessive' and this level is currently set at 2% by central government, or £5 for a district Council. Further details will be announced in November or December on the Governments plans for the referendum limits for 2023/24. It is possible that changes to these limits may be introduced by the Government as highlighted in the introductory sections of this strategy report.

The MTFS as presented here, assumes an ongoing Council Tax increase of 2% per annum however this will be subject to a member decision on an annual basis dependent on circumstances at the time. A 2% increase in Council tax, based on the revised Council tax base and other adjustments, will raise approximately £208k for the Council in 2023/24, which is approximately 1.2% of net revenue spend (excluding Town and Parish precept costs).

### **Use of Reserves**

The Council has a level of reserves which includes a General Fund Reserves Balance and a level of Earmarked Reserves. These reserves provide the Council with some protection against the difficult economic times and short term gaps in funding. The level of reserves currently held by Folkestone and Hythe gives it a secure financial base however it is important to have an appropriate balance between supporting the financial position of the Council and planning the delivery of services. The Council has identified specific uses for much of the reserves including setting aside sums to support the regeneration of High Streets and sums to support the Council's carbon net zero ambitions amongst other key priorities. Whilst the Council will seek to continue to add to earmarked reserves and seek to deploy them for their intended purpose, in

the current financial climate it may be necessary to deploy reserves for other important needs.

The Council had to use a level of reserves to balance its 2022/23 Budget and this may also have to be considered for the 2023/24 Budget due to the likely cost pressures outlined in the earlier sections of this strategy report.

**Appendix 3** to this report sets out the Council's overall reserves policy and the context in which decisions are made as to the appropriate level of reserves.

The Council's prudent approach to reserves means that a number of investments have been made using reserves to support initiatives such as Oportunitas (a company wholly owned by Folkestone & Hythe District Council to provide more homes for local people and to promote new employment and housing opportunities across Folkestone and Hythe) contributions towards Mountfield Road Industrial Estate and the acquisition of Folca. Table 2 below shows the levels of reserves currently available as reported to Cabinet at Quarter 2 in 2022/23.

(See next page for table)



**Table 2 – Reserves available at Q2 – 2022/23 as reported to Cabinet in October 2022**

| Reserve                           | Balance at 1/4/2022<br>£'000 | Latest Budget<br>£'000 | Projection<br>£'000 | Change<br>£'000 | Balance at 31/3/2023<br>£'000 |
|-----------------------------------|------------------------------|------------------------|---------------------|-----------------|-------------------------------|
| <b>Earmarked</b>                  |                              |                        |                     |                 |                               |
| Business Rates                    | 2,662                        | (803)                  | (1,021)             | (218)           | 1,641                         |
| Leisure Reserve                   | 447                          | 50                     | 50                  | 0               | 497                           |
| Carry Forwards                    | 1,356                        | (144)                  | (144)               | 0               | 1,212                         |
| VET Reserve                       | 287                          | (217)                  | (214)               | 3               | 73                            |
| Maintenance of Graves             | 12                           | 0                      | 0                   | 0               | 12                            |
| New Homes Bonus (NHB)             | 1,997                        | (1,589)                | (1,589)             | 0               | 408                           |
| Corporate Initiatives             | 960                          | (18)                   | 26                  | 44              | 986                           |
| IFRS Reserve                      | 5                            | 0                      | 0                   | 0               | 5                             |
| Economic Development              | 1,985                        | (1,546)                | (915)               | 631             | 1,070                         |
| Community Led Housing             | 310                          | (55)                   | (55)                | 0               | 255                           |
| Lydd Airport                      | 9                            | 0                      | 0                   | 0               | 9                             |
| Homelessness Prevention           | 958                          | (21)                   | (21)                | 0               | 937                           |
| High Street Regeneration          | 1,575                        | (543)                  | (418)               | 125             | 1,157                         |
| Climate Change                    | 4,880                        | (854)                  | (880)               | (26)            | 4,000                         |
| Covid Recovery                    | 3,526                        | 0                      | (874)               | (874)           | 2,652                         |
| <b>Total Earmarked Reserves</b>   | <b>20,969</b>                | <b>(5,740)</b>         | <b>(6,055)</b>      | <b>(315)</b>    | <b>14,914</b>                 |
|                                   |                              |                        |                     |                 |                               |
| <b>Total General Fund Reserve</b> | <b>3,112</b>                 | <b>2,911</b>           | <b>6,058</b>        | <b>3,147</b>    | <b>6,058</b>                  |

### **New Homes Bonus Funding (NHB)**

The New Homes Bonus was introduced in 2011/12 and has become an important funding source for Councils. It is designed by Central Government to incentivise new house building. Local authorities are rewarded with a financial bonus, equal to the national average Council Tax on each additional property built and paid for the following six years after the occupation as a non-ring fenced grant. This bonus is currently split in two tier areas 80% to the District Council and 20% to the County Council and includes where properties which have been empty for more than six months are brought back into use. There is also an enhancement for affordable homes.

In recent years, the government set out its intention to end New Homes Bonus, however with the delays to the Fair Funding Review its future for 2022/23 and beyond remains unclear. The intention is to replace this mechanism with a different means of incentivising and rewarding housing growth. The detail of this continues to be unknown at this time and the MTFs for 2023/24 assumes no further awards in this respect.

Currently, the Council has a residual reserve of unused New Homes Bonus of £408k (see Table 2 above) and this is available for use if approved as part of the Budget

Strategy. It should be noted that the Council utilised £1.3m of its then New Homes Bonus balance in 2022/23 to balance its Budget. This reserve is likely to be fully depleted in 2023/24 unless the Government provide a compensating alternative.

### **Business Rates (Non Domestic Rates)**

The Governments long standing Business Rate Scheme scheme through which local authorities would be able to retain a proportion of any business rates growth above a set baseline. The purpose was to give local authorities a financial incentive to encourage and foster economic growth within their area and to work collaboratively with other authorities and business organisations to achieve that growth. Whilst this scheme has been broadly welcomed by local authorities, there are concerns over the potential volatility of this income stream with the level of appeals and that even a small variation in the overall revenue generated can carry a significant financial impact. The government is currently undertaking a review of how business rates operate and has stated its intentions to achieve 75% localisation of business rates, the commencement of this proposal has been delayed alongside the Fair Funding Review.

With regard to the MTFs, the Council has welcomed the emphasis on economic growth but has been cautious about building this into the base budget. Part of this is due to the impact of appeals and the volatility of the income which makes it more complex to forecast. Where possible, any surpluses have been placed within a reserve until there is a degree of certainty that they can be used which may well not be until the following financial year. This is prudent management to manage the natural fluctuations of the business cycle.

The role of business rates in the funding of the Council will be affected by the Fair Funding Review. The full impact of this will only become clear as proposals are developed with likely implementation from 2025/26. This adds a further element of uncertainty to the projected position and suggests caution is needed in any future projections.

It should also be noted that there is a Business Rate re-valuation due for 1 April 2023 and Councils are currently awaiting the result of the exercise from the Valuation Office Agency (VOA).

### **Climate Emergency**

The Council formally recognised, in 2019, that there is a climate & ecological emergency and has agreed to commit to a number of activities which will reduce its carbon footprint and which will move towards a carbon neutral district. A Working Group has been established to consider the options and implications and an Action Plan for our own estate has been adopted and a district wide strategy is anticipated to be created during 2022. The Council has allocated funds to an earmarked reserve to manage the financial implications of the actions required and facilitate progress on the agenda. The Council has a Climate Change reserve and this reserve currently holds £4.0 million.

## Future Strategies

The current negative forecast means that there will need to be significant work undertaken to address the forecast deficit over the term of the MTFS. Set out below are some of the key areas to be developed through the 2023/24 budget strategy and beyond to address those financial challenges.

**Re-focusing of Priorities:** The Council needs to prioritise and rephrase the work it is undertaking to recognise the financial challenges it faces. We will undertake this re-focusing work throughout the term of the medium term financial strategy but with a focus upon the early years of the plan, with the intention of delivery base budget recurring savings. This work will include a holistic review of services performed, identification of opportunities to improve the efficiency, improve service delivery and resilience through improved ways of working. This will be a major review of our operations and will need to be aligned to updates to the Customer Access Strategy and ICT & Digital Strategy.

**Strategic Investments:** The Council is looking to take advantage of its position with a number of developments to produce financial returns whilst at the same time supporting the delivery of housing and regenerating parts of the district.

Bigginwood was acquired with the objectives of boosting the local economy, increase job opportunities and providing more homes (including affordable homes) and is anticipated to deliver 77 residential units, 660m<sup>2</sup> of commercial office units and 5,142m<sup>2</sup> of light industrial units. The Council is undertaking remediation and infrastructure works to the site to enable it to be sold for the planned redevelopment.

The Council delivered a very successful beach huts project in Folkestone and Sandgate, and now moved forward with a further scheme in Coast Drive, Greatstone planned to be completed in 2023/24.

The largest development is that of the proposed new town at Otterpool Park and options are being explored to generate future revenue and capital streams. A full financial model was completed in 2019 to consider the long term potential returns from the development. During 2020 the Council acquired its partner's stake in the site and now has full control of the project. Also during 2020 the Council established a Limited Liability Partnership (LLP) to manage the delivery of the project. The LLP's first Strategic Business Plan was approved by the Council in January 2021 and the first review of this was approved by Cabinet in January 2022. The next annual revision of the Business Plan is planned to be reported to Cabinet in January 2023. The draw-down of funds from the Council will be linked to key milestones contained in separate detailed funding agreements which will be the subject of expert advice to be commissioned by the Director of Corporate Services (the S151 Officer of the Council) to regulate the milestones for draw down, the terms for repayment, security, and all other provisions which it would be prudent to include. The MTFS incorporates income from Otterpool Park, which is represented as interest on the loans the Council will make to the LLP to facilitate infrastructure and land acquisition. As outlined within the risks, this is a volatile area with many dependencies affecting the financial position, as the sums are significant they do have a significant impact upon

the MTFS itself so will be monitored closely. The Council is currently in negotiations with Homes England to enter into a collaboration agreement which could significantly reduce its financial exposure to deliver the project. The financial implications of any agreement will be separately reported to Council in due course.

### **Folkestone Town Centre Levelling Up Funding Application**

The Council has submitted a Levelling Up Funding (LUF) bid of £19.8m to the Government to support its plans for the regeneration of Folkestone town centre. The bid builds upon the Council's Place Plan for the centre of Folkestone and seeks funds for three key strands of work which aim to improve the appearance and use of the town centre including key links to it. At this stage, the outcome of the bid is not known and no provision has been made in the proposed MTFS or within the existing approved Medium Term Capital Programme for the this scheme.

A **financial review** of previous years' outturn and our base budget to ensure maximum value is obtained from those resources already allocated – effectively to ensure financial discipline and good housekeeping are maintained. This is a fundamental annual review of our current operations in order to maximise the use of our current resources.

Using **reserves** in a sustainable and prudent manner to support the Council's strategies and priorities. These are informed by the reserves strategies at Appendix 2 and it is recognised that these can only be used on a "one off" basis. However, they can play an important part in supporting initiatives or investments which can produce benefits in the future. The current financial climate means the Council may need to utilise reserves in the short term to protect front line services whilst its longer term plans are brought to a conclusion. It is highly likely that the Council's reserve balances will be further depleted if the Government's financial support to Local Government for 2023/24 is below inflationary levels.

Using opportunities as they arise including government initiatives or incentives. In particular, the Council will seek to participate in the Business Rates Pooling scheme to maximise the financial benefit from this area. It has utilised Flexible Capital Receipts where possible to fund the transformation programme and to take pressure off the revenue account. All these are managed on an ongoing basis.

To maintain the Council's financial standing it is important that it continues its proactive approach to financial planning and ensures that the savings plans are deliverable and that any investments are focussed on the financial health of the authority.

### **Housing Revenue Account**

The Council has a separate account, the Housing Revenue Account (HRA) which supports local authority housing throughout the district. The HRA is required to produce a 30 year business plan which demonstrates the affordability and sustainability of the management and investment in the Council's housing stock. This financial plan was reviewed and updated by Council at its meeting of 22 February 2021. This report marked a significant shift in the Council's new build and acquisitions programme for the HRA over the coming 10 years.

The Council returned the Housing service in-house following service failures and a review of options in 2019. The service returned in house on 1 October 2020. Stock Condition Survey outcomes are shaping stock investment and determining the Asset Management Strategy for the service. The HRA Business Plan is being revised each year to plan for this and as always, the underlying factor for investment in the Council's housing stock is the affordability of the investment programme. With increases in capital financing costs and CPI inflation, the Council also awaiting the outcome of consultation of possible rent increase caps which could be set by the Government for 2023/24.

### **Medium Term Capital Programme**

The Medium Term Capital Programme (MTCP) sets out how capital resources are used to achieve the Council's vision and corporate priorities. Funding for capital projects is limited and where possible external funding is used to supplement the programme. The Council has an affordable Capital Programme and this is assessed against business cases taking into account future resources to support projects. A strategy has been adopted which will look to utilise capital receipts to support investments for the Council. Demand for financing potential new projects continues to outweigh the funding available and developments such as Otterpool Park will need to be prioritised as part of the programme.

The main strategic objectives of the Capital Programme, which provide the underlying principles for financial planning, can be summarised as follows:

- To maintain a five year rolling Capital Programme which remains within the approved affordable, sustainable and prudential limits.
- To ensure capital resources are aligned with the Council's strategic vision and corporate priorities by ensuring all schemes are prioritised according to the Council's prioritisation methodology.
- Prudential Borrowing to be undertaken to support the Council's priorities where there is a business case for it to do so and there are sufficient monies to meet in full the implications of capital expenditure, both borrowing and running costs.
- To maximise available resources by actively seeking external funding to support Council priorities and disposing of surplus assets.
- To use internal resources alongside external resources where appropriate to support the capital programme and minimise any borrowing costs.

The Council forecasts its capital programme over a 5 year period. A full update to the MTCP will be made to Cabinet in January 2023 before being submitted to full Council for approval in February 2023 as part of the annual budget setting cycle.

### **Risks and Sensitivities**

In considering the future projections, it is recognised that there are unknowns which could impact upon the existing forecasts. The MTFs should therefore not be seen as a static document but rather one that is constantly evolving as the environment around it changes.

In terms of financial planning for 2023/24 the MTFs is likely to see many changes before it reaches Cabinet and Full Council in February 2023 for decision and approval of a Council Budget.

It is a requirement of the CIPFA Financial Management Code that the Council considers different scenarios when developing its MTFs, and while it is accepted that the MTFs cannot be based on full knowledge of the future, there will be “events” which cannot be predicted or the impact of which cannot be quantified. It is important to consider the Council’s ability to withstand significant external ‘shocks’ and how it could potentially manage these. This testing is about the ability to cope should the “what if?” happen and not the likelihood of it happening which is dealt with through the risk management strategy and the review of the robustness of estimates and reserves.

Some of the key risks and sensitivities which are included in the Council’s corporate risk register and need to be monitored are mentioned below.

- **Economic conditions.** The impact of the economic cycle will need to be considered particularly in relation to business growth, inflationary pressures and interest rate movements. The impact of changes and any impact on public finances will need to be fully evaluated on the financial model. The economy has recovered well following COVID-19 restrictions and the UK’s labour market has proved more resilient than expected, although there are new national issues impacting on the picture due to the war in Ukraine and the cost of living crisis and rising interest rates affecting borrowing costs.

Funding settlements in the next spending review are likely to be very tight indeed. The Office for Budget Responsibility (OBR) forecasts increases in Departmental Expenditure Limits (DEL) of 3.9% and 3.7% in 2025-26 and 2026-27 respectively. These uplifts are likely to be reduced and many services (mostly the NHS and Defence) are likely to take the lion’s share of any increases.

For local government, there is no planned additional increase in grant funding in either 2023-24 or 2024-25. The full increase in funding in SR21 was applied in 2022-23 – with cash-flat funding allocations in the subsequent two years. Even if the allocation in 2022/23 is seen as generous this is clearly insufficient to meet the cost of inflation and cost of living crisis over the 3 years of the spending review. Local Government expects DLUHC to make a bid to the Treasury for additional funding after the appointment of the new prime minister in October. Any additional funding is not likely to be announced until November. The chances of a material increase in funding for local government (outside social care) are considered to be slim.

In the last Spending Review and Budget announcement the Chancellor outlined the continued inflationary pressures within the economy (the OBR is forecasting that inflation will continue at 4% over the next year, before falling back to 2.6% in 2023. This target has slipped significantly and revised projections are

expected to be announced by the new Chancellor in the Medium Term Fiscal Plan expected to be announced on 17 November 2022.

- **Levelling up.** The government is seeking to level up across the whole of the United Kingdom to ensure that no community is left behind, particularly as we recovered from COVID-19. Three new investment programmes have been launched, UK Community Renewal fund, Levelling Up fund and Community Ownership fund. The Council has submitted an application for such funding to support its key priorities and particularly the achievement of the objectives in the Folkestone Place Plan. A decision on the grant funding is anticipated in late 2022 by the Government.
- **Otterpool Park.** Given the scale of the Garden Town project it has a significant bearing on the Council's MTFS. There are several factors which present risk and sensitivity to the plan. The Otterpool Park LLP is fully funded by the Council. It is anticipated that the Council will be the lender of the LLP, and will need to fund the initial infrastructure (through debt and equity in the LLP). Factors which have a financial impact on this plan in this regard include interest rates available to the Council, the interest rate charged to the LLP, split of debt to equity, the timescale for the delivery of the infrastructure, the sequencing of that work, and indeed when the LLP will be in a position to sell serviced plots to housebuilders, and market rates of both constructions and plot prices. The LLP will submit an updated business plan to the Council in the New Year, but the current MTFS assumptions have been drafted with input from the LLP.
- **NHS integration.** Whilst it doesn't significantly impact upon this Council, it is something to be mindful of. The Health & Care Bill was introduced into Parliament on the 6th July 2021. The Bill will ensure each part of England has an Integrated Care Board and an Integrated Care Partnership responsible for bringing together local NHS and local government, such as social care, mental health services and public health advice, to deliver joined up care for its local population. Details around future funding will become clearer later in the financial year and updates will be provided accordingly.
- **Impact of COVID-19.** The pandemic has had a significant impact on both the Council's finances and the wider economy of the district. Whilst recovery has been strong it is likely the COVID-19 will continue to affect communities, residents, business and the wider economy as the UK continues to learn to live with COVID-19.
- **Local Government Finance Settlement.** Whilst the SR21 Spending Review (CSR) has provided some clarity we await the detail that the finance settlement for 2023/24 and the announcements in the Medium Term Fiscal Plan due to be announced by the Government on 17 November 2022. Understanding which grants the Council may receive, particularly the future of NHB and Lower Tier will have a bearing on this financial plan.
- **Government Finance Legislation.** There are key pieces of government legislation which will impact upon the future financial position of the Council. In particular the impact of the localisation of business rates and any additional responsibilities will need to be fully evaluated as well as the government's Fair Funding Review of local government finance which is now anticipated to take place after 2023/24 in a future year.
- **Other Government Legislation.** There are a significant number of political initiatives particularly in relation to localisation and the role of local government.

These will need to be assessed for their relevance to Folkestone and Hythe and the impact on future finances.

- **Buoyancy of income streams.** These will be sensitive to changes in consumer confidence and the economy so will need to be closely monitored. The 2022/23 budget prudently allowed for reductions in income for some facilities, whilst car parking income is returning to normality that is not yet the position with leisure facilities income.



## **Conclusion**

The MTFS represents the collation of the key financial documents which looks to forecast the likely financial position the Council will be facing over the next 4 years. It is the critical financial planning tool for the Council and will provide the overall steer for the ongoing discussions throughout the annual budget cycles in dealing with the current economic climate.

## **Appendices**

2. MTFS workings
3. Reserves Policy
4. MTFS summary of variations
5. MTFS assumptions used (indices)

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|   | Most Likely       | Most Likely         | Most Likely         | Most Likely         |                     |
|---|-------------------|---------------------|---------------------|---------------------|---------------------|
|   | Base<br>2022/23   | Forecast<br>2023/24 | Forecast<br>2024/25 | Forecast<br>2025/26 | Forecast<br>2026/27 |
| <b>Heads of Service</b>                                   |                   |                     |                     |                     |                     |
| Leadership Support  | 1,004,220         | 1,022,320           | 1,022,320           | 1,022,320           | 1,022,320           |
| Governance and Law  | 2,589,890         | 2,848,580           | 2,790,476           | 2,849,988           | 2,892,042           |
| Human Resources   | 626,780           | 626,780             | 626,780             | 626,780             | 626,780             |
| Finance, strategy and Corporate Services                  | 7,695,250         | 7,615,600           | 7,615,600           | 7,615,600           | 7,615,600           |
| Strategic Development                                     | 39,670            | 4,450               | -108,736            | -108,736            | -108,736            |
| Economic Development                                      | 762,030           | 344,499             | 494,499             | 344,499             | 344,499             |
| Planning  | 137,020           | 137,020             | 137,020             | 137,020             | 137,020             |
| Operations  | 1,486,040         | 1,743,385           | 1,586,040           | 1,586,040           | 1,586,040           |
| Housing   | 3,342,840         | 3,366,680           | 3,392,680           | 3,431,680           | 3,431,680           |
| Place   | 6,254,240         | 6,754,240           | 7,222,240           | 7,562,320           | 7,802,643           |
| Total Directorate costs                                   |                   |                     |                     |                     |                     |
| Changes not attributed to services                        |                   | 0                   | 54,000              | 56,700              | 58,968              |
| Recharges to non GF accounts                              | -5,727,500        | -5,727,500          | -5,727,500          | -5,727,500          | -5,727,500          |
| Unallocated net employee costs                            | 74,000            | 960,282             | 1,277,591           | 1,601,246           | 1,931,374           |
| <b>Total for Service</b>                                  | <b>18,284,480</b> | <b>19,696,336</b>   | <b>20,383,010</b>   | <b>20,997,956</b>   | <b>21,612,730</b>   |
| Internal drainage board levies                            | 493,241           | 533,489             | 554,829             | 577,022             | 600,103             |
| Interest payable and similar charges                      | 801,000           | 3,217,000           | 4,770,000           | 5,138,000           | 5,130,000           |
| Interest and investment income                            | -1,320,000        | -3,400,000          | -5,346,000          | -6,327,000          | -6,594,000          |
| New Homes Bonus grant                                     | -744,700          | 0                   | 0                   | 0                   | 0                   |
| Other non-service related grants                          | -2,088,051        | -2,508,187          | -2,556,800          | -2,604,076          | -2,665,670          |
| Town and Parish Council Precepts                          | 2,659,325         | 2,659,325           | 2,659,325           | 2,659,325           | 2,659,325           |
| Minimum revenue provision adjust.                         | 1,667,000         | 1,718,000           | 1,706,000           | 2,601,000           | 2,588,000           |
| Financing of fixed assets                                 | 2,363,000         | 741,000             | 265,000             | 265,000             | 265,000             |
| <b>Net Revenue Expenditure Before Use Of Reserves</b>     | <b>22,115,295</b> | <b>22,656,964</b>   | <b>22,435,364</b>   | <b>23,307,228</b>   | <b>23,595,489</b>   |
| Net transfers to/from reserves                            | -5,507,170        | -783,086            | -171,000            | -41,000             | -41,000             |
| <b>Total To Be Met From Taxpayers &amp; Formula Grant</b> | <b>16,608,125</b> | <b>21,873,878</b>   | <b>22,264,364</b>   | <b>23,266,228</b>   | <b>23,554,489</b>   |
| Transfer to/(from) Collection Fund                        | 0                 | -289,797            | 0                   | 0                   | 0                   |
| Net business rates income                                 | -2,815,831        | -3,378,233          | -3,445,798          | -3,514,714          | -3,585,008          |
| Council Tax Requirement                                   | -13,591,730       | -13,919,941         | -14,317,666         | -14,790,587         | -15,218,127         |
| <b>(Surplus)/deficit to General Reserve</b>               | <b>200,564</b>    | <b>4,285,906</b>    | <b>4,500,901</b>    | <b>4,960,927</b>    | <b>4,751,353</b>    |
|   |                   |                     | 8,786,807           | 13,747,734          | 18,499,088          |

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## Appendix 3 – Reserves Policy

### INTRODUCTION

The establishment, monitoring and review of the levels of reserves and balances are an important element of the council's financial management systems and financial standing.

The Chief Finance Officer (S151 Officer) is required by law to formally report to the Council his/her opinion on the adequacy of the council's reserves. Irrespective of this, a well-managed authority is clear about the reserves it needs now and in the future to support its service aspirations, whilst at the same time delivering value for money within a climate of significant resource pressure and economic/social risk.

This policy does not cover non-distributable reserves required to support financial accounting transactions e.g. the Revaluation Reserve, Capital Adjustment Account and Pension Reserve. (Non-distributable reserves are those that cannot be used for revenue or capital purposes.)

Reserves can be held for four reasons:

- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing.
- A contingency to cushion the impact of unexpected events or emergencies.
- A means of building up funds to meet known or predicted liabilities.
- A means of setting aside sums for future identified uses and / or investments

Such reserves are generally referred to as earmarked reserves.

### WHAT ARE RESERVES?

There is no clear definition of reserves even though reference is made to reserves in legislation. The Chartered Institute of Public Finance and Accountancy (CIPFA) states "amounts set aside for purposes falling outside the definition of provisions should be considered as reserves." Provisions are required for any liabilities of uncertain timing or amount that have been incurred.

Generally there are two types of reserves, those that are available to meet revenue or in some cases capital expenditure (Usable) and those that are not available to finance revenue or capital expenditure (Unusable). Useable reserves result from events that have allowed monies to be set aside, surpluses or decisions causing anticipated expenditure to have been postponed or cancelled. They can be spent or earmarked at the discretion of the council.

The council must manage its reserves in accordance with its strategic longer term planning process.

## **LEVEL OF RESERVES**

As mentioned above the council's reserves can be regarded as general and earmarked reserves. In addition, the council maintains a Usable Capital Receipt reserve.

As part of its MTFS, the council also adopts some fundamental principles as to how reserves are used:

- The reserves must primarily be used to fund one off expenditure.
- Any recurring item may only be funded from reserves if plans are in place to replenish the reserve within a defined period.
- Any unplanned revenue income receipt should be put in reserves pending any future decisions as to its use.
- Reserves should be maintained at a sustainable level to ensure an adequate working balance is maintained.
- Reserves may be used as part of a planned process to balance the budget in order to avoid short term responses which may not be in the best interests of the council.

The council has prudently built up its reserves in recent years to be able to provide for its priorities when required. The level of reserves has, in recent years, reduced in line with planned activities such as investments in Oportunitas and Otterpool and their use for other investment or in lieu of borrowing. This strategy means that reserves are currently at an adequate rather than excessive level however it is recognised this use is of a one off nature to secure future income streams for the council.

The use of reserves is a critical part of the council's budget strategy and the level of reserves is kept under ongoing review. Any future calls on the reserves are considered by looking at the whole position and ensuring minimum reserve levels are adhered to. It is vital that the future needs of the authority such as through the VET reserve are continually refreshed and updated and that earmarked reserves are applied appropriately.

## **ASSESSING THE ADEQUACY OF RESERVES**

The Chartered Institute of Public Finance and Accountancy (CIPFA) state that the Institute 'does not accept a case for introducing a statutory minimum level of reserves, even in exceptional circumstances'. It does however confirm that authorities should make their own judgment on such matters, taking into account all relevant local circumstances on the advice of their Chief Finance Officer / S151.

The Local Government Act 2003 requires the Chief Finance Officer to formally report on the adequacy of the proposed financial reserves.

To arrive at assessing the adequacy of reserves a number of issues need to be addressed:

- What are the strategic, operational and financial risks facing the authority?
- Does the authority comply with the requirements to ensure that there is an adequate system of internal control?
- Are the key financial assumptions in formulating the council's budget robust and reasonable?
- Does the council have adequate financial management and cash flow arrangements?

In addition there are a number of questions an authority can ask to demonstrate that it is managing its affairs satisfactorily, such as:

- What is the track record of the council in its budgetary and financial management?
- What is the council's record regarding Council Tax collection?
- What is the council's capacity to manage in-year budgetary pressures?
- What is the strength of the council's financial reporting?
- What are the procedures to deal with under and over spends during and at the year end?
- In the case of earmarked reserves, will there be expected calls on the reserves that prompted the setting up of the reserves in the first place?

Finally, there is a need to look at the assumptions made in setting the budget, not just for the coming year but also under the MTFS.

The budgetary assumptions cover:

- Inflation and interest rate projections.
- Estimate and timings of capital receipts.
- Treatment of planned efficiency savings.
- Financial risks involved in major funding arrangements.

The assessment of the adequacy of the reserves and the robustness of the estimates are contained within the Chief Finance Officers report to council as part of the budget setting process based upon Section 25 of the Local Government Act of 2003.

### **Allocation of Reserves**

There are to be no withdrawals from reserves, unless of a one-off nature, or if they are part of a planned usage which will lead to the elimination of any deficit and the setting of a balanced budget. It is not normal practice to withdraw from the General Fund Reserve to balance the annual budget, unless the circumstances are exceptional and plans are in place to provide for an ongoing balanced budget.

## Budget Assumptions

These are set out in detail within the Budget Strategy and a sensitivity analysis has been undertaken regarding the financial forecasts for the next five years. The council is responsible for a number of demand led budgets which are difficult to control.

The council has identified its strategic financial risks and has carried out an assessment of that risk. Based on this analysis, the following levels are considered appropriate:

## Required Levels of Reserves

|                         | Minimum Level<br>£m |
|-------------------------|---------------------|
| General Fund            | 1.5                 |
| Housing Revenue Account | 2.0                 |
| Capital Receipts        | 0.5                 |

The minimum level of the General Reserve balance has been arrived at after assessing the strategic financial risks faced by the council.

The table above shows that a minimum General Reserve balance of £1.5 million should be maintained until the 2024/25 financial year. This level will be monitored and should be addressed as savings proposals are developed and implemented over the term of this plan. The HRA minimum balance has been set at £2.0 million as part of the preparation of the HRA business plan.

## OPPORTUNITY COST OF HOLDING RESERVES

Having set minimum levels, the opportunity cost of holding reserves needs to be considered. All balances are used to either reduce temporary borrowing or are invested subject to other cash flows. Therefore in measuring any opportunity cost of holding these reserves, consideration needs to be taken of the interest saving. The opportunity cost of holding the reserves is therefore a judgment whether the 'worth' of expenditure foregone is more than the income generated. Given the current economic climate it is a balanced judgement as to whether to invest / spend reserves or to hold these. As part of the MTFs and budget setting, an assessment of the adequacy of reserves and the associated risks will be made annually.

## REPORTING FRAMEWORK

The level of reserves is continually monitored and a full review is undertaken each year.



**MTFS - Movement from 2022/23 to 2023/24 Base**

£000

**Inflationary Pressures**

|  |       |
|--|-------|
| Net Pay Increase (increment, pay award, pension contributions) | 854   |
| Price and contract Inflation (p.a.)                            | 628   |
| Leas Cliff Hall  | 119   |
| Internal Drainage Board uplift (4%)                            | 40    |
|  | 1,641 |

**Corporate Funding Changes**

|  |         |
|--|---------|
| N.I. decrease (assuming no reversal in the fiscal plan)          | (130)   |
| Reduced New Homes Bonus (subject to settlement)                  | 745     |
| Interest payable (assumes latest forecast)                       | 2,466   |
| Interest receivable (assumes latest forecast)                    | (2,080) |
| Council Tax income (increase @ 1.99% + base increase)            | (328)   |
| Business Rates (base calculation uplift)                         | (562)   |
| s.31 Grant Funding (compensation for reliefs paid)               | (420)   |
| MRP (technical changes from the CFR)                             | 51      |
| Bad debt provision (reset to 22/23 levels)                       | (50)    |
| Actuarial valuation change (contribution to pension fund)        | 50      |
| Financing assets from reserves (revenue contribution to capital) | (1,622) |
| Collection Fund Surplus B/Fwd                                    | (289)   |
|  | (2,169) |

**Service Changes**

|  |       |
|--|-------|
| Local Elections  | 140   |
| Director of Transformation (removal of post from budget) | (115) |
| Postage  | 35    |
| Strategic delivery team - phased budget reduction        | (35)  |
| Economic Development (release of funding from reserve)   | (417) |
| Operations - loss of Beach Hut income                    | 46    |
| Temp accomodation (Homelessness Prevention Grant)        | 24    |
| Energy costs increases / new contract                    | 211   |
|  | (111) |

**Net Movement in Reserves (removal from base budget)** 4,924

**Forecast MTFS Budget Deficit Before Growth and Savings Proposals** 4,285

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## MTFS Assumptions used (indices)

|   | BASE          | 2023/24         | 2024/25         | 2025/26         | 2026/27         |
|---|---------------|-----------------|-----------------|-----------------|-----------------|
| MTFS Assumptions used                                 | £'000         | Forecast        | Forecast        | Forecast        | Forecast        |
| General inflation - prices                            |               | 7.0%            | 5.0%            | 4.0%            | 4.0%            |
| CPI (where applicable)                                |               | 10.1%           | 7.0%            | 4.0%            | 2.0%            |
| RPI (where applicable)                                |               | 12.6%           | 9.0%            | 6.0%            | 4.0%            |
| Interest rate used - medium term investments          |               | 5.0%            | 4.9%            | 3.8%            | 3.8%            |
| Interest rate used for borrowing assumptions          | 5%            | 5.2%            | 4.9%            | 4.7%            | 4.7%            |
| Increase in Council Tax                               |               | 1.99% on Band D | 1.99% on Band D | 1.99% on Band D | 1.99% on Band D |
| Band D equivalent Council Tax (incl. special expense) | 279.09        | 284.64          | 290.30          | 296.08          | 301.97          |
| Increase in Property Base                             |               | 389             | 598             | 814             | 616             |
| <b>MTFS Funding Gap</b>                               | <b>16,608</b> | <b>4,286</b>    | <b>4,501</b>    | <b>4,961</b>    | <b>4,751</b>    |

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This Report will be made public on 15 November 2022



Report Number **C/22/57**

**To:** Cabinet  
**Date:** 23 November 2022  
**Status:** Key Decision  
**Responsible Officer:** Ewan Green - Director of Place  
**Cabinet Member:** Councillor David Monk, Leader of the Council  
Councillor David Wimble, Cabinet Member for the District Economy

**SUBJECT: RURAL ENGLAND PROSPERITY FUND**

**Summary:** This report presents an overview of the Governments Rural England Prosperity Fund (REPF) and details the allocation the Council will receive. The report outlines a recommended approach for use of the funding in an Addendum to the submitted UKSPF Investment Plan and seeks agreement for the delivery of the fund.

#### **REASON FOR RECOMMENDATIONS:**

Cabinet agreement is required to accept the Rural England Prosperity Fund grant allocation and to agree the basis which will guide use of the funding. Cabinet is also asked to recommend to Council that the grant be included in the General Fund Medium Term Capital Programme.

#### **RECOMMENDATIONS:**

1. To receive and note report C/22/57.
2. To note the Rural England Prosperity Fund prospectus and funding allocated to the Council.
3. To agree to accept the £571,471 Rural England Prosperity Fund grant and to recommend to the Council that it is included in the General Fund Medium Term Capital Programme.
4. To agree the basis of addendum to the UK Shared Prosperity Fund Investment Plan as outlined in section 5 of the report.
5. To agree the Local Partnership Group arrangements as outlined section 5 of the report.
6. To agree that a grant application be submitted to the Magnox Socio Economic Fund for a resource assist with the delivery of Rural England Prosperity Fund projects as detailed in section 4 of the report.
7. To delegate authority to the Director of Place, in consultation with the Leader of the Council, to take the necessary decisions and actions required to finalise the addendum and to implement and administer the scheme and all related projects in accordance with the requirements and priorities of the prospectus and fund.

8. To note that the delivery of the addendum will form part of the UK Shared Prosperity Investment Plan which will be reported in the Quarterly Performance Report to Cabinet.

## 1. BACKGROUND

- 1.1 The Rural England Prosperity Fund (REPF) was announced on 3<sup>rd</sup> September 2022 which builds on, and is complementary to, the UK Shared Prosperity Fund (UKSPF). To access the REPF allocation, the Council is required to provide additional information via an addendum to the UKSPF investment plan to Government.
- 1.2 THE REPF is a national £110m pot of funding that is being allocated to eligible Local Authorities to enable levelling up in rural areas. The REPF seeks to address challenges disproportionately faced by rural areas.
- 1.3 The REPF is to support the UKSPF investment priorities for:
- (a) Communities and place
  - (b) Supporting local business
- As with the UKSPF, within each investment priority there are a range of interventions (refer to appendix 1) which have associated outcomes and outputs.
- 1.4 The Rural Fund provides capital funding to:
- **support new and existing rural businesses** to develop new products and facilities that will be of wider benefit to the local economy.
  - **support new and improved community infrastructure**, providing essential community services and assets for local people and businesses to benefit the local economy
- 1.5 Folkestone and Hythe District Council (FHDC) has been allocated £571,471 to be spent over a two-year period from 2023-2025 and is responsible for delivery at the local level. The funding split across the two-year period will mean FHDC will receive 25% (£142,868) in 23-24 and 75% (£428,603) in 24-25.
- 1.6 There is no administrative allowance associated with this fund.
- 1.7 Local authorities should develop the addendum, outlining the proposed use of the funding, and submit this by 30<sup>th</sup> November 2022 to receive their allocation of the fund.
- 1.8 Local authorities are required to consult with local rural partners when delivering this scheme (the council can use the UKSPF Local Partnership Group) and engage proactively with the local MP.
- 1.9 Once approved, the first payment is expected at the beginning of the financial year of 2023 and the subsequent payment will be received at the beginning of the financial year in 2024.

1.10 Further background on the REPF can be found via:  
<https://www.gov.uk/government/publications/rural-england-prosperity-fund-prospectus>

1.11 This report provides an overview of the fund and outlines a suggested approach for the Council to follow in relation to delivery of the REPF.

## **2. OVERVIEW OF RURAL ENGLAND PROSPERITY FUND ADDENDUM**

2.1 FHDC submitted its UKSPF Investment Plan in August 2022 following a period of consultations and internal discussions. It should be noted that the REPF should not replace funding plans for rural areas under the UKSPF but used as a top-up to help address the extra needs and challenges facing rural areas, of which the Council is required to provide additional information via an addendum to the UKSPF investment plan to government.

2.2 The addendum will need to cover the following three areas:

- a) Local Context: Include local evidence of challenges, market failures and opportunities.
- b) Interventions: There is a defined list of options to choose from, of which Councils must explain how they respond to local context.
- c) Delivery: as per UKSPF, how and when the Council will deliver the interventions identified.

2.3 The addendum should align with the UKSPF Investment Plan (as both funding streams will ultimately form a single plan) and will also need to consider complimentary proposals such as the Levelling Up Fund and wider Corporate Action Plans.

2.4 Local authorities, through their stakeholder group, will align their chosen projects to specific interventions which will dictate suggested indicators so both the Council, and the government, can monitor change and improvement.

## **3. FUNDING CRITERIA AND ELIGIBILITY**

3.1 Funding is capital only and must be for business and/or community purposes. There is no revenue allocation through his fund.

3.2 Revenue funding from the UKSPF funding allocations can be used to support delivery of capital projects from the rural fund.

3.3 For REPF purposes, rural areas are:

- a) towns, villages and hamlets with populations below 10,000 and the wide countryside



- b) market or 'hub towns' with populations of up to 30,000 that serve their surrounding rural areas as centres of employment and in providing services'
- 3.4 Any organisation with a legal status can apply for a grant. Grant funding cannot be used to deliver what would be considered to be a statutory function. The fund is unable to be used to support projects that have already received funding from other DEFRA schemes.

#### **4. ADMINISTRATION RESOURCE**

- 4.1 There is no administrative allowance associated with this fund and Officers are exploring an opportunity to seek external funding to support delivery via the Magnox Socio-economic Fund.
- 4.2 It is proposed to submit a grant application to the fund and that the outcome of this be reported in due course.

#### **5. DEVELOPMENT OF THE REPF ADDENDUM**

- 5.1 The Council is required to submit the REPF addendum by 30 November 2022. The addendum should align with the wider UKSPF Investment Plan to allow for continuity and alignment with local priorities. The addendum should also aim to support the ambitions and priorities set out in Council's Corporate Action Plan.
- 5.2 Following early engagement with rural stakeholders it was suggested that there is a need to focus on both supporting rural business and their communities. Key themes emerging from this engagement are:
- Cost of Living
  - Improving energy & resource efficiency
  - Enhancing the rural economy through diversification opportunities that communities will benefit from
  - Connectivity and inclusivity - ensuring our vulnerable citizens are supported and can access necessary facilities and amenities
  - Tourism opportunities - support delivery of the Coastal Destination project.

5.3 The table below sets out the proposed funding allocation per year against chosen interventions that best align to the above themes.

| Priority                            | Intervention  | 23-24    | 24-25    | Total Allocation |
|-------------------------------------|---|----------|----------|------------------|
| <b>Supporting Local Business</b>    | 1.1 capital grant funding for small scale investment in micro and small enterprises in rural areas                                    | £60,438  | £90,303  | £150,741         |
|                                     | 1.3 capital grant funding for developing and promoting the visitor economy  | £0       | £100,000 | £100,000         |
| <b>Supporting Local Communities</b> | 2.2 capital grant funding for investment in capacity building and infrastructure support for local civil society and community groups | £82,430  | £238,300 | £320,729         |
|                                     | Total   | £142,868 | £428,603 | £571,471         |

5.4 As part of the UKSPF Framework the Council will be responsible for submitting REPF additional information to DLUHC for approval. As part of this process, the Council must demonstrate how it will consult with rural partners to deliver and monitor the fund.

5.5 It is proposed to use the wider Folkestone & Hythe UKSPF Local Partnership which has already been established and invite additional representatives of the rural community to form part of that group. This will create one overarching group to support the full UK Shared Prosperity fund scheme.

## 6. Risk Management

6.1 The main risks associated with this are:

| Perceived Risk                                 | Seriousness | Likelihood | Preventative action  |
|--|-------------|------------|--|
| REPF addendum not being approved by government | High        | Low        | Development of priorities for the UKSPF Investment Plan based local need, aligns with corporate priorities and developed through engagement with Members and partners. |

|   |        |        |   |
|---|--------|--------|---|
| REPF addendum outputs and outcomes not achieved | High   | Low    | Robust monitoring processes will be established to monitor delivery and financial management of the fund. Progress will be reported to Members. |
| External resource not being approved            | Medium | Medium | Projects will be prioritised based on resource availability.  |

## 7. Next Steps

7.1 The timescale for delivery of the REPF scheme is follows:

|  |                                |
|--|--------------------------------|
| Cabinet Approval   | 23 <sup>rd</sup> November 2022 |
| Addendum submission deadline                                   | 30 <sup>th</sup> November 2022 |
| Explore external resource options                              | November 2022 – January 2023   |
| REPF assessment window for government                          | November 2022 – January 2023   |
| Anticipated date for approval of REPF Proposals                | January 2022                   |
| Scheme launch and first call for projects / grant applications | February 2023                  |
| Funding period   | April 2023 – March 2025        |

## 8. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

### 8.1 Legal Officer's Comments (NM)

There are no legal implications arising directly from this report. However the Council will need to ensure compliance with the terms and conditions of the grant fund.

### 8.2 Finance Officer's Comments (RH & LW)

The proposed profiling and broad use of the capital grant is outlined in the body of the report. The Constitution requires new capital schemes to be approved by full Council to be included in the capital programme, regardless of how they are funded, and the proposed use of the REPF capital grant will need to comply with this. It is suggested that approval for the proposed REPF funded capital schemes is built into the budget cycle for 2023/24 so they can be included in the update to the General Fund Medium Term Capital Programme which full Council is due to consider in February 2023.

8.3 **Diversity and Equality Impacts Officer Comments (GE)**

There are no equality and diversity issues directly arising from this report.

8.4 **Climate Change Officer Comments (OF)**

There are no climate change implications arising from this report however proposals for the chosen interventions should be assessed for climate change implications as applicable.

9. **CONTACT OFFICER**

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

Rod Lean - Chief Officer Place and Growth

Telephone: 07523300413

Email: [rod.lean@folkestone-hythe.gov.uk](mailto:rod.lean@folkestone-hythe.gov.uk)

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

***None.***

## **Appendix 1 – Interventions**

### **Supporting Local Businesses**

Intervention 1.1: capital grant funding for small scale investment in micro and small enterprises in rural areas

- This includes capital funding for net zero infrastructure for rural businesses, and diversification of farm businesses outside of agriculture

Intervention 1.2: capital grant funding for growing the local social economy and supporting innovation

This includes:

- community businesses
- cooperatives and social enterprises
- research and development sites

Intervention 1.3: capital grant funding for developing and promoting the visitor economy such as:

- local attractions
- trails
- tourism products more generally

### **Supporting Local Communities**

Intervention 2.1: capital grant funding for investment and support for digital infrastructure for local community facilities

Intervention 2.2: capital grant funding for investment in capacity building and infrastructure support for local civil society and community groups

Example projects include:

- Capital grants for provision of net zero infrastructure
- Capital grants for kitchens in community hubs

Intervention 2.3: capital grant funding for creation and improvements to local rural green spaces

Intervention 2.4: capital grant funding for existing cultural, historic and heritage institutions that make up the local cultural heritage offer

Intervention 2.5: capital grant funding for local arts, cultural, heritage and creative activities

Intervention 2.6: capital grant funding for active travel enhancements in the local area

Intervention 2.7: capital grant funding for rural circular economy projects

Intervention 2.8: capital grant funding for impactful volunteering and social action projects to develop social and human capital in local places

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This Report will be made public on 15 November 2022



Report Number **C/22/58**

**To:** Cabinet  
**Date:** 23 November 2022  
**Status:** Non-Key Decision  
**Responsible Officer:** Ewan Green, Director of Place  
Jyotsna Leney, Health, Wellbeing & Partnerships  
Senior Specialist  
**Cabinet Member:** Cllr Jennifer Hollingsbee, Cabinet Member for  
Communities, Lifeline, Area Officers & Street  
Homeless

**SUBJECT:** NEW THREE-YEAR GRANT AGREEMENT (2023 -2026)  
FOR SHEPWAY CITIZENS ADVICE BUREAU

**SUMMARY:** The Council has historically provided grant funding to the Shepway Citizens Advice Bureau (CAB) subject to formal three-year Grant Agreement (GAs). In recent years the funding was renewed on a yearly basis due to the global pandemic in 21 /22 and ongoing recovery in 22/23. It was agreed that a more detailed review of the work of the CAB would be carried out during 22/23 for future funding and to inform corporate budget development for future years. This report reviews the work of CAB and recommends that funding is continued for a further three years.

**REASON FOR RECOMENDATION:**

Cabinet agreement is required due to the value of the three-year agreement.

**RECOMMENDATIONS:**

1. To receive and note report C/22/58.
2. To agree to keep funding levels for the CAB at present levels as set out in section 3.2 and that a new three-year grant agreement be entered into with the CAB to 2026 commencing 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2026.

## 1.0 Introduction

1.1 The Council awards grants to key organisations (outside of ward grants and other community grants) which deliver services to support corporate objectives, particularly those focussed on supporting disadvantaged residents.

1.2 One of these organisations is the Shepway Citizens Advice Bureau (CAB), registered name but currently operating as Citizens Advice Shepway. Their three-year grant agreement (GA) expired on 31<sup>st</sup> March 2021 (ref: Cabinet Reports: C/17/98 and C/17/84 respectively). They have received funding on a yearly basis since and have now requested that their grant be continued into future years.

1.3 In terms of the organisation CAB are:

- A member of Citizens Advice national
- Accredited via the Advice Quality Standard, Specialist Quality Mark and Financial Conduct Authority.
- Operates as a small Citizens Advice with a total of 10 staff/7FTE & 6 Volunteers
- CAB advise and assist on a range of issues delivering services via phone, email and face to face, work to help people secure their rights and work with the most vulnerable and disadvantaged in our community.

1.4 The key services provided are:

### **Core/generalist**

- Paid Supervisor & Volunteers
- Wide range of enquiry areas – Benefits, Debt, Employment, Housing, Legal and Family issues.

### **Specialist Housing Project**

- Court representation at Canterbury and Thanet Courts on possession days
- Specialist Housing advice relating to homelessness, possession and eviction

### **Money Matters**

- Debt Advice
- Money Management

CAB have also supported FHDC in delivering support during the pandemic through the receipt of Covid funds and supporting vulnerable clients as appropriate. This has included the Covid Winter grant funds.

1.5 This report sets out further background to the work of our local CAB and the value they bring to the District and recommends that funding is renewed for a further three years.

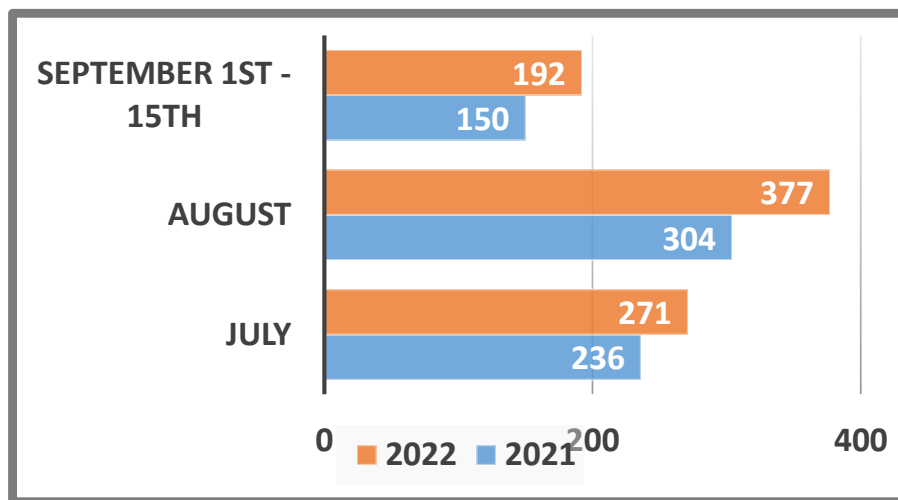
## 2. Analysis of activity

2.1 The last full financial years' worth of performance information is shown in

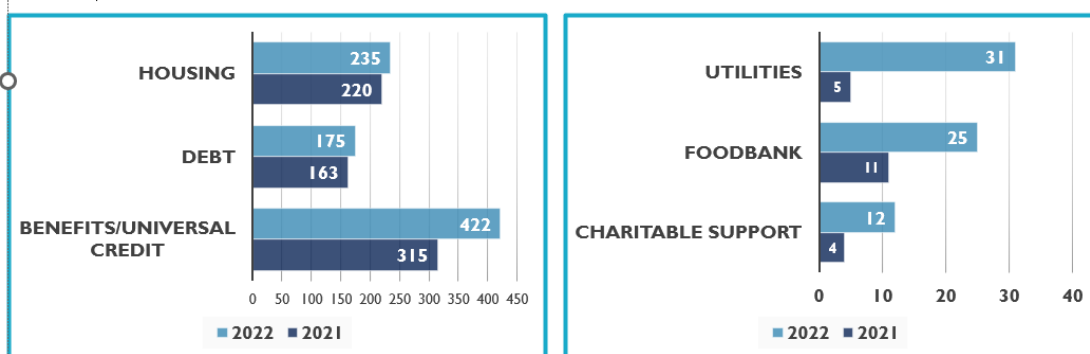


Appendix 1 where a breakdown is provided of types of enquiries dealt with 2625 clients were provided with information, advice and assistance on 4258 different issues. 264 homelessness preventions were made against a target of 250. This included resolving housing benefit/Universal Credit housing element issues, resolving rent and service charge issues and dealing with mortgage arrears amongst other issues. Additional information is set out in Appendix 1.

- 2.2 In some recent analysis CAB report that traditionally in July and August demand lessens. Comparisons between 2021 and 2022 clearly show a significant increase in demand for services overall and this is a combination of post Covid recovery and the current Cost of Living Crisis.



- 2.3 CAB are seeing greater demand and more complex areas due to the cost of living crisis. Increases in the enquiry areas which act as indicators to the issues currently being faced are shown below. Latest Comparison between April to August 2021 and 2022 show sizeable increases in the categories below:



- 2.4 An impact report at Appendix 2 lists some examples of the value of the service to society with the following case study cited from a Folkestone debt client:

*I can honestly say I was at a point where I thought I couldn't deal with it any more. I went around in circles, struggling and I'm a capable individual. I got in contact with CAB Folkestone and spoke to the debt advisor, ranted about everything for an hour and explained the situation.*

*I can honestly say the guidance made me feel so much relief. I gave them the figures, was at point of losing my flat and losing my job and with a new born baby due in the next few weeks. I honestly thought it wasn't possible and there was no way through this minefield. Citizens advice are absolutely unrecognized for the awesome work they do. I can honestly say it's been a pleasure and a relief to finally be able to move forward with a clean slate and get back everything I thought was lost.*

- 2.5 CAB hold a host of data on client profile, age ranges and priority areas to address. They have suffered with loss of volunteers and there is a need for volunteers that specialise in specific areas of work, however these are better as employed roles given the complexity of issues that are involved particularly around legal cases in court.

### **3. Proposed Funding for 2023-26**

- 3.1 The current level of funding is set out below:

£67,800 per year (£57,000 General Fund, £10,800 HRA) and currently the base budget for 23-24 includes both these amounts.

- 3.2 It is therefore proposed that the Citizens Advice Bureau (CAB) remain funded at current levels for a three-year term to 2026 and that a new three year Grant agreement be entered into with the CAB commencing 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2026.

- 3.3 The CAB may also have a role to deliver services and support linked to funding programmes such as the UK Shared Prosperity Fund. Officers will work with the CAB to seek to source additional, external funding to top up the grant provided by the Council.

### **4. RISK MANAGEMENT ISSUES**

- 4.1

| <b>Perceived risk</b>   | <b>Seriousness</b> | <b>Likelihood</b> | <b>Preventative action</b>  |
|---|--------------------|-------------------|---|
| Communities adversely affected with increases in hardship and less rich cultural offers | Medium             | Medium            | CAB is funded to adequate levels. Support CAB to source additional resources. |

|   |        |               |  |
|---|--------|---------------|--|
| CAB receiving grant support does not achieve outcomes | Medium | Low           | Updates on progress are reported to the Council in order that this can be monitored and issues identified. |
| CAB threatened with closure                           | High   | Low to Medium | To ensure top up funding and other ways to reduce costs are explored                                       |

## 5. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

### 5.1 Legal Officer's Comments (NM)

There are no legal implications arising directly out of the supply of the grant funding by the Council on the basis that the CAB enters into a Grant Agreement with the Council.

### 5.2 Finance Officer's Comments (RH)

I confirm that the current base budget for Citizens Advice Bureau totals £67,800 (across GF and HRA).

### 5.3 Diversities and Equalities Implications (GE)

Citizens Advice Bureau account differing needs of people, including those with different protected characteristics. The service by its very nature is protecting the most vulnerable in society.

### 5.4 Climate Change Implications (JL)

There are some positive benefits in terms of ensuring clients are supported in such a way that their homes are heated as efficiently as possible and that support e.g. for home appliances can look at most energy efficient options. However this report is more about a service provided by a 3<sup>rd</sup> party and therefore there are no direct impacts on FHDC.

## 6.0 CONTACT OFFICERS AND BACKGROUND DOCUMENTS

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

Jyotsna Leney, Health, Wellbeing & Partnerships Senior Specialist

Telephone: 01303 853460

Email: [jyotsna.leney@folkestone-hythe.gov.uk](mailto:jyotsna.leney@folkestone-hythe.gov.uk)

### Appendices:

Appendix 1 Citizens Advice Bureau Performance Report

Appendix 2 Citizens Advice Bureau Impact Report

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# Citizens Advice Shepway

## Performance Report to Folkestone & Hythe District Council

Period: 1/4/21 to 31/3/22



|   | Outcome  | Performance to date  |
|---|--|--|
| 1 | <p><b>Outcome 1 – To provide free, independent and confidential advice service primarily to people who live or work in Shepway.</b></p> <ul style="list-style-type: none"> <li>1800 clients advised and assisted</li> <li>3600 issues dealt with including Benefits, Debt, Employment and Housing</li> </ul> | <p><b>2625</b> clients provided with information/advice/assistance.</p> <p>We advised and assisted clients with <b>4258</b> different issues, the largest of which were in relation to Universal Credit.</p> |

|   | Outcome   | Performance to date   |   |     |  |      |                  |           |                         |     |                          |                           |    |                |                     |    |                  |                           |    |                  |                          |    |                  |                       |    |                          |                     |    |                          |   |          |                     |                 |     |                          |
|---|---|---|---|-----|--|------|------------------|-----------|-------------------------|-----|--------------------------|---------------------------|----|----------------|---------------------|----|------------------|---------------------------|----|------------------|--------------------------|----|------------------|-----------------------|----|--------------------------|---------------------|----|--------------------------|---|----------|---------------------|-----------------|-----|--------------------------|
|   | <ul style="list-style-type: none"> <li>Access and referral to specialist Housing and Debt advice services currently funded via LAA and Money Advice Service funding to clients referred via the generalist service and from local Shepway agencies</li> </ul> | Referrals to:<br>LAA Specialist Housing Team – 85<br>Specialist Debt Advisers – 45  |   |     |  |      |                  |           |                         |     |                          |                           |    |                |                     |    |                  |                           |    |                  |                          |    |                  |                       |    |                          |                     |    |                          |   |          |                     |                 |     |                          |
|   | <ul style="list-style-type: none"> <li>250 homeless preventions</li> </ul>  | <table> <tr> <td>Resolving Housing Benefit/UC housing element issues</td> <td>110</td> </tr> <tr> <td>Resolving rent and service charge issues</td> <td>46</td> </tr> <tr> <td>Mortgage arrears</td> <td>14</td> </tr> <tr> <td>Other homelessness work</td> <td>104</td> </tr> <tr> <td><b>Total</b></td> <td><b>264</b></td> </tr> </table>   | Resolving Housing Benefit/UC housing element issues | 110 | Resolving rent and service charge issues | 46   | Mortgage arrears | 14        | Other homelessness work | 104 | <b>Total</b>             | <b>264</b>                |    |                |                     |    |                  |                           |    |                  |                          |    |                  |                       |    |                          |                     |    |                          |   |          |                     |                 |     |                          |
| Resolving Housing Benefit/UC housing element issues | 110   |   |   |     |  |      |                  |           |                         |     |                          |                           |    |                |                     |    |                  |                           |    |                  |                          |    |                  |                       |    |                          |                     |    |                          |   |          |                     |                 |     |                          |
| Resolving rent and service charge issues            | 46  |   |   |     |  |      |                  |           |                         |     |                          |                           |    |                |                     |    |                  |                           |    |                  |                          |    |                  |                       |    |                          |                     |    |                          |   |          |                     |                 |     |                          |
| Mortgage arrears                                    | 14  |   |   |     |  |      |                  |           |                         |     |                          |                           |    |                |                     |    |                  |                           |    |                  |                          |    |                  |                       |    |                          |                     |    |                          |   |          |                     |                 |     |                          |
| Other homelessness work                             | 104   |   |   |     |  |      |                  |           |                         |     |                          |                           |    |                |                     |    |                  |                           |    |                  |                          |    |                  |                       |    |                          |                     |    |                          |   |          |                     |                 |     |                          |
| <b>Total</b>  | <b>264</b>  |   |   |     |  |      |                  |           |                         |     |                          |                           |    |                |                     |    |                  |                           |    |                  |                          |    |                  |                       |    |                          |                     |    |                          |   |          |                     |                 |     |                          |
|   | <ul style="list-style-type: none"> <li>Opening hours</li> </ul>   | Opening hours changed following the pandemic as face to face advice was suspended. We now offer telephone, email and face to face appointments Monday to Friday from 9.00 to 4.00. We prioritise face to face appointments to vulnerable clients and those in greatest need of assistance.  |   |     |  |      |                  |           |                         |     |                          |                           |    |                |                     |    |                  |                           |    |                  |                          |    |                  |                       |    |                          |                     |    |                          |   |          |                     |                 |     |                          |
|   | <ul style="list-style-type: none"> <li>Number and type of paid staff hours worked</li> </ul>  | <table> <thead> <tr> <th colspan="3">Breakdown of paid posts and hours:</th> </tr> <tr> <th>Role</th> <th>Hours</th> <th>Funded by</th> </tr> </thead> <tbody> <tr> <td>Chief Officer</td> <td>37</td> <td>Partially funded by FHDC</td> </tr> <tr> <td>Advice Session Supervisor</td> <td>30</td> <td>Funded by FHDC</td> </tr> <tr> <td>Legal Aid Solicitor</td> <td>37</td> <td>Legal Aid Agency</td> </tr> <tr> <td>Legal Aid Caseworkers x 2</td> <td>37</td> <td>Legal Aid Agency</td> </tr> <tr> <td>Legal Aid Administrators</td> <td>46</td> <td>Legal Aid Agency</td> </tr> <tr> <td>Money Matters Adviser</td> <td>14</td> <td>Rotary Club - Folkestone</td> </tr> <tr> <td>Training Supervisor</td> <td>14</td> <td>Partially funded by FHDC</td> </tr> <tr> <td>Help to Claim/Universal Credit Advisers</td> <td>28 hours</td> <td>DWP/Citizens Advice</td> </tr> <tr> <td>Finance Officer</td> <td>7.5</td> <td>Partially funded by FHDC</td> </tr> </tbody> </table> | Breakdown of paid posts and hours:                  |     |  | Role | Hours            | Funded by | Chief Officer           | 37  | Partially funded by FHDC | Advice Session Supervisor | 30 | Funded by FHDC | Legal Aid Solicitor | 37 | Legal Aid Agency | Legal Aid Caseworkers x 2 | 37 | Legal Aid Agency | Legal Aid Administrators | 46 | Legal Aid Agency | Money Matters Adviser | 14 | Rotary Club - Folkestone | Training Supervisor | 14 | Partially funded by FHDC | Help to Claim/Universal Credit Advisers | 28 hours | DWP/Citizens Advice | Finance Officer | 7.5 | Partially funded by FHDC |
| Breakdown of paid posts and hours:                  |   |   |   |     |  |      |                  |           |                         |     |                          |                           |    |                |                     |    |                  |                           |    |                  |                          |    |                  |                       |    |                          |                     |    |                          |   |          |                     |                 |     |                          |
| Role  | Hours   | Funded by   |   |     |  |      |                  |           |                         |     |                          |                           |    |                |                     |    |                  |                           |    |                  |                          |    |                  |                       |    |                          |                     |    |                          |   |          |                     |                 |     |                          |
| Chief Officer                                       | 37  | Partially funded by FHDC  |   |     |  |      |                  |           |                         |     |                          |                           |    |                |                     |    |                  |                           |    |                  |                          |    |                  |                       |    |                          |                     |    |                          |   |          |                     |                 |     |                          |
| Advice Session Supervisor                           | 30  | Funded by FHDC  |   |     |  |      |                  |           |                         |     |                          |                           |    |                |                     |    |                  |                           |    |                  |                          |    |                  |                       |    |                          |                     |    |                          |   |          |                     |                 |     |                          |
| Legal Aid Solicitor                                 | 37  | Legal Aid Agency  |   |     |  |      |                  |           |                         |     |                          |                           |    |                |                     |    |                  |                           |    |                  |                          |    |                  |                       |    |                          |                     |    |                          |   |          |                     |                 |     |                          |
| Legal Aid Caseworkers x 2                           | 37  | Legal Aid Agency  |   |     |  |      |                  |           |                         |     |                          |                           |    |                |                     |    |                  |                           |    |                  |                          |    |                  |                       |    |                          |                     |    |                          |   |          |                     |                 |     |                          |
| Legal Aid Administrators                            | 46  | Legal Aid Agency  |   |     |  |      |                  |           |                         |     |                          |                           |    |                |                     |    |                  |                           |    |                  |                          |    |                  |                       |    |                          |                     |    |                          |   |          |                     |                 |     |                          |
| Money Matters Adviser                               | 14  | Rotary Club - Folkestone  |   |     |  |      |                  |           |                         |     |                          |                           |    |                |                     |    |                  |                           |    |                  |                          |    |                  |                       |    |                          |                     |    |                          |   |          |                     |                 |     |                          |
| Training Supervisor                                 | 14  | Partially funded by FHDC  |   |     |  |      |                  |           |                         |     |                          |                           |    |                |                     |    |                  |                           |    |                  |                          |    |                  |                       |    |                          |                     |    |                          |   |          |                     |                 |     |                          |
| Help to Claim/Universal Credit Advisers             | 28 hours  | DWP/Citizens Advice   |   |     |  |      |                  |           |                         |     |                          |                           |    |                |                     |    |                  |                           |    |                  |                          |    |                  |                       |    |                          |                     |    |                          |   |          |                     |                 |     |                          |
| Finance Officer                                     | 7.5   | Partially funded by FHDC  |   |     |  |      |                  |           |                         |     |                          |                           |    |                |                     |    |                  |                           |    |                  |                          |    |                  |                       |    |                          |                     |    |                          |   |          |                     |                 |     |                          |
| 2   | <b>Outcome 2 – Maintain a baseline of 20 volunteers to ensure provision of the generalist service.</b>  |   |   |     |  |      |                  |           |                         |     |                          |                           |    |                |                     |    |                  |                           |    |                  |                          |    |                  |                       |    |                          |                     |    |                          |   |          |                     |                 |     |                          |

|   | Outcome   | Performance to date  |
|---|---|--|
|   | <ul style="list-style-type: none"> <li>A minimum of 3 volunteers available during opening hours to provide services including face to face advice.</li> </ul> | <p>We have previously always met this target but with changes in service delivery due to the pandemic and with a lot of our volunteers being within vulnerable groups regarding Covid we have only had limited volunteers within the service this year.</p> <p>We currently usually have two volunteers per session and are currently running a recruitment campaign to recruit more. We have put additional resources into training and recruitment and have a 3 day per week Training Supervisor.</p> <p>Where volunteers have not been available paid staff have delivered and covered services to guarantee service delivery and ensure contract requirements are met.</p>   |
|   | <ul style="list-style-type: none"> <li>Number of volunteer staff with hours worked.</li> </ul>  | <p>Changes in working and the necessity to shield has meant that our volunteer contingent has reduced during the pandemic. We currently have 5 volunteers active for 40 hours each week. As stated we are currently working to recruit and train increased numbers of volunteers so this should increase over the next few months.</p>   |
|   | <ul style="list-style-type: none"> <li>Number of training sessions undertaken by staff and number of trainees.</li> </ul>                                     | <p>There is a Training and Development Plan for staff and volunteers within the organisation. This is reviewed annually.</p> <ul style="list-style-type: none"> <li>Trainee Volunteers undertake Citizens Advice accredited training programmes which include on the job training, e learning and formal training courses.</li> <li>Qualified volunteers and staff training is reviewed each year and training needs are assessed in order to meet individual, post and compliance requirements.</li> <li>All staff and volunteers complete training on GDPR annually.</li> <li>Staff also completed training in other areas including Homelessness and Housing, Debt &amp; Insolvency, Welfare Rights, Equality and Diversity.</li> </ul> |
| 3 | <b>Outcome 3 – Working with partners to develop potential improvements in service provision and delivery.</b>   |  |

|   | <b>Outcome</b>   | <b>Performance to date</b>  |
|---|--|---|
|   | <ul style="list-style-type: none"> <li>• Appropriate fundraising activities identified, including working with local partners to secure additional funds.</li> </ul> | <p>We are involved in a range of fund raising activities including:</p> <ul style="list-style-type: none"> <li>• Funding was again awarded for April 2021 to March 2022 from the DWP via Citizens Advice national for a Help to Claim project which provides a 0.8 FTE worker to support people to claim Universal Credit.</li> <li>• Funding through Folkestone Rotary Club for a 0.4 FTE Money Adviser will continue until at least December 2022.</li> <li>• Legal Aid Agency funding continues until September 2023 when it will be due for renewal. A contract management review carried out by the LAA at the end of 2021 found we were fully compliant with all requirements.</li> <li>• Funding awarded from the Community Justice Foundation for £27,500 up until 31/3/22 to support delivery of our specialist housing advice services and to make up the shortfall in revenue caused by the pandemic. Further funding of £14,500 awarded for 2022 to 2023.</li> <li>• We regularly assess funding opportunities and where appropriate will apply.</li> </ul> |
|   | <ul style="list-style-type: none"> <li>• Shepway Voluntary and Networking Forum established &amp; biannually</li> </ul>  | Regular attendance at Shepway Voluntary Sector Group meetings.  |
|   | <ul style="list-style-type: none"> <li>• Shepway CA Agency referrals process established and promoted.</li> </ul>  | <p>We currently operate 2 specific referrals protocols/systems:</p> <ul style="list-style-type: none"> <li>• Specialist Housing contract – referral system set up and promoted to a range of partners including F&amp;HDC, Porchlight, Sanctuary Supported Living, Probation Service etc... referrals are made through completion and submission of a referral form providing details of clients, problem and eligibility for Legal Aid.</li> <li>• Money Matters – Folkestone – referrals can be made to this project from other local organisations including MIND, JCP, Rainbow centre and others. Referrals are dealt with within a maximum of 5 working days.</li> </ul>   |
| 4 | <b>Outcome 4 – Monitor casework and enquiries with a view to identifying trends and policy issues to inform local, regional and national social policy through:</b>  |   |



|   | Outcome  | Performance to date  |
|---|--|--|
|   | <ul style="list-style-type: none"> <li>Regular reports on policy issues to Citizens Advice and local partners.</li> </ul>              | We submitted 43 policy reports to Citizens Advice national on a range of issues predominantly in relation to Benefits and Universal Credit problems.   |
|   | <ul style="list-style-type: none"> <li>Assessment of local Advice needs.</li> </ul>  | This was carried out in February 2022 and is attached – Appendix 1   |
| 5 | <b>Outcome 5 – Measure client satisfaction to inform service delivery improvement plan by:</b>   |  |
|   | <ul style="list-style-type: none"> <li>Report on responses to client satisfaction survey for the core advice service</li> </ul>        | Client feedback for the full year 2021 is attached in Appendix 2   |
|   | <ul style="list-style-type: none"> <li>Number of formal complaints about Shepway Citizens Advice bureau</li> </ul>                     | For the year 2021/22 we received 2 complaints, one related to access to the service and the other related to the extent of the advice we could provide as the enquiry was outside our usual enquiry areas which meant that we were only able to signpost the client to other organisations. Both were resolved by providing the clients with additional information. |
|   | <ul style="list-style-type: none"> <li>Any other data which is mutually agreed for the purposes of performance measurement.</li> </ul> | N/A  |

# Appendix 1 - Community Advice Needs Analysis

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## Measuring/ determining the need for advice

In assessing the actual and potential needs for advice in Folkestone & Hythe we have analysed our client and community profile information, and used available data on multiple deprivation as a way of determining advice need.

## The Need: Geographical communities

The geography of Folkestone & Hythe, the nature of its communities and the levels of deprivation all combine to create a diverse pattern of need.

Folkestone & Hythe is a diverse district with the main towns of Folkestone and Hythe being in the East of the district with a predominantly rural environment in the west. Both areas have pockets of relatively high deprivation particularly in East Folkestone in the East and Lydd in the rurally isolated west.

As well as relatively high levels of unemployment compared with other areas in the South East average gross earnings are low. Gross weekly pay averages £607.80 in the Folkestone and Hythe which is lower than the South East average of £660.10 and the GB average at £613.10 (Nomis – ONS 2021).

## Child Poverty

In the January 2021 KCC District Profile it was found that child poverty is at 20.2% in Folkestone & Hythe compared to 16.5% in Kent and 17 % in England.

## Health & Disability

6.1% of Folkestone & Hythe residents describe their health as bad or very bad. This is higher than Kent (4.9%), south east (4.1%), and national (England: 5.3%) comparisons.

Over 20% of those that live in the district indicated that their day-to-day activities are limited by a long-term health problem or disability. This is higher than Kent (16.9%), south east (15.1%), and national (England: 17.2%) comparisons. (Folkestone & Hythe Equality and Diversity Annual Report, published September 2019/KCC District Profile – version 4/1/22).

There are also high levels of mental health issues with 24% of those claiming Disability benefits doing so in the basis of their mental health (KCC District Profile – January 2021).

### **Domestic Violence**

Folkestone & Hythe is the 4<sup>th</sup> highest district in Kent in terms of incidences in domestic violence, and we certainly see clients who have been victims of this.

(Kent and Medway Domestic Abuse Strategy Group/KCC/Kent Police)

### **The Need: communities of interest**

In addition to the geographical areas within Folkestone & Hythe affected by deprivation certain groups of people experience deprivation more acutely than others, or experience discrimination and harassment because of their personal circumstances or characteristics in addition to the general economic deprivation experienced by the community as a whole.

We would identify the following groups as particularly affected:

- People from eastern European communities/Migrant workers;
- People suffering mental health issues;
- People living with alcohol and drug addiction;
- People living with long term limiting illnesses or physical disabilities;
- People who are rurally isolated;
- People in low paid or insecure employment;

### **Shepway Citizens Advice Client profile**

We believe that our client profile confirms that we are reaching a wide range of different groups particularly those from the above groups.

### **Alternative sources of help**

Shepway Citizens Advice is the principal provider of independent advice in the Shepway. Other voluntary and non-profit making organisations who give advice as part of their services are listed In Appendix 1. Most provide advice as one of a range of services to specific client groups.

Folkestone & Hythe has a relatively small number of solicitors per head of the population, compared to other similar sized areas.

### Subject categories

A great deal of our work continues to be focused on 4 main categories of Benefits, Debt, Employment and Housing. Debt has significantly decreased due to cessation of creditor action during the pandemic.

|                                       |   |
|---------------------------------------|---|
| Benefits (including Universal Credit) | 40%   |
| Debt                                  | 10%   |
| Employment                            | 6%  |
| Housing                               | 13% (This excludes issues under LAA housing). |

This is predictable given the levels of poverty and deprivation present within Shepway and the development of specialisms in these areas. We fully expect these to be the main subject areas required in any new geographical locations, and will form the basis of the majority of advice required by new communities of interest.

In recent year's advice for migrant, predominantly European, workers has increased significantly, particularly in relation to in and out of work benefits used to top up wages or replace them when jobs end and more recently to do with the changes in status associated with Brexit and the need to have settled status to be able to access benefits and services.

Demand for housing advice currently outweighs our ability to supply and we will look to increase capacity through increased personnel in the longer term.

### Mapping current advice need

| Area or client group                           | Advice need               | Provision  | Gaps / barriers  |
|--|---------------------------|--|--|
| Benefit claimants/<br>people on low<br>incomes | Welfare Rights<br>advice. | Basic generalist provision through core CA service as well as other organisations such as Age UK | Current provision does not meet need in terms of availability, accessibility, level and quality. |
|  | Universal Credit          | Help to Claim service from 1/4/19 to 31/3/22.  | This provided assistance to people to secure UC entitlements but ended on 31/3/22.               |

|  |  |   |  |
|--|--|---|--|
|  | Debt Advice  | We have funding for a 0.4 day per week Money Adviser.   | Additional resources required to ensure demand is met.   |
| Marsh residents                        | Full range of advice services due to deprivation levels.     | No quality assured advice provision in this area. We therefore guarantee appointments for clients to ensure access to services. | For CA and other advice services residents have to spend considerable time and money travelling to Folkestone. |
| Domestic Violence victims              | Full range of advice services                                | One stop shop and generic advice services.  | Accessibility needs to be increased in order to ensure the advice needed is provided.                          |
| European and other migrant communities | Full range of advice services with interpreting as required. | Generic services available. Previously LA funded a dedicated migrant worker but funding was cut.                                | Language issues and support with benefit advice/claims as well as rights under the settlement scheme.          |
| People with mental health issues       | Full range of advice services tailored to their needs.       | General advice available through CA and other agencies including MIND etc..   | Current provision does not meet demand in terms of accessibility and level of assistance                       |

### Unmet need

We believe that there is significant unmet need notably in areas of rural isolation, people who cannot access our services within our current opening times and those requiring home visits. We continue to be committed to looking at ways to increase accessibility to meet these needs.

### Other areas for new development

- Statutory information or advice under new legislation and policy changes.
- The geography makes outreach an especially appropriate service method, but we continue to lack resources to deliver outreach sessions. As yet we have not identified any additional resources to deliver services in the Marsh area.

### Service users' views on advice needs

National feedback is reviewed regularly and we will plan to do a local survey on user needs within the next few months.

### Our diversity profile

We want to understand how well our service reflects our local communities. Our diversity profile below highlights key comparators.

#### Diversity Profile Comparison

| Gender  | Community Profile | Client Profile | Shepway CA |
|---------|-------------------|----------------|------------|
| Males   | 49.5              | 39%            | 38%        |
| Females | 50.5              | 61%            | 62%        |

|       | Ethnicity                    | Community Profile | Client Profile | Shepway CA |
|-------|------------------------------|-------------------|----------------|------------|
|       | White: British               | 91%               | 84%            | 87%        |
| White | White: Irish                 | 0.7%              | 0.5%           | 4%         |
|       | White: Other White           | 3%                | 5%             | 9%         |
| Mixed | Mixed/multiple ethnic groups | 1.1%              | 1%             | 0%         |

|       |                                  |      |      |    |
|-------|----------------------------------|------|------|----|
| Asian | Asian/Asian British: Other Asian | 2.5% | 2%   | 0% |
| Asian | Asian/Asian British: Indian      | 0.4% | 1%   | 0% |
| Black | Black or Black British: African  | 0.3% | 1%   | 0% |
| Other | Includes all other groups        | 1%   | 5.5% | 0% |

| Disability   | Community Profile | Client Profile | Shepway CA |
|--------------|-------------------|----------------|------------|
| Disabled     | 20%               | 40%            | 9%         |
| Not disabled | 80%               | 60%            | 91%        |

| Age     | Community Profile | Client Profile | Shepway CA |
|---------|-------------------|----------------|------------|
| 0 - 19  | 21%               | 1%             | 0%         |
| 20 - 29 | 10%               | 12%            | 4%         |
| 30 - 39 | 11%               | 20%            | 13%        |
| 40 - 49 | 12%               | 23%            | 26%        |
| 50 - 59 | 15%               | 26%            | 22%        |
| 60 - 69 | 13%               | 15%            | 13%        |
| 70+     | 18%               | 3%             | 22%        |

Even though our diversity in terms of ethnicity and age has increased it remains clear from the above that there are some areas where we do not fully reflect the make-up of our community with some groups such as within age and gender being significantly under or over represented.

#### **How this analysis feeds into our strategic priorities/service development**

We have analysed all the data described above, alongside available information from our stakeholders in order to plan our services.

We will also be open to taking on suitable emerging opportunities which are in line with our offering and overall strategic vision to ensure that they complement and enhance our service.

With the resources available to us, and taking into account all the factors above, we think we can offer the most effective service by focusing our attention on:

**This year:**

- Continuing to our succession planning ensures a seamless transition when people leave the service.
- Continue to look at ways to increase the diversity of our board to ensure it is more representative of the community.
- Increasing the number of volunteers in order to increase capacity within the core service.
- Work to continue to increase the overall diversity of our personnel to greater reflect the community we work in.
- Building capacity for longer term strategic aims through continuing to recruit and train additional volunteers as well as developing our existing staff and volunteers to take on different roles and increase skill levels.
- Maintaining our project funding through meeting all performance requirements.
- Proactively pursuing additional funding for Training and for subject specific areas such as Welfare Rights and Debt advice.
- Strengthening our Research & Campaigns work.
- Increasing our communications and raising our profile.
- Ensure that we meet the needs of those most vulnerable and in need of advice and assistance through working to increase the channels through which clients can gain information and advice initially focusing on:
  - Provision of face to face services where clients have difficulty accessing other channels.
  - Provision of other channels where face to face is difficult due to geography e.g. the Marsh area.

**In the next 3 years:**

- Continue to work to expand and strengthen our core services which are vital to the organisation's resilience and vital to local residents. It is also vital to the success of future projects as core services both support and feed into these more specific areas of work.
- Continue to work to fund other areas of work such as support to those most vulnerable specifically those with health issues and those who face issues such as domestic abuse.

**Longer term:**

- We will continue to monitor trends and emerging issues in order to respond to the needs of our communities and ensure the sustainability of the organisation.



## Appendix 2

### Client Feedback & Complaints Review – 2021

|  | Positive responses |
|--|--------------------|
| How easy or difficult did you find it to access the service?   | 76%                |
| To what extent did the service help you to find a way forward? | 73%                |
| To what extent is your problem now resolved?                   | 73%                |
| How likely would you be to recommend the service?              | 83%                |

As we can see the results are generally positive though finding a way forward is much lower than national results. Locally the service has previously prioritised face to face services and has provided greater assistance to people than via telephone and email services are able to, so the changes in delivery may have had an effect. We will continue to monitor feedback and satisfaction levels in order to ensure improvements are made when necessary.

Comments from the national feedback include the following:

*Just to say my problem is still ongoing but having Citizens Advice there has help me a bit but I am not a well person and this matter is going to take some time to sort out but knowing they are going to help me to the ends gives me some encouragement. Thank you.*

*Thorough in helping me take action.*

*I get anxious and it was great to go through the whole process on line and in email.*

*Still receiving good help and ongoing advice via telephone appointments.*

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# Citizens Advice Shepway

## Our impact



### The difference we make to Folkestone & Hythe and beyond

#### Overview

In this report we will look at our impact, the value of our advice service, our funded services, our performance and our funding needs and challenges.

#### The social value of our service

As a service our social value plays an integral role in supporting and strengthening the local community. We're a local service working with local people. Our advice has a positive impact on the health and wellbeing of our clients, reducing stress and anxiety and empowering people to secure their rights and make positive changes to their lives. Our impact is significant and wide ranging bringing financial and social benefits to individuals and the local community.

We support social cohesion and work with the most vulnerable and disadvantaged. Our volunteers are drawn from the local community enhancing our connection with the people we assist and contributing to the delivery of a value for money service.

This means we're an important part of the community, with a credible understanding of local needs. We use this to tailor our services and help improve local policies and practices.

As a service we are reliant on funding from a range of different sources in order to be able to deliver advice services.

Without funding to pay for staff and volunteer expenses as well as running and premises costs we would not exist and the benefits, financial and social, to the local community which are far in excess of our funding, would cease.

Critical to sustainability is our Core funding from the Local Authority which funds our core/generalist service. This not only means that we can provide advice services covering a range of enquiry areas to Folkestone & Hythe residents but also provides a foundation for us to secure project funding which provides additional targeted and specialist advice services and also contributes to the overall running costs of the service in general.

#### Our Impact

Problems do not happen in isolation and solving them can prevent them from escalating. The wider impact of advice – what we achieve as a result of solving problems and providing support – is just as important.

The wider impact of advice – what we achieve as a result of solving problems and providing support is just as important.



National research has found:



**80%** of people said their **problem was solved** following advice



**60%** said they **felt less stress**, depressed or anxious as a result of the help they received from us



**40%** had more money or control of their finances

**40%** had a more secure housing situation

**Around 1 in 5 people** are not confident using the internet, including to search for information online



**Over 9 in 10 people** we help say that their problem negatively affected their life



**3 in 5 people** Lack confidence in taking action to solve their issue

### **Locally feedback from clients supports these results with a recent debt client stating:**

*I can honestly say I was at a point where I thought I couldn't deal with it can any more. I went around in circles, struggling and I'm a capable individual. I got in contact with CAB Folkestone and spoke to the debt advisor, ranted about everything for an hour and explained the situation.*

*I can honestly say the guidance made me feel so much relief. I gave them the figures, was at point of losing my flat and losing my job and with a new born baby due in the next few weeks. I honestly thought it wasn't possible and there was no way through this minefield.*

*Citizens advice are absolutely unrecognised for the awesome work they do. I can honestly say it's been a pleasure and a relief to finally be able to move forward with a clean slate and get back everything I thought was lost.*

### **The value of advice**

The value of and need for advice during the pandemic was acutely evident with large numbers of enquiries relating to employment rights covering redundancy, furlough and pay, benefit rights covering Universal Credit and other support and requirements under Coronavirus legislation.

Our advice supports people to claim benefits, manage their money, maintain accommodation and secure their employment rights and legal rights. This not only improves their lives but also supports the wider socio-economic wellbeing of the wider community.

### **The financial value of our advice**

The value of our advice is significant and is far in excess of the cost of the service. The table below highlights key financial outcomes with the value being calculated using the methodology developed by the New Economy organisation and approved by Treasury economists. The figures contained within the model come from the latest evidence and data available and is produced by Citizens Advice national.

| Name of local Citizens Advice member | Citizens Advice Shepway |
|--------------------------------------|-------------------------|
|--------------------------------------|-------------------------|

|   |          |
|---|----------|
| Reported funding to local Citizens Advice | £287,030 |
| Funding to local Citizens Advice from LA  | £67,800  |

### 1) Overall financial value to society

| Overall value (advice and volunteering)                |            |
|--|------------|
| Fiscal benefit total                                   | £300,309   |
| Public value total                                     | £2,476,490 |
| Value to the people we help (financial outcomes) total | £2,087,578 |

| For every £1 invested:   |              |
|--|--------------|
| For every £1, £x in fiscal benefits                                  | <b>£1.05</b> |
| For every £1, £x in public value                                     | <b>£8.63</b> |
| For every £1, £x in value to the people we help (financial outcomes) | <b>£7.27</b> |

### 2) Key stakeholders

| NHS - by reducing use of mental health and GP services, and keeping people in work |         |
|--|---------|
| Reducing use of health services  | £43,504 |
| Keeping people in work   | £8,874  |
| Total saving to NHS  | £52,377 |

| Other government departments   |          |
|--|----------|
| Department of Work and Pensions (by keeping people in work)                | £139,019 |
| Criminal Justice System (by preventing housing evictions and homelessness) | £3,175   |
| Housing Providers (by preventing housing evictions)                        | £78,082  |

| Value of fiscal benefit providing debt advice |          |
|---|----------|
| Total of Value of Advice                      | £111,881 |

| Wider economic and social benefits  |            |
|---|------------|
| Public value of improving clients' wellbeing (emotional wellbeing, family relationships and positive functioning) | £1,854,961 |
| Public value of volunteering (part of public value total)   | £76,312    |

These outcomes come from our Core and other services, excluding our Housing service, as detailed below.

## Our services

### Core/Generalist service

Providing advice and assistance to Folkestone & Hythe residents on a range of different issues. The service acts as a gateway to our other services as well as working to gather evidence to positively influence and improve policy change and development.

Funded by Folkestone & Hythe Council.

- Funding for 2021 to 2022 of £67800.
- 0.8 FTE Supervisor, 0.2 Administrator, proportion of salary costs for Chief Officer and Finance Officer and volunteers delivering phone, email and face to face advice services. This does not cover the 0.4 Training Supervisor post needed to recruit and train volunteers. **This funding not only delivers our generalist service but the return on the investment of £67800 has consistently been over £280000 of services predominantly funded by other funders and adding specialist/targeted services to the people of Folkestone & Hythe.**

### Help to Claim Project

This is to support people claiming Universal Credit and ensuring that the correct entitlement is awarded, including the Housing Element which covers rent and service charge payments.

- Funding for 2021 to 2022 of £43451 from the DWP via Citizens Advice national.
- 0.9 FTE worker delivering telephone, webchat and face to face advice and assistance locally and nationally.

### Money Matters – Folkestone Project

This is to provide advice and assistance to local residents with debt issues, including rent arrears.

- Funding for £9225 for 2021 currently to December 2021 from the Rotary Club of Folkestone.
- 0.4 FTE worker delivering telephone and face to face advice and assistance.

### Legal Aid Agency Housing Project

Providing advice, assistance and representation to clients with housing and homelessness issues.

- Funding is on a per case basis but has previously represented in excess of £120,000 per year via the Legal Aid Agency.
- 3 FTE caseworkers and 1 FTE Administrator delivering specialist advice services to Folkestone and Hythe and East Kent residents on housing issues. Delivery of the Housing Possession Court desk scheme which represents clients in Canterbury and Thanet Court at possession hearings.

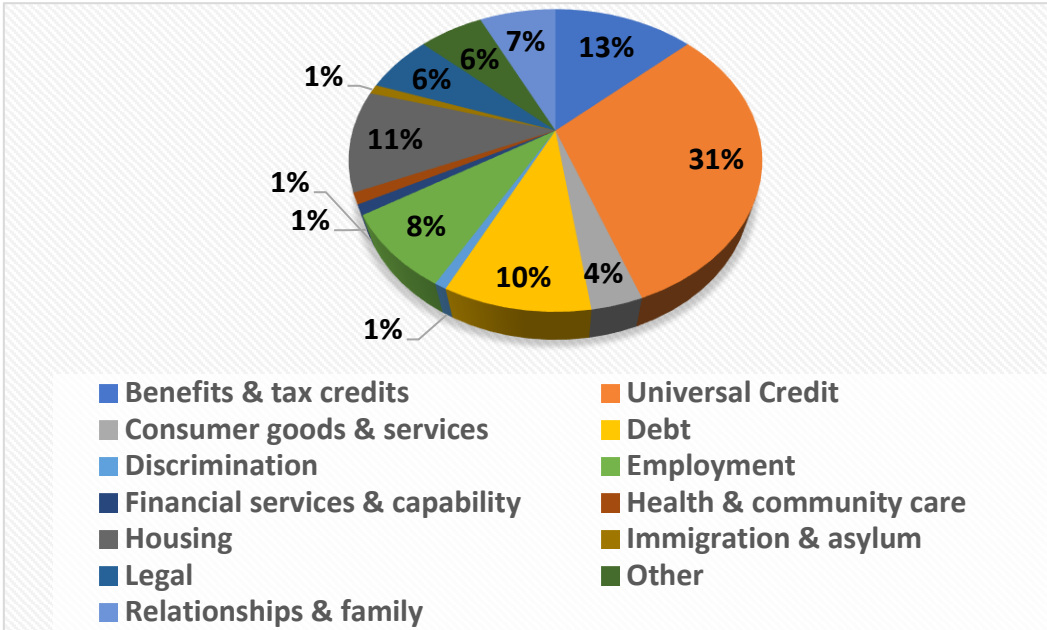
## Our performance/performance against targets

We are meeting performance targets in all funded services and hold both the Advice Quality Standard and the Specialist Quality Mark. These accreditations are independently audited and

confirm our quality assurance, financial, legal and compliance requirements fully meet the standards for both generalist and specialist work.

**Performance against the Service Level Agreement with Folkestone & Hythe District Council.**

Performance for the period April 2020 to March 2021 more than met requirements regarding advising and assisting clients, with 2500 clients provided with information/advice/assistance against a target of 1800 and 4334 issues dealt with against a target of 3600. The largest numbers of enquiries relating to Benefits, Debt, Employment and Housing problems all of which play a significant role in the socio-economic wellbeing of individuals and the community.



This was an excellent achievement by our staff and volunteers bearing in mind all this was done during the pandemic and multiple lock downs.

**Funding the Core/Generalist Service**

For over 12 years the Core grant has remained static which represents a cut in real terms. Even though the service has worked extremely hard, and been successful, in securing additional funding to deliver additional services the level of core grant funding means that we are totally reliant on project funding, representing about 75% of funding as a whole, for the service to be viable. It also means that our core services are extremely limited and that we currently lack the funding needed to cover the cost of a Training Supervisor which is critical to our ability to recruit and train volunteers who deliver the service.

**Covid-19 Impact**

The pandemic has had a major impact on everyone. The major changes we have experienced as a service include:

- **Change in service delivery to telephone and email**, with face to face advice being provided in limited circumstances where there is a need due to vulnerability and/or clients being unable to access advice and assistance through other channels.
- **Changes in demand** - due to the suspension of Court and legal action for debt and housing we initially saw a decrease in debt and housing cases, but demand for advice in these areas is

increasing. We also saw a significant increase in Universal Credit enquiries and employment issues as people lost their jobs and needed to claim benefits.

- **Financial impact** – income from our LAA Housing contract decreased due to the cessation of the Court desk and possession claims being made against clients. We were able to mitigate the impact of this through being successful in our grant application to the Community Justice Foundation for a grant to support our continued delivery of our specialist housing services. A grant of £38000 was awarded to make up the shortfall for last year. All other income streams remained on track. This has meant that we largely met budget requirements for the last financial year, which was a significant achievement in light of the impact of the pandemic.

### **Moving forward**

**Increases in demand for advice services** - Due to job losses, income reductions and the economic implications of Covid we expect to see major increases in the demand for Debt, Housing, Benefits and Employment advice and we are currently looking at how we will meet these, including increasing our Volunteer recruitment and training.

**Volunteer recruitment & Training Supervisor provision** – over the past 18 months we have lost a large percentage of our volunteers who were unable to volunteer during the pandemic and who have decided not to return to service. This is being seen nationally. This means that we urgently need to recruit and train significant numbers of volunteers in order to maintain enough to be able to deliver services now and in the future. As previously highlighted our core grant does not cover the Training Supervisor post needed to do this and we desperately need funding to cover this post the minimum cost for this representing £15,000 per year.

### **Finance**

This year the effects of Covid are still being felt which have included difficulties in recruiting to vacant posts.

Funding for Money and Debt advice was not renewed by the Money and Pensions service which has not only reduced overall funding but also reduced our capacity to deliver Debt advice. Fortunately, we have other funding for debt advice but we are assessing what other funding opportunities there are for specialist debt advice as we believe that demand for this will increase.

The current budget for this year shows a deficit, largely because of the low level of core funding and the Money and Pensions service funding not being renewed and the consequent decrease in the contribution to running costs and overheads, even though we have made savings on payroll. Our Help to Claim funding will also end at the end of this financial year, as for all services nationally. If this funding stream is not renewed this will mean a further reduction in funding overall and means a substantial reduction in funding to cover running costs.

We are currently looking closely at our options and actively pursuing any other available funding but we may be faced with making significant cuts if we are unable to gain new funding to replace these funding streams.



Whilst we remain extremely grateful for the core funding we receive, more than ever we need a level of core funding which covers the full costs of the core service and the current budget shows with the inclusion of the essential post of the Training Supervisor the core budget has a significant deficit.

### Budget Analysis & future funding requirements – 2021/2022

|                              | Total         | Core Service  | Legal Aid Agency Housing project | Money Matters | Help to Claim Project |
|------------------------------|---------------|---------------|----------------------------------|---------------|-----------------------|
| <b>Income</b>                |               |               |                                  |               |                       |
| F H D C – Core funding       | 67800         | 67800         |                                  |               |                       |
| Bank interest                | 300           | 300           |                                  |               |                       |
| Donations                    | 3000          | 3000          |                                  |               |                       |
| LAA - Litigation             | 31100         |               | 31100                            |               |                       |
| LAA - Casework               | 38000         |               | 38000                            |               |                       |
| LAA - Escape fees            | 46900         |               | 46900                            |               |                       |
| LAA - Court desk             | 10000         |               | 10000                            |               |                       |
| Other                        |               |               |                                  |               |                       |
| Money Matters – Debt Project | 9493          |               |                                  | 9493          |                       |
| Help To Claim Project        | 43451         |               |                                  |               | 43451                 |
| <b>Total</b>                 | <b>250044</b> | <b>71100</b>  | <b>126000</b>                    | <b>9493</b>   | <b>43451</b>          |
| <b>Expenditure</b>           |               |               |                                  |               |                       |
| Payroll                      | 219567        | 65167         | 112231                           | 7593          | 34576                 |
| Staff & Volunteer expenses   | 5000          | 2540          | 2060                             | 100           | 300                   |
| Telephones                   | 5588          | 3142          | 1346                             | 200           | 900                   |
| Stationery                   | 4200          | 2293          | 982                              | 200           | 725                   |
| Postage                      | 2920          | 1134          | 1236                             | 100           | 450                   |
| Publications                 | 500           | 500           |                                  |               |                       |
| I T                          | 4020          | 1554          | 1766                             | 100           | 600                   |
| Insurance                    | 2160          | 810           | 650                              | 100           | 600                   |
| Rent                         | 15800         | 8075          | 3975                             | 750           | 3000                  |
| H L W                        | 5420          | 2458          | 2012                             | 150           | 800                   |
| Cleaning/R&M                 | 3400          | 1890          | 810                              | 100           | 600                   |
| Fees                         | 4550          | 2050          | 1500                             | 100           | 900                   |
| Disbursements                | 500           |               | 500                              |               |                       |
| Bank charges                 | 300           | 300           |                                  |               |                       |
| <b>Total</b>                 | <b>273925</b> | <b>91914</b>  | <b>129068</b>                    | <b>9493</b>   | <b>43451</b>          |
| <b>Net deficit/surplus</b>   | <b>-23881</b> | <b>-20813</b> | <b>-3068</b>                     | <b>0</b>      | <b>0</b>              |

Without an increase in funding the service is at serious risk, not only due to the direct financial consequences but also due to the lack of ability to recruit and train new volunteers. If funding was increased to cover the Training Supervisor post this would allow us to recover from the effects of the pandemic and in the longer term grow and increase our service. This would mean that we are far better positioned to deal with the expected increases in demand for advice in debt and housing.

Whilst we will always continue to pursue other project based funding, this does not provide the general/unrestricted funding needed to be able to deliver a wide ranging service to all local residents and ensure that we fully meet the needs of our community. The Pandemic has shown that people need support in times of crisis and we want to be able to deliver the best possible service to the largest number of people. To do this we need to secure funding which supports our sustainability and ability to grow and develop.

This Report will be made public on 15 November 2022



Report Number **C/22/59**

**To:** Cabinet  
**Date:** 23 November 2022  
**Status:** Key Decision  
**Responsible Officer:** Andy Blaszkwicz – Director, Housing & Operations  
**Cabinet Member:** Councillor David Godfrey - Cabinet Member for Housing and Special Projects

**SUBJECT:** SOCIAL HOUSING DECARBONISATION FUND – WAVE 1 UPDATE AND WAVE 2 BID APPLICATION

**SUMMARY:** This report provides a progress update to Cabinet on the successful award of the Social Housing Decarbonisation Fund Wave 1 (SHDF) application bid. It also outlines details of the proposed Wave 2 bid. The Wave 2 bid, if successful, will improve the energy efficiency and thermal performance of another 300 of the Council’s worst performing housing properties using a ‘fabric first’ approach over a two-year period.

#### **REASONS FOR RECOMMENDATIONS:**

Cabinet is asked to note that Officers have submitted a bid by the deadline 18<sup>th</sup> November 2022 for Wave 2 of the Social Housing Decarbonisation Fund which will allow further decarbonisation works to 300 homes within the Council’s HRA stock. Cabinet is further asked to provide authority to accept the bid should it be successful.

#### **RECOMMENDATIONS:**

1. To receive and note the Report C/22/59.
2. To note that Officers have submitted a bid for Wave 2 of the Social Housing Decarbonisation Fund (SHDF), the details of which are contained within the body of the report.
3. To note for the wave two bid the additional FHDC match funding required in Year 2 (2024-2025) totaling £2,160,000, and that this will be built into the HRA Business Plan. Year 1 match funding will be met from existing budgets.
4. To provide delegated authority to the Director – Housing & Operations in consultation with the Cabinet Member for Housing & Special Projects to accept the award of the Wave 2 funding should the Council be successful with the bid.

- 5. To approve that Officers issue a tender for the required works and enter into a contract with the successful bidder subject to the bid application being approved.**
- 6. To provide delegated authority to the Director – Housing & Operations in consultation with the Cabinet Member for Housing & Special Projects to undertake any further tasks to conclude the project within the agreed budget framework.**

## **1. BACKGROUND – WHAT IS THE FUND**

- 1.1 The 2019 Conservative Manifesto committed to a £3.8bn Social Housing Decarbonisation Fund (SHDF) over a 10-year period to improve the energy performance of social rented homes, on the pathway to Net Zero 2050. The SHDF aims to deliver warm, energy-efficient homes, reduce carbon emissions and fuel bills, tackle fuel poverty, and support green jobs. The SHDF supports the aims of the Prime Minister’s Ten Point Plan for a Green Industrial Revolution.
- 1.2 Under Wave 1 of the fund up to £160m was made available to Registered Providers (RPs) of Social Housing, including Private and Local Authority (LA) providers in England through Wave 1 of the SHDF to support the installation of energy performance measures in social homes by 31st March 2023 taking a worst first, fabric first, lowest regrets approach. Folkestone & Hythe District Council made a successful bid and were awarded £1,989,090.
- 1.3 The Wave 2.1 competition will allocate up to £800 million of funding to support the installation of fabric first works in addition to energy performance measures in social homes in England.

## **2. CURRENT POSITION (WAVE 1)**

- 2.1 Contracts have been signed with the following contractors to deliver the fabric first measures under the programme
  - Vinci – 50 properties
  - United Living – 35 properties
  - Aran – 24 properties
  - Jenner – Ross House – 16 properties
- 2.2 PAS2035 Assessments have been completed on 88 properties with the remainder having booked appointments. These 88 are now undergoing a PAS2035 Design before installations commence. A PAS2035 Retrofit Coordinator (RC) has been commissioned for the pilot and Phase 1 properties being 34 in number. The RC for the remaining 91 properties has now been appointed.
- 2.3 Delivery programmes have been issued and are under review. Both United Living and Aran are reporting that programmes will be completed by 31st March 2023.
- 2.4 With regards to Ross House and Vinci properties these will extend into April/May and may require a change control submission to BEIS. However, all grant draw down will be made by 31st March 2023.
- 2.5 The team meet monthly with the Monitoring Officer working for Ricardo employed by BEIS. In addition, monthly data uploads are made to BEIS on programme delivery.

### 3. WAVE 2 SOCIAL HOUSING DECARBONISATION FUND (SHDF) BID SUBMISSION

- 3.1 The Wave 2 bid application competition opened on 29 September 2022. (Applications to be submitted by 18th November 2022). All grant funding for Wave 2.1 projects must be transferred to the grant recipient and spent by 31 March 2025
- 3.2 The Wave 2 bid if successful can be rolled out over a 2-year period with 40% of the programme completed in 2023-2024 and the remaining 60% in 2024-2025. It is intended to create a bid based on other properties within FHDC's HRA portfolio currently below EPC rating of C.
- 3.3 Following review, the proposal is to deliver another 300 properties under Wave 2 with the funding detail outlined in the following table. Those figures highlighted in green below are the additional match funding required from FHDC.

|   | Year 1<br>2023-2024<br>(40%) of total Wave 2 Bid | Year 2<br>2024-2025<br>(60%) Of total Wave 2 Bid |
|---|--|--|
| No of properties  | 120  | 180  |
| Average Cost per property (£24,000)                               | £2,880,000                                       | £4,320,000                                       |
| BEIS Grant Funding 50% of total cost                              | £1,440,000                                       | £2,160,000                                       |
| BEIS - Works Grant @ 85% of total of total cost                   | £1,224,000                                       | £1,836,000                                       |
| BEIS - Ancillary & Administrative Costs (A&A) @ 15% of total cost | £216,000   | £324,000   |
| FHDC Match Funding 50% of total cost                              | £1,440,000                                       | £2,160,000                                       |
| FHDC - Works Grant @ 85% of total of total cost                   | £1,224,000                                       | £1,836,000                                       |
| FHDC - Ancillary & Administrative Costs (A&A) @ 15% of total cost | £216,000   | £324,000   |
| Total BEIS Grant Award  | £1,440,000                                       | £2,160,000                                       |
| Total FHDC Match Funding  | £1,440,000                                       | £2,160,000                                       |
| FHDC Carbon Improvement Works (NV64)                              | £1,449,900                                       | £1,449,900                                       |
| Additional funding required Year 1 FHDC                           | £0   |  |
| Additional funding required Year 2 FHDC                           |  | £710,100   |
| Total Year 1  | £0   |  |
| Total Year 2  |  | £2,160,000                                       |

- 3.4 Our Housing Asset Management Strategy coupled with the Climate Change pledge have a target to achieve an EPC C rating across the whole property portfolio by 2030.
- 3.5 Currently we have circa 1238 properties which are rated D and below. On successful completion of Wave 1 this will reduce to 1113.
- 3.6 Should a Wave 2 bid be supported there will be a further reduction of 300 properties.

### 4. RISK MANAGEMENT ISSUES

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

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

|  |             |            |   |
|--|-------------|------------|---|
| Costs being higher than estimated budget   | <b>High</b> | <b>Low</b> | A detailed budget analysis has been carried out and the final approval of the works will be subject to competitive tender |
| The specified technology not providing the expected output performance upon completion | <b>High</b> | <b>Low</b> | The recommendations have been developed by industry specialists and the proposed technology is tried and tested.          |
| Data sharing between the Council and BEIS  | <b>High</b> | <b>Low</b> | A property data sharing agreement will be put in place, agreed by our Information Officer                                 |
| Non-Delivery   | <b>High</b> | <b>Low</b> | Delivery Team resources identified and will be funded by the ancillary and administration costs identified in the fund    |

## **5. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS**

### **5.1 Legal Implications (NM)**

There are no legal implications arising directly from this report. Should the Council make an application for Wave 2 grant funding and be successful, as with Wave 1, the Council will be obliged to enter into a Memorandum of Understanding or some other grant agreement. The Council will need to comply with the terms of such agreement otherwise there is a risk that the grant will be repayable.”

### **5.2 Financial Implications (ST)**

All necessary financial information is included within this report, but any additional budget required will need to follow the normal Growth & Savings process. It is proposed that the match funding required for 24/25 will be built into the HRA Business Plan which will be considered by Cabinet early next year.

### **5.3 Climate Change Implications (OF)**

Climate Change Implications arising from report will be overall positive such as:

- Greenhouse Gas emissions - the proposed works will improve energy efficiency and thermal performance of the properties which is expected to reduce greenhouse gas emissions.
- Resilience – improving the energy performance of the properties will improve resilience of the homes to the impacts of climate change.

- Social and economic impacts – the proposed works should lead to a reduction in domestic energy use and alleviating fuel poverty.
- The works recommended in this report are in support of the Councils commitment to meet the legislative requirements under the Climate change Act (as amended 2019) and the Councils wider Net Zero Carbon targets.

#### 5.4 **Diversities and Equalities Implications (AB)**

There are no diversities or equalities implications arising directly from this report

### 6. **CONTACT OFFICERS AND BACKGROUND DOCUMENTS**

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

Roy Catling, Asset and Development Lead Specialist

[Roy.catling@folkestone-hythe.gov.uk](mailto:Roy.catling@folkestone-hythe.gov.uk)

T. 01303 853714

Andy Blaszkowicz, Director, Housing & Operations

[andy.blaszkowicz@folkestone-hythe.gov.uk](mailto:andy.blaszkowicz@folkestone-hythe.gov.uk)

T. 01303 853684



This Report will be made public on 15 November 2022

Report Number **C/22/60**

**To:** Cabinet  
**Date:** 23 November 2022  
**Status:** Key Decision  
**Responsible Officer:** Ewan Green, Director of Place  
**Cabinet Member:** Cllr David Monk, Leader of the Council

**SUBJECT:** OTTERPOOL PARK EDUCATION PROVISION

**SUMMARY:** This report presents the approach by which it is proposed to deliver the education provision for Otterpool Park new garden town development. The report sets out the strategic principles which will underpin the approach and the role of the Otterpool Park Education Trust. The report also sets out a proposal to make an application for the first primary school at Otterpool Park to be a free school.

**REASONS FOR RECOMMENDATIONS:**

Cabinet agreement is required for the establishment of Otterpool Park Education Trust and for Otterpool Park LLP to become a member and guarantor of the Trust. Cabinet agreement is also required to submit an application to Government for the creation of a free school.

**RECOMMENDATIONS:**

1. To receive and note Report C/22/60.
2. To agree in retrospect to the establishment Otterpool Park Education Trust.
3. To agree in retrospect to Otterpool Park LLP becoming a member and guarantor of Otterpool Park Education Trust.
4. To agree that Otterpool Park Limited Liability Partnership, through the Otterpool Park Education Trust, submit an application to establish the first primary school at Otterpool Park as a free school.
5. To note that Cabinet will be updated once the outcome of the application for a free school is known.

## 1. BACKGROUND

- 1.1 The approved Otterpool Park Limited Liability Partnership (LLP) Business Plan sets out a high-level overview of the way in which education provision may be brought forward. Please refer to:

<https://www.folkestone-hythe.gov.uk/moderngov/documents/s39494/Appendix%20Otterpool%20Park%20Business%20Plan%202022%20low%20res%20version.pdf>

- 1.2 Chapter 9 of the Business Plan (“Planning Strategy”) describes the approach to the delivery of community facilities and education provision:

### **COMMUNITY FACILITIES DELIVERY**

Education provision within new schools is no longer the responsibility of the local education authority. It needs to go through a procurement process led by the county council, with the final decision on the provider sitting with the Regional Schools Commissioner. The alternative is for school proposals to be submitted to the national free schools programme (though this relies on the timing of future ‘waves’ of the programme, each with its own deadline). It is advisable for the LLP to build relationships with academy trusts it feels meet its aspirations, to set out its vision and encourage successful bids for each school.

However, another potential option is for the LLP to set up its own academy trust that would run all the Otterpool Park schools (if successful in the bidding process). This would ensure, for example, that schools have a strong role in the community, with shared facilities. A complementary range of education facilities could be coordinated across the town, with each school having its own specialities, thus ensuring the sum of education is greater than its parts. The LLP is seeking advice from education specialists on this and intends to consider this as an alternative option.

- 1.3 The education provision envisaged in the Business Plan will provide facilities for the first residents of Otterpool Park and their families. All schools at Otterpool Park, it is intended, will align with the overall vision for the garden town and the Education Vision and Strategy mentioned in the Business Plan.
- 1.4 The first primary school will be at the heart of the first phase of Otterpool Park. It is intended that it will be the first education and community-orientated building in place, providing a clear intent that this type of provision is considered as important as residential development, ensuring those moving to Otterpool Park gain a clear understanding of the type of facilities that will be available to them from the outset.
- 1.5 To assist the delivery of the education vision and strategy an Otterpool Park Education Committee has been established. This is an informal group established by Otterpool Park LLP, not a Committee of the Council. It comprises a range expert educationalists and advisors with operational and strategic experience and expertise to guide the establishment of the education provision.

## **2. Options for Education Provision**

2.1 There are two routes available when establishing the first Primary School for Otterpool Park:

### **1. Basic Needs / Free School Presumption Process**

When the local authority deems a new school necessary, which is usually triggered once 350 homes are built, they will write a specification for the school and run a bidding process for prospective sponsors to respond to through an application. The Local Authority would assess the bids and make a recommendation to the Regional Director (formerly the Regional Schools Commissioner) on behalf of the Secretary of State for Education for approval.

This option does not allow for the primary school to provide for the very first residents of Otterpool Park. There would be no influence by OPLLP on the decision to who is selected to operate the school meaning the vision of Otterpool Park cannot be safeguarded.

### **2. Free School Wave 15**

The establishment of OPET as an independent body allows it to submit an application to the next Free School Wave 15 to run the first Primary School at Otterpool Park when it opens. The Department for Education (DfE) will determine the application and whether the school can open as a single academy trust.

This option allows for the opening and running of the school from the earliest opportunity, therefore providing for the first residents of Otterpool Park.

The Government's White Paper 'Opportunity for All' outlines that the Department for Education will expect the provision to grow and become a Multi Academy Trust (MAT) over time, to share capacity across the system and unlock the benefits of operating at an increased scale. All MAT's are expected to have a minimum of ten schools under them by 2030.

2.2 Given the above, Otterpool Park Education Committee considered the three options below for the delivery of the education provision for the new town: -

1. Establish a new MAT for Otterpool Park specifically for the schools developed within the new town:
2. Establish a MAT for Otterpool Park but seek to include those schools in the local area that are not yet part of a MAT.
3. Do nothing - the first primary school is built at Otterpool Park and the Regional Schools Commissioner runs the free school, the presumption in this process is that existing MATs will apply as sponsor.

2.3 After considering the risks and issues it was decided to pursue option 2.

- 2.4 Should the Free School Application be deemed as an unviable option by the Department for Education the free school presumption process will be put in place and run by the Regional Director as outlined in point 2.2 above.

#### **Otterpool Park Education Trust**

- 2.5 Advice was taken from education legal specialists, PHP Law, to determine what legal structure would best enable OPLLP to create and deliver its educational vision for the schools that will be constructed at Otterpool Park Garden Town over the next 30 years. An education trust was recommended as the most appropriate structure.
- 2.6 Following this advice Otterpool Park Education Trust (OPET) was formed with OPLLP as one of the guarantors. It is very similar in structure to a MAT. The Trust governance structure is in line with DfE recommendations with up to 5 members and 9 directors.
- 2.7 The Trust Certificate of Incorporation together with the Articles of Association are attached as the Appendix. As will be seen the Articles are in the approved form for use by schools. OPET has six members, Andrew Jarrett, Luke Quilter, Simon Fisher, Sue Soan Lindsay Gallagher (added by special resolution after formation of the Company) and Otterpool Park LLP.

The present directors are; Jennifer Hollingsbee, Nicola Hurst, Tamasin Jarrett, Thomas Cullen, Wesley Carroll and Tim Hulme. The directors will

- Ensure clarity of vision, ethos and strategic direction
  - Hold executive leaders to account for the educational performance of the organisation and its pupils, and the effective and efficient performance management of staff
  - Oversee the financial performance of the organisation and making sure its money is well spent.
- 2.8 Otterpool Park Limited Liability Partnership (OPLLP) is represented on the board of OPET and the other Directors have joined as they too believe in the value of implementing the vision of Otterpool Park through the education delivery.
- 2.9 The key functions of the OPET are to:
- To design the education vision for Otterpool Park
  - To develop and submit the Free School Wave 15 application (see below)
  - To act as the guiding mind and sponsor of the free school trust and ensure that education is delivered in accordance with the Otterpool Park education vision
  - To oversee the growth of the free school trust and conversion to a multi academy trust at the appropriate time; and
  - If OPLLP consider it appropriate, to be a fund raising and grant holding body for the promotion of the education vision at Otterpool Park in general and the Otterpool Park MAT in particular
- 2.10 Ultimately the main objective of OPET is to establish a MAT for the new town to provide the following benefits:

- To reduce the financial risks to the local education authority and the Department for Education by being financially responsible for the capital and initial operating costs of the schools
- To safeguard and deliver the educational and community vision of Otterpool Park
- To provide better outcomes for pupils through an outstanding and innovative curriculum
- To be at the heart of the community, break down inherently traditional barriers between communities and education providers and for the schools to be at the heart of their communities from the outset.
- To create an exemplary model for outstanding education design and provision approach
- To act as a flagship school for environmental standards, bettering current output specification sustainability standards, providing an operationally efficient building
- To allow each school to approach education in an innovative and creative way by providing a different learning focus for each school e.g., food, land-based curriculum, sports, arts, technology
- To allow for future growth of education provision at Otterpool Park with cohesion and sharing of facilities between the individual offers of the schools
- Streamlined transition for children between nursery, primary and secondary school by including the Early Years Strategy.

2.11 Establishing an education trust would enable an application to the Free School Wave. When later schools are completed, or local schools show an interest in joining, the free school academy trust could be converted to a MAT, these schools would then join the Otterpool Park Multi Academy Trust. This includes the option for a partnership with an existing MAT.

#### **Application to Free School Wave 15 Programme**

2.12 It is proposed that an application is made to establish the first primary school as a free school. When future schools are ready to be built, the original free school academy trust would be converted into a MAT and the later constructed schools would join this MAT. The application needs to be submitted by 30 November 2022. The process is described in Appendix 1 provided by the consultants engaged for the project.

#### **Otterpool Park LLP Board Recommendation**

2.13 The Members' Agreement underpins the governance arrangements between the Council and Otterpool Park LLP. One of the provisions of the Members' Agreement requires approval of the Council to the following: -

“Forming a subsidiary of the Delivery Vehicle, acquiring shares in any other company (subscription or transfer) or any other similar interest in another entity including a limited liability partnership or limited partnership, entering into joint ventures or partnerships or profit-sharing arrangement.”

2.14 Although the preparatory work for education provision in Otterpool Park is outlined in the business plan there is no specific authority to form a separate education trust. The Business Plan refers to a “potential option”

and whilst the potential option has been pursued in accordance with the plan due to an oversight the necessary approval to actually set up the trust was not sought.

2.15 Accordingly, the LLP Board has resolved to seek approval from the Council for the direction and actions that have been embarked on as only the intention to consider the option of a MAT was mentioned in the Business Plan. This approval should have been sought in advance, but it should be noted that:

- The LLP’s liability is limited to a guarantee (£10)
- The work undertaken to date is exploratory in pursuance of the business plan objectives
- No binding commitments have been entered into so there are no liabilities and;
- From a financial and taxation perspective Otterpool Park Education Trust will be dormant until FY24/25.

2.16 The LLP Board recommendations are therefore that the Council should approve not only OPLLP becoming a member of OPET but also to agree that OPLLP should through the Education Trust pursue the application to establish the first primary school as a free school by submitting an application to the Free School Wave 15 by the deadline at of 30 November.

### **3. RISK MANAGEMENT ISSUES**

3.1 Risk at this stage is outlined in the table below:

| <b>Perceived Risk</b>                                     | <b>Likelihood</b> | <b>Seriousness</b> | <b>Preventative Action</b>  |
|---|-------------------|--------------------|---|
| Council does not agree an approach to education provision | Low               | High               | Proposed approach aligns with the Otterpool Park strategic position as outlined in the 2022-23 approved 5 year business plan. |

### **4. LEGAL/FINANCIAL AND OTHER POLICY MATTERS**

#### **4.1 Legal Officer’s Comments (NM)**

There are no legal implications arising directly from this report. External legal advice has been sought in relation to the most appropriate structure for the delivery of education at Otterpool Park and that this should be by way of an education trust.

#### **4.2 Finance (LW)**

At this stage there are no direct financial implications or binding commitments for the Council arising from this report. It is noted a further report will be made to Cabinet once the outcome of the application for a free school is known.

#### **4.3 Diversities and Equalities Implications (GE)**

There are no equality and diversity issues directly arising from this report. The establishment of the Otterpool Park Education Trust (OPET) is essential for shaping the vision of future education provision and the wider sense of place within this new community.

#### **4.4 Climate Change Implications (OF)**

There are no implications arising directly from this report.

### **5. CONTACT OFFICERS AND BACKGROUND DOCUMENTS**

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

Ewan Green, Director of Place  
Telephone: 07783659864  
Email: [ewan.green@folkestone-hythe.gov.uk](mailto:ewan.green@folkestone-hythe.gov.uk)

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

***None.***

**Appendix** Otterpool Education Trust Certificate of Incorporation and Articles of Association.

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**FILE COPY**



**CERTIFICATE OF INCORPORATION  
OF A  
PRIVATE LIMITED COMPANY**

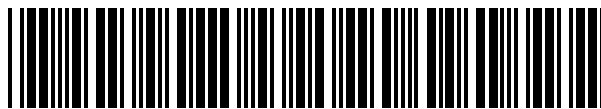
Company Number **14312540**

The Registrar of Companies for England and Wales, hereby certifies that

**OTTERPOOL PARK EDUCATION TRUST**

is this day incorporated under the Companies Act 2006 as a private company, that the company is limited by guarantee, and the situation of its registered office is in England and Wales

Given at Companies House, Cardiff, on **23rd August 2022**



\*N143125407\*



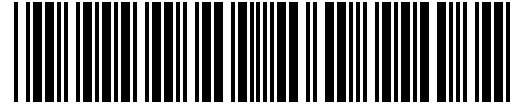
Companies House



THE OFFICIAL SEAL OF THE  
REGISTRAR OF COMPANIES



**Application to register a company**



Received for filing in Electronic Format on the: **22/08/2022**

*XBAYTZX6*

*Company Name in full:* **OTTERPOOL PARK EDUCATION TRUST**

*I confirm that the proposed company name contains sensitive or restricted words or expressions and that approval, where appropriate, has been sought of a government department or other specified body and I attach a copy of their response*

*I confirm that the above proposed company meets the conditions for exemption from the requirements to have a name ending with 'Limited' or permitted alternatives*

*Company Type:* **Private company limited by guarantee**

*Situation of Registered Office:* **England and Wales**

*Proposed Registered Office Address:* **THE JOCKEY CLUB STONE STREET WESTENHANGER  
HYTHE  
KENT  
UNITED KINGDOM CT21 4HX**

*Sic Codes:* **82990  
85310  
85600  
85200**







## ***Persons with Significant Control (PSC)***

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### **Statement of no PSC**

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**The company knows or has reason to believe that there will be no registerable Person with Significant Control or Relevant Legal Entity (RLE) in relation to the company**

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## *Statement of Guarantee*

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I confirm that if the company is wound up while I am a member, or within one year after I cease to be a member, I will contribute to the assets of the company by such amount as may be required for:

- payments of debts and liabilities of the company contracted before I cease to be a member;
- payments of costs, charges and expenses of winding up, and;
- adjustment of the rights of the contributors among ourselves, not exceeding the specified amount below.

*Name:* **ANDREW JARRETT**

*Address* **THE JOCKEY CLUB STONE STREET WESTENHANGER  
HYTHE  
KENT  
CT21 4HX**

*Amount Guaranteed* **GBP10**

*Name:* **LUKE QUILTER**

*Address* **THE JOCKEY CLUB STONE STREET WESTENHANGER  
HYTHE  
KENT  
CT21 4HX**

*Amount Guaranteed* **GBP10**

*Name:* **SIMON FISHER**

*Address* **THE JOCKEY CLUB STONE STREET WESTENHANGER  
HYTHE  
KENT  
CT21 4HX**

*Amount Guaranteed* **GBP10**

*Name:* **SUE SOAN**

*Address* **THE JOCKEY CLUB STONE STREET WESTENHANGER  
HYTHE  
KENT  
CT21 4HX**

*Amount Guaranteed* **GBP10**

*Name:* **OTTERPOOL PARK LLP**

*Address* **THE JOCKEY CLUB STONE STREET WESTENHANGER  
HYTHE  
KENT  
CT21 4HX**

*Amount Guaranteed* **GBP10**

## *Statement of Compliance*

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*I confirm the requirements of the Companies Act 2006 as to registration have been complied with.*

|                      |                           |
|----------------------|---------------------------|
| <i>Name:</i>         | <b>ANDREW JARRETT</b>     |
| <i>Authenticated</i> | <b>YES</b>                |
| <i>Name:</i>         | <b>LUKE QUILTER</b>       |
| <i>Authenticated</i> | <b>YES</b>                |
| <i>Name:</i>         | <b>SIMON FISHER</b>       |
| <i>Authenticated</i> | <b>YES</b>                |
| <i>Name:</i>         | <b>SUE SOAN</b>           |
| <i>Authenticated</i> | <b>YES</b>                |
| <i>Name:</i>         | <b>OTTERPOOL PARK LLP</b> |
| <i>Authenticated</i> | <b>YES</b>                |

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## *Authorisation*

|                                |                   |                      |            |
|--------------------------------|-------------------|----------------------|------------|
| <i>Authoriser Designation:</i> | <b>subscriber</b> | <i>Authenticated</i> | <b>YES</b> |
|--------------------------------|-------------------|----------------------|------------|

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## COMPANY NOT HAVING A SHARE CAPITAL

### Memorandum of Association of OTTERPOOL PARK EDUCATION TRUST

Each subscriber to this memorandum of association wishes to form a company under the Companies Act 2006 and agrees to become a member of the company.

| <b>Name of each subscriber</b> | <b>Authentication</b>        |
|--------------------------------|------------------------------|
| ANDREW JARRETT                 | Authenticated Electronically |
| LUKE QUILTER                   | Authenticated Electronically |
| SIMON FISHER                   | Authenticated Electronically |
| SUE SOAN                       | Authenticated Electronically |
| OTTERPOOL PARK LLP             | Authenticated Electronically |

Dated: 22/08/2022

THE COMPANIES ACT 2006

A COMPANY LIMITED BY GUARANTEE

ARTICLES OF ASSOCIATION

OF

OTTERPOOL PARK EDUCATION TRUST

COMPANY NUMBER:

ACADEMY ARTICLES OF ASSOCIATION MODEL ONE

For use by mainstream, special, 16-19, alternative provision, free and studio schools

THE COMPANIES ACT 2006  
COMPANY LIMITED BY GUARANTEE  
ARTICLES OF ASSOCIATION  
OF  
OTTERPOOL PARK EDUCATION TRUST

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### Interpretation

1. In these Articles:-
  - a. "the Academies" means all the schools and educational institutions referred to in Article 4a and operated by the Academy Trust (and "Academy" shall mean any one of those schools or educational institutions);
  - b. "Academy Financial Year" means the academic year from 1<sup>st</sup> of September to 31<sup>st</sup> of August of the following year;
  - c. "the Academy Trust" means the company intended to be regulated by these Articles and referred to in Article 2, subject to the definition of this term at Article 6.9(a) in relation to articles 6.2-6.4 and 6.6-6.8A;
  - d. "the Articles" means these Articles of Association of the Academy Trust;
  - e. "Chair" means the Chair of the Trustees, save that for the purposes of Articles 23 – 44 chair means the individual appointed as chair of a General Meeting pursuant to Article 25;
  - f. Not Used.
  - g. "clear days" in relation to the period of a notice means the period excluding the day when the notice is given or deemed to be given and the day on which it is given or on which it is to take effect;
  - h. "Co-opted Trustee" has the meaning contained in Article 58;
  - i. "electronic form" has the meaning given in section 1168 of the Companies Act 2006;
  - j. "financial expert" means an individual, company or firm who is authorised to give investment advice under the Financial Services and Markets Act 2000;
  - k. "Foundation/Sponsor body" means Otterpool Park LLP, or any successor entity discharging the same function in respect of the Academies;
  - l. Not Used;

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- m. "Governance Professional" means the Governance Professional to the Trustees or any other person appointed to perform the duties of the Governance Professional to the Trustees, including a joint, assistant or deputy Governance Professional;
- n. "Local Authority Associated Person" means any person associated (within the meaning given in section 69(5) of the Local Government and Housing Act 1989) with any local authority by which the Academy Trust is influenced;
- o. "Local Governing Bodies" means the committees appointed pursuant to Articles 100-101A and 104 (and "Local Governing Body" means any one of these committees);
- p. "Member" means a member of the Academy Trust and someone who, as such, is bound by the undertaking contained in Article 8;
- q. "the Memorandum" means the Memorandum of Association of the Academy Trust;
- r. "Office" means the registered office of the Academy Trust;
- s. "Parent" includes any person with parental responsibility or care for a pupil, student, or child;
- t. Not Used;
- u. Not Used;
- v. Not Used;
- w. "Principal Regulator" means the body or person appointed as the Principal Regulator under the Charities Act 2011;
- x. "the seal" means the common seal of the Academy Trust, if it has one;
- y. "Secretary of State" means the Secretary of State for Education or successor;

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- z. “Serious Criminal Offence” means any criminal offence excluding those which have been spent under the Rehabilitation of Offenders Act 1974 and excluding any offence for which the maximum sentence is a fine or a lesser sentence, except where a person has been convicted of any offence which falls under section 178 of the Charities Act 2011.
- aa. “Special Educational Needs” has the meaning set out in sections 20(1) and 21(2) of the Children and Families Act 2014;
- bb. “teacher” means a person employed under a contract of employment or a contract for services or otherwise engaged to provide their services as a teacher at one or more Academies;
- cc. “the Trustees” means the directors of the Academy Trust (and “Trustee” means any one of those directors), subject to the definition of this term at Article 6.9(b) in relation to Articles 6.2-6.4 and 6.6-6.8A;
- dd. “the United Kingdom” means Great Britain and Northern Ireland;
- ee. “Vice-Chair” means the Vice-Chair of the Trustees;
- ff. words importing the singular number shall include the plural number, and vice versa;
- gg. subject as aforesaid, words or expressions contained in these Articles shall, unless the context requires otherwise, bear the same meaning as in the Companies Act 2006, as appropriate;
- hh. any reference to a statute or statutory provision shall include any statute or statutory provision which replaces or supersedes such statute or statutory provision including any modification or amendment thereto;
- ii. any reference to a document being ‘signed’ includes being executed under hand or seal or by any other method, and in the case of communication in electronic form, such references are to its being authenticated as specified by the Companies Act 2006;
- jj. any reference to communication or documents being ‘in writing’ or ‘written’

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includes communications or documents which are in electronic form.

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### Academy Trust name and registered office

2. The company's name is Otterpool Park Education Trust (and in this document it is called "the **Academy Trust**").
3. The Academy Trust's registered office is to be situated in England and Wales.

### Charitable objects

4. The Academy Trust's objects ("the **Objects**") are specifically restricted to the following:
  - a. to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum ("the **mainstream Academies**") or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them ("the **alternative provision Academies**") or 16 to 19 Academies offering a curriculum appropriate to the needs of its students ("the **16 to 19 Academies**") or schools specially organised to make special educational provision for pupils with Special Educational Needs ("the **Special Academies**")

### Powers of the Academy Trust

5. In furtherance of the Objects but not further or otherwise the Academy Trust may exercise the following powers:
  - a. to draw, make, accept, endorse, discount, execute and issue promissory notes, bills, cheques and other instruments, and to operate bank accounts in the name of the Academy Trust;
  - b. to raise funds and to invite and receive contributions provided that in raising



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- funds the Academy Trust shall not undertake any substantial permanent trading activities and shall conform to any relevant statutory regulations;
- c. to acquire, alter, improve and (subject to such consents as may be required by law) to charge or otherwise dispose of property;
  - d. subject to Articles 6.6-6.8A below to employ such staff as are necessary for the proper pursuit of the Objects and to make all reasonable and necessary provision for the payments of pensions and superannuation to staff and their dependants;
  - e. to establish or support, whether financially or otherwise, any charitable companies, trusts, associations or institutions formed for all or any of the Objects;
  - f. to co-operate with other charities, other independent and maintained schools, academies and institutions within the further education sector, voluntary bodies and statutory authorities operating in furtherance of the Objects and to exchange information and advice with them;
  - g. to pay out of funds of the Academy Trust the costs, charges and expenses of and incidental to the formation and registration of the Academy Trust;
  - h. to establish, maintain, carry on, manage and develop the Academies at locations to be determined by the Trustees;
  - i. to offer scholarships, exhibitions, prizes and awards to pupils and students and former pupils and former students, and otherwise to encourage and assist the educational attainment of pupils and students and former pupils and former students;
  - j. to provide educational facilities and services to students of all ages and the wider community for the public benefit;
  - k. to carry out research into the development and application of new techniques in education and to their approach to curriculum development and delivery and to publish the results of such research, and to develop

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means of benefiting from application of the experience of industry, commerce, other schools, educational institutions and the voluntary sector to the education of pupils and students in academies;

- l. subject to such consents as may be required by law and/or by any contract entered into by or on behalf of the Academy Trust, to borrow and raise money for the furtherance of the Objects in such manner and on such security as the Academy Trust may think fit;
- m. to deposit or invest any funds of the Academy Trust not immediately required for the furtherance of its Objects (but to invest only after obtaining such advice from a financial expert as the Trustees consider necessary and having regard to the suitability of investments and the need for diversification);
- n. to delegate the management of investments to a financial expert, but only on terms that:
  - i. the investment policy is set down in writing for the financial expert by the Trustees;
  - ii. every transaction is reported promptly to the Trustees;
  - iii. the performance of the investments is reviewed regularly with the Trustees;
  - iv. the Trustees are entitled to cancel the delegation arrangement at any time;
  - v. the investment policy and the delegation arrangement are reviewed at least once a year;
  - vi. all payments due to the financial expert are on a scale or at a level which is agreed in advance and are notified promptly to the Trustees on receipt; and
  - vii. the financial expert must not do anything outside the powers of the Trustees;

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- o. to arrange for investments or other property of the Academy Trust to be held in the name of a nominee company acting under the control of the Trustees or of a financial expert acting under their instructions, and to pay any reasonable fee required;
- p. to provide indemnity arrangements to Trustees in accordance with, and subject to the conditions of section 232 to 235 of the Companies Act 2006, section 189 of the Charities Act 2011 or any other provision of law applicable to charitable companies and any such indemnity is limited accordingly;
- q. not used;
- r. to establish subsidiary companies to carry on any trade or business for the purpose of raising funds for the Academy Trust; and
- s. to do all such other lawful things as are necessary for or are incidental to or conducive to the achievement of the Objects.

### **Use of income and property**

6.1 The income and property of the Academy Trust shall be applied solely towards the promotion of the Objects.

6.2 None of the income or property of the Academy Trust may be paid or transferred directly or indirectly by way of dividend bonus or otherwise by way of profit to any Member of the Academy Trust. Nonetheless a Member of the Academy Trust who is not also a Trustee may:

- a. benefit as a beneficiary of the Academy Trust;
- b. be paid reasonable and proper remuneration for any goods or services supplied to the Academy Trust;
- c. be paid rent for premises let by the Member to the Academy Trust if the amount of the rent and other terms of the letting are reasonable and proper; and

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- d. be paid interest on money lent to the Academy Trust at a reasonable and proper rate, such rate not to exceed 2% per annum below the base lending rate of a UK clearing bank selected by the Trustees, or 0.5%, whichever is the higher.

6.2A. The Trustees may only rely upon the authority provided by Article 6.2 to allow a benefit to a Member if each of the following conditions is satisfied:

- a. the remuneration or other sums paid to the Member does not exceed an amount that is reasonable in all the circumstances;
- b. the Trustees are satisfied that it is in the interests of the Academy Trust to contract with that Member rather than with someone who is not a Member. In reaching that decision the Trustees must balance the advantage of contracting with a Member against the disadvantages of doing so; and
- c. the reason for their decision is recorded by the Trustees in the minute book.

### **Trustees benefiting from indemnity arrangements**

6.3 A Trustee may benefit from any indemnity arrangement purchased at the Academy Trust's expense or any arrangement so agreed with the Secretary of State to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust, provided that any such arrangement shall not extend to: (i) any claim arising from any act or omission which the Trustees (or any of them) knew to be a breach of trust or breach of duty or which was committed by the Trustees (or any of them) in reckless disregard to whether it was a breach of trust or breach of duty or not; and (ii) the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees (or any of them) in their capacity as directors of the Academy Trust. Further, this Article does not authorise a Trustee to benefit from any indemnity arrangement that would be rendered void by any provision of the Companies Act 2006, the Charities Act 2011 or any other provision of law.

6.4 A public company, which has shares listed on a recognised stock exchange and of which any one Trustee holds no more than 1% of the issued capital of that company,

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may receive fees, remuneration or other benefit in money or money's worth from the Academy Trust.

### **Trustees' reasonable expenses and restrictions on benefits and payments**

6.5 A Trustee may at the discretion of the Trustees be reimbursed from the property of the Academy Trust for reasonable expenses properly incurred by them when acting on behalf of the Academy Trust, but excluding expenses in connection with foreign travel.

6.6 No Trustee may:

- a. buy any goods or services from the Academy Trust;
- b. sell goods, services, or any interest in land to the Academy Trust;
- c. be employed by, or receive any remuneration from the Academy Trust to the extent they are a Trustee whose employment and/or remuneration is subject to the procedure and conditions in Article 6.8);
- d. or receive any other financial benefit from the Academy Trust;

unless:

- e. the payment is permitted by Article 6.7 and the Trustees follow the procedure and observe the conditions set out in Article 6.8; or
- f. the Trustees obtain the prior written approval of the Charity Commission and fully comply with any procedures it prescribes.

6.7 Subject to Article 6.8, a Trustee may:

- a. receive a benefit from the Academy Trust in the capacity of a beneficiary of the Academy Trust;
- b. be employed by the Academy Trust or enter into a contract for the supply of goods or services to the Academy Trust, other than for acting as a Trustee;
- c. receive interest on money lent to the Academy Trust at a reasonable and proper rate not exceeding 2% per annum below the base rate of a clearing

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bank to be selected by the Trustees, or 0.5%, whichever is the higher; and

- d. receive rent for premises let by the Trustee to the Academy Trust if the amount of the rent and the other terms of the lease are reasonable and proper.

6.8 The Academy Trust and its Trustees may only rely upon the authority provided by Article 6.7 if each of the following conditions is satisfied:

- a. the remuneration or other sums paid to the Trustee does not exceed an amount that is reasonable in all the circumstances;
- b. the Trustee is absent from the part of any meeting at which there is discussion of:
  - i. their employment, remuneration, or any matter concerning the contract, payment or benefit; or
  - ii. their performance in the employment, or their performance of the contract; or
  - iii. any proposal to enter into any other contract or arrangement with them or to confer any benefit upon them that would be permitted under Article 6.7; or
  - iv. any other matter relating to a payment or the conferring of any benefit permitted by Article 6.7;
- c. the Trustee does not vote on any such matter and is not to be counted when calculating whether a quorum of Trustees is present at the meeting;
- d. the Trustees are satisfied that it is in the interests of the Academy Trust to employ or to contract with that Trustee rather than with someone who is not a Trustee. In reaching that decision the Trustees must balance the advantage of employing a Trustee against the disadvantages of doing so (especially the loss of the Trustee's services as a result of dealing with the Trustee's conflict of interest);

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- e. the reason for their decision is recorded by the Trustees in the minute book; and
- f. a majority of the Trustees then in office have received no such payments or benefit.

6.8A The provision in Article 6.6(c) that no Trustee may be employed by or receive any remuneration from the Academy Trust does not apply to an employee of the Academy Trust who is subsequently elected or appointed as a Trustee save that this Article shall only allow such a Trustee to receive remuneration or benefit from the Academy Trust in their capacity as an employee of the Academy Trust and provided that the procedure as set out in Articles 6.8(b) and 6.8(c) is followed.

6.9 In Articles 6.2-6.4 and 6.6-6.8A:

- a. "Academy Trust" shall include any company in which the Academy Trust:
  - holds more than 50% of the shares; or
  - controls more than 50% of the voting rights attached to the shares; or
  - has the right to appoint one or more directors to the board of the company;
- b. "Trustee" shall include any child, stepchild, parent, grandchild, grandparent, brother, sister or spouse of the Trustee or any person living with the Trustee as their partner;
- c. the employment or remuneration of a Trustee includes the engagement or remuneration of any firm or company in which the Trustee is:
  - i. a partner;
  - ii. an employee;
  - iii. a consultant;
  - iv. a director;
  - v. a member; or

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- vi. a shareholder, unless the shares of the company are that of a public company which are listed on a recognised stock exchange and the Trustee holds less than 1% of the issued capital.

### **Liability of Academy Trust Members**

7. The liability of the Members of the Academy Trust is limited.
8. Every Member of the Academy Trust undertakes to contribute such amount as may be required (not exceeding £10) to the Academy Trust's assets if it should be wound up while they are a Member or within one year after they cease to be a Member, for payment of the Academy Trust's debts and liabilities before they cease to be a Member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributors among themselves.

### **Arrangements for Academy Trust property on closure of trust**

9. If the Academy Trust is wound up or dissolved and after all its debts and liabilities (including any under section 2 of the Academies Act 2010) have been satisfied there remains any property it shall not be paid to or distributed among the Members of the Academy Trust (except for a Member which is itself a charity fulfilling the criteria set out below), but shall be given or transferred to some other charity or charities having objects similar to the Objects which prohibits the distribution of its or their income and property to an extent at least as great as is imposed on the Academy Trust by Article 6 above, chosen by the Members of the Academy Trust at or before the time of dissolution and if that cannot be done then to some other charitable object.
10. Not used.

### **Restrictions on alterations to articles to protect charitable company status**

11. No alteration or addition shall be made to or in the provisions of the Articles which would have the effect: (a) that the Academy Trust would cease to be a company to which section 60 of the Companies Act 2006 applies; or (b) that the Academy Trust would cease to be a charity.



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### Members

12. The Members of the Academy Trust shall comprise:
- a. the signatories to the Memorandum which shall include the Foundation/Sponsor body where this body has the power to appoint members (until such time as they cease to be a Member);
  - b. the Foundation/Sponsor body where they are not otherwise included at 12a. above; and
  - c. up to 4 person(s) who may be appointed by the Foundation/Sponsor body; and
  - d. any person appointed under Article 15A,

provided that at any time the minimum number of Members shall not be less than three.

12A. An employee of the Academy Trust cannot be a Member of the Academy Trust.

12B. There must be a majority of Members who are not also Trustees.

### Rights to remove Members

13. Each person entitled to appoint Members in Article 12 shall have the right from time to time by written notice delivered to the Office to remove any Member appointed by them and to appoint a replacement Member to fill a vacancy whether resulting from such removal or otherwise.

14. If any of the persons entitled to appoint Members in Article 12:
- a. in the case of an individual, die or become legally incapacitated;
  - b. in the case of a corporate entity, cease to exist and are not replaced by a successor institution;
  - c. becomes insolvent or makes any arrangement or composition with their creditors generally; or
  - d. ceases to themselves be a Member,

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their right to appoint Members under these Articles shall vest in the remaining Members.

### **Disqualification and termination of membership**

15. A Member shall cease to be a Member if:
- a. that Member (which is an individual) dies or becomes incapable by reason of illness or injury of managing and administering their own affairs;
  - b. that Member has been declared bankrupt and/or their estate has been seized from their possession for the benefit of their creditors and the declaration or seizure has not been discharged, annulled or reduced, or if they are the subject of a bankruptcy restrictions order or an interim order;
  - c. that Member is a corporate entity and:
    - i. ceases to exist;
    - ii. a resolution or order is made for the Member to be wound up or to enter into administration;
    - iii. enters into any arrangement or composition with its creditors; or
    - iv. becomes insolvent;
  - d. that Member has been convicted of a Serious Criminal Offence;
  - e. that Member has not provided to the Chair a criminal records certificate at an enhanced disclosure level under section 113B of the Police Act 1997 or if such a certificate discloses information which the Chair considers would make that Member unsuitable for their role. If a dispute arises as to whether the Member should be disqualified, a referral shall be made to the Secretary of State to determine the matter. The determination of the Secretary of State shall be final;
  - f. that Member refuses to consent to any checks required by the Secretary of State;

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- g. that Member is found to be unsuitable to be a Member by the Secretary of State;
- h. that Member is employed by the Academy Trust;
- i. that Member would be disqualified from being a Trustee of this Academy Trust for any other reason, regardless of whether they are also a Trustee.

15AA. Where, by virtue of these Articles a person becomes disqualified from holding, or continuing to hold office as a Member; and they are, or are proposed, to become such a Member, they shall upon becoming so disqualified give written notice of that fact to the Governance Professional.

### **Appointing and removing Members**

15A. The Members may agree by passing a special resolution to appoint such additional Members as they think fit.

16. In addition to Article 13, the Members may agree by passing a special resolution to remove any Member(s) other than the Foundation/Sponsor body or a Member appointed by the Foundation/Sponsor body under Article 12c or any replacement of that Member appointed pursuant to Article 13. The Member whose proposed removal is the subject of the resolution shall not be entitled to vote on that resolution.

### **Members and the charitable objects**

16A. In exercising their rights under these Articles and the Companies Act 2006, the Members shall not do anything or take any action which would cause the Academy Trust to contravene its Objects, and shall act in a way which they decide, in good faith, will be most likely to further the Objects of the Academy Trust.

### **Consent to become a Member**

17. Every person nominated to be a Member of the Academy Trust shall sign a written consent to become a Member and sign the register of Members on becoming a Member.

### **Member resignation**

18. Any Member may resign provided that after such resignation the number of

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Members is not less than three. A Member shall cease to be one immediately on the receipt by the Academy Trust of a notice in writing signed by the person or persons entitled to remove them under Articles 13 or 16 provided that no such notice shall take effect when the number of Members is less than three unless it contains or is accompanied by the appointment of a replacement Member.

### **General Meetings**

#### **Annual General Meeting**

19. The Academy Trust shall hold an Annual General Meeting each Academy Financial Year in addition to any other meetings in that year, and shall specify the meeting as such in the notices calling it; and not more than fifteen months shall elapse between the date of one Annual General Meeting of the Academy Trust and that of the next. Provided that so long as the Academy Trust holds its first Annual General Meeting within eighteen months of its incorporation, it need not hold it in the year of its incorporation or the following year. The Annual General Meeting shall be held at such time and place as the Trustees shall appoint. All meetings other than the Annual General Meetings shall be called General Meetings.

#### **Arrangements for General Meetings**

20. The Trustees may call General Meetings and, on the requisition of Members pursuant to the provisions of the Companies Act 2006, shall forthwith proceed to convene a General Meeting in accordance with that Act. If there are not within the United Kingdom sufficient Trustees to call a General Meeting, any Trustee or any Member of the Academy Trust may call a General Meeting.

#### **Notice of General Meetings**

21. General meetings shall be called by at least fourteen clear days' notice but may be called by shorter notice if it is so agreed by a majority in number of Members having a right to attend and vote and together representing not less than 90% of the total voting rights at that meeting.

21A. The notice shall specify the time and place of the meeting and the general nature of the business to be transacted and, in the case of an Annual General Meeting, shall

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specify the meeting as such. The notice shall also state that the Member is entitled to appoint a proxy. The notice shall be given to all the Members, to the Trustees and auditors.

22. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

### **Proceedings at General Meetings**

23. No business shall be transacted at any meeting unless a quorum is present. A quorum is a majority of Members present in person or by proxy and entitled to vote upon the business to be transacted.

23A. A person may attend a General Meeting by telephone or by any suitable electronic means by which all those participating in the meeting are able to communicate with all other participants.

23B. A person so participating by telephone or other communication shall be deemed to be present in person at the meeting and shall be counted in a quorum and entitled to vote. A meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no group which is larger than any other group, where the chair of the meeting is located at that time.

24. If a quorum is not present within half an hour from the time appointed for the meeting, or if during a meeting a quorum ceases to be present, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such time and place as the Trustees may determine.

25. The Members present and entitled to vote at the meeting shall elect by ordinary resolution one of their number to be the chair and such election shall be binding on all Members and Trustees present at the meeting.

26. Not used.

27. A Trustee shall, notwithstanding that they are not a Member, be entitled to attend and speak at any General Meeting or Annual General Meeting.

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28. The chair may, with the consent of a majority of the Members at a meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for fourteen days or more, at least seven clear days' notice shall be given specifying the time, date and place of the adjourned meeting and the general nature of the business to be transacted. Otherwise it shall not be necessary to give any such notice.

29. A resolution put to the vote of the meeting shall be decided on a show of hands unless before, or on the declaration of the result of the show of hands, a poll is duly demanded. Subject to the provisions of the Companies Act 2006, a poll may be demanded:

- a. by the chair; or
- b. by at least two Members having the right to vote at the meeting; or
- c. by a Member or Members representing not less than one-tenth of the total voting rights of all the Members having the right to vote at the meeting.

30. Unless a poll is duly demanded a declaration by the chair that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

31. The demand for a poll may be withdrawn, before the poll is taken, but only with the consent of the chair. The withdrawal of a demand for a poll shall not invalidate the result of a show of hands declared before the demand for the poll was made.

32. A poll shall be taken as the chair directs and they may appoint scrutineers (who need not be Members) and fix a time, date and place for declaring the results. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

33. A poll demanded on the election of the chair or on a question of adjournment shall

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be taken immediately. A poll demanded on any other question shall be taken either immediately or at such time, date and place as the chair directs not being more than thirty days after the poll is demanded. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll is demanded. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.

34. No notice need be given of a poll not taken immediately if the time, date and place at which it is to be taken are announced at the meeting at which it is demanded. In other cases at least seven clear days' notice shall be given specifying the time, date and place at which the poll is to be taken.

35. A resolution in writing, which includes a resolution in electronic form, agreed by such number of Members as required if it had been proposed at a General Meeting shall be as effectual as if it had been passed at a General Meeting duly convened and held provided that a copy of the proposed resolution has been sent to every Member. The resolution may consist of several instruments in the like form each agreed by one or more Members.

### **Votes of Members**

36. On the show of hands every Member present in person shall have one vote. On a poll every Member present in person or by proxy shall have one vote.

37. Not used.

38. No Member shall be entitled to vote at any General Meeting unless all moneys then payable by them to the Academy Trust have been paid.

39. No objections shall be raised to the qualification of any person to vote at any General Meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the chair whose decision shall be final and conclusive.

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### Voting by proxy

40. An instrument appointing a proxy shall be in writing, signed by or on behalf of the appointer and shall be in the following form (or in a form as near thereto as circumstances allow or in any other form which is usual or which the Trustees may approve):

“I/We, ....., of ....., being a Member/Members of the above named Academy Trust, hereby appoint ..... of ....., or in their absence, ..... of ..... as my/our proxy to attend, speak and vote in my/our name[s] and on my/our behalf at the annual general meeting/ general meeting of the Academy Trust to be held on .....20[ ], and at any adjournment thereof.

Signed on ..... 20[ ]”

41. Where it is desired to afford Members an opportunity of instructing the proxy how they shall act the instrument appointing a proxy shall be in the following form (or in a form as near thereto as circumstances allow or in any other form which is usual or which the Trustees may approve):

“I/We, ....., of ....., being a Member/Members of the above named Academy Trust, hereby appoint .... of ....., or in their absence, ..... of ....., as my/our proxy to attend, speak and vote in my/our name[s] and on my/our behalf at the annual general meeting/ general meeting of the Academy Trust, to be held on .... 20[ ], and at any adjournment thereof.

This form is to be used in respect of the resolutions mentioned below as follows:

Resolution No. 1 \*for \* against

Resolution No. 2 \*for \* against.

- Strike out whichever is not desired.

Unless otherwise instructed, the proxy may vote as they think fit or abstain from voting.



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Signed on 20[ ]”

42. The instrument appointing a proxy and any authority under which it is signed or a copy of such authority certified by a notary or in some other way approved by the Trustees may:
- a. be deposited at the Office or at such other place within the United Kingdom as is specified in the notice convening the meeting or in any instrument of proxy sent out by the Academy Trust in relation to the meeting not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or
  - b. in the case of a poll taken more than 48 hours after it is demanded, be deposited as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or
  - c. where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded, be delivered at the meeting at which the poll was demanded to the chair or to the Governance Professional or to any Trustee,
- and an instrument of proxy which is not deposited or delivered in a manner so permitted shall be invalid.
43. A vote given or poll demanded by proxy or by the duly authorised representative of a corporation shall be valid notwithstanding the previous determination of the authority of the person voting or demanding a poll unless notice of the determination was received by the Academy Trust at the Office or at such other place at which the instrument of proxy was duly deposited before the commencement of the meeting or adjourned meeting at which the vote given or the poll demanded or (or in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.
44. Any organisation which is a Member of the Academy Trust may by resolution of its board of directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Academy Trust, and the person so authorised shall be entitled to exercise the same powers on behalf of the organisation which they

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represent as that organisation could exercise if it were an individual Member of the Academy Trust.

### **Trustees**

45. The number of Trustees shall be not less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

46. Subject to Articles 48-49 and 53, the Academy Trust shall have the following Trustees:

- a. up to 9 Trustees appointed by the Foundation/Sponsor Body; and
- b. Not used;

47. The Academy Trust may also have any Co-opted Trustee appointed under Article 58.

48. The first Trustees shall be those persons named in the statement delivered pursuant to sections 9 and 12 of the Companies Act 2006.

49. Future Trustees shall be appointed or elected, as the case may be, under these Articles. Where it is not possible for such a Trustee to be appointed or elected due to the fact that an Academy has not yet been established, then the relevant Article or part thereof shall not apply.

### **Appointment of Trustees**

50. Not Used.

50A. The Foundation/Sponsor Body may appoint Trustees through such process as it may determine.

50B. The total number of Trustees who are employees of the Academy Trust shall not exceed one third of the total number of Trustees.

51. Not used.

52. Not used.

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53. Not Used.

54. Not Used.

55. Not Used.

56. Not Used.

57. Not Used.

### **Co-opted Trustees**

58. The Trustees may appoint Co-opted Trustees. A 'Co-opted Trustee' means a person who is appointed to be a Trustee by being Co-opted by Trustees who have not themselves been so appointed. The Trustees may not co-opt an employee of the Academy Trust as a Co-opted Trustee if thereby the number of Trustees who are employees of the Academy Trust would exceed one third of the total number of Trustees.

59 – 63. Not used.

### **Term of office**

64. The term of office for any Trustee shall be four years, save that:

- a. This time limit shall not apply to any post which is held ex officio.
- b. The term of office may be shorter than four years for any Trustee, if the Members (or in the case of a Co-opted Trustee, the Trustees) determine this at the time of appointment of such Trustee.

Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected.

### **Resignation and removal**

65. A Trustee may resign their office by notice to the Academy Trust (but only if at least three Trustees will remain in office when the notice of resignation is to take effect).

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66. A Trustee may be removed by the person or persons who appointed or elected them, or otherwise by ordinary resolution of the Members in accordance with the Companies Act 2006.

67. Either the Trustee resigning, or those removing the Trustee shall give written notice thereof to the Governance Professional.

### **Disqualification of Trustees**

68. A Trustee must be aged 18 or over at the date of election or appointment. No current pupil or current student of any of the Academies shall be a Trustee.

69. A Trustee shall cease to hold office if they become incapable by reason of illness or injury of managing or administering their own affairs.

70. A Trustee shall cease to hold office if they are absent without the permission of the Trustees from all their meetings held within a period of six months and the Trustees resolve that the Trustee's office be vacated.

71. A person shall be disqualified from holding or continuing to hold office as a Trustee if:

- a. they have been declared bankrupt and/or their estate has been seized from their possession for the benefit of their creditors and the declaration or seizure has not been discharged, annulled or reduced; or
- b. they are the subject of a bankruptcy restrictions order or an interim order.

72. A person shall be disqualified from holding or continuing to hold office as a Trustee at any time when they are subject to a disqualification order or a disqualification undertaking under the Company Directors Disqualification Act 1986 or to an order made under section 429(2)(b) of the Insolvency Act 1986 (failure to pay under county court administration order).

73. A Trustee shall cease to hold office if they cease to be a Trustee by virtue of any provision in the Companies Act 2006, or are disqualified from acting as a trustee by virtue of section 178 of the Charities Act 2011 (or any statutory re-enactment or modification of that provision).

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74. A person shall be disqualified from holding or continuing to hold office as a Trustee if they have been removed from the office of charity trustee or trustee for a charity by an order made by the Charity Commission or the High Court on the grounds of any misconduct or mismanagement in the administration of the charity for which they were responsible or to which they were privy, or which their conduct contributed to or facilitated.

75. Not used.

76. Not used.

77. A person shall be disqualified from holding or continuing to hold office as a Trustee where they have, at any time, been convicted of a Serious Criminal Offence.

78. After the first Academy has opened, a person shall be disqualified from holding or continuing to hold office as a Trustee if that person does not provide the Chair with a criminal records certificate at an enhanced disclosure level under section 113B of the Police Act 1997 or if such a certificate discloses information which the Chair considers would make that person unsuitable for their role. If a dispute arises as to whether a person shall be disqualified, a referral shall be made to the Secretary of State to determine the matter. The determination of the Secretary of State shall be final.

78A A person (including the Chair) shall be disqualified from holding or continuing to hold office as a Trustee if that person:

- a. refuses to consent to any checks required by the Secretary of State under the provisions of the Education (Independent School Standards) Regulations 2014 or otherwise; or
- b. is found to be unsuitable to be a Trustee by the Secretary of State under the provisions of the Education (Independent School Standards) Regulations 2014.

79. Where, by virtue of these Articles a person becomes disqualified from holding, or continuing to hold office as a Trustee; and they are, or are proposed, to become such a Trustee, they shall upon becoming so disqualified give written notice of that fact to the Governance Professional.

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## **Disqualification of those on committees including Local Governing Bodies**

80. Articles 68 to 74, Articles 77 to 78, Article 79 and Articles 97 to 98 also apply to any member of any committee or delegate of the Trustees including a Local Governing Body who is not a Trustee.

## **Governance Professional to the Trustees**

81. The Trustees must appoint a Governance Professional. The Governance Professional shall be appointed by the Trustees for such term, at such remuneration and upon such conditions as they may think fit; and any Governance Professional so appointed may be removed by them. The Governance Professional shall not be a Trustee. Notwithstanding this Article, the Trustees may, where the Governance Professional fails to attend a meeting of theirs, appoint any one of their number or any other person to act as Governance Professional for the purposes of that meeting. The Governance Professional may, but need not be, the appointed company secretary of the Academy Trust.

## **Chair and Vice-Chair of the Trustees**

82. The Trustees shall each school year elect a Chair and a Vice-Chair from among their number. A Trustee who is employed by the Academy Trust shall not be eligible for election as Chair or Vice-Chair.

83. Subject to Article 84, the Chair or Vice-Chair shall hold office as such until a successor has been elected in accordance with Article 85.

84. The Chair or Vice-Chair may at any time resign their office by giving notice in writing to the Governance Professional. The Chair or Vice-Chair shall cease to hold office if they:

- a. cease to be a Trustee;
- b. are employed by the Academy Trust;
- c. are removed from office in accordance with these Articles; or

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- d. in the case of the Vice-Chair, they are elected in accordance with these Articles to fill a vacancy in the office of Chair.

85. Where by reason of any of the matters referred to in Article 84, a vacancy arises in the office of Chair or Vice-Chair, the Trustees shall at their next meeting elect one of their number to fill that vacancy.

86. Where the Chair is absent from any meeting or there is at the time a vacancy in the office of the Chair, the Vice-Chair shall act as the Chair for the purposes of the meeting.

87-89. Not used.

90. The Trustees may remove the Chair or Vice-Chair from office in accordance with these Articles.

91. A resolution to remove the Chair or Vice-Chair from office which is passed at a meeting of the Trustees shall not have effect unless:

- a. it is confirmed by a resolution passed at a second meeting of the Trustees held not less than fourteen days after the first meeting; and
- b. the matter of the Chair's or Vice-Chair's removal from office is specified as an item of business on the agenda for each of those meetings.

92. Before the Trustees resolve at the relevant meeting on whether to confirm the resolution to remove the Chair or Vice-Chair from office, the Trustee or Trustees proposing their removal shall at that meeting state their reasons for doing so and the Chair or Vice-Chair shall be given an opportunity to make a statement in response.

### **Powers of the Trustees**

93. Subject to provisions of the Companies Act 2006, the Articles and to any directions given by special resolution, the business of the Academy Trust shall be managed by the Trustees who may exercise all the powers of the Academy Trust. No alteration of the Articles and no such direction shall invalidate any prior act of the Trustees which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this Article shall not be limited by any

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special power given to the Trustees by the Articles and a meeting of Trustees at which a quorum is present may exercise all the powers exercisable by the Trustees.

94. In addition to all powers hereby expressly conferred upon them and without detracting from the generality of their powers under the Articles the Trustees shall have the following powers, namely:

- a. to expend the funds of the Academy Trust in such manner as they shall consider most beneficial for the achievement of the Objects and to invest in the name of the Academy Trust such part of the funds as they may see fit and to direct the sale or transposition of any such investments and to expend the proceeds of any such sale in furtherance of the Objects; and
- b. to enter into contracts on behalf of the Academy Trust.

95. Not Used.

96. Any bank account in which any money of the Academy Trust is deposited shall be operated by the Trustees in the name of the Academy Trust. All cheques and orders for the payment of money from such an account shall be signed by at least two signatories authorised by the Trustees.

### **Conflicts of interest**

97. Any Trustee who has or can have any direct or indirect duty or personal interest (including but not limited to any Personal Financial Interest) which conflicts or may conflict with their duties as a Trustee shall disclose that fact to the Trustees as soon as they become aware of it. A Trustee must be absent from any discussions of the Trustees in which it is possible that a conflict will arise between their duty to act solely in the interests of the Academy Trust and any duty or personal interest (including but not limited to any Personal Financial Interest).

98. For the purpose of Article 97, a Trustee has a Personal Financial Interest in the employment or remuneration of, or the provision of any other benefit to, that Trustee as permitted by and as defined by Articles 6.5-6.8A.



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### **The minutes**

99. The minutes of the proceedings of a meeting of the Trustees shall be recorded and kept for the purpose by the person acting as Governance Professional for the purposes of the meeting; and shall be signed (subject to the approval of the Trustees) at the same or next subsequent meeting by the person acting as chair thereof.

### **Committees**

100. Subject to these Articles, the Trustees:

- a. may appoint committees to be known as Local Governing Bodies for each Academy (and the same Local Governing Body may be appointed for more than one Academy); and
- b. may establish any other committee.

101. Subject to these Articles, the constitution, membership and proceedings of any committee shall be determined by the Trustees. The establishment, terms of reference, constitution and membership of any committee of the Trustees shall be reviewed at least once in every twelve months. The membership of any committee of the Trustees may include persons who are not Trustees, provided that (with the exception of the Local Governing Bodies) a majority of members of any such committee shall be Trustees. Except in the case of a Local Governing Body, no vote on any matter shall be taken at a meeting of a committee of the Trustees unless the majority of members of the committee present are Trustees.

102. Not used.

103. Not used.

104. The functions, duties and proceedings of the Local Governing Bodies or committees shall be subject to regulations made by the Trustees from time to time. Local Governing Bodies may also be established solely for the purpose of fulfilling an advisory function to the board of Trustees.

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### **Delegation**

105. The Trustees may delegate any of their powers or functions (including the power to sub-delegate) to any Trustee, committee (including any Local Governing Body) or any other holder of an executive office. Any such delegation shall be made in writing and subject to any conditions the Trustees may impose, and may be revoked or altered.

105A. A Trustee, committee (including any Local Governing Body) or any other holder of an executive office to whom a power or function of the Trustees is delegated under Article 105 may further sub-delegate those powers or functions (or any of them) to a further person. Where any power or function of the Trustees is sub-delegated by any person to whom it has been delegated, that person must inform the Trustees as soon as reasonably practicable which powers and functions have been further delegated and to whom, and any such sub-delegation shall be made subject to any conditions the Trustees may impose, and may be revoked or altered by the Trustees.

106. Where any power or function of the Trustees has been exercised by any committee (including any Local Governing Body) or any other holder of an executive office, or a person to whom a power or function has been sub-delegated under Article 105A, that person or committee shall report to the Trustees in respect of any action taken or decision made with respect to the exercise of that power or function at the meeting of the Trustees immediately following the taking of the action or the making of the decision.

107. Not Used.

### **Meetings of the Trustees**

#### **Proceedings at Trustee meetings**

108. Subject to these Articles, the Trustees may regulate their proceedings as they think fit.

109. The Trustees shall hold at least three meetings in every school year. Meetings of the Trustees shall be convened by the Governance Professional. In exercising the functions under this Article the Governance Professional shall comply with any direction:

- a. given by the Trustees; or

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- b. given by the Chair, or in their absence, the Vice-Chair, so far as such direction is not inconsistent with any direction given as mentioned in (a).

110. Any three Trustees may, by notice in writing given to the Governance Professional, requisition a meeting of the Trustees; and it shall be the duty of the Governance Professional to convene such a meeting as soon as is reasonably practicable.

111. Each Trustee shall be given at least seven clear days before the date of a meeting:

- a. notice in writing thereof by the Governance Professional, and sent to each Trustee at the address provided by each Trustee from time to time; and
- b. a copy of the agenda for the meeting,

provided that where the Chair or, in their absence, the Vice-Chair, so determines on the ground that there are matters demanding urgent consideration, it shall be sufficient if the written notice of a meeting, and the copy of the agenda thereof are given within such shorter period as they direct.

112. The convening of a meeting and the proceedings conducted thereat shall not be invalidated by reason of any individual not having received written notice of the meeting or a copy of the agenda thereof.

113. A resolution to rescind or vary a resolution carried at a previous meeting of the Trustees shall not be proposed at a meeting of the Trustees unless the consideration of the rescission or variation of the previous resolution is a specific item of business on the agenda for that meeting.

114. A meeting of the Trustees shall be terminated forthwith if:

- a. the Trustees so resolve; or
- b. the number of Trustees present ceases to constitute a quorum for a meeting of the Trustees in accordance with Article 117, subject to Article 119.

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115. Where in accordance with Article 114 a meeting is not held or is terminated before all the matters specified as items of business on the agenda for the meeting have been disposed of, a further meeting shall be convened by the Governance Professional as soon as is reasonably practicable, but in any event within seven days of the date on which the meeting was originally to be held or was so terminated.

116. Where the Trustees resolve in accordance with Article 114 to adjourn a meeting before all the items of business on the agenda have been disposed of, the Trustees shall before doing so determine the time and date at which a further meeting is to be held for the purposes of completing the consideration of those items, and they shall direct the Governance Professional to convene a meeting accordingly.

### **Quorum for Trustee meetings**

117. Subject to Article 119, the quorum for a meeting of the Trustees, and any vote on any matter thereat, shall be any three Trustees, or where greater, any one third (rounded up to a whole number) of the total number of Trustees holding office at the date of the meeting, who are in each case present at the meeting and entitled to vote on the matters to be resolved.

118. The Trustees may act notwithstanding any vacancies in their number, but, if the numbers of Trustees is less than the number fixed as the quorum, the continuing Trustees may act only for the purpose of filling vacancies or of calling a General Meeting.

119. The quorum for the purposes of:

- a. any vote on the removal of a Trustee in accordance with Article 66; and
- b. any vote on the removal of the Chair of the Trustees in accordance with Article 90,

shall be any two-thirds (rounded up to a whole number) of the persons who are at the time Trustees present at the meeting and entitled to vote on those respective matters.

### **Voting at Trustee meetings**

120. Subject to these Articles, every question to be decided at a meeting of the Trustees shall be determined by a majority of the votes of the Trustees present and

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voting on the question. Every Trustee shall have one vote.

121. Subject to Articles 117-119, where there is an equal division of votes, the chair of the meeting shall have a casting vote in addition to any other vote they may have.

122. The proceedings of the Trustees shall not be invalidated by:

- a. any vacancy among their number; or
- b. any defect in the election, appointment or nomination of any Trustee.

123. A resolution in writing, which includes a resolution in electronic form, signed by all the Trustees entitled to receive notice of and vote at a meeting of Trustees or of a committee of Trustees, shall be valid and effective as if it had been passed at a meeting of Trustees or (as the case may be) a committee of Trustees duly convened and held. Such a resolution may consist of several documents in the same form, each signed or authenticated by one or more of the Trustees.

### **Making the minutes of Trustee meetings available**

124. Subject to Article 125, the Trustees shall ensure that a copy of:

- a. the agenda for every meeting of the Trustees;
- b. the draft minutes of every such meeting, if they have been approved by the person acting as chair of that meeting;
- c. the signed minutes of every such meeting; and
- d. any report, document or other paper considered at any such meeting,

are, as soon as is reasonably practicable, made available at every Academy to persons wishing to inspect them.

125. There may be excluded from any item required to be made available in pursuance of Article 124, any material relating to:

- a. a named teacher or other person employed, or proposed to be employed, at any Academy;

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- b. a named pupil or named student at, or candidate for admission or referral to, any Academy; and
- c. any matter which, by reason of its nature, the Trustees are satisfied should remain confidential.

### **Participation at meetings**

126. Any Trustee shall be able to participate in meetings of the Trustees by telephone or by any suitable electronic means agreed by the Trustees and by which all those participating in the meeting are able to communicate with all other participants.

126A. A person so participating by telephone or other communication shall be deemed to be present in person at the meeting and shall be counted in a quorum and entitled to vote. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no group which is larger than any other group, where the chair of the meeting is located at that time.

### **Patrons and honorary officers**

127. The Trustees may from time to time appoint any person whether or not a Member of the Academy Trust to be a patron of the Academy Trust or to hold any honorary office and may determine for what period they are to hold such office.

### **The seal**

128. The seal, if any, shall only be used by the authority of the Trustees or of a committee of Trustees authorised by the Trustees. The Trustees may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by a Trustee and by the Governance Professional or by a second Trustee.

### **Accounts**

129. Accounts shall be prepared in accordance with the relevant statement of recommended practice published by the Charity Commission from time to time (the "**Statement of Recommended Practice**") as if the Academy Trust was a non-exempt charity, and Parts 15 and 16 of the Companies Act 2006.

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### **Annual Report**

130. The Trustees shall prepare the Annual Report in accordance with the Statement of Recommended Practice as if the Academy Trust was a non-exempt charity.

### **Confirmation statement**

131. The Trustees shall comply with their obligations under Part 24 of the Companies Act 2006 (or any statutory re-enactment or modification of that Act) with regard to the preparation and delivery of a confirmation statement to the Registrar of Companies.

### **Notices**

132. Any notice to be given to or by any person pursuant to the Articles (other than a notice calling a meeting of the Trustees) shall be in writing, which includes being given using electronic communications to an address for the time being notified for that purpose to the person giving the notice. In these Articles, "Address" in relation to electronic communications, includes a number or address used for the purposes of such communications.

133. A notice may be given by the Academy Trust to a Member either personally or by sending it by post in a prepaid envelope addressed to the Member at their registered address or by leaving it at that address or by giving it using electronic communications to an address for the time being notified to the Academy Trust by the Member. A Member whose registered address is not within the United Kingdom and who gives to the Academy Trust an address within the United Kingdom at which notices may be given to them, or an address to which notices may be sent using electronic communications, shall be entitled to have notices given to them at that address, but otherwise no such Member shall be entitled to receive any notice from the Academy Trust.

134. A Member present, either in person or by proxy, at any meeting of the Academy Trust shall be deemed to have received notice of the meeting and, where necessary, of the purposes for which it was called.

135. Proof that an envelope containing a notice was properly addressed, prepaid and posted shall be conclusive evidence that the notice was given. Proof that a notice contained in an electronic communication was sent in accordance with guidance issued

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by The Chartered Governance Institute UK & Ireland shall be conclusive evidence that the notice was given. A notice shall be deemed to be given at the expiration of 48 hours after the envelope containing it was posted or, in the case of a notice contained in an electronic communication, at the expiration of 48 hours after the time it was sent.

### **Indemnity**

136. Subject to the provisions of the Companies Act 2006 and Article 6.3, every Trustee or other officer or auditor of the Academy Trust shall be indemnified out of the assets of the Academy Trust against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Academy Trust.

### **Rules**

137. The Trustees may make such rules or bye laws as they may deem necessary or expedient or convenient for the proper conduct and management of the Academy Trust including, but not limited to, how they take decisions, including the procedure at meetings, and the means of recording and communicating such rules to Trustees and Members, insofar as such rules are not already regulated by the Articles.

138. The Academy Trust in general meetings shall have power to alter, add or to repeal the rules or bye laws. No rule or bye law shall be inconsistent with, or shall affect or repeal anything contained in the Articles.

### **Avoiding influenced company status**

139. Not Used.

140. Not Used.

141. No person who is a Local Authority Associated Person is eligible to be appointed or elected to the office of Trustee unless their appointment or election to such office is authorised by the local authority to which they are associated.

142. Not Used.



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143. Not Used.

144. The Members will each notify the Academy Trust and each other if at any time they believe that the Academy Trust or any of its subsidiaries has become subject to the influence of a local authority (as described in section 69 of the Local Government and Housing Act) 1989.

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