

AGENDA

CABINET MEETING

Date: Wednesday, 3 February 2016

Time: 7.00 pm

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

Membership:

Councillors Bowles (Chairman), Mike Cosgrove, Duncan Dewar-Whalley, Gerry Lewin (Vice-Chairman), Ken Pugh, David Simmons, Mike Whiting, Ted Wilcox and John Wright

Quorum = 3

RECORDING NOTICE

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1. Emergency Evacuation Procedure

Pages

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

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

The Chairman will inform the meeting that:

(a) in the event of the alarm sounding, everybody must leave the building via the nearest safe available exit and gather at the Assembly points at the far side of the Car Park; and

(b) the lifts must not be used in the event of an evacuation.

Any officers present at the meeting will aid with the evacuation.

It is important that the Chairman is informed of any person attending who is disabled or unable to use the stairs, so that suitable arrangements may be made in the event of an emergency.

2. Apologies for Absence

3. Minutes

To approve the Minutes of the Meeting held on 2 December 2015 (Minute Nos. 359 - 367) as a correct record.

4. Declarations of Interest

Councillors should not act or take decisions in order to gain financial or other material benefits for themselves or their spouse, civil partner or person with whom they are living with as a spouse or civil partner. They must declare and resolve any interests and relationships.

The Chairman will ask Members if they have any interests to declare in respect of items on this agenda, under the following headings:

(a) Disclosable Pecuniary Interests (DPI) under the Localism Act 2011. The nature as well as the existence of any such interest must be declared. After declaring a DPI, the Member must leave the meeting and not take part in the discussion or vote. This applies even if there is provision for public speaking.

(b) Disclosable Non Pecuniary (DNPI) under the Code of Conduct adopted by the Council in May 2012. The nature as well as the existence of any such interest must be declared. After declaring a DNPI interest, the Member may stay, speak and vote on the matter.

Advice to Members: If any Councillor has any doubt about the existence or nature of any DPI or DNPI which he/she may have in any item on this agenda, he/she should seek advice from the Director of Corporate Services as Monitoring Officer, the Head of Legal or from other Solicitors in Legal Services as early as possible, and in advance of the Meeting.

Part A Reports for Recommendation to Council

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Part B Reports for Decision by Cabinet

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Cabinet is asked to approve the recommendations which fall within the remit of Swale Borough Council's Cabinet.

Members are reminded that the terms of reference for the JTB state that: The Cabinet will normally act in accordance with the advice or views of the JTB. If the Cabinet is minded to act otherwise, no decision will be taken until after a discussion between the relevant Cabinet Member and the Chairman and Vice-Chairman of the JTB.

Issued on Monday, 25 January 2016

The reports included in Part I of this agenda can be made available in **alternative formats**. For further information about this service, or to arrange for special facilities to be provided at the meeting, **please contact DEMOCRATIC SERVICES on 01795 417330**. To find out more about the work of the Cabinet, please visit www.swale.gov.uk

Corporate Services Director, Swale Borough Council,
Swale House, East Street, Sittingbourne, Kent, ME10 3HT

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Cabinet	
Meeting Date	3 February 2016
Report Title	Medium Term Financial Plan and 2016/17 Revenue and Capital Budgets
Portfolio Holder	Cllr Duncan Dewar-Whalley, Cabinet Member for Finance
SMT Lead	Abdool Kara, Chief Executive
Head of Service	Nick Vickers, Head of Finance
Lead Officer	Phil Wilson, Chief Accountant
Recommendations	<ol style="list-style-type: none"> 1. To approve the 2016/17 revenue and capital budgets. 2. To approve the proposed council tax at band D for 2016/17 of £159.93 (zero increase). 3. To note the Medium Term Financial Plan funding position. 4. To approve the capital budget. 5. To note the additional amount of council tax for parish precepts. 6. To approve the Minimum Revenue Provision (MRP) Statement as set out in appendix IX. 7. To consider recommendations of the Scrutiny Committee.

1 Purpose of Report and Executive Summary

- 1.1 This report sets out the Council's Medium Term Financial Plan (MTFP) and the revenue and capital budget proposals for 2016/17.
- 1.2 The Cabinet received a budget report on the 2 December and this report will update for the impact of the Provisional Local Authority Grant Settlement announced on 17 December.
- 1.3 The 2 December Cabinet report provided the basis for Scrutiny Committee's examination of the budget proposals on 26 January.
- 1.4 This report if agreed by Cabinet will then go forward to Council on 17 February.

2 Background

Autumn Budget Statement

- 2.1 The Chancellor's Comprehensive Spending Review (CSR) announcements on 25 November reinforced that the UK economy is in increasingly good shape, with Office

of Budget Responsibility forecasts showing a £27bn improvement in the level of public finances.

- 2.2 For local government the headline numbers look to be very challenging, with the Department of Communities and Local Government (DCLG) seeing a 56% reduction in funding over the period to 2019/20. However, that does not mean a corresponding level of reduction for local authorities because of the increasing proportion of local government spending financed from council tax and business rates. Nonetheless, as an unprotected service, local government will see further significant reductions in funding levels.
- 2.3 The announcements did cover three fundamental issues for the Council's finances in the medium term:
- (1) A commitment to fully localise business rates by the end of this Parliament. At one level, this announcement has to be welcomed as it will give local authorities greater control over their own finances and also this Council is fully committed to growing the borough's business base and this should have direct financial benefits for the Council. However, a corollary of the full localisation of business rates is that there will no longer be any Revenue Support Grant (RSG) to the Council. As an area of high need, the RSG should include some needs related element. The needs element will now somehow have to be built into the business rates system. Additional responsibilities will be passed down to local government, as the quantum of localised business rates will exceed RSG.
 - (2) The Chancellor made frequent references to changes in funding and responsibilities between the different tiers of local government and it is likely that this will become a major issue within the county of Kent.
 - (3) The Government announced it will consult on significant changes to the New Homes Bonus regime, with a reduction in the length of payments from six to four years, and a reduction in the overall quantum of funding available. New Homes Bonus has become a major funding stream for the Council with much of it being used to support base expenditure. The impact of this will be considered more fully below.

Provisional Local Government Finance Settlement 2016/17

- 2.4 On 17 December, the Provisional Local Government Finance Settlement was announced. The proposals are open for consultation until 15 January. Whilst the Settlement is for 2016/17 it does include indicative figures for future years. The Settlement makes significant changes in methodology and this leads to significant redistributive effects but there was no consultation on these changes.
- 2.5 The MTFP was assuming 30% reductions per annum for the next three years in RSG and the Settlement was in line with this for 2016/17 and then significantly worse for 2017/18 and 2018/19.

	Forecast £	Actual £	Difference £
2016/17	2,011,000	1,955,000	-56,000
2017/18	1,368,000	1,107,000	-261,000
2018/19	918,000	576,000	-342,000

- 2.6 The position on New Homes Bonus (NHB) is unchanged for 2016/17 and on the numbers in the Settlement the allocation for 2016/17 is as forecast at £3,482,000 of which we will take £2,860,000 into the base. The indicative allocations are £3,500,000 for 2017/18, £2,199,000 for 2018/19 and £2,110,000 for 2019/20. There is a full consultation process on the future of NHB now launched by DCLG and so the reliability of the forecasts beyond 2016/17 are questionable.
- 2.7 Of the NHB allocation, £250,000 will continue to be top sliced to pump prime the Regeneration Fund, £50,000 will be used to top up the Communities Fund, £50,000 to provide a further year's support to Swale Community Leisure and the remaining balance will be put into the Regeneration Fund.
- 2.8 The Settlement does leave a great many unanswered questions but some of the key issues are set out below:
- (1) In the RSG calculations, Government have for the first time built in assumptions about increases in council tax (at around the level of the Consumer Price index) and some challenging assumptions on the growth of the council taxbase. As an area with a relatively low council taxbase, this disadvantages the Council.
 - (2) The forecast council tax income forms part of a new definition of spending – Core Spending Power which also includes RSG, business rates (at baseline) and NHB. No council tax freeze scheme for 2016/17 has been offered and all former freeze grants are assumed to be funded from the RSG and business rates
 - (3) Greater flexibility on increasing council tax (by up to £5) for authorities in the lower quartile for band D which does not include Swale. There is a general desire from district councils to see this applied to all district councils.
 - (4) Government has made an ill-defined offer that “any council that wishes to take it up a four-year funding settlement to 2019/20” can do so as long as they have an “efficiency plan”. It is not clear at this stage what this efficiency plan will consist of or what happens to those authorities who do not sign up. However the Government will provide further details as part of the Final Settlement. We understand that the only funding stream which would not be guaranteed is the much diminished RSG.
 - (5) Reserves are noted as being one possible part of an “efficiency plan” suggesting the Government might be looking for a voluntary drawdown of reserves as the price for greater certainty.
 - (6) The Secretary of State has said that NHB would be a permanent feature of the local government finance system.
 - (7) A consultation on the changes to the new business rate retention system will be issued in the summer 2016, but it is intended that there will be engagement with authorities in the months running up to the consultation. There will also be a revaluation of business rates as at 1 April 2017.
- 2.9 DCLG have confirmed agreement to a business rate pool for 2016/17 consisting of KCC and ten district/ borough councils – Sevenoaks remains outside, Dartford comes in and Dover leaves.

3 Proposal

Medium Term Financial Plan

- 3.1 Local Government Finance is in a period of massive change. Funding reductions due to deficit reduction coupled with the full localisation of business rates means that councils not only have to deal with finding large additional savings but have potentially unprecedented volatility in their funding due to business rates. Managing this situation needs agility and flexibility of thinking.
- 3.2 The Medium Term Financial Plan (MTFP) is a best forecast of the financial position over the next three years to aid the Council in meeting its objectives as set out in the Corporate Plan. The MTFP is underpinned by the following principles:
- achieving a balanced budget position with the base budget requirement being met from core income;
 - reserves being used to fund one-off cost pressures; and
 - a prudent forecast for business rates.
- 3.3 The updated MTFP is attached in appendix I. Any variations to the 2 December budget report are explained in this report.

Balanced Budget Proposals

- 3.4 There are no changes to the appendix submitted to Cabinet on 2 December covering Growth Items, Unavoidable Cost Pressures, Service Savings, Loss of Income and Committed Price Increases (appendix II) apart from two new items which have been added to Additional Income as a result of the Council approval of the Review of Fees and Charges Report on 16 December 2015.
- 3.5 The 2 December report identified a gap of £286,000 for 2016/17. The changes to this position encompassed in this report are:

2016/17 funding gap as per Cabinet report 2 December		£286,000
Add		
Reduction in RSG	£56,000	
Council tax freeze grant funded in future from RSG and business rates	£80,000	£422,000
Less		
Higher council tax base	£71,000	
Business rate adjustment	£23,000	
Council tax collection fund surplus increase	£38,000	
Additional fees and charges	£120,000	
Contribution from reserves funded from 2015/16 underspend	£170,000	£422,000
Net Position		£0

Council Tax

- 3.6 The Council will be recommended to adopt no change in the level of Council Tax for 2016/17.

- 3.7 The Collection Fund and Council Tax base is set out in appendix III.
- 3.8 The Council Tax base was agreed by Council on 27 January.
- 3.9 The calculation of the Budget Requirement and Council Tax Requirement is shown in appendix IV.
- 3.10 Parish precepts are shown in appendix V.

Reserves

- 3.11 The principle of the management of reserves moving forward should be:
- maintain a prudent level of reserves to allow the Council to deal with unexpected one-off events; and
 - fund one-off items of expenditure against the Council's highest priorities, as determined by Members.
- 3.12 When the Authority is considering its budget requirement it is the Chief Finance Officers' duty to report on the adequacy of reserves (under section 25 of the Local Government Act 2003). These have been reviewed in line with latest guidance from the Chartered Institute of Public Finance and Accountancy.
- 3.13 Currently, the Council has sought to maintain a minimum of £1.5m as its General Fund balance, and it is concluded that through this period of uncertainty that this level should be continued. In addition, the Council holds a number of earmarked reserves held for specific purposes. The remaining (unallocated) General Reserve is available in future years to support one-off items rather than funding on-going revenue budget requirements. The Authority's reserves will be detailed in the report to Cabinet. It is the Head of Finance's view that the balances and reserves held by the Council are at a reasonable level.
- 3.14 The Section 151 Officer (Head of Finance), in accordance with Local Government Act 2003, hereby has confirmed his opinion that the 2016/17 budget submitted is robust and the reserves are reasonable given an assessment of risks (see appendix VI).

Capital Strategy

- 3.15 The Council's priorities for the use of available capital funds will be:
- projects which support the Council's corporate priorities;
 - earmarked receipts related to specific projects e.g. Section 106 monies;
 - minimum fulfilment of legal duties;
 - essential life and death maintenance work e.g. health & safety; and
 - essential remedial expenditure on the Council's IT systems.
- 3.16 The Council should on balance remain free from external borrowing and not undertake borrowing to fund capital expenditure. The Council on 30 July 2014 agreed that borrowing would be allowed as part of the regeneration of Sittingbourne Town Centre.

3.17 The Capital Programme is attached in appendix VII.

4 Alternative Proposals

4.1 The proposals made reflect the views of Cabinet on the best way to meet the Council's objectives.

5 Consultation Undertaken or Proposed

5.1 The budget proposals reported to Cabinet on 2 December plus updates for developments since then were reported to Scrutiny Committee on 26 January.

5.2 Direct communication with local business and voluntary groups.

6 Implications

6.1 The implications are set out in the table below:

Issue	Implications
Corporate Plan	The budget proposals for 2016/17 supports the Corporate Plans objectives.
Financial, Resource and Property	This report sets out the approach to the 2016/17 budget and the medium term financial plan.
Legal and Statutory	The approach set out reflects the legal requirement for the Council to agree a balanced budget.
Crime and Disorder	Any potential impact will be addressed by service managers in their budget proposals.
Sustainability	The sustainability implications of budget decisions will be fully investigated by service managers in drawing up their detailed proposals.
Health and Wellbeing	No issues identified.
Risk Management and Health and Safety	A risk register for the budget is attached in appendix VIII. Risks will be reviewed as part of the strategic risk update. Specific health & safety risks will be addressed by service managers in their budget proposals.
Equality and Diversity	None of the proposed savings impact on the quality of service delivery and therefore no specific equality impact assessments are required.

7 Appendices

7.1 The following documents are published with this report:

- Appendix I Medium Term Financial Plan
- Appendix II Budget Proposals
- Appendix III Council Tax Base and Collection Fund
- Appendix IV Calculation of Council Tax and Budget Requirement
- Appendix V Parish Precepts
- Appendix VI Reserves
- Appendix VII Capital Programme and Funding
- Appendix VIII Risk Issues
- Appendix IX Minimum Revenue Provision Statement 2016/17

8 Background Papers

- 2 December 2015 Cabinet Budget Report

Medium Term Financial Plan

	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Base budget	17,609	17,609	17,609	17,609
Growth items	0	469	459	451
Unavoidable cost pressures	0	759	691	697
Loss of income	0	35	35	35
Additional income	0	(595)	(549)	(585)
Committed price increases	0	66	93	136
<u>Salary Related:</u>				
Increments	0	57	79	101
Pay award	0	109	240	371
Contribution to/(from) reserves	317	459	317	317
Revenue Support Grant	(2,929)	(1,955)	(1,107)	(576)
Business Rates	(5,040)	(5,644)	(5,843)	(6,011)
Council Tax	(6,856)	(7,030)	(7,101)	(7,172)
Council Tax Freeze Grant funded from RSG	(79)	(79)	(79)	(79)
Council Tax Freeze Grant funded separately	(80)	0	0	0
New Homes Bonus	(2,824)	(3,482)	(3,500)	(2,199)
Collection Fund Surplus - Council Tax	(176)	(261)	0	0
Savings Required	(58)	517	1,344	3,095
Service savings	0	(517)	(378)	(384)
Requirement for balanced position	0	0	(966)	(2,711)
Committed savings	0	(517)	(1,344)	(3,095)
Contribution (to) from General Fund	(58)	0	0	0

Budget Proposals

Growth items			
No.	Description	Cabinet Member / Head of Service	2016/17 over 2015/16 £
	Chief Executive		
1	Swale Borough Council share of the cost of a MKIP Director and support	Cllr A. Bowles / A. Kara	60,000
	Commissioning & Customer Contact		
2	Parking – funding communication links for car park machines	Cllr D. Simmons / D. Thomas	8,500
3	Parking - repairs and renewals to car parks and equipment	Cllr D. Simmons / D. Thomas	7,500
4	Leisure Development Officer	Cllr M. Whiting / D. Thomas	34,240
	Director of Corporate Services		
5	Licensing salaries change to establishment to provide a fit for purpose service following review of processes and resources	Cllr K. Pugh / M. Radford	60,000
	Economic & Community Services		
6	Increase the Safeguarding Officer post to full time	Cllr K. Pugh / E. Wiggins	20,000
	Environmental Health		
7	Reallocation of MKIP resources for Food Safety service	Cllr D. Simmons / M. Radford	28,000
	Mid Kent Legal Services (MKLS)		
8	Gross cost increase in Mid Kent Legal Services pooled budget for additional staff. See also Additional Income.	Cllr D. Dewar-Whalley / J. Scarborough	176,770
	Property Services		
9	For the provision of software to support lone workers.	Cllr D. Dewar-Whalley / A. Adams	8,000
	Resident Services		
10	Two Council Tax Posts – to be funded from the Council Tax Support reserve	Cllr D. Dewar-Whalley / A. Christou	65,640
	Total Growth Items		468,650

Budget Proposals

Unavoidable Cost Pressures			
No.	Description	Cabinet Member / Head of Service	2016/17 over 2015/16 £
	Commissioning & Customer Contact		
1	Business rates for Faversham District office	Cllr D. Dewar-Whalley / D. Thomas	1,700
2	Rent and service charges for Faversham District office - new charges to apply from 2016/17	Cllr D. Dewar-Whalley / D. Thomas	6,700
3	Closed churchyards increased maintenance	Cllr D. Simmons / D. Thomas	18,000
4	Parking shared service reapportionment	Cllr D. Simmons / D. Thomas	15,000
5	Beach Huts - unachievable income	Cllr D. Simmons / D. Thomas	20,000
6	The effect on grounds maintenance and leisure contract budgets of the introduction of the minimum living wage	Cllr D. Simmons / D. Thomas	46,000
7	Increase in cemeteries' rates	Cllr D. Simmons / D. Thomas	1,500
8	Cost of Barton's Point cesspit emptying	Cllr D. Simmons / D. Thomas	2,000
9	Increased cost of metered water at seafront	Cllr D. Simmons / D. Thomas	2,000
	Democratic Services		
10	Individual Electoral Registration additional staff resources	Cllr A. Bowles / M. Radford	22,000
	Finance		
11	Increased merchant service charge of credit and debit cards for Council Tax collection	Cllr D. Dewar-Whalley / N. Vickers	40,000
12	Increase in precept from Lower Medway Internal Drainage Board 2.2%	Cllr D. Dewar-Whalley / N. Vickers	3,850
13	Insurance increase from annual renewal. The projection reflects a 4.4% increase	Cllr D. Dewar-Whalley / N. Vickers	17,760
14	From 2016/17 KCC has announced it will be ending the grant to district councils relating to the number of second homes in their area	Cllr D. Dewar-Whalley / N. Vickers	46,000

Budget Proposals

Unavoidable Cost Pressures			
No.	Description	Cabinet Member / Head of Service	2016/17 over 2015/16 £
	Mid Kent Improvement Partnership (MKIP)		
15	Unachieved saving from 2015/16. Extension of HR shared service to TWBC is no longer a possibility	Cllr T. Wilcox / D. Smart	19,690
16	National Insurance cost increase	Cllr T. Wilcox / D. Smart	182,000
	Planning		
17	Increased Local Plan costs - to be funded from reserves	Cllr G. Lewin / J. Freeman	60,000
	Property Services		
18	Increase in business rates for Swale House	Cllr D. Dewar- Whalley / A. Adams	6,000
19	Business rates for miscellaneous properties due to the necessary delay between vacating them and transferring them to Spirit of Sittingbourne	Cllr D. Dewar- Whalley / A. Adams	4,660
	Resident Services		
20	Reduction in Housing Benefits Admin subsidy. This pressure will be offset by Housing Benefits salary savings. The remaining grant pressure will then be met from the housing benefits reserve	Cllr D. Dewar- Whalley / A. Christou	244,000
	Total Unavoidable Cost Pressures		758,860

Budget Proposals

Loss of Income			
No.	Description	Cabinet Member / Head of Service	2016/17 over 2015/16 £
	Commissioning & Customer Contact		
1	Tipping Away payment - Kent County Council rechargeable works	Cllr D. Simmons / D. Thomas	10,500
2	The scheme whereby SBC receive a payment from Amicus for arranging local clear ups has now ended	Cllr D. Simmons / D. Thomas	10,000
	Property Services		
3	Net loss of rental income from miscellaneous properties due to properties to be transferred for town centre regeneration	Cllr D. Dewar- Whalley / A. Adams	12,600
4	Anticipated reduction in income from external printing	Cllr D. Dewar- Whalley / A. Adams	2,000
	Total Loss of Income		35,100

Budget Proposals

Service Savings			
No.	Description	Cabinet Member / Head of Service	2016/17 over 2015/16 £
	Commissioning & Customer Contact		
1	Hygiene services revised contract	Cllr D. Simmons / D. Thomas	(11,000)
2	Teynham public convenience electricity costs	Cllr D. Simmons / D. Thomas	(840)
3	Marine Parade public convenience electricity costs - facility closed	Cllr D. Simmons / D. Thomas	(1,470)
4	Litter bins - reduced replacement programme	Cllr D. Simmons / D. Thomas	(10,000)
5	Waste contract - fewer variation orders required as result of new contracts and more effective monitoring	Cllr D. Simmons / D. Thomas	(45,000)
6	Waste contract - reduction in base figure for negative indexation 2015/16	Cllr D. Simmons / D. Thomas	(61,670)
7	Street Cleaning contract - reduction in base figure for negative indexation 2015/16	Cllr D. Simmons / D. Thomas	(20,900)
8	Swale Community Leisure Executive Officer Post – end of grant	Cllr D. Simmons / D. Thomas	(50,000)
	Director of Corporate Services		
9	Reduction in external audit fee	Cllr D. Dewar- Whalley / M. Radford	(18,810)
	Economic & Community Services		
10	Savings from asset transfer for Kemsley Hall - Grant to Kemsley Trust	Cllr M. Whiting / E. Wiggins	(6,010)
	Finance		
11	Savings on interest element of leases	Cllr D. Dewar- Whalley / N. Vickers	(6,070)
	Resident Services		
12	Channel Shift/ behaviour change to Housing Benefits Customer process. Offsets an unavoidable cost pressure.	Cllr D. Dewar- Whalley / A. Christou	(244,000)
13	Use of Council owned housing reducing temporary accommodation costs.	Cllr J. Wright/ A. Christou	(10,000)

Budget Proposals

Service Savings			
No.	Description	Cabinet Member / Head of Service	2016/17 over 2015/16 £
	Planning		
14	Miscellaneous savings from unused fees & services budgets	Cllr G. Lewin / J. Freeman	(4,800)
15	Reduction in advertising budget	Cllr G. Lewin / J. Freeman	(4,000)
16	South Thames Gateway Building Control Partnership savings	Cllr G. Lewin / J. Freeman	(3,500)
	Mid Kent Improvement Partnership (MKIP) Services		
17	Essential car users allowance reduction in cost	Cllr T. Wilcox / D. Smart	(18,990)
	Total Service Savings		(517,060)

Budget Proposals

Additional Income			
No.	Description	Cabinet Member / Head of Service	2016/17 over 2015/16 £
	Commissioning & Customer Contact		
1	Replacement of KCC enabling payment with supporting payments, following new waste contract	Cllr D. Simmons / D. Thomas	(53,900)
2	Bulky waste collections - increase in demand for service	Cllr D. Simmons / D. Thomas	(5,000)
3	Bulky waste collections – increase in fees	Cllr D. Simmons / D. Thomas	(20,000)
4	Wheeled bins sales to developers - increase in demand in line with new property builds	Cllr D. Simmons / D. Thomas	(5,000)
5	Garden waste collections - increased subscription levels	Cllr D. Simmons / D. Thomas	(106,500)
6	Litter picking works on the A249	Cllr D. Simmons / D. Thomas	(25,000)
7	Parking – increase in car parking charges	Cllr D. Simmons / D. Thomas	(100,000)
	Finance		
8	Increase in investment income	Cllr D. Dewar- Whalley / N. Vickers	(15,000)
	Mid Kent Legal Services (MKLS)		
9	Additional income from heightened budgeted income from s.106 legal drafting fees	Cllr D. Dewar- Whalley / J. Scarborough	(9,000)
10	Additional income from Maidstone and Tunbridge Wells councils for their share of increase of MKLS Growth item	Cllr D. Dewar- Whalley / J. Scarborough	(155,260)
	Planning		
11	Increased planning fee income	Cllr G. Lewin/ J. Freeman	(30,000)

Budget Proposals

Additional Income			
No.	Description	Cabinet Member / Head of Service	2016/17 over 2015/16 £
	Resident Services		
12	Utilities charge for households in bed and breakfast accommodation	Cllr J. Wright/ A. Christou	(5,000)
13	Two Council Tax Posts funded from the preceptors	Cllr D. Dewar-Whalley / A. Christou	(65,640)
	Total Additional Income		(595,300)

Council Tax Base and Collection Fund

Tax Base

The tax base for 2016/17 is 43,959.22.

Collection Fund

As the Billing Authority, Swale Borough Council had to make an estimate of the surplus or deficit on the Collection Fund in January 2016, notifying Kent County Council, the Police and Crime Commissioner for Kent and the Kent & Medway Towns Fire & Rescue Authority of their proportions. The declared deficit of £1,226,000 is shared as follows:

	(Surplus)/ Deficit £'000
Kent County Council	(1,266)
The Police and Crime Commissioner for Kent	(212)
Kent & Medway Towns Fire & Rescue Authority	(68)
Swale Borough Council	1,087
Central Government	1,685
Total	1,226

These amounts are not added to precepts or budgets, but must be taken into account by each Authority when setting their Basic Council Tax. The net deficit for Swale Borough Council is therefore £1,087,000 including a £1,348,000 deficit for business rates and a £261,000 surplus for council tax. Only the council tax surplus is shown in the budget projections for the calculation of the 2016/17 Council Tax as the business rates deficit will be met by the business rates volatility reserve.

Other Preceptors

Kent County Council, the Kent & Medway Fire Authority and the Kent Police and Crime Commissioner will set their own precepting for all valuation bands. These tax levels will form part of the overall Council Tax to be set by full Council on 17 February 2016.

Parish Council Precepts

Parish Council precept demands have been submitted during January 2016 as and when the Parish Councils met to set their precepts. These will be expressed as an additional precept.

Calculation of Council Tax and Budget Requirement

	2016/17 £'000
2016/17 Swale Operating Expenditure Budget Before Savings and Growth Items	17,609
Growth items	469
Unavoidable cost pressures	759
Loss of income	35
Additional income	(595)
Committed price increases	66
Pay increments	57
Pay award	109
Contribution to/ (from) reserves	459
Service savings	(517)
<hr/> Sub total	<hr/> 18,451
Council Tax Freeze Grant funded from RSG	(79)
New Homes Bonus	(3,482)
<hr/> Swale Budget Requirement (to be agreed)	<hr/> 14,890
Revenue Support Grant	(1,955)
Business Rates	(5,644)
Collection Fund Surplus	(261)
<hr/> Council Tax Requirement (to be agreed)	<hr/> 7,030
Council Tax Income (assuming £159.93 for Band D)	(7,030)

Parish Precepts

Parish/Town Council	Additional Council Tax for Band D 2015/16 £	Tax Base 2016/17	Parish Precept (rounded) 2016/17 £	Additional Council Tax for Band D 2016/17 £	Parish Precept 2016/17 % Change
Bapchild	22.17	457.47	10,500	22.95	3.52%
Bobbing	19.82	825.54	16,361	19.82	0%
Borden	45.51	1,065.30	To be advised		
Boughton-under-Blean	68.01	676.32	44,840	66.30	-2.51%
Bredgar	33.31	287.14	9,500	33.08	-0.69%
Doddington	36.19	216.82	7,800	35.97	-0.61%
Dunkirk	24.88	482.81	11,792	24.42	-1.85%
Eastchurch	45.08	701.88	30,000	42.74	-5.19%
Eastling	21.32	144.39	3,225	22.34	4.78%
Faversham Town Council	43.15	6,083.95	322,814	53.06	22.97%
Goodnestone & Graveney	35.19	181.07	5,500	30.37	-13.70%
Hartlip	19.41	361.24	7,000	19.38	-0.15%
Hernhill	28.64	283.33	To be advised		
Iwade	33.69	1,298.32	46,000	35.43	5.16%
Leysdown	22.06	1,147.26	To be advised		
Lower Halstow	56.60	452.21	29,250	64.68	14.28%
Luddenham	0	44.24	0		
Lynsted	38.23	453.71	17,049	37.58	-1.70%
Milstead	44.23	85.08	5,000	58.77	32.87%
Minster	22.77	5,083.32	136,714	26.89	18.09%
Newington	49.01	870.50	44,000	50.55	3.14%
Newnham	21.73	151.01	5,355	35.46	63.18%
Norton & Buckland	31.27	184.36	5,773	31.31	0.13%
Oare	52.60	165.96	8,568	51.63	-1.84%
Ospringe	23.75	276.57	7,000	25.31	6.57%
Queenborough Town Council	58.91	767.59	45,225	58.91	0%
Rodmersham	31.80	237.79	7,500	31.54	-0.82%
Selling	27.02	342.96	8,205	23.92	-11.47%
Sheldwich, Leaveland & Badlesmere	24.98	350.13	8,600	24.56	-1.68%
Stalisfield	28.62	97.02	2,600	26.80	-6.36%
Teynham	53.07	861.67	45,480	52.78	-0.55%
Throwley	22.67	136.82	3,166	23.14	2.07%
Tonge	16.22	141.52	2,000	14.13	-12.89%
Tunstall	22.45	701.51	17,000	24.23	7.93%
Upchurch	28.57	912.01	26,311	28.85	0.98%
Warden	34.44	473.20	To be advised		
TOTAL					

Reserves

Description	Balance as at 31/03/15 (after approved rollovers) £'000	Forecast Contributions to / from Reserves 2015/16 £'000	Balance as at 31/03/16 £'000	Forecast Contributions to / from Reserves 2016/17 £'000	Balance as at 31/03/17 £'000
General Reserve	(3,087)		(3,087)	170	(2,917)
Performance Fund	(747)		(747)		(747)
Transformation Fund	(293)		(293)		(293)
Regeneration Fund	(311)	(250)	(561)	(522)	(1,083)
Swale Local Loan Fund	(250)		(250)		(250)
Building Maintenance Fund	(738)		(738)		(738)
Housing Reserves	(181)		(181)		(181)
Repairs and Renewals Funds	(277)	(78)	(355)	(78)	(433)
Local Development Framework Fund	(234)		(234)		(234)
Stay Put Grants Reserve	(158)		(158)		(158)
Revenues Main Reserve	(387)		(387)		(387)
Business Rates Volatility Reserve	(1,233)	(1,018)	(2,251)	1,348	(903)
Development Control Reserve	(208)		(208)		(208)
Preceptors Council Tax Support Reserve	(125)	(125)	(250)	(59)	(309)
Homeless Property in Sheerness	(250)		(250)		(250)
Commuted Sums	(259)		(259)		(259)
Other Reserves	(1,661)	11	(1,650)	(29)	(1,679)
Total Earmarked Reserves	(10,399)	(1,460)	(11,859)	830	(11,029)
Usable Capital Receipts Reserve	(911)	164	(747)	605	(142)
Capital Grants Unapplied Account	(269)		(269)		(269)
General Fund	(3,438)	(58)	(3,496)		(3,496)

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

Capital Programme and Funding

	Funding SBC / Partnership	2015/16 Original Budget £	2015/16 Revised Budget £	2016/17 Original Budget £	2017/18 Original Budget £	Budget Later Years £
<u>ECONOMY & COMMUNITIES - E.WIGGINS</u>						
CCTV - Repairs & Renewals Reserve	SBC	15,000	15,000	15,000	15,000	15,000
The Mill Project, Sittingbourne Skate Park - Capital Receipts	SBC	0	0	200,000	0	0
Faversham Creek Basin Regeneration Project (swing bridge) - Capital Receipts	SBC	0	0	200,000	0	0
Faversham Pools refurbishment - Capital Receipts	SBC	0	0	150,000	0	0
The Meads Community Centre- Regeneration Fund	SBC	0	31,000	0	0	0
The Meads Community Centre- S106	P	0	417,330	0	0	0
The Meads Community Centre- KCC Grant	P	0	50,000	0	0	0
Easthall Farm Community Centre - S106	P	0	50,000	964,000	0	0
Kemsley Community Facilities - S106	P	0	4,870	0	0	0
TOTAL ECONOMY & COMMUNITIES		15,000	568,200	1,529,000	15,000	15,000
<u>COMMISSIONING & CUSTOMER CONTACT - D.THOMAS</u>						
Cemeteries - future burial provision in the borough - Capital Receipts	SBC	0	22,040	0	0	0
Milton Creek Footpath & Viewing platform - Capital Receipts	SBC	0	16,190	0	0	0
Tree Works in 3 Cemeteries - Capital Receipts	SBC	30,000	37,690	0	0	0
Customer Service Centre telephony system – Capital Receipts	SBC	0	65,000	0	0	0
Thistle Hill Community Woodland - Trim Trail - S106	P	0	35,000	0	0	0
New Play Area - Iwade Schemes - S106	P	0	92,200	0	0	0
Faversham Recreation Ground Improvements- S106	P	0	2,610	0	0	0
Car park machines - Reserves	SBC	0	0	15,000	0	0
Oare Village Hall - S106	P	9,000	9,000	0	0	0
Oare Gunpowder Works - S106	P	9,000	9,000	0	0	0
TOTAL COMMISSIONING & CUSTOMER CONTACT		48,000	288,730	15,000	0	0

Capital Programme and Funding

	Funding SBC / Partnership	2015/16 Original Budget £	2015/16 Revised Budget £	2016/17 Original Budget £	2017/18 Original Budget £	Budget Later Years £
<u>HOUSING - A. CHRISTOU</u>						
Disabled Facilities Grants - External Grant	P	1,040,000	1,032,060	1,140,000	0	0
Temporary Accommodation provision - Reserves	SBC	0	200,000	0	0	0
TOTAL HOUSING		1,040,000	1,232,060	1,140,000	0	0
<u>PLANNING - J. FREEMAN</u>						
Wylie Court – Reserves	SBC		119,680	0	0	0
TOTAL PLANNING		0	119,680	0	0	0
<u>FINANCE - N. VICKERS</u>						
Cash Receipting System - Replacement - Capital Receipts	SBC		22,760	0	0	0
TOTAL FINANCE		0	22,760	0	0	0
<u>ENVIRONMENTAL HEALTH - T. BEATTIE</u>						
Replacement of Air Quality Stations - Capital Receipts	SBC	0	0	55,000	35,000	0
TOTAL ENVIRONMENTAL HEALTH		0	0	55,000	35,000	0
TOTAL CAPITAL PROGRAMME	SBC	45,000	529,360	635,000	50,000	15,000
TOTAL CAPITAL PROGRAMME	P	1,058,000	1,702,070	2,104,000	0	0
TOTAL CAPITAL PROGRAMME		1,103,000	2,231,430	2,739,000	50,000	15,000

Capital Programme and Funding

	2015/16 Original Budget £	2015/16 Revised Budget £	2016/17 Original Budget £	2017/18 Original Budget £	Budget Later Years £
TOTAL CAPITAL EXPENDITURE	1,103,000	2,231,430	2,739,000	50,000	15,000
FUNDING ANALYSIS					
PARTNERSHIP FUNDING	1,058,000	1,702,070	2,104,000	0	0
REVENUE CONTRIBUTIONS:-					
(a) Repairs & Renewals Reserves					
- CCTV	15,000	15,000	15,000	15,000	15,000
(b) General Reserve					
- Temporary Accommodation Provision	0	200,000	0	0	0
- Wylie Court	0	119,680	0	0	0
- Car Park Machines	0	0	15,000	0	0
	0	319,680	15,000	0	0
(c) Regeneration Fund					
- The Meads Community Centre	0	31,000	0	0	0
TOTAL REVENUE CONTRIBUTIONS	15,000	365,680	30,000	15,000	15,000

Capital Programme and Funding

	2015/16 Original Budget £	2015/16 Revised Budget £	2016/17 Original Budget £	2017/18 Original Budget £	Budget Later Years £
CAPITAL RECEIPTS:-					
- Tree Works in three Cemeteries	30,000	37,690	0	0	0
- The Mill project, Sittingbourne Skate Park	0	0	200,000	0	0
- Faversham Creek Basin Regeneration Project (swing bridge)	0	0	200,000	0	0
- Customer Service Centre telephony system	0	65,000	0	0	0
- Faversham Pools Refurbishment	0	0	150,000	0	0
- Milton Creek Footpath and Viewing Platform	0	16,190	0	0	0
- Cemeteries - future burial provision	0	22,040	0	0	0
- Replacement of Cash Receipting System	0	22,760	0	0	0
- Replacement of Air Quality Stations	0	0	55,000	35,000	0
				0	0
TOTAL CAPITAL RECEIPTS	30,000	163,680	605,000	35,000	0
TOTAL FUNDS UTILISED	1,103,000	2,231,430	2,739,000	50,000	15,000

Risk Issues

Budget Risk Issues

(High =3, Medium = 2, Low = 1).

Issue	Likelihood / Impact	Management
Localisation of Business Rates, Business rates Appeals	L – High I – High = 9	Detailed consideration, modelling of impact.
New Homes Bonus	L – High I – High = 9	Consultation response, future budgeting
Sittingbourne Town Centre	L – Medium I – High = 6	Project Management, professional advice.
Council Tax Support	L – Medium I – Medium = 4	Scheme review and implementation
Recession adds to demand for services e.g. housing	L – Medium I – Medium = 4	Flexible across budgets, use of reserves, effective in year budget monitoring.
Judicial review of a major decision.	L – Low I – High =3	Good governance, member & officer training.
Delivery of 2016/17 savings	L – Low I – High = 3	Robust challenge to savings assumptions, close monitoring of delivery.
Delivery of savings on major contracts	L – Low I – High = 3	Contract monitoring, future arrangements for major contracts.
Loss of key staff	L – Medium I – Medium = 2	Succession planning, staff development & training.
Low investment income	L – High I – Low = 3	Security of deposits overriding criteria.
Fraud	L – Medium I – Low = 2	Internal controls, Internal Audit

Minimum Revenue Provision Statement 2016/17

The Department for Communities and Local Government's Guidance on Minimum Revenue Provision (issued in 2010) places a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Secretary of State and local authorities are required to "have regard" to such Guidance under section 21(1A) of the Local Government Act 2003.

The Regulations require that "A local authority shall determine for the current financial year an amount of minimum revenue provision which it considers to be prudent".

The concept of Minimum Revenue Provision (MRP) was introduced in 1989 to prescribe the minimum amount which must be charged to the revenue account each year to meet credit liabilities (borrowing and leasing costs). MRP is charged to the General Fund and therefore does affect levels of Council Tax. Under the previous MRP regulations, MRP was set at a uniform rate of 4% of the adjusted Capital Financing Requirement (CFR) which represents the underlying need to borrow for the Council.

The detailed rules and formulae to be used in the more recent method of calculation were laid down in Regulation 28 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. This system was later radically revised and now requires an annual statement setting out the method of calculation of MRP.

The Secretary of State for Communities and Local Government issued guidance under section 21(1A) of the Local Government Act 2003. This states that "the broad aim of prudent provision is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of the grant." This would affect any future borrowing that local authorities may be considering.

The four MRP options available are:

- Option 1: Regulatory Method
- Option 2: CFR Method
- Option 3: Asset Life Method (Equal Instalment or Annuity)
- Option 4: Depreciation Method

Note: This does not preclude other prudent methods.

MRP in 2016/17: Options 1 and 2 may be used only for supported expenditure (i.e. financing costs deemed to be supported through Revenue Support Grant from Central Government). Methods of making prudent provision for self-financed expenditure include Options 3 and 4 (which may also be used for supported expenditure if the Council chooses).

The MRP Statement will be submitted to Council before the start of the 2016/17 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement should be put to Council at that time.

Council on 18 February 2015 resolved that for the 2015/16 financial year, the Council's policy for the calculation of Minimum Revenue Provision would be the regulatory method for supported borrowing and the asset life (equal instalment) method for Prudential borrowing.

The policy will be reviewed on an annual basis.

Minimum Revenue Provision Statement 2016/17

For 2016/17 it is recommended that:

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

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Cabinet	
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Meeting Date	3 February 2016
Report Title	Treasury Strategy 2016/17
Cabinet Member	Cllr. Duncan Dewar-Whalley, Cabinet Member for Finance
SMT Lead	Nick Vickers, Head of Finance
Head of Service	Nick Vickers, Head of Finance
Lead Officer	Olga Cole, Management Accountant
Key Decision	Yes
Classification	Open
Forward Plan	Reference number: 10

Recommendations	1. To approve the Treasury Strategy 2016/17 and the Prudential and Treasury Management Indicators.
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1. Purpose of Report and Executive Summary

- 1.1 The Chartered Institute of Public Finance and Accountancy’s Code of Practice for Treasury Management in Public Services and the Prudential Code require the Council to approve a Treasury Strategy and Prudential Indicators before the start of each financial year.
- 1.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) has defined Treasury Management as:

“The management of the organisation’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.
- 1.3 This report sets out and seeks approval of the proposed Treasury Management Strategy and Prudential and Treasury Management Indicators for 2016/17. It will be proposed to Council at the meeting on 17 February 2016.

2. Background

Borrowing Strategy

- 2.1 The Medium Term Financial Plan assumes that the Council remains free from external borrowing other than any borrowing necessary for short term cash flow reasons. The Council on 30 July 2014 agreed that borrowing would be allowed as part of the regeneration of the Sittingbourne town centre.
- 2.2 The approved sources of long-term and short-term borrowing are:

- Public Works Loan Board (PWLB) and any successor body;
- any institution approved for investments;
- any other bank or building society authorised to operate in the UK;
- UK public and private sector pension funds (except the Kent Pension Fund); and
- Capital market bond investors

Interest Rate Forecast and Market Outlook

- 2.3 The Council's treasury management adviser Arlingclose now forecasts the first rise in official interest rates with a 0.25% increase in the third quarter of 2016 and then rising by 0.5% per annum until stabilising between 2% and 3% in several years' time. Other forecasters now expect any rate rise to be in 2017. A more detailed economic and interest rate forecast provided by Arlingclose is attached at Appendix I.
- 2.4 In last year's Treasury Strategy the impact of changes in banking legislation encompassing the concept of bail-in where investors and depositors take a share of any loss in the event of a bank failure was the major new factor for the Council to respond to. During the last year there has been an increase in the level of confidence in major financial institutions and this has been reflected in Arlingclose extending their recommended durations for unsecured deposits. At the current time unsecured bank deposits still provide the bedrock of the investment strategy despite rates staying stubbornly low.
- 2.5 Equity markets have seen significant falls over the last 12 months with the FTSE 100 some 10% off the peak reached in April 2015. The Council has therefore not invested in equity funds. Commercial Property has performed well with an anticipated return (income return plus capital appreciation) of around 15% expected in 2015. The investment in the CCLA Property Fund has performed well and the Council will look to add further to its current investment.

Investment Strategy

- 2.6 The Council holds invested funds, averaging in the year to date £36m with a maximum of £43m, representing income received in advance plus balances and reserves held. In common with most local authorities the actual level of funds available for investment has been increasing.
- 2.7 Both the CIPFA Code and the Department for Communities and Local Government's (DCLG) Guidance require the Council to invest its funds prudently, and have regard to the security and liquidity of its investments before seeking higher return.
- 2.8 The Council has had a risk averse investment strategy focussing deposits to major highly rated financial institutions and Money Market Funds.
- 2.9 The Council could make use of the following asset classes:

- (1) Government: Loans, bonds and bills issued or guaranteed by national governments and multilateral development banks. These investments are not subject to bail-in, and there is an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.
- (2) Banks Unsecured: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks with a minimum long term credit rating of A-. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. The only exceptions to this would be overnight deposits at the Council's current account provider if this was downgraded to BBB+, BBB or BBB- at some future point and RBS Group (current rating BBB) (see paragraph 2.16).
- (3) Banks Secured: Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the highest of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the counterparty limit.
- (4) Corporates: Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent.
- (5) Short-Term Money Market Funds: These are pooled investment funds managed by major financial institutions. Short-Term Money Market Funds offer same-day liquidity and will be used as an alternative to instant access bank accounts. We already make extensive use of Short-Term Money Market Funds.
- (6) Investment Portfolio: Investments can be made in Pooled Funds including Property Funds, Absolute Return Funds, Equity Income Funds and Fixed Income Funds. These funds will be used for longer investment periods and have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee.

2.10 Credit ratings are obtained and monitored by the Council's treasury adviser, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

- 2.11 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as “rating watch negative” or “credit watch negative”) so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.
- 2.12 The Council understands that credit ratings are useful, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.
- 2.13 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council’s cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.
- 2.14 The CLG Guidance defines specified investments as those:
- denominated in pound sterling;
 - due to be repaid within 12 months of arrangement;
 - not defined as capital expenditure by legislation; and
 - invested with one of:
 - the UK Government,
 - a UK local authority, parish council or community council, or
 - a body or investment scheme of “high credit quality”.
- 2.15 The Council defines “high credit quality” organisations as those having a credit rating of A- or higher that are domiciled in the UK or having a credit rating of A- or higher and are domiciled in a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds “high credit quality” is defined as those having a credit rating of A- or higher.
- 2.16 Any investment not meeting the definition of a specified investment is classed as non-specified. The Council does not intend to make any investments denominated in

foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and schemes not meeting the definition on high credit quality.

3. Proposal

Proposed Counterparty banks and building societies

3.1 There are very limited changes proposed to the counterparties used. The changes proposed are:

- (1) Reinstatement of RBS Group - initially for overnight call money only. This reflects an improved credit rating.
- (2) Additional overseas banks which Arlingclose currently recommend reflecting their all-round strength.
- (3) Remove the small building societies which the Council has not utilised.
- (4) Increased limit on Money Market Funds from £1.5m to £3m as these often offer better diversification than unsecured bank deposits with little or no reduction in yield.
- (5) Increased limit for Leeds Building Society and Close Brothers Bank from £1m to £1.5m.
- (6) Introduction of Covered Bonds. These are investments which are underwritten by a pool of high quality assets, so if the bank was unable to repay the investment it would be met from the asset pool. These are secured deposits which are exempt from bail-in and may offer better returns than unsecured bank deposits. Arlingclose would advise on each specific investment.
- (7) Introduction of Cash Plus Funds and Short-Dated Bond Funds. These are funds that generally invest in money market and capital market securities including gilts, treasury bills, sterling-denominated and non-UK sovereign and supranational bonds, commercial paper, term deposits, certificates of deposit (CDs), floating rate notes, asset backed securities, short and medium term bonds and collective investment schemes. They aim to provide an income and to grow the capital value over time. Short-Dated Bond Funds will generally look at longer-term investments and be subject to great price volatility compared to Cash Plus Funds.

3.2 The recommended counterparty limits are:

Debt Management Office (Debt Management Account Deposit Facility) and Treasury Bills	Unlimited
Major UK banks / building societies. (Barclays, HSBC, Lloyds Banking Group, RBS Group, Santander UK, Nationwide, Standard Chartered) unsecured deposits	£3m
Svenska Handelsbanken	£3m
Leeds Building Society unsecured deposits	£1.5m
Close Brothers unsecured deposits	£1.5m
Major overseas banks unsecured deposits (to be determined based upon Arlingclose advice) Netherlands: Bank Nederlande Gemeeten, Rabobank Singapore: OCBC, UOB, DBS Sweden: Nordea Bank Denmark: Danske Bank USA: JP Morgan Chase Australia: Australian and New Zealand Banking Group, Commonwealth Bank of Australia, National Australian Bank Ltd, Westpac Banking Corp Canada: Bank of Montreal, Bank of Nova Scotia, Canadian Imperial Bank of Commerce, Royal Bank of Canada, Toronto Dominion Bank	£1.5m limit per bank, £3m country limit
Short Term Money Market Funds	£3m each
CCLA LAMIT Local Authority Property Fund	£3m
Supranational Bonds	£6m in aggregate
Corporate Bond funds and Corporate Bonds	£3m in aggregate
Covered Bonds	£9m in aggregate with £3m limit per bank
Absolute return funds	£3m in aggregate
Equity income funds	£3m in aggregate
Cash Plus Funds and Short Dated Bond Funds	£1.5m each, £3m in aggregate

Duration of Investments

- 3.3 Currently the maximum duration for unsecured term deposits is 13 months. The Head of Finance in consultation with the Cabinet Member for Finance may consider longer duration depending on market conditions.
- 3.4 For bonds the maximum duration will be five years including, where applicable, the 5-year benchmark bond which may at the point of issue have a maturity a few months in excess of five years.

Treasury Adviser

- 3.5 Arlingclose is the Council's treasury adviser. Officers meet with Arlingclose on a quarterly basis.

4. Alternative Options

- 4.1 The alternative options would be to use different types of counterparties and limits from those proposed in paragraph 2.17 in the report.

5. Consultation Undertaken or Proposed

- 5.1 Consultation has been taken with Arlingclose.

6. Implications

Issue	Implications
Corporate Plan	Good management of the Council's cash balances assists the overall financial position of the Council and this helps meet its objectives.
Financial, Resource and Property	The low risk, low return investment strategy is reflected in investment income assumptions in the 2016/17 budget.
Legal and Statutory	DCLG and CIPFA requirements complied with.
Crime and Disorder	Not applicable
Sustainability	Not applicable
Health and Wellbeing	Not applicable
Risk Management and Health and Safety	Risk is controlled through adherence to specific guidance included in CIPFA's Treasury Management Code of Practice and Cross-Sectoral Guidance Notes. The principle of security of funds over-rides investment performance considerations.
Equality and Diversity	Not applicable

7. Appendices

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

- Appendix I Arlingclose interest rate forecast
- Appendix II Prudential and Treasury Management Indicators

8. Background Papers

8.1 Working papers held in the Finance Department.

ARLINCLOSE INTEREST RATE FORECAST

Interest Rate Forecast

	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Average
Official Bank Rate														
Upside risk		0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.33
Arlingclose Central Case	0.50	0.50	0.50	0.75	0.75	1.00	1.00	1.25	1.25	1.50	1.50	1.75	1.75	1.08
Downside risk				0.25	0.25	0.50	0.50	0.75	0.75	1.00	1.00	1.25	1.25	0.75
3-month LIBID rate														
Upside risk	0.20	0.30	0.30	0.30	0.35	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.35
Arlingclose Central Case	0.55	0.60	0.70	0.80	0.95	1.05	1.15	1.30	1.40	1.55	1.65	1.80	1.85	1.18
Downside risk	0.10	0.20	0.30	0.45	0.55	0.65	0.80	0.90	1.05	1.10	1.20	1.20	1.20	0.75
1-yr LIBID rate														
Upside risk	0.25	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.45	0.45	0.45	0.45	0.45	0.40
Arlingclose Central Case	1.10	1.20	1.35	1.45	1.55	1.70	1.80	1.95	2.00	2.10	2.15	2.15	2.15	1.74
Downside risk	0.15	0.25	0.35	0.50	0.60	0.70	0.85	0.95	1.10	1.15	1.25	1.25	1.25	0.80
5-yr gilt yield														
Upside risk	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60	0.55
Arlingclose Central Case	1.50	1.55	1.60	1.70	1.80	1.90	2.00	2.10	2.20	2.25	2.30	2.35	2.35	1.97
Downside risk	0.35	0.45	0.55	0.60	0.70	0.80	0.90	1.00	1.10	1.15	1.20	1.25	1.25	0.87
10-yr gilt yield														
Upside risk	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60	0.55
Arlingclose Central Case	2.00	2.05	2.10	2.20	2.30	2.40	2.50	2.60	2.65	2.70	2.75	2.80	2.80	2.45
Downside risk	0.35	0.45	0.55	0.60	0.70	0.80	0.90	1.00	1.10	1.15	1.20	1.25	1.25	0.87
20-yr gilt yield														
Upside risk	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60	0.55
Arlingclose Central Case	2.45	2.50	2.55	2.55	2.60	2.65	2.70	2.75	2.80	2.85	2.90	2.95	2.95	2.71
Downside risk	0.30	0.40	0.50	0.55	0.65	0.75	0.85	0.95	1.05	1.10	1.15	1.20	1.20	0.82
50-yr gilt yield														
Upside risk	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60	0.55
Arlingclose Central Case	2.45	2.50	2.55	2.60	2.65	2.70	2.75	2.80	2.85	2.90	2.95	3.00	3.00	2.75
Downside risk	0.25	0.35	0.45	0.50	0.60	0.70	0.80	0.90	1.00	1.05	1.10	1.15	1.15	0.77

Underlying assumptions:

- UK economic growth softened in Q3 2015 but remained reasonably robust; the first estimate for the quarter was 0.5% and year-on-year growth fell slightly to 2.3%. Negative construction output growth offset fairly strong services output, however survey estimates suggest upwards revisions to construction may be in the pipeline.
- Household spending has been the main driver of GDP growth through 2014 and 2015 and remains key to growth. Consumption will continue to be supported by real wage and disposable income growth.
- Annual average earnings growth was 3.0% (including bonuses) in the three months to August. Given low inflation, real earnings and income growth continue to run at relatively strong levels and could feed directly into unit labour costs and households' disposable income. Improving productivity growth should support pay growth in the

ARLINCLOSE INTEREST RATE FORECAST

medium term. The development of wage growth is one of the factors being closely monitored by the MPC.

- Business investment indicators continue to signal strong growth. However the outlook for business investment may be tempered by the looming EU referendum, increasing uncertainties surrounding global growth and recent financial market shocks.
- Inflation is currently very low and, with a further fall in commodity prices, will likely remain so over the next 12 months. The CPI rate is likely to rise towards the end of 2016.
- China's growth has slowed and its economy is performing below expectations, which in turn will dampen activity in countries with which it has close economic ties; its slowdown and emerging market weakness will reduce demand for commodities. Other possible currency interventions following China's recent devaluation will keep sterling strong against many global currencies and depress imported inflation.
- Strong US labour market data and other economic indicators suggest recent global turbulence has not knocked the American recovery off course. Although the timing of the first rise in official interest rates remains uncertain, a rate rise by the Federal Reserve seems significantly likely in December given recent data and rhetoric by committee members.
- Longer term rates will be tempered by international uncertainties and weaker global inflation pressures.

Treasury Management and Prudential Indicators

1. Background

There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their Prudential Indicators. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Authority has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

2. Gross Debt and the Capital Financing Requirement (CFR)

This is a key indicator of prudence. In order to ensure that over the medium term net debt will only be for a capital purpose, the local authority should ensure that the net debt does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional increases to the capital financing requirement for the current and next two financial years.

Gross Debt and the Capital Financing Requirement	2015/16 Revised £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
Gross CFR	5,106	4,374	4,000	3,619
Less: Other Long Term Liabilities	(774)	(382)	(181)	(24)
Borrowing CFR	4,332	3,992	3,819	3,595
Less: External Borrowing	0	0	0	0
Cumulative Maximum External Borrowing Requirement.	4,332	3,992	3,819	3,595

3. Capital Expenditure

This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax.

Capital Expenditure and Financing	2015/16 Revised £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
Total Expenditure	2,231	2,739	50	15
Capital receipts	164	605	35	0
Grants	1,702	2,104	0	0
Revenue contributions	365	30	15	15
Total Financing	2,231	2,739	50	15

Treasury Management and Prudential Indicators

4. Ratio of Financing Costs to Net Revenue Stream

This is an indicator of affordability, highlighting the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2015/16 Revised %	2016/17 Estimate %	2017/18 Estimate %	2018/19 Estimate %
Total	1.73	1.51	1.58	1.66

5. Incremental Impact of Capital Investment Decision

This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax levels. The incremental impact on Council Tax is the difference between the total revenue budget requirement of the current approved capital programme and the revenue budget requirement from the capital programme proposed.

Incremental Impact of Capital Investment Decisions	2016/17 Estimate £	2017/18 Estimate £	2018/19 Estimate £
Increase/(Decrease) in Band D Council tax	(0.04)	0.00	0.00

6. Estimates of Capital Financing Requirement

The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose.

Capital Financing Requirement	2015/16 Revised £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
Total CFR	5,106	4,374	4,000	3,619

7. Authorised Limit for External Debt

The Authorised Limit sets the maximum level of external borrowing on a gross basis (i.e., not net of investments) for the Council. It is measured on a daily basis against all external borrowing items on the Balance Sheet (i.e., long and short-term borrowing, overdrawn bank balances and long-term liabilities). This Prudential Indicator separately identifies borrowing from other long-term liabilities such as finance leases. It is consistent with the Council's existing commitments, its proposals for capital expenditure and financing, and its approved treasury management policy statement and practices.

The Authorised Limit has been set on the estimate of the most likely, prudent but not worst case scenario with sufficient headroom over and above this to allow for unusual cash movements.

Treasury Management and Prudential Indicators

The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit).

Authorised Limit for External Debt	2015/16 Revised £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
Borrowing	7,000	7,000	7,000	7,000
Other Long-term Liabilities	2,000	2,000	2,000	2,000
Total	9,000	9,000	9,000	9,000

8. Operational Boundary for External Debt

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

Operational Boundary	2015/16 Revised £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
Borrowing	6,000	6,000	6,000	6,000
Other Long-term Liabilities	774	382	181	24
Total	6,774	6,382	6,181	6,024

9. Adoption of the CIPFA Treasury Management Code

This indicator demonstrates that the Council has adopted the principles of best practice.

The Council adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* on 22 February 2012.

10. Interest Rate Exposures

This indicator is set to control the Council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of net principal borrowed will be:

Limit	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Upper Limit on Fixed Interest Rate Exposure	100%	100%	100%
Upper Limit on Variable Interest Rate Exposure	100%	100%	100%

Treasury Management and Prudential Indicators

11. Maturity Structure of Borrowing

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

Maturity Structure of Borrowing	Lower Limit %	Upper Limit %
Under 12 months	0	100
12 months and within 24 months	0	100
24 months and within 5 years	0	100
5 years and within 10 years	0	100
10 years and above	0	100

12. Principal Sums Invested for Periods Longer than 364 days

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

	2016/17 £'000	2017/18 £'000	2018/19 £'000
Limit on principal invested longer than 364 days	10,000	10,000	10,000

13. Other Items

Investment Training: The needs of the Authority's treasury management staff for training in investment management are assessed as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change. Staff regularly attend training courses, seminars and conferences provided by Arlingclose and CIPFA.

Investment of Money Borrowed in Advance of Need: The Authority may, from time to time, borrow in advance of need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Authority is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Authority's overall management of its treasury risks. The total amount borrowed will not exceed the authorised borrowing limit of £9 million.

Cabinet Meeting	
Meeting Date	3 February 2016
Report Title	Award of Construction Manager Contract for Great Easthall Community Centre
Cabinet Member	Cllr Mike Whiting, Cabinet Member for Localism, Sport, Culture and Heritage
SMT Lead	Kathryn Carr, Director of Regeneration
Head of Service	Emma Wiggins, Head of Economy and Community Services
Lead Officer	Charlotte Hudson, Economy and Community Services Manager
Key Decision	No
Classification	Open
Forward Plan	Reference number:
Recommendations	1. To approve the appointment of BMR Construction Ltd as Construction Manager Contractor for the Great Easthall Community Centre for £129,114.65.

1 Purpose of Report and Executive Summary

- 1.1 This report provides Cabinet with an update on progress of the Great Easthall Community Centre project and requests authority to award the Construction Manager contract to the preferred supplier.

2 Background

- 2.1 Great Easthall is a new build development within Sittingbourne, the development was subject to a S.106 agreement that provided £1.2 million and land for the construction of a community centre. The S.106 was varied in 2014 to allow for the funding to be provided up front at a reduced amount of £1.02 million on the proviso that the scheme was completed by March 2017.
- 2.2 Land has been allocated for the Community Centre and its freehold transfer (from owners Medical Centre Developments) is currently being finalised by Legal Services under the terms of the S.106.
- 2.3 A professional team has been appointed and consists of a Project Manager, Architect (Principal Designer), Cost Consultant, Mechanical and Electrical Engineer and Civil, Structural and Public Health Engineer. The team has progressed with the design of the community centre based on an overall

construction budget of £810k and the current programme aims for completion in February 2017.

- 2.4 The current scheme comprises a community centre and changing facilities, the latter having been incorporated in response to the aspiration to support local sports clubs. Unfortunately, cost analysis and market benchmarking has identified that the budget is not sufficient to include the changing facilities at the present time, however the design allows for them to be added as and when funding becomes available.
- 2.5 Due to construction price inflation and to maximise value for money, the project team has agreed a construction management route for the procurement of the project. A construction manager differs from a main contractor as each works package will be procured separately and the construction manager will manage the contractors on site. The construction manager will have overall management of the site and preliminaries and manage and assist in the tendering of the sub-packages, thus reducing the overhead and profits that a main contractor would achieve and thus combating the construction price inflation to maintain within the budget parameters.

Tender process

- 2.6 The tender was conducted as an open tender and advertised through the Kent Business Portal and SBC Website. The tender was issued to all those organisations who had expressed an interest. A total of four tenders were received, all of which were compliant. The tenders were evaluated by the project team based upon 60% price and 40% quality.
- 2.7 The tendering organisations made some assumptions regarding the project and in order to fairly compare the prices amongst the tenders, the cost consultant has carried out a levelling exercise on the components included in the tender and normalised all bids for a 35 week build programme. The levelling methodology and tender price was confirmed with the tendering organisations.
- 2.8 The tender price and quality scores are shown in the table below. A clarifying interview was also carried out with the organisations.

Organisation	Price Score	Quality Score	Total Score
1. BMR Construction Ltd	60.00	21.67	81.67
2. Company B	49.95	29.33	79.28
3. Company C	52.20	25.33	77.53
4. Company D	52.70	26.33	79.03

2.9 BMR Construction Ltd provided a tender summary that met the requirements of the project and provided the most competitive price. BMR Construction Ltd is not a traditional Construction Management company and this is reflected in the lower quality scores, which assessed their experience in this field. However, BMR Construction Ltd is a main contractor who carry out similar functions and has delivered a project for the Council previously to a high standard and references have confirmed that they are a reliable organisation.

2.10 The panel therefore recommend the appointment of BMR Construction Ltd as the Construction Manager for The Great Easthall Community Centre for a contract sum of £129,114.65.

3 Proposals

3.1 To approve the appointment of BMR Construction Ltd as Construction Manager for the Great Easthall Community Centre for a contract sum of £129,114.65.

4 Alternative Options

4.1 The Community Centre is not built; this is not recommended as there is an identified need for the community centre and the funding for the project in place which would have to be returned to the developers.

4.2 The Community Centre and Changing facilities are built; this is not recommended due to the significant shortfall in funding available to build the community centre.

5 Consultation Undertaken or Proposed

5.1 Community consultation has been carried out with Great Easthall residents to inform the design process and requirements for the centre.

6 Implications

Issue	Implications
Corporate Plan	The completion of The Great Easthall Community Centre assists in delivering the 'community to be proud of' priority within the corporate plan.
Financial, Resource and Property	S.106 funds have been secured for the Capital project. A project manager is in place to oversee the project and other professionals have been procured to carry out specialist functions. Officer time will be required from Legal services to draw up the JCT contract for services.

Legal and Statutory	A JCT contract will be issued following the appointment of the build contractor for the project.
Crime and Disorder	Design of the building has taken into consideration designing out crime. Good management of the building will reduce the likelihood of damage to the property.
Sustainability	Design of the building has taken into consideration within the constraints of the budget environmental and sustainability issues. The community centre will be managed by a Trust in the future and a commuted sum will be provided from the S.106 funds towards future maintenance and running costs.
Health and Wellbeing	The community centre will offer hireable space for a range of activities a number of which will enhance the health and wellbeing of residents in the borough.
Risk Management and Health and Safety	A CDM-Co-ordinator is being procured to carry out the client CDM-C duties and the architect has been appointed as Principal Designer. The Construction Manager will be responsible for the health and safety on site.
Equality and Diversity	Design of the building ensures the building is compliant with the Disability and Discrimination Act.

7 Appendices

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

None

8 Background Papers

None

Cabinet

Meeting Date	3 rd February 2016
Report Title	Tackling Litter – a new approach to Fixed Penalty Notices
Cabinet Member	Clr David Simmons, Cabinet Member for Environment and Rural Affairs
SMT Lead	Kathryn Carr
Head of Service	Emma Wiggins
Lead Officer	Alister Andrews
Key Decision	Yes
Classification	Open
Forward Plan	Yes
Recommendations	1. To approve the appointment of Company A (Kingdom Security Ltd) to deliver the supplementary environmental enforcement service from 1 st April 2016 until 31 st March 2019 (with an option to extend for two further years).

1 Purpose of Report and Executive Summary

1.1 This report provides an update on the performance of the littering and dog fouling pilot project; appraises Members of the process undertaken to procure a supplementary environmental enforcement service when the pilot project ends; and recommends approval of the award of the contract to the preferred supplier.

2 Background

1.2 A six month pilot project to tackle littering and dog fouling commenced on 24th March 2015. The pilot was later extended until 31st March 2016. The pilot utilises the services of an external contractor called 'Kingdom Security Ltd' to issue Fixed Penalty Notices (FPNs) to persons caught dropping litter within the borough. The pilot project has been funded through the FPN payments.

2.2 The officers on the street are highly visible and the scheme has received strong support from residents and the media. Over 1400 FPNs have been issued since March 2015.

2.3 Approximately 70% of the FPNs are paid, with the remainder potentially facing court action. Recently ten cases were taken to court by Swale BC, all of which were successful. It is anticipated that between ten and twenty cases will be taken to court on a monthly basis from January 2016.

2.4 Based upon the following factors, the pilot has been a success:

- Litter levels remaining low and within target.

- A highly visible presence on the streets to tackle environmental crime.
- Improved Local Area Perception Survey figures for cleanliness.
- Positive media interest.

2.5 It was agreed at SMT on 11th August 2015 and by the Cabinet Member for Environment and Rural Affairs, to carry out a procurement exercise to appoint an external contractor to continue to provide this supplementary service when the pilot project ends on 31st March 2016.

Procurement of New Contract

2.6 An OJEU open procurement was undertaken in October 2015 resulting in two companies submitting tenders for the work. These were evaluated and scored according to the procurement process i.e. 40% on price and 60% on quality. The tenders were evaluated on 26th October 2015 by the Head of Economy and Community Services, the Environment Response Manager, and the Principal Environment Warden. The tender price and quality scores are shown in table 1 below.

Table 1: Scores at assessment panel stage

Organisation	Price Score	Quality Score	Total Score
Company A	40	51	91
Company B	35	35	70

2.7 As two companies applied (whereas three submissions are usually required), a procurement waiver has been agreed on the basis that the opportunity was correctly advertised and it was open to reasonable competition and that nothing more could have been done to secure better value for Swale BC.

2 Proposal

3.1 To approve the appointment of Company A to deliver the supplementary environmental enforcement service from 1st April 2016 until 31st March 2019 (with an option to extend for two further years).

4 Alternative Options

4.1 To stop the project. This is not recommended as the pilot has proved to be successful and it shows that Swale BC takes resident feedback seriously. Engagement surveys and the Local Area Perception Surveys show that cleaner streets are a priority for residents, and this project tackles the source of the problem. The withdrawal of the service may have a detrimental effect on street cleanliness and thus perceptions of the area as well as the reputation of Swale BC in tackling customer priorities.

5 Consultation Undertaken or Proposed

- 5.1 The most recent 2015 Local Area Perception Survey data (LAPS) showed that 46% of residents felt that more on the spot fines would be the most effective way of tackling litter and dog fouling in Swale. 18% of residents wanted to see more prosecutions for littering and 17.5% felt that more education was the solution.
- 5.2 Since this pilot has been running, the recent LAPS data shows a statistically significant improvement for the category of 'the Council is making the area cleaner'.
- 5.3 Residents are regularly asked their views at Environment Warden engagement sessions. To date, over 90% of residents feel that issuing FPNs will reduce litter and make Swale cleaner. 100% of residents knew that cigarette butts are litter. Over 80% of residents knew that Swale BC are issuing FPNs to anyone caught littering.
- 5.4 NI195 (street cleanliness) data has remained within target since the pilot has been running. To complement this data, the local town street cleaners and cleansing team officers were asked if they felt that the initiative was helping to reduce litter. The views were all positive and in favour of continuing the initiative on a more permanent basis.

6 Implications

Issue	Implications
Corporate Plan	This project supports all three of the current corporate priorities. It is an SBC initiative that encourages positive behaviour from communities and enhances the environmental quality of the borough.
Financial, Resource and Property	<p>The revised fees and charges for 2016/17 have kept the fee for littering and dog fouling FPN's at £80 but there is now no reduced payment for paying early. This should ensure that the scheme remains self financing with a small surplus being available for environmental initiatives. This statement is based upon assumptions of a 70% FPN payment rate, and approximately 12% of offenders being taken to court.</p> <p>The legal costs and officer costs are all reclaimable if we are successful in court. However, previous experience suggests that these costs are rarely recovered in full, and if they are it can take years.</p> <p>At the start of the pilot scheme a £25K performance fund bid was approved. Due to the success of the scheme this may no longer be required. The precise project costs will depend upon how many cases go to court in the next few months and whether some offenders pay the FPN when they receive their court summons as</p>

	<p>this will result in an income increase rather than an expenditure.</p> <p>By reducing littering, further savings may be possible when reviewing agreements such as the waste cleansing contract.</p>
Legal and Statutory	<p>Swale BC has powers under the Environmental Protection Act 1990 to issue FPN's to anyone dropping litter. The Clean Neighbourhoods and Environment Act 2005 allowed local councils to set the financial penalties for these FPNs within prescribed limits. Swale BC set these fees at the maximum level of £80.</p> <p>Local Authorities have a duty to tackle anti-social behaviour such as littering and dog fouling.</p>
Crime and Disorder	<p>The recommendations should have a positive impact under section 17 of the Crime and Disorder Act 1998, as this will tackle litter and dog fouling offences and as such reduce anti-social behaviour.</p>
Sustainability	<p>Cleaner streets result in improved environmental sustainability. The scheme can be reviewed and adjusted according to demand and support.</p>
Health and Wellbeing	<p>Cleaner streets make Swale a better place to live and so improves the health and well-being of its residents</p>
Risk Management and Health and Safety	<p>There is a small risk that the scheme may attract negative publicity, but this has not been the experience from the pilot. The role can be confrontational, so sufficient training must be given to officers.</p>
Equality and Diversity	<p>A CIA was carried out initially, and it identified that FPNs will not be issued to anyone under the age of 18 without prior discussion with the youth offending team, and the police. Warnings or supervised reparation will continue to be the favoured option for youth offenders.</p>

7 Appendices

None

8 Background Papers

None

Cabinet	
Meeting Date	3 February 2016
Report Title	Faversham Recreation Ground – Proposed Heritage Lottery Fund Bid
Cabinet Member	Cllr David Simmons, Cabinet Member for Environment & Rural Affairs
SMT Lead	Abdool Kara
Head of Service	Dave Thomas
Lead Officer	Graeme Tuff
Recommendations	<ol style="list-style-type: none"> 1. To agree the draft Master Plan 2. To support the proposal to make appropriate Heritage Lottery Fund and other external funding bids

1. Purpose of Report and Executive Summary

- 1.1 This report seeks formal agreement to the Council proceeding with a bid to the Heritage Lottery Fund for approximately £1.6 million in order to improve Faversham Recreation Ground.
- 1.2 The Recreation Ground, which was laid out in 1860, is owned by Faversham Municipal Charities, and is leased to Swale Borough Council under a 50 year lease dated August 2010. The lease requires certain improvement works to be undertaken and, following receipt of a number of site-specific Section 106 developer contributions, it was considered that the best approach was to take the opportunity to refresh the somewhat tired park for the 21st century by incorporating the desired improvements.
- 1.3 In order to fulfil the ambition of a large improvement project, significant external funding will also be required from major contributors, such as the Heritage Lottery Fund, in addition to the developer contributions.
- 1.4 Allen Scott Landscape Architects were appointed in 2014 to undertake consultation and develop a master plan for the Recreation Ground, in preparation for a Heritage Lottery Fund bid.

2. Background

- 2.1 Faversham Recreation Ground is located on Whitstable Road in the centre of Faversham, and sitting within the Conservation Area it is the most significant formal urban open space in the Faversham area at approximately 20 acres. It was created in 1860 through a bequest by Henry Wreight and subscriptions from local townspeople.

- 2.2 The Recreation Ground is laid out with a central grass area bounded by wide promenades lined with lime trees. A number of buildings are present on site, including a Victorian keeper's lodge leased to Faversham Rugby Club, a changing pavilion, public toilets, and two timber pavilions used by Faversham Bowls and Tennis Clubs respectively. A number of local sports clubs use the three football pitches and single rugby pitch for grass root team sports, and there is also a play area, small skatepark, and a ball court.
- 2.3 The Council has a fifty year lease from Faversham United Municipal Charities dated 26 August 2010. This requires the Council to undertake improvement works such as fencing, providing a replacement bandstand or similar performance space, and the introduction of improved parking controls. Preliminary work and budget allocation to these specific items indicate that, if necessary, it would be possible to deliver these improvements from the Section 106 contributions already received.
- 2.4 The Council appointed Allen Scott Landscape Architects in 2014 in order to develop the project, undertake consultation and design a masterplan, with the ultimate aim of submitting applications for external funding.

3. Proposal

- 3.1 Following both stakeholder and public consultation Allen Scott has developed a masterplan reproduced as Annex I. The proposal includes:
- new metal fencing on the boundary of Whitstable Road and Park Road;
 - refurbishment of the main changing pavilion and toilet block;
 - development of a retail café/kiosk;
 - refurbishment of the exterior of the Lodge;
 - improvements to both the play area and skatepark;
 - reinstatement of some areas of historical planting and hard features;
 - resolving the historical parking issues;
 - undertaking a tree survey and instigating appropriate management;
 - creating an outdoor performance space;
 - addressing issues of poor lighting where appropriate;
 - repairing the historical footpath network; and
 - a volunteer and activity programme.
- 3.2 The Council has received £274,000 specifically for Faversham Recreation Ground from various Section 106 developer contributions, and it is proposed to use this to develop and match-fund a bid to Heritage Lottery Fund for a project valued at £1.9m.

- 3.3 We will also attempt to secure other external funding, such as landfill tax credits, and from partners such as sporting governing bodies, Municipal Charities, and Faversham Town Council.
- 3.4 The proposed HLF submission will be a two stage bid: the first will be to undertake surveys, cost and develop the project (9 months), before a second stage bid that will enable the delivery of the project. It is envisaged that this will be a two year project in all, and that the related volunteer/activity elements and enhanced site maintenance will be funded for a further five years thereafter.
- 3.5 While development of the project continues, it is broadly anticipated by our consultants that future maintenance costs will be neutral. The improvements will provide new infrastructure with ten-plus years life, reducing current repair and maintenance costs, while income from the proposed café will off-set other additional costs, such as more extensive planting.

4. Alternative Options

- 4.1 It would be possible to seek to undertake as many of the improvements required by the lease as possible from the developer contributions already collected by the Council. However, it is considered that this would be a missed opportunity to undertake the more extensive improvements desired by the community and other stakeholders.

5. Consultation Undertaken or Proposed

- 5.1 Scott Allen undertook a stakeholder event at the Alexander Centre in late 2014, followed up with individual communication with sports clubs, Municipal Charities, and other local groups. Public consultation in the form of an exhibition and feedback forms was also used to develop the proposed masterplan.
- 5.2 Faversham United Municipal Charities, the owners of the Recreation Ground, have formally approved the proposed masterplan.

6. Implications

Issue	Implications
Corporate Plan	<p>Making Swale A Better Place – improving leisure facilities and open space.</p> <p>A Borough To Be Proud Of – will improve the Boroughs’ tourism offer.</p> <p>A Community To Be Proud Of – will encourage volunteering and community activity</p> <p>A Council To Be Proud Of – will improve perception of customers’</p>

	experiences.
Financial, Resource and Property	<p>The total proposed project costs are £1.9m including fees and contingency.</p> <p>The Council currently has £274,000 of Section 106 developer contributions allocated to the project, which will act as the match funding for any external funding bids.</p> <p>It is proposed to bid for £1.6m from the Heritage Lottery Fund and other external funding sources.</p> <p>While at a very early stage of development, a proportion of on-going additional maintenance costs will be covered for the first five years through external funding, with potential additional income from the proposed kiosk/café. Thereafter additional resources may be required, although we would expect the repair and maintenance requirements of the new and improved facilities to be limited.</p>
Legal and Statutory	In addition to improving the general facilities in the Recreation Ground, the project has the aim of satisfying the requirements of the 2010 lease.
Crime and Disorder	The plans will reflect the desire for the site to be more secure, and consultation will be undertaken through development and the planning process. Improvements to the landscape and consideration of appropriate lighting, along with increased footfall and community activity, all have the potential to reduce ASB.
Sustainability	Refurbishment of buildings will provide the potential to incorporate service technologies, with the aim of reducing both costs and the use of resources, as well as carbon emissions.
Health and Wellbeing	If successful, volunteer and activity coordination, along with improvements to sports facilities, will encourage participation. Improving the quality of the landscape encourages use of the space for passive enjoyment, and can contribute to mental health and well-being.
Risk Management and Health and Safety	If successful, this is a major project which will incorporate appropriate risk, and health and safety management. The main risk revolves around the construction phase, and particularly works to the buildings where issues of asbestos etc. will need to be considered.
Equality and Diversity	As the proposal is further developed additional work will be undertaken with communities and stakeholders to ensure the strength of the proposed bid, and that the whole community participate both in the development and delivery of the proposed improvements.

7 Appendices

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

- Appendix I: *Master Plan*

8 Background Papers

8.1 None

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Faversham Recreation Ground

Outline Masterplan

EXISTING PATH INFRASTRUCTURE

- A1: Resurface and edge degraded paths
- A2: Replace degraded tarmac paths as historic 'gravel' walk
- A3: Enhance original corner features as seating and art plinth

THE LODGE & GARDENS

- B1: Refurbish exterior of The Lodge & Loggias
- B2: Provide more seating
- B3: Improve gardens with historic layout and Victorian style planting beds

PAVILION & TOILET BLOCK

- C1: Upgrade interior of pavilion to current changing room standards
- C2: Upgrade interior/exterior of toilets
- C3: Extend pavilion to accommodate kiosk cafe
- C4: Improve access to building

PLAY

- D1: Skate park upgrades/improvements on existing site
- D2: Youth artwork/Graffiti wall
- D3: Refurbish playgrounds with new equipment and natural play features

RESTORED/REPLACED FEATURES

- E1: Reinststate historic ornamental planting
- E2: Restore/replace Temperance Drinking Fountain
- E3: Reinststate sundial as 'human' sundial design incorporated into performance space
- E4: Refurbish original wrought iron gates,
- E5: Reinststate reproduction railings along Whitstable Road and Park Road
- E6: Open up original vistas across the Recreation Ground with selective vegetation removal

NEW FEATURES

- F1: Replace dilapidated and mismatched street furniture (benches, bins, bollards etc.)
- F2: Provide interpretation and signage boards
- F3: Performance space in place of historic bandstand
- F4: Improve lighting in sports clubs area and for Public Right of Way
- F5: Incorporate/provide access through adjacent Wagon Way to Jubilee Way
- F6: Space for community led artwork/installations

GENERAL

- G1: Restrict vehicle access/parking on paths with bollards
- G2: Extend car parking area
- G3: Planting/management of tree lined avenues to ensure long term prosperity
- G4: Tree maintenance to open entrance from railway footbridge and create a sense of arrival
- G5: Allocated parking for rugby club

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Cabinet Meeting	
Meeting Date	3 February 2016
Report Title	Inside Swale procurement – print and distribution services
Cabinet Member	Cllr Andrew Bowles, Leader
SMT Lead	Abdool Kara, Chief Executive
Head of Service	Emma Wiggins, Head of Economy and Community Services
Lead Officer	Sara Toal, Communications Manager
Key Decision	Yes
Classification	Open
Forward Plan	Yes
Recommendations	<ol style="list-style-type: none"> 1. To approve the recommendation of the appointment of Company A (Headley Brothers) to deliver the printing services and Company 2 (The National Leaflet Company) to deliver the distribution services for Inside Swale Magazine from 1 April 2016 – 31 March 2019 (with an option to extend for a further two years if appropriate).

1 Purpose of Report and Executive Summary

- 1.1 This report provides Cabinet with details of the procurement process undertaken for the printing and distribution of Inside Swale magazine. It recommends award of the service contract to the preferred suppliers following an open tender process, and seeks approval of this recommendation.

2 Background

- 2.1 Swale Borough Council has for a number of years produced the residents' magazine, Inside Swale. The magazine is produced quarterly, and delivered to in excess of 59,000 households across the Borough, including those in the towns, villages, and rural properties.
- 2.2 The magazine is well regarded by residents with positive feedback given in a survey carried out in August 2015:
 - 97 per cent of respondents said they get information about the council from Inside Swale (more than any other channel);
 - 73.5 per cent of respondents said they read the whole magazine; and
 - 97 per cent prefer to receive a paper copy through the door.

- 2.3 The magazine is written and designed in-house by the Communications Service Team. Printing and distribution of the publication is outsourced.
- 2.4 We have undertaken an open tender exercise to test the market and ensure that we continue to provide best value for money in producing and distributing a quality magazine for residents that best serves their needs and that of the Council for the next three years. This has also ensured no cost increases over the contract period.
- 2.5 The new contracts would start from 1 April 2016 and end on 31 March 2019 (with an option to extend for a further two years if appropriate). Through the new contracts, the Council will ensure that there are business continuity plans and appropriate liability insurances in place by each supplier at the contract start.

Tender process

- 2.6 Two open 'Invitation to Tender'(ITT) exercises were undertaken through the Kent Business Portal, in accordance with OJEU rules for the provision of print and distribution services.
- 2.7 Three submissions were received for each ITT, of which all were compliant. The tenders were evaluated on 21 December 2015 by an Assessment Panel consisting of the Communications Manager, Publications and Marketing Officer, and Graphic Design Officer.
- 2.8 The evaluation for printing services was based upon 40% price and 60% quality, as the quality of print finish reflects on the perceived quality of magazine content and ultimately the professional reputation of the Council. For distribution services tenders were assessed on a 60% price and 40% quality basis as standard.
- 2.9 The tender price and quality scores following the meeting of the Assessment Panel are shown in Table 1 below.

Table 1: Scores at assessment panel stage

Printing services			
Organisation	Price Score (40%)	Quality Score (60%)	Total Score
Company A	40	50	90
Company B	31	12	43
Company C	33	45	78

Distribution services			
Organisation	Price score (60%)	Quality score (40%)	Total score
Company 1	40	34	74
Company 2	43	34	77
Company 3	60	15	75

- 2.10 Company A provided a response in their tender submission that best met the requirements of the printing services specification, when taking account of both cost and quality of service provision. They offered the lowest quote, demonstrated the strongest experience in this field, and positive social value contributions. These included being a large Kent-based employer who is providing jobs, apprenticeships and work placements for local people, ISO14001 accreditation for environmental management, and Forest Stewardship Council (FSC) certified for sustainable paper sourcing. They were also the only company that through the contract would provide print-services directly to the Council. The other companies that tendered would operate as print consultants, sub-contracting to third-parties on the Council's behalf.
- 2.11 Company 2 provided a response that best met the requirements of the distribution services specification; it was considered to provide the most reliable service and offer best value for money when both cost and quality evaluation measures were assessed. Delivery would be undertaken by the Borough's postmen at the same time as the standard daily postal delivery to households via Royal Mail Household Delivery Service, which is the most consistent and efficient option for unaddressed door drops in the UK. Royal Mail has the most up-to-date database of households in the Borough, and postmen have a legal obligation to deliver to 100% of households to ensure full coverage is attained.
- 2.12 Company 3 provided the lowest quote for distribution services, but the model and approach proposed in the tender submission was considered to not sufficiently meet the quality measures on assessment. The tender submission did not effectively demonstrate the level of experience and capability to identify and reach 100% of households in the Borough, and the model proposed did not sufficiently demonstrate reliable and efficient delivery within one week of receipt of the magazine as per the specification, stating instead that any delivery would be 'weather dependent'. Monitoring of delivery would be established through 'volunteer monitors' and a random spot-check', and there is no legal obligation on the distributors recruited by this company to deliver.
- 2.13 In addition, Inside Swale would be hand-delivered to households alongside another magazine rather than landing independently, and the distributor requires the Council to alter its production timetable to meet the production schedule of the other magazine they distribute, rather than meeting our requirements. The magazines would be delivered at a time and day convenient for the individual

distributor rather than alongside the households' official post. The level of experience the company demonstrated in its submission for delivering such services was incomparable to Company 2.

3 Proposals

- 3.1 To approve the appointment of Company A (Headley Brothers) to deliver the printing services for Inside Swale Magazine from 1 April 2016 – 31 March 2019 in the sum of £15,412 per year (plus any run-on costs required at £52 for every extra thousand copies).
- 3.2 To approve the appointment of Company 2 (The National Leaflet Company) to deliver the distribution services for Inside Swale Magazine from 1 April 2016 – 31 March 2019 in the sum of £19,938.24 per year (subject to Royal Mail price increases each year).
- 3.3 In both cases, that the Head of Economy and Community Services in consultation with the Cabinet Member be given delegated authority to extend the contracts for a further two years if performance is satisfactory and it is appropriate to do so.

4 Alternative Options

- 4.1 Not to procure print and distribution services for the magazine and deliver in-house. This is not the preferred option as it would cost approximately six-times more to print Inside Swale in-house, plus labour, packing, and transportation charges. The Council does not have the print-room resources, stitching, and finishing equipment to collate the magazine in its current form and manage a job of this size.
- 4.2 The costs of the Council directly distributing the magazine via postal or hand delivery is not cost effective, equating to approximately five-times the price of outsourcing the distribution contract.

5 Consultation Undertaken or Proposed

- 5.1 Consultation has taken place with SMT, Legal, Procurement, and Finance.

6 Implications

Issue	Implications
Corporate Plan	Inside Swale magazine supports all aspects of the Corporate Plan, and is the primary channel for communicating our priorities and performance directly with residents across the Borough.
Financial, Resource and Property	Company A (Headley Brothers) - The costs for printing 60,000 copies of the magazine each quarter, incorporating materials, printing and finishing, transportation to the distributor and

	<p>administration will be £15,412 per year (plus any run-on costs required at £52 per thousand copies).</p> <p>£15,500 is currently allocated in the communications budget for printing services for the magazine.</p> <p>Company 2 (The National Leaflet Company) - The costs for distributing 59,340 editions of the magazine each quarter via Royal Mail (RM) HDS is £19,938.24 per year. This price is subject to RM price increases year-on-year which are expected to be up to 3% each year.</p> <p>£22,000 is currently allocated in the communications budget for postage/distribution of the magazine.</p> <p>The magazine production costs are partly offset by the income generated by advertising, for which the communications service have a target of £5,000 per year.</p>
Legal and Statutory	The procurement process followed OJEU rules. A contract of services will be entered into with the successful tenderers.
Crime and Disorder	n/a
Sustainability	The non-price/ quality evaluation measures included the companies being able to demonstrate their use of environmentally friendly products, for example FSC accredited paper stock, ISO14001 accreditation for environmental management, and carbon offsetting measures for reducing environmental impact of services.
Health and Wellbeing	n/a
Risk Management and Health and Safety	The contractual arrangements with the printing and distribution service companies will ensure risks are identified, managed and mitigated, and that H&S protocols and statutory duties are complied with. The companies' business continuity plans will be submitted to the Council prior to contract start.
Equality and Diversity	This contract will comply with the Equalities Act as part of contract conditions.

7 Appendices

7.1 None.

8 Background Papers

8.1 None.

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Cabinet	
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Meeting Date	3 February 2016
Report Title	Local Engagement Forums December 2015
Portfolio Holder	Cllr Mike Whiting, Cabinet Member for Localism, Sport, Culture and Heritage
SMT Lead	Kathryn Carr
Head of Service	Emma Wiggins
Lead Officer	Brooke Buttfeld
Key Decision	No
Classification	Open
Forward Plan	Reference number:

Recommendations	1. To note and consider the discussion and responses provided at the three Local Engagement Forums held during December 2015.
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Purpose of Report and Executive Summary

- 1.1 The report draws together notes of the discussion, responses and recommendations for Cabinet to consider following the recent Swale Local Engagement Forums (LEFs) of Faversham (2 December 2015), Sheppey (8 December 2015), and Sittingbourne (15 December 2015).
- 1.2 The purpose of this report is to formalise the reporting relationship and encourage greater connectivity between the LEFs and Swale Borough Council's (SBC) Cabinet.
- 1.3 The next Swale Local Engagement Forums are being held during February and March 2016; Faversham (9 February 2016), Sheppey (8 March 2016), and Sittingbourne (15 March 2016).

2 Background

- 2.1 The LEFs are one of the key consultation methods for the Council, providing a route for residents as a group to advise on the shape and future of public services in the borough. This report summarises the You Said We Did reports that are compiled after each LEF, including discussion and responses from the LEF for noting and discussion by the SBC Cabinet. This report summarises the You Said We Did reports which are available online: <http://www.swale.gov.uk/LEF/>.
- 2.2 Following the recent request for the Policy and Development Review Committee to conduct a review of the effectiveness of Swale Borough Council's Local Engagement Forums, the recommendation from PDRC to Cabinet is that the

Local Engagement Forums cease in their current form and that a consultation is undertaken with the public on changing the arrangements.

3 Proposal

- 3.1 To note and consider the discussion and responses provided at the three Local Engagement Forums held during December 2015 (shown in Table 1).

Table 1

Faversham LEF 2 December 2015 – Chairman Cllr Anita Walker
<p>Issues</p> <ul style="list-style-type: none"> • Kent Police led a discussion about the current work taking place to target speed problems in the local area. Kent Police have purchased a speed watch monitoring system which PCSO's have been proactively using to educate drivers on speed. • Christy Holden, Head of Strategic Commissioning at KCC, outlined the work carried out in relation to local residential care homes and answered questions from the public. • Mark Radford, Director of Corporate Services, ran a short consultation with attendees on SBC's Review of Local Engagement Forums. • Mark Radford, Director of Corporate Services, provided an update on the Local Plan.
<p>Responses</p> <ul style="list-style-type: none"> • Following the discussion led by Kent Police, the community were updated on the progress of the scheme and were informed of how to get involved and take ownership. • The issues raised by residents and members regarding the potential closure of Kiln Court were answered by Christy Holden, and the public were informed how to submit their views through the formal consultation methods. • Residents and members were informed of imminent formal consultation and were able to share their views on the LEFs as they currently are, and to suggest any improvements for the future. • The community and members were made aware of the current progress in relation to the SBC Local Plan and were informed of future hearing session dates.
Sheppey LEF 8 December 2015 – Chairman Cllr Ken Pugh
<p>Issues</p> <ul style="list-style-type: none"> • Christy Holden, Head of Strategic Commissioning at KCC, outlined the work carried out in relation to local residential care homes and answered questions from the public. • Representatives from the Environment Agency provide a short update on Coastal Erosion and flooding, particularly at the eastern end of the Isle of Sheppey. • Abdool Kara, SBC Chief Executive, ran a short consultation with the attendees on SBC's Review of Local Engagement Forums. • Abdool Kara, SBC Chief Executive, provided an update on the Local Plan.

<p>Responses</p> <ul style="list-style-type: none"> • The issues raised by residents and members regarding the potential closure of Kiln Court were answered by Christy Holden, and the public were informed how to submit their views through the formal consultation methods. • The public were informed and reassured on the work being carried out by both Environment Agency and SBC to prevent situation becoming a serious issue. • Residents and members were informed of imminent formal consultation and were able to share their views on the LEFs as they currently are, and to suggest any improvements for the future. • The community and members were made aware of the current progress in relation to the SBC Local Plan and were informed of future hearing session dates.
<p>Sittingbourne LEF 15 December 2015 – Chairman Cllr Sue Gent</p>
<p>Issues</p> <ul style="list-style-type: none"> • Brooke Buttfeld, ECS Coordinator, ran a short consultation with the attendees on SBC's Review of Local Engagement Forums. • Kathryn Carr, Director of Regeneration, provided an update on the Local Plan. • Kathryn Carr, Director of Regeneration, provided an update on Sittingbourne Town Centre Regeneration, including the proposals for the relocation of Sittingbourne market. • A discussion took place around the changes to particular bus services run by Chalkwell which have an impact on the local villages.
<p>Responses</p> <ul style="list-style-type: none"> • Residents and members were informed of imminent formal consultation and were able to share their views on the LEFs as they currently are, and to suggest any improvements for the future. • The community and members were made aware of the current progress in relation to the SBC Local Plan and were informed of the process following the final session being held the following day (16th December). • The questions raised by residents and members regarding Sittingbourne Regeneration were answered by Kathryn Carr, and the public were informed of the current progress in relation to the project. • The forum received an update on the changes which have occurred and the impact caused as a result of the changes, and also discussed ways of collaboratively working to solve the problems arising.

4 Alternative Options

4.1 Not applicable as this is an update report for noting and consideration.

5 Consultation Undertaken or Proposed

5.1 The purpose of these meetings is to engage with/consult the public and provide an opportunity for residents to question and challenge public sector representatives about the issues discussed at the meeting.

- 5.2 Following the recent request for the Policy and Development Review Committee to conduct a review of the effectiveness of Swale Borough Council's Local Engagement Forums, the recommendation from PDRC to Cabinet is that the Local Engagement Forums cease in their current form and that a consultation is undertaken with the public on changing the arrangements.
- 5.3 Attendees of the December Local Engagement Forums were advised that both the LEFs and Rural Forums are currently under review and were asked to share their views on the forums as they currently are and to suggest any improvements for future engagement. A wider consultation was launched on Friday 18 December 2015 for 6 weeks, closing on Friday 29 January 2016. The feedback received will then form a report which will be presented at General Purposes Committee on 2 March 2016 and Full Council on 17/18 May 2016.

6 Implications

Issue	Implications
Corporate Plan	The LEFs contribute towards the SBC corporate priority of a Borough to be proud of as they are one of the key projects for empowering local residents. However, following the recent request for the Policy and Development Review Committee to conduct a review of the effectiveness of Swale Borough Council's Local Engagement Forums, the recommendation from PDRC to Cabinet is that the Local Engagement Forums cease in their current form and that a consultation is undertaken with the public on changing the arrangements.
Financial, Resource and Property	<i>None identified at this stage.</i>
Legal and Statutory	<i>None identified at this stage.</i>
Crime and Disorder	Residents can engage directly with senior police officers at the meetings.
Sustainability	<i>None identified at this stage.</i>
Health and Wellbeing	<i>None identified at this stage.</i>
Risk Management and Health and Safety	<i>None identified at this stage.</i>
Equality and Diversity	One of the aims of the You Said We Did is to report the issues raised and questions asked at the meeting as accurately as possible, so as not to discriminate against anyone who raises an issue at the meeting. The reports remain live and residents can challenge it they are incorrect. If the amendment is approved, they are then updated on the online version of the report.

7 Appendices

7.1 There are no additional documents to be published with this report.

8 Background Papers

8.1 [LEF Terms of Reference](http://www.swale.gov.uk/lef-terms-of-reference/) - <http://www.swale.gov.uk/lef-terms-of-reference/>

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CABINET	
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Meeting Date	3 February 2016
Report Title	South Thames Gateway Building Control Partnership – Business Plan 2016 - 19
Cabinet Member	Cllr Gerry Lewin, Cabinet Member for Planning
SMT Lead	Kathryn Carr
Head of Service	James Freeman
Lead Officer	James Freeman

Recommendations	The Draft South Thames Gateway Building Control Partnership Business Plan for 2016-19 be agreed.
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1. Purpose of Report and Executive Summary

- 1.1 The purpose of this report is to consider and make any comments on the draft South Thames Gateway Building Control Partnership Business Plan for 2016-2019 and to refer the comments to the Joint Committee.

2 Background

- 2.1 The South Thames Gateway Building Control Partnership (involving Medway, Gravesham and Swale) went live in October 2007. Under the terms of the Memorandum Agreement between the three partner authorities, a three year rolling business plan needs to be agreed.
- 2.2 Each partner authority must advise the Secretary to the Joint Committee whether it approves or rejects the revised draft business plan by no later than 10 days before the Annual Meeting of the Joint Committee in June each year
- 2.3 Whilst much of the Building Control Partnership operation is subject to competition from Approved Inspectors, the service retains statutory responsibilities regarding public protection e.g. dangerous structures, demolitions, unauthorised works and maintaining registers etc. The Council's contribution in effect pays for the non fee earning work and the income generated through the consultancy service reduces this contribution by a further £33,000 per annum.
- 2.4 Over the past year, the Building Control partnership has successfully
 - maintained a balanced budget despite the difficult market competition and conditions;
 - Embed the new IT systems which encourages greater remote working on site and increased efficiencies; and
 - maintained high performance levels with excellent customer satisfaction ratings given the above and the increased difficulties in retaining and recruiting qualified staff.

- In moving to smaller premises the Partnership have reduced their premises costs by 30%. This being possible with the development of hot desking and remote working.

2.5 The success of the Partnership has been commented on and highlighted at two conferences this year, the Local Authority Building Control Conference and the Chartered Association of Building Engineers Conference. At the former the partnership was described as an excellent example of using skills and experience within the workforce to deliver complimentary services and generate additional income through a consultancy. At the latter, the back office IT supplier Tascomi described the use of effective mobile working to improve performance and customer service delivery.

3 Proposal

3.1 The next three years of the Business Plan covers the period 2016 to 2019 and will focus on:

- Further improvements to customer service utilising IT development and customer interaction;
- Increased opportunities for income generation protecting and capturing market share and further expansion of the partnership;
- The investigation and research into the viability of establishing a consultancy service with dedicated staff under a separate company.

3.2 In order to meet the requirements of each authority's reducing budgets, Swale's contribution to the shared service will fall from the current £78,381 to £68,653 by 2018/19. This represents a 12.4% saving over the business plan period based on a 1% increase annually in salary costs and a 2% annual increase in overall income generation. These savings will mainly arise from:

- Reduced annual premises costs following the move to Ford house by 30%;
- Maintaining support service costs year on year without increase.

Details of the financial plan 2016-19 are included in Appendix I.

3.3 The next phase of the partnership will not only consolidate the successes of the past five years but continue the expansion of services, staff development and improved customer service which the investment of the three partners has allowed for.

3.4 An improved marketing strategy will be developed to retain market share and this will be carried forward in tandem with the proposal to establish a viable consultancy arm of the business which may help to deliver further savings to the partner authorities over and above those currently identified. This review is currently taking place and is due to report back in the early Spring 2016 and will involve investigating other alternative forms of provision. Any decisions to move forward with the consultancy business would require a revision to the

Business Plan either through the annual review or earlier depending on time frames agreed for implementation.

4 Alternative Options

- 4.1 The Cabinet needs to advise the secretary to the Joint Committee whether it approves without amendment or approves with further proposed modifications to the Business Plan to be agreed with partner authorities or rejects the revised draft business plan.

5 Consultation Undertaken or Proposed

- 5.1 The Business Plan has been considered by the Joint Authorities Committee overseeing the operation of the Building Control partnership. This has involved the Cabinet Member for Planning throughout the process.
- 5.2 Once the initial representations are received from each of the authorities, the Business Plan will be finalised and submitted to each of the Authorities for formal approval by their respective Cabinets.

6 Implications

Issue	Implications															
Corporate Plan	The new Partnership has built resilience into the service that supports the Council's aim to be open for business															
Financial, Resource and Property	<p>Appendix I sets out the details of the financial plan accompanying the Business Plan.</p> <p>It is proposed to reduce total partner contributions over the three year plan by £9,728 (12.4%).</p> <p>The contributions for Swale BC are as follows:</p> <table border="1" data-bbox="496 1391 1453 1753"> <thead> <tr> <th data-bbox="496 1391 815 1536">Year</th> <th data-bbox="815 1391 1134 1536">Contribution £'s</th> <th data-bbox="1134 1391 1453 1536">Reduction for previous year £'s</th> </tr> </thead> <tbody> <tr> <td data-bbox="496 1536 815 1588">2015/16</td> <td data-bbox="815 1536 1134 1588">78,381</td> <td data-bbox="1134 1536 1453 1588"></td> </tr> <tr> <td data-bbox="496 1588 815 1639">2016/17</td> <td data-bbox="815 1588 1134 1639">75,080</td> <td data-bbox="1134 1588 1453 1639">3,301</td> </tr> <tr> <td data-bbox="496 1639 815 1691">2017/18</td> <td data-bbox="815 1639 1134 1691">72,050</td> <td data-bbox="1134 1639 1453 1691">3,030</td> </tr> <tr> <td data-bbox="496 1691 815 1753">2018/19</td> <td data-bbox="815 1691 1134 1753">68,653</td> <td data-bbox="1134 1691 1453 1753">3,397</td> </tr> </tbody> </table> <p>At Swale, the medium term Financial Plan will accommodate the proposed contributions as stated above.</p>	Year	Contribution £'s	Reduction for previous year £'s	2015/16	78,381		2016/17	75,080	3,301	2017/18	72,050	3,030	2018/19	68,653	3,397
Year	Contribution £'s	Reduction for previous year £'s														
2015/16	78,381															
2016/17	75,080	3,301														
2017/18	72,050	3,030														
2018/19	68,653	3,397														
Legal and Statutory	The partnership and Joint Committee operate under a memorandum of agreement signed by each of the partner authorities.															

Crime and Disorder	Effective control and enforcement of building standards and dealing with dangerous structures is consistent with an increased perception of security and wellbeing.
Risk Management and Health and Safety	This is detailed in Section Three of the Service Delivery Documentation, focussing on the slow recovery in the economic situation and an inability to sustain growth, as well as a lack of investment in staff development and IT solutions.
Health and Well Being	None identified at this stage.
Equality and Diversity	None identified at this stage.
Sustainability	None identified at this stage.

7 Appendices

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

Appendix I: South Thames Gateway Building Control Partnership – Business Plan 2016-19.

Appendix II: South Thames Gateway Building Control Partnership – Service Delivery Plan 2016-19.

8 Background Papers

8.1 None

Building Control Partnership Business Plan 2016-2019



Director
Version No.
Last updated

Tony Van Veghel
4
18 December 2015

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C O N T E N T S

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1. Executive Summary

- 1.1. The next three year Business Plan incorporates important changes to the partnerships structure to reflect a changing market and greater customer expectations.
- 1.2. The legislation which governs the processes and time frames for local authority building control is 30 years old and reflects the legislation dating back to the Public Health Acts of the 20th Century. Today's customers live in a world of immediacy and instant response. They correspond over the internet, not by post, and expect replies and responses the same way. They expect to pay for services by debit and credit cards at the time of transaction and expect a high degree of accountability and transparency. They also have choice.
- 1.3. That is why the partnership has been, and will continue to develop its services to match this changing environment and why structural change is needed in the future. We need to move to a model which reflects our three areas of activity:
 - Building regulations
 - Public protection and information
 - Consultancy services

Each needs to be resourced and that will require a development of three teams:

- Building regulation team which will need to develop resources to deliver plan vetting and site inspections with dedicated personnel so as to meet customer expectation on speed of response and consistency.
 - Public protection team which will focus on ensuring a safe environment throughout the STG area identifying unauthorised works, dangerous structures and demolitions. They would ensure remedial work is undertaken, where required, and unsafe practices or structures are dealt with to protect the public as well as backing the building regulation team where enforcement is required.
 - Consultancy services which will be delivered through a Local Authority Company operating under STG as the holding company. They would deliver complementary services to the building regulation service reflecting what is available in the competitive market and would provide a comprehensive surveying service to the social housing sector.
- 1.4. Our three objectives will continue to be:
 - Further improvements to customer service utilising IT development and customer interaction.
 - Increase income generation by increasing market share and further expansion of the partnership.

- Development of consultancy services with dedicated staff under a separate company.
- 1.5. IT development and improvement is essential in ensuring we meet these three objectives. It is not only key to allowing greater self-service and customer interaction, but will also ensure a faster and more comprehensive plan vetting and site inspection service.
 - 1.6. Our processes and procedures will be audited and amended in-line with our quality assurance certification to ensure they are both simplified and reduced to reflect the advances in technology.
 - 1.7. By freeing up more time through the intelligent use of IT, resource will be made available for improving marketing and account management so as to implement a strategy to sustain our market share.
 - 1.8. With the development of the consultancy as a separate company, specialist staff can be recruited for specific time related projects. The range of services can be extended and surpluses that are generated can be reinvested or used to reduce future partner contributions.
 - 1.9. The building control industry has changed considerably over the last five years. There are now many more Approved Inspectors and their activity, particularly in London and the SouthEast has become more prolific. Competition in the market place is now greater than ever placing us back in the position of competing for work and staff.
 - 1.10. The partnership needs to continue to develop its use of technology to provide an improved and speedier service for its customers. It needs to meet and exceed customer expectation and be able to deliver many of its processes through automated service. Therefore, through 2016/17 we will review and simplify our processes and procedures and automate where possible.
 - 1.11. We need to provide a robust and dedicated public protection service with a greater emphasis on enforcement, protecting clients and customers within our area and utilising contributions funding.
 - 1.12. We also need to expand our range of services through the consultancy as a Local Authority Company allowing for staff to be engaged as necessary and delivering the consultancy as a commercially viable company capable of operating as a separate entity and supporting the partnership through the generation of a surplus.

2. Financial Plan

2.1. Members have requested that the format of the Business Plan changes to a three year rolling programme. This will take the forecast beyond the end of the current second term which finishes in September 2017. However, Members have endorsed the progression of the partnership beyond that period and the new arrangement will allow for the agreed contributions, approved through the Business Plan, to feed into each authority's medium-term financial plan.

2.2. The financial plan in figure 1, takes into account the following pressures:

- an increase in salary costs of 1% per annum
- an average 2% annual increase in overall income generation

and allows for the following savings:

- reduced annual premises costs following our move
- continued reductions in support service costs against previous years.

2.3. Overall this has allowed for a further 1% reduction in partner contributions between 2015/16 and 2016/17. Over the past 5 years, therefore, total contributions from the partner authorities have reduced by nearly £74,000 (2012 – 2017).

2.4. In this highly competitive market the risk still remains that additional pressures will be put upon the partnership during times of low resources (holidays, sickness etc). With the lack of availability of building control staff there is only the expensive alternative of using agency staff. As this phenomenon affects all building control bodies, and in particular local authorities who have already lost staff to the private sector, inspection regimes across the country are having to be rewritten to take account of the resource crisis.

2.5. The continued development of the IT system and remote working is extremely important in the operation and functionality of alternative and complementary inspection services more reliant on on-site delivery and customer interaction.

2.6. The development of the consultancy as described under objective 3 of the Delivery Plan is continuing with its transition to a Local Authority Company. Enabling a range of services at competitive prices and having the opportunity to deliver a surplus of which can be used to reduce partner contributions in the future. A separate business case will be presented to Joint Committee and into each authorities Cabinet, as required by the Constitution to demonstrate the viability of such a transformation and how the creation of this commercial venture will strengthen and build the financial resilience within the partnership.

**Three year Budget Build and Contribution Calculation For 2016/2017 - 2018/2019
(including comparative 2015/2016 budget) for Three Authority Partnership**

	<u>2015/16</u> <u>Budget</u>	<u>2016/17</u> <u>Budget</u>	<u>2017/18</u> <u>Budget</u>	<u>2018/19</u> <u>Budget</u>
Staffing	1,128,751	1,139,751	1,150,861	1,162,082
Premises	46,300	46,300	46,300	46,300
Transport	42,350	42,350	42,350	42,350
Supplies and Services	108,970	105,970	108,970	108,970
Support Services	52,910	52,910	52,910	52,910
Total Cost:	1,379,281	1,387,281	1,401,391	1,412,612
Contributions	-290,300	-278,076	-266,853	-254,270
Income	-1,088,981	-1,107,822	-1,134,538	-1,158,342
Total Income	-1,379,281	-1,387,281	-1,401,391	-1,412,612
Chargeable 79%	-1,088,981			
Non-Chargeable 21%	-290,300			
	-1,379,281	0	0	0
Chargeable 80%		-1,107,822		
Non-Chargeable 20%		-278,076		
	0	-1,387,281	0	0
Chargeable 81%			-1,134,538	
Non-Chargeable 19%			-266,853	
	0	0	-1,401,391	
Chargeable 82%				-1,158,342
Non-Chargeable 18%				-254,270
	0	0	0	-1,412,612
Authority and Agreed Percentage	<u>2015/16</u> <u>Budget</u>	<u>2016/17</u> <u>Budget</u>	<u>2017/18</u> <u>Budget</u>	<u>2018/19</u> <u>Budget</u>
Gravesham - 20%	58,060	55,616	53,371	50,854
Swale - 27%	78,381	75,080	72,050	68,653
Medway - 53%	153,859	147,380	141,432	134,763
	290,300	278,076	266,853	254,270

[Figure 1]

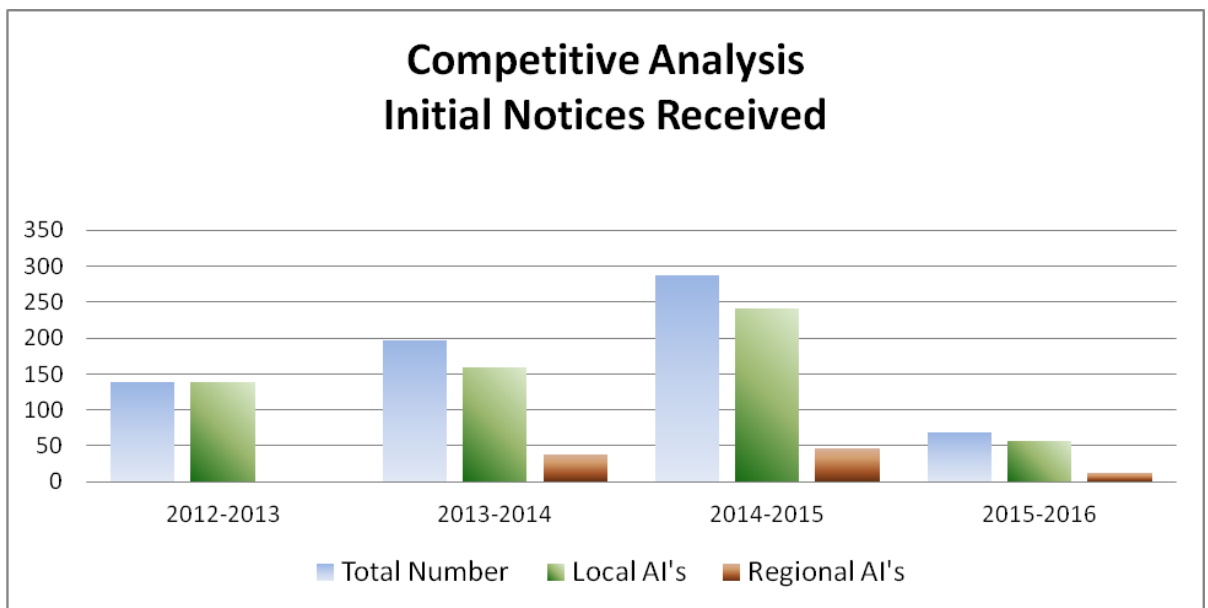
3. PARTNERSHIP OVERVIEW

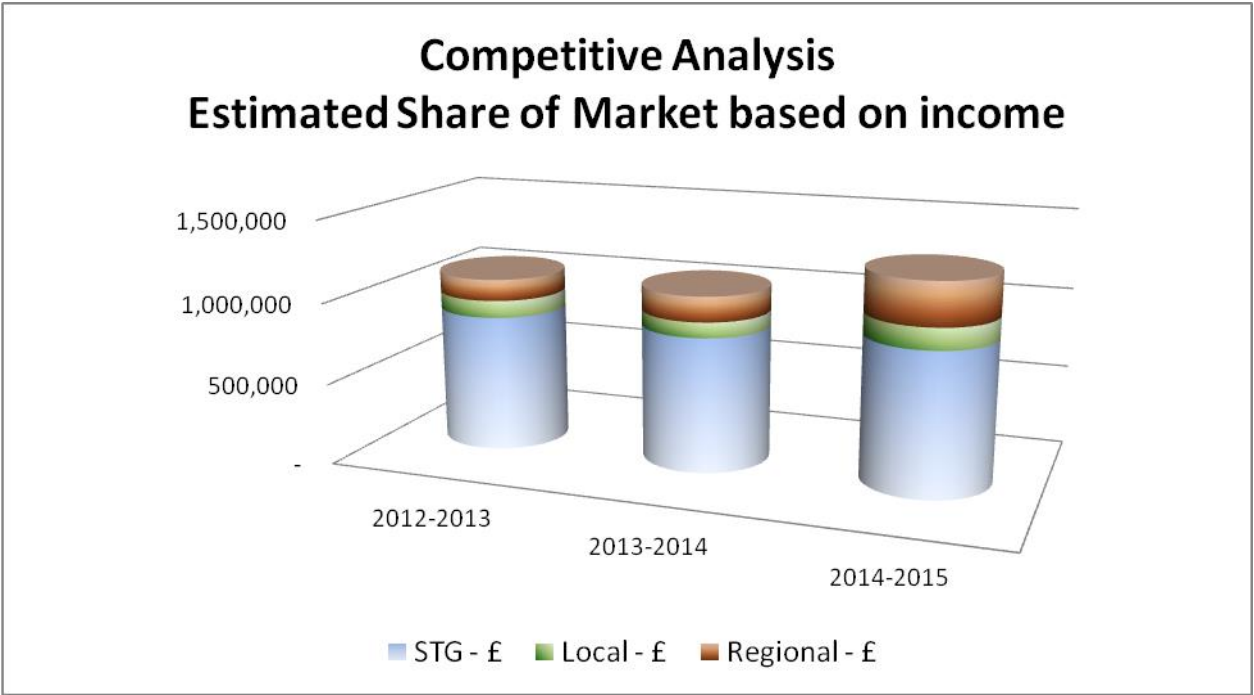
3.1. The partnership has three income streams:

- building regulation applications
- partner contributions
- consultancy services

Building Regulation Applications

3.2. The building regulation service is in direct competition with the private sector. Over the last three years there has been a major change in the work that approved inspectors undertake away from majorly commercial/residential developments towards the domestic market, including some quite minor works. There is now widespread competition for domestic extensions, loft conversions and conversions to dwellings, work which was traditionally carried out by the Local Authority. Over this period numbers of initial notices deposited with us have doubled to 34%. Changes in legislation two years ago, allowed for Approved Inspectors to sign initial notice applications on their client's behalf and this has had a significant impact on the number of applications we are receiving.





	<u>STG - £</u>	<u>Local - £</u>	<u>Regional - £</u>	<u>Total - £</u>
2012-2013	844,041	106,600	131,462	1,082,103
2013-2014	832,110	94,350	154,202	1,080,662
2014-2015	877,666	131,358	262,956	1,271,980

- 3.3. It is extremely difficult assessing market share lost to approved inspectors. There is no information available on the fees generated from the initial notices and with the market so competitive, we know that quotes for work are now often 50%-60% less than what would have been charged three years ago.
- 3.4. Also we often have a number of initial notices deposited for one site, each of these has to be registered but only one will win the contract to supervise the site so the other two have eventually to be cancelled. Since 2010 we have had 113 initial notices cancelled or withdrawn. We also receive initial notices for speculative building, shortly after they have received planning permission and again these are registered and may only be cancelled some two or three years later when the development does not go ahead.
- 3.5. The above chart show the estimated value of the initial notices over the last three years based on the percentages of registered initial notices against building regulation applications lodged with STG.
- 3.6. The partnership has itself lost staff to approved inspectors, which in turn has taken some local clients from us, however most have remained loyal and we have been able to increase our partner architects to forty seven in 2015/16. Part of our marketing strategy through the next year will be the development of account

management so as to ensure a continued improved service to our partners which will enable their retention in the busy market place. Feedback from our clients indicates the priorities in the service they receive as:

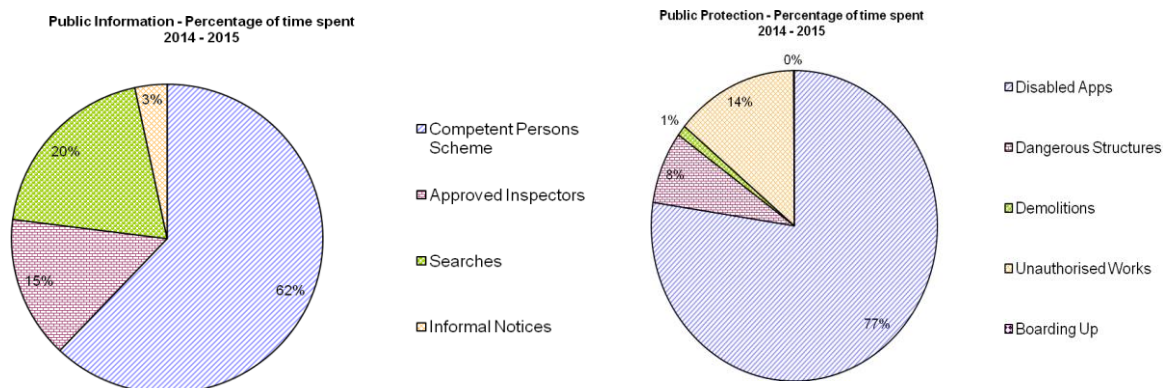
- speed of response
- consistency of approach
- availability of advice
- competitive cost

3.7. The investment in IT will allow for improvements in response times to our clients through a number of different mediums without the reliance of being in the office or viewing paper files. Processes will be refined so as to simplify procedures and remove bureaucracy allowing for a more straightforward consistent approach in dealing with applications. The additional availability of online and paper-based publications and advice will clarify complex building regulation matters which will augment the successful duty surveyor arrangement already in place.

Partner Contributions (Public Protection and Information Service)

3.8. The Partner contributions pay for much of the partnership’s work in this area. Work that is often designated as a duty or responsibility on the local authority such as: disabled persons applications, dangerous structures, demolitions, unauthorised work, enforcement and the administration of Approved Inspector legislation.

3.9. The charts below show comparisons of the time spent on these non-chargeable works through both public protection and public information for 2014/15.



3.10. The time spent on dealing with disabled persons applications can be very expensive for the partnership in particular when dealing with minor works such as installations of wet rooms and walk in showers. As the charges legislation brought in an exemption for carers accommodation it is now possible to deal with both an extension for the benefit of the disabled person and a loft conversion for the benefit of the carer, for which no charge is received and which has to be paid for out of the partner contributions.

3.11. Another duty of the local authority which is extremely time consuming and can be expensive is carrying out inspections on dangerous structures and monitoring these situations. It can take a long time trying to establish ownership and where there is no proof of ownership, it is often reliant on the local authority to take action and resolve any dangerous issues. The constitution designates the authority in which the dangerous structure exists, is liable for the cost of any remedial or repair work to be carried out in emergency situations, however, even when an owner can be traced these structures are normally uninsured and again the cost of work is borne by the local authority and placed as a charge on the property for recovery at some later date. With maintenance budgets cut it is no surprise that the number and magnitude of these dangerous structures is escalating throughout the STG area placing a burden on both the partnership and the relevant local authority.

Consultancy

3.12. The consultancy delivers additional discretionary services which either complement the building control service and assist us in being competitive with the private sector or provide services to other parts of the authority requiring a building surveying skill. In this way we currently deliver energy, fire risk and code for sustainable home assessment together with SAP and Sbem calculations. The partnership also provides a clerk of works service overseeing decent homes and stock condition surveys for social housing stock.

3.13. The development of the consultancy into a Local Authority Company is one of the objectives of the Business Plan and will be taken forward over the next year so as to deliver a commercial arm to the partnership which will enable further growth.

4. Partnership Strategy

- 4.1. In order to continue to adapt to a changing market and changing demand we need to focus on customer outcomes. We need to move away from any local authority bureaucracy and ensure we make our processes and procedures as streamlined as possible simplifying them to remove barriers and make customers interaction as easy as possible.
- 4.2. We will be continuing work on our website to make it clean and easier to use, allowing for applications and payment to be made online, with the facility for online booking of inspections, reporting dangerous structures and unauthorised works etc. Continuing our development of online tracking of applications and integrating a search facility so as to determine if building regulation work has been approved at a property before purchasing. In doing this work on line we will reduce the impact on the technical administration staff allowing them more time to be spent on building control marketing and advertising of our services.
- 4.3. The development of our consultancy services needs to complement this marketing strategy. Whilst we need to improve the account management of existing customers we also need to capture new clients from the market and some of this will be achieved by offering efficient and timely complementary services which will compete with the private sector. This could include the greater use of building warranties through local authority building control, the umbrella organisation which assists all local authorities in developing a building control service to compete in the marketplace.
- 4.4. The delivery of consultancy services through a local authority company would allow us greater freedom of engaging resources as and when they were needed. It will also allow us to build in resilience into our social housing team so as to deliver the service level agreements already in place and market the services to increase demand over the next few years.
- 4.5. With the consultancy operating as an arms length organisation we would be able to generate a surplus which could be reinvested both in the consultancy and in the wider partnership as a whole. It would also provide a mechanism to generate sufficient income to help reduce partner contributions in future years.
- 4.6. Whilst we have focused on building regulation and consultancy arms of the partnership we must not forget the very important role played in public protection. This encompasses all the statutory duties that a local authority has to undertake and through which the partners pay their contributions.
- 4.7. In the same way we move to incorporate dedicated staff members to the other functions we need to deliver public protection services in much the same way the slight difference here is a need to be quickly responsive to requests be they dangerous structures, unauthorised works and demolitions etc. Some of these functions require an immediate response which is best delivered by the area surveyor in the locality but which could be later addressed through an enforcement officer .

- 4.8. An enforcement officer would be able to deliver a more consistent approach in addressing these difficult issues. With changes to the penalties that can now be handed down by the magistrate, there would be a greater possibility of taking action against any authorised works and consequently there would be a greater success in both prosecutions and the pursuance of remedial works. There would also be a greater opportunity in converting any unauthorised work into regularisation applications, which would then assist generating additional income into the partnership.
- 4.9. Any restructuring of the partnership's make up will depend heavily on the availability of staff. Replacing personnel that will be retiring and consulting with staff to ensure the most effective use of existing skills and expertise. It will also depend on the economic situation and the recovery of the construction industry.
- 4.10. The delivery plan will contain options where a number of actions can be put in place to accommodate possible changes in this strategy so as to reflect circumstances at the time. A full evaluation will take place on a move to functional teams in 2016/17, taking account of the number of resources and skills available.
- 4.11. During 2015/16 we began the transition from checking paper-based plans to those deposited electronically. This transition will continue taking on board the time to train existing staff and also the investment in both hardware and software to enable plan checking on line. Sufficient large screen monitors have been provided on each desk to enable viewing of plans, however, through 2016/17 we need to consider whether these need to be provided in surveyors homes so as to facilitate the checking of applications without travelling to the office. This would also allow for the preparation prior to site visits which is traditionally via paper-based plans within the office.

5. Business Environment

- 5.1. The market has dramatically changed over the last three to four years. The expected recovery and boom in the construction industry did not arrive. Despite the promised increase in housing development and the pressure on inward investment, major developments have not come forward as expected. The Planning departments of all three of our Partner authorities have seen significant increases in speculative planning applications but a large number of these do not progress to the construction site.
- 5.2. Over this time, with the market reduced there was a shift in emphasis by the Approved Inspectors to move from residential , commercial and industrial work into the domestic market. As their involvement grew so did their need for resources to deliver the service and over the last two years there has been a migration of qualified staff from the public to the private sector. As there has been little encouragement throughout the industry to train new staff, a greater number of gaps in both public and private sector building control bodies are being temporarily filled with agency staff. This is unsustainable and as remuneration packages are lower in the public sector our concern will be succession planning for a number of retirements over the next few years. We will continue our strategy of engaging degree qualified engineers from other sectors of the industry to develop into building control surveyors.
- 5.3. There are now over 90 approved inspectors on the Construction Industry Council's register, featuring both large corporate companies and smaller groups including some individual independents. Of these, four of the large corporate companies have been active in our area over the last 2 years, operating in both the commercial and residential areas. There are also nine smaller groups dealing with small residential, retail and commercial work together with a focus on domestic applications.
- 5.4. Competition for both work and staff has intensified over the last 3 years and with no discernible training being undertaken within the industry the future of building control in general will be looking to do more with less resource.
- 5.5. The outfall of the housing standards review will require all building control bodies to take on additional work and to liaise to a much greater extent with the relevant planning authority. As the complexity of work increases and resources decrease, new working arrangements will have to be implemented to address the issues within the partnership.
- 5.6. The increased competition in the area has restricted opportunities to increase charges and they have remained the same over the last 5 years. The current charges legislation allows some flexibility in the recovery of costs for both building regulation applications and in the design of a site inspection framework for each job. These will be examined over the next year to determine the level of service which will fulfil the needs of the building act and provide owners with a level of service commensurate with the cost.

- 5.7. The customer expectation has also changed greatly over the last few years. There is an expectation to carry out most of their transactions on line and full details to be sent to them via email to their computers or smart phones.
- 5.8. The inspection of work on site remains the most effective way of ensuring compliance with the building regulations. However the competitive nature of fees that can be charged and the diminishing number of surveyors will mean that our inspection regime will have to be change. It is no longer viable either economically or practically to try and deliver site visits on demand.
- 5.9. Over the next year we will need to risk assess sites to a much greater degree. We may need to deliver less numbers of site visits than is currently the situation but each visit needs to be more comprehensive, with greater records of what has and has not been seen and agreed, greater detail of pre-contravention interventions and the advice that has been given to both builders and owners to obviate potential future problems. More expansive literature needs to be produced for both the builder and the home owner so as to clearly indicate best building practice and to avoid issues which may be prevalent in that particular type of build, e.g. the wrong type of tile for the required pitch of the roof or ensuring the right type of insulation is used in a cavity wall and it is correctly positioned.
- 5.10. Where additional inspections are required because of poor building practice or a lack of experience or expertise, enforcement issues may arise and further inspections will have to be paid for with additional payments and an explanation of why they need to be carried out. Provision for this has been included in the charges legislation. Where enforcement is required this would need to be paid for from the partner contributions and recorded as such. In order to facilitate this shift in delivery we need to realign our resources and continue with the training and development of functional teams, discussed in the previous business plan. This will entail the delivery of the building control function through three teams comprising; plan checking, site inspection and enforcement. Within the first two of these there may be the opportunity to introduce domestic and commercial teams so that those most senior surveyors can deal quickly and comprehensively with larger and more complex schemes allowing for the opportunity to market the expertise to a wider audience. Any further expansion of the partnership which would include new resources would be beneficial to move to this operating system.
- 5.11. One of the major concerns across the industry is consistency. By developing plans checking and site inspection teams we would more easily address this issue. The regulations themselves are based around functional requirements and only ask for 'reasonable' standards. How that standard is achieved remains negotiable between the architect and building control surveyor as following the approved documents is only one way of demonstrating compliance. By focusing on functional teams, processes and procedures can be put in place to achieve a consistent approach without compromising individual integrity and the flexibility introduced by the regulations.

Building Control Partnership Delivery Plan



Director
Version No.
Last updated

Tony Van Veghel
4
18 December 2015

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C O N T E N T S

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1. SERVICE DELIVERY PLAN – 2016-2017

1 Objective		Improve customer service utilising IT development and increased customer interactions				
Action	Output	Impact	Resources	Milestones/P.I.s	Lead Officer	
1.1 Development of on-screen plan vetting	In-house training to all surveyors	Increased plan checking within performance targets and reduced costs	Within current budget	June 2016	Plan vetting / inspection manager	
	Provision of home-based large screen monitors	Increased plan checking	Within current budget	September 2016	Plan vetting / inspection manager	
	Monthly and 3 monthly review of use and output		Within current budget	July to September 2016 monthly then 3 monthly	Plan vetting / inspection manager	
1.2 Increase the number of site inspections per surveyor	Number of inspections per surveyor increased by 20%	Achieving new target time per visit	Within current budget	Quarterly review	Plan vetting / inspection manager	
1.3 Achieving national performance indicator for plan vetting	85% plan vets within 10 working days, 100% within 15% working days	Improved turnaround time for plan vetting	Within current budget	Quarterly review, monitoring report and covalent	Phil Harris	
1.4 Improve consistency to plan vetting and site inspection with the development of function	Restructuring group to accommodate functional teams	Change in working practices for surveyors	Within current budget	July 2016	Tony Van Veghel	

1 Objective		Improve customer service utilising IT development and increased customer interactions				
Action	Output	Impact	Resources	Milestones/P.I.s	Lead Officer	
based teams						
	Appointing dedicated team leaders to oversee consistency and quality checks	Improve consistency	Within current budget	June 2016	Tony Van Veghel / Phil Harris	
	Monitoring consistency and provide training where required	Improved consistency for both plan vetting and site inspection records	Within current budget	Monthly monitoring until March 2017	Phil Harris	
1.5	Increase enforcement action and monitoring	Appointment of dedicated team through restructuring of group	Change in working practices for surveyors	Within current budget	July 2016	Tony Van Veghel
1.6	Tracking of applications via website and refine self-serve search facility	Identify funding to develop new website	Web capable of delivering customer tracking	To be investigated	End April 2016	Janine Boughton
		Development of website		To be investigated	October 2016	Janine Boughton
		Testing of enabling customer viewing of current stage of application	24 hour access for customers to view stage of application	Within current budget	March 2017	Janine Boughton
	Online payment through website for new	24 hour access for customers to	To be investigated	December 2016	Janine Boughton	

1 Objective		Improve customer service utilising IT development and increased customer interactions			
Action	Output	Impact	Resources	Milestones/P.I.s	Lead Officer
	application and invoices	make payments			
1.7 Improved communication with customers	Automated notification of inspection on booking	Confirmation of site booking to customer	To be investigated	End April 2016	Janine Boughton
	Greater use of email communication to customers	Faster and immediate notification	Within current budget	June 2016	Janine Boughton / Phil Harris
	Notification to customers prior to visit by surveyor	Confirmation of time of visit to customer	Within current telephone budget	August 2016	Plan vetting / inspection manager

2 Objective		Increase income generation by increasing market share and further expansion of partnership			
Action	Output	Impact	Resources	Milestones/P.I.s	Lead Officer
2.1 Establish any further expansion opportunities	Increase resource to partnership to retain and improve resilience	Wider opportunities to generate income	Within agreed budget	September 2016	Tony Van Veghel
2.2 Develop account management	Greater frequency in engaging with partners	Retention of partners and market share	Within current budget	Quarterly	Phil Harris
2.3 Develop marketing strategy for 2017/2018	Strategy incorporating restructured building control and new commercial consultancy	Sustain market share and generate additional income	Within current budget	September 2016 to March 2017	Janine Boughton / Tony Van Veghel
2.4 Provision of additional complementary services	Identify additional services and resources which can be delivered to the public and private sector	Expand consultancy services and generate additional income	Within current budget / self-financing	June 2016	Tony Van Veghel / Phil Harris
	Market additional services		Within current budget / self-financing	July 2016 to September 2016	Tony Van Veghel / Phil Harris
	Monitor and review consultancy	Determine performance and income	Within current budget	November 2016	Tony Van Veghel / Phil Harris

3 Objective		Development of consultancy services with dedicated staff under separate company			
Action	Output	Impact	Resources	Milestones/P.I.s	Lead Officer
3.1 Investigate / Setting up separate company	Engage with consultants on delivery model business case	Report to be taken to Joint Committee	To be investigated	August 2016	Tony Van Veghel
	Appoint appropriate qualified and dedicated staff	Focus delivery model to customers	Invest to save / self-financial	October 2016	Tony Van Veghel / Consultancy Manager
	Increase services to a wider market (regionally and nationally)	Wider opportunities to generate income	Self-financing / return on investment	March 2017	Consultancy Manager
3.2 Determine the distribution of surpluses	Working group set up to reach agreement on the percentage split of any commercial surplus	Agreed mechanism and time period for repaying original setup costs	Within Partner Authority budget for officer time	September 2016	Joint Committee Members, Steering Group Officers, Financial Officers, Legal Officers

2. CONTRIBUTION AND SUPPORT FOR COUNCILS PRIORITIES

2.1. As STG is a Partnership of three authorities, it is important that its values reflect those of the three councils. The three partner authority priorities are:

Gravesham's priorities are:

- Safer Gravesham - 'where local residents and visitors can live, work and travel in a safe, clean and green borough'
- Stronger Gravesham - 'a healthier more cohesive community where children have the best start in life and people are proud to call home'
- Sustainable Gravesham - 'a thriving and sustainable local economy, built on the foundations of high quality regeneration and development projects'
- Sound and Self-Sufficient Council - 'a well-run and innovative council supporting its staff to realise commercial opportunities whilst transforming its services to deliver at the best possible value for money'

Medway's priorities for the next three years are:

- Safe, Clean and Green Medway
- Children and young people have the best start in Medway
- Adults maintain their independence and live healthy lives
- Everyone benefitting from regeneration

Medway Values

- Putting the customer at the centre of everything we do
- Giving value for money

Swale's priorities are:

- A borough to be proud of
- A community to be proud of
- A council to be proud of

2.2. There are clear links between the three and all revolve around regeneration and sustainability, maximising opportunities for local communities and delivering quality services. These are also encompassed in the values of putting the customer at the heart of everything we do and giving value for money.

Regeneration

Linked to Council Priorities:

- Sustainable Gravesham - 'a thriving and sustainable local economy, built on the foundations of high quality regeneration and development projects' - Gravesham priority
- Everyone benefitting from regeneration – Medway priority
- A council to be proud of – Swale priority

2.3. Our consultancy is now able to offer a range of services to the major regeneration projects in the area. Early intervention in the design process will eliminate issues that could provide conflicts with legislation at a later date. Our range of services include:

Code for sustainable home assessment, SAP calculations, SBEM calculations, Display Energy Certificates, Access Audits and Fire Risk Assessments.

We have also teamed up with colleagues LABC Services, the commercial arm of LABC, through whom we are able to offer air pressure testing, acoustic testing and have access to CDM co-ordinators together with other expertise and specialism's which we are now able to facilitate.

- 2.4. We work with colleagues in Private Sector Housing and Environmental Health to aid the transformation of areas through social regeneration, providing advice on bringing back into use empty and dilapidated properties, giving advice on houses in multiple occupation and the refurbishment and repair of commercial premises. We have a number of joint meetings with Registered Social Landlords (RSL's) and have shared technical updates through the seminars we have organised.
- 2.5. We offer the design and surveying team expertise in the design of many adaptations to Medway's schools, and have partnered with a number of architectural practices that are working through programmes of school extensions and adaptations. We work with Medway Education and Business Partnership to assist in work experience for school leavers.

Links to STG Delivery Plan Reference:

- Objective 3 (see page 8)

Sustainability

Linked to Council Priorities:

- Sustainable Gravesham - 'a thriving and sustainable local economy, built on the foundations of high quality regeneration and development projects' – Gravesham priority
- Safer Gravesham - 'where local residents and visitors can live, work and travel in a safe, clean and green borough' - Gravesham priority
- A clean and green environment – Medway priority
- A borough to be proud of – Swale priority

- 2.6. Building Control has a major part to play in ensuring the innovative designs for the regeneration of the area are still compliant with the Building Regulations. As sustainability is an important part of the Government's agenda to reduce CO2 emissions and reduce energy costs for everyone, the adaption and renovation of buildings within the area, together with control of new buildings will ensure the impact on the environment and energy bills are kept to a minimum.
- 2.7. The Government have stated:
- “The Energy White Paper produced by the Government acknowledged the reality of climate change and stated a commitment to putting the UK on a path to cutting carbon dioxide emission by 60% before 2050 with real progress by 2020 by cutting emissions by 34% of the 1990 levels.
- With around half of the CO² emissions coming from building energy use, the Building Regulations are a key part of Government efforts to tackle climate change through higher building standards. CLG recognise that Building Control professionals are at the forefront of these efforts.”
- 2.8. Following the Housing Standards Review the Government are reliant on the building regulations reducing CO2 emissions and have introduced changes to Part L which will deliver zero carbon homes from the latter part of 2016.
- 2.9. The Infrastructure Act will provide powers to deliver allowable solutions to meet this zero carbon policy. This will be done through on-site energy efficiency to a code level 4 equivalent standard and by using off-site measures to offset 100% of the remaining regulated emissions. The allowable solutions being developed at present include:
- more energy efficiency on site
 - a national fund
 - partnering with a third party to provide off-site carbon abatement which could be a local scheme
- 2.10. The overriding factors will be cost effectiveness, certifiable and verifiable as well as delivering the off-set of the remaining emissions over a 30 year period.
- 2.11. Ministers have stated that local planning authorities will be able to set and apply policies in their local plan which require compliance with energy performance standards that exceed the energy requirements of the building regulations until commencement of amendments to the Planning and Energy Act 2008 in the Deregulation Bill 2015. This is expected to happen alongside the introduction of the zero carbon homes policy in late 2016.
- 2.12. After this energy performance requirements, in the building regulations, will be set at a level equivalent to the outgoing Code for Sustainable Homes Level 4. Until then the Government expect local planning authorities to take this statement of the Government's intention into account in applying existing policies and not set conditions with requirements above the code level 4 equivalent.

2.13. In order to support small builders all new homes will be required to meet the strengthened on-site energy performance standard but those building on small sites will not be required to support any further off-site carbon abatement measures. This applies to the size of the site not the size or type of developer. There will be an exemption for small housing sites of 10 units or fewer from the allowable solutions element of the zero carbon homes target with an overall maximum size of 1000m² of floor space for the site. Legislation will be put in place to ensure this exemption is not abused. The Government intend to review this exemption after three years. They intend to use the powers in the Building Act that not only enable Building Regulations to be made that provide an exemption based on site size, but also enable provision to prevent the subdivision of larger sites in order to abuse the exemption.

2.14. There have been key changes to the Building Regulations following the Housing Standards Review which will entail greater liaison between planning and building control bodies.

- Energy (Part L) - Code for Sustainable Homes is being wound down and building regulation used to deliver zero carbon homes
- Water (Part G) - optional higher standard of 105 litres per person per day based on planning information where the water supply is low
- Access (Part M) - two additional levels of compliance have been introduced equivalent to life-time homes and wheelchair housing. The designation of appropriate plots will be based on the planning permission.
- Security (Part Q) - a new regulation has been introduced to control minimum levels prescribed for security for doors and windows.
- Space – this is a new nationally described standard which will be controlled through planning legislation but enforced through building control.

2.15. This key message from the Government and the demand from the construction industry for pre-application advice and discussion mean it is imperative that STG invest in continually training staff to provide the lead and the service that is required. This necessary training will ensure that sufficient qualified staff are available to provide a design service through the consultancy, and a checking service through the administration of the Building Regulations without compromising the necessary checks and balances which need to be in place to ensure complete scrutiny in both the design and checking processes, similar to that which exists in private sector competition.

Links to STG Delivery Plan Reference:

- Objective 3 (see page 8)

Maximising Opportunities for local communities

Linked to Council Priorities:

- Stronger Gravesham - 'a healthier more cohesive community where children have the best start in life and people are proud to call home' – Gravesham priority
- Children and young people having the best start in life – Medway priority

- Older and vulnerable people maintaining their independence – Medway priority
- A community to be proud of – Swale priority

2.16. Through our work with the housing sections of two partner authorities we help to deliver improvements to council owned properties through the Decent Homes, condition surveys and fire risk assessments. During these surveys we also assess health and safety requirements of the occupants and impacts on the community.

2.17. With joint training, guidance and information sheets, together with builder and architect forums, the Partnership aims to support all of our customers in their building projects. Over the next three years mini guides will be developed both locally and nationally to cover general standards of construction on many projects in the domestic market such as garage conversions, small extensions and removal of load-bearing walls. This will assist in ensuring a consistent approach to the many challenges, the multitude of complex and interactive regulations now presents to every development.

2.18. Whilst plan assessments identify areas of non-compliance and contraventions within the drawing they also often identify areas where the builder, developer or owner may need to pay particular attention to an element of construction. By formulating best practice guides on domestic developments, we will create a mechanism to ensure areas of concern on site are minimised and that not only will the completed project comply with the Building Regulations, it will also satisfy good building practice in many areas that are not necessarily covered by our controls.

2.19. Inclusive design is a paramount requirement of both newbuild and refurbishment works. Advising on compliance with The Equalities Act and Part M of the Building Regulations is a major part of public protection inspection services non-chargeable work. This not only delivers a more suitable environment for disabled people, but also transfers the benefits to the greater community, i.e. young families, older people and those caring for others.

2.20. The revisions to Part M of the Building Regulations will ensure consideration is given to both life-time homes and wheelchair accessible homes for future occupants of a new residential development. These will help maintain communities and help to support older and vulnerable people to remain in the areas they know.

2.21. The majority of the work of the Partnership is concerned with protecting the community through health and safety requirements in the regulations or in other sections of the Building Act.

2.22. Important examples of health and safety requirements include fire safety (means of escape, fire spread and access for the fire service) structural safety and satisfactory drainage. In addition, the Partnership deals with dangerous structures, demolitions, dilapidated buildings and contraventions of the Building

Regulations. The Government have also introduced a new Part Q to the Building Regulations to introduce security as a measure that needs to be considered.

2.23. We assist with a number of local agents and private sector housing sections to ensure adaptations comply with the Regulations to enable older and vulnerable people to stay in their homes and maintain their independence.

Links to STG Delivery Plan Reference:

Objective 1 Action 1.5, 1.6, 1.7 (see page 5 & 6)

Objective 2: Action 2.1 & 2.4 (see page 7)

Objective 3 Action 3.1 (see page 8)

Delivering quality services

Linked to Council Priorities:

- Sound and Self-Sufficient Council - 'a well-run and innovative council supporting its staff to realise commercial opportunities whilst transforming its services to deliver at the best possible value for money' – Gravesham
- Putting the customer at the centre of everything we do - Medway
- Giving value for money - Medway
- A council to be proud of - Swale

2.24. Our customer survey revealed that the overall service provided by STG is of a very high standard with 97% of respondents rating it good to excellent. A further postal survey was carried which targeted owners of properties where works had been carried out.

2.25. Of the processes involved with delivering the service, communication and speed of delivery were seen as important by all customers in last years' survey (81% to 100% rated this as important), it is therefore encouraging to see that 93% to 95% of customers feel they have received a Good to Excellent service in this.

2.26. The development of the new back office system will improve many elements of our customer service. Through the Business Plan we will be able to deliver a better service on site with access to real time information and through further developments of the system the ability to deliver inspection notes, notices and letters on site. Customers will be able to track the progress of applications online and carry out initial surveys on their properties through the web. We will be revisiting and revising guidance documentation for owners and developers to improve consistency on site and ensure communication throughout the life of the project is improved.

2.27. Local Authorities have a duty to ensure that building work complies with the Building Regulations (Section 91 of the Building Act 1984). If our requests to rectify contraventions fail then, as a last resort, more formal action is used. There are two courses of action available:

Prosecution of the builder in the Magistrates Court under Section 35 of the Building Act 1984: in most cases, action must be started within six months of the

contravention being discovered, the period of discovery being extended in 2008 to two years from the date the works were completed.

Notice under Section 36 of the Building Act 1984 requiring the owner to remove or rectify the contravening work. This Notice must be served within 12 months from the date of discovery of the contravention.

- 2.28. The Legal Aid, Sentencing and Punishment of Offenders Act 2012 (Fines on Summary Conviction) Regulations 2015 came into force in March 2015 and removed the £5,000 cap that used to limit the maximum fine Magistrates could impose. It applies to fines imposed by the Building Regulations under Sections 35 and 35A of the Building Act. Magistrates can now issue much higher penalties on offenders who have committed the most serious level 5 offenses and can now hand down prison sentences up to 6 months and be able to refer what more serious cases to a Crown Court.
- 2.29. However, most enforcement work is carried out by negotiation. Prosecutions through the courts are an exception, but every day a number of the inspections carried out involve some form of intervention to either prevent or rectify work which was in contravention of the Regulations. We have worked with our software provider to design a way of capturing this information in the form of pre-contravention inspection reports and we will monitor this monthly to reflect the number of inspections carried out that have protected consumers from building regulation contraventions during the course of their development.
- 2.30. As mentioned previously, consistency remains an important requirement identified by customers. We will be examining this area through the provision of training and shared experiences of staff and designers, the use of guidance notes and the use of comprehensive clauses, conditions and site notes.

Links to STG Delivery Plan Reference:

Objective 1 Action 1.2 – 1.5 – (see page 4 & 5)

Objective 2 Action 2.4 – (see page 7)

3. SERVICE RISKS

Risk rating key

Likelihood

- A. Very high
- B. High
- C. Significant
- D. Low
- E. Very low
- F. Almost impossible

Impact

- 1. Catastrophic (showstopper)
- 2. Critical
- 3. Marginal
- 4. Negligible

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Host Directorate: RCC		Service: STG Building Control			Manager: Tony Van Veghel		Portfolio Holder: STG Joint Committee	
Risk Title: Finance and Strategy					Description of Risk: Reduced income			
Date	Risk No	Risk Rating	Vulnerability	Trigger	Consequences if Risk Realised	Mitigation/Action Points for Risk Owners	Service Plan Ref.	
17/12/15	01	B2	Inability to recruit staff in a competitive market from a reducing pool of resource	6 qualified surveyors	Additional staff brought in from agencies which would significantly increase costs.	Continuance of market premia. Development of assistant building control surveyors and continue recruitment of assistants from other areas in the construction industry.	1.9, 4.7, 4.9, 5.4	
17/12/15	02	C2	Current infrastructure unable to support development of technological advancements in service delivery	Inability to access back-office system and meet customer demands	Inefficient service delivery resulting in further loss of market and inability to compete.	Development of online solution to become more cloud based and invest in both hardware and software.	1.4, 1.5, 1.7, 2.5, 3.7, 4.2	

Host Directorate: RCC			Service: STG Building Control		Manager: Tony Van Veghel		Portfolio Holder: STG Joint Committee	
Risk Title: Finance and Strategy					Description of Risk: Reduced income			
Date	Risk No	Risk Rating	Vulnerability	Trigger	Consequences if Risk Realised	Mitigation/Action Points for Risk Owners	Service Plan Ref.	
17/12/15	03	C3	Increased demand on public protection duties	Percentage time spent exceeds contributions income	Further call on contributions from partners. Reduction in service to partners.	Close monitoring of time spent and increase in demand. Investigate recovery of some costs through insurance claims.	1.3, 3.8, 3.9, 3.11, 4.8	
10/08/15	04	C2	Highly competitive and unpredictable market. Diminishing income through lack of building regulation applications.	65% of market share	Insufficient income to cover expenditure on chargeable account resulting in an increase on the followings year's chargeable rate which may make us uncompetitive.	Reduced expenditure to limit income deficiency. Look for alternative income streams through consultancy service. Improve marketing strategy and rationale services provided.	1.9, 2.4, 3.2, 3.3, 3.4, 5.2, 5.3	
10/08/15	05	C3	Inability to sustain growth and acquire additional business.	Reduction in market share and consultancy services income	Inability to match income with expenditure resulting in increase in following year's chargeable rate. Surveyors chargeable time transfers to enforcement activity which would not be sustainable from the contributions. Consultancy losing income and not sustainable.	Invest in training and development of staff so as to diversify resources into consultancy work. Increased time allocation monitoring.	1.3, 1.4, 1.8, 1.12, 2.6, 3.12, 3.13, 4.3, 4.4, 4.5	
10/08/15	06	D3	Current economic situation leading to increased debt arising from unpaid invoices.	Increased number of applicants unable to pay invoices.	Number and value of debtors increased affecting the budgeted income figure. Unpaid invoice provision within budget would need to be increased.	Careful monitoring of debtors list. Vigorous pursuit of large debts. Database clearly marked where invoice remains unpaid so as site surveyor can pursue on inspection. Taking over the functions of invoicing and dept collection from the finance	2.3, figure 1	

Host Directorate: RCC			Service: STG Building Control		Manager: Tony Van Veghel		Portfolio Holder: STG Joint Committee
Risk Title: Finance and Strategy					Description of Risk: Reduced income		
Date	Risk No	Risk Rating	Vulnerability	Trigger	Consequences if Risk Realised	Mitigation/Action Points for Risk Owners	Service Plan Ref.
						department.	
10/08/15	07	D3	Failure to suitably develop staff to meet the needs of the business and match personal self improvement expectations.	The market is regularly changing to offer alternative services to clients which compliment building regulation work. The Partnership requires staff to be trained to deliver a more diverse service and remain competitive.	Insufficient skill base would result in customers being more attracted to the competition with a resultant loss in work.	Ensure staff are well trained and able to compete with the services offered by the private sector. Develop training matrix to ensure staff development through PDR process.	1.9, 1.10, 2.4, 3.6, 4.7, 4.8, 4.9, 5.11

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Recommendations for Approval

South Thames Gateway Building Control Joint Committee – 10 December 2015

5 Development of Consultancy as a Local Authority Trading Company

Resolved:

(1) That it be recommended that the respective partner authorities provide £2,000 each to secure the delivery of the Business Plan objective.

9 South Thames Gateway Building Control Business Plan 2016/2019

Resolved:

(1) That the updated version of the Business Plan be approved and referred to the Cabinet of each partner authority to approve the Final Draft Business Plan.

(2) That the final contributions figures, which will be included in each authority's budget planning process for 2016/17 be noted.

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Recommendations for approval

Swale Joint Transportation Board – 7 December 2015

Minute No. 376 – PARKING IN SWALE

- (1) That the bylaw restricting parking on grass verges be extended to include parking on footways.

Minute No. 377 – SOUTH ROAD, FAVERSHAM

- (1) No further action to be taken in relation to proposed waiting restrictions in South Road, Faversham.
- (2) The parking situation to be monitored.

Minute No. 379 – INFORMAL CONSULTATION RESULTS – PROPOSED DOUBLE YELLOW LINES, CHALKWELL ROAD, SITTINGBOURNE

- (1) That the report be noted and that the proposed extension to the double yellow lines be abandoned.

Minute No. 381 – POLICY ON ROAD SAFETY IMPROVEMENTS

- (1) That the report be noted and that the proposed extension to the double yellow lines be abandoned.

Minute No. 382 – QUIET LANE, MUNSGORE LANE, BORDEN

- (1) That a Quiet Lane scheme be implemented in Munsgore Lane and progressed by the Borough Council and local residents.

Minute No. 383 – Pedestrian crossing at South Avenue School, Sittingbourne

- (1) A feasibility study to be carried out into highway improvements at the site.
- (2) A reports on the conclusions of the feasibility study to be presented to a future JTB.
- (3) The cost of funding for the feasibility study to come from a Member's grant.

Minute No. 384 – Swale Highway Works Programme Report

- (1) That the report be noted.

Minute No. 385 – Progress Update Report

- (1) That the report be noted.

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