



AGENDA

CABINET MEETING

Date: Wednesday, 7 December 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, Alan Horton, Gerry Lewin (Vice-Chairman), Ken Pugh and David Simmons.

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. Nobody must leave the assembly point until everybody can be accounted for and nobody must return to the building until the Chairman has informed them that it is safe to do so; 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 9 November 2016 (Minute Nos. 990 - 998) 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.

(c) Where it is possible that a fair-minded and informed observer, having considered the facts would conclude that there was a real possibility that the Member might be predetermined or biased the Member should declare their predetermination or bias and then leave the room while that item is considered.

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 Report for recommendation to Council

5. Medium Term Financial Plan and 2017/18 Budget 1 - 20

Part B Reports for Decision by Cabinet

6. Financial Management Report - April to September 2016 21 - 44
7. Scrutiny Committee Report on the Leisure and Tourism Review 45 - 62
8. Contract for the Provision of a Pest Control Service with Swale 63 - 68
9. Approval of New Play Area, trim trail and play area improvements 69 - 80
10. Grounds Maintenance Extension of Contract 81 - 84
11. Lease of land at The Meadows to Spire Free School 85 - 92
12. Exclusion of the Press and Public

To decide whether to pass the resolution set out below in respect of the following items:

That under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraphs 3 and 5 of Part 1 of Schedule 12A of the Act:

3. Information relating to the financial or business affairs of any particular person (including the authority holding that information).
5. Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

13. Exempt Appendix: Lease of Land at Staplehurst Road to Grove Park Academies Trust 93 - 94
14. Call-in of Cabinet Decision regarding Capital Financing and Investment

Recommendations from Scrutiny Committee meeting held on 29 November 2016 – to follow.

Issued on Monday, 28 November 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

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

Cabinet Meeting		Agenda Item: 5
Meeting Date	7 December 2016	
Report Title	Medium Term Financial Plan and 2017/18 Budget	
Cabinet Member	Cllr Dewar-Whalley, Cabinet Member for Finance & Performance	
SMT Lead	Abdool Kara, Chief Executive	
Head of Service	Nick Vickers, Head of Finance	
Lead Officer	Nick Vickers, Head of Finance	
Key Decision	Yes	
Classification	Open	
Forward Plan	Reference number: 12	
Recommendations	<ol style="list-style-type: none"> 1. To endorse the Medium Term Financial Plan 2. To endorse the draft 2017/18 budget proposals. 	

1 Purpose of Report and Executive Summary

- 1.1 This report sets out the Council's Medium Term Financial Plan (MTFP) and the draft 2017/18 budget.
- 1.2 The Council has established a strong track record for its financial management. In their 2016/17 audit letter Grant Thornton LLP, the Council's external auditors, concluded that "The Council has a history of sound financial management" and that "The Council is taking a pro-active approach to address these pressures, with action to deliver efficiencies and increase the focus on income generation as part of a wide-ranging transformation agenda".
- 1.3 This report sets out how the Council intends to balance the 2017/18 budget, and how it will approach achieving financial self-sufficiency over the longer term. In this regard, the next few years represent a watershed for local authority financing. The approach will be based on further development of new income sources locally, continued growth in business rates from business expansion in the Borough, and transformation of services, led by an internal team which will review all the Council's services over an eighteen month period.
- 1.4 This report will form the basis for the formal Scrutiny Committee review of the proposals on 26 January. Following Scrutiny, and the receipt of further data from Government, an updated report will be submitted to Cabinet on 1 February, and then Council on 15 February.

2 Background

Local Government Finance

- 2.1 The Local Government Finance Settlement for 2016/17 received on 17 December 2015, set out Revenue Support Grant (RSG) figures for three years, and introduced the concept of Four Year Efficiency Plan where, in return for submitting such a plan, the Government would guarantee certain minimum funding levels, primarily for RSG. Cabinet agreed the Council's Efficiency Plan on 7 September and the acceptance of the plan has been confirmed.
- 2.2 As a result, the Council has greater certainty over what has traditionally been a major funding source, although the reductions made in recent years has significantly reduced how much RSG the Council receives. The position for the period of the MTFP is set out below, showing that the Council will see an £848,000 (41%) reduction in RSG for 2017/18.

Revenue Support Grant

2016/17	2017/18	2018/19	2019/20
£'000	£'000	£'000	£'000
2,086	1,238	707	113

- 2.3 The Chancellor of the Exchequer's Autumn Budget Statement was on 23 November. There were no major issues which will impact on the Council but we will examine the detail further for issues such as the increase in minimum wage, increases to employers National Insurance and Insurance Premium Tax and the changes to business rate relief.

Business Rates

- 2.4 From 1 April 2013 Business Rates were part localised. Whilst the rate in the pound is still set nationally, local authorities retain 50% of the growth in income collected since 2013, though there is also a 'top-up' and 'tariff' regime to protect significant losers, and cap significant winners.
- 2.5 In two-tier areas the income is then split between different tiers of Council. As a district, Swale BC currently keeps 40% of growth above the 1 April 2013 baseline. Swale is the billing authority and collects business rates on behalf of the Government and the preceptors. The overall effect as this works through the system of tariffs and top ups, is that Swale currently keeps around £6m of the £50m it collects.
- 2.6 As the table below shows, the Council has seen a significant growth in business rates in recent years:

Business Rates Income

Year	Total Business Rate Income	Business Rate Income Retained by Swale
2013/14 Outturn	£41,509,000	£4,260,000
2014/15 Outturn	£44,122,000	£4,961,000
2015/16 Outturn	£45,081,000	£5,482,000
2016/17 Budget	£46,422,000	£5,682,000
2016/17 NNDR1 Forecast	£47,542,000	£5,868,000

- 2.7 All businesses can appeal their business rate assessment to the Rating and Valuations Office. Appeals can be protracted exercises, with businesses having a strong incentive to appeal. The Council therefore has to set aside a financial provision for appeals; based on the level of appeals and the likelihood of them being successful, the total provision currently is £8m.
- 2.8 Business Rates are collected by the Council, and the resulting Collection Fund is then distributed to Kent CC, Kent Fire and Rescue, the Government, and the Council itself. In 2015/16 there was an increase in the provision for business rate appeals which resulted in a significant deficit on this Fund, of which the Council's share is £1.3m. This is being paid in 2016/17 from the Business Rates Volatility Reserve set up by the Council since the localisation of Business Rates, and therefore does not impact on this budget.
- 2.9 In estimating business rate income across the period of the MTFP we have taken into account the likely level of annual uplift (linked to the Retail Price Index in September each year), and a headline estimate for major new developments of which we are aware, the most significant being the new Aldi warehouse at Neatscourt expected to open in 2018. We do not try to estimate the more normal level of business turnover which there will be across the Borough.
- 2.10 In the Local Government Finance Settlement 2016/17 the Government also announced an intention to fully localise all business rates from 2019 or 2020. This is a huge change to local government finance, and poses some very significant challenges, including:
- (i) distribution issues - even with the full localisation of business rates there will still have to be mechanisms for redistributing income raised between authorities to reflect need. This is likely to be achieved by retaining the top up and tariff regime in some form;
 - (ii) additional responsibilities - as the global amount of business rates exceeds the current amount of RSG, the Government needs to find additional services which will be transferred to local authorities. The provisional ideas about which services these are relate primarily in two-tier areas to county council functions, where there is an understandable nervousness around the delegation of responsibility for people-related services (such as Attendance Allowance) but based on a funding stream linked related to the business cycle; and

- (iii) resetting - there is a debate about whether there should be a full, partial, or possibly no reset from the 1 April 2013 base position. Councils such as Swale which have seen significant business rate growth since 2013 will argue, as we did, against a reset, whilst those who have lost funding will argue in favour of a reset.
- 2.11 There is nothing new in there being uncertainty about local government finance, and our moves to self-sufficiency will remove this over time. But the scale of the change that fully localised business rates will bring does mean that there are caveats about any forecasts which go beyond 2020 for this very significant revenue stream.
- 2.12 In addition, from 1 April 2017 there is a revaluation of all non-domestic properties in England and Wales. The headline figure is an increase in the national average of 9.1%, largely driven by London where the increase was 22.3%. In Swale the net increase is 5.1%. To reflect this, the multiplier has been reduced and top ups and tariffs adjusted to reflect the changes, so the overall impact on the Council should be nil.
- 2.13 However, revaluation means that there is probably an even greater incentive for companies that have seen an increase to appeal, which may then put an added pressure on the appeals provision.
- 2.14 On 5 October Cabinet agreed once again is to participate in the Business Rate Pool with Kent CC and all Kent borough councils except Sevenoaks and Dover.

New Homes Bonus

- 2.15 Also in the Local Government Finance Settlement 2016/17 the Government announced a major review of the New Homes Bonus system. On the positive side they said it would become a permanent part of the system of local government finance. But they also indicated that in aggregate it would be reduced by £1.5bn and that this would be used from 2017/18 onwards to fund the Better Care Fund, so effectively moving money away from lower-tier councils who actually have the direct impact on house building numbers. The Council responded to the consultation paper in February, and the Government has still not made any announcements on how it intends to proceed.
- 2.16 The estimate we are using for 2017/18 is consistent with the previous calculation basis where we lose the year 1 figure and add the latest year of housing completions. The net effect sees the total amount reduce from £3,482,000 in the current financial year to a forecast of £3,097,000. But in the current financial year we only took £2,860,000 into the base, and we propose the same for 2017/18.
- 2.17 The 2018/19 and 2019/20 figures are estimates based upon the previously indicated but unconfirmed reductions. These see the loss of a further £824,000 from the total for 2017/18, and a £587,000 reduction from the amount we budget. However, we have had no confirmation that the

Government does intend to proceed with the further reductions, or if they do, the actual basis of any new distribution formula that will be used.

Council Tax

- 2.18 The Council has not increased the Council Tax since 2010/11, and at £159.93 for Band D is now the second lowest in the County. The Council has been able to hold Council Tax in recent years in part because of Council Tax freeze grant from Government in the early years of the freeze, and then more recently because we have been able to continue to balance the budget without reducing spend on frontline services.
- 2.19 Once again the Local Government Finance Settlement 2016/17 made fundamental changes to the role that Council Tax plays in the Government's financial modelling of local authority spending. Forecast Council Tax income now forms part of the Government's 'Core Spending Power' assessment. They also announced that there would be no more Council Tax freeze grants, and those previously granted would be rolled into RSG.
- 2.20 For 2016/17 the Government allowed those lower-tier Councils to increase their Council tax by either 2% or up to £5 per year. For Swale 2% equates to £140,000, and £5 per year to £220,000.

Pay and Allowances

- 2.21 It is proposed that there will be a 1.2% staff pay increase in 2017/18, and the same increase will be applied to all member allowances. The budget will also allow for staff increments where applicable.
- 2.22 There are also two pension related issues impacting on the budget:
- (i) actuarial valuation - every three years the Kent Pension Fund has an actuarial valuation, where the actuary reviews employer contribution rates. The Council currently pays a Future Service rate of 12.6%, and pays an annual contribution of £1.56m for the Past Service Deficit. The contribution rate set by the actuary for 2017/18 is 14.7%, whilst the Past Service Deficit contribution has reduced to £1.36m. Given that the current base budget is short of the required sum by £136,000, the net result is an increase of £60,000 in 2017/18; and
 - (ii) auto enrolment - the Council has to comply with the legislative requirement to auto enrol all staff in the Local Government Pension Scheme (LGPS) as at 1 October 2017. Currently all staff are eligible to join the LGPS but some decide not to. Under the new system all staff will have to be enrolled, and they may then decide to opt out. Provision is made in the budget for an opt-out rate based on the experience of Maidstone BC, who opted to enrol in an earlier year.

Contractual Price Inflation

- 2.23 The Council's major contracts include price inflation (or deflation) provisions. The main contracts have the following provisions:

Contract	Inflation provision
Refuse/Street Cleaning	Average Weighted Earnings (AWE) 40%, Consumer Price Index (CPI) 40%, and Diesel fuel index 20%;
Grounds Maintenance	Retail Price Index excluding mortgage interest payments (RPIX)
Leisure	Retail Price Index
Public Conveniences	RPIX currently; but new contract proposed weighting of AWE 55%, CPI 35%, and Diesel fuel index 10%.

Lower Medway Internal Drainage Board (LMIDB)

- 2.24 The LMIDB has a statutory responsibility for the management of specified water courses and flood protection for the lower portion of the River Medway, including parts of the Borough. The LMIDB levies a precept on the Council, and in 2016/17 this totalled £333,921. The LMIDB is not capped, and therefore any increases are wholly at the discretion of the LMIDB Board.
- 2.25 In May the Council was informed via the Council representatives on the Board that the Board had not been properly rating parts of the Isle of Sheppey. In a letter in 1987 the Council asked for the Board to defer the changes to the rating due to the introduction of the Community Charge, and the Board then overlooked applying the rerating. The rerating applies to Sheerness and Queenborough have only paid $\frac{1}{4}$ of the full rate, and Minster and Eastchurch area $\frac{1}{8}$ of the full rate. The final approval of such a request was required from DEFRA, and we did not know when this would be received. The estimated impact was an increase in the precept of £180,000. We have now been notified that the additional sum to be requested is £442,000, an increase of 133% payable from 1 April 2017, though we are awaiting the Board decision on the precept.
- 2.26 Whilst the Council has benefitted from this oversight over a number of years, the scale of this increase is too great to absorb in one year. We are in the process of challenging this proposal through the Secretary of State, but we must plan on the basis that it will be implemented. It is therefore intended that the increase charged to the base will be phased in over two years, with the balance being met from reserves.

Capital Programme

- 2.27 The Council has been operating a very limited capital programme in recent years, primarily consisting of the Disabled Facilities Grant funded from specific external grants, and some small capital projects funded from specific grants or from reserves.
- 2.28 After the budget was agreed the Council was notified of a significantly higher allocation for 2016/17 for Disabled Facilities Grant which in total will be £1.6m. This is very welcome and we expect this higher allocation to apply in 2017/18 also, although at this stage no final figures have been received.

- 2.29 In March 2016 the Council agreed to allow borrowing of up to £30m for capital projects, and in November Cabinet agreed to use a substantial part of this facility to fund and acquire the leisure, hotel and retail elements of the Sittingbourne Town Centre regeneration project, though this is subject to a Scrutiny Call in at the time of writing.
- 2.30 Cabinet has made clear that it will borrow for strategic projects where there is a business case and the budget report to Council will make the case for increasing the overall borrowing limit to support further major capital projects across the Borough.
- 2.31 The Council has around £18m of reserves and through year on year underspends and additional business rates income these reserves have been building up in recent years. The main purposes of the reserves are:
- (i) to allow the Council to deal with unforeseen events and costs e.g. Spade lane legal costs;
 - (ii) to fund one off initiatives. Though the different reserve funds the use of which is publicly reported on a quarterly basis the Council can fund individual projects or initiatives which it is not able to through the reducing base budget e.g. website redesign to increase digital access to services; and
 - (iii) to allow the Council to play a strategic role in supporting a major initiative with the confidence that the underlying financial strength of the Council will not be compromised e.g. funding the construction of the Sittingbourne multi storey car park.

3 Proposals

Medium Term Financial Plan

- 3.1 The Council has been successful in dealing with the financial implications of deficit reduction without impacting on frontline services, but there does come a point where efficiency savings will no longer be enough to close the gap, and so there needs to be another way of securing the financial viability of the Council.
- 3.2 To achieve this our high level strategy is to:
- (i) drive transformation - the Transformation Team is undertaking reviews of all services to drive digital access to services and other efficiencies to reduce costs;
 - (ii) drive up income - this is income in total, including Council Tax via growth in the Council Tax base, Business Rates, New Homes Bonus, existing Fees & Charges, and new sources of income such as proposed from the Sittingbourne Town centre investment;
 - (iii) review major contracts - the single largest contributor to savings in recent years has been the re-let Waste and Street Cleansing Contract. With the imminent renewal of the Grounds Maintenance Contract and then the

Leisure Services Contract in 2019 the Council needs to look afresh at the configuration of service delivery and the options for savings; and

- (iv) deliver regeneration - delivery of regeneration projects will directly benefit the Council via additional Council Tax, Business rates and New Homes Bonus, and higher levels of income for residents will reduce demand for services.

3.3 The Medium Term Financial Plan is our forecast of the financial position of the Council over the next three years, and the main variables in the Plan have been examined in Section 2 above. The Medium Financial Plan is set out in Appendix I. We have also included in Appendix II an indicative ten-year plan, though please note the caveats related to Business rates retention and New Homes Bonus set out in the commentary in Section 2.

3.4 Variations proposed from the 2016/17 base budget are set out in Appendix III. These use the following Budget Variation Headings:

Heading	Explanation
Growth Items	These are items where the Council does have discretion.
Unavoidable Cost Pressures	These are items where due to legal or contractual requirements there is no choice over incurring the expenditure.
Loss of Income	Loss of income currently within the base budget,
Service savings	Cashable cost savings identified by services,
Additional Income	Increases in income over the current base,

3.5 The Local Government Finance Settlement 2017/18 will be received in December and the Budget report will be updated for Scrutiny in January and Cabinet in February.

Council Tax

3.6 The Council meeting on 15 February 2017 will determine the level of the Council Tax.

4 Alternative Options

4.1 These are the Cabinet's budget proposals as at 7 December 2016. They will be subject to review by Scrutiny Committee, and will be resubmitted to Cabinet prior to seeking Council agreement.

5 Consultation Undertaken or Proposed

5.1 Formal consultation will take place between the December Cabinet meeting, and the final budget setting Council meeting on 15 February 2017. In the absence of proposals to reduce or cease service provision, the consultation

will focus upon Scrutiny Committee on 26 January, and statutory consultation with representatives of local business groups.

6 Implications

Issue	Implications
Corporate Plan	The budget proposals support the delivery of all of the Council's corporate objectives, and in particular 'A Council to be proud of'.
Financial, Resource and Property	This report sets out the Council's Medium Term Financial Plan and the draft 2017/18 budget.
Legal and Statutory	The Council legally has to set a Council Tax and 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	Any potential impact will be addressed by service managers in their budget proposals.
Risk Management and Health and Safety	Risks will be reviewed as part of the risk update process. Specific H&S risks will be addressed by service managers in their budget proposals.
Equality and Diversity	Where appropriate there will be Community/Equality Impact Assessments undertaken by service managers in relation to specific proposals.

7 Appendices

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

- Appendix I: Medium Term Financial Plan
- Appendix II: 10 Year Plan
- Appendix III: Budget Variations

8 Background Papers

8.1 No background papers

Medium Term Financial Plan

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Base Budget	18,146	18,146	18,146	18,146
Growth items	0	78	82	94
Unavoidable cost pressures	0	364	470	525
Loss of income	0	213	213	214
Additional income	0	(259)	(273)	(308)
Committed price increases	0	144	250	305
Lower Medway Internal Drainage Board (LMIDB)	0	456	472	488
Contribution from reserves for LMIDB		(220)	0	0
<u>Salary Related:</u>				
Pay Award (1.2%)	0	109	201	294
Other Pay Increases	0	78	125	150
Contribution to/(from) reserves (Regen Fund contribution ended 17/18)	395	240	42	42
Revenue Support Grant	(2,086)	(1,238)	(707)	(113)
Business Rates	(5,682)	(6,506)	(7,040)	(7,120)
Contribution from Business Rates Reserve	0	(255)	0	0
Council Tax (£164.88 17/18; £169.83 18/19; no increase 19/20)	(7,030)	(7,411)	(7,831)	(8,030)
New Homes Bonus	(3,482)	(3,097)	(2,273)	(2,272)
Collection Fund Surplus/Deficit C Tax	(261)	(136)	(158)	0
Savings Required	0	706	1,719	2,415
Service savings	0	(645)	(572)	(629)
Requirement for balanced position	0	(61)	(1,147)	(1,786)
Committed savings	0	(706)	(1,719)	(2,415)
Contribution (to) from General Fund	0	0	0	0

Ten Year Plan

Swale Council 10 Year MTFP	Budget	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000	2025-26 £'000
Expenditure										
Net Service Expenditure c/f (based on 16/17 budget)	17,914	18,146	18,684	19,114	19,049	19,011	18,975	18,940	18,908	18,878
Net forecast cost/ (savings) (approved in previous years)	66	(105)	275	31	56	57	58	59	60	61
Lower Medway Internal Drainage Board	0	456	16	16	17	17	17	18	18	19
Pay Award	109	109	92	93	94	95	95	96	97	98
Non Pay Award Salary Increases	57	78	47	25	25	25	25	25	25	25
Efficiency savings				(230)	(230)	(230)	(230)	(230)	(230)	(230)
Net Service Expenditure b/f	18,146	18,684	19,114	19,049	19,011	18,975	18,940	18,908	18,878	18,851
Financing Sources										
Government Support										
↳ Revenue Support Grant	(2,086)	(1,238)	(707)	(113)	0	0	0	0	0	0
New Homes Bonus	(3,482)	(3,097)	(2,273)	(2,272)	(2,272)	(2,272)	(2,272)	(2,272)	(2,272)	(2,272)
Council Tax	(7,030)	(7,411)	(7,831)	(8,264)	(8,583)	(8,907)	(9,238)	(9,574)	(9,915)	(10,263)
Business Rates	(5,682)	(6,506)	(7,040)	(7,120)	(7,191)	(7,263)	(7,336)	(7,409)	(7,483)	(7,558)
Collection Fund Surplus C Tax	(261)	(136)	(158)	0	0	0	0	0	0	0
Contribution to/(from) reserves	395	(235)	42	42	42	42	42	42	42	42
Sittingbourne Town Centre rental income	0	0	0	(500)	(500)	(500)	(500)	(500)	(500)	(500)
Total Financing	(18,146)	(18,623)	(17,967)	(18,227)	(18,504)	(18,900)	(19,304)	(19,713)	(20,128)	(20,551)
Budget Gap (surplus)/ deficit	0	61	1,147	822	507	75	(364)	(805)	(1,250)	(1,700)
Cumulative Budget Gap (surplus)/ deficit	0	61	1,208	2,030	2,537	2,612	2,248	1,443	193	(1,507)

Budget Variations

Growth items			
No.	Description	Cabinet Member / Head of Service	2017/18 over 2016/17 £
	Economic & Community Services		
1	Swale Contribution to Kent Integrated Domestic Abuse Commissioning Contract	Cllr A. Horton / C. Hudson	21,040
2	Communications - Squiz CMS licence and support costs	Cllr A. Bowles / E. Wiggins	8,250
	Mid Kent Improvement Partnership (MKIP) Services		
3	Essential Users Car Allowance	Cllr D. Dewar-Whalley / D. Smart	4,130
	Democratic Services		
4	Members' Allowances	Cllr A. Bowles / M. Radford	38,840
	Environmental Health		
5	Single Employing Proposal for the Mid Kent Environmental Health Service	Cllr D. Simmons / T. Beattie	5,800
		Total Growth Items	78,060

Budget Variations

Unavoidable Cost Pressures			
No.	Description	Cabinet Member / Head of Service	2017/18 over 2016/17 £
	Mid Kent ICT		
1	Increase in licence fees due to Microsoft realigning prices in British pounds to be close to Euro levels	Cllr D. Dewar-Whalley / A. Cole	3,600
	Resident Services		
2	Increase in homelessness costs	Cllr K. Pugh / A. Christou	170,000
	Economic & Community Services		
3	Potential increase in costs of dog kennelling and re-homing service - currently out to tender, so increase is based upon maximum predicted costs for the service	Cllrs M. Cosgrove & A. Horton / C. Hudson	20,000
	Mid Kent Improvement Partnership (MKIP) Services		
4	Auto enrolment in the LGPS for those that currently opt out - estimate based on 90% take up	Cllr D. Dewar-Whalley / D. Smart	51,990
5	Apprenticeship levy	Cllr D. Dewar-Whalley / D. Smart	29,230
	Mid Kent Legal Services (MKLS)		
6	Swale BC is increasing its use of MKLS resources - so the Council will have to increase its contribution by approximately 3%, though possibly more in 2017/18	Cllr D. Dewar-Whalley / E. Culligan	20,000
	Director Of Corporate Services		
7	Duty officer charge not previously budgeted for	Cllr D. Dewar-Whalley / M. Radford	2,000
	Finance		
8	Increase in Pension Costs to KCC as a result of triennial revaluation	Cllr D. Dewar-Whalley / N. Vickers	60,000
	Environmental Health		
9	Shellfish Sampling - Port of London passing on sampling costs to SBC for monthly monitoring.	Cllr D. Simmons / T. Beattie	7,500
	Total Unavoidable Cost Pressures		364,320

Budget Variations

Loss Of Income			
No.	Description	Cabinet Member / Head of Service	2017/18 over 2016/17 £
Property Services			
1	Net loss of income due to vacant site at Gas Road and other rent increases	Cllr D. Dewar-Whalley / A. Adams	15,000
2	Faversham Dry Sports - no recharge from tenant for insurance premium, but offset by reduction in amount recharged from insurance budget	Cllr D. Dewar-Whalley / A. Adams	1,510
Economic & Community Services			
3	Reduced income from ending of CCTV monitoring contract by third party	Cllr A. Horton / C. Hudson	6,210
Commissioning & Customer Contact			
4	The Council will no longer be undertaking the Kent Highways Service Maintenance work with the consequent reduction in income from KCC, offset by a saving to the ground maintenance budget (see no. 19 service savings sheet)	Cllr D. Simmons / D. Thomas	138,660
5	No longer operating Queenborough Harbour moorings	Cllr D. Simmons / D. Thomas	2,000
Mid Kent Legal Services (MKLS)			
6	Staff savings in MKLS. This saving will be offset by the resulting lower contributions from the other Legal shared service authorities (see no. 1 service savings sheet)	Cllr D. Dewar-Whalley / E. Culligan	49,500
Total Loss Of Income			212,880

Budget Variations

Additional Income			
No.	Description	Cabinet Member / Head of Service	2017/18 over 2016/17 £
Resident Services			
1	Debt Recovery Service	Cllr D. Dewar-Whalley / A. Christou	(50,000)
Property Services			
2	Guildhall - additional rental income	Cllr D. Dewar-Whalley / A. Adams	(1,100)
3	Miscellaneous properties - additional rental income	Cllr D. Dewar-Whalley / A. Adams	(1,500)
4	Miscellaneous properties - additional rental income	Cllr D. Dewar-Whalley / A. Adams	(1,500)
5	Rental/Service charge income from Sateda	Cllr D. Dewar-Whalley / A. Adams	(6,200)
Economic & Community Services			
6	Major event licencing	Cllr A. Horton / C. Hudson	(500)
7	Environmental Response Team - Fixed Penalty Notices	Cllr D. Simmons / C. Hudson	(3,000)
Commissioning & Customer Contact			
8	Increase in season ticket charges to bring these closer in line with the current Pay & Display tariff	Cllr A. Horton / D. Thomas	(8,500)
9	Increase in resident and visitor parking permit charges	Cllr A. Horton / D. Thomas	(13,000)
10	Garden Waste collections - increased subscriber base	Cllr D. Simmons / D. Thomas	(17,500)
11	Refuse collection contract	Cllr D. Simmons / D. Thomas	(20,000)

Budget Variations

Additional Income			
No.	Description	Cabinet Member / Head of Service	2017/18 over 2016/17 £
12	Current pay and display income remains stable and significantly above expectation following the uplift in parking tariffs last year. This will enable the budget expectation to be increased	Cllr A. Horton / D. Thomas	(100,000)
Mid Kent Legal Services (MKLS)			
13	Proposal to charge a flat rate of £210 per hour for all legal work may see a slight rise in legal income	Cllr D. Dewar-Whalley / E. Culligan	(1,400)
14	Significant increase in S106 receipts in 2016/17 is expected to be continued in 2017/18	Cllr D. Dewar-Whalley / E. Culligan	(20,000)
Environmental Health			
15	Management of the new Kent & Medway Air Quality monitoring contract	Cllr D. Simmons / T. Beattie	(5,000)
Finance			
16	Increased income from external interest of investments	Cllr D. Dewar-Whalley / N. Vickers	(10,000)
Total Additional Income			(259,200)

Budget Variations

Service Savings			
No.	Description	Cabinet Member / Head of Service	2017/18 over 2016/17 £
Mid Kent Legal Services (MKLS)			
1	Staff savings in MKLS - this saving will be offset by the loss of income from the resulting lower contributions from the other Legal shared service authorities (see no. 6 loss of income sheet)	Cllr D. Dewar-Whalley / E. Culligan	(66,000)
Resident Services			
2	£3,000 paid to Kent Rural Housing Enabler to develop their rural housing policy and carry out housing needs surveys. There is little demand for the surveys and there is little to no funding available to build rural affordable housing at present. Continuing to make the full contribution to fund the agency does not represent value for money	Cllr K. Pugh/ A. Christou	(2,000)
3	Mileage, no longer needed to send staff to other offices on such a regular basis. There are also no longer Visiting Officers; we therefore have fewer mileage claims going through	Cllr K. Pugh/ A. Christou	(7,000)
4	Staff restructuring in Housing	Cllr K. Pugh/ A. Christou	(15,000)
5	Homeless hostel budget - new agreement with AmicusHorizon to use Housing Benefit Subsidy to cover management costs of this accommodation mean a reduction in this expenditure	Cllr K. Pugh/ A. Christou	(20,000)
6	Saving in Fraud Partnership	Cllr K.Pugh / A. Christou	(74,000)
Property Services			
7	Guildhall - budget not required	Cllr D. Dewar-Whalley / A. Adams	(330)
8	Health & Safety budget - budget reduction possible as Technical Index cancelled	Cllr D. Dewar-Whalley / A. Adams	(2,000)

Budget Variations

Service Savings			
No.	Description	Cabinet Member / Head of Service	2017/18 over 2016/17 £
9	Print Room - reduction in hours of Print Room operator	Cllr D. Dewar-Whalley / A. Adams	(9,000)
Economic & Community Services			
10	Rates - budget no longer required	Cllr A.Horton / C. Hudson	(3,460)
11	Cancellation of fibre optic lines - following decommissioning of cameras from CCTV effectiveness review	Cllr A.Horton / C. Hudson	(6,180)
Commissioning & Customer Contact			
12	A249 litter picking - reduced cost	Cllr D. Simmons / D. Thomas	(800)
13	Wheeled bins - reduced need	Cllr D. Simmons / D. Thomas	(1,000)
14	Procurement reduction	Cllr D. Simmons / D. Thomas	(2,000)
15	Reduction in bin purchases	Cllr D. Simmons / D. Thomas	(2,000)
16	Activity programme at Milton Creek Country Park	Cllr D. Simmons / D. Thomas	(2,440)
17	Cancelled subscription to Cleaner Kent	Cllr D. Simmons / D. Thomas	(3,000)
18	Grounds Maintenance Contract	Cllr D. Simmons / D. Thomas	(50,000)
19	The Council will no longer be undertaking the Kent Highways Service Maintenance work, with the consequent reduction in income from KCC, offset by a saving to the ground maintenance budget (see no. 4 loss of income sheet)	Cllr D. Simmons / D. Thomas	(135,430)
Planning			
20	Dangerous Structures - reflects recent underspends	Cllr G. Lewin / J. Freeman	(2,000)

Budget Variations

Service Savings			
No.	Description	Cabinet Member / Head of Service	2017/18 over 2016/17 £
21	Mid Kent Planning Support and Local Land Charges - SBC contribution revision	Cllr G. Lewin / J. Freeman	(87,080)
Director Of Corporate Services			
22	Savings on newspapers and periodicals, officer subscriptions, mobile phone, and Warning and Informing budgets	Cllr D. Dewar-Whalley / M. Radford	(1,390)
Finance			
23	Reduction in interest rates results in lower cost of adding interest to selected funds	Cllr D. Dewar-Whalley / N. Vickers	(1,000)
24	Reduction on interest element of a finance lease	Cllr D. Dewar-Whalley / N. Vickers	(3,910)
25	Contributions to risk management reserve originally agreed from 2009 insurance tender no longer required as a result of the 2016 insurance tender	Cllr D. Dewar-Whalley / N. Vickers	(15,000)
26	Due to recent increases in costs, Finance Department went out to tender for the cost of processing debit and credit card transactions. The result has been a reduction in costs	Cllr D. Dewar-Whalley / N. Vickers	(30,000)
27	Finance proposal to change the basis of the calculation of the Minimum Revenue Provision	Cllr D. Dewar-Whalley / N. Vickers	(100,000)
Environmental Health			
28	Renewal of Air Quality station data monitoring contract with Kent & Medway Air Quality Monitoring Network contract. In addition, a review of the number of continuous monitoring stations down from four to three	Cllr D. Simmons / T. Beattie	(2,500)
Total Service Savings			(644,520)

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Cabinet	Agenda Item: 6
Meeting Date	7 December 2016
Report Title	Financial Management Report – April – September 2016
Cabinet Member	Cllr Duncan Dewar-Whalley, Cabinet Member for Finance & Performance
SMT Lead	Nick Vickers, Head of Finance
Head of Service	Nick Vickers, Head of Finance
Lead Officer	Phil Wilson, Chief Accountant
Key Decision	Yes
Classification	Open
Forward Plan	Reference number: 11
Recommendations	<ol style="list-style-type: none"> 1. To note the projected net revenue underspend on services of £617,700 2. To note the capital expenditure of £831,704 to end of September 2016 3. To approve £76,000 of funding for two new capital schemes as detailed in paragraph 3.12.

Purpose of Report and Executive Summary

1.1 This report shows the revenue and capital projected outturn activity for 2016/17 as at the end of September 2016. The report is based on service activity up to the end of September 2016 and is collated from monitoring returns from budget managers.

1.2 The headline figures are:

- Total forecast revenue underspend of £617,700;
- Capital expenditure of £831,704.

2. Background

2.1 The Council operates a monthly budget monitoring process at Head of Service level, which reports each month to the Strategic Management Team.

2.2 Financial monitoring reports are presented to Cabinet on a quarterly basis, as well as to Scrutiny Committee.

3. Proposals

Revenue Outturn

3.1 As at the end of September 2016 the total forecast revenue underspend is £617,700. The last reported variance to Cabinet in September 2016 (to end of period 3 - June) was an underspend of £199,900. This represents a movement of £417,800. As set out below the main reason for this position is the additional income which the Council has generated.

3.2 There are a number of service movements within the projected revenue outturn, and the most significant of these are summarised below in Table 1.

Table 1: Service Movements

Service/Contract	Reason for Variance	Working Budget £'000	Projected Variance (period 3) £'000	Projected Variance (period 6) £'000
Additional Income/Loss of income:				
Fees & Charges set by SBC:				
Parking	Additional income from parking fees	(1,625)	(165)	(250)
	Parking Permits	(97)	-	(20)
	Season Tickets	(50)	-	(7)
Recycling & Waste Management & Street Cleansing	Additional income from garden waste collections (brown bins)	(368)	(11)	(20)
	Residential wheeled bins	(21)	-	5
Cemeteries	Additional income	(115)	-	-
Planning	Pre-application advice	(60)	-	25
Sea Front	Memorials	(1)	-	(5)
Sea Front	Beach huts	(8)	-	(6)
Highways	Additional Income	(15)	-	(37)
Legal	Additional income from S106 fees	(29)	(11)	(28)
Planning	S106 Monitoring Fees	(65)	-	25
Other		(67)	-	(8)
Other Income:				
Corporate Items	Additional external interest income	(93)	(134)	(134)
Parking	PCN's	(251)	-	(20)

Service/Contract	Reason for Variance	Working Budget £'000	Projected Variance (period 3) £'000	Projected Variance (period 6) £'000
Planning	Fees – Additional income	(672)	100	(105)
Recycling & Waste Management & Street Cleansing	Special collections and sale of litter bins	(25)	(6)	(10)
Total Net Additional Income			(227)	(595)
Procurement/Shared Service Savings/Additional Costs:				
Refuse Collection/Street Cleansing	Street Cleansing Contract	884	(30)	(53)
	Refuse & Recycling Contract	2,401	(17)	(50)
Leisure & Sport	Net contract savings	226	(2)	(9)
Parking	Debt recovery service	-	-	-
Planning MKS	Reduced MKS costs	251	13	(22)
Legal	Additional costs to SBC – MKLS	(1,040)	-	28
Audit Shared Service	Additional shared service costs	157	1	1
Benefits	Fraud Prevention savings	93	(19)	(50)
Public Conveniences	Net contract savings	250	(5)	(7)
Total Procurement/Shared Service Savings			(59)	(162)
Overspends:				
Homelessness	Net Bed and Breakfast budget	111	119	176
Parking	Grounds maintenance	12	-	30
Commissioning & Contracts	Purchase of wheeled bins	62	-	40
	Clean Kent overspend highways	5	-	10
Corporate	Sittingbourne Master Plan – Legal Costs	-	-	10
Planning	Court Costs	-	-	82
Legal	External Legal Fees	35	-	36

Service/Contract	Reason for Variance	Working Budget £'000	Projected Variance (period 3) £'000	Projected Variance (period 6) £'000
Total Overspends			119	384
Underspends:				
Salaries	Net Employee Costs (variance represents 1.1% of budget)	12,830	-	(144)
Council Tax Collection	Court Costs	24	-	(9)
Homelessness	Homelessness Prevention Service	74	-	(30)
Homelessness	Homeless Hostel	-	-	(35)
Corporate Items	Bad Debts Provision	-	-	(30)
Total Underspends			-	(248)
Other Net Underspends/Overspends			(33)	3
Total Variance			(200)	(618)
Movement				(418)

3.3 Table 2 below shows the outturn position by service. The line-by-line variations are explained in Table 3.

Table 2: Underspend by Service

	Service Manager	Working Budget £	Projected Outturn 2016/17 £	Projected Variance £
Chief Executive	A. Kara	265,810	234,710	(31,100)
Policy	D. Clifford	213,860	213,160	(700)
Economy & Communities	C. Hudson	2,066,690	2,033,790	(32,900)
Communications	S. Toal	234,770	234,770	0
Resident Services	A. Christou	1,654,760	1,661,760	7,000
Planning	J. Freeman	935,730	979,030	43,300
Commissioning & Customer Contact	D. Thomas	5,486,430	5,037,630	(448,800)
Director of Corporate Services & Director of Regeneration	M. Radford / E. Wiggins	361,850	362,850	1,000
Information Technology	A. Cole	1,081,500	1,081,500	0
Audit	R. Clarke	156,990	157,790	800
Environmental Health	T. Beattie	507,050	484,950	(22,100)
Finance	N. Vickers	1,452,480	1,444,280	(8,200)
Human Resources	D. Smart	342,010	342,010	0
Legal	E. Culligan	395,640	431,540	35,900
Democratic Services	K. Bescoby	914,720	908,420	(6,300)
Property	A. Adams	574,930	560,130	(14,800)
Variances to be met from underspend		0	10,000	10,000
Corporate Items		1,806,048	1,655,248	(150,800)
NET REVENUE SERVICE EXPENDITURE		18,451,268	17,833,568	(617,700)
Financed by:				
Revenue Support Grant		(2,033,950)	(2,033,950)	0
Business Rates		(5,643,950)	(5,643,950)	0
New Homes Bonus		(3,482,000)	(3,482,000)	0
Collection Fund Surplus		(260,970)	(260,970)	0
Council Tax Requirement		(7,030,398)	(7,030,398)	0
TOTAL CONTRIBUTION TO GENERAL FUND		0	(617,700)	(617,700)

Table 3: Main Variations by Service

Projected Net (Under)/Overspend / Income Shortfall as at end of September 2016		
Service – Cabinet Member (Head of Service)	£'000	Explanation
CHIEF EXECUTIVE – Cllr A. Bowles (Abdool Kara)		
Chief Executive & Corporate Costs	(31)	£11k underspend on corporate costs. £20k other net savings.
Policy	(1)	£6k net staff costs savings. £5k Sustainable Sheppey over-received grant repayable.
TOTAL	(32)	
ECONOMY AND COMMUNITIES – Cllrs M. Cosgrove & A. Horton (Charlotte Hudson)		
Environmental	0	The new Environmental Initiatives are expected to be cost neutral as they are funded directly from ring-fenced FPN payments.
Economic Development and Learning & Skills	(14)	£9k salary savings arising from maternity leave. £5k savings from reduced take-up of business support service, change in future provision of business support service and more cautious approach to marketing apprenticeships to local employers in Q3 and Q4, set against national changes.
Closed Circuit Television	4	Loss of income on third party CCTV contracts.
Community Halls and Centres	6	£3k overspend on utilities and rates - continued use of Quinton Hall. £3k overspend - funding required for additional spend on The Meads Community Centre.
Arts Events & Activities	(5)	Underspend on WWI grants.
Community Safety	(14)	Net salary costs savings (officer acting up).
Economy & Community Services	(10)	Salary costs savings (officer acting up).
Markets	0	Anticipated additional specialist markets on Saturday may generate additional income. However, contract terms are still being negotiated and it is too early to estimate any additional costs or savings.
TOTAL	(33)	

Projected Net (Under)/Overspend / Income Shortfall as at end of September 2016		
Service – Cabinet Member (Head of Service)	£'000	Explanation
COMMUNICATIONS, PRINTING, ADVERTISING & PROMOTION – Cllrs M. Cosgrove & A. Horton (Sara Toal)		
Communications	0	Nil variance reported at this stage.
TOTAL	0	
RESIDENT SERVICES – Cllr K. Pugh (Amber Christou)		
Housing Development and Strategy	(6)	£5k net staff costs underspend. £1k net other savings.
Private Sector Housing	(7)	£2k net underspend on staff costs. £2k mileage underspend. £2k fines additional income. £1 net other savings.
Housing Options	106	£177k overspend on the Bed & Breakfast budget. £35k underspend for homeless hostel budget. £6k net underspend projected on staff costs including agency staff. £2k reduced income from government homelessness grant. £30k reduced expenditure on Homelessness Prevention services. £2k net miscellaneous underspend. (Note: use of Reserves will fund £17k other expenditure.)
Housing Benefit and Council Tax Collection	(86)	£50k projected underspend on the Fraud Partnership shared service. £27k projected staff costs saving (including Maternity leave and officer acting up). £8k court costs savings. £3k overspend for grants. £6k underspend on mileage. £2k net other additional costs. (Note: use of Reserves will fund £1k other expenditure.)
Council Tax Benefit	0	Nil Variance reported at this stage.

Projected Net (Under)/Overspend / Income Shortfall as at end of September 2016		
Service – Cabinet Member (Head of Service)	£'000	Explanation
Stay Put Scheme	0	Nil variance reported at this stage. (Note: use of Reserves will fund £4k other expenditure.)
TOTAL	7	
PLANNING – Cllr G. Lewin (James Freeman)		
Building Control	(3)	Saving on Building Control shared service.
Development Control	54	£105k additional planning fee income. £3k miscellaneous additional income. £82k overspend for court costs - appeals. £25k overspend consultancy costs – appeals. £5k overspend for enforcement salaries. £25k loss of income – pre-application planning advice. £25k loss of income – S106 fees.
Development Services	14	Additional agency costs.
Local Land Charges	0	Nil Variance reported at this stage.
Local Planning & Conservation	0	Nil Variance reported at this stage.
Mid Kent Planning Service (MKPS)	(22)	Underspend on MKPS.
TOTAL	43	
COMMISSIONING & CUSTOMER CONTACT – Cllr D. Simmons (Dave Thomas)		
Commissioning & Customer Contact, Client & Amenity Services and Customer Service Centre	(57)	£49k net staff costs savings. £2k mileage costs savings. £4k postage costs savings. £2k net miscellaneous other costs savings.
Parking Management	(265)	£250k additional net pay & display fees. £30k additional grounds maintenance costs being carried out to maintain public safety. £20k additional income PCNs. £20k additional income parking permits. £7k additional income season tickets. £2k additional net expenditure.

Projected Net (Under)/Overspend / Income Shortfall as at end of September 2016		
Service – Cabinet Member (Head of Service)	£'000	Explanation
Cemeteries and Closed Churchyards	(1)	£1k net additional internment income.
Seafront and Harbour & Quays	6	£4 reduced casual mooring fees income. £5k additional memorials (benches etc.) income. £6k additional beach huts income. £12k overspend non-contract grounds maintenance. £1k overspend other costs.
Leisure, Sports, Open Spaces, Parks, Countryside and Allotments	(5)	£11k recharged energy costs additional income regarding Central House. £2k Serco credit sale agreement saving (repayments lower than budgeted). £3k net reduced rents/fees/charges income. £5k overspend non-contract grounds maintenance. (Note: use of Reserves to £94k will fund additional expenditure on Consultancy advice, non-contract Grounds Maintenance and play equipment maintenance.)
Cleansing	(1)	Net staff costs savings.
Recycling & Waste Minimisation	(21)	Net Garden Waste bins and recycled scrap metal additional income.
Refuse Collection / Street Cleansing/ Public Conveniences	(68)	£106k net estimated contract costs and contract variation savings. £4k Public Conveniences's rates savings. £40k wheeled bins overspend. £10k overspend on Kent Resource Partnership project budget contribution. £10k additional special collections income, including A249 collections. £2k net other overspends. (Note – contract costs for current year are still being negotiated).
Highways SBC	(38)	Street naming and numbering additional income.
Grounds Maintenance	1	Reduced recovery of costs.
TOTAL	(449)	

Projected Net (Under)/Overspend / Income Shortfall as at end of September 2016		
Service – Cabinet Member (Head of Service)	£'000	Explanation
DIRECTOR OF CORPORATE SERVICES – Cllr D. Dewar-Whalley (Mark Radford)		
Corporate Costs	0	Nil variance.
Licensing	0	Nil variance.
TOTAL	0	
EMERGENCY PLANNING – Cllr A. Bowles (Della Fackrell)		
Emergency Planning	(1)	Minor underspend.
TOTAL	(1)	
DIRECTOR OF REGENERATION – Cllr M. Cosgrove (Emma Wiggins)		
Strategic Director	2	Minor overspend.
TOTAL	2	
IT SERVICES – Cllr D. Dewar-Whalley (Andy Cole)		
IT MKS	0	Nil variance.
IT Client side	0	Nil variance.
TOTAL	0	
ENVIRONMENTAL HEALTH – Cllr. D. Simmons (Tracey Beattie)		
Environmental Health MKS	(22)	£10k Savings on MKS Charges for Environmental Shared Services £8k Savings on withdrawing market supplements £7k Additional income expected from food safety training and increase in tattooing registrations £3k Additional cost due to increased cost from Port of London for sampling and monitoring and additional mileage expenses
TOTAL	(22)	
INTERNAL AUDIT – Cllr D. Dewar-Whalley (Rich Clarke)		
Audit Services	1	Small increase in the recharge for the MKS Audit service due to new pay scales at MBC.
TOTAL	1	
FINANCE – Cllr D. Dewar-Whalley (Nick Vickers)		
Financial Services	(8)	Net minor variances.
TOTAL	(8)	

Projected Net (Under)/Overspend / Income Shortfall as at end of September 2016		
Service – Cabinet Member (Head of Service)	£'000	Explanation
HUMAN RESOURCES – Cllr D. Dewar-Whalley (Dena Smart)		
Human Resources	0	Nil variance.
Organisational Development	0	Nil variance.
TOTAL	0	
LEGAL – Cllr D. Dewar-Whalley (Estelle Culligan)		
Legal MKLS	28	As a result of increased usage of MKLS services by Swale BC.
External legal fees	36	Higher numbers of non-payment of littering fixed penalty notices going to court results in higher levels of barrister costs. It is expected that the majority of such costs will be recovered. In addition there are planning inquiry/appeal costs relating to Seager Road and New Rides Farm.
S106 Income	(28)	Additional income from S106 legal fees and other fees.
TOTAL	36	
DEMOCRATIC SERVICES – Cllr A. Bowles (Katherine Bescoby)		
Democratic Process	(0)	Nil variance reported.
Other Democratic Costs	(6)	£6k registration canvassing fees savings.
TOTAL	(6)	
PROPERTY SERVICES – Cllr D. Dewar-Whalley (Anne Adams)		
Property Services	(11)	Net underspends.
Administrative Buildings	(2)	Miscellaneous small underspends.
Property Management	(2)	£2k pressure on rental income. £4k underspend on rates.
Health & Safety	0	Nil variance.
TOTAL	(15)	
VARIANCES TO BE MET FROM UNDERSPEND		
Sittingbourne Town Centre Development	10	Additional Legal Fees re Sittingbourne Town Centre Project. As in previous years, it is requested that this be funded from the anticipated final total underspend.
TOTAL	10	

Projected Net (Under)/Overspend / Income Shortfall as at end of September 2016		
Service – Cabinet Member (Head of Service)	£'000	Explanation
NON-SERVICE BUDGETS		
Corporate Items	(151)	£134k external interest additional income. £7k additional costs re: Lower Medway Internal Drainage Board. £30k corporate provision for bad debts – net underspend due to additional income in Housing Benefit overpayments debts raised, partially offset by an increase in the provision for bad debt. £6k miscellaneous additional costs.
	(618)	NET EXPENDITURE (PROJECTED VARIANCE)

Business Rates

- 3.4 The headline figures for total Business Rates income are:
- 2015/16 NNDR3 (outturn) £45,081,000
 - 2016/17 Budget £46,422,000
 - 2016/17 NNDR1 (Forecast) £47,542,000
- 3.5 The Council retains about 10% of total business rates and 40% of any growth over the 1 April 2013 base position. The Council has agreed that any surplus goes into the Business Rates Volatility Reserve. The reserve currently stands at £2.6m and any surplus business rates for 2016/17 will be put to this reserve in order to be able to address any future volatility of income.
- 3.6 The Council has set aside £8.1m for business rate appeals. This indicates how business rate income can vary greatly as a result of a decision made on business rate appeals.
- 3.7 The Council has responded to the DCLG consultation papers, “*Self-sufficient local government: 100% Business Rates Retention*” and “*Fair Funding Review: Call for evidence on needs and redistribution*”. These papers sought views regarding the implementation of 100% Business Rates Retention for local government which government intends to introduce to local government by the end of the Parliament and on the review of the Baseline Need figure. There will also be a revaluation of business rates as at 1 April 2017.
- 3.8 Swale is a member of a business rate pool for 2016/17 consisting of KCC and ten district / borough councils (Sevenoaks and Dover have decided not to join).

Improvement and Regeneration Funds

- 3.9 Table 4 below details the outturn position on a number of reserve funds.

Table 4: Improvement and Regeneration Funds

Funds:	Balance as at 1 April 2016 £	Transfers from reserve (Expenditure) in year £	Transfers to reserve (Income) in year £	Forecast Balance as at March 2017 £
Performance	536,417	(153,516)	0	382,901
Regeneration	362,649	(90,832)	522,000	793,817
Communities	71,913	(143)	50,000	121,770
Pension & Redundancy	212,142	0	0	212,142
Local Loan Fund	250,000	0	0	250,000
TOTAL	1,433,121	(244,491)	572,000	1,760,630

3.10 Appendix II details the allocations from the above funds during 2016/17.

Capital Expenditure

3.11 This section of the report details actual capital expenditure and highlights any variations between the revised 2016/17 capital budget and the projected outturn.

3.12 Requests are made to fund the following new capital projects:

- Sheppey Leisure Centre - £35,000 – strengthening the exercise studio floor - to be funded from the Building Maintenance Reserve;
- Bell Road Cemetery - £41,000 – take down and rebuild bell tower - to be funded 50% from the Building Maintenance Reserve and 50% from the General Reserve.

3.13 There will be a separate report to Cabinet in January requesting funding of approximately £95,000 for the construction of a piled retaining wall at Minster Abbey Churchyard due to the structural movement of retaining wall between the churchyard and adjacent pub. This will be funded from either reserves or capital receipts.

3.14 Actual expenditure to end of September 2016 is £831,704. This represents 21.1% of the revised budget. Further details are set out in Appendix III.

3.15 The 2016/17 capital programme expenditure of £831,704 is funded as set out in Table 5.

Table 5: Capital Programme Funding

	2016/17 Revised Budget £	2016/17 Actual to end of September 2016 £
Partnership funding (including S106 Grants)	3,050,125	705,658
Earmarked Reserves	253,065	95,160
Long Term Debtors / Third Party Loans	0	30,886
Capital Receipts	645,730	0
Total Funded	3,948,920	831,704

Payment of Creditors

3.16 The payment of creditors to end of September 2016 is 99% paid in 30 days against the target of 97%.

Debtors

3.17 Tables 6, 7 and 8 below analyse the sundry debt outstanding.

Table 6: Debt outstanding by due date (not including Rent Deposit Scheme)

	September 2016 (period 6) £'000	June 2016 (period 3) £'000	September 2015 (period 6) £'000
Not Due	141	112	289
1-2 Months	63	440	94
2-6 Months	45	46	65
6-12 Months	16	11	20
1-2 Years	17	19	10
2-3 Years	6	4	4
3-4 Years	4	6	9
4-5 Years	8	7	25
5-6 Years	14	14	10
6 Years +	24	23	15
Total	338	682	541
Total Due	197	570	252
% Total Due	58%	84%	47%

Table 7: Debt outstanding by due date (including Rent Deposit Scheme)

	September 2016 (period 6) £'000	June 2016 (period 3) £'000	September 2015 (period 6) £'000
Not Due	141	114	289
1-2 Months	69	440	99
2-6 Months	51	56	73
6-12 Months	22	23	31

	September 2016 (period 6) £'000	June 2016 (period 3) £'000	September 2015 (period 6) £'000
1-2 Years	39	33	33
2-3 Years	27	38	24
3-4 Years	23	11	15
4-5 Years	12	15	46
5-6 Years	30	43	154
6 Years +	84	94	15
Total	498	867	779
Total Due	357	753	490
% Total Due	72%	87%	63%

Table 8: Debt outstanding (including Rent Deposit Scheme) by Head of Service

	September 2016 (period 6) £'000	June 2016 (period 3) £'000	September 2015 (period 6) £'000
Rent Deposit Scheme	160	185	238
Commissioning & Customer Contact	48	58	137
Property	191	157	168
Residents Services	46	49	59
Legal MKLS	1	5	1
Economy & Communities	12	14	13
Planning	14	3	10
Communications	0	0	2
Environmental Health	1	14	2
Policy	11	1	2
Other	14	381	147
Total	498	867	779

3.18 The debt over six years old relates to charges on property, i.e. where the debt cannot be collected until the property concerned is sold.

3.19 Table 9 below analyses the debt outstanding for housing benefit overpayments. The overall Housing Benefit debt has reduced because the Housing Benefit team have been proactively contacting customers to obtain details of their changes in income for example pension and wage increases. The proactive work increased the year 1-2 figures due to the fact we had received a large amount of claims however the amount of new overpayments raised over the past year has reduced. This has given the overpayments team more time to concentrate on the older overpayments.

Table 9: Debt outstanding – Housing Benefit Overpayments

	September 2016 (period 6) £'000	June 2016 (period 3) £'000	September 2015 (period 6) £'000
0-12 Months	963	867	1268
1-2 Years	491	532	275
2-3 Years	206	216	195

	September 2016 (period 6) £'000	June 2016 (period 3) £'000	September 2015 (period 6) £'000
3-4 Years	142	154	196
4-5 Years	155	160	187
5-6 Years	159	164	127
6 Years +	414	432	368
Total	2,530	2,525	2,616

3.20 Table 10 below analyses the debt outstanding for Council Tax Debt.

Table 10: Debt outstanding – Council Tax

	September 2016 (period 6) £'000	June 2016 (period 3) £'000	September 2015 (period 6) £'000
1 Year	1,511	1,347	1,382
2 Years	716	781	791
3 Years	466	503	421
4 Years	259	272	309
5 Years	196	209	217
6 Years	134	143	165
7 Years	104	109	127
8 Years	85	88	85
9 Years	53	55	45
10 Years +	83	88	112
Total	3,607	3,595	3,654

3.21 Table 11 below analyses the debt outstanding for Business Rates. The main reduction is the writing off of £1.25m for TS Sheerness Steel Ltd. We have been actively monitoring all other debts to ensure they are being chased.

Table 11: Debt outstanding – Business Rates

	September 2016 (period 6) £'000	June 2016 (period 3) £'000	September 2015 (period 6) £'000
1 Year	309	356	903
2 Years	145	154	722
3 Years	90	93	297
4 Years	113	114	124
5 Years	65	71	48
6 Years	33	36	28
7 Years	18	18	17
8 Years +	9	18	12
Total	782	860	2,181

4 Alternative Options

4.1 None identified – this report is largely for information.

5 Consultation Undertaken or Proposed

- 5.1 Heads of Service and Strategic Management Team have been consulted in preparing this report.

6 Implications

Issue	Implications
Corporate Plan	Good financial management is key to achieving our Corporate Plan priority of being “A council to be proud of”
Financial, Resource and Property	As detailed in the report
Legal and Statutory	None identified at this stage
Crime and Disorder	None identified at this stage
Sustainability	None identified at this stage
Health & Wellbeing	None identified at this stage
Risk Management and Health and Safety	None identified at this stage
Equality and Diversity	None identified at this stage

7 Appendices

- 7.1 The following documents are published with this report and form part of the report:
- Appendix I: Fees & Charges Projected Income 2016/17
 - Appendix II: Improvement & Regeneration Fund allocations as at the end of September 2016
 - Appendix III: Capital Programme – Projected outturn as at end of September 2016

8 Background Papers

- 8.1 The Budget 2016/17 and Medium Term Financial Strategy 2016/17 to 2018/19.

Fees & Charges Projected Income 2016/17 (fees set by SBC)

Charge	2015/16 Outturn £	2016/17 Original Budget £	2016/17 Projected Outturn £	Projected Variance £
Commissioning & Customer Contact				
Car parks and season tickets	1,702,515	1,674,900	1,931,900	257,000
Garden waste collections (brown bins)	336,107	367,500	387,415	19,915
Residents parking permits (including voucher parking for visitors parking in residential bays)	125,495	97,000	117,000	20,000
Cemeteries burial fees	124,077	114,960	118,960	4,000
Bulky waste collections	60,086	57,000	57,000	0
Residential wheeled bins	35,776	20,500	15,500	(5,000)
Street naming and numbering	19,560	15,000	52,460	37,460
Beach hut charges	12,217	7,500	13,400	5,900
Seafront memorial bench	11,971	1,000	6,000	5,000
Travelling fetes & fairs and access over open space licence	11,005	11,780	13,280	1,500
Sports facilities	7,376	11,500	5,870	(5,630)
Allotments	1,798	1,000	550	(450)
Radar keys for disabled toilets	486	210	310	100
Harbour facilities and town quays	0	5,500	1,500	(4,000)
Corporate Services				
Legal services charges, including S106 application fees	38,986	28,660	56,660	28,000
Hire of meeting rooms at Swale House	80	100	3,200	3,100
Economic & Cultural Services				
King George's Pavilion	18,806	13,980	13,980	0
Advertising fees for Inside Swale	10,952	5,000	5,000	0
Annual animal licences	10,856	10,500	10,500	0
Stray dog collection	9,490	9,000	9,000	0
Pest control treatments	5,267	2,000	2,000	0
Alleygate key	54	50	50	0
Guildhall	0	600	600	0
Housing				
Houses in multiple occupation	2,480	500	500	0
Stayput handyperson charges	2,367	2,200	2,200	0
Home inspection for immigration application fee	75	100	100	0

Fees & Charges Projected Income 2016/17 (fees set by SBC)

Charge	2015/16 Outturn £	2016/17 Original Budget £	2016/17 Projected Outturn £	Projected Variance £
Mid-Kent Environmental Health Service				
CIEH Level 2 Award Training in Food Safety in Catering	4,305	500	3,500	3,000
Registration fee under the Local Government (Misc Provisions) Act	3,968	1,500	5,000	3,500
Request for environmental information	1,977	1,000	1,200	200
Food export certificate	460	100	420	320
Planning				
Local land charges	220,933	210,000	210,000	0
Pre-application planning advice fees	49,269	60,000	35,000	(25,000)
S106 Monitoring fees	31,144	65,000	40,000	(25,000)
Photocopying charges	91	2,000	3,900	1,900
Sale of ordnance survey plans	0	1,050	50	(1,000)
TOTAL	2,860,029	2,799,190	3,124,005	324,815

Improvement and Regeneration Fund Allocations to the end of September 2016

	Amount £
Performance Fund	
Community Safety Operational Pot	5,000
Transformation Project	120,000
Data Quality Project	25,000
Transitional Review into Future Delivery of DFG's	4,000
Consultancy support for renegotiation of Grounds Maintenance contract	20,000
Smarter Digital Services	20,000
Additional hours to support Cabinet and Deputy Cabinet Members	1,600
Website Development	5,000
Digital Service Development - GovDelivery implementation	3,320
Website re-design	49,000
Pilot project for website self service	10,260
Local Area Perception Survey	12,000
Leisure Centre Conditions Surveys, Swallows Leisure Centre & Faversham Pools	9,192
Total Approved as at September 2016	284,372
Regeneration Fund	
Sheerness Strategic Regeneration Framework	15,000
Faversham Place review and workshop	5,000
Compulsory purchase order, legal Advice	10,000
Total Approved as at September 2016	30,000
Communities Fund	
Total Approved as at September 2016	0

Capital Programme 2016/17

	Funding SBC / Partnership SBC/ P	2016/17 Original Budget £	Other Adjustments £	2016/17 Working Budget £	2016/17 Actual to End of September 2016 £	2016/17 Variance £
SUMMARY						
<u>PARTNERSHIP FUNDING SCHEMES</u>						
Economy & Communities	P	964,000	6,795	970,795	51,327	-919,468
Commissioning & Customer Contact	P	0	136,200	136,200	13,149	-123,051
Resident Services	P	1,140,000	803,130	1,943,130	641,182	-1,301,949
TOTAL PARTNERSHIP FUNDING SCHEMES	P	2,104,000	946,125	3,050,125	705,658	-2,344,468
<u>SWALE BOROUGH COUNCIL FUNDING SCHEMES</u>						
Commissioning & Customer Contact	SBC	15,000	233,230	248,230	84,000	-164,230
Corporate Services	SBC	0	17,000	17,000	8,500	-8,500
Environmental Health	SBC	55,000	0	55,000	0	-55,000
Economy & Communities	SBC	415,000	11,065	426,065	2,660	-423,405
Resident Services	SBC	0	0	0	30,886	30,886
Finance	SBC	0	2,500	2,500	0	-2,500
Property Services	SBC	150,000	0	150,000	0	-150,000
TOTAL SBC FUNDING SCHEMES	SBC	635,000	263,795	898,795	126,046	-772,749
TOTAL CAPITAL PROGRAMME		2,739,000	1,209,920	3,948,920	831,704	-3,117,217

Capital Programme 2016/17

	Funding SBC / Partnership SBC/ P	2016/17 Original Budget £	Other Adjustments £	2016/17 Working Budget £	2016/17 Actual to End of September 2016 £	2016/17 Variance £
<u>ECONOMY & COMMUNITIES - E.WIGGINS</u>						
CCTV - Repairs & Renewals Reserve	SBC	15,000	0	15,000	0	-15,000
Easthall Farm Community Centre - S106	P	964,000	0	964,000	39,666	-924,334
The Mill Project, Sittingbourne Skate Park - Capital Receipts	SBC	200,000	0	200,000	0	-200,000
Faversham Creek Basin Regeneration Project (swing bridge) Capital Receipts	SBC	200,000	0	200,000	0	-200,000
Kemsley Community Facilities (S106)	P	0	0	0	4,866	4,866
The Meads Community Centre- S106	P	0	6,795	6,795	6,795	0
The Meads Community Centre- Regeneration Fund	SBC	0	11,065	11,065	2,660	-8,405
TOTAL ECONOMY & COMMUNITIES		1,379,000	17,860	1,396,860	53,987	-1,342,873
<u>COMMISSIONING & CUSTOMER CONTACT - D.THOMAS</u>						
Cemeteries - future burial provision in the borough - Capital Receipts	SBC	0	22,040	22,040	0	-22,040
Thistle Hill Community Woodland - Trim Trail - S106	P	0	35,000	35,000	0	-35,000
New Play Area - Iwade Schemes - S106	P	0	92,200	92,200	0	-92,200
Milton Creek Footpath & Viewing platform - Capital Receipts	SBC	0	16,190	16,190	0	-16,190
Borden Playstool Playground Equipment (S106)	P	0	0	0	13,149	13,149
Oare Gunpowder Works - S106	P	0	9,000	9,000	0	-9,000
Newington Car Park Wall	SBC	0	125,000	125,000	84,000	-41,000
Car Park Machines - Reserves	SBC	15,000	30,000	45,000	0	-45,000
Car Park Information Boards	SBC	0	40,000	40,000	0	-40,000
TOTAL COMMISSIONING & CUSTOMER CONTACT		15,000	369,430	384,430	97,149	-287,281

Capital Programme 2016/17

	Funding SBC / Partnership SBC/ P	2016/17 Original Budget £	Other Adjustments £	2016/17 Working Budget £	2016/17 Actual to End of September 2016 £	2016/17 Variance £
<u>CORPORATE SERVICES - MARK RADFORD</u>						
Uniform Licencing Implementation	SBC	0	17,000	17,000	8,500	-8,500
TOTAL CORPORATE SERVICES		0	17,000	17,000	8,500	-8,500
<u>ENVIRONMENTAL HEALTH - T.BEATTIE</u>						
Replacement of Air Quality Stations - Capital Receipts	SBC	55,000	0	55,000	0	-55,000
TOTAL ENVIRONMENTAL HEALTH		55,000	0	55,000	0	-55,000
<u>RESIDENT SERVICES - A. CHRISTOU</u>						
DFG Mandatory Grants (CLG)	P	1,140,000	803,130	1,943,130	636,094	-1,307,036
HRG - Housing Repair Grants Over 60	P	0	0	0	5,088	5,088
RHB2 - Decent Home Loans Owner Occupier	SBC	0	0	0	30,886	30,886
TOTAL RESIDENT SERVICES		1,140,000	803,130	1,943,130	672,068	-1,271,062
<u>FINANCE - N. VICKERS</u>						
Cash Receipting System - Replacement - Capital Receipts	SBC	0	2,500	2,500	0	-2,500
TOTAL FINANCE AND PERFORMANCE PORTFOLIO		0	2,500	2,500	0	-2,500
<u>PROPERTY SERVICES – A. ADAMS</u>						
Faversham Pools Refurbishment - Capital Receipts	SBC	150,000	0	150,000	0	-150,000
TOTAL PROPERTY SERVICES		150,000	0	150,000	0	-150,000

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Cabinet		Agenda Item: 7
Meeting Date	7 December 2016	
Report Title	Scrutiny Committee Review of Leisure and Tourism	
Cabinet Member	Cllr Mike Cosgrove, Cabinet Member for Regeneration	
SMT Lead	Emma Wiggins, Interim Director of Regeneration	
Head of Service	Charlotte Hudson, Interim Head of Economy and Communities	
Lead Officer	Bob Pullen, Policy and Performance Officer	
Key Decision	No	
Classification	Open	
Forward Plan	Reference number:	
Recommendation	<p>1. That Cabinet notes the report of the Scrutiny Committee on leisure and tourism and considers and responds to the recommendations at a subsequent Cabinet meeting.</p>	

1 Purpose of Report and Executive Summary

- 1.1 The report at Appendix I contains the findings and recommendations of a Scrutiny Committee review of leisure and tourism. In accordance with the requirements of the Constitution, the report is submitted to Cabinet for its consideration with a request that it responds to each of the recommendations contained within the report at a subsequent Cabinet meeting.

2 Background

- 2.1 The Scrutiny Committee established a Task and Finish Group to undertake a review with the following terms of reference:

- review whether the Council is making the most of Swale’s leisure and tourism offer in order to encourage people to visit the Borough; and
- as necessary, to make recommendations to Cabinet.

- 2.2 The Scrutiny Committee adopted the report of the Task and Finish Group at its meeting of 12 October for submission to Cabinet.

3 Proposals

- 3.1 The report is presented to Cabinet by the Scrutiny Committee. Cabinet are requested to consider the report and recommendations and respond to them at a future meeting.

Alternative Options

- 4.1 No alternative options are proposed.

5 Consultation Undertaken or Proposed

- 5.1 The Task and Finish Group consulted a wide range of individuals and organisations in the formulation of its recommendations as detailed in Appendix II of the report. The Scrutiny Committee also held a session on leisure and tourism on 10 February 2016 at which the Cabinet Member for Regeneration and relevant officers participated.

6 Implications

Issue	Implications
Corporate Plan	The recommendations in the report most closely align to the Corporate Plan priority: A Borough to be proud of.
Financial, Resource and Property	Several recommendations in the report have financial implications.
Legal and Statutory	None identified.
Crime and Disorder	None identified.
Sustainability	None specifically identified, but the report does acknowledge the importance of promoting Swale's natural assets as a key selling point for attracting visitors to the Borough.
Health and Wellbeing	None identified.
Risk Management and Health and Safety	None identified.
Equality and Diversity	None identified.

7 Appendices

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

- Appendix I: Scrutiny Committee - Leisure and Tourism review

8 Background Papers

8.1 Draft report of the Task and Finish Group on Leisure and Tourism - <http://services.swale.gov.uk/meetings/documents/s6181/Leisure%20and%20Tourism%20report.pdf>

**SCRUTINY COMMITTEE
REVIEW REPORT**



LEISURE AND TOURISM

Report date:	12 October 2016
Lead reviewer(s):	Councillor Mike Henderson (review coordinator) and Councillors Mike Baldock, Ken Ingleton and Ben Stokes
O&S support officer:	Bob Pullen, Policy and Performance Officer
Service liaison officer(s):	Lyn Newton, Economy and Community Services Manager Martin Goodhew, Project Officer
Head(s) of service:	Charlotte Hudson, Interim Head of Economy and Communities

1 Report summary

- 1.1 This draft report outlines the findings of the Task and Finish Group which was established to review whether the Council was making the most of Swale's leisure and tourism offer in order to encourage people to visit the Borough.

2 List of recommendations

- 2.1 The Task and Finish Group recommends:

a) Promotion and marketing:

- i) to commit a minimum of £25,000 to the tourism base budget to allow for substantial marketing and promotion of Swale as a tourist destination;*
- ii) to agree an objective of growing Swale tourism by 5 – 10% over the next four years;*
- iii) to consider as part of the future tourism plans the best forms of branding of Swale.*

b) Visitors and local infrastructure:

- i) SBC should identify and provide sufficient coach parking in convenient locations to meet the demands of all visitors to Swale;*
- ii) SBC should work closely with tourist attractions to ensure the Borough has a comprehensive coverage of up to date "brown tourist signs", including on strategic routes;*

- iii) *provision of more local signs;*
 - iv) *consideration given to whether the funding of these signs could be supported by SBC, either through a new fund, Member grants, Section 106 grants or a combination of these;;*
 - v) *SBC should make sustained efforts to influence KCC Highways and Highways England to fulfil their responsibilities to keep roads clean, and do the same with Network Rail in relation to the approaches to local stations.*
- c): ***Working with the local tourism sector:***
- i) *that SBC facilitates the establishment of collaborative groups preferably led by the private sector and/or voluntary sector;*
 - ii) *that SBC establishes a challenge fund of £3,000 to support new activities or events.*
- d): ***Research and intelligence:***
- i) *to conduct a full economic assessment of tourism in Swale. It is understood that this has been arranged to cover 2015 using “Destination Research”. This should be repeated strictly every three years which has not recently been met;*
 - ii) *additionally extra information should be sought from useful reports available on the tourism market;*
 - iii) *to make contact with several other similar Boroughs to develop a benchmarking programme to seek the best ways of increasing the economic and cultural effects of tourism. A minimum of £2,000 pa should be set aside for research.*
- e): ***Financial and other support to the sector:***
- i) *SBC to proactively assist local tourist organisations to find and bid for grants to increase tourism;*
 - ii) *consider the creation and promotion of a challenge fund worth around £5,000, subject to future review, which local tourism businesses could bid for;*
 - iii) *that SBC increases the availability of officer time to ensure the best possible potential achievement of all the recommendations made by the Scrutiny Committee.*

3 The review

3.1 The Task and Finish Group (TFG) was established to:

- review whether the Council was making the most of Swale’s leisure and tourism offer in order to encourage people to visit the Borough; and
 - as necessary, to make recommendations to Cabinet.
- 3.1.1 The review was instigated by the Scrutiny Committee and the review plan was agreed by the Committee on 17 March 2016 and is at Appendix I.
- 3.1.2 The review was conducted principally through a number of meetings between the TFG and people from the local tourism sector and officers at Swale Borough Council. A schedule of who we met is at Appendix II.
- 3.1.3 The TFG would like to thank all those who agreed to meet with us to answer questions, responded to questionnaires and provided information. The TFG would also like to thank the service liaison officers for their input who are listed above for their assistance.
- 3.1.4 The review was led by Councillor Mike Henderson and the other Task and Finish Group members are Councillors Mike Baldock, Ken Ingleton and Ben Stokes. The TFG were supported by Bob Pullen, Policy and Performance Officer, as overview and scrutiny support officer.

4 Background

- 4.1 One of the Council’s high-level objectives under the Corporate Plan priority theme ‘A borough to be proud of’ is to ‘enhance the borough’s economic and tourism offer’.
- 4.2 Swale offers a range of leisure and tourism facilities which attract people from outside the borough. These include:
- the holiday parks on the Isle of Sheppey;
 - self-catering, B&B and hotel accommodation;
 - walking, cycling and horse-riding, particularly in the more rural and coastal areas;
 - rural villages and wetlands;
 - specific events such as festivals and carnivals;
 - history and heritage landmarks and events;
 - shopping, eating and drinking establishments;
 - coast and water-based leisure; and
 - sports venues.
- 4.3 The purpose of the review was to understand whether the Council and its partners are making the most of Swale’s assets in order to encourage people to visit the Borough and help sustain local businesses and facilities.

5 Findings

Promotion and marketing of Swale as place to visit

Key findings

- 5.1 There is very wide acceptance from respondents in tourism businesses to interviews and questionnaires that there needs to be much more marketing and promotion of Swale and its various parts to stimulate tourism, visits to Swale, greater use of Swale's excellent tourism assets, and through this, growth in the Swale economy. In the last assessment of the value of tourism in Swale in 2012 the total value was estimated at £194m with employment at 4,700 being 7% of total employment in Swale. This clearly identifies the major importance of tourism to the economy of Swale. Just a 5% growth from this 2012 figures would see almost £10m added to Swale's economy.
- 5.2 It is widely considered that both printed and web based marketing materials are needed to stimulate tourism with each type of promotion backing up the other. It is considered by many respondents that a wide range of high quality photographic work is needed for promotion. The Culture and Place Team within SBC's Economy and Communities Service also considers that "pop up" displays are needed for exhibitions and that the extensive use of post cards to lead people to the "Visit Swale" web site would be valuable.
- 5.3 There are a number of tourism operators who consider that the "Visit Swale" website needs substantial improvement for example with top quality and up to date photos, and with easier layout and access. Furthermore, SBC's own website lacked a 'What's on' scrolling tickertape showing key events that councils such as Medway and Canterbury City had on their front pages.
- 5.4 It is thought by many Swale tourist based businesses that marketing should be widened to include London rail stations, to gain benefit from major Kent attractions such as Leeds Castle and major events such as the Sweeps and Dickens Festivals in Medway and Canterbury festivals by linking Swale's promotion to their own directly or through Visit Kent.. It would also be simple and low cost to promote into northern France.
- 5.5 Within the overall promotion of Swale consideration needs to be given to clear branding. It needs to be determined whether the best option is to brand Swale as a single destination or to separate into potentially four brands – Faversham, Sheppey, Sittingbourne, plus the villages and Downs AONB. Given the effort being put into tourism expansion into Faversham it may be considered worthwhile leading with Faversham and spreading the word to include the rest of Swale. The two authorities we visited in Essex took different approaches based on their local geography – Tendring tailoring their marketing to individual destinations and Maldon promoting their district as a whole as a destination.
- 5.6 It was noted that Maldon District Council, with half the population size of Swale and a revenue budget of £6.6m compared to Swale's £17.3m, devoted some £12,000 per annum to promotional publicity alone while Swale's overall budget for all tourism related activity was £14,309.
- 5.7 The TFG considers that Cabinet gives consideration to these findings and therefore recommends:

Recommendation:

a) Promotion and marketing:

- i) to commit a minimum of £25,000 to the tourism base budget to allow for substantial marketing and promotion of Swale as a tourist destination;*
- ii) to agree an objective of growing Swale tourism by 5 – 10% over the next 4 years;*
- iii) to consider as part of the future tourism plans the best forms of branding of Swale.*

Visitors to Swale and local infrastructure

Key findings

- 5.8 It is important to recognise and understand that, at present over 65% of visits to Swale arise from friends and family of people living in Swale. This indicates the importance of promoting attractions within Swale to residents as well as outsiders.
- 5.9 The 2012 analysis of visitors to Swale shows 375,000 staying visitor trips each with an average spend in Swale of £100. It also shows 4,440,000 day visits with an average spend in Swale of £30. It is important to recognise and work on the higher value of staying visits to seek to increase the number of these high value visits. We must however also recognise that there almost 12 times more day visits than staying visits and conclude these too are a very important contributor to the Swale economy.
- 5.10 There are clear and frequent complaints from many businesses connected with visitors to Swale that many visits are made by coach and that there needs to be sufficient convenient coach parking to meet all the demands of such visitors. It is considered that there is insufficient coach parking in all areas of Swale and much of what exists at present is not situated in locations for the convenience of visitors.
- 5.11 The TFG therefore recommends:

Recommendation:

b): Visitors to Swale and local infrastructure:

- i):SBC should identify and provide sufficient coach parking in convenient locations to meet the demands of all visitors to Swale;*

- 5.12 It is widely seen by tourism businesses that signposting to visitor attractions is inadequate. There are not enough of the nationally recognised “brown tourist signs” to adequately direct people to main visitor attractions and some of those which do exist are out of date. Additionally it is widely believed that far more opportunities exist for provision of local signage to specific visitor attractions and to the more attractive general locations in Swale.
- 5.13 SBC should make a concerted and continuing effort, working with tourist attractions in Swale to have more “brown signs” provided, and to update “brown signs” where appropriate

and necessary while recognising the qualifying criteria set by central government and the financial arrangements imposed by contractor Jacob Baptie. Additionally it would be valuable to stimulate provision of more local signs where they will benefit specific locations and general attractive areas of Swale. It is expected that individual visitor attractions will contribute to the provision of local signs together with perhaps a competitively organised contribution by SBC which is proposed to be £5,000 over a 2 year period and the encouragement of councillor grant contributions. S106 money could also be used to assist this work

5.14 The TFG therefore recommends:

Recommendation:

ii): SBC should work closely with tourist attractions to ensure the Borough has a comprehensive coverage of up to date “brown tourist signs” including on strategic routes;

iii): provision of more local signs;

iv): consideration given to whether the funding of these signs could be supported by SBC, either through a new fund, Member grants, Section 106 grants or a combination of these. .

5.15 Several of the entry points into Swale by both road and rail are considered by both councillors and tourist based businesses to be untidy and unattractive. Councils visited in Essex have encountered similar problems. It is believed that this is likely to discourage repeat visits to Swale. Particular mention has been made regarding A249 and A2 and Kemsley and Faversham stations.

Recommendation:

v): SBC should make sustained efforts to influence KCC Highways and Highways England to fulfil their responsibilities to keep roads clean, and do the same with Network Rail in relation to the approaches to local stations;

Working with the local tourism sector

Key findings

5.16 Councillors, Swale officers and local tourism businesses are almost unanimous in believing that there is a clear need for everyone to work together to increase and improve tourism in Swale. It is thought by the TFG working on this project very important to involve councillors in their community leadership role to be a part of this activity. It is recognised widely that mostly businesses and organisations in the tourism field do not work closely together although there are worthy exceptions to this such as the Swale Museums Group which is doing excellent work and has just secured a Heritage Lottery Start Up grant to become ‘Historic Swale’. The TFG and several tourism businesses consider however that teams would be best led by the private sector. It is also considered that the Culture and Place Team at SBC could create a strong link from tourism businesses to all other SBC departments in assisting tourism. This already works well for major events such as the

Faversham Hop Festival where the Culture and Place Team leads on collaborative working with Licensing, Technical Department, Street Cleaning and others.

5.17 It will be valuable to improve and increase events throughout Swale. There is maximum economic advantage to be gained with events held across a two or three day weekend. This too will need volunteers, businesses, SBC officers and councillors to work together and potentially additionally town and parish councils. We should look at the potential of Sittingbourne events and work with the Sittingbourne Retail Association to expand existing events and develop new ones linked into the High Street and town centre

5.18 It is considered that a number of collaborative groups should be set up covering different sectors of tourism. These could include museums, other heritage, natural history, culture, events, restaurants and pubs and more widely food/drink, countryside/AONB/coast, maritime history/sailing and hotels/B&B/holiday lets. One or more councillor should be involved in each group and work will be needed by both councillors and SBC officers to set up these groups and support them. Again it is considered that groups should where possible be led by the private sector. A specific early group which could demonstrate the effectiveness of such work could cover the Natural History of Swale and include SBC, RSPB, KWT, Blean Woods, Perry Woods, Queendown Warren, Oare Gunpowder Works, Elmley nature reserve. There are SBC officers, councillors and volunteers already keen to be involved in such a project. A modest fund of around £3,000 pa should be set up by SBC to support the best 3 ideas for new activities or events.

5.19 The TFG recommends:

Recommendation:

c): Working with local tourism sector:

i) that SBC facilitates the establishment of collaborative groups, preferably led by the private sector and/or voluntary sector;

ii) that SBC establishes a challenge fund of £3,000 to support new activities or events.

Research and intelligence

Key findings

5.20 Research is considered vitally important to identify ways of increasing tourism and its economic impact and also to measure tourism regularly to judge the impact of SBC policy and activity on tourism in Swale. It appears that the most recent detailed assessment of tourism in Swale was in 2012. This should include at least a two yearly economic assessment of the effect of tourism in Swale together with seeking out other available research and working to benchmark the size and effectiveness of tourism against other comparable locations.

5.21 We heard that at both Tendring and Maldon District Councils they set great store by research and intelligence commissioned studies themselves every year in order to gauge the impact of measures to increase visitors.

5.22 The TFG recommends:

Recommendation:

d): Research and intelligence:

i): to conduct a full economic assessment of tourism in Swale. It is understood that this has been arranged to cover 2015 using “Destination Research”. This should be repeated strictly every three years which has not recently been met;

ii): additionally extra information should be sought from useful reports available on the tourism market;

iii): to make contact with several other similar Boroughs to develop a benchmarking programme to seek the best ways of increasing the economic and cultural effects of tourism. A minimum of £2,000 pa should be set aside for research.

Financial and other support to the local tourism sector

Key findings

5.23 Tourism businesses need help to identify potential grant funding for tourism and then bid for such funding. It is understood that Swale Community and Voluntary Services may offer some help here but this is not widely known.

5.24 SBC should seek a way of providing direct help to organisations to seek out and bid for grants to increase tourism. It is understood that Swale CVS work to deliver a national scheme “Grant Finder” but this appears to be little known out in the tourism market and SBC needs to promote this extensively to tourism businesses. SBC also apparently uses a tourism advisor via Visit Kent which again is not widely known in the tourism marketplace and in the last year only committed £1,100 to assist local businesses. This whole activity would be much strengthened by the creation and strong promotion of a challenge fund within SBC which tourism businesses could bid for. It is suggested that a fund of £5,000 pa would have a significant impact

5.25 The TFG recommends:

Recommendation

e): Financial and other support to the sector:

i) SBC to proactively assist local tourist organisations to find and bid for grants to increase tourism;

ii) Consider the creation and promotion of a challenge fund worth around £5,000, subject to future review, which local tourism businesses could bid for;

5.26 The TFG recommends:

Recommendation

iii): That SBC increases the availability of officer time to ensure the best possible potential achievement of all the recommendations made by the Scrutiny Committee.

Appendices

Appendix i Review plan

Appendix ii Review participants

O&S REVIEW PLAN: PERFORMANCE REVIEW



About performance reviews

The objective of a performance review is to examine the reasons for apparent under-performance of a council service, to assess prospects for improvement, and to make recommendations to Cabinet where appropriate. The output of a policy review is always a report to Cabinet. Typical questions for this type of review are:

- Is this service genuinely under-performing, and if so why?
- Are there plans and systems in place which will help it improve?
- What more needs to be done?

The review needs to be tightly focused on a single service area which appears to be under-performing against performance indicators, planned actions, customer satisfaction or budget management. A performance review could also be conducted on a service run by one of the council's partners, but in this case the committee will need to be clear that it has sufficient powers to review the service and make recommendations for improvements – if it does not, then the issue should be treated as an information item.

Part 1: Business Case

Subject: Leisure and tourism in Swale

Proposed by: Scrutiny Committee

Length: Expected to take twelve months from start to finish.

Objective

- To review whether the Council is making the most of Swale's leisure and tourism offer in order to encourage people to visit the Borough; and
- As necessary, to make recommendations to Cabinet.

Justification

One of the Council's high-level objectives under the 'Borough to be proud of' priority theme in the new Corporate Plan is to 'Enhance the Borough's economic and tourism offer'.

Swale offers a range of leisure and tourism facilities which attract people from outside the Borough. These include:

- the holiday parks on the Isle of Sheppey;
- self-catering, B&B and hotel accommodation;
- walking, cycling and horse riding, particularly in the more rural and coastal areas;
- rural villages and wetlands;
- specific events such as festivals and carnivals;

<ul style="list-style-type: none"> - history and heritage landmarks and events; - shopping, eating and drinking establishments; - our coast and water-based leisure; and - sports venues. <p>The purpose of the review is to understand whether the Council and its partners are making the most of Swale's assets in order to encourage people to visit the Borough and help sustain local businesses and facilities.</p>			
Evidence and information to be gathered			
<ul style="list-style-type: none"> • Evidence of how the Council promotes Swale's leisure and tourism facilities and how the effectiveness of this is evaluated; • information on how the Council works with key partners (eg. Visit Kent, British Destinations Organisation etc) to promote Swale as a place to visit; • how the Council works with businesses and others in the Swale leisure and tourism sector; • the impact of infrastructure investment (eg. rail and cycling, lack of coach parking); and • whether Swale is used as an overnight stopover point to other tourist destinations. 			
Sources of information and evidence			
<i>Individual or organisation</i>	<i>Committee session</i>	<i>Task and finish panel, site visit, correspondence, or other method</i>	<i>To be decided</i>
<ul style="list-style-type: none"> • Cllr Mike Whiting, Cabinet Member for Localism, Culture, Heritage and Sport; • Cllr Mike Cosgrove, Cabinet Member for Regeneration; • Lyn Newton, Economy and Community Services Manager; • Len Mayatt, Leisure and Technical Services Manager. 	√	X	X
<ul style="list-style-type: none"> • Local businesses and other organisations in the Swale leisure and tourism sector. 	X	Site visits and postal surveys	X
Organisation(s) to be reviewed	If partners' activities are to be reviewed, what powers or influence does the committee have?		

X	SBC only.	
	Partner organisation only.	
X	SBC working in partnership.	
Timing constraints		None.

Part 2: Review Plan	
Review team	
Lead review member:	Councillor Mike Henderson
Other review members:	Councillors Mark Baldock, Ken Ingleton and Ben Stokes
O&S support officer:	Bob Pullen, Policy and Performance Officer
SBC service liaison officer:	Lyn Newton, Economy and Community Services Manager
Key dates	
Date to begin evidence gathering:	January 2016
Date(s) of committee sessions (if any):	10 February 2016
Date for draft report to be presented to committee:	12 October 2016
Note: Dates of committee session(s) and for the report to be presented to committee must be added to the committee forward plan.	

Review participants

Date of meeting/visit	Name	Organisation
10 February 2016 (Scrutiny Committee meeting)	Councillor Mike Cosgrove, Cabinet Member for Regeneration	Swale Borough Council
“	Lyn Newton, Economy and Communities Manager	“
“	Martin Goodhew, Project Officer	“
1 April 2016	Hannah Tilley, Tourism Officer	Faversham Town Council
7 April 2016	Lyn Newton, Economy and Communities Manager	Swale Borough Council
“	Martin Goodhew, Project Officer	“
8 April 2016	Geoff Gransdon	Edith May Thames Barge, Lower Halstow
15 April 2016	Jenny Hurkett	Blue Town Heritage Centre
20 April 2016	Kimberly Champion, Operations Manager	Brogdale Collections
28 April 2016	Lyn Gorman, Debbie & Louise	Old Forge, East Street, Sittingbourne
4 May 2016	Ms Fuller	Sittingbourne and Kemsley Light Railway
8 June 2016	Tim Bell	Queenborough Harbour Trust
10 May 2016	Maureen Wharton	White Horse Leisure Centres
“	Mary Culver	Leysdown Events Organisation
10 June 2016	Mike Carran, Head of Sport and Leisure	Tendring District Council
10 June 2016	Councillor Ron Pratt	Maldon District Council
“	Councillor Andrew St Joseph	“
“	Ben Brown	“
“	Alexis Brown	“
15 June 2016	Sara Seagrove	Sittingbourne Retailers Association
15 July 2016	Graham Osborne	Lower Halstow Yacht Club
“	John Webb	Hollowshore Cruising Club
“	Tim Bell	Sheppey Sailability
“	Stan Hampshire	Sheppey Sailability
“	Robert Telford	Faversham Creek Trust
“	Mark Robson	Isle of Sheppey Sailing

Date of meeting/visit	Name	Organisation
		Club
"	Dan Corpe	Isle of Sheppey Sailing Club
22 July 2016	Sarah Smith	Sunnyhill Glamping, Borden
3 August 2016	Harold Goodwin	Faversham Society

The following individuals and organisations kindly completed and returned questionnaires:

Monique Bonney;
 Jenny Hurkett, Blue Town Heritage Centre;
 Paul David, Friends of Milton Regis Court Hall;
 Georgina Fulton, Elmley Nature Reserve;
 Graham Hukins, Shepherd Neame Visitor Centre;
 Paul Weeks, The Sweet Hut Minster;
 Kimberly Champion, Brogdale Collections;
 Lena Crowder, Minster Gatehouse;
 John Webb, Hollowshore Cruising Club

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Cabinet Meeting		Agenda Item: 8
Meeting Date	7 December 2016	
Report Title	Procurement of Pest Control Service	
Cabinet Member	Cllr Alan Horton - Cabinet Member for Safer Families and Communities	
SMT Lead	Emma Wiggins	
Head of Service	Charlotte Hudson	
Lead Officer	Alister Andrews	
Key Decision	Yes	
Classification	Open	
Forward Plan	Reference number:	
Recommendations	1. To approve the appointment of Goodwin Pest Management as Pest Control Service provider from 1 January 2017 for an initial period of three years (with an option to extend for up to a further two years).	

1 Purpose of Report and Executive Summary

- 1.1 The Council's current pest control service contract expires on 31 December 2016. Maidstone Borough Council (MBC) carried out a tender process on behalf of Swale and Maidstone councils, based on the most economically advantageous tender, which was evaluated using the Council's standard 60% price and 40% quality assessment criteria.
- 1.2 The primary purpose of this contract is to provide a range of pest treatments for residents and businesses within Swale. The contract also provides evidential reports to support pest control enforcement by Environment Officers. Other functions have used the service to provide pest treatments in public open spaces and Council property.
- 1.3 This report summarises the procurement process and its results, and seeks Cabinet approval of the recommended contractor.

2 Background

- 2.1 The pest control contract provides advice and pest treatments for Swale residents and businesses. The main treatments include rodents, wasps, bed bugs and fleas (although many other services are available). The costs for the treatments are reviewed regularly and they are published in the council fees and charges.

- 2.2 The outgoing contract was procured between Ashford Borough Council (ABC), Maidstone Borough Council (MBC) and Swale Borough Council (SBC). The latest information from ABC suggests that they are withdrawing from offering any pest control services. As a result, MBC and SBC elected to synchronise practices and costs in order to make the service as attractive to pest control providers as possible as part of a joint tender.
- 2.3 The joint opportunity was therefore advertised in partnership with MBC and in accordance with current contract standing orders, with interested parties asked to complete an Invitation to Tender. Six tenderers replied, and scores were allocated according to the criteria explained in the tender document.
- 2.4 The quality aspect of the tenders were evaluated by Alister Andrews, Environment Response Manager, SBC; Martyn Jeynes, Environment Enforcement Team Leader, MBC; and Kevin Metland, Environment Officer, MBC.
- 2.5 The quality of service to the customer should be of a high standard with all of these providers (as dictated by the British Pest Control Association membership requirements in the ITT). The 'quality' component measures added value for the councils, such as performance measurement; auditable and easily accessible systems; environmental and social value; and potential to grow the business.
- 2.6 The outcomes of the assessment exercise are set out in Table 1 below.

Table 1: Scores from assessment panel.

Organisation	Price Score	Quality Weighted Score	Total Score
Company A (Goodwin Pest Management)	60	20.3	80.3
Company B	57	22.1	79.1
Company C	35.7	21.3	57
Company D	27.7	26.6	54.3
Company E	2.3	20.9	23.2
Company F	0 (unable to score due to limited information)	19.2	19.2

- 2.7 Company A and Company B were originally very close on their overall assessment scores. On the recommendation of the MBC Procurement Team both companies were interviewed by the evaluation panel to clarify points within their submissions. As a result Goodwin Pest Management was found to have submitted the most economically advantageous tender.

2.8 Goodwin Pest Management is located in Kent, with the owner and some employees living in Swale. They employ local staff and encourage apprenticeships. They are also committed to local community events. The new contract is also estimated to generate approx. £8K pa for the Council.

3 Proposals

3.1 Cabinet is recommended to approve the proposal to enter into a three + one + one year contract with Goodwin Pest Management. This contract provides the option after three years, subject to satisfactory performance, to extend the contract for up to a further two years.

4 Alternative Options

4.1 One option is not to award the contract and withdraw the service. This is not recommended as the contract provides a valued service to residents. The service provider supports frontline teams with evidential reports for enforcement, and they can provide pest treatments on council land.

4.2 Offer an ‘in house’ pest control service. This is not recommended as the previous ‘in house’ service was outsourced five years ago as a clear saving to the Council. By outsourcing the work the council were able to offer improved value and enhanced resilience. To go back to an ‘in house’ service would incur substantial cost increases for the council.

4.3 Another alternative is to award the contract to one of the other companies that tendered. This is not recommended as Goodwin Pest Management scored the highest total in the formal tender assessment exercise.

5 Consultation Undertaken or Proposed

5.1 Complaints have been minimal for the service, with more detailed customer satisfaction reports being a requirement for the new contractor.

6 Implications

Issue	Implications
Corporate Plan	The recommended tender provides both quality and value for money. Council provision of a pest service is expected by many residents. Such a service will contribute towards the corporate priorities of both ‘A borough’ and ‘A council to be proud of’.
Financial, Resource and Property	The estimated value of the work requested by customers in Swale is £135K over five years. There are no costs to the Council as customers pay the service provider directly. Anticipated annual income from the pest control service contract is £8K pa for SBC. This is paid to the Council from the contractor as

	<p>a result of undertaking pest treatments in line with council fees and charges.</p> <p>After three years Goodwin Pest Management will redistribute 25% of gross income over £300K between MBC and SBC based upon the amount of business generated.</p> <p>There are no TUPE implications identified by our outgoing service providers.</p>
Legal and Statutory	<p>The contract will be the standard Council contract using the Council's current Terms and Conditions.</p> <p>The Council has a statutory duty to investigate pest issues, but not to provide a pest control service.</p> <p>However, the provision of the service assists officers with delivering our statutory duties, as well as generating additional income.</p>
Crime and Disorder	<p>By having a qualified pest technician on hand we are able to target more complex pest enforcement issues quickly and effectively.</p>
Sustainability	<p>The service is provided by the contractor, and reliability and experience were considered in the tender process. Regular contractor meetings will ensure that service delivery and performance are reviewed regularly.</p> <p>Goodwin Pest Management has the necessary accreditations.</p>
Health and Wellbeing	<p>Pest control is a service that many residents expect their council to provide. Successful pest control contributes to better public health, cleanliness, and environmental sustainability.</p>
Risk Management and Health and Safety	<p>The successful contractor has all of the necessary qualifications - this was a key part of the selection criteria.</p> <p>The contract ensures that contractors are fully competent, particularly in the area of health and safety. Goodwin Pest Management's competence is evidenced through their membership of the British Pest Control Association (BPCA).</p>
Equality and Diversity	<p>None identified.</p>
Social Value	<p>The tender document submitted by Goodwin Pest Management demonstrates a strong commitment to social, economic and environmental matters. The company employs local staff and encourages apprenticeships. They are also committed to local community events.</p>
Commissioning & Procurement	<p>The Council's Contract Standing Orders, Commissioning framework, Procurement Strategy, relevant EU Procurement Directives, and the Public Contract Regulations 2015 have all been adhered to.</p>

7 Appendices

7.1 None.

8 Background Documents

8.1 None.

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Cabinet Meeting		Agenda Item: 9
Meeting Date	7 December 2016	
Report Title	Awarding of Contract - New play areas, new trim trail and play area improvements.	
Cabinet Member	Cllr David Simmons, Cabinet Member for Environment and Rural Affairs	
SMT Lead	Dave Thomas	
Head of Service	Dave Thomas	
Lead Officer	Daniel Gooch	
Key Decision	Yes	
Classification	Open	
Forward Plan	Reference number:	
Recommendations	<ol style="list-style-type: none"> 1. That the contract for the Thistle Hill Play areas be awarded to HAGS-SMP, for the sum of £169,976.98. 2. That the contract for the Thistle Hill Trim Trail be awarded to Wicksteed Playgrounds, for the sum of £33,385.00. 3. That the contract for the 'all-inclusive' play equipment at King George's Playing Field, Sittingbourne be awarded to Proludic Ltd, for the sum of £5,300.00. 4. To delegate authority to the Head of Commissioning and Customer Contact and Head of Legal, in consultation with the Cabinet Member for Environmental and Rural Affairs, to complete the contract awards. 	

1 Purpose of Report and Executive Summary

- 1.1 This report provides an explanation of the tender process to appoint contractors to undertake the following:
- design and installation of new Toddler and Junior Play areas at Thistle Hill;
 - design and installation of new exercise trim trail at Thistle Hill Community Woodland; and
 - design and installation of additional 'all-inclusive play' equipment at King George's Playing Field, Sittingbourne.
- 1.2 Following the tendering process and evaluation by an assessment panel, this report requests authority to award the three contracts to the winning tenders.

2 Background

- 2.1 The Council has invested significantly in the refurbishment of priority play equipment across the Borough. The major projects completed to date include repainting and replacement of parts at Leysdown Coastal Park, Minster Leas outdoor gym equipment, Rushenden Hill play area embankment steps, Reedland Crescent play area (Faversham), and Sittingbourne Recreation Ground play area.
- 2.2 On top of this, SBC is in receipt of S106 funding for the development of new play areas and trim trail at Thistle Hill, as well as a small external fund for 'all inclusive' play at King George's Playing Field play area. Commuted sums assist with the ongoing maintenance of these additional play facilities.

ESPO Framework

- 2.3 Swale Borough Council has used the ESPO Framework 115 to obtain designs and quotes from leading play companies for these works. The ESPO Framework is a national framework agreement which uses standardised criteria to help public bodies make decisions on suitability, and replaces the need for Council officers to ask play companies to complete a pre-qualification questionnaire. All play companies on the Framework are pre-approved, thus reducing Council staff time in the procurement process. It is a requirement under the Framework to invite all relevant companies on each corresponding lot to submit a bid.

Thistle Hill Toddler and Junior Play Areas

- 2.4 The play areas, suitable for toddlers (0-6 years) and juniors (6-12 years), were set out as part of the planning permission for the new Thistle Hill housing development, along with a number of other 'satellite' play areas already installed in the last few years.
- 2.5 They will be situated in the already landscaped and fenced area next to the Thistle Hill Community Centre in Laurel Road, and are intended to be the destination play areas of the development.
- 2.6 Nine play companies were contacted (as per the ESPO Framework) to submit designs. The specification included providing themed play areas taking inspiration from the history of the Isle of Sheppey. Eight different designs were received.

Thistle Hill Community Woodland Trim Trail

- 2.7 An exercise trim trail (12 years and older) was also set out as part of the planning permission for the new Thistle Hill housing development, to provide facilities for older children and adults to keep fit and enjoy social activities outdoors. This is also exclusively funded from the developer s106 contributions.

2.8 Six play companies were contacted via the ESPO Framework to submit designs for the Trail. The specification requested a mixture of traditional fitness equipment along with recent innovations, supported by informative signage. Four designs were received.

King George’s Playing Fields, additional ‘all-inclusive’ equipment

2.9 Following the successful award of external funding for additional ‘all-inclusive’ equipment at KGV Playing Fields in Sittingbourne, the opportunity was taken to tender for this works along with the above projects.

2.10 Nine play companies were contacted via the ESPO Framework to submit designs. The specification was designed to maximise a small budget by using a range of small items of equipment which will fit between existing play equipment. Six designs were received.

2.11 Each of the designs were evaluated against set criteria of price alongside a combined quality score based on play value, guarantees, product range, and presentation of tender.

2.12 Consultation was also added to the evaluation process to help understand the wishes of local residents. Further detail of this is set out in Section 5 below.

Evaluation

2.13 The evaluation scores for each project were as follows:

Company	Price Score	Quality Score
Thistle Hill Play Areas		
A	10	56
B	10	64
C (HAGS-SMP)	10	78
D	8	78
E	8	63
F	8	73
G	8	51
H	8	51
Thistle Hill Community Woodland Trim Trail		
A	10	81
B	10	78
C	0	76
D (Wicksteed)	10	82

King George's Playing Field 'all-inclusive' play equipment		
A	10	71
B	10	73
C	10	76
D	10	74
E (Proludic)	10	77
F	10	70

3 Proposals

- 3.1 It is recommended that the contract for the Thistle Hill Play areas be awarded to **Option C – HAGS-SMP for the sum of £169,976.98**. See Appendix I for winning design.
- 3.2 It is recommended that the contract for the Thistle Hill Trim Trail be awarded to **Option D - Wicksteed Playgrounds for the sum of £33,385.00**. See Appendix II for winning design.
- 3.3 It is recommended that the contract for the 'all-inclusive' play equipment at King George's Playing Field, Sittingbourne, be awarded to **Option E – Proludic Ltd for the sum of £5,300.00**. See Appendix III for winning design.
- 3.4 To delegate authority to the Head of Commissioning and Customer Contact and Head of Legal, in consultation with the Cabinet Member for Environment and Rural Affairs, to complete the contract awards.

4 Alternative Options

- 4.1 To consider awarding the contract to an alternative contractor who submitted a tender for the works. This is not recommended as the above companies outlined in Section 3 are considered to be the most suitable contractors for the works, following Swale's procurement and evaluation processes.
- 4.2 To not continue with the projects: this is not recommended, as the funding provided by the housing developer and external funding is ring-fenced for the specified projects, and would result in the community not benefitting from identified play need.

5 Consultation Undertaken or Proposed

- 5.1 A Public Consultation was held at the site of the new Thistle Hill playground on Saturday 22 October. This consultation outcome accounted for 20% of the final evaluation score. To encourage participation, an activity day was held with arts and crafts activities and a bouncy castle for the children to enjoy.

- 5.2 Leaflets were distributed to over 750 primary school pupils from Thistle Hill Academy and Minster-on-Sea Primary School. Leaflets and posters were also distributed to residents living in close vicinity to the new play areas and trim trail. A press release was also issued which was picked up by local papers and BRFM, including a radio interview. The play area and trim trail designs were published on Facebook, which attracted over 14,000 views.
- 5.3 Over 300 people attended the day, with 118 questionnaires completed.
- 5.4 The designs and information were also available to view from Monday 24 October to Friday 28 October 2016 at Minster Parish Council Offices, and discussed at the Parish Council Planning and Transportation meeting on Thursday 3 November 2016. The Parish Council support the proposals set out in sections 3.1 and 3.2, and they have also commented positively on the public consultation process.
- 5.5 Consultation has also taken place with the Commissioning and Procurement Team throughout the tendering process to ensure that Swale's procedures have been followed.

6 Implications

Issue	Implications
Corporate Plan	<p>A borough to be proud of – protect and improve the natural and built environments.</p> <p>A community to be proud of – encourage active communities and improve health.</p> <p>A Council to be proud of – improve residents' perceptions.</p>
Financial, Resource and Property	<p>Funding for the Scheme has come from S106 developer contributions and external funding, and as such there will be no requirements for funding from Swale Borough Council.</p> <p>Ten year commuted sum contributions have been provided by the developer for ongoing maintenance of the new sites, alongside existing play maintenance budgets.</p>
Legal and Statutory	<p>The ESPO Framework has been accepted as an appropriate procurement procedure by Legal, Finance, and Contracts and Commissioning.</p> <p>The Legal Team will provide the necessary support to complete the contracts.</p>
Crime and Disorder	<p>Providing appropriate facilities for children and young adults will assist targets to reduce crime and disorder.</p>
Sustainability	<p>The play equipment is offered with guarantees on certain parts up to 20 years. Play equipment maintenance will be managed by existing staff and contractors.</p>

Health and Wellbeing	Improved outdoor facilities for all ages and abilities with a range of equipment.
Risk Management and Health and Safety	<p>Play equipment will fall under the current play area inspection and maintenance regime:</p> <ul style="list-style-type: none"> ▪ inspected at least weekly, quarterly (Environmental Wardens) and six monthly (Zurich); ▪ litter picked five times a week (April to September); and ▪ litter picked three times a week (October to March). <p>Part of the evaluation process was to ensuring that the designs and equipment meet current British and European standards.</p> <p>CDM 2015 regulations apply and will be monitored throughout the construction of the play areas and trim trail.</p>
Equality and Diversity	Evaluation scoring included considering the equipment for access to all. The proposed designs were scored as benefiting the widest selection of children and abilities.
Social Value	<p>Sustainable materials are to be used wherever possible by the contractors. The wood to be used for the trim trail is from forests with certified tree replacement programmes.</p> <p>Whilst the contractors are not within the local area, each offer apprenticeship schemes within their localities.</p>
Commissioning & Procurement	Advice has been sought from the Commissioning Officer throughout this process to ensure it meets the appropriate procedures.

7 Appendices

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

- Appendix I – Thistle Hill Play Area design
- Appendix II – Thistle Hill Trim Trail design
- Appendix III – King George’s Playing Fields design

8 Background Papers

8.1 None.

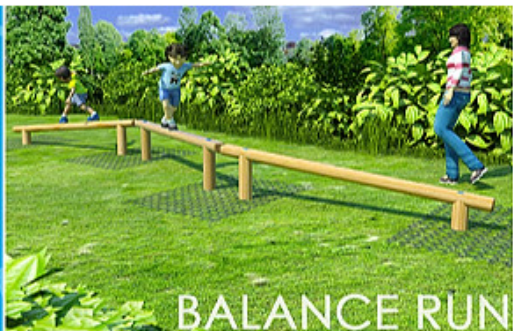
Thistle Hill Pirate Playground View 2

Junior Area

Toddler Area



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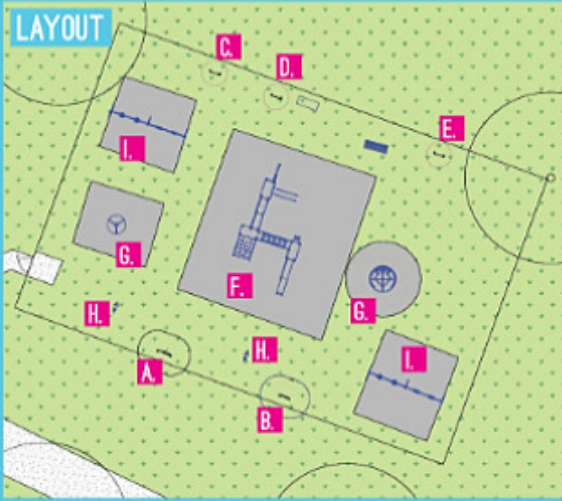


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KING GEORGE V PLAY AREA

SWALE BOROUGH COUNCIL



NEW EQUIPMENT:

- A. FLOWER BOARD
- B. THE EXPLORER PLAY PANEL
- C. ECO BOND WITH POSTS
- D. ECO CHIMES WITH POSTS
- E. SHAKER PLAY PANEL

EXISTING EQUIPMENT:

- F. MULTIPLAY UNIT
- G. ROUNDABOUT X2
- H. SPRINGER X2
- I. SWINGS X2

THE EQUIPMENT SELECTED ENHANCES THE EXISTING PLAY AREA BY ENCOURAGING CHILDREN TO EXPERIENCE TACTILE AND MUSICAL PLAY.

MUSICAL TACTILE GROUP
 ROLE PLAY PLAY
 PROBLEM SOLVING MEETING
 SENSORY SOUND PLAY
 LEARNING TRADITIONAL PLAY



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Cabinet Meeting		Agenda Item: 10
Meeting Date	7 December 2016	
Report Title	Extension of Grounds Maintenance contract	
Cabinet Member	Cllr David Simmons, Cabinet Member for Environmental and Rural Affairs	
SMT Lead	Dave Thomas, Head of Commissioning & Customer Contact	
Head of Service	Dave Thomas, Head of Commissioning & Customer Contact	
Lead Officer	Dave Thomas, Head of Commissioning & Customer Contact	
Key Decision	Yes	
Classification	Open	
Forward Plan	Reference number:	
Recommendations	<ol style="list-style-type: none"> 1. To approve the extension of the Grounds Maintenance contract with Blenwood Limited for a period of five years. 2. To remove the Kent Highways component of the contract, and continue to negotiate on other items to deliver financial savings for the Council. 3. To delegate authority for agreeing and signing the final terms of the contract extension to the Head of Commissioning and Customer Contact in consultation with the Cabinet Member for the Environment and Rural Affairs and the Cabinet Member for Finance. 	

1. Purpose of Report and Executive Summary

- 1.1. The current Grounds Maintenance contract was awarded to Blenwood Limited in 2006. The contract was for a ten-year period, effective from 15 January 2007, so ending on 14 January 2017.
- 1.2. The contract states that, provided the contractor performance is satisfactory, an extension of a further five years will be awarded.
- 1.3. In accordance with the Council's Financial Standing Orders, an extension of a contract of this value requires Cabinet approval.

2. Background

- 2.1. Blenwood has provided a level of service in accordance with the contract specification and terms and, whilst there have been some operational issues and challenges (as with any major contract), the contractor has always worked with the Council in a flexible and supportive manner to address them.

- 2.2. The Council also receives very few complaints from members of the public in respect of the service provided through this contract, in comparison with other high value, high volume contracts.
- 2.3. The Local Area Perception Survey also provides insight into the service via the performance indicators about parks and open spaces. The 2015 survey showed that residents felt that parks and open spaces were slightly less in need of improvement when compared with 2014 and 2013. However, satisfaction with parks and open spaces did drop very slightly in 2015 compared with 2014, but remained broadly in line with figures reported in previous years.
- 2.4. In 2011, a review of all of the Council's major contracts was undertaken. Significant cost reductions relating to this contract were agreed with Blenwood's co-operation at the time, to meet the Council's cost reduction programme. The initial contract value at January 2005 was £1,056,061 per annum, rising to £1,274,934 p.a. by 2011 due to growth, indexation, new developments, and infrastructure levy agreements coming on line. However, this sum has been reduced; initially by £156,000 p.a. At 12.5% of the contract value this reduction exceeded the stated contract variance maximum of 10%, but was agreeable to Blenwood. This represented a saving of £780,000 over the remaining life of the contract at the time, i.e. 2011-2016.
- 2.5. In light of the Council's ongoing need to reduce overall expenditure levels, including contract savings, this extension has provided the opportunity to review the specification and to consider opportunities to reduce the contract value further, however options need to be considered and balanced with the Council's wider priorities. It should however be noted that the threshold for contract reductions has already been exceeded, and the contractor therefore has the right, under the terms of the contract, to decline any further requests for reductions if there is no benefit to themselves in doing so.
- 2.6. An independent consultant has therefore been appointed to advise both parties where opportunities for mutual efficiency and cost savings might be identified, and this dialogue is ongoing. It is accepted, however, that there is limited headroom remaining in the contract for further savings without potential reductions to the current contract standards.
- 2.7. During the ongoing negotiations, Blenwood have agreed to take the opportunity to revisit the specification and re-price accordingly, within the boundaries of what is permitted under procurement law. Again, this reflects the flexible approach of the contractor who, given the previous contract value reductions, might have insisted on retaining the current specification and pricing.
- 2.8. Currently, the Council undertakes grass-cutting and other soft landscaping works on behalf of Kent County Council, and this forms part of the contract with Blenwood. However, KCC have served notice that they wish to take this work

back and commission their own contractor to undertake the works, almost certainly to a reduced standard in order to reduce their own costs.

- 2.9. This component of the contract will therefore be removed, thus reducing the contract value by £121,000 p.a., though this will be cost neutral to Swale, as the KCC payment to the same value will also cease.
- 2.10. Officers are exploring opportunities to generate income which would be used to offset part of the contract costs, including roundabout and floral bedding sponsorship, though these are unlikely to be significant.

3. Proposal

- 3.1. That Cabinet approves the extension of the current contract for a period of five years, ending in January 2021.
- 3.2. To remove the Kent Highways component of the contract, and continue to negotiate on other items to deliver financial savings for the Council.
- 3.3. To delegate authority for agreeing and signing the final terms of the contract extension to the Head of Commissioning and Customer Contact in consultation with the Cabinet Member for the Environment and Rural Affairs and the Cabinet Member for Finance.

4. Alternative action and why not recommended

- 4.1. To not award the contract extension would place the Council at a high level of risk of legal challenge by the incumbent contractor.
- 4.2. As the KCC payment for highways verge maintenance will cease in January 2017, it is proposed that this component of the contract be removed accordingly. However, components of this work which might cease once KCC manage the works themselves could be retained within the contract, though this would be at full cost to SBC. No budget provision has been made for this.

5. Consultation Undertaken or Proposed

- 5.1. No external consultation has been undertaken.

6. Implications

Issue	Implications
Corporate Plan Implications	The Grounds Maintenance contract directly supports the Council’s ambitions to be “a borough to be proud of” and “a council to be proud of”.
Financial, Resource	Financial implications are covered in the body of the report. The

and Property Implications	removal of the Kent Highways component will result in a reduction in the contract value, but would be cost neutral to the Council given the corresponding reduction in income from Kent Highways.
Legal and Statutory Implications	Legal advice has confirmed that the Council is obliged to award the extension to the contract, as the contractor has provided a level of service in accordance with the contract specification and terms.
Crime and Disorder Implications	No implications.
Sustainability Implications	No implications.
Health and Wellbeing Implications	No implications.
Risk Management and Health and Safety Implications	No reductions to the contract specification or terms and conditions will be made which compromise risk or Health and Safety.
Equality and Diversity Implications	No implications.
Social Value implications	As the recommendation is to extend the current contract, these do not alter, though the current contractor is a Swale based company, and the majority of its employees are Swale residents.
Commissioning and Procurement implications	This process has been led by the Commissioning and Procurement Teams and the various aspects and considerations have been covered within the report.

7. Appendices

7.1 None.

8. Background Papers

8.1 Reference to original tender award:

Please see the attached link – minute no. 569:

<http://services.swale.gov.uk/meetings/CeListDocuments.aspx?MID=228&RD=Minutes&DF=14%2f12%2f2005&A=1&R=0>

Cabinet Meeting		Agenda Item: 11
Meeting Date	7 December 2016	
Report Title	Lease of Land at Staplehurst Road to Grove Park Academies Trust	
Cabinet Member	Cllr Duncan Dewar-Whalley, Cabinet Member for Finance	
SMT Lead	Mark Radford, Director of Corporate Services	
Head of Service	Anne Adams, Head of Property Services	
Lead Officer	Anne Adams, Head of Property Services	
Key Decision	Yes	
Classification	Open with restricted appendix	
Forward Plan	Reference number:	
Recommendations	<ol style="list-style-type: none"> 1. To enter into a lease for 125 years on land at Staplehurst Road with the Grove Park Academies Trust for the provision of a school for children with Autistic Spectrum Disorder, 2. To delegate the agreement of the final terms of the lease (including the site area) to the Head of Property Services in consultation with the Head of the Legal Partnership and the Cabinet Member for Finance. 	

1 Purpose of Report and Executive Summary

- 1.1 This reports seeks approval to enter into a 125 year lease with Grove Park Academies Trust on a site at Staplehurst Road (known as the Meads school site) for the provision of a school for children with Autistic Spectrum Disorder (ASD) and children with SLCN (Speech language communication needs).

2 Background

- 2.1 The site at the Meads was transferred to the Borough Council under a section 106 agreement dated 20 January 1998 in exchange for other land. The s106 agreement stated that the land should be used for educational use and that, upon the occupation of 700 dwellings, ownership of the School Site should transfer to KCC if it was required by them for a new school. In the event that ownership remained with the Borough Council due to it not being required by KCC, the s106 agreement states that the site should be planted out as a Community Woodland within twelve months.
- 2.2 KCC has not requested the site to be transferred to them for use as a school and the trigger for planting of the Community Woodland has now passed. The planting was not

done partly because the site was also considered as a possible location for the community hall but this was eventually built elsewhere. Also, the s106 agreement does not address the question of funding for either the planting or the ongoing maintenance of the woodland and consequently the lack of a budget together with the other options for the site that were being considered has meant that the planting has not been carried out. The site has been maintained since then as an informal public open space and this provides a different type of wildlife habitat to the adjacent community woodland. It has also been used for biodiversity mitigation in connection with the adjacent development site.

- 2.3 More recently, an approach was received from the Aspire Free School requesting that the site be allocated as the location for a proposed new school for children with ASD and children with SLCN, catering for 112 pupils. The Council offered its support in principle to this use and following several unsuccessful funding bids, the Aspire Free School has now, in partnership with Grove Park Academies, received the funding required to proceed with the project. Initially, Aspire were also looking at the former Southlands Assessment Unit as a suitable location but this has since been sold and is no longer available.
- 2.4 The former owners of the site and parties to the s106 agreement have approached the Council and requested that consideration be given to allowing the site to be developed for housing. This would realise a significant capital receipt for the Council and the former owners would also benefit as they would be entitled to a proportion of the receipt to reflect their interest in the land.
- 2.5 However, due to the social benefits that the proposed school use will provide it is considered that it is a higher priority for the Council to facilitate the creation of the new school than to receive a capital receipt. Furthermore, there is a restrictive covenant on the land which prevents it from being used for any purpose other than educational use, community woodland or for nature conservation purposes and there would be a risk of challenge from the beneficiaries of the restrictive covenant were the site to be developed for housing.
- 2.6 Notwithstanding the potential difficulties concerning the restrictive covenant, an independent valuation of the land has been obtained from the District Valuer to ascertain the possible amount of any capital receipt that the Council might receive in the event that the site were sold to Redrow Homes as a special purchaser for housing development. This has been estimated at the figure set out in the restricted appendix on the basis that the beneficiaries of the restrictive covenant would seek a payment of one third of the uplift in value from the existing open space use to a site for residential development. This figure is, however, highly speculative as there is a high degree of uncertainty, in particular regarding who benefits from the restrictive covenant and the cost of its removal.
- 2.7 The valuation is subject to a number of special assumptions including that:
- The site has the benefit of planning permission for residential development.
 - The site is to be sold to Redrow Homes who own the adjacent Archers Park Estate and thus are a 'Special Purchaser'

- Compensation will be sought by the beneficiaries of the restrictive covenant from Redrow Homes for its removal comprising a proportion of the resulting uplift in the value of the land.
- No allowance is made for the ransom strip owned by Redrow Homes as the land is to be sold to them.
- The Section 106 Agreement for The Meads development may be varied if required by the Planning Authority to permit the residential development of the land.
- Redrow Homes will not incur abnormal development costs associated with any archaeological investigations required to be undertaken.

2.8 Under Section 123 of the Local Government Act 1972 the Council can only dispose of land for less than the best consideration reasonably obtainable with the consent of the Secretary of State or where the disposal is covered by the General Disposal Consent 2003. The General Disposal Consent removes the requirement for a specific consent to be sought where the proposed transaction will help to secure the promotion or improvement of the economic, social or environmental wellbeing of its area and the undervalue does not exceed £2 million. The independent valuation advice obtained suggests that the likely level of undervalue would not exceed this limit.

2.9 The use of the site for a new free school would be subject to planning permission and variation of the s.106 Agreement. The loss of the existing public open space as a community facility will need to be balanced against the need for the proposed school in planning terms. Initial consultations with Planning have indicated that in principle the proposed use for a free school would be acceptable in planning terms.

2.10 It is also likely that the site will be of archaeological interest given the Neolithic and Bronze Age finds excavated on the opposite side of the road and therefore significant costs of heritage investigation could have an impact on the development costs and timescales.

3 Proposals

3.1 The construction of the school will be funded by the Education Funding Agency. The EFA has confirmed that due to the low pupil numbers (112 pupils at capacity) of this type of school it is not possible for a capital payment to be made for the land. The EFA works out its capital budget for the development of schools based on a capital cost per pupil and as such this school will have a very limited budget in which to deliver a new build school. As such, if monies are diverted to pay for land essentially this means that the build of the school has to be compromised or indeed the scheme does not add up financially for approval purposes. This is why in this instance, the application for this school was approved on the basis that the Council's land was secured at nil cost (peppercorn) to enable the school to be developed. If this land is not forthcoming, then the project will have to be reviewed again by the DfE.

3.2 The EFA normally secure land on the standard Free School 125 year peppercorn lease (which is very similar to the Academy lease). This has no rent review and is restricted to educational use. Once the school is up and running, they have to depend on their grant

funding to maintain and run their premises. If there was then to be a rent review, this would be revenue and would need to be accounted for as such. As there would be no revenue pot attached to this school, they would in all probability have to fund this “rent” from their own budget, thus diverting money from teachers and learning resources. The use under the lease will be restricted to educational use only with no commercial business activity therefore they would not have the ability to generate an income from any commercial activities to support paying a rent. The lease would also be linked to the funding for the school so should funding be withdrawn in the future then the lease would also expire and the site would revert back to the landlord.

- 3.3 Due to the low pupil numbers anticipated, it is possible that the physical size of the school will be such that the entire site originally earmarked as a school site may not be required to be transferred. The EFA are currently investigating this and will respond as soon as they can with confirmation of the site area required. In the event that the whole site is not required, it is recommended that part of the site be retained in Council ownership. This could either be retained in its current use as open space or be developed for housing subject to planning and legal considerations.
- 3.4 It is therefore proposed that the Council enters into a lease for 125 years at a nominal rent on the site edged red on the plan attached at Appendix I (or smaller site as required). The EFA will cover the Council’s reasonable legal costs in completing this transaction.

4 Alternative Options

- 4.1 *Plant the site as Community Woodland:* Not recommended as there is no budget for the planting or regular maintenance of the woodland and there is already a large area of woodland adjacent to the school site.
- 4.2 *Develop the site for housing:* Not recommended as the social benefits that will be achieved from the provision of a special school for children with ASD are greater than the benefit that would be achieved from the receipt of a capital sum.
- 4.3 *Retain as informal public open space:* Not recommended as although its existing use provides community benefits and an alternative wildlife habitat to the community woodland it is considered that these are outweighed by the social benefits that will be achieved from the provision of the proposed new school. If this site is not available then it is unlikely the new school could be delivered.

5 Consultation Undertaken or Proposed

- 5.1 Cabinet members and other member of the Council have been consulted on the proposal and are fully supportive of the recommendations.

6 Implications

Issue	Implications
Corporate Plan	This proposal meets the “Community to be Proud Of” priority as it assists the voluntary sector in providing a much needed facility within Swale.
Financial, Resource and Property	The restricted appendix sets out the estimated capital receipt which may have been achieved in the event that the site were developed for housing.
Legal and Statutory	Legal Services will be required to prepare and complete the lease. Further legal advice may be required in the event that it becomes necessary to vary the terms of the section 106 agreement.
Crime and Disorder	Not identified at this stage
Sustainability	It is anticipated that every opportunity to minimise energy use and CO ₂ emissions and maximise sustainability will be taken in the design and construction of the school.
Health and Wellbeing	This proposal will make a positive contribution to the health and wellbeing of the children with ASD that are given the opportunity to attend the school.
Risk Management and Health and Safety	Not identified at this stage.
Equality and Diversity	The provision of a school for children with ASD makes an important contribution towards delivering an education which is specifically designed for children with special needs.

7 Appendices

- 7.1 The following documents are to be published with this report and form part of the report:
- Appendix I: Plan of site
 - Restricted Appendix II: Estimated value of the land if developed for residential use

8 Background Papers

None.

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Appendix I - The Meads School Site



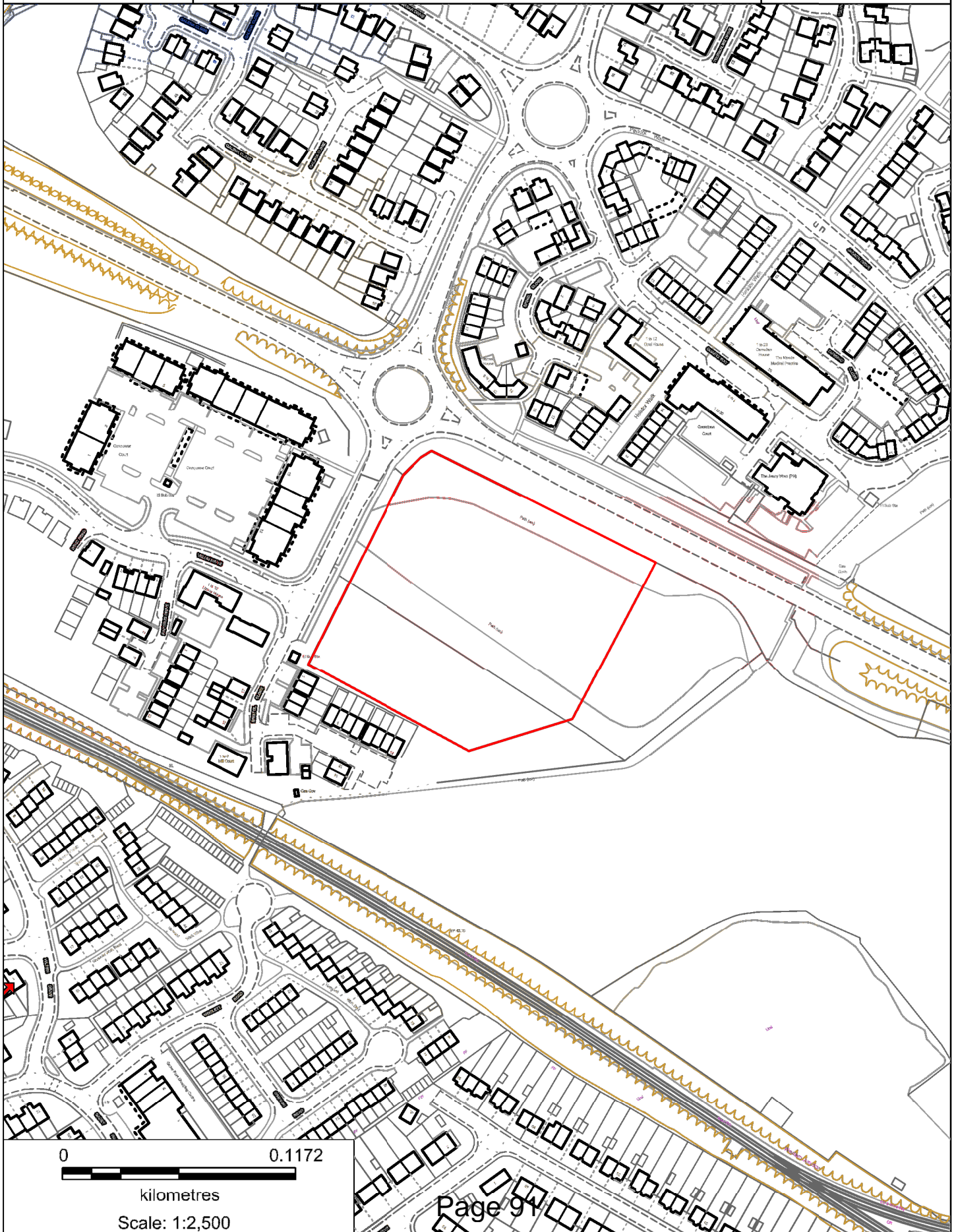
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