



CABINET

DATE: Friday, 28 January 2022
TIME: 10.30 am
VENUE: Committee Room - Town Hall,
Station Road, Clacton-on-Sea,
CO15 1SE

MEMBERSHIP:

Councillor Stock OBE	- Leader of the Council
Councillor C Guglielmi	- Deputy Leader; Corporate Finance & Governance Portfolio Holder
Councillor P Honeywood	- Housing Portfolio Holder
Councillor McWilliams	- Partnerships Portfolio Holder
Councillor Newton	- Business & Economic Growth Portfolio Holder
Councillor Porter	- Leisure & Tourism Portfolio Holder
Councillor Talbot	- Environment & Public Space Portfolio Holder

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DATE OF PUBLICATION: THURSDAY, 20 JANUARY 2022

AGENDA

1 **Apologies for Absence**

The Cabinet is asked to note any apologies for absence received from Members.

2 **Minutes of the Last Meeting (Pages 1 - 20)**

To confirm and sign the minutes of the last meeting of the Cabinet held on Friday 17 December 2021.

3 **Declarations of Interest**

Councillors are invited to declare any Disclosable Pecuniary Interests or Personal Interest, and the nature of it, in relation to any item on the agenda.

4 **Announcements by the Leader of the Council**

The Cabinet is asked to note any announcements made by the Leader of the Council.

5 **Announcements by Cabinet Members**

The Cabinet is asked to note any announcements made by Members of the Cabinet.

6 **Matters Referred to the Cabinet by the Council**

There are none on this occasion.

7 **Matters Referred to the Cabinet by a Committee - Reference from the Resources and Services Overview & Scrutiny Committee - A.1 - Scrutiny of the Updated Financial Forecast/Budget Proposals 2022/23 and Housing Revenue Account Budget Proposals 2022/2023 (Pages 21 - 24)**

To enable the Cabinet to consider the recommendations made by the Resources and Services Overview & Scrutiny Committee following that Committee's scrutiny of the Updated Financial Forecast/Budget Proposals 2022/23 and Housing Revenue Account Budget Proposals 2022/2023.

8 **Leader of the Council's Items - A.2 - Key Priority Actions 2021/22 Towards Corporate Plan Themes - Monitoring Report at the Third Quarter Point (Pages 25 - 42)**

To provide the Cabinet with an update on the positive progress with the Key Priority Actions adopted for 2021/22 towards the Council's Corporate Plan Themes for 2020/24.

9 **Cabinet Members' Items - Report of the Corporate Finance and Governance Portfolio Holder - A.3 - Latest Financial Forecast / Final General Fund Budget Proposals 2022/23 (Pages 43 - 64)**

To seek Cabinet's approval of the latest financial forecast and final General Fund budget proposals 2022/23 (including Council Tax proposals) for recommendation to Council on 15 February 2022.

10 Cabinet Members' Items - Joint Report of the Housing Portfolio Holder and the Corporate Finance & Governance Portfolio Holder - A.4 - Housing Revenue Account Budget Proposals 2022/2023 (Pages 65 - 82)

To seek Cabinet's approval of the final Housing Revenue Account (HRA) budget proposals 2022/23 (including fees and charges, capital programme and movement in HRA Balances) for recommendation to Council on 15 February 2022.

11 Cabinet Members' Items - Joint Report of the Business & Economic Growth Portfolio Holder and the Corporate Finance & Governance Portfolio Holder - A.5 - Starlings Site and Milton Road, Harwich Redevelopments (Pages 83 - 96)

To request that, given the significant inflation in construction costs in the last six months, Cabinet approves a transfer of £272,383 from the Business Investment Fund to the Starlings project.

To also request that demolition of the Milton Road Car Park is postponed and an options paper is brought forward for the site during 2022/23. In the interim that at least £74,000 of the sum to demolish Milton Road Car Park be reassigned to the Starlings project, to enable the scheme to proceed. Further, that up to £12,000 of budgeted demolition costs for Milton Road are used to commission a report to determine the carpark's current condition and structural stability and the maintenance requirements and costs.

12 Cabinet Members' Items - Joint Report of the Business & Economic Growth Portfolio Holder and the Housing Portfolio Holder - A.6 - Jaywick Sands Covered Market and Managed Workspace (Pages 97 - 114)

To allocate a further £254,465 from Tendring District Council New Homes Bonus to the Jaywick Sands Covered Market and Managed Workspace Project given the recent significant increase in construction costs demonstrated by tender returns.

To seek further external funding from partners and enter into agreement with them to meet the remaining gap in funding for the project. Depending on the success of the effort to source sufficient funds, the Council will enter into contract with a construction firm to deliver the project.

13 Management Team Items

There are none on this occasion.

14 Exclusion of Press and Public

The Cabinet is asked to consider passing the following resolution:

"That under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of Agenda Item 15 on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A, as amended, of the Act."

15 Exempt Minutes of the Meeting held on Friday 17 December 2021 (Pages 115 - 120)

To confirm and sign as a correct record the exempt minutes of the meeting of the Cabinet held on Friday 17 December 2021.

Date of the Next Scheduled Meeting

The next scheduled meeting of the Cabinet is to be held in the Committee Room - Town Hall, Station Road, Clacton-on-Sea, CO15 1SE at 10.30 am on Friday, 25 February 2022.

The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

Notice of Intention to Conduct Business in Private

Notice is hereby given that, in accordance with Regulation 5 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, Agenda Item No. 15 is likely to be considered in private for the following reason:

The item detailed below will involve the disclosure of exempt information under Paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)) to Schedule 12A, as amended, to the Local Government Act 1972:

Agenda Item 15 - Exempt Minutes of the Meeting held on Friday 17 December 2021

Information for Visitors

TOWN HALL **FIRE EVACUATION PROCEDURE**

There is no alarm test scheduled for this meeting. In the event of an alarm sounding, please calmly make your way out of any of the fire exits in the room and follow the exit signs out of the building.

Please heed the instructions given by any member of staff and they will assist you in leaving the building.

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Your calmness and assistance is greatly appreciated.

**MINUTES OF THE MEETING OF THE CABINET,
HELD ON FRIDAY, 17TH DECEMBER, 2021 AT 10.30 AM
ESSEX HALL - TOWN HALL, STATION ROAD, CLACTON-ON-SEA, CO15 1SE**

Present: Councillors Neil Stock OBE (Leader of the Council) (Chairman), Carlo Guglielmi (Deputy Leader; Corporate Finance & Governance Portfolio Holder) (except item 97), Paul Honeywood (Housing Portfolio Holder), Lynda McWilliams (Partnerships Portfolio Holder), Alex Porter (Leisure & Tourism Portfolio Holder) and Michael Talbot (Environment & Public Space Portfolio Holder)

Group Leaders Present by Invitation:

Councillors Terry Allen (Leader of the Tendring First Group), Jayne Chapman (Leader of the Independent Group) (except items 102 - 109), Ivan Henderson (Leader of the Labour Group), Mark Stephenson (Leader of the Tendring Independents Group), Colin Winfield (Leader of the Holland-on-Sea Group) and Ann Wiggins (Deputy Leader of Liberal Democrats Group)

Also Present: Councillors Mick Barry and Graham Steady (Deputy Leader of the Independent Group) (both except items 102 – 109)

In Attendance: Ian Davidson (Chief Executive), Lisa Hastings (Deputy Chief Executive & Monitoring Officer), Damian Williams (Corporate Director (Operations and Delivery)), Lee Heley (Interim Corporate Director (Projects Delivery)), Michael Carran (Assistant Director (Economic Growth & Leisure)), Keith Simmons (Head of Democratic Services and Elections), Ian Ford (Committee Services Manager), William Lodge (Communications Manager) and Matt Cattermole (Communications Assistant)

89. CHAIRMAN'S WELCOME

The Chairman welcomed everyone to this the last meeting of the Cabinet in 2021. He also took the opportunity to wish a happy birthday to Councillor Mark Stephenson.

The Chairman also reminded everyone present that a performance of this year's Christmas Pantomime was taking place at the same time in the Princes Theatre which a large number of school children were attending. There would therefore be a significant amount of background "noises off".

90. APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillor Gary Scott (Leader of the Liberal Democrats Group).

91. MINUTES OF THE LAST MEETING

It was **RESOLVED** that the minutes of the meeting of the Cabinet, held on Friday 12 November 2021, be approved as a correct record and be signed by the Chairman.

92. DECLARATIONS OF INTEREST

Councillor G V Guglielmi declared a Personal Interest in relation to Agenda Item 8 - Leader of the Council's Items – A.2 – Freehold Disposal of Redundant Office Site at Weeley and informed the Cabinet that he would withdraw from the meeting at the appropriate juncture and take no part in its consideration and decision making on this matter.

Councillor I J Henderson declared a Personal Interest in relation to Agenda Item 11 - Report of the Leisure & Tourism Portfolio Holder – A.5 – The Future of Joint Use Sports Facilities. He also stated that he had been granted a Dispensation by the Council's Monitoring Officer in order to allow him to speak on this matter.

93. ANNOUNCEMENTS BY THE LEADER OF THE COUNCIL

There were no announcements made by the Leader of the Council on this occasion.

94. ANNOUNCEMENTS BY CABINET MEMBERS**Cyber Security Issues**

The Corporate Finance & Governance Portfolio Holder (Councillor G V Guglielmi) informed Cabinet that the Council was responding to a major international cybersecurity alert and that, with the exception of Careline operations, all IT services were currently off-line. Officers were working hard to rectify and restore those services as soon as possible and he apologised for the inconvenience caused to all those affected.

Cabinet noted the foregoing.

95. MATTERS REFERRED TO THE CABINET BY THE COUNCIL

There were no matters referred to the Cabinet by the Council on this occasion.

96. MATTERS REFERRED TO THE CABINET BY A COMMITTEE - REFERENCE REPORT FROM RESOURCES AND SERVICES OVERVIEW & SCRUTINY COMMITTEE - A.1 - TENDRING DISTRICT COUNCIL ENFORCEMENT

Cabinet was aware that, at its meeting held on 1 November 2021 (Minute 33 referred) the Resources and Services Overview & Scrutiny Committee ("the Committee") had scrutinised enforcement throughout the Council.

After a detailed discussion the Committee had **RECOMMENDED** to Cabinet:-

- 1. the protection of trees on land to be developed be considered with the view to seeking to prevent a loss of trees in sites that are approved for development,*
- 2. Essex County Council be requested to plant a tree for each highway or other tree removed by it as close as possible to the site of the removed tree,*
- 3. the Council looks at the reintroduction of Perspex lamp post signs to reinforce the message about not dog fouling and the penalty for those that all their dogs to foul in conjunction with ward Councillors,*

4. *the Council discuss again the relative advantage of deploying covert cameras as part of enforcement, particularly for those specific areas where there is reoffending, in order to identify those offenders,*
5. *the legal position be considered on the responsibility of those who sell fast food for litter that comes from the packaging provided by those who sell fast food,*
6. *the reasoning why there have been no FPN's issued in respect of breaches of the PSPO, dog fouling, fly-tipping and littering be shared with the Committee, and*
7. *the Council uses social media and the press to make a push to highlight our Community Ambassadors, ASB case officer and Town Centre Officer, the powers they have and the tickets, fines they can issue.*

The Cabinet had before it the response of the Environment & Public Space Portfolio Holder thereto as follows:-

"As the portfolio holder under whose remit most of the recommendations fall I acknowledge that they are all issues that contribute to the corporate plan priority of Effective Enforcement and Regulation. I shall therefore be discussing the recommendations with the relevant officers such that should they be accepted by Cabinet we can either implement or explore further with other agencies as appropriate."

Having considered the recommendations of the Resources and Services Overview & Scrutiny Committee, together with the response of the Environment & Public Space Portfolio Holder thereto:-

It was moved by Councillor Talbot, seconded by Councillor McWilliams and:-

RESOLVED that the recommendations made by the Resources and Services Overview & Scrutiny Committee be noted and that the response of the Environment & Public Space Portfolio Holder thereto be endorsed.

97. LEADER OF THE COUNCIL'S ITEMS - A.2 - FREEHOLD DISPOSAL OF REDUNDANT OFFICE SITE AT WEELEY

Earlier on in the meeting Councillor G V Guglielmi had declared a Personal Interest in relation to this item. He thereupon withdraw from the meeting at this juncture and took no part in Cabinet's consideration and decision making on this matter.

Cabinet gave consideration to a report of the Leader of the Council (A.2) in order to decide whether its decision of 16th December 2016 to sell the Council's office site at Weeley, once vacated, was still the best use of the site in achieving the goals of the Council, or whether the site should be used to deliver new homes including new, high quality Council Housing and hence to:

- (a) appropriate the land at the Council's office site at Weeley for planning purposes, which would facilitate the carrying out of housing development; and
- (b) agree to the principle of disposing of part of the site, at best consideration, for development to be secured on the whole site, including the part to be retained by the Council.

Cabinet was aware that the disposal of the Council's office site at Weeley ("the Weeley site") was a key part of the Council's Office Transformation programme. Disposal of the Weeley site would reduce ongoing revenue costs and would reduce the Council's emissions.

The Cabinet had agreed "Basic Rationalisation" as the preferred option for Office Transformation proposals at its meeting held on 16 December 2016, which had included selling the Weeley site. The Chief Executive had then signed off a business case based on the option agreed by Cabinet on 14 September 2017.

The essence of those business case proposals was to improve efficiency services and facilities by:

- Facilitating flexible working;
- Making more services and information available electronically;
- Extending buildings at Barnes House and refurbishing other offices at Pier Avenue and at the Town Hall; and
- Disposing of facilities at Westleigh House, Clay Hall and the Weeley site.

The Office Transformation project was primarily aimed at service improvement and ongoing revenue savings.

Members were informed that the bulk of those measures were now in place with the final phase of the project at the Town Hall nearly completed and the remodelling of the Council's office building in Pier Avenue had been completed.

In preparation for the vacation of the Weeley site, officers had invited bids for the disposal of the site from two identified potential "Special Purchasers".

Cabinet was advised that the RICS Valuation – Global Standards of 31 January 2020 defined a Special Purchaser as: "*A particular buyer for whom a particular asset has a special value because of advantages arising from its ownership that would not be available to other buyers in a market.*" Special Value was defined as: "*An amount that reflects particular attributes of an asset that are only of value to a special purchaser.*"

The potential Special Purchasers identified had been:

- a builder/developer with controlling interests in land adjoining the site on three sides (the fourth was adopted highway); and
- the housing partnership set up by Essex County Council with the objective of working with other public bodies in order to facilitate efficiency in the public estate and the creation of additional housing within Essex.

In order to validate whether offers from the potential Special Purchasers represented "Special Value", officers and the Council's appointed professional valuer, had carried out additional soft market testing. In addition, one of the original bidders had made an improved offer.

In this case, the bids received had included alternatives to cash consideration in the form of the retention by the Council of some homes to be constructed on the site. The consideration of any proposals would involve not taking a capital receipt for the General

Fund, but to allow homes to be constructed for the benefit of the Housing Revenue Account.

It was felt that the soft market testing had demonstrated that open marketing or disposing at auction was potentially advisable if the Council were to seek an entirely financial consideration for the site. Alternatively, the Council could appropriate land for any purpose for which the Council was authorised. Consequently, the Weeley site could be appropriated for planning purposes, which would facilitate the carrying out of development which was likely to contribute to the economic, social or environmental well-being of the area, or which was required in the interests of the proper planning of the area in which the land was situated.

Cabinet was reminded that this site had been allocated for housing within Section 2 of the Local Plan, which the Planning Inspector had recently confirmed was sound and could be adopted. Delivering additional Council homes was a priority established through the Council's approved Corporate Plan and Housing Strategy. The Council had been undertaking the transformation and relocation of its services delivered from the Weeley site for some time, accelerated through the pandemic with many services being delivered on-line and remotely, therefore the public need within the locality for the existing use had reduced considerably with the offices being closed to the public for over 20 months. The criteria for planning purposes was therefore clearly met.

Once appropriated, it was recommended that, subject to planning permission being obtained, part of the land should be disposed for private residential development, with part being retained and developed as council housing. Such an arrangement must ensure the Council received "best consideration", and therefore detailed heads of terms would need to be negotiated and legal agreements entered into in order to ensure the necessary development delivered the Council's priorities. Once endorsed by Cabinet, the Leader of the Council would make the necessary decisions, in consultation with the Portfolio Holder for Housing and Officers, within the principles established within this report.

In addition, prior to the occupation of the Council housing, it would be necessary for Cabinet to appropriate the land for housing purposes and at that time, the relevant accounting requirements could be undertaken following the requisite decisions.

Having duly considered all of the information and advice contained in the Leader of the Council's report and in order to enable this matter to be progressed to a satisfactory conclusion:-

It was moved by Councillor Stock OBE, seconded by Councillor P B Honeywood and:

RESOLVED that Cabinet –

- (a) agrees that the Council's office site at Weeley, once vacated by the Authority, is no longer required for the purposes for which it is currently held and should be used instead for development to deliver new homes including new, high quality Council Housing;
- (b) formally appropriates the land including the Council's office site at Weeley for planning purposes, which will facilitate the carrying out of housing development;

- (c) agrees to the principle of disposing of part of the site, at best consideration, and subject to planning permission, for development to be secured on the whole site, including the part retained by the Council;
- (d) acknowledges that any legal agreement for redevelopment of the land will require specified works relating to the construction of Council housing and therefore, grants an exemption under the Council's Procurement Procedure Rules for the procurement of such construction works; and
- (e) subject to best consideration being demonstrated / secured and meeting the requirements set out within the Housing Acquisitions and Development Policy, the Leader of the Council, in consultation with the Portfolio Holder for Housing, the Corporate Director (Operations and Delivery), the Section 151 Officer and the Monitoring Officer, be authorised to make the necessary decisions to enable the Heads of Terms to be agreed, the necessary consents to be obtained and legal agreements to be entered into within the principles established within this report.

98. **LEADER OF THE COUNCIL'S ITEMS - A.3 - FURTHERING THE COMMITMENT TO THE COUNCIL'S CORPORATE PLAN 2020-24 - DEVELOPING HIGHLIGHT PRIORITY ACTIONS FOR 2022/23**

Cabinet gave consideration to a report of the Leader of the Council (A.3) which set out the Leader of the Council's and Portfolio Holder's initial thoughts for the highlighted priorities for year three (2022/23) of the Corporate Plan term.

Cabinet recalled that the Council's strategic direction was set out in its Corporate Plan which had been adopted unanimously by Full Council on 21 January 2020 (Minute 78 referred) and which covered the period 2020-24. That strategic direction itself sought to reflect the issues that mattered most to local people, the national requirements from Government and the challenges that faced the District over that time period.

The themes of the 2020/24 Corporate Plan were:

- *Delivering High Quality Services*
- *Building Sustainable Communities for the Future*
- *Strong Finance and Governance*
- *Community Leadership through Partnerships*
- *A Growing and Inclusive Economy*

The Corporate Plan itself was set out at Appendix A to the Leader's report.

Cabinet was aware that it established each year its priority actions to deliver against the Corporate Plan and thereby ensure that the ambition of that Plan was central to its work. The priority actions did not cover every separate element of the ambition of the four year Corporate Plan; nor were they intended to indicate that other projects, schemes or activities were not being pursued. They were though intended to reflect imperatives across the Council and for the District and actions that it was right to focus on in this year.

Members were reminded that when the Corporate Plan had been adopted it could not have been predicted that the world, including the UK, would be severely impacted by the Coronavirus pandemic. It was in the face of the pandemic that this Council had

responded to the particular challenges that had emerged. Whilst that had impacted on the work of the Council, including individual schemes, activities and projects, progress against the Corporate Plan priorities had continued.

The highlight priorities for 2021/22 were set out at Appendix B to the Leader's report for Members' reference purposes only.

It was against this backdrop of the Covid-19 pandemic that the Cabinet intended to make further steps to deliver the intentions of the Corporate Plan.

Members were informed that the initial highlight priorities for 2022/23 had been prepared following consultation with individual Portfolio Holders and the Leader of the Council and these were set out at Appendix C to this report for Cabinet's collective consideration.

Finalised proposals for the highlight priorities for 2022/23 and milestones would be considered by Cabinet on 28 January 2022. Prior to that, views on the highlight priorities were invited and would be reported to that meeting.

Having duly considered the highlight priorities for 2022/23 and milestones as contained in Appendix C to the Leader of the Council's report:-

It was moved by Councillor Stock OBE, seconded by Councillor G V Guglielmi and:

RESOLVED that -

- (a) the initial highlight priorities for 2022/23, as set out at Appendix C to item A.3 of the Report of the Leader of the Council, be approved for the purposes of a consultation;
- (b) all Councillors, other partners and the public be invited to consider the initial priorities referred to in (a) above; and
- (c) the outcome of the consultation referred to in (b) above be reported to Cabinet on 28 January 2022 in order that Cabinet can formally adopt its finalised key priority actions for 2022/23.

99. CABINET MEMBERS' ITEMS - REPORT OF THE CORPORATE FINANCE & GOVERNANCE PORTFOLIO HOLDER - A.4 - UPDATED FINANCIAL FORECAST AND INITIAL BUDGET PROPOSALS 2022/23

Cabinet gave consideration to a report of the Corporate Finance & Governance Portfolio Holder (A.4) which sought its approval for the updated financial forecast and proposed budget position for 2022/23 to be submitted for consultation with the Resources and Services Overview and Scrutiny Committee, which was required under the Budget and Policy Framework Procedure Rules within the Council's Constitution.

Members were aware that a 'live' 10-year financial forecast was maintained and reported to them throughout the year. The most up-to-date position in December each year was translated into the detailed budget for the following year for consultation with the Resources and Services Overview and Scrutiny Committee.

As part of maintaining a 'live' forecast, this current report 'built' on the last position that had been presented to Cabinet on 12 November 2021.

It was reported that, despite the challenging financial and economic environment, confidence in the long term approach to the forecast remained, which was supported by the forecast risk fund. The Council had maintained a prudent and sustainable approach to its long term plan and had continued to 'live within its means', which had to date enabled it to respond to exceptional issues such as the COVID 19 pandemic without the need to make short term / adverse decisions that could have affected the provision of front-line services.

Cabinet was made aware that there were a number of emerging cost pressures that were currently reflected in the forecast, and that this report also highlighted a number of items that were planned to be mitigated via one-off funding or via the use of existing reserves / budgets to underwrite their overall risk to the forecast.

Members were informed that cost pressures to date largely reflected unavoidable items. Given the pressures on the 'base' budget, it was proposed to consider 'optional' cost pressures via a separate process that would include the development of a Corporate Investment Plan that would seek to prioritise further investment from available funding such as the reprioritisation of existing budgets or from additional funding that might become available from the Government.

Cabinet was advised that on-going savings of just over £0.200m had been identified as part of the early phase of developing a zero based approach to budget setting. This was behind the target of £0.450m, which highlighted the importance of quickly developing this framework during 2022 in order to identify the required level of savings over the remaining life of the forecast.

Members were further advised that, at this stage of the budget process, there was a net deficit of £1.488m forecast in 2022/23, an improvement of £0.154m compared with the £1.642m deficit reported to Cabinet on 12 November 2021. Therefore, the forecast remained within the financial boundaries set out in the long-term plan.

It was envisaged that, although subject to potential changes over the remaining budget-setting period, the current forecasted deficit of £1.488m would be met by drawing money down from the Forecast Risk Fund.

It was reported that a review of reserves had also been undertaken, which had highlighted the need to hold a number of reserves to support key actions / activities as part of the Council's overall prudent and sustainable approach to managing its finances. However, a number of reserves would remain under review as part of the development of the budget and the new Corporate Investment Plan.

Cabinet's attention was drawn to the fact that, at the time of finalising the Portfolio Holder's report, the Local Government Finance Settlement for 2022/23 had yet to be announced. If announced in time, any changes emerging from the settlement would be reported to Cabinet in January 2022 when it considered its final budget proposals for recommending to Full Council in February 2022. The budget included a council tax levy increase of £5, with this level of increase expected to be confirmed as allowable as part of the finance settlement announcements. No revenue support grant had been included in the budget for 2022/23, but similarly to the late announcement last year, the

Government could provide some funding again for next year, especially when reflecting on the on-going financial impact of COVID 19 on Local Authorities.

With the above in mind, the final position for 2022/23 was likely to be more positive than the £1.488m currently reported, especially as the final expected income position for business rates had also yet to be finalised.

Once the final position for 2022/23 was determined, the remaining years of the 10-year forecast would be revised, set against the budget position for 2022/23 and would be reported to Members later on in the budget setting process.

The Corporate Finance & Governance Portfolio Holder made the following statement:-

“This report provides the most up-to-date forecast and ‘builds’ on the position we considered back on 12 November. I now have three positives to report since that date, which are:-

- (1) the underlying Council Tax position, which continues to recover, with an increase in both the property base and collection fund surplus for 2022/23. In terms of the property base, this is driven primarily by an increase in raw property numbers, which have increased by over 900. Taking this favourable council tax position into account, there is now an extra £390,000 of income that has been included in the forecast compared to the figure reported in November;*
- (2) although business rate income figures have not yet been included, we will do so in January when they are finalised, and we are optimistic that these should provide an improved position to the current forecast; and*
- (3) we are still waiting for the Local Government Settlement to be confirmed, but we remain hopeful that the Government will continue to provide underlying support to Councils, especially with the continuing impact from COVID-19.*

Hopefully these two latter points should enable us to reduce the estimated deficit further for 2022/23.

In terms of savings, we have identified just over £200,000 against the target of £450,000. It is therefore important that we continue to draw out savings and efficiencies over the later years of the forecast.

In terms of cost pressures, we have managed to limit on-going cost pressures to roughly the figure of £250,000 already built into the long-term plan. However, there are some additional cost pressures that may emerge next year but, at the moment, we think we can manage them within the overall budget and underwrite the associated risks via existing budgets.

We have been sensible and prudent over recent years and not exposed the Council to unnecessary risks that others have – some local authorities are now wrestling with the consequences of taking a less prudent approach.

The report also sets out a review of reserves, which hopefully provides some context to why they are held and dispels the myth that we are sitting on significant uncommitted

reserves – as set out in the report, they all play an important part of supporting the wider financial position of the Council.

The long-term approach continues to provide the flexibility we need and prevents short-term “knee-jerk” reactions and gives us the time to make well-informed and considered decisions.

It is also worth highlighting that the Resources and Services Overview & Scrutiny Committee were unable to review the Quarter 2 financial performance position at their most recent meeting on 13 December. However, I understand that they will be bringing a number of financial issues together, including the report we are considering today as part of their wider budget review activities in January, and I look forward to receiving their comments.”

Having duly considered all of the information and advice contained in the Corporate Finance & Governance Portfolio Holder’s report and in order to enable the updated financial forecast and proposed budget position for 2022/23 to be submitted for consultation with the Resources and Services Overview and Scrutiny Committee in accordance with the requirements of the Council’s Budget and Policy Framework Procedure Rules:-

It was moved by Councillor G V Guglielmi, seconded by Councillor P B Honeywood and:-

RESOLVED that Cabinet –

- (a) approves the updated Financial Forecast and proposed position for 2022/23 as set out in the Corporate Finance & Governance Portfolio Holder’s report and the appendices thereto; and
- (b) requests the Resources and Services Overview and Scrutiny Committee’s comments on this latest financial forecast and proposed position for 2022/23.

100. CABINET MEMBERS' ITEMS - REPORT OF THE LEISURE & TOURISM PORTFOLIO HOLDER - A.5 - THE FUTURE OF JOINT USE SPORTS FACILITIES

Earlier on in the meeting Councillor I J Henderson had declared a Personal Interest in relation to this item. However, he had been granted a Dispensation by the Council’s Monitoring Officer in order to allow him to speak on this matter.

The Cabinet gave consideration to a report of the Leisure & Tourism Portfolio Holder (A.5) which sets out options for consideration by Cabinet and a recommendation on how to proceed in the light of the fact that community use agreements with the Sigma Trust for the two Joint Use Sports Facilities at Brightlingsea and Harwich Sports Centres were due to end on 31 December 2021.

It was reported that, over a period of 30 years and 15 years respectively, this Council had managed community use arrangements at Brightlingsea (BSC) and Harwich Sports Centres (HSC). Agreements with the respective schools had enabled the Council to open facilities to the public on those non-Council owned sites after curriculum hours, and in some cases for daytime use also.

Cabinet was reminded that, in August 2021, the Council, in conjunction with the Sigma Trust, had decided to extend the agreements for five months, from their original expiry date of 31 July 2021, until 31 December 2021. This was to ensure that all appropriate residents and stakeholders could be consulted and an evaluation could be undertaken for a considered decision by Cabinet on the Council's future involvement.

Members were advised that the combined subsidy for managing community use facilities on the school sites was £146,969 and prior to the Covid-19 pandemic, combined attendances had decreased year-on-year from 68,832 to 61,864 (between 2017 and 2019). In order to address that decline, a significant investment programme was considered to be necessary.

Cabinet was aware that the Council's own facilities at Dovercourt and Walton had been subject to investment over recent years and that a refurbishment was close to completion at Clacton Leisure Centre. The Joint Use Facilities also required investment and Cabinet would need to consider the viability and advisability of investing in facilities which the Council did not own. This should also be considered in the context of longer term investment requirements for the three facilities under the Council's ownership at Clacton Leisure Centre (CLC), Dovercourt Bay Lifestyles (DBL) and Walton-on-the-Naze Lifestyles (WONL).

It was reported that in order to establish local views on current and future community use of those facilities prior to a Cabinet decision, a six week consultation exercise had been carried out. The consultation focussed on those facilities incorporated into the Joint Use Agreements and the full breakdown of that exercise was set out in Appendix C to the Portfolio Holder's report. Consultation had also taken place with both Brightlingsea Town Council and Harwich Town Council, to establish opinions and whether they would consider future involvement in the operation of BSC and HSC respectively. Officers could facilitate further discussions with the respective Town Councils and the Trust, to establish if there was an appetite for involvement in opening the facilities for community use. This would also apply to any health partners, who might consider opening up a dialogue.

Members recalled that the Schools which hosted the Joint Use Sports Facilities at BSC and HSC were managed by the Sigma Trust, who also retained responsibility for Clacton County High School. BSC had been under the Trust's management since 1 January 2019 and HSC from 1 June 2017. Consultation with the Sigma Trust had also taken place.

Cabinet was informed that how people accessed physical activity had changed throughout the Covid-19 pandemic, with a visible increase in those exercising in public open space and making use of the natural environment. This had included walking, running, cycling and water sports such as Stand up Paddle Boarding. Involvement with partners in the Sport England Local Delivery Pilot was one of the Council's key priorities for 2021/22 and that scheme had invested in alternative activities which did not rely on built facilities, such as Essex Pedal Power and community 'gamification' such as Street Tag and Beat the Street.

Cabinet was aware that a Sports Facilities Strategy had been due to be brought forward for its consideration in 2020, but that this had been postponed due to the Covid-19 pandemic. As there was significant turbulence in the leisure sector and wider economy, largely instigated by two national lockdowns, it had not been considered appropriate to

adopt a strategy at that time. Proposals were in place to develop the sports facilities strategy by March 2022.

Members were advised that the aim in taking decisions on the future of the joint-use agreement was to sustain the greatest use of facilities for sport and leisure, whilst reducing significant pressure on the Council's overall financial position and, in addition, to look at meeting the Council's strategic ambitions for sport and leisure in improving local activity levels and opportunities for improving health outcomes.

To that end a number of options had been put forward by the Leisure & Tourism Portfolio Holder in his report for Cabinet to consider, namely:-

	Option	Issues to consider
Option A	<i>Renew Joint Use Agreements</i>	<i>The current subsidy of the Joint Use Facilities is almost £147,000 and attracts approximately 66,000 combined visits per annum. The subsidy per attendance between the two facilities is £2.23. Feedback from the consultation highlighted the standard of the Joint Use Facilities is well below the Council's other facilities, and other providers.</i>
Option B	<i>Continue with Joint Use Agreements on revised terms and opening hours</i>	<i>There is potential to reduce the current subsidy by discussing new terms for the Joint Use Agreements. Furthermore, a reduction in opening hours would also reduce overheads, such as employee costs. Unless significant investment is made into the facilities however, the standard of customer offer will be far lower than that of the facilities under the ownership of the Council. Cabinet will need to consider the viability of investment into facilities it does not own, in the context of the long term financial sustainability of its own stock. It should be noted that there would be an interim period where agreements would continue on the current terms and conditions (and subsequently existing subsidy), whilst new arrangements were put in place.</i>
Option C	<i>Agreements End</i>	<i>If agreements end, the current level of attendances would be lost in those facilities, so Cabinet should consider signposting customers to alternative facilities to retain the current level of activity. The Council will work with Sigma Trust to explore whether block bookings, clubs and other hirers can be accommodated within BSC and HSC. A decision on the best use of the Joint Use Facilities budget should be addressed in</i>

		<i>the light of the Council's wider financial position and the Sports Facilities Strategy, due in March 2022.</i>
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It had been recommended by the Leisure & Tourism Portfolio Holder in his report that Cabinet follow Option C above and note that the Joint Use Agreements for BSC and HSC on sites outside of the Council's ownership, would expire on 31 December 2021. The Resources and Services Overview & Scrutiny Committee ("the Committee") had also considered the Portfolio Holder's report at its meeting held on 13 December 2021 (Minute 45 referred) and had decided to recommend to Cabinet that –

"(a) the proposal to cabinet in the report to it on the joint use sports facilities at Brightlingsea and Harwich is placed on hold (and appropriate steps taken to facilitate this status quo continuing), to allow the proposal to be considered:

(i) within the context of the councils emerging Sports Facility Strategy (due to be published in March 2022); and

(ii) in conjunction with the future intentions of the Sigma Trust (which are, as yet, unknown).

(b) it adopts the above as it will allow an all-encompassing scrutiny of the future provision of Council sports facility provision and, as the Joint Use Facilities Budget is not to be immediately reallocated, there is no immediate need for this decision to be implemented.

[Note: In respect of appropriate steps in the above recommendation it was agreed that this shall include approaching the Sigma Trust on the issue, discussing the proposal and agreeing the extension of the agreement should the Sigma Trust agree to this.]"

The Committee had also decided to -

"(a) authorise the Chairman to discuss with the Portfolio Holder for Leisure and Tourism the possibility of establishing a group of Members to consider the emerging Sports Facilities Strategy (including the provision for sports in Brightlingsea and Harwich).

(b) note that the following were adopted statements by this Council in respect of sports and leisure provision:

Page 108 of Section 2 of Tendring District Local Plan 2013-2023 and beyond –in respect of provision for Healthy Places.

"Indoor sports facilities including sports halls, health and fitness facilities and swimming pools are classed as 'Community Facilities' and are protected through Policy HP2. The Council will work with partners to improve the provision of indoor sports facilities in the District and will support proposals for new facilities subject to meeting the requirements of other policies in this Local Plan and may consider the use of all delivery mechanisms including Community Infrastructure Levy to help deliver new and improved existing Indoor sports facilities to meet the needs of a growing population".

Page 30 of the Playing Pitch Strategy and Action Plan for Tendring District Council and its partners (June 2017):

“Recommendation c – Maximise community use of education sites where there is a need to do so given the mix of provider in Tendring, there is a need for the Council and NGBs to work with other partners, for example, town and parish councils to help maximise use of outdoor sports facilities and in particular grass pitches and AGPs”.”

With the permission of the Chairman, Councillors Barry and Steady, Ward Members for Brightlingsea who were present in the public gallery, addressed the Cabinet on this matter.

During the consideration of this item the Chairman adjourned the meeting for a period of approximately 15 minutes.

Having duly considered all of the information, advice and available options contained in the Leisure & Tourism Portfolio Holder’s report together with the recommendations and other submissions made by the Resources and Services Overview & Scrutiny Committee and by Members at the meeting and in order to enable this matter to be progressed to a satisfactory conclusion:-

It was moved by Councillor Porter, seconded by Councillor McWilliams and:-

RESOLVED that Cabinet –

- (a) notes that the Joint Use Agreements between the Council and the Sigma Trust for the Harwich and Brightlingsea Sports Centres end on 31 December 2021;
- (b) agrees to the provision of transitional support from existing resources, for up to three months, to extend the community use of the facilities where possible;
- (c) invites representatives from the relevant Town Councils and the Sigma Trust to join an engagement group to meet during the transition period to work through the operations of providing community use from the facilities;
- (d) considers the development of the leisure and sports offer across the District through the Corporate Plan and emerging strategies; and
- (e) welcomes the opportunity for the Resources and Services Overview and Scrutiny Committee to provide an input into the work identified in (d) above over the coming weeks with the Portfolio Holder for Leisure and Tourism and officers.

101. JOINT REPORT OF THE HOUSING PORTFOLIO HOLDER AND THE CORPORATE FINANCE AND GOVERNANCE PORTFOLIO HOLDER - A.6 - HOUSING REVENUE ACCOUNT ESTIMATES 2022/23

Cabinet had before it a joint report of the Housing Portfolio Holder and the Corporate Finance & Governance Portfolio Holder (A.6) which sought its approval of an updated 30 year Housing Revenue Account (HRA) Business Plan and budget proposals for 2022/23.

Cabinet was aware that, similarly to the General Fund’s long term forecast, a ‘live’ HRA Business Plan was maintained on an on-going basis, with the most up-to-date position in December each year being translated into the detailed budget for the following year for consultation with the Resources and Services Overview and Scrutiny Committee.

It was reported that a number of changes had been made to the business plan for 2022/23 onwards that largely reflected a 'reset' in terms of a number of budget lines in response to recent increases in costs / prices and demands on the service. A significant risk also remained in terms of the potential cost pressure relating to the major repairs contribution to the capital programme in response to expected changes to the 'decent homes standard' and recommendations that could emerge from the Hackett review that had followed the Grenfell Tower tragedy.

With the above in mind, a stock condition survey was planned on being undertaken during 2022/23 in order to inform the potential cost pressure involved, which needed to be reflected within the business plan before any future major investment decisions could be made to maintain the balance between the investment in existing tenant's homes and the delivery of new affordable homes for local people.

Cabinet was informed that, as part of supporting the balance above and in-line with rent setting guidance issued by the Regulator for Social Housing, rents were proposed to be increased by CPI + 1% in 2022/23 (a 4.1% increase). This also allowed for the continued recovery from the 4 years of rent reductions from 2016/17 to 2019/20. Due to the relatively volatile CPI rates experienced since the start of the COVID-19 pandemic, if the proposed level of rent increase was taken together with relatively low figure of 1.5% last year, the average annual increase would be 2.8% over the two years, which broadly reflected the Bank of England's longer term CPI rate. Based on the above, the average weekly rent proposed for 2022/23 was £87.55 (£84.10 in 2021/22).

Members were advised that the budget currently proposed for 2022/23 generated an overall surplus of £0.143m. This 'base' position provided a strong foundation against which to consider future risks to the forecast such as those mentioned above along with supporting the commitment to the on-going new build and acquisition policy. It was therefore proposed to 'hold' this surplus within the Capital Programme in order to support the on-going development of the new build and acquisition programme.

It was further reported that the HRA General Balances were currently estimated to total £4.325m at the end of 2022/23 that further supported the 30 year Business Plan and associated risks to the forecast. The proposed HRA Capital Programme for 2022/23 totalled £3.457m, the same level of investment as in 2021/22, which continued to provide for a range of schemes and projects.

Cabinet was made aware that 'old' HRA debt continued to reduce year-on-year as the principal was repaid with a total debt position at the end of 2022/23 forecast to be £35.350m, which also reflected the proposed refinancing of an historic loan.

Cabinet was informed that, in addition to requesting comments from the Resources and Services Overview and Scrutiny Committee, it was also proposed to consult with the Council's Tenants' Panel during January 2022, with the outcome reported to Cabinet in that same month, when the final HRA budget proposals would be decided for recommending onto to Full Council in February 2022.

Having duly considered all of the information and advice contained in the Housing Portfolio Holder and the Corporate Finance & Governance Portfolio Holder's joint report and in order to enable the updated 30 year Housing Revenue Account (HRA) Business Plan and budget proposals for 2022/23 to be submitted for consultation with the Resources and Services Overview and Scrutiny Committee:-

It was moved by Councillor G V Guglielmi, seconded by Councillor P B Honeywood and:-

RESOLVED that Cabinet –

- a) approves the updated Housing Revenue Account (HRA) 30 year Business Plan and proposed position for 2022/23, as set out in the Portfolio Holders' joint report and Appendix thereto; and
- b) requests the Resources and Services Overview and Scrutiny Committee's comments on this latest HRA financial forecast and proposed position for 2022/23.

102. CABINET MEMBERS' ITEMS - JOINT REPORT OF THE CORPORATE FINANCE & GOVERNANCE PORTFOLIO HOLDER AND THE HOUSING PORTFOLIO HOLDER - A.7 - FREEHOLD PURCHASE OF A RESIDENTIAL PROPERTY IN CLACTON-ON-SEA

Cabinet had before it a joint report of the Corporate Finance & Governance Portfolio Holder and the Housing Portfolio Holder (A.7) which sought its approval, in principle, for the freehold purchase of a three bedroom residential property in Clacton-on-Sea to meet local housing needs.

Cabinet was aware that the Council had a target to bring 200 additional homes into the council housing stock in order to meet rising demands for high quality, affordable housing in the District. Those homes would be acquired or built via a range of approaches.

It was reported that this proposal was in respect of an opportunity to purchase a vacant three bedroom ex-Council house that was currently for sale on the open market in Clacton-on-Sea. For a number of years the Council had had a strong demand for three bedroom houses and this property met the criteria set out in the Council's adopted Housing Acquisitions and Development Strategy.

Members were informed that, in October 2021, Portfolio Holder approval had been obtained to initiate the Council's Property Dealing Procedure, to obtain an independent valuation of the property and to negotiate a price with the owners. An independent market valuation had now been obtained and negotiations with the owner had been completed satisfactorily, to enable the purchase to be progressed to a conclusion. Purchasing this property would add an additional property to the Council's housing stock in the Housing Revenue Account in an area of high demand.

Having considered all of the information and advice contained in the Portfolio Holders' joint report and to enable this matter to progress to a satisfactory conclusion:-

It was moved by Councillor G V Guglielmi, seconded by Councillor P B Honeywood and:-

RESOLVED that Cabinet authorises, in principle, the freehold purchase of the property in question for inclusion into the Council's housing stock.

103. CABINET MEMBERS' ITEMS - JOINT REPORT OF THE CORPORATE FINANCE & GOVERNANCE PORTFOLIO HOLDER AND THE HOUSING PORTFOLIO HOLDER - A.8 - FREEHOLD PURCHASE OF TWO RESIDENTIAL PROPERTIES IN CLACTON-ON-SEA

Cabinet had before it a joint report of the Corporate Finance & Governance Portfolio Holder and the Housing Portfolio Holder (A.8) which sought its approval, in principle, for the freehold purchase, on revised terms, of two x 2 bedroom bungalows in Clacton from a developer.

Cabinet recalled that the properties in question were being delivered to the Council through a Section 106 agreement that had been entered into for affordable housing on the development site in question. The developer had initially approached another registered provider, Chelmer Housing Partnership (CHP) to purchase the properties but CHP had withdrawn as their development 'pipeline' was fully committed. The properties were located in Clacton-on-Sea which was a priority area for acquisitions, as set out in the Housing Acquisitions and Development Strategy adopted by Cabinet in October 2020. There were currently 105 households on the Housing Register in need of a two bedroom bungalow in Clacton-on-Sea.

Members were reminded that the Council's original offer of £188,000 per bungalow (£376,000 in total) had been accepted by the developer in October 2020. As completion of the freehold purchase had not taken place within a year of the original offer being accepted, the bungalows had been re-valued and following a significant increase in house prices, the purchase price had now been agreed at £210,000 per bungalow (£420,000 in total). The statutory agreements required to complete the transfer had now been received.

Having considered all of the information, advice and proposals contained in the Portfolio Holders' joint report and to enable this matter to progress to a satisfactory conclusion:-

It was moved by Councillor G V Guglielmi, seconded by Councillor P B Honeywood and:-

RESOLVED that Cabinet approves, in principle, the revised terms for the freehold purchase of the two properties in question for inclusion into the Council's housing stock.

104. MANAGEMENT TEAM ITEMS

There were none on this occasion.

105. EXCLUSION OF PRESS AND PUBLIC

It was moved by Councillor Stock OBE, seconded by Councillor G V Guglielmi and:-

RESOLVED that, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of Agenda Items 17 to 20 on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A, as amended, of the Act.

106. EXEMPT MINUTES OF THE MEETING HELD ON FRIDAY 12 NOVEMBER 2021

It was **RESOLVED** that the exempt minutes of the meeting of the Cabinet, held on Friday 12 November 2021, be approved as a correct record and be signed by the Chairman.

107. CABINET MEMBERS' ITEMS - REPORT OF THE ENVIRONMENT & PUBLIC SPACE PORTFOLIO HOLDER - B.1 - PROCUREMENT EXEMPTION: REPLACEMENT CREMATORS AT WEELEY CREMATORIUM

RESOLVED that Cabinet –

- a) notes that market research for cremators replacement plant and associated services has revealed one supplier with a suitable financial standing with the majority of the market share and recognises the need to return the facility to a fully functioning and safe service at the earliest opportunity;
- b) therefore grants an exemption to the Procurement Procedure Rules in order to allow a direct award of the contract for supply, installation and servicing and maintenance of cremators to Faculative Technologies; and
- c) authorises the publication of the required VEAT notice in accordance with the Public Contract Regulations 2015 and the adherence to the 10 day standstill period.

108. CABINET MEMBERS' ITEMS - JOINT REPORT OF THE CORPORATE FINANCE & GOVERNANCE PORTFOLIO HOLDER AND THE HOUSING PORTFOLIO HOLDER - B.2 - TERMS FOR THE FREEHOLD PURCHASE OF A PROPERTY IN CLACTON-ON-SEA

RESOLVED that Cabinet –

- (a) approves the terms for the freehold purchase of the property in question, as set out in the Portfolio Holders' joint report; and
- (b) authorises the Corporate Director (Operations and Delivery) to enter into a contract and transfer deed to complete the purchase of the property on the terms set out and subject to such other terms that he considers necessary.

109. CABINET MEMBERS' ITEMS - JOINT REPORT OF THE CORPORATE FINANCE & GOVERNANCE PORTFOLIO HOLDER AND THE HOUSING PORTFOLIO HOLDER - B.3 - TERMS FOR THE FREEHOLD PURCHASE OF TWO PROPERTIES IN CLACTON-ON-SEA

RESOLVED that Cabinet –

- (a) approves the acceptance of the transfer of the properties in question to the Council as Affordable Housing Dwellings at the purchase price of £210,000 each (total purchase price £420,000); and
- (b) authorises the Corporate Director (Operations and Delivery) to enter into a contract on the terms set out in the Portfolio Holders' joint report and subject to such other terms that he considers necessary.

The Meeting was declared closed at 12.14 pm

Chairman

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CABINET

28 JANUARY 2022

REFERENCE REPORT FROM THE RESOURCES AND SERVICES OVERVIEW & SCRUTINY COMMITTEE

A.1 SCRUTINY OF THE UPDATED FINANCIAL FORECAST/BUDGET 2022/23 AND HOUSING REVENUE ACCOUNT BUDGET PROPOSALS 2022/2023

(Report prepared by Keith Simmons and Keith Durran)

BACKGROUND

In accordance with the requirements of the Budget & Policy Framework Procedure Rules the Resources and Services Overview and Scrutiny Committee, at its meeting held on 12 January 2022 (Minute 50 refers), undertook an enquiry into:-

- (1) the updated financial forecast and proposed budget position for 2022/23; and
- (2) the Housing Revenue Account (HRA) Budget for 2022/23 including the movement in HRA Balances, the level of fees and charges for 2021/22 and the HRA Capital Programme.

This enquiry considered the above in the light of the Council's Medium Term Financial Strategy and its Treasury Strategy.

The Committee's enquiry was assisted by the Leader and individual Cabinet Members who also outlined the Cabinet's initial highlight priority actions for 2022/23 and the synergy of those with the proposed Budget for 2022/23. A number of officers also supported the enquiry.

The enquiry was conducted through a private evidence gathering stage on 5 January 2022 followed by a public meeting during the day of 12 January 2022.

RESOURCES AND SERVICES OVERVIEW & SCRUTINY COMMITTEE'S RECOMMENDATION(S) TO CABINET

The Resources and Services Overview and Scrutiny Committee thanked the Cabinet for the participation in its enquiry and for answering the Committee's many questions. The Committee then approved the following:-

RECOMMENDATIONS TO CABINET:

In respect of the financial forecast and proposed General Fund budget position for 2022/23

1. That the issue of the level of carry forward amounts each year, as highlighted several times by the external auditors in their annual audit letters to the Council in recent years, be addressed urgently by the Cabinet.

2. That the intentions for developing a Corporate Investment Plan in order to establish a process for considering proposals for investment against the Corporate Plan Priorities and developing a prioritisation framework for investment over the coming year and into the medium term be welcomed and:
 - a. That the schemes set out in the current reserves, provisions and one-off sums be reassessed as part of that Corporate Investment Plan process in order to avoid sums of money being allocated for schemes that are no longer to be pursued and thereby hampering investment in schemes that can deliver real benefit to the District;
 - b. That, further to (a) above, the approvals to establish a reserve for a Residents Free Parking Scheme (£221K in reserves) and to allocate funds for a Clacton Town Centre Fountain (£159K as a one-off sum) be reversed immediately (as they are not required/being pursued) and the sums reallocated to fund the posts of 6 Community Ambassadors, 4 Street Rangers and 1 Technical/Administration (at a total cost of £352K) for 2022/23 with the remaining £28K from the released funds being ring-fenced to support training, equipment and supplies costs associated with those posts in 2022/23.
 - c. That the Plan should identify a range of seafront enhancements, developed in conjunction with seaside communities (including where relevant Town/Parish Councils) on the basis that these are funded by an expansion of beach huts in those communities.
 - d. That the Plan should deliver on the intentions of the Public Conveniences Strategy by improvements in those continuing facilities (particularly in view of the saving of £72,200 from the Government's backdating of business rate relief to the start of 2020/21 and the absence of business rates on those facilities since the Strategy was adopted).
 - e. That the Plan clearly identifies how it will integrate with the priorities for investment through funding secured through the Community Infrastructure Levy (CIL) and the monitoring of the investment through that funding route.
3. That progress with the procurement of the new cremators for the Weeley crematorium and the significant loss of income in 2021/22 and 2023 while the cremators are out of action, be monitored, very closely, and councillors and the public be kept informed about the process.
4. That internal procurement processes be re-examined with a view to strengthen those processes and addressing the risk of failure by companies who are major suppliers to the Council (given recent example of the company maintaining the cremators and other examples in recent years).
5. That the planned events for the platinum Jubilee and associated funding for them, be approved as a matter of urgency.
6. That the problem of littering along the A120 be highlighted and the Council pursues with Essex County Council and Highways England, frequent cleaning of the road, and verges next to it, with waste bins that are suitable for the level of use be installed and maintained in the laybys between

Ardleigh Crown and Harwich, so that this major route through the District is kept clean.

In respect of the Housing Revenue Account 2022/23

1. That, in respect of the Housing Revenue Account, stretch targets be introduced for void levels given the impact on the budget in lost rental income and Council Tax (including the proposed surcharge for empty homes being introduced for 2022/23) and the demand for housing that could be met by bringing void homes back into rental.
2. That the Council commences setting aside funds to meet the costs that will arise from the housing stock condition survey (albeit that the full extent of those sums is not yet known).

In respect of the proposed highlight priorities for 2022/23

1. That the Cabinet reassess its highlight priorities for 2022/23 and include in them, with appropriate budget and milestones or otherwise implement the following:
 - a. Progress with the various steps that will be part of the Stock Condition Survey to be undertaken in 2022/23 – in view of the important role the Council has as a major local landlord and the need to prepare for the implications of the Hackett review and revisions to the Decent Homes Standard.
 - b. Delivery of key elements of the emerging Sports and Leisure Strategy – given the need to take forward the range of actions to improve activity levels not just among those who are currently not active but also among those who are moderately active and across all parts of the District.
 - c. As part of the growing and Inclusive Economy Theme, Tourism Officers/ events proposed priority, include measures to increase the numbers and extend the percentage of visitors to the area that can (and do) stay overnight and thereby increase dramatically the spend locally by visitors.
 - d. In respect of the proposed priority of carbon reduction/climate action:
 - i. as and when initiatives are brought forward, details should be provided as to how the relevant carbon reduction measures affect the Council and its partners financially (and is there a consequence for job numbers/skills of the individual measures).
 - ii. the proposals for Electric Vehicle charging points across the District be worked up and the consequential budgetary issues for the Council be established and shared widely.

PORTFOLIO HOLDER COMMENT(S) AND RECOMMENDATION(S) TO CABINET

Portfolio Holder's Comments

The comments of the Corporate Finance & Governance and Housing Portfolio Holders (as appropriate) will be submitted to Cabinet at the meeting, to be considered as part of items 9 and 10 of the agenda, which are the General Fund and HRA budget proposals.

Recommendations to Cabinet:

That the recommendations made by the Resources and Services Overview & Scrutiny Committee be noted and that it be further noted that the response of the Portfolio Holder thereto will be considered as part of items 9 and 10 of the agenda.

Key Decision Required:	NO	In the Forward Plan:	YES
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CABINET

28 JANUARY 2022

REPORT OF THE LEADER OF THE COUNCIL

A.2 KEY PRIORITY ACTIONS 2021/22 TOWARDS CORPORATE PLAN THEMES – MONITORING REPORT AT THE THREE QUARTERLY POINT

(Report prepared by Keith Simmons and Hattie Dawson-Dragisic)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To provide the Cabinet with an update on the positive progress with the Key Priority Actions adopted for 2021/22 towards the Council's Corporate Plan Themes for 2020/24.

EXECUTIVE SUMMARY

The Corporate Plan 2020/24, adopted by Council, sets out the strategic direction and policy objectives for the Council over that period. Taking the Corporate Plan Themes, Cabinet on 19 March 2021 adopted a series of key priority actions for 2021/22 with individual milestones for each of those actions. This meeting of Cabinet provides an opportunity to report on the six month position on each of those key priority actions and the specified milestones.

It is also important to note that the Leader of the Council added to the key priority actions approved by Cabinet in March 2021 to add a further key priority action around Freeport East. This report includes progress with this action too.

Circumstances generally, and with progressing individual key priority actions may impact on the individual milestones associated with those actions. This report invites Cabinet to realign those milestones as set out in the Appendix to this report.

In addition to the key priority actions, Cabinet also approved a performance reporting arrangement for those actions and the milestones associated with those priority actions. In accordance with that arrangement, the detail of performance at the end of Quarter 1 (for April to June) was placed on the Council's website in the Transparency data section. All Councillors were advised by email of the data being placed there. The arrangement envisaged reporting on the six month position to this meeting of Cabinet. The Q3 position on the key priority actions for 2021/22 is to be reported to Cabinet on 28 January 2022 when it is intended it will finalise its proposals for key priority actions for 2022/23. This meeting will also recommend the Council's budget for 2022/23. The final position at the end of 2021/22 in respect of the key priority actions for that year will also be reported in 2022/23 and it is hoped to align this with the budget outturn position.

In considering this report, it is also worth reflecting on the range of significant matters that the Council has delivered in these six months. It has been a busy six months and a range of the bids, and deliverables in that period are set out in the Background section of this

report.

RECOMMENDATIONS

That the contents of the report be NOTED together with the highlighted realignment of particular milestones for particular key priority actions set out in the report.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

The Council approved a Corporate Plan for 2020/24 and this established its strategic direction for those four years. That strategic direction itself seeks to reflect the issues that matter most to the local people, the national requirements from Government and the challenges that face the District over that time period. The Corporate Plan was adopted unanimously at the Council meeting on 21 January 2020 (Minute 78 refers).

The themes of the 2020/24 Corporate Plan are:

- Delivering High Quality Services
- Building Sustainable Communities for the Future
- Strong Finance and Governance
- Community Leadership through Partnerships
- A Growing and Inclusive Economy

The Corporate Plan shapes and directs the Council's work and an extensive range of actions have been, are being and will be undertaken across the 2020-24 life of the Plan to deliver against its themes and priorities.

The Key Priority Actions adopted by the Cabinet on 19 March 2021 seek to take forward the Corporate Plan. This meeting of Cabinet provides the opportunity to review progress with the Key Priority Actions adopted and realign the milestones for certain of those Key Priority Actions in view of the circumstances that now require this.

FINANCE, OTHER RESOURCES AND RISK

The key actions set out at Appendix A includes the delivery of the financial savings target within the Medium Term Financial Strategy. In considering all matters it is vital that the balance of resources can be accommodated by this Council and that it does not put further strain on the Council being able to balance its budget each year.

A key risk highlighted in the report to Cabinet when it determined its key priority actions for 2021/22 was the continuing impact of the Covid-19 pandemic, the restrictions imposed to address the pandemic and the extent to which the recovery from the pandemic is impacted by outside issues. Cabinet was also advised that further tasks may be required for the Council to undertake, such as new grant schemes, and this too would impact on the capacity of the Council to achieve the Cabinet's adopted key priority actions.

LEGAL

The legal implications of individual actions are assessed when they are brought forward for formal decisions to be made. A number of these decisions will be designated 'Key'

Decisions. Consideration of legal implications can then require additional steps to be undertaken which could impact on approved milestones and require them to be realigned.

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.

In preparing this report, due regard has been given to the likely effect of the exercise of the Council's functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area. In addition, due consideration has been given to the District Council's statutory Equality Duty to eliminate unlawful discrimination, advance equality of opportunity and foster good relations, as set out in Section 149(1) of the Equality Act 2010.

The report has also had regard to the Climate Change Strategy and Action Plan as adopted by the Council. A key action proposed in Appendix A is to take forward the delivery of the actions under that Strategy/Action Plan and thereby achieve its objectives as approved by Council.

PART 3 – SUPPORTING INFORMATION

BACKGROUND

The Key Priority Actions for 2021/22 (and the performance monitoring arrangements for these) were proposed in draft form by Cabinet at its January 2021 meeting and, with the agreement of the Chairmen of the two Overview and Scrutiny Committees, the Overview and Scrutiny Committees considered the proposals and submitted comments on them. The outcome of the consultation was then submitted to the 19 March 2021 meeting of Cabinet when the finalised Key Priority Actions were approved for 2021/22 (and the performance reporting arrangements).

The Q3 position on the delivery of the key priority actions for 2021/22, and the related milestones, are set out at Appendix A to this report.

In considering this report, Cabinet is also reminded that to this point in 2021/22 has seen the following significant matters:

Section Two of Tendring District Council's (TDC) Local Plan – detailed and extensive work to support a two-week public hearing in front of the designated Inspector with a view to securing approval of the Section Two of the Plan, the Inspector submitting their series of main modifications picking up many of the issues raised by the Council and consideration of the Inspector's recommendations by the Council; followed by publication of them for a six-week public consultation in the summer.

Wellbeing Hubs To Support Good Mental Health In Schools – supporting and encouraging the development of wellbeing hubs across 21 schools in the District; including the collection of baseline data and training for those delivering the hubs using funding secured from the Clinical Commissioning Group totalling £245K. The roll out built on the pilot at Great Bentley Primary School established in 2017 and will massively extend the number of children who can access the hub services who have mild to moderate mental health issues. All hubs are now open (16 in

Tendring and 6 in Colchester). Essex University has been commissioned to undertake the academic evaluation of progress in the hubs, focusing on the pupil progress, the support given through the hub to the wider family unit and a longer piece of work relating to the changes that a Wellbeing Hub can make to whole school culture.

£35,000 fund for Grants to Event Organisers across the District - To support local event organisers to bring more events to town or village centres, or seafronts close to them, using local traders or performers. With grants of between £0.5-1.0K to event organisers to make the most of the current staycation boom.

Financially Local Independents to Harness Digital Retaining Through The Click It Local Scheme – Several Local Businesses have signed up to the scheme that enables shoppers to get great deals and locally-made products through the new online shopping platform. Click It Local (clickitlocal.co.uk/tendring) enables shoppers to get those products delivered to their door on the same day. The Council has provided funding for the Click It Local platform and promotes the service locally to businesses and shoppers.

Helping Community Groups Under the Community Assets Rent Offsetting Scheme (CAROS) Scheme – At a cost of £83K, the Council has waived for this financial year the rents of community groups eligible under the CAROS scheme. This is aimed at helping those community groups recover from the impact of Covid-19. In addition, any planned rent increases or reviews for the 2021-22 financial year were paused so as not to put up costs for the next year.

Cliff Stabilisation Scheme Approved and gets underway - £2.1M of funding was approved by the Council in April 2021 and the works on two stretches of the cliffs at Clacton-on-Sea and Holland-on-Sea are now being worked on by specialist contractors to stabilise them for decades ahead. Through the works the gradient of the cliffs will be altered and drainage installed to reduce the build-up of ground water, which is the primary cause of slippage. The whole works will be completed within 2021/22. The works may also provide space for a further 30 Beach Huts to be installed.

Heritage Trail To Mark Clacton's 150th Birthday – With funding from the National Lottery, a trail consisting of 19 information boards, stretching from Jaywick Sands to Holland Haven and going into Clacton town centre, charting various aspects of Clacton's history was created. Some of the boards also have augmented reality options for those with smartphones, and there are also audio benches recanting people's memories of the town.

150th Anniversary Flights Over Clacton - Clacton's 150th anniversary was marked with two flight displays above the town's seafront on Thursday, 26 August and Friday, 27 August. The Anniversary Flights included displays by the RAF Red Arrows and the Battle of Britain Memorial Flight (BBMF). The events saw around 160,000 spectators across both days of the flying programme.

Secured Funding For The Replacement Of The Artificial Pitch At Clacton Leisure Centre – With funding being secured from the Football Foundation and from Essex County Council, the £670K scheme is fully funded. The new 3G pitch will replace the existing sand-filled pitch, which is reaching the end of its lifespan. The pitch will contribute to a range of investments at the Clacton Leisure Centre site to improve facilities there.

Increasing recycling rates – For the first three months of this financial year the percentage of household waste sent for recycling in the District was up to 42.61% from 38.36% in the immediate previous quarter (and up from 42.03% in the comparable Q1 quarter in 2020/21). Incidents of fly-tipping were also down to 217 reports in the first three months (Q1) of 2021/22 from 415 in January-March 2021 (Q4 for 2020/21) and from 561 reports in the comparable Q1 quarter in 2020/21.

Piloting solar powered LED streetlights – The Council has 191 street lights it is responsible for and is now conducting a year-long pilot of 23 of these using solar powered LED lights. The pilot will invite views before, subject to the pilot, the solar powered LED lights are installed in the remaining 168 street lights elsewhere in the District.

Greater Essex Anchors Movement – The Council is engaged with the Essex Anchors movement and Ian Davidson, Chief Executive, Tendring District Council is the Chair of the Greater Essex Board. Anchor institutions are usually large organisations which are local to place that have the leverage to maximize social value through their role as workforce developers, employers and procurers, their core business (health and education for instance) and linkages to the place they operate. They are large, typically non-profit organisations like hospitals, local councils, and universities. The Essex Anchor network includes approximately 20 anchor organisations from across Greater Essex, there are more public sector organisations that are part of the group, than not. Current priorities for 2022, include joining up to support recruitment initiatives such as virtual job fairs and an analysis of financial spend is being undertaken to identify where efficiencies can be made, to keep local spend and jobs in Essex.

BACKGROUND PAPERS

None

APPENDICES

Q3 Position on the Key Priority Actions approved by Cabinet in March 2021

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TENDRING DISTRICT COUNCIL MONITORING REPORT FOR THE KEY PRIORITY ACTIONS FOR 2021/22 (Please refer to the Key Priority Actions Report for Full Details of the actions, budget and intended outcomes)

REPORT FOR THE PERIOD OCTOBER TO DECEMBER 2021 (Q3)

OVERALL KEY PRIORITY ACTION RAG STATUS	The Quarterly Milestones RAG Status uses the following:
Green – There is a LOW risk the Key Priority Action will not be delivered Amber – There is a MEDIUM risk the Key Priority Action will not be delivered. Red - There is a HIGH risk the Key Priority Action will not be delivered	Green – Ahead, on or within 2 weeks of the stated date. Amber – Over 2 weeks but up to 4 weeks after the stated date. Red - Over 4 weeks after the stated date (including if not achieved)

*Note: Where Milestone dates preceded the start of the financial year they have been included in Q1 for reporting purposes.
Likewise, milestones after the end of the financial year have been added into Q4.*

Where circumstances now require realignment of milestones these are shown highlighted yellow in both the Milestones and the Commentary columns. Where the original milestone is to be deleted it is shown as 'struck through' and where it is inserted in its new realigned position it includes the word REALIGNED.

Relevant Corporate Plan Priority Theme	Relevant Corporate Plan Priority	Key Actions to support the Corporate Plan Priority in 2021/22	Overall key Actions RAG Status	Quarter	Milestones	Quarterly Milestones RAG Status	Commentary
Delivering high quality services Page 31	A7 - Carbon Neutral by 2030	To deliver key actions identified in the Climate Change Action Plan	GREEN	Q1	(i) - 31 December 2020 – Energy Audits commissioned and commenced - 28 February 2021 - First Energy Audit reports submitted - 30 April 2021 – SALIX Funding bids prepared (ii) – 30 April 2021 – Options scoped out on solar Photo-voltaic options for council housing and other council buildings	Amber	(i) Energy audits were commenced in January and the first reports have been submitted covering the Council's larger and more energy intensive buildings. SALIX or equivalent funding bids have not been prepared as yet. Officers are now working on a timescale to 31 October 2021 for these bids to be prepared. (ii) An option to install photo-voltaic panels and battery storage on council owned housing by way of a lease-back arrangement is currently being explored. Options for other council buildings will follow on from the energy audit recommendations. Officers are now working on a timescale to 31 December 2021 for these options to be scoped.
				Q2	[No specific milestones fall in this quarter]	Green	With the next key renewal date for energy approaching, Officers are currently working with the relevant procurement agency to identify the available options for consideration in respect of the intention to secure a 100% renewable energy contract.
				Q3	(iii) 31 October 2021- 100% renewable energy purchased at next contract renewal (iv) 31 December 2021 - Options appraisal completed in respect of developing a council owned solar farm in the district (v) 31 October 2021 -Updated procurement guidance and contractual terms completed (vi) 31 October 2021 - Recording and performance monitoring	Red	(iii) The Council has now (9 December 2021) 'opted in' to purchase carbon neutral electricity as part of the wider Crown Commercial Services framework arrangements for procurement, which will be effective from April 2022. This approach will

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				<p>framework in place (vii) 31 December 2021 - Carbon literacy training delivered to staff and Cllrs (viii) 31 December 2021 - New home working and travel guidance in place REALIGNED – (i) 31 October 2021 – SALIX Funding bids prepared REALIGNED – (ii) 31 December 2021 – Options scoped out on solar Photo-voltaic options for council housing and other council buildings</p>	<p>be continued for further energy contracts that fall for renewal during 2022/23 so that these are carbon neutral.</p> <p>(iv) Detailed survey results and advice from APSE consultants highlights the priority to deal with fabric first measures and reduction in consumption. It is proposed to focus resources in these areas in the short term and REALIGN any options appraisal for solar farm activities for future years.</p> <p>(v) This will be completed in conjunction with Essex County Council Procurement in line with the new Service Level Agreement and aims to be completed by the end of Q4. REALIGN to Q4.</p> <p>(vi) The Climate Change Programme Board met for the first time on 17th November 2021. This Board will have oversight of the performance monitoring framework for the Council’s Climate Change Action Plan and will meet on a quarterly basis. Individual action owners attend this Board and carbon emissions data are reported annually to it. Milestones are also tracked through quarterly Cabinet performance reporting.</p> <p>(vii) The procurement of training to be delivered to staff and Councillors is currently underway</p> <p>(viii) On 20th October 2021 Working from home and travel guidance was completed.</p> <p>(i) It has not been possible to develop SALIX Funding bids as per the realigned milestone. As such this milestone is to be further realigned to Q4.</p> <p>(ii) It is proposed to further REALIGN the timeline milestone on this action to Q4, in line with the Portfolio Holder’s comments at the Council’s Budget Scrutiny Meeting on 12 January 2022, in order to direct resources in the short term towards a fabric first approach, focussing on energy usage reduction, potentially with grant funding</p>
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							from the Social Housing Decarbonisation Fund, before deploying generation options.
				Q4	(ix) 31 March 2022 – Collaborative Action plan / alliance formed with others towards net zero ambition for Tendring FURTHER REALIGNED (i) 31 March 2022 - SALIX Funding bids prepared FURTHER REALIGNED – (ii) 31 March 2022 - Options scoped out on solar Photo-voltaic options for council housing and other council buildings REALIGNED (iv) 2022/23 - Options appraisal completed in respect of developing a council owned solar farm in the district REALIGNED (v) 31 March 2022 Updated procurement guidance and contractual terms completed		
Delivering high quality services Page 33	A6 - Effective Regulation and Enforcement	Introduce new Fixed Penalty Notice arrangements, “summertime” partnership plan and introduce a mobile CCTV capacity	GREEN	Q1	(i) 30 April 2021 - Fixed Penalty Notices and associated policy available to all accredited officers. (ii) 30 April 2021 - Develop a tactical "summertime" partnership plan and disseminate to internal and external stakeholders (iii) 30 June 2021 - Briefing note to Corporate Enforcement Group evaluating activities/Outcomes and lessons learned over the Easter and May Bank holidays (iv) 30 April 2021 - Briefing note to Corporate Enforcement Group to secure agreement for the funding of equipment and setting out proposed deployment guidelines	Green	(i) Fixed Penalty Notices (FPN) policy adopted, agreed and available to all Officers. Further work to be completed regarding the FPN back office processes. (ii) Summertime plan agreed and operational across the Council and partners. (iii) The Corporate Enforcement Group has evaluated the lessons learnt over Easter and the May bank Holidays. (iv) A briefing note was submitted to the Corporate Enforcement Group regarding equipment and associated costs.
				Q2	(v) 31 July 2021 - Community Safety Accreditation Scheme (CSAS) training delivered to additional officers to increase internal capacity and refresher training provided to existing CSAS accredited staff. (vi) 30 September 2021 – Mobile CCTV Equipment procured and deployable in accordance with adopted deployment guidelines	Green	(v) Fixed Penalty Notice (FPN) Training given to 15 Operational Staff on 25 August 2021, in discussion about officers undertaking CSAS Accreditation as some of those who completed the CSAS training in 2019 have now left the Council or are undertaking different roles. There is a continuing need to check the CSAS status of the Council’s Enforcement Officers and provide new training for those in an enforcement role where necessary. Final printing of the FPN pads is awaited. The back office function is ready to go. (vi) A briefing note was submitted to the Corporate Enforcement Group regarding equipment and associated costs.

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				Q3	(vii) 31 October 2021 - Briefing note to Corporate Enforcement Group evaluating the effectiveness of the activity and reviewing options linked to streamlining the process and consideration of a more automated solution, if achievable. (viii) 31 October 2021 - Briefing note to Corporate Enforcement Group evaluating activities and Outcomes during the peak summer period (ix) 31 December 2021 - Briefing note to Corporate Enforcement Group evaluating incidences of crime in deployment locations and local satisfaction rates	Green	(vii) Update given to Corporate Enforcement Group (9 November 2021 and 21 December 2021) in relation to processes and practice in respect of Fixed Penalty Notices – Back office process complete and pads printed and ready for distribution on 4 January 2021. (viii) Presentation given to Corporate Enforcement Group / Management Team (9 November 2021 and 21 December 2021) and an All Members Briefing on 17 November 2021 in relation to the success of the “summertime plan” and the activities carried out. (ix) Briefing note being prepared for Corporate Enforcement meeting in January 2022 re: crime and satisfaction rates, however the local Policing Inspector is a regular attendee at Corporate Enforcement Group and gives regular updates.
				Q4			
Building Sustainable Communities 34	B6 - Effective planning policies	Implementation of Local Plan Part 1 following Inspector's approval and move to formal examination of Part 2	GREEN	Q1	(i) 26 January 2021 - Adoption, by Full Council, of Section 1 of the Local Plan for North Essex following the Planning Inspector's final report and recommended modifications. (ii) 4 March 2021 – Complete examination hearings for Section 2 of the Local Plan (for Tendring) (provisional).	Green	Examination hearings were completed in March 2021 and the Inspector has issued their recommended modifications to the Section 2 Local Plan.
				Q2	30 September 2021 - Receipt of Inspector's Section 2 report and consultation on modifications.	Amber	Representations on modifications have not raised any significant issues and the Inspector has advised that report is likely to be mid-October 2021, allowing for internal processes at the Planning Inspectorate.
				Q3	[No specific milestones fall in this quarter]	Green	On 24 th November 2021 the Planning Inspector's final report confirmed the legal compliance and soundness of the Section 2 Local Plan – enabling the Council to proceed to adoption. Report to Planning Policy and Local Plan Committee on 11 th January 2021 and on to Full Council on 25 th January 2021.
				Q4	31 March 2022 – Adoption of Section 2 Local Plan.		
Building Sustainable Communities	B5 - Building and managing our own homes	Delivering 10 more Council homes	GREEN	Q1	(i) As and when opportunities arise - Continue with a programme of property acquisitions where suitable existing (such as ex RTB stock) or new build (ii) 30 June 2021 - Identify and approve funding arrangements to facilitate construction and acquisition	Green	(i) Ongoing programme of purchases including an ex RTB house on Cloes Lane recently purchased and approval to purchase two bungalows on St John's Road in Clacton. A further property purchase will be brought to Cabinet in September. In principle Cabinet approval for three homes via SME builder project. Jaywick Sands properties completed

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						<p>– five rented homes now occupied.</p> <p>(ii) Ongoing discussions with a local developer about purchasing homes on the back of a s106 agreement for a site in Thorpe le Soken and a larger site in Clacton with potential for 10 homes per year.</p>	
				Q2	[No specific milestones fall in this quarter]	Green	<p>By way of an update on this Key Action and in seeking to achieve the milestones later in the year</p> <ul style="list-style-type: none"> • Two batches of potential sites are ready for detailed consideration for development/intensification. • Subject to consideration as above, initial proposals for the housing that could be developed will be produced for the sites selected. • Staffing structure proposals for the carrying out of housing and other construction projects will be brought forward as part of wider service group restructure in Spring 2022
				Q3	<p>(iii) 31 October 2021 - Complete a review of the Housing Revenue Account estate and identified surplus property to identify any potential development or intensification sites.</p> <p>(iv) 31 December 2021 - In respect of sites identified as suitable for development, draw up plans for the housing that could be developed on them ready for financial consideration and planning approval.</p>	Red	<p>(iii) In December 2021 sites across the Housing Revenue estate have been initially identified. Feasibility assessments are being carried out as well as consultation with the client department.</p> <p>(iv) Once the work in (iii) above is complete, a full package of land and recommendations will be put forward to initiate the Property Dealing Procedure. Subject to this decision, planning permission and development appraisals can be explored. This should be take place in the first quarter of 2022. As such this milestone is to be REALIGNED to Q4.</p>
				Q4	<p>(v) Establish a revised team structure for the carrying out of housing and other construction projects</p> <p>(iv) REALIGNED - 31 March 2022 - In respect of sites identified as suitable for development, draw up plans for the housing that could be developed on them ready for financial consideration and planning approval.</p>		

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Page 36	Building Sustainable Communities	B3 - Vibrant Town Centres	Deliver the Starlings Project	GREEN	Q1	(i) 4 November 2020 – Appointment of Lead Design Team	Green	The Starlings Project Design Team were procured on time and good progress is being made with the project. The design stage and consultation has been complete and a planning application has been submitted in preparation for committee. The project remains on track.
					Q2	(ii) 9 September 2021 – Commence Construction	Red	The concept design stage and consultation was completed in March and a Planning Application was submitted and approved by Planning Committee on 28 September. The approved plans include a 51-space car park, public toilets, hard and soft landscaping and an event space for activities such as a Christmas market or travelling fair. Consultants are now preparing the tender pack through which a lead contractor will be procured to affect the build. Consultants have recently advised of a delay in the programme, which will see completion at the end of March 2022.
					Q3	(iii) 21 December 2021 – Remedials and Completion [No specific milestones fall in this quarter following realignment of (iii) above as agreed in Q2]	Green	The tenders for the Starlings project have now been received and are in the process of being evaluated. A tender evaluation report is being developed by the Council's consultant, which will form the basis of the decision making process. A Cabinet report will go to the January meeting for decision. The progress with this project requires a further REALIGNED completion date from 31 March 2022 to 30 June 2022.
					Q4	REALIGNED – 31 March 2022 – Remedials and Completion FURTHER REALIGNED – 30 June 2022 – Completion and Remedials		
	Strong finances and governance	C1 - Balanced annual budget	Deliver the savings required in this year	Amber	Q1	(i) 31 March 2021 - To agree the framework with MT and Cabinet against which savings opportunities can be identified and explored (ii) 31 April 2021 – Directors / Assistant Directors to have actively commenced the process of exploring savings ideas and opportunities within the framework agreed.	Amber	In consultation with Senior Managers and members, it is proposed to adopt a revised approach to the delivery of the necessary savings set out in the long term forecast. Rather than take an annual review to inform the budget for 2022/23, it is proposed to embark on a more comprehensive zero based approach to budgeting, a process that will span more than one financial year. This approach will commence during the Autumn of 2021 with the first phase focusing on the identification of savings that can be included within the draft budget proposals for 2022/23 that will be presented to Cabinet in December 2021. The

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Page 37						process will then continue on an on-going basis going into 2022/23, with updates presented quarterly as part of the regular financial performance reports.	
				Q2	(iii) 31 July 2021 – MT/ PFH's – Initial review of the proposed savings generated to date and the key Milestones to enable them to be implemented.	Amber	
				Q3	(iv) 31 October 2021 – The savings ideas and opportunities identified for implementation in 2022/23 be agreed by MT/ PFH's for inclusion in the budget.	Amber	As set out in Financial Forecast Reports submitted to Cabinet in 2021/22, rather than undertake annual reviews to inform the following years budget, a more comprehensive zero based approach to budgeting has now been adopted that will span more than one financial year. Initial savings identified from this revised approach have been included within the proposed budget for 2022/23. The report to Cabinet on 17 December 2021 identified savings of £213k in 2021/22 compared with an aimed saving of £450k in that year. The process will now continue on an on-going basis going into 2022/23, with updates presented quarterly as part of the regular financial performance reports.
				Q4			
A growing and inclusive economy	D1 - Develop and attract new businesses	Deliver the Jaywick Sands Covered Market and Commercial Space	AMBER	Q1	(i) 30 April 2021 - Planning Application submitted	Amber	The Planning Application was originally due to be submitted by the end of 'quarter 1' (June) of the 2021/22 financial year. Due to the challenges presented, a successful request was made to SELEP as the funding award body, to extend the deadline until the end of July 2021. Planning permission was considered at committee on 6 July 2022. The overall project is still scheduled to commence and finish on time. Planning permission was granted at the committee meeting.
				Q2	(ii) 24 September 2021 – Contractor procured (iii) 27 September 2021 – Construction commences	Amber	Following on from the quarter 1 update, the planning application was approved by committee and granted in full. Consultants are currently preparing the tender pack through which to procure a lead building contractor. The procurement is scheduled to commence at the end of September/beginning of October 2021. The overall project is now programmed to complete in June 2022.

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				Q3	[No specific milestones fall in the quarter]	Green	The tenders for the Jaywick Sands Covered Market and Commercial Space have now been received and are being evaluated. A tender evaluation report was developed which forms the basis of the decision making process. A report to Cabinet on 28 January 2022 will set out the way forward. The current progress with this project requires this milestone to be REALIGNED from Q4 for completion and handover to 30 November 2022.
				Q4	(iv) 25 April 2022 – Handover to the Council REALIGNED (iv) 30 November 2022 – Handover to the Council		
A growing and inclusive economy	D2 - Support existing businesses	To deliver the key actions identified as part of the Back to Business Agenda	GREEN	Q1	(i) 29 January 2021 - Adoption of Delivery Plan (ii) 30 March 2021 – Money distributed to mental health services to enable more young people to access professional support	Amber	(i) The Back to Business Delivery Plan was adopted by Cabinet on 19 February 2021. (ii) A piece of work has been initiated to understand the gaps in mental health support for young people across the District. Once gaps are identified, a report with recommendations will be submitted to Management Team for consideration. Officers are now working on a timescale to 30 November 2021 for this milestone to be completed. In Q1 the focus has been on the opening of the Primary Wellbeing Hubs, which are all about supporting young people through mental health issues.
				Q2	(iii) 31 August 2021 – Complete refurbishment of Clacton Skate Park	Red	The Skate park project has been put back to minimise disturbance to users of Clacton Leisure Centre, given the investment in Clacton County High School, the Wet Side refurbishment and the 3G Pitch all taking place in addition to the planned Skate Park refurbishment at the Facility. A full specification has been written in consultation with Skate Parker users. It has been agreed to use the Braintree District Council Playground, Gym & Urban Play Framework Agreement. It is anticipated that bids will be evaluated by the close of January 2022, with contractors appointed at the end of February 2022. Construction is anticipated to commence in April 2022.
				Q3	REALIGNED – 30 November 2021 – Money distributed to mental health services to enable more young people to access professional support	Red	Although the partnerships team are progressing this project, it is envisaged that the work will be completed in quarter 4. Action – Further Realign Milestone to Q4. More widely, the parks volunteer programme

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							continues to provide training and the learning of new skills to volunteers as well as continuing to provide much needed friendship support networks to others. The number of volunteers is continuing to increase following advertising within open spaces and via word of mouth from other volunteers.
				Q4	Approved in Q2 for Q4 – 31 January 2021 - Bids for construction of the Skate Park evaluated. REALIGNED – 31 May 2021 - Complete refurbishment of Clacton Skate Park FURTHER REALIGNED – 31 March 2022 - Money distributed to mental health services to enable more young people to access professional support		
A growing and inclusive economy	D1 - Develop and attract new businesses	To pursue the delivery of Freeport East	GREEN	Q1	(i) 30 June 2021 - Work with partners to develop and submit proposals for Governance Arrangements for Freeport East. To be submitted for consideration and subsequent by MHCLG.	Green	The Governance arrangements were submitted to Government within the allotted timescales. A decision is still awaited on the outcome.
				Q2	(ii) 30 September 2021 - Work with partners to submit an Outline Business Case (OBC) to Government approval, as a key milestone of Freeport approval status.	Green	The Freeport East Board have completed the OBC, which was submitted on 10 September 2021. The Council has been involved in the submission, which includes a Business Rates Retention Policy. A letter of support has been provided by the Council for the policy and the next stage of the project will be completion of the Full Business Case.
				Q3	(iii)30 November 2021 – Work with partners to submit a Full Business Case (FBC) to Government approval, as a key milestone of Freeport approval status.	Red	A letter has been received from Government confirming that the Outline Business Case status has been achieved. Work is now underway with partners to develop the FBC in time for submission in April 2022. Action - REALIGN Milestone in view of timings for this project for (iii) and (iv) from Q3 and Q4 respectively to Q4 and 2022/23 respectively.
				Q4	(iv)REALIGNED to 2022/23 - Work with partners to achieve official Freeport Status (iii)REALIGNED to 2022/23 from 30 November 2021 - Work with partners to submit a full Business Case (FBC) to Government for approval, as a key milestone of Freeport approval status.		
A growing and inclusive economy	D4 - Promote Tendring's tourism, cultural and heritage offers	To deliver the key actions identified as part of the Back to Business Agenda	GREEN	Q1	(i) 28 February 2021 – Employ two designated members of staff to oversee this project (ii) 1 April 2021 – Install a new heritage trail from Jaywick Sands to Holland Haven (iii) 31 May 2021 – Organise a launch event for Clacton 150 (subject to national guidelines at that time)	Amber	The two members of staff commenced their roles within the project team in March. Due to a delay in receiving the National Lottery Heritage funding, this was approximately one month later than the original milestone. The trail design work was significant and took longer than planned but was installed during the

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Page 40			GREEN				<p>week commencing 12 July 2021. There is no material change to the project, and the National Lottery Heritage Officers are pleased with the progress and plan to visit in September to complete the trail.</p> <p>Due to Covid guidelines, it was not possible to hold the launch event in May as planned initially; however, it was launched on 16 July 2021. The Clacton 150 Flypast event took place on 26 and 27 August.</p>
				Q2	(i) Organisation of Clacton 150 Anniversary Flights	Green	<p>The Clacton 150 Heritage Trail was installed in July and has been well received. Augmented reality features are included within the trail, which enhances the engagement.</p> <p>The Clacton 150 Anniversary Flights were organised in August and were considered a significant success. It was estimated that around 150,000 visitors watched displays by the Red Arrows and Battle of Britain Memorial Flight. A fly past by to US F15 Jets was also included at late notice, at no additional cost to the Council.</p>
				Q3	[No specific milestones fall in this quarter]	Green	The Cabinet will receive a report at its meeting in February 2022 that will see the Back to Business work transition into a new Corporate Investment Plan process.
				Q4			
A growing and inclusive economy	D4 - Promote Tendring's tourism, cultural and heritage offers	To deliver the range of activities to celebrate the Mayflower 400 in conjunction with partners	GREEN	Q1	(i) 30 April 2021– Open the house of Christopher Jones and the Mayflower Visitor Centre (subject to national guidelines at that time) (ii) 30 April 2021 - Complete the Harwich Mayflower Heritage Trail (iii) 31 May 2021 – Organise the Harwich Illuminate Festival (subject to national guidelines at that time)	Amber	<p>Due to Covid-19 national guidelines, it has not been possible to open the Mayflower attractions as originally scheduled – due to social distancing requirements. Preparations are now taking place for the Harwich Society, to open the attractions in the coming weeks, following the change in guidance. The Harwich Mayflower Heritage Trail is installed and open for use and was delivered on time.</p> <p>The Illuminate Festival was unable to take place due to the restrictions in place on mass participation events.</p>
				Q2	(iv) 30 Sept 2021 – Together with partners and the travel trade, organise a structured series of tours for visitors.	Amber	<p>Due to the cancellation of international travel tours in the aftermath of the Covid-19 pandemic, it has not been possible to host the structured tours which were planned. All international travel operators have indicated that tours will be re-arranged for 2022.</p>

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				Q3	[No specific milestones fall in this quarter]	Green	Work with partners to prepare for “Mayflower Tours 2020” and develop the Harwich Offer. It is still expected that international travel operators will bring Mayflower visitors to the UK in 2022. This should be tempered by the moving position in relation to the Omicron Covid variant.
				Q4			
Community Leadership	E5 - Sport England and Active Essex- for physical activity and wellbeing	Sport England Local Delivery Pilots and the delivery of a number of key schemes to improve physical activity within the District	GREEN	Q1	(i) 30 June 2021 – Deliver the first 120 bikes roll out to the community as part of the Essex Pedal Power project in Jaywick and West Clacton which includes SELEP funding of £600K for bikes. (There is also a wider infrastructure project with £1.7M SELEP funding). (ii) 30 June 2021 – work with Heritage Lottery Fund Clacton 150 project around a pump track feasibility study for a site in Jaywick and gamification project to get people active	Green	(i) First bike giveaway took place on 12th June in Clacton. Ongoing programme of bikes issued thereafter. (ii) Pump track feasibility presented to Management Team and extended to look at sites away from Jaywick Sands. Funding has been approved by the ELDP for £29 614 delivery of a gamification project in Harwich and Dovercourt to increase levels of physical activity. A procurement exercise has been undertaken with Beat the Streets being the preferred bidder to help make people more active using tangible assets in the community and which is not dependent on the use of mobile phones.
				Q2	(iii) 30 September 2021 – deliver an older persons outdoor gym in Holland/Clacton area to support in maintaining mobility for older people	Red	To take this project forward requires a legal agreement with Essex County Council to enable Sport England to access capital funding for the project from the Local Delivery Pilot. That legal agreement is awaited. A reassessment of this project indicated that on the ground delivery of the scheme is now anticipated in early Summer 2022 -subject to legal agreements referred to.
				Q3	[No specific milestones fall in this quarter]	Green	In respect of the Pump track feasibility referred to in Q1 above - Review undertaken of Rush Green Road and London Road sites in Clacton and identified that London Road is likely to be a more favourable site. To consider relationship with skate park and speak to Portfolio Holder prior to proceeding further. In addition, Beat the Streets took place in September in Harwich and had 13% of the local population participating which was 2,817 individuals who clocked up 35,165 active miles. Concerning the proposed older persons outdoor gym, the legal agreement has now been received from Essex County Council

A.2 APPENDIX

						<p>and is currently being reviewed.</p> <p>The gamification (Streetag) has resulted in virtual tags being placed along popular walking routes and areas with green space from Jaywick Sands through to Holland-on-Sea, along the seafront and in Clacton town centre to encourage physical activity and in turn good mental health.</p> <p>Families and other users have been encouraged to walk, run or cycle to the virtual tags and the digital monument which are placed on the Street Tag app map.</p> <p>Those taking part in Street Tag collect points assigned to virtual tags, once they are within 40-metre radius of them, and steps can also be synced and converted into Street Tag points. These points add up in real time on the leader board, with prizes to be won at the end of each season.</p> <p>A black-tie Dinner Dance event to celebrate Clacton's 150th birthday was held in the Princes Theatre in November 2021. This involved a wide range of entertainment and an open guest list.</p>
				Q4	REALIGNED – 30 June 2022 - deliver an older persons outdoor gym in Holland/Clacton area to support in maintaining mobility for older people	

Key Decision Required:	Yes	In the Forward Plan:	Yes
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CABINET

28 JANUARY 2022

REPORT OF THE CORPORATE FINANCE AND GOVERNANCE PORTFOLIO HOLDER

A.3 LATEST FINANCIAL FORECAST / GENERAL FUND BUDGET PROPOSALS 2022/23
(Report prepared by Richard Barrett)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To seek Cabinet’s approval of:

- The latest financial forecast / budget proposals and council tax amount for 2022/23 for recommending to Full Council.
- Associated delegations to the Portfolio Holder for Corporate Finance and Governance to:
 - i) agree the detailed budget proposals and formal draft resolutions / ‘technical’ appendices required for Full Council on 15 February 2022; and
 - ii) agree / adopt an associated mandatory business rate relief scheme for 2022/23.

EXECUTIVE SUMMARY

- At the meeting on the 17 December 2021, Cabinet considered the Updated Financial Forecast / Budget 2022/23. The forecast at that time provided for a deficit of **£1.488m** that was to be met by drawing down money from the Forecast Risk Fund.
- The Updated Financial Forecast was subject to consultation with the Resources and Services Overview and Scrutiny Committee, which met on the 12 January 2022, and their comments are considered elsewhere on the agenda.
- Since the Cabinet’s meeting on 17 December 2021, additional changes have been required, primarily as a result of new or revised information becoming available which includes the Government’s Financial Settlement announcements.
- The changes required result in a reduced deficit for 2022/23 of **£0.431m**, a change of **£1.057m** compared to the **£1.488m** deficit presented to Cabinet in December. **Appendix A**, along with comments set out later on in this report, provide further details across the various lines of the forecast, with the most significant change being the receipt of the revenue support grant and other associated funding from the Government.
- The most up to date savings schedule and cost pressure summary are set out in **Appendices B and C** respectively.
- To enable the detailed estimates along with the various resolutions / ‘technical’ appendices required for Full Council in February to be finalised, a delegation to the Portfolio Holder for Corporate Finance and Governance is included below. A further delegation is also included to enable a business rate relief policy, associated with a

2022/23 mandatory Government relief scheme, to be finalised in advance of bills being printed and sent out before the start of the financial year.

- The budget position set out in this report may change, as further adjustments could be required as part of finalising the budget for presenting to Council on 15 February 2022, with a further delegation included in the recommendations to reflect this.
- Based on the final proposed budget for 2022/23, the Council Tax requirement is **£9.112m**, which is based on a £5 increase for this Council's services, with a Band D council tax of **£182.64**. These figure will remain unchanged and therefore will be reflected in the various budget resolutions / 'technical' appendices proposed to be delegated to the Portfolio Holder for Corporate Finance and Governance.
- The Council's annual budget and the district and parish elements of the council tax will be considered by Full Council on 15 February 2022 with approval of the 'full' council tax levy for the year being considered by the Human Resources and Council Tax Committee later in February 2022.
- Similarly to last year, the approval of the associated Treasury Strategy for 2022/23 for consultation with the Resources and Services Overview and Scrutiny Committee is recommended to be delegated to the Portfolio Holder for Corporate Finance and Governance.
- Although this report relates to the proposed budget for 2022/23, a recommendation is also included below to respond to a relatively urgent matter relating to the purchase of additional audio and visual equipment to enhance / complement the facilities available in the new committee room in the Town Hall and to continue with live streaming of meetings.

RECOMMENDATION(S)

Cabinet approves:

- a) The latest financial forecast set out in Appendix A, along with the savings and cost pressures set out in Appendix B and C respectively that form the firm proposals for the 2022/23 budget and *recommends to Full Council:***

 - (i) A Band D Council Tax for district services of £182.64 for 2022/23 (a £5 increase), along with the associated council tax requirement of £9.112m.**

- b) a delegation to the Portfolio Holder for Corporate Finance and Governance, to agree the 'technical' appendices and resolutions for the budget proposals for recommending to Full Council on 15 February 2022;**
- (c) that subject to (b) above, in consultation with the Leader and the Corporate Finance and Governance Portfolio Holder, the Chief Executive reports directly to Council in respect of the formal resolutions necessary to implement the Executive's budget proposals along with any late information or notifications received from the Government;**
- (d) a delegation to the Portfolio Holder for Corporate Finance and Governance, to agree / adopt a Retail, Hospitality and Leisure mandatory business rate relief scheme for 2022/23;**

(e) that in respect of the Treasury Strategy 2022/23, delegation be given to the Portfolio Holder for Corporate Finance and Governance to approve the draft Strategy for consultation with the Resources and Services Overview and Scrutiny Committee; and

(f) that in respect of the in-year budget for 2021/22, £0.064m is added to the Capital Programme to enable the purchase and installation of additional audio and visual equipment associated with the 'live streaming' of meetings and improving the quality of sound within the new committee room, which will be funded by adjustments elsewhere within the overall 2021/22 budget as identified by the Assistant Director (Finance & IT), in consultation with the Portfolio Holder for Corporate Finance and Governance.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

The forecasting and budget setting process will have direct implications for the Council's ability to deliver on its objectives and priorities. At its heart, the 10-year approach to the forecast seeks to establish a sound and sustainable budget year on year through maximising income whilst limiting reductions in services provided to residents, business and visitors.

2022/23 sees the start of the development of a zero based approach to budget setting, which is one of the Council's key priorities as it forms one of the most important elements of delivering a sustainable budget year on year.

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

The financial implications are set out in the body of the report.

Although the availability of financial resources is a key component in the delivery of services there will also need to be appropriate input of other resources such as staffing, assets and IT.

Risk

There are significant risks associated with forecasting such as cost pressures, inflation and changes to other assumptions that form part of the financial planning process. There are a number of areas that could lead to additional expenditure being incurred, such as: -

- Economic environment / instability;
- Emergence of additional cost pressures;
- Changes to the local authority funding mechanisms such as the Government's fairer funding review that is still expected;
- New legislation placing unfunded duties on the Council or reducing the level of the Council's core funding;
- Local or national emergency;
- Income is less than that budgeted for, including business rate income retained locally.
- On-going impact from the COVID 19 pandemic

One of the primary risks introduced by the COVID 19 crisis is the potential medium to longer-term impact to key income streams for the Council such as from council tax, business rates and general fees and charges.

Although income from council tax and business rates is seeing the continuing trend of

recovering back to pre-COVID 19 levels, there remains a secondary impact in areas of the budget such as court costs (existing annual income budget of **£0.323m**) and money receivable under the terms of the council tax sharing agreement with the major preceptors (existing annual income budget of **£0.631m**). In addition, the timing and trajectory of the recovery in fees and charges within leisure centres remains a key financial risk. Although it is expected that the above are expected to continue to recover over the course of the year, they will remain under review as part of the on-going development of the budget and as part of future quarterly financial performance reports.

In addition to the above, there remains a number of unmitigated cost pressures set out within **Appendix C**. However it is proposed to review these during the year where managed interventions may be necessary and as part of developing the long term forecast in later years. As part of the on-going development of the budget, there may also be opportunities to fund them on a one-off basis from elsewhere within the budget or via additional funding that may become available via the Local Government Financial Settlement.

However, given the significant risk that the above presents, it is proposed to underwrite this risk via re-focusing the existing Building for the Future Reserve. As highlighted later on in this report, this reserve has been used to fund the Council's pension deficit payments upfront, which in turn has generated significant annual revenue savings. This upfront payment is repaid over three years, which is built into the underlying budget. The estimated balance in this reserve at the end of March 2022 is **£1.654m**, which is therefore available to underwrite identified risks during 2022/23.

The specific risk to income budgets should be seen as separate from the underlying risk to the forecast, which are underwritten via the Forecast Risk Fund. As previously discussed, the Council's ability to financially underwrite the wider forecast is an important element of the 10-year plan. As with any forecast, some elements of income and expenditure will be different to that forecasted. It is fair to say that many may offset each other over the longer term. However, an update against the two important aspects to how this is being managed are as follows:

- 1) **£2.704m** remains within the Forecast Risk Fund (excluding 2021/22 contributions) to support the budget in future years. This money is available to be drawn down if the timings within the forecast differ in reality and the net position is unfavourable compared to the forecast in any one year. Based on the current position, it is proposed to draw down **£0.431m** from this reserve in 2022/23, a significantly reduced position from the **£1.488m** presented to Cabinet on 17 December 2021. Annual surplus balances are still expected to remain within this reserve over the remaining life of the forecast as set out in **Appendix A**.
- 2) The forecast will remain 'live' and be responsive to changing circumstances and it will be revised on an on-going basis. If unfavourable issues arise, that cannot be mitigated via other changes within the forecast then the forecast will be adjusted and mitigating actions taken. Actions to respond will, therefore, need to be considered but can be taken over a longer time period where possible. In such circumstance, the Council may need to consider 'topping' up the funding mentioned in 1) above if required. This may impact on the ability to invest money elsewhere but will need to demonstrate that its use is sustainable in the context of the ten-year forecast.

The long-term approach to the forecast therefore still provides flexibility to respond to risks such as those presented by the potential on-going impact from the COVID 19 pandemic. However, it must be highlighted that the savings targets set out in the forecast will still need to be delivered in the longer term but they need to remain flexible and react as a counterbalance to other emerging issues and it is therefore accepted that this figure may need to be revised up or down

over the life of the forecast.

It is important to continue to deliver against the forecast to build confidence in the longer-term approach. This will therefore continue to need robust input from Members and officers where decisions may be required in the short term or on a cash flow basis.

Another aspect to this approach is the ability to 'flex' the delivery of services rather than cut services. As would be the case with our own personal finances, if we cannot afford something this year because of a change in our income, we can potentially put it off until next year. There is a practical sense behind this approach as we could flex the delivery of a service one year but increase it again when the forecast allows.

In addition to the above, it is important to note that the Council has already prudently set aside money for other significant risks in the forecast such as **£1.758m** (NDR Resilience Reserve) and **£1.000m** (Benefits Reserve), which can be taken into account during the period of the forecast if necessary. The Council also holds **£4.000m** in uncommitted reserves, which reflects a best practice / risk based approach to support its core financial position.

In addition to the above, money has been set side to mitigate cost pressures associated with the repair and maintenance of Council assets. When they arise, they are usually significant and the approach taken aims to 'protect' the underlying revenue budget from such items. An Asset Refurbishment Reserve of **£1.269m** has therefore been established for this purpose and the use of this fund can be considered outside of the annual budget setting cycle via a separate decision making process and/or as part of the emerging Corporate Investment Plan.

LEGAL

The arrangements for setting and agreeing a budget and for the setting and collection of council tax are defined in the Local Government Finance Act 1992. The previous legislation defining the arrangements for charging, collecting and pooling of Business Rates was contained within the Local Government Finance Act 1988. These have both been amended as appropriate to reflect the introduction of the Local Government Finance Act 2012.

The Local Government Finance Act 2012 provided the legislative framework for the introduction of the Business Rates Retention Scheme and the Localisation of Council Tax Support.

Subject to Government guidance, a number of Business Rate Reliefs may be provided using powers under S47 of the Local Government Finance Act 1988, which require a local scheme to be developed and approved.

The Calculation of Council Tax Base Regulations 2012 set out arrangements for calculation of the council tax base following implementation of the Local Council Tax Support Scheme. The revised arrangements mean that there are lower tax bases for the district council, major preceptors and town and parish councils.

The Localism Act 2012 introduced legislation providing the right of veto for residents on excessive council tax increases.

Under Section 25 of the Local Government Act 2003, the Chief Finance Officer (S151 Officer) must report to Council, as part of the budget process, on the robustness of estimates and adequacy of reserves. The proposed approach can deliver this requirement if actively managed and will be an issue that remains 'live' over the course of the forecast period and will be revisited in future reports to Members as the budget develops.

In respect of special expenses that form part of the budget setting process, expenditure is

classed as a Special Expense if it satisfies the requirements of the Local Government Finance Act 1992, Section 35. The only category relevant to this Council is contained within Section 35(2)(d) relating to concurrent functions with Parish and Town Councils. Under the Local Government Finance Act 1992, the Council must identify as its Special Expense, proposed expenditure on those functions which the Council performs in part of the district but which Parish or Town Councils perform elsewhere in the District. If, in the Council's view, a special expense should properly be charged over the whole of the district's area, the Council may pass an express resolution to this effect (known as a **contrary resolution**).

In order for expenditure to be a Special Expense, there are two conditions that must be fulfilled:

1. Expenditure is estimated to be incurred by the District Council in the whole or part of its area on the provision of a function;
2. Expenditure on the provision of the same function is to be incurred by at least one parish/town council elsewhere in the district.

The proposals set out in this report are in accordance with the Council's budget and policy framework.

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.

There are no other implications that significantly impact on the financial forecast. However, the ability of the Council to appropriately address such issues will be strongly linked to its ability to fund relevant schemes and projects and determination of the breadth and standard of service delivery to enable a balanced budget to be agreed.

An impact assessment will be undertaken as part of any separate budget decisions such as those that will be required to deliver the necessary savings.

Special expenses are based on the principle of ensuring there is equality across the district in levying Council Tax to residents based on services and facilities provided by Town and Parish Councils in specific areas that are also provided by the District Council.

PART 3 – SUPPORTING INFORMATION

BACKGROUND

On 17 December 2021 Cabinet considered the Updated Financial Forecast / Budget 2022/23 for consultation with the Resources and Services Overview and Scrutiny Committee. The report set out an estimated deficit of **£1.488m** in 2022/23.

The development of the forecast / budget has continued since Cabinet's meeting on 17 December 2021, primarily to reflect the latest information such as the outcome of the Local Government Finance Settlement. The most up to date position is set out in **Appendix A**, which highlights a reduced deficit position for 2022/23 of **£0.431m**.

Similarly to last year, the most up to date forecast, savings schedule and cost pressure summary are set out in this report. A recommendation is included above that delegates approval of the more detailed budget information and associated appendices, that will be presented to the

Full Council meeting in February, to the Portfolio Holder for Corporate Finance and Governance. It is important to highlight that the more detailed position delegated to the Portfolio Holder will only be a reflection of the updated high level forecast set out in this report.

For completeness, the more detailed / technical information proposed to be delegated to the Portfolio Holder for Corporate Finance and Governance for approval, will include the following:

- *Detailed General Fund revenue estimates, capital programme and reserves 2022/23*
- *Special Expenses 2022/23*
- *Requisite Budget Calculations 2022/23*
- *District Council Taxes for All Areas 2022/23*
- *Precepts on the Collection Fund – District Amounts 2022/23*
- *District Council Tax Amounts 2022/23 (excluding Council Tax amounts for Town and Parish, County, Fire and Police services)*
- *Calculation of Estimated Surplus on the Collection Funds for 2022/23*
- *Prudential Indicators 2022/23*

The formal approval of the 'full' council tax levy for the year including the district amount approved by Full Council in February along with the Essex County Council and Police / Fire precepts will be considered by the Human Resources and Council Tax Committee later in February 2022.

LATEST FINANCIAL FORECAST AND BUDGET PROPOSALS 2022/23

As highlighted earlier in this report, the forecast considered by Cabinet at its 17 December 2021 meeting set out a deficit of **£1.488m**.

This deficit has subsequently been revised downwards to **£0.431m**, a change of **£1.057m** as set out in **Appendix A**.

This change is made up of the following adjustments:

- **Growth in Business Rates – Inflation and Business Rates Property Growth – net income of £0.362m has been added to the forecast. (Lines 3 and 4 – Appendix A)**

The final estimated business rates figures for 2022/23 have now been finalised. As mentioned in the report in December, the Government 'froze' the business rate multipliers for 2022/23 resulting in no inflationary allowance being added to the forecast. However, the Government have 'reimbursed' this income within the wider business rate calculations set out within line 4. The removal of the initial inflation amount and the addition of the revised overall business rate figures result in the favourable position now included within the forecast.

- **Collection Fund Surplus b/fwd and Specific Changes in Use of Reserves - net income of £0.079m has been added to the forecast. (Lines 5 and 14 – Appendix A)**

These adjustments relate to the on-going technical adjustments required to the forecast to reflect the accounting treatment across years for business rates that are met by Government grants (primarily COVID 19 reliefs). In addition, the proposed adjustment also reflects the 'draw down' of money from reserves to meet the 'foregone' income associated with the termination of the lease of Carnarvon House, supported in 2022/23 and 2023/24 via a one-off contribution from the outgoing leaseholder in 2021/22.

- **RSG and Other Changes Associated with the Local Government Finance Settlement – Increased grant income of £1.020m (Line 6 – Appendix A)**

The Government have continued to support Councils via the Revenue Support Grant along with additional grant funding to reflect the current challenges faced by Local Government. This includes 'reimbursement' of the increased national insurance contributions introduced by the Government from April 2022.

In previous years, the Council has reduced the LCTS grant to Town and Parish Councils in line with its own reduction in Revenue Support Grant. The forecast had therefore reduced the grant payable to Town and Parish Councils to nil in 2022/23. However, given the Government have maintained the RSG for at least a further year, the principle of passing some of this funding onto Town and Parish Councils that was established in prior years is proposed to continue into 2022/23. An adjustment of **£0.038m** has therefore been reflected in the forecast. **(Line 12 – Appendix A)**

- **On-going Net Savings – An increase of £0.010m in the total amount of on-going savings achieved. (Line 15 – Appendix A)**

This adjustment reflects a recent / separate decision, with further details set out in **Appendix B**.

- **Unmitigated Cost Pressures – An increase in cost pressures of £0.353m (Line 16 – Appendix A)**

Given the favourable position generated from the items above, this line of the forecast now reflects the inclusion of a number of important posts (but only on a one-off basis in 2022/23) that were highlighted in the report to Cabinet in December. This approach enables time to review and explore options to potentially fund them on a permanent basis during 2022/23. Please see **Appendix C** for further details.

In respect of cost pressures not currently included within the forecast as set out in **Appendix C**, updates are available for following two significant items:

1) Cost of Temporary Accommodation

The Government have recently confirmed grant funding in 2022/23 of **£0.781m** to support the prevention of homelessness. This level of grant funding will provide essential financial support to respond to this on-going and challenging issue, which in turns supports the decision of not including any additional funding from within the Council's own resources at the present time. However, this position will be monitored during 2022/23 as part of the quarterly financial performance reports.

2) Loss of Income from the Crematorium in the first half of 2022/23

Based on the current procurement timeline associated with the purchase of new cremators, it is likely that the crematorium will not become operational until sometime during the second quarter of 2022/23. Although this will increase the projected net loss of income above the **£0.250m** currently highlighted in **Appendix C**, an early

assessment of the outcome from the associated procurement processes indicates a significant saving against the cremator replacement budget of potentially up to **£0.400m**. Along with **£0.154m** held in the crematorium reserve, this can provide a significant financial 'offset' against the projected loss of income across 2021/22 and 2022/23.

Based on this improved position, the approach of not including a cost pressure within the base budget for 2022/23 remains in place, but this will be reviewed as part of the in-year and outturn positions for 2021/22 and will be monitored during 2022/23 as part of the quarterly financial performance reports.

- **Other Adjustments - An increase in costs of £0.023m (Line 17 – Appendix A)**

This line of the forecast reflects a number of smaller adjustments, such as the change in recharges between the General Fund and HRA.

In addition to the above, the Government also confirmed the provisional New Homes Bonus Grant due to the Council in 2022/23 would be **£1.850m**. This will be considered as part of the emerging Corporate Investment Plan, with details set out further on in this report.

Council Tax Income

As part of the Local Government Finance Settlement, the Government announced the council tax 'capping' criteria for 2022/23 and it has been confirmed that District Councils can increase their council tax by 2% or £5, whichever is the greater. An increase of £5 had already been included in the forecast, so subject to agreement by Cabinet / Council, no further changes are required.

A £5 increase results in a council tax for a Band D property of **£182.64** in 2022/23, with a Council Tax Requirement of **£9.112m**.

Business Rates Income

No changes over and above those mentioned earlier in this report have been reflected in the forecast. The Council remains a member of the Essex Business Rates Pool, with its continuing membership proposed for 2022/23. Unless a Local Authority withdraws from the Essex business rates pool, the pool will continue in 2022/23. At present, the forecast does not reflect any financial benefit from being a member of the pool, which will be revisited as part of developing the forecast in future years or reflected in the in-year budget position as necessary during 2022/23.

As part of continuing to provide COVID 19 financial support to businesses, the Government have announced a Retail, Hospitality and Leisure business rates relief scheme for 2022/23. Although limited by a 'cash cap of £110,000, the scheme enables business rate relief of up to 50% to be awarded to those businesses who directly operate within the retail, hospitality and leisure sectors. Although the financial impact / adjustments have been included within the financial forecast set out in this report, the Council is required to agree / adopt a local scheme to enable relief to be granted to qualifying businesses. As the scheme is in effect a mandatory scheme prescribed by the Government with no local discretions applicable, the adoption of a scheme is therefore primarily a governance issue. With this in mind, a delegation is included within the recommendations above to enable an associated scheme to be agreed / adopted before the bills for 2022/23 are sent to businesses during February / March.

Capital Programme

No changes to the forecast have been required at this stage.

Reserves

No changes over and above those set out earlier have been required at this stage.

Fees and Charges

Fees and charges are agreed separately by the relevant Portfolio Holder and continue to be reviewed within the framework of the financial forecast and take into account the following key principles:

- general inflationary increases where possible or lower where appropriate / justified
- amounts rounded for ease of application, which may result in a slightly above inflation increase.
- on a cost recovery basis as necessary
- reflect statutory requirements.
- increases where market conditions allow
- to meet specific priorities or service delivery aims / objectives

No changes to the forecast have been required at this stage. Although they are now agreed separately, a full schedule of fees and charges will be provided to Members ahead of the Full Council meeting on 15 February 2022, where the budget for 2022/23 will be considered.

Treasury Strategy 2022/23

In accordance with the Budget and Policy Framework the Treasury Strategy is required to be considered by the Resources and Services Overview and Scrutiny, following which it will be reviewed by Cabinet for recommending to Full Council in March.

As has been the case in previous years, a recommendation is included earlier on in this report to delegate the approval of the Treasury Strategy 2022/23 to the Portfolio Holder for Corporate Finance and Governance for consultation with the Resources and Services Overview and Scrutiny Committee.

Corporate Investment Plan

As mentioned in the report to Cabinet in December, given the pressures on the on-going 'base' revenue budget, it is very unlikely that the long term forecast can generate significant 'surpluses' that can be used to invest in all 'optional' cost pressures.

However, it is important that they are still considered but this can be done outside of the annual 'base' budget setting cycle. Therefore, as part of a key governance action identified within the Annual Governance Statement, a Corporate Investment Plan continues to be developed, which will form part of the overall governance framework in terms of linking corporate priorities and strategies to investment priorities. This framework will take into account a number of key priority 'drivers' such as financial viability / sustainability, non-financial consequences such as reputation / health and safety, the outcome from external assessment / regulatory reviews along with being outcome driven. This approach would also consider the allocation of resources such as staff capacity, capital and IT.

In terms of identification of funding, this could come from external income, money receivable from the government as part of the financial settlement e.g. New Homes Bonus or other new burdens funding. It could also come from the reprioritisation of existing budgets.

This approach will also provide a solid platform to consider additional use of the ‘accelerated delivery budget’ to further build on the capacity already identified.

In taking the above approach forward it is currently planned to present a separate report to Cabinet in February 2022. This will also provide the opportunity to review the delivery against the Back to Business Plan, with any outstanding items proposed to be considered / incorporated within this wider Corporate Investment Plan going forwards.

Other Issues / Considerations

Although this report sets out the forecast and budget for 2022/23, it also proposed to make an adjustment to the in-year budget for 2021/22, given the relative urgency of the issue that has emerged.

Following the completion of the new committee room in the Town Hall, the next phase of the project involves the installation of enhanced audio and visual equipment not only to support ongoing live streaming, which has proved popular and increases the openness of local democracy, but also to improve the quality of sound within the space and maximising its potential use. The Council has been informed that there is a risk that the project may be delayed into April due to issues in the associated international market and the supply of the necessary equipment.

To respond to this risk, it is proposed to progress the project as soon as possible, with a recommendation set out above to add **£0.064m** to the 2021/22 capital programme, which will be funded by identifying corresponding adjustments elsewhere in the overall budget.

BUDGET SUMMARIES

Based on all of the adjustments set out elsewhere in this report, the proposed budgets for 2022/2023 are summarised below.

General Fund Revenue Budget (Table 1)

	2021/22 Original	2022/23 Original
	£m	£m
Net Cost of Services	19.172	20.107
Revenue Support for Capital Investment	0.059	0.082
Financing Items	(4.973)	(7.389)
Net Expenditure	14.258	12.800
Contribution to /(from) Uncommitted Reserve	0	0
Net Use of Earmarked Reserves	(6.642)	(3.402)
Total Net Budget	7.616	9.398
Less Funding		
Business Rates (excl. S31 Govt. Grant funding)	(4.599)	(3.033)
Revenue Support Grant	(0.431)	(0.444)
Collection Fund Balance	6.018	3.191
Council Tax Requirement (for Tendring District Council) (Excludes Parish Precepts)	8.604	9.112

The council tax requirement for 2022/23 is based on a Band D council tax of **£182.64**, an increase of **£5 (2.80%)** over the 2021/22 amount of **£177.64**.

General Fund Capital Programme (Table 2)

	2022/23 Original Budget £m
EXPENDITURE	
Information and Communications Technology Core Infrastructure	0.070
Disabled Facilities Grants	0.757
Beach Huts at the Walings	0.012
Total Expenditure	0.839
FINANCING	
Government Grants	0.757
Direct Revenue Contributions	0.070
Earmarked Reserves	0.012
Total Financing	0.839

UPDATES TO THE FORECAST FOR THE PERIOD 2023/24 AND BEYOND

Taking the most up to date position set out in this report, the expected annual position for each remaining year of the forecast is as follows:

Year	Net Budget Position (including adjusting for prior year use of reserves to balance the budget)	Forecast Risk Fund - Estimated Surplus Balance at the end of the year
2023/24	£1.348m deficit	£2.425m
2024/25	£1.312m deficit	£1.613m
2025/26	£1.205m deficit	£0.908m
2026/27	£1.103m deficit	£0.306m

Although the figures set out within the table above will change as part of updating the forecast on a regular basis during 2022/23, there have been no issues arising that indicate that the long term approach has become unsustainable. Against this background and as discussed previously, it may not be possible to avoid or mitigate adverse issues, such as cost pressures, over the remaining years of the forecast. However, the level of savings required will need to continue to act as the 'safety valve' with the overall position being subject to further updates as part of reporting the quarterly position going forward.

BACKGROUND PAPERS FOR THE DECISION

Working Papers in Accountancy

APPENDICES	
Appendix A	Updated Financial Forecast 2022/23
Appendix B	Net On-Going Savings Items 2022/23
Appendix C	Cost Pressures Summary 2022/23

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UPDATED FINANCIAL FORECAST 2022/23

Line	Prior Year Budget	Updated Forecast (12 November 2021)	Updated Forecast (17 December 2021)	Updated Forecast (28 January 2022)	Change between December and January Positions
	2021/22	2022/23	2022/23	2022/23	
	£m	£m	£m	£m	£m
Underlying Funding Growth in the Budget					
1 Council Tax Increase 1.99%	(0.166)	(0.168)	(0.176)	(0.176)	0.000
2 Council Tax increase by £5 (amounts set out are over and above 1.99% above)	(0.076)	(0.074)	(0.073)	(0.073)	0.000
3 Growth in Business Rates - Inflation	0.000	(0.139)	(0.139)	0.000	0.139
4 Growth in Business Rates / Council Tax - general property growth	(0.183)	(0.100)	(0.259)	(0.760)	(0.501)
5 Collection Fund Surpluses b/fwd	6.018	0.323	0.099	3.192	3.093
	5.593	(0.158)	(0.548)	2.183	2.731
Net Cost of Services and Other Adjustments					
6 Reduction in RSG and Other Changes Associated with the LG Finance Settlement	(0.002)	0.431	0.431	(0.589)	(1.020)
7 Remove one-off items from prior year	(0.412)	0.000	0.000	0.000	0.000
8 Remove one-off items from prior year - Collection Fund Surplus	1.360	(6.018)	(6.018)	(6.018)	0.000
9 Inflation - Employee Costs (including annual review adjustments)	0.478	0.598	0.605	0.605	0.000
10 Inflation - Other	0.124	0.221	0.198	0.198	0.000
11 First / Second / Third year impact of PFH WP Savings	(0.045)	(0.045)	(0.045)	(0.045)	0.000
12 LCTS Grant to Parish Council's	0.000	(0.037)	(0.037)	0.001	0.038
13 Revenue Contribution to the Capital Programme	(0.209)	0.008	0.008	0.008	0.000
14 Specific Changes in Use of Reserves	(4.050)	5.794	5.794	2.622	(3.172)
15 On-going savings / increases in income	(0.239)	(0.450)	(0.213)	(0.223)	(0.010)
16 Unmitigated Cost Pressures	0.516	0.250	0.265	0.618	0.353
17 Other Adjustments	(2.065)	0.000	0.000	0.023	0.023
	(4.544)	0.752	0.988	(2.800)	(3.788)
Net Total	1.048	0.594	0.440	(0.617)	(1.057)
Add back General Use of Reserves in Prior Year to Balance the Budget	0.000	1.048	1.048	1.048	0.000
Net Budget Position	1.048	1.642	1.488	0.431	(1.057)
Use of Forecast Risk Fund to support the Net Budget Position	(1.048)	(1.642)	(1.488)	(0.431)	1.057

Use of Forecast Risk Fund

Estimated Outturn b/fwd from prior years	(3.753)	(3.205)	(3.205)	(3.205)	
Contribution from / (to) reserve	1.048	1.642	1.488	0.431	(1.057)
Planned additional contributions generated in year	(0.500)	(0.500)	(0.500)	(0.500)	0.000
Balance to Carry Forward	(3.205)	(2.063)	(2.217)	(3.274)	(1.057)

	Year	Updated Forecast (12 November 2021)	Updated Forecast (17 December 2021)	Updated Forecast (28 January 2022)	Change between December and January Positions
Forecast Risk Fund - Estimated Surplus Balance at the end of the year		2022/23	2022/23	2022/23	
		£m	£m	£m	
	2022/23	2.063	2.217	3.273	1.056
	2023/24	1.439	1.516	2.425	0.909
	2024/25	0.933	0.927	1.613	0.686
	2025/26	0.539	0.444	0.908	0.464
	2026/27	0.254	0.064	0.306	0.242

APPENDIX B

NET ON-GOING SAVINGS ITEMS 2022/23

	2022/23 £	Comments
Manningtree Joint Use Sports Centre	50,300	The current agreement was terminated by the School during 2021/22. As the centre operated with an overall budget subsidy, this can now be removed from the estimates.
Revised rental income following annual rent review exercise	43,370	Additional income can be added to the budget to reflect the outcome of this annual review process across a number of properties owned by the Council.
Recycling Credit Income	65,000	This reflects the ongoing recycling performance and includes both kerbside and bring bank collections.
Investment Income	20,000	A relatively small increase in investment income is expected to reflect minor increases in interest rates during 2022/23.
Income from Legal Fees	25,000	Services such as the administration of S106 have recently been brought in-house, with external income now receivable. The figure is net of the estimated cost of providing additional staff resources that is subject to a proposed restructure to ensure capacity matches demand.
Reduction in interest payments and Minimum Revenue Provision	8,930	As debt is repaid, interest payments reduce year on year along with a corresponding reduction in the money 'set aside to repay debt'.
NEW - Haven Gateway Contribution	10,000	Following the recent termination of membership of the Haven Gateway Partnership, the associated budget relating to the annual membership 'fee' can be removed from the forecast.
Total	222,600	

COST PRESSURE SUMMARY 2022/23

Status		2022/23 £	2023/24 £	2024/25 £	2025/26 onwards £	Comments
Unavoidable Items 2022/23 Budget						
On-going Impact from Items Agreed as part of the 2021/22 Budget	REVENUE - Chief Executive, Finance, IT, Governance and Partnerships - Expenditure to compliment the on-going digital transformation programme (<i>IT, Emergency Planning and Business Continuity</i>)	2,500	15,300	15,300	15,300	The amounts reflect a varied range of expenditure to support continued digitalisation, such as equipment to support home working (H&S requirement), hosting costs, mobile telephony costs, website / intranet hosting costs and cyber security costs.
	REVENUE - Chief Executive, Finance, IT, Governance and Partnerships - Cost of Insurance Premiums (<i>Finance - Other Corporate Costs</i>)	61,100	61,100	61,100	61,100	This reflects the increased costs chargeable to the general fund following the retender process during 2021/22. Increases in future years remain subject to the annual renewal process over the remaining 3 year 'contracted' term of cover.
	REVENUE - Chief Executive, Finance, IT, Governance and Partnerships - LCTS Administration Subsidy (<i>Revenues & Benefits - Local Council Tax Support Scheme</i>)	6,770	6,770	6,770	6,770	This amount adjusts the on-going base position to reflect the reduction in 2021/22. Further reductions may be required, which will become clearer during the current budget cycle as it remains subject to further Government announcements.
New Items for 2022/23	REVENUE - Chief Executive, Finance, IT, Governance and Partnerships - Apprenticeship Levy (<i>Finance - Other Corporate Costs</i>)	8,000	8,000	8,000	8,000	To reflect the increase to the levy payment which is linked to the inflationary uplift to the wider salary budget.

Status		2022/23 £	2023/24 £	2024/25 £	2025/26 onwards £	Comments
New Items for 2022/23	REVENUE - Chief Executive, Finance, IT, Governance and Partnerships - Carnarvon House Rental Income (<i>Finance - Other Corporate Costs</i>)	0	0	72,970	72,970	This represents the loss of income following the end of the current lease and decision to demolish the building. As part of the early termination agreement, the current tenant paid a one-off payment that effectively met the rent due in 2022/23 and 2023/24, which is why there is no cost pressure for those years.
	REVENUE - Operations & Delivery - Contract Costs (<i>Waste Management - Recycling & Waste Collection</i>)	67,000	67,670	68,350	69,030	This reflects increased contract costs due to property growth.
	REVENUE - Chief Executive, Finance, IT, Governance and Partnerships - IT Digital Transformation Programme (<i>IT, Emergency Planning and Business Continuity</i>)	120,000	120,000	120,000	120,000	This reflects the 'natural' growth in the provision of digital services and includes licences, data costs and the hardware replacement programme.
	REVENUE - Review of Posts previously funded on a one-off basis (<i>Various</i>)	352,460	0	0	0	These relate to posts previously funded from one-off money / external income and include: 6 Community Ambassadors 4 Street Rangers 1 Technical / Administration Officer (Waste and Recycling). This cost has now been included in the budget but only on a one off basis to enable the associated activities to continue whilst options to fund on a on-going basis are explored during 2022/23.
Total of Unavoidable Items Included in the 2022/23 Budget		617,830	278,840	352,490	353,170	

Status		2022/23 £	2023/24 £	2024/25 £	2025/26 onwards £	Comments
Items to be mitigated / met via reductions elsewhere within the overall budget						
NOT Included in Forecast 2022/23 and beyond	REVENUE - Chief Executive, Finance, IT, Governance and Partnerships - Estimated Reduction in Housing Benefit Administration Grant (<i>Revenues & Benefits - Rent Allowances / Rebates</i>)	49,000	93,100	132,790	168,500	There will be a reduction in the housing benefit administration grant receivable from the Government on a year on year basis to reflect reduced housing benefit workload over the period that Universal Credit is being rolled out. The figures reflect a year on year reduction in caseload of 10%, which will be mitigated via a corresponding reduction in employee costs via the management of vacancies etc.
	REVENUE - Energy Costs (<i>Various</i>)	71,000	71,000	71,000	71,000	The outlook remains volatile with the figures reflecting a 10% increase in prices. However given the current level of market uncertainty in respect of future prices, it is proposed to underwrite this risk via the existing Contingency Budget of £322k. This will enable the time to review the longer term impact and trend that may need to be reflected in the forecast in future years.

Status		2022/23 £	2023/24 £	2024/25 £	2025/26 onwards £	Comments
NOT Included in Forecast 2022/23 and beyond	REVENUE - Operations & Delivery Crematorium Net Income - loss in the first quarter of 2022/23 (<i>Public Realm - Crematorium</i>)	250,000	0	0	0	An expedited procurement process is underway to limit periods of non-operation as far as possible. Due to this being a one-off issue, it is not proposed to include this in the base budget for 2022/23 but it will remain under review as part of the quarterly financial performance reports and outturn for the year. (please see main body of the report for further details)
	Revenue - Operations & Delivery - Cost of Temporary Accommodation / Homelessness Initiatives (<i>Housing & Homelessness</i>)	100,000	100,000	100,000	100,000	The Government have continued to support homelessness via grant funding, a position that has continued into 2022/23. Initiatives to increase / maintain the supply of temporary accommodation also continue such as the remodelling of Spendells House and the use of hotel accommodation. Similarly to previous years, the situation will be reviewed as part of the on- going forecast as it may be necessary to include additional costs in the base budget in future years. (please see main body of the report for further details)

Status		2022/23 £	2023/24 £	2024/25 £	2025/26 onwards £	Comments
NOT Included in Forecast 2022/23 and beyond	REVENUE - Chief Executive, Finance, IT, Governance and Partnerships - External Audit Fees (Finance - Other Corporate Costs)	25,000	25,000	25,000	25,000	These fee are expected to increase from 2023/24 when the PSAA undertake the necessary procurement to appoint auditors for the next 5 year accounting period. Fees are also likely to increase in 2022/23 as part of additional work expected to be generated from the revised use of resources assessment and potentially from the Redmond Review. It is currently proposed to respond to this issue in-year rather than adjust the base budget at this stage, as clarity is expected to emerge over the coming months in terms of the scale of the potential fee increase. The current base fee is £45k so the above approach does not introduce an unreasonable level of financial risk to the current forecasting process.
Total of Mitigated Items		495,000	289,100	328,790	364,500	
TOTAL OF ALL COST PRESSURES ABOVE		1,112,830	567,940	681,280	717,670	
TOTAL OF COST PRESSURES INCLUDED IN THE 2022/23 BUDGET (Total of all cost pressures less mitigated items)		617,830	278,840	352,490	353,170	

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Key Decision Required:	Yes	In the Forward Plan:	Yes
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CABINET

28 JANUARY 2022

JOINT REPORT OF THE HOUSING PORTFOLIO HOLDER AND CORPORATE FINANCE AND GOVERNANCE PORTFOLIO HOLDER

A.4 HOUSING REVENUE ACCOUNT BUDGET PROPOSALS 2022/2023

(Report prepared by Richard Barrett and Richard Hall)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To seek Cabinet’s approval of the final HRA budget proposals 2022/23 (including fees and charges, capital programme and movement in HRA Balances) for recommendation to Council on 15 February 2022.

EXECUTIVE SUMMARY

- At the meeting on the 17 December 2021, Cabinet considered the Housing Revenue Account Business Plan and Budget Proposals 2022/23. The budget proposals at that time provided for a surplus of **£0.143m** that was agreed to be contributed to the Capital Programme.
- The initial budget proposals were subject to consultation with the Resources and Services Overview and Scrutiny Committee, which met on the 12 January 2022 to consider them and their comments are considered elsewhere on the agenda.
- Since the Cabinet’s meeting on 17 December 2021, a small number of changes have been required, the most significant of which relates to the recharges from the General Fund.
- The changes required have resulted in the overall surplus increasing to **£0.333m** a change of **£0.190m** compared to the surplus of **£0.143** presented to Cabinet in December. **Appendix A** sets out the updated Business Plan, in terms of 2021/22 and 2022/23, with **Appendix B** setting out the proposed detailed budgets that reflect this latest position.
- This position remains subject to further adjustments that may be required as part of finalising the budget for presenting to Council on 15 February 2021, with a delegation included in the recommendations to respond to this possibility.
- The revised forecast surplus in 2022/23 remains committed to investing in capital works, which includes the delivery of new affordable housing but also the continued investment in the homes of our existing tenants. The surplus set out above of **£0.333m** therefore remains as a contribution to the HRA capital programme.
- **Appendix C** sets out the proposed fees and charges for 2022/23, which broadly reflect inflationary uplifts where relevant or changes to better reflect the cost of providing the associated service.

- The proposed HRA Capital Programme for 2022/23 is set out in **Appendix D**, which now includes the additional contribution of **£0.333m** above.
- The average weekly rent remains unchanged to the figure reported in December at **£87.55**, an increase of 4.1% over the comparable figure of **£84.10** for 2021/22.
- As mentioned within the report to Cabinet in December, due to the relatively volatile CPI rates experienced since the start of the COVID 19 pandemic, if the proposed level of rent increase in 2022/23 is taken together with the relatively low figure of 1.5% last year, then the average annual increase would be 2.8% over the two years.
- The HRA general balance is forecast to total **£4.325m** at the end of 2022/23, which retains a strong financial position against which the Housing Strategy and associated HRA 30 year Business Plan can be continue to be delivered / developed.
- The HRA balances, together with the proposed rent increase for 2022/23 are important elements of the overall business plan, especially against the background of the risks that are expected to emerge from the Hackett Review and new decent homes standards along with delivery actions underpinned by the Housing Strategy.
- HRA debt continues to reduce year on year as principal is repaid with a total debt position at the end of 2022/23 forecast to be **£35.350m** (A reduction of **£1.427m** compared with the figure at the end of this year).
- The Tenant's Panel play an important role in developing the HRA Business Plan and budget proposals and it is proposed to consult with them during January, with the outcome planned to be reported to members ahead of / alongside Cabinet considering this report.

RECOMMENDATION(S)

- (a) **That if the financial position changes prior to Council considering the HRA budget on 15 February 2022, Cabinet agrees a delegation to the Assistant Director Finance & IT to adjust the forecast / budget, including the use of reserves, in consultation with the Housing Portfolio Holder.**

That subject to a) above, Cabinet approves and recommends to Full Council on 15 February 2022:

- (b) **A 4.1% increase in dwelling rents in 2022/23 along with the detailed HRA Budget proposals for 2022/23 as set out in Appendices B to E.**

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

The HRA budget and Business Plan plays a significant role in the delivery of affordable and decent housing in the district and the Council's responsibilities as a landlord has direct implications for the Council's ability to deliver on its objectives and priorities.

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

The financial implications are set out in this report and its appendices.

Although the availability of financial resources is a key component in the delivery of HRA

services, there will also be a need for appropriate input of other resources such as staffing, assets, IT etc.

Risk

There are inherent risks associated with the forecast such as:

- Changes in income achieved and future rent setting policy
- Emergence of additional areas of spend
- Emergence of new or revised guidance
- New legislation / burdens
- Changing stock condition requirements
- Adverse changes in interest rates
- National welfare reforms

In view of the above, it is important that a sufficient level of balances / reserves is available to support the HRA. HRA General Balances are currently forecast to be **£4.325m** at the end of 2022/23, which although required to support the business plan and HRA investment in future years, provides a 'buffer' to the 30 year Business Plan if, for example, some of the items highlighted above emerge or are required to deal with changing financial and service demand issues.

A 30 year HRA Business Plan is maintained on an on-going basis that continues to demonstrate the sustainability and resilience of the HRA within a self-financing environment and the ability to provide opportunities for housing investment and associated housing services in the future, although it is acknowledged that the longer term view always remains subject to the Government's housing policies.

To date the HRA has been largely unaffected financially from the impact of the COVID 19 pandemic and at the present time it is not expected that this situation will significantly change over the remainder of this financial year and into 2022/23. However, the position will be kept under on-going review and the financial sustainability of the HRA remains underwritten by the current level of general balances, which are forecast to be **£4.325m** at the end of 2022/23 as mentioned above.

LEGAL

It is a statutory requirement on a local authority to determine its Housing Revenue Account budget before the upcoming financial year and to ensure that its implementation will not result in an overall debit balance on the Account.

The self-financing regime for the Housing Revenue Account that came into effect from April 2012 was enabled by the Localism Act 2011.

The Regulator of Social Housing and its predecessor bodies have, at the Direction of Government, issued requirements and guidance to registered providers of social housing (which includes Local Authorities) in respect of rents. This has included the maximum levels of rent they can charge and annual increases in rents.

In 2016, Parliament passed the Welfare Reform and Work Act, which, together with Regulations made under it, created a legislation-based regime of rent reduction across the sector by 1% per year until 2020. Therefore, over this 4-year period, providers were required to reduce rents by 1% per year across its housing stock.

In October 2017, the Government announced that at the end of the 4 year rent reduction period it intended to return to annual rent increases of up to CPI + 1%, implemented through the

regulator's Rent Standard rather than through legislation.

The Secretary of State for Housing, Communities and Local Government published on 26 February 2019 a 'Direction to the Regulator' to set a Rent Standard that will apply from 1 April 2020. That Direction was published alongside the Government's Policy Statement on Rents (the Policy Statement) and the regulator is required to have regard to this when setting its Rent Standard.

The regulator may under section 194(2A) of the Housing and Regeneration Act 2008 set standards for registered providers requiring them to comply with specified rules about their levels of rent (and the rules may, in particular, include provision for minimum or maximum levels of rent or levels of increase or decrease of rent).

The Regulator of Social Housing has confirmed rents can be increased by up to CPI+1% per year for a period of 5 years starting from 1 April 2020. The rent standard does not apply to properties let to high-income social tenants, so rather than this being a mandatory requirement that the Government had previously looked to implement, it is now a voluntary decision taken at a local level. However, given the very challenging administrative issues associated with charging higher rents to high-income tenants, it is not proposed to introduce this at the present time. However, it is acknowledged that this flexibility may be subject to review in future years, for example, as part of developing future policy decisions within the HRA.

The Housing and Planning Act 2016 introduced a number of changes that had an impact on social housing, which via associated regulations are reflected in the HRA estimates as necessary.

The original HRA 30 Year Business Plan was agreed as part of the self-financing reforms and associated borrowing agreed by Full Council in February 2012 and the budget proposed for 2022/23 reflects the latest / updated forecast position set out in **Appendix A**.

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.

In carrying out its functions as a social landlord, the Council has regard to the need to reduce the potential for criminal activity by improving the security of dwellings as part of maintenance and repair programmes and for combating anti-social behaviour through effective management procedures.

Although there are no direct equality and diversity issues, the overall HRA and associated financial planning processes aim to recognise and include such issues where appropriate and relevant.

Investment decisions will also reflect the Council's commitment to carbon neutrality, as schemes and projects that are supported by the proposed budgets and business plan are developed.

PART 3 – SUPPORTING INFORMATION

LATEST HRA BUSINESS PLAN AND BUDGET PROPOSALS 2022/23

On 17 December 2021, Cabinet considered the Housing Revenue Account Business Plan and Budget Proposals 2022/23 for consultation with the Resources and Services Overview and Scrutiny Committee. The report set out an estimated surplus of **£0.143m** in 2022/23, which was proposed to be contributed to the HRA Capital Programme.

The development of the forecast / budget has continued since Cabinet's meeting on 17 December 2021, to reflect the most up to date information.

The above position has subsequently been revised to a surplus of **£0.333m**, an increase of **£0.190m** compared with the surplus of **£0.143m** reported in December.

Appendix A sets out the revised figures for 2022/23 within a revised Business Plan (excludes later years of the plan), with the last column within that appendix highlighting the changes since December. Apart from some relatively minor changes against maintenance and management lines of the forecast that reflect the most up to date information, the major change required relates to recharges from the General Fund. The recharges included in this latest forecast reflect the accounting treatment of pension costs.

All other figures reported to Cabinet in December and considered by the Resources and Services Overview and Scrutiny Committee remain unchanged with some key headlines as follows:

- Rents are proposed to be increased by 4.1% (CPI + 1%) resulting in an average weekly rent of **£87.55** in 2022/23.
- **£6.997m** is included within the forecast that relates to the major refurbishment and repairs to the housing stock along with supporting the delivery of new homes.
- Current estimates put the total HRA reserves at **£8.992m** by the end of 2022/23, with the general balances element within this amount being **£4.325m**.
- With forecast repayments of principal of **£1.427m** in 2021/22, the level of HRA debt at the end of 2021/22 is forecast to be **£35.350m**.

As set out in the report to Cabinet in December, one area that is important to note as it may have a bearing on the overall financial position of the HRA in future years, is the possible responses required from Hackett review along with changes that are likely to emerge from the upcoming review into the 'decent homes standard'. The cost of a stock condition survey is included in the 2022/23 budget to inform the necessary investment across the later years of the current business plan. This issue will be kept under review, but it is recognised that there is a need to balance the maintenance of the existing stock with the affordability, scale and speed of investing in housebuilding / acquisitions.

The business plan will be updated during 2022/23 to reflect the required adjustments to the forecast, which will be required before any major investment in housebuilding or acquisitions is undertaken given the potential financial risks to the long term sustainability of the HRA.

BUDGET SUMMARIES

Based on all of the adjustments set out elsewhere in this report, the proposed HRA budget for 2022/2023 is summarised below.

HRA Revenue Budget

Table 1

	2021/22 Original Budget £m	2022/23 Original Budget £m
Direct Expenditure	6.572	7.072
Direct Income	(13.690)	(14.312)
Indirect Income / Expenditure including Financing Costs	7.140	7.240
NET (SURPLUS) / DEFICIT	0.022	0
Contribution to / (from) Reserves	(0.022)	0
Contribution to the Capital Programme	0.281	0.614

HRA Capital Programme

Table 2

	2022/23 Original Budget £m
EXPENDITURE	3.790
FINANCING	
Major Repairs Reserve	3.176
Direct Revenue Contribution	0.614
Total Financing	3.790

Although the redevelopment of the Honeycroft, Lawford site was agreed by the Leader in 2021, it has not yet been included within the capital programme figures above. However, depending upon the final development design and density, build costs are estimated to be in the region of **£4.000m**.

Within the report agreed by the Leader referred to above, it was confirmed that a further report would be presented to Cabinet once a tender exercise had been undertaken for the design and build of the scheme. It was also stated that this same report would set out the funding required for the development and seek approval for prudential borrowing within the HRA. **£0.281m** remains set aside within the HRA on an on-going basis that can be used to support the borrowing costs that are likely to be required to meet the cost of the redevelopment of Honeycroft. It is anticipated that borrowing / capital investment costs can be reduced by seeking grant from Homes England through the Affordable Homes Programme and officers are still exploring this option to establish the level of grant subsidy that the Council may be able to access.

The final borrowing decision will need to be made by Full Council following a recommendation by Cabinet. Although a separate report will be presented to Cabinet as mentioned above, the potential to borrow money to support the cost of the site will be further explored as part of the Treasury Strategy that will be presented to both Cabinet and Full Council in March.

BACKGROUND PAPERS FOR THE DECISION

Working Papers in Accountancy

APPENDICES

Appendix A	Updated HRA Business Plan (Revised figures for 2022/23 and Comparison with 2021/22 only)
Appendix B	Detailed HRA Budget Proposals 2022/23
Appendix C	HRA Proposed Service Charges / Fees and Charges 2022/23
Appendix D	HRA Capital Programme
Appendix E	HRA Reserves 2022/23

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HRA 30 Year Business Plan (Extract relating to 2021/22 and 2022/23 only)

	RAG Rating	Year 10	Year 11 Reported 17 December 2021		Year 11 Reported 28 January 2022		
			Original Budget 2021/22	Proposed Budget 2022/23	Change Compared with 2021/22	Proposed Budget 2022/23	Change Compared with 2021/22
Expenditure							
Maintenance incl stock reduction factor		3,049,610	3,272,232	222,622	3,287,140	237,530	14,908
Depreciation - Capital Programme		2,906,670	2,906,670	0	2,906,670	0	0
Revenue Contribution to MRA		269,740	269,740	0	269,740	0	0
Management Costs (incl Sweeping and Grounds Maint & RTB Admin)		1,354,560	1,573,140	218,580	1,606,500	251,940	33,360
Utilities		205,950	224,727	18,777	224,730	18,780	3
Provision for Bad Debts		55,440	55,440	0	55,440	0	0
Council Tax In Empty Properties		130,090	130,090	0	130,090	0	0
Debt Management Expenses		65,750	65,750	0	65,750	0	0
HRA Interest Repayments on Debt		1,322,220	1,303,871	(18,349)	1,305,510	(16,710)	1,639
Principal Payments on Debt - MRP		1,664,300	1,427,633	(236,667)	1,427,630	(236,670)	(3)
Revenue Contribution to the Capital Programme		280,820	280,820	0	280,820	0	0
Recharges (Including Insurance and Pension Costs)		2,406,880	2,671,215	264,335	2,418,980	12,100	(252,235)
		13,712,030	14,181,329	469,299	13,979,000	266,970	(202,329)
Income							
Dwelling Rents (incl.stock reduction factor)		(12,869,970)	(13,492,620)	(622,650)	(13,492,620)	(622,650)	0
Service Charges (incl.stock reduction factor)		(515,570)	(522,380)	(6,810)	(522,380)	(6,810)	0
Garage Rents (incl. stock reduction factor)		(150,260)	(155,970)	(5,710)	(155,980)	(5,720)	(10)
Non Dwelling Rents		(81,570)	(81,570)	0	(81,570)	0	0
Misc. Income		(32,910)	(32,910)	0	(32,910)	0	0
Investment Income (income on cash balances and Mortgages)		(13,350)	(13,350)	0	(13,350)	0	0
Capital Receipts (to cover Admin Costs of RTB's)		(26,000)	(26,000)	0	(13,000)	13,000	13,000
		(13,689,630)	(14,324,800)	(635,170)	(14,311,810)	(622,180)	12,990
Surplus (-)/Deficit (+) on HRA Balance		22,400	(143,471)	(165,871)	(332,810)	(355,210)	(189,339)

Housing Revenue Account (HRA)

<u>Analysis by Type of Spend</u>	2021/22 Original Estimate	2022/23 Original Estimate
	£	£
Direct Expenditure		
Employee Expenses	1,208,340	1,340,470
Premises Related Expenditure	3,511,410	3,798,780
Transport Related Expenditure	23,870	23,870
Supplies & Services	487,910	585,410
Third Party Payments	1,030	1,030
Transfer Payments	17,000	17,000
Interest Payments	1,322,220	1,305,510
Total Direct Expenditure	6,571,780	7,072,070
Direct Income		
Other Grants, Reimbursements and Contributions	(8,440)	(8,440)
Sales, Fees and Charges	(566,040)	(559,850)
Rents Receivable	(13,101,800)	(13,730,170)
Interest Receivable	(13,350)	(13,350)
Total Direct Income	(13,689,630)	(14,311,810)
Net Direct Costs	(7,117,850)	(7,239,740)
Indirect Income/Expenditure		
FRS17/IAS19 Pension Costs	(497,340)	(744,740)
Service Unit and Central Costs	2,450,310	2,701,060
Capital Financing Costs	5,187,280	5,283,420
Total Indirect Income/Expenditure	7,140,250	7,239,740
Contributions to/(from) reserves		
Contributions to/(from) Reserves	(22,400)	0
Total Contributions to/(from) reserves	(22,400)	0
Net Contribution to/(from) Reserves	(22,400)	0
Total for HRA	0	0

Housing Revenue Account (HRA)

<u>Analysis by Section/Function</u>	2021/22 Original Estimate £	2022/23 Original Estimate £
HRA - MIRS Items to be excluded from HRA balance		
Indirect Income/Expenditure	469,490	821,370
Net Total	469,490	821,370
HRA - MIRS HRA - Contributions Payable to the Pension Scheme		
Direct Expenditure	453,910	462,660
Net Total	453,910	462,660
HRA - MIRS Total IAS 19 Adjustments		
Indirect Income/Expenditure	(555,350)	(898,610)
Net Total	(555,350)	(898,610)
HRA - MIRS Minimum Revenue Provision		
Indirect Income/Expenditure	1,664,300	1,427,630
Net Total	1,664,300	1,427,630
Total for Finance - Financing Items	2,032,350	1,813,050
HRA - Policy & Management		
Direct Expenditure	58,000	53,940
Direct Income	(2,200)	(0)
Indirect Income/Expenditure	358,270	215,430
Net Total	414,070	269,370
HRA - Tenancy Management & Rent Collection		
Direct Expenditure	662,870	872,750
Direct Income	(8,440)	(8,440)
Indirect Income/Expenditure	504,710	641,060
Net Total	1,159,140	1,505,370
HRA - Tenant Relations		
Direct Expenditure	64,470	64,750
Direct Income	0	(2,200)
Indirect Income/Expenditure	4,850	41,910
Net Total	69,320	104,460

<u>Analysis by Section/Function</u>	2021/22 Original Estimate £	2022/23 Original Estimate £
HRA - Right to Buy Administration		
Direct Expenditure	38,980	39,420
Direct Income	(26,000)	(13,000)
Indirect Income/Expenditure	55,210	61,760
Net Total	68,190	88,180
HRA - Unapportionable Central Overheads Contribution		
Indirect Income/Expenditure	275,720	275,720
Net Total	275,720	275,720
HRA - Pumping Stations		
Direct Expenditure	5,660	5,660
Direct Income	(2,620)	(2,620)
Indirect Income/Expenditure	5,140	8,280
Net Total	8,180	11,320
HRA - Sewerage Expenses		
Direct Expenditure	18,900	18,900
Direct Income	(20,670)	(20,670)
Indirect Income/Expenditure	7,140	9,810
Net Total	5,370	8,040
HRA - Communal Central Heating		
Direct Expenditure	95,980	105,190
Direct Income	(79,940)	(79,940)
Indirect Income/Expenditure	7,300	6,790
Net Total	23,340	32,040
HRA - Sheltered Units		
Direct Expenditure	342,180	361,020
Direct Income	(171,290)	(171,290)
Indirect Income/Expenditure	108,140	138,370
Net Total	279,030	328,100
HRA - Colne Housing Soc Shel Units		
Direct Expenditure	6,000	0
Net Total	6,000	0
HRA - Estate Sweeping		
Direct Expenditure	66,000	88,560
Net Total	66,000	88,560

<u>Analysis by Section/Function</u>	2021/22 Original Estimate £	2022/23 Original Estimate £
HRA - Communal Cleaning		
Direct Expenditure	85,250	85,250
Direct Income	(31,520)	(32,720)
Indirect Income/Expenditure	3,790	1,640
Net Total	57,520	54,170
HRA - Communal Electricity		
Direct Expenditure	94,280	103,110
Direct Income	(70,000)	(72,660)
Indirect Income/Expenditure	9,300	10,210
Net Total	33,580	40,660
HRA - Estate Lighting		
Direct Expenditure	9,320	10,060
Net Total	9,320	10,060
HRA - Maintenance Of Grounds		
Direct Expenditure	12,620	22,620
Direct Income	(77,800)	(80,750)
Indirect Income/Expenditure	207,260	250,460
Net Total	142,080	192,330
HRA - Repair & Maintenance		
Direct Expenditure	3,049,610	3,287,140
Indirect Income/Expenditure	940,000	1,193,490
Net Total	3,989,610	4,480,630
HRA - Tenants Rentals		
Direct Income	(13,073,720)	(13,702,090)
Net Total	(13,073,720)	(13,702,090)
HRA - Rents & Other Charges		
Direct Expenditure	130,090	130,090
Net Total	130,090	130,090
HRA - Rent Income		
Direct Income	(28,080)	(28,080)
Net Total	(28,080)	(28,080)
HRA - Interest Receivable		
Direct Income	(13,350)	(13,350)
Net Total	(13,350)	(13,350)

<u>Analysis by Section/Function</u>	2021/22 Original Estimate £	2022/23 Original Estimate £
HRA - Rent Arrears Provision		
Direct Expenditure	55,440	55,440
Net Total	55,440	55,440
HRA - Interest Charges		
Direct Expenditure	1,322,220	1,305,510
Net Total	1,322,220	1,305,510
HRA - Capital Charges		
Indirect Income/Expenditure	3,053,490	3,034,420
Net Total	3,053,490	3,034,420
HRA - Use of Balances		
Contributions to/(from) reserves	(22,400)	0
Net Total	(22,400)	0
Total for Housing and Homelessness	(1,969,840)	(1,729,050)
HRA - Lease Holders Charges		
Direct Income	(84,000)	(84,000)
Indirect Income/Expenditure	21,490	0
Net Total	(62,510)	(84,000)
Total for Customer and Commercial	(62,510)	(84,000)
Total for HRA	0	0

Housing Portfolio - HRA

Scale of Charges 2022/23

	Date last revised	(A)	(B)	(C)	(D)	VAT Ind
		2021/22		2022/23		
Effective from		Charge Exclusive of VAT	Charge Inclusive of VAT where applicable @ 20%	Charge Exclusive of VAT	Charge Inclusive of VAT where applicable @ 20%	
		01/04/2021 £	01/04/2021 £	01/04/2022 £	01/04/2022 £	
<u>GARAGE RENTS AND ACCOMMODATION CHARGES</u>						
Guest room accommodation at sheltered units per night:						
With en-suite facilities (St Marys Court, Groom House, Greenfields, Ironside Walk, Belmans Court)	Apr-18	25.00	30.00	25.00	30.00	V
Without en-suite facilities (Vyntoner House, Kate Daniels House, Mead House, Crooked Elms)	Apr-18	20.00	25.00	20.00	25.00	V
Garage rents HRA (not subject to VAT unless separately let to non-council tenants)	Apr-18	9.22	9.22	9.60	9.60	*
<u>QUESTIONNAIRES</u>						
Second mortgage enquiries (per enquiry)	Apr-18	158.33	190.00	158.33	190.00	V
Solicitors enquiries on resale of council flats	Apr-18	158.33	190.00	158.33	190.00	V
<u>SERVICE CHARGES (per week)</u>						
Sewerage charges (not subject to VAT) (See Note 1):						
Treatment Works:						
Goose Green, Tendring	Apr-18	8.26	8.26	8.60	8.60	Z
Coronation Villas, Beaumont	Apr-18	8.21	8.21	8.55	8.55	Z
Whitehall Lane, Thorpe	Apr-18	5.55	5.55	5.78	5.78	Z
Shop Road, Little Bromley	Apr-16	9.00	9.00	9.00	9.00	Z
Horsley Cross, Mistley	Apr-08	9.00	9.00	9.00	9.00	Z
Bio Systems	Apr-18	7.73	7.73	8.05	8.05	Z
Septic Tanks	Apr-18	2.94	2.94	3.06	3.06	Z
Pumping Stations (not subject to VAT)	Apr-18	5.36	5.36	5.58	5.58	Z
Sewerage charge cap where tenant in receipt of benefit	Apr-08	5.00	5.00	5.00	5.00	Z
Communal central heating charges (not subject to VAT) (see note 1):						
Heating and hot water:						
Single units	Apr-18	7.16	7.16	7.45	7.45	N
Double units	Apr-18	8.25	8.25	8.59	8.59	N
Belmans Court	Apr-18	1.67	1.67	1.74	1.74	N
Other Service Charges (not subject to VAT):						
Sheltered Housing:						
Grounds Maintenance	Apr-18	1.55	1.55	1.61	1.61	X
Communal Electricity	Apr-18	2.70	2.70	2.81	2.81	N
Non Sheltered Housing:						
Grounds Maintenance	Apr-18	1.17	1.17	1.22	1.22	N
Communal Electricity	Apr-18	1.03	1.03	1.07	1.07	N
Communal Cleaning (not subject to VAT) (See Note 1):						
Langham Drive, Clacton	Apr-18	2.79	2.79	2.91	2.91	N
Nayland Drive, Clacton	Apr-18	2.77	2.77	2.89	2.89	N
Boxted Ave (3 Storey) , Clacton	Apr-18	2.73	2.73	2.84	2.84	N
Boxted Ave (2 Storey) , Clacton	Apr-18	1.55	1.55	1.61	1.61	N
Polstead Way, Clacton	Apr-18	1.55	1.55	1.61	1.61	N
Porter Way, Clacton	Apr-18	1.31	1.31	1.37	1.37	N
Tanner Close, Clacton	Apr-18	1.23	1.23	1.28	1.28	N
Mason Road, Clacton	Apr-18	1.40	1.40	1.45	1.45	N

Housing Portfolio - HRA

Scale of Charges 2022/23

	Date last revised	(A) 2021/22		(B) 2021/22		(C) 2022/23		(D)	VAT Ind
		Charge Exclusive of VAT	Charge Inclusive of VAT where applicable @ 20%	Charge Exclusive of VAT	Charge Inclusive of VAT where applicable @ 20%	Charge Exclusive of VAT	Charge Inclusive of VAT where applicable @ 20%	VAT Ind	
			£	£	£	£			
Maldon Way, Clacton	Apr-20	1.40	1.40	1.46	1.46	N			
Groom Park, Clacton	Apr-18	1.45	1.45	1.51	1.51	N			
Leas Road , Clacton	Apr-18	1.45	1.45	1.51	1.51	N			
Rivers House, Walton	Apr-18	1.23	1.23	1.28	1.28	N			
Rochford House, Walton	Apr-18	1.23	1.23	1.28	1.28	N			
D'arcy House , Walton	Apr-18	1.23	1.23	1.28	1.28	N			
Churchill Court, Dovercourt	Apr-18	1.59	1.59	1.66	1.66	N			
Cliff Court, Dovercourt	Apr-18	1.86	1.86	1.94	1.94	N			
Nichols Close, Lawford	Apr-20	2.46	2.46	2.56	2.56	N			
Grove Avenue Walton	Apr-18	0.77	0.77	0.80	0.80	N			
<u>SHELTERED UNITS SERVICE CHARGES (Not subject to VAT) (see Note 2):</u>									
Housing Related Support Charge	Apr-17	6.34	6.34	6.34	6.34	X			
Landlord Costs	Apr-15	13.60	13.60	13.60	13.60	X			
Careline Alarm	Apr-17	2.00	2.00	2.00	2.00	X			

Notes

- (1) These charges are based on the principle of full cost recovery.
- (2) Only applies to tenants who are not in receipt of Housing Benefit

*	Garage Rent - VAT:					
	Parking:		Storage:			
	Council Tenant	N	Homeless persons goods		N	
	Non-Council Tenant	V	Premises suitable for parking		V	
			Premises unsuitable for parking		X	

HRA Capital Programme					
	2021/22	2022/23	2023/24	2024/25	2025/26
	Base	Budget	Budget	Budget	Budget
	£	£	£	£	£
EXPENDITURE					
Improvements, enhancement & adaptation of the Council's housing stock	2,696,410	2,696,410	2,696,410	2,696,410	2,696,410
Disabled adaptations for Council Tenants	400,000	400,000	400,000	400,000	400,000
Information Technology upgrade and replacement	20,000	20,000	20,000	20,000	20,000
New Build Initiatives and Acquisitions	280,820	613,630	0	0	0
Cash Incentive Scheme	60,000	60,000	60,000	60,000	60,000
	3,457,230	3,790,040	3,176,410	3,176,410	3,176,410
FINANCING					
Major Repairs Reserve	3,176,410	3,176,410	3,176,410	3,176,410	3,176,410
Direct Revenue Financing of Capital	280,820	613,630	0	0	0
	3,457,230	3,790,040	3,176,410	3,176,410	3,176,410

HRA RESERVES

APPENDIX E

	Balance 31 March 2021 £	Contribution from Reserves 2021/22 £	Contribution to Reserves 2021/22 £	Est. Balance 31 March 2022 £	Contribution from Reserves 2022/23 £	Contribution to Reserves 2022/23 £	Est. Balance 31 March 2023 £
HRA Reserves							
HRA General Balance	4,447,281	(122,400)	0	4,324,881	0	0	4,324,881
HRA Commitments	862,854	(862,854)	0	0	0	0	0
Major Repairs Reserve	5,448,402	(3,957,200)	3,176,410	4,667,612	(3,176,410)	3,176,410	4,667,612
Total Reserves	10,758,537	(4,942,454)	3,176,410	8,992,493	(3,176,410)	3,176,410	8,992,493

Key Decision Required:	Yes	In the Forward Plan:	Yes
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CABINET

28 JANUARY 2022

JOINT REPORT OF THE BUSINESS & ECONOMIC GROWTH PORTFOLIO HOLDER AND THE CORPORATE FINANCE & GOVERNANCE PORTFOLIO HOLDER

A.5 STARLINGS SITE AND MILTON ROAD, DOVERCOURT REDEVELOPMENTS (Report by Lee Heley, Interim Corporate Director (Project Delivery))

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

This report requests that, given the significant inflation in construction costs in the last six months, that Cabinet approve a transfer of £272,383 from the Business Investment Fund to the Starlings project.

It is also requested that demolition of the Milton Road Car Park is postponed and an options paper is brought forward for the site during 2022/23. In the interim that at least £74,000 of the sum to demolish Milton Road Car Park is reassigned to the Starlings Project, to enable the scheme to proceed. Further, that up to £12,000 of budgeted demolition costs for Milton Road are used to commission a report to determine the carpark's current condition and structural stability and the maintenance requirements and costs.

EXECUTIVE SUMMARY

At its meeting in July 2019 Cabinet approved the strategy for the revitalisation of Dovercourt town centre, which set out a positive vision to guide development and identified twenty projects to attract residents and visitors, and to improve the image and quality of the centre (called the 'Dovercourt Masterplan Revisited'). The Cabinet also agreed at that meeting to the preparation of a detailed business case for the redevelopment of the Starlings Site and Milton Road Car Park. That business case came to Cabinet in September 2019 and Cabinet approved the acquisition and redevelopment of the Starlings site and the demolition of the Milton Road Car Park; and allocated £1.595m funding to the project from existing budgets. £86,000 of this fund was allocated to the demolition of Milton Road Car Park.

Starlings

The works aim to bring back into productive use a vacant and derelict site, which currently blights the town and has a negative impact on Dovercourt High Street. The new Starlings Car Park provides 51 parking spaces with four disabled bays and a minimum of four charging points for Electric Vehicles, able to charge up to eight cars.

The project has significant benefits. It will create a more accessible public car park; provide the potential for a multi-use 'event space' in the town centre, as the carpark is designed at a level. This will improve footfall in the town and reduce opportunities for crime and disorder. This investment should create confidence in the market to encourage private sector investment within the town centre; and give the town's existing traders the confidence to

invest in their businesses and in their property. It will bring new amenity into the town centre with new toilets, and a high quality design scheme for the public realm.

Since Sept 2019, Phase 1 of the Starlings redevelopment was completed with the initial feasibility, survey and site investigation. A Portfolio Holder decision dated April 2020 provided authorisation to proceed with the land acquisition and detailed design and the land for the Starlings site was acquired in August 2020 at a cost of £528,000.

The main scheme was developed with detailed design by Richard Jackson Ltd in 2020/21 with a total of approximately £670,000 spent on the project to date. Competitive tenders were sought for the scheme in Autumn in 2021, and received. The project consultant's Richard Jackson Ltd has reviewed the tenders and made a recommendation.

The tenders have come back in line with the significant inflationary costs in materials and labour in the construction industry in the last six months. Following evaluation and assessment the lowest and recommended tender is for £827,724. There have also been additional costs identified for the scheme, including for the electrical vehicle charging scheme and proposals for a left turn option into the carpark. As a result, the total cost of the Starlings scheme is estimated to be **£1,971,000**, an additional **£376,383** above the budget of £1,595,000.

Cabinet now has options on how to proceed. One option is to stop all works at this point, accepting the sunk costs into the project. The project would have created a design with planning permission and a tender pack for the works. It could be left to a point in time when the project could seek external funding, for example from the Levelling Up Fund. However, this would mean significant project delay on one of the Council's top priorities, with external funding uncertain.

An alternative option is value engineering. It is possible to reduce the costs of the scheme by removing the left turn option out of the carpark, which was brought in later in the design phase, remains a high risk to programme and to the budget, and has not yet been approved by Essex Highways. This saves £30,000. It is recommended that the saving is taken.

This could include removing or delaying construction of the toilets, which would save about £70,000, changing the level so that the carpark was sloped rather than flat, removing the need for a retaining wall, which would reduce costs in the region of £100,000. However, these two changes significantly reduce the amenity of the scheme, given the age of the Milton Road Car Park toilets to be replaced, and that the purpose of creating a level car park is to enable it as an events space which has the opportunity to bring people into the centre of the town. If the carpark is not level, there may be delays to the programme with the need to return to planning on the scheme.

The scheme could remove all or a proportion of the agreed £208,000 contingency, given that this is a fixed price contract. However, there remain risks to the project programme and to the budget set out in the risks section, including for example site contamination. So it is recommended to hold the budget for contingency to enable sufficient funds to be set aside for the project to complete.

Project costs can be reduced by seeking additional funding. Central government offers grants for up to 75 percent of electric vehicles charging points, which could save between £15,000 and £26,500, depending on the outcome of the bid. This funding option is being

pursued, which if successful would reduce the amount of investment required by the council set out in this report.

There is also the opportunity to save costs by postponing the demolition of the Milton Road Carpark.

Milton Road progress and proposal

The Milton Road Car Park was proposed in the Dovercourt Masterplan to be redeveloped as nine three bedroomed town houses above a shared under-croft car park and 15 public car parking spaces on Bagshaw Road. The aim was for the council to demolish the carpark and then to dispose of the site for housing to a private sector developer, housing association, or for council-led development to deliver the scheme. £86,000 was set aside for the demolition of the carpark, with the housing scheme expected to be viable without additional investment, and potentially generate a land receipt for the Council.

The Council appointed valuation surveyor in 2017 ascribed a value of £120,000 to the Milton Road site. The Council commissioned a second valuation (in line with protocols for site disposal) with Blackman and Partners Surveyors in April 2020 who valued the site at £200,000 with outline planning for nine three-storey townhouses. However the valuation indicated that for a developer to make an acceptable profit on the development the land value would have to be zero or negative.

Officers developed options for the site. They engaged with eight private developers and five housing associations in the summer of 2020 to consider whether they were prepared to develop the scheme. An option for development was possible at an estimated cost of £455,000 to the Council, including demolition costs, the £200,000 foregone land value, and contributions to public realm, and planning and project delivery costs.

Consideration was then given to the partial demolition of the existing Car Park site and toilets and for the lower deck to be retained for additional parking. However Potter Raper estimated the costs would be £140,000 for this work, significantly over the budget set aside by Cabinet for total demolition of £86,000. Construction cost inflation has increased significantly in the last six months, with the construction elements of the Starlings project nearly 50 percent over budget, and so full demolition is expected now to be over the £86,000 budgeted.

Cabinet could seek to set aside additional funding for the demolition of the upper deck of Milton Road Carpark now, in addition to the investment in the Starling Project. This would increase the amenity of the site and reduce the cost of any future development at Milton Road. However, it would increase the cost of the project now by a further £128,000. Total demolition would be a similar investment, and would reduce the overall number of parking spaces ahead of the completion of the new Starling carpark.

Cabinet could bring forward options for the Milton Road carpark once the Starlings project is complete. This would enable the budget set aside for the demolition of Milton Road car park to be invested into the Starlings project to support it to progress now. Once the Starlings project is complete, any spend against the £208,000 Starlings contingency will be known, creating the context for the potential to progress Milton Road. In addition, the potential for external funding from the Levelling Up Fund should also be clear.

As a result it is recommended that the Milton Rd Car Park be retained in its current form and that at least £74,000 of the funding set aside for demolition is used to reduce the additional

cost of the Starlings scheme. Up to £12,000 of the £86,000 budgeted for Milton Road demolition should be used to commission a report to determine the carpark's current condition and structural stability and the short/medium term maintenance requirements and costs. A future report will be brought forward to cabinet regarding the options for Milton Road carpark in 2022/23

Summary of current position

In summary the Cabinet is requested to approve that at least £74,000 of the £86,000 allocated to the Milton Rd Car Park demolition be transferred to the Starlings project, the left turn option to be abandoned. For a further additional sum of £272,383 to enable the current Starlings redevelopment scheme to proceed at a total cost of £1,867,383 to enable the current tender from the lowest priced contractor to be accepted and appointed to proceed with the works. The Council should also allocate up to £12,000 of the £86,000 currently budget to Milton Road Car Park to obtain an up to date report to determine the condition and future costs and maintenance requirements of the Car Park to enable safe use in an interim period. A report on the future of the Milton Road Project to be brought to Cabinet during 2022/23.

RECOMMENDATION(S)

It is recommended that Cabinet:

- a) place an additional sum of £272,383 in the Capital Programme from the Business Investment and Growth Fund towards the Starlings Project;**
- b) postpone demolition of Milton Road Car Park and bring forward options for the site later in 2022/23;**
- c) approve up to £12,000 from the funding allocated to demolish Milton Road Car Park to commission a report into the current condition of the Car Park and its immediate maintenance requirements and costs to safely operate;**
- d) approve the allocation of the remainder of the Milton Road Car Park demolition costs from the original 2019 September Budget to the Starlings project; and**
- e) note that the subject to a)-d) above, officers will proceed with procurement of the contractor.**

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

The redevelopment of the Starlings site and Milton Road Car Park respond directly to the Corporate Goals identified within the Council's Corporate Plan and to the objectives of the Council's Economic Development Strategy (EDS). The Starlings site and Milton Road projects also accord with the Council's Community Leadership Role and with the aims and objectives of the Council's Dovercourt Town Centre Masterplan, which was approved by Cabinet in July 2019.

Tendring Economic Strategy (2020 – 2024)

The Tendring Economic Strategy was updated in 2020. The Strategy uses evidence from Office of National Statistics to demonstrate that there have been some important changes in the district's economy in recent years which require a change in approach.

The Strategy sets out five objectives:

Objective 1: Supporting the Economy of Tendring's Places

Objective 2: Targeting Growth Sectors

Objective 3: Ensure Residents have the Skills and Information to Participate

Objective 4: Support Growth & Innovation in Tendring's Businesses

Objective 5: Delivering Housing to Support the District's Economic Objectives

Back to Business (2021)

The Council's Back to Business Plan seeks to support the district's recovery from the Covid-19 pandemic.

The Plan seeks to target action that will secure improvements to the environment and the quality of life, and to provide support for the district's residents, businesses and the wider economy in order to support Tendring's recovery from the challenges of the pandemic.

The proposed development is identified as a priority project within the Back to Business Delivery Plan.

FINANCE, OTHER RESOURCES AND RISK

Finance

The original budget, forecast costs, and proposed savings are set out in the table below. This shows that the programme is over budget by £272,383, with a £208,000 contingency retained for the build phase, given the risks and issues that remain. This is a result of additional identified costs during the design phase, including bringing power to the site and CCTV, the tender prices returned for construction coming in £266,724 over budget, professional fees to manage the project, and savings on the land and legal costs against the budget. The build contract is a fixed price, which will reduce further cost inflation risks to the council from the project.

The additional funding to meet the shortfall in project costs of £272,000 will be sourced from the Business Investment and Growth Fund, given the economic benefits to Dovercourt town centre expected from the project.

Applications for 75 percent of the budget costs for electric vehicle charging will be submitted to government, which could save this budget between £15,750 and £26,500, if there were a successful outcome. These are not included in the table below.

Cost Type *Excl VAT	Budget Cabinet Paper at Q3 2019	Forecast cost based on tender + actual land value	Variance
Starlings Construction Costs			(£266,724)

	£561,000	£827,724	
Milton Rd Demolition	£86,000	£86,000	£0
Estimated Prof Fees & Surveys, Feasibility & PM	£115,000	£115,000	£0
Additional Estimated Costs - UKPN Power Supply - EV Chargers - Hoardings & Art Work - CCTV - Other Costs	£0	£128,750	(£128,750)
Land & Legal Costs	£625,000	£527,565	£97,435
Agency Costs	£0	£78,344	(£78,344)
Original Project Budget Contingency	£208,000	£208,000	£0
Sub total	£1,595,000	£1,971,000	£376,383
Recommended cost reduction decisions			
Postpone Milton Rd Demolition		-£74,000*	
Remove left turn option		-£30,000	
Total Est. Project Budget	£1,595,000	£1,867,383	£272,383

* Up to £12,000 retained in to assess the safety of Milton Road Carpark for the medium term.

Risks

The successful delivery of the project is subject to risks and known issues which could impact the programme timeline and the budget. Some of the key risks and issues are included below. The council's team overseeing the project will maintain close oversight to ensure progress, working with the project management consultants and contractor.

Risk or issue	Impact	Description / mitigation
Statutory Undertakers	Programme: High Budget: High	Delay in receipt of permissions for new services to site i.e. UKPN and Anglian Water. Insufficient services to meet design requirements. Application to make connection to existing sewer
Material Supply	Programme: High Budget: High	Increased costs of materials could result in longer lead-in times or need

		for design changes. Planning, budget and cost impact.
Car Park Left Turn Option	Programme: High Budget: High	Consultation with ECC to determine feasibility and provide cost estimate & submit Option as Planning amendment. Await ECC Assessment
Impact on property & Services	Programme: Med Budget: High	Council & Contractors Insurances & Project Management by Method Statement Control, Party-wall agreements and CDM Procedures. Detailed site investigation /trial holes.
Asbestos & Contaminants Remedial Works Risks	Programme: High Budget: High	Ensure Remedial Method Statement is agreed with Council Technical Officer
Inflation/Price Increases	Programme: Low Budget: High	Escalating cost increase of materials could result in need for design changes or increase in budget. Inflation costs higher than previously budgeted leading to increase in costs.
Existing site perimeter pavements	Programme: Med Budget: High	Ensure provision is made for the reconstruction of existing site perimeter pavements with specification agreed with ECC Highways.
Electric Car Charging	Programme: Med Budget: High	Ensure Car Charging Specification is completed and agreed equipment ordered and power supplies with separate metering
Utilities facilities to Site	Programme: Med Budget: Med	Ensure utilities facilities are supplied and installed on site for use of Car Park as open space.
Barriers	Programme: Med Budget: Med	Review with ECC
Railings	Programme: Med Budget: High	Agree and approve Railings specification design
Brickwork	Programme: Low Budget: Med	Agree and approve Brickwork specification mortar and joint finishing
Retaining Walls	Programme: High Budget: Med	Agree and review Retaining Wall designs to meet EEC AIP Standards
Signing & Lining Plans & Schedules	Programme: Low Budget: Med	Agree signing and lining Plans and Schedules to meet ECC Parking & Highway standards
Car Park Operation & Barriers	Programme: Med Budget: High	Determine with Head of Car Parks operation, open and closing arrangement of car park barrier and lighting times.
CCTV	Programme: Low Budget: High	Ensure CCTV is provided to cover Car Park Toilets & Northern Boundary with High St
Confined working In Town Centre	Programme: High Budget: Med	Ensure, suitable Path/ Road Closures are provided & reallocation of Parking

Environment with Mixed traffic & pedestrians risks		, Pedestrian & Traffic Barriers and Signing in accordance with CDM Procedures & Method Statements
Budget	Programme: Med Budget: High	Lack of Client budget available to undertake works as a result of inflation/material price increases and heated tender market.
Inclement Weather	Programme: Med Budget: Med	Poor weather conditions experienced clashing with construction phase leading to programme and cost impact.

LEGAL

The Starlings site was acquired under Section 227 of the Town and Country Planning Act 1990 (as amended) for the purpose of the development, re-development or improvement likely to contribute to the achievement of any one or more of the following objects:

- (a) the promotion or improvement of the economic well-being of their area;
- (b) the promotion or improvement of the social well-being of their area;
- (c) the promotion or improvement of the environmental well-being of their area.

The Council is under a legal obligation to consider options on how the site can be used to demonstrate these objects and consideration of them has been set out in the body of the report.

In addition, following acquisition of the Starlings site, this land is held within the General Fund together with Milton Road Car Park. In coming to decisions in relation to management of General Fund assets, the Council must act in accordance with its statutory duties and responsibilities. Under case law following Section 120 of Local Government Act 1972, the Council is obliged to ensure that the management of its assets are for the benefit of the district.

Councils are empowered to promote and build greater economic growth through regeneration projects using subsidiary powers under Section 111 of the Local Government Act 1972 and General Power of Competence under Section 1 of the Localism Act 2011.

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed recommendation in this report with respect of: Crime and Disorder; Equality and Diversity; Health Inequalities; Area or Ward Affected; Consultation and Public Engagement, and any significant issues are set out below:

Evidence suggests that there is a direct link between economic prosperity and social inequality. The Starlings Project seeks to improve the economic performance and vitality of the town by creating a more appealing environment through targeted interventions focussed on vacant and rundown sites, and by securing improvements in the quality of the public realm. The acquisition and redevelopment of the Starlings site are identified as being critical components to securing the successful transformation and renaissance of Dovercourt Town Centre.

Area or Ward Affected

The Starlings site is located within the District's Harwich and Kingsway Ward.

Consultation and Public Engagement

In refreshing the Dovercourt Town Centre Masterplan the Council's professional team (Urban Initiatives Studio) undertook two consultation events. These sought to secure the views, thoughts, aspirations and comments of:

- The Council's Cabinet;
- Ward Councillors;
- The Harwich and Dovercourt Coastal Communities Team;
- The Harwich and Dovercourt Tourism Group;
- Essex County Council (Localities and Highways Teams);
- The Council's Corporate Team; and
- Relevant Heads of Service.

Equality and Diversity

The proposed development responds to the government's levelling up agenda and seeks to provide a car park and events area which is accessible and sympathetic to needs of the community. This will increase opportunities for local entrepreneurship, and grow and retain economic activity and job creation in the local area. We do not expect this development to have a negative impact on groups with protective characteristics.

Environment and Carbon Neutrality

In all aspects the proposed development will respond to the requirements of the Building Regulations 2010. The design will seek to limit its impact on the climate via the use of green technologies by the inclusion of Electric Vehicle charging points.

The scheme seeks to improve the public realm and will include the ability to provide an events area. Improved public realm of the area and road safety will also improve the environmental conditions.

PART 3 – SUPPORTING INFORMATION

BACKGROUND

Dovercourt has suffered from the generic decline in the popularity of English seaside towns and as a consequence of this and other local factors (such as the transformation of working practices at Harwich International Port), and the decline of other industry, the town's economy has contracted. The condition of the built environment and the quality of the public realm has seen a commensurate decline. Dovercourt High Street has lost its pre-war (WW2) zest and vitality, and this is demonstrated by the number of derelict residential and commercial premises that are located in close proximity to the town centre.

By the beginning of 2018 it had become increasingly apparent that market conditions in Dovercourt were such that its social and economic stability was becoming progressively fragile and that these conditions would negatively impact the town's medium and longer term

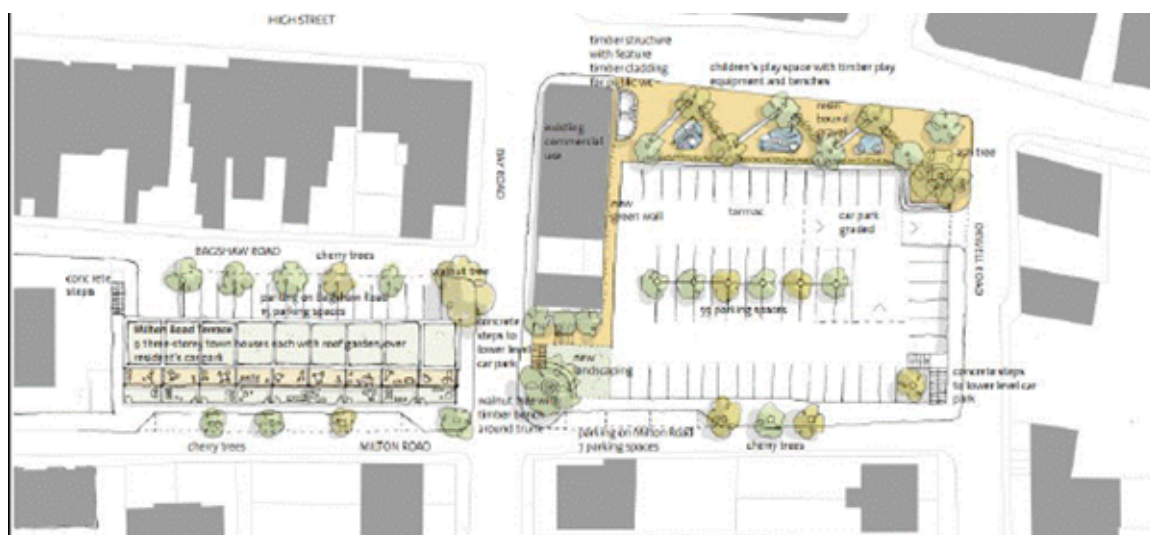
sustainability. As a consequence the Council resolved to prepare a masterplan for the town centre in which the opportunities to halt the towns terminal decline would be researched, and project proposals identified that together would help rediscover Dovercourt's former glory, and secure a renaissance in the town's social vibrancy and economic prosperity.

At its meeting in July 2019 Cabinet approved the strategy for the revitalisation of Dovercourt town centre, which set out a positive vision to guide development and identified twenty projects to attract residents and visitors, and to improve the image and quality of the centre (called the 'Dovercourt Masterplan Revisited'). The acquisition and redevelopment of the Starlings site and the demolition and redevelopment of the Milton Road Car Park feature as priority projects (Projects 1 and 2) within the Dovercourt Twenty. These projects seek to secure positive social, economic and environmental outcomes for Dovercourt by:

- a) Bringing back into productive use a vacant and derelict site, which currently blights the town and has a negative impact on Dovercourt High Street
- b) Supporting wider 'place shaping' objectives through the delivery of new housing;
- c) Creating a more accessible public car park, and improving footfall in the town;
- d) Creating new public realm and amenity space, providing the opportunity for greater animation thereby creating a more vibrant town centre;
- e) Providing the potential for a multi-use 'event space' in the town centre, through the creative use of the proposed new surface car park;
- f) Reducing the opportunities for crime and disorder through improved urban design;
- g) Creating confidence in the market, and encouraging private sector investment;
- h) Giving the towns existing traders the confidence to invest in their businesses and in their property; and
- i) Providing a high quality meeting place in the town centre improving the opportunities for positive social engagement.

The Cabinet also agreed at that meeting to the preparation of a detailed business case for the redevelopment of the Starlings Site and Milton Road Car Park. That business case came to Cabinet in September 2019 and Cabinet approved the acquisition and redevelopment of the Starlings site and the demolition of the Milton Road Car Park; and allocated £1.595m funding to the project from existing budgets. £86,000 of this fund was allocated to the demolition of Milton Road Car Park.

Outline Site Layout (Starlings Site and Milton Road Car Park)



Starlings

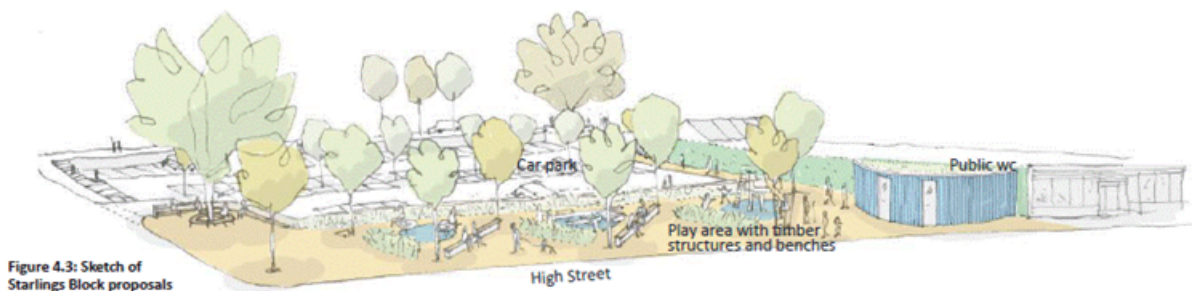


Figure 4.3: Sketch of Starlings Block proposals

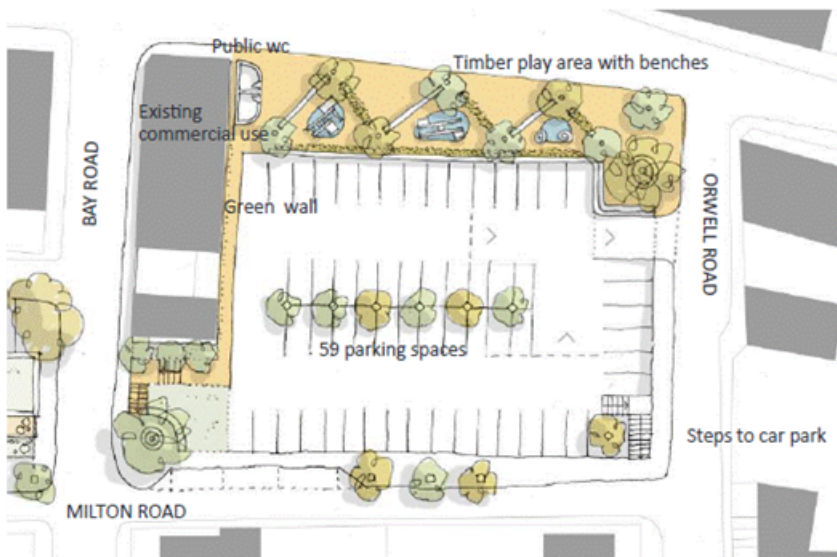


Figure 4.4: Plan of Starlings Block site proposal

HOW IS IT DELIVERED?

Requires land assembly by the council and delivery as a capital project.

REGENERATIVE IMPACT:
VERY HIGH

Outline Proposals for the Starlings Site

The works aim to bring back into productive use a vacant and derelict site, which currently blights the town and has a negative impact on Dovercourt High Street. The new Starlings Car Park provides 51 parking spaces with four disabled bays and a minimum of four charging points for Electric Vehicles, able to charge up to eight cars.

The project has significant benefits. It will create a more accessible public car park; provide the potential for a multi-use 'event space' in the town centre, as the carpark is designed at a level. This will improve footfall in the town and reduce opportunities for crime and disorder. This investment should create confidence in the market to encourage private sector investment within the town centre; and give the town's existing traders the confidence to invest in their businesses and in their property. It will bring new amenity into the town centre with new toilets, and a high quality design scheme for the public realm.

Since September 2019, Phase 1 of the Starlings redevelopment was completed with the initial feasibility, survey and site investigation. A Portfolio Holder decision dated April 2020 provided authorisation to proceed with the land acquisition and detailed design and the land for the Starlings site was acquired in August 2020 at a cost of £528,000.

The main scheme was developed with detailed design by Richard Jackson Ltd in 2020/21 with a total of approximately £670,000 spent on the project to date. Competitive tenders were sought for the scheme in Autumn in 2021, and received. The project consultant's Richard Jackson Ltd has reviewed the tenders and made a recommendation.

The tenders have come back in line with the significant inflationary costs in materials and labour in the construction industry in the last six months. Following evaluation and assessment the lowest and recommended tender is for £827,724. There have also been additional costs identified for the scheme, including for the electrical vehicle charging scheme and proposals for a left turn option into the carpark. As a result, the total cost of the Starlings scheme is estimated to be **£1,971,000**, an additional **£376,383** above the budget of £1,595,000.

Cabinet now has options on how to proceed. One option is to stop all works at this point, accepting the sunk costs into the project. The project would have created a design with planning permission and a tender pack for the works. It could be left to a point in time when the project could seek external funding, for example from the Levelling Up Fund. However, this would mean significant project delay on one of the Council's top priorities, with external funding uncertain.

An alternative option is value engineering. It is possible to reduce the costs of the scheme by removing the left turn option out of the carpark, which was brought in later in the design phase, remains a high risks to programme and to the budget, and has not yet been approved by Essex Highways. This saves £30,000. It is recommended that the saving is taken.

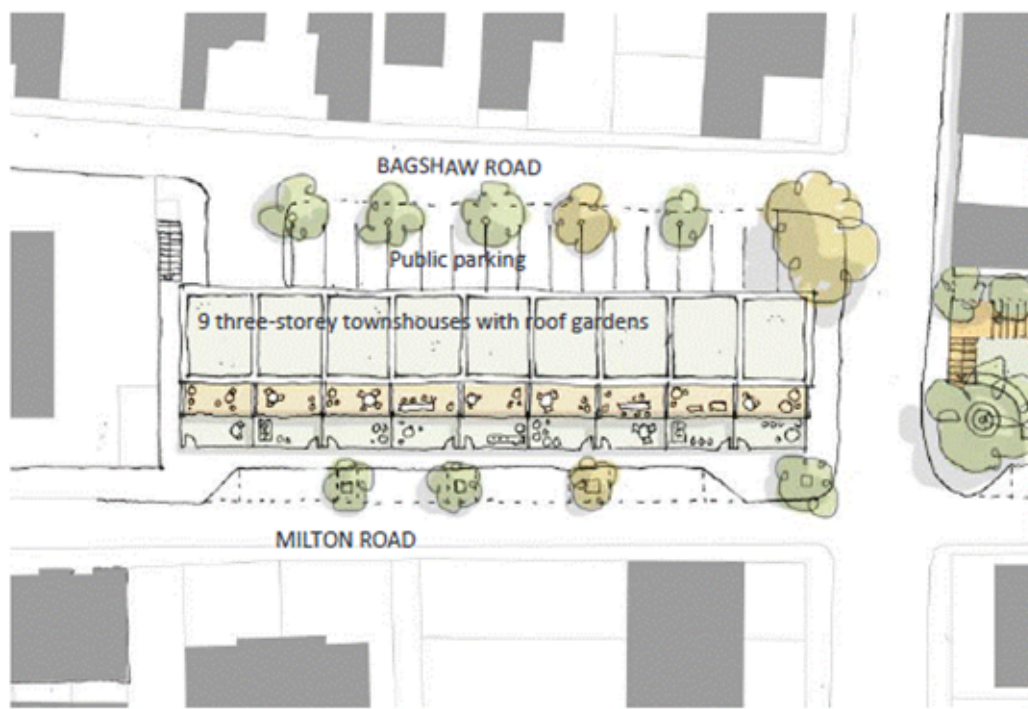
This could include removing or delaying construction of the toilets, which would save £70,000, changing the level so that the carpark was sloped rather than flat, removing the need for a retaining wall, which would reduce costs in the region of £100,000. However, these two changes significantly reduce the amenity of the scheme, given the age of the Milton Road Car Park toilets the new toilets replace, and that the purpose of creating a level car park is to enable it as an events space which has the opportunity to bring people into the centre of the town. If the carpark is not level, There may be delays to the programme with the need to return to planning on the scheme.

The scheme could remove all or a proportion of the agreed £208,000 contingency, given that this is a fixed price contract. However there remain risks to the project programme and to the budget set out in the risks section, including for example site contamination. So it is recommended to hold the budget for contingency to enable sufficient funds to be set aside for the project to complete.

Project costs can be reduced by seeking additional funding. Central government offers grants for up to 75 percent of electric vehicles charging points, which could save between £15,000 and £26,500, depending on the outcome of the bid. This funding option will be pursued, which if successful would reduce the amount of investment required by the council set out in this report.

There is also the opportunity to save costs by postponing the demolition of the Milton Road Carpark.

Milton Road progress and proposal



The Milton Road Car Park was proposed in the Dovercourt Masterplan to be redeveloped as nine three bedroomed town houses above a shared under-croft car park and 15 public car parking spaces on Bagshaw Road. The aim was for the council to demolish the carpark and then to dispose of the site for housing to a private sector developer, housing association, or for council-led development to deliver the scheme. £86,000 was set aside for the demolition of the carpark, with the housing scheme expected to be viable without additional investment, and potentially generate a land receipt for the Council.

The Council appointed valuation surveyor in 2017 ascribed a value of £120,000 to the Milton Road site. The Council commissioned a second valuation (in line with protocols for site disposal) with Blackman and Partners Surveyors in April 2020 who valued the site at £200,000 with outline planning for nine three-storey townhouses. However the valuation indicated that for a developer to make an acceptable profit on the development the land value would have to be zero or negative.

Officers developed options for the site. They engaged with eight private developers and five housing associations in the summer of 2020 to consider whether they were prepared to develop the scheme. An option for development was possible at an estimated cost of £455,000 to the Council, including demolition costs, the £200,000 foregone land value, and contributions to public realm, and planning and project delivery costs.

Consideration was then given to the partial demolition of the existing Car Park site and toilets and for the lower deck to be retained for additional parking. However, Potter Raper estimated the costs would be £140,000 for this work, significantly over the budget set aside by Cabinet for total demolition of £86,000. Construction cost inflation has increased significantly in the last six months, with the construction elements of the Starlings project nearly 50 percent over budget, and so full demolition is expected now to be over the £86,000 budgeted.

Cabinet could seek to set aside additional funding for the demolition of the upper deck of Milton Road Carpark now, in addition to the investment in the Starling Project. This would increase the amenity of the site and reduce the cost of any future development at Milton Road. However, it would increase the cost of the project now by a further £128,000. Total demolition would be

a similar investment, and would reduce the overall number of parking spaces ahead of the completion of the new Starling carpark.

Cabinet could bring forward options for the Milton Road carpark once the Starlings project is complete. This would enable the budget set aside for the demolition of Milton Road car park to be invested into the Starlings project to support it to progress now. Once the Starlings project is complete, any spend against the £208,000 Starlings contingency will be known, creating the context for the potential to progress Milton Road. In addition, the potential for external funding from the Levelling Up Fund should also be clear.

As a result it is recommended that the Milton Rd Car Park be retained in its current form and that at least £74,000 of the funding set aside for demolition is used to reduce the additional cost of the Starlings scheme. Up to £12,000 of the £86,000 budgeted for Milton Road demolition should be used to commission a report to determine the carpark's current condition and structural stability and the short/medium term maintenance requirements and costs.

Summary of current position

In summary the Cabinet is requested to approve that at least £74,000 of the £86,000 allocated to the Milton Rd Car Park demolition be transferred to the Starlings project, the left turn option to be abandoned. For a further additional sum of £272,383 to enable the current Starlings redevelopment scheme to proceed at a total cost of £1,867,383 to enable the current tender from the lowest priced contractor to be accepted and appointed to proceed with the works. The Council should also allocate up to £12,000 of the £86,000 currently budget to Milton Road Car Park to obtain an up to date report to determine the condition and future costs and maintenance requirements of the Car Park to enable safe use in an interim period. A report on the future of the Milton Road Project to be brought to Cabinet during 2022/23.

BACKGROUND PAPERS FOR THE DECISION

July 2019 Cabinet Report
September 2019 Cabinet Report

APPENDICES

None

Key Decision Required:	Yes	In the Forward Plan:	Yes
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CABINET

28 JANUARY 2022

JOINT REPORT OF THE PORTFOLIO HOLDER FOR BUSINESS & ECONOMIC GROWTH AND THE PORTFOLIO HOLDER FOR HOUSING

A.6 JAYWICK SANDS COVERED MARKET AND MANAGED WORKSPACE

(Report prepared by Lee Heley, Interim Corporate Director (Project Delivery))

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

For Cabinet to allocate a further £254,465 from Tendring District Council New Homes Bonus to the Jaywick Sands Covered Market and Managed Workspace Project given the recent significant increase in construction costs demonstrated by tender returns.

To seek further external funding from partners and enter into agreement with them to meet the remaining gap in funding for the project. Depending on the success of the effort to source sufficient funds, the Council will enter into contract with a construction firm to deliver the project.

EXECUTIVE SUMMARY

Cabinet last received an update on the Jaywick Sands Covered Market and Workspace at its meeting in October 2021, and agreed to grant an exemption to the Council's procurement rules to allow a direct award of a service contract for management of the facility and business support service to the Council's' operating partner, agreeing that that a licence to occupy would enable the most effective project delivery.

The October 2021 Cabinet report noted that construction material costs have been seen to increase as the country unlocks and once tender prices come in for construction there is a potential risk that this budget is insufficient to deliver the project as planned. Cabinet was informed it would be updated with options if the increase in prices occurs, seeking any necessary approvals.

Since that date the tender process for the construction of the facility has been undertaken by the Council with its Professional Team: HAT Projects (Architects), Potter Raper (Cost Consultants) and Daniel Connal Partnership (Construction, Design and Management Consultants). On 3 December 2021 the Council's cost consultants Potter Raper produced a revised cost appraisal based on the Council's tender pack and the latest market information on the cost of materials. This work indicated that the total construction cost of the scheme had likely increased from £2.1m to at least £2.7m.

On 6 December 2021 the Council received tenders from building contractors as part of the Council's procurement exercise, which came in significantly above the budget, with the lowest tender after value engineering at £3,877,239, over £1.1m greater than the cost consultant's recent estimate. This gives a total scheme value of £4,407,182, which is £1.98m over the total budget currently allocated of £2,427,000 to secure delivery.

As part of the evaluation process, Potter Raper were asked to examine and comment on the large discrepancy between their latest cost advice and the prices quoted in the three submitted tenders. It is considered likely that contractors have sought to reduce their risk by cushioning current volatile market prices against materials cost inflation during the nine month delivery phase. It is noted that while the three tenders are significantly higher than the most recent cost estimates, the three returns all fell within about seven percent of each other, demonstrating that this range is the price necessary to complete the work in current market conditions.

One option would be to end the project at this point and not draw down the funding. However the economic benefits of the project for Jaywick Sands would not be realised, with the jobs and businesses not attracted to the location. In addition, the wider regeneration of Jaywick Sands linked to the Place Plan would be stalled, and sunk costs in the project of around £300,000 would need to be covered, with no output.

For the project to proceed, additional funding is required. As the project is within the Housing Revenue Account (HRA), it would be possible in principle to adjust the long term HRA business plan to fund the project. However, this would have a significant impact on the proposed current outputs of that business plan, including for example, the repairs and maintenance of council homes and the planned purchase of new council properties.

It is possible to allocate Council funding relevant to the HRA to the project, including New Homes Bonus. It is recommended that £254,465 of New Homes Bonus 2022/23 is allocated to the project. This is in addition to the £105,535 allocated at the start of the project and £45,000 of project costs allocated at October 2021 Cabinet, for the first year of operation of the managed workspace.

However, despite the additional investment from the Council, a gap remains in project costs of £1.68m. The Council is looking for external funding to meet the gap. The Council has approached the South East Local Economic Partnership (SELEP) and Essex County Council for the potential for additional investment in the project. We expect that we will hear from partners in early February whether further funding is available, which is within time for the fixed price tenders, which hold until 6 March 2022. We are also engaging with SELEP on their expectations of the timeline for this project's delivery, given the need to source additional funding to proceed. It is expected that GBF funding can be claimed from SELEP as soon as the build starts, which it is recognised will take place now in February or March 2022.

RECOMMENDATION(S)

It is recommended that, if the Council is successful in its pursuit of external funding to meet the shortfall in the Jaywick Workspace and Covered Market project, Cabinet:

- (1) authorises the Chief Executive to enter into the necessary Funding Agreement, in consultation with the Portfolio Holder for Housing and the Portfolio Holder for Business and Economic Growth and the Council's Section 151 Officer and the Monitoring Officer;**
- (2) agrees that the Housing Revenue Account Capital Programme be increased by £1,934,647 to £4.407m to be funded by a TDC contribution of £254,465 from the 2022/23 NHB and external funding of £1,680,182;**

(3) subject to (1) and (2) above, notes that the Council will award the contract to construct the Jaywick Workspace and Covered Market project.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

Corporate Plan (2020-2024)

The proposed Covered Market and Managed Workspace development responds directly to the corporate priorities identified within the Council's 2020-2024 Corporate Plan and accords with the Community Leadership and Tendring4Growth themes, which are central to that Plan. The proposed development responds to a number of priorities in the Corporate Plan as set out below:

- Support existing businesses
- More and better jobs
- Develop and attract new businesses
- Maximise our coastal and seafront opportunities

The current scheme delivers the following estimated outputs:-

Jobs Created – 45

Construction Jobs – 10

Commercial Floor Space – 843m²

KMs Road, Walkways, Cycleway – 0.15km

SQM of Public Realm/Green Space – 3,700m²

The Project has been identified by Cabinet as a Key Priority Action for 2021/22 (Reference D1) with milestones to deliver against the Corporate Plan and will be included within its corporate performance monitoring report.

Tendring Economic Strategy (2020 – 2024)

The Tendring Economic Strategy was updated in 2020. The Strategy uses evidence from Office of National Statistics to demonstrate that there have been some important changes in the district's economy in recent years which require a change in approach.

The Strategy recommends:

- A greater focus on Clacton and Jaywick, noting a decline in economic performance in these locations. This focuses specifically on local participation within communities and addressing long term prosperity; and specifically for Jaywick Sands recommends:
- A need for long term investment in both the physical and human assets of the area to enable a positive economic future for Jaywick Sands.
- The Council should identify property assets within public ownership which can be transformed to offer low-cost or free space to support new businesses and positive social activities, particularly in Clacton and Jaywick, to maximise their social value. Map spaces owned by Tendring DC, looking at where there is a stronger case (lower opportunity cost) of making them available for free or low-cost use by residents with ideas. Provide meanwhile space in perpetuity, with advice and guidance to support 'graduates' into more permanent spaces;
- Using the 2019 Employment Land Review, identify priority space to support 'move on'

and growth space, actively promoting this amongst the local business population. This type of development should be encouraged through the use of cross-funding through the delivery of mixed-use sites. There are a number of proposed or allocated sites which have the potential to accommodate this type of development alongside residential and other uses and it should be ensured that these are treated favourably;

- A key element of this offer will be the provision of spaces to support new companies to grow within a flexible and supportive environment. This includes thinking about how managed workspace and incubation space could be used to support new businesses in Tendring.

Tendring Local Plan (2013 – 2033)

The proposed development aligns with the strategic vision for the Council's emerging Local Plan (2013 – 2033) which seeks to create resilient, successful mixed communities that address issues of deprivation and support a thriving local economy.

Jaywick Sands is identified under Policy PP14 Priority Areas for Regeneration as a priority for focused investment in "social, economic and physical infrastructure and initiatives to improve vitality, environmental quality, social inclusion, economic prospects, education, health, community safety, accessibility and green infrastructure."

Under Policy PP3 Village and Neighbourhood Centres three areas of Jaywick Sands – Broadway, Tudor Parade and the junction of Tamarisk Way/Broadway are defined as neighbourhood centres to be protected and enhanced.

North Essex Economic Strategy

At a sub-regional level the proposed development corresponds with the aims and objectives of the recently approved North Essex Economic Strategy (NEES). This articulates a vision in which citizens live in new and established communities that are well connected and inspire innovation and creativity. The NEES has four Missions, which seek to:

1. Drive innovation and technological adoption;
2. Develop a skilled and resilient workforce;
3. Create a network of distinctive and cohesive places; and
4. Grow a greener, more sustainable economy.

The proposed development is particularly well aligned with objectives 2 and 3 within this strategy. Objective 2 stresses the importance of supporting those who are already in the labour market to access new skills and adapt to changing working practices. The scheme will deliver against this objective by supporting locally based businesses and potential entrepreneurs to develop viable and sustainable businesses. Objective 3 includes the need to invest in the infrastructure to support distinctive, adaptable and creative places, particularly within coastal towns. This scheme, as an 'anchor' development to kick-start wider regeneration in Jaywick Sands will deliver exactly this infrastructure. It highlights the sharp spatial inequalities within North Essex and the need to improve outcomes in all communities.

UK Government Industrial Strategy

At a national level the proposed development aligns with the Government's Industrial Strategy, which focusses on supporting the UK economy to become more productive and seeks to drive stronger, resilient and more balanced growth. The Industrial Strategy

argues that there are five foundations of productive economy: ideas; people; business environment; infrastructure; and places. At a micro level, the proposed scheme responds positively to these themes.

FINANCE, OTHER RESOURCES AND RISK

Finance

The capital costs outlined in the Council's GBF application were estimated to be in the order of £2,127,535 in total project costs, of which £1,796,080 was identified as being the construction value of the scheme (based on Q1 2020 costs). This funding profile provides the backdrop to the project described in this report, albeit as the project design has evolved, so too has the available cost plan information.

The majority of the funding for this scheme (£1.972m) is subject to the standard terms and conditions of the SELEP Funding Agreement, to be sourced via the South East Local Enterprise Partnership from the Government's Get Building Fund scheme. As part of the overall financing for this project, officers identified £105,535 from the Council's budget. In addition Essex County Council has allocated £350,000 in support of the project.

Following the receipt of recent tenders for the scheme and the discrepancy with the revised cost plan, it is recommended that additional Council resources are allocated to the project of £254,465, and that the remainder is sought from external partners. Discussions have taken place with SELEP and Essex County Council.

The projected costs for the development are set out below:

Other Project Costs	£
Operating Partner (M1&2 + M3&4 – Subject to Contract)	62,000
Operating Business Costs Years 1	45,000
Fencing and Security	10,000
CDM	2,500
Intrusive Archaeology & Report CAT	5,000
Community Garden & Hoarding Projects	30,000
Outdoor Gym	10,000
Monitoring and Evaluation	1,500
RAMS Contribution	5,200
Stand Alone Biodiversity CEMP	338
Stand Alone Biodiversity Enhancement Strategy	450
Highways Contribution (S:106)	3,000
Bus Stop Relocation	15,000
Contingency	5,000
Total Other Project Costs	£194,988

Construction Costs and Professional Fees	£
Construction Costs	3,877,239
Design Team, Planning Fees, Surveys and Investigations	284,955
Additional Minimum Contingency Sum	50,000
Total Construction, Fees and Surveys	4,212,194

Total Overall Project Costs	£4,407,182
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Available Funding	£
TDC Original Funding	105,535
Additional TDC Funding agreed by Cabinet Oct 21	70,000
TDC Additional Contribution Recommended Jan 2022	254,465
Essex County Contribution	325,000
Further funding sought from partners	1,680,182
SELEP	1,972,000
Total Overall Project Costs	£4,407,182

The costs above do not include the cost of the land which was purchased by the Council in 2014 and is valued at £80,000 at today's values. Project management costs (officer time) borne by the project partners are not included. Further, the associated report considered by Cabinet in October 2021 highlighted some ancillary works to the project that ECC are expected to undertake, but funded from their original contribution of £350,000. The table above therefore reflects this adjustment, with ECC's contribution being reduced by £25,000 but recognising that their overall contribution to the project remains as £350,000 as the cost of the ancillary works are also not included in the table above.

The additional contribution from TDC of £254,465 set out in the table above is proposed to be met from the New Homes Bonus Grant of £1.850m receivable in 2022/23, for the purpose of agreeing the necessary funding to enable to project to get underway as soon as possible. However a review of existing Economic / Business Investment and Growth budgets will be undertaken as part of developing the emerging Corporate Investment Plan, which may be available to 'replace' this funding, that in turn can then be used to support the delivery of other Council priorities.

The site for the Covered Market and Managed Workspace development is held and accounted for by the Council's Housing Revenue Account. For the project to proceed the Council will need to secure the Secretary of State's consent to develop the land for a non-housing related purpose. Cabinet will note that this issue explained and explored detail in the "Background" section in the May 2021 Cabinet Paper and in the October 2021 Cabinet Paper.

Given the size of the funding shortfall, it would be reasonable to assume that cost inflation of circa 50% would have a significantly detrimental impact on the project's viability. However on revisiting the Benefit Cost-Ratio (BCR) calculated to inform the Council's GBF application, it has been found that: based on a notional £4.4m Present Value Cost i.e. in line with the tender returns, but with no change in jobs and monetised benefits, this provides an adjusted BCR of over 3. On this measure the project still demonstrates a "High Value for Money" outcome being achieved – the government methodology classes a BCR above or equal to 2 as "High." See extract from Appraisal Guidelines at [Appendix B](#). On this basis if the Council had originally submitted its GBF application requesting £4.4m, it would still have passed all the required tests in terms of GBF project appraisal.

Risks

One of the key risks has become an issue as set out in this report, which is that tender returns have come in well over our budget, and beyond the scope of what is possible to

manage through value engineering. Value engineering was part of the tender process and has been pursued with contractors. The Council has sought to press value engineering, sought external funding, and looked to our own resources.

Risk during the construction process will be shared between the Council and the Contractor, according to industry standard contractual arrangement (JCT Intermediate Contract). These ensure a fair and impartial allocation of risk, and change control procedures will mitigate against client instructed changes which could result in cost or programme delays.

The SELEP Draft Funding Agreement includes a Clause (Clause 12 – Withholding, Suspending, Repayment and Clawback of Grant) which sets out the conditions under which the SELEP can clawback the GBF Grant awarded. Schedule 4 of the Draft Funding Agreement sets out the amount of funding TDC would be liable to refund the SELEP as a percentage of the grant received and to be determined by reference to the period that has elapsed since the Completion Date. This is set out below:

Period from Practical Completion Date	Percentage of Grant to be repaid
Within 1 year after completion date	100%
Within 2-4 years after completion date	80%
Within 5-6 years after completion date	60%
Within 7-8 years after completion date	40%
Within 9-10 years after completion date	20%
From 10 years after completion date	0%

Key risks and constraints include:

Risk	Impact	Mitigation/quantified risk within contingency
Contractor tender returns are higher than expected.	Value engineering may be required or costs may increase.	Issue covered in detail in this report.
Secretary of State approval is not granted for the HRA land to be used for non-housing purposes.	The identified site could not be used for the purposes of the project. Programme delays & Cost Implications	The reasons for the proposed meanwhile use must demonstrate a beneficial purpose in connection with the requirements of the persons for whom the housing accommodation is to be provided in the future.
Inflation is higher than expected.	Value engineering may be required or costs may increase.	Contingency has been included in the QRA and cost model.
Unexpected site conditions e.g. ground conditions, ecology.	Cost increase or programme delay.	Contingency has been included in the QRA and cost model. Initial background ecological surveys have already been undertaken and initial specialist advice has informed the scheme. Further specialist was

		sought and no further work is required.
Unexpected Archaeological Costs.	Cost increase or programme delay.	Essex Place Services intrusive archaeological investigation requirements have been completed by Colchester Archaeological Trust and no further work or costs are required.
Reduced demand for commercial space in the area.	Operational viability could be compromised if occupancy levels do not reach projected levels.	Net scheme benefits will be realised even if occupancy is far lower than projected.
Contractor related issues, especially if terms are not agreed soon after the tender ends.	Contractors could put resource onto other projects delaying progress on our site, or seek to raise prices.	Swift progress with the tender process. Close monitoring of the contract through our Professional Team and TDC officers.
COVID-19 related issues.	Cost increase or programme delay.	Contingency has been included in the QRA and cost model.
Potential operators demand alternative terms or financial incentives in order to take on contract.	Less favourable management contract terms may be negotiated.	Negotiations have started with our current operating partner COLBEA, with the a direct award agreed by Cabinet in October 2021

LEGAL

The land being proposed for use as the Covered Market Site was acquired by the Council under Section 9 of the Housing Act 1985 and is subsequently held in the Housing Revenue Account which is subject to certain restrictions.

Under Section 12 of Housing Act 1985:

(1) A local housing authority may, with the consent of the Secretary of State, provide and maintain in connection with housing accommodation provided by them under this Part

(a) buildings adapted for use as shops,

(b) recreation grounds, and

(c) other buildings or land which, in the opinion of the Secretary of State, will serve a beneficial purpose in connection with the requirements of the persons for whom the housing accommodation is provided.

Construction of the Covered Market Site Works will require the Council to enter into a formal JCT Construction Contract with the selected Contractor.

Should the Council be successful in obtaining the external funding, a legal agreement will be required between the parties to confirm the arrangements of that funding, as is normal practice and is based on standard clauses.

A legal Contract Services Agreement is required with the selected Operating Partner and a licence for the use and operation of the Covered Market Building and Site, the terms of these are still being negotiated.

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.

Area or Ward Affected

The Covered Market and Managed Workspace facility will be located in the West Clacton & Jaywick Sands electoral ward.

Health Inequalities

Improving employment opportunities through the provision of managed work space and through targeted business support (information, advice and guidance) will positively impact on the health and wellbeing of local people.

It is hoped that the Covered Market may provide the means through which local people can more readily access fresh fruit and vegetables, thereby providing the opportunity for healthy living with improved health outcomes.

Improved public realm including a community garden, outdoor market/events space and a safe pavement connecting the two main residential areas of Jaywick Sands, will have a positive impact on the quality of life currently experienced by residents.

Consultation/Public Engagement

Extensive community and stakeholder engagement and research over the last few years has shown that growing local jobs and the local economy is a key priority for stakeholders and is viewed as an essential part of regenerating Jaywick Sands and lifting it out of the bottom decile of the Index of Multiple Deprivation.

An on-line public consultation engaged residents on proposals for the development. Feedback from residents will inform the work of the Council's Professional Team led by HAT Projects.

There are two community projects related to the managed workspace underway, a Community Arts Project with hoarding being used to display art work created by the community; and a Community Garden Project – engagement with the community on the design and maintenance of the community garden.

Crime and Disorder

The proposed development is designed in line with good practice guidelines, limiting the opportunities for crime and disorder. The development will create the opportunity to host internal/external activities and events thereby encouraging footfall – animated spaces are generally safer places given the presence of natural/passive surveillance. The building will also be subject to CCTV surveillance.

Equality and Diversity

The proposed development responds to the government's levelling up agenda and seeks to provide a covered market and affordable business space on a gateway site in

Jaywick Sands. This will support the local economy, increase opportunities for local entrepreneurship, and grow and retain economic activity and job creation in the local area - the most deprived in the country.

The project forms part of a wider regeneration initiative, improving poor quality housing, stimulating economic growth and maximising the potential of the beach for tourism.

There should be no negative impact on groups with protected characteristics from this development.

Environment and Carbon Neutrality

In all aspects of the proposed development will respond to the requirements of the Building Regulations 2010. The building's design seeks to ensure that it can be demounted and re-erected on another site, thereby making best use of the materials used in its construction.

The scheme seeks to improve the public realm and will include a community garden as well as space for outdoor markets and other events. Improved walkability of the area and road safety will also improve the environmental conditions in Jaywick Sands.

As part of the ecological arrangements for the development, reptiles will be trapped and translocated to Brook Country Park.

PART 3 – SUPPORTING INFORMATION

BACKGROUND

In October 2018 the Council commissioned HAT Projects Ltd to prepare a Place Plan for Jaywick Sands with the ambition that this should become a framework for development in that area. The detailed background to the Project is set out in the May 2021 Cabinet Paper and addresses:-

- The Feasibility Study
- The Getting Building Funding (GBF) Application
- Initial Project Funding
- Project Objectives
- Project Benefits
- Professional Team
- CDM Partner
- Operation Partner Colbea

The market site is marked by the orange dot on the plan below: Site Location



Project Objectives

The application identified the following objectives:

- Objective 1: Provide affordable space for start-up and grow-on businesses in the local community creating and retaining employment locally;
- Objective 2: Generate employment opportunities through supporting business growth and entrepreneurship;

- Objective 3: Provide access to affordable healthy fresh food and produce as well as affordable everyday household goods within easy walking distance of a large proportion of the community;
- Objective 4: Generate increased footfall to the Jaywick seafront benefitting local businesses in the area;
- Objective 5: Create better quality public realm including a safe pavement along the key seafront street, community garden and multi-purpose outdoor events/market 'square'; and
- Objective 6: Decreasing blight and stimulating a more positive identity for Jaywick Sands, increasing confidence amongst potential investors and raising aspirations for high quality regeneration and development going forward.

Development Site

Given that all development land owned by the Council in Jaywick Sands is held by its Housing Revenue Account, determination as to the preferred location for the proposed scheme focussed on: visual impact; accessibility; operational viability; and community regeneration. The selected site occupies a key location, which fulfils these criterion.

As referenced above, the Jaywick Sands draft Place Plan identified the need to attract and stimulate commercial/economic activity in Jaywick Sands, and recommends the provision of affordable space for business use and social enterprise. During the winter and early spring of 2020 this recommendation was the subject of further investigation as part of a Feasibility Study commissioned by the Council.

The study found there to be a high level of demand in the study area (Jaywick Sands, and the wider Clacton area) for affordable business space, particularly within the light industrial, studio and basic office sectors, due to an undersupply of commercial/incubation space in the area. This is further evidenced by the Council's 2019 Employment Land Review and by letting agent interviews undertaken as part of the study.

The proposal has been developed in response to community needs as well as a wider assessment of demand for small business space in the wider area. There is a demonstrated undersupply of commercial space and a high level of demand for affordable light industrial, studio and basic office facilities within the area

Using the Council-owned vacant site in a very central location in Jaywick Sands presents the opportunity to draw this tenant market to Jaywick Sands, creating employment in the area and stimulating the secondary economy, alongside supporting local start-ups and small businesses in the community through creating a pathway from very affordable market stall accommodation to renting permanent space.

Jaywick Sands is ranked as being the most deprived community in England, and the project intervention set out in this report seeks to support a wider programme of Council activity, which has the objective of addressing the deprivations prevalent in Jaywick Sands.

CURRENT POSITION

The design of the facility has evolved since the concept design identified in the Feasibility Study of March 2020, which was also included in the Council's GBF application of September 2020 (shown above). Following the appointment of HAT Projects in December 2020 the footprint of the proposed building became more linear in its design, with the central span of the building being used for the proposed Covered Market, the East and West spans being used for the provision of Managed Workspace and a Café, and with vehicle parking to the North of the building – as shown below:

Following the appointment of COLBEA the Project Team explored different design options to accommodate an increase in the number of managed workspace units as well as the provision of office space for COLBEA (enabling an onsite presence) and a business support training room. This work culminated with the creation of revised layout Option B in which the proposed Covered Market is moved to the Western end of the building (adjacent to the proposed event space and community garden), with the remainder of the building and upper levels being devoted to makers space, kiosks, office accommodation and a training room. Within this design scenario the proposed café is located at ground level at the Eastern end of the building, adjacent to a small external patio. Vehicle parking remains located to the North of the building.

The design option (Scenario B) following completion of the detailed design and most recent tenders for the works has a total scheme value of £4,407,182

Scenario B - Site Plan



Scenario B - Contextual Design Looking West



Scenario B - Contextual Design Looking East



Scenario B Scheme	
Key Measurables	<ul style="list-style-type: none"> • C. 9073 sq.ft (843m²) lettable space • 25 units including kiosks, office, light industrial • Average unit size 363 sq.ft • Net lettable as % of gross internal area – 71% • 10 covered market stalls • Café • Public WCs
Average Rental	£13.00 / sq.ft inclusive of service charge
Income Per Annum	£100,256 @ 85% occupancy (workspace) C. £3,000 covered market C. £9,600 from training room 50% usage @ £80 per day
Impact	<ul style="list-style-type: none"> • Provides affordable space • Space for 25 businesses • Different mix of units providing greater range of sizes/types • 45 new jobs • 10 covered market pitches • Café • Delivery of Tendring4Growth business support contract on site, target of 1 business skills workshop per month • Centre coordinator to network and develop strong community partnerships • Tenant only facilities to network and develop partnerships • Opportunity for other training providers to use training room
Risks	<ul style="list-style-type: none"> • Impact of COVID on workspace/office space • Overall financial viability • More attractive to wider Tendring businesses so could be viewed with suspicion by residents • Increased number of units means increased marketing effort to meet occupancy targets • Less parking per unit • Mix of market and office space could cause confused messaging

BACKGROUND PAPERS FOR THE DECISION

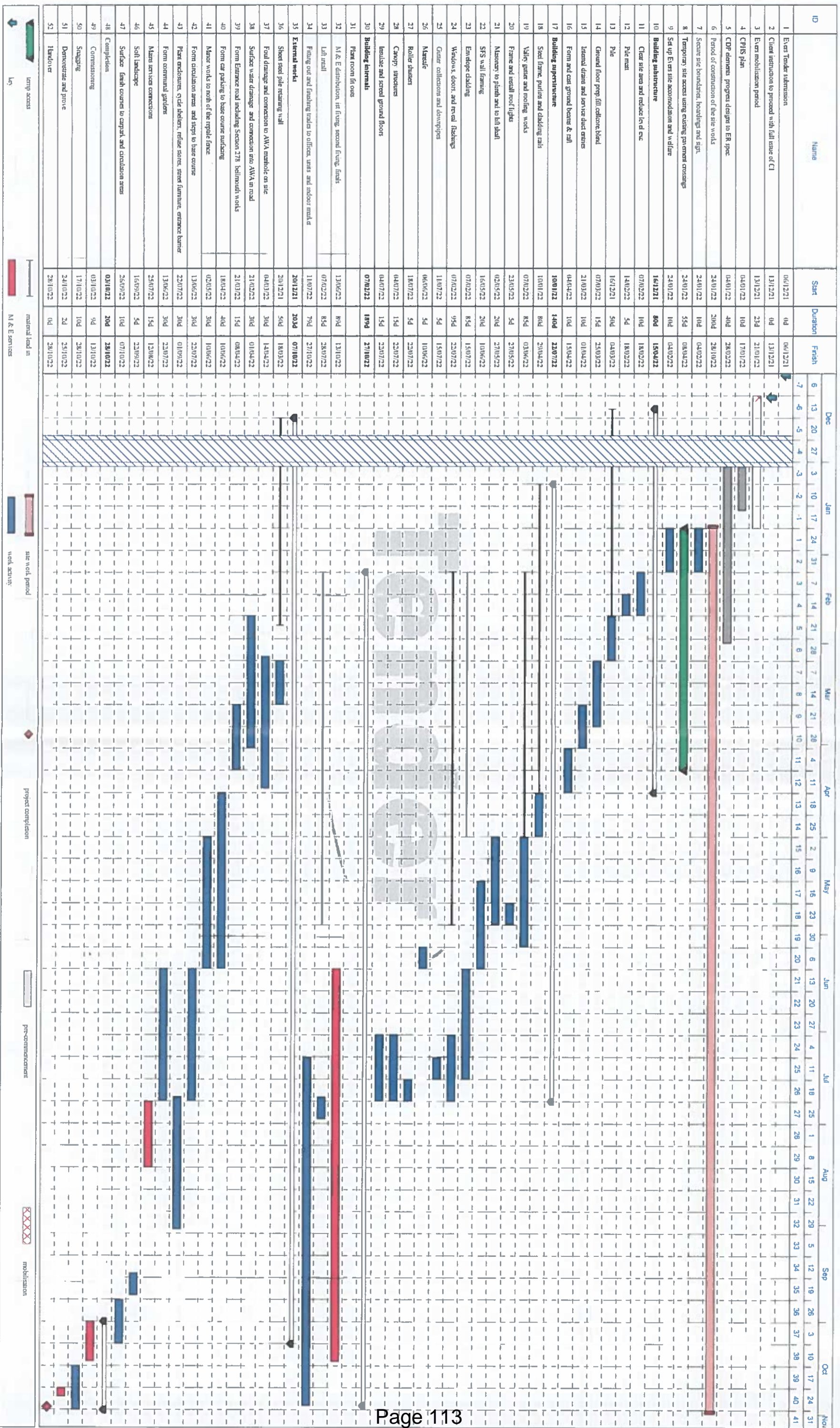
May 2021 Cabinet Paper

October 2021 Cabinet Paper

APPENDICES

A.1 Appendix One – Construction Project Programme

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Proj. Start: 06/12/21 Proj. Finish: 28/10/22 Wk One Date: 24/01/22 Progress Date: 03/06/20

Drawn By: MJD Drawing No.: 1 Revision No.: T1 Project Ref.: Jaywick works pc

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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