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Tendring District Council

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AGENDA

RESOURCES AND SERVICES OVERVIEW AND SCRUTINY COMMITTEE

DATE:	**Wednesday, 9 July 2025**
TIME:	**7.30 pm**
VENUE:	**Committee Room, Town Hall, Station Road, Clacton-on-Sea, CO15 1SE**

MEMBERSHIP:

Councillor P Honeywood (Chairman)	**Councillor Harris**
Councillor M Cossens (Vice-Chairman)	**Councillor J Henderson**
Councillor Bensilum	**Councillor Newton**
Councillor Goldman	**Councillor Steady**

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DATE OF PUBLICATION: Wednesday, 2 July 2025

AGENDA

1 Apologies for Absence and Substitutions

The Committee is asked to note any apologies for absence and substitutions received from Members.

2 Minutes of the Last Meeting (Pages 5 - 26)

To confirm and sign as a correct record, the minutes of the last meeting of the Committee, held on 4 June 2025.

3 Declarations of Interest

Councillors are invited to declare any Disclosable Pecuniary Interests, Other Registerable Interests of Non-Registerable Interests, and the nature of it, in relation to any item on the agenda.

4 Questions on Notice pursuant to Council Procedure Rule 38

Subject to providing two working days' notice, a Member of the Committee may ask the Chairman of the Committee a question on any matter in relation to which the Council has powers or duties which affect the Tendring District and which falls within the terms of reference of the Committee.

5 Reference from Cabinet - A.1 - Annual Capital and Treasury Strategy for 2025-26 (Pages 27 - 30)

The Committee is asked to consider the adopted Capital and Treasury Strategy for 2025/26.

6 Report of the Leader of the Council - A.2 - Update on Corporate Projects (Pages 31 - 66)

This report implements the commitment given at the 17 December 2024 meeting of the Committee by the Leader (Minute 64 refers) to “pull together a comprehensive list of all of TDC’s current projects” and to submit these at a meeting of the Committee.

Date of the Next Scheduled Meeting

The next scheduled meeting of the Resources and Services Overview and Scrutiny Committee is to be held in the Town Hall, Station Road, Clacton-on-Sea, CO15 1SE at 7.30 pm on Wednesday, 30 July 2025.

Information for Visitors

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**MINUTES OF THE MEETING OF THE RESOURCES AND SERVICES OVERVIEW AND SCRUTINY COMMITTEE,
HELD ON WEDNESDAY, 4TH JUNE, 2025 AT 6.30 PM
IN THE COMMITTEE ROOM, TOWN HALL, STATION ROAD, CLACTON-ON-SEA, CO15 1SE**

Present:	Councillors M Cossens (Vice-Chairman, in the Chair), Alexander, Bensilum, Goldman, J Henderson, Newton, Steady and Bush
Also Present:	Councillors Barrett, Codling, Davidson, Ferguson, Griffiths, Oxley and Councillor Placey (Portfolio Holder for Partnerships)
In Attendance:	Gary Guiver (Corporate Director (Planning & Community)), Keith Simmons (Assistant Director (Corporate Policy & Support) & Deputy Monitoring Officer), Katie Wilkins (Assistant Director (People)), Katie Koppenaal (Democratic Services Officer) and Bethany Jones (Democratic Services Officer)

1. CHAIR

In the absence of the Chairman of the Resources and Services Overview and Scrutiny Committee (Councillor P Honeywood), the Chair was occupied by the Vice-Chairman (Councillor M Cossens).

2. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

Apologies for absence were received from the Chairman (Councillor P Honeywood), who had appointed Councillor Alexander as his substitute. Apologies were also received from Councillor Doyle with no substitute appointed and Harris who had appointed Councillor Bush as his substitute.

3. MINUTES OF THE LAST MEETING

It was moved by Councillor Steady, seconded by Councillor Goldman and:-

RESOLVED that the Minutes of the last meeting of the Committee held on 14 April 2025 be confirmed as a correct record and be signed by the Chairman.

4. DECLARATIONS OF INTEREST

The Assistant Director (Corporate Policy & Support) informed the meeting that the Chairman of the Committee (Councillor P B Honeywood) had an Other Registrable Interest in that a close member of his family was a client of the Careline service and that therefore Councillor Honeywood had felt that he should not attend this meeting.

5. QUESTIONS ON NOTICE PURSUANT TO COUNCIL PROCEDURE RULE 38

No Questions on Notice pursuant to Council Procedure Rule 38 had been submitted by Members for this meeting.

6. REPORT OF THE CORPORATE DIRECTOR (PLANNING AND COMMUNITY) - CARELINE/HELPLINE TRANSFER: EMERGING TRANSITION PLAN AND HEADS OF TERMS

Members were reminded that on 21 February 2025, as part of its decision on the future of the Careline service, the Cabinet had resolved to delegate authority to the Portfolio Holder for Partnerships to progress and deliver, amongst other things, the preparation of a detailed Transition plan in collaboration with Colchester City Council and Colchester Helpline (Amphora), including the associated legal agreement and specific tasks and timescales (see minute 135 – recommendation i), article 1) for the achievement of (in summary):

- a combined and expanded telecare, response and lifting service for North East Essex achieved through an automatic transfer of existing Tendring Careline service-users and staff to the service provided by Colchester Helpline on existing terms and conditions and expansion of the service to ensure coverage across the whole Tendring District that maintained and improved on existing response times (recommendation d); and

- the transfer of the Council’s Out-of-Hours, CCTV and monitoring of its own sheltered housing schemes to Colchester Helpline within the same timescales under an outsourcing arrangement (recommendation e).

The report to Cabinet on 21 February 2025 had included a high-level indicative Transition Plan identifying some of the key tasks and matters to be addressed to achieve the transfer – with the overarching objective of maintaining service continuity and quality during the transition period and following the transfer to Colchester Helpline, and minimising disruption and inconvenience to the 1,500 existing service users. However, the smooth and timely transfer and merging of services had been a complex matter that required a more detailed plan that was mutually agreeable, workable and achievable for the parties involved and which sought to minimise disruption to the service provided to residents and be as efficient as possible.

It was reported that much of the groundwork for progressing towards the transfer had already commenced or had been carried out through the positive and constructive engagement of Officers across several departments within TDC and with respective colleagues at Amphora and Colchester City Council. This had included informal and formal consultation with affected staff; communications with service-users and other interested parties; the review and termination of remaining contracts and services with third-party organisations; scoping out and producing a specification for the Out of Hours, CCTV and Sheltered Housing requirements; exploring and understanding the technical and data-protection aspects of the transfer; and working up cost estimates for achieving different elements of the transfer.

The emerging ’Heads of Terms’ that had been discussed and negotiated with Amphora and Colchester City Council colleagues to date, and which would form the basis of the legal agreement, covered the key elements of the Careline/Helpline transfer as summarised as follows.

Transfer of Careline service-users to Colchester Helpline

The Committee heard that the aim had been to transfer Tendring Careline's 1,500 existing service-users to the expanded service provided by Colchester Helpline (Amphora) in August 2025 with their existing terms and conditions maintained. To achieve this, service-users' data would need to transfer from TDC's 'UMO' database and call-handling software system, to Amphora's 'JonTek' system as soon as was practicable in line with a data sharing agreement; and for service-users and their next of kin/other named contact to be formally notified of the transfer a number of weeks before the proposed transfer date, with the opportunity (if they so wished) to opt out.
It was anticipated that the vast majority of service-users would transfer automatically to the service provided by Helpline with no disruption to their service; but for those who choose to opt out, information, guidance and advice would be provided by Careline staff, to signpost them to other alternative providers – but their service with Careline would come to an end on the date of the Careline/Helpline transfer.

Digitisation and upgrade to service-user devices

Members heard that approximately 1,100 of Careline's existing service-users had monitoring/alarm devices that worked either on older analogue or 2G digital technology which were being phased out and would become obsolete over the next 18-months. It was proposed that a financial contribution from the agreed one-off implementation budget be paid to Amphora to fund the acquisition, installation and upgrade of devices following the transfer – a cost that would have needed to be borne by this Council in any event, even if it had decided to keep Careline running in its current form at Tendring.

Transfer of Careline Staff to Colchester Helpline

It was proposed that the 19 TDC staff working in Careline (at the time of writing) would transfer to the employment of Amphora under the provisions of the 'TUPE' legislation that protected employees' existing terms, conditions and employment rights. The timing of staff transfer to Amphora would coincide with the transfer of service-users to the expanded Helpline service in August 2025. The necessary consultation with staff and sharing of information between TDC, Colchester City Council and Amphora was well advanced in preparation for as smooth a transition as possible.

Interim staff resource measures

It was reported that Careline was currently operating with a reducing number of staff and a halt on any new recruitment. In the weeks leading up to the transfer to the expanded Helpline service provided through Amphora, i.e. the remaining transition period, Careline would continue to require ongoing support from external providers to ensure service continuity to residents and other service-users. It was proposed, through the emerging Transition Plan, that arrangements for interim support from Helpline on response (and potentially call-handling) were included within the agreement with Colchester City Council and Amphora to supplement the third-party support already being received.

Services provided to third-parties

Following a decision of the Portfolio Holder for Partnerships taken in April 2025, it had been agreed to terminate the remaining contracts and services provided to third-party organisations with a view to them all coming to an end in mid to late August 2025. If, as proposed, the transfer of Careline service-users and staff to Helpline happened before those contracts and services came to an end, Helpline would be required to serve those contracts and services on TDC's behalf for the remainder of their period. The emerging Transition Plan and Heads of Terms for the agreement with Colchester City Council and Amphora made provision for that service continuity.

Provision of Out-of-Hours Service

Members heard that it was proposed that Out-of-Hours calls to Tendring District Council would be handled, on the Council's behalf, by the expanded Helpline service under an outsourcing arrangement; and that the transfer of this service would coincide with the transfer of Careline service-users and staff in August 2025. A draft specification for the services to be covered by Helpline for the purpose of dealing with Out-of-Hours calls had been produced through engagement across multiple TDC services and this specification had been informed by discussion and negotiation on the procedures to be followed and the cost to TDC of providing that service – which was proposed to be covered for the period to the end of March 2028 through a transitional service payment to Colchester City Council from the one-off implementation budget.

Provision of CCTV monitoring service

It was proposed that the monitoring of CCTV cameras that had fed to the control centre at Barnes House be transferred to the Helpline service for them to be monitored, alongside Colchester's CCTV cameras, from the control centre at Colchester Town Hall. This was to be achieved through the re-direction of the live CCTV signal via digital means funded through the proposed one-off digitisation contribution; and for the cameras to be monitored by the Helpline team with footage recorded to a digital server for accessing by the Police as necessary – paid for as part of the proposed transitional service payment.

Barnes House responder outpost

Members heard that it had been proposed that accommodation within Barnes House (from which Tendring Careline was currently operating) be made available to Helpline under a licence agreement until March 2026 on commercial terms, with the option to extend by one or two years as necessary, to provide an outpost within the Tendring area for Helpline responders – to ensure full district coverage and maintain and where possible improve response times.

The financial implications of the proposals in the emerging Transition Plan had been considered in this report and demonstrated the potential to achieve the implementation of the transfer comfortably within the agreed 2025/26 service budget and the agreed one-off implementation budget by moving quickly and smoothly towards achieving the Careline/Helpline transfer in August 2025.

Members were informed that the comments of the Resources and Services Overview and Scrutiny Committee on these emerging proposals would be reported to the Portfolio Holder for Partnerships and would be taken into consideration by the Corporate Director (Planning and Community) in making final recommendations to the Portfolio Holder for agreeing the Transition Plan and Heads of Terms and completing the Careline/Helpline transfer.

Questions by Members:-	**Answers:-**
Can you confirm whether, when making the proposed decision, the Portfolio Holder will be considering just the content of the report before the Committee this evening or will there be new material as well? *The reason for the question is whether Exemption to call-in (18(ii)(e)) would apply. If the answer to the question is that there will be no new material, then the Committee will be invited to recommend a voluntary application of the call-in rules to this matter.*	(Gary Guiver) On the basis of the above, and having taken advice from the Monitoring Officer, it is considered that the report to be finally considered by the Portfolio Holder on this matter will be sufficiently distinct from the material set out in this report such that the call-in provisions will apply to the decision the Portfolio Holder then takes This evening's report contains current emerging proposals for the Transition Plan and Heads of Terms for the Careline/Helpline transfer. These are for the Committee's consideration and comment ahead of the report with recommendations to, and a decision from the Portfolio Holder for Partnerships. Because they are emerging proposals, some of the specific details are likely to be the subject of further updating and refinement in response to new information, possibly taking into account any matters and suggestions that come up tonight. However, we are not anticipating any major changes to the overall approach being put forward within this report. There are some selective areas where there could be differences between what is presented this evening, and what goes forward for the Portfolio Holder's consideration – but again, none of them fundamental to the overall approach. <u>Heads of Terms</u> Within the draft Heads of Terms attached as Appendix 1, there is reference to both Colchester City Council and Amphora being parties to a legal agreement with TDC with each having different obligations. It currently includes references to Colchester City Council administering some of the financial contributions and payments from TDC to Amphora. From very recent discussions,

	Colchester City Council is still considering if it actually needs to be a formal party to the legal agreement or whether an agreement directly between TDC and Amphora is sufficient. External legal advice on the content of the Heads of Terms is being sought to check this, amongst other matters. <u>Transition Plan timetable</u> The timetable as presented in Appendix 2 is being kept under close review. At present, the overall timetable remains on course for achievement – however, there might need to be some selective changes and updates for the version presented to the Portfolio Holder to reflect actual progress and any additional stages or tasks that might be suggested this evening or recommended by our external legal advisors. For instance, the data sharing agreement between TDC and Amphora in the green section is still in the process of being finalised and its completion will now likely be in June. Also, reviewing the position of remaining customer contracts with external suppliers is ongoing and is also extending into June. <u>Specification for Out of Hours Services</u> The version of the draft Out of Hours Specification before you tonight in Appendix 4 is the subject of further refinements to include further description for each service area; information about the typical and likely calls that are received in respect of each service area; the processes expected to be followed on receipt of a call; and our standards and expectations. The updated version will also include the latest call volume statistics, detail of our reporting requirements and the responsibilities that will remain on the Council's side. There will also be a specification for the CCTV monitoring element that will set out

	detail of what Helpline will be monitoring and the technical detail of how signals from Tendring's cameras and control room will transfer to the Helpline control room at Colchester Town Hall. <u>Breakdown of budgetary implications</u> The budgetary breakdown in Appendix 5 is also subject to further refinements that may be required once we have a more complete understanding, in particular, of legal costs, costs required for technical upgrades of equipment at sheltered schemes and those required for the feeding of the CCTV signal to the Helpline control room. In conclusion, whilst the core content is expected to remain broadly the same, the final report to the Portfolio Holder for Partnerships will likely include updated and more polished versions of what is before Members tonight.
Can you tell me more about the proposed use of Barnes House under the intended transfer of Careline? Will there be an obligation to use this site? What type of agreement will be put in place (a licence to use or a lease) and what obligations will exist to provide the service from that site (and over what period)? What are the costs to the private company for the use of Barnes House?	(Gary Guiver) It is proposed that accommodation within Barnes House (*from which Tendring Careline currently operates*) is made available to Helpline under a licence agreement until at least the end of March 2026 on commercial terms, with the option to extend by one or two years as necessary, to provide an outpost within the Tendring area for Helpline responders. As per the principal conditions in Cabinet's decision in February 2025, which are replicated within tonight's report and the draft Heads of Terms, Helpline (Amphora) is going to be required to: • guarantee service coverage to residents across all parts of the Tendring District so as to ensure that no part of the District is left without access for residents to a paid-for telecare, response and lifting service; and; • maintain, and where possible, improve upon existing response

	times with measures put in place, as necessary, for one or more outposts in locations providing accessibility for all parts of Tendring. The obvious short-term solution is for Helpline to operate a responder outpost from Careline's existing premises at Barnes House and Amphora is in agreement with this idea. However, longer-term it may be that Amphora wishes to set up alternative premises in a different location – but the principal conditions of guaranteeing service coverage and maintaining response times will remain. Thus, it is considered more appropriate to have a short-term licence agreement in respect of Barnes House than a longer-term lease. The licence fee cost to Amphora is still under consideration along with the specific areas of the building to which access is to be granted and the necessary security and access requirements. But these are relatively simple matters that can be addressed fairly quickly and within the proposed timetable.
Will we get a figure when costs are decided?	(Gary Guiver) Councillors will have access to that information when the decision is made, however, the publicity of the decision is yet to be decided.
Can you tell us how long the first licence will be for?	(Gary Guiver) The intention is to run the first licence from the date of transfer until 31 March 2026, at which point, Helpline can source an alternative option, and we would also look to the option of entering into another licence agreement if needed.
Around TUPE, what does that guarantee the staff in relation to their new employer making changes to that after the transfer?	(Katie Wilkins) Members are reminded that all staffing matters fall under the remit of the Head of Paid Service, in conjunction with the Council's Human Resources & Council Tax Committee.

	Under TUPE legislation, TDC Careline staff's existing terms and conditions of employment will remain the same. If Amphora intends to adjust shift patterns for staff due to an economic, technical, or organisational (ETO) reason, then these required changes will be negotiated and agreed upon with both them and their representatives.
With regard to the ETO, given that it is likely to come up in the next 2 years, are we committed to ensure the Union Representatives and the employees are well represented in an open and transparent way?	(Katie Wilkins) Yes. We have been consulting with staff and their Union Representatives. We have also gone as far as to liaise with the Union Chairman, due to the proposals. There has also been a staff representative put in place so they can be the voice on behalf of the staff speaking to the Union directly. This is not anticipated to change as the transfer progresses because, although it is not part of the terms and conditions, it is an established process and good practice.
Could staff be better off being offered voluntary redundancy rather than transfer under TUPE?	(Katie Wilkins) Under UK employment law, voluntary redundancy is not a lawful alternative to a TUPE transfer when the reason for redundancy is the transfer itself. The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) ensure that when a business or service is transferred to a new employer: • Employees automatically transfer to the new employer. • Their existing terms and conditions of employment are preserved. • Their length of service continues without interruption. Redundancies made because of the transfer are considered automatically unfair, unless, as above there is a valid economic, technical, or organisational (ETO) reason involving a change in the workforce. On this basis, offering voluntary redundancy in place of TUPE could

	expose the employer to certain legal claims.
Aren't the terms and conditions under TUPE only guaranteed for the first year?	(Katie Wilkins) No, they are guaranteed for an indefinite period unless there is an ETO (economic, technical, or organisational) reason for those terms and conditions to change, which is protected by legislation. It is not about a set period of time but if there was a change required for the reasons specified, the terms and conditions could change, however, for reassurance, this is not where we are, and employees' rights are protected under TUPE legislation.
Under those terms would employers have the same union rights?	(Katie Wilkins) Yes, they would also have the same union rights as well as the same statutory employment rights.
Does this include pension rights also?	(Katie Wilkins) Yes, employee's existing terms and conditions include their Local Government Pension Scheme.
When a TUPE move is arranged from a Local Authority to a private company, bearing in mind that the nature of that company changes (such as the management), by the nature of that change and the adoption of the new terms and conditions as well as policies, does this in itself constitute organisational change?	(Katie Wilkins) In relation to terms and conditions, key people policies are included in those, so when we have been working with Amphora, part of that work has included communication with them detailing that the employees are subject to the National Joint Council terms of employment and they must transfer on those terms of employment. If further down the line, the employees see benefit in the Amphora terms and conditions, they would have the option to harmonise terms and conditions, but this would be at their own request and this would be subject to a consultation procedure. The policy and procedure are determined by National Joint Conditions, which will transfer with those employees to Amphora. Furthermore, Amphora employees and ex TDC employees can have, and will have different terms and conditions to one another. Previously, Amphora employees have been transferred from Colchester City Council whereby a similar process was completed with regard to the transfer of that Council's terms and conditions which

	included their Local Government Pension Scheme. A number of these employees have made the decision to transfer to Amphora terms and conditions because they considered this to be of greater benefit. None of these changes can be forced upon the employees due to employment law protection.
Do we know whether the TDC employees have the equivalent terms and conditions as the Amphora employees?	(Katie Wilkins) They are different, one of those is the LGPS which Amphora employees do not have access to. The employees will need to make a fully informed decision based on all the information they will be given.
Do you know the UNISON response to the transfer?	(Katie Wilkins) Unison has been actively engaged throughout the consultation process and has expressed full support for the proposals, which are focused on safeguarding employment for TDC staff and ensuring continued high-quality service for our residents.
Is the proposed transfer a good deal for the employees as well as the customers?	(Katie Wilkins) Yes - the transfer ensures that staff will remain employed under their existing terms and conditions, with their length of service preserved without interruption. For customers, it ensures the service continues without disruption, with a commitment to maintain or improve response times and coverage across the District. Overall, the transfer aims to provide stability for staff and high-quality care for residents.
Are the services that TDC provide, such as fire alarms, if a customer has fallen, medication/prompting reminder, personal alarm, get out of bed prompt, all being moved over as well?	(Gary Guiver) It is anticipated that all existing Careline services—including monitoring, response, and lifting support, including for residents in sheltered housing—will transfer to Amphora at the point of service transition. The Sheltered Scheme Management Team has also been actively engaged in project meetings and the scoping of service requirements to ensure a smooth and coordinated handover.

How are we looking at keeping response times the same when they will be further away?	(Gary Guiver) Although the control centre is run from Colchester, there will be responders based in Tendring to adhere to those times.
Going forward a bit further, what provision is there for Barnes House being taken over by the unitary.	(Gary Guiver) One of the reasons for the short-term licence is to find out how those response times are going to remain the same. There is flexibility and scope to decide on a potential new location should this be decided that this is the best way to maintain the service provided. We also know that there are two people attending each call, which we are confident will improve the service provided.
It is noted that the contract does provide CCTV monitoring, can the Committee have an update on where the Council is with the Safer Streets funded scheme for the expansion of CCTV coverage? When will this CCTV scheme be completed? Are Colchester aware of the scheme and the additional work that will arise as a consequence of the additional cameras?	(Katie Wilkins) All necessary agreements and licences for the project are in place, with the exception of those required from ECC Highways. Much of the works involve upgrading equipment on existing poles or on poles located off the public highway. However, four new poles are proposed within the highway, which require specific licensing. The contractor has expressed understandable concerns about splitting the works—completing existing pole upgrades now and returning later for the new installations—due to the cost and inefficiency of multiple mobilisations and equipment hires. Between October 2024 and April 2025, Tendring District Council (TDC) engaged extensively with Essex County Council (ECC) Highways regarding the need for a Section 50 licence. Initial advice from ECC provided conflicting guidance from different teams until ECC Legal Services confirmed on 21 February 2025 that the licence was indeed required. Following this, TDC's engineer submitted applications and promptly addressed queries. Fees were requested and paid in early April, and ECC confirmed submission of materials to their legal team on 24 April. Since then, TDC has followed up, but no licence has been issued. If the

	licence is delayed until early July, the contractor may need to reschedule, potentially pushing project completion into September due to existing commitments. Amphora are aware of the Safer Streets Proposals and a meeting with the technical leads from Amphora, Openview (*the contractor appointed to deliver the project*) and senior officers has taken place to scope requirements. The detailed arrangements for the monitoring of the system are not pertinent to the bid and the criteria supporting it. There is no reason to believe that service will be in anyway diminished.
Is the PFCC is aware of the transfer of the operation of the CCTV cameras to a private company? Has legal advice has been sought on the grant terms to confirm there are no issues from the proposed transfer?	(Katie Wilkins) Officers have determined that the detailed arrangements for the monitoring of the system are not pertinent to the bid and the criteria supporting it. There is no reason to believe service provision will be diminished.
Regarding the maintenance with the existing CCTV, who is responsible to maintain the cameras, communication lines and screens?	(Katie Wilkins) The maintenance of the existing CCTV will remain with TDC, including cameras, communication lines etc, with Damian Williams being the Strategic Management Team lead for CCTV. It is only the monitoring of CCTV footage that is proposed for transfer to Helpline.
If it is TDC kit, and TDC are the data controller for the CCTV, has data protection issues been resolved around compliance with the CCTV Code from the transfer to the private company regarding data protection?	(Katie Wilkins) Data protection compliance in relation to the CCTV Code of Practice is being actively addressed. The Authority is currently taking general advice from an external, specialist legal advisor. This will include an assessment of CCC/Amphora's privacy information and data protection clauses, the drafting of a data sharing agreement in connection with the Careline Transfer, and the preparation of data protection provisions for the outsourcing agreements. This scope of work will also cover compliance with the CCTV Code of Practice and ensure that data controller and processor responsibilities are clearly defined and

	legally compliant.
What control will there be over its data, the technical and operational security of that data and its use by the Colchester company?	See response above.
What assurances are being given around staffing levels for Careline following the transfer?	The majority of the Amphora team are multi-skilled and able to support various aspects of the service during their shifts, adapting flexibly to operational demands. While Tendring District Council (TDC) Careline staff will transfer to Amphora on their existing terms and conditions, including their current job roles, there will be opportunities for those staff to develop multi-skilling capabilities should they wish to do so. The aim is to maintain a high-quality service while supporting staff stability and development.
Can you be more specific regarding staffing numbers rather than the ability to maintain the workload?	(Katie Wilkins) Amphora have casual bank staff who can cover duties in the instances of sickness etc. accordingly. This ensures greater resilience surrounding staffing levels and service delivery.
What are the customer levels at now in comparison to prior to this whole matter commencing? Are new customers being accepted?	(Gary Guiver) In July 2024, the report to Cabinet following the year-long review of Careline indicated a level of 1,859 service users. The current number is 1,336. As part of the review, Careline ceased taking on any new customers pending the outcome and any decisions on the future of the service. However, from the Cabinet's decision in February 2025 to merge with Colchester Helpline, all new prospective Careline customers in Tendring have been signposted to Helpline as the Council's preferred alternative trusted provider. So, whilst TDC Careline has not been signing up any new customers directly, our partners at Helpline has – and they are already working to expand the customer base for the new combined

	service in preparation for the full transfer.
Why have we not directed service users early on to be looking around Colchester? It's a concern that the lack of communication may have led to service users not remaining with the service.	(Gary Guiver) When the review was carried out last year, no new customers were being taken on and whilst the Council and Cabinet were exploring different options, whether it would be carrying on as is, or the services ceasing entirely, we were not in a position at that time to name Colchester Helpline as the preferred provider because the analysis of whether that would be the best option for those service users was still being carried out. When we returned to Cabinet in November last year, having seen the results of the consultation, it was clear that customers wanted continuity going forward. We received a proposition from Helpline to be the trusted partner, but by due process we needed to consider other alternatives before naming Colchester Helpline as the preferred provider. When the report was brought back to Cabinet in February 2025, the analysis was complete and had become clear that Colchester Helpline were the best option. Subsequently, from that point we were able to start signposting our customers to Colchester Helpline, with confidence that this was the right option for them.
People who don't decide to carry on using the service, what happens to their details when the transition is complete? Are we able to provide other support?	(Gary Guiver) We do not know how many service users would want to explore the opt-out provisions. We have continuously communicated with service users throughout. We have not had any communication of concerns. For the data held for customers transferring, there will need to be a data sharing agreement. For those who opt out, we will work some time into the timetable to provide support and help to find alternative providers. Their data would not transfer or be kept on record. Under legislation TDC would be required to keep their data for a further 2 years.
Will there be some demo running of this computer system in order to ensure no loss of data?	(Gary Guiver) Yes, we are in discussions with the software provider TDC and Colchester uses. They are already on

	notice to provide test runs on the systems which we are looking at doing as soon as possible.
How do we think we are going to complete the transfer by 1 August 2025 if we are only at the Heads of Terms stage?	(Gary Guiver) 1 August 2025 is the transfer date we are aiming for, and we are working across Council services and with our partners at Colchester and Amphora to stay on track for that date. The draft Heads of Terms being looked at tonight are the product of more than three months of discussion and engagement with Amphora, building a working relationship and scoping out and understanding what needs to be done to achieve the transfer – particularly on some of the technical and IT matters and the HR considerations covered earlier. We have been taking specialist legal advice over this period on various relevant aspects of employment, contract, procurement, commercial and data protection law and will continue to do so in working towards completion of the legal agreement. Whilst nothing in particular suggests at present that the 1 August transfer date is not achievable, if it becomes apparent in the coming weeks that this is not going to be met, it will be reported to the Portfolio Holder with specific reasons for delay, the outstanding matters requiring resolution and, if necessary, a revised timetable. However, we think it is important to make every reasonable effort to work towards a 1 August transfer date to give clarity to our service users, certainty, and reassurance to our staff and to minimise some risks of delay identified in the report.
Can you confirm to us what the overall impact on the Council and the budget will be for 2025/26 and 2026/27 and 2027/28? How does that compare to the envisaged position prior to the possible closure of Careline being	(Gary Guiver) The breakdown of projected budgetary implications set out in Appendix 5 is designed not only to show how the £746,000 one-off implementation budget is proposed to be used, but also the revenue budget position, year on

raised at Cabinet?	year, over three financial years 2025/26, 2026/27 and 2027/28. The proposals in the report project an overall net cost to the Council for the three years 2025/26, 2026/27 and 2027/28 of circa **£900,000** made up of £744,000 one-off expenditure against the agreed implementation budget and £155,000 revenue cost (*all incurred within 2025/26*). Against the projected available budget, this gives a positive net position of circa £438,000 as set out in the bottom line of the table in Appendix 5. In the July 2024 Cabinet report, the scenario of continuing to provide the Careline Service unchanged, thus remaining in the market with financial support (Option 1) had a projected net cost of £487,000 a year with an identified one-off investment of £287,000 required for the digital upgrade. That approach would have a total net cost over three years of circa **£1.7million** – albeit with the intention to recover the one-off expenditure over three-years through the standard subscription fee increase that already applies on upgrading from analogue to digital devices. The alternative scenario of ceasing or closing the Careline service without merging with single trusted partner and retaining only the Out of Hours and CCTV monitoring element at TDC (Option 2), had a projected annual cost of just over £150,000 i.e. the cost to continue the Out of Hours and CCTV element, along with the agreed £746,000 one-off implementation fund to cover the cost of the transition. The total projected cost for Option 2 for the three-year period would have therefore been around **£1.2million** if it had been achieved before the end of March 2025 as originally envisaged. In conclusion, the total cost to the Council over 2025/26, 2026/27 and 2027/28 of the proposals in the report is projected to be circa £900,000 compared to what might

	have been £1.7m if Careline had continued unchanged (Option 1), or £1.2m if it were to be ceased with Out of Hours and CCTV monitoring remaining in house (Option 2).
Once the report is finalised, would it be prudent to call that in which would then come to scrutiny?	(Keith Simmons) To say we are going to call this in regardless of what decision is made by the Portfolio Holder, would not be the most appropriate use of a call in. Both Committees are considering their work programmes for 2025/2026 and there is no reason that you could not include post decision scrutiny. This could include requesting a survey to service users who have transferred to Helpline, and staff alike, should this be the decision that is made. I'd recommend exploring these options when considering the work programmes for 2025/2026.
If we transfer over to Colchester, will the Portfolio Holder have any conversations with Colchester over the 3 year period regarding scrutiny?	(Cllr. Gina Placey) With it being a merger and having the support of the Northeast Essex Alliance ensures communication is maintained with us. This provides the opportunity to me to ensure things are running as we wish. (Keith Simmons) Also think about the Work Programme for next year. One of the considerations is for the Chairmen of the OSC's to meet with their counterparts at Colchester and Braintree. This could be a good opportunity to discuss, and this may provide opportunity to set up a joint scrutiny meeting around the Careline transfer.
Is it better to hold onto Careline and limit transfer changes now that could well then require further upheaval for customers after LGR? This is particularly due to the vulnerable nature of those customers.	(Gary Guiver) The Cabinet made the decision on 21 February 2025 to proceed with transferring Careline service users and customers to Colchester Helpline along with Out of Hours and CCTV monitoring in the full knowledge of emerging proposals for local government reorganisation – and with LGR being a key factor in the decision that was taken. As stated in tonight's report, the overarching priority within these transitional arrangements is to maintain

	service quality and service continuity and to minimise disruption to service users, many of whom are older and vulnerable Tendring residents. Communications have gone out to service users, their next-of-kin and named contacts throughout the process of reviewing, consulting, and making decisions on the future of Careline. They have been made aware of the Council's intentions to transfer their service to Colchester Helpline and the reasons for it. A change in position at this late stage in the process will arguably cause more confusion for service users than proceeding with the transfer this summer, particularly if the discussion must commence again in two-years' time in the run up to LGR.
Why does the £750,000 stated in the report have to be paid in the first year and why can it not be distributed over a period of time? Can the costings be brought back to this Committee should they end up much higher than anticipated?	(Gary Guiver) The budget that has been set aside for the transition and implementation of the change was agreed by Cabinet. That budget would have been there if, for example, the Council had decided to close Careline and only operate out of hours and CCTV. Under these circumstances, the budget would have gone into different things in terms of supporting the transfer, which would include a lot more resource to find alternative providers. Within the proposition outlined, the costs are based on advanced discussions which allowed us to understand elements such as the technical requirements, although there will always be some flexibility surrounding this. One of the advantages of an August transfer and upfront payment is that if that is worked in to the legal agreement and monies are paid in August, there should be no comeback from that. This means that from that point, Helpline and Amphora will be responsible for utilising the funding. There are also inflationary increases to consider should we not pay in a lump sum, which also increases financial risk. An alternative option would be to pay for the CCTV and out of hours as an annual fee up until LGR, or further.

	If any issues are found that are not expected in relation to cost, the opportunity will arise for this to be looked at through this Committee.
If you spread the payments across two or three quarters, if the service does not meet expectations, there is not a lot of leverage. Would it not be more cost effective and prudent to pay in one lump sum?	(Gary Guiver) Although one lump sum will protect TDC interests, through discussions with legal advisors we want to safeguard against that specific scenario. We are looking closely at how this is worked into the legal agreement.
Looking at the letter, there is concerns around confusion amongst service users. The letter states you 'might' be contacted. The letter also doesn't make the cost aspect clear as to why this is happening (i.e because of the digitalisation and the need to change the equipment and further explanation as to why) and that the cost increase would have happened anyway?	(Gary Guiver) We can look at the wording of the letter and the clarity within that. If we had left out the cost element of the letter, we feel this would have been more misleading.
Can we detail who the local councillor is in the letter to make use of the councillors as resources?	(Gary Guiver) We will take this back and investigate how we may be able to implement that.
Will there be any monitoring of key performance indicators between TDC and Colchester within the agreement in order to deal with things such as staged payments?	(Gary Guiver) We have a draft specification for the out of hours element. There are elements that will be updated and refined. Part of that is having some performance criteria. Within the legal agreement there will be expectations surrounding the level of service, the core ones being the geographical coverage of the Tendring area and maintenance and improvement on response times.
Can we outline what each acronym is before they are shortened to avoid confusion?	(Gary Guiver) Yes, this can be reviewed.

The meeting was adjourned at 20:21 for around 20 minutes to allow Members to discuss possible amendments of the report's recommendations.

It was unanimously **RESOLVED** that:

(a) the Committee notes the content of this report including the emerging Transition Plan and Heads of Terms for the proposed Careline/Helpline transfer – which included measures aimed at ensuring quality and continuity of service and minimising disruption and inconvenience to service-users;

(b) the Committee's comments be reported to the Portfolio Holder for Partnerships;

(c) the Committee recognises the difficult issues and decisions that have been faced by the Portfolio Holder and Officers in this matter and records that, from what it has read and heard, the Committee believes that service users and staff have been at the forefront of their thoughts throughout this process;

(d) the Committee thanks the Portfolio Holder and Officers for submitting the report to tonight's meeting attending it and talking to the report contents and answering questions on the transition rearrangements.

(e) in the spirit of this collaborative approach, the Committee notes that the implementation costs would be £900,000 in 2025/26 and the Committee would urge that if those implementation costs escalate significantly a report be submitted to this Committee to enable it to undertake further scrutiny of any decision;

(f) the Committee notes that there is still a great deal of work to be undertaken and completed prior to any decision to authorise the transition arrangements set out in the report. These include:-
- Staffing levels
- The use of Barnes house
- The safer streets CCTV extension project
- The data sharing and protection issues around CCTV obtained data; and
- Ensuring that service user data transfer to the new provider is entirely successful and the communication with service users is improved around its certainty on a number of points and that it includes reference to the national ending of the analogue telephone lines as an explanation around the charging regime set out

(g) the Committee expresses its concern about the potential transfer date of the 1st of August 2025 given the range and complexity of the issues that still need to be resolved in advance of the transfer; and

(h) the Committee feels that the funding of the intended agreement should not be by virtue of a single instalment in 2025/26 but be split over that year and 2026/27 and 2027/28 in order to enable performance by the provider to be monitored and appropriate steps taken. However, if a single payment was to be pursued by the Portfolio Holder then that agreement should be clear and firm in its mechanisms for securing improvement should performance failures be identified.

The meeting was declared closed at 8.45 pm

Chairman

A.1 APPENDIX

COUNCIL

20 MAY 2025

REFERENCE FROM CABINET

A.5 ADOPTION OF THE ANNUAL CAPITAL AND TREASURY STRATEGY FOR 2025/26 (INCLUDING PRUDENTIAL AND TREASURY INDICATORS)
(Report prepared by Ian Ford)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT
The Council is asked to consider the recommendation submitted to it by the Cabinet in respect of the approval of a Capital and Treasury Strategy for 2025/26.

EXECUTIVE SUMMARY
At its meeting held on 11 April 2025 (Minute 161 refers), the Cabinet had considered a report of the report of the Corporate Finance and Governance Portfolio Holder (A.3) which had sought Cabinet's agreement of the Annual Capital and Treasury Strategy for 2025/26 (including Prudential and Treasury Indicators) for submission to this meeting of Full Council. Cabinet had been reminded that the Local Government Act 2003 and supporting regulations required the Council to set out its treasury strategy for borrowing, and to prepare an Annual Investment Strategy (as required by Investment Guidance subsequent to the Act) that set out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments, "having regard" to the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code and the CIPFA Treasury Management Code of Practice. Revised editions of both documents had come into force in 2023/24. It had been reported that the Capital Strategy continued to be combined with the Treasury Strategy into one document, which was required to be updated / approved annually. The proposed Annual Capital and Treasury Strategy for 2025/26 had been set out in Appendix A to the Portfolio Holder's report (A.3) and it continued to reflect the various changes set out in the latest Codes mentioned above. Members of the Cabinet had been informed that the Capital Strategy element of the combined document covered the various elements surrounding capital investment decisions and the key criteria that investment decisions should be considered against. The Treasury Strategy element of the combined document covered the various elements that satisfied the requirements of the various codes that governed the borrowing and investment activities of the Council and had been prepared in the light of advice received from the Council's Treasury advisors and reflected the latest codes and guidance. Cabinet had been made aware that Prudential and Treasury indicators had been included as an Annexe to the combined strategy and had therefore been included within Appendix A. Members of the Cabinet had been advised that, under the Prudential Code, the Council

had freedom over capital expenditure if it was prudent, affordable and sustainable. The Prudential Indicators either measured the expected activity or introduced limits upon the activity and reflected the underlying capital appraisal systems and enabled the Council to demonstrate that it was complying with the requirements of the Prudential Code.

Cabinet had been reassured that the Council's investments would be undertaken in accordance with its Treasury Management Practices (TMPs). Those included the use of non-specified investment in property to yield both rental income and capital gains. The Codes referred to above required clear separation of commercial investments from treasury investments. As the Council only had one such investment, which was clearly identified within the Strategy and the TMPs, in continuing the approach adopted last year, it had not been proposed to produce a separate suite of Investment Management Practices for that purpose.

As was always the case, other 'quality' investment opportunities would always be explored during the year in consultation with the Council's external advisors to maximise returns on investments within a continuing and overall risk-averse approach.

Cabinet had been reminded that in terms of the reporting process associated with the attached strategy, this would ordinarily be based on obtaining the agreement of the Portfolio Holder for Corporate Finance and Governance for consultation with the Resources and Services Overview and Scrutiny Committee, following which it would be submitted to Cabinet and then onto Full Council. However, due to the timetable of meetings and the continuing work pressures, including those associated with clearing the backlog of outstanding Statement of Accounts that had been due to external audit delays, a revised timescale had been proposed.

It had therefore been proposed to seek Cabinet's agreement to the strategy along with a recommendation for it to be presented to this Full Council meeting for approval and adoption. In terms of consulting with the Resources and Overview and Scrutiny Committee, it had been proposed to undertake this as early as possible in 2025/26, subject to this being included within that Committee's Work Programme.

It had been felt that the above reflected a pragmatic approach to ensure that the strategy could be approved ahead of the financial year it related to or as soon as possible thereafter. However, it also recognised that if the Resources and Overview and Scrutiny Committee had any comments, which could also require further exploration / investigation, then they could be considered and reported to Full Council later, where potential in-year revisions to the Strategy could be considered.

Cabinet had been informed that although at a limited level at the current time, the strategy now acknowledged the potential impact from local government reorganisation, which included the requirement to take such matters into consideration as necessary, which also complemented the wider decision making proposals agreed by Full Council at its meeting on 25 March 2025 and the highlight priorities agreed by Cabinet on 17 March 2025.

Cabinet had ***"RESOLVED** that the Annual Capital and Treasury Strategy for 2025/26 (including Prudential and Treasury Indicators) be recommended to Full Council for its approval, acknowledging that consultation with the Resources and Services Overview and Scrutiny Committee will be undertaken during 2025/26, subject to inclusion within that Committee's Work Programme."*

A copy of the published Corporate Finance & Governance Portfolio Holder's report (and its appendix) to the Cabinet meeting held on 11 April 2025 is attached to this report.

RECOMMENDATIONS

That Council, having considered this reference report from Cabinet, approves and adopts the annual Capital and Treasury Strategy for 2025/26 (including Prudential and Treasury Indicators), as set out in Appendix A hereto.

MONITORING OFFICER'S ADVICE

Nothing further to add to the contents of the report.

BACKGROUND PAPERS FOR THE DECISION

Published Minutes of the meeting of the Cabinet held on 11 April 2025.

APPENDICES

APPENDIX A = Annual Capital and Treasury Strategy 2025/26 (including Prudential and Treasury Indicators) for adoption

APPENDIX B = Published A.3 Report (and Appendix) of the Corporate Finance & Governance Portfolio Holder for the meeting of the Cabinet held on 11 April 2025

A.1 APPENDIX

CABINET

11 APRIL 2025

A.3 ANNUAL CAPITAL AND TREASURY STRATEGY FOR 2025/26 (INCLUDING PRUDENTIAL AND TREASURY INDICATORS)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT
To agree the Annual Capital and Treasury Strategy for 2025/26 (including Prudential and Treasury Indicators) for submission to Council on 20 May 2025.

EXECUTIVE SUMMARY

- The Local Government Act 2003 and supporting regulations require the Council to set out its treasury strategy for borrowing, and to prepare an Annual Investment Strategy (as required by Investment Guidance subsequent to the Act) that sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments, "having regard" to the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code and the CIPFA Treasury Management Code of Practice. Revised editions of both documents came into force in 2023/24.

- The Capital Strategy continues to be combined with the Treasury Strategy into one document, which is required to be updated / approved annually.

- The proposed Annual Capital and Treasury Strategy for 2025/26 is set out in **Appendix A** and it continues to reflect the various changes set out in the latest Codes mentioned above.

- The Capital Strategy element of the combined document covers the various elements surrounding capital investment decisions and the key criteria that investment decisions should be considered against.

- The Treasury Strategy element of the combined document covers the various elements that satisfy the requirements of the various codes that govern the borrowing and investment activities of the Council and has been prepared in the light of advice received from the Council's Treasury advisors and reflects the latest codes and guidance**.**

- Prudential and Treasury indicators are included as an Annexe to the combined strategy and are therefore included within **Appendix A.**

- Under the Prudential Code the Council has freedom over capital expenditure as long as it is prudent, affordable and sustainable. The Prudential Indicators either measure the expected activity or introduce limits upon the activity and reflect the underlying capital appraisal systems and enable the Council to demonstrate that it is complying with the requirements of the Prudential Code.

- The Council's investments will be undertaken in accordance with its Treasury

Management Practices (TMPs). These include the use of non-specified investment in property to yield both rental income and capital gains. The Codes referred to above require clear separation of commercial investments from treasury investments. As the Council only has one such investment, which is clearly identified within the Strategy and the TMPs, in continuing the approach adopted last year, it is not proposed to produce a separate suite of Investment Management Practices for this purpose.

- As is always the case, other ‘quality’ investment opportunities will always be explored during the year in consultation with the Council’s external advisors to maximise returns on investments within a continuing and overall risk-averse approach.

- In terms of the reporting process associated with the attached strategy, this would ordinarily be based on obtaining agreement of the Portfolio Holder for Finance and Governance for consultation with the Resources and Services Overview and Scrutiny Committee, following which it would be submitted to Cabinet and then onto Full Council.

- However, due to the timetable of meetings and the continuing work pressures, including those associated with clearing the backlog of outstanding Statement of Accounts that were due to external audit delays, a revised timescale is proposed.

- It is therefore now proposed to seek Cabinet’s agreement to the strategy via this report along with a recommendation for it to be presented to Full Council later in May for approval and adoption.

- In terms of consulting with the Resources and Overview and Scrutiny Committee, it is proposed to undertake this as early as possible in 2025/26, subject to this being included within the Committee’s Work Programme.

- The above reflects a pragmatic approach to ensure that the strategy can be approved ahead of the financial year it relates to or as soon as possible thereafter. However, it also recognises that if the Resources and Overview and Scrutiny Committee have any comments, which could also require further exploration / investigation, then they can be considered and reported back to Full Council at a later date, where potential in-year revisions to the Strategy could be considered.

- Although at a limited level at the current time, the strategy now acknowledges the potential impact from local government reforms, which includes the requirement to take such matters into consideration as necessary, which also complements the wider decision making proposals agreed by Full Council at its meeting on 25 March 2025 and highlight priorities agreed by Cabinet on 17 March 2025.

RECOMMENDATION(S)

That Cabinet agrees that the Annual Capital and Treasury Strategy for 2025/26 (including Prudential and Treasury Indicators) as attached be recommended to Full Council for approval, acknowledging that consultation with the Resources and Services Overview and Scrutiny Committee will be undertaken during 2025/26, subject to inclusion within that Committee’s Work Programme.

A.1 APPENDIX

REASON(S) FOR THE RECOMMENDATION(S)
To support the process of ensuring that a Capital and Treasury Strategy for 2025/26 is approved by Full Council before 1 April 2025 or as soon as possible thereafter.

ALTERNATIVE OPTIONS CONSIDERED
Not applicable given the requirements set out elsewhere in this report.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES
The adoption of the Capital and Annual Treasury Strategy for 2025/26 will ensure that the Council's Investment and Treasury Management activities are carried out and managed in accordance with best practice, thereby safeguarding money held by the Council and making an appropriate contribution to the Council's overall financial position and priorities.

OUTCOME OF CONSULTATION AND ENGAGEMENT
It is currently planned to consult the Resources and Services Overview and Scrutiny Committee as early as possible in 2025/26 as highlighted earlier.

LEGAL REQUIREMENTS (including legislation & constitutional powers)			
Is the recommendation a Key Decision (see the criteria stated here)	**Yes**	**If Yes, indicate which by which criteria it is a Key Decision**	X **Significant effect on two or more wards** X **Involves £100,000 expenditure/income** ☐ **Is otherwise significant for the service budget**
		And when was the proposed decision published in the Notice of forthcoming decisions for the Council (must be 28 days at the latest prior to the meeting date)	This item has been included within the Forward Plan for a period in excess of 28 days.

The Local Authorities (Capital Financing and Accounting) (England) Regulations 2003 include the requirement for local authorities to have regard to CIPFA guidance. By adopting / approving an Annual Treasury Strategy and a Capital Strategy based on the requirements of the relevant and updated codes, the Council is complying with the regulations.

Section 78 of the Levelling Up and Regeneration Act 2023 inserted new sections 12A to 12D into the Local Government Act 2003, which came into force on 31st January 2024. These new sections cover capital finance risk management and include risk mitigation directions, risk thresholds, restrictions of power to give risk-mitigation directions and a duty to cooperate with independent expert. These changes essentially seek to respond to the financial crisis that some local Authorities have found themselves in over recent years, with a brief summary of each section as follows:

A.1 APPENDIX

Risk Mitigation Directions (Section 12A) - The Secretary of State may give one or more risk-mitigation directions to a local authority in England, for the purpose of reducing or mitigating the financial risk to the authority, if a trigger event has occurred in relation to the local authority, and the Secretary of State is satisfied that the direction is appropriate and proportionate to the level of that financial risk.

A “trigger event” occurs if a risk threshold is breached by the local authority, a report is made by the Chief Finance Officer of the local authority under section 114(3) of the Local Government Finance Act 1988, where the Secretary of State gives a direction in response to a request for expenditure to be, or not be, treated as capital by a local authority, or the Secretary of State makes a grant to the local authority under an enactment for the purpose of preventing circumstances arising that would require such a report to be made.

The following are “risk-mitigation directions:
(a) a direction that sets limits in relation to the borrowing of money by the local authority;
(b) a direction that requires the local authority to take action specified in the direction. This could include a requirement for a local authority to take action to divest itself of a specified asset.

The Secretary of State may not give a risk-mitigation direction unless they have given the local authority notice of the proposed direction, and of the right of the local authority to make written representations to the Secretary of State about it within the period specified in the notice, and has considered any representations made by the local authority to the Secretary of State within that period.

References to financial risk means the risk that the expenditure of the local authority (including expenditure it proposes to incur) in the current or any future financial year is likely to exceed, or further exceed, the resources (including sums borrowed) available to it to meet that expenditure.

Risk Thresholds (Section 12B) – A risk threshold is breached by a local authority in England if (and when) a capital risk metric for the local authority breaches the specified threshold for the following metrics:

- the total of a local authority’s debt (including credit arrangements) as compared to the financial resources at the disposal of the authority;
- the proportion of the total of a local authority’s capital assets which is investments made, or held, wholly or mainly in order to generate financial return;
- the proportion of the total of a local authority’s debt (including credit arrangements) in relation to which the counterparty is not central government or a local authority;
- the amount of minimum revenue provision charged by a local authority to a revenue account for a financial year;
- any other metric specified by regulations made by the Secretary of State.

The Secretary of State may, by regulations, make further provision including specifying whether the specified threshold for a particular metric is breached by a failure to reach that threshold or by that threshold being exceeded and about how the metrics specified are to be calculated for the purpose of determining whether the specified threshold for that metric has been breached. Before making such regulations the Secretary of State must consult all local authorities in England.

A.1 APPENDIX

If such regulations / provisions are received, then work will be undertaken to set out the Council's position against them as necessary. Although such 'trigger' events would be managed via the Council's existing financial governance and control arrangements, based on the Council's current position, there is effectively minimal risk of breaching any of the new metrics at the present time.

Restriction of power to give risk-mitigation directions (Section 12C) – The Secretary of State is required to give a cessation notice where at least 12 months have elapsed since the they last became aware of a trigger event having occurred in relation to the authority, any risk-mitigation direction given to the authority has been complied with or revoked, and the Secretary of State is satisfied no further risk-mitigation direction is likely to be required in the foreseeable future for the purpose of reducing or mitigating the financial risk to the authority,

Duty to cooperate with independent expert (Section 12D) – Where a trigger event has occurred and the Secretary of State has appointed an independent expert to review the level of the financial risk to the local authority, the local authority must, so far as reasonably practicable, co-operate with the independent expert in any way that the independent expert considers necessary or expedient for the purposes of the conduct of the review.

As reflected within the Executive Summary and recommendations above, an alternative timetable / approach is proposed to the usual approach set out within para 4.3 Part 3.37 of the Constitution, where the Portfolio Holder for Finance and Governance has delegated authority to agree the Capital and Treasury Strategy for consultation with the Resources and Services Overview and Scrutiny Committee.

Yes	**The Monitoring Officer confirms they have been made aware of the above and any additional comments from them are below:**

The capital and treasury proposals of local authorities which for Tendring District Council are encapsulated within the Annual Capital and Treasury Strategy and Treasury Management Practices, are of significant importance. These documents set out the governance framework in which capital spend, borrowing and investments are made. Clear roles and responsibilities are set out in the strategy, and it is important to highlight that there is no delegation to any single officer, such as the Section 151 Officer to undertake any investments outside of the more 'traditional' money market activities such as lending to other Local Authorities and depositing money in banks and building societies. In terms of these latter investments, the parameters in which the Section 151 Officer can make such investments are set out within the documents referred to above and include a number of criteria such as overall lending / borrowing limits and minimal credit ratings etc.

Treasury performance is reported during the year by way of an outturn report for the preceding year along with quarterly updates during the year, which includes a more detailed half yearly update in September / October.

Any decision to invest in 'non-traditional' money market activities or to undertake any borrowing activities would be subject to separate reports to Cabinet / Council as necessary, which would set out various issues such as risks and resource implications including the level of skill and **expertise to manage any associated investments.**

The Best Value Duty relates to the statutory requirement for local authorities and other public bodies defined as best value authorities in Part 1 of the Local Government Act 1999 to "make arrangements to secure continuous improvement in the way in which functions are exercised, having regard to a combination of economy, efficiency and effectiveness". Best Value authorities must demonstrate good governance, including a positive organisational culture, across all their functions and effective risk management. Failure to deliver best value can occur within any aspect of governance, delivery of services or financial management. Unlawful or excessively risky borrowing and investment practices with no adequate risk management strategy in place for financial losses is an indicator of potential failure under the Use of Resources theme for a Best Value authority, within the Government's statutory guidance on Best Value Standards and Intervention, issued in May 2024.

Members need to be satisfied with the governance arrangements set out within the strategy, which can be supported via training etc. as necessary.

FINANCE AND OTHER RESOURCE IMPLICATIONS

Treasury and Capital Management Strategies and procedures will ensure that the Council's investments and borrowing will be undertaken in such a way as to minimise the Council's exposure to risk. At the same time, they will seek to maximise income from investments and minimise the costs of borrowing within the Council's accepted level of risk.

As highlighted within the strategy, various elements supporting good decision making would need to be set out as part of separate / individual spending and investment decisions where necessary, which would include the various financial and non-financial elements associated with it.

YES	**The Section 151 Officer confirms they have been made aware of the above and any additional comments from them are below:**

The Section 151 Officer is the co-author of this report.

USE OF RESOURCES AND VALUE FOR MONEY

The following are submitted in respect of the indicated use of resources and value for money indicators:

<table>
<tr><td>A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;</td><td rowspan="3">This is addressed in the body of the report and appendices where relevant.</td></tr>
<tr><td>B) Governance: how the body ensures that it makes informed decisions and properly manages its risks, including; and</td></tr>
<tr><td>C) Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.</td></tr>
</table>

MILESTONES AND DELIVERY

This has been highlighted elsewhere within this report.

ASSOCIATED RISKS AND MITIGATION

The placing of investments involves a number of risks. These risks and how the Council will manage them are set out in the Council's Treasury Management Practices.

A.1 APPENDIX

As highlighted elsewhere in this report and appendices, investments are undertaken within an overall risk-averse approach, which is reflected in Treasury Management Practices. With this in mind, a significant level of investment is undertaken with other Local Authorities and with the Government.

As with recent examples, money lent to other Local Authorities is not at risk of not being repaid, as ultimately the Government would take the necessary steps to ensure liabilities are met as part of any intervention. The risk of lending money to another Local Authority is therefore not the same as lending money to a commercial / private organisation, which is one of the reasons why Councils lending to other Councils is common practice nationally. As highlighted earlier in the year, all money that was previously lent to Local Authorities who had issued S114 'notices' was fully repaid to the Council in-line with the associated lending agreements.

When undertaking lending to other Local Authorities, the Council continues to apply as much 'market intelligence' as possible, which would include any adverse reporting in the markets, the media, the risk of S114 reports being issued along with information from our own External Treasury Advisors. The new measures and metrics that were introduced via the Levelling Up and Regeneration Act 2023 as set out earlier along with any other associated indicators will be additional 'tools' that can be used to complement information already applied in managing the Council's day to day treasury management activities. This will be considered as part of developing the strategy in future years.

As reported previously, the investment property in Clacton is performing satisfactorily against the financial target set out within the original decision to purchase the property, with budgeted investment income continuing to be achieved each year. It is important to highlight that the rental payments can continue to be seen as paying back the original investment made in purchasing the property. The long-term forecast from 2025/26 that has been considered by members as part of developing the budgets for 2025/26, continues to include an adjustment to reflect the potential for rental income to reduce once the current lease held by the existing tenant expires.

Within the above context, the overall performance of the investment therefore needs to take into account such considerations over the life of the Council's ownership of the property rather any shorter-term position in isolation. It is also important to highlight that the latest valuation of the property set out in **Appendix A,** is an 'accounting' valuation and not a direct value that would be achieved on the market if it was sold.

It is also worth highlighting that the Council's Commercial Property Investment Policy is underpinned by robust risk management actions, which will respond to any changes to the situation. With the latter point in mind and as set out within the Commercial Property Investment Policy, the Council's wider treasury management activities are designed to ensure that the Council is not faced with a position of having to sell the property for cash flow purposes. This in turn ensures that the Council remains in control of when the property is ever exposed to the market rather than potentially having to sell the property during a period where there may be a downturn in commercial property prices.

EQUALITY IMPLICATIONS

There are no direct implications.

A.1 APPENDIX

SOCIAL VALUE CONSIDERATIONS	
There are no direct implications.	
IMPLICATIONS FOR THE COUNCIL'S AIM TO BE NET ZERO BY 2050	
There are no direct implications.	
OTHER RELEVANT CONSIDERATIONS OR 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	Please see comments above
Health Inequalities	
Area or Ward affected	

PART 3 – SUPPORTING INFORMATION

BACKGROUND AND CURRENT POSITION
The Annual Capital and Treasury Strategy for 2025/26 is set out in **Appendix A** and is based on the most up to date Treasury Management Code of Practice and the revised Prudential Code, both of which were published by CIPFA in December 2021 and came into force in 2023/24. Last year, the Annual Capital and Treasury Strategy was subject to a number of changes to reflect the latest codes mentioned above. It was highlighted at the time that the changes to the Codes did not require the Council to take any direct action / remedial activities in terms of its investment / treasury processes. In terms of 2025/26, there have been no major changes required, although the Strategy has been further updated to recognise the introduction of new technical accounting adjustments relating to assets that the Council leases in, that were introduced last year. The changes made to the Strategy as part of this year's review are shaded in grey and are in italic font within **Appendix A**. In terms of the technical adjustments mentioned above, these relate to IFRS (International Financial Reporting Standard) 16 which requires lessees to recognise leases on their balance sheet, effectively reflecting the right to use an asset for a period of time and the associated liability for payments. In order to fully comply with IFRS 16 and ensure the Council's 2024/25 Accounts are prepared in accordance with the standard, all leases (including service contracts) where the Council is the lessee (i.e. leasing an asset from a third party) will require to be identified and measured, both in order to establish an initial starting point and on an ongoing basis. As leases are included as 'long term financial liabilities', they have now been included within the Prudential Indicators set out in the appendices. Work remains in progress to finalise the figures for inclusion in the Statement of Accounts for 2024/25 that are due to be published at the end of June 2025. In terms of the financial impact, the new standard will impact the Council's balance sheet, as leased assets will now need to be recognised along with their associated liability, which will effectively appear as loan financing. It will also impact on the Council's expenditure and income statements, as lease payments will be replaced by associated notional depreciation and interest expenses. However, there should be no overall impact on the Council's net

budgetary position.

By approving the Annual Capital and Treasury Strategy for 2025/26, the Council will be adopting the latest CIPFA Code of Practice for Treasury Management in the Public Services. (the ‘2021 code’).

The need to borrow money may arise in future years to reflect the Council’s current commitments, corporate priorities and strategies. If the need / option to borrow money was identified, then it would form part of associated and separate decision-making process and would be considered within the overall Treasury Strategy framework.

The Council maintains a very low risk appetite approach to its treasury activities. However, set against this context, officers will still continue to explore opportunities to maximise investment returns in 2025/26.

In terms of sources of funding, the Government introduced a significant new constraint in terms of borrowing from the Public Works Loan Board (PWLB) in 2020/21, which is worth highlighting as part of these subsequent annual reviews. If a local authority purchases assets or plans to purchase assets over a future three-year period to generate investment income, then they will no longer be able to borrow money from the PWLB. This applies to all such purchases regardless of how they are funded. Although no such purchases are currently planned, this constraint may need to be considered in the future, as the Council could lose access to the preferential rates available from the PWLB.

Draft Prudential Indicators are set out in **Annex 1 to Part 2** of the Capital and Treasury Strategy. **Annex 2 to Part 2** of the Treasury Strategy sets out the specified and Non-Specified investments the Council may use in 2025/26.

In accordance with the relevant codes, the Capital and Treasury Strategy is subject to consultation with the Resources and Services Overview and Scrutiny Committee, which has highlighted above, along with a proposed change to the usual timing of associated events.

PREVIOUS RELEVANT DECISIONS

The previous Capital and Treasury Strategy for 2024/25 was agreed by Full Council at its meeting on 19 March 2024.

Treasury Management Performance 2023/24 was reported to Cabinet at its 26 July 2024 meeting.

A mid-year Treasury Performance review was presented to Cabinet at its 15 November 2024 meeting.

BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL

None

APPENDICES

Appendix A - Annual Capital and Treasury Strategy 2025/26 *(including Prudential and Treasury Indicators)*

A.1 APPENDIX

REPORT CONTACT OFFICER(S)	
Name	**Richard Barrett**
Job Title	**Corporate Director (Finance and IT)**
Email/Telephone	**rbarrett@tendringdc.gov.uk** **686521**

Tendring
District Council

ANNUAL CAPITAL AND TREASURY STRATEGY 2025/26

PART 1 – CAPITAL STRATEGY 2025/26 to 2027/28

1. Introduction

SECTION A - Achieving Outcomes / Delivering Against Priorities

2. Corporate Priorities and Links to Other Key Strategies
3. Roles and Responsibilities in Respect of the Capital Strategy and the Formulation and Monitoring of the Capital Programme

SECTION B - Capital Investment and Sources of Funding

4. Capital Investment Considerations
5. Sources of Funding

Part 1 Annex 1 – Quick Reference Guide – Information Expected to be Included in Capital Investment Decisions Where Relevant

Part 1 Annex 2 – General Fund and Housing Revenue Account Capital Programmes 2025/26 to 2027/28

PART 2 – TREASURY STRATEGY FOR 2025/26

1. Introduction
2. Treasury Limits for 2025/26 to 2027/28
3. Prudential and Treasury Indicators for 2025/26 to 2027/28
4. Current Portfolio Position
5. Borrowing Requirement
6. Economic Position
7. Interest Rates
8. Borrowing strategy
   - 8.1 External v internal borrowing
   - 8.2 Gross and Net Debt Positions
   - 8.3 Policy on borrowing in advance of need
9. Debt Rescheduling
10. Annual Investment Strategy
    - 10.1 Investment Policy
    - 10.2 Creditworthiness Policy
    - 10.3 Credit Limits
    - 10.4 Country Limits
    - 10.5 Investment Strategy
    - 10.6 Allocation of Investment returns between General Fund and the Housing Revenue Account.
    - 10.7 End of year investment report

Part 2 Annex 1 – Proposed Prudential Indicators 2024/25 revised, 2025/26 and forecasts for 2026/27 to 2027/28

Part 2 Annex 2 – Specified and non-specified investments

PART 1 – CAPITAL STRATEGY

INTRODUCTION

The Capital Strategy is an overarching document that sets out the Council's approach to Capital Investment and how it seeks to deliver value for money against the following underlying key principles, which are subject to review by the Council's External Auditor each year:

1. ***Financial Sustainability -*** *How the Council manages its resources to ensure it can continue to deliver its services.*

2. ***Governance -*** *How the Council ensures that it makes informed decisions and properly manages its risks.*

3. ***Improving economy, efficiency and effectiveness -*** *How the Council uses information about its costs and performance to improve the way it manages and delivers its services*

Against this backdrop, the Capital Strategy is divided into two sections:

Section A provides an introduction and sets out the context for the Capital Strategy. It sets out how the plan links to corporate priorities and shows how they link to other key resource strategies and the related roles and responsibilities of members and officers.

Section B covers the framework within which capital financing decisions are considered and provides background to the funding sources available to meet the costs of capital projects that are included within the Capital Programme.

The Council's cost pressure and investment plans along with the Capital Programme form the basis of the Council's rolling plan of investment in assets. The Capital Programme spans a number of years and contains a mix of individual schemes.

Investment can include expenditure on:
- Infrastructure such as open spaces, coast protection
- New build
- Enhancement of buildings through renovation or remodelling;
- Major plant, equipment and vehicles;
- Capital contributions to other organisations enabling them to invest in assets that contributes to the delivery of the Council's priorities.

The Capital Programme is distinct from the Council's revenue budget which funds day-to-day services, but they are both linked and are managed together.

There is a strong link with the Treasury Management Strategy set out in PART 2 that provides a framework for the borrowing and lending activity of the Council.

The Council has set a de-minimus level of £10,000, below which expenditure is not classed as capital expenditure, but is charged instead to the revenue account.

SECTION A - ACHIEVING OUTCOMES/DELIVERING AGAINST PRIORITIES

CORPORATE PRIORITIES

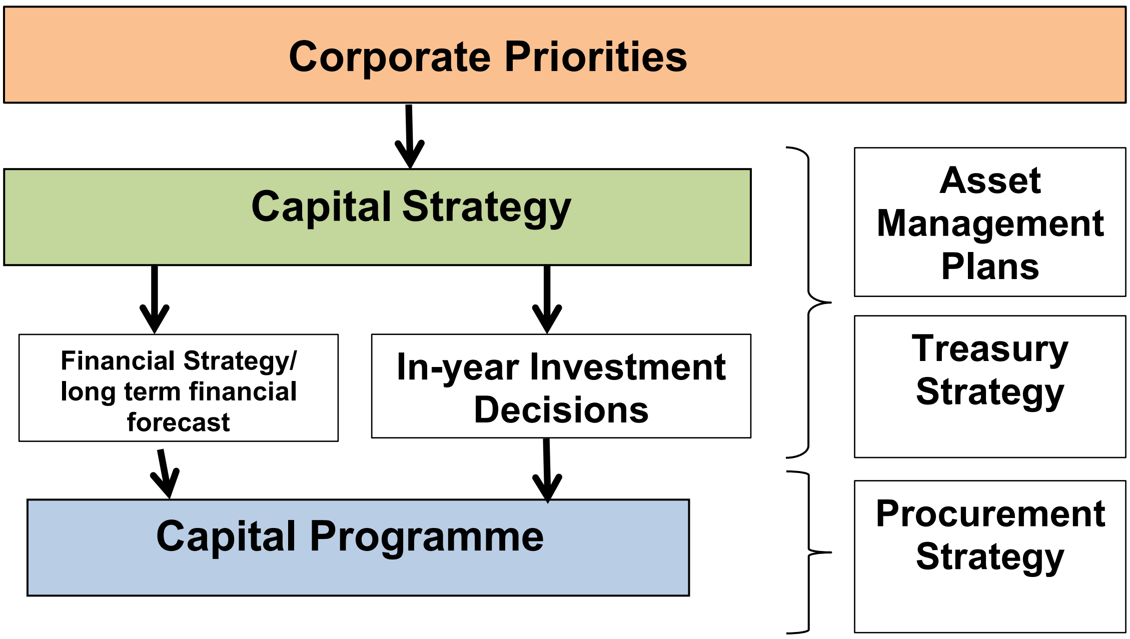
The Capital Strategy is subject to ongoing review and has a key role in supporting the delivery of the Council's Corporate Priorities.

The Capital Strategy aims to set out the arrangements and processes in place to manage capital resources, the relationship with the Council's other key resource strategies and the practical/sustainable outcomes of those arrangements and processes by:

1. Setting out how schemes are evaluated and prioritised within the resources available.
2. Ensuring that any investment decision is prudent, sustainable and affordable in accordance with the prudential code and therefore represents value for money.
3. Setting out the performance processes in place to ensure that projects are delivered on time and within budget.
4. Ensuring that expected outcomes are delivered and lessons learnt from previous investment decisions.

LINKS TO OTHER KEY STRATEGIES

The ability of the Council to undertake capital investment to deliver its corporate objectives will be influenced or have direct links to a number of strategies, with the key 'links' set out below:



The above sets out the strategies/processes that are more closely aligned to the capital investment decision but are by no means exhaustive. Although subject to changes over the life of this Strategy, other key strategies and policies may also need to be reflected in the investment decision such as those associated with workforce/staff capacity and ICT delivery. Decision-making must therefore reflect these requirements where relevant/necessary.

In respect of ICT within the Council, associated strategies or requirements set out how the Council intends to use technology to support service delivery and transform the way it delivers its services. ICT is therefore recognised as a key enabler in supporting capital investment and delivering sustainable outcomes.

The **long-term financial forecast** plays a pivotal role in developing and delivering capital investment. The long-term financial forecast not only determines the financial resources available to fund capital investment, both in terms of the initial investment and any revenue consequences of the capital investment itself, it also provides a key element within the framework for considering and prioritising capital projects. It is however recognised that to remain flexible to take advantage of investment opportunities that may arise during the year, decisions may be required in line with the Council's Financial Procedure Rules. The long-term financial forecast is reported to Cabinet each quarter, which allows this flexibility. To ensure consistency, such decisions should also follow the same requirements set out within the Capital Strategy.

The Council's cost pressure and investment plans also form a key element within the framework above as it forms a further link between the Corporate Priorities and the Financial Strategy and complements the development of the long-term forecast and prioritised projects that are included within the Capital Programme.

The Treasury Strategy is also highlighted above as a key influence as it sets out the Council's overall approach to debt and borrowing. This approach along with affordability, form part of the investment decisions that are brought together via the long-term financial forecast process on a rolling basis through the year.

Other significant influences include the Local Development Framework (LDF) which sets out the Council's vision for change and new growth in the Tendring District in the long term which could present the Council with investment opportunities for consideration alongside other investment options.

ROLES AND RESPONSIBILITIES IN RESPECT OF THE CAPITAL STRATEGY AND THE FORMULATION AND MONITORING OF THE CAPITAL PROGRAMME

Management Team – As the most senior officer team of the Council the Management Team approves the Capital /Treasury Strategy for submission to Cabinet and having regard to the Council's priorities, recommends projects for inclusion in the Capital Programme in consultation with Portfolio Holders/ Cabinet (via the long-term financial forecast process). Management Team also considers all significant investment decisions via a project initiation /

development process prior to formal reporting to Members, especially those associated with in-year investment decisions.

Departments support Management Team in the above process through the development and investigation of investments opportunities and submitting reports / project initiation and development documentation in support of the associated capital projects.

Cabinet (including Portfolio Holders acting within approved delegations) – The Cabinet recommends a minimum 4-year capital programme to Council. The Cabinet and the Finance and Governance Portfolio Holder can, within the limits set by the Council's Financial Procedure Rules, approve supplementary estimates or approve virements between schemes during the year as part of separate investment decisions. The Cabinet is required to approve the Capital / Treasury Strategy each year.

Council – Approves a multi-year Capital Programme as part of the budget setting process in February each year and approves the Capital / Treasury Strategy in March each year or as soon as possible thereafter.

Subject to the limits set out in the Council's Financial Procedure rules, Council may be required to approve supplementary estimates to increase the costs of approved schemes or add new schemes over and above amounts that individually or on aggregation are over and above those amounts ordinarily agreed by Cabinet as part of in-year investment decisions.

CONSULTATION

The views of the local community and stakeholders are an important element in developing the priorities for the Council and identifying capital investment opportunities. This can be achieved in a number of ways depending on the specific investment that is considered, which should be complemented by wider consultation exercises such as those associated with the development of corporate priorities and the long-term forecast/corporate investment plans where necessary.

In addition to the above, Departments are expected to review the need to undertake consultation and the scale of that consultation, as appropriate, as part of the investment decision-making process.

MONITORING OF THE CAPITAL INVESTMENT/CAPITAL PROGRAMME

In terms of performance and monitoring the delivery of capital investment, this is primarily achieved through the existing and comprehensive financial processes such as the long-term financial forecast and budget setting process, outturn review and the quarterly financial performance reporting. In respect of the quarterly financial performance reports, an update on the delivery of projects and the position against the budget is included, which is *made available* to both Cabinet and the relevant Overview and Scrutiny Committee during the year. Some capital projects may also form part of the

Council's separate Performance Monitoring process that is also reported to Members during the year.

Where capital investment is material, the scheme or project may be subject to review by internal audit which would be at the discretion of the Internal Audit Manager as part of the annual Internal Audit Plan or if required by other key stakeholders.

The above would also be supported where relevant by separate Member 'boards' or equivalent, which form an important element of the monitoring process for schemes such as the Levelling Up Fund and Community Regeneration Partnership projects.

SECTION B – CAPITAL INVESTMENT AND SOURCES OF FUNDING

CAPITAL INVESTMENT CONSIDERATIONS

The Council's capital investments are made in accordance with the Prudential Code, which aims to ensure that the capital investment plans of local authorities are affordable, prudent and sustainable, which should also include where necessary a prioritisation and appraisal process. Under the Code the Council is free to determine the amount it borrows to finance capital investment.

All of the Council's capital investment is managed in accordance with the requirements of the Prudential Code. The prioritisation of capital investment is directly linked to the long-term financial forecast and/or in-year budget amendment processes as previously explained, which is complemented by the Council's cost pressure and investment plans, all of which will be undertaken in an open and transparent manner.

Schemes that are agreed but not funded as part of the long-term financial forecast process will be considered as part of a prioritised list within wider cost pressure and investment plans and be a 'live' schedule of investment opportunities against which further investment opportunities should be considered during the year.

The Council faces ongoing significant financial challenges over the period of this Capital Strategy due *to changes in Government Funding, inflationary pressures, service demand pressures and potential uncertainty introduced by local government reforms.* The latest long-term financial forecast for 2025/26 to 2033/34 reflects deficits over the remaining period of plan, which is supported by the Forecast Risk Fund. To deliver the level of efficiencies and transformation that will in turn support the delivery of the long-term forecast, the following key principles should continue to be a key consideration of capital investment decisions:

Design schemes/projects to limit as far as possible any negative impact on the Council's on-going revenue budget.
Promote capital investment which allows either invest to save outcomes or generates a revenue and/or capital return and/or generates additional external grant (e.g., new homes bonus) or core funding (e.g. Business Rates) whilst clearly setting out how it contributes to the Council's Corporate Priorities.
Foster effective working relationships with potential funders/partners.
Carefully consider value for money and efficiency of projects and associated outcomes.
Project risk is fully explored, and mitigating actions identified and taken as necessary.
Ensure appropriate project management tools and documentation are used and that project timescales are adequately matched to the capacity to deliver the project, both internally and externally (where internal, this needs to include services such as Legal, Finance and HR).
Responsibility for the delivery of the project is clearly defined and understood.
How the proposed investment contributes to the Council's commitment to be carbon neutral by 2050.

In addition to the above, it will also be important to consider the impact of local government reforms through devolution and local government reorganisation as necessary.

Although not always necessarily subject to formal reporting, as part of the Council's project management processes, Departments are expected to evidence the outcome from any investment undertaken against the key criteria set out within this Capital Strategy to inform future investment decisions with high level information being available within the usual performance/budget monitoring reports.

To promote consistency, a quick reference guide for detailed information that is expected to form part of any investment decisions is set out as **Annex 1**.

As highlighted above, the Council's *cost pressure and investment plans* form part of the overall governance framework in terms of linking corporate priorities and strategies to investment priorities. This framework takes 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.

Impact Assessments

Impact assessments may be required depending on the specific capital investment decisions being considered. Therefore, as part of the Council's project management processes, Departments are expected to consider whether it is necessary to complete an impact assessment based on the Council's usual processes and documentation at the time a decision is made.

SOURCES OF FUNDING

Capital investment will have to be undertaken within the Council's limited resources and challenging financial environment.

In limited cases the cost of capital investment is supported by external grants/ contributions. Any other capital investment the Council wishes to make has to be funded from its own resources or by borrowing (the revenue cost being met entirely by the Council). The Council's Financial Strategy/long term financial forecast includes consideration of a ten-year forecast, taking into account the revenue implications of capital investment plans and the resources available to fund capital investment. The level of capital investment will be constrained by the available resources identified via the long-term financial forecast process including revenue contributions or the ability to attract external funding and the generation of capital receipts. Any decision to invest in capital projects will need to match the available resources against criteria set out above, including how it meets corporate priorities within wider cost pressure and investment plans. The process also includes consideration of, where appropriate, whether to divest any commercial investments, in accordance with the requirements of the updated Prudential and Treasury Management Codes.

In planning any capital investment to contribute towards the achievement of the Council's priorities, the following resources are available:

a) **Revenue Funding (Including Reserves)** – This continues to be limited each year given the challenging financial environment and on-going government grant reductions. This funding stream will need to be considered within the overall financial planning processes each year, including that for the HRA, which operates under a self-financing environment where changes in Government Policy have limited the revenue contributions available to support capital investment.

b) **Capital grants/contributions** – These have contributed significantly to past and current capital projects and many aspects of the Council's and its partners' objectives can only be met if this funding source continues to be pursued. The delivery of the Council's priorities and commitments continue to be supported by successful grant applications. Section 106 money flowing from the planning process is also a significant source of external funding.

c) **General Fund Capital Receipts** – It is acknowledged that the Council's current property/land holdings are not of significant high value or volume. Nevertheless, the Council recognises this important funding source and continually reviews its assets as part of separate asset management / investment plans which provide the context to consider opportunities to dispose of any assets that are surplus to requirements and/or not contributing to the delivery of the Council's priorities or where they provide alternative investment opportunities.

d) **Borrowing within the Prudential Framework (Prudential Borrowing)** – The Council has the freedom to borrow to finance its capital expenditure provided it can demonstrate the prudence of the investment and its affordability and sustainability. During 2020/21 the rules governing borrowing from the PWLB were amended such that from 25 November 2020 no borrowing from the PWLB is allowed if an authority has purchased assets for yield in its capital programme for the following three years. Neither the General Fund nor the Housing Revenue Account capital programmes for 2025/26 to 2027/28 involve any such schemes. This means the Council is still able to access PWLB funding at preferential rates if it is prudent, affordable and sustainable.

CAPITAL STRATEGY CONCLUSIONS

The Capital Strategy sets out the high-level arrangements and processes to ensure that capital investment is managed within the Council's overall financial framework. It aims to ensure that its limited resources are applied consistently and effectively towards delivering the priorities of the Council. It links together the capital expenditure implications of various plans and strategies.

PART 1 - ANNEX 1

QUICK REFERENCE GUIDE – Information Expected to be Included in Capital Investment Decisions Where Relevant

Formal Investment Considerations/Decisions/Business Cases
Link to priorities (including commitment to be carbon neutral by 2050) and/or ‘safeguarding’ of a Council Asset and what are the measurable benefits of the planned investment
Return on Investment/Net Present Value
Whole Life Costing/Revenue Consequences
Payback Periods
Key risks and how they will be managed
Alternative Options/Opportunity Costs
Sustainability
Financial Resources Available/Funding Options
Impact assessment where relevant
Capacity/Deliverability
Other considerations/important information to discuss/share with relevant internal department(s) and/or for inclusion in the formal decision making process if significant
Cash Flow Forecasts
VAT Arrangements/Implications
Insurance issues
Risk Management implications
Procurement processes
Any potential impact / influence of devolution and local government reorganisation

PART 1 - ANNEX 2

General Fund Capital Programme 2024/25 to 2027/28

Capital Expenditure - General Fund £000s	2023/24 Actual	2024/25 Revised*	2025/26 Estimate	2026/27 Forecast	2027/28 Forecast
Total Capital Expenditure	**3,804**	**17,320**	**827**	**827**	**827**
Financing - General Fund					
External contributions	(489)	(384)	-	-	-
Section 106	(240)	(6)	-	-	-
Government grants	(595)	(1,114)	-	-	-
Disabled Facilities Grant	(1,267)	(9,750)	(757)	(757)	(757)
Capital receipts	(106)	(815)	-	-	-
Direct revenue contributions	(275)	(4,029)	(70)	(70)	(70)
Earmarked reserves	(833)	(1,222)	-	-	-
Total Capital Financing	**(3,804)**	**(17,320)**	**(827)**	**(827)**	**(827)**
Net Financing need (External Borrowing)	**0**	**0**	**0**	**0**	**0**

*Figures exclude additional LUF/CRP scheme adjustments which are funded by revenue/external grants not borrowing

HRA Capital Programme 2024/25 to 2027/28

Housing Revenue Account Capital Schemes £000	2023/24 Actual	2024/25 Revised*	2025/26 Estimate	2026/27 Forecast	2027/28 Forecast
Total Capital Expenditure	**12,730**	**9,938**	**5,106**	**5,106**	**5,106**
Financing - Housing Revenue Account					
Major repairs reserve	(4,164)	(3,314)	(3,556)	(3,556)	(3,556)
Direct revenue contributions	(2,140)	(3,316)	(1,550)	(1,550)	(1,550)
Section 106	(308)	(474)	-	-	-
Capital receipts	(4,114)	(2,834)	-	-	-
External contributions	(1,964)	-	-	-	-
Government grant	(40)	-	-	-	-
Total Capital Financing	**(12,730)**	**(9,938)**	**(5,106)**	**(5,106)**	**(5,106)**
Net Financing need (External Borrowing)	**0**	**0**	**0**	**0**	**0**

*As at Q3 24/25

PART 2 – TREASURY STRATEGY

1. Introduction

The Local Government Act 2003 (the Act) and supporting regulations require the Council to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable. Both CIPFA Codes were revised in December 202*1* and adopted by the Council in 2023/24. The revised codes had the following implications:

- A requirement to adopt a new debt liability benchmark treasury indicator
- They clarify what CIPFA expects a local authority to borrow for and what they do not view as appropriate, however it is important to highlight that none of Tendring's borrowing falls within the inappropriate category
- A requirement to address environmental, social and governance (ESG) considerations in the Capital Strategy and in Treasury Management Practice 1 (TMP1).
- Implementation of a policy to review commercial property, with a view to divest where appropriate.
- Create new Investment Practices to manage risks associated with non-treasury investment (for Tendring this is the single Investment Property held so separate documents were not considered appropriate, instead the TMPs were expanded) that are similar to the current TMPs
- Expansion of the knowledge and skills register for individuals involved in treasury management, proportionate to the size and complexity of the work involved.
- All investments and investment income to be split between:
    - those held for treasury management arising from cash flows
    - those held for delivery of services such as housing, regeneration and local infrastructure – the Council has none in this category at present
    - those held for commercial return – i.e. investment property

The Act requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance issued subsequent to the Act) which sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

The Council's risk appetite is low, and it takes a risk-averse approach to Treasury Management, with the security and liquidity of the investment the prime concern, and the budget for income from investments being formulated on this basis. The Annual Strategy for 2025/26 is based on this risk-averse approach continuing.

For a number of years, the Council has engaged the services of treasury advisors to provide its officers with advice on treasury management issues. The current advisors are Link Asset Services, Treasury solutions. However, the final decision and responsibility for the actions taken sits with the Council's own officers after considering that advice.

The details of the delegations and responsibilities for treasury management are contained within the Council's Constitution as follows: -

- Part 3 – delegated powers – The Executive / Finance and Governance Portfolio Holder
- Part 5 – Financial Procedure Rules

2. Treasury Limits for 2025/26 to 2027/28

It is a statutory duty under Section 3 of the Act and supporting regulations for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the "Affordable Borrowing Limit". In England and Wales, the Authorised Limit represents the legislative limit specified in the Act.

The Council must have regard to the Prudential Code when setting the Authorised Limit of external debt, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax and council rent levels is 'acceptable'. Capital investment must be considered in the light of the overall strategy and resources available, with decisions made with sufficient regard to the long-term financing implications and potential risks.

Whilst termed an "Affordable Borrowing Limit", the capital plans to be considered for funding must include both external borrowing and other forms of liability, such as credit arrangements. The Authorised Limit is to be set, on a rolling basis, for the forthcoming financial year and two successive financial years. Details of the Authorised Limit can be found in Annex 1 of this part of the report.

The authorised limit reflects the additional borrowing requirement as part of the Housing Revenue Account (HRA) self-financing reforms. The Housing self-financing reforms also set an overall 'debt cap' for the HRA which in itself reflects an affordability level based on the Government's model of how much debt can be supported by the HRA after considering the forecast of income from rents and management and maintenance costs over a 30 year period. The HRA debt cap for Tendring was £60,285,000, but the Government announced the abolition of the HRA debt cap from 29 October 2018. The updated HRA Business Plan reported to Members in December 2024 and January 2025 as part of the HRA budget, reflected the financing of maturing loan debts via internal borrowing instead of external borrowing. More loan debt matures in future years and decisions to address these will need to be confirmed during the year.

Due to a technical accounting change applicable from 1 April 2024, assets that the Council leases will now need to be recognised on the Council's balance sheet as right of use assets, matched by a corresponding lease liability. They will count as a type of borrowing and will be written down each year. Work is *ongoing to finalise the list of assets that these changes relate to as part of the Statement of Accounts process for 2024/25. At the present time they are all expected to be within the General Fund, be relatively short term with a maximum life of five years, so will be written down in line with the actual lease repayments made. This means that there will be no net direct impact on the Council's budget, with associated operational lease payments being replaced with effectively notional 'financing' transactions such as depreciation, MRP and interest costs.*

The amount currently expected to be identified to bring onto the balance sheet for 2024/25 is approximately £0.300 million. The authorised limit and operational boundary already identified are considered sufficient to cover this increase. The overall Capital Financing Requirement (CFR) of the Council for the General Fund will increase, but the CFR associated with actual external debt, which is referred to in the remainder of this Strategy, will not change.

3. Prudential and Treasury Indicators for 2024/25 to 2026/27

Prudential and Treasury Indicators are relevant for the purposes of setting an integrated Treasury Management Strategy. The latest revisions to the CIPFA Code of Practice on Treasury Management and to the CIPFA Prudential Code are effectively adopted via the approval of this Strategy which reflects the most up to date codes and guidance.

4. Current Portfolio Position

The Council's treasury position at the end of December 2024 comprised:

- *GF borrowing from The Public Works Loan Board (PWLB) of £0.123 million at fixed rates at an average rate of interest of 6.98%*
- *HRA borrowing from the PWLB of £30.701 million at fixed rates at an average rate of 3.59%*
- *Investments of cash flow surpluses, which include reserves and capital receipts, on a short-term basis (less than 1 year) totalling £99.888 million at an average rate of interest of 5.23%.*

5. Borrowing Requirement

No new, alternative or replacement *external* borrowing is currently reflected in the budget for the General Fund or for the HRA.

6. Economic Position

The Council's Treasury Advisors provide economic updates during the year with their latest update summarised as follows:

UK economy

The Bank of England Monetary Policy Committee (MPC) reduced interest rates from their peak of 5.25% in August 2024 and there have been 2 further rate cuts in 2024/25. Interest rates are currently at 4.5% following their meeting on 6 February 2025. This is in response to CPI inflation getting nearer to the MPC target of 2% throughout 2024, with a slight increase to 3% by January 2025. Due to the 'stickiness' of CPI inflation, rate reductions have been at a slow measured rate as the bank balances this against slow economic growth indicators, with GDP being at 0.1% in quarter 4 2024 (October to December).

Given the mixed picture the Council's external treasury advisors have suggested in their forecasts that interest rates will continue to reduce at a steadier rate than previous forecasts with the 'equilibrium' rate estimated to be at 3.50% in December 2026.

7. Interest Rates

The following table gives the Council's External Treasury Advisor's view on Bank Rate movements and their forecast for the PWLB new borrowing rate based on that view. The PWLB rates are based on the 'Certainty Rate' introduced by the Government for local authorities providing improved information and transparency on their locally determined long-term borrowing and associated capital spending plans. Investment returns were at an elevated level for most of 2024/25 with the main bank rate only dropping from August 2024. Returns are expected to drop with the lower rates expected going into 2025/26 however the rate of reduction is now expected to be slower than earlier forecasts.

	Bank Rate	Average earnings rate projected by the Council's External Advisors			PWLB Borrowing Rate			
		3 month	6 month	12 month	5 yr.	10 yr.	25 yr.	50 yr.
Mar 2025	4.50	4.50	4.40	4.40	5.00	5.30	5.80	5.50
Jun 2025	4.25	4.30	4.20	4.20	4.90	5.20	5.70	5.40
Sep 2025	4.25	4.30	4.20	4.20	4.80	5.10	5.60	5.30
Dec 2025	4.00	4.00	3.90	3.90	4.70	5.00	5.50	5.20
Mar 2026	3.75	3.80	3.70	3.70	4.60	4.90	5.40	5.10
Jun 2026	3.75	3.80	3.70	3.70	4.60	4.80	5.30	5.00
Sep 2026	3.75	3.50	3.50	3.50	4.40	4.70	5.20	4.90
Dec 2026	3.50	3.50	3.50	3.50	4.40	4.70	5.10	4.80
Mar 2027	3.50	3.50	3.50	3.50	4.30	4.60	5.00	4.70
Jun 2027	3.50	3.50	3.50	3.50	4.20	4.50	5.00	4.70
Sep 2027	3.50	3.50	3.50	3.50	4.20	4.50	4.90	4.60
Dec 2027	3.50	3.50	3.50	3.60	4.10	4.40	4.90	4.60
Mar 2028	3.50	3.50	3.50	3.60	4.00	4.40	4.80	4.50

8. Borrowing Strategy

8.1 External v Internal Borrowing

The main Prudential Indicator relevant to capital investment is the Capital Financing Requirement (CFR). This is the total outstanding capital expenditure that has not yet been funded from either revenue or capital resources and is therefore a measure of the Council's underlying borrowing need after taking into account the provision included in the revenue budgets for the repayment of outstanding debt*. From 2024/25 this figure also takes into account the assets and liabilities created by the impact of the new technical accounting arrangements for leasing.*

The borrowing to finance the capital expenditure can be either from external sources or the Council can use its own internal resources.

The planned external debt compared to the CFR over 5 years is shown in the following table, the difference between the two being the amount the Council has funded from internal resources. This is also set out separately for the GF and the HRA. This excludes other long-term liabilities such as long term creditors and pensions which form part of the separate Financial Strategy process of the Council.

Total External Debt

	Actual 2023/24	Revised 2024/25	Estimate 2025/26	Forecast 2026/27	Forecast 2027/28
	£000's	£000's	£000's	£000's	£000's
Debt as at 1 April	*34,699*	*33,277*	*30,653*	*28,232*	*25,811*
Estimated repayment of debt	*(1,422)*	*(2,624)*	*(2,421)*	*(2,421)*	*(1,089)*
Estimated debt as at 31 March	*33,277*	*30,653*	*28,232*	*25,811*	*24,722*
CFR as at 31 March	***38,576***	***37,158***	***35,636***	***34,063***	***32,808***
Difference - internally financed	*5,299*	*6,505*	*7,404*	*8,252*	*8,086*

General Fund External Debt

	Actual 2023/24	Revised 2024/25	Estimate 2025/26	Forecast 2026/27	Forecast 2027/28
	£000's	£000's	£000's	£000's	£000's
Debt as at 1 April	*136*	*128*	*119*	*112*	*46*
Estimated repayment of debt	*(8)*	*(9)*	*(7)*	*(66)*	*(8)*
Estimated debt as at 31 March	*128*	*119*	*112*	*46*	*38*
CFR as at 31 March	***4,627***	***4,623***	***4,515***	***4,356***	***4,182***
Forecast of internal financing	*4,499*	*4,504*	*4,403*	*4,310*	*4,144*

HRA External Debt

	Actual 2023/24	Revised 2024/25	Estimate 2025/26	Forecast 2026/27	Forecast 2027/28
	£000's	£000's	£000's	£000's	£000's
Debt as at 1 April	*34,563*	*33,149*	*30,534*	*28,120*	*25,765*
Estimated repayment of debt	*(1,414)*	*(2,615)*	*(2,414)*	*(2,355)*	*(1,081)*
Estimated debt as at 31 March	*33,149*	*30,534*	*28,120*	*25,765*	*24,684*

CFR as at 31 March	***33,949***	***32,535***	***31,121***	***29,707***	***28,626***
Forecast of internal financing	*800*	*2,001*	*3,001*	*3,942*	*3,942*

The Council is currently maintaining an under-borrowed position for both the General Fund and the HRA. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with external loans, as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy remains prudent, as PWLB rates are currently elevated above what the Council's treasury management advisors consider to be a baseline level.

Further HRA maturity loans of £1.000 million end in 2025/26 and £0.941 million end in 2026/27, which are planned to be met from internal borrowing, although this postion will remain under review as part of the on-going development of the HRA Business Plan.

Given the continued elevated level in interest rates throughout 2024/25 and looking ahead to 2025/26, it is felt prudent to maintain the current level of internal borrowing as set out within the tables above. This will be kept under review in consultation with the Council's external advisors on an on-going basis.

The use of internal resources is only a temporary solution as, in time, these reserves and capital receipts will be utilised to finance service initiatives and capital investment and at that point will not be available. This will need to be balanced against the replacement external borrowing which will be required at some point in the future which may attract higher rates of interest, so timing of such borrowing will need to consider forecasted rates of interest against the various types of borrowing structure to determine the most advantageous approach. Against this approach consideration may be required to borrow in advance of need, as set out in section 8.3 below, so as to reduce the need to borrow when interest rates may be higher.

8.2 Gross Debt v Investments

A comparison between the Council's gross and net borrowing position helps to assess the credit risk that would apply if the Council has surplus resources invested at a low interest rate which could be used to repay existing debt or to negate the need for additional new debt if at higher interest rates than that being achieved on the investments.

The table below sets out the Council's probable position taking account of both the individual GF and HRA debt figures.

Comparison of gross and net debt positions at year end	2023/24	2024/25	2025/26	2026/27	2027/28
	Actual	Probable out-turn	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
General Fund external debt (gross)	*128*	*119*	*112*	*46*	*38*
HRA external debt (gross)	*33,149*	*30,534*	*28,120*	*25,765*	*24,684*
Investments	*72,509*	*75,000*	*61,400*	*51,200*	*43,600*
Net debt	***(39,232)***	***(44,347)***	***(33,168)***	***(25,389)***	***(18,878)***

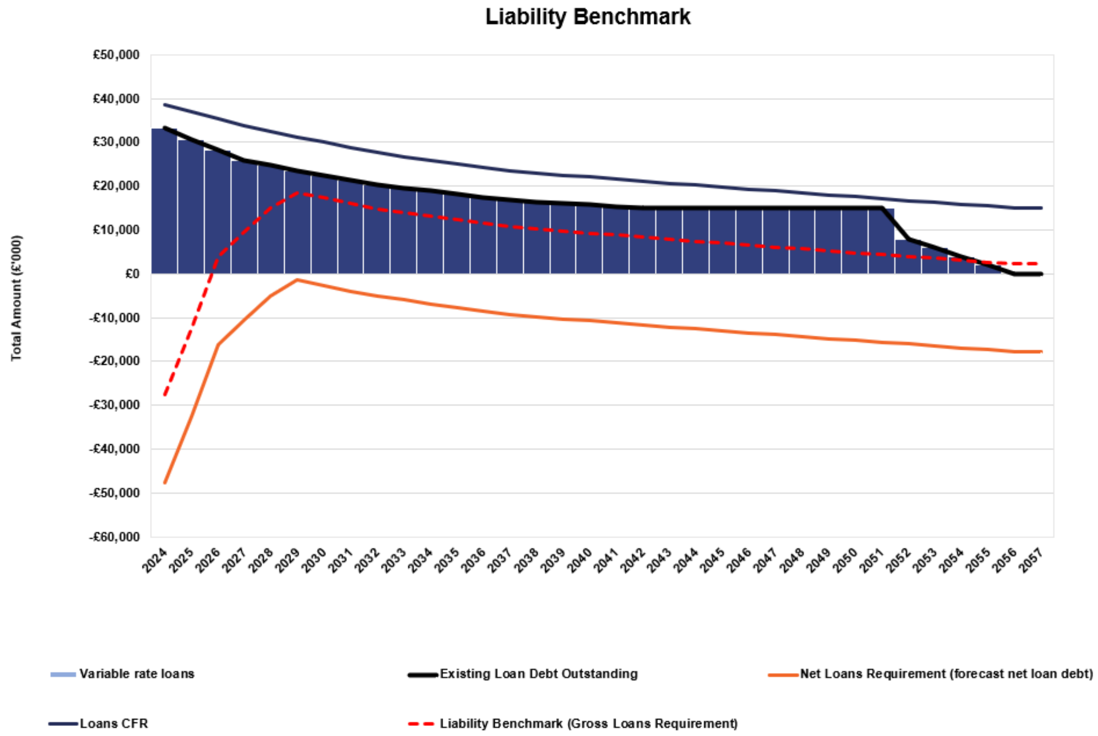
The net debt positions show that the Council does not have underlying excess resources which could be used to repay long term debt The surpluses and high current investment figures represent carry forwards and the current level of reserves / one-of budgets / external grant funding relating to specific capital projects].

If opportunity arises, external debt will be repaid early, although this is difficult under current arrangements as set out in section 9. If borrowing is required then any requirement will be considered whilst balancing internal resources and forecasted interest rates within the parameters previously set out.

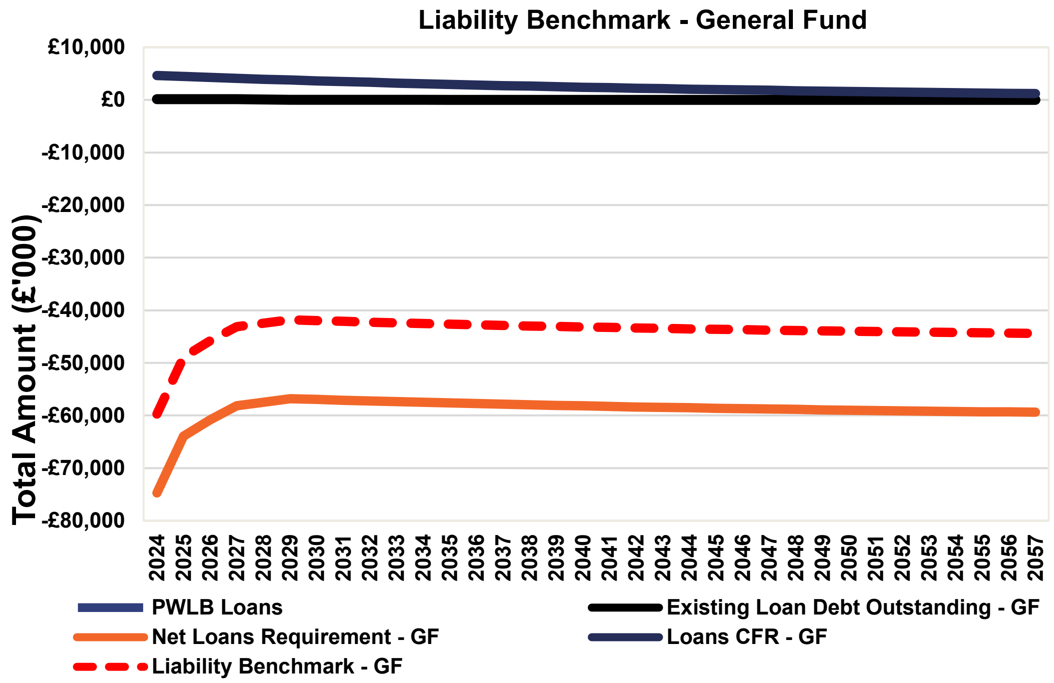
Against this background caution will be maintained within the 2025/26 treasury operations. Interest rates will be monitored and a pragmatic approach adopted to changing circumstances with appropriate action taken in accordance with the Council's Financial Procedure Rules.

8.3 Liability Index

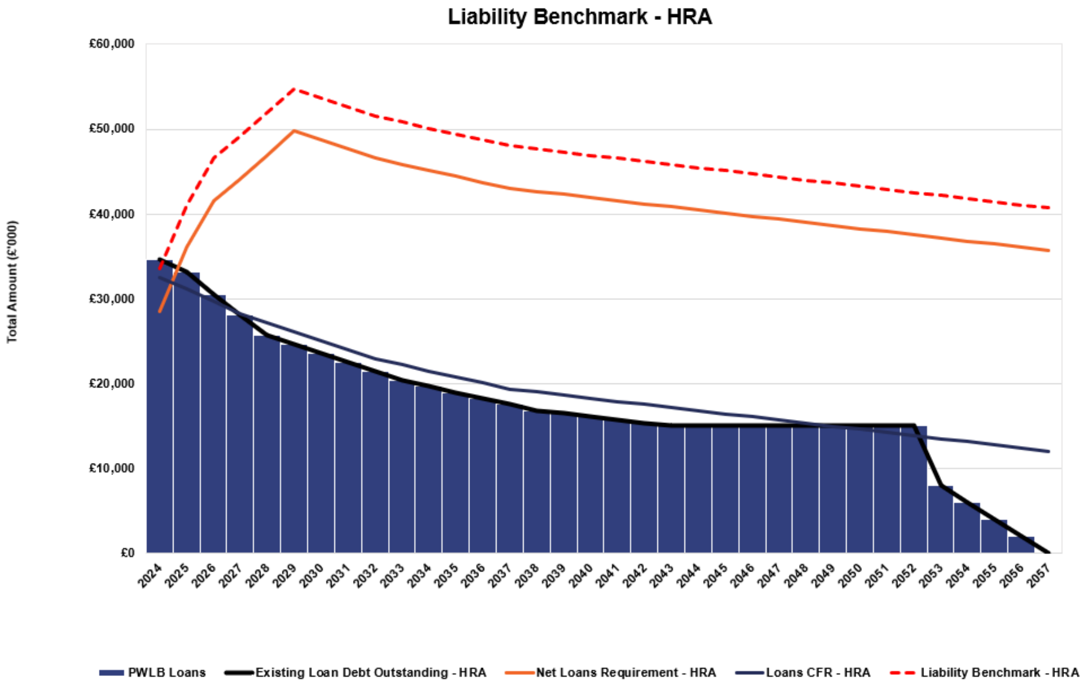
The tables in sections 8.1 and 8.2 are required to be shown graphically for a minimum of 10 years and ideally to maturity of loan debt under the 2021 Prudential Code. The charts below show the overall position for the Council and then split over General Fund and HRA.



The gap between the red dotted line and the PWLB loans shows the Council is under-borrowed. The net loans requirement line shows loans less anticipated investment balances. The Council needs to maintain some investment balances for liquidity purposes.



The low level of General Fund PWLB debt is demonstrated by this chart, with the bars falling below the blue PWLB loans line. This shows the level of General Fund under-borrowing as set out in the table in section 8.1 above.



The HRA chart shows that the HRA is also under-borrowed, at least until 2051, unless maturity loans that end over the next few years are re-financed.

8.4 Policy on borrowing in advance of need

The Council cannot borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be considered carefully to ensure value for money can be demonstrated and that the Council can ensure the security of such funds.

In determining whether borrowing will be undertaken in advance of need the Council will;

- ensure that there is a clear link between the capital programme and maturity profile of the existing debt portfolio which supports the need to take funding in advance of need;
- ensure the ongoing revenue liabilities created, and the implications for the future plans and budgets have been considered;
- evaluate the economic and market factors that might influence the manner and timing of any decision to borrow;
- consider the merits and demerits of alternative forms of funding;
- consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use;
- consider the impact of borrowing in advance on temporarily (until required to finance capital expenditure) increasing investment cash balances and the consequent increase in exposure to counterparty risk, and other risks, and the level of such risks given the controls in place to minimise them.

9. Debt Rescheduling

Officers together with the treasury advisors examine on a regular basis the potential for undertaking early repayment of some external debt to the PWLB in order to maximise any potential financial advantages to the Council. However, the continuing and significant difference between new borrowing and repayment rates has meant that large premiums would be incurred by such action and cannot be justified on value for money grounds. This situation will be monitored in case the differential is narrowed by the PWLB or repayment rates change substantially.

As short-term borrowing rates will usually be cheaper than longer term rates there may be some potential for some residual opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the size of premiums incurred, their short-term nature, and the likely cost of refinancing these short term loans once they mature compared to the current rates of longer term debt in the existing portfolio.

Any opportunities for debt rescheduling will be considered if such action would be advantageous to the Council. The reasons for any rescheduling to take place will include:

- the generation of cash savings and/or discounted cash flow savings
- helping to fulfil the strategy outlined above
- enhance the balance of the portfolio

Consideration will also be given to identifying if there is any residual potential left for making savings by running down investment balances to repay debt prematurely as short-term rates on investments are likely to be lower than rates paid on current debt.

10. Investment Strategy

10.1 Investment Policy

The Council will have regard to the Government's Guidance on Local Government Investments, the latest CIPFA Treasury Management in Public Services Code of Practice and Guidance Notes (the Code) along with any relevant revisions or updates. The Council's investment priorities when investing are: -

- The security of capital and
- The liquidity of its investments.

The Council will also aim to achieve the optimum return on its investments commensurate with these main priorities. It is important to note that the borrowing of monies purely to invest or on-lend and make a return is unlawful.

Investment instruments identified for use in the financial year are listed in Annex 2 under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be as set through the Council's Treasury Management Practices – Schedules.

The majority of the Council's investments will be in Specified Investments although the Council has limited investments in Non-Specified investments.

During 2017/18 the Council purchased an investment property in Clacton, which is a Non-Specified investment (a commercial investment). The historic cost (including stamp duty) of this asset was £3.245 million, which was financed from revenue. The property was purchased with the aim of yielding rental income and with the potential for capital gains. This investment does not have a defined maturity date and it is an illiquid investment as the Council would need to sell the underlying asset to redeem the investment.

The property will be subject to annual revaluation to reflect current value under the requirements of the Accounting Code of Practice and this will be reported in the Statement of Accounts. *At 31 March 2024 the carrying value of the property was assessed by the Council's external Valuer at £2.284 million and at 30 September 2024 the carrying value was reduced to £2.212 million* The anticipated return on the property through rental income compared to the historic cost is forecast to remain in line with the figures included in the report to Cabinet where the decision to purchase was made. Regardless of whether or not the property is being used for trading, the terms of the lease require payment of the rent until the end of the lease term.

The Council has adopted a Commercial Property Investment Policy which will be maintained as a separate document within the wider Capital and Treasury Strategy framework.

The Council does not intend to use derivative instruments as part of its treasury activities during the year.

10.2 Creditworthiness Policy and changes to the credit rating methodology

This Council uses credit ratings from all three rating agencies - Fitch, Moodys and Standard and Poors. In determining the appropriate credit rating the Council will use the lowest rating available to determine the investment limits both in terms of amount and period for a particular counterparty. This is in accordance with the recommendations of The Code. Counterparties rated by only one agency will not be used.

One of the credit rating agencies may be more aggressive in giving lower ratings than the other two agencies and this could result in the Council's counterparty list becoming too restrictive. If this happens the position will be discussed with the Council's treasury advisors and the Treasury Management Practices may need to be revised in accordance with delegated powers set out in the Council's Constitution.

- All credit ratings will be monitored daily. The Council is alerted to changes to ratings of all three agencies through its use of the Creditworthiness Service provided by the Council's external advisors which is downloaded from Link Asset Services website each morning and uploaded to the Treasury Management system.
- If a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria, its further use for a new investment will be withdrawn immediately.

The Code also recommends that credit ratings are not the sole determinant of creditworthiness and therefore the Council will also use available market information from a variety of sources including

1. The Creditworthiness Service utilises movements in Credit Default Swaps against the iTraxx benchmark and other market data on a weekly basis. This creditworthiness service information will be used to confirm the assessed creditworthiness derived from the three ratings agencies. Where the information from this service indicates a lower standing for a particular counterparty than that derived via the credit ratings then the investment limits and length of investments applicable to that counterparty will be adjusted accordingly or the counterparty removed from the list.
2. Market data and information,
3. Information on government support for banks and the credit ratings of that government support

10.3 Credit Limits

Through its approved Treasury Management Practices the Council will set maximum limits for the amount that can be invested with any counterparty. This limit will be determined by reference to the counterparty's credit rating and other criteria. In addition the amount invested in building societies and Certificates of Deposit is also limited to 50% of the total investment portfolio.

100% of the Council's investments may be in Treasury Bills or Gilts or invested with the Government's Debt Management Office (DMO). Although these sums are very secure the rate of interest is usually lower than the market rate, however Treasury Bills are a valuable tool in providing security and liquidity whilst the DMO offers a variety of investment terms and is a valuable source of investment should credit ratings of other financial institutions result in a reduction in the number of counterparties that meet the Council's minimum credit rating criteria. There is no limit on the amount that can be invested with other local authorities in total, although there is a limit of £6 million with each individual local authority.

10.4 Country Limits

The Council has determined that it will only use approved counterparties from the UK and additionally those countries with a minimum sovereign credit rating of AA or equivalent from the relevant rating agencies.

In a similar way that individual counterparties have a maximum investment limit, countries other than the UK will also have a limit.

10.5 Investment Strategy

The Council's funds are managed in-house and are mainly cash flow based but there is a core balance that could be available for investment for longer periods (2-3 years). Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months) and in respect of commercial property investment, this will be limited to the amount included in the Capital Programme.

The bank rate reduced from 5.25% in April 2024 to 4.5% in February 2025. The rate is forecast to gradually reduce over the course of 2025/26 to 3.75% by March 2026 (see Section 7). The Council will consider entering suitable low risk longer term deals before rates begin to fall without compromising the Council's priority of security of the investments.

For 2025/26 the Council has budgeted for investment returns based on the principles set out in this strategy including the forecast position on interest rates.

For its cash flow generated balances the Council will seek to utilise its business reserve accounts, Money Market Funds and short dated deposits (overnight to three months) in order to benefit from the compounding of interest. At the present time these short dated deposits are paying lower rates, but they provide a good level of liquidity to help manage the Council's cash flow.

10.6 Allocation of Investment returns between GF and HRA

As part of the introduction of HRA Self Financing a policy on the allocation of investments returns across the GF and HRA now forms part of the Annual Treasury Strategy.

The HRA holds balances and would benefit from cash flow advantages, which are amalgamated for the purposes of the overall investment activity of the Council. At the end of each year the transfer to the HRA of its share of the authority's overall investment returns will be agreed by the S151 Officer in consultation with the relevant officers based on the following principles:

- Equity
- Risk Sharing
- Minimising volatility between years

Returns from directly investing in commercial property will be allocated to the relevant fund where the Capital Programme / investment were made from.

10.7 End of year investment report

At the end of the financial year the Cabinet will receive a report on its investment activity.

GLOSSARY OF TERMS

Affordable borrowing limit – limit that the Council has to set under the CIPFA Prudential Code that shows how much the Council considers it can afford to borrow taking all its outgoings into consideration and how much income it considers it can generate.

Alternative financing arrangements – how the Council intends to finance its capital expenditure by other means besides borrowing.

Authorised limit – the amount the Council determines is the maximum that can be borrowed that is affordable and has been calculated in accordance with the legislation behind the CIPFA Prudential Code.

Borrowing requirement – how much the Council considers it needs to borrow to fund its spending plans.

CFR – Capital Financing Requirement – this calculation shows how much the Council needs to borrow or finance by some other measure to meet its planned capital spend.

Counterparty – the other party that participates when a loan or investment is placed.

CPI – Consumer Price Index – the Government's preferred measure of inflation, based on a set basket of goods and services. It excludes housing costs such as mortgage interest payments and council tax.

Credit arrangement – any quasi-loan, to ensure the legislation and Code pick up any unusual arrangements to provide funding other than from a straightforward loan

Credit default swap - A swap designed to transfer the credit exposure of fixed income products between parties. A credit default swap is also referred to as a credit derivative contract, where the purchaser of the swap makes payments up until the maturity date of a contract. Payments are made to the seller of the swap. In return, the seller agrees to pay off a third party debt if this party defaults on the loan. A CDS is considered insurance against non-payment. A buyer of a CDS might be speculating on the possibility that the third party will indeed default.

Credit limit – the maximum amount that can be lent to an individual organisation or group of organisations.

Credit rating – provided by one of the three credit rating agencies, an assessment of how likely the organisation is to repay any monies lent to it.

Creditworthiness - An assessment of the likelihood that a borrower will default on their debt obligations. It is based upon factors, such as their history of repayment and their credit score. Lending institutions also consider the availability of assets and extent of liabilities to determine the probability of default.

Debt cap (HRA) – the limit on the amount that can be borrowed by the HRA, set by central government.

Earmarked reserves – reserves that have been set aside for a specified purpose.

GDP – Gross Domestic Product – measures the output from the economy, if it rises then the economy is growing, if it falls the economy is in recession.

iTraxx - A group of international credit derivative indexes that are monitored by the International Index Company (IIC). The credit derivatives market that iTraxx provides allows parties to transfer the risk and return of underlying assets from one party to another without actually transferring the assets. iTraxx indexes cover credit derivatives markets in Europe, Asia and Australia.

Illiquid investment – An investment that cannot easily be sold or exchanged for cash without a substantial loss in value.

Non-specified investment – as defined in Annex 2.

Prudential indicators – a series of calculated figures specified in the CIPFA Prudential Code which are used to assess how affordable and realistic the Council's spending and financing plans are.

PWLB – Public Works Loans Board – central government lending to other public sector bodies, specifically local government.

PWLB Certainty Rate – The PWLB sets various rates for borrowing. From 1 November 2012 the Government reduced the interest rates on loans from PWLB to Councils who provide information as required on their planned long-term borrowing and capital spending by 0.20%. This reduced rate is called the Certainty Rate.

Replacement borrowing – borrowing taken out to replace other borrowing or other forms of credit that have been repaid.

RPI – Retail Price Index – another inflation index, this one includes the cost of housing.

Specified investments – as defined in Annex 2.

Proposed Prudential Indicators 2024/25 revised, 2025/26 and forecasts for 2026/27 to 2027/28

Indicators for Prudence

CAPITAL EXPENDITURE

This is an estimate of the amount of investment planned over the period (as at Q3 2024/25). As can be seen, not all investment necessarily has an impact on the Council Tax, schemes funded by grants, capital receipts or external contributions mean that the effect on the Council Tax is greatly reduced.

Capital Expenditure - General Fund £000s	2023/24 Actual	2024/25 Revised	2025/26 Estimate	2026/27 Forecast	2027/28 Forecast
Total Capital Expenditure	**3,804**	**17,320**	**827**	**827**	**827**
Financing - General Fund					
External contributions	(489)	(384)	-	-	-
Section 106	(240)	(6)	-	-	-
Government grans	(595)	(1,114)	-	-	-
Disabled Facilities Grant	(1,267)	(9,750)	(757)	(757)	(757)
Capital receipts	(106)	(815)	-	-	-
Direct revenue contributions	(275)	(4,029)	(70)	(70)	(70)
Earmarked reserves	(833)	(1,222)	-	-	-
Total Capital Financing	**(3,804)**	**(17,320)**	**(827)**	**(827)**	**(827)**
Net Financing need (External Borrowing)	**0**	**0**	**0**	**0**	**0**

Housing Revenue Account Capital Schemes £000	2023/24 Actual	2024/25 Revised	2025/26 Estimate	2026/27 Forecast	2027/28 Forecast
Total Capital Expenditure	**12,730**	**9,938**	**5,106**	**5,106**	**5,106**
Financing - Housing Revenue Account					
Major repairs reserve	(4,164)	(3,314)	(3,556)	(3,556)	(3,556)
Direct revenue contributions	(2,140)	(3,316)	(1,550)	(1,550)	(1,550)
Section 106	(308)	(474)	-	-	-
Capital receipts	(4,114)	(2,834)	-	-	-
External contributions	(1,964)	-	-	-	-
Government grant	(40)	-	-	-	-
Total Capital Financing	**(12,730)**	**(9,938)**	**(5,106)**	**(5,106)**	**(5,106)**
Net Financing need (External Borrowing)	**0**	**0**	**0**	**0**	**0**

CAPITAL FINANCING REQUIREMENT

Each year, the Council finances the capital programme by a number of means, one of which could be borrowing. The Capital Financing Requirement (CFR) represents the cumulative amount of borrowing that has been incurred to pay for the Council's capital assets, less amounts that have been set aside for the repayment of debt over the years. The Council is only allowed to borrow long term to support its capital programme. It is not allowed to borrow long term to support its revenue budget.

CAPITAL FINANCING REQUIREMENT	2023/24 Actual	2024/25 Revised	2025/26 Estimate	2026/27 Forecast	2027/28 Forecast
	£000	£000	£000	£000	£000
General Fund	4,627	4,623	4,515	4,356	4,182
Housing Revenue Account	33,949	32,535	31,121	29,707	28,626
Total	**38,576**	**37,158**	**35,636**	**34,063**	**32,808**

GROSS DEBT AND THE CAPITAL FINANCING REQUIREMENT

This indicator compares the Capital Financing Requirement to the level of external debt and shows how much of the capital programme is financed from internal resources. The capital programme is partially funded in the short to medium term by internal resources when investment interest rates are significantly lower than long term borrowing rates. Net interest payments are, therefore, optimised.

PRUDENTIAL INDICATOR	2023/24 Actual	2024/25 Revised	2025/26 Estimate	2026/27 Forecast	2027/28 Forecast
	£000	£000	£000	£000	£000
Capital Financing Requirement	38,576	37,158	35,636	34,063	32,808
External debt	33,277	30,653	28,232	25,811	24,722
Internal borrowing	5,299	6,505	7,404	8,252	8,086

OPERATIONAL BOUNDARY AND AUTHORISED LIMIT

The Council must set an operational boundary and authorised limit for external debt. The operational boundary is based on the Council's estimate of most likely, i.e. prudent, but not worst case scenario for external debt. It reflects the decision on the amount of debt needed for the Capital Programme for the relevant year. It also takes account of other long term liabilities, which comprise finance leases, Private Finance Initiative and other liabilities that are not borrowing but form part of the Council's debt.

The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

PRUDENTIAL INDICATOR	2023/24 Actual	2024/25 Revised	2025/26 Estimate	2026/27 Forecast	2027/28 Forecast
	£000	£000	£000	£000	£000
Operational boundary - borrowing	66,600	67,603	68,503	68,020	67,855
Authorised limit - borrowing	76,333	76,747	78,171	77,865	77,882

Indicators for Affordability

RATIO OF FINANCING COSTS TO NET REVENUE STREAM

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs. Investment income is no longer deductable from cost from 2022/23 revised onwards

ESTIMATE OF THE RATIO OF FINANCING COSTS TO NET REVENUE	2023/24 Actual	2024/25 Revised	2025/26 Estimate	2026/27 Forecast	2027/28 Forecast
	%	%	%	%	%
General Fund	2.06	1.39	1.10	0.91	0.87
Housing Revenue Account	44.39	43.35	41.81	38.68	37.61

RATIO OF COMMERCIAL AND SERVICE INVESTMENTS TO NET REVENUE STREAM

This highlights how much of the Council's net revenue spend is financed by income from commercial and service investments. The Council has one commercial investment and no service investments

ESTIMATE OF THE RATIO OF COMMERCIAL INVESTMENTS TO NET REVENUE	2023/24 Actual	2024/25 Revised	2025/26 Estimate	2026/27 Forecast	2027/28 Forecast
	%	%	%	%	%
General Fund	-1.62	-1.55	-1.35	-1.28	0.00

INTEREST RATE EXPOSURE

Tendring District Council currently has all its borrowings at fixed rate and usually has a mixture of fixed and variable rate investments. This indicator is set to control the Council's exposure to interest rate risk.

PRUDENTIAL INDICATOR	2023/24 Actual	2024/25 Revised	2025/26 Estimate	2026/27 Forecast	2027/28 Forecast
	£000	£000	£000	£000	£000
Upper limit for Fixed Interest Rates on debt	38,576	37,158	35,636	34,063	32,808
Upper limit for Variable Interest Rates on debt (based on 30% of the fixed rate limit)	11,573	11,147	10,691	10,218	9,842

TOTAL PRINCIPAL SUMS INVESTED FOR PERIODS LONGER THAN 364 DAYS (excluding property)

Interest rate risk is also affected by the proportion of the investments invested at fixed rates for longer periods, especially in a period when rates are expected to rise.

PRUDENTIAL INDICATOR	2023/24 Actual	2024/25 Revised	2025/26 Estimate	2026/27 Forecast	2027/28 Forecast
	£000	£000	£000	£000	£000
Limits on the total principal sum invested to final maturities longer than 364 days	3,500	3,500	3,500	3,500	3,500

MATURITY STRUCTURE OF FIXED RATE BORROWING

This indicator is set to control the Council's exposure to refinancing risk. The limits are set for each age range to ensure that the Council avoids too many fixed rate loans being matured at one time and spreads the maturity across several periods. The percentages for the upper and lower limits do not add up to 100% as they do not represent an actual allocation.

PRUDENTIAL INDICATOR	Upper limit	Lower limit	Estimated outstanding debt maturity % at			
	%	%	31/03/2025	31/03/2026	31/03/2027	31/03/2028
Under 12 months	25	0	7.90%	8.58%	4.22%	4.41%
12 months and within 24 months	30	0	7.90%	3.86%	4.22%	4.41%
24 months and within 5 years	60	0	10.67%	11.59%	12.67%	11.67%
5 years and within 10 years	75	0	14.02%	13.86%	13.68%	12.91%
10 years and above	95	25				
10-20 years			10.58%	8.98%	8.98%	5.92%
20-30 years			42.41%	53.13%	58.12%	60.68%
>30 years			6.52%	0.00%	0.00%	0.00%

TREASURY INDICATOR - EXPOSURE TO CREDIT RISK

The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) using the rating applicable when it is taken out and taking the arithmetic average, weighted by the size of each investment. Investments in government instruments such as DMO, treasury bills and in local authorities are scored as 1.

TREASURY INDICATOR	2023/24 Actual	2024/25 to 31/12/24	2025/26 Upper limit
Average credit score for investments	1.13	1.04	2.00

SPECIFIED AND NON-SPECIFIED INVESTMENTS

This schedule sets out the specified and Non-Specified investments the Council may use in 2025/26.

Investments may be in the form of direct deposits, Certificates of Deposits (CDs), property (including property funds) or the purchase of financial instruments such as Treasury Bills, Bonds and Gilts.

SPECIFIED INVESTMENTS:
An investment is a Specified Investment if all of the following apply

1. The investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling
2. The investment is not a long-term investment which is one that is due to be repaid within 12 months of the date on which the investment is made or one which the local authority may require to be repaid within that period.
3. The investment is not defined as capital expenditure by regulations
4. The investment is made with a body or in an investment scheme of high credit quality or the investment is made with the following public sector bodies.
    a. UK Government
    b. Local authority
    c. Parish council or community council

Where an investment is being made with a UK nationalised or part nationalised bank this will be treated for the purposes of classification as a Specified or Non-specified investment as being invested with the UK Government.

High credit quality
For a counterparty to meet the high credit quality criteria for specified investments, that counterparty must meet as a minimum the ratings of the three credit rating agencies listed below, and not be the subject of any adverse indications from the following sources.

- Credit Default Swap index
- The quality financial press
- Market data
- Information on government support for banks and
- The credit ratings of that government support

Ratings	Fitch	Moodys	Standard & Poors
Short term	F1	P-1	A-1
Long term	A-	A3	A

NON SPECIFIED INVESTMENTS

A maximum of £3.5m may be held, in aggregate, in Non-Specified Investments

The only non-Specified investments that the Council will use in 2025/26 are investments for periods of longer than 12 months with any institution or investment instrument that would have been classed as a Specified Investment if the investment had been for less than 12 months or property. The Council currently holds an investment property in Clacton. The historic cost of this property (including stamp duty) is £3.245 million. *The most up to date valuation received by the Council's external valuer is £2.212 million.* The purchase of the property was financed from revenue resources.

RESOURCES AND SERVICES OVERVIEW AND SCRUTINY COMMITTEE

9 JULY 2025

REPORT OF LEADER OF THE COUNCIL

A.2 PORTFOLIO HOLDER PROJECTS – UPDATE

PURPOSE OF THE REPORT

This report implements the commitment given at the 17 December 2024 meeting of the Committee by the Leader (Minute 64 refers) to "pull together a comprehensive list of all of TDC's current projects" and to submit these at a meeting of the Committee. The list was originally submitted to the 14 April 2025 meeting of the Committee. However, the Leader submitted his apologies as he could not himself attend that meeting. As a consequence, the Committee deferred consideration of the report submitted. Following letters between this Committee's Chairman and the Leader, it was agreed that the Leader would attend the meeting of the Committee on 1 July 2025 to review progress with the projects. Appendix B to this report has been updated from that submitted to the 14 April 2025 meeting.

The 14 April 2025 meeting of the Committee also considered the outcome of the Chief Executive's internal report, through Internal Audit, of the issues around unauthorised expenditure associated with the works at Spendells House (in Walton-on-the-Naze) to provide 32 rooms for temporary accommodation for homeless families. Although this report was solely that of the Chief Executive, the Committee considered that there were matters that it wanted to address to the Leader. Through this report, the opportunity is provided for the Committee to ask those questions.

SCOPE - THE AIMS AND OBJECTIVES OF THE REPORT

The scope of this report is to address (1) the commitment provided to the Committee on 17 December 2024 set out above and (2) the request of the Committee on 14 April 2025 to pose questions of the Leader in respect of the Spendells House scheme and its oversight by Cabinet Members.

INVITEES

None. The Leader of the Council (Cllr Mark Stephenson) will attend the meeting to present this report and he may be accompanied by other members of Cabinet as the Committee extended its invitation for the Leader to be accompanied by relevant Cabinet Members.

BACKGROUND

In receiving the initial report to it on 22 July 2024 in respect of the unauthorised expenditure in respect of the Spendells project, the Committee recommended to Cabinet (inter alia):

"that Portfolio Holders review, with their Corporate Directors, the performance and project management of all existing projects within their respective portfolios and report their findings to the Leader of the Council by the end of September 2024 (and that this also then be submitted to this Committee at its next programmed meeting)."

Following consideration of the above by Cabinet on 20 September (Minute 46 refers), the

Committee then met on 23 September 2025 (Minute 57 refers), and resolved to:

"Invite the Leader of the Council to its next meeting and receive a report outlining the progress with the Cabinet's decision as follows; "Portfolio Holders should review, with their Corporate Directors, the performance and project management of all existing projects within their respective portfolios and report their findings to the Leader of the Council and the Resources and Services Overview and Scrutiny Committee together with such additional actions as the Leader wishes to undertake."

The Leader then attended the Committee's meeting on 17 December 2024 (Minute 64 refers) and there was a discussion of the outcome of the Portfolio Holder reviews of their projects. The detail of that discussion, as recorded in the Minutes of that meeting are set out in Appendix A to this report.

The Leader is attending this meeting in order fulfil the commitment given to the Committee on 17 December 2024 and submit a comprehensive list of all of TDC's current projects. This list is set out at Appendix B to this report.

As stated earlier, a report was prepared and submitted to the Committee's meeting on 14 April 2025 with updates on the projects. The Leader was unable to attend the Committee meeting that evening. In discussion with the Committee's Chairman, it was agreed that the Leader would be invited to attend the meeting of this Committee on 1 July to present the update on the projects. The decision at the 14 April meeting of the Committee was as follows (Minte 74 refers):

> *"It was then AGREED to defer Item A.2 – Report of the Leader – Portfolio Holder Projects – Update and that a separate public meeting of the Resources and Services Overview and Scrutiny Committee be arranged and held to enable the Committee to discuss this report with the Leader of the Council as well as any relevant Cabinet members."*

In addition, at the same 14 April 2025 meeting the Committee received the report of the Chief Executive in respect of the internal investigation he commissioned in respect of the unauthorised expenditure that occurred in late 2023/early 2024 as variations to contract were agreed without the required budget being in place and which led to the Monitoring Officer's Section 5 report to Cabinet on 24 May 2024. This, in turn, was the subject of consideration by this Committee on 22 July 2024 referenced at the beginning of this section.

Having heard the outcome of the Chief Executive's internal investigation in respect of the Spendells House project at the Committee's meeting on 14 April 2025, the Committee approved the following (among other matters):

> *"[…] that the Committee:*
> *[…]*
> *(d) looks forward to addressing the political oversight in the later stages of the project as part of the proposed special meeting with the Leader and relevant Cabinet members."*

To assist the Committee in respect of this supplementary item for this report, attached at Appendix C is an extract from the Minutes of the meeting of the Committee on 22 July 2024 when the Committee last invited the Leader and the Portfolio Holder for Housing to attend and respond to questions in respect of the Spendells House matter and the unauthorised expenditure position from late 2023 and early 2024.

RELEVANT CORPORATE PLAN THEME/ANNUAL CABINET PRIORITY
The Corporate Plan themes for the Council for the period 2024-28 are: • Pride in our area and services to residents • Raising aspirations and creating opportunities • Championing our local environment • Working with partners to improve quality of life • Promoting our heritage offer, attracting visitors and encouraging them to stay longer • Financial sustainability and openness The various projects of the Council can be said to contribute to many, if not all, of the above themes. In regard to this specific report, the expanded text of the financial sustainability and openness theme above, is relevant: *“To continue to deliver effective services and get things done we must look after the public purse; that means carefully planning what we do, managing capacity, and prioritising what we focus our time, money and assets on. Tough decisions will not be shied away from, but will be taken transparently, be well-informed, and based upon engagement with our residents. We will give clarity on where the Council spends the money it is provided with.”*

DESIRED OUTCOME OF THE CONSIDERATION OF THIS ITEM
The Terms of Reference for this Committee clearly allocate its responsibility for oversight of Service Delivery and Performance by the Council. Management of Projects is within scope of the Committee as it performs its ‘critical friend’ role to Cabinet on behalf of the wider Council.

DETAILED INFORMATION
The information submitted by the Leader in respect of projects within the control of Cabinet is set out at Appendix B to this report.

RECOMMENDATION
That the Committee determines whether it has any comments or recommendations it wishes to put forward to the Leader/Cabinet.

PREVIOUS RELEVANT DECISIONS
Minutes of this Committee’s meeting on: * 22 July 2024 (Minute 50 refers) * 23 September 2024 (Minute 57 refers) * 17 December 2024 (Minute 64 refers) * 14 April 2025 (Minutes 74 and 78 refer)
BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL
None.
APPENDICES
A – Extract from the Minutes of the Committee’s Meeting on 17 December 2024 (Minute 64 refers) B – List of Projects within the control of the Cabinet C – Questions and answers posed at the Committee’s meeting on 22 July 2024 to the Leader and to the Portfolio Holder for Planning and Housing.

REPORT CONTACT OFFICER(S)	
Name	**Keith Simmons**
Job Title	**Assistant Director (Corporate Policy and Support)**
Email/Telephone	**ksimmons@tendringdc.gov.uk / 01255 686580**

A.2 APPENDIX A

EXTRACT FROM THE MINUTES OF THE MEETING OF THE COMMITTEE HELD ON 17 DECEMBER 2024 (MINUTE 64)

REPORT OF THE HEAD OF DEMOCRATIC SERVICES AND ELECTIONS - A.2 - PORTFOLIO HOLDER PROJECTS - PERFORMANCE AND PROJECT MANAGEMENT

The Committee considered a report of the Head of Democratic Services & Elections (A.2) which enabled it to consider the outcome of its decision from its meeting on 23 September 2024 (Minute 57 referred) which had been considered by Cabinet on 15 November 2024 (Minute 75 referred). The Committee had recommended, in the light of the unauthorised expenditure found in relation to the Spendells temporary accommodation project that Portfolio Holders reviewed performance and project management of all their existing projects. This review, the Committee had requested, should be completed in time for the findings to be reported to this meeting together with any additional actions determined by the Leader. The Leader of the Council attended this meeting to discuss the outcome of the Portfolio Holder reviews of their projects.

The Chief Executive (Ian Davidson) referred to the announcement by HM Government of its White Paper on Devolution and Local Government re-organisation (LGR). He outlined the context in relation to the timescales for completing the projects and other constraining effects on the Council's key projects that would need to be kept under close review moving forward. Responding and reacting to the White Paper would have a significant effect on this Council's capacity and resources. It would also challenge this Council to maintain its current good performance in terms of Value for Money judgements (which had been recognised by the Council's External Auditor). Mr. Davidson then responded to Members' questions as follows: -

Committee Members' Questions (Summary)	Responses (Chief Executive, unless otherwise stated) (Summary)
Will there be a clause in the new Waste Management Contract that will protect TDC in the event that it disappears under LGR?	There are a myriad of contracts that will need to be gone through. Harmonisation of contracts with other local authorities would take place over time. If TDC was to cease to be then the burden of such contracts would fall on the successor Authority. These are all matters that need to be closely considered alongside other matters such as TDC's close working relationships with the District's Parish and Town Councils.
As LGR progresses will there be a grading system introduced for projects that are underway or are still in the planning stage?	Excellent question. This is just the sort of thing that Officers will need to examine and then facilitate the Cabinet in making its decisions. For some projects, TDC is already contractually obliged having accepted the relevant external funding. The Council's Monitoring Officer and the Section 151 Officer will both play a key role in that process. [Director (Governance)] – These are daunting times for local government as it is facing its largest re-organisation since the passing of the Local Government Act 1972. This is also happening alongside large-scale changes to the national planning, housing and procurement statutory frameworks. Already, cautionary messages are being issued to Councils about looking at, in the New Year, transformation projects whether planned or already underway.
Should this overview and scrutiny committee be concentrating on the process in terms of LGR and its effect on TDC's projects?	It would be valid for this Committee to look at the process for choosing which projects are continued or are ceased. A report will be submitted to Full Council in January 2025 that will place all the available information before Members in order to allow them to debate this matter.

	[Director (Governance)] – Officers will, of course, keep Members up to date as matters progress. It is expected that tools will be provided in due course for Members by bodies such as the Centre for Governance and Scrutiny. Eventually an Order will be made in Parliament that will set out all those functions (including contractual matters) that will be put over to the new Authority.
Has TDC been involved in any Best Value related collaborations with neighbouring Authorities on these large projects/contracts e.g. Waste Management?	Yes, most certainly e.g. with Colchester CC and Essex CC on the TCB Garden Community. Another example would be regarding collection methods and mechanisms for purchasing collection vehicles for the new waste collection contract. [Leader of the Council] – Other examples would include the Health & Well-being Alliance, procurement, Emergency Planning, new HR systems and the NEC audit.

The Leader of the Council (Councillor M Stephenson) then addressed the Committee and stated that the Leader/Portfolio Holders' review of projects had focused on three key aspects i.e. capacity, governance and finance. He was broadly comfortable that Portfolio Holders were on top of their respective projects. Councillor Stephenson commended the Committee for their recommendation as this had proved to be a very useful exercise for both Officers and Portfolio Holders. He intended to pull together a comprehensive list of all of TDC's current projects which he would submit to a future meeting of the Committee.

The Leader of the Council then responded to Members' questions as set out hereunder. The Chairman (Councillor P Honeywood) acknowledged that the Leader had not had sight of the questions before the meeting

Committee Members' Question (Summary)	Responses (Leader of the Council, unless otherwise stated) (Summary)
Have all the cameras been granted planning permission?	No. A number of planning applications had been submitted and any that were still outstanding would be submitted shortly. These planning applications would be required to be considered by the Planning Committee.
Regarding the CCTV project, what has happened and what is the progress?	Outlined the timeline to the Committee and undertook to circulate the timeline to Members after the meeting.
How did the CCTV project get so far behind schedule?	There were problems with specifications and the tender process.
Is everything going to be completed for the CCTV project by March 2025?	The aim was to have everything completed by 10 April 2025.
Since the Safer Street Funding briefing note has been circulated, what has happened since then?	Will provide a written answer circulated to all members of the Committee.
Is the Council adhering to the terms of the funding agreement?	Yes, but will confirm that in writing.
What is the financial risk to the Council?	Not aware of any risk. Money is passported and there has been an extension of time granted.
Regarding the site at Weeley, what is the end date for the project? What has happened since 2023 when the heads of terms were signed? How long were the heads of terms agreed for? What happens if there is no completion of the development? Are the housing prices right for the	This is a sensitive issue best answered by the Corporate Director. There are things going on in the background but they are of a sensitive nature. [Corporate Director (Operations & Delivery)] – It's undeniable that this matter has not proceeded as quickly as TDC would have liked. Officers have been pushing hard but, as yet, have not reached an agreement with the Developer. Is aware of the ongoing cost liabilities to the Council of this site.

development? Is the deal still good for the Council? What is the procedure for property acquisitions or disposals in relation to tender? What was the process that was undertaken?	Will start to look at alternative options for the disposal of this site in an effort to speed up a resolution. Frustrating for all concerned. Any alternative to the current negotiating process will require a further report to Cabinet and a new decision. The negotiations have been lengthy, detailed and problematic (e.g. ransom strips). [Chief Executive] – To an extent, TDC is in the hands of Developers and their willingness to release sites into the housing market. Obviously, this would be done on a 'drip feed' process in order to avoid a sudden 'glut' and a depression of house prices. [Councillor M Cossens] – The site at Weeley will be a key focus of the work of the Asset Management Arrangements Task & Finish Working Group.
Further to the responses just provided, this needs close examination to learn lessons for the future. Is going out to a re-tender one of the alternative options?	[Corporate Director (Operations & Delivery)] – Yes, that is one of the options. [Chief Executive] – There is a requirement for seven dwellings to come into TDC's housing stock. This has been a complicating factor and has meant that it has not been a straight-forward land sale.
What projects do you have underway? What was the review process taken?	Review of projects had focused on three key aspects i.e. capacity, governance and finance. He was broadly comfortable that Portfolio Holders were on top of their respective projects. He intended to pull together a comprehensive list of all of TDC's current projects which he would submit to a future meeting of the Committee. List being refined all the time. Had been a very useful exercise for both Officers and Cabinet Members to bring this list of all the projects into one place.
Further to the responses just provided, will this factor into the Administration's priorities going forward and will this Committee have a say in producing that list?	Yes, they will. The draft initial priorities list for consultation purposes will be submitted to Cabinet on Friday. No though yet has been given to producing milestones for these priorities.
What is the progress with Clacton Town Board?	Previous Conservative Government earmarked £20million over a ten-year period. The matter was paused whilst the General Election was held and whilst the new Labour Government considered and confirmed its regeneration priorities. Therefore, the CTB has been effectively in limbo as a result but it has remained determined to take advantage of any opportunities that comes its way and it has been able to proceed with smaller initiatives like empty shop wrapping in Clacton Town Centre and the development of a website.
How many times has the local MP been to the meetings of the Clacton Town Board?	Will provide a written answer circulated to all members of the Committee.
If LGR goes ahead, will that make the CTB more important as a way of ensuring input into decision making at the local level?	Yes, it will. The CTB is very determined to take ownership of Clacton's future.
What are the milestones for the savings plans?	[Director (Finance & IT)] - A report will be submitted to Cabinet on Friday that details when savings will come into the Budget in 2025/26 and 2026/27.
Are you behind or ahead with the savings plan?	[Director (Finance & IT)] - Not behind and ahead in some ways but it will require concrete work, actions and decisions made going forward. Worry is about the

	unexpected/unforeseen (e.g. Covid-19) occurrences that could knock TDC off-course. Overall, TDC is currently in a good position. [Chief Executive] – TDC is not in danger of having to issue a Section 114 Notice unlike many other Councils. The External Auditor is content with TDC's approach of a rolling ten-year financial forecast. This 'smooths out' the process and avoids annual wholesale 'panic' cuts of services.
What is the current position with the old Savoy nightclub in Clacton Town?	[Chief Executive] – This is a commercially sensitive matter at this time but forms part of TDC's overall partnership project with the Arts Council. Willing to give more detail in writing to Members.

It was moved by Councillor P Honeywood, seconded by Councillor Doyle and:-

RESOLVED that the Committee, having discussed the review of performance and project management undertaken by Portfolio Holders with the Leader of the Council:-

(a) looks forward to receiving the further written answers in due course from the Leader of the Council and would welcome any further expanded responses to those already provided at the meeting; and

(b) reserves the right to submit any comments or recommendations to Cabinet on this matter once it has considered the Executive's budget proposals and initial highlight priorities at its meeting due to be held on 13 January 2024.

Project	Brief description	Value	Status
Private Sector Housing damp and mould enforcement	MHCLG Funded project to increase enforcement in the private rent sector with a focus on damp and mould	130K + £21K	Under way - commenced April 2024 initially to March 2025 and then extended by MHCLG to July 2025. £21K funding extension offered from MHCLG to extend. Ongoing fortnightly returns to MHCLG focussed on damp & mould in private rented accommodation and engaging with tenants to completed surveys to send back to MHCLG on their experience.
Jaywick Sands Healthy Homes	Dedicated team set up to deliver private rented sector interventions in Jaywick Sands along with wider open space and waste management improvements	£900K	Under way. Three year extension to funding agreement signed at end of March. Recruitment now aiming to build the team up to full capacity again. Manager has now been appointed from within the team.
Procurement of waste & recycling collection and street cleaning contract for 2026 onwards	Waste contract procurement	£300K project budget, circa. £9K anticipated contract value	SQ stage completed, invitations to submit detailed solutions commenced last week of November Currently at dialogue stage following revisions to specification and contract length. Dialogue will continue into mid-July after which invitation to submit final tenders will be issued.
Clacton Town Centre CCTV	Additional and replacement cameras well as software, columns etc	£200K inc. fees and costs	Contract started. Statutory consents (except highways) in place. Final completion (subject to highways) estimated at the start of June. Funders notified. Contract started. All necessary agreements and licences for the project are in place and formalised, with the exception of those required from Essex County Council (ECC) Highways for four new poles proposed within the public highway.

Project	Brief description	Value	Status
			The majority of the works involve upgrading equipment on existing poles or on poles located off the highway, which do not require additional permissions. However, the contractor has raised understandable concerns about splitting the works—completing some elements now and returning later for the remainder—due to the inefficiencies and additional costs this would incur. Between late 2024 and early 2025, Officers from Tendring District Council (TDC) have worked proactively with colleagues at Essex County Council (ECC) Highways and Legal Services to clarify the licensing requirements. While the process involved navigating some initial complexities and evolving guidance, once it was confirmed in February 2025 that a Section 50 licence would be required, TDC officers took all necessary steps to move the matter forward. The applications were promptly submitted; however, at the time of the last update these remained outstanding. Since that update, thanks to the collaborative efforts of officers across both authorities, and in recognition of the importance of this project to the district, ECC has very recently confirmed that a retrospective licence can be granted. This means that the contractor may proceed with the works while the formal licence is being finalised, helping to avoid further delays and maintain momentum on this important infrastructure upgrade. The contractor is currently working out a new programme for the works including the coordination of power connections, traffic management, craneage and subcontractors. Provisionally officers anticipate a July start and August/September completion. Clearly there is concern about significant work

Project	Brief description	Value	Status
			during the peak season but it is likely to be better to press ahead while trying to mitigate any issues than to delay the project further.
Weeley Council offices - disposal	Disposal option previously agreed but delivery stalled	Subject to contract	Proposed Cabinet decision on 11 April 2025 to determine whether to continue with current negotiations or review other options. Cabinet decision was taken in April 25 to pause the current position and to consider 4 alternative options. Cabinet agreed for a report to be prepared outlining the pros and cons of each option to come back to Cabinet. Currently aiming for the July Cabinet.
Reinstatement of promenade Dovercourt	Sea water has damaged the revetment and caused erosion under the promenade	£72K	Completed. Some additional work identified and completed.
Compete works under the land swap deal to improve Clacton Leisure Centre	Car park extension, cricket square assessment and some landscaping only remain outstanding	£28K	Car park extension completed. Refurbishment of cricket square to be undertaken at the end of the season.
Office Transformation	Last works to complete refurbishment at Mill Lane, Walton and Store at Alexandra Gardens, Clacton	£80K	Works at Mill Lane nearly complete. Unexpected need to rebuild the rear gable wall. Some minor service issues remain to resolve.

Project	Brief description	Value	Status
Beach Hut Strategy	Strategy set. Implementation in stages	Within existing budgets	Commercial leases complete, to be rolled out. Some decayed TDC owned huts to be renewed within allocated funds. Beach hut specifications tailored to areas in progress. Further actions subject to review of priorities.
Dovercourt Leading Lighthouse and Causeway - Phase 1B Survey and Condition Study of the Unsighted Legs	Phase 1A_Structural and Condition Survey of the Lighthouses completed in Spring 2024, outlined further exploratory work required on the 'unsighted' legs of the lighthouse on the foreshore. Phase 1B_Structural and Condition Survey of the Unsighted Legs to commence w/c 9th December 2024.	Phase 1B - £52K	In progress - work commence w/c 9th December 2024

Project	Brief description	Value	Status
Tendring Witch Heritage Trail	Wooden carved benches and information boards in four locations across Tendring: Walton-on-Naze, Manningtree/Mistley, Harwich and St Osyth. Working with Professor Alison Rowlands from the University of Essex and Historic England.	£49K	Four benches and accompanying information boards have been installed at locations in St Osyth, Manningtree, Walton-on-Naze and Harwich. Officers are working with Historic England to explore education packs that will accompany the benches.
Sunspot Jaywick Workspace	Workspace for new and expanding businesses in Jaywick Sands. Includes cafe, events space, meeting rooms, retail and flexible workspaces.	£5.3M	Construction is complete and the final account has been settled. The funding has also been signed off by SELEP and ECC. There was one unit vacant which has now been secured bringing capacity back up to 100%.
Orwell Place car park	Construction of the Orwell Place car park	£2.3M	Construction is complete and final account settled.

Project	Brief description	Value	Status
Tendring District PlayZones	The PlayZone Programme is an exciting new investment programme aimed at tackling inequalities in physical activity and access to facilities by funding community-led spaces by providing new muti sports pitches	£1.4M	On 27 June 2025, Cabinet accepted Football Foundation funding of £839,355 towards the development of four new PlayZones at Clacton Leisure Centre, Dovercourt (Cliff Park), Jaywick Sands (Crossways) and Walton on the Naze (Bathhouse Meadow) with a total project cost £1,119,257. Cabinet also agreed this Council's financial contributions and subject to the outcome of final business plans, approve the necessary delegations to continue the project through to completion.
Walton Lifestyles Building Management System & Air Handling Unit	Replacement of an existing Air handling unit & installation of a new Building Management System to decrease running costs and carbon footprint	£350-450K	In progress - tender closed and evaluation of bids at present.
Clacton Leisure Centre Oil Boiler	To replace the oil boiler system at Clacton leisure Centre, under a funding bid with Salix	£1.4M	The Council was successful in securing the funding which was formally accepted in April 2025. The consultant team are in the process of appointment, to develop the funding bid through to tender documentation by Autumn 2025, prior to contractor tender and delivery by the end of the financial year.

Project	Brief description	Value	Status
CLC Pool leaks	To address leaks within pool pipework at Clacton Leisure Centre	£40K	In Progress - Watch and waiting brief.
Capacity spend for the Town Centre	for Community consultation for business, youth and visitor. Additional street cleaning and shop wrapping, graffiti removal and banners	£250K	Good liaison and joint working continues with the Clacton Town Board around the allocated use of capacity funding to help towards the development of the 10 year Regeneration Plan for the Town. This has included the Board agreeing to use of funds for shop wrapping and banners in the Town Centre and other projects. The Chair of the Board and of the Tourism Group in the Town have recently written to shop owners to encourage good practice, signpost them to potential grant schemes and the Board's new 'Love Clacton' website. The letter also references enforcement powers that could be used to ensure shop frontages support an improving retail space in the Town Centre.
Green Spaces Fund	To improve green spaces in Dovercourt Town Centre, linking to the Seafront	£0.5M	Consultant team has completed tender documentation; tender period for main contractor launching June 2025. Framework has been selected, and formal Expression of Interest demonstrates market interest in opportunity. Contractor tender expected to launch July 2025 and enter contract August 2025 for works to be completed prior to ECC Kingsway public realm works, programmed to commence in October 2025. Project risk of expenditure required by June 2025 mitigated through regular contact and updates with MHCLG relationship manager.
HSA Seed Funding	Pilot scheme to put decisions regarding towns back into the hands of the businesses and communities	£237K	All the funding has been allocated prior to the deadline of 30th of June 2025. However, a large percent of the allocation is to spend on a shop lease for 18 months to support a new business. The lease is still to be signed which puts the project at risk which has been mitigated through regular contact with MHCLG.

Project	Brief description	Value	Status
Funding for communities and businesses outside of the Clacton area	Grants provide to businesses and communities to support project or procurement of equipment that will enhances and support their growth	£660K	All money was spent from the 2024/25 allocation. £197,761 has been received for 2025/26. Applications for projects are currently open.
Need & Demand Study	Establishing an evidence base for future uses for TDC-owned heritage assets in Clacton town centre	£20k	Study completed and findings to be integrated within further feasibility work as part of Community Regeneration Partnership projects.
Funding for projects within the Tendring area under pre-agreed interventions	A range of projects and grants under 5 interventions. A series of open calls for projects have gone out to partners, businesses, organisations and internal services	£1,188K	Over 90% of the allocation was spent in 2024/25. An allocation of £563,028 has been approved for 2025/26. Open calls have now closed and £2.6m worth of projects have been received. An independent panel of judges has been selected who will score the projects to ensure the maximum impact from the funding can be achieved.

Project	Brief description	Value	Status
Carnarvon Terrace	To deliver 28 new homes along with replacement car parking and approx. 1400 sq.m. flexible commercial use.	£19.75M	Planning approval granted by Planning Committee, consent subject to Unilateral Undertaking with report presented to Cabinet on 27 June 2025, consent expected following Planning Committee on 8 July 2025. Appointed consultant team finalising tender information for main contractor tender, planned for Q2 2025/6. Monthly highlight reports provided to Regeneration Capital Delivery Board as part of Levelling Up Fund (LUF) programme Highlight Report.
Milton Road and Victoria Street	8 new-build town houses for social rent & replacement car parking	£3.8M	Planning consent granted February – March 2025. Procurement completed for demolition works on both sites, subject to exemption will commence in July 2025. Appointed consultant team finalising tender information for main contractor tender, planned for Q2 2025/6. Monthly highlight reports provided to Regeneration Capital Delivery Board as part of Capital Regeneration Projects (CRP) Programme Highlight Report.
Community Transport Buses (Ten_02)	Providing three new minibuses	£0.21M	Approved by Cabinet in December 2024. Project Board formed and Project Initiation Document presented to Regeneration Capital Delivery Board in May 2025. Grants launched June 2025 with scoring criteria approved by Portfolio Holder. Soft market testing completed with community transport organisations identified by MHCLG. Grant application period closes July 2025. Monthly highlight reports provided to Regeneration Capital Delivery Board as part of Community Regeneration Partnership Programme Highlight Report.

Project	Brief description	Value	Status
Sunspot Centre solar PV (Ten_04)	Installing solar PV to Sunspot to reduce running costs	£0.15M	Approved by Cabinet in March 2025. Project Board formed and Project Initiation Document presented to Regeneration Capital Delivery Board in May 2025. Consultant team procured and commenced in June 2025 preparing design information; contractor tender planned for end of Q2 2025/6. Soft market testing completed with local suppliers. Monthly highlight reports provided to Regeneration Capital Delivery Board as part of Community Regeneration Partnership Programme Highlight Report.
Extending the Healthy Homes Initiative (Ten_06)	Funding to support the acquisition and/or demolition long-term vacant and or dangerous dwellings.	£0.2M	Approved by Cabinet in December 2024. Project Board formed. Project Initiation Document redrafted to prioritise enforcement approach rather than acquisition due to challenges around ongoing maintenance and operational considerations post-acquisition. Finance approval required for revenue swap and liaison with MHCLG to update project approach. Audit completed of enforcement work taken and underway to date across Planning and Environmental Health teams. To be included in Community Regeneration Partnership Programme Highlight Report to Regeneration Capital Delivery Board from July onwards.
Jaywick and Clacton Shopfront Improvements (Ten_08)	Improving tired shopfronts to improve pride in place	£0.5M	Approved by Cabinet in December 2024. Project Board formed and Project Initiation Document presented to Regeneration Capital Delivery Board in May 2025. Grants launched May 2025 with scoring criteria approved by Portfolio Holder. Planning consultant and business support consultant procured to provide applicant support programme and improve access to funding, informed by lessons learned from 2024/5 UKSPF shopfront grants scheme. Applications received to date in excess of £150k and assessed by Project Board.

Project	Brief description	Value	Status
			Monthly highlight reports provided to Regeneration Capital Delivery Board as part of Community Regeneration Partnership Programme Highlight Report.
Jaywick Sands Public Open Space (Ten_09)	Enhancing public open spaces in Jaywick	£2M	Approved by Cabinet in March 2025. Project Board formed and Project Initiation Document presented to Regeneration Capital Delivery Board in June 2025. Procurement underway for suitably qualified landscape architect-led consultant team to prepare design information for contractor tender Q4 2025/6; consultant team expected to commence August 2025. Seven sites identified and funding allocated to support two existing TDC projects in Jaywick Sands (Dig4Jaywick and Memorial Garden). To be included in Community Regeneration Partnership Programme Highlight Report to Regeneration Capital Delivery Board from July onwards.
Seafront Micro Venue	Repurposing disused toilet block for seafront arts, exhibition and community micro venue	£0.5M	Approved by Cabinet in December 2024. Project Board formed and Project Initiation Document presented to Regeneration Capital Delivery Board in April 2025. Procurement underway for consultant team to prepare planning application prior to contractor tender Q3 2025/6. Expression of Interest completed with Essex-based main contractor tender which confirmed all five contractors on framework interested. Monthly highlight reports provided to Regeneration Capital Delivery Board as part of Community Regeneration Partnership Programme Highlight Report.

Project	Brief description	Value	Status
Repurposing Martello Tower (Ten_11)	Repurposing up to two of the underutilised towers into event or culture venues	£2M	Approved by Cabinet in March 2025. Project Board formed and Project Initiation Document presented to Regeneration Capital Delivery Board in June 2025. Works focus on Tower E due to limited funding. Procurement underway for suitably qualified conservation architect-led consultant team to prepare applications for Planning & Scheduled Monument Consent prior to contractor tender Q4 2025/6; consultant team expected to commence August 2025. To be included in Community Regeneration Partnership Programme Highlight Report to Regeneration Capital Delivery Board from July onwards.
Active Wellbeing Centre Phase One (Ten_12)	Supporting ongoing project at Clacton Leisure Centre to integrate health & wellbeing services	£3M	Approved by Cabinet in March 2025. Project Board formed and Project Initiation Document presented to Regeneration Capital Delivery Board in June 2025. Project consists of three strands with prioritisation of funding agreed with Leader of the Council and Section 151 officer: - Public Sector Decarbonisation Scheme (£150k): Providing match funding to replace existing heating system on site with ASHP and Solar PV. - Urgent repairs (£500k): Rectifying building condition issues to bring disused changing rooms back into use; currently out to tender for main contractor. - Community Ride & Play Zone (£2.35m): delivery of Sport England-funded design for new cycling facility; soft market testing underway with suitable leisure specialist framework recommended by British Cycling. To be included in Community Regeneration Partnership Programme Highlight Report to Regeneration Capital Delivery Board from July onwards.

Project	Brief description	Value	Status
Town Centre Building (Ten_13)	Acquiring and repurposing the […] [town centre building] for community and/or cultural usage. [Note: redacted due to commercial sensitivity]	£5M	Approved by Cabinet in March 2025. Board formed and Project Initiation Document presented to Regeneration Capital Delivery Board in May 2025. Property Agent appointed in June 2025 to act on behalf of Council in negotiations which are ongoing. Monthly highlight reports provided to Regeneration Capital Delivery Board as part of Community Regeneration Partnership Programme Highlight Report.
Cultural masterplanning (Ten_14)	Masterplanning and visioning funding to support establishing necessary partnerships, actions and capacity to develop a cultural quarter	£100K (Revenue)	Approved by Cabinet in March 2025. Project Board formed and Project Initiation Document presented to Regeneration Capital Delivery Board in June 2025. Consultant procurement underway, contract award expected early August 2025. Consultant brief developed in conjunction with Plan for Neighbourhoods Regeneration Plan to ensure successful interface. To be included in Community Regeneration Partnership Programme Highlight Report to Regeneration Capital Delivery Board from July onwards.
ECC Funding agreement **(Bus infrastructure in Clacton & Jaywick;**	· Improvements to 3 bus stops (Ten_01) · Equipment for the Skills Hub in the new Clacton Library (Ten_03)	£4.23M combined	Approved by Cabinet in December 2024. Funding agreement drafted and under final review by ECC Legal team prior to signing. Project Initiation Documents awaited from ECC Place Regeneration team, to be presented to Regeneration Capital Delivery Board. Monthly highlight reports provided to Regeneration Capital Delivery Board as part of Community Regeneration Partnership Programme Highlight Report.

Project	Brief description	Value	Status
Skills Hub Fit-out; **Tudor Fields;** **Town Centre public realm)**	· New pedestrian and cycle route in Jaywick (Ten_05) · Wayfinding and public realm improvements to Clacton-on-Sea town centre (Ten_07)		Ten_01 Bus infrastructure - Project Initiation Document included in papers for July Regeneration Capital Delivery Board. Ten_05 Tudor Fields – initial feasibility work conducted by ECC term contractor and next steps under review. Ten_07 Clacton town centre public realm – two options presented to Portfolio Holders, both chosen to be developed through to concept design and additional funding provided by ECC.
NHS Funding agreement (Urgent Treatment Centre) (Ten_15)	Contribution towards building a new urgent treatment centre and new primary care facility at Clacton Hospital	£2M	Approved by Cabinet in December 2024. Funding agreement has been drafted for £2m contribution from Community Regeneration Partnership and with NHS legal team for review and comment. Construction progressing on site as part of wider £21m site transformation and redesign including a new Urgent Treatment Centre and other healthcare services. Site tour held in May 2025 with Cllr Henderson and Cllr Placey. Monthly highlight reports provided to Regeneration Capital Delivery Board as part of Community Regeneration Partnership Programme Highlight Report. Minor delays to construction programme due to hazardous materials discovered on site however manageable within project tolerances.

Project	Brief description	Value	Status
Active Ageing Outdoor Gym	Outdoor gym to help improve conditioning and maintain fitness with a specific aim for older people and to assist rehabilitation	£70K	Completed and opened with a soft launch in November 2024. Community activation funding provided by Sport England has been used to fund weekly strength and balance sessions at the site throughout summer 2025 delivered by Flexfityoga CIC starting in April 2025.
Dig 4 Jaywick	A community garden for the benefit of residents to support addressing social isolation and improved mental health	£15K + £50k	In progress and ongoing. Additional funding to be contributed to scheme from Community Regeneration Partnership: Ten_09 Jaywick Open Spaces project to deliver new raised beds and classroom to support outreach and community activities on site. Dig4 Jaywick Community Garden Open Day is taking place on 8th July 2025. TE input.
Community Support and Employment Officers	Officers to support those furthest from employment address all their barriers to employment	£95K	Successful application carried out to the DWP's Flexible Support Fund Partnership, to employ two CSEO's for a further period of 12 months during 2025/2026.
Fuel Poverty Officer	Officer to support residents facing financial hardship through fuel poverty and increasing access to benefits	£70K	Started in November 2023, approved funding until June 2026. Postholder supports residents facing fuel poverty and delivers work from the Jaywick Energy Hub. Energy Hub updates and figures are provided by the ECC Climate & Environment team.

Project	Brief description	Value	Status
Housing Benefits and Early Intervention Officer	As part of a multi-disciplinary team in Children's Social Care to deliver support to those most in need around housing and benefits	£70K	Started in March 2023, funded until April 2026. Postholder works as part of an MDT. Updates are provided by ECC and evaluation of the MDT has been undertaken by the University of Essex.
Family Solution Officer	Officers to provide support to families most in need and address the range of issues they face by working with specific families to provide ongoing support	£110K	Funding for additional Family Solutions capacity started in September 2023, the current peripatetic Family Solutions Officer is funded until April 2026. Updates are provided by the Tendring Family Solutions team manager (ECC). One Family Solutions Officer is working with families at level 4 need. The other is focussing on earlier intervention at level 2-3 with a focus on supporting schools.

A.2 Appendix B

Project	Brief description	Value	Status
Wellbeing Hubs in Primary Schools	An intervention model for supporting primary school children around their mental health and build resilience for them and their families	£68K	Currently utilising funding from ICB to support 33 wellbeing hubs across North East Essex. Funding has been awarded by Active Essex Foundation to support training of staff working in hubs in Relax Kids. Pilot in 8 hub schools underway to be completed by December 2025. Workshop for school staff taking place 2nd July 2025 at the Town Hall and Wellbeing Hubs Handbook 2 will be launched at the same time. Funding will extend to cover delivery for the 2025/26 academic year. No further funding identified to date.
Junior Ambassadors Project	A racial and cultural awareness raising project for children in year 5/6	£15K	Applications made to the SPF Grant to fund the 2025 Autumn Term Project – awaiting results of this. Further funding being sourced to fund the 2026 Spring/Autumn Term Project.

A.2 Appendix B

Project	Brief description	Value	Status
Sing for Lung Health	Sing for Lung Health work with community choirs to help those with long term respiratory conditions manage their symptoms and reduce isolation. Working with the Health Alliance.	£5K	Money committed by end of financial year 2024/25. Ongoing work with Health colleagues to procure a Sing for Lung Health training provider as well as choir leaders themselves who will undertake the training. Training will be delivered, and choirs will begin with the project and referrals in 2025/26.
Advisory and Support Service for 2025/2026	Procurement to deliver an advisory and support service for Tendring.	TBC	Procurement started in February 2025. As of July 2025, the procurement is out to tender. It is lotted at £50,000, £100,000, & £150,000 and the tender submission close date is 18th July. The contract will start on 1st October 2025.

Project	Brief description	Value	Status
TCB Garden Community	Progress the TCB Garden Community project through the planning process.	£100k 2024/25, £50k 2025/26 - with intention of costs being covered entirely from developer contributions and government funding going forward. Recruitment of additional officers into the TCB Project Team is underway.	On schedule - pending timely report from the Planning Inspector on the soundness of the Development Plan Document (DPD) in early 2025. DPD requires Full Council adoption at TDC and CCC. First planning applications expected Spring 2025 for determination mid 2026 - by Joint Committee.
Local Plan Review	Carry out mandatory review of the Local Plan, taking into account government changes to housebuilding targets.	£175K pa - utilising underspend from previous years (reflecting the multi-year nature of Local Plan work).	Issues and Options consultation completed, following confirmation of government housebuilding targets. Preferred Options draft being worked on with intention to seek Planning Policy and Local Plan Committee approval to consult in Autumn 2025. Final submission draft anticipated Spring 2026.

Project	Brief description	Value	Status
Conclusion of the Careline review.	Implementing the Cabinet's final decision on the future of Tendring Careline - which could see the telecare and lifting service cease in June 2025.	£746K transition fund agreed by Cabinet to bring about implementation of final decision. Decision to merge with Colchester Helpline taken by Cabinet in February 2025	Final course of action dependent on exploration of third-party proposals. Final Cabinet decision February 2025, implementation by end of June 2025. Transition Plan and Heads of Terms considered by the Resources and Services Overview and Scrutiny Committee in June 2025 and service users are being notified of the target transfer date of 1 August 2025.
Conservation Area Character Appraisals and Local Listing	Review of all 20 Conservation Areas in Tendring and setting up of a local list of locally important heritage assets.		~~Ongoing~~ In particular, it can be noted that the following are scheduled for submission to Cabinet on 27 July 2025:- • Ardleigh • Bradfield • Great Holland • Ramsey • Tendring Village
Essex Procurement Partnership	Progress reported to Cabinet in February 2025, on the development of the partnership with 4 other	Just in excess of £100K per annum (General Fund & Housing	Following the decision of Cabinet of 21 February 2025, to authorise the entering into of the agreement, this has now been completed and further embedding of this agreement is taking place across the Council alongside the implementation of the new requirements of the Procurement Act 2023 and the Government's

Project	Brief description	Value	Status
	Councils. With a draft Collaboration Agreement and Procurement Strategy for adoption.	Revenue Account)	National Procurement Policy Statement. An All Member Briefing on the new procurement framework took place on 25 June 2025.
Social Value Policy	Recently reported to Cabinet and Council – SV Policy adopted to gain social value through procurement activity	No financial value but SV is non-financial and data will be collated and reported upon	The SV policy is being embedded for higher value contracts. It is the intention to produce data at the 6 month position on how this is progressing.
Citizens Access Portal	Introduction for Citizens Access Portal	£60,404 ex VAT per annum	▪ Council Tax and Business Rates module went live 15th January. ▪ Citizens Access uptake is currently 650 residents with further social media comms planned. ▪ Scoping working on the Benefits module is complete and the delivery team is now testing before 'go live' anticipated December 2025/January 2026.

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A.2 Appendix C

Extract from the Minutes of the meeting of the Resources and Services Overview and Scrutiny Committee f 22 July 2024 where questions were posed to the Leader and/or the Portfolio Holder for Housing in respect of the Spendells House unauthorised expenditure position in late 2023/early 2024.

QUESTION		
Cllr Smith	To the Leader	"In this case, the total revised scheme cost shown on page 30 of our papers is some 60% higher than the approved scheme budget (shown on the same page). We have major schemes underway and, in the pipeline, many of which will be funded by fixed sum grants from Government. Do you worry that this level of under-estimation and management of a major contract will impact on grant funders? Will we lose funding? Will we be left picking up costs of grant funded schemes that over-run on cost by something like 60%?"
ANSWER		
	From the Leader	"Grant funding under the new Administration is something we are still working on and waiting for on direction from Government around certain grants. The initial 60% is not something that suddenly appeared overnight but a lengthy process, over time, mitigated by some internationally scoping political events that blew up the economy, construction prices went up and delays happened because of these things. On top of this there was a theft from the site that added to the delay. I think a factor is with how the lengthy process of applying for and then receiving Government grants is drawing out and, in that time, we saw prices rise faster than the process, is a something that must also be considered."
QUESTION		
Cllr P Honeywood	To the Housing & Planning Portfolio Holder	"My understanding is that work started on the project on the 16th of October 2023. The first time it appeared in the Council chamber was during the HRA budget speech on the 13th of February. At that point, the leader said that there was a favourable impact on the Council's finances around this project and homelessness. So, it's clear at that point, he was unaware of any problems. The next key date to me is the 4th of March. On the 24th of May at the Cabinet, Councillor Baker told us that he had been discussing this with a Corporate Director (Operations and Delivery) ever since. I imagine the 4th of March is the date that Councillor Baker became aware of the issue. On the 5th of March, which was the Scrutiny Committee the next day, I raised that again. As you know, I've had concerns about this project for quite some time. I asked the question, 'Before it was going to open in April, we're now talking later this year. Do you know if we are going to incur any additional cost

		for that?' Your response was, 'I can't comment on that at the moment. I can get you an answer, but at the moment, obviously, we are looking at an extension of time, so there may be costs attached to that, but they may well be. I can't say right now.' Which is a fair response because we're talking one day later than you've known. That obviously ties in with this question which is at the committee's meeting on the 5th of March 2024. You were asked about Spendells, the timetable for it to be delivered, and the cost. Your response at that time was that you did not know, you did not have the project spend costs at the time. Did you know at that stage that there were considerable amounts of unauthorized expenditure?"
ANSWER		
	Response of the Housing and Planning Portfolio Holder	"There's a lot to take in there, so apologies if I miss anything. I'm not trying to catch anyone out, I'm trying to get a clear, straight sequence of events. If I miss something you've asked, please forgive me. I knew at the end of February that there was a potential problem. I came to this committee on the 5th of March to introduce my portfolio. At that time, as far as I recall, we'd also had a theft on the site that had put the program back by two to three weeks. We weren't sure how long that was going to be at that stage. No, I was not aware of the cost and I wasn't aware of the total cost until I returned from holiday in May. Because up until that time, there was no specific amount as to how much more it was going to cost, or what the overspend was likely to be. So, there was no way that I was going to mislead this committee and guess or speculate, especially about how much longer it would take for the project to be completed."
Follow up question from Councillor P Honeywood		"The next key date for me was the 19th of March 2024, which was the full Council where the Leader made his state of Tendring speech. I asked the question, Spendells, we now hear it's overdue, but do we know if it's over budget? Can you let us know?' Councillor Stephenson was kind enough to respond. He said, 'As for Spendells, that is going fine. We are hoping to see that delivered one month later than possible, but where we are at the moment, I'm happy to give an update on that. My concern is that there seems to be a communication breakdown. Obviously, Councillor Baker has concerns, but you (the Leader) don't appear to be aware of them. Can you see where I'm coming from?"
	Response from the	"At the time, I was talking about the delay. We definitely knew there was going to be some sort of delay, partly because of things like the theft. It got delayed longer than we expected. As

<table>
<tr><td></td><td>Leader of the Council</td><td>for the money, that was still in flux. There was a question whether it was an actual problem. Councillor Baker said there was a potential problem. So, at that time, it was still a potential problem. I erred on the side of caution and just said things were going okay. I’m happy to own that it wasn’t okay, as it transpired, it started to get worse. We didn’t find out until Councillor Baker got back in May to what extent it had gotten to.”</td></tr>
<tr><td colspan="2">Follow up question from Councillor P Honeywood</td><td>“The next key date came up on the 19th of April at the Cabinet meeting. I asked the question, ‘How much are we overdue and from a financial perspective, is there an additional cost now? Are we running over budget on that?’

Councillor Baker responded, ‘In regard to the first part of the question, it will be longer. I will be having a meeting with officers to clarify certain things on Monday as to a timeline, but we are overdue. August has been suggested, but I don’t want to be held to that. With regard to the cost, there is likely to be further costs. What those are, I am unable to tell you right now. Obviously, that again is a conversation I’ll be having on Monday and going forward over the next couple of weeks. Then I’ll hopefully be able to give you a much better answer, but at the moment, I don’t want to give a speculative amount that would be wrong.

It seems that things are far from where they should be. Obviously, on the 15th of May, we had the Cabinet report published where the figure of 2.25 million pounds was mentioned. On the 21st of May, we then had the late Cabinet report published which was the 2.337 million pounds. At that Cabinet meeting, I asked about it being out of control and you said that you’d been assured that this was the final number. You finished with ‘Yes, assurances still stand. I feel very confident that is the final number.’

Moving to the next point, which was the 11th of June, the Chief Executive, who has already discussed this, approves the additional 60,000 pounds from the cash incentive scheme which is under my question too. On page 10 of the Spendells supplement, it mentions a decision budget which involved approval of 60,000 pounds additional expenditure on the Spendells project concerning fire doors. This decision was dated 10th of June 2024, being just over two weeks after the Cabinet was approving 850,000 pounds additional funding from the capital’s reserves for this project. That makes the current overspend 960,000 pounds on a tender price for this project of 1.25 million pounds.

Should we be concerned that yet more cost rises for the budget will come through? Should the 60,000 pounds have been picked up in the report to the Cabinet on the 24th of May? Why was the 60,000 pounds then an Officer decision rather than a Portfolio Holder one?”</td></tr>
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	Response from the Chief Executive	"I can reiterate the 60,000 pounds issue, which was straightforward. We were advised by Building Control after that meeting (May Cabinet) that the doors which were there were not compliant. Therefore, the additional 60,000 pounds, which I agreed to, was necessary. If we'd have delayed, the cost would have increased because they were on site getting it done as opposed to leaving it. So, it became a decision which I could make. I made the decision in order to keep the cost to a minimum and for the safety, which as I said earlier, was absolutely key that we put the right materials in place to protect residents. That was why the decision was made after the Cabinet meeting and why you didn't have the information in the report because if we'd have known it, I'd have put it in the report."
QUESTION		
Cllr P Honeywood	To the Corporate Director (Operations and Delivery)	"On page 22 of the report, it refers to the 850,000 pounds of then unauthorized expenditure on the project. To what extent did this issue arise due to capacity issues in the service area concerned? How do you spot capacity issues? How do you guard against them and what immediate steps can you take when they arise?"
	Response from the Corporate Director (Operations and Delivery) Response from the Chief Executive	"Some of that I think, with the review, I'm going to be cautious about. But capacity issues are things that we look at. You can judge those through sickness levels, through staff coming to talk to you about the issues that they're experiencing. Managers are obviously aware of what's happening in their area and then push that information back up for discussion about how we deal with it. So ultimately, it's not one thing that leads you to understand capacity issues, but multiple things that say, 'Well hang on a minute, this is happening, that may not be going right, people are going off sick, how do we deal with it?' So generally, that's how I would look for capacity issues and then people report it back so that we can look at how we would address those issues." -- "If I may add to that, Councillor Honeywood, you raise a really good point about capacity. I'm going to speak not specifically about this one, but about homelessness. The homelessness challenge for district councils is ever-growing. We have no control over it whatsoever. We have no control in terms of what we can and can't do. So, the issues arise in terms of managing a service. Anybody who runs a business or manages a service, which you can't control the numbers and you have a legal requirement to carry on doing, it is almost impossible in terms of our capacity to therefore put in place additional resources. It's a good question about how do we make sure we manage that and how do we handle it when you've got no ability to say, 'Sorry, we're full now, we haven't got the capacity.' We have a

		legal requirement to complete, so that challenge to district councils and the public sector around those sorts of services are really difficult. In terms of our individual projects, then in order to try and ameliorate that impact, that's where we try and put in place the right things. As you know, in this case, part of that was done incorrectly. But to ameliorate that impact, that was the challenge around adding capacity in order to address the issues, which is a much wider issue for local government around homelessness."
QUESTION		
Cllr P Honeywood	To the Leader of the Council	"In Appendix B on page 35, sections A, B, and C, it mentions that since the May report was published, there have been ongoing discussions involving the Chief Executive, Monitoring Officer, S151 Officer, and Head of Internal Audit. The initial first steps were taken by the Chief Executive, which are outlined in three points of action. These actions are being taken by the Chief Executive. My question to the Leader is: What actions have you taken from a Cabinet perspective?"
ANSWER		
	Response from the Leader of the Council	"As soon as we found out, I spoke to my Cabinet Members. They've all been asked to hold discussions with their leading officers around performance, budget, risk, and governance. I want to ensure that they are on top of it as best they can be. From a Cabinet point of view, we were already engaging with officers on a regular basis. Most of the Cabinet meet with their officers bi-weekly, if not monthly, so we get regular updates on projects and other matters. Unfortunately, this is one of those things that went wrong. We're going to do a review, which I believe will highlight why it went wrong. We've been transparent, which is evident here. We've got the section five report, we're here, we told you about it. We were always keen about transparency and sustainability, which was the portfolio mandate. There are other things that are going on all the time, and we won't always have 100% assurance because it's down to people. The project board, the portfolios, everybody is doing exactly what they should be doing. We've done a really good job of getting to where we are. You talk about the budget spiralling, that budget came in in the summer of 2022. We had some serious world economic issues at that time. It's one project that failed, but we've got successful projects as well. We can focus on what went wrong, and you can do the job as a scrutiny. I appreciate that being the scrutiny Chairman, but we also get it right. We don't talk about our successes well enough. Honeycroft being one.

		We've got the single project board in place; we've got good governance. I'm very happy with the governance around the way we do things. We just need to do the review and see what comes out of that. But coming back to your original question, I've had a long chat with all the cabinet in one sitting. We talked about performance, the budget, the risk, and the governance. I'm happy as they are. Nobody's raised anything with me at the moment, so I'm happy to say yes, I've had those conversations."