



## CABINET

<b>DATE:</b>	<b>Friday, 20 January 2017</b>
<b>TIME:</b>	<b>10.30 am</b>
<b>VENUE:</b>	<b>Essex Hall, Town Hall, Clacton-on-Sea, CO15 1SE</b>

### MEMBERSHIP:

Councillor Stock OBE	- Leader of the Council
Councillor C Guglielmi	- Deputy Leader of the Council / Enforcement and Community safety Portfolio Holder
Councillor Ferguson	- Tourism and Culture Portfolio Holder
Councillor Honeywood	- Housing Portfolio Holder
Councillor Hughes	- Corporate Services Portfolio Holder
Councillor McWilliams	- Leisure, Health and Wellbeing Portfolio Holder
Councillor Talbot	- Environment Portfolio Holder
Councillor Turner	- Commercialisation Portfolio Holder
Councillor Watling	- Planning and Regeneration Portfolio Holder

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**For further details and general enquiries about this meeting, contact Ian Ford on 01255 686584.**

**DATE OF PUBLICATION: WEDNESDAY, 11 JANUARY 2017**

## AGENDA

### 1 **Apologies for Absence**

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

### 2 **Minutes of the Last Meeting (Pages 1 - 14)**

To confirm and sign the minutes of the last meeting of the Cabinet held on Friday 16 December 2016.

### 3 **Declarations of Interest**

Members are invited to declare any Disclosable Pecuniary Interests, or other interests, and the nature of them, in relation to any item on the agenda.

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

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

### 5 **Announcements by Cabinet Members**

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

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

There are none on this occasion.

### 7 **Matters Referred to the Cabinet by a Committee**

There are none on this occasion.

### 8 **Leader of the Council's Items**

There are none on this occasion.

### 9 **Report of the Interim Finance and Revenues & Benefits Portfolio Holder - A.1 - Annual Treasury Strategy for 2017/18 (Including Prudential and Treasury Indicators) (Pages 15 - 40)**

Cabinet's agreement is sought for the Annual Treasury Strategy for 2017/18 (including the Prudential and Treasury indicators) for consultation with the Corporate Management Committee.

### 10 **Report of the Interim Finance and Revenues & Benefits Portfolio Holder - A.2 - Final General Fund Revenue Budget and Capital Programme 2017/18**

Cabinet's approval is sought to the final budget proposals for 2017/18 (including Council Tax proposals) for recommendation to Council on 7 February 2017.

The report is still being finalised by the Head of Finance, Revenues and Benefits and will be published as soon as it is available.

**11 Joint Report of the Housing Portfolio Holder and the Interim Finance and Revenues & Benefits Portfolio Holder - A.3 - Housing Revenue Account Budget Proposals - Revised Budget 2016/17 and Original Budget 2017/18 (Pages 41 - 64)**

To set out and seek Cabinet's approval of:

- A Revised Housing Revenue Account (HRA) budget for 2016/17 and Original HRA Budget for 2017/18, including the movement in HRA balances;
- The level of fees and charges for 2017/18; and
- The five-year HRA Capital Programme.

In addition to the above, Cabinet is asked to note the 1% reduction in rents along with an update on the various housing related issues and challenges faced by the Council following recent announcements by the Government/other public sector partners.

**12 Report of the Leisure, Well-being and Partnerships Portfolio Holder - A.4 - IntoUniversity (Pages 65 - 68)**

To inform Cabinet about a joint £1.2million investment by Anglia Ruskin University and IntoUniversity. A new IntoUniversity learning centre will open in Clacton in September 2017 and, together with its associated programmes for both children and young people in primary and secondary schools, will support educational attainment and aspirations of young people within Tendring.

**13 Report of the Leisure, Well-being and Partnerships Portfolio Holder - A.5 - Determination of a Nomination to Register an Asset of Community Value: St Mary's Church Hall, New Road, Mistley, CO11 1ER (Pages 69 - 86)**

To determine whether St Mary's Church Hall, Mistley meets the criteria set out in the Localism Act 2011 and the Assets of Community Value (England) Regulations 2012 following its nomination as an Asset of Community Value by Mistley Thorn Residents' Association. No other criteria are pertinent.

**14 Management Team Items**

There are none on this occasion.

**15 Exclusion of Press and Public**

The Cabinet is asked to consider the following resolution:

"That under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of Agenda Item 16 on the grounds that it involves the likely disclosure of exempt information as defined in the relevant paragraphs of Part 1 of Schedule 12A, as amended, of the Act."

**16 Exempt Minute of the Last Meeting held on Friday 16 December 2016 (Pages 87 - 88)**

To confirm and sign the exempt minute of the last meeting of the Cabinet held on Friday 16 December 2016.

### **Date of the Next Scheduled Meeting**

*The next scheduled meeting of the Cabinet is to be held in the Essex Hall, Town Hall, Clacton-on-Sea, CO15 1SE at 10.30 am on Friday, 10 February 2017.*

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

### **Notice of Intention to Conduct Business in Private**

Notice is hereby given that, in accordance with Regulation 5 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, Agenda Item No. 16 is likely to be considered in private for the following reason:

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

Exempt Minute of the Last Meeting held on Friday 16 December 2016

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**MINUTES OF THE MEETING OF THE CABINET, HELD ON FRIDAY 16 DECEMBER 2016  
AT 10.31 AM IN THE ESSEX HALL, TOWN HALL, CLACTON-ON-SEA**

**PRESENT:**

Councillor N R Stock  
Councillor G V Guglielmi

Councillor T M Ferguson  
Councillor P B Honeywood  
Councillor M J Hughes  
Councillor L A McWilliams  
Councillor M J Talbot  
Councillor N W Turner  
Councillor G F Watling

**PORTFOLIO:**

Leader of the Council (Chairman)  
Deputy Leader of the Council, Portfolio Holder for Enforcement and Community Safety and Interim Portfolio Holder for Finance and Revenues & Benefits  
Portfolio Holder for Tourism and Culture  
Portfolio Holder for Housing  
Portfolio Holder for Corporate Services  
Portfolio Holder for Leisure, Health and Well-being  
Portfolio Holder for Environment  
Portfolio Holder for Commercialisation  
Portfolio Holder for Planning and Regeneration

**Group Leaders Present by Invitation:**

Councillors J A Broderick (Leader of the Holland-on-Sea Residents Group), J Chittock (Leader of the Tendring Independents Group), I J Henderson (Leader of the Labour Group) and M E Stephenson (Leader of the UKIP Group)

**Also Present:** Councillor Parsons

**In Attendance:** Chief Executive (Ian Davidson), Corporate Director (Corporate Services) (Martyn Knappett), Corporate Director (Operational Services) (Paul Price), Head of Finance, Revenues & Benefits & Section 151 Officer (Richard Barrett), Head of Customer and Commercial Services (Mark Westall), Head of Property Services (Andy White), Committee Services Manager (Ian Ford), Communications Manager (Nigel Brown) and Deputy Management and Members' Support Manager (Lizzie Ridout)

**109. RESIGNATION OF COUNCILLOR T A HOWARD**

The Chief Executive read out the contents of a letter of resignation that he had received from Councillor Tom Howard as follows:

*"It is with deep regret that I submit my resignation hereby giving notice that I resign as Tendring District Councillor for the ward of Great and Little Oakley with immediate effect.*

*I am not a career politician, nor did I ever seek to be one. Instead, I became a councillor to represent the people of my ward, who often felt that they were being poorly represented. I have done this to the best of my ability for nearly 6 years and believe that I have made at least a small difference in my time as a councillor.*

*However, it is increasingly difficult to afford sufficient time to being a councillor when holding down a full time job. I feel there is little more that I can achieve as a councillor and now is the time to recognise the importance of my work life balance and as such to retire from the political arena.*

*I wish my replacement in the subsequent by-election all the best and hope that a good successor is chosen."*

The Leader of the Council placed on record his thanks to Tom Howard for his contributions to the work of the Cabinet and the Council and wished him good luck for the future.

The Leader of the Council stated that he had requested Councillor G V Guglielmi to act, for the time being, as the interim Finance, Revenues and Benefits Portfolio Holder.

Cabinet noted the foregoing.

**110. APOLOGIES FOR ABSENCE**

There were no apologies for absence. The Leader of the Council welcomed Councillor Hughes back to the Cabinet following his recent illness.

**111. MINUTES OF THE LAST MEETING HELD ON FRIDAY 25 NOVEMBER 2016**

It was **RESOLVED** that the minutes of the last meeting of the Cabinet, held on Friday 25 November 2016, be approved as a correct record and signed by the Chairman.

**112. DECLARATIONS OF INTEREST**

In respect of Agenda Item 9 (Report A.3) Councillor G V Guglielmi declared a non-pecuniary interest insofar as he was a fellow Director, along with the owner of Rose Builders, on the Board of a Housing Trust.

In respect of Agenda Item 13 (Report A.7) Councillor Broderick declared a non-pecuniary interest insofar as she was a member of the Citizens Advice Bureau.

**113. ANNOUNCEMENTS BY THE LEADER OF THE COUNCIL**

The Leader of the Council reported that he, together with the Portfolio Holder for Housing, had had a recent meeting with the Parliamentary Under-Secretary of State (DCLG), Andrew Percy MP, and his officials with regard to the ongoing regeneration of Jaywick Sands. Mr Percy had been very complimentary to the Council's efforts in Jaywick Sands and he looked forward to visiting Essex early in the New Year.

**114. ANNOUNCEMENTS BY CABINET MEMBERS**

The Portfolio Holder for Leisure, Health and Well-being made the following statement with regard to the positive steps being taken following a recent case of Legionella at Walton Leisure Centre:

*"I would like to update Cabinet on the works currently underway at Walton on the Naze Lifestyles following the site's closure due to a discovery of Legionella.*

*As Cabinet will be aware following a reported suspected case of legionella at the new facility at Walton, urgent action was taken to both close the facility and to address the matter. I am pleased to say that the customer who was affected has been discharged from hospital but is still recovering. He has been back into the centre to see staff and I am sure that all of Cabinet would join with me in wishing him a speedy and full recovery.*

*Carter Environmental Ltd was brought in last week to carry out a comprehensive survey of the water system at the centre and this water treatment specialist firm reported back to a team of senior officers last Friday and now a programme of alterations has begun.*

*Carter Environmental Ltd has been engaged to project manage the works and to supervise all necessary actions to ensure that we have a zero tolerance of legionella at this site before any consideration is given to reopen. The main issue was found to be with the cold water pipe and potentially the new showers serving the new gym. One of these showers has been taken away for further examination. The pool has been found to be unaffected by the bacteria.*

*A full chlorination of the entire water system will take place once all the work has been completed and independent systematic testing will then be undertaken before the showers and the complex is opened for use.*

*We are working closely with both Public Health England and with the Health & Safety Executive, both of whom have been supportive of the actions we are taking, and we will continue to take their advice whilst works are progressed.*

*The replacement of all the showers is the major part of the job but it is also likely that changes to the internal cold water supply pipes will need to be made to ensure that they are not affected by heating and hot water systems. It is anticipated that the site will reopen as early as possible in January but no date has yet been set as all systems will be independently tested to ensure that they meet the highest possible standards or cleanliness and safety*

*I would like to thank customers who have been very understanding and supportive of the actions we are taking and I can assure them that their health and safety is our only consideration at this time and we will not reopen until we are 100% certain that we can guarantee this.*

*We are taking this opportunity to retrain staff and ensure that rigorous management systems are in place and whilst there is no suggestion of any issue at any of the Council's other sites an independent and comprehensive check is going to be put in place to confirm that the highest possible standards are being achieved across all our leisure centres and I understand across all of the Council's facilities.*

*Until a full review of the exact cause of the problem is identified I am not in a position to provide further information or to speculate on further resultant actions, as I am sure that Cabinet will appreciate my primary focus is currently on resolving the issues at Walton."*

**115. MATTERS REFERRED TO THE CABINET BY THE COUNCIL**

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

**116. MATTERS REFERRED TO THE CABINET BY A COMMITTEE – A.1 – REFERENCE FROM THE CORPORATE MANAGEMENT COMMITTEE – FINANCIAL STRATEGY BUDGET REDUCTIONS – OUTCOMES FROM PORTFOLIO HOLDER WORKING PARTIES**

Cabinet was informed that, at its meeting held on 28 November 2016, the Corporate Management Committee had discussed the outcomes of the Portfolio Holder working parties, which had been formed to develop the budget in accordance with the Council's Budget and Policy Framework.

The Committee Members of the Corporate Management Committee had discussed various items and had given a number of suggestions that could be taken up for the necessary savings. Those had included:

- involving Town and Parish Councils in taking over the running of facilities in their areas;
- residents' parking scheme;

- whether bringing contracts back in-house would make savings;
- charging to use public conveniences and prioritising the closure of some public conveniences where there is significant vandalism;
- the reduction of the Council's maintenance budget; and
- the cost of re-charging the new beaches over the next ten years.

The Corporate Management Committee had also agreed to make recommendations to Cabinet as follows:

- (a) *the Council should consider introducing charging for the use of public conveniences where it can be achieved; and*
- (b) *the Council should work with Town and Parish Councils to see whether Town and Parish Councils could take over some assets within their parishes.*

Having considered the recommendations of the Corporate Management Committee:-

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

**RESOLVED** that Cabinet endorses the recommendations of the Corporate Management Committee.

**117. MATTERS REFERRED TO THE CABINET BY A COMMITTEE – A.2 – REFERENCE FROM THE COMMUNITY LEADERSHIP AND PARTNERSHIPS COMMITTEE – POLICE AND CRIME COMMISSIONER AND COMMUNITY SAFETY PARTNERSHIP**

Cabinet was informed that, at its meeting held on 14 November 2016, the Community Leadership and Partnerships Committee had welcomed the new Police and Crime Commissioner (Roger Hirst).

Mr Hirst had informed the Committee that he had been elected on 12 May 2016 and he explained what the three primary purposes of his role were, namely:

- to hold the Chief Constable to account;
- to be responsible for the setting of Police budgets and Council Tax; and
- to set the police strategy for Essex.

Mr Hirst had explained that Essex Police were funded by two-thirds from Council Tax with the final third coming from Central Government. He believed this was not appropriate for Essex, which had below average funding which was due to a crime rate lower than average figure.

Mr Hirst had then given details on the seven priorities of his Police and Crime Plan which were:

- More local, visible and accessible policing;
- Crack down on anti-social behaviour;
- Be tough on domestic abuse;
- Reverse the trend in serious violence;
- Tackle gangs and organised crime;
- Protect vulnerable children and vulnerable people from harm; and
- Improve Safety on the County's roads.

Questions and comments from Members of the Committee had included road safety in Jaywick, increased crime in Harwich, lack of resources for the Police, anti-social



behaviour with cash points and bookies being raided, Police Community Support Officers (PCSO's), domestic violence rates, children's clubs being too costly to use, the telephone support service of 101 being slow to respond to calls and a lack of visible policing.

The Community Safety Manager (Leanne Thornton) had then delivered a presentation, which had provided Members with an overview of the work of the Community Safety Partnership (CSP) and how it engaged with its statutory partners, Essex Community Rehabilitation Company (Probation); Essex County Council; Essex Police; Tendring District Council; Essex County Fire and Rescue; Community Voluntary Services Tendring; North East Essex NHS and the Office of the Police and Crime Commissioner for Essex.

That presentation had also addressed the following Community Safety Priorities within the Community Safety Hub:

- Tackling Anti-social behaviour;
- Protecting Vulnerable People (Crime and Fear of Crime);
- Reducing drug and alcohol misuse within communities; and
- Reducing re-offending

Leanne Thornton had also provided information on a wide and varied number of projects which had been undertaken by the Hub during the past year including a Day of Action with a number of agencies working together, the Reducing the Strength of Alcohol campaign, Safer Seafronts, engaging with Safer Lives who worked with domestic abuse victims, Crucial Crew and the Stay Safe Programme for older people with learning disabilities.

Julia Finch (Local Police and Partnership Inspector) had reported on Anti-Social Behaviour which was for identifying and supporting repeat and vulnerable victims, improving perceptions and facilitating local problem solving to address various issues. Examples of where new anti social behaviour powers had been used were also provided.

Richard Eastwood (the Council's Community Safety Support Worker) explained his work with vulnerable people, which was a multi-role working with partners in collaboration.

Further information had been given concerning the work by Les Nicoll (Essex County Fire & Rescue Service) and Kirsty Gibbons (Essex County Fire & Rescue Service) on the Fire Services' Firebreak programme and work to reduce re-offending.

The Community Leadership and Partnerships Committee had also agreed to make recommendations to Cabinet as follows:

- (a) *that the Leader writes to the Home Office to express dissatisfaction with the current government financial support for the Essex Police and to call for a fairer funding settlement for Essex Police; and*
- (b) *that Cabinet endorses the good and varied work being undertaken by the Community Safety Partnership and that Cabinet promotes and resources this as much as possible.*

The Enforcement and Community Safety Portfolio Holder had considered the Community Leadership and Partnerships Committee's recommendations and had responded as follows:-

*“It is recommended that:-*

*Cabinet notes and supports the comments of the Committee and agrees that a letter be sent to the Home Office as suggested and that all other Essex District and Borough Councils also be encouraged to provide their active support to address the current funding situation.”*

Having considered the recommendations of the Community Leadership and Partnerships Committee and the Portfolio Holder’s response thereto:-

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

**RESOLVED** that the Enforcement and Community Safety Portfolio Holder’s response be endorsed.

### **Leader of the Council’s Items – Report of the Leader of the Council**

#### **118. APPROVAL FOR RIGHTS OF ACCESS OVER A PATHWAY AT COX’S POND, HARWICH (Report A.3)**

Councillor G V Guglielmi had earlier declared a non-pecuniary interest in this item insofar as he was a fellow Director, along with the owner of Rose Builders, on the Board of a Housing Trust.

There was submitted a report by the Leader of the Council (Report A.3) which sought Cabinet’s approval to grant a right of access over a pathway at Cox’s Pond, Harwich.

Cabinet was informed that the Bernard Uniforms site in Harwich had previously been occupied by a factory but when this closed the land was sold for the development of social housing. The developer, Rose Builders, would build, on behalf of Colne Housing Association, 27 units all of which would be for social housing and those would be a mix of houses and flats with associated car parking and landscaping.

It was reported that Cox’s Pond was a small landscaped pond adjacent to the Bernard Uniforms site. The pathway adjacent to the pond would provide a pedestrian access to the new properties and the Council would receive a small sum of money and some improvement works as a result of approving this right of way. The right of way would not affect the pond or the area surrounding it. The pathway would be upgraded and the railings replaced as a result of this proposal. The developer had submitted an acceptable offer in terms of monetary compensation.

Having considered the proposal it was moved by Councillor Stock, seconded by Councillor Watling and:

**RESOLVED** that Cabinet authorises, in principle, the right of way, subject to the terms set out in item B.1 of the Report of the Leader of the Council.

### **Cabinet Members’ Items – Report of the Portfolio Holder for Enforcement and Community Safety**

#### **119. CUSTOMER SERVICE DELIVERY STRATEGY (Report A.4)**

There was submitted a report by the Portfolio Holder for Enforcement and Community Safety (Report A.4), which sought the adoption of the Tendring District Council Customer Service Delivery Strategy.

Cabinet was aware that, in financially demanding times, the challenge was how to improve the level of customer service the Council delivered to its residents, yet reduce the cost of that delivery. The opportunity existed to adopt a Customer Service Delivery Strategy that would make Council services more accessible in terms of both location and times available, and yet would also free up Officers to deal with the more complex cases taking into account the demographics of Tendring and the desire to work more closely with partners. It could also offer the opportunity to bid for external contracts and create revenue streams.

Cabinet was informed that the proposed Customer Service Delivery Strategy was an important element within the wider project to 'transform the way we work' and was consistent with the Office Transformation Strategy report that was also on the agenda in that there would be the creation of a first class hub in Clacton where residents would access Council services. A centralised telephony hub would also be created to deal with general enquiries and high volume transactions, possibly freeing up officers within back-offices.

It was reported that outside of Clacton, the Customer Service Delivery Strategy would work alongside the IT strategy. Although the Council had already closed offices in Frinton and Harwich, the opportunity now existed to work with strategic partners to create shared service locations in the towns with the larger populations. This had already proven to work well in Harwich where Council staff delivered services (new claims by appointment, and change of circumstances by drop-in) two days a week from the JobCentre Plus offices in the High Street. They were on average seeing 20 people per day. TDC officers would be able to offer services in other locations using mobile working technology and support residents to use self-serve kiosks.

Members were made aware that the strategy document would be aligned with that of Channel Shift as the two topics were inextricably linked and covered the different contact methods and access points that could be used and also how the Council would maintain a quality service.

Having considered the proposed Strategy:-

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

**RESOLVED** that the Tendring District Council Customer Service Delivery Strategy be adopted.

## **120. CORPORATE ENFORCEMENT STRATEGY (Report A.5)**

There was submitted a report by the Portfolio Holder for Enforcement and Community Safety (Report A.5), which provided Cabinet with the draft Corporate Enforcement Strategy for its endorsement for further consultation..

Cabinet was informed that the purpose of this Corporate Enforcement Strategy was to set out the overarching "umbrella" principles to apply to all service departments and its officers within the Council which undertook enforcement functions. The Council's enforcement responsibilities and powers covered a wide range of legislation with a variety of formal and informal sanctions, which aimed to protect the interests and rights of people in relation to the environment that they used. The enforcement of regulatory legislation enabled the Council to achieve its priorities contained within the Corporate Plan and fitted with national policy, codes and guidance.

Members were advised that it was important that those enforcement functions were carried out in an equitable, practical and consistent manner, and that both those subject to regulation and those on whose behalf enforcement was carried out could

understand the approach taken. The Strategy would explain clearly and publicly summarise Tendring District Council's intended approach towards enforcement and dealing with non-compliance.

It was reported that all authorised officers, when making enforcement decisions, would abide by this Strategy, and the supporting documented procedures. This Strategy and a corporate Harm Risk Assessment Checklist/Template would be further developed through external consultation with our partners in the Community Safety Hub and internally with elected Members sitting on the following Committees:

- Licensing and Registration
- Planning
- Community Leadership and Partnership

It was important to note that the Licensing and Registration and Planning Committees retained the legal responsibility and power with regards to enforcement decisions including the proposed adoption of a corporate Harm Risk Assessment Checklist and Template. However, it was intended that some general principles could be agreed across the Council to form a corporate approach and the consultation would be a useful exercise in this regard. The outcome of the consultation would be reported back to Cabinet in early 2017 for consideration in the adoption of the final document.

Cabinet was informed that the draft Strategy accorded with the Government's 'Better Regulation Agenda'. Specifically, it implemented good practice recommended by the Cabinet Office Enforcement Concordat, the Regulators' Code; and the regulatory principles required under the Legislative and Regulatory Reform Act 2006 including the duty to have regard to economic growth. The provisions of Section 6 of the aforementioned 2006 Act included an expectation that local authorities would publish a clear set of service standards, setting out what those they regulated should expect from them.

Having considered the suggested approach, it was moved by Councillor G V Guglielmi, seconded by Councillor Turner and:

**RESOLVED** that

- a) Cabinet approves the draft Corporate Enforcement Strategy, as attached at Appendix A to item A.5 of the Report of the Portfolio Holder for Enforcement and Community Safety, for further consultation; and
- b) during the consultation, Service Standards be produced, following the example in the Annexe to Appendix A, for consideration and adoption across the Council.

**121. OFFICE TRANSFORMATION (Report A.6)**

There was submitted a comprehensive report by the Portfolio Holder for Enforcement and Community Safety (Report A.6), which requested Cabinet to select an option for office transformation to be developed into a full business case.

Cabinet was aware that the Portfolio Holder for Enforcement and Community Safety had established a working party for Transformation and Assets which had considered an initial appraisal of options for office transformation prepared by Officers. The Portfolio Holder had subsequently recommended that the option most likely to address the various issues was a rationalisation of existing buildings and concentration of main office facilities in Clacton-on-Sea.

The full appraisal considered by the Portfolio Holder and his Working Party was attached as Appendix A to item A.6 of the Report of the Portfolio Holder for Enforcement and Community Safety.

Cabinet was informed that the Corporate Management Committee had considered the outline of the proposals at its meeting held on 28 November 2016 and had recommended (in summary) that Cabinet:

- *Selects Option 3, basic rationalisation, as its preferred option;*
- *Seeks to ensure all maintenance backlog is resolved within the project or promptly thereafter; and*
- *Requests that Officers reconsider the disposal of Westleigh House as part of the project.*

Members were aware that the essence of the options were::

- 1: *Do nothing – This can't really be an option but it is useful as a baseline to measure the other options against.*
- 2: *Current actions – Effectively sticking at the point we have currently reached.*
- 3: *Basic rationalisation – Condensing into existing Clacton sites and selling others.*
- 4: *Refocus at Weeley – Selling the bulk of Clacton sites and constructing a new building at Weeley.*
- 5a: *Officer/Member split – Staff moving to Clacton sites and retaining Weeley Main Building as a democratic centre.*
- 5b: *Officer/Member split - Staff moving to Clacton sites and building a new democratic centre at Weeley.*
- 6a: *Clacton Civic Quarter – a new building on Carnarvon Road and retaining the Town Hall*
- 6b: *Clacton Civic Quarter – a larger new building on Carnarvon Road and Releasing the Town Hall*
- 7: *Colchester Borders – A new building to be constructed near to Colchester with potential for cross authority sharing.*

Having considered the information provided and the views of the Corporate Management Committee, it was moved by Councillor G V Guglielmi, seconded by Councillor Turner and:

**RESOLVED** that

- a) having regard to the views of the Corporate Management Committee, as set out in the report, Cabinet selects Option 3 - Basic Rationalisation, as its preferred option for office transformation;
- b) subject to a) above and approval of the 2017/18 budget by full Council in February 2017, the Chief Executive, in consultation with the Portfolio Holder for Enforcement and Community Safety, be delegated to enact the development of a business case and all aspects of the implementation of Cabinet's preferred option if the business case delivers annual on-going revenue savings of at least £0.100m and can be delivered within the specific capital budgets included within the 2017/18 estimates and forecast for 2018/19;
- c) Cabinet requests that the office transformation works should deal with the maintenance backlog and that any remaining maintenance backlog be dealt with as a matter of priority; and
- d) Cabinet further requests that Officers review the potential for the disposal of the freehold of the Westleigh House site as part of the project.

**Cabinet Members' Items – Report of the Portfolio Holder for Finance, Revenues & Benefits****122. UPDATED FINANCIAL STRATEGY/BASELINE AND INITIAL BUDGET PROPOSALS 2017/18 (Report A.7)**

Councillor Broderick had earlier declared a non-pecuniary interest in this item insofar as she was a member of the Citizens Advice Bureau.

There was submitted a report by the Portfolio Holder for Finance, Revenues and Benefits, which sought to enable Cabinet to:

- Consider the updated Financial Baseline for 2017/18; and
- Consider for approval the detailed Budget proposals for a revised budget 2016/17 and original budget for 2017/18, including special expenses.

Cabinet was informed that the updated financial baseline set out how the financial and budget position of the Council for 2017/18 had progressed since Cabinet had considered the Initial Financial Baseline for 2017/18 at its meeting held on 5 August 2016.

Members were reminded that, during the year the Council had accepted the Government's minimum Revenue Support Grant (RSG) offer which meant that unless the Government made any further changes, the minimum level of funding receivable over the next three years was as follows:

2017/18 - £1.650m (reduction over prior year = 36%)  
2018/19 - £1.070m (reduction over prior year = 36%)  
2019/20 - £0.422m (deduction over prior year = 60%)

Members were aware that since 2011/12 the Council had found savings totalling £12.000m. However, given the significant reductions in RSG set out above, further savings of potentially £5.000m were required over the next three years, with £1.565m required in 2017/18 alone.

It was reported that a number of actions had been taken with the aim of delivering a balanced budget for 2017/18. To date, a budget 'gap' of £0.603m remained. Work remained on-going to minimise that 'gap' before final recommendations were made to full Council in February 2017.

A summary of the budget adjustments made along with other changes that had emerged during the budget setting process was set out in the report. Although additional costs and other adjustments had emerged, net savings /budget reductions totalling £0.962m had been identified to date.

Cabinet was asked to note that the savings identified to date represented only the initial steps to close the forecasted funding gap in the longer term. Further uncertainties also remained against this overall backdrop which might not yet have been reflected in the forecasted budget 'gaps' in future years that might require additional savings to be identified in order to deliver a balanced and sustainable budget in the future.

Cabinet was made aware that the medium term forecast covering the period 2018/19 and 2019/20 was in the process of being updated with the outcome planned to be presented to Cabinet in January 2017 when the final budget position would be presented. It was difficult to forecast any further ahead at this stage given the huge

level of uncertainty that the 100% retention of business rate model would introduce from 2020. The longer term forecast would remain a 'live' activity and updates would be provided to Members as the forecast evolved over 2017/18.

The Interim Finance, Revenues & Benefits Portfolio Holder made the following statement on the Budget:

*"The budget presented in the report brings together the savings strands emerging from the Portfolio Working Parties that were considered at our last Cabinet meeting along with other items emerging via the budget process such as cost pressures and responses to items identified as part of the corporate budget monitoring process.*

*The budget 'gap' presented as part of the Initial Financial Strategy in August this year was **£1.565m**. This has now been reduced to **£603k** after taking into account the various budget reductions and adjustments identified.*

*As mentioned at the last Cabinet meeting, savings options are becoming increasingly difficult to identify whilst trying to protect service provision, and the current position set out within the report clearly demonstrates the challenge we are facing, a challenge that will not go away any time soon - including the **£603k** budget 'gap' for 2017/18, we need to find further savings of **£3.8m** by 2019/20.*

*Although repetitive, when the various budget reports are presented during the year, we need to make sure that our residents understand why we have to make significant savings. This is not because the Council has been inefficient or could have managed its finances better; it is because the Government continue to make significant and unprecedented cuts to our grant funding. By 2019/20 the Council will not be receiving any Revenue Support Grant from the Government at all.*

*We are therefore in the transition phase of moving to a self-sufficiency approach. It would have been nice if the Government had recognised that trying to 'grow' our own income takes time and therefore cut the grant at broadly the same pace as we are growing our own locally raised income. Disappointingly there have been no such measures taken by the Government.*

*In terms of highlighting areas of the report, it is worth mentioning the following:*

- *The budget is based on a Council Tax increase of 1.99% which takes the band D tax to **£155.68** per year. Our residents get a huge range of services for what is a relatively low annual amount.*
- *As part of the Government's Finance Settlement announcement yesterday, it was confirmed that this Council falls within the category of authorities that has the option to increase its Council Tax by £5 as was the case last year. This option will now be considered as part of the final budget recommendations that Cabinet will consider at its 20 January meeting.*
- *The complex area of business rates is still being worked on with the outcome expected in January. There has been a national revaluation of business premises in 2016 which could have an impact on both the income we collect and the amount we pay on our own properties. The finance settlement announcement yesterday also included further guidance on this issue which is currently being reviewed to feed into the final calculations that will be undertaken early in the New Year.*

- *We continue to seek to strike a balance between investing whilst having to find savings. A number of budgets are included which support priorities such as tourism, health, leisure and regeneration.*
- *A number of cost pressures have been included following an annual review, with the budget reflecting items where there is very little choice in terms of whether to fund or not.*
- *The Capital Programme includes money to deliver the Office Transformation Project and reduction in public conveniences that formed part of the outcomes from the Portfolio Working Parties. £350k has also been included in the capital programme to support the delivery of savings via various channel shift projects which will be crucial to help balance the budget in future years.*
- *The Council can also secure additional savings from paying the full 3 year pension deficit payment upfront. Although this will require a significant draw down from reserves in 2017/18, this will be repaid over the following two years so will still be available to meet any commitments the Council may wish to make against its reserves position.*

*A number of further adjustments are set out within the report, including those impacting on the revised budget for 2016/17. Cabinet members continue to work with Officers with the aim of reducing the budget 'gap' further and any emerging adjustments will be included in the report to Cabinet on 20 January before final budget recommendations are made to Full Council."*

Having considered the Budget proposals and in order to allow the Corporate Management Committee to be consulted in accordance with the requirements of the Constitution:

It was moved by Councillor G V Guglielmi, seconded by Councillor Stock and **RESOLVED** that

- (a) Cabinet agrees the updated Financial Baseline 2017/18 and the detailed budget proposals (including fees and charges and special expenses), as set out in the Appendices to item A.7 of the Report of the Finance, Revenues and Benefits Portfolio Holder;
- (b) Cabinet requests the Corporate Management Committee's comments on the Updated Financial Baseline 2017/18 and detailed budget proposals (including special expenses); and
- (c) all future expenditure in 2016/17 be in line with the proposed revised budget 2016/17 set out in the aforementioned Appendices, subject to final approval by Council at its meeting to be held on 7 February 2017, and that the corporate financial system be amended accordingly to reflect those changes along with any amendments arising from revisions to the code of practice relating to the presentation of the Council's annual Statement of Accounts.

**123. MANAGEMENT TEAM ITEMS**

There were none on this occasion.

**124. EXCLUSION OF PRESS AND PUBLIC**



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

**RESOLVED** that, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of Agenda Item 16 on the grounds that it involves the likely disclosure of exempt information as defined in the relevant paragraph(s) of Part 1 of Schedule 12A, as amended, of the Act.

**125. REPORT OF LEADER OF THE COUNCIL – B.1 – TERMS FOR THE RIGHT OF WAY FOR ACCESS AT COX’S POND, HARWICH**

**RESOLVED** that Cabinet:

- (a) approves the terms for a right of way; and
- (b) authorises the Corporate Director (Corporate Services) to enter into a contract to document the right of way on the terms set out and subject to such other terms that he considers necessary.

**DATE AND TIME OF NEXT SCHEDULED MEETING**

The next scheduled meeting of the Cabinet was due to take place on Friday 20 January 2017 at 10.30 a.m. in the Essex Hall, Town Hall, Station Road, Clacton-on-Sea.

The meeting was declared closed at 11.53 a.m.

Chairman

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<b>Key Decision Required:</b>	<b>Yes</b>	<b>In the Forward Plan:</b>	<b>Yes</b>
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## CABINET

**20 JANUARY 2017**

### REPORT OF THE FINANCE, REVENUES AND BENEFITS PORTFOLIO HOLDER

#### **A.1 ANNUAL TREASURY STRATEGY FOR 2017/18 (INCLUDING PRUDENTIAL AND TREASURY INDICATORS)**

(Report prepared by Richard Barrett and Wendy Borgartz)

#### **PART 1 – KEY INFORMATION**

##### **PURPOSE OF THE REPORT**

To seek Cabinet’s agreement to the Annual Treasury Strategy for 2017/18 (including the Prudential and Treasury indicators) for consultation with the Corporate Management Committee.

##### **EXECUTIVE SUMMARY**

- The Annual Treasury Strategy for 2017/18 including as an annex to the strategy the Prudential and Treasury indicators is set out in **Appendix A**
- 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.
- 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 Annual Treasury Strategy for 2017/18 covers the various elements that satisfy the requirements of the various codes that govern the borrowing and investment activities of the Council.
- The Treasury Strategy has been prepared in the light of advice received from the Council’s Treasury advisors and reflects the latest codes and guidance.
- The Council’s investments will be undertaken in accordance with its Treasury Management Practices. These were expanded to include use of non-specified investment in property to yield both rental income and capital gains from 2016/17. If credit ratings remain at their current low levels it is likely that a significant proportion of the Council’s investments will continue to be in government securities such as Treasury Bills or with other Local Authorities. However other ‘quality’ investment opportunities will be explored in consultation with the Council’s external advisors to maximise returns on investments within a continuing and overall risk-averse approach.

## RECOMMENDATIONS

That Cabinet approves the Annual Treasury Strategy for 2017/18 (including Prudential and Treasury Indicators), for submission to the Corporate Management Committee for review.

## PART 2 – IMPLICATIONS OF THE DECISION

### DELIVERING PRIORITIES

The adoption of the Annual Treasury Strategy for 2017/18 will ensure that the Council's 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.

### FINANCE, OTHER RESOURCES AND RISK

#### Finance and other resources

Treasury 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 maximise income from investments and minimise the costs of borrowing within the Council's accepted level of risk.

#### Risk

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.

### LEGAL

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 based on the requirements of the relevant and updated codes, the Council is complying with the regulations.

### OTHER IMPLICATIONS

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

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

There are no other implications.

## PART 3 – SUPPORTING INFORMATION

### BACKGROUND AND CURRENT POSITION

The Annual Treasury Strategy for 2017/18 is set out in **Appendix A** and is based on the most up to date Code of Practice published by CIPFA. No significant changes are proposed with limited amendments in areas such as the general economic outlook and interest rate forecasts, with the Council maintaining a very low risk appetite approach to its treasury activities. Given the low interest rate environment, even if the Council were to increase the level of risk it would be willing to accept, the increased returns would only be marginal and therefore would not provide a credible / alternative option at the present time.

In respect of CIPFA's Treasury Management Code of practice, the most recent and

fundamental revision to the code was in 2009, which this Council formally adopted in March 2010. Revisions have been made to this code since 2010 which have been incorporated within subsequent Annual Treasury Strategies where relevant. By approving the Annual Treasury Strategy for 2017/18, the Council is in effect adopting the latest CIPFA Code of Practice for Treasury Management in the Public Services. (the '2011 code').

Although not specified within the Treasury Strategy, the need to borrow money may arise in future years to reflect the Council's current commitment to the Garden Communities project. This project will be subject to separate decision making processes as necessary and any borrowing requirements will need to be considered within the overall Treasury Strategy framework.

Draft Prudential Indicators are set out in Annex 1 to the Treasury Strategy. Annex 2 to the Treasury Strategy sets out the specified and Non-Specified investments the Council may use in 2017/18.

In accordance with the relevant codes, the Treasury Strategy is subject to consultation with the Corporate Management Committee before being recommended to Council for approval before the start of each financial year.

<b>BACKGROUND PAPERS FOR THE DECISION</b>
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None
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<b>APPENDICES</b>
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Appendix A - Annual Treasury Strategy 2017/18
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***Tendring***  
***District Council***



**ANNUAL TREASURY  
STRATEGY FOR 2017/18**

**Annual Treasury Strategy for 2017/18**

The Annual Treasury Strategy has been prepared in accordance with the CIPFA Code and includes the following sections.

1. Background
2. Treasury Limits for 2017/18 to 2019/20
3. Prudential and Treasury Indicators for 2017/18 to 2019/20
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 GF and HRA.
  - 10.7 End of year investment report

## 1. Background

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.

The Act therefore 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 2017/18 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 Capita Asset Services, Treasury solutions (Formerly called Sector Treasury Services) (Sector). 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, Revenues and Benefits Portfolio Holder
- Part 5 – Financial Procedure Rules

## 2. Treasury Limits for 2017/18 to 2019/20

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'.

Whilst termed an "Affordable Borrowing Limit", the capital plans to be considered for inclusion in corporate financing 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 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 is £60,285,000.

### **3. Prudential and Treasury Indicators for 2017/18 to 2019/20**

Prudential and Treasury Indicators are relevant for the purposes of setting an integrated Treasury Management Strategy. The Council is also required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. The latest revision to the Code is effectively adopted via the approval of this Strategy which reflects the most up to date code and guidance.

### **4. Current Portfolio Position**

The Council's treasury position at the end of November 2016 comprised:

- GF borrowing from The Public Works Loan Board (PWLB) of £0.916m at fixed rates at an average rate of interest of 8.18%
- HRA borrowing from the PWLB of £45.728m at fixed rates at an average rate of 3.31%
- Investments of cash flow surpluses, which include reserves and capital receipts, on a short-term basis (less than 1 year) totalling £58.040m at an average rate of interest of 0.47%.

### **5. Borrowing Requirement**

No new, alternative or replacement borrowing is currently reflected in the budgets for both the General Fund and HRA for the period 2016/17 to 2019/20. This position therefore excludes any assumptions on additional borrowing, which would be subject to further consideration as necessary set against the underlying principle of the Council's borrowing requirement being kept under on-going review to respond to any new / future burdens or priorities and overall financial position.

### **6. Economic Position**

The Council's Treasury Advisors provide economic updates during the year with the latest position set out as follows:

## **World economy**

US growth in the first half of 2016 was weak, but it has strengthened in quarter three. Overall, despite some data setbacks, the US is still, probably, the best positioned of the major world economies to make solid progress towards a combination of strong growth, full employment and rising inflation.

Eurozone GDP growth in the first three quarters of 2016 has been an annualised 1.6%. Forward indications are that economic growth in the EU is likely to continue at moderate levels. Economic growth in China has been slowing down and this, in turn, has been denting economic growth in emerging market countries dependent on exporting raw materials to China.

## **UK economy**

UK GDP growth rates between 2013 and 2015 were some of the strongest rates among the G7 countries. Growth is expected to have strengthened in 2016 and the latest Bank of England forecast for growth in 2016 as a whole is +2.2%. Surveys from September showed a sharp recovery in economic confidence, and the latest MPC decision included a forward view that the bank rate could go either up or down depending on how economic data evolves in the coming months.

The November Bank of England Inflation Report included a forecast for growth of 1.4% in 2017 and 1.5% in 2018. The Report also included an increase in the peak forecast for inflation from 2.3% to 2.7% during 2017, largely due to the effect of the sharp fall in the value of sterling since the referendum which feeds through into increases in the cost of imports and raw materials. The MPC has warned that if wage inflation were to rise significantly as a result of these cost pressures on consumers, then they would take action to raise the Bank Rate.

Investment returns are likely to remain low during 2017/18 and beyond. Borrowing interest rates have been highly volatile during 2016. The policy of avoiding new borrowing by using cash balances has served well over the last few years. However, this needs to be carefully balanced to avoid incurring higher borrowing costs in later times, when authorities may not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt.

## **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 are likely to remain low during 2017/18 and beyond.

	Bank Rate	LIBID (London Interbank Bid Rate)*			PWLB Borrowing Rate			
		3 month	6 month	12 month	5 yr.	10 yr.	25 yr.	50 yr.
Dec 2016	0.25	0.30	0.40	0.70	1.50	2.30	2.90	2.70
Mar 2017	0.25	0.30	0.40	0.70	1.60	2.30	2.90	2.70
Jun 2017	0.25	0.30	0.40	0.70	1.60	2.30	2.90	2.70
Sep 2017	0.25	0.30	0.40	0.70	1.60	2.30	2.90	2.70
Dec 2017	0.25	0.30	0.40	0.70	1.60	2.30	3.00	2.80
Mar 2018	0.25	0.30	0.40	0.70	1.70	2.30	3.00	2.80
Jun 2018	0.25	0.30	0.40	0.80	1.70	2.40	3.00	2.80
Sep 2018	0.25	0.30	0.40	0.80	1.70	2.40	3.10	2.90
Dec 2018	0.25	0.40	0.50	0.90	1.80	2.40	3.10	2.90
Mar 2019	0.25	0.50	0.60	1.00	1.80	2.50	3.20	3.00
Jun 2019	0.50	0.60	0.70	1.10	1.90	2.50	3.20	3.00
Sep 2019	0.50	0.70	0.80	1.20	1.90	2.60	3.30	3.10
Dec 2019	0.75	0.80	0.90	1.30	2.00	2.60	3.30	3.10
Mar 2020	0.75	0.90	1.00	1.40	2.00	2.70	3.40	3.20

\* LIBID – the rate at which a bank is willing to borrow from other banks

## 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.

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 from a prudential perspective.

#### Total External Debt

	Actual 2015/16	Revised 2016/17	Estimate 2017/18	Forecast 2018/19	Forecast 2019/20
	£000's	£000's	£000's	£000's	£000's
Debt as at 1 April	50,344	48,118	45,869	43,898	42,076
Estimated change in debt	(2,226)	(2,249)	(1,971)	(1,822)	(1,764)

Estimated debt as at 31 March	48,118	45,869	43,898	42,076	40,312
<b>CFR as at 31 March</b>	<b>53,478</b>	<b>51,257</b>	<b>49,346</b>	<b>47,446</b>	<b>45,555</b>
Difference - internally financed	5,360	5,388	5,448	5,370	5,243

**General Fund External Debt**

	Actual 2015/16	Revised 2016/17	Estimate 2017/18	Forecast 2018/19	Forecast 2019/20
	£000's	£000's	£000's	£000's	£000's
Debt as at 1 April	1,317	1,055	770	464	306
Estimated repayment of debt	(262)	(285)	(306)	(158)	(100)
Estimated debt as at 31 March	1,055	770	464	306	206
<b>CFR as at 31 March</b>	<b>6,415</b>	<b>6,158</b>	<b>5,912</b>	<b>5,676</b>	<b>5,449</b>
Forecast of internal financing	5,360	5,388	5,448	5,370	5,243

**HRA External Debt**

	Actual 2015/16	Revised 2016/17	Estimate 2017/18	Forecast 2018/19	Forecast 2019/20
	£000's	£000's	£000's	£000's	£000's
Debt as at 1 April	49,027	47,063	45,099	43,434	41,770
Estimated repayment of debt	(1,964)	(1,964)	(1,665)	(1,664)	(1,664)
Estimated debt as at 31 March	47,063	45,099	43,434	41,770	40,106
<b>CFR as at 31 March</b>	<b>47,063</b>	<b>45,099</b>	<b>43,434</b>	<b>41,770</b>	<b>40,106</b>
Forecast of internal financing	0	0	0	0	0

In respect of the General Fund, the Council is currently maintaining an under-borrowed position. 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 investment returns are low and counterparty risk is high, and will be continued.

The Council's officers have made an assessment, based on advice from treasury advisors, of the amount of internal resources that it is prudent to use to finance capital expenditure and it is felt, taking into account the Council's financial position, that approximately £4m-£5m would at the present time and over the medium term be an appropriate level of internal borrowing. A maturity loan of £1m fell due for repayment in 2014 but this was not replaced which has led to the current internal borrowing position running just ahead of the £5m level. However given the continuing low return on investments and no significant increases in PWLB interest rates in the immediate future, it is felt prudent to maintain this position in the short term although this will be kept under review in consultation with the Council's external advisors.

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	2015/16	2016/17	2017/18	2018/19	2019/20
	actual	Probable out-turn	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
General Fund external debt (gross)	1,055	770	464	306	206
HRA external debt (gross)	47,063	45,099	43,434	41,770	40,106
Investments	45,260	45,000	15,000	15,000	15,000
<b>Net debt</b>	<b>2,858</b>	<b>(1)</b>	<b>28,898</b>	<b>27,076</b>	<b>25,312</b>

*The net debt positions show that the Council does not have excess resources which could be used to repay long term debt.*

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 adopted within the 2017/18 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 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 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. Annual Investment Strategy**

### **10.1 Investment Policy**

The Council will have regard to the Department of Communities and Local Government's (CLG) 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 limited investments may be made in Non- Specified investments.

The capital programme for 2016/17 included £750,000 to establish a commercial property investment fund, which is a Non-Specified investment, and has yet to be spent in which case it may roll forward into 2017/18. This fund will be used to purchase property with the aim of yielding both rental income and capital gains. This investment will not have a defined maturity date and it will be an illiquid investment as the Council would need to sell the underlying asset(s) to redeem the investment. The amount invested in any one year will be limited to the amount included within the Council's Capital Programme.

The Council has adopted a Commercial Property Investment Policy which will be maintained as a separate document within the wider 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 received each morning via email 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 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 is not now forecast to commence rising around the middle of 2019 but then to rise steadily from thereon (see Section 7). The Council will avoid locking into longer term deals while investment rates are down at historically low levels unless exceptionally attractive rates are available which make longer term deals worthwhile without compromising the Council's priority of security of the investments.

For 2017/18 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 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 interest rates below base rate 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

Any returns from 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 2016/17 revised, 2017/18 and forecasts for 2018/19 to 2019/20

#### CAPITAL EXPENDITURE

This is an estimate of the amount of investment planned over the period. 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.

<b>Capital Expenditure - General Fund</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
<b>£000s</b>	<b>Actual</b>	<b>Revised</b>	<b>Estimate</b>	<b>Forecast</b>	<b>Forecast</b>
<b>Total Capital Expenditure</b>	<b>22,562</b>	<b>11,754</b>	<b>2,730</b>	<b>890</b>	<b>890</b>
<b>Financing - General Fund</b>					
External contributions	(5,032)	(241)	-	-	-
Section 106	(99)	(74)	-	-	-
Coast protection grant	(10,945)	(4,962)	-	-	-
Other Government grants	(28)	(330)	-	-	-
Disabled Facilities Grant	(944)	(2,338)	(690)	(690)	(690)
Capital receipts	(261)	(1,692)	(100)	(100)	(100)
Direct revenue contributions	(290)	(550)	(360)	(100)	(100)
Earmarked reserves	(4,963)	(1,567)	(1,580)	-	-
<b>Total Capital Financing</b>	<b>(22,562)</b>	<b>(11,754)</b>	<b>(2,730)</b>	<b>(890)</b>	<b>(890)</b>
<b>Net Financing need (External Borrowing)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Housing Revenue Account Capital Schemes</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
<b>£000</b>	<b>Actual</b>	<b>Revised</b>	<b>Estimate</b>	<b>Forecast</b>	<b>Forecast</b>
<b>Total Capital Expenditure</b>	<b>2,953</b>	<b>7,024</b>	<b>4,030</b>	<b>4,043</b>	<b>3,837</b>
<b>Financing - Housing Revenue Account</b>					
Major repairs reserve	(1,959)	(4,841)	(3,250)	(3,250)	(3,250)
Direct revenue contributions	(990)	(2,183)	(780)	(793)	(587)
Section 106	-	-	-	-	-
External Contributions	-	-	-	-	-
Capital grant	(4)	-	-	-	-
<b>Total Capital Financing</b>	<b>(2,953)</b>	<b>(7,024)</b>	<b>(4,030)</b>	<b>(4,043)</b>	<b>(3,837)</b>
<b>Net Financing need (External Borrowing)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### 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.

<b>CAPITAL FINANCING REQUIREMENT</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
	<b>Actual</b>	<b>Revised</b>	<b>Estimate</b>	<b>Forecast</b>	<b>Forecast</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
General Fund	6,415	6,158	5,912	5,676	5,449
Housing Revenue Account	47,063	45,099	43,434	41,770	40,106
<b>Total</b>	<b>53,478</b>	<b>51,257</b>	<b>49,346</b>	<b>47,446</b>	<b>45,555</b>

#### HRA LIMIT ON INDEBTEDNESS

The Council is required to report the level of the limit imposed (or subsequently amended) at the time of the implementation of self-financing by the Department for Communities and Local Government. This is to be compared to the Housing Revenue Account capital financing requirement.

PRUDENTIAL INDICATOR	2015/16	2016/17	2017/18	2018/19	2019/20
	Actual	Revised	Estimate	Forecast	Forecast
	£000	£000	£000	£000	£000
Limit on indebtedness	60,285	60,285	60,285	60,285	60,285
Capital Financing Requirement	47,063	45,099	43,434	41,770	40,106
<b>Headroom</b>	<b>13,222</b>	<b>15,186</b>	<b>16,851</b>	<b>18,515</b>	<b>20,179</b>

#### 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	2015/16	2016/17	2017/18	2018/19	2019/20
	Actual	Revised	Estimate	Forecast	Forecast
	£000	£000	£000	£000	£000
Capital Financing Requirement	53,478	51,257	49,346	47,446	45,555
External debt	48,118	45,869	43,898	42,076	40,312
Internal borrowing	5,360	5,388	5,448	5,370	5,243

#### 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 Council has none of these at present.

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	2015/16	2016/17	2017/18	2018/19	2019/20
	Actual	Revised	Estimate	Forecast	Forecast
	£000	£000	£000	£000	£000
Operational boundary - borrowing	73,536	71,164	67,692	67,049	66,981
Authorised limit - borrowing	85,040	79,072	75,213	74,499	74,424

#### 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, net of investment income.

ESTIMATE OF THE RATIO OF FINANCING COSTS TO NET REVENUE	2015/16	2016/17	2017/18	2018/19	2019/20
	Actual	Revised	Estimate	Forecast	Forecast
	%	%	%	%	%
General Fund	0.89	0.72	0.48	0.23	0.09
Housing Revenue Account	53.34	61.84	50.11	50.39	49.11

**INCREMENTAL IMPACT OF CAPITAL INVESTMENT DECISIONS**

This is an indicator of affordability that shows the impact of capital investment decisions on the Council Tax and housing rent levels. The incremental impact is the difference between the revenue funding of the proposed capital programme compared to the revenue funding of the previously approved capital programme. As the Council is not proposing any additional borrowing, this means that the impact is solely due to changes in revenue financing of capital expenditure. The increase in Council Tax impact in 2015/16 is mainly due to the Clacton and Holland coast protection scheme. The increase in HRA weekly rents is due to the decision to finance up to £1m of spend from revenue resources each year.

INCREMENTAL IMPACT OF CAPITAL INVESTMENT	2015/16	2016/17	2017/18	2018/19	2019/20
	Actual	Revised	Estimate	Forecast	Forecast
	£	£	£	£	£
Change in General Fund capital spend financed by loan	-	-	-	-	-
Change in General Fund capital spend financed from revenue	-	1,716,660	1,840,000	-	-
General Fund, Council Tax impact	-	£38.23	£40.12	£0.00	£0.00
Change in HRA capital spend financed by loan	-	-	-	-	-
Change in HRA capital spend financed from revenue and major repairs reserve	-	2,994,000	(214,000)	(195,000)	(395,000)
HRA Average Weekly Rent impact	-	£17.95	(£1.29)	(£1.17)	(£2.37)

**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	2015/16	2016/17	2017/18	2018/19	2019/20
	Actual	Revised	Estimate	Forecast	Forecast
	£000	£000	£000	£000	£000
Upper limit for Fixed Interest Rates on debt	53,478	51,257	49,346	47,446	45,555
Upper limit for Variable Interest Rates on debt (based on 30% of the fixed rate limit)	16,043	15,377	14,804	14,234	13,666

**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	2015/16	2016/17	2017/18	2018/19	2019/20
	Actual	Revised	Estimate	Forecast	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			
	%	%	31/03/2017	31/03/2018	31/03/2019	31/03/2020
Under 12 months	25	0	4.30%	4.15%	4.19%	4.27%
12 months and within 24 months	30	0	3.97%	4.02%	4.09%	4.15%
24 months and within 5 years	60	0	11.24%	12.79%	12.63%	15.55%
5 years and within 10 years	75	0	24.22%	22.73%	22.92%	20.13%
10 years and above	95	25				
10-20 years			19.58%	18.81%	17.90%	16.89%
20-30 years			3.99%	3.33%	2.61%	1.82%
>30 years			32.70%	34.17%	35.65%	37.21%

#### 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	2015/16 Actual	2016/17 to 30 Nov	2017/18 Upper limit
Average credit score for investments	1.45	1.61	2.00

## SPECIFIED AND NON-SPECIFIED INVESTMENTS

This schedule sets out the specified and Non-Specified investments the Council may use in 2017/18.

Investments may be in the form of direct deposits, Certificates of Deposits (CDs), property 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	Moody's	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 2017/18 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.

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<b>Key Decision Required:</b>	<b>Yes</b>	<b>In the Forward Plan:</b>	<b>Yes</b>
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## CABINET

20 JANUARY 2017

### JOINT REPORT OF THE HOUSING PORTFOLIO HOLDER AND FINANCE, REVENUES AND BENEFITS PORTFOLIO HOLDER

#### **A.3 HOUSING REVENUE ACCOUNT BUDGET PROPOSALS - REVISED BUDGET 2016/17 AND ORIGINAL BUDGET 2017/18**

(Report prepared by Richard Barrett and Richard Hall)

#### **PART 1 – KEY INFORMATION**

##### **PURPOSE OF THE REPORT**

To set out and seek approval of:

- A Revised Housing Revenue Account (HRA) budget for 2016/17 and Original HRA Budget for 2017/18 including the movement in HRA Balances.
- The level of fees and charges for 2017/18.
- The five year HRA Capital Programme.

In addition to the above, Cabinet is asked to note the 1% reduction in rents along with an update on the various housing related issues and challenges faced by the Council following recent announcements by the Government / other public sector partners.

##### **EXECUTIVE SUMMARY**

- The budget has been calculated based on a number of limited changes.
- As set out in the HRA estimates report last years, Local Authorities are required to reduce rents by 1% each year for 4 years, with 2017/18 being the second year of this revised approach.
- After taking into account the reduction in rents along with other changes for 2017/18, it has still been possible to make a revenue contribution to HRA balances of **£0.177m**.
- HRA debt continues to reduce year on year as principal is repaid with a total debt position at the end of 2017/18 forecast to be **£43.434m**. This provides borrowing 'headroom' of **£16.851m** against the HRA debt cap of **£60.285m**.
- Along with the HRA general balance, which is forecast to total **£4.593m** by the end of 2017/18, the HRA remains in a strong position that provides a good base against which the Council can consider future investment in housing assets and react to any further announcements that may come from the Government.
- As mentioned last year, the 1% rent reduction imposed on Local Authorities will significantly reduce the amount that the Council can invest in the housing stock, with over **£30.000m** of income 'removed' from the business case over 30 years due to this issue.
- As highlighted last year, Cabinet continues to consider council housing as an alternative form of tenure not a second tier form of tenure. The Council continues to

prove that is a good landlord and will always assist people where appropriate.

- It was planned to review the HRA 30 year business plan in 2016. However given the significant level of uncertainty introduced via contradictory / ambiguous announcements by the Government, it is now proposed to review the business plan this year as we should see some clarity around the various issues over the coming months.

## RECOMMENDATION(S)

**That Cabinet:**

- (a) Approves the 2017/18 Scale of Charges shown in Appendix B;**
- (b) notes the 1% reduction in actual rents / formula rents in 2017/18 in line with the Government's imposed restrictions on rent setting policy;**
- (c) subject to (a) and (b) above, approves the Housing Revenue Account revised estimates for 2016/17 and original estimates for 2017/18 as set out in Appendix A, along with the HRA Capital Programme and the movement in HRA Balances / Reserves as set out in Appendix C and Appendix D respectively and;**
- (d) agrees that, in respect of 2016/17, the corporate financial system is amended accordingly to reflect these changes along with any amendments arising from revised financial reporting requirements.**

## PART 2 – IMPLICATIONS OF THE DECISION

### DELIVERING PRIORITIES

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

### FINANCE, OTHER RESOURCES AND RISK

#### Finance and other resources

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

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

#### Risk

There are inherent risks associated with the forecast such as:

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

In view of the above it is important that a sufficient level of balances / reserves is available to support the HRA. HRA Balances are currently forecast to remain between **£4.000m** and

**£5.000m**, which although required to support the business plan and HRA investment in future years, provide a 'buffer' to the 30 year Business Plan if, for example, some of the items highlighted above emerge or are required to deal with changing financial and service demand issues.

In mitigating the transfer of risk from Government to the Council under the self-financing changes that came into effect from April 2012, financial modelling was undertaken taking into account a number of assumptions and sensitivity testing. The outcome of this work confirmed the sustainability and resilience of the HRA within a self financing environment and the ability to provide opportunities for housing investment and associated housing services.

A number of changes were set out in the Housing and Planning Bill, although these have been subject to amendment as the year progressed. The Government have now confirmed the 'scrapping' of the 'pay to stay' proposals which would have seen a significant level of administrative burden falling to Local Authorities who would have had to charge market rents instead of social rents to those households earning more than £31,000 per year. Other changes such as funding of the Right to Buy in the Registered Social Landlord Sector remains under review with pilots continuing elsewhere in the country which means the implementation of this proposal has been deferred until at least April 2018. As mentioned earlier in this report, the 30 year HRA business plan will be reviewed as more clarity around the timing of any further proposals emerge from the Government.

Although formal confirmation is yet to be received, it is understood that impairment charges made to the HRA will be allowed to be reversed out in future. As set out in previous reports over the last two years, a significant level of impairment has been charged to the HRA to reflect the purchases of land in Jaywick. Correspondence is still ongoing between the Council and the Government as 'historic' impairment charges do not seem to be able to be reversed out which seems an unusual stance taken by the Government given they are willing to allow future year's impairment to be reversed out of the accounts. This therefore remains a 'live' issue with all necessary action being taken with the aim of securing a more pragmatic resolution through negotiation with the Government.

## **LEGAL**

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

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

The Welfare Reform and Work Act 2016 introduced the 1% reduction in social rents from April 2016.

The Housing and Planning Act 2016 introduced a number of significant changes that have an impact on social housing which will be reflected in the HRA estimates where necessary.

## **OTHER IMPLICATIONS**

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

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

In carrying out its functions as a social landlord, the Council has regard to the need to

reduce the potential for criminal activity by improving the security of dwellings as part of maintenance and repair programmes and for combating anti-social behaviour through effective management procedures.

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

### **PART 3 – SUPPORTING INFORMATION**

#### **BACKGROUND**

The HRA is the Council's landlord account and it is 'ring fenced' for this purpose. Comprehensive rules and requirements surround the HRA such as specific accounting treatment and what items can or cannot be charged to the account. Authorities are required to set a balanced HRA budget each year and agree the level of rents it wishes to charge.

From April 2012, the Housing Revenue Account has operated under the self-financing approach introduced as part of the Localism Act 2011 which required the Council to 'buy' itself out of the previous subsidy arrangements via a debt settlement process.

Although the Council has up to 2015/16 been free to set its own level of rents, increases each year have been considered within the context of the debt settlement process and 30 year HRA business plan, which was based on the continuation of the Government's commitment for rents to converge across the Social Housing Sector.

From 2016/17, the Government have imposed annual rent reductions of 1% for a period of 4 years, with the 2017/18 estimates reflecting the second year of this requirement.

#### **HOUSING REVENUE ACCOUNT BUDGETS**

##### **HRA Revised Budget 2016/17 and Original Budget 2017/18**

A high level summary is set out below. Additional information for significant items is also provided below with detailed information set out in **Appendix A**.

	<b>2016/17 Original Budget £m</b>	<b>2016/17 Revised Budget £m</b>	<b>2017/18 Original Budget £m</b>
<b>Direct Expenditure</b>	6.449	6.383	6.395
<b>Direct Income</b>	(14.452)	(14.455)	(14.252)
Indirect Income / Expenditure including Financing Costs	8.003	9.336	7.681
<b>NET (SURPLUS) / DEFICIT</b>	0	1.264	(0.177)
<b>Contribution to / (from) Reserves</b>	0	(1.264)	0.177

##### **REVISED ESTIMATE 2016/17**

The revised position is broadly in line with the original estimate, with the change in the contribution to or from reserves reflecting the amounts carried forward from 2015/16. In general, items have been updated to reflect a more up to date position with no overall



fundamental changes to highlight over and above any comments included in the appendices or set out in more detail further on in this report.

### **ORIGINAL ESTIMATE 2017/18**

A surplus of **£0.177m** is forecast for 2017/18 which is despite the 1% reduction in rents. This is largely due to the full repayment of one of the loans obtained to 'buy' ourselves out of the previous HRA subsidy system under the self-financing regime. This loan was fully paid down in accordance with the original business plan with **£0.341m** being saved each year in principal and interest costs which has enabled the impact of the 1% rent reduction to be offset.

Similarly to the General Fund, no underlying inflationary uplifts have been provided but against this overall backcloth, significant items have been subject to separate and comprehensive review where appropriate.

Comments against significant items within the overall position for the year are set out below:

#### **Rental Income**

As previously mentioned, 2017/18 is the second year that Local Authorities have to reduce rents by 1%. This has reduced the average rent to **£81.25** (from **£81.90**), which reduces the total rental income by **£0.137m** (from **£13.443m** to **£13.306m**).

As a broad comparator the current Local Housing Allowance figure for an average two bedroom property in the Private Sector is **£132.32** per week and **£161.20** for a three bedroom property for 2016/17, demonstrating the value for money that the Council's housing rents provide.

Although not expected to have a significant overall impact, when a property becomes empty it is possible to charge the new tenant the formula rent associated with the property, which may be greater than the actual rent charged to the outgoing tenant. However this formula rent is also subject to the 1% reduction which limits the benefit from this change.

#### **Other HRA Budgets**

**The bad debt provision** has been reduced by **£0.030m** in 2017/18 to reflect current and expected collection performance with the delayed roll-out of universal credit also having an impact on the amount set aside each year.

**Supporting People Fees and Charges / Grant Contributions** from ECC are expected to be completely removed from 2017/18. This approach reflects the longer term plan by ECC to reduce their costs associated with providing housing related support type services, which in the case of the HRA relates to eligible activities within the Sheltered Housing units. This sees a net reduction in income of **£0.061m** in 2017/18. Unless this Council withdraws from providing this service to its tenants, the cost will fall to the HRA budget with this Council in effect providing housing related support services that are the responsibility of ECC. Given the late announcement of the proposed 'cut' in funding by ECC, it is proposed to 'protect' housing tenants from any reduction in support during 2017/18 to give time to consider the longer term impact of this change.

#### **HRA Fees and Charges**

Further details are set out in **Appendix B**.

Following an annual review, a number of fees and charges have been revised to reflect the actual cost of providing the associated service.

### **Borrowing Costs**

As part of the move to a self-financing regime from April 2012, the Council undertook borrowing of **£36.000m**, spread across 6 separate loans. The first of these loans (**£1.500m payable over 5 years**) has been fully repaid in 2016/17. The budget for the principal that was being repaid along with interest costs (**£0.341m**) can now be utilised elsewhere within the HRA estimates.

### **HRA Capital Programme**

The detailed HRA Capital Programme is set out in **Appendix C**.

The 2016/17 revised budget includes carry forwards from 2015/16. Primarily the future year's budgets reflect the estimated level of capital works based on stock condition surveys and any associated reviews.

The principal source of funding is the annual Major Repairs Contribution which primarily reflects the charge for depreciation plus an additional voluntary contribution to ensure the right level of investment in the housing stock can be maintained.

Although capital receipts from Right to Buy sales is receivable each year, they have not been included in the funding of the Capital Programme. This assumption provides a margin of safety over and above the annual funding contributions allowed for and reflects the existing use of such receipts to support the Disabled Facilities Grant scheme in the General Fund Capital Programme.

### **HRA BALANCES / RESERVES**

The detailed HRA Reserves are set out in **Appendix D**.

The forecast position for HRA balances at 31 March 2017 and 31 March 2018 will vary over time depending on the outturn positions for 2016/17 and 2017/18 as well as the emergence of other unexpected or unplanned matters that could occur in or across these years.

Current estimates put the total HRA reserves at **£9.310m** by the end of 2017/18, with the general balances element within this overall amount being **£4.593m**.

A separate HRA Commitments Reserve has been introduced to account for carry forwards at the end of each year rather than forming part of the HRA general balance, to provide more clarity round amounts committed or uncommitted.

### **HRA DEBT**

The total HRA debt at the start of 2016/17 was **£47.063m**.

No new debt has been taken on but principal repaid during 2016/17 totals **£1.964m**. With forecast repayments of principal of **£1.665m** in 2017/18, the level of HRA debt at the end of 2017/18 is forecast to be **£43.434m**, with average borrowing costs against this level of debt being **3.28%**.

The Government's imposed HRA debt cap is **£60.285m**. Taking into account the actual level of HRA borrowing, at the end of 2017/18 the level of 'headroom' for additional future borrowing is **£16.851m**. This headroom will increase as debt is repaid each year although will be subject to further borrowing decisions in the future.

The annual cost of principal and interest included in the proposed HRA budgets is **£3.498m** and **£3.157m** for 2016/17 and 2017/18 respectively.

#### **CODE OF PRACTICE – STATEMENT OF ACCOUNTS**

Each year information is issued to Local Authorities which provides guidance on the information and presentation required for the Financial Statements the Council publishes on an annual basis. Therefore although not directly affecting the overall financial position of the Council, changes may occur across years. Budgets may need to be reviewed and budget transfers undertaken to address any new requirements emerging from the relevant codes of practice that are issued each year.

#### **BACKGROUND PAPERS FOR THE DECISION**

None

#### **APPENDICES**

<b>Appendix A</b>	HRA Budgets 2016/17 Revised and 2017/18 Original
<b>Appendix B</b>	HRA Proposed Fees and Charges 2017/18
<b>Appendix C</b>	HRA 5 Year Capital Programme
<b>Appendix D</b>	HRA Reserves

# Revenue Estimates 2017/18

## Department - HRA

<b><u>Analysis by Type of Spend</u></b>	<b>2016/17 Original Estimate</b>	<b>2016/17 Revised Estimate</b>	<b>2017/18 Original Estimate</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Direct Expenditure</b>			
Employee Expenses	798,630	768,350	813,490
Premises Related Expenditure	3,633,200	3,620,310	3,620,310
Transport Related Expenditure	18,320	18,320	18,320
Supplies & Services	447,310	424,500	432,310
Third Party Payments	1,030	1,030	1,030
Transfer Payments	17,000	17,000	17,000
Interest Payments	1,533,470	1,533,470	1,492,430
<b>Total Direct Expenditure</b>	<b>6,448,960</b>	<b>6,382,980</b>	<b>6,394,890</b>
<b>Direct Income</b>			
Government Grants	(45,000)	(45,000)	0
Other Grants, Reimbursements and Contributions	(8,000)	(8,000)	(8,000)
Sales, Fees and Charges	(674,210)	(687,470)	(667,220)
Rents Receivable	(13,663,150)	(13,663,150)	(13,525,710)
Interest Receivable	(61,600)	(51,600)	(51,600)
<b>Total Direct Income</b>	<b>(14,451,960)</b>	<b>(14,455,220)</b>	<b>(14,252,530)</b>
<b>Net Direct Costs</b>	<b>(8,003,000)</b>	<b>(8,072,240)</b>	<b>(7,857,640)</b>
<b>Indirect Income/Expenditure</b>			
FRS17/IAS19 Pension Costs	(228,170)	(332,110)	(340,570)
Service Unit and Central Costs	2,199,580	2,204,890	2,260,960
Capital Financing Costs	6,060,300	7,463,350	5,760,300
Recharged Income	(28,710)	0	0
<b>Total Indirect Income/Expenditure</b>	<b>8,003,000</b>	<b>9,336,130</b>	<b>7,680,690</b>
<b>Net Contribution to/(from) Reserves</b>	<b>0</b>	<b>(1,263,890)</b>	<b>176,950</b>
<b>Total for HRA</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>

# Department - HRA

<u>Analysis by Section/Function</u>	2016/17 Original Estimate	2016/17 Revised Estimate	2017/18 Original Estimate
	£	£	£
<b>HRA - Rent Collection And Accounting</b>			
<i>Portfolio/ Committee: Finance, Revenues and Benefits</i>			
Direct Expenditure	227,030	228,960	237,040
Direct Income	(8,440)	(8,440)	(8,440)
Indirect Income/Expenditure	112,540	94,070	94,830
<b>Net Total</b>	<b>331,130</b>	<b>314,590</b>	<b>323,430</b>
<b>HRA - Right to Buy Administration</b>			
<i>Portfolio/ Committee: Finance, Revenues and Benefits</i>			
Direct Expenditure	0	15,000	15,000
Direct Income	(3,900)	(13,000)	(13,000)
Indirect Income/Expenditure	25,660	51,270	52,070
<b>Net Total</b>	<b>21,760</b>	<b>53,270</b>	<b>54,070</b>
<b>HRA - Colne Housing Soc Shel Units</b>			
<i>Portfolio/ Committee: Housing</i>			
Direct Expenditure	8,000	8,000	8,000
<b>Net Total</b>	<b>8,000</b>	<b>8,000</b>	<b>8,000</b>

<b><u>Analysis by Section/Function</u></b>	<b>2016/17 Original Estimate</b>	<b>2016/17 Revised Estimate</b>	<b>2017/18 Original Estimate</b>
	£	£	£
<b>HRA - Tenants Rentals</b>			
<i>Portfolio/ Committee: Finance, Revenues and Benefits</i>			
Direct Income	(13,646,580)	(13,646,580)	(13,509,140)
<b>Net Total</b>	<b>(13,646,580)</b>	<b>(13,646,580)</b>	<b>(13,509,140)</b>
<b>HRA - Rents &amp; Other Charges</b>			
<i>Portfolio/ Committee: Finance, Revenues and Benefits</i>			
Direct Expenditure	92,670	92,670	92,670
<b>Net Total</b>	<b>92,670</b>	<b>92,670</b>	<b>92,670</b>
<b>HRA - Rent Income</b>			
<i>Portfolio/ Committee: Finance, Revenues and Benefits</i>			
Direct Income	(16,570)	(16,570)	(16,570)
Indirect Income/Expenditure	20	0	0
<b>Net Total</b>	<b>(16,550)</b>	<b>(16,570)</b>	<b>(16,570)</b>
<b>HRA - General Fund Contribution</b>			
<i>Portfolio/ Committee: Housing</i>			
Indirect Income/Expenditure	(28,710)	0	0
<b>Net Total</b>	<b>(28,710)</b>	<b>0</b>	<b>0</b>

<b><u>Analysis by Section/Function</u></b>	<b>2016/17 Original Estimate</b>	<b>2016/17 Revised Estimate</b>	<b>2017/18 Original Estimate</b>
	£	£	£
<b>HRA - Interest Receivable</b>			
<i>Portfolio/ Committee: Housing</i>			
Direct Income	(61,600)	(51,600)	(51,600)
<b>Net Total</b>	<b>(61,600)</b>	<b>(51,600)</b>	<b>(51,600)</b>
<b>HRA - Rent Arrears Provision</b>			
<i>Portfolio/ Committee: Finance, Revenues and Benefits</i>			
Direct Expenditure	94,970	48,000	64,970
<b>Net Total</b>	<b>94,970</b>	<b>48,000</b>	<b>64,970</b>
<b>HRA - Interest Charges</b>			
<i>Portfolio/ Committee: Housing</i>			
Direct Expenditure	1,533,470	1,533,470	1,492,430
<b>Net Total</b>	<b>1,533,470</b>	<b>1,533,470</b>	<b>1,492,430</b>
<b>HRA - Capital Charges</b>			
<i>Portfolio/ Committee: Housing</i>			
Indirect Income/Expenditure	2,629,750	2,629,750	2,629,750
<b>Net Total</b>	<b>2,629,750</b>	<b>2,629,750</b>	<b>2,629,750</b>

<b><u>Analysis by Section/Function</u></b>	<b>2016/17 Original Estimate</b>	<b>2016/17 Revised Estimate</b>	<b>2017/18 Original Estimate</b>
	£	£	£
<b>HRA - Use of Balances</b>			
<i>Portfolio/ Committee: Housing</i>			
Contributions to/(from) reserves	0	(1,263,890)	176,950
<b>Net Total</b>	<b>0</b>	<b>(1,263,890)</b>	<b>176,950</b>
<b>Total for Finance, Revenues and Benefits</b>	<b>(9,041,690)</b>	<b>(10,298,890)</b>	<b>(8,735,040)</b>
<b>HRA - I&amp;E - Capital Grants</b>			
<i>Portfolio/ Committee: Housing</i>			
Indirect Income/Expenditure	0	0	0
<b>Net Total</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>HRA - MIRS Items to be excluded from HRA balance</b>			
<i>Portfolio/ Committee: Housing</i>			
Indirect Income/Expenditure	1,466,250	2,869,300	1,466,250
<b>Net Total</b>	<b>1,466,250</b>	<b>2,869,300</b>	<b>1,466,250</b>
<b>HRA - MIRS Reversal of Capital Grant</b>			
<i>Portfolio/ Committee: Housing</i>			
Indirect Income/Expenditure	0	0	0
<b>Net Total</b>	<b>0</b>	<b>0</b>	<b>0</b>



<b><u>Analysis by Section/Function</u></b>	<b>2016/17 Original Estimate</b>	<b>2016/17 Revised Estimate</b>	<b>2017/18 Original Estimate</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>HRA - MIRS HRA - Contributions Payable to the Pension Scheme</b>			
<i>Portfolio/ Committee: Housing</i>			
Direct Expenditure	411,330	398,470	415,130
<b>Net Total</b>	<b>411,330</b>	<b>398,470</b>	<b>415,130</b>
<b>HRA - MIRS Total IAS 19 Adjustments</b>			
<i>Portfolio/ Committee: Housing</i>			
Indirect Income/Expenditure	(322,420)	(359,410)	(360,860)
<b>Net Total</b>	<b>(322,420)</b>	<b>(359,410)</b>	<b>(360,860)</b>
<b>HRA - MIRS Minimum Revenue Provision</b>			
<i>Portfolio/ Committee: Housing</i>			
Indirect Income/Expenditure	1,964,300	1,964,300	1,664,300
<b>Net Total</b>	<b>1,964,300</b>	<b>1,964,300</b>	<b>1,664,300</b>
<b>Total for Finance - Financing Items</b>	<b>3,519,460</b>	<b>4,872,660</b>	<b>3,184,820</b>
<b>HRA - Policy &amp; Management</b>			
<i>Portfolio/ Committee: Housing</i>			
Direct Expenditure	58,000	58,000	58,000
Direct Income	(2,200)	(2,200)	(2,200)
Indirect Income/Expenditure	307,780	238,010	250,280
<b>Net Total</b>	<b>363,580</b>	<b>293,810</b>	<b>306,080</b>

<b><u>Analysis by Section/Function</u></b>	<b>2016/17 Original Estimate</b>	<b>2016/17 Revised Estimate</b>	<b>2017/18 Original Estimate</b>
	£	£	£
<b>HRA - Unapportionable Central Overheads Contribution</b>			
<i>Portfolio/ Committee: Housing</i>			
Indirect Income/Expenditure	275,720	275,720	275,720
<b>Net Total</b>	<b>275,720</b>	<b>275,720</b>	<b>275,720</b>
<b>Total for Corporate Director and Administration Operational Services</b>	<b>639,300</b>	<b>569,530</b>	<b>581,800</b>
<b>HRA - Lease Holders Charges</b>			
<i>Portfolio/ Committee: Housing</i>			
Direct Income	(84,000)	(84,000)	(84,000)
Indirect Income/Expenditure	17,190	20,910	21,080
<b>Net Total</b>	<b>(66,810)</b>	<b>(63,090)</b>	<b>(62,920)</b>
<b>Total for Customer and Commercial Services</b>	<b>(66,810)</b>	<b>(63,090)</b>	<b>(62,920)</b>

<b><u>Analysis by Section/Function</u></b>	<b>2016/17 Original Estimate</b>	<b>2016/17 Revised Estimate</b>	<b>2017/18 Original Estimate</b>
	£	£	£
<b>HRA - Managing Tenancies</b>			
<i>Portfolio/ Committee: Housing</i>			
Direct Expenditure	127,000	127,000	127,000
Direct Income	0	0	0
Indirect Income/Expenditure	692,810	639,450	647,370
<b>Net Total</b>	<b>819,810</b>	<b>766,450</b>	<b>774,370</b>
<b>HRA - Pumping Stations</b>			
<i>Portfolio/ Committee: Housing</i>			
Direct Expenditure	3,700	3,700	3,700
Direct Income	(4,290)	(4,290)	(4,290)
Indirect Income/Expenditure	5,570	3,970	3,930
<b>Net Total</b>	<b>4,980</b>	<b>3,380</b>	<b>3,340</b>
<b>HRA - Sewerage Expenses</b>			
<i>Portfolio/ Committee: Housing</i>			
Direct Expenditure	18,680	18,680	18,680
Direct Income	(16,750)	(16,750)	(16,750)
Indirect Income/Expenditure	7,950	6,370	6,340
<b>Net Total</b>	<b>9,880</b>	<b>8,300</b>	<b>8,270</b>

<b><u>Analysis by Section/Function</u></b>	<b>2016/17 Original Estimate</b>	<b>2016/17 Revised Estimate</b>	<b>2017/18 Original Estimate</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>HRA - Communal Central Heating</b>			
<i>Portfolio/ Committee: Housing</i>			
Direct Expenditure	94,280	94,280	94,280
Direct Income	(92,280)	(92,280)	(92,280)
Indirect Income/Expenditure	90	0	0
<b>Net Total</b>	<b>2,090</b>	<b>2,000</b>	<b>2,000</b>
<b>HRA - Supporting People re SUs</b>			
<i>Portfolio/ Committee: Housing</i>			
Direct Expenditure	16,090	20,250	0
Direct Income	(92,650)	(96,810)	0
Indirect Income/Expenditure	241,640	241,640	0
<b>Net Total</b>	<b>165,080</b>	<b>165,080</b>	<b>0</b>
<b>HRA - Sheltered Units</b>			
<i>Portfolio/ Committee: Housing</i>			
Direct Expenditure	323,630	309,280	340,770
Direct Income	(200,180)	(200,180)	(231,740)
Indirect Income/Expenditure	(73,210)	(45,490)	193,230
<b>Net Total</b>	<b>50,240</b>	<b>63,610</b>	<b>302,260</b>

<b><u>Analysis by Section/Function</u></b>	<b>2016/17 Original Estimate</b>	<b>2016/17 Revised Estimate</b>	<b>2017/18 Original Estimate</b>
	£	£	£
<b>HRA - Estate Sweeping</b>			
<i>Portfolio/ Committee: Housing</i>			
Direct Expenditure	66,000	66,000	66,000
<b>Net Total</b>	<b>66,000</b>	<b>66,000</b>	<b>66,000</b>
<b>HRA - Communal Cleaning</b>			
<i>Portfolio/ Committee: Housing</i>			
Direct Expenditure	66,000	66,000	66,000
Direct Income	(52,520)	(52,520)	(52,520)
Indirect Income/Expenditure	0	270	280
<b>Net Total</b>	<b>13,480</b>	<b>13,750</b>	<b>13,760</b>
<b>HRA - Communal Electricity</b>			
<i>Portfolio/ Committee: Housing</i>			
Direct Expenditure	100,000	100,000	100,000
Direct Income	(80,000)	(80,000)	(80,000)
Indirect Income/Expenditure	6,510	4,950	4,990
<b>Net Total</b>	<b>26,510</b>	<b>24,950</b>	<b>24,990</b>
<b>HRA - Estate Lighting</b>			
<i>Portfolio/ Committee: Housing</i>			
Direct Expenditure	5,100	5,100	5,100
Indirect Income/Expenditure	0	90	100
<b>Net Total</b>	<b>5,100</b>	<b>5,190</b>	<b>5,200</b>

<b><u>Analysis by Section/Function</u></b>	<b>2016/17 Original Estimate</b>	<b>2016/17 Revised Estimate</b>	<b>2017/18 Original Estimate</b>
	£	£	£
<b>HRA - Maintenance Of Grounds</b>			
<i>Portfolio/ Committee: Housing</i>			
Direct Expenditure	25,510	12,620	12,620
Direct Income	(90,000)	(90,000)	(90,000)
Indirect Income/Expenditure	166,880	174,630	170,200
<b>Net Total</b>	<b>102,390</b>	<b>97,250</b>	<b>92,820</b>
<b>Total for Housing</b>	<b>1,265,560</b>	<b>1,215,960</b>	<b>1,293,010</b>
<b>HRA - Repair &amp; Maintenance</b>			
<i>Portfolio/ Committee: Housing</i>			
Direct Expenditure	3,177,500	3,177,500	3,177,500
Direct Income	0	0	0
Indirect Income/Expenditure	506,680	526,330	560,830
<b>Net Total</b>	<b>3,684,180</b>	<b>3,703,830</b>	<b>3,738,330</b>
<b>Total for Building and Engineering</b>	<b>3,684,180</b>	<b>3,703,830</b>	<b>3,738,330</b>
<b>Total for HRA</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>

**HOUSING PORTFOLIO - HRA**  
**SCALE OF CHARGES 2017/18**

	Date last revised	← (A) 2016/17 →	← (B) 2016/17 →	← (C) 2017/18 →	← (D) 2017/18 →	VAT Ind
		Charge Exclusive of VAT	Charge Inclusive of VAT where applicable @ 20%	Charge Exclusive of VAT	Charge Inclusive of VAT where applicable @ 20%	
	Effective from	01/04/2016 £	01/04/2016 £	01/04/2017 £	01/04/2017 £	
<b><u>GARAGE RENTS AND ACCOMMODATION CHARGES</u></b>						
Guest room accommodation at sheltered units per night:						
With en-suite facilities (St Marys Court, Groom House, Greenfields, Ironside Walk, Belmans Court)	Apr-16	14.17	17.00	16.67	20.00	V
Without en-suite facilities (Vyntoner House, Kate Daniels House, Mead House, Spendells House, Crooked Elms, Honeycroft)	Apr-16	10.83	13.00	12.50	15.00	V
Garage rents HRA (not subject to VAT unless separately let to non-council tenants)	Apr-15	8.50	8.50	8.50	8.50	*
<b><u>QUESTIONNAIRES</u></b>						
Second mortgage enquiries (per enquiry)	Apr-16	80.00	96.00	150.00	180.00	V
Solicitors enquiries on resale of council flats	Apr-16	80.00	96.00	150.00	180.00	V
<b><u>SERVICE CHARGES (per week)</u></b>						
<b>Sewerage charges (not subject to VAT) (See Note 1):</b>						
Treatment Works:						
Goose Green, Tendring	Apr-16	7.58	7.58	7.81	7.81	Z
Coronation Villas, Beaumont	Apr-16	7.53	7.53	7.76	7.76	Z
Whitehall Lane, Thorpe	Apr-16	5.09	5.09	5.24	5.24	Z
Shop Road, Little Bromley	Apr-16	8.80	8.80	9.00	9.00	Z
Horsley Cross, Mistley	Apr-08	9.00	9.00	9.00	9.00	Z
<b>Bio Systems</b>	Apr-13	7.10	7.10	7.31	7.31	Z
<b>Septic Tanks</b>	Apr-16	2.70	2.70	2.78	2.78	Z
<b>Pumping Stations (not subject to VAT)</b>	Apr-16	4.92	4.92	5.07	5.07	Z
Sewerage charge cap where tenant in receipt of benefit	Apr-08	5.00	5.00	5.00	5.00	Z
<b>Communal central heating charges (not subject to VAT) (see note 2):</b>						
Heating and hot water:						
Single units	Apr-16	6.77	6.77	6.77	6.77	N
Double units	Apr-16	7.80	7.80	7.80	7.80	N
Hot water only (St Marys Court)	Apr-16	4.01	4.01	4.01	4.01	N
Belmans Court	Apr-16	1.63	1.63	1.63	1.63	N

## HOUSING PORTFOLIO - HRA

## SCALE OF CHARGES 2017/18

	Date last revised	← 2016/17 →		← 2017/18 →		VAT Ind
		(A) Charge Exclusive of VAT	(B) Charge Inclusive of VAT where applicable @ 20%	(C) Charge Exclusive of VAT	(D) Charge Inclusive of VAT where applicable @ 20%	
	Effective from	01/04/2016	01/04/2016	01/04/2017	01/04/2017	
		£	£	£	£	
<b>Other Service Charges (not subject to VAT):</b>						
Sheltered Housing:						
Grounds Maintenance	Apr-16	1.20	1.20	1.34	1.34	X
Communal Electricity	Apr-16	2.06	2.06	2.06	2.06	N
Non Sheltered Housing						
Grounds Maintenance	Apr-16	0.88	0.88	1.00	1.00	N
Communal Electricity	Apr-16	0.80	0.80	0.80	0.80	N
<b>Communal Cleaning (not subject to VAT) (See Note 3):</b>						
Langham Drive, Clacton	Apr-16	3.37	3.37	3.37	3.37	N
Nayland Drive, Clacton	Apr-16	3.33	3.33	3.33	3.33	N
Boxted Ave (3 Storey) , Clacton	Apr-16	3.32	3.32	3.32	3.32	N
Boxted Ave (2 Storey) , Clacton	Apr-16	3.30	3.30	3.30	3.30	N
Polstead Way, Clacton	Apr-16	3.30	3.30	3.30	3.30	N
Porter Way, Clacton	Apr-16	3.32	3.32	3.32	3.32	N
Tanner Close, Clacton	Apr-16	3.33	3.33	3.33	3.33	N
Mason Road, Clacton	Apr-16	3.27	3.27	3.27	3.27	N
Groom Park, Clacton	Apr-15	2.05	2.05	2.05	2.05	N
Leas Road , Clacton	Apr-15	2.05	2.05	2.05	2.05	N
Rivers House, Walton	Apr-15	2.23	2.23	2.23	2.23	N
Rochford House, Walton	Apr-15	2.23	2.23	2.23	2.23	N
D'arcy House , Walton	Apr-15	2.23	2.23	2.23	2.23	N
Churchill Court, Dovercourt	Apr-15	2.63	2.63	2.63	2.63	N
Cliff Court, Dovercourt	Apr-15	2.05	2.05	2.05	2.05	N
Grove Avenue Walton	Apr-15	1.06	1.06	1.06	1.06	N



**HOUSING PORTFOLIO - HRA**  
**SCALE OF CHARGES 2017/18**

	Date last revised	← (A) 2016/17 →	← (B) 2016/17 →	← (C) 2017/18 →	← (D) 2017/18 →	VAT Ind
		Charge Exclusive of VAT	Charge Inclusive of VAT where applicable @ 20%	Charge Exclusive of VAT	Charge Inclusive of VAT where applicable @ 20%	
	Effective from	01/04/2016 £	01/04/2016 £	01/04/2017 £	01/04/2017 £	
<b><u>SHELTERED UNITS SERVICE CHARGES (Not subject to VAT) (see Note 4):</u></b>						
Supporting People Costs	Apr-14	8.34	8.34	8.34	8.34	X
Landlord Costs	Apr-15	13.60	13.60	13.60	13.60	X
Careline Alarm	Apr-08	2.94	2.94	2.94	2.94	X

**Notes****(1) Sewerage charges etc**

The charging policy whereby the charges are reviewed annually against the costs of each of the five sites has continued for 2013-14 with the previously agreed general cap of £9.00 per week being applied or £5.00 where the tenant is in receipt of benefit.

**(2) Communal Central Heating Charges**

The charges for central heating remain based on the principal of recovering costs in full.

**(3) Communal Cleaning Charges**

The charges for communal cleaning have been based on the principal of recovering costs in full.

**(4) General service charge for sheltered units**

Up to and including 2016/17 the support service provided in sheltered units by scheme managers comes under the Supporting People (SP) scheme and is subject to the terms of a contract with Essex County Council, who reimburse the Council in respect of tenants who are eligible for benefit and therefore SP grant funding. From 2017/18 ECC are no longer expected to provide funding in respect of tenants who are eligible for benefit. Until Tendring District Council have reviewed the longer term impact of this late announcement by ECC any tenant eligible for SP Grant Funding will continue to receive a free service with the cost falling directly to this Council in 2017/18

## \* Garage Rent - VAT:

## Parking:

Council Tenant

N

Non-Council Tenant

V

## Storage:

Homeless persons goods

N

Premises suitable for parking

V

Premises unsuitable for parking

X

APPENDIX C

<b>HRA Capital Programme</b>	<b>Original 2016/17 Budget £000</b>	<b>Revised 2016/17 Budget £000</b>	<b>2017/18 Budget £000</b>	<b>2018/19 Budget £000</b>	<b>2019/20 Budget £000</b>	<b>2020/21 Budget £000</b>
<b>EXPENDITURE</b>						
Improvements, enhancement & adaptation of the Council's housing stock	2,770,000	4,280,730	2,770,000	2,770,000	2,770,000	2,770,000
Disabled adaptations for Council tenants	400,000	479,980	400,000	400,000	400,000	400,000
Information Technology upgrade and replacement	20,000	20,000	20,000	20,000	20,000	20,000
New Build Initiatives and Acquisitions	780,250	2,183,300	780,250	792,960	587,300	546,140
Cash Incentive Scheme	60,000	60,000	60,000	60,000	60,000	60,000
	<b>4,030,250</b>	<b>7,024,010</b>	<b>4,030,250</b>	<b>4,042,960</b>	<b>3,837,300</b>	<b>3,796,140</b>
<b>FINANCING</b>						
Major Repairs Reserve	3,250,000	4,840,710	3,250,000	3,250,000	3,250,000	3,250,000
Direct Revenue Financing of Capital	780,250	2,183,300	780,250	792,960	587,300	546,140
	<b>4,030,250</b>	<b>7,024,010</b>	<b>4,030,250</b>	<b>4,042,960</b>	<b>3,837,300</b>	<b>3,796,140</b>

**HRA RESERVES**

**APPENDIX D**

	<b>Balance 31 March 2016</b>	<b>Contribution from Reserves 2016/17</b>	<b>Contribution to Reserves 2016/17</b>	<b>Est. Balance 31 March 2016</b>	<b>Contribution from Reserves 2017/18</b>	<b>Contribution to Reserves 2017/18</b>	<b>Est. Balance 31 March 2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>HRA Reserves</b>							
HRA General Balance	5,680,020	(1,403,050)	139,160	4,416,130	0	176,950	4,593,080
HRA Commitments	0	(1,403,050)	1,403,050	0	0	0	0
Housing Repairs Reserve	1,810,710	(3,703,830)	3,703,830	1,810,710	(3,738,330)	3,738,330	1,810,710
Major Repairs Reserve	4,497,190	(4,840,710)	3,250,000	2,906,480	(3,250,000)	3,250,000	2,906,480
<b>Total Reserves</b>	<b>11,987,920</b>	<b>(11,350,640)</b>	<b>8,496,040</b>	<b>9,133,320</b>	<b>(6,988,330)</b>	<b>7,165,280</b>	<b>9,310,270</b>

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<b>Key Decision Required:</b>	<b>No</b>	<b>In the Forward Plan:</b>	<b>No</b>
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## CABINET

**20 JANUARY 2017**

### REPORT OF LEISURE, WELLBEING AND PARTNERSHIPS PORTFOLIO HOLDER

#### **A.4 INTOUNIVERSITY**

(Report prepared by Rebecca Morton and Anastasia Simpson)

#### **PART 1 – KEY INFORMATION**

<b>PURPOSE OF THE REPORT</b>
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<p>To inform Cabinet about a joint £1.2 million investment over five years by Anglia Ruskin University and IntoUniversity. A new IntoUniversity learning centre will open in Clacton in September 2017 and together with its associated programmes for both children and young people in primary and secondary schools, will support educational attainment and aspirations of young people within Tendring.</p>
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<b>EXECUTIVE SUMMARY</b>
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<p>Tendring District Council's Corporate Plan 2016-2020 puts Community Leadership at the heart of everything we do and within this context, education and the raising of educational attainment and aspirations within the District has and continues to be a priority.</p>
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<p>The Council signed a Memorandum of Understanding (MOU) with Anglia Ruskin University (and Essex County Council) in 10<sup>th</sup> June 2014. As well as raising attainment levels and aspirations, the parties agreed to work together in collaboration to share information, experience, materials and to develop effective working practices. This includes the University supporting the work of the Tendring Education Improvement Group, exploring opportunities for supporting teacher development and training in Tendring schools and developing employability with young people in Tendring.</p>
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<p>The MOU with Anglia Ruskin University was reviewed in February 2016, through a joint meeting with University, ECC and Tendring District Council. The Leisure, Wellbeing and Partnerships Portfolio Holder and Head of People Performance and Projects attended this meeting providing feedback about the Council's education initiatives and workstreams and how the Council was using its influencing role to support school attainment and raise aspirations across the District.</p>
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<p>IntoUniversity and Anglia Ruskin University have recently formed a partnership to launch a new IntoUniversity centre in Tendring to serve at least 900 children and young people, commencing in Autumn 2017. IntoUniversity and Anglia Ruskin University are jointly investing a total of £1.2 million into development of the new centre which will ensure that the project can run for at least 5 years. IntoUniversity offers long term support to young people, and to date no centre that has been opened has subsequently closed.</p>
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<p>This joint initiative is an excellent example of community leadership and partnership working, and Anglia Ruskin University supporting Tendring directly to enhance educational standards and aspirations. With investment over five years, this partnership aims to have a significant positive impact on the futures of children and young people across the District.</p>
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## RECOMMENDATION(S)

It is recommended that the contents of this report be noted.

## PART 2 – IMPLICATIONS OF THE DECISION

### DELIVERING PRIORITIES

The Council's Corporate Plan 2016 – 2020 puts Community Leadership at the heart of the organisation. This exciting project is an excellent example of what can be achieved through this approach and supports a number of our key priorities and core values including:-

- Facilitate improved qualification and skills attainment
- Enable better job prospects
- Effective partnership working, as well as
- Working collaboratively

### FINANCE, OTHER RESOURCES AND RISK

#### Finance and other resources

To date this work solely relies on the input of Officer time.

#### Risk

There is a very limited risk that this project, will not proceed in 2017. However good partnership working will help to mitigate this.

### LEGAL

It is recognised that Tendring District Council does not have specific legislative powers in relation to education but through its Community Leadership role does engage with partners in supporting improvements in raising awareness levels and aspirations of young people across Tendring.

### OTHER IMPLICATIONS

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

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

All Wards. The aim of this project and opening an IntoUniversity Centre, is to remove inequalities in Education through working with young people from the poorest backgrounds.

## PART 3 – SUPPORTING INFORMATION

### BACKGROUND

#### Introduction to IntoUniversity

IntoUniversity is a registered charity with a vision to provide a national network of high quality, local learning centres where young people are inspired to achieve. At each local centre IntoUniversity offers an innovative programme that supports children and young people from disadvantaged backgrounds to attain either a university place or another chosen aspiration.

IntoUniversity was founded in 2002 at a local centre in North Kensington, the founders were shocked by the scale of underachievement amongst Britain's poorest families and undertook further research to develop a programme and third sector response. The

founders launched the charity in 2007 and to date there are 22 centres in London, Nottingham, Bristol and other cities.

In 2010, IntoUniversity carried out a social return on investment calculation. For the charity this was around 4.2 which means that for every £1 invested in IntoUniversity, £4.20 worth of social value is generated. In 2015, IntoUniversity worked with 22,000 young people across the UK.

### **Aims of IntoUniversity**

Young people from Britain's poorest backgrounds face considerable educational disadvantage, they do less well at school, are three times less likely to go to university than those in more advantaged areas, and have little chance of entering professions. IntoUniversity centres provide sustained academic support, motivation and encouragement to give disadvantaged young people a fair chance of realising their full potential from ages 7-18. Each centre offers the following:

- After school academic support
- University student mentors
- Specially designed "FOCUS" days/week (Years 5 – 13)
- Direct experience of university life

IntoUniversity believe that it is important to start working with children in their primary years if they are to have a decisive impact upon their futures, and will continue to give academic and pastoral support right through to applications for further education/university.

### **CURRENT POSITION**

IntoUniversity has undertaken an initial operational meeting with Council Officers to consider the most suitable location within Tendring. The organisation requires a large classroom, office space, car parking and ideally some outside space for children attending the centre. The centre in Clacton is also going to have a specialised STEM focus and ideally a science laboratory will be available on-site.

On 16<sup>th</sup> November 2016, visits to possible sites took place with Council officers and IntoUniversity including the Trinity Methodist Church, Our Lady of Light Church, CVST Offices and the previous TESS school site in Jaywick Lane, Clacton. Ideally, IntoUniversity would like a base near to Clacton based on population statistics and levels of deprivation. However, a discussion has taken place with the organisation, which will be dependent on the success of the initial centre about the possibility of a second centre within the District being located in the Harwich area.

IntoUniversity are keen to work with Officers on an on-going basis and to date support has been provided with the following:

- **Recruitment** – a recruitment campaign has commenced. IntoUniversity are currently looking to recruit a Team Leader for the new centre. The Council is supporting this process by advertising the post on behalf of IntoUniversity locally, across Tendring. In addition, details of this vacancy have also been circulated to all schools and colleges across the District. Ongoing support will be provided by the Council for all centre vacancies, both paid and volunteer staff.
- **Location for the new learning centre** - support in securing a suitable location for

the centre within the District.

- **Providing local information and statistics** - providing background information on the District including geographical, population and education baseline data. Also providing Tending skills data.
- **Accommodation** - offer of meeting rooms, accommodation if required on an ad hoc basis.
- **Access to other Education related partnerships**, including Tending Education Improvement Group (TEIG). It is planned that a representative from IntoUniversity will attend the next meeting in March 2017.

This support will continue ongoing and will also include:-

- Promotion of materials to schools and educational establishments to promote the centre opening
- Press release and promotion

A meeting was held on 4<sup>th</sup> January 2017 between Anglia University, IntoUniversity, Tending District Council Officers and the Portfolio Holder to discuss further the Council's involvement and how partners can work together.

<b>BACKGROUND PAPERS FOR THE DECISION</b>
None
<b>APPENDICES</b>
None



<b>Key Decision Required:</b>	<b>No</b>	In the Forward Plan	No
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**CABINET**

**20 JANUARY 2017**

**REPORT OF LEISURE, WELL-BEING AND PARTNERSHIPS PORTFOLIO HOLDER**

**A.5 DETERMINATION OF A NOMINATION TO REGISTER AN ASSET OF COMMUNITY VALUE: ST MARYS CHURCH HALL NEW ROAD MISTLEY MANNINGTREE ESSEX C011 1ER**

(Report prepared by Andy White and Gill Burden)

**PART 1 – KEY INFORMATION**

**PURPOSE OF THE REPORT**

To determine whether St Marys Church Hall Mistley meets the criteria set out in the Localism Act 2011 (“the Act”) and the Assets of Community Value (England) Regulations 2012 (“the Regulations”) following its nomination as an Asset of Community Value by Mistley Thorn Residents Association. No other criteria are pertinent.

**EXECUTIVE SUMMARY**

A valid nomination to register an asset of community value has been received from Mistley Thorn Residents Association (MITHRAS) as shown identified in the plan included within Appendix A.

If a local authority receives a valid nomination, it must determine whether the land or building nominated meets the definition of an asset of community value as set out in Section 88 of the Localism Act 2011 and The Assets of Community Value Regulations 2012.

The Government’s non statutory guidance defines an asset of community value as: “Building or other land whose main (i.e. “non-ancillary”) use furthers the social wellbeing or social interests of the local community, or has recently done so and is likely to do so in the future”. The Report provides an assessment of the nomination.

The Cabinet should consider the content of the nomination against the statutory criteria (and no other factors) and determine whether the asset should be included within the Council’s List of Assets of Community Value.

Taking the evidence provided into account it is recommended that the building nominated does meet the criteria set out Section 88 of the Localism Act 2011. Accordingly it is recommended that the criteria are met and that the building should be listed as an Asset of Community Value.

**RECOMMENDATION(S)**

**That Cabinet determines that St Marys Church Hall New Road Mistley meets the definition of an Asset of Community Value as set out in Section 88 of the Localism Act 2011 and that the asset be added to the Council’s list of Assets of Community Value.**

## PART 2 – IMPLICATIONS OF THE DECISION

### DELIVERING PRIORITIES

Assets of Community Value exist in a range of forms and functions. Individual properties may contribute in different ways across the spectrum of Council priorities.

### FINANCE, OTHER RESOURCES AND RISK

#### Finance and other resources

There are circumstances where the Council may be required to pay compensation. It is hard to quantify this risk and it is therefore not proposed to make a specific allocation. The Advice Note issued by Department of Communities and Local Government (“DCLG”) states that if compensation exceeds £20,000 in any one financial year support can be requested through their burdens funding scheme.

#### Risk

The hall provides community activities for the village currently although there is always some risk that the decision in relation to the nomination will be controversial whether it is listed or not.

### LEGAL

If a local authority receives a valid nomination, it must determine whether the land or building nominated meets the definition of an asset of community value as set out in Section 88 of the Localism Act 2011:

- (1) A building or other land in a local authority’s area is land of community value if in the opinion of the authority —
  - (a) an actual current use of the building or other land that is not an ancillary use furthers the social wellbeing or social interests of the local community, and;
  - (b) it is realistic to think that there can continue to be non-ancillary use of the building or other land which will further (whether or not in the same way) the social wellbeing or social interests of the local community.

Section 88(2) of the Act extends this definition to land which has furthered the social wellbeing or social interests of the local community in the recent past, and which it is realistic to consider will do so again during the next five years.

Under Schedule 2 of the Local Authorities (Functions and Responsibilities) Regulations 2000, as amended, the determination of an appeal against any decision made by or on behalf of the authority can be made by the Executive or another Committee. It is considered that as Cabinet will be the decision maker of the outcome of the nomination, any review received should be considered and referred to the Community Leadership and Partnerships Overview and Scrutiny Committee, which already includes within its terms of reference review of Cabinet decisions.

The Assets of Community Value (England) Regulations 2012 (“the Regulations”) provide procedural detail to give effect to the assets of community value scheme. An earlier report on this subject set out a proposed procedure for dealing with the nomination of Assets of Community Value in accordance with the Regulations and Officers have adhered to the procedure and it is now proposed that Cabinet considers the nomination in accordance with the procedure.

## OTHER IMPLICATIONS

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

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

Assets of Community Value exist in a range of forms and functions. Individual properties may contribute in different ways across the spectrum of implications. The Act and Regulations are intended to increase public engagement.

#### **Area or Ward Affected**

Manningtree, Mistley, Little Bentley and Tendring.

## PART 3 – SUPPORTING INFORMATION

### BACKGROUND

The Act and Regulations, also collectively known and described as Community Right to Bid place a duty on local authorities in England and Wales to maintain a list of land in their areas that is land of community value as nominated by the local community.

The local authority must consider only if the nominated asset meets the criteria set out in Section 88 Localism Act 2011 in that it is satisfied:

- (a) the actual use, not an ancillary one, that furthers social wellbeing or social interest of the local community; and
- (b) that there can continue to be a non-ancillary use, which will further the social well-being or social interests of the local community.

The Council must maintain:

- A list of assets that are held to be of community value; and
- A list of assets identified in unsuccessful nominations.

If land or buildings are placed on the list of assets of community value:

- They remain on the list for five years;
- They are subject to a local land charge;
- If the owner wishes to sell (some exemptions apply) the asset they must notify the Council;
- The Council must notify the nominator and publicise the potential sale;
- All community groups have a six week window to register their intent to bid for the asset;
- If no registration of intent is received the owner may then sell the asset as they see fit (subject to any normal legal processes);
- If intent is registered community groups are then allowed a further 20 weeks (strictly 6 months from the date of the owner's notice) to raise money, reach agreement or otherwise bid for the asset;
- The owner may sell to a community group at any time but is never obliged to do so;
- If no community bid is made or accepted within the six months the owner may then sell the asset as they see fit;
- No further bid or moratorium can be made for a period of 18 months from the owner's notice; and
- If the owner suffers financial loss as a result of the imposition of either moratorium the Council must compensate the owner.

The provisions of the community right to bid does not:

- Restrict who the owner of a listed asset can sell their property to, nor at what price;
- Confer a right of first refusal to community interest groups,
- Enable a community group to trigger disposal of a site;
- Place any restriction on what an owner can do with their property, once listed, if it remains in their ownership.

Only the owner of the land has the right to seek a review of the decision to include any land on the list in accordance with Section 92 of the Localism Act 2011. This must be done in writing within 8 weeks of the written notice of inclusion of the land in the list.

The table below, based on guidance produced by the Public Law Partnership sets out an overview of what the Act and Regulations intend to constitute as an Asset of Community Value”.

The Act intends to apply to Land and Buildings Where:

1. The main use of the land or building **furtheres the social wellbeing or social interests of the local community** at the present time AND it is realistic to think that this can continue into the near future (even if the type of social use or benefit might change), or;
2. The main use of the land or building **furthered the social wellbeing or social interests of the local community** in the recent past AND it is realistic to think that this could again happen **in the next five years** (even if the type of social use or benefit might change).

The Act does not intend to apply to land where:

1. The main use of the land or **building furthered the social wellbeing or social interest of the local community some years ago** but is not presently in use for a social purpose, or;
2. The land or building has **not recently been, and is not currently, in use for a primarily social purpose**, or;
3. The land or building has been **empty or derelict** for many years and remains so today.

In their Guidance Public Law Partnership provide some helpful interpretation of these terms:

“This could apply to a broader set of activities and not just cultural, recreational and sport interests as provided by the Act. Working with local communities it could include: any land or building where the main purpose is for the provision of public services for education, health and wellbeing or community safety e.g. nurseries, schools, children’s centres, health centres, surgeries, hospitals, day care centres, and residential care homes. Sport, recreation & culture e.g. parks and open green spaces, sports and leisure centres, libraries, theatres, museums and heritage sites, cinemas, swimming pools. Community services e.g. community centres, youth centres, and public toilets. Any economic use which also provides important local social benefits e.g. village shops, pubs, markets.

“What does it mean “realistic to think that this can continue into the near future”? For the use which is **currently ongoing**, the working assumption should be that the present use can continue into the future, unless the local authority is able to identify evidence that is unlikely to be the case. In other words where the asset is presently in social use there should be a **presumption of continued viability**, unless clear evidence suggests otherwise. For a **social use which has lapsed** and needs to be re-established the local authority will need to take a view on the realism of re-establishing this. A new approach can help to re-establish services that were previously not viable.

## **CURRENT POSITION**

The Nomination Form has been submitted by Mistle Thorn Residents Association (MITHRAS) (attached at Appendix A), and contains at B4 and B5 and Appendix B reasons why the nominators consider that the building is of community value and how the land could be acquired and used in the future. A plan of the area nominated is also included and the area is marked.

The nomination states the building was built to be used by the local community and has done so for over the last 100 years. The building provides a venue for a youth club, children's parties, quiz nights and toddler groups. It is also used for Art Exhibitions and cultural activities. In addition to the activities listed in the Nomination there is at Appendix B further information of on-going activities for the coming months which was sought as the Nomination form was not clear as to the tense it was listing the activities in and Officers asked for clarification.

In accordance with the Regulations the landowner has been notified and no representation has been received. It is recommended that the building does meet the criteria as the Council is required to consider only whether the asset meets the criteria set out in Section 88 of the Act.

The listing is sought with the stated intention of continuing the main use which furthers the social wellbeing or interests of the local community.

Taking the above into account it is recommended that the building nominated does meet the criteria set out in Section 88 of the Localism Act 2011, specifically:

*The main use of the land or building furthers the social wellbeing or social interests of the local community at the present time and it is realistic to think that this can continue into the near future.*

Accordingly it is recommended that the criteria are met and that the building should be listed as an Asset of Community Value.

## **BACKGROUND PAPERS FOR THE DECISION**

**Non-statutory advice note for local authorities produced by DCLG Community Right to Bid – October 2012**

## **APPENDICES**

**Appendix A – Nomination Form (Redacted)**

**Appendix B – Additional information in respect of B4 on Nomination form**



## LOCALISM ACT 2011

### THE COMMUNITY RIGHT TO BID

#### NOMINATION FORM

#### **A:** You and your organisation

Your Name	[REDACTED]
Your Organisation (full official name)	Mistley Thorn Residents' Association (MITHRAS)
Your position in the organisation	[REDACTED]
Organisation address (including postcode)	[REDACTED]
Daytime telephone no.	[REDACTED]
Email address	[REDACTED]
How and when can we contact you?*	[REDACTED]

\*other correspondence address or preferred way or time for us to contact you

#### Type of organisation

Description	Put a cross X against all those that apply	Registration number of charity and/or company (if applicable)
Neighbourhood forum		[REDACTED]
Parish Council		[REDACTED]
Charity		[REDACTED]
Community interest company		[REDACTED]
Unincorporated body	X	[REDACTED]
Company limited by guarantee		[REDACTED]
Industrial and provident society		[REDACTED]

RESIDENTS' ASSOCIATION

**Unincorporated bodies only:**

In the case of an unincorporated body, at least 21 of its members must be registered to vote in the Tendring District or an adjoining authority. If relevant, please confirm the number of such members. If they are registered to vote in the area of a neighbouring local authority, rather than in Tendring, please confirm which area that is.

+ / - 30 members

**Local connection**

Your organisation must have a local connection, which means that its activities are wholly or partly concerned with the administrative area of Tendring District Council or a neighbouring local authority. Please explain what your organisation's local connection is.

The activities of MITHRAS are wholly within the Tendring District and revolve around the area of Mistley centred on The Green and The Swan Basin

**A6 Distribution of surplus funds (certain types of organisation only)**

If your organisation is an unincorporated body, a company limited by guarantee, or an industrial and provident society, its rules must provide that surplus funds are not distributed to members, but are applied wholly or partly for the benefit of the local area (ie. within the administrative area of Tendring or a neighbouring local authority). If relevant, please confirm that this is the case, and specifically which area this applies to.

Surplus funds are NEVER distributed to members but are used entirely for the benefit of the local community.

This includes both social and environmental improvements. The latter, for example, includes rebuilding the wall on The Green and maintaining the Mistley Towers.

**A7 More about your organisation**

**What are the main aims and activities of your organisation?**

To work for the protection of the character of the local environment and to enhance the sense of community of all the residents of our area:

"The objects of MITHRAS shall be to take whatever positive and co-operative action is required to protect and improve the environment and amenities of the Mistley Thorn area for the primary benefit of its residents."

(see enclosed constitution)

**A8 Your organisation's rules**

<b>Please send us a copy of the relevant type of document for your organisation, and put a cross in the next column to indicate which one this is</b>	<b>X</b>
Memorandum and Articles of Association (for a company)	
Trust Deed (for a trust)	
Constitution and/or rules (for other organisations)	<b>X</b>



**Part B: About the land or building(s) you are nominating**

**B1 Description and address**

What it is (eg. pub, local shop)
Church Hall
Name of premises (eg. Royal Oak / Littletown stores)
St Mary's Church Hall [ The Institute ]
Address including postcode (if known)
New Road, Mistley, MANNINGTREE CO11 1ER

**B2 Sketch plan**

Please include (here or on a separate sheet) a sketch plan of the land. This should show:-

- The boundaries of the land that you are nominating
- The approximate size and position of any building(s) on the land.
- Any roads bordering the site.

Please see attached photograph and sketch

**B3 Owners and others with an interest in the building or land**

You should supply the following information, if possible. If any information is not known to you, please say so.

	<b>Name(s)</b>	<b>Address(es)</b>
Names of all current occupants of the land	The PCC St Mary's Church Mistley	c/o The Rectory 21 Malthouse Road MANNINGTREE CO11 1BY
Names and current or last known addresses of all those owning the freehold of the land (ie. owner, head landlord, head lessor)	As above	
Names and current or last known addresses of all those having a leasehold interest in the land (ie. tenant, intermediate landlord, intermediate lessor)		

**B4 Why you think the building or land is of community value**

*Note that the following are not able to be assets of community value:-*

- *A building wholly used as a residence, together with land "connected with" that residence. This means adjoining land in the same ownership. Land is treated as adjoining if it is separated only by a road, railway, river or canal.*
- *A caravan site.*
- *Operational land. This is generally land belonging to the former utilities and other statutory operators.*

Does it currently further the social wellbeing or social interests\* of the local community, or has it done so in the recent past? If so, how?

This building was built to be used by the local community.

It has served the community well over the last 100 years, being used for all manner of church-related activities, including wedding receptions, harvest suppers and wakes.

Additionally the building has been used by the community for:

- youth clubs,
- brass band rehearsals & concerts,
- hosting children & adult birthday parties,
- light entertainment shows, film shows and
- quiz nights.
- toddler groups
- local business pop-ups

The hall has also been used extensively as a venue-for-hire by various community-related groups and activities.

Art exhibitions and cultural activities are also held in the hall.

Mistley is well known in this region for its exceptional social/community spirit and cohesion. The Hall has played a key role in maintaining this cohesion.

Could it in future further the social wellbeing or social interests\* of the local community? If so, how? (This could be different from its current or past use.)

Yes, all the above activities could continue to take place in the hall and in doing so would further the wellbeing, interests and ongoing social & cultural activities of the local community.

It is a focal point of community activity for ALL age groups.

*\*These could be cultural, recreational and/or sporting interests, so please say which one(s) apply.*

**B5 How could the building or land be acquired and used in future?**

*If it is listed as an asset of community value, community interest groups (not just limited to your organisation) will get the opportunity to bid for it if it comes up for sale. Please set out how you think such a group could fund the purchase of the building or land, and how they could run it for the benefit of the community.*

Should it become available to purchase, the hall could be acquired by careful use of the following:

- Funds currently in hand
- Funds already promised
- Funds raised by the local community
- Funds raised from grants
- Funding from local commercial parties

Once acquired, the hall would be run for the benefit of the local community, with the welcome co-operation of The Friends of the Parish Church of St Mary & St Michael (The Friends), under the umbrella of MITHRAS.

The full range of activities listed at B4 (above) would continue to take place, along with any other community based activities as required.

Members of the local community are already willing and able to carry out the full range of such day-to-day activities as key holding, arranging bookings, cleaning and petty maintenance.

## **Section C: Submitting this nomination**

### **C1 What to include**

- The rules of your organisation (question A8).
- Your sketch plan (question B2).

### **C2 Signature**

*By signing your name here (if submitting by post) or typing it (if submitting by email) you are confirming that the contents of this form are correct, to the best of your knowledge.*

Signature

A rectangular box containing a signature that has been completely redacted with a thick black marker.

### **C3 Where to send this form**

You can submit this nomination:-

- **By post to:** Gill Burden Tendring District Council Thorpe Road Weeley Clacton on Sea Essex CO16 9AJ
- **By email to:** gburden@tendringdc.gov.uk

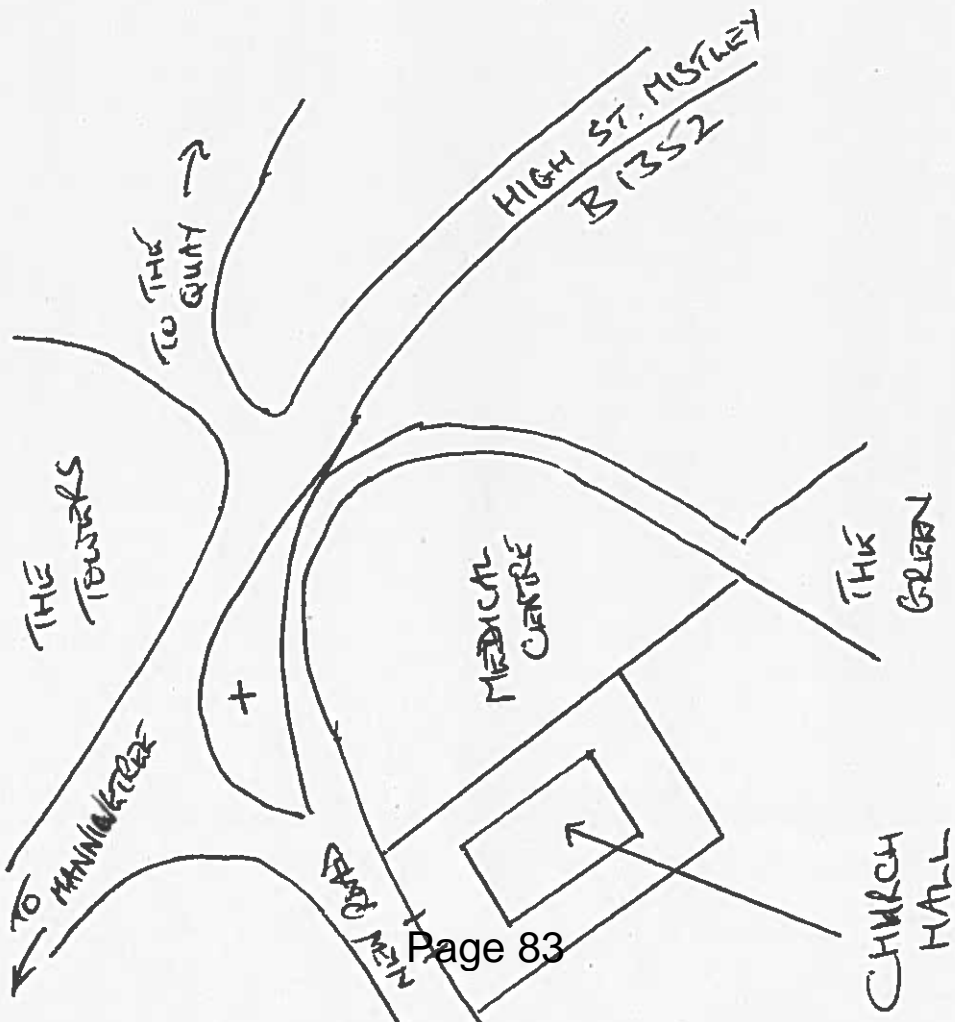




APPROX. LAND DIMENSIONS:

LENGTH: 42 yards

WIDTH: 31 yards



CHURCH HALL

NEW ROAD

MISTLEY

COLLIER

=

APPROX. DIMENSIONS OF BUILDING:

LENGTH: 25 yards

WIDTH: 14 yards

HEIGHT: 25 feet

# MITHRAS

( Mistle Thorn Residents' Association)

## CONSTITUTION

### 1 TITLE

The organisation shall be called the Mistle Thorn Residents Association, hereinafter referred to as MITHRAS.

### 2 OBJECTS

The objects of MITHRAS shall be to take whatever positive and co-operative action is required to protect and improve the environment and amenities of the Mistle Thorn area for the primary benefit of its residents.

### 3 ELIGIBILITY FOR MEMBERSHIP

All residents of the Mistle Thorn area are members of MITHRAS.  
The Mistle Thorn area extends from Station House to Portishead House including The Green and Environmental Centre.

### 4 ADMINISTRATIVE AND FINANCIAL YEAR

The administrative and financial year shall be the period commencing on April 1st and ending on March 31st the following year.

### 5 COMMITTEE

- i) A Committee shall be elected from the membership of MITHRAS at the Annual General Meeting and comprise an Honorary Chairman, an Honorary Secretary, an Honorary Treasurer, and not exceeding a further seven Committee Members.
- ii) A Committee quorum shall consist of not less than five Committee Members.
- iii) The Committee shall have powers to co-opt further Members as necessary.
- iv) Nominations for membership of the Committee shall be submitted to the Honorary Secretary in advance of the Annual General Meeting or shall be made verbally at the Annual General Meeting.



6 ANNUAL GENERAL MEETING

- i) The Annual General Meeting shall be held as soon after 31st March each year as practical and fourteen days notice shall be given to Members.
- ii) The Annual General Meeting shall be chaired by the Honorary Chairman or if unavailable, by the Honorary Secretary.
- iii) The Annual General Meeting shall receive a report by the Honorary Chairman, an Annual Statement of Accounts from the Honorary Treasurer and any other reports deemed necessary by the Committee or the membership.

7 OTHER MEETINGS

- i) The Committee shall have powers to arrange General or Special Meetings as necessary.
- ii) A Special Meeting shall be held on receipt of a proposal by the Honorary Secretary signed by not less than ten Members and at least 24 hours notice shall be given to all Members.

8 AUDITOR

An Honorary Auditor shall be appointed at the Annual General Meeting to audit the Annual Statement of Accounts referred to in 6 iii) above.

9 TRANSFER OF ASSETS ON DISSOLUTION

- i) In the event of the proposed dissolution of MITHRAS, the Committee shall convene a Special Meeting for that purpose. A majority vote of Members present shall be sufficient to dissolve MITHRAS.
- ii) Any assets remaining on dissolution of the finances after satisfying outstanding debts and liabilities shall be given or transferred to a local charity or worthy cause as determined by Members attending such a Special Meeting.

10 ALTERATION TO THE CONSTITUTION

The Constitution shall not be altered or rescinded except with the consent of a majority of Members attending an Annual General Meeting or a General or Special Meeting.

Date of Adoption: September 1988

**Additional information B4**

Forgot to mention the MacMillan cancer coffee morning last week. There must be lots more activities but I think these give a good flavour of their range and type

Thanks for this. I have lived in Mistley for over 20 years and for all of that time the hall has served as a venue for community activities.

In terms of recent and ongoing activities in the past twelve months and the next few months here are some examples ( there must be many more)

- There are regular weekly Zumba classes in the hall which locals attend - ongoing
- plus regular weekly brass band rehearsals - ongoing
- A resident runs children's workshops in the Hall - ongoing
- a christening party for local resident's child held there a couple of weeks ago
- there are talks and presentations and performances eg the Caroe society will be holding another talk for us on 12 November, following their Christmas Carol performance last Christmas
- We will be holding an open community meeting in the hall on 26<sup>th</sup> of this month (October) and a community Christmas Party for all ages on 10 December
- the Maltings residents (High Street Mistley) will be holding their AGM in the hall on 12 November and other Maltings residents meetings are planned
- We held quiz nights last December and February and will be holding another on 2 December
- Community (Beatnik) party in March this year with plans for a follow up
- The Mistley Secret Gardens uses the Hall as the hub each year – was 26 June this year
- Local consultations between developers and residents are held in the Hall – which offers good space for showing big size drawings, or projecting photographic slides etc and has enough chairs for big ad-hoc gatherings - most recent were EDME and the Animal welfare centre plans for development
- 18<sup>th</sup> birthday party - last December
- gathering to celebrate a much loved local resident who died at the age of 102 (can't remember the exact date but in the last 12 months)
- the Caboose Club holds live music performances in the hall - not sure when the next one is planned for
- a local resident who runs a clothing business (Crumpet) has end of stock sales in the hall each year- sometimes twice a year - which are very popular with locals

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

Document is Restricted

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