
**MINUTES OF THE MEETING OF THE CABINET,
HELD ON FRIDAY, 28TH JANUARY, 2022 AT 10.30 AM
COMMITTEE ROOM - TOWN HALL, STATION ROAD, CLACTON-ON-SEA, CO15
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Present:	Councillor N R Stock OBE	Leader of the Council (Chairman)
	Councillor P B Honeywood	Portfolio Holder for Housing
	Councillor L A McWilliams	Portfolio Holder for Partnerships
	Councillor M C Newton	Portfolio Holder for Business & Economic Growth
	Councillor A O J Porter	Portfolio Holder for Leisure and Tourism
	Councillor M J Talbot	Portfolio Holder for Environment & Public Space

Group Leaders Present by Standing Invitation: Councillors E T Allen (Leader of the Tendring First Group), J B Chapman (Leader of the Independents Group), I J Henderson (Leader of the Labour Group), G G I Scott (Leader of the Liberal Democrats Group), M E Stephenson (Leader of the Tendring Independents Group) and C P Winfield (Leader of the Holland-on-Sea Group)

Also Present: Councillors A P H Baker and R A Wiggins (Deputy Leader of Liberal Democrats Group)

In Attendance: Ian Davidson (Chief Executive), Lisa Hastings (Deputy Chief Executive & Monitoring Officer), Lee Heley (Interim Corporate Director (Projects Delivery)), Richard Barrett (Assistant Director (Finance and IT) & Section 151 Officer), Anastasia Simpson (Assistant Director (Partnerships)), Keith Simmons (Head of Democratic Services and Elections), Ian Ford (Committee Services Manager), William Lodge (Communications Manager) and Matt Cattermole (Communications Assistant)

110. APOLOGIES FOR ABSENCE

An apology for absence was submitted on behalf of Councillor G V Guglielmi (the Deputy Leader of the Council and Portfolio Holder for Corporate Finance & Governance).

111. MINUTES OF THE LAST MEETING

It was **RESOLVED** that the minutes of the meeting of the Cabinet, held on Friday 17 December 2021, be approved as a correct record and be signed by the Chairman.

112. DECLARATIONS OF INTEREST

There were no Declarations of Interest made on this occasion.

113. ANNOUNCEMENTS BY THE LEADER OF THE COUNCIL

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

114. ANNOUNCEMENTS BY CABINET MEMBERS

There were no announcements made by the members of the Cabinet on this occasion.

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 - REFERENCE FROM THE RESOURCES AND SERVICES OVERVIEW & SCRUTINY COMMITTEE - A.1 - SCRUTINY OF THE UPDATED FINANCIAL FORECAST/BUDGET PROPOSALS 2022/23 AND HOUSING REVENUE ACCOUNT BUDGET PROPOSALS 2022/2023

Cabinet was aware that, at its meeting held on 12 January 2022 (Minute 50 referred), the Resources and Services Overview & Scrutiny Committee (“the Committee”), in accordance with the requirements of the Budget & Policy Framework Procedure Rules, had undertaken an enquiry into:-

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

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

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

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

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

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

1. *That the issue of the level of carry forward amounts each year, as highlighted several times by the external auditors in their annual audit letters to the Council in recent years, be addressed urgently by the Cabinet.*
2. *That the intentions for developing a Corporate Investment Plan in order to establish a process for considering proposals for investment against the Corporate Plan Priorities and developing a prioritisation framework for investment over the coming year and into the medium term be welcomed and:*
 - a. *That the schemes set out in the current reserves, provisions and one-off sums be reassessed as part of that Corporate Investment Plan process in order to avoid sums of money being allocated for schemes that are no longer to be*

pursued and thereby hampering investment in schemes that can deliver real benefit to the District;

- b. That, further to (a) above, the approvals to establish a reserve for a Residents Free Parking Scheme (£221K in reserves) and to allocate funds for a Clacton Town Centre Fountain (£159K as a one-off sum) be reversed immediately (as they are not required/being pursued) and the sums reallocated to fund the posts of 6 Community Ambassadors, 4 Street Rangers and 1 Technical/Administration (at a total cost of £352K) for 2022/23 with the remaining £28K from the released funds being ring-fenced to support training, equipment and supplies costs associated with those posts in 2022/23.*
- c. That the Plan should identify a range of seafront enhancements, developed in conjunction with seaside communities (including where relevant Town/Parish Councils) on the basis that these are funded by an expansion of beach huts in those communities.*
- d. That the Plan should deliver on the intentions of the Public Conveniences Strategy by improvements in those continuing facilities (particularly in view of the saving of £72,200 from the Government's backdating of business rate relief to the start of 2020/21 and the absence of business rates on those facilities since the Strategy was adopted).*
- e. That the Plan clearly identifies how it will integrate with the priorities for investment through funding secured through the Community Infrastructure Levy (CIL) and the monitoring of the investment through that funding route.*
- 3. That progress with the procurement of the new cremators for the Weeley crematorium and the significant loss of income in 2021/22 and 2023 while the cremators are out of action, be monitored, very closely, and councillors and the public be kept informed about the process.*
- 4. That internal procurement processes be re-examined with a view to strengthen those processes and addressing the risk of failure by companies who are major suppliers to the Council (given recent example of the company maintaining the cremators and other examples in recent years).*
- 5. That the planned events for the platinum Jubilee and associated funding for them, be approved as a matter of urgency.*
- 6. That the problem of littering along the A120 be highlighted and the Council pursues with Essex County Council and Highways England, frequent cleaning of the road, and verges next to it, with waste bins that are suitable for the level of use be installed and maintained in the laybys between Ardleigh Crown and Harwich, so that this major route through the District is kept clean.*

In respect of the Housing Revenue Account 2022/23

- 1. That, in respect of the Housing Revenue Account, stretch targets be introduced for void levels given the impact on the budget in lost rental income and Council Tax (including the proposed surcharge for empty homes being introduced for 2022/23)*

and the demand for housing that could be met by bringing void homes back into rental.

2. *That the Council commences setting aside funds to meet the costs that will arise from the housing stock condition survey (albeit that the full extent of those sums is not yet known).*

In respect of the proposed highlight priorities for 2022/23

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

The Cabinet had before it the responses of the Corporate Finance & Governance Portfolio Holder thereto as follows:-

“Firstly, I would like to thank the Committee for the really positive and constructive approach they took to the scrutiny of the budgets. There was some challenging questions along with some really helpful discussions that support the development of the budgets.

In terms of the issues raised by the Committee, comments are set out as follows taking each point in turn:

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

1&2) As mentioned directly at the Committee’s meeting, this will form part of the emerging Corporate Investment Plan, which in turn will be supported by an existing budget to provide increased capacity in the right places to deliver against the Council’s ambitious agenda. Although the Corporate Investment Plan will be a ‘live’ and on-going process, the first phase is planned to be presented to Cabinet in February.

- a. *The Committee's support for the Corporate Investment Plan is welcomed and I can confirm that it will take into account the current level of reserves and one-off amounts as highlighted by the Committee. In terms of the Committee's proposals for what the plan should include, additional comments against each further point raised are as follows:*
 - b. *The Resident's Free Parking Reserve referred to by the Committee is no longer available as this was committed to the current cliff stabilisation works along Clacton and Holland that was agreed by Cabinet back in March 2021. However, the one-off funding for the posts referred to by the Committee has been identified within the overall GF budget presented later on the agenda.*
 - c. *This commitment is already set out within the Council's Tourism Strategy and would therefore naturally form part of the Corporate Investment Plan approach going forward.*
 - d. *As an existing strategy, actions to enhance / improve public conveniences would naturally form part of the Corporate Investment Plan. Funding would need to be considered within the Council's wider financial position as the business rates relief referred to has already been built into the base budget as part of delivering a sustainable budget and forecast going forward.*
 - e. *Although subject to a future decision, a Corporate Investment Plan would be expected to be an important and overlapping element of a Community Infrastructure Levy approach and would therefore be developed on that basis.*
- 3) *Agreed, and as set out within the GF budget report later on in the agenda, the cost of the cremators is expected to be lower than initially expected which can provide a financial 'offset' against the loss of income.*
 - 4) *This echoes the similar comment that was raised when the Council's housing maintenance provider fell into administration several years ago. It was highlighted at the time that existing procurement processes do address this issue through a number of checks, such as the economic / financial standing of potential contractors, but it was recognised that it is impossible to completely remove this risk. However, as part of the new collaborative procurement arrangements with ECC, the issue will be revisited to identify if there are any changes that can be made to existing processes that add additional resilience against this risk.*
 - 5) *This will form part of the Corporate Investment Plan mentioned above, that is planned to be presented to Cabinet in February.*
 - 6) *The matter highlighted by the Committee will be raised with ECC [Essex County Council].*

In respect of the Housing Revenue Account 2022/23

- 1) *As previously highlighted, it is good to see void rates returning to more historic levels following a number of interventions and managed responses. In terms of a stretched target, we aim to reduce void rates to a minimum whilst recognising the need to undertake remedial work etc. before properties are relet. With that in mind, it would not necessarily be right to work towards an absolute target but more about*

keep driving the number down to a level that is both achievable and sustainable as measured against the current historic level of 2%.

- 2) *As set out later on in the agenda, the HRA surplus for 2022/23 of £0.333m has been set aside within the capital programme to support the investment in existing tenant's homes, which will reflect the outcome of the proposed stock condition survey.*

In respect of the proposed highlight priorities for 2022/23

I want to welcome the feedback from the Committee on the initial proposals for highlight priorities from 1 April 2022 and thank them for the time taken to consider those initial proposals. The feedback will be considered by Cabinet on 25 February alongside feedback from the Community Leadership Overview and Scrutiny Committee and the submitted views from the public and partners. I am aware that we have had over 160 responses to the online survey on this subject. It is only right and proper that we look at priorities to highlight for 2022/23 on 25 February having considered all those responses and the feedback from the two Overview and Scrutiny Committees."

Having considered the recommendations of the Resources and Services Overview & Scrutiny Committee, together with the responses of the Corporate Finance & Governance Portfolio Holder thereto:-

It was moved by Councillor Stock OBE, seconded by Councillor P B Honeywood and:-
RESOLVED that the recommendations made by the Resources and Services Overview & Scrutiny Committee be noted and that the responses of the Corporate Finance & Governance Portfolio Holder thereto be endorsed.

117. LEADER OF THE COUNCIL'S ITEMS - A.2 - KEY PRIORITY ACTIONS 2021/22 TOWARDS CORPORATE PLAN THEMES - MONITORING REPORT AT THE THIRD QUARTER POINT

Cabinet gave consideration to a report of the Leader of the Council (A.2) which provided it with an update on the positive progress with the Key Priority Actions adopted for 2021/22 towards the Council's Corporate Plan Themes for 2020/24.

Having duly considered all of the information contained in the Leader of the Council's report:-

It was moved by Councillor Stock OBE, seconded by Councillor Porter and:-

RESOLVED that the contents of the report be noted together with the highlighted realignment of particular milestones for particular key priority actions set out in the report.

118. CABINET MEMBERS' ITEMS - REPORT OF THE CORPORATE FINANCE AND GOVERNANCE PORTFOLIO HOLDER - A.3 - LATEST FINANCIAL FORECAST / FINAL GENERAL FUND BUDGET PROPOSALS 2022/23

Cabinet gave consideration to a report of the Corporate Finance & Governance Portfolio Holder (A.3) which sought its approval of the:-

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

Cabinet recalled that, at its meeting held on 17 December 2021 (Minute 99 referred), it had considered the Updated Financial Forecast / Budget 2022/23. The forecast at that time provided for a deficit of £1.488m that was to be met by drawing down money from the Forecast Risk Fund. That Updated Financial Forecast had subsequently been subject to consultation with the Resources and Services Overview and Scrutiny Committee, which had met on 12 January 2022, and that Committee's comments had been considered earlier in the meeting (as reported above under Minute 116).

It was reported that, since the Cabinet's meeting on 17 December 2021, additional changes had been required, primarily as a result of new or revised information becoming available which had included the Government's Financial Settlement announcements.

Members were informed that the changes required had resulted in a reduced deficit for 2022/23 of £0.431m, a change of £1.057m compared to the £1.488m deficit presented to Cabinet in December 2021. Appendix A to the Portfolio Holder's report, along with comments set out later on in the report, provided further details across the various lines of the forecast, with the most significant change being the receipt of the revenue support grant and other associated funding from the Government. In addition, the most up to date savings schedule and cost pressure summary were set out in Appendices B and C respectively.

Cabinet was made aware that, in order to enable the detailed estimates along with the various resolutions / 'technical' appendices required for Full Council in February 2022 to be finalised, a delegation to the Portfolio Holder for Corporate Finance and Governance had been included within the Portfolio Holder's written recommendations. A further delegation had also been included to enable a business rate relief policy, associated with a 2022/23 mandatory Government relief scheme, to be finalised in advance of bills being printed and sent out before the start of the new financial year.

Members were advised that the budget position set out in this report might change, as further adjustments could be required as part of finalising the budget for presenting to Council on 15 February 2022, with a further delegation included in the Portfolio Holder's recommendations to reflect this.

Cabinet was informed that, based on the final proposed budget for 2022/23, the Council Tax requirement was £9.112m, which was based on a £5 increase for this Council's services, with a Band D council tax of £182.64. Those figures would remain unchanged and therefore would be reflected in the various budget resolutions / 'technical' appendices proposed to be delegated to the Portfolio Holder for Corporate Finance and Governance.

Members were reminded that the Council's annual budget and the district and parish elements of the council tax would be considered by Full Council on 15 February 2022 with approval of the 'full' council tax levy for the year being considered by the Human Resources and Council Tax Committee on 24 February 2022.

Similarly to last year, the approval of the associated Treasury Strategy for 2022/23 for consultation with the Resources and Services Overview and Scrutiny Committee was recommended to be delegated to the Portfolio Holder for Corporate Finance and Governance.

Cabinet was informed that, although this report related to the proposed budget for 2022/23, a recommendation had also been included in order to respond to a relatively urgent matter relating to the purchase of additional audio and visual equipment to enhance / complement the facilities available in the new committee room in the Town Hall and to continue with live streaming of meetings.

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

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

RESOLVED that Cabinet –

- (a) approves the latest financial forecast set out in Appendix A, along with the savings and cost pressures set out in Appendix B and C respectively that form the firm proposals for the 2022/23 budget and recommends to Full Council a Band D Council Tax for district services of £182.64 for 2022/23 (a £5 increase), along with the associated council tax requirement of £9.112m;
- (b) authorises the Portfolio Holder for Corporate Finance and Governance to agree the 'technical' appendices and resolutions for the budget proposals for recommending to Full Council on 15 February 2022;
- (c) authorises the Chief Executive, in consultation with the Leader of the Council and the Corporate Finance and Governance Portfolio Holder, to report directly to Council in respect of the formal resolutions necessary to implement the Executive's budget proposals along with any late information or notifications received from the Government;
- (d) authorises the Portfolio Holder for Corporate Finance and Governance, to agree / adopt a Retail, Hospitality and Leisure mandatory business rate relief scheme for 2022/23;
- (e) authorises the Portfolio Holder for Corporate Finance and Governance to approve the draft Treasury Strategy 2022/23 for consultation with the Resources and Services Overview and Scrutiny Committee; and
- (f) approves that, in respect of the in-year budget for 2021/22, £0.064m be added to the Capital Programme in order to enable the purchase and installation of additional

audio and visual equipment associated with the 'live streaming' of meetings and improving the quality of sound within the new committee room, which will be funded by adjustments elsewhere within the overall 2021/22 budget, as identified by the Assistant Director (Finance & IT), in consultation with the Portfolio Holder for Corporate Finance and Governance.

119. CABINET MEMBERS' ITEMS - JOINT REPORT OF THE HOUSING PORTFOLIO HOLDER AND THE CORPORATE FINANCE & GOVERNANCE PORTFOLIO HOLDER - A.4 - HOUSING REVENUE ACCOUNT BUDGET PROPOSALS 2022/2023

Cabinet had before it a joint report of the Housing Portfolio Holder and the Corporate Finance & Governance Portfolio Holder (A.4) which sought its approval of the final Housing Revenue Account (HRA) budget proposals for 2022/23 (including fees and charges, capital programme and movement in HRA Balances) for recommendation to Council on 15 February 2022.

Cabinet recalled that, at its meeting held on 17 December 2021 (Minute 101 referred), it had considered the HRA Business Plan and Budget Proposals 2022/23. The budget proposals at that time had provided for a surplus of £0.143m that was agreed to be contributed to the Capital Programme. Those proposals had subsequently been subject to consultation with the Resources and Services Overview and Scrutiny Committee, which had met on 12 January 2022, and that Committee's comments had been considered earlier in the meeting (as reported above under Minute 116).

It was reported that since the Cabinet's meeting on 17 December 2021, a small number of changes had been required, the most significant of which related to the recharges from the General Fund. Those changes had resulted in the overall surplus increasing to £0.333m a change of £0.190m compared to the surplus of £0.143 presented to Cabinet in December. Appendix A to the Portfolio Holders' joint report set out the updated Business Plan, in terms of 2021/22 and 2022/23, with Appendix B thereto setting out the proposed detailed budgets that reflected this latest position.

Cabinet was advised that this position remained subject to further adjustments that might be required as part of finalising the budget for presenting to Council on 15 February 2021, with a delegation included in the Portfolio Holders' written recommendations to respond to this possibility.

Members were informed that the revised forecast surplus in 2022/23 remained committed to investing in capital works, which included the delivery of new affordable housing but also the continued investment in the homes of the Council's existing tenants. The surplus set out above of £0.333m therefore remained as a contribution to the HRA capital programme.

Appendix C to the Portfolio Holders' joint report set out the proposed fees and charges for 2022/23, which broadly reflected inflationary uplifts where relevant or changes to better reflect the cost of providing the associated service.

The proposed HRA Capital Programme for 2022/23 was set out in Appendix D thereto, which now included the additional contribution of £0.333m as mentioned above.

Members were made aware that the average weekly rent remained unchanged to the figure reported in December 2021 at £87.55, an increase of 4.1% over the comparable

figure of £84.10 for 2021/22. As mentioned within the report to Cabinet in December 2021, due to the relatively volatile CPI rates experienced since the start of the COVID 19 pandemic, if the proposed level of rent increase in 2022/23 was taken together with the relatively low figure of 1.5% last year, then the average annual increase would be 2.8% over the two years.

It was reported that the HRA general balance was forecast to total £4.325m at the end of 2022/23, which retained a strong financial position against which the Housing Strategy and associated HRA 30 year Business Plan could be continue to be delivered / developed.

Cabinet recognised that the HRA balances, together with the proposed rent increase for 2022/23 were important elements of the overall business plan, especially against the background of the risks that were expected to emerge from the Hackett Review and the new decent homes standards along with delivery actions underpinned by the Council's Housing Strategy.

Cabinet noted that the HRA debt continued to reduce year on year as principal was repaid with a total debt position at the end of 2022/23 forecast to be £35.350m (a reduction of £1.427m compared with the figure at the end of 2021/22).

Officers had consulted with the Chairman of the Tenant's Panel who had responded with positive comments on the HRA Budget Proposals. Cabinet recognised that the Tenant's Panel played an important role in developing the HRA Business Plan and budget proposals moving forward.

Having duly considered all of the information and advice contained in the Housing Portfolio Holder and the Corporate Finance & Governance Portfolio Holder's joint report and in order to enable the HRA budget proposals for 2022/23 to be submitted to Council for its approval:-

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

RESOLVED that Cabinet –

- (a) authorises the Assistant Director (Finance & IT), in consultation with the Housing Portfolio Holder, to adjust the forecast / budget, including the use of reserves, in the event that the financial position changes prior to Council considering the HRA budget on 15 February 2022;
- (b) subject to (a) above, approves and recommends to Full Council on 15 February 2022 a 4.1% increase in dwelling rents in 2022/23 along with the detailed HRA Budget proposals for 2022/23, as set out in Appendices B to E to item A.4 of the Joint Report of the Housing Portfolio Holder and the Corporate Finance & Governance Portfolio Holder.

120. CABINET MEMBERS' ITEMS - JOINT REPORT OF THE BUSINESS & ECONOMIC GROWTH PORTFOLIO HOLDER AND THE CORPORATE FINANCE & GOVERNANCE PORTFOLIO HOLDER - A.5 - STARLINGS SITE AND MILTON ROAD, HARWICH REDEVELOPMENTS

Cabinet had before it a detailed joint report of the Corporate Finance & Governance Portfolio Holder and the Housing Portfolio Holder (A.5) which requested that, given the significant inflation in construction costs in the last six months, Cabinet approve a transfer of £272,383 from the Business Investment Fund to the Starlings project.

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

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

Starlings

Members were aware that the works aimed to bring back into productive use a vacant and derelict site, which currently blighted and had a negative impact on Dovercourt High Street. The new Starlings Car Park would provide 51 parking spaces with four disabled bays and a minimum of four charging points for Electric Vehicles, able to charge up to eight cars.

It was considered that the project had significant benefits. It would create a more accessible public car park and provide the potential for a multi-use 'event space' in the town centre. It was felt that this would improve footfall in the town and reduce opportunities for crime and disorder. This investment should create confidence in the market to encourage private sector investment within the town centre and give the town's existing traders the confidence to invest in their businesses and in their property. It would bring new amenity into the town centre with new toilets, and a high quality design scheme for the public realm.

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

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

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

Cabinet now had options on how it wished to proceed.

Option One – Stop all Works

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

Option Two – Value Engineering

An alternative option was value engineering. It was possible to reduce the costs of the scheme by removing the left turn option out of the carpark, which had been brought in later in the design phase, remained a high risk to the programme and to the budget, and had not yet been approved by Essex Highways. This would save £30,000 and it was the Portfolio Holders' recommendation that this saving be taken.

In addition, the construction of the toilets could be delayed or abandoned, which would save about £70,000, changing the level so that the carpark was sloped rather than flat, thus removing the need for a retaining wall, which would reduce costs in the region of £100,000. However, those two changes would significantly reduce the amenity of the scheme, given the age of the current Milton Road Car Park toilets and that the purpose of creating a level car park was to enable it to be used as an events space which had the opportunity to bring people into the centre of the town.

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

Project costs could be reduced by seeking additional funding. Central government offered grants for up to 75 percent of electric vehicles charging points, which could save between £15,000 and £26,500, depending on the outcome of the bid. This funding option was being pursued, which if successful would reduce the amount of investment required by the Council.

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

Milton Road progress and proposal

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

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

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

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

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

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

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

brought forward to Cabinet regarding the options for the Milton Road car park in 2022/23

Summary of current position

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

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

It was moved by Councillor Newton, seconded by Councillor Stock OBE and:-

RESOLVED that Cabinet agrees to –

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

121. CABINET MEMBERS' ITEMS - JOINT REPORT OF THE BUSINESS & ECONOMIC GROWTH PORTFOLIO HOLDER AND THE HOUSING PORTFOLIO HOLDER - A.6 - JAYWICK SANDS COVERED MARKET AND MANAGED WORKSPACE

Cabinet had before it a joint report of the Business & Economic Growth Portfolio Holder and the Housing Portfolio Holder (A.6) which sought its approval to allocate a further £254,465 from Tendring District Council's (TDC) New Homes Bonus to the Jaywick Sands Covered Market and Managed Workspace Project given the recent significant increase in construction costs demonstrated by tender returns.

The joint report also sought approval to seek further external funding from partners and to enter into agreement with them to meet the remaining gap in funding for the project.

Depending on the success of the effort to source sufficient funds, this Council would enter into contract with a construction firm to deliver the project.

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

That October 2021 Cabinet report had also noted that construction material costs had increased as the country 'unlocked' from Covid-19 and that once the tender prices had come in for construction there was a potential risk that this budget would be insufficient to deliver the project as planned. Cabinet had been informed at that meeting that it would be updated with options if the increase in prices occurred, seeking any necessary approvals.

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

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

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

Options Available

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

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

Another option would be to allocate Council funding relevant to the HRA to the project, including the New Homes Bonus. It was therefore being recommended by the Portfolio Holders that £254,465 of New Homes Bonus 2022/23 be allocated to the project. This would be in addition to the £105,535 allocated at the start of the project and £45,000 of project costs allocated at the October 2021 Cabinet, for the first year of operation of the managed workspace.

However, despite the additional investment from the Council, a financial gap remained in project costs of £1.68m. Cabinet was made aware that TDC was looking for external funding to meet the gap. The Council had approached the South East Local Economic Partnership (SELEP) and Essex County Council (ECC) for additional investment in the project. It was expected that TDC would receive a response from those partners in early February 2022 whether such further funding was available, which would be within time for the fixed price tenders, which were on hold until 6 March 2022. TDC was also engaging with SELEP on their expectations of the timeline for this project's delivery, given the need to source additional funding to proceed. It was expected that GBF funding could be claimed from SELEP as soon as the build started, which it was recognised would take place now in February or March 2022.

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

It was moved by Councillor Newton, seconded by Councillor Stock OBE and:-

RESOLVED that, in the event that this Council (TDC) is successful in its pursuit of external funding to meet the shortfall in the Jaywick Workspace and Covered Market project, Cabinet -

- (1) authorises the Chief Executive, in consultation with the Portfolio Holder for Housing and the Portfolio Holder for Business and Economic Growth and the Council's Section 151 Officer and the Monitoring Officer, to enter into the necessary Funding Agreement;
- (2) agrees that the Housing Revenue Account Capital Programme be increased by £1,934,647 to £4,407,000 to be funded by a TDC contribution of £254,465 from the 2022/23 New Homes Bonus and external funding of £1,680,182; and
- (3) notes that, in that eventuality, the Council will proceed to award the contract to construct the Jaywick Workspace and Covered Market project.

122. MANAGEMENT TEAM ITEMS

There were none on this occasion.

123. EXCLUSION OF PRESS AND PUBLIC

It was moved by Councillor Stock OBE, seconded by Councillor Talbot 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 15 on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A, as amended, of the Act.

124. EXEMPT MINUTES OF THE MEETING HELD ON FRIDAY 17 DECEMBER 2021

It was **RESOLVED** that the exempt minutes of the meeting of the Cabinet, held on Friday 17 December 2021, be approved as a correct record and be signed by the Chairman.

The Meeting was declared closed at 11.13 am

Chairman