

Public Document Pack



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26 November 2021

Dear Councillor

NOTICE IS HEREBY GIVEN THAT a meeting of the **CABINET** will be held at these offices (Council Chamber) on Monday 6 December 2021 at 11.00 am when the following business will be transacted.

Members of the public who require further information are asked to contact Kate Batty-Smith, Democratic Services Officer on (01304) 872303 or by e-mail at democraticservices@dover.gov.uk.

Yours sincerely

A handwritten signature in black ink, appearing to read "Nicky", written over a white background.

Chief Executive

Cabinet Membership:

T J Bartlett	Leader of the Council
M Bates	Portfolio Holder for Transport, Licensing and Regulatory Services
N S Kenton	Portfolio Holder for Planning and Environment
D P Murphy	Portfolio Holder for Social Housing and Port Health
O C de R Richardson	Deputy Leader of the Council & Portfolio Holder for Community and Corporate Property
C A Vinson	Portfolio Holder for Finance, Governance, Digital and Climate Change

AGENDA

1 **APOLOGIES**

To receive any apologies for absence.

2 **DECLARATIONS OF INTEREST** (Page 5)

To receive any declarations of interest from Members in respect of business to be transacted on the agenda.

3 **RECORD OF DECISIONS** (Pages 6-12)

The decisions of the meeting of the Cabinet held on 1 November 2021 numbered CAB 48 to CAB 56 (inclusive) are attached.

ISSUES ARISING FROM OVERVIEW AND SCRUTINY OR OTHER COMMITTEES

To consider any issues arising from Overview and Scrutiny or other Committees not specifically detailed elsewhere on the agenda.

EXECUTIVE - KEY DECISIONS

4 **ECONOMIC GROWTH STRATEGY** (Pages 13-33)

To consider the attached report of the Head of Investment, Growth and Tourism.

Responsibility: Leader of the Council

5 **CABLE CAR PROJECT UPDATE** (Pages 34-68)

To consider the attached report of the Strategic Director (Operations and Commercial).

Responsibility: Leader of the Council

6 **MANAGEMENT AGREEMENT WITH TAYLOR WIMPEY UK LTD IN RELATION TO THE BACKDOOR TRAINING AREA, SHORNCLIFFE** (Pages 69-71)

To consider the attached report of the Natural Environment Manager.

Responsibility: Portfolio Holder for Community and Corporate Property

EXECUTIVE - NON-KEY DECISIONS

7 **TREASURY MANAGEMENT - QUARTER TWO REPORT 2021/22** (Pages 72-90)

To consider the attached report of the Head of Finance and Investment.

Responsibility: Portfolio Holder for Finance, Governance, Digital and Climate Change

8 **PERFORMANCE REPORT - SECOND QUARTER 2021/22** (Pages 91-110)

To consider the attached report of the Head of Leadership Support.

Responsibility: Portfolio Holder for Finance, Governance, Digital and Climate Change

9 **APPOINTMENT OF SANDWICH PORT AND HAVEN COMMISSIONERS** (Pages 111-114)

To consider the report of the Head of Governance and HR.

Responsibility: Leader of the Council

10 **EXCLUSION OF THE PRESS AND PUBLIC** (Page 115)

The recommendation is attached.

MATTERS WHICH THE MANAGEMENT TEAM SUGGESTS SHOULD BE CONSIDERED IN PRIVATE AS THE REPORT CONTAINS EXEMPT INFORMATION AS DEFINED WITHIN PART 1 OF SCHEDULE 12A OF THE LOCAL GOVERNMENT ACT 1972 AS INDICATED AND IN RESPECT OF WHICH THE PROPER OFFICER CONSIDERS THAT THE PUBLIC INTEREST IN MAINTAINING THE EXEMPTION OUTWEIGHS THE PUBLIC INTEREST IN DISCLOSING THE INFORMATION

EXECUTIVE - KEY DECISIONS

11 **DOVER FASTRACK PROJECT UPDATE**

To consider the report of the Strategic Director (Operations and Commercial) (to follow).

Responsibility: Portfolio Holder for Transport, Licensing and Regulatory Services

12 **AWARD OF CONTRACT FOR SANDWICH GUILDHALL SQUARE WORKS** (Pages 116-119)

To consider the attached report of the Strategic Director (Operations and Commercial).

Responsibility: Portfolio Holder for Community and Corporate Property

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The meetings in which these cameras will be used include meetings of: (a) Council; (b) Cabinet; (c) General Purposes Committee; (d) Governance Committee; (e) Planning Committee; and (f) Overview and Scrutiny Committee.

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Declarations of Interest

Disclosable Pecuniary Interest (DPI)

Where a Member has a new or registered DPI in a matter under consideration they must disclose that they have an interest and, unless the Monitoring Officer has agreed in advance that the DPI is a 'Sensitive Interest', explain the nature of that interest at the meeting. The Member must withdraw from the meeting at the commencement of the consideration of any matter in which they have declared a DPI and must not participate in any discussion of, or vote taken on, the matter unless they have been granted a dispensation permitting them to do so. If during the consideration of any item a Member becomes aware that they have a DPI in the matter they should declare the interest immediately and, subject to any dispensations, withdraw from the meeting.

Other Significant Interest (OSI)

Where a Member is declaring an OSI they must also disclose the interest and explain the nature of the interest at the meeting. The Member must withdraw from the meeting at the commencement of the consideration of any matter in which they have declared a OSI and must not participate in any discussion of, or vote taken on, the matter unless they have been granted a dispensation to do so or the meeting is one at which members of the public are permitted to speak for the purpose of making representations, answering questions or giving evidence relating to the matter. In the latter case, the Member may only participate on the same basis as a member of the public and cannot participate in any discussion of, or vote taken on, the matter and must withdraw from the meeting in accordance with the Council's procedure rules.

Voluntary Announcement of Other Interests (VAOI)

Where a Member does not have either a DPI or OSI but is of the opinion that for transparency reasons alone s/he should make an announcement in respect of a matter under consideration, they can make a VAOI. A Member declaring a VAOI may still remain at the meeting and vote on the matter under consideration.

Note to the Code:

Situations in which a Member may wish to make a VAOI include membership of outside bodies that have made representations on agenda items; where a Member knows a person involved, but does not have a close association with that person; or where an item would affect the well-being of a Member, relative, close associate, employer, etc. but not his/her financial position. It should be emphasised that an effect on the financial position of a Member, relative, close associate, employer, etc OR an application made by a Member, relative, close associate, employer, etc would both probably constitute either an OSI or in some cases a DPI.

Record of the decisions of the meeting of the **CABINET** held at the Council Offices, Whitfield on Monday, 1 November 2021 at 11.00 am.

Present:

Chairman: Councillor T J Bartlett

Councillors: M Bates
N S Kenton
D P Murphy
O C de R Richardson
C A Vinson

Also Present: Councillor S H Beer
Councillor Pamela Brivio
Councillor Kevin Mills
Councillor C D Zosseder

Officers: Chief Executive
Strategic Director (Corporate Resources)
Strategic Director (Operations and Commercial)
Solicitor to the Council
Head of Commercial Services
Head of Finance and Investment
Head of Leadership Support
Planning Policy and Projects Manager
Transport and Parking Services Manager
Planning Monitoring Officer
PR and Marketing Officer
Democratic Services Officer

The formal decisions of the executive are detailed in the following schedule.

Record of Decisions: Executive Functions

Decision Status	Record of Decision	Alternative options considered and rejected (if any)	Reasons for Decision	Conflicts of interest (if any) declared by decision maker(s) or consultees (if any)
CAB 48 1.11.21 Open Key Decisions No Call-in to apply Yes Implementation Date 9 November 2021	<u>APOLOGIES</u> It was noted that there were no apologies for absence.	None.	To note any apologies for absence.	

Decision Status	Record of Decision	Alternative options considered and rejected (if any)	Reasons for Decision	Conflicts of interest (if any) declared by decision maker(s) or consultees (if any)
CAB 49 1.11.21 Open Key Decisions No Call-in to apply Yes Implementation	<u>DECLARATIONS OF INTEREST</u> There were no declarations of interest.	None.	To note any declarations of interest.	

Date 9 November 2021				
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Decision Status	Record of Decision	Alternative options considered and rejected (if any)	Reasons for Decision	Conflicts of interest (if any) declared by decision maker(s) or consultees (if any)
CAB 50 1.11.21 Open Key Decisions No Call-in to apply Yes Implementation Date 9 November 2021	<u>RECORD OF DECISIONS</u> It was agreed that the decisions of the meeting held on 4 October 2021, as detailed in decision numbers CAB 40 to CAB 47, be approved as a correct record and signed by the Chairman.	None.	Cabinet is required to approve the Record of Decisions of the Cabinet meeting held on 4 October 2021.	

Decision Status	Record of Decision	Alternative options considered and rejected (if any)	Reasons for Decision	Conflicts of interest (if any) declared by decision maker(s) or consultees (if any)
CAB 51 1.11.21 Open Key Decisions Yes Call-in to apply Yes	<u>MARKET SQUARE, DOVER</u> It was agreed that the Overview and Scrutiny Committee's endorsement of Cabinet decision CAB 46, made at its meeting held on 11 October 2021 (Minute No 73), be acknowledged.	None.	At its meeting held on 11 October 2021, the Overview and Scrutiny Committee endorsed Cabinet decision CAB 46 of 4 October 2021.	

Implementation Date 9 November 2021				
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Decision Status	Record of Decision	Alternative options considered and rejected (if any)	Reasons for Decision	Conflicts of interest (if any) declared by decision maker(s) or consultees (if any)
CAB 52 1.11.21 Open Key Decisions Yes Call-in to apply Yes Implementation Date 9 November 2021	<u>PARKING CHARGES DURING THE CHRISTMAS PERIOD</u> It was agreed: (a) That the proposal to offer free parking in the Council's car parks for Small Business Saturday on 4 December 2021 be approved. (b) That parking charges will not be enforced in Council-run car parks from 23 to 28 December 2021 and from 1 to 3 January 2022.	None.	In order to support local businesses, Cabinet is requested to agree that there will be free parking in Council car parks for Small Business Saturday on 4 December, and that charges will not be enforced on certain days during the Christmas and New Year period.	

Decision Status	Record of Decision	Alternative options considered and rejected (if any)	Reasons for Decision	Conflicts of interest (if any) declared by decision maker(s) or consultees (if any)
CAB 53 1.11.21 Open Key Decisions	<u>DOVER DISTRICT COUNCIL LOCAL DEVELOPMENT SCHEME</u> It was agreed: (a) That the revised Local Development Scheme, as attached at	None.	Dover District Council's Local Development Scheme (LDS) sets out the timetable	

<p>Yes</p> <p>Call-in to apply Yes</p> <p>Implementation Date 9 November 2021</p>	<p>Appendix 1 to the report, be brought into immediate effect.</p> <p>(b) That the application of £370,000 from the Regeneration Reserve to cover the additional costs of delivering the Local Plan be approved.</p>		<p>for the production of key documents that will form part of the District's Local Plan. The revised LDS supersedes the previous LDS published in December 2020 which has been updated to reflect changes to the preparation, consultation and adoption of the Local Plan and Conservation Area Character Appraisals.</p>	
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Decision Status	Record of Decision	Alternative options considered and rejected (if any)	Reasons for Decision	Conflicts of interest (if any) declared by decision maker(s) or consultees (if any)
<p>CAB 54 1.11.21 Open</p> <p>Key Decisions No</p> <p>Call-in to apply Yes</p> <p>Implementation</p>	<p><u>INFRASTRUCTURE FUNDING STATEMENT 2020/21</u></p> <p>It was agreed:</p> <p>(a) That the Infrastructure Funding Statement 2020/21 (which is to be published no later than 31 December 2021), as set out at Appendix 1 and in the supporting spreadsheets at Appendix 2 of the report, be approved.</p> <p>(b) That the Strategic Director (Operations and Commercial) be authorised, in consultation with the Portfolio Holder for Planning</p>	<p>None.</p>	<p>The Community Infrastructure Levy (Amendment) (England) (No 2) Regulations 2019 introduced a requirement for local authorities to publish on their websites details of any developer</p>	

Date 9 November 2021	and Environment, to make future minor amendments to the statement as required.		contributions received. The Council's Infrastructure Funding Statement 2020/21 meets those requirements, and provides additional information on developer contributions for local residents.	
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Decision Status	Record of Decision	Alternative options considered and rejected (if any)	Reasons for Decision	Conflicts of interest (if any) declared by decision maker(s) or consultees (if any)
CAB 55 1.11.21 Open Key Decisions No Call-in to apply Yes Implementation Date 9 November 2021	<u>TREASURY MANAGEMENT YEAR-END REPORT 2020/21</u> It was agreed that the report be received.	None.	In order to comply with CIPFA's (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management, Cabinet is updated on the Council's treasury management (i.e. investment) activities at least twice a year.	

Decision Status	Record of Decision	Alternative options considered and rejected (if any)	Reasons for Decision	Conflicts of interest (if any) declared by decision maker(s) or consultees (if any)
<p>CAB 56 1.11.21 Open</p> <p>Key Decisions No</p> <p>Call-in to apply Yes</p> <p>Implementation Date 9 November 2021</p>	<p><u>ST MARGARET'S BAY SEA DEFENCES REFURBISHMENT SCHEME</u></p> <p>It was agreed:</p> <p>(a) That the expenditure of the Environment Agency's capital grant funding of £125,000 to undertake refurbishment works to the sea defences at St Margaret's Bay be approved.</p> <p>(b) That the Strategic Director (Operations and Commercial) be authorised to procure and award the contract of works for the refurbishment of the sea defences at St Margaret's Bay.</p>	<p>None.</p>	<p>St Margaret's Bay falls within the Environment Agency's Shoreline Management Plan. In accordance with the plan it is proposed to carry out sea defence refurbishment works using capital grant funding from the Environment Agency.</p>	

The meeting ended at 11.13 am.

Subject:	ECONOMIC GROWTH STRATEGY
Meeting and Date:	Cabinet – 6 December 2021
Report of:	Christopher Townend, Head of Investment, Growth and Tourism
Portfolio Holder:	Councillor Trevor Bartlett, Leader of the Council
Decision Type:	Key Decision
Classification:	Unrestricted

Purpose of the report: To seek adoption of the Economic Growth Strategy - a central document and important evidence base for the emerging Dover District Council Local Plan.

Recommendation:

- (a) To adopt the Economic Growth Strategy;
- (b) To delegate authority to the Strategic Director (Operations and Commercial), in consultation with the Head of Investment, Growth and Tourism and the Leader of the Council, to further amend, edit and adapt the Economic Growth Strategy in the future in response to subsequent review, opportunity and consultation as required.

1. Summary

- 1.1 Dover District Council has recognised the strategic importance of economic growth, investment and tourism to Dover District, as well as its direct correlation and synergy to wider corporate objectives, policies, planning and ambitions – to make Dover District 'a great place to live, work, visit, learn and invest'.
- 1.2 It has been proposed that the Council should adopt and deliver a new and ambitious, overarching, Economic Growth Strategy supporting the District's collective and collaborative aims.
- 1.3 Public consultation on the Economic Growth Strategy took place as part of consultation upon the Local Plan. This final version includes amendments and editing in response to consultation.
- 1.4 The Economic Growth Strategy represents a key document and evidence base for the emerging Local Plan – its adoption is vital to maintaining progress and the delivery timetable of the Local Plan.

2. Introduction and Background

- 2.1 The Economic Growth Strategy has been created following public and private consultation, as well as internal consultation, and in collaboration with Ciaran Gunne-Jones, Senior Director, Head of Economics at Lichfields. Lichfields is a pre-eminent UK planning and development consultancy with over 50 years' experience.
- 2.2 Economic development, investment, growth and tourism are recognised and considered a central component of Dover District Council's work.

- 2.3 This strategy aims to complement, support and influence Dover District Council's wider strategies, policies and planning decisions, including the emerging Local Plan, Corporate Plan and Tourism & Visitor Economy Strategy. It also aims to raise current and future aspirations and opportunities on the national and international stage, due to its strategic importance to regeneration.
- 2.4 The strategy is fully aligned to the objectives of Dover District Council's Local Plan, Corporate Plan, Tourism & Visitor Economy Strategy, Heritage Strategy and Climate Change Strategy.
- 2.5 Thorough research and internal and external stakeholder consultation has already taken place. This included informal consultation from November 2020 (ongoing), and formally during Regulation 18 public consultation of the Draft Dover District Local Plan from 20th January 2021 to 17th March 2021. In total, DDC received approximately 3,400 comments from 1,280 individuals/organisations on the draft Local Plan. 33 comments directly related to the Economic Growth Strategy.
- 2.6 The working draft of the Strategy was also shared internally with the Strategic Director (Operations & Commercial); Head of Commercial Services; Head of Planning, Regeneration and Development; Head of Museums; and the Head of Assets & Building Control; with feedback and subsequent amendments made. Internal feedback and review was also sought from the Investment, Growth & Tourism Department; as well as the internal Dover Town Centre Working Group (further including the Strategic Director (Resources); Legal Services Manager; Strategic Development Lead (Leisure); Head of Finance & Housing; and the Principal Lawyer (Corporate Projects)).
- 2.7 Please refer to: Appendix 1 – Draft 'Dover District Economic Growth Strategy'.

3. Identification of Options

- 3.1 To adopt the Economic Growth Strategy; and to delegate authority to the Strategic Director (Operations & Commercial) in consultation with the Head of Investment, Growth & Tourism and the Portfolio Holder for Investment, Growth & Tourism, to further amend, edit and adapt the Economic Growth Strategy in the future in response to subsequent review, opportunity and consultation as required.
- 3.2 To seek further public and private consultation on the Economic Growth Strategy; and to delegate authority to the Strategic Director (Operations & Commercial) in consultation with the Head of Investment, Growth & Tourism and the Portfolio Holder for Investment, Growth & Tourism, to further amend, edit, and adopt the Economic Growth Strategy in response to this further review and consultation. The delegated authority also extending to further amend, edit and adapt the Economic Growth Strategy in the future in response to subsequent review, opportunity and consultation as required.
- 3.3 To seek further public and private consultation on the Economic Growth Strategy; and to request that following this further consultation, review and edit the Strategy returns to Cabinet for adoption and approval.

4. Evaluation of Options

- 4.1 Option 3.1 (Recommended), having already been robustly consulted upon, maintains progress and the delivery timetable of the Local Plan and delegated authority enables swift, nimble and timely amendment of the strategy as required.
- 4.2 Option 3.2 delays Local Plan progress and negatively affects the delivery timetable of the Local Plan; however does offers good practice in regard to further consultation and delegated authority enabling swift, nimble and timely amendment, finalisation and adoption of the strategy following further consultation.

4.3 Option 3.3 substantially delays Economic Growth Strategy and Local Plan progress and delivery.

5. **Resource Implications**

5.1 Delivery of this strategy and its projects, and all related resources and budget, will be included – as required - within the Council's normal, annual, financial plans, budgets and processes.

5.2 The strategy and its projects will directly impact on the resources of the Investment, Growth & Tourism Department, as well as other Dover District Council departments with connected and cross-purpose objectives. Impact may also be felt by Legal, Procurement, Accountancy, Planning and Property Services.

5.3 Where possible and available external funding, grants and sponsorship will be sought to support plans and objectives within the strategy.

5.4 Departmental resources and budgets will be discussed and finalised through normal Dover District Council processes and approvals.

5.5 Other than through funding bids, grants, land sales, joint ventures and direct/indirect taxation, the strategy will not generate direct income for the Council, however it is projected to grow our district's economy, attract further investment and development in the district, and generate more employment, more training and more opportunities for our communities, residents, businesses and visitors.

6. **Climate Change and Environmental Implications**

6.1 Delivery of this strategy will have a positive human, economic and environmental impact. Related delivery will greatly increase the economic potential and sustainability of the area, as well as levels of employment, skills and training. The District's built environment would also be substantially improved.

6.2 The strategy is mindful of the climate change agenda, and climate change and environmental implications have been considered during its creation.

6.3 Climate change and environmental impacts will be fully considered as part of all related and included projects, within the Strategy, going forward.

7. **Corporate Implications**

7.1 Comment from the Strategic Director (Resources): Accountancy has been consulted and has no further comment. (DL)

7.2 Comment from the Solicitor to the Council: The Solicitor to the Council has been consulted in the preparation of this report and has no further comments to make.

7.3 Comment from the Equalities Officer: This report does not specifically highlight any equality implications, however in discharging their duties members are required to comply with the public sector equality duty as set out in Section 149 of the Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15/section/149>

8. **Appendices**

8.1 Appendix 1 – Draft 'Dover District Economic Growth Strategy'

9. **Background Papers**

- [DDC Corporate Plan](#)
- [DDC Tourism & Visitor Economy Strategy](#)
- [DDC Local Plan \(emerging\)](#)
- [DDC Heritage Strategy](#)

- [DDC Climate Change Strategy](#)
- [A Cultural Survey & Framework for Dover](#)

Contact Officer: Chris Townend, Head of Investment, Growth and Tourism



Dover District
**Economic
Growth
Strategy**

November 2021





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Live | Work | Visit | Invest

Foreword from The Leader of Dover District Council



We want a national and international shift of focus. To take investment, growth, tourism and development in Dover District to a whole new level, to harness the huge advantage and potential this district has to grow our district's economy, and to drive physical, economic, social and cultural regeneration. We have an incredible opportunity to collaborate and grow, and in doing so to rebuild and rebalance our district sustainably. Creating more jobs, more training, more spend, and in turn, creating new opportunities for further investment and growth.

We are bringing a whole new approach to Investment, Growth, Tourism and Regeneration, removing barriers to growth, investing more and backing ourselves and partners all the way. But the key to making possibility into reality lies with each of us, and the local communities, businesses and organisations at our heart. We want to empower the district, be open for business, and allow it to develop and take responsibility for its own future. Let's collaborate and see what can be achieved by the Council, partners and stakeholders working together with shared aspirations, vision and goals.

Momentum is here and I am confident that we can, together, think differently, achieve more and grow.

This is our time, together let's make Dover District a great place to live, work, visit, learn and invest.

Cllr Trevor Bartlett

Leader of Dover District Council

and Portfolio Holder for Investment, Growth & Tourism

The time is now!

A leading destination to invest, live, work, visit and study

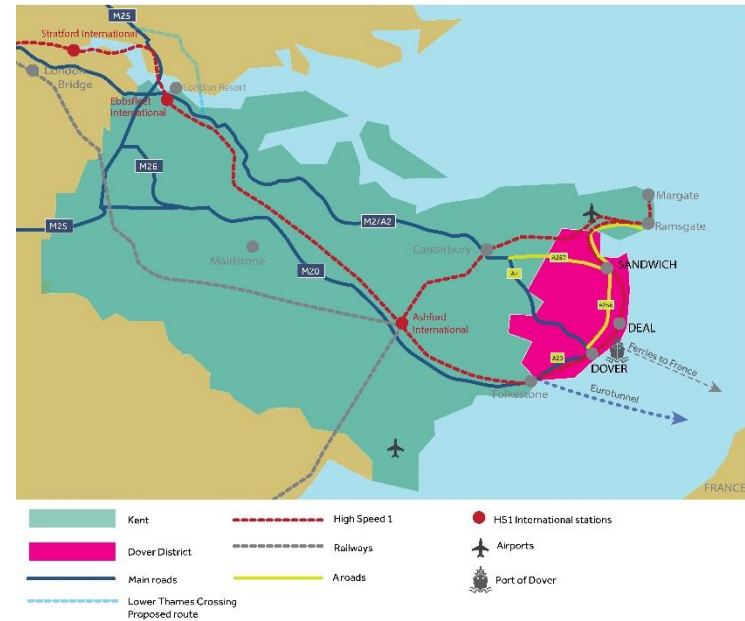
This Economic Growth Strategy sets out Dover District Council's vision and long-term plan to collaborate and unleash the distinctive strengths of Dover District to grow our local economy and create the conditions for our residents, businesses and local communities to prosper in a fast-changing world. Against the backdrop of the UK's departure from the European Union and the effects of the COVID-19 global pandemic, this strategy has been prepared at a time of major change, but also new opportunities and increased momentum. We want to position the District for growth that secures economic prosperity and increased productivity for our residents and businesses.

Dover District in 2040 will be a place of aspiration, providing outstanding opportunities for sustainable living and a positive work-life balance. Through careful stewardship of our world-class landscapes and wealth of historic sites, we will be a destination of choice for all ages to make their home, for businesses to invest in and for visitors to explore and experience. Shared goals and a cooperative community spirit will be strong amongst our residents and businesses, with an increased sense of health, wellbeing and supporting local.

The local economy will be prosperous and diverse, harnessing the world-class potential of major economic assets such as the Port of Dover and Discovery Park, and building upon key sectors of logistics, training, life sciences, pharmaceuticals, manufacturing and engineering, as well as local entrepreneurial talent. The District will have attracted innovative new businesses of all scales, with unrivalled transport connections, 21st Century infrastructure and next-generation technologies.

We have defined a new vision statement that sits at the heart of this Growth Strategy, which is underpinned by five key themes that will provide a framework for future activities and investments. This document explores each of these themes in more detail, and identifies how the Council working with partners will bring forward targeted actions in support of these over the coming years. The growth and future success of our economy is dependent on everyone working together to achieve this common vision. The Growth Strategy will evolve and be updated on a periodic basis.

Dover District's strategic connections, geographical advantage and globally-renowned name



Vision for Economic Growth:

By 2040, Dover District will have a diverse, resilient and highly productive economy that maximises our location's strategic geographical advantage, connections, continental climate and globally-renowned name. We will be the first choice location for innovators and a variety of sectors at the forefront of innovation, enterprise and new technologies. Our residents will benefit from access to good quality jobs with long term prospects, increased skills and learning provision and the best facilities available for their work.

Five key themes for realising the vision:



Creating economic value

We will attract and drive innovation and investment to become a leading destination for high value sectors capitalising on our location's geographical advantage.



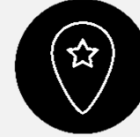
Delivering infrastructure for growth

We will promote and enable sites and infrastructure to support growth and the development of our local talent to meet current and future business needs.



Revitalising our town centres

We will support the growth and regeneration of our town centres to vibrant, mixed-use destinations with thriving daytime and evening economies, high-quality accommodation and dynamic social and cultural opportunities.



Harnessing tourism and the visitor economy

We will promote and encourage growth, investment and development in high-quality, popular, year-round attractions, accommodation, experiences and events to inspire increased visitor numbers, dwell time, spend and overnight stays.



A thriving rural economy

We will support diversification, sustainable development and growth of our rural economy by embracing innovation and opportunity.



Creating economic value

We will attract and drive innovation and investment to become a leading destination for high value sectors capitalising on our location's geographical advantage.

The District has an opportunity to redefine its economic identity and build its strategy upon a growing business base and promoting the growth of new sectors and types of employment. Diversity is important because it can help make the local economy more resilient to external shocks and economic cycles, but also provide a greater range of jobs that can be accessed by local residents. Economic growth will support skills and training opportunities in new sectors and technologies that will be critical to the District's future prosperity.

Priority will be given to securing the delivery of Dover District's current and expanded portfolio of employment sites and the District also needs new high-quality, deliverable sites that can meet business growth needs and respond quickly to investment opportunities. It is also necessary to consider how the District can respond to the climate change agenda and the changing demands for workspace, for example the potential for a greater employment role within town centres and new patterns of home, remote and co-working (accelerated by the COVID-19 pandemic).

The emerging Port of Dover 'Short Straits to Smart Straits' initiative and Manston Airport proposals have the potential to transform the economic potential of the District, subject to formal designation by Government. This could see Dover forming part of a wider East Kent initiative to grow global trade opportunities and strengthen the strategic gateway to and from Europe and beyond, linking a range of high value activities to new logistics corridors by sea, rail, air and road.

Our objectives for this theme are:

1. To develop a broad-based economic identity for the District, capitalising on our economic and geographical advantages, globally renowned name and high-speed connections to London and international markets.
2. Position the District as 'Open for Business' - a highly desirable location to do business and for investment opportunities, including life sciences, pharmaceuticals, manufacturing and logistics.
3. A key business destination in Kent with first-class facilities and infrastructure for start-ups, scale-ups and flexible working.

Delivering on our potential

Target activities:

1. Work with local, East Kent and Kent partners, including the Port of Dover, to **secure and enhance the District's role as a key global gateway for the UK**, and be linked to initiatives to maximise the economic value of this locally.
2. Work to assist and enable the **realisation of an Accelerated Medicines Design and Development (AMDD)** project at Discovery Park, Sandwich, that will focus on the potential of digital technology to speed up the 'development' phases of work on new medicines.
3. Develop an **'accelerator' initiative for key high value sector growth opportunities** locally. This should seek to harness key growth and innovation opportunities and use these to accelerate existing business clusters, development proposals and funding bids, particularly where these align with Government economic recovery funding initiatives following COVID-19.
4. Create and deliver a new **bold and creative District place portal, brand and identity** positioning the area as a vibrant, outward-looking and inspiring destination which is attractive to investors, residents and business.
5. Create and deliver a **new industry-focused 'Invest in Dover District' website, and linked to the above develop investment and marketing prospectus, campaigns and materials** to promote the District to a regional, national and international developer and investment audience.

Dover Waterfront



The Port of Dover's redevelopment of Dover's waterfront will continue to act as a catalyst for the regeneration of Dover. The waterfront and beach will become a desirable destination to live, visit, work and play, and a distinct quarter of Dover delivering strategically positioned mixed uses and quality public spaces for all to enjoy which are well connected to the town centre.



*High Speed 1 service
linking Dover District to
London St. Pancras*

Delivering infrastructure for growth

We will promote and enable sites and infrastructure to support growth and the development of our local talent to meet current and future business needs.

Delivering economic growth means ensuring that businesses have access to the infrastructure and resources they need to operate and prosper. This requires an optimal mix of physical infrastructure (such as sites and premises), transportation infrastructure (such as multiple efficient modes of travel for commuting, visiting and logistics) digital infrastructure (including fast and efficient broadband), support services (networks, chambers and societies) and human capital (access to talent). These are critical ingredients that will be enhanced so that Dover District's economic potential can be realised.

Priority will be given to the delivery of Dover District's current portfolio of employment sites, alongside high-quality new sites to meet business growth needs and that can readily respond to investment opportunities. It is also necessary to consider how the District can level-up and respond to the climate change agenda and changing workspace needs, for example the potential for a greater employment role within town centres and new patterns of home, remote and and co-working (accelerated by the COVID-19 pandemic).

Access to high quality digital infrastructure is increasingly vital to supporting economic growth. Enhancing digital connectivity is a priority across both the South East Local Enterprise Partnership and East Kent. We need to ensure that local businesses have access to the digital infrastructure they need to innovate, differentiate and add value. Moreover, digital infrastructure has proven to help reduce social isolation.

Our objectives for this theme are:

1. Deliver the Local Plan and a portfolio of employment space and land of small, medium and large scale – above current need – to meet modern business needs, including development sites for growth, investment opportunities and new sectors.
2. Increase investment in skills and training to promote the District's human capital, helping to retain young people and increase opportunities for all of our communities.
3. Ensure all of the District's businesses and residents can benefit from fast and reliable connectivity through new investment in transport and digital infrastructure.

Delivering on our potential

Target activities:

1. Work to enable the **redevelopment of the Citadel on the Western Heights**. Ideas include the potential creation of a TechFort to deliver a cutting edge and world-renowned innovation campus.
2. Work with Southeastern and Network Rail to secure an **achievable "under-the-hour" service on High Speed 1 between Dover and London** – as has been proved possible – with potential for further enhancements through additional rolling stock and improved car parking provision at Dover Priory.
3. Continue to support and lobby for the **dualling of the A2** from Lydden to Dover Eastern Docks and improvements of **Brenley Corner** to support improved connectivity and growth without gridlock.
4. Work with partners to bring forward and develop **employment development land of small, medium and large scale across the District**, including the continued expansion of White Cliffs Business Park in Whitfield and delivery of Dover's Fastrack (rapid bus transit system connecting Whitfield with Dover Town Centre and Dover Priory Railway Station).
5. Through the Local Plan, recognising the inter-relationship of sites and climate change targets, **bring forward new high-quality employment, housing and tourism sites** across Dover District to secure investment, growth and supporting infrastructure.
6. Work with local partners, including Dover Technical College and the East Kent College Group, to **develop skills and training programmes** linked to new sectors and investments in Dover District.
7. Deliver **increased electric vehicle charging provision** across Dover District to support resident, visitor and business needs, as well as the take up of electric vehicles and reduce carbon emissions.

The Citadel and Western Heights



© David G. Min

Bring forward the redevelopment of the Citadel on the Western Heights. One of the evolving ideas for the site is the creation of a TechFort. This could potentially transform the UK's most impressive fortress complex into a cutting-edge and world-renowned technology hub. The potential technology campus could also support an ecosystem of start-ups and early-stage technology firms and large corporates, providing a place for work, collaboration, networking, learning and growing new businesses.



*Maison Dieu,
Dover Town Centre*

Revitalising our town centres

We will support the growth and regeneration of our town centres to vibrant, mixed-use destinations with thriving daytime and evening economies, high-quality accommodation and dynamic social and cultural opportunities.

The District's town centres are purposeful and playful destinations for social-interaction, retail, leisure, hospitality and employment. Now they must adapt to changing trends in the retail and food & drink sectors and a competitive market in which to attract new investment. The challenge of footfall generation, dwell time and spending levels by both residents and visitors must also be understood.

Dover Town Centre is an important destination for retail, leisure, tourism and employment, and has secured recent new investment such as St James Retail & Leisure Park and Market Square. Moving forward it is recognised that the Town Centre apart from being a commercial destination will also become a neighbourhood in its own right, as a place where residents can live, work and access services with good public transport and infrastructure for cycling and walking. As the largest centre in the District, Dover Town Centre in particular needs to adapt to the current circumstances, diversifying its offer to include first-class events, markets and a greater range of leisure, hospitality, social, heritage, cultural and evening economy uses, as well as a clear focus upon placemaking for the benefit of residents, businesses and visitors.

Simultaneously, there is a need to encourage new forms of commercial activity together with enhancing community uses to facilitate the District's growing population. There is also a strong link to the growth potential of the visitor economy in helping our town centres to be places that people want to visit, invest their time and spend money. This has relevance for the character towns of Deal, Dover, Sandwich and wider environs.

Our objectives for this theme are:

1. Secure investment in the District's town centres to offer a diverse retail, leisure, culture and heritage offer, excellent public realm, high quality urban living and a thriving evening economy.
2. Develop a new role for town centres as hubs for start-up and scale-up enterprises through the provision of new, flexible workspace concepts and available, through application, town and small business grants.
3. Promote the role of our town centres as part of White Cliffs Country, as hubs for the visitor economy and with an expanded cultural and social offer for residents and visitors alike.

Delivering on our potential

Target activities:

1. Collaborate and work with local partners to achieve **transformational change in Dover Town Centre** through the delivery of a Place Plan and a range of new investments including:
 - a. Secure **restoration of the Grade I Listed Maison Dieu** project in Dover Town Centre by 2023 to deliver new commercial uses and help to create a new heritage quarter.
 - b. Bring forward plans for **the rejuvenation of Dover Market Square** to provide a new event space and water feature, highways improvements and new public realm to create a more attractive street scene and better pedestrian connections.
 - c. Deliver proposals through the Future High Street Fund to **deliver transformational integration in Dover Town Centre** and an enhanced creative and cultural offer. These include a new creative centre and improved connectivity to the waterfront and public realm.
 - d. Secure **new public and private sector funding, through the Levelling-Up Fund or private sector investment**, for further transformational measures to make better use of our heritage assets and develop a café culture.
 - e. Work with the Port of Dover to deliver new opportunities that benefit and **connect Dover Waterfront, the Wellington Dock and the Town Centre** for residents, visitors and business.
 - f. Work with The Roman Painted House and its Trustees to **deliver new visitor opportunities and developments at the Painted House and across the Roman Lawn**.
2. Collaborate and work with local partners to support the delivery of **transformational change in Sandwich Town Centre**, aligned with Sandwich Town Council's 'Vision for Sandwich', including the creation of a high-quality environment and multi-use event space at the Guildhall in Sandwich, fostering the café culture and other activities that bring footfall to the locality.
3. Collaborate and work with local partners to support the delivery of **transformational change in Deal Town Centre**, aligned with Deal Town Council's emerging 'Vision for Deal', including the encouragement of businesses to locate in the town and the continued development of resident and visitor assets such as the Pier and Timeball Tower.
4. Support investment in **quality hotel accommodation and the facilitation of new hospitality, restaurant and business conference & meeting space**, particularly 4* or 5* rated and accommodation over 80 bedrooms, to enhance and support the District's town centre, business and visitor offer.

Dover Town Centre



© image courtesy of Swesco UK Limited

Dover Town Centre is being transformed through new investments to create a prosperous modern-day – live, work, visit, enjoy – seaside destination that makes the most of its built heritage, port and world-class Waterfront. This will include new facilities, better connectivity for pedestrians, and creative public realm improvements.



*The White Cliffs
of Dover*

Harnessing tourism and the visitor economy

We will promote and encourage growth, investment and development in high-quality, popular, year-round attractions, accommodation, experiences and events to inspire increased visitor numbers, dwell time, spend and overnight stays.

The visitor economy plays a major role in Dover District, supporting 6,000 jobs or 17% of all employment in 2019. The District attracts 4.7 million day visitors annually, and offers historic towns and villages in magnificent countryside to rolling seascapes and iconic coastal landscapes. In 2021, Dover District welcomed the return of 'The Open' to Royal St George's Golf Club at Sandwich. Lydden Hill Race Circuit is the international 'Home of Rallycross' and venue for British and European-level racing events, and Dover Athletic Football Club hosts teams and supporters from across England and Wales. In 2022, Dover District (as a central part of 'Kent's Heritage Coast') will be recognised by the Lonely Planet Guide's 'Best in Travel', as one of the top 10 regions in the world to visit. The District will protect our current offer and capitalise on the growth potential of the visitor economy to support local jobs, skills and training opportunities. This includes promoting investment in new facilities and infrastructure, culture and heritage-led regeneration, and protecting and enhancing the natural and built environment. In this way, the District can respond to visitor demands for engaging experiences, outdoor pursuits, active mini-breaks and staycations.

The Council has already launched 'Destination White Cliffs Country – A Growth Strategy for Tourism and the Visitor Economy 2020 to 2030' which provides a framework for the development of tourism under the 'White Cliffs Country' brand over the next 10 years. It is fully aligned to the objectives of the Council's Corporate Plan, the emerging Dover District Local Plan, and reflects the priorities and aims of the Government's Tourism Sector Deal.

Our objectives for this theme are:

1. Use the new 'White Cliffs Country' brand, website and destination marketing campaigns to raise the profile of Dover District for domestic and international visitors.
2. Attract new providers and secure investment to enhance and diversify our visitor economy assets, ensuring the District is well-positioned for key markets.
3. Collaborate with the District's tourism industry and businesses to develop linked offers that improve visitor experiences and encourage longer stays and higher spend.

Delivering on our potential

Target activities:

1. Support **investment destination-making tourism accommodation and hospitality, such as new hotels (particularly 4* or 5* rated and accommodation over 80 bedrooms), restaurants and attractions**, that enhance and support the District's visitor economy offer, including through the Dover District Local Plan.
2. Maximise the **global profiling value and economic impact of major events hosted within the district, such as The Open Championship**, and the associated opportunities that being on The Open rota brings to develop local business, community, training and volunteer-based opportunities.
3. Work with the Port of Dover to **develop a destination management and place marketing offer for the cruise and ferry sector, as well as Dover seafront**, to maximise opportunities for overnight stays and linked-visits to cruise stays and ferry crossings.
4. Roll-out the **'Destination White Cliffs Country' strategy, brand, sub-brands, website and associated campaigns** to support the growth and recovery of the visitor economy within domestic and international markets following COVID-19, to support climate change targets, and to position the District for long-term sustainability and success.
5. Build a **talent pipeline locally to support a high-quality visitor offer** by supporting routes to training and skills that secures the introduction and retention of a stable skilled workforce over the long-term.

The 149th Open



© Royal St. George's Golf Club

This was the 18th occasion that The Open, one of the world's leading sporting events, had been held in Dover District. The 149th Open and its legacy is an incredible opportunity for residents, visitors, business and community groups. The 149th Open, pre-pandemic, was forecast to have an economic impact in the region of £100 million.



Fallow Fields Camping

A thriving rural economy

We will support diversification, sustainable development and growth of our rural economy by embracing innovation and opportunity.

Dover District accommodates a successful rural economy that provides a vital source of employment for many of the District's residents and is home to a network of villages that are important commercial, cultural and community centres in their own right.

These areas are already home to a vibrant mix of industries including manufacturing, agriculture and tourism and an unrivalled portfolio of heritage and visitor assets. Whilst many rural businesses have successfully diversified their economic offer over recent years, others offer significant potential for further growth and development, in turn helping to diversify the District's economic base and boost local productivity. In the future, our rural communities will also become more important places to work, for example as people increasingly seek to work from home some or all of the time, and need access to local facilities, services and amenities. We want to provide for the needs of future working lifestyles in a high-quality environment.

We also know that some rural parts of the District face particular barriers to growth and prosperity, so our strategy also focuses on enhancing infrastructure provision and connectivity to unlock these opportunities and enable a thriving rural economy for all.

Our objectives for this theme are:

1. Support opportunities across Dover District's rural area and villages to promote diversification, employment, sustainable development, biodiversity, economic growth and the achievement of climate change targets.
2. Promote the role of key sectors and employment sites within the rural economy, and the development of new infrastructure, workspace and co-working hubs to complement housing growth across the network of settlements.
3. Secure investment to ensure the rural area has access to good quality, resilient infrastructure that facilitates sustainable travel choices and promotes the green economy.

Delivering on our potential

Target activities:

1. Work with local partners to enable and explore all opportunities for the **redevelopment of the vacant Snowdown Colliery site**. Ideas include the potential delivery of Snowdown Park to create an environmentally-friendly hub for start-up businesses and artisan producers, as well as an international centre for research and development into the health and welfare of the honey bee.
2. Explore the feasibility of **piloting rural hubs** that provide high quality modern workspace for small and growing businesses, with access to business coaching and mentoring services, and potentially linked community facilities, and identify those locations that could deliver these opportunities especially village centres or other suitable rural locations that can easily be accessed by walking, cycling, rail or bus.
3. Work with partners to **accelerate the roll out of high-quality digital connectivity** across the District's rural communities to facilitate access to home-working, e-commerce and remote learning.
4. Through the Dover District Local Plan, **facilitate the development of appropriate housing, employment and tourism sites**, to support thriving local communities and meet housing and economic needs.
5. Collaborate with the local tourism industry and related businesses to **develop outdoor activities and experiences** linked to the themes of landscape & nature, history & heritage, local produce and walking & cycling. These will supplement the current visitor offer and help to distribute the economic benefits of tourism across the entire District.

Snowdown Colliery



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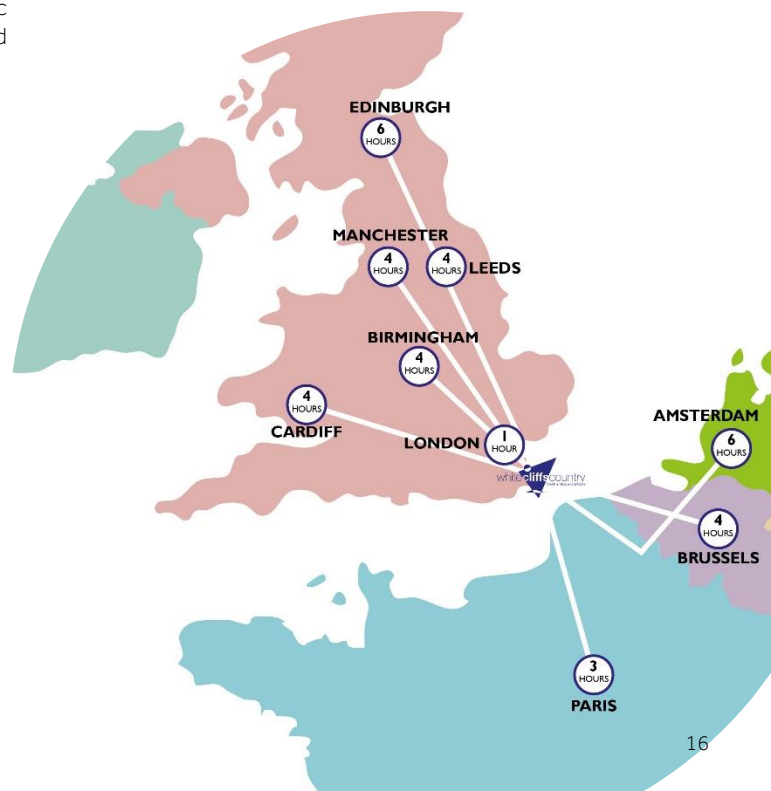
Bring forward the reuse of the former Snowdown Colliery site, a partially brownfield site one mile south of Aylesham. Any development needs to include a long-term, sustainable vision for investment in the reuse of the former colliery buildings, supporting local business growth and job creation. There is potential for mixed-uses which could also include leisure, limited retail and tourism.

Dover District: '360 degrees of opportunity'

Dover District (White Cliffs Country) is a unique destination where coast meets countryside, ancient meets modern, relaxation meets adventure, and the United Kingdom meets Europe. Nationally and internationally significant, the enterprising and lifestyle-focused district covers 123 square miles and represents a great place to invest, live, work, visit and learn. It has a proud past and an exciting future. Dover District Council is ambitious for the district, as well as the character towns of Dover, Deal and Sandwich, and want to capitalise on the growth potential of targeted investment, development and tourism, as well as the area's strategic geographical advantage and globally renowned name. We recognise that investment and associated developments can help drive local growth, jobs, skills and prosperity.

Building relationships and welcoming investment in:

- Enhanced tourism and visitor economy activity.
- Quality hotels and visitor accommodation, including executive glamping, high end boutique hotels, spa and conference facilities.
- First-class attractions, hospitality and unique experiences.
- Addressing climate change and green issues.
- High-quality mixed use commercial, residential and co-working developments.
- Exceeding expectations across the district's golf and sporting venues.
- State of the art provision that brings history and heritage to life through modern technology.
- New and existing retail, food and drink outlets.
- Rapid link infrastructure for residents, visitors, business and logistics.
- Walking and cycling improvements.
- Productive leisure and wellbeing facilities.
- Idyllic parks and open spaces.
- Creating capacity to build skills, training, education and sector-based employment and apprenticeships.
- Exciting town centre placemaking, renewal and development.
- Aspirational small, medium and large house building schemes.
- National-level festivals, activities and events.
- Leading innovation hubs.
- Enterprising local produce, craft and goods.
- Leading green and sustainable industry excellence.
- Innovative accessibility and connectivity-focused solutions, within and across our town centres.



Contact Information

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Subject:	CABLE CAR PROJECT UPDATE
Meeting and Date:	Cabinet – 6 December 2021
Report of:	Roger Walton, Strategic Director (Operations and Commercial)
Portfolio Holder:	Councillor Trevor Bartlett, Leader of the Council
Decision Type:	Key Decision
Classification:	Unrestricted

Purpose of the report: To brief Cabinet on the outcome of discussions with English Heritage and progress achieved in developing a strategic definition for a possible cable car between Dover town centre and Dover Castle Heritage.

Recommendation: Not to proceed with the project.

1. Summary

- 1.1 A Preliminary Economic & Technical Assessment appraisal carried out in 2020 indicated that a cable car between Dover town centre and Dover Castle would be both technically achievable and, potentially, commercially viable so long as Dover District Council and English Heritage could agree a joint approach to the project. Such a development would provide both a standalone new attraction and create a direct link between a popular existing visitor attraction and the town centre. It could form a central element of the package of projects, including refurbishment of the Market Square and the Dover Western Docks Revival, that together would benefit the local community and raise the profile of Dover town as destination.
- 1.2 Following consideration of the Assessment in December 2020, Cabinet entered into a memorandum of understanding with English Heritage that set out a joint approach to progressing the project and allocated £35k to further develop the proposals. The two organisations co-operated closely for several months while developing proposals for governance, strategic definition, procurement and operational matters. Preliminary high-level site investigations, specialist advice regarding the most appropriate route for gaining consents and engagement with stakeholders helped to further define the project, including by identifying areas of uncertainty and risk.
- 1.3 Unfortunately, on 27th May 2021 English Heritage's Senior Management Team considered whether to contribute funding towards the proposed next stage of completing RIBA Stage 2 (Concept Design), including additional de-risking tasks, and decided that the organisation could not provide any support. The principal reason was anticipated un-acceptable impacts on heritage at Dover Castle, which had been highlighted as a risk during the initial phase of work. Concerns were also raised about the cost of the scheme, particularly in the context of reduced income during the Covid-19 pandemic.
- 1.4 In the absence of a partnership with English Heritage there is little to be gained from continuing the development of proposals for a cable car in the foreseeable future. However, the documents prepared could form a useful basis for any future investigations, should English Heritage change their position on this matter. In addition, liaising with English Heritage about the cable car has highlighted areas of

common interest, in particular attracting more visitors to the Dover urban area, and may lead to other opportunities for jointly delivered projects. Should any other project be proposed, it will be essential to agree joint working arrangements at the earliest possible stage.

2. **Background**

- 2.1 Provision of a cable car between Dover town centre and Dover Castle has been an ambition of the Council for many years. Such a project could provide the key strand in the destination and place making agenda, because it would bring benefits to the local community and wider regeneration agenda of the town, including the Port of Dover. A cable car would provide both a standalone new attraction and create a direct link between a popular existing visitor attraction and the town centre. It could form a central element of the package of projects, including refurbishment of the Market Square and the Dover Western Docks Revival, that together would benefit the local community and raise the profile of Dover town as destination.
- 2.2 Cable cars at similar locations elsewhere in the world have become highly valued by local residents. For example, the cable car at Koblenz in Germany provides views of the UNESCO Upper Middle Rhine Valley World Heritage site and links to the Ehrenbreistein Fortress. Initially this was intended to be a temporary facility installed as part of a horticultural show in 2011, with the electromechanical equipment destined to be sold at the end of the event. However, the cable car was so successful (e.g. Tripadvisor number 1 attraction at Koblenz) that it remains in place nearly ten years later.
- 2.3 In March 2020 the Council procured a north American based specialist consultant, SCJ Alliance, to undertake a Preliminary Economic & Technical Assessment of constructing and operating a cable car. The results were presented to Cabinet in December 2020. This included a definition of route alternatives, validation of the alternatives and selection of the preferred route (known as Option 1), which ran from a straddle station over the A20 up to a former munitions storage area at Dover Castle. The preferred technology type was identified as 3S Gondola in part due to its high wind stability. An initial estimate was provided of the capital cost being between £27m and £32m depending on the chosen technology.
- 2.4 Initial stakeholder engagement, including with English Heritage and the Port of Dover, informed revenue projections, operation and maintenance cost estimates for the business case study. For example, ridership assessments were based on visitor numbers supplied by English Heritage and the Port of Dover. These projections were benchmarked against SCJ Alliance's proprietary database of other projects across the world.
- 2.5 The consultants concluded that strong financial returns could be achieved provided Dover District Council and English Heritage agree a joint approach. This indicated private sector funding could be secured to deliver the project, although the Council and / or English Heritage would likely have to underwrite a ridership guarantee. The SCJ Alliance report set out several options for ownership models, but emphasised that in all scenarios it would be necessary for the Council (working with English Heritage if possible) to undertake detailed studies including archaeological, environmental and geo-technical surveys to de-risk the project for potential bidders or funders.
- 2.6 Funding towards the project could potentially be secured via branding rights. Significant contributions have been achieved at other projects, for example Emirates sponsorship of the Greenwich cable car amounted to £36m over 10 years, although that was linked to the 2012 Olympics. In Washington USA, Spokane Parks and Recreation Department secured almost \$1m over a decade for the naming rights to its Skate Ribbon and SkyRide attractions at the Riverfront Park.

2.7 In response to the findings of the Preliminary Economic & Technical Assessment, Cabinet allocated £35k to further develop the proposals to a point at which an informed decision could be made about whether to proceed to RIBA Stage 2. The Council also entered into a memorandum of understanding with English Heritage. This report provides an update on progress achieved since December 2020 and, on the basis of evidence gathered, proposes that the Council allocates no further resource to developing proposals for a cable car.

3. **Stage 0 / 1 Outputs**

3.1 The proposals developed for the cable car route and profile by SCJ during the initial phase of the project were further examined during this phase, including through more detailed discussions with key stakeholders and by identification of risks and issues which would have to be mitigated in future stages. The initial options would need to be developed in more detail in the next phase of the project with the support of a wider consultant and specialist team, and Option 1 (Lower Station straddling the A20) remains the preferred option. Options 2 & 3 would remain viable should further work be progressed to mitigate the risks identified with Option 1. Additional information is included as Appendix 1 & 2.

3.2 Whilst the Stage 0 / 1 phase of work is complete, this is referred to as the current phase of work for the benefit of this report.

3.3 Several preliminary site investigations and other small instructions were placed during this phase of work to enable preparation of the proposed delivery strategy and identify routes for approvals. The results are covered in detail elsewhere within this report.

3.4 The work undertaken during the initial and current phases of the project allowed the project team to identify several workstreams. These would need to be progressed in tandem, with interdependencies carefully managed between the workstreams. The workstreams can broadly be considered as:

- Specialist input (cable car design, highways design & risk management etc)
- Design matters (architect, engineers to develop overall scheme including Lower & Upper Stations)
- Approvals
- Risk
- Site surveys
- Procurement of main contractor and cable car provider

3.5 In addition to the 'delivery workstreams' identified during this stage set out above, it would be necessary to consider the following key matters in detail during the next phase, as the project detail developed:

- Operator strategy
- Investment strategy

3.6 Risks, issues and areas that require further development have been identified within each workstream and some key elements are summarised within this report. The Project Stage 1 Risk Register is included as Appendix 4.

4. **Strategic Aims and Client Brief**

4.1 Key strategic aims of the project, were identified by the Project Board, are shown below:

- To provide a direct link from Dover town centre to Dover Castle, the largest castle in the country;

- To provide a user-friendly link between Dover town centre and the seafront;
 - To support English Heritage in their ambitions to increase visitor numbers and attract a higher proportion of Castle visitors to spend time (and money) in the town centre;
 - To encourage a greater number of ferry passengers to explore the town, rather than just pass through;
 - To provide a premier attraction to cruise passengers;
 - To assist in providing a long-term sustainable car parking solution at the Castle site, significantly reducing the number of cars from the site facilitating visitor growth and the development of the visitor experience; and
 - Providing a catalyst to implement elements of the Castle Masterplan (approx. 50% of buildings at the Castle site are not in economic use), including revitalising the Officer's New Barracks.
- 4.2 If the project were to proceed to the next stage, a 'Client Brief' would have to be developed by the project team in consultation with the Project Board. This would clearly set out the 'red line' for the project and identify linked, but 'excluded' aspects of the project such as the onward visitor experience at the Castle or associated facilities adjacent to the Lower Station. The definition of a Client Brief would be an essential pre-requisite to setting the total project budget.
- 5. Potential Economic Benefits for Dover Town and Wider District**
- 5.1 Chilmark Consulting was commissioned to undertake an economic appraisal of the proposal during 2021 to quantify the benefits that a cable car could bring to Dover. The study concluded that between 453 and 655 direct and indirect FTE jobs would be generated or supported through operation of the cable car. Some of these jobs would likely be filled by people living outside the Dover District and some employment would be achieved by reduced employment elsewhere in the district, resulting in a net employment figure of approximately 269-397 FTE in the district. The Gross Value Added contribution of the cable car was estimated as £3-£5.4 per annum arising from core and tourism activities, with an additional £4.3-£5.3m per annum during the construction period.
- 6. Project Governance and Delivery**
- 6.1 The DDC-EH Client Team worked together closely during the current phase of the project and a productive relationship developed, in accordance with the Memorandum of Understanding, entered into following the December 2020 Cabinet. There has also been engagement during the period between senior representatives of both Dover District Council and English Heritage by means of a monthly joint Project Board.
- 6.2 A key element of this phase of the project was to develop project governance proposals for the next phases of the cable car project. The Project Board agreed a project governance chart included as Appendix 3.
- 6.3 It was intended that, should the project progress to the next phase, Dover District Council would act as the client for the purpose of instructions and appointments. This would need to be supported by English Heritage, including by means of financial contributions.
- 6.4 Monthly Project Board meetings would need to be maintained during the next phase of the project and additional attendees would be determined to support the relevant activities required.
- 6.5 As set out in the governance chart, there are two significant 'approvals' strands, within DDC and within English Heritage. It would be necessary to ensure those approvals are

considered in tandem throughout the next phase to ensure consistency of reporting and timely decisions making.

- 6.6 It is proposed that a 'Core Consultant Team' of Project Manager, Cost Consultant, Principal Designer and an Approvals Specialist would be appointed to work with the Council and English Heritage should the project progress. Further details are provided in Section 13 below.
- 6.7 It is also proposed that the specialists and consultants required for each workstream identified would then be procured on a case-by-case basis, working with Council Procurement Officers to ensure the most appropriate (and compliant) approach for each appointment.
- 6.8 The exact scopes of work for each specialist, survey or appointment and the terms of appointment would be developed on a bespoke basis once requirements are better understood. The proposed approach ensures competition and access to the correct individuals or organisations to support the project as the details are developed.

7. Reporting and Internal Engagement

- 7.1 Should the project proceed to RIBA Stage 2 Concept Design, it is anticipated that the next stage of work may take 9 months or longer. However, in order to finalise the concept design, it would be necessary to gain approval for the Client Brief, therefore an interim report would need to be presented to Cabinet on that topic in advance of the RIBA Stage 2 report.
- 7.2 The RIBA Stage 2 concept design report would also present a proposed strategy for procuring a Main Contractor / Cable Car contractor. Finally, provided the identified risks had been adequately mitigated and the overall project viability was considered acceptable, the report would seek agreement to undertake public engagement and to prepare an application for planning consent.
- 7.3 A Project Advisory Group ensures a suitable level of challenge is provided to the project on a more regular basis than would be possible through reports to Cabinet.

8. Statutory Approvals

- 8.1 Whilst there are examples of cable cars in the UK (most notably the Emirates Airline, London), the proposed Dover cable car could be considered unique, especially from an approvals perspective. During this phase of the project, Landmark Chambers, who advised on the Emirates project, were instructed to provide advice on the most appropriate route to gain approvals for the scheme.
- 8.2 Landmark Chambers recommended that a Transport & Works Act (TWA) order is the most suitable approach, which is determined by the Secretary of State for Transport. The London cable car was approved under a TWA.
- 8.3 A TWA order does not grant planning permission; however the Secretary of State is empowered to direct that a planning application shall be deemed to be granted, subject to conditions (if any) as may be specified in the direction. Therefore, typical planning processes (engagement, supporting information etc) and preparation of an application will be required, however the safest approach would be to seek 'approval' under the TWA to ensure the processes are consistent.
- 8.4 In addition to the proposed TWA, Dover Castle is a Scheduled Monument, and as such, Scheduled Monument Consent (SMC) will also be required. This process is determined by the Secretary of State for Digital, Culture, Media and Sport.
- 8.5 Where different, but related, applications require decisions from different Secretaries of State, the government departments involved typically liaise to make sure the processes are co-ordinated.

- 8.6 It is highly likely that a Public Inquiry would be required under one or both of the necessary approvals routes. The approvals process is therefore complex and could potentially take 15 months or more from initial application to final approvals. This is longer than envisaged within the Preliminary Economic & Technical Assessment and therefore impacts the overall project programme; a revised high level Project Delivery Programme is attached at Appendix 5. Initial applications can only take place once suitable detail is developed which would likely be achieved during Stage 3 (the next phase is Stage 2).
- 8.7 Due to the unique and specialist nature of the required approvals, it is recommended that an 'Approvals Specialist' would be appointed as part of a Core Team as set out in further detail below.

9. **Technical Studies and Site Surveys**

- 9.1 Parking WSP was appointed to undertake a high-level review of current car parking provision within Dover and provide recommendations for more effective use of the existing parking stock. This included calculating an estimate of the need generated by combining proposed local plan allocations, current projects such as the Market Square renovation and construction of a cable car. It concluded that if 250 spaces were required within a 10-minute walk of the base station to meet the demand for cable car, then between 176 and 201 new spaces would have to be provided. If 500 spaces were required for the cable car it would be necessary to provide between 426 or 500 spaces additional spaces in the town.
- 9.2 Archaeology Canterbury Archaeological Trust were instructed to update their previous report relating to an earlier iteration of the scheme in 2009 and to consider the proposed options for this scheme.
- 9.3 The findings of the report cover two key 'zones', Dover valley (the lower area) and Castle Hill (the upper area). There is a high risk of buried archaeology in Dover valley; the Bronze Age boat, two separate timber harbour walls of the Roman period and a dug-out canoe of uncertain date have all been located during previous studies near to the proposed Lower Station.
- 9.4 There is the potential for buried archaeology on Castle Hill however the more significant consideration is that the proposed Upper Tower site is adjacent / within the Shoulder of Mutton Battery. At the proposed Upper Station, the adjacent Officer's New Barracks is a Grade II listed building and the 'Long Gun Magazine' (a buried storage facility) and further Annexe tunnels are beneath the proposed site.
- 9.5 Proposals would be developed for archaeological evaluation work which could take place at the same time as geotechnical investigations (trenching and boreholes) during the next phase of the project. The level of design will have to be further progressed to inform both geotechnical investigations and linked archaeological evaluations.
- 9.6 The Canterbury Archaeological Trust report does not cover heritage impact, however notes that a significant issue will be the potential visual impact to the heritage assets. This is considered further below.
- 9.7 Ecology The site covers a variety of habitat types, including developed public sections, residential, retail and maintained gardens, the A20 and scrub up to the Castle site. There is the potential for a number of ecological considerations and a rare bat has recently been identified and recorded at the Castle site. Lloyd Bore was instructed to undertake a Preliminary Ecological Appraisal (PEA) during this phase of work to highlight the further survey and investigative work required and the potential seasons this needs to take place in.
- 9.8 The PEA has identified that the project areas support suitable habitat for nesting birds, roosting bats, foraging and commuting bats, badgers, hazel dormice and reptiles, and

invasive species of plant has been recorded within the on-site woodland. There are five statutory and five non-statutory designated sites of importance for nature conservation within relevant distance of the proposed development. Further survey work has been recommended and a Habitats Regulation Assessment and Biodiversity Impact Assessment would also need to be undertaken.

- 9.9 Wind Data Dover, and the proposed cable car route, is clearly coastal and exposed. The Preliminary Economic & Technical Appraisal recommended that the 3S gondola system is the preferred technology due to the ability to remain open during high winds. To support the selection of cable car technology and inform the wider design criteria, the Met Office were instructed to provide historical weather information from Langdon Bay, the nearest weather station. SCJ Alliance would assist in interpreting that data in the next phase of the project to determine potential periods of downtime that may occur during poor weather. It should be noted that it is very rare for cable cars to be closed for lengthy periods and typically systems are closed for relatively short periods of time. A strategy to deal with closures will need to be considered in detail along with operational matters.
- 9.10 Land Ownership The overall site is within and passes over a number of different areas of ownership. An initial assessment of the titles affected has been completed and proposals received for a detailed report on ownership and rights matters which would be undertaken during the next phase. Neighbourly matters (such as air rights) will also be considered in detail in the next phase.

10. **Stakeholder Engagement**

- 10.1 The project is complex and potentially controversial, therefore if it were to be taken forward careful engagement would be required with numerous stakeholders, including the outputs from the Title Report and the Port of Dover. However, two statutory consultees, Highways England and Historic England, are of such importance to the project that further engagement was undertaken during this phase.
- 10.2 Highways England have provided further advice during this phase of the project, including background information relating to oversized loads and expectations for clearances at the relevant section(s) of the A20. The main focus of the next phase of the project relating to highways matters would be to address divergences potentially required from the Design Manual for Roads & Bridges (DMRB), including developing risk assessments to justify any departures.
- 10.3 Highways England highlighted that the major areas of concern relate to the flight path (in parallel) of the cable car to the A20, which is a road of national and European importance and is part of the Strategic Road Network. Highways England requested relevant examples of cable cars running in parallel to major road networks to aid further discussion. Two significant examples are the Portland Aerial Tram, Oregon, and the Roosevelt Island Tram, New York.
- 10.4 In addition to the principle of 'flying in parallel', both the lower station and lower tower would require siting adjacent to the A20 (potentially with structure within the central reservation) which will provide a technical challenge.
- 10.5 Historic England were willing to engage and assist with the development of the scheme during the next phase of the project, their clear overall aim being to minimise harm to heritage assets while maximising any benefits gained from the scheme. Next steps would include determining key views (both towards and away from the Castle site), and key issues to resolve.
- 10.6 However, in consideration of minimising harm to heritage assets, English Heritage has supplied the following text that formed the basis of their SMT's decision that they could not support the project:

“Perched on its hilltop, the castle sits above Dover town and all its modern development, and the distinction between the historical character of the castle and the busy modern town below is apparent both from outside and within its defences. This sense of the castle as a historical entity being set apart or above the transience of the town centre makes an important contribution to its character. The cable car will span this boundary between castle and town, incorporating the castle within an overtly modern development, eroding this important distinction.

Offsetting the potential harm associated with the proposals would be the removal of car parking within the castle and the possibility of incorporating redevelopment of the Officers’ New Barracks within the scheme. But both of these could be achieved through independent projects without involving the degree of intervention necessitated by a cable car. Given the difficulty of satisfactorily mitigating the impacts of a cable car on the castle’s character and setting, English Heritage’s view is that the scheme would be overwhelmingly harmful and for this reason is unacceptable.”

- 10.7 A key aim of the next phase of the project would be to ensure ‘approval in principle’ is reached with all major stakeholders, with any public consultation scheduled to ensure consistency of message and timed appropriately.
- 10.8 The cable car proposals would be of great interest to local businesses and residents. If the project were ever taken forward, then engagement would have to be carefully managed, balancing the desire to share information about the proposals with ensuring that sufficient detail has been developed to enable meaningful consultation. The most appropriate time for public consultation would be at the end of RIBA Stage 2.

11. Risk Management and Key Risks/Issues

- 11.1 A key feature of the proposal is the number of significant risks that would require careful management and mitigation if it is ever taken forward. One of the major risks identified very early in the project was the need to establish a formal alliance between Dover District Council and English Heritage. The first step in mitigating the risk was to enter into a Memorandum of Understanding which enabled the two organisations to establish clear lines of communication and reporting and identified heritage impacts as being unacceptable to English Heritage before committing to more significant expenditure
- 11.2 The key aim of the next phase of the project, Stage 2, would be to develop the Concept Design and mitigate all known risks to an appropriate level to ensure the output is a deliverable scheme. This would also allow the establishment of a working project budget, assessment of the revenue and operational models and identification of an investment strategy for the capital investment required to deliver the scheme.
- 11.3 The Stage 1 Risk Register (as compiled in April 2021) is included as Appendix 4. Some of the key risks & issues are included below:
- 11.4 Parking – a strategic aim of the project, which will also support the revenue model, is to significantly reduce or remove parking from the Castle site (as this would also ensure more visitors utilise the cable car). This is a critical matter for English Heritage and a number of potential options are to be considered. The initial parking study showed that it would be necessary for a commitment of approximately 500 spaces within the vicinity of the base station for 5-10 years from the opening of the cable car to achieve this key strategic aim.
- 11.5 Harm to Heritage Assets – Historic England committed to working with DDC to develop sympathetic proposals and understand the methodology for identifying and mitigating the potential level of harm to heritage assets. However, in the opinion of English Heritage the scheme would be overwhelmingly harmful to Dover Castle. Therefore the risk of a cable car being considered to cause unacceptable visual impact and / or wider

harm to heritage assets is extremely high and is the reason this report recommends not proceeding with the project.

- 11.6 Buried Archaeology – there is a high risk of buried archaeology across the cable car site, most notably adjacent to the proposed lower station. The bronze age boat and historic harbour walls have been found in the vicinity of the lower station and assets may be identified during further investigations.
- 11.7 Highways Approvals – Highways England have been engaged during the early stages of the project and are willing to work with DDC and English Heritage to develop the cable car proposals. The cable car is potential flying over the A20 (Strategic Road Network & of national and European importance) and there are limited examples of cable cars flying directly over a significant highway (in parallel as opposed to perpendicular). A risk assessment and management strategy of the proposals and envisaged divergences required from the Design Manual for Roads & Bridges (DMRB) will be required during the next stage.
- 11.8 Confirmation of Cable Car Technology – the preferred technology for the cable car system is the 3S Gondola, which would be confirmed early in the next phase of work once assessed against the wind data collected from Langdon Bay (via the Met Office).
- 11.9 Ecological Considerations – a Preliminary Ecological Appraisal has been undertaken and further survey work is required, much of which is seasonal. It will be beneficial to design out ecological risk where practical.
- 11.10 Scope Clarification/Creep – a typical issue for the majority of projects is managing scope creep. Due to the nature of the cable car proposals, and early stage of design, it is not practical to confirm the wider Client Brief at present as this would only become fixed once there is a better understanding of the site, the operational requirements and the potentially linked projects. A fixed scope, or Client Brief, would to be developed during the next phase of the project and presented to a future Cabinet meeting for approval.
- 11.11 Clarification of Project Budget – it is not practical to identify a working project budget until more is known about the Client Brief, the site and timescales for delivery. Again, a project budget would be presented to a future Cabinet for approval, once developed.
- 11.12 Technical Matters Relating to the Construction of the Cable Car Proposals – this is a complex project and the technical delivery of a complex logistics project requires careful management. There are considerably more unknowns at this stage of the project than with a more typical development project.
- 11.13 Architectural Merit and Expectations – it is likely that to reduce harm to the heritage assets, and to deliver a unique proposal such as the cable car, there would be aspirations for a scheme of architectural merit. This typically has potential to significantly increase project costs and requires careful consideration. The establishment of a Client Brief and potential to undertake a design competition could mitigate this risk during the next phase.
- 11.14 Management of Significant Approvals Processes – the envisaged approvals process involves a Transport & Works Act order (under which a planning application may be directed) and Scheduled Monument Consent, both of which are complex processes and will need to be managed in tandem. The last cable car scheme in the UK was approved a decade ago, therefore would potentially be challenging for both the applicant(s) and the Department for Transport, given the unique nature of the scheme. An approvals specialist is proposed as part of the core consultant team to help mitigate this workstream.
- 11.15 Management of Stage 2 Expenditure – whilst a budget has been estimated for the next phase of the project, which includes a contingency allowance, it is incredibly difficult to

forecast potential costs at this stage due to the unknown nature of many of the issues facing the project. For example, should archaeology be identified during investigations, there may well be further costs associated with recording it in-situ, preserving it or otherwise – it simply isn't practical to be able to control this risk until more is known, and this is one risk of many. It would therefore be necessary to report to the Project Board for approval of expenditure at a project level, and report to Cabinet periodically to keep Cabinet informed.

- 11.16 Linked Projects – for the cable car project to be successful, it may be necessary for other projects to be implemented, such as visitor experiences at the Castle site or additional parking solutions. Any linked projects would need careful co-ordination to ensure the success of all of the relevant projects.
- 11.17 Operator Matters & Revenue Model (including funding risk profile) – an initial revenue model has been provided by SCJ which identifies that the cable car is viable and could be very profitable. The operational model would need to be developed during the next phase of the project to include ticketing, management and maintenance, which will all inform the revenue model.
- 11.18 Investment Strategy – it is envisaged that external investment would be sought for the delivery of the cable car scheme. The timing of investor engagement would require careful consideration as the viability of the scheme and project cost plan to prepare detailed investment options. It would be possible to engage with potential investors at a high level early in the project to inform them of the forthcoming proposals and ensure there is suitable interest.
- 11.19 A detailed project risk register would have to be managed throughout the project and key risks reported to the Project Board and Cabinet at appropriate periods. The interdependency of risks would require careful management to prevent over-exposure (for example not developing the architectural or detailed site investigations in advance of approvals in principal from necessary stakeholders).

12. **Funding**

- 12.1 The Preliminary Economic and Technical Assessment estimated the capital cost of constructing a cable car as between £27m and £32m (in November 2020). A more detailed estimate of the cost could be obtained only if the project proceeds to the next phase. A project of this size would probably need to be financed through external capital. The most likely option being private investment, with some kind of ridership guarantee on the part of the Council and English Heritage. SCJ Alliance advised that the best deal would be achieved by the Council and English Heritage working together to secure consent in advance of entering into an agreement. As of April 2021, the cost of the next stage was estimated at £1.39m, including a small fees contingency.
- 12.2 It should be noted that the construction market remains volatile following the Covid-19 pandemic and Brexit, and as such inflation and material costs and availability are unpredictable. The high level forecast capital costs were provided against a delivery programme (and mid-point of construction) which is now unachievable. Therefore, should the project restart at any point, an assessment of cost uplift to accommodate inflation should be undertaken.

13. **Consultant and Specialists Procurement Approach**

- 13.1 Given the unique nature of the project, it is imperative that should the project go ahead the Council (and EH) appoint the correct supporting consultants and specialists so as to remain in complete control of the direction of the project during the early stages of the project.
- 13.2 It is also considered that the best approach to gaining approval for this project is for the Council and English Heritage to be named applicants and not to 'offer up' the

project to the private sector for delivery at this early stage, and without consents in place.

- 13.3 As such, it is proposed that a 'Core Consultant Team' of Project Manager, Cost Consultant, Principal Designer and an Approvals Specialist would be appointed.. The additional specialists and consultants required for each workstream would then be procured on a case by case basis.
- 13.4 The exact scopes of work for each specialist, survey or appointment and the terms of appointment would be developed on a bespoke basis once requirements are better understood. The proposed approach ensures competition and access to the correct individuals or organisations to support the project as the details are developed.
- 13.5 It is envisaged that the Core Consultant Team would remain appointed by the Council for the duration of the project, acting as a 'critical friend' at the appropriate times.
- 13.6 A significant consideration of the project would be the procurement of a suitably experienced Main Contractor. The approach to the procurement and management of a cable car provider would also require further consideration and soft market testing during the next phase. A Main Contractor / Cable Car procurement strategy would be developed for approval during the next phase.
- 13.7 Whilst not an immediate consideration, it is important to highlight that there are two key main cable car providers, Leitner-Poma and the Doppelmayr Garaventa Group. It would be necessary to consider soft market testing, supplier engagement and the procurement of the equipment in much more detail in the next stage. Typically the cable car provider would be appointed as a sub-contractor to a Main Contractor.
- 13.8 Should the project proceed at a future time in accordance with the delivery strategy set out above, Cabinet would be requested to agree the appointment of the Core Consultant Team for the next phase of the project (RIBA Stage 2). Cabinet would also be requested to delegate authority to finalise arrangements for further appointments of specialists in accordance with the procurement strategy for the project. Is it important that instructions can be made in a timely fashion whilst ensuring a competitive and compliant process is followed to allowing the right specialists to support the project.
- 13.9 Potential appointments for future stages would be developed and presented to Cabinet at an appropriate time for consideration and approval. It is not possible to forecast the overall professional fees required for this project at this stage, however it is considered a suitable budget could be prepared during the next phase of the project once a better understanding of the required outputs in future stages is known.

14. **Conclusion/Next Steps**

- 14.1 Significant progress has been achieved in clarifying the way in which a cable car could be delivered in Dover and there are strong indications that such a project could achieve the proposed strategic aims. However, the project remains at an early stage and without support from English Heritage there is little prospect of a successful outcome. Should the situation change the information gained should be retained for use at that time.

15. **Identification of Options**

- 15.1 Option 1: To proceed with the project and move to the next phase, Stage 2 Concept Design.
- 15.2 Evaluation of Option 1: This is not the recommended course of action; even though the feasibility appraisal has identified that a cable car is both technically achievable and, potentially, commercially viable, this is contingent upon the Council and English Heritage developing a joint approach to the project. Given that English Heritage have

stated a cable car would, in their view, be overwhelmingly harmful to Dover Castle, there is little chance that the project could be successfully delivered.

15.3 Option 2: To cease work on the project.

15.4 Evaluation of Option 2: This is the recommended option. Although the provision of a cable car between Dover town centre and Dover Castle has been an ambition of the Council for many years, recent investigations have clarified the extremely high level of risk associated with the project. In particular, co-operation between the Council and English Heritage would be crucial, but English Heritage have stated “the scheme would be overwhelmingly harmful and for this reason is unacceptable”. A decision to cease work on the project would inform future development of town centre regeneration proposals.

16. Resource Implications

16.1 Summary of expenditure

Topic	Consultant	Cost
Cable car advice	SCJ Alliance	£83,000
Project management	Hadron Consulting	£30,400
Legal advice	Landmark Chambers	£1,200
Wind data	Met Office	£900
Ecology	Lloyd Bore	£1,450
Economic Appraisal	Chilmark Consulting	£18,000
	Total	£134,936

16.2 Most of this expenditure was undertaken as part of the Dover Waterfront project. In December 2020, Cabinet approved the expenditure of £35k to develop the relationship with a potential delivery partner.

16.3 This project is exceptionally complex and therefore if progressed adequate officer resource would have to be allocated, and arrangements for resilience considered. This would likely include a requirement for an internal project manager (1FTE), as well as specialist heritage input, planning support, legal and finance input.

17. Climate Change and Environmental Implications

17.1 The cable car would provide a convenient link between the town centre (served by Southeastern train services) and Dover Castle - increasing accessibility via existing public transport provision and for pedestrians. This would have the benefit of reducing emissions/traffic volumes in and around the Castle. However, the English Heritage management team have identified concerns over the harm that would be caused to heritage assets and do not believe these could be adequately mitigated.

18. Corporate Implications

18.1 Comment from the Section 151 Officer: Accountancy has been consulted and has no further comment. (DL)

18.2 Comment from the Solicitor to the Council: The Solicitor to the Council has been consulted in the preparation of this report and has no further comments to make.

18.3 Comment from the Equalities Officer: This report does not specifically highlight any equality implications, however in discharging their duties members are required to comply with the public sector equality duty as set out in Section 149 of the Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15/section/149>

19. **Appendices**

1. SCJ Report extract re: Options 1, 2 & 3
2. SCJ Option 1 initial proposals
3. Project governance chart
4. Project Stage 1 Risk Register April 2021
5. High-Level Project Delivery Programme

20. **Background Papers**

Report to Cabinet December 2020

Contact Officer: Emma-Jane Allen

Preliminary Economic & Technical Assessment Memorandum of Findings

Dover Cable Car Project
for the Dover District Council



December 2020

2. PRELIMINARY TECHNICAL ASSESSMENT

The purpose of the technical assessment was to define a preferred cable car system alignment and validate the technical feasibility of the cable car concept. Additional system planning and design will be required in later project phases, but the goal of this phase was to identify any knowable fatal flaws or significant challenges with the implementation of a cable car system.

Note: All station and tower locations and depictions are simply for discussion and not intended to depict final decisions. All stakeholders must be engaged and additional studies are required to validate these concepts.

2.1 CABLE CAR ROUTES

Following the stakeholder engagement phase, SCJ defined the following goals of the cable car system that guided the route planning process:

- Provide an additional standalone attraction in Dover creating a stronger draw for cruise passengers.
- Drive visitation to the Dover Castle and amplify the cable car ridership with Castle visitors.
- Drive visitation to the Dover Town Centre.
- Reduce the demand for parking at the Dover Castle.

The basic planning criteria used to create the routes are as follows:

- Alignments must follow a straight line.
- Intermediate stations add significant complexity and cost. Intermediate stations should be avoided.
- Alignments traveling over private property or existing structures should be avoided due to implementation challenges and fire risk.
- Visual impacts to existing properties and structures should be minimized.

2.1.1 Route Alternative Definition

SCJ reviewed a number of cable car alignments that were produced in previous studies, including the 2009 Business Case study and the 2017 Dover Waterfront Masterplan study. SCJ found that while some of the concepts achieved many of the above goals, the concepts have technical challenges that would make implementation difficult. SCJ then conceptualized a number of cable car system alignments for consideration. The route alternatives defined by SCJ can be seen in **Figure 1**.

In each case, the routes roughly extend from the intersection of A20 and York Street to the Dover Castle grounds in the vicinity of the Officer's New Barracks building. The primary difference between the three proposed alternatives is the lower terminal (station) location. All three alternatives functionally land at the same location on the Castle grounds.

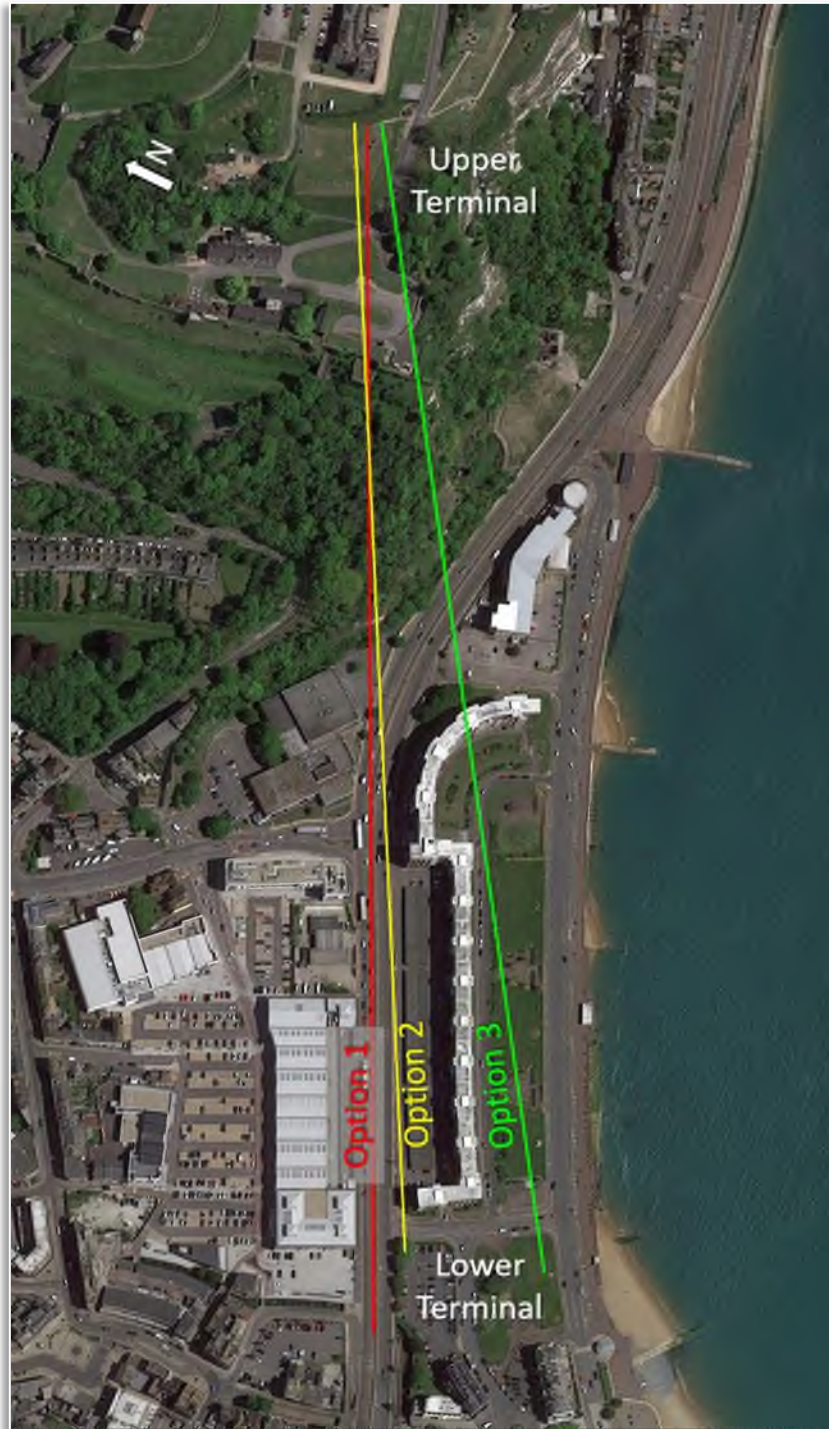


Figure 1 – Cable Car Route Alternatives — Credit: Google Earth

The following describes the thought process used in the selection of the three routes, lower terminal locations, and the upper terminal location:

- Option 1: This alternative was selected as it mostly avoids travel over private property. The Dover Leisure Center property is minimally impacted by the cable car system traveling over the property corner.



Figure 2 – Leisure Center Property — Credit: Google Earth

There are a number of advantages of the cable car system infrastructure residing in the public right-of-way and the cable car system right-of-way (air rights) being primarily situated above publicly owned land:

- Reduced political risk
- More efficient permitting process
- Long-term control of spaces below cable car

The Option 1 alignment requires the lower terminal to be placed above the A20 roadway. It is not uncommon for cable car stations to be situated above public roadways. This situation is proposed for the lower terminal location and is discussed further throughout in this document.



Figure 3 – Option 1 Lower Terminal — Credit: Google Earth

Option 2: This alternative was selected as it mostly avoids travel over private property and it allows for the lower terminal to be placed in the parking lot south of the A20. The Dover Leisure Center property is minimally impacted by the cable car system traveling over the property corner.



Figure 4 – Leisure Center Property — Credit: Google Earth

The Option 2 alignment allows lower terminal to be placed adjacent to the A20 roadway in an existing parking area. The disadvantage of this option's lower terminal placement is the result that the cable car alignment passes over the housing complex property and much closer to the housing complex building just upline of the lower terminal location.



Figure 5 – Option 2 Lower Terminal — Credit: Google Earth

Option 3: This alternative was selected because it approximately begins and ends in the same locations as Options 1 and 2, but avoids travel over the A20 other than for a short segment northeast of the housing complex. This option also avoids passing over the Leisure Center Property, but travels over the housing complex for a significant distance and over a portion of the housing complex building.



Figure 6 – Housing Complex — Credit: Google Earth

The Option 2 alignment allows lower terminal to be placed in the park between the roadways of Camden Crescent and Marine Parade.



Figure 7 – Option 3 Lower Terminal — Credit: Google Earth

Upper Terminal: The upper terminal location was selected primarily for its ability to keep the alignments within public right-of-way and to prevent the cable car right-of-way from passing over additional properties or structures. It is understood that the upper terminal location lands passengers approximately 250 meters from the Castle entrance, but without an additional cable car segment and an additional cable car station, it was not possible to place the upper terminal station significantly closer to the Castle without introducing many of the disadvantages discussed above.



Figure 8 – Upper Terminal Location — Credit: Google Earth

2.1.2 Route Assessment

Following the definition of the above alignment alternatives, each route was discussed with the key stakeholders and evaluated by SCJ. The following matrix lists important advantages and challenges of each option:

Table 1 – Route Alternative Assessment			
Alternative	Advantages	Challenges	Mitigations to Challenges
Option 1	<ul style="list-style-type: none"> - Primarily resides in public right-of-way - Lower terminal station can incorporate pedestrian bridge - Upper terminal location has little impact on Castle grounds - Does not travel over any structures 	<ul style="list-style-type: none"> - Crosses over Leisure Center property corner - Lower terminal may not be allowed to be placed over A20 roadway - Lower terminal will be more costly due to placement above A20 - Upper terminal location is 250 m from Castle 	<ul style="list-style-type: none"> - The development of the leisure center property can be constrained to prevent structures in cable car right-of-way - It is understood that this is feasible - This configuration would provide a pedestrian bridge over the A20 - Redevelopment of the O.N.B can create an attraction and offset distance to Castle



Figure 9 – Alignment Option 1 — Credit: Google Earth

(continued on next page)

Table 1 – Route Alternative Assessment (cont.)			
Alternative	Advantages	Challenges	Mitigations to Challenges
Option 2	<ul style="list-style-type: none"> - Primarily resides in public right-of-way - Constructability of lower terminal is less challenging than in Option 1 - Upper terminal location has little impact on Castle grounds - Does not travel over any structures 	<ul style="list-style-type: none"> - Crosses over Leisure Center property corner - Lower terminal will need to be elevated (more expensive) to provide clearance over Wellesley Rd and to avoid impact to parking lot. - Upper terminal location is 250 m from Castle - Passes in close proximity to housing complex - Travels over housing complex property - Would not provide a pedestrian bridge over the A20. 	<ul style="list-style-type: none"> - The development of the leisure center property can be constrained to prevent structures in cable car right-of-way - Preservation of parking is likely beneficial enough to offset added cost - Redevelopment of the O.N.B can create an attraction and offset distance to Castle - Height of cable cars can reduce visibility from complex - Required negotiations (risk) - Costs TBD



Figure 10 – Alignment Option 2 — Credit: Google Earth

(continued on next page)

Table 1 – Route Alternative Assessment (cont.)			
Alternative	Advantages	Challenges	Mitigations to Challenges
Option 3	<ul style="list-style-type: none"> - Lower terminal could be constructed at grade (reduced cost) - Construction of lower terminal and towers could be less challenging than Options 1 and 2 - Upper terminal location has little impact on Castle grounds 	<ul style="list-style-type: none"> - Travels over housing complex structure (fire risk) - Travels over housing complex property - Would not provide a pedestrian bridge over the A20. - Upper terminal location is 250 m from Castle 	<ul style="list-style-type: none"> - Housing complex may require fire protection upgrades and/or monitoring (added expense) - Required negotiations (risk) - Costs TBD - Redevelopment of the O.N.B can create an attraction and offset distance to Castle



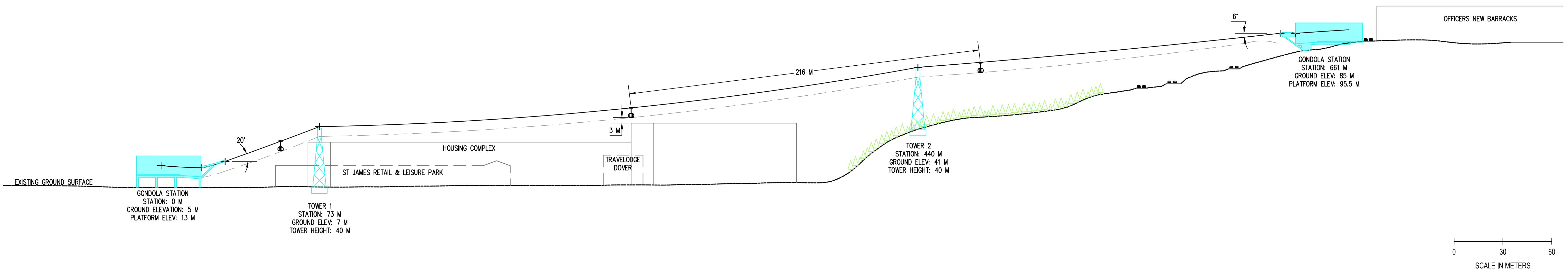
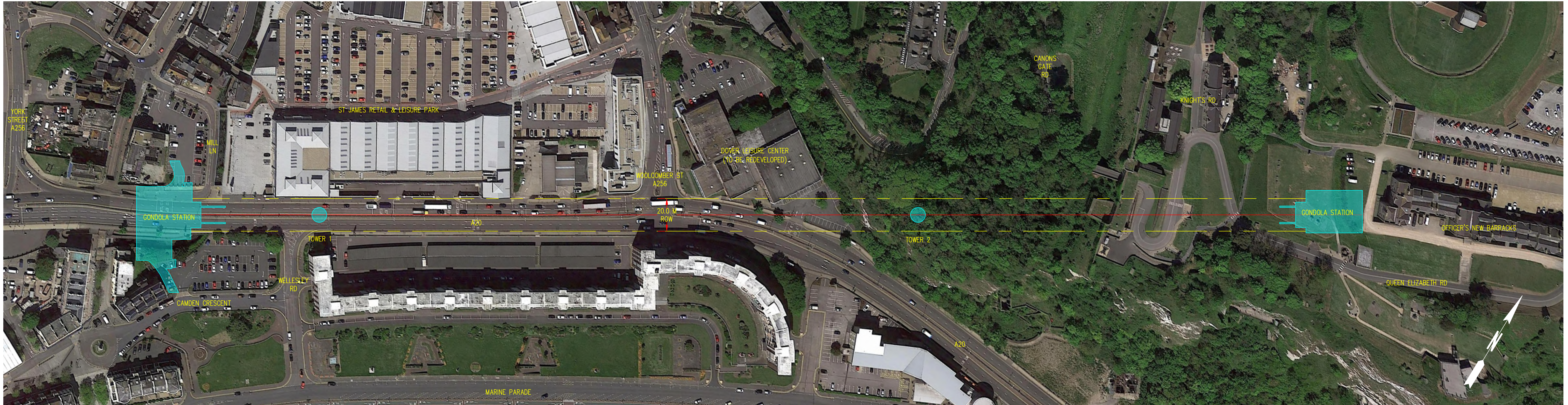
Figure 11 – Alignment Option 2 — Credit: Google Earth

2.1.3 Selection of Preferred Alternative

After discussions with key stakeholders and an assessment of the advantages, challenges and mitigation technique for each challenge, it was determined that Option 1's challenges can be reasonably mitigated and its lower terminal's ability to also serve as a pedestrian bridge has significant benefits. For these reasons, Option 1 was selected for further study. Option 2 is considered the runner-up as it has similar advantages and challenges, but lacks the benefit of the easy inclusion of a pedestrian bridge. Option 3's risks associated with traveling over the housing complex were determined to be too significant and too undefined at this stage to carry this alternative forward.

The remainder of this memorandum is specific to Option 1.

Extract



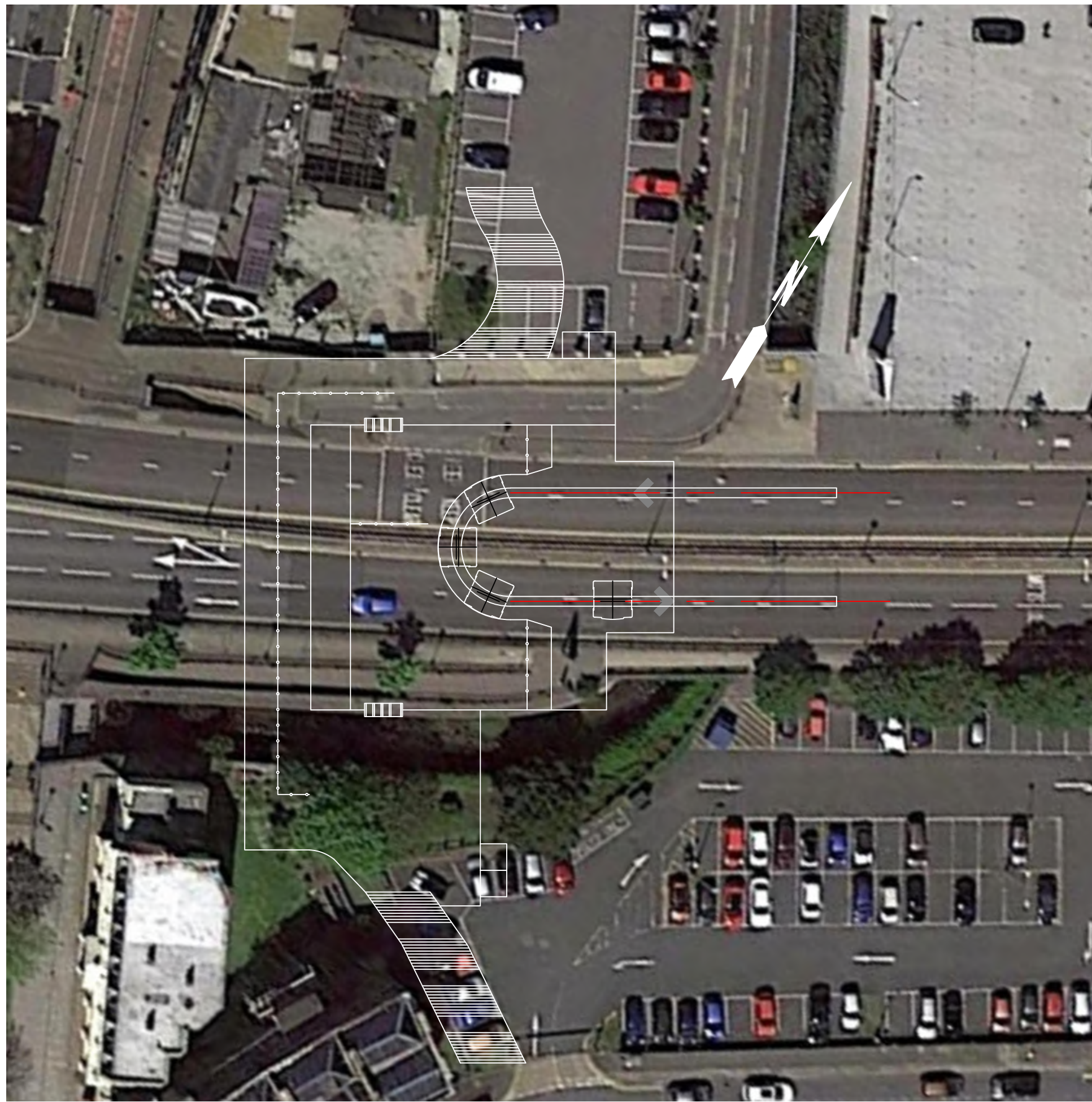
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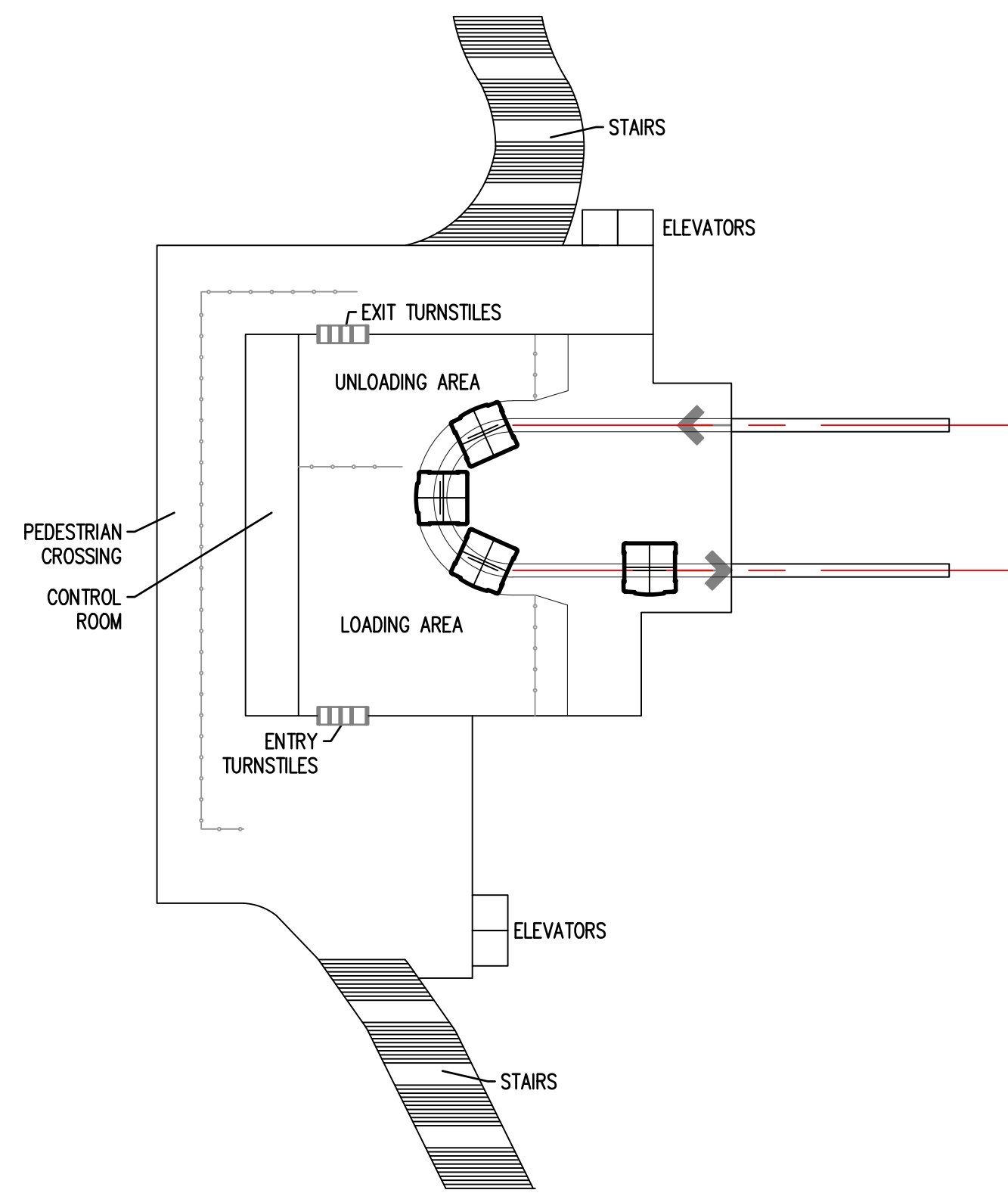
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EXHIBIT No. **EX-01**
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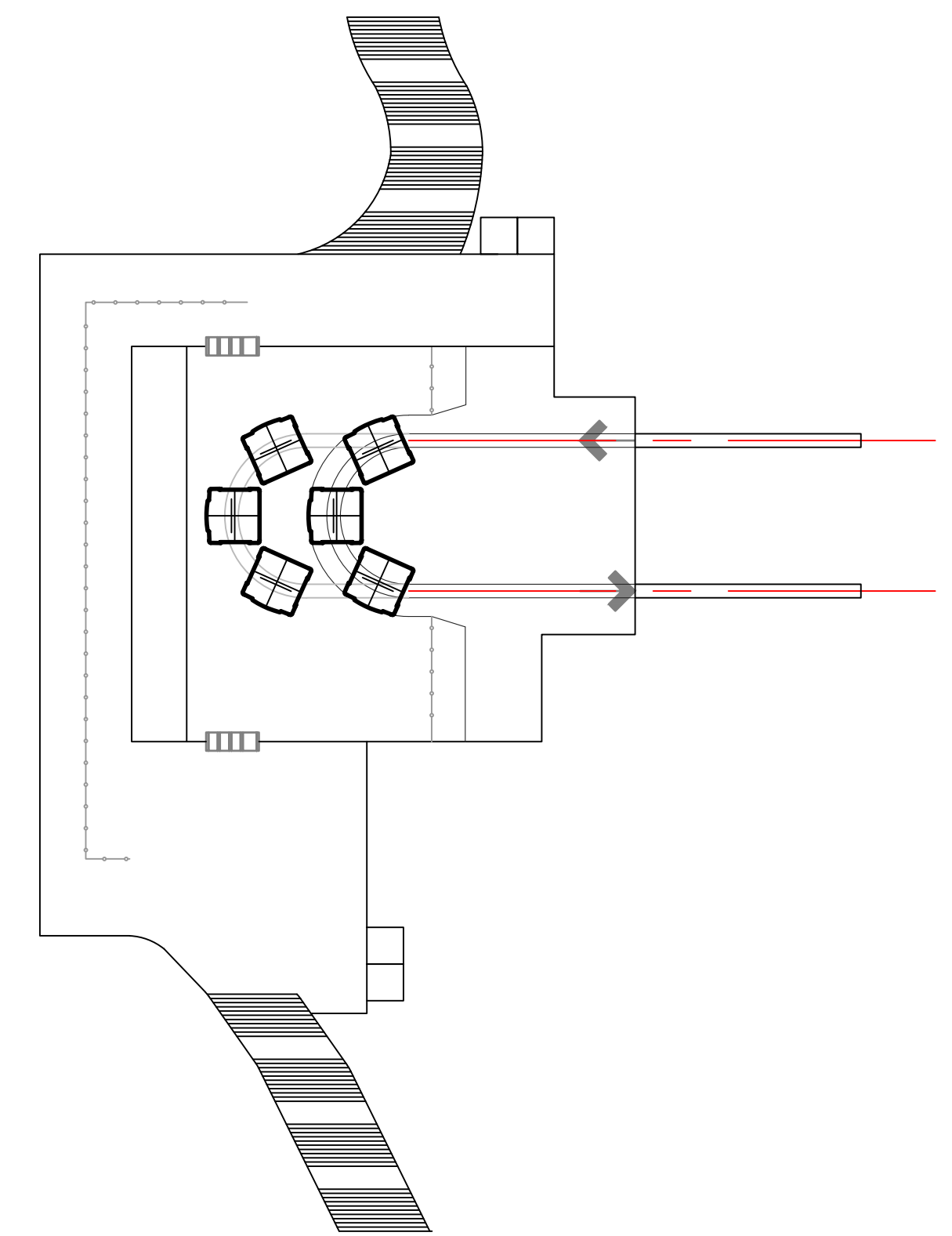
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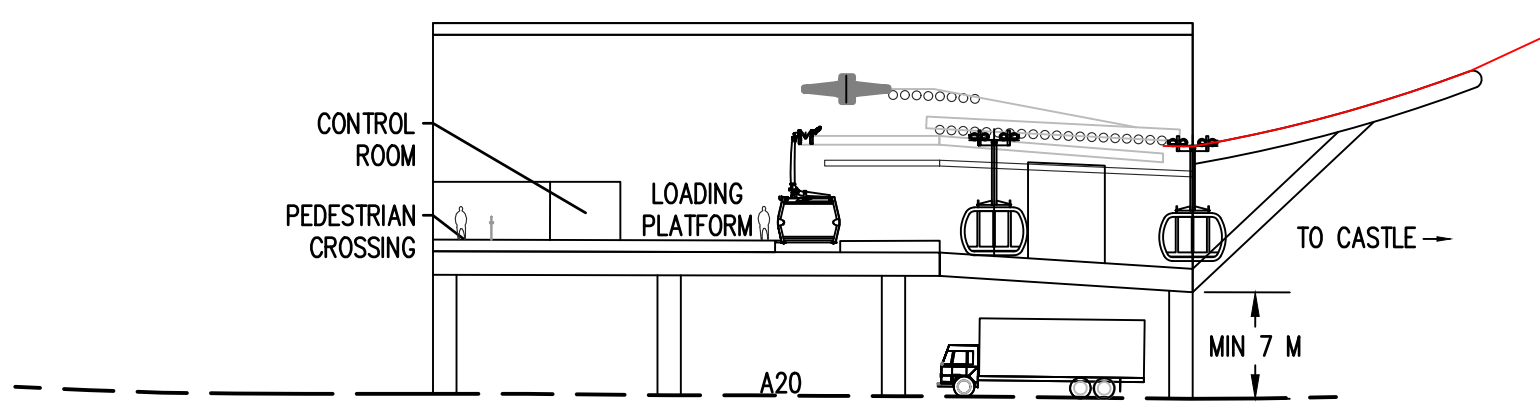
3S LOWER TERMINAL IN-OPERATION
PLAN VIEW W/ AERIAL IMAGERY



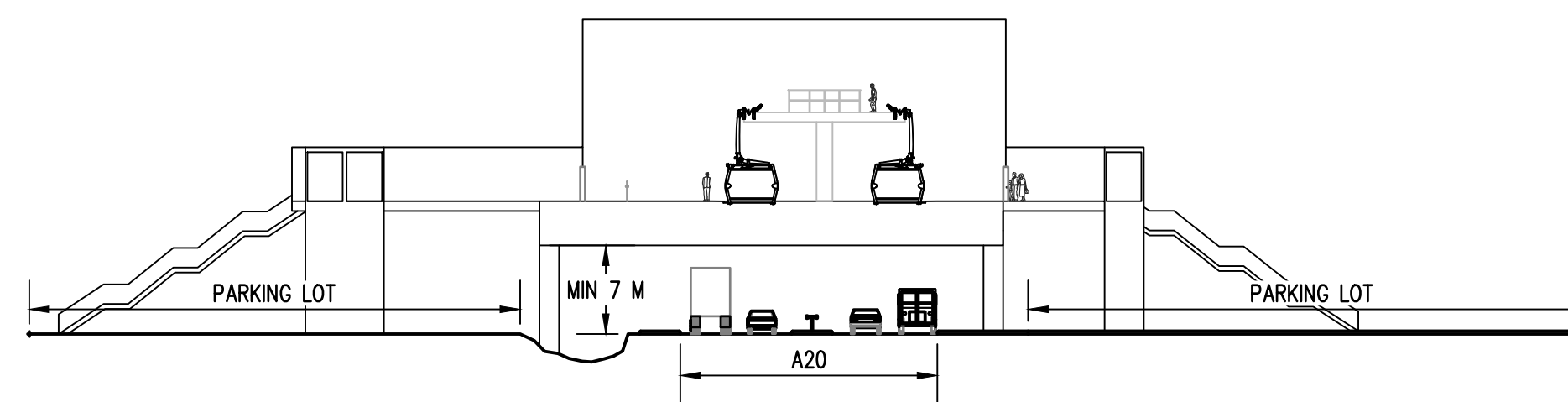
3S LOWER TERMINAL IN-OPERATION
BOARDING LEVEL PLAN VIEW



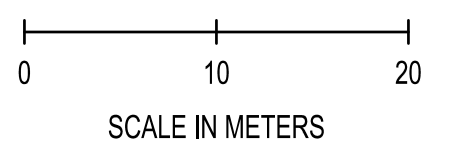
3S LOWER TERMINAL OUT-OF-OPERATION
BOARDING LEVEL PLAN VIEW



3S LOWER TERMINAL IN-OPERATION
SIDE ELEVATION VIEW



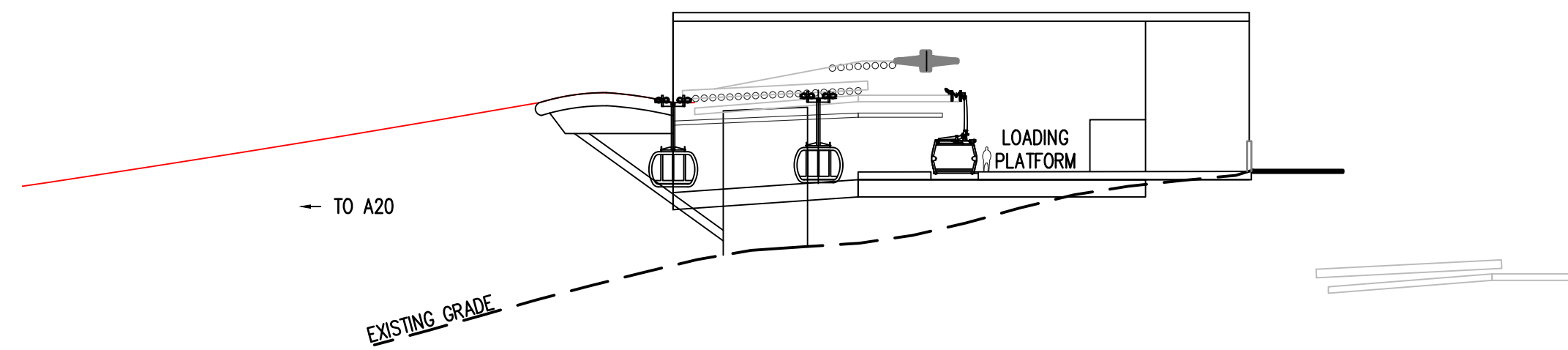
3S LOWER TERMINAL IN-OPERATION
FRONT ELEVATION VIEW



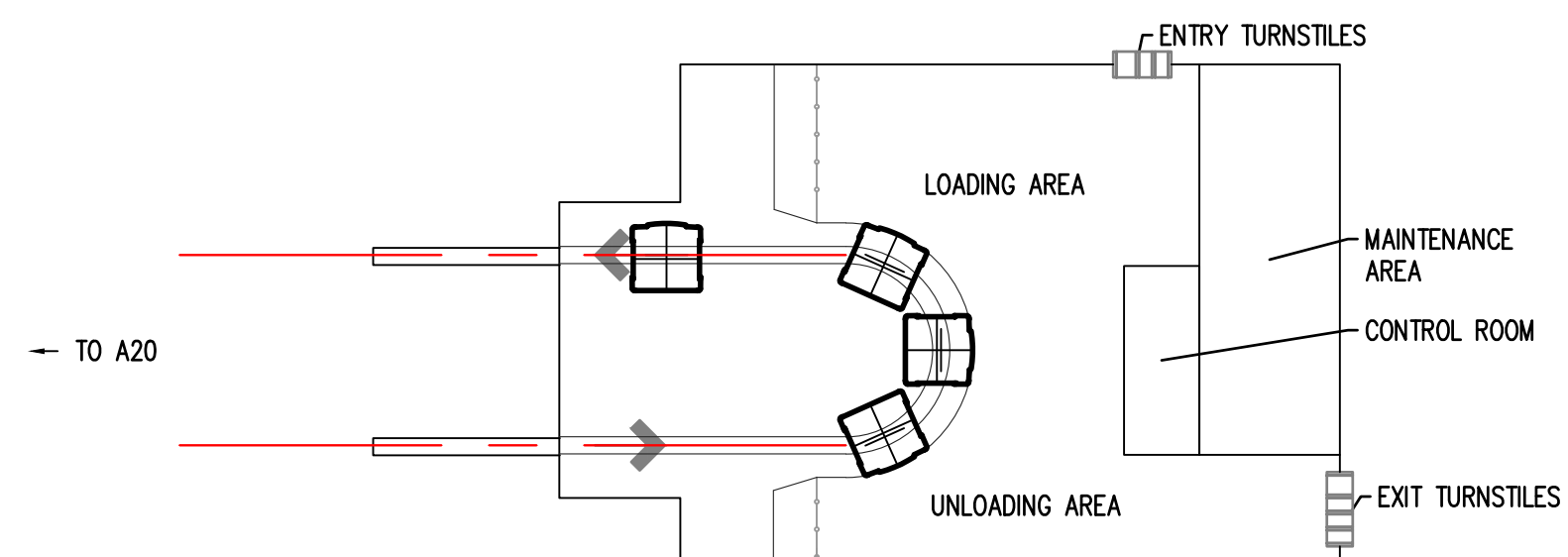
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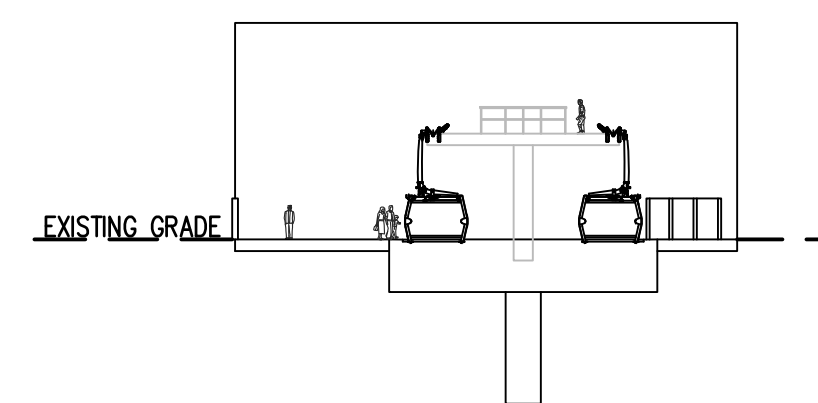
3S UPPER TERMINAL
PLAN VIEW W/ AERIAL IMAGERY



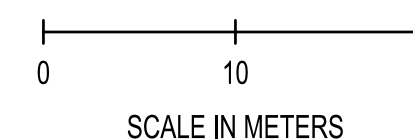
3S UPPER TERMINAL
SIDE ELEVATION VIEW



3S UPPER TERMINAL
BOARDING LEVEL PLAN VIEW

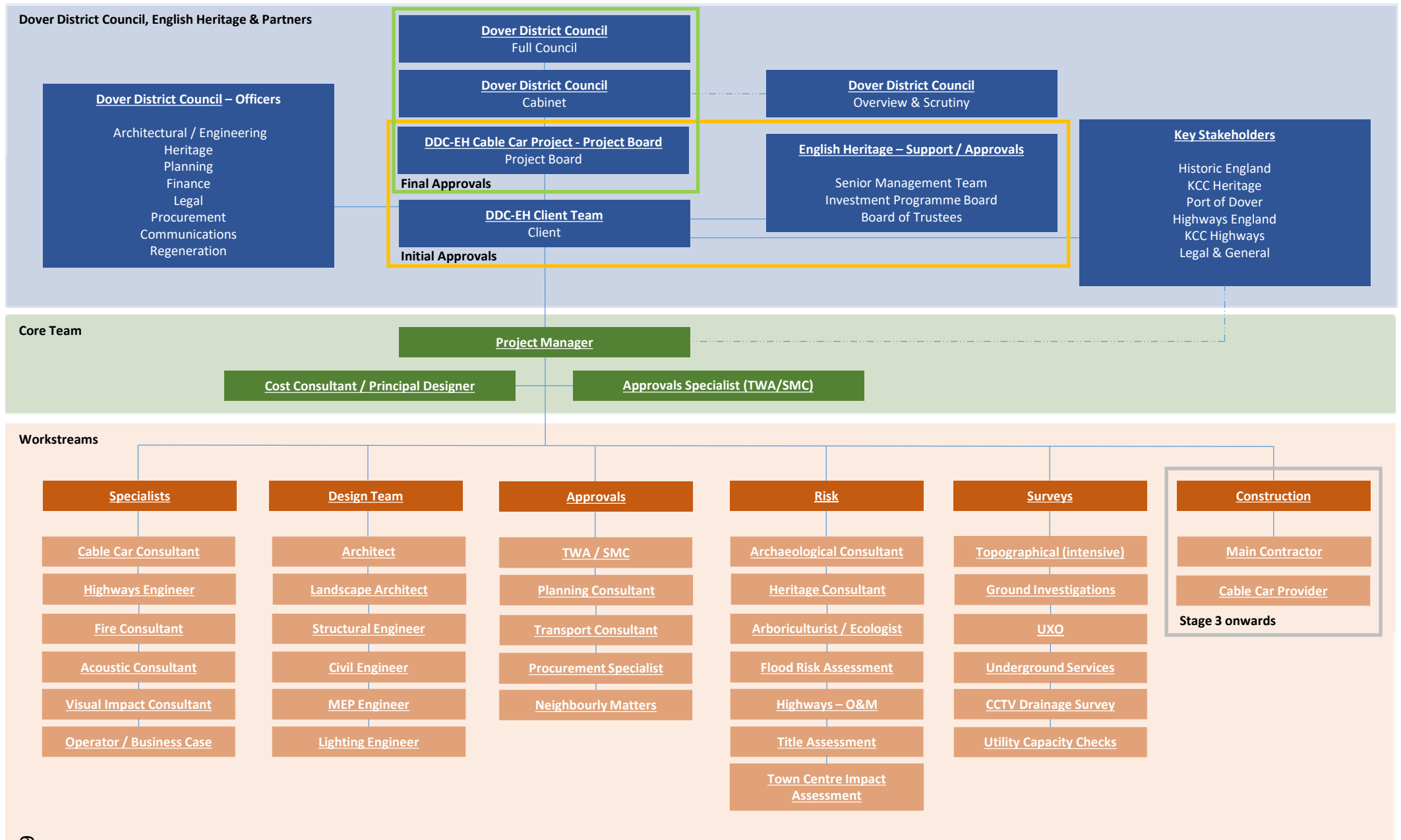


3S UPPER TERMINAL
FRONT ELEVATION VIEW



09 16 2020 2:08:31pm User: sck\mwh\mwh SCJ\WORKSPACE\DOVER\DOVER_CABLE_CAR\1621.01 DOVER_CABLE_CAR\GRAPHIC\CADD\3S-3S-STATION_LAYOUT.DWG

Appendix 3 – Project governance chart

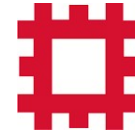


DDC-EH Cable Car Project

Project Risk Register

Revision: 1-03
Date issued: 26-Apr-21

Risk Categories:	Approvals	A
	Communications	C
	Design	D
	Financial – Capital	FC
	Financial – Investment / Model	FIM
	Financial – Revenue	FR
	Procurement	Pcu
	Programme	Prg
	Project Brief	PB
	Project Governance	PG
	Operational Matters	OM
	Site	S
	Site Ownership	SO
	Stakeholders	Sta



ENGLISH
HERITAGE



DDC - EH Cable Car Project - Project Risk Register
Dover District Council / English Heritage



Project Stage: RIBA Stage 1
Revision: 1-03 (Cabinet Report Appendix)
Revision date: 26/04/2021

Risk ID Code	Risk Area	Risk Description	Potential Impact	Assessment of Risk					Action Taken (Provide details of what you have done to date to manage the risk)	Further Action to be Taken (Describe what further actions you will take to reduce the impact / likelihood)	Action Owner
				Impact (1 - 5)	Likelihood (1 - 5)	Score	Trend	Last Review (N/A)			
PB-01	Project Brief	Project Brief - There are changes to project brief and scope creep which adversely impacts the project.	Potential cost and programme implications depending on the extent of changes or scope creep.	2	3	6	→	6	The Project Brief is to be captured in suitable detail at Stage 1 and suitable engagement undertaken with DDC, EH and stakeholders to ensure all matters are considered, or allowances are made for potential inclusions at later stages.	The project requirements are to be continually reviewed against the approved Project Brief and any changes considered via a change control procedure.	Project Team
SO-01	Site Ownership	Land Ownership - That DDC / EH do not own the necessary areas required for elements of the cable car.	That additional costs are incurred to purchase land or that the project can't proceed in it's proposed form / layout.	4	2	8	→	8	DDC Legals are compiling a full schedule of Titles within the overall site area. A fee proposal has been requested for a Title Report to identify any significant ownership / covenant issues that may require further consideration.	During Stage 2, a Title Report will be provided which may identify further areas of work.	Project Team
D-01	Design	Highways - It may be necessary to improve road access or amend highway junctions.	Additional cost / time may be incurred to incorporate Highways requirements.	3	3	9	→	9	Highways England have been engaged to brief them on the overall aims of the project.	Further engagement with Highways England and KCC Highways will take place during Stage 2, as the project / design develops. Access requirements to maintain all aspects of the cable car system are to be confirmed which may result in additional access roads, especially to the Upper Tower.	Project Team
FR-01	Financial – Revenue	Business Plan - Demand for the cable car reduces after the initial period of operation negatively impacting the business case.	Operating revenue is lower than predicted resulting in operational losses or slower repayment of capital.	3	3	9	→	9	Risk identified at Stage 1.	The Revenue Model is to be developed during Stage 2 and the risk of reducing interest in the cable car is to be considered.	Project Team
Prg-01	Programme	Programme - Delay during construction due to weather or unforeseen events.	Delays to construction may incur additional costs.	2	3	6	→	6	Risk identified at Stage 1.	During contractor procurement, construction risks are to be identified and an approach to mitigating / passing risk to the contractor is to be agreed.	Project Team
Prg-02	Programme	Programme - Delivery and / or construction programme is insufficient.	Delays to the overall delivery programme may incur additional costs and frustrate parties involved.	3	4	12	→	12	Risk identified at Stage 1. Outline programme set out to consider the necessary approvals period and benchmarked construction period for similar projects. The Stage 2 programme has been identified as a significant risk due to the number of risks and project issues to resolve / mitigate to an appropriate level before being able to advance detailed designs and progress approvals.	The delivery programme is to be refined and worked up to a more detailed level of information once the necessary specialists are engaged to allow that to take place.	Project Team
OM-01	Operational Matters	Operational Matters - The operator requires changes to the design incurring additional cost or impacting on programme.	Additional cost / time may be incurred to incorporate Operator requirements.	2	3	6	→	6	Risk identified at Stage 1.	The Project Brief is to be as detailed as possible. The end user / Operator is to be identified / confirmed as soon as practical and engaged to ensure requirements are understood and included in the project proposals.	Project Team
FIM-01	Financial – Investment / Model	Financial - Project costs exceed budget / available funding (affordability).	The project may be unaffordable, therefore undeliverable.	4	4	16	→	16	Risk identified at Stage 1.	The Project Budget is to be developed to align with the Project Brief and assessed against the potential funding model.	Project Team
FC-01	Financial – Capital	Budget - Tender prices are returned significantly in excess of the project budget.	The project may be unaffordable, therefore undeliverable.	3	4	12	→	12	Risk identified at Stage 1.	Cost management throughout the project is critical to the success delivery of the scheme. Once engaged, the cost consultant will need to undertake soft market testing and work closely with main contractors and cable car providers to develop a level of confidence in the Project Budget.	Project Team
Sta-01	Stakeholders	Social Value - The project does not provide opportunities (including apprenticeships) to local companies and contractors due to the technical nature of the scheme.	The project is viewed negatively which may result in poor PR and an impact to user numbers.	2	2	4	→	4	Risk identified at Stage 1.	Social Value requirements are to be addressed with DDC / EH and included within the Project Brief. Social Value requirements can be considered when undertaking procurement, then monitored against required outputs once instructions are placed.	Project Team
A-01	Approvals	Neighbourly Matters - It is not possible to reach agreement with adjacent land owners / occupiers, including air rights corridor.	The project will not be able to proceed in it's proposed form.	5	3	15	→	15	Risk identified at Stage 1. A 20m 'air corridor' has been identified and Title Plans within that boundary are being collated for further review.	Neighbourly matters are to be considered more fully in Stage 2.	Project Team
OM-02	Operational Matters	Maintenance - It is not possible to maintain the cable car given the route is directly above the A20.	The project will not be able to be constructed in it's current arrangement and may need realigning so it doesn't fly directly over the A20 for significant distances.	5	3	15	→	15	Risk identified at Stage 1. Highways England have been briefed on the project.	Further engagement with Highways England and KCC Highways will take place during Stage 2, as the project / design develops. Access requirements to maintain all aspects of the cable car system are to be developed so this risk can be addressed more fully.	Project Team
FIM-02	Financial – Investment / Model	Economic Impact - That the cable car project does not deliver significant economic benefit to Dover town centre as well as Dover Castle.	One of the significant aims of the project may not be achieved and the project does not have a significant impact on economic activity in the town centre.	3	2	6	→	6	Risk identified at Stage 1. A scope is being developed for an Economic Assessment to understand the baseline at this stage of the project.	This is to be monitored / reviewed during future project stages.	Project Team
S-01	Site	Ecology - proposed route cannot be delivered due to ecological issues or needs to be significantly altered to avoid impacting on ecology.	The project will not be able to proceed in it's proposed form or significant delays may be incurred to relocate species.	3	4	12	→	12	A Preliminary Ecological Appraisal is to be instructed to identify the potential ecological issues to be addressed.	The recommendations within the PEA will be considered and, where appropriate, acted upon.	Project Team
D-02	Design	Architectural Merit - Design doesn't meet DDC / EH / public expectations for a statement scheme.	The scheme receives negative feedback or does not generate sufficient interest / has low user numbers.	5	3	15	→	15	Risk identified at Stage 1.	The Project Brief is to be as detailed as possible and above all, aim to minimise harm to the heritage assets. A design competition could be considered to allow engagement with the public, stakeholders and potential users and ensure architectural merit is suitably considered. A suitable budget is to be considered to ensure the appropriate level of quality / iconic architecture can be delivered.	Project Team
Sta-02	Stakeholders	Stakeholders - Ensuring that cruise and ferry passengers are able to use the cable car relatively easily.	That user numbers are not as high as forecast and the revenue is reduced.	2	3	6	→	6	Risk identified at Stage 1.	Port of Dover and relevant stakeholders (ferry operators) are to be consulted / engaged during Stage 2 to ensure a suitable strategy is agreed in principle to make use of the cable car as attractive as possible to a significant number of potential users.	Project Team
OM-03	Operational Matters	Maintenance - Poor quality or incorrect finishes are specified given the coastal location, which impacts on maintenance costs and business plan.	The lifespan of the cable car components may be reduced and / or maintenance costs are higher than anticipated.	2	3	6	→	6	Risk identified at Stage 1.	The design and specification is to be carefully considered in later design stages.	Project Team

OM-04	Operational Matters	Customer Experience - that the customer experience will not meet expectations, including views coming back down into Dover town centre.	Negative PR or word of mouth reviews resulting in fewer users and / or repeat customers.	2	2	4	→	4	Risk identified at Stage 1. A flythrough has been developed for Dover Regeneration.	The Customer Experience is to be considered in later design phases. It may be possible to have drone footage captured along the flight path of the cable car, once at an appropriate point of design.	Project Team
FIM-03	Financial – Investment / Model	Financial - That the cable car may not be attractive to potential sponsors / for naming rights.	Reduced funding or revenue impacting the overall business plan.	4	3	12	→	12	Risk identified at Stage 1.	Potential funding options to be reviewed at the next stage.	Project Team
OM-05	Operational Matters	Operational Matters - That new jobs created may be minimum wage / zero hours contracts which may also result in negative publicity.	Negative PR resulting in reduced user numbers.	3	2	6	→	6	Risk identified at Stage 1.	Employment opportunities to be considered once Operator Strategy determined.	Project Team
FIM-04	Financial – Investment / Model	Financial - Change in financial position of DDC / EH resulting in the current phase of work being undeliverable.	The project may need to pause, or stop, failing to deliver the cable car project.	5	3	15	→	15	Risk identified at Stage 1.	Appropriate budget costs are to be allocated for the next project stage and necessary funding streams agreed with DDC / EH and ringfenced where possible.	Project Team
FR-02	Financial – Revenue	Financial - Operator financial projections aren't met meaning project is unaffordable.	The project is undeliverable.	3	3	9	→	9	Risk identified at Stage 1. SCJ have provided an initial revenue model which determines suitable levels of interest / untapped potential for the project to be viable.	The business plan is to be refined and tested during the project stages.	Project Team
PG-01	Project Governance	Governance - Change in DDC / EH administration impacting on project.	The project is delayed or additional costs are incurred.	5	3	15	→	15	A proposed Project Governance structure has been prepared for Stage 2, requiring approval by DDC and EH.	The Project Governance is to be reviewed on a continual and stage by stage basis to ensure it is appropriate for the delivery of the project.	Project Team
PG-02	Project Governance	Project Delivery - Change in key DDC / EH / project team members.	The project is delayed or knowledge is lost due to changes in personnel.	5	3	15	→	15	Risk identified at Stage 1.	DDC / EH are to ensure the necessary resource is made available for the next stages of the project. Procurement of the wider project team is to be carefully considered.	Project Team
D-03	Design	Technical Requirements - that the technical requirements of the cable car provider will not align with the advice received to date from the cable car consultant, including the width of air corridors.	Further work may be required to revisit aspects of the brief considered fixed, which may cause delays or additional costs.	4	3	12	→	12	SCJ are experienced cable car consultants who have delivered a number of similar schemes.	The technical requirements are to be reviewed against the relevant design / regulatory requirements.	Project Team
D-04	Design	Technical Requirements - that the selected cable car system is suitable for the local environment and forecast use.	Potential delays and / or additional costs to redesign / reconsider the cable car system.	4	3	12	→	12	SCJ have provided a number of options relating to cable car technology. The most significant impact on the choice of technology is wind. The Met Office have been instructed to provide 20 years of wind data so a further review can be undertaken.	Cable car providers are to be engaged in a compliant manner at the appropriate time to ensure the cable car technology is suitable / most appropriate.	Project Team
Sta-03	Stakeholders	Public Engagement - that the project is unsuccessful at Public Inquiry and / or the public opposition to the scheme is significant.	Potential delays and costs if changes are required in advance of a further Public Enquiry, or the project may be undeliverable due to the issues identified.	4	4	16	→	16	Risk identified at Stage 1.	The appropriate information to support TWA / SMC applications and Public Enquiries is to be considered and worked up in advance of making applications. The public engagement strategy is to be developed at the next project stage.	Project Team
A-02	Approvals	Approvals - that there are significant delays to the TWA order / planning permission is delayed or not granted causing delay to the programme.	Significant delays to the project and potential additional costs, or the project may be undeliverable.	4	4	16	→	16	Risk identified at Stage 1.	An appropriate specialist is to be appointed to advise on the necessary approvals processes and ensure the relevant processes are aligned.	Project Team
A-03	Approvals	Approvals - that SMC is not achieved as the harm to heritage assets is considered too significant.	The project would be undeliverable in the proposed format.	5	4	20	→	20	English Heritage and Historic England are engaged with the project and a workstream has been established to consider this matter in detail.	Ongoing engagement with key stakeholders as the project develops through design stages, ensuring 'decisions / support in principle' is confirmed where / when possible. Consideration is to be given to enhancements to the Castle / Castle site which may help to offset any harm caused by the cable car project.	Project Team
A-04	Approvals	Approvals - that onerous planning conditions are imposed on the project resulting in changes to the design or incurring additional cost / delay.	Potential delays and / or additional costs to mitigate the onerous conditions, or to submit additional / replacement information.	4	4	16	→	16	The approvals strategy has been identified for the project.	Planning Officers are to be engaged during the next stage of the project to develop the planning information required and mitigation for any potential conditions.	Project Team
S-02	Site	Flood Risk - that aspects of the site need protecting from flooding.	Potential amendments to the design or relocation of sections of the project should the flood risk be considered significant.	3	3	9	→	9	Risk identified at Stage 1.	A Flood Risk Assessment is to be undertaken early in Stage 2.	Project Team
FC-02	Financial – Capital	Financial - that S.106 / Developer Contributions may be significant making the project unviable.	The project needs to support additional costs relating to S.106 or CIL payments, should the charges be applicable to the scheme.	4	3	12	→	12	Risk identified at Stage 1.	Potential charges or confirmation the scheme will not attract any charges is to be reviewed in Stage 2.	Project Team
A-05	Approvals	Approvals - Engagement between Department for Transport and DCMS is not suitable resulting in delays for approvals or unsuccessful approvals.	Potential delays and / or additional costs are incurred.	4	4	16	→	16	The inclusion of an 'Approvals Specialist' has been identified as a key member of the 'Core Project Team' from Stage 2.	An appointment of a suitably experienced specialist is required in the next stage to advise and engage with the relevant Departments to ensure the approvals workstream is understood in detail and the programme is achievable.	Project Team
Pcu-01	Procurement	Procurement - The procurement of the project / consultant team and specialists is to be compliant.	There is the risk of challenge, potentially incurring costs and delay, should the process not be watertight.	4	2	8	→	8	Risk identified at Stage 1.	The procurement strategy for the project / consultant team is to be developed with DDC / EH and captured in the Stage 1 outputs and the necessary approvals received prior to implementation.	Project Team
Pcu-02	Procurement	Procurement - The procurement of the cable car technology is to be compliant.	There is the risk of challenge, potentially incurring costs and delay, should the process not be watertight.	4	2	8	→	8	Risk identified at Stage 1.	The procurement strategy for the cable car technology is to be developed with DDC / EH and the necessary approvals received prior to implementation.	Project Team
Pcu-03	Procurement	Procurement - The procurement of a main contractor is to be compliant.	There is the risk of challenge, potentially incurring costs and delay, should the process not be watertight.	4	2	8	→	8	Risk identified at Stage 1.	The procurement strategy for the main contractor is to be developed with DDC / EH and the necessary approvals received prior to implementation.	Project Team
Pcu-04	Procurement	Construction - That there is a lack of interest in the project by contractors.	Due to a lack of interest, a less experienced contractor may need to be considered potentially impacting the delivery of the scheme.	4	2	8	→	8	Risk identified at Stage 1.	Soft market testing is to be undertaken during Stage 2 to identify suitable preferable contractors and ensure the procurement strategy is appropriate. The Project Team are to ensure a suitably consistent / coherent set of information is prepared to allow a good level of engagement with potential contractors.	Project Team
Pcu-05	Procurement	Construction - That there is a lack of interest in the project by sub-contractors.	The supply chain for the project may be limited, resulting in a weakened delivery.	4	2	8	→	8	Risk identified at Stage 1.	The supply chain of main contractors is to be tested during the procurement of main contractors to ensure a strong supply chain can be evidenced, ideally ensuring local opportunities.	Project Team
S-03	Site	Construction - That access restrictions to key sections of the project are significantly hampered (such as the A20 / Castle site access).	Additional costs or delays may be incurred during the delivery phase of the project to mitigate the issues identified.	4	4	16	→	16	Risk identified at Stage 1.	Further work is to be undertaken during future project stages to ascertain Construction Phase Plans for each area of the cable car site.	Project Team
Prg-03	Programme	Programme - that decisions are not provided in a timely manner causing delay to the programme.	Delay to the delivery programme and additional costs relating to delays.	4	3	12	→	12	Risk identified at Stage 1.	Project governance to be adhered to and key decisions / milestones included in detailed project programme.	Project Team
A-06	Approvals	Approvals - that DDC Cabinet / Full Council / EH approval is not received or delayed.	Delay to the delivery programme and additional costs relating to delays.	5	3	15	→	15	Risk identified at Stage 1.	Approvals strategy to be developed and project governance adhered to. Key decisions / milestones to be included in detailed project programme. Key issues are to be 'socialised' internally in advance of decisions being made.	Project Team

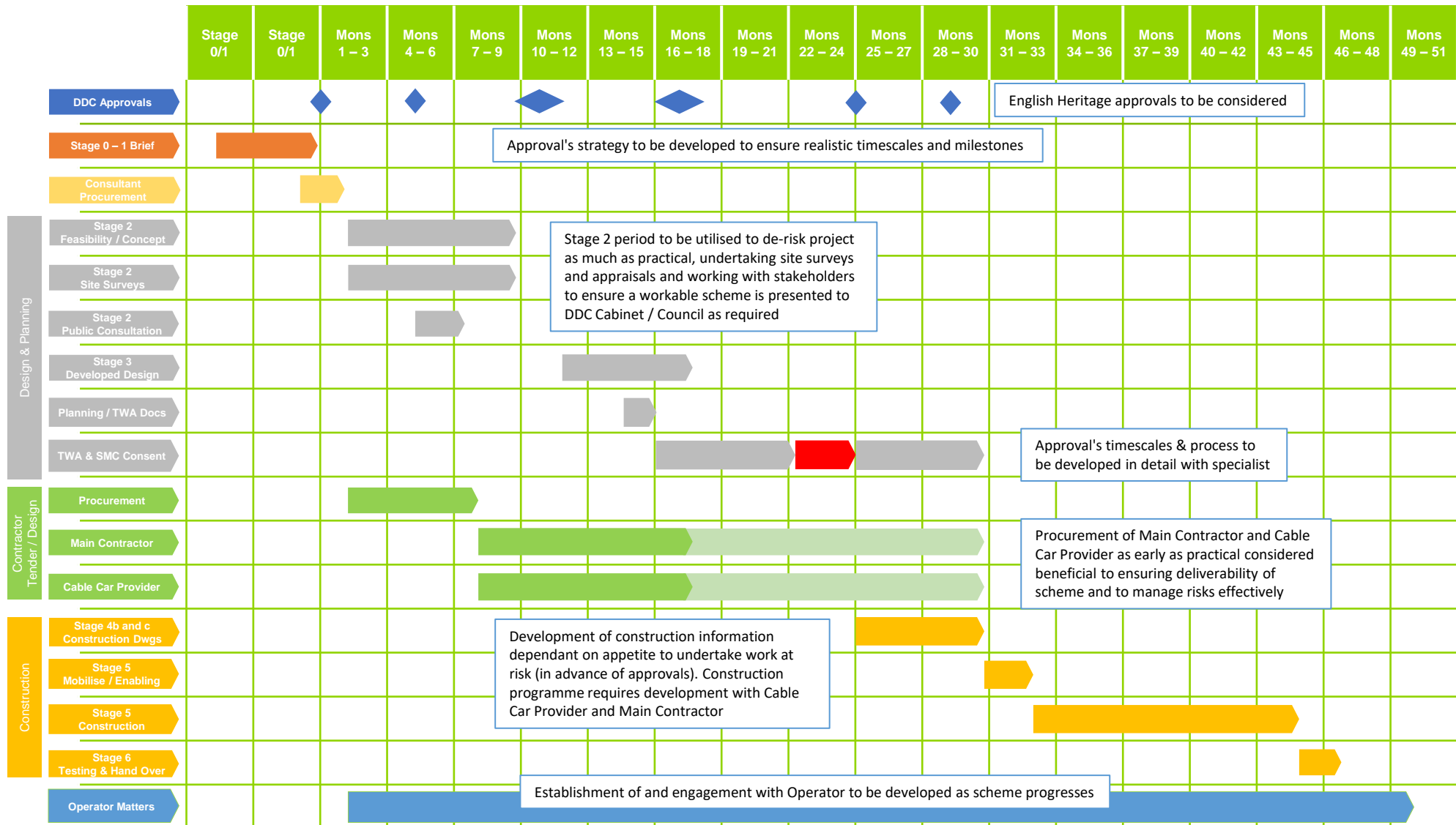
Prg-04	Programme	Programme - that the project / consultant team does not meet programme.	Delay to the delivery programme and a loss of confidence in the project / consultant team.	4	4	16	→	16	Risk identified at Stage 1.	The delivery programme is to be refined and worked up to a more detailed level of information once the necessary specialists are engaged to allow that to take place, and to ensure realistic time periods are included.	Project Team
S-04	Site	Site - that there are poor ground conditions across some or all of the proposed site.	Additional costs and potential delay to mitigate areas of poor ground conditions.	3	4	12	→	12	Risk identified at Stage 1.	Ground investigations will be required during Stage 2.	Project Team
S-05	Site	Site - Underground obstructions found during construction.	Additional costs and potential delay to mitigate obstructions found during construction.	5	3	15	→	15	Risk identified at Stage 1.	Site areas and potential issues are to be reviewed with the contractor, once appointed. This risk will need considering in detail in advance of the construction phase and ownership of the risk determining.	Project Team
S-06	Site	Site - Underground services found during construction, which requires protection or diversion.	Additional costs and potential delay to mitigate services found during construction which may need protection or diversion.	5	3	15	→	15	Risk identified at Stage 1.	Underground services surveys will be required during Stage 2 to identify known services.	Project Team
S-07	Site	Site - Unexploded Ordinance (bomb) found during construction.	Additional costs and potential delay to remove the Unexploded Ordinance.	4	2	8	→	8	Risk identified at Stage 1.	Detailed UXO surveys are to be undertaken in Stage 2 with the Ground Investigations. Appropriate management of this risk during the construction phase is to be reviewed with the main contractor once appointed.	Project Team
FC-03	Financial – Capital	Financial - That currency fluctuations significantly impact the project budget. Major elements of this project are likely to be manufactured abroad.	Potential additional costs relating to currency fluctuations should there be significant movement between cost planning / market testing and tenders being received.	4	4	16	→	16	Risk identified at Stage 1.	The extent of packages that may be impacted by currency fluctuations are to be identified during early stages and a risk mitigation strategy agreed, which may include early procurement.	Project Team
D-05	Design	Heritage - That the visual impact of the cable car is considered to adversely impact the built heritage assets and their setting too significantly.	That the cable car project isn't deliverable in its current form / location.	5	4	20	→	20	Canterbury Archaeological Trust report produced to align with the current cable car proposals which advises further work required around visual impact to built assets. This has been identified as a key workstream for the project.	The design brief for the Upper Station is to be determined, along with the cable car technology, to allow the next level of design to be considered. Key views are to be determined and agreed with English Heritage and key stakeholders (such as Historic England and DDC conservation officers) and tested during the design stages. Heritage Impact Assessment to be undertaken in next stage.	Project Team
Sta-04	Stakeholders	Highways - That abnormal loads access requirements result in Base Station / Land bridge being unworkable in the proposed location over the A20.	That the cable car project isn't deliverable in its current form / location.	5	3	15	→	15	Highways England have been engaged to brief them on the overall aims of the project. Highways England are reviewing the abnormal loads (frequency / maximum size & loads etc) and are to provide background information to the project team.	Criteria is to be issued by Highways England and reviewed to understand the potential implications on the current cable car proposals. Further engagement with Highways England is required to ensure that the developing project / design brief is acceptable in principle to Highways England and stakeholders such as Port of Dover.	Project Team
Sta-05	Stakeholders	Highways - That a cable car flying directly over the A20 (which is part of the Strategic Road Network) is considered unacceptable.	That the cable car project isn't deliverable in its current form / location.	5	5	25	→	25	Highways England have been engaged to brief them on the overall aims of the project. Concerns have been raised regarding the flight path of the cable car which is aligned with the A20, rather than crossing perpendicular to it. This is a critical risk for the project which is to be mitigated to an acceptable level at the earliest opportunity.	The Project Team are to identify Commonwealth (or relevant Middle Eastern) cable cars which have similar flight paths to present to Highways England. (Note: the Portland Aerial Tram, Oregon and the Roosevelt Island Tram, New York are to be presented to Highways England) A DMRB specialist is to be engaged to be able to consider all necessary risks to Highways and potential divergences from the DMRB requirements. Risk assessments will be required for each potential divergence which will need considering by Highways England.	Project Team
OM-06	Operational Matters	Operational - That emergency escape / access to the cable car is impractical to sections of the route or would result in road closures.	That the cable car project isn't deliverable in its current form / location.	5	4	20	→	20	Risk identified at Stage 1.	The emergency escape / access requirements are to be confirmed once the preferred technology is confirmed (following a review of wind data). An escape / access strategy will form part of the design / project brief.	Project Team
D-06	Design	Sustainability - Clarity is required on sustainability criteria to be met for a Major Application of this type.	That the sustainability criteria are unable to be met for a scheme of this nature, or significant additional expense is required to do so.	3	2	6	→	6	Risk identified at Stage 1.	The sustainability criteria (required by DDC, EH or to meet local major application requirements) is to be determined early in Stage 2.	Project Team
OM-07	Operational Matters	Operational - That storage requirements are too great, or there is insufficient capacity or land available in necessary locations.	That additional structures are required (potentially on Castle Hill) further impacting heritage assets, or that the scheme is undeliverable in its current form.	3	3	9	→	9	Risk identified at Stage 1.	A detailed brief relating to the cable car requirements is to be reviewed with / provided by SCJ once the preferred technology is confirmed (following a review of wind data). The storage requirements will be included within this brief.	Project Team
PG-03	Project Governance	Delivery - That the relationship between DDC and EH becomes unworkable or agreement for key decisions is not reached.	The project becomes undeliverable as the working relationship between the key parties breaks down.	5	2	10	→	10	Both parties are working under a Memorandum of Understanding and the project governance for the next stage(s) of the project is drafted for agreement.	Agreement is to be reached on working arrangements for Stage 2 and resource confirmed by both DDC and EH for the foreseen involvement during that stage of work. The proposed governance arrangements have been drafted and are to be considered by DDC Cabinet and EH SMT.	Project Team
PB-02	Project Brief	Parking - It is not practical to achieve a 'car free' site at Dover Castle and / or the requirements for parking within easy reach of the Base Station are unfeasible.	A poor experience by customers, or should spaces remain available at the Castle site, some customers may avoid using the cable car resulting in lower customer numbers than forecast within the business case. Should it not be possible to achieve a 'car free' site, the major heritage benefit associated with the cable car project would not be achieved.	4	3	12	→	12	The parking issue has been identified as a key workstream for the success of the project. WSP have been instructed to provide a parking assessment of Dover town centre. EH have provided an initial parking brief for consideration.	The WSP report is to be reviewed once provided and next steps identified, which may result in a further, more bespoke, parking study. The workstream is to be supported by appropriate resource within the wider project team during Stage 2.	Project Team
OM-08	Operational Matters	Parking - the agreed parking strategy proves unsuccessful upon implementation.	A poor experience by customers or an inability to access the cable car entirely.	3	3	9	→	9	The risk has been identified during Stage 1.	The parking strategy is to be considered in detail and a suitable method for monitoring the success of it should it be implemented, is to be considered.	Project Team
S-08	Site	Known archaeology - Initial archaeological report identifies the potential for significant archaeological finds in several locations along the proposed cable car route.	Significant archaeological finds may result in prolonged investigations / digs impacting both programme and cost.	4	4	16	→	16	Initial archaeological report instructed to review Options 1, 2 & 3 within the SCJ Report, with a focus on Option 1.	A programme of archaeological investigations is to be agreed with key stakeholders, which may need to take place during ground investigations in Stage 2.	Project Team
S-09	Site	Known heritage assets - Shoulder of Mutton Battery - It may not be practical to locate the Upper Tower on the proposed location which is adjacent to the Shoulder of Mutton Battery as the harm caused to the asset may be considered too great.	An alternative location may need to be provided for the Upper Tower which may result in additional costs to ensure the correct rope profile (if a taller tower was required), and / or additional land costs incurred should an area of the previous Dover Leisure Centre site be the only feasible location.	4	4	16	→	16	The risk has been identified during Stage 1.	Further investigative work will be undertaken in Stage 2 to ascertain if the Upper Tower can be located in the proposed location sympathetically.	Project Team
FIM-05	Financial – Investment / Model	Investment - It is not possible to attract suitable private investors or raise the capital funding required for the project.	The project may not be able to proceed without suitable investment / capital funding.	5	3	15	→	15	Risk identified at Stage 1.	The business case / funding model for the project is to be considered in detail during Stage 2 and key activities / milestones included within the delivery programme.	Project Team
S-10	Site	Utilities - There is insufficient electrical supply and / or nothing local to the necessary connections for the cable car.	Additional costs may be incurred should significant utility supplies be required.	4	3	12	→	12	Risk identified at Stage 1.	The potential peak loads for the cable car, and locations power supplies would be required, are to be confirmed to allow capacity checks to be undertaken. This will take place early in Stage 2. A utilities strategy will be developed in Stage 2, including any necessary diversions, new primary routes etc.	Project Team

D-07	Design	Site / Highways - There is insufficient space for the structural elements of the Lower Station and / or the Lower Tower in the locations detailed due to the layout of the A20 and restricted space available for ground bearing structures.	The cable car may not be deliverable in it's current form.	5	5	25	→	25	Risk identified at Stage 1. Highways England have been briefed on the project and this potential issue has been raised.	Once the design brief is fixed and cable car technology confirmed, the potential ground bearing areas are to be developed further and assessed against Highways requirements and underground services. The potential to utilise alternative sites for the Lower Station and Lower Tower should remain a consideration until this risk is suitably mitigated.	Project Team
C-01	Communications	Communications - That poor communication and / or engagement with the public and stakeholders has a negative impact on the project.	That a negative view is taken of the project resulting in poor support during approvals processes, or resulting in lower user numbers.	4	3	12	→	12	The need for a detailed communications and engagement strategy has been identified. The outline approvals process is likely to involve a Public Inquiry therefore suitable communications materials and processes will be critical.	The communications and engagement strategy is to be developed. The timing and form of communications need to align with the project stages to ensure accurate information is provided at all stages, without risk of needing to 'u-turn' or confuse communications.	Project Team
FC-04	Financial – Capital	Covid-19 - the risk that the continuation or reoccurrence of Covid restrictions has adverse implications for the project.	There may be a delay to programme, a disruption to resource or financial implications to consider.	4	3	12	→	12	The current phase of the project has been delivered during Covid restrictions, utilising online facilities where practical. Covid has restricted a site visit by SCJ, the cable car consultant.	The Covid requirements are to be carefully monitored and mitigated where possible. The financial implications and supply chain considerations are to be assessed further during the next phase of the project.	Project Team
S-11	Site	Unknown archaeology - the risk of unknown archaeology being discovered and required to be preserved in situ.	There may be a delay to programme and additional capital costs directly associated with the discovery, together with the potential re-design / re-location of elements of the scheme.	4	2	8	→	8	Canterbury Archaeological Trust report produced to align with the current cable car proposals which identifies areas of archaeological potential.	A further assessment is to be commissioned once the design is suitably developed to determine the likelihood of significant buried deposits being present.	Project Team
S-11	Site	Unknown archaeology - the risk of unknown archaeology being discovered and required to be preserved in situ.	There may be a delay to programme and additional capital costs directly associated with the discovery, together with the potential re-design / re-location of elements of the scheme.	4	2	8	→	8	Canterbury Archaeological Trust report produced to align with the current cable car proposals which identifies areas of archaeological potential.	A further assessment is to be commissioned once the design is suitably developed to determine the likelihood of significant buried deposits being present.	Project Team
PG-04	Project Governance	Staff Resource - that DDC / EH resource does not have the capacity to deliver the project.	The project is not delivered on programme, to budget or is unsuccessful. DDC / EH resource is vital for the necessary internal stakeholder management and a lack of confidence in the delivery of the project due to insufficient resource could result in a loss of confidence in the project as a whole.	5	3	15	→	15	Risk identified at Stage 1. DDC have engaged with internal departments to discuss and provisionally agree potential resource requirements for the next phase of the project.	DDC / EH are to ensure the necessary resource is made available for the next stages of the project. Workload / resource requirements are to be carefully monitored during the next phase.	Project Team
Sta-06	Stakeholders	Linked Projects- that the success of the project becomes dependant on linked projects such as a multi-storey car park (MSCP) and the strategic objectives can't be achieved or the cable car can't operate without those projects being complete. Linked projects may be delayed or fail to materialise.	The project is unable to operate, unable to meet the strategic objectives, unable to meet the business case or unable to be delivered entirely.	5	4	20	→	20	Risk identified at Stage 1.	Interdependant projects are to be carefully monitored and potentially delivered as a single project where necessary. There is a wider-regeneration aim for Dover town and it might be that linked projects may have multiple aims, not just supporting the cable car project.	Project Team

Risk Profile

I m p a c t	Extreme (5)	Low (5)	Medium (10)	High (15)	Extreme (20)	Extreme (25)
	Major (4)	Low (4)	Medium (8)	Medium (12)	High (16)	Extreme (20)
	Moderate (3)	Low (3)	Low (6)	Medium (9)	Medium (12)	High (15)
	Minor (2)	Low (2)	Low (4)	Low (6)	Medium (8)	Medium (10)
	Insignificant (1)	Low (1)	Low (2)	Low (3)	Low (4)	Low (5)
		Rare (1) Less than 10% chance of occurrence	Unlikely (2) 10-39% chance of occurrence	Possible (3) 40-69% chance of occurrence	Likely (4) 70-79% chance of occurrence	Almost Certain (5) 80% or above chance of occurrence
Likelihood Scale						

High-Level Project Delivery Programme



Subject:	MANAGEMENT AGREEMENT WITH TAYLOR WIMPEY UK LTD IN RELATION TO THE BACKDOOR TRAINING AREA, SHORNCLIFFE (A WHITE CLIFFS COUNTRYSIDE PARTNERSHIP PROJECT)
Meeting and date:	Cabinet – 6 December 2021
Report of:	Richard Haynes, Natural Environment Manager
Portfolio Holder:	Councillor Oliver Richardson, Portfolio Holder for Community and Corporate Property
Decision Type:	Executive Key Decision
Classification:	Unrestricted

Purpose of the report:	To enter into a 10-year Management Agreement with Taylor Wimpey in relation to the Backdoor Training Area, Shorncliffe.
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Recommendation:	To enter into a 10-year management agreement with Taylor Wimpey UK Ltd in respect of the Backdoor Training Area, Shorncliffe.
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1. Summary

1.1 Taylor Wimpey has approached White Cliffs Countryside Partnership (WCCP) regarding entering a 10-year management agreement to manage the Backdoor Training Area (BTA), Shorncliffe – approximately 34 ha of semi-natural habitat in the Seabrook Valley, Folkestone – for the benefit of wildlife and local communities.

2. Introduction and Background

2.1 Circa 2015, Taylor Wimpey started discussions with WCCP regarding the management of the BTA – an area of some 34 ha of grassland and woodland located within the wider Seabrook Valley. The future management of which was a condition of its successful planning application for the development of Shorncliffe Barracks.

2.2 The broad objectives for managing the BTA are as follows:

- Implement an active management regime to enhance the natural habitats and biodiversity, in line with agreed mitigation measures for bats and reptiles.
- Protect and enhance the significant suite of archaeological assets located within this area, principally comprising defence and training works from the Napoleonic Wars, World War I and World War II.
- Deliver and sustain improved access within the BTA and its links with the rest of the Seabrook Valley and wider landscape.
- Enrich visitors' understanding and enjoyment of the valley as an ecological, heritage and recreational asset.

2.3 With a value of nearly £1 million over 10 years, the agreement will fund a 0.2 FTE contribution towards a Partnership Officer (existing post) and a 0.6 FTE Ranger (which will need to be recruited) along with all associated employment costs and equipment. The budget also covers a range of capital improvements to the BTA, including installation of stock fencing and water supplies to facilitate grazing.

2.4 The budget will be agreed annually with Taylor Wimpey for the delivery of the capital programme required to deliver the management plan. This will be funded by Taylor Wimpey.

3. **Identification of Options**

3.1 Option 1: To enter into the agreement.

3.2 Option 2: To not enter into the agreement.

4. **Evaluation of Options**

4.1 Option 1 is the recommended option. This 10-year agreement will not only add greatly to the financial and staffing resilience of WCCP, but it will also send a strong signal to one of WCCP's founding partners, Folkestone and Hythe District Council, that we are taking on and delivering ambitious projects in the district. This is particularly timely given the developments at Otterpool and elsewhere. In addition, entering into this agreement aligns perfectly with WCCP's core purpose to protect and enhance the wild spaces of south-east Kent by inspiring people to act for their local environment.

4.2 Option 2 is not recommended. To not enter into the agreement at this stage would cause significant reputational damage to this council with FHDC councillors and officers, local communities and other partner organisations and stakeholders. It would open the door for other organisations to deliver the agreement and have a presence in the WCCP area, which could have wide ranging consequences for our other funding streams in the district.

5. **Resource Implications**

5.1 Globally, this contract is worth nearly £1 million over a 10-year period.

5.2 Taylor Wimpey will provide WCCP with a yearly indicative budget plus an annual inflationary uplift of 2.5% for WCCP to claim back repayments for the running costs of site management over the next 10 years. The annual inflationary uplift was negotiated with Taylor Wimpey to bring it into line with other agreements of this nature e.g. the agreement with the Land Trust.

5.3 The budget will cover the employee related costs (salaries, staff training, fuel/mileage, phones etc.) of a 0.6 FTE Ranger and a contribution to a Partnership Officer post (equivalent to 0.2 FTE) with additional funding available for any infrastructure and equipment purchases required to manage the site. The annual budget will vary year on year due to the nature of the delivery of the capital programme.

5.4 The site management and operating costs of the Backdoor Training Area will be fully funded by the annual indicative budget agreed by Taylor Wimpey and WCCP as outlined in the Management Agreement. Any costs incurred outside of this annual budget would be agreed and met by Taylor Wimpey. There are no DDC resource implications as the annual budget from Taylor Wimpey will fully cover WCCP's operating costs at Shorncliffe.

6. **Climate Change and Environmental Implications**

6.1 The delivery of the contract would have a positive impact on biodiversity, creating greater resilience and connectivity in the Seabrook Valley. The engagement of members of the public and schools would have a positive impact on health and well-being, as well as allowing us to communicate messages around climate change, sustainability and the environment.

7. **Corporate Implications**

- 7.1 Comment from the Director of Finance (linked to the MTFP): Accountancy have been consulted on this report. We have discussed the inflationary uplift with the report writer as per a query from Mike Davis and are happy with the 2.5% stated. We have no further comments to add. (AT)
- 7.2 Comment from the Solicitor to the Council: The Head of Governance and HR has been consulted during the preparation of this report and has no further comment to make.
- 7.3 Comment from the Equalities Officer: This report does not specifically highlight any equality implications, however in discharging their duties members are required to comply with the public sector equality duty as set out in Section 149 of the Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15/section/149>
- 7.4 Other Officers (as appropriate):
- 8. **Appendices**
None.

Contact Officer: Richard Haynes, Natural Environment Manager (07775 928226)

Subject:	TREASURY MANAGEMENT QUARTER TWO REPORT 2021/22
Meeting and Date:	Governance Committee – 2 December 2021 Cabinet – 6 December 2021
Report of:	Helen Lamb, Head of Finance and Investment
Portfolio Holder:	Councillor Christopher Vinson, Portfolio Holder for Finance, Governance, Digital and Climate Change
Decision Type:	Non-Key Decision
Classification:	Unrestricted

Purpose of the report:	To provide details of the Council's treasury management for the year ended 30 September 2021.
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Recommendation:	That the report is received.
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1. Summary

- 1.1 The Council's investment return for the period to 30 September was 2.60% (annualised), which outperformed the benchmark¹ by 2.55%. The total interest and dividends income forecast to be received for the year is £1,560k as of 30 September, which is £190k less than the original budget estimate of £1,750k. The long-term investments have been generating a reasonable income return considering the impact of the global pandemic.
- 1.2 The Council remained within its Treasury Management guidelines and complied with the Prudential Code guidelines during the period.

2. Introduction and Background

- 2.1 CIPFA (the Chartered Institute of Public Finance and Accountancy) issued the revised Code of Practice for Treasury Management in November 2011; it recommends that members should be updated on treasury management activities at least twice a year, but preferably quarterly. This report therefore ensures this council is implementing best practice in accordance with the Code.
- 2.2 Council adopted the 2021/22 Treasury Management Strategy (TMS) on 3rd March 2021 as part of the 2021/22 Budget and Medium-Term Financial Plan.
- 2.3 To comply with the CIPFA code referred to above, a brief summary is provided below, and Appendix 1 contains a full report from the Council's Treasury Management Advisors, Arlingclose.
- 2.4 Members are asked to note that in order to minimise the resource requirements in producing this report, Arlingclose's report has been taken verbatim. Treasury advisors

¹ The "benchmark" is the interest rate against which performance is assessed. DDC use the 3 month London Inter-Bank Bid Rate or LIBID, as its benchmark, which was 0.05 at the end of the quarter.

generally use a more journalistic style than is used by our officers, but to avoid changing the meaning or sense of Arlingclose's work, this has not been edited out.

3. Economic Background

- 3.1 The report attached (Appendix 1) contains information up to the end of September 2021; since then we have received the following update from Arlingclose (in italics). Please note that any of their references to quarters are based on *calendar* years:

“Main points since September:

- i. The global economy continues to recover from the pandemic but has entered a more challenging phase. The resurgence of demand has led to the expected rise in inflationary pressure, but disrupted factors of supply are amplifying the effects, increasing the likelihood of lower growth rates ahead. This is particularly apparent in the UK due to the impact of Brexit.*
- ii. While Q 2 UK GDP expanded more quickly than initially thought, the pandemic and more latterly supply disruption will leave Q 3 GDP broadly stagnant. The outlook also appears weaker Household spending, the driver of the recovery to date, is under pressure from a combination of retail energy price rises, the end of government support programmes and soon, tax rises Government spending, the other driver of recovery, will slow considerably as the economy is taken off life support.*
- iii. Inflation rose to 3.2% in August. A combination of factors will drive this to over 4% in the near term. While the transitory factors affecting inflation, including the low base effect of 2020 are expected to unwind over time, the MPC² has recently communicated fears that these transitory factors will feed longer term inflation expectations that require tighter monetary policy to control This has driven interest rate expectations substantially higher.*
- iv. The supply imbalances are apparent in the labour market. While wage growth is currently elevated due to compositional and base factors, stories abound of higher wages for certain sectors, driving inflation expectations It is uncertain whether a broad based increased in wages is possible given the pressures on businesses.*
- v. Government bond yields increased sharply following the September FOMC³ and MPC minutes, in which both central banks communicated a lower tolerance for higher inflation than previously thought. The MPC in particular has doubled down on these signals in spite of softer economic data Bond investors expect higher near term interest rates but are also clearly uncertain about central bank policy.*
- vi. The MPC appears to be playing both sides, but has made clear its intentions to tighten policy, possibly driven by a desire to move away from emergency levels. While the economic outlook will be challenging, the signals from policymakers suggest Bank Rate will rise unless data indicates a more severe slowdown.*

² Monetary Policy Committee

³ Federal Open Market Committee

- vii. *Arlingclose expects Bank Rate to rise in Q 2 2022 We believe this is driven as much by the Bank's desire to move from emergency levels as by fears of inflationary pressure Given the current outlook, we believe this could be a policy mistake.*
- viii. *Investors have priced in multiple rises in Bank Rate to 1 by 2024 While we believe Bank Rate will rise, it is by a lesser extent than expected by markets.*
- ix. *Gilt yields have risen sharply as investors factor in higher interest rate and inflation expectations. From here, we believe that gilt yields will be broadly steady, before falling as inflation decreases and market expectations fall into line with our forecast.*
- x. *The risk around our forecasts for Bank Rate is to the upside over the next few months, shifting to the downside in the medium term. The risks around the gilt yield forecasts are initially broadly balanced, shifting to the downside later."*

4. Annual Investment Strategy

- 4.1 The investment portfolio, as at the end of September 2021, is attached at Appendix 2. Total balances held for investment and cash-flow purposes were £58.8m, increasing to £62.5m at the end of October. The increase reflects normal cashflow fluctuations arising from the timing of 'major preceptor' payments, which are made over twelve months, while the Council Tax receipts that fund them typically come in over the ten months to January and then decline.
- 4.2 As at 30th September 2021, the Council's investment portfolio totalled £50m (see Appendix 2). Cashflow funds were higher than anticipated (£8.8m at 30 September 2021).
- 4.3 Cashflow funds have since increased (to £12.5m at 31 October 2021) due to normal cashflow fluctuations. Short term borrowing will be used to cover fluctuations in the cash flow requirements as needed, instead of holding excess funds in call accounts.

5. New Borrowing

- 5.1 The Council's borrowing portfolio is attached at Appendix 3. At the end of September 2021, the Council had £11 million in short term loans with other Local Authorities as part of the Council's strategic cash management objectives.

6. Debt Rescheduling

- 6.1 At this time, it is not considered of benefit to the Council to undertake any further rescheduling of its long-term debt.

7. Compliance with Treasury and Prudential Limits

- 7.1 The Council has operated within the Prudential Indicators in compliance with the Council's Treasury Management Practices.

8. Climate Change and Environmental Implications

- 8.1 There are no climate change or environmental implications.

9. **Corporate Implications**

- 9.1 Comment from the Section 151 Officer: Finance have produced this report and have no further comments to add. (DL)
- 9.2 Comment from the Solicitor to the Council: The Solicitor to the Council has been consulted in the preparation of this report and has no further comments to make. (HR)
- 9.3 Comment from the Equalities Officer: This report does not specifically highlight any equality implications, however in discharging their duties members are required to comply with the public sector equality duty as set out in Section 149 of the Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15/section/149>

10. **Appendices**

Appendix 1 – Arlingclose Treasury Management Report for quarter one 2021/22

Appendix 2 – Investment portfolio as at 30 September 2021

Appendix 3 – Borrowing portfolio as at 30 September 2021

Appendix 4 – Investment portfolio as at 31 October 2021

11. **Background Papers**

Medium Term Financial Plan 2021/22 – 2024/25

Contact Officer: Dani Loxton, extension 2285

Treasury Management Outturn Report Q2 2021/22

Introduction

In March 2012 the Authority adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the Authority to approve treasury management semi-annual and annual reports. This quarterly report provides an additional update.

The Authority's treasury management strategy for 2021/22 was approved at a meeting on 3rd March 2021. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Authority's treasury management strategy.

The 2017 Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Authority's Capital Strategy, complying with CIPFA's requirement, was approved by full Council on 3rd March 2021.

External Context

Economic background: The economic recovery from coronavirus pandemic continued to dominate the first half of the financial year. By the end of the period over 48 million people in the UK had received their first dose of a COVID-19 vaccine and almost 45 million their second dose.

The Bank of England (BoE) held Bank Rate at 0.1% throughout the period and maintained its Quantitative Easing programme at £895 billion, unchanged since the November 2020 meeting. In its September 2021 policy announcement, the BoE noted it now expected the UK economy to grow at a slower pace than was predicted in August, as the pace of the global recovery had shown signs of slowing and there were concerns inflationary pressures may be more persistent. Within the announcement, Bank expectations for GDP growth for the third (calendar) quarter were revised down to 2.1% (from 2.9%), in part reflecting tighter supply conditions. The path of CPI inflation is now expected to rise slightly above 4% in the last three months of 2021, due to higher energy prices and core goods inflation. While the Monetary Policy Committee meeting ended with policy rates unchanged, the tone was more hawkish.

Government initiatives continued to support the economy over the quarter but came to an end on 30th September 2021, with businesses required to either take back the 1.6 million workers on the furlough scheme or make them redundant.

The latest labour market data showed that in the three months to July 2021 the unemployment rate fell to 4.6%. The employment rate increased, and economic activity rates decreased, suggesting an improving labour market picture. Latest data showed growth in average total pay (including bonuses) and regular pay (excluding bonuses) among employees was 8.3% and 6.3% respectively over the period. However, part of the robust growth figures is due to a base effect from a decline in average pay in the spring of last year associated with the furlough scheme.

Annual CPI inflation rose to 3.2% in August, exceeding expectations for 2.9%, with the largest upward contribution coming from restaurants and hotels. The Bank of England now expects inflation to exceed 4% by the end of the calendar year owing largely to developments in energy and goods

prices. The Office of National Statistics' (ONS') preferred measure of CPIH which includes owner-occupied housing was 3.0% year/year, marginally higher than expectations for 2.7%.

The easing of restrictions boosted activity in the second quarter of calendar year, helping push GDP up by 5.5% q/q (final estimate vs 4.8% q/q initial estimate). Household consumption was the largest contributor. Within the sector breakdown production contributed 1.0% q/q, construction 3.8% q/q and services 6.5% q/q, taking all of these close to their pre-pandemic levels.

The US economy grew by 6.3% in Q1 2021 (Jan-Mar) and then by an even stronger 6.6% in Q2 as the recovery continued. The Federal Reserve maintained its main interest rate at between 0% and 0.25% over the period but in its most recent meeting made suggestion that monetary policy may start to be tightened soon.

The European Central Bank maintained its base rate at 0%, deposit rate at -0.5%, and asset purchase scheme at €1.85 trillion.

Financial markets: Monetary and fiscal stimulus together with rising economic growth and the ongoing vaccine rollout programmes continued to support equity markets over most of the period, albeit with a bumpy ride towards the end. The Dow Jones hit another record high while the UK-focused FTSE 250 index continued making gains over pre-pandemic levels. The more internationally focused FTSE 100 saw more modest gains over the period and remains below its pre-crisis peak.

Inflation worries continued during the period. Declines in bond yields in the first quarter of the financial year suggested bond markets were expecting any general price increases to be less severe, or more transitory, that was previously thought. However, an increase in gas prices in the UK and EU, supply shortages and a dearth of HGV and lorry drivers with companies willing to pay more to secure their services, has caused problems for a range of industries and, in some instance, lead to higher prices.

The 5-year UK benchmark gilt yield began the financial year at 0.36% before declining to 0.33% by the end of June 2021 and then climbing to 0.64% on 30th September. Over the same period the 10-year gilt yield fell from 0.80% to 0.71% before rising to 1.03% and the 20-year yield declined from 1.31% to 1.21% and then increased to 1.37%.

The Sterling Overnight Rate (SONIA) averaged 0.05% over the quarter.

Credit review: Credit default swap spreads were flat over most of period and are broadly in line with their pre-pandemic levels. In late September spreads rose by a few basis points due to concerns around Chinese property developer Evergrande defaulting but are now falling back. The gap in spreads between UK ringfenced and non-ringfenced entities continued to narrow, but Santander UK remained an outlier compared to the other ringfenced/retail banks. At the end of the period Santander UK was trading the highest at 53bps and Lloyds Banks Plc the lowest at 32bps. The other ringfenced banks were trading between 37-39bps and Nationwide Building Society was 39bps.

Over the period Fitch and Moody's upwardly revised to stable the outlook on a number of UK banks and building societies on our counterparty list, recognising their improved capital positions compared to last year and better economic growth prospects in the UK.

Fitch also revised the outlooks for Nordea, Svenska Handelsbanken and Handelsbanken plc to stable from negative. The rating agency considered the improved economic prospects in the Nordic region to have reduced the baseline downside risks it previously assigned to the lenders.

The successful vaccine rollout programme is credit positive for the financial services sector in general and the improved economic outlook has meant some institutions have been able to reduce provisions for bad loans. While there is still uncertainty around the full extent of the losses banks and building societies will suffer due to the pandemic-related economic slowdown, the sector is in a generally better position now compared to earlier this year and 2020.

At the end of the period Arlingclose had completed its full review of its credit advice on unsecured deposits. The outcome of this review included the addition of NatWest Markets plc to the counterparty list together with the removal of the suspension of Handelsbanken plc. In addition, the maximum duration for all recommended counterparties was extended to 100 days.

As ever, the institutions and durations on the Authority's counterparty list recommended by treasury management advisors Arlingclose remain under constant review.

Local Context

On 31st March 2021, the Authority had net borrowing of £34.3m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1: Balance Sheet Summary

	31.3.21 Actual £000
General Fund CFR	65,267
HRA CFR	73,726
Total CFR	138,993
Less: Usable reserves	(90,805)
Less: Working capital	(13,875)
Net borrowing	34,313

Lower official interest rates have lowered the cost of short-term, temporary loans and investment returns from cash assets that can be used in lieu of borrowing. The Authority pursued its strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk.

The treasury management position on 30th September 2021 and the change over the six months is shown in Table 2 below.

Table 2: Treasury Management Summary

	31.3.21 Balance £000	Movement £000	30.9.21 Balance £000	30.9.21 Rate %
Long-term borrowing	73,187	1,232	74,419	
Short-term borrowing	18,443	(7,443)	11,000	
Total borrowing	91,631		85,419	3.46%
Long-term investments	49,549	451	50,000	

Short-term investments	4	0	4	
Cash and cash equivalents	7,765	1,072	8,837	
Total investments	57,318	1,523	58,841	2.60%
Net borrowing	34,313		26,578	

Borrowing Update

Local authorities can borrow from the PWLB provided they can confirm they are not planning to purchase ‘investment assets primarily for yield’ in the current or next two financial years, with confirmation of the purpose of capital expenditure from the Section 151 Officer. Authorities that are purchasing or intending to purchase investment assets primarily for yield will not be able to access the PWLB except to refinance existing loans or externalise internal borrowing.

Acceptable use of PWLB borrowing includes service delivery, housing, regeneration, preventative action, refinancing and treasury management.

Competitive market alternatives may be available for authorities with or without access to the PWLB. However, the financial strength of the individual authority and borrowing purpose will be scrutinised by commercial lenders. Further changes to the CIPFA Prudential Code expected in December 2021 are likely to prohibit borrowing for the primary purpose of commercial return even where the source of borrowing is not the PWLB.

The Authority is not planning to purchase any investment assets primarily for yield within the next three years and so is able fully access the PWLB

Revised PWLB Guidance

HM Treasury published further guidance on PWLB borrowing in August 2021 providing additional detail and clarifications predominantly around the definition of an ‘investment asset primarily for yield’. The principal aspects of the new guidance are:

- Capital expenditure incurred or committed to before 26th November 2020 is allowable even for an ‘investment asset primarily for yield’.
- Capital plans should be submitted by local authorities via a DELTA return. These open for the new financial year on 1st March and remain open all year. Returns must be updated if there is a change of more than 10%.
- An asset held primarily to generate yield that serves no direct policy purpose should not be categorised as service delivery.
- Further detail on how local authorities purchasing investment assets primarily for yield can access the PWLB for the purposes of refinancing existing loans or externalising internal borrowing.
- Additional detail on the sanctions which can be imposed for inappropriate use of the PWLB loan. These can include a request to cancel projects, restrictions to accessing the PLWB and requests for information on further plans.

Changes to PWLB Terms and Conditions from 8th September 2021

The settlement time for a PWLB loan has been extended from two working days (T+2) to five working days (T+5). In a move to protect the PWLB against negative interest rates, the minimum

interest rate for PWLB loans has also been set at 0.01% and the interest charged on late repayments will be the higher of Bank of England Base Rate or 0.1%.

Municipal Bonds Agency (MBA): The MBA is working to deliver a new short-term loan solution, available in the first instance to principal local authorities in England, allowing them access to short-dated, low rate, flexible debt. The minimum loan size is expected to be £25 million. Importantly, local authorities will borrow in their own name and will not cross guarantee any other authorities.

If the Authority intends future borrowing through the MBA, it will first ensure that it has thoroughly scrutinised the legal terms and conditions of the arrangement and is satisfied with them.

UK Infrastructure Bank: £4bn has been earmarked for of lending to local authorities by the UK Infrastructure Bank which is wholly owned and backed by HM Treasury. The availability of this lending to local authorities, for which there will be a bidding process, is yet to commence. Loans will be available for qualifying projects at gilt yields plus 0.6%, which is 0.2% lower than the PWLB certainty rate.

Borrowing Strategy during the period

At 30th September 2021 the Authority held £85.4m of loans, a decrease of £6.2m 31st March 2021, as part of its strategy for funding previous years' capital programmes. Outstanding loans on 30th September are summarised in Table 3 below.

Table 3: Borrowing Position

	31.3.21 Balance £000	Net Movement £000	30.9.21 Balance £000
Public Works Loan Board	75,631	(1,212)	74,419
Local authorities (short-term)	16,000	(5,000)	11,000
Total borrowing	91,631	(6,212)	85,419

The Authority's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective.

In keeping with these objectives, no new long borrowing was undertaken. This strategy enabled the Authority to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.

With short-term interest rates remaining much lower than long-term rates and with surplus of liquidity continuing to feature in the LA to LA market, the Authority considered it to be more cost effective in the near term to use internal resources or borrowed rolling temporary / short-term loans instead. The net movement in temporary / short-term loans is shown in table 3 above.

PWLB funding margins have lurched quite substantially and there remains a strong argument for diversifying funding sources, particularly if rates can be achieved on alternatives which are below

Treasury Investment Activity

The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the Authority's investment balances ranged between £53m and £63m due to timing differences between income and expenditure. The investment position is shown in table 4 below.

Table 4: Treasury Investment Position

	31.3.21 Balance £000	Net Movement £000	30.9.21 Balance £000	30.9.21 Income Return %
Banks & building societies (unsecured)	7,764	(1,277)	6,487	0.10%
Money Market Funds	5	2,349	2,354	0.01%
Other Pooled Funds				
- <i>Short-dated bond funds</i>	8,032	(32)	8,000	
- <i>Strategic bond funds</i>	8,386	(386)	8,000	
- <i>Property funds</i>	5,585	415	6,000	
- <i>Multi asset income funds</i>	27,546	454	28,000	
Other Pooled funds Sub-total	49,549	451	50,000	3.49%
Total investments	57,318	1,523	58,841	

Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

Ultra low short-dated cash rates which have been a feature since March 2020 when Bank Rate was cut to 0.1% have resulted in the return on sterling low volatility net asset value money market funds (LVNAV MMFs) being close to zero even after some managers have temporarily waived or lowered their fees. At this stage net negative returns are not the central case of most MMF managers over the short-term, and fee cuts or waivers should result in MMF net yields having a floor of zero, but the possibility cannot be ruled out.

Deposit rates with the Debt Management Account Deposit Facility (DMADF) are also largely around zero.

Given the continuing risk and low returns from short-term unsecured bank investments, the Authority has diversified into more secure and/or higher yielding asset classes as shown in table 4 above. £50m that is available for longer-term investment is available for longer-term investment is held in pooled investment funds.

The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in Table 5 below.

Table 5: Investment Benchmarking - Treasury investments managed in-house

	Credit Score	Credit Rating	Bail-in Exposure	Weighted Average Maturity (days)	Rate of Return %
31.03.2021	5.33	A+	100%	1	3.01%
30.09.2021	5.24	A+	100%	1	6.62%
Similar LAs	4.66	A+	69%	32	3.65%
All LAs	4.69	A+	69%	10	2.35%

Externally Managed Pooled Funds: £50m of the Authority’s investments are held in externally managed strategic pooled bond, multi-asset and property funds where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability. These funds generated an average total return of 8.22%, comprising a 2.67% income return which is used to support services in year, and 5.55% of capital growth

The Authority is invested in bond, multi-asset and property funds. The improved market sentiment in the past 6 months is reflected in equity, property and multi-asset fund valuations and, in turn, in the capital values of the Authority’s property and multi-asset income funds in the Authority’s portfolio. The prospect of higher inflation and rising bond yields resulted in muted bond fund performance. The change in capital values and income earned is shown in Table 4.

Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority’s medium- to long-term investment objectives are regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a three- to five-year period total returns will exceed cash interest rates.

The Authority has budgeted £1,750k income from these investments in 2021/22. Income received to 30 September was £802k.

Non-Treasury Investments

The definition of investments in CIPFA’s revised Treasury Management Code now covers all the financial assets of the Authority as well as other non-financial assets which the Authority holds primarily for financial return. This is replicated in the Investment Guidance issued by the Ministry of Housing, Communities and Local Government (MHCLG) and Welsh Government, in which the definition of investments is further broadened to also include all such assets held partially for financial return.

Following the approval of the Property Investment Strategy in November 2016, work continues to identify and progress suitable investments to deliver economic regeneration and to generate additional income streams for the future. Additionally, the Housing Development team continues to work on a number of residential developments both utilising DDC owned properties and land, as well as with external developers.

The 2021/22 budget includes a forecast of total income (rent and service charges) of £1.94m. Costs including management costs, minimum revenue provision and long term borrowing of £1.30m are forecast resulting in retained income for the General Fund of £640k.

Treasury Performance

The Authority measures the financial performance of its treasury management activities both in terms of its impact on the revenue budget and its relationship to benchmark interest rates, as shown in table 6 below.

Table 6: Performance

	Actual £m	Budget £m	Over/ under	Actual %	Benchmark %	Over/ under
Interest Received	1,560	1,750	(190)	2.60%	0.05%	2.55%
Interest Payable	2,521	2,521	0	3.46%	3.46%	0

Compliance

The Strategic Director of Corporate Resources reports that all treasury management activities undertaken during the quarter complied fully with the CIPFA Code of Practice and the Authority's approved Treasury Management Strategy. Compliance with specific investment limits is demonstrated in table 7 below.

Compliance with the authorised limit and operational boundary for external debt is demonstrated in table 7 below.

Table 7: Debt Limits

	30.9.21 Actual	2021/22 Operational Boundary	2021/22 Authorised Limit	Complied?
Borrowing	£85.4m	£333m	338.5m	✓

Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

Table 8: Investment Limits

	30.9.21 Actual	2021/22 Limit	Complied?
Local authorities & other government entities	0	unlimited	✓
Banks (unsecured)	<1m	£8m per bank	✓
Any group of pooled funds under the same management (limits per manager)	0	£16m per group	✓
Negotiable instruments held in a broker's nominee account	0	£15m	✓
Building societies (unsecured)	0	£8m	✓
Money market funds	£2.4m	£10m per fund	✓
Strategic pooled funds	£50m	£10m per fund	✓
Operational bank	£6.5m	£20m	✓

Treasury Management Indicators

The Authority measures and manages its exposures to treasury management risks using the following indicators.

Security: The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	30.9.21 Actual	2021/22 Target	Complied?
Portfolio average credit rating	5.24	6	✓

Liquidity: The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

	30.9.21 Actual	2021/22 Target	Complied?
Total cash available within 3 months	£8.8m	£8m	✓

Interest Rate Exposures: This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interests was:

Interest rate risk indicator	30.9.21 Actual	2021/22 Limit	Complied?
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	588	500	✓
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	588	500	✓

The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at current rates.

Maturity Structure of Borrowing: This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

	30.9.21 Actual £000	Upper Limit	Lower Limit	Complied?
Under 12 months	12,231	25%	0%	✓
12 months and within 24 months	3,812	50%	0%	✓
24 months and within 5 years	8,188	50%	0%	✓
5 years and within 10 years	16,493	100%	0%	✓
10 years and above	44,695	100%	0%	✓

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Principal Sums Invested for Periods Longer than a year: The purpose of this indicator is to control the Authority’s exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

	2021/22	2022/23	2023/24
Actual principal invested beyond year end	0	0	0
Limit on principal invested beyond year end	£30m	£30m	£30m
Complied?	✓	✓	✓

Revisions to CIPFA Codes

In February 2021 CIPFA launched two consultations on changes to its Prudential Code and Treasury Management Code of Practice. These followed the Public Accounts Committee’s recommendation that the prudential framework should be further tightened following continued borrowing by some authorities for investment purposes. In June, CIPFA provided feedback from this consultation.

In September CIPFA issued the revised Codes and Guidance Notes in draft form and opened the latest consultation process on their proposed changes. The changes include:

- Clarification that (a) local authorities must not borrow to invest primarily for financial return (b) it is not prudent for authorities to make any investment or spending decision that will increase the Capital Financing Requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the authority.
- Categorising investments as those (a) for treasury management purposes, (b) for service purposes and (c) for commercial purposes.
- Defining acceptable reasons to borrow money: (i) financing capital expenditure primarily related to delivering a local authority’s functions, (ii) temporary management of cash flow within the context of a balanced budget, (iii) securing affordability by removing exposure to future interest rate rises and (iv) refinancing current borrowing, including replacing internal borrowing.
- For service and commercial investments, in addition to assessments of affordability and prudence, an assessment of proportionality in respect of the authority’s overall financial capacity (i.e. whether plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services).
- Prudential Indicators
 - New indicator for net income from commercial and service investments to the budgeted net revenue stream.
 - Inclusion of the liability benchmark as a mandatory treasury management prudential indicator. CIPFA recommends this is presented as a chart of four balances - existing loan debt outstanding; loans CFR, net loans requirement, liability benchmark - over at least 10 years and ideally cover the authority’s full debt maturity profile.
 - Excluding investment income from the definition of financing costs.
- Incorporating ESG issues as a consideration within TMP 1 Risk Management.
- Additional focus on the knowledge and skills of officers and elected members involved in decision making

MHCLG Improvements to the Capital Finance Framework: MHCLG published a brief policy paper in July outlining the ways it feels that the current framework is failing and potential changes that could be made. The paper found that “while many authorities are compliant with the framework, there remain some authorities that continue to engage in practices that push the bounds of compliance and expose themselves to excessive risk”.

The actions announced include greater scrutiny of local authorities and particularly those engaged in commercial practices; an assessment of governance and training; a consideration of statutory caps on borrowing; further regulations around Minimum Revenue Provision (MRP) and ensuring that MHCLG regulations enforce guidance from CIPFA and the new PWLB lending arrangements.

A further consultation on these matters is expected soon.

Arlingclose’s Economic Outlook for the remainder of 2021/22 (based on the October 2021 interest rate forecast)

	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Official Bank Rate													
Upside risk	0.00	0.15	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Arlingclose Central Case	0.10	0.10	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk	0.00	0.00	0.15	0.15	0.15	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40

Arlingclose expects Bank Rate to rise in Q2 2022. We believe this is driven as much by the Bank of England’s desire to move from emergency levels as by fears of inflationary pressure.

Investors have priced in multiple rises in Bank Rate to 1% by 2024. While Arlingclose believes Bank Rate will rise, it is by a lesser extent than expected by markets.

The global economy continues to recover from the pandemic but has entered a more challenging phase. The resurgence of demand has led to the expected rise in inflationary pressure, but disrupted factors of supply are amplifying the effects, increasing the likelihood of lower growth rates ahead. This is particularly apparent in the UK due to the impact of Brexit.

While Q2 UK GDP expanded more quickly than initially thought, the ‘pingdemic’ and more latterly supply disruption will leave Q3 GDP broadly stagnant. The outlook also appears weaker. Household spending, the driver of the recovery to date, is under pressure from a combination of retail energy price rises, the end of government support programmes and soon, tax rises. Government spending, the other driver of recovery, will slow considerably as the economy is taken off life support.

Inflation rose to 3.2% in August. A combination of factors will drive this to over 4% in the near term. While the transitory factors affecting inflation, including the low base effect of 2020, are expected to unwind over time, the MPC has recently communicated fears that these transitory factors will feed longer-term inflation expectations that require tighter monetary policy to control. This has driven interest rate expectations substantially higher.

The supply imbalances are apparent in the labour market. While wage growth is currently elevated due to compositional and base factors, stories abound of higher wages for certain sectors, driving inflation expectations. It is uncertain whether a broad-based increased in wages is possible given the pressures on businesses.

Government bond yields increased sharply following the September FOMC and MPC minutes, in which both central banks communicated a lower tolerance for higher inflation than previously thought. The MPC in particular has doubled down on these signals in spite of softer economic data. Bond investors expect higher near-term interest rates but are also clearly uncertain about central bank policy.

The MPC appears to be playing both sides, but has made clear its intentions to tighten policy, possibly driven by a desire to move away from emergency levels. While the economic outlook will be challenging, the signals from policymakers suggest Bank Rate will rise unless data indicates a more severe slowdown.

In-house as at 30/09/21**APPENDIX 2**

Organisation	Issue Date	Book cost	Market value	Market yield %	Credit Rating	Options available
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In-house investments - Long Term

CCLA Property investment Fund	30/06/17	3,000,000	3,037,620	4.06%	UK - Gov 'AA'	5 Years +
CCLA Property investment Fund	31/07/17	3,000,000	3,031,268	4.06%	UK - Gov 'AA'	5 Years +
Investec Diversified Income Fund	15/12/17	6,000,000	5,701,510	3.69%	UK - Gov 'AA'	5 Years +
Columbia Threadneedle Strategic Bond Fund	15/12/17	6,000,000	6,235,501	2.78%	UK - Gov 'AA'	5 Years +
Payden and Rygel	28/02/18	8,000,000	8,017,543	0.56%	UK - Gov 'AA'	2 Years +
Investec Diversified Income Fund	01/08/18	2,000,000	1,929,818	3.69%	UK - Gov 'AA'	5 Years +
Investec Diversified Income Fund	03/09/18	2,000,000	1,930,562	3.69%	UK - Gov 'AA'	5 Years +
CCLA Diversified Income Fund	20/09/18	8,000,000	8,192,695	3.10%	UK - Gov 'AA'	5 Years +
Columbia Threadneedle Strategic Bond Fund	13/12/18	2,000,000	2,195,092	2.78%	UK - Gov 'AA'	5 Years +
Kames Diversified Monthly Income Fund	28/02/19	8,000,000	8,019,928	5.00%	UK - Gov 'AA'	5 Years +
Kames Diversified Monthly Income Fund	16/12/19	2,000,000	1,903,477	5.00%	UK - Gov 'AA'	5 Years +

50,000,000	50,195,013
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50,000,000	50,195,013	Total Portfolio
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Cashflow:**Rate****Call Accounts/MMF (as at 30/06/21)**

Global Treasury Fund (Goldman Sachs Money Market Fund)	354,106	0.01%
Standard Life Investments (Money Market Fund)	2,000,000	0.01%
Natwest SIBA	6,480,738	0.10%
Santander	503	0.05%
Bank of Scotland	5,023	0.10%
Barclays	374	0.00%

Total Cash flow	8,840,744
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Total Portfolio ar	58,840,744
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Interest Type	Date Loan Taken Out	Date Loan Matures	Repayment Dates	Loan Number	Principal Balance 01-Apr-21	Interest Rate %	Principal To Be Repaid 2021/22	Principal Balance 31-Mar-22	Interest Payable 2021/22	Lender	Type of loan
Long Term Borrowing											
Fixed	02/10/97	02/10/57	APR-OCT	479961	1,000,000	6.75		1,000,000	67,500	PWLB	Principal due on Maturity
Fixed	28/05/97	28/05/57	MAY-NOV	479542	2,000,000	7.38		2,000,000	147,500	PWLB	Principal due on Maturity
Fixed	23/08/46	23/06/26	JUNE-DEC	131582	245	2.50	45	201	6	PWLB	Equal Instalment of Principal (EIP)
Fixed	27/09/46	27/06/26	JUNE-DEC	131583	45	2.50	8	37	1	PWLB	Equal Instalment of Principal (EIP)
Fixed	16/11/01	30/09/26	SEPT-MAR	486237	1,000,000	4.75		1,000,000	47,500	PWLB	Principal due on Maturity
Fixed	26/03/12	26/03/42	SEPT-MAR	499853	71,630,591	3.18	2,443,225	69,187,366	2,258,582	PWLB	Annuity (HRA Financing)
					75,630,882		2,443,278	73,187,604	2,521,090		
Short Term Borrowing											
Fixed	06/07/21	06/10/21	On Maturity		0	0.03	6,000,000	0	454	Shropshire Council	Short term loan for Strategic cash flow purposes
Fixed	10/08/21	10/11/21	On Maturity		0	0.03	5,000,000	0	378	Barnsley Metropolitan BC	Short term loan for Strategic cash flow purposes
					0		11,000,000	0	832	<i>Sub-total</i>	
Fixed	01/05/12	01/11/27	MAY-NOV		60,966	0.00	8,710	52,257	0	Lawn Tennis Association	Interest free
					75,691,848		2,451,988	73,239,860	2,521,921		

In-house as at 31/10/21**APPENDIX 4**

Organisation	Issue Date	Book cost	Market Value	Market yield	Credit rating	Options available
<u>In-house investments - Long Term</u>						
CCLA Property investment Fund	30/06/17	3,000,000	3,077,172	4.06%	UK - Gov 'AA'	5 Years +
CCLA Property investment Fund	31/07/17	3,000,000	3,070,738	4.06%	UK - Gov 'AA'	5 Years +
Investec Diversified Income Fund	15/12/17	6,000,000	5,673,597	3.69%	UK - Gov 'AA'	5 Years +
Columbia Threadneedle Strategic Bond Fund	15/12/17	6,000,000	6,203,866	2.78%	UK - Gov 'AA'	5 Years +
Payden and Rygel	28/02/18	8,000,000	8,005,057	0.56%	UK - Gov 'AA'	2 Years +
Investec Diversified Income Fund	01/08/18	2,000,000	1,920,370	3.69%	UK - Gov 'AA'	5 Years +
Investec Diversified Income Fund	03/09/18	2,000,000	1,921,111	3.69%	UK - Gov 'AA'	5 Years +
CCLA Diversified Income Fund	20/09/18	8,000,000	8,307,728	3.10%	UK - Gov 'AA'	5 Years +
Columbia Threadneedle Strategic Bond Fund	13/12/18	2,000,000	2,183,955	2.78%	UK - Gov 'AA'	5 Years +
Kames Diversified Monthly Income Fund	28/02/19	8,000,000	8,149,091	5.00%	UK - Gov 'AA'	5 Years +
Kames Diversified Monthly Income Fund	16/12/19	2,000,000	1,934,133	5.00%	UK - Gov 'AA'	5 Years +
		50,000,000	50,446,821			
		50,000,000	50,446,821	Total Portfolio		

Cashflow:**Call Accounts/MMF (as at 31/10/21)****Rate**

Global Treasury Fund (Goldman Sachs Money Market Fund)	354,106	0.01%
Standard Life Investments (Money Market Fund)	2,000,000	0.01%
Natwest SIBA	10,153,329	0.10%
Santander	502.52	0.05%
Bank of Scotland (BOS)	5,023	0.10%
Barclays	374	0.00%
Total Cash flow	12,513,334	

Subject:	PERFORMANCE REPORT – SECOND QUARTER 2021/22
Meeting and Date:	Cabinet – 6 December 2021 Overview and Scrutiny Committee – 13 December 2021
Report of:	Michelle Farrow, Head of Leadership Support
Portfolio Holder:	Councillor Chris Vinson, Portfolio Holder for Finance, Governance, Digital and Climate Change
Decision Type:	Non-Key Decision
Classification:	Unrestricted

Purpose of the report: To monitor performance against key objectives.

Recommendation: The Council’s Performance Report and Actions for the Second Quarter 2021/22 be noted.

1. Summary

The Council’s Performance Report for the second Quarter 2021/22 reports on performance against key performance targets throughout the Council and East Kent Shared Services during the July to September quarter. It incorporates comments from each Director on performance within their directorate plus any key initiatives and concerns they may have.

2. Introduction and Background

- 2.1 Monitoring of performance against key targets is key to the achievement of the Council’s aims and objectives. The Performance Report provides a summary of the Council’s key performance figures for the 3 months to September 2021
- 2.2 The Performance Report contains information relating to the performance of the Council against key corporate indicators and considers the performance of a range of indicators against previous year’s performance.
- 2.3 The Performance Report identifies areas where performance is on track throughout the second quarter of 2021/22, whilst recognising the need for further improvements in some areas. Each Director provides additional commentary focussing on areas of high or low performance.
- 2.4 A section is included to show performance within the Shared Services against key indicators. A more comprehensive set of indicators for EK Services, including Civica, are monitored through the monitoring structures established by the Agreements under which those services are delivered, with any areas of significant concern being capable of escalation into this quarterly monitoring report, if required.
- 2.5 A number of housing indicators are including in the report, in line with reporting to the Housing Regulator, these will be reviewed going forward.
- 2.6 A new Strategic Dashboard is in consultation, with a proposal to start, once agreed, in the next financial year.

3. Identification of Options

- 3.1 Not applicable.
- 4. **Evaluation of Options**
- 4.1 Not applicable.
- 5. **Resource Implications**
- 5.1 None.
- 6. **Climate Change and Environmental Implications**
- 6.1 None.
- 7. **Corporate Implications**
- 7.1 Comment from the Section 151 Officer (linked to the MTFP): The Head of Finance and Investment has been consulted on this report and has no further comments to add.
- 7.2 Comment from the Solicitor to the Council: The Solicitor to the Council has been consulted in the preparation of this report and has no further comments to make.
- 7.3 Comment from the Equalities Officer: This report does not specifically highlight any equality implications, however in discharging their duties members are required to comply with the public sector equality duty as set out in Section 149 of the Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15/section/149>
- 8 **Appendices**
Appendix 1 – Quarter 2 Performance Report
- 9 **Background Papers**
None.

Contact Officer: Michelle Farrow, Head of Leadership Support



Dover District Council Performance Report for Quarter 2 2021/22 (July to September 2021)

Summary of Performance Indicators Year to Date

Status	Quarter 1		Quarter 2		Quarter 3		Quarter 4		Direction of Travel to previous Qtr
	No.	%	No.	%	No.	%	No.	%	
Green	24	70.6	29	74.36					▲
Amber	03	8.8	05	12.82					▼
Red	07	20.6	05	12.82					▲
Total	34	100	39	100					

KEY:	
▲	Improved performance
▶	Maintained performance
▼	Decline in performance

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EK Services & DDC Digital

PI	Description	Outturn 2020/21	DDC Target 2021/22	Q1	Q2	Q3	Q4	Current Cumulative figure	Absolute Number of Cases this Qtr	Direction of Travel Previous Qtr	RAG Status
ACC011	Percentage of on-line payments to cash & cheque	93.75%	Data for information only	96.0%	96.0%			96.0%	48,884	▶	N/A
EKS001	Percentage of incidents resolved within agreed target response time - ICT	96%	95%	97.5%	98.0%			97.75%		▲	Green
EKS002	Percentage of incidents resolved within 1 working day	63%	60%	62.0%	62.5%			62.25%		▲	Green
EKS003	Percentage of incidents resolved within 3 working days	82.75%	80%	83.5%	84.0%			83.75%		▲	Green
EKS004	Percentage availability of email service	100%	97.50%	100.0%	100%			100%		▶	Green
PLA005	Percentage of electronic planning applications received	88.01%	80%	93.11%	94.11%			93.61%	510	▲	Green
WEB001	Percentage availability of the corporate website (DDC responsibility)	99.98%	99.50%	99.99%	100%			99.99%		▲	Green
WEB002	Number of Keep me Posted subscriptions	36,601	Data for information only	53,934	55,195			55,195		▲	Green
WEB003	Facebook subscribers	8,640	Data for information only	9,808	10,006			10,006		▲	Green

EKS Director's Comments

EKS Director's Comments

Performance: All of the performance indicators have met the targets for Q2

Key Initiatives/Outcomes: No key initiatives or outcomes to report for Q2

Concerns/Risks: There are no concerns or risks to report for Q2

Civica

PI	Description	Outturn 2020/21	DDC Target 2021/22	Q1	Q2	Q3	Q4	Current Cumulative figure	Absolute Number of Cases this Qtr	Direction of Travel (To Previous Qtr)	RAG Status
Benefits											
KPI01	Pay benefit quickly	5.75 days	8.5 days	5.00 days	6.22 days			5.61 days		▼	Green
KPI02	Percentage of correct Housing Benefit and Council Tax Benefit decisions	97.60%	96%	96.35%	97.61%			96.98%		▲	Green
Council Tax											
KPI03	The percentage of council taxes due for the financial year which were received in year by the authority.	96.87%	96.84%	28.61%	46.46%			55.48%		▲	Amber
Business Rates											
KPI04	Percentage of Business Rates collected	97.13%	98.20%	23.03%	49.52%			49.52%		▲	Green
Customer Services											
KPI06	Average call waiting time in seconds	146 seconds	233 seconds	352 seconds	192.3 seconds			272.2 Seconds		▲	Green
Council Tax Reduction Scheme											
KPI07a	Council Tax Reduction Scheme Caseload - Working Age	5,828	Data for information only	5,759	5,751			5,751	N/A	N/A	N/A

PI	Description	Outturn 2020/21	DDC Target 2021/22	Q1	Q2	Q3	Q4	Current Cumulative figure	Absolute Number of Cases this Qtr	Direction of Travel (To Previous Qtr)	RAG Status
KP107b	Council Tax Reduction Scheme Caseload - Pension Age	3,425	Data for information only	3,397	3,346			3,346	N/A	N/A	N/A
KP107c	Council Tax Reduction Scheme Caseload - Total	9,253	Data for information only	9,156	9,097			9,097	N/A	N/A	N/A
Open Portal											
KP108	Open Portal Take Up (live 11 January 2021)	1,387	Data for information only	2,231	2,825			2,825	N/A	▲	N/A

Civica Comments (taken from September monthly report)

Performance:

- Speed and accuracy of HB processing met the monthly targets.
- The Council Tax collection KPI missed the profiled target by 0.01%. The Courts have now agreed future recovery dates which will assist in maximising collection.
- Business Rates collection missed the monthly target. The Courts have agreed to restart recovery activity from October. The profiled target figure will be subject to ongoing review to ensure that the impact of various relief and rebilling changes are accurately reflected.
- Customer satisfaction was at 97% in September.
- Call wait time met the monthly target. Headline YTD will continue to show as worse than target as a result of the peaks in DDC waste contact during April and May, for which excused performance has been agreed. When the excused performance is taken into account, YTD performance is ahead of target.
- All customer feedback requests were responded to on time.

Key Initiatives/Outcomes:

- Open Portal went live on 11 January 2021. This service enables customers to access to view all their Revenues and Benefits information online (such as Benefit claims, Council Tax accounts, Non-Domestic Rates (NDR) Accounts, Sundry Debtor accounts and landlord accounts).

Concerns/Risks: None noted.

Joint Housing Services (Housing Management and Property Services)

Following the return of the housing service to direct control of Dover District Council from East Kent Housing, the Key Performance Indicators have been revised to provide a better and more transparent overview of how the service is performing. Currently, Property Services is focussing on Compliance. Once the service returns to a 'steady state' later in the year additional performance indicators will be agreed.

PI	Description	Outturn 2020/21	DDC Target 2021/22	Q1	Q2	Q3	Q4	Current Cumulative figure	Absolute Number of Cases this Qtr	Direction of Travel (Previous Qtr)	RAG Status
HOUSING MANAGEMENT											
Income Collection											
HOM001	Total current tenant arrears as % of annual rental income	3.79%	4.55%	3.40%	3.29%			N/A		▲	Green
HOM002	Total current tenant arrears (including court costs)	£747,907	N/A	£677,601	£657,908			N/A		▲	
HOM003	Average current tenant arrears per rented unit	£157	N/A	£137	£132			N/A		▲	
HOM004	Current tenant arrears (non-UC) as % of annual rental income	1.33%	1.25%	1.05%	1.06%			N/A		▼	Green
HOM005	Current tenant arrears (UC only) as a % of annual rental income	2.46%	3.30%	2.34%	2.23%			N/A		N/A	Green
HOM006	Total number of UC cases	1,302	N/A	1,363	1,415			N/A		N/A	
HOM007	Total garage arrears at end of quarter	£274	N/A	£678	£1,024			N/A		N/A	
HOM008	Total garage arrears as a % of annual rental income (GF)	0.07%	0.33%	0.15%	0.22%			N/A		▼	Amber
HOM009	Former tenant arrears as % of annual rental income	2.17%	0.50%	2.37%	0.90%			N/A		▲	Amber

PI	Description	Outturn 2020/21	DDC Target 2021/22	Q1	Q2	Q3	Q4	Current Cumulative figure	Absolute Number of Cases this Qtr	Direction of Travel (Previous Qtr)	RAG Status
HOM010	Total former tenant arrears (including court costs)	£428,393	N/A	£472,938	£180,435			N/A		▲	
HOM011	The amount of former tenant arrears (including court costs) written off	£263	N/A	£0.00	£318,141			£318,141		▼	
Housing Options											
HOM12	Number of homeless households approaching the Council in the quarter	492	N/A	140	159			299		▼	
HOM13	Number of open homeless cases being managed at the end of the quarter	Snapshot at the end of a quarter	N/A	275	300			N/A		▼	
HOM14	Number of cases where homelessness has been prevented in the quarter	181	N/A	30	61			91		▲	
HOM15	Number of homeless households in all types of temporary accommodation at the end of the quarter	Snapshot at the end of a quarter	N/A	141	151			N/A		▼	
HOM16	Number of households with children or 16-to-17-year-old in B&B at the end of the quarter.	0	N/A	1	1			N/A		▶	
HOM17	Number of homeless families living outside of the area at the end of the quarter	Snapshot at the end of a quarter	N/A	22	20			N/A		▲	
Lettings											
HOM18	Average days to re-let empty properties (from tenancy termination to new tenancy)	59.25 days	TBC	57.55 days	76.77 days			68.62		▼	Red

PI	Description	Outturn 2020/21	DDC Target 2021/22	Q1	Q2	Q3	Q4	Current Cumulative figure	Absolute Number of Cases this Qtr	Direction of Travel (Previous Qtr)	RAG Status
	start date) including time spent on major works										
HOM19	Average days to re-let empty properties (from tenancy termination to new tenancy start date) excluding time spent on major works	41.91 days	TBC	25.82 days	33.98 days			31.34 days		▼	
HOM20	Number of properties becoming void in the quarter	236	TBC	100	73			173		▲	
HOM21	Number of properties let in the quarter	194	TBC	76	88			164		▲	
HOM22	% of properties let in the quarter and requiring major work.	Not available	TBC	56.76%	53.41%			50.61%		▲	
HOM23	Average days to re-let properties (from tenancy termination to new tenancy start date) requiring major work	Not available	TBC	76.42 Days	96.26 Days			87.65 Days		▼	
PROPERTY SERVICES											
ASS01	Percentage of properties with gas appliances that have current LGSR. (Landlords Gas Safety Record)	99.88%	100%	99.88%	99.95%			N/A		▲	Green
ASS02	Percentage of properties that have current EICR (Electrical Installation Condition Report)	68.63%	100%	81.55%	85.71%			N/A		▲	Green
ASS03	Percentage of Blocks that have current Fire Risk Assessment.	100%	100%	100%	100%			N/A		▶	Green

PI	Description	Outturn 2020/21	DDC Target 2021/22	Q1	Q2	Q3	Q4	Current Cumulative figure	Absolute Number of Cases this Qtr	Direction of Travel (Previous Qtr)	RAG Status
ASS04	Percentage of Blocks with communal lifts that have current LOLER (Lift Operations & Lifting Equipment Regulations).	100%	100%	100%	100%			N/A		▶	Green
ASS05	Percentage of Blocks with relevant installations that have legionella risk assessment.	100%	100%	87%	97.22%			N/A		▲	Green
ASS06	Percentage of communal assets that have satisfactory asbestos risk assessment.	100%	100%	100%	100%			N/A		▶	Green
ASS07	Number of current on-going actions, flowing from flowing from Fire Risk Assessments	833	N/A	389	251			N/A		▲	
ASS08	Total number of overdue actions, flowing from Fire Risk Assessments - broken down into:	363	N/A	242	225			N/A		▲	
	a) Intolerable ratings	0	N/A	0	0			N/A		▶	
	b) Severe ratings	0	N/A	0	0			N/A		▶	
	c) Moderate ratings	363	N/A	242	222			N/A		▲	
	d) Tolerable ratings	0	N/A	0	2			N/A		▼	
	e) Trivial ratings	0	N/A	0	1			N/A		▼	
ASS09	Number of overdue actions, flowing from Legionella Risk Assessments – broken down into:	190	N/A	143	93			N/A		▲	

PI	Description	Outturn 2020/21	DDC Target 2021/22	Q1	Q2	Q3	Q4	Current Cumulative figure	Absolute Number of Cases this Qtr	Direction of Travel (Previous Qtr)	RAG Status
	a) High	26	N/A	25	21			N/A		▲	
	b) Medium	140	N/A	108	66			N/A		▲	
	c) Low	24	N/A	10	6			N/A		▲	

Joint Housing Service Comments

Performance:

Housing Management

Performance for income recovery continues to be strong and the team are working proactively with a small number of families at risk of eviction to sign post them to additional support with the hope of averting this. A full review of former tenant debt handed over by EKH has taken place and identified a number of long -standing irrecoverable debts belonging to tenants who no longer live in our accommodation. Although these debts have been put forward for write- off they can be written back into accounts if these households asked to be rehoused by the Council in the future.

Our Landlord Liaison Officer is working hard to secure privately rented properties and we have seen an increase in the number of homeless prevention cases as a result. The Council continues to increase its stock of interim housing in order to minimise the numbers housed in B&B.

Housing Maintenance

The results of the internal audit of compliance, undertaken by East Kent Audit Partnership were an overall assurance level of 'reasonable' and in a number of the compliance streams an assurance level of substantial.

The continued performance improvement throughout the quarter has meant that the Regulator for Social Housing is now discussing with the Council the process of disengaging with Dover. Many of the compliance streams are now at the expected performance levels.

A new contract to carry out a limited number of void works was awarded to Jenner Contractors Ltd, who started work towards the end of the quarter. The issues of labour and materials shortages in the construction sector remain an on-going challenge that shows no signs of abating.

Much work was done throughout the Q2 on introducing an upgrade to the housing IT system, (The Northgate SAM system). This upgrade should have been introduced by EKH, as it was for the other east Kent authorities, but the installation at Dover had not happened. As a consequence of this workstream, resources have had to be diverted from day- to- day operational activities to ensure that the new system is fit for purpose.

Concerns/Risks:

The management and turn-around times for empty homes continues to be of concern. Additional contractor resource has been procured to help with this but the condition of properties being returned to us continues to be poor and requiring major repair and investment before they are suitable to relet.

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Corporate Resources

PI	Description	Outturn 2020/21	DDC Target 2021/22	Q1	Q2	Q3	Q4	Current Cumulative figure	Absolute Number of Cases this Qtr	Direction of Travel (Previous Qtr)	RAG Status
Finance											
ACC004	Percentage of invoices paid on time	83.28%	91.50%	84.73%	70.12%			77.43%	TBC	▼	Red
Community Safety											
CSU001	Percentage of ASB cases resolved within 30 days	100%	98%	77.2%	66.96%			72.08%	115	▼	Amber
Regulatory Services											
ENH005	Percentage of complaints regarding nuisance responded to within 5 working days	98.30%	95%	98%	97.5%			97.75%	322	▼	Green
ENH012	Number of Fixed Penalty Notices issued for litter	28	N/A	7	6			13		N/A	N/A
ENH013	Percentage of stray dog enquiries responded to within target time.	100%	95%	100%	100%			100%	38	▶	Green
ENH015	Number of Fixed Penalty Notices issued for dog fouling	1	N/A	0	2			2		N/A	N/A
ENH016	Number of Envirocrime prosecutions completed	6	N/A	5	4			9		N/A	N/A
LIC005	Percentage of licensed premises inspections completed by target date	45%	80%	100%	100%			100%	9	▶	Green
LIC006	Percentage of unopposed licensing and permit	99.5%	75%	97%	98%			97.5%	463	▲	Green

PI	Description	Outturn 2020/21	DDC Target 2021/22	Q1	Q2	Q3	Q4	Current Cumulative figure	Absolute Number of Cases this Qtr	Direction of Travel (Previous Qtr)	RAG Status
	applications processed within 5 working days										
PSH007	Number of DFG applications completed (for information only)	57	N/A	15	15			30	15	▶	N/A
PSH008	Percentage of completed DFG applications approved within 10 working days from receipt of application	85%	N/A	100 %	100%			100%		▶	N/A
Governance											
GOV001	Number of working days/shifts lost due to sickness absence per FTE	4.80 days	N/A	1.66	2.2			1.93 days		▼	N/A
GOV002	Number of working days/shifts lost due to long term sickness absence over 10 days per FTE	3.55 days	N/A	1.16	1.73			1.46 days		▼	N/A
GOV003	The number of second stage complaints referred to the Council's Complaints Officer	51	N/A	21	25			46		N/A	N/A
GOV004	The number of FOI requests received	1,019	N/A	260	248			508		N/A	N/A

Budget / General Fund Commentary (Head of Finance):

The 2021/22 budget approved in March forecast a GF deficit of £500k. The latest forecast shows a significant improvement and a balanced budget. The background is set out below.

The MTFP report included the following:

- That the Strategic Director (Corporate Resources) in consultation with the Leader and Portfolio Holder for Finance, Governance and Digital be authorised to:
 - Draw on the Council's earmarked reserves to fund the 2021/22 budget as required;
 - Apply new burdens funding as intended by Government;

- Take any surplus 2020/21 new burdens funding and "non-earmarked" funding into earmarked reserves to support the General Fund budget and to apply them in 2021/22.

The main changes for 2021/22 to note are:

- The impact of the on-going Covid pressures is forecast to reduce, with income streams starting to improve and government support for quarter one lost income assisting the forecasts.
- The on-going pressures on teams to maintain services and deliver major projects has created challenges for delivering the target savings set in the original forecast, and this has been revised down in line with current expectations.
- The impact on DDC (staff) resources for the Port Health obligations continue to grow. This has enabled a review of charging from the GF to the PH service and is estimated to result in charges to the new service of c£500k.
- Applying £200k of Covid grants brought forward is forecast to support a balanced budget for 2021/22.

The table below includes further detail on the overall forecast for the current year:

Description	Variance £000
Original Deficit	500
Estimated reduction in refuse contract charges	(200)
Leisure centre expected to return to management fee income payments	(175)
Parking income improvement and Q1 Sales, Fees & Charges claim	(289)
C-Tax & NDR penalty & fine income reduced due to limited court dates	30
Tides Management Support funded from ARG	(63)
Corporate savings target forecast reduced	815
Extra costs (staff, backfunding, office accom, etc) charged to Port Health	(500)
Interest receivable forecast reduced	247
Interest payable forecast reduced	(160)
Application of Covid grants to balance GF forecast	(200)
Forecast Deficit	5

Strategic Director (Corporate Resources) comments

Performance: The three areas of performance to note are housing re-let times (HOM18 and HOM19), the payment of invoices (ACC004) and the forecast financial outturn for the year.

- HOM18 & 20 – re-let times are taking longer, particularly where major works are required. The most significant factors are labour and materials shortages in the construction sector. An additional contractor has been engaged to provide additional resources and to speed up re-lets. However the labour and material supply issues are expected to continue for the immediate future.
- ACC004 – The time taken to pay invoices continues to be above target. Staff sickness and a vacancy have been significant factors. These have been addressed and additional training will be considered to ensure spending departments have the required knowledge to register invoices promptly.
- Forecast financial outturn – the financial position at year end is expected to be better than originally forecast in the MTFP, with a balanced outturn now forecast.

Concerns/Risks:

- Business Rates Collection - Although courts are now providing some dates, the backlog in Kent is above the national average. Business rates collection held up better than expected during lockdown but could still prove to be fragile.
- Council Tax – Council Tax held up better than expected in lock down and the end of furlough has not seen a surge in unemployment, Universal Credit claims or Council Tax arrears. Nonetheless the position should still be considered to be fragile while the economy continues to normalise.
- There remains great uncertainty around future Council financing, in particular Business Rates retention BR resets and revaluations on a three yearly basis, New Homes Bonus, Revenue Support Grant, Fair Funding review, and 1 or 3 year settlements.

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Operations and Commercial

PI	Description	Outturn 2020/21	DDC Target 2021/22	Q1	Q2	Q3	Q4	Current Cumulative figure	Absolute Number of Cases this Qtr	Direction of Travel (Previous Qtr)	RAG Status
Tourism											
MUS002	The number of visits to the museum in person per 1,000 population	3.67	200	14.7	41.63			28.17		▲	Red
Parking Services											
PKG003	Number of PCNS issued	10,238	N/A	5,144	4,036			9,180		N/A	N/A
Planning											
PLA001	Percentage of major planning applications determined in 13 weeks (exc. section 106 agreements) or within an agreed extension of time or Planning Performance Agreement	90.97%	65%	87.5%	100%			93.75%	8	▲	Green
PLA002	Percentage of non-major planning applications determined in 8 weeks (exc. Section 106 agreements)	90.23%	75%	91.25%	92.5%			91.88%	267	▲	Green
PLA003	The percentage of decisions for major applications overturned at appeal (+)	0%	<10%	0%	0%			0%	0%	▶	Green

PI	Description	Outturn 2020/21	DDC Target 2021/22	Q1	Q2	Q3	Q4	Current Cumulative figure	Absolute Number of Cases this Qtr	Direction of Travel (Previous Qtr)	RAG Status
PLA004	The percentage of decisions for non-major applications overturned at appeal (+)	0.65%	<10%	1.7%	1.1%			1.4%	8	▲	Green
PLA007	Number of new houses completed.	513 (53,799)	N/A	56 (53,855)	238 (54,093)			294		N/A	N/A
PLA008	Growth in Business Rates base (number of registered businesses)	50 (4,174)	N/A	38 (4,212)	-3 (4,209)			35		N/A	N/A
PLA009	% of appeals upheld by the Planning Inspectorate as a % of those submitted	18.75%	N/A	33%	37.5%			35.25%	8	N/A	N/A
Waste Services											
WAS003	Number of collections missed per 100,000 collections of household waste.		15	-	426.98					▼	Red
WAS010	Residual household waste per household (kg/hh)	419.09	350	-	111.5					▼	Red
WAS011	Household waste sent for reuse, recycling or composting	47.8%	50%	-	46.2%					▶	Amber
WAS012	Environmental cleanliness: Percentage of streets containing litter	5.33%	5%	-	N/A					N/A	N/A
WAS013	Environmental cleanliness: Percentage of street containing detritus	14.93%	10%	-	N/A					N/A	N/A

Strategic Director (Operations and Commercial) comments:

Summary

Disruption to the Council's recycling and waste services continued through this quarter and led to the decision to suspend the garden waste service for 9 weeks from the end of July. Performance has thankfully settled down with collections generally operating to time and on the set day, although further round changes will be required in the new year. As regards the performance data we are now able to report on some of the key indicators as shown above. Volumes of waste collected at the kerbside have grown significantly through the pandemic, as evidenced by WAS010. As regards WAS012 and WAS013, staff resources have clearly been focused in dealing with the collection service and new procedures for measuring cleanliness have been developed which will be reported in Q2.

Project budgets for construction work are being affected by inflationary pressures due to shortages of materials and manpower linked to the pandemic and Brexit. This is emphasising the need to include prudent contingency sums within project estimates to minimise the risk of cost overruns and consequent pressure on allocated budgets.

Performance, Key Initiatives & Outcomes:

Planning & Regeneration

Work is progressing well on the development of the new Local Plan, ahead of the Reg 19 consultation, which is still scheduled to commence in January 2022, which is a credit to all involved. Performance on the processing of planning applications also remains very strong despite the continued high level of applications.

Investment Growth & Tourism

The Investment, Growth & Tourism Department have continued with their support to the district's businesses, industry and town centres providing information, updates and advice, as well as grants and associated funding, this included increased support, engagement and promotions as the district hosted The 149th Open; as well as a range of new promotions and materials directly targeted towards investors and developers. Other promotion of the district and its businesses also continued at pace; including a digital familiarisation trip and presentation to UKinbound and a selection of travel trade partners. Tourism and Economic Development representation and collaboration at a national, regional, country and local level has also continued throughout, including contributing to inquiries at all levels and monitoring. The quarter also saw a visit from the Historic Places Panel to Dover and related tours and discussions, as well as the launch of a new ebike training scheme in Deal (working with Kent Country Council and Deal Town Council).

Department project work has continued on Dover's Market Square, Cable Car, Maison Dieu, Parking Review, Dover Fastrack, Aylesham, Purple Flag and other projects. Work also continued at speed on the Interreg Experience Project (working with both Visit Kent and the Kent Downs AONB) and the Interreg Green Pilgrimage project (working with the Kent Downs AONB). Research, brand, website, guide and video developments also continued and the quarter also witnessed a surge in external meeting requests with the department to discuss opportunities within the District.

Christopher Townend was appointed to replace Mr Tim Ingleton as the new Head of Investment, Growth & Tourism.

Assets & Building Control

Projects completed during Q2 include: Astor theatre (remaining works to effect repair on Stanhope Road elevation, redecoration carried out by Astor Theatre - and internal repairs); preparation of Maison Dieu car park building for CAB; refurbishment of 3No. shelters at Deal; improvements to a number toilet facilities; repairs to the lower deck of the pier, which was then re-opened.

Street lighting: much progress has been made with respect to installing the remaining 270 approx. pole mount lights. Work to enhance the isolators and then convert the lights themselves started in mid-July and around 100 lights had been converted by the end of August.

Museum Store – The contract for the new facility at Whitfield was put out to tender for award in September.

Public Sector Decarb Scheme: Work on this project following the appointment of the design consultant has progressed at speed. Detailed design work highlighted that the electrical capacity at Whitfield offices may well be insufficient, requiring the installation of an additional sub-station and an order has been placed with UKPN for this work.

Dover Rugby Football Club: following a significant flood, caused by a burst pipe, the team were involved in co-ordinating the repair work, (DDC as landlord have a central role). Three strands of work were involved – some landlord enabling works including repairs to roof and structure, internal repairs covered by insurance and internal enhancements funded and organised by the club.

Commercial Services

Grounds maintenance staff have had a busy summer season, with the wet weather requiring grass cutting to continue for far longer than has been the case in recent years. Staff shortages in this area are still a problem and we will be reviewing the situation during the winter to see how we can address the issue. The opening of the café at Kearsney has been a great success with the venue already proving popular with locals and visitors alike. Work in the park itself is also complete and as the planting starts to settle and mature the transformative effect of the project can start to be properly appreciated.

Museum Service

After the enforced lockdown closures the museum reopened on xxx and visitor numbers have grown through the summer. Work on the cataloguing project continues ahead of the relocation of the stores from the Maison Dieu to the new purpose-built facility. Design and development work continues on the NHLF funded project to restore the Maison Dieu with construction work due to start in early 2022.

Concerns/Risks:

Pressure on costs due to inflation within the construction industry and shortage of materials and labour.

Subject:	APPOINTMENT OF SANDWICH PORT AND HAVEN COMMISSIONERS
Meeting and Date:	Cabinet – 6 December 2021
Report of:	Louise May, Head of Governance and HR
Portfolio Holder:	Councillor Trevor Bartlett, Leader of the Council
Decision Type:	Non-Key Executive
Classification:	Unrestricted

Purpose of the report: The terms of office of six of the eight Sandwich Port and Haven Commissioners who are appointed by Dover District Council are due to expire on 20 February 2022. Cabinet is requested to approve the commencement of the selection process for the appointment of the four independent commissioner positions, and to appoint two District Councillors (or non-Members) to serve as commissioners.

Recommendation:

(a) That a Selection Panel be established, comprising a member of the Cabinet, a member of the Corporate Management Team and the Chairman of the Sandwich Port and Haven Commission, to interview applicants for the independent member positions, and make recommendations for appointment.

(b) That two District Councillors (or non-Members) be appointed to serve on the Sandwich Port and Haven Commission for a term of three years with effect from 21 February 2022.

(c) That the Chief Executive, in consultation with the Portfolio Holder for Planning and Environment, be authorised to make the final appointments for the independent member positions on the Sandwich Port and Haven Commission, having given consideration to the recommendations of the Selection Panel.

1. Summary

- 1.1 The terms of office of six of the eight commissioner appointments to the Sandwich Port and Haven Commission are due to expire on 20 February 2022. These comprise four independent commissioners, and two commissioners who may be appointed directly from the membership of Dover District Council (DDC). Cabinet is requested to agree that the selection process (including the establishment of a selection panel) for the appointment of the four independent commissioner positions be commenced, and to appoint two Dover District Councillors (or others of Cabinet's choosing) to serve for a term of three years with effect from 21 February 2022.
- 1.2 The two remaining commissioners are appointees nominated by Sandwich Town Council from the membership of the town council. Their appointments are not due to expire until 13 August 2022.

2. Introduction and Background

- 2.1 Using powers derived from the Sandwich Port and Haven Commissioners (Constitution) Revision Order 1976, the Council is responsible for appointing the eight

commissioners that make up the Sandwich Port and Haven Commission. The Commission's primary duty is to take such steps as it considers necessary or expedient for the improvement, maintenance and management of the Port of Sandwich. Commissioners are expected to have a substantial interest in the Sandwich Port and Haven, from either a commercial, employment, recreational or conservational viewpoint, and be familiar with the area served by the port.

2.2 The composition of the Commission is currently as follows:

Category of Commissioner	Current Incumbents	Expiry of Term of Office
Four independent commissioners (recruited through external advertisement and interview by selection panel and appointed by Dover District Council)	Mr Nicholas Gray Mr Harvey Cole Mr Russ Pullen <i>Vacancy</i> (since December 2020 following resignation of Mr John Clandillon-Baker)	20 February 2022
Two commissioners appointed by Dover District Council (without the need for external advertisement and interview by selection panel - referred to as 'DDC-appointed commissioners' in this report)	Mr James Blackmore <i>Vacancy</i> (since October 2021 following resignation of Mr Robert Holden)	20 February 2022
Two commissioners nominated by Sandwich Town Council (who must be Sandwich Town Councillors when appointed) and appointed by Dover District Council	Town Councillor Keith Heaven Town Councillor Danielle Sivrikaya	13 August 2022

Dover District Council Appointments

2.3 One of the two DDC-appointed commissioners, Mr Robert Holden, resigned in October 2021. However, it is not recommended that Cabinet appoints his successor immediately, but rather to wait until February 2022 when his term of office would have expired. The Sandwich Port and Haven Commission has not indicated that carrying this vacancy is causing any operational difficulties and waiting until February will also offer the opportunity to choose a commissioner from amongst the candidates who apply for the independent commissioner positions (should Cabinet be of the view that this is preferable).

2.4 The other DDC-appointed commissioner is Mr James Blackmore who has served four full terms of office since 2010 - three as an independent commissioner. Whilst the Department for Transport's Modernising Trust Ports Guidance seeks to limit the number of terms served by commissioners to a maximum of three, it recognises that some parts of its guidance are not necessarily appropriate for smaller ports. Where such ports are unable to comply with the guidance, they are expected to state openly why this is the case. For example, where it is proposed to re-appoint a commissioner for a fifth term (in preference to another suitably qualified candidate), the reasons for doing so should be explicitly recorded.

- 2.5 The new DDC appointments will expire on 20 February 2025.
- 2.6 Cabinet has the following options when considering who to appoint as DDC-appointed commissioners:
- Re-appoint Mr Blackmore and fill the other vacancy with an individual chosen from the options given below; or
 - Appoint two DDC Members or Officers or one of each
 - Allocate one or both appointments to the independent commissioners (if suitable candidates are identified through the recruitment process) or to Sandwich Town Council
 - Appoint two commissioners from the community (i.e. no connection to DDC or Sandwich Town Council)

Independent Commissioner Appointments

- 2.7 An open and competitive selection process will be followed in order to fill the four independent commissioner vacancies, with the positions being advertised on the Council's website and in the East Kent Mercury in December. The selection panel will conduct interviews in January. The new appointments will expire on 20 February 2025.
- 2.8 For completeness, Cabinet is asked to note that the independent commissioner position left vacant by the resignation of Mr John Clandillon-Baker in December 2020 was not filled due to the difficulties of conducting interviews during the pandemic. This decision was taken with the agreement of the then Chairman of the Commission and in consultation with the Solicitor to the Council.

3. Identification of Options

- 3.1 Option 1 – not to approve the establishment of a selection panel for the appointment of the four independent commissioners, or to appoint two District Councillors or non-Members.
- 3.2 Option 2 – to re-appoint Mr James Blackmore and appoint another commissioner from the options given at paragraph 2.6. (If necessary, the second appointment could be postponed in case a suitable candidate is identified through the independent commissioner selection process.) In addition, to approve the selection panel for the appointment of the four independent commissioners.
- 3.3 Option 3 – to appoint replacements for both DDC-appointed commissioners, choosing from the options set out at paragraph 2.6. (If necessary, both appointments could be postponed in case suitable candidates are identified through the independent commissioner selection process). In addition, to approve the selection panel for the appointment of the four independent commissioners.

4. Evaluation of Options

- 4.1 Option 1 is not recommended as the Sandwich Port and Haven Commissioners (Constitution) Revision Order 1976 requires that the Council appoints eight Commissioners. However, the composition of the Commission may be varied, providing there are at least two Town Councillors and at least four independent members. The options for varying the DDC appointments are set out at paragraph 2.6.
- 4.2 Options 2 or 3 are the recommended options.

5. Climate Change and Environmental Implications

5.1 None.

6. Resource Implications

6.1. There will be a cost for placing an advertisement in the East Kent Mercury. However, commissioners may not claim travel and subsistence expenses from the Council for attendance at meetings of the Commission due to a legal principle and must instead claim them from the Commission.

7. Corporate Implications

7.1 Comment from the Strategic Director (Corporate Resources): Accountancy has been consulted on this report and has no further comments to add. (AT)

7.2 Comment from the Solicitor to the Council: The Solicitor to the Council has been consulted in the preparation of this report and has no further comments to make.

7.3 Comment from the Equalities Officer: This report does not specifically highlight any equality implications. However, in discharging their duties, Members are required to comply with the public sector equality duty as set out in Section 149 of the Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15/section/149>.

8. Appendices

None.

9. Background Papers

Department for Transport's Modernising Trust Ports Guidance

Sandwich Port and Haven Commissioners (Constitution) Revision Order 1976

Contact Officer: Kate Batty-Smith, Democratic Services Officer (extension 2303)

DOVER DISTRICT COUNCIL

NON-KEY DECISION

EXECUTIVE

CABINET – 6 DECEMBER 2021

EXCLUSION OF THE PRESS AND PUBLIC

Recommendation

That, in accordance with the provisions of the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000, the public be excluded from the remainder of the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in the paragraph of Schedule 12A of the 1972 Act set out below:

<u>Item Report</u>	<u>Paragraph Exempt</u>	<u>Reason</u>
Dover Fastrack Project Update	3	Information relating to the financial or business affairs of any particular person (including the authority holding that information)
Award of Contract for Sandwich Guildhall Square Works	3	Information relating to the financial or business affairs of any particular person (including the authority holding that information)

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

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