

Public Document Pack



Democratic Services
White Cliffs Business Park
Dover
Kent CT16 3PJ

Telephone: (01304) 821199
Fax: (01304) 872452
DX: 6312
Minicom: (01304) 820115
Website: www.dover.gov.uk
e-mail: democraticservices@dover.gov.uk

26 May 2020

Dear Councillor

I am now able to enclose, for consideration at the meeting of the **CABINET** on Monday 1 June 2020 at 11.00 am, the following report that was unavailable when the agenda was printed.

6 **REVIEW OF REVENUE AND CAPITAL BUDGETS IN RESPONSE TO COVID-19 PANDEMIC** (Pages 2-19)

To consider the report of the Strategic Director (Corporate Resources).

Responsibility: Portfolio Holder for Finance and Governance

Yours sincerely

A handwritten signature in black ink, appearing to read "Nicky", written over the printed name "Chief Executive".

Chief Executive

Subject:	REVIEW OF THE REVENUE AND CAPITAL BUDGETS IN RESPONSE TO THE COVID-19 PANDEMIC
Meeting and Date:	Cabinet – 1 June 2020
Report of:	Mike Davis, Strategic Director (Corporate Resources)
Portfolio Holder:	Councillor Stephen Manion, Portfolio Holder for Finance and Governance
Decision Type:	Non-Key
Classification:	Unrestricted

Purpose of the report: To establish the strategic financial response to Covid-19 and commission the additional work required.

Recommendation: It is recommended that Cabinet:

1. Approve the remodelling of the revenue and capital budgets using the assumptions and changes set out in this report.
2. Instruct officers to resubmit the Capital Programme to Cabinet with risk assessments against existing and any new projects with the objective to generate net savings / reductions / cancellations of £4.6m or more as soon as is practicable.
3. Instruct officers, by July / August 2020, to:
 - (i) Develop a programme of asset disposal for further consideration to generate a target £1.0m of receipts.
 - (ii) Review the options and implications of additional borrowing to finance the Dover District Leisure Centre.
 - (iii) Review the current earmarked reserves to determine whether any further sums could be released.
 - (iv) Re-present the revenue budget to Cabinet with an indication of statutory and non-statutory services to assist in resource prioritisation and updated projections of budget pressures for 2021/22.
 - (v) Present project appraisals, including commitments of partner funded projects, for those capital projects that Cabinet wishes to proceed.

1. Summary

1.1 This report has been prepared in order to develop a strategic financial response to the Covid-19 response and to provide all Members with an update on the Council's financial position.

1.2 This report is split into seven sections:

- (a) Headlines;
- (b) The unknowns;
- (c) Support provided to the community;
- (d) The 2020/21 budget;
- (e) The extra headroom required and the capital programme;

- (f) The Council's Earmarked Reserves; and
- (g) The 2021/22 budget.

2. Background

- 2.1 The Covid-19 pandemic and the subsequent lockdown of the UK economy is expected to generate the sharpest recession since 1945. UK unemployment is already reported to have risen by 857,000 in April to 2.1m, an increase of circa 68% in the reported unemployment rate in 1 – 2 months.
- 2.2 For district councils such as Dover, the financial impacts in 2020/21 come from a combination of some additional cost pressures (mainly homelessness), very significant losses of income and minimal financial support from the Government.
- 2.3 The uncertainty surrounding the continued lockdown, the rate and timing of economic recovery, the future of local government financing and any potential additional government support combine to create a significant range of unknowns. Therefore, it is not possible to provide certainty as to the impact on the Council's future financial position.
- 2.4 This report has been produced to provide Members with the most up to date analysis available, the future work required and the options available. Whatever measures the Council takes, the current circumstances are likely to have a significant impact on the Council's financial position and the range of services it provides.
- 2.5 Although the government has started to relax some of the lockdown measures introduced in March, the rate at which lockdown will be released and the speed of recovery as the country emerges from lockdown (and the possible recurrence of a second spike) are all unknowns. This report contains forecasts that extend the financial impacts from a 3-month lockdown period to 6, 9 and 12 months. These are for guidance and do not imply that we are predicting a specific lockdown period. In practice we may face the financial impact of a 2-month lockdown and 2 months of tapered recovery which might equate to the effect of a simple 3 months of lockdown.
- 2.6 For the purposes of estimating the quantum and developing a strategic response the financial modelling assumes a period of 'lockdown' equating to 6 months.

3. Key Points

- 3.1 The key points to note from this report are:
 - (a) A 6 months lockdown is forecast to create £5.3m of additional pressure on the 2020/21 budget.
 - (b) A new town centre regeneration fund of £2.5m to support the recovery has been assumed.
 - (c) An additional £1.5m is required to fund the Maison Dieu project¹.
 - (d) Transition costs of £0.5m have been assumed to support any organisational changes required for 2021/22 and subsequent years.
 - (e) These pressures total £9.8m for 2020/21.
 - (f) Additional borrowing and/or additional contributions to reserves would increase this total.
- 3.2 To meet these pressures the following options have been identified:

¹ The Maison Dieu project is the subject of a separate report. This was correct at the time of writing.

- (a) Reduce the Council's General Fund balance to £1.5m, thus releasing £1.0m.
- (b) Apply the Government's support to DDC of £1.2m.
- (c) Cancel budgeted contributions from the General Fund budget to earmarked reserves of £2.0m.
- (d) Consider a programme of asset disposal, for further consideration to generate capital receipts of at least £1.0m.
- (e) Pause the capital programme (with some specific exceptions²) and resubmit to Cabinet with risk assessments against existing and any new projects with the objective to generate net savings / reductions / cancellations of £4.6m.
- (f) Collectively these actions are forecast to generate £9.8m.
- (g) Review the current earmarked reserves to determine whether any further sums could be released.

4. The Unknowns

- 4.1 The financial position is one of unprecedented uncertainty. A summary (not exhaustive) of the major "unknowns" identified to date is provided below.
- 4.2 Linear – many of the impacts are unlikely to be linear in their effects, so what we experience in the few weeks is not necessarily a good indication of what is to come. Some pressures will ease over time, others will tighten, others will have a phased recovery period, etc.
- 4.3 Duration – it is not yet clear how long the lockdown will continue and therefore when the recovery will start.
- 4.4 Pattern of economic recovery – the economy appears to be in recession, and this may possibly become depression, potentially the steepest in 300 years. It is not clear what shape this will take:
 - (a) V – a fast immediate recovery
 - (b) U – a period of recession / depression followed by a recovery
 - (c) L – no short-term recovery
 - (d) W – a second dip if the virus returns and requires a second period of lockdown.
- 4.5 Government support to businesses – the furloughing policy has probably reduced the level of short-term unemployment. The duration and phased withdrawal of furloughing are uncertain, but as unemployment and Universal Credit claimant levels increase, we are likely to see an increase in the cost of the Council Tax support scheme. UC has a 4 – 6 weeks delay anyway and growth in unemployment may build slowly so it is not yet possible to identify the effect and start to measure the impact.
- 4.6 Council Tax – The majority of Council Tax is paid in instalments, most being "10 monthly". Therefore, the lockdown is likely to have had minimal impact on Council Tax collection in March 2020, and we are in the first month of impact. Initial indications are a reduction of 5% in Council Tax collection – but this is likely to have been skewed by

² Exceptions are those projects which have started or are contractually committed, those that are essential for safety reasons or to protect the integrity of the asset, and those where public and private sector partners have made confirmed commitments such as BRT, Dover Town Market Square and Sandwich Place Making. All projects need formal Cabinet approval before they proceed.

the payment of hardship grants and a rescheduling of some Council Tax payments to a June – March year.

- 4.7 Business Rates – Retail, leisure and hospitality businesses have been taken out of the system for a year, and small businesses have been given grants. In the short term this protects business rates income. In the longer term it is not clear what proportion of these businesses will survive the lockdown. The team are currently focused on making payments, and the latest discretionary scheme, but will try to determine the underlying business rates pattern.
- 4.8 Business Rates Retention – Government has been working on reforms to the Business Rates Retention (BRR) model but without notable success, so the current model will continue through 2021/22.
- 4.9 The current model is volatile and unpredictable. DDC is also a shadow member of the Kent business rates pool. There is a possibility that all (or the bulk) of the pool members suffer adverse business rates performance next year. It is not clear how the government's safety net will be applied to a pool. It should also be noted that Dover is a shadow member of the pool. In theory we could walk away from the pool if that were to our advantage. That would not be appropriate. The other pool members have honoured their commitment to treat Dover (and Sevenoaks) as bona fide pool members even though technically we are not – and so we cannot honourably decide to leave, except by mutual agreement.
- 4.10 Timing – BR are paid into the collection fund from which Dover and the other stakeholders precept (draw) their shares. So poor BR performance in 2020/21 would not actually affect the DDC precept for the year but would leave a deficit in the collection fund. This deficit would not be confirmed until April / May of 2021, by which time the precept for 2021/22 would already have been set (probably based on an estimated deficit), so the impact of the 2020/21 poor performance impacts on the DDC budget for both 2021/22 and 2022/23. This makes the link between what is happening in the local economy and how it impacts upon the DDC budget rather tenuous. At present the modelling has been simplified so that a reduction in BR performance is shown as a direct impact upon the Council in 2020/21. If this is not done, then the issue may be long forgotten when we face the final confirmed financial impacts in 2022/23.
- 4.11 Presentation of statistics to government – in their collection of data on the impacts, MHCLG have requested that all CT and BR income is shown against the billing authorities, rather than split across all preceptors. This is probably done for consistency and convenience but may have made Kent level summaries confusing for Members.
- 4.12 New Homes Bonus – NHB is a key income stream, totalling £1.7m per annum. Government have repeatedly tinkered with it. The current system is operating on an annual basis with no legacy payments for current awards. We must also assume that completions and therefore performance is down on past achievements. If this dips below the historic growth trend level (which is our “minimum delivery” target) then we may not receive NHB for growth in 2019/2020.
- 4.13 Fair Funding Review – This review was set up to develop a sustainable and equitable basis for the future funding of local authorities. The review has been put on hold by the government, therefore it is assumed the current system will continue.
- 4.14 Brexit – the timing and impact of the Brexit transition period remain uncertain. No positive or negative impacts have been assumed in the forecasts.
- 4.15 Reserves and Balances – The Council has maintained prudent balances and reserves, although the capital programme has been steadily depleting these reserves and this is unsustainable. A review of the capital programme and reserves is therefore required to determine what reserves should be maintained in the future and what reserves

(released from funding the project programme) could be applied to support the Council's financial position in 2020/21 and 2021/22.

- 4.16 **Borrowing** – the Council could undertake more borrowing (the Dover District Leisure Centre has not yet been financed³ and we could replace some of the planned £7m use of reserves with more borrowing). As a rough guide, borrowing £1m over 40 years generates an annual revenue pressure of £40k per annum, so fixed interest rate borrowing over a fixed term, where the project is self-financing, is an option. There are potential risks to this option if the income stream on which the business case was developed is not delivered, or is delivered at a reduced level, since it would just leave a budget pressure.
- 4.17 **Future Leisure Centre income** – the return to use and the pattern of use and membership at both Dover District Leisure Centre & Tides are clearly significant unknowns, as is the level of competition that will survive and remain in the market after the lockdown and the level of support to be provided by the Council to support service delivery.
- 4.18 **Commercial rental income** – this income stream comes from a diverse portfolio with a small number of high value leases and a high number of smaller leases. Rents are commonly paid on the quarter days, and so the first payment of this financial year will not yet be due in many cases. Therefore, the pattern of payment cannot be determined reliably at this time.

5. Support Provided to the Community

- 5.1 Apart from the recently announced discretion grants, the support to the community is now reasonably established and is stabilising and should be fully funded by government grants. For brevity this has been provided as Annex 1 to this briefing note.

6. The 2020/21 Budget

- 6.1 The budget impact has been modelled to show the impact of lockdown for 3, 6, 9 and 12 months.
- 6.2 This is not intended to suggest that the impact of the lockdown will fall into clear neat 3-month periods. In practice, we might have a 2-month lock-down, and 2 months of easing, which might equate to the 3-month modelling – but this is currently unknown. It also does not suggest that a 12-month lockdown period is considered a likely scenario, but it recognises that there could be significant additional periods, potentially at intervals, if a second wave is experienced.
- 6.3 The modelling is intended to show the broad level of pressure and how it might change over time.

Cost/Income Area	Original 2020/21 Budget £k	Estimated Financial Pressure @ 3 Month Lockdown £k	Estimated Financial Pressure @ 6 Month Lockdown £k	Estimated Financial Pressure @ 9 Month Lockdown £k	Estimated Financial Pressure @ 12 Month Lockdown £k
<u>Expenditure Pressures</u>					
Homelessness	1,100	275	385	495	605
Refuse & Recycling	7,964	40	80	119	159

³ This is a technical issue. We have “paid” for the leisure centre using, in part, our cashflow, but we have not yet selected whether all of the long term “financing” should be from borrowing or reserves or a mix.

Cost/Income Area	Original 2020/21 Budget £k	Estimated Financial Pressure @ 3 Month Lockdown £k	Estimated Financial Pressure @ 6 Month Lockdown £k	Estimated Financial Pressure @ 9 Month Lockdown £k	Estimated Financial Pressure @ 12 Month Lockdown £k
<u>Income Pressures</u>					
Car Parking	-2,655	797	1,460	2,124	2,655
Building Control	-320	32	64	96	128
Development Control	-720	72	144	216	288
Land Charges	-171	17	34	51	68
Licensing	-211	21	42	63	84
Refuse & Recycling	-408	0	0	0	0
Rental income	-2,255	226	451	677	902
Other Income Streams	-2,613	261	523	784	1,045
Civica Revs & Bens Charges	1,934	19	39	58	77
Property Investment Target	-100	100	100	100	100
Interest Receivable	-1,750	438	613	788	963
NDR Baseline Funding	-5,658	566	849	1,132	1,415
Council Tax Income	-7,503	375	563	750	938
Total Cost		3,238	5,345	7,453	9,428
Average monthly burn rate for the lockdown periods.		1,079	891	828	786

6.4 The key points to note for 2020/21 are:

- (a) These are “best estimates”. They aren’t best case or worse case, and they cannot be precise at this time.
- (b) The indicative additional budget pressure at the start is circa £1m per month of lockdown.
- (c) The total projected pressures currently range from £3.2m - £9.5m.
- (d) There are some additional costs, particularly for homelessness, the Community Hub and refuse / recycling, but the main pressures for district councils like Dover are in significant losses of income from a wide range of sources.
- (e) We have received £1.25m in total support from government which is welcome, so they have met circa one month’s costs or around 1/3 of the cost of the shortest projected lockdown period modelled. We don’t know if Government will do more – but for planning purposes we assume it is unlikely.
- (f) The current 2020/21 budget assumes some transfers to reserves. While it is proposed that these transfers could be forgone to reduce the financial pressure in the year, this will leave less in reserves for future years.
- (g) The Council has always adopted a prudent approach to earmarked reserves and balances, higher risk investments and projects, financing of the capital programme, borrowing etc and this has given Dover a degree of financial strength.

The reserves and balances should not be drawn on lightly and should be rebuilt to a reasonable level as soon as possible. They can only be used once and are hard to rebuild. On the other hand, they are there, in part, to protect the Council and to provide for exceptional events. A pandemic of a “once a century” scale and a “300 year” recession are certainly exceptional events and therefore it is reasonable to consider the use of reserves for the immediate impact of the current crisis and any subsequent transition.

- (h) There are three main types of balances and reserves.
- (i) Balances – these are good buffer against unexpected overspends and “one-off” shocks. The Council has, in recent years, maintained the General Fund balance at over £2.5m. It would not be prudent to draw on all this balance; but use of up to £1.0m in 2020/21 would not be unreasonable.
 - (ii) Smoothing transfers - these are used to set aside funding for periodic large expenditure areas, such as, managing the complexities around the Collection Fund surplus & deficits, district elections, the LDF process, ICT equipment replacement, planning appeals, etc. It is not proposed that these are reduced at this stage due to the on-going need to fund these areas.
 - (iii) Transfers to support future projects and maintain healthy reserve levels. These are usually from one-off income streams, one-off savings or income streams that are not considered prudent to include in the base budget due to volatility or other factors. These could be reviewed to support the current budget financing and include:
 - £600k transfer of increased investment income returns;
 - £930k one-off prior year renewable energy NDR income;
 - £550k from interest savings generated due to borrowing not undertaken for Property Investment, DDLC & the LOBO loan repayment.
 - (iv) The total available from balances and postponed / cancelled transfers to reserves is therefore circa £2.5m.
- (i) It is uncertain whether there will be one lockdown period after which general Covid-19 containment / immunity / treatment / vaccination will prevent a recurrence, whether on-going measures will continue for some months, or whether there will be an easing after which the virus will return, requiring further lock-down.
- (j) There is an on-going duty on s151 officers to make a report under s114 of the Local Government Finance Act 1988⁴ should circumstances dictate. This is a statutory duty – not a matter of personal choice. Every effort will and must be made to avoid this happening. This could be avoided if Government were to underwrite councils’ solvency for a period. Government does not appear to be prepared to do this and a s114 notice may become unavoidable for some councils.

7. Extra Headroom Required and the Capital Programme

⁴ Section 114 reports were made at Northamptonshire CC where the relevant finance officer considered the resources of the council insufficient to meet its plans.

- 7.1 In order to meet the immediate pressures on the 2020/21 budget some extra headroom will be required. The “Key Points” section above sets out the projected additional headroom required for 2020/21 of £9.8m and the options to achieve it.
- 7.2 However, it is also possible to investigate release of additional resources in two ways.
- 7.3 First, by borrowing to finance projects that have not yet been financed. The most notable opportunity is the Dover District Leisure Centre where borrowing of up to £7m could be considered in order to replace earmarked reserves that have been set aside for this purpose. It may also be appropriate to borrow a proportion of this sum at a pro rata cost.
- 7.4 Every £1m borrowed will cost circa £40k per annum to service, so borrowing all £7m would create a £280k additional annual pressure in 2021/22 and for the next 40 years. This is clearly a trade-off. This is in addition to the broad estimate of pressures for 2021/22 set out later in this note.
- 7.5 Second, by drawing more from earmarked reserves. This is considered below.

8. The Council’s Earmarked Reserves

- 8.1 Over many years the Council has maintained financial discipline and adopted prudent financial policies that have given it a sound financial position. The 2020/21 Budget and Medium-Term Financial Plan showed a projected General Fund balance of £2.6m and £12.9m of earmarked reserves for a range of purposes including events (the Open Golf etc), regeneration, ICT equipment, Business Rates and Council Tax smoothing reserves etc.
- 8.2 The Council’s capital programme is depleting these reserves faster than they are being replaced. However, given the unique circumstances at the current time, it is proposed that the reserves should be reviewed to determine whether more reserves should be released to address the pressures in 2020/21, or whether the reserves require additional contributions thus increasing the General Fund revenue budget pressure.

9. The 2021/22 Budget

- 9.1 For 2021/22, there is likely to be a mix of on-going pressures from a reduced resource base and the pressures created by a slow recovery of other income streams, in addition to whatever changes government may make to the financing of local government.
- 9.2 The council therefore faces some conflicting requirements:
- (a) Trying to find some certainty in an uncertain situation;
 - (b) Avoid over-reaction and making undue reductions in service budgets;
 - (c) Avoid under-reaction and insufficient reductions in service budgets leading to possible last minute / emergency reductions in budgets at the start of 2021/22;
 - (d) Avoid making inessential commitments during 2020/21 which may require reversal in 2021/22.
- 9.3 The Medium-Term Financial Plan (approved by Council in February) shows DDC facing a projected budget shortfall in 2021/22 of £1.3m. The 12 months impact of full lockdown in 2020/21 is estimated to be circa £10m. Assuming the recovery is underway by that time, then this impact will be diminished, but still significant.
- 9.4 If we estimate the residual pressure in 2021/22 to be in the order of 10 – 20% of the lockdown level, then the additional annualised pressure would be £1m - £2m. This

would mean savings from services in 2021/22 of £2.3 - £3.3m, or 13 – 19% of the Council's 2020/21 net budget.

- 9.5 This figure would become higher if borrowing is undertaken for the Dover District Leisure Centre (say £280k pa for £7m borrowing) and if General Fund Balances are to be restored to a level of £2m by 2023 (£250k pa).
- 9.6 Once the statutory services (such as refuse collection, environmental health, planning, etc.) are largely removed from this calculation, the percentage pressure on the remaining discretionary services is likely to be much higher.
- 9.7 To place this in context, the General Fund expenditure on employees is circa £16m. A saving of £3.3m, if all taken from the employees' budget (ignoring HRA recharges), is circa 20% of the total spend. Any non-essential commitments made at this stage will increase this percentage.
- 9.8 It is also important that the significant range of budget uncertainties is recognised. Some of these repeat points made above. But they will assume a greater importance when they have become the new normal for the 2021/22 and subsequent budgets.
- (a) Council Tax collection rate
 - (b) Council Tax Support Scheme costs, impacted by future unemployment levels
 - (c) Business Rates Tax Base
 - (i) Levels of bankruptcies and unoccupied properties
 - (ii) Potential loss of growth / reduction of the tax base
 - (iii) Collection rates
 - (iv) Appeals
 - (v) Defaults and bad debt levels
 - (vi) VOA and revaluations
 - (vii) Channel Tunnel and Port appeals in the light of poor trading
 - (viii) Collection Rate
 - (ix) Pooling and the safety net operation
 - (x) BR retention review and any scheme changes⁵
 - (d) Fair Funding review⁶
 - (i) The future model of council funding – this review appears to have stalled
 - (e) Car parking, planning fees, searches and other F&C
 - (f) Leisure Centre payments
 - (g) Pension Fund impact – next triennial valuation. Will there need to be an interim valuation?
 - (h) Investment income
 - (i) Commercial rent income
 - (j) New Homes Bonus
 - (k) The free port
 - (l) Brexit progress
 - (m) The impact of major contract renewals.

⁵ The Business Rates Retention review has been put on hold. The current system is not fit for purpose, but it would appear to be continuing for at least another year.

⁶ The current model of local government finance is not coherent or effective and requires re-design.

9.9 The final uncertainty is whether (regardless of Dover's own position) the existing model of local government and the way it is financed will be sustainable for most Councils, and if not, how will it be reformed.

10. **Summary of Proposed Actions**

10.1 The various sections above included proposed actions. For convenience they are summarised below.

10.2 With immediate effect:

- (a) Remodel the revenue and capital budgets as set out in this report based on the following assumptions and actions.
- (b) Assume a 6 months lockdown for the purposes of modelling pressure on the 2020/21 budget.
- (c) Assume a new town centre regeneration fund of £2.5m to support the recovery.
- (d) Apply an additional £1.5m to the capital programme to fund the Maison Dieu project.
- (e) Allow transition costs of £0.5m to support any organisational changes.
- (f) Reduce the Council's General Fund balance to £1.5m, thus releasing £1.0m and restore the balance to £2.0m over 2 years.
- (g) Apply the Government's support to DDC of £1.2m.
- (h) Cancel contributions from the 2020/21 General Fund budget to earmarked reserves £2.0m.
- (i) Pause the capital programme.

10.3 As soon as possible:

- (a) Resubmit the Capital Programme to Cabinet with risk assessments against existing and any new projects with the objective to generate net savings / reductions / cancellations of £4.6m or more.

10.4 By July/August 2020:

- (a) Develop a programme of asset disposal for further consideration to generate a target £1.0m of receipts.
- (b) Review the options and implications of additional borrowing to finance the Dover District Leisure Centre.
- (c) Review the current earmarked reserves to determine whether any further sums could be released.
- (d) Re-present the revenue budget to Cabinet with an indication of statutory and non-statutory services to assist in resource prioritisation and updated projections of budget pressures for 2021/22.
- (e) Present project appraisals, including recommitments of partner funded projects, for those capital projects that Cabinet wishes to proceed.

11. **Resource Implications**

11.1 The proposals in this report are intended to keep the revenue budget and capital programme within existing resource envelopes as approved by Council, and to provide a basis for further work.

12. **Climate Change and Environmental Implications**

- 12.1 One constant during these uncertain times is the risk of Climate Change. Recovery plans, strategies and projects should all consider the impacts on Climate change on a case by case basis, and what could be done within the Council's resources to reduce emissions to ensure DDC's Climate Emergency ambition is achieved together with the legally binding National targets.

13. **Corporate Implications**

- 13.1 Comment from the Director of Finance (linked to the MTFP): No further comments to add.
- 13.2 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.
- 13.3 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>.

14. **Appendices**

Annex 1 – Support to the Community

Annex 2 – Major Projects Summary

15. **Background Papers**

Council Budget 2020/21 and Medium-Term Financial Plan 2020/21 – 2023/24 and associated working papers.

Contact Officer: Mike Davis, Strategic Director (Corporate Resources)

Support to the Community

Grants and Support to Businesses

1. Government has, through Councils, provided significant support to businesses. The main strands of this support are:
 - a. Waiving of all Business Rates in the retail, hospitality and leisure sectors for all of 2020/21.
 - b. Small business grants - £10k where the RV is under £15k
 - c. Retail, hospitality and leisure grant £10k for RV up to £15k, £25k for RV up to £50,999.
 - d. Discretionary Grants
2. As at 18/5/20 the position for DDC was 1,809 payments made or passed for payment, totalling £20,865,000 (89% of the eligible cases).
3. For those businesses where we hold the required data, payments were made without the need for applications.
4. For the others, to ensure all qualifying businesses receive their grants the team have telephoned, written, e-mails and promoted this by social media. There are also prominent guidance notes on the DDC website, and the team are now liaising with business representatives to see if they can also signpost businesses to the support available. Surprisingly there appears to be a small core of businesses that do not seem anxious to receive the grant but efforts to contact all businesses will continue.

Discretionary Grants

5. Discretionary Grants were announced by Government on 1/5/20 with outline guidance received from Government on 13/5/20. At the time of writing work is underway to develop a scheme for the Dover District. The key issues / principles under consideration are:
 - a. Available funding expected to be circa £1.17m.
 - b. Do we stick to the Government's broad guidelines or design a scheme that would enable additional businesses to qualify. This will broaden the appeal but reduce the awards.
 - c. Do we open the scheme for all applicants for a limited period, and then apportion the funds available, or do we open the scheme and award grants until the fund is exhausted.

Designing the Scheme

- As an initial view, the Government's guidelines intend that the scheme is for:
 - Businesses / organisations that have not received the other grants
 - With under 50 employees by headcount.
 - Businesses in shared spaces.
 - Market traders – with premises related fixed costs.
 - Bed and breakfasts

- Charities not paying BR
- Businesses which have continuing property related costs and that have been impacted by Corvid-19.

Council Tax Support and Universal Credit

6. Government's Universal Credit has been uplifted by £20pw. Council Tax Support is a means tested benefit and if left as it was, the £20 would be taken into account as additional income and CTS would have been reduced – thus negating the additional support from Government. The CTS arrangements have been amended to disregard the £20.
7. Government have also funded £150 hardship grants to be paid by Councils to CTS claimants. These have been paid.

Community Fund

8. The Covid-10 Community Fund was kick-started with £50,000 from Dover District Council. It has so far been boosted with corporate donations totalling £20,450 from local and national companies, including Barratt Homes, DDS Demolition, Effective Training, Megger, Pentland Homes, Persimmon Homes, Quinn Estates Discovery Park, Dolphin Lifts, Lydden Race Circuit and AnS Group.
9. Members of the public can also donate to the Fund online and so far donations from the public have swelled the Fund by over £3,510.

Annex 2

MAJOR PROJECTS SUMMARY

	Project Name	Unspent Project Total	Other Funding (Grants / External / HRA / etc)	Total DDC Contribution	Potential DDC Saving	Notes
1	Tides LC replacement project	4,870,000	-	4,870,000	4,870,000	Balance of approved £5m less £130k expenditure to date.
2	Dover Town Hall - DDC contribution to major refurbishment works	4,300,000	-	4,300,000		Original, approved £2.8m plus proposed additional £1.5m to deal with backlog maintenance and FM investment.
3	Bus Rapid Transit project (BRT) - including strategic land purchase	17,850,000	15,750,000	2,100,000		DDC contribution - £2m Land purchase & £100k sundry to support BRT project, potentially offset by future income from housing development.
4	Strategic Land Purchase - Aylesham / Regeneration	2,000,000	-	2,000,000	2,000,000	Cabinet approval for Aylesham land in place, other projects to be considered on case by case proposals. Aylesham proposal could progress if back-to-back or similar agreement progressed to ensure return on investment achieved. Regeneration purchases could cease or only proceed if suitable return on investment achieved.
5	Corporate Digital Projects	1,555,000	150,000	1,405,000	200,000	Allowance for on-going investment in digital projects, hardware, move to cloud, etc, etc
6	Dover Museum storage facilities	750,000	-	750,000		Needed to support Town Hall project and release of Western Road site for redevelopment.
7	Planning enforcement provision	600,000	-	600,000	600,000	Income maybe available to offset but cannot be guaranteed
8	Street-lighting works	500,000	-	500,000	250,000	Reduced from £1.5m in 2020/21 budget process. Allowance held to allow 5 year replacement programme. Option of reverting to reactive maintenance and replacing on case by case basis to derive savings but risks potential significant future costs.

	Project Name	Unspent Project Total	Other Funding (Grants / External / HRA / etc)	Total DDC Contribution	Potential DDC Saving	Notes
9	Dover Market Square public realm improvements	2,940,000	2,440,000	500,000		DDC match funding to Coastal Communities grant
10	Climate change initiatives	475,000		475,000	475,000	To support proposals from Climate Change group. No projects or commitments approved to date.
11	Dover Town Hall - essential repairs	400,000	-	400,000		Works identified following a condition survey which need to be completed before phase 2 of the HLF bid.
12	Sandwich Town place-making	1,050,000	650,000	400,000	400,000	Guildhall forecourt project - Funding pledges have been received from STC, KCC, R&A and private benefactors. The R&A have reconfirmed their commitment post-Corona virus. The same, binding post-Corona virus commitment will be required from STC, KCC & the private / confidential benefactors.
13	Property Renovations grant scheme	383,133		383,133	383,133	Balance of £500k allocation from High Street grants schemes.
14	Deal Pier - Capital Works	279,000	-	279,000	50,000	Commitment to the replacement lighting. Other remaining works could be withdrawn (apron bin stores, replace flag poles) and create saving. Amount estimated - TBC.
15	Dover Museum & Bronze Age Boat - Essential Works	258,000		258,000	30,000	Funding to support grant application by trust. Essential to establish stable climate for BAB - look to see if there is alternative with reduced capital costs. Possible savings estimated.
16	Corporate Property Maintenance	253,000		253,000		Revenue budget for corporate property works. Budget required to maintain properties to appropriate standards.
17	Kearsney Abbey / Russell Gdns - contingency	250,000		250,000		Allowance for completion of project

	Project Name	Unspent Project Total	Other Funding (Grants / External / HRA / etc)	Total DDC Contribution	Potential DDC Saving	Notes
18	Internal costs to facilitate new projects	200,000		200,000		Allowance for officer time to be charged to project feasibility works (GF impact if withdrawn)
19	Tides LC ongoing repairs	162,000		162,000		Budget for essential works to maintain service provision
20	Old St James Church works	161,265		161,265		Stabilising & associated works
21	LDF Plan	157,683		157,683		Allowance for on-going project
22	Paths & Structures in Parks & Open Spaces	150,000		150,000	100,000	Allowance for revenue works and H&S repairs.
23	DTIZ - Waterfront	134,000	-	134,000		Waterfront Masterplan and Cable Car consultancy
24	ICT Reserve funded - small projects	133,691	9,525	124,166		Numerous small ICT projects
25	Property Investment Strategy-external support	109,771		109,771		Revenue budget for feasibility, legal, financial, advice, etc. Unspent balance held for future projects.
26	Kearsney Café fit-out	100,000	-	100,000		To support in-house catering proposal & income generation
27	Kearsney Abbey / Russell Gdns pond repair	100,000		100,000	100,000	Project under review
28	Contribution to new public toilet	90,000		90,000	90,000	DTC project not progressing
29	DTIZ enhancement works	110,268	30,268	80,000	80,000	Improvements to the area surrounding the new St James development
30	Timeball Tower works	80,000		80,000		Serious corrosion of the timeball mechanism requires early resolution. Whilst scaffolding erected external redcoration of the tower is cost effective.
31	Resurfacing Car Parks & DDC owned access roads	78,305		78,305	28,305	Retain £50k for H&S repairs
32	Tower Hamlets depot works	75,000		75,000	75,000	Review with new contractor whether works necessary
33	Closed churchyard repairs	70,000		70,000	20,000	Remove and use corporate budget to fund

	Project Name	Unspent Project Total	Other Funding (Grants / External / HRA / etc)	Total DDC Contribution	Potential DDC Saving	Notes
34	Cowdray Square play area refurbishment	67,500	-	67,500	67,500	Needed to replace ageing equipment and refurbish area. Strategic play area in current strategy. Cancel until design of whole area is decided in case play area is not in right location.
35	Dover Regeneration - enabling costs	208,166	143,166	65,000		Part funded from SEEDA/HCA funding/income streams
36	New Financial System	82,500	20,600	61,900		Project in progress, due to go live Summer 2020
37	Contribution to Open Golf event	61,090		61,090		DDC contribution, includes funding of apprenticeships
38	Kearsney Abbey / Russell Gardens-play area / disabled facilities access	60,000	-	60,000		Reduced from £100k in 2020/21 MTFP process
39	Public realm works	60,000		60,000	60,000	Not essential
40	East Kent Waste 2021	113,367	56,684	56,683		Split 50/50 DDC/FHDC funding consultants costs on tendering process
41	Victoria Park-outdoor facilities improvements	100,000	50,000	50,000	50,000	Emerging project which is aimed at renovating the existing facilities. Match funding to be identified. No immediate plans to progress
42	Gazen Salts - nature reserve works	50,000		50,000	25,000	Look to community funding streams linked to climate change /carbon sequestration and match fund.
43	Football pitch renovations	50,000		50,000	50,000	Not essential but may affect local football facilities plan.
44	CAB alterations to co-locate Deal & Dover CABs	50,000		50,000	20,000	Project now to be delivered in house AM team (project allows sale/development of 27 Victoria Road deal).
45	Duke of York & Whitfield roundabout study	40,000		40,000		Constraints to the delivery of housing, economic growth and the need to roll forward the Whitfield strategic housing land allocation to the new local plan.
46	Project feasibility costs (external)	40,000		40,000		Recyclable pot to enable feasibility works

	Project Name	Unspent Project Total	Other Funding (Grants / External / HRA / etc)	Total DDC Contribution	Potential DDC Saving	Notes
47	Connaught Park Tennis Courts Improvements	30,500		30,500	30,500	Cancel until long term use of Connaught Park determined
48	Butts - access bridge works	28,827		28,827	28,827	Not essential work
49	Clarendon Field - safety boundary fence	28,100		28,100		Essential works to be retained
50	Sandwich Historic Boatyard - electricity supply	25,000		25,000	25,000	No immediate plans to progress
51	Sandwich Walled Town Conservation Area - consultancy	20,000		20,000		Conservation area study
52	Astor Theatre repair	20,000		20,000		Project is in response to H&S concerns. Needs to be progressed.
53	Beach Huts - refurbishments	15,820		15,820	10,000	Now to be delivered by in-house Assets Maintenance team
54	Parks - General Repairs (walls, fences, lakes, structures etc)	7,536		7,536	7,536	Not essential works
55	Dover Tourism Signage Scheme	4,539		4,539	4,539	Not essential works
	Grand Total	41,788,062	19,300,243	22,487,819	10,130,340	

Members are reminded that inclusion of a project within the Capital (and Revenue) Projects programme and approval of the programme by Council does not constitute approval of individual projects - it simply sets the overall resource envelope.

Approval of individual projects is the responsibility of Cabinet and is considered by Cabinet when they receive a project report, with the business case, financial, legal, equalities and other comments.

Some of the projects above may have received Cabinet approval, others may not - but their inclusion indicates that they are not contractually committed and / or even if some work has taken place, they could still be cancelled and generate a financing saving for DDC.