

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

24 February 2022

Dear Councillor

I am now able to enclose, for consideration at the meeting of the **COUNCIL** on Wednesday 2 March 2022 at 6.00 pm, the following reports that were unavailable when the agenda was printed.

- 11 **COUNCIL BUDGET 2022/23 AND MEDIUM-TERM FINANCIAL PLAN 2022/23-2025/26** (Pages 2 - 134)

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

In accordance with Procedure Rule 18.6 (voting on budget decisions) a recorded vote will be held in respect of this item.

Yours sincerely

A handwritten signature in black ink, appearing to be "Nicky", written over a horizontal line.

Chief Executive

Subject:	COUNCIL BUDGET 2022/23, MEDIUM TERM FINANCIAL PLAN 2022/23 – 2025/26 AND 2022/23 COUNCIL TAX SETTING
Meeting and Date:	Cabinet – 28 February 2022 Council – 2 March 2022
Report of:	Mike Davis, Strategic Director (Corporate Resources)
Portfolio Holder:	Councillor Chris Vinson, Portfolio Holder for Finance, Governance and Digital
Decision Type:	Key
Classification:	Unrestricted

Purpose of the report: To seek approval for the 2022/23 budget and the Medium Term Financial Plan (MTFP) for 2022/23 – 2025/26.
To set the Council Tax for 2022/2023.

Recommendation: It is recommended that Cabinet:

- Approve the grants to other organisations as set out in Annex 9 subject to Council approving the 2021/22 budget; and
- Approve the various Cabinet recommendations produced at the end of the sections within the attached budget and MTFP and summarised in Annex 10 to Appendix 1.

It is recommended that Cabinet recommends to Council:

- That the General Fund Revenue Budget, the Capital and Special Projects Programmes, the Housing Revenue Account Budget, the Council Tax Resolution and the content of the MTFP be approved;
 - That the Strategic Director (Corporate Resources) in consultation with the Portfolio Holder for Finance, Governance and Digital be authorised to draw on the Earmarked Smoothing Reserve to meet in year variations in the budget.
 - That a Council Tax increase of 2.6% for DDC purposes be approved, resulting in an increase on Band D properties of £4.95 per year and an annual DDC Council Tax of £202.14.
 - To note that it is the view of the Strategic Director (Corporate Resources), the Section 151 Officer, having due regard to the circumstances and the range of uncertainties, that the budget has been prepared in an appropriate and prudent manner and that as far as can be determined, and based upon the information available at the time of producing this report, the estimates are robust and the resources are adequate for the Council's spending plans in 2022/23;
 - That the various Council recommendations at the end of the sections within the attached budget and MTFP, and summarised in Annex 10 to Appendix 1, are approved.
-

Members are advised that Section 106 of the Local Government Finance Act 1972 applies to this item.

Accordingly, if any sum of council tax become payable by any member and has remained unpaid for at least two months, that member must, if present at the meeting, declare that fact to the meeting as soon as possible after the meeting has started and may not participate in any vote on that item.

1. Summary

- 1.1 This report has been produced to seek approval for the 2022/23 budget and the MTFP for 2022/23 – 2025/26. If approved by Cabinet, the budget will be presented to Council, together with the resolution to set the Council Tax.
- 1.2 As part of its financial management process the Council is required to consider the MTFP and its implications for the Council's service objectives and financial management. The Strategic Director (Corporate Resources), the Section 151 Officer, is required to comment on the robustness of the budget and the adequacy of the reserves. These requirements are addressed in the attached budget and MTFP report.
- 1.3 The detailed background information presented to Cabinet in February has been included again in this report for completeness for presentation to Council.

2. Introduction and Background

- 2.1 The budget faces a range of immediate uncertainties due to the pandemic, the economic recovery and the Council's greatly expanded Port Health Authority role¹ as a result of the exit from the EU. The Council also faces longer term uncertainties from the future of local authority funding including the Fair Funding review, New Homes Bonus, Business Rates Retention and Levelling Up.
- 2.2 This report sets out the broad areas of pressure and uncertainty and the strategy adopted to deal with them.
- 2.3 In summary the position is:
 - (a) The General Fund budget for 2022/23 forecasts a deficit of c.£40k;
 - (b) The Housing Revenue Account has a deficit of £2m due to the restorative works programme, to be funded from the Housing Initiatives Reserve;
 - (c) The Capital Programme is fully funded.
- 2.4 The forecasts contain a significant margin of uncertainty. As a result, there is a risk that measures to produce a balanced budget may be too severe, or insufficient. To mitigate this risk and the volatility of the budget process the strategy will therefore incorporate a £4m smoothing reserve to enable the council to take a measured approach to the forecast pressures. This is set out in more detail in the General Fund Budget Strategy below.

¹ The Port of Dover is the busiest "Roll-on roll-off" port in Europe and a high percentage of the UK's imported food arrives through the port. As Port Health Authority Dover District Council is responsible for the inspection regime for EU sourced Products of Animal Origin (PAO), Rest of World (RoW) products and high risk foods not of animal origin. Inspection of PAO is on a percentage basis of the estimated 900k – 1m PAO consignments coming into the port every year. There is expected to be an increase in staffing of anything up to 240 FTE to manage this greatly increased service.

3. Overview

3.1 The budget for 2022/23 and the Medium-Term Financial Plan (MTFP) for 2022 – 2026 have been produced in circumstances that remain unusual and volatile because of the continuing Covid pandemic and the winding down of central government support for Covid related pressures and consequences, the implementation of EU exit and the unpredictable economic recovery.

3.2 The EU Transition has led to the requirement on DDC to create an expanded Dover Port Health Function which, when fully staffed, is expected to have up to 240 additional staff operating within a new Border Control Post (BCP) facility at Whitfield provided by DEFRA.

3.3 These events have led to significant uncertainties at the time of writing, impacting (mainly) the 2022/23 revenue budget, including:

- 2021/22
 - The final value of government support to local authorities
 - The 2021/22 outturn and the reserves and balances to be carried forwards.
- 2022/23
 - The duration / renewal of lockdown and / or restrictions
 - The speed of economic recovery
 - The net cost to DDC of the expanded Port Health Function
 - Expenditure for the year
 - Income for the year
 - Council Tax income
 - Business Rates income
 - The government settlement for local authorities.
- 2023 – 2026
 - The continuing impacts of Covid and the speed of economic recovery
 - The review of local government finance and the on-going baseline level of financing available including:
 - The Fair Funding Review
 - New Homes Bonus (or any replacement)
 - The reform of the Business Rates Retention model
 - Business Rates revaluations and re-sets

3.4 It should be noted that the Covid support from government led to an overall underspend in 2020/21, which will be used to support pressures in 2021/22. None of the Covid support measures are expected to remain in place beyond 2021/22 and so they do not affect the Council's underlying baseline position. The impacts and recovery from Covid may, of course, last into 2022/23 and beyond.

4. General Fund Budget Strategy

4.1 In past years the standard budget strategy for DDC has been to estimate the baseline service costs, determine the financing available, drive savings where possible / required, produce a broadly balanced budget and maintain reserves and

balances for one-off and planned purposes such as the project programmes, elections, ICT investment etc.

4.2 Although the standard strategy has served the council well and remains part of the process, in the current circumstances we need to do more. Therefore, to mitigate this risk and the volatility of the budget process the strategy includes a £4m smoothing reserve to enable the council to take a measured approach to the forecast pressures.

4.3 This will involve:

- (a) Creating a General Fund Revenue Budget Smoothing Reserve of £4m by taking £1.3m from GF balances (reducing them to £1.5m as an “absolute last resource” balance for major overspends only), £1.4m from retained Covid grants and £1.3m from unallocated revenue reserves.
- (b) The projections for future revenue budgets will then generally be based on “mid case” assumptions.
- (c) Produce a balanced budget on the basis set out above and maintain the existing budget management disciplines.
- (d) If there is a subsequent overspend, or late and unexpected adverse changes, these will generally be met from the Smoothing Reserve and remedial action (including rebuilding of the Smoothing Reserve) will be planned for the following year(s).

4.4 The smoothing reserve has been created following a review of the Council’s earmarked reserves to identify existing reserves that are no longer required. The Councils reserves are reported in detail to Members in every budget and outturn report.

4.5 The purpose of the reserve is to support the General Fund revenue budget and to enable the Council to cope with significant financial shocks, such as the Covid lockdown, without the need to immediately recast the budget, and also to cope with late financial pressures during the budget process without requiring major changes.

4.6 As the reserve is not replenished from the revenue budget it is not intended to be used for planned on-going baseline expenditure or for one-off service initiatives or for capital or other projects. By setting up the reserve the Council has the capacity to avoid basing its budget on worst case assumptions which could lead to undue reductions in service, where a mid-case forecast would be a reasonable and sustainable basis.

4.7 It is important to note that the smoothing reserve will not be available for capital or other projects and the budget should not plan to use it – it is there to cope with any unexpected pressures in the outturn and any last-minute significant changes such as the government settlement.

4.8 If the reserve is used to meet any pressures, it will be replenished at the end of the financial year or in the successive year(s), and on-going baseline adjustments will be made as required to absorb the pressures in the future.

5. **Government Support to Local Authorities for Covid**

5.1 Support for local authorities has now largely wound down with the few remaining streams such as the Contain Outbreak Management Fund (COMF) needing to be fully spent by 31/3/22.

- 5.2 Government still requires extensive returns on expenditure and impacts, with data requests running at 5+ per week, and this does place pressure on limited resources, but it is hoped that this will also wind down.
- 5.3 The particular issues and challenges have been:
- The multiplicity of funding streams (some 35+) across local government.
 - Some are for 2020/21, some for 2021/22, others span both years.
 - The lack of clarity in some streams and the frequency of changes.
 - The high complexity and demands created to implement welcome government support to businesses, families and the community.
 - The number of government departments involved and their different approaches.
 - The significant volume and frequency of data returns required by government.
- 5.4 The various Covid support funding streams were set out in more detail in the 2020/21 budget.

6. **Dover Port Health Function**

- 6.1 The Port Health service covers a range of activities including inspection of food imports, ship inspections and infectious diseases. Prior to leaving the EU, imported food controls amounted to approximately 1,000 per annum, which were conducted by just 1.5 FTE.
- 6.2 As a result of leaving the EU additional controls will be required on imported products from the EU and Rest of World (RoW) Products of Animal Origin (PAO) and RoW high risk foods not of animal origin.
- 6.3 The Council estimates that there are some 900,000 consignments of PAO per annum (in the extreme, a single lorry can contain up to 150 individual consignments), with 100% (based on the current government implementation plans) requiring documentary checks, of which 1.5% will also require physical inspection. These estimates cannot be precise at this time as there is insufficient data since it was not required or collected when the UK was in the EU. However, they are regarded as a reasonable indication of the overall quantum. The build up of the service and staffing will be phased so that it can be adjusted as actual volumes are more accurately known.
- 6.4 There is also expected to be a significant (but currently unquantified) increase in the number of checks on RoW products, organic products and fish. Therefore, to meet these additional requirements, a 24-hour, 7 day a week service with up to 240 additional DDC staff will be needed. Fees on all consignments are intended to make this service self-financing and so there is not expected to be any net cost to DDC from operating this service. The facilities to operate the service will be provided and managed by Defra.
- 6.5 The income and expenditure and fees for the service are expected to be managed in accordance with the current regulations. The fees are expected to be phased in, starting in July 2022 and to be fully implemented by the end of 2022.
- 6.6 An initial operating reserve has also been established to deal with any unexpected short-term issues or with the impacts should there be a reduction in the scale of the service at a later date due, for example, to changes in the border arrangements with

the EU in the future. The size of the reserve will be re-evaluated as more is known about volumes etc.

- 6.7 In the meantime, DEFRA have funded the service to March 2022 and have committed to cover any financial shortfall in the early period when the service is operational but may be operating at a deficit pending the full implementation of fees.
- 6.8 The service is expected to operate from a bespoke re-modelled facility at Whitfield, which is called Dover SPS BCP. This facility, vehicle marshalling, unloading and reloading of lorries, driver welfare etc. will all be provided and managed by DEFRA and so DDC's role is purely to manage the imported food regime on site.
- 6.9 The expansion of the Dover port health function will add major value to the council, the community and the local economy. Employment opportunities include the creation of up to 240 jobs and thereby a significant boost to the local economy.

7. Wider Local Government Finance Picture

- 7.1 There is a pressing need for reform to local government finance.
- 7.2 It is not possible to set out in detail all the variables and potential outcomes. The notes below provide the headlines.
- 7.3 Levelling Up
- 7.4 The levelling-up strategy may result in changes to the structure and funding of local government. At this stage no formal proposals have been shared by government and so the comments below are made in the context of the existing structure and financing model.
- 7.5 Core Spending Power
- 7.6 Core spending power is a measure used by central government to demonstrate the resources available to local authorities and includes council tax as well as Revenue Support Grant, Business Rates etc. The measure has its flaws, but it does demonstrate an overall trend and shire districts have generally seen the largest reduction, or smallest increase, in core spending power.
- 7.7 Fair Funding Review
- 7.8 Fair Funding Review (FFR) was scheduled for 2022/23, but it has been postponed. It is an essential first step in determining the base resource requirements for councils and how they will be achieved. From the FFR will flow the Business Rates Retention (BRR) baseline.
- 7.9 It will also have to incorporate a significant element of resource redistribution, since greatest need is often aligned with lowest resource.
- 7.10 Council Tax Reform
- 7.11 The Government is placing an increasing burden for funding local services onto the local taxpayer. Overall, approximately 82% of the increase in Core Spending Power (CSP) in 2021-22 came from council tax increases.

7.12 Council tax increases for shire districts will be limited to 2% or £5, whichever is the greater. This maintains the existing inequity between low and higher taxing districts. DDC is a low tax district. Council Tax increases above this level can only be made if supported by a Council Tax Referendum.

7.13 Business Rates Retention

7.14 There are several potential changes to the Business Rates Retention (BRR) scheme.

7.15 An increase from 50% to 75% has been proposed but is now expected to be postponed or rejected. Regardless of the retention percentage, the existing system of tariffs and top-ups (or a similar / equivalent system) will be required for resource equalisation between the high resource / low need councils and those with low resource and high need.

7.16 A baseline re-set is also overdue. At present Councils still work to the baseline that was set when the system was introduced. A reset will remove some, or all, of the retained Business Rates arising from growth. This will feed resources back into the system, but without some form of damping the impacts on “growth” councils could be significant and appear to be penal to councils delivering the government’s agenda.

7.17 Finally, a revaluation is also overdue, the last being in 2017, with an intended three yearly cycle. Revaluations are intended to be fiscally neutral, and if baselines are properly adjusted, should not impact on BRR.

7.18 New Homes Bonus

7.19 The approach taken in 2020-21 and 2021-22 was an interim measure until New Homes Bonus (NHB) can be replaced and “losses” can be supported by a damping regime across councils to flatten the impact on winners and losers.

7.20 NHB is important and we need certainty about the future (even if it means we get less funding from NHB’s replacement).

7.21 The main concern with the Government’s treatment of NHB in the settlement is that the “surplus” has not been returned to local government in the way that has been promised. NHB has been part-funded by a top-slice from Revenue Support Grant (since 2013-14), and it has always been intended that any unused amounts will be returned pro rata to the original top-slice. However, the Government has used the surplus to fund the other grants that have been announced in the settlement (Rural Services Delivery Grant, Lower Tier Services Grant, Social Care Grant, Revenue Support Grant).

7.22 This makes financial planning difficult because the Government is not maintaining established principles about how any surplus will be used, and it distorts the stated increase in grant funding for local government.

8. **Housing Revenue Account (HRA)**

8.1 The HRA budget has been set following the successful transfer of the service back in-house from 1st October 2020. Rent levels will be set in line with government guidance and a significant increase in planned revenue and capital works for the restorative works programme has been built into the forecast. This results in a forecast deficit for the HRA of £2m for 2022/23. This will be funded in-year from a

contribution of £2m from the Housing Initiatives Reserve, maintaining the HRA balance at £1m for the planning period.

- 8.2 The HRA is viable now and in the longer term, even with the underlying pressure to borrow, but this relies on rigorous financial discipline to ensure that the current investment programme is managed within existing and forecast resources.

9. **Capital and Revenue Projects Programmes**

- 9.1 The Council holds limited capital resources (other than the capacity to borrow²), but within these resources it has discretion over which projects to support. The Medium Term Capital Programme shows that resources have been applied to the regeneration projects in support of the Council's corporate objectives. Resources for new projects not currently included in the proposed programme are expected to be significantly limited.

10. **Changes to the Budget and MTFP**

- 10.1 Since presentation to Cabinet the following changes have been made to the draft budget and MTFP to reflect information that has subsequently become available:
- Precepts have been received and the 2022/23 Council Tax Resolution and associated annexes have been completed and included;
 - Capital, Treasury Management and Investment Strategies have been included.

11. **Identification of Options**

- 11.1 The Council is required to set a budget, and so declining to do so is not an option. Members could choose to change the allocation of resources between services, and that option remains open during the financial year.
- 11.2 The Council is also required to approve the Council Tax level for the following year. The budget proposes a Council Tax increase of £4.95 for Band D properties. This maintains the lowest District Council Tax in East Kent. Members could decide to set a different Council Tax level. However, consideration should be given to the risk and impact of triggering a Council Tax Referendum if a higher level of Council Tax was proposed, or how any proposals to reduce the level would be financed in 2022/23 and future years, while ensuring the budget remains robust and reserves sufficient.

12. **Resource Implications**

- 12.1 The revenue budgets and capital plans determine the level of Council Tax and the utilisation of resources for the next year. The MTFP is a key element in the prudent use of resources over the medium term.

13. **Corporate Implications**

- 13.1 Comment from the Section 151 Officer: No further comments to add.

² Borrowing can be undertaken for capital projects but revenue budgets have to finance the interest and repayment costs.

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/section/149>

14. **Appendices**

Appendix 1 – Budget 2022/23 and Medium Term Financial Plan 2022/23-2025/26

15. **Background Papers**

Draft Budget 2022/23 and Medium Term Financial Plan 2022/23-2025/26 (Cabinet 7th Feb 2022)

Contact Officer: Helen Lamb, Head of Finance & Investment (extn 42063)



**Budget
2022/23
and
Medium Term
Financial Plan
2022/23 – 2025/26**

CONTENTS

Executive Summary

General Fund Revenue Accounts

Housing and the Housing Revenue Account (HRA)

Asset Management Plan

Capital and Special Revenue Projects

Treasury Management and the Prudential Code

Key Assumptions & Ready Reckoner

Significant Budget Risks

ANNEXES

1A	General Fund Revenue Budget Summary
1B	General Fund Service Expenditure by Cost Type
1C	General Fund Key Figures
1D	General Fund Key Elements
2	Three Year General Fund Revenue Budget Projection
3A – 3C	Service Summaries and Budgets (Figures to follow)
4	Projection of General Fund Reserves
5	Housing Revenue Account Budget Summary
5A	Housing Revenue Account Four-Year Forecast
5B	Housing Revenue Account Development Schemes
5C	Housing Revenue Account Programmes
6A	Capital Programme
6B	Capital Receipts
6C	Special Revenue Projects Programme
6D	Digital & ICT Projects Programme
7A	Capital Strategy
7B	Treasury Management Strategy
7C	Investment Strategy
8A	Council Tax Resolution
8B	Town Council & Parish Precepts
8C	Precepts & the NDR Multiplier
9	Grants to Other Organisations
10	Summary of Recommendations

EXECUTIVE SUMMARY

OVERALL POSITION

1. This section provides a summary of the main points of the budget and Medium Term Financial Plan (MTFP) covering the General Fund Revenue Budget, Housing Revenue Account (HRA) and Capital Programme.

BUDGET AND MEDIUM TERM PLANS

2. The MTFP is the Council's key financial planning tool and underpins the strategic approach to financial planning. Although it spans four years, it is reviewed at least annually, and is monitored during the year.
3. It should not be viewed in isolation but as part of the wider planning process and in conjunction with other plans and strategies, in particular the Corporate Plan and the Asset Management Plan. This MTFP covers the period 2022/23 – 2025/26.
4. Year 1 (2022/23) is the formally approved budget for the coming year. Years 2 - 4 of the MTFP (2023/24 – 2025/26) are included as “indicative budgets” for planning purposes. These will be rolled forward and amended in subsequent MTFPs and so approval of the MTFP does not set the budgets for the future years.
5. Regard has been given to the resources required to deliver the Council's objectives and the budget has been prepared to reflect the anticipated service costs and pressures. However, this budget has been set in a period of uncertainty and volatility due to the Covid pandemic, the winding down of central government support for Covid related pressures and consequences, the unpredictable economic recovery, exit from the EU and the role DDC will play as host to a Border Control Point and as a greatly expanded Port Health Authority.
6. The EU Transition has led to the requirement on DDC to create an expanded Dover Port Health Function which, when fully staffed, is expected to have up to 240 additional staff operating within a new Border Control Post (BCP) facility at Whitfield provided by DEFRA
7. These events have led to significant uncertainties at the time of writing, impacting (mainly) the 2022/23 revenue budget, including:
 - 2021/22
 - The final value of government support to local authorities;
 - The 2021/22 outturn and the reserves and balances to be carried forwards.
 - 2022/23
 - The duration / renewal of lockdown and / or restrictions;
 - The speed of economic recovery;
 - The net cost to DDC of the expanded Port Health Function;
 - Expenditure for the year;
 - Income for the year;
 - Council Tax income;
 - Business Rates income;
 - The government settlement for local authorities.

- 2023 – 2026
 - The continuing impacts of Covid and the speed of economic recovery;
 - The review of local government finance and the on-going baseline level of financing available including:
 - The Fair Funding Review
 - New Homes Bonus (or any replacement)
 - The reform of the Business Rates Retention model
 - Business Rates revaluations and re-sets.

- 8. It should be noted that the Covid support from government lead to an overall underspend in 2020/21, which will be used to support pressures in 2021/22. None of the Covid support measures are expected to remain in place beyond 2021/22 and so they do not affect the Council's underlying baseline position. The recovery from Covid may, of course, last into 2022/23 and beyond.

- 9. It is the view of the Strategic Director (Corporate Resources) (Section 151 Officer) that, having due regard to the circumstances and the range of uncertainties, the budget has been prepared in an appropriate and prudent manner. As far as can be determined and, based upon the information available at the time of producing this report, the estimates are robust, and the Council's resources are adequate for its spending plans in 2022/23.

BUDGET HEADLINES

GENERAL FUND

10. The General Fund (GF) headlines are:
- General Fund budget deficit of £37k for 2022/23;
 - General Fund balance forecast at £2.9m;
 - DDC Council Tax increase of £4.95 (2.5%) for a Band D property, maintaining the lowest Council Tax in East Kent;
 - No major changes to services;
 - Overall net expenditure levels decreased due to numerous factors, including;
 - Forecast return to pre-Covid levels of major income streams;
 - Savings / Income generation target of £405k.
 - GF Smoothing Reserve to be established to enable the council to take a measured approach to future forecast pressures.

THE HOUSING REVENUE ACCOUNT

11. The Housing Revenue Account (HRA) headlines are:
- The management of DDC's housing stock was transferred from East Kent Housing (EKH) back to DDC on 1st October 2020.
 - 2022/23 budget is currently a deficit of £2m due to the on-going restorative works programme. This will be funded by a contribution of £2m from the Housing Initiatives Reserve;
 - Major variances for 2022/23:
 - Increase of rent by CPI +1% (4.1% in total);
 - Increased rent from new properties added;
 - Increased capital works to cover the programme of restorative works;
 - Housing development programme on-going;
 - HRA balance maintained at £1m for 2022/23;
 - Housing Initiatives Reserve forecast at £10m at the end of 2022/23.

THE CAPITAL AND REVENUE PROJECTS PROGRAMME

12. The capital and revenue projects programme headlines are:
- The current general fund capital programme totals £74.7m and is fully funded. The major projects in the programme are:
 - Development of the Dover Fast Track Bus Route;
 - Major restoration works on Maison Dieu (Dover Town Hall);
 - Town Centre Regeneration and Historic Buildings fund;
 - Purchase of refuse & recycling vehicles;
 - Future High Street Funding;
 - Sandwich Guildhall Forecourt public realm improvements;
 - Dover Market Square Public Realm Improvements;
 - Tides Leisure Centre redevelopment (subject to outcome of feasibility studies).

- The current resources for funding capital and revenue projects will be largely exhausted by the current programme.
- Future capital receipts are expected to come mainly from on-going housing right to buy sales (which amount to circa £300k per annum at current sales levels) and one-off asset sales, so will not replenish capital funds and will not be sufficient to maintain the current level of activity in the future.
- Revenue project resources will also be largely depleted, and no significant new resources are expected other than from contributions from the revenue budget.
- Borrowing for capital purposes can be undertaken but this will make business case proposals for projects more challenging as they will have to recognise the costs of borrowing and repayment in order to demonstrate affordability and comply with the Prudential Code.

TREASURY MANAGEMENT AND CAPITAL STRATEGIES

13. The Council is required to produce a Capital Strategy, Treasury Management Strategy and Investment Strategy. These are included at Annexes 7A, 7B and 7C.

KEY ASSUMPTIONS AND SIGNIFICANT BUDGET RISKS

14. The budget and projections have been based on the best information available. However, there are always areas where there remains a degree of uncertainty or it has been necessary to make assumptions. The most significant of these assumptions, together with the significant budget risks, have been set out within this MTFP to ensure that Members are aware of the basis of the budget.
15. Periodic budget monitoring reports will continue to be produced and circulated to all Members via the quarterly performance report, so that adverse variances can be identified, and remedial action initiated as early as possible.

CONSULTATION

16. The draft budget was placed on the Council's website for comments.

THE GENERAL FUND REVENUE ACCOUNTS

INTRODUCTION

17. All the Council's services, other than housing, are provided through the General Fund (GF). The GF is mainly financed by Council Tax (CT), Business Rates (BR) and Enterprise Zone Relief, Revenue Support Grant (RSG, received from government), and New Homes Bonus (NHB, also received from government).

FINANCIAL OBJECTIVES

18. The main financial objectives for the GF Revenue Account¹ are as follows:
 - Produce a fully funded GF Budget;
 - Maintain general balances over the medium term at an appropriate level (considered to be a minimum of £1.5m);
 - Maintain a GF Smoothing Reserve to enable the council to take a measured approach to the forecast pressures;
 - Use earmarked reserves to finance one-off items;
 - Support the Council's corporate priorities and agreed service standards; and
 - Undertake appropriate consultation.

BUDGET DISCIPLINE

19. Corporate Management Team, in consultation with the Leader and Portfolio Holders, have reviewed their service areas to support delivery of efficient and effective services within the budgets available.
20. In order to maintain firm downwards pressure on expenditure and recruitment, and to ensure budgets are directed to the Council's priorities the Council maintains a continuous "employment management" process. The employment management process provides sign-off for all recruitment before any recruitment is permitted.
21. The Council also has the facility to undertake efficiency and service reviews. These review services to deliver efficiencies, savings, alternative delivery methods, digital improvements, smarter working and improved customer experiences.
22. A key element of financial management is the treatment of unspent budgets. The Council has sought to promote a culture whereby budget managers have the flexibility to manage their budgets responsibly. Accordingly, managers are given the opportunity to carry forward unused elements of their budget, subject to approval by the Strategic Director (Corporate Resources).

THE GENERAL FUND BUDGET SUMMARY

23. The Council's GF revenue budget for 2022/23 is shown in Annex 1. The budget forecasts a deficit of £37k for 2022/23, and the GF balance is forecast to be £1.6m. The net budget requirement for the Council's own purposes, after transfers to/from earmarked reserves is £17.4m.

¹ The Revenue Account funds day to day recurrent expenditure. There are separate financing arrangements for capital expenditure where the benefit of the expenditure lasts for more than one year.

Movement of budget requirement between 2021/22 and 2022/23	2021/22 Original Budget £000	2022/23 Original Budget £000	Difference
Underlying Budget Requirement	16,959	15,979	(980)
Earmarked Reserve adjustments ²	1,323	1,443	120
Net Budget Requirement	18,282	17,422	(860)
Budget Financing	(17,782)	(17,385)	397
(Surplus) / Deficit	500	37	(463)

24. The underlying Budget Requirement has decreased between the financial years, reflecting the forecast return to normality of significant income streams following the impact of Covid 19 in 2021/22.
25. The Council's GF revenue budget for 2022/23 is shown in Annex 1. The main factors impacting the General Fund budget are detailed at Annex 1D.

KEY VARIANCES / SIGNIFICANT ISSUES

26. The table below summarises the main variances between the 2021/22 original budget and the proposed 2022/23 budget.

	£000	£000
2021/22 Original Budget Forecast		500
Increase in forecast total NNDR funding	(402)	
Increase in Council Tax income	(349)	
Council Tax Collection Fund movement to deficit	150	
Increase in New Homes Bonus funding	(239)	
Lower Tier Services Grant reduction	194	
2022/23 Services Grant introduced	(255)	
Covid Funding Support ceased	1,301	
Other net movement in funding (minor)	(3)	
Total Variances in Funding		397
One-off NDR EZ/Renewable income to Projects reserve	252	
Increased annual contribution to ICT & Digital reserve	30	
Use of Port Health Operations reserve to fund net cost	(1,988)	
Reduced contribution to reserve for NDR fluctuations	(265)	
Application of reserve for Development Plan expenditure	(220)	
Other net reserve use	81	
Total Variances in transfers to / from reserves		(2,110)
Forecast net cost of Port Health service due to phased service start	1,988	
Covid Pressures ceased / absorbed into service budgets	(1,895)	
Target savings removed / absorbed into service budgets	1,295	
2022/23 savings / income generation target	(405)	

² Earmarked reserves are used to offset agreed expenditure within services in accordance with the protocols detailed in Annex 4.

	£000	£000
Impact of 4.5% inflation forecast on refuse contract	205	
Savings from capital financing of refuse contract	(640)	
Central support costs recharged to Port Health function	(375)	
Port Health staffing share of pension backfunding	(600)	
Impact of salaries inflation, changes in posts and associated pensions impact	640	
Reduction in Council Tax penalty & fine income	94	
Estimated reduction in leisure provider income	125	
Corporate maintenance increase re inflation and work levels	70	
Forecast on-going expenditure on Local Plan (reserve funded)	220	
Numerous miscellaneous variances	335	
Variance in Net Operating Expenditure		1,057
Reduction in interest receivable forecast	33	
Short term borrowing interest budget reduced	(160)	
Borrowing allowance increased for waste vehicles	320	
Variance in Financing Adjustments		193
2022/23 Forecast Budget Deficit		37

FINANCING THE BUDGET

27. Financing of the net 2022/23 requirement is shown below.

2022/23 General Fund Revenue Financing	£000	%
Non-Domestic Rates Income	7,746	44.6
Revenue Support Grant	60	0.3
Lower Tier Services Grant & 22/23 Services Grant	422	2.4
New Homes Bonus	1,229	7.1
Council Tax	8,038	46.2
Collection Fund Surplus (Council Tax)	(115)	-0.6
Total Financing	17,380	100.0

28. The following sections provide further explanation of the Council's main funding streams.

REVENUE SUPPORT GRANT

29. RSG (from Government) has been reduced by significant amounts every year since 2012/13.
30. The cash settlements are shown in the table below. RSG was expected to fall away to £nil from 2021/22, however the provisional settlement includes an additional year at the current level (plus inflation).

Revenue Support Grant Settlement	Grant £000	Reduction £000	Reduction %	Cumulative £000	Cumulative %
2012/13 ³	5,112				
2013/14 ⁴	4,699	413	8.1	413	8.1
2014/15	3,698	1,001	21.3	1,414	27.7
2015/16	2,529	1,169	31.6	2,583	50.5
2016/17	1,758	771	30.5	3,354	65.6
2017/18	1,027	731	41.6	4,085	79.9
2018/19	568	459	44.7	4,544	88.9
2019/20	57	511	90.0	5,055	98.9
2020/21	57	0	0	5,055	98.9
2021/11	58	(1)	(1.8)	5,054	98.9
2022/23	60	(2)	(3.4)	5,052	98.8
2023/24	75	(15)	(25.0)	5,037	98.5
2024/25 Onwards	0	75	100.00	5,112	100.0

31. For financial planning purposes it has been assumed that RSG will cease after 2023/24 and will remain at zero for the remainder of the MTFP planning period.

LOWER TIER SERVICES GRANT AND 2022/23 SERVICES GRANT

32. The Lower Tier Services Grant was introduced last financial year. This was funded from £111m of NHB returned surplus from the previous year. It was introduced in the provisional settlement and ensured that no authority received a reduction in Core Spending Power. It was heavily weighted towards district councils, and particularly those that were losing from the changes in NHB. It was anticipated that this was a short-term grant and that the funding of £360k would apply for 2021/22 only. However, the 2022/23 settlement includes a further award of the Lower Tier Services Grant of £160k.
33. Additionally, in 2022/23 a new grant, 2022/23 Services Grant has been introduced, worth £822 million across the sector. This grant is for 2022/23 only DLUHC have advised that they will work with the sector on to distribute this funding from 2023/24 onwards. The funding will go to all tiers of local government in recognition of the range of vital services delivered by councils across the country. This grant will be unringfenced with local authorities best placed to understand local priorities. DDC has been awarded £255k for this grant.

BUSINESS RATES (BR)

The Business Rates Retention System

34. The system is complex and volatile. It contains tariffs and top-ups, safety nets, levies, baseline “resets”, BR pools, pilot schemes, periodic revaluations, transition periods, appeals and BR relief schemes.
35. Although referred to as a 50% local retention system, of which 40% is currently retained by districts, it is not the full picture. DDC actually retains about 10% (before

³ Split for 2012/13 based on proportion of RSG:NNDR for 2013/14 before Council Tax Support Funding, with an adjustment to add to the 2012/13 RSG the level of CTS funding of £1,218k awarded in 13/14 for comparability across the years.

⁴ Council Tax Support Funding added by Govt. to RSG from 2013/14 onwards, replacing subsidy for council tax benefit previously shown in service costs. This effectively covers reduced income from Council Tax due to discounts being applied against tax base/council tax bills instead of being awarded as Benefit. CTS Funding not disclosed separately by Government from 14/15 onwards.

s31 grants). A simplified illustration of the mechanism for the “50%” BR retention system is set out in the table below (based on draft 2020/21 data before adjustment for S31 grant funding of reliefs).

Attribution of BR Income (Indicative)	£m
Dover district net rate yield	(41.8)
Less	
50% to Government	20.9
9% to KCC and 1% to Fire	4.2
Retained balance of 40%	(16.7)
Less: tariff to Government	12.3
Balance retained by DDC	(4.4)

36. From the 40% retained, if the baseline amount that remains with the council is greater than the council’s baseline budget requirement, then the council pays the excess to government in the form of a “tariff”. For Dover this means the bulk of the 40% is also paid to government, as shown in the table.
37. Once the tariff is set, a district will have to continue to pay this amount to government. If actual collection is lower (for example, due to demolition, successful appeals, bad debts etc.) the council has to continue to pay the tariff and bear the loss itself until it hits the safety net at which point losses are capped. For DDC this is circa £278k.
38. The dynamic nature of the system, the elements of which can all be moving in different directions, can produce perverse outcomes, which make it very difficult to develop a stable and robust budget. The accounting regulations for the different elements of the system also mean that some elements are recognised in different years, even though they arise in the current year.
39. Provisions for likely reductions in rateable value (RV) from appeals and bad debts also have to be calculated. These may or may not be sufficient.
40. For 2022/23 the baseline budget requirement (or ‘Baseline Funding Level (BFL)’) is deemed to be £3,705k. The safety net kicks in at £3,427k, meaning the first £278k of any loss must be borne by the Council before a safety net payment is received from Government. The safety net payment would top up the Council’s income to 92.5% of the BFL (i.e. to £3,427k).
41. Reform / revision of the BR system is overdue and may occur in 2022/23, at which point a “reset” is also expected to occur and some loss of ‘growth retention’ is expected. However, the exact mechanisms and timings are not yet known.
42. Therefore, the MTFP assumes the continuation of the system as at present, without any “reset”, and with a continuation of pooling to reduce levies.
43. There are several significant aspects to the current business rates regime:
 - “Real” Growth
 - The DDC BR Profile
 - Renewable Energy Income
 - Enterprise Zone Relief Compensation Grant (Income)
 - The Business rates Pilot and Pool

Real Growth

44. The Dover District has been successful in generating significant real growth in developments in the district during 2016/17 – 2022/23 and this is vital to the Council since it helps to offset the erosion of the tax base and BR income from BR appeals, or from unexpected downward revisions by the VOA.
45. However, BR is still dominated by a small number of hereditaments.

DDC BR Profile

46. The BR profile for DDC is unusual for its high level of concentration, the unique nature of some of the properties and the volatility of the RV of unique properties such as the Channel Tunnel.

Dover's Rateable Values	Rateable Value ⁵ £000	%
Channel Tunnel	28,000	25
Discovery Park	9,438	8
Dover Harbour Board	2,730	2
Tesco, Whitfield	2,370	2
Biomass Power Plant	2,120	2
Sub Total	44,658	39
Remainder ⁶	70,046	61
Total	114,704	100

Renewable Energy Income

47. The new Biomass Power Plant at Discovery Park is a renewable energy site. As such, we are able to retain all of the BR income ourselves, i.e. it does not have to be shared between the preceptors, so long as we granted planning permission. The RV of the plant is £2,120k.

Enterprise Zone Relief Compensation Grant

48. The Discovery Park is a 'Case B' type Enterprise Zone (EZ), and the EZ Relief given to its businesses are compensated by separate government grants. The compensation grant received is split between the preceptors in accordance with the tier split and is not subject to any additional levy (which is advantageous). As such, it also sits outside of the pooling arrangements.
49. Although now declining as the period of EZ relief expires, and no new businesses are allowed to claim it, Enterprise Zone Relief Compensation grant is still expected to generate £1,347k in 2022/23 (£1,915k in 2021/22).

The Business Rates Pilot

50. For 2018/19 DDC was included, with KCC and all other Kent districts, in the Kent BR Pilot, enabling all business rates growth to be retained locally (i.e. without Government taking its 50% share and without it charging any levy on growth).

⁵ Note – These figures are based on 2017 valuations. Rateable Value is not the same as the Business Rates paid. RV is multiplied by a government set multiplier (50.4p in 2018/19 increasing to 51.2p in 2019/20 for the standard multiplier) to determine the amount payable and this may be subject to BR reliefs.

⁶ The next largest site is just 1% of the total.

Government did not renew the Kent BR pilot for a second year and so the Kent BR Pool resumed operation in 2019/20 and continues in 2022/23.

51. DDC is not a full Member of the BR pool, as it is advantageous to all pool members, including DDC, to minimise the BR levy we pay, by giving DDC “shadow” pool member status and this has been agreed to continue for 2022/23.

Forecasts

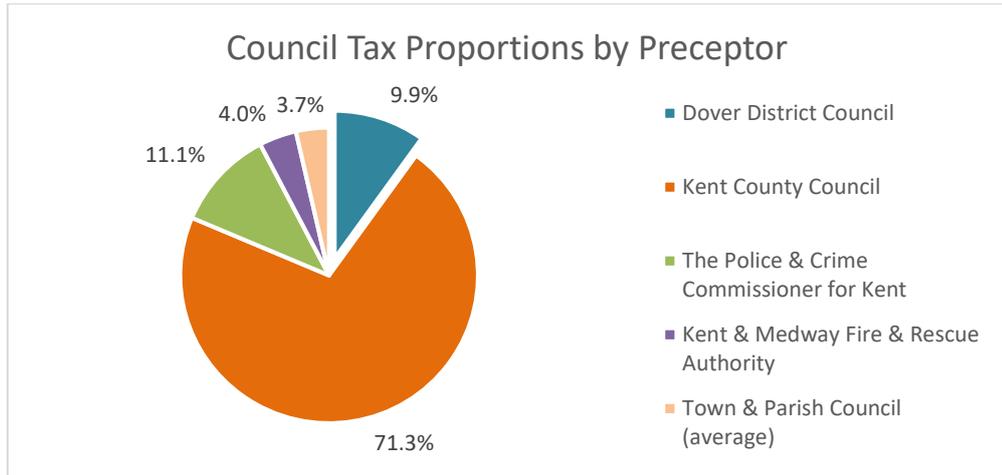
52. Despite the extreme volatility, the outcome for 2021/22 is expected to be an improved position compared to 2020/21. There is expected to be a small surplus on the NDR Collection Fund at the end of the year that will need to be distributed in future years, in line with the Collection Fund accounting requirements.
53. The NDR1 return to Government was submitted at the end of January 2021. This return determines the forecasts for the NDR budget to be recognised in 2021/22. Despite the volatility of the current financial situation, it is forecast that the net NDR position (after allowing from transfers to and from reserves to negate the impact of timing differences between the accounting for transactions and the application to the GF budget) will be at a similar level to that forecast for the 2021/22 budget.

COUNCIL TAX

54. A Council Tax increase of 2.5% for DDC purposes has been assumed for the 2022/23 budget which, if approved, will produce a Band D Council Tax of £202.14. This will result in an increase of £4.95 per year on a Band D property, which is 5p within the Government’s capping requirements, which limit increases to 2% or £5, whichever is the greater.
55. The increase in the tax base from 38,993.34 Band D equivalent properties in 2021/22 to 39,763.21 equivalent properties in 2022/23, a rise of 1.97%, is mainly due to a forecast reduction in the claimant counts for Council Tax Reduction Scheme (CTRS), along with new properties being registered for Council Tax (incl. estimates of new builds).
56. The combined impact of the Council Tax increase and the tax base increase is forecast to generate total Council Tax income of £8m. For planning purposes, a Council Tax increase of £4.95 per annum has been estimated for future years.
57. The total draft Council Tax charges for a Band D property is made up as follows:

	2021/22 £	2022/23 £	Increase %
Dover District Council	197.19	202.14	2.51
Kent County Council	1,418.76	1,461.24	2.99
The Police & Crime Commissioner for Kent	218.15	228.15	4.58
Kent & Medway Fire & Rescue Authority	80.82	82.35	1.98
Sub-Total	1,914.92	1,973.88	3.08
Town & Parish Council (average)	71.08	75.93	6.82
Total Band D Council Tax	1,986.00	2,049.81	3.21

58. How the total Council Tax charge is allocated to the individual organisations is illustrated below



COMPARISON WITH OTHER DISTRICTS' 2021/22 BAND D COUNCIL TAX

59. DDC has one of the lowest Council Tax rates in Kent. A comparison with the East Kent authorities' 2021/22 Council Tax rates below shows the percentage that their 2021/22 Council Tax level exceeded DDC's and the extra income DDC would receive at their level of Council Tax:

	Band D Council Tax £	Difference to DDC %	Extra Income DDC would receive
Dover District Council	197.19	-	-
Canterbury City Council	221.22	15%	£938k
Folkestone and Hythe District Council	259.20	35%	£2.40m
Thanet District Council	243.13	26%	£1.80m

NEW HOMES BONUS

60. New Homes Bonus (NHB) was funded by the MHCLG⁷ from a top slice of existing local government finance. The NHB received is credited to the General Fund revenue budget and it is therefore an essential element in balancing the Council's budget. Reductions in NHB results in offsetting savings being required.

61. The grant awarded to Dover since the start of the scheme is detailed below:

Year of Scheme	Financial Year	Annual Grant £000	Cumulative Grant £000	Cumulative Years Included
1	2011/12	294	294	1
2	2012/13	155	449	2
3	2013/14	450	899	3
4	2014/15	396	1,296	4
5	2015/16	275	1,570	5
6	2016/17	328	1,899	6
7	2017/18	415	1,865	5

⁷ Ministry of Housing, Communities and Local Government

Year of Scheme	Financial Year	Annual Grant £000	Cumulative Grant £000	Cumulative Years Included
8	2018/19	497	1,515	4
9	2019/20	488	1,729	4
10	2020/21	333 (1 year only)	1,733	4
11	2021/22	5 (1 year only)	990	3
12	2022/23	741 (1 year only)	1,229	2
13 (Est)	2023/24	Unknown	922	?
14 (Est)	2024/25	Unknown	617	?
15 (Est)	2025/26	Unknown	309	?
16(Est)	2026/27	0	0	0

62. The terms and commitments of the original NHB scheme have not been maintained. The Government implemented changes to the scheme from 2017/18 resulting in a reduction in the number of years grant in payment from 6 years in 2016/17 to 5 years in 2017/18, further reducing to 4 years in 2018/19. In addition, Government introduced a minimum growth threshold of 0.4%, below which no NHB will be paid. The growth delivered by DDC for the 2022/23 NHB calculations was sufficient to receive an award of £741k, including £34k for the delivery of affordable homes.
63. For the purposes of the MTFP it has been assumed that the new NHB grant will be reduced to nil proportionally over the next four years. There may be changes to other areas of funding, for example from the results of the Fair Funding Review, that may offset this reduction.

COLLECTION FUNDS

64. The Collection Funds (CF) are statutory funds. They sit entirely outside of the General Fund and the Council budget.
65. The Council manages separate Collection Funds for Council Tax and Business Rates. Every year the CF is credited with the income from CT and BR (c. £70m and £50m respectively).
66. The Council Tax CF is also debited with the precepts from DDC, KCC, Fire, Police etc. These precepts are based on the forecast of income based on assumptions about the tax base, collection rates, etc. So, if income is below forecast, the collection fund will show a deficit at the year end. If it is above forecast, it will show a surplus.
67. Normally this surplus (or deficit) is owed to (or by) the preceptors and will be added to (or deducted from) the following year's precept in order to distribute the surplus available in the CF or contribute the projected deficit back to the CF to top it up. This is a continuous rolling process.
68. It is forecast that DDC's share of the NDR deficit at the end of 2022/23 will be £290k, this will be financed from the Business Rates & Council Tax Support Reserve in accordance with the planned smoothing of NDR timing differences.

GENERAL FUND RESERVES AND BALANCES

69. In past years the standard budget strategy for DDC has been to estimate the baseline service costs, determine the financing available, drive savings where possible / required, produce a broadly balanced budget and maintain reserves and balances for one-off and planned purposes such as the project programmes, elections, ICT investment etc.
70. Although the standard strategy has served the council well and remains part of the process, in the current circumstances we need to do more. Therefore, to mitigate this risk and the volatility of the budget process the strategy will therefore incorporate a £4m smoothing reserve to enable the council to take a measured approach to the forecast pressures. This will involve:
- a) Creating a General Fund Revenue Budget Smoothing Reserve of £4m by taking £1.3m from GF balances (reducing them to £1.5m as an “absolute last resource” balance for major overspends only), £1.4m from retained Covid grants and £1.3m from unallocated revenue reserves.
 - b) The projections for future revenue budgets will then be based on “mid case” assumptions.
 - c) Produce a balanced budget on the basis set out above and maintain the existing budget management disciplines.
 - d) If there is a subsequent overspend, this will be met from the Smoothing Reserve and remedial action (including rebuilding of the Smoothing Reserve) will be planned for the following year.
71. The smoothing reserve has been created following a review of the Council’s earmarked reserves to identify existing reserves that are no longer required. The Councils reserves are reported in detail to Members in every budget and outturn report.
72. The purpose of the reserve is to support the General Fund revenue budget and to enable the Council to cope with significant financial shocks, such as the Covid lockdown, without the need to immediately recast the budget, and also to cope with late financial pressures during the budget process without requiring major changes.
73. As the reserve is not replenished from the revenue budget it is not intended to be used for planned on-going baseline expenditure or for one-off service initiatives or for capital or other projects. By setting up the reserve the Council has the capacity to avoid basing its budget on worst case assumptions which could lead to undue reductions in service, where a mid-case forecast would be a reasonable and sustainable basis.
74. It is important to note that the smoothing reserve will not be available for capital or other projects and the budget should not plan to use it – it is there to cope with any unexpected pressures in the outturn and any last-minute significant changes such as the government settlement.
75. It is important to note that the smoothing reserve will not be available for capital or other projects and the budget should not plan to use it – it is there to cope with any unexpected pressures in the outturn and any last-minute significant changes such as the government settlement.

76. The proposed General Fund balance in 2022/23 of £1.5m reflects a revised “minimum preferred level”, following the introduction on the new General Fund Revenue Budget Smoothing Reserve.
77. Forecasting future years is particularly challenging at this time due to the uncertain nature of the current unprecedented economic environment, the unknown longer-term impact of Covid 19 lockdowns and the future of Government funding.
78. However, considering the anticipated reduction in NHB and other government funding alongside inflationary pressures it is anticipated that there will be a requirement to save in the region of £900k from 2023/24, followed by a further £400k in 2024/25, as detailed in Annex 2.
79. The Council’s earmarked reserves, and protocols for their use, are set out in Annex 4. Without these earmarked reserves the Council cannot plan effectively for anticipated future events and requirements and expenditure of a cyclical nature. Nor could the Council plan to smooth the impacts of the volatile income streams from Business Rates, New Homes Bonus etc. Therefore, the earmarked reserves are held at an appropriate level for the Council’s plans.
80. Further supporting information on the GF budget is provided in the following Annexes:
- Annex 1 contains the budget summary for the General Fund;
 - Annex 1A summarises the net expenditure and financing requirements;
 - Annex 1B shows the net service expenditure analysed by categories of expenditure and income;
 - Annex 1C shows the key expenditure and income figures and patterns for the General Fund;
 - Annex 1D details the main factors impacting the General Fund budget;
 - Annex 2 provides the General Fund Revenue Budget projection for the period to 2023/24;
 - Annexes 3A – 3C contain summaries of the services managed by each Director and the associated budgets;
 - Annex 4 contains details of the General Fund balance and earmarked reserves; and
 - Annex 9 details the Grants made to Organisations for approval.

Recommendations from this Section

81. It is recommended that Cabinet:
- Approve the grants to organisations detailed at Annex 9.
82. It is recommended that Council:
- Approve the General Fund Revenue budget for 2022/23;
 - Approve the policies and protocols regarding the General Fund balances and earmarked reserves, and transfers between reserves as set out in Annex 4.

HOUSING AND THE HOUSING REVENUE ACCOUNT

OVERVIEW

83. This section addresses two, separate but related, aspects of housing within the district. The first concerns the financial standing of the HRA, its budget and balances, and the rent levels for the coming year.
84. The second concerns housing development and investment, and includes developments by the HRA, Registered Providers (RPs) and by the private sector.

HRA FINANCIAL OBJECTIVES

85. The main strategic financial objectives of the Housing Revenue Account are as follows:
- Maintain a Housing Revenue Account that is self-financing and reflects the requirements of residents;
 - Comply with the Decent Homes Standard and relevant health and safety requirements;
 - Maximise the recovery of rental income;
 - Minimise the number of void properties and minimise the level of rent arrears and debt write offs;
 - Provide sufficient investment in the current stock to maintain its condition and implement upgrades as necessary;
 - Maintain an adequate level of HRA balances and reserves;
 - Undertake prudential borrowing, in accordance with the Council's treasury management policies, where appropriate and there is a business case to do so, for investment in additional properties and property development;
 - Develop a programme to deliver new affordable housing across the district.
86. At the time of writing, the HRA has 4,372 dwellings, made up of 2,665 houses and 1,707 flats.

2022/23 DRAFT BUDGET AND MEDIUM TERM FORECAST

87. The HRA's financial position, detailed at Annex 5, can be summarised as follows:
- HRA balance to be maintained for the period at £1m;
 - Housing Initiatives Reserve balance is to be used for future years for restorative measures on DDC's housing stock. The housing development projects (as detailed in paragraph 89) for the planning period will be funded by borrowing.
88. The major variances between the 2021/22 budget and the 2022/23 proposed budget are:
- Increase in rent of CPI + 1% (4.1%);
 - Ongoing increase in major capital works, to include the restorative works programme which ensures that DDC brings our housing stock back to decent homes standard.
89. The future year projections show an increasing income stream from rents. This is due to the ending of the Government's requirement to reduce rents in cash terms by 1%

per annum for the period 2016/17 – 2019/20, and so rents can now be increased. The HRA is also facing general inflationary pressures on its expenditure. During 2022/23 the major HRA development projects will be funded through borrowing instead of funding from the HIR. This will be used in future years on restorative measures on DDC's council stock. We are expecting to bring in 24 interim housing units, 30 properties across the district, 12 property buy-backs as well as a further 2 shared ownership properties in Deal.

90. Annex 5 provides a draft HRA budget summary & Annex 5A details the 4-year forecast position for the HRA.
91. The planned capital and revenue works budgets were supplied by the property services section and have been set to account for the expected level of repairs needed to maintain the stock at an appropriate level for the planning period.

BACKGROUND

92. With effect from 1st April 2012 the government replaced the existing subsidy based system of HRA financing with "Self-Financing". For DDC this resulted in the replacement of the subsidy that we were paying to Government (£6.3m in 2011/12) with a single payment to them of £90.5m. This was facilitated by DDC borrowing the required sum from the PWLB. Government direction was to plan for long term rent increases of 1% above inflation. Servicing the loan, over 30 years, cost less than the negative subsidy, and so the HRA started to accrue a surplus which could be invested in new housing or other appropriate requirements. The current balance outstanding on the PWLB loan is c.£70m.
93. The HRA budget is balanced for 2022/23. The HIR balance during 2022/23 is being used for restorative works. New projects will use borrowing, as required, to support the on-going programme of housing development.
94. A stock condition survey was undertaken in 2017, to inform the on-going maintenance and investment requirements. The 2022/23 budget is based on the work programme provided by the property services section and incorporating the results of the survey.
95. In May 2017 Dover District Council Jobcentre Plus went live with the Universal Credit Full Service. There had been a significant increase in HRA rent arrears until January 2021 when the in-house rent team started to be able to recover some of the arrears. The rent arrears are now at their lowest level since April 2018. The debt appears to be mainly a cash flow issue rather than a bad debt due to the timing delays associated with payment of Universal Credit. However, tenants now directly receive the Universal Credit payment, whereas with Housing Benefit, payments are made direct to the landlord. This is resulting in some cases of higher debt levels from tenants not paying their rent and we are beginning to see some evictions due to this.

Rent Setting

96. Council house rents are effectively controlled by Government. As the MHCLG has now allowed for rents to be increased from 2022/23 the average increase is 4.1%. Rent levels are calculated on an individual property basis using rent formulas previously prescribed by MHCLG.

97. It is not, therefore, possible to report on the rent to be set for, say, a standard two bedroom flat or a standard 3-bedroom house. However, for Members' information the following figures may be helpful:
- The 2021/22 average weekly rent across all properties is £86.75;
 - The 2022/23 average weekly rent is forecast to be £90.35
 - The increase in the average weekly rent is £3.60 or 4.1%; and
 - Three bedroom houses have rents (for 2022/23) ranging from £91.20 per week to £113.50 per week with an average of £102.35
98. Approval of rent levels is an executive function that has been delegated to the Head Housing in consultation with the Portfolio Holder responsible for Housing based on the model described above.

Capital Receipts

99. Like the majority of Councils, Dover has entered into an agreement with Government to retain 100% of the receipts from right-to-buy sales above the anticipated trend level. These excess receipts (known as "1:4:1 replacement") are ring fenced to provide part funding of the cost of new affordable/social housing. This means that there is a cap on the receipts that can be used for general capital purposes. This can be supplemented by the element of excess RTB receipts retained for 'debt repayment' that may be used for other capital purposes if repayment of debt is funded from an alternative source.
100. As at the end of December 2021 there had been 12 RTB sales in the financial year. It is estimated that retained 'excess receipts' will be in excess of £500k by the end of the financial year. This has to be used within 5 years of receipt, or else it must be repaid to MHCLG, and, when applied to a capital scheme, it cannot comprise more than 40% of the scheme costs, so other funding sources must also be available.
101. In order to comply with these rules and avoid claw back by the MHCLG, this funding is normally applied to HRA housing projects, before any other sources are used.

Service Charges

102. The Council currently levies service charges to tenants and leaseholders based on the costs of the specific services received by the two groups. Service charges to tenants are made in addition to their weekly rent. Service charges and charges for insurance are made to leaseholders in addition to the ground rent charged.

THE MANAGEMENT OF DDC'S HOUSING STOCK

103. The management of DDC's housing stock has been with DDC since 1st October 2020 following a special Cabinet meeting to bring the management of the Council's housing stock back in house on 20th February 2020.
104. The three other Councils also decided to take back the management of their own housing stock.
105. The in-house teams are now established and operational. Much of the work has been completed including:

- Compliance levels and procedures are now at the required level and have received sign-off from the Social Housing Regulator;
 - The disaggregation and implementation of computer systems; and
 - The Embedding and development of the smooth running of the new service.
106. The cumulative problems indicated above have given rise to building a new HRA Business Plan to help to forecast the cash flow needed for the Council. This includes a 14-year capital investment programme of restorative measures as well as working towards its housing stock becoming carbon neutral by 2050 (as per the Climate Change Emergency report to cabinet on 4th November 2019).

HRA BUSINESS PLAN

107. As mentioned above the HRA Business Plan has been built to assess the impact on future modelling of the HRA cashflow for both future major projects and future increased spend on improvements on the housing stock. The plan evaluated and confirmed that a 14-year profiled spend on capital investment is an affordable approach to support the restorative measures required. The plan will form a basis for any future modelling the Council wishes to consider.

HOUSING DEVELOPMENT AND INVESTMENT

108. Housing development and investment within the district is taking place on a number of fronts, of which the most significant are:
- HRA Investment, utilising
 - Housing Initiatives Reserve (HIR)
 - Borrowing
 - 1:4:1 Right to Buy Replacement
 - Acquisition and new build
 - Investment in existing stock
 - Registered Providers Investment
 - Private Sector Housing
 - Commercial housing developments
 - Homelessness strategy

109. These are discussed in more detail below.

HRA INVESTMENT

Housing Initiatives Reserve (HIR) & 1:4:1 Right to Buy Replacement

110. The HIR has been funded by the transfer of surpluses, and an under investment by EKH in our housing stock, in previous years whilst maintaining a £1m balance in the HRA. The HIR was established to fund a programme of new house building / acquisition.
111. Since 2017/18 HIR funding, coupled with 1:4:1 Right to Buy funding has enabled the re-purchase of 64 former Council properties which have been added to the HRA stock.
112. To date in 2021/22, 7 properties have been purchased and this is expected to increase by the end of the financial year.

113. Additionally since 2017/18 we have refurbished or acquired the following properties:-
- Folkestone Road, Dover – 9 flats refurbished
 - George Close, Capel – 9 houses purchased of which 3 were shared ownership.
 - Norman Tailyour House, Deal – refurbished providing 18 new 1 and 2 bedroom flats
 - Former sites of 2 sheltered housing schemes, Harold Street, Dover – now providing 29 shared ownership flats, 24 flats added to the HRA stock and 12 houses for private sale.
 - Ottawa House, Folkestone Road, Dover – 8 units refurbished into 1 bedroom flats
114. Further projects are being developed to continue to directly provide additional affordable housing in the district; these include:
- The development of interim housing (48 properties) on sites at Kimberley Close and Barwick Road Dover and Stockdale Gardens in Deal;
 - 6 properties being developed at St Richards Road in Deal;
 - 26 properties being developed at Napchester Road in Whitfield.
 - 2 properties being developed at Foxborough Close, Woodnesborough
115. Further opportunities are being considered and the business case for each examined prior to a formal a project approval being sought.
116. It is proposed that the 2022/23 housing developments will be financed by borrowing. The balance in the HIR at the end of 2021/22 is projected to be around £13m. The four year HRA forecast (Annex 5A), shows the balance will be depleted by the end of 2025/26 due to the restorative measures on DDC's Council stock.

Investment in Existing Stock

117. The HRA budget and projects take account of the need to invest in existing stock before establishing a surplus for the HIR. A stock condition survey was undertaken in 2017, to inform the on-going maintenance and investment requirements. The 2022/23 budget is based on the work programme provided by the property services section incorporating the results of the survey and the work required for Decent Homes standards.

Recommendations from this Section

118. It is recommended that Council:
- Approve the HRA budget for 2022/23;
 - Approve the HRA Capital Programmes.

ASSET MANAGEMENT PLAN (AMP)

119. The AMP is used as a management tool to assist in ensuring that the Council's property assets meet the objectives set out in the Council's Corporate Property Strategy. It covers:
- Revenue maintenance requirements;
 - Capital works programmes;
 - Data on performance of significant corporate assets; and
 - Properties identified for disposal.
- During 2021 the AMP was amended among other things to reflect the commitment of the Council to be a zero-carbon organisation but will again be reviewed in 2022 to reflect any further changes to legislative requirements.
120. Expenditure on repairs and maintenance forms a direct link with the revenue budget, which contains the resources to meet the programme of repairs and maintenance. Standards of maintenance, and therefore of required expenditure, are to some extent subjective. The Strategic Director (Operations and Commercial) confirms that there are sufficient resources to keep properties generally wind and water-tight, but it continues to be a challenge to maintain all buildings without deterioration. Continuing with this approach increases the risk, but it ensures that the limited budget focuses mainly on essential maintenance.
121. There is a growing backlog of planned maintenance required for "Operational Assets". Significant expenditure is needed at:
- Tides Leisure Centre- because of its age, needs work to the external envelope of the wet side buildings. Extensive renewal of worn out and inefficient heating plant for the wet side completed in January 2019. Survey work has indicated that more extensive repairs and replacements than were originally thought are also necessary. Further work is being undertaken to establish the route to achieve a sustainable future for the complex over the next 30-40 years.
 - Dover Town Hall - During 2020 Dover District Council secured stage 2 HLF funding for Dover Town Hall, to support a scheme which will provide a sustainable future for the priceless Burgess heritage assets and the Stone Hall. The construction phase is due to start in late spring 2022.
 - Deal Pier - cyclical concrete repairs are again becoming necessary and investigative work to ascertain the extent and cost of such repairs will continue during 2022.
122. An Urgent Works earmarked reserve was established and this is held to fund urgent works on corporate assets if required.

Summary

The key points for Members to note are:

- There are sufficient resources to maintain the Council's General Fund properties in a basic state of repair but it is a significant challenge to maintain all the buildings without deterioration and this does carry a risk of service failure or an increase in the overall maintenance backlog; The current resource levels preclude wholesale expenditure on initiatives to cut carbon emissions however innovative sustainable projects and solutions will

cumulatively and significantly reduce emissions in order to help the Council achieve its organisational zero carbon ambition by 2030.

- The Strategic Director (Operations and Commercial) continues to review opportunities for realising capital receipts from surplus assets to support financing of the capital programme.

CAPITAL PROGRAMME & SPECIAL REVENUE PROGRAMME

Purpose of the Capital Programme

123. The primary objectives are to:
- Maintain an achievable, affordable capital programme;
 - Ensure capital resources are aligned with corporate priorities;
 - Identify any requirement for Prudential Borrowing, and ensure that it is only undertaken if it is affordable; and
 - Maximise available resources by actively seeking external funding and disposing of surplus assets.

Definition of Capital

124. Capital expenditure is expenditure which increases the capital value, performance, use or life of an asset. It can be financed by a number of means including:
- Capital receipts;
 - Capital grants;
 - Prudential Borrowing;
 - Revenue resources; and
 - Leasing.
125. With the exception of revenue resources and the use of external leasing, none of the sources above can be applied to meet revenue requirements.

Content of the Capital Programme

126. Members are referred to the draft Medium Term Capital Programme (MTCP) at Annex 6A. This is a dynamic programme and a formal bidding process is operated every year to identify and plan future projects.
127. However, if formal approval is required for every minor change in the programme, this will potentially generate delays. In order to manage this, it is proposed that the current practice, as set out below, is continued:
- The programme will be continuously updated to reflect the latest position;
 - The latest programme will be included in the budget monitoring report (or a summary of changes will be provided) circulated to Members during the year;
 - The latest version of the programme will be displayed on the intranet and internet;
 - Whenever changes are required which exceed the overall spend of the programme, Member approval will be required – in effect, approval will be required if officers cannot find savings within existing resources to accommodate changes, or cannot finance them from external sources; and
 - Any changes which are expected to have significant policy implications will be discussed with the Leader and relevant portfolio holder and will be reported to Members.
128. To simplify the management of regeneration budgets it has been agreed that they are treated as one major project and virements between them can be authorised by the Strategic Director (Corporate Resources).

129. To facilitate efficient decision making, final approval for projects up to £50k that are included on the Capital and Special Revenue Programmes are delegated to the Strategic Director (Corporate Resources) in consultation with the Portfolio Holder responsible for Finance.
130. In addition, a contingency has been included on the MTCP and Special Revenue Programme to allow progression of small projects without significant policy implications. It is proposed that the approval of such projects continues to be delegated to the Strategic Director (Corporate Resources) in consultation with the Portfolio Holder responsible for Finance.
131. All projects will continue to require reports for approval of a Project Appraisal and at evaluation, design and tender stages, where appropriate, in accordance with the Constitution.
132. The structure of the programme is reflected in the format of Annex 6A and is explained below:
- Committed General Fund Projects
These are live General Fund projects that have been approved by Cabinet through the Project Appraisal process or under the agreed delegated authority, and are committed or in progress.
 - Proposed General Fund Projects
New projects are shown in the programme for approval of funding to the projects. These projects will be subject to the completion of a Project Appraisal for Cabinet or delegated approval before they commence.
 - Financed by
This table provides a summary of the financing of the proposed Capital Programme. Members will note that there are sufficient resources to finance the projects included in the table. However, Members should also note that:
 - If Members wish to include additional projects in the programme, these can only be resourced by removal of the equivalent value in new bids;
 - Removal of projects financed by specific grants, or from the HRA, will not generate additional resources for other projects in the General Fund programme.

Content of the Special Revenue Projects Programme

133. The Special Revenue Projects Programme (Annex 6C) comprises significant projects which are not, in the main, capital, but which are still one-off revenue expenditure in nature and are therefore to be funded from reserves as annual recurrent revenue budgets are insufficient to finance them. As one-off projects they are generally managed with the same disciplines and controls as capital projects. As they are financed from revenue reserves cancellation of any of these projects would free up resources which could be used to finance capital projects, other revenue projects, or for other purposes.

Content of the Digital and ICT Projects Programme

134. The Digital and ICT Projects Programme (Annex 6D) comprises significant projects which are required to deliver digital improvements to services and support the ICT infrastructure. These are usually one-off revenue expenditure in nature and are therefore to be funded from reserves as annual recurrent revenue budgets are insufficient to finance them.

Financing of the Capital and Special Revenue Projects Programmes

135. In order to maximise the capital resources available to the Council, the detailed decision to apply capital receipts, revenue resources, grants, s106 monies etc. to finance the approved Capital and Special Revenue Projects Programmes is delegated to the Strategic Director (Corporate Resources), in consultation with the portfolio holder responsible for Finance, and capital receipts from particular sources will not be hypothecated to specific projects. Instead they will be treated as one overall stream to finance Capital and Special Revenue projects within both the General Fund and HRA according to the priority of the projects and the availability of financing.
136. The financing of the capital programme will be reported to Members as part of the Outturn Report. This is produced annually and accompanies the final accounts.
137. In addition to financing of capital expenditure, the Council also has to consider what provision, if any, should be made for the repayment of debt. Although new long term borrowing has not yet been undertaken, it is intended that new borrowing, when required, will be repaid by making revenue provisions based, inter alia, on the life of the asset as set out in the Treasury Management Strategy Statement.

Prudential Code

138. The “Prudential” regime was introduced on 1 April 2004, and since then local authorities have had the freedom to borrow monies that are judged affordable, sustainable and prudent. This enables local authorities to fund new borrowing from savings in revenue expenditure or the generation of additional revenue income.

Capital Receipts

139. In 2004/05 the Government introduced the pooling of housing capital receipts, from Right-to-Buy sales, for distribution to authorities where there is greatest need. From 1 April 2012 new Right-to-Buy regulations apply. The main change from previous regulation is that receipts in excess of those allowed for under the Housing Finance Reform Debt Settlement may be retained by an authority for 1:4:1 replacement of Affordable Housing.
140. Right-to-Buy (RTB) sales in 2021/22 have been similar to levels in 2020/21. Although the level of receipts available for general capital purposes is capped additional funding is available from the element of excess RTB retained for debt repayment that may be used for other capital purposes.
141. The Council generally retains 100% of non-HRA capital receipts and non-RTB HRA capital receipts, subject to capital allowance regulations.
142. Annex 6B details the level of capital receipts held, expected, committed to projects proposed and to be used for new projects. The balance of receipts after these

anticipated receipts and commitments is shown as zero. Future capital receipts are expected to come mainly from housing right to buy sales and amount to circa £300k per annum at current sales levels, so will not replenish capital funds and will not be sufficient to maintain the current level of activity in the future. No other major receipts are currently expected.

Summary

The key points for Members to note are:

- The Capital Programme operates on a cash funded position with no new projects being approved to commence unless the whole project costs can be financed through additional funding, sufficient capital receipts have been banked, external borrowing is approved or other savings in the programme have been identified. The new projects in the programme have been approved subject to the completion of a Project Appraisal for approval by Cabinet, or the Strategic Director (Corporate Resources) in consultation with the Portfolio Holder responsible for Finance under delegated powers;
- The Capital Programme is partly financed from HRA Right-to-Buy sales. Since 2017/18 the level of RTB sales has been declining and the level of sales for 2021/22 is currently showing this trend is continuing. Therefore, the amount of receipts available for general capital purposes remains limited.
- The detailed financing of the Capital and Special Revenue Projects Programmes is delegated to the Strategic Director (Corporate Resources) in consultation with the portfolio holder responsible for Finance;
- There is no provision for making capital grants to other organisations, other than those grants already approved; and
- The lack of headroom in the capital programme for additional projects is a significant constraint and large projects will need to be funded from external borrowing where revenue savings can be identified to offset the borrowing costs (such as the Dover District Leisure Centre project).
- Following a number of years during which only patch repairs have been undertaken, there is now a need for significant investment across the authority's assets, parks and ICT to achieve a standard that will enable a programme of rolling works to be introduced.

RECOMMENDATIONS FROM THIS SECTION

143. It is recommended that Cabinet:

- Delegate the approval of projects included in Annex 6D, the Digital & ICT Programme to the Head of Community & Digital Services in consultation with the Portfolio Holder for Finance, Governance, Digital and Climate Change.

144. It is recommended that Council:

- Approve the Capital, Special Revenue Projects and Digital & ICT Programmes;
- Approve that capital resources required to finance new projects are secured before new projects commence.

TREASURY MANAGEMENT AND THE PRUDENTIAL CODE

145. The Local Government Act 2003 introduced new capital accounting regulations, which required Councils to have regard to the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code when setting their budgets.
146. The new capital system promotes a Council framework to ensure:
- (a) That the authority maintains a balanced budget;
 - (b) That the impact of capital investment decisions is reflected in the revenue budget; and
 - (c) That performance measurement is implemented in managing and controlling the impact of capital investment decisions.
147. Annexes 7A – 7C set out estimates for each of the relevant Prudential Indicators in each of the financial years 2022/23 to 2025/26 and include the latest estimates for 2020/21 aligned with the revised forecast budget. Approval is sought for the proposed indicators for 2022/23 – 2025/26.
148. The capital programme has been financed to date within existing resources, which include capital receipts, specific capital grants, the Major Repairs Allowance, and useable reserves and internal borrowing. Significant projects, including the Dover District Leisure Centre, will ultimately be financed by borrowing; however no borrowing has been undertaken at this time. Approval levels for borrowing are included in Annex 7B.

TREASURY MANAGEMENT

149. The Council's Treasury Strategy complies with the requirements of the CIPFA Code of Practice on Treasury Management, which was adopted by the Council in September 2002 and the CIPFA Code of Practice on Treasury Management (revised November 2017) that was adopted by this Council in March 2018.
150. Approval of the strategy is a Council decision.

RECOMMENDATIONS FROM THIS SECTION

151. It is recommended that Council:
- Approve the Capital, Treasury Management and Investment Strategies, including the Prudential Indicators and Minimum Revenue Provision statement (Annexes 7A, 7B and 7C).

KEY ASSUMPTIONS & READY RECKONER

Background

152. In order to complete the budget and MTFP in accordance with the timetable it is necessary to make various assumptions. These are based on the most realistic information available at the time of production, but it is important that Members are aware of these assumptions and their implications.

Inflation

153. Salary inflation will be based on the results of the Collective Bargaining process. Contract inflation for 2022/23 is based on the details of the specific contracts, the state of the market for the specific services and any other relevant factors. Contract inflation is assumed to be 2% for future years. Inflation on all other expenditure will aim to be limited to the current budget level; however, a small allowance of 2% has been forecast to allow some limited growth.

Staff Numbers

154. The 2022/23 budget includes 630 full time equivalent posts directly employed for DDC. This includes 196 Port Health posts and 14 posts employed by DDC as part of the East Kent Audit Partnership (working for Canterbury, Thanet, Folkestone and Hythe and Dover and recharged accordingly) and East Kent Payroll (working for Canterbury, Thanet and Dover and recharged accordingly) allocated across services.

Triennial Valuation of the Pension Fund by the Fund Actuaries

155. The triennial valuation took effect from April 2019. It has been assumed that the DDC backfunding contribution will increase by 4% above the 2021/22 level of £1.82m for the planning period.

Interest Rates

156. It is assumed that DDC will maintain the 2021/22 level of income from investments for the remainder of the planning period. Any additional income generated will be transferred to reserves to support future projects.

Revenue Support Grant

157. The current draft settlement provides figures for 2021/22. It is assumed that this will reduce to nil for future years.

Business Rates Retention

158. The calculations are based draft figures available at the time of publishing this report. They will be finalised on the completion of the NDR1 to be submitted by the end of January. The forecasts assume a small element of inflation / growth for the planning period.

Council Tax

159. Council tax increases have been assumed at £4.95 for 2022/23 and for the remainder of the planning period.

New Homes Bonus

160. New Homes Bonus is a scheme that provided incentives and rewards for councils and communities who support delivery of new homes in their area. It is assumed that the new NHB grant will be reduced to nil proportionally over the four years following 2022/23.

Capital Projects

161. There are no material revenue pressures expected from current capital projects as they go live.

Ready Reckoner

- Payroll - 1% increase costs the General Fund approximately £100k;
- Council tax - 1% raises c.£80k;
- RSG – assumed to reduce to nil by 2023/24;
- NDR – 1% growth in BR income equates to c.£60k (DDC's share @ 40%, less 50% levy, but will be higher under pooling due to reduced levy rates);
- Investment Income - 1% equals approximately £400k (based on investment balances of £40m);
- Contract inflation – 1% equals c.£65k;

SIGNIFICANT BUDGET RISKS

162. Budgets, by their nature, involve an element of forecasting which entails uncertainty and hence risk. The schedule below highlights the main strategic / high value budget risks.
163. Although it currently represents the greatest risk, a specific heading has not been included for Covid-19, because it will impact to a significant extent across all of the other risks.
164. Income risks:
- Business Rates
 - New Homes Bonus
 - Fair Funding Review
 - Council Tax
 - Treasury Management
 - Property Investment
 - Capital Receipts
 - Housing rent collection
 - Car parking
165. Expenditure risks:
- Brexit
 - Port Health
 - Pension Funding
 - Homelessness
 - Contract renewals

Ref	Risk Description	Explanation and Mitigation	Budget Sensitivity
1	Business Rates	<p>The key challenges are:</p> <ul style="list-style-type: none"> • Changes to the overall Business rates retention (BRR) regime including the future level of BRR – 50%, 75%, 100%? • Future re-sets of the DDC baseline, sacrificing some / all of the gains made to date. • The next revaluation – will it be fiscally neutral or negative and who will make up the shortfall? • Class action appeals • Individual appeals such as Channel Tunnel. • The difficulty in forecasting future BR taxbase changes. • Operation of the Collection Fund and the timing of recognition of income. • Unexpected revaluations, errors and initiatives by the VOA such as reduced valuations for hospitals and fire stations. • Errors in the MHCLG settlement • Changes in the Enterprise Zone and / or renewables schemes. • Weak BR performance by other Kent districts leading 	£7.8m pa

Ref	Risk Description	Explanation and Mitigation	Budget Sensitivity
		<p>to an impact on the Kent pool.</p> <ul style="list-style-type: none"> • Poor understanding of the regime by the DLUHC. • The Fair Funding Review leading to changes in the baseline or other aspects of the regime. <p>The opportunities for Councils individually or collectively to mitigate the above impacts are limited other than through the management of their own finances, smoothing reserves etc. and individual lobbying and response to consultations.</p> <p>Collective lobbying and response to consultations will also take place where possible, but the impacts of changes are often re-distributive and do not fall evenly across the sector and so it is difficult to create consensus.</p>	
2	New Homes Bonus	<p>Government have indicated that they wish to change their commitment to New Homes Bonus and are expected to scrap it altogether.</p> <p>This is a core part of DDC's funding stream, generated in recognition of recent planning decisions, which were taken, in part, on the understanding that the NHB pledge would be honoured by government and may be used to mitigate the impacts of those decisions.</p> <p>The 2022/23 settlement included an unexpected increase in NHB funding. However, it is anticipated that this will be reduced over future years.</p> <p>The key issue will be whether NHB is replaced and if so, by what.</p>	£1.2m pa.
3	Fair Funding Review	<p>The government has consulted on a Fair Funding review which will re-calibrate the local government settlement. The FRR is now expected to take place in 2022/23.</p> <p>Pressure from upper tier and unitary authorities and the challenges arising from adult social care may reduce the resources available to district councils.</p> <p>As with the current settlement, the Council can take part in Kent wide lobbying on the settlement but has limited ability to influence the settlement.</p>	Unable to forecast at the time of writing.
4	Council Tax Base & Collection Rates.	<p>The draft budget includes the current forecasts of the Council Tax base and collection rates.</p> <p>The uncertainty around current economic performance and employment may have an on-going impact on Council Tax income.</p>	£7.7m pa

Ref	Risk Description	Explanation and Mitigation	Budget Sensitivity
5	Treasury Management	<p>Of the current forecast £1.6m treasury management income £600k is being transferred to earmarked reserves to support future projects and reduce the GF risk of over-reliance on the income stream.</p> <p>Reductions in capital values would only impact the GF if the funds were realised when the values were low. Due to the breadth of investments held it is unlikely that this would become necessary as other funds could be realised or short term borrowing undertaken if cash flow shortages occur.</p>	£1.6m pa
6	Property Income	The Council receives rental income from its commercial regeneration properties. There is a risk that this income may be reduced if tenants are unable to continue to trade.	£2.3m pa
7	Capital receipts	<p>Capital receipts come from housing and other asset sales. Any drop-off in the level of receipts will lead to reduced resources available to complete projects. The reduced receipts could arise from lower sales, lower prices or both.</p> <p>We cannot mitigate against market movements or reduced levels of sales. To some degree lower values may increase the level of demand, but this will also be dependent on interest rate movements.</p>	£300k pa (average level)
8	HRA rent arrears	<p>The roll out of Universal Credit has been mirrored by a significant increase in housing rent arrears. However, the rent arrears levels have been reducing since housing has come back in house and are now at the same levels as 2018-19.</p> <p>A bad debt provision is included within the budget and arrears levels are being monitored. The Coronavirus 2020 Housing Act had resulted in eviction cases currently being on hold since March 2020 but from October 2021 the notice period for possession proceedings has returned to pre-Covid length.</p>	<p>Annual HRA rent £20.5 m</p> <p>Current arrears £602k</p>
9	Car Parking	Car parking income is expected to be impacted by the lockdown and tier restrictions. The depth and length of the impact is unknown.	£2.6m pa

Ref	Risk Description	Explanation and Mitigation	Budget Sensitivity
10	Brexit – Port and East Kent impact	<p>The creation of a “third country” border between the UK and France increases the risks of border closures and related disruptions to the traffic flows in and out of the port and Channel Tunnel. This poses a risk in terms of the impact on local businesses and communities, the disruption in the delivery of services such as waste collection, and the requirement clear litter, clean highways etc.</p> <p>The Council is in discussions with DLUHC regarding the additional costs being borne by the Council.</p>	Unable to forecast the impact at the time of writing.
11	Port Health	<p>The Government, via Defra, have funded start-up costs for the expanded service of the Port Health, which once fully operational, will be able to charge fees for each check it conducts. This will then enable the service to be self-financing.</p> <p>However, until the service is fully operational, and the trade has settled, it is very difficult to accurately assess the number of checks that will be required and total income that can be expected.</p> <p>As Port Health Authority the Council is required to develop a whole new team of circa 200 staff to service the new Border Control Point at Whitfield. Significant risks include:</p> <ul style="list-style-type: none"> • The start date for the service (expected to be July 2022) but is dependent on completion of works by Defra • The recruitment challenges • Trade volumes • Estimated income, expenditure and fees. 	Unable to forecast the impact at the time of writing.
12	Pension Funding	<p>Prior to the Covid-19 pandemic the Kent scheme was at the highest overall level of funding since the 1980’s and had made significant progress towards 100% funding.</p> <p>It is not yet clear how the pandemic will change this position and whether the Council will have to make significantly increased contributions following the next triennial valuation.</p> <p>It should also be noted that DDC’s share of the scheme costs is heavily impacted by staff demographics and the maturity of the scheme and is therefore significantly less well funded. This also adds upwards pressure to the costs.</p>	£6.9m pa contribution (increased from 2021/22 budget due to impact of Port Health staffing)

Ref	Risk Description	Explanation and Mitigation	Budget Sensitivity
13	Homeless expenditure	<p>Expenditure will continue to increase due to the impact of Coronavirus, the Homeless Reduction Bill and the continued implementation of Universal Credit in the district. Close monitoring of the impact of the Bill and the in-year budget. Additionally changes proposed in the Kent County Council budget may impact the support available to vulnerable adults in the district, potentially resulting in additional homeless presentations to the Council.</p> <p>The service will continue investigating innovative options and working with partners to support homeless requirements in the district.</p>	Unable to forecast at the time of writing.
14	Major Contract Renewals	When major recurrent contracts are up for renewal the price achieved by the council depend upon the functioning of the market in the particular sector and the attractiveness of the package assembled by DDC.	Unable to forecast at the time of writing.

BUDGET SUMMARY

	<u>2021/22</u> <u>Original Budget</u>	<u>2021/22</u> <u>Projected</u> <u>Outturn</u> <u>(Dec 2021)</u>	<u>2022/23</u> <u>Budget</u>
	£000	£000	£000
Chief Executive	4,478	4,478	5,694
Operations & Commercial Services	7,016	6,816	7,554
Corporate Resources	9,205	9,205	10,369
Shared Services (DDC hosted)	229	229	557
Special Revenue Projects	120	1,693	113
Vacancy Allowance	(150)	(150)	(150)
Estimated on-going impact of Covid Lockdowns	1,895	1,398	0
Savings & Income Generation Target	(1,295)	(480)	(405)
Contingency	146	146	120
River Stour Drainage Board	77	77	79
Directorate costs recharged to HRA & Capital Projects	(3,412)	(3,912)	(4,564)
Net Operating Expenditure	18,309	19,499	19,366
Financing Adjustments:			
Revenue Expenditure Funded by Capital Under Statute	(1,276)	(1,276)	(1,276)
Interest Receivable	(1,673)	(1,576)	(1,640)
Interest Payable	363	363	203
Loan Principal Repayments/Borrowing Allowance	1,453	1,453	1,773
Total Financing Adjustments	(1,133)	(1,036)	(940)
Contribution to/(from) Reserves:			
- Regeneration Reserve	199	199	115
- Special Projects & Events Reserve	500	(1,073)	760
- Periodic Operations Reserve	57	(143)	(5)
- ICT Systems & Servers Reserve	85	85	115
- Business Rates & Council Tax Reserve	265	265	0
- Port Health Reserves	0	0	(1,988)
Net Contribution to/(from) Reserves	1,107	(666)	(1,003)
Total Budget Requirement	18,282	17,797	17,423
Financed by:			
Business Rates - Total Income Net of Timing Adjustments	7,344	7,344	7,746
Revenue Support Grant	58	58	60
Lower Tier Services / Services Grant	360	360	422
Covid Funding Support	1,183	1,183	0
Council Tax	7,689	7,689	8,038
Council Tax - Collection Fund Surplus / (Deficit)	40	40	(109)
Council Tax - Other S31 Grants	118	118	0
New Homes Bonus	990	990	1,229
New Burdens	0	0	0
Total Financing	17,782	17,782	17,385
General Fund Deficit/(Surplus) for the Year	500	15	37
General Fund Balance at Start of Year	(2,565)	(2,930)	(1,615)
Transfer to General Fund Smoothing Reserve	0	1,300	0
Leaving Year End Balances of	(2,065)	(1,615)	(1,578)

General Fund Service Expenditure by Cost Type

	2021/22 Original Budget £000	2021/22 Projected Outturn £000	2022/23 Proposed Budget £000
Direct Expenditure			
Employees	17,974	17,974	30,609
Premises	2,629	2,629	1,592
Transport	210	210	216
Supplies and services	6,353	6,353	10,068
Third parties	12,023	11,823	11,118
Shared services	2,421	2,421	2,523
Transfer payments	23,590	23,590	21,984
Total Direct Expenditure	65,201	65,001	78,110
Direct Income			
Government Grants	(24,731)	(24,731)	(27,245)
Sales	(352)	(352)	(521)
Fees and Charges	(11,267)	(11,267)	(19,987)
Other Income	(6,664)	(6,664)	(6,742)
Total Direct Income	(43,014)	(43,014)	(54,495)
Central Support reallocation of costs	(4,900)	(5,400)	(4,564)
Special Revenue Projects	120	1,693	113
Vacancy Allowance & Employment Stability	(150)	(150)	(150)
Shared services (DDC Hosted)	229	229	557
Estimated on-going impact of Covid Lockdowns	1,895	1,398	-
Savings & Income Generation Target	(1,295)	(480)	(405)
Contingency	146	146	120
River Stour Drainage Board	77	77	79
Net Service Expenditure	18,309	19,499	19,365

GENERAL FUND KEY FIGURES - EXPENDITURE

	2020/21 Outturn	2021/22 Original Budget	2022/23 Draft Budget	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast
Key Expenditure Figures:	£000	£000	£000	£000	£000	£000
Employees:						
Basic	11,502	12,970	21,582	22,014	22,454	22,903
NI	1,201	1,309	2,434	2,483	2,532	2,583
Current year pension	2,096	2,438	4,052	4,133	4,216	4,300
Backfunding	1,443	1,492	1,550	1,628	1,709	1,794
	16,242	18,209	29,618	30,257	30,911	31,580
Major contracts:						
Refuse Collection	1,463	1,760	1,628	1,661	1,694	1,728
Recycling	1,307	1,896	1,681	1,715	1,749	1,784
Street Cleansing	1,756	1,860	1,722	1,756	1,792	1,827
Total Waste	4,526	5,516	5,031	5,132	5,234	5,339
Balance of Third Party Payments ¹	2,310	698	1,311	1,337	1,364	1,391
	11,362	11,730	11,373	11,600	11,832	12,069

Notes

¹ Excludes EKS Management Fees & WCLP

GENERAL FUND KEY FIGURES - INCOME

	2020/21 Outturn	2021/22 Original Budget	2022/23 Draft Budget	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast
Key Income Figures:	£000	£000	£000	£000	£000	£000
Car Parking	(1,643)	(2,638)	(2,592)	(2,644)	(2,697)	(2,751)
Rent Income	(2,130)	(2,247)	(2,216)	(2,260)	(2,306)	(2,352)
Development Management	(996)	(925)	(1,005)	(1,025)	(1,046)	(1,067)
Building Control	(306)	(325)	(325)	(332)	(338)	(345)
Licensing	(234)	(184)	(213)	(217)	(222)	(226)
Green Waste	(432)	(448)	(448)	(457)	(466)	(475)
Land Charges	(152)	(160)	(190)	(194)	(198)	(202)
	(5,893)	(6,927)	(6,989)	(7,129)	(7,271)	(7,417)
Total Financing:						
Non-Domestic Rates	8,141	7,344	7,746	7,717	7,871	8,029
Revenue Support Grant	57	58	60	75	0	0
Council Tax	7,503	7,689	8,038	8,315	8,593	8,872
New Home Bonus	1,733	990	1,229	922	615	307
Covid	3,593	1,301	0	0	0	0
Lower Tier Grant	0	360	422	0	0	0
Other	138	40	(109)	(109)	(109)	(109)
Total Financing	21,165	17,782	17,386	16,920	16,970	17,099

GENERAL FUND KEY ELEMENTS

1. The main factors impacting the General Fund budget are detailed below.

Staff Salaries

2. Independent advice on the cost of living increase is received to form the basis of negotiations for the 2022/23 pay settlement and is factored into the budget.

Vacancy Allowance and Organisational Savings

3. The vacancy allowance (savings from staff turnover) has been set at £150k. It is proposed to continue an employment management process to maintain the link between corporate priorities and the approval of posts to be filled.

Pension Fund

4. The Council's Pension Fund (part of the countywide fund administered by Kent County Council) is subject to actuarial valuation on a three-yearly cycle. The next triennial valuation of the KCC pension fund is expected to be carried out in March 2022 and implemented from April 2023.
5. DDC pays two contributions to the pension fund; these are "current service rate" (the additional pension earned in year) and a lump sum to finance the existing pension deficit. The actuarial report advised that based on the various assumptions used the current contributions required to meet the cost of pensions being earned today is 18.8% of payroll per annum.
6. The annual calculations in respect of pension benefits as at 31 March 2019 estimated a decrease in the pension fund deficit for Dover. Dover is paying this deficit off over the next 13 years as agreed with the actuary. As a result, the fixed sum to finance the deficit was increased by £70k from £1.82m in 2021/22 (for all staff, including HRA) to £1.89m in 2022/23.
7. It should be noted that changes to the pension fund deficit are largely a result of factors outside of the Council's control including increases in pensions payable, increased life expectancy and lower asset values.

General Inflation

8. Setting a guideline level of inflation introduces a risk of "over budgeting". Instead, all managers are asked to consider the specific quantity and price of services they will actually need in the coming year and to reduce expenditure where possible.
9. The other significant area of potential inflation pressures relates to major term contracts. In 2022/23 the assumed level of contract inflation is based on the details of the specific contracts, the state of the market for the specific services and any other relevant factors. For future years it is not realistic to attempt to model contract renewal costs and so for planning purposes a 2% increase in the cost of major term contracts has been assumed. Each 1% variance in contract inflation leads to approximately £65k variance in costs.

Contingency Provision

10. Contingency provision of £120k has been included to meet any unexpected expenditure commitments, if they cannot be contained within other budgets. As part of the budget setting process managers and directors are asked to identify any budgets held for items such as legal or consultants' fees that would only be required if certain circumstances occurred. These budgets have been removed from individual budgets and will be funded from this provision if required for the items identified.

Grants to Organisations

11. The Council makes Grants to Organisations in two ways, by concessionary rentals and by cash payments. The value of grants proposed for 2022/23 totals £318k comprising concessionary rentals of £30k and grant payments of £288k. The Concessionary Rentals are grants given to lessees of the Council properties to support them with their accommodation. The Grants to Organisations are for groups generally supporting services across the district or for those who need support.
12. The grants include contributions to the Citizens Advice Bureau, Your Leisure, KCC and the Neighbourhood Forums allocation. The main difference to the budget for 2022/23 compared to 2021/22, is the removal of the concessionary grant to Deal's Citizens Advice Bureau towards the lease of The Cedars as they no longer occupy this building. Each of these individual grants, with the organisations' names and the grant purposes, are set out in Annex 9.

Shared Services

13. East Kent Services manage the ICT and Payroll functions on behalf of Dover, Canterbury and Thanet Councils. They also manage the revenues & benefits and customer services contract with Civica (which started on 1st February 2018) on behalf of the East Kent Councils. Thanet are the accountable body for these arrangements and handle the accounting arrangements, are billed by Civica, and in turn charge management fees to Dover.
14. The Council has an 8-year contract to carry out recycling, bulky, garden, food & residual waste collections along with street cleansing operations to Veolia Environmental Services (UK), which commenced in 16th January 2021. The contract has been awarded in partnership with Folkestone and Hythe District Council (FHDC) and Kent County Council (as the disposal authority). Dover is the lead on this partnership and manages the client team who oversee the contract from the Dover District Council offices on behalf of the three authorities.
15. East Kent Audit Partnership (EKAP), hosted by Dover, provides internal audit services to Dover, Folkestone and Hythe, Canterbury and Thanet (including East Kent Services) Councils.

Interest on Investments

16. The overall interest rates achieved in 2022/23 will depend on the combination of the LIBID rate and the margin it maintains above base rate, the rates for current investments, the prevailing market rates when current investments are renewed, as well as the permissible deposit durations which change according to updated credit rating criteria.

17. The Bank of England base rate stayed at 0.10% until December 2021 when it was increased to 0.25% and it is anticipated that the Bank of England will increase the rate by a further 0.25% before 31 March 2022 in order to try and reduce the impact higher than forecast inflation. Some uncertainty remains in the financial markets due to the continuing effects of the global pandemic and the post EU transition trade arrangements. As of 31st December 2021 the Council has a total of £50m invested in pooled investment funds. These are forecast to generate an income return of between 4-5% per annum.
18. The MTFP assumes that the Council's investments overall will earn the General Fund £1,640k (£33k less than the level budgeted for 2021/22), this is due the impact of the global pandemic.

Other Income Streams and Fees and Charges Made by DDC

19. Fees and Charges are reviewed and set annually, with reports approved by Licensing and Regulatory Committees and Cabinet. When setting Fees and Charges managers consider:
 - Cost of providing the service;
 - General market rate for the service;
 - Charges levied by neighbouring authorities;
 - Government guidelines;
 - The last time the fee / charge was increased;
 - Appropriate price points – it is more sensible to increase by rounded amounts every two or three years rather than a few odd pence every year;
 - Impact of the fee upon service use and upon different sections of the community;
 - Impact of service use upon corporate objectives; and
 - Overall income the service generates.
20. The only Fees and Charges that are not included in this process are for car parking and housing rents & service charges, which are the subject of a separate report.
21. The main sources of income and relevant issues are summarised below.
 - Car Parking

The Covid-19 pandemic had a significant impact on parking income streams due to on-going travel restrictions and guidance such as working from home if you can. The 2021/22 gross income (before costs) for parking fees and penalty charge notices is currently forecast to be performing at c.20% below the original budget.

The 2022/23 service budget has been reduced from the levels set in 2021/22 based on evidence shown through the year and information provided regarding the long-term effects that COVID may have on parking income throughout the district. Additionally, an allowance has been included for additional income for changes to charging proposals to be considered by Cabinet on 7th February 2022.

- Rental Income

The 2022/23 budget forecasts rental income of over £2.2m. This consists of the rent (excluding any costs) for B&Q, Whitfield Court and garages as well as

existing rental streams from corporate properties, including the letting of space at DDC's Whitfield offices.

- Development Management

The original budget for Development Management fee income in 2021/22 was £915k incorporating £840k for planning application fees and £75k for pre-application fees. Planning application fee income is standing at £690k to date and it is anticipated that the planning application fee income should achieve the budget by the end of the financial year. Fee income for pre-application advice has increased and it is projected that there will be a £15k increase in income by the end of year.

The income budget for 2022/23 has increased by £60k on planning application fees and £15k on the pre-application fees. Making the budget total £990k. This reflects the Fees and Charges report that has been informed by the expected mix of application types and the anticipated take-up of pre-application advice.

- Licensing

This includes Alcohol, Regulated Entertainment, Taxis, Gambling and other miscellaneous licences. The original budget for 2021/22 was set at £184k. Incomes from the various licensing streams are projected to surpass their targets by the end of the financial year.

The 2022/23 budget has increased to £213k due to increased income from premises licenses and small increases across numerous areas including: licenses, betting and vehicle checks. The overall increase in budget is a return to the normal level of income expected, following the impact of Covid.

- Land Charges

The original 2021/22 budget was £160k. This is expected to achieve target by the end of the financial year. The 2022/23 budget reflects the new proposed fees and charges that have been reviewed, the budget would be a proposed increase to £190k. The income increase would reflect fees and charges that reflect the cost of service and brings them more in line with other authorities in the area.

- Green Waste Subscription Service

The Green Waste subscription service original budget for 2021/22 was set at £448k. The 2022/23 budget has been maintained £448k based on an estimate of approximately 11,500 subscribers most of whom will be re-subscribers eligible for a rebate due to the disruption of service caused by the pandemic.

- Building Control

The Building Control (BRFE) income is largely dependent upon construction activity. Assumptions about the level of activity combined with the economic forecasts led to a budget of £325k being set for 2021/22. The year-to-date receipts are likely to be below the forecast budget due to the impact of lockdowns on the construction industry. The budget for 2022/23 has remained the same due to considerations already accounted for in the 2021/22 budget.

22. In total the major fees and charges generate over £6.9m gross towards the General Fund budget.

THREE YEAR REVENUE BUDGET FINANCIAL PROJECTION

Notes	2021/22 Projected Outturn £000	2022/23 Proposed Budget £000	2023/24 Forecast £000	2024/25 Forecast £000	2025/26 Forecast £000
1	17,797 Net Budget Requirement	17,423	17,423	17,423	17,423
	Corporate Adjustments				
2	- Salary inflation and increments including impact on National Insurance and Pensions		446	877	1,339
3	- Pension Backfunding (Triennial Valuation from 20/21)		47	97	150
4	- Contract inflation @ 2%		129	261	396
5	- Average other expenditure inflation impact @2%		203	410	621
6	- Average income inflation impact		(318)	(667)	(948)
7	0 Total Corporate Adjustments	0	508	979	1,558
	17,797 Total Forecast Budget Requirement	17,423	17,931	18,402	18,981
	Financed By :-				
8	7,344 Non-Domestic Rates Income	7,746	7,717	7,871	8,029
9	58 Revenue Support Grant	60	75	0	0
10	360 Lower Tier Services Grant / 2022-23 Services Grant	422	0	0	0
	Council Tax Income				
11	40 Collection Fund Surplus	(109)	0	0	0
	Tax rate increase (3% annual increase)				
	Base increase (1% per annum)				
12	7,807 Total Council Tax Income (incl s.31 grant)	8,038	8,315	8,593	8,872
13	990 New Homes Bonus	1,229	922	617	309
14	1,183 Covid Support Funding	0	0	0	0
	17,782 Total Financing	17,385	17,029	17,082	17,209
15	15 NET (SURPLUS) / DEFICIT	37	902	1,320	1,771
16	Target Savings & Income Growth		(900)	(1,300)	(1,800)
17	15 NET (SURPLUS) / DEFICIT AFTER SAVINGS	37	2	20	(29)
	Projected General Fund Reserves				
18	(2,930) Opening balance	(2,915)	(1,578)	(1,576)	(1,556)
	0 Transfer to Smoothing Reserve	1,300	0	0	0
19	(2,915) Closing Balance	(1,578)	(1,576)	(1,556)	(1,585)

**THREE YEAR REVENUE BUDGET FINANCIAL
PROJECTION**

Notes

- 1** The net budget is taken from the 2022/23 budget at Annex 1.
- 2** Increased salary costs reflect assumed inflation at 2% pay settlement for the planning period.
- 3** Pension backfunding reflects the increases in backfunding required by the fund actuaries based on the current triennial valuation.
- 4** Inflation on major contracts has been assumed at 2% for the planning period.
- 5** Inflation on all other expenditure will aim to be limited to the current budget level, however a small allowance of 2% has been forecast to allow some limited growth.
- 6** Increases in general income received (excluding specifically budgetted items such as car parking) assumed at 2% inflation.
- 7** Total corporate adjustments.
- 8** Forecast NDR funding, including impact of inflation & assumptions for impact of inflation and business changes.
- 9** It is anticipated that RSG will cease from 2023/24.
- 10** It is anticipated that the Lower Tier Services and 2022-23 Sevices grants will cease from 2022/23.
- 11** The collection fund surplus is distributed to the precepting authorities pro rata to their share of the precepts.
- 12** Council Tax is forecast to increase by £4.95 (band D) per annum for the rest of the planning period. A 1% per annum increase in the tax base has also been assumed.
- 13** New Homes Bonus forecast to reduce proprtionatley over the next 4 years.
- 14** Additional funding received in 2021/222 is assumed to cease from 2022/23.
- 15** Forecast (surplus) / deficit.
- 16** Target savings / income required in future years.
- 17** Revised (surplus) / deficit after target savings.
- 18** Proposed one-off transfer to Smoothing reserve in 2022/23.
- 19** Forecast General Fund Balance.

OFFICE OF THE CHIEF EXECUTIVE

The Chief Executive is the Head of Paid Service and leads the Corporate Management Team. The main service areas within his cost centres are summarised below.

LEADERSHIP SUPPORT

Leadership Support

This team is mainly concerned with the formulation of policy and strategy, including corporate planning, and updates to the State of the District, the development and delivery of the Health and Wellbeing agenda and strategic Public Health liaison. The team also supports the Corporate Management Team and the Executive, through project-based work, CMT and Leadership Forum co-ordination and attendance. Performance reporting also sits within the Team, monitoring, reporting and commenting on the Council's performance and benchmark to other authorities where possible to measure efficiency and value for money.

Communications, PR & Marketing

The Communications Team provides a comprehensive range of support services to the Council, including handling all press and media enquiries, and the promotion of Council services. The team is responsible for, press releases, social media, the Council's Keep Me Posted e-mail alert service, and the DDC e-newsletter. The team also includes an externally funded communications post to support the Aylesham Garden Village development.

External Funding

The team is also responsible for supporting key officers to identify and bid for external funding to support corporate projects. This includes bids to major national funders, such as the various National Lottery funds, and central government. The team has been successful in securing major funding for the Council from the Ministry of Housing, Communities and Local Government, the Heritage Lottery Fund, and Sport England.

Creative Services

The team provides in-house Creative Services, including graphic design, photography, video and drone services. The team is also responsible for Print Unit services for in-house printing and Mail Room services. The Creative Services Team ensure the Council's brand and corporate identity are adhered to in all communications. Both the Print Unit and Mail Room also support partner organisations.

GOVERNANCE, LEGAL AND HR & PAYROLL

Monitoring Officer

The Monitoring Officer, (who is the Solicitor to the Council) has the traditional responsible for advising all members and officer about vires, maladministration and probity in accordance with section 5 of the Local Government and Housing Act 1989. The Monitoring Officer also has a role in advising where particular decisions were, or are likely to be, contrary to or not in accordance with the budget and policy framework. In addition, he also has responsibilities (deriving from Part 7 of the Localism Act 2011) in relation to the promotion and maintenance of the ethical standard of councillors serving on the District Council and the 35 town and parish council within the District Council's administrative

area. This includes the initial consideration of complaints made about District, Town and Parish Councillors.

Data Protection Officer

Article 37 of General Data Protection Regulation 2016 requires a public body to designate a Data Protection Officer. The minimum tasks of the Data Protection Officer are:-

- To inform and advise the organisation and its employees about their obligations to comply with the GDPR and other data protection laws.
- To monitor compliance with the GDPR and other data protection laws, including managing internal data protection activities, advise on data protection impact assessments; train staff and conduct internal audits.
- To be the first point of contact for supervisory authorities and for individuals whose data is processed (employees, customers etc).

The Data Protection Officer must be able to perform their duties in an independent manner and the Council may not give the Data Protection Officer instruction on exercising their role. The Solicitor to the Council is the Council's designated Data Protection Officer.

Legal Services

This section is responsible for providing a full legal service to the Council. This includes corporate and service specific legal advice, together with legal support to the Monitoring Officer and legal advice and support to the Executive and all Committees of the Council. The legal service includes planning law, conveyancing, employment law, property law and support for the Council's regulatory functions (including both civil and criminal court work). The Legal team continues to be heavily involved in supporting the regeneration agenda and advising on numerous matters including a number of housing development schemes.

HR & Payroll

Human Resources – This service provides HR services to the Council and is responsible for advising on all HR matters including recruitment, retention, absence and performance management, and disciplinary and grievance matters, together with more strategic work such as succession planning and learning and development. is.

Payroll – this Council is the host Authority for the East Kent Shared Payroll & Systems Service, which is a shared service governed under a Joint Committee arrangement (East Kent Services Committee) and shared with Canterbury and Thanet Councils. This provides and manages a full Payroll provision for the Council and the other partner councils in the shared arrangement. This payroll service includes payment of staff, statutory and other deductions, production of interfaces to the general ledger, the production of statutory returns and liaison with statutory bodies. System security is managed within the team for all users.

Pensions - the employer level pension function is administered in conjunction with the administering body, Kent County Council, developing employer scheme discretions and management and staff information.

Democratic Services

Members - The section provides support to all members of the Council. They service all committees of the Council, provide support for the scrutiny function, administer the councillors' remuneration and allowances scheme, co-ordinate training and development and provide equipment to enable the councillors to carry out their democratic role as elected representatives of the community.

Chairman and Leader of the Council - The section provides secretarial and administrative support to the Leader of the Council and the Chairman of the Council. In addition, civic events organised by

the Chairman to commemorate such events as Merchant Navy Day, Armed Forces Day and Commonwealth Day are organised by the section

Corporate Services

This section is responsible for a number of corporate services of which the main areas are:

- Provide insurance cover for the Council's assets and liability risks;
- Administer all Freedom of Information and Data Protection requests responding to FOI requests within the time constraints laid down by the Information Commissioner;
- Administer complaints made against the Council and Members;
- Identification and mitigation of key corporate and project risks; maintain the Risk Registers
- Administration of the Breathing Space arrangements
- Administer RIPA (Regulation of Investigatory Powers Act) and SPOC (Single Point of Contact applications) – ensure that any surveillance work is properly authorised in accordance with legislation;
- Act as the central point of reference to promote and advise on equality issues throughout the Council's services;
- Administer the Council's document retention and National Fraud Initiative schemes;
- Provide other corporate services such as, project support, job evaluation & employment management support and numerous other areas.

Electoral Services

Electoral Services are responsible for the organisation and conduct of Parliamentary, Police and Crime Commissioner Elections, County Council, District Council and Parish Council elections and by-elections within the district. Electoral Services are also responsible for the conduct of local and national referenda, parish polls and reviewing polling districts and places. The costs incurred in the conduct of elections are met by the body concerned. The Council is obliged to appoint an officer of the Council to act as Returning Officer (RO) to undertake their statutory duties. The officer acts as Acting Returning Officer at Parliamentary Elections, the Deputy Returning Officer at County Council Elections and the Local Returning Officer at Police and Crime Commissioner Elections. The Council is also obliged to appoint an officer of the Council to act as Electoral Registration Officer (ERO) to undertake their statutory duties. The Electoral Services Team are responsible for maintaining the Register of Electors on behalf of the ERO throughout the year, which includes running a district wide canvass of all households from July to December each year.

COMMUNITY AND DIGITAL SERVICES

Community Development

The Community Development Team strive to build social capacity throughout the Dover District by providing support for the District-wide community in the delivery of a wide range of community based projects including:

- Researching and publicising funding opportunities and supporting communities in bidding for funding, facilitating community consultations on behalf of DDC and information sharing events.
- Delivery of the Inspire programme to support vulnerable young people in our District.
- Other activities include administrating the Event Process and liaising with other departments to facilitate events across the District.

This is done by building social capital by developing confident communities with a sense of place and who are engaged and empowered in the decision-making process; raising the District's profile to create a sense of pride of place within the community and to raise awareness of opportunities for

inward investment; developing partnerships to create opportunities for people to learn new skills through employment and volunteering; building community cohesion through events which bring people together to celebrate and to raise the District's distinctive profile; and working to secure a higher level of external funding into the District to support communities and to develop/broker skills, training and learning opportunities through partnerships with education providers to address local business needs and build self-sufficiency in communities.

Community Safety

The Council facilitates the Dover District Community Safety Partnership (CSP), a group of agencies including Dover District Council, Kent Police, Kent County Council, Kent Fire and Rescue Service, the Probation Service (encompassing National Offender Management and Community Rehabilitation Company) and the Clinical Commissioning Groups. The Kent Police and Crime Commissioner provides the funding for this partnership.

The Dover District Community Safety partnership is a group of agencies who come together to ensure Dover district remains a safe place to live, work and visit. The Partnership funds many initiatives across the district, tackling community safety issues identified by our communities.

We have an excellent record of working together and Dover district is one of the safest places to live, work and visit in the county. We are determined to continue to improve our performance and are confident that with the continued commitment of our partners and by improving our work within the communities, we will succeed in making Dover district a safer place. The Council is continuing to embed crime reduction activities in all its services (the Section 17 Project).

The Community Services Team are also responsible for DDC's approach to Unauthorised Encampments, Events, Emergency Planning, Business Continuity and all Safeguarding issues (Child and Adult Protection) and the Disclosure and Barring Service checks within the authority.

CCTV

We have operated a Closed Circuit Television (CCTV) system since 1994. Cameras are strategically located around the town centres in Dover, Deal and Sandwich. The camera network is recorded 24 hours a day, 365 days a year. CCTV has proved itself in recent years to be a powerful weapon in the continuing fight against crime, particularly when integrated with other crime reduction methods such as retail 'radio-link' systems.

The system is used to help provide a safer environment for everyone by:

- Helping to reduce the fear of crime;
- Assisting partner agencies to help those most at risk including missing and vulnerable persons;
- Helping to catch and prosecute those who commit crime or public order offences;
- Providing evidential material for court proceedings;
- Assisting with traffic flow through the town but not to enforce minor traffic laws;
- Assisting in the detection and prevention of crime.

Dover District Council, Kent Police, the Town Councils in Dover, Deal and Sandwich, Aylesham Parish Council and Dover District Chamber of Commerce are of the view that CCTV diminishes incidents of crime and public disorder where it is either in place or will subsequently be introduced.

We have re-located our CCTV Control Room from Maison Dieu, Dover to our main council offices at Whitfield and is now imbedded within the community services department. The relocation has also benefited from an entirely new state of the art CCTV system including an upgraded infrastructure across the entire district which includes the introduction of five new ANPR cameras located across the district. We have expanded our coverage into Aylesham for the first time with two new cameras that are fully operational.

The performance of the unit is reported upon on an annual basis following an independent audit of the section's activities and this report is in the public domain.

Digital Services

The Digital Services Team shape and implement the Council's digital vision. The role of the service includes:

- Maintaining the Council's websites to meet customer needs and deliver business objectives to change behaviours and achieve channel shift.
- Influencing the Council's approach to digital, using insight and analytics to understand the customer.
- Providing advice and guidance to ensure the Council's digital initiatives are aligned and customer focussed.
- Supporting departments in implementing new ways of working via digital reviews, to replace outdated legacy systems and processes.
- Responsible for co-ordinating the delivery of new and improved cost-effective ways of working and developing digital support services across the organisation.
- Responsible for increasing the quality and quantity of online services.

The Head of Community & Digital Services also acts as EKS ICT Client Officer.

Chief Executive

Budget 2022/2023

2021/22 Sub-total	Description	FTE	Costs controlled by Head of Service				Recharges and Other Adjustments	
			Employees	Other Costs	Income	2022/23 Sub-total	Total	
186,485	CHIEF EXEC ADMIN TRADING ACCT	3.62	249,703	17,420	-	267,123	(267,123)	-
128,150	NON SERVICE SPECIFIC WORK	0.00	70,000	92,070	(17,000)	145,070	737,965	883,035
314,635	Total Chief Executive	3.62	319,703	109,490	(17,000)	412,193	470,842	883,035
154,015	HEAD OF LEADERSHIP SUPPORT	2.00	154,336	3,896	-	158,232	(158,232)	-
111,507	DESIGN STUDIO	3.00	84,877	9,855	-	94,732	(94,732)	-
105,369	MAIL ROOM TRADING ACCOUNT	2.68	87,602	13,434	-	101,036	(101,036)	-
202,403	CORPORATE SUPPORT TRADING ACCT	3.60	197,936	8,250	-	206,186	(206,186)	-
17,020	PRINT UNIT TRADING ACCOUNT	0.00	-	44,510	(17,000)	27,510	(27,510)	-
44,050	EMERGENCY PLANNING	0.00	25,000	18,754	-	43,754	39,170	82,924
19,690	UNAPPORTIONABLE OVERHEADS	0.00	-	11,024	-	11,024	350	11,374
(13,850)	PHOTOCOPIERS HOLDING ACCOUNT	0.00	-	20,340	(32,016)	(11,676)	11,676	-
-	MAIL ROOM POSTAGE ACCOUNT	0.00	-	51,000	(51,000)	-	-	-
-	CORPORATE PLANNING	0.00	-	-	-	-	65,530	65,530
-	HEALTH PROJECTS	0.00	-	-	-	-	42,530	42,530
-	COVID 19 EMERGENCY	0.00	-	180	-	180	59,200	59,380
640,204	Total Leadership Support	11.28	549,751	181,243	(100,016)	630,978	(369,240)	261,738
256,531	HEAD OF GOVERNANCE & LEGAL SVS	2.80	242,890	14,881	-	257,771	(257,771)	-
242,455	ELECTORAL SERVICES	5.00	255,302	5,811	-	261,113	(261,113)	-
203,547	DEMOCRATIC SERVICES	5.00	210,491	24,883	-	235,374	(235,374)	-
72,750	CORPORATE HR TRADING ACCOUNT	-	103,110	69,740	-	172,850	(172,850)	-
460,823	LEGAL TRADING ACCOUNT	10.91	660,732	44,212	(28,200)	676,744	(676,744)	-
-	COUNCIL, CABINET & COMMITTEES	-	-	-	-	-	324,028	324,028
9,750	CHAIRMAN'S ACCOUNT	-	-	10,033	-	10,033	19,949	29,982
270,390	MEMBERS ACCOUNT	-	-	287,393	(3,252)	284,141	52,800	336,941
30,000	LEGAL FEES HOLDING ACCOUNT	-	-	30,000	-	30,000	-	30,000
-	ELECTIONS - ADMIN	-	-	-	-	-	92,800	92,800
-	BOUNDARY REVIEW	-	-	-	-	-	350	350
79,500	ELECTORAL REGISTRATION	-	-	94,360	(500)	93,860	275,113	368,973
1,625,746	Total Governance & Legal Services	23.71	1,472,525	581,313	(31,952)	2,021,886	(838,812)	1,183,074

2021/22 Sub-total	Description	FTE	Costs controlled by Head of Service				2022/23 Sub-total	Recharges and Other Adjustments	
			Employees	Other Costs	Income	Total			
190,432	COMMUNITY AND ENGAGEMENT	1.50	119,361	22,788	-	142,149	(142,149)	-	
339,119	DIGITAL SERVICES TEAM	13.00	712,403	64,337	-	776,740	(776,740)	-	
390,160	COMPUTER SERVICES TRADING ACCT		-	495,620	-	495,620	(495,620)	-	
430,358	COMMUNITY DEVELOPMENT TEAM	9.00	372,757	38,845	(15,334)	396,268	(396,268)	-	
163,171	COMMUNITY SAFETY & CCTV TEAM	7.00	235,548	4,784	-	240,332	(240,332)	-	
207,131	FUNDING & COMMUNICATIONS	5.00	228,517	3,206	-	231,723	(231,723)	-	
-	BUSINESS CONTINUITY		-	-	-	-	12,790	12,790	
-	COMMUNITY DEVELOPMENT		-	-	-	-	281,521	281,521	
2,500	REGEN OFFICER AYLESHAM		-	-	-	-	-	-	
24,636	INSPIRE FUND	2.00	65,908	816	-	66,724	5,030	71,754	
-	AYLESHAM GARDEN VILLAGE		-	-	-	-	27,860	27,860	
4,500	SPORTS STRTGY, IMPLMTN & GRNTS		-	4,500	-	4,500	810	5,310	
122,955	CCTV		-	86,446	-	86,446	180,474	266,920	
(20,450)	CRIME AND DISORDER	1.00	43,275	2,534	(21,996)	23,813	72,170	95,983	
12,140	ANTI-SOCIAL BEHAVIOUR		-	11,294	-	11,294	39,910	51,204	
30,270	CORPORATE PRESS & PUBLICITY		-	28,010	-	28,010	97,747	125,757	
-	ASPIRE PROJECT	1.00	43,275	298	-	43,573	2,050	45,623	
-	AYLESHAM COMMUNITY DEVELOPMENT MANAGER	2.00	76,857	3,096	-	79,953	4,120	84,073	
-	DOVER CASTLE ON THE DEFENSIVE		-	1,500	-	1,500	-	1,500	
-	SE STRATEGIC PRTPN MIGRATION		-	-	-	-	360	360	
1,896,923	Total Community Services	41.50	1,897,901	768,074	(37,330)	2,628,645	(1,557,990)	1,070,655	
4,477,508	TOTAL CHIEF EXECUTIVE	80.11	4,239,880	1,640,120	(186,298)	5,693,702	(2,295,200)	3,398,502	

STRATEGIC DIRECTOR OF CORPORATE RESOURCES

The Strategic Director of Corporate Resources is responsible for a number of service areas, the most significant of which are those summarised below:

FINANCE AND INVESTMENT

Financial Administration

Section 151 Local Government Act 1972 requires the Council to make arrangements for the proper administration of its financial affairs and to make one of its officers responsible for the administration of those affairs. The Strategic Director (Corporate Resources) is that officer.

Accountancy

The Accountancy team is responsible for the General Fund revenue accounts, the capital and project budgets, the Housing Revenue Account, supporting the regeneration and investment agenda and technical matters such as VAT and Treasury Management.

Although the team is responsible for a range of tasks, the main focus is on co-ordinating and consolidating the revenue and capital budgets, producing the Medium Term Financial Plan, producing budget monitoring reports, producing the final accounts, completing statutory and other returns (including VAT), treasury management and supporting value for money achievement. The team also supports budget managers, CMT and Members through the provision of financial advice in relation to budgets, property investment, service reviews, the recruitment decisions, projects, reports with financial implications, partnership working and associated matters.

Procurement, Creditors and Income

The Procurement team provides support to the Council in achieving best value, complying with its constitution, Public Contract Regulations, other legislation and procurement best practice. The team is responsible for the procurement infrastructure, including managing and upgrading the system for requisitioning and raising orders, negotiating of contracts and catalogues and updating guidance and contract standing orders. They also maintain the Contracts Register, publish Supplier Spend data and administer the Procurement Card scheme.

The Creditors team are responsible for the accurate and timely processing of approved invoices, managing the payments process and producing the monthly returns to HMRC for the Construction Industry Scheme.

The Income team are responsible for the reconciliation of income receipts, updating the daily cash records and reconciling all entries to the bank statements. They also set up sundry income invoices for the Authority and manage rechargeable works.

Strategic Housing

Housing Policy - The service provides support to teams delivering housing services across the Council, in connection with the production of policy information and local and national monitoring returns. The service reviews and monitors statutory obligations in relation to the production of housing strategies and returns.

- **Affordable Housing Delivery** - The service was established to deliver new Council owned affordable housing. An initial target of a programme of 500 new homes has been approved by Cabinet and the first of these new homes have been completed. The service predominantly

delivers homes for affordable rent, but also delivers shared ownership homes, accessible properties, and interim homes for the homeless. The Key Partnerships are with Homes England, with whom the Council is an Investment Partner, and with Kent Housing Group.

- **Community Led Housing** - The Community Led Housing service was established in 2018 following the award of government funding. The service supports our communities to become involved in the delivery of new affordable homes in the district. A hub has been established to provide information, support, education and start-up grants for communities. The hub works closely in partnership with the other East Kent Authorities, and also with the newly created Kent Community Housing Hub, as well as with national organisations supporting community led development.
- **Self Build Housing** - The statutory functions relating to self-build under the Housing and Planning Act 2016, including the maintenance of a self build register and support for self build in the district are delivered via the Self-build housing service. This service provides information and training to potential self builders and liaises closely with Development Management in relation to the availability of self build plots in the district.

Strategic Housing and Enabling - The service is responsible for developing a strategic approach which will help meet the housing needs in the district and contribute to the development of sustainable communities. The strategic housing function plays an important role in enabling the provision of affordable housing in the district. This is through partnership working with other affordable housing providers such as Registered Providers, through development of new Council Housing stock, direct by the Council, and through liaison with developers to ensure affordable homes are delivered on new housing developments in line with Council Planning Policy. In 2022, the Council will have a statutory requirement to approve the sale of properties delivered by developers via the First Homes scheme, a new form of Affordable Home Ownership product. This function will sit within the Strategic Housing service. The service plays an important role liaising with external agencies such as Homes England, with whom the Council is an investment partner, and Kent Housing Group in order to support delivery of new affordable housing in the district.

HOUSING SERVICES

Housing Needs

The Housing Needs team is responsible for ensuring social housing is allocated in accordance with statutory guidance, providing advice on housing options and dealing with homelessness in accordance with statutory duties.

The Housing Register is maintained by a small team of Allocations Officers. Social rent homes are currently let through a 'choice based lettings' system. The system is procured through a partnership of Kent district councils and housing associations with housing stock in the district. DDC is currently the lead partner and hosts the partnership manager. A recent re-procurement of the choice based lettings IT system has resulted in an enhanced system at lower cost.

The Housing Options team, overseen by a Senior Housing Options Officer, provide advice and assistance to anyone who is homeless or potentially homeless.

The Council's strategic approach to addressing homelessness has recently been reviewed and a new 5 year strategy for Homelessness and Rough Sleeping Strategy was adopted by the Council in May 2021. The strategy builds on past successes and existing partnerships across the Dover District, sets priorities that reflect our commitment to continue developing existing initiatives and an action plan for their achievement.

Housing Management Service

Dover District Council is the major social landlord in the district with 4326 homes at 1 April 2021. Responsibility for tenancy management and property management/investment is now split between the Strategic Directors of Corporate Resources and Operations & Commercial with teams reporting to each. Housing management service delivery functions are the responsibility of the Strategic Director (Corporate Resources).

Since 1 October 2020 the housing service has been managed 'in house' and there are currently 34 members of staff in the housing team delivering services in the following areas:

- Tenancy lettings and mutual exchanges
- Tenancy management
- Estate management
- Sheltered housing
- Income collection and arrears management
- Resident involvement
- Customer services
- Reports of ASB and neighbour nuisance

After 1 October 2020 officers at DDC assumed responsibility for the project management of the upgrade of the EKH single IT system to a cloud based version and for its separation into four distinct contracts. Each authority now has its own separate system and significant work has taken place at DDC to develop, build and roll out new IT modules dealing with repairs and document management and workflow.

REGULATORY SERVICES

Licensing

The Council is responsible for the issuing and enforcement of local licences including:

- Alcohol, public entertainment and late night refreshments, including Temporary events,
- Gambling,
- Private Hire and Hackney Carriages vehicles, drivers and operators,
- Animals - boarding and breeding establishments, Riding establishments, Zoo's, Pet Shops, Dangerous Wild animals
- Beauty Treatments – Tattooing, piercing, acupuncture, electrolysis etc.
- Street Trading
- Scrap Metal

Environmental Protection

- **Pollution Control** - the primary aim of the service is to facilitate acceptable standards for those living, working or visiting the district in respect of air, land and water quality. In particular, the team has a key role in fulfilling the Council's statutory duties in relation to Air Quality Management, Contaminated Land and Drinking and Bathing Water Quality.
- **Environmental Protection** - the team responds to service requests relating to a range of public health and environmental issues. There is a statutory duty to investigate potential statutory nuisances, which include noise (from commercial and domestic premises, burglar and car alarms etc.), dust, smoke (e.g. bonfires), odours, fumes, animals, etc. In addition, service requests relating to matters including drainage, rodents, accumulations on private land, filthy and verminous premises and dark smoke from industrial/commercial premises are also responded to.

- **Public Health Act burials** – the team is responsible for arranging funerals undertaken under relevant Public Health legislation.

Environmental Crime

A team of uniformed and non-uniformed staff, combined with an external contractor seek to promote behavioural change through a range of enforcement and educative activities with the aim of creating a cleaner, safer and greener environment. The work of the team is supplemented and enhanced by partnership working with Kent Police, KCC, Parish Councils etc. The principal focus of this team area is to tackle environmental crimes including:

- Littering
- Enforcement of the Council's PSPO e.g. Dog Fouling
- Stray Dogs
- Fly tipping
- Trade waste
- Accumulations of rubbish

Planning Enforcement

The team investigate breaches of planning control, including responding to complaints raised by interested parties, and taking formal enforcement action in appropriate cases. In addition they deal with appeals to the planning inspectorate against enforcement notices, prosecute for non-compliance with notices and organise Direct Action where necessary. The team are also driving forward the Councils Town Centre Initiative s215 work which is seeking to improve the appearance and condition of Dover Town.

Private Sector Housing

Services provided by the Private Sector Housing team comprise:

- Tackling rogue landlords and improving the private rented sector through legal/formal action to require owners/landlords meet the minimum Health and safety requirements laid down in the Housing Act 2004 and other regulations.
- The licensing of Houses in Multiple Occupation.
- The provision of Mandatory Disabled Facilities Grants and other discretionary grants and loans to adapt homes for independent living.
- The provision of financial housing assistance to vulnerable owner occupiers living in substandard homes.
- The licensing of Caravan Sites.
- Bringing empty homes back into use

Most enforcement work relating to housing conditions takes place in Dover where a significant proportion of the housing stock is in poor condition due to its age and where there are relatively high numbers of privately rented properties.

The service has been very successful over the years in bringing long term empty properties back into use. It works closely with KCC on a partnership project which provides funding to bring empty property back into use.

PORT HEALTH & PUBLIC PROTECTION DEPARTMENT

Food Safety and Hygiene Controls - This department undertakes visits and inspections of food establishments on a programmed, risk rated basis to ensure that appropriate standards of food hygiene are maintained. It also operates the National Food Hygiene Rating Scheme throughout the area, as well as investigating complaints of unsound food / unhygienic premises and potentially infectious staff within the district and Port district.

Infectious Diseases – This department is responsible for investigation and enforcing infectious disease controls, including new and emerging COVID control measures as directed by the UK Health Security Agency and notifications received via the Coast Guard, Trading Standards, Border Force and the Police within the district and Port district.

Health and Safety at Work - The Council is the main enforcing authority for retail, wholesale distribution and warehousing, hotel and catering premises, offices, and the consumer/leisure industries. This department is responsible for investigating complaints and accidents (including fatalities), occupational diseases and dangerous occurrences. The Council uses a number of intervention approaches to regulate and influence businesses in the management of health and safety risks including:

- Provision of advice and guidance to individual businesses or groups;
- Proactive interventions including inspection;
- Reactive interventions e.g. to investigate an accident or complaint;
- Inspectors may use enforcement powers, including formal enforcement notices, to address occupational health and safety risks and secure compliance with the law.

Corporate Health & Safety – The Council is responsible for ensuring the health, safety and welfare of its staff and all those impacted by its undertaking.

Port Health – Maritime & Imported Food Controls - Dover District Council is the Port Health Authority for the Port of Dover. This department is responsible for the Port Health function, which includes maritime activities within the port district, such as water samples, waste and pest control and the inspections of vessels (fishing boats, ferries, tugs and cruise ships), to ensure that infectious diseases are controlled, food hygiene standards are maintained and to issue Ship Sanitation Certificates to demonstrate that vessels are free from pests and infection. Imported Food Controls ensure that food imported into the UK via Dover Port are in compliance with imported food controls and are safe to eat. This is achieved through the examination of imported food documentation, and when required the physical inspection and sampling of food including sampling.

SHARED SERVICES

East Kent Audit Partnership

This Council is the host of the East Kent Audit Partnership and therefore the team forms part of the directorate. The four East Kent authorities Canterbury City Council, Dover District Council, Folkestone & Hythe District Council, and Thanet District Council formed the East Kent Audit Partnership (EKAP) to deliver a professional, cost effective, efficient, internal audit function. A key aim for the EKAP is to build a resilient internal audit service that provides opportunities to share best practice, acting as a catalyst for change and improvement as well as providing assurance on the risk, governance and control arrangements in place. The service delivers an agreed annual internal audit plan, undertakes special investigations and reports an annual opinion to the s151 Officer and also independently to the Governance Committee.

EK Services¹

The Strategic Director of Corporate Resources, or officers responsible to him, act as the lead officers for the following services which are provided jointly for Dover, Thanet & Canterbury by East Kent Services (EKS) under a joint committee arrangement, the East Kent Services Committee (EKSC). The services are fully delegated to the EKSC who in turn have delegated the full responsibility for the services to the Head of Shared Services who is also responsible for the EKHR service in a different capacity, namely as the Head of Collaborative Services. EKS provides the following services to Dover District Council and the other partner councils in the shared arrangement (it should be noted that Revenues, Benefits and Customer Services are outsourced by the East Kent Councils to Civica and EKS acts as a joint strategic client on behalf of the three East Kent Councils).

Civica have notified the three Councils that they will not be active in the market when the current contract ends in 2025 and discussions are now underway between the three Councils and Civica as to whether the current contract should be (consensually) terminated early and how the service should be provided in the future. The stability and continuity of the service will be a key objective in these considerations.

Revenues

Council Tax has to be calculated, billed and collected for over 54,000 dwellings within the district. Council Tax includes monies billed and collected for Dover District Council, Kent County Council, The Police & Crime Commissioner for Kent, Kent and Medway Fire and Rescue and the district's town and parish councils. The service target is to collect 96.84% of Council Tax in the year.

Business Rates / Non Domestic Rates (NDR) also have to be calculated, billed and collected for around 4,200 businesses in the district. NDR is distributed by the council to the Government, KCC, Police, Fire and Rescue. The service target is to collect at least 98.20% of NDR by end of financial year.

Any shortfall in revenue collection continues to be collected or attempted to be collected beyond the end of the financial year.

Benefits

The service anticipates that it will pay out benefits and financial assistance to 1,700 council tenants, over 2,500 private tenants and more than 9,100 council tax payers.

Universal Credit has been in place in the district since 2017, and the service will work with the Department for Work and Pensions (DWP) to move those claiming housing benefit to UC between now and 2025.

Customer Services

Customer Services provides on-line, telephone, and face to face service delivery for all customers. The service is seeking to increase the level of electronic service provision and self-service by customers. Innovation around electronic service provision for the council as a whole, seeking to drive through efficiency and service transformation, will be integrated with coordination of the Local Land and Property Gazetteer. In addition, the service will continue to work with us to develop our website and further develop the system to enable increased self-service and reduced paper transactions

¹ The information for EKS relates to the current position for the area. This information will be updated subject to changes awaiting consideration and approval by the East Kent Services Committee. This section will be updated for the final version based on the recommendations from that process.

ICT

The ICT service provides a strategic and operational technology service to the council under an agreed service level agreement working alongside the Council's digital team. This includes support to desktop facilities for officers and councillors by the provision of a service desk that is open 8am – 6pm during the working week; the provision and maintenance of the local and wider area network supporting the main council office and remote sites, and infrastructure in terms of the data centre and associated servers and storage.

A five year technology renewal plan is in place and also support to the Dover SIRO for information governance and compliance matters. ICT work closely with Dover District Council's procurement team to ensure that any hardware or technology systems that are purchased by the council are centrally managed by the ICT teams to ensure compliance with various national and local protocols such as Public Service Network compliance. ICT have a dedicated network and infrastructure security team who work closely with the Council Senior Information Risk Officer (SIRO) to ensure the councils information and systems remain secure.

Corporate Resources

Budget 2022/2023

		Costs controlled by Head of Service						
2021/22 Sub-total	Description	FTE	Employees	Other Costs	Income	2022/23 Sub-total	Recharges and Other Adjustments	Total
135,098	STRATEGIC DIRECTOR - CORPORATE RESOURCES	1.00	134,942	4,531	-	139,473	(139,473)	-
135,098	Total Strat Director Of Corporate Resources	1.00	134,942	4,531	-	139,473	(139,473)	-
108,350	HEAD OF FINANCE & INVESTMENT	1.00	111,061	638	-	111,699	(111,699)	-
566,907	ACCOUNTANCY TRADING ACCOUNT	12.54	565,986	151,395	-	717,381	(717,381)	-
245,034	PROCUREMENT, CREDITORS & INCOME	8.30	307,313	25,115	-	332,428	(332,428)	-
126,852	HOUSING DEVELOPMENT	7.68	321,540	10,090	-	331,630	(331,630)	-
117,070	SPECIAL FEES AND PAYMENTS		-	80,000	(5,000)	75,000	1,210	76,210
35,000	TREASURY MANAGEMENT		-	35,004	-	35,004	20,633	55,637
1,908,550	BACKFUNDING & OTHER PENSION COSTS		-	1,452,718	(69,890)	1,382,828	(509,340)	873,488
251,160	GRANTS TO VOLUNTARY ORGS		-	240,680	-	240,680	11,680	252,360
-	OFFICE TELEPHONES HLDG ACCOUNT		-	48,400	(53,924)	(5,524)	-	(5,524)
3,358,923	Total Finance and Investment	29.52	1,305,900	2,044,040	(128,814)	3,221,126	(1,968,955)	1,252,171
250	AUDIT TRADING ACCOUNT		-	250	-	250	(250)	-
164,270	CORPORATE INCOME COLLECTION		-	172,160	-	172,160	(172,160)	-
162,880	DDC @ YOUR SERVICE		-	170,390	-	170,390	(170,390)	-
400,070	COUNCIL TAX-COST OF COLLECTION		-	948,350	(422,410)	525,940	13,520	539,460
(36,590)	NNDR - COST OF COLLECTION		-	155,960	(188,504)	(32,544)	7,870	(24,674)
574,530	BENEFITS & SUBSIDIES		-	23,183,270	(22,580,910)	602,360	17,880	620,240
1,265,410	Total Strategic Corporate Services	0.00	-	24,630,380	(23,191,824)	1,438,556	(303,530)	1,135,026

Costs controlled by Head of Service							Recharges and Other Adjustments	
2021/22 Sub-total	Description	FTE	Employees	Other Costs	Income	2022/23 Sub-total		Total
127,224	HEAD OF REGULATORY SERVICES	1.00	111,061	8,056	-	119,117	(119,117)	-
173,486	ENVIRONMENTAL CRIME TRADING ACCOUNT	6.00	258,303	23,429	-	281,732	(281,732)	-
279,803	ENVIRONMENTAL PROTECTION	3.59	172,962	21,617	-	194,579	(194,579)	-
342,180	PUBLIC PROTECTION	8.84	466,119	14,620	-	480,739	(480,739)	-
311,445	PLANNING ENFORCEMENT TRADING ACCOUNT	6.65	304,497	15,969	-	320,466	(320,466)	-
186,743	LICENSING ADMIN TRAD ACCOUNT	4.00	178,800	11,771	-	190,571	(190,571)	-
454,986	CORPORATE HEALTH & SAFETY	1.00	55,130	20,424	-	75,554	(75,554)	-
100	PEST CONTROL		-	680	-	680	26,410	27,090
16,545	ENV PROTECTION ENFORCEMENT		3,000	28,875	(21,440)	10,435	256,542	266,977
9,800	DOG CONTROL MEASURES		-	12,602	(2,246)	10,356	262,379	272,735
(20,220)	ENVIRONMENTAL CRIME		-	2,152	(20,996)	(18,844)	85,400	66,556
5,610	PLANNING ENFORCEMENT		-	4,724	-	4,724	381,382	386,106
63,233	FOOD SAFETY AND HYGIENE		-	10,800	(525)	10,275	171,449	181,724
-	HEALTH AND SAFETY AT WORK		-	-	-	-	131,561	131,561
61,988	PORT HEALTH		7,800	15,784	(91,863)	(68,279)	207,104	138,825
(76,500)	LICENSING		-	27,504	(106,704)	(79,200)	118,220	39,020
(14,070)	MISCELLANEOUS LICENSING		-	5,004	(19,054)	(14,050)	63,971	49,921
(13,200)	GAMBLING ACT 2005		-	-	(11,884)	(11,884)	13,990	2,106
(62,730)	HACKNEY CAR & PRIVATE HIRE		-	12,372	(75,206)	(62,834)	99,858	37,024
1,602,150	PRIVATE SECTOR HOUSING (incl. Renov'n Grants)	6.81	337,710	1,298,966	(42,140)	1,594,536	72,470	1,667,006
-	HEAD OF PORT HEALTH	1.00	108,071	3,210	-	111,281	(111,281)	-
-	POLLUTION CONTROL		-	2,500	-	2,500	-	2,500
-	PORT HEALTH AUTHORITY	196.35	9,892,022	2,980,363	(12,543,494)	328,891	1,659,320	1,988,211
500	CALL OUT PAYMENTS - NOISE POLLUTION		2,404	30	-	2,434	-	2,434
3,449,071	Total Regulatory Services	235.24	11,897,879	4,521,452	(12,935,552)	3,483,779	1,776,017	5,259,796
98,873	HEAD OF HOUSING	1.00	105,080	4,708	-	109,788	(109,788)	-
561,234	HOUSING NEEDS TRADING ACCOUNT	16.83	656,728	16,769	-	673,497	(673,497)	-
(14,130)	KENT HOMECHOICE	1.00	55,131	136,503	(206,824)	(15,190)	15,190	-
301,000	HOMELESSNESS		-	1,061,842	(935,374)	126,468	516,957	643,425
-	RENT DEPOSIT SCHEME		-	10,000	(10,000)	-	-	-
7,000	HOUSING STRATEGY		-	7,000	-	7,000	-	7,000
28,550	COMMUNITY HOUSING FUND		-	56,800	-	56,800	25,364	82,164
13,810	CHOICE BASED LETTINGS		-	9,782	-	9,782	-	9,782
-	HOUSING GENERAL NEEDS	20.22	737,909	22,709	-	760,618	(760,618)	-
-	HOUSING RENTS	7.54	296,996	9,998	-	306,994	(306,994)	-
-	ROUGH SLEEPING		-	300,000	(250,000)	50,000	8,840	58,840
996,337	Total Housing Services	46.59	1,851,844	1,636,111	(1,402,198)	2,085,757	(1,284,546)	801,211
9,204,838	TOTAL CORPORATE RESOURCES	312.35	15,190,565	32,836,514	(37,658,388)	10,368,691	(1,920,487)	8,448,204

STRATEGIC DIRECTOR OF OPERATIONS AND COMMERCIAL

The Strategic Director of Operations and Commercial is responsible for a number of service areas, the most significant of which are those summarised below:

COMMERCIAL SERVICES

Refuse and Recycling Collections

The Council introduced new service arrangements for refuse and recycling collections in 2021, which provide residents with:

- Weekly segregated collection of food / kitchen waste, collected in a 23l kerbside caddy, with householders also using a small kitchen caddy;
- Alternative weekly collections of recyclables and residual waste, with residual waste collected in a 180l wheeled bin (black lid), mixed dry recyclables collected in a 240l wheeled bin (blue lid) and paper & card collected in the black box. Alternative arrangements are available for those householders with limited storage space or difficult access. The materials collected through the doorstep recycling scheme now includes paper, card, plastic bottles, plastic pots, tubs and trays, cans and glass which are collected fortnightly from all properties across the district;
- Fortnightly subscription service for the collection of garden waste; and
- Separate collection of clinical waste including needles.

The contract for the collection of refuse and recycling with Veolia Environmental Services (UK), which extends until January 2029, has been awarded in partnership with Folkestone & Hythe District Council and Kent County Council (as the disposal authority). Dover is the lead authority within this partnership who manages the client team, which comprises staff from both Dover and FHDC based at the Dover District Council offices and manage the contract and are also responsible for promoting waste reduction, re-use and recycling to residents across the district.

Paper and card from the recycling schemes is recycled into newsprint and packaging, cans into new metal items, plastic into food grade plastics or recycled products and glass is crushed and either used as roadside aggregates or melted down for reuse.

Garden waste collected fortnightly through the subscription green waste collection service, is composted on a local farm and ploughed back in as a soil improver. Food waste collected weekly as part of the new service is taken to an anaerobic digestion facility operated by Tamar Energy in Basingstoke.

In addition to the weekly recycling and waste collections, the Council offers other related services such as, for example, the bulky waste collection service. This is available for residents who wish to arrange for larger items of waste to be collected for a small fee from their homes. The removal of abandoned vehicles is also administered by this section in accordance with the Refuse Disposal Amenities Act (1978).

Street Cleansing

The section is responsible for the cleansing of the highways and Council owned land, in accordance with the provisions of the Environmental Protection Act 1990 and subsequent Code of Practice on Litter and Refuse (2006). This is carried out in accordance with standards set by Government, which define how quickly the Council has to clear such land. It covers litter, detritus (grit in the gutter), dog

fouling, weeds and leaves. These items are collected either manually or by using mechanical sweepers. The section also arranges the emptying of litter and dog waste bins.

The removal of fly tipping also falls within the service provision; however Environmental Health deals with the investigation and enforcement element.

The service is provided as part of contract with Veolia Environmental Services, which extends until January 2029 and also forms part of the partnership working and joint contractual arrangement with Folkestone & Hythe District Council administered by the Waste Services Section.

Parking Services

The Parking Services team is responsible for the management and operation of parking both on and off street across the District.

With regard to off-street parking, the Council provides a number of car parks spread across the district including maintenance and enforcement operations. The Council also manages car parks on behalf of the English Heritage in Deal & Walmer and Eurotunnel at Samphire Hoe.

The management of on-street parking is carried out on behalf of KCC in accordance with the provisions set up within the Kent Parking agreement developed following the decriminalisation of parking operations within Kent in 2001.

The work of the team involves both “back office” functions associated with parking enforcement and dealing with all representations and challenges to the service of PCNs and debt recovery.

Cash collection from all Pay and Display machines and counting is carried out “in house” by a small team.

Parks & Open Spaces

The Council has a substantial stock of parks, open spaces and sports grounds throughout the district including, for example, Kearsney Abbey and Connaught Park in Dover and Victoria Park in Deal. The areas provide for both active and passive leisure and include facilities such as skateboard parks, multi-use games areas, play areas, sports pitches, bowling greens and tennis courts in addition to areas for walking and quiet reflection. Grounds maintenance of the sites had been contracted out for many years but the Council decided in 2016 to insource the service and this work has been undertaken by a directly managed team from April 2017.

The Council has commissioned a range of strategies this year which includes; a Parks & Open Spaces Strategy, a Playing Pitch & Outdoor Sports Provision Strategy & a Play Area Strategy. This work will feed into the development of the Council’s overarching Green Infrastructure Strategy and support the revision of the District Local Plan. The various strategies will help the Council to plan for future investment and provide a strategic approach to how it manages and delivers future projects.

Cemeteries - There are six cemeteries in the district managed by the Council, located in Dover, Deal, Sandwich and Aylesham, presently used for earth burials, covering a total of 19.25 hectares.

Closed Churchyards - The Council has a legal obligation for the upkeep of closed churchyards, which are no longer maintained by the church or parish councils. There are currently 21 closed churchyards maintained, covering 5.01 hectares.

White Cliffs Countryside Partnership

The White Cliffs Countryside Partnership was set up 25 years ago to help conserve and enhance the special coast and countryside of Dover and Folkestone & Hythe districts, and make it accessible to all. It is a partnership between Dover District Council, Folkestone & Hythe District Council, Kent County Council, Eurotunnel, Natural England, Environment Agency, Kent Downs AONB Unit, Kent

Wildlife Trust, National Trust, British Energy, British Nuclear Group, Affinity Water, Network Rail with financial contributions from the European Regional Development Fund, the Big Lottery and the Heritage Lottery Fund.

Up on the Downs Project - now completed

The Finest Dour Project

A National Lottery Heritage Funded Project to raise awareness about the incredibly important River Dour in Dover, through schools, training and community engagement.

Our Finest Dour came about from the River Dour Partnership (RDP) group seeking White Cliffs Countryside Partnership's help in getting the river more recognised. RDP is a group of volunteers who champion the importance of this chalk stream to councils, the public and other organisations. WCCP look after chalk grassland/nature reserves in Dover and Folkestone Districts and have been doing litter picks in the river, monthly for over ten years. It was felt by RDP that more needed to be done so WCCP won a successful National Lottery Fund of £95,000 for the river for three years 2018 – 2021.

Kearsney Parks for People - now completed

In 2016 DDC submitted a successful £3.1m bid to the Heritage Lottery Fund/Big Lottery Fund 'Parks for People' programme for a major scheme of restoration and improvement works at Russell Gardens and Kearsney Abbey. Our project manager and team have now appointed contractors to carry out works on the buildings and Landscape contracts. The first phase of clearance work took place in Russell Gardens during the winter of 2017, with the main restoration and improvement work starting in autumn 2020. The project is due to end in June 2021.

ASSETS & BUILDING CONTROL

This service is divided into a number of key areas:

Asset Management

Public Conveniences - The Council currently maintains and operates 19 facilities within the towns and villages across the district. Of these, 14 facilities are supported by Town and Parish Councils.

Depots - This budget includes costs associated with one operational depot at Dover, and the former depot at Deal, as well as several garages and stores. The depot in Dover is leased to Veolia Environmental Services as part of the Council's Waste Management Contract and includes the responsibility for their repair and maintenance.

Markets - Markets are currently held every Saturday in Dover and Deal. The Council manages the long established Saturday fruit and vegetable market in Market Square, Dover with the stallholder paying a set fee per pitch, while Dover Town Team and Deal Town Council operates the Dover (Tuesday) and Deal (Saturday) markets in partnership with Dover District Council.

Beaches and Foreshores - The district's coastline extends between Dover and Sandwich. This budget maintains the beaches and foreshores in this area. Additional income is generated by leasing beach and boat plots at the following locations:

- Beach huts in St Margaret's Bay and Walmer;
- Beach hut plots in Kingsdown;
- Commercial boat plots in Deal and Walmer; and
- Private boat plots in Deal, Walmer, Kingsdown and St Margaret's.

Oil Pollution - In accordance with the County of Kent Oil Pollution Response Scheme, the District Council has responsibility to deal with pollutions by oil on beaches and with the threat of oil to beaches and to sea up to a depth of 5.5 metres at low water mark of ordinary tides or to a distance

of one mile from the shore, whichever is less. Areas beyond this extent are dealt with by Kent County Council.

Leasehold Properties - The Council has significant land holdings across the District, some of which are let for commercial and/or retail use. The Valuation team ensures these are managed in accordance with the Corporate Asset Management Plan and relevant policies.

Coast Protection - Under the Coast Protection Act 1949 the Council has powers to provide and maintain coastal defences to protect the land from erosion. The Government provides financial support to coast protection authorities by grant aiding capital schemes, with the approval processes being managed by The Environment Agency, but will not grant aid routine maintenance. Shoreline Management Plans for the coastal frontage have been produced and work is ongoing on implementing the recommendations of the Pegwell Bay to Kingsdown Coastal Strategy.

Corporate Properties - The Council operates from a number of buildings within the District including the offices at Whitfield and Dover Gateway. The assets team are responsible for the effective management of each of the premises in terms of activities such as caretaking, cleansing and routine maintenance.

Facilities Management

The service covers a number of properties;

- **Dover Town Hall (Maison Dieu), Dover** - The main facilities at Dover Town Hall are the Stone Hall, Connaught Hall and the Council Chamber. There are also other smaller areas available for hire. The facilities are used for a variety of functions including wedding receptions, dinners, parties, dances, concerts, theatre, exhibitions, seminars, elections etc. but have been closed due to Covid the lease with Your Lease is due to be terminated in spring 2021 in order to facilitate major renovations and restoration of Burgess decorations and features. The Council was successful in the stage 2 bid to the Heritage Lottery Fund in September 2020. Enabling work is being undertaken prior to commencement of the main NHLF project. which involves major renovations and improvements to the building.
- **Deal Pier** - The present Pier, the third on this site, was officially opened by the Duke of Edinburgh in 1957. It provides opportunities for walking and fishing and has an architectural award winning café at the seaward end, which has been operated very successfully by the new tenant Deal Pier Kitchen Ltd since January 2019. There are two small shops at the entrance. The Pier itself is managed directly by the Council. Substantial maintenance works including concrete repairs, replacement seating, resurfacing of the stem, refurbishment of the pier head buildings, reglazing the shelters on the stem were undertaken during 2018 & 2019. Together these improvements have transformed the appearance of the pier and visitor experience.
- **Leisure Centres** - The new Dover District Leisure Centre at Whitfield opened in February 2019 and Places Leisure have reported that both membership levels and visits to the asset are both significantly higher than projections. The centre has been warmly welcomed by the community. Tides Leisure and Indoor Tennis Centre provides a wide range of facilities including a beach effect leisure pool with waterslides, ancillary pools, and other features, a four-court sports hall, fitness/health suite and a cafeteria. The Indoor Tennis Centre is an LTA Beacon status site, recognising its high quality and affordable community tennis programmes. The impact of Covid has been very significant for the leisure industry and Tides and Dover Leisure Centre are no exception the long term impacts are not known at the time of providing this report.

Building Control

The main functional area relates to Building Regulations Fee Earning (BRFE) work. The Section implements the Building Regulations, which are concerned with health and safety, access for all and conservation of fuel and power in and about buildings. Fees are set by Dover District Council to fully recover the costs of providing the service over any three-year period. The service is in full competition with the private sector.

The second area of activity is paid for from the General Fund. This area includes certain Building Regulations work, for which no fees can be charged, for example, building work to adapt a house for someone with a disability. Another example is building control has become a repository for information regarding self-certification of certain Building Regulations applications, relating to replacement windows and electricity etc. Central Government does not allow local authorities to charge for this function.

In addition, the section undertakes additional functions such as dealing with dangerous structures.

Housing Maintenance

The responsibility for the maintenance of the Council's housing stock, of just over 4300 dwellings, reverted to Dover District Council with effect from 1st October 2020.

The Assets & Building Control team inherited a service with fundamental flaws in most, if not all, aspects of the service from poor customer service to loss of control of information systems, contracts needing to be relet and weak supervision of contractors.

The first priority to regain full control of the various aspects of health and safety compliance matters, such as electrical safety, has been achieved following a huge amount of hard work from the whole team. The Regulator for Social Housing withdrew regulatory notice on 15th December 2021.

The team has now broadened its focus not only to all the actions needed to return the service to the quality tenants should expect but also to address the challenges of climate change and adapting the housing stock both to reduce carbon emissions and to adapt it to a changing climate. The tasks are immense and some will take years rather than weeks or months to deliver.

A pilot study involving the refurbishment of the external walls, windows, roof coverings and rainwater goods of houses in Aycliffe completed in 2021 and has been evaluated. The conclusions reached was that tenants were very pleased with results but there is potential for open tendering to deliver additional value for money.

INVESTMENT, GROWTH AND TOURISM

The Investment, Growth & Tourism Service represents a place management and marketing organisation for Dover District, leading, co-ordinating, supporting, informing and delivering growth, regeneration, tourism and strategic major projects across White Cliffs Country – all focused upon transformational change and positioning the District as a great place to live, work, visit, learn and invest.

The service is responsible for attracting funding and private sector investment into the District to aid and support the growth, regeneration and tourism agenda identified in the Council's Corporate Plan, Tourism & Visitor Economy Strategy*,¹ Economic Growth Strategy (emerging) and Local Plan (emerging). In addition, the service is also leading and engaged on several of the Council's major

¹ Reflecting the priorities and aims of the UK Government's 'Industrial Strategy' and 'Tourism Sector Deal'.

projects and strategic ambitions, while also supporting the Council's role in numerous external regeneration partnerships, funding organisations and tourism associations.

The Investment, Growth & Tourism Service also provides assistance and insight to strategic placemaking, marketing, engagement, transportation and planning activities, while identifying and implementing opportunities to provide clear vision and direction for the district, creating a vibrant place that directly supports and maximises opportunities for District residents, businesses and visitors.

The service also runs, in partnership with the Dover Museum Service, the White Cliffs Country Visitor Information Centre & Dover Museum Front of House (based at Dover Museum), as well as the Visitor Welcome Desk for Kent's Cruise Partnership (based at Dover Cruise Port).

MUSEUM & TOURISM SERVICES

Dover Museum

Dover Museum is one of the oldest museums in the UK, founded in 1836. Its three floors of exhibitions on the history of Dover and its award winning Bronze Age Boat Gallery are open free to the public. It operates a successful schools programme and works with young people, traditionally a hard to reach group for museums, to make the museum more relevant to them, and a team of volunteers is implementing a new collections plan relating to the national museums accreditation scheme. The museum is currently undertaking a project to relocate its reserve collections from the Maison Dieu to a new store. Staff at the museum are working on the Dover Town Hall NLHF project and the Urban Archaeological Database.

Tourism & Visitor Economy

This Dover District Council service is the destination management & marketing organisation for the Dover District (including the character towns of Deal, Dover, Sandwich and wider environs), welcoming 4.7 million visitors a year, championing the district's £302 million tourism industry and supporting more than 6,000 jobs under the 'White Cliffs Country' brand (and new supporting sub-brands, including 'Invest in White Cliffs Country', 'Produced in White Cliffs Country', 'Events in White Cliffs Country' etc). The Council recognises that tourism is a crucial driver for holistic regeneration (social, cultural, physical and economic), destination development and our economy.

Focused upon the five strategic pillars of ideas, people, place, business environment and infrastructure, White Cliffs Country targets domestic and international markets to raise the district's profile as a 'great place to visit, invest, live, work and learn', improving experience, engagement, quality and skills within the industry, and growing investment in tourism. White Cliffs Country works with local, county, regional and national partners and industry groups as well as supporting local businesses to grow their tourism and visitor offering.

Following Dover District Council's new 'Destination White Cliffs Country – Growth Strategy for Tourism and the Visitor Economy 2020 to 2030²', the Corporate Plan 2020-2024 (Corporate Objective 1: Regeneration – Tourism & Inward Investment) and emerging Local Plan 2020 to 2040, this function has specific responsibility to deliver a diverse range of promotional, engagement and placemaking projects, as well as to provide a clear vision and direction for the district, creating a vibrant destination where everyone is recognised as a visitor and where tourism is everyone's business.

² Reflecting the priorities and aims of the UK Government's 'Industrial Strategy' and 'Tourism Sector Deal'

The service also runs, in partnership with the Dover Museum service, the White Cliffs Country Visitor Information Centre & Dover Museum Front of House (based at Dover Museum), as well as the Visitor Welcome Desk for Kent's Cruise Partnership (based at Dover Cruise Port).

For more information regarding White Cliffs Country and the district's Tourism & Visitor Economy please visit:

- www.whitecliffscountry.org.uk (consumer);
- www.whitecliffscountry.org.uk/industry-hub (business);
- Facebook - <https://www.facebook.com/WhiteCliffsCountry/>;
- Twitter - <https://twitter.com/VisitDover>; or
- Instagram - <https://www.instagram.com/visitdover/>.

PLANNING, REGENERATION AND DEVELOPMENT

Development Management (Regeneration Projects)

Contribute to the realisation of major projects and other significant schemes, including resolution of any conflict between corporate aspirations and planning principles and policies, collaborative working and project management. Work closely with the Inward Investment Team.

Development Management (General / Other)

The section seeks to meet Government performance indicators (NIs) relating to decision times on planning and other applications. There remains a heavy workload on corporate and other challenging applications and a balance must be maintained between this and available staff resources. The main functions of the team are:

- Processing of planning and other formal applications submitted under the Town and Country Planning Acts and making determinations in accordance with policies and other material considerations and taking account of performance indicators;
- Negotiations to resolve conflict and secure better quality developments;
- Reporting applications to Planning Committee in accordance with the provisions of the Constitution;
- Responding to requests for fee-earning pre-application advice and discussion;
- Responding to other informal letters, e-mails or telephone enquiries about a wide range of matters and land charge enquiries;
- Seek to protect and enhance our heritage and environment, including settlements, buildings, and landscapes;
- Managing change so that it both complements and underpins the long term viability of the district;
- Promoting good urban design throughout the District;
- Responding to appeals against the refusal of applications, the imposition of conditions or the failure to determine applications, including the preparation and giving of evidence at informal hearings and public inquiries; and
- Support the Local Plans, Infrastructure and Heritage team work on the Local Plans, Supplementary Planning Documents and other issues.

Local Land Charges

The section is responsible for local land charges. Duties include the maintenance of the Local Land Charges Register, liaison with other departments regarding the correct registration and removal of charges, acceptance, compilation and return of local land charges searches and liaison with departments for replies associated with personal searches. The Land Charges team maintains comprehensive background records of charges recorded within the Land Charges Register.

Local Plans, Infrastructure and Heritage

This Section brings together the Development Plan work that sets out the future of the District. The primary focus for the team is to prepare a District Local Plan, which will cover the period up to 2040. This has involved undertaking an assessment of the areas of land that have come forward for development under the 'Call for sites', refreshing Dover Transportation Study, and updating a number of open space strategies and preparation of the rest of the detailed evidence base to support the plan. An Infrastructure Delivery Plan is also being prepared to support the implementation of the plan.

The Council's existing Adopted Core Strategy establishes the Council's objectives and policies for the future pace, scale, location and quality of development over a 20 year period (up until 2026) and is closely allied to the Corporate Plan and Community Strategy. The production of a Local Plan involves information gathering, monitoring and research. The implementation of the Local Plan is reported each year in the form of an Authority Monitoring Report.

. Other work in the Section includes, monitoring the payments pursuant to S106 Agreements, processing Listed Buildings applications and the implementation of the District Council's Heritage Strategy by empowering local groups to prepare Conservation Area Character Appraisals.

The Section promotes the Council's interests and is deeply engaged in the District regeneration agenda. It is also heavily involved in supporting the Council's major regeneration projects and related research, strategies and corporate priorities that are carried out by other services.

The overall objective is to bring focus to the Council's regeneration activities particularly in Dover Town Centre and to concentrate resources where they can be most effective in bringing success whilst being prepared to respond to appropriate opportunities where they arise outside the identified programme.

Landowner Projects

The section also has responsibility for assisting with developing and promoting regeneration projects where the Council has a land interest. and helping to steer projects through either the Local Plan or planning application processes.

Support Services

This section provides general support to the department including the validation, registration and consultation of all types of applications, answering customer queries on planning matters generally.

Operations and Commercial

Budget 2022/2023

Costs controlled by Head of Service								Recharges and Other	
2021/22 Sub-total	Description	FTE	Employees	Other Costs	Income	2022/23 Sub- total		Adjustments	Total
220,818	STRAT DIRECTOR - OPS & COMM	1.00	125,404	15,581	-	140,985		(140,985)	-
220,818	Total Strategic Director (Operations & Commercial)	1.00	125,404	15,581	-	140,985		(140,985)	-
1,215,066	PROPERTY SERVICES	26.86	1,350,510	95,258	(6,000)	1,439,768		(1,439,768)	-
8,111	ASSET MAINTENANCE TEAM	6.00	172,413	(155,771)	-	16,642		43,730	60,372
442,342	OFFICE ACCOMMODATION-WHITFIELD	1.22	30,303	450,130	(2,300)	478,133		(478,133)	-
68,410	THE DOVER GATEWAY (CASTLE ST)		-	73,357	(5,000)	68,357		(68,357)	-
7,440	MAISON DIEU PREMISES		-	13,512	(3,508)	10,004		(388)	9,616
1,020,597	PROPERTY SERVICES HRA	19.00	880,281	26,540	-	906,821		(906,821)	-
6,880	CIVIC CAR		-	6,930	-	6,930		(1,040)	5,890
77,699	PUBLIC CONVENIENCES		-	176,128	(105,000)	71,128		58,930	130,058
(25,620)	COAST PROTECTION		-	190	(23,300)	(23,110)		321,270	298,160
931	SECTION 38		-	650	-	650		1,290	1,940
63,000	STREETLIGHTING AND NAMING		-	131,700	(80,000)	51,700		66,090	117,790
-	COUNTRYSIDE AND WATERWAYS		-	-	-	-		5,790	5,790
16,900	BUS SHELTERS		-	11,480	-	11,480		6,700	18,180
771	PRECINCTS-DEAL AND DOVER		-	23,990	-	23,990		17,330	41,320
-	ENVIRONMENTAL IMPROVEMENTS (DEPRECIATION ONLY)		-	-	-	-		4,360	4,360
(358,050)	GARAGES GF		-	57,960	(416,000)	(358,040)		316,190	(41,850)
(71,550)	SHOPS & SHOWROOMS GF		-	2,543	(74,500)	(71,957)		36,210	(35,747)
25,100	55-61 CASTLE STREET (FORMER CO-OP)		-	19,451	-	19,451		30,410	49,861
(292,673)	WHITFIELD COURT		-	41,690	(309,962)	(268,272)		44,810	(223,462)
(1,056,840)	B&Q RETAIL WAREHOUSE		-	14,862	(1,067,974)	(1,053,112)		6,770	(1,046,342)
(197,197)	MISC PROPERTIES-GENERAL		-	181,553	(422,000)	(240,447)		695,200	454,753
-	RELOCATION OF TRAVELLERS		-	180	-	180		810	990
45,340	HALLS-TOWN HALL DOVER		-	449,490	(340,000)	109,490		733,510	843,000
-	TIMEBALL TOWER, DEAL		-	120	(500)	(380)		8,900	8,520
345	PUBLIC CLOCKS AND MEMORIALS		-	802	-	802		3,870	4,672
(25,310)	DOLPHIN HOUSE		-	66,365	(97,885)	(31,520)		31,520	-
-	ENERGY EFFICIENCY GRANTS		-	-	-	-		25,850	25,850
(60,074)	BEACHES AND FORESHORES		-	21,253	(79,550)	(58,297)		53,030	(5,267)
111,404	DEAL PIER	1.58	62,574	88,986	(76,335)	75,225		520,970	596,195
(8,717)	SANDWICH QUAY		-	5,450	(14,300)	(8,850)		19,040	10,190
(16,000)	PROPERTY SERVICES EVENTS		-	5,000	(21,000)	(16,000)		23,300	7,300
17,065	BUILDING CONTROL	5.61	344,625	31,353	(325,000)	50,978		148,630	199,608
(845,353)	DOVER LEISURE CENTRE		-	46,627	(750,000)	(703,373)		682,270	(21,103)
120,377	DEAL LEISURE POOL-TIDES		-	135,536	-	135,536		569,300	704,836
2,230	DEAL TENNIS CENTRE		-	699	-	699		86,020	86,719
500,900	CORPORATE MAINTENANCE		-	570,710	-	570,710		-	570,710
793,524	Total Assets & Building Control	60.27	2,840,706	2,594,724	(4,220,114)	1,215,316		1,667,593	2,882,909

Costs controlled by Head of Service								
2021/22 Sub-total	Description	FTE	Employees	Other Costs	Income	2022/23 Sub-total	Recharges and Other Adjustments	Total
108,250	HEAD OF COMMERCIAL SERVICES	1.00	108,071	3,408	-	111,479	(111,479)	-
77,346	TRANSPORT & PARKING MANAGER	1.00	72,522	1,778	-	74,300	(74,300)	-
272,814	PARKS & OPEN SPACES ADMIN	4.81	231,766	7,664	-	239,430	(239,430)	-
(147,795)	GROUNDS MAINTENANCE TEAM	26.01	797,364	203,927	(1,116,771)	(115,480)	115,480	-
146,082	PARKING SERVICE ADMINISTRATION	2.62	98,338	33,481	-	131,819	(131,819)	-
491,303	PARKING OPERATIONS & ENFORCEMENT	15.49	501,925	43,507	-	545,432	(545,432)	-
206,330	WASTE SERVICES TRADING ACCOUNT	4.86	239,236	18,659	(62,000)	195,895	(195,895)	-
34,031	PARKS FOR PEOPLE-KEARSNEY	-	-	-	-	-	-	-
-	A/C BODY RCHG-SRB,S/START,WCCP	-	-	-	-	-	48,780	48,780
(5,090)	WHITE CLIFFS COUNTRYSIDE PROJ	5.50	188,136	95,674	(284,010)	(200)	200	-
-	WCCP-SAMPHIRE HOE	3.50	92,333	32,060	(124,393)	-	-	-
-	WCCP - ROMNEY MARSH PROJECT	2.00	52,391	8,071	(60,462)	-	-	-
-	WCCP-WILDLIFE/SITE SURVEY	1.00	30,986	6,394	(37,380)	-	-	-
(51,750)	WCCP - OFFICE MANAGER AND ADMIN	2.00	121,373	(146,859)	(77,295)	(102,781)	102,781	-
-	DOVER SITES MANAGEMENT	-	-	14,840	(14,840)	-	-	-
-	SHEPWAY SITES MANAGEMENT	0.50	13,966	29,343	(43,309)	-	-	-
-	FOLKESTONE DOWNS	-	-	12,740	(12,740)	-	-	-
-	RIVER DOUR	-	-	125	(125)	-	-	-
-	DUNGENESS (EDF ENERGY)	2.00	71,207	35,377	(106,584)	-	-	-
-	FORT BURGOYNE	2.31	55,049	31,596	(86,645)	-	-	-
-	OUR FINEST DOUR PROJECT	0.50	21,638	9,058	(30,696)	-	-	-
8,280	DEPOTS	-	-	9,401	(1,500)	7,901	18,120	26,021
70,879	CEMETERIES	-	-	130,258	(125,000)	5,258	120,140	125,398
52,396	CLOSED CHURCHYARDS	-	-	32,660	-	32,660	33,820	66,480
564,530	PARKS AND OPEN SPACES	-	-	622,884	(37,807)	585,077	228,560	813,637
-	KEARSNEY PARKS	-	-	6,450	-	6,450	25,470	31,920
12,666	CAR PARKS-SURFACE FREE	-	-	11,320	-	11,320	43,330	54,650
(1,451,589)	CAR PARKS - OFF STREET	-	-	353,102	(1,822,250)	(1,469,148)	392,009	(1,077,139)
(752,150)	CAR PARKS - ON STREET	-	-	66,270	(770,000)	(703,730)	522,405	(181,325)
1,743,220	REFUSE COLLECTION	-	-	1,739,222	(160,000)	1,579,222	114,799	1,694,021
849,600	RECYCLING	-	-	1,706,754	(1,063,742)	643,012	112,370	755,382
-	FHDC WASTE CONTRIBUTION	-	-	4,647,819	(4,647,819)	-	-	-
-	KCC WASTE CONTRIBUTION	-	-	999,996	(999,996)	-	-	-
-	SOUTHERN WATER PROJECT	-	-	-	-	-	810	810
1,822,906	STREET CLEANSING	-	-	1,755,080	(50,004)	1,705,076	99,636	1,804,712
(17,200)	KEARSNEY PARK CAFÉ	13.67	383,347	80,146	(463,493)	-	42,150	42,150
4,035,059	Total Commercial Services	88.77	3,079,648	12,602,205	(12,198,861)	3,482,992	722,505	4,205,497
256,481	HEAD OF GROWTH & INVESTMENT	1.00	102,091	3,268	-	105,359	(105,359)	-
34,660	ECONOMIC DEVELOPMENT	0.00	-	49,760	-	49,760	179,720	229,480
-	ECONOMIC DEVELOPMENT TRADING ACCOUNT	6.81	346,112	14,791	-	360,903	(360,903)	-
291,141	Total Growth & Investment	7.81	448,203	67,819	-	516,022	286,542	229,480

Costs controlled by Head of Service						
2021/22 Sub-total	Description	FTE	Employees	Other Costs	Income	2022/23 Sub-total
664,797	REGENERATION DELIVERY TRADING	11.97	674,789	41,464	(6,900)	709,353
965,956	DEVELOPMENT MANAGEMENT TRADING	24.53	1,187,493	51,273	-	1,238,766
(767,460)	DEVELOPMENT MANAGEMENT	-	-	78,622	(1,005,200)	(926,578)
-	FARTHINGLOE PROJECT	-	-	-	-	-
-	AYLESHAM DEVELOPMENT	-	-	30,000	(43,200)	(13,200)
3,000	PLANNING DELIVERY GRANT	-	-	3,000	-	3,000
490	CONSERVATION & HERITAGE	-	-	540	-	540
-	BROWNFIELD REGISTER	-	-	-	-	-
4,000	DOVER DISTRICT DEVELOPM'T PLAN	-	-	218,996	-	218,996
250	OTHER REGENERATION PROJECTS	-	-	250	-	250
-	WATERFRONT DEVELOPMENT	-	-	-	-	-
(149,210)	LOCAL LAND CHARGES	-	-	11,578	(189,996)	(178,418)
3,500	OPS & COMMERCIAL SPECIAL REVENUE PROJECTS	-	-	-	-	-
-	HOUSEBUILDING REGISTER	-	-	-	-	-
725,323	Total Regeneration & Development	36.50	1,862,282	435,723	(1,245,296)	1,052,709
253,276	MUSEUM HERITAGE & TOURISM ADMIN	9.60	434,835	9,590	-	444,425
279,955	STRATEGIC TOURISM TRADING ACCOUNT	5.83	289,045	10,048	-	299,093
140,273	DOVER MUSEUM	-	-	225,519	(58,452)	167,067
17,260	MUSEUMS-BRONZE AGE BOAT-EXHIBT	-	-	17,120	(979)	16,141
4,900	DOVER MUSEUM SCHOOLS	-	-	22,896	(18,996)	3,900
1,690	MUSEUM - BEQUEST WORK	-	-	-	-	-
280	CHANNEL SWIMMING	-	-	500	-	500
123,158	MUSEUM COLLECTION STORAGE	1.00	16,491	77,012	-	93,503
1,577	GRAND SHAFT-WESTERN HEIGHTS	-	-	4,398	-	4,398
90,030	TOURISM DEVELOPMENT	-	-	96,630	-	96,630
20,330	VIC GRANTS & HISTORIC PANELS	-	-	20,328	-	20,328
(280)	CRUISE WELCOME OPERATION	-	-	3,996	(4,284)	(288)
17,670	OPEN GOLF EVENT	-	-	-	-	-
950,120	Total Museum & Tourism	16.43	740,371	488,037	(82,711)	1,145,697
7,015,985		210.78	9,096,614	16,204,089	(17,746,982)	7,553,721

Recharges and Other Adjustments	Total
(709,353)	-
(1,238,766)	-
1,620,106	693,528
1,600	1,600
13,200	-
3,060	6,060
105,710	106,250
860	860
501,083	720,079
371,508	371,758
-	-
152,710	(25,708)
5,640	5,640
430	430
827,788	1,880,497
(444,425)	-
(299,093)	-
655,085	822,152
67,900	84,041
53,510	57,410
-	-
-	500
2,050	95,553
7,340	11,738
266,019	362,649
33,780	54,108
-	(288)
-	-
342,166	1,487,863
3,132,525	10,686,246

Notes	<u>Earmarked General Reserves</u> (MTFP Forecast 2022/23 - 2025/26)	Balance 2020/21 £000	Contrib- 2021/22 £000	Application 2021/22 £000	Balance 2021/22 £000	Contrib- 2022/23 £000	Application 2022/23 £000	Balance 2022/23 £000	Contrib- Future Years £000	Application Future Years £000	Balance Future Years £000
1	Special Projects & Events Reserve	(21,748)	(1,272)	4,370	(18,650)	325	12,040	(6,284)	(3,060)	7,050	(2,294)
2	Periodic Operations Reserve	(12,686)	(245)	7,119	(5,812)	(223)	1,979	(4,056)	(290)	2,854	(1,492)
3	Regeneration Reserve	(2,749)	(186)	1,044	(1,891)	(360)	595	(1,656)	(255)	450	(1,461)
4	Proposed Smoothing Reserve	0	(4,000)	0	(4,000)	0	0	(4,000)	0	0	(4,000)
5	ICT Equipment & Servers	(1,306)	(213)	954	(565)	(615)	610	(570)	(345)	656	(259)
6	Business Rates & Council Tax Support	(7,267)	(555)	5,903	(1,919)	0	290	(1,629)	0	1,629	0
7	Port Health Contingency Reserve	(2,000)	0	0	(2,000)	0	0	(2,000)	0	0	(2,000)
8	Port Health Operational Reserve	(1,702)	(1,800)	1,702	(1,800)	0	1,988	188	0	0	188
	Earmarked Reserves Total	(49,457)	(8,272)	21,093	(36,636)	(873)	17,502	(20,006)	(3,950)	12,639	(11,318)

EARMARKED RESERVES

The following earmarked reserves are held:

1. Special Projects & Events Reserve

This reserve is set aside to continue to fund one-off General Fund projects as they arise and to support major events in the district. The contributions and applications from this reserve are detailed in the Special Projects summary (Annex 6C).

2. Periodic Operations Reserve

This reserve is to cover costs of cyclical / periodic events, such as elections, and to hold grants or other income streams for specific purposes, such as New Burdens grants and On-Street parking surpluses. Approval of expenditure from this reserve is delegated to the Section 151 Officer and the Portfolio Holder responsible for Finance.

3. Regeneration Reserve

This reserve is set aside to support the Local Plan process and associated regeneration projects. Approval of expenditure from this reserve is delegated to the Section 151 Officer and the Portfolio Holder responsible for Finance.

4. Proposed Smoothing Reserve

This reserve is to mitigate the risk and the volatility of the budget to enable the council to take a measured approach to the forecast pressures. This will enable the projections for future revenue budgets to be based on “mid case” assumptions and if subsequently an overspend is incurred due to unanticipated pressures, this will be met from the Smoothing Reserve and remedial action (including rebuilding of the Smoothing Reserve) will be planned for the following year.

5. Digital & ICT Equipment & Servers

The Digital & ICT Equipment & Servers reserve is held in order to support the requirements of the current and future digital strategies. The contributions and applications from this reserve are detailed in the Digital & ICT project summary (Annex 6D). Approval of expenditure from this reserve is delegated to the Head of Community & Digital Services and the Portfolio Holder responsible for Finance.

6. Business Rates & Council Tax Support Reserve

This reserve was set up to allow for the risk of unforeseen pressures from the Redistribution of Business Rates, the new Council Tax Support scheme and future changes for Universal Credit. The reserve is mainly used to smooth the impact of timing fluctuations associated with the complex accounting of NDR to prevent erratic impacts on the GF budget.

7. Port Health Contingency Reserve

This reserve is required to provide the flexibility to cope with areas of uncertainty including the volume of consignments requiring certification, the fee level per consignment and therefore the income stream, the cost base and any more significant structural changes that may arise from trade consolidation and from changes to the border control regime during and at the end of the initial 5 years.

8. Port Health Operational Reserve

This reserve has been established to hold the grant funding received from DEFRA to smooth across years until the service is intended to become self-funding through fee income.

Housing Revenue Account - Draft Budget 2022/23 as at 07/01/22

	2020/21 Actual	2021/22 Original Budget	2022/23 Proposed Budget
	£000	£000	£000
INCOME			
Dwelling Rents	(19,109)	(19,594)	(20,483)
Non-dwelling Rents	(18)	(19)	(18)
Tenant Charges for Services and Facilities	(852)	(726)	(628)
Leaseholder Charges for Services and Facilities	(253)	(240)	(419)
TOTAL INCOME	(20,232)	(20,579)	(21,549)
EXPENDITURE			
Repairs and Maintenance	3,332	3,982	4,450
Supervision and Management	5,660	4,848	4,992
Rents, Rates, Taxes and Other Charges	32	23	37
Negative Subsidy Entitlement (Incl MRA)	0	0	0
Self Financing Settlement Determination	0	0	0
Depreciation of Fixed Assets	2,145	2,147	2,694
Impairment of Fixed Assets	0	0	0
Revaluation Gain - rev of pr yr loss	(42,649)	0	0
Debt Management Expenses	42	39	15
Bad Debt Provision	95	250	185
Rent Rebate Subsidy Limitation	0	0	0
TOTAL EXPENDITURE	(31,343)	11,289	12,373
NET COST OF HRA SERVICES PER AUTHORITY INCOME AND EXPENDITURE ACCOUNT	(51,575)	(9,290)	(9,176)
HRA Share of Corporate and Democratic Core	1,298	908	1,068
HRA share of other amounts not allocated to specific services	23	0	342
NET COST OF HRA SERVICES	(50,254)	(8,382)	(7,766)
(Gain)/Loss on Sales of HRA Fixed Assets	(577)	0	0
Interest Payable and Similar Charges	2,532	2,869	2,523
Amortisation of Premiums & Discounts	0	0	0
Interest and Investment Income	(19)	(14)	(18)
Pension Int Costs and expected return on pensions assets	310	328	0
(SURPLUS)/DEFICIT FOR THE YEAR ON HRA SERVICES	(48,008)	(5,199)	(5,262)
Amount required by statute to be credited to the HRA	48,704	6,004	7,240
Balance for the year (as per the Note to the Statement of Movement below) **			
Net (Increase)/Decrease in the Housing Revenue Account Balance before transfers to or from reserves	696	805	1,978
Transfer (from) reserves	(690)	(775)	(1,980)
Transfer to reserves	0		0
(Increase)/decrease in year on the HRA balance	7	30	(2)
Impact of Deficit / (surplus) on balances			
Housing Revenue Account surplus brought forward	(1,033)	(1,027)	(1,027)
Housing Revenue Account surplus carried forward	(1,027)	(997)	(1,029)

**** Note to the Statement of Movement on the HRA Account**

Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA Balance for the year

	<i>£000</i>	<i>£000</i>	<i>£000</i>
Difference between any other items of income and expenditure determined in accordance with the SORP and determined in accordance with statutory HRA requirements	42,649	0	0
Transfer of HRA Self Financing Determination to Capital	0	0	
Net Charges made for retirement benefits in accordance with IAS19	424	439	0
(Gain)/loss on sale of HRA fixed asset	577	0	0
	<u>43,649</u>	<u>439</u>	<u>0</u>

Items not included in the HRA Income and Expenditure Account but included in the movement on HRA Balance for the year

Transfer to/(from) the Major Repairs Reserve	2,506	2,567	2,172
Employer's contributions payable to the Pension Fund and retirements benefits payable direct to pensioners	(333)	(328)	0
Capital expenditure funded by the HRA	2,882	3,325	5,068
	<u>5,055</u>	<u>5,565</u>	<u>7,240</u>

Net additional amount required by statute to be debited/(credited) to the HRA Balance for the year	48,704	6,004	7,240
-----------------------------------------------------------------------------------------------------------	---------------	--------------	--------------

THREE YEAR REVENUE BUDGET FINANCIAL PROJECTION

Notes	2021/22 Projected Outturn £000	2022/23 Forecast £000	2023/24 Forecast £000	2024/25 Forecast £000	2025/26 Forecast £000
1	(20,579) Income	(21,549)	(21,549)	(21,549)	(21,549)
	Income Adjustments				
2	Rent increases at CPI + 1% from 2020/21		(614)	(1,247)	(1,899)
3	Impact of Right to Buy sales on rental income		28	56	86
4	Forecast rent from new stock		(273)	(352)	(431)
5	Inflation on leasehold & service charges		(3)	(24)	(46)
	(20,579) Total	(21,549)	(22,412)	(23,116)	(23,839)
6	12,197 Expenditure	13,782	13,782	13,782	13,782
	Expenditure Adjustments				
7	Repairs and Maintenance (2% inflation & add properties)		139	281	425
8	Supervision and Management (2% inflation & add properties)		150	303	459
9	Other Misc expenditure inflation		33	66	100
	12,197 Total	13,782	14,104	14,432	14,766
10	9,186 Other Charges	9,745	9,745	9,745	9,745
11	Increase of capital spend on Works programme		529	231	261
12	Pension backfunding increase				
13	Annual borrowing allowance for capital projects		767	836	868
	9,186 Total	9,745	11,041	10,812	10,873
14	(775) Transfer from Housing Initiatives reserve	(1,980)	(2,740)	(2,130)	(1,800)
15	0 Transfer to Housing Initiatives reserve	0	0	0	0
16	29 NET (SURPLUS) / DEFICIT	(2)	(7)	(3)	(0)
	Impact on Reserves :-				
	Projected HRA Balance				
	(1,025) Opening balance	(996)	(997)	(1,004)	(1,007)
17	(996) Closing Balance	(997)	(1,004)	(1,007)	(1,007)
	Projected Housing Initiatives Reserve Balance				
	(12,748) Opening balance	(11,973)	(9,993)	(7,253)	(5,123)
	0 Contribution to reserve	0	0	0	0
	775 Proposed application of reserve to projects	1,980	2,740	2,130	1,800
18	(11,973) Closing Balance	(9,993)	(7,253)	(5,123)	(3,323)

**THREE YEAR REVENUE BUDGET FINANCIAL
PROJECTION**

Notes

- 1** The gross income budget is taken from the 2022/23 budget at Annex 5.
- 2** Following the rent reduction period the Government has advised that rent increases will return to levels of CPI plus 1%.
- 3** Right to Buy sales have a negative impact on rent income. Based on current levels this has been assumed to reduce rent income by 0.2% per annum.
- 4** Additional income forecast as a result of the proposed increases in stock from the Housing Initiatives projects.
- 5** It is assumed that tenant service charges will increase in line with inflation.
- 6** The gross expenditure budget is taken from the 2022/23 budget at Annex 5.
- 7** It is assumed that repairs & maintenance expenditure will increase in line with inflation.
- 8** It is assumed that supervision & management expenditure will increase in line with inflation.
- 9** Inflationary increases on other expenditure areas.
- 10** Other charges are taken from the 2022/23 budget at Annex 5. These include, capital works, interest payable & receivable & pension charges.
- 11** The 2022/23 budget includes the Housing Initiatives capital projects based on the current programme. The current commitments result in a reduction in spend in future years, this will be reviewed and updated on an on-going basis.
- 12** The HRA share of the Authority's pension deficit is assumed to increase by 5% per annum in line with the Actuary's forecasts.
- 13** The current level of proposed budget for Housing Initiatives projects is above the forecast level of the HIR so there is borrowing of £29m over 40 years as of for projects included on Annex 5B
- 14** The level of funding of projects from the Housing Initiatives reserves based on the current programme & forecasts.
- 15** The annual transfer to the Housing Initiatives reserves to support future projects.
- 16** Forecast (surplus) / deficit.
- 17** Forecast HRA Balance.
- 18** Forecast Housing Initiatives Reserve Balance.

HRA Housing Development Projects

	Total Project Cost £000	Prior years spend £000	Forecast 2021/22 £000	Forecast 2022/23 £000	Forecast 2023/24 £000	Forecast 2024/25 £000
Foxborough Close (2)	472	68	30	374	0	0
Property purchases (90)	15,393	9,393	1,500	1,500	1,500	1,500
Interim Housing - Kimberley Close (16)	1,581	329	764	488	0	0
Interim Housing - Stockdale Gardens (8)	1,458	330	968	160	0	0
Interim Housing - Barwick Road (24)	4,663	120	1,460	2,083	1,000	0
William Muge & Snelgrove (65)	14,700	14,700	0	0	0	0
113 Folkestone Road Development (8)	1,037	1,037	0	0	0	0
Proposed Housing Developments (24)	11,000	0	2,000	3,000	3,000	3,000
Whitfield 1A - (26)	4,660	0	2,850	1,800	10	0
Salvatori Land (c12)	750	0	0	750	0	0
St Richards Road (6)	1,063	0	1,063	0	0	0
Total Housing Projects	56,778	25,978	10,635	10,155	5,510	4,500
<u>Financed By:</u>						
Capital Receipts	6,608	0	3,608	3,000	0	0
Borrowing	29,739	15,570	4,320	3,439	3,710	2,700
Excess Right to Buy	12,581	3,712	2,677	2,592	1,800	1,800
Grant & S106 Funding	1,032	628	30	374	0	0
Housing Initiatives Reserve	6,818	6,068	0	750	0	0
Sub total	56,778	25,978	10,635	10,155	5,510	4,500

	ORIGINAL BUDGET 2021/22 £000's	AMENDED BUDGET 2021/22 £000's	PROPOSED BUDGET 2022/23 £000's
<u>REVENUE WORKS PROGRAMME</u>			
Term Maintenance	1,250	1,250	1,250
External Decorations	450	200	675
Drainage Works	3	3	3
Communal TV Aerials Works	15	15	15
Window Repairs	200	100	200
Elderly Persons Redecorations	25	0	0
Estates Paths, Pavings, Floor Resurfacing	70	100	320
Insurance Excess/Storm Damage	7	7	7
Vandalism	4	4	4
Electrical Safety Inspections & Works	275	275	180
Health and Safety Water Inspections & Works	100	250	100
Void Properties	800	1,023	800
Heating Servicing & Inspections	540	540	540
Lift Maintenance & Inspections	20	20	20
Disabled Hoists & Lifts	10	20	10
Fire Alarm Servicing & Inspections	60	60	60
Door Entry	19	30	20
Tenant Compensation	15	15	15
Tenants Compact - Dover / Deal / Sandwich & Rural	50	0	50
Environmental Improvements	50	50	50
TOTAL REVENUE WORKS PROGRAMME	3,962	3,962	4,319

	ORIGINAL BUDGET 2021/22 £000's	AMENDED BUDGET 2021/22 £000's	PROPOSED BUDGET 2022/23 £000's
<u>CAPITAL WORKS PROGRAMME</u>			
Reroofing	500	500	1,560
Replacement Doors and Windows	250	250	715
Door Entry System Installations	50	50	5
Fire Precaution Works	200	600	75
Heating Renewals	735	800	1,320
Thermal Insulation	10	10	-
Asbestos Inspection & Works Programme	200	200	-
Structural Repairs	300	300	375
Electrical Rewiring Programme	25	25	-
Kitchen Replacement Programme	400	400	741
Lift Refurbishment	50	-	-
Bathroom Replacement Programme	350	350	699
Adaptations for Disabled Persons	350	350	350
Restorative & Carbon Neutral Programme	1,000	585	500
Play areas	-	-	-
Proposed Capital ICT Projects	-	23	150
Capital Works Programme Total	4,420	4,443	6,490
Financed By:			
Major Repairs Reserve	2,567	2,567	2,172
Direct Revenue Financing (HRA)	1,853	1,876	4,318
Total Financed By (Capital Works)	4,420	4,443	6,490
FULL PROGRAMME TOTAL	8,382	8,405	10,809

2021/22 MEDIUM TERM CAPITAL PROGRAMME (GENERAL FUND) - DECEMBER 2021 OUTTURN (INCORPORATING 2022/23 NEW BIDS & CHANGES)							
SEPTEMBER 2021 POSITION				PROPOSED BUDGET			
Projects included in the programme	Total £000	Previous years £000	Estimate 2021/22 £000	Estimate 2022/23 £000	Estimate 2023/24 £000	Future Years £000	Total £000
Committed General Fund Projects							
Dover Regeneration Projects							
DTIZ - Waterfront	1,038	975	0	0	0	0	975
Dover Fastrack Project	17,520	1,384	9,192	6,943	0	0	17,520
Dover Market Square public realm improvements	3,641	288	1,900	1,463	0	0	3,651
Future High Streets Fund - Capital Works	250	0	250	0	0	0	250
Cable Car project	35	24	11	0	0	0	35
15 Bench St - acquisition	0	0	450	0	0	0	450
DTIZ Growth Point - Unallocated Grant Funding	87	0	0	0	0	0	0
Sub total	22,572	2,672	11,803	8,406	0	0	22,882
Other Regeneration Projects							
Aylesham Regeneration Project	1,604	1,562	42	0	0	0	1,604
Discovery Park - Grant no.2 (100% grant funded)	2,722	0	2,722	0	0	0	2,722
Building Foundations for Growth Grant - unallocated funding	21	0	21	0	0	0	21
Sub total	4,347	1,562	2,785	0	0	0	4,347
ICT Projects							
New Corporate Software & Hardware	339	339	0	0	0	0	339
Sub total	339	339	0	0	0	0	339
Other projects							
Whitfield Offices - Capital Works	220	199	0	0	0	0	199
Street-lighting works	1,029	912	116	0	0	0	1,029
Kearsney Café fit-out	100	50	50	0	0	0	100
Purchase of Refuse & Recycling Vehicles	4,500	2,537	1,397	565	0	0	4,500
Public Sector Decarbonisation Fund	1,025	13	1,012	0	0	0	1,025
DDC Community Bus purchase	0	0	101	0	0	0	101
Deal Pier - Capital Works	1,363	1,127	5	230	0	0	1,363
Tides LC refurbishment	1,120	896	130	94	0	0	1,120
Parks for People - Kearsney Abbey & Russell Gardens	3,888	3,417	471	0	0	0	3,888
Deal Beach Management 2015-20 (100% grant funded)	1,429	1,234	195	0	0	0	1,429
Old Dover Leisure Centre demolition	600	426	174	0	0	0	600
55-61 Castle St - demolition	250	0	250	0	0	0	250
Dover Discovery Centre refurbishment	700	0	0	275	425	0	700
St Margarets Bay sea defences (100% grant funded)	0	0	125	0	0	0	125
Dover Town Hall-Urgent Repairs	550	193	357	0	0	0	550
Dover Museum & Bronze Age Boat - Essential Works	276	51	225	0	0	0	276
New museum storage facility	830	38	771	21	0	0	830
Maison Dieu major restoration works(Dover Town Hall) - Delivery Phase	9,510	249	4,368	4,893	0	0	9,510
Sandwich Guildhall Forecourt improvement works	550	0	115	435	0	0	550
Electric Vehicle Charging Bays	299	54	245	0	0	0	299
Disabled Facilities Grants:-							
Winter Warmth Grants	50	n/a	50	0	0	0	50
Mandatory Disabled Facilities Grants	2,430	n/a	2,406	0	0	0	2,406
Renovation Grants	0	n/a	0	0	0	0	0
Renovation/PSH Loans	171	n/a	171	0	0	0	171
Empty Homes Loans	165	n/a	165	0	0	0	165
Sub total	31,053	11,396	12,901	6,513	425	0	31,234
Sub total of Committed General Fund Projects	58,311	15,968	27,489	14,919	425	0	58,802
General Fund Projects - Proposed Projects							
Capital Contingency	71	0	71	0	0	0	71
Sandwich Guildhall Forecourt improvement works	500	0	0	500	0	0	500
St Margarets Bay coast protection works (grant funded)	150	0	25	0	0	0	25
Kearsney Abbey / Russell Gardens-play area/disabled facilities access	60	0	0	0	0	0	0
Street-lighting works	107	0	0	0	0	107	107
Public toilets refurbishment	50	0	0	0	0	0	0
Dolphin House - balconies	200	0	200	0	0	0	200
Strategic Land Purchase - Dover	700	0	0	0	0	0	0
Dover Market Square project	0	0	0	0	0	0	0
Whitfield Offices - install PVs	200	0	0	0	0	0	0
Future High St bid match funding	1,700	0	807	581	0	312	1,700
Future High St grant funding	2,946	0	447	1,859	640	0	2,946
Town Centre Regeneration Fund	0	0	0	0	0	0	0
Sandwich Quay	150	0	150	0	0	0	150
Cable Car project	1,465	0	0	0	0	0	0
Kearsney Café CCTV	45	0	0	0	0	0	0
Disabled Facilities Grants	0	0	0	0	0	0	0
Tides Replacement	0	0	0	5,000	0	0	5,000
Town Centre Regeneration and Historic Buildings	0	0	0	3,000	0	0	3,000
Kearsney Café Extension	0	0	0	550	0	0	550
Park Lane Nursery	0	0	0	125	0	0	125
Tides Essential Works	0	0	0	30	0	0	30
Sandwich Guildhall Forecourt improvement works	0	0	0	200	0	0	200
Public Sector Decarbonisation Fund	0	0	0	115	0	0	115
Disabled Facilities Grants	0	0	0	1,250	0	0	1,250
Sub total of General Fund Proposed Projects	8,344	0	1,700	13,210	640	419	15,969
General Fund Projects Total	66,655	15,968	29,189	28,129	1,065	419	74,771

2021/22 MEDIUM TERM CAPITAL PROGRAMME (GENERAL FUND) - DECEMBER 2021 OUTTURN (INCORPORATING 2022/23 NEW BIDS & CHANGES)							
SEPTEMBER 2021 POSITION		PROPOSED BUDGET					
Projects included in the programme	Total £000	Previous years £000	Estimate 2021/22 £000	Estimate 2022/23 £000	Estimate 2023/24 £000	Future Years £000	Total £000
Financed by:							
Capital projects financed in previous financial years	15,968	15,968					15,968
Capital receipts - General Fund	8,154	n/a	3,750	2,119	425	269	6,562
Capital receipts - General Fund - 22/23 new bids	0	n/a	0	705	0	0	705
Capital receipts - General Fund (Dover Regeneration)	250	n/a	0	250	0	0	250
Capital receipts - DFG Grant Repayments	192	n/a	192	0	0	0	192
Capital receipts - PSH Loan receipts	336	n/a	336	0	0	0	336
Direct Revenue Financing:-							
General Fund	1,270	n/a	370	1,011	0	0	1,381
HRA	0	n/a	0	0	0	0	0
Heritage Lottery Fund Grant (Parks for People-Kearsney)	250	n/a	250	0	0	0	250
Grants:-							
Growth Point Grant Funding	87	n/a	87	0	0	0	87
KCC Better Care Fund (Disabled Facilities Grant)	2,288	n/a	2,265	0	0	0	2,265
KCC Better Care Fund (Disabled Facilities Grant) - 22/23 estimate	0	n/a	0	1,250	0	0	1,250
Coastal Communities Fund (Dover Market Sq proj)	2,153	n/a	1,890	263	0	0	2,153
Environment Agency (Deal Beach Management 2015-20)	195	n/a	195	0	0	0	195
Environment Agency (St Margarets Bay coast protection works)	150	n/a	150	0	0	0	150
MHCLG Building Foundations for Growth Grant (Discovery Park)	2,743	n/a	2,743	0	0	0	2,743
MHCLG Grant (Future High Streets Funding)	3,196	n/a	697	1,859	640	0	3,196
Homes England (BRT)	14,811	n/a	8,306	6,504	0	0	14,811
BEIS (Public Sector Decarbonisation Fund)	830	n/a	830	0	0	0	830
Grant funding (TBC) - Cable Car	750	n/a	0	0	0	0	0
Other reserves:-							
- Special projects	928	n/a	643	285	0	0	928
- Special projects - 22/23 new bids	0	n/a	0	8,315	0	0	8,315
- District Regeneration & Economic Development	3,651	n/a	1,733	1,918	0	0	3,651
- SEEDA-Dover Regeneration	150	n/a	0	0	0	150	150
- Developer Agreement Receipt	100	n/a	0	100	0	0	100
- KCC & Dover Growth Fund	600	n/a	550	350	0	0	900
- Office for Zero Emission Vehicles Grant	170	n/a	170	0	0	0	170
- National Lottery Heritage Funding (Maison Dieu-delivery)	4,270	n/a	2,135	2,135	0	0	4,270
PWLB borrowing - Property Acquisition	0	n/a	0	0	0	0	0
PWLB borrowing - other	1,000	n/a	500	500	0	0	1,000
PWLB borrowing - Refuse & Recycling Vehicles	1,963	n/a	1,397	565	0	0	1,963
Salix loan - Whitfield Offices-install PVs	200	n/a	0	0	0	0	0
Unsupported borrowing	0	n/a	0	0	0	0	0
Total	66,655	15,968	29,189	28,129	1,065	419	74,771

Capital Receipts Summary as at 31/12/21

Capital Receipt Category	2020/21 Opening Balance £000	Receipts in year £000	Allocated to Projects £000	2021/22 Opening Balance £000	Anticipated future income £000	MTCP Project Funding £000	New Bids 2022/23 MTFP £000	Available funding £000
Ring Fenced for 1:4:1 Affordable Housing	(4,150)	(612)	1,224	(3,538)	(1,200)	3,538	1,200	0
Ring fenced for Private Sector Housing	(157)	(171)	229	(99)	(100)	199	0	0
Ring fenced for Dover Regeneration	(250)	0	0	(250)	0	250	0	0
Ring fenced for Aylesham contractual commitments	(776)	(279)	0	(1,055)	0	1,055	0	0
Ring fenced for DFGs	(156)	(36)	0	(192)	(93)	(285)	0	0
Ring fenced for Shared Ownership	0	(143)	143	0	0	0	0	0
Un-ringfenced capital receipts	(11,316)	(427)	944	(10,799)	(300)	8,154	705	(2,241)
Total	(16,805)	(1,668)	2,540	(15,933)	(1,693)	12,911	1,905	(2,241)

SPECIAL REVENUE PROJECTS - 2021/22 OUTTURN (December 2021 position including 2022/23 New Funding Bids)

SPECIAL REVENUE PROJECTS	Capital / Revenue	Total Approved Budget £000	Prior Years Exp £000	Revised Estimate 2021/22 £000	Estimate 2022/23 £000	Estimate 2023/24 £000	Future years £000	Total Revised Budget £000
Committed Special Revenue Projects								
Corporate Property Maintenance	R	146	n/a	146	0	0	0	146
Parks - General Repairs (walls, fences, lakes, structures etc)	R	166	114	52	0	0	0	166
Dover District Transportation Study	R	287	207	80	0	0	0	287
Commonwealth War Memorial-Dover	R	500	484	16	0	0	0	500
Food Waste Promotion	R	47	19	0	28	0	0	47
LDF Plan	R	291	277	14	0	0	0	291
Property Strategy-external support	R	200	99	50	51	0	0	200
Resurfacing Car Parks & DDC owned access roads	R	240	194	46	0	0	0	240
Dover Regeneration - enabling costs	R	301	175	126	0	0	0	301
Butts - access bridge works	R	30	1	29	0	0	0	30
Contribution to Open Golf event	R	166	133	32	0	0	0	166
East Kent Waste 2021	R	200	144	56	0	0	0	200
Property Renovations grant scheme	R	300	144	123	33	0	0	300
Beach Huts - refurbishments	R	50	28	21	0	0	0	50
Old St James Church works	R	190	57	133	0	0	0	190
Reopening High Streets Safety Fund (Welcome Back Funding)	R	276	13	263	0	0	0	276
Astor Theatre repair	R	20	8	12	0	0	0	20
Timeball Tower works	R	80	12	68	0	0	0	80
Deal Indoor Tennis Centre - Flood Protection Works	R	40	0	40	0	0	0	40
Victoria Park Deal - Tennis Courts Refurbishment	R	39	31	14	0	0	0	44
Dover District Leisure Centre - completion works	R	100	0	100	0	0	0	100
CAB alterations to co-locate Deal & Dover CABs	R	30	0	30	0	0	0	30
Levelling Up Fund Bid	R	125	0	125	0	0	0	125
Whitfield & Duke of York roundabout study	R	40	0	40	0	0	0	40
Sandwich Dredging & Desilting Works 2021	R	25	0	25	0	0	0	25
Project feasibility costs	R	50	1	49	0	0	0	50
Sub total - committed projects		3,939	2,139	1,693	113	0	0	3,945
Capital projects in capital programme financed from reserve:								
Provision allocated to capital programme to finance capital projects	C	928	n/a	643	285	0	0	928
Total committed projects		4,867	2,139	2,335	398	0	0	4,872
Proposed Projects								
Special Revenue Contingency	R/C	48	0	48	0	0	0	48
Closed churchyard repairs	R	50	0	50	0	0	0	50
Corporate Property Maintenance	R	50	0	0	0	0	50	50
Museum Lighting Improvements	R	69	0	69	0	0	0	69
Dover Tourism signage	R	30	0	30	0	0	0	30
Aylesham Leisure allocation	R	200	0	200	0	0	0	200
Climate change initiatives	R	205	0	205	0	0	0	205
Support for organisational changes	R	500	0	500	0	0	0	500
Town Centre Regeneration	R	518	0	219	0	0	0	219
Public conveniences refurbishments	C/R	50	0	50	0	0	0	50
Maison Dieu - additional works	R	0	0	0	700	0	0	700
Project Feasibility Studies	R	0	0	0	500	0	0	500
Russell Gardens Pond Repairs	R	0	0	0	200	0	0	200
Community Grants	R	0	0	0	200	0	0	200
Burgoyne Heights Street Lighting	R	0	0	0	140	0	0	140
Property Renovation Scheme (Town Centre Grants)	R	0	0	0	100	0	0	100
Reimagining Whitfield Offices	R	0	0	0	100	0	0	100
Maison Dieu Artwork	R	0	0	0	100	0	0	100
Contingency	R	0	0	0	100	0	0	100
Queens Platinum Jubilee Celebrations	R	0	0	0	50	0	0	50
Place Plan	R	0	0	0	50	0	0	50
Dover Museum Roof	R	0	0	0	50	0	0	50
Street Scene	R	0	0	0	50	0	0	50
Deal Tennis Centre Flood Protection	R	0	0	0	50	0	0	50
Victoria Park MUGA	R	0	0	0	40	0	0	40
Sub total - proposed projects		1,720	0	1,371	2,430	0	50	3,851
Proposed balance to transfer to capital projects	C	0	n/a	0	8,315	0	0	8,315
Total proposed projects		1,720	0	1,371	10,745	0	50	12,166
GRAND TOTAL		6,587	2,139	3,706	11,143	0	50	17,038
Special Projects Financing								
Special Projects financed in previous years		2,139	2,139					2,139
Special Project Reserve		3,037	0	2,590	398	0	50	3,037
Special Project Reserve - 22/23 new bids		10,745	0	0	10,745	0	0	10,745
SEEDA-Dover Regen Reserve		63	0	63	0	0	0	63
HCA-Dover Regen Reserve		2	0	2	0	0	0	2
Major Events Reserve		32	0	32	0	0	0	32
KCC & Dover Growth Fund Reserve		286	0	286	0	0	0	286
Deal Tennis Centre Equipment Reserve		40	0	40	0	0	0	40
HM Treasury grant		16	0	16	0	0	0	16
KCC Planning grant		17	0	17	0	0	0	17
Levelling Up Fund grant		125	0	125	0	0	0	125
Reopening High Streets Safety Fund		263	0	263	0	0	0	263
Local Authority contributions		28	0	28	0	0	0	28
S106		208	0	208	0	0	0	208
External contributions		36	0	36	0	0	0	36
TOTAL		17,038	2,139	3,706	11,143	0	50	17,038

DIGITAL REVENUE PROJECTS	Total Approved Budget £000	Prior Years Exp £000	Estimate 2021/22 £000	Estimate 2022/23 £000	Estimate 2023/24 £000	Total Revised Budget £000
Digital Infrastructure Investment - Approved Projects						
Regulatory Services - purchase IDOX Uniform database	65	26	39	0	0	65
AIM upgrade	11	6	5	0	0	11
Website Accessibility Audit	30	14	16	0	0	30
Council Chamber IT Project	80	0	80	0	0	80
Wifi Project	60	0	60	0	0	60
DDC Firewall Support Project	8	0	8	0	0	8
IDOX Public Access Project	7	0	7	0	0	7
Collection Management - Museum	18	0	18	0	0	18
Jadu Upgrade	6	0	6	0	0	6
Corp Hardware & Software	99	0	99	0	0	99
Parking Cloud System	26	0	26	0	0	26
AIM Cloud Based Project	20	0	20	0	0	20
Mod.Gov Servers	20	0	20	0	0	20
ICT Reserve funded - small projects	16	15	1	0	0	16
Total - committed projects	466	61	405	0	0	466
Infrastructure Investment - Proposed Projects						
Server Replacement	57		19	19	19	57
Entrust Tokens	6		6	0	0	6
VM Ware	45		15	15	15	45
Telephone System	33		0	33	0	33
Telephone Equipment Main System	18		0	18	0	18
Mobile Phone replace	42		0	42	0	42
MSSQL Upgrades	21		0	21	0	21
Network Switches	50		0	25	25	50
SAN Storage Area Network	44		0	44	0	44
Meeting Rooms Solution	20		20	0	0	20
WAN & Internet Wired Network	8		2	6	0	8
Civica Recharges (Software & Licences)	84		13	30	41	84
Citrix Licences	29		0	0	29	29
Citrix Environment	38		0	0	38	38
Server CALS (Licences for host servers)	10		0	10	0	10
Backup System	104		42	0	62	104
Device Replacement	182		7	120	55	182
Cloud Projects	771		363	204	204	771
Corporate Digital Projects	258		98	160	0	258
WIFI	18		0	9	9	18
Firewall	25		0	0	25	25
Council Chamber	8		0	4	4	8
Regulatory Services - handheld systems	20		20	0	0	20
Total - proposed projects	1,891	0	605	760	526	1,891
GRAND TOTAL	2,357	61	1,010	760	526	2,357
Digital Projects Financing						
Projects financed in previous years	61	61	0	0	0	61
Digital & ICT Reserve	1,982	0	946	610	426	1,982
HRA Funding	314	0	64	150	100	314
TOTAL	2,357	61	1,010	760	526	2,357

Remaining balance in Digital & ICT Reserve	£000
Balance at 1 April 2021	1,306
Allocation to Revenue projects in 21/22	-946
Funding for Data Capture officer 21/22	-8
Allocation from General Fund for 21/22	115
Allocation from Special Project Reserve for 21/22	98
Balance at 31 March 2022	565
Proposed allocation to Revenue projects in 22/23 & future years	-1,036
Allocation from Special Project Reserve for 22/23	500
Allocation from General Fund for 22/23	115
Allocation from General Fund for MTFP period 23/24	115
Balance after future years allocations	259

Capital Strategy Report 2022/23

Introduction

This capital strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance members' understanding of these sometimes technical areas.

Decisions made this year on capital and treasury management will have financial consequences for the Authority for many years into the future. They are therefore subject to both a national regulatory framework and to local policy framework, summarised in this report.

Capital Expenditure and Financing

Capital expenditure is where the Authority spends money on assets, such as property or vehicles, that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Authority has some limited discretion on what counts as capital expenditure, for example assets costing below £10k are not capitalised and are charged to revenue in year.

In 2022/23, the Authority is planning capital expenditure of £44.8m as summarised below:

Table 1: Prudential Indicator: Estimates of Capital Expenditure

	2020/21 actual £000	2021/22 forecast £000	2022/23 budget £000	2023/24 budget £000	2024/25 budget £000
General Fund services	8,735	29,189	28,129	1,065	419
Council housing (HRA)	13,858	15,078	16,645	5,510	4,500
TOTAL	22,593	44,267	44,774	6,575	4,919

The main General Fund capital projects include development of the Dover Fast Track Bus Route, refurbishment of Dover Town Hall and Town Centre Regeneration fund.

The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately and includes the building of £10.2m new homes over the forecast period.

Capital investments include loans and shares made for service purposes and property held primarily for financial return in line with the definition in the *CIPFA Treasury Management Code*.

Governance: Service managers bid in August to include projects in the Authority's capital programme. Bids are collated by Accountancy who calculate the financing cost (which can be nil if the project is fully externally financed). The Corporate Management Team appraises all bids based on a comparison of service priorities against financing costs and makes recommendations to Cabinet. The final capital programme is then presented to Cabinet in February and to Council in March each year.

For full details of the Authority's capital programme, including the project appraisals undertaken, see Annex 6A

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Authority's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

Table 2: Capital financing

	2020/21 Actual £000	2021/22 forecast £000	2022/23 budget £000	2023/24 budget £000	2024/25 budget £000
External resources	3,277	17,194	10,251	640	0
Capital resources	2,540	7,163	5,666	2,225	2,069
Revenue Resources	6,891	10,294	21,354	0	150
Debt	9,885	9,617	7,504	3,710	2,700
TOTAL	22,593	44,268	44,775	6,575	4,919

Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP) / loans fund repayments. Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP / repayments and use of capital receipts are as follows:

Table 3: Replacement of debt finance

	2020/21 actual £000	2021/22 forecast £000	2022/23 budget £000	2023/24 budget £000	2024/25 budget £000
Revenue resources	4,320	4,233	5,227	5,308	5,392

Annual Minimum Revenue Provision Statement 2022/23

Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Ministry of Housing, Communities and Local Government's Guidance on Minimum Revenue Provision (the MHCLG Guidance) most recently issued in 2018.

The broad aim of the MHCLG Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The MHCLG Guidance requires the Authority to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance.

For capital expenditure incurred before 1st April 2008, and for supported capital expenditure incurred on or after that date, MRP will be determined in accordance with the former regulations that applied on 31st March 2008.

For unsupported capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset equal to the average relevant PWLB rate for the year of expenditure, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years.

For unsupported capital expenditure incurred after 31st March 2008, MRP will be determined as being equal to the accounting charge for depreciation and impairment on those assets (or parts of) continuing until the expenditure has been fully funded.

- Repayments included in annuity loans are applied as MRP
- Capital expenditure incurred during 2022/23 will not be subject to a MRP charge until 2023/24
- No MRP will be charged in respect of assets held within the Housing Revenue Account.
- MRP in respect of the £90m payment made in 2012 to exit the Housing Revenue Account subsidy system will be determined as being equal to the principal amount repaid on the loans borrowed to finance that payment.

The Authority's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP / loans fund repayments and capital receipts used to replace debt. The CFR is expected to increase slightly during 2022/23. Based on the above figures for expenditure and financing, the Authority's estimated CFR is as follows:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement

	2020/21 actual £000	2021/22 forecast £000	2022/23 budget £000	2023/24 budget £000	2024/25 budget £000
General Fund services	59,746	60,658	57,276	56,290	55,304
Council housing (HRA)	79,246	84,523	91,901	93,009	93,023
TOTAL CFR	138,992	145,181	149,177	149,299	148,327

Asset management: To ensure that capital assets continue to be of long-term use, the Authority has an asset management strategy in place.

The AMP is used as a management tool to assist in ensuring that the Council's property assets meet the objectives set out in the Council's Corporate Property Strategy. It covers: Revenue maintenance requirements; Capital works programmes; Data on performance of significant corporate assets; and Properties identified for disposal. Expenditure on repairs and maintenance forms a direct link with the revenue budget, which contains the resources to meet the programme of repairs and maintenance. Standards of maintenance, and therefore of required expenditure, are to some extent subjective. The Strategic Director (Operations and Commercial) confirms that there are sufficient resources to keep

properties generally wind and water-tight, but it continues to be a challenge to maintain all buildings without deterioration. Continuing with this approach increases the risk, but it ensures that the limited budget focuses mainly on essential maintenance

Asset disposals: When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. Repayments of capital grants, loans and investments also generate capital receipts. The Authority plans to receive £0.3m of capital receipts in the coming financial year as follows:

Table 5: Capital receipts receivable

	2020/21 actual £000	2021/22 forecast £000	2022/23 budget £000	2023/24 budget £000	2024/25 budget £000
Un-ring-fenced capital receipts	412	500	300	300	300

Treasury Management

Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Authority's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Authority is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

Due to decisions taken in the past, the Authority currently has £74.5m long term borrowing at an average interest rate of 3.4%% and £50m long term treasury investments at an average rate of 3%.

Borrowing strategy: The Authority's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Authority therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.10%) and long-term fixed rate loans where the future cost is known but higher (currently 1.5 to 2.5%).

Projected levels of the Authority's total outstanding debt (which comprises borrowing, PFI liabilities, leases and transferred debt) are shown below, compared with the capital financing requirement (see above).

Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement

	2020/21 actual £000	2021/22 forecast £000	2022/23 budget £000	2023/24 budget £000	2024/25 budget £000
Debt (incl. PFI & leases)	75,631	73,187	70,666	68,064	65,375
Capital Financing Requirement	138,993	145,181	149,178	149,300	148,828

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, the Authority expects to comply with this in the medium term.

Affordable borrowing limit: The Authority is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

Table 7: Prudential Indicators: Authorised limit and operational boundary for external debt

	2021/22 limit £m	2022/23 limit £m	2023/24 limit £m	2024/25 limit £m
Authorised limit - borrowing	338.5	338.5	338.5	338.5
Operational boundary - borrowing	333.0	333.0	333.0	333.0

Further details on borrowing can be found the treasury management strategy - Annex 7B.

Treasury investment strategy: Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

The Authority’s policy on treasury investments is to prioritise security and liquidity over yield, that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Authority may request its money back at short notice.

Table 8: Treasury management long term investments

	2020/21 actual £000	2021/22 forecast £000	2022/23 budget £000	2023/24 budget £000	2024/25 budget £000
Total investments	50,000	50,000	50,000	50,000	50,000

Further details on treasury investments can be found the treasury management strategy - Annex 7B

Risk management: The effective management and control of risk are prime objectives of the Authority’s treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks.

Governance: Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Strategic Director (Corporate Resources) and staff, who must act in line with the treasury management strategy approved by Council. Quarterly reports on treasury management activity are presented to the Governance Committee. The Overview & Scrutiny Committee is responsible for scrutinising treasury management decisions.

Investments for Service Purposes

The Authority makes investments to assist local public services, including making loans to local service providers, local small businesses to promote economic growth, the Authority’s subsidiaries

that provide services. In light of the public service objective, the Authority is willing to take more risk than with treasury investments, however it still plans for such investments to break even after all costs.

Governance: Decisions on service investments are made by the relevant service manager in consultation with the Strategic Director (Corporate Resources) and must meet the criteria and limits laid down in the investment strategy. Most loans and shares are capital expenditure and purchases will therefore also be approved as part of the capital programme.

Further details on service investments are included in the investment strategy - Annex 7C

Commercial Activities

With central government financial support for local public services declining, the Council invests in commercial property purely or mainly for financial gain and to lend to its housing company (once established) for the same reason. Total commercial investments are currently valued at £22m with the largest being B&Q, Whitfield (£17m) providing a net return after all costs (including an allowance for borrowing) of 1.3%, £230k per annum. With financial return being the main objective, the Council accepts higher risk on commercial investment than with treasury investments. The principal risk exposures include changes in 100 interest rates, properties voids, tenant business failure and non-payment of rent. These risks are managed by the Property Investment Group comprising officers from Legal, Finance and Property Services. In order that commercial investments remain proportionate to the size of the Council, these are subject to an overall maximum investment limit of £200m

Governance: Decisions on commercial investments are made by the Portfolio Holder for Finance, Governance, Digital and Climate Change in line with the criteria and limits approved by Council in the Property Investment Strategy. Property and most other commercial investments are also capital expenditure and purchases will therefore also be approved as part of the capital programme.

Further details on commercial investments and limits on their use are included in the Investment Strategy - Annex 7C.

Further details on other commercial activities are included in the Investment Strategy - Annex 7C.

Liabilities

In addition to debt of £7.5m detailed above, the Council is committed to making future payments to cover its pension fund deficit (valued at £83m). It has also set aside £2m to cover risks of NDR appeals and Municipal Mutual Insurance claims. The Council is also at risk of having to pay for costs towards termination of its Kent wide housing Private Finance Initiatives, further claims from Municipal Mutual Insurance and relating to the East Kent Housing and Civica pension schemes. The Council has not put aside any money because the risks of these events occurring continue to be assessed as very remote (see the 2020/21 Statement of Accounts for further information).

Revenue Budget Implications

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP / loans fund repayments are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Table 10: Prudential Indicator: Proportion of financing costs to net revenue stream

	2020/21 actual	2021/22 forecast	2022/23 budget	2023/24 budget	2024/25 budget
General Fund	(0.88) %	(0.82) %	(0.81) %	(0.75) %	(0.69) %
HRA	18.12%	19.93%	15.97%	16.15%	16.29%

Further details on the revenue implications of capital expenditure are included in the Capital and Special Revenue section of the 2022/23 Budget and MTFP.

Sustainability: Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Strategic Director of Corporate Resources is satisfied that the proposed capital programme is prudent, affordable and sustainable because of the financial viability analysis that has been completed on the planned expenditure.

Knowledge and Skills

The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Strategic Director of Corporate Resources is a qualified accountant with many years' experience and the Strategic Director of Operations and Commercial is a qualified Civil Engineer. The council pays for staff to study towards relevant professional qualifications.

Where Authority staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Authority currently employs Arlingclose Limited as treasury management advisers. This approach is more cost effective than employing such staff directly, and ensures that the Authority has access to knowledge and skills commensurate with its risk appetite.

Treasury Management Strategy Statement 2022/23

Introduction

Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. 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 financial risk are therefore central to the Authority's prudent financial management.

Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.

Investments held for service purposes or for commercial profit are considered in a different report, the Investment Strategy (See Annex 7C)

External Context

Economic background: The ongoing impact on the UK from coronavirus, together with higher inflation, higher interest rates, and the country's trade position post-Brexit, will be major influences on the Authority's treasury management strategy for 2022/23.

The Bank of England (BoE) increased Bank Rate to 0.25% in December 2021 while maintaining its Quantitative Easing programme at £895 billion. The Monetary Policy Committee (MPC) voted 8-1 in favour of raising rates, and unanimously to maintain the asset purchase programme.

Within the announcement the MPC noted that the pace of the global recovery was broadly in line with its November Monetary Policy Report. Prior to the emergence of the Omicron coronavirus variant, the Bank also considered the UK economy to be evolving in line with expectations, however the increased uncertainty and risk to activity the new variant presents, the Bank revised down its estimates for Q4 GDP growth to 0.6% from 1.0%. Inflation was projected to be higher than previously forecast, with CPI likely to remain above 5% throughout the winter and peak at 6% in April 2022. The labour market was generally performing better than previously forecast and the BoE now expects the unemployment rate to fall to 4% compared to 4.5% forecast previously but notes that Omicron could weaken the demand for labour.

UK CPI for November 2021 registered 5.1% year on year, up from 4.2% in the previous month. Core inflation, which excludes the more volatile components, rose to 4.0% y/y from 3.4%. The most recent labour market data for the three months to October 2021 showed the unemployment rate fell to 4.2% while the employment rate rose to 75.5%.

In October 2021, the headline 3-month average annual growth rate for wages were 4.9% for total pay and 4.3% for regular pay. In real terms, after adjusting for inflation, total pay growth was up 1.7% while regular pay was up 1.0%. The change in pay growth has been affected by a change in composition of employee jobs, where there has been a fall in the number and proportion of lower paid jobs.

Gross domestic product (GDP) grew by 1.3% in the third calendar quarter of 2021 according to the initial estimate, compared to a gain of 5.5% q/q in the previous quarter, with the annual rate slowing to 6.6% from 23.6%. The Q3 gain was modestly below the consensus forecast of a 1.5% q/q rise. During the quarter activity measures were boosted by sectors that reopened following pandemic restrictions,

suggesting that wider spending was flat. Looking ahead, while monthly GDP readings suggest there had been some increase in momentum in the latter part of Q3, Q4 growth is expected to be soft.

GDP growth in the euro zone increased by 2.2% in calendar Q3 2021 following a gain of 2.1% in the second quarter and a decline of -0.3% in the first. Headline inflation has been strong, with CPI registering 4.9% year-on-year in November, the fifth successive month of inflation. Core CPI inflation was 2.6% y/y in November, the fourth month of successive increases from July's 0.7% y/y. At these levels, inflation is above the European Central Bank's target of 'below, but close to 2%', putting some pressure on its long-term stance of holding its main interest rate of 0%.

The US economy expanded at an annualised rate of 2.1% in Q3 2021, slowing sharply from gains of 6.7% and 6.3% in the previous two quarters. In its December 2021 interest rate announcement, the Federal Reserve continue to maintain the Fed Funds rate at between 0% and 0.25% but outlined its plan to reduce its asset purchase programme earlier than previously stated and signalled they are in favour of tightening interest rates at a faster pace in 2022, with three 0.25% movements now expected.

Credit outlook: Since the start of 2021, relatively benign credit conditions have led to credit default swap (CDS) prices for the larger UK banks to remain low and had steadily edged down throughout the year up until mid-November when the emergence of Omicron has caused them to rise modestly. However, the generally improved economic outlook during 2021 helped bank profitability and reduced the level of impairments many had made as provisions for bad loans. However, the relatively recent removal of coronavirus-related business support measures by the government means the full impact on bank balance sheets may not be known for some time.

The improved economic picture during 2021 led the credit rating agencies to reflect this in their assessment of the outlook for the UK sovereign as well as several financial institutions, revising them from negative to stable and even making a handful of rating upgrades.

Looking ahead, while there is still the chance of bank losses from bad loans as government and central bank support is removed, the institutions on the Authority's counterparty list are well-capitalised and general credit conditions across the sector are expected to remain benign. Duration limits for counterparties on the Authority's lending list are under regular review and will continue to reflect economic conditions and the credit outlook.

Interest rate forecast: The Authority's treasury management adviser Arlingclose is forecasting that Bank Rate will continue to rise in calendar Q1 2022 to subdue inflationary pressures and the perceived desire by the BoE to move away from emergency levels of interest rates.

Investors continue to price in multiple rises in Bank Rate over the next forecast horizon, and Arlingclose believes that although interest rates will rise again, the increases will not be to the extent predicted by financial markets. In the near-term, the risks around Arlingclose's central case are to the upside while over the medium-term the risks become more balanced.

Yields are expected to remain broadly at current levels over the medium-term, with the 5, 10 and 20 year gilt yields expected to average around 0.65%, 0.90%, and 1.15% respectively. The risks around for short and medium-term yields are initially to the upside but shifts lower later, while for long-term yields the risk is to the upside. However, as ever there will almost certainly be short-term volatility due to economic and political uncertainty and events.

A more detailed economic and interest rate forecast provided by Arlingclose is attached at Appendix A.

For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average rate of 4%, and that new long-term loans will be borrowed at an average rate of 3%.

Local Context

On 31st December 2021, the Authority held £85.4m of borrowing and £71.3m of treasury investments. This is set out in further detail at **Appendix B**. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Capital Expenditure and Financing Requirement

	2020/21 Actual £000	2021/22 Estimate £000	2022/23 Forecast £000	2023/24 Forecast £000	2024/25 Forecast £000
General Fund	8,735	29,189	28,129	1,065	419
HRA	13,858	15,078	16,645	5,510	4,500
Total Expenditure	22,593	44,267	44,774	6,575	4,919
Capital Receipts	(2,540)	(7,162)	(5,666)	(2,225)	(2,069)
Grants and Contributions	(3,277)	(17,194)	(10,251)	(640)	0
Reserves and Revenue	(6,891)	(10,294)	(21,354)	0	(150)
Borrowing	(9,885)	(9,617)	(7,504)	(3,710)	(2,700)
Total Financing	(22,593)	(44,267)	(44,774)	(6,575)	(4,919)

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. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

The Authority has an increasing CFR due to the increased scope of the propose capital programme and will therefore be required to increase its external borrowing over the over the forecast period; this is after maximising the use of internal borrowing.

Borrowing Strategy

As at 31 March 2021 the Authority held £91.6m of loans, a decrease of £15.4m on the previous year, as part of its strategy for funding previous years' capital programmes. The Authority may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £338.5m.

Objectives: The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.

Strategy: Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal / short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2022/23 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

The Authority has previously raised the majority of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Authority intends to avoid this activity in order to retain its access to PWLB loans.

Alternatively, the Authority may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

In addition, the Authority may borrow short-term loans to cover unplanned cash flow shortages.

Sources of borrowing: The approved sources of long-term and short-term borrowing are:

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
- Any institution approved for investments (see below)
- Any other bank or building society authorised to operate in the UK
- Any other UK public sector body
- UK public and private sector pension funds (except Kent Pension Fund)
- Capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

Other sources of debt finance: In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- Leasing
- Hire purchase
- Private Finance Initiative
- Sale and leaseback

Municipal Bonds Agency: UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to full Council.

LOBOs: The Authority no longer holds any LOBO (Lender's Option Borrower's Option) loans and does not intend to use these as a source of funding in the future.

Short-term and variable rate loans: These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury

management indicators below. Financial derivatives may be used to manage this interest rate risk (see section below).

Debt rescheduling: The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

Treasury Investment Strategy

The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's treasury investment balance has ranged between £63.5m and £53.7m, and similar levels are expected to be maintained in the forthcoming year.

Objectives: The CIPFA Code requires the Authority to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest 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. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

Negative interest rates: The COVID-19 pandemic has increased the risk that the Bank of England will set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

Strategy: Given the increasing risk and very low returns from short-term unsecured bank investments, the Authority aims to continue to diversify into more secure and/or higher yielding asset classes during 2022/23. This is especially the case for balances that available for longer-term investment. A dwindling proportion of the Authority's surplus cash remains invested in short-term unsecured bank deposits and money market funds. This diversification will represent a continuation of the strategy adopted in 2017.

Business models: Under the new IFRS 9 standard, the accounting for certain investments depends on the Authority's "business model" for managing them. The Authority aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

Approved counterparties: The Authority may invest its surplus funds with any of the counterparty types in table 2 below, subject to the limits shown.

Table 2: Treasury investment counterparties and limits

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£10m	Unlimited
Secured investments *	25 years	£10m	Unlimited
Banks (unsecured) *	13 months	£8m	Unlimited
Building societies (unsecured) *	13 months	£8m	£8m
Money market funds *	n/a	£10m	Unlimited
Strategic pooled funds	n/a	£10m	£10m per fund

This table must be read in conjunction with the notes below

*** Minimum credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

Government: Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

Secured investments: Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

Banks and building societies (unsecured): Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Money market funds: Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

Strategic pooled funds: Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. 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 investment objectives will be monitored regularly.

Operational bank accounts: The Authority may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £20m per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.

Risk assessment and credit ratings: Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other information on the security of investments: The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Authority's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

Investment limits: The Authority's revenue reserves available to cover investment losses are forecast to be £22m on 31st March 2022. In order that no more than 35% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £8 million. A group of entities under the same ownership will be treated as a single organisation for limit purposes.

Credit risk exposures arising from non-treasury investments, financial derivatives and balances greater than £20m in operational bank accounts count against the relevant investment limits.

Limits are also placed on fund managers, investments in brokers' nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 3: Additional investment limits

	Cash limit
Any group of pooled funds under the same management	£20m per manager
Negotiable instruments held in a broker's nominee account	£15m per broker

Liquidity management: The Authority uses cash flow estimates and forecasting to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority's medium-term financial plan and cash flow forecast.

The Authority will spread its liquid cash over at least three providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

Environmental, Social and Governance: There is currently no universally agreed and accepted set of ESG definitions and metrics, however it is a requirement of the CIPFA code that future Treasury Management Strategies includes ESG considerations.

Typical ESG considerations are shown below -

Environmental: Emissions and air quality, energy and waste management, waste and hazardous material, exposure to environmental impact.

Social: Human rights, community relations, customer welfare, labour relations, employee wellbeing, exposure to social impacts.

Governance: Management structure, governance structure, group structure, financial transparency.

The ESG statements of the Council's strategic pooled fund investments can be found at the following links-

Aegon <https://www.aegon.com/responsible-business/>

CCLA <https://www.ccla.co.uk/our-approach/how-we-approach-stewardship-and-ethics>

Ninety One <https://ninetyone.com/en/united-kingdom/how-we-think/investing-for-a-world-of-change/sustainable-investing>

Columbia Threadneedle <https://www.columbiathreadneedle.co.uk/en/intm/about-us/responsible-investment/>

Payden & Rygel <https://www.payden.com/ESG.aspx>

This Strategy will be updated as improved guidance becomes available and future significant investment decisions will include reference to the counterparties' ESG statement.

Treasury Management Prudential 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 score 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.

Credit risk indicator	Target
Portfolio average credit score	6.0

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.

Liquidity risk indicator	Target
Total cash available within 3 months	£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 interest rates will be:

Interest rate risk indicator	Limit £000
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£600
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£600

The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at new market 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 borrowing will be:

Refinancing rate risk indicator	Upper limit	Lower limit
Under 12 months	25%	0%
12 months and within 24 months	50%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	100%	0%
10 years and above	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 will be:

Price risk indicator	2022/23	2023/24	2024/25
Limit on principal invested beyond year end	£30m	£30m	£30m

Related Matters

The CIPFA Code requires the Authority to include the following in its treasury management strategy.

Financial derivatives: Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities’ use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.

In line with the CIPFA Code, the Authority will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

Housing Revenue Account: On 1st April 2012, the Authority notionally split each of its existing long-term loans into General Fund and HRA pools. In the future, new long-term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged/ credited to the respective revenue account. Differences between the value of the HRA loans pool and the HRA’s underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative. This balance will be measured each month and interest transferred between the General Fund and HRA at the Authority’s average interest rate on investments, adjusted for credit risk.

Markets in Financial Instruments Directive: The Authority has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority’s treasury management activities, the Strategic Director (Corporate Resources) believes this to be the most appropriate status.

Financial Implications

The budget for investment income in 2022/23 is £1.6m, based on an average investment portfolio of £50m at an interest rate of 3.3%. The budget for debt interest paid in 2022/23 is £2.7m, based on an average long term debt portfolio of £72m at an average interest rate of 3.6%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.

Where investment income exceeds budget, e.g. from higher risk investments including pooled funds, or debt interest paid falls below budget, e.g. from cheap short-term borrowing, then the revenue savings will be transferred to a treasury management reserve to cover the risk of capital losses or higher interest rates payable in future years.

Other Options Considered

The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Strategic Director (Corporate Resources), having consulted the Cabinet Member for Finance, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Appendix A - Arlingclose Economic & Interest Rate Forecast - October 2021

Underlying assumptions:

- 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.

Forecast:

- Arlingclose expects Bank Rate to rise in Q2 2022. We believe this is driven as much by the Bank'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 we believe Bank Rate will rise, it is by a lesser extent than expected by markets
- 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
- 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

	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	0.15	0.15	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Artingclose 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
3-month money market rate													
Upside risk	0.10	0.15	0.20	0.20	0.30	0.30	0.30	0.30	0.35	0.35	0.35	0.35	0.35
Artingclose Central Case	0.10	0.15	0.35	0.40	0.45	0.60	0.65	0.65	0.60	0.60	0.60	0.60	0.60
Downside risk	0.00	-0.05	-0.25	-0.25	-0.30	-0.45	-0.50	-0.50	-0.45	-0.45	-0.45	-0.45	-0.45
5yr gilt yield													
Upside risk	0.25	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Artingclose Central Case	0.65	0.65	0.65	0.65	0.65	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
Downside risk	-0.25	-0.25	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40
10yr gilt yield													
Upside risk	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35
Artingclose Central Case	1.05	1.05	1.05	1.05	1.05	1.05	1.00	0.95	0.95	0.95	0.90	0.90	0.90
Downside risk	-0.25	-0.35	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50
20yr gilt yield													
Upside risk	0.30	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Artingclose Central Case	1.40	1.40	1.40	1.40	1.35	1.35	1.30	1.30	1.30	1.30	1.30	1.30	1.30
Downside risk	-0.35	-0.40	-0.45	-0.45	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
50yr gilt yield													
Upside risk	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Artingclose Central Case	1.30	1.30	1.30	1.30	1.25	1.25	1.20	1.20	1.20	1.20	1.20	1.20	1.20
Downside risk	-0.35	-0.35	-0.35	-0.40	-0.40	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50

PWLB certainty rate = relevant gilt yield + 0.80%

Appendix B - Existing Investment & Debt Portfolio Position

	31 December 2021 Actual portfolio £m	31 December 2021 Average rate %
External borrowing:		
Public Works Loan Board	74.4	3.46
Local authorities	11.0	0.04
Total gross external debt	85.4	
Treasury Investments:		
Banks & building societies (unsecured)	10.9	0.10
Money market funds	10.4	0.10
Strategic pooled funds -		
Property fund	6.0	3.58
Bond fund	8.0	2.21
Diversified Income funds	28.0	4.15
Short term bond fund	8.0	0.41
Total treasury investments	71.3	
Net debt	14.1	

Investment Strategy Report 2022/23

Introduction

The Authority invests its money for three broad purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
- to support local public services by lending to or buying shares in other organisations (**service investments**), and
- to earn investment income (known as **commercial investments** where this is the main purpose).

This investment strategy meets the requirements of statutory guidance issued by the government in January 2018 and focuses on the second and third of these categories.

Treasury Management Investments

The Authority typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to fluctuate between £53m and £71m during the 2022/23 financial year.

Contribution: The contribution that these investments make to the objectives of the Authority is to support effective treasury management activities.

Further details: Full details of the Authority's policies and its plan for 2022/23 for treasury management investments are covered in a separate document, the treasury management strategy, are covered in Annex 7B, the treasury management strategy.

Service Investments: Loans

Contribution: The Council lends money to its subsidiaries, its suppliers, local businesses, local charities, housing associations, local residents and its employees to support local public services and stimulate local economic growth. The Council currently holds Private Sector Housing loans of £3.3m (of which £0.9m is allocated to the Financial Instruments Loss Allowance and £2.4m is the resultant net value in the 2020/21 accounts). The Council has approved the establishment of a property company to develop, acquire and manage property investments at arm's length from the Council; it may therefore make loans to this subsidiary to fund proposed projects.

Security: The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Authority, upper limits on the outstanding loans to each category of borrower have been set as follows:

Table 1: Loans for service purposes in £ millions

Category of borrower	2022/23
Subsidiaries	100.0
Local businesses	3.0
Local charities	0.5
Housing associations	2.0
Private Sector Housing	4.0
TOTAL	109.5

Accounting standards require the Authority to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Authority's statement of accounts are shown net of this loss allowance. However, the Authority makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

Risk assessment: The Authority assesses the risk of loss before entering into and whilst holding service loans by undertaking thorough due diligence on any proposals, securing the loan against assets where possible and seeking external advice when necessary.

Service Investments: Shares

Contribution: The Council invests in the shares of its subsidiaries, its suppliers, and local businesses to support local public services and stimulate local economic growth. The Council does not currently hold any such shares but is in the process of establishing a property company to develop, acquire and manage property investments at arm's length from the Council to provide a vehicle to invest in both private residential and commercial primarily to support regeneration. It is proposed that the Council will be the sole shareholder and will initially invest £100 in share capital in the company. Any further investment in subsidiaries would be subject to approval in accordance with the Property Investment Strategy.

Security: One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. In order to limit this risk, upper limits on the sum invested in subsidiaries is set at £1m.

Risk assessment: The Authority assesses the risk of loss before entering into and whilst holding shares by undertaking thorough due diligence and seeking external advice as appropriate.

Non-specified Investments: Shares are the only investment type that the Authority has identified that meets the definition of a non-specified investment in the government guidance. The limits above on share investments are therefore also the Authority's upper limits on non-specified investments. The Authority has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

Non Treasury Investments: Property

Contribution: The Council invests in local commercial and residential property in order to support its long-term strategic regeneration and economic development objectives with the income received from the properties used to support service delivery in the meantime.

Table 2: Property held for investment purposes in £ millions

Property	Actual	31.3.2021 actual		31.3.2022 expected	
	Purchase cost	Gains or (losses)	Value in accounts	Gains or (losses)	Value in accounts
B&Q	17.2	0	17.2	0	17.2
Whitfield Court	4.5	(0.3)	4.2	0.7	4.9
55-61 Biggin Street	0.7	0	0.7	0	0.7
TOTAL	22.4	(0.3)	22.1	0.7	22.8

Security: In accordance with government guidance, the Authority considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.

Where value in accounts is at or above purchase cost: A fair value assessment of the Authority's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment. Should the 2021/22 year end accounts preparation and audit process value these properties below their purchase cost, then an updated investment strategy will be presented to full council detailing the impact of the loss on the security of investments and any revenue consequences arising therefrom.

Risk assessment: The Authority assesses the risk of loss before entering into and whilst holding property investments by undertaking thorough due diligence and seeking external advice as appropriate.

Liquidity: Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice, and can take a considerable period to sell in certain market conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed, the Authority intends to keep the investment in property for a minimum of ten years and use short term borrowing to support cash flow needs. It will not dispose of the properties unless market conditions are favourable.

Proportionality

The Authority is dependent on profit generating investment activity to achieve a balanced revenue budget. Table 4 below shows the extent to which the expenditure planned to meet the service delivery objectives and/or place making role of the Authority is dependent on achieving the expected net profit from investments over the lifecycle of the Medium Term Financial Plan. Should it fail to achieve the expected net profit, the Authority has contingency plans for continuing to provide these services. These plans include the transfer of surplus income to earmarked reserves, diversification of its portfolio to protect against loss in a particular sector, lease monitoring and review and monitoring of borrowing options and costs

Table 3: Proportionality of Investments

	2021/22 Budget	2022/23 Budget	2023/24 Budget	2024/25 Budget
Investment income	£1.6m	£1.6m	£1.7m	£1.8m
Gross service expenditure	£59.0m	£62.9m	63.9m	£64.7m
Proportion	2.7%	2.5%	2.7%	2.8%

Capacity, Skills and Culture

Elected members and statutory officers: The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. The Council establishes project teams from all the professional disciplines from across the Council and as and when required. External professional advice is taken where required and will always be sought in consideration of any major property investment decision. The Council currently employs Arlingclose Limited as treasury management advisers and utilises various other professional advisors as appropriate. Training and briefings are offered to support project team members in maintaining up to date knowledge and expertise to understand and challenge

Commercial deals: Full due diligence is undertaken for all major schemes that the Council decides to purchase. This includes appropriate legal and other professional advice to ensure that the Council complies with current guidance and that the scheme is in the best interests of the Council. The finance team works with service managers to assess the viability for any commercial deals. Finance staff attend regular training courses and have access to the prudential framework to ensure principles of the framework are adhered to.

Corporate governance: On 30 November 2016 Council approved the Property Investment Strategy. This approved investing up to £200m in commercial and residential property, either directly or through a property company, primarily in order to increase economic regeneration and also to generate returns. This strategy delegated the approval of these investments to the Portfolio Holder responsible for Finance, advised by Project Advisory Groups where required.

Investment Indicators

The Authority has set the following quantitative indicators to allow elected members and the public to assess the Authority's total risk exposure as a result of its investment decisions.

Total risk exposure: The first indicator shows the Authority's total exposure to potential investment losses.

Table 4: Total investment exposure in £millions

Total investment exposure	2020/21 Actual	2021/22 Forecast	2022/23 Forecast
Treasury management investments	50.0	50.0	50.0
Service investments: Loans	3.3	3.4	3.5
Non treasury investments	22.4	22.8	22.8
Total Investments	75.7	76.2	76.3

How investments are funded: Government guidance is that these indicators should include how investments are funded. Since the Authority does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the Council's other investments are proposed to be funded by borrowing in the future. At the time of writing, no long-term borrowing has been undertaken to fund the existing non treasury investments. This will continue to be kept under review, working with Arlingclose Limited, and borrowing undertaken when

appropriate. The remainder of the Authority's investments are funded by usable reserves and income received in advance of expenditure.

Rate of return received: This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Table 6: Investment rate of return (net of all costs)

Investments net rate of return	2021/22 Forecast	2022/23 Forecast
Treasury management investments	4.0%	4.0%
Non Treasury Investments	1.6%	1.6%

Resolution to set the Council Tax

COUNCIL 2 MARCH 2022

The Council is recommended to resolve the following in relation to Council Tax for
2022/23

and these determinations are consequent upon the adoption of the budget recommended by Cabinet for that financial year:

(1) It be noted that on 26th January 2022 the Council calculated the Council Tax Base for

2022/23

(a) as 39,763.21 for the whole Council area [Item T in the formula in Section 31B(1) of the Local Government Finance Act 1992, as amended (the "Act")] and,

(b) for dwellings in those parts of its area to which a Parish precept relates, as follows:

Part of the Council's Area	Tax Base
Alkham	310.10
Ash	1,203.63
Aylesham	1,647.44
Capel-le-Ferne	680.39
Deal	6,875.00
Denton-with-Wootton	176.26
Dover	8,243.29
Eastry	825.06
Eythorne	799.38
Goodnestone	176.71
Great Mongeham	288.33
Guston	427.12
Hougham-without	184.29
Langdon	242.16
Lydden	288.11
Nonington	298.12
Northbourne	272.93
Preston	392.19
Ringwould-with-Kingsdown	1,027.50
Ripple	151.39
River	1,492.72
St Margarets-at-Cliffe	1,324.47
Sandwich	2,027.45
Shepherdswell-with-Coldred	777.73
Sholden	727.78
Staple	237.18
Stourmouth	119.30
Sutton-by-Dover	310.16
Temple Ewell	675.20
Tilmanstone	164.23
Walmer	3,441.90
Whitfield	2,231.59
Wingham	715.13
Woodnesborough	510.88
Worth	498.09
	39,763.21

(2) That the Council Tax requirement for the Council's own purposes (excluding Parish precepts) for
2022/23

is calculated as:

£8,037,735

- (3) That the following amounts be calculated by the Council for the year 2022/23

in accordance with Sections 31 to 36 of the Act:

- (a) £110,342,353 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.
- (b) £99,285,570 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
- (c) £11,056,783 being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year. (Item R in the formula in Section 31B(1) of the Act).
- (d) £278.07 being the amount at 3(c) above (Item R), all divided by Item T (1(a) above), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
- (e) £3,019,048 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act.
- (f) £202.14 being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (1(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates. (*Council Tax at Band D for District Excluding Parish Precepts*).

(g)

Town and Parish Councils	£
Alkham	247.52
Ash	274.13
Aylesham	315.31
Capel-le-Ferne	272.68
Deal	271.27
Denton-with-Wootton	280.43
Dover	306.01
Eastry	273.64
Eythorne	257.64
Goodnestone	244.22
Great Mongeham	236.18
Guston	304.62
Hougham-without	271.32
Langdon	268.21
Lydden	261.15
Nonington	234.07
Northbourne	244.64
Preston	255.69
Ringwould-with-Kingsdown	244.57
Ripple	235.14
River	245.97
St Margarets-at-Cliffe	273.11
Sandwich	338.10
Shepherdswell-with-Coldred	261.16
Sholden	251.77
Staple	235.40
Stourmouth	268.78
Sutton-by-Dover	244.53
Temple Ewell	244.65
Tilmanstone	248.75
Walmer	270.09
Whitfield	255.87
Wingham	277.20
Woodnesborough	246.94
Worth	252.19

being the amounts given by adding to the amount at 3(f) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at 1(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its council tax for the year for dwellings in those parts of its area to which one or more special items relate.

(3) (h)

	Valuation Bands							
	A	B	C	D	E	F	G	H
Town and Parish Councils	£	£	£	£	£	£	£	£
Alkham	165.01	192.52	220.02	247.52	302.52	357.53	412.53	495.04
Ash	182.75	213.21	243.67	274.13	335.05	395.97	456.88	548.26
Aylesham	210.21	245.24	280.28	315.31	385.38	455.45	525.52	630.62
Capel-le-Ferne	181.79	212.08	242.38	272.68	333.28	393.87	454.47	545.36
Deal	180.85	210.99	241.13	271.27	331.55	391.83	452.12	542.54
Denton-with-Wootton	186.95	218.11	249.27	280.43	342.75	405.07	467.38	560.86
Dover	204.01	238.01	272.01	306.01	374.01	442.01	510.02	612.02
Eastry	182.43	212.83	243.24	273.64	334.45	395.26	456.07	547.28
Eythorne	171.76	200.39	229.01	257.64	314.89	372.15	429.40	515.28
Goodnestone	162.81	189.95	217.08	244.22	298.49	352.76	407.03	488.44
Great Mongeham	157.45	183.70	209.94	236.18	288.66	341.15	393.63	472.36
Guston	203.08	236.93	270.77	304.62	372.31	440.01	507.70	609.24
Hougham-without	180.88	211.03	241.17	271.32	331.61	391.91	452.20	542.64
Langdon	178.81	208.61	238.41	268.21	327.81	387.41	447.02	536.42
Lydden	174.10	203.12	232.13	261.15	319.18	377.22	435.25	522.30
Nonington	156.05	182.05	208.06	234.07	286.09	338.10	390.12	468.14
Northbourne	163.09	190.28	217.46	244.64	299.00	353.37	407.73	489.28
Preston	170.46	198.87	227.28	255.69	312.51	369.33	426.15	511.38
Ringwould-with-Kingsdown	163.05	190.22	217.40	244.57	298.92	353.27	407.62	489.14
Ripple	156.76	182.89	209.01	235.14	287.39	339.65	391.90	470.28
River	163.98	191.31	218.64	245.97	300.63	355.29	409.95	491.94
St Margarets-at-Cliffe	182.07	212.42	242.76	273.11	333.80	394.49	455.18	546.22
Sandwich	225.40	262.97	300.53	338.10	413.23	488.37	563.50	676.20
Shepherdswell-with-Coldred	174.11	203.12	232.14	261.16	319.20	377.23	435.27	522.32
Sholden	167.85	195.82	223.80	251.77	307.72	363.67	419.62	503.54
Staple	156.93	183.09	209.24	235.40	287.71	340.02	392.33	470.80
Stourmouth	179.19	209.05	238.92	268.78	328.51	388.24	447.97	537.56
Sutton-by-Dover	163.02	190.19	217.36	244.53	298.87	353.21	407.55	489.06
Temple Ewell	163.10	190.28	217.47	244.65	299.02	353.38	407.75	489.30
Tilmanstone	165.83	193.47	221.11	248.75	304.03	359.31	414.58	497.50
Walmer	180.06	210.07	240.08	270.09	330.11	390.13	450.15	540.18
Whitfield	170.58	199.01	227.44	255.87	312.73	369.59	426.45	511.74
Wingham	184.80	215.60	246.40	277.20	338.80	400.40	462.00	554.40
Woodnesborough	164.63	192.06	219.50	246.94	301.82	356.69	411.57	493.88
Worth	168.13	196.15	224.17	252.19	308.23	364.27	420.32	504.38

being the amounts given by multiplying the amounts at 3(g) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

(4) That it be noted for the year

2022/23

that the Kent County Council, the Police & Crime Commissioner for Kent and the Kent and Medway Fire and Rescue Authority have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings as shown below:

	Valuation Bands							
	A	B	C	D	E	F	G	H
Precepting Authority:	£	£	£	£	£	£	£	£
Kent County Council	974.16	1,136.52	1,298.88	1,461.24	1,785.96	2,110.68	2,435.40	2,922.48
The Police & Crime Commissioner for Kent	152.10	177.45	202.80	228.15	278.85	329.55	380.25	456.30
Kent & Medway Fire & Rescue Service	54.90	64.05	73.20	82.35	100.65	118.95	137.25	164.70

- (5) That, having calculated the amounts at 3(h) and 4 above, the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the following aggregate amounts as the amounts of Council Tax for the year

2022/23

for each part of its area and for each of the categories of dwellings, as shown below:

	Valuation Bands							
	A	B	C	D	E	F	G	H
Town and Parish Councils	£	£	£	£	£	£	£	£
Alkham	1,346.17	1,570.54	1,794.90	2,019.26	2,467.98	2,916.71	3,365.43	4,038.52
Ash	1,363.91	1,591.23	1,818.55	2,045.87	2,500.51	2,955.15	3,409.78	4,091.74
Aylesham	1,391.37	1,623.26	1,855.16	2,087.05	2,550.84	3,014.63	3,478.42	4,174.10
Capel-le-Ferne	1,362.95	1,590.10	1,817.26	2,044.42	2,498.74	2,953.05	3,407.37	4,088.84
Deal	1,362.01	1,589.01	1,816.01	2,043.01	2,497.01	2,951.01	3,405.02	4,086.02
Denton-with-Wootton	1,368.11	1,596.13	1,824.15	2,052.17	2,508.21	2,964.25	3,420.28	4,104.34
Dover	1,385.17	1,616.03	1,846.89	2,077.75	2,539.47	3,001.19	3,462.92	4,155.50
Eastry	1,363.59	1,590.85	1,818.12	2,045.38	2,499.91	2,954.44	3,408.97	4,090.76
Eythorne	1,352.92	1,578.41	1,803.89	2,029.38	2,480.35	2,931.33	3,382.30	4,058.76
Goodnestone	1,343.97	1,567.97	1,791.96	2,015.96	2,463.95	2,911.94	3,359.93	4,031.92
Great Mongeham	1,338.61	1,561.72	1,784.82	2,007.92	2,454.12	2,900.33	3,346.53	4,015.84
Guston	1,384.24	1,614.95	1,845.65	2,076.36	2,537.77	2,999.19	3,460.60	4,152.72
Hougham-without	1,362.04	1,589.05	1,816.05	2,043.06	2,497.07	2,951.09	3,405.10	4,086.12
Langdon	1,359.97	1,586.63	1,813.29	2,039.95	2,493.27	2,946.59	3,399.92	4,079.90
Lydden	1,355.26	1,581.14	1,807.01	2,032.89	2,484.64	2,936.40	3,388.15	4,065.78
Nonington	1,337.21	1,560.07	1,782.94	2,005.81	2,451.55	2,897.28	3,343.02	4,011.62
Northbourne	1,344.25	1,568.30	1,792.34	2,016.38	2,464.46	2,912.55	3,360.63	4,032.76
Preston	1,351.62	1,576.89	1,802.16	2,027.43	2,477.97	2,928.51	3,379.05	4,054.86
Ringwould-with-Kingsdown	1,344.21	1,568.24	1,792.28	2,016.31	2,464.38	2,912.45	3,360.52	4,032.62
Ripple	1,337.92	1,560.91	1,783.89	2,006.88	2,452.85	2,898.83	3,344.80	4,013.76
River	1,345.14	1,569.33	1,793.52	2,017.71	2,466.09	2,914.47	3,362.85	4,035.42
St Margarets-at-Cliffe	1,363.23	1,590.44	1,817.64	2,044.85	2,499.26	2,953.67	3,408.08	4,089.70
Sandwich	1,406.56	1,640.99	1,875.41	2,109.84	2,578.69	3,047.55	3,516.40	4,219.68
Shepherdswell-with-Coldred	1,355.27	1,581.14	1,807.02	2,032.90	2,484.66	2,936.41	3,388.17	4,065.80
Sholden	1,349.01	1,573.84	1,798.68	2,023.51	2,473.18	2,922.85	3,372.52	4,047.02
Staple	1,338.09	1,561.11	1,784.12	2,007.14	2,453.17	2,899.20	3,345.23	4,014.28
Stourmouth	1,360.35	1,587.07	1,813.80	2,040.52	2,493.97	2,947.42	3,400.87	4,081.04
Sutton-by-Dover	1,344.18	1,568.21	1,792.24	2,016.27	2,464.33	2,912.39	3,360.45	4,032.54
Temple Ewell	1,344.26	1,568.30	1,792.35	2,016.39	2,464.48	2,912.56	3,360.65	4,032.78
Tilmanstone	1,346.99	1,571.49	1,795.99	2,020.49	2,469.49	2,918.49	3,367.48	4,040.98
Walmer	1,361.22	1,588.09	1,814.96	2,041.83	2,495.57	2,949.31	3,403.05	4,083.66
Whitfield	1,351.74	1,577.03	1,802.32	2,027.61	2,478.19	2,928.77	3,379.35	4,055.22
Wingham	1,365.96	1,593.62	1,821.28	2,048.94	2,504.26	2,959.58	3,414.90	4,097.88
Woodnesborough	1,345.79	1,570.08	1,794.38	2,018.68	2,467.28	2,915.87	3,364.47	4,037.36
Worth	1,349.29	1,574.17	1,799.05	2,023.93	2,473.69	2,923.45	3,373.22	4,047.86

- (6) That the Council's basic amount of Council Tax for

2022/23

is determined as not being excessive in accordance with principles approved under Section 52ZB of the Local Government Finance Act 1992.

Mike Davis

Strategic Director (Corporate Resources)

PARISH AND TOWN COUNCILS

2022/23

Item No	Town and Parish Councils	2021/22			2022/23			
		Precept £	Tax Base	Council Tax £	Precept £	Tax Base	Council Tax £	Council Tax Increase
1	Alkham	13,138.00	303.93	43.23	14,071.00	310.10	45.38	4.97%
2	Ash	83,500.00	1,177.32	70.92	86,650.00	1,203.63	71.99	1.51%
3	Aylesham	110,845.23	1,567.16	70.73	186,440.78	1,647.44	113.17	60.00%
4	Capel-le-Ferne	47,993.00	677.79	70.81	47,993.00	680.39	70.54	-0.38%
5	Deal	402,166.03	6,763.64	59.46	475,261.00	6,875.00	69.13	16.26%
6	Denton-with-Wootton	13,200.00	177.95	74.18	13,800.00	176.26	78.29	5.54%
7	Dover	831,200.00	8,162.52	101.83	856,250.00	8,243.29	103.87	2.00%
8	Eastry	56,592.79	807.20	70.11	58,991.79	825.06	71.50	1.98%
9	Eythorne	44,365.00	793.06	55.94	44,365.00	799.38	55.50	-0.79%
10	Goodnestone	6,959.09	173.63	40.08	7,435.96	176.71	42.08	4.99%
11	Great Mongeham	9,241.86	271.50	34.04	9,814.75	288.33	34.04	0.00%
12	Guston	43,000.00	417.05	103.11	43,773.00	427.12	102.48	-0.61%
13	Hougham-without	10,500.00	179.72	58.42	12,750.00	184.29	69.18	18.42%
14	Langdon	14,770.00	237.42	62.21	16,000.00	242.16	66.07	6.20%
15	Lydden	17,000.00	260.97	65.14	17,001.00	288.11	59.01	-9.41%
16	Nonington	9,000.00	293.20	30.70	9,520.00	298.12	31.93	4.01%
17	Northbourne	11,500.00	277.73	41.41	11,600.00	272.93	42.50	2.63%
18	Preston	21,000.00	384.78	54.58	21,000.00	392.19	53.55	-1.89%
19	Ringwould-with-Kingsdown	43,600.00	1,025.62	42.51	43,600.00	1,027.50	42.43	-0.19%
20	Ripple	4,556.48	142.39	32.00	4,995.87	151.39	33.00	3.13%
21	River	65,215.00	1,487.93	43.83	65,425.00	1,492.72	43.83	0.00%
22	St Margarets-at-Cliffe	89,648.13	1,299.06	69.01	94,000.00	1,324.47	70.97	2.84%
23	Sandwich	263,709.66	1,939.66	135.96	275,652.10	2,027.45	135.96	0.00%
24	Shepherdswell-with-Coldred	45,900.00	766.76	59.86	45,900.00	777.73	59.02	-1.40%
25	Sholden	36,122.16	722.01	50.03	36,122.16	727.78	49.63	-0.80%
26	Staple	7,887.89	232.32	33.95	7,887.89	237.18	33.26	-2.03%
27	Stourmouth	7,441.00	117.02	63.59	7,950.00	119.30	66.64	4.80%
28	Sutton-by-Dover	13,149.00	307.89	42.71	13,149.00	310.16	42.39	-0.75%
29	Temple Ewell	26,996.00	666.71	40.49	28,706.00	675.20	42.51	4.99%
30	Tilmanstone	7,294.00	159.70	45.67	7,654.48	164.23	46.61	2.06%
31	Walmer	196,641.00	3,385.65	58.08	233,892.41	3,441.90	67.95	16.99%
32	Whitfield	117,550.00	2,079.88	56.52	119,900.00	2,231.59	53.73	-4.94%
33	Wingham	53,399.48	749.80	71.22	53,678.28	715.13	75.06	5.39%
34	Woodnesborough	21,736.56	494.80	43.93	22,887.42	510.88	44.80	1.98%
35	Worth	24,930.05	490.17	50.86	24,930.05	498.09	50.05	-1.59%
		2,771,747.41	39,029.75	68.45	3,019,047.94	39,763.21	75.93	10.93%

T&P Average

T&P Average

2022/23 Precepts and the NDR Multiplier**The Council Tax Base**

The Council Tax base (in terms of the number of "Band D equivalent") has been resolved for the coming year at: 39,763.21

The District Council's Precept on the Collection Fund for it's Own Purposes

The District Council's precept upon the Collection Fund in 2022/23 for it's own purposes will be: £8,037,735.00

The Band D Council Tax for the District Council's own purposes will therefore be: £202.14

The Band D Council Tax for the District Council's own purposes last year was: £197.19

The increase in Council Tax for the District Council's own purposes is therefore: 2.51%

This is an annual increase of: £4.95

Or a weekly increase of: £0.10

Parish Council Precepts

The Parish Councils will, in total, precept: £3,019,047.94

Last year, Parish Councils precepted: £2,771,747.41

The ave. Band D Council Tax for the Parish Councils' own purposes will therefore be: £75.93

The ave. Band D Council Tax for the Parish Councils' own purposes last year was: £71.08

This is an increase of: 6.82%

The total precept, on the Collection Fund by the District Council, on behalf of itself and the Parish Councils will therefore be: £11,056,782.94

Kent County Council Precept

Excluding the Collection Fund Surplus, the precept upon the collection fund in 2022/23 will be: £58,103,593.00

Last year's precept was: £55,323,045.00

The Band D Council Tax will therefore be: £1,461.24

Last year's Band D Council Tax was: £1,418.76

The Band D Council Tax increase as a result of this precept is therefore: 2.99%

2022/23 Precepts and the NDR Multiplier**The Police & Crime Commissioner for Kent**

Excluding the Collection Fund Surplus, the precept upon the collection fund in 2022/23 will be:	£9,071,976.00
Last year's precept was:	£8,506,528.00
The Band D Council Tax will therefore be:	£228.15
Last year's Band D Council Tax was:	£218.15
The Band D Council Tax increase as a result of this precept is therefore:	4.58%

Kent Fire & Rescue Service Authority Precept

Excluding the Collection Fund Surplus, the precept upon the collection fund in 2022/23 will be:	£3,274,500.00
Last year's precept was:	£3,151,490.00
The Band D Council Tax will therefore be:	£82.35
Last year's Band D Council Tax was:	£80.82
The Band D Council Tax increase as a result of this precept is therefore:	1.89%

Non-Domestic Rates

Non-domestic rates are collected by billing authorities at a nationally prescribed rate in the pound, and are paid into a central pool for redistribution. The prescribed 'lower' rate in 2022/23 for qualifying properties of less than £51,000 rateable value is:	£0.499
And for these properties, the 2021/22 'lower' rate was:	£0.499
For all other properties >£51,000, the 2022/23 'higher' rate is:	£0.512
And for these properties, the 2021/22 'higher' rate was:	£0.512

GRANTS TO CONCESSIONARY RENTALS 2022-23

2021/22	2022/23	Change		
£	£	%		
50	50	0%	Sandwich Tennis Club	Lease Of Tennis Courts In Sandown Road, Sandwich
75	75	0%	Aylesham Parish Council	Lease Of 1.82 Acres At Market Square, Aylesham
225	225	0%	Dover Bowling Club	Lease Of Pavilion In Maison Dieu Gardens, Dover
355	355	0%	Victoria Park Bowling Club	Rent Of Pavilion, Victoria Park, Deal
150	0	-100%	Aylesham Parish Council	Lease Of 7.7 Acres Adjoining Hill Crescent, Aylesham
0	325	NA	Deal & Walmer Angling Club	Lease Of Angling Cabin On Deal Pier - not in use
450	450	NA	Capel-Le-Ferne Parish Council	Lease Of Land In Lancaster Avenue For Use Of Playing Field no longer required
1,225	1,225	0%	Dover Rugby Football Club	Rent Of Crabble Pavilion, River (Our Half Of The 7 Months @50% Of £4,200)
1,750	1,750	0%	Dover Rugby Football Club	Rent Of Crabble Pavilion, River (We Pay The Remaining 5 Months @ 100% Of £4,200)
2,500	2,500	0%	Dover Athletic Football Club	
				Orange Telephone Mast 50% Of Rental Fee (Dover Ath Keep All Income As Part Of Our Support For Them - Grant Reflects Payment To Code Instead Of Their Payment Of Our Half In Original Deal)
8,000	8,000	0%	Dover Athletic Football Club	Lease Of Ground At Crabble Athletic, River
10,000	11,800	18%	Dover Citizen's Advice Bureau	Rent Of 1st Floor Dover Area Office
10,000	0	-100%	Deal Citizen's Advice Bureau	Lease Of The Cedars, 26 Victoria Road, Deal
3,250	3,250	0%	Cross Links	9 Sheridan road
38,030	30,005			In most cases, the above shows a 50% grant or more reduction in the rental charges for DDC properties or income generating sites

2021/22	2022/23	Change		
£	£	%		
100,350	100,350	0%	Your Leisure	Budget agreed as £100,350 for Tides 2021/22
0	0	0%	Your Leisure	A grant of £5k to YL for Walmer Paddling Pool lease ends 31/3/21.
1,500	1,500	0%	Pegasus Playscheme	Provision of a playscheme for children with disabilities
1,500	1,500	0%	Age Concern	Provision of area office services.
3,000	3,000	0%	Kent County Council	Contribution to Sports Partnership
4,500	4,500	0%	Gazen Salts Nature Reserve	To assist in managing and maintaining the reserve
16,000	16,000	0%	Sandwich Town Cricket Club	To assist the Club in defraying its expenditure in managing, maintaining and improving the Recreation Grounds at The Butts & Gazen Salts.
10,000	10,000	0%	Dover Outreach Centre	Grant towards the Winter Shelter costs.
12,000	12,600	5%	Dover Rugby Club	For ground maintenance at Crabble Athletic Ground, covered by saving made in the Landscape maintenance contract.
1,000	1,000	0%	Victoria Bowls	Contribution to running expenses of the Club
4,000	4,000	0%	Dover Bowling Club	Grant towards grounds maintenance at Dover Bowling Green. Covered by savings within the grounds maintenance budget. Reducing scale as per agreement letter dated 01 April 2017.
102,000	102,000	0%	Dover Citizen's Advice Bureau	£97k CAB Core Funding grant inc £10k from HRA, plus £3,500 service charge contribution and £1,500 Other potential services.
22,500	22,500	0%	Neighbourhood Forums	Grant to support voluntary and community organisations. *Any variances will most likely be caused by extra money available due to money raised through the Dover Lotto
0	0	0%	Home Improvement Agency	"Intouch" Housing Improvement Agency funding not required 21/22
5,000	5,000	0%	Deal Town Council	Astor Theatre grant
3,500	3,500	0%	Actions with Communities in Rural Kent	Contribution to rural housing
286,850	287,450			

SUMMARY OF RECOMMENDATIONS

Detailed below is a summary of all the recommendations included in the budget and MTFP:

General Fund Revenue Account

It is recommended that Cabinet:

- Approve the grants to organisations detailed at Annex 9.

It is recommended that Council:

- Approve the General Fund Revenue budget for 2022/23;
- Approve the policies and protocols regarding the General Fund balances and earmarked reserves, and transfers between reserves as set out in Annex 4.

Housing Revenue Account

It is recommended that Council:

- Approve the HRA budget for 2022/23;
- Approve the HRA Capital Programmes.

Capital & Special Revenue Programmes

It is recommended that Cabinet:

- Delegate the approval of projects included in Annex 6D, the Digital & ICT Programme to the Head of Community & Digital Services in consultation with the Portfolio Holder for Finance, Governance, Digital and Climate Change.

It is recommended that Council:

- Approve the Capital, Special Revenue Projects and Digital & ICT Programmes;
- Approve that capital resources required to finance new projects are secured before new projects commence.

Treasury Management and the Prudential Code

It is recommended that Council:

- Approve the Capital, Treasury Management and Investment Strategies, including the Prudential Indicators and Minimum Revenue Provision statement (Annexes 7A, 7B and 7C).

Council Tax Resolution

It is recommended that Council:

- Approve the Council Tax Resolution as set out at Annex 8A;
- Note that if the formal Council Tax Resolution at Annex 8A is approved, the total Band D Council Tax will be as follows:

	2021/22 £	2022/23 £	Increase %	Proportion %
Dover District Council	197.19	202.14	2.51	9.86%
Kent County Council	1418.76	1,461.24	2.99	71.29%
The Police & Crime Commissioner for Kent	218.15	228.15	4.58	11.13%
Kent & Medway Fire & Rescue Authority	80.82	82.35	1.98	4.02%
Sub-Total	1,914.92	1,973.88	3.08	96.30%
Town & Parish Council (average)	71.08	75.93	6.82	3.70%
Total Band D Council Tax	1,986.00	2,049.81	3.21	100.00%

The Council Tax, by band, for the major preceptors will be as follows:

	<u>Valuation Bands</u>							
	A	B	C	D	E	F	G	H
Precepting Authority:	£	£	£	£	£	£	£	£
Kent County Council	974.16	1,136.52	1,298.88	1,461.24	1,785.96	2,110.68	2,435.40	2,922.48
The Police & Crime Commissioner for Kent	152.10	177.45	202.80	228.15	278.85	329.55	380.25	456.30
Kent & Medway Fire & Rescue Service	54.90	64.05	73.20	82.35	100.65	118.95	137.25	164.70
Dover District Council	134.76	157.22	179.68	202.14	247.06	291.98	336.90	404.28
Total	1,315.92	1,535.24	1,754.56	1,973.88	2,412.52	2,851.16	3,289.80	3,947.76