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27 February 2024

Dear Councillor

I am now able to enclose, for consideration at the meeting of the **CABINET** on Monday 4 March 2024 at 6.00 pm, the following reports that were unavailable when the agenda was printed.

5 **COUNCIL BUDGET 2024/25 AND MEDIUM-TERM FINANCIAL PLAN 2024/25-2027/28** (Pages 2 - 140)

To consider the report of the Strategic Director (Finance and Housing).

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

8 **IMPLEMENTATION OF CONSOLIDATED INCOME SYSTEM** (Pages 141 - 144)

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

Responsibility: Portfolio Holder for Transport, Licensing and Environmental Services

Yours sincerely

A handwritten signature in black ink, appearing to be "Nicky", written over a white background. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Chief Executive

Subject:	COUNCIL BUDGET 2024/25, MEDIUM-TERM FINANCIAL PLAN 2024/25–2027/28 AND 2024/25 COUNCIL TAX SETTING
Meeting and Date:	Cabinet – 4 March 2024 Council – 6 March 2024
Report of:	Mike Davis, Strategic Director (Finance and Housing)
Portfolio Holder:	Councillor Sue Beer, Portfolio Holder for Finance, Governance, Climate Change and Environment
Decision Type:	Key
Classification:	Unrestricted

Purpose of the report: To seek approval for the 2024/25 budget and the Medium-Term Financial Plan (MTFP) for 2024/25–2027/28.
To set the Council Tax for 2024/2025.

Recommendation: It is recommended that Cabinet:

- Approves the grants to other organisations as set out in Annex 9, subject to Council approving the 2024/25 budget; and
- Approves 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 (Finance and Housing), in consultation with the Portfolio Holder for Finance, Governance, Climate Change and Environment, be authorised to draw on the Earmarked Smoothing Reserve to meet in-year variations in the budget.
 - That a Council Tax increase of 2.98% for DDC purposes be approved, resulting in an increase on Band D properties of £6.21 per year and an annual DDC Council Tax of £214.38.
 - To note that it is the opinion of the Section 151 Officer that the Council’s budget has been prepared on a rigorous and robust basis and the Council’s reserves are sufficient for its immediate needs. However, it is also the opinion of the Section 151 Officer that there are two significant factors that can undermine the budget over the next year or two because of the actions of the Department for Environment Food and Rural Affairs (DEFRA) and the Department for Levelling Up, Housing and Communities (DLUHC). Members are referred to the Section 25 Report included separately on the agenda for further information.
 - 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 becomes 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 2024/25 budget and the MTFP for 2024/25–2027/28. 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 (Finance and Housing), 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 Section 25 report included separately on the agenda.
- 1.3 The detailed background information presented to Cabinet in February has been included again in this report for completeness for presentation to Council.
- 1.4 In summary the position is:
- i) The General Fund budget for 2024/25 forecasts a deficit of c.£2.8m, made up of:
 - (1) £2k surplus from business as usual; and
 - (2) £2.8m pressure to maintain the current level of Port Health activities with reduced DEFRA funding, to be funded from the earmarked reserves.
 - ii) Proposed DDC Council Tax increase of £6.21 (2.98%) per annum (12p per week) for a Band D property, maintaining the lowest Council Tax in East Kent.
 - iii) There are no major reductions in services proposed within the budget.
 - iv) Housing rents will increase by 7.7%. The typical weekly rent on a 3 bedroom house will be £113.86, and is much lower than the private sector equivalent.
 - v) The Housing Revenue Account forecasts a deficit of £1m due to ongoing commitments to repairs and maintenance, to be funded from the Housing Initiatives Reserve, but remains financially viable.
 - vi) The Capital Programme is fully funded but resources for future projects are limited.
- 1.5 The forecasts contain a significant margin of uncertainty and pressures from inflation, service proposals and the macroeconomic position. As a result, there is a risk that measures to produce a balanced budget may be too severe, or insufficient. To mitigate this risk the Council has a £3m Smoothing Reserve which can be utilised to deal with any unforeseen pressures faced in 2024/25.
- 1.6 This approach enables the total forecast pressures over the financial planning period to be balanced by savings and income over the full period whilst assessment of the on-going impact of pressures is undertaken and reviewed.

2. Changes to the Budget and MTFP

- 2.1 Since presentation to Cabinet in February the following changes have been made to the draft budget and MTFP to reflect information that has subsequently become available:
- GF budget amended to include:

- Revised projected outturn as at 31st December 2023, reducing the forecast 2023/24 deficit from £1.1m to £0.9m.
- 2024/25 budget (excluding Port Health) now forecasting £2k surplus (previously £20k deficit) due to:
 - £125k reduction in projected Business Rates funding following the completion of the NDR1 return to DLUHC.
 - £146k increased funding as confirmed in the final local government finance settlement for 2024-25.
- HRA budget amended to include:
 - Revised projected outturn as at 31st December 2023, increasing the forecast 2023/24 deficit from £3m to £3.3m.
 - Updated 4-year forecast to reflect further detailed work undertaken.
- All precepts have now been received and the 2024/25 Council Tax Resolution and associated annexes have been completed and included.
- The Capital, Treasury Management and Investment Strategies have been completed and included.

3. Introduction and Background

3.1 The budget for 2024/25 and the Medium-Term Financial Plan (MTFP) for 2024–2028 have been produced in circumstances that remain unusual and volatile because of the macroeconomic position, inflation levels, impact of working with DEFRA and being a Port Health Authority (PHA) and the unpredictable economic environment.

3.2 These events have led to significant uncertainties at the time of writing, impacting (mainly) the revenue budgets, including:

- 2023/24
 - The final 2023/24 outturn and the reserves and balances to be carried forward.
 - The impact of delays in the local audit sector which cause uncertainty regarding reserves and balances due to possible changes in the accounting treatments that the auditors may require.
- 2024/25
 - The on-going macroeconomic position.
 - Business Rates income.
 - The costs to DDC of the PHA.
 - Funding decisions by DLUHC.
- 2025 – 2028
 - The net cost to DDC of the future Port Health Function.
 - The continuing impacts of the macroeconomic position 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 replacement (if any)
 - The future of Services and Funding Guarantee grants
 - The reform of the Business Rates Retention model
 - Business Rates revaluations and re-sets
 - Future Council Tax capping levels.

4. Report Pursuant to Section 25 of the Local Government Finance Act 2003

- 4.1 Section 25(2) of the Local Government Finance Act requires the Council to have regard to the S25 report when making decisions about the calculations in connection with which it is made. The Strategic Director (Finance and Housing) (Section 151 Officer) has produced a separate report on this agenda to be considered alongside the budget and MTFP.

5. General Fund Budget Strategy

- 5.1 In the 2022/23 budget process it was recognised that to mitigate the risk and volatility associated with the budget process a £4m Smoothing Reserve should be created to enable the Council to take a measured approach to the forecast pressures.
- 5.2 Significant savings were included in the 2023/24 budget, alongside application of the Smoothing Reserve to finance the forecast 2023/24 residual deficit of £1m. This enabled consideration of further options for savings and income generation to be taken in 2024/25 and the rest of the planning period as a fuller understanding of the likely outturns and funding is developed. Based on current forecasts it is expected that c.£0.9m will be applied from the Smoothing Reserve in 2023/24, leaving £3.1m for future requirements.
- 5.3 The 2024/25 budget is currently forecast to have a small surplus of £2k, before the £2.8m impact of the DEFRA decision to withdraw funding for the PHA. The cost to DDC of maintaining the current PHA service will need to be financed from other earmarked reserves in 2024/25 to protect the purpose for which the Smoothing Reserve was established.

6. Dover Port Health Function

- 6.1 See the Section 25 report included separately on the agenda for detailed information of the port health function.

7. Wider Local Government Finance Picture

- 7.1 This section supplements the issues raised in the Section 25 report.
- 7.2 There is a pressing need for reform to local government finance. It is not possible to set out in detail all the variables and potential outcomes. The notes below provide the headlines.

Levelling Up

- 7.3 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.

Core Spending Power

- 7.4 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.

Fair Funding Review

- 7.5 The 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.
- 7.6 It will also have to incorporate a significant element of resource redistribution, since greatest need is often aligned with lowest resource.

Council Tax

- 7.7 The Government is placing an increasing burden for funding local services onto the local taxpayer. Overall, approximately 56% of Core Spending Power (CSP) across England in 2024-25 is forecast to be funded from Council Tax.
- 7.8 Council Tax increases for shire districts is proposed, in the settlement consultation, to be limited to 2.99% or £5, whichever is the greater. This maintains the existing inequity between low and higher taxing districts. DDC is a low tax district. Representation in response to the consultation has been made by District Councils to increase the limit to 2.99% or £10 to help address this inequity; if the final settlement includes the higher limit the budget papers will be updated to reflect the change.

Business Rates Retention

- 7.9 There are several potential changes to the Business Rates Retention (BRR) scheme.
- 7.10 A baseline re-set is 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.
- 7.11 DLUHC have declined to base our 2024/25 settlement on the latest business rates data, despite this being submitted by DDC in good time. This has cost DDC £300k per annum. DLUHC have advised that they may review this for the 2025/26 settlement but have not guaranteed that this will be undertaken.

New Homes Bonus

- 7.12 The recent approach taken has been 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. Despite promises to the contrary, New Homes Bonus has proven to be an unstable source of income for Councils. Originally new homes generated a 6 year legacy payment upon which Councils could rely. This was trimmed to 4 years, and then a minimum growth threshold was required, then legacy payments were abandoned and NHB is now set for one year at a time. It is currently expected that 2024/25 will be the last year of the scheme, no replacement scheme has yet been announced.
- 7.13 NHB is important and we need certainty about the future (even if it means we get less funding from NHB’s replacement).
- 7.14 The main concern with the Government’s latest mistreatment 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 and the new funding guarantee).

- 7.15 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.

Funding Guarantee

- 7.16 This new grant is intended to provide a funding floor for all local authorities, so that no local authority would see an increase in core spending power that is lower than 3% - before taking into account council tax level decisions. However, this calculation ignores Business Rates growth so the real value of the guarantee is not always clear.

8. Housing Revenue Account (HRA)

- 8.1 The HRA budget has been set based on the current anticipated level of costs of running the service. Rent levels will be set in line with government guidance of CPI + 1% (equating to 7.7% for 2024/25). After a period of increases relating to the restorative works programme budget levels for planned revenue and capital works have returned to previous levels. This results in a forecast deficit for the HRA of £1m for 2024/25. This will be funded in-year from a contribution of £1m from the Housing Initiatives Reserve, maintaining the HRA balance at £1m for the planning period.

- 8.2 DDC's Tenancy Strategy 2021-2026 states that the Council's view is that wherever possible affordable rent levels should not exceed Local Housing Allowance (LHA) rates. The LHA rates are increasing for 2024/25 so therefore affordable rents will be increasing to the same levels.

- 8.3 The shared ownership properties increase as per the lease which states RPI + 0.5% which for 2024/25 is a 9.4% increase in weekly rents.

- 8.4 The HRA is viable now and in the medium 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 borrow¹), but within these resources it has discretion over which projects to support. In setting the project programmes for the future it is important to note that:

- Capital resources are virtually exhausted if all current commitments are met.
- The capital and GF revenue budgets are interdependent and pressure on one can lead to pressure on the other.
- The ability of the revenue budget to contribute to capital resources in the future is very limited.
- Assets for sale to gain future receipts are limited.

¹ Borrowing can be undertaken for capital projects but revenue budgets have to finance the interest and repayment costs. This makes it more difficult for projects to be viable.

9.2 The proposed project programmes show that these limited resources have been applied to prioritise 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.

9.3 However, the Council was awarded £18.1m from round two of the Levelling Up Fund and this is included in the capital programme.

10. **Budget Consultation**

10.1 The Council undertook an online consultation requesting resident feedback on the budgets for Council's services, value for money, and savings options. It included a budget reduction exercise where residents were asked to allocate revised budgets to services based on achieving a 10% reduction in costs.

10.2 The consultation was available on the website from 21st December to 8th January (with paper copies available on request). In total there were 370 responses to the consultation, of which 244 completed the budget reduction exercise. The main themes from the responses include:

(a) Over 56% of respondents agree that we should increase Council Tax by 3% for 2024/25 to maintain as much as possible the services we provide.

(b) Increasing Council Tax by 3% was the most preferred option (43% of respondents) to help us balance our budget and meet the needs of our community.

(c) Withdrawing services was the least preferred option to help us balance our budget (63% of respondents).

(d) 63% of respondents were satisfied or very satisfied with the local area as a place to live.

(e) Over 75% of respondents prefer to contact the Council by email or online via the website.

10.3 Initial results from the budget allocation exercise indicates that residents would allocate additional resources to Community Safety & CCTV, Environmental Crime, Public Conveniences and Climate Change Initiatives. They would then apply the necessary budget reductions across the other areas.

10.4 The responses received were all anonymous and are available to Councillors on request.

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 £6.21 (2.98%) 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 2024/25 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. **Climate Change and Environmental Implications**

- 13.1 One constant during these uncertain times is the risk of Climate Change. Recovery plans, strategies and projects should all consider the impacts on Climate change on a case-by-case basis, and what could be done within the Council's resources to reduce emissions to support delivery of DDC's Climate Emergency ambitions.

14. **Corporate Implications**

- 14.1 Comment from the Strategic Director (Finance & Housing): No further comments to add (MD).
- 14.2 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.
- 14.3 Comment from the Equalities Officer: This report relating to the Council Budget 2024/25 and Medium-Term Financial Plan 2024/25–2027/28 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>

15. **Appendices**

Appendix 1 – Budget 2024/25 and Medium-Term Financial Plan 2024/25-2027/28

16. **Background Papers**

Draft Budget 2024/25 and Medium-Term Financial Plan 2024/25-2027/28 (Cabinet 5th Feb 2024)

Contact Officer: Helen Lamb, Head of Finance & Investment



**Budget
2024/25
and
Medium Term
Financial Plan
2024/25 – 2027/28**

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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 five 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 2024/25 – 2027/28.
4. Year 1 (2024/25) is the formally approved budget for the coming year. Years 2 – 5 of the MTFP (2025/26 – 2027/28) are included as “indicative budgets” for planning purposes. These will be rolled forward and amended in subsequent MTFPs (Medium Term Financial Plan) 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 unpredictable economy and public finances, the unpredictable system of local government finance and the impact of the withdrawal of Department for Environment, Food & Rural Affairs (DEFRA) funding advised in December 2023.
6. Significant uncertainties at the time of writing, impacting (mainly) the 2023/24 revenue budget, include:
 - 2023/24
 - The final 2023/24 outturn and the reserves and balances to be carried forwards.
 - The impact of delays in the local audit sector which cause uncertainty regarding reserves and balances due to possible changes in the accounting treatments that the auditors may require.
 - 2024/25
 - The on-going macroeconomic position.
 - Business Rates income.
 - The costs to Dover District Council (DDC) of the PHA.
 - Funding decisions by Department of Levelling Up, Housing and Communities (DLUHC).
 - 2025 – 2028
 - The net cost to DDC of the future Port Health Function.
 - The continuing impacts of the macroeconomic position 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 replacement (if any).
 - The reform of the Business Rates Retention model.
 - Business Rates revaluations and re-sets.

BUDGET HEADLINES

GENERAL FUND

7. The General Fund (GF) headlines are:

- The General Fund budget for 2024/25 forecasts a deficit of c.£2.8m, made up of:
 - £2k surplus from business as usual.
 - £2.8m pressure to maintain the current level of Port Health activities with reduced DEFRA funding, to be funded from the earmarked reserves.
- General Fund balance forecast to be maintained at £1.5m.
- Proposed DDC Council Tax increase of £6.21 (2.98%) per annum (12p per week) for a Band D property, maintaining the lowest Council Tax in East Kent.
- There are no major reductions in services proposed within the budget.
- It is currently anticipated that, excluding the pressures from the Dover Port Health Authority (DPHA) function, there will be a requirement to deliver savings and / or income generation in the region of £1m for 2025/26, followed by a further £1.5m in 2026/27 and £700k in 2027/28.

THE HOUSING REVENUE ACCOUNT

8. The Housing Revenue Account (HRA) headlines are:

- The Housing Revenue Account forecasts a deficit of £1m due to ongoing commitments to repairs and maintenance, to be funded from the Housing Initiatives Reserve, but remains financially viable.
- Housing rents will increase by 7.7%. The typical weekly rent on a 3 bedroom house will be £113.86 and is much lower than the private sector equivalent.
- Housing development programme on-going towards the extra 200 homes per annum for the district.
- Rent arrears levels are reducing year on year and prepayment levels are the highest in recent years. Rent collection levels have increased as a percentage of the total rent to be collected.
- HRA balance to be maintained at £1m for 2024/25.
- Housing Initiatives Reserve is forecast at £4m at the end of 2024/25.

THE CAPITAL AND SPECIAL REVENUE PROJECTS PROGRAMME

9. The capital and special revenue projects programme headlines are:

- The current Capital Programme totals £197.5m and is fully funded. The major projects in the programme are:
 - HRA Affordable Housing Development Projects.
 - Dover Beacon Project.
 - Development of the Dover Fast Track Bus Route.
 - Major restoration works on Maison Dieu (Dover Town Hall).
 - Regeneration projects.
 - Future High Street Funding.
 - Sandwich Guildhall Forecourt public realm improvements.
 - Tides Leisure Centre redevelopment (subject to outcome of feasibility studies).

- HRA Improvement Works.
- The current Special Revenue Programme totals £19m and is fully funded.
- The current resources for funding capital and special 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 £125k 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 to demonstrate affordability and comply with the Prudential Code.

TREASURY MANAGEMENT AND CAPITAL STRATEGIES

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

KEY ASSUMPTIONS AND SIGNIFICANT BUDGET RISKS

11. 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 reviewed and are set out within this MTFP to ensure that Members are aware of the basis of the budget.
12. Periodic budget monitoring updates will continue to be circulated to all Members via the quarterly performance report, so that variances can be identified, and appropriate action initiated as early as possible.

CONSULTATION

13. The Council undertook an online budget consultation requesting resident feedback on the budgets for Council's services, value for money, and savings options. It included a budget reduction exercise where residents were asked to allocate revised budgets to services based on achieving a 10% reduction in costs.
14. The consultation was available on the website from 21st December to 8th January (with paper copies available on request). In total there were 370 responses to the consultation, of which 244 completed the budget reduction exercise. The main themes from the responses include:
 - Over 56% of respondents agree that we should increase Council Tax by 3% for 2024/25 to maintain as much as possible the services we provide.
 - Increasing Council Tax by 3% was the most preferred option (43% of respondents) to help us balance our budget and meet the needs of our community.
 - Withdrawing services was the least preferred option to help us balance our budget (63% of respondents).

- 63% of respondents were satisfied or very satisfied with the local area as a place to live.
- Over 75% of respondents prefer to contact the Council by email or online via the website.

15. Initial results from the budget allocation exercise indicates that residents would allocate additional resources to Community Safety & CCTV, Environmental Crime, Public Conveniences and Climate Change Initiatives. They would then apply the necessary budget reductions across the other areas.

THE GENERAL FUND REVENUE ACCOUNTS

INTRODUCTION

16. 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), Enterprise Zone Relief, Revenue Support Grant (RSG, received from government), and New Homes Bonus (NHB, also received from government).

FINANCIAL OBJECTIVES

17. 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 and use 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

18. 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.
19. 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 "authority to recruit" process. The process requires formal sign-off before any recruitment is permitted.
20. The Council also undertakes efficiency and service reviews. These review services to deliver efficiencies, savings, alternative delivery methods, digital improvements, smarter working and improved customer experiences.
21. A key element of financial management is the treatment of unspent budgets. The Council gives budget managers 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 (Finance & Housing).

THE GENERAL FUND BUDGET SUMMARY

22. The Council's GF revenue budget for 2024/25 is shown in Annex 1. The budget forecasts a surplus of £2k for 2024/25, before accounting for the withdrawal of DEFRA funding for DPHA (to be funded from earmarked reserves). The GF balance is forecast to be maintained at £1.5m.

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

23. The main factor impacting the General Fund budget is the proposed change to the Port Health service and its funding as detailed in the Section 25 report. Other key areas of impact are detailed at Annex 1D.

2023/24 FORECAST OUTTURN

24. The 2023/24 original budget forecast a deficit of £1.1m to be funded from the Smoothing Reserve. The budget forecast included £1.6m of savings and income generation targets and an assumption that an underspend of £500k will be delivered at year end in line with previous year outturn positions.
25. Progress to deliver these targets is being made, and further budget variances have been identified in-year. The 2023/24 outturn as at 31st December 2023 forecasts a reduced deficit of £0.9m deficit, to be funded from the Smoothing reserve.
26. The 2023/24 original budget included £1.6m of savings and income generation targets and an assumption that an underspend of £500k will be delivered at year end in line with previous year outturn positions. Progress to deliver these targets is being made, with approximately £1m achieved. During the year, further savings / income in excess of £700k have been identified, offsetting target savings still being progressed. The 2023/24 forecast outturn remains at c.£1.1m deficit, to be funded from the Smoothing reserve.
27. There remain a number of uncertainties which may continue to impact the outturn position. These include the economic environment, inflation and interest rate pressures, business rates collection rates and potential appeals, Council Tax collection rates, homelessness levels, supported housing costs, and the future of the Port Health service.

VARIANCES BETWEEN 2023/24 BUDGET AND 2024/25 PROPOSED BUDGET

28. The budget process identified significant pressures facing the GF budget and Heads of Service have worked with their portfolio holders and Corporate Management team to identify savings and income to offset these pressures and deliver a balanced budget.
29. As detailed below the draft budget started with a £1.1m deficit from 2023/24 and includes £3m in pressures from inflation, service pressures and reduction in New Homes Bonus. These pressures have been offset by £1.5m increase in funding, £2m of service savings and £0.6m of financing changes, resulting in a balanced budget, before the withdrawal of funding from DEFRA for the DPHA service.
30. The table below summarises details these main variances between the 2023/24 original budget and the proposed 2024/25 budget.

Ref		£000	£000
	2023/24 Original Budget Forecast Deficit		1,130
1	Salary Inflation	992	
2	Net increase in salary costs, including increments, priority areas, etc	383	
3	Actuarial increase in pensions back-funding costs	48	
4	Forecast increase in Homelessness temporary accommodation costs	357	
5	Refuse, recycling and street cleansing contract inflation	401	
6	Computer software costs due to move to Cloud & increase in licences	227	
7	Inflationary increase on shared service charges	166	
8	Net increase in cost to DDC relating to housing benefits and rent rebates	105	
9	Loss of fish certification income following DEFRA changes	35	

Ref		£000	£000
10	Decrease in New Homes Bonus funding	299	
11	Total Pressures		3,013
12	Increase in forecast total National Non-Domestic Rates (NNDR) funding	(547)	
13	Increase in Council Tax income	(441)	
14	Increase in Council Tax Collection Fund surplus	(36)	
15	Other grant funding movement	(519)	
16	Total Increase in funding		(1,543)
17	Increase in recharges to HRA and projects	(391)	
18	Forecast increase in green waste income	(86)	
19	Target savings waste services	(100)	
20	Savings from vacancies, staff reductions and other structure changes	(317)	
21	Homelessness prevention grant increase	(110)	
22	Building control fee income increase	(50)	
23	Impact of ICT shared service returning to in-house service	(85)	
24	Removal of contribution to ICT reserve to offset Cloud pressures	(115)	
25	Increase in parking income from proposed changes and increased activity	(300)	
26	Increase in parking penalty charge income	(121)	
27	Forecast increase in parks & open spaces events income	(27)	
28	External funding to support community services resettlement projects	(150)	
29	External funding to support Climate Change resources	(29)	
30	Forecast rent increases across properties	(140)	
31	Numerous miscellaneous variances	18	
32	Total Service Savings		(2,001)
33	Increase in interest receivable forecast	(456)	
34	Increase in interest payable forecast	429	
35	Forecast change in borrowing allowance	(174)	
36	Reduction in contributions to Special Projects reserve	(398)	
37	Total variance in financing adjustments		(599)
38	General Fund Deficit for the Year		(2)
39	Net cost to DDC of Port Health service	2,800	
40	Transfer from DDC Earmarked reserves	(2,800)	
41	2024/25 Forecast Budget Deficit		(2)

FINANCING THE BUDGET

31. Financing of the net 2024/25 requirement is shown below.

2024/25 General Fund Revenue Financing	£000	%
Non-Domestic Rates Income	9,109	45.6
Revenue Support Grant	254	1.3
Services Grant & 3% Funding Guarantee	1,412	7.1
New Homes Bonus	346	1.7
Council Tax	8,763	43.9
Collection Fund Surplus (Council Tax)	91	0.4
Total Financing	19,975	100.0

32. The following sections provide further explanation of the Council’s main funding streams.

REVENUE SUPPORT GRANT

33. Revenue Support Grant (RSG) (from Government) had been reduced by significant amounts every year since 2012/13. For 2024/25 RSG has increased slightly by inflation at 6.6%.

34. For financial planning purposes it has been assumed that RSG will continue for the remainder of the MTFP planning period.

SERVICES GRANT AND FUNDING GUARANTEE

35. In 2022/23 a new grant, 2022/23 Services Grant was introduced, worth £822 million across the sector. The grant was intended to be for 2022/23 only, with the funding going to all tiers of local government in recognition of the range of vital services delivered by councils across the country. This grant was unringfenced with local authorities best placed to understand local priorities. DDC was awarded £255k in 2022/23. This grant was extended into the 2023/24 financial year and DDC was awarded £150k. This grant has been further extended into the 2024/25 financial year and DDC will be awarded £24k. For financial planning purposes it has been assumed that the grant will be received for 2024/25 and will then cease.

36. The sector wide £136m funding guarantee grant replaces the Lower Tier Services Grant. This grant is intended to provide a funding floor for all local authorities, so that no local authority would see an increase in Core Spending Power that is lower than 3% (before assumptions on council tax rate increases but including those on Council Tax base). The settlement included an award of £760k for 2023/24. This has increased in 2024/25 and DDC is awarded £1,386k. It is anticipated that this will continue at a similar level for 2025/26.

BUSINESS RATES (BR)

The Business Rates Retention System

37. 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, s31 grants, adjustments for renewable energy, appeals and BR relief schemes.

38. Although referred to as a 50% local retention system, of which 40% is currently retained by districts, this is not the full picture. DDC retains about 10% (before s31 grants). A simplified illustration of the mechanism for the “50%” BR retention system is set out in the table below (illustrative, based on draft 2024/25 data before adjustment for S31 grant funding or reliefs).

Attribution of BR Income (Indicative)	£m
Dover district net rate yield	(53.6)
Less	
50% to Government	26.8
9% to KCC and 1% to Fire	5.4
Retained balance of 40%	(21.5)
Less: tariff to Government	16.0
Balance retained by DDC	(5.5)

39. 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.
40. 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 must 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 £302k.
41. 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. In addition, the government return has been revised for 2024/25 so that it splits out small and standard multiplier figures. This has created delays to the data collection due to the revenue systems having to be adapted to allow for the changes to the government return.
42. 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.
43. For 2024/25 the baseline budget requirement (or 'Baseline Funding Level (BFL)) is deemed to be £4,032k. The safety net kicks in at £3,729k, meaning the first £302k 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 £3,729k).
44. BR revaluation occurred in April 2023, the effect of which was an increase of 19% to the rateable value of properties in the Dover area. But this is offset by adjustments to the BFL, so the revaluation was broadly neutral at both the local authority and the national level.
45. The MTFP allows for the increase in rateable values, the estimated impact on the business rates baseline and tariffs / top-ups and the resultant impact on the share that Dover retains. The budget also allows for a continuation of the current pooling arrangement to reduce levies.
46. There are several significant aspects to the current business rates regime:
 - "Real" Growth
 - The DDC BR Profile
 - Renewable Energy Income
 - The Business rates Pilot and Pool

Real Growth

47. The Dover District has been successful in generating significant real growth in developments in the district during 2016/17 – 2024/25 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 (Valuation Office Agency).
48. However, BR is still dominated by a small number of hereditaments.

DDC BR Profile

49. 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 Rateable Value (RV) of unique properties such as the Channel Tunnel.

Dover's Rateable Values	Rateable Value ² £000	%
Channel Tunnel	40,000	31
Discovery Park	12,346	10
Dover Harbour Board	3,810	3
Tesco, Whitfield	1,820	1
Sub Total	57,976	45
Remainder ³	71,561	55
Total	129,537	100

Renewable Energy Income

50. 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.
51. The 2023 revaluation reduced the value of the Biomass Power Plant by c.£1m, resulting in a reduction of the business rates retained by c.£500k.

The Business Rates Pool

52. 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). 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 2024/25.
53. DDC is not a full Member of the BR pool. Due to a quirk in the calculation of the levy, it is advantageous to all pool members, including DDC (and Sevenoaks who are also shadow members), to minimise the BR levy we pay by giving DDC "shadow" pool member status. This has been agreed to continue for 2024/25.

Forecasts

54. The outcome for 2024/25 is expected to see an improved position compared to 2023/24. There is expected to be a 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.

² Note – These figures are based on the 2023 valuations. Rateable Value is not the same as the Business Rates paid. RV is multiplied by a government set multiplier (49.9p in 2022/23 and 2023/24 for the standard multiplier) to determine the amount payable and this may be subject to BR reliefs.

³ The next largest site is less than 1% of the total.

COUNCIL TAX

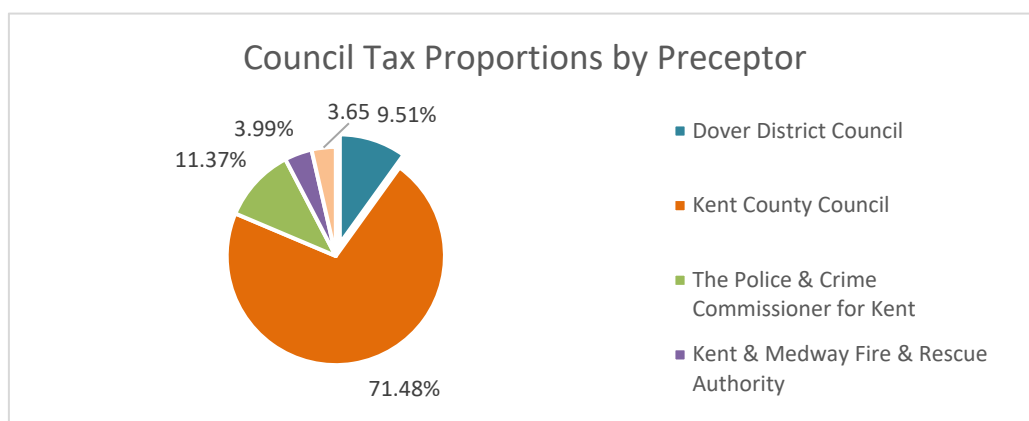
55. A Council Tax increase of 2.98% for DDC purposes has been assumed for the 2024/25 budget which, if approved, will produce a Band D Council Tax of £214.38. This will result in an increase of £6.21 per year on a Band D property, which is within the Government's capping requirements, which limit increases to 3% or £5, whichever is the greater.
56. The increase in the tax base from 39,974.37 Band D equivalent properties in 2023/24 to 40,874.50 equivalent properties in 2024/25, a rise of 2.25%, is mainly due to new properties being registered for Council Tax (incl. estimates of new builds), plus a forecast reduction in the Council Tax Reduction Scheme (CTRS) and an addition for a small increase in the expected collection rate.
57. The combined impact of the Council Tax increase and the tax base increase is forecast to generate total Council Tax income of £8.76m. For planning purposes, a Council Tax increase of 3% per annum has been estimated for future years.
58. The total Council Tax charges for a Band D property is made up as follows:

	2023/24 £	2024/25 £	Increase %	2024/25 Proportion %
Dover District Council (proposed)	208.17	214.38	2.98	9.51
Kent County Council	1,534.23	1,610.82	4.99	71.48
The Police & Crime Commissioner for Kent	243.15	256.15	5.35	11.37
Kent & Medway Fire & Rescue Authority	87.30	89.91	2.99	3.99
Sub-Total	2,072.85	2,171.26	4.75	96.35
Town & Parish Council (average)	78.06	82.23	5.35	3.65
Total Band D Council Tax	2,150.91	2,253.49	4.77	100

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

	Valuation Bands							
	A £	B £	C £	D £	E £	F £	G £	H £
Precepting Authority:								
Kent County Council	1,073.88	1,252.86	1,431.84	1,610.82	1,968.78	2,326.74	2,684.70	3,221.64
The Police & Crime Commissioner for Kent	170.77	199.23	227.69	256.15	313.07	369.99	426.92	512.30
Kent & Medway Fire & Rescue Service	59.94	69.93	79.92	89.91	109.89	129.87	149.85	179.82
Dover District Council	142.92	166.74	190.56	214.38	262.02	309.66	357.30	428.76
Total	1,447.51	1,688.76	1,930.01	2,171.26	2,653.76	3,136.26	3,618.77	4,342.52

59. How the total Council Tax charge is allocated to the individual organisations.



COMPARISON WITH OTHER DISTRICTS' 2023/24 BAND D COUNCIL TAX

60. DDC has one of the lowest Council Tax rates in Kent. A comparison with the East Kent authorities' 2023/24 Council Tax rates below shows the percentage that their 2023/24 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	208.17	-	-
Canterbury City Council	232.92	11.89%	£989k
Folkestone and Hythe District Council	272.07	30.70%	£2.6m
Thanet District Council	255.54	22.76%	£1.9m

NEW HOMES BONUS

61. New Homes Bonus (NHB) was funded by DLUHC⁴ 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.
62. 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
8	2018/19	497	1,515	4
9	2019/20	488	1,729	4
10	2020/21	333	1,733	4

⁴ Department for Levelling Up, Homes and Communities

Year of Scheme	Financial Year	Annual Grant £000	Cumulative Grant £000	Cumulative Years Included
11	2021/22	5	990	3
12	2022/23	741	1,229	2
13	2023/24	645	645	1
14	2024/25	346	346	1
Future Years (Est)	2025/26 onwards	0	0	n/a

63. DLUHC's terms and promises of the original NHB scheme have not been honoured. Changes to the scheme from 2017/18 have resulted 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, a minimum growth threshold of 0.4% was introduced, below which no NHB will be paid. The growth delivered by DDC for the 2024/25 NHB calculations was sufficient to receive an award of £346k, including £72k for the delivery of affordable homes.
64. For the purposes of the MTFP it has been assumed that the NHB grant will be reduced to nil for future years.

FUTURE FUNDING

65. The future of Local Government funding remains uncertain with numerous unknowns with potential significant impacts on local authority budgets, including:
- The Fair Funding Review.
 - New Homes Bonus replacement (if any).
 - The future of Services and Funding Guarantee grants.
 - The reform of the Business Rates Retention model.
 - Business Rates revaluations and re-sets.
 - Future Council Tax capping levels.
66. The forecasting for future years has taken assumptions from our funding advisors for each stream and includes a Business Rates reset from 2026/27. These forecasts also include the cessation of New Homes Bonus and Services Grants in the timescale. The total impact of all these changes would result in a reduction in funding of over £2m in 2026/27. It would not seem credible for such a significant impact to be applied across local government in a single year with only a short period of notice for councils to adjust to the change. Therefore, for the purposes of the MTFP this impact has been halved when forecasting future years.

COLLECTION FUNDS

67. The Collection Funds are statutory funds. They sit entirely outside of the General Fund and the Council budget.
68. The Council manages separate collection funds for Council Tax and Business Rates. Every year the Collection Funds are credited with the income from Council Tax and Business Rates (c. £92m and £54m respectively).
69. The Council Tax collection fund is 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.

70. 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 collection fund or contribute the projected deficit back to the collection fund to top it up. This is a continuous rolling process.
71. It is forecast that DDC's share of the NDR deficit at the end of 2024/25 will be £768k, 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

72. In the 2022/23 budget process it was recognised that to mitigate the risk and volatility associated with the budget process a £4m smoothing reserve should be created to enable the council to take a measured approach to the forecast pressures.
73. Significant savings were included in the 2023/24 budget, alongside application of the Smoothing Reserve to finance the forecast 2023/24 residual deficit of £1m. This enabled consideration of further options for savings and income generation to be taken in 2024/25 and the rest of the planning period as a fuller understanding of the likely outturns and funding is developed. Based on current forecasts it is expected that c.£0.9m will be applied from the Smoothing Reserve in 2023/24, leaving £3.1m for future requirements. Replenishment of this reserve will be considered as part of future budget setting processes.
74. The 2024/25 budget is currently forecast to have a small surplus of £2k, before the £2.8m impact of the DEFRA decision to withdraw funding for the PHA. The cost to DDC of maintaining the current PHA service will need to be financed from other earmarked reserves in 2024/25 to protect the purpose for which the Smoothing reserve was established.
75. The proposed General Fund balance of £1.5m reflects a revised "minimum preferred level", following the introduction on the General Fund Revenue Budget Smoothing Reserve.
76. The forecasts contain a significant margin of uncertainty and pressures from inflation, the macroeconomic position, and the future of local government funding. It is currently anticipated that, excluding the pressures from the DPHA function, there will be a requirement to deliver savings and / or income generation in the region of £1m for 2025/26, followed by a further £1.5m in 2026/27 and £700k in 2027/28, as detailed in Annex 2.
77. 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.
78. Further supporting information on the GF budget is provided in the following Annexes:
- Annex 1A contains the budget summary for the General Fund.
 - 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.
- Annex 9 details the Grants made to Organisations for approval.

Recommendations from this Section

79. It is recommended that Cabinet:
- Approve the grants to organisations detailed at Annex 9.
80. It is recommended that Council:
- Approve the General Fund Revenue budget for 2024/25.
 - 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

81. 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.
82. The second concerns housing development and investment, and includes developments by the HRA, Registered Providers (RPs) and by the private sector.

HRA FINANCIAL OBJECTIVES

83. 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.
84. At the time of writing, the HRA has 4,426 dwellings, made up of 2,677 houses and 1,749 flats.

2024/25 DRAFT BUDGET AND MEDIUM-TERM FORECAST

85. 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 (HIR) balance to be used for restorative measures on DDC's housing stock.
 - The housing development projects (as detailed in paragraph 111) for the planning period will be funded by retained right-to-buy receipts, grant funding and borrowing⁵.
 - Increase in social rent of 7.7% as per DLUHC.
 - Increase in affordable rent on average of 27.9% (based on government changes to Local Housing Allowance (LHA) rates).
 - Increase in shared ownership rents of 9.4% as per DLUHC guidance.
86. The future year projections show an increasing income stream from rents. This is due to the Government's guidance to increase rents annually by CPI+1% (totalling 7.7% for 2024/25). These rent increases help to partially offset the general inflationary pressures

⁵ Project viability assessments are undertaken on the basis that borrowing will be required. However, where cashflow is sufficient to undertake the projects without borrowing, then the borrowing will only be undertaken when it is required or prudent to do so.

on the HRA expenditure and to maintain service levels. The Housing Initiatives Reserve (HIR) is currently planned to be used to continue the restorative measures on DDC's council stock.

87. During 2024/25, and for the duration of the MTFP, it is assumed that the HRA development projects will be funded through retained right-to-buy receipts, external funding and borrowing. The council is aiming to add 200 units per year to its housing stock, progress is under way, see paragraph 115 for more details, and further developments and proposals in the pipeline.
88. Annex 5 provides a draft HRA budget summary & Annex 5A details the 4-year forecast position for the HRA.
89. The planned capital and revenue works budgets 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

90. With effect from 1st April 2012 the government replaced the 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 the compulsory borrowing by DDC of the required sum from the Public Works Loans Board (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.£64m.
91. The HRA budget is funded for 2024/25. The HIR balance during 2024/25 is being used for restorative works. New projects will use borrowing, as required, to support the on-going programme of housing development.
92. A stock condition survey was undertaken in 2017, to inform the on-going maintenance and investment requirements. The 2024/25 budget is based on the work programme provided by the property services section and incorporating the results of the survey. A new stock condition survey is planned for 2024/25 to review the latest position and provide up to date information for forecasting futures works and budget requirements.
93. 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 is 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

94. Council house rents are effectively controlled by Government. The current guidelines from the Department for Levelling Up, Housing & Communities (DLUHC) are for social rents to be increased using CPI (Consumer Prices Index) + 1%, this results in an increase for 2024/25 of 7.7%. Social rent levels are calculated on an individual property basis using rent formulas previously prescribed by DLUHC.

95. It is not, therefore, possible to report on the rent to be set for, say, a standard 2-bedroom flat or a standard 3-bedroom house. However, for Members' information the following figures may be helpful:
- The 2023/24 average weekly social rent across all properties is £96.56.
 - The 2024/25 average weekly social rent is forecast to be £103.99.
 - The increase in the average weekly social rent is £7.43 or 7.7%.
 - Three bedroom houses have rents (for 2024/25) ranging from £99.78 per week to £130.68 per week with an average of £113.86.
 - These rents are all significantly lower than those available in the private rental sector.
96. DDC now has 35 properties which are charged at affordable rent. This is defined as homes let below market rent. The rent (including service charges) is set at up to 80% of the local market rent for an equivalent home for most registered providers but the Council's view is that wherever possible affordable rent levels should not exceed the Local Housing Allowance (LHA) rate. The LHA rates are as below for 2024/25:
- Shared accommodation/Bedsit - £99.30 weekly rent.
 - 1 Bedroom - £117.37 weekly rent.
 - 2 Bedrooms - £159.95 weekly rent.
 - 3 Bedrooms - £199.07 weekly rent.
 - 4 Bedrooms - £276.16 weekly rent.
97. The LHA rates in the Dover District are determined by Broad Rental Market Areas (BRMAs). There are two BRMAs in the district; Canterbury BRMA and the Dover-Shepway BRMA. The latter is the largest of the two in our district but has the lowest LHA rate in Kent. This has a negative impact on the Council's ability to develop new affordable housing, and on our resident's ability to pay their rent through Housing Benefit.
98. DDC completed a preliminary investigation into a BRMA review which showed that the Local Housing Allowance (LHA) rates for the Dover-Shepway BRMA were not reflective of the existing housing market which has changed significantly since 2011 when the current BRMAs were established. Subsequently, DDC completed and submitted a report to the Valuation Office Agency that requested they review the Dover-Shepway BRMA boundary to bring it into line with the changes highlighted in the report. Our request for a boundary review was refused by the VOA.
99. DDC also has 34 shared ownership properties, these are houses and flats which are sold on a leasehold basis with the Council being the landlord and having the remaining share of the lease. The initial share purchase for shared ownership homes is between 25% and 75%.
100. As part of the scheme the owner of the property agrees to pay rent on the remaining unsold share which is approx. 3%. There is also an annual service charge to pay. The increase in rents is determined in the lease as Retail Price Index (RPI) +0.5% (as at the September prior to the financial year) per annum. For Members' information the following figures may be helpful:
- The 2024/25 average weekly shared ownership rent is forecast to be £68.17.
 - The increase in the average weekly shared ownership rent is £5.85 or 9.4%.

Capital Receipts

101. 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.
102. As at the end of December 2023 there had been 3 RTB sales in the financial year. It is estimated that retained ‘excess receipts’ will be in excess of £125k by the end of the financial year. This has to be used within 5 years of receipt, or else it must be repaid to DLUHC, 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.
103. To comply with these rules and avoid claw back by DLUHC, this funding is normally applied to HRA housing projects before any other sources are used.

Service Charges

104. 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 and charges for insurance are made to leaseholders in addition to the ground rent charged.
105. Service charges to tenants are made in addition to their weekly rent, these are reviewed on a rolling yearly basis depending on the type of charge.

THE MANAGEMENT OF DDC’S HOUSING STOCK

106. The management of DDC’s housing stock has been with DDC since 1st October 2020 following a special Cabinet meeting to bring it back in house on 20th February 2020.
107. The stock had previously been managed by East Kent Housing (EKH) who also managed the stock for Canterbury, Folkestone and Hythe and Thanet Councils. The three other Councils also decided to take back the management of their own housing stock.
108. 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.
 - The embedding and development of the smooth running of the new service.
109. 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

110. 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 3-year profiled spend on capital investment is an affordable approach to support the restorative measures required. The Business Plan will be reviewed within 2024/25 to assess the on-going impact of the current restorative works, future spending plans, the impact of the macroeconomic environment and other relevant factors on the long-term viability of the HRA.

HOUSING DEVELOPMENT AND INVESTMENT

111. Housing development and investment within the district is a corporate priority and is taking place on a number of fronts, of which the most significant are:
- HRA Investment, utilising
 - External funding
 - 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.
112. These are discussed in more detail below.

HRA INVESTMENT

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

113. 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.
114. Since 2017/18 HIR funding, coupled with 1:4:1 Right to Buy funding and borrowing plans have enabled the purchase of 87 former Council properties which have been added to the HRA stock.
115. Current and future projects underway to provide additional affordable housing in the district are detailed below.
- 24 interim housing properties at Barwick Road Dover.
 - 8 properties at Military Road, Dover.
 - 10 properties at Mongeham Road, Great Mongeham.
 - Local Authority Housing Fund – 16 property purchases.
 - 83-87 Folkestone Rd – 11 flat purchases.
 - Willowbank, Sandwich – 20 shared ownership purchases
 - Easole Street, Nonington – 6 property purchases

116. The current economic climate of construction inflation and higher interest rates and the VOA's refusal to adjust LHA rates in the district above their currently unfeasibly low level, means that the viability test for new developments is hard to pass. We continue to work constructively with Homes England to find support for new projects where possible.
117. It is proposed that the pipeline projects for 2024/25 and future projects will be financed by external funding, retained right-to-buy receipts, and borrowing. The balance in the HIR at the end of 2023/24 is projected to be around £5m. The four year HRA forecast (Annex 5A), shows the balance will be largely depleted by the end of 2027/28 due to the restorative measures on DDC's Council stock.

Investment in Existing Stock

118. 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 2024/25 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.

Supporting Information

119. Further supporting information on the HRA budget is provided in the following Annexes:
- Annex 5 contains the budget summary for the HRA.
 - Annex 5A shows the four-year forecast by categories of expenditure and income.
 - Annex 5B details the revenue and capital works programmes.

Recommendations from this Section

120. It is recommended that Council:
- Approve the HRA budget for 2024/25.
 - Approve the HRA Capital and Revenue Works Programmes.

ASSET MANAGEMENT PLAN (AMP)

121. 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.
 - Properties identified for disposal.
122. Property Assets are currently working on previously identified priorities but note the need to prepare a new AMP and review corporate priorities moving forward.
123. 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 (Place and Environment) 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. Similarly, the budget constraints mean that there is not sufficient resource to facilitate significant reductions in the carbon footprint of DDC owned assets.
124. There is a growing backlog of planned maintenance required for "Operational Assets". Significant expenditure is needed at:
- Tides Leisure Centre - an ageing facility and currently undergoing viability work to assess future provision at this site. Work to mechanical and electrical services in the last few years has addressed the short-term future of the building but essential repairs and maintenance are a continual risk as parts of the current centre reach the end of their operational life.
 - Deal Pier - a concrete clad metal structure in a maritime environment and therefore subject to enhanced rates of corrosion. It therefore needs cyclical repairs; these were last undertaken about 10 years ago. There is allocation within the 2023/24 MTFP to cover the cost of investigation works, with survey work due to commence Spring 2024. This survey will help determine the extent and cost of any necessary repair works.
125. Significant restoration works are currently underway at Dover Town Hall (Maison Dieu) as part of National Lottery Heritage Fund funded works with the project due for completion late 2024.

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 (Place & Environment) continues to review opportunities for realising capital receipts from surplus assets to support financing of the capital programme.

PROJECT PROGRAMMES

Purpose of the Project Programmes

126. The primary objectives are to:
- Maintain achievable, affordable project programmes.
 - 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.
 - Maximise available resources by actively seeking external funding and disposing of surplus assets.

Definition of Capital

127. Capital expenditure is expenditure which increases the capital value, performance, use or life of an asset. It can be financed by several means including:
- Capital receipts.
 - Capital grants.
 - Prudential Borrowing.
 - Revenue resources.
 - Leasing.
128. Of the above, only revenue resources and the use of external leasing can be applied to meet revenue requirements.

Content of the Capital Programme

129. Members are referred to the draft Medium Term Capital Programme (MTCP) at Annex 6A. This is a dynamic programme, and a bidding process is operated every year to identify and plan future projects.
130. However, if formal approval is required for every minor change in the programme, this will potentially generate delays. 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.
 - A summary of changes will be provided in the quarterly performance reports.
 - 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.
 - 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.
131. 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 (Finance and Housing / Section 151 Officer).

132. 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 (Finance and Housing / Section 151 Officer) in consultation with the Portfolio Holder responsible for Finance.
133. In addition, a contingency has been included on the 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 (Finance and Housing / Section 151 Officer) in consultation with the Portfolio Holder responsible for Finance.
134. 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.
135. The structure of the programme is reflected in the format of Annex 6A and is explained below:
- Committed Projects
These are live 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 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 unless the projects have external funding.
 - 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

136. The Special Revenue Projects Programme (Annex 6B) 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

137. The Digital and ICT Projects Programme (Annex 6C) 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 Project Programmes

138. 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 (Finance and Housing / Section 151 Officer), 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 projects according to the priority of the projects and the availability of financing.
139. 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.
140. In addition to financing of capital expenditure, the Council must also 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

141. 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

142. From 1st April 2012 new Right-to-Buy regulations were introduced under the Housing Finance Reform Debt Settlement. This allows authorities to retain receipts for 1:4:1 replacement of Affordable Housing, see paragraph 101 for more details.
143. Right-to-Buy (RTB) sales in 2023/24 have been at a much lower level than in 2022/23. 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.
144. The Council generally retains 100% of non-HRA capital receipts and non-RTB HRA capital receipts, subject to capital allowance regulations.
145. Future capital receipts are expected to come mainly from housing right to buy sales and amount to circa £125k 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

146. 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.
- 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 (Finance and Housing / Section 151 Officer) 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 2023/24 is currently showing this trend is continuing. Therefore, the amount of receipts available for general capital purposes remains limited.
- The detailed financing of the Project Programmes is delegated to the Strategic Director (Finance and Housing / Section 151 Officer) in consultation with the portfolio holder responsible for Finance.
- The lack of headroom in the capital programme for additional projects is a significant constraint and new large projects will need to be funded from external borrowing where revenue savings can be identified to offset the borrowing costs.

RECOMMENDATIONS FROM THIS SECTION

147. It is recommended that Cabinet:

- Delegate the approval of projects included in Annex 6C, the Digital & ICT Programme, to the Digital Services Manager, in consultation with the Head of Finance & Investment and the Portfolio Holder responsible for ICT.

148. It is recommended that Council:

- Approve the Capital, Special Revenue 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

149. 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.
150. The new capital system promotes a Council framework to ensure:
- That the authority maintains a balanced budget.
 - That the impact of capital investment decisions is reflected in the revenue budget.
 - That performance measurement is implemented in managing and controlling the impact of capital investment decisions.
151. Annexes 7A – 7C set out estimates for each of the relevant Prudential Indicators in each of the financial years 2024/25 to 2027/28 and include the latest estimates for 2023/24 aligned with the revised forecast budget. Approval is sought for the proposed indicators for 2024/25 – 2027/28.
152. 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 will be included in Annex 7B.

TREASURY MANAGEMENT

153. 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 December 2021) that was adopted by this Council in March 2022.
154. Approval of the strategy is a Council decision.

RECOMMENDATIONS FROM THIS SECTION

155. 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, 7C and 7D).

KEY ASSUMPTIONS & READY RECKONER

Background

156. 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

157. Salary inflation will be based on the results of the Collective Bargaining process.
158. Contract inflation for 2024/25 is based on the details of the specific contracts, the state of the market for the specific services and any other relevant factors.
159. General inflation is assumed to be 3% for 2025/26, reducing to 2% for future years.

Staff Numbers

160. The 2024/25 budget includes 480 full time equivalent posts directly employed for DDC. This includes 34 Port Health posts and 8 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

161. The triennial valuation took effect from April 2023, when the Council's actuaries agreed a reduction in payments to the pension fund to clear the Council's deficit over eleven years rather than eight. It is assumed that the annual DDC backfunding contribution will increase by 5% per annum for the planning period.

Interest Rates

162. It is assumed that DDC will maintain the 2024/25 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 (RSG)

163. The local government settlement provides figures for 2024/25. For 2024/25 the RSG has increased. For financial planning purposes it has been assumed that RSG will continue for the remainder of the MTFP planning period.

Non-Domestic Rates (NDR) Retention

164. The calculations are based on working figures from models that are used to estimate the NDR1 figures and what they will be. The figures will be reviewed following the completion of the NDR1 returns and will be updated in the second circulation of the papers if the changes are significant. The forecasts assume the same level of NDR income in 2025/26, followed by a reduction due to NDR reforms impacting from 2026/27.

Council Tax

165. Council tax increases have been assumed at 3% for 2025/26 and for the remainder of the planning period. It is also assumed that the Council Tax base will increase by 1% per year.

New Homes Bonus (NHB)

166. 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 NHB grant will be reduced to nil by 2025/26.

Capital Projects

167. Revenue pressures arising from capital projects will be built into future budgets and MTFP forecasts as they are identified.

Ready Reckoner

- Payroll - 1% increase costs the General Fund approximately £200k.
- Council tax - 1% raises c.£88k.
- NDR – 1% growth in BR income equates to c.£136k (DDC's share @ 40%, less 50% levy, but will be higher under pooling due to reduced levy rates).
- Investment Income - 1% equals approximately £500k (based on investment balances of £50m).
- Contract inflation – 1% equals c.£68k.

SIGNIFICANT BUDGET RISKS

168. 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.

169. Income risks:

- Business Rates
- New Homes Bonus
- Fair Funding Review
- Council Tax
- Treasury Management
- Property Investment
- Capital Receipts
- Housing rent collection
- Car parking

170. Expenditure risks:

- Macroeconomic environment and inflation
- Port Health
- Pension Funding
- Homelessness
- Contract renewals
- Major capital projects

Ref	Risk Description	Explanation and Mitigation	Budget Sensitivity
1	Port and Border	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.	Unable to forecast. Impact is dependent on the events, timing, duration, and the responses of other agencies.
2	Port Health	DEFRA have given late notice they are reducing the funding for Dover Port Health Authority activities for 2024/25 to £1.2m and withdrawing the £1.2m of funding in 2025/26. Either DDC funds Port Health Authority for the benefit of the UK food chain and pork industry (which is now at high risk) or checks at the border and Coquelles will cease, with biosecurity, food security, economic and reputational risks to Dover and the UK from the unintentional introduction of diseases such as African Swine Flu.	£2.8m in 2024/25. £4m in 2025/26.
Ref	Risk Description	Explanation and Mitigation	Budget Sensitivity

Ref	Risk Description	Explanation and Mitigation	Budget Sensitivity
4	New Homes Bonus	<p>Government have changed their commitment to New Homes Bonus (NHB) and are expected to scrap it altogether.</p> <p>This is a core part of DDC's funding stream, generated in recognition of 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 key issue will be whether NHB is replaced and if so, by what.</p>	£0.36m pa.
5	Fair Funding Review	<p>The government has consulted on a Fair Funding review (FFR) which will re-calibrate the local government settlement. The FFR has been repeatedly delayed and is now expected to take place in 2024/25 and to apply from 2025/26.</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.
6	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>	£8.8m pa.
7	Treasury Management	<p>Of the current forecast £2.4m 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 the capital value of investments 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>	£1.9m pa.
8	Property Income	<p>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.</p>	£2.35m pa.
Ref	Risk Description	Explanation and Mitigation	Budget Sensitivity

Ref	Risk Description	Explanation and Mitigation	Budget Sensitivity
9	Capital Resources and Receipts	<p>Capital resources (other than borrowing) are almost depleted and will not be easily replaced from revenue contributions or receipts.</p> <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>	£125k pa (average level)
10	HRA Rent Arrears	<p>Current tenant rent arrears have been significantly reduced in the last year. However, inflation and recession could put pressure on household budgets and could reverse this trend.</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 £23.6m</p> <p>Current arrears £550k</p>
11	Car Parking	<p>Car parking income is affected by visitor numbers, shopping patterns, household income and charge levels and is therefore difficult to predict.</p> <p>A review of parking is proposed, and this may lead to changes in parking charge arrangements.</p>	£3.2m pa
12	Homeless Expenditure	<p>Expenditure will continue to increase due to the impact of the Homeless Reduction Bill, the continued implementation of Universal Credit in the district, refugee dispersal and the moving on of Ukrainian refugees on the Homes for Ukraine scheme. Close monitoring of the impact of the Bill and the in-year budget is required. 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>	£1.7m
Ref	Risk Description	Explanation and Mitigation	Budget Sensitivity

Ref	Risk Description	Explanation and Mitigation	Budget Sensitivity
13	Major Contract Renewals	When major recurrent contracts are up for renewal the price achieved by the council depends 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.
14	Major Capital Projects	<p>The Council is involved with a number of major capital projects including Bench Street (Levelling Up Fund Round 2), Fasttrack, Maison Dieu, Tides.</p> <p>These projects are vulnerable to significant inflation and unexpected events including unexpected costs in historic buildings, ground conditions, archaeological risks, contractor failure and poor performance, and inclement weather.</p> <p>Mitigation is through robust forecasts of costs, contingency, effective contracts, and contract management.</p>	Unable to forecast.
15	Supported Housing	<p>The government have proposed self-funding licensing arrangements for regulating the Supported Housing sector. However, the regulations are still awaited. It is not possible to forecast the budget sensitivity.</p> <p>The government had declined the opportunity to address the gap between the cost to the Council of the supported housing premium (when the housing is provided by charities and the private sector) and the lower level of housing benefit that can be reclaimed.</p> <p>In addition to this long-standing financing anomaly, the level of supported housing in Dover is increasing as KCC decant their own facilities and the net costs are shunted to DDC.</p>	£300k+ pa.

BUDGET SUMMARY

<u>2022/23</u> <u>Actuals</u>		<u>2023/24 Original</u> <u>Budget</u>	<u>2023/24</u> <u>Q2 Projected</u> <u>Outturn</u>	<u>2024/25</u> <u>Budget</u>
£000		£000	£000	£000
301	Chief Executive	1,322	991	1,076
1,577	Corporate and Regulatory	4,055	3,264	3,917
12,192	Finance and Housing	8,200	8,798	9,026
10,091	Place and Environment	10,361	10,541	11,504
1,031	Special & Digital Revenue Projects	3,879	5,151	2,218
0	Vacancy Allowance	(150)	0	(150)
0	Target Savings / Income	(103)	(103)	(417)
0	Estimated Annual Underspend	(500)	(500)	(500)
0	Savings assumptions @ 80% delivery	400	400	0
0	Contingency	125	125	161
83	River Stour Drainage Board	87	87	96
(4,572)	Directorate costs recharged to HRA & Projects	(5,288)	(5,288)	(5,679)
20,703	Net Operating Expenditure	22,388	23,466	21,251
	Financing Adjustments:			
(1,922)	Interest Receivable	(1,935)	(2,435)	(2,391)
200	Interest Payable	450	950	879
1,656	Loan Principal Repayments/Borrowing Allowance	1,777	1,777	1,603
(67)	Total Financing Adjustments	292	292	91
	Contribution to/(from) Reserves:			
290	- Regeneration Reserve	283	283	552
245	- Special Projects & Events Reserve	(2,360)	(3,545)	(816)
(6,543)	- Periodic Operations Reserve	(466)	(466)	(309)
(155)	- ICT Systems & Servers Reserve	(276)	(363)	(796)
2,811	- Business Rates & Council Tax Reserve	0	0	0
2,367	- Port Health Reserves	0	0	0
(985)	Net Contribution to/(from) Reserves	(2,820)	(4,092)	(1,369)
19,651	Total Budget Requirement	19,860	19,666	19,973
	Financed by:			
10,002	Business Rates - Total Income Net of Timing Adj	8,562	8,562	9,109
60	Revenue Support Grant	238	238	254
441	Services & Funding Guarantee Grants	909	909	1,412
8,038	Council Tax	8,321	8,321	8,763
(109)	Council Tax - Collection Fund Surplus / (Deficit)	55	55	91
17	Council Tax - S31 Grants	0	0	0
1,229	New Homes Bonus	645	645	346
19,678	Total Financing	18,730	18,730	19,975
(27)	General Fund Deficit/(Surplus) for the Year	1,130	936	(2)
	Net cost to DDC of Port Health service			2,800
	Revised General Fund Deficit			2,798
(1,479)	General Fund Balance at Start of Year	(1,492)	(1,506)	(1,520)
	General Fund Balance with DEFRA impact			1,278
0	Transfer from DDC Earmarked reserves	(1,150)	(950)	(2,800)
(1,506)	Leaving Year End Balances of	(1,512)	(1,520)	(1,522)

General Fund Service Expenditure by Cost Type

	2023/24 Original Budget £000	2023/24 Projected Outturn £000	2024/25 Proposed Budget £000
Direct Expenditure			
Employees	26,034	25,493	25,973
Premises	1,393	1,497	1,277
Transport	175	175	215
Supplies and services	9,566	9,540	9,447
Third parties	13,729	14,056	14,736
Shared services	-	-	-
Transfer payments	21,348	21,348	21,242
Total Direct Expenditure	72,245	72,109	72,890
Direct Income			
Government Grants	(26,596)	(26,596)	(23,169)
Sales	(697)	(697)	(930)
Fees and Charges	(10,941)	(10,917)	(11,693)
Other Income	(10,073)	(10,073)	(10,657)
Total Direct Income	(48,307)	(48,283)	(46,449)
Central Support reallocation of costs	(5,288)	(5,346)	(6,598)
Special Revenue Projects	-	5,151	2,218
Vacancy Allowance & Employment Stability	(150)	-	(150)
Savings & Income Generation Target	(203)	(203)	(918)
Contingency	125	125	161
River Stour Drainage Board	87	87	96
Net Service Expenditure	18,509	23,640	21,251

GENERAL FUND KEY FIGURES - EXPENDITURE

	2022/23 Outturn	2023/24 Original Budget	2024/25 Draft Budget	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
Key Expenditure Figures:	£000	£000	£000	£000	£000	£000
Employees:						
Basic	15,794	17,482	19,058	19,630	20,022	20,423
NI	1,729	1,833	2,071	2,133	2,176	2,219
Current year pension	2,920	3,522	3,850	3,966	4,045	4,126
Backfunding	1,550	1,029	1,025	1,076	1,130	1,187
	21,993	23,866	26,004	26,805	27,373	27,954
Major contracts:						
Refuse Collection	1,197	1,683	1,397	1,439	1,468	1,497
Recycling	2,179	2,132	2,461	2,535	2,586	2,637
Street Cleansing	1,931	1,586	2,344	2,414	2,463	2,512
Total Waste	5,307	5,401	6,202	6,388	6,516	6,646
Balance of Third Party Payments ¹	617	590	610	628	641	653
	5,924	5,991	6,812	7,016	7,157	7,300

Notes¹ Excludes EKS Management Fees & WCLP**GENERAL FUND KEY FIGURES - INCOME**

	2022/23 Outturn	2023/24 Original Budget	2024/25 Draft Budget	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
Key Income Figures:	£000	£000	£000	£000	£000	£000
Car Parking	(2,642)	(2,709)	(3,230)	(3,327)	(3,393)	(3,461)
Rent Income	(2,149)	(2,406)	(2,502)	(2,577)	(2,629)	(2,681)
Development Management	(991)	(984)	(1,065)	(1,097)	(1,119)	(1,141)
Building Control	(295)	(325)	(375)	(386)	(394)	(402)
Licensing	(249)	(201)	(204)	(210)	(214)	(219)
Green Waste	(506)	(500)	(586)	(604)	(616)	(628)
Land Charges	(139)	(178)	(168)	(173)	(177)	(180)
	(6,971)	(7,303)	(8,130)	(8,374)	(8,541)	(8,712)
Total Financing:						
Non-Domestic Rates	(10,002)	(8,562)	(9,109)	(9,270)	(7,104)	(7,299)
Revenue Support Grant	(60)	(238)	(254)	(262)	(267)	(272)
Council Tax	(8,037)	(8,321)	(8,763)	(9,112)	(9,470)	(9,838)
New Home Bonus	(1,229)	(645)	(346)	0	0	0
Funding Guarantee	(441)	(909)	(1,412)	(1,304)	(2,413)	(1,898)
Other	92	(55)	(91)	(91)	(91)	(91)
Total Financing	(19,677)	(18,730)	(19,975)	(20,038)	(19,345)	(19,398)

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 2024/25 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 2025 and implemented from April 2026.
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 20.2% of payroll per annum.
6. The annual calculations in respect of pension benefits as at 31 March 2023 estimated a decrease in the pension fund deficit for Dover. Dover has agreed with the actuary to extend the payment of the pension fund deficit from 8 to 11 years which delivers an in-year £500k reduction of the back funding payment from £1.75m to £1.25m.
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 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 2024/25 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 increases in the cost of major term contracts of 3% for 2025/26 and the 2% for future years has been assumed. Each 1% variance in contract inflation leads to approximately £65k variance in costs.

Contingency Provision

10. Contingency provision of £161k 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 2024/25 totals £349k comprising concessionary rentals of £30k and grant payments of £319k. 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 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 budget for 2024/25 compared to 2023/24, has increased in line with inflation for Your Leisure and Sandwich Town Cricket Club, the inclusion of a full-service charge contribution for Dover Citizen's Advice Bureau, with the removal of the concessionary grant to Deal's Citizens Advice Bureau (2022/23) and the lease of The Cedars as they no longer occupy this building. Each of the individual grants, with the organisations' names and the grant purposes, are set out in Annex 9.

Shared Services

13. East Kent Services (EKS) delegate the payroll function to Dover who provide it on behalf of Dover, Canterbury, and Thanet Councils. EKS have been managing the revenues & benefits and customer services contract with Civica (which started on 1st February 2018) on behalf of the East Kent Councils. Thanet have been the accountable body for these arrangements and have handled the accounting arrangements, which have been billed by Civica, and then in turn charge management fees to Dover. However, there is currently a review taking place with a view to transfer the EKS and Civica work to a new LATCo. (Local Authority Trading Company). The current anticipated date for this transfer is early 2025.
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 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. In 2024/25 DDC aims to utilise the Green Redeem funding to change the Garden Waste service to a wheeled-bin service (containerisation) from a service that used sacks. In doing so, the Health and Safety of Staff are prioritised and a greener solution to recycling is provided.
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 2024/25 will depend on the combination of the LIBID (London Interbank Bid) 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's Monetary Policy Committee (MPC) held Bank Rate at 5.25% in February. Arlingclose, our Treasury Management advisor, believes that this is the peak for Bank Rate and that the MPC will cut rates in the medium term to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. Arlingclose expects rate cuts from Q3 2024 to a low of around 3% by late 2025.
18. As of 31st December 2023, the Council has a total of £50m invested in pooled investment funds. These are forecast to generate an income return of c.4.4% per annum. The MTFP assumes that the Council's investments overall will earn the General Fund £2.4m (£450k more than the level budgeted for 2023/24) due to the impact of rising interest rates. However, this is being offset by an increased need to undertake short-term borrowing to maintain cashflow levels.
19. The authority continues to work with its treasury management advisors to monitor the position.

Other Income Streams and Fees and Charges Made by DDC

20. 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.
21. 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 separate reporting.
22. The main sources of income and relevant issues are summarised below.
 - Car Parking

The 2023/24 gross income (before costs) for parking fees and penalty charge notices is currently forecast to be performing 1% below budget. This budget had an additional 153k factored in.

The 2024/25 service budget has been increased conservatively from the levels set in 2023/24 based on evidence shown throughout the year and information provided regarding the new patterns of parking behaviour and changing habits 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 5th February 2024.

- Rental Income

The 2024/25 budget forecasts rental income of over £2.5m. 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 2023/24 was £984k incorporating £850k for planning application fees and £75k for pre-application fees. This was revised to £753k with £601k for planning application fees and 75k for pre-application fees. Planning application fee income is standing at £556k to date and it is anticipated that the planning application fee income should achieve the revised budget by the end of the fiscal year. Fee income for pre-application advice has increased but the volume of applications has decreased.

The income budget for 2024/25 has been kept at a figure of £1065k with a mix of application types and the anticipated take-up of pre-application advice. This also has the 30% increase in Planning application fees set by government. New chargeable services are looking to be introduced, which will increase the overall income.

- Licensing

This includes Alcohol, Regulated Entertainment, Taxis, Gambling, and other miscellaneous licences. The original budget for 2023/24 was set at £201k. Incomes from the various licensing streams are projected to meet their targets by the end of the fiscal year.

The 2024/25 budget has slightly risen to £204k. The improvement is due to increases in Private Hire-Vehicles, Street Trading Consents, Animal Establishment Licences. There are small increases across numerous areas including Betting Premises Licences, Club Gaming. But the increases are offset by the reduction in income from application for Personal Licences and Licensed Premises. There are small decreases across numerous areas including Lotteries.

- Land Charges

The original 2023/24 budget was £178k. This is expected to fall short of the target by the end of the fiscal year by about £50k. The 2024/25 budget reflects the new proposed fees and charges that have been reviewed, the budget would be a proposed downward revision to £138k. The income decrease would reflect fees and charges that reflect the cost of service and brings them more in line with other

authorities in the area. A cost-neutral exercise with overall adjustments is proposed.

- Green Waste Subscription Service

The Green Waste subscription service original budget for 2023/24 was set at £500k. The 2024/25 budget has been increased to £586k. This is due to an 8% inflation factored into this year's budget. We have also utilised the Green Redeem funding to change the service to a wheeled-bin service (containerisation) from a service that used sacks. In doing so, we prioritised Health and Safety of staff and providing a greener solution to recycling. It should be noted that subscriber numbers have been held at 9,300 to allow for the impact of the change.

- Building Control

The Building Control (BRFE) income is dependent upon construction activity. Assumptions about the level of activity combined with the economic forecasts led to a budget of £325k being set for 2023/24. The year-to-date receipts are likely to be below the forecast budget due to the impact of inflation and Cost of living on the construction industry. The budget for 2024/25 has been estimated at £375k given the economic forecast looking better in the year ahead.

23. In total the major fees and charges generate over £8.1m gross towards the General Fund budget.

FOUR YEAR REVENUE BUDGET FINANCIAL PROJECTION

Notes	2023/24 Projected Outturn £000	2024/25 Proposed Budget £000	2025/26 Forecast £000	2026/27 Forecast £000	2027/28 Forecast £000
1	19,666 Net Budget Requirement	19,973	19,973	19,973	19,973
	Corporate Adjustments				
2	- Salary inflation and increments including impact on National Insurance and Pensions		956	1,665	2,384
3	- Pension Backfunding (Triennial Valuation from 23/24)		49	100	153
4	- Contract inflation		204	345	488
5	- Average other expenditure inflation impact		593	1,008	1,431
6	- Average income inflation impact		(721)	(1,291)	(1,877)
	0 Total Corporate Adjustments	0	1,081	1,825	2,579
	19,666 Total Forecast Budget Requirement	19,973	21,053	21,798	22,551
	Financed By :-				
7	8,562 Non-Domestic Rates Income	9,109	9,109	6,984	7,175
8	238 Revenue Support Grant	254	262	267	272
9	909 Services Grants / Funding Guarantees	1,412	1,455	2,547	2,045
	Council Tax Income				
10	55 Collection Fund Surplus	91	91	91	91
	Tax rate increase (3% annual increase)				
	Base increase (1% per annum)				
11	8,321 Total Council Tax Income (incl s.31 grant)	8,763	9,112	9,470	9,837
12	645 New Homes Bonus	346	0	0	0
	18,730 Total Financing	19,975	20,028	19,358	19,420
13	936 FORECAST NET DEFICIT	(2)	1,025	2,440	3,131
14	Cost of maintaining the current Port Health Service	2,800	4,000	4,000	4,000
15	936 FORECAST NET DEFICIT INCLUDING PORT HEALTH	2,798	5,025	6,440	7,131

FOUR YEAR REVENUE BUDGET FINANCIAL PROJECTION

Notes

- 1** The net budget is taken from the 2024/25 budget at Annex 1A.
- 2** Increased salary costs reflect assumed inflation at 3%, 2%, 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 3%, 2%, 2% for the planning period.
- 5** Inflation on all other expenditure will aim to be limited to the current budget level, however an allowance of 3%, 2%, 2% has been forecast to allow some budget increases.
- 6** Increases in general income received (excluding specifically budgetted items such as car parking) assumed at 3%, 2%, 2% inflation.
- 7** Forecast NDR funding, including impact of inflation, assumptions for impact of inflation and the fair funding review.
- 8** It is anticipated that RSG will continue for the planning period.
- 9** It is anticipated that the Services and Funding Guarantee grants will cease from 2025/26. However, due to the significant value of these grants and also the potential reduction in retained business rates, an allowance for the continuation of the Funding Guarantee or similar replacement funding has been included.
- 10** The collection fund surplus is distributed to the precepting authorities pro rata to their share of the precepts.
- 11** Council Tax is forecast to increase by 3% per annum for the rest of the planning period. A 1% per annum increase in the tax base has also been assumed.
- 12** New Homes Bonus is forecast to cease from 2025/26.
- 13** Forecast (surplus) / deficit.
- 14** The underlying cost to maintain the Port Health service following the withdrawal of funding from DEFRA.
- 15** Revised deficit after Port Health pressures.

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 AND STRATEGIC DIRECTION

The Chief Executive is the Council's head of paid service, he works closely with elected members to ensure strong and visible leadership and direction, encouraging and enabling managers to motivate and inspire their teams.

He acts as the principal policy adviser to the elected members of the Council to lead the development of workable strategies which will deliver the political objectives set by the councillors.

He has overall responsibility for overseeing financial and performance management, risk management, people management and change management within the council, ensuring all staff understand and adhere to the strategic aims of the organisation and follow the direction set by the elected members.

He ensures all staff understand and adhere to the strategic aims of the organisation and follow the direction set by the elected members.

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.
- Delivery of the councils 24/7 out-of-hours functions for all LA services.

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.

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.

Digital Services

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

- Maintaining and developing 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.

ICT

The ICT service provides a strategic and operational technology service to the council working alongside the Council's digital team. This includes support to End User Computer Devices 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, associated servers, storage and physical and cloud infrastructure.

A four-year technology asset renewal plan is in place and support to the Dover SIRO for information governance and compliance matters. ICT have a dedicated security team who work closely with the Council Senior Information Risk Officer (SIRO) to ensure the councils information and systems remain secure.

Chief Executive

Budget 2024/25

Costs controlled by Head of Service								Recharges and Other Adjustments	
2023/24 Sub-total	Cost Centre	Description	FTE	Employees	Other Costs	Income	2024/25 Sub-total		Total
245,601	7002	CHIEF EXEC ADMIN TRADING ACCT	3	265,845	37,085	-	302,930	(98,453)	204,477
139,200	1001	NON SERVICE SPECIFIC WORK	-	8,874	155,820	-	164,694	-	164,694
384,801		Total Office of the Chief Executive	3	274,719	192,905	-	467,624	(98,453)	369,171
34,680	1071	EMERGENCY PLANNING	-	25,200	6,500	-	31,700	-	31,700
(82,504)	1301	AYLESHAM COMMUNITY DEVELOPMENT MANAGER	-	-	3,250	-	3,250	-	3,250
-	1302	DOVER DISTRICT LOTTO	-	-	8,000	(8,000)	-	-	-
50	1303	INSPIRE FUND	-	-	50	(50)	-	-	-
4,500	1309	SPORTS STRTGY, IMPLMTN & GRNTS	-	-	3,000	-	3,000	-	3,000
75,320	1310	CCTV	-	2,568	71,180	-	73,748	-	73,748
1,550	1311	CRIME AND DISORDER	-	330	630	(35,000)	(34,040)	-	(34,040)
2,460	1312	ANTI-SOCIAL BEHAVIOUR	-	-	5,020	-	5,020	-	5,020
(2,216)	1318	SE STRATEGIC PRTRNP MIGRATION	1	98,326	-	(98,326)	-	-	-
-	1319	CRIME AND DISORDER PROJECTS	-	449,412	-	(599,412)	(150,000)	-	(150,000)
15,036	1688	FREE CAR PARKS	-	-	10,301	-	10,301	-	10,301
(1,607,873)	1689	OFF STREET CAR PARKS	-	3,048	391,757	(2,132,450)	(1,737,645)	369,848	(1,367,797)
(710,205)	1690	ON STREET PARKING	-	101	93,810	(1,097,800)	(1,003,889)	862,978	(140,911)
-	1700	ELECTRICAL VEHICLE CHARGING BAYS	-	-	17,090	(4,500)	12,590	-	12,590
149,077	7008	COMMUNITY AND ENGAGEMENT	2	167,136	9,710	-	176,846	(28,295)	148,551
968,152	7009	DIGITAL SERVICES TEAM	16	1,124,915	85,110	-	1,210,025	(530,931)	679,094
410,409	7010	COMPUTER SERVICES TRADING ACCT	-	12,700	476,630	-	489,330	(238,718)	250,612
82,152	7036	TRANSPORT AND PARKING MANAGER	-	88,624	260	-	88,884	(71,108)	17,776
563,726	7503	COMMUNITY DEVELOPMENT TEAM	13	462,429	6,570	(20,445)	448,554	(46,900)	401,654
259,186	7504	COMMUNITY SAFETY & CCTV TEAM	6	331,406	1,050	-	332,456	(23,272)	309,184
204,072	7515	PARKING SERVICE ADMINISTRATION	-	108,595	10,970	-	119,565	(119,555)	10
569,846	7516	PARKING OPERATIONS AND ENFORCEMENT	-	490,162	38,929	-	529,091	(542,264)	(13,173)
937,418		Total Community and Digital Services	38	3,364,952	1,239,817	-	3,995,983	(368,217)	240,569
1,322,219		Total Chief Executive	41	3,639,671	1,432,722	-	3,995,983	466,670	609,740

STRATEGIC DIRECTOR OF CORPORATE AND REGULATORY

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

LEGAL SERVICES

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. Although the Monitoring Officer sits within the Directorate, The Strategic Director of Corporate and Regulatory is not responsible for discharging the functions of the Monitoring Officer.

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. Although the Data Protection Officer sits within the Directorate, The Strategic Director of Corporate and Regulatory is not responsible for discharging the functions of the 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, housing, contract, 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, major projects, contracts and disputes arising therefrom, housing disrepair and enforcement matters.

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 consents
- Scrap Metal
- Street Furniture and Pavement Permits
- Sex Establishments

HUMAN RESOURCES, PAYROLL AND CORPORATE COMMUNICATIONS

Human Resources & Payroll

Human Resources (HR) –. 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.

Payroll - Dover District Council (the 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, by a dedicated payroll system support function for all partner councils.

In addition to providing payroll services for partner councils, the Shared Payroll and System service also provides payroll services to the Marlowe Theatre Trust, the Canterbury Environmental Company, and subject to approval, the proposed new (CIVICA) LATco, which generates additional income.

Pensions - The team are also the responsible administrator for the partners of the LGPS in conjunction with the administering body, Kent County Council, developing employer scheme discretions and management and staff information for all partners.

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

Communications, Public Relations & Marketing

The PR & 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's primary functions can be divided into:

Internal communications - Responsible for corporate internal communications to keep employees informed about council policies, important events, and service news.

Corporate communications - Deliver proactive communications to increase public awareness of council policies, initiatives, and service updates, and maintain a strong corporate identity across the council, ensuring high-quality and consistent communications.

Public Relations - Responsible for promoting the council to the public through local, regional, and national print and broadcast media and building relationships with editors and journalists to ensure fair and accurate coverage of council news.

DEMOCRATIC AND CORPORATE SERVICES

Democratic Services

The Democratic Services function provides support for elected Members, support for the offices of the Chairman of the Council and Leader of the Council and the provision of a secretariat for Council and Executive committees. The main areas are:

- The Member Support function provides support to all Members of the Council;
- Provide an efficient and effective secretariat to all committees, sub-committees and project/policy advisory groups of the Council;
- Administer the Notice of Forthcoming Key Decisions;
- Administer Special Urgency and General Exception procedures as well the procedures for Leader of the Council decisions, delegated decisions by Members and officers, decisions between meetings and the notice of exempt meetings of the Executive;
- Provide support for the overview and scrutiny function, including support for scrutiny reviews;
- Maintain an archive of past Minutes of Council meetings;
- Administering the Members' Allowances Scheme;
- Administers outside body appointments for elected Members;
- Organise the annual Town and Parish Council event;

- Organise new Member induction following full Council elections and district by-elections;
- Organise new Member induction and co-ordinate training and development for Members following the election. Organise the provision of equipment to enable the councillors to carry out their democratic role as elected representatives of the community;
- Provide secretarial and administrative support to the Leader of the Council and the Chairman of the Council.
- Organise civic events for the Chairman to commemorate such events as (but not limited to) Merchant Navy Day and Armed Forces Day.

Corporate Services

This Corporate Services function is responsible for a number of corporate services of which the main areas are:

- 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;
- Administer complaints made against elected Members for the Monitoring Officer;
- Identification and mitigation of key corporate and project risks; maintain the Risk Registers;
- Provide insurance cover for the Council's assets and liability risks;
- 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 and maintain and update the Equality Policy and Objectives;
- Administer the National Fraud Initiative schemes;
- Provide other corporate services such as, project support, job evaluation & employment management support and numerous other areas.

Leadership Support

The Leadership Support function is responsible for a number of activities, the main areas are:

- The formulation of policy and strategy, including corporate planning
- Maintaining and reviewing the information that forms the State of the District
- The development and delivery of the Health and Wellbeing agenda and strategic Public Health liaison
- Support Corporate Management Team and the Leader/Executive, through project-based work
- Administers Corporate Management Team and Leadership Forum

- Responsible for the development and compilation of the Strategic Dashboard including monitoring, reporting and commenting on the Council's performance and benchmark to other authorities where possible to measure efficiency and value for money.

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 all associated 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 November and publish a new Register of Electors on 1 December each year. On behalf of the RO & ERO, the Elections Team will be processing Voter ID applications and postal/proxy applications as well as ensuring everything is updated in line with the latest legislation.

REGULATORY SERVICES

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, burglars 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

The team 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

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.
- Investigation and prevention of illegal evictions.
- 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.

Public Protection

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 district, as well as investigating complaints of unsound food / unhygienic premises and potentially infectious staff within the district (including within the Port district).

Infectious Diseases – This department is responsible for investigation and enforcing infectious disease controls, including new and emerging diseases such as COVID. Notifications of infectious diseases are received via the UK Health Security Agency, the Coroner, 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. Interventions made to regulate and influence businesses in the management of health and safety risks include:

- 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.

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 compliant and are safe to eat. This is achieved through the examination of imported food documentation, and when required the physical inspection and sampling of imported food.

Corporate and Regulatory

Budget 2024/25

Costs controlled by Head of Service

2023/24 Sub-total	Cost Centre	Description	FTE	Employees	Other Costs	Income	2024/25 Sub-total	Recharges and Other Adjustments	Total	
-	1076	CORPORATE PLANNING	-	-	50	-	50	-	50	
9,417	1381	CHAIRMAN'S ACCOUNT	-	6	9,154	-	9,160	-	9,160	
275,230	1382	MEMBERS ACCOUNT	-	11,157	271,758	(3,152)	279,763	-	279,763	
255,084	7022	CORPORATE SUPPORT TRADING ACCT	4	242,588	3,921	-	246,509	(48,297)	198,212	
134,783	7080	STRATEGIC DIRECTOR OF CORPORATE AND REGULATORY	1	149,491	7,120	-	156,611	(57,946)	98,665	
247,510	7507	DEMOCRATIC SERVICES	4	259,419	20,526	-	279,945	(29,295)	250,650	
922,024		Total Democratic and Corporate Services	9	662,661	312,529	-	3,152	972,038	(135,538)	836,500
87,610	1032	ELECTORAL REGISTRATION	-	-	91,210	(1,000)	90,210	-	90,210	
140,000	1033	COST OF ELECTIONS HELD	-	-	-	-	-	-	-	
286,946	7501	ELECTORAL SERVICES	5	302,829	2,450	-	305,279	-	305,279	
514,556		Total Electoral Services	5	302,829	93,660	-	1,000	395,489	-	395,489
26,460	1316	CORPORATE PRESS AND PUBLICITY	-	-	16,700	-	16,700	-	16,700	
349,963	7011	HR TRADING ACCOUNT (OLD SHARED SERV)	6	357,855	1,690	-	359,545	(89,887)	269,658	
64,894	7012	PAYROLL AND SYSTEMS SHARED SERVICES	6	264,418	69,540	(256,260)	77,698	(67,261)	10,437	
158,418	7013	CORPORATE HR TRADING ACCOUNT	-	154,650	7,850	-	162,500	(85,128)	77,372	
-	7014	PAYROLL TRADING ACCOUNT	-	-	-	-	-	52,708	52,708	
137,576	7017	CORPORATE HEALTH & SAFETY	3	115,222	46,020	-	161,242	(58,002)	103,240	
312,046	7505	FUNDING & COMMUNICATIONS	4	264,604	600	-	265,204	(53,040)	212,164	
1,049,357		Total Human Resources, Payroll and Communications	19	1,156,749	142,400	-	256,260	1,042,889	(300,610)	742,279
30,000	1383	LEGAL FEES HOLDING ACCOUNT	-	-	30,000	-	30,000	-	30,000	
(97,753)	1410	LICENSING	-	-	504	(88,155)	(87,651)	163,342	75,691	
(10,098)	1411	MISCELLANEOUS LICENSING	-	-	5,500	(21,870)	(16,370)	77,846	61,476	
(14,479)	1412	GAMBLING ACT 2005	-	-	-	(14,940)	(14,940)	26,060	11,120	
(63,619)	1413	HACKNEY CAR & PRIVATE HIRE	-	-	9,352	(78,780)	(69,428)	117,286	47,858	
153,012	7016	GOVERNANCE AND DATA PROTECTION	2	169,135	7,040	-	176,175	(36,997)	139,178	
590,329	7018	LEGAL TRADING ACCOUNT	9	630,137	35,800	(31,400)	634,537	(303,591)	330,946	
239,443	7513	LICENSING ADMIN TRAD ACCOUNT	5	241,353	12,960	-	254,313	(271,147)	(16,834)	
826,835		Total Legal Services	16	1,040,625	101,156	-	235,145	906,636	(227,201)	679,435
15,404	1402	ENV PROTECTION ENFORCEMENT	-	9,553	31,737	(23,425)	17,865	-	17,865	
2,045	1403	DOG CONTROL MEASURES	-	-	7,000	(6,000)	1,000	-	1,000	
(3,300)	1404	ENVIRONMENTAL CRIME	-	-	-	(5,000)	(5,000)	-	(5,000)	
362,155	1406	PRIVATE SECTOR HOUSING (incl. Renov'n Grants)	6	365,632	20,590	(26,445)	359,777	-	359,777	
38	1407	FOOD SAFETY AND HYGIENE	-	-	400	(808)	(408)	-	(408)	
200	1408	HEALTH AND SAFETY AT WORK	-	-	39	-	39	-	39	
(57,470)	1409	PORT HEALTH	-	9,000	495	(44,878)	(35,383)	-	(35,383)	
122,441	7041	HEAD OF PORT HEALTH	1	126,349	1,330	-	127,679	(91,929)	35,750	
349,185	7509	ENVIRONMENTAL CRIME TRADING ACCOUNT	7	345,124	27,140	-	372,264	(18,480)	353,784	
210,105	7510	ENVIRONMENTAL PROTECTION	3	199,702	26,132	-	225,834	(27,353)	198,481	
520,220	7511	PUBLIC PROTECTION	8	447,497	6,250	-	453,747	(247,955)	205,792	
1,521,023		Total Port Health and Environmental Services	25	1,502,857	121,113	-	106,556	1,517,414	(385,717)	1,131,697
4,833,795		Sub-Total Corporate and Regulatory	74	4,665,721	770,858	-	602,113	4,834,466	(1,049,066)	3,785,400
(779,031)	1090	PORT HEALTH AUTHORITY	34	2,354,481	727,960	(1,200,000)	1,882,441	918,649	2,801,090	
-	N/A	TRANSFER FROM GENERAL FUND EARMARKED RESERVES	-	-	-	-	(2,800,000)	-	(2,800,000)	
4,054,764		Total Corporate and Regulatory	108	7,020,202	1,498,818	-	1,802,113	3,916,907	(130,417)	3,786,490

STRATEGIC DIRECTOR OF FINANCE AND HOUSING

The Strategic Director of Finance and Housing 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 (Finance and Housing) 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, undertaking in-year budget monitoring, 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, service reviews, recruitment decisions, projects, reports with financial implications, partnership working and associated matters.

Procurement, Creditors and Income

The Procurement team provides professional advice and guidance and is responsible for the delivery of the Council's Procurement Strategy, compliance with its constitution (Contract Standing Orders), Public Contract Regulations, other legislation and delivering procurement best practice. The team is responsible for the Council's procurement infrastructure, including development and delivery of corporate procurement systems, policies, processes and procedures. They also maintain the Council's Contracts Register and Forward Plan, publication of Supplier Spend Data (compliance with the Transparency Code) and administer the Government 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.

HOUSING SERVICES

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.

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. From 2022, there has been a statutory requirement for the Council to approve the sale of properties delivered by developers via the First Homes scheme, a form of Affordable Home Ownership . This function sits 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.

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 170 of these new homes have been completed. In May the new administration increased the target to 200 homes per year. 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.

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.

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 team of Allocations Officers. Affordable and Social rent homes are 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, provide advice and assistance to anyone who is homeless or potentially homeless. The key statutory function of the team is to ensure the Council's obligation to provide homelessness services is discharged correctly. This includes referral to Emergency and Temporary accommodation. The Housing Options team also provide a Homelessness Prevention service.

The Temporary Accommodation team was formed in January 2024. The team manages Council owned temporary accommodation, and also liaises with landlords of privately owned temporary accommodation.

Housing Management Service

Dover District Council is the major social landlord in the district with 4,426 homes at the time of writing. Responsibility for tenancy management and property management/investment is now split between the Strategic Directors of Finance & Housing and Place & Environment with teams reporting to each. Housing management service delivery functions are the responsibility of the Strategic Director (Finance and Housing).

Since 1 October 2020 the housing service has been managed 'in house' and the housing team deliver 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

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 assurance on the risk, governance and control arrangements in place as well as providing opportunities to share best practice, acting as a catalyst for change and improvement. 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 (Finance and Housing), 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 proposals are now being progressed across the three Councils as to 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 over 1,600 council tenants, over 2,300 private tenants and just under 9,000 council tax payers.

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.

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.

The service also administers various ad hoc schemes initiated by the Government from time to time, for example in response to Covid-19 and energy inflation etc.

Finance and Housing

Budget 2024/25

Costs controlled by Head of Service

2023/24 Sub-total	Cost Centre	Description	FTE	Employees	Other Costs	Income	2024/25 Sub-total	Recharges and Other Adjustments	Total
5,580	1073	UNAPPORTIONABLE OVERHEADS	-	-	20,300	-	20,300	-	20,300
86,200	1340	SPECIAL FEES AND PAYMENTS	-	-	94,000	(5,000)	89,000	-	89,000
25,004	1341	TREASURY MANAGEMENT	-	-	30,000	-	30,000	-	30,000
1,413,731	1342	BACKFUNDING & OTHER PENSION COSTS	-	1,442,810	-	(9,300)	1,433,510	-	1,433,510
322,955	1344	GRANTS TO VOLUNTARY ORGS	-	-	247,805	-	247,805	-	247,805
-	1345	OFFICE TELEPHONES HLDG ACCOUNT	-	-	43,740	-	43,740	-	43,740
-	1669	ACCOUNTABLE BODY RECHARGES	-	-	-	-	-	68,875	68,875
120,183	7006	STRATEGIC DIRECTOR - FINANCE & HOUSING	1	122,755	5,950	-	128,705	(39,898)	88,807
119,966	7015	HEAD OF FINANCE & INVESTMENT	1	125,849	135	-	125,984	(31,495)	94,489
133,791	7019	AUDIT PARTNERSHIP	7	550,522	4,420	(418,557)	136,385	(136,415)	(30)
590	7020	AUDIT TRADING ACCOUNT	-	86	10	-	96	102,833	102,929
779,728	7021	ACCOUNTANCY TRADING ACCOUNT	13	675,986	192,200	-	868,186	(338,766)	529,420
356,040	7024	PROCUREMENT, CREDITORS & INCOME	7	323,417	10,360	(26,300)	307,477	(166,130)	141,347
3,363,768		Total Finance and Investment	29	3,241,425	648,920	- 459,157	3,431,188	(540,996)	2,890,192
37,800	1346	COMMUNITY HOUSING FUND	-	-	12,000	-	12,000	-	12,000
15,372	1348	KENT HOMECHOICE	1	62,504	148,495	(200,497)	10,502	-	10,502
390,000	1349	HOMELESSNESS	-	-	1,844,060	(1,235,000)	609,060	-	609,060
-	1350	RENT DEPOSIT SCHEME	-	-	10,000	(10,000)	-	-	-
-	1351	ROUGH SLEEPING	-	-	423,367	(423,367)	-	-	-
10,132	1352	CHOICE BASED LETTINGS	-	-	13,290	-	13,290	-	13,290
843,957	7506	HOUSING NEEDS TRADING ACCOUNT	21	965,174	5,180	-	970,354	(417,128)	553,226
121,069	7521	HEAD OF HOUSING	1	116,055	5,600	-	121,655	(91,241)	30,414
475,483	7525	HOUSING DEVELOPMENT	9	524,822	8,840	(15,000)	518,662	(518,662)	-
347,903	7526	HOUSING RENTS	8	366,032	15,050	-	381,082	(362,028)	19,054
-	7528	HOUSING POLICY	4	171,291	-	-	171,291	(930,037)	(758,746)
1,023,672	7527	HOUSING GENERAL NEEDS	23	969,986	19,000	-	988,986	(154,162)	834,824
3,265,388		Total Housing	67	3,175,864	2,504,882	- 1,883,864	3,796,882	(2,473,258)	1,323,624
456,300	1440	COUNCIL TAX-COST OF COLLECTION	-	-	967,990	(539,200)	428,790	-	428,790
(47,620)	1441	NNDR - COST OF COLLECTION	-	-	172,640	(193,008)	(20,368)	-	(20,368)
801,900	1442	BENEFITS & SUBSIDIES	-	-	22,598,700	(21,585,641)	1,013,059	-	1,013,059
181,720	7026	CORPORATE INCOME COLLECTION	-	-	197,120	-	197,120	(43,365)	153,755
178,740	7032	DDC @ YOUR SERVICE	-	-	179,390	-	179,390	(22,425)	156,965
1,571,040		Total Revenues and Benefits	-	-	24,115,840	- 22,317,849	1,797,991	(65,790)	1,732,201
8,200,196		Total Finance and Housing	96	6,417,289	27,269,642	- 24,660,870	9,026,061	(3,080,044)	5,946,017

STRATEGIC DIRECTOR (PLACE AND ENVIRONMENT)

The Strategic Director (Place and Environment) is responsible for a number of the Council's key service areas, details of which are summarised below.

WASTE SERVICES

Recycling & Waste Collections

Dover District Council (DDC) is the statutory Waste Collection Authority for its area.

The Council introduced new service arrangements for refuse and recycling collections in 2021, which provide the over 55,000 households in the district with:

- Weekly segregated collection of food / kitchen waste, collected in a 23L kerbside caddy, with householders also using a small kitchen caddy;
- Alternate-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 a black 55L container. 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 (FHDC). Dover District Council is the lead authority within this partnership and manages the client team, which comprises staff from both DDC and FHDC and is based at the DDC offices. In addition to managing the contract, the team are also responsible for promoting waste reduction, re-use and recycling to residents across the two districts.

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 aggregates in road construction or melted down for reuse.

Garden waste is collected fortnightly through the subscription green waste collection service and is composted on a local farm in open windrows. Once fully composted it is supplied to local agricultural operators. Food waste is collected weekly as part of the new service and is taken to an anaerobic digestion facility near Maidstone where it is processed to produce energy.

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 Service, in accordance with the Refuse Disposal (Amenity) 1978.

Street Cleansing

The Council is responsible for the cleansing of some 800km of public highways together with Council owned land, and is the statutory Principal Litter Authority for its area, as defined by the Environmental Protection Act 1990. This activity is carried out in accordance with standards described in the Code of Practice on Litter and Refuse (2006), which define how quickly the Council has to clear such land. The statutory duties relate to the removal of litter, detritus (grit in the gutter), dog fouling, and blossom and leaf fall. The Council also works closely with the local Highway Authority, Kent County Council, to remove weeds from the public highway. Street cleansing activity is undertaken via a combination of manual and mechanical sweeping, and the emptying of over 950 litter and dog waste bins is also undertaken.

The Service is also responsible for the removal of fly-tipped (i.e. illegally dumped) material, and works closely with Environmental Enforcement section, which is responsible for the investigation and enforcement element. Additional duties include the removal of graffiti on public buildings and structures, and the removal of flyposting (illegal banners and advertising) in the public realm.

The street cleansing activity is delivered by Veolia Environmental Services, under the same contract as noted in the Refuse & Recycling Collections description above, which extends until January 2029, and is a joint contractual arrangement with Folkestone & Hythe District Council, administered by Dover District Council Waste Services.

PARKS, OPEN SPACES & COUNTRYSIDE

The Council's Grounds Maintenance team cares for around 500 hectares of parks, pitches, open spaces, cemeteries and closed churchyards on a regular schedule. The White Cliffs Countryside Partnership manages 76 hectares of DDC owned land. Many further hectares of land in DDC ownership are visited by the Grounds Maintenance team on a reactive basis.

Parks & Open Spaces

Open spaces provide residents and visitors with opportunities for walking, socialising, and quiet reflection in the natural environment, as well as access to leisure facilities including play areas, outdoor sports facilities, skate parks and multi-use games areas. The Council owns and directly manages a substantial stock of open spaces throughout the district. This includes:

- parks such as Kearsney Abbey and Connaught Park in Dover, Victoria Park and Marke Wood in Deal
- sports pitches for example at Elms Vale and the Danes in Dover
- smaller amenity areas, many of which are associated with Council owned housing.

Some of the Council owned open space facilities are leased to, and managed by, sports clubs, for example the football and rugby facilities at Crabble in Dover, tennis courts at Marke Wood in Deal, cricket pitches in Sandwich and bowling greens in Deal and Dover.

Cemeteries and Closed Churchyards

The Council owns and directly manages six cemeteries that are presently used for earth burials. These are located in Dover, Deal, Sandwich and Aylesham, covering a total of 19.25 hectares. In addition, the Council is obliged to accept responsibility for the upkeep of closed churchyards, if nominated by the relevant church or parish council. Currently 22 closed churchyards are maintained by the Council, covering about 10 hectares.

Trees

The team also provides the Council's tree management services, in relation to Tree Preservation Orders (28 made, 11 confirmed), works to trees in conversation areas (129 applications determined), supporting relevant aspects of planning applications (73 commented upon) and the management and maintenance of Council owned trees.

White Cliffs Countryside Partnership

WCCP helps to conserve and enhance the special coast and countryside of Dover and Folkestone & Hythe districts, making it accessible to all. The Partnership is hosted by Dover District Council, incorporating Folkestone & Hythe District Council, Kent County Council, Eurotunnel, Natural England, EDF Energy, Taylor Wimpey, Dover Town Council, the Land Trust, Affinity Water and Network Rail.

WCCP manages 16 nature reserves across the two districts, including three DDC owned sites totalling 76 hectares, the Western Heights (50ha), Whinless Downs (15.43ha) and Spinney Wood (11.2ha). It also works on a range of other sites across the Dover district, some of which are owned by third parties, such as the River Dour, Kingsdown and Walmer beach and Gazen Salts.

PROPERTY ASSETS

After the retirement of key staff members, the service is being reshaped to become more focussed on managing the Council's assets, both corporate and housing. The name of the service has been changed to Property Assets to reflect this.

Corporate Assets

The corporate team are responsible for in excess of 220 assets in the district which include but are not limited too; operational assets (i.e. Whitfield Offices, Kearsney Café, Maison Dieu and Deal Pier), sports centres and pools, cemeteries, museums, park buildings and recreational land and facilities (including play areas), stores, depots, public conveniences, shops, commercial properties, industrial land, ground leases, and community assets.

As well as this the team are responsible for beaches and foreshores, coastal protection, dealing with oil pollution, beach huts, boat plots, DDC owned street lighting, garage plots, car parks, shelters, structures, street furniture, markets, licences and leases and general facilities management such as caretaking, cleansing and routine maintenance.

Housing Assets

The housing team are responsible for the maintenance of the Council's housing stock which reverted to Dover District Council from East Kent Housing with effect from 1st October 2020. The council currently owns over 4,000 housing assets comprising temporary accommodation, general needs, DART properties and shared ownership.

The housing team are responsible for ensuring that the stock is safely maintained and in good condition to standards set by legislation. The three main areas of work are compliance, responsive maintenance and planned works.

INVESTMENT, GROWTH, TOURISM & CREATIVE SERVICES

Investment, Growth & Tourism

The Investment, Growth & Tourism Service represents a place management and marketing organisation for Dover District, leading, co-ordinating and delivering growth, regeneration, placemaking, tourism (visitor) and strategic major projects across White Cliffs Country. A service focused upon transformational change and positioning the District as a greater place to live, work, visit, learn and invest.

The service is responsible for attracting funding and private sector investment into the District to drive the strategic growth agenda identified in the Council's Corporate Plan, Tourism & Visitor Economy Strategy, Economic Growth Strategy and Local Plan (emerging). In addition, the service is also leading and engaged on several of the Council's major projects and grant programmes, assisting the Council in its role in numerous external regeneration partnerships, funding organisations and tourism associations.

The service also provides assistance and strategic insight to placemaking, branding, marketing, communications, engagement, events, funding, transportation and planning priorities. Providing 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).

Creative Services

The Creative Services team are fully integrated into the department and provide in-house creative services and brand guardianship for the Council, including graphic design, photography, video and drone resources. The team is also responsible for the Print Unit that provides in-house printing and mail room facilities. 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 and private organisations and clients.

MUSEUM & TOURISM SERVICES

Dover Museum

Dover Museum is one of the oldest museums in the United Kingdom, 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. Staff are leading a team of volunteers in implementing a new collections plan relating to the national museums' accreditation scheme. This involves the introduction of a new Collections Management System. The museum has recently undertaken a project to relocate the reserve collections from the Maison Dieu to a new store, and work to consolidate collections from the other museum stores will continue in 2024. Staff at the museum are working on the Maison Dieu/Dover Town Hall NLHF project and utilising the Urban Archaeological Database to inform decisions in respect of the regeneration of Dover town centre. They are also leading and advising on projects related to the Roman Painted House, Western Heights and Silver Screen Cinema.

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 2030¹', 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.

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 AND DEVELOPMENT

Development Management

The main functions of the Development Management service relate to the processing of planning and other formal applications submitted under the Town and Country Planning Act and making determinations in accordance with policies and other material considerations. This is a statutory function that requires Local Planning Authorities (LPA) to make decisions in accordance with Government set performance targets. Failure to meet these can result in an LPA being put into special measures and in refunds being due on planning application fees. The service makes both delegated decisions and, also reports applications to Planning Committee in accordance with the provisions of the Constitution. The service also defends the Council's position in planning appeals against the refusal of applications (whether that be

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

through written representations, an informal hearing or public inquiry). Other responsibilities include responding to requests for fee-earning pre-application advice and responses to a wide range of planning matters and enquiries.

A vital element of the service is to promote good urban design throughout the District. This often involves negotiations to secure better quality developments, as well as seeking to protect and enhance our heritage and built and natural environment and to manage change to underpin the long-term viability of the district.

Responsibilities include providing planning input for major projects and other significant schemes, including contributing to the delivery of corporate aspirations through collaborative working and project management, working closely with the Inward Investment Team and other Council services.

Functions also involve supporting and working closely with Planning Policy team in work associated with the emerging Local Plan, as well as infrastructure, natural environment and heritage team work on Supplementary Planning Documents and other matters.

Planning Enforcement

The Planning Enforcement Section investigates breaches of planning control, including responding to complaints raised by interested parties and taking formal enforcement action in appropriate cases. In addition, the team deals with appeals to the planning inspectorate against enforcement notices and prosecutes for non-compliance with notices and organises direct action where necessary.

Local Land Charges

The Local Land Charges Section is responsible for carrying out the statutory function of maintaining and updating the Local Land Charges Register by liaising with internal departments and external bodies to ensure the timely registration of new charges and the removal of expired charges. The Register is held and maintained as a digital/spatial record with supporting background documents meeting the requirements of HM Land Registry for the future migration project.

The team is also responsible for compiling and returning upon request to solicitors/conveyancers, accurate Local Land Charge searches for both the Register (LLC1) and the conveyancing enquiries of Local Authorities (CON29), as well as checking the accuracy of authority data provided on the CON29 and providing access to the Local Land Charges and Planning Registers for personal search companies and/or members of the public upon request.

Planning Policy and Projects

The Planning Policy and Projects service brings together the statutory 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 for development, updating the Dover Transportation Study, preparing the evidence base to support the Plan and undertaking community and stakeholder engagement. An Infrastructure Delivery Plan has also been prepared to support the implementation of the Plan.

Following the adoption of the Local Plan (expected 2024) the priority will be to support delivery of the Plan, which will include the production of supporting documents including an update to the Whitfield Urban Expansion SPD and Design Codes. The implementation of the Local Plan

is reported each year in the form of an Authority Monitoring Report, which is prepared by the team, and includes reporting on the Council's five-year housing land supply.

The service also works closely with the Inward Investment team to support the Council's major regeneration projects and related research, strategies and corporate priorities. The overall objective is to bring focus to the Council's regeneration activities, particularly in Dover Town Centre.

Other work in the Planning Policy section includes monitoring the payments pursuant to Section 106 Agreements and working with other Council departments and external providers to manage spend.

Functions also include processing Listed Buildings applications and providing advice on heritage matters to support the development management team and implementing the District Council's Heritage Strategy by empowering local groups to prepare Conservation Area Character Appraisals.

The team also provides Natural Environment expertise in relation to ecology, including advice on planning applications, leading the Council's Green Infrastructure Strategy and the implementation of Biodiversity Net Gain, and other requirements set out in the Environment Act.

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.

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.

Place and Environment

Budget 2024/25

Costs controlled by Head of Service

2023/24 Sub-total	Cost Centre	Description	FTE	Employees	Other Costs	Income	2024/25 Sub-total	Recharges and Other Adjustments	Total
-	1660	WCCP - SHORNCLIFFE	2	52,652	109,384	(162,036)	-	-	-
(200)	1670	WHITE CLIFFS COUNTRYSIDE PROJ	6	188,829	88,562	(277,391)	-	-	-
-	1671	WCCP-SAMPHIRE HOE	3	101,462	13,488	(114,950)	-	-	-
-	1672	WCCP - ROMNEY MARSH PROJECT	1	36,482	9,529	(46,011)	-	-	-
-	1673	WCCP-WILDLIFE/SITE SURVEY	1	39,037	9,400	(48,437)	-	-	-
(36,000)	1674	WCCP - OFFICE MANAGER AND ADMIN	2	138,591	15,275	(171,846)	(17,980)	18,000	20
-	1675	DOVER SITES MANAGEMENT	-	-	16,750	(16,750)	-	-	-
-	1676	SHEPWAY SITES MANAGEMENT	2	53,050	24,503	(77,553)	-	-	-
-	1677	FOLKESTONE DOWNS	-	-	13,680	(13,680)	-	-	-
-	1678	RIVER DOUR	1	805	11,096	(11,901)	-	-	-
-	1679	DUNGENESS (EDF ENERGY)	2	85,913	40,293	(126,206)	-	-	-
-	1680	FORT BURGOYNE	2	66,315	75,984	(142,299)	-	-	-
(544)	1682	OUR FINEST DOUR PROJECT	-	-	-	-	-	-	-
(6,340)	1683	DEPOTS	-	3,052	9,988	(19,200)	(6,160)	-	(6,160)
68,361	1684	CEMETERIES	-	2,749	31,900	(128,200)	(93,551)	-	(93,551)
31,325	1685	CLOSED CHURCHYARDS	-	500	1,004	-	1,504	-	1,504
578,637	1686	PARKS AND OPEN SPACES	-	40,093	215,602	(78,500)	177,195	-	177,195
144,210	1687	KEARSNEY PARKS	4	105,497	25,960	(7,000)	124,457	-	124,457
(1,948)	1701	AYLESHAM GROUNDS MAINTENANCE SERVICE	-	225	15,500	-	15,725	58,415	74,140
122,242	7035	HEAD OF COMMERCIAL SERVICES	1	98,626	2,146	-	100,772	(41,769)	59,003
251,244	7037	PARKS & OPEN SPACES ADMIN	3	163,368	2,360	-	165,728	(104,063)	61,665
(139,998)	7514	GROUNDS MAINTENANCE TEAM	29	1,024,024	(314,005)	(27,300)	682,719	71,585	754,304
1,010,989		Total Parks, Open Spaces and Countryside	59	2,201,272	418,399	(1,469,261)	1,150,410	2,168	1,152,578
69,800	1050	ECONOMIC DEVELOPMENT	-	-	43,800	300	44,100	-	44,100
(11,420)	1074	PHOTOCOPIERS HOLDING ACCOUNT	-	-	19,940	(20,300)	(360)	-	(360)
-	1075	MAIL ROOM POSTAGE ACCOUNT	-	-	60,620	(60,500)	120	-	120
(62,045)	1698	KEARSNEY PARK CAFÉ	15	556,824	261,359	(850,000)	(31,817)	-	(31,817)
67,130	1728	TOURISM DEVELOPMENT	-	-	71,200	-	71,200	-	71,200
14,600	1729	VIC GRANTS & HISTORIC PANELS	-	-	-	-	-	-	-
(4,110)	1730	CRUISE WELCOME OPERATION	-	3,500	500	(4,500)	(500)	-	(500)
106,228	7004	DESIGN STUDIO	2	109,876	7,120	(7,000)	109,996	(28,072)	81,924
75,052	7005	MAIL ROOM TRADING ACCOUNT	2	80,045	9,820	-	89,865	(30,022)	59,843
23,400	7025	PRINT UNIT TRADING ACCOUNT	-	500	30,263	(17,500)	13,263	(5,301)	7,962
116,105	7040	HEAD OF GROWTH & INVESTMENT	1	122,666	2,760	-	125,426	(2,508)	122,918
380,785	7502	ECONOMIC DEVELOPMENT TRADING ACCOUNT	7	451,953	6,170	-	458,123	(167,940)	290,183
432,875	7524	STRATEGIC TOURISM TRADING ACCOUNT	8	416,853	8,510	(24,000)	401,363	(13,330)	388,033
1,208,400		Total Investment, Growth and Tourism	35	1,742,217	522,062	(983,500)	1,280,779	(247,173)	1,033,606

Costs controlled by Head of Service

2023/24 Sub-total	Cost Centre	Description	FTE	Employees	Other Costs	Income	2024/25 Sub-total	Recharges and Other Adjustments	Total
153,304	1721	DOVER MUSEUM	-	27,190	167,317	(71,214)	123,293	-	123,293
23,716	1722	MUSEUMS-BRONZE AGE BOAT-EXHIBT	-	-	51,150	(500)	50,650	-	50,650
924	1723	DOVER MUSEUM SCHOOLS	-	-	17,269	(16,200)	1,069	-	1,069
-	1725	CHANNEL SWIMMING	-	-	460	-	460	-	460
64,824	1726	MUSEUM COLLECTION STORAGE	-	-	18,090	37,900	55,990	-	55,990
4,056	1727	GRAND SHAFT-WESTERN HEIGHTS	-	285	6,180	-	6,465	-	6,465
-	1734	ROMAN PAINTED HOUSE	-	-	3,720	-	3,720	-	3,720
499,092	7518	MUSEUM HERITAGE &TOURISM ADMIN	14	546,075	1,126	-	547,201	(39,300)	507,901
745,916		Total Museums and Heritage	14	573,550	265,312	(50,014)	788,848	(39,300)	749,548
5,500	1405	PLANNING ENFORCEMENT	-	-	5,500	(5,000)	500	-	500
87,643	1626	BUILDING CONTROL	6	398,823	26,200	(375,000)	50,023	160,434	210,457
(873,857)	1751	DEVELOPMENT MANAGEMENT	-	500	77,186	(1,064,996)	(987,310)	-	(987,310)
-	1753	PLAN PERFORMANCE AGREEMENTS	-	-	15,000	(20,000)	(5,000)	-	(5,000)
(32,820)	1754	AYLESHAM DEVELOPMENT	-	-	30,000	(49,100)	(19,100)	19,100	-
160,100	1762	DOVER DISTRICT DEVELOPMT PLAN	-	-	-	-	-	-	-
250	1766	OTHER REGENERATION PROJECTS	-	-	15,152	-	15,152	-	15,152
(140,794)	1768	LOCAL LAND CHARGES	-	150	43,900	(168,000)	(123,950)	179,710	55,760
340,345	7512	PLANNING ENFORCEMENT TRADING ACCOUNT	7	355,091	2,776	-	357,867	-	357,867
1,398,609	7519	DEVELOPMENT MANAGEMENT TRADING	17	1,095,172	14,570	200	1,109,942	(164,715)	945,227
770,196	7520	REGENERATION DELIVERY TRADING	13	870,471	24,330	(8,000)	886,801	-	886,801
-	7530	PLANNING AND DEVELOPMENT ADMIN	11	479,876	1,300	-	481,176	(93,830)	387,346
1,715,172		Total Planning & Development	53	3,200,083	255,914	(1,689,896)	1,766,101	100,699	1,866,800
1,618,408	1691	REFUSE COLLECTION	-	-	1,516,433	(225,000)	1,291,433	-	1,291,433
1,021,812	1692	RECYCLING	-	-	2,479,011	(1,196,742)	1,282,269	-	1,282,269
-	1693	FHDC WASTE CONTRIBUTION	-	-	5,430,177	(5,430,177)	-	-	-
1,530,890	1697	STREET CLEANSING	-	-	2,374,746	-	2,374,746	-	2,374,746
230,844	7517	WASTE SERVICES TRADING ACCOUNT	5	286,500	12,650	(47,000)	252,150	(13,655)	238,495
4,401,954		Total Waste Services	5	286,500	11,813,017	(6,898,919)	5,200,598	(13,655)	5,186,943

Costs controlled by Head of Service

2023/24 Sub-total	Cost Centre	Description	FTE	Employees	Other Costs	Income	2024/25 Sub-total	Recharges and Other Adjustments	Total
5,760	1601	CIVIC CAR	-	6,875	1,030	-	7,905	-	7,905
174,267	1602	PUBLIC CONVENIENCES	-	2,245	267,410	(110,000)	159,655	-	159,655
(4,210)	1603	COAST PROTECTION	-	-	450	-	450	-	450
965	1604	SECTION 38	-	-	-	-	-	-	-
13,770	1605	STREETLIGHTING AND NAMING	-	-	68,970	-	68,970	-	68,970
-	1606	COUNTRYSIDE AND WATERWAYS	-	-	3,000	-	3,000	-	3,000
13,510	1607	BUS SHELTERS	-	-	21,546	-	21,546	-	21,546
24,881	1608	PRECINCTS-DEAL AND DOVER	-	-	50,830	-	50,830	-	50,830
(420,800)	1610	GARAGES GF	-	-	25,000	(513,150)	(488,150)	-	(488,150)
(89,250)	1611	SHOPS & SHOWROOMS GF	-	2,758	3,021	(101,700)	(95,921)	-	(95,921)
-	1612	55-61 CASTLE STREET (FORMER CO-OP)	-	-	-	-	-	-	-
(325,765)	1613	WHITFIELD COURT	-	8,508	36,791	(378,710)	(333,411)	-	(333,411)
(1,161,000)	1614	B&Q RETAIL WAREHOUSE	-	17,197	-	(1,208,314)	(1,191,117)	-	(1,191,117)
(161,081)	1615	MISC PROPERTIES-GENERAL	-	18,487	38,767	(227,000)	(169,746)	-	(169,746)
40	1616	RELOCATION OF TRAVELLERS	-	-	20	-	20	-	20
132,885	1617	HALLS-TOWN HALL DOVER	-	111,361	2,446,135	(2,382,230)	175,266	-	175,266
(270)	1618	TIMEBALL TOWER, DEAL	-	-	100	(650)	(550)	-	(550)
1,845	1619	PUBLIC CLOCKS AND MEMORIALS	-	313	-	-	313	-	313
(32,360)	1620	DOLPHIN HOUSE	-	4,447	100,820	(105,540)	(273)	-	(273)
(78,432)	1622	BEACHES AND FORESHORES	-	905	18,935	(95,000)	(75,160)	-	(75,160)
83,223	1623	DEAL PIER	2	119,485	77,352	(118,560)	78,277	-	78,277
(14,350)	1624	SANDWICH QUAY	-	-	5,730	(20,030)	(14,300)	-	(14,300)
(25,000)	1625	PROPERTY SERVICES EVENTS	-	-	-	(25,000)	(25,000)	-	(25,000)
(696,805)	1627	DOVER LEISURE CENTRE	-	52,481	1,850	(750,000)	(695,669)	-	(695,669)
152,950	1628	DEAL LEISURE POOL-TIDES	-	34,051	117,440	-	151,491	-	151,491
765	1629	DEAL TENNIS CENTRE	-	46	-	-	46	-	46
563,000	1630	CORPORATE MAINTENANCE	-	-	563,000	-	563,000	-	563,000
100	1631	ACTIVITY PLAN - MAISON DIEU RESTORATION	-	-	-	-	-	-	-
-	1632	HOME UPGRADE GRANTS	-	29,303	-	(29,000)	303	-	303
553,575	7001	OFFICE ACCOMMODATION-WHITFIELD	1	56,567	417,084	-	473,651	(203,140)	270,511
130,309	7007	STRAT DIRECTOR - OPS & COMM	1	140,820	7,440	-	148,260	(45,961)	102,299
1,300,287	7027	PROPERTY SERVICES	17	1,055,786	36,590	(7,000)	1,085,376	(232,882)	852,494
21,096	7028	ASSET MAINTENANCE TEAM	6	203,122	(197,300)	-	5,822	-	5,822
5,700	7030	THE DOVER GATEWAY (CASTLE ST)	-	1,649	34,111	(26,500)	9,260	-	9,260
8,230	7033	MAISON DIEU PREMISES	-	581	11,699	(3,500)	8,780	-	8,780
1,101,207	7038	PROPERTY SERVICES HRA	26	1,378,789	15,240	-	1,394,029	(1,323,074)	70,955
1,279,042		Total Property Assets	53	3,245,776	4,173,061	(6,101,884)	1,316,953	(1,805,057)	(488,104)
10,361,473		Total Place and Environment	218	11,249,398	17,447,765	- 17,193,474	11,503,689	(2,002,318)	9,501,371

Ref	<u>Earmarked General Fund Reserves</u> (Forecast 2023/24 - 2027/28)	Balance	Contribution	Application	Balance	Contribution	Application	Balance	Contribution	Application	Balance
		2022/23 £000	2023/24 £000	2023/24 £000	2023/24 £000	2024/25 £000	2024/25 £000	2024/25 £000	2024/25 £000	Future Years £000	Future Years £000
1	Special Projects & Events	(26,146)	(1,018)	13,511	(13,652)	(620)	1,466	(12,807)	0	6,674	(6,132)
2	Periodic Operations	(9,720)	(46)	1,527	(8,239)	(197)	2,558	(5,877)	(164)	5,166	(875)
3	Regeneration	(2,465)	(379)	1,299	(1,545)	(632)	283	(1,894)	0	263	(1,631)
4	Smoothing Reserve	(4,000)	0	1,150	(2,850)	0	0	(3,050)	0	0	(3,050)
5	ICT Equipment & Servers	(1,709)	(115)	469	(1,355)	0	796	(559)	0	0	(559)
6	Business Rates & Council Tax Support	(5,164)	(226)	0	(5,390)	0	1,114	(4,275)	0	0	(4,275)
7	Operational and Fee Income Reserve	(4,495)	0	0	(4,495)	0	2,800	(1,693)	0	1,693	0
	Earmarked Reserves Total	(53,698)	(1,783)	17,955	(37,525)	(1,449)	9,017	(30,156)	(164)	13,797	(16,522)

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 Section 106 Funding, 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. 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 future years.

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 Digital Services Manager, in consultation with the Head of Finance & Investment and the Portfolio Holder responsible for ICT.

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. Operational and Fee Income Reserve

This reserve is required to provide the flexibility to cope with areas of fee income uncertainty including the volume of fees raised, the fee level per transaction and therefore the total income stream, the cost base and any more significant structural changes to the service that may arise.

Housing Revenue Account - Budget Report for 2024/25

Actual 2022/23	Original Budget 2023/24	Projected Outturn 2023/24	Budget Variance	Proposed Budget 24/25	Variance of Amended to Proposed
£000	£000	£000	£000	£000	£000
INCOME					
(20,378) Dwelling Rents	(22,475)	(22,475)	0	(23,631)	(1,155)
0 Non-dwelling Rents	(17)	(17)	0	0	17
(736) Tenant Charges for Services and Facilities	(795)	(951)	(157)	(1,011)	(59)
(530) Leaseholder Charges for Services and Facilities	(382)	(385)	(3)	(433)	(48)
(21,644) TOTAL INCOME	(23,668)	(23,828)	(160)	(25,074)	(1,247)
EXPENDITURE					
6,870 Repairs and Maintenance	5,223	6,759	1,536	6,019	(740)
5,526 Supervision and Management	5,974	5,981	7	2,367	(3,614)
153 Rents, Rates, Taxes and Other Charges	34	34	0	120	86
3,093 Depreciation of Fixed Assets	0	0	0	0	0
0 Impairment of Fixed Assets	3,086	3,086	0	3,086	0
16 Debt Management Expenses	15	15	0	20	5
165 Bad Debt Provision	200	202	2	200	(2)
1,371 HRA Share of Corporate Costs	1,254	1,391	137	5,979	4,588
17,194 TOTAL EXPENDITURE	15,786	17,468	1,544	17,791	323
(4,451) NET DIRECT COST OF HRA SERVICES	(7,882)	(6,360)	1,522	(7,284)	(924)
2,243 Interest Payable and Similar Charges	2,927	2,927	0	2,461	(466)
0 Interest and Investment Income	0	0	0	(24)	(24)
(386) Pension Int Costs and expected return on pensions assets	0	0	0	0	0
(2,594) (SURPLUS)/DEFICIT FOR THE YEAR ON HRA SERVICES	(4,955)	(3,433)	1,522	(4,846)	(490)
5,447 Capital expenditure funded by the HRA	6,810	6,781	(29)	5,388	(1,393)
2,854 Net (Increase)/Decrease in the Housing Revenue Account Balance before transfers to or from reserves	1,855	3,348	1,493	542	(1,883)
(3,360) Transfer (from) reserves	(2,400)	(3,800)	(1,400)	(1,020)	2,780
514 Transfer to reserves	450	450	0	475	25
8 (Increase)/decrease in year on the HRA balance	(95)	(2)	93	(3)	(1)
Impact of Deficit / (surplus) on HRA balance					
(1,033) Housing Revenue Account balance brought forward	(1,027)	(1,027)		(1,027)	
(1,027) Housing Revenue Account balance carried forward	(1,029)	(1,029)		(1,029)	
Housing Initiatives Reserve Balance					
(12,239) Opening balance	(8,879)	(8,879)		(5,079)	
0 Contribution to reserve	0	0		0	
3,360 Proposed application of reserve to improvement projects	2,400	3,800		1,020	
(8,879) Closing Balance	(6,479)	(5,079)		(4,059)	

FOUR YEAR REVENUE BUDGET FINANCIAL PROJECTION

Notes	2023/24 Projected Outturn £000	2024/25 Forecast £000	2025/26 Forecast £000	2026/27 Forecast £000	2027/28 Forecast £000
1	(23,828) Income	(25,074)	(25,074)	(25,074)	(25,074)
	Income Adjustments				
2	Rent increases at CPI +1%		(945)	(1,683)	(2,442)
3	Impact of Right to Buy sales on rental income		38	77	117
4	Forecast rent from new stock		(139)	(239)	(339)
5	Inflation on leasehold & service charges		(43)	(73)	(103)
	(23,828) Total	(25,074)	(26,163)	(26,992)	(27,841)
6	16,077 Expenditure	17,791	17,791	17,791	17,791
	Expenditure Adjustments				
7	Repairs and Maintenance (3% inflation for 2024/25)		680	815	951
8	Supervision and Management (3% inflation for 2024/25)		71	120	170
9	Other Misc expenditure inflation		184	310	438
	16,077 Total	17,791	18,726	19,036	19,350
10	11,550 Other Charges	8,300	8,300	8,300	8,300
11	Increase of capital spend based on current projects		210	369	528
12	Interest payable on long term loan		(49)	(97)	(145)
13	Annual borrowing allowance for capital projects		250	450	650
	11,550 Total	8,300	8,711	9,022	9,333
	Net (Surplus)/Deficit Before Transfers To/From 3,799 Reserves	1,017	1,274	1,066	842
14	(3,800) Transfer from Housing Initiatives reserve	(1,020)	(1,270)	(1,070)	(840)
15	(1) NET (SURPLUS) / DEFICIT	(3)	4	(4)	2
	Impact on Reserves :-				
	Projected HRA Balance				
	(1,027) Opening balance	(1,028)	(1,031)	(1,027)	(1,031)
16	(1,028) Closing Balance	(1,031)	(1,027)	(1,031)	(1,029)
	Projected Housing Initiatives Reserve Balance				
	(8,879) Opening balance	(5,079)	(4,059)	(2,789)	(1,719)
	0 Contribution to reserve	0	0		0
	3,800 Proposed application of reserve to projects	1,020	1,270	1,070	840
17	(5,079) Closing Balance	(4,059)	(2,789)	(1,719)	(879)

**FOUR YEAR REVENUE BUDGET FINANCIAL
PROJECTION**

Notes

- 1 The gross income budget is taken from the 2024/25 budget at Annex 5.
- 2 The Rent increase is of CPI plus 1% from 2024/25 (7.7% for 2024/25) with a prediction of 3% ongoing.
- 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 0.1% per annum.
- 4 Additional income forecast as a result of the proposed increases in stock from the Housing Development projects.
- 5 Tenant and Leasehold service charges are a cost recovery exercise for the previous year so will increase with the
- 6 The gross expenditure budget is taken from the 2024/25 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 2024/25 budget at Annex 5. These include interest payable & receivable.
- 11 It is assumed that capital works expenditure will increase in line with inflation.
- 12 The interest payable on the long-term PWLB loan reduces each year (the loan amount stays the same as the principle part of the loan increases).
- 13 The current level of proposed budget for Housing Development projects is above the forecast level of the HIR so there is forecast to be a requirement to borrow for future projects.
- 14 The level of funding of projects from the Housing Initiatives reserves based on the current programme & forecasts.
- 15 Forecast (surplus) / deficit.
- 16 Forecast HRA Balance.
- 17 Forecast Housing Initiatives Reserve Balance.

ANNEX 5B

REVENUE WORKS PROGRAMME	ACTUAL 2022/23 £000's	BUDGET 2023/24 £000's	PROPOSED BUDGET 2024/25 £000's
Term Maintenance	1,436	1,600	3,138
External Decorations	381	675	500
Drainage Works	10	10	10
Communal TV Aerials Works	4	15	10
Estates Paths, Pavings, Floor Resurfacing	68	70	0
Electrical Safety Inspections & Works	93	180	140
Health and Safety Water Inspections & Works	37	50	60
Void Properties	1,002	1,000	1,000
Heating Servicing & Inspections	482	540	680
Lift Maintenance & Inspections	39	30	20
Disabled Hoists & Lifts	6	50	15
Fire Alarm Servicing & Inspections	64	50	60
Door Entry	16	20	35
Tenant Compensation	30	115	75
Tenants Compact - Dover / Deal / Sandwich & Rural	0	50	20
Environmental Improvements	0	50	0
Damp and Mould Maintenance	261	500	250
TOTAL REVENUE WORKS PROGRAMME	3,929	5,005	6,013

CAPITAL WORKS PROGRAMME	ACTUAL 2022/23 £000's	BUDGET 2023/24 £000's	PROPOSED BUDGET 2024/25 £000's
Reroofing	727	1,415	1335
Replacement Doors and Windows	186	250	214
Door Entry System Installations	36	100	32
Fire Precaution Works	333	275	107
Heating Renewals	1,322	1,320	641
Asbestos Inspection & Works Programme	447	300	320
Structural Repairs	365	375	320
Electrical Rewiring Programme	203	25	27
Kitchen Replacement Programme	874	700	641
Lift Refurbishment	-	-	96
Bathroom Replacement Programme	634	700	641
Adaptations for Disabled Persons	555	450	374
Restorative & Carbon Neutral Programme	-	500	0
Integrated Reception Systems Upgrade	-	50	21
Estate Paving	-	100	107
Internal Block Flooring	-	150	85
Going Digital	-	100	0
Major Works Voids	-	-	427
Capital Works Programme Total	5,682	6,810	5,388
Financed By:			
Capital Receipts	-	-	
Major Repairs Reserve	1,624	2,121	1,673
Direct Revenue Financing (HRA)	4,058	4,689	3,715
Total Financed By (Capital Works)	5,682	6,810	5,388
FULL PROGRAMME TOTAL	9,611	11,815	11,401

MEDIUM TERM CAPITAL PROGRAMME - including 2024/25 MTFP proposals							
2023/24 QTR 2 POSITION		PROPOSED BUDGET					
Projects included in the programme	Total £000	Previous years £000	Estimate 2023/24 £000	Estimate 2024/25 £000	Estimate 2025/26 £000	Future Years £000	Total £000
Committed General Fund Projects							
Dover Beacon Project							
Bench St Land Assembly - land purchase	2,595	2,595	0	0	0	0	2,595
Bench St Land Assembly - other associated costs	98	98	0	0	0	0	98
Bench St demolition	900	0	900	0	0	0	900
Dover Beacon - Project Enabling	1,250	0	1,250	0	0	0	1,250
Sub-total	4,844	2,694	2,150	0	0	0	4,844
Other Regeneration Projects							
Dover Fastrack Project (BRT)	25,820	9,910	15,910	0	0	0	25,820
Future High Streets Fund - Capital Works	250	83	167	0	0	0	250
Aylesham Regeneration Project	2,429	2,392	37	0	0	0	2,429
Discovery Park - Grant no.2 (100% grant funded)	2,722	0	0	2,722	0	0	2,722
Building Foundations for Growth Grant - unallocated funding	21	0	0	21	0	0	21
Sub-total	31,242	12,385	16,114	2,743	0	0	31,242
Other projects							
Purchase of Refuse & Recycling Vehicles	4,500	3,954	(0)	0	0	546	4,500
DDC Community Bus purchase	103	90	13	0	0	0	103
UK Shared Prosperity Fund - Capital	176	0	36	140	0	0	176
Deal Pier - Capital Works	1,438	1,253	185	0	0	0	1,438
Tides LC refurbishment	1,120	914	205	0	0	0	1,120
Old Dover Leisure Centre demolition	550	430	120	0	0	0	550
Dover Discovery Centre refurbishment	700	0	125	300	0	275	700
Aylesham Garden Village - Grounds Maintenance Equipment	89	77	12	0	0	0	89
St Margarets Bay sea defences (100% grant funded)	125	112	13	0	0	0	125
Parks & Open Spaces - Grounds Maintenance Equipment Replacement	420	29	366	25	0	0	420
Tides Leisure Centre replacement	600	548	52	0	0	0	600
Deal Beach Management Study 2023	0	0	35	45	0	0	80
Maison Dieu major restoration works(Dover Town Hall) - Delivery Phase	12,748	1,825	6,870	4,053	0	0	12,748
Sandwich Guildhall Forecourt improvement works	1,250	763	487	0	0	0	1,250
Rural England Prosperity Fund	400	0	100	300	0	0	400
Disabled Facilities Grants:-							
Winter Warmth Grants	50	n/a	50	0	0	0	50
Mandatory Disabled Facilities Grants	877	n/a	2,245	0	0	0	2,245
Renovation/PSH Loans	315	n/a	315	0	0	0	315
Empty Homes Loans	131	n/a	131	0	0	0	131
Sub total	25,592	9,994	11,361	4,863	0	821	27,040
Total of Committed General Fund Projects	61,677	25,073	29,625	7,606	0	821	63,126
Committed HRA Projects							
Development Projects:-							
HRA Property Purchases	4,500	N/A	1,500	1,500	1,500	0	4,500
Foxborough Close Development	0	424	166	0	0	0	590
Barwick Rd (Poulton Close)	6,418	41	25	3,614	2,489	249	6,418
Barwick Rd - site preparation	480	0	50	430	0	0	480
Grove Rd, Preston	3,150	4	1	350	2,795	0	3,150
Military Rd, Dover	1,596	59	600	920	17	0	1,596
Mongeham Rd, Deal	1,890	18	195	1,677	0	0	1,890
Local Authority Housing Fund - Round 1	4,269	6	4,263	0	0	0	4,269
Local Authority Housing Fund - Round 2	1,709	0	1,709	0	0	0	1,709
83-87 Folkestone Rd	983	0	983	0	0	0	983
Willowbank, Sandwich - Purchase new shared ownership	5,570	0	520	4,880	170	0	5,570
Self Build Plots - capital works	0	0	149	0	0	0	149
HRA Improvement works	6,810	0	6,810	0	0	0	6,810
Total of committed HRA Development Projects	37,375	552	16,971	13,371	6,972	249	38,114
Grand total of committed Capital Projects	99,053	25,625	46,596	20,978	6,972	1,071	101,240

MEDIUM TERM CAPITAL PROGRAMME - including 2024/25 MTFP proposals							
2023/24 QTR 2 POSITION		PROPOSED BUDGET					
Projects included in the programme	Total £000	Previous years £000	Estimate 2023/24 £000	Estimate 2024/25 £000	Estimate 2025/26 £000	Future Years £000	Total £000
Proposed Projects							
General Fund:-							
Capital Contingency - Delete WEF 24/25	51	0	0	0	0	0	0
St Margarets Bay coast protection works (grant funded)	25	0	25	0	0	0	25
Dolphin House - balconies	200	0	200	0	0	0	200
Future High St bid match funding	1,700	0	1,388	0	0	312	1,700
Future High St grant funding	2,946	0	2,946	0	0	0	2,946
Tides Replacement	4,400	0	4,400	0	0	0	4,400
Tides Essential Works - remove at 23/24 Year End	30	0	0	0	0	0	0
Sandwich Guildhall Forecourt improvement works	0	0	0	0	0	0	0
Levelling Up Fund Grant	14,895	0	881	5,831	8,184	0	14,895
Regeneration Projects	2,776	0	2,776	0	0	0	2,776
8 Bench St	175	0	175	0	0	0	175
Disabled Facilities Grants	1,241	0	0	0	0	0	0
HRA:-							
Proposed Housing Development (existing projects)	2,430	0	0	430	2,000	0	2,430
New bids - HRA							
HRA Property Purchases	0	0	0	0	0	1,500	1,500
District Development Sites	0	0	0	14,000	13,000	13,000	40,000
Major Developments	0	0	0	420	5,640	3,940	10,000
Section 106 Purchases	0	0	0	3,725	3,020	0	6,745
HRA Improvement works - TBA	0	0	0	5,388	0	0	5,388
New bids - General Fund							
Deal Pier Structural Repairs	0	0	0	1,000	0	0	1,000
Regeneration Project C	0	0	0	250	0	0	250
CCTV and OOH systems Upgrade and Refresh	0	0	0	180	0	0	180
Banks Mower Procurement	0	0	0	45	0	0	45
Dover Beacon - Bench Street Westside and The Crypt	0	0	0	150	0	0	150
Kingsdown Beach Huts	0	0	0	130	0	0	130
Dover Museum Roof Repairs	0	0	0	100	0	0	100
Disabled Facilities Grants	0	0	0	1,276	0	0	1,276
Total of Proposed Capital Projects	30,868	0	12,791	32,924	31,844	18,752	96,311
Grand Total	129,921	25,625	59,387	53,902	38,815	19,823	197,551

MEDIUM TERM CAPITAL PROGRAMME - including 2024/25 MTFP proposals							
2023/24 QTR 2 POSITION		PROPOSED BUDGET					
Projects included in the programme	Total £000	Previous years £000	Estimate 2023/24 £000	Estimate 2024/25 £000	Estimate 2025/26 £000	Future Years £000	Total £000
Financed by:							
Capital projects financed in previous financial years	25,200	25,625	0	0	0	0	25,625
Capital receipts - General Fund	7,297	n/a	4,834	1,945	0	437	7,216
Capital receipts - General Fund	0	n/a	0	1,855	0	0	1,855
Capital receipts - DFG Grant Repayments	331	n/a	331	0	0	0	331
Capital receipts - PSH / Empty Homes Loan receipts	446	n/a	446	0	0	0	446
Capital receipts - Abnormal costs contingency	0	n/a	0	0	0	0	0
Capital receipts - Excess Right to Buy Receipts (HRA)	7,944	n/a	1,125	4,170	2,464	100	7,858
Capital receipts - Excess Right to Buy Receipts (HRA)	0	n/a	0	5,600	5,200	5,800	16,600
Direct Revenue Financing:-							
General Fund	540	n/a	410	130	0	0	540
HRA	4,689	n/a	4,718	0	0	0	4,718
HRA	0	n/a	0	3,715	0	0	3,715
National Lottery Heritage Funding (Maison Dieu-delivery)	4,708	n/a	3,430	1,278	0	0	4,708
Section 106 Funding							
	12	n/a	12	0	0	0	12
Grants:-							
DLUHC-Better Care Fund via KCC (Disabled Facilities Grant)	1,836	n/a	1,964	0	0	0	1,964
DLUHC-Better Care Fund via KCC (Disabled Facilities Grant)	0	n/a	0	1,276	0	0	1,276
Environment Agency (St Margarets Bay coast protection works)	38	n/a	38	0	0	0	38
MHCLG Building Foundations for Growth Grant (Discovery Park)	2,743	n/a	0	2,743	0	0	2,743
MHCLG Grant (Future High Streets Funding)	3,114	n/a	3,114	0	0	0	3,114
Homes England (BRT)	13,842	n/a	13,842	0	0	0	13,842
Rural England Prosperity Fund Grant	400	n/a	100	300	0	0	400
UK Shared Prosperity Fund Grant	176	n/a	36	140	0	0	176
Levelling Up Fund Grant	17,045	n/a	3,031	5,831	8,184	0	17,045
Brownfield Land Release Grant (HRA)	480	n/a	50	430	0	0	480
Local Authority Housing Fund - Round 1 (HRA)	2,024	n/a	2,024	0	0	0	2,024
Local Authority Housing Fund - Round 2 (HRA) - TBC	840	n/a	840	0	0	0	840
Homes England-Housing Support Fund (HRA)	0	n/a	216	0	0	0	216
Environment Agency (Deal Beach Management Study 2023)	0	n/a	35	45	0	0	80
Other reserves:-							
- Special projects	9,415	n/a	9,536	0	0	0	9,536
- SEEDA-Dover Regeneration	150	n/a	0	0	0	150	150
- KCC & Dover Growth Fund	1,000	n/a	1,000	0	0	0	1,000
- KCC COMF Helping Hands	13	n/a	13	0	0	0	13
- Parks & Open Spaces Reserve	391	n/a	366	25	0	0	391
- Major Repairs Reserve (HRA)	2,121	n/a	2,121	0	0	0	2,121
- Major Repairs Reserve (HRA)	0	n/a	0	1,673	0	0	1,673
PWLB borrowing - Property Acquisition (HRA)							
	21,580	n/a	5,757	9,202	6,508	150	21,616
PWLB borrowing - Property Acquisition (HRA)	0	n/a	0	12,545	16,460	12,640	41,645
PWLB borrowing - other	1,000	n/a	0	1,000	0	0	1,000
PWLB borrowing - Refuse & Recycling Vehicles	546	n/a	0	0	0	546	546
Unsupported borrowing	0	n/a	0	0	0	0	0
Total	129,921	25,625	59,387	53,902	38,815	19,823	197,551

SPECIAL REVENUE PROJECTS - including 24/25 MTFP proposals

SPECIAL REVENUE PROJECTS	Capital / Revenue	Total Approved Budget £000	Prior Years Exp £000	Estimate 2023/24 £000	Estimate 2024/25 £000	Estimate 2025/26 £000	Future years £000	Total Revised Budget £000
Committed Special Revenue Projects								
Corporate Assets Repairs & Maintenance	R	59	n/a	59	0	0	0	59
Parks - General Repairs (walls, fences, lakes, structures etc)	R	166	166	0	0	0	0	166
Dover District Transportation Study	R	352	287	66	0	0	0	352
Food Waste Promotion	R	47	19	28	0	0	0	47
LDF Plan	R	322	317	5	0	0	0	322
Property Strategy-external support	R	191	182	9	0	0	0	191
Resurfacing Car Parks & DDC owned access roads	R	240	240	0	0	0	0	240
Dover Regeneration - enabling costs	R	440	299	141	0	0	0	440
Butts - access bridge works	R	50	1	49	0	0	0	50
Property Renovations grant scheme	R	300	254	46	0	0	0	300
Beach Huts - refurbishments	R	50	36	14	0	0	0	50
Old St James Church works	R	190	161	29	0	0	0	190
Dover District Leisure Centre - completion works	R	100	53	47	0	0	0	100
CAB alterations to co-locate Deal & Dover CABs	R	24	24	0	0	0	0	24
Whitfield & Duke of York roundabout study	R	40	38	2	0	0	0	40
Sandwich Dredging & Desilting Works 2021	R	25	5	0	20	0	0	25
Dover Place Plan	R	50	0	50	0	0	0	50
Dover Strategic Parking Strategy	R	20	0	20	0	0	0	20
Kearsney Park - remedial works	R	150	2	148	0	0	0	150
UK Shared Prosperity Fund	R/C	844	97	186	562	0	0	844
One Public Estate - feasibility works	R	25	17	0	0	0	0	17
Russell Gardens Pond & Bridge Repairs	R	110	108	2	0	0	0	110
Public conveniences refurbishments	C/R	50	21	29	0	0	0	50
Marke Wood Tennis Court Refurbishment	R	67	58	10	0	0	0	67
Self Build Plot	R	101	46	0	0	0	0	46
Museum Storage Facility Moves	R	43	0	43	0	0	0	43
Roman Painted House bridge repairs	R	50	0	50	0	0	0	50
Museum Essential Repairs	R	360	0	60	100	100	100	360
Garden Waste Containerisation Project	R	351	0	351	0	0	0	351
Sheridan Rd - Refurbishment Works	R	0	0	105	0	0	0	105
High Risk Tree Works-Crabble Athletic Ground	R	0	0	70	0	0	0	70
Project feasibility costs - Stembrook site	R	150	7	143	0	0	0	150
Project feasibility costs - Elvington site	R	77	28	48	0	0	0	77
Project feasibility costs - Bench St Westside - Dover Town Centre Regen	R	0	0	80	0	0	0	80
Project feasibility costs - Camden Crescent - Dover Town Centre Regen	R	0	0	80	0	0	0	80
Project feasibility costs	R	51	36	15	0	0	0	51
Sub total - committed projects		5,096	2,501	1,986	682	100	100	5,369
Capital projects in capital programme financed from reserve:								
Provision allocated to capital programme to finance capital projects - WIP & Proposed	C	9,415	n/a	9,536	0	0	0	9,536
Total committed projects		14,511	2,501	11,522	682	100	100	14,905
Proposed Projects								
Special Revenue Contingency - Amend this provision to £100k WEF 24/25	R/C	121	0	0	100	0	0	100
Closed churchyard repairs	R	50	0	50	0	0	0	50
Aylesham Leisure allocation	R	200	0	200	0	0	0	200
Climate change initiatives	R	310	0	310	0	0	0	310
Town Centre Regeneration - Delete WEF 24/25	R	99	0	0	0	0	0	0
Maison Dieu - additional works	R	700	0	700	0	0	0	700
Project Feasibility Studies	R	288	0	128	0	0	0	128
Russell Gardens Pond Repairs	R	90	0	90	0	0	0	90
Property Renovation Scheme (Town Centre Grants) - Delete WEF 24/25	R	100	0	0	0	0	0	0
Maison Dieu Artwork	R	100	0	100	0	0	0	100
Street Scene	R	50	0	50	0	0	0	50
Deal Tennis Centre Flood Protection - Delete WEF 24/25	R	50	0	0	0	0	0	0
Victoria Park	R	40	0	40	0	0	0	40
Organisational Development	R	600	0	600	0	0	0	600
Paths & Car Park resurfacing - Increase by £25k WEF 24/25	R	60	0	45	20	20	0	85
Heritage Asset Safeguarding works	R	40	0	0	40	0	0	40
Dover District Design Code	R	40	0	0	40	0	0	40
Conservation Area Appraisal	R	20	0	20	0	0	0	20
Russell Gardens Bridge Repairs	R	300	0	300	0	0	0	300
Corporate Assets Repairs & Maintenance	R	247	0	150	0	0	17	167
Property Strategy - revenue costs - Delete WEF 24/25	R	100	0	0	0	0	0	0
Deal Pier structural safety inspection	R	0	0	0	0	0	0	0
Football pitch renovation - Reduce to £25k WEF 24/25	R	75	0	25	0	0	0	25
Elms Vale Pavilion roof repairs - Delete WEF 24/25	R	50	0	0	0	0	0	0
Public Convenience refurbishment	R	50	0	50	0	0	0	50
Streetlights quinquennial inspection - Delete WEF 24/25	R	25	0	0	0	0	0	0
Levelling Up Fund - Capacity Funding	R	130	0	70	60	0	0	130

SPECIAL REVENUE PROJECTS	Capital / Revenue	Total Approved Budget £000	Prior Years Exp £000	Estimate 2023/24 £000	Estimate 2024/25 £000	Estimate 2025/26 £000	Future years £000	Total Revised Budget £000
New Bids - 2024/2025								
Current Tides Leisure Centre - Operational Grant	R	0	0	0	200	0	0	200
Grounds Maintenance Team - Facilities & Equipment security improvements	R	0	0	0	150	0	0	150
Roman Painted House - Works	R	0	0	0	150	0	0	150
Garage Stock Works	R	0	0	0	150	0	0	150
Kearsney Abbey - Play Area & Roof Screen	R	0	0	0	135	0	0	135
Cost of Living Grants Scheme	R	0	0	0	70	0	0	70
Council Catering Kitchen at DDC's Whitfield Offices	R	0	0	0	48	0	0	48
Play Area - Markewood, Walmer	R	0	0	0	40	0	0	40
Dover Museum Cinema Reconfiguration	R	0	0	0	35	0	0	35
Development of a New Playing Pitch and Outdoor Sports Facility Strategy	R	0	0	0	35	0	0	35
Play Area - Bulwarks, Sandwich	R	0	0	0	30	0	0	30
Dover Museum / Discovery Centre furnishing	R	0	0	0	30	0	0	30
Aylesham Cemetery Extension	R	0	0	0	25	0	0	25
Parking Services Safety Equipment Improvement	R	0	0	0	18	0	0	18
Roman Painted House - Dover Collections Reboxing	R	0	0	0	15	0	0	15
Sub total - proposed projects		3,934	0	2,928	1,391	20	17	4,356
Proposed balance to transfer to capital projects - new bids	C	0	n/a	0	0	0	0	0
Total proposed projects		3,934	0	2,928	1,391	20	17	4,356
GRAND TOTAL		18,445	2,501	14,450	2,073	120	117	19,261
Special Projects Financing								
Special Projects financed in previous years		2,501	2,501					2,501
Special Project Reserve		14,062	0	13,382	220	100	117	13,819
SEEDA-Dover Regen Reserve		132	0	132	0	0	0	132
HCA-Dover Regen Reserve		7	0	7	0	0	0	7
KCC & Dover Growth Fund Reserve		101	0	3	0	0	0	3
Periodic Operations Reserve		431	0	416	20	20	0	456
Dover Regeneration Reserve		100	0	20	80	0	0	100
S106		200	0	200	0	0	0	200
External contributions		912	0	290	622	0	0	912
Special Project Reserve (new bids)			0	0	1,131	0	0	1,131
TOTAL		18,445	2,501	14,450	2,073	120	117	19,261

Remaining balance in Special Projects reserve	
Balance at 1 April 2023	19,463
Allocation to projects in 22/23	(13,382)
23/24 allocation to Gen Fund re Community Grants Scheme	(18)
Allocation from General Fund for 23/24	900
Allocation from General Fund for 23/24 re Major Events	20
23/24 allocation re EZ relief from prior year	98
Balance at 31 March 2024	7,081
Proposed allocation to projects in 24/25 & future years	(437)
Proposed allocation to new projects in 24/25 & future years	(1,131)
Allocation from General Fund for 24/25 re Major Events	20
Allocation from General Fund for 24/25	600
Balance after future years allocations	6,132

DIGITAL REVENUE PROJECTS	Total Approved Budget £000	Prior Years Exp £000	Estimate 2023/24 £000	Estimate 2024/25 £000	Estimate 2025/26 £000	Total Revised Budget £000
Infrastructure Investment - Approved Projects						
AIM Cloud Based Project	28	21	7	0	0	28
Corporate Hardware & Software	99	22	76	0	0	98
Network Switches	25	7	16	0	0	23
Meeting Rooms Solution	20	12	1	0	0	13
Telephone Equipment Main System	16	6	8	0	0	14
Regulatory Services Cloud System	122	77	45	0	0	122
Laptop Replacement	72	52	7	0	0	59
IDOX System Upgrades	22	0	22	0	0	22
M365 Backups	9	1	8	0	0	9
Confirm On Demand Cloud System	9	4	4	0	0	8
WAN & Internet Wired Network	4	0	0	4	0	4
Azure Landing Zone	28	0	28	0	0	28
Firewall	17	0	17	0	0	17
Integration Software - Uniform Mastermap	7	0	7	0	0	7
Azure - IDOX Migration	91	0	91	0	0	91
JADU Upgrade	38	0	38	0	0	38
Proval to Azure	5	0	5	0	0	5
FME to Azure	10	0	10	0	0	10
Iken to Azure	18	0	18	0	0	18
Xpress to Azure	22	0	22	0	0	22
Azure - ROCK managed service extension	39	0	39	0	0	39
ICT Report	15	0	15	0	0	15
IDOX - TLC Server Migration	5	0	5	0	0	5
Total - committed projects	721	202	489	4	0	695
Infrastructure Investment - Committed Projects						
MSSQL Upgrades	21		0	21	0	21
SAN Storage Area Network	44		0	44	0	44
VM Ware	45		0	45	0	45
Civica Recharges (Software & Licences)	84		41	43	0	84
Citrix Environment	38		38	0	0	38
Citrix Licences	29		29	0	0	29
Server CALS (Licences for host servers)	10		0	10	0	10
Total - proposed projects	271	0	108	163	0	271
Infrastructure Investment - New Bids 2024/25						
ICT/Digital Development in Property Assets	50		0	50	0	50
IDOX System Upgrades	20		0	20	0	20
HR System (DDC Proportion)	150		0	150	0	150
Design Computer Hardware Update	2		0	2	0	2
Property Development Solution	10		0	10	0	10
Image Database	5		0	5	0	5
Electoral Software	40		0	40	0	40
Firewall for Dover Museum	9		0	9	0	9
CRM	300		0	300	0	300
Website Redesign	100		0	100	0	100
Switches	70		0	70	0	70
E-Commerce Upgrade (Income)	80		0	80	0	80
Press Campaign Software	1		0	1	0	1
Feasibility Study of Internet Connections	30		0	30	0	30
Ad-hoc Unknown Projects	100		0	100	0	100
Total - new bids	967	0	0	967	0	967
GRAND TOTAL	1,959	202	597	1,134	0	1,933
Digital Projects Financing						
Projects financed in previous years		202				202
Digital & ICT Reserve			469	796	0	1,265
Port Health Funding			43	113	0	156
HRA Funding			85	225	0	310
TOTAL		202	597	1,134	0	1,933

Remaining Balance in Digital & ICT Reserve	£000
Balance at 1 April 2023	1,709
Allocation to Revenue projects in 23/24	(469)
Allocation from General Fund for 23/24	115
Allocation from Special Project Reserve for 23/24	0
Balance at 31 March 2024	1,355
Proposed allocation to Revenue projects in 24/25 & future years	(796)
Allocation from General Fund for 24/25	0
Allocation from Special Project Reserve for 24/25	0
Balance after future years allocations	559

*** Notes**

ICT services moved in-house with effect from 1st April 2023.

During 2024/25, all services and software maintenance contracts will be reviewed and analysed.

Ongoing expenditure will depend on the findings built up throughout the financial year 2024/25, and what priorities are established.

Estimated costs for new bids have been allocated to 2024/25. Projections beyond next year are difficult to ascertain at the time of collating the MTFP.

Capital Strategy Report 2024/25

1. Introduction

- 1.1. 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.
- 1.2. Decisions made this year on capital and treasury management will have financial consequences for the Council 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.

2. Capital Expenditure and Financing

- 2.1. Capital expenditure is where the Council 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 Council 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.
- 2.2. In 2024/25, the Council is planning capital expenditure of £53.9m as summarised below:

Table 1: Prudential Indicator: Estimates of Capital Expenditure

	2022/23 actual	2023/24 forecast	2024/25 budget *	2025/26 budget	2026/27 budget
	£000	£000	£000	£000	£000
General Fund services	16,331	42,417	16,568	8184	1,133
Council housing (HRA)	11,459	16,971	37,334	30632	18,689
TOTAL	27,790	59,387	53,902	38816	19,823

- 2.3. The main General Fund capital projects include the Dover Beacon Levelling Up Bid, development of the Dover Fast Track Bus Route, major restoration works on Maison Dieu (Dover Town Hall) and regeneration projects.
- 2.4. 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 new affordable homes over the forecast period.
- 2.5. 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.

2.6. The impact of the changes in financial reporting for leases is currently being assessed and any significant impact on this strategy will be reported to Governance in the quarterly updates as appropriate.

2.7. **Governance:** Service managers bid in August to include projects in the Council’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.

2.8. For full details of the Council’s capital programme, including the project appraisals undertaken, see Annex 6A.

2.9. All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council’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.

	2022/23 actual £000	2023/24 forecast £000	2024/25 budget £000	2025/26 budget £000	2026/27 budget £000
Capital Receipts	3,263	6,736	13,570	7,664	6,337
Grants and Contributions	10,035	25,301	10,765	8,184	0
Reserves and Revenue	10,225	21,593	6,821	0	150
Borrowing	4,267	5,757	22,747	22,968	13,336
Total Financing	27,790	59,387	53,902	38,816	19,823

2.10. 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 prior years’ debt finance

	2022/23 actual £000	2023/24 forecast £000	2024/25 budget £000	2025/26 budget £000	2026/27 budget £000
GF MRP	1,656	1,673	1,692	1,712	1,734
HRA loan repayments	2,522	2,602	2,686	2,772	2,861
TOTAL	4,177	4,276	4,378	4,484	4,594

2.11. The Council’s full minimum revenue provision statement is available at Annex 7D.

- 2.12. The Council’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 during 2024/25. Based on the above figures for expenditure and financing, the Council’s estimated CFR is as follows:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement

	31.3.2023 actual	31.3.2024 forecast	31.3.2025 budget	31.3.2026 budget	31.3.2027 budget
	£000	£000	£000	£000	£000
General Fund services	58,521	56,848	56,155	54,443	53,256
Council Housing (HRA)	83,280	86,435	105,496	125,692	135,621
TOTAL CFR	141,801	143,283	161,651	180,135	188,877

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

3.1. 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 (Finance and Housing) confirms that there are sufficient resources to keep properties in a basic state of repair, 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.

3.2. Property Assets are currently working on previously identified priorities and note the need to prepare a new AMP and review corporate priorities moving forward.

3.3. **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 Council anticipates receiving £3.9m of capital receipts in the coming financial year as follows:

Table 5: Capital receipts receivable

	2022/23 actual	2023/24 forecast	2024/25 budget	2025/26 budget	2026/27 budget
	£000	£000	£000	£000	£000
Asset sales - Non Housing	10	1,380	600	300	300
Asset Sales - HRA	4,571	2,237	2,000	2,000	2,000
Loans repaid / other	438	248	250	250	250
TOTAL	5,019	3,865	2,850	2,550	2,550

3.4. Restrictions apply to the use of capital receipts generated from HRA ‘Right to Buy’ asset sales meaning they can only be used to support further HRA capital investment.

4. Treasury Management

4.1. Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council’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 Council 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.

4.2. Due to decisions taken in the past, the Council currently has £67m long term borrowing at an average interest rate of 3.4% and £50m long term treasury investments at an average rate of 4.4%.

4.3. **Borrowing strategy:** The Council’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 Council therefore seeks to strike a balance between cheaper short-term loans (currently available at around 5.4%) and long-term fixed rate loans where the future cost is known but higher (currently around 5.6%).

4.4. The Council does not borrow to invest for the primary purpose of financial return and therefore retains full access to the Public Works Loans Board.

4.5. Projected levels of the Council’s total outstanding borrowing¹ is shown below, compared with the capital financing requirement (see above).

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

	31.3.2023 actual	31.3.2024 forecast	31.3.2025 budget	31.3.2026 budget	31.3.2027 budget
	£000	£000	£000	£000	£000
Borrowing	70,666	68,054	65,778	62,606	59,745
Capital Financing Requirement	141,712	141,802	143,284	161,652	180,135

4.6. 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 Council expects to comply with this in the medium term.

4.7. **Liability benchmark:** To compare the Council’s actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to £10m at each year-end. This benchmark is currently £65.1m and is forecast to rise to £132.5m over the next three years.

¹ The impact of the changes in financial reporting for leases is currently being assessed and any significant impact on this strategy will be reported to Governance in the quarterly updates as appropriate.

Table 7: Borrowing and the Liability Benchmark

	31.3.2023 actual	31.3.2024 forecast	31.3.2025 budget	31.3.2026 budget	31.3.2027 budget
	£m	£000	£000	£000	£000
Forecast borrowing	72.0	77.7	100.5	123.4	136.8
Liability benchmark	43.7	65.1	91.7	123.8	132.5

4.8. The table shows that the Council expects to remain borrowed above its liability benchmark. This is because under Housing Finance Reform in 2012 the council was required to borrow £90.5m from the Public Works Loans Board (PWLB), the remaining balance on this loan is c.£65m.

4.9. **Affordable borrowing limit:** The Council 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 8: Prudential Indicators: Authorised limit and operational boundary for external debt

	2023/24 limit	2024/25 limit	2025/26 limit	2026/27 limit
	£m	£m	£m	£m
Authorised limit - borrowing	338.5	338.5	338.5	338.5
Operational boundary - borrowing	333.0	333.0	333.0	333.0

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

4.11. **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.

4.12. The Council’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 selected high-quality banks, money market funds, the government or other local authorities 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 Council may request its money back at short notice.

Table 9: Treasury management investments

	31.3.2023 actual	31.3.2024 forecast	31.3.2025 budget	31.3.2026 budget	31.3.2027 budget
	£000	£000	£000	£000	£000
Near-term investments	1,600	4,000	4,000	4,000	4,000
Longer-term investments	50,000	50,000	50,000	50,000	50,000
TOTAL	51,600	54,000	54,000	54,000	54,000

4.13. Further details on treasury investments can be found in treasury management strategy (Annex 7B).

4.14. **Risk management:** The effective management and control of risk are prime objectives of the Council'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.

4.15. The treasury management prudential indicators are included in the Treasury Management Strategy (Annex 7B).

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

5. Investments for Service Purposes

5.1. The Council can make investments to assist local public services, including making loans to local service providers, local small businesses to promote economic growth, the Council's subsidiaries that provide services. In light of the public service objective, the Council is willing to take more risk than with treasury investments, however it still plans for such investments to break even after all costs.

5.2. **Governance:** Decisions on service investments are made by the relevant service manager in consultation with the Strategic Director (Finance and Housing) 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.

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

6. Commercial Activities

6.1. With central government financial support for local public services declining, the Council can invest 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%, c.£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 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.

- 6.2. **Governance:** Decisions on commercial investments are made by the Portfolio Holder of 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.
- 6.3. Further details on commercial investments and limits on their use are in pages in the Investment Strategy - Annex 7C.

Table 10: Prudential indicator: Net income from commercial and service investments to net revenue stream

	2022/23 actual £000	2023/24 forecast £000	2024/25 budget £000	2025/26 budget £000	2026/27 budget £000
Total net income from service and commercial investments	1,342	1,477	1,528	1,528	1,528
Proportion of net revenue stream	6.8%	7.4%	7.6%	7.2%	7.0%

7. Liabilities

- 7.1. In addition to debt of £67m detailed above, the Council is committed to making future payments to cover its pension fund deficit (valued at £24m). It has also set aside £4m 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 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 Statement of Accounts for further information).

8. Revenue Budget Implications

- 8.1. 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 11: Prudential Indicator: Proportion of financing costs to net revenue stream

	2022/23 actual	2023/24 forecast	2024/25 budget	2025/26 budget	2026/27 budget
General Fund	(0.34%)	1.40%	0.40%	0.35%	0.31%
HRA	9.00%	20.83%	11.46%	10.57%	9.71%

- 8.2. Further details on the revenue implications of capital expenditure are included in the Capital and Special Revenue section of the 2024/25 budget and MTFP.

8.3. **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 (Finance and Housing) is satisfied that the proposed capital programme is prudent, affordable and sustainable.

9. Knowledge and Skills

9.1. 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 (Finance and Housing) is a qualified Accountant, the Strategic Director (Corporate and Regulatory Services) is a qualified Solicitor, and the Strategic Director (Place and Environment) is a qualified Civil Engineer, all with many years' experience. The Council pays for staff to study towards relevant professional qualifications.

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

Treasury Management Strategy Statement 2024/25

1. Introduction

- 1.1. Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council 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 Council's prudent financial management.
- 1.2. Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2021 Edition* (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.
- 1.3. Investments held for service purposes or for commercial profit are considered in a different report, the Investment Strategy. (See Annex 7C)

2. External Context

- 2.1. **Economic background:** The impact on the UK from higher interest rates and inflation, a weakening economic outlook, an uncertain political climate due to an upcoming general election, together with war in Ukraine and the Middle East, will be major influences on the Council's treasury management strategy for 2024/25.
- 2.2. The Bank of England (BoE) increased Bank Rate to 5.25% in August 2023, before maintaining this level for the rest of 2023. In December 2023, members of the BoE's Monetary Policy Committee voted 6-3 in favour of keeping Bank Rate at 5.25%. The three dissenters wanted to increase rates by another 0.25%.
- 2.3. The November quarterly Monetary Policy Report (MPR) forecast a prolonged period of weak Gross Domestic Product (GDP) growth with the potential for a mild contraction due to ongoing weak economic activity. The outlook for CPI inflation was deemed to be highly uncertain, with upside risks to CPI falling to the 2% target coming from potential energy price increases, strong domestic wage growth and persistence in price-setting.
- 2.4. Office for National Statistics (ONS) figures showed CPI inflation was 3.9% in November 2023, down from a 4.6% rate in the previous month and, in line with the recent trend, lower than expected. The core CPI inflation rate declined to 5.1% from the previous month's 5.7%, again lower than predictions. Looking ahead, using the interest rate path implied by financial markets the BoE expects CPI inflation to continue falling slowly, but taking until early 2025 to reach the 2% target before dropping below target during the second half 2025 and into 2026.
- 2.5. ONS figures showed the UK economy contracted by 0.1% between July and September 2023. The BoE forecasts GDP will likely stagnate through 2024. The BoE forecasts that higher interest rates will constrain GDP growth, which will remain weak over the entire forecast horizon.

- 2.6. The labour market appears to be loosening, but only very slowly. The unemployment rate rose slightly to 4.2% between June and August 2023, from 4.0% in the previous 3-month period, but the lack of consistency in the data between the two periods made comparisons difficult. Earnings growth has remained strong but has showed some signs of easing; regular pay (excluding bonuses) was up 7.3% over the period and total pay (including bonuses) up 7.2%. Adjusted for inflation, regular pay was 1.4% and total pay 1.3%. Looking forward, the MPR showed the unemployment rate is expected to be around 4.25% in the second half of calendar 2023, but then rising steadily over the forecast horizon to around 5% in late 2025/early 2026.
- 2.7. Having increased its key interest rate to a target range of 5.25-5.50% in August 2023, the US Federal Reserve appears now to have concluded the hiking cycle. It is likely this level represents the peak in US rates following a more dovish meeting outcome in December 2023. US GDP grew at an annualised rate of 4.9% between July and September 2023, ahead of expectations for a 4.3% expansion and the 2.1% reading for Q2. But the impact from higher rates has started to feed into economic activity and growth will weaken in 2024. Annual CPI inflation was 3.1% in November.
- 2.8. Eurozone inflation has declined steadily since the start of 2023, falling to an annual rate of 2.4% in November 2023. Economic growth has been weak and GDP contracted by 0.1% in the three months to September 2023. In line with other central banks, the European Central Bank has increased rates, taking its deposit facility, fixed rate tender, and marginal lending rates to 3.75%, 4.25% and 4.50% respectively.
- 2.9. Credit outlook: Credit Default Swap (CDS) prices were volatile during 2023, spiking in March on the back of banking sector contagion concerns following the major events of Silicon Valley Bank becoming insolvent and the takeover of Credit Suisse by UBS. After then falling back in Q2 of calendar 2023, in the second half of the year, higher interest rates and inflation, the ongoing war in Ukraine, and now the Middle East, have led to CDS prices increasing steadily.
- 2.10. On an annual basis, CDS price volatility has so far been lower in 2023 compared to 2022, but this year has seen more of a divergence in prices between ringfenced (retail) and non-ringfenced (investment) banking entities once again.
- 2.11. Moody's revised its outlook on the UK sovereign to stable from negative to reflect its view of restored political predictability following the volatility after the 2022 mini-budget. Moody's also affirmed the Aa3 rating in recognition of the UK's economic resilience and strong institutional framework.
- 2.12. Following its rating action on the UK sovereign, Moody's revised the outlook on five UK banks to stable from negative and then followed this by the same action on five rated local authorities. However, within the same update the long-term ratings of those five local authorities were downgraded.
- 2.13. There remain competing tensions in the banking sector, on one side from higher interest rates boosting net income and profitability against another of a weakening economic outlook and likely recessions that increase the possibility of a deterioration in the quality of banks' assets.
- 2.14. However, the institutions on our adviser Arlingclose's counterparty list remain well-capitalised and their counterparty advice on both recommended institutions and maximum duration remain under constant review and will continue to reflect economic conditions and the credit outlook.

- 2.15. **Interest rate forecast (December 2023):** Although UK inflation and wage growth remain elevated, the Council’s treasury management adviser Arlingclose forecasts that Bank Rate has peaked at 5.25%. The Bank of England’s Monetary Policy Committee will start reducing rates in 2024 to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. Arlingclose sees rate cuts from Q3 2024 to a low of around 3% by early-mid 2026.
- 2.16. Arlingclose expects long-term gilt yields to be broadly stable at current levels (amid continued volatility), following the decline in yields towards the end of 2023, which reflects the expected lower medium-term path for Bank Rate. Yields will remain relatively higher than in the past, due to quantitative tightening and significant bond supply. As ever, there will undoubtedly be short-term volatility due to economic and political uncertainty and events.
- 2.17. A more detailed economic and interest rate forecast provided by Arlingclose is in Appendix A.
- 2.18. 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 5-6%.

3. Local Context

- 3.1. On 31st December 2023, the Council held £89m of borrowing and £50m 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: Balance sheet summary and forecast in £ millions

	31.3.23 Actual	31.3.24 Estimate	31.3.25 Forecast	31.3.26 Forecast	31.3.27 Forecast
Capital Financing Requirement	145.6	147.1	165.5	183.9	192.7
External borrowing	(86.0)	(74.2)	(65.5)	(62.6)	(58.8)
Internal borrowing	59.6	72.8	100.0	121.3	133.9
Balance sheet resources	(111.9)	(92.0)	(83.8)	(70.2)	(70.2)
Investments (new borrowing)	52.3	19.2	(16.2)	(51.2)	(63.7)
Treasury Investments	52.3	19.2	10.0	10.0	10.0
New Borrowing	0.0	0.0	26.2	61.2	73.7

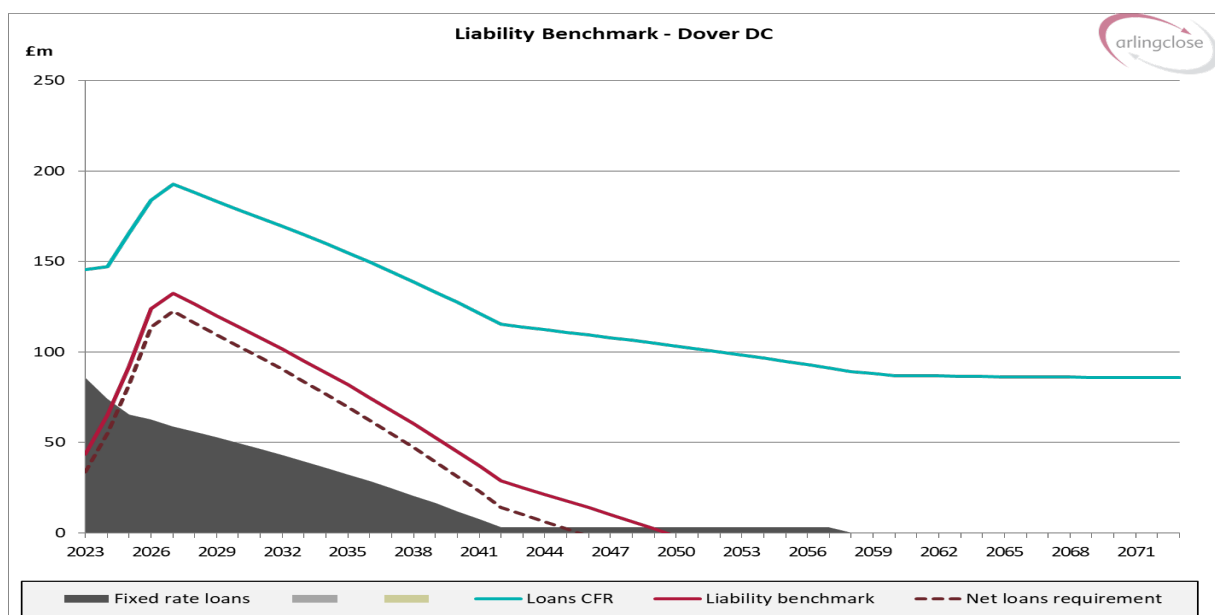
- 3.2. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying sums available for investment. The Council’s current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.
- 3.3. The Council has an increasing CFR due to the increased scope of the proposed capital programme and may therefore be required to increase its external borrowing over the forecast period; this is after maximising the use of internal borrowing.
- 3.4. CIPFA’s *Prudential Code for Capital Finance in Local Authorities* recommends that the Council’s total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Councils expects to comply with this recommendation during 2024/25.

- 3.5. **Liability benchmark:** To compare the Council’s actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 1 above, but that cash and investment balances are kept to a minimum level of £10m at each year-end to maintain sufficient liquidity but minimise credit risk.
- 3.6. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

Table 2: Prudential Indicator: Liability benchmark

	31.3.23 Actual £m	31.3.24 Estimate £m	31.3.25 Forecast £m	31.3.26 Forecast £m	31.3.27 Forecast £m
Capital Financing Requirement	145.6	147.1	165.5	183.9	192.7
Less: Balance sheet resources	(111.9)	(92.0)	(83.8)	(70.2)	(70.2)
Net loans requirement	33.7	55.1	81.7	113.8	122.5
Plus: Liquidity allowance	10.0	10.0	10.0	10.0	10.0
Liability benchmark	43.7	65.1	91.7	123.8	132.5

- 3.7. Following on from the medium-term forecasts in table 2 above, the long-term liability benchmark assumes capital expenditure funded by borrowing of £0m a year, minimum revenue provision on new capital expenditure based on a 40-year asset life and income, expenditure and reserves all increasing by inflation of 2.5% a year. This is shown in the chart below together with the maturity profile of the Council’s existing borrowing:



- 3.8. The Council's level of existing external borrowing remains above the liability benchmark over the forecast period due to historic borrowing decisions. This indicates the Council will continue to be a long-term investor if cash flows occur as forecast.

4. Borrowing Strategy

- 4.1. As at 31 March 2023 the Council held £83m of loans, an increase of £10 million on the previous year, as part of its strategy for funding previous years' capital programmes. The Council may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £338.5m.
- 4.2. **Objectives:** The Council'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 Council's long-term plans change is a secondary objective.
- 4.3. **Strategy:** Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. Short-term interest rates are currently at a 15-year high but are expected to fall in the coming years and it is therefore likely to be more cost effective over the medium-term to either use internal resources, or to borrow short-term loans instead.
- 4.4. By doing so, the Council 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 Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2024/25 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
- 4.5. The Council 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, 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 Council intends to avoid this activity in order to retain its access to PWLB loans.
- 4.6. Alternatively, the Council 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.
- 4.7. In addition, the Council may borrow further short-term loans to cover unplanned cash flow shortages.
- 4.8. **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)
 - UK Infrastructure Bank Ltd
 - 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

4.9. **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
- Similar asset based finance

4.10. **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.

4.11. **Short-term and variable rate loans:** These loans leave the Council 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).

4.12. **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 Council 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. The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

5. Treasury Investment Strategy

5.1. The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's treasury investment balance has ranged between £50m and £66m, and similar levels are expected to be maintained in the forthcoming year.

5.2. **Objectives:** The CIPFA Code requires the Council 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 Council'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 Council 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. The Council aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.

- 5.3. **Strategy:** As demonstrated by the liability benchmark above, the Council expects to be a long-term investor and treasury investments will therefore include both short-term low risk instruments to manage day-to-day cash flows and longer-term instruments where limited additional risk is accepted in return for higher investment income to support local public services.
- 5.4. The CIPFA Code does not permit local authorities to both borrow and invest long-term for cash flow management. But the Council may make long-term investments for treasury risk management purposes, including to manage interest rate risk by investing sums borrowed in advance for the capital programme for up to three years; to manage inflation risk by investing usable reserves in instruments whose value rises with inflation; and to manage price risk by adding diversification to the strategic pooled fund portfolio.
- 5.5. **ESG policy:** Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Council's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Council will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.
- 5.6. **Business models:** Under the IFRS 9 standard, the accounting for certain investments depends on the Council's "business model" for managing them. The Council 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.
- 5.7. **Approved counterparties:** The Council may invest its surplus funds with any of the counterparty types in table 3 below, subject to the limits shown.

Table 3: 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	£10m	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

- 5.8. *** 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.

- 5.9. **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.
- 5.10. **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.
- 5.11. **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.
- 5.12. **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 Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.
- 5.13. **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 Council 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 Council's investment objectives will be monitored regularly.
- 5.14. **Operational bank accounts:** The Council 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 Council maintaining operational continuity.
- 5.15. **Risk assessment and credit ratings:** Credit ratings are obtained and monitored by the Council'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.
- 5.16. 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.
- 5.17. **Other information on the security of investments:** The Council 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 Council’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.
- 5.18. **Reputational aspects:** The Council is aware that investment with certain counterparties, while considered secure from a purely financial perspective, may leave it open to criticism, valid or otherwise, that may affect its public reputation, and this risk will therefore be taken into account when making investment decisions.
- 5.19. When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008, 2020 and 2022, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council 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 Council’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.
- 5.20. **Investment limits:** The Council’s revenue reserves available to cover investment losses are forecast to be £39m on 31st March 2024 and £32m on 31st March 2025. 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 £10 million. A group of entities under the same ownership will be treated as a single organisation for limit purposes.
- 5.21. 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.
- 5.22. 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 4: 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

- 5.23. **Liquidity management:** The Council uses cash flow estimates and forecasting software 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 Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council’s medium-term financial plan and cash flow forecast.
- 5.24. The Council 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.

6. Treasury Management Prudential Indicators

- 6.1. The Council measures and manages its exposures to treasury management risks using the following indicators.
- 6.2. **Security:** The Council 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

- 6.3. **Liquidity:** The Council 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

- 6.4. **Interest rate exposures:** This indicator is set to control the Council’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	500
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	500

- 6.5. 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.
- 6.6. **Maturity structure of borrowing:** This indicator is set to control the Council’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%

6.7. 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.

6.8. **Long-term treasury management investments:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management investments will be:

Price risk indicator	2024/25	2025/26	2026/27	No fixed date
Limit on principal invested beyond year end	£55m	£55m	£55m	£55m

6.9. Long-term investments with no fixed maturity date include strategic pooled funds and real estate investment trusts but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

7. Related Matters

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

7.2. **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).

7.3. The Council 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.

7.4. 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.

- 7.5. In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.
- 7.6. **Housing Revenue Account:** On 1st April 2012, the Council 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 monitored and interest transferred between the General Fund and HRA at the Council's average interest rate on treasury investments excluding strategic pooled funds, adjusted for credit risk if a net investment balance and at the Authority's average rate of borrowing if a net borrowing balance.
- 7.7. **Markets in Financial Instruments Directive:** The Council 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 Council's treasury management activities, the Strategic Director of Finance and Housing believes this to be the most appropriate status.

8. Financial Implications

- 8.1. The budget for investment income in 2024/25 is £2.4m, based on an average investment portfolio of £50m at an interest rate of 4.4%. The budget for debt interest paid in 2024/25 is £3.34m, based on an average debt portfolio of £87m at an average interest rate of 3.8%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.
- 8.2. 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.

9. Other Options Considered

- 9.1. The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Strategic Director (Finance and Housing), having consulted the Cabinet Member for Finance, Governance, Digital and Climate Change, 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 - February 2024

Underlying assumptions:

- UK inflation and wage growth remains elevated, although on a likely downward trend over the first half of 2024. Core and services inflation is likely to remain in excess of target throughout this period, so policymakers will be cautious when it comes to easing monetary policy, despite growing downside risks. UK growth rates will remain low as increasingly restrictive monetary policy dampens activity.
- In February, the language in the MPC minutes moved to a more neutral position, despite two members continuing to vote for a further rise in Bank Rate. The focus is now on assessing how long Bank Rate needs to remain at 5.25% before reducing, with the projections in the Monetary Policy Report suggesting that market expectations for rate cuts are not far from the mark.
- UK activity data remains relatively weak, although there has been some evidence of recovery in the services sector and housing market. Consumer confidence is low but on an improving trend; household spending on goods, though, remains under pressure.
- Employment demand continues to ease, although remaining relatively resilient given the soft economic backdrop. Anecdotal evidence suggests lower pay growth, and we expect unemployment to rise, which will lead to some deterioration in consumer sentiment. Household and business spending will therefore remain weak.
- Inflation rates will move lower over the next 12 months. By April, the headline CPI rate will likely be at or below the 2% target, but with upside risks from geo-political issues. With policymaker fears around the persistence of underlying inflationary pressure, we believe Bank Rate will remain unchanged until August and initially reduce slowly.
- Maintaining monetary policy in restrictive territory for so long, when the economy is already struggling, will require substantial loosening in 2025 to boost activity.
- Global bond yields will remain volatile. Investors' expectations of near-term US rate cuts have been dealt a severe blow by the continued strength of the US economy, particularly labour markets. Investors' positioning for the timing of US monetary loosening will continue to influence movements in gilt yields.
- Moreover, there is a heightened risk of fiscal policy, credit events and/or geo-political events causing substantial volatility in yields.

Forecast:

- The MPC held Bank Rate at 5.25% in February. We believe this is the peak for Bank Rate.
- The MPC will cut rates in the medium term to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. We see rate cuts from Q3 2024 to a low of around 3% by late 2025.
- The risks around Bank Rate are initially balanced before shifting to the downside due to on-going soft UK economic activity and the resulting dampening effects on inflation. Upside risks to inflation remain, but the likelihood of further rises in Bank Rate are low.
- Long-term gilt yields have moved higher since the start of the year, largely due to stronger US data. Arlingclose's central case is for yields to be volatile around a relatively narrow range, reflecting the likelihood for monetary loosening in the Eurozone, UK and US.

	Current	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
Official Bank Rate													
Upside risk	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00	1.00
Central Case	5.25	5.25	5.25	5.00	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00
Downside risk	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
3-month money market rate													
Upside risk	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00	1.00
Central Case	5.40	5.40	5.30	5.15	4.80	4.30	4.10	3.80	3.50	3.25	3.15	3.10	3.10
Downside risk	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
5yr gilt yield													
Upside risk	0.00	0.75	0.85	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.96	3.75	3.70	3.65	3.60	3.50	3.40	3.30	3.30	3.30	3.30	3.35	3.40
Downside risk	0.00	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
10yr gilt yield													
Upside risk	0.00	0.75	0.85	0.85	0.90	0.90	0.90	0.90	1.00	1.00	1.00	1.00	1.00
Central Case	3.97	3.80	3.80	3.80	3.75	3.70	3.65	3.65	3.65	3.65	3.65	3.70	3.75
Downside risk	0.00	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
20yr gilt yield													
Upside risk	0.00	0.75	0.85	0.85	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	4.50	4.40	4.30	4.25	4.25	4.20	4.20	4.20	4.20	4.20	4.20	4.25	4.25
Downside risk	0.00	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
50yr gilt yield													
Upside risk	0.00	0.75	0.85	0.85	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	4.19	3.90	3.90	3.90	3.90	3.90	3.90	3.90	3.90	3.95	3.95	3.95	3.95
Downside risk	0.00	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00

PWLB Standard Rate = Gilt yield + 1.00%

PWLB Certainty Rate = Gilt yield + 0.80%

PWLB HRA Rate = Gilt yield + 0.40%

UK Infrastructure Bank Rate = Gilt yield + 0.40%

Appendix B - Existing Investment & Debt Portfolio Position

	31 December 2023 Actual portfolio £m	31 December 2023 Average rate %
External borrowing:		
Public Works Loan Board	69.4	3.38
Local authorities	20.0	5.31
Total external borrowing	89.4	
Treasury investments:		
Banks (unsecured)	0.1	1.45
Money market funds	1.6	4.15
Strategic pooled funds	50.0	4.4
Total treasury investments	51.7	
Net debt	37.7	

Non-treasury Investment Strategy Report 2024/25

1. Introduction

1.1 The Council 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).

1.2 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.

1.3 The statutory guidance defines investments as “all of the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios.” The Authority interprets this to exclude (a) trade receivables which meet the accounting definition of financial assets but are not investments in the everyday sense of the word and (b) property held partially to generate a profit but primarily for the provision of local public services. This aligns the Authority’s definition of an investment with that in the 2021 edition of the CIPFA Prudential Code, a more recent piece of statutory guidance.

2. Treasury Management Investments

2.1 The Council 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 £50m and £65m during the 2024/25 financial year.

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

2.3 **Further details:** Full details of the Council’s policies and its plan for 2024/25 for treasury management investments are covered in a separate document, the treasury management strategy, are covered in Annex 7B, the treasury management strategy.

3. Service Investments: Loans

3.1 **Contribution:** The Council can lend 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 c.£3.3m (of which £0.9m is allocated to the Financial Instruments Loss Allowance and £2.4m is the resultant net value in the 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.

3.2 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 Council, 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	2024/25
	Approved Limit
Subsidiaries	100.0
Local businesses	3.0
Local charities	0.5
Housing associations	2.0
Private Sector Housing	4.0
TOTAL	109.5

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

3.4 Risk assessment: The Council 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.

4. Service Investments: Shares

4.1 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.

4.2 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 £100m.

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

4.4 Non-specified Investments: Shares are the only investment type that the Council 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 Council’s upper limits on non-specified investments. The Council has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

5. Non Treasury Investments: Property

5.1 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 3: Property held for investment purposes in £ millions

Property	Actual	31.3.2023 actual		31.3.2024 expected	
	Purchase cost	Gains or (losses)	Value in accounts	Gains or (losses)	Value in accounts
B&Q	17.2	0.0	17.2	0.0	17.2
Whitfield Court	4.9	0.0	4.9	0.0	4.9
55-61 Castle Street	0.7	0.0	0.7	0.0	0.7
TOTAL	22.8	0.0	22.8	0.0	22.8

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

5.3 Where value in accounts is at or above purchase cost: A fair value assessment of the Council’s investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment. Should the 2023/24 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.

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

5.5 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 Council 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.

6. Proportionality

6.1 The Council 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 Council 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 Council 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 4: Proportionality of Investments

	2022/23 Actual £000	2023/24 Forecast £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000
Investment income	1,922	2,235	2,391	2,391	2,391
Gross service expenditure	19,651	19,841	20,009	21,090	21,834
Proportion	10%	11%	12%	11%	11%

7. Capacity, Skills and Culture

7.1 **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.

7.2 **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 course and have access to the prudential framework to ensure principles of the framework are adhered to.

7.3 **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.

8. Investment Indicators

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

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

Table 5: Total investment exposure in £millions

Total investment exposure	31.03.2023 Actual	31.03.2024 Forecast	31.03.2025 Forecast
Treasury management investments	50.0	50.0	50.0
Service investments: Loans (PSH)	3.3	3.3	3.3
Non treasury investments	22.8	22.8	22.8
TOTAL INVESTMENTS	76.1	76.1	76.1

8.3 How investments are funded: Government guidance is that these indicators should include how investments are funded. Since the Council does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. At present, the Council does not hold any investments funded by borrowing. The Council's investments are funded by usable reserves and income received in advance of expenditure.

8.4 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 7: Investment rate of return (net of all costs)

Investments net rate of return	2022/23 Actual	2023/24 Forecast	2024/25 Forecast
Treasury management investments	3.8%	4.5%	4.4%
Non Treasury Investments	6.8%	7.4%	7.6%

Minimum Revenue Provision Statement 2024/25

Annual Minimum Revenue Provision Statement 2024/25

- 1.1 Where the Council 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 Council to have regard to the former Ministry of Housing, Communities and Local Government's *Guidance on Minimum Revenue Provision* (the MHCLG Guidance) most recently issued in 2018.
- 1.2 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 Council 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 2023/24 will not be subject to a MRP charge until 2024/25
 - 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.
 - Where former operating leases have been brought onto the balance sheet due to the adoption of the *IFRS 16 Leases* accounting standard, and the asset values have been adjusted for accruals, prepayments, premiums and/or incentives, then the annual MRP charges will be adjusted so that the total charge to revenue remains unaffected by the new standard.

- No MRP will be charged in respect of assets held within the Housing Revenue Account but depreciation on those assets will be charged instead in line with regulations.

1.3 Capital expenditure incurred during 2024/25 will not be subject to a MRP charge until 2025/26 or later.

1.4 Based on the Council's latest estimate of its capital financing requirement (CFR) on 31st March 2023, the budget for MRP has been set as follows:

	31.03.2024 Estimated CFR	2024/25 Estimated MRP
	£000	£000
Capital expenditure before 01.04.2008	7,880	268
Supported capital expenditure after 31.03.2008	54,821	1,425
Total General Fund	62,701	1,692
Assets in the Housing Revenue Account	0	0
HRA subsidy reform payment	68,064	2,644
Total Housing Revenue Account	68,064	2,644
Total	130,765	4,336

Resolution to set the Council Tax

COUNCIL 1 MARCH 2024

The Council is recommended to resolve the following in relation to Council Tax for
2024/25

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

(1) It be noted that on 31st January 2024 the Council calculated the Council Tax Base for **2024/25**

(a) as 40,874.50 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	305.08
Ash	1,296.38
Aylesham	1,690.93
Capel-le-Ferne	668.76
Deal	7,083.24
Denton-with-Wootton	184.47
Dover	8,516.39
Eastry	852.52
Eythorne	812.87
Goodnestone	175.30
Great Mongeham	327.85
Guston	443.98
Hougham-without	177.96
Langdon	239.85
Lydden	299.62
Nonington	297.73
Northbourne	278.78
Preston	400.29
Ringwould-with-Kingsdown	1,089.59
Ripple	155.04
River	1,493.49
St Margarets-at-Cliffe	1,338.05
Sandwich	2,114.49
Shepherdswell-with-Coldred	803.54
Sholden	757.41
Staple	263.33
Stourmouth	113.69
Sutton-by-Dover	319.93
Temple Ewell	689.70
Tilmanstone	159.21
Walmer	3,414.40
Whitfield	2,366.21
Wingham	724.67
Woodnesborough	520.98
Worth	498.77
	40,874.50

(2) That the Council Tax requirement for the Council's own purposes (excluding Parish precepts) for
2024/25
is calculated as:

£8,762,675

- (3) That the following amounts be calculated by the Council for the year 2024/25

in accordance with Sections 31 to 36 of the Act:

- (a) £117,350,463 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) £105,226,591 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
- (c) £12,123,872 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) £296.61 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) £3,361,197 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act.
- (f) £214.38 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*).

Town and Parish Councils	£
Alkham	269.30
Ash	289.45
Aylesham	343.95
Capel-le-Ferne	286.14
Deal	285.24
Denton-with-Wootton	290.86
Dover	324.64
Eastry	288.74
Eythorne	270.56
Goodnestone	259.74
Great Mongeham	249.10
Guston	312.97
Hougham-without	291.42
Langdon	285.26
Lydden	283.03
Nonington	268.12
Northbourne	286.12
Preston	277.76
Ringwould-with-Kingsdown	269.57
Ripple	249.38
River	258.21
St Margarets-at-Cliffe	312.73
Sandwich	357.14
Shepherdswell-with-Coldred	308.65
Sholden	267.49
Staple	262.74
Stourmouth	295.86
Sutton-by-Dover	265.10
Temple Ewell	261.15
Tilmanstone	272.09
Walmer	287.36
Whitfield	265.09
Wingham	294.99
Woodnesborough	260.98
Worth	270.87

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	179.53	209.46	239.38	269.30	329.14	388.99	448.83	538.60
Ash	192.97	225.13	257.29	289.45	353.77	418.09	482.42	578.90
Aylesham	229.30	267.52	305.73	343.95	420.38	496.82	573.25	687.90
Capel-le-Ferne	190.76	222.55	254.35	286.14	349.73	413.31	476.90	572.28
Deal	190.16	221.85	253.55	285.24	348.63	412.01	475.40	570.48
Denton-with-Wootton	193.91	226.22	258.54	290.86	355.50	420.13	484.77	581.72
Dover	216.43	252.50	288.57	324.64	396.78	468.92	541.07	649.28
Eastry	192.49	224.58	256.66	288.74	352.90	417.07	481.23	577.48
Eythorne	180.37	210.44	240.50	270.56	330.68	390.81	450.93	541.12
Goodnestone	173.16	202.02	230.88	259.74	317.46	375.18	432.90	519.48
Great Mongeham	166.07	193.74	221.42	249.10	304.46	359.81	415.17	498.20
Guston	208.65	243.42	278.20	312.97	382.52	452.07	521.62	625.94
Hougham-without	194.28	226.66	259.04	291.42	356.18	420.94	485.70	582.84
Langdon	190.17	221.87	253.56	285.26	348.65	412.04	475.43	570.52
Lydden	188.69	220.13	251.58	283.03	345.93	408.82	471.72	566.06
Nonington	178.75	208.54	238.33	268.12	327.70	387.28	446.87	536.24
Northbourne	190.75	222.54	254.33	286.12	349.70	413.28	476.87	572.24
Preston	185.17	216.04	246.90	277.76	339.48	401.21	462.93	555.52
Ringwould-with-Kingsdown	179.71	209.67	239.62	269.57	329.47	389.38	449.28	539.14
Ripple	166.25	193.96	221.67	249.38	304.80	360.22	415.63	498.76
River	172.14	200.83	229.52	258.21	315.59	372.97	430.35	516.42
St Margarets-at-Cliffe	208.49	243.23	277.98	312.73	382.23	451.72	521.22	625.46
Sandwich	238.09	277.78	317.46	357.14	436.50	515.87	595.23	714.28
Shepherdswell-with-Coldred	205.77	240.06	274.36	308.65	377.24	445.83	514.42	617.30
Sholden	178.33	208.05	237.77	267.49	326.93	386.37	445.82	534.98
Staple	175.16	204.35	233.55	262.74	321.13	379.51	437.90	525.48
Stourmouth	197.24	230.11	262.99	295.86	361.61	427.35	493.10	591.72
Sutton-by-Dover	176.73	206.19	235.64	265.10	324.01	382.92	441.83	530.20
Temple Ewell	174.10	203.12	232.13	261.15	319.18	377.22	435.25	522.30
Tilmanstone	181.39	211.63	241.86	272.09	332.55	393.02	453.48	544.18
Walmer	191.57	223.50	255.43	287.36	351.22	415.08	478.93	574.72
Whitfield	176.73	206.18	235.64	265.09	324.00	382.91	441.82	530.18
Wingham	196.66	229.44	262.21	294.99	360.54	426.10	491.65	589.98
Woodnesborough	173.99	202.98	231.98	260.98	318.98	376.97	434.97	521.96
Worth	180.58	210.68	240.77	270.87	331.06	391.26	451.45	541.74

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

2024/25

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	1,073.88	1,252.86	1,431.84	1,610.82	1,968.78	2,326.74	2,684.70	3,221.64
The Police & Crime Commissioner for Kent	170.77	199.23	227.69	256.15	313.07	369.99	426.92	512.30
Kent & Medway Fire & Rescue Service	59.94	69.93	79.92	89.91	109.89	129.87	149.85	179.82

- (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

2024/25

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	1,484.12	1,731.48	1,978.83	2,226.18	2,720.88	3,215.59	3,710.30	4,452.36
Ash	1,497.56	1,747.15	1,996.74	2,246.33	2,745.51	3,244.69	3,743.89	4,492.66
Aylesham	1,533.89	1,789.54	2,045.18	2,300.83	2,812.12	3,323.42	3,834.72	4,601.66
Capel-le-Ferne	1,495.35	1,744.57	1,993.80	2,243.02	2,741.47	3,239.91	3,738.37	4,486.04
Deal	1,494.75	1,743.87	1,993.00	2,242.12	2,740.37	3,238.61	3,736.87	4,484.24
Denton-with-Wootton	1,498.50	1,748.24	1,997.99	2,247.74	2,747.24	3,246.73	3,746.24	4,495.48
Dover	1,521.02	1,774.52	2,028.02	2,281.52	2,788.52	3,295.52	3,802.54	4,563.04
Eastry	1,497.08	1,746.60	1,996.11	2,245.62	2,744.64	3,243.67	3,742.70	4,491.24
Eythorne	1,484.96	1,732.46	1,979.95	2,227.44	2,722.42	3,217.41	3,712.40	4,454.88
Goodnestone	1,477.75	1,724.04	1,970.33	2,216.62	2,709.20	3,201.78	3,694.37	4,433.24
Great Mongeham	1,470.66	1,715.76	1,960.87	2,205.98	2,696.20	3,186.41	3,676.64	4,411.96
Guston	1,513.24	1,765.44	2,017.65	2,269.85	2,774.26	3,278.67	3,783.09	4,539.70
Hougham-without	1,498.87	1,748.68	1,998.49	2,248.30	2,747.92	3,247.54	3,747.17	4,496.60
Langdon	1,494.76	1,743.89	1,993.01	2,242.14	2,740.39	3,238.64	3,736.90	4,484.28
Lydden	1,493.28	1,742.15	1,991.03	2,239.91	2,737.67	3,235.42	3,733.19	4,479.82
Nonington	1,483.34	1,730.56	1,977.78	2,225.00	2,719.44	3,213.88	3,708.34	4,450.00
Northbourne	1,495.34	1,744.56	1,993.78	2,243.00	2,741.44	3,239.88	3,738.34	4,486.00
Preston	1,489.76	1,738.06	1,986.35	2,234.64	2,731.22	3,227.81	3,724.40	4,469.28
Ringwould-with-Kingsdown	1,484.30	1,731.69	1,979.07	2,226.45	2,721.21	3,215.98	3,710.75	4,452.90
Ripple	1,470.84	1,715.98	1,961.12	2,206.26	2,696.54	3,186.82	3,677.10	4,412.52
River	1,476.73	1,722.85	1,968.97	2,215.09	2,707.33	3,199.57	3,691.82	4,430.18
St Margarets-at-Cliffe	1,513.08	1,765.25	2,017.43	2,269.61	2,773.97	3,278.32	3,782.69	4,539.22
Sandwich	1,542.68	1,799.80	2,056.91	2,314.02	2,828.24	3,342.47	3,856.70	4,628.04
Shepherdswell-with-Coldred	1,510.36	1,762.08	2,013.81	2,265.53	2,768.98	3,272.43	3,775.89	4,531.06
Sholden	1,482.92	1,730.07	1,977.22	2,224.37	2,718.67	3,212.97	3,707.29	4,448.74
Staple	1,479.75	1,726.37	1,973.00	2,219.62	2,712.87	3,206.11	3,699.37	4,439.24
Stourmouth	1,501.83	1,752.13	2,002.44	2,252.74	2,753.35	3,253.95	3,754.57	4,505.48
Sutton-by-Dover	1,481.32	1,728.21	1,975.09	2,221.98	2,715.75	3,209.52	3,703.30	4,443.96
Temple Ewell	1,478.69	1,725.14	1,971.58	2,218.03	2,710.92	3,203.82	3,696.72	4,436.06
Tilmanstone	1,485.98	1,733.65	1,981.31	2,228.97	2,724.29	3,219.62	3,714.95	4,457.94
Walmer	1,496.16	1,745.52	1,994.88	2,244.24	2,742.96	3,241.68	3,740.40	4,488.48
Whitfield	1,481.32	1,728.20	1,975.09	2,221.97	2,715.74	3,209.51	3,703.29	4,443.94
Wingham	1,501.25	1,751.46	2,001.66	2,251.87	2,752.28	3,252.70	3,753.12	4,503.74
Woodnesborough	1,478.58	1,725.00	1,971.43	2,217.86	2,710.72	3,203.57	3,696.44	4,435.72
Worth	1,485.17	1,732.70	1,980.22	2,227.75	2,722.80	3,217.86	3,712.92	4,455.50

- (6) That the Council's basic amount of Council Tax for 2024/25

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 (Finance And Housing)

PARISH AND TOWN COUNCILS**2024/25**

Town and Parish Councils	2023/24				2024/25				
	Total Requirement £	Precept £	Tax Base	Council Tax £	Total Requirement £	Precept £	Tax Base	Council Tax £	Council Tax Increase
Alkham	15,430.00	15,430.00	309.08	49.92	16,755.00	16,755.00	305.08	54.92	10.02%
Ash	94,465.00	94,465.00	1,294.18	72.99	97,320.73	97,320.73	1,296.38	75.07	2.85%
Aylesham	197,865.90	197,865.90	1,634.04	121.09	219,093.30	219,093.30	1,690.93	129.57	7.00%
Capel-le-Ferne	47,993.00	47,993.00	669.42	71.69	47,993.00	47,993.00	668.76	71.76	0.10%
Deal	475,932.40	475,932.40	6,884.60	69.13	501,918.39	501,918.39	7,083.24	70.86	2.50%
Denton-with-Wootton	13,900.00	13,900.00	177.57	78.28	14,109.00	14,109.00	184.47	76.48	-2.30%
Dover	894,782.00	894,782.00	8,352.16	107.13	939,000.00	939,000.00	8,516.39	110.26	2.92%
Eastry	62,167.44	62,167.44	852.66	72.91	63,393.39	63,393.39	852.52	74.36	1.99%
Eythorne	45,665.00	45,665.00	799.85	57.09	45,665.00	45,665.00	812.87	56.18	-1.59%
Goodnestone	7,435.96	7,435.96	176.20	42.20	7,951.61	7,951.61	175.30	45.36	7.49%
Great Mongeham	10,164.28	10,164.28	292.75	34.72	11,382.95	11,382.95	327.85	34.72	0.00%
Guston	43,773.00	43,773.00	446.39	98.06	43,773.00	43,773.00	443.98	98.59	0.54%
Hougham-without	12,750.00	12,750.00	179.54	71.01	13,710.00	13,710.00	177.96	77.04	8.49%
Langdon	16,001.00	16,001.00	241.89	66.15	17,000.00	17,000.00	239.85	70.88	7.15%
Lydden	18,700.00	18,700.00	298.29	62.69	20,570.00	20,570.00	299.62	68.65	9.51%
Nonington	9,520.00	9,520.00	300.82	31.65	16,000.00	16,000.00	297.73	53.74	69.79%
Northbourne	11,850.00	11,850.00	278.97	42.48	20,000.00	20,000.00	278.78	71.74	68.88%
Preston	21,338.00	21,338.00	392.71	54.34	25,370.00	25,370.00	400.29	63.38	16.64%
Ringwood-with-Kingsdown	50,200.00	50,200.00	1,020.66	49.18	60,136.04	60,136.04	1,089.59	55.19	12.22%
Ripple	5,326.80	5,326.80	154.40	34.50	5,426.40	5,426.40	155.04	35.00	1.45%
River	65,216.00	65,216.00	1,487.94	43.83	65,459.00	65,459.00	1,493.49	43.83	0.00%
St Margarets-at-Cliffe	94,000.00	94,000.00	1,325.39	70.92	131,600.00	131,600.00	1,338.05	98.35	38.68%
Sandwich	278,538.53	278,538.53	2,048.68	135.96	301,864.59	301,864.59	2,114.49	142.76	5.00%
Shepherdswell-with-Coldred	50,500.00	50,500.00	784.02	64.41	75,750.00	75,750.00	803.54	94.27	46.36%
Sholden	36,122.16	36,122.16	731.21	49.40	40,222.26	40,222.26	757.41	53.11	7.51%
Staple	9,464.00	9,464.00	244.61	38.69	12,735.00	12,735.00	263.33	48.36	24.99%
Stourmouth	8,346.00	8,346.00	115.75	72.10	9,264.00	9,264.00	113.69	81.48	13.01%
Sutton-by-Dover	14,858.00	14,858.00	311.66	47.67	16,227.00	16,227.00	319.93	50.72	6.40%
Temple Ewell	30,170.00	30,170.00	675.93	44.63	32,260.00	32,260.00	689.70	46.77	4.79%
Tilmanstone	7,961.00	7,961.00	162.40	49.02	9,188.50	9,188.50	159.21	57.71	17.73%
Walmer	246,119.85	246,119.85	3,372.32	72.98	249,190.00	249,190.00	3,414.40	72.98	0.00%
Whitfield	119,900.00	119,900.00	2,236.86	53.60	120,000.00	120,000.00	2,366.21	50.71	-5.39%
Wingham	54,080.84	54,080.84	709.28	76.25	58,414.94	58,414.94	724.67	80.61	5.72%
Woodnesborough	23,364.95	23,364.95	511.38	45.69	24,277.67	24,277.67	520.98	46.60	1.99%
Worth	26,315.00	26,315.00	500.74	52.55	28,176.12	28,176.12	498.77	56.49	7.50%
	3,120,216.11	3,120,216.11	39,974.37	78.06	3,361,196.89	3,361,196.89	40,874.50	82.23	5.35%

T&P Average

T&P Average

2024/25 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	£40,874.50
The District Council's Precept on the Collection Fund for its Own Purposes	
The District Council's precept upon the Collection Fund in 2024/25 for its own purposes	£8,762,675.00
The Band D Council Tax for the District Council's own purposes will therefore be:	£214.38
The Band D Council Tax for the District Council's own purposes last year was:	£208.17
The increase in Council Tax for the District Council's own purposes is therefore:	2.98%
This is an annual increase of:	£6.21
Or a weekly increase of:	£0.12

Parish Council Precepts

The Parish Councils will, in total, precept:	£3,361,196.89
Last year, Parish Councils precepted:	£3,120,216.11
The ave. Band D Council Tax for the Parish Councils' own purposes will therefore be:	£82.23
The ave. Band D Council Tax for the Parish Councils' own purposes last year was:	£78.06
This is an increase of:	5.34%
The total precept, on the Collection Fund by the District Council, on behalf of itself and the	£12,123,871.89

Kent County Council Precept

Excluding the Collection Fund Surplus, the precept upon the collection fund in 2024/25	£65,841,462.10
Last year's precept was:	£61,329,878.00
The Band D Council Tax will therefore be:	£1,610.82
Last year's Band D Council Tax was:	£1,534.23
The Band D Council Tax increase as a result of this precept is therefore:	4.99%

The Police & Crime Commissioner for Kent

Excluding the Collection Fund Surplus, the precept upon the collection fund in 2024/25	£10,470,003.00
Last year's precept was:	£9,719,768.00
The Band D Council Tax will therefore be:	£256.15
Last year's Band D Council Tax was:	£243.15
The Band D Council Tax increase as a result of this precept is therefore:	5.35%

Kent Fire & Rescue Service Authority Precept

Excluding the Collection Fund Surplus, the precept upon the collection fund in 2024/25	£3,675,026.00
Last year's precept was:	£3,489,763.00
The Band D Council Tax will therefore be:	£89.91
Last year's Band D Council Tax was:	£87.30
The Band D Council Tax increase as a result of this precept is therefore:	2.99%

Non-Domestic Rates

Non-domestic rates are collected by billing authorities at a nationally prescribed rate in 1	£0.499
And for these properties, the 2023/24 'lower' rate was:	£0.499
For all other properties >£51,000, the 2024/25 'higher' rate is:	£0.546
And for these properties, the 2023/24 'higher' rate was:	£0.512

GRANTS TO CONCESSIONARY RENTALS 2024-25

2023/24	2024/25	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
325	325	0%	Deal & Walmer Angling Club	Lease Of Angling Cabin On Deal Pier
450	450	0%	Capel-Le-Ferne Parish Council	Lease Of Land In Lancaster Avenue For Use Of Playing Field
1,225	1,225	0%	Dover Rugby Football Club	Rent Of Crabble Pavilion, River (One 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
11,800	11,800	0%	Dover Citizen's Advice Bureau	Rent Of Ground now includes 1st Floor Dover Area Office
3,250	3,250	0%	Cross Links	9 Sheridan road
-	120	100%	Model Boat Association	Rent (incl. VAT) for Model Boat Club, Kearsney Abbey
30,005	30,125			In most cases, the above shows a 50% grant or more reduction in the rental charges for DDC properties or income generating sites

2023/24	2024/25	Change		
£	£	%		
110,786	117,440	6.01%	Your Leisure	Increased by 6% - CPI for 2023/24. Figure taken from Proposed budget 24/25. To be reviewed annually until
1,500	1,500	0.00%	Pegasus Playscheme	Provision of a playscheme for children with disabilities
1,500	1,500	0.00%	Age Concern	Provision of area office services.
3,000	3,000	0.00%	Kent County Council	Contribution to Sports Partnership
4,500	4,500	0.00%	Gazen Salts Nature Reserve	To assist in managing and maintaining the reserve
19,552	20,688	5.81%	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. A cumulative RPI increase of 29.3% applied from 2021/22.
10,000	10,000	0.00%	Dover Outreach Centre	Grant towards the Winter Shelter costs.
12,600	15,600	23.81%	Dover Rugby Club	For ground maintenance at Crabble Athletic Ground, covered by saving made in the Landscape maintenance contract.
1,000	1,000	0.00%	Victoria Bowls	Contribution to running expenses of the Club
1,000	1,000	0.00%	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.
107,000	111,850	4.53%	Dover Citizen's Advice Bureau	£101,850 CAB Core Funding grant inc £10,500 from HRA, plus £8,500 for full service charge contribution and £1,500 Other potential services.
22,500	22,500	0.00%	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
5,000	5,000	0.00%	Deal Town Council	Astor Theatre grant
3,500	3,500	0.00%	Actions with Communities in Rural Kent	Contribution to rural housing
303,438	319,078			

SUMMARY OF RECOMMENDATIONS

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

General Fund (GF) 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 2024/25.
- Approve the policies and protocols regarding the General Fund balances and earmarked reserves, and transfers between reserves as set out in Annex 4.

The Housing Revenue Account (HRA)

It is recommended that Council:

- Approve the HRA budget for 2024/25.
- Approve the HRA Capital and Revenue Works Programmes.

The Capital & Special Revenue Programmes

It is recommended that Cabinet:

- Delegate the approval of projects included in Annex 6C, the Digital & ICT Programme, to the Digital Services Manager, in consultation with the Head of Finance & Investment and the Portfolio Holder responsible for ICT.

It is recommended that Council:

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

Treasury Management and Capital Strategies

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, 7C and 7D).

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:

	2023/24 £	2024/25 £	Increase %	2024/25 Proportion %
Dover District Council (proposed)	208.17	214.38	2.98	9.51
Kent County Council	1,534.23	1,610.82	4.99	71.48
The Police & Crime Commissioner for Kent	243.15	256.15	5.35	11.37
Kent & Medway Fire & Rescue Authority	87.30	89.91	2.99	3.99
Sub-Total	2,072.85	2,171.26	4.75	96.35
Town & Parish Council (average)	78.06	82.23	5.35	3.65
Total Band D Council Tax	2,150.91	2,253.49	4.77	100.0

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

	Valuation Bands							
	A	B	C	D	E	F	G	H
Precepting Authority:	£	£	£	£	£	£	£	£
Kent County Council	1,073.88	1,252.86	1,431.84	1,610.82	1,968.78	2,326.74	2,684.70	3,221.64
The Police & Crime Commissioner for Kent	170.77	199.23	227.69	256.15	313.07	369.99	426.92	512.30
Kent & Medway Fire & Rescue Service	59.94	69.93	79.92	89.91	109.89	129.87	149.85	179.82
Dover District Council	142.92	166.74	190.56	214.38	262.02	309.66	357.30	428.76
Total	1,447.51	1,688.76	1,930.01	2,171.26	2,653.76	3,136.26	3,618.77	4,342.52

Subject:	IMPLEMENTATION OF CONSOLIDATED INCOME SYSTEM
Meeting and Date:	Cabinet – 4 March 2024
Report of:	Helen Lamb, Head of Finance and Investment
Portfolio Holder:	Councillor Jamie Pout, Portfolio Holder for Transport, Licensing and Environmental Services
Decision Type:	Executive Non-Key Decision
Classification:	Unrestricted
Purpose of the report:	To streamline the finance systems associated with receiving and processing income to reduce manual handling of data, increase efficiency and deliver savings.
Recommendation:	To approve the purchase of additional modules in TechnologyOne to replace Adelante and Pay360 and to take all necessary actions to deliver the project, including awarding the contract.

1. Summary

1.1 Dover District Council has decided to move to a preferred cloud first route and to streamline systems where possible for the following reasons:

- Improved Business Continuity and Security
- Enabling digital transformation
- Leveraging new technologies
- Flexibility of infrastructure (coping with high demand periods)
- Readiness for modernisation of systems (SaaS)
- Streamlining systems where possible to reduce complexity and to increase efficiency
- Eventual reduction in ICT costs.

1.2 The purpose of this report is to approve the transfer of the current income receivable and management functions onto the main financial management system (Technology One) to deliver a modern, effective and fit for purpose, fully integrated finance solution. This will support the impacted departments to be more flexible, innovative and creative, further developing the functionality available in the main financial management system.

2. Introduction and Background

2.1 There are currently three main systems that the Council uses to deliver finance functions - Adelante, TechnologyOne and Aim360.

- Adelante – Integrates with systems across the Council enabling them to take payments from residents and customers, these include online forms, Idox Cloud, Echo, Imperial and NEC Housing. The finance team currently use Adelante to monitor card payments and to process refunds/disputes. Adelante is also accessed by users within the Council i.e. customer services for use of chip and pin devices and staff who can take department specific payments over the phone. Adelante is due a major upgrade to ensure integrations continue to function, this includes significant one project costs, which have led to a review on whether this is still the most suitable system for the Council.

- Capita Pay360 - This is the main income management system. It processes all income received by the Council through daily imports from NatWest, Santander, Adelante, TechnologyOne and open revenues. It then exports the transactions to the target systems 1) Open Revenues; 2) Northgate Housing and 3) TechnologyOne. Capita Pay 360 is due to be renewed in January 2027.
 - TechnologyOne – Is a modular cloud-based solution that could incorporate the functions of Adelante and Capita Pay360. The Council currently has modules for Financial Management, Reporting/Analytics and Enterprise Budgeting. It is used as the main finance system for business processes such as budgeting & forecasting, procure to pay, general ledger tracking, analysis, and reporting. The contract for TechnologyOne is due to be renewed in April 2026
- 2.2 This current set up, which relies on a complex routine to update each other overnight, is inefficient and increases risk of failures and requires daily manual reconciliation by the finance team, increasing workloads.
- 2.3 TechnologyOne has the capability to replace Adelante and Pay360 and would simplify the technical set up which would remove the need for complex scripting and manual processes, creating efficiencies.
- 2.4 All necessary procurement will be conducted in consultation with the Procurement Manager and in compliance with the Council's Contract Standing Orders and the Public Contract Regulations 2015 (where applicable).
- 3. Implementation Proposal**
- 3.1 During the project modern methods for systems to transfer data securely such as Application Programming Interfaces (APIs) will be utilised where possible, replacing the current scripts and reports being extracted into files on network servers. We would aim for direct integrations such as Idox Cloud, NEC Housing and Jadu forms.
- 3.2 The data would also be in a single system format which would aid bank reconciliation and enable auto-matching to be put in to place. This would erase the issues that currently arise from coding irregularities between systems. This causes failures in file transferring data between systems and additional work for Accountancy to journal transactions between accounts.
- 3.3 Due to the level of change to critical processes, the project will be planned in multiple stages. During the planning stage a map of all current processes will be created along with a map showing how these will be streamlined using TechnologyOne. The plan will attempt to minimise disruption to the finance processes during implementation.
- 3.4 During the first implementation phase, TechnologyOne will be setup with the new module to replace Adelante. Each integration/process will be designed, configured, tested, switched over and monitored. Feedback from the finance team will be collected regularly to ensure new processes are working as expected.
- 3.5 The second stage will enable the module for Enterprise Cash Receipting (ECR) for TechnologyOne, creating an integrated solution for income management and removing the need for Pay360, whilst still enabling reporting to the department specific systems, for example, Northgate housing solution.
- 4. Identification of Options**
- 4.1 Option 1 – Approve the project to migrate the two systems to TechnologyOne.
- 4.2 Option 2 – Upgrade with Adelante, renewing the contract.

4.3 Option 3 – Do nothing (including not upgrading Adelante).

5. Evaluation of Options

5.1 **Option 1.** Is to approve a project to replace Adelante and Pay360 with an extra module in TechnologyOne. TechnologyOne has the capability to replace Adelante and Pay360 and would simplify the technical set up which would remove the need for complex scripting and manual processes, creating efficiencies.

5.2 This is the recommended option.

5.3 **Option 2.** Is to upgrade Adelante and continue with the finance systems in the current setup. The update would cost more than option 1 and realise less business benefits.

5.4 Regular failures with updates, reporting and downloads between the systems uses staff resource across the Finance and IT teams to manually fix issues in-house, and to liaise with the system providers by raising support cases. This can lead to additional ad-hoc costs depending on the type of issue and if system configuration is required.

5.5 This option is not recommended.

5.6 **Option 3.** The option to do nothing is not viable. The current version of the Adelante solution is not fit for purpose, it requires an upgrade to continue integrating with the system used by parking, this version will eventually become unsupported by Adelante, causing more issues for system integrations and payments across the Council.

5.7 This option is not recommended.

6. Resource Implications

6.1 The current annual costs of the income management services are £141k. It is forecast that the revised costs (based transaction quantities remaining at current levels) will reduce to c.£115k per annum once the proposals are implemented.

6.2 Additionally, the total costs of implementing the new proposals are anticipated to be between £60k and £70k, c.£10k lower than the anticipated upgrade fees for the existing services.

6.3 The proposed solution will bring efficiencies and resource savings from a reduction in manual interventions and issue resolution as all financial transaction data will be dealt with by TechnologyOne. It will negate the need for data to be exported/imported to different systems multiple times. It will reduce the time spent on fixing issues and improve reporting freeing up staff to work on adding value to services. Application Processing Interfaces (API's), that allow systems to automatically transfer data will be used to connect systems in real time, including Housing, Regulatory Services Parking and Planning.

6.4 Resource from the Digital team will include a Lead User, Business Analyst, Project Manager, Web Analyst/Developer and overall governance from the Digital and Technology Manager. The core team will call on other resource in the team when necessary. Resource will also be required from Financial Services, Accountancy and departments that have integrations or inputs into the current solution. Testers from impacted services areas will also be required for any User Acceptance Testing cycles.

7. Climate Change and Environmental Implications

7.1 In 2023 TechnologyOne received Climate Active certification as operations became carbon neutral in their global operations.

8. Corporate Implications

8.1 Comment from the Section 151 Officer (linked to the MTFP): Members are reminded that the Council's revenue and capital resources are under pressure and so they will wish to assure themselves that all proposals progress the Council's priorities, are the best option available and will deliver value for money. (AG)

8.2 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 (BD)

8.3 Comment from the Equalities Officer: This report on the migration of finance systems 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
<https://www.legislation.gov.uk/ukpga/2010/15/section/149>

9. Appendices

None.

10. Background Papers

Relevant papers on Digital Services files.

Contact Officer: Andrew Way, Technology Lead