Public Document Pack

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8 February 2024

Dear Councillor

NOTICE IS HEREBY GIVEN THAT a meeting of the **OVERVIEW AND SCRUTINY COMMITTEE** will be held in the Council Chamber at these Offices on Monday 19 February 2024 at 6.00 pm when the following business will be transacted.

Members of the public who require further information are asked to contact Democratic Services on 01304 872304 or by e-mail at democraticservices@dover.gov.uk.

Yours sincerely

Chief Executive

Overview and Scrutiny Committee Membership:

C A Vinson (Chairman)
M W Rose (Vice-Chairman)
S B Blair
D R Friend
R M Knight
M J Nee
D J Parks
H M Williams
C F Woodgate
L M Wright

AGENDA

1 **APOLOGIES** (Page 5)

To receive any apologies for absence.

2 **APPOINTMENT OF SUBSTITUTE MEMBERS** (Page 6)

To note appointments of Substitute Members.

3 **DECLARATIONS OF INTEREST** (Page 7)

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

4 **MINUTES** (Page 8)

To confirm the attached Minutes of the meeting of the Committee held on 22 January 2024.

5 **DECISIONS OF THE CABINET RELATING TO RECOMMENDATIONS FROM THE OVERVIEW AND SCRUTINY COMMITTEE** (Page 9)

To receive the Cabinet decisions in respect of recommendations of the Overview and Scrutiny Committee.

6 **ISSUES REFERRED TO THE COMMITTEE BY PUBLIC PETITION, COUNCIL, CABINET, OR ANOTHER COMMITTEE** (Page 10)

To receive any public petitions or issues referred by Council, Cabinet or another Committee.

7 **NOTICE OF FORTHCOMING KEY DECISIONS** (Pages 11 - 14)

It is intended that Members should use the Notice of Forthcoming Key Decisions to identify topics within the remit of the Committee for future scrutiny.

8 **SCRUTINY WORK PROGRAMME** (Pages 15 - 21)

It is intended that the Committee monitor and prioritise its rolling work programme.

9 **PUBLIC SPEAKING** (Page 22)

Please note that in accordance with the agreed Protocol for Public Speaking at Overview and Scrutiny, the right to speak only applies to agenda items 10, 11 and 12.

Members of the public wishing to speak must register to do so by no later than 2.00 pm on the second working day (Thursday) before the meeting.

10 **EKS SERVICE TRANSITION BUSINESS CASE** (Pages 23 - 91)

To consider the attached report of the Interim EKS Service Transition Manager.

11 **SECTION 25 REPORT** (Pages 92 - 102)

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

12 **COUNCIL BUDGET 2024/25 AND MEDIUM-TERM FINANCIAL PLAN 2024/25–2027/28** (Pages 103 - 199)

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

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Large print copies of this agenda can be supplied on request.

APOLOGIES

To receive any apologies for absence.

APPOINTMENT OF SUBSTITUTE MEMBERS

To note appointments of Substitute Members.

Declarations of Interest

Disclosable Pecuniary Interest (DPI)

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

Other Significant Interest (OSI)

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

Voluntary Announcement of Other Interests (VAOI)

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

Note to the Code:

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

MINUTES

To confirm the Minutes of the meeting of the Committee held on 22 January 2024 (to follow).

Decisions of the Cabinet Relating to Recommendations from the Overview and Scrutiny Committee

The Record of Decision for the most recent Cabinet meeting will contain the decisions in respect of the recommendations arising from the Overview and Scrutiny Committee.

ISSUES REFERRED TO THE COMMITTEE BY PUBLIC PETITION, COUNCIL, CABINET OR ANOTHER COMMITTEE

To consider any issues referred to the Overview and Scrutiny Committee.

Notice of Forthcoming Key Decisions which will be made on behalf of the Council

Key Decisions 2023/24	Item	Date of meeting at which decision will be taken by Cabinet (unless specified otherwise)	Head of Service	Portfolio Holder
1	Property Acquisitions	Ongoing (decisions to be taken by Portfolio Holder for Finance, Governance, Climate Change & Environment or Strategic Director (Finance & Housing))	Head of Finance & Investment	Finance, Governance, Climate Change & Environment
2	Approval of projects to purchase and develop properties for use as affordable housing	Ongoing (decisions to be taken by Cabinet or Strategic Director (Finance & Housing) in consultation with Portfolio Holder for Housing, Skills & Education)	Head of Finance & Investment	Housing, Skills & Education
3	Approval of draft Dour Street, Dover Conservation Area Character Appraisal	6 February and 4 September 2023	Head of Planning & Development	Planning & Built Environment
4	Consultation on draft Green Infrastructure Strategy	6 March 2023 and 8 April 2024	Head of Planning & Development	Planning & Built Environment
5	Bench Street (Future High Streets Fund project) – Decisions related to project progression and delivery	Ongoing (decisions to be taken by the Leader of the Council or Strategic Director (Place & Environment)	Head of Place & Growth	Leader of the Council
6	Levelling Up Fund – Dover Beacon, Bench Street, Dover – Decisions relating to project progression and delivery	Ongoing (decisions to be taken by the Leader of the Council or Strategic Director (Place & Environment)	Head of Place & Growth	Leader of the Council
7	To seek approval for a variation to the current responsive repairs, voids and associated services contract and to report on proposals for a new contract	3 July 2023	Head of Property Assets	Housing, Skills & Education

Agenda Item No 7

Key Decisions 2023/24	Item	Date of meeting at which decision will be taken by Cabinet (unless specified otherwise)	Head of Service	Portfolio Holder
8	Adoption of Procurement Strategy 2023-26	3 July 2023	Head of Finance & Investment	Finance, Governance, Climate Change & Environment
9	Approval to convert garden waste collection service from sacks to wheeled bins	4 September 2023	Head of Waste Services	Planning & Built Environment
10	Acquisition of affordable housing at Buckland Hospital site	This item has been withdrawn	Head of Finance & Investment	Housing, Skills & Education
11	Sale of land at Astley Avenue, Dover	8 April 2024	Head of Finance & Investment	Finance, Governance, Climate Change & Environment
12	Permission to go out to formal consultation on variation of (Dover District Council) Public Spaces Protection Order 2022 and approval of final Order	4 September 2023 and 15 January 2024	Head of Port Health & Environmental Services	Transport, Licensing & Environmental Services
13	Provision of interim housing for Ukrainian refugees via Local Authority Housing Fund	4 September 2023	Head of Finance & Investment	Housing, Skills & Education
14	Approval of draft Cultural Strategy for consultation	4 March 2024	Head of Place & Growth	Community & Corporate Property
15	To approve publication of Infrastructure Funding Statement 2022/23	2 October 2023	Head of Planning & Development	Planning & Built Environment
16	Identification of proposals and route forward for Dover town centre regeneration delivery (Western Heights, Roman Painted House & Stembrook car park/former Co-op site)	4 March 2024	Head of Place & Growth	Leader of the Council
17	Dover town centre regeneration – project enabling and delivery related approvals	Ongoing (decisions to be taken by the Leader of the Council or Strategic Director (Place & Environment)	Head of Place & Growth	Leader of the Council
18	Aylesham Development Update	February 2024 Delegated decision to be taken by Strategic Director (Place & Environment)	Head of Place & Growth	Leader of the Council
19	Changes to Council's Events Policy and Memorandum of Understanding to occupy Council land for events	4 March 2024	Heads of Community & Digital Services and Property Assets	Community & Corporate Property

Key Decisions 2023/24	Item	Date of meeting at which decision will be taken by Cabinet (unless specified otherwise)	Head of Service	Portfolio Holder
20	To consider the update on alternative solutions or sources of external funding that might provide a possible phased way forward in delivering the Tides Leisure Centre project	4 March 2024	Head of Place & Growth	Community & Corporate Property
21	Free Christmas Parking in Council's car parks	6 November 2023	Head of Community & Digital Services	Community & Corporate Property
22	Publication of Housing Needs Survey 2023 results	This item has been withdrawn	Head of Housing	Housing, Skills & Education
23	Seeking an amendment to period of Exclusive Right of Burial granted at Council-owned cemeteries	4 December 2023	Head of Parks, Open Spaces & Countryside	Community & Corporate Property
24	Parking Charges Review	15 January 2024	Head of Community & Digital Services	Community & Corporate Property
25	Fees and Charges – agreement on levels for 2024/25	15 January 2024	Head of Finance & Investment	Finance, Governance, Climate Change & Environment
26	Adoption of new Housing Revenue Account Rent-Setting Policy	4 March 2024	Head of Housing	Housing, Skills & Education
27	Adoption of proposed Leasehold Management Policy	5 February 2024	Head of Housing	Housing, Skills & Education
28	Approval and adoption of updated version of Shared Ownership Policy	5 February 2024	Head of Housing	Housing, Skills & Education
29	Recommendation to Council of the draft 2024/25 Budget and Medium-Term Financial Plan 2024/25-2027/28 and approval by Cabinet of various delegations within the Budget	5 and 26 February 2024	Head of Finance & Investment	Finance, Governance, Climate Change & Environment
30	Approval of award of contract for repointing and associated works to Council's housing stock	4 March 2024	Head of Property Assets	Housing, Skills & Education
31	Issue of tender for election and electoral registration-related printing and automated response service for Register of Electors	4 March 2024	Head of Corporate Services & Democracy	Finance, Governance, Climate Change & Environment
32	Award of contract for remediation work to land at Poulton Close, Dover in relation to affordable housing development	4 March 2024	Head of Housing	Housing, Skills & Education
33	Approval of Safeguarding Policy and Person in a Position of Trust Policy	8 April 2024	Head of Community & Digital Services	Community & Corporate Property
34	Renewal of Housing Management Software Contract	13 May 2024	Head of Housing	Housing, Skills & Education

Note: (1) Key Decisions which are shaded have already been taken and do not appear in this updated version of the Notice of Forthcoming Key Decisions.

(2) The Council's Corporate Management Team reserves the right to vary the dates set for consultation deadline(s) and for the submission of reports to Cabinet and Council in respect of Key Decisions included within this version of the notice. Members of the public can find out whether any alterations have been made by looking at the Council's website (www.dover.gov.uk).

OVERVIEW AND SCRUTINY COMMITTEE WORK PROGRAMME 2023/24

Month	Issue	Members On-going or single item?	Officers (Corporate Expenditure unless otherwise stated)	Reason for Inclusion on the Work Programme (incl. any actions required and any expenditure)
12 June 2023	Provision of Interim Housing and Support for Afghan Refugees via Afghan Relocations and Assistance Programme	Single Item	Heads of Finance & Investment and Transformation.	To consider the report.
	Hackney Carriage Numbers - Unmet Demand Survey	Single Item	Strategic Director (Corporate and Regulatory)	To consider the report.
	Purchase of New Shared Ownership Housing at Willowbank, Sandwich	Single Item	Head of Finance & Investment	To consider the report.
10 July 2023	Performance Report Q4 2022/23	Quarterly Report	Strategic Director (Corporate and Regulatory)	To consider the report.
	Update on Corporate Complaints Policy	Single Item	Strategic Director (Corporate and Regulatory)	To consider the report.
	Adoption of Procurement Strategy 2023-26	Single Item	Procurement Manager	To consider the report.
	Dover Beacon/Bench Street Projects	Single Item	Head of Place, Growth, Investment and Creative Services	To consider the report.

Agenda Item No 8

Please note items beyond the current month are subject to change depending on Forward Plan, officer availability, etc.

Month	Issue	Members On-going or single item?	Officers (Corporate Expenditure unless otherwise stated)	Reason for Inclusion on the Work Programme (incl. any actions required and any expenditure)
	Responsive Repairs, Voids and Associated Services Contract 2011-2025	Single Item	Head of Property Assets	To consider the report.
11 September 2023	Performance Report Q1 2023/24	Quarterly Report	Head of Corporate Services & Democracy	To consider the report.
	Fasttrack Update	Single Item	Head of Place & Growth	To receive an update.
	Regeneration Update	Quarterly Update	Head of Place & Growth	To receive an update.
	Public Spaces Protection Order Consultation	Single Item	Head of Transformation and the Port Health & Public Protection Manager	To consider the report.
	Adoption of Dour Street, Dover Conservation Area Character Appraisal	Single Item	Principal Heritage Officer	To consider the report.
	Provision of Interim Housing for Ukrainian Refugees via Local Authority Housing Fund	Single Item	Head of Finance and Investment	To consider the report.
	Dover District Council Community Grants Scheme Arrangements for 2023/24	Single Item	Head of Transformation	To consider the report.
	Full Structural Survey to Deal Pier	Single Item	Corporate Estate and Coastal Engineer	To consider the report.

Please note items beyond the current month are subject to change depending on Forward Plan, officer availability, etc.

Month	Issue	Members On-going or single item?	Officers (Corporate Expenditure unless otherwise stated)	Reason for Inclusion on the Work Programme (incl. any actions required and any expenditure)
	Green Waste Containerisation Project	Single Item	Head of Waste Services	To consider the report.
9 October 2023 CANCELLED	Infrastructure Funding Statement 2022/2023	Single Item	Head of Planning and Development	To consider the report.
13 November 2023	Phlebotomy Services	Single Item	Integrated Care Board	To receive an update on Phlebotomy Services. Key Questions will be required.
	Establishment of Climate and Nature Forum	Single Item	Strategic Director (Place & Environment)	To consider the report.
	Tides Leisure Centre	Single Item	Strategic Director (Place & Environment)	To consider the report.
	Dover Town Centre Regeneration - Bench Street (Westside),	Single Item	Head of Growth and Place	To consider the report.
	Dover Town Centre Regeneration - Camden Crescent, Dover	Single Item	Head of Growth and Place	To consider the report.
11 December 2023	Update on Hackney Carriage Numbers	Follow-Up	Strategic Director (Corporate & Regulatory)	To receive an update on the 5 wheelchair accessible vehicle licenses agreed as part of the Unmet Demand Survey. (June 2023 meeting)
	Performance Report Q2 2023/24	Quarterly Report	Strategic Director (Corporate and Regulatory)	To consider the report.
22 January 2024	Fees and Charges	Single Item	Strategic Director (Finance & Housing) Head of Finance & Investment	To consider the report.

Please note items beyond the current month are subject to change depending on Forward Plan, officer availability, etc.

Month	Issue	Members On-going or single item?	Officers (Corporate Expenditure unless otherwise stated)	Reason for Inclusion on the Work Programme (incl. any actions required and any expenditure)
	Port of Dover	Single Item	Head of Corporate Services and Democracy	To receive an update from the Port of Dover on the Masterplan and other areas relating to the Port and consider whether any recommendations should be made in respect of the update.
	Review of On and Off-Street Parking Charges	Single Item	Strategic Director (Finance & Housing)	To consider the report.
	Sale of Guide Hut at Land Adjoining 107 Sandwich Road, Whitfield	Single Item	Head of Property Assets	To consider the report.
19 February 2024	Budget and MTFP 2024/25	Single Item	Strategic Director (Finance & Housing)	To consider the report.
	Section 25 Report	Single Item	Strategic Director (Finance & Housing)	To consider the report.
	EK Service Transition Business Case	Single Item	Interim EKS Service Transition Manager	To consider the report.
11 March 2024	Crime and Disorder Update	Twice Yearly Update	Strategic Director (Finance & Housing)	To receive an update. Kent Police will be in attendance. [Possible separate meeting]
	Performance Report Q3 2023/24	Quarterly Report	Strategic Director (Corporate and Regulatory)	To consider the report.
	Hackney Carriage and Private Hire Taxis	Single Item	Strategic Director (Corporate and Regulatory)	Added at Request of Cllr C A Vinson This item will need further discussion in respect of what information is required from officers.
Date to be confirmed	Property Assets	Single Item	Strategic Director (Place & Environment)	To consider the Council's Property Assets with a focus on Cedars, Western Road and Park Avenue Nursery

Please note items beyond the current month are subject to change depending on Forward Plan, officer availability, etc.

Month	Issue	Members On-going or single item?	Officers (Corporate Expenditure unless otherwise stated)	Reason for Inclusion on the Work Programme (incl. any actions required and any expenditure)
15 April 2024	Crime and Disorder Update	Twice Yearly Update	Strategic Director (Finance & Housing)	To receive an update. [Date Confirmed] This would be an internal focussed item focussing on preventative and diversionary activities.
	NHS Dentistry	Single Item	NHS Kent and Medway	To scrutinise the provision of NHS Dentistry services in the Dover District. [Provisional date]
20 May 2024	Motion from Full Council	On-Going	Head of Corporate Services & Democracy	This item may require several meetings. Suggest a scoping paper as first step. [This could be scheduled earlier if Members consider it a higher priority].

Please note items beyond the current month are subject to change depending on Forward Plan, officer availability, etc.

Watching Brief – To be scheduled as required

Month	Issue	Members On-going or single item?	Officers (Corporate Expenditure unless otherwise stated)	Reason for Inclusion on the Work Programme (incl. any actions required and any expenditure)
Watching Brief	KCC Community Services Update	Single Item	Kent County Council	Exact date dependent on KCC proposals. [KCC have confirmed that they are prepared to attend once internal consultation/communications have been completed - Expected scrutiny mid-2024]
Watching Brief	Consultation on Closure of KCC Household Waste Sites	Single Item	Kent County Council	The consultation is currently paused by KCC. This item is to maintain a watching brief should proposals for consultation on closures return.

Please note items beyond the current month are subject to change depending on Forward Plan, officer availability, etc.

Other Work Programme Items – To be scheduled by the Democratic & Corporate Services Manager in consultation with the Chair and Controlling Group Spokesperson as the work programme permits

Provisional Scheduling	Subject	Why on Work Programme?
22 January 2024	Motion Referred from the Full Council – 1 March 2023 "This Council notes that there is more work to be done to encourage a more diverse range of candidates for elections in future, in order that councillors better reflect the diverse communities they serve. This Council therefore resolves to ask the Overview and Scrutiny Committee to include in the Committee work programme consideration of how more residents from across those communities can be encouraged to participate in local democracy and potentially stand as candidates in future council elections."	Referral from the Full Council May require several meetings. Suggest a scoping paper as first step for May 2024.
11 September 2023 11 March 2024	Regeneration Update (Twice Yearly) – Proposed dates	Agreed by Committee
February 2025	Follow up on the Provision of Interim Housing And Support for Afghan Refugees via the Afghan Relocations and Assistance Programme (Arap)	Agreed by Committee

Priority to be Determined – Members are asked to prioritise items and work will undertaken to schedule on that basis.		
Date To be Confirmed - 2024	Roman Painted House	Agreed by Committee. Provisionally looking at early 2024.
Date To be Confirmed - 2023	Port of Dover – Update on Peak Traffic Flow Management and Western Docks Regeneration	Agreed by Committee. Port of Dover considering dates for a meeting in 2024.
Date To be Confirmed - 2024	Council Asset Disposal Plans	Agreed by Committee

Please note items beyond the current month are subject to change depending on Forward Plan, officer availability, etc.

PUBLIC SPEAKING

Members of the public wishing to speak must register to do so by no later than 2.00 pm on the second working day before the meeting. The agenda front sheet will specify which items public speaking applies to for that meeting.

You can only register to speak in respect of items on the agenda.

The Public Speaking Protocol does not preclude an overview and scrutiny committee, by resolution of the committee, from inviting members of the public, organisations, charities, voluntary groups or any other interested parties to address any meeting for the purpose of providing evidence in support of an item of business on the agenda.

A member of the public speaking on an agenda item must address their speech to the item they have registered to speak upon on the agenda and cannot address other agenda items or unrelated business.

Each registered speaker will have three minutes speaking time per item they have registered to speak on and no public speaker or parish council may register to speak on any more than two items on the agenda.

The right to speak does not include the right to ask any questions of any District Councillor, Officer of the Council, invited attendee, or any other public speaker.

The right of the public to speak does not apply to the following agenda items: Apologies; Appointment of Substitute Members; Minutes; the Forward Plan, the Scrutiny Work Programme (and related documentation) or any agenda item that is not accompanied by a written report.

The Chairman of the committee (or in their absence the Vice-Chairman) will have discretion to vary the time allowed and the number of speakers in cases of exceptional interest.

Subject:	**EKS SERVICE TRANSITION BUSINESS CASE**
Meeting and Date:	**Cabinet – 5 February 2024**
Report of:	**Jasvir Chohan, Interim EKS Service Transition Manager**
Portfolio Holder:	**Councillor Kevin MIlls, Leader of the Council**
Decision Type:	**Non-Key**
Classification:	**Unrestricted**
Purpose of the report:	The purpose of this report is for Cabinet to approve the transition of outsourced services (Civica UK Limited) to a LATCo service delivery vehicle.
Recommendation:	1. To recommend that the executive of Dover District Council agrees: (a) To exit from the contract with Civica UK Limited for the delivery of Revenue, Benefits and Customer Services. (b) To approve the LATCo service delivery vehicle as the preferred option for future service delivery. (c) To approve the business case for the LATCo pursuant to Article 2(2)(b) of the Local Government (Best Value Authorities) (Power to Trade) (England) Order 2009. *(d)* To the extent that it is not otherwise authorised to do so, to authorise the East Kent Services Committee to exercise the powers and functions of the Council to form the LATCo and to enter into the contract with it to include (but not limited to) making decisions on behalf of the Council in relation to - *please refer to point 9 in the report.*

1. **Summary**

1.1 This report provides a summary and appraisal of the options for the transition of services from the Civica contract to a suitable service delivery vehicle (SDV). The report recommends a LATCo (local authority trading company) approach as the preferred option with an analysis of the benefits and associated risks.

1.2 The report was presented to the EKS committee on 8th January 2024 and formally approved, with the agreement that a detailed business plan,shareholders agreement and associated documents will be presented to the EKS committee.

2. **Introduction and Background**

2.1 In 2011, Canterbury, Dover and Thanet councils formed a Shared Service vehicle - ‘EK Services’, through which Revenues, Benefits, Customer Services, and ICT functions were delivered on behalf of the three authorities.

2.2 In 2017, Canterbury, Dover and Thanet councils made a joint decision to outsource the Revenues, Benefits and Customer Services functions to Civica. The decision to outsource was based on the financial challenges facing the partner councils and the lack of additional savings EK services could deliver.

2.3 Since 2018 the service has been delivered by Civica. To date the services provided by the senior management team and its staff have delivered a successful service with customer satisfaction scores regularly above 96%.

2.4 In 2021 Civica informed the Councils that it was strategically exiting the BPO (business process outsourcing) market and that the initial contract would not be extended beyond January 2025. However, Civica has requested to return the service early, as they would like to focus on their software business. Given the change in strategic direction of Civica, the East Kent Strategic Board (EKS) agreed to the principle of returning the service early.

2.5 In October 2022, an outline business case was developed and subsequently approved by the EKS board, and the go ahead given for a full business case to be developed along with an appraisal of several suitable options.

2.6 This report outlines the range of options appraised within the business case, the benefits and risks of these options and the cost of delivery. The report recommends the option that delivers the most value for money, aligns with the current successful commercial model and provides a range of benefits.

2.7 The purpose of this report is for cabinet to approve the transition of outsourced services (Civica) to a LATCO service delivery vehicle.

2.8 The following table summarises the estimated net impact to the partnership, with the LATCo SDV generating savings from year 1. No additional costs will be incurred by the partnership for either SDV model.

	Transition year	Year 1	Year 2	Year 3	Year 4	Year 5
LATCo	(-73,020)	(-250,827)	(-304,668)	(-375,227)	(-448,056)	(-543,338)
Shared services	186,054	44,635	7,192	(-46,748)	(-117,930)	(-211,627)

3. **Identification of Options**

The outline business case considered a range of available options:

- Shared services
- LATCo – local authority trading company
- Disaggregation of services
- Alternative outsourcing company
- Do nothing

3.1 Of the five options available two were discounted early in the process. In 2021 the

EKS board was presented with an outline business case of the options available. Disaggregation provides greater local control of services when brought back in house. However the disaggregation option was discounted due to the cost implications, increased IT, management and staffing costs and complexity of disaggregation.

3.2 The costs of disaggregation identified an increase in operating costs of approximately £4 million. The detailed costs are presented in appendix 5 of the business case. Each council would have to separate the service and transition to the individual council, which would have required separate additional management structures and separation of infrastructure and data. All of which would have added additional operating costs and loss of economies of scale.

3.3 There are significant risks of doing nothing, these would include an unplanned transfer back to the councils when the contract ends in 2025. Resulting in very high costs with no delivery vehicle to manage the services.

3.4 Outsourcing as an option transfers risk to the commercial entity and provides the ability to quickly scale services according to demand. However this option was discounted due to the lack of suppliers in the market and a potentially complex and lengthy procurement process. Research identified only one viable option, Liberata, which would have led to an increase in operating costs compared to the Civica contract.

3.5 The two remaining options were shortlisted and appraised.

4. **Evaluation of Options**

Option 1 - Shared Services

4.1 Shared services is where a number of councils can join their services together leading to streamlined processes and economies of scale.

4.2 **Benefits**

- Tried and tested model for delivering efficiencies and sharing limited resources
- Greater control for the council compared to outsourced services
- Benefit from economies of scale
- Centralisation of services makes it easier to monitor performance, standardisation of processes and methodologies
- Reduced infrastructure costs by sharing technology and data
- Not subject to corporation tax or VAT

4.3 **Risks**

- Increased costs due to pensions requirements of LGPS and salary costs.
- SDV is not set up to deliver additional revenue, leading to viability challenges in the future
- Decision making governance more complex and lengthy with cabinet/committee structure
- Lack of buy in from staff leading to demotivation and drop in productivity levels

4.4 **Financial implications**

- The original rationale for transferring EKS shared services to Civica was to maintain the shared services function for the 3 council partnership. Otherwise the partnership would have had to make significant savings to maintain the quality of services being provided to customers and approximately 67 posts would have been at risk. Funding would have needed to increase by approximately £400,000 in 2018/19 to maintain services, equating to 2.8 million over seven years. The outsourcing to a commercial operation generated savings, maintained the quality of services and provided further process efficiencies due to streamlining throughout the contract.

- A shared service SDV incurs an increased pension liability than all the other options, with LGPS employee contributions in the range of 20% compared to approximately 5% contributions for commercial organisations.
- The shared services model is expected to incur additional costs when compared to the LATCo SDV in the first two years.
- As an estimate a productivity loss of 2% has been incorporated into the business case, this is based on a minimal drop in productivity.

Option 2 - LATCo

4.5 A LATCo is a local authority trading company that can operate in the commercial environment as well delivering traditional council services

4.6 **Benefits**

- Greater control for the council when compared with an outsourced SDV
- Ability to trade commercially and generate new revenue streams such as EPA assessments services to support council services
- Strong buy in from staff will enable delivery of current productivity levels
- Ability to react and adapt quickly to the changing financial environment, leading to innovation and agility
- Opportunity for cost reductions with more commercial terms and conditions e.g procurement of new IT systems
- The ability to set own pension rates to enable an improved offer of higher salaries
- Operational agility with streamlined decision making
- A LATCo can promote social value, e.g increase take up of welfare benefits

4.7 **Risks**

- Subject to VAT implications and corporation tax
- More complex to set up structure of company and legal advice required
- Possible implications for the authority with an existing LATCo

4.8 **Financial implications**

- The financial analysis indicates a surplus being generated from year 1 with an additional saving to each of the three councils, as a consequence of moving to a LATCo SDV. Detailed costs have been outlined in appendix 4 of the business case.
- Further discounts or dividends can be paid to each council as part of the commercial trading model. Income from new revenue streams has been incorporated into the business case.
- There are currently 26 staff employed by Civica that are not on the LGPS. Given the differential between the current Civica pension contribution rate of 5% and LGPS contribution rates, 20% it would be reasonable to assume that a LATCo would provide recurring annual savings of approximately £120,000 compared to an in-house shared service. Through the passage of time, this saving should increase through natural turnover in staffing with more employees moving on to a LATCo pension scheme.

5. **Conclusion**

5.1 With the added ability to generate new revenue income streams, flexibility to attract and retain high calibre staff, due to enhanced terms and conditions, the LATCo is the preferred choice of service delivery vehicle. With an uncertain and challenging financial environment the LATCo is more able to weather the uncertainty by generating additional income streams to support frontline services. The ability of a LATCo to minimise costs and maximise efficiencies and deliver innovative services to communities and residents are a significant factor to support the LATCo approach.

5.2 The shared services are already operating in a streamlined efficient manner making it difficult to find further ways of identifying additional financial savings if needed. The shared services model will also incur additional costs in comparison to the LATco year 1 and 2.

5.3 The LATCo will deliver savings to each council along with a streamlined budgeting and operating cost process, moving away from the more complex current recharge model. Whilst the level of current surplus on the arrangement is commercially sensitive, we are assured that the level of profit is sufficient to absorb the proposed level of additional costs and still deliver a surplus. This indicative budget will therefore be subject to further due diligence once the business case is agreed and the CCN is signed

5.4 The Civica contract has transformed the way the services are delivered enabling commercialisation and delivering cost effective and efficient services. The LATCo service delivery vehicle is the only SDV that closely resembles the successful commercial model that Civica has developed.

5.5 The commercial approach of the Civica contract has delivered an agile and flexible workforce with new ways of working. The LATCo SDV is well suited to continue to deliver services which are commercially focused and foster an innovative commercial culture.

6. **Resource Implications**

The financial analysis indicates a surplus being generated from year 1 onwards with an additional saving to each of the three councils, as a consequence of moving to a LATCo SDV. Detailed costs have been outlined in appendix 4 of the business case.

7. **Climate Change and Environmental Implications**

There are no climate or environmental implications associated with this programme.

8. **Corporate Implications**

The business case is aligned to the corporate values and priorities of the three councils. The councils require services to continue to be provided efficiently, effectively and economically to reduce reliance on council tax and government funding, this supports the business case. The developing corporate plans show a desire to foster a commercial culture and focus for services, work more smartly, effectively and efficiently.

9. **Comment from the Solicitor to the Council:**

There are several legal implications associated with this recommendation. An intent to exit the Civica contract requires legal advice and action. New contracts required between the separate parties will require formulation. Novation of IT contracts and pensions considerations need to be considered.

(i) Establishing the LATco and enter into any associated shareholders agreements.

(ii) Appointing officers to the LATco.

(iii) Subscribing for shares in the LATco.

(iv) Advancing money by way of loan capital to the LATco to finance its capital requirements.

(v) Entering into a contract with LATco for the delivery of the Revenue, Benefits and Customer Services on behalf of each of the councils.

(vi) Managing the contract.

(vii) Renegotiating the contract.

(viii) Varying the contract.

(ix) Assigning the contract.

(x) Novating the contract.

(xi) Terminating the contract.

(xii) Enforcing the contract.

(xiii) The doing of anything in relation to the exercise of the powers and functions under Part II of the Deregulation and Contracting Out Act 1994 and the orders and regulations made under it.

(xiv) Authorising entry into contracts* with third parties in relation to any functions of the Council which are not the Revenues, Benefits and Customer Services Functions but which can usefully be entered into in connection with or in order to facilitate contracts entered into, or to be entered into with regard to the Revenues, Benefits and Customer Service Functions.

*the contracts shall be entered into in accordance with each local authority's respective Contract Standing Orders.

(xv) Anything which is calculated to facilitate, or is conducive or incidental to or otherwise expedient to (i) to (xv) above.

10. Appendices

Appendix 1 – EKS transition business case

Contact Officer: Jasvir Chohan, Interim EKS Service Transition Manager

Committee report template

If your item is not on the forward plan please contact democracy@canterbury.gov.uk asap.

This is prompt for the author - DS will delete before the final report is published		
Have you considered?	**Yes/No**	**Officer/councillor consulted**
Cabinet Member	**No**	
Legal implications	**Yes**	**Harvey Rudd**
Finance implications	**Yes**	**Chris Blundell/Nicci /Mike Davis**
Digital implications	**Yes**	**Dan Evans**
Environmental implications	**None**	
Consultation implications [Contact: Victoria Asimaki]	**None**	**Harvey Rudd**
Equalities implications [Contact: Victoria Asimaki or Matthew Archer]	**None**	**Peter Francis**
Full list of Appendices included at the bottom of report?	**Yes**	
Are there further appendices to follow prior to publication? If yes give details	**No**	
Other implications or comments for MT to note - None		
DSO comments –		

East Kent Services Committee

December 2023

Subject: **EKS service transition business case**

Director and Head of Service:

Chris Blundell - Director or Corporate services and section 151 officer

Officer:

Jasvir Chohan - Interim EKS service transition manager

Cabinet Member:

[Insert name and title] [List of Cabinet Members available here]

Key or Non Key decision: Non Key

Decision Issues:

These matters are within the authority of the Cabinet.

Is any of the information exempt from publication:

This report includes an annex containing information exempt from publication and may be discussed without the press and public present.

CCC ward(s): All wards

Summary and purpose of the report:

This report provides a summary and appraisal of the options for the transition of services from the Civica contract to a suitable service delivery vehicle (SDV). The report recommends a LATCo (local authority trading company) approach as the preferred option with an analysis of the benefits and associated risks.

To Recommend

1. To recommend to each of the executives of Canterbury City Council, Dover District Council and Thanet District Council that each agrees-

   (a) To exit from the contract with Civica UK Limited for the delivery of the Revenue, Benefits and Customer Services.

   (b) To approve the LATCo service delivery vehicle as the preferred option for future service delivery.

   (c) To approve the business case for the LATco pursuant to Article 2(2)(b) of the Local Government (Best Value Authorities) Power to Trade) (England) Order 2009.

   (d) To the extent that it is not other authorised to do so, to authorise the East Kent Services Committee, to exercise the powers and functions of the Council to form the LATco and to enter into the contract with it, (to include but not limited to); making decisions on behalf of the Council in relation to:-

(i) Establishing the LATco and enter into any associated shareholders agreements.

(ii) Appointing officers to the LATco.

(iii) Subscribing for shares in the LATco.

(iv) Advancing money by way of loan capital to the LATco to finance its capital requirements.

(v) Entering into a contract with LATco for the delivery of the Revenue, Benefits and Customer Services on behalf of each of the councils.

(vi) Managing the contract.

(vii) Renegotiating the contract.

(viii) Varying the contract.

(ix) Assigning the contract.

(x) Novating the contract.

(xi) Terminating the contract.

(xii) Enforcing the contract.

(xiii) The doing of anything in relation to the exercise of the powers and functions under Part II of the Deregulation and Contracting Out Act 1994 and the orders and regulations made under it.

(xiv) Authorising entry into contracts* with third parties in relation to any functions of the Council which are not the Revenues, Benefits and Customer Services Functions but which can usefully be entered into in connection with or in order to facilitate contracts entered into, or to be entered into with regard to the Revenues, Benefits and Customer Service Functions.

*the contracts shall be entered into in accordance with each local authority’s respective Contract Standing Orders.

(xv) Anything which is calculated to facilitate, or is conducive or incidental to or otherwise expedient to (i) to (xv) above.

(2) That a report be considered by EKSC on final contract terms and, if approved, authorisation of entry into the contract and associated documentation.

Next stage in process:

The report will be presented to the EKS Committee for approval and then to the individual cabinets.

1. Introduction

In 2011, Canterbury, Dover and Thanet councils formed a Shared Service vehicle - 'EK Services', through which Revenues, Benefits, Customer Services, and ICT functions were delivered on behalf of the three authorities.

In 2017, Canterbury, Dover and Thanet councils made a joint decision to outsource the Revenues, Benefits and Customer Services functions to Civica. The decision to outsource was based on the financial challenges facing the partner councils and the lack of additional savings EK services could deliver.

Since 2018 the service has been delivered by Civica. To date the services provided by the senior management team and its staff have delivered a successful service with customer satisfaction scores regularly above 96%.

In 2021 Civica informed the Councils that it was strategically exiting the BPO (business process outsourcing) market and that the initial contract would not be extended beyond January 2025. However, Civica has requested to return the service early, as they would like to focus on their software business. Given the change in strategic direction of Civica, the East Kent Strategic Board (EKS) agreed to the principle of returning the service early.

In October 2022 , an outline business case was developed and subsequently approved by the EKS board, and the go ahead given for a full business case to be developed along with an appraisal of several suitable options.

This report outlines the range of options appraised within the business case, the benefits and risks of these options and the cost of delivery. The report recommends the option that delivers the most value for money, aligns with the current successful commercial model and provides a range of benefits.

The purpose of this report is for the EKS committee to approve the transition of outsourced services to a LATCO service delivery vehicle.

The following table summarises the estimated net impact to the partnership, with the LATCo SDV generating savings from year 1. The shared services SDV will incur additional costs till year 3.

	Transition year	Year 1	Year 2	Year 3	Year 4	Year 5
LATCo	(-73,020)	(-250,827)	(-304,668)	(-375,227)	(-448,056)	(-543,338)
Shared services	186,054	44,635	7,192	(-46,748)	(-117,930)	(-211,627)

2. Options available

2.1 The outline business case considered a range of available options;

- Shared services
- LATCo – local authority trading company
- Disaggregation of services

- Alternative outsourcing company
- Do nothing

Of the five options available two were discounted early in the process. In 2021 the EKS board was presented with an outline business case of the options available. Disaggregation provides greater local control of services when brought back in house. However the disaggregation option was discounted due to the cost implications, increased IT, management and staffing costs and complexity of disaggregation.

2.1.1 The costs of disaggregation identified an increase in operating costs of approximately £4 million. The detailed costs are presented in appendix 5 of the business case. Each council would have to separate the service and transition to the individual council, which would have required separate additional management structures and separation of infrastructure and data. All of which would have added additional operating costs and loss of economies of scale.

2.1.2 There are significant risks of doing nothing, these would include an unplanned transfer back to the councils when the contract ends in 2025. Resulting in very high costs with no delivery vehicle to manage the services.

2.1.3 Outsourcing as an option transfers risk to the commercial entity and provides the ability to quickly scale services according to demand. However this option was discounted due to the lack of suppliers in the market and a potentially complex and lengthy procurement process. Research identified only one viable option, Liberata, which would have led to an increase in operating costs compared to the Civica contract.

The two remaining options were shortlisted and appraised .

2.2 Option 1 - Shared services

Shared services is where a number of councils can join their services together leading to streamlined processes and economies of scale.

Benefits

- Tried and tested model for delivering efficiencies and sharing limited resources
- Greater control for the council compared to outsourced services
- Benefit from economies of scale
- Centralisation of services makes it easier to monitor performance, standardisation of processes and methodologies
- Reduced infrastructure costs by sharing technology and data
- Not subject to corporation tax or VAT

Risks

- Increased costs due to pensions requirements of LGPS and salary costs.
- SDV is not set up to deliver additional revenue, leading to viability challenges in the future
- Decision making governance more complex and lengthy with cabinet/committee structure
- Lack of buy in from staff leading to demotivation and drop in productivity levels

Financial implications

- The original rationale for transferring EKS shared services to Civica was to maintain the shared services function for the 3 council partnership. Otherwise the partnership would have had to make significant savings to maintain the quality of services being provided to customers and approximately 67 posts would have been at risk. Funding would have needed to increase by approximately £400,000 in 2018/19 to maintain services, equating to 2.8 million over seven years.The outsourcing to a commercial operation generated savings, maintained the quality of services and provided further process efficiencies due to streamlining throughout the contract.

- A shared service SDV incurs an increased pension liability than all the other options, with LGPS employee contributions in the range of 20% compared to approximately 5% contributions for commercial organisations.
- The shared services model is expected to incur additional costs in the first two years.
- As an estimate a productivity loss of 2% has been incorporated into the business case, this is based on a minimal drop in productivity.

2.3 Option 2- LATCo

A LATCo is a local authority trading company that can operate in the commercial environment as well delivering traditional council services

Benefits

- Greater control for the council when compared with an outsourced SDV
- Ability to trade commercially and generate new revenue streams such as EPA assessments services to support council services
- Strong buy in from staff will enable delivery of current productivity levels
- Ability to react and adapt quickly to the changing financial environment, leading to innovation and agility
- Opportunity for cost reductions with more commercial terms and conditions e.g procurement of new IT systems
- The ability to set own pension rates to enable an improved offer of higher salaries
- Operational agility with streamlined decision making
- A LATCo can promote social value, e.g increase take up of welfare benefits

Risks

- Subject to VAT implications and corporation tax
- More complex to set up structure of company and legal advice required
- Possible implications for the authority with an existing LATCo

Financial implications

- The financial analysis indicates a surplus being generated from year 1 with an additional saving to each of the three councils, as a consequence of moving to a LATCo SDV. Detailed costs have been outlined in appendix 4 of the business case.
- Further discounts or dividends can be paid to each council as part of the commercial trading model. Income from new revenue streams has been incorporated into the business case.
- There are currently 26 staff employed by Civica that are not on the LGPS. Given the differential between the current Civica pension contribution rate of 5% and LGPS contribution rates, 20% it would be reasonable to assume that a LATCo would provide recurring annual savings of approximately £120,000 compared to an in-house shared service. Through the passage of time, this saving should increase through natural turnover in staffing with more employees moving on to a LATCo pension scheme.

3. Conclusion

With the added ability to generate new revenue income streams, flexibility to attract and retain high calibre staff, due to enhanced terms and conditions, the LATCo is the preferred choice of service delivery vehicle. With an uncertain and challenging financial environment the LATCo is more able to weather the uncertainty by generating additional income streams to support frontline services. The ability of a LATCo to minimise costs and maximise efficiencies and deliver innovative services to communities and residents is a significant factor to support the LATCo approach.

The shared services are already operating in a streamlined efficient manner making it difficult to find further ways of identifying additional financial savings if needed. The shared services model will also incur additional costs year 1 and 2.

The LATCo will deliver savings to each council along with a streamlined budgeting and operating cost process, moving away from the more complex current recharge model.Whilst the level of current surplus on the arrangement is commercially sensitive, we are assured that the level of profit is sufficient to absorb the proposed level of additional costs and still deliver a surplus. This indicative budget will therefore be subject to further due diligence once the business case is agreed and the CCN is signed.

The Civica contract has transformed the way the services are delivered enabling commercialisation and delivering cost effective and efficient services. The LATCo service delivery vehicle is the only SDV that closely resembles the successful commercial model that Civica has developed.

The commercial approach of the Civica contract has delivered an agile and flexible workforce with new ways of working. The LATCo SDV is well suited to continue to deliver services which are commercially focused and foster an innovative commercial culture.

4. Recommendation

East Kent Services Committee is asked to approve the exit from the Civica contract.

East Kent Services Committee is asked to approve the business case and the preferred

LATCo service delivery vehicle and for the individual councils to recommend the approach to its executive leadership and cabinet.

The Civica contract expires in January 2025 , requiring a decision to be made to select one of the options outlined above. Doing nothing puts major services at risk of non delivery and significant additional cost being incurred. A delivery timescale including stabilisation of 7 - 9 months is required at the very least to ensure an effective transition to a new service delivery vehicle.

5. Corporate plans

The business case is aligned to the corporate values and priorities of the three councils. The councils require services to continue to be provided efficiently, effectively and economically to reduce reliance on council tax and government funding, this supports the business case.The developing corporate plans show a desire to foster a commercial culture and focus for services, work more smartly, effectively and efficiently.

6. Consultation planned or undertaken

Consultation will take place with the East Kent services committee, individual cabinets and overview and scrutiny panel.

7. Implications

(a) Financial

The financial analysis indicates a surplus being generated from year 1 onwards with an additional saving to each of the three councils, as a consequence of moving to a LATCo SDV. Detailed costs have been outlined in appendix 4 of the business case..

(b) Legal

There are several legal implications associated with this recommendation. An intent to exit the Civica contract requires legal advice and action. New contracts required between the separate parties will require formulation. Novation of IT contracts and pensions considerations need to be considered.

(c) Equalities

None identified

(d) Environmental including carbon emissions and biodiversity

None identified

(e) Staffing resource

Tupe implications and associated regulatory consultation will have to be considered for staff transitioning to a LATCo.

Contact Officer: Jasvir Chohan interim service transition manager

Background documents and appendices

EKS transition business case

Additional document(s) containing information exempt from publication:

N

East Kent Services partnership

Service transition business case

December 2023

Contents

Executive summary

Thanet, Canterbury and Dover councils have utilised a tri-council partnership, outsourced to Civica to deliver Revenues & Benefits and frontline customer services. The service is well established and operating effectively, delivering high quality services. See Appendix 6 for an outline of services and performance.

However, it is Civica's intention to vacate the Business Process Outsourcing (BPO) market leaving the partnership in a position where it must source an alternative service delivery vehicle to continue to deliver services to its customers.

The purpose of this report is to put forward a range of options, assess those options and recommend a preferred way forward. The programme business case follows the guidelines stated in the best practice framework, HMRC Green Book five case model methodology.

- Ensure the programme business case is aligned to the partnerships strategic direction
- Ensure the programme business case will maximise wider social value to communities and residents
- Confirm the programme business case is commercially viable
- Confirm the programme business case is affordable and fundable.
- Confirm the partnership has adequate resources to deliver the programme successfully

The business case recommends the option of a local authority trading company (LATCo) service delivery vehicle, facilitating a continued commercial approach to delivering services.

There are a number of key benefits a LATCo Service Delivery Vehicle (SDV) can deliver for the councils, discussed in more detail further down in the economic case;

- A sustainable, agile and adaptable business model which can weather difficult financial environments and generate further efficiencies.

- The ability to generate additional revenue streams to support frontline services and create a profit for purpose approach.

- The councils' ability to monitor and oversee operations more closely than an outsourced SDV.

- The ability of a LATCo to minimise costs and maximise efficiencies and deliver innovative services to communities and residents.

- The ability to attract and recruit high quality personnel, by offering favourable commercial terms and conditions. Increased productivity due to retention of a highly skilled and motivated workforce.

The business case has been developed with the knowledge and review of previous implementations of LATCo's across the partnership. The development of the governance model and financial assessment of the EKS LATCo has been supported by knowledge from the implementations of Canenco, the Canterbury LATCo and EKH, East Kent Housing.

1. Background

In 2011, Canterbury, Dover and Thanet councils formed a shared service vehicle - 'EK Services', through which Revenues, Benefits, Customer Services and ICT functions were delivered on behalf of the three authorities. The shared service successfully delivered savings to all partners for 6 years, but ultimately the need for additional savings beyond year 6, exceeded the shared service vehicles ability to deliver them.

In light of the need to deliver these further savings, in 2017, Canterbury, Dover and Thanet councils made a joint decision to outsource the Revenues, Benefits and Customer Services functions to Civica.

The decision to outsource was based on the financial challenges facing the partner councils and the lack of additional savings the Shared Service was able to deliver. Under the shared services arrangement, there was a need to increase funding to maintain a level of staffing required to deliver services to the agreed standards. Therefore, EKS in its existing shared services form, was not sustainable in the medium to long term future.

It was felt that a strategic commercial venture with a private sector partner had the potential to protect and grow jobs and develop services whilst still delivering savings. In 2018 the shared services function was outsourced to Civica.

The services were further transformed by Civica, generating process, structural and financial efficiencies. Culturally the service has become commercially focused and agile, managing demand effectively. The arrangement delivered the financial savings required by the Councils.

Since 2018, Civica have delivered the service within budget, they have met the KPIs set, achieved good customer ratings, delivered the various government business and public support schemes throughout Covid quickly, with a low error and fraud rate, at no extra charge to the Councils. The services are high performing and customer satisfaction scores are regularly above 96%.

In 2021 Civica informed the Councils that it was strategically exiting the BPO market and that the initial contract would not be extended beyond January 2025. Civica asked for the contract to return before this date.

In light of this, in 2021 delivery options were explored and an outline business case approved by the EKS board with further approval to move forward and develop a full business case.

Following the approval of the initial outline business case, CIPFA were engaged to review the proposal and make recommendations on developing a full and robust business case.

This business case now reflects the recommendations of the outline business case and CIPFA review, taking into consideration the strategic case, a range of options, a full financial analysis , an implementation plan and capacity and capability to deliver.

2. Strategic Case

2.1 Organisational overview

As mentioned above, Thanet, Canterbury and Dover have been in a partnership delivering front line services to its residents and customers for over a decade. The partnership has been effective in delivering a range of efficiencies and service improvements.

All three councils have recently had a change of political leadership, with Canterbury gaining a Labour/Liberal Democratic coalition and Thanet and Dover gaining Labour administrations.

There is little appetite to move away from a high performing and commercially focused service being delivered by Civica. Therefore whichever service delivery vehicle is selected, it needs to replicate the level of service currently being provided.

Corporate plans are under development for all three councils, however there is a continued desire to deliver services that are efficient, cost effective and high performing.

2.2 National backdrop

The impact of austerity has increased the need for greater savings and efficiencies and with the reduction of local government funding, local authorities have been obliged to investigate a range of mechanisms to reduce overheads and raise revenue to minimise the impact on frontline services.

The impact of both Brexit and the Covid pandemic has seen significant outward migration of skills and resources. The loss of free movement of labour has diminished supply of labour in the local market (traditional areas that were dependent on recruitment from the EU e.g. hospitality/retail etc can no longer recruit there, so we are now in competition with these sectors for more local talent) and loss of expertise and experience due to a shift towards early retirement within the UK workforce, has effected availability of staff. Maintaining a skilled and adequately resourced workforce will inevitably become more difficult.

UK inflation continues to be relatively high and interest rate increases provide for an uncertain future if not managed effectively. The impact on vulnerable segments of the population could lead to greater deprivation with the cost of living crisis. With increased deprivation and hardship, an increase in demand for services will inevitably follow.

There has been a national trend towards insourcing services back in house, due to a number of reasons, ranging from the collapse of major contractors e.g. Carillion, contractors voluntarily exiting the public sector and local authorities wishing to exercise more control over their services.*" Local government:alternative models of service delivery" briefing paper 9th september 2019.*

A recent study conducted by *APSE May 2019, Association for Public Service Excellence* pointed towards a trend of insourcing. Local authorities expressed the desire to improve service quality and flexibility without the constraints of outsourced inflexible contracts. The need for greater control of allocating resources to meet local demand was seen as a key driver for insourcing.

2.3 The Case for Change

As a result of Civica exiting the BPO market, an outline business case was approved in October 2022, by the East Kent Chief Executive forum. An approval was gained to investigate alternative service delivery vehicles for the Revenues and Benefits and Customer services functions.

Local government is increasingly under pressure from a rising demand in services and a continued reduction in public funding. This has led councils to become more innovative in service delivery.

A programme brief has been prepared with a clear scope and defined objectives. This has been agreed with the programme board. The programme brief covers the following objectives;

- To avert a service delivery failure by re-provisioning services for the Revenues and Benefits and customer services function to a financially viable service delivery vehicle by December 2024

- To develop a sales pipeline and deliver growth enabling surplus income to be redirected to support council services

- To increase the council's ability to further their social value agenda and support frontline services

- To promote and sustain a commercial culture across the authorities, exploring further opportunities for commercialisation.

- The programme will examine the relationship between the existing commercial entity at Canterbury, Canenco, and the merits of a group structure approach.

2.4 Existing arrangements

The current cost of the service is £8 million, which is spread across the three councils.
The outsourced contract with Civica is a people only contract, utilising the councils' IT infrastructure and systems, which is based on premises at Thanet DC. The Openrevenues database is utilised for benefits and revenue management and a new cloud telephony service has recently been implemented. EKS utilises the google suite of programs for administration, email, calendar management, file management and word processing, with print and mailroom services being outsourced off site.

Going forward there is a plan to utilise laptops and Microsoft products. There is also a plan, in the near future, to migrate to a SaaS (Software as a Service) model for Openrevenues once the SaaS product has stabilised.

The service is operated on a hybrid basis, with staff working across three sites and remotely. There is a face to face community hub based in Margate, with a small presence at Dover and Canterbury, delivering front of house services.

Business support is provided via a range of mechanisms; payroll services are provided by Civica and finance support is provided by 1.5 FTE based in Thanet. HR support has recently been disaggregated back to the individual councils as have IT services. However the EKS partnership retains a small residual IT team that supports all IT requirements.

2.5 Business needs and requirements

Continuity of service is paramount to the partnership, ensuring a sustainable and high performing service continues to function and deliver services to customers and its communities.

Councillors and officers are also eager to maintain the skills and expertise of a high performing team. The workforce is agile and adaptable and has displayed a strong commitment to supporting the partnership through difficult operating environments such as the Covid pandemic.

To support business operations a revised IT operating platform will be required to facilitate operations and information management. Data and infrastructure will require decoupling from the partnership’s current infrastructure. New information governance and compliance will require new policies and administration.

2.6 Constraints and dependencies

There are a number of constraints that may have an impact on this programme, firstly the Civica contract will terminate in January 2025 therefore the partnership will require an alternative service delivery vehicle in place by then to ensure service continuity. Secondly, with an increasingly challenging financial landscape for businesses and residents, funding and investment will be limited.

Success of the programme will depend on strong political buy-in from the new administrations, a practical and rational approach from Civica and IT service continuity and resource availability.

There are a number of technology implementations in progress, such as a new finance system procurement at Thanet and the disaggregation of IT infrastructure across the tri-council partnership. These implementations will require careful programming and dovetailing into the transition plan.

3. Economic Case

As noted above, the programme is essentially a lift and shift of a high performing, qualitative service and introducing a new service delivery vehicle. There is no major transformation and services will continue to be delivered to residents seamlessly.

The economic case outlines the options for the delivery of the programme and recommends the option that is most likely to offer best value for money, least risk and maximum social value to the EK partnership. A number of critical success factors have been identified, which must be met for the programme to be considered successful.

Initially, a disaggregation of services into its constituents parts was costed and considered alongside a LATCo, shared services model, secondary outsourcing and do nothing approach. These are discussed in detail below.

A SWOT analysis was conducted to determine the strength of the options based on risk, benefits and costs. A further managers workshop was arranged to supplement the SWOT analysis and promote engagement and ownership. See appendix 1 for SWOT analysis.

A number of factors were considered when developing the critical success factors and shaping the preferred approach;

- Business needs and requirements
- The wider environment
- Strategic fit
- Organisational culture
- Resources
- Affordability and achievability
- Optimal financial viability

3.1 Critical success criteria

These are the areas that must go right for the programme to be determined a success, meeting the expectations of key stakeholders.

- Maintenance of key performance indicators
- Seamless transfer of operations to new SDV
- Income generation
- Delivery of surplus
- Increase in welfare take up
- Minimise staff turnover
- Long term financial sustainability of model

Key:
X - partially met
XX - fully met
0 - not met

Table 1 Success criteria

	Maint. of KPI's	Seamless transfer	Income generation	Delivery of surplus	Incr. in welfare take up	Min. staff turnover	Sustainable model
Shared services	XX	X	X	X	0	X	0
LATCo	XX	X	XX	XX	XX	XX	XX
Outsource	X	X	0	0	0	0	**X**
Disaggregation	0	0	0	0	0	0	0
Do nothing	0	0	0	0	0	0	0

3.2 Options analysis

Desktop research was carried out to identify best practice within the sector and a number of business cases reviewed to assess potential options. Research from leading financial and economic institutions such as Cipfa and Grant Thornton "In good company" September 2018 was also appraised.

Options considered as part of this long list are;

- Shared services
- LATCo
- Disaggregation of services
- Alternative outsourcing company
- Do nothing

The following table summarises the key outputs from a SWOT analysis conducted, appendix 1, and in addition expands the analysis to include a do minimal option.

Table 2 Benefits/Risks

Option	Benefits	Risk
Shared services model - bought back in house	• Partnership has full control of the service • Cost effective model • Allows economies of scale • Sharing of limited resources and skills • Not subject to VAT and corporation tax • Centralisation of services makes it easier to monitor performance, standardisation of processes and methodologies • Ability to sell services	• Lack of buy in from staff • Lack of commercial culture • Less sustainable model moving forward. • Model not set up to generate additional surplus • Decision making governance more complex and lengthy with cabinet/committee structure • Increased costs due to pensions requirements of LGPS. • Staff pay would be aligned to council pay levels
LATCo - local authority trading company	• Partnership has full control of the service • Cost effective model • Allows economies of scale • Sharing of limited resources and skills • Strong buy in from staff • Ability to trade commercially and generate surplus to support council services	• Subject to VAT implications and corporation tax • More complex to set up structure of company

	• Ability to generate surplus within the private sector • Ability to react and adapt quickly to the changing financial environment • Opportunity for cost reductions with more commercial t&c's • Operational agility with streamlined decision making • Model supports secondary outsourcing if required later.	
Disaggregation of services into individual councils	• Greater control of services for individual councils • Greater locally tailored services	• Unsustainable model going forward • High cost association • Cannot benefit from economies of scale • Potential issues with sourcing adequate skills and resources
Secondary outsourcing	• Continued agility and flexibility with economies of scale across a large organisation	• Limited options, companies moving away from outsourcing model • Increased costs compared to Civica contract • Market analysis indicates only 1 suitable supplier creating a sellers market • Issues with cost and quality, inflexibility and recent public failures of larger suppliers • Potential disruption of a tender exercise to transfer services
Do nothing/minimum	• n/a	• The existing contract expires in Feb 25. Services will

		automatically transfer back from Civica to the partnership in an unplanned manner. ● TRansfer back to EKs? ● Staff uncertainty/flight ● No opportunity to extend contract

3.3 Short listed options

The secondary outsourcing , disaggregation and do nothing options have been discounted from the list of options. The secondary outsourcing option was discounted due to the limited number of suppliers available, only Liberata was identified as a suitable option. The limited supply of BPO organisations creates a sellers market with increased costs in comparison to the Civica contract. Also the requirement of a potentially lengthy procurement process will introduce additional risk to service transition.

Disaggregation of services has been discounted due to the cost implications, an additional £4 million cost and impact on services. Disaggregating services and transferring them back will incur in depth re-design of IT and data infrastructure, process change and cultural alignment to individual councils.

The do nothing option is not sustainable as the Civica contract expires in January 2025, when services automatically revert back to the partnership. There is no opportunity to extend the contract leaving staff and services in an exposed high risk position.

Therefore the two remaining viable options from the long list which could provide a function that continues to deliver high performing qualitative services to customers and residents are a LATCo or shared services SDV.

3.4 Benefits Analysis

A LATCo is able to generate new revenue streams when compared to shared services, having the ability to trade outside of the public sector. Any additional surplus generated can be used to offset frontline service costs. A shared services SDV can to a degree generate additional revenue, however not to the extent of a LATCo.

Research has shown councils that have successfully utilised a commercial approach to deliver services, have been successful in attracting and retaining high quality personnel. Commercial terms and conditions which are more favourable, are better placed to retain a high performing workforce. This has been evidenced at both Publica and PSPL, partnerships both using a commercial approach.

The public sector is increasingly looking to promote social value, e.g increase take up of welfare benefits. Profits generated by commercial entities can be ploughed back to support council services, increase social value activities and generate new revenue streams.

"Councils' commercial activity can provide a catalyst to bridge the increasing funding gap whilst also delivering 'wider' social value, providing that commercial initiatives create profit with a purpose." *LGA Profit with a purpose Delivering social value through commercial activity.* The LATCo approach in particular, through its income generation activities, is able to fund additional activities to increase welfare take up. This can lead to improved support for the community and the vulnerable. This work is linked to the core activities of local government.

Oversight and strategic control being provided by councillors and a commercial streamlined governance structure will allow the LATCo tactical freedom to innovate and respond to market opportunities and productivity innovations.

A successful commercial culture allows greater efficiency, where management and staff are focused on delivering cost effective, efficient services. A commercial culture promotes a business-like environment, knowledge of the marketplace in which the company operates, and delivering services and products which are designed for customers.

A LATCo is sustainable and future-proofed when compared to shared services. This has been evidenced in the original decision to outsource to Civica. Maintaining a shared service for EKS would have had budgetary implications and ongoing issues with funding the services, with 67 posts at risk.

Financially, a LATCo incurs less of a pension liability than shared services, with LGPS employee contributions in the range of 20% compared to approximately 5% contributions for commercial organisations.

There is an added benefit with a low risk, lift and shift approach of migrating services from an already commercial entity to another commercial SDV. The impact on staff would be minimised by continuing with a commercial culture and approach.

Both shared services and a LATCo allow the partnership greater control over services than an outsourced SDV. Shared services are however not liable to corporation tax and VAT, whilst LATCo's which trade services are.

One of the potential scenarios to consider would be a drop in productivity due to lower staff engagement in the case of a shared services SDV. Staff have communicated a preference to migrate to a commercially focused SDV. In the case of a 2% drop in productivity an additional operating cost of £148,000 would be incurred. With an average staff cost of 37k across a base of 200 staff, the partnership would have to employ an additional 6 staff. In the case of a 3% drop in productivity the impact on operating costs would be an additional cost of £222,000 and in the case of a 5% drop in productivity an additional operating cost of £370,000 would be incurred.

3.5 Preferred Way Forward

The costs associated with a shared service model is higher due to the increased costs associated with terms and conditions of employment. There are currently 26 staff out of 188 , employed by Civica that are not on the LGPS. Given the differential between the current Civica pension contribution rate of 5% and LGPS contribution rates of 20%, it would be reasonable to assume that a LATCo would provide recurring annual savings of approximately £120k compared to an in-house shared service. Through the passage of time, this saving should increase through natural turnover in staffing with more employees moving on to a LATCo pension scheme.

LATCo's have been strongly associated with innovation and creativity, leading to increased productivity and staff morale. Developing new ways of working to counter unforeseen pressures such as Covid has maintained the ability to deliver services effectively. The ability to hold costs down and increase efficiency has been demonstrated by the transfer to Civica.

Taking into account the summary above the preferred way forward is to develop a LATCo business model.

The LATCo approach also presents the option of moving to a shared services vehicle at a later date if required by the partnership. There is an opportunity to consider implementing a two year break clause in order to review and assess the success of the LATCo. If it is felt the LATCo has not delivered the benefits identified, the LATCo can migrate to a shared services model. However if a shared services model is the preferred option, services cannot be transitioned to a LATCo due to pensions implications. The model would be unsustainable with no trading surplus and a substantial increase in pensions liability.

3.6 Governance

Good governance considers how to balance the freedom required by a commercial entity and retaining effective oversight of a company. It is important the EK partnership safeguards the spending of public money and ensures that trading activities are carried out in accordance with the partnership's ethos and values.

The model below is for information purposes only and is indicative of the type of governance that can be put in place. The governance arrangements set out in this section may be further developed or changed in the light of advice from our professional legal advisers in the event the business case is approved. For a full size model please refer to appendix 7.

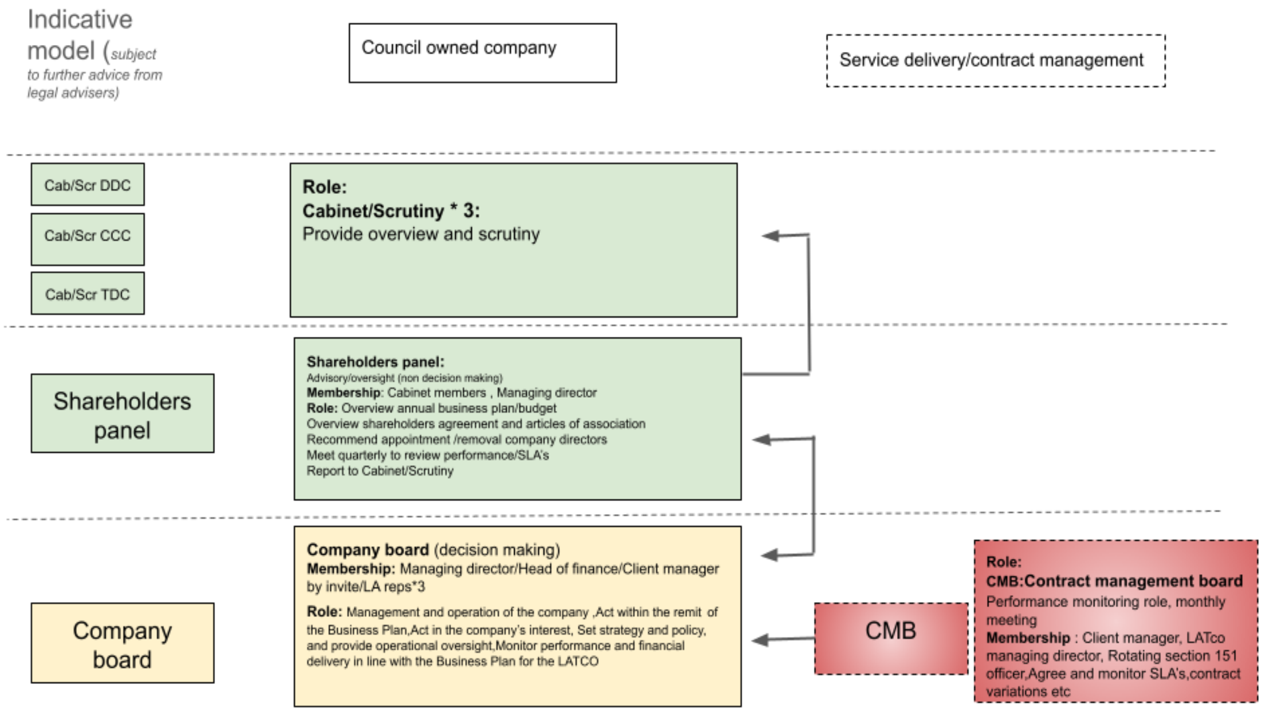


Table 4 Indicative governance model

3.6.1 Articles of association

The company will be formed as a private company limited by shares, with 100% of the share capital retained by the EK partnership. Two key governance documents will be required, firstly a shareholders agreement and secondly the articles of association. The Articles of Association is essentially the constitution, outlining decision making powers of the directors.

The LATCo will have the ability to trade outside of the EK partnership but provide the majority of services to the EK partnership. The articles of association should ensure a Teckal exemption by;

- Confirming the rights to remove and appoint directors and provide for retirements where appropriate
- Ensuring that board composition is kept under review.
- Ensure at least 80% of the services are delivered to the EK partnership

3.6.2 Shareholders agreement

The shareholders agreement supplements the articles of association by setting out a contractual agreement between the LATCo and its shareholders (EK Partnership). It clarifies the powers of the LATCo and how the shareholders might influence those powers. It can be amended as the company evolves.

It would be beneficial for the agreement to indicate how any resultant surplus will be treated, e.g. a transfer to reserves for future investment and/or the paying of dividends to its shareholders and subsequent reinvestment to public services.

The agreement should clarify requirements for business planning and approval of the business plan, performance reporting, governance, decision making reporting and frequency.

3.6.3 Conflict of interest

A conflict of interest policy should be developed to ensure that councillors and officers are aware of potential conflicts of interest when performing their role for the local authority and their role in respect of the LATCo.

A formalised protocol should be introduced for when a council director is acting as a director for the new company.

3.6.4 Shareholders panel

The shareholders panel is a non-decision making body. There is an opportunity for the functions of the existing EKS committee to be reconstituted as a shareholders panel. The terms of reference could be reviewed and the panel could act as the political and strategic overview.

The shareholder panel is able to act as a mechanism to communicate the shareholders' views to the LATCo, and a means to evaluate the effectiveness of the LATCo and performance against strategic objectives.

3.6.5 Company board and Directors

All directors must comply with the Company act 2006 and act within their powers in accordance with the company's constitution, avoid conflicts of interest and exercise reasonable care, skill and diligence.

- An effective and entrepreneurial board will generate value for its shareholders
- The board must act with integrity, lead by example and promote a commercially focused but ethical culture
- The board will ensure adequate resources, measure performance and maintain effective controls including risk management and financial reporting
- Ensure there is effective engagement with shareholders and stakeholders
- The board should ensure effective workplace practices are in place for long term sustainable success

It is proposed that the company board of directors consist of the following;

- Managing Director - Mark Emery

- Head of Finance - tba
- Client manager by invite - tba
- 3* LA reps

The chief financial officer position could be filled by an existing Head of finance, if required from the partnership, until the LATCo is in a position to fund the post independently.

A client manager position could act as a coordination role between the board and individual councils. The position would act as a single point of contact for the councils and act as a smart client, proactively managing company performance.

This streamlined approach will facilitate speedier decision making and efficiency, ease communications and promote relationship building. It would also be advisable for the client manager to have the requisite skills set required, such as a revenues and benefits background. A pragmatic approach with a commitment to achieving the shared aims of all parties, would be of significant benefit.

3.6.6 Training and Induction

The existing team currently functions as a commercial organisation so has an in-depth knowledge of the services, however new directors/board members will still require training to ensure their understanding of the role within a LATCo, code of conduct and obligations as members of the board.

4. Commercial Case

The purpose of this section is to set out the procurement arrangements for the programme's projects and key activities. The choice of procurement method will be outlined below for each of the workstream outputs and approximate timescales for delivery.

4.1 Technology workstream

The main procurement of IT infrastructure, backup/storage, end user computing and security/access applications is outside of scope for this programme and the procurement of any new applications or hardware is being managed by the disaggregation project.

There is a requirement for an ongoing IT repairs and replacements programme ensuring the benefits of the latest technology is maximised and staff have the most up to date equipment supporting efficient and effective service delivery. It is envisaged that this programme will refresh on a 3 to 4 year basis and due to the investment required this project will follow a full procurement exercise. It is also expected that this programme will be managed by the LATCo's in-house IT team, as detailed below.

There is one key software application, OpenRevenues, that is currently owned by Civica. In order to facilitate a low risk implementation , the contract will be novated to the LATCo which will also allow the commercial entity to negotiate further favourable terms and conditions moving forward. It is envisaged the contract novation will commence after the LATCo receives approval and is formally set up.

IT support requirements will be met via an inhouse IT team of 5, who will TUPE across from EKS services to the LATCo. The ICT team to TUPE across consists of:

- ICT Support Manager x 1
- Senior ICT Support Engineer x 3
- Infrastructure Engineer x 1

Depending on the decisions currently being made on the form of provision of ICT security services to the EK partnership, additional ICT security resources may be required for LATCo.

A temporary number of licences for a SaaS finance system will be procured for approximately 6-12 months till a permanent finance system is installed. The existing finance system based at Thanet currently being utilised by EKS is end of life and undergoing a full procurement process. However due to the timescales of the project a decision has been made to lower the risk and implement an interim stand-alone solution for the LATCo.

4.2 Legal/Governance workstream

There is a requirement to procure legal advisory services to support the setup of the commercial entity, contract development, contract novation and ad hoc legal advice. This procurement will follow a soft procurement approach consisting of a scope of works being prepared in order to attract three tenders. It is envisaged that the soft procurement exercise will commence once the business case has been formally approved by cabinet.

4.3 Payroll and HR services

Payroll services will be provided by Dover DC as well as HR services and these will operate via a recharge model. Dover DC currently provides payroll services as part of a shared service to the tri-council partnership.

4.4 Internal audit

As the Revenues and Benefits function is heavily regulated internal audit requirements are key to continual service delivery. Internal audit requirements will continue to be met by EKAP, a shared services partnership. The LATCo will procure the consultancy services on a day rate basis as part of the annual audit plan.

5. Financial Case

This financial case proves the affordability and funding of the EKS transition to the preferred service delivery vehicle of a LATCo. In the economic analysis above, a number of options were outlined and appraised of which the LATCo was deemed to offer the greatest benefits and lowest risk.

The purpose of this financial appraisal is to determine whether the EK partnership is able to fund and deliver the new LATCo, outlining the impact on capital, revenue and whole life costs of the new commercial company.

As the service is an existing commercial model, a lift and shift approach will be developed to the service transition leading to a low risk implementation. The financial case will therefore identify existing costs of the service and any new additional costs required to move to a LATCo service delivery vehicle.

The LATCo will be formed as a company limited by shares, allowing the company to trade in the private sector and passing any surplus back to the controlling local authorities. This legal status will be recognised as a private limited company.

5.1 VAT implications

The LATCo would be required to treat VAT in the same way that Civica currently does. As such a management fee chargeable by the LATCo would be at standard rate and could be recovered in full by the councils.

After tax, profit can be paid to the councils in the form of dividends, which themselves would not be subject to taxation.

5.2 Corporation tax implications

As a company limited by shares the LATCo will be liable for tax on any trading surplus made. Any trading surplus generated by the LATCo will be subject to corporation tax, however there are opportunities to offer the EK partnership a discount thereby minimising the impact if required.

Where surplus is generated it will be subject to corporation tax at either 19% or 25% depending on the level of surplus generated.

5.3 Inflation

Inflationary costs will be built into the pricing structure for new services and existing services utilising the average sector wage index. Any additional inflationary requirements such as software contracts etc will be dealt with case by case to ensure services remain viable in the longer term.

5.4 Support and operational costs

Support services will be managed via a contract which identifies which support services will be provided by the LA's. SLA agreements, with clear KPI's outlined will be utilised to set out and manage performance. To avoid unfair competition rules all support services provided by the local authorities will have to be charged at full cost, in adherence with the Local Government and Housing Act 1989.

Support services will be reviewed every two years to ensure accurate costs are reflected within the contract and the ability to build in efficiencies realised as part of technology change or process efficiency.

5.4.1 Legal and Governance services

Legal support will have to be procured externally on an as and when required basis, due to lack of resources within the EK partnership. An agreement with a legal service will be procured. Information governance advice will be procured via the EK partnership. The partnership has an existing team which has resources available.

5.4.2 Financial services and Audit services

The LATCo will utilise financial systems based at Thanet and operational finance and insurance services will be provided by the EK partnership. Specialist accounting services will be procured from third parties ensuring statutory accounts preparation and external audit is compliant and also where corporation tax and VAT filing requires completion.

Internal Audit services will be procured via EKAP, a rolling audit programme will provide assurance and internal control. The internal audit service will require access to company data which requires outlining in the shareholders agreement.

The quality assurance team currently residing in Civica may transfer to EKAP or the client management team as part of the service transition, this will formally be agreed as part of the consultation and set up of operations with EKAP. There are minimal cost implications associated with the transfer, for one management uplift.

5.4.3 HR and payroll services

Payroll services will be provided by Dover DC, who currently provide services to a number of the partners. Costs will be incurred for setup and build of the new payroll scheme which will be factored into the business case. HR services will also be provided by a 0.3 FTE resource at Dover DC.

5.4.4 IT development and support services

The existing residual IT team of 6, who provides support and maintenance services, will remain in place and no additional support is envisaged. The centralised IT security team will also continue to provide services to the LATCo.

A replacements and renewals cost will be added to the business case for IT hardware to ensure resilience, as a technology refresh programme. A current refresh programme has been agreed but will not form part of this financial case.

Software licences in use for key systems will be novated to the LATCo and have been presented as part of the business case.

5.4.5 Accommodation services

Currently accommodation is supplied at a nominal fee across the three sites , with a move to a LATCo all accommodation costs will have to be charged at a market rate. This additional cost has been factored into the business case.

5.4.6 Structural costs

The LATCo senior management team supporting the board will consist of a;

- Service director
- Corporate head of service
- Head of Customer service
- Head of Revenues and Benefits.
- An existing Head of Finance
- A client manager

The remaining staff structure will be transferred across as is and it is anticipated that there will be no structural salary increases and no redundancy costs incurred.

5.5 Financial analysis

A detailed financial analysis and operating budget is attached in appendix 4, indicating savings being generated for all three councils from year 1 of the transition, as a consequence of moving to a LATCo model. The financial model has been developed to minimise the surplus in order to realise savings for the councils. As the business grows there will be an opportunity to re-invest and generate new income streams to support council services.

Whilst the level of current surplus on the arrangement is commercially sensitive, we are assured that the level of profit is sufficient to absorb the proposed level of additional costs and still deliver a surplus. This indicative budget will therefore be subject to further due diligence once the business case is agreed and the CCN is signed.

The two tables below compare costs associated with a LATCo SDV and a shared services SDV. Although it cannot be guaranteed, both models will deliver savings which will be identified and confirmed as part of the implementation process. With both models no additional costs will be incurred.

Table 5 (a)

LATCO		Transition Year	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue		-8,167,430	-8,509,127	-8,879,492	-9,279,672	-9,710,859	-10,179,293
Staffing costs		6,750,810	6,990,900	7,256,824	7,533,845	7,837,603	8,153,555
Support services		678,100	705,300	733,500	762,700	793,000	824,800
Services and supplies		540,500	562,100	584,500	607,900	632,200	657,600
One Off Company set up costs		125,000	0	0	0	0	0
Total Cost		8,094,410	8,258,300	8,574,824	8,904,445	9,262,803	9,635,955
Trading Position		-73,020	-250,827	-304,668	-375,227	-448,056	-543,338

Table 5 (b)

Shared Service		Transition Year	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue		-8,167,430	-8,509,127	-8,879,492	-9,279,672	-9,710,859	-10,179,293
Staffing costs		7,134,884	7,343,562	7,628,184	7,924,124	8,231,929	8,552,066
Support services		623,100	648,100	674,000	700,900	728,800	758,000
Services and supplies		540,500	562,100	584,500	607,900	632,200	657,600
One Off Company set up costs		55,000	0	0	0	0	0
Total Cost		8,353,484	8,553,762	8,886,684	9,232,924	9,592,929	9,967,666
Trading Position		186,054	44,635	7,192	-46,748	-117,930	-211,627

5.6 Market/Competitor analysis

The LATCo has a number of commercial products which have been market tested for potential revenue growth and the intention is to build a solid sales pipeline for approximately 20% of the work, 80% being allocated to the owning councils, as stated under Teckel exemption rules. The financial case outlines product 1 which has been considered suitable for bringing to the market;

Product 1 (external market) - End point assessments (Revenues and Benefits Apprenticeships)

- Market location - national, UK wide.
- Market segment - 112 active apprentices, market is worth approx 100k currently. Market can be further capitalised for customer services as phase 2.
- Competition - one main supplier - South west councils
- USP - Civica have a strong Revenues and Benefits skills set which is commercially focused.
- Set up costs are low; £3,300
- Revenue forecast based on a conservative estimate of 10% of the market
- Pricing model is £937 per apprentice.

Further market analysis will be conducted as part of the business plan before progressing to service delivery.

5.7 Historical growth

The service has experienced strong growth, especially in Civica's on demand services function. This growth shows a strong business model with an active market to generate further revenue and growth. With a LATCo service delivery vehicle there are a number of opportunities to grow the business further and redirect surplus to support council services.

6. Management Case

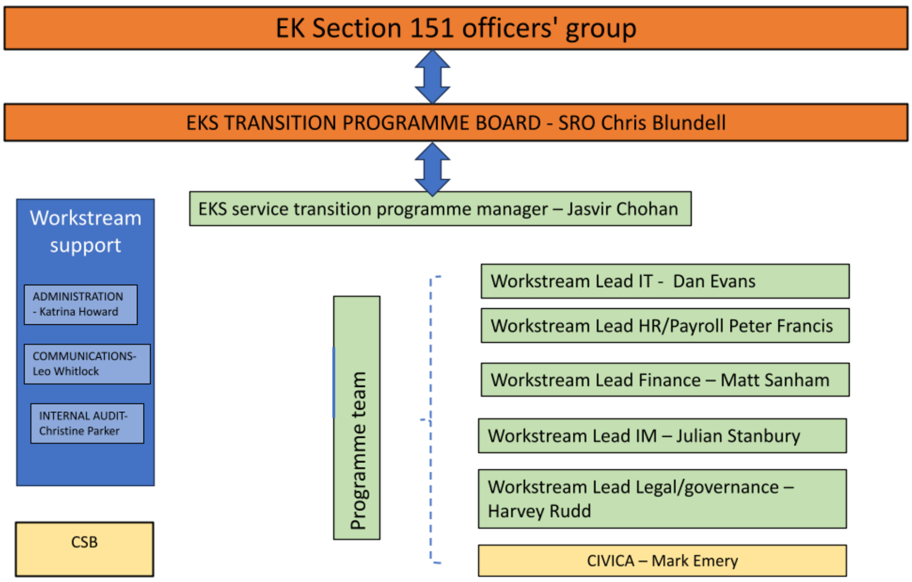
The management business case demonstrates the robust arrangements in place for the delivery, monitoring and evaluation of the service transition programme. The case below demonstrates the preferred option of a commercial LATCo, can be successfully delivered and is managed in accordance with best practice and subject to independent assurance.

This part of the business case outlines the partnership's ability to deliver the programme, ensuring capacity, capability and resources have been taken into account.

The service transition programme will follow the MSP (Managing Successful Programmes) framework, an established best practice programme management framework, designed to align programmes and projects to organisational strategy and enable enterprise agility. MSP focuses on the delivery of outcomes of benefit, while mitigating risk and actively engaging stakeholders.

Table 6

Service transition programme governance model



6.1 Programme governance

The programme is being managed by a qualified MSP practitioner with service transition experience, along with executive sponsorship from the EK section 151 officers group. The programme board consists of experienced staff across the three councils, ensuring a consistent and coherent approach.

Political overview is managed via the EKS committee, ensuring effective engagement is in place with key stakeholders and governance is robust. See Appendix 2 for a detailed programme plan.

The contract strategic board will be utilised as a governance link to Civica, ensuring the transition is well managed, communication is effective and decision making is transparent and effective. The two service transition programmes will be dovetailed to ensure a smooth transition.

Communications is being managed by the communications lead from Canterbury CC, who will act as the central point of contact and manage information flow to ensure consistency and transparency.

The programme team consists of subject matter experts across the partnership and external programme assurance will be provided by EKAP, the East Kent Audit Partnership. EKAP will provide audit facilitation, ensuring robust risk management is in place. EKAP will also provide Programme assurance and act as a critical friend to the programme team.

To minimise ambiguity, refine and improve delivery and bring certainty wherever possible, planning and control activities will take place at programme board and workstream level throughout the lifecycle of the programme. Highlight reports, risk registers and issue logs will be produced for each monthly programme board meeting. Progress will be monitored against milestones and where required issues will be escalated to the sponsoring group and sponsor.

Table 7 Programme team

Name	**Title**	**Organisation**	**Role**
Chris Blundell	Director of Corporate Services/ Head of Shared Services	Thanet	Senior Responsible Owner (SRO) Chair programme board
Jasvir Chohan	Interim EKS Transition Manager	Thanet	Programme manager
Mark Emery	Partnership director	Civica	Programme board member
Mike Davis	Director of Finance	Dover	Sponsoring group
Nicci Mills	Service director Finance and Procurement	Canterbury	Sponsoring group
Harvey Rudd	Solicitor to the council	Dover	Programme team Legal
Peter Francis	Head of HR and Payroll	Dover	Programme team HR

Leo Whitlock	Head of Policy and Communications	Canterbury	Programme team Communications
Dan Evans	Head of ICT	Thanet	Programme team IT
Matt Sanham	Head of Finance and Procurement	Thanet	Programme team Finance
Julian Stanbury	Information Governance Manager	Canterbury	Programme team Corporate governance

The programme has promoted the use of specialist advisers when required, bringing in depth expertise, skills and capacity to support the programme. An external review was conducted by CIPFA (Chartered Institute of Public Finance and Accountancy) which is a UK-based international accountancy membership and standard-setting body. The external expertise was brought in to test the outline business case and recommend an approach to develop a full robust business case. The service transition manager is a MSP and certified change management practitioner.

To support the transition Civica has provided a detailed service exit plan to support the transition phase. External Civica support has also been available from a decommissioning point of view and they have worked closely with the partnership to ensure a smooth transition takes place.

6.2 Change management framework and strategy

The change management strategy and framework will need to reflect the complexity of change required and the pace, taking into account the drivers for change and anticipated resistance. The EKS transition programme is a service transition programme brought about by a market exit of the supplier and not due to service improvement requirements or other external factors. The change management strategy will be based on the Letwin model of change;

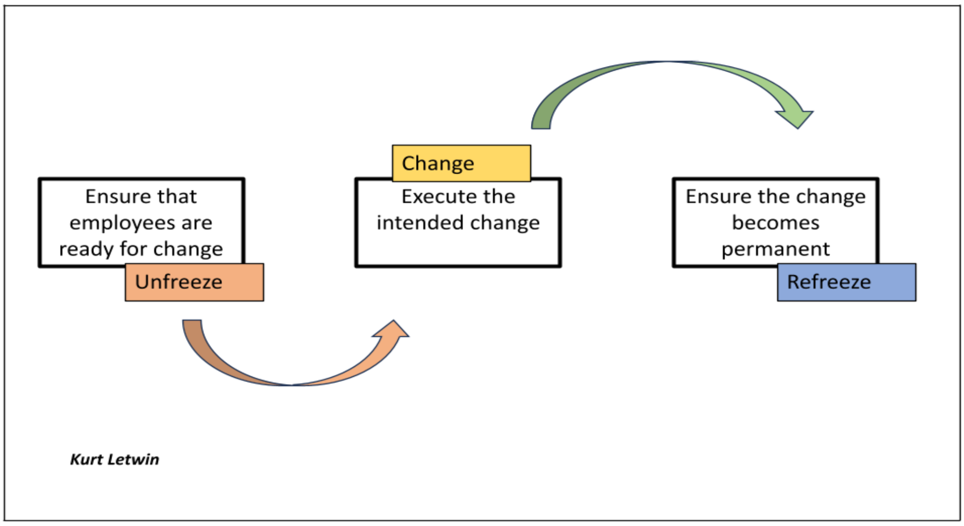


Table 8 Change management framework

As part of the engagement process undertaken to date and outlined in the communications and engagement strategy, the programme has significant support of key stakeholders.

However there are a number of alternative service delivery vehicle options that can be utilised to deliver outcomes and the programme has taken this into account. Therefore the change management framework and strategy reflects the level of buy-in already gained and the political support for the LATCo commercial option.

The implementation approach will follow a big bang approach where services will decommission from Civica and transfer to the LATCo. A CCN/Deed will be served with notice to Civica to indicate an exit date.

As the majority of systems and processes will remain intact training requirements will be limited and the existing commercial culture of the team and service will be encouraged to transfer across.

6.3 Benefits realisation

The outline business case defines a number of benefits associated with the transition to a commercial LATCo, see table 2. The benefits register will be reviewed at programme board meetings to ensure benefits are realised during and post transition. Some of the benefits are longer term in that it will require a number of months to realise growth targets. All tangible and intangible benefits have been identified in the economic case above.

6.4 Risk management arrangements

The outline business case included a risk register which is now being developed further to consider programme risk, financial risk, reputational risk and operational risk. An initial risk mapping exercise, conducted at the inaugural programme board meeting, identified key risks associated with the service transition programme.

All programme risk will be managed via the programme board via a risk register. The programme risk management will be aligned to the council's risk management policy which sets out risk identification, assessment and evaluation.

6.5 Programme assurance and evaluation

Internal audit will conduct a review to independently assess the risk management protocols and mitigations put into place for the programme. This level of programme assurance will ensure that procedures are rigorously followed and risk identification and management is proactively managed at programme board level.

Internal audit will provide assurance on use of risk registers, approval processes, governance and councillor involvement & oversight.

Internal audit will act as a critical friend to provide programme assurance, this provides independent and impartial assessment that the service transition programme’s spending objectives, technical requirements, security and critical success factors can be delivered successfully.

Prior to going live Internal audit along with the programme sponsor will sign off the transition plan and move to BAU.

Once the new service delivery vehicle has been implemented, a programme closure stage will be initiated and the programme organisation will be disbanded. A lessons learnt register will feedback any learning to policy and strategy and any established PMO functions.

Full programme closure can be confirmed when the business case has been satisfied, all workstream activities completed and any remaining handover or transition activities defined and assigned to relevant BAU operations.

There is an intention to develop a contingency plan with Civica to support operations from June 24 to January 25 in case of major complications.

Contingency communications plan and narrative to be agreed prior to going live with Leo Whitlock.

Appendices

Appendix 1 SWOT analysis

Option 1: Refuse to accept early contract termination	
Strengths/Opportunities for LA	Weakness/Threats for LA
• Contract in place until February 2025. • No immediate action required by the Council. • Certainty of price.	• Risk of service withdrawal/running the contract down which may degrade performance. • Risk of relationship breakdown • Increased flight risk of key personnel.

Option 2: Recontract with another outsourcer	
Strengths/Opportunities for LA	Weakness/Threats for LA
• Fixed costs • Guaranteed service with contractual penalties.	• Second source outsourcing and therefore there may be little market interest, ie how would a provider cover bid costs. • Resource intensive for the Authority to conduct a procurement exercise. • Potential for reduced strategic fit with remaining providers – The original Civica offer was attractive because of the jobs guarantee. • Against the current flow of insourcing. • Increased short term flight risk of key personnel • May not fit with political ideology.

Option 3: Bring in house and disaggregate in part or full	
Strengths/Opportunities for LA	Weakness/Threats for LA
• Fits with trend to insource	• Breaks up a highly performing service – removes 'one Team' approach. • Potential for significant extra ICT cost if Open Revenues is split into 3 installations.

	• Some specialist teams result in difficulties in dividing staff between LA's which is likely to result in increased staff costs. • One team approach would be less viable resulting in the need to staff for the mean or median rather than the trough. • Possible Challenges in recruiting externally to significant numbers of both key and transactional vacant posts. • New operating model would need to be introduced which increased the risk of service failure. • All TUPE staff and future employees would gain access to LGPS at increased cost. • LA terms and conditions which can be generous compared to Civica Terms. For example Leave, sickness, maternity etc.

Option 4: Bring into EKS	
Strengths/Opportunities for LA	Weakness/Threats for LA
• Existing vehicle available. • Governance model in place. • Already has admitted body status to KCC LGPS.	• Existing negative perception of EKS which will be a challenge to sell positively as 'next phase' – would be viewed as retrograde step. • Existing motivation and recognition approach not wholly compatible – resulting risk of additional staff costs. • Business model needs to be fully considered and sustainable to avoid previous pitfalls – The original business model of absorbing all cost increases was the primary cause of the need to outsource. The returning service is lean, and achieving further efficiencies to cover cost increases would not be possible.

	• All staff would gain access to LGPS which will significantly increase cost. • May not fit with political ideology

Option 5: Create a new LATCo	
Strengths/Opportunities for LA	Weakness/Threats for LA
• Minimises future cost as will be run as a commercial entity with appropriate financial and operational governance managed locally. • Retention of all surpluses to re-invest into the service. • Ability to trade under Teckal rules which opens up trading opportunities with other LAs. • T's & C's could be developed to maximise retention whilst minimising costs. • Commercial approach to staff motivation and recognition to drive performance – minimising overall staff costs. • Makes optimum use of the skills learned by the team in the previous 3 years.	• Would require initial consultancy investment for due diligence, set up and boundaries of a LATCo, e.g vaT, trading and reporting obligations etc. • Legacy perceptions of EKH failure so the Business model needs to be fully considered and sustainable to avoid previous pitfalls. • LATCo would require Finance, HR and Payroll support. • LATCo would need admitted body status to KCC LGPS and to establish its own pension scheme. • May not fit with political ideology

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East Kent Services partnership

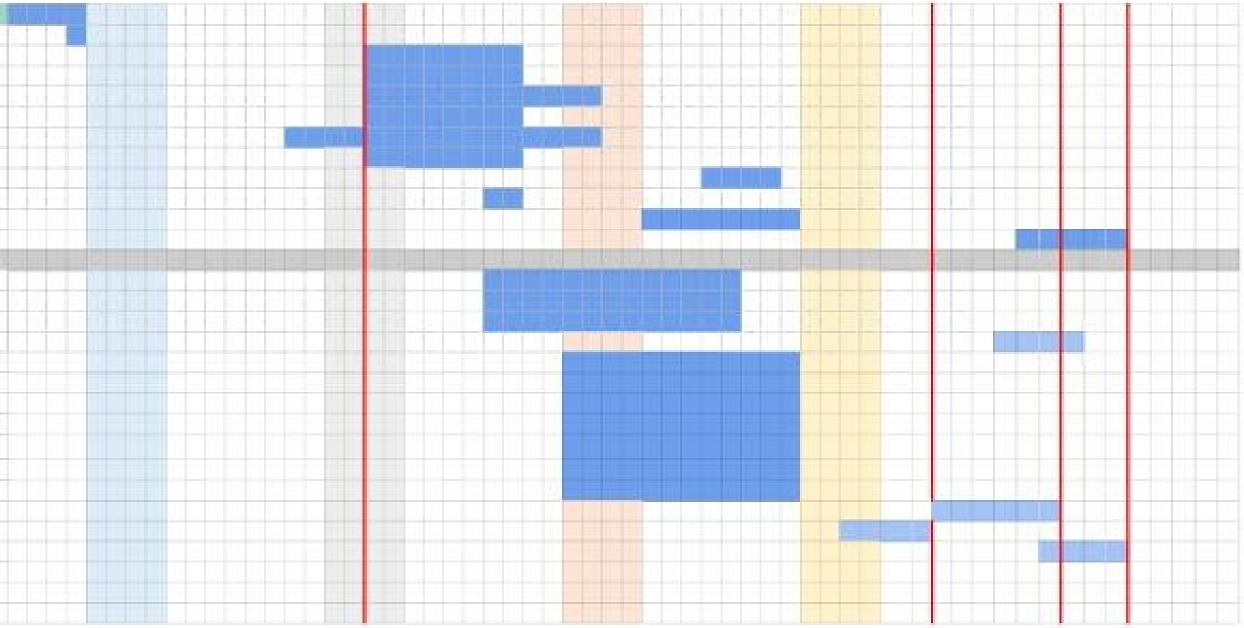
PROGRAMME TITLE	EK Service transition programme	Programme Sponsor	Chris Blundell
PROGRAMME MANAGER	Jeevir Chohan	DATE	20/09/23

PHASE ONE - Initiation | PHASE TWO | PHASE THREE | PHASE FOUR | Stabilisation

WBS NUMBER	TASK TITLE	TASK OWNER	START DATE	DUE DATE	DURATION	PCT OF TASK COMPLETE
1	**Programme Conception and Initiation**					
1.1	Agree Programme brief	Jeevir C	01/08/23	11/08/23	10	100%
1.2	Develop and Agree programme definition plan	Jeevir C	11/08/23	25/08/23	14	80%
1.3	Agree Comms & engagement plan	LW/JC	01/08/23	11/08/23	10	90%
1.4	Develops risk register	Jeevir C	16/08/23	23/08/23	7	100%
1.5	Develops stakeholder management plan	Jeevir C	01/08/23	11/08/23	10	70%
1.6	Develops programme control docs	Jeevir C	01/08/23	11/08/23	10	60%
1.7	Develops programme plan	Jeevir C	01/08/23	21/08/23	20	100%
1.8	Merge Civica exit plan	Jeevir C	14/08/23	18/08/23	4	100%
1.8	Review Civica contract	JC/ME	21/08/23	01/09/23	10	50%
1.9	Agree Governance	JC/HR	01/08/23	11/08/23	10	100%
1.9.1	Develop and agree business case	Jeevir C	01/08/23	20/09/23	49	50%
1.9.2	Approval of business case - M1	Jeevir C	06/11/23	16/11/23	10	0%
2	**HR/Payroll workstream**					
2.1	**Agree HR provision and cost for SDV**	PF/ME	01/08/23	11/08/23	10	0%
2.2	Agree payroll build costs	Peter F	01/08/23	25/08/23	24	0%
2.3	Agree payroll charge to SDV	Peter F	29/08/23	30/08/23	1	0%
2.4	**Agree alternative pension scheme**	Peter F	01/09/23	29/09/23	28	0%
2.5	**Consult unions**	ME/PF	20/11/23	09/12/23	19	0%
2.6	**Agree Tupe due diligence process**	Peter F	17/11/23	17/12/23	30	0%
2.7	**Agree Tupe consultation & timetable**	Peter F	17/11/23	17/12/23	30	0%
2.8	**Agree residual staff structure/operations - IT/QA staff**	ME/CB	17/11/23	17/12/23	30	0%
2.9	**Implement HR/Payroll processes for new SDV**	Peter F	15/04/24	10/06/24	55	0%
2.9.1	**Commence Tupe consultation**	PF/ME	01/02/24	01/05/24	90	0%
3	**Finance workstream**					
3.1	Produce financial business case	MS/JC	01/08/23	31/08/23	30	50%
3.2	Confirm finance/accountancy function for SDV	Matt S	21/08/23	31/08/23	10	0%
3.3	Confirm insurance changes required with new SDV	Aimee J	21/08/23	31/08/23	10	0%
3.4	**Confirm tax/VAT process for new SDV**	Matt S	21/08/23	31/08/23	10	0%
3.5	**Apply for new pension scheme - M**	Matt S	01/09/23	29/09/23	28	0%
3.6	Remodel and simplify recharges for SDV	Greg D	21/08/23	31/08/23	10	50%
3.7	SDV setup on new temp finance system	Greg D	01/01/24	08/04/24	97	0%
3.8	Setup CA - financial statements etc	Greg D	01/01/24	08/04/24	97	0%
3.9	Setup new processes	Greg D	01/01/24	08/04/24	97	0%
3.9.1	Go live new finance system - M	Matt S	26/05/24	10/06/24	14	0%
4	**Legal/Governance workstream**					
4.1	Provide notice to Civica - M	CB/HR	01/12/23	15/12/23	14	0%
4.2	Agree committee timetable	HR/Matt A	01/08/23	08/08/23	7	100%
4.3	Develop scope and brief for legal work	HR/JC	01/09/23	15/09/23	14	100%
4.4	Soft procurement of legal support - Co setup/Contracts etc	Harvey R	17/11/23	17/12/23	30	0%
4.5	Review delegations of HoSS	Harvey R	17/11/23	17/01/24	60	0%
4.6	Review contract setup - 1or 3	Harvey R	17/11/23	17/01/24	60	0%
4.7	Check service contracts with councils - IT/HR/Payroll	JC/ME	17/11/23	20/12/23	33	0%
5	**Information Governance workstream**					
5.1	Assess Data processing responsibility	Julian S	02/08/23	11/08/23	9	100%
5.2	Develop DP policy	JS/ME	02/01/24	01/02/24	29	0%
5.3	Register SDV with ICO as data controller	Julian S	02/01/24	08/01/24	6	0%
5.4	Agree FOI/SARS processes/SLA	JS/ME	09/01/24	09/02/24	30	0%
5.5	**Arrange appt of Qualified Person per FOA2000 s36(5)**	Julian S	22/01/24	31/01/24	9	0%
6	**Information Technology workstream**					

75

6.1	Design IT infrastructure roadmap	Dan E	01/09/23	11/09/23	10	60%
6.2	Paper to S151 group	Dan E	21/09/23	25/09/23	4	0%
6.3	Agree access and security of data/environment	Dan E	17/11/23	17/01/24	60	0%
6.4	Develop data migration plan - staff/applications	Dan E	17/11/23	17/01/24	60	0%
6.5	Procure data backup (SAN)and protection for SDV	Dan E	17/11/23	17/03/24	120	0%
6.6	Review software integrations	Dan E	17/11/23	17/02/24	90	0%
6.7	Rollout laptops/MSOffice/etc to Civica staff	Dan E	17/11/23	17/03/24	120	0%
6.8	**Review and update software contracts**	Dan E/Mark E	17/11/23	17/01/24	60	0%
6.9	Novation of Openrevenues contract to new SDV	ME/HR/DE	29/04/24	29/05/24	30	0%
6.9.1	Register web domain for SDV	Dan E	01/02/24	15/02/24	14	0%
6.9.2	Implement new IT infrastructure	Dan E	01/04/24	31/05/24	60	0%
6.9.3	Go live preparations	Dan E	25/08/24	30/09/24	35	0%
7	**SDV setup**					
7.1	Set up SDV structure/Governance	Legal	02/01/24	02/04/24	90	0%
7.2	Appoint board of directors	Cab/CX's	02/01/24	02/04/24	90	0%
7.3	Agree shadow board of directors?	Cab/CX's	02/01/24	02/04/24	90	0%
7.4	Train board of directors	Dem servs	02/04/24	01/05/24	29	0%
7.5	Agree branding and values	Mark E	01/03/24	31/05/24	90	0%
7.6	Develop service/business plan	Mark E	01/03/24	31/05/24	90	0%
7.7	Agree KPI's	Mark E	01/03/24	31/05/24	90	0%
7.8	Develop staff policies	Mark E	01/03/24	31/05/24	90	0%
7.9	Agree support service set up/cost - HR/IT/Finance/Legal	JC/ME	01/03/24	31/05/24	90	0%
7.9.1	Agree SLA's	Mark E	01/03/24	31/05/24	90	0%
7.9.2	Agree pay review/bonus process/dates	Mark E	01/03/24	31/05/24	90	0%
7.9.3	Review and update business continuity plans	Mark E/Councils	17/06/24	08/07/24	21	0%
7.9.4	**Freeze vacant posts**	MarkE	10/05/24	10/06/24	30	0%
7.9.5	Transition services and staff to new SDV	Prog team	17/05/24	10/06/24	23	0%



Appendix 3 Risk Register

				Pre Mitigation						Post Mitigation							
Risk Ref	Nature of Primary Risk	Risk Description	Effect (if risk occurs, issue is unresolved, assumption is incorrect)	Likelihood	Score	Impact	Score	Risk rating	Risk Mitigation or Corrective Measure	Likelihood	Score	Impact	Score	Risk rating	Risk escalation(Corporate/service/programme/withdrawn)	Risk Owner	Date Last Reviewed
EKSTRANS_02	Financial	Those associated with a threat to funding/ budgets/income generation	Revs/Bens system licensing issues lead to additonal cost being incurred	Likely	3	Moderate	2	6	Ensure financial case incorporates contingency amount.	Unlikely	2	Minor	1	2	Programme	MS	23/8/2023
EKSTRANS_03	Financial	Those associated with a threat to funding/ budgets/income generation	LATCo does not deliver growth in year 1	Unlikely	2	Moderate	2	4	Focus on developing business for alternative product & improve market research	Rare	1	Minor	1	1	Corporate	ME	23/8/2023
EKSTRANS_04	Financial	Those associated with a threat to funding/ budgets/income generation	New SDV has impact on all 3 councils reserves	Unlikely	2	Significant	3	6	If year 2 financial position still impacting councils ,	Rare	1	Moderate	2	2	Corporate	CB	23/8/2023

									consider year 2 break clause and move to alternative outsourcing supplier								
EKSTRANS_05	Governance	Those relating to decision making	Business case approval has to be approved by council impacting delivery timeline and greater scrunity	Unlikely	2	Moderate	2	4	Ensure decision making route has been confirmed prior to approval and agree with dem servs	Rare	1	Minor	1	1	Programme	JC	23/8/2023
EKSTRANS_06	Governance	Those relating to decision making	Business case recommends a SS model, leading to staff flight	Unlikely	2	Significant	3	6	Ensure staff engagement is effective from start to end of programme	Rare	1	Moderate	2	2	Programme	JC/ME	23/8/2023
EKSTRANS_07	Governance	Those relating to decision making	New administration does not ratify a LATCo approach	Unlikely	2	Significant	3	6	Ensure LATCo business case is robust and communicate benefits	Rare	1	Moderate	2	2	Corporate	JC	23/8/2023
EKSTRANS_08	Governance	Those relating to decision making	Pension scheme requires approval by pensions	Rare	1	Severe	4	4	Ensure early engagement with KCC pensions	Rare	1	Significant	3	3	Programme	CB	23/8/2023

			committee, delaying delivery significantly and increasing costs						team to confirm process								
EKSTRANS_09	Governance	Those relating to decision making	Civica do not extend contract deadline	Unlikely	2	Severe	4	8	Ensure transition planning incorporates a fall back position/process	Unlikely	2	Significant	3	6	Programme	ME	23/8/2023
EKSTRANS_10	Human resources	Those relating to the impact on staff and resources	Lack of resource/ illness leading to time impact on programme delivery - Finance/IT	likely	3	Significant	3	9	Investigate and secure temporary resources	Likely	3	Significant	3	9	Service	CB	23/8/2023
EKSTRANS_11	Human resources	Those relating to the impact on staff and resources	Lack of IT skills to develope new IT model	Unlikely	2	Severe	4	8	Temporary staff recruitment plan	Unlikely	2	Significant	3	6	Service	DE	23/8/2023
EKSTRANS_12	Human resources	Those relating to the impact on staff and resources	Lack of Internal Legal resource leads to poor governance design , impacting	Very Likely	4	Significant	3	12	Engage external legal advisors and scope work required.	Unlikely	2	Moderate	2	4	Service	HR	23/8/2023

			new SDV operations														
EKSTRANS_13	Technology	Those relating to core utilities or ability to provide effective ICT	Lack of long term investment leads to inefficiency and loss of business	Unlikely	2	Significant	3	6	Ensure business plan is robust and approved	Rare	1	Moderate	2	2	Corporate	CB/MS	23/8/2023
EKSTRANS_14	Technology	Those relating to core utilities or ability to provide effective ICT	Insufficent information governance leads to data breach and financial penalty and loss of reputation	Unlikely	2	Severe	4	8	Ensure IG policies are developed and rolled out prior to transition	Rare	1	Significant	3	3	Service	JS/ME	23/8/2023
EKSTRANS_15	Technology	Those relating to core utilities or ability to provide effective ICT	Existing payroll system capacity leads to impact on payroll processing for new SDV	Unlikely	2	Severe	4	8	Investigate alternative providers and ensure early engagement with PF	Rare	1	Moderate	2	2	Programme	PF	23/8/2023
EKSTRANS_17	Technology	Those relating to core utilities or ability to provide effective ICT	Issues with disaggregated IT impacts access to HB/CT data.	Unlikely	2	Severe	4	8	Ensure IT disaggregation plan incorporates early testing of	Rare	1	Moderate	2	2	Service	DE	23/8/2023

									HB/CT data access								
EKSTRANS_18	Strategic/reputational	Those impacting the success of the programme to meet its objectives	Non agreement of programme brief and objectives by partners	Unlikely	2	Moderate	2	4	Ensure early engagement with partners to assess scope of work	Rare	1	Minor	1	1	Programme	JC	23/8/2023
EKSTRANS_19	Strategic/reputational	Those impacting the success of the programme to meet its objectives	Change of SDV leads to impact on customers	Unlikely	2	Moderate	2	4	Consider year 2 break clause and move to alternative outsourcing supplier	Unlikely	2	Moderate	2	4	Corporate	JC/ME	23/8/2023
EKSTRANS_20	Strategic/reputational	Those impacting the success of the programme to meet its objectives	Civica relationship is impacted by delayed decision making	Unlikely	2	Moderate	2	4	ME to liaise closely with Civica via CSB and ensure business case approval to agreed timescales	Rare	1	Minor	1	1	Programme	ME/JC	23/8/2023
EKSTRANS_21	Operational	Impacts delivery of programme	Poor planning leads to transition failure and roll back required	Unlikely	2	Severe	4	8	Ensure early engagment with programme team re:programme plan and dovetail to	Rare	1	Moderate	2	2	Programme	CB	23/8/2023

									civica exit plan.								
EKSTRANS_22	Operational	Impacts delivery of programme	Key staff unavailable for transition	likely	3	Severe	4	12	Develop transition plan to ensure annual leave is not permitted during transition and avoid key dates.	Unlikely	2	Significant	3	6	Programme	JC/Leads	23/8/2023
EKSTRANS_23	Operational	Impacts delivery of programme	User acceptance testing of new processes and systems fails	Unlikely	2	Severe	4	8	Build stabilisation capacity and timescale to iron out issues	Unlikely	2	Significant	3	6	Programme	ME/DE	23/8/2023
EKSTRANS_24	Operational	Impacts delivery of programme	Drop in service levels impacts performance	Unlikely	2	Moderate	2	4	Ensure effective communications with customers and develop key messaging prior to go live	Rare	1	Moderate	2	2	Programme	ME/LW	23/8/2023
EKSTRANS_25																	

Appendix 4 - Financial analysis

Average wage index (inflation)		6.20%	4%	4%	4%	4	4

Revenue		**Transition Year**	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Trading Growth (New Opportunities)			**-5,000**	**-15,000**	**-25,000**	**-35,000**	**-50,000**
Trading Growth (Training)			**-10,000**	**-15,000**	**-20,000**	**-25,000**	**-30,000**
Council Recharge		**-8,167,430**	**-8,494,127**	**-8,849,492**	**-9,234,672**	**-9,650,859**	**-10,099,293**
Total		**-8,167,430**	**-8,509,127**	**-8,879,492**	**-9,279,672**	**-9,710,859**	**-10,179,293**
Staffing costs	**Exist/ New**						
Salaries inc On costs	Exist	6,608,710	6,873,100	7,148,024	7,433,945	7,731,303	8,040,555
Pension Reduction	New	0	-30,000	-45,000	-60,000	-60,000	-60,000
Misc Staff costs	Exist	38,100	39,600	41,200	42,800	44,500	46,300
Corporate Services	New	100,000	104,000	108,200	112,500	117,000	121,700
NED expenses	New	4,000	4,200	4,400	4,600	4,800	5,000
Support services							
HR	New	20,000	20,800	21,600	22,500	23,400	24,300

H&S	New	10,000	10,400	10,800	11,200	11,600	12,100
ICT	Exist	451,600	469,700	488,500	508,000	528,300	549,400
Finance	Exist	61,900	64,400	67,000	69,700	72,500	75,400
Internal audit	Exist	29,600	30,800	32,000	33,300	34,600	36,000
External finance	New	45,000	46,800	48,700	50,600	52,600	54,700
Legal	Exist	10,000	10,400	10,800	11,200	11,600	12,100
Payroll	New	40,000	41,600	43,300	45,000	46,800	48,700
Digital services - website	New	10,000	10,400	10,800	11,200	11,600	12,100
Services and supplies							
365 Licences		46,250	48,100	50,000	52,000	54,100	56,300
IT software Licences(Open R)	New	177,000	184,100	191,500	199,200	207,200	215,500
IT software Licences(E-forms etc)	New	14,000	14,600	15,200	15,800	16,400	17,100
IT software 8*8	Exist	99,750	103,700	107,800	112,100	116,600	121,300
Infrastructure Costs		20,000	20,800	21,600	22,500	23,400	24,300
IT Hardware Rentals	New	55,000	57,200	59,500	61,900	64,400	67,000
Print and mail services	Exist	10,000	10,400	10,800	11,200	11,600	12,100

Accommodation	New	118,500	123,200	128,100	133,200	138,500	144,000
One Off Company set up costs							
Legal	New	50,000					
Payroll	New	30,000					
HR	New	15,000					
Marketing/Rebranding	New	10,000					
Governance - training	New	5,000					
Finance	New	15,000					
Total Cost		**8,094,410**	**8,248,300**	**8,559,824**	**8,884,445**	**9,237,803**	**9,605,955**
Trading Position		**-73,020**	**-260,827**	**-319,668**	**-395,227**	**-473,056**	**-573,338**

Appendix 5

Total disaggregation costs

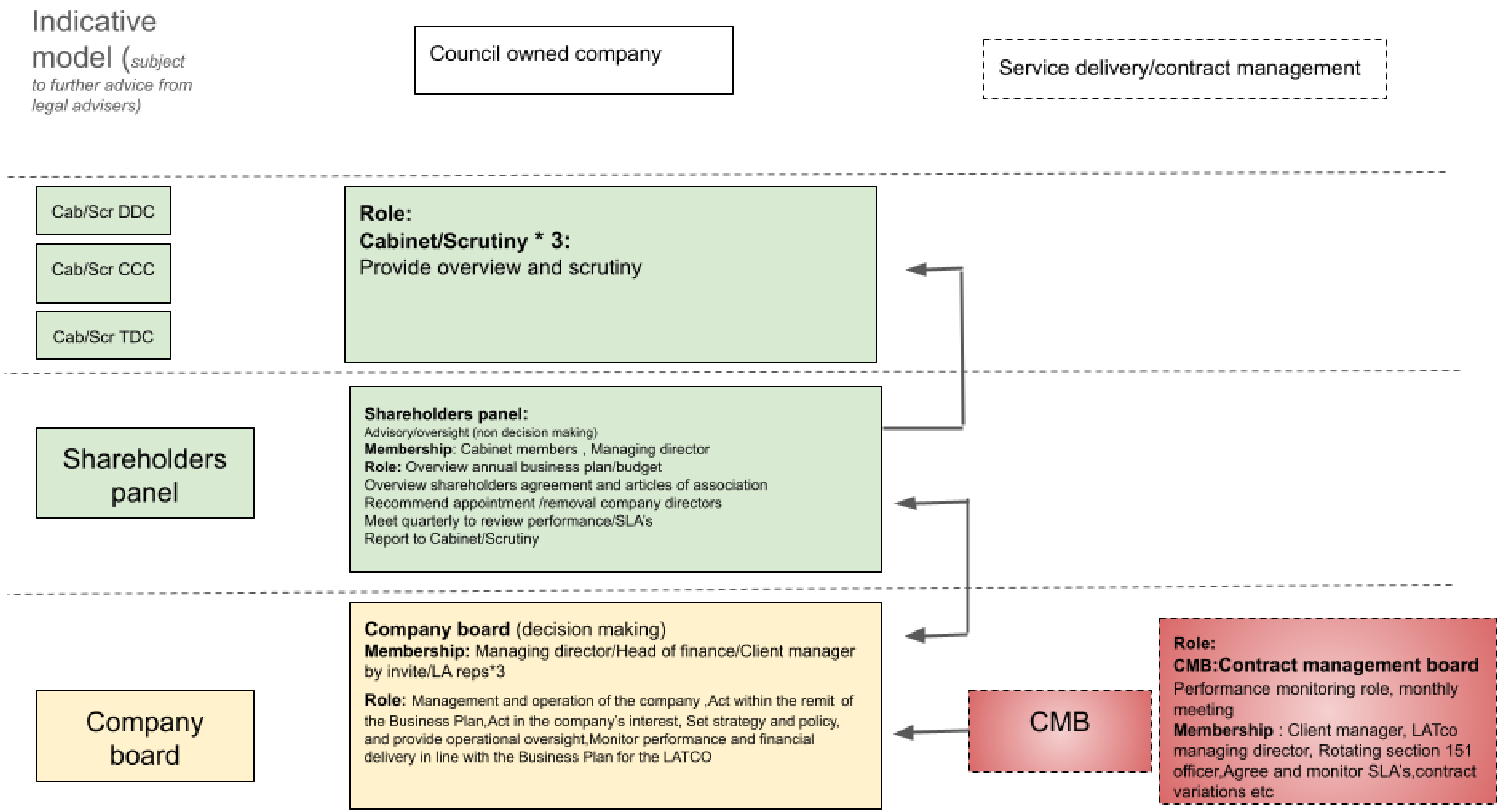
Option B total disaggregation				
	costs	CCC	DDC	TDC
Service now	£6,428	£2,013	£1,882	£2,533
Service new	£10,027	£3,139	£2,936	£3,952
Extra LA ICT platform/agency	£370	£116	£108	£146
Year 1 agency ICT purchase	£600	£188	£176	£236
Difference	£3,969	£1,243	£1,162	£1,564
	£10,397	£3,255	£3,044	£4,098

Appendix 6

	DDC	CCC	TDC	Total
INCOME				
Council Tax Caseload	55,000	71,000	69,000	195,000
Council Tax £m collected annually	£87m	£112m	£100m	£299m
CT% collected in year	97% in year.	97.5%	95.5%	-
CT% collected after 4 years	99% after 4 years	99% after 4 years	99% after 6 years	-
BR caseload	4,500	6,400	5,600	16,500
BR Collected annually	£43m	£47m	£33m	£123m
BR %	98% in year. 99% after 3 years	99% in year	98% in year. 99% after 3 years	-
Total of all income collected	£130m	£159m	£133m	£422m
Benefits				
HB Caseload	4,000	4,700	6,000	14,700
HB awarded annually	£22m	£29m	£36m	£87m
CTRS Caseload	9,000	10,000	13,000	32,000
CTRS awarded	£10m	£11m	£15m	£36m
Changes reported annually	43,000	43,000	55,000	141,000

<u>Total of all benefits awarded</u>	£32m	£40m	£51m	£123m
Customer Services				
Customer services – calls handled	130,000	145,500	148,000	423,500
Customer services – emails handled	16,800	10,700	11,200	38,700
Customer services – reception visits.	8,500	1,400	8,000	17,900
Total Customer Service Interactions	155,300	146,900	167,200	480,100
Customer Satisfaction	98%	98%	98%	98%

Appendix 7


Indicative model (subject to further advice from legal advisers)
Council owned company
Service delivery/contract management
Cab/Scr DDC
Cab/Scr CCC
Cab/Scr TDC
Role:
Cabinet/Scrutiny * 3:
Provide overview and scrutiny
Shareholders panel
Shareholders panel:
Advisory/oversight (non decision making)
Membership: Cabinet members , Managing director
Role: Overview annual business plan/budget
Overview shareholders agreement and articles of association
Recommend appointment /removal company directors
Meet quarterly to review performance/SLA's
Report to Cabinet/Scrutiny
Company board
Company board (decision making)
Membership: Managing director/Head of finance/Client manager by invite/LA reps*3
Role: Management and operation of the company ,Act within the remit of the Business Plan,Act in the company's interest, Set strategy and policy, and provide operational oversight,Monitor performance and financial delivery in line with the Business Plan for the LATCO
CMB
Role:
CMB:Contract management board
Performance monitoring role, monthly meeting
Membership : Client manager, LATco managing director, Rotating section 151 officer,Agree and monitor SLA's,contract variations etc

Subject:	**SECTION 25 REPORT**
Meeting and Date:	**Cabinet – 5 February 2024** **Overview and Scrutiny Committee – 19 February 2024** **Cabinet – 4 March 2024** **Council – 6 March 2024**
Report of:	**Mike Davis, Section 151 Officer**
Portfolio Holder:	**Councillor Sue Beer, Portfolio Holder for Finance, Governance, Climate Change and Environment**
Decision Type:	**Key Decision**
Classification:	**Unrestricted**
Purpose of the report:	To advise Members of the robustness of the budget and the adequacy of reserves.
Recommendation:	To receive the report and to take the report into consideration when approving the 2024/25 Budget and Medium-Term Financial Plan (MTFP) which is elsewhere on the agenda.

1. The Purpose of a "Section 25" Report

1.1 The Local Government Act 2003 (Section 25) requires that the s151 Officer reports to members on the robustness of the estimates made for the purposes of the budget calculations and the precept for the Council's council tax and the adequacy of the proposed financial reserves, so that Members can have regard to them when considering the annual budget and precept.

1.2 There is no prescribed format for a Section 25 report, but the s151 officer should bring to Members attention any matters or factors that are material and significant in considering the budget and the Council's financial position.

2. Summary

2.1 It is the opinion of the s151 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.

2.2 However, it is also the opinion of the s151 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).

2.3 Accordingly, DDC faces a stark choice. Either we maintain border controls to protect UK farming and the food chain, at the Council's own expense, massively deplete our reserves, and greatly increase the risk of the chief finance officer[1] being required to make a report pursuant to s.114 of the Local Government Finance Act 1988 in 2025/26.

[1] Frequently referred to as the "Section 151 Officer" or s151 Officer.

2.4 Or we effectively follow the logic of DEFRA's withdrawal of Dover Port Health Authority (PHA) funding, cease the already too limited controls at the border and expose the UK to the high risk of African Swine Fever and other Products of Animal Origin (POAO) risks.

2.5 DEFRA

2.6 DEFRA is withdrawing 68% (£2.5m out of £3.7m) of PHA funding from Dover in 2024/25 and the remaining 32% (£1.2m) in 2025/26. Over 90% of all African Swine Fever (ASF) risk related pork trade arrives via Dover.

2.7 Despite vague DEFRA assurances, the failure to properly resource the port health function poses a critical and irresponsible bio-security threat to the UK pork industry and the UK food chain, primarily through exposure to ASF from illicit and uncontrolled insanitary pork imports which are coming into the country through the Port of Dover (POD) at 1 – 2 tonnes per day. This matter has long been known to DEFRA and documented to them and reported in the press.

2.8 As the designated PHA for the POD, this risk to the UK pork industry and food chain is of extreme concern to the Council. The Council proposes to maintain the current service at its own expense, the cost being £2.8m in 2024/25. This will take circa 33% of all DDC Council Tax income in 2024/25 and would increase to 47% in 2025/26, paid for by the residents of the district, to protect the UK.

2.9 The logical solution is for DEFRA to:

(a) re-instate the funding on an on-going basis,

(b) cancel their proposed changes to border controls at the Short Straits, and

(c) maintain all checks on imported food at the point of entry in Dover.

2.10 DLUHC

2.11 The system of local government finance and local audit has failed and is not sustainable. Funding is allocated on a single year basis, late in the year [2], using out of date information. DLUHC are refusing to base DDC's 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.

3. Background

3.1 The rest of this report sets out:

(a) The Impact of working with DEFRA and being a PHA

(b) The strategic challenges and macroeconomic background

(c) The local government funding model

(d) The robustness of the General Fund (GF), Housing Revenue Account (HRA) and capital budgets

(e) Governance process

(f) Identification of options

[2] The final settlement for 2024/25 was announced on 25/1/25, too late for this report.

(g) Resource implications

(h) Corporate implications.

4. **The impact of working with DEFRA and being a Port Health Authority**

4.1 DDC is the designated PHA for the POD and is also responsible for import controls in respect of goods arriving through the Channel Tunnel (CT) from Coquelles.

4.2 As such, DDC plays a key role in UK biosecurity for agriculture and the food chain. DEFRA have indicated that they wish DDC to maintain and expand its PHA activities (by expanding its ASF safeguard work into Coquelles), but DEFRA are also planning to ultimately remove all their funding[3] for this work and remove the means by which DDC could generate additional funds to provide the service.

4.3 In 2016 the UK voted to leave the EU. One of the drivers for this was the argument that the UK could then take back control of its borders.

4.4 It has taken DEFRA 6 years to develop an inadequate model for the control of food and other imports, particularly in relation to Products of Animal Origin (POAO). The Council does not consider that this model is deliverable.

4.5 Although the issues are complex, there are some simple and incontestable factors that need to be understood.

(a) DDC is the designated PHA for the POD and is also responsible for import controls in respect of the Channel Tunnel (CT). Of the food that arrives via the Short Straits, and which requires an imported food check, to ensure its safety for consumption, 82% arrives via Dover, with a further 18% arriving via the Channel Tunnel, so DDC are providing a national service for the UK.

(b) DEFRA continue to have a very limited understanding of the service, its implications and scale at the Short Straits. DEFRA's capacity and delivery modelling remains flawed and in error by an order of magnitude. DEFRA continue to underestimate the volume of these imports by at least 1 million consignments pa, or 33%.

Detailed analysis of HMRC documents by DDC shows that there are a minimum of 2.9m consignments per annum arriving via the Short Straits that require a control from Dover. The DEFRA data is reporting 1.7m, which is an under report of over 1m consignments, but an improvement from their original assessment, where DEFRA maintained, for several years, as they created the model and undertook their forecasting, that there were just **<u>90,000</u>** consignments pa, or **<u>just 3%</u>** of the actual flow. The Council has no confidence in their understanding of the trade and their data analysis.

(c) As part of emergency safeguard measures imposed by the Government in respect of the risk relating to the introduction of ASF to the UK, joint interventions by DDC and Border Force have been taking place since September 2022.

(d) It is not possible to confirm the exact quantities of illicit pork arriving via Dover, but it is widely recognised that over 90% of all ASF risk related pork trade

[3] Of the £3.2m from DEFRA to provide controls in respect of illegal imports and to prevent African Swine Fever, £2m will be withdrawn in 2024/25, and the remaining £1.2m will be withdrawn in 2025/26. Additionally, they are also removing DDC's capability to generate any income from "sanitary and phyto sanitary" (SPS) checks on products from the rest of the world and the EU when they arrive, at Dover. Dover PHA will have deficits of £2.8m in 2024/25 and £4m in 2025/26.

arrives via Dover. Current total illegal meat seized at Dover in a small number of exercises over short periods is 64 tonnes.

This is widely accepted as the tip of the iceberg. These meat and meat products from both the EU and Rest of World are found in extremely unhygienic and unacceptable conditions, travelling for days without temperature control and appropriate packaging or labelling.

Food has been transported in old wheelie bins, amongst dirty washing and even amongst live animals (pets) with blood and liquor dripping onto ready to eat foods within the vehicle and from the vehicle. ASF is spreading across Europe, with cases as close as Germany. If it crosses the short straits the impact on the UK will be catastrophic and will result in national culling programmes, UK food export bans and crippling damage to confidence in our food safety. **The Foot & Mouth outbreak in 2001 cost the UK £8bn.**

(e) Withdrawal of Funding

On 15 December 2023, DEFRA (Lord Douglas-Miller) wrote to DDC advising that it was cutting the funding for counter ASF checks to £1.2m in 2024/25 (from £3.7m in 2024/45), and the final 33% (£1.2m) to be withdrawn in 2025/26. It was suggested by Lord Douglas-Miller, that DDC would be able to operate the service on a “cost recovery” basis, via charges on illegal importers[4] of products of animal origin.

This raises a number of questions and concerns:

(i) Fundamentally there are two changes that the government plan to impose on Dover Port Health, which whilst they are separate and new, are intrinsically linked and of catastrophic impact if implemented. One is the proposal to cut our existing funding for personal import (non-income generating) checks for ASF. The second is to remove commercial imported food (income generating) checks (SPS) from Dover to Sevington, consequently removing the council’s ability to be able to self-finance its wider port health duty.

(ii) DEFRA have been unable to demonstrate how a service can be self-funding. Border Force have certainly not tried to be self-funding. It is also questionable whether DDC has the legal powers to do so.

(iii) If it were lawful to raise fines against importers, the recovery rate of fines from foreign nationals operating in an illicit market will be extremely low.

(iv) DDC cannot afford to fund the deficit of such a service on behalf of the UK indefinitely, but is proposing to do so in 2024/25, at a cost of £2.8m to DDC Council Taxpayers. The Council continues to work tirelessly to engage with DEFRA on this matter, but with limited success.

(f) Risks to human health

UK consumers will be at high risk as insanitary pork enters the UK food chain with no controls. This risk also spreads to other basic food hygiene controls and food fraud (like the horse meat scandal) where unfit cheap meat is being mis-labelled and avoiding controls, to be sold on the black market.

(g) Inspection facilities and wasted DEFRA investment.

[4] Some of these are likely to be part of organised crime.

DEFRA have invested over £30m on Bastion Point, an inspection facility at Whitfield. The facility was completed 2 years ago, the fridges are running, all utilities are operational, and it is fully equipped and furnished to a high standard and good design, but DDC have not been allowed access, no minister has ever visited it, and it remains undesignated as a Border Control Post (BCP) and unused. This facility is desperately needed to help prohibit and contain diseases at the border.

In contrast, DEFRA plans to consolidate all SPS checks on Rest of World and EU imports at the poorly designed facility at Sevington, and ask the importers, unaccompanied, to take their illicit products 22 miles from the point of entry and exit at Dover, to Sevington for inspection.

This is not proposed or allowed at any other UK frontier, because it would be unsafe to do so and would undermine UK biosecurity, public and animal health and plant and food and feed controls. This is a change in policy that will create a gaping hole in the UK's border security. It frankly beggars belief that this is even being considered.

5. The strategic challenges and macroeconomic background

5.1 The budget and MTFP are approved on an annual basis and so it would be easy to neglect the longer-term strategic picture. But the Council operates in an environment where demands for services, and their costs, are increasing due to several factors including:

(a) Increasing homelessness,

(b) Government failure to address the funding deficit on Supported Housing claims,

(c) Higher standards for recycling,

(d) Increasingly detailed micro-management and direction from government,

(e) A degree of cost shunt from partner organisations,

(f) An aging population,

(g) A high inflation environment, and

(h) Increases in the living wage.

5.2 This is taking place within a low growth economy where local authorities' share of GDP is also in decline:

> "Since 2010-11, local authority spending has fallen from 7.4 to 5.0 per cent of GDP, and it falls further in our forecast to 4.6 per cent of GDP in 2028-29. Given local authorities' statutory duty to provide a range of services where demand is likely to continue to grow, for example adult and child social care, pressure on local authority finances and services will continue." Economic and Fiscal Outlook – November 2023 (Office for Budget Responsibility, 2023).

5.3 Against this backdrop there has been a complete collapse in the system of local authority audit and alongside that, several Section 114 reports issued by s151 officers and many more warnings against their likelihood in the future. Some of these reports and warnings have been issued because of poor governance which has led some councils to take unwise decisions or fail to make adequate responses to increasing pressures.

5.4 However, S114 report warnings are now being reported for councils that are not regarded as having behaved imprudently but are struggling to meet the financial pressures they face. This is happening at unitary, upper tier and lower tier councils across the political divide. Should it happen at upper tier / unitary level in Kent, the impact is likely to be felt across all Kent councils.

5.5 S114 reports were virtually unheard of in practice until 2018/19, but there have been several since that time, including:

(a) Northamptonshire (twice)

(b) Croydon (twice)

(c) Slough

(d) Nottingham (twice)

(e) Northumberland

(f) Thurrock

(g) Woking

(h) Birmingham.

5.6 Councils that have warned of possible future s114 reports[5] include:

(a) Kent

(b) Medway

(c) Hampshire

(d) Coventry

(e) Somerset

(f) Guildford

(g) Kirklees

(h) Southampton

5.7 Grant Thornton (DDC's auditors) have warned that a quarter of English Councils are at risk of financial failure by the end of 2024/25 (Grant Thornton: quarter of authorities at risk of financial failure | Public Finance). Following recent decisions by DEFRA, DDC should now be added to the growing list of Councils warning of potential s114 reports in the future.

5.8 Across the sector, we are likely to continue to see downwards pressure on council resources and upwards pressure to spend, and use reserves, across local government to meet these demands. This is not a strategically sustainable position.

6. The local government funding model

6.1 The local government funding model is deeply flawed to the point that it is both inexplicable and unsustainable. Key issues include:

(a) Single year late settlements

Although the Council is required to produce a multi-year financial plan / forecast, the government generally budgets one year at a time and provides single year settlements to Councils, late in December and very close to the coming financial year. In fact, proposed changes to the settlement for 2024/25

[5] Institute for Government 9 October 2023

were announced on 25th January 2024. The government have also reneged on past promises with regards to the settlement including, inter alia, housing rents and new homes bonus.

This instability and short time horizon are wholly inadequate for proper financial planning of essential public services.

(b) Risk Transfer

The instability of the main income streams for local government has shifted significant risk from a "pooled risk" borne across the sector, to a local risk borne separately by each council, to deal with the volatility of business rates, new homes bonus, revenue support grant and planning fees, together with the capping of other streams such as Council Tax and Housing Rents below inflation. As a result, Councils have had to maintain increased reserves to cope with the potential fluctuations in income.

At the same time DLUHC have urged Councils to use their reserves to "balance" the budget.

As a long-term strategy, in the face of greater pressures in the future, this is not prudent, responsible or sustainable.

(c) Complexity

The structure of local government and the funding model are very complex, to the point that they are beyond rational explanation to non-specialists.

This is especially true of Business Rates Retention (BRR) which involves local calculations, understanding and forecasts of several elements including:

- Business Rates income
- Revaluations
- Appeals
- Tariffs
- Top-Ups
- Safety nets
- Re-sets
- Levies
- Multi-authority pooling arrangements.

The situation is exacerbated by DLUHC's refusal to amend the 2024/25 settlement for the latest BR data, submitted by DDC in good time.

(d) Local Autonomy

Although they are sovereign bodies, councils have little real financial autonomy.

There is no constitutional settlement for councils and so they are highly constrained in the actions they can take. In practice councils do not have the freedom to set the Council Tax and Housing Rents they would choose to. Nor do they set Business Rates or Planning Fees.

The Council Tax capping regime traps Councils at their historic charging levels, without enabling any adjustment to meet local need or indeed acknowledge the local disparities that see, for example, Folkestone & Hythe DC (a very similar Council to DDC in size, location and demographics) benefiting from some £2.6m per annum additional income due to decisions taken on Council tax some 20 years ago and fixed in place by government ever since.

At the same time, Councils are often centrally directed as to the standards of the services they should deliver and even the methods of delivery.

(e) Challenge Funding

In order to appear to (partially) address some of the funding deficits, the government has used “challenge funding” and both large and small grant streams to an ever-increasing degree.

The LGA report that, as at February 2020, there were 448 different grants[6] (probably not a comprehensive number). Much of this is challenge funding, for which bidding resources must be committed by councils without any guarantee of success, and many of these grants are small and detailed and amount to micro-management.

Typically, grants then generate returns to be completed on new ICT systems, follow up questions, audit etc. This is unpredictable, resource intensive and grossly inefficient.

(f) Transparency

The current model is opaque. DLUHC do not publish or share the details of the settlement calculation. In practice it is based on past settlements rolled forward for many years, and then adjusted to enable government to declare a “minimum guaranteed increase” in core spending power. The “Fair Funding Review”, promised for many years to re-base the settlement, has never arrived.

Settlements do not have any up-to-date basis in the comparative resources and needs of different councils.

(g) Core Spending Power

The calculation and announcement of the maintenance and increase in core spending power is misleading. It does not consider the income from Business Rates growth. If such income were kept in reserves, DLUHC would urge councils to spend it. But when it is spent and is part of the Council’s baseline budget, DLUHC do not take it into account when calculating (and overstating) their maintenance of Core Spending Power. This means that the local government settlement is less generous than publicly stated.

7. The robustness of the General Fund (GF), Housing Revenue Account (HRA) and capital budgets

7.1 <u>Key Assumptions</u>

7.2 The key assumptions that underpin the budget are reviewed annually by the s151 officer and are specifically stated in the Budget and Medium Term Financial Plan (B&MTFP).

7.3 The B&MTFP also contains a “ready reckoner” that provides a sensitivity assessment, where possible, of the assumptions.

7.4 In addition, the budget and the project programmes have been drawn up based on corporate priorities and known available resources. Projects are fully funded (mainly from grants, reserves and any affordable borrowing) and affordable. No reliance is placed on capital receipts and grants that have not been confirmed and secured.

7.5 <u>Risks</u>

[6] Local Government Association “Fragmented Funding” 3 October 2023.

7.6 The key financial risks to which DDC is exposed are set out in the B&MTFP. The risks have been reviewed by the s151 officer alongside the Corporate Risk Register for completeness, impact and mitigation.

7.7 Alignment to Corporate Plan

7.8 The Council's Corporate plan sets out its objectives and priorities. The Leader and Cabinet, Chief Executive, Directors and Heads of Service all provide their input and financial and budget data in accordance with the Corporate Plan for inclusion in the B&MTFP.

7.9 The HRA Budget

7.10 The HRA budget has been produced taking into account the requirement for continued investment in the HRA stock, a continuing backlog of repairs from East Kent Housing's period of management, and the available HRA reserves.

7.11 However, to further strengthen the HRA budget and planning, a stock condition survey is proposed during 2024/25 to ensure the programme of investment remains affordable and that stock condition is maintained.

7.12 Scale and Servicing of Debt

7.13 A number of high profile s114s have been issued due to disproportionate debt levels that councils have been unable to service.

7.14 DDC's long term debt commitments are:

Debt Type	**Value £000**
HRA Self Financing Debt	65,375
Other Debt	4,000
Total	**69,375**

7.15 The bulk (94%) of DDC's debt was incurred at the instruction of DLUHC (actually one of its many predecessor departments). In 2012 the Council was required, by legislation, to borrow circa £90m from the Public Works Loan Board (PWLB), pay this to DLUHC and service the debt from HRA rents. DLUHC assured Councils that they could raise rents by CPI+1% to service the debt. This promise was not kept. Instead, rents were frozen as a cash figure for several years leaving the HRA with continuing substantial losses in rent income.

7.16 Nonetheless DDC is servicing the outstanding debt which is now down to £65m. However, the annual cost to DDC tenants is £4.7m and this money could otherwise be used on much needed social housing.

7.17 The remaining debt of £4m is historic and manageable. At the present time the Council does not add to its borrowing and uses its cash flow (often referred to as internal borrowing) to support capital expenditure. Any borrowing that has been assumed or modelled in project viability assessments is "prudent" and complies with the affordability requirements of the Prudential Code.

7.18 Income Streams

7.19 In addition to the (unpredictable, single year) settlement, the Council does rely on income from its major income streams. These are set out in the B&MTFP and are reviewed annually to ensure that the assumptions on future income levels are reasonable.

7.20 The Council does not rely on other income streams from exceptional, unusual, commercial or high risk sources.

7.21 Adequacy of Reserves

7.22 The Council's balances and earmarked reserves are set out in full in the B&MTFP together with an explanation of the purposes for each reserve and its current and future planned use.

7.23 The Council holds a General Fund balance which must be maintained for unexpected in-year events. The Council also holds earmarked reserves for planned and committed purposes and essential / unavoidable expected expenditure such as elections, maintenance etc.

7.24 The local government Minister Simon Hoare said "authorities can and indeed should consider drawing on their reserves to meet any funding pressures because council cash balances have generally increased since the beginning of the pandemic."

7.25 However, total English council reserves fell by £2.2bn in 2022-23 and are expected to fall further this year because grant funding has not kept pace with high costs and rising demand. Councils cannot take short-term one-off decisions as the reserves left are to manage future risk and uncertainties, one of those being future funding. Suggesting the money is there to be used to support budgets is misguided and unhelpful and undermines the position of the Section 151 Officer. The one-off nature of such an approach could place significant risk on further Section 114 reports.

7.26 If the Council chooses to support its Port Health Authority service at a cost of £2.8m in 2024/25 and £4m thereafter, its useable reserves will deplete at £233k per month in 2024/25 and at £333k per month in 2025/26 unless corrective action is taken. If the DEFRA funding is not restored, or severe corrective action is not taken to reduce expenditure on services, the Council's position could become untenable and trigger a s114 report.

8. Governance Process

8.1 The Council manages its budget process in a clear and effective way as follows.

(a) September - November – initial budget projections produced and discussed with Leader and Portfolio Holder.

(b) November / December – refinement of the projections, inclusion of changes and Corporate priorities.

(c) Late December – single year local government settlement consultation received.

(d) Ad hoc decisions from other government departments.

(e) Late January - single year local government settlement response to consultation received and proposed settlement confirmed or further amended.

(f) January / February – first budget report to Cabinet.

(g) February – briefing to Overview and Scrutiny Committee as required.

(h) February – Overview and Scrutiny meeting to scrutinise the budget.

(i) February / early March – Cabinet budget meeting and recommendations to Council.

(j) By 9th March – Council approve the budget and set the Council Tax.

8.2 The late timing of the local government settlement and the late notification of the withdrawal of DEFRA funding make achieving the committee dates particularly challenging and risk undermining the process.

9. Identification of Options

9.1 The s25 report from the s151 Officer is for receiving and considering by Cabinet, Scrutiny and Council as they consider the budget. Unless Members believe they have grounds to reject the report, their only option is to receive it.

10. Resource Implications

10.1 There are no specific resource implications from this report. The resource implications flow from the B&MTP to be considered in association with this report.

11. Corporate Implications

11.1 Comment from the Strategic Director (Finance and Housing): The Strategic Director has produced this report and has no further comments to add (MD).

11.2 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.

11.3 Comment from the Equalities Officer: This report advising Members of the robustness of the budget and the adequacy of reserves, does not specifically highlight any equality implications. 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 .

12. Background Papers

Budget and Medium Term Financial Plan working papers.

Contact Officer: Mike Davis

Subject:	**COUNCIL BUDGET 2024/25 AND MEDIUM-TERM FINANCIAL PLAN 2024/25–2027/28**
Meeting and Date:	**Cabinet – 5 February 2024** **Overview and Scrutiny Committee – 19 February 2023**
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 Decision**
Classification:	**Unrestricted**
Purpose of the report:	To progress approval of the 2024/25 budget and the Medium-Term Financial Plan (MTFP) for 2024/25–2027/28.
Recommendation:	It is recommended that Cabinet: • Considers the draft General Fund Revenue Budget, the Project Programmes, the Housing Revenue Account budget, and the content of the Medium-Term Financial Plan (MTFP) as proposed in Appendix 1, and advises the Strategic Director (Finance and Housing) of any changes it requires to be incorporated into the final version; • Approves the increase in social, affordable and shared ownership rents. • Note that the calculation of the 2024/25 Business Rates impact on the General Fund funding is still being finalised. Any changes will be reflected in adjustments to the use of the smoothing reserve in the final budget. • Note that the remaining Annexes, including the Council Tax Resolution and Treasury Management, Investment and Capital Strategies will be added to the MTFP and other minor adjustments made before being presented to Cabinet and Council in March.

1. **Summary**

1.1 This report should be read in conjunction with the Chief Finance Officer's Section 25 report included separately on this agenda.

1.2 The budget faces a range of immediate uncertainties due to the macroeconomic position, the on-going challenges with the local government funding model and the impact of working with DEFRA (Department for Environment, Food and Rural Affairs) and being a Port Health Authority (PHA).

1.3 This report sets out the broad areas of pressure and uncertainty and the strategy adopted to deal with them.

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:
   - £20k deficit from business as usual; and
   - £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. Overview

2.1 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.

2.2 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.

3. **Report Pursuant to Section 25 Local Government Act 2003**

3.1 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.

4. **General Fund Budget Strategy**

4.1 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.

4.2 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.£1.1m will be applied from the Smoothing Reserve in 2023/24, leaving £2.9m for future requirements.

4.3 The 2024/25 budget is currently forecast to have a small deficit of £20k, 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.

5. **Dover Port Health Function**

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

6. **Wider Local Government Finance Picture**

6.1 This section supplements the issues raised in the Section 25 report.

6.2 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.

<u>Levelling Up</u>

6.3 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

6.4 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

6.5 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.

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

Council Tax

6.7 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.

6.8 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

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

6.10 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.

6.11 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

6.12 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.

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

6.14 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).

6.15 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

6.16 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.

7. Housing Revenue Account (HRA)

7.1 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.

7.2 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.

7.3 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.

7.4 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.

8. Capital and Revenue Projects Programmes

8.1 The Council holds limited capital resources (other than the capacity to borrow[1] and any grants (often match funded) that the Council is awarded), 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; and
- Assets for sale to gain future receipts are limited.

8.2 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.

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

9. **Budget Consultation**

9.1 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.

9.2 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:

- 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.

9.3 Initial results from the budget allocation exercise indicates that residents would allocate additional resources to Community Safety & CCTV, Environmental Crime, Public

[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.

Conveniences and Climate Change Initiatives. They would then apply the necessary budget reductions across the other areas.

9.4 Analysis of the responses will continue and further information included in the second circulation of the budget. The responses received were all anonymous and are available to Councillors on request.

10. **Identification of Options**

10.1 It is a statutory duty to set a budget and approve a Council Tax level. This report seeks Cabinet's approval to consider the proposed budget and associated content in the MTFP. Therefore, there are two options:

10.2 Option 1 - Approve the proposed budget to be progressed for final review by Cabinet and approval by Council and approve the increase to social, affordable and shared ownership rents; or

10.3 Option 2 – Propose changes to the proposed budget to be presented to Council and propose changes to the proposed Council Tax and rent levels.

11. **Evaluation of Options**

11.1 Option 1 - Approve the proposed budget to be progressed.

11.2 The proposed budget recognises that there is a wide range of unknowns in the expenditure, income and financing of the Council for 2024/25 and that, as in 2023/24, the Council needs the ability to be able to react to changing circumstances and demands in a timely manner.

11.3 The budget therefore proposes to address this by continuing to provide the Strategic Director (Finance & Housing) with delegated authority (in consultation with the Leader and the Portfolio Holder for Finance, Governance and Digital) to draw on reserves to meet unexpected costs or lost income, should that be necessary without recourse to Council for a revised budget. For these reasons, this is the recommended option.

11.4 Option 2 – Propose changes to the proposed budget to be presented to Council and propose changes to the proposed rent levels.

11.5 There are two ways to approach this. First, the option to flex the budget in year could be rejected in favour of a more rigid budget envelope. Second, within the proposed envelope, resources could be moved between areas of service.

11.6 Fixing the budget envelope at the current time, with the range of uncertainties set out in this report, would inhibit the Council's ability to react to changing circumstances. The allocation of resources between services reflects the existing level of service provision and the current service pressures.

11.7 Members could also choose to apply more reserves to balance the budget and set a lower Council tax. This would have implications for the Council's ability to maintain services in the future.

11.8 The social rent increases proposed are in line with government policy of CPI + 1% and so cannot be increased further, the shared ownership rents are restricted to RPI + 0.5% which is stated in the shared ownership leases. Affordable rents are increasing as DDC policy is that affordable rents are kept at the same level as Local Housing

Allowance (LHA). The LHA rates have been increased to the 30th percentile of local market rates by the Valuation Office Agency (VOA). A lower increase could be implemented for all rent types, but this would create further pressure on the future viability of the HRA.

11.9 For these reasons this is not the recommended option.

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 and Housing): No further comments to add (MD).

14.2 Comment from the Solicitor to the Council: The Strategic Director (Corporate and Regulatory) (Solicitor) has been consulted during the preparation of this report and has no further comment 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 – Draft Budget 2024/25 and Medium-Term Financial Plan 2024/25–2027/28

16. **Background Papers**

2024/25 Budget Working Papers

Contact Officer: Helen Lamb, Head of Finance and Investment

APPENDIX 1

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 – 2028/29.

4. Year 1 (2024/25) is the formally approved budget for the coming year. Years 2 – 5 of the MTFP (2025/26 – 2028/29) are included as “indicative budgets” for planning purposes. These will be rolled forward and amended in subsequent MTFPs and so approval of the MTFP does not set the budgets for the future years.

5. Regard has been given to the resources required to deliver the Council’s objectives and the budget has been prepared to reflect the anticipated service costs and pressures. However, this budget has been set in a period of uncertainty and volatility due to the unpredictable economy and public finances, the unpredictable system of local government finance and the impact of the withdrawal of 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 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 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:
    - £20k deficit from business as usual, and
    - £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 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 £4.4m 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 will be included in the second circulation of the budget papers.

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.

16. Analysis on the detailed responses will continue and further information included in the second circulation of the budget.

THE GENERAL FUND REVENUE ACCOUNTS

INTRODUCTION

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

FINANCIAL OBJECTIVES

18. The main financial objectives for the GF Revenue Account[1] 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

19. Corporate Management Team, in consultation with the Leader and Portfolio Holders, have reviewed their service areas to support delivery of efficient and effective services within the budgets available.

20. In order to maintain firm downwards pressure on expenditure and recruitment, and to ensure budgets are directed to the Council's priorities the Council maintains a continuous "authority to recruit" process. The process requires formal sign-off before any recruitment is permitted.

21. 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.

22. 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

23. The Council's GF revenue budget for 2024/25 is shown in Annex 1. The budget forecasts a small deficit of £20k 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.

24. 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

25. 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 £500k 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.

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

26. 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.

27. 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.

28. 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	
10	Decrease in New Homes Bonus funding	299	
11	**Total Pressures**		**3,013**
12	Increase in forecast total NNDR funding	(708)	
13	Increase in Council Tax income	(441)	
14	Increase in Council Tax Collection Fund surplus	(36)	
15	Other grant funding movement	(373)	
16	**Total Increase in funding**		**(1,558)**
17	Increase in recharges to HRA and projects	(391)	
18	Forecast increase in green waste income	(86)	
19	Target savings waste services	(100)	

Ref		£000	£000
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	55	
32	**Total Service Savings**		**(1,966)**
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**		**20**
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**		**20**

FINANCING THE BUDGET

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

2024/25 General Fund Revenue Financing	£000	%
Non-Domestic Rates Income	9,270	46.3
Revenue Support Grant	254	1.3
Services Grant & 3% Funding Guarantee	1,266	6.3
New Homes Bonus	346	1.7
Council Tax	8,763	43.9
Collection Fund Surplus (Council Tax)	91	0.5
Total Financing	**19,989**	**100.0**

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

REVENUE SUPPORT GRANT

31. 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%.

32. 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

33. 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.

34. 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 £1,243k. It is anticipated that this will continue at a similar level for 2025/26.

BUSINESS RATES (BR)

The Business Rates Retention System

35. 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.

36. Although referred to as a 50% local retention system, of which 40% is currently retained by districts, this is not the full picture. DDC actually 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)**

37. 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.

38. Once the tariff is set, a district will have to continue to pay this amount to government. If actual collection is lower (for example, due to demolition, successful appeals, bad debts etc.) the council has to continue to pay the tariff and bear the loss itself until it hits the safety net at which point losses are capped. For DDC this is circa £302k.

39. 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.

40. 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.

41. 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).

42. 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.

43. 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.

44. 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

45. 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.

46. However, BR is still dominated by a small number of hereditaments.

DDC BR Profile

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

Dover's Rateable Values	Rateable Value [2] £000	%
Channel Tunnel	40,000	31
Discovery Park	12,346	10

[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.

Dover's Rateable Values	Rateable Value [2] £000	%
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

48. 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.

49. 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

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

51. 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 and this has been agreed to continue for 2024/25.

Forecasts

52. 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.

COUNCIL TAX

53. 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.

54. 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.

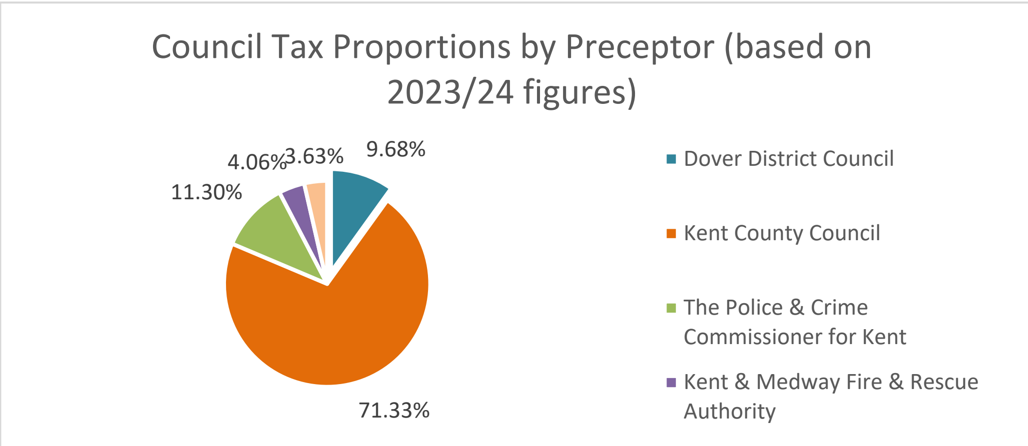
55. The combined impact of the Council Tax increase and the tax base increase is forecast to generate total Council Tax income of £8.76m. For planning purposes, a Council Tax increase of 3% per annum has been estimated for future years.

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

56. The total Council Tax charges for a Band D property is made up as follows (information to be added for final circulation of budget):

	2023/24 £	2024/25 £	Increase %	2024/25 Proportion %
Dover District Council (proposed)	208.17	214.38	2.98	TBC
Kent County Council	1,534.23	TBC	TBC	TBC
The Police & Crime Commissioner for Kent	243.15	TBC	TBC	TBC
Kent & Medway Fire & Rescue Authority	87.30	TBC	TBC	TBC
Sub-Total	**2,072.85**	**TBC**	**TBC**	**TBC**
Town & Parish Council (average)	78.06	TBC	TBC	TBC
Total Band D Council Tax	**2,150.91**	**TBC**	**TBC**	**TBC**

57. How the total Council Tax charge is allocated to the individual organisations will follow on receipt of all the preceptor information.



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

58. 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

59. New Homes Bonus (NHB) was funded by DLUHC[4] 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.

60. 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
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

61. 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.

62. For the purposes of the MTFP it has been assumed that the NHB grant will be reduced to nil for future years.

FUTURE FUNDING

63. 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.

64. 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

[4] Department for Levelling Up, Homes and Communities

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

65. The Collection Funds are statutory funds. They sit entirely outside of the General Fund and the Council budget.

66. 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).

67. 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.

68. 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.

69. 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

70. 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.

71. 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.£1.1m will be applied from the Smoothing Reserve in 2023/24, leaving £2.9m for future requirements. Replenishment of this reserve will be considered as part of future budget setting processes.

72. The 2024/25 budget is currently forecast to have a small deficit of £20k, 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.

73. 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.

74. 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.

75. 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.

76. 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, and
- Annex 9 details the Grants made to Organisations for approval.

Recommendations from this Section

77. It is recommended that Cabinet:
- Approve the grants to organisations detailed at Annex 9.

78. 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

79. 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.

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

HRA FINANCIAL OBJECTIVES

81. 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.

82. 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

83. 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 109) for the planning period will be funded by retained right-to-buy receipts, grant funding and borrowing[5],
- 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.

84. 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

[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.

2024/25). These rent increases help to partially offset the general inflationary pressures 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.

85. 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 113 for more details, and further developments and proposals in the pipeline.

86. Annex 5 provides a draft HRA budget summary & Annex 5A details the 4-year forecast position for the HRA.

87. 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

88. 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 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.

89. 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.

90. 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.

91. In May 2017 Dover District Council Jobcentre Plus went live with the Universal Credit Full Service. There had been a significant increase in HRA rent arrears until January 2021 when the in-house rent team started to be able to recover some of the arrears. The rent arrears are now at their lowest level since April 2018. The debt appears to be mainly a cash flow issue rather than a bad debt due to the timing delays associated with payment of Universal Credit. However, tenants now directly receive the Universal Credit payment, whereas with Housing Benefit, payments are made direct to the landlord. This is resulting in some cases of higher debt levels from tenants not paying their rent and we are beginning to see some evictions due to this.

<u>Rent Setting</u>

92. 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 + 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.

93. 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%, and
- 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.

94. 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.

95. 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.

96. 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.

97. 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%.

98. 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

99. Like the majority of Councils, Dover has entered into an agreement with Government to retain 100% of the receipts from right-to-buy sales above the anticipated trend level. These excess receipts (known as “1:4:1 replacement”) are ring fenced to provide part funding of the cost of new affordable/social housing. This means that there is a cap on the receipts that can be used for general capital purposes. This can be supplemented by the element of excess RTB receipts retained for ‘debt repayment’ that may be used for other capital purposes if repayment of debt is funded from an alternative source.

100. As at the end of December 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.

101. In order 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

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

103. 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

104. 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.

105. 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.

106. The in-house teams are now established and operational. Much of the work has been completed including:
   - Compliance levels and procedures are now at the required level and have received sign-off from the Social Housing Regulator,
   - The disaggregation and implementation of computer systems, and
   - The embedding and development of the smooth running of the new service.

107. 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

108. 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

109. 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

110. These are discussed in more detail below.

HRA INVESTMENT

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

111. 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.

112. 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.

113. Current and future projects underway to provide additional affordable housing in the district are detailed below.

- 24 interim housing properties at Barwick Road Dover.
- 9 properties at Military Road, Dover.
- 10 properties at Mongeham Road, Great Mongeham.
- Local Authority Housing Fund – 22 property purchases.
- 83-87 Folkestone Rd – 11 flat purchases.
- Willowbank, Sandwich – 20 shared ownership purchases.

114. 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.

115. 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 £5.5m. 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

116. 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

117. 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

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

ASSET MANAGEMENT PLAN (AMP)

119. The AMP is used as a management tool to assist in ensuring that the Council's property assets meet the objectives set out in the Council's Corporate Property Strategy. It covers:

- Revenue maintenance requirements,
- Capital works programmes,
- Data on performance of significant corporate assets, and
- Properties identified for disposal.

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

121. 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 isn’t sufficient resource to facilitate significant reductions in the carbon footprint of DDC owned assets.

122. 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.

123. 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.

<u>Summary</u>

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

124. 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, and
- Maximise available resources by actively seeking external funding and disposing of surplus assets.

Definition of Capital

125. 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, and
- Leasing.

126. Of the above only revenue resources and the use of external leasing can be applied to meet revenue requirements.

Content of the Capital Programme

127. 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.

128. 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, and
- Any changes which are expected to have significant policy implications will be discussed with the Leader and relevant portfolio holder and will be reported to Members.

129. 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).

130. 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.

131. 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.

132. 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.

133. The structure of the programme is reflected in the format of Annex 6A and is explained below:

- <u>Committed Projects</u>
  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.

- <u>Proposed Projects</u>
  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.

- <u>Financed by</u>
  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.

<u>Content of the Special Revenue Projects Programme</u>

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

<u>Content of the Digital and ICT Projects Programme</u>

135. The Digital and ICT Projects Programme (Annex 6D) comprises significant projects which are required to deliver digital improvements to services and support the ICT infrastructure.

These are usually one-off revenue expenditure in nature and are therefore to be funded from reserves as annual recurrent revenue budgets are insufficient to finance them.

Financing of the Project Programmes

136. 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.

137. 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.

138. 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

139. 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

140. 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 99 for more details.

141. 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.

142. The Council generally retains 100% of non-HRA capital receipts and non-RTB HRA capital receipts, subject to capital allowance regulations.

143. Annex 6B details the level of capital receipts held, expected, committed to projects and to be used for new projects. 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

144. The key points for Members to note are:

- The Capital Programme operates on a cash funded position with no new projects being approved to commence unless

    - The whole project costs can be financed through additional funding,
    - Sufficient capital receipts have been banked,
    - External borrowing is approved, or
    - Other savings in the programme have been identified.

- The new projects in the programme have been approved subject to the completion of a Project Appraisal for approval by Cabinet, or the Strategic Director (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

145. It is recommended that Cabinet:

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

146. 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

147. 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.

148. 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; and
- That performance measurement is implemented in managing and controlling the impact of capital investment decisions.

149. Annexes 7A – 7C (to follow) 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.

150. 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

151. 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.

152. Approval of the strategy is a Council decision.

RECOMMENDATIONS FROM THIS SECTION

153. It is recommended that Council:

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

KEY ASSUMPTIONS & READY RECKONER

Background

154. 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

155. Salary inflation will be based on the results of the Collective Bargaining process.

156. 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.

157. General inflation is assumed to be 3% for 2025/26, reducing to 2% for future years.

Staff Numbers

158. 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

159. 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

160. 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)

161. 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

162. 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

163. 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)

164. 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

165. 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

166. 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.

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

168. 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 withdrawing £2m of funding from Dover Port Health Authority for 2024/25 and the remaining £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 Coquelle 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.	£2m in 2024/25. £3.2m in 2025/26.
3	Business Rates	The key challenges are: • Maintaining collection rates during a difficult trading climate for many companies. • Future re-sets of the DDC baseline, sacrificing some / all of the gains made to date.	£8m pa

Ref	Risk Description	Explanation and Mitigation	Budget Sensitivity
		• The outcome of the 2023 revaluation – will likely have new appeals as a result. • Individual appeals from large BR payers. • Fraudulent claims, appeals and tax evasion by BR payers. • Difficulty in forecasting future BR taxbase changes. • Operation of the Collection Fund and the timing of recognition of income. • Unexpected revaluations, errors and initiatives by the VOA. • Errors in the DLUHC settlement. • DLUHC not using the most recent data in the settlement. • Changes in the renewables schemes. • Weak BR performance by other Kent districts leading to an impact on the Kent pool. • Poor understanding of the regime by DLUHC. • The Fair Funding Review leading to changes in the baseline or other aspects of the regime. The opportunities for Councils individually or collectively to mitigate the above impacts are limited other than through the management of their own finances, smoothing reserves etc. and individual lobbying and response to consultations. Collective lobbying and response to consultations will also take place where possible, but the impacts of changes are often re-distributive and do not fall evenly across the sector and so it is difficult to create consensus.	
4	New Homes Bonus	Government have changed their commitment to New Homes Bonus and are expected to scrap it altogether. 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. The key issue will be whether NHB is replaced and if so, by what.	£0.36m pa.

Ref	Risk Description	Explanation and Mitigation	Budget Sensitivity
5	Fair Funding Review	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. Pressure from upper tier and unitary authorities and the challenges arising from adult social care may reduce the resources available to district councils. 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.	Unable to forecast at the time of writing.
6	Council Tax Base & Collection Rates	The draft budget includes the current forecasts of the Council Tax base and collection rates. The uncertainty around current economic performance and employment may have an on-going impact on Council Tax income.	£8.8m pa
7	Treasury Management	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. 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.	£1.9m pa
8	Property Income	The Council receives rental income from its commercial regeneration properties. There is a risk that this income may be reduced if tenants are unable to continue to trade.	£2.35m pa
9	Capital resources and receipts	Capital resources (other than borrowing) are almost depleted and will not be easily replaced from revenue contributions or receipts. 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. 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.	£125k pa (average level)

Ref	Risk Description	Explanation and Mitigation	Budget Sensitivity
10	HRA rent arrears	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. 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.	Annual HRA rent £23.6m Current arrears £550k
11	Car Parking	Car parking income is affected by visitor numbers, shopping patterns, household income and charge levels and is therefore difficult to predict. A review of parking is proposed, and this may lead to changes in parking charge arrangements.	£3.2m pa
12	Homeless expenditure	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. The service will continue investigating innovative options and working with partners to support homeless requirements in the district.	£1.7m
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	The Council is involved with a number of major capital projects including Bench Street (Levelling Up Fund round 2), Fasttrack, Maison Dieu, Tides. 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. Mitigation is through robust forecasts of costs, contingency, effective contracts and contract management.	Unable to forecast.

Ref	Risk Description	Explanation and Mitigation	Budget Sensitivity
15	Supported Housing	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. 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. 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.	 £300k+ pa.

BUDGET SUMMARY

2022/23 Actuals £000		2023/24 Original Budget £000	2023/24 Q2 Projected Outturn £000	2024/25 Budget £000
301	Chief Executive	1,322	1,157	1,076
1,577	Corporate and Regulatory	4,055	3,489	3,917
12,192	Finance and Housing	8,200	8,429	9,026
10,091	Place and Environment	10,361	10,694	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**	**23,641**	**21,251**
	Financing Adjustments:			
(1,922)	Interest Receivable	(1,935)	(2,235)	(2,391)
200	Interest Payable	450	750	879
1,656	Loan Principal Repayments/Borrowing Allowance	1,777	1,777	1,603
(67)	**Total Financing Adjustments**	**293**	**293**	**91**
	Contribution to/(from) Reserves:			
290	- Regeneration Reserve	283	283	588
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)**	**(1,333)**
19,651	**Total Budget Requirement**	**19,861**	**19,841**	**20,009**
	Financed by:			
10,002	Business Rates - Total Income Net of Timing Adjustme	8,562	8,562	9,270
60	Revenue Support Grant	238	238	254
441	Lower Tier Services & Funding Guarantee Grants	909	909	1,266
0	Covid Funding Support	0	0	0
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**	**18,732**	**18,730**	**19,989**
(27)	**General Fund Deficit/(Surplus) for the Year**	**1,130**	**1,112**	**20**
	Net cost to DDC of Port Health service			2,800
	Revised General Fund Deficit			**2,820**
(1,479)	General Fund Balance at Start of Year	(1,492)	(1,506)	(1,544)
	General Fund Balance with DEFRA impact			**1,276**
0	Transfer from DDC Earmarked reserves	(1,150)	(1,150)	(2,800)
(1,506)	**Leaving Year End Balances of**	**(1,512)**	**(1,544)**	**(1,524)**

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

Key Expenditure Figures:	2022/23 Outturn £000	2023/24 Original Budget £000	2024/25 Draft Budget £000	2025/26 Forecast £000	2026/27 Forecast £000	2027/28 Forecast £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

Notes

[1] Excludes EKS Management Fees & WCLP

GENERAL FUND KEY FIGURES - INCOME

Key Income Figures:	2022/23 Outturn £000	2023/24 Original Budget £000	2024/25 Draft Budget £000	2025/26 Forecast £000	2026/27 Forecast £000	2027/28 Forecast £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	9,270	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	1,266	1,304	2,413	1,898
Other	(92)	55	91	91	91	91
Total Financing	19,677	18,730	19,990	20,038	19,345	19,398

ANNEX 1D

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 2019 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 £344k comprising concessionary rentals of £30k and grant payments of £314k. 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 1st April 2024.

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 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 December. 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 early-mid 2026.

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 in line with the original 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. Planning application fee income is standing at £556k to date and it is anticipated that the planning application fee income should achieve the 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 in 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 Licenses 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	**19,841**	**Net Budget Requirement**	**20,009**	**20,009**	**20,009**	**20,009**
		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**
	19,841	**Total Forecast Budget Requirement**	**20,009**	**21,090**	**21,834**	**22,588**
		Financed By :-				
7	8,562	Non-Domestic Rates Income	9,270	9,270	7,104	7,299
8	238	Revenue Support Grant	254	262	267	272
9	909	Services Grants / Funding Guarantees	1,266	1,304	2,413	1,898
		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	9,838
12	645	New Homes Bonus	346	0	0	0
	18,730	**Total Financing**	**19,990**	**20,038**	**19,345**	**19,398**
13	**1,111**	**FORECAST NET DEFICIT**	**19**	**1,051**	**2,489**	**3,190**
14	-	Cost of maintaining the current Port Health Service	2,800	4,000	4,000	4,000
15	**1,111**	**FORECAST NET DEFICIT INCLUDING PORT HEALTH**	**2,819**	**5,051**	**6,489**	**7,190**

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 wihdrawal of funding from DEFRA.
15	Revised deficit after Port Health pressures.

Annex 3A

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.

ANNEX 3A

Chief Executive

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**
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 PRTNP 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**	**608,786**	**(368,217)**	**240,569**
1,322,219		**Total Chief Executive**	**41**	**3,639,671**	**1,432,722**	**- 3,995,983**	**1,076,410**	**- 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, burglar and car alarms etc.), dust, smoke (e.g., bonfires), odours, fumes, animals, etc. In addition, service requests relating to matters including drainage, rodents, accumulations on private land, filthy and verminous premises and dark smoke from industrial/commercial premises are also responded to.

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

Environmental Crime

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.

ANNEX 3B

Corporate and Regulatory Budget 2024/25

2023/24 Sub-total	Cost Centre	Description	FTE	Employees	Other Costs	Income	2024/25 Sub-total	Recharges and Other Adjustments	Total
				Costs controlled by Head of Service					
-	1076	CORPORATE PLANNING	-	-	50	-	50	-	50
9,417	1381	CHAIRMANS 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 Services[1]

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.

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[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.

ANNEX 3C

Finance and Housing

Budget 2024/25

2023/24 Sub-total	Cost Centre	Description	FTE	Employees	Other Costs	Income	2024/25 Sub-total	Recharges and Other Adjustments	Total
				Costs controlled by Head of Service					
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 ruby 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 2030[1]', 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.

ANNEX 3D

Place and Environment

Budget 2024/25

2023/24 Sub-total	Cost Centre	Description	Costs controlled by Head of Service 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 DEVELOPM'T 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 Propery 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	Earmarked General Fund Reserves (Forecast 2023/24 - 2027/28)	Balance 2022/23 £000	Contribution 2023/24 £000	Application 2023/24 £000	Balance 2023/24 £000	Contribution 2024/25 £000	Application 2024/25 £000	Balance 2024/25 £000	Contribution Future Years £000	Application Future Years £000	Balance 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)**	(668)	283	**(1,930)**	0	263	**(1,666)**
4	**Smoothing Reserve**	**(4,000)**	0	1,150	**(2,850)**	0	0	**(2,850)**	0	0	**(2,850)**
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	768	**(4,621)**	0	0	**(4,621)**
7	**Operational and Fee Income Reserve**	**(4,495)**	0	0	**(4,495)**	0	2,801	**(1,693)**	0	1,693	**0**
	Earmarked Reserves Total	**(53,698)**	(1,783)	17,955	**(37,525)**	(1,484)	8,672	**(30,337)**	(164)	13,797	**(16,704)**

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.

Annex 5

Housing Revenue Account - Budget Report for 2024/25

Actual 2022/23		*Original Budget 2023/24*	*Amended Budget 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	6,400	1,177	6,019	(381)
5,526	Supervision and Management	6,199	6,206	7	2,367	(3,839)
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	1,029	1,166	137	5,979	4,813
17,194	**TOTAL EXPENDITURE**	**15,787**	**17,109**	1,186	**17,791**	682
(4,451)	**NET DIRECT COST OF HRA SERVICES**	**(7,881)**	**(6,719)**	1,163	**(7,284)**	(565)
2,243	Interest Payable and Similar Charges	2,927	2,927	0	2,461	(465)
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)**	**(3,792)**	1,163	**(4,846)**	(489)
5,447	Capital expenditure funded by the HRA	6,810	6,810	0	5,388	(1,422)
2,854	**Net (Increase)/Decrease in the Housing Revenue Account Balance before transfers to or from reserves**	***1,855***	***3,018***	***1,163***	***542***	(1,911)
(3,360)	Transfer (from) reserves	*(2,400)*	*(3,450)*	*(1,050)*	(1,020)	*2,430*
514	Transfer to reserves	*450*	450	*0*	475	*25*
8	**(Increase)/decrease in year on the HRA balance**	***(95)***	***18***	*113*	***(3)***	(21)

	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)**	***(1,009)***		***(1,029)***	
	Housing Initiatives Reserve Balance					
(12,239)	Opening balance	(8,879)	(8,879)		(5,429)	
0	Contribtution to reserve	0	0		0	
3,360	Proposed application of reserve to improvement projects	2,400	3,450		1,020	
(8,879)	**Closing Balance**	**(6,479)**	**(5,429)**		**(4,409)**	

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**	(23,828)	(23,828)	(23,828)	(23,828)
		Income Adjustments				
2		Rent increases at CPI +1%	(1,037)	(2,115)	(3,247)	(4,444)
3		Impact of Right to Buy sales on rental income	38	78	121	166
4		Forecast rent from new stock	(139)	(239)	(339)	(439)
5		Inflation on leasehold & service charges	(108)	(219)	(335)	(454)
	(23,828)	**Total**	(25,074)	(26,324)	(27,628)	(28,999)
6	17,109	**Expenditure**	17,109	17,109	17,109	17,109
		Expenditure Adjustments				
7		Repairs and Maintenance (3% inflation for 2024/25)	383	777	1,187	1,613
8		Supervision and Management (3% inflation for 2024/25)	208	420	641	869
9		Other Misc expenditure inflation	91	184	280	381
	17,109	**Total**	17,791	18,490	19,217	19,972
10	10,187	**Other Charges**	7,825	7,987	8,097	8,210
11		Annual borrowing allowance for capital projects	475	575	675	775
	10,187	**Total**	8,300	8,562	8,772	8,985
	3,468	**Net (Surplus)/Deficit Before Transfers To/From Reserves**	1,017	728	361	(42)
12	(3,450)	Transfer from Housing Initiatives reserve	(1,020)	(730)	(360)	40
13	18	**NET (SURPLUS) / DEFICIT**	(3)	(2)	1	(2)
		Impact on Reserves :-				
		Projected HRA Balance				
	(1,027)	Opening balance	(1,009)	(1,012)	(1,014)	(1,013)
14	(1,009)	**Closing Balance**	(1,012)	(1,014)	(1,013)	(1,015)
		Projected Housing Initiatives Reserve Balance				
	(8,879)	Opening balance	(5,429)	(4,420)	(3,408)	(2,394)
	0	Contribtution to reserve	0	0		0
	3,450	Proposed application of reserve to projects	1,009	1,012	1,014	1,013
15	(5,429)	**Closing Balance**	(4,420)	(3,408)	(2,394)	(1,382)

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 4% 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 capital works, which increase in line with inflation, and interest payable & receivable.
11	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.
12	The level of funding of projects from the Housing Initiatives reserves based on the current programme & forecasts.
13	Forecast (surplus) / deficit.
14	Forecast HRA Balance.
15	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 (existng 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	0						
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
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

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
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.

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
30,005	**30,005**		In most cases, the above shows a 50% grant or more reduction in the rental charges for DDC properties or income generating sites	

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
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	107,000	0.00%	Dover Citizen's Advice Bureau	£97k CAB Core Funding grant inc £10k 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 avaliable 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	**314,228**			