APPENDIX 1

Key Changes to Draft Budget and MTFP

The annexes attached include the main changes made to the Budget and MTFP since the 1st February Cabinet circulation.

Annex 1	General Fund Revenue Budget Summary
Annex 4	Three Year General Fund Revenue Budget Projection
Annex 9	Treasury Management Strategy Statement
Annex 10A	Council Tax Resolution
Annex 10B	Town Council & Parish Precepts
Annex 10C	Precepts & the NDR Multiplier

GENERAL FUND BUDGET SUMMARY

2015/16 Actual £000		2016/17 Original Budget £000	2016/17 Projected Outturn (31 Dec 16) £000	2017/18 Proposed Budget £000
	Directorate (Note 1)			
2,222	Chief Executive	2,692	3,116	3,060
2,622	Governance	2,841	2,683	2,648
3,209	Finance, Housing & Community	3,145	3,186	3,150
8,080	Environment & Corporate Assets	8,136	7,828	8,162
381	Special Revenue Projects	621	1,032	75
0	Shared Services (DDC hosted)	0	0	0
0	Vacancy Allowance/Delivering Effective Services	-147	0	-224
0	Apprenticeships	25	20	0
0	Removal of Employers NI Cap for LGPS Employees	135	0	0
-113	Council Tax Second Homes	-57	-57	0
0	Contingency	92	81	101
0	Target Saving - EKS	-125	0	-151
16,401	**Directorate Service Costs**	**17,358**	**17,889**	**16,821**
-2,929	Depreciation	-2,535	-2,535	-2,535
702	Pension Adjustments	561	561	674
-14	Annual Leave Adjustment	0	0	0
67	River Stour Drainage Board	68	68	70
96	Council Tax Support Funding to Towns & Parishes	67	67	39
14,323	**Service Costs Before Transfers to / from Reserves**	**15,519**	**16,050**	**15,069**
	Contribution to/(from) Reserves:			
1,151	- Special Projects & Events Reserve	-601	-1,012	-55
72	- Periodic Operations Reserve	47	-47	117
-120	- Urgent Works Reserve	0	0	0
462	- Dover Regeneration Reserve	188	94	-115
404	- IT Equipment Reserve	58	58	58
189	- Revenue Grants in Advance Reserve	0	-73	0
0	- Business Rates & Council Tax Reserve	-1,211	-1,175	-728
16,481	**Net Service Expenditure**	**14,000**	**13,895**	**14,346**
	Financing Adjustments:			
-250	Interest Receivable	-247	-252	-229
242	Interest Payable	237	237	237
0	Property Investment Strategy	0	0	-500
9	Loan Principal Repayments	0	9	9
0	Revenue Expenditure Funded by Capital Under Statute	0	0	0
78	Direct Revenue Financing of Capital	0	0	0
-161	Soft Loan Adjustments	0	0	0
16,399	**Total Budget Requirement**	**13,990**	**13,889**	**13,863**
	Financed by:			
4,096	Non-Domestic Rates	3,621	3,589	3,564
1,852	Enterprise Zone Relief & Renewable Energy Retained	1,040	1,108	1,229
200	Collection Fund (Deficit)/Surplus - NDR	-724	-724	-728
2,597	Revenue Support Grant	1,758	1,758	1,027
5,947	Council Tax	6,251	6,251	6,600
69	Council Tax Freeze Compensation	0	0	0
112	Council Tax Collection Fund Surplus	145	145	236
1,581	New Homes Bonus	1,899	1,906	1,874
51	New Burdens	0	0	0
16,505	**Total Financing**	**13,990**	**14,033**	**13,802**
-106	**General Fund Deficit/(Surplus) for the Year**	**0**	**-144**	**61**
-2,889	**General Fund Balance at Start of Year**	**-2,992**	**-2,995**	**-2,689**
0	**Transfer to Earmarked Reserves**	**450**	**450**	**0**
-2,995	**Leaving Year End Balances of**	**-2,542**	**-2,689**	**-2,628**

1) Directorate Service costs adjusted to removed REFCUS, funded DRF costs, soft loans and S106 net expenditure for comparability purposes

BUDGET SUMMARY - FUNDING ANALYSIS

2015/16 Actual £000		2016/17 Original Budget £000	2016/17 Projected Outturn (31 Dec 16) £000	2017/18 Proposed Budget £000
	Financed by:			
	Business Rates - Share of NDR, S31 Grant, etc:			
3,363	Net Funding Retained up to Baseline	3,391	3,391	3,460
878	Business Rates over Baseline	321	358	100
0	Safety Net Receipt	0	0	0
-210	Levy Payment	-160	-179	-50
0	DDC Direct Share of Levy Saving through Pooling	0	0	0
0	NDR Growth deferred to following year under statute (1)	0	-37	0
65	Section 31 Grant from Govt. (cap grant only)	69	56	54
4,096	**Gross NDR Income**	**3,621**	**3,589**	**3,564**
	Enterprise Zone Relief & Renewable Energy:			
1,069	Enterprise Zone Relief Retained for Current Year	1,024	1,106	1,078
-57	Amount of EZ Relief in current year above NDR1 16/17 estimated value, required to be recognised in following year	0	-67	0
840	Amount of EZ Relief in prior year above NDR 15/16 estimated value, permitted to be recognised in current year	16	57	67
0	Renewable Energy for This Year	0	44	40
0	Renewable Energy to recognise Next Year	0	-44	0
0	Renewable Energy from Prior Year	0	12	44
1,852	**Total Enterprise Zone Relief & Renewable Energy**	**1,040**	**1,108**	**1,229**
	NDR:			
200	Collection Fund (Deficit)/Surplus - NDR (2)	-724	-724	-728
200	**Collection Fund (Deficit)/Surplus - NDR**	**-724**	**-724**	**-728**
	RSG:			
2,597	Revenue Support Grant (incl. C. Tax Support Funding)	1,758	1,758	1,027
2,597	**RSG per Settlement**	**1,758**	**1,758**	**1,027**
5,947	**Council Tax**	**6,251**	**6,251**	**6,600**
69	**Council Tax Freeze Grant 2015/16**	**0**	**0**	**0**
112	**Collection Fund Surplus - C Tax**	**145**	**145**	**236**
1,581	**New Homes Bonus**	**1,899**	**1,906**	**1,874**
51	**New Burdens**	**0**	**0**	**0**
16,505	**Total Financing**	**13,990**	**14,033**	**13,802**

Notes:

1) The NNDR1 figure for the District's share of NNDR income is reflected in the accounts, so any growth is effectively deferred for recognition, reducing deficit or increasing surplus on the Collection Fund recognised in a future year. We have the option to use the smoothing reserve to cover this.

2) The deficit share is covered by use of the Business Rates & Council Tax reserve.

Annex 4

FOUR YEAR REVENUE BUDGET FINANCIAL PROJECTION

Notes	2016/17 Projected Outturn £000		2017/18 Proposed Budget £000	2018/19 Forecast £000	2019/20 Forecast £000	2020/21 Forecast £000
1	**13,889**	**Net Budget Requirement**	**13,863**	**13,863**	**13,863**	**13,863**
		Corporate Adjustments				
2		- Salary inflation and increments including impact on National Insurance and Pensions		230	460	690
3		- Pension Backfunding (Triennial Valuation from 17/18)		74	150	230
4		- Contract inflation @ 3%		250	520	775
5		- Average expenditure inflation impact from non-specifically budgetted income item		120	260	400
6		- Average income inflation impact		-190	-340	-550
7		- Town & Parish grant funding removed from 2018/19		-39	-39	-39
8		**Total Corporate Adjustments**		**445**	**1,011**	**1,506**
9	**0**	**Target Savings & Income Growth**	**0**	**-1,000**	**-1,700**	**-2,400**
	13,889	**Total**	**13,863**	**13,308**	**13,174**	**12,969**
		Financed By :-				
		Non-Domestic Rates Income				
		Approx 3% annual increase on baseline funding				
		2014/15 deficit one-off in 2016/17 only				
		Business growth in the district				
10	3,589	Non-Domestic Rates Income	3,564	4,018	4,310	4,654
11	-724	Collection Fund Distribution	-728			
12		Collection Fund Distribution reserve offset removed		-728	-728	-728
13	1,108	Enterprise Zone Relief & Renewable Energy Retained	1,229	940	639	326
14	1,758	Revenue Support Grant (reduced by 45% & 90%as per 4 year settlement. Assumed "negative" from 2020/21)	1,027	569	57	-250
15	145	Collection Fund Surplus	236	150	150	150
		Council Tax Income				
		Tax increase (£4.95 annual increase)				
		Base increase (1% per annum)				
16	6,251	Total Council Tax Income	6,600	6,850	7,105	7,363
17	1,906	New Homes Bonus (reducing from 5 years to 4 years from 2018/19)	1,874	1,426	1,386	1,386
	14,033	**Total Financing**	**13,802**	**13,225**	**12,918**	**12,901**
18	**-144**	**NET (SURPLUS) / DEFICIT**	**61**	**83**	**256**	**68**
		Impact on Reserves :-				
		Projected General Fund Reserves				
	-2,995	Opening balance	-2,689	-2,628	-2,545	-2,289
	450	Transfer to Earmarked Reserves	0			
19	**-2,689**	**Closing Balance**	**-2,628**	**-2,545**	**-2,289**	**-2,221**

THREE YEAR REVENUE BUDGET FINANCIAL PROJECTION

Notes

1 The net budget is taken from the 2017/18 budget at Annex 1.

2 Increased salary costs reflect assumed inflation at 2% pay settlement for the planning period.

3 Pension backfunding reflects the increases in backfunding required by the fund actuaries based on the current triennial valuation.

4 Inflation on major contracts has been assumed at 3% for the planning period.

5 Inflation on all other expenditure will aim to be limited to the current budget level, however a small allowance of 2% has been forecast to allow some limited growth.

6 Increases in general income received (excluding specifically budgetted items such as car parking) assumed at 2% inflation.

7 The funding for Towns & Parishes has assumed to be reduced from £39k in 2017/18 to nil for future years, reflecting the impact of the reductions in RSG.

8 Total corporate adjustments.

9 Target savings required.

10 Forecast NDR funding, including impact of inflation & assumptions for business growth.

11 Redistribution of NDR Collection Fund year-end balances.

12 The 2017/18 budget includes one-off reserve funding to offset the impact of the 2015/16 NDR Collection Fund deficit, this has been removed from future years.

13 Enterprise Zone relief & renewable energy grant anticipated based on current forecasts.

14 The draft settlement as indicated in Dec 2016 by DCLG for future years.

15 The collection fund surplus is distributed to the precepting authorities pro rata to their share of the precepts.

16 Council Tax is forecast to increase by £4.95 per annum for the rest of the planning period. A 1% per annum increase in the tax base has also been assumed.

17 New Homes Bonus reduced to 4 year payments from 2018/19, with a minimum delivery of 0.4% growth.

18 Forecast (surplus) / deficit.

19 Forecast General Fund Balance.

ANNEX 9

TREASURY MANAGEMENT STRATEGY

1 INTRODUCTION

1.1 Background

Treasury management is concerned with planning cash flow, investing surplus cash and arranging borrowing as required. CIPFA defines treasury management as:

“The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

1.2 Reporting requirements

Treasury management is reported to Council, Cabinet and Governance throughout the year as follows -

Prudential and treasury indicators and treasury strategy (this report) – Must be approved by Council, it covers:

- the capital plans (including prudential indicators);
- a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

Quarterly management reports – Reports to Governance update the progress of the capital position, amend prudential indicators if necessary, and advise whether the treasury strategy or policies require any revision.

Annual treasury report – Report to Cabinet and Governance to provide details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

1.3 Treasury Management Strategy for 2017/18

The strategy for 2017/18 covers two main areas:

Capital issues

- the capital plans and the prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;

- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, CLG MRP Guidance, the CIPFA Treasury Management Code and CLG Investment Guidance.

1.4 Treasury management advisors

The Council uses Capita Asset Services as its external treasury management advisors. The Council is currently undertaking a procurement exercise to appoint advisors for 2017/18 to 2019/20, the results of this execrise will be reported to Governance in the first quarterly report of 2017/18.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

2 THE CAPITAL PRUDENTIAL INDICATORS 2016/17 – 2019/20

2.1 Capital expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

	2015/16 Actual £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
Capital expenditure:					
General Fund	5,763	7,623	69,554	65,878	103,213
HRA	5,607	5,513	12,470	4,684	4,684
Total	**11,370**	**13,136**	**82,024**	**70,562**	**107,897**
Financed by:					
Capital receipts	1,334	1,256	4,510	2,575	0
Capital grants	4,642	4,645	2,985	3,003	438
Capital reserves	2,765	3,000	3,000	3,000	3,000
Other reserves	1,129	2,517	9,845	3,150	2,775
Revenue	1,500	1,718	1,684	1,684	1,684
External borrowing	0	0	60,000	57,150	100,000
Net financing need for the year	**11,370**	**13,136**	**82,024**	**70,562**	**107,897**

2.2 The Council's borrowing need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each asset's life.

The Council is asked to approve the CFR projections below:

Capital Financing Requirement	2015/16 Actual £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
CFR – non housing	11,685	236,685	236,685	236,685	236,685
CFR – housing	78,375	76,288	74,135	71,912	69,618
Total CFR	**90,060**	**312,973**	**310,820**	**308,597**	**306,303**
Movement in CFR		222,913	(2,154)	(2,223)	(2,294)

Movement in CFR represented by					
Net financing need for the year (above)		225,000	0	0	0
Less capital repayments		(2,087)	(2,154)	(2,223)	(2,294)
Movement in CFR		**222,913**	**(2,154)**	**(2,223)**	**(2,294)**

2.3 Core funds and expected investment balances

The application of resources (capital receipts, reserves, etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.).

3 BORROWING

3.1 Borrowing

The capital expenditure plans, set out within the MTFP, provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of approporiate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

3.2 Current portfolio position

The Council's treasury portfolio position at 31 March 2016, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing

Requirement - CFR), highlighting any over or under borrowing.

	2015/16 Actual £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
External Debt at 1 April	91,873	89,851	312,764	310,611	308,388
Expected change in Debt					
HRA PWLB repayments	(2,022)	(2,087)	(2,153)	(2,223)	(2,294)
DLC[1] borrowing allowance	0	25,000	0	0	0
PIS[2] borrowing allowance	0	200,000	0	0	0
Actual gross debt at 31 March	**89,851**	**312,764**	**310,611**	**308,388**	**306,094**
Capital Financing Requirement	90,060	312,973	310,820	308,597	306,303
Under / (over) borrowing	**209**	**209**	**209**	**209**	**209**

Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2017/18 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The Director of Finance, Housing & Community (Section 151 Officer) reports that the Council complied with this prudential indicator in the current year and is expected to do so in the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

3.3 Treasury Indicators: limits to borrowing activity

The operational boundary - This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

Operational boundary	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
Debt	338,500	338,500	338,500	338,500

The authorised limit for external debt - A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

1. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
2. The Council is asked to approve the following authorised limit:

Authorised limit	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000

[1] Dover Leisure Centre
[2] Property Investment Strategy

General Fund Debt Limit	247,500	247,500	247,500	247,500
HRA Debt Limit	91,000	91,000	91,000	91,000
Total	338,500	338,500	338,500	338,500

Separately, the Council is also limited to a maximum HRA CFR through the HRA self-financing regime. This limit is currently:

HRA Debt Limit £m	**2016/17 Estimate**	**2017/18 Estimate**	**2018/19 Estimate**	**2019/20 Estimate**
HRA debt cap	90,778	90,778	90,778	90,778
HRA CFR	78,375	76,288	74,135	71,912
HRA headroom	12,403	14,490	16,643	18,866

3.4 Prospects for interest rates

Capita Asset Services is the Council's treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table and additional information below gives their central view.

	Bank Rate	***PWLB Borrowing Rates % (including certainty rate adjustment)***		
	%	***5 year***	***25 year***	***50 year***
Mar-17	*0.25*	*1.60*	*2.90*	*2.70*
Jun-17	*0.25*	*1.60*	*2.90*	*2.70*
Sep-17	*0.25*	*1.60*	*2.90*	*2.70*
Dec-17	*0.25*	*1.60*	*3.00*	*2.80*
Mar-18	*0.25*	*1.70*	*3.00*	*2.80*
Jun-18	*0.25*	*1.70*	*3.00*	*2.80*
Sep-18	*0.25*	*1.70*	*3.10*	*2.90*
Dec-18	*0.25*	*1.80*	*3.10*	*2.90*
Mar-19	*0.25*	*1.80*	*3.20*	*3.00*
Jun-19	*0.50*	*1.90*	*3.20*	*3.00*
Sep-19	*0.50*	*1.90*	*3.30*	*3.10*
Dec-19	*0.75*	*2.00*	*3.30*	*3.10*
Mar-20	*0.75*	*2.00*	*3.40*	*3.20*

The Monetary Policy Committee, (MPC), cut Bank Rate from 0.50% to 0.25% on 4th August in order to counteract what it forecast was going to be a sharp slowdown in growth in the second half of 2016. It also gave a strong steer that it was likely to cut Bank Rate again by the end of the year. However, economic data since August has indicated much stronger growth in the second half of 2016 than that forecast; also, inflation forecasts have risen substantially as a result of a continuation of the sharp fall in the value of sterling since early August. Consequently, Bank Rate was not cut again in November or December and, on current trends, it now appears unlikely that there will be another cut, although that cannot be completely ruled out if there was a significant dip downwards in economic growth. During the two-year period 2017 – 2019, when the UK is negotiating the terms for withdrawal from the EU, it is likely that the MPC will do nothing to dampen growth prospects, (i.e. by raising Bank Rate), which will already be adversely impacted by the uncertainties of what form Brexit will eventually take. Accordingly, a first increase to 0.50% is not tentatively pencilled in, as in the table above, until quarter 2 2019, after those negotiations have been concluded, (though the period for negotiations could be extended). However, if strong domestically generated inflation, *(e.g. from wage increases within the UK), were to emerge, then the pace and timing of increases in Bank Rate could be brought forward.*

Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently. PWLB rates and gilt yields have been experiencing exceptional levels of volatility that have been highly correlated to geo-political, sovereign debt crisis and emerging market developments. It is likely that these exceptional levels of volatility could continue to occur for the foreseeable future.

The overall balance of risks to economic recovery in the UK is to the downside, particularly in view of the current uncertainty over the final terms of Brexit and the timetable for its implementation.

Apart from the above uncertainties, downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- *Monetary policy action by the central banks of major economies reaching its limit of effectiveness and failing to stimulate significant sustainable growth, combat the threat of deflation and reduce high levels of debt in some countries, combined with a lack of adequate action from national governments to promote growth through structural reforms, fiscal policy and investment expenditure.*
- *Major national polls:*
    - *Italian constitutional referendum 4.12.16 resulted in a 'No' vote which led to the resignation of Prime Minister Renzi. This means that Italy needs to appoint a new government.*
    - *Spain has a minority government with only 137 seats out of 350 after already having had two inconclusive general elections in 2015 and 2016. This is potentially highly unstable.*
    - *Dutch general election 15.3.17;*
    - *French presidential election April/May 2017;*
    - *French National Assembly election June 2017;*
    - *German Federal election August – October 2017.*
- *A resurgence of the Eurozone sovereign debt crisis, with Greece being a particular problem, and stress arising from disagreement between EU countries on free movement of people and how to handle a huge influx of immigrants and terrorist threats*
- *Weak capitalisation of some European banks, especially Italian.*
- *Geopolitical risks in Europe, the Middle East and Asia, causing a significant increase in safe haven flows.*
- *UK economic growth and increases in inflation are weaker than we currently anticipate.*
- *Weak growth or recession in the UK's main trading partners - the EU and US.*

The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates, include: -

- *UK inflation rising to significantly higher levels than in the wider EU and in the US, causing an increase in the inflation premium in gilt yields.*
- *A rise in US Treasury yields as a result of Fed. funds rate increases and rising inflation expectations in the USA, dragging UK gilt yields upwards.*
- *The pace and timing of increases in the Fed. funds rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.*
- *A downward revision to the UK's sovereign credit rating undermining investor confidence in holding sovereign debt (gilts).*

Investment and borrowing rates

- *Investment returns are likely to remain low during 2017/18 and beyond;*
- *There will remain a cost to any new long-term borrowing that causes a temporary increase in cash balances – the difference between borrowing costs and investment returns.*

3.5 Borrowing strategy

The Director of Finance, Housing & Community will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- if it was felt that there was a significant risk of a sharp fall in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.
- if it was felt that there was a significant risk of a much sharper rise in long and short term rates than that currently forecast, then the portfolio position will be reappraised with the likely action that fixed rate funding will be drawn whilst interest rates are still lower than they will be in the next few years.

Any decisions will be reported at the next available opportunity.

3.6 Borrowing in advance of need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

3.7 Debt rescheduling

As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt, redeem or rescedule exisiting debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt. The Council periodically takes advice from its treasury management advisors on debt rescheduling options.

3.8 Municipal Bond Agency

It is likely that the Municipal Bond Agency, currently in the process of being set up, will be offering loans to local authorities in the near future. It is also hoped that the borrowing rates will be lower than those offered by the Public Works Loan Board (PWLB). This Authority intends to consider use of this new source of borrowing as and when appropriate.

3.9 Treasury indicators for debt

There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments;
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

	2016/17	2017/18	2018/19
Interest rate exposures			
	Upper	**Upper**	**Upper**
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	30%	30%	30%

Maturity structure of fixed interest rate borrowing 2016/17		
	Lower	**Upper**
Under 12 months	0%	50%
12 months to 2 years	0%	50%
2 years to 5 years	0%	50%
5 years to 10 years	0%	100%
10 years and above	0%	100%

3.10 Minimum revenue provision (MRP) policy statement

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

CLG regulations have been issued which require the full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement:

For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be chosen from the most appropriate on a case by case basis:

- **Existing practice** - MRP will follow the existing practice outlined in former CLG regulations;

From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be*:*

- **Asset life method** – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction);
- **Depreciation method** – MRP will follow standard depreciation accounting procedures.

These options provide for a reduction in the borrowing need over approximately the asset's life. Repayments included in annuity loans are applied as MRP.

There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made (although there are transitional arrangements in place).

4 ANNUAL INVESTMENT STRATEGY

4.1 Investment policy

The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second and then return.

In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as “credit default swaps” and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

Investment instruments identified for use in the financial year are listed below. Counterparty limits will be as set through the Council’s treasury management practices.

4.2 Creditworthiness policy

This Council currently applies the creditworthiness service provided by Capita Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody’s and Standard and Poor’s. The credit ratings of counterparties are supplemented with the following overlays:

- Credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- Sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit Watches and credit Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour Not to be used

The Capita Asset Services creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue reliance on just one agency’s ratings.

Typically the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored weekly. The Council is alerted to changes to ratings of all three agencies through its use of Capita Assets Services’ creditworthiness service.

- If a downgrade results in the counterparty / investment scheme no longer meeting the Council’s minimum criteria, its further use as a new investment will be withdrawn immediately.
- In addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and

other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on government support for banks and the credit ratings of that supporting government.

In House Investments

Institution	Type	Minimum Credit Criteria	% / Value	Max period[3]
DMO	Deposit	N/A	100%	N/A
Local Authorities	Deposit	N/A	100%	N/A
UK part nationalised banks[4]	Deposit	Green	£8m	1 year
NatWest	Deposit	Green	£20m	1 year
Other UK banks and building societies	Deposit	Green	£8m	1 year

Non Specified Investments

Type	Value	Max period
Property Funds[5]	£8m	15 years

Direct Property Investments

On 30th November 2016 Council approved the Property Investment Strategy. This approved investing up to £200m in commercial and residential property, either directly or through a property company, in order to increase economic regeneration and generate returns.

Fund Manager Investments

(Limits for an external fund manager have been retained in the strategy to allow for the introduction of a fund manager in the future if appropriate.)

Institution	Type	Minimum Credit Criteria	% / Value	Max period[6]
UK part nationalised banks	Deposit	Short-term F1 Long-term A Support 1	£3m	1 year
Other UK banks and building societies	Deposit	Short-term F1 Long-term A Support 1	£3m	1 year
Banks part nationalised by high credit rated countries non UK	Deposit	Short-term F1 Long-term A Support 3 Sovereign rating AA+	£1m	1 year

[3] For the purposes of the table above, in order to keep within the intended spirit of the maximum investment period, 6 months means "up to 186 days" and 1 year means "up to 370 days".
[4] Due to the constraints in finding counter parties within the policy UK part nationalised banks will continue to be considered for investments of up to 1 year, on a case by case basis, so long as the credit criteria remains at least 6 months.
[5] These are indicative values to be reviewed if investment undertaken. Any changes to the limits to be delegated to the Director of Finance, Housing and Community, in consultation with the portfolio holder responsible for Finance.
[6] For the purposes of the table above, in order to keep within the intended spirit of the maximum investment period, 6 months means "up to 186 days" and 1 year means "up to 370 days".

Institution	Type	Minimum Credit Criteria	% / Value	Max period[6]
Certificates of deposit issued by banks and building societies covered by UK government guarantee	Deposit	UK sovereign rating	100%	2 years
UK government gilts	Deposit	UK sovereign	Up to 50%	10 years
Bonds issued by multilateral development banks	Deposit	AAA	Up to 50%	10 years
Bond issuance issued by a financial institution which is explicitly guaranteed by the UK Government	Deposit	UK Sovereign rating	£1m	5 years
Sovereign bond issued in Sterling	Deposit	AAA	Up to 50%	10 years
Treasury Bills	Deposit	UK sovereign rating	£3m	1 year

4.3 Country limits

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of *AA+* from Fitch . The list of countries that currently qualify using this credit criteria as at the date of this report are shown below:

AAA	**AA+**
Australia	*Finland*
Canada	*USA*
Denmark	*Hong Kong*
Germany	
Luxembourg	
Netherlands	
Norway	
Singapore	
Sweden	
Switzerland	

This list will be added to, or deducted from, by officers should ratings change in accordance with this policy. The UK (currently rated AA) is excluded from any stipulated minimum sovereign rating requirement.

4.4 Investment strategy

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

In house investments (excluding property investments and property funds) are currently limited to the DMO, other Local Authorities, UK banks and those banks domiciled in the UK from the countries advised by our investment managers, as listed above, where deposits may be made in stirling so long as they pass our UK credit-worthiness checks; a maximum of £8m can be invested per institution with the exception of the Council's operational bank where the limit will be £20m to cover short term fluctuations in cash flow.

Investment treasury indicator and limit - total principal funds invested for greater than 364 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the treasury indicator and limit:

Maximum principal sums invested > 364 days			
	2016/17	**2017/18**	**2018/19**
Principal sums invested > 364 days	£24m	£24m	£24m

For its cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts, money market funds and short-dated deposits (overnight to 100 days) in order to benefit from the compounding of interest.

4.5 Investment risk benchmarking

These benchmarks are simple guides to maximum risk, so they may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the quarterly or annual reports.

Security - The Council's maximum security risk benchmark for the current portfolio, when compared to these historic default tables, is:

- 1.25% historic risk of default when compared to the whole portfolio.

Liquidity – in respect of this area the Council seeks to maintain:

- Liquid short term deposits of at least £1m available with a day's notice
- Liquid short term deposits of at least a further £1m available with a week's notice.

Yield - local measures of yield benchmarks are:

- Investments – internal returns above the 7 day LIBID rate
- Investments – external fund managers - returns 110% above 7 day compounded LIBID.

4.6 End of year investment report

At the end of the financial year, the Council will report on its investment activity as part of its Treasury Management Year End Report.

4.7 External fund managers

The Council is not currently employing the services of an external fund manager. If an external fund manager is utilised in the future they will be required to comply with the Annual Investment Strategy. The agreement between the Council and the fund manager would additionally stipulate guidelines and duration and other limits in order to contain and control risk.

5 TREASURY MANAGEMENT SCHEME OF DELEGATION

5.1 Full Council

- Receiving and reviewing reports on treasury management policies, practices and activities;
- Approval of annual strategy.

5.2 Cabinet

- Approval of / amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- Budget consideration and approval;
- Approval of the division of responsibilities;
- Receiving and reviewing regular monitoring reports and acting on recommendations;
- Approving the selection of external service providers and agreeing terms of appointment.

5.3 Governance Committee

- Receiving and reviewing reports on treasury management policies, practices and activities;
- Reviewing the treasury management policy and procedures and making recommendations to the responsible body.

5.4 The treasury management role of the Director of Finance, Housing & Community (section 151 officer):

- Recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- Submitting regular treasury management policy reports;
- Submitting budgets and budget variations;
- Receiving and reviewing management information reports;
- Reviewing the performance of the treasury management function;
- Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- Ensuring the adequacy of internal audit, and liaising with external audit;
- Recommending the appointment of external service providers.

6 ECONOMIC BACKGROUND (Extract from report provided by Capita Asset Services)

6.1 UK

GDP growth rates *in 2013, 2014 and 2015 of 2.2%, 2.9% and 1.8% were some of the strongest rates among the G7 countries. Growth is expected to have strengthened in 2016* *with the first three quarters coming in respectively at +0.4%, +0.7% and +0.6%. The latest Bank of England forecast for growth in 2016 as a whole is +2.2%. The figure for quarter 3 was a pleasant surprise which confounded the downbeat forecast by the Bank of England in August of only +0.1%, (subsequently revised up in September, but only to +0.2%). During most of 2015 and the first half of 2016, the economy had faced headwinds for exporters from the appreciation of sterling against the Euro, and weak growth in the EU, China and emerging markets, and from the dampening effect of the Government's continuing austerity programme.*

*The **referendum vote for Brexit** in June 2016 delivered an immediate shock fall in confidence indicators and business surveys at the beginning of August, which were interpreted by the Bank of England in its August Inflation Report as pointing to an impending sharp slowdown in the economy. However, the following monthly surveys in September showed an equally sharp recovery in confidence and business surveys so that it is generally expected that the economy will post reasonably strong growth numbers through the second half of 2016 and also in 2017, albeit at a slower pace than in the first half of 2016.*

*The **Monetary Policy Committee, (MPC), meeting of 4th August** was therefore dominated by countering this expected sharp slowdown and resulted in a package of measures that included a cut in Bank Rate from 0.50% to 0.25%, a renewal of quantitative easing, with £70bn made available for purchases of gilts and corporate bonds, and a £100bn tranche of cheap borrowing being made available for banks to use to lend to businesses and individuals.*

*The **MPC meeting of 3 November** left Bank Rate unchanged at 0.25% and other monetary policy measures also remained unchanged. This was in line with market expectations, but a major change from the previous quarterly Inflation Report MPC meeting of 4 August, which had given a strong steer, in its forward guidance, that it was likely to cut Bank Rate again, probably by the end of the year if economic data turned out as forecast by the Bank. The MPC meeting of 15 December also left Bank Rate and other measures unchanged.*

*The latest MPC decision included a forward view that **Bank Rate** could go either <u>up or down</u> depending on how economic data evolves in the coming months. Our central view remains that Bank Rate will remain unchanged at 0.25% until the first increase to 0.50% in quarter 2 2019 (unchanged from our previous forecast). However, we would not, as yet, discount the risk of a cut in Bank Rate if economic growth were to take a significant dip downwards, though we think this is unlikely. We would also point out that forecasting as far ahead as mid 2019 is highly fraught as there are many potential economic headwinds which could blow the UK economy one way or the other as well as political developments in the UK, (especially over the terms of Brexit), EU, US and beyond, which could have a major impact on our forecasts.*

The pace of Bank Rate increases in our forecasts has been slightly increased beyond the three year time horizon to reflect higher inflation expectations.

*The August quarterly Inflation Report was based on a pessimistic forecast of near to zero GDP growth in quarter 3 i.e. a sharp slowdown in growth from +0.7% in quarter 2, in reaction to the shock of the result of the referendum in June. However, **consumers** have very much stayed in a 'business as usual' mode and there has been no sharp downturn in spending; it is consumer expenditure that underpins the services sector which comprises about 75% of UK GDP. After a fairly flat three months leading up to October, retail sales in quarter 4 grew reasonably strongly, increasing by 1.2% and added 0.1% to GDP growth. In addition, the GfK consumer confidence index recovered quite strongly to -3 in October after an initial sharp plunge in July to -12 in reaction to the referendum result. However, by December it had fallen back to -7 indicating a return to pessimism about* *future prospects among consumers, probably based mainly around concerns about rising inflation eroding purchasing power.*

Bank of England GDP forecasts *in the November quarterly Inflation Report were as follows, (August forecasts in brackets) - 2016 +2.2%, (+2.0%); 2017 1.4%, (+0.8%); 2018 +1.5%, (+1.8%). There has, therefore, been a sharp increase in the forecast for 2017, a marginal increase in 2016 and a small decline in growth, now being delayed until 2018, as a result of the impact of Brexit.*

Capital Economics' GDP forecasts *are as follows: 2016 +2.0%; 2017 +1.5%; 2018 +2.5%. They feel that pessimism is still being overdone by the Bank and Brexit will not have as big an effect as initially feared by some commentators.*

The Chancellor *has said he will do 'whatever is needed' i.e. to* **promote growth***; there are two main options he can follow – fiscal policy e.g. cut taxes, increase investment allowances for businesses, and/or increase government expenditure on infrastructure, housing etc. This will mean that the PSBR deficit elimination timetable will need to slip further into the future as promoting growth, (and ultimately boosting tax revenues in the longer term), will be a more urgent priority. The Governor of the Bank of England, Mark Carney, had warned that a vote for Brexit would be likely to cause a slowing in growth, particularly from a reduction in business investment, due to the uncertainty of whether the UK would have continuing full access, (i.e. without tariffs), to the EU single market. He also warned that the Bank could not do all the heavy lifting to boost economic growth and suggested that the Government would need to help growth e.g. by increasing investment expenditure and by using fiscal policy tools. The newly appointed Chancellor, Phillip Hammond, announced, in the aftermath of the referendum result and the formation of a new Conservative cabinet, that the target of achieving a budget surplus in 2020 would be eased in the Autumn Statement on 23 November. This was duly confirmed in the Statement which also included some increases in infrastructure spending.*

The other key factor in forecasts for Bank Rate is ***inflation*** *where the MPC aims for a target for CPI of 2.0%. The November Inflation Report included an increase in the peak forecast for inflation from 2.3% to 2.7% during 2017; (Capital Economics are forecasting a peak of just under 3% in 2018). This increase was largely due to the effect of the sharp fall in the value of sterling since the referendum, although during November, sterling has recovered some of this fall to end up 15% down against the dollar, and 8% down against the euro (as at the MPC meeting date – 15.12.16).This depreciation will feed through into a sharp increase in the cost of imports and materials used in production in the UK. However, the MPC is expected to look through the acceleration in inflation caused by external, (outside of the UK), influences, although it has given a clear warning that if wage inflation were to rise significantly as a result of these cost pressures on consumers, then they would take action to raise Bank Rate.*

What is clear is that ***consumer disposable income*** *will come under pressure, as the latest employers' survey is forecasting median pay rises for the year ahead of only 1.1% at a time when inflation will be rising significantly higher than this. The CPI figure has been on an upward trend in 2016 and reached 1.6% in December. However, prices paid by factories for inputs are rising very strongly although producer output prices are still lagging well behind.*

Gilt yields, and consequently PWLB rates*, have risen sharply since hitting a low point in mid-August. There has also been huge volatility during 2016 as a whole. The year started with 10 year gilt yields at 1.88%, fell to a low point of 0.53% on 12 August, and hit a new peak on the way up again of 1.55% on 15 November. The rebound since August reflects the initial combination of the yield-depressing effect of the MPC's new round of* *quantitative easing on 4 August, together with expectations of a sharp downturn in expectations for growth and inflation as per the pessimistic Bank of England Inflation Report forecast, followed by a sharp rise in growth expectations since August when subsequent business surveys, and GDP growth in quarter 3 at +0.5% q/q, confounded the pessimism. Inflation expectations also rose sharply as a result of the continuing fall in the value of sterling.*

***Employment** had been growing steadily during 2016 but encountered a first fall in over a year, of 6,000, over the three months to October. The latest employment data in December, (for November), was distinctly weak with an increase in unemployment benefits claimants of 2,400 in November and of 13,300 in October. **House prices** have been rising during 2016 at a modest pace but the pace of increase has slowed since the referendum; a downturn in prices could dampen consumer confidence and expenditure.*

6.2 Eurozone (EZ)

There are significant specific political and other risks within the EZ:

- ***Greece** continues to cause major stress in the EU due to its tardiness and reluctance in implementing key reforms required by the EU to make the country more efficient and to make significant progress towards the country being able to pay its way – and before the EU is prepared to agree to release further bail out funds.*
- ***Spain** has had two inconclusive general elections in 2015 and 2016, both of which failed to produce a workable government with a majority of the 350 seats. At the eleventh hour on 31 October, before it would have become compulsory to call a third general election, the party with the biggest bloc of seats (137), was given a majority confidence vote to form a government. This is potentially a highly unstable situation, particularly given the need to deal with an EU demand for implementation of a package of austerity cuts which will be highly unpopular.*
- *The under capitalisation of **Italian banks** poses a major risk. Some **German banks** are also undercapitalised, especially Deutsche Bank, which is under threat of major financial penalties from regulatory authorities that will further weaken its capitalisation. What is clear is that national governments are forbidden by EU rules from providing state aid to bail out those banks that are at risk, while, at the same time, those banks are unable realistically to borrow additional capital in financial markets due to their vulnerable financial state. However, they are also 'too big, and too important to their national economies, to be allowed to fail'.*
- ***4 December Italian constitutional referendum** on reforming the Senate and reducing its powers; this was also a confidence vote on Prime Minister Renzi who has resigned on losing the referendum. However, there has been remarkably little fall out from this result which probably indicates that the financial markets had already fully priced it in. A rejection of these proposals is likely to inhibit significant progress in the near future to fundamental political and economic reform which is urgently needed to deal with Italy's core problems, especially low growth and a very high debt to GDP ratio of 135%. These reforms were also intended to give Italy more stable government as no western European country has had such a multiplicity of governments since the Second World War as Italy, due to the equal split of power between the two chambers of the Parliament which are both voted in by the Italian electorate but by using different voting systems. It is currently unclear what the political, and other, repercussions are from this result.*
- ***Dutch general election 15.3.17**; a far right party is currently polling neck and neck with the incumbent ruling party. In addition, anti-big business and anti-EU activists have already collected two thirds of the 300,000 signatures required to force a referendum to*

be taken on approving the EU – Canada free trade pact. This could delay the pact until a referendum in 2018 which would require unanimous approval by all EU governments before it can be finalised. In April 2016, Dutch voters rejected by 61.1% an EU – Ukraine cooperation pact under the same referendum law. Dutch activists are concerned by the lack of democracy in the institutions of the EU.

- ***French presidential election;*** *first round 13 April; second round 7 May 2017.*
- ***French National Assembly election****; June 2017.*
- ***German Federal election August – 22 October 2017.*** *This could be affected by significant shifts in voter intentions as a result of terrorist attacks, dealing with a huge influx of immigrants and a rise in anti EU sentiment.*

6.3 Brexit timetable and process

- *March 2017: UK government notifies the European Council of its intention to leave under the Treaty on European Union Article 50*
- *March 2019: two-year negotiation period on the terms of exit. This period can be extended with the agreement of all members i.e. not that likely.*
- *UK continues as an EU member during this two-year period with access to the single market and tariff free trade between the EU and UK.*
- *The UK and EU would attempt to negotiate, among other agreements, a bi-lateral trade agreement over that period.*
- *The UK would aim for a negotiated agreed withdrawal from the EU, although the UK may also exit without any such agreements.*
- *If the UK exits without an agreed deal with the EU, World Trade Organisation rules and tariffs could apply to trade between the UK and EU - but this is not certain.*
- *On exit from the EU: the UK parliament would repeal the 1972 European Communities Act.*
- *The UK will then no longer participate in matters reserved for EU members, such as changes to the EU's budget, voting allocations and policies.*
- *It is possible that some sort of agreement could be reached for a transitional time period for actually implementing Brexit after March 2019 so as to help exporters to adjust in both the EU and in the UK.*

7 TREASURY MANAGEMENT SCHEME OF DELEGATION

7.1 Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

7.2 Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs (net of investment income) against the net revenue stream.

	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
GF	(0.05%)	(0.10%)	0.06%	0.06%	0.07%
HRA	14.91%	14.32%	14.31%	13.70%	12.17%

The estimates of financing costs include current commitments and the proposals in this budget report.

7.3 Incremental impact of capital investment decisions on Band D council tax

This indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended in this budget report compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support.

	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Council tax - band D	£6.65	£3.22	£0.66	£0.58	£0.28

7.4 Estimates of the incremental impact of capital investment decisions on housing rent levels

Similar to the council tax calculation, this indicator identifies the trend in the cost of proposed changes in the housing capital programme recommended in this budget report compared to the Council's existing commitments and current plans, expressed as a discrete impact on weekly rent levels.

	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Weekly housing rent levels	£5.67	£7.25	£7.75	£7.69	£7.77

This indicator shows the revenue impact on any newly proposed changes, although any discrete impact will be constrained by rent controls.

Recommendations from this Section

It is recommended that Cabinet:

- Delegate to the Director of Finance, Housing and Community, in consultation with the portfolio holder responsible for Finance, the amendment of the level and period of investment in property funds.

It is recommended that Council:

- Approve the Treasury Management Strategy, including the Prudential Indicators and Minimum Revenue Provision statement.

Annex 10A

Resolution to set the Council Tax

COUNCIL 1 MARCH 2017

The Council is recommended to resolve the following in relation to Council Tax for 2017/18 and these determinations are consequent upon the adoption of the budget recommended by Cabinet for that financial year:

(1) It be noted that on 25th January 2017 the Council calculated the Council Tax Base for 2017/18

(a) as 37,204.40 for the whole Council area [Item T in the formula in Section 31B(1) of the Local Government Finance Act 1992, as amended (the "Act")] and,

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

Part of the Council's Area	Tax Base
Alkham	306.43
Ash	1,120.04
Aylesham	1,103.18
Capel-le-Ferne	626.51
Deal	6,594.87
Denton-with-Wootton	172.20
Dover	7,924.76
Eastry	779.46
Eythorne	775.78
Goodnestone	173.67
Great Mongeham	268.30
Guston	374.32
Hougham-without	181.32
Langdon	227.85
Lydden	253.51
Nonington	295.17
Northbourne	269.79
Preston	302.76
Ringwould-with-Kingsdown	1,013.04
Ripple	150.81
River	1,497.88
St Margarets-at-Cliffe	1,283.08
Sandwich	1,925.51
Shepherdswell-with-Coldred	738.74
Sholden	670.64
Staple	228.32
Stourmouth	111.50
Sutton-by-Dover	305.59
Temple Ewell	639.36
Tilmanstone	153.23
Walmer	3,277.47
Whitfield	1,899.84
Wingham	672.16
Woodnesborough	442.87
Worth	444.44
	37,204.40

(2) That the Council Tax requirement for the Council's own purposes (excluding Parish precepts) for 2017/18 is calculated as: £6,599,689

(3) That the following amounts be calculated by the Council for the year 2017/18 in accordance with Sections 31 to 36 of the Act:

(a) £104,964,674 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.

(b) £96,037,552 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.

(c) £8,927,122 being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year. (Item R in the formula in Section 31B(1) of the Act).

(d) £239.95 being the amount at 3(c) above (Item R), all divided by Item T (1(a) above), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).

(e) £2,327,433 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act.

(f) £177.39 being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (1(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates. *(Council Tax at Band D for District Excluding Parish Precepts).*

(g)

Town and Parish Councils	£
Alkham	203.24
Ash	243.12
Aylesham	257.16
Capel-le-Ferne	218.88
Deal	235.40
Denton-with-Wootton	246.63
Dover	267.87
Eastry	242.20
Eythorne	225.79
Goodnestone	214.82
Great Mongeham	210.14
Guston	283.78
Hougham-without	228.90
Langdon	235.48
Lydden	236.84
Nonington	207.64
Northbourne	213.50
Preston	230.76
Ringwould-with-Kingsdown	215.71
Ripple	206.31
River	219.32
St Margarets-at-Cliffe	245.26
Sandwich	261.71
Shepherdswell-with-Coldred	227.94
Sholden	227.42
Staple	206.35
Stourmouth	231.44
Sutton-by-Dover	212.24
Temple Ewell	216.68
Tilmanstone	221.12
Walmer	214.52
Whitfield	232.87
Wingham	264.26
Woodnesborough	218.00
Worth	222.07

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

(3) (h)

	Valuation Bands							
	A	B	C	D	E	F	G	H
Town and Parish Councils	£	£	£	£	£	£	£	£
Alkham	135.49	158.08	180.66	203.24	248.40	293.57	338.73	406.48
Ash	162.08	189.09	216.11	243.12	297.15	351.17	405.20	486.24
Aylesham	171.44	200.01	228.59	257.16	314.31	371.45	428.60	514.32
Capel-le-Ferne	145.92	170.24	194.56	218.88	267.52	316.16	364.80	437.76
Deal	156.93	183.09	209.24	235.40	287.71	340.02	392.33	470.80
Denton-with-Wootton	164.42	191.82	219.23	246.63	301.44	356.24	411.05	493.26
Dover	178.58	208.34	238.11	267.87	327.40	386.92	446.45	535.74
Eastry	161.47	188.38	215.29	242.20	296.02	349.84	403.67	484.40
Eythorne	150.53	175.61	200.70	225.79	275.97	326.14	376.32	451.58
Goodnestone	143.21	167.08	190.95	214.82	262.56	310.30	358.03	429.64
Great Mongeham	140.09	163.44	186.79	210.14	256.84	303.54	350.23	420.28
Guston	189.19	220.72	252.25	283.78	346.84	409.90	472.97	567.56
Hougham-without	152.60	178.03	203.47	228.90	279.77	330.63	381.50	457.80
Langdon	156.99	183.15	209.32	235.48	287.81	340.14	392.47	470.96
Lydden	157.89	184.21	210.52	236.84	289.47	342.10	394.73	473.68
Nonington	138.43	161.50	184.57	207.64	253.78	299.92	346.07	415.28
Northbourne	142.33	166.06	189.78	213.50	260.94	308.39	355.83	427.00
Preston	153.84	179.48	205.12	230.76	282.04	333.32	384.60	461.52
Ringwould-with-Kingsdown	143.81	167.77	191.74	215.71	263.65	311.58	359.52	431.42
Ripple	137.54	160.46	183.39	206.31	252.16	298.00	343.85	412.62
River	146.21	170.58	194.95	219.32	268.06	316.80	365.53	438.64
St Margarets-at-Cliffe	163.51	190.76	218.01	245.26	299.76	354.26	408.77	490.52
Sandwich	174.47	203.55	232.63	261.71	319.87	378.03	436.18	523.42
Shepherdswell-with-Coldred	151.96	177.29	202.61	227.94	278.59	329.25	379.90	455.88
Sholden	151.61	176.88	202.15	227.42	277.96	328.50	379.03	454.84
Staple	137.57	160.49	183.42	206.35	252.21	298.06	343.92	412.70
Stourmouth	154.29	180.01	205.72	231.44	282.87	334.30	385.73	462.88
Sutton-by-Dover	141.49	165.08	188.66	212.24	259.40	306.57	353.73	424.48
Temple Ewell	144.45	168.53	192.60	216.68	264.83	312.98	361.13	433.36
Tilmanstone	147.41	171.98	196.55	221.12	270.26	319.40	368.53	442.24
Walmer	143.01	166.85	190.68	214.52	262.19	309.86	357.53	429.04
Whitfield	155.25	181.12	207.00	232.87	284.62	336.37	388.12	465.74
Wingham	176.17	205.54	234.90	264.26	322.98	381.71	440.43	528.52
Woodnesborough	145.33	169.56	193.78	218.00	266.44	314.89	363.33	436.00
Worth	148.05	172.72	197.40	222.07	271.42	320.77	370.12	444.14

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

(4) That it be noted for the year

2017/18

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

	Valuation Bands							
	A	B	C	D	E	F	G	H
Precepting Authority:	£	£	£	£	£	£	£	£
Kent County Council	785.88	916.86	1,047.84	1,178.82	1,440.78	1,702.74	1,964.70	2,357.64
The Police & Crime Commissioner for Kent	104.77	122.23	139.69	157.15	192.07	226.99	261.92	314.30
Kent & Medway Fire & Rescue Service	48.90	57.05	65.20	73.35	89.65	105.95	122.25	146.70

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

2017/18

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

	Valuation Bands							
	A	B	C	D	E	F	G	H
Town and Parish Councils	£	£	£	£	£	£	£	£
Alkham	1,075.04	1,254.22	1,433.39	1,612.56	1,970.90	2,329.25	2,687.60	3,225.12
Ash	1,101.63	1,285.23	1,468.84	1,652.44	2,019.65	2,386.85	2,754.07	3,304.88
Aylesham	1,110.99	1,296.15	1,481.32	1,666.48	2,036.81	2,407.13	2,777.47	3,332.96
Capel-le-Ferne	1,085.47	1,266.38	1,447.29	1,628.20	1,990.02	2,351.84	2,713.67	3,256.40
Deal	1,096.48	1,279.23	1,461.97	1,644.72	2,010.21	2,375.70	2,741.20	3,289.44
Denton-with-Wootton	1,103.97	1,287.96	1,471.96	1,655.95	2,023.94	2,391.92	2,759.92	3,311.90
Dover	1,118.13	1,304.48	1,490.84	1,677.19	2,049.90	2,422.60	2,795.32	3,354.38
Eastry	1,101.02	1,284.52	1,468.02	1,651.52	2,018.52	2,385.52	2,752.54	3,303.04
Eythorne	1,090.08	1,271.75	1,453.43	1,635.11	1,998.47	2,361.82	2,725.19	3,270.22
Goodnestone	1,082.76	1,263.22	1,443.68	1,624.14	1,985.06	2,345.98	2,706.90	3,248.28
Great Mongeham	1,079.64	1,259.58	1,439.52	1,619.46	1,979.34	2,339.22	2,699.10	3,238.92
Guston	1,128.74	1,316.86	1,504.98	1,693.10	2,069.34	2,445.58	2,821.84	3,386.20
Hougham-without	1,092.15	1,274.17	1,456.20	1,638.22	2,002.27	2,366.31	2,730.37	3,276.44
Langdon	1,096.54	1,279.29	1,462.05	1,644.80	2,010.31	2,375.82	2,741.34	3,289.60
Lydden	1,097.44	1,280.35	1,463.25	1,646.16	2,011.97	2,377.78	2,743.60	3,292.32
Nonington	1,077.98	1,257.64	1,437.30	1,616.96	1,976.28	2,335.60	2,694.94	3,233.92
Northbourne	1,081.88	1,262.20	1,442.51	1,622.82	1,983.44	2,344.07	2,704.70	3,245.64
Preston	1,093.39	1,275.62	1,457.85	1,640.08	2,004.54	2,369.00	2,733.47	3,280.16
Ringwould-with-Kingsdown	1,083.36	1,263.91	1,444.47	1,625.03	1,986.15	2,347.26	2,708.39	3,250.06
Ripple	1,077.09	1,256.60	1,436.12	1,615.63	1,974.66	2,333.68	2,692.72	3,231.26
River	1,085.76	1,266.72	1,447.68	1,628.64	1,990.56	2,352.48	2,714.40	3,257.28
St Margarets-at-Cliffe	1,103.06	1,286.90	1,470.74	1,654.58	2,022.26	2,389.94	2,757.64	3,309.16
Sandwich	1,114.02	1,299.69	1,485.36	1,671.03	2,042.37	2,413.71	2,785.05	3,342.06
Shepherdswell-with-Coldred	1,091.51	1,273.43	1,455.34	1,637.26	2,001.09	2,364.93	2,728.77	3,274.52
Sholden	1,091.16	1,273.02	1,454.88	1,636.74	2,000.46	2,364.18	2,727.90	3,273.48
Staple	1,077.12	1,256.63	1,436.15	1,615.67	1,974.71	2,333.74	2,692.79	3,231.34
Stourmouth	1,093.84	1,276.15	1,458.45	1,640.76	2,005.37	2,369.98	2,734.60	3,281.52
Sutton-by-Dover	1,081.04	1,261.22	1,441.39	1,621.56	1,981.90	2,342.25	2,702.60	3,243.12
Temple Ewell	1,084.00	1,264.67	1,445.33	1,626.00	1,987.33	2,348.66	2,710.00	3,252.00
Tilmanstone	1,086.96	1,268.12	1,449.28	1,630.44	1,992.76	2,355.08	2,717.40	3,260.88
Walmer	1,082.56	1,262.99	1,443.41	1,623.84	1,984.69	2,345.54	2,706.40	3,247.68
Whitfield	1,094.80	1,277.26	1,459.73	1,642.19	2,007.12	2,372.05	2,736.99	3,284.38
Wingham	1,115.72	1,301.68	1,487.63	1,673.58	2,045.48	2,417.39	2,789.30	3,347.16
Woodnesborough	1,084.88	1,265.70	1,446.51	1,627.32	1,988.94	2,350.57	2,712.20	3,254.64
Worth	1,087.60	1,268.86	1,450.13	1,631.39	1,993.92	2,356.45	2,718.99	3,262.78

(6) That the Council's basic amount of Council Tax for 2017/18 is determined as not being excessive in accordance with principles approved under Section 52ZB of the Local Government Finance Act 1992.

Mike Davis

Director of Finance, Housing and Community

Annex 10B

PARISH AND TOWN COUNCILS 2017/18

Item No	Town and Parish Councils	2016/17 Total Requirement £	2016/17 DDC Grant £	2016/17 Precept £	2016/17 Tax Base	2016/17 Council Tax £	2017/18 Total Requirement £	2017/18 DDC Grant £	2017/18 Precept £	2017/18 Tax Base	2017/18 Council Tax £	Council Tax Increase
1	Alkham	7,500.00	-133.70	7,366.30	298.68	24.66	8,000.00	-77.83	7,922.17	306.43	25.85	4.83%
2	Ash	68,078.85	-1,742.85	66,336.00	1,095.02	60.58	74,635.00	-1,014.50	73,620.50	1,120.04	65.73	8.50%
3	Aylesham	84,114.89	-2,427.89	81,687.00	1,024.03	79.77	89,414.25	-1,413.25	88,001.00	1,103.18	79.77	0.00%
4	Capel-le-Ferne	21,628.00	-422.41	21,205.59	617.71	34.33	26,240.00	-245.88	25,994.12	626.51	41.49	20.86%
5	Deal	387,994.36	-12,273.26	375,721.10	6,477.35	58.01	389,712.55	-7,144.14	382,568.41	6,594.87	58.01	0.00%
6	Denton-with-Wootton	11,646.00	-133.06	11,512.94	167.40	68.78	12,000.00	-77.45	11,922.55	172.20	69.24	0.67%
7	Dover	736,034.80	-33,034.80	703,000.00	7,679.07	91.55	736,229.21	-19,229.21	717,000.00	7,924.76	90.48	-1.17%
8	Eastry	49,531.37	-1,584.37	47,947.00	754.48	63.55	51,439.25	-922.25	50,517.00	779.46	64.81	1.98%
9	Eythorne	37,497.00	-1,258.61	36,238.39	771.20	46.99	38,280.62	-732.62	37,548.00	775.78	48.40	3.00%
10	Goodnestone	6,500.00	-111.90	6,388.10	166.59	38.35	6,565.00	-65.14	6,499.86	173.67	37.43	-2.40%
11	Great Mongeham	8,970.91	-183.91	8,787.00	264.10	33.27	8,894.05	-107.05	8,787.00	268.30	32.75	-1.56%
12	Guston	39,870.00	-326.54	39,543.46	379.08	104.31	40,014.08	-190.08	39,824.00	374.32	106.39	1.99%
13	Hougham-without	9,427.00	-87.55	9,339.45	179.88	51.92	9,390.41	-50.96	9,339.45	181.32	51.51	-0.79%
14	Langdon	12,643.00	-226.89	12,416.11	226.57	54.80	13,368.00	-132.07	13,235.93	227.85	58.09	6.00%
15	Lydden	14,823.00	-101.08	14,721.92	247.63	59.45	15,130.00	-58.84	15,071.16	253.51	59.45	0.00%
16	Nonington	9,000.00	-120.89	8,879.11	293.91	30.21	9,000.00	-70.37	8,929.63	295.17	30.25	0.13%
17	Northbourne	9,890.00	-254.07	9,635.93	264.67	36.41	9,890.00	-147.89	9,742.11	269.79	36.11	-0.82%
18	Preston	13,968.00	-233.46	13,734.54	257.35	53.37	16,293.90	-135.90	16,158.00	302.76	53.37	0.00%
19	Ringwould-with-Kingsdown	34,379.28	-609.28	33,770.00	1,018.35	33.16	39,174.66	-354.66	38,820.00	1,013.04	38.32	15.56%
20	Ripple	4,477.46	-116.46	4,361.00	149.51	29.17	4,429.00	-67.79	4,361.21	150.81	28.92	-0.86%
21	River	59,839.00	-521.66	59,317.34	1,481.45	40.04	63,104.00	-303.66	62,800.34	1,497.88	41.93	4.72%
22	St Margarets-at-Cliffe	79,775.21	-797.21	78,978.00	1,256.81	62.84	87,547.00	-464.05	87,082.95	1,283.08	67.87	8.00%
23	Sandwich	161,195.29	-3,032.29	158,163.00	1,875.75	84.32	164,124.07	-1,765.07	162,359.00	1,925.51	84.32	0.00%
24	Shepherdswell-with-Coldred	37,452.54	-478.79	36,973.75	731.93	50.52	37,624.70	-278.70	37,346.00	738.74	50.55	0.06%
25	Sholden	27,949.00	-580.36	27,368.64	547.05	50.03	33,890.00	-337.82	33,552.18	670.64	50.03	0.00%
26	Staple	6,673.44	-73.44	6,600.00	227.89	28.96	6,654.90	-42.75	6,612.15	228.32	28.96	0.00%
27	Stourmouth	6,026.56	-37.82	5,988.74	110.80	54.05	6,048.60	-22.02	6,026.58	111.50	54.05	0.00%
28	Sutton-by-Dover	10,069.00	-223.12	9,845.88	296.68	33.19	10,779.68	-129.87	10,649.81	305.59	34.85	5.00%
29	Temple Ewell	24,049.62	-219.62	23,830.00	640.31	37.22	25,246.00	-127.84	25,118.16	639.36	39.29	5.56%
30	Tilmanstone	6,729.00	-87.96	6,641.04	151.87	43.73	6,752.00	-51.20	6,700.80	153.23	43.73	0.00%
31	Walmer	123,757.00	-2,668.18	121,088.82	3,261.05	37.13	123,246.00	-1,553.12	121,692.88	3,277.47	37.13	0.00%
32	Whitfield	102,600.00	-1,484.12	101,115.88	1,821.38	55.52	106,260.00	-863.89	105,396.11	1,899.84	55.48	-0.07%
33	Wingham	59,344.86	-777.19	58,567.67	664.23	88.17	58,842.17	-452.40	58,389.77	672.16	86.87	-1.47%
34	Woodnesborough	17,254.01	-393.01	16,861.00	415.20	40.61	18,213.77	-228.77	17,985.00	442.87	40.61	0.00%
35	Worth	19,000.00	-242.24	18,757.76	436.93	42.93	20,000.00	-141.00	19,859.00	444.44	44.68	4.08%
		2,309,688.45	-66,999.99	2,242,688.46	36,251.91	61.86	2,366,432.87	-39,000.04	2,327,432.83	37,204.40	62.56	1.13%
						T&P Average					T&P Average	

Annex 10C

2017/18 Precepts and the NDR Multiplier

The Council Tax Base

The Council Tax base (in terms of the number of "Band D equivalent") has been resolved for the coming year at:	37,204.40

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

The District Council's precept upon the Collection Fund in 2017/18 for it's own purposes will be:	£6,599,689.00
The Band D Council Tax for the District Council's own purposes will therefore be:	£177.39
The Band D Council Tax for the District Council's own purposes last year was:	£172.44
The increase in Council Tax for the District Council's own purposes is therefore:	2.87%
This is an annual increase of:	£4.95
Or a weekly increase of:	£0.10

Parish Council Precepts

The Parish Councils will, in total, precept:	£2,327,432.83
Last year, Parish Councils precepted:	£2,242,688.46
The ave. Band D Council Tax for the Parish Councils' own purposes will therefore be:	£62.56
The ave. Band D Council Tax for the Parish Councils' own purposes last year was:	£61.86
This is an increase of:	1.13%
The total precept, on the Collection Fund by the District Council, on behalf of itself and the Parish Councils will therefore be:	£8,927,121.83

Kent County Council Precept

Excluding the Collection Fund Surplus, the precept upon the collection fund in 2017/18 will be:	£43,857,291.00
Last year's precept was:	£41,093,353.00
The Band D Council Tax will therefore be:	£1,178.82
Last year's Band D Council Tax was:	£1,133.55
The Band D Council Tax increase as a result of this precept is therefore:	3.99%

Annex 10C

2017/18 Precepts and the NDR Multiplier

The Police & Crime Commissioner for Kent

Excluding the Collection Fund Surplus, the precept upon the collection fund in 2017/18 will be:	£5,846,671.00
Last year's precept was:	£5,515,728.00
The Band D Council Tax will therefore be:	£157.15
Last year's Band D Council Tax was:	£152.15
The Band D Council Tax increase as a result of this precept is therefore:	3.29%

Kent Fire & Rescue Service Authority Precept

Excluding the Collection Fund Surplus, the precept upon the collection fund in 2017/18 will be:	£2,728,943.00
Last year's precept was:	£2,610,138.00
The Band D Council Tax will therefore be:	£73.35
Last year's Band D Council Tax was:	£72.00
The Band D Council Tax increase as a result of this precept is therefore:	1.87%

Non-Domestic Rates

Non-domestic rates are collected by billing authorities at a nationally prescribed rate in the pound, and are paid into a central pool for redistribution. The prescribed 'lower' rate in 2017/18 for qualifying properties of less than £51,000 rateable value is:	£0.466
And for properties less than £18,000, the 2016/17 'lower' rate was:	£0.484
For all other properties >£51,000, the 2017/18 'higher' rate is:	£0.479
And for properties >£18,000, the 2016/17 'higher rate' was:	£0.497

APPENDIX 2

DOVER DISTRICT COUNCIL

Budget 2017/18 and Medium Term Financial Plan 2017/18 – 2020/21

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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 covering the General Fund Revenue Budget, Housing Revenue Account (HRA) and Capital Programme.

BUDGET AND MEDIUM TERM PLANS

2. The MTFP is the Council's key financial planning tool and underpins the strategic approach to financial planning. Although it spans four years, it is reviewed at least annually, and is monitored during the year.

3. It should not be viewed in isolation but as part of the wider planning process and in conjunction with other plans and strategies, in particular with the Corporate Plan and the Asset Management Plan. The MTFP before Members today covers the period 2017/18 – 2020/21.

4. Year 1 (2017/18) is the formally approved budget for the coming year. Years 2 - 4 of the MTFP (2018/19 – 2020/21) are included as “indicative budgets” for planning purposes. These will be rolled forward and amended in subsequent MTFPs and so approval of the overall plan 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.

6. It is the view of the Director of Finance, Housing & Community (Section 151 Officer) that the budget has been prepared in an appropriate and prudent manner and that based upon the information available at the time of producing this report[1] the estimates are robust and the resources are adequate for the Council’s spending plans in 2017/18.

7. However, current funding streams, in particular Business rates, are volatile, difficult to predict and generally outside of the Council’s control. Monitoring of the position will continue throughout the year and changes reported to Members through the quarterly budget monitoring reports. On-going changes in the local government finance settlement for 2017/18 and future years mean that this year’s budget is more complex and future projections are subject to a greater margin of error.

8. In addition, changes to housing finance and proposals contained in the Housing and Planning Bill create more challenges and uncertainty for the Housing Revenue Account (HRA).

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[1] The funding position shown in this budget is based on the draft settlement received from Government in December 2016 and the NDR estimates produced based on the information available and additional assumptions for appeals and reliefs.

BUDGET HEADLINES

GENERAL FUND

- General Fund budget for 2017/18 is balanced;
- Prudent General Fund balances maintained in 2017/18 at £2.63m;
- Council Tax increase of £4.95;
- Overall expenditure levels slightly reduced;
- Pressure comes from reduced funding streams;
- Government funding streams:
  - Revenue Support Grant 41.6% reduction in 2017/18, and forecast to be virtually nil by 2019/20;
  - The reduction in RSG accounts for the bulk of the on-going pressures;
  - New Homes Bonus cut from 6 years to 5 from 2017/18, and to 4 years from 2018/19 onwards, with an estimated loss to the Council of approximately £400k per annum;
  - The Business Rates (BR)[2] regime remains complex, volatile and is beyond simple explanation. For Dover, a large proportion of the Council's BR income is generated from a small number of properties.

THE HOUSING REVENUE ACCOUNT

- 2017/18 budget balanced;
- Significant HRA balances maintained for 2017/18;
- Rents are now set by Government, and have been reduced by 1% in 2017/18;
- Rent reductions of 1% per annum for a further 2 years are projected;
- By year 4 of the rent decrease annual rent income is projected to have fallen by £2.4m per annum compared to the 2015/16 MTFP forecast;
- The aggregate loss of rent income over the 4 year period is projected to be £6.9m;
- The introduction of a requirement to sell higher value housing assets has been delayed and the implementation timetable is currently uncertain. The impact could potentially be significant.
- The Council's ability to service the £80m debt, that the Government required it to incur, needs to be protected, and this should continue to be a priority;
- When more detail on the implementation of the Housing and Planning Bill is available, the implications will be reported to Members as appropriate.

THE CAPITAL PROGRAMME

- The current capital programme is funded, subject to the borrowing arrangements for Dover Leisure Centre and the Property Investment Strategy;
- The major projects in the programme are;
  - Property Investment Strategy;
  - Replacement of Dover Leisure Centre;
  - Refurbishment of Dover Town Hall.

[2] Business Rates (BR) and Non Domestic Rates (NDR) are terms which are now used interchangeably by Government and Local Government.

TREASURY MANAGEMENT STRATEGY STATEMENT

9. The Treasury Management Strategy Statement, including the Prudential Indicators and Minimum Revenue Provision Statement is included at Annex 9.

KEY ASSUMPTIONS AND SIGNIFICANT BUDGET RISKS

10. The budget and projections have been based on the best information available. However, there are always areas where there remains a degree of uncertainty or it has been necessary to make assumptions. The most significant of these assumptions, together with the significant budget risks, have been set out within the MTFP in order to ensure that Members are aware of the basis of the budget.

11. Periodic budget monitoring reports will continue to be produced and circulated to all Members, so that adverse variances can be identified and remedial action initiated as early as possible.

RELATED STRATEGIES AND PLANS AND JOINT PLANS WITH PARTNERS

12. Members' attention is drawn to the chart of related plans and strategies and details of joint plans with partners:

- Related strategies and plans – Members are asked to consider the MTFP in relation to the other key plans and strategies, in particular the Corporate Plan.
- Joint plans with partners – delivery of the Corporate Plan cannot take place without partnership working. The more significant partnerships and joint plans are provided later in the report.

LOCAL GOVERNANCE

13. Finally, local authority governance is in a state of flux. The Cities and Local Government Devolution Act 2016 has introduced the possibility of a Combined Authority and / or re-configuring local government arrangements and structures. Such changes could have significant or fundamental impacts on the assumptions underpinning the MTFP but cannot be modelled at this time.

THE GENERAL FUND REVENUE ACCOUNTS

INTRODUCTION

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

FINANCIAL OBJECTIVES

15. The main financial objectives for the GF Revenue Account[3] 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 around 10% of the net budget requirement or £1.5m, and a preferred level at or above £2m);
- Use earmarked reserves to finance one-off items;
- Support the Council's corporate priorities and agreed service standards; and
- Undertake appropriate consultation.

BUDGET DISCIPLINE

16. Corporate Management Team, in consultation with Members, have reviewed their service areas in order to support delivery of efficient and effective services within the budgets available.

17. In order to maintain firm downwards pressure on expenditure and recruitment, and to ensure budgets are directed to the Council's priorities the Council maintains a continuous Employment Management process. The Employment Management process provides a peer review and Chief Executive sign-off for all recruitment, so that all options are explored and tested before any recruitment is permitted.

18. The Council also operates a rolling efficiency and service review process, "Delivering Effective Services (DES)". The DES team's priority is to review digital opportunities for services to deliver efficiencies, savings, smarter working and improved customer experiences. In addition the DES team test the cost effectiveness and consider alternative delivery options for services under review.

19. A key element of financial management is the treatment of unspent budgets. The Council has sought to promote a culture whereby budget managers have the flexibility to manage their budgets responsibly. Accordingly, managers are given the opportunity to carry forward unused elements of their budget, subject to approval by the Director of Finance, Housing and Community.

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

THE GENERAL FUND BUDGET SUMMARY

20. The Council's GF revenue budget for 2017/18 is shown in Annex 1. The budget is funded, and the GF balance is forecast to be £2.63m. The net budget requirement for the Council's own purposes, after transfers to/from earmarked reserves is £13.86m.

	2016/17 Original Budget £m	2017/18 Original Budget £m
Budget Requirement:		
Gross Revenue Expenditure	68.487	69.164
Gross Revenue Income	(53.734)	(54.778)
Underlying Budget Requirement	**14.753**	**14.386**
Earmarked Reserve adjustments[4]	(0.763)	(0.523)
Net Budget Requirement	**13.990**	**13.863**

The underlying Budget Requirement has reduced slightly between the financial years illustrating that the Council has absorbed the impact of inflationary increases. Therefore there are no major variances on overall service expenditure to explain[5], detailed variances are set out in detail in Annex 3 and explained below.

GENERAL FUND KEY ELEMENTS

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

Staff Salaries

22. Independent advice on the cost of living increase is received to form the basis of negotiations for the 2017/18 pay settlement and is factored into the budget.

Vacancy Allowance and Organisational Savings

23. The vacancy allowance (savings from staff turnover) has been set at £150k.

24. The budget also includes a target saving of £74k to allow for a review of staff resources to identify appropriate savings within the authority.

25. It is proposed to continue the updated Employment Management process to maintain the link between approved service standards and the approval of posts to be filled.

Pension Fund

26. 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 last triennial valuation (the "2016 valuation") of the KCC pension fund started in April 2016, and was implemented from April 2017.

27. 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

[4] Earmarked reserves are used to offset agreed expenditure within services in accordance with the protocols detailed in Annex 6.

[5] Changes in service provision, for example Grounds Maintenance, have changed the type of expenditure but have not impacted the overall total.

deficit. The actuarial report advised that due to lower discount rates the current contributions required to meet the cost of pensions being earned today should increase from 14.6% to 15.5%.

28. The 2016 valuation also estimated a decrease in the pension fund deficit for Dover. Dover is paying this deficit off over the next 17 years as agreed with the actuary. As a result the fixed sum to finance the deficit was decreased from £1.98m to £1.89m (for all staff, including HRA) in 2017/18.

29. 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. There has also been an impact due to the creation of EKS and EKH, and the transfer of staff on a fully funded basis. However, this would only become a "real" effect if EKS and EKH were to move away from the Council into wholly separate and independent organisations.

General Inflation

30. Setting a guideline level of inflation risks "over budgeting". Instead, all managers are asked to consider the specific quantity and price of services they will actually need in the coming year and to reduce expenditure where possible.

31. The other significant area of potential inflation pressures relates to major term contracts. In 2017/18 the assumed level of contract inflation is based on the details of the specific contracts, the state of the market for the specific services and any other relevant factors. For future years it is not realistic to attempt to model contract renewal costs and so for planning purposes a 3% increase in the cost of major term contracts has been assumed. Each 1% variance in contract inflation leads to approximately £80k variance in costs.

Contingency Provision

32. Contingency provision of £100k has been included to meet any unexpected expenditure commitments, if they cannot be contained within other budgets. In addition, as part of the budget setting process managers and directors were 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

33. The Council makes a number of grants to organisations for services across the district, including contributions to the Citizens Advice Bureau and Your Leisure; these are detailed in Annex 11.

Shared Services

34. East Kent Services manage revenues & benefits, customer services, ICT and Human Resources functions on behalf of Dover, Canterbury and Thanet Councils. Management fees under the EKS arrangements for Dover are forecast to be reduced by £200k from the 2016/17 original budget level for the planning period.

35. The Council has awarded a 10-year contract to carry out recycling and waste collections, the processing of recyclate collected and street cleansing operations to

Veolia Environmental Services (UK), which commenced in January 2011. The contract has been awarded in partnership with Shepway District Council 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.

36. In addition an internal audit partnership, hosted by Dover, is in place working with Dover, Shepway, Canterbury and Thanet (including East Kent Services) Councils and East Kent Housing.

<u>Interest on Investments</u>

37. The overall interest rates achieved in 2017/18 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.

38. With uncertainty and instability possible in the financial markets following the Brexit decision, alongside the related reduction in base rate to 0.25% and reduction in deposit rates for six months' duration as low as 0.4% with some institutions, it is considered our best option to focus on security by keeping our funds with familiar banks and building societies and other local authorities, rather than diversifying into less familiar institutions, as any additional risk to achieve marginally better rates of return at such low rates is considered imprudent.

39. The MTFP assumes that the Council's investments overall will earn an average of 0.50% in 2017/18 and future years (split approximately 75/25 between General Fund and HRA pro rata to estimated cash balances).

40. Members should note that the localisation of Business Rates places a significant potential risk on DDC's cash flow. If there is a significant reduction in Business Rates collection through revaluation, demolition or major business failure in the district, this would reduce the funds available for investment and therefore reduce the interest earned.

<u>Regeneration and Property Investment</u>

41. On 30 November 2016 Council approved the Property Investment Strategy. This approved investing up to £200m in commercial and residential property, either directly or through a property company, in order to increase economic regeneration and generate returns.

42. The budget assumes a level of £500k income to be delivered through this initiative in 2017/18.

<u>Other Income Streams and Fees and Charges Made by DDC</u>

43. 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;
- Sensible price points – it is more sensible to increase by sensible 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.

44. The only Fees and Charges that are not included in this process are for car parking, which are the subject of a separate report.

45. The main sources of income and relevant issues are summarised below.

- Development Management

  The original budget for Development Management fee income in 2016/17 was £605k incorporating £550k for planning application fees and £55k for pre-application fees. Planning application fee income is standing at £479k as at 31/12/16. Whilst it is always difficult to predict Development Management fee income, it is anticipated that that the planning application fee income should rise to £600k approx. by the end of the financial year. There has also been an improvement in the level of pre-application advice with a circa £3k increase anticipated by the end of year. The budget for 2017/18 has increased to £655k to reflect the Fees and Charges report estimates.

- Building Control

  The Building Control (BRFE) income is largely dependent upon construction activity. Assumptions about the level of activity combined with the economic forecasts led to a budget of £275k being set for 2016/17. The year-to-date receipts are in line with the forecast budget. Trends suggest increasing construction activity locally if not nationally and there will be a modest increase in fees and charges. Hence the budget for 2017/18 has been set at £285k.

- Licensing

  This includes Alcohol, Public Entertainment, Taxis, Gambling and other miscellaneous licences. The original budget for 2016/17 was set at £248k; the 2016/17 forecast has been increased slightly to £262k as a result of higher veterinary fee income, premises licences and income received from private hire vehicles. The 2017/18 budget has been decreased slightly to £247k most significantly due to scrap metal dealer licences (these licences last for a three year period and will not now be due until 2020/21) and also due to the anticipated reduction in income from private hire vehicle licences as reflected in the Fees and Charges report estimates.

- Land Charges

  The original 2016/17 budget of £180,000 has been increased to a forecast of £240,000 due to higher receipts. The 2017/18 budget has been set at £220,000 due to the increasing demand over previous years, but also to take account of the negative impact adding VAT to the charges may have.

The Government is changing the delivery method of some search information. This would involve moving part of the work to HM Land Registry. The primary legislation was made in 2015 and consultation has taken place and results of this published. The secondary legislation is not in place at the end of 2016.

- Car Parking

  Overall, the Council makes a small surplus from car parking and associated activities. The 2016/17 gross income (before costs) for parking fees and penalty charge notices is currently forecast to be slightly above the original budget of £2.2m at £2.3m. The income for 2017/18 is anticipated to be at the same level as the current forecast for 2016/17.

  The Council expects to make a small surplus from on-street parking (forecast to be £64k in 2016/17 and £62k in 2017/18). In accordance with Section 55 of the Road Traffic Act 1984 (and subsequent updates), the surplus from on-street parking will be set aside to carry out permitted activities as specified in the Road Traffic Act. Any surplus over £100k would be remitted to KCC. In 2016/17 it is anticipated that £46k of the surplus will be spent.

- Green Waste Subscription Service

  The Green Waste subscription service original budget for 2016/17 was set at £200k. The 2016/17 forecast has been increased to £223.5k to reflect the actual level of take up in the year. The 2017/18 budget has been set at £223k based on an estimate of approximately 5,500 subscribers.

46. In total the major fees and charges generate approximately £3.95m gross towards the General Fund budget.

FINANCING THE BUDGET

47. The net requirement is financed mainly by Government grant and Council Tax. The total financing for 2017/18 is:

2017/18 General Fund Revenue Financing	**£000**	**%**
Non-Domestic Rates Income – baseline	3,460	
Non-Domestic Rates Income - growth, S31 grant, less levy, etc.	104	
NNDR Collection Fund Deficit – relating to prior years' appeals/appeals erosion of income	(728)	
Revenue Support Grant	1,027	
Enterprise Zone Relief Grant	1,145	
Renewable Energy Retained	84	
Total Government Grant	**5,092**	**36.9**
Council Tax	6,600	47.8
Collection Fund Surplus (Council Tax)	236	1.7
New Homes Bonus	1,874	13.6
Total Financing	**13,802**	**100.0**

48. The year on year changes in financing are :

Financing of Net Requirement	2016/17 Original Budget	2017/18 Original Budget	Year on year change
	£m	£m	%
Revenue Support Grant	(1.758)	(1.027)	-42%
Business Rates Retained	(3.621)	(3.564)	2%
Enterprise Zone Relief - in year[6]	(1.024)	(1.118)	9%
Council tax	(6.251)	(6.600)	6%
New Homes Bonus	(1.899)	(1.874)	-1%
Underlying Financing[7]	**(14.553)**	**(14.183)**	**-3%**
Collection Fund Distribution			
NDR Deficit	0.724	0.728	
Council Tax Surplus	(0.145)	(0.236)	
Enterprise Zone Relief - prior year[6]	(0.016)	(0.111)	
Total Financing	**(13.990)**	**(13.802)**	

49. Annex 4 shows the overview of the forecasts for 2018/19 - 2020/21. The following sections provide further explanation of the Council's main funding streams.

<u>Revenue Support Grant</u>

50. RSG (from Government) has been reduced by significant amounts every year since 2012/13. In order to provide certainty for the future settlements the council (in common with all but 10 other English Councils) accepted the Government's offer of a 4 year settlement and 2017/18 is the second year.

51. The settlements are shown in the table below. RSG is expected to fall away to (virtually) nil by 2019/20. The reductions in RSG account for the bulk of the Council's future savings requirement.

Revenue Support Grant Settlement	Grant £000	Reduction £000	Reduction %	Cumulative £000	Cumulative %
2012/13[8]	5,112				
2013/14[9]	4,699	413	8.1	413	8.1
2014/15	3,698	1,001	21.3	1,414	27.7
2015/16	2,529	1,169	31.6	2,583	50.5
2016/17	1,758	771	30.5	3,354	65.6
2017/18	1,027	731	41.6	4,085	79.9
2018/19 Proposed	568	459	44.7	4544	88.9
2019/20 Proposed	57	511	90.0	5055	98.9

[6] Incl. Renewable Energy NDR Retained by DDC

[7] The underlying financing reflects the financing types received on an annual basis. The remaining financing items are one-off and so can vary significantly between years.

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

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

52. The table above shows RSG in cash terms. If the % reductions were adjusted for inflation, they would be higher.

53. For financial planning purposes it has been assumed that RSG will become “negative” in 2020/21 and a reduction in funding of a further £250k has been assumed in the MTFP. It is not clear how this negative RSG would be achieved, although clawing back of Business Rates through adjusted tariffs re-set by Government is a possible mechanism.

Business Rates (BR)

54. Income from BR is volatile. The BR system itself, determined by Government, is hugely complex, unpredictable and opaque with periodic revaluations, transition periods, appeals and frequently changed BR relief schemes.

55. This has been overlaid with an extremely complex system of tariffs and top-ups, safety nets, levies and BR pools. The dynamic nature of the system, the elements of which can all be moving in different directions at the same time, can produce perverse outcomes, and makes it very difficult to develop a stable and robust budget.

56. For Dover there is the additional complication of an Enterprise Zone with its reliefs and grants.

57. As a result the system cannot be readily explained, therefore this MTFP restricts itself to a simple overview, an outline of the main factors and the overall forecast income levels. A fuller summary of the basic mechanisms of the BR retention system was provided to Members in the MTFP in March 2013.

Business Rates Overview

58. The BR to be paid by businesses are determined by the Valuation Office Agency (VOA), who set the rateable value (RV) of commercial premises, and by central government, who set the multiplier (rate in the pound) that is to be applied to the rateable value. The VOA shares only limited information on its work, and local authorities are not permitted a role in defending valuations subject to appeal, nor do they have access to much of the information from the VOA.

59. Local authorities therefore have no role is setting the BR, and are mainly responsible just for the collection of the due amount, and promoting economic regeneration to grow the tax base.

60. The Government’s policy of localisation of BR focuses on how the income generated from BR is to be shared between central and local government. Businesses have seen no difference in the way they pay BR or the way the tax rate continues to be set by Government, and the rateable values will continue to be determined by the VOA.

61. However the financing of local government is radically altered by the arrangements for sharing the income generated by BR. The system includes:

- Tariffs and top-ups;
- Safety-nets and levies;
- Pooling BR with other Kent districts;

- A number of uncertainties including:
  - Projections of future BR levels (NDR1 and NDR3);
  - Appeals by businesses against their rateable values;
  - Reductions in rateable values agreed by VOA for other reasons;
  - Accounting arrangements and determining the 2016/17 performance and the 2017/18 budget;
  - The impact of the BR revaluation for 2017;
  - The impact of reliefs, including the extension of the Small Business Rates Relief by altering thresholds;
  - Setting the multiplier.

- Future issues and changes include:
  - The 100% localisation of BR from 2020;
  - Slow progress by the VOA in settling outstanding BR appeals;
  - Unexpected and significant class reductions in BR by the VOA (primarily £2.3m refunded to the NHS for purpose built doctors surgeries in Dover, and appeals by NHS hospitals to be treated as charities, which has not yet been determined);
  - The continuous on-going eroding effect on the tax base in the appeals being settled by the VOA;
  - Obtaining strategic information from the VOA.

62. In addition to the complexity of explaining the above factors for any one financial year, the new system makes it extremely difficult to explain how finances have changed between financial years, especially in comparison to the periods before 2013/14, compounded by the impact of the 2017 revaluation, which makes 2017/18 figures complex to calculate and hard to meaningfully compare to 2016/17.

63. However, at its most basic, the new system results in 50% of BR collected by a council being paid direct to government, with 40% retained by the Council, 9% going to KCC and 1% to Kent Fire and Rescue. This is described as “50% retention”.

64. The table below provides a simple indicative example based on 2017/18 data (before adjustment for S31 grant funding of reliefs).

Attribution of BR Income (Indicative)	**£m**
Net rate yield	(38.2)
Less	
50% to Government	19.1
9% to KCC and 1% to Fire	3.8
Balance	(15.3)
Less tariff to Government	12.6
Balance retained by DDC	2.7

65. 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. 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 at Discovery Park, successful appeals by doctors surgeries, etc., etc.) the

council has to continue to pay the tariff, and bear the loss itself, as well as bearing the costs of the appeals refunds, which may stretch back over many years and may even pre-date the current system.

66. The system is also asymmetric. If the amount collected grows, then the Council has to pay a levy on the growth, at 50%. So, if BR reduces by £1m, DDC would itself bear a loss of £200k. If BR grows by £1m, DDC would retain an additional £100k.

67. The total BR collected by DDC for 2016/17 is c. £34.5m, so with a fixed tariff to pay, a proportionately small movement in this large number will have a very significant effect upon the Council's budget, and growth is rewarded at only half the rate that reductions are penalised, until a safety net kicks in after the council has borne a reduction of c. £260k.

68. The remainder of this section addresses the 5 most important aspects of BR as they impact Dover:

- The 2017 Revaluation
- Appeals
- Small Business Rates Relief
- Accounting Treatment
- "Real" Growth

<u>The 2017 Revaluation</u>

69. Revaluation is meant to happen every 5 years. The 2017 revaluation is the first since 2010.

70. Government intends the revaluation to be fiscally neutral – as the RV changes so the multiplier is changed to ensure the overall national total of BR does not change, and government also amends the tariffs and top-ups to moderate the impacts, both good and bad, on individual councils.

71. For Dover, the revaluation in 2017/18 leads to an estimated increase in <u>gross</u> rates (before reliefs etc) of £8.3m, from £43.6m (per NNDR1 2016/17) to £51.9m for 2017/18 (incl. growth). However, the 2017/18 figure is subject to higher reliefs for small businesses and the need for additional appeals provisions, leaving the <u>net</u> rate yield (for sharing) increasing by only £3.8m, from £34.5m (per NNDR1 2016/17) to £38.3m for 2017/18 (incl. growth). DDC's share is 40%, but the tariff deductible from its share has been increased by £2m, leaving a decrease in rates income (excl. EZ relief and retained rates from renewable energy) of £57k (this takes into account compensating s31 grants).

72. Following the 2017 revaluation, the tariff increase of £2m reduces DDC's share of the higher tax base by £2m. Government has reserved the right to amend the tariff further for 2017/18 and subsequent years, depending on the final outcome for 2016/17. This adds to the level of uncertainty and is also a potential mechanism by which the government can apply "negative" RSG settlements in the future.

73. DDC is in a relatively unusual position in that its BR income is very heavily concentrated in its largest sites, with 38% of its BR income from just two sites.

Dover's Rateable Values	Rateable Value [10] £000	%
Channel Tunnel	35,000	32
Discovery Park	6,115	6
Dover Harbour Board	2,750	2
Tesco, Whitfield	2,390	2
Sub Total	**46,255**	**42**
Remainder	64,390	58
Total	**110,645**	**100**

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

74. The values above come from the 2017 revaluation. In general, the RV of properties in the district showed minimal increases or even reductions, but the total RV for the district increased by £21.8m. Of this, £19.6m was due to an increase for the Channel Tunnel from £15.4m (2010) to £35.0m (2017). This makes the council unduly reliant on the Channel Tunnel valuation, which must be subject to uncertainty, as the existing £15.4m for 2010 remains under appeal, and prior appeals have been won by Channel Tunnel.

75. Although RV growth would appear to be a good thing, the current system means that this is not necessarily the case. The government have used it to increase the Council's tariff (and therefore BR income target) and if the VOA then fails to defend appeals successfully, the council is left with a higher target and a reduced tax base.

Appeals

76. There is a sizeable appeals backlog and fresh appeals continue to arise, maintaining a continuing level of uncertainty over BR income. VOA have had to resource the 2017 revaluation and it is not surprising that the backlog still remains high (c. £26m – this is the total of properties where there is some element of appeal. It is not the total under appeal. That is not revealed under the current system). There have been some surprising appeal outcomes which question the robustness of original valuations. It is therefore important that the VOA maintain their rigour and do not concede appeals in order to clear the backlog.

77. In the backlog there are some significant appeals. Most / all NHS trusts have appealed on the basis that "hospitals are charities" and should receive charitable relief. This will be at a cost to the local authorities who are defending this as a "class action". In effect, two arms of government are locked in a dispute that could be resolved by the sponsoring departments, should they chose to do so.

78. Recent successful appeals against rateable values include GPs' surgeries, Discovery Park (incl. Pfizer), Tesco, Cable Connection to Thanet Wind Farm, De Bradelei Wharf (alongside ownership changes) and Motis Ireland's freight and truck stop reductions. These have an on-going impact on business rates income alongside the further impact of smaller appeals. Further outstanding appeals will add to this where successful, and the impact is cumulative over the years. Additionally, UK Border Agency is entitled to 100% empty property relief on its Immigration Removal Centre while empty.

[10] Note – These figures are based on 2017 valuations. Rateable Value is not the same as the Business Rates paid. RV is multiplied by a government set multiplier (49.7p in 2016/17 decreasing to 47.9p in 2017/18 for the standard multiplier), to determine the amount payable, and this may be subject to BR allowances.

79. The appeals process only applies downwards pressure. No one seeks an increase, and there are many agencies offering to submit appeals on behalf of businesses on a no-win/no-fee basis. The continuing erosion of the BR tax base due to appeals amounts to c. £600k pa. Establishing the correct appeals provision has a significant impact on the collection fund and on the level and timing of resources available to the Council. The information upon which such major provisions must be made is often insufficient.

80. A new appeals system is to apply to the 2017 revaluation. It is not clear how this will work in practice, and whether it will speed up the whole process, but there are many appeals dating back to 2010 which still have to be cleared first.

<u>Small Business Rates Relief</u>

81. Additional reliefs are being made available to small businesses by government, for which districts are only partly compensated. The combined effect of the changes in RV and the extension of SBRR have the potential to significantly increase the number of qualifying businesses. The take-up rate and the overall effects of these changes are extremely difficult to forecast accurately.

<u>Accounting Treatment</u>

82. The accounting treatment for BR further complicates the position.

83. Good or bad BR performance are recognised in the following year, however the compensating safety net payment is received, and recognised in the accounts, in the year of poor performance.

84. As a result of these timing differences, good performance will, in the accounts for that year, appear as poor performance and vice versa.

85. In addition, regulations require that only the proportionate share of EZ grant relating to the amount of relief declared on the NNDR1[11] for a particular year can be recognised as grant received in that year. Any adjustment for actual relief awarded is recognised as additional grant income in the immediately following year.

86. As a result it is not possible to present Members with simple accounting information that shows the underlying performance for the year.

87. Now that Discovery Park occupancy has climbed and levelled out in a way that can more easily be estimated, such adjustments continue to be made, as required by statute, but are expected to cause less fluctuation in the year's result for 2016/17 and 2017/18.

<u>Real Growth</u>

88. It is important that we do not lose sight of the real growth in bricks and mortar that is being delivered.

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[11] NNDR1 is a DCLG form which all authorities are required to complete, predicting the coming year's BR income, reliefs etc. It is a key element in the system of localised BR, and generally payments from Government in the year are based on the NNDR1, even if actual performance is known to be significantly different.

89. In the Dover District there has been growth in business rates from developments in the district during 2016/17 (Maritime Skills Academy, Fowlmead, Discovery Park, progress on DTIZ, new petrol station at Whitfield, new restaurant on Beach Street, Deal, etc) and further growth is anticipated in 2017/18 This level of growth is needed to offset the continuing RV erosion from appeals.

90. Forecasting delivery of future growth in the district is very difficult. There is a clear trend of real growth. However establishing a reasonable value for the new buildings and a start date for the BR income stream is subject to a significant margin of error and this feeds into the MTFP.

<u>Other Factors</u>

91. Other factors to be taken into account in considering BR include:

- In 2020 the system is due for a re-set. This could mean that the benefits of increased growth in the tax base that DDC has generated will be lost or reduced.

- In 2020 the system is also due to move from 50% retention to 100% retention. It is unclear how this will work. There is some early indication that the district's share will remain at 40%, but County will receive a bigger share (currently 9% for KCC) alongside some additional transfer of responsibilities from Central Government. However delivery of this change will be technically complex. Few specific details are available and until they are resolved the implementation remains uncertain.

- Businesses within the Discovery Park Enterprise Zone receive Business Rates relief (typically the first £55k of their BR each year, for up to five years). Government compensates DDC for its loss of BR income with a separate EZ Relief Grant. Regulations govern when the EZ Relief can be recognised. Eventually, as EZ discount ceases to be given after 31st March 2018 (and therefore grant to DDC representing 40% of the total diminishes), the BR income itself will increase by an equivalent amount (because the discount has ceased). However, the additional BR income generated will only earn Dover 20% of the total value (versus 40% when it was given as grant to cover the discount) because Dover's 40% share above its baseline will attract a 50% levy.

- The continued payment and funding of EZ relief, which has a significant impact on the budget, depends upon the level of EZ relief claimed at Discovery Park which, in turn, depends upon the extent to which occupancy at DP remains focused on smaller firms and units.

- The final date for qualifying for EZ Relief is 31st March 2018, and therefore, in subsequent years, EZ relief will start to reduce as the maximum 5-year claim period per business runs out.

- BR systems include programmes that assist in modelling and forecasting future BR income. The software suppliers have commented that they have not received information from government in good time on changes to the BR regime and the revaluations. As a result they are facing challenges to get all the required programmes and reports produced. The council relies on the accuracy of these programmes.

- Districts can enter into pooling arrangements with other local authorities to reduce the levy rate imposed by Government on BR growth from its current 50% rate to nearer 10%. DDC joined the Kent pool for 2015/16, but has decided to stay outside of the pool for 2016/17 and 2017/18 due to the expected profile of its BR income and uncertainties over the pool's performance for 2016/17 and subsequent years, with at least two authorities projecting individual "safety net" situations (rather than "levy") for 2016/17 based on their original NNDR1 figures.

92. The table below summarises the volatility of DDC's BR income since the implementation of the business rates retention scheme.

NNDR/Business Rates (exc. EZ Grant)	DDC Share of Income £000	Reduction/ (Increase) £000	Reduction/ (Increase) %	Cumulative Change £000	Cumulative Change %
2012/13[12]	3,348				
2013/14	2,994	354	10.6	354	10.6
2014/15	4,682	(1,688)	(56.4)	(1,344)	(40.1)
2015/16	4,296	386	8.2	(948)	(28.3)
2016/17 Orig Budget	2,897	1,399	32.6	451	13.5
2017/18 Estimated	2,836	61	2.1	512	15.3
2018/19 Estimated	4,018	(1,182)	(41.7)	(670)	(20.0)

93. The latest estimates for retention of Non-Domestic Rates income for future years are shown in Annex 4.

COUNCIL TAX

94. A Council Tax increase of 2.87% for DDC purposes has been assumed for the 2017/18 budget which, if approved, will produce a Band D Council Tax of £177.39. This will result in an increase of £4.95 per year on a Band D property, which is within the Government's revised capping requirements, limiting increases to 1.99% or £5.

95. The increase in the tax base from 36,251.91 Band D Equivalent properties in 2016/17 to 37,204.40 properties in 2017/18, which is a rise of 2.63%, is due to new properties being registered for council tax, reduced claimant counts for CTRS discounts, an increase in the charge to working age people in receipt of CTRS from 6% to 10% of their normal charge (with other terms and conditions relevant), and an expected reduction in single person discounts following a review to be carried out during 2017/18.

96. The combined impact of the Council Tax increase and the tax base increase will generate total Council tax income of £6.6m. For planning purposes a Council Tax increase of £4.95 per annum has also been assumed for future years.

COMPARISON WITH OTHER DISTRICTS' 2016/17 BAND D COUNCIL TAX

97. DDC has one of the lowest Council Tax rates in Kent. A comparison with the East Kent authorities' 2016/17 Council Tax rates is shown below. This shows the percentage that their 2016/17 Council Tax level exceeds DDC's and the extra income DDC would receive at their level of Council Tax:

[12] Split for 2012/13 based on proportion of RSG: NNDR for 2013/14 excl. Council Tax Support Funding.

	Band D Council Tax £	Difference to DDC %	Extra Income DDC would receive
Dover District Council	172.44		
Canterbury City Council	194.32	13%	£793k
Shepway District Council	232.56	35%	£2.2m
Thanet District Council	214.92	25%	£1.5m

NEW HOMES BONUS

98. New Homes Bonus (NHB) was funded by the DCLG 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.

99. 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 (Estimated)	2018/19	415	1,433	4
9 (Estimated)	2019/20	415	1,575	4
10 (Estimated)	2020/21	415	1,662	4

100. The Government has implemented changes to the scheme from 2017/18 resulting in a reduction in the number of years grant in payment from 6 years in 2016/17 to 5 years in 2017/18 and further reducing to 4 years in 2018/19. In addition Government has introduced a minimum growth level of 0.4%, below which no NHB will be paid.

101. The growth delivered by DDC for the 2017/18 NHB calculations was sufficient to receive NHB of £415k. The impact of reduction in the scheme from 6 to 5 years has been offset by the higher level of growth in 2016/17 so the net impact of the change is only a reduction in grant of £34k, to £1,865k.

102. For the purposes of the MTFP it has been assumed that NHB will continue to be achieved at the 2017/18 rate and so will equate to £1.43m in 2018/19 and £1.57m in 2019/20.

103. To mitigate the pressures on the revenue budget the proportion that was transferred to reserves in 2016/17 (£287k) will no longer be transferred.

COLLECTION FUNDS

104. The Collection Funds (CF) are statutory funds. They sit entirely outside of the General Fund and the Council budget.

105. The Council manages Collection Funds for Council Tax and Business Rates. Every year the CF is credited with the income from CT and BR (c. £59.3m and £38.2m respectively).

106. The CF is also debited with the precepts from DDC, KCC, Fire, Police etc. These precepts are based on the forecast of income based on assumptions about the tax base, collection rates etc. So if income is below forecast the collection fund will show a deficit at the year end. If it is above forecast it will show a surplus.

107. This surplus or deficit is borne by the preceptors and will be deducted from the following year's precept. This is a continuous rolling process. It is forecast that by the end of 2016/17 the combined accumulated deficit on the CF is 0.5% of the total annual income. DDC's share of this is £684k which has been included in the budget. It is forecast that by 2017/18 the CF will not have a deficit.

GENERAL FUND RESERVES AND BALANCES

108. The uncertainty and volatility that has been introduced into the major income streams for Business Rates and NHB suggest that maintaining or increasing reserves would be prudent.

109. The proposed General Fund balance in 2017/18 of £2.63m is above the Council's £2m "minimum preferred level". £2.63m represents 19% of the Council's budget requirement or just over 2 months net expenditure. It is prudent but not excessive.

110. The forecasts for future years show that to maintain a balanced General Fund budget for the planning period, savings or income generation of circa £1m in 2018/19 and £700k in future years need to be identified. This is the normal pattern of MTFP projections since future cost pressures are generally identified in advance of potential savings. It is considered that at this time there are sufficient other earmarked reserves, should they be needed, to support the Council in the short term whilst action is taken to address the forecast deficits.

111. The Council's earmarked reserves, and protocols for their use, are set out in Annex 6. Without these earmarked reserves the Council not 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 future plans.

112. Further supporting information on the GF budget is provided in the following Annexes:

- Annex 1 contains the budget summary for the General Fund;
- Annex 1A summarises the net expenditure and financing requirements;
- Annex 1B is a summary version of the NDR forecasting model;
- Annex 2A shows the net service expenditure analysed by categories of expenditure and income;
- Annex 2B shows the key expenditure figures and patterns for the General Fund;
- Annex 2C shows the key income figures and patterns for the General Fund;
- Annex 3 provides a detailed variance analysis between the original budget for 2016/17 and the proposed budget for 2017/18;

- Annex 4 provides the General Fund Revenue Budget projection for the period to 2020/21;
- Annexes 5A – 5D contain summaries of the services managed by each Director and the associated budgets; and
- Annex 6 contains details of the General Fund balance and earmarked reserves.

Recommendations from this Section

113. It is recommended that Cabinet:

- Continue the practice of delegating authority to the Director of Finance, Housing and Community to approve revenue budget carry forwards within the guidelines set out; and
- Approve the grants to organisations detailed at Annex 11.

114. It is recommended that Council:

- Approve the General Fund Revenue Budget for 2017/18 and the projected outturn for 2016/17;
- Approve the policies and protocols regarding the General Fund balances and earmarked reserves, and transfers between reserves as set out in Annex 6.

HOUSING AND THE HOUSING REVENUE ACCOUNT

OVERVIEW

115. 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.

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

FINANCIAL OBJECTIVES

117. 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;
- Maximise the recovery of rental incomes;
- Minimise the number of void properties and minimise the level of rent arrears and debt write offs; and
- 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 consistent with the HRA Business Plan;
- Transfer the HRA balances in excess of the agreed adequate level to the Housing Initiatives Reserve to be used for investment in the procurement of additional properties;
- 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 the procurement of additional properties.

118. At the time of writing, the HRA has 4,348 dwellings, made up of 2,740 houses and 1,608 flats.

119. East Kent Housing is responsible for the management & maintenance of the Council's housing stock.

2017/18 DRAFT BUDGET AND MEDIUM TERM FORECAST

120. The HRA's financial position, detailed at Annex 7, can be summarised as follows:

- HRA balance at 31/03/16 £1.013m;
- Projected deficit for 2016/17 £12k (after transfer of £3m to Housing Initiatives Reserve);
- Projected HRA balance at 31/03/17 £1,001k;
- Forecast surplus for 2017/18 38k (after transfer of £2.5m to Housing Initiatives Reserve);
- Forecast HRA balance at 31/03/18 £1,039k.

121. The future year projections show a reducing income stream from rents due to the Government requirement to reduce rents by 1% per annum for the period 2017/18 – 2019/20 and also from the impact of increased Right to Buy levels. Alongside the rent reductions the HRA is also facing general inflationary pressures on its expenditure. These pressures are significantly reducing the funding available to transfer to the HIR in future years. The forecast shows that to maintain a balanced budget for the planning period, until 2020/21, the transfers to the HIR need to be reduced from £2.5m in 2017/18 to £1.4m in 2020/21.

122. Annex 7 provides a draft HRA budget summary & Annex 7A provides an explanation of the main variations from the original 2016/17 budget to the 2016/17 projected outturn and from the 2016/17 projected outturn to the 2017/18 proposed budget. Annex 7B details the 4 year forecast position for the HRA.

123. The capital spend on existing council owned stock will be in accordance with the agreed plan supplied by EKH and to be signed off by s151 officer and EKH.

BACKGROUND

124. With effect from 1st April 2012 the government replaced the existing subsidy based system of HRA financing with "Self Financing". For DDC this resulted in the replacement of the subsidy that we were paying to Government (£6.3m in 2011/12) with a single payment to them of £90.5m. This was facilitated by DDC borrowing the required sum from the PWLB. Government direction was to plan for long term rent increases of 1% above inflation. Servicing the loan, over 30 years, cost less than the negative subsidy, and so the HRA started to accrue a surplus which could be invested in new housing.

125. Government's social housing strategy would now appear to be to favour home ownership where ever possible over social housing, through the delivery of affordable housing for purchase, the promotion of more right to buy for local authorities, and the extension of right to buy to Housing Associations.

126. Government have now directed that:

- Local authority housing rents should reduce by 1% in cash terms for 4 years from 2016/17. With an assumed inflation rate at 2%, this means a 12% reduction against Dover's planned rental income. On a rent roll of £20m, that is a shortfall of £2.4m by year 4 or £6.9m against previous projections. By year 4 the reduction offsets the annual surplus that was being accrued.
- The Housing and Planning Bill, includes provisions for the introduction of a scheme whereby Councils will pay the Secretary of State a sum equivalent to the Secretary of State's forecast of the capital receipts that the authority will make from the sale of vacant higher value HRA houses in the coming year. These funds will be used to compensate the Housing Associations for losses they will make on RTB sales. Councils are still waiting for details of how the scheme will be applied including a definition of "higher value". Therefore it is not currently possible to assess the financial impact on the HRA although it has the potential to be significant
- The Housing Associations will be expected to replace the sold properties, but it is not clear if that will be in the area where they were sold.

127. The HRA budget is balanced for 2017/18, and the Council still has significant balances in its Housing Investment Reserve, but once the implementation of the

measures in the Housing and Planning Bill are understood, then the Council will need to consider how, with falling rents and a reducing housing stock, it can:

- Continue to balance the HRA in future years;
- Maintain investment in existing stock;
- Invest in new stock;
- Service the remaining HRA debt, about £80m.

128. The current stock investment plan is informed by a survey carried out in 2009. There is a need to update this information so that a new long term investment strategy can be developed. East Kent Housing has procured a new survey which should be completed by June 2017.

Rent Setting

129. Council house rents used to be set using a complex model based on a formula provided by the Department of Communities and Local Government (DCLG). This was intended to achieve "rent convergence" and the model took into account a number of factors such as:

- Relative property values;
- Local earning levels; and
- Number of bedrooms.

130. In recent years rents have been uplifted by the Consumer Price Index (CPI) +1%. Starting from 2016/17 the Government has directed that housing rents should reduce by 1% in cash terms each year for 4 years. This will result in a forecast shortfall in rental income of £2.4m per annum by year 4 and £6.9m cumulatively against previous projections.

Rent Levels

131. The average decrease has been explained above. Rent levels are calculated on an individual property basis using rent formulas previously prescribed by DCLG.

132. 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 2016/17 average weekly rent across all properties is £85.78;
- The 2017/18 average weekly rent is forecast to be £84.96;
- The decrease in the average weekly rent is £0.82 or 0.95%; and
- Three bedroom houses have rents (for 2017/18) ranging from £85.66 per week to £115.51 per week with an average of £92.78.

133. Determination of rent levels is an executive function that had been delegated to the Head of Strategic Housing in consultation with the Portfolio Holder responsible for Housing on the basis of the model described above.

Capital Receipts

134. Dover has entered into an agreement with Government to retain receipts above the anticipated 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.

135. As of the end November 2016 there have been 27 RTB sales in the financial year and Dover had retained 'excess receipts' in year in excess of £1m (estimated). This has to be used within 3 years of receipt, or else it must be repaid to DCLG, and, if applied to a capital scheme, it cannot comprise more than 30% of the scheme costs.

136. In order to comply with these rules and avoid claw back by the DCLG, this funding is normally applied to housing projects, before any other sources are used.

Service Charges

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

HOUSING DEVELOPMENT AND INVESTMENT

138. Housing development and investment within the district is taking place on a number of fronts, of which the most significant are:

- HRA Investment
    - Housing Initiatives Reserve (HIR)
    - 1:4:1 Right to Buy Replacement
    - Acquisition and new build
    - Investment in existing stock

- Registered Providers Investment

- Private Sector Housing
    - Reducing the number of empty homes
    - Bringing unused properties back into use

- Commercial housing developments

- Homelessness strategy
    - Homelessness prevention
    - Rent deposit guarantee schemes

139. These are discussed in more detail below.

HRA INVESTMENT

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

140. The HIR is funded by the transfer of balances from the HRA whilst maintaining a £1m balance in the HRA. The HIR was established to fund a programme of new house building/acquisition. By the end of 2016/17 HIR funding will have assisted in the addition of 5 new houses and 17 flats to the HRA stock. Further projects included in

the proposed capital program for 2017/18 could provide another 35 units although this is subject to a number of factors including planning requirements and viability.

141. The Housing and Planning Bill proposes measures that affect the HRA including the forced sale of higher value vacant properties (with the payment of the resulting receipts to government). The impact cannot be forecast at this stage.

142. Other than the capital bids included in this report the programme of new build/acquisition has been suspended until the measures in the Housing and Planning Bill are understood, Members may be asked to review the financial priorities of the HRA, with a view to making provision for the repayment of the HRA's £80m of debt while the resources are available, rather than investing in new stock.

143. After allowing for the 2017/18 capital bids the balance in the HIR is projected to be around £8m of which circa £4.5m would be required for "matched" funding against circa £1.9m of excess right to by receipts retained under the governments 1:4:1 replacement scheme. If the excess right to buy receipts are not used within 3 years of their retention they are repayable to government with interest.

144. The four year HRA forecast projects an on-going ability to contribute to the HIR, however this is at an annually reducing rate due to the required reduction in rent income. The plans for use of the HIR will be reviewed following the assessment of the Housing and Planning Bill due to the need to consider allocating funds to repay the £80m debt based on a decreasing asset base.

Investment in Existing Stock

145. The HRA budget and projects take account of the need to invest in existing stock before establishing a surplus for the HIR. Investments provided for in the HRA plan include:

- "Decent homes plus" achieved and continuing investment in kitchens, bathrooms, re-wiring, double glazing, energy efficiency improvements, alarm and door entry systems, etc.
- Remodelling of Norman Tailyour House to provide self-contained flats;
- Refurbishment of 91, 93 and 95 Folkestone Road;
- Development of affordable housing in Whitfield.

146. As referred to at 111 above, updated information on the condition of the housing stock should be available early in 2017 and will enable the Council to determine its priorities for on-going investment in the existing stock.

Registered Providers Investment

147. Registered Providers of social housing continue to play a key role in delivering new affordable homes within the district and the Council will work in partnership with providers to try and maximize delivery.

148. Securing the provision of affordable homes through the application of the Council's affordable housing planning policy is an important delivery mechanism and key sites currently being progressed with the involvement of Registered Providers include Timperely Place, Deal as well as further phases at Aylesham.

Private Sector Housing

149. The Council has a good track record of bringing empty homes back into use. This has generated additional New Homes Bonus and Council Tax receipts. Our current target is to bring 40 long term empty homes (empty more than 6 months) back into use per annum. In 2015/16 a total of 48 empty homes were brought back into use. KCC “No Use Empty” loans totaling over £600,000 were made available to property owners during this year which helped deliver property improvements with an overall value of £778,000. 16 properties have been brought back into use so far this year but with schemes currently in progress we are hopeful that we will reach our target of 40.

Commercial housing developments

150. A number of commercial housing developments are also underway in the district. These generate additional Council Tax and New Homes Bonus. They can also make a contribution to the provision of new affordable homes and the Council continues to maintain its objective of trying to secure the delivery of 30% of homes on such developments as affordable housing. However, it is recognized that affordable housing provision, especially rented housing, can undermine the viability of developments where property/land values are low and the development costs are high. Where the normal approach to on-site provision of affordable housing may prevent a scheme from coming forward, the Council may need to take a flexible approach in relation to the quantum of affordable housing and tenure and the possible provision of commuted sums or land that will enable affordable homes to be provided on an alternative site.

151. Current and anticipated significant commercial housing developments in the district include:

- Aylesham
- Whitfield
- Preston
- Hammil Brickworks
- Connaught Barracks
- Land between Sholden and Deal
- Station Road, Walmer

152. The number of housing completion in the District for the Authority Monitoring Report (AMR) period (1st April 2015 – 31st March 2016) reached a 15-year high in terms of the net additions to dwelling stock which amounted to 726 new homes. This included 648 new build homes as Dover District Council’s strategy to improve the range and quality of housing starts to deliver, with work underway on many of the sites identified for the district’s strategic housing allocations.

153. Dover District saw the fourth highest number of new homes built in Kent in 2015-16, after Dartford, Tonbridge & Malling, and Ashford. There were 185 new affordable homes, up from 110 in 2014-15. This is a very encouraging sign of the recovery in the housing market and will assist with additional Council Tax and New Homes Bonus revenue.

Homelessness Strategy

154. The Council continues to see an increase in the number of homeless households requiring assistance and this combined with an increasing difficulty in securing alternative housing in the private rented sector has resulted in an increased use of temporary accommodation including Bed & Breakfast. The cost of providing B&B is funded from a combination of housing benefit and a top up payment from the homelessness prevention grant received from government.

155. It is important that we try to contain the use of B&B as much as possible. The Council is currently working with a private sector provider of temporary accommodation who provide a better quality alternative to B&B at a lower cost as well as continuing to explore the potential for suitable property acquisitions and provision of modular housing.

156. Helping households access the private rented sector as becoming more difficult and we continue to provide assistance through rent deposit guarantee scheme which was recently amended to ensure its financial sustainability.

Recommendations from this Section

157. It is recommended that Council:

- Approve the 2016/17 Projected Outturn and the 2017/18 HRA budget at Annex 7.
- Delegate to the Director of Finance, Housing and Community, in consultation with the portfolio holder for Performance and Resources, the setting of the level of the on-going HRA minimum balance, the transfer of balances to the HIR, the use of prudential borrowing, and adjustment of the resources of the HIR accordingly.
- Delegate to Cabinet the approval of individual projects to be financed by the HIR.
- Delegate to the Director of Finance, Housing and Community, in consultation with the portfolio holder for Performance and Resources, approval of offers, tenders or bids for the purchase of properties on the open market or at auction, in order to respond to market opportunities.

WELFARE REFORM

INTRODUCTION

158. The key elements of welfare reform are:

- Council Tax Reduction Scheme (CTRS),
- Benefits Cap,
- Universal Credit (UC).
- Capping of social housing rents at LHA rates

Council Tax Reduction Scheme

159. Dover District Council, working with Canterbury City Council, Thanet District Council, Kent County Council (KCC) and EK Services, has implemented a local CTRS where working age claimants will have to pay 10% of the Council Tax bill for their properties. This level is significantly lower than the rest of Kent where, typically, claimants have to pay over 20% of their Council Tax bill.

160. The previous CTRS was agreed with KCC for 3 years, and subsequently extended for an additional year until 2016/17. Following Kent-wide consultative work and a 12-week public consultation in summer 2016 the CTRS for 2017/18 was approved.

161. The 2017/18 scheme has been modified to reduce the level of expenditure within the scheme by an estimated £497k (of which the reduction retained by the Council will be an estimated £54k). In order to fund the scheme the following changes have been implemented:

- That the current minimum contribution towards their Council Tax made by recipients of Council Tax Support is increased from 6.0% to 10.0%;
- That the maximum savings that a council tax payer liable to pay council tax can have and still claim Council Tax Support is reduced from £16,000 to £6,000;
- That a minimum income is used within the calculation for self-employed Council Tax Support claimants after 12 months of self-employment;
- That the maximum level of Council Tax Support is restricted to the equivalent of a Band D property charge;
- That only the first two children in a family will be included in the calculation for children born after April 2017. (Some exceptions will apply);
- That the Family Premium is not included in the calculation of Council Tax Support for all new working age council tax payers;
- That the period for which a late claim can be backdated is reduced to one month;
- That the period for which a council tax payer can be absent from Great Britain and still claim Council Tax Support is reduced to 4 weeks (with some exclusions for certain occupations);
- That the element of the work related component of Employment and Support Allowance is not included in the Council tax Support calculation;
- That a fund be introduced to assist claimants experiencing exceptional hardship.

Benefit Cap

162. When introduced, the intention of the Benefit Cap was to prevent anyone in receipt of benefit receiving an income that is greater than the national average wage of circa £26k for families. From November 2016 the Benefit Cap was reduced to £20k (£23k in London). Local authorities remain responsible for administering the cap for claimants in receipt of Housing Benefit until that claim is migrated to Universal Credit.

163. If the total amount of benefits in payment (including Housing Benefit) exceeds the cap then the excess is deducted from Housing Benefit by the local authority. When the claim transfers to Universal Credit the Department for Work and Pensions (DWP) will be responsible for applying the cap.

164. DWP identified approximately 164 households within the Dover district affected by the £20k cap. As of January 2017 there are currently 115 households affected by the cap (30 are council tenants, 21 are housing association, 6 are homeless provision (RSL) and 57 are in private rented accommodation). The average loss for these households based on the first two months of data is around £3,100 but this can vary significantly with a minimum weekly loss of less than £10pw and a maximum of up to £190pw.

Social Sector Size Criteria (SSSC)

165. SSSC applies to Housing Benefit claimants in social housing. Those claimants deemed to have one bedroom more than they require have their Housing Benefit reduced by 14%. For claimants with 2 or more excess bedrooms the reduction is 25%. As of January 2017 in the Dover district there are 493 households that are known to be under-occupying, 429 by one bedroom, and 64 by two or more bedrooms. This results in an average weekly loss in Housing Benefit of £12.92 for one bedroom and £24.87 for two or more bedrooms.

166. EK Services continue to work with East Kent Housing to identify affected tenants and proactively support property moves and transfers where possible and appropriate. The Council can also use Discretionary Housing Payments (DHP) to mitigate the impact of the SSSC. As the funding for DHP is finite, it is generally used as a short term measure where the tenant's circumstances will become viable in the near future, for example, when a down-size is imminent, or if someone is about to re-join the household, thus eliminating the SSSC.

Universal Credit (UC)

167. UC continues to be rolled out nationally. The latest planning assumption is that the Dover district will transition to the full UC service in May 2017 and that all residual legacy benefit caseloads will move onto UC by 2022.

168. EKS's Benefit Fraud team transferred to the DWP in December 2015. The initial launch of UC took place in January 2016. According to DWP as of December 2016 there are 471 recipients of UC of which 185 are employed and 287 are unemployed.

169. The key elements of UC are:

- "Digital as appropriate" – it is assumed that 80% of claims will be on-line, and that there will be minimal personal contact or intervention;
- In the majority of cases, benefit will be paid on a monthly basis, direct to the claimant's bank account, rather than to landlords, as is currently the case with

Housing Benefit. This is to re-accustom claimants to the pattern of salary payments when they return to work;

- The change in payment patterns will require East Kent Housing to focus on maintaining rent collection rates;
- For those in work, the system will require monthly data transfers from their employers to the HMRC, and then from HMRC to DWP systems, in order to adjust benefit for changes in income;
- Claims from homes within a "House in Multiple Occupation" (HMO) are currently checked to property records by DDC to ensure the total number of claims from the HMO is consistent with (or does not exceed) the number of homes it contains, and so reduce the risk of fraud. It is not yet clear how this check will be replicated by the DWP as they do not have access to our property database.

Capping of Social Housing Rents

170. In the Comprehensive Spending Review in November 2015, the Government outlined plans to extend Local Housing Allowance to social landlords. Local Housing Allowance (LHA) is the method by which local authorities identify how much housing benefit a claimant is entitled to, that supports them in paying the rent/accommodation charge and eligible service charge. Currently social housing providers are excluded from LHA.

171. The new rules will apply to affected individuals who sign their tenancy from April 2016 onwards; although the LHA rate of Housing Benefit entitlement will not apply until 2019.

172. Most Council tenants will not be affected as the rent they currently pay is below the LHA rate however, single person households below the age of 35 who are in receipt of housing benefit and who became tenants after April 2016, will be affected as they will only be entitled to benefit payable at the shared accommodation rate which is currently £59.09 pw. Some tenants of sheltered housing are also likely to be affected because of the relatively high level of HB eligible service charges that are payable. The government has recognised that the changes may have a detrimental impact on the providers of supported housing and is currently consulting on an alternative funding system which will offset the rent loss caused by capping rent. The system proposed involves a separate fund from government resources which is administered locally but the precise detail of how this will work hasn't been established.

Other notable reforms

173. There have been a number of other reforms and changes to Housing Benefit that have taken place in 2016/17 which have also been replicated in the CTRS scheme for 2017/18 to ensure alignment for clarity and administrative purposes. These are:

- That only the first two children in a family will be included in the calculation for children born after April 2017;
- That the Family Premium has been removed from the HB calculation;
- That the period a claim can be backdated has been reduced to one month;
- That the period for which a claimant can be absent from Great Britain and still claim HB is reduced to 4 weeks (exclusions for certain occupations);
- That the element of the work related component of Employment and Support Allowance is not included in the HB calculation.

174. Benefits and payments remain subject to the 4 year freeze that was put in place in April 2014.

Proposed changes from 2017

175. From April 2017 it is proposed that there will no longer be automatic entitlement to Housing Benefit (or the housing element of Universal Credit) for 18 - 21 year olds who are unemployed. The regulations have yet to be published as of January 2017.

176. The tax credit taper will be increased from 41% to 48% from April 2017. This is the rate at which a person's or household's tax credit award is reduced.

177. The family element in Child Tax Credit of £545 per year will be abolished from April 2017 for new claims. People who were receiving the family element will continue to receive it until there is a relevant change of circumstances.

178. From April 2017 support for children in Child Tax Credit and Universal Credit will be limited to 2 children for new claims. A family will only be entitled to an individual element for more than two children if they were claiming for more than two children/qualifying young persons who were born before 6 April 2017. New births after that date will not qualify for an individual element (certain exceptions will apply).

ASSET MANAGEMENT PLAN (AMP)

179. 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.

180. 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 Director of Environment & Corporate Assets 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 targets only essential maintenance.

181. There is an estimated backlog of planned maintenance required to "Operational Assets" in the region of £2.25m. The majority of the expenditure relates to the Tides Leisure Centre which because of its age requires significant expenditure on both the external envelope of the wet side buildings and the complete renewal of worn out and inefficient plant. Provision has been made in the MTFP for the necessary refurbishment/replacement works.

182. In 2013/14 an Urgent Works earmarked reserve was established and this is held to fund urgent works on corporate assets if required.

<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 Director of Environment and Corporate Assets is reviewing opportunities for realising capital receipts from surplus assets to support financing of the capital programme.

CAPITAL PROGRAMME & SPECIAL REVENUE PROGRAMME

Purpose of the Capital Programme

183. The primary objectives are to:

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

Definition of Capital

184. Capital expenditure is expenditure which increases the capital value, performance, use or life of an asset. It can be financed by a number of means including:

- Capital receipts;
- Capital grants;
- Revenue resources;
- Prudential Borrowing (see Prudential Code below); and
- Leasing.

185. With the exception of revenue resources and the use of external leasing, none of the sources above can be applied to meet revenue requirements.

Content of the Capital Programme

186. Members are referred to the draft Medium Term Capital Programme (MTCP) at Annex 8A. This is a dynamic programme and a formal bidding process is operated every year to identify and plan future projects.

187. However, the speed of developments in relation to major projects such as DTIZ, Aylesham, etc. has shown that if formal approval is required for every minor change in the programme, this will generate delays. In order to manage this it is proposed that the current practice, as set out below, is continued:

- The programme be continuously updated to reflect the latest position;
- The latest programme will be included in the budget monitoring report (or a summary of changes will be provided) circulated to Members during the year;
- The latest version of the programme will be displayed on the intranet and internet;
- Whenever changes are required which exceed the overall spend of the programme, Member approval will be required – in effect, approval will be required if officers cannot find savings within existing resources to accommodate changes, or cannot finance them from external sources; and
- Any changes which are expected to have significant policy implications will be discussed with the Leader and relevant portfolio holder and will be reported to Members.

188. 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 Director of Finance, Housing & Community.

189. 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 Director of Finance, Housing & Community in consultation with the Portfolio Holder responsible for Finance.

190. In addition, a contingency has been included on the MTCP and Special Revenue Programme in order 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 Director of Finance, Housing & Community in consultation with the Portfolio Holder responsible for Finance.

191. 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.

192. The structure of the programme is reflected in the format of Annex 8A and is explained below:

- Committed General Fund Projects
  These are live General Fund projects that have been approved by Cabinet through the Project Appraisal process or under the agreed delegated authority, and are committed or in progress.

- Proposed General Fund Projects
  New projects are shown in the programme for approval of funding to the projects. These projects will be subject to the completion of a Project Appraisal for Cabinet or delegated approval before they commence.

- HRA Programme
  Proposed level of expenditure and allocation of funding for HRA Capital projects, as detailed at Annex 8C.

- Financed by
  This table provides a summary of the financing of the proposed Capital Programme. Members will note that there are sufficient resources to finance the projects included in the table. However, Members should also note that:

  - If Members wish to include additional projects in the programme, these can only be resourced by removal of the equivalent value in new bids;
  - Removal of projects financed by specific grants, or within the HRA, will not generate additional resources for other projects in the General Fund programme.

Proposed Deleted Projects

193. In order to reflect changing circumstances for projects and to finance new Capital projects it will sometimes be necessary to delete existing projects on the programme. These will be reported in the budget monitoring report circulated to Members during

the year. The following projects are proposed to be deleted from the current programmes:-

- Dover Priory car park (DDC contribution) - £500k – Reserve funded;
- Small Works Adaptation Grants - £45k – Capital Receipt funded;
- Burial Records on line - £9.3k – Capital Receipt funded;
- Woolcomber St car park works - £15k – Special Revenue Reserve funded.

194. It is proposed to allocate the £501.5k Leisure Centre Contingency to the refurbishment of the Tides Leisure Centre; funded from Capital receipts.

195. It is also proposed to reduce the £60k allocation for tennis court improvements at Connaught Park to £30.5k; funded from Special Revenue reserve.

196. The £210k allocation for resurfacing car parks is to be amended to include works to DDC owned access roads; funded from reserves.

Content of the Special Revenue Projects Programme

197. The Special Revenue Projects Programme (Annex 8D) 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 could not 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.

Financing of the Capital and Special Revenue Projects Programmes

198. 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 Director of Finance, Housing and Community, in consultation with the portfolio holder responsible for Finance, and that capital receipts from particular sources will not be hypothecated to specific projects. Instead they will be treated as one overall stream to finance Capital and Special Revenue projects within both the General Fund and HRA according to the priority of the projects and the availability of financing.

199. 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.

200. In addition to financing of capital expenditure, the Council also has to consider what provision, if any, should be made for the repayment of debt. Although new long term borrowing has not yet been undertaken, it is intended that new borrowing, when required, will be repaid by making revenue provisions based, inter alia, on the life of the asset as set out in the Treasury Management Strategy Statement, Annex 9.

Prudential Code

201. 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. At the outset of the Prudential regime this Council decided that it would generally be imprudent to undertake borrowing which is not supported by revenue grant from the Government for financing the capital programme. The Council keeps this policy under review and may, at a future date, undertake new borrowing if it is affordable.

Capital Receipts

202. In 2004/05 the Government introduced the pooling of housing capital receipts, from Right-to-Buy sales, for distribution to authorities where there is greatest need. From 1 April 2012 new Right-to-Buy regulations apply. The main change from previous regulation is that receipts in excess of those allowed for under the Housing Finance Reform Debt Settlement may be retained by an authority for 1:4:1 replacement of Affordable Housing.

203. Right-to-Buy (RTB) sales in 2016/17 have been consistent with levels in 2015/16 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.

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

205. Annex 8B details the level of capital receipts held, expected (based on contractual arrangements) committed to projects proposed to be used for new projects. The balance of receipts after these anticipated receipts and commitments is shown as £5.7m.

Additional Projects and Future Year Requirements

206. Annex 8F includes details of projects that have been identified requiring future expenditure. These projects are outlined to provide details of forthcoming pressures on capital and reserve resources. As financing becomes available through relevant grants or disposal of assets etc., these will be reviewed for inclusion in the Capital and Special Revenue Programmes based on the corporate priorities.

Summary

The key points for Members to note are:

- The Capital Programme operates on a cash funded position with no new projects being approved to commence unless the whole project costs can be financed through additional funding, sufficient capital receipts have been banked, external borrowing is approved or other savings in the programme have been identified. The new projects in the programme have been approved subject to the completion of a Project Appraisal for approval by Cabinet, or the Director of Finance, Housing & Community in consultation with the Portfolio Holder responsible for Finance under delegated powers;

- The Capital Programme is partly financed from HRA Right-to-Buy sales. The level of sales increased in 2015/16 and the level of sales appears to be similar for 2016/17. The level of receipts available for general capital purposes remains limited.
- The detailed financing of the Capital and Special Revenue Projects Programmes is delegated to the Director of Finance, Housing and Community in consultation with the portfolio holder responsible for Finance;
- There is no provision for making capital grants to other organisations, other than those grants already approved; and
- The lack of headroom in the capital programme for additional projects is a significant constraint and large projects will need to be funded from external borrowing where revenue savings can be identified to offset the borrowing costs (such as the Leisure Centre and Property Investment Strategy projects).

RECOMMENDATIONS FROM THIS SECTION

207. It is recommended that Cabinet:

Continue the practice of delegated authority to the Director of Finance, Housing and Community, in consultation with the Portfolio Holder responsible for Finance, to:-

- Apply capital receipts, revenue resources, grants, s106 monies, etc. to finance the approved Capital and Special Revenue Projects Programmes;
- Authorise new projects up to £50k that are included in the Capital and Special Revenue Programmes;
- Approve the allocation of funds from the Capital and Special Revenue Contingencies to projects;
- Authorise virements between Regeneration projects;
- Apply Growth Point reserves to Regeneration projects.

208. It is recommended that Council:

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

TREASURY MANAGEMENT AND THE PRUDENTIAL CODE

209. 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.

210. The new capital system promotes a Council framework to ensure:

(a) That the authority maintains a balanced budget;
(b) That the impact of capital investment decisions is reflected in the revenue budget; and
(c) That performance measurement is implemented in managing and controlling the impact of capital investment decisions.

211. Annex 9 will be updated for the second circulation of the budget and MTFP and will set out estimates for each of the relevant Prudential Indicators in each of the financial years 2017/18 to 2017/18, and include the latest estimates for 2016/17 aligned with the revised forecast budget. Approval will be sought for the proposed indicators for 2017/18 – 2020/21. The indicators have been grouped into the five categories defined within CIPFA's Prudential Code.

212. 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.

TREASURY MANAGEMENT

213. The Council's Treasury Strategy complies with the requirements of the CIPFA Code of Practice on Treasury Management, which was adopted by the Council on 2 September 2002 and the CIPFA Code of Practice on Treasury Management (revised November 2009) that was adopted by this Council on 2 March 2011.

214. Approval of the strategy is a Council decision.

RECOMMENDATIONS FROM THIS SECTION

215. It is recommended that Cabinet:

- Delegate to the Director of Finance, Housing and Community, in consultation with the portfolio holder responsible for Finance, the amendment of the level and period of investment in property funds.

216. It is recommended that Council:

- Approve the Treasury Management Strategy, including the Prudential Indicators and Minimum Revenue Provision statement

KEY ASSUMPTIONS & READY RECKONER

Background

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

Inflation

218. Salary inflation will be based on the results of the Collective Bargaining process. Contract inflation for 2017/18 is based on the details of the specific contracts, the state of the market for the specific services and any other relevant factors. Contract inflation is assumed to be 3% for future years. Inflation on all other expenditure will aim to be limited to the current budget level; however a small allowance of 2% has been forecast to allow some limited growth.

Staff Numbers

219. The 2017/18 budget includes 255 full time equivalent posts directly employed for DDC plus a further 33 employed by DDC as part of the East Kent Audit Partnership (working for Canterbury, Thanet, Shepway and Dover and recharged accordingly) and East Kent HR (working for Canterbury, Thanet and Dover and recharged accordingly) allocated across services as detailed in Annexes 5A-5D.

Triennial Valuation of the Pension Fund by the Fund Actuaries

220. The triennial valuation took effect from April 2016. It has been assumed that the DDC backfunding contribution will increase by £74k per annum (3.9%) above the 2017/18 level of £1.89m for the planning period.

Interest Rates

221. It is assumed that DDC will earn an average of 0.5% on its investments in 2017/18 and future years.

Revenue Support Grant

222. The current draft settlement provides figures for 2017/18 – 2019/20. Future years are forecast to reduce by 44.6% and then 90.1% in 2019/20 when the value of the grant will be £57k.

Business Rates Retention

223. The current draft settlement covers 2017/18 – 2019/20 and proposes an increase in NDR inflation of 2.04% for 2017/18, 3.22%% for 2018/19, and 3.56%% for 2019/20.

Council Tax

224. Council tax increases have been assumed at £4.95 for 2017/18 and for the remainder of the planning period.

Second Homes Monies

225. Second Homes income from KCC has been removed from 2017/18 and thereafter.

New Homes Bonus

226. New Homes Bonus is a scheme that provides incentives and rewards for councils and communities who support delivery of new homes in their area. Government has reduced the grant paid to Local Authorities as detailed in the General Fund section. For planning purposes it is assumed that the grant will reduce by £450k in 2018/19.

Capital Projects

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

Ready Reckoner

- Payroll - 1% increase costs the General Fund approximately £80k;
- Council tax - 1% raises £66k;
- RSG – 1% change equals £10k;
- NDR – 1% growth in BR income equals £70k (DDC's share, including gross-up for S31 Grant);
- Investment Income - 1% equals £420k (split approx 75/25 GF/HRA);
- Contract inflation – 1% equals £80k;
- Business Rates Tariff - Every £100k reduction below the NDR baseline results in £40k reduced income for DDC to a maximum of the safety net value of £252k;
- Business Rates Levy – Every £100k received above the NDR baseline results in £20k additional income, before levy reductions from pooling.

SIGNIFICANT BUDGET RISKS

228. Budgets, by their nature, involve an element of forecasting which entails uncertainty and hence risk. The schedule below highlights the main budget risks identified.

Ref	Description	Impact	Likeli-hood	Mitigation	Sensitivity	Residual Impact	Residual Likelihood
1	Council Tax Base / Collection Rates – reduced collection rates could impact on the resources available to the Council.	H	M	Realistic performance targets for collection of Council Tax have been set to reflect the system of local Council Tax Support now in place. EKS undertake regular monitoring of collection rates, trends on non payments and bad debt analysis. The collection rate for new payers is being monitored very closely and collection is in line with projections. Reasonable arrangements to pay are put in place by staff where appropriate. An increase from 6% to 10% of the amount payable by working age people under the Council Tax Support scheme has been approved by Cabinet for 2017/18, along with additional fine-tuning of the scheme, as outlined in the relevant report.	1% reduction in the total collection rate costs £66k.	M	M
2	NDR Localisation • The localisation of Business Rates transfers some of the impact of growth or reduction in the tax base and collection rates to the billing authority. • The increase in the district's total RV in 2017/18 includes a significant increase for the Channel Tunnel of £19.6m. (£15.4m on 2010 RV list to £35m on 2017 RV list).	H	H	The NDR1 return to DCLG takes into account the likely scenario for the future year's business rates and that adequate provision has been made for the impact of BR appeals. Regular monitoring of the position is undertaken in conjunction with East Kent Services.	Impact of appeals on income not possible to accurately quantify across all businesses. For 2017/18 an additional level of appeals provision has been included in the budget	H	H

Ref	Description	Impact	Likeli-hood	Mitigation	Sensitivity	Residual Impact	Residual Likelihood
	Previously, Channel Tunnel have won appeals against their 2005 and 2010 valuations • Dover receives 40% of business rates income, but after deduction of a tariff of £12.6m in 2017/18 (10.6m in 2016/17). Government has reserved the right to increase the tariff further depending on the final outcome for 2016/17.				to mitigate against this risk. Impact of BR income being below the baseline is up to £260k loss of funding until the safety net kicks in.		
	• This reduces Dover's share to a baseline of £3.5m approx. of BR income • If there is a shortfall of income, Dover bears the first £260k before receiving a safety net payment to limit its loss of funding. • If there is growth above the baseline, Dover receives its 40% share, but after a 50% levy reducing the amount retained to 20% of any growth.			While the district has benefitted from an increase in gross rates in 2017/18, this is mainly due to the 2017 revaluation. Higher reliefs to small businesses, increased appeals allowances, and a £2m increase in DDC's tariff reduce its share of the BR income to a similar level to the 2016/17 estimate.			
	• There is a pooling mechanism that reduces the levy payable on growth from 50% to, say, 10% approx., but the saving from pooling is not entirely retained by Dover, but governed by the pool's sharing mechanism. • The future sustainability of the scheme is questionable and the outcomes are sometimes perverse.			The Council was in a Kent BR pool with KCC and 10 districts in 2015/16 but has withdrawn from the pool in 2016/17 and 2017/18 due to volatility and uncertainty over its likely BR income pending resolution of significant appeals. The ongoing eroding effect of appeals on income and the timing of significant growth, which is not expected until 2018/19 (DTIZ), limits "growth" above the baseline, and therefore the significance of levies payable to Government.	Impact of being outside the Kent pool on reducing levy payable, is loss of £12k direct saving per £100k of growth and a further £12k that would have gone into a Kent/Dover LEP for agreed projects		

Ref	Description	Impact	Likeli-hood	Mitigation	Sensitivity	Residual Impact	Residual Likelihood
				While pooling reduces the levy rate, which is beneficial, if Dover's BR income falls beneath its baseline, the pool would have to fund any safety net payment, making Dover a drain on the pool. If Dover exceeds its baseline and has to pay a levy, it will pay it at a higher rate than under the pooling arrangements			
2A	A class action by NHS trusts/foundations regarding applications for mandatory relief for their premises is underway, to treat them as if they are charities, and is currently being contested by local authorities nationally. It is not thought that this will be successful, but no allowance is built into the MTFP should the NHS Trusts succeed in their claim, which would entitle them to 80% mandatory relief. They could then apply for a further 20% discretionary relief, potentially reducing their bills to £nil. If they are successful, the impact could be significant in terms of back-dated refunds and reduction in ongoing rates payable.	M	M	The impact of mandatory charitable relief at 80% on NHS Trust accounts is approximately £250k p.a. but, with backdating of claims to 2010, this could result in a one-off cost of £1,072k in 2017/18. The additional 20% relief would only be given if required under the local authorities' discretionary relief policy.	£250k p.a. after backdating of claims resolved, based on current 2017 valuations		
3	Neighbourhood Development Plans may be produced by a number of Town or Parish Councils, for which the cost items	H	H	Planning advice is provided to towns and parishes to help ensure a good process is followed which would help to minimise costs.	£20k per annum.	H	H

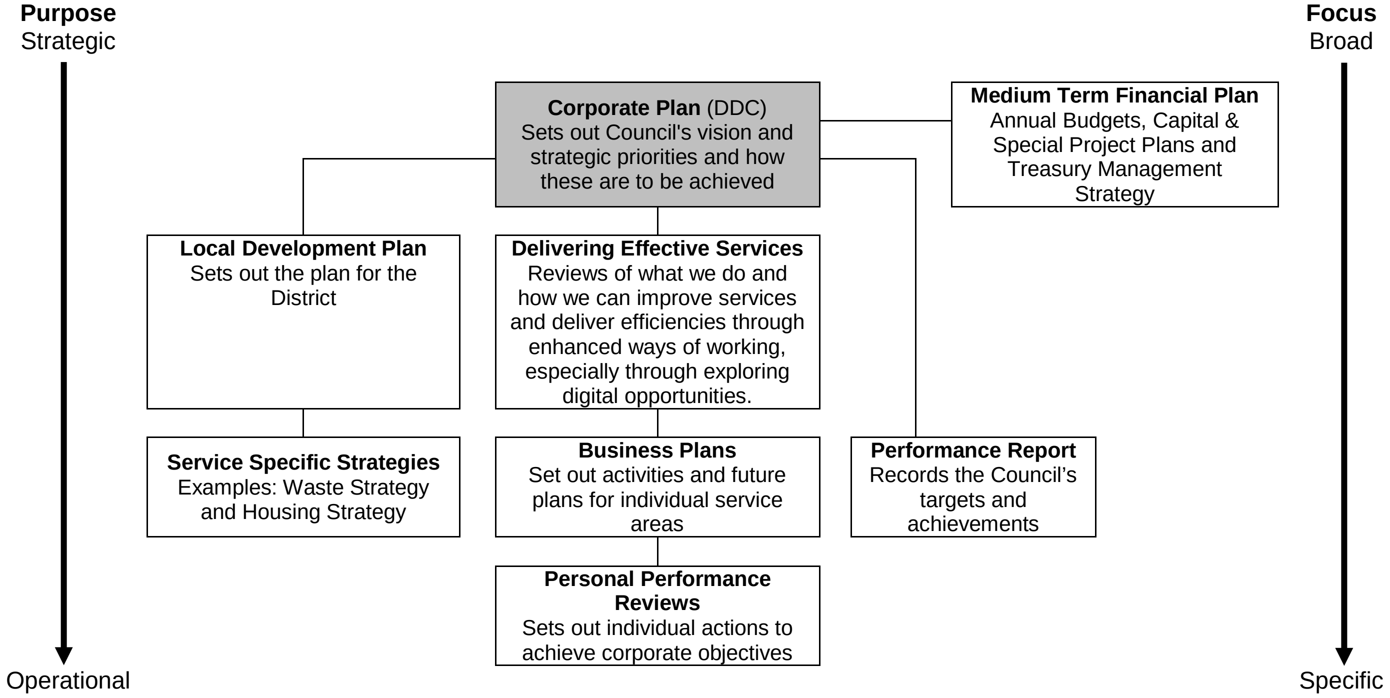
Ref	Description	Impact	Likeli-hood	Mitigation	Sensitivity	Residual Impact	Residual Likelihood
	such as a referendum and examination is the responsibility of the District Council.			Government grants are currently available to offset the costs to districts however it is not known whether this will continue into future years.			
4	Reduced level of commitment by partners in regeneration projects leading to reduced resources available to complete the projects.	H	M	The Chief Executive and the Head of Inward Investment are in frequent contact with our major partners. Our partners have also invested their own resources in the regeneration projects and have become identified with the projects' success.		H	L
5	Reduced capital receipts from housing and other asset sales leading to reduced resources available to complete projects.	H	M	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 interest, but this will also be dependant on interest rate movements.		H	M
6	The level of resources for repairs and maintenance to properties may result in asset deterioration and potential service failure.	H	M	A corporate budget is held for repairs and maintenance of assets enabling the Director of Environment and Corporate Assets to allocate the resources appropriately according to need.		H	M
7	There is a risk that the Government settlement for future years will be less than the forecast included in this plan.	H	M	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.	Every 1% reduction in RSG costs the Council approx. £17k.	H	M
8	Pension Funding – increased deficit, demographic change, reduced asset values and interest rates may lead to additional contribution rates, at future triennial valuations, to meet backfunding requirements.	H	H	Instead of paying a contribution rate based on a % of salaries, DDC pays a fixed sum.	A 1% increase in contribution rates costs the General Fund approximately £80k	H	M

Ref	Description	Impact	Likeli-hood	Mitigation	Sensitivity	Residual Impact	Residual Likelihood
9	Fees and Charges – some sources of income may be affected by a reduction in overall economic activity.	M	M	Income assumptions are made at a conservative level based on historic performance and other known influencing factors. Active monitoring of income levels is carried out throughout the year.		M	M
10	The budgeted level of vacancy savings may not be achieved.	M	M	The current Employment Stability process challenges the replacement of all vacancies and temporary staff requests. In addition, active monitoring of vacancy savings is carried out throughout the year.	Vacancy savings of £150k are forecast	M	M
12	New Homes Bonus may not be achieved through if levels of new homes completions are not to target.	H	M	The New Homes Bonus assumed in the MTFP is based on the current projections for DDC and includes assumptions for the proposed changes.	2017/18 NHB income of £1.9m included as a key element of the General Fund budget.	M	M
13	The impact of Housing and Planning Bill could be significant	H	H	The essence of the proposals are included in this document. The implications will only be known when the implementation proceeds. The bulk of this is subject to regulation by the Secretary of State.	Unable to forecast at the time of writing.	H	H
14	Homeless expenditure may increase due to the impact of the Homeless Reduction Bill and the continued implementation of Universal Credit in the district	M	H	Close monitoring of the impact of the Bill and the in-year budget. Investigating innovative options to support homeless requirements in the district.	Unable to forecast at the time of writing.	M	H
15	Economic downturn	M	M	Recent financial market activity may be the precursor of an economic downturn, or simple a re-adjustment. The UK is generally regarded as being well placed economically. Nonetheless, western economies have not yet fully normalised	Potential slowing of economic activity could place pressure on income streams and expenditure.	M	M

Ref	Description	Impact	Likeli-hood	Mitigation	Sensitivity	Residual Impact	Residual Likelihood
				following the previous crash so room for manoeuvre by governments and central banks is limited.			
16	BREXIT	H	H	It is not yet known whether the terms for Brexit will be favourable, adverse or neutral. If negative the impact of BREXIT on the economy could affect bank rates, consumer spending, property prices and other economic areas.			

RELATED STRATEGIES AND PLANS

The relationship between the Council's major plans and strategies is set out below. Members are reminded to consider these plans when approving the allocation of resources as set out in the MTFP.



<u>Notes:</u> The Corporate Plan sets out the vision and strategic priorities of the Council and provides the context for other strategies and plans that we may produce. The outcomes contained in this Plan are cascaded throughout the organisation, with targets to keep us on track. Each service has its own Business Plan, which sets out the service specific activity carried out and plans for delivering the services into the future.

JOINT PLANS WITH PARTNERS

229. Partnership working is an important element in service delivery and achievement of our corporate objectives. The Council's major partnerships are described below.

Partner / Project	Commentary
Dover Town Investment Zone (DTIZ) St. James's	We have signed Development Agreements with Bond City Limited in relation to the DTIZ/St. James's scheme and continue to work with the Homes and Communities Agency (HCA) who have taken on the responsibility for the obligations contained in the earlier SEEDA Funding Agreement. The Council's Development Partner, Bond City Ltd., has also signed a Funding Agreement with Legal and General Investment Management. Planning consent has been agreed for a revised retail/leisure scheme and a successful Compulsory Purchase Order has been progressed following an earlier Public Inquiry. The site has been vested in the Council's ownership and demolition of the remaining properties has been completed and a range of pre-construction works are now in progress and are expected to be substantially complete by the end of 2016. Separate archaeological investigations have also been undertaken across the site. A separate residential element at the corner of Castle Street/Maison Dieu Road been completed on site. The remainder of the scheme, comprising the retail and leisure elements, will now be undertaken as part of a comprehensive scheme. Beyond the site, the former Centurion House has been demolished and temporary car parking has been provided.
Aylesham Regeneration	Phase 1A has now been completed delivering 198 homes (35 affordable). A further 38 plots have been sold from Phase 1B and the full drawdown of this phase – (570 Homes) is due to be completed before the end of the financial year. In addition, the Council has agreed to purchase the 4 retail units for new local businesses to lease.
Connaught Barracks	A Memorandum of Understanding has been entered into with the Homes and Communities Agency (HCA), the current site owners. The HCA has been working with the District Council and liaising with English Heritage to a secure a sustainable solution for the site, which has seen Fort Burgoyne transferred to the Land Restoration Trust, supported by a dowry to enable ongoing maintenance and the development of a sustainable end use to be achieved. Proposals were brought forward in during 2015 to initiate the first part of the housing on the former Officer's Mess site on the western side of the site. Planning consent has been issued and the HCA is expected to market this opportunity in early 2017. The Government also announced on 4 January that the Connaught site will form part of a five site programme of accelerated development which will see direct investment in the demolition and infrastructure which will de-risk the site for smaller builders. It is expected that the HCA will be working with the Council through 2017 to develop an approved Masterplan for the remainder of the site. The Land Restoration Trust is also expected to commence consultations and bring forward proposals on Fort Burgoyne during 2017.

Hadlow College at Betteshanger	A Memorandum of Understanding has been entered into with Hadlow College who now own the site. The Council has continued to work with Hadlow College and the HCA to bring forward and enable a comprehensive development of the former business park and adjacent country park. The Council has worked with Hadlow on the preparation of Grant Funding bids under the Coastal Communities Fund and Heritage Lottery Fund which have recently been approved. In addition to this, The Council has also supported Hadlow College in the preparation of a bid European Funding which is currently in progress. Development commenced on the country park during Autumn 2015 and is due for completion during Spring 2017. Further specific proposals for the country park along with the business park are also expected to be submitted in early 2017 alongside a wider masterplan for the business park.
Western Heights and Farthingloe	A Planning Performance Agreement has been completed with the main land owner in the locality, CGI Limited. Planning Consent has been granted following the completion of prior legal agreements with English Heritage and KCC. The Council's Decision has been the subject of an on-going judicial challenge from the Campaign for Protection for Rural England (CPRE). Despite a successful defence prior to Christmas, the CPRE is continuing to seek leave to appeal. Cabinet has also authorised the necessary land owner agreements which are progressing in parallel. We continue to work with CGI and other bodies and key agencies such as Historic England, the Town Council and others to explore the significant investment interest for this area.
East Kent Spatial Development Company	The Council is a member of the Company, which is being restructured following the proposed withdrawal by the Homes and Communities Agency, to explore and bring forward investment opportunities in the District. Successful investments have been made at Aylesham, Betteshanger along with an impending scheme at Albert Road at Deal.
South East Local Enterprise Partnership (SELEP)	The Council is contributing actively as a member of the SELEP Board and as part of the Kent Federated Model to ensure that the strategic and local interests of East Kent and the District are fully represented. Thus far successful bids have been progressed for the Port of Dover and access arrangements at Albert Road in Deal. Furthermore, the Council is also participating actively as part of the wider Network of Coastal Communities and ensuring that their interests are taken into account as part of the SELEP work streams.
Dover Harbour Board	Following the decision by Government not to privatise the Port of Dover, the Council has engaged with Dover Harbour Board and others as part of the recently established Port of Dover Community Forum. Regeneration remains a key requirement going forward. The Port of Dover is commencing the scheme know n as the Western Docks Revival in spring 2015, with the construction of two new junctions on the A20 forming the first phase of activity and due for completion in February 2017. A further Harbour Revision Order is being approved to modernise the Harbour Board's constitution whilst strengthening the links between the Port and community. The Port of Dover has also engaged with DDC and other interested parties on the essential master planning for Dover Waterfront.

Discovery Park Enterprise Zone, Sandwich	The Council is engaging fully in the Enterprise Zone Programme at both a national level, regular liaison with the Department for Communities and Local Government, and as part of the local Enterprise Zone Board. Significant progress has been made at Discovery Park, which is recognised as one of the flagship EZ's, towards the target of 3000 jobs by 2017. Currently, there is a total of around 2400 jobs secured or retained, comprising some 150 companies, with people employed on site or in the pipe-line moving there. The DCLG target is 3,000 jobs by 2017. The foundations for future investment in the site are also being put in place through the submission and resolution to approve a comprehensive site wide Masterplan together with an application for a supermarket, funding further essential infrastructure. DDC has also worked actively with Discovery Park on the successful submission of Grant Funding bids. Planning Consent has been issued for the site wide masterplan, which enables a mixed-use development around the retained buildings. Further detailed planning applications are imminent and have been received during 2016 and a number of new commercial developments are progressing on site which will further boost job numbers. DDC has also participated with Government and others, using Discovery Park as part of a case study route map to assist with opportunity developments where the need arises elsewhere.
Kearsney Parks for People	In 2016 DDC submitted a successful £3.1m bid to the Heritage Lottery Fund/Big Lottery Fund 'Parks for People' programme for a major scheme of restoration and improvement works at Russell Gardens and Kearsney Abbey. Our project manager and design team have been reappointed and are working on detailed designs and we have appointed additional members of staff to extend engagement with park users and the local community. The first phase of clearance work will take place in Russell Gardens during the winter of 2016/17, with the main restoration and improvement work starting in autumn 2017. The project is due to end in 2020.
White Cliffs Countryside Partnership	The White Cliffs Countryside Partnership is a partnership between Dover District Council, Shepway District Council, Kent County Council, Eurotunnel, Natural England and many other local organisations with financial contributions from the Heritage Lottery Fund, which was established in 1989 to help conserve and enhance the special coast and countryside of Dover and Shepway districts, and make it accessible to all. Dover DC is the host authority for the partnership.
'Up on the Downs' Partnership	Up on the Downs' is a £2.5 million Heritage Lottery funded Landscape Partnership Scheme that aims to make a significant difference to the easily recognisable and iconic landscape of the Dover and Folkestone area by working with our partners and local communities to conserve and celebrate the landscape and heritage of the scheme area. The scheme is scheduled for completion in September 2017; however, Up on the Downs and DDC are working with partner organisations to secure an appropriate legacy for the scheme, including continuing the partnership into the long-term. Dover DC is the host authority for the partnership.

Waste and Recycling	The Council has awarded a 10 year contract to carry out recycling and waste collections, the processing of recyclate collected and street cleansing operations to Veolia Environmental Services (UK), which commenced in January 2011. The contract has been awarded in partnership with Shepway District Council 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.
East Kent Housing	EKH has been established as an Arms Length Management Organisation jointly owned by Dover, Canterbury, Shepway and Thanet districts to deliver a range of delegated housing management services.
Choice Based Lettings	A Choice Based Lettings service delivered by Kent Homechoice the organisation set up in partnership with other Kent local authorities and Registered Providers.
Housing PFI	A partnership project between KCC and districts which has secured PFI funding that has already delivered extra care housing schemes across Kent, including two schemes in Dover district.
East Kent Audit Partnership	The partnership is hosted by Dover working with Canterbury, Thanet and Shepway councils and includes providing the internal audit service to East Kent Services and East Kent Housing.
East Kent Services	EKS discharge the administration of council tax, national non domestic rates, the housing benefits scheme, customer services, ICT and Human Resources functions on behalf of Dover, Canterbury and Thanet Councils. The East Kent Services Committee oversees the work of EKS.
South Kent Coast Health and Wellbeing Board	The South Kent Coast Health and Wellbeing Board covers the Dover district (with the exception of some GP practices in Dover district that are part of the Canterbury and Coastal HWBB) and Shepway district (following the boundary of the South Kent Coast Clinical Commissioning Group) and Cllr Paul Watkins is the chair of the Board. The local-level board complements the county-wide Board and will feed local views into the overarching Kent strategy and ensure local issues are determined locally. The aim of the South Kent Coast Health and Wellbeing Board is to ensure a “local” voice and to identify, at the appropriate level, district-wide and neighbourhood-level health needs, priorities and gaps in service provision.
A New Vision for Sandwich	Board membership at Officer and Member level on the ‘A New Vision for Sandwich’ project board. The Board was formed in September 2016 following the publication of the jointly commissioned KCC and Sandwich Town Council report “Which way for Sandwich?” The Board will deliver a programme of improvements to Sandwich Town Centre, commencing with the Guildhall project.
Sandwich Guildhall Project	Provision of Project Management services for the initiation phase of the first project in the “A New Vision for Sandwich” programme, centred on the Guildhall and the Guildhall forecourt.

GENERAL FUND BUDGET SUMMARY

2015/16 Actual £000		2016/17 Original Budget £000	2016/17 Projected Outturn (31 Dec 16) £000	2017/18 Proposed Budget £000
	Directorate (Note 1)			
2,222	Chief Executive	2,692	3,116	3,060
2,622	Governance	2,841	2,683	2,648
3,209	Finance, Housing & Community	3,145	3,186	3,150
8,080	Environment & Corporate Assets	8,136	7,828	8,162
381	Special Revenue Projects	621	1,032	75
0	Shared Services (DDC hosted)	0	0	0
0	Vacancy Allowance/Delivering Effective Services	-147	0	-224
0	Apprenticeships	25	20	0
0	Removal of Employers NI Cap for LGPS Employees	135	0	0
-113	Council Tax Second Homes	-57	-57	0
0	Contingency	92	81	101
0	Target Saving - EKS	-125	0	-151
16,401	**Directorate Service Costs**	**17,358**	**17,889**	**16,821**
-2,929	Depreciation	-2,535	-2,535	-2,535
702	Pension Adjustments	561	561	674
-14	Annual Leave Adjustment	0	0	0
67	River Stour Drainage Board	68	68	70
96	Council Tax Support Funding to Towns & Parishes	67	67	39
14,323	**Service Costs Before Transfers to / from Reserves**	**15,519**	**16,050**	**15,069**
	Contribution to/(from) Reserves:			
1,151	- Special Projects & Events Reserve	-601	-1,012	-55
72	- Periodic Operations Reserve	47	-47	117
-120	- Urgent Works Reserve	0	0	0
462	- Dover Regeneration Reserve	188	94	-115
404	- IT Equipment Reserve	58	58	58
189	- Revenue Grants in Advance Reserve	0	-73	0
0	- Business Rates & Council Tax Reserve	-1,211	-1,175	-728
16,481	**Net Service Expenditure**	**14,000**	**13,895**	**14,346**
	Financing Adjustments:			
-250	Interest Receivable	-247	-252	-229
242	Interest Payable	237	237	237
0	Property Investment Strategy	0	0	-500
9	Loan Principal Repayments	0	9	9
0	Revenue Expenditure Funded by Capital Under Statute	0	0	0
78	Direct Revenue Financing of Capital	0	0	0
-161	Soft Loan Adjustments	0	0	0
16,399	**Total Budget Requirement**	**13,990**	**13,889**	**13,863**
	Financed by:			
4,096	Non-Domestic Rates	3,621	3,589	3,564
1,852	Enterprise Zone Relief & Renewable Energy Retained	1,040	1,108	1,229
200	Collection Fund (Deficit)/Surplus - NDR	-724	-724	-728
2,597	Revenue Support Grant	1,758	1,758	1,027
5,947	Council Tax	6,251	6,251	6,600
69	Council Tax Freeze Compensation	0	0	0
112	Council Tax Collection Fund Surplus	145	145	236
1,581	New Homes Bonus	1,899	1,906	1,874
51	New Burdens	0	0	0
16,505	**Total Financing**	**13,990**	**14,033**	**13,802**
-106	**General Fund Deficit/(Surplus) for the Year**	**0**	**-144**	**61**
-2,889	**General Fund Balance at Start of Year**	**-2,992**	**-2,995**	**-2,689**
0	**Transfer to Earmarked Reserves**	**450**	**450**	**0**
-2,995	**Leaving Year End Balances of**	**-2,542**	**-2,689**	**-2,628**

1) Directorate Service costs adjusted to removed REFCUS, funded DRF costs, soft loans and S106 net expenditure for comparability purposes

BUDGET SUMMARY - FUNDING ANALYSIS

2015/16 Actual £000		2016/17 Original Budget £000	2016/17 Projected Outturn (31 Dec 16) £000	2017/18 Proposed Budget £000
	Financed by:			
	Business Rates - Share of NDR, S31 Grant, etc:			
3,363	Net Funding Retained up to Baseline	3,391	3,391	3,460
878	Business Rates over Baseline	321	358	100
0	Safety Net Receipt	0	0	0
-210	Levy Payment	-160	-179	-50
0	DDC Direct Share of Levy Saving through Pooling	0	0	0
0	NDR Growth deferred to following year under statute (1)	0	-37	0
65	Section 31 Grant from Govt. (cap grant only)	69	56	54
4,096	**Gross NDR Income**	**3,621**	**3,589**	**3,564**
	Enterprise Zone Relief & Renewable Energy:			
1,069	Enterprise Zone Relief Retained for Current Year	1,024	1,106	1,078
-57	Amount of EZ Relief in current year above NDR1 16/17 estimated value, required to be recognised in following year	0	-67	0
840	Amount of EZ Relief in prior year above NDR 15/16 estimated value, permitted to be recognised in current year	16	57	67
0	Renewable Energy for This Year	0	44	40
0	Renewable Energy to recognise Next Year	0	-44	0
0	Renewable Energy from Prior Year	0	12	44
1,852	**Total Enterprise Zone Relief & Renewable Energy**	**1,040**	**1,108**	**1,229**
	NDR:			
200	Collection Fund (Deficit)/Surplus - NDR (2)	-724	-724	-728
200	**Collection Fund (Deficit)/Surplus - NDR**	**-724**	**-724**	**-728**
	RSG:			
2,597	Revenue Support Grant (incl. C. Tax Support Funding)	1,758	1,758	1,027
2,597	**RSG per Settlement**	**1,758**	**1,758**	**1,027**
5,947	**Council Tax**	**6,251**	**6,251**	**6,600**
69	**Council Tax Freeze Grant 2015/16**	**0**	**0**	**0**
112	**Collection Fund Surplus - C Tax**	**145**	**145**	**236**
1,581	**New Homes Bonus**	**1,899**	**1,906**	**1,874**
51	**New Burdens**	**0**	**0**	**0**
16,505	**Total Financing**	**13,990**	**14,033**	**13,802**

Notes:

1) The NNDR1 figure for the District's share of NNDR income is reflected in the accounts, so any growth is effectively deferred for recognition, reducing deficit or increasing surplus on the Collection Fund recognised in a future year. We have the option to use the smoothing reserve to cover this.

2) The deficit share is covered by use of the Business Rates & Council Tax reserve.

ANNEX 1A

Summary of General Fund Budget & Financing Requirements

	2016/17 Original Budget £m	2017/18 Original Budget £m	Year on year change %
Budget Requirement:			
Gross Revenue Expenditure	68.487	69.164	
Gross Revenue Income	(53.734)	(54.778)	
Underlying Budget Requirement	**14.753**	**14.386**	
Earmarked Reserve adjustments	(0.763)	(0.523)	
Net Budget Requirement	**13.990**	**13.863**	-1%
Financing Requirement:			
Revenue Support Grant	(1.758)	(1.027)	-42%
Business Rates Retained	(3.621)	(3.565)	-2%
Enterprise Zone Relief - in year	(1.024)	(1.117)	9%
Council tax	(6.251)	(6.600)	6%
New Homes Bonus	(1.899)	(1.874)	-1%
Underlying Financing	**(14.553)**	**(14.182)**	**-3%**
One-off Financing:			
Collection Fund Distribution			
NDR	0.724	0.728	
Council Tax	(0.145)	(0.236)	
Enterprise Zone Relief - prior year	(0.016)	(0.111)	
Total Financing	**(13.990)**	**(13.801)**	**-1%**
(Surplus) / Deficit for the year	(0.000)	0.062	
Transfers to Earmarked Reserves	0.450	0.000	
Opening General Fund Balance	**(2.992)**	**(2.689)**	
Closing General Fund Balance	**(2.542)**	**(2.628)**	

ANNEX 1B

	A	B	C	D	G
1	**DOVER - NDR MONITORING - SUMMARY**				
2			NNDR1 2016/17	Updated Forecast	Budget Revised
3			Jan-16	2016/17	2017/18
4	Number of hereditaments		3,907	3,953	3,953
5	Aggregate RV		88,811,983	89,475,675	110,645,500
6	Calculated gross rate yield		42,985,000	43,306,227	51,560,803
7					
8	Estimated gross rate yield for full year - ***before EZ & TP Relief***		42,985,000	43,312,919	51,560,803
9	Change in yield for previous years / Additions		0	-1,164,256	334,000
10	**Less:**				
11	Enterprise Zone Relief		2,560,000	2,748,039	2,654,000
12	Transitional Protection Rates Relief		0	12,208	4,615,286
13	Mandatory reliefs (current & previous years)		5,172,000	4,458,663	6,984,888
14	Discretionary reliefs (current & previous years)		199,000	161,984	170,376
15	Discretionary Reliefs funded from S31 Grant		32,000	41,740	668
16	Losses in collection		402,172	512,000	550,000
17	Interest on refunds (offset in gross rate yield on NDR3)		0	0	0
18	Cost of collection		157,828	157,828	164,215
19	Deferral Scheme + or - *(exclude for now!)*		0	0	0
20	Enterprise Zone BR to be retained		0	0	0
21	New Development Deal BR to be retained		0	0	0
22	Renewable Energy Schemes BR to be retained		0	44,145	39,656
23	Net yield before rate retention adjustments		34,462,000	34,012,057	36,715,714
24					
25	Rate retention adjustments		0	0	0
26	Estimated provision for loss on future appeals		0	-467,994	3,059,000
27	**Collectible Rates, less cost of collection allowance**		**34,462,000**	**34,480,051**	**33,656,714**
28	Add back: Transitional Protection Rates Relief		0	12,208	4,615,286
29	**Net Rate Yield for Sharing**		**34,462,000**	**34,492,259**	**38,272,000**
30					
31	**Allocation of net rate yield**	%			
32	Central share - before EZ and Transition Relief settlemer	0.50	17,231,000	17,246,130	19,136,000
33	District/Unitary(0.49)	0.40	13,784,800	13,796,904	15,308,800
34	Kent County Council	0.09	3,101,580	3,104,303	3,444,480
35	Kent Fire and Rescue	0.01	344,620	344,923	382,720
36			34,462,000	34,492,259	38,272,000
37					
38	District tariff		10,604,537	10,604,537	12,595,635
39	District Funding (District share above, *less* tariff)		3,180,263	3,192,367	2,713,165
40	Adjustment for reliefs covered by S31 Grant		531,600	556,941	847,596
41	*Sub-total - Adjusted district share for levy/safety net*		*3,711,863*	*3,749,308*	*3,560,761*
42	District Baseline		3,390,769	3,390,769	3,459,995
43	Safety Net level	0.925	3,136,461	3,136,461	3,200,495
44	Safety Net payment		0	0	0
45	Levy payment if applicable	0.5	160,547	179,269	50,383
46					

ANNEX 1B

	A	B	C	D	G
			NNDR1	Updated	Budget
2			2016/17	Forecast	Revised
3			Jan-16	2016/17	2017/18
47	**District Income from NNDR (excl. CF Surplus):**				
48	District funding - rates (as above)		3,180,263	3,192,367	2,713,165
49	District S31 Grant - Actual, incl. for 2% cap on multiplier		585,979	612,620	902,049
50	Safety net/levy		-160,547	-179,269	-50,383
51	*Sub-total*		3,605,695	3,625,718	3,564,831
52	Enterprise Zone Relief - District Share of Grant		1,038,810	1,106,029	1,077,547
53	Renewable Energy retained		0	44,145	39,656
54	Levy saving while in pool - 30% direct saving returned, less 5% levy		0	0	0
55					
56	**Total Income From NNDR (excl CF surplus)**		4,644,505	4,775,892	4,682,034
57					
58					
59					
60	RV of last list of appeals		39,892,055	26,423,145	
61	Top 10 appeals total RV		28,746,500	21,141,000	
62	Top 50 appeals RV		34,985,500	24,799,750	
63	Total number of appeals		343	180	
64					
65					
66					
67	**COLLECTION FUND MOVEMENT:**				
68	Balance B/Fwd - Surplus/(Deficit)		-1,809,223	-3,659,500	-1,820,017
69					
70	**In-year performance:**				
71	Net yield for sharing before bad debts & appeals		34,864,172	34,536,265	41,881,000
72	Change in appeals provision		0	467,994	-3,059,000
73	Change in bad debts provision		-402,172	-512,000	-550,000
74			34,462,000	34,492,259	38,272,000
75	**Total distributed:**				
76	(Surplus)/deficit (distributed)/contributed per NNDR1		1,809,223	1,809,223	1,820,017
77	NDR shares paid per NNDR1		-34,462,000	-34,462,000	-38,272,000
78			-32,652,777	-32,652,777	-36,451,982
79					
80	Balance C/Fwd - Surplus/(Deficit)		0	-1,820,017	0
81					
82	DDC share of Surplus/(Deficit)		0	-728,007	0
83					
84					
85	**Appeals Provision:**				
86	Balance B/Fwd		2,799,000	2,820,000	2,352,006
87	Charged to provision		0	-467,994	0
88	Increase/(Decrease) in provision		0		3,059,000
89					
90	Balance C/Fwd		2,799,000	2,352,006	5,411,006

Annex 2A

General Fund Service Expenditure by Cost Type

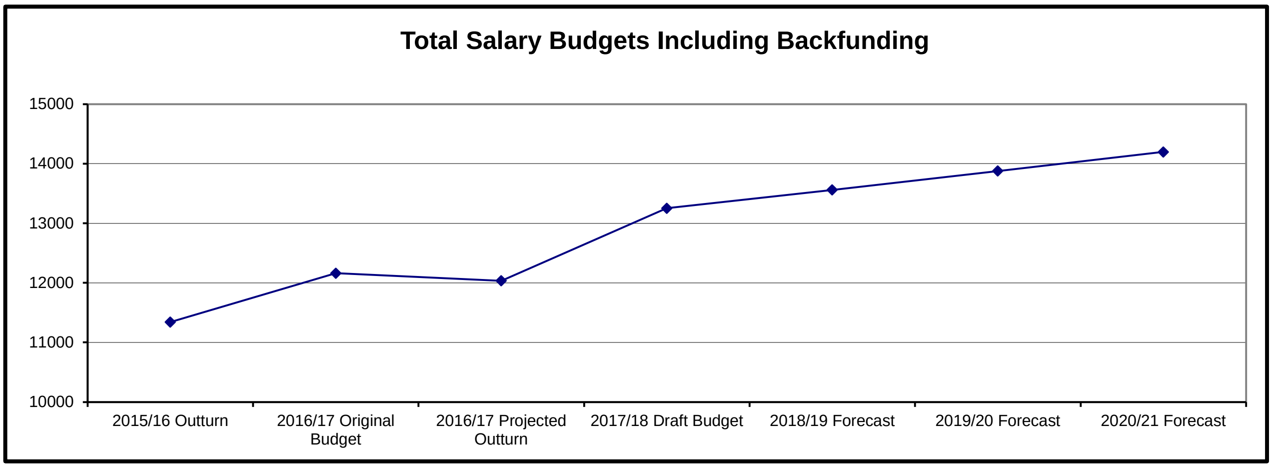
	2016/17 Original Budget	2016/17 Projected Outturn as at 18 Jan 2017	2017/18 Proposed Budget
	£000	£000	£000
Direct Expenditure			
Employees	13,381	13,460	14,582
Premises	1,565	1,631	1,592
Transport	180	193	206
Supplies and services	5,106	6,160	5,658
Third parties	9,228	9,213	8,165
Shared Services	3,048	2,874	2,874
Transfer payments	37,955	37,955	37,538
Total Direct Expenditure	70,463	71,486	70,615
Direct Income			
Government Grants	(39,926)	(39,458)	(38,747)
Sales	(49)	(58)	(48)
Fees and Charges	(7,147)	(7,804)	(6,940)
Other Income	(6,981)	(7,665)	(7,876)
Total Direct Income	(54,103)	(54,985)	(53,611)
Central Support reallocation of costs	(1,520)	(1,661)	(1,846)
Depreciation	2,535	2,535	2,535
Pension Adjustment	(561)	(561)	(673)
Special Revenue Projects	621	1,032	75
Vacancy Allowance & Employment Stability 09/10	(147)	-	(224)
Council Tax Second Homes	(57)	(57)	-
Contingency	92	80	101
Removal of Employers NI Cap for LGPS Employees	135	-	-
Apprenticeships	25	20	-
EKS Savings Target	(125)	-	(151)
Net Service Expenditure	17,358	17,889	16,821

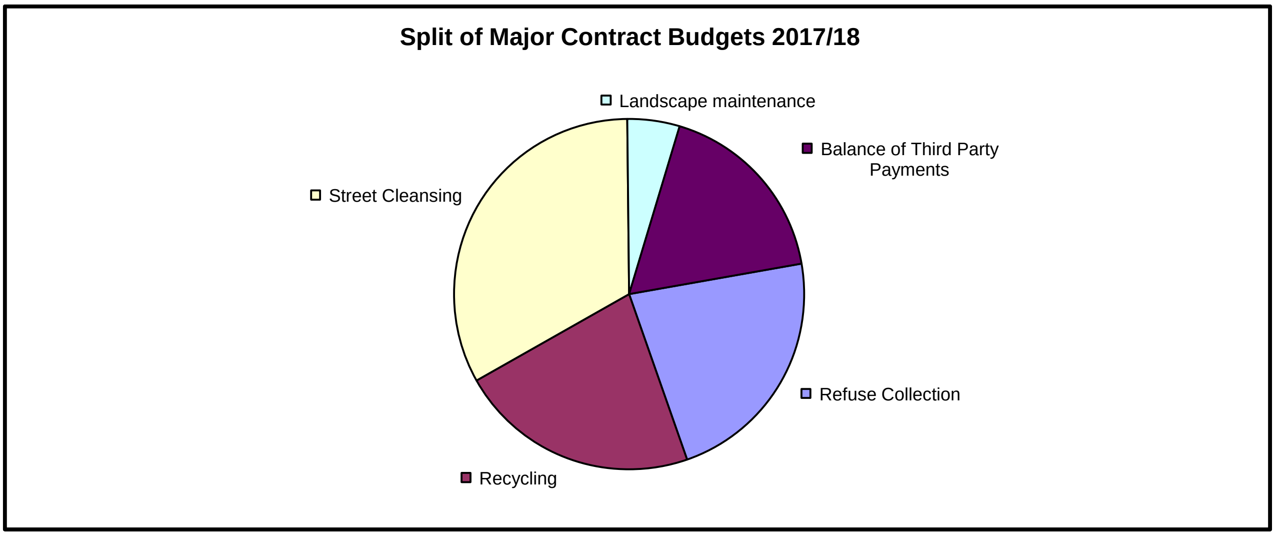
GENERAL FUND KEY FIGURES - EXPENDITURE

Key Expenditure Figures:	2015/16 Outturn £000	2016/17 Original Budget £000	2016/17 Projected Outturn £000	2017/18 Draft Budget £000	2018/19 Forecast £000	2019/20 Forecast £000	2020/21 Forecast £000
Employees:							
Basic	7,987	8,636	8,383	9,336	9,522	9,713	9,907
NI	664	698	866	965	984	1,004	1,024
Current year pension	1,113	1,199	1,159	1,399	1,427	1,456	1,485
Backfunding	1,575	1,627	1,627	1,550	1,626	1,702	1,779
	11,339	12,160	12,035	13,250	13,560	13,875	14,195
Major contracts:							
Refuse Collection	1,014	1,023	1,023	1,045	1,076	1,109	1,142
Recycling	998	1,030	1,015	1,035	1,066	1,098	1,131
Street Cleansing	1,517	1,550	1,550	1,541	1,587	1,635	1,684
Total Waste	3,529	3,603	3,588	3,621	3,730	3,842	3,957
Landscape maintenance	797	691	711	225	232	239	246
Balance of Third Party Payments[1]	957	1,245	1,257	819	844	869	895
	5,283	5,539	5,556	4,665	4,805	4,949	5,098

Notes

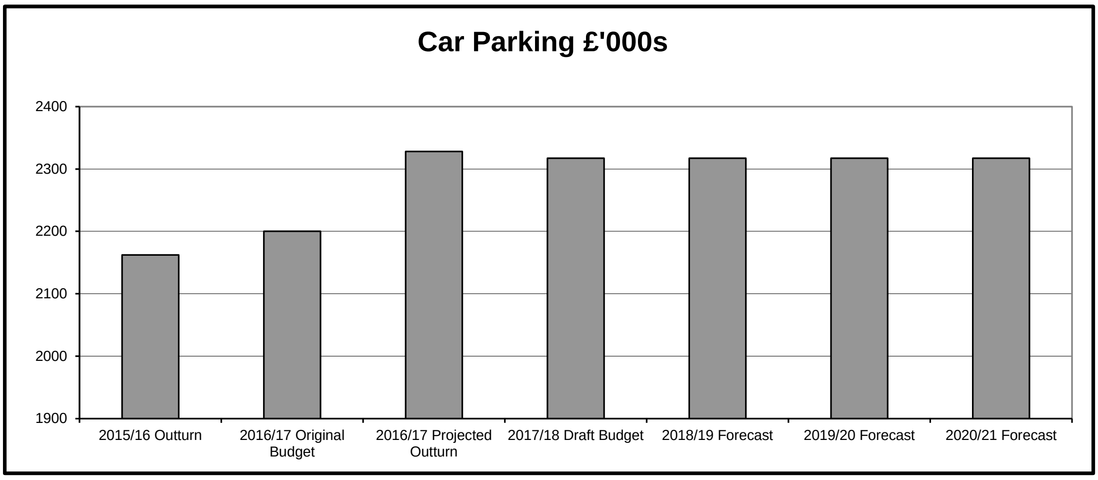
[1] Excludes EKS Management Fees & WCLP

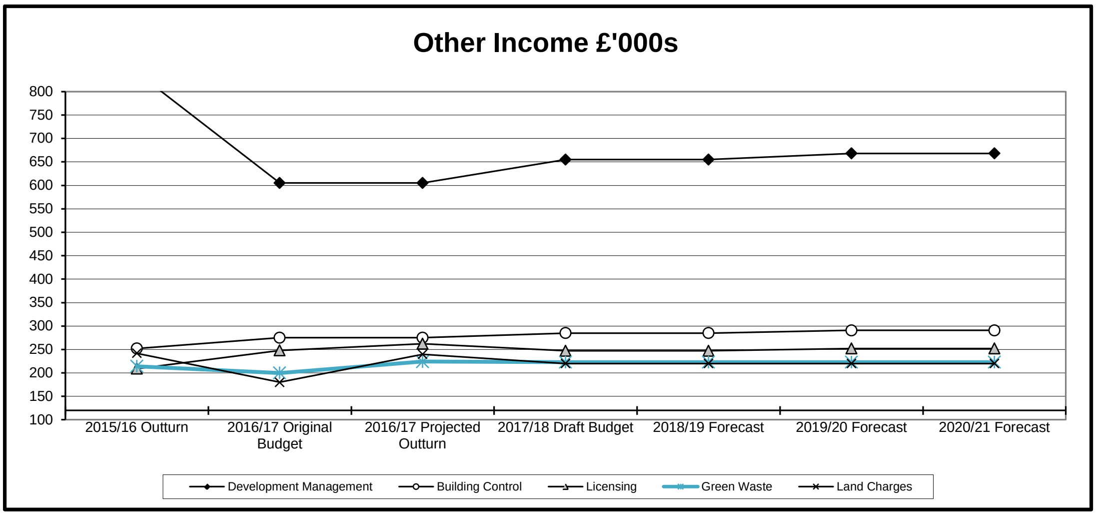




GENERAL FUND KEY FIGURES - INCOME

Key Income Figures:	2015/16 Outturn £000	2016/17 Original Budget £000	2016/17 Projected Outturn £000	2017/18 Draft Budget £000	2018/19 Forecast £000	2019/20 Forecast £000	2020/21 Forecast £000
Car Parking	-2,162	-2,200	-2,328	-2,317	-2,317	-2,317	-2,317
Development Management	-841	-605	-605	-655	-655	-668	-668
Building Control	-252	-275	-275	-285	-285	-291	-291
Licensing	-209	-248	-262	-247	-247	-252	-252
Green Waste	-214	-200	-224	-223	-223	-223	-223
Land Charges	-242	-180	-240	-220	-220	-220	-220
	-3,920	-3,708	-3,934	-3,947	-3,947	-3,971	-3,971
Total Financing:							
Non-Domestic Rates	5,948	4,661	4,717	4,847	3,637	3,637	3,637
Revenue Support Grant	2,597	1,758	1,758	1,027	1,027	1,027	-250
Council Tax	5,947	6,251	6,251	6,600	6,666	6,733	6,800
New Home Bonus	1,581	1,899	1,906	1,874	1,426	1,386	1,386
Other	432	-579	-579	-601	523	523	523
Total Financing	16,505	13,990	14,053	13,747	13,279	13,306	12,096





ANNEX 3

Major Variances - 17/18 Budget vs. 16/17 Budget

	£000	£000
Movement in Budget Requirement:		
Total Budget Requirement in 2017/18		13,863
Total Budget Requirement in 2016/17		13,990
Reduction in Budget Requirement for 2017/18		**(127)**

	Adverse / (Favorable) £000	£000
Major Variances:		
Corporate:		
DES Target - net savings expected in 2016/17 mostly within directorates in 2017/18		47
Vacancy savings - increase in corporate target		(50)
Apprenticeships - allowance for additional post		10
Council Tax Second Homes - expected reduction in KCC Funding		57
Contingency - small increase in voluntary amounts, etc.		9
Council Tax Support Funding to Towns & Parishes reduced		(28)
Interest Receivable - small decrease expected based on current rates		18
Property Investment Strategy income target		(500)
Recharges - net increase in recovery from outside General Fund		(13)
		(450)
Reserve Transfers:		
LDF Reserve - increased contribution from 2017/18 for Local Plan & Inspection	35	
Equipment Replacement Reserve - new contribution to fund ground maintenance equipment	33	
NHB Reserve - no income transferred to reserve in 17/18	(279)	
Business Rates & Council Tax Reserve - use of reserve to cover increased collection fund deficit from 2016/17 to be recognised in 2017/18	(4)	
Business Rates & Council Tax Reserve - use of reserve to cover business rates & RSG funding shortfalls in 16/17 (none yet proposed in 2017/18)	487	
		272
Total Corporate and Reserve Transfers		**(178)**
Chief Executive:		
Development Management Salary increase to reflect revised structure to meet current service demand levels, part funded from PDG reserve		114
Development Mgmt Planning Fee income - additional income expected from fees, enforcement, etc.		(50)
		64

	Adverse / (Favorable)	
	£000	£000
Major Variances:		
Finance, Housing & Community:		
EKS Management Fees savings		(200)
Homelessness - net increase in Emergency Accommodation costs after HB income, furniture storage reduction and recharged amounts		163
Pensions backfunding reduction based on actuarial report		(72)
Benefits Admin Subsidy - reduction in Government subsidies lower in 16/17 than expected, offset by lager than expected decrease for 2017/18		19
Benefits overpayments - recovery of costs reduction		23
Net credit from benefits subsidy system (overpayments-related) - minor increase		(10)
Bad Debts - General Provision increased		20
CCTV - reduced equipment and CCTV links to monitoring office under new contract		(15)
Accountancy Salaries - full year restructure savings net of additional professional advice		(13)
		(86)
Environment & Corporate Assets:		
Community Services restructure savings		(75)
Property Services restructure - net costs after recharges to capital, HRA, etc.		58
Car Parks - Off Street - net NNDR decreases		(16)
Car Parks - Off Street - increased income, offset by electronic collection costs		(82)
Car Parks - On Street - increased income		(32)
Car Parks - On Street - reduced costs, including P&D equipment and maintenance		(13)
On-street Parking Reserve - increased surplus for transfer in 2016/17		37
Building Control - increased income forecast		(10)
Street Lighting - increased cost of electricity		27
Dover Museum - impact of restructure		24
Dover Museum - full year impact of free admission (£20k lost income less £10k DTC)		10
Dover Museum - NNDR increase following 2017 revaluation		19
Dover Museum - service charge income from CAB, incl. portion towards NNDR above		(13)
New Head of Parks & Open Spaces		70
Parks & Open Spaces - additional sponsorship and related income		(29)
Deal Tennis Centre - revision to accounting for funding (less loan repayments)		(20)
Property Services events - £6k reduced ground lettings & £10k cost for Zeebrugge ceremony		16
Utilities - net decreases across Water, Gas and Electricity (excl. street lighting)		(12)
Business Rates on main offices - saving following 2017 revaluation		(8)
		(50)
Governance:		
Members' Training & Allowances		(7)
Electoral Registration - increase in printing and postage due to extra statutory reminders under the Individual Electoral Registration process		19
Local Land Charges - increase in expected income		(40)
Democratic Services New Burdens Grant - funding excluded for costs of IER as uncertain		24
Apprenticeship Levy		32
Additional software cost for ESRI mapping to improve website and service use		23
Port Health - decrease in income from Point of Entry certificates - grape imports no longer coming through the port		20
Hackney Car & Private Hire - triennial "unmet demand consultation" costs		14
		84
Total Major Variances		(166)
Minor Variances (numerous small variances) - net adverse		38
Total Variances		**(127)**

	Adverse / (Favorable)	
	£000	£000
Major Variances:		
Changes in Funding:		
Business Rates:		
Additional Funding from Baseline Movement		(69)
Decrease in Growth above Baseline		220
Decrease in Levy, if no pooling (50% x Growth)		(110)
Additional S31 Grant for Cap only (no cap in 16/17, hence reduction)		15
Renewably energy retained (incl. recognition of prior year amounts)		(84)
Collection Fund - Increase in deficit covered by reserve use above		4
		(24)
Enterprise Zone Relief Grant:		
Enterprise Zone Relief Grant - Increase in EZ Relief (after offset of prior year elements)		(105)
Other:		
Revenue Support Grant - Reduction		731
Council Tax - Increase in tax base & rate charged		(348)
Council Tax Collection Fund Surplus - increased DDC share for 2017/18		(91)
New Homes Bonus - Decrease		25
		317
Total Changes in Funding		**188**
Net Change in Deficit		**61**

Annex 4

FOUR YEAR REVENUE BUDGET FINANCIAL PROJECTION

Notes	2016/17 Projected Outturn £000		2017/18 Proposed Budget £000	2018/19 Forecast £000	2019/20 Forecast £000	2020/21 Forecast £000
1	**13,889**	**Net Budget Requirement**	**13,863**	**13,863**	**13,863**	**13,863**
		Corporate Adjustments				
2		- Salary inflation and increments including impact on National Insurance and Pensions		230	460	690
3		- Pension Backfunding (Triennial Valuation from 17/18)		74	150	230
4		- Contract inflation @ 3%		250	520	775
5		- Average expenditure inflation impact from non-specifically budgetted income item		120	260	400
6		- Average income inflation impact		-190	-340	-550
7		- Town & Parish grant funding removed from 2018/19		-39	-39	-39
8		**Total Corporate Adjustments**		**445**	**1,011**	**1,506**
9	**0**	**Target Savings & Income Growth**	**0**	**-1,000**	**-1,700**	**-2,400**
	13,889	**Total**	**13,863**	**13,308**	**13,174**	**12,969**
		Financed By :-				
		Non-Domestic Rates Income				
		Approx 3% annual increase on baseline funding				
		2014/15 deficit one-off in 2016/17 only				
		Business growth in the district				
10	3,589	Non-Domestic Rates Income	3,564	4,018	4,310	4,654
11	-724	Collection Fund Distribution	-728			
12		Collection Fund Distribution reserve offset removed		-728	-728	-728
13	1,108	Enterprise Zone Relief & Renewable Energy Retained	1,229	940	639	326
14	1,758	Revenue Support Grant (reduced by 45% & 90%as per 4 year settlement. Assumed "negative" from 2020/21)	1,027	569	57	-250
15	145	Collection Fund Surplus	236	150	150	150
		Council Tax Income				
		Tax increase (£4.95 annual increase)				
		Base increase (1% per annum)				
16	6,251	Total Council Tax Income	6,600	6,850	7,105	7,363
17	1,906	New Homes Bonus (reducing from 5 years to 4 years from 2018/19)	1,874	1,426	1,386	1,386
	14,033	**Total Financing**	**13,802**	**13,225**	**12,918**	**12,901**
18	**-144**	**NET (SURPLUS) / DEFICIT**	**61**	**83**	**256**	**68**
		Impact on Reserves :-				
		Projected General Fund Reserves				
	-2,995	Opening balance	-2,689	-2,628	-2,545	-2,289
	450	Transfer to Earmarked Reserves	0			
19	**-2,689**	**Closing Balance**	**-2,628**	**-2,545**	**-2,289**	**-2,221**

THREE YEAR REVENUE BUDGET FINANCIAL PROJECTION

Notes

1 The net budget is taken from the 2017/18 budget at Annex 1.

2 Increased salary costs reflect assumed inflation at 2% pay settlement for the planning period.

3 Pension backfunding reflects the increases in backfunding required by the fund actuaries based on the current triennial valuation.

4 Inflation on major contracts has been assumed at 3% for the planning period.

5 Inflation on all other expenditure will aim to be limited to the current budget level, however a small allowance of 2% has been forecast to allow some limited growth.

6 Increases in general income received (excluding specifically budgetted items such as car parking) assumed at 2% inflation.

7 The funding for Towns & Parishes has assumed to be reduced from £39k in 2017/18 to nil for future years, reflecting the impact of the reductions in RSG.

8 Total corporate adjustments.

9 Target savings required.

10 Forecast NDR funding, including impact of inflation & assumptions for business growth.

11 Redistribution of NDR Collection Fund year-end balances.

12 The 2017/18 budget includes one-off reserve funding to offset the impact of the 2015/16 NDR Collection Fund deficit, this has been removed from future years.

13 Enterprise Zone relief & renewable energy grant anticipated based on current forecasts.

14 The draft settlement as indicated in Dec 2016 by DCLG for future years.

15 The collection fund surplus is distributed to the precepting authorities pro rata to their share of the precepts.

16 Council Tax is forecast to increase by £4.95 per annum for the rest of the planning period. A 1% per annum increase in the tax base has also been assumed.

17 New Homes Bonus reduced to 4 year payments from 2018/19, with a minimum delivery of 0.4% growth.

18 Forecast (surplus) / deficit.

19 Forecast General Fund Balance.

OFFICE OF THE CHIEF EXECUTIVE

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

LEADERSHIP SUPPORT

This team is mainly concerned with the formulation of policy and strategy, in particular the development and delivery of the Health and Wellbeing agenda (and supporting other Districts to roll out the agenda) including Public Health liaison. It also includes corporate planning, supporting strategic and operational consultations and engagement and production of the annual State of the District. The team also supports the Corporate Management Team and the Executive, through project based work, CMT and Leadership Forum co-ordination and attendance.

In addition, the team includes Website Design and Management plus social networking for council services, Design Studio services enabling in house design, photography and video, Print Unit services for in-house printing and Mail Room services plus ensuring the Council's brand and corporate identify are adhered to in all communications. Both the Print Unit and Mail Room also support partner organisations.

DEVELOPMENT MANAGEMENT

The section's principal functions are:

Development Management (Regeneration Projects)

- Contribute to the realisation of major projects and other significant schemes, including resolution of any conflict between corporate aspirations and planning principles and policies, collaborative working and project management.

Development Management (General / Other)

- Processing of planning and other formal applications submitted under the Town and Country Planning Acts and making determinations in accordance with policies and other material considerations and taking account of performance indicators;
- Negotiations to resolve conflict and secure better quality developments;
- Reporting applications to Planning Committee in accordance with the provisions of the Constitution;
- Responding to requests for fee-earning pre-application advice and discussion;
- Responding to other informal letters, e-mails or telephone enquiries about a wide range of matters and land charge enquiries;
- Seek to protect and enhance our heritage and environment, including settlements, buildings, and landscapes;

- Managing change so that it both complements and underpins the long term viability of the district;
- Promoting good urban design throughout the District;
- Responding to appeals against the refusal of applications, the imposition of conditions or the failure to determine applications, including the preparation and giving of evidence at informal hearings and public inquiries;
- Investigation of breaches of planning control and monitoring of development, including responding to concerns raised by interested parties, and the taking of formal enforcement action in appropriate cases; and
- Support the Regeneration Delivery Section's work on the Local Plans, Supplementary Planning Documents and other issues

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

REGENERATION DELIVERY

Development Plan and Implementation

This Section brings together the Development Plan work that sets out the future of the District which has up until recently, focussed on the delivery phase, implementation of the District Council’s Heritage Strategy and the Council's regeneration activities as a landowner.

The primary focus for the team is to promote and to facilitate the implementation of the Local Plan allocations in order to encourage investment and regeneration in the District. More recently, the team has been concentrating on updating Council’s Statement of Community Involvement and the Dover Transportation Study, preparing a Strategic Housing Market Assessment and an updated Economy Study in order to understand whether or not the Council’s Adopted Core Strategy/Land Allocations Local Plan needs to be reviewed in the form of a new Local Plan.

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

In order to continue with the momentum that is being generated from the St. James's redevelopment and the forthcoming Dover Western Docks Revival Project, Consultants have now been appointed to undertake a masterplan for the Dover Waterfront area and a Public Realm Strategy. Other work in the Section includes providing Landscape and Ecology advice, monitoring the payment of S106 Agreements, undertaking further work on the feasibility of introducing a Charging Schedule for the Community Infrastructure Levy, processing Listed Buildings applications and the implementation of the District Council’s Heritage Strategy by empowering local groups to undertake Conservation Area Character Appraisals.

The Section promotes the Council's interests and is deeply engaged in the District regeneration agenda. It is also heavily involved in supporting the Council's major regeneration projects and related research, strategies and corporate priorities that are carried out by other services e.g. the delivery of strategic housing and the relocation of the Dover leisure centre provision.

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

Landowner Projects

As a result of re-structure the section will have responsibility for developing and promoting regeneration projects where the Council has a land interest. This will involve negotiating, agreeing and overseeing development agreements with the Council's developer partners and helping to steer projects through LDF and planning application processes. The Section is developing systems to facilitate the delivery of Corporate major projects where the Council is involved as landowner, including monitoring and accounting systems.

ANNEX 5A

Service Summary

Chief Executive

Budget 2017/2018

		Costs controlled by Head of Service									
		FTE	Employees	Other Costs	Income	Sub-tot	Recharges	Capital	Total Cost	Charge-outs	Total
C3300	CHIEF EXEC ADMIN TRADING ACCT	2.0	208,910	5,770	-	214,680	35,610	-	250,290	(250,290)	-
	Total Chief Exec & Secretaries	2.0	208,910	5,770	-	214,680	35,610	-	250,290	(250,290)	-
A1040	CORPORATE PLANNING	0.0	-	-	-	-	150,920	-	150,920	-	150,920
A1170	NON SERVICE SPECIFIC WORK	0.0	104,800	71,750	-	176,550	646,500	-	823,050	-	823,050
A1171	HEALTH PROJECTS	0.0	-	3,000	-	3,000	34,330	-	37,330	-	37,330
	Total Corporate Resource	0.0	104,800	74,750	-	179,550	831,750	-	1,011,300	-	1,011,300
A5001	UNAPPORTIONABLE OVERHEADS (Print Unit)	0.0	-	5,150	-	5,150	-	-	5,150	-	5,150
C3030	MAIL ROOM TRADING ACCOUNT	2.0	77,420	35,740	-	113,160	26,060	-	139,220	(139,220)	-
C3050	PRINT UNIT TRADING ACCOUNT	0.0	-	46,670	(28,000)	18,670	111,410	-	130,080	(130,080)	-
C3331	DESIGN STUDIO	3.0	135,760	15,420	-	151,180	24,590	-	175,770	(175,770)	-
C3336	POLICY & LEADERSHIP SUPPORT	2.0	124,530	1,250	-	125,780	21,070	-	146,850	(146,850)	-
C5020	PHOTOCOPIERS HOLDING ACCOUNT	0.0	-	35,660	(49,090)	(13,430)	13,430	-	-	-	-
C5060	MAIL ROOM POSTAGE ACCOUNT	0.0	-	94,650	(94,650)	-	-	-	-	-	-
M1501	SE STRATEGIC PRTNP MIGRATION	0.0	130	170	-	300	1,730	-	2,030	-	2,030
	Total Policy & Leadership Support	7.0	337,840	234,710	(171,740)	400,810	198,290	-	599,100	(591,920)	7,180
C3745	HEAD OF INWARD INVESTMENT	0.9	91,060	4,910	-	95,970	65,580	-	161,550	(161,550)	-
C3760	REGENERATION DELIVERY TRADING	8.4	451,330	27,440	-	478,770	133,630	-	612,400	(612,400)	-
C3770	DEVELOPMENT MANAGEMENT TRADING	26.4	1,074,570	34,720	-	1,109,290	283,480	5,250	1,398,020	(1,398,020)	-
C5240	PLANNING DELIVERY GRANT	0.0	3,000	3,000	-	6,000	1,780	-	7,780	-	7,780
H2030	CONSERVATION & HERITAGE	0.0	-	470	-	470	135,370	-	135,840	-	135,840
H3000	DEVELOPMENT MANAGEMENT	0.0	-	127,990	(655,700)	(527,710)	1,810,630	-	1,282,920	-	1,282,920
H3010	HOUSEBUILDING REGISTER	0.0	-	-	-	-	630	-	630	-	630
H3070	FARTHINGLOE PROJECT	0.0	-	-	-	-	53,260	-	53,260	-	53,260
H3090	STRATEGIC HOUSING MARKET ASSES	0.0	-	-	-	-	1,020	-	1,020	-	1,020
H3100	BROWNFIELD REGISTER	0.0	-	-	-	-	630	-	630	-	630
H4000	DOVER DISTRICT DEVELOPM'T PLAN	0.0	-	1,050	-	1,050	241,490	-	242,540	-	242,540
L4010	OTHER REGENERATION PROJECTS	0.0	-	600	-	600	132,390	52,910	185,900	-	185,900
L4095	AYLESHAM DEVELOPMENT	0.0	-	50,000	(50,000)	-	-	-	-	-	-
L5000	ECONOMIC DEVELOPMENT	0.0	-	3,850	-	3,850	107,960	-	111,810	-	111,810
L5640	WATERFRONT DEVELOPMENT	0.0	-	-	-	-	19,640	-	19,640	-	19,640
	Total Regeneration & Development	35.6	1,619,960	254,030	(705,700)	1,168,290	2,987,490	58,160	4,213,940	(2,171,970)	2,041,970
		44.6	2,271,510	569,260	(877,440)	**1,963,330**	4,053,140	58,160	**6,074,630**	(3,014,180)	**3,060,450**

ANNEX 5B

DIRECTOR OF GOVERNANCE

The Director of Governance is responsible for a number of service areas that help support strong governance across the Council. The significant service areas in terms of income and expenditure are summarised below.

MONITORING OFFICER

As Monitoring Officer, the Director of Governance is responsible for delivering his statutory responsibilities to the District Council under the Local Government and Housing Act 1989, supporting the Standards Committee and the District Council and 35 Town and Parish Councils in relation to Member Code of Conduct matters, including considering any complaints against District, Town and Parish Councillors.

DEMOCRATIC SERVICES

Members

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

Chairman and Leader of the Council

The section provides secretarial and administrative support to the Leader of the Council and the Chairman of the Council. In addition, events organised by the Chairman to commemorate such events as Merchant Navy Day, Armed Forces Day and Commonwealth Day are organised by the section.

Electoral Services

Elections - The Elections Service is responsible for the organisation and conduct of European, Parliamentary, County Council, District Council and Parish Council elections within the district and has responsibility for the Police and Crime Commissioner Elections for Kent. The costs incurred in the conduct of elections are met by the body concerned;

Electoral Registration - The section is responsible for the compilation and maintenance of the Register of Electors including special category electors and absent voters. Electors should register as soon as they move and there is the facility to do this electronically. In addition, an annual household canvass must be undertaken to ensure that the register is up to date. Some Boundary review work and the implementation of those changes are also carried out within the team. The Council is obliged to appoint an officer of the Council to act as Electoral Registration Officer and to meet costs properly incurred in undertaking their statutory duties. The officer then acts as Acting Returning Officer at Parliamentary Elections and the Local Returning Officer at European Parliamentary Elections.

Local Land Charges

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

ENVIRONMENTAL HEALTH

This service is fundamentally divided into two key areas each covering a broad range of functions:

Public Protection

The principal functions for this team include:

- **Food Safety and Hygiene Control** - the Council undertakes visits and inspections of food establishments on a programmed, risk rated basis to ensure that appropriate standards of food hygiene are maintained. It also operates the National Food Hygiene Rating Scheme throughout the area, investigates complaints of unsound food / unhygienic premises and applies infectious disease controls.
- **Health and Safety at Work** - the Council is responsible for investigating accidents (including fatalities) and dangerous occurrences in premises such as offices, shops, warehouses and clubs. A risk-based, targeted and proportionate approach to interventions and enforcement is utilised when ensuring compliance with the relevant Acts and Regulations.
- **Port Health** - the Port Health function includes inspections of vessels that enter the Port, such as cross channel ferries and cruise ships, to ensure that food hygiene standards are maintained. Certain imported foodstuffs are also identified, examined and sampled when necessary to ensure compliance with food safety regulations. Additionally ferries, cruise and cargo ships are inspected when requested to issue Ship Sanitation Certificates to demonstrate that such vessels are free from pests.

Environmental Protection

The principal functions for this team include:

- **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. The team also oversee the provision of burials undertaken under relevant Public Health legislation.
- **Pest Control** - the team manages the pest control service, which is provided by Cannon Pest Control who offer competitive rates for Dover District Council Residents.

ENVIRONMENTAL CRIME

The principal focus of this team area is to tackle environmental crimes including:

- Littering
- Dog Fouling
- Stray Dogs
- Fly tipping
- Trade waste
- Accumulations of rubbish

A small team of uniformed and non-uniformed staff, combined with an external contractor (as from April 2017) 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.

LOCAL LICENSING AND REGISTRATION

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

- **Alcohol, public entertainment and late night refreshments,**
- **Gambling,**
- **Animals** - boarding and breeding establishments, Riding establishments, Zoo's, Pet Shops, Dangerous Wild animals
- **Beauty Treatments –** Tattooing, Piercing etc.
- **Hackney carriage (Taxis) and Private hire operators, drivers and vehicles.**

CORPORATE SERVICES

This section is responsible for a number of corporate services of which the main areas are:
Performance Reporting - monitoring and reporting the Council's performance and benchmarking with other authorities to measure efficiency and value for money;
Insurance – providing insurance cover for the Council's assets and liability risks and administer all claims;
Customer Complaints - investigating and resolving complaints which have not been agreed between the customer and the service department and liaising with the Local Government Ombudsman on any issues which have been referred to them;
Risk Management - identification and mitigation of key corporate and project risks;
Freedom of Information - responding to FOI requests within the time constraints prescribed by the Information Commissioner
Business Continuity - development and maintenance of procedures to maintain the Council's key services during a disaster situation where the offices, systems or staff are not available;
Emergency Planning - working with KCC, fulfilling the Council's duty as a Category 1 responder to act with the emergency services to provide humanitarian support during an emergency situation;
Equalities - act as the central point of reference to promote and advise on equality issues throughout the Council's services;
Data Protection and RIPA - ensuring that any personal customer information held by the Council is protected, processed for the intended purpose and not shared with a third party without the necessary consent; and that any surveillance work is properly authorised in accordance with legislation

Corporate Business Analyst - Provide support and advice for a range of corporate and departmental IT systems projects
Job Evaluation – co-ordination of the process including providing the JE assessors with the necessary support to enable them to fulfil their role.
Delivering Effective Service Reviews - conduct internal business reviews of the Council's service departments to improve efficiency and work with external agencies during inspection periods.

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. Some of the specific areas of a legal practice are planning law, conveyancing, employment 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 ongoing development of Dover Town Centre and the delivery of a new leisure centre in Dover.

EAST KENT HUMAN RESOURCES (EKHR)

Human Resources – this Council is the host Authority for the East Kent HR Service that is a shared service governed under a Joint Committee arrangement (East Kent Services Committee) and shared with Canterbury and Thanet Councils. The leadership of this service is delegated to the Director of Collaborative Service who is also the Director of East Kent Services. The service is responsible for advising on HR matters including recruitment, retention, absence management, and disciplinary and grievance matters.

Payroll – EKHR also provides and manages a full Payroll provision for the Council and the other partner councils in the shared arrangement. EKHR also provide HR services to East Kent Housing. This payroll service includes payment of staff, statutory and other deductions, production of interfaces to the general ledger, the production of statutory returns and liaison with statutory bodies. System security is managed within the team for all users.

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

ANNEX 5B

Service Summary

Governance **Budget 2017/2018**

		Costs controlled by Head of Service										
		FTE	Employees	Other Costs	Income	Sub-tot	Recharges	Capital	Total Cost	Charge-outs	Total
C3330	DIRECTOR OF GOVERNANCE	1.81	143,380	4,770	-	148,150	44,370	-	192,520	(192,520)	-
	Total Director of Governance	1.81	143,380	4,770	-	148,150	44,370	-	192,520	(192,520)	-
C3940	HEAD OF REGULATORY SERVICES	1.41	108,190	1,910	-	110,100	30,140	-	140,240	(140,240)	-
C3960	LICENSING ADMIN TRAD ACCOUNT	4.00	160,370	11,110	-	171,480	107,060	-	278,540	(278,540)	-
C3980	ENVIRONMENTAL HEALTH	10.48	530,680	22,720	-	553,400	204,210	-	757,610	(757,610)	-
C3990	ENVIRONMENTAL CRIME	4.42	166,480	17,820	-	184,300	97,040	-	281,340	(281,340)	-
E1000	FOOD SAFETY AND HYGIENE	0.00	-	24,150	-	24,150	203,590	-	227,740	-	227,740
E1100	HEALTH AND SAFETY AT WORK	0.00	-	-	-	-	127,420	-	127,420	-	127,420
E1300	PEST CONTROL	0.00	-	100	-	100	33,160	-	33,260	-	33,260
E1400	POLLUTION CONTROL	0.00	-	330	-	330	-	-	330	-	330
E1425	DEFRA CONTAMINATED LAND FUND	0.00	-	-	-	-	310	-	310	-	310
E1430	ENV PROTECTION ENFORCEMENT	0.00	6,000	36,630	(19,200)	23,430	260,370	5,400	289,200	-	289,200
E1500	PORT HEALTH	0.00	7,000	12,640	(27,730)	(8,090)	131,890	-	123,800	-	123,800
E2010	LICENSING	0.00	-	-	(94,470)	(94,470)	143,040	-	48,570	-	48,570
E2015	MISCELLANEOUS LICENSING	0.00	-	5,000	(15,680)	(10,680)	65,170	-	54,490	-	54,490
E2020	GAMBLING ACT 2005	0.00	-	-	(18,640)	(18,640)	21,950	-	3,310	-	3,310
E2030	HACKNEY CAR & PRIVATE HIRE	0.00	-	25,260	(118,120)	(92,860)	138,230	-	45,370	-	45,370
E2100	DOG CONTROL MEASURES	0.00	-	16,750	(4,500)	12,250	74,240	-	86,490	-	86,490
E2190	ENVIRONMENTAL CRIME	0.00	-	2,150	(9,500)	(7,350)	271,660	-	264,310	-	264,310
	Total Environmental Enforcmnt & Prot	20.31	978,720	176,570	(307,840)	847,450	1,909,480	5,400	2,762,330	(1,457,730)	1,304,600
B1500	EMERGENCY PLANNING	0.00	16,000	21,190	-	37,190	119,460	-	156,650	-	156,650
C3335	CORPORATE SUPPORT TRADING ACCT	6.00	339,130	33,780	(8,000)	364,910	144,650	-	509,560	(509,560)	-
	Total Corporate Support	6.00	355,130	54,970	(8,000)	402,100	264,110	-	666,210	(509,560)	156,650
A1100	COUNCIL, CABINET & COMMITTEES	0.00	-	-	-	-	397,970	-	397,970	(59,700)	338,270
A1161	CHAIRMANS ACCOUNT	0.00	-	8,600	-	8,600	28,430	-	37,030	(5,550)	31,480
A1165	MEMBERS ACCOUNT	0.00	11,550	285,180	(3,250)	293,480	159,740	4,240	457,460	(67,950)	389,510
B4070	ELECTIONS - ADMIN	0.00	-	-	-	-	114,900	-	114,900	-	114,900
B4100	POLICE & CRIME COMM-POLICE ARO	0.00	-	20	-	20	-	-	20	-	20
B4500	ELECTORAL REGISTRATION	0.00	650	97,130	(510)	97,270	166,610	-	263,880	-	263,880
B5000	LOCAL LAND CHARGES	0.00	120	11,760	(220,000)	(208,120)	227,510	-	19,390	-	19,390
C3301	DEMOCRATIC SERVICES	9.50	418,850	15,500	(35,000)	399,350	156,210	-	555,560	(555,560)	-
	Total Democratic Services	9.50	431,170	418,190	(258,760)	590,600	1,251,370	4,240	1,846,210	(688,760)	1,157,450
C3540	LEGAL TRADING ACCOUNT	9.68	535,350	37,670	(4,000)	569,020	134,770	790	704,580	(704,580)	-
C5045	LEGAL FEES HOLDING ACCOUNT	0.00	-	30,000	-	30,000	-	-	30,000	-	30,000
	Total Legal	9.68	535,350	67,670	(4,000)	599,020	134,770	790	734,580	(704,580)	30,000
C3000	HUMAN RESOURCES TRADING ACCOUNT	0.00	83,250	-	-	83,250	344,290	-	427,540	(427,540)	-
C3550	PAYROLL TRADING ACCOUNT	0.00	-	-	-	-	36,630	-	36,630	(36,630)	-
	Total Human Resources (DDC)	0.00	83,250	-	-	83,250	380,920	-	464,170	(464,170)	-
		47.30	2,527,000	722,170	(578,600)	**2,670,570**	3,985,020	10,430	**6,666,020**	(4,017,320)	**2,648,700**

ANNEX 5C

DIRECTOR OF FINANCE, HOUSING AND COMMUNITY

The Director of Finance, Housing and Community is responsible for the following main service areas.

FINANCE

Accountancy

The Accountancy team is responsible for the General Fund revenue accounts, the capital budget, the Housing Revenue Account and technical matters such as VAT and Treasury Management.

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

Procurement, Creditors and Income

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

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

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

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 service delivers an agreed annual internal audit plan, undertakes special investigations and reports to the s151 Officer and also independently to the Governance Committee.

EK SERVICES

The Director of Finance, working with other DDC colleagues, acts as the lead client for the following services which transferred to EK Services (EKS) in February 2011 and are provided jointly for Dover, Thanet & Canterbury 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 service to the Director of Shared Services (Dominic Whelan) who is also responsible for the EKHR service. EKS provides the following services to Dover Council and the other partner councils in the shared arrangement:

Revenues

Council Tax has to be calculated, billed and collected for over 51,875 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 97.65% of Council Tax in the year.

Business Rates / Non Domestic Rates (NDR) also have to be calculated, billed and collected for around 4,000 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 98.10% 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 nearly 2,800 council tenants, over 5,500 private tenants and more than 9,600 council tax payers.

Under the Universal Credit initiative, responsibility for Housing Benefit administration for working age customers will start to move to the Department for Work and Pensions (DWP) under a 5 year timetable between 2017 and 2022. Universal Credit Full Service begins in May 2017, and the Benefits Service will work closely with the council and DWP on this transfer.

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 develop our website and further develop customer accounts to enable increased self-service and reduced paper transactions.

ICT

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

A Geographical Information Systems (GIS) service is provided that maintains the existing GIS platforms, the Local Land and Property Gazetteer, and provides a GIS development service. Software development, technical business analysis and system testing services are also provided.

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

COMMUNITY SERVICES

Community Engagement

The Communications & Engagement Team develops and manages relationships between Dover District Council, the community and external stakeholders. Taking a project/campaign based approach to the proactive delivery of Council services the department is responsible for Strategic Partnerships, Community Engagement, Public Relations & Marketing, Events, and External Funding to support social investment. The department has a cross-cutting agenda with other Council departments and services. There will be a clear entry and exit strategy with regards to the team's projects and campaigns, and these will be clearly aligned with DDC's Strategic Priorities.

Community Safety

Dover District experiences low levels of crime and is consistently in the bottom quarter of reported crime levels in Kent. The Council manages the Dover District Community Safety Partnership (CSP), a group of agencies including Dover District Council, The Police & Crime Commissioner for Kent, Kent County Council, the Kent Fire and Rescue Service, the Probation Service and the local Primary Care Trust. The Kent Police and Crime Commissioner funds this partnership. The CSP has challenging targets for achieving reductions in reported crime and anti-social behaviour.

The Partnership also funds many initiatives across the district, tackling community safety issues identified by our communities.

Anti-Social Behaviour Unit (ASB)

The Council's Anti-Social Behaviour Unit was established in November 2004 to tackle anti-social behaviour across the district. This has now evolved into the Community Safety Unit run jointly with Kent Police and staffed by personnel from DDC, Kent Police and KCC. The Community Safety Unit works closely with other DDC departments, especially Environmental Health, East Kent Housing and other relevant agencies to tackle ASB and community safety issues across the district.

The Council is continuing to embed crime reduction activities in all its services (the Section 17 Project).

The division is also responsible for DDC’s approach to Safeguarding issues (Child and Adult Protection), the Disclosure and Barring Service (previously known as CRB) policy and conducting DBS checks on behalf of the Licensing Section.

CCTV

The Council’s CCTV system comprises a mixture of dome cameras and “shoe-box” type cameras with 23 cameras located in Dover, 17 in Deal and 9 in Sandwich.

The cameras are monitored and maintained by a team of CCTV operators based at a dedicated Control Centre, which is a restricted and secure centre, operated in accordance with Home Office Guidelines with access strictly controlled. All our CCTV Operators have undergone formal training and achieved a recognised qualification in the operation of CCTV.

The team works closely with the police, other law enforcement agencies, Dover/Deal/Sandwich Partnerships against Crime, the Town Centre Crime Reduction Group and DDC's Community Safety Unit to reduce crime, and the fear of crime throughout the district.

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.

STRATEGIC HOUSING

Housing Strategy

The Council's Strategic Housing service is responsible for developing an effective strategic approach which will help meet the housing needs in the district and contribute to the development of sustainable communities.

Strategic housing includes housing strategy and enabling, housing options, including homelessness prevention, and the private sector housing functions (see below) as well as functions carried out by the Council's Planning service and its Property Services section.

The Strategic Housing service is also responsible for monitoring East Kent Housing, the Arms Length Management Organisation set up to provide landlord services delegated to it by the Council and three other East Kent councils.

Housing Strategy and Enabling

The strategic housing function plays an important role in enabling the provision of affordable housing in the district. In the past this had been solely through partnership working with other affordable housing providers such as Housing Associations. More recently, the positive financial impact of HRA financing reforms had enabled the Council to take a more direct role in the delivery of new affordable housing, however, its ability to sustain this will be impacted by recent government policy initiatives. The service plays an important role liaising with other Council services such as Development Management, Regeneration Delivery and Corporate Property Services as well as external agencies such as the Homes & Communities Agency so as to secure new affordable housing in the district.

The service also provides input into a number of key partnerships which aim to deliver improved housing services both county wide and locally. These include:

- Kent Housing Group
- Kent Joint Planning & Policy Board
- PFI housing projects: Better Homes Active Lives & Excellent Homes For All
- Health, Housing & Social Care Working Group

Housing Options and Homelessness

The Housing Options 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.

Social rent homes are currently let through a ‘choice based lettings’ system and following a successful pilot the cycle for advertising vacant properties for applicants to “bid on” has been reduced from fortnightly to daily bidding.

A revised Allocations Policy was adopted in 2013/14 and led to the introduction of a new banding system for prioritising housing applications. The policy has since been reviewed and a number of relatively minor revisions were subsequently implemented Applicants are now able to make applications on-line and this has helped reduce the time taken to register applications. All applications are now being registered within the service standard target time.

The Council's strategic approach to addressing homelessness is set out in the East Kent Homelessness Strategy 20014-2019 developed in partnership with Shepway, Canterbury and Thanet District Councils. This led to the establishment of a new Dover district Homelessness Forum which meets quarterly to share intelligence and good practice and monitor the delivery of the strategy.

National statistics show that the number of households, including those without children, accepted as homeless by their council has risen 8% across England and by the end of March 2016, the numbers in temporary accommodation in England had risen by 10.6%.

In Kent, between 1st January and 31st March, local authorities received 1,180 homeless applications. This is 19% higher than the corresponding quarter last year when there were 993 applications.

We have seen a similar increase in the number of households approaching the Council for housing assistance and the number of households that the council accepted a full housing duty to, increased from 78 in 2014/15 to 124 in 2015/16, an increase of 59%.
Despite some success in finding alternative forms of temporary accommodation, by the end of March 2016 there were 35 households in Bed & Breakfast although the majority of these were single person households.

To try and contain, and hopefully reduce, the increasing cost of B&B the Council is continuing to look at a range of options to increase the supply of alternative temporary accommodation.

A new Homeless Reduction Bill is nearing the end of its passage through Parliament. Its aim is to refocus local housing authorities focus on homeless prevention through amendments to Part 7 of the Housing Act 1996. The Bill is still going through Parliament but the main measures likely to be introduced include:

- An extension of the period during which an authority should treat someone as threatened with homelessness from 28 to 56 days.
- Clarification of the action an authority should take when someone applies for assistance having been served with a section 8 or section 21 notice of intention to seek possession from an assured shorthold tenancy.
- A new duty to prevent homelessness for all eligible applicants threatened with homelessness.
- A new duty to relieve homelessness for all eligible homeless applicants.
- A new duty on public services to notify a local authority if they come into contact with someone they think may be homeless or at risk of becoming homeless.

A very similar approach has already been implemented in Wales and experience of welsh authorities indicates that it is likely to result in a relatively significant increase in service demand.

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 requirements of other regulations.
- The licensing of Houses in Multiple Occupation.
- The provision of Mandatory Disabled Facilities Grants
- 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. In 2016 the Council commissioned a Private Sector House Condition Survey and the results should be available in January 2017.

During 2016 the Government passed additional legislation to deal with “rogue landlords” which becomes operative during 2017. The main points are;

- The introduction of Civil Financial Penalties for Housing Act offences.
- The widening of the use of Rent Repayment Orders for offences of the Housing Act 2004.
- Widening the range of Houses in Multiple Occupation that must have a mandatory HMO licence. Significantly HMO’s under no longer have to be more than 2 storey’s in height.
- Amendments to fit and proper persons in relation to licencing and stronger powers with waste management.
- Introducing Banning Orders for landlords
- Having a Rogue Landlord Database

DFGs are now funded through the Better Care Fund and in 2016 The Department of Health substantially increased this funding to enable Councils to provide additional innovative ways of enabling disabled persons to remain independently in their home.

Changes to DFG funding and additional licensing of HMO’s will increase the workload of the team from 2017.

Using recycled funds, the service can also provide financial assistance to vulnerable home owners, in the form of grants and loans, to help them improve their homes to meet minimum standards.

The service has been very successful over the years in bringing long term empty properties back into use. It works closely with external agencies on partnership projects which provide funding to bring empty derelict property back into use.

The service also works in partnership with other agencies and organisations to deliver projects aimed at improving the condition of the housing stock in the district.

The team is also engaged in working in partnership with KCC and the CCG to identify and address health issues associated with poor housing conditions.

EAST KENT HOUSING

Dover District Council is the major social landlord in the district. As at 26 November 2016 it owned a stock of 4,348 dwellings comprising 2,740 houses and bungalows and 1,608 flats and maisonettes.

On 1 April 2011 the Council delegated the provision of day to day housing management services to East Kent Housing, an Arms Length Management Organisation (ALMO), set up jointly with Shepway, Thanet and Canterbury councils.

Ownership of the stock remains with the Council and East Kent Housing manages and maintains the stock under the terms of a Management Agreement with the Council for which it receives a management fee funded from the Housing Revenue Account.

A primary aim behind the decision to set up East Kent Housing (EKH) was to improve the quality of services provided to tenants. EKH is required to produce an Annual Delivery Plan and to provide the Council with regular performance management reports.

EKH is currently involved in the implementation of a new single, housing management IT system which they have identified will enable them to deliver significant financial efficiencies and service improvements. The project is being funded by loans provided by the four council owners with the expectation that the loan will be repaid from the financial savings achieved.

Service Summary

Finance, Housing & Community

Budget 2017/2018

		Costs controlled by Head of Service										
		FTE	Employees	Other Costs	Income	Sub-tot	Recharges	Capital	Total Cost	Charge-outs	Total
C3310	DIRECTOR OF FINANCE, HSG & COM	1.00	120,060	3,770	-	123,830	42,230	-	166,060	(166,060)	-
	Total Director Of Finance, Hsg & Com	1.00	120,060	3,770	-	123,830	42,230	-	166,060	(166,060)	-
C3500	ACCOUNTANCY TRADING ACCOUNT	9.09	461,380	56,450	-	517,830	127,610	-	645,440	(645,420)	20
C3020	PROCUREMENT, CREDITORS &INCOME	8.08	285,300	23,930	(2,000)	307,230	149,270	-	456,500	(456,500)	-
A1070	SPECIAL FEES AND PAYMENTS	0.00	-	70,000	(4,500)	65,500	1,170	-	66,670	-	66,670
A1075	TREASURY MANAGEMENT	0.00	-	11,750	-	11,750	40,650	-	52,400	(20,330)	32,070
A5000	BCKFNDNG & OTHER PENSION COSTS	0.00	1,978,760	-	-	1,978,760	(2,076,580)	-	(97,820)	-	(97,820)
B1600	GRANTS TO VOLUNTARY ORGS	0.00	-	244,910	-	244,910	2,290	-	247,200	-	247,200
	Total Finance	17.17	2,725,440	407,040	(6,500)	3,125,980	(1,755,590)	-	1,370,390	(1,122,250)	248,140
C3995	COMMUNITY AND ENGAGEMENT	9.50	384,080	14,980	(27,110)	371,950	119,920	-	491,870	(491,870)	-
A1050	CORPORATE PRESS & PUBLICITY	0.00	-	33,490	(8,000)	25,490	133,160	-	158,650	-	158,650
E2200	CCTV	3.30	119,550	63,440	(3,340)	179,650	56,700	-	236,350	-	236,350
E8700	CRIME AND DISORDER	0.00	600	2,020	(28,860)	(26,240)	12,200	2,500	(11,540)	-	(11,540)
M1500	COMMUNITY DEVELOPMENT	0.00	-	-	-	-	227,550	-	227,550	-	227,550
M1520	REGEN OFFICER AYLESHAM	0.00	34,680	4,500	(39,180)	-	42,590	-	42,590	-	42,590
M1575	INSPIRE FUND	1.00	11,050	-	(11,050)	-	1,750	-	1,750	-	1,750
M1576	AYLESHAM GARDEN VILLAGE	0.70	3,390	-	(3,390)	-	3,510	-	3,510	-	3,510
M1580	DOVER COASTAL COMMUNITY TEAM	0.00	-	-	-	-	8,430	-	8,430	-	8,430
M1585	DEAL+SANDWICH COASTAL COM TEAM	0.00	-	-	-	-	8,430	-	8,430	-	8,430
M2600	SPORTS STRTGY, IMPLMTN & GRNTS	0.00	-	4,500	-	4,500	19,510	-	24,010	-	24,010
M4000	ANTI-SOCIAL BEHAVIOUR	1.70	75,640	10,330	(30,000)	55,970	60,060	-	116,030	-	116,030
	Total Community Engagement	16.20	628,990	133,260	(150,930)	611,320	693,810	2,500	1,307,630	(491,870)	815,760
C3360	HOUSING ADMIN TRADING ACCOUNT	1.00	79,100	1,840	-	80,940	49,890	-	130,830	(130,830)	-
C3855	HOUSING NEEDS TRADING ACCOUNT	9.00	344,770	4,800	-	349,570	122,760	-	472,330	(472,330)	-
C3857	KENT HOMECHOICE	1.00	46,480	229,860	(285,570)	(9,230)	9,230	-	-	-	-
M1000	HOMELESSNESS	0.00	-	617,700	(226,000)	391,700	268,290	-	659,990	-	659,990
M1050	RENT DEPOSIT SCHEME	0.00	-	10,000	(10,000)	-	-	-	-	-	-
M1100	PRIVATE SECTOR HOUSING (incl. Renov'n Gr	6.22	272,640	25,290	(6,250)	291,680	99,180	-	390,860	-	390,860
M1401	HOUSING STRATEGY	0.00	-	8,000	-	8,000	15,250	-	23,250	-	23,250
M1410	CHOICE BASED LETTINGS	0.00	-	11,040	-	11,040	-	-	11,040	-	11,040
	Total Strategic Housing	17.22	742,990	908,530	(527,820)	1,123,700	564,600	-	1,688,300	(603,160)	1,085,140
C3376	DDC @ YOUR SERVICE	0.00	-	267,430	-	267,430	131,780	3,470	402,680	(402,680)	-
	Total Customer Services (DDC Share)	0.00	-	267,430	-	267,430	131,780	3,470	402,680	(402,680)	-
C3010	COMPUTER SERVICES TRADING ACCT	0.00	-	456,800	-	456,800	27,720	16,930	501,450	(501,450)	-
C5010	OFFICE TELEPHONES HLDG ACCOUNT	0.00	-	30,000	(30,000)	-	-	-	-	-	-
		0.00	-	486,800	(30,000)	456,800	27,720	16,930	501,450	(501,450)	-
C3520	AUDIT TRADING ACCOUNT	0.00	-	430	-	430	150,130	-	150,560	(150,560)	-
	Total Audit	0.00	-	430	-	430	150,130	-	150,560	(150,560)	-
B2100	COUNCIL TAX-COST OF COLLECTION	0.00	-	893,280	(300,000)	593,280	15,840	-	609,120	-	609,120
B2300	NNDR - COST OF COLLECTION	0.00	-	161,960	(167,830)	(5,870)	8,010	-	2,140	-	2,140
B7000	BENEFITS & SUBSIDIES	0.00	-	38,906,830	(38,554,890)	351,940	37,660	-	389,600	-	389,600
C3388	CORPORATE INCOME COLLECTION	0.00	-	133,310	-	133,310	14,470	-	147,780	(147,780)	-
	Total East Kent Services	0.00	-	40,095,380	(39,022,720)	1,072,660	75,980	-	1,148,640	(147,780)	1,000,860
		51.59	4,217,480	41,815,840	(39,707,970)	**6,325,350**	(97,060)	5,970	**6,234,260**	(3,084,360)	**3,149,900**

ANNEX 5D

DIRECTOR OF ENVIRONMENT AND CORPORATE ASSETS

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

WASTE MANAGEMENT

Refuse and Recycling Collections

The Council introduced new service arrangements for refuse and recycling collections in 2011, which provide residents with:

- Weekly segregated collection of food / kitchen waste, collected in a 23l kerbside caddy, with householders also using a small kitchen caddy;
- Alternative weekly collections of recyclables and residual waste, with residual waste collected in a 180l wheeled bin (black lid), mixed dry recyclables collected in a 240l wheeled bin (blue lid) and paper & card collected in the black box. Alternative arrangements are available for those householders with limited storage space or difficult access. The materials collected through the doorstep recycling scheme now includes paper, card, plastic bottles, tetrapak cartons and 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 2021, has been awarded in partnership with Shepway District Council and Kent County Council (as the disposal authority). Dover is the lead authority within this partnership and manage the client team, which comprises staff from both Dover and Shepway based at the Dover District Council offices who manage the contract and are also responsible for promoting waste reduction, re-use and recycling to residents across the district.

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

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

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

Street Cleansing

The section is responsible for the cleansing of the highways and Council owned land, in accordance with the provisions of the Environmental Protection Act 1990 and subsequent Code of Practice on Litter and Refuse (2006). This is carried out in accordance with standards set by Government, which define how quickly the Council has to clear such land. It covers litter, detritus (grit in the gutter), dog fouling and leaves. These items are collected either manually or by using mechanical sweepers. The section also arranges the emptying of litter and dog waste bins.

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

The service is provided as part of contract with Veolia Environmental Services, which extends until January 2021 and also forms part of the partnership working and joint contractual arrangement with Shepway District Council administered by the Waste Services Section.

PARKING SERVICES

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

With regard to off-street parking, the Council provides a number of car parks spread across the district including maintenance and enforcement operations. The Council also manages car parks on behalf of Sainsbury's and the Co-Op in Deal, 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 some 15 years ago.

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.

ASSETS & BUILDING CONTROL

This service is divided into a number of key areas:

Asset Management

Public Conveniences - The Council currently maintains and operates 16 facilities within the towns and villages across the district. Of these, 14 facilities are supported by 3 Town and 5 Parish Councils.

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

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

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

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

Oil Pollution - In accordance with the County of Kent Oil Pollution Response Scheme, the District Council has responsibility to deal with pollutions by oil on beaches and with the threat of oil to beaches and to sea up to a depth of 5.5 metres at low water mark of ordinary tides or to a distance of one mile from the shore, whichever is less. Areas beyond this extent are dealt with by Kent County Council.

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

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

Facilities Management
The service covers a number of properties;

- **Dover Town Hall (Maison Dieu), Dover** - The main facilities at Dover Town Hall are the Stone Hall, Connaught Hall and the Council Chamber. There are also other smaller areas available for hire. The facilities are used for a variety of functions including wedding receptions, dinners, parties, dances, concerts, theatre, exhibitions, seminars, elections etc. The premises are managed by Your Leisure, who also operate the Winter Gardens at Margate and lease the Council's leisure facilities, under a property lease for the Town Hall, supported by a funding agreement. Under the terms of the lease, most categories of expenditure are the responsibility of Your Leisure but some major areas remain as Council obligations. The Council is currently developing a funding bid as part of plans for major renovations to the building.

- **Deal Pier** - The present Pier took three years to build and was officially opened by the Duke of Edinburgh in 1957. It provides opportunities for walking and fishing, has a café at the seaward end and two small shops at the entrance. The Pier itself is managed directly by the Council and in recent years substantial funds have been spent on repairing the steel and concrete structure. The construction of the new café and sun lounge was completed during autumn 2008 and has significantly enhanced the facilities available. This has been recognised through the receipt of several architectural awards. These works have also seen improvements to the deck surface and the installation of new lighting together with other minor improvements.

- **Leisure Centres** - The Council's leisure centres, Dover Leisure Centre, Tides and the Deal Indoor Tennis Centre provide a wide range of facilities. Dover has a traditional 25 metre swimming pool designed for lane and competitive swimming together with a learner pool, eight court sports hall, fitness and health suite, aerobics studio, squash courts, bar, cafeteria and other minor facilities. Tides consists of a beach effect leisure pool with waterslides, ancillary pools and other features, a four-court sports hall, fitness and health suite and cafeteria. The facility now includes the recently opened tennis centre which replaces the air hall, which was destroyed during severe storms in early 2007. The leisure centres have been leased to and managed by Your Leisure since April 2001. Your Leisure also manages the children's paddling Pool in Walmer. The Council is bringing forward plans to provide a new leisure centre for Dover recognising that the current centre has a limited residual life.

- **Corporate Properties** – The Council operates from a number of properties such as the offices at Whitfield, Dover Gateway and other area offices within the District and the property services team are responsible for the effective management of each of the premises in terms of activities such as caretaking, cleansing and routine maintenance.

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.

Capacity continues to be created through continuous reviews of staffing, procedures and practices in order to increase efficiency and effectiveness. Despite the recession, the level of building activity remained relatively stable but continual improvements in efficiency are still being sought. Capacity to increase fees substantially may well be constrained through increased competition from the private sector. All applications received from 1st January 2016 are electronic.

PARKS & OPEN SPACES

Parks and Open Spaces

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

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

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

White Cliffs Countryside Partnership

The White Cliffs Countryside Partnership was set up 25 years ago to help conserve and enhance the special coast and countryside of Dover and Shepway districts, and make it accessible to all. It is a partnership between Dover District Council, Shepway District Council, Kent County Council, Eurotunnel, Natural England, Environment Agency, Kent Downs AONB Unit, Kent Wildlife Trust, National Trust, British Energy, British Nuclear Group, Affinity Water, Network Rail with financial contributions from the European Regional Development Fund, the Big Lottery and the Heritage Lottery Fund.

Up on the Downs

Up on the Downs is a £2.5 million Heritage Lottery funded Landscape Partnership Scheme that is making a significant difference to the easily recognisable and iconic landscape and communities of the Dover and Folkestone area by:

- Investing in heritage
- Supporting communities
- Increasing access, skills and understanding
- Working together in partnership

The scheme is scheduled for completion in September 2017; however, Up on the Downs and DDC are working with partner organisations to secure an appropriate legacy for the scheme, including continuing the partnership into the long-term.

MUSEUM & TOURISM SERVICES

Dover Museum

Dover Museum is one of the oldest museums in the UK, founded in 1836. Its three floors of exhibitions on the history of Dover and its award winning Bronze Age Boat Gallery attract over 35,000 visitors a year. It operates a successful schools programme attracting some 13,000 school children annually. Work continues with young people, traditionally a hard to reach group for museums, to make the museum more relevant to them, and a team of volunteers is implementing a new collections plan relating to the national museums accreditation scheme.

Tourism

The Council's role in tourism is as a co-ordinator for the district's tourism industry and the White Cliffs Country Marketing brand. It produces a successful annual tourism guide and website and associated marketing campaign, in partnership with the White Cliffs Country Tourism Association (WCCTA). The service, in partnership with other districts, KCC and Visit Kent is actively engaged in promoting the district during events such as the Olympic Torch Event in Dover, the torch relay through the District and the Open Golf tournament at Sandwich.

The section also operates one of the busiest visitor information centres (VICs) in the UK, the Dover Visitor Information Centre, co-located within Dover Museum and advises VICs in Deal and Sandwich.

ANNEX 5D

Service Summary

Environment & Community Assets

Budget 2017/2018

	Costs controlled by Head of Service									
	FTE	Employees	Other Costs	Income	Sub-tot	Recharges	Capital	Total Cost	Charge-outs	Total
C3600 DIRECTOR OF ENV & CORP ASSETS	1.00	119,060	4,280	-	123,340	49,560	-	172,900	(172,900)	-
Head of Service	1.00	119,060	4,280	-	123,340	49,560	-	172,900	(172,900)	-
A1162 CIVIC CAR	0.00	5,100	1,610	-	6,710	850	-	7,560	(1,130)	6,430
C3680 HEAD OF PARKS AND OPEN SPACES	3.81	194,100	440	-	194,540	35,710	-	230,250	(230,250)	-
C3690 GROUNDS MAINTENANCE TEAM	25.00	603,950	405,000	-	1,008,950	146,510	-	1,155,460	(1,155,460)	-
C3715 PROPERTY SERVICES	14.55	695,360	63,490	(9,000)	749,850	354,210	-	1,104,060	(1,104,060)	-
C3725 PROPERTY MAINTENANCE TEAM	2.00	62,040	(62,040)	-	-	7,560	-	7,560	-	7,560
C3954 MAISON DIEU PREMISES	0.00	-	11,030	(3,500)	7,530	9,100	-	16,630	(16,630)	-
C3956 DEAL AREA OFFICE TRADING ACCT	0.00	-	4,430	-	4,430	-	-	4,430	(4,430)	-
C3957 THE DOVER GATEWAY (CASTLE ST)	0.00	-	64,910	(7,000)	57,910	17,660	830	76,400	(76,400)	-
C3958 SANDWICH AREA OFFICE TRAD ACCT	0.00	-	-	-	-	-	330	330	(330)	-
C5001 CORPORATE MAINTENANCE	0.00	-	385,000	-	385,000	-	-	385,000	-	385,000
C5200 OFFICE ACCOMMODATION-WHITFIELD	2.82	66,830	414,450	(2,200)	479,080	26,890	52,730	558,700	(558,700)	-
E4100 PUBLIC CONVENIENCES	0.00	-	192,750	(104,740)	88,010	29,420	23,090	140,520	-	140,520
E5000 DEPOTS	0.00	-	910	(970)	(60)	14,590	6,890	21,420	-	21,420
E6000 CEMETERIES	0.00	-	28,310	(158,000)	(129,690)	259,140	280	129,730	-	129,730
E6100 CLOSED CHURCHYARDS	0.00	-	-	-	-	50,390	-	50,390	-	50,390
E8000 COAST PROTECTION	0.00	-	500	(61,940)	(61,440)	49,480	259,600	247,640	-	247,640
H1000 BUILDING CONTROL	8.61	327,750	39,620	(287,850)	79,520	171,030	-	250,550	(12,000)	238,550
L1399 MISC PROPERTIES-GENERAL	0.00	-	18,750	(266,510)	(247,760)	353,020	24,950	130,210	-	130,210
L1800 RELOCATION OF TRAVELLERS	0.00	-	-	-	-	260	-	260	-	260
L2010 HALLS-TOWN HALL DOVER	0.00	-	116,230	-	116,230	58,160	180,060	354,450	-	354,450
L3000 TIMEBALL TOWER, DEAL	0.00	-	-	(500)	(500)	5,230	-	4,730	-	4,730
L3630 PUBLIC CLOCKS AND MEMORIALS	0.00	-	390	-	390	3,150	-	3,540	-	3,540
L4030 DOLPHIN HOUSE	0.00	-	42,220	(70,000)	(27,780)	27,780	-	-	-	-
L5050 A/C BODY RCHG-SRB,S/START,WCCP	0.00	-	-	-	-	66,900	-	66,900	-	66,900
M1200 ENERGY EFFICIENCY GRANTS	0.00	-	290	-	290	23,810	-	24,100	-	24,100
M2100 BEACHES AND FORESHORES	0.00	-	17,460	(66,460)	(49,000)	63,640	13,410	28,050	-	28,050
M2200 DEAL PIER	2.85	89,280	45,580	(71,670)	63,190	81,720	233,510	378,420	-	378,420
M2210 SANDWICH QUAY	0.00	-	4,790	(12,400)	(7,610)	15,110	-	7,500	-	7,500
M2300 PARKS AND OPEN SPACES	0.00	-	74,340	(102,850)	(28,510)	728,760	73,310	773,560	-	773,560
M2305 PARKS FOR PEOPLE-KEARSNEY	3.70	129,440	1,156,560	(1,286,000)	-	-	-	-	-	-
M2310 KEARSNEY PARKS	0.00	-	-	-	-	41,020	-	41,020	-	41,020
M2500 DOVER LEISURE CENTRE	0.00	-	276,060	-	276,060	57,040	483,620	816,720	-	816,720
M2510 DEAL LEISURE POOL-TIDES	0.00	-	10,370	-	10,370	62,120	694,540	767,030	-	767,030
M2520 DEAL TENNIS CENTRE	0.00	-	1,550	-	1,550	14,100	23,440	39,090	-	39,090
M2610 PROPERTY SERVICES EVENTS	0.00	-	10,050	(23,000)	(12,950)	40,920	-	27,970	-	27,970
Asset Management & Maintenance	63.34	2,173,850	3,325,050	(2,534,590)	2,964,310	2,815,280	2,070,590	7,850,180	(3,159,390)	4,690,790
L3020 DOVER MUSEUM	10.14	417,170	172,910	(90,280)	499,800	127,400	347,750	974,950	-	974,950
L3022 MUSEUMS-BRONZE AGE BOAT-EXHIBT	0.00	-	14,530	(100)	14,430	6,210	-	20,640	-	20,640
L3025 DOVER MUSEUM SCHOOLS	0.00	3,000	20,450	(18,000)	5,450	8,810	-	14,260	-	14,260
L3027 DOVER MUSEUM - BEQUEST WORK	0.00	-	8,130	(8,130)	-	560	-	560	-	560
L3600 GRAND SHAFT-WESTERN HEIGHTS	0.00	-	2,180	-	2,180	1,840	-	4,020	-	4,020
L5601 TOURISM DEVELOPMENT	0.00	-	35,420	-	35,420	24,030	1,250	60,700	-	60,700
L5610 VIC GRANTS & HISTORIC PANELS	0.00	-	9,700	-	9,700	2,240	1,760	13,700	-	13,700
Total Museum & Tourism	10.14	420,170	263,320	(116,510)	566,980	171,090	350,760	1,088,830	-	1,088,830

	Costs controlled by Head of Service									
	FTE	Employees	Other Costs	Income	Sub-tot	Recharges	Capital	Total Cost	Charge-outs	Total
C3390 PARKING SERVICE ADMINISTRATION	4.00	127,310	29,260	-	156,570	99,750	-	256,320	(256,320)	-
C3392 PARKING OPERATIONS & ENFORCEMT	15.82	437,800	33,660	-	471,460	140,990	4,230	616,680	(616,680)	-
K1020 SECTION 38	0.00	-	-	-	-	40	-	40	-	40
K2015 TRANSPORTATION SERVICES	0.00	-	178,810	(70,070)	108,740	58,020	12,500	179,260	-	179,260
K2020 COUNTRYSIDE AND WATERWAYS	0.00	-	-	-	-	4,810	-	4,810	-	4,810
K2040 BUS SHELTERS	0.00	-	16,980	-	16,980	5,700	-	22,680	-	22,680
K3000 PRECINCTS-DEAL AND DOVER	0.00	-	1,060	-	1,060	18,480	-	19,540	-	19,540
K4000 CAR PARKS-SURFACE FREE	0.00	-	10,520	(60)	10,460	48,860	-	59,320	-	59,320
K4010 CAR PARKS-SURFACE PAYING	0.00	-	294,110	(1,654,830)	(1,360,720)	334,860	-	(1,025,860)	-	(1,025,860)
K4030 CAR PARKS - ON STREET	0.00	-	28,430	(662,310)	(633,880)	572,070	-	(61,810)	-	(61,810)
K5000 ENVIRONMENTAL IMPROVEMENTS (DEPRECIATION	0.00	-	-	-	-	-	4,360	4,360	-	4,360
Total Parking & Community Safety	19.82	565,110	592,830	(2,387,270)	(1,229,330)	1,283,580	21,090	75,340	(873,000)	(797,660)
C3610 WASTE SERVICES TRADING ACCOUNT	5.00	225,630	20,850	(85,000)	161,480	99,680	-	261,160	(261,160)	-
E4200 REFUSE COLLECTION	0.00	-	1,145,800	(56,000)	1,089,800	107,950	-	1,197,750	-	1,197,750
E4210 RECYCLING	0.00	-	1,066,050	(844,090)	221,960	153,850	-	375,810	-	375,810
E4230 SHEPWAY WASTE CONTRIBUTION	0.00	-	3,500,000	(3,500,000)	-	-	-	-	-	-
E4240 KCC WASTE CONTRIBUTION	0.00	-	555,000	(555,000)	-	-	-	-	-	-
E4300 STREET CLEANSING	0.00	-	1,558,800	(58,400)	1,500,400	105,790	-	1,606,190	-	1,606,190
Total Waste Services	5.00	225,630	7,846,500	(5,098,490)	2,973,640	467,270	-	3,440,910	(261,160)	3,179,750
L6000 WHITE CLIFFS COUNTRYSIDE PROJ	7.81	276,350	48,460	(334,810)	(10,000)	10,000	-	-	-	-
L6002 WCCP-SAMPHIRE HOE	2.00	70,550	2,720	(81,270)	(8,000)	8,000	-	-	-	-
Total White Cliffs Countryside Project	9.81	346,900	51,180	(416,080)	(18,000)	18,000	-	-	-	-
L3632 WCLP-BRINGING BACK THE LANDSCAPE	0.00	-	164,000	-	164,000	-	-	164,000	-	164,000
L3642 WCLP-BE PART OF IT	0.00	-	4,480	-	4,480	-	-	4,480	-	4,480
L3652 WCLP - A SPECIAL SENSE OF PLACE	0.00	-	48,430	-	48,430	-	-	48,430	-	48,430
L3660 WCLP - TAKING THE FIRST STEP	0.00	-	20,000	-	20,000	-	-	20,000	-	20,000
L3664 WCLP - TRAINING TO SUPPORT OTHER DELIVERY	0.00	-	2,200	-	2,200	-	-	2,200	-	2,200
L3666 WCLP - TRAINING IN HERITAGE SKILLS	0.00	-	2,200	-	2,200	-	-	2,200	-	2,200
L3670 WCLP - STAFF TRAINING	0.00	1,000	-	-	1,000	-	-	1,000	-	1,000
L3674 WCLP - STAFF & OVERHEADS	2.50	54,910	22,700	-	77,610	3,350	-	80,960	-	80,960
L4015 LANDSCAPE PARTNERSHIP PROJECT (income only)	0.00	-	-	(323,270)	(323,270)	-	-	(323,270)	-	(323,270)
Total White Cliffs Landscape Partnership	2.50	55,910	264,010	(323,270)	(3,350)	3,350	-	-	-	-
	111.61	3,906,630	12,347,170	(10,876,210)	**5,377,590**	4,808,130	2,442,440	**12,628,160**	(4,466,450)	**8,161,710**

Earmarked General Reserves

	Balance 2015/16 £000	Contrib-ution 2016/17 £000	Applica-tion 2016/17 £000	Balance 2016/17 £000	Contrib-ution 2017/18 £000	Applica-tion 2017/18 £000	Balance 2017/18 £000	Contrib-ution 2018/19 £000	Application 2018/19 £000	Balance 2018/19 £000	Contrib-ution 2019/20 £000	Application 2019/20 £000	Balance 2019/20 £000
General Fund Balance	**-2,995**	-144	450	**-2,689**	0	61	**-2,628**	0	83	**-2,545**	0	256	**-2,289**
Special Projects & Events Reserve	**-2,918**	-20	1,027	**-1,911**	-20	970	**-961**	-20	125	**-856**	-20	100	**-776**
Periodic Operations Reserve	**-2,775**	-95	1,262	**-1,607**	-172	720	**-1,059**	-110	142	**-1,027**	-110	351	**-786**
Urgent Works Reserve	**-1,714**	0	495	**-1,219**	0	220	**-998**	0	200	**-798**	0	200	**-598**
Dover Regeneration Reserve	**-1,555**	-314	422	**-1,447**	-50	515	**-982**	0	153	**-829**	0	100	**-729**
ICT Equipment & Servers	**-866**	-58	486	**-438**	-58	165	**-331**	-58	150	**-239**	-58	150	**-147**
Business Rates & Council Tax Support	**-1,812**	-450	1,175	**-1,087**	0	728	**-359**	0	0	**-359**	0	0	**-359**
District Regen & Economic Dev Reserve	**-12,500**	0	750	**-11,750**	0	3,825	**-7,925**	0	3,150	**-4,775**	0	2,775	**-2,000**
Earmarked Reserves Total	**-24,140**	-936	5,618	**-19,458**	-300	7,143	**-12,615**	-188	3,920	**-8,884**	-188	3,676	**-5,396**
Total Revenue Reserves	**-27,135**	-1,080	6,068	**-22,148**	-300	7,204	**-15,244**	-188	4,003	**-11,429**	-188	3,932	**-7,684**

ANNEX 6 (continued)

EARMARKED RESERVES

The following earmarked reserves are held:

1. General Fund Balance

The General Fund Balance is forecast to remain above the £2m preferred level in 2016/17. The forecasts for future years show the General Fund Balance being maintained above £2m if action is taken to deliver the target budget reductions. It is considered that at this time there are sufficient other earmarked reserves to support the council while the Council continues to address future budget pressures.

2. 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 8D).

3. Periodic Operations Reserve

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

4. Urgent Works Reserve

This reserve is set aside to fund urgent works on corporate assets and for other urgent business requirements, for example to fund a provision for claims from Municipal Mutual Insurance or for future restructures to meet likely on-going grant reductions. One-off opportunities will be taken to add to the balance in this reserve in the future to maintain the capacity to manage the Council's ageing assets. Approval of expenditure from this reserve is delegated to the Section 151 Officer and the Portfolio Holder responsible for Finance.

5. Regeneration Reserve

This reserve is set aside to support the Local Development Framework 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.

6. ICT Equipment & Servers

The ICT Equipment & Servers reserve is held in order to support the requirements of the current and future ICT Strategies. Approval of expenditure from this reserve is delegated to the Section 151 Officer and the Portfolio Holder responsible for Finance.

7. 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. In 2014/15 a contribution was made to the reserve from the safety net receipt received from Government in that year. That contribution has been applied in the 2016/17 and 2017/18 budgets to offset the anticipated pressures from the movement in the Collection Fund surplus. As there are still many uncertainties around these areas, it is recommended that this reserve is retained and reviewed on an annual basis.

8. Dover Regeneration & Economic Development Reserve

The £12.5m transferred from the Housing Revenue Account to the General Fund in 2013 is held in this reserve. £10m of the reserve has been set allocated to fund Leisure Centre provision and improvements to Dover Town Hall.

Housing Revenue Account - Budget Forecast as at 31 December 2016

	2016/17 Original Budget	*2016/17 Projected Outturn as at 31/12/2016*	*Variance to Original Budget*	**Notes**	*2017/18 Proposed Budget*	*Variance to 2016/17 Projected Budget*	**Notes**
	£000	***£000***	***£000***		***£000***	***£000***	
INCOME							
Dwelling Rents	(19,119)	(19,240)	(121)	1	(18,835)	405	A
Non-dwelling Rents	(499)	(499)	0		(501)	(2)	B
Tenant Charges for Services and Facilities	(392)	(392)	0		(466)	(74)	C
Conts. towards Expend. - Grants for Supporting People	(177)	(177)	0		0	177	D
Leaseholder Charges for Services and Facilities	(392)	(391)	1		(403)	(12)	E
TOTAL INCOME	**(20,580)**	**(20,701)**	**(120)**		**(20,205)**	496	
EXPENDITURE							
Repairs and Maintenance	3,283	3,237	(46)	2	3,355	118	F
Supervision and Management	4,081	4,181	100	3	4,010	(171)	G
Rents, Rates, Taxes and Other Charges	82	52	(30)	4	48	(4)	H
Depreciation of Fixed Assets	1,726	1,726	0		1,735	9	I
Debt Management Expenses	26	28	2	5	26	(2)	J
Bad Debt Provision	250	250	0		250	0	
TOTAL EXPENDITURE	**9,448**	**9,474**	26		**9,424**	(50)	
NET COST OF HRA SERVICES PER AUTHORITY INCOME AND EXPENDITURE ACCOUNT	**(11,132)**	**(11,227)**	(94)		**(10,781)**	446	
HRA Share of Corporate and Democratic Core	447	447	0		461	14	K
HRA share of other amounts not allocated to specific services	0	0	0		0	0	
NET COST OF HRA SERVICES	**(10,685)**	**(10,779)**	(94)		**(10,320)**	460	
						0	
Interest Payable and Similar Charges	2,783	2,783	0		2,715	(68)	L
Interest and Investment Income	(78)	(78)	0		(72)	6	M
Pension Int Costs and expected return on pensions assets	461	461	0		473	12	N
(SURPLUS)/DEFICIT FOR THE YEAR ON HRA	**(7,519)**	**(7,613)**	(96)		**(7,204)**	410	
						0	
Amount required by statute to be credited to the HRA	5,030	4,625	(405)		4,666	41	
						0	
Net (Increase)/Decrease in the Housing Revenue	**(2,489)**	**(2,988)**	(499)		**(2,538)**	450	
Transfer to or (from) reserves	*2,400*	*3,000*	600	6	*2,500*	(500)	O
(Increase)/decrease in year on the HRA balance	***(89)***	***12***	101		***(38)***	(50)	
Impact of Deficit / (surplus) on balances							
Housing Revenue Account surplus brought forward	(1,013)	(1,013)	0		(1,001)	12	
Housing Revenue Account surplus carried forward	***(1,102)***	***(1,001)***	101		***(1,039)***	(38)	

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

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

Difference between amounts charged to income and expenditure for the amortisation of premiums and discounts and the charge for the year determined in accordance with statute

Net Charges made for retirement benefits in accordance with IAS19	474	474	0		456	(18)	P
	474	**474**	0		**456**	(18)	
Items not included in the HRA Income and Expenditure Account but							
Transfer to/(from) the Major Repairs Reserve	2,740	3,000	260	7	3,000	0	
Employer's contributions payable to the Pension Fund and retirements benefits payable direct to pensioners	(461)	(461)	0		(473)	(12)	Q
Capital expenditure funded by the HRA	2,277	1,613	(664)	8	1,683	70	R
	4,556	**4,152**	(404)		**4,210**	58	
Net additional amount required by statute to be debited/(credited) to the HRA Balance for the year	**5,030**	**4,625**	(405)		**4,666**	41	

ANNEX 7A

Housing Revenue Account Variance Analysis

2016/17 Original Budget to 2016/17 Projected Outturn & Projected Outturn to 2017/18 Estimates

Housing Revenue Account Variation Statement - as at 31 December 2016

			£000's
	2016/17 Original Budget		**(90)**
1	Dwelling Rents	Increase in rents. Void loss not as anticipated.	(121)
2	Repairs and Maintenance	Reduction in void budget and Lift Maintenance	(46)
3	Supervision and Management	Mainly increase in EKH management fee to cover stock condition survey, card payment industry compliance, Reduction on decant budget for Norman Tailyour House and reduction in external valuation fees for RTB.	100
4	Rent, Rtaes taxes and Other Charges	Reduction in Council Tax charges	(30)
5	Debt Management Expenses	Treasury management fees	2
6	Transfer to or (from) reserves	Increase to Housing Initiative reserve	600
7	Transfer to or (from) Major Repairs Reserves	Recalculation of Major Repairs Reserve	260
8	Capital expenditure funded by the HRA	Delay of projects for Norman Tailyour House and Whitfield 1A and Folkestone Rd and reprofiling of capital spend	(664)
	Projected Outturn 2016/17 as at 31 December 2016		**11**
A	Dwelling Rents	Reduction of rents by 1% as advised by Government	405
B	Non Dwelling Rents	Increase in garage rents	(2)
C	Tenant Charges for Services and Facilities	Tenant service charge increase	(74)
D	Contributions towards Expenditure	Withdrawal of supporting people charges from KCC	178
D	Leaseholder charges for Services and Facilities	Leaseholder contributions	(11)
F	Repairs & Maintenance	Revenue works programme mainly term maintenance and void budget	118
G	Supervision and Management	Reductions in various budgets including central support costs, Property Services surveyor, and DHA	(171)
H	Rents, Rates, Taxes and Other Charges	Reduction of council tax liability	(4)
I	Depreciation of Fixed Assets	Depreciation estimate	9
J	Debt Management Expenses	Treasury management fees	(2)
K	HRA Share of Corporate and Democratic Core	Central support costs	14
L	Interest Payable and Similar Charges	Interest payable	(68)
M	Interest and Investment Income	Interest received	6
N	Transfer to or (from) reserves	Housing Initiative Reserve	(500)
O	Net Charges made for retirement benefits in accordance wi	Pension costs	(18)
P	Capital expenditure funded by the HRA	Capital expenditure funded by the HRA	70
	2017/18 Budget Estimate		**(39)**

FOUR YEAR REVENUE BUDGET FINANCIAL PROJECTION

Notes	2016/17 Projected Outturn £000		2017/18 Proposed Budget £000	2018/19 Forecast £000	2019/20 Forecast £000	2020/21 Forecast £000
1	**(20,701)**	**Income**	**(20,205)**	**(20,205)**	**(20,205)**	**(20,205)**
		Income Adjustments				
2		Rent reduction @1% per annum as per Govt requirements		188	375	5
3		Impact of Right to Buy sales on rental income (1%)		188	375	559
4		Tenant Charges for Services and Facilities inflation (3%)		(14)	(28)	(43)
	(20,701)	**Total**	**(20,205)**	**(19,843)**	**(19,483)**	**(19,684)**
5	**9,474**	**Expenditure**	**9,424**	**9,424**	**9,424**	**9,424**
		Expenditure Adjustments				
6		Repairs and Maintenance (3% inflation)		101	205	312
7		Supervision and Management (3% inflation)		120	244	372
8		Other Misc expenditure inflation		2	4	6
	9,474	**Total**	**9,424**	**9,647**	**9,877**	**10,114**
9	**8,239**	**Other Charges**	**8,243**	**8,243**	**8,243**	**8,243**
10		Interest payable reduction as capital repaid		(54)	(107)	(159)
11		IAS19 Pension backfunding increase		23	47	72
	8,239	**Total**	**8,243**	**8,212**	**8,183**	**8,156**
12	**3,000**	**Transfers to / (from) reserves**	**2,500**	**1,950**	**1,425**	**1,400**
13	**12**	**NET (SURPLUS) / DEFICIT**	**(38)**	**(34)**	**2**	**(14)**
		Impact on Reserves :-				
		Projected HRA Balance				
	(1,013)	Opening balance	(1,001)	(1,039)	(1,073)	(1,071)
14	**(1,001)**	**Closing Balance**	**(1,039)**	**(1,073)**	**(1,071)**	**(1,085)**

Housing Initiative Reserve

2016/17 £000					
8,389	Opening balance	**10,639**	**7,276**	**7,126**	**2,951**
(750)	Application	**(5,863)**	**(2,100)**	**(5,600)**	**(2,000)**
3,000	Contribution	**2,500**	**1,950**	**1,425**	**1,400**
10,639	Closing balance	**7,276**	**7,126**	**2,951**	**2,351**

THREE YEAR REVENUE BUDGET FINANCIAL PROJECTION

Notes

1 The gross income budget is taken from the 2017/18 budget at Annex 7.

2 The Government has imposed a 1% per annum decrease in rents for the period 2016/17 - 2019/20.

3 Right to Buy sales have increased and will therefore have a negative impact on rent income. Based on current levels this has been assumed to reduce rent income by 1% per annum.

4 It is assumed that tenant service charges will increase in line with inflation.

5 The gross expenditure budget is taken from the 2017/18 budget at Annex 7.

6 It is assumed that repairs & maintenance expenditure will increase in line with inflation.

7 It is assumed that supervision & management expenditure (including charges from East Kent Housing) will increase in line with inflation.

8 Increases in other expenditure assumed at 3% inflation.

9 Other charges are taken from the 2017/18 budget at Annex 7. These include, capital works, interest payable & receivable & pension charges.

10 The interest payable on the Housing Finance Reform loan will gradually reduce as the capital element of the loan is repaid.

11 The HRA share of the Authority's pension deficit is assumed to increase by 5% per annum in line with the Actuary's forecasts.

12 The annual transfer to the Housing Initiatives reserves is assumed to continue but at a reducing level for the planning period.

13 Forecast (surplus) / deficit.

14 Forecast HRA Balance.

MEDIUM TERM CAPITAL PROGRAMME - JANUARY 2017 OUTTURN

	APPROVED BUDGET	PROPOSED BUDGET					
Projects included in the programme	**Total**	**Previous years**	**Estimate 2016/17**	**Estimate 2017/18**	**Estimate 2018/19**	**Future years**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Committed General Fund Projects							
Dover Regeneration Projects							
Dover Pride - Dover Town Investment Zone	2,305	2,293	12	0	0	0	2,305
DTIZ - SEEDA funded projects	6,763	6,731	33	0	0	0	6,763
DTIZ - Waterfront	1,020	670	125	226	0	0	1,020
DTIZ - HCA funded projects	2,548	2,532	16	0	0	0	2,548
DTIZ Growth Point - Unallocated Grant Funding	7	0	7	0	0	0	7
Dover Pride - Dover Priory Ph 1 & 2	220	107	0	113	0	0	220
Sub total	**12,864**	**12,333**	**192**	**338**	**0**	**0**	**12,864**
Other Regeneration Projects							
Aylesham Regeneration Project	1,491	1,453	38	0	0	0	1,491
Discovery Park - Grant (100% grant funded)	3,151	2,736	415	0	0	0	3,151
Discovery Park - Loan (100% grant funded)	2,578	0	2,578	0	0	0	2,578
Sub total	**7,220**	**4,189**	**3,031**	**0**	**0**	**0**	**7,220**
ICT Projects							
Purchase Burials System (BACAS)	6	6	0	0	0	0	6
VM Ware - purchase replacement server	20	0	19	0	0	0	19
Replacement Telephony Central System	75	0	75	0	0	0	75
Purchase Telephony Equipment (Handsets / Headsets)	33	0	33	0	0	0	33
Sub total	**134**	**6**	**128**	**0**	**0**	**0**	**133**
Other projects							
Disabled Facilities Grants:-							
Mandatory Disabled Facilities Grants	1,040	n/a	700	353	0	0	1,053
Winter Warmth Grants	50	n/a	20	30	0	0	50
Small Works Adaptations Grants - **only £5k required in 16/17, £45k to be returned to Capital Receipts wef 17/18**	50	0	5	0	0	0	5
Renovation Grants	9	n/a	9	0	0	0	9
Renovation/PSH Loans	838	n/a	250	250	250	88	838
White Cliffs Landscape Project-DDC Capital Expenditure (100% grant	66	66	0	0	0	0	66
White Cliffs Landscape Project-Capital Grants (100% grant funded)	468	468	0	0	0	0	468
Dover Leisure Centre - Plant & Equipment Replacement	79	53	14	13	0	0	79
Tides - Plant & Equipment Replacement	108	56	20	33	0	0	108
Beach Hut Project	38	37	1	0	0	0	38
Parks for People - Kearsney Abbey & Russell Gardens	2,519	174	100	1,197	1,048	0	2,519
Dover Museum & Bronze Age Boat - Essential Works	116	14	10	92	0	0	116
Party Wall Repair	31	31	0	0	0	0	31
Whitfield Offices - Capital Works	220	57	163	0	0	0	220
Deal Youth Centre (S106 Funded)	200	0	200	0	0	0	200
Disabled WC - Marine Rd Walmer	60	22	23	15	0	0	60
North Deal Playing Fields - Play Area	111	1	110	0	0	0	111
Pencester Gardens Play Area	40	0	40	0	0	0	40
Car Park Pay & Display Metering	280	0	280	0	0	0	280
Cemetery Provision - Deal	64	0	64	0	0	0	64
Grounds Maintenance Equipment	400	0	400	0	0	0	400
Vehicle Purchases - White Cliffs Countryside Project	24	0	24	0	0	0	24
Dover Leisure Centre - new facility provision	26,600	2	948	13,250	12,400	0	26,600
The Butts Skate Park refurbishment	16	0	16	0	0	0	16
Dover Town Hall-Urgent Repairs	150	0	20	130	0	0	150
Deal Beach - emergency beach recycling (grant funded)	80	0	80	0	0	0	80
Sub total	**33,658**	**981**	**3,498**	**15,361**	**13,698**	**88**	**33,626**
Sub total of Committed General Fund Projects	**53,876**	**17,509**	**6,849**	**15,700**	**13,698**	**88**	**53,843**

ANNEX 8A

MEDIUM TERM CAPITAL PROGRAMME - JANUARY 2017 OUTTURN

	APPROVED BUDGET	PROPOSED BUDGET					
Projects included in the programme	**Total**	**Previous years**	**Estimate 2016/17**	**Estimate 2017/18**	**Estimate 2018/19**	**Future years**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
General Fund Projects - Proposed Projects							
Capital Contingency	210	0	210	0	0	0	210
Dover Leisure Centre - Plant & Equipment Replacement	21	0	0	21	0	0	21
Leisure Centres Contingency - Repairs & Equipment - **change wording to 'Tides LC refurbishment' wef 17/18**	502	0	0	502	0	0	502
Museum - General Works & Replacements	80	0	0	75	5	0	80
Victoria Park-Play Area (S106 funded)	37	0	0	37	0	0	37
Dover Museum - Gallery Refurbishment	69	0	0	69	0	0	69
Deal Pier - Phase 1 H&S Works	125	0	125	0	0	0	125
Dover Town Hall - DDC contribution to major refurbishment works	3,000	0	0	75	150	2,775	3,000
Dover Priory Car Park - DDC contribution - **delete wef 17/18**	500	0	0	0	0	0	0
Dover Museum - storage facilities	500	0	0	500	0	0	500
Deal Beach Management 2015-20 (100% grant funded)	1,400	0	350	350	350	350	1,400
DTIZ Enhancements	180	0	0	180	0	0	180
Property Investment Strategy (note 5)	200,000	0	0	50,000	50,000	100,000	200,000
Capital Contingency	0	0	0	200	0	0	200
Tides Leisure Centre refurbishment	0	0	0	0	1,520	0	1,520
Dover Town Centre Regeneration	0	0	0	500	0	0	500
Deal Pier - Phase 2	0	0	0	130	0	0	130
Bronze Age Boat - replace environment conditioning plant/controls	0	0	0	0	110	0	110
Dover Fountain - DDC contribution	0	0	0	100	0	0	100
Purchase new beach huts	0	0	0	100	0	0	100
DTIZ Enhancements	0	0	0	50	0	0	50
DDC CCTV improvements	0	0	0	45	45	0	90
Sandwich Quay - dredge & install fenders	0	0	0	53	0	0	53
Disabled Facilities Grants	0	0	0	859	0	0	859
St Margarets Bay Study	0	0	0	10	0	0	10
Sub total of General Fund Proposed Projects	**206,623**	**0**	**685**	**53,855**	**52,180**	**103,125**	**209,845**
ICT Infrastructure Investment - Proposed Projects							
Burial Records On Line - **delete wef 17/18**	9	0	0	0	0	0	0
Sub total of ICT Proposed Projects	**9**	**0**	**0**	**0**	**0**	**0**	**0**
Sub total of all Proposed General Fund Projects	**206,633**	**0**	**685**	**53,855**	**52,180**	**103,125**	**209,845**
General Fund Projects Total	**260,509**	**17,509**	**7,534**	**69,555**	**65,878**	**103,213**	**263,688**
HRA Programme							
Housing Revenue Account Property Projects - Committed Works	4,565	n/a	4,565	0	0	0	4,565
Wilson Ave Play Area Refurbishment	43	0	43	0	0	0	43
William Pitt Ave-Play Area (S106 funded)	95	0	95	0	0	0	95
Folkestone Rd Property Purchases & Refurbishments	944	507	50	386	0	0	944
Sheltered Upgrade	1,800	21	400	1,379	0	0	1,800
Housing Revenue Account - Provisions for proposed projects	28	0	0	28	0	0	28
Play Areas - proposed HRA funding	51	0	0	51	0	0	51
Whitfield Development - Phase 1A - proposed	3,500	0	50	3,450	0	0	3,500
St Radigunds Play Area - proposed	100	0	0	100	0	0	100
Future projects to be funded from Housing Initiatives Reserve (note 4)	400	0	400	0	0	0	400
Housing Revenue Account Property Projects - 17/18 new bid	0	0	0	4,505	0	0	4,505
Proposed possible developments on HRA land - 17/18 new bid	0	0	0	2,450	0	0	2,450
Folkestone Rd Property Purchases & Refurbishments - 17/18 new bid	0	0	0	120	0	0	120
HRA Total	**11,525**	**528**	**5,602**	**12,470**	**0**	**0**	**18,600**
Total	**272,034**	**18,037**	**13,136**	**82,024**	**65,878**	**103,213**	**282,288**

ANNEX 8A

MEDIUM TERM CAPITAL PROGRAMME - JANUARY 2017 OUTTURN

Projects included in the programme	APPROVED BUDGET Total £000	PROPOSED BUDGET Previous years £000	Estimate 2016/17 £000	Estimate 2017/18 £000	Estimate 2018/19 £000	Future years £000	Total £000
Financed by:							
Capital projects financed in previous financial years	18,037	18,037	0	0	0	0	18,037
Capital receipts - General Fund	3,486	n/a	1,106	1,425	901	0	3,431
Capital receipts - General Fund - 17/18 new bids	0	n/a	0	913	1,675	0	2,588
Capital receipts - General Fund (Dover Regeneration) - 17/18 new bids	0	n/a	0	250	0	0	250
Capital receipts - HRA	0	n/a	0	0	0	0	0
Excess Right to Buy Receipts	1,301	n/a	150	1,151	0	0	1,301
Excess Right to Buy Receipts - 17/18 new bid	0	n/a	0	771	0	0	771
Major Repairs Allowance	3,000	n/a	3,000	0	0	0	3,000
Major Repairs Allowance - 17/18 new bid	0	n/a	0	3,000	0	0	3,000
Direct Revenue Financing							
HRA	1,792	n/a	1,613	179	0	0	1,792
HRA - 17/18 new bid	0	n/a	0	1,505	0	0	1,505
General Fund	106	n/a	106	0	0	0	106
General Fund - Heritage Lottery Fund Grant (Parks for People-Kearsney)	2,047	n/a	65	1,080	902	0	2,047
General Fund - SEEDA - DTIZ	183	n/a	33	150	0	0	183
Section 106 Funding	460	n/a	423	37	0	0	460
Grants							
Growth Point - Unallocated Grant Funding	7	n/a	7	0	0	0	7
Growth Point (DTIZ-Waterfront)	13	n/a	13	0	0	0	13
Growth Point (Dover Priory Multi-Storey Car Park)	100	n/a	0	100	0	0	100
Growth Point (Parks for People-Kearsney)	25	n/a	25	0	0	0	25
KCC Better Care Fund (Disabled Facilities Grant)	878	n/a	720	171	0	0	891
Renovation/PSH Grant	838	n/a	250	250	250	88	838
Environment Agency (Deal Beach Management 2015-20)	1,400	n/a	350	350	350	350	1,400
Environment Agency (Deal Beach-emergency beach recycling)	80	n/a	80	0	0	0	80
Environment Agency (St Margarets Bay Study)	0	n/a	0	10	0	0	10
DCLG Building Foundations for Growth Grant (Discovery Park)	2,993	n/a	2,993	0	0	0	2,993
Performance Reward Grant (Telephony)	109	n/a	109	0	0	0	109
Sport England - estimated (new Dover Leisure Centre)	1,500	n/a	0	0	1,500	0	1,500
Warmer Streets - external insulation (HRA properties)	1	n/a	1	0	0	0	1
KCC Better Care Fund (Disabled Facilities Grant)	0	n/a	0	859	0	0	859
Environment Agency (Sandwich Quay)	0	n/a	0	15	0	0	15
Other reserves							
- Cluster Prep (Rev Reserve)	167	n/a	47	120	0	0	167
- Special projects (Rev reserve)	64	n/a	64	0	0	0	64
- Urgent Works Reserve	448	n/a	448	0	0	0	448
- Housing Initiative (HRA Reserve)	4,814	n/a	750	4,064	0	0	4,814
- Housing Initiative (HRA Reserve)	0	n/a	0	1,799	0	0	1,799
- HCA (was - English Partnerships) for DTIZ	16	n/a	16	0	0	0	16
- ICT Reserve	20	n/a	19	0	0	0	19
- District Regeneration & Economic Development Reserve	11,000	n/a	750	3,825	3,150	2,775	10,500
Supported borrowing - HRA	0	n/a	0	0	0	0	0
Supported borrowing - General Fund	0	n/a	0	0	0	0	0
Unsupported borrowing	0	n/a	0	0	0	0	0
PWLB borrowing - estimated (new Dover Leisure Centre)	17,150	n/a	0	10,000	7,150	0	17,150
Property Investment Strategy (note 5)	200,000	n/a	0	50,000	50,000	100,000	200,000
Total	**272,034**	**18,037**	**13,136**	**82,024**	**65,878**	**103,213**	**282,288**

Notes

1) **Dover Regeneration projects** comprise a single capital budget. Virement between the lines within this project are delegated to the Director of Finance to approve.

2) Authorisation of approved **projects up to £50k** included on the Programme delegated to Director of Finance, Housing & Community in consultation with the Portfolio Holder for Corporate Resources & Performance.

3) Authorisation of projects funded from the **Capitial Contingency** delegated to Director of Finance, Housing & Community in consultation with the Portfolio Holder for Corporate Resources & Performance.

4) **Housing Initiatives Reserve**

To enable the HIR to be used in a responsive manner to new opportunities, the HIR is shown as a single line in the Capital Programme with delegation for:-

a) Setting the level of the on-going HRA minimum balance and the use of prudential borrowing, and adjusting the resources of the HIR accordingly, delegated to the Director of Finance, Housing & Community in consultation with the Portfolio Holder for Performance & Resources;

b) Approval of individual projects to be financed by the HIR delegated to Cabinet;

c) Approval of offers, tenders or bids for the purchase of properties on the open market or at auction, delegated to the Director of Finance, Housing & Community in consultation with the Portfolio Holder for Performance & Resources.

5) **Property Investment Strategy**

£200m approved by Council and Cabinet in November 2016; financing of each proposal to be determined on a case-by-case basis.

Capital Receipts Summary as at 31/12/16	£000	£000	£000
Capital Receipts as at 31/12/16	**-5,714**		
Ring Fenced for 1:4:1 Affordable Housing	2,095		
Right-To-Buy reimbursement	83		
Subtotal		**-3,536**	
Receipts in year:			
General Fund Capital Receipts - ring-fenced for Dover Town regen	-250		
General Fund Capital Receipts - other	-1,187		
HRA Non Poolable Receipts	-11		
		-1,448	
Poolable HRA Capital Receipts Received	-2,239		
Deduct:			
Admin fees	43		
Ring Fenced for 1:4:1 Affordable Housing	906		
HRA Pooling to Qtr 3	222		
Total useable receipts received to 31.12.16		**-1,068**	
Total Capital Receipts			**-6,053**
Current allocations			
Allocated to existing GF Capital Programme	3,486		
Subtotal		**3,486**	
Balance after Existing Projects			**-2,567**
Anticipated Capital Receipts			
Anticipated General Fund capital receipts	-5,964		
		-5,964	
Balance including anticipated receipts			**-8,531**
Proposed new projects			
Proposed new projects	2,588		
2017/18 Dover Regeneration	250		
Total proposed for new projects		**2,838**	
Balance available for future projects (including anticipated receipts)			**-5,693**

REVENUE WORKS PROGRAMME	PROJECTED OUTTURN 2016/17	DRAFT BUDGET 2017/18
	£000	£000
Term Maintenance	1,300	1,385
External Decorations	200	214
Cesspool Drainage Replacement	25	5
Communal TV Aerials Installation	15	12
Elderly Persons Redecorations	20	20
Estates Paths, Pavings, Floor Resurfacing	75	75
Insurance Excess/Storm Damage	10	10
Vandalism	30	20
Electrical Safety Inspections	75	75
Health and Safety Water Inspections	10	18
Voids Properties	750	750
Void Security	3	0
Heating Servicing	600	609
Lift Maintenance	11	11
Disabled Hoists & Lifts	13	10
Fire Alarm Servicing	55	60
Door Entry	18	13
Tenant Compensation	2	2
TOTAL REVENUE WORKS PROGRAMME	**3,212**	**3,288**

CAPITAL WORKS PROGRAMME	PROJECTED OUTTURN 2016/17	DRAFT BUDGET 2017/18
	£000	£000
HOUSING REVENUE ACCOUNT SCHEMES		
IMPROVEMENTS		
Reroofing	500	500
Replacement Doors and Windows	318	400
Door Entry Systems	80	50
Fire Precaution Works	185	125
Renewal Heating	540	690
Thermal Insulation	50	70
Asbestos Programme	160	160
Structural Repairs	355	500
Rewiring	100	150
Kitchen Programme	1,100	700
Major Lift Refurbishment	17	100
Bathroom Programme	400	300
Environmental Improvements -EKH initiated	100	100
Environmental Improvements -DDC initiated	100	100
Tenants Compact	100	100
Adaptations for Disabled Persons	458	458
Capital Works Programme Total	**4,563**	**4,503**
Adaptations for Disabled Persons - Internal Fees	2	2
Sheltered Upgrade	400	1,379
HRA Play areas	138	
HRA Play areas not yet approved		151
Folkestone Rd Properties	50	506
Whitfield 1A	50	3,450
Investment property	400	0
Possible new developments	0	2,450
Special revenue projects		
Provision for ICT Infrastructure	0	28
TOTAL HRA CAPITAL PROGRAMME	**5,603**	**12,469**
Financed By:		
Major Repairs Reserve	3,000	3,000
Direct Revenue Financing (HRA)	1,613	1,684
Excess Right to Buy	150	1,922
Grant & S106 Funding	90	0
Housing Initiatives Reserve	750	5,863
TOTAL CAPITAL WORKS FUNDING	**5,603**	**12,469**
FULL PROGRAMME TOTAL	**8,815**	**15,757**

ANNEX 8D

SPECIAL REVENUE PROJECTS - 2017/18 MTFP

SPECIAL REVENUE PROJECTS	**Capital / Revenue**	**Total Approved Budget**	**Prior Years Exp**	**Estimate 2016/17**	**Estimate 2017/18**	**Estimate 2018/19**	**Future years**	**Total Revised Budget**
		£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Committed Special Revenue Projects								
Corporate Property - Planned Maintenance	R	1,051	816	235	0	0	0	1,051
Control of Asbestos Regulations Works - Corporate Buildings	R	44	35	8	0	0	0	44
Disability Discrimination Act Works - Corporate Buildings	R	109	106	3	0	0	0	109
Farthingloe/Western Heights - consultancy	R	45	39	6	0	0	0	45
Dover Town Hall - Consultancy / Funding Bid	R	181	100	81	0	0	0	181
Parking Strategy Review	R	27	27	0	0	0	0	27
Dover Leisure Centre Study	R	45	41	4	0	0	0	45
Car Park works - Whitfield Offices	R	23	0	23	0	0	0	23
Dover Transportation Study	R	149	88	62	0	0	0	149
Duke of York Roundabout Design	R	39	30	9	0	0	0	39
Parking Services Software Upgrade & Devices	R	27	7	20	0	0	0	27
Tree Safety Emergency Works (following quinquennial)	R	35	5	30	0	0	0	35
Private Sector Housing Condition Survey 2016	R	28	0	28	0	0	0	28
Sandwich Station Design Study contribution (for Open Golf)	R	11	0	11	0	0	0	11
Commonwealth War Memorial-Dover	R	500	0	200	300	0	0	500
Mill Wall Repair (scheduled ancient monument)	R	30	0	30	0	0	0	30
Up on the Downs Project	R	74	0	74	0	0	0	74
St Margarets Bay Promenade-Refurbish Railings	R	30	0	30	0	0	0	30
Property Investment Strategy-external support	R	200	0	50	50	50	50	454
Recycling & Refuse Storage Areas	R	15	0	15	0	0	0	15
Parks - General Repairs (walls, fences, lakes, structures etc)	R	25	23	2	0	0	0	25
Sub total		**2,688**	**1,318**	**920**	**350**	**50**	**50**	**2,688**
ICT Infrastructure Investment Projects								
Upgrade GIS & Replace Xmap Internet Server	R	60	30	30	0	0	0	60
Purchase HR & Payroll System	R	106	56	50	0	0	0	106
Payment Card Industry (PCI) Compliance	R	45	2	43	0	0	0	45
eFinancials System Improvements	R	18	11	7	0	0	0	18
Corporate Document Management System (IDOX)	R	42	21	21	0	0	0	42
Northgate - IDOX DMS Transfer	R	11	5	6	0	0	0	11
IDOX - Asset Management Software	R	48	0	48	0	0	0	48
Firewall Upgrade	R	17	0	17	0	0	0	17
IDOX Upgrade - Planning, Building Control & Property Services	R	40	0	14	26	0	0	40
Server - Asset Management System	R	5	0	5	0	0	0	5
Uniform GMS Module Training	R	3	0	3	0	0	0	3
Jadu Paybridge contribution	R	5	0	5	0	0	0	5
Google Pilot	R	0	0	4	0	0	0	4
VM Ware Upgrade Licences	R	6	0	6	0	0	0	6
Sub total		**406**	**125**	**260**	**26**	**0**	**0**	**410**
Capital projects in capital programme financed from reserve:								
Provision allocated to capital programme to finance capital projects	C	64	n/a	64	0	0	0	64
		3,158	**1,443**	**1,243**	**376**	**50**	**50**	**3,162**
Proposed Projects								
Special Revenue Contingency - overspends	R/C	38	0	38	0	0	0	38
Special Revenue Contingency - urgent projects	R/C	69	0	69	0	0	0	69
North Deal - Community based regeneration - Golf Rd/Cannon Str. Deal	R	60	0	60	0	0	0	60
DES Efficiency Projects	R	30	0	30	0	0	0	30
Cemetery Provision - consultancy	R	15	0	0	15	0	0	15
Corporate Property Maintenance - Contingency	R	50	0	50	0	0	0	50
Utilities Management for all Corporate Properties	R	20	0	20	0	0	0	20
Dover Tourism Signage Scheme	R	20	0	20	0	0	0	20
Connaught Park Tennis Courts Improvements - **Allocation to be replaced with £30.5k bid for 17/18**	R	60	0	0	31	0	0	31
Street Lighting-Replacements & Repairs	R	60	0	60	0	0	0	60
Marines Memorial Gardens Refurbishment	R	15	0	0	15	0	0	15
Resurfacing Car Parks - **wording to be amended to include 'DDC owned access roads' wef 17/18**	R	210	0	135	75	0	0	210
Union Rd Car Park Works	R	15	0	15	0	0	0	15
Woolcomber St Car Park Works - **delete wef 17/18**	R	15	0	0	0	0	0	0
Food Waste Promotion	R	47	0	47	0	0	0	47
Kearsney Temporary Premises	R	20	0	20	0	0	0	20
Community Housing Fund	R	0	0	0	254	0	0	254
Corporate Property Maintenance	R	0	0	0	160	0	0	160
Special Revenue Contingency - urgent projects	R	0	0	0	80	0	0	80
Dover Regeneration - enabling costs	R	0	0	0	80	0	0	80
St James Church - intermediate works	R	0	0	0	70	0	0	70
Parks, Gardens, Churchyards - General Repairs	R	0	0	0	60	0	0	60
Corporate Property Maintenance - Contingency	R	0	0	0	50	50	0	100
Disabled Facility Grant projects - DDC funded	R	0	0	0	75	75	0	150
Walmer Green railing refurbishment	R	0	0	0	45	0	0	45
Connaught Park - tennis court refurbishment	R	0	0	0	31	0	0	31
Clarendon Field - safety boundary fence	R	0	0	0	30	0	0	30
Street Lighting-Replacements & Repairs	R	0	0	0	30	0	0	30
Guildhall Sq Sandwich - support for external funding bids	R	0	0	0	30	0	0	30
Sandwich Parks project (Phase 1) - enabling design & survey work	R	0	0	0	24	0	0	24
Special Revenue Contingency - overspends	R	0	0	0	20	0	0	20
Litter Bins - Deal Promenade	R	0	0	0	20	0	0	20
Butts - access bridge works	R	0	0	0	16	0	0	16
RNLI Building, Walmer - surface treatment	R	0	0	0	15	0	0	15

ANNEX 8D

SPECIAL REVENUE PROJECTS	Capital / Revenue	Total Approved Budget	Prior Years Exp	Estimate 2016/17	Estimate 2017/18	Estimate 2018/19	Future years	Total Revised Budget
Gazen Salts - nature reserve works	R	0	0	0	15	0	0	15
Apertures for wheeled bins	R	0	0	0	15	0	0	15
Russell Gdns - access bridge replacement	R	0	0	0	13	0	0	13
Dover Health Impact Assessment (HIA)	R	0	0	0	11	0	0	11
Tree safety emergency works (following quinquennial)	R	0	0	0	10	0	0	10
LDF Plan	R	0	0	0	300	0	0	300
Sub total - proposed projects		**745**	**0**	**565**	**1,589**	**125**	**0**	**2,279**
ICT Infrastructure Investment - Proposed Projects								
Corporate Digital Projects	R	100	0	100	0	0	0	100
Confirm Software Purchase	R	7	0	7	0	0	0	7
E-Procurement Upgrade	R	37	0	37	0	0	0	37
Approved ICT Reserve funding awaiting allocation	C/R	81	0	77	0	0	0	77
Regulatory Services - replacement admin database	R	0	0	0	65	0	0	65
Corporate Software - enhancements & upgrades	R	0	0	0	50	0	0	50
Regulatory Services - handheld systems	R	0	0	0	20	0	0	20
AIM upgrade	R	0	0	0	11	0	0	11
Scan hard copy plans	R	0	0	0	8	0	0	8
Sub total - ICT proposed projects		**225**	**0**	**222**	**154**	**0**	**0**	**376**
Proposed balance to transfer to capital projects	C	0	n/a	0	0	0	0	0
Total Projects Subject to Approval/Appraisal		**970**	**0**	**787**	**1,743**	**125**	**0**	**2,655**
GRAND TOTAL		**4,128**	**1,443**	**2,030**	**2,119**	**175**	**50**	**5,817**
Special Projects Financing								
Special Projects financed in previous years		1,443	1,443					1,443
Funded from Special Revenue Reserve		1,162	0	1,027	136	0	0	1,162
Funded from Special Revenue Reserve - 17/18 new bids		960	0	0	834	125	0	960
Funded from ICT Reserve		478	0	467	11	0	0	478
Funded from ICT Reserve - 17/18 new bids		154	0	0	154	0	0	154
Funded from HRA		14	0	14	0	0	0	14
Funded from On-Street Parking Reserve		60	0	60	0	0	0	60
Funded from Periodic Operations Reserve		20	0	20	0	0	0	20
Funded from Regeneration Reserve		248	0	98	50	50	50	248
Funded from Regeneration Reserve - 17/18 new bids		300	0	0	300	0	0	300
Funded from Dover Regeneration Reserve - 17/18 new bids		65	0	0	65	0	0	65
Funded from KCC contribution		56	0	56	0	0	0	56
Funded from LDF revenue		6	0	6	0	0	0	6
Funded from SEEDA		9	0	9	0	0	0	9
Funded from HM Treasury grant		500	0	200	300	0	0	500
Funded from HLF/Partnership funding		74	0	74	0	0	0	74
Funded from Planning revenue		15	0	0	15	0	0	15
Funded from Community Housing Fund Grant		254	0	0	254	0	0	254
TOTAL		**5,817**	**1,443**	**2,030**	**2,119**	**175**	**50**	**5,817**

Remaining balance in Special Projects reserve	
Balance at 1 April 2016	**2,855**
Allocation to projects in 2016/17	-1,027
Allocation from General Fund for 16/17	0
Balance at 31 March 2017	**1,828**
Proposed allocation to projects in 17/18 & future years	-136
17/18 new bids - awaiting approval	-834
Furture years new bids - awaiting approval	-125
Balance after future years allocations	**734**

Remaining balance in ICT Reserve	
Balance at 1 April 2016	**866**
Allocation to Spec Rev projects in 2016/17	-467
Allocation to Capital projects in 2016/17	-19
Allocation from General Fund for 16/17	58
Balance at 31 March 2017	**438**
Proposed allocation to Spec Rev projects in 17/18 & future yea	-11
Proposed allocation to Capital projects in 17/18 & future years	0
17/18 new bids - awaiting approval	-154
Allocation from General Fund for 17/18	58
Balance after future years allocations	**331**

Major Events Reserve	
Major Events opening position	63
16/17 Allocation to Reserve	20
17/18 Allocation to Reserve	20
Major Events commitments	0
Major Events balance	**103**

ANNEX 8E

JANUARY 2017
PRIORITY BIDS FOR CAPITAL AND SPECIAL PROJECT SCHEMES - 17/18 & FUTURE YEARS REQUIREMENTS

REF:	SCHEME	YEAR ONE 2017/18	YEAR TWO 2018/19	YEAR THREE 2019/20	FUTURE YEARS 2020/21-2021/26	NOTES	Capital / Special Revenue	CONTACT OFFICER
		£000	£000	£000	£000			
	CAPITAL RECEIPT FUNDED							
1	Tides - wet side refurbishment		1,520			Specialist report confirms that plant, flume and plant room all require repairs.	C	F Thompson
2	Capital Contingency	200				Contingency to cover new urgent projects.	C	K Watts
3	Deal Pier - Phase 2	130				To fund resurfacing, new lights, new seating, shelter improvements. In addition to the £125k provision in the 16/17 MTFP, this would allow much needed improvements to the structure.	C	F Thompson
4	Dover Fountain - DDC contribution	100				Dover Town Council are applying for funding to improve the public realm; DDC would make a contribution towards the fountain works.	C	M Leggatt
5	Purchase new Beach Huts	100				Purchase new beach huts to generate a future long-term income stream.	C	M Leggatt
6	DTIZ Enhancements	50				Visual enhancements to roof, walls, bridge and railings at Dolphin House garages to enhance DTIZ and encourage foot traffic to Market Square; contributing to the vibrancy of town centre. In addition to the £180k provision in the current MTFP due to an uplift in the cost estimate.	C	D Parish
7	DDC CCTV Improvements	45	45			Existing system is 20 years old, ageing equipment cannot be repaired as parts no longer available. Improvements to the control room,and purchase and replacement of new cameras to cover areas prone to crime and ASB. An up-dated system would allow expansion needed to cover Dover Regeneration area. Annual revenue operational cost £2,400.	C	B Hill
8	Sandwich Quay - dredge & install fenders	38				Dredge quay and install new fenders (originals lost in 13/14 flood defence scheme). This will protect quay wall from collisions; allow greater use of quay; reduce costs from impact damage; and increase mooring fee income. Total cost of £53k part funded by Environment Agency grant received in 16/17 (also see grant funding).	C	K Watson
9	Bronze Age Boat - replacement environment conditioning plant/controls		110			Refurbish/replace ducting and control gear in BAB enclosure and gallery to ensure that the BAB is located in a resilient optimum environmnent; and avoid the significant adverse impact of failure leading to deterioration of the BAB. This is in addition to the the current approved/available provision of £101.5k for essential works at the Dover Museum and Bronze Age Boat in the 16/17 MTFP.	C	S Williams / J Iveson
	TOTAL CAPITAL RECEIPT FUNDED	**663**	**1,675**	**0**	**0**			
	DOVER REGENERATION - CAPITAL RECEIPTS							
10	Dover Town Centre Regeneration	500				DDC has a development obligation (part of the original SEEDA grant agreement) to ring-fence £250k from the Developer contribution for Dover Town Centre regeneration. A further £250k from the Developer contribution is allocated to fund Dover Town Centre regeneration and property acquisition.	C	T Ingleton
	DOVER REGENERATION - CAPITAL RECEIPTS FUNDED	**500**	**0**	**0**	**0**			
	SPECIAL PROJECTS RESERVE FUNDED							
11	Corporate Property - Planned Maintenance	160				Various overdue repairs at Whitfield Offices to make building watertight, reduce maintenance (replace existing SVPs which block repeatedly, refurbish at same time to be cost effective).£160k required to fund works including roof repairs (£50k); toilet & kitchen refurbs (£65k); replace suspended ceiling (£25k); Council Chamber lights (£6k); carpet tiles (£10k). Completion of works will protect the building asset value and increase staff morale.	SR	F Thompson
12	Special Revenue Contingency - urgent projects	80				Contingency to cover urgent (unforeseen) projects that may be required during the financial year. Estimate to be reviewed each financial year.	SR	K Watts
13	DFG projects	75	75			Disabled Facility Grant projects - DDC funded revenue projects	SR	R Kennedy
14	St James Church - intermediate works	70				Works required on DDC owned scheduled monument to halt deterioration and address major areas of concern identified in Purcell report (phase 2 restoration linked to development of former leisure centre - S106). Failure to repair is likely to lead to swift deterioration and sections of the building potentially becoming dangerous. Heritage England considering catergorising as 'heritage at risk'.	SR	F Thompson / J Iveson
15	Parks, Gardens, Churchyards - General Repairs	60				General repairs (i.e. walls, fences, lake structures, paths); to partially clear back-log of work and reduce the potential for claims made for falls etc. in parks and open spaces.	SR	R Wragg / D Solley
16	Corporate Property Maintenance - Contingency	50	50			Provision only required if £50k contingency in current MTFP is spent.	SR	F Thompson

REF:	SCHEME	YEAR ONE 2017/18	YEAR TWO 2018/19	YEAR THREE 2019/20	FUTURE YEARS 2020/21-2021/26	NOTES	Capital / Special Revenue	CONTACT OFFICER
17	Walmer Green - Railing refurbishment	45				Refurbish existing railings, replace only as last resort. Due to a lack of recent maintenance, the railings now need repainting and repairing due to corrosion in certain locations. This will protect an important heritage structure on walmer green and reduce the risk of more costly repairs/replacements later. In certain locations there is a health & safety risk. (Perhaps seek part funding from WPC)	SR	K Watson
18	Connaught Park - tennis court refurbishment	31				Refurbishment of existing hard standing court; grass court provision is being reduced due to vandalism and unsustainable costs. Only one hard court remains in the Dover Town area; the works will enhance the customer experience on the remaining court, and will facilitate the reduction of grass court numbers and associated maintenance costs. Replaces £60k provision in the current MTFP for tennis court improvements at Connaught Park.	SR	L Corby
19	Clarendon Field - Safety Boundary Fence	30				Replace old fencing to prevent falls into deep ditches (Health & Safety), keep cattle off roads, prevent damage/accidents. Enable site to continue to be grazed thus enabling WCCP & DDC to meet Higher Level Stewardship agreement and continue to receive annual grant funding (and not repay any funds received to date).	SR	M Wrigley / K Alexander
20	Street Lighting Replacements & Repairs	30				To fund emergency removals of potentially dangerous light fittings; removing liability sum allows for minimal replacements (10-12 units maximum). Larger project may be needed in future to enable responsibility to be passed to parish councils (KCC do not want lights back). In addition to the £60k provision in the current MTFP.	SR	K Watson
21	Guildhall Sq Sandwich - support for external funding bids	30				Initial works to support funding bids for HLF, Townscape Scheme, and Coastal Community Fund grants. If successful, the grant funding will be used to improve the public realm in respect of accessibility, and supporting economic activity and growth.	SR	R Collins
22	Sandwich Parks project - Phase 1 - enabling design & survey work	24				Topo survey, heritage survey, design of public realm. To develop a design for Sandwich Quay, Bulwarks play area and conservation of the historic town wall. The design/survey work will provide supporting information for statutory permissions (scheduled monument consent, listed building consent, planning etc.)	SR	R Collins / M Leggatt
23	Special Revenue Contingency - overspends	20				Contingency to cover unforeseen overspends on projects that are in progress. Estimate to be reviewed each financial year.	SR	K Watts
24	Litter Bins - Deal Promenade	20				Purchase larger capacity bins to contain increased litter generated by visitors to improve the aesthetics of the promenade during summer period.	SR	M Pile
25	Butts - access bridge works	16				Increase size of conduits through structure to increase flow and decrease silting. Works will significantly reduce the need for dredging (£2k-£2.5k annual cost). (Assumes dredged material left on site; removal would significantly increase the cost).	SR	D Solley / R Thangaval
26	RNLI Building, Walmer - Surface treatment	15				Refurb of surfaces around the building and adjacent promenade; damage to surface by vehicle movements are beginning to threaten the smooth transit of the life boat from the station to the beach; impact is two fold, 1) repair damage and safeguard the launch of the life boat, 2) provide necessary physical measures (bollards or similar) to deter vehicle use in the vicinity.	SR	K Watson
27	Dover Regeneration - enabling costs	15				DDC has a development obligation to fund enabling costs on the DTIZ project as it moves into the delivery phase. Future costs may include legal and commercial advice. This will be part funded by £65k from the Developer contribution (see Dover Regeneration Reserve).	SR	T Ingleton
28	Gazen Salts - nature reserve works	15				Works to include dredging silted up lakes; creating maintenance access routes. Without works to the lakes, the habitat will quickly degrade and the value of the nature reserve will be lost. The trust has received £8k from Tesco which could also be a contribution to the project; there is also £5k ear-marked for tree replanting in the reserve (EA funding recieved in 14/15 from tidal defence scheme) which could be re-allocated to cover works essential to a healthy habitat for future trees.	SR	D Solley
29	Apertures for wheeled bins	15				A trial of aperture bin lids for recycling in some communal areas has been successful in increasing quality of recycling. The apertures restrict items for recycling and the locked lids prevent black waste bags contaminating the recycling load. Contaminated recycling reduced from 20% to 9%. Less contamination reduces the risk of our recycling material being rejected for sale.	SR	M Pile
30	Russell Gardens - bridge replacement	13				Replace existing bridge which is becoming structurally unsound; bridge needed for essential access (for vehicles, mowers) to allow on-going maintenance.	SR	F Thompson

REF:	SCHEME	YEAR ONE 2017/18	YEAR TWO 2018/19	YEAR THREE 2019/20	FUTURE YEARS 2020/21-2021/26	NOTES	Capital / Special Revenue	CONTACT OFFICER
31	Dover Health Impact Assessment (HIA)	11				BRE to assist DDC in providing an HIA on Private Sector Housing stock in Dover and a cost benefit analysis of mitigating health and safety hazards. The information will enable discussions with Health & Wellbeing Boards regarding potential efficiency savings and improved service for local residents.	SR	R Kennedy
32	Tree Safety Emergency Works following quinquennial	10				Additional requirement for existing project.	SR	R Dryburgh
	TOTAL SPECIAL PROJECTS RESERVE FUNDED	**835**	**125**	**0**	**0**			
	DISTRICT REGENERATION & ECONOMIC DEVELOPMENT RESERVE FUNDED							
	TOTAL DISTRICT REGENERATION & ECONOMIC DEVELOPMENT RESERVE FUNDED	**0**	**0**	**0**	**0**			
	ICT RESERVE FUNDED							
33	Regulatory Services - replacement admin database	65				Replace current Northgate M3 system which is inhibiting future digital progress; a new system will integrate better with the corporate DMS; provide greater resilience and back up support; improve customer service and performance management.	SR	D Croucher
34	Corporate Software - Enhancements & Upgrades	50				To cover upgrades/enhancements to corporate systems (Esri, Idox, website etc.) To progress DDC's digital agenda to improve efficiency and customer service. In addition to £100k provision for Corporate Digital projects and approved available funding (currently £77k) for ICT Infrastructure (awaiting allocation) in the current Special Revenue programme.	SR	A Robinson
35	Regulatory Services - Handheld Systems	20				Purchase Environmental Health licences (£15k) and 14 tablets (£5k) to enable the introduction of a handheld system for field officers. This is expected to improve service efficiency and communications with businesses; potential for additional tools through specific applications (i.e. noise monitoring); safety features (GPS tracking).	SR	S Mattison / S McEwen
36	AIM Upgrade	11				Axis Income Management & Counter Receipting upgrade to version 11.	SR	L Peasgood
37	ICT scan hard copy plans	8				Capture and index hard copy drawings of many assets; work required to facilitate the ICT project to capture all asset information on iDox. There are currently inefficiencies in tracking down information on assets due to inadequate indexing.	SR	H Lynch
	TOTAL ICT RESERVE FUNDED	**154**	**0**	**0**	**0**			
	REGENERATION RESERVE FUNDED							
38	LDF Plan	300	0	0	0	Local Development Framework plan.	SR	A Fox
	TOTAL REGENERATION RESERVE FUNDED	**300**	**0**	**0**	**0**			
	DOVER REGENERATION RESERVE FUNDED							
39	Dover Regeneration - enabling costs	65				DDC has a development obligation to fund enabling costs on the DTIZ project as it moves into the delivery phase. Future costs may include legal and commercial advice. This will be part funded from the Developer contribution; an additional £15k will be funded from the Special Revenue Reserve.	SR	T Ingleton
	TOTAL REGENERATION RESERVE FUNDED	**65**	**0**	**0**	**0**			
	GRANT FUNDED							
40	Disabled Facilities Grants	859				Estimate of 17/18 grant funding due from KCC Better Care Fund (based on 16/17 grant received as 17/18 figure not currently available)	C	R Kennedy
41	Community Housing Fund	254				DCLG grant to help local authorities tackle the problem of second home ownership in their communities.	SR	P Whitfield
42	Sandwich Quay - dredge & install fenders	15				Environment Agency grant - Dredge quay and install new fenders (originals lost in 13/14 flood defence scheme). This will protect quay wall from collisions; allow greater use of quay; reduce costs from impact damage; and increase mooring fee income. Total cost of £53k part funded by Capital Receipt. (also see Capital Receipt funding).	C	K Watson
43	St Margarets Bay - study	10				Environment Agency grant for coast protection study.	C	K Watson
	TOTAL GRANT FUNDED	**1,138**	**0**	**0**	**0**			

REF:	SCHEME	YEAR ONE 2017/18	YEAR TWO 2018/19	YEAR THREE 2019/20	FUTURE YEARS 2020/21-2021/26	NOTES	Capital / Special Revenue	CONTACT OFFICER
	S106 FUNDED							
	TOTAL S106 FUNDED	**0**	**0**	**0**	**0**			
	OTHER FUNDING							
	TOTAL OTHER FUNDING	**0**	**0**	**0**	**0**			
	HRA FUNDED							
44	HRA Property Projects - Capital Works	4,505				HRA property projects - funded from HRA resources.	C	HRA Accountant
45	Proposed possible developments on HRA land	2,450				30% funded from Excess Right to Buy Receipts and 70% funded from the Housing Initiative Reserve.	C	HRA Accountant
46	Folkestone Rd properties - refurbishment	120				Further funding required for works identified following the stripping out of two of the properties. Works include:- basement damp-proofing; structural repairs due to water damage and inadequate steel work; costs (currently unknown) re water ingress through the lift shaft; enclosures for new services; demolition works; boundary fencing.	C	D Parish
	TOTAL HRA FUNDED	**7,075**	**0**	**0**	**0**			
	TOTAL PROJECTS	**10,730**	**1,800**	**0**	**0**			

JANUARY 2017
UNFUNDED 17/18 BIDS FOR CAPITAL AND SPECIAL REVENUE PROJECT SCHEMES
(TO BE REVIEWED IF FUNDING BECOMES AVAILABLE)

REF:	SCHEME	YEAR ONE 2017/18	YEAR TWO 2018/19	YEAR THREE 2019/20	FUTURE YEARS 2020/21-2021/26	NOTES	Capital / Special Revenue	CONTACT OFFICER
		£000	£000	£000	£000			
	CAPITAL RECEIPT FUNDED							
1	Kearsney Abbey / Russell Gardens - play area/disabled facilities access		340			Redesign, replace/refurb play areas to complement HLF bid & provide fully accessible facilities (existing provisions are nearing the end of natural life). This will make asset attractive to families and promote health and well-being.	C	L Corby / J Winder
2	St Margarets Beach Huts - refurbishment		82			Works to include removal of asbestos; no immediate risk but good practice to remove and eliminate risk. External refurbishment of huts to enhance and compliment recent works at the public house.	C	F Thompson
3	Cowdray Square play area - refurbishment		68			Replace ageing equipment and refurbish. This strategic play area is not currently on HRA land (Jan 2017), however, the Head of Strategic Housing has indicated HRA support could be available. The works could also be part funded by S106 if play provision strategy reviewed, depending on future developments. **.**	C	L Corby
4	Kearsney Abbey - disabled adult changing facility	40				Provision of disabled adult changing facility.	C	M Leggatt
	TOTAL CAPITAL RECEIPT FUNDED	**40**	**490**	**0**	**0**			
	SPECIAL REVENUE RESERVE FUNDED							
5	Tree Safety Emergency Works following quinquennial		5	5		Additional requirement for existing project.	SR	R Dryburgh
6	Connaught Park - Strategic Review		25			Review of future of Connaught to support regeneration of Dover Town, and health and well-being. Park could become a destination for locals and regionally as an out-door activity centre. Topography lends itself to adventurous activities; this and other options need to be reviewed and the community consulted. The right scheme and transport links could potentially have a significant beneficial impact on the town centre.	SR	R Wragg / D Solley
7	Play Areas - replace eroded paths		21			Periodic repairs which are becoming essential to mitigate health and safety risks. This will lead to less pressure on corporate insurance premiums and improved visual impression.	SR	F Thompson / B Finch
	TOTAL SPECIAL REVENUE RESERVE FUNDED	**0**	**51**	**5**	**0**			
	S106 FUNDED							
5	Improvements to Elms Vale pitches	90	90			Project only to go ahead if S106 funding available; no agreements have been signed yet.	C	L Corby
6	Victoria Park Outdoor Facilities Improvements		100			Future years contribution towards sports & outdoor facilities - to facilitate match funding - 18/19 but may be earlier. Project subject to S106 funding availability.	C	M Leggatt
	TOTAL S106 FUNDED	**90**	**190**	**0**	**0**			
	TOTAL PROJECTS	**130**	**731**	**5**	**0**			

ANNEX 9

TREASURY MANAGEMENT STRATEGY

1 INTRODUCTION

1.1 Background

Treasury management is concerned with planning cash flow, investing surplus cash and arranging borrowing as required. CIPFA defines treasury management as:

"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

1.2 Reporting requirements

Treasury management is reported to Council, Cabinet and Governance throughout the year as follows -

Prudential and treasury indicators and treasury strategy (this report) – Must be approved by Council, it covers:

- the capital plans (including prudential indicators);
- a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

Quarterly management reports – Reports to Governance update the progress of the capital position, amend prudential indicators if necessary, and advise whether the treasury strategy or policies require any revision.

Annual treasury report – Report to Cabinet and Governance to provide details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

1.3 Treasury Management Strategy for 2017/18

The strategy for 2017/18 covers two main areas:

Capital issues

- the capital plans and the prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;

- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, CLG MRP Guidance, the CIPFA Treasury Management Code and CLG Investment Guidance.

1.4 Treasury management advisors

The Council uses Capita Asset Services as its external treasury management advisors. The Council is currently undertaking a procurement exercise to appoint advisors for 2017/18 to 2019/20, the results of this execrise will be reported to Governance in the first quarterly report of 2017/18.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

2 THE CAPITAL PRUDENTIAL INDICATORS 2016/17 – 2019/20

2.1 Capital expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

	2015/16 Actual £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
Capital expenditure:					
General Fund	5,763	7,623	69,554	65,878	103,213
HRA	5,607	5,513	12,470	4,684	4,684
Total	**11,370**	**13,136**	**82,024**	**70,562**	**107,897**
Financed by:					
Capital receipts	1,334	1,256	4,510	2,575	0
Capital grants	4,642	4,645	2,985	3,003	438
Capital reserves	2,765	3,000	3,000	3,000	3,000
Other reserves	1,129	2,517	9,845	3,150	2,775
Revenue	1,500	1,718	1,684	1,684	1,684
External borrowing	0	0	60,000	57,150	100,000
Net financing need for the year	**11,370**	**13,136**	**82,024**	**70,562**	**107,897**

2.2 The Council's borrowing need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each asset's life.

The Council is asked to approve the CFR projections below:

Capital Financing Requirement	2015/16 Actual £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
CFR – non housing	11,685	236,685	236,685	236,685	236,685
CFR – housing	78,375	76,288	74,135	71,912	69,618
Total CFR	**90,060**	**312,973**	**310,820**	**308,597**	**306,303**
Movement in CFR		222,913	(2,154)	(2,223)	(2,294)

Movement in CFR represented by					
Net financing need for the year (above)		225,000	0	0	0
Less capital repayments		(2,087)	(2,154)	(2,223)	(2,294)
Movement in CFR		**222,913**	**(2,154)**	**(2,223)**	**(2,294)**

2.3 Core funds and expected investment balances

The application of resources (capital receipts, reserves, etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.).

3 BORROWING

3.1 Borrowing

The capital expenditure plans, set out within the MTFP, provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of approporiate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

3.2 Current portfolio position

The Council's treasury portfolio position at 31 March 2016, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing

Requirement - CFR), highlighting any over or under borrowing.

	2015/16 Actual £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
External Debt at 1 April	91,873	89,851	312,764	310,611	308,388
Expected change in Debt					
HRA PWLB repayments	(2,022)	(2,087)	(2,153)	(2,223)	(2,294)
DLC[1] borrowing allowance	0	25,000	0	0	0
PIS[2] borrowing allowance	0	200,000	0	0	0
Actual gross debt at 31 March	**89,851**	**312,764**	**310,611**	**308,388**	**306,094**
Capital Financing Requirement	90,060	312,973	310,820	308,597	306,303
Under / (over) borrowing	**209**	**209**	**209**	**209**	**209**

Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2017/18 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The Director of Finance, Housing & Community (Section 151 Officer) reports that the Council complied with this prudential indicator in the current year and is expected to do so in the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

3.3 Treasury Indicators: limits to borrowing activity

The operational boundary - This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

Operational boundary	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
Debt	338,500	338,500	338,500	338,500

The authorised limit for external debt - A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

1. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
2. The Council is asked to approve the following authorised limit:

Authorised limit	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000

[1] Dover Leisure Centre
[2] Property Investment Strategy

General Fund Debt Limit	247,500	247,500	247,500	247,500
HRA Debt Limit	91,000	91,000	91,000	91,000
Total	338,500	338,500	338,500	338,500

Separately, the Council is also limited to a maximum HRA CFR through the HRA self-financing regime. This limit is currently:

HRA Debt Limit £m	**2016/17 Estimate**	**2017/18 Estimate**	**2018/19 Estimate**	**2019/20 Estimate**
HRA debt cap	90,778	90,778	90,778	90,778
HRA CFR	78,375	76,288	74,135	71,912
HRA headroom	12,403	14,490	16,643	18,866

3.4 Prospects for interest rates

Capita Asset Services is the Council's treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table and additional information below gives their central view.

	Bank Rate	***PWLB Borrowing Rates % (including certainty rate adjustment)***		
	%	***5 year***	***25 year***	***50 year***
Mar-17	*0.25*	*1.60*	*2.90*	*2.70*
Jun-17	*0.25*	*1.60*	*2.90*	*2.70*
Sep-17	*0.25*	*1.60*	*2.90*	*2.70*
Dec-17	*0.25*	*1.60*	*3.00*	*2.80*
Mar-18	*0.25*	*1.70*	*3.00*	*2.80*
Jun-18	*0.25*	*1.70*	*3.00*	*2.80*
Sep-18	*0.25*	*1.70*	*3.10*	*2.90*
Dec-18	*0.25*	*1.80*	*3.10*	*2.90*
Mar-19	*0.25*	*1.80*	*3.20*	*3.00*
Jun-19	*0.50*	*1.90*	*3.20*	*3.00*
Sep-19	*0.50*	*1.90*	*3.30*	*3.10*
Dec-19	*0.75*	*2.00*	*3.30*	*3.10*
Mar-20	*0.75*	*2.00*	*3.40*	*3.20*

The Monetary Policy Committee, (MPC), cut Bank Rate from 0.50% to 0.25% on 4th August in order to counteract what it forecast was going to be a sharp slowdown in growth in the second half of 2016. It also gave a strong steer that it was likely to cut Bank Rate again by the end of the year. However, economic data since August has indicated much stronger growth in the second half of 2016 than that forecast; also, inflation forecasts have risen substantially as a result of a continuation of the sharp fall in the value of sterling since early August. Consequently, Bank Rate was not cut again in November or December and, on current trends, it now appears unlikely that there will be another cut, although that cannot be completely ruled out if there was a significant dip downwards in economic growth. During the two-year period 2017 – 2019, when the UK is negotiating the terms for withdrawal from the EU, it is likely that the MPC will do nothing to dampen growth prospects, (i.e. by raising Bank Rate), which will already be adversely impacted by the uncertainties of what form Brexit will eventually take. Accordingly, a first increase to 0.50% is not tentatively pencilled in, as in the table above, until quarter 2 2019, after those negotiations have been concluded, (though the period for negotiations could be extended). However, if strong domestically generated inflation, *(e.g. from wage increases within the UK), were to emerge, then the pace and timing of increases in Bank Rate could be brought forward.*

Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently. PWLB rates and gilt yields have been experiencing exceptional levels of volatility that have been highly correlated to geo-political, sovereign debt crisis and emerging market developments. It is likely that these exceptional levels of volatility could continue to occur for the foreseeable future.

The overall balance of risks to economic recovery in the UK is to the downside, particularly in view of the current uncertainty over the final terms of Brexit and the timetable for its implementation.

Apart from the above uncertainties, downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- *Monetary policy action by the central banks of major economies reaching its limit of effectiveness and failing to stimulate significant sustainable growth, combat the threat of deflation and reduce high levels of debt in some countries, combined with a lack of adequate action from national governments to promote growth through structural reforms, fiscal policy and investment expenditure.*
- *Major national polls:*
    - *Italian constitutional referendum 4.12.16 resulted in a 'No' vote which led to the resignation of Prime Minister Renzi. This means that Italy needs to appoint a new government.*
    - *Spain has a minority government with only 137 seats out of 350 after already having had two inconclusive general elections in 2015 and 2016. This is potentially highly unstable.*
    - *Dutch general election 15.3.17;*
    - *French presidential election April/May 2017;*
    - *French National Assembly election June 2017;*
    - *German Federal election August – October 2017.*
- *A resurgence of the Eurozone sovereign debt crisis, with Greece being a particular problem, and stress arising from disagreement between EU countries on free movement of people and how to handle a huge influx of immigrants and terrorist threats*
- *Weak capitalisation of some European banks, especially Italian.*
- *Geopolitical risks in Europe, the Middle East and Asia, causing a significant increase in safe haven flows.*
- *UK economic growth and increases in inflation are weaker than we currently anticipate.*
- *Weak growth or recession in the UK's main trading partners - the EU and US.*

The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates, include: -

- *UK inflation rising to significantly higher levels than in the wider EU and in the US, causing an increase in the inflation premium in gilt yields.*
- *A rise in US Treasury yields as a result of Fed. funds rate increases and rising inflation expectations in the USA, dragging UK gilt yields upwards.*
- *The pace and timing of increases in the Fed. funds rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.*
- *A downward revision to the UK's sovereign credit rating undermining investor confidence in holding sovereign debt (gilts).*

Investment and borrowing rates

- *Investment returns are likely to remain low during 2017/18 and beyond;*
- *There will remain a cost to any new long-term borrowing that causes a temporary increase in cash balances – the difference between borrowing costs and investment returns.*

3.5 Borrowing strategy

The Director of Finance, Housing & Community will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- if it was felt that there was a significant risk of a sharp fall in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.
- if it was felt that there was a significant risk of a much sharper rise in long and short term rates than that currently forecast, then the portfolio position will be reappraised with the likely action that fixed rate funding will be drawn whilst interest rates are still lower than they will be in the next few years.

Any decisions will be reported at the next available opportunity.

3.6 Borrowing in advance of need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

3.7 Debt rescheduling

As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt, redeem or rescedule exisiting debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt. The Council periodically takes advice from its treasury management advisors on debt rescheduling options.

3.8 Municipal Bond Agency

It is likely that the Municipal Bond Agency, currently in the process of being set up, will be offering loans to local authorities in the near future. It is also hoped that the borrowing rates will be lower than those offered by the Public Works Loan Board (PWLB). This Authority intends to consider use of this new source of borrowing as and when appropriate.

3.9 Treasury indicators for debt

There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments;
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

	2016/17	2017/18	2018/19
Interest rate exposures			
	Upper	**Upper**	**Upper**
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	30%	30%	30%

Maturity structure of fixed interest rate borrowing 2016/17		
	Lower	**Upper**
Under 12 months	0%	50%
12 months to 2 years	0%	50%
2 years to 5 years	0%	50%
5 years to 10 years	0%	100%
10 years and above	0%	100%

3.10 Minimum revenue provision (MRP) policy statement

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

CLG regulations have been issued which require the full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement:

For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be chosen from the most appropriate on a case by case basis:

- **Existing practice** - MRP will follow the existing practice outlined in former CLG regulations;

From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be*:*

- **Asset life method** – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction);
- **Depreciation method** – MRP will follow standard depreciation accounting procedures.

These options provide for a reduction in the borrowing need over approximately the asset's life. Repayments included in annuity loans are applied as MRP.

There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made (although there are transitional arrangements in place).

4 ANNUAL INVESTMENT STRATEGY

4.1 Investment policy

The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second and then return.

In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

Investment instruments identified for use in the financial year are listed below. Counterparty limits will be as set through the Council's treasury management practices.

4.2 Creditworthiness policy

This Council currently applies the creditworthiness service provided by Capita Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- Credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- Sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit Watches and credit Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour Not to be used

The Capita Asset Services creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue reliance on just one agency's ratings.

Typically the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored weekly. The Council is alerted to changes to ratings of all three agencies through its use of Capita Assets Services' creditworthiness service.

- If a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- In addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and

other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on government support for banks and the credit ratings of that supporting government.

In House Investments

Institution	Type	Minimum Credit Criteria	% / Value	Max period[3]
DMO	Deposit	N/A	100%	N/A
Local Authorities	Deposit	N/A	100%	N/A
UK part nationalised banks[4]	Deposit	Green	£8m	1 year
NatWest	Deposit	Green	£20m	1 year
Other UK banks and building societies	Deposit	Green	£8m	1 year

Non Specified Investments

Type	Value	Max period
Property Funds[5]	£8m	15 years

Direct Property Investments

On 30th November 2016 Council approved the Property Investment Strategy. This approved investing up to £200m in commercial and residential property, either directly or through a property company, in order to increase economic regeneration and generate returns.

Fund Manager Investments

(Limits for an external fund manager have been retained in the strategy to allow for the introduction of a fund manager in the future if appropriate.)

Institution	Type	Minimum Credit Criteria	% / Value	Max period[6]
UK part nationalised banks	Deposit	Short-term F1 Long-term A Support 1	£3m	1 year
Other UK banks and building societies	Deposit	Short-term F1 Long-term A Support 1	£3m	1 year
Banks part nationalised by high credit rated countries non UK	Deposit	Short-term F1 Long-term A Support 3 Sovereign rating AA+	£1m	1 year

[3] For the purposes of the table above, in order to keep within the intended spirit of the maximum investment period, 6 months means "up to 186 days" and 1 year means "up to 370 days".
[4] Due to the constraints in finding counter parties within the policy UK part nationalised banks will continue to be considered for investments of up to 1 year, on a case by case basis, so long as the credit criteria remains at least 6 months.
[5] These are indicative values to be reviewed if investment undertaken. Any changes to the limits to be delegated to the Director of Finance, Housing and Community, in consultation with the portfolio holder responsible for Finance.
[6] For the purposes of the table above, in order to keep within the intended spirit of the maximum investment period, 6 months means "up to 186 days" and 1 year means "up to 370 days".

Institution	Type	Minimum Credit Criteria	% / Value	Max period[6]
Certificates of deposit issued by banks and building societies covered by UK government guarantee	Deposit	UK sovereign rating	100%	2 years
UK government gilts	Deposit	UK sovereign	Up to 50%	10 years
Bonds issued by multilateral development banks	Deposit	AAA	Up to 50%	10 years
Bond issuance issued by a financial institution which is explicitly guaranteed by the UK Government	Deposit	UK Sovereign rating	£1m	5 years
Sovereign bond issued in Sterling	Deposit	AAA	Up to 50%	10 years
Treasury Bills	Deposit	UK sovereign rating	£3m	1 year

4.3 Country limits

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of *AA+* from Fitch . The list of countries that currently qualify using this credit criteria as at the date of this report are shown below:

AAA	**AA+**
Australia	*Finland*
Canada	*USA*
Denmark	*Hong Kong*
Germany	
Luxembourg	
Netherlands	
Norway	
Singapore	
Sweden	
Switzerland	

This list will be added to, or deducted from, by officers should ratings change in accordance with this policy. The UK (currently rated AA) is excluded from any stipulated minimum sovereign rating requirement.

4.4 Investment strategy

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

In house investments (excluding property investments and property funds) are currently limited to the DMO, other Local Authorities, UK banks and those banks domiciled in the UK from the countries advised by our investment managers, as listed above, where deposits may be made in stirling so long as they pass our UK credit-worthiness checks; a maximum of £8m can be invested per institution with the exception of the Council's operational bank where the limit will be £20m to cover short term fluctuations in cash flow.

Investment treasury indicator and limit - total principal funds invested for greater than 364 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the treasury indicator and limit:

Maximum principal sums invested > 364 days			
	2016/17	**2017/18**	**2018/19**
Principal sums invested > 364 days	£24m	£24m	£24m

For its cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts, money market funds and short-dated deposits (overnight to 100 days) in order to benefit from the compounding of interest.

4.5 Investment risk benchmarking

These benchmarks are simple guides to maximum risk, so they may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the quarterly or annual reports.

Security - The Council's maximum security risk benchmark for the current portfolio, when compared to these historic default tables, is:

- 1.25% historic risk of default when compared to the whole portfolio.

Liquidity – in respect of this area the Council seeks to maintain:

- Liquid short term deposits of at least £1m available with a day's notice
- Liquid short term deposits of at least a further £1m available with a week's notice.

Yield - local measures of yield benchmarks are:

- Investments – internal returns above the 7 day LIBID rate
- Investments – external fund managers - returns 110% above 7 day compounded LIBID.

4.6 End of year investment report

At the end of the financial year, the Council will report on its investment activity as part of its Treasury Management Year End Report.

4.7 External fund managers

The Council is not currently employing the services of an external fund manager. If an external fund manager is utilised in the future they will be required to comply with the Annual Investment Strategy. The agreement between the Council and the fund manager would additionally stipulate guidelines and duration and other limits in order to contain and control risk.

5 TREASURY MANAGEMENT SCHEME OF DELEGATION

5.1 Full Council

- Receiving and reviewing reports on treasury management policies, practices and activities;
- Approval of annual strategy.

5.2 Cabinet

- Approval of / amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- Budget consideration and approval;
- Approval of the division of responsibilities;
- Receiving and reviewing regular monitoring reports and acting on recommendations;
- Approving the selection of external service providers and agreeing terms of appointment.

5.3 Governance Committee

- Receiving and reviewing reports on treasury management policies, practices and activities;
- Reviewing the treasury management policy and procedures and making recommendations to the responsible body.

5.4 The treasury management role of the Director of Finance, Housing & Community (section 151 officer):

- Recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- Submitting regular treasury management policy reports;
- Submitting budgets and budget variations;
- Receiving and reviewing management information reports;
- Reviewing the performance of the treasury management function;
- Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- Ensuring the adequacy of internal audit, and liaising with external audit;
- Recommending the appointment of external service providers.

6 ECONOMIC BACKGROUND (Extract from report provided by Capita Asset Services)

6.1 UK

***GDP growth rates** in 2013, 2014 and 2015 of 2.2%, 2.9% and 1.8% were some of the strongest rates among the G7 countries. Growth is expected to have strengthened in 2016* *with the first three quarters coming in respectively at +0.4%, +0.7% and +0.6%. The latest Bank of England forecast for growth in 2016 as a whole is +2.2%. The figure for quarter 3 was a pleasant surprise which confounded the downbeat forecast by the Bank of England in August of only +0.1%, (subsequently revised up in September, but only to +0.2%). During most of 2015 and the first half of 2016, the economy had faced headwinds for exporters from the appreciation of sterling against the Euro, and weak growth in the EU, China and emerging markets, and from the dampening effect of the Government's continuing austerity programme.*

*The **referendum vote for Brexit** in June 2016 delivered an immediate shock fall in confidence indicators and business surveys at the beginning of August, which were interpreted by the Bank of England in its August Inflation Report as pointing to an impending sharp slowdown in the economy. However, the following monthly surveys in September showed an equally sharp recovery in confidence and business surveys so that it is generally expected that the economy will post reasonably strong growth numbers through the second half of 2016 and also in 2017, albeit at a slower pace than in the first half of 2016.*

*The **Monetary Policy Committee, (MPC), meeting of 4th August** was therefore dominated by countering this expected sharp slowdown and resulted in a package of measures that included a cut in Bank Rate from 0.50% to 0.25%, a renewal of quantitative easing, with £70bn made available for purchases of gilts and corporate bonds, and a £100bn tranche of cheap borrowing being made available for banks to use to lend to businesses and individuals.*

*The **MPC meeting of 3 November** left Bank Rate unchanged at 0.25% and other monetary policy measures also remained unchanged. This was in line with market expectations, but a major change from the previous quarterly Inflation Report MPC meeting of 4 August, which had given a strong steer, in its forward guidance, that it was likely to cut Bank Rate again, probably by the end of the year if economic data turned out as forecast by the Bank. The MPC meeting of 15 December also left Bank Rate and other measures unchanged.*

*The latest MPC decision included a forward view that **Bank Rate** could go either <u>up or down</u> depending on how economic data evolves in the coming months. Our central view remains that Bank Rate will remain unchanged at 0.25% until the first increase to 0.50% in quarter 2 2019 (unchanged from our previous forecast). However, we would not, as yet, discount the risk of a cut in Bank Rate if economic growth were to take a significant dip downwards, though we think this is unlikely. We would also point out that forecasting as far ahead as mid 2019 is highly fraught as there are many potential economic headwinds which could blow the UK economy one way or the other as well as political developments in the UK, (especially over the terms of Brexit), EU, US and beyond, which could have a major impact on our forecasts.*

The pace of Bank Rate increases in our forecasts has been slightly increased beyond the three year time horizon to reflect higher inflation expectations.

*The August quarterly Inflation Report was based on a pessimistic forecast of near to zero GDP growth in quarter 3 i.e. a sharp slowdown in growth from +0.7% in quarter 2, in reaction to the shock of the result of the referendum in June. However, **consumers** have very much stayed in a 'business as usual' mode and there has been no sharp downturn in spending; it is consumer expenditure that underpins the services sector which comprises about 75% of UK GDP. After a fairly flat three months leading up to October, retail sales in quarter 4 grew reasonably strongly, increasing by 1.2% and added 0.1% to GDP growth. In addition, the GfK consumer confidence index recovered quite strongly to -3 in October after an initial sharp plunge in July to -12 in reaction to the referendum result. However, by December it had fallen back to -7 indicating a return to pessimism about* *future prospects among consumers, probably based mainly around concerns about rising inflation eroding purchasing power.*

***Bank of England GDP forecasts** in the November quarterly Inflation Report were as follows, (August forecasts in brackets) - 2016 +2.2%, (+2.0%); 2017 1.4%, (+0.8%); 2018 +1.5%, (+1.8%). There has, therefore, been a sharp increase in the forecast for 2017, a marginal increase in 2016 and a small decline in growth, now being delayed until 2018, as a result of the impact of Brexit.*

***Capital Economics' GDP forecasts** are as follows: 2016 +2.0%; 2017 +1.5%; 2018 +2.5%. They feel that pessimism is still being overdone by the Bank and Brexit will not have as big an effect as initially feared by some commentators.*

***The Chancellor** has said he will do 'whatever is needed' i.e. to **promote growth**; there are two main options he can follow – fiscal policy e.g. cut taxes, increase investment allowances for businesses, and/or increase government expenditure on infrastructure, housing etc. This will mean that the PSBR deficit elimination timetable will need to slip further into the future as promoting growth, (and ultimately boosting tax revenues in the longer term), will be a more urgent priority. The Governor of the Bank of England, Mark Carney, had warned that a vote for Brexit would be likely to cause a slowing in growth, particularly from a reduction in business investment, due to the uncertainty of whether the UK would have continuing full access, (i.e. without tariffs), to the EU single market. He also warned that the Bank could not do all the heavy lifting to boost economic growth and suggested that the Government would need to help growth e.g. by increasing investment expenditure and by using fiscal policy tools. The newly appointed Chancellor, Phillip Hammond, announced, in the aftermath of the referendum result and the formation of a new Conservative cabinet, that the target of achieving a budget surplus in 2020 would be eased in the Autumn Statement on 23 November. This was duly confirmed in the Statement which also included some increases in infrastructure spending.*

*The other key factor in forecasts for Bank Rate is **inflation** where the MPC aims for a target for CPI of 2.0%. The November Inflation Report included an increase in the peak forecast for inflation from 2.3% to 2.7% during 2017; (Capital Economics are forecasting a peak of just under 3% in 2018). This increase was largely due to the effect of the sharp fall in the value of sterling since the referendum, although during November, sterling has recovered some of this fall to end up 15% down against the dollar, and 8% down against the euro (as at the MPC meeting date – 15.12.16).This depreciation will feed through into a sharp increase in the cost of imports and materials used in production in the UK. However, the MPC is expected to look through the acceleration in inflation caused by external, (outside of the UK), influences, although it has given a clear warning that if wage inflation were to rise significantly as a result of these cost pressures on consumers, then they would take action to raise Bank Rate.*

*What is clear is that **consumer disposable income** will come under pressure, as the latest employers' survey is forecasting median pay rises for the year ahead of only 1.1% at a time when inflation will be rising significantly higher than this. The CPI figure has been on an upward trend in 2016 and reached 1.6% in December. However, prices paid by factories for inputs are rising very strongly although producer output prices are still lagging well behind.*

***Gilt yields, and consequently PWLB rates**, have risen sharply since hitting a low point in mid-August. There has also been huge volatility during 2016 as a whole. The year started with 10 year gilt yields at 1.88%, fell to a low point of 0.53% on 12 August, and hit a new peak on the way up again of 1.55% on 15 November. The rebound since August reflects the initial combination of the yield-depressing effect of the MPC's new round of* *quantitative easing on 4 August, together with expectations of a sharp downturn in expectations for growth and inflation as per the pessimistic Bank of England Inflation Report forecast, followed by a sharp rise in growth expectations since August when subsequent business surveys, and GDP growth in quarter 3 at +0.5% q/q, confounded the pessimism. Inflation expectations also rose sharply as a result of the continuing fall in the value of sterling.*

***Employment** had been growing steadily during 2016 but encountered a first fall in over a year, of 6,000, over the three months to October. The latest employment data in December, (for November), was distinctly weak with an increase in unemployment benefits claimants of 2,400 in November and of 13,300 in October. **House prices** have been rising during 2016 at a modest pace but the pace of increase has slowed since the referendum; a downturn in prices could dampen consumer confidence and expenditure.*

6.2 Eurozone (EZ)

There are significant specific political and other risks within the EZ:

- ***Greece** continues to cause major stress in the EU due to its tardiness and reluctance in implementing key reforms required by the EU to make the country more efficient and to make significant progress towards the country being able to pay its way – and before the EU is prepared to agree to release further bail out funds.*

- ***Spain** has had two inconclusive general elections in 2015 and 2016, both of which failed to produce a workable government with a majority of the 350 seats. At the eleventh hour on 31 October, before it would have become compulsory to call a third general election, the party with the biggest bloc of seats (137), was given a majority confidence vote to form a government. This is potentially a highly unstable situation, particularly given the need to deal with an EU demand for implementation of a package of austerity cuts which will be highly unpopular.*

- *The under capitalisation of **Italian banks** poses a major risk. Some **German banks** are also undercapitalised, especially Deutsche Bank, which is under threat of major financial penalties from regulatory authorities that will further weaken its capitalisation. What is clear is that national governments are forbidden by EU rules from providing state aid to bail out those banks that are at risk, while, at the same time, those banks are unable realistically to borrow additional capital in financial markets due to their vulnerable financial state. However, they are also 'too big, and too important to their national economies, to be allowed to fail'.*

- ***4 December Italian constitutional referendum** on reforming the Senate and reducing its powers; this was also a confidence vote on Prime Minister Renzi who has resigned on losing the referendum. However, there has been remarkably little fall out from this result which probably indicates that the financial markets had already fully priced it in. A rejection of these proposals is likely to inhibit significant progress in the near future to fundamental political and economic reform which is urgently needed to deal with Italy's core problems, especially low growth and a very high debt to GDP ratio of 135%. These reforms were also intended to give Italy more stable government as no western European country has had such a multiplicity of governments since the Second World War as Italy, due to the equal split of power between the two chambers of the Parliament which are both voted in by the Italian electorate but by using different voting systems. It is currently unclear what the political, and other, repercussions are from this result.*

- ***Dutch general election 15.3.17**; a far right party is currently polling neck and neck with the incumbent ruling party. In addition, anti-big business and anti-EU activists have already collected two thirds of the 300,000 signatures required to force a referendum to* *be taken on approving the EU – Canada free trade pact. This could delay the pact until a referendum in 2018 which would require unanimous approval by all EU governments before it can be finalised. In April 2016, Dutch voters rejected by 61.1% an EU – Ukraine cooperation pact under the same referendum law. Dutch activists are concerned by the lack of democracy in the institutions of the EU.*

- ***French presidential election;*** *first round 13 April; second round 7 May 2017.*
- ***French National Assembly election****; June 2017.*
- ***German Federal election August – 22 October 2017.*** *This could be affected by significant shifts in voter intentions as a result of terrorist attacks, dealing with a huge influx of immigrants and a rise in anti EU sentiment.*

6.3 Brexit timetable and process

- *March 2017: UK government notifies the European Council of its intention to leave under the Treaty on European Union Article 50*
- *March 2019: two-year negotiation period on the terms of exit. This period can be extended with the agreement of all members i.e. not that likely.*
- *UK continues as an EU member during this two-year period with access to the single market and tariff free trade between the EU and UK.*
- *The UK and EU would attempt to negotiate, among other agreements, a bi-lateral trade agreement over that period.*
- *The UK would aim for a negotiated agreed withdrawal from the EU, although the UK may also exit without any such agreements.*
- *If the UK exits without an agreed deal with the EU, World Trade Organisation rules and tariffs could apply to trade between the UK and EU - but this is not certain.*
- *On exit from the EU: the UK parliament would repeal the 1972 European Communities Act.*
- *The UK will then no longer participate in matters reserved for EU members, such as changes to the EU's budget, voting allocations and policies.*
- *It is possible that some sort of agreement could be reached for a transitional time period for actually implementing Brexit after March 2019 so as to help exporters to adjust in both the EU and in the UK.*

7 TREASURY MANAGEMENT SCHEME OF DELEGATION

7.1 Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

7.2 Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs (net of investment income) against the net revenue stream.

	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
GF	(0.05%)	(0.10%)	0.06%	0.06%	0.07%
HRA	14.91%	14.32%	14.31%	13.70%	12.17%

The estimates of financing costs include current commitments and the proposals in this budget report.

7.3 Incremental impact of capital investment decisions on Band D council tax

This indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended in this budget report compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support.

	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Council tax - band D	£6.65	£3.22	£0.66	£0.58	£0.28

7.4 Estimates of the incremental impact of capital investment decisions on housing rent levels

Similar to the council tax calculation, this indicator identifies the trend in the cost of proposed changes in the housing capital programme recommended in this budget report compared to the Council's existing commitments and current plans, expressed as a discrete impact on weekly rent levels.

	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Weekly housing rent levels	£5.67	£7.25	£7.75	£7.69	£7.77

This indicator shows the revenue impact on any newly proposed changes, although any discrete impact will be constrained by rent controls.

Recommendations from this Section

It is recommended that Cabinet:

- Delegate to the Director of Finance, Housing and Community, in consultation with the portfolio holder responsible for Finance, the amendment of the level and period of investment in property funds.

It is recommended that Council:

- Approve the Treasury Management Strategy, including the Prudential Indicators and Minimum Revenue Provision statement.

Annex 10A

Resolution to set the Council Tax

COUNCIL 1 MARCH 2017

The Council is recommended to resolve the following in relation to Council Tax for 2017/18
and these determinations are consequent upon the adoption of the budget recommended by Cabinet for that financial year:

(1) It be noted that on 25th January 2017 the Council calculated the Council Tax Base for 2017/18

(a) as 37,204.40 for the whole Council area [Item T in the formula in Section 31B(1) of the Local Government Finance Act 1992, as amended (the "Act")] and,

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

Part of the Council's Area	Tax Base
Alkham	306.43
Ash	1,120.04
Aylesham	1,103.18
Capel-le-Ferne	626.51
Deal	6,594.87
Denton-with-Wootton	172.20
Dover	7,924.76
Eastry	779.46
Eythorne	775.78
Goodnestone	173.67
Great Mongeham	268.30
Guston	374.32
Hougham-without	181.32
Langdon	227.85
Lydden	253.51
Nonington	295.17
Northbourne	269.79
Preston	302.76
Ringwould-with-Kingsdown	1,013.04
Ripple	150.81
River	1,497.88
St Margarets-at-Cliffe	1,283.08
Sandwich	1,925.51
Shepherdswell-with-Coldred	738.74
Sholden	670.64
Staple	228.32
Stourmouth	111.50
Sutton-by-Dover	305.59
Temple Ewell	639.36
Tilmanstone	153.23
Walmer	3,277.47
Whitfield	1,899.84
Wingham	672.16
Woodnesborough	442.87
Worth	444.44
	37,204.40

(2) That the Council Tax requirement for the Council's own purposes (excluding Parish precepts) for 2017/18
is calculated as: £6,599,689

(3) That the following amounts be calculated by the Council for the year
2017/18
in accordance with Sections 31 to 36 of the Act:

(a) £104,964,674 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.

(b) £96,037,552 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.

(c) £8,927,122 being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year. (Item R in the formula in Section 31B(1) of the Act).

(d) £239.95 being the amount at 3(c) above (Item R), all divided by Item T (1(a) above), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).

(e) £2,327,433 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act.

(f) £177.39 being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (1(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates. *(Council Tax at Band D for District Excluding Parish Precepts).*

(g)

Town and Parish Councils	£
Alkham	203.24
Ash	243.12
Aylesham	257.16
Capel-le-Ferne	218.88
Deal	235.40
Denton-with-Wootton	246.63
Dover	267.87
Eastry	242.20
Eythorne	225.79
Goodnestone	214.82
Great Mongeham	210.14
Guston	283.78
Hougham-without	228.90
Langdon	235.48
Lydden	236.84
Nonington	207.64
Northbourne	213.50
Preston	230.76
Ringwould-with-Kingsdown	215.71
Ripple	206.31
River	219.32
St Margarets-at-Cliffe	245.26
Sandwich	261.71
Shepherdswell-with-Coldred	227.94
Sholden	227.42
Staple	206.35
Stourmouth	231.44
Sutton-by-Dover	212.24
Temple Ewell	216.68
Tilmanstone	221.12
Walmer	214.52
Whitfield	232.87
Wingham	264.26
Woodnesborough	218.00
Worth	222.07

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

(3) (h)

	Valuation Bands							
	A	B	C	D	E	F	G	H
Town and Parish Councils	£	£	£	£	£	£	£	£
Alkham	135.49	158.08	180.66	203.24	248.40	293.57	338.73	406.48
Ash	162.08	189.09	216.11	243.12	297.15	351.17	405.20	486.24
Aylesham	171.44	200.01	228.59	257.16	314.31	371.45	428.60	514.32
Capel-le-Ferne	145.92	170.24	194.56	218.88	267.52	316.16	364.80	437.76
Deal	156.93	183.09	209.24	235.40	287.71	340.02	392.33	470.80
Denton-with-Wootton	164.42	191.82	219.23	246.63	301.44	356.24	411.05	493.26
Dover	178.58	208.34	238.11	267.87	327.40	386.92	446.45	535.74
Eastry	161.47	188.38	215.29	242.20	296.02	349.84	403.67	484.40
Eythorne	150.53	175.61	200.70	225.79	275.97	326.14	376.32	451.58
Goodnestone	143.21	167.08	190.95	214.82	262.56	310.30	358.03	429.64
Great Mongeham	140.09	163.44	186.79	210.14	256.84	303.54	350.23	420.28
Guston	189.19	220.72	252.25	283.78	346.84	409.90	472.97	567.56
Hougham-without	152.60	178.03	203.47	228.90	279.77	330.63	381.50	457.80
Langdon	156.99	183.15	209.32	235.48	287.81	340.14	392.47	470.96
Lydden	157.89	184.21	210.52	236.84	289.47	342.10	394.73	473.68
Nonington	138.43	161.50	184.57	207.64	253.78	299.92	346.07	415.28
Northbourne	142.33	166.06	189.78	213.50	260.94	308.39	355.83	427.00
Preston	153.84	179.48	205.12	230.76	282.04	333.32	384.60	461.52
Ringwould-with-Kingsdown	143.81	167.77	191.74	215.71	263.65	311.58	359.52	431.42
Ripple	137.54	160.46	183.39	206.31	252.16	298.00	343.85	412.62
River	146.21	170.58	194.95	219.32	268.06	316.80	365.53	438.64
St Margarets-at-Cliffe	163.51	190.76	218.01	245.26	299.76	354.26	408.77	490.52
Sandwich	174.47	203.55	232.63	261.71	319.87	378.03	436.18	523.42
Shepherdswell-with-Coldred	151.96	177.29	202.61	227.94	278.59	329.25	379.90	455.88
Sholden	151.61	176.88	202.15	227.42	277.96	328.50	379.03	454.84
Staple	137.57	160.49	183.42	206.35	252.21	298.06	343.92	412.70
Stourmouth	154.29	180.01	205.72	231.44	282.87	334.30	385.73	462.88
Sutton-by-Dover	141.49	165.08	188.66	212.24	259.40	306.57	353.73	424.48
Temple Ewell	144.45	168.53	192.60	216.68	264.83	312.98	361.13	433.36
Tilmanstone	147.41	171.98	196.55	221.12	270.26	319.40	368.53	442.24
Walmer	143.01	166.85	190.68	214.52	262.19	309.86	357.53	429.04
Whitfield	155.25	181.12	207.00	232.87	284.62	336.37	388.12	465.74
Wingham	176.17	205.54	234.90	264.26	322.98	381.71	440.43	528.52
Woodnesborough	145.33	169.56	193.78	218.00	266.44	314.89	363.33	436.00
Worth	148.05	172.72	197.40	222.07	271.42	320.77	370.12	444.14

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

(4) That it be noted for the year
2017/18
that the Kent County Council, the Police & Crime Commissioner for Kent and the Kent and Medway Fire and Rescue Authority have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings as shown below:

	Valuation Bands							
	A	B	C	D	E	F	G	H
Precepting Authority:	£	£	£	£	£	£	£	£
Kent County Council	785.88	916.86	1,047.84	1,178.82	1,440.78	1,702.74	1,964.70	2,357.64
The Police & Crime Commissioner for Kent	104.77	122.23	139.69	157.15	192.07	226.99	261.92	314.30
Kent & Medway Fire & Rescue Service	48.90	57.05	65.20	73.35	89.65	105.95	122.25	146.70

(5) That, having calculated the amounts at 3(h) and 4 above, the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the following aggregate amounts as the amounts of Council Tax for the year
2017/18
for each part of its area and for each of the categories of dwellings, as shown below:

	Valuation Bands							
	A	B	C	D	E	F	G	H
Town and Parish Councils	£	£	£	£	£	£	£	£
Alkham	1,075.04	1,254.22	1,433.39	1,612.56	1,970.90	2,329.25	2,687.60	3,225.12
Ash	1,101.63	1,285.23	1,468.84	1,652.44	2,019.65	2,386.85	2,754.07	3,304.88
Aylesham	1,110.99	1,296.15	1,481.32	1,666.48	2,036.81	2,407.13	2,777.47	3,332.96
Capel-le-Ferne	1,085.47	1,266.38	1,447.29	1,628.20	1,990.02	2,351.84	2,713.67	3,256.40
Deal	1,096.48	1,279.23	1,461.97	1,644.72	2,010.21	2,375.70	2,741.20	3,289.44
Denton-with-Wootton	1,103.97	1,287.96	1,471.96	1,655.95	2,023.94	2,391.92	2,759.92	3,311.90
Dover	1,118.13	1,304.48	1,490.84	1,677.19	2,049.90	2,422.60	2,795.32	3,354.38
Eastry	1,101.02	1,284.52	1,468.02	1,651.52	2,018.52	2,385.52	2,752.54	3,303.04
Eythorne	1,090.08	1,271.75	1,453.43	1,635.11	1,998.47	2,361.82	2,725.19	3,270.22
Goodnestone	1,082.76	1,263.22	1,443.68	1,624.14	1,985.06	2,345.98	2,706.90	3,248.28
Great Mongeham	1,079.64	1,259.58	1,439.52	1,619.46	1,979.34	2,339.22	2,699.10	3,238.92
Guston	1,128.74	1,316.86	1,504.98	1,693.10	2,069.34	2,445.58	2,821.84	3,386.20
Hougham-without	1,092.15	1,274.17	1,456.20	1,638.22	2,002.27	2,366.31	2,730.37	3,276.44
Langdon	1,096.54	1,279.29	1,462.05	1,644.80	2,010.31	2,375.82	2,741.34	3,289.60
Lydden	1,097.44	1,280.35	1,463.25	1,646.16	2,011.97	2,377.78	2,743.60	3,292.32
Nonington	1,077.98	1,257.64	1,437.30	1,616.96	1,976.28	2,335.60	2,694.94	3,233.92
Northbourne	1,081.88	1,262.20	1,442.51	1,622.82	1,983.44	2,344.07	2,704.70	3,245.64
Preston	1,093.39	1,275.62	1,457.85	1,640.08	2,004.54	2,369.00	2,733.47	3,280.16
Ringwould-with-Kingsdown	1,083.36	1,263.91	1,444.47	1,625.03	1,986.15	2,347.26	2,708.39	3,250.06
Ripple	1,077.09	1,256.60	1,436.12	1,615.63	1,974.66	2,333.68	2,692.72	3,231.26
River	1,085.76	1,266.72	1,447.68	1,628.64	1,990.56	2,352.48	2,714.40	3,257.28
St Margarets-at-Cliffe	1,103.06	1,286.90	1,470.74	1,654.58	2,022.26	2,389.94	2,757.64	3,309.16
Sandwich	1,114.02	1,299.69	1,485.36	1,671.03	2,042.37	2,413.71	2,785.05	3,342.06
Shepherdswell-with-Coldred	1,091.51	1,273.43	1,455.34	1,637.26	2,001.09	2,364.93	2,728.77	3,274.52
Sholden	1,091.16	1,273.02	1,454.88	1,636.74	2,000.46	2,364.18	2,727.90	3,273.48
Staple	1,077.12	1,256.63	1,436.15	1,615.67	1,974.71	2,333.74	2,692.79	3,231.34
Stourmouth	1,093.84	1,276.15	1,458.45	1,640.76	2,005.37	2,369.98	2,734.60	3,281.52
Sutton-by-Dover	1,081.04	1,261.22	1,441.39	1,621.56	1,981.90	2,342.25	2,702.60	3,243.12
Temple Ewell	1,084.00	1,264.67	1,445.33	1,626.00	1,987.33	2,348.66	2,710.00	3,252.00
Tilmanstone	1,086.96	1,268.12	1,449.28	1,630.44	1,992.76	2,355.08	2,717.40	3,260.88
Walmer	1,082.56	1,262.99	1,443.41	1,623.84	1,984.69	2,345.54	2,706.40	3,247.68
Whitfield	1,094.80	1,277.26	1,459.73	1,642.19	2,007.12	2,372.05	2,736.99	3,284.38
Wingham	1,115.72	1,301.68	1,487.63	1,673.58	2,045.48	2,417.39	2,789.30	3,347.16
Woodnesborough	1,084.88	1,265.70	1,446.51	1,627.32	1,988.94	2,350.57	2,712.20	3,254.64
Worth	1,087.60	1,268.86	1,450.13	1,631.39	1,993.92	2,356.45	2,718.99	3,262.78

(6) That the Council's basic amount of Council Tax for
2017/18
is determined as not being excessive in accordance with principles approved under Section 52ZB of the Local Government Finance Act 1992.

Mike Davis

Director of Finance, Housing and Community

Annex 10B

PARISH AND TOWN COUNCILS 2017/18

Item No	Town and Parish Councils	2016/17 Total Requirement £	2016/17 DDC Grant £	2016/17 Precept £	2016/17 Tax Base	2016/17 Council Tax £	2017/18 Total Requirement £	2017/18 DDC Grant £	2017/18 Precept £	2017/18 Tax Base	2017/18 Council Tax £	Council Tax Increase
1	Alkham	7,500.00	-133.70	7,366.30	298.68	24.66	8,000.00	-77.83	7,922.17	306.43	25.85	4.83%
2	Ash	68,078.85	-1,742.85	66,336.00	1,095.02	60.58	74,635.00	-1,014.50	73,620.50	1,120.04	65.73	8.50%
3	Aylesham	84,114.89	-2,427.89	81,687.00	1,024.03	79.77	89,414.25	-1,413.25	88,001.00	1,103.18	79.77	0.00%
4	Capel-le-Ferne	21,628.00	-422.41	21,205.59	617.71	34.33	26,240.00	-245.88	25,994.12	626.51	41.49	20.86%
5	Deal	387,994.36	-12,273.26	375,721.10	6,477.35	58.01	389,712.55	-7,144.14	382,568.41	6,594.87	58.01	0.00%
6	Denton-with-Wootton	11,646.00	-133.06	11,512.94	167.40	68.78	12,000.00	-77.45	11,922.55	172.20	69.24	0.67%
7	Dover	736,034.80	-33,034.80	703,000.00	7,679.07	91.55	736,229.21	-19,229.21	717,000.00	7,924.76	90.48	-1.17%
8	Eastry	49,531.37	-1,584.37	47,947.00	754.48	63.55	51,439.25	-922.25	50,517.00	779.46	64.81	1.98%
9	Eythorne	37,497.00	-1,258.61	36,238.39	771.20	46.99	38,280.62	-732.62	37,548.00	775.78	48.40	3.00%
10	Goodnestone	6,500.00	-111.90	6,388.10	166.59	38.35	6,565.00	-65.14	6,499.86	173.67	37.43	-2.40%
11	Great Mongeham	8,970.91	-183.91	8,787.00	264.10	33.27	8,894.05	-107.05	8,787.00	268.30	32.75	-1.56%
12	Guston	39,870.00	-326.54	39,543.46	379.08	104.31	40,014.08	-190.08	39,824.00	374.32	106.39	1.99%
13	Hougham-without	9,427.00	-87.55	9,339.45	179.88	51.92	9,390.41	-50.96	9,339.45	181.32	51.51	-0.79%
14	Langdon	12,643.00	-226.89	12,416.11	226.57	54.80	13,368.00	-132.07	13,235.93	227.85	58.09	6.00%
15	Lydden	14,823.00	-101.08	14,721.92	247.63	59.45	15,130.00	-58.84	15,071.16	253.51	59.45	0.00%
16	Nonington	9,000.00	-120.89	8,879.11	293.91	30.21	9,000.00	-70.37	8,929.63	295.17	30.25	0.13%
17	Northbourne	9,890.00	-254.07	9,635.93	264.67	36.41	9,890.00	-147.89	9,742.11	269.79	36.11	-0.82%
18	Preston	13,968.00	-233.46	13,734.54	257.35	53.37	16,293.90	-135.90	16,158.00	302.76	53.37	0.00%
19	Ringwould-with-Kingsdown	34,379.28	-609.28	33,770.00	1,018.35	33.16	39,174.66	-354.66	38,820.00	1,013.04	38.32	15.56%
20	Ripple	4,477.46	-116.46	4,361.00	149.51	29.17	4,429.00	-67.79	4,361.21	150.81	28.92	-0.86%
21	River	59,839.00	-521.66	59,317.34	1,481.45	40.04	63,104.00	-303.66	62,800.34	1,497.88	41.93	4.72%
22	St Margarets-at-Cliffe	79,775.21	-797.21	78,978.00	1,256.81	62.84	87,547.00	-464.05	87,082.95	1,283.08	67.87	8.00%
23	Sandwich	161,195.29	-3,032.29	158,163.00	1,875.75	84.32	164,124.07	-1,765.07	162,359.00	1,925.51	84.32	0.00%
24	Shepherdswell-with-Coldred	37,452.54	-478.79	36,973.75	731.93	50.52	37,624.70	-278.70	37,346.00	738.74	50.55	0.06%
25	Sholden	27,949.00	-580.36	27,368.64	547.05	50.03	33,890.00	-337.82	33,552.18	670.64	50.03	0.00%
26	Staple	6,673.44	-73.44	6,600.00	227.89	28.96	6,654.90	-42.75	6,612.15	228.32	28.96	0.00%
27	Stourmouth	6,026.56	-37.82	5,988.74	110.80	54.05	6,048.60	-22.02	6,026.58	111.50	54.05	0.00%
28	Sutton-by-Dover	10,069.00	-223.12	9,845.88	296.68	33.19	10,779.68	-129.87	10,649.81	305.59	34.85	5.00%
29	Temple Ewell	24,049.62	-219.62	23,830.00	640.31	37.22	25,246.00	-127.84	25,118.16	639.36	39.29	5.56%
30	Tilmanstone	6,729.00	-87.96	6,641.04	151.87	43.73	6,752.00	-51.20	6,700.80	153.23	43.73	0.00%
31	Walmer	123,757.00	-2,668.18	121,088.82	3,261.05	37.13	123,246.00	-1,553.12	121,692.88	3,277.47	37.13	0.00%
32	Whitfield	102,600.00	-1,484.12	101,115.88	1,821.38	55.52	106,260.00	-863.89	105,396.11	1,899.84	55.48	-0.07%
33	Wingham	59,344.86	-777.19	58,567.67	664.23	88.17	58,842.17	-452.40	58,389.77	672.16	86.87	-1.47%
34	Woodnesborough	17,254.01	-393.01	16,861.00	415.20	40.61	18,213.77	-228.77	17,985.00	442.87	40.61	0.00%
35	Worth	19,000.00	-242.24	18,757.76	436.93	42.93	20,000.00	-141.00	19,859.00	444.44	44.68	4.08%
		2,309,688.45	-66,999.99	2,242,688.46	36,251.91	61.86	2,366,432.87	-39,000.04	2,327,432.83	37,204.40	62.56	1.13%
						T&P Average					T&P Average	

Annex 10C

2017/18 Precepts and the NDR Multiplier

The Council Tax Base

The Council Tax base (in terms of the number of "Band D equivalent") has been resolved for the coming year at:	37,204.40

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

The District Council's precept upon the Collection Fund in 2017/18 for it's own purposes will be:	£6,599,689.00
The Band D Council Tax for the District Council's own purposes will therefore be:	£177.39
The Band D Council Tax for the District Council's own purposes last year was:	£172.44
The increase in Council Tax for the District Council's own purposes is therefore:	2.87%
This is an annual increase of:	£4.95
Or a weekly increase of:	£0.10

Parish Council Precepts

The Parish Councils will, in total, precept:	£2,327,432.83
Last year, Parish Councils precepted:	£2,242,688.46
The ave. Band D Council Tax for the Parish Councils' own purposes will therefore be:	£62.56
The ave. Band D Council Tax for the Parish Councils' own purposes last year was:	£61.86
This is an increase of:	1.13%
The total precept, on the Collection Fund by the District Council, on behalf of itself and the Parish Councils will therefore be:	£8,927,121.83

Kent County Council Precept

Excluding the Collection Fund Surplus, the precept upon the collection fund in 2017/18 will be:	£43,857,291.00
Last year's precept was:	£41,093,353.00
The Band D Council Tax will therefore be:	£1,178.82
Last year's Band D Council Tax was:	£1,133.55
The Band D Council Tax increase as a result of this precept is therefore:	3.99%

Annex 10C

2017/18 Precepts and the NDR Multiplier

The Police & Crime Commissioner for Kent

Excluding the Collection Fund Surplus, the precept upon the collection fund in 2017/18 will be:	£5,846,671.00
Last year's precept was:	£5,515,728.00
The Band D Council Tax will therefore be:	£157.15
Last year's Band D Council Tax was:	£152.15
The Band D Council Tax increase as a result of this precept is therefore:	3.29%

Kent Fire & Rescue Service Authority Precept

Excluding the Collection Fund Surplus, the precept upon the collection fund in 2017/18 will be:	£2,728,943.00
Last year's precept was:	£2,610,138.00
The Band D Council Tax will therefore be:	£73.35
Last year's Band D Council Tax was:	£72.00
The Band D Council Tax increase as a result of this precept is therefore:	1.87%

Non-Domestic Rates

Non-domestic rates are collected by billing authorities at a nationally prescribed rate in the pound, and are paid into a central pool for redistribution. The prescribed 'lower' rate in 2017/18 for qualifying properties of less than £51,000 rateable value is:	£0.466
And for properties less than £18,000, the 2016/17 'lower' rate was:	£0.484
For all other properties >£51,000, the 2017/18 'higher' rate is:	£0.479
And for properties >£18,000, the 2016/17 'higher rate' was:	£0.497

GRANTS TO CONCESSIONARY RENTALS 2017-18

2016/17	2017/18		
0	0	Aylesham Parish Council	Lease Of Land At Spinney Wood, Aylesham
50	50	Sandwich Tennis Club	Lease Of Tennis Courts In Sandown Road, Sandwich
75	75	Aylesham Parish Council	Lease Of 1.82 Acres At Market Square, Aylesham
0	0	Aylesham Parish Council	Lease Of 1.95 Acres Of Land Adjoining Ratling Road, Aylesham
0	0	Aylesham Parish Council	Lease Of 4.94 Acres At Dorman Avenue North, Aylesham
225	225	Dover Bowling Club	Lease Of Pavilion In Maison Dieu Gardens, Dover
355	355	Victoria Park Bowling Club	Rent Of Pavilion, Victoria Park, Deal
150	150	Aylesham Parish Council	Lease Of 7.7 Acres Adjoining Hill Crescent, Aylesham
0	0	Deal Angling Club	Lease Of Angling Cabin On Deal Pier
325	325	Deal & Walmer Angling Club	Lease Of Angling Cabin On Deal Pier
450	450	Capel-Le-Ferne Parish Council	Lease Of Land In Lancaster Avenue For Use Of Playing Field
1,225	1,225	Dover Rugby Football Club	Rent Of Crabble Pavilion, River (Our Half Of The 7 Months @50% Of £4,200)
1,750	1,750	Dover Rugby Football Club	Rent Of Crabble Pavilion, River (We Pay The Remaining 5 Months @ 100% Of £4,200)
2,500	2,500	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	Dover Athletic Football Club	Lease Of Ground At Crabble Athletic, River
10,000	10,000	Dover Citizen's Advice Bureau	Rent Of 1st Floor Dover Area Office
10,000	10,000	Deal Citizen's Advice Bureau	Lease Of The Cedars, 26 Victoria Road, Deal
35,105	**35,105**	In most cases, the above shows a 50% grant or more reduction in the rental charges for DDC properties or income generating sites	

Financial Assistance Payments to Other Outside Bodies

2016/17 £	2017/18 £	Change %		
265,000	265,000	0%	Your Leisure	Grant paid to Your Leisure £265k. In addition £35k funding is provided for Deal tennis Centre from which Your Leisure benefit from the additional income stream.
1,500	1,500	0%	Pegasus Playscheme	Provision of a playscheme for children with disabilities
3,000	3,000	0%	Kent County Council	Contribution to Sports Partnership
4,500	4,500	0%	Gazen Salts Nature Reserve	To assist in managing and maintaining the reserve
10,000	10,000	0%	Sandwich Town Cricket Club	To assist the Club in defraying its expenditure in managing, maintaining and improving the Recreation Grounds at The Butts & Gazen Salts.
12,000	12,000	0%	Dover Rugby Club	For ground maintenance at Crabble Athletic Ground, covered by saving made in the Landscape maintenance contract.
1,000	1,000	0%	Victoria Bowls	Contribution to running expenses of the Club
100,500	100,500	0%	Dover Citizen's Advice Bureau	£97k CAB Core Funding grant, plus £3,500 service charge contribution
22,500	22,500	0%	Neighbourhood Forums	Joint contribution with KCC for neighbourhood projects
7,800	7,900	1%	Home Improvement Agency	"Intouch" Housing Improvement Agency funding
5,000	5,000	0%	Deal Town Council	Astor Theatre
3,500	3,500	0%	Actions with Communities in Rural Kent	Contribution to rural housing
0	10,000		Dover Bowls Club	New grant for 2017/18 for ground maintenance at Dover Bowling Green. Covered by savings within the grounds maintenance budget.
436,300	**446,400**			

ANNEX 12

COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT

This Account includes both General Fund and Housing Revenue Account activities and summarises the resources that are generated and consumed in providing services and managing the Council during the year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

2015/16 Actual Net Expenditure	2016/17 Mid-Year Forecast Net Expenditure		2017/18 Gross Expenditure	2017/18 Gross Income	2017/18 Net Expenditure
£ 000's	£ 000's	**On its services the Council spent:-**	£ 000's	£ 000's	£ 000's
1,944	1,672	Central Services to the Public	2,725	(981)	1,744
4,376	4,498	Cultural and Related Services	5,022	(1,706)	3,316
5,302	5,367	Environmental and Regulatory Services	11,102	(5,708)	5,394
2,410	3,156	Planning and Development Services	4,515	(1,869)	2,646
(681)	(688)	Highways and Transport Services	1,566	(2,387)	(821)
(27,983)	(10,779)	Local Authority Housing (HRA)	9,885	(20,205)	(10,320)
2,368	2,539	Other Housing Services	42,049	(39,813)	2,236
1,744	1,979	Corporate and Democratic Core	2,096	(166)	1,930
12	3	Public Health	37	0	37
53	495	Non-distributed Costs	126	(4)	122
(10,455)	**8,242**	**NET COST OF SERVICES**	**79,123**	**(72,839)**	**6,284**
(748)	0	(Gain) or loss on disposal of fixed assets			0
(22)	0	Other capital receipts			0
		Amounts due to Precepting Authorities:			
2,176	2,243	- Town and Parish Councils			2,327
96	67	- Council Tax Support Funding to Towns & Parishes			39
67	68	- River Stour Drainage Board			70
299	297	Contribution of Housing Capital Receipts to Government Pool			300
		Financing & Investment Income & Expenditure:			
3,085	3,020	Interest payable and similar charges			2,953
(313)	(334)	Interest and investment income			(305)
(67)	0	Income and expenditure in relation to investment properties and changes in their fair value			(500)
383	0	Financial Instruments Adjustments			0
(2,790)	(859)	Capital Grant Contributions			(859)
2,549	2,561	Pensions interest cost & expected return on assets			2,629
0	0	Exceptional item			0
(5,740)	**15,305**	**NET OPERATING EXPENDITURE**			**12,938**
		Demand on the Collection Fund:			
(5,947)	(6,251)	- Council Tax Income for DDC Purposes *			(6,600)
(2,176)	(2,243)	- Council Tax Income passed to Parishes			(2,327)
(69)	0	Council Tax Freeze Compensation			0
(228)	(145)	Collection Fund Surplus - Council Tax *			(236)
(1,581)	(1,906)	New Homes Bonus			(1,874)
(2,648)	(1,758)	Government Grants (not attributable to specific services)			(1,027)
(4,043)	(3,626)	Distribution from Non-Domestic Rates Pool			(3,564)
(200)	724	Collection Fund Deficit / (Surplus) - NDR *			728
(1,081)	(1,151)	Enterprise Zone Relief Grant & Renewable Energy Retained			(1,118)
(23,713)	**(1,051)**	**TOTAL: (SURPLUS) / DEFICIT FOR THE YEAR**			**(3,080)**

*** 2016/17 and 2017/18 elements not adjusted for SORP treatment of estimated *Collection Fund surplus* change**

MOVEMENT IN RESERVES STATEMENT

This is the statutory format required to be produced for the Statement of Accounts and is included for completeness.

2015/16 Actual				2016/17 Mid-Year Forecast			2017/18 Budget		
General Fund	Housing Revenue Account	Total		General Fund	Housing Revenue Account	Total	General Fund	Housing Revenue Account	Total
2,889	1,094	3,983	**OPENING BALANCE**	2,995	1,013	4,008	2,689	1,001	3,690
(2,405)	26,118	23,713	Surplus or (deficit) on provision of services	(6,562)	7,613	1,051	(4,124)	7,204	3,080
0	0	0	Other Comprehensive Income and Expenditure	0	0	0	0	0	0
(2,405)	**26,118**	**23,713**	**TOTAL COMPREHENSIVE INCOME AND EXPENDITURE**	**(6,562)**	**7,613**	**1,051**	**(4,124)**	**7,204**	**3,080**
			Adjustments between accounting basis and funding basis under regulations:						
2,909	0	2,909	Depreciation	2,504	0	2,504	2,504	0	2,504
85	0	85	Amortisation	31	0	31	31	0	31
25	0	25	Impairments	0	0	0	0	0	0
0	(3,066)	(3,066)	Major Repairs Reserve	0	(3,000)	(3,000)	0	(3,000)	(3,000)
(2,862)	0	(2,862)	Capital Grants & Other Capital	0	0	0	0	0	0
(67)	0	(67)	Investment Properties Revals	0	0	0	0	0	0
2,311	0	2,311	REFCUS	415	0	415	0	0	0
640	(1,388)	(748)	Gain / Loss on Sale of Assets	0	0	0	0	0	0
(90)	(15,814)	(15,904)	Revaluation Gain	0	0	0	0	0	0
692	0	692	Financial Instruments Reserve	0	0	0	0	0	0
(9)	0	(9)	Loan principal repayments	(9)	0	(9)	(9)	0	(9)
1,388	38	1,426	Pensions	1,539	(13)	1,526	1,483	17	1,500
(116)	0	(116)	Council Tax Income regulatory adjustment	0	0	0	0	0	0
53	0	53	NNDR Income regulatory adjustments	(37)	0	(37)	0	0	0
783	0	783	Enterprise Zone Relief regulatory adjustment	(10)	0	(10)	67	0	67
(12)	0	(12)	Renewable Energy regulatory adjustment	(33)	0	(33)	44	0	44
(457)	(2,370)	(2,827)	Capital Expenditure Funded from revenue	(146)	(1,612)	(1,758)	(1,080)	(1,683)	(2,763)
14	0	14	Employee Benefits Reserve	0	0	0	0	0	0
299	0	299	Capital Receipts Pooling	297	0	297	300	0	300
5,586	**(22,600)**	**(17,014)**	**Total Adjustments**	**4,551**	**(4,625)**	**(74)**	**3,340**	**(4,666)**	**(1,326)**
3,181	**3,518**	**6,699**	**NET INCREASE / (DECREASE) BEFORE TRANSFERS TO EARMARKED RESERVES**	**(2,011)**	**2,988**	**977**	**(784)**	**2,538**	**1,754**
			Transfers to / from Earmarked Reserves:						
(3,075)	(3,599)	(6,674)	Earmarked Reserves	1,705	(3,000)	(1,295)	723	(2,500)	(1,777)
0	0	0	Transfers to other organisations	0	0	0	0	0	0
0	0	0	Earmarked HRA Balance to GF	0	0	0	0	0	0
(3,075)	**(3,599)**	**(6,674)**		**1,705**	**(3,000)**	**(1,295)**	**723**	**(2,500)**	**(1,777)**
106	**(81)**	**25**	**INCREASE / (DECREASE) IN YEAR**	**(306)**	**(12)**	**(318)**	**(61)**	**38**	**(23)**
2,995	**1,013**	**4,008**	**CLOSING BALANCE**	**2,689**	**1,001**	**3,690**	**2,628**	**1,039**	**3,667**

ANNEX 14

SUMMARY OF RECOMMENDATIONS

Detailed below is a summary of all the recommendations included in the report:

General Fund Revenue Account

It is recommended that Cabinet:

- Continue the practice of delegating authority to the Director of Finance, Housing and Community to approve revenue budget carry forwards within the guidelines set out; and
- Approve the grants to organisations detailed at Annex 11.

It is recommended that Council:

- Approve the General Fund Revenue Budget for 2017/18 and the projected outturn for 2016/17;
- Approve the policies and protocols regarding the General Fund balances and earmarked reserves, and transfers between reserves as set out in Annex 6.

Housing Revenue Account

It is recommended that Cabinet:

- Delegate to the Director of Finance, Housing and Community, in consultation with the portfolio holder responsible for Finance, the setting of the level of the on-going HRA minimum balance, the transfer of balances to the HIR, the use of prudential borrowing, and adjustment of the resources of the HIR accordingly.
- Delegate to the Director of Finance, Housing and Community, in consultation with the portfolio holder responsible for Finance, approval of offers, tenders or bids for the purchase of properties on the open market or at auction, in order to respond to market opportunities.

It is recommended that Council:

- Approve the 2016/17 Projected Outturn and the 2017/18 HRA budget at Annex 7.
- Delegate to Cabinet the approval of individual projects to be financed by the HIR.

Capital & Special Revenue Programmes

It is recommended that Cabinet:

Continue the practice of delegating authority to the Director of Finance, Housing and Community, in consultation with the Portfolio Holder responsible for Finance, to:-

- Apply capital receipts, revenue resources, grants, s106 monies, etc. to finance the approved Capital and Special Revenue Projects Programmes;
- Authorise projects up to £50k that are included in the Capital and Special Revenue Programmes;

- Authorise the allocation of funds to projects from the Capital and Special Revenue Contingencies;
- Authorise virements between Regeneration projects;
- Apply Growth Point reserves to Regeneration projects.

It is recommended that Council:

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

Treasury Management and the Prudential Code

It is recommended that Cabinet:

- Delegate to the Director of Finance, Housing and Community, in consultation with the portfolio holder responsible for Finance, the amendment of the level and period of investment in property funds.

It is recommended that Council:

- Approve the Treasury Management Strategy, including the Prudential Indicators and Minimum Revenue Provision statement

Council Tax Resolution

It is recommended that Council:
- Approve the Council Tax Resolution as set out at Annex 10A;
- Note that if the formal Council Tax Resolution at Annex 10A is approved, the total Band D Council Tax will be as follows:

	2016/17 £	2017/18 £	Increase[13] %
Dover District Council	172.44	177.39	2.87%
Kent County Council	1,133.55	1,178.82	3.99%
The Police & Crime Commissioner for Kent	152.15	157.15	3.29%
Kent & Medway Fire & Rescue Authority	72.00	73.35	1.87%
Sub-Total	**1,530.14**	**1,586.71**	**3.70%**
Town & Parish Council (average)	61.86	62.56	1.12%
Total Band D Council Tax	**1,592.00**	**1,649.27**	**3.60%**

[13] The referendum rules permit social care authorities (KCC) to increase their precept by 2% plus an additional 2% to be ring-fenced for social care, but they also have the flexibility from 2017/18 to raise more of the social care council tax levy earlier, providing it does not exceed 6% over the three year period 2017/18 to 2019/20, nor 3% in any one year. This means that KCC could increase council tax by up to 5% in 2017/18 without a referendum, but have chosen to raise the standard 2% extra for social care within their increase. For local authorities (DDC) & police authorities, the referendum rules permit them to increase their precept by the higher of 2% or £5, without triggering the need for a referendum. The increases proposed for 2017/18 all fall within these limits.

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

	Valuation Bands							
	A	B	C	D	E	F	G	H
Precepting Authority:	£	£	£	£	£	£	£	£
Kent County Council	785.88	916.86	1,047.84	1,178.82	1,440.78	1,702.74	1,964.70	2,357.64
The Police & Crime Commissioner for Kent	104.77	122.23	139.69	157.15	192.07	226.99	261.92	314.30
Kent & Medway Fire & Rescue Service	48.90	57.05	65.20	73.35	89.65	105.95	122.25	146.70
Dover District Council	118.26	137.97	157.68	177.39	216.81	256.23	295.65	354.78
Total (excl. T&P)	**1,057.81**	**1,234.11**	**1,410.41**	**1,586.71**	**1,939.31**	**2,291.91**	**2,644.52**	**3,173.42**