



**Draft
Budget 2019/20
and
Medium Term
Financial Plan
2019/20 – 2022/23**

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EXECUTIVE SUMMARY

OVERALL POSITION

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

BUDGET AND MEDIUM TERM PLANS

2. The MTFP is the Council's key financial planning tool and underpins the strategic approach to financial planning. Although it spans 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. This MTFP covers the period 2019/20 – 2022/23.
4. Year 1 (2019/20) is the formally approved budget for the coming year. Years 2 - 4 of the MTFP (2020/21 – 2022/23) 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 Strategic Director (Corporate Resources) (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 the estimates are robust and the resources are adequate for the Council's spending plans in 2019/20.
7. However, current funding, in particular from Business Rates (BR), is volatile, difficult to predict and generally outside of the Council's control.
8. The Council was part of the Kent pilot scheme for 100% Business Rates Retention for 2018/19, which is estimated to generate an additional £750k - £800k for DDC ('Financial Sustainability Fund' element) and a further share of 'Growth Fund' monies attributed to the East Kent cluster (incl. Ashford). Kent was not successful in its Pilot scheme bid for 2019/20 and reverts to a 'pooling' arrangement for business rates with the other Kent authorities. While this does not generate as much income, it *does* mean that more growth is retained due to a reduction in the levy payable on growth from 50% on an individual authority basis to less than 5%, typically, on a pooling basis. The MTFP assumes the pooling arrangement continues in future years. Monitoring of the position will continue throughout the year and changes reported to Members through the quarterly budget monitoring reports.
9. Future projections are also subject to a greater margin of error. It is known that BR retention will be reduced from 100% in 2018/19 to 50% in 2019/20, and then become a 75% scheme from 2020/21 onwards. It is not clear how it will work beyond 2019/20, and projections are on the basis of 50% local retention only, with DDC's

share being 40% (or 80% of the locally retained amount). The 'tier splits' under the 75% scheme is not known (for example, DDC might still only receive 40% even on transition to the 75% local retention scheme, with the remainder going to County). Government hopes that the sector can propose its own splits with the potential for a default position if no agreement can be agreed. The current assumption of 40% being retained by DDC is therefore cautious.

10. Business Rates Growth retained by DDC is likely to reduce at each 're-set', although some growth is expected to be transferred to Baseline Need. This is not yet built into the projections, but won't impact 2019/20, as the first full re-set is scheduled for 2020/21.
11. The Government has also undertaken a consultation on future local government finance called the Fair Funding Review (FFR). At this stage it is not clear what impact this will have on the Council, and on the proportion of local government funding that is allocated to district council functions compared to that allocated to social services and other upper-tier functions.

BUDGET HEADLINES

GENERAL FUND

12. The General Fund headlines are:
 - Funded General Fund budget for 2019/20 ;
 - Prudent General Fund balances maintained at over £2.7m;
 - Council Tax increase of £4.95, below the full £5.47 (equivalent to 3%) permitted by Government. This maintains the lowest Council Tax in East Kent;
 - Overall net expenditure levels increased slightly, in line with inflation;
 - No significant reductions in funding for services and no major changes in staffing levels;
 - Pressure comes mainly from reduced funding streams:
 - Revenue Support Grant 90% reduction in 2019/20, and forecast to be nil for the future;
 - New Homes Bonus scheme retained at four years in 2019/20, forecast to reduce to nil by 2023/24;
 - The Business Rates (BR)¹ 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;
 - Results of the fair funding review are awaited as well as the impact of any other changes. There may therefore be other changes to funding streams for future years which will be incorporated into future budgets.
 - Additional income has been generated and used to protect services. The main sources are from :
 - Increased Business Rates;
 - Increased Council Tax base and charge;
 - Treasury management investments;
 - Commercial property regeneration initiatives;
 - Externalisation of Revenues and Benefits and Customer Services to Civica.

¹ Business Rates (BR) and Non Domestic Rates (NDR) are terms which are now used interchangeably by Government and Local Government.

THE HOUSING REVENUE ACCOUNT

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

- 2019/20 budget funded;
- HRA balances maintained for 2019/20;
- Major variances for 2019/20:
 - On-going 1 % rent reduction;
 - Increased capital works;
- Rents set by Government, and have been reduced by a further 1% in 2019/20;
- Rents have reduced by 1% per annum for the previous 3 years as required by Government;
- By year 4 (2019/20) of the rent decrease the 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 Council's ability to service the £76m debt, that the Government required it to incur, needs to be protected, and this should continue to be a priority;

THE CAPITAL AND REVENUE PROJECTS PROGRAMME

14. The capital and revenue projects programme headlines are:

- The current capital programme totals £253m and is fully funded (subject to the borrowing arrangements for the Dover District Leisure Centre and the Property Investment Strategy²);
- The major projects in the programme are;
 - Property Investment Strategy;
 - Construction of Dover District Leisure Centre;
 - Development of a Bus Rapid Transit System (BRT);
 - Refurbishment of Dover Town Hall;
 - Refurbishment of Tides Leisure Centre; and
 - Street lighting works.
- The resources for funding capital and revenue projects will be largely exhausted by the current programme.
- Future capital receipts are expected to come mainly from one-off asset sales and on-going housing right to buy sales which amount to £300k per annum at current sales levels, so will not replenish capital funds and will not be sufficient to maintain the current planned level of activity in the future.
- Revenue project resources will also be largely depleted and no significant new resources are expected other than from contributions from the revenue budget.
- Borrowing for capital purposes can be undertaken but this will make business case proposals for projects more challenging.

TREASURY MANAGEMENT STRATEGY STATEMENT

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

² The borrowing approvals for the Leisure Centre and Property Investment Strategy total £185m and so the underlying capital programme is £68m.

KEY ASSUMPTIONS AND SIGNIFICANT BUDGET RISKS

16. The budget and projections have been based on the best information available. However, there are always areas where there remains a degree of uncertainty or it has been necessary to make assumptions. The most significant of these assumptions, together with the significant budget risks, have been set out within this MTFP in order to ensure that Members are aware of the basis of the budget.
17. 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

18. Members are asked to consider the MTFP in relation to the other key plans and strategies, in particular the Corporate Plan.

THE GENERAL FUND REVENUE ACCOUNTS

INTRODUCTION

19. 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

20. The main financial objectives for the GF Revenue Account³ 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

21. 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.
22. 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.
23. The Council also has the facility to undertake efficiency and service reviews, "Delivering Effective Services (DES)". The DES team's role is to review services to deliver efficiencies, savings, alternative delivery methods, digital improvements, smarter working and improved customer experiences.
24. A key element of financial management is the treatment of unspent budgets. The Council has sought to promote a culture whereby budget managers have the flexibility to manage their budgets responsibly. Accordingly, managers are given the opportunity to carry forward unused elements of their budget, subject to approval by the Strategic Director (Corporate Resources).

THE GENERAL FUND BUDGET SUMMARY

25. The Council's GF revenue budget for 2019/20 is shown in Annex 1. The budget is funded, and the GF balance is forecast to be £2.72m. The net budget requirement for the Council's own purposes, after transfers to/from earmarked reserves is £14.27m.

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.

Movement of budget requirement between 2018/19 and 2019/20	2018/19 Original Budget £000	2019/20 Original Budget £000
Budget Requirement:		
Gross Revenue Expenditure	68,930	62,486
Gross Revenue Income	(54,992)	(48,212)
Underlying Budget Requirement	13,938	14,276
Earmarked Reserve adjustments ⁴	0,451	1,287
Net Budget Requirement	14,389	15,561
Budget Financing	(14,488)	(15,491)
(Surplus) / Deficit	(99)	70

26. The gross expenditure and income figures have both moved significantly (approx. £6m) due to the implementation of Universal Credit and the resulting reduction in Housing Benefits payments to claimants and offsetting reduction in Government funding. The underlying Budget Requirement has increased slightly between the financial years representing the impact of inflationary increases.
27. The Council's GF revenue budget for 2019/20 is shown in Annex 1. The budget is funded, and the GF balance is forecast to be £2.7m.

KEY VARIANCES / SIGNIFICANT ISSUES

28. The table below summarises the main variances. Additional information is provided in the notes that follow, and also at Annex 3.

	£000	£000
2018/19 Original Budget Forecast		(99)
<u>Variances in Funding</u>		
Decrease in Revenue Support Grant	512	
Increase in Enterprise Zone Relief Grant	(481)	
Increase in Renewable Energy Retained	(153)	
Increase in NNDR Funding	(233)	
Decrease in NNDR Deficit	(171)	
Increase in Council Tax – tax base & charge	(293)	
Decrease in Collection Fund Surplus (Council Tax)	29	
Increase in New Homes Bonus	(213)	
Total Variances in Funding		(1,003)
<u>Variances in Corporate and Service Budgets</u>		
Inflationary pressures, contracts, salaries, etc.	600	
Reduction in car parking income	150	
Homelessness expenditure reduced	(100)	
Boundary review savings	(60)	
Additional investment in Enforcement	30	
Additional investment in Tourism	50	

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

	£000	£000
NDR Deficit offset by reserve transfer	171	
Increased apprenticeship budget	25	
Additional digital support	50	
Reduction in staff charges to projects	150	
Reduction in staff charges to HRA	90	
Numerous miscellaneous variances	16	
Total Variances in Corporate and Service Budgets		1,172
2019/20 Budget Forecast		70

GENERAL FUND KEY ELEMENTS

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

Staff Salaries

30. Independent advice on the cost of living increase is received to form the basis of negotiations for the 2019/20 pay settlement and is factored into the budget.

Vacancy Allowance and Organisational Savings

31. The vacancy allowance (savings from staff turnover) has been set at £200k. It is proposed to continue an employment management process to maintain the link between approved service standards and the approval of posts to be filled.

Pension Fund

32. 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.
33. DDC pays two contributions to the pension fund; these are "current service rate" (the additional pension earned in year) and a lump sum to finance the existing pension deficit. The actuarial report advised that 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%.
34. The annual calculations in respect of pension benefits as at 31 March 2018 estimated an increase 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 increased from £1.91m to £1.96m (for all staff, including HRA) in 2018/19.
35. 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

36. Setting a guideline level of inflation introduces a risk of “over budgeting”. Instead, all managers are asked to consider the specific quantity and price of services they will actually need in the coming year and to reduce expenditure where possible.
37. The other significant area of potential inflation pressures relates to major term contracts. In 2019/20 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 £100k variance in costs.

Contingency Provision

38. Contingency provision of £120k has been included to meet any unexpected expenditure commitments, if they cannot be contained within other budgets. As part of the budget setting process managers and directors 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

39. 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

40. East Kent Services manage the ICT and Human Resources functions on behalf of Dover, Canterbury and Thanet Councils. They also manage the revenues & benefits and customer services contract with Civica (which started on 1st February 2018) on behalf of the East Kent Councils. Thanet are the accountable body for these arrangements and they will continue to handle the accounting arrangements and be billed by Civica, and they in turn will charge management fees to Dover, as at present.
41. The Council 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 Folkestone and Hythe District Council (FHDC) and Kent County Council (as the disposal authority). Dover is the lead on this partnership and manages the client team who oversee the contract from the Dover District Council offices on behalf of the three authorities. As the contract is due to end in

January 2021 the process has started to look at outsourcing a joint waste contract with FHDC and to consider bringing the street cleansing elements back in house.

42. East Kent Audit partnership (EKAP), hosted by Dover, provides internal audit services to Dover, Folkestone and Hythe, Canterbury and Thanet (including East Kent Services) Councils and East Kent Housing.

Interest on Investments

43. The overall interest rates achieved in 2019/20 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.
44. The Bank of England increased the base rate in August 2018 for only the second time in ten years to 0.75%, but it is still very low. Uncertainty remains in the financial markets due to the on-going process of how the UK will leave the EU.
45. As of the 31st December 2018 the Council has a total of £40m invested in pooled investment funds. These are forecast to generate an income return of between 4-5% per annum. An additional £10m will be placed into pooled investment funds in 18/19.
46. The MTFP assumes that the Council's investments overall will earn the General Fund £1,806k (an additional £827k on the level budgeted for 2018/19), mainly due to the higher returns being received from the pooled investment funds and a change in the split between General Fund and HRA.
47. Changes to accounting requirements under IFRS9 may require fluctuations in the capital value of investments to be charged to the Income & Expenditure Account from 1st April 2018, even though these are not realised unless investments are sold. MHCLG have confirmed that they will be introducing a statutory override to mitigate the volatility caused by changes in the fair values of pooled funds. This will be in place for five years.
48. 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.

Regeneration and Property Investment

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

- In March 2017 Cabinet approved the transfer of garages, shops and land from the HRA to the General Fund, the transfer was forecast to deliver circa £286k net income for the General Fund.
- For the financial year 2017/18 a net income of £295k was achieved, this level is forecast to be exceeded in 2018/19 once the letting of the Aylesham shops is completed.

51. B&Q Whitfield

- The B&Q property is a modern purpose built retail warehouse constructed in 2008 providing 62,180 sq. ft. with external garden centre and builder's yard. The site extends to approximately 8.8 acres (3.56 hectares) and is situated in a highly prominent position, adjacent to and visible from the A2. The property is let entirely to B&Q plc until May 2028.
- In September 2017 the purchase of the freehold was completed for £16.29m resulting in a total cost, including Stamp Duty, external fees, internal recharges, etc., of £17.25m.
- The lease income is £1.1m per annum, increasing to £1.2m from 2023. Based on funding this purchase from PWLB borrowing over 40 years annual costs, including borrowing and management, were forecast at £800k per annum, resulting in a retained income of £268k. This equates to a gross return of 6.2% and a net return of 1.6%.

52. Whitfield Court

- Whitfield Court is a modern multi-let business park comprising of 14 office and light industrial units totalling 45,636 sq. ft. Situated on the established White Cliffs Business Park and easily accessible from the A2. The freehold is currently let to seven tenants with an average unexpired lease term of 8.15 years to expiry and 5.26 years to break.
- In December 2017 the purchase of the freehold was completed for £4.25m, resulting in a total cost, including Stamp Duty, external fees, internal recharges, etc., of £4.5m.
- The total lease income (based on all units being let) is £337k per annum. Annual costs, including borrowing and management, were forecast at £217k per annum, resulting in a retained income of £120k. This equates to a gross return of 7.47% and a net return of 2.65%.

53. Former Co-op Building, Castle Street, Dover

- The site was previously occupied by the Co-op retail store and remains partially occupied by Action Carpets on a secure tenancy. It is considered that the site has longer term development potential for retail, residential or mixed used development (all subject to financial evaluation and appropriate planning consent).
- In April 2018 the purchase of the freehold was completed for £625k, resulting in a total cost, including Stamp Duty, external fees, internal recharges, etc., of £660k. At that time the site was proposed to be demolished and converted into car parking for the area, with a forecast net income after costs of £12k per annum (if funded from internal resources).

- In July 2018 Cabinet approved a proposal to bring into temporary use the former Co-op building as a Mean-While space to provide an area to support community activities and to enable entrepreneurs and new businesses to market test their products/services.
- This project is now in progress; officers worked closely with Dover Big Local (DBL) over the summer to ensure all suitability and governance checks were conducted, the building passed all necessary health and safety inspections and the building lease was agreed and signed in August 2018.
- Since signing the lease DBL has been in occupation of the building with its various contractors and designers developing the space. The first Maker/Seller shop opened early December and has been followed by three more during January. There are firm plans to have three more shop units open during February. Negotiations are proceeding with two further businesses – one existing, looking for expansion, and the other a start-up. Additionally two office based businesses are up and running and two additional units will be occupied by the end of January. Current plans are for a further unit to open during March. The proposed Refreshment area operator has brought equipment onto site and plans to be operational shortly.
- Further events and activities are planned for the coming months and DDC continues to work with DBL to provide support and assistance where required.
- Options for the long term future of the site continue to be developed by officers for future consideration by Members.

54. Future Investments

- The 2019/20 budget includes a £100k target to achieve additional income from further projects to be identified through the Property Investment Strategy.

Other Income Streams and Fees and Charges Made by DDC

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

- Car Parking

The 2018/19 gross income (before costs) for parking fees and penalty charge notices is currently forecast to be less than the original budget of £2.6m at £2.4m. This is mainly due to the St James's development car park being free of charge for the first eight months of the financial year and the resultant impact on parking in DDC owned car parks.

There will be no increase in fees for 2019/20 in order to continue the support for the high street. Accordingly, the income for 2019/20 is anticipated to stay at £2.4m. The income is unlikely to increase in 2019/20 due to the new leisure centre having free car parking, Tides car park becoming a free car park, and the closure of several car parks in the district.

The Council expects a small deficit from on-street parking in 2019/20 (the deficit is forecast to be £3k in 2019/20 compared to a deficit of £42k in 2018/19). In accordance with Section 55 of the Road Traffic Act 1984 (and subsequent updates), the deficit will be funded from the On-Street Parking Reserve (which is the surplus from on-street parking from previous years which has been set aside to carry out permitted activities as specified in the Road Traffic Act). Any surplus over £100k would be remitted to KCC. In 2018/19 it is anticipated that £37k of the surplus will be spent.

- Rental Income

The 2019/20 budget forecasts rental income of over £2.1m. This consists of the rent (excluding any costs) for the Property Investment purchases as detailed above as well as existing rental streams from corporate properties, including the letting of space at DDC's Whitfield offices.

- Development Management

The original budget for Development Management fee income in 2018/19 was £715k incorporating £650k for planning application fees and £65k for pre-application fees. Planning application fee income is standing at £438k as at 30/11/18. Whilst it is always difficult to predict Development Management fee income, it is anticipated that the planning application fee income should rise to £656k approx. by the end of the financial year. There has also been a continued improvement in the level of pre-application advice with a circa £5k increase anticipated by the end of year.

The income budget for 2019/20 has decreased to £660k to reflect the Fees and Charges report estimates. The anticipated reduction in income reflects the mix of application types and also a lower take-up of pre-application advice.

With effect from January 2018 regulations introduced a 20% increase in planning fees. This additional income is not included in the above figures and has been retained in a separate budget for planning related functions yet to be decided.

- Licensing

This includes Alcohol, Public Entertainment, Taxis, Gambling and other miscellaneous licences. The original budget for 2018/19 was set at -£209k; the 2018/19 forecast has been increased to -£267k as a result of increased income

from new premises licences, animal establishment licences, family entertainment centres and hackney carriage / private hire vehicle licences.

The 2019/20 budget has increased slightly to -£216k most significantly due to the increase in veterinary and animal establishment inspections following introduction of The Animal Welfare (Licensing of Activities Involving Animals (England) Regulations 2018 that offsets an anticipated reduction in income from private hire vehicles licences as reflected in the Fees and Charges report estimates.

- Land Charges

The original 2018/19 budget of £196k is expected to be achieved based on the number of search requests expected. The 2019/20 budget however has been reduced and set at £180k due to free data accessibility and the availability of data elsewhere impacting on income.

Statutory Instrument 2018 No.273 came into force on 6 April 2018 which allows for HM Land Registry to take over responsibility for the Local Land Charges Register. The CON29 charge is to remain the responsibility of the Local Authority. Phase 1 of the HMLR data migration project commenced in July 2018. Up to 26 local authorities are expected to transfer to HM Land Registry by March 2019 – Dover is not part of Phase 1. The timing of future phases has not been decided yet and will be subject to decisions by Ministers. Because of the scale and complexity of the service change, the entire data migration for all 326 local authorities could take up to seven years.

- Green Waste Subscription Service

The Green Waste subscription service original budget for 2018/19 was set at £248k. The 2018/19 forecast has been increased to £300k to reflect the actual level of take up in the year. The 2019/20 budget has been set at £300k based on an estimate of approximately 6,600 subscribers and an increase in the cost of the service.

- 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 £315k being set for 2018/19. 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 2019/20 has been set at £320k.

58. In total the major fees and charges generate approximately £6.52m gross towards the General Fund budget.

Grants to Organisations

59. The Council makes grants to organisations in two ways; by concessionary rental and by cash payments. The value of grants proposed for 2019/20 totals £348k comprising concessionary rental of £38k and payments of £310k. The individual grants with the organisation names and the grant purposes are set out in Annex 11.

FINANCING THE BUDGET

60. Financing of the net 2019/20 requirement is shown below.

2019/20 General Fund Revenue Financing	£000	%
Non-Domestic Rates Income – baseline	3,643	
Non-Domestic Rates Income - growth, S31 grant, less levy, etc.	1,587	
NNDR Collection Fund Deficit – relating to prior years' appeals/appeals erosion of income	(434)	
Enterprise Zone Relief Grant	1,100	
Renewable Energy Retained	484	
Total NNDR Funding	6,380	41.2
Revenue Support Grant	56	0.4
New Homes Bonus	1,729	11.1
Council Tax	7,216	46.6
Collection Fund Surplus (Council Tax)	112	0.7
Total Financing	15,493	100.0

61. The year on year changes in financing are detailed at Annex 1C. The following sections provide further explanation of the Council's main funding streams.

REVENUE SUPPORT GRANT

62. 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 2018/19 is the third year.
63. The cash settlements are shown in the table below. RSG is expected to fall away to nil from 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 ⁵	5,112				
2013/14 ⁶	4,699	413	8.1	413	8.1
2014/15	3,698	1,001	21.3	1,414	27.7
2015/16	2,529	1,169	31.6	2,583	50.5
2016/17	1,758	771	30.5	3,354	65.6
2017/18	1,027	731	41.6	4,085	79.9
2018/19	568	459	44.7	4,544	88.9
2019/20	57	511	90.0	5,055	98.9
2020/21 Onwards	0	57	100.00	5,122	100.0

64. For financial planning purposes it has been assumed that RSG remains at zero for the remainder of the MTFP planning period.

⁵ 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.

⁶ 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.

BUSINESS RATES (BR)

65. There are a number of significant aspects to the current business rates regime:
- “Real” Growth
 - The DDC BR Profile
 - The Business rates Pilot and Pool
 - Forecast BR Income for 2019/20
 - Complexity and Volatility
 - The cost to businesses
 - “Real” retention
 - The impact on DDC funding
 - BR retention as a system of local government finance
 - Future Changes
 - An overview of Business Rates for the Dover District
66. Because of the complexity of BR these are explained in more detail in Annex 1C, and the main points are provided below.

Real Growth

67. The Dover District has been successful in generating significant real growth in developments in the district during 2016/17 – 2018/19 including:
- St. James Retail & Leisure Park, Dover
 - Dover District Leisure Centre
 - Combined Heat and Power Plant at Discovery Park
 - Supermarket (Lidl) at White Cliffs Business Park
 - Lok’nStore self-storage facility at White Cliffs Business Park
 - Maritime Skills Academy
 - Betteshanger Park
 - Discovery Park
 - Two new restaurants on Beach Street, Deal
 - The new Dover Leisure Centre, White Cliffs Business Park
 - Further units at White Cliffs Business Park
 - Business Rates Incentive Scheme providing grants to improve high street premises.
68. The district also benefits from an Enterprise Zone (EZ) at Discovery Park which has major benefits to businesses in terms of BR relief (generally at £55k per annum per business for five years) and the employment and economic activity this brings locally and regionally.
69. All of these projects will have a positive impact on the tax base of the district and therefore on the total income collected by DDC and the amount retained by the Council for its own purposes.
70. This level of growth is vital to the Council since it helps to offset the erosion of the tax base and BR income from BR appeals, or from unexpected downward revisions by the VOA.

DDC BR Profile

71. The BR profile for DDC is unusual in three main respects. First, a very high proportion of the income is concentrated at a small number of sites (hereditaments). That means that a change at just one site can have a significant effect on DDC's income.
72. Second, some of these, including the Channel Tunnel, Dover Port and the Enterprise Zone (EZ)/ Discovery Park are unique and their RVs are very hard to predict when revaluations are underway.

Dover's Rateable Values	Rateable Value ⁷ £000	%
Channel Tunnel	28,000	26
Discovery Park	9,382	9
Dover Harbour Board	2,720	2
Tesco, Whitfield	2,390	2
Sub Total	42,492	39
Remainder ⁸	65,650	61
Total	108,142	100

73. Third, the table below shows the volatility in DDC's share of BR since the local retention of BR was introduced. The majority of this volatility is due to how the BR retention scheme operates, and is not due to "real" changes.

NNDR/Business Rates (exc. EZ Grant)	DDC Share of Income £000	Reduction/ (Increase) £000	Reduction/ (Increase) %	Cumulative Change £000	Cumulative Change %
2012/13 ⁹	3,348				
2013/14	2,994	354	10.6	354	10.6
2014/15	4,682	(1,688)	(56.4)	(1,334)	(39.8)
2015/16	4,296	386	8.2	(948)	(28.3)
2016/17	2,805	1,491	34.7	543	16.2
2017/18	4,097	(1,292)	(46.1)	(749)	(22.4)
2018/19 Projected ¹⁰	5,664	(1,567)	(38.2)	(2,316)	(103.0)
2019/20 Estimated	5,281	383	6.8	(1,933)	(57.7)

74. Despite the extreme volatility, the estimated outcome for 2019/20 is still favourable for the Council compared to prior years, with the exception of 2018/19 which included additional one-off income while in the '100% growth retention' pilot scheme.

The Business Rates Pilot and Pool

75. For 2018/19 DDC was included, with KCC and all other Kent districts, in the Kent BR Pilot. Government has not renewed the Kent BR pilot for a second year and so the Kent BR Pool will resume operation.

⁷ 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 (47.9p in 2017/18 increasing to 49.3p in 2018/19 for the standard multiplier) to determine the amount payable and this may be subject to BR reliefs.

⁸ The next largest site is just 1% of the total.

⁹ Split for 2012/13 based on proportion of RSG: NNDR for 2013/14 excl. Council Tax Support Funding.

¹⁰ Includes £810k est. additional income from '100% growth retention' pilot scheme in 2018/19 ('Financial Sustainability Fund' element only).

76. DDC is not a full Member of the BR pool, as it is advantageous to all pool members, including DDC, to minimise the BR levy we pay, by giving DDC “shadow” pool member status and this has been assumed for 2019/20.

Forecast Business Rates Income for 2019/20

77. A simplified illustration of the mechanism for the “50%” BR retention system is set out in the table below, based on draft 2019/20 data (before adjustment for S31 grant funding of reliefs).

Attribution of BR Income (Indicative)	£m
Dover district net rate yield	(41.2)
Less	
50% to Government	20.6
9% to KCC and 1% to Fire	4.1
Retained balance of 40%	(16.5)
Less: tariff to Government	12.1
Balance retained by DDC	(4.4)

78. 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.) 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.

COUNCIL TAX

79. A Council Tax increase of 2.7% for DDC purposes has been assumed for the 2019/20 budget which, if approved, will produce a Band D Council Tax of £187.29. This will result in an increase of £4.95 per year on a Band D property, which is 52p within the Government’s capping requirements, which limit increases to 3%.
80. The increase in the tax base from 37,962.69 Band D equivalent properties in 2018/19 to 38,526.26 equivalent properties in 2019/20, which is a rise of 1.5% approx., is mainly due to new properties being registered for Council Tax (incl. estimates of new builds) and reduced claimant counts for Council Tax Reduction Scheme (CTRS) discounts, offset by a small increase in single person discounts.
81. The combined impact of the Council Tax increase and the tax base increase is forecast to generate total Council Tax income of £7.2m. For planning purposes a Council Tax increase of 3% per annum has been estimated for future years.

COMPARISON WITH OTHER DISTRICTS' 2018/19 BAND D COUNCIL TAX

82. DDC has one of the lowest Council Tax rates in Kent. A comparison with the East Kent authorities’ 2018/19 Council Tax rates is shown below. This shows the percentage that their 2018/19 Council Tax level exceeds DDC’s and the extra income DDC would receive at their level of Council Tax:

	Band D Council Tax £	Difference to DDC %	Extra Income DDC would receive
Dover District Council	182.34	-	-
Canterbury City Council	205.20	13%	£881k
Folkestone and Hythe District Council	244.53	34%	£2.40m
Thanet District Council	226.24	24%	£1.69m

NEW HOMES BONUS

83. New Homes Bonus (NHB) was funded by the MHCLG¹¹ 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.
84. The grant awarded to Dover since the start of the scheme is detailed below:

Year of Scheme	Financial Year	Annual Grant £000	Cumulative Grant £000	Cumulative Years Included
1	2011/12	294	294	1
2	2012/13	155	449	2
3	2013/14	450	899	3
4	2014/15	396	1,296	4
5	2015/16	275	1,570	5
6	2016/17	328	1,899	6
7	2017/18	415	1,865	5
8	2018/19	497	1,515	4
9	2019/20	488	1,729	4
10 (Estimated)	2020/21	400	1,385	3
11 (Estimated)	2021/22	400	800	2
12 (Estimated)	2022/23	400	400	1

85. The Government implemented changes to the scheme from 2017/18 resulting in a reduction in the number of years grant in payment from 6 years in 2016/17 to 5 years in 2017/18 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. The growth delivered by DDC for the 2019/20 NHB calculations was sufficient to receive NHB of £488k.
86. For the purposes of the MTFP it has been assumed that NHB will be achieved at a rate of £400k per year as detailed in the table above. However, it is also assumed that a further reduction to the scheme will be implemented, reducing the payments by a year every financial year, resulting in nil payment by 2023/24. There may be changes to other areas of funding, for example from the results of the Fair Funding Review, that could offset this reduction but at this stage not enough information is available to incorporate other changes into the forecasts.

¹¹ Ministry of Housing, Communities and Local Government

COLLECTION FUNDS

87. The Collection Funds (CF) are statutory funds. They sit entirely outside of the General Fund and the Council budget.
88. 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. £65.4m and £43.8m respectively).
89. 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.
90. This surplus (or deficit) is owed to (or by) the preceptors and will be added to (or deducted from) the following year's precept in order to distribute the surplus available in the CF or contribute the projected deficit back to the CF to top it up. This is a continuous rolling process.
91. It is forecast that there will be a surplus for Council Tax of £786k by the end of 2018/19 (Dover's share being £112k for recognition in 2019/20) and a deficit for NNDR of £1,086k by the end of 2018/19 (Dover's share being £434k approx. for contribution to the fund in 2019/20), but thereafter there should be no further deficit on the collection fund for NNDR. Dover's contribution of its share of the NNDR deficit in 2019/20 is funded from prior safety net and other adjustments set aside within the Business Rates & Council Tax Reserve.

GENERAL FUND RESERVES AND BALANCES

92. 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.
93. The proposed General Fund balance in 2019/20 of £2.7m is above the Council's £2m "minimum preferred level". £2.7m represents 18% of the Council's budget requirement or just over 2 months net expenditure. It is prudent but not excessive.
94. The forecasts for future years show a requirement to identify savings or income generation of circa £700k in 2020/21 followed by further savings or income of £1.1m in 2021/22 and an additional £600k in 2022/23. The main cause for the savings requirements, over and above the normal inflationary pressures, is the forecast reduction in New Homes Bonus and the estimated impact of significant contract renewals to be undertaken in the period. This is the normal pattern of MTFP projections since future cost pressures are generally identified in advance of potential savings.
95. The Council's earmarked reserves, and protocols for their use, are set out in Annex 6. Without these earmarked reserves the Council cannot plan effectively for anticipated future events and requirements and expenditure of a cyclical nature. Nor could the Council plan to smooth the impacts of the volatile income streams from Business Rates, New Homes Bonus etc. Therefore, the earmarked reserves are held at an appropriate level for the Council's future plans.

96. 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 1C includes further information on NDR financing;
- Annex 2A shows the net service expenditure analysed by categories of expenditure and income;
- Annex 2B shows the key expenditure and income figures and patterns for the General Fund;
- Annex 3 provides a detailed variance analysis between the original budget for 2018/19 and the proposed budget for 2019/20 – to follow for the next circulation;
- Annex 4 provides the General Fund Revenue Budget projection for the period to 2021/22;
- Annexes 5A – 5C 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

97. It is recommended that Cabinet:

- Approve the grants to organisations detailed at Annex 11.

98. It is recommended that Council:

- Approve the General Fund Revenue Budget for 2019/20 and the projected outturn for 2018/19;
- 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

99. 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.
100. The second concerns housing development and investment, and includes developments by the HRA, Registered Providers (RPs) and by the private sector.

HRA FINANCIAL OBJECTIVES

101. 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;
 - 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;
 - Transfer the HRA balances in excess of the agreed adequate level to the Housing Initiatives Reserve (HIR) to be used for investment in 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 additional properties.
102. At the time of writing, the HRA has 4,288 dwellings, made up of 2,686 houses and 1,602 flats.
103. East Kent Housing is responsible for the management & maintenance of the Council's housing stock.

2019/20 DRAFT BUDGET AND MEDIUM TERM FORECAST

104. The HRA's financial position, detailed at Annex 7, can be summarised as follows:
- HRA balance to be maintained for the period at £1m;
 - Projected surplus of £2.455m for 2018/19 to be transferred to the HIR for investment in additional properties;
 - Projected surplus of £2.485m for 2019/20 to be transferred to the HIR for investment in additional properties;
 - HIR balance fully committed to housing development projects (as detailed in paragraph 122) for the planning period.
105. The major variances between the 2018/19 budget and the 2019/20 proposed budget are:

- On-going 1% rent reduction;
 - Increase in major capital works, to include significant building of new properties
106. The future year projections show a reducing income stream from rents due to the Government requirement to reduce rents in cash terms by 1% per annum for the period 2016/17 – 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. During 2019/20 the funding for the major HRA projects is forecast to reduce the balance on the HIR to nil. We are expecting to bring back 18 apartments in Norman Tailyour House along with 59 interim housing units, 65 units at William Muge and Snelgrove, and 9 at Capel-le-Ferne.
107. Annex 7 provides a draft HRA budget summary & Annex 7A provides an explanation of the main variations from the original 2018/19 budget to the 2018/19 projected outturn and from the 2018/19 projected outturn to the 2019/20 proposed budget. Annex 7B details the 4 year forecast position for the HRA.
108. The planned capital spend on existing council owned stock was supplied by EKH.

BACKGROUND

109. 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.
110. Government have also determined 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 previously being accrued.
111. The HRA budget is in surplus 2019/20 and continues to contribute to the Housing Investment Reserve. However it is forecast that the HIR will be fully committed during 2019/20 as we embark on major building projects. It is likely that the Council will need to consider options to undertake borrowing to support the on-going programme of housing development.
112. A stock condition survey was undertaken in 2017, to inform the on-going maintenance and investment requirements. The 2019/20 budget is based on the work programme provided by East Kent Housing incorporating the results of the survey. .
113. In May 2017 Dover District Council Jobcentre Plus went live with the Universal Credit Full Service. There has been a significant increase in HRA rent arrears during the period since. The situation is being closely monitored and bad debt provisions of £250k are included within the 2018/19 and 2019/20 budgets to allow for this

increase. The debt appears to be mainly a cash flow issue rather than a bad debt due to the timing delays associated with payment of Universal Credit. However, tenants now directly receive the Universal Credit payment, whereas with Housing Benefit payments are made direct to the landlord. This is resulting in some cases of higher debt levels from tenants not paying their rent and we are beginning to see some evictions due to this.

Rent Setting

114. Council house rents used to be set using a complex model based on a formula provided by the Ministry for Housing, Communities and Local Government (MHCLG). 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.
115. In previous years rents were uplifted by the Consumer Price Index (CPI) +1%. Starting from 2016/17 the Government directed that housing rents should reduce by 1% in cash terms each year for 4 years. This has resulted in an estimated shortfall in rental income of £2.4m per annum by year 4 and £6.9m cumulatively against previous projections.

Rent Levels

116. The average decrease has been explained above. Rent levels are calculated on an individual property basis using rent formulas previously prescribed by MHCLG.
117. 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 2018/19 average weekly rent across all properties is £84.08;
 - The 2019/20 average weekly rent is forecast to be £83.22;
 - The decrease in the average weekly rent is £0.86 or 1%; and
 - Three bedroom houses have rents (for 2019/20) ranging from £83.96 per week to £104.50 per week with an average of £94.23
118. Determination of rent levels is an executive function that has been delegated to the Head of Finance and Housing in consultation with the Portfolio Holder responsible for Housing on the basis of the model described above.

Capital Receipts

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

120. As at the end of December 2018 there had been 19 RTB sales in the financial year. It is estimated that retained 'excess receipts' will be in excess of £1m by the end of the financial year. This has to be used within 3 years of receipt, or else it must be repaid to MHCLG, and, when applied to a capital scheme, it cannot comprise more than 30% of the scheme costs.
121. In order to comply with these rules and avoid claw back by the MHCLG, this funding is normally applied to HRA housing projects, before any other sources are used. In October 2018 Government undertook a consultation on the current scheme. This included options to extend the time limit for spending the retained receipts as well as increasing the percentage of scheme costs that could be funded. The outcome of this consultation is awaited.

Service Charges

122. 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.

EAST KENT HOUSING

123. East Kent Housing (EKH) was formed in 2011 to provide housing management services for Canterbury City Council, Dover District Council, Folkestone and Hythe District Council and Thanet District Council.
124. Since its formation the basic management fee for EKH has been fixed in cash terms and it has not received any inflationary increases in its funding. EKH has helped to reduce the overall cost of housing management and performed well in a number of areas, including rent collection and re-let times.
125. However, the additional work involved in collecting rent following the roll out of Universal Credit has seen rent collection performance fall and the four councils and EKH have identified that a number of urgent improvements are needed. Therefore all four partners have agreed to an increase in the fee on the same basis which is circa £200k pa for DDC. This will take the total management fee to £2.397m for DDC for 2019/20. In exchange for this increase in funding an improvement plan has been agreed, covering:
- Better management of contracts with key suppliers;
 - Adapting the way they work following the introduction of Universal Credit;
 - New people and processes to ensure council homes are improved more quickly;
 - Continued investment in complaints handling and EKH staff.

EKH Single System

126. EKH are implementing a single system. This was originally to replace the separate housing systems operated by Dover DC, Canterbury CC, Folkestone & Hythe DC and Thanet DC and, on the basis of a business case approved by each of the Councils in 2015, all four councils have made loans to EKH of £223k each (totaling £892k), to finance the system.

The system has been partially implemented in Folkestone & Hythe DC and Canterbury CC and at the time of writing Dover DC has been testing the rents module and Thanet DC will be the last authority to implement the rents module. Work will then commence on the repairs and leasehold modules. EKH have received a further £370k in loans (£92.5k from each council) to complete the implementation.

HOUSING DEVELOPMENT AND INVESTMENT

127. 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
 - Commercial housing developments
 - Homelessness strategy
128. These are discussed in more detail below.

HRA INVESTMENT

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

129. The HIR is funded by the transfer of surpluses whilst maintaining a £1m balance in the HRA. The HIR was established to fund a programme of new house building / acquisition. During 2017/18 HIR funding enabled the re-purchase of 10 former Council properties which have been added to the HRA stock. To date a further 16 properties have been purchased and this is expected to increase by the end of the year. The refurbishment of properties in Folkestone Rd to provide 9 flats has also been completed. Further projects are being developed to continue to directly provide additional affordable housing in the district; these include:
- Nine new build properties in Capel-Le-Ferne;
 - A mixed tenure re-development of 65 units at the former William Muge and Snelgrove sheltered housing sites, Dover;
 - The refurbishment of Norman Tailyour House, Deal to provide 18 self contained flats; and
 - The development of interim housing on sites in Dover and Deal.
130. Further opportunities are being considered and the business case for each examined prior to a formal a project approval being sought.
131. After allowing for the 2018/19 capital bids the balance in the HIR at the end of 2018/19 is projected to be around £12m of which £5.2m is required for “matched” funding against £1.65m of excess right to buy 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. The four year HRA forecast (Annex 7C) projects an on-going ability to contribute to

the HIR, however the balance will have reduced to nil by the end of 2019/20 due to the major investment programme to deliver new Council stock, particularly in William Muge and Snelgrove site. The forecast of the HIR balance is included at Annex 7B.

Investment in Existing Stock

132. The HRA budget and projects take account of the need to invest in existing stock before establishing a surplus for the HIR. A stock condition survey was undertaken in 2017, to inform the on-going maintenance and investment requirements. The 2019/20 budget is based on the work programme provided by East Kent Housing incorporating the results of the survey and the work required for Decent Homes standards.

Recommendations from this Section

133. It is recommended that Cabinet:
- Delegate to the Strategic Director (Corporate Resources), in consultation with the portfolio holder for Performance and Resources, power to acquire freehold or leasehold residential properties and to agree terms and conditions in connection therewith.
134. It is recommended that Council:
- Approve the 2018/19 Projected Outturn and the 2019/20 HRA budget at Annex 7.
 - Delegate to the Strategic Director (Corporate Resources), 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.

ASSET MANAGEMENT PLAN (AMP)

135. 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.
136. Expenditure on repairs and maintenance forms a direct link with the revenue budget, which contains the resources to meet the programme of repairs and maintenance. Standards of maintenance, and therefore of required expenditure, are to some extent subjective. The Strategic Director (Operations and Commercial) confirms that there are sufficient resources to keep properties generally wind and water-tight but it continues to be a challenge to maintain all buildings without deterioration. Continuing with this approach increases the risk, but it ensures that the limited budget focuses mainly on essential maintenance.
137. There is a growing backlog of planned maintenance required to "Operational Assets". Significant expenditure is needed at:
- Tides Leisure Centre, because of its age, needs work to the external envelope of the wet side buildings. Extensive renewal of worn out and inefficient heating plant for the wet side completed in January 2019. Survey work has indicated that more extensive repairs and replacements than were originally thought are also necessary. Further work is being undertaken to establish the route to achieve a sustainable future for the complex over the next 30-40 years.
 - During 2018 Dover District Council secured stage 1 HLF funding for Dover Town Hall, to support a scheme which will provide a sustainable future for the priceless Burgess heritage assets and the Stone Hall.
 - Repairs to Deal Pier, including resurfacing of the stem to protect the structure beneath, were undertaken in 2018 however significant cyclical concrete repairs and works to the lower deck are again becoming necessary and investigative work to ascertain the extent and cost of such repairs will be undertaken during 2019.
138. An Urgent Works earmarked reserve was established and this is held to fund urgent works on corporate assets if required.

Summary

The key points for Members to note are:

- There are sufficient resources to maintain the Council's General Fund properties in a basic state of repair but it is a significant challenge to maintain all the buildings without deterioration and this does carry a risk of service failure or an increase in the overall maintenance backlog;
- The Strategic Director (Operations and Commercial) 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

139. 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

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

- Capital receipts;
- Capital grants;
- Prudential Borrowing;
- Revenue resources; and
- Leasing.

141. 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

142. 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.

143. 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.

144. To simplify the management of regeneration budgets it has been agreed that they are treated as one major project and virements between them can be authorised by the Strategic Director (Corporate Resources).
145. To facilitate efficient decision making, final approval for projects up to £50k that are included on the Capital and Special Revenue Programmes are delegated to the Strategic Director (Corporate Resources) in consultation with the Portfolio Holder responsible for Finance.
146. 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 Strategic Director (Corporate Resources) in consultation with the Portfolio Holder responsible for Finance.
147. 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.
148. 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 Superseded Projects

149. Existing projects within the programmes are sometimes superseded in order to reflect changing circumstances and to finance new Capital and Special Revenue projects. These will be reported in the budget monitoring report circulated to Members during the year. The following projects have been superseded:-

- Temporary Exhibition Cases – £115.5k;
- Market Square Public Realm Enhancements - £100k;
- Leisure Centre Contingency - £20.6k;
- Dover Town Centre Improvements - £300k;
- Corporate Property Maintenance Contingency - £100k;
- Western Heights Trust - £50k;
- Cemetery Provision Consultancy - £15k;
- Utilities Management - £20k.

Content of the Special Revenue Projects Programme

150. The Special Revenue Projects Programme (Annex 8C) comprises significant projects which are not, in the main, capital, but which are still one-off revenue expenditure in nature and are therefore to be funded from reserves as annual recurrent revenue budgets are insufficient to finance them. As one-off projects they are generally managed with the same disciplines and controls as capital projects. As they are financed from revenue reserves cancellation of any of these projects would free up resources which could be used to finance capital projects, other revenue projects, or for other purposes.

Financing of the Capital and Special Revenue Projects Programmes

151. In order to maximise the capital resources available to the Council, the detailed decision to apply capital receipts, revenue resources, grants, s106 monies etc. to finance the approved Capital and Special Revenue Projects Programmes is delegated to the Strategic Director (Corporate Resources), in consultation with the portfolio holder responsible for Finance, and capital receipts from particular sources will not be hypothecated to specific projects. Instead they will be treated as one overall stream to finance Capital and Special Revenue projects within both the General Fund and HRA according to the priority of the projects and the availability of financing.
152. 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.
153. 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

154. 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. MHCLG have recently consulted on proposed changes to the Prudential Code. Any impact of these changes will be advised in future reports.

Capital Receipts

155. 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.
156. Right-to-Buy (RTB) sales in 2018/19 have been lower than levels in 2017/18. 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.
157. The Council generally retains 100% of non-HRA capital receipts and non-RTB HRA capital receipts, subject to capital allowance regulations.
158. Annex 8B details the level of capital receipts held, expected, committed to projects proposed and to be used for new projects. The balance of receipts after these anticipated receipts and commitments is shown as £1.9m. Future capital receipts are expected to come mainly from housing right to buy sales and amount to circa £300k per annum at current sales levels, so will not replenish capital funds and will not be sufficient to maintain the current level of activity in the future. No other major receipts are currently expected.

Summary

The key points for Members to note are:

- The Capital Programme operates on a cash funded position with no new projects being approved to commence unless the whole project costs can be financed through additional funding, sufficient capital receipts have been banked, external borrowing is approved or other savings in the programme have been identified. The new projects in the programme have been approved subject to the completion of a Project Appraisal for approval by Cabinet, or the Strategic Director (Corporate Resources) in consultation with the Portfolio Holder responsible for Finance under delegated powers;
- The Capital Programme is partly financed from HRA Right-to-Buy sales. The level of RTB sales in 2017/18 was similar to 2016/17 however the level of sales for 2018/19 is currently showing a reducing trend. 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 Strategic Director (Corporate Resources) in consultation with the portfolio holder responsible for Finance;
- There is no provision for making capital grants to other organisations, other than those grants already approved; and
- The lack of headroom in the capital programme for additional projects is a significant constraint and large projects will need to be funded from external borrowing where revenue savings can be identified to offset the borrowing costs (such as the Leisure Centre and Property Investment Strategy projects).

RECOMMENDATIONS FROM THIS SECTION

159. 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

160. 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.
161. 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.
162. Annexes 9A – 9C will be provided 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 2019/20 to 2022/23, and include the latest estimates for 2018/19 aligned with the revised forecast budget. Approval will be sought for the proposed indicators for 2019/20 – 2022/23.
163. The capital programme has been financed to date within existing resources, which include capital receipts, specific capital grants, the Major Repairs Allowance, and useable reserves and internal borrowing. Significant projects, including the Dover District Leisure Centre and Property Investment Strategy, will ultimately be financed by borrowing; however no borrowing has been undertaken at this time. Approval levels for borrowing will be included in annex 9.

TREASURY MANAGEMENT

164. The Council's Treasury Strategy complies with the requirements of the CIPFA Code of Practice on Treasury Management, which was adopted by the Council in September 2002 and the CIPFA Code of Practice on Treasury Management (revised November 2011) that was adopted by this Council in March 2012.
165. Approval of the strategy is a Council decision.

RECOMMENDATIONS FROM THIS SECTION

166. It is recommended that Council:
- Approve the Capital, Treasury Management and Investment Strategies, including the Prudential Indicators and Minimum Revenue Provision statement.

KEY ASSUMPTIONS & READY RECKONER

Background

167. 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

168. Salary inflation will be based on the results of the Collective Bargaining process. Contract inflation for 2018/19 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

169. The 2018/19 budget includes 284 full time equivalent posts directly employed for DDC plus a further 32 employed by DDC as part of the East Kent Audit Partnership (working for Canterbury, Thanet, Folkestone and Hythe and Dover and recharged accordingly) and East Kent HR (working for Canterbury, Thanet and Dover and recharged accordingly) allocated across services as detailed in Annexes 5A-5C.

Triennial Valuation of the Pension Fund by the Fund Actuaries

170. The triennial valuation took effect from April 2016. It has been assumed that the DDC backfunding contribution will increase by 5% above the 2019/20 level of £1.96m for the planning period.

Interest Rates

171. It is assumed that DDC will maintain the 2019/20 level of income from investments for the remainder of the planning period. Any additional income generated will be transferred to reserves to support future projects.

Revenue Support Grant

172. The current draft settlement provides figures for 2018/19 – 2019/20. 2019/20 is forecast to reduce by 90.1% when the value of the grant will be £57k.

Business Rates Retention

173. The current draft settlement covers 2019/20 only and proposes an increase in NDR inflation of 2.29%.

Council Tax

174. Council tax increases have been assumed at £4.95 for 2019/20 and for the remainder of the planning period.

New Homes Bonus

175. New Homes Bonus is a scheme that provides incentives and rewards for councils and communities who support delivery of new homes in their area. It is assumed that the current level of funding (4 years) will be reduced by a year every financial year for the MTFP period, resulting in a nil payment by 2022/23.

Capital Projects

176. 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 £70k;
- RSG – assumed to be nil for the future;
- NDR – 1% growth in BR income equals £82k (DDC's share @ 40%, less 50% levy, but will be higher under pooling due to reduced levy rates);
- Investment Income - 1% equals approximately £400k (based on investment balances of £40m);
- Contract inflation – 1% equals £100k;
- 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 £273k approx.;
- Business Rates Levy – Every £100k received above the NDR baseline results in £20k additional income, before levy reductions from pooling and pilot schemes.

SIGNIFICANT BUDGET RISKS

177. 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	Mitigation	Budget Sensitivity
1	<p>NDR Localisation</p> <p>The operation of Business rates is set out in the main body of the report with further detail at Annex 1C.</p> <p>The significant risks to the Collection Fund and hence to DDC are :</p> <ul style="list-style-type: none"> • Loss of income through reduction in the tax base and collection rates. • Significant individual appeals by occupiers. • Class action appeals (see notes below regarding hospitals and ATM machines). • Recent unexpected changes to the rating list (particularly the 2010 list) initiated by the VOA have had a £60k+ annual impact on DDC, and a repayment of past BR of £600k+. • Insufficient detail on the nature of outstanding appeals and therefore insufficient appeals provision. • Adverse changes to DDCs baseline as part of the Fair Funding review. <p>BR 'localisation' produces some counter intuitive outcomes. Significant government changes to the regime may reduce the funding for DDC.</p>	<p>DDC works closely with CIPFA & HMCLG to influence and moderate adverse changes to the system.</p> <p>The NDR1 return to MHCLG takes into account the likely scenario for the future year's business rates and that provision has been made for the impact of BR appeals.</p> <p>Regular monitoring of the position is undertaken in conjunction with East Kent Services.</p> <p>The district has benefitted from an increase in gross rates arising from the 2017 revaluation. Higher reliefs to small businesses, increased appeals allowances, and a £1.2m increase in DDC's tariff (18/19) reduce its share of the BR income to a similar level to under the 2010 valuation (the previous revaluation of all businesses' base RVs).</p> <p>The Council will operate alongside the Kent BR pool with KCC and the districts in 2019/20, with the pool paying a reduced levy on growth at circa 4%, enabling more growth to be retained locally.</p> <p>While pooling reduces levy rates, 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. While outside the pool, if Dover exceeds its baseline and has to pay a levy, it will pay it at a higher rate than under pooling.</p> <p>DDC discusses and agrees methodology for providing for appeals with the other Kent authorities, particularly against the 2017 RV list. The appeals against the 2010 RV list will tend to be individually determined to reflect actual appeals lodged by the time of closure of the list.</p>	<p>Impact of appeals on income not possible to accurately quantify across all businesses.</p> <p>For 2018/19 and 2019/20, allowance has been made for further possible appeals success by Channel Tunnel and other businesses to mitigate this risk.</p> <p>Impact of BR income being below the baseline is up to £273k loss of funding until the safety net kicks in.</p> <p>40% of any levy saving is held by the pool (10% as contingency) or KCC (30%), without whom the pooling mechanism would not work.</p>

Ref	Description	Mitigation	Budget Sensitivity
2	<p>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.</p> <p>It is described as a “Landmark case”. A hearing window is allocated between 1 October 2019 and 31 December 2019, with a time estimate of 3-4 days to include 1 day’s judge’s pre-reading time. This creates further delays in resolving the position.</p> <p>Trusts could then apply for a further 20% discretionary relief, potentially reducing their bills to nil.</p> <p>If they are successful, the impact could be significant in terms of back-dated refunds and reduction in ongoing rates payable.</p>	<p>The impact of mandatory charitable relief at 80% on NHS Trust accounts is approximately £265k p.a. but, with backdating of claims to 2010, this could result in a total one-off cost of £1.6m in 2019/20 and £265k p.a. thereafter. Dover would bear 40% of these amounts based on the current ‘tier split’ (but this percentage could change from 2020/21).</p> <p>The additional 20% relief would only be given if required under the local authorities’ discretionary relief policy.</p>	<p>£265k p.a. after backdating of claims resolved, based on current 2017 valuations (x DDC share, currently 40%)</p>

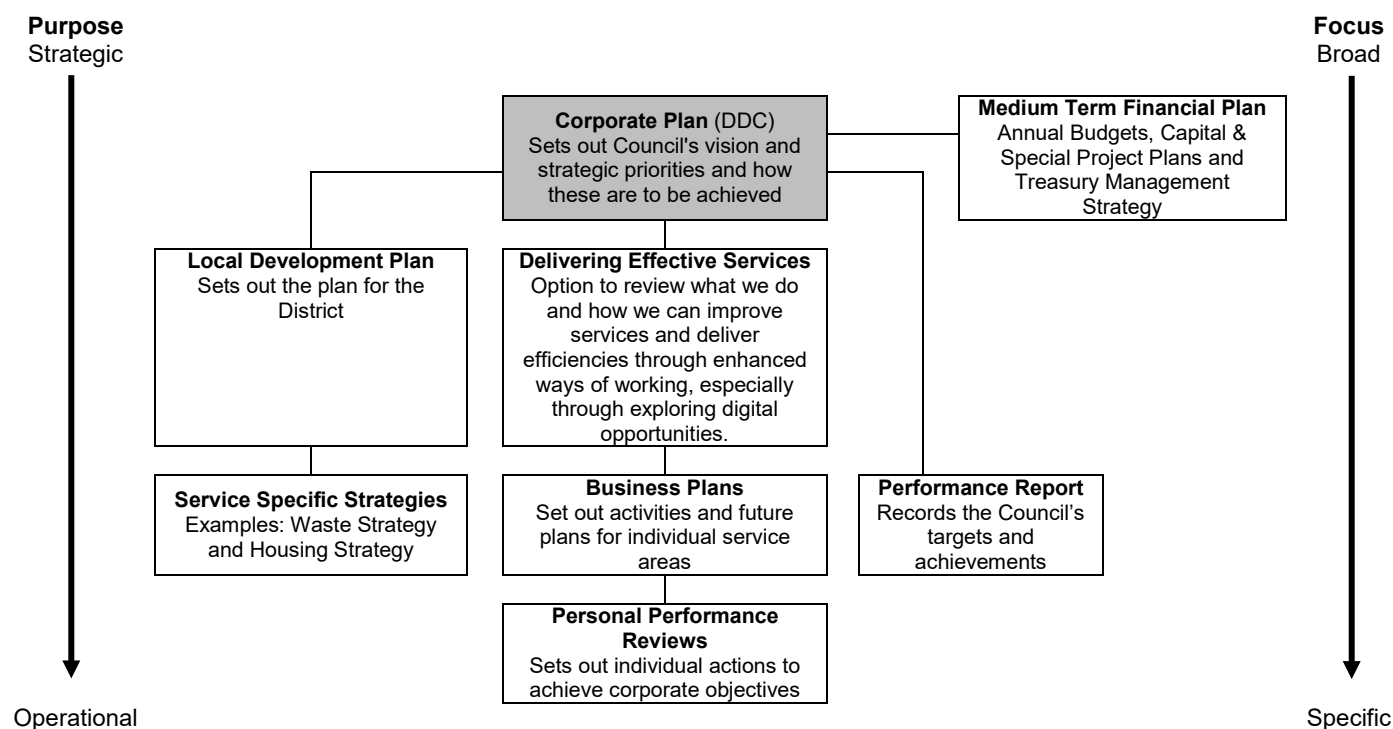
Ref	Description	Mitigation	Budget Sensitivity
3	An Appeal Court ruling means supermarkets will no longer have to pay business rates for cash machines outside their shops. The charge has applied since 2010, but the court ruled that about £300m they have already been charged (nationwide) will now have to be refunded. Part of that money will have to come from the Government, and part from local authorities. The ruling leaves a question mark over how the money raised from cash machines will be replaced, which for 2018/19 is likely to amount to £44.54m, according to the business rates consultancy Altus. The Appeal Court also rejected an attempt by the Valuation Office to get retailers to pay business rates on machines inside their shops as well.	<p>VOA are contesting the decision.</p> <p>We are discussing treatment of ATMs on a Kent-wide basis, with a view to possibly excluding these from the appeals provision until the case is settled, and treating them instead as a contingent liability in the 18/19 accounts.</p> <p>However, if successful, there will be a backdated impact when the appeal outcome is known, as well as a cost for future years.</p> <p>Central Govt. may contribute towards this cost, but they haven't previously done so, therefore we can't guarantee any support from Govt. We currently only have allowed £17k in our appeals provision for ATMs as at 31/03/18.</p>	We estimate DDC's backdated liability to be £450k - £500k up to 2018/19, with an ongoing impact of circa £65k p.a. from 2019/20 max. This means if resolved in 2019/20 the cost will be up to £550k in 19/20 and £65k p.a. thereafter (but DDC's share will be 40% of these amounts)
4	Council Tax Base / Collection Rates – reduced collection rates could impact on the resources available to the Council.	<p>Realistic performance targets for collection of Council Tax have been set to reflect the system of local Council Tax Support now in place.</p> <p>EKS undertake regular monitoring of collection rates, trends on non payments and bad debt analysis.</p> <p>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.</p>	1% reduction in the total collection rate costs £74k.
5	Reduced capital receipts from housing and other asset sales leading to reduced resources available to complete projects.	<p>The reduced receipts could arise from lower sales, lower prices or both.</p> <p>We cannot mitigate against market movements or reduced levels of sales. To some degree lower values may increase the level of interest, but this will also be dependant on interest rate movements.</p>	
6	The level of resources for repairs and maintenance to properties may result in asset deterioration and potential service failure.	A corporate budget is held for repairs and maintenance of assets enabling the Strategic Director (Operations and Commercial) to allocate the resources appropriately according to need.	

Ref	Description	Mitigation	Budget Sensitivity
7	The government has consulted on a Fair Funding review which will re-calibrate the local government settlement. Pressure from upper tier and unitary authorities may reduce the resources available to district councils.	As with the current settlement, the Council can take part in Kent wide lobbying on the settlement, but has limited ability to influence the settlement.	Unable to forecast at the time of writing.
8	Brexit – Macro Economic	<p>The Brexit position is dynamic and, at the time of writing (12/12/18) there is considerable uncertainty. Four main scenarios have been identified:</p> <ul style="list-style-type: none"> • Accept the current deal • Hard Brexit • No Brexit • A general election <p>Each of these options will have a mix of favourable and adverse impacts upon the value of the £, inflation, gilt yields, interest rates, employment and economic growth.</p> <p>Where possible the Council is mitigating these impacts through measures to make the budget and treasury management as robust as possible, but the Council's scope for action is limited.</p>	Cannot be determined.
9	Brexit – Port and East Kent impact	We continue to work with our partners on the Kent Resilience Group to plan for a range of eventualities.	Unable to forecast the full impact at the time of writing.
10	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.	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 £87k
11	Fees and Charges – some sources of income may be affected if there is a reduction in overall economic activity.	<p>Income assumptions are made at a conservative level based on historic performance and other known influencing factors.</p> <p>Active monitoring of income levels is carried out throughout the year.</p>	
12	The budgeted level of vacancy savings may not be achieved.	The current employment management 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 £200k are forecast

Ref	Description	Mitigation	Budget Sensitivity
13	Homeless expenditure may increase due to the impact of the Homeless Reduction Bill and the continued implementation of Universal Credit in the district	Close monitoring of the impact of the Bill and the in-year budget. Investigating innovative options to support homeless requirements in the district.	Unable to forecast at the time of writing.
14	The increase in HRA rent arrears continues following roll out of Universal Credit	A bad debt provision is included within the budget and arrears levels are being monitored and reported to EKH to support their collection plans. An increase in the EKH management fee has been included in the 2019/20 budget to fund additional income officers.	1% rent loss equates to £180k
15	Housing Benefits subsidy reduction	Due to the transfer of Housing Benefit cases to Universal Credit there may be some reduction in the subsidy level which the Council is able to claim due to the reducing Housing Benefit caseload and the Local Authority Error subsidy.	Included in the 2019/20 budget a reduction in subsidy of £125k. As describe this reduction may need increasing if the caseload reduces more.
16	Housing Benefit Administration Subsidy	DWP have suggested that the Administration Subsidy would be cut due to the reduction in UC caseloads. There have been 2 notifications of potential cuts but only the first gave a full calculation and the budget for 2019/20 has been adjusted for this and it is currently unclear if this is an additional 10% reduction or confirmation of the previous cut.	2019/20 Budget Core Allocation of £395k is reduced by £62k for UC & efficiency but is subject to £16k add back for transitional protection. A further 10% reduction could be up to £45k.
17	Car parking income may be less than anticipated due to the unknown impact of St James car park on DDC car parks, potential car park closures in year and other factors outside of DDC's control (e.g. weather conditions)	Maintaining parking rates at existing prices to encourage use of DDC car parks. Supporting local high streets to encourage footfall.	The budget allows for some elements of change in parking levels, however initial modelling suggests the risk could be up to £150k.

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.



Notes: 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.

GENERAL FUND BUDGET SUMMARY

2017/18 Actual		2018/19 Original Budget	2019/20 Projected Outturn (30 Sep 18)	2019/20 Budget
£000		£000	£000	£000
	Directorate			
1,166	Chief Executive	1,466	1,355	1,118
4,133	Operations & Commercial Services	4,456	4,491	4,221
9,520	Corporate Resources	10,598	10,356	11,525
172	Shared Services (DDC hosted)	213	186	176
516	Special Revenue Projects	1,324	1,066	13
0	Vacancy Allowance/Delivering Effective Services	(220)	0	(150)
0	Homelessness - Service Delivery Target Saving	(200)	0	0
0	EKS - Target Saving	(150)	0	0
15,507	Net Direct Expenditure	17,487	17,454	16,903
	Other Operating Income & Expenditure:			
0	Property Investment Strategy	0	0	(100)
0	Contingency	227	147	120
70	River Stour Drainage Board	71	71	74
39	Council Tax Support Funding to Towns & Parishes	0	0	0
(1,424)	Recharge Income from HRA & Capital Projects	(2,029)	(2,044)	(1,295)
14,192	Net Operating Expenditure	15,756	15,628	15,702
	Financing Adjustments:			
(665)	Revenue Expenditure Funded by Capital Under Statute	(950)	(950)	(1,042)
(507)	Interest Receivable	(979)	(1,068)	(1,806)
236	Interest Payable	238	238	354
9	Loan Principal Repayments/Borrowing Allowance	949	949	1,959
(927)	Total Financing Adjustments	(742)	(831)	(535)
	Contribution to/(from) Reserves:			
(353)	- Special Projects & Events Reserve	(629)	504	738
1,467	- Periodic Operations Reserve	334	316	(426)
130	- Regeneration Reserve	160	99	403
0	- District Regeneration & Economic Development Reserve	0	0	0
55	- IT Equipment Reserve	115	115	115
466	- Business Rates & Council Tax Reserve	(605)	(552)	(434)
1,765	Net Contribution to/(from) Reserves	(625)	482	396
15,030	Total Budget Requirement	14,389	15,279	15,563
	Financed by:			
4,741	Business Rates - Share of NDR	4,999	5,939	5,231
1,153	Business Rates - Enterprise Zone Relief Grant	618	724	1,099
84	Business Rates - Renewable Energy Retained	330	330	484
(728)	Business Rates - Collection Fund Surplus/(Deficit)	(605)	(605)	(434)
1,027	Revenue Support Grant	568	568	56
6,600	Council Tax	6,922	6,922	7,216
236	Council Tax - Collection Fund Surplus	141	141	112
7	Council Tax - Other S31 Grants	0	0	0
1,874	New Homes Bonus	1,515	1,515	1,729
30	New Burdens	0	0	0
15,024	Total Financing	14,488	15,534	15,493
6	General Fund Deficit/(Surplus) for the Year	(99)	(255)	70
(2,533)	General Fund Balance at Start of Year	(2,412)	(2,527)	(2,782)
(2,527)	Leaving Year End Balances of	(2,511)	(2,782)	(2,712)

BUDGET SUMMARY - FUNDING ANALYSIS

<u>2017/18 Actual</u>		<u>2018/19 Original Budget</u>	<u>2019/20 Projected Outturn (30 Sep 18)</u>	<u>2019/20 Budget</u>
£000		£000	£000	£000
	Financed by:			
	Business Rates (NDR):			
3,460	Baseline	3,564	3,564	3,643
474	Growth over baseline	1,763	1,610	1,871
(237)	Levy on Growth	(881)	(805)	(935)
0	Levy Saving from Pooling - 2018/19 onwards	423	444	516
(374)	Growth above budget-recognition deferred (non-S31 element)	0	153	0
219	Adjustment to Growth/Decline for S31 element not deferred	0	37	0
1,137	Tariff Adjustment (Channel Tunnel impact)	0	0	0
0	Additional saved levy/retained income from Pilot Scheme	0	810	0
62	Section 31 Grant for impact of multiplier cap	130	126	136
4,741	Share of NDR	4,999	5,939	5,231
(728)	Collection Fund (Deficit)/Surplus - NDR (as declared)	(605)	(605)	(434)
4,013	NDR Funding Level	4,394	5,334	4,797
	Enterprise Zone Relief Grant:			
1,176	Share of Enterprise Zone relief for current year	609	940	768
(115)	Amount of EZ Relief in current year above NDR1 18/19 estimated value, required to be recognised in following year	0	(331)	0
92	Amount of EZ Relief in prior year above NDR1 17/18 estimated value, permitted to be recognised in current year	9	115	331
1,153	Total Enterprise Zone Relief Grant	618	724	1,099
	Renewable Energy Retained:			
61	Share of Renewable Energy for current year	309	273	501
(21)	Amount of Renewable Energy in current year above NDR1 18/19 estimated value, required to be recognised in following year	0	36	0
44	Amount of Renewable Energy in prior year above NDR1 17/18 estimated value, permitted to be recognised in current year	21	21	(17)
84	Total Renewable Energy Retained	330	330	484
	RSG:			
1,027	Revenue Support Grant (incl. C. Tax Support Funding)	568	568	56
1,027	RSG per Settlement	568	568	56
6,600	Council Tax	6,922	6,922	7,216
236	Collection Fund Surplus - C Tax	141	141	112
7	Council Tax - Other S31 Grants	0	0	0
1,874	New Homes Bonus	1,515	1,515	1,729
30	New Burdens	0	0	0
15,024	Total Financing	14,488	15,534	15,493

Summary of General Fund Budget & Financing Requirements

	2018/19 Original Budget £m		2019/20 Draft Budget £m	Year on year change %
Budget Requirement:				
Gross Revenue Expenditure	68.930		62.486	
Gross Revenue Income	(54.992)		(48.212)	
Underlying Budget Requirement	13.938		14.274	
Earmarked Reserve adjustments	0.306		1.287	
Net Budget Requirement	14.245		15.561	9%
Financing Requirement:				
Revenue Support Grant	(0.568)		(0.056)	-90%
Business Rates Retained	(4.998)		(5.230)	5%
EZ Relief & Renewable Energy- in year	(0.918)		(1.269)	38%
Council tax	(6.922)		(7.216)	4%
New Homes Bonus	(1.515)		(1.729)	14%
Underlying Financing	(14.922)		(15.500)	4%
One-off Financing:				
Collection Fund Distribution				
NDR	0.605		0.434	
Council Tax	(0.141)		(0.112)	
EZ Relief & Renewable Energy- prior year	(0.031)		(0.314)	
Total Financing	(14.488)		(15.491)	7%
(Surplus) / Deficit for the year	(0.244)		0.070	

	A	B	K	N	R	U	X
1							ANNEX 1B
2	<u>DOVER - NDR MONITORING - SUMMARY</u>						
3			Updated Forecast	Budget Estimate	Budget Estimate	Budget Estimate	Budget Estimate
4			2018/19	2019/20	2020/21	2021/22	2022/23
5	Number of hereditaments		4,038	4,038	4,038	4,038	4,038
6	Aggregate RV		107,654,698	109,669,238	109,870,476	109,871,105	109,869,661
7	Calculated gross rate yield		51,674,255	53,808,773	55,045,108	56,144,134	57,351,963
8							
9	Estimated gross rate yield for full year - <i>before EZ & TP Relief</i>		51,156,942	52,291,560	53,395,000	54,461,000	55,633,000
10	Net Additions (i.e. Growth)		517,313	1,517,212	1,650,108	1,683,134	1,718,963
11	Change in yield for previous years		60,713	0	0	0	0
12	Less:						
13	Enterprise Zone Relief		2,350,000	1,921,000	1,563,000	1,285,000	960,000
14	Transitional Protection Rates Relief		-859,860	-439,000	0	0	0
15	Mandatory reliefs (current & previous years)		7,132,715	7,206,233	7,361,298	7,501,614	7,664,513
16	Discretionary reliefs (current & previous years)		167,990	171,700	175,400	178,900	182,800
17	Discretionary Reliefs funded from S31 Grant		208,159	95,900	57,900	51,900	15,700
18	Losses in collection		300,000	307,000	313,000	319,000	326,000
19	Interest on refunds (offset in gross rate yield on NDR3)		0	0	0	0	0
20	Cost of collection		159,573	163,000	166,000	169,000	173,000
21	Deferral Scheme + or - (<i>exclude for now!</i>)		0	0	0	0	0
22	Enterprise Zone BR to be retained		0	0	0	0	0
23	New Development Deal BR to be retained		0	0	0	0	0
24	Renewable Energy Schemes BR to be retained		292,069	500,940	511,510	521,720	532,950
25	Net yield before rate retention adjustments		41,984,322	43,882,000	44,897,000	46,117,000	47,497,000
26							
27	Rate retention adjustments		0	0	0	0	0
28	Estimated provision for loss on future appeals		1,684,462	2,303,000	2,307,000	2,307,000	2,307,000
29	Collectible Rates, less cost of collection allowance		40,299,860	41,579,000	42,590,000	43,810,000	45,190,000
30	Add back: Transitional Protection Rates Relief		-859,860	-439,000	0	0	0
31	Net Rate Yield for Sharing		39,440,000	41,140,000	42,590,000	43,810,000	45,190,000
32							
33	Allocation of net rate yield	%					
34	Central share - before EZ and Transition Relief settlement	0.50	19,720,000	20,570,000	21,295,000	21,905,000	22,595,000
35	District/Unitary(0.49)	0.40	15,776,000	16,456,000	17,036,000	17,524,000	18,076,000
36	Kent County Council	0.09	3,549,600	3,702,600	3,833,100	3,942,900	4,067,100
37	Kent Fire and Rescue	0.01	394,400	411,400	425,900	438,100	451,900
38			39,440,000	41,140,000	42,590,000	43,810,000	45,190,000
39							
40	District tariff		11,802,664	12,064,438	12,319,030	12,564,918	12,835,395
41	District Funding (District share above, <i>less</i> tariff)		3,973,336	4,391,562	4,716,970	4,959,082	5,240,605
42	Adjustment for reliefs covered by S31 Grant		1,148,729	1,121,322	1,128,834	1,148,344	1,158,179
43	<i>Sub-total - Adjusted district share for levy/safety net</i>		<i>5,122,065</i>	<i>5,512,884</i>	<i>5,845,804</i>	<i>6,107,426</i>	<i>6,398,784</i>
44	District Baseline		3,563,943	3,642,989	3,719,866	3,794,115	3,875,789
45	Safety Net level	0.925	3,296,648	3,369,764	3,440,876	3,509,556	3,585,105
46	Safety Net payment		0	0	0	0	0
47	Levy payment if applicable	0.5	779,061	934,948	1,062,969	1,156,656	1,261,498
48							
49	District Income from NNDR (excl. CF Surplus):						
50	District funding - rates (as above)		3,973,336	4,391,562	4,716,970	4,959,082	5,240,605
51	District S31 Grant - Actual, incl. for 2% cap on multiplier		1,274,330	1,257,642	1,269,908	1,292,538	1,305,742
52	Safety net/levy		-779,061	-934,948	-1,062,969	-1,156,656	-1,261,498
53	<i>Sub-total</i>		<i>4,468,605</i>	<i>4,714,256</i>	<i>4,923,909</i>	<i>5,094,965</i>	<i>5,284,849</i>
54	Enterprise Zone Relief - District Share of Grant		940,000	768,400	625,200	514,000	384,000
55	Renewable Energy retained		292,069	500,940	511,510	521,720	532,950
56	Levy saving while in pool - 30% direct saving returned, less 5% levy		0	0	0	0	0
57							
58	Total Income From NNDR (excl CF surplus)		5,700,674	5,983,596	6,060,619	6,130,685	6,201,799
59							
60							
61							

	A	B	K	N	R	U	X
3			Updated Forecast	Budget Estimate	Budget Estimate	Budget Estimate	Budget Estimate
4			2018/19	2019/20	2020/21	2021/22	2022/23
62	RV of last list of appeals (2010 RV list only)		27,268,950				
63	Top 10 appeals total RV		25,556,000				
64	Top 50 appeals RV		27,189,700				
65	Total number of appeals		75				
66							
67							
68	Completion Notes:						
69	Spreadsheet Rows 13, 14 & 15 show the total amount of relief granted in the year in respect of current and previous years						
70							
71	<u>COLLECTION FUND MOVEMENT:</u>						
72	Balance B/Fwd - Surplus/(Deficit)		-1,933,430	-1,085,929	0	0	0
73							
74	In-year performance:						
75	Net yield for sharing before bad debts & appeals		41,424,462	43,750,000	45,210,000	46,436,000	47,823,000
76	Change in appeals provision		-1,684,462	-2,303,000	-2,307,000	-2,307,000	-2,307,000
77	Change in bad debts provision		-300,000	-307,000	-313,000	-319,000	-326,000
78			39,440,000	41,140,000	42,590,000	43,810,000	45,190,000
79	Total distributed:						
80	(Surplus)/deficit (distributed)/contributed per NNDR1		1,513,500	1,085,929	0	0	0
81	NDR shares paid per NNDR1		-40,106,000	-41,140,000	-42,590,000	-43,810,000	-45,190,000
82			-38,592,500	-40,054,070	-42,590,000	-43,810,000	-45,190,000
83							
84	Balance C/Fwd - Surplus/(Deficit)		-1,085,929	0	0	0	0
85							
86	DDC share of Surplus/(Deficit)		-434,372	0	0	0	0
87							
88							
89	<u>Appeals Provision:</u>						
90	Balance B/Fwd		4,976,000	6,660,462	8,963,462	11,270,462	13,577,462
91	Charged to provision		-76,287	0	0	0	0
92	Increase/(Decrease) in provision		1,760,749	2,303,000	2,307,000	2,307,000	2,307,000
93							
94	Balance C/Fwd		6,660,462	8,963,462	11,270,462	13,577,462	15,884,462
95							
96	Increase in appeals as % of gross rates		3.41%	4.28%	4.19%	4.11%	4.02%

NDR Additional Information

1. There are a number of significant aspects to the current business rates (BR) regime:
 - “Real” Growth
 - The DDC BR Profile
 - The Business rates Pilot and Pool
 - Forecast BR Income for 2019/20
 - Complexity and Volatility
 - The cost to businesses
 - “Real” retention
 - The impact on DDC funding
 - BR retention as a system of local government finance
 - Future Changes
 - An overview of Business Rates for the Dover District
2. Because of the complexity of BR the first four points above are explained in the main body of the MTFP. The rest are explained below.

Complexity and Volatility

3. Explaining the full complexity of BR retention is beyond the scope of the MTFP and would, in reality, require a lengthy training course. However, as the regime has been and is likely to continue to be subject to continual change, any detailed training would quickly become out of date.
4. Information on the salient complexities, issues and concerns was provided at Annex 1C in the 2018/19 MTFP and is therefore not repeated again in this 2019/20 MTFP. These complexities include:
 - A system of tariffs and top-ups, safety-nets and levies;
 - Pooling and “shadow” pooling of BR with other Kent districts to produce levy savings;
 - The 2018/19 pilot scheme to retain 100% growth locally (i.e. no share of growth to Central Govt., and no levy on growth);
 - A number of uncertainties including:
 - Projections of future BR levels (NNDR1 and NNDR3);
 - Appeals by businesses against their rateable values;
 - Reductions in rateable values agreed by VOA for other reasons;
 - Accounting arrangements and the timing of the recognition of growth and reduction in Business Rates;
 - The on-going impact of the BR revaluation for 2017;
 - The impact of reliefs, including the extension of the Small Business Rates Relief by altering thresholds, and related compensation by way of S31 grant;
 - Setting the multiplier.
 - Future issues and changes include:
 - The potential change to a 75% localisation scheme from 2020/21;

- Slow progress by the VOA in settling outstanding BR appeals on the 2010 list;
- The new “Check, challenge, appeal” system introduced by VOA in 2017/18, which is not easy for businesses to use and may create delays in appeals arising against the 2017 revaluation (few appeals registered so far);
- The potential encouragement of appeals by ratings agents, with fees based on a fixed percentage of refunds, which may lead to delays in appeals challenges until a few years into the ‘2017 revaluation’ period to maximise % fees on backdated refunds;
- Unexpected and significant class reductions in BR by the VOA (previously £2.3m refunded to the NHS for purpose built doctors surgeries in Dover, and a current nationwide appeal by NHS hospitals to be treated as charities in order to secure 80% mandatory relief, which is subject to legal proceedings but not yet agreed);
- The continuous on-going eroding effect on the tax base in the appeals being settled by the VOA;
- Obtaining strategic information from the VOA;
- Inaccuracies in figures provided by VOA.

The Cost to Businesses

5. 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. Local authorities do not have a role in setting or appealing valuations, nor do they have access to much of the VOA’s information.
6. Local authorities are mainly responsible for the collection of the due amount, and promoting economic regeneration to grow the tax base.
7. 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.

Real Retention

8. The current and future regimes have been referred to as 50%, 100% and 75% Business rates Retention. This is misleading. There has / will be 50%, 100% and 75% retention of business rates growth, but that is fundamentally different from retention of all business rates. Additionally, the growth is subject to a levy that goes back to Central Govt., except while in a pilot scheme, and is even payable while in an agreed BR pool, albeit at a reduced rate.
9. Unless Counties and less well-off areas are to be deprived of resources, there will always have to be resource re-allocation between tiers (i.e. between the districts as “billing authorities” and counties) and between areas with very high business rates income (and often lower social pressures on expenditure) and areas with lower business rates income.

BR retention as a system of local government finance

10. The current system of BR retention has a number of significant defects including extreme complexity, opacity and volatility, difficulty in forecasting future income, continual change and adjustments in the system, unreliable data from the VOA and perverse outcomes that appear to punish growth and reward reductions in tax base.
11. For Dover there is the additional complication of an Enterprise Zone (EZ), which is classified as a “Case B” EZ, and therefore requires a separate system of government grants.
12. The system contains a complex web of tariffs and top-ups, safety nets, levies, baseline “resets”, BR pools, pilot schemes, periodic revaluations, transition periods, appeals and frequently changed BR relief schemes.
13. 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, which therefore raises questions about its longer term fitness for purpose.
14. In the shorter term, DDC joined the Kent pilot scheme in 2018/19, which increased the retention rate on BR growth from 50% to 100% for that year. Although the Kent authorities applied to become a pilot scheme in 2019/20 (with 75% retention of growth), their bid was unsuccessful, so we will work alongside other Kent authorities in a ‘pool’ for 2019/20 which allows 50% retention by Local Government and the benefit of significantly reduced levies on growth. The national retention rate is expected to move to 75% in 2020/21 but the split between upper and lower tiers is not yet determined.

Future Changes

15. The Hudson Review into Business Rates recommended that government stopped tinkering with the system, at least without working through the impacts. Within days of the publication of the review the government introduced more changes.
16. In addition to the changes from 50% retention to 100% for the pilot in 2018/19, then back to 50% in 2019/20 then probably up to 75% in 2020/21, there are a number of other potential changes upon which the government is consulting. The deadline for responses to the consultations is late February 2019, and so the outcomes of these consultations will not be known at the point that Members consider this MTFP. However, significant points under consultation include:
 - Introduction of a floating baseline for each Council based upon its NDR1 estimate of Business Rates;
 - Three-yearly revaluations of BR;
 - Three-yearly resets at which point the benefits of some / all growth will be lost in the re-set;
 - Moving major properties to the “Central List” so that local authorities are not advantaged or disadvantaged by movements in their value. In the past this included assets that were of national importance that crossed local authority boundaries such as telecoms networks. In the future this could include assets such as the Port of Dover and the Channel Tunnel.

An overview of Business Rates for the Dover District

17. From the 40% retained by the District, 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. For example, if Dover's share (40%) is approximately £16.5m, a tariff of £11.1m is paid straight to Central Govt., and an element of the remainder that is deemed to exceed Dover's district baseline is subject to a further levy. 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.) 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.
18. The system is also asymmetric. If the amount collected grows above baseline need, then the Council has to pay a levy on the growth, at 50%, but if BR reduces below baseline need, DDC would itself bear the full loss (until a safety net kicks in at 92.5% of baseline need). So for growth of £1/2m, DDC would retain only an additional £100k (being its 40% share, but then halved by the levy). If growth reduces by £1/2m, DDC would bear the loss of £200k @ 40%.
19. The total BR collected by DDC for 2019/20 (first draft) is forecast to be c.£41.2m 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. Growth is rewarded at only half the rate that reductions are penalised, until the safety net kicks in (after the council has borne a reduction of c. £273k beneath its district baseline).
20. The estimate of BR collectable by DDC for 2019/20 is c. £41.2m¹. After its expected tariff and S31 grant adjustment, the permitted amount for retention before levy or safety net adjustments is £5.51m approx., which is £1.87m above its BR baseline (need) for 2019/20. Ordinarily, a 50% levy would apply to the £1.87m excess, being £935k approx. However, DDC has joined a 'pool' with the other Kent authorities, for 2019/20 which should enable the levy payable to be reduced further, to about 4%, enabling more growth to be retained locally.
21. We have incorporated savings based on working alongside the Kent pool in 2019/20 (rather than under the pilot scheme arrangements for 2018/19), as if we had joined the existing Kent pool with the other Kent Authorities. This effectively reduces our levy rate from 50% to, say, about 4% across Kent, and we are reimbursed by the pool for the overpaid levy, so that we retain an additional 30% of the levy saving directly, and a further 30% is transferred to the 'KCC & Dover Growth Fund' reserve pending allocation to projects requiring KCC approval. We would not be entitled to further savings, as pooling arrangements stipulate that KCC would retain the first 30% of levy savings and a further 10% is set aside for contingency purposes. Therefore, instead of paying a £935k levy, Dover would only need to pay a net £419k levy (after pool reimbursement), being a saving to DDC of £516k. This saving is split, representing a 30% direct saving of £258k and 30% Growth fund element of £258k which is transferred to the 'KCC & Dover Growth Fund' reserve pending allocation to projects requiring KCC approval. These savings are built into the 2019/20 budget.

¹ This figure is based on the NNDR1 return submitted on 29th January 2018. It is stated after the offset of appeals adjustments and the reversal of transitional relief granted.

22. The arrangements are different to 2018/19 when the Kent Authorities formed a Government-approved '100% growth retention pilot scheme' enabling them to retain all growth locally and without payment of any levy. The pilot scheme arrangements for splitting growth between the Kent partners are subject to a separate complex model. However, these pilot scheme arrangements are expected to have created a one-off favourable impact for Dover in the region of £750k - £800k (being the 'Financial Sustainability Fund' element) as well as leaving an additional 'Growth Fund' amount available to be split amongst the "East Kent cluster" (Ashford, Canterbury, Dover, Folkestone and Hythe, Thanet) subject to agreement among the partners in conjunction with KCC. The Financial Sustainability Fund element is included within the 2018/19 comparative figures for the 2019/20 budget, and the additional income from the pilot will be transferred to earmarked reserves to support future projects.

General Fund Service Expenditure by Cost Type

	2018/19 Original Budget £000	2018/19 Projected Outturn as at 10 Jan 2019 £000	2019/20 Proposed Budget £000
Direct Expenditure			
Employees	13,935	13,741	14,720
Premises	1,644	1,649	1,482
Transport	205	218	226
Supplies and services	8,310	7,925	8,107
Third parties	9,558	9,694	10,111
Shared services	2,721	2,506	2,581
Transfer payments	35,293	35,293	28,907
Total Direct Expenditure	71,666	71,026	66,134
Direct Income			
Government Grants	(36,705)	(36,677)	(29,935)
Sales	(63)	(63)	(69)
Fees and Charges	(9,935)	(9,948)	(10,335)
Other Income	(7,924)	(7,613)	(8,538)
Total Direct Income	(54,627)	(54,301)	(48,877)
Central Support reallocation of costs	(519)	(523)	(393)
Special Revenue Projects	1,324	1,066	13
Vacancy Allowance & Employment Stability	(220)	-	(150)
Homelessness - Service Delivery Target	(200)	-	-
Shared services (DDC Hosted)	213	186	176
EKS Savings Target	(150)	-	-
Net Service Expenditure	17,487	17,454	16,903

GENERAL FUND KEY FIGURES - EXPENDITURE

	2017/18 Outturn	2018/19 Original Budget	2018/19 Projected Outturn	2019/20 Draft Budget	2020/21 Forecast	2021/22 Forecast	2022/23 Forecast
Key Expenditure Figures:	£000	£000	£000	£000	£000	£000	£000
Employees:							
Basic	8,907	9,886	9,670	10,318	10,524	10,735	10,950
NI	933	1,019	991	1,046	1,067	1,088	1,110
Current year pension	1,340	1,502	1,473	1,551	1,582	1,614	1,646
Backfunding	1,572	1,610	1,610	1,648	1,730	1,817	1,908
	12,752	14,017	13,744	14,563	14,903	15,254	15,614

Major contracts:

Refuse Collection	1,147	1,077	1,087	1,110	1,143	1,178	1,213
Recycling	1,014	1,066	1,066	1,098	1,131	1,165	1,200
Street Cleansing	1,500	1,588	1,588	1,634	1,683	1,734	1,786
Total Waste	3,661	3,731	3,741	3,842	3,957	4,077	4,199
Landscape maintenance	225	235	249	211	217	224	230
Balance of Third Party Payments ¹	1,257	1,832	1,878	1,543	1,589	1,637	1,686
	5,143	5,798	5,868	5,596	5,763	5,938	6,115

Notes

¹ Excludes EKS Management Fees & WCLP

GENERAL FUND KEY FIGURES - INCOME

	2017/18 Outturn	2018/19 Original Budget	2018/19 Projected Outturn	2019/20 Draft Budget	2020/21 Forecast	2021/22 Forecast	2022/23 Forecast
Key Income Figures:	£000	£000	£000	£000	£000	£000	£000
Car Parking	(2,470)	(2,600)	(2,410)	(2,437)	(2,437)	(2,559)	(2,559)
Rent Income	(1,560)	(2,342)	(2,326)	(2,297)	(2,297)	(2,343)	(2,343)
Development Management	(696)	(715)	(715)	(660)	(660)	(673)	(673)
Building Control	(286)	(315)	(315)	(320)	(320)	(326)	(326)
Licensing	(272)	(210)	(210)	(216)	(216)	(220)	(220)
Green Waste	(223)	(248)	(301)	(300)	(300)	(306)	(306)
Land Charges	(93)	(98)	(98)	(90)	(90)	(90)	(90)
	(5,600)	(6,528)	(6,375)	(6,320)	(6,320)	(6,517)	(6,517)

Total Financing:

Non-Domestic Rates	5,978	5,947	6,993	6,814	6,648	6,770	6,899
Revenue Support Grant	1,027	568	568	56	0	0	0
Council Tax	6,600	6,922	6,922	7,216	7,505	7,800	8,104
New Home Bonus	1,874	1,515	1,515	1,729	1,801	1,785	1,688
Other	(455)	(464)	(464)	(322)	(357)	(383)	(412)
Total Financing	15,024	14,488	15,534	15,493	15,597	15,972	16,279

FOUR YEAR REVENUE BUDGET FINANCIAL PROJECTION

Notes	2018/19 Projected Outturn £000	2019/20 Proposed Budget £000	2020/21 Forecast £000	2021/22 Forecast £000	2022/23 Forecast £000
1	15,279 Net Budget Requirement	15,563	15,563	15,563	15,563
	Corporate Adjustments				
2	- Salary inflation and increments including impact on National Insurance and Pensions		292	589	891
3	- Pension Backfunding (Triennial Valuation from 17/18)		82	169	260
4	- Contract inflation @ 3% plus allowance for renewals		265	576	897
5	- Average expenditure inflation impact from non-specifically budgetted income item		176	375	558
6	- Average income inflation impact		(207)	(653)	(902)
7	Total Inflation Adjustments		609	1,056	1,703
8	- Property Investment Income Target		(100)	(200)	(300)
9	- Homeless Savings Target		(100)	(100)	(100)
10	- Reduced transfers to earmarked reserves		(250)	(250)	(250)
11	- Estimated impact of significant contract renewals		200	800	800
12	0 Total Corporate Adjustments	0	(250)	250	150
	15,279 Total Forecast Budget Requirement	15,563	15,922	16,869	17,416
	Financed By :-				
	Non-Domestic Rates Income				
	Detailed modelling of forecasts undertaken				
	Collection fund deficit one-off in 2018/19 only				
	Business growth in the district				
13	5,939 Non-Domestic Rates Income	5,231	5,511	5,734	5,982
14	(605) Collection Fund Distribution	(434)			
15	Collection Fund Distribution reserve offset removed		(434)	(434)	(434)
16	Kent Pool contribution to KCC/DDC joint reserve		(35)	(61)	(90)
17	1,054 Enterprise Zone Relief & Renewable Energy Retained	1,583	1,137	1,036	917
18	568 Revenue Support Grant (reduced by 45% & 90% as per 4 year settlement. Assumed "negative" from 2020/21)	56	0	0	0
19	141 Collection Fund Surplus	112	112	112	112
	Council Tax Income				
	Tax rate increase (3% annual increase)				
	Base increase (1% per annum)				
20	6,922 Total Council Tax Income	7,216	7,505	7,800	8,104
21	1,515 New Homes Bonus (reducing from 4 years to nil over the period 2020/21 to 2023/24)	1,729	1,385	800	400
	15,534 Total Financing	15,493	15,181	14,988	14,991
22	(255) NET (SURPLUS) / DEFICIT	70	741	1,882	2,426
23	- Target Savings & Income Growth		(700)	(1,800)	(2,400)
24	(255) NET (SURPLUS) / DEFICIT AFTER SAVINGS	70	41	82	26
	Impact on Reserves :-				
	Projected General Fund Reserves				
	(2,527) Opening balance	(2,782)	(2,712)	(2,671)	(2,589)
25	(2,782) Closing Balance	(2,712)	(2,671)	(2,589)	(2,563)

**THREE YEAR REVENUE BUDGET FINANCIAL
PROJECTION**

Notes

- 1** The net budget is taken from the 2019/20 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** Total adjustments due to inflation and associated costs.
- 8** Target increased income from Property Investment Strategy.
- 9** Target expenditure savings Homeless service changes.
- 10** Reduced transfer to earmarked reserves.
- 11** Potential impact of major contract renewals anticipated in the planning period.
- 12** Total corporate adjustments.
- 13** Forecast NDR funding, including impact of inflation & assumptions for business growth.
- 14** Redistribution of NDR Collection Fund year-end balances.
- 15** The 2019/20 budget includes one-off reserve funding to offset the impact of the NDR Collection Fund deficit, this has been removed from future years.
- 16** Under the Kent NDR Pooling arrangements an element of the additional retained NDR growth is allocated for projects to be jointly agreed with DDC & KCC.
- 17** Enterprise Zone relief & renewable energy grant anticipated based on current forecasts.
- 18** The draft settlement as indicated in Dec 2016 by DCLG for future years.
- 19** The collection fund surplus is distributed to the precepting authorities pro rata to their share of the precepts.
- 20** Council Tax is forecast to increase by 3% per annum for the rest of the planning period. A 1% per annum increase in the tax base has also been assumed.
- 21** New Homes Bonus reduced to 4 year payments from 2018/19, with a minimum delivery of 0.4% growth. Assumes will further decrease by 1 year payment pa from 2020/21.
- 22** Forecast (surplus) / deficit.
- 23** Target savings required.
- 24** Revised (surplus) / deficit after target savings.
- 25** 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.

INWARD INVESTMENT

The Inward Investment Service is responsible for attracting funding and private sector investment into the district to aid and support the growth and regeneration agenda identified in the Council's Corporate Plan.

LEADERSHIP SUPPORT

Leadership Support

This team is mainly concerned with the formulation of policy and strategy, including Health and Wellbeing, strategic Public Health liaison, corporate projects, corporate planning, supporting strategic and operational consultations and engagement and production of the annual State of the District.

Design, Print and Postal Services

Provision of in house design, photography, video, print unit and mail services plus ensuring the Council's brand and corporate identity are adhered to in all communications.

Corporate Services

This section is responsible for a number of corporate services of which the main areas are procurement of insurance and risk management, Category 1 responder role for emergency planning, corporate business continuity, performance measurement and monitoring, FOI and data protection requests, managing the Council's complaints process, administering RIPA and SPOC processes and advising on equality issues.

Service Summary

Budget 2019/2020

Chief Executive

		Costs controlled by Head of Service				Recharges and Other Adjustments	Total
		FTE	Employees	Other Costs	Income		
C3300	CHIEF EXEC ADMIN TRADING ACCT	1.80	208,830	5,750	-	(214,580)	-
A1170	NON SERVICE SPECIFIC WORK	0.00	205,540	60,130	-	828,240	1,093,910
Total Chief Executive		1.80	414,370	65,880	-	613,660	1,093,910
C3745	HEAD OF INWARD INVESTMENT	0.68	78,170	2,590	(2,650)	(78,110)	-
L5000	ECONOMIC DEVELOPMENT	0.00	-	3,800	-	85,300	89,100
L5060	DTIZ-DEVELOPER FUNDED COSTS	0.00	-	50,000	(50,000)	-	-
Total Inward Investment		0.68	78,170	56,390	(52,650)	7,190	89,100
A1040	CORPORATE PLANNING	0.00	-	-	-	124,730	124,730
A1171	HEALTH PROJECTS	0.00	-	-	-	22,370	22,370
A5001	UNAPPORTIONABLE OVERHEADS	0.00	-	2,760	-	-	2,760
B1500	EMERGENCY PLANNING	0.00	17,500	18,600	-	101,180	137,280
C3030	MAIL ROOM TRADING ACCOUNT	2.00	80,370	20,160	(42,370)	(58,160)	-
C3050	PRINT UNIT TRADING ACCOUNT	0.00	-	49,150	(31,000)	(18,150)	-
C3331	DESIGN STUDIO	2.00	92,840	6,700	-	(99,540)	-
C3335	CORPORATE SUPPORT TRADING ACCT	4.00	204,210	6,390	-	(210,600)	-
C3336	POLICY & LEADERSHIP SUPPORT	2.00	141,340	1,350	-	(142,690)	-
C5020	PHOTOCOPIERS HOLDING ACCOUNT	0.00	-	32,080	(43,860)	11,780	-
C5060	MAIL ROOM POSTAGE ACCOUNT	0.00	-	55,000	(55,000)	-	-
Total Leadership Support		10.00	536,260	192,190	(172,230)	(269,080)	287,140
		12.48	1,028,800	314,460	(224,880)	351,770	1,470,150

STRATEGIC DIRECTOR OF CORPORATE RESOURCES

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

GOVERNANCE & LEGAL SERVICES

Monitoring Officer

The Monitoring Officer, (who is the Solicitor to the Council) advises members and officers about vires, maladministration, probity and compliance with the Council's budget and policy framework, and promotes and maintains of the ethical standard of councillors serving on the District Council and the 35 town and parish councils in the district.

Data Protection Officer

The minimum tasks of the Statutory Data Protection Officer are to advise and monitor compliance on GDPR and other data protection laws, managing internal data protection activities, other data protection impact assessments, to train staff and conduct internal audits and to be the first point of contact for supervisory authorities and for individuals whose data is processed (employees, customers etc).

Legal Services

Provision of a full legal service to the Council including corporate and service specific legal advice, planning law, conveyancing, employment law and support for the Council's regulatory functions (including both civil and criminal court work).

Democratic Services

The section provides support to all Members and committees of the Council and for the scrutiny function. This includes secretarial and administrative support for the Leader of the Council and the Chairman of the Council and organisation of civic and commemorative events.

Electoral Services

This section are responsible for the organisation and conduct of Parliamentary, County Council, District Council and Parish Council elections and by-elections within the district and has responsibility for the Police and Crime Commissioner Elections for Kent. They are also responsible for the compilation and maintenance of the Register of Electors including special category electors and absent voters, an annual household canvass to ensure that the register is up to date, boundary review work and the implementation of boundary changes.

FINANCE AND HOUSING

Financial Administration

The Strategic Director of Corporate Resources is responsible, inter alia, for the Council's financial administration.

Accountancy

The Accountancy team is responsible for the Council's budgets and accounts, providing financial advice and support and managing technical financial matters such as VAT and Treasury Management.

Financial Services

The team provides procurement support to the Council in achieving best value, complying with its constitution, EU and other legislation, managing the procurement infrastructure and ensuring procurement best practice.

The team are also responsible for the accurate and timely processing and management of invoices and the management and reconciliation of income.

Housing Strategy

Strategic housing includes housing strategy and enabling, the provision of affordable housing in the district, housing needs and homelessness prevention. The service is also responsible for monitoring and client side management of East Kent Housing, the Council's Arms-Length Management Organisation.

Community Housing Programme

The Community Housing Programme provides information and capacity building for our communities to support them in delivering new affordable homes via community led development projects.

Housing Needs

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

REGULATORY SERVICES

Public Protection

This encompasses food safety and hygiene (visits and inspections of food establishments), health and safety at work (investigating accidents, including fatalities, and dangerous occurrences in premises such as offices, shops, warehouses and clubs), infectious disease control and port health. Dover District Council is the Port Health Authority for Dover Port and the Channel Tunnel.

Licensing

The Council is responsible for the issuing and enforcement of local licences including alcohol, public entertainment and late night refreshments, temporary events, gambling, private hire /hackney carriages vehicles, drivers and operators, animals boarding and breeding establishments, riding establishments, zoo's, pet shops, dangerous wild animals, beauty treatments, street trading and scrap metal.

Environmental Protection

The team leads on air quality management, contaminated land, drinking and bathing water quality. The team also responds to potential statutory nuisances including noise (from commercial and domestic premises, burglar and car alarms etc.), dust, smoke (e.g. bonfires), odours, fumes, animals, etc, as well as service requests relating to matters such as drainage, pest control, accumulations on private land, filthy and verminous premises and dark smoke from industrial/commercial premises. The team also oversee the provision of burials undertaken under relevant Public Health legislation.

Environmental Crime

The team undertake enforcement and educative activities to tackle environmental crimes such as littering, dog fouling, stray dogs, fly tipping, trade waste and accumulations of rubbish.

Planning Enforcement

The team investigate breaches of planning control and take formal and informal enforcement action to ensure compliance. This may include issuing notices, taking prosecutions and / or undertaking direct action, as well as responding to appeals to the planning inspectorate against enforcement notices.

Private Sector Housing

The Private Sector Housing team work to improve the private rented sector. Their work includes undertaking formal and informal action, licencing Houses in Multiple Occupation (HMO's) and caravan sites, providing mandatory disabled facilities grants and assistance to vulnerable owner occupiers living in substandard homes, as well as bringing empty homes back into use.

COMMUNITY SERVICES

Community Development

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

Community Safety

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

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

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 to tackle anti-social

behaviour and community safety issues across the District. The division is also responsible for DDC's approach to Safeguarding issues (Child and Adult Protection) and the Disclosure and Barring Service policy.

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.

Digital Services

The Digital Services Team lead on the shift to digital provision of the Council's services and the Head of Community Services also acts as the East Kent Services ICT Client Officer.

Communications, PR & Marketing

The Communications Team handles all press and media enquiries, promotes Council services and is responsible for website content, press releases, social media, the Council's Keep Me Posted e-mail alert service, and the DDC e-newsletter.

External Funding

The team supports bids for external funding for corporate projects including bids to major national funders, such as the various National Lottery funds, and central government and also works with local community groups to build their capacity to secure funding.

SHARED SERVICES

EAST KENT HOUSING

EKH is an Arms-length Management Organisation set up jointly with Shepway, Thanet and Canterbury councils to manage the Council's stock of over 4,250 dwellings.

EAST KENT AUDIT PARTNERSHIP

The Council hosts the East Kent Audit Partnership which provides an internal audit service to Dover Shepway, Thanet and Canterbury councils.

EAST KENT SERVICES (EKS)

EKS were formed by Dover, Canterbury and Thanet Councils and provides them with revenue services (collection of Council Tax and Business Rates), benefits services (payment of Housing Benefit and provision of the Council Tax Reduction Scheme), customer services (provision of on-line, telephone, and face to face service delivery for all customers) and a comprehensive range of ICT services.

EAST KENT HUMAN RESOURCES (EKHR)

The Council is the host Authority for the East Kent HR Service, which is a service shared with Canterbury and Thanet Councils and HR services to East Kent Housing. The service is responsible for advising on all HR matters. EKHR also provides and manages a full payroll provision for the Council and the other partner councils. The employer's pension function is administered in conjunction with the administering body, Kent County Council.

Service Summary

Budget 2019/2020

Corporate Resources

		Costs controlled by Head of Service				Recharges and	Total
		FTE	Employees	Other Costs	Income	Sub-tot	
C3310	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	1.00	124,880	4,070	-	128,950	-
B2100	COUNCIL TAX-COST OF COLLECTION	0.00	-	1,004,290	(569,660)	434,630	451,840
B2300	NNDR - COST OF COLLECTION	0.00	-	150,220	(178,000)	(27,780)	(17,670)
B7000	BENEFITS & SUBSIDIES	0.00	-	30,065,320	(29,554,800)	510,520	553,920
C3376	DDC @ YOUR SERVICE	0.00	-	163,380	-	163,380	-
C3388	CORPORATE INCOME COLLECTION	0.00	-	155,450	-	155,450	-
C3520	AUDIT TRADING ACCOUNT	0.00	-	450	-	450	-
Total Strategic Director (Corporate Resources)		1.00	124,880	31,543,180	(30,302,460)	1,365,600	988,090
A1070	SPECIAL FEES AND PAYMENTS	0.00	-	76,500	(5,000)	71,500	81,230
A1075	TREASURY MANAGEMENT	0.00	-	14,500	-	14,500	41,850
A5000	BCKFNDNG & OTHER PENSION COSTS	0.00	2,141,250	750	(78,900)	2,063,100	(104,410)
B1600	GRANTS TO VOLUNTARY ORGS	0.00	-	251,160	-	251,160	254,450
C3020	PROCUREMENT, CREDITORS & INCOME	6.68	247,920	24,040	(94,090)	177,870	-
C3360	HEAD OF STRATEGIC HOUSING	1.00	73,790	1,700	(5,000)	70,490	-
C3500	ACCOUNTANCY TRADING ACCOUNT	9.58	414,060	63,060	(42,870)	434,250	-
C3505	HEAD OF FINANCE & HOUSING	1.00	100,090	-	-	100,090	-
C3507	CORPORATE PROJECTS MANAGER	1.00	54,250	-	-	54,250	-
C3855	HOUSING NEEDS TRADING ACCOUNT	15.03	545,540	5,760	-	551,300	220
C3857	KENT HOME CHOICE	1.00	51,130	143,110	(216,980)	(22,740)	-
C5010	OFFICE TELEPHONES HLDG ACCOUNT	0.00	-	28,000	(53,930)	(25,930)	-
M1000	HOMELESSNESS	0.00	-	1,013,900	(460,610)	553,290	1,080,840
M1050	RENT DEPOSIT SCHEME	0.00	-	10,000	(10,000)	-	-
M1401	HOUSING STRATEGY	0.00	-	7,000	-	7,000	17,540
M1405	COMMUNITY HOUSING FUND	4.00	118,300	69,500	-	187,800	200,400
M1410	CHOICE BASED LETTINGS	0.00	-	11,040	-	11,040	11,040
Total Finance & Housing		39.29	3,746,330	1,720,020	(967,380)	4,498,970	1,583,160
A1100	COUNCIL, CABINET & COMMITTEES	0.00	-	-	-	-	367,060
A1161	CHAIRMAN'S ACCOUNT	0.00	-	10,000	-	10,000	46,020
A1165	MEMBERS ACCOUNT	0.00	15,390	238,490	(3,250)	250,630	370,230
A1167	BOUNDARY REVIEW	0.00	-	-	-	-	1,380
B4030	DISTRICT ELECTIONS	0.00	-	120,000	-	120,000	120,000
B4070	ELECTIONS - ADMIN	0.00	-	-	-	-	137,510
B4090	POLICE & CRIME COMM'R-LOCAL RO	0.00	-	50	-	50	50
B4500	ELECTORAL REGISTRATION	0.00	750	96,750	(1,500)	96,000	286,010
C3000	HUMAN RESOURCES TRADING ACCT	0.00	106,980	9,960	-	116,940	-
C3301	DEMOCRATIC SERVICES	4.00	180,050	13,390	-	193,440	-
C3304	ELECTORAL SERVICES	5.50	230,140	1,460	(53,810)	177,790	-
C3540	LEGAL TRADING ACCOUNT	8.61	445,580	41,220	(79,740)	407,060	-
C3545	HEAD OF GOVERNANCE & LEGAL SER	3.81	218,080	-	-	218,080	-
C5045	LEGAL FEES HOLDING ACCOUNT	0.00	-	30,000	-	30,000	30,000
Total Governance & Legal Services		21.92	1,196,970	561,320	(138,300)	1,619,990	1,358,260

		Costs controlled by Head of Service					Recharges and Other Adjustments	Total
		FTE	Employees	Other Costs	Income	Sub-tot		
C3940	REGULATORY SERVICES	1.41	112,740	6,110	-	118,850	(118,850)	-
C3945	CORPORATE HEALTH & SAFETY	1.00	54,350	11,920	-	66,270	(66,270)	-
C3946	PLANNING ENFORCEMENT	4.86	219,220	5,800	-	225,020	(225,020)	-
C3960	LICENSING ADMIN TRAD ACCOUNT	5.00	179,910	7,870	-	187,780	(187,780)	-
C3980	ENVIRONMENTAL PROTECTION	4.47	235,790	15,350	-	251,140	(251,140)	-
C3983	PUBLIC PROTECTION	6.54	345,550	12,250	-	357,800	(357,800)	-
C3990	ENVIRONMENTAL CRIME	4.59	175,040	20,930	-	195,970	(195,970)	-
E1000	FOOD SAFETY AND HYGIENE	0.00	-	18,350	(240)	18,110	189,940	208,050
E1100	HEALTH AND SAFETY AT WORK	0.00	-	500	-	500	85,660	86,160
E1300	PEST CONTROL	0.00	-	100	-	100	28,900	29,000
E1430	ENV PROTECTION ENFORCEMENT	0.00	5,500	27,520	(20,160)	12,860	371,340	384,200
E1435	PLANNING ENFORCEMENT	0.00	-	10,900	-	10,900	-	10,900
E1500	PORT HEALTH	0.00	7,000	4,520	(58,250)	(46,730)	164,220	117,490
E2010	LICENSING	0.00	-	-	(95,450)	(95,450)	150,380	54,930
E2015	MISCELLANEOUS LICENSING	0.00	-	10,000	(27,430)	(17,430)	58,880	41,450
E2020	GAMBLING ACT 2005	0.00	-	-	(18,660)	(18,660)	27,140	8,480
E2030	HACKNEY CAR & PRIVATE HIRE	0.00	-	13,350	(74,640)	(61,290)	143,220	81,930
E2100	DOG CONTROL MEASURES	0.00	-	11,500	(2,050)	9,450	78,360	87,810
E2190	ENVIRONMENTAL CRIME	0.00	-	97,830	(102,630)	(4,800)	664,430	659,630
M1100	PRIVATE SECTOR HOUSING	6.15	293,600	1,065,420	(9,150)	1,349,870	125,660	1,475,530
Total Regulatory Services		34.02	1,628,700	1,340,220	(408,660)	2,560,260	685,300	3,245,560
A1050	CORPORATE PRESS & PUBLICITY	0.00	-	36,820	-	36,820	183,510	220,330
C3010	COMPUTER SERVICES TRADING ACCT	0.00	-	495,350	-	495,350	(495,350)	-
C3991	COMMUNITY SAFETY & CCTV	2.00	94,950	-	-	94,950	(94,950)	-
C3992	DIGITAL SERVICES	5.00	183,540	37,740	-	221,280	(221,280)	-
C3993	COMMUNITY DEVELOPMENT TEAM	4.72	160,390	-	-	160,390	(160,390)	-
C3995	COMMUNITY AND ENGAGEMENT	1.50	122,710	17,130	-	139,840	(139,840)	-
C3998	FUNDING & COMMUNICATIONS	2.00	122,420	-	-	122,420	(122,420)	-
E2200	CCTV	3.00	109,980	75,840	(3,500)	182,320	88,000	270,320
E8700	CRIME AND DISORDER	1.00	38,220	1,960	(22,000)	18,180	41,590	59,770
M1500	COMMUNITY DEVELOPMENT	0.00	-	-	-	-	272,420	272,420
M1501	SE STRATEGIC PRTPN MIGRATION	0.00	-	-	-	-	3,660	3,660
M1520	AYLESHAM COMMNTY DEVLPMNT OFF	0.00	28,050	4,500	(22,880)	9,670	-	9,670
M1575	INSPIRE FUND	1.00	13,130	-	-	13,130	1,840	14,970
M1576	AYLESHAM GARDEN VILLAGE	0.57	3,200	120	(3,320)	-	5,360	5,360
M1580	DOVER COASTAL COMMUNITY TEAM	0.00	-	-	-	-	4,210	4,210
M1585	DEAL+SANDWICH COASTAL COM TEAM	0.00	-	-	-	-	3,850	3,850
M2600	SPORTS STRTGY, IMPLMTN & GRNTS	0.00	-	4,500	-	4,500	24,460	28,960
M4000	ANTI-SOCIAL BEHAVIOUR	0.00	-	11,000	(30,000)	(19,000)	87,460	68,460
Total Community Services		20.79	876,590	684,960	(81,700)	1,479,850	(517,870)	961,980
		117.02	7,573,470	35,849,700	(31,898,500)	11,524,670	(3,387,620)	8,137,050

STRATEGIC DIRECTOR (OPERATIONS AND COMMERCIAL)

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

COMMERCIAL SERVICES

Refuse and Recycling Collections

Weekly segregated collection of food / kitchen waste, alternate weekly collections of recyclables and residual waste, 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 has been awarded in partnership with Folkestone & Hythe District Council and Kent County Council (as the disposal authority). Dover is the lead authority within this partnership and manages the contract.

The Council also provides other related services such as, for example, the bulky waste collection service.

Street Cleansing

The section is responsible for the cleansing of the highways and Council owned land in accordance with standards set by Government, including litter, detritus, dog fouling and leaves. The section also arranges the emptying of litter and dog waste bins and the removal of fly tipping. Environmental Health then deals with the investigation and enforcement element.

Parking Services

The Parking Services team is responsible for the management and operation of parking both on and off street across the District. The Council provides a number of car parks spread across the district including maintenance and enforcement operations. The Council also manages some car parks on behalf of other owners.

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

Parks & Open Spaces

The in-house parks & open spaces staff manage the maintenance of the Council's parks, open spaces and sports grounds throughout the district which include facilities such as skateboard parks, multi-use games areas, play areas, sports pitches, bowling greens and tennis courts.

Cemeteries - There are six cemeteries in the district managed by the Council's in-house parks & open spaces staff, located in Dover, Deal, Sandwich and Aylesham, presently used for earth burials.

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 by the in-house parks & open spaces staff.

White Cliffs Countryside Partnership

The Council is the host authority for the White Cliffs Countryside Partnership, which helps conserve and enhance the coast and countryside of Dover and Folkestone & Hythe Districts in a partnership which includes Dover District Council, Folkestone & Hythe District Council, Kent County Council, Eurotunnel, Natural England, Environment Agency, Kent Downs AONB Unit, Kent Wildlife Trust, National Trust, British Energy, British Nuclear Group, Affinity Water, Network Rail supported by financial contributions from the European Regional Development Fund, the Big Lottery and the Heritage Lottery Fund.

ASSETS & BUILDING CONTROL

This service is divided into a number of key areas:

Asset Management

The Council maintains / operates / manages a range of facilities including public conveniences, service depots, local markets, beaches and foreshores, the Council's leasehold properties, beach huts, boat plots and its operational and other properties.

The Council is also responsible for coast protection and responding to oil pollution incidents.

Facilities Management

The Council is responsible, either directly or through third parties, for the facility management of significant properties including Dover Town Hall (Maison Dieu), Deal Pier and the Council's Leisure Centres.

Building Control

The main role is implementation of the Building Regulations 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. In addition there are certain Building Regulations work, for which no fees can be charged, for example, building work to adapt a house for someone with a disability. The service also undertakes additional functions such as dealing with dangerous structures.

MUSEUM & TOURISM SERVICES

Dover Museum provides three floors of exhibitions on the history of Dover including its award winning Bronze Age Boat Gallery and is free to the public. It also operates a successful schools educational programme.

The Council also acts as co-ordinator for the district's tourism industry and the White Cliffs Country marketing brand. The service works in partnership with KCC, Visit Kent, other districts and town councils, and is actively engaged in promoting the district during events such as the Open Golf tournament at Sandwich. It directly runs the Dover Visitor Information Centre and the welcome desk for the Cruise Partnership.

REGENERATION AND DEVELOPMENT

Development Management (Regeneration Projects)

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

Development Management (General / Other)

The main functions of the team are processing of planning and other formal applications, resolving conflicts between applications and policies, reporting applications and providing advice to Planning Committee, providing pre-application advice, protecting heritage and environment, promoting good urban design, responding to appeals and supporting regeneration delivery.

Local Land Charges

The team's role includes 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.

Development Plan and Implementation

This Section brings together the required development plans, Core Strategy, Land Allocations Local Plan, Heritage Strategy District Local Plan and the Council's regeneration activities as a landowner, to meet statutory requirements and to enable the council to both promote and control development.

Landowner Projects

The section also has responsibility for assisting with developing and promoting regeneration projects where the Council has a land interest (for example the Commonwealth War Memorial). This will involve negotiating, agreeing and overseeing development agreements with the Council's developer partners and helping to steer projects through either the Local Plan or planning application processes.

Budget 2019/2020

Service Summary

Operations and Commercial

		Costs controlled by Head of Service				Recharges and Other Adjustments	Total
		FTE	Employees	Other Costs	Income		
C3600	STRATEGIC DIRECTOR (OPERATIONS & COMMERCIAL)	1.00	124,660	4,550	-	129,210	(129,210)
	Total Strategic Director (Operations & Commercial)	1.00	124,660	4,550	-	129,210	(129,210)
A1162	CIVIC CAR	0.00	5,100	2,180	-	7,280	390
C3715	PROPERTY SERVICES	21.49	956,230	61,220	(156,460)	860,990	(860,990)
C3725	ASSET MAINTENANCE TEAM	4.00	111,150	(111,150)	-	-	42,410
C3954	MAISON DIEU PREMISES	0.00	-	9,910	(3,500)	6,410	(6,410)
C3957	THE DOVER GATEWAY (CASTLE ST)	0.00	-	69,960	(5,000)	64,960	(64,960)
C5001	CORPORATE MAINTENANCE	0.00	-	425,000	-	425,000	-
C5200	OFFICE ACCOMMODATION-WHITFIELD	2.22	58,240	466,980	(1,200)	524,020	(524,020)
E4100	PUBLIC CONVENIENCES	0.00	-	173,670	(93,920)	79,750	59,870
E8000	COAST PROTECTION	0.00	-	200	(43,940)	(43,740)	319,630
H1000	BUILDING CONTROL	5.43	269,360	29,270	(322,000)	(23,370)	216,240
K1020	SECTION 38	0.00	-	1,240	-	1,240	930
K2015	STREETLIGHTING AND NAMING	0.00	-	173,800	(70,000)	103,800	73,360
K2020	COUNTRYSIDE AND WATERWAYS	0.00	-	-	-	-	3,640
K2040	BUS SHELTERS	0.00	-	18,770	-	18,770	9,410
K3000	PRECINCTS-DEAL AND DOVER	0.00	-	990	-	990	11,230
K5000	ENVIRONMENTAL IMPROVEMENTS	0.00	-	-	-	-	4,360
L1350	GARAGES - GF	0.00	-	62,900	(425,000)	(362,100)	183,310
L1360	SHOPS & SHOWROOMS - GF	0.00	-	25,090	(69,500)	(44,410)	23,010
L1395	55-61 CASTLE ST (FORMER CO-OP)	0.00	-	34,680	(13,000)	21,680	18,440
L1396	WHITFIELD COURT BUSINESS PARK	0.00	-	54,490	(390,800)	(336,310)	13,560
L1397	B&Q RETAIL WAREHOUSE DOVER	0.00	-	99,360	(1,067,970)	(968,610)	1,980
L1399	MISC PROPERTIES-GENERAL	0.00	-	25,490	(269,470)	(243,980)	564,610
L1800	RELOCATION OF TRAVELLERS	0.00	-	-	-	-	1,060
L2010	HALLS-TOWN HALL DOVER	0.00	-	409,070	(291,400)	117,670	383,190
L3000	TIMEBALL TOWER, DEAL	0.00	-	500	(540)	(40)	3,080
L3630	PUBLIC CLOCKS AND MEMORIALS	0.00	-	420	-	420	2,250
L4030	DOLPHIN HOUSE	0.00	-	63,220	(100,500)	(37,280)	37,280
M1200	ENERGY EFFICIENCY GRANTS	0.00	-	-	-	-	3,680
M2100	BEACHES AND FORESHORES	0.00	-	23,030	(62,680)	(39,650)	56,920
M2200	DEAL PIER	2.94	88,360	61,270	(53,830)	95,800	415,040
M2210	SANDWICH QUAY	0.00	-	5,770	(16,800)	(11,030)	14,500
M2500	DOVER LEISURE CENTRE	0.00	-	13,590	(458,000)	(444,410)	1,220,370
M2510	DEAL LEISURE POOL-TIDES	0.00	-	128,140	-	128,140	1,993,930
M2520	DEAL TENNIS CENTRE	0.00	-	1,490	-	1,490	57,140
M2610	PROPERTY SERVICES EVENTS	0.00	-	5,000	(21,000)	(16,000)	24,870
	Total Assets & Building Control	36.08	1,488,440	2,335,550	(3,936,510)	(112,520)	4,303,310
							4,190,790

		Costs controlled by Head of Service					Recharges and Other Adjustments	Total
		FTE	Employees	Other Costs	Income	Sub-tot		
C3390	PARKING SERVICE ADMINISTRATION	2.80	101,190	24,100	-	125,290	(125,290)	-
C3392	PARKING OPERATIONS & ENFORCMENT	14.51	436,980	39,570	-	476,550	(476,550)	-
C3395	TRANSPORT AND PARKING MANAGER	1.00	66,720	-	-	66,720	(66,720)	-
C3610	WASTE SERVICES TRADING ACCOUNT	4.86	234,580	23,380	(85,000)	172,960	(172,960)	-
C3680	HEAD OF PARKS AND OPEN SPACES	1.00	92,670	580	-	93,250	(93,250)	-
C3685	PARKS AND OPEN SPACES ADMIN	2.76	113,250	-	-	113,250	(113,250)	-
C3690	GROUNDS MAINTENANCE TEAM	26.86	748,660	(1,118,410)	-	(369,750)	369,750	-
E4200	REFUSE COLLECTION	0.00	-	1,209,850	(115,000)	1,094,850	154,280	1,249,130
E4210	RECYCLING	0.00	-	1,124,930	(926,090)	198,840	129,430	328,270
E4230	SHEPWAY WASTE CONTRIBUTION	0.00	-	4,500,000	(4,500,000)	-	-	-
E4240	KCC WASTE CONTRIBUTION	0.00	-	1,000,500	(1,000,500)	-	-	-
E4260	SOUTHERN WATER PROJECT	0.00	-	-	-	-	660	660
E4300	STREET CLEANSING	0.00	-	1,656,280	(63,500)	1,592,780	96,010	1,688,790
E5000	DEPOTS	0.00	-	9,230	(1,070)	8,160	32,000	40,160
E6000	CEMETERIES	0.00	-	246,370	(155,000)	91,370	76,430	167,800
E6100	CLOSED CHURCHYARDS	0.00	-	55,810	-	55,810	17,740	73,550
K4000	FREE CAR PARKS	0.00	-	12,690	(50)	12,640	56,390	69,030
K4010	OFF STREET CAR PARKS	0.00	-	426,310	(1,744,190)	(1,317,880)	353,510	(964,370)
K4030	ON-STREET PARKING	0.00	-	55,200	(700,420)	(645,220)	648,620	3,400
L3642	WCLP-BE PART OF IT (B)	0.00	-	620	-	620	-	620
L5050	A/C BODY RCHG-SRB,S/START,WCCP	0.00	-	-	-	-	64,950	64,950
L6000	WHITE CLIFFS COUNTRYSIDE PROJ	3.50	117,470	34,310	(251,930)	(100,150)	100,150	-
L6002	WCCP-SAMPHIRE HOE	2.00	73,440	5,920	(104,360)	(25,000)	25,000	-
L6003	WCCP-ROMNEY MARSH PROJECT	1.00	26,160	3,930	(25,490)	4,600	(4,600)	-
L6005	WCCP-WILDLIFE/SITE SURVEY	0.00	-	300	(10,000)	(9,700)	9,700	-
L6010	OFFICE MANAGER & ADMIN	2.00	106,730	13,420	16,750	136,900	(136,900)	-
L6011	DOVER SITES MANAGEMENT	0.00	-	(14,160)	14,160	-	-	-
L6012	SHEPWAY SITES MANAGEMENT	0.00	-	3,560	(3,560)	-	-	-
L6018	FOLKESTONE DOWNS	0.00	-	16,730	(16,730)	-	-	-
L6020	RIVER DOUR	0.00	-	450	-	450	(450)	-
L6025	DUNGENESS (EDF ENERGY)	2.00	47,170	7,020	(77,190)	(23,000)	23,000	-
L6026	FORT BURGOYNE	0.60	21,240	3,300	(31,740)	(7,200)	7,200	-
L6030	OUR FINEST DOUR PROJECT	0.50	18,920	13,500	(32,420)	-	-	-
M2300	PARKS AND OPEN SPACES	0.00	-	711,410	(74,040)	637,370	236,200	873,570
M2305	PARKS FOR PEOPLE-KEARSNEY	5.70	191,670	2,026,630	(2,218,300)	-	-	-
M2315	ARTS COUNCIL FUND-KEARSNEY PRK	0.00	-	7,500	(7,500)	-	-	-
Total Commercial Services		71.09	2,396,850	12,100,830	(12,113,170)	2,384,510	1,211,050	3,595,560

		Costs controlled by Head of Service					Recharges and Other Adjustments	Total
		FTE	Employees	Other Costs	Income	Sub-tot		
B5000	LOCAL LAND CHARGES	0.00	620	13,300	(180,000)	(166,080)	133,400	(32,680)
C3760	REGENERATION DELIVERY TRADING	10.41	579,550	28,150	-	607,700	(607,700)	-
C3770	DEVELOPMENT MANAGEMENT TRADING	22.15	960,150	36,560	(12,650)	984,060	(984,060)	-
C5240	PLANNING DELIVERY GRANT	0.00	-	3,000	-	3,000	2,450	5,450
H2030	CONSERVATION & HERITAGE	0.00	-	470	-	470	162,750	163,220
H3000	DEVELOPMENT MANAGEMENT	0.00	-	141,420	(790,200)	(648,780)	1,604,320	955,540
H3070	FARTHINGLOE PROJECT	0.00	-	160,000	-	160,000	26,200	186,200
H3100	BROWNFIELD REGISTER	0.00	-	-	-	-	13,650	13,650
H4000	DOVER DISTRICT DEVELOPM'T PLAN	0.00	-	4,300	-	4,300	402,540	406,840
L4010	OTHER REGENERATION PROJECTS	0.00	-	50	-	50	219,880	219,930
L4095	AYLESHAM DEVELOPMENT	0.00	-	50,000	(50,000)	-	-	-
L5640	WATERFRONT DEVELOPMENT	0.00	-	30,000	(10,000)	20,000	5,040	25,040
Total Regeneration & Development		32.56	1,540,320	467,250	(1,042,850)	964,720	978,470	1,943,190
C3735	MUSEUM HERITAGE & TOURISM ADMIN	11.14	467,870	-	-	467,870	(467,870)	-
L3020	DOVER MUSEUM	0.00	38,210	199,520	(60,070)	177,660	1,046,320	1,223,980
L3022	MUSEUMS-BRONZE AGE BOAT-EXHIBT	0.00	-	17,870	(100)	17,770	59,710	77,480
L3025	DOVER MUSEUM SCHOOLS	0.00	-	22,800	(19,000)	3,800	34,260	38,060
L3027	MUSEUM - BEQUEST WORK	0.00	-	2,610	(1,000)	1,610	-	1,610
L3030	CHANNEL SWIMMING	0.00	-	270	-	270	-	270
L3031	MUSEUM COLLECTION STORAGE	3.00	56,880	5,000	-	61,880	3,160	65,040
L3600	GRAND SHAFT-WESTERN HEIGHTS	0.00	-	2,070	-	2,070	2,420	4,490
L5601	TOURISM DEVELOPMENT	0.00	-	71,530	-	71,530	217,610	289,140
L5610	VIC GRANTS & HISTORIC PANELS	0.00	-	10,250	-	10,250	43,580	53,830
L5614	CRUISE WELCOME OPERATION	0.00	4,000	280	(4,280)	-	-	-
L5617	OPEN GOLF EVENT	0.00	-	40,000	-	40,000	7,110	47,110
Total Museum & Tourism		14.14	566,960	372,200	(84,450)	854,710	946,300	1,801,010
		154.87	6,117,230	15,280,380	(17,176,980)	4,220,630	7,309,920	11,530,550

Earmarked General Reserves (2019/20 Budget Forecast)

	Balance	Contrib- ution	Application	Balance	Contrib- ution	Application	Balance	Contrib- ution	Application	Balance
	2017/18 £000	2018/19 £000	2018/19 £000	2018/19 £000	2019/20 £000	2019/20 £000	2019/20 £000	2020/21 £000	2020/21 £000	2020/21 £000
General Fund Balance	-2,527	-255	0	-2,782	0	70	-2,712	0	41	-2,671
Special Projects & Events Reserve	-4,011	-1,788	1,492	-4,307	-270	1,378	-3,199	-270	80	-3,389
Periodic Operations Reserve	-5,604	-415	3,323	-2,696	-410	982	-2,124	0	150	-1,974
Regeneration Reserve	-1,222	-335	611	-946	-405	475	-875	0	0	-875
ICT Equipment & Servers	-756	-115	669	-202	-115	202	-115	-115	115	-115
Business Rates & Council Tax Support	-1,804	0	905	-898	0	0	-898	0	0	-898
District Regen & Economic Dev Reserve	-12,507	0	7,558	-4,948	0	100	-4,848	0	2,800	-2,048
Earmarked Reserves Total	-25,903	-2,653	14,559	-13,998	-1,200	3,137	-12,061	-385	3,145	-9,301
Total Revenue Reserves	-28,430	-2,908	14,559	-16,780	-1,200	3,207	-14,773	-385	3,186	-11,972

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 2019/20. 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 8C).

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. 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.

5. 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.

6. Business Rates & Council Tax Support Reserve

This reserve was set up to allow for the risk of unforeseen pressures from the Redistribution of Business Rates, the new Council Tax Support scheme and future changes for Universal Credit. 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 to annual budgets, as required, 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.

7. 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 the new Dover District Leisure Centre and improvements to Dover Town Hall.

Housing Revenue Account - Draft Budget 2019/20 as at 07/01/19

	<i>Original Budget</i>	<i>Latest Approved Budget</i>	<i>Budget Variance</i>	<i>Notes</i>	<i>Projected Outturn</i>	<i>Variance of Projected to Approved</i>	<i>2019/20 Proposed Budget</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>		<i>£000</i>	<i>£000</i>	<i>£000</i>
INCOME							
Dwelling Rents	(18,650)	(18,650)	0		(18,565)	85	(18,700)
Non-dwelling Rents	(21)	(22)	0		(21)	0	(19)
Tenant Charges for Services and Facilities	(414)	(414)	0		(494)	(81)	(584)
Leaseholder Charges for Services and Facilities	(317)	(317)	0		(238)	79	(277)
Conts. towards Expend. - Grants for Supporting People	0	0	0		0	0	0
TOTAL INCOME	(19,402)	(19,402)	0		(19,318)	83	(19,580)
EXPENDITURE							
Repairs and Maintenance	3,581	3,416	(165)		3,311	(105)	3,347
Supervision and Management	4,242	4,242	0		4,265	23	4,152
Rents, Rates, Taxes and Other Charges	24	24	0		26	2	23
Negative Subsidy Entitlement (Incl MRA)	0	0	0		0	0	0
Self Financing Settlement Determination	0	0	0		0	0	0
Depreciation of Fixed Assets	1,991	1,991	0		1,991	0	2,044
Impairment of Fixed Assets	0	0	0		0	0	0
Revaluation Gain - rev of pr yr loss	0	0	0		0	0	0
Debt Management Expenses	38	38	0		38	0	35
Bad Debt Provision	250	250	0		165	(85)	165
Rent Rebate Subsidy Limitation	0	0	0		0	0	0
TOTAL EXPENDITURE	10,126	9,961	(165)		9,796	(165)	9,766
NET COST OF HRA SERVICES PER AUTHORITY INCOME AND EXPENDITURE ACCOUNT	(9,276)	(9,441)	(165)		(9,522)	(82)	(9,814)
			0				
HRA Share of Corporate and Democratic Core	746	746	0		746	0	667
HRA share of other amounts not allocated to specific services	0	0	0		0	0	0
			0				
NET COST OF HRA SERVICES	(8,529)	(8,694)	(165)		(8,776)	(82)	(9,147)
			0			0	0
(Gain)/Loss on Sales of HRA Fixed Assets	0	0	0		0	0	0
Interest Payable and Similar Charges	2,646	2,646	0		2,646	0	2,574
Amortisation of Premiums & Discounts	0	0	0		0	0	0
Interest and Investment Income	(20)	(20)	0		(20)	0	(18)
Pension Int Costs and expected return on pensions assets	393	393	0		393	0	363
(SURPLUS)/DEFICIT FOR THE YEAR ON HRA SERVICES	(5,510)	(5,675)	(165)		(5,757)	(82)	(6,227)
Amount required by statute to be credited to the HRA Balance for the year (as per the Note to the Statement of Movement below) **	5,254	5,254	0		3,302	(1,952)	18,153
							0
Net (Increase)/Decrease in the Housing Revenue Account Balance before transfers to or from reserves	(255)	(420)	(165)		(2,455)	(2,034)	11,926
Transfer (from) reserves							(14,413)
Transfer to reserves	250	420	170		2,455	2,205	2,485
			0			0	0
(Increase)/decrease in year on the HRA balance	(5)	(0)	5		0	6	(2)
Impact of Deficit / (surplus) on balances							
Housing Revenue Account surplus brought forward	(1,012)	(1,012)	0		(1,012)	0	(1,012)
Housing Revenue Account surplus carried forward	(1,017)	(1,012)	5		(1,011)	6	(1,014)

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

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

	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Net Charges made for retirement benefits in accordance with IAS19	467	467	0	467	0	476
	467	467	0	467	0	476

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

	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Transfer to/(from) the Major Repairs Reserve	2,666	2,666	0	2,406	(260)	2,616
Employer's contributions payable to the Pension Fund and retirements benefits payable direct to pensioners	(393)	(393)	0	(393)	0	(363)
Capital expenditure funded by the HRA	2,514	2,514	0	822	(1,692)	15,424
	4,788	4,788	(1,371)	2,835	(1,952)	17,677
					0	18,153
Net additional amount required by statute to be debited/(credited) to the HRA Balance for the year	5,254	5,254	0	3,302	(1,952)	18,153

Housing Revenue Account Variance Analysis
2018/19 Original Budget to 2018/19 Projected Outturn & Projected Outturn to 2019/20 Estimates

Housing Revenue Account Variation Statement - as at 31 December 2018

		£000's
2018/19 Original Budget		(5)
Tenant service charges	Sheltered alarm unit price unknown at budget	(194)
Repairs and Maintenance	Reworking of revenue programme	(234)
Supervision and Management	Tenants incentive scheme	16
Corporate and Democratic Core	Recalculation of internal recharges	(296)
Transfer to or (from) Major Repairs Reserve	Accounting adjustment	(260)
Transfer to or (from) reserves	Increase in transfer to HIR	2,170
Capital expenditure funded by the HRA	Decrease in capital programme spend	(1,197)
Miscellaneous	Minor variances	(4)
Projected Outturn 2018/19 as at 31 December 2018		(4)
	Reduction of rents by 1% as advised by Government, part offset by impact of property buy backs	(135)
Dwelling Rents		
Tenant Charges for Services and Facilities	Tenant service charge increase	(170)
Leaseholder charges for Services and Facilities	Leaseholder contributions	40
Repairs & Maintenance	Reduced cost of revenue works programme	(234)
Supervision and Management	Increase in EKH management fee	267
Supervision and Management	Reduction in internal recharges relating to management of properties	(357)
HRA Share of Corporate and Democratic Core	Recalculation of internal recharges	(79)
Interest Payable and Similar Charges	Interest payable reduction	(72)
	Increase in transfer to Housing Initiative Reserve	2,235
Transfer to or (from) reserves		
Capital expenditure funded by the HRA	Decrease in capital programme spend	(1,503)
Miscellaneous	Other minor variances	15
2019/20 Budget Estimate		3

FOUR YEAR REVENUE BUDGET FINANCIAL PROJECTION

Notes	2018/19 Projected Outturn £000	2019/20 Forecast £000	2020/21 Forecast £000	2021/22 Forecast £000	2022/23 Forecast £000
1	(19,318) Income	(19,580)	(19,580)	(19,580)	(19,580)
	Income Adjustments				
2	Rent increases at CPI + 1% from 2020/21		(561)	(1,139)	(1,734)
3	Impact of Right to Buy sales on rental income		32	66	100
4	Forecast rent from new stock		(263)	(540)	(610)
5	Inflation on leasehold & service charges		(26)	(52)	(80)
	(19,318) Total	(19,580)	(20,397)	(21,245)	(21,904)
6	10,543 Expenditure	10,433	10,433	10,433	10,433
	Expenditure Adjustments				
7	Repairs and Maintenance (3% inflation)		100	204	310
8	Supervision and Management (3% inflation)		125	253	385
9	Other Misc expenditure inflation		22	44	67
	10,543 Total	10,433	10,680	10,934	11,196
10	6,321 Other Charges	21,072	21,072	21,072	21,072
11	Reduction of capital spend based on current projects		(11,563)	(14,063)	(14,063)
12	Pension backfunding increase		24	49	75
13	Annual borrowing allowance for capital projects		150	300	450
	6,321 Total	21,072	9,683	7,358	7,534
14	0 Transfer from Housing Initiatives reserve	(14,413)	(2,850)	(350)	(350)
15	2,455 Transfer to Housing Initiatives reserve	2,485	2,850	3,300	3,500
16	0 NET (SURPLUS) / DEFICIT	(2)	(34)	(3)	(24)
	Impact on Reserves :-				
	Projected HRA Balance				
	(1,012) Opening balance	(1,012)	(1,015)	(1,049)	(1,052)
17	(1,012) Closing Balance	(1,015)	(1,049)	(1,052)	(1,076)
	Projected Housing Initiatives Reserve Balance				
	14,695 Opening balance	11,928	0	0	0
	2,455 Contribution to reserve	2,485	2,850	3,300	3,500
	(5,223) Proposed application of reserve to projects	(14,413)	(2,850)	(3,300)	(3,500)
18	11,928 Closing Balance	0	0	0	0

THREE YEAR REVENUE BUDGET FINANCIAL PROJECTION

Notes

- 1** The gross income budget is taken from the 2019/20 budget at Annex 7.
- 2** Following the rent reduction period the Government has advised that rent increases will return to levels of CPI plus 1%.
- 3** Right to Buy sales have a negative impact on rent income. Based on current levels this has been assumed to reduce rent income by 0.2% per annum.
- 4** Additional income forecast as a result of the proposed increases in stock from the Housing Initiatives projects.
- 5** It is assumed that tenant service charges will increase in line with inflation.
- 6** The gross expenditure budget is taken from the 2019/20 budget at Annex 7.
- 7** It is assumed that repairs & maintenance expenditure will increase in line with inflation.
- 8** It is assumed that supervision & management expenditure (including charges from East Kent Housing) will increase in line with inflation.
- 9** Inflationary increases on other expenditure areas.
- 10** Other charges are taken from the 2019/20 budget at Annex 7. These include, capital works, interest payable & receivable & pension charges.
- 11** The 2019/20 budget includes the Housing Initiatives capital projects based on the current programme. The current commitments result in a reduction in spend in future years, this will be reviewed and updated on an on-going basis.
- 12** The HRA share of the Authority's pension deficit is assumed to increase by 5% per annum in line with the Actuary's forecasts.
- 13** The current level of proposed budget for Housing Initiatives projects is above the forecast level of the HIR so there is forecast to be a requirement to borrow for future projects. The increase is based on £3.5m over 40 years at 3%.
- 14** The level of funding of projects from the Housing Initiatives reserves based on the current programme & forecasts.
- 15** The annual transfer to the Housing Initiatives reserves to support future projects.
- 16** Forecast (surplus) / deficit.
- 17** Forecast HRA Balance.
- 18** Forecast Housing Initiatives Reserve Balance.

COST CENTRE		PROJECTED OUTTURN 2018/19	PROPOSED BUDGET 2019/20	PROPOSED BUDGET 2020/21
	REVENUE WORKS PROGRAMME			
N1000	Term Maintenance	1400	1,300	1,300
N1100	External Decorations	0	220	220
N1116	Cesspool Drainage Replacement	5	2	2
N1119	Communal TV Aerials Installation	6	6	6
N1173	Elderly Persons Redecorations	20	25	25
N1181	Estates Paths, Pavings, Floor Resurfacing	25	70	70
N1200	Insurance Excess/Storm Damage	10	5	5
N1210	Vandalism	10	5	5
N1220	Electrical Safety Inspections	75	90	90
N1230	Health and Safety Water Inspections	18	25	25
N1300	Voids Properties	750	700	700
N1310	Void Security	0	0	0
N1400	Heating Servicing	620	650	650
N1410	Lift Maintenance	11	11	11
N1421	Disabled Hoists & Lifts	10	10	10
N1422	Fire Alarm Servicing	60	80	80
N1423	Door Entry	13	15	15
N1600	Tenant Compensation	3	3	3
N1700	Tenants Compact - Dover / Deal/Sandwich & Rural	70	0	0
N1705	Environmental Improvements -EKH initiated	100	0	0
N1710	Environmental Improvements -DDC initiated	100	100	100
	TOTAL REVENUE WORKS PROGRAMME	3,306	3,316	3,316

COST CENTRE		PROJECTED OUTTURN 2018/19	PROPOSED BUDGET 2019/20	PROPOSED BUDGET 2020/21
	CAPITAL WORKS PROGRAMME			
	<u>HOUSING REVENUE ACCOUNT SCHEMES</u>			
	IMPROVEMENTS			
P3011	Reroofing	275	415	415
P3013	Replacement Doors and Windows	650	335	335
P3018	Door Entry Systems	50	49	49
P3019	Fire Precaution Works	300	300	300
P3042	Renewal Heating	450	378	378
P3043	Thermal Insulation	10	10	10
P3045	Asbestos Programme	160	160	160
P3046	Structural Repairs	100	120	120
P3049	Rewiring	55	270	270
P3051	Kitchen Programme	640	550	550
P3052	Lift Refurbishment	40	40	40
P3054	Bathroom Programme	565	350	350
P3604	Adaptations for Disabled Persons	398	398	398
	Capital Works Programme Total	3,693	3,375	3,375
P3604	Adaptations for Disabled Persons - Internal Fees	2	2	2
P3691	Sheltered Upgrade Norman Tailyour	750	1,598	
P3698	Folkestone Rd Properties	110		
	Whitfield 1A	0	3,500	
	Proposed new developments	2,464	14,851	5,135
	Property projects ie buy backs	4,000		
	Provision for ICT	28		
	Social Housing prelim costs	55		
	Interim units	100	4,300	2,356
	TOTAL HRA CAPITAL PROGRAMME	11,202	27,626	10,868
	Financed By:			
	Capital Receipts			
N9004	Major Repairs Reserve	2,406	2,366	2,366
N4300	Direct Revenue Financing (HRA)	1,317	1,011	1,011
	Internal borrowing	0	3,960	3,025
	Excess Right to Buy	1,679	4,939	1,220
	Grant & S106 Funding	576	937	396
V7466	Housing Initiatives Reserve	5,223	14,413	2,850
	TOTAL CAPITAL WORKS FUNDING	11,202	27,626	10,868

FULL PROGRAMME TOTAL	14,508	30,942	14,184
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MEDIUM TERM CAPITAL PROGRAMME (GENERAL FUND) - DECEMBER 2018 OUTTURN

APPROVED BUDGET		PROPOSED BUDGET					
Projects included in the programme	Total	Previous years	Estimate 2018/19	Estimate 2019/20	Estimate 2020/21	Future years	Total
	£000	£000	£000	£000	£000	£000	£000
Committed General Fund Projects							
Dover Regeneration Projects							
DTIZ - Waterfront	1,048	885	64	100	0	0	1,048
DTIZ Growth Point - Unallocated Grant Funding	7	0	7	0	0	0	7
Dover Pride - Dover Priory Ph 1 & 2	220	107	113	0	0	0	220
Sub total	1,276	992	184	100	0	0	1,276
Other Regeneration Projects							
Aylesham Regeneration Project	1,604	1,536	18	50	0	0	1,604
Aylesham retail units - fit out	130	10	120	0	0	0	130
Discovery Park - Grant no.2 (100% grant funded)	2,722	0	0	2,722	0	0	2,722
Building Foundations for Growth Grant - unallocated funding	21	0	0	21	0	0	21
Sub total	4,477	1,546	137	2,793	0	0	4,477
ICT Projects							
E-Procurement implementation / servers	31	22	8	0	0	0	30
GIS ESRI server upgrade	13	0	13	0	0	0	13
Purchase Telephony Equipment (Handsets / Headsets)	47	37	5	0	0	0	42
Sub total	90	59	26	0	0	0	85
Other projects							
Disabled Facilities Grants:-							
Mandatory Disabled Facilities Grants	1,675	N/A	1,675	0	0	0	1,675
Winter Warmth Grants	50	N/A	50	0	0	0	50
Renovation Grants	9	N/A	9	0	0	0	9
Renovation/PSH Loans	388	N/A	147	241	0	0	388
Empty Homes Loans	300	N/A	300	0	0	0	300
Leisure Centre Contingency - delete unspent bdgt wef 19/20	79	62	17	0	0	0	79
Tides LC refurbishment	790	30	760	0	0	0	790
Beach Hut Project	38	37	1	0	0	0	38
Dover Museum & Bronze Age Boat - Essential Works	306	35	271	0	0	0	306
Whitfield Offices - Capital Works	220	161	59	0	0	0	220
Disabled WC - Marine Rd Walmer	45	45	0	0	0	0	45
Dover Town Hall-Urgent Repairs	150	52	98	0	0	0	150
Sandwich Quay - dredge & install fenders	50	0	50	0	0	0	50
Deal Pier - Capital Works	755	42	758	0	0	0	800
DTIZ enhancement works	230	0	230	0	0	0	230
Purchase new beach huts	100	0	100	0	0	0	100
Sandwich Historical Boatyard - land & building purchase	88	0	88	0	0	0	88
Our Finest Dour - Capital Works	30	0	30	0	0	0	30
Maison Dieu restoration (Dover Town Hall)	627	0	100	527	0	0	627
Deal Beach Management 2015-20 (100% grant funded)	1,750	113	150	787	350	350	1,750
Parks for People - Kearsney Abbey & Russell Gardens	3,100	326	1,734	1,040	0	0	3,100
Dover Leisure Centre - new facility provision	26,600	10,297	16,303	0	0	0	26,600
Property Investment Acquisition - 3 - 55-61 Castle St	1,382	12	680	690	0	0	1,382
Sub total	38,762	11,212	23,610	3,285	350	350	38,807
Sub total of Committed General Fund Projects	44,604	13,809	23,956	6,179	350	350	44,644
General Fund Projects - Proposed Projects							
Capital Contingency	124	0	124	0	0	0	124
Leisure Centre Contingency	21	0	0	0	0	0	0
Victoria Park-Play Area (S106 funded)	37	0	0	37	0	0	37
Dover Museum - Gallery Refurbishment	69	0	69	0	0	0	69
Dover Town Centre Regeneration	500	0	500	0	0	0	500
Market Sq public realm enhancements	100	0	0	0	0	0	0
Beach Huts - replacements & refurbishments	125	0	0	0	0	0	0
DDC CCTV improvements	90	0	90	0	0	0	90
CCTV upgrade & relocation	110	0	110	0	0	0	110
Dover Museum - temporary exhibition cases for Zeebrugge event	116	0	0	0	0	0	0
Dover Museum storage facilities	500	0	0	0	500	0	500
Middle & Upper Danes reinstatement works	100	0	100	0	0	0	100
Deal Pier - phase 3	600	0	0	200	400	0	600
Cowdray Square play area refurbishment	68	0	0	0	68	0	68
Victoria Park-outdoor facilities improvements (S106 funded)	100	0	0	100	0	0	100
St Margarets Bay coast protection works (grant funded)	150	0	150	0	0	0	150
Kearsney Abbey / Russell Gardens - play area / disabled facilities access	200	0	200	0	0	0	200
Upgrade commercial properties	50	0	0	50	0	0	50
Strategic land purchase for redevelopment / regeneration	2,000	0	2,000	0	0	0	2,000
Tides Leisure Centre Refurbishment	5,262	0	0	140	3,800	1,322	5,262
Street-lighting works	2,435	0	935	0	0	1,500	2,435
Dover Town Hall - DDC contribution to major refurbishment works	2,800	0	0	0	0	2,800	2,800
Bus Rapid Transport Route (BRT)	15,900	0	100	0	0	15,800	15,900
Property Investment Strategy (note 4)	176,876	0	50,000	50,000	50,000	26,876	176,876

MEDIUM TERM CAPITAL PROGRAMME (GENERAL FUND) - DECEMBER 2018 OUTTURN								Annex 8A
APPROVED BUDGET		PROPOSED BUDGET						
Projects included in the programme	Total	Previous years	Estimate 2018/19	Estimate 2019/20	Estimate 2020/21	Future years	Total	
	£000	£000	£000	£000	£000	£000	£000	
19/20 New Proposed:-	0	0	0	0	0	0		
New Financial System	0	0	0	200	200	0	400	
Empty Homes Loans	0	0	0	300	0	0	300	
Public toilets refurbishment	0	0	0	100	0	0	100	
Old Dover Leisure Centre demolition	0	0	0	200	0	0	200	
CCTV upgrade & relocation	0	0	0	80	0	0	80	
Replacement coin sorter & counter	0	0	0	12	0	0	12	
Capital Contingency	0	0	0	80	0	0	80	
Disabled Facilities Grants	0	0	0	1,040	0	0	1,040	
Dolphin House - balconies	0	0	0	200	0	0	200	
Sub total of General Fund Proposed Projects	208,331	0	54,378	52,739	54,968	48,298	210,382	
General Fund Projects Total	252,935	13,809	78,334	58,918	55,318	48,648	255,026	
Financed by:								
Capital projects financed in previous financial years	13,809	13,809	0	0	0	0	13,809	
Capital receipts - General Fund	11,324	N/A	6,604	570	968	2,822	10,963	
Capital receipts - General Fund - 19/20 new	0	N/A	0	972	200	0	1,172	
Capital receipts - General Fund (Dover Regeneration)	250	N/A	250	0	0	0	250	
Capital receipts - General Fund (Developer contingencies)	0	N/A	0	0	0	0	0	
Capital receipts - DFG Grant Repayments	39	N/A	39	0	0	0	39	
Capital receipts - PSH Loan receipts	688	N/A	447	241	0	0	688	
Direct Revenue Financing:-								
General Fund	26	N/A	61	10	0	0	71	
General Fund - 19/20 new	0	N/A	0	200	0	0	200	
Heritage Lottery Fund Grant (Parks for People-Kearsney)	2,301	N/A	1,501	800	0	0	2,301	
Heritage Lottery Fund Grant (Maison Dieu restoration - Dover Town Hall)	427	N/A	68	359	0	0	427	
Section 106 Funding	137	N/A	0	137	0	0	137	
Grants:-								
Growth Point - Unallocated Grant Funding	7	N/A	7	0	0	0	7	
Growth Point (Dover Priory Multi-Storey Car Park)	100	N/A	100	0	0	0	100	
KCC Better Care Fund (Disabled Facilities Grant)	1,686	N/A	1,686	0	0	0	1,686	
KCC Better Care Fund (Disabled Facilities Grant) - 19/20 estimate	0	N/A	0	1,040	0	0	1,040	
Environment Agency (Deal Beach Management 2015-20)	1,637	N/A	150	787	350	350	1,637	
Environment Agency (Sandwich Quay)	15	N/A	15	0	0	0	15	
Environment Agency (St Margarets Bay coast protection works)	150	N/A	150	0	0	0	150	
MHCLG Building Foundations for Growth Grant (Discovery Park)	2,743	N/A	0	2,743	0	0	2,743	
Performance Reward Grant (Telephony)	10	N/A	5	0	0	0	5	
Sport England - (new Dover Leisure Centre)	773	N/A	773	0	0	0	773	
Housing Infrastructure Fund (BRT)	15,800	N/A	0	0	0	15,800	15,800	
Other reserves:-								
- Cluster Prep (Rev Reserve)	48	N/A	48	0	0	0	48	
- Special projects (Rev reserve)	214	N/A	14	200	0	0	214	
- ICT Reserve	21	N/A	20	0	0	0	20	
- District Regeneration & Economic Development Reserve	10,458	N/A	7,490	168	0	2,800	10,458	
- SEEDA-Dover Regeneration	150	N/A	150	0	0	0	150	
PWLB borrowing - Property Investment Acquisition	1,370	N/A	680	690	0	0	1,370	
PWLB borrowing - estimated (new Dover Leisure Centre)	7,576	N/A	7,576	0	0	0	7,576	
PWLB borrowing - Tides Leisure Centre refurb	3,800	N/A	0	0	3,800	0	3,800	
Salix loan - Street-lighting works	500	N/A	500	0	0	0	500	
Unsupported borrowing	0	N/A	0	0	0	0	0	
Property Investment Strategy (note 5)	176,876	N/A	50,000	50,000	50,000	26,876	176,876	
Total	252,935	13,809	78,334	58,918	55,318	48,648	255,026	
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 a maximum of £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 Capital Contingency delegated to Director of Finance, Housing & Community in consultation with the Portfolio Holder for Corporate Resources & Performance.								
4) 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. Authority to approve property investments delegated to Portfolio Holder for Corporate Resources and Performance, advised by Project Advisory Group as required								
5) Delegate authority to the Director of Finance, Housing and Community, in consultation with the Portfolio Holder responsible for Finance, to: Authorise project overspends up to a maximum of 10% or £100k (whichever is lower); and apply relevant financing resources to cover.								

Capital Receipts Summary as at 31/12/18

Capital Receipt Category	2017/18 Opening Balance £000	Receipts in year £000	Allocated to Projects £000	2018/19 Opening Balance £000	Anticipated future income £000	MTCP Project Funding £000	New Bids 2019/20 MTFP £000	Available funding £000
Ring Fenced for 1:4:1 Affordable Housing	(3,475)	(1,665)	533	(4,606)	(3,232)	1,679	6,159	0
Ring fenced for Private Sector Housing	(559)	(241)	112	(688)	0	688	0	0
Ring fenced for Dover Regeneration	(250)	0	0	(250)	0	250	0	0
Ring fenced for Aylesham contractual commitments	(839)	0	63	(776)	0	0	776	0
Ring fenced for DFGs	0	(39)	0	(39)	(11)	39	11	0
Un-ringfenced capital receipts	(12,189)	(879)	170	(12,898)	(1,255)	10,963	1,173	(2,017)
Total	(17,312)	(2,824)	878	(19,257)	(4,498)	13,620	8,118	(2,017)

SPECIAL REVENUE PROJECTS - 2018/19 OUTTURN

SPECIAL REVENUE PROJECTS	Capital / Revenue	Total Approved	Prior Years	Revised Estimate	Estimate	Estimate	Future years	Total Revised Budget
		Budget	Exp	2018/19	2019/20	2020/21		
		£000	£000	£000	£000	£000	£000	£000
Committed Special Revenue Projects								
Corporate Property - Planned Maintenance	R	1,051	1,042	9	0	0	0	1,051
Control of Asbestos Regulations Works - Corporate Buildings	R	44	41	2	0	0	0	44
Dover Town Hall - consultancy/funding bid	R	195	194	1	0	0	0	195
Dover Transportation Study	R	149	124	0	25	0	0	149
Duke of York Roundabout Design	R	39	30	0	9	0	0	39
Parking Services Software Upgrade & Devices	R	27	19	8	0	0	0	27
Commonwealth War Memorial-Dover	R	500	466	34	0	0	0	500
Property Investment Strategy-external support	R	200	24	76	50	50	0	200
Property Investment Strategy-ext supp re Snelgrove & Wm Muge sites redevelopment	R	39	54	(15)	0	0	0	39
Recycling & Refuse Storage Areas	R	15	0	15	0	0	0	15
Food Waste Promotion	R	47	15	32	0	0	0	47
Dover Tourism Signage Scheme	R	20	10	10	0	0	0	20
LDF Plan	R	300	41	117	142	0	0	300
Dover Regeneration - enabling costs	R	186	6	130	50	0	0	186
Sandwich Walled Town Conservation Area - consultancy	R	20	0	0	20	0	0	20
Guildhall Sq Sandwich - support for external funding bids	R	30	27	3	0	0	0	30
North Deal Land Study	R	300	87	77	136	0	0	300
Resurfacing Car Parks & DDC owned access roads	R	240	8	232	0	0	0	240
Clarendon Field - safety boundary fence	R	30	0	30	0	0	0	30
Big Bins - Deal Promenade	R	41	0	41	0	0	0	41
Marines Memorial Gardens Refurbishment	R	15	0	15	0	0	0	15
Butts - access bridge works	R	16	0	16	0	0	0	16
Contribution to development of Dover Town archaeological plan	R	12	0	0	12	0	0	12
Contribution to Open Golf event	R	100	0	80	20	0	0	100
Sandwich Historic Boatyard - electricity supply	R	0	0	25	0	0	0	25
East Kent Waste 2021	R	0	0	25	0	0	0	25
Property Renovations grant scheme	R	0	0	50	200	200	50	500
Parks - General Repairs (walls, fences, lakes, structures etc)	R	85	25	60	0	0	0	85
Sub total		3,702	2,215	1,073	663	250	50	4,252
ICT Infrastructure Investment Projects								
Payment Card Industry (PCI) Compliance	R	45	20	25	0	0	0	45
eFinancials System Improvements	R	18	11	7	0	0	0	18
IDOX Upgrade - Planning, Building Control & Property Services	R	85	59	26	0	0	0	85
Regulatory Services - purchase IDOX Uniform database	R	65	11	54	0	0	0	65
Upgrade of Mobile Iphones	R	17	15	(1)	0	0	0	14
Windows 2008 Servers & SQL 2008 Databases upgrade	R	18	0	18	0	0	0	18
Feature Manipulation Engine (FME)	R	20	0	20	0	0	0	20
AIM upgrade	R	11	0	11	0	0	0	11
Civica/Citrix Project	R	0	0	37	0	0	0	37
ICT Reserve funded - small projects	R	37	6	31	0	0	0	37
Sub total		315	121	228	0	0	0	349
Capital projects in capital programme financed from reserve:								
Provision allocated to capital programme to finance capital projects	C	214	n/a	14	200	0	0	214
		4,231	2,336	1,315	863	250	50	4,814
Proposed Projects								
Special Revenue Contingency - overspends	R/C	70	0	70	0	0	0	70
Special Revenue Contingency - urgent projects	R/C	165	0	115	0	0	0	115
Corporate Property Maintenance	R	160	0	0	0	0	0	0
Corporate Property Maintenance - Contingency	R	259	0	109	110	50	50	319
Cemetery Provision - consultancy	R	15	0	0	0	0	0	0
Utilities Management for all Corporate Properties	R	20	0	0	0	0	0	0
Connaught Park Tennis Courts Improvements	R	31	0	31	0	0	0	31
Dover Regeneration - enabling costs	R	80	0	0	80	0	0	80
Old St James Church works	R	70	0	70	0	0	0	70
Walmer Green railing refurbishment	R	45	0	0	45	0	0	45
Sandwich Parks project (Phase 1) - enabling design & survey work	R	24	0	24	0	0	0	24
Gazen Salts - nature reserve works - plus £35k 19/20 new bid	R	15	0	15	0	0	0	15
Dover Town Centre improvements	R	300	0	0	0	0	0	0
Western Heights - establish heritage trust	R	50	0	0	0	0	0	0
Connaught Park - strategic review	R	25	0	0	0	0	0	0
Sandwich Town place-making - plus £200k 19/20 new bid	R	50	0	50	0	0	0	50
Guildhall Sq Sandwich - support for external funding bids	R	25	0	25	0	0	0	25
Kearsney Abbey / Russell Gdns pond repair - plus £48k 19/20 new bid	R	52	0	52	0	0	0	52
Public realm works	R	60	0	60	0	0	0	60
Project feasibility costs	R	50	0	50	0	0	0	50
Sub total - proposed projects		1,564	0	669	235	50	50	1,004
ICT Infrastructure Investment - Proposed Projects								
Corporate Digital Projects	R/C	448	0	422	0	0	0	422
Confirm Software Purchase	R	7	0	0	0	0	0	0
Regulatory Services - handheld systems	R	20	0	20	0	0	0	20
Sub total - ICT proposed projects		476	0	442	0	0	0	442
19/20 new proposed:-								
Sandwich Town Centre enhancements - add to existing £50k for Sandwich Town place-making	R	0	0	0	200	0	0	200

SPECIAL REVENUE PROJECTS	Capital / Revenue	Total Approved	Prior Years	Revised Estimate 2018/19	Estimate 2019/20	Estimate 2020/21	Future years	Total Revised Budget
		Budget	Exp					
East Kent Waste 2021 - consultancy - add to existing project; full £100k approved 05/11/18	R	0	0	0	75	0	0	75
Contribution to new public toilet	R	0	0	0	90	0	0	90
Football pitch renovations	R	0	0	0	75	0	0	75
Closed churchyard repairs	R	0	0	0	70	0	0	70
Beach Huts refurbishments	R	0	0	0	55	0	0	55
Russell Gardens - pond repair - add to existing £52k	R	0	0	0	48	0	0	48
Deal cemetery - depot/storage works	R	0	0	0	40	0	0	40
Gazen Salts & Town Walks works - add to existing £15k	R	0	0	0	35	0	0	35
Paths & Structures in Parks & Open Spaces	R	0	0	0	45	30	40	115
Purchase compactor bins for Sandwich Quay	R	0	0	0	25	0	0	25
Astor Theatre repair	R	0	0	0	20	0	0	20
Corporate Property Maintenance contingency	R	0	0	0	0	0	50	50
Corporate Digital Projects	C/R	0	0	0	315	0	0	315
Sub total - new proposed projects		0	0	0	1,093	30	90	1,213
Total Projects Subject to Approval/Appraisal		2,040	0	1,111	1,328	80	140	2,659
GRAND TOTAL		6,271	2,336	2,426	2,191	330	190	7,473
Special Projects Financing								
Special Projects financed in previous years		2,336	2,336	0	0	0	0	2,336
Funded from Special Project Reserve		2,182	0	1,196	636	250	100	2,182
Funded from Special Project Reserve - 19/20 new		0	0	0	778	30	90	898
Funded from ICT Reserve		648	0	648	0	0	0	648
Funded from ICT Reserve - 19/20 new		0	0	0	315	0	0	315
Funded from On-Street Parking Reserve		52	0	52	0	0	0	52
Funded from Periodic Operations Reserve		8	0	8	0	0	0	8
Funded from Regeneration Reserve		420	0	178	192	50	0	420
Funded from Dover Regeneration Reserve		65	0	0	65	0	0	65
Funded from SEEDA-Dover Regen Reserve		154	0	95	59	0	0	154
Funded from HCA-Dover Regen Reserve		35	0	35	0	0	0	35
Funded from KCC & Dover Growth Fund Reserve		0	0	0	0	0	0	0
Funded from Major Events Reserve		100	0	80	20	0	0	100
Funded from HM Treasury grant		34	0	34	0	0	0	34
Funded from KCC contribution		72	0	19	53	0	0	72
Funded from Developer contribution		106	0	39	68	0	0	106
Funded from Southern Water contribution		20	0	20	0	0	0	20
Funded from HRA		12	0	12	0	0	0	12
Funded from LDF revenue		6	0	0	6	0	0	6
Funded from Planning revenue		10	0	10	0	0	0	10
Funded from Street Cleansing revenue		1	0	1	0	0	0	1
TOTAL		6,260	2,336	2,426	2,191	330	190	7,473

Remaining balance in Special Projects reserve	
Balance at 1 April 2018	2,159
Allocation to projects in 18/19	-1,196
Allocation from General Fund for 18/19	1,460
Balance at 31 March 2019	2,424
Proposed allocation to projects in 19/20 & future years	-986
Proposed allocation to new projects in 19/20 & future years	-898
Allocation from General Fund for 19/20	850
Balance after future years allocations	1,390

Remaining balance in Major Events Reserve	
Balance at 1 April 2018	103
Allocation to projects in 18/19	-80
18/19 Allocation to Reserve	20
Major Events balance as at 31 March 2019	43
Proposed allocation to projects in 19/20 & future years	-20
19/20 Allocation to Reserve	20
Major Events balance	43

Remaining balance in ICT Reserve	
Balance at 1 April 2018	756
Allocation to Spec Rev projects in 18/19	-648
Allocation to Capital projects in 18/19	-20
Reduction re funding for Data Capture officer	TBA
Allocation from General Fund for 18/19	115
Balance at 31 March 2019	203
Proposed allocation to Spec Rev projects in 19/20 & future years	0
Proposed allocation to Capital projects in 19/20 & future years	0
Proposed allocation to new projects in 19/20 & future years	-315
Allocation from General Fund for 19/20	115
Balance after future years allocations	3

GRANTS TO CONCESSIONARY RENTALS 2019-20**2018/19 2019/20**

£	£		
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
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
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
0	3,250	Cross Links	9 Sheridan road
35,105	38,355	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**2018/19 2019/20 Change**

£	£	%	
132,500	111,500	-16%	Your Leisure
			2019/20 Dover Leisure Centre no longer managed by Your Leisure (YL). £111.5k agreed as a grant payment linked to a revised funding agreement with lease for Tides Leisure Centre. 2018/19 Dover Leisure Centre will no longer be managed by Your Leisure (YL). £132.5k has been agreed by Cabinet Members as a grant payment linked to a revised funding agreement with lease for Tides Leisure Centre.
5,000	5,000	0%	Your Leisure
			A grant of £5k to YL for Walmer Paddling Pool is to be provided from 2018/19.
95,000	0	-100%	Places For People
			2018/19 one off payment to Places for People for managing the old Dover Leisure Centre site.
1,500	1,500	0%	Pegasus Playscheme
			Provision of a playscheme for children with disabilities
1,500	1,500	0%	Age Concern
			Provision of area office services.
3,000	3,000	0%	Kent County Council
			Contribution to Sports Partnership
4,500	4,500	0%	Gazen Salts Nature Reserve
			To assist in managing and maintaining the reserve
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.
10,000	10,000	0%	Dover Outreach Centre
			Grant towards the Winter Shelter costs.
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
8,000	6,000	-25%	Dover Bowling Club
			Grant towards grounds maintenance at Dover Bowling Green. Covered by savings within the grounds maintenance budget. Reducing scale as per agreement letter dated 01 April 2017.
105,000	105,000	0%	Dover Citizen's Advice Bureau
			£97k CAB Core Funding grant, plus £3,500 service charge contribution
22,500	22,500	0%	Neighbourhood Forums
			Grant to support voluntary and community organisations.
8,000	8,000	0%	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
428,000	310,000		