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**Subject:** COUNCIL BUDGET 2023/24, MEDIUM TERM FINANCIAL PLAN 2023/24 – 2026/27 AND 2023/24 COUNCIL TAX SETTING

**Meeting and Date:** Cabinet – 27 February 2023  
Council – 1 March 2023

**Report of:** Mike Davis, Strategic Director (Finance and Housing)

**Portfolio Holder:** Councillor Chris Vinson, Portfolio Holder for Finance, Governance and Digital

**Decision Type:** Key

**Classification:** Unrestricted

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**Purpose of the report:** To seek approval for the 2023/24 budget and the Medium Term Financial Plan (MTFP) for 2023/24 – 2026/27.

To set the Council Tax for 2023/2024.

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**Recommendation:** It is recommended that Cabinet:

- Approve the grants to other organisations as set out in Annex 9 subject to Council approving the 2023/24 budget; and
- Approve the various Cabinet recommendations produced at the end of the sections within the attached budget and MTFP and summarised in Annex 10 to Appendix 1.

It is recommended that Cabinet recommends to Council:

- That the General Fund Revenue Budget, the Capital and Special Projects Programmes, the Housing Revenue Account Budget, the Council Tax Resolution and the content of the MTFP be approved;
- That the Strategic Director (Finance and Housing) in consultation with the Portfolio Holder for Finance, Governance and Digital be authorised to draw on the Earmarked Smoothing Reserve to meet in year variations in the budget.
- That a Council Tax increase of 2.98% for DDC purposes be approved, resulting in an increase on Band D properties of £6.03 per year and an annual DDC Council Tax of £208.17.
- To note that it is the view of the Strategic Director (Finance and Housing) (Section 151 Officer) that, having due regard to the circumstances and the range of uncertainties, the budget has been prepared in an appropriate and prudent manner. As far as can be determined and, based upon the information available at the time of producing this report, the estimates are robust, and the Council's financial reserves are adequate for its spending plans in 2023/24;
- That the various Council recommendations at the end of the sections within the attached budget and MTFP, and summarised in Annex 10 to Appendix 1, are approved.

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

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

## **1. Summary**

- 1.1 This report has been produced to seek approval for the 2023/24 budget and the MTFP for 2023/24 – 2026/27. If approved by Cabinet, the budget will be presented to Council, together with the resolution to set the Council Tax.
- 1.2 As part of its financial management process the Council is required to consider the MTFP and its implications for the Council's service objectives and financial management. The Strategic Director (Finance and Housing), the Section 151 Officer, is required to comment on the robustness of the budget and the adequacy of the reserves. These requirements are addressed in the attached budget and MTFP report.
- 1.3 The detailed background information presented to Cabinet in February has been included again in this report for completeness for presentation to Council.

## **2. Introduction and Background**

- 2.1 The budget faces a range of immediate uncertainties due to the macro-economic position, the on-going impact of the exit from the EU and the on-going recovery from the pandemic. The Council also faces longer term uncertainties from the future of local authority funding including the Fair Funding review, New Homes Bonus, Business Rates Retention and Levelling Up.
  - 2.2 This report sets out the broad areas of pressure and uncertainty and the strategy adopted to deal with them.
  - 2.3 In summary the position is:
    - i) The General Fund budget for 2023/24 forecasts a deficit of c.£1m, to be funded from the Smoothing Reserve approved in the 2022/23 budget process;
    - ii) Proposed DDC Council Tax increase of £6.03 (2.98%) for a Band D property, maintaining the lowest Council Tax in East Kent;
    - iii) The Housing Revenue Account forecasts a deficit of £2.4m due to the restorative works programme, to be funded from the Housing Initiatives Reserve;
    - iv) The Capital Programme is fully funded but resources for future projects are limited.
  - 2.4 The forecasts contain a significant margin of uncertainty and pressures from inflation and the macro-economic position. As a result, there is a risk that measures to produce a balanced budget may be too severe, or insufficient. To mitigate this risk the budget includes significant savings and income generation leaving a forecast deficit of £1m, to be funded from the Smoothing reserve and to be addressed in 2024/25.
  - 2.5 This approach enables the total forecast pressures over the financial planning period to be balanced by savings and income over the full period whilst assessment of the on-going impact of pressures is undertaken and reviewed.
- ## **3. Overview**
- 3.1 The budget for 2023/24 and the Medium-Term Financial Plan (MTFP) for 2023 – 2027 have been produced in circumstances that remain unusual and volatile because of the

macro-economic position, inflation levels, the implementation of EU exit and the unpredictable economic recovery.

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

- 2022/23
  - The 2022/23 outturn and the reserves and balances to be carried forwards.
- 2023/24
  - The on-going macro-economic position
  - Expenditure for the year
  - Income for the year
  - Council Tax income
  - Business Rates income
- 2024 – 2027
  - The net cost to DDC of the future Port Health Function
  - The continuing impacts of the macro-economic position and the speed of economic recovery
  - The review of local government finance and the on-going baseline level of financing available including:
    - The Fair Funding Review
    - New Homes Bonus (or any replacement)
    - The reform of the Business Rates Retention model
    - Business Rates revaluations and re-sets

#### 4. **Report Pursuant to Section 25 Local Government Act 2003**

4.1 It is the view of the Strategic Director (Finance and Housing) (Section 151 Officer) that, having due regard to the circumstances and the range of uncertainties, the budget has been prepared in an appropriate and prudent manner. As far as can be determined and, based upon the information available at the time of producing this report, the estimates are robust, and the Council's financial reserves are adequate for its spending plans in 2023/24.

4.2 It should be noted that the Council cannot use reserves to balance the revenue budget on an on-going basis and so the Council needs to continue to deliver the savings and increased income assumed in the 2023/24 budget and is expected to have to make further savings and increases in income in 2024/25.

4.3 It should also be noted that the Council's capital resources are significantly depleted.

4.4 The Council's actuaries have agreed a reduction in payments to the pension fund to clear the Council's deficit over eleven years rather than eight. This is not ideal, but is entirely reasonable in the circumstances and reduces the annual payment by circa £500k.

4.5 Section 25(3) of the Act requires the Council to "have regard to the report when making decisions about the calculations in connection with which it is made".

#### 5. **General Fund Budget Strategy**

- 5.1 The standard budget strategy for DDC has been to estimate the baseline service costs, determine the financing available, drive savings where possible/required, produce a broadly balanced budget and maintain reserves and balances for one-off and planned purposes such as the project programmes, elections, ICT investment etc.
- 5.2 Although the standard strategy has served the council well and remains part of the process, in the 2022/23 process it was recognised that we need to do more. Therefore, to mitigate this risk and the volatility of the budget process the strategy included a £4m smoothing reserve to enable the council to take a measured approach to the forecast pressures.
- 5.3 For the 2023/24 budget process the Smoothing Reserve has been applied to balance the budget enabling a measured approach to be taken to the unprecedented impact of the macro-economic position, pressures from inflation, the Local Government settlement and on-going service requirements.
- 5.4 Although significant savings are included in the 2023/24 budget, application of the Smoothing Reserve to finance the forecast 2023/24 residual deficit of £1m has enabled consideration of further options for savings and income generation to be taken in 2024/25 and the rest of the planning period as a fuller understanding of the likely outturns and funding is developed. Replenishment of the reserve will need to be considered as part of future budgets.

## **6. Dover Port Health Function**

- 6.1 Government is still working on the operating model for the Dover Port Health function. The current proposed service is significantly reduced compared to that anticipated for the 2022/23 budget process. Government is currently meeting all on-going costs of the proposed operation, and this has been included in the 2023/24 budget accordingly.

## **7. Wider Local Government Finance Picture**

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

### Levelling Up

- 7.3 The levelling-up strategy may result in changes to the structure and funding of local government. At this stage no formal proposals have been shared by government and so the comments below are made in the context of the existing structure and financing model.

### Core Spending Power

- 7.4 Core spending power is a measure used by central government to demonstrate the resources available to local authorities and includes council tax as well as Revenue Support Grant, Business Rates etc. The measure has its flaws, but it does demonstrate an overall trend and shire districts have generally seen the largest reduction, or smallest increase, in core spending power.

### Fair Funding Review

- 7.5 Fair Funding Review (FFR) was scheduled for 2022/23, but it has been postponed. It is an essential first step in determining the base resource requirements for councils and how they will be achieved. From the FFR will flow the Business Rates Retention (BRR) baseline.
- 7.6 It will also have to incorporate a significant element of resource redistribution, since greatest need is often aligned with lowest resource.

#### Council Tax

- 7.7 The Government is placing an increasing burden for funding local services onto the local taxpayer. Overall, approximately 57% of Core Spending Power (CSP) across England in 2023-24 is forecast to be funded from Council Tax.
- 7.8 Council tax increases for shire districts in the local government finance settlement are limited to 2.99% or £5, whichever is the greater. This maintains the existing inequity between low and higher taxing districts. DDC is a low tax district. The proposals included in the budget fall within the settlement requirements.

#### Business Rates Retention

- 7.9 There are several potential changes to the Business Rates Retention (BRR) scheme.
- 7.10 A baseline re-set is overdue. At present Councils still work to the baseline that was set when the system was introduced. A reset will remove some, or all, of the retained Business Rates arising from growth. This will feed resources back into the system, but without some form of damping the impacts on “growth” councils could be significant and appear to be penal to councils delivering the government’s agenda.
- 7.11 A revaluation is to be implemented from April 2023, the last being in 2017, with an intended three yearly cycle. Revaluations are intended to be fiscally neutral, and if baselines are properly adjusted, should not impact on BRR. However, the BRR is complex and there is no certainty that all revaluation changes will be neutral for Councils.

#### New Homes Bonus

- 7.12 The recent approach taken has been an interim measure until New Homes Bonus (NHB) can be replaced and “losses” can be supported by a damping regime across councils to flatten the impact on winners and losers.
- 7.13 NHB is important and we need certainty about the future (even if it means we get less funding from NHB’s replacement).
- 7.14 The main concern with the Government’s treatment of NHB in the settlement is that the “surplus” has not been returned to local government in the way that has been promised. NHB has been part-funded by a top-slice from Revenue Support Grant (since 2013-14), and it has always been intended that any unused amounts will be returned pro rata to the original top-slice. However, the Government has used the surplus to fund the other grants that have been announced in the settlement (Rural Services Delivery Grant, Lower Tier Services Grant, Social Care Grant, Revenue Support Grant and the new funding guarantee).

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

#### Funding Guarantee

- 7.16 This new grant is intended to provide a funding floor for all local authorities, so that no local authority would see an increase in core spending power that is lower than 3% - before taking into account council tax level decisions.

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

- 8.1 The HRA budget has been set following the successful transfer of the service back in-house from 1st October 2020. Rent levels will be set in line with government guidance and a significant increase in planned revenue and capital works for the restorative works programme has been built into the forecast. This results in a forecast deficit for the HRA of £2m for 2022/23. This will be funded in-year from a contribution of £2m from the Housing Initiatives Reserve, maintaining the HRA balance at £1m for the planning period.
- 8.2 The outcome of the Social housing rents consultation from the Department for Levelling Up, Housing & Communities (as updated on 14th December 2022) reports that as per Paragraph 64 that 'Having carefully considered the responses to the consultation, the government has decided that a 7% ceiling would strike an appropriate balance between protecting social tenants from high rent increases and ensuring that Registered Providers are able to invest in new and existing social housing and provide decent homes and services to tenant.' Social housing rents: government response to the consultation - GOV.UK ([www.gov.uk](http://www.gov.uk))
- 8.3 DDC's Tenancy Strategy 2021-2026 states that the Council's view is that wherever possible affordable rent levels should not exceed Local Housing Allowance (LHA) rates, these have not increased for 2023/24 so therefore affordable rents will not be increasing. However, if properties were not at the LHA rate, then these would be increased by no more than 7% or the LHA rate, whichever is the lower.
- 8.4 The shared ownership properties have also been capped at a 7% increase in weekly rents to enable these to remain affordable for the homeowners even though this was not part of the consultation as mentioned in paragraph 7.2.
- 8.5 The HRA is viable now and in the medium term, even with the underlying pressure to borrow, but this relies on rigorous financial discipline to ensure that the current investment programme is managed within existing and forecast resources.

### **9. Capital and Revenue Projects Programmes**

- 9.1 The Council holds limited capital resources (other than the capacity to borrow<sup>1</sup>), but within these resources it has discretion over which projects to support. In setting the project programmes for the future it is important to note that:

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

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

9.2 The proposed project programmes show that these limited resources have been applied to prioritise regeneration projects in support of the Council's corporate objectives. Resources for new projects not currently included in the proposed programme are expected to be significantly limited.

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

## 10. Changes to the Budget and MTFP

10.1 Since presentation to Cabinet the following changes have been made to the draft budget and MTFP to reflect information that has subsequently become available:

- GF budget amended to include:
  - £100k allowance to provide support to leisure providers if required;
  - £14k reduced parking income target to reflect changes to proposals approved by Cabinet 6<sup>th</sup> February 2023;
- Precepts have been received and the 2023/24 Council Tax Resolution and associated annexes have been completed and included;
- Capital, Treasury Management and Investment Strategies have been included.

## 11. Long Term Empty and Second Homes Premium

11.1 On 25<sup>th</sup> January 2023 Council approved the Council Tax base and, inter alia, approved the recommendations that Council:

- “(Formally approves the application of the 100% Council Tax premium on properties empty for 1 year but less than 5 years, applicable from 1 April 2024, should the Regeneration & Levelling-Up Bill receive Royal assent.)*
- “(Formally approves the application of a 100% Council Tax premium on ‘second homes’, applicable from 1 April 2024, should the Regeneration & Levelling-Up Bill receive Royal Assent.”*

11.2 Because the Regeneration & Levelling-Up Bill had not received Royal Assent at the time of the Council meeting, Council could indicate its intention, but could not make a conditional decision “subject to the Bill receiving assent”.

11.3 Therefore, Councillors are advised that should the Bill receive assent in time for the necessary arrangements to be made, there will need to be a further Council meeting on, or before, 31<sup>st</sup> March 2023 to consider these matters.

11.4 The Parliamentary timetable for the Bill suggests that it is unlikely to receive assent in time and therefore these changes will not be applicable (subject to Council decisions) until April 2025.

## 12. Identification of Options

12.1 The Council is required to set a budget, and so declining to do so is not an option. Members could choose to change the allocation of resources between services, and that option remains open during the financial year.

12.2 The Council is also required to approve the Council Tax level for the following year. The budget proposes a Council Tax increase of £6.03 (2.98%) for Band D properties. This maintains the lowest District Council Tax in East Kent. Members could decide to set a different Council Tax level. However, consideration should be given to the risk and impact of triggering a Council Tax Referendum if a higher level of Council Tax was proposed, or how any proposals to reduce the level would be financed in 2023/24 and future years, while ensuring the budget remains robust and reserves sufficient.

### 13. **Resource Implications**

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

### 14. **Climate Change and Environmental Implications**

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

### 15. **Corporate Implications**

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

15.2 Comment from the Solicitor to the Council: The Solicitor to the Council has been consulted in the preparation of this report and has no further comments to make.

15.3 Comment from the Equalities Officer: This report relating to the approval for the 2023/24 budget and the Medium Term Financial Plan (MTFP) for 2023/24 – 2026/27 does not specifically highlight any equality implications, however in discharging their duties members are required to comply with the public sector equality duty as set out in Section 149 of the Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15/section/149>

### 16. **Appendices**

Appendix 1 – Budget 2023/24 and Medium Term Financial Plan 2023/24-2026/27

### 17. **Background Papers**

Draft Budget 2023/24 and Medium Term Financial Plan 2023/24-2026/27 (Cabinet 6<sup>th</sup> Feb 2023)

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**Budget  
2023/24  
and  
Medium Term  
Financial Plan  
2023/24 – 2026/27**

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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 the Corporate Plan and the Asset Management Plan. This MTFP covers the period 2023/24 – 2026/27.
4. Year 1 (2023/24) is the formally approved budget for the coming year. Years 2 - 4 of the MTFP (2024/25 – 2026/27) are included as “indicative budgets” for planning purposes. These will be rolled forward and amended in subsequent MTFPs and so approval of the MTFP does not set the budgets for the future years.
5. Regard has been given to the resources required to deliver the Council's objectives and the budget has been prepared to reflect the anticipated service costs and pressures. However, this budget has been set in a period of uncertainty and volatility due to the unpredictable economy and public finances, exit from the EU and the role DDC will play a Port Health Authority.
6. Significant uncertainties at the time of writing, impacting (mainly) the 2023/24 revenue budget, include:
  - 2022/23
    - The 2022/23 outturn and the reserves and balances to be carried forwards.
  - 2023/24
    - Economic uncertainty;
    - The net cost to DDC of the expanded Port Health Function;
    - Expenditure for the year;
    - Income collection for the year including Council Tax and Business Rates;
    - The impact of Business rates revaluation and any subsequent appeals;
    - The government settlement for local authorities.
  - 2024 – 2027
    - The review of local government finance and the on-going baseline level of financing available including:
      - The Fair Funding Review
      - New Homes Bonus (or any replacement)
      - The reform of the Business Rates Retention model
      - Business Rates revaluations and re-sets.

# BUDGET HEADLINES

## GENERAL FUND

7. The General Fund (GF) headlines are:

- General Fund budget deficit of £1.1m for 2023/24 met from the Council's smoothing reserve;
- General Fund balance forecast at £1.5m;
- DDC Council Tax increase of £6.03 (2.98%) for a Band D property, maintaining the lowest Council Tax in East Kent;
- No major changes to services.

## THE HOUSING REVENUE ACCOUNT

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

- 2023/24 budget is currently a deficit of £2.5m due to the on-going restorative works programme, funded by a contribution from the Housing Initiatives Reserve;
- Major variances for 2023/24:
  - Rent increase of 7%;
  - Increased rent from new properties added;
  - Increased capital works to cover the programme of restorative works;
- Housing development programme on-going;
- HRA balance maintained at £1m for 2023/24;
- Housing Initiatives Reserve forecast at £7m at the end of 2023/24.

## THE CAPITAL AND REVENUE PROJECTS PROGRAMME

9. The capital and revenue projects programme headlines are:

- The current General Fund capital programme totals £91m and is fully funded. The major projects in the programme are:
  - Dover Beacon Levelling Up Bid
  - Development of the Dover Fast Track Bus Route;
  - Major restoration works on Maison Dieu (Dover Town Hall);
  - Regeneration projects;
  - Future High Street Funding;
  - Sandwich Guildhall Forecourt public realm improvements;
  - Tides Leisure Centre redevelopment (subject to outcome of feasibility studies).
- The current resources for funding capital and revenue projects will be largely exhausted by the current programme.
- Future capital receipts are expected to come mainly from on-going housing right to buy sales (which amount to circa £500k per annum at current sales levels) and one-off asset sales, so will not replenish capital funds and will not be sufficient to maintain the current level of activity in the future.
- Revenue project resources will also be largely depleted, and no significant new resources are expected other than from contributions from the revenue budget.
- Borrowing for capital purposes can be undertaken but this will make business case proposals for projects more challenging as they will have to recognise the

costs of borrowing and repayment to demonstrate affordability and comply with the Prudential Code.

### **TREASURY MANAGEMENT AND CAPITAL STRATEGIES**

10. The Council is required to produce a Capital Strategy, Treasury Management Strategy and Investment Strategy. These will be included in the second circulation of the budget papers.

### **KEY ASSUMPTIONS AND SIGNIFICANT BUDGET RISKS**

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

### **CONSULTATION**

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

# THE GENERAL FUND REVENUE ACCOUNTS

## INTRODUCTION

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

## FINANCIAL OBJECTIVES

15. The main financial objectives for the GF Revenue Account<sup>1</sup> are as follows:
- Produce a fully funded GF Budget;
  - Maintain general balances over the medium term at an appropriate level (considered to be a minimum of £1.5m);
  - Maintain and use a GF Smoothing Reserve to enable the council to take a measured approach to the forecast pressures;
  - Use earmarked reserves to finance one-off items;
  - Support the Council's corporate priorities and agreed service standards; and
  - Undertake appropriate consultation.

## BUDGET DISCIPLINE

16. Corporate Management Team, in consultation with the Leader and Portfolio Holders, have reviewed their service areas to support delivery of efficient and effective services within the budgets available.
17. In order to maintain firm downwards pressure on expenditure and recruitment, and to ensure budgets are directed to the Council's priorities the Council maintains a continuous "authority to recruit" process. The process requires formal sign-off before any recruitment is permitted.
18. The Council also undertakes efficiency and service reviews. These review services to deliver efficiencies, savings, alternative delivery methods, digital improvements, smarter working and improved customer experiences.
19. A key element of financial management is the treatment of unspent budgets. The Council gives budget managers the flexibility to manage their budgets responsibly. Accordingly, managers are given the opportunity to carry forward unused elements of their budget, subject to approval by the Strategic Director (Finance & Housing).

## THE GENERAL FUND BUDGET SUMMARY

20. The Council's GF revenue budget for 2023/24 is shown in Annex 1. The budget forecasts a deficit of £1.1m for 2023/24, to be funded from the Smoothing reserve, and the GF balance is forecast to be £1.5m. The net budget requirement for the Council's own purposes, after transfers to/from earmarked reserves is £19.9m.

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

21. The main factors impacting the General Fund budget are detailed at Annex 1D.

### KEY VARIANCES / SIGNIFICANT ISSUES

22. The table below summarises the main variances between the 2022/23 original budget and the proposed 2023/24 budget.

	£000	£000
<b>2022/23 Original Budget Forecast</b>		<b>37</b>
Increase in forecast total NNDR funding	(816)	
Increase in Council Tax income	(284)	
Council Tax Collection Fund movement to surplus	(164)	
Decrease in New Homes Bonus funding	584	
Revenue Support Grant movement	(178)	
Other grant funding movement	(488)	
<b>Total Variances in Funding</b>		<b>(1,346)</b>
Increased contribution relating to Business Rates pooling	183	
One-off NDR Renewable income to reserves 2022/23 only	(142)	
Port Health Operations reserve use one-off 2022/23	1,988	
Other net reserve use	33	
<b>Total Variances in transfers to / from reserves</b>		<b>2,062</b>
Reduction in forecast net cost of Port Health service (offset by reserve transfer above)	(1,988)	
Reduced internal recharges to Port Health service	370	
Reduction in pension back funding allocation to Port Health	490	
Increase in salary and associated costs re inflation and increments	1,400	
Increase in in-year pension contribution rates	205	
Additional staff costs to support HRA recovery programme	250	
Increase in recharges to HRA and projects	(724)	
Saving in pension back funding from extending the repayment period	(260)	
Forecast increase in Homelessness temporary accommodation costs	230	
Utility inflation increases	91	
Refuse, recycling and street cleansing contract inflation	684	
Target saving / income for recycling and street cleansing	(440)	
Staff saving from vacant posts, reduction in Heads of Service and other structure changes	(500)	
Increase in expenditure re benefits overpayments	200	
Inflationary increase in shared service charges	150	
Allowance for leisure services support	100	
Numerous miscellaneous variances	161	
<b>Variance in Net Operating Expenditure</b>		<b>419</b>
Increase in interest receivable forecast	(295)	
Increased borrowing costs	252	
<b>Variance in Financing Adjustments</b>		<b>(43)</b>
<b>2023/24 Forecast Budget Deficit</b>		<b>1,129</b>



## FINANCING THE BUDGET

23. Financing of the net 2023/24 requirement is shown below.

<b>2023/24 General Fund Revenue Financing</b>	<b>£000</b>	<b>%</b>
Non-Domestic Rates Income	8,562	45.7
Revenue Support Grant	238	1.3
Services Grant & 3% Funding Guarantee	909	4.9
New Homes Bonus	645	3.4
Council Tax	8,321	44.4
Collection Fund Surplus (Council Tax)	55	0.3
<b>Total Financing</b>	<b>18,730</b>	<b>100.0</b>

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

### REVENUE SUPPORT GRANT

25. RSG (from Government) had been reduced by significant amounts every year since 2012/13. For 2023/24 RSG has increased, however, this is due to the existing Local Council Tax Support administration support grant (£155k in 2022/23) being rolled into the RSG value.
26. For financial planning purposes it has been assumed that RSG will continue for the remainder of the MTFP planning period.

### LOWER TIER SERVICES GRANT, SERVICES GRANT AND FUNDING GUARANTEE

27. The Lower Tier Services Grant was introduced in 2021/22. This was funded from £111m of NHB returned surplus from the previous year. It was introduced in the provisional settlement and ensured that no authority received a reduction in Core Spending Power. It was heavily weighted towards district councils, and particularly those that were losing from the changes in NHB. £360k was received in 2021/22 and £160k in 2022/23. The grant has now ended, and no award made in 2023/24.
28. Additionally, in 2022/23 a new grant, 2022/23 Services Grant was introduced, worth £822 million across the sector. The grant was intended to be for 2022/23 only, with the funding going to all tiers of local government in recognition of the range of vital services delivered by councils across the country. This grant was unringfenced with local authorities best placed to understand local priorities. DDC was awarded £255k in 2022/23. This grant has been extended and the 2023/24 settlement includes an award of £150k. For financial planning purposes it has been assumed that the grant will be received for 2023/24 and will then cease.
29. The £136m funding guarantee grant replaces the Lower Tier Services Grant. This grant is intended to provide a funding floor for all local authorities, so that no local authority would see an increase in Core Spending Power that is lower than 3% (before assumptions on council tax rate increases but including those on Council Tax base). The settlement includes an award of £760k for 2023/24. It is anticipated that this will continue at a similar level for 2024/25.

## BUSINESS RATES (BR)

### The Business Rates Retention System

30. The system is complex and volatile. It contains tariffs and top-ups, safety nets, levies, baseline “resets”, BR pools, pilot schemes, periodic revaluations, transition periods, s31 grants, adjustments for renewable energy, appeals and BR relief schemes.
31. Although referred to as a 50% local retention system, of which 40% is currently retained by districts, this is not the full picture. DDC actually retains about 10% (before s31 grants). A simplified illustration of the mechanism for the “50%” BR retention system is set out in the table below (illustrative, based on draft 2020/21 data before adjustment for S31 grant funding or reliefs).

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

32. From the 40% retained, if the baseline amount that remains with the council is greater than the council’s baseline budget requirement, then the council pays the excess to government in the form of a “tariff”. For Dover this means the bulk of the 40% is also paid to government, as shown in the table.
33. Once the tariff is set, a district will have to continue to pay this amount to government. If actual collection is lower (for example, due to demolition, successful appeals, bad debts etc.) the council has to continue to pay the tariff and bear the loss itself until it hits the safety net at which point losses are capped. For DDC this is circa £278k.
34. The dynamic nature of the system, the elements of which can all be moving in different directions, can produce perverse outcomes, which make it very difficult to develop a stable and robust budget. The accounting regulations for the different elements of the system also mean that some elements are recognised in different years, even though they arise in the current year.
35. Provisions for likely reductions in rateable value (RV) from appeals and bad debts also have to be calculated. These may or may not be sufficient.
36. For 2023/24 the baseline budget requirement (or ‘Baseline Funding Level (BFL)’) is deemed to be £3,844k. The safety net kicks in at £3,555k, meaning the first £278k of any loss must be borne by the Council before a safety net payment is received from Government. The safety net payment would top up the Council’s income to 92.5% of the BFL (i.e. to £3,555k).
37. BR revaluation is planned to occur in April 2023, the expected effect of which is an increase of 18% to the rateable value of properties in the Dover area. But this is offset by adjustments to the BFL so that the revaluation is expected to be broadly neutral at both the local authority and the national level.
38. The MTFP allows for the increase in rateable values, the estimated impact on the business rates baseline and tariffs / top-ups and the resultant impact on the share that

Dover retains. The budget also allows for a continuation of the current pooling arrangement to reduce levies.

39. There are several significant aspects to the current business rates regime:

- “Real” Growth
- The DDC BR Profile
- Renewable Energy Income
- Enterprise Zone Relief Compensation Grant (Income)
- The Business rates Pilot and Pool

#### Real Growth

40. The Dover District has been successful in generating significant real growth in developments in the district during 2016/17 – 2023/24 and this is vital to the Council since it helps to offset the erosion of the tax base and BR income from BR appeals, or from unexpected downward revisions by the VOA.

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

#### DDC BR Profile

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

<b>Dover’s Rateable Values</b>	<b>Rateable Value <sup>2</sup> £000</b>	<b>%</b>
Channel Tunnel	40,000	31
Discovery Park	12,346	10
Dover Harbour Board	3,250	3
Tesco, Whitfield	1,820	1
<b>Sub Total</b>	<b>60,706</b>	<b>45</b>
Remainder <sup>3</sup>	68,511	55
<b>Total</b>	<b>114,704</b>	<b>100</b>

#### Renewable Energy Income

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

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

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

<sup>3</sup> The next largest site is less than 1% of the total.

### The Business Rates Pool

45. For 2018/19 DDC was included, with KCC and all other Kent districts, in the Kent BR Pilot, enabling all business rates growth to be retained locally (i.e. without Government taking its 50% share and without it charging any levy on growth). Government did not renew the Kent BR pilot for a second year and so the Kent BR Pool resumed operation in 2019/20 and continues in 2023/24.
46. DDC is not a full Member of the BR pool. Due to a quirk in the calculation of the levy, it is advantageous to all pool members, including DDC (and Sevenoaks who are also shadow members), to minimise the BR levy we pay, by giving DDC “shadow” pool member status and this has been agreed to continue for 2023/24.

### Forecasts

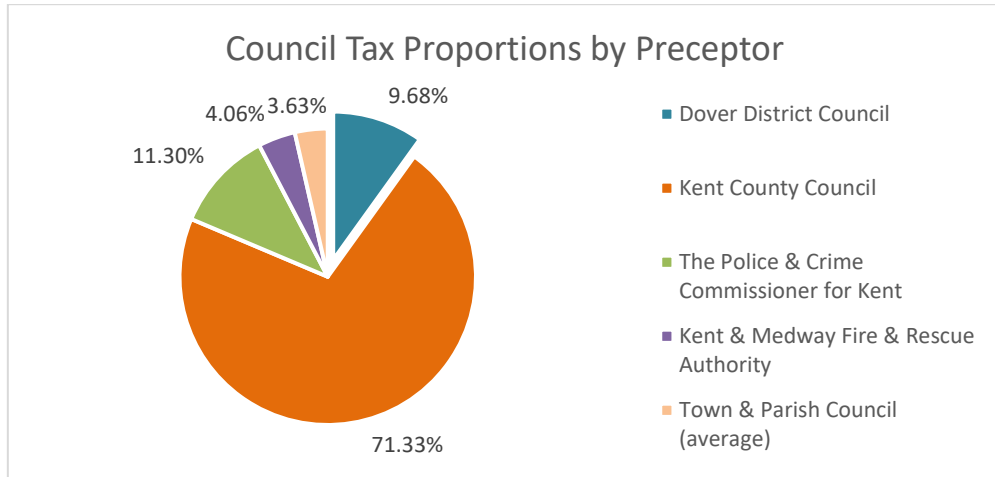
47. The outcome for 2023/24 is expected to see an improved position compared to 2022/23. There is expected to be a deficit on the NDR Collection Fund at the end of the year that will need to be distributed in future years, in line with the Collection Fund accounting requirements.

### **COUNCIL TAX**

48. A Council Tax increase of 2.98% for DDC purposes has been assumed for the 2023/24 budget which, if approved, will produce a Band D Council Tax of £208.17. This will result in an increase of £6.03 per year on a Band D property, which is within the Government’s capping requirements, which limit increases to 3% or £5, whichever is the greater.
49. The increase in the tax base from 39,763.21 Band D equivalent properties in 2022/23 to 39,974.37 equivalent properties in 2023/24, a rise of 0.53%, is mainly due to new properties being registered for Council Tax (incl. estimates of new builds) less a forecast in growth for Council Tax Reduction Scheme (CTRS).
50. The combined impact of the Council Tax increase and the tax base increase is forecast to generate total Council Tax income of £8.3m. For planning purposes, a Council Tax increase of 3% per annum has been estimated for future years.
51. The total draft Council Tax charges for a Band D property is made up as follows:

	2022/23	2023/24	Increase	2023/24
	£	£	%	Proportion
				%
Dover District Council	202.14	208.17	2.98	9.68
Kent County Council	1,461.24	1,534.23	4.99	71.33
The Police & Crime Commissioner for Kent	228.15	243.15	6.57	11.30
Kent & Medway Fire & Rescue Authority	82.35	87.30	6.01	4.06
<b>Sub-Total</b>	<b>1,973.88</b>	<b>2,072.85</b>	<b>5.01</b>	<b>96.37</b>
Town & Parish Council (average)	75.93	78.06	2.81	3.63
<b>Total Band D Council Tax</b>	<b>2,049.81</b>	<b>2,150.91</b>	<b>4.93</b>	<b>100.00</b>

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



### COMPARISON WITH OTHER DISTRICTS' 2022/23 BAND D COUNCIL TAX

53. DDC has one of the lowest Council Tax rates in Kent. A comparison with the East Kent authorities' 2022/23 Council Tax rates below shows the percentage that their 2022/23 Council Tax level exceeded DDC's and the extra income DDC would receive at their level of Council Tax:

	Band D Council Tax £	Difference to DDC %	Extra Income DDC would receive
Dover District Council	202.14	-	-
Canterbury City Council	226.11	14.66%	£935k
Folkestone and Hythe District Council	264.24	34.00%	£2.40m
Thanet District Council	248.13	25.83%	£1.80m

### NEW HOMES BONUS

54. New Homes Bonus (NHB) was funded by DLUHC<sup>4</sup> 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.
55. 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

<sup>4</sup> Department for Levelling Up, Homes and Communities

Year of Scheme	Financial Year	Annual Grant £000	Cumulative Grant £000	Cumulative Years Included
7	2017/18	415	1,865	5
8	2018/19	497	1,515	4
9	2019/20	488	1,729	4
10	2020/21	333	1,733	4
11	2021/22	5	990	3
12	2022/23	741	1,229	2
13	2023/24	645	645	1
14 (Est)	2024/25	645	645	1
Future Years (Est)	2025/26 onwards	0	0	1

56. DLUHC's terms and promises of the original NHB scheme have not been honoured. Changes to the scheme from 2017/18 have resulted in a reduction in the number of years grant in payment from 6 years in 2016/17 to 5 years in 2017/18, further reducing to 4 years in 2018/19. In addition, a minimum growth threshold of 0.4% was introduced, below which no NHB will be paid. The growth delivered by DDC for the 2023/24 NHB calculations was sufficient to receive an award of £645k, including £36k for the delivery of affordable homes.
57. For the purposes of the MTFP it has been assumed that the new NHB grant will continue at a similar level in 2024/25 and then be reduced to nil for future years.

### **FUTURE FUNDING**

58. The future of Local Government funding remains uncertain with numerous unknowns with potential significant impacts on local authority budgets, including:
- The Fair Funding Review
  - The future of New Homes Bonus
  - The future of Services and Funding Guarantee grants
  - The reform of the Business Rates Retention model
  - Business Rates revaluations and re-sets
  - Future Council Tax capping levels.
59. The forecasting for future years has taken assumptions from our funding advisors for each stream and include a Business Rates reset from 2025/26. These forecasts also include the cessation of New Homes Bonus, Services Grants and the Funding Guarantee grant in the timescale. The total impact of all these changes would result in a reduction in funding of c.£3m in 2025/26. It would not seem credible for such a significant impact to be applied across local government in a single year with only a short period of notice for councils to adjust to the change. Therefore, for the purposes of the MTFP this impact has been halved when forecasting future years.

### **COLLECTION FUNDS**

60. The Collection Funds (CF) are statutory funds. They sit entirely outside of the General Fund and the Council budget.
61. The Council manages separate Collection Funds for Council Tax (CT) and Business Rates (BR). Every year the CFs are credited with the income from CT and BR (c. £80m and £40m respectively).

62. The Council Tax CF is debited with the precepts from DDC, KCC, Fire, Police etc. These precepts are based on the forecast of income based on assumptions about the tax base, collection rates, etc. So, if income is below forecast, the collection fund will show a deficit at the year end. If it is above forecast, it will show a surplus.
63. Normally this surplus (or deficit) is owed to (or by) the preceptors and will be added to (or deducted from) the following year's precept in order to distribute the surplus available in the CF or contribute the projected deficit back to the CF to top it up. This is a continuous rolling process.
64. It is forecast that DDC's share of the NDR deficit at the end of 2023/24 will be £226k, this will be financed from the Business Rates & Council Tax Support Reserve in accordance with the planned smoothing of NDR timing differences.

### **GENERAL FUND RESERVES AND BALANCES**

65. The standard budget strategy for DDC has been to estimate the baseline service costs, determine the financing available, drive savings where possible/required, produce a broadly balanced budget and maintain reserves and balances for one-off and planned purposes such as the project programmes, elections, ICT investment etc.
66. Although the standard strategy has served the council well and remains part of the process, in the 2022/23 process it was recognised that we need to do more. Therefore, to mitigate this risk and the volatility of the budget process the strategy included a £4m smoothing reserve to enable the council to take a measured approach to the forecast pressures.
67. For the 2023/24 budget process the Smoothing Reserve has been applied to balance the budget enabling a measured approach to be taken to the unprecedented impact of the macro-economic position, pressures from inflation, the Local Government settlement and on-going service requirements.
68. Although significant savings are included in the 2023/24 budget, application of the Smoothing Reserve to finance the forecast 2023/24 residual deficit of £1m has enabled consideration of further options for savings and income generation to be taken in 2024/25 and the rest of the planning period as a fuller understanding of the likely outturns and funding is developed. Replenishment of the reserve will need to be considered as part of future budgets.
69. The proposed General Fund balance of £1.5m reflects a revised "minimum preferred level", following the introduction on the General Fund Revenue Budget Smoothing Reserve.
70. The forecasts contain a significant margin of uncertainty and pressures from inflation, the macro-economic position and the future of local government funding. It is currently anticipated that there will be a requirement to deliver savings and / or income generation in the region of £1.65m for 2024/25, followed by a further £2.25m in 2025/26, as detailed in Annex 2.
71. The Council's earmarked reserves, and protocols for their use, are set out in Annex 4. Without these earmarked reserves the Council cannot plan effectively for anticipated future events and requirements and expenditure of a cyclical nature. Nor could the

Council plan to smooth the impacts of the volatile income streams from Business Rates, New Homes Bonus etc. Therefore, the earmarked reserves are held at an appropriate level for the Council's plans.

72. Further supporting information on the GF budget is provided in the following Annexes:
- Annex 1 contains the budget summary for the General Fund;
  - Annex 1A summarises the net expenditure and financing requirements;
  - Annex 1B shows the net service expenditure analysed by categories of expenditure and income;
  - Annex 1C shows the key expenditure and income figures and patterns for the General Fund;
  - Annex 1D details the main factors impacting the General Fund budget;
  - Annex 2 provides the General Fund Revenue Budget projection for the period to 2023/24;
  - Annexes 3A – 3C contain summaries of the services managed by each Director and the associated budgets;
  - Annex 4 contains details of the General Fund balance and earmarked reserves; and
  - Annex 9 details the Grants made to Organisations for approval.

#### **Recommendations from this Section**

73. It is recommended that Cabinet:
- Approve the grants to organisations detailed at Annex 9.
74. It is recommended that Council:
- Approve the General Fund Revenue budget for 2023/24;
  - Approve the policies and protocols regarding the General Fund balances and earmarked reserves, and transfers between reserves as set out in Annex 4.



# HOUSING AND THE HOUSING REVENUE ACCOUNT

## OVERVIEW

75. 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.
76. The second concerns housing development and investment, and includes developments by the HRA, Registered Providers (RPs) and by the private sector.

## HRA FINANCIAL OBJECTIVES

77. The main strategic financial objectives of the Housing Revenue Account are as follows:
- Maintain a Housing Revenue Account that is self-financing and reflects the requirements of residents;
  - Comply with the Decent Homes Standard and relevant health and safety requirements;
  - Maximise the recovery of rental income;
  - Minimise the number of void properties and minimise the level of rent arrears and debt write offs;
  - Provide sufficient investment in the current stock to maintain its condition and implement upgrades as necessary;
  - Maintain an adequate level of HRA balances and reserves;
  - Undertake prudential borrowing, in accordance with the Council's treasury management policies, where appropriate and there is a business case to do so, for investment in additional properties and property development;
  - Develop a programme to deliver new affordable housing across the district.
78. At the time of writing, the HRA has 4,390 dwellings, made up of 2,660 houses and 1,730 flats.

## 2023/24 DRAFT BUDGET AND MEDIUM TERM FORECAST

79. The HRA's financial position, detailed at Annex 5, can be summarised as follows:
- HRA balance to be maintained for the period at £1m;
  - Housing Initiatives Reserve balance is to be used for restorative measures on DDC's housing stock.
  - The housing development projects (as detailed in paragraph 106) for the planning period will be funded by borrowing<sup>5</sup>.
80. The major variances between the 2022/23 budget and the 2023/24 proposed budget are:
- Increase in social rent of 7% as per DLUHC;
  - No increase in affordable rent as Local Housing Allowance (LHA) has been frozen;
  - Increase in shared ownership rents of 7%;

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

- Ongoing increase in major capital works, to include the restorative works programme which ensures that DDC brings our housing stock back to decent homes standard.

81. The future year projections show an increasing income stream from rents. This is due to the ending of the Government's requirement to reduce rents in cash terms by 1% per annum for the period 2016/17 – 2019/20, and so rents can now be increased. The HRA is also facing general inflationary pressures on its expenditure. During 2023/24 the major HRA development projects will be funded through borrowing instead of funding from the HIR. This will be used in future years on restorative measures on DDC's council stock. We are expecting to add 24 interim housing units, 32 properties across the district and 10 property buy-backs.
82. Annex 5 provides a draft HRA budget summary & Annex 5A details the 3-year forecast position for the HRA.
83. The planned capital and revenue works budgets have been set to account for the expected level of repairs needed to maintain the stock at an appropriate level for the planning period.

## **BACKGROUND**

84. 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 the compulsory borrowing by DDC of the required sum from the PWLB. Government direction was to plan for long term rent increases of 1% above inflation. Servicing the loan, over 30 years, cost less than the negative subsidy, and so the HRA started to accrue a surplus which could be invested in new housing or other appropriate requirements. The current balance outstanding on the PWLB loan is c.£66m.
85. The HRA budget is funded for 2023/24. The HIR balance during 2023/24 is being used for restorative works. New projects will use borrowing, as required, to support the on-going programme of housing development.
86. A stock condition survey was undertaken in 2017, to inform the on-going maintenance and investment requirements. The 2023/24 budget is based on the work programme provided by the property services section and incorporating the results of the survey.
87. In May 2017 Dover District Council Jobcentre Plus went live with the Universal Credit Full Service. There had been a significant increase in HRA rent arrears until January 2021 when the in-house rent team started to be able to recover some of the arrears. The rent arrears are now at their lowest level since April 2018. The debt appears to be mainly a cash flow issue rather than a bad debt due to the timing delays associated with payment of Universal Credit. However, tenants now directly receive the Universal Credit payment, whereas with Housing Benefit, payments are made direct to the landlord. This is resulting in some cases of higher debt levels from tenants not paying their rent and we are beginning to see some evictions due to this.

## Rent Setting

88. Council house social rents are effectively controlled by Government. As the Department for Levelling Up, Housing & Communities (DLUHC) has now imposed a rent ceiling allowing for rents to be increased to 7% for 2023/24. This is as per the consultation

outcome of the Social housing rents consultation which took place in December 2022. [Social housing rents: government response to the consultation - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/social-housing-rents-gov-uk)

89. Rent levels are usually calculated on an individual property basis using rent formulas previously prescribed by DLUHC. The ceiling rent increase of 7% applies only to existing tenants, any properties which are subsequently re-let will be charged the maximum initial rent which will use the rent increase of CPI + 1% (11.1%) for 2023/24. This is also outlined in the consultation report mentioned in paragraph 97 as above.
90. It is not, therefore, possible to report on the rent to be set for, say, a standard two bedroom flat or a standard 3-bedroom house. However, for Members' information the following figures may be helpful:
- The 2022/23 average weekly rent across all properties is £90.30;
  - The 2023/24 average weekly social rent is forecast to be £96.59;
  - The increase in the average weekly social rent is £6.29 or 7%; and
  - Three bedroom houses have rents (for 2023/24) ranging from £92.65 per week to £121.33 per week with an average of £105.72.
91. DDC now has 35 properties which are charged at affordable rent. This is defined as homes let below market rent. The rent (including service charges) is set at up to 80% of the local market rent for an equivalent home for most registered providers but the Council's view is that wherever possible affordable rent levels should not exceed the Local Housing Allowance (LHA) rate. The LHA rates for Dover have been frozen since April 2020 so will be as below for 2023/24:
- Shared accommodation/Bedsit - £65.00 weekly rent
  - 1 Bedroom - £100.11 weekly rent
  - 2 Bedrooms - £132.33 weekly rent
  - 3 Bedrooms - £172.60 weekly rent
  - 4 Bedrooms - £207.12 weekly rent
92. The LHA rates in the Dover District are determined by Broad Rental Market Areas (BRMAs). There are two BRMAs in the district; Canterbury BRMA and the Dover-Shepway BRMA. The latter is the largest of the two in our district but has the lowest LHA rate in Kent. This has a negative impact on the Council's ability to develop new affordable housing, and on our resident's ability to pay their rent through Housing Benefit.
93. Local Authorities can request a review of a BRMA that affects its area provided they have valid reasons. Reviews are conducted by the Valuation Office Agency (VOA) who also set the LHA rates. DDC is completing a preliminary investigation into the BRMAs and LHAs to assess whether a review outcome would be favourable or not, prior to sending a formal request to the VOA.
94. DDC also has 33 shared ownership properties, these are houses and flats which are sold on a leasehold basis with the Council being the landlord and having the remaining share of the lease. The initial share purchase for shared ownership homes is between 25% and 75%.
95. As part of the scheme the owner of the property agrees to pay rent on the remaining unsold share which is approx. 3%. There is also an annual service charge to pay. The increase in rents is determined in the lease as Retail Price Index (RPI) +0.5% per annum. For Members' information the following figures may be helpful:

- The 2023/24 average weekly shared ownership rent is forecast to be £63.23
- The increase in the average weekly shared ownership rent is £5.32 or 7%

### Capital Receipts

96. Like the majority of Councils, Dover has entered into an agreement with Government to retain 100% of the receipts from right-to-buy sales above the anticipated trend level. These excess receipts (known as “1:4:1 replacement”) are ring fenced to provide part funding of the cost of new affordable/social housing. This means that there is a cap on the receipts that can be used for general capital purposes. This can be supplemented by the element of excess RTB receipts retained for ‘debt repayment’ that may be used for other capital purposes if repayment of debt is funded from an alternative source.
97. As at the end of December 2022 there had been 15 RTB sales in the financial year. It is estimated that retained ‘excess receipts’ will be in excess of £500k by the end of the financial year. This has to be used within 5 years of receipt, or else it must be repaid to DLUHC, and when applied to a capital scheme, it cannot comprise more than 40% of the scheme costs, so other funding sources must also be available.
98. In order to comply with these rules and avoid claw back by DLUHC, this funding is normally applied to HRA housing projects, before any other sources are used.

### Service Charges

99. The Council currently levies service charges to tenants and leaseholders based on the costs of the specific services received by the two groups. Service charges and charges for insurance are made to leaseholders in addition to the ground rent charged.
100. Service charges to tenants are made in addition to their weekly rent, these are reviewed on a rolling yearly basis depending on the type of charge.

### **THE MANAGEMENT OF DDC’S HOUSING STOCK**

101. The management of DDC’s housing stock has been with DDC since 1<sup>st</sup> October 2020 following a special Cabinet meeting to bring the management of the Council’s housing stock back in house on 20<sup>th</sup> February 2020.
102. The three other Councils also decided to take back the management of their own housing stock.
103. The in-house teams are now established and operational. Much of the work has been completed including:
- Compliance levels and procedures are now at the required level and have received sign-off from the Social Housing Regulator;
  - The disaggregation and implementation of computer systems; and
  - The Embedding and development of the smooth running of the new service.
104. The cumulative problems indicated above have given rise to building a new HRA Business Plan to help to forecast the cash flow needed for the Council. This includes a 14-year capital investment programme of restorative measures as well as working towards its housing stock becoming carbon neutral by 2050 (as per the Climate Change Emergency report to cabinet on 4<sup>th</sup> November 2019).

## **HRA BUSINESS PLAN**

105. As mentioned above the HRA Business Plan has been built to assess the impact on future modelling of the HRA cashflow for both future major projects and future increased spend on improvements on the housing stock. The plan evaluated and confirmed that a 3-year profiled spend on capital investment is an affordable approach to support the restorative measures required. The Business Plan will be reviewed within 2023/24 to assess the on-going impact of the current restorative works, future spending plans, the impact of the macro-economic environment and other relevant factors on the long term viability of the HRA.

## **HOUSING DEVELOPMENT AND INVESTMENT**

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

- HRA Investment, utilising
  - Housing Initiatives Reserve (HIR)
  - Borrowing
  - 1:4:1 Right to Buy Replacement
  - Acquisition and new build
  - Investment in existing stock
- Registered Providers Investment
- Private Sector Housing
- Commercial housing developments
- Homelessness strategy

107. These are discussed in more detail below.

## **HRA INVESTMENT**

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

108. The HIR has been funded by the transfer of surpluses, and an under investment by EKH in our housing stock, in previous years whilst maintaining a £1m balance in the HRA. The HIR was established to fund a programme of new house building / acquisition.
109. Since 2017/18 HIR funding, coupled with 1:4:1 Right to Buy funding has enabled the re-purchase of 75 former Council properties which have been added to the HRA stock.
110. To date in 2022/23, 5 properties have been purchased and this is expected to increase by the end of the financial year.
111. Additionally since 2017/18 we have refurbished or acquired the following properties:
- Folkestone Road, Dover – 9 flats refurbished
  - George Close, Capel – 9 houses purchased of which 3 were shared ownership.
  - Norman Tailyour House, Deal – refurbished providing 18 new 1 and 2 bedroom flats
  - Former sites of 2 sheltered housing schemes, Harold Street, Dover – now providing 29 shared ownership flats, 24 flats added to the HRA stock and 12 houses for private sale.

- Ottoway House, Folkestone Road, Dover – 8 units refurbished into 1 bedroom flats.
- Jute Fields, Deal – 6 houses purchased of which 2 were shared ownership.
- Elizabeth Carter Court, Deal – 2 blocks of flats at a former garage site providing 8, 1 bedroom flats.
- Walter Hammond Close, Dover – 2 blocks of flats at a former garage plot site providing 16 bedsits.

112. Further projects are being developed to provide additional affordable housing in the district; these include:

- The development of interim housing (24 properties) on sites at Barwick Road Dover.
- 26 properties at Napchester Road in Whitfield.
- 2 properties at Foxborough Close, Woodnesborough
- 9 properties at Military Road, Dover.
- 10 properties at Mongeham Road, Great Mongeham.

113. Further opportunities are being considered and the business case for each examined prior to a formal a project approval being sought.

114. It is proposed that the 2023/24 housing developments will be financed by borrowing. The balance in the HIR at the end of 2022/23 is projected to be around £7m. The three year HRA forecast (Annex 5A), shows the balance will be depleted by the end of 2025/26 due to the restorative measures on DDC's Council stock.

#### Investment in Existing Stock

115. 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 2023/24 budget is based on the work programme provided by the property services section incorporating the results of the survey and the work required for Decent Homes standards.

#### **Recommendations from this Section**

116. It is recommended that Council:
- Approve the HRA budget for 2023/24;
  - Approve the HRA Capital Programmes.

## ASSET MANAGEMENT PLAN (AMP)

117. The AMP is used as a management tool to assist in ensuring that the Council's property assets meet the objectives set out in the Council's Corporate Property Strategy. It covers:
- Revenue maintenance requirements;
  - Capital works programmes;
  - Data on performance of significant corporate assets; and
  - Properties identified for disposal.
- During 2021 the AMP was amended to reflect the commitment of the Council to be a zero-carbon organisation but will be reviewed in 2022 to reflect any further changes to legislative requirements.
118. 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. Similarly, the budget constraints are not sufficient to facilitate significant reductions in the carbon footprints of the DDC owned assets.
119. There is a growing backlog of planned maintenance required for "Operational Assets". Significant expenditure is needed at:
- Tides Leisure Centre- because of its age, needs work to the external envelope of the wet side buildings. Work to mechanical and electrical services in the last 3-4 years have addressed the short-term future of the building. The Council has however refrained from undertaking external envelope repairs while it assesses the viability of redevelopment options because redevelopment is likely to obviate the need for repairs.
  - Maison Dieu (Dover Town Hall) - During 2020 Dover District Council secured stage 2 NLHF funding for Dover Town Hall, to support a scheme which will provide a sustainable future for the building and conserve William Burgess decoration for future generations to enjoy. The main contract started on site during January 2023, following on from enabling works undertaken during the autumn and are due to be complete in late 2024. The project is addressing the planned maintenance issues.
  - Deal Pier - is a concrete clad metal structure in an extreme maritime environment and therefore subject to enhanced rates of corrosion. It therefore needs cyclical repairs. These were last undertaken about 10 years and the 2023/24 MTFP includes a budget allocation to cover the cost of investigative work to ascertain the current condition and the extent and cost of any necessary repairs.
120. An Urgent Works earmarked reserve has been established and this is held to fund urgent works on corporate assets if required.

### Summary

The key points for Members to note are:

- There are sufficient resources to maintain the Council's General Fund properties in a basic state of repair but it is a significant challenge to maintain all the buildings without deterioration and this does carry a risk of service failure or an increase in the overall maintenance backlog; The current resource levels preclude wholesale expenditure on initiatives to cut carbon emissions however innovative sustainable projects and solutions will cumulatively and significantly reduce emissions in order to help the Council achieve its organisational zero carbon ambition by 2030.
- The Strategic Director (Place & Environment) continues to review opportunities for realising capital receipts from surplus assets to support financing of the capital programme.



# CAPITAL PROGRAMME & SPECIAL REVENUE PROGRAMME

## Purpose of the Project Programmes

121. 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

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

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

123. 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

124. Members are referred to the draft Medium Term Capital Programme (MTCP) at Annex 6A. This is a dynamic programme and a formal bidding process is operated every year to identify and plan future projects.

125. However, if formal approval is required for every minor change in the programme, this will potentially generate delays. In order to manage this, it is proposed that the current practice, as set out below, is continued:

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

126. 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).

127. 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.
128. In addition, a contingency has been included on the MTCP and Special Revenue Programme to allow progression of small projects without significant policy implications. It is proposed that the approval of such projects continues to be delegated to the Strategic Director (Corporate Resources) in consultation with the Portfolio Holder responsible for Finance.
129. 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.
130. The structure of the programme is reflected in the format of Annex 6A and is explained below:
- Committed General Fund Projects  
These are live General Fund projects that have been approved by Cabinet through the Project Appraisal process, or under the agreed delegated authority, and are committed or in progress.
  - Proposed General Fund Projects  
New projects are shown in the programme for approval of funding to the projects. These projects will be subject to the completion of a Project Appraisal for Cabinet or delegated approval before they commence.
  - Financed by  
This table provides a summary of the financing of the proposed Capital Programme. Members will note that there are sufficient resources to finance the projects included in the table. However, Members should also note that:
    - If Members wish to include additional projects in the programme, these can only be resourced by removal of the equivalent value in new bids, unless the projects have external funding;
    - Removal of projects financed by specific grants, or from the HRA, will not generate additional resources for other projects in the General Fund programme.

#### Content of the Special Revenue Projects Programme

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

#### Content of the Digital and ICT Projects Programme

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

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

#### Financing of the Capital and Special Revenue Projects Programmes

133. 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.
134. 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.
135. In addition to financing of capital expenditure, the Council must also consider what provision, if any, should be made for the repayment of debt. Although new long term borrowing has not yet been undertaken, it is intended that new borrowing, when required, will be repaid by making revenue provisions based, inter alia, on the life of the asset as set out in the Treasury Management Strategy Statement.

#### Prudential Code

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

#### Capital Receipts

137. 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.
138. Right-to-Buy (RTB) sales in 2022/23 have been similar to levels in 2021/22. 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.
139. The Council generally retains 100% of non-HRA capital receipts and non-RTB HRA capital receipts, subject to capital allowance regulations.
140. Annex 6B details the level of capital receipts held, expected, committed to projects proposed and to be used for new projects. The balance of receipts after these anticipated receipts and commitments is shown as zero. Future capital receipts are expected to come mainly from housing right to buy sales and amount to circa £500k 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

141. The key points for Members to note are:

- The Capital Programme operates on a cash funded position with no new projects being approved to commence unless the whole project costs can be financed through additional funding, sufficient capital receipts have been banked, external borrowing is approved or other savings in the programme have been identified. The new projects in the programme have been approved subject to the completion of a Project Appraisal for approval by Cabinet, or the Strategic Director (Corporate Resources) in consultation with the Portfolio Holder responsible for Finance under delegated powers;
- The Capital Programme is partly financed from HRA Right-to-Buy sales. Since 2017/18 the level of RTB sales has been declining and the level of sales for 2022/23 is currently showing this trend is continuing. Therefore, the amount of receipts available for general capital purposes remains limited.
- The detailed financing of the Capital and Special Revenue Projects Programmes is delegated to the Strategic Director (Corporate Resources) in consultation with the portfolio holder responsible for Finance;
- There is no provision for making capital grants to other organisations, other than those grants already approved; and
- The lack of headroom in the capital programme for additional projects is a significant constraint and new large projects will need to be funded from external borrowing where revenue savings can be identified to offset the borrowing costs.

## **RECOMMENDATIONS FROM THIS SECTION**

142. It is recommended that Cabinet:

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

143. It is recommended that Council:

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

## TREASURY MANAGEMENT AND THE PRUDENTIAL CODE

144. 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.
145. The new capital system promotes a Council framework to ensure:
- That the authority maintains a balanced budget;
  - That the impact of capital investment decisions is reflected in the revenue budget; and
  - That performance measurement is implemented in managing and controlling the impact of capital investment decisions.
146. Annexes 7A – 7C set out estimates for each of the relevant Prudential Indicators in each of the financial years 2023/24 to 2025/26 and include the latest estimates for 2022/23 aligned with the revised forecast budget. Approval is sought for the proposed indicators for 2023/24 – 2025/26.
147. The capital programme has been financed to date within existing resources, which include capital receipts, specific capital grants, the Major Repairs Allowance, and useable reserves and internal borrowing. Significant projects, including the Dover District Leisure Centre, will ultimately be financed by borrowing; however no borrowing has been undertaken at this time. Approval levels for borrowing will be included in Annex 7B.

### TREASURY MANAGEMENT

148. The Council's Treasury Strategy complies with the requirements of the CIPFA Code of Practice on Treasury Management, which was adopted by the Council in September 2002 and the CIPFA Code of Practice on Treasury Management (revised December 2021) that was adopted by this Council in March 2022.
149. Approval of the strategy is a Council decision.

### RECOMMENDATIONS FROM THIS SECTION

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

## KEY ASSUMPTIONS & READY RECKONER

### Background

151. 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

152. Salary inflation will be based on the results of the Collective Bargaining process.
153. Contract inflation for 2023/24 is based on the details of the specific contracts, the state of the market for the specific services and any other relevant factors.
154. General inflation is assumed to be 5% for 2024/25, reducing to 3% in 2025/26 and 2% for future years.

### Staff Numbers

155. The 2023/24 budget includes 480 full time equivalent posts directly employed for DDC. This includes 34 Port Health posts and 15 posts employed by DDC as part of the East Kent Audit Partnership (working for Canterbury, Thanet, Folkestone and Hythe and Dover and recharged accordingly) and East Kent Payroll (working for Canterbury, Thanet and Dover and recharged accordingly) allocated across services.

### Triennial Valuation of the Pension Fund by the Fund Actuaries

156. The triennial valuation will take effect from April 2023. The Council's actuaries have agreed a reduction in payments to the pension fund to clear the Council's deficit over eleven years rather than eight, reducing the annual payment from £1.75m to £1.25m for 2023/24. Additionally, the in-year, current service, contribution rates increased from 18.8% in 2022/23 to 20.2% in 2023/24.

### Interest Rates

157. It is assumed that DDC will maintain the 2023/24 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

158. The local government settlement provides figures for 2023/24. For 2023/24 RSG has increased due to the existing Local Council Tax Support administration support grant (£155k in 2022/23) being rolled into the RSG award. For financial planning purposes it has been assumed that RSG will continue for the remainder of the MTFP planning period

### Business Rates Retention

159. The calculations are based final figures from the NDR1 return, submitted on 31st January. The forecasts assume a small element of inflation / growth for the planning period.

### **Council Tax**

160. Council tax increases have been assumed at 3% for 2023/24 and for the remainder of the planning period.

### **New Homes Bonus**

161. New Homes Bonus is a scheme that provided incentives and rewards for councils and communities who support delivery of new homes in their area. It is assumed that the NHB grant will continue at the 2023/24 rate in 2024/25 and be reduced to nil by 2025/26.

### **Capital Projects**

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

### **Ready Reckoner**

- Payroll - 1% increase costs the General Fund approximately £200k;
- Council tax - 1% raises c.£83k;
- RSG – assumed to be £238k in 2023/24 and then continue to be paid for at least 7 more years;
- NDR – 1% growth in BR income equates to c.£100k (DDC's share @ 40%, less 50% levy, but will be higher under pooling due to reduced levy rates);
- Investment Income - 1% equals approximately £500k (based on investment balances of £50m);
- Contract inflation – 1% equals c.£60k;

## SIGNIFICANT BUDGET RISKS

163. Budgets, by their nature, involve an element of forecasting which entails uncertainty and hence risk. The schedule below highlights the main strategic / high value budget risks.

164. Income risks:

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

165. Expenditure risks:

- Brexit
- Port Health
- Pension Funding
- Homelessness
- Contract renewals
- Major capital projects

Ref	Risk Description	Explanation and Mitigation	Budget Sensitivity
1	Business Rates	<p>The key challenges are:</p> <ul style="list-style-type: none"> <li>• Maintaining collection rates during a difficult trading climate for many companies.</li> <li>• Future re-sets of the DDC baseline, sacrificing some / all of the gains made to date.</li> <li>• The outcome of the 2023 revaluation – will it be fiscally neutral or negative.</li> <li>• Class action appeals.</li> <li>• Individual appeals from large BR payers.</li> <li>• Difficulty in forecasting future BR taxbase changes.</li> <li>• Operation of the Collection Fund and the timing of recognition of income.</li> <li>• Unexpected revaluations, errors and initiatives by the VOA.</li> <li>• Errors in the DLUHC settlement</li> <li>• Changes in the Enterprise Zone and / or renewables schemes.</li> <li>• Weak BR performance by other Kent districts leading to an impact on the Kent pool.</li> <li>• Poor understanding of the regime by the DLUHC.</li> <li>• The Fair Funding Review leading to changes in the baseline or other aspects of the regime.</li> </ul>	£8m pa



Ref	Risk Description	Explanation and Mitigation	Budget Sensitivity
		<p>The opportunities for Councils individually or collectively to mitigate the above impacts are limited other than through the management of their own finances, smoothing reserves etc. and individual lobbying and response to consultations.</p> <p>Collective lobbying and response to consultations will also take place where possible, but the impacts of changes are often re-distributive and do not fall evenly across the sector and so it is difficult to create consensus.</p>	
2	New Homes Bonus	<p>Government have indicated that they wish to change their commitment to New Homes Bonus and are expected to scrap it altogether.</p> <p>This is a core part of DDC's funding stream, generated in recognition of recent planning decisions, which were taken, in part, on the understanding that the NHB pledge would be honoured by government and may be used to mitigate the impacts of those decisions.</p> <p>The key issue will be whether NHB is replaced and if so, by what.</p>	£0.65m pa.
3	Fair Funding Review	<p>The government has consulted on a Fair Funding review (FFR) which will re-calibrate the local government settlement. The FFR has been repeatedly delayed and is now expected to take place in 2023/24 and to apply from 2024/25.</p> <p>Pressure from upper tier and unitary authorities and the challenges arising from adult social care may reduce the resources available to district councils.</p> <p>As with the current settlement, the Council can take part in Kent wide lobbying on the settlement but has limited ability to influence the settlement.</p>	Unable to forecast at the time of writing.
4	Council Tax Base & Collection Rates	<p>The draft budget includes the current forecasts of the Council Tax base and collection rates.</p> <p>The uncertainty around current economic performance and employment may have an on-going impact on Council Tax income.</p>	£8.3m pa

Ref	Risk Description	Explanation and Mitigation	Budget Sensitivity
5	Treasury Management	<p>Of the current forecast £1.9m treasury management income £600k is being transferred to earmarked reserves to support future projects and reduce the GF risk of over-reliance on the income stream.</p> <p>Reductions in the capital value of investments would only impact the GF if the funds were realised when the values were low. Due to the breadth of investments held it is unlikely that this would become necessary as other funds could be realised or short term borrowing undertaken if cash flow shortages occur.</p>	£1.9m pa
6	Property Income	The Council receives rental income from its commercial regeneration properties. There is a risk that this income may be reduced if tenants are unable to continue to trade.	£2.1m pa
7	Capital resources and receipts	<p>Capital resources (other than borrowing) are almost depleted and will not be easily replaced from revenue contributions or receipts.</p> <p>Capital receipts come from housing and other asset sales. Any drop-off in the level of receipts will lead to reduced resources available to complete projects. The reduced receipts could arise from lower sales, lower prices or both.</p> <p>We cannot mitigate against market movements or reduced levels of sales. To some degree lower values may increase the level of demand, but this will also be dependent on interest rate movements.</p>	£500k pa (average level)
8	HRA rent arrears	<p>Current tenant rent arrears have been significantly reduced in the last year. However, inflation and recession could put pressure on household budgets and could reverse this trend.</p> <p>A bad debt provision is included within the budget and arrears levels are being monitored. The Coronavirus 2020 Housing Act had resulted in eviction cases currently being on hold since March 2020 but from October 2021 the notice period for possession proceedings has returned to pre-Covid length.</p>	<p>Annual HRA rent £22 m</p> <p>Current arrears £560k</p>
9	Car Parking	Car parking income is affected by visitor numbers, shopping patterns, household income and charge levels and is therefore difficult to predict. Changes in parking charge arrangements are proposed for consideration alongside the budget.	£2.71m pa

Ref	Risk Description	Explanation and Mitigation	Budget Sensitivity
10	Brexit – Port and East Kent impact	The creation of a “third country” border between the UK and France increases the risks of border closures and related disruptions to the traffic flows in and out of the port and Channel Tunnel. This poses a risk in terms of the impact on local businesses and communities, the disruption in the delivery of services such as waste collection, and the requirement clear litter, clean highways etc.	Unable to forecast the impact at the time of writing.
11	Port Health	DEFRA have not yet developed an operating model for the UK Ports, nor have they determined the Council’s responsibilities with regards to checks at Dover and Coquelle. There is minimal bio-security on Products of Animal Origin (PAO) imported to the UK and therefore there are bio-security, food security, economic and reputational risks to Dover and the UK from the unintentional introduction of diseases such as African Swine Flu.	Unable to forecast the impact at the time of writing.
13	Homeless expenditure	<p>Expenditure will continue to increase due to the impact of the Homeless Reduction Bill, the continued implementation of Universal Credit in the district, refugee dispersal and the moving on of Ukrainian refugees on the Homes for Ukraine scheme. Close monitoring of the impact of the Bill and the in-year budget is required. Additionally, changes proposed in the Kent County Council budget may impact the support available to vulnerable adults in the district, potentially resulting in additional homeless presentations to the Council.</p> <p>The service will continue investigating innovative options and working with partners to support homeless requirements in the district.</p>	Unable to forecast at the time of writing.
14	Major Contract Renewals	When major recurrent contracts are up for renewal the price achieved by the council depends upon the functioning of the market in the particular sector and the attractiveness of the package assembled by DDC.	Unable to forecast at the time of writing.
15	Major Capital Projects	<p>The Council is involved with a number of major capital projects including Bench Street (LUF2), Fasttrack, Maison Dieu, Tides.</p> <p>These projects are vulnerable to significant inflation and unexpected events including unexpected costs in historic buildings, ground conditions, archaeological risks, contractor failure and poor performance and inclement weather.</p> <p>Mitigation is through robust forecasts of costs, contingency, effective contracts and contract management.</p>	Unable to forecast.

## BUDGET SUMMARY

<u>2021/22</u> <u>Actual</u>  £000		<u>2022/23</u> <u>Original Budget</u>  £000	<u>2022/23</u> <u>Projected</u> <u>Outturn</u> <u>(Oct 2022)</u>  £000	<u>2023/24</u> <u>Budget</u>  £000
1,637	Chief Executive	2,825	2,730	2,769
206	Corporate and Regulatory	6,245	6,245	5,331
658	Finance and Housing	7,001	7,301	8,194
7,241	Place and Environment	8,102	8,397	8,920
770	Special Revenue Projects	113	113	0
0	Vacancy Allowance	(150)	(150)	(150)
0	Target Savings / Income	(405)	(255)	(103)
0	Estimated Annual Underspend	0	0	(500)
0	Savings assumptions @ 80% delivery	0	0	400
0	Contingency	120	120	125
77	River Stour Drainage Board	79	79	87
(5,210)	Directorate costs recharged to HRA & Capital Proj	(4,564)	(4,564)	(5,288)
<b>5,379</b>	<b>Net Operating Expenditure</b>	<b>19,366</b>	<b>20,016</b>	<b>19,785</b>
	<b>Financing Adjustments:</b>			
(1,169)	Revenue Expenditure Funded by Capital	(1,276)	(1,276)	(1,276)
(1,444)	Interest Receivable	(1,640)	(1,640)	(1,935)
138	Interest Payable	203	203	450
1,097	Loan Principal Repayments/Borrowing Allowance	1,773	1,773	1,777
<b>(1,378)</b>	<b>Total Financing Adjustments</b>	<b>(940)</b>	<b>(940)</b>	<b>(983)</b>
	<b>Contribution to/(from) Reserves:</b>			
79	- Regeneration Reserve	115	115	383
3,062	- Special Projects & Events Reserve	760	760	1,018
6,555	- Periodic Operations Reserve	(5)	(5)	(446)
59	- ICT Systems & Servers Reserve	115	115	105
1,969	- Business Rates & Council Tax Reserve	0	0	0
4,018	- Port Health Reserves	(1,988)	(1,988)	0
<b>15,742</b>	<b>Net Contribution to/(from) Reserves</b>	<b>(1,003)</b>	<b>(1,003)</b>	<b>1,059</b>
<b>19,743</b>	<b>Total Budget Requirement</b>	<b>17,423</b>	<b>18,073</b>	<b>19,861</b>
	<b>Financed by:</b>			
8,758	Business Rates - Total Income Net of Timing Adj	7,746	7,671	8,562
58	Revenue Support Grant	60	60	238
360	Lower Tier Services / 22/23 Services/ 3% Funding	422	422	909
1,186	Covid Funding Support	0	0	0
7,689	Council Tax	8,038	8,038	8,321
12	Council Tax - Collection Fund Surplus / (Deficit)	(109)	(109)	55
539	Council Tax - 75% Local Income Guarantee Scher	0	0	0
990	New Homes Bonus	1,229	1,229	645
<b>19,592</b>	<b>Total Financing</b>	<b>17,385</b>	<b>17,310</b>	<b>18,732</b>
<b>151</b>	<b>General Fund Deficit/(Surplus) for the Year</b>	<b>37</b>	<b>762</b>	<b>1,129</b>
(2,930)	General Fund Balance at Start of Year	(1,615)	(1,479)	(1,492)
1,300	Transfer to / (from) the Smoothing Reserve	0	(775)	(1,150)
<b>(1,479)</b>	<b>Leaving Year End Balances of</b>	<b>(1,578)</b>	<b>(1,492)</b>	<b>(1,513)</b>

### General Fund Service Expenditure by Cost Type

	2022/23 Original Budget £000	2022/23 Projected Outturn £000	2023/24 Proposed Budget £000
<b>Direct Expenditure</b>			
Employees	32,077	32,112	26,034
Premises	1,251	1,321	1,393
Transport	199	199	175
Supplies and services	10,031	10,606	10,842
Third parties	13,646	13,646	13,729
Shared services	-	-	-
Transfer payments	21,984	21,984	21,348
<b>Total Direct Expenditure</b>	<b>79,187</b>	<b>79,867</b>	<b>73,521</b>
<b>Direct Income</b>			
Government Grants	(27,245)	(27,425)	(26,596)
Sales	(521)	(521)	(697)
Fees and Charges	(19,918)	(19,918)	(10,941)
Other Income	(7,331)	(7,331)	(10,073)
<b>Total Direct Income</b>	<b>(55,015)</b>	<b>(55,195)</b>	<b>(48,307)</b>
Central Support reallocation of costs	(4,564)	(4,564)	(5,288)
Special Revenue Projects	113	113	-
Vacancy Allowance & Employment Stability	(150)	(150)	(150)
Savings & Income Generation Target	(405)	(255)	(203)
Contingency	120	120	125
River Stour Drainage Board	79	79	87
<b>Net Service Expenditure</b>	<b>19,366</b>	<b>20,016</b>	<b>19,785</b>

**GENERAL FUND KEY FIGURES - EXPENDITURE**

	2021/22 Outturn	2022/23 Original Budget	2023/24 Draft Budget	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast
<b>Key Expenditure Figures:</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Employees:</b>						
Basic	13,833	21,582	17,482	17,075	17,760	18,286
NI	1,412	2,434	1,833	1,762	1,815	1,851
Current year pension	2,549	4,052	3,522	3,404	3,506	3,576
Backfunding	1,492	1,550	1,435	995	1,045	1,097
	<b>19,286</b>	<b>29,618</b>	<b>24,272</b>	<b>23,236</b>	<b>24,126</b>	<b>24,810</b>
<b>Major contracts:</b>						
Refuse Collection	1,224	1,628	1,683	1,767	1,819	1,855
Recycling	1,814	1,681	2,132	2,239	2,307	2,353
Street Cleansing	1,783	1,722	1,586	1,665	1,715	1,749
<b>Total Waste</b>	<b>4,821</b>	<b>5,031</b>	<b>5,401</b>	<b>5,671</b>	<b>5,841</b>	<b>5,957</b>
Balance of Third Party Payments <sup>1</sup>	354	261	274	288	296	302
	<b>5,175</b>	<b>5,292</b>	<b>5,675</b>	<b>5,959</b>	<b>6,137</b>	<b>6,259</b>

**Notes**

<sup>1</sup> Excludes EKS Management Fees & White Cliffs Landscape P Partnership

**GENERAL FUND KEY FIGURES - INCOME**

	2021/22 Outturn	2022/23 Original Budget	2023/24 Draft Budget	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast
<b>Key Income Figures:</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Car Parking	(2,360)	(2,558)	(2,709)	(2,721)	(2,721)	(2,857)
Rent Income	(2,091)	(2,216)	(2,406)	(2,526)	(2,602)	(2,654)
Development Management	(971)	(1,005)	(984)	(1,031)	(1,062)	(1,083)
Building Control	(292)	(325)	(325)	(343)	(354)	(361)
Licensing	(244)	(213)	(201)	(200)	(205)	(210)
Green Waste	(480)	(448)	(500)	(525)	(541)	(552)
Land Charges	(166)	(190)	(178)	(187)	(193)	(196)
	<b>(6,604)</b>	<b>(6,955)</b>	<b>(7,303)</b>	<b>(7,533)</b>	<b>(7,678)</b>	<b>(7,913)</b>
<b>Total Financing:</b>						
Non-Domestic Rates	(8,758)	(7,746)	(8,562)	(9,050)	(7,102)	(7,130)
Revenue Support Grant	(58)	(60)	(238)	(256)	(395)	(357)
Council Tax	(7,689)	(8,038)	(8,321)	(8,653)	(8,993)	(9,342)
New Homes Bonus	(990)	(1,229)	(645)	(645)	0	0
Other Grant Funding	0	0	0	0	(1,458)	(1,502)
Covid Grants	(1,186)	0	0	0	0	0
Lower Tier Grant	(360)	(422)	(909)	(867)	0	0
Other	(552)	109	(55)	(55)	(55)	(55)
<b>Total Financing</b>	<b>(19,593)</b>	<b>(17,386)</b>	<b>(18,730)</b>	<b>(19,526)</b>	<b>(18,003)</b>	<b>(18,386)</b>

## GENERAL FUND KEY ELEMENTS

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

### Staff Salaries

2. Independent advice on the cost-of-living increase is received to form the basis of negotiations for the 2023/24 pay settlement and is factored into the budget.

### Vacancy Allowance and Organisational Savings

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

### Pension Fund

4. The Council's Pension Fund (part of the countywide fund administered by Kent County Council) is subject to actuarial valuation on a three-yearly cycle. The next triennial valuation of the KCC pension fund is expected to be carried out in March 2025 and implemented from April 2026.
5. DDC pays two contributions to the pension fund; these are "current service rate" (the additional pension earned in year) and a lump sum to finance the existing pension deficit. The actuarial report advised that based on the various assumptions used the current contributions required to meet the cost of pensions being earned today is 20.2% of payroll per annum.
6. The annual calculations in respect of pension benefits as at 31 March 2019 estimated a decrease in the pension fund deficit for Dover. Dover has agreed with the actuary to extend the payment of the pension fund deficit from 8 to 11 years which delivers an in-year £500k reduction of the back funding payment from £1.75m to £1.25m.
7. It should be noted that changes to the pension fund deficit are largely a result of factors outside of the Council's control including increases in pensions payable, increased life expectancy and lower asset values.

### General Inflation

8. Setting a guideline level of inflation introduces a risk of "over budgeting". Instead, all managers are asked to consider the specific quantity and price of services they will actually need in the coming year and to reduce expenditure where possible.
9. The other significant area of potential inflation pressures relates to major term contracts. In 2023/24 the assumed level of contract inflation is based on the details of the specific contracts, the state of the market for the specific services and any other relevant factors. For future years it is not realistic to attempt to model contract renewal costs and so for planning purposes increases of 5%, 3% and 2% in the cost of major term contracts has been assumed over the next 3 years. Each 1% variance in contract inflation leads to approximately £65k variance in costs.

### Contingency Provision

10. Contingency provision of £125k has been included to meet any unexpected expenditure commitments, if they cannot be contained within other budgets. As part of the budget setting process managers and directors are asked to identify any budgets held for items such as legal or consultants' fees that would only be required if certain circumstances occurred. These budgets have been removed from individual budgets and will be funded from this provision if required for the items identified.

### Grants to Organisations

11. The Council makes Grants to Organisations in two ways, by concessionary rentals and by cash payments. The value of grants proposed for 2023/24 totals £333k comprising concessionary rentals of £30k and grant payments of £303k. The Concessionary Rentals are grants given to lessees of the Council properties to support them with their accommodation. The Grants to Organisations are for groups generally supporting services across the district or for those who need support.
12. The grants include contributions to the Citizens Advice Bureau, Your Leisure, KCC and the Neighbourhood Forums allocation. The budget for 2023/24 compared to 2022/23, has increased in line with inflation for Your Leisure and Sandwich Town Cricket Club, the inclusion of a full-service charge contribution for Dover Citizen's Advice Bureau, with the removal of the concessionary grant to Deal's Citizens Advice Bureau (2022/23) and the lease of The Cedars as they no longer occupy this building. Each of the individual grants, with the organisations' names and the grant purposes, are set out in Annex 9.

### Shared Services

13. East Kent Services (EKS) delegate the Payroll function to Dover who provide it on behalf of Dover, Canterbury and Thanet Councils. EKS also manage the revenues & benefits and customer services contract with Civica (which started on 1st February 2018) on behalf of the East Kent Councils. Thanet are the accountable body for these arrangements and handle the accounting arrangements, are billed by Civica, and in turn charge management fees to Dover. In addition, the ICT function is currently managed by East Kent Services, however, this service is returning to an in-house provision with effect from April 2023.
14. The Council has an 8-year contract to carry out recycling, bulky, garden, food & residual waste collections along with street cleansing operations to Veolia Environmental Services (UK), which commenced in January 2021. The contract has been awarded in partnership with Folkestone and Hythe District Council (FHDC) and Kent County Council (as the disposal authority). Dover is the lead on this partnership and manages the client team who oversee the contract from the Dover District Council offices on behalf of the three authorities.
15. East Kent Audit Partnership (EKAP), hosted by Dover, provides internal audit services to Dover, Folkestone and Hythe, Canterbury and Thanet (including East Kent Services) Councils.

### Interest on Investments

16. The overall interest rates achieved in 2023/24 will depend on the combination of the LIBID rate and the margin it maintains above base rate, the rates for current investments, the prevailing market rates when current investments are renewed, as



well as the permissible deposit durations which change according to updated credit rating criteria.

17. The Bank of England's Monetary Policy Committee raised Bank Rate by 0.5% to 4% in February 2023. There were signs that some Committee members believe that 3.5% is restrictive enough, however, a majority think further increases in Bank Rate might be required. Arlingclose, our Treasury Management advisor, expects Bank Rate to peak at 4.25%, with one further rise in March 2023.
18. As of 31st December 2022, the Council has a total of £50m invested in pooled investment funds. These are forecast to generate an income return of c.4% per annum. The MTFP assumes that the Council's investments overall will earn the General Fund £1,935k (£295k more than the level budgeted for 2022/23), this is due the impact of rising interest rates.

#### Other Income Streams and Fees and Charges Made by DDC

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

This has been the year of recovery from the pandemic. The 2022/23 gross income (before costs) for parking fees and penalty charge notices is currently forecast to be performing at c.7% below the original budget. This budget had an additional 130k factored in.

The 2023/24 service budget has been increased conservatively from the levels set in 2022/23 based on evidence shown throughout the year and information provided regarding the new patterns of parking behaviour and changing habits that COVID may have on parking income throughout the district. Additionally, an allowance has been included for additional income for changes to charging proposals to be considered by Cabinet on 6<sup>th</sup> February 2023. This includes Sunday – charging and bringing all areas to be charged uniformly.

- Rental Income

The 2023/24 budget forecasts rental income of over £2.4m. This consists of the rent (excluding any costs) for B&Q, Whitfield Court and garages as well as existing rental streams from corporate properties, including the letting of space at DDC's Whitfield offices.

- Development Management

The original budget for Development Management fee income in 2022/23 was £1,005k incorporating £900k for planning application fees and £90k for pre-application fees. Planning application fee income is standing at £765k to date and it is anticipated that the planning application fee income should achieve the budget by the end of the financial year. Fee income for pre-application advice has increased but the volume of applications has decreased.

The income budget for 2023/24 has been kept at a conservative figure of £984k with a mix of application types and the anticipated take-up of pre-application advice. New chargeable services are looking to be introduced, which will increase the overall income.

- Licensing

This includes Alcohol, Regulated Entertainment, Taxis, Gambling and other miscellaneous licences. The original budget for 2022/23 was set at £213k. Incomes from the various licensing streams are projected to meet their targets by the end of the financial year.

The 2023/24 budget has reduced to £201k due to decreased income from premises licenses as a result of decrease in number of premises post covid and star ratings. There are small increases across numerous areas including additional events.

- Land Charges

The original 2022/23 budget was £190k. This is expected to fall short of the target by the end of the financial year by about £30k. The 2023/24 budget reflects the new proposed fees and charges that have been reviewed, the budget would be a proposed downward revision to £158k although this seems ambitious given the current climate in the property market. The income decrease would reflect fees and charges that reflect the cost of service and brings them more in line with other authorities in the area. A cost-neutral exercise with overall adjustments is proposed for next year.

- Green Waste Subscription Service

The Green Waste subscription service original budget for 2022/23 was set at £448k. The 2023/24 budget has been increased to £500k. This is due to a 10% inflation factored into this year's budget. It should be noted that last year's subscriber numbers dropped to 9,300.

- Building Control

The Building Control (BRFE) income is largely dependent upon construction activity. Assumptions about the level of activity combined with the economic forecasts led to a budget of £325k being set for 2021/22. The year-to-date receipts are likely to be below the forecast budget due to the impact of lockdowns on the construction industry. The budget for 2023/24 has remained the same due to considerations already accounted for in the 2021/22 and 2022/23 budgets.

22. In total the major fees and charges generate over £7.3m gross towards the General Fund budget.

**THREE YEAR REVENUE BUDGET FINANCIAL PROJECTION**

Notes	2022/23 Projected Outturn £000	2023/24 Proposed Budget £000	2024/25 Forecast £000	2025/26 Forecast £000	2026/27 Forecast £000
1	<b>18,073</b> Net Budget Requirement	<b>19,861</b>	<b>19,861</b>	<b>19,861</b>	<b>19,861</b>
	<b>Corporate Adjustments</b>				
2	- Salary inflation and increments including impact on National Insurance and Pensions		1,260	2,109	2,765
3	- Pension Backfunding (Triennial Valuation from 23/24)		47	97	149
4	- Contract inflation		300	488	618
5	- Average other expenditure inflation impact		501	714	963
6	- Average income inflation impact		(825)	(1,361)	(1,888)
7	<b>0</b> Total Corporate Adjustments	<b>0</b>	<b>1,284</b>	<b>2,047</b>	<b>2,608</b>
	<b>18,073</b> Total Forecast Budget Requirement	<b>19,861</b>	<b>21,144</b>	<b>21,908</b>	<b>22,468</b>
	<b>Financed By :-</b>				
8	7,671 Non-Domestic Rates Income	8,562	9,050	7,102	7,130
9	60 Revenue Support Grant	238	256	395	357
10	422 Services Grants / Funding Guarantee	909	867	1,458	1,502
	Council Tax Income				
11	(109) Collection Fund Surplus	55	55	55	55
	Tax rate increase (3% annual increase)				
	Base increase (1% per annum)				
12	8,038 Total Council Tax Income (incl s.31 grant)	8,321	8,653	8,993	9,342
13	1,229 New Homes Bonus	645	645	0	0
	<b>17,310</b> Total Financing	<b>18,732</b>	<b>19,525</b>	<b>18,004</b>	<b>18,385</b>
14	<b>762</b> NET (SURPLUS) / DEFICIT	<b>1,129</b>	<b>1,619</b>	<b>3,904</b>	<b>4,083</b>
15	Target Savings & Income Growth		(1,650)	(3,900)	(4,100)
16	<b>762</b> NET (SURPLUS) / DEFICIT AFTER SAVINGS	<b>1,129</b>	<b>(31)</b>	<b>4</b>	<b>(17)</b>
	<b>Projected General Fund Reserves</b>				
17	(1,479) Opening balance	(1,492)	(1,513)	(1,544)	(1,540)
	(775) Transfer to/(from) Smoothing Reserve	(1,150)	0	0	0
18	<b>(1,492)</b> Closing Balance	<b>(1,513)</b>	<b>(1,544)</b>	<b>(1,540)</b>	<b>(1,557)</b>

**THREE YEAR REVENUE BUDGET FINANCIAL  
PROJECTION**

**Notes**

- 1** The net budget is taken from the 2023/24 budget at Annex 1.
- 2** Increased salary costs reflect assumed inflation at 5%, 3%, 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 5%, 3%, 2% for the planning period.
- 5** Inflation on all other expenditure will aim to be limited to the current budget level, however an allowance of 5%, 3%, 2% has been forecast to allow some budget increases.
- 6** Increases in general income received (excluding specifically budgetted items such as car parking) assumed at 5%, 3%, 2% inflation.
- 7** Total corporate adjustments.
- 8** Forecast NDR funding, including impact of inflation & assumptions for impact of inflation and business changes.
- 9** It is anticipated that RSG will continue for the planning period.
- 10** It is anticipated that the New Homes Bonus, Services and Funding Guarantee grants will cease from 2024/25. However, due to the significant value of these grants and also the potential reduction in retained business rates, an allowance for some replacement funding has been included.
- 11** The collection fund surplus is distributed to the precepting authorities pro rata to their share of the precepts.
- 12** Council Tax is forecast to increase by 3% per annum for the rest of the planning period. A 1% per annum increase in the tax base has also been assumed.
- 13** New Homes Bonus forecast to cease from 2024/25.
- 14** Forecast (surplus) / deficit.
- 15** Target savings / income required in future years.
- 16** Revised (surplus) / deficit after target savings.
- 17** Proposed transfers from Smoothing reserve in.
- 18** Forecast General Fund Balance.

## **OFFICE OF THE CHIEF EXECUTIVE**

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

### **LEADERSHIP AND STRATEGIC DIRECTION**

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

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

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

**Strategic Direction:** ensuring all staff understand and adhere to the strategic aims of the organisation and follow the direction set by the elected members.

### **TRANSFORMATION**

The Council has established a Transformation Programme, Transformation Board and Team to ensure the organisation is delivering services in the best possible way, keeping customers at the heart of service delivery.

Currently in its early stages, the programme will have a Vision and Action Plan, with ongoing delivery grouped under the following workstreams:

- 1) Customer Experience
- 2) Staff Development and Engagement
- 3) Performance and Decision-Making
- 4) Property and Estate
- 5) Redefined Culture and Communication

The Programme is led and co-ordinated by the Head of Transformation.

## **COMMUNITY AND DIGITAL SERVICES**

### **Community Development**

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

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

This is done by building social capital by developing confident communities with a sense of place and who are engaged and empowered in the decision-making process; raising the District's profile to create a sense of pride of place within the community and to raise awareness of opportunities for inward investment; developing partnerships to create opportunities for people to learn new skills through employment and volunteering; building community cohesion through events which bring people together to celebrate and to raise the District's distinctive profile; and working to secure a higher level of external funding into the District to support communities and to develop/broker skills, training and learning opportunities through partnerships with education providers to address local business needs and build self-sufficiency in communities.

### **Community Safety**

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

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

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

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

## **CCTV**

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

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

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

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

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

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

## **Digital Services**

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

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



## **ICT**

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

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

## Chief Executive

Budget 2023/24

2022/23 Sub-total	Cost Centre	Description	Costs controlled by Head of Service					Recharges and Other Adjustments	
			FTE	Employees	Other Costs	Income	2023/24 Sub-total	Total	
267,123	7002	CHIEF EXEC ADMIN TRADING ACCT	3	244,321	1,280	-	245,601	( 245,601)	-
145,070	1001	NON SERVICE SPECIFIC WORK	-	9,900	129,300	-	139,200	993,489	1,132,689
412,193		<b>Total Office of the Chief Executive</b>	<b>3</b>	<b>254,221</b>	<b>130,580</b>	<b>-</b>	<b>384,801</b>	<b>747,888</b>	<b>1,132,689</b>
43,754	1071	EMERGENCY PLANNING	-	25,200	9,480	-	34,680	139,736	174,416
-	1072	BUSINESS CONTINUITY	-	-	-	-	-	5,016	5,016
-	1082	COVID 19 EMERGENCY	-	-	-	-	-	6,350	6,350
-	1300	COMMUNITY DEVELOPMENT	-	-	-	-	-	360,786	360,786
79,953	1301	AYLESHAM COMMUNITY DEVELOPMENT MANAGER	-	-	3,250	( 85,754)	( 82,504)	82,504	-
-	1302	DOVER DISTRICT LOTTO	-	-	8,000	( 8,000)	-	-	-
66,724	1303	INSPIRE FUND	-	-	50	-	50	-	50
-	1304	AYLESHAM GARDEN VILLAGE	-	-	-	-	-	44,397	44,397
-	1305	DOVER COASTAL COMMUNITY TEAM	-	-	-	-	-	165	165
-	1306	DEAL+SANDWICH COASTAL COM TEAM	-	-	-	-	-	165	165
1,500	1308	DOVER CASTLE ON THE DEFENSIVE	-	-	-	-	-	-	-
4,500	1309	SPORTS STRTGY, IMPLMTN & GRNTS	-	-	4,500	-	4,500	12,342	16,842
86,446	1310	CCTV	-	1,320	74,000	-	75,320	210,665	285,985
23,813	1311	CRIME AND DISORDER	-	-	1,550	-	1,550	94,018	95,568
11,294	1312	ANTI-SOCIAL BEHAVIOUR	-	-	2,460	-	2,460	112,171	114,631
-	1315	SMALL PROJECTS	-	-	-	-	-	329	329
-	1318	SE STRATEGIC PRTPN MIGRATION	1	90,315	-	( 92,531)	( 2,216)	2,216	-
-	1319	CRIME AND DISORDER PROJECTS	-	-	-	-	-	494	494
43,573	1320	ASPIRE PROJECT	-	-	-	-	-	65	65
142,149	7008	COMMUNITY AND ENGAGEMENT	2	138,702	10,175	200	149,077	( 149,077)	-
776,740	7009	DIGITAL SERVICES TEAM	16	831,892	136,260	-	968,152	( 968,152)	-
495,620	7010	COMPUTER SERVICES TRADING ACCT	-	7,535	402,874	-	410,409	( 410,409)	-
396,268	7503	COMMUNITY DEVELOPMENT TEAM	13	558,296	5,430	-	563,726	( 563,726)	-
240,332	7504	COMMUNITY SAFETY & CCTV TEAM	6	257,936	1,250	-	259,186	( 259,186)	-
2,412,666		<b>Total Transformation</b>	<b>38</b>	<b>1,911,196</b>	<b>659,279</b>	<b>( 186,085)</b>	<b>2,384,390</b>	<b>( 1,279,131)</b>	<b>1,105,259</b>
2,824,859		<b>Total Chief Executive</b>	<b>41</b>	<b>2,165,417</b>	<b>789,859</b>	<b>( 186,085)</b>	<b>2,769,191</b>	<b>( 531,243)</b>	<b>2,237,948</b>

## **STRATEGIC DIRECTOR OF CORPORATE AND REGULATORY**

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

### **GOVERNANCE, LEGAL AND HR & PAYROLL**

#### **Monitoring Officer**

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

#### **Data Protection Officer**

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

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

The Data Protection Officer must be able to perform their duties in an independent manner and the Council may not give the Data Protection Officer instruction on exercising their role. The Solicitor to the Council is the Council's designated Data Protection Officer. Although the Data Protection Officer sits within the Directorate, The Strategic Director of Corporate and Regulatory is not responsible for discharging the functions of the Data Protection Officer.

#### **Legal Services**

This section is responsible for providing a full legal service to the Council. This includes corporate and service specific legal advice, together with legal support to the Monitoring Officer and legal advice and support to the Executive and all Committees of the Council. The legal service includes planning law, conveyancing, employment law, property law and support

for the Council's regulatory functions (including both civil and criminal court work). The Legal team continues to be heavily involved in supporting the regeneration agenda and advising on numerous matters including a number of housing development schemes.

## **HR & Payroll**

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

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

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

## **DEMOCRATIC AND CORPORATE SERVICES**

### **Democratic Services**

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

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

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

### **Corporate Services**

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

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

### **Leadership Support**

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

- The formulation of policy and strategy, including corporate planning
- Maintaining and reviewing the information that forms the State of the District
- The development and delivery of the Health and Wellbeing agenda and strategic Public Health liaison
- Support Corporate Management Team and the Leader/Executive, through project-based work
- Administers Corporate Management Team and Leadership Forum
- Responsible for the development and compilation of the Strategic Dashboard including monitoring, reporting and commenting on the Council's performance and benchmark to other authorities where possible to measure efficiency and value for money.

## **Communications, PR & Marketing**

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

## **External Funding**

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

## **Electoral Services**

Electoral Services are responsible for the organisation and conduct of Parliamentary, Police and Crime Commissioner Elections, County Council, District Council and Parish Council elections and all associated by-elections within the district. Electoral Services are also responsible for the conduct of local and national referenda, parish polls and reviewing polling districts and places. The costs incurred in the conduct of elections are met by the body concerned. The Council is obliged to appoint an officer of the Council to act as Returning Officer (RO) to undertake their statutory duties. The officer acts as Acting Returning Officer at Parliamentary Elections, the Deputy Returning Officer at County Council Elections and the Local Returning Officer at Police and Crime Commissioner Elections.

The Council is also obliged to appoint an officer of the Council to act as Electoral Registration Officer (ERO) to undertake their statutory duties. The Electoral Services Team are responsible for maintaining the Register of Electors on behalf of the ERO throughout the year, which includes running a district wide canvass of all households from July to November and publish a new Register of Electors on 1 December each year. On behalf of the RO & ERO, the Elections Team will be processing Voter ID applications and postal/proxy applications as well as ensuring everything is updated in line with the latest legislation.

## **REGULATORY SERVICES**

### **Licensing**

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

- Alcohol, public entertainment and late-night refreshments, including Temporary events,
- Gambling,
- Private Hire and Hackney Carriages vehicles, drivers and operators,
- Animals - boarding and breeding establishments, Riding establishments, Zoo's, Pet Shops,

Dangerous Wild animals

- Beauty Treatments – Tattooing, piercing, acupuncture, electrolysis etc.
- Street Trading
- Scrap Metal

### **Environmental Protection**

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

### **Environmental Crime**

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

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

### **Private Sector Housing**

Services provided by the Private Sector Housing team comprise:

- Tackling rogue landlords and improving the private rented sector through legal/formal action to require owners/landlords meet the minimum Health and safety requirements laid down in the Housing Act 2004 and other regulations.
- Investigation and prevention of illegal evictions.
- The licensing of Houses in Multiple Occupation.

- The provision of Mandatory Disabled Facilities Grants and other discretionary grants and loans to adapt homes for independent living.
- The provision of financial housing assistance to vulnerable owner occupiers living in substandard homes.
- The licensing of Caravan Sites.
- Bringing empty homes back into use

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

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

## **PORT HEALTH & PUBLIC PROTECTION**

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

**Infectious Diseases** – This department is responsible for investigation and enforcing infectious disease controls, including new and emerging diseases such as COVID. Notifications of infectious diseases are received via the UK Health Security Agency, the Coroner, Coast Guard, Trading Standards, Border Force and the Police within the district and Port district.

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

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

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



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

## Corporate and Regulatory

Budget 2023/24

		Costs controlled by Head of Service							
2022/23 Sub-total		Description	FTE	Employees	Other Costs	Income	2023/24 Sub-total	Recharges and Other Adjustments	Total
-	1076	CORPORATE PLANNING	-	-	-	-	-	42,916	42,916
-	1077	HEALTH PROJECTS	-	-	-	-	-	34,351	34,351
<b>28,010</b>	1316	CORPORATE PRESS AND PUBLICITY	-	-	26,460	-	26,460	159,276	185,736
-	1380	COUNCIL, CABINET & COMMITTEES	-	-	-	-	-	380,350	380,350
<b>10,033</b>	1381	CHAIRMAN'S ACCOUNT	-	83	9,334	-	9,417	31,822	41,239
<b>284,141</b>	1382	MEMBERS ACCOUNT	-	5,271	273,111	(3,152)	275,230	69,572	344,802
<b>158,232</b>	7003	HEAD OF LEADERSHIP SUPPORT	-	-	-	-	-	-	-
<b>206,186</b>	7022	CORPORATE SUPPORT TRADING ACCT	4	250,088	4,996	-	255,084	(255,084)	-
-	7080	STRATEGIC DIRECTOR OF CORPORATE AND REGULATORY	1	134,603	180	-	134,783	(134,783)	-
<b>231,723</b>	7505	FUNDING & COMMUNICATIONS	6	311,226	820	-	312,046	(312,046)	-
<b>235,374</b>	7507	DEMOCRATIC SERVICES	4	225,896	21,614	-	247,510	(247,510)	-
<b>1,153,699</b>		<b>Total Democratic and Corporate Services</b>	<b>15</b>	<b>927,167</b>	<b>336,515</b>	<b>(3,152)</b>	<b>1,260,530</b>	<b>(231,136)</b>	<b>1,029,394</b>
-	1031	ELECTIONS - ADMIN	-	-	-	-	-	175,984	175,984
<b>93,860</b>	1032	ELECTORAL REGISTRATION	-	-	88,610	(1,000)	87,610	236,274	323,884
-	1033	COST OF ELECTIONS HELD	-	78,000	62,000	-	140,000	-	140,000
<b>261,113</b>	7501	ELECTORAL SERVICES	5	284,406	2,540	-	286,946	(286,946)	-
<b>354,973</b>		<b>Total Electoral Services</b>	<b>5</b>	<b>362,406</b>	<b>153,150</b>	<b>(1,000)</b>	<b>514,556</b>	<b>125,312</b>	<b>639,868</b>
-	7011	HR TRADING ACCOUNT (OLD SHARED SERV)	6	343,473	6,490	-	349,963	(349,963)	-
-	7012	PAYROLL AND SYSTEMS SHARED SERVICES	6	221,934	66,980	(224,020)	64,894	(64,894)	-
-		<b>Total Human Resources and Payroll</b>	<b>12</b>	<b>565,407</b>	<b>73,470</b>	<b>(224,020)</b>	<b>414,857</b>	<b>(414,857)</b>	<b>-</b>
<b>30,000</b>	1383	LEGAL FEES HOLDING ACCOUNT	-	-	30,000	-	30,000	-	30,000
<b>172,850</b>	7013	CORPORATE HR TRADING ACCOUNT	-	146,648	11,770	-	158,418	(158,418)	-
<b>676,744</b>	7018	LEGAL TRADING ACCOUNT	9	582,619	37,710	(30,000)	590,329	(590,329)	-
<b>879,594</b>		<b>Total Legal Services</b>	<b>9</b>	<b>729,267</b>	<b>79,480</b>	<b>(30,000)</b>	<b>778,747</b>	<b>(748,747)</b>	<b>30,000</b>
<b>328,891</b>	1090	PORT HEALTH AUTHORITY	34	2,034,632	771,420	(3,585,083)	(779,031)	779,031	-
<b>10,275</b>	1407	FOOD SAFETY AND HYGIENE	-	-	400	(362)	38	239,996	240,034
-	1408	HEALTH AND SAFETY AT WORK	-	-	200	-	200	65,853	66,053
<b>(68,279)</b>	1409	PORT HEALTH	-	8,000	8,320	(73,790)	(57,470)	123,707	66,237
<b>75,554</b>	7017	CORPORATE HEALTH & SAFETY	2	117,535	20,041	-	137,576	(136,676)	900
<b>111,281</b>	7041	HEAD OF PORT HEALTH	1	120,491	1,950	-	122,441	(122,441)	-
<b>480,739</b>	7511	PUBLIC PROTECTION	9	514,744	5,476	-	520,220	(520,220)	-
<b>938,461</b>		<b>Total Port Health and Public Protection</b>	<b>46</b>	<b>2,795,402</b>	<b>807,807</b>	<b>(3,659,235)</b>	<b>56,026</b>	<b>429,250</b>	<b>373,224</b>

Costs controlled by Head of Service							
2022/23 Sub-total		Description	FTE	Employees	Other Costs	Income	2023/24 Sub-total
680	1400	PEST CONTROL	-	-	-	-	-
2,500	1401	POLLUTION CONTROL	-	-	-	-	-
10,435	1402	ENV PROTECTION ENFORCEMENT	-	14,440	22,606	( 21,642)	15,404
10,356	1403	DOG CONTROL MEASURES	-	-	15,190	( 13,145)	2,045
( 18,844)	1404	ENVIRONMENTAL CRIME	-	-	3,200	( 6,500)	( 3,300)
1,594,536	1406	PRIVATE SECTOR HOUSING (incl. Renov'n Grants)	7	357,053	1,290,280	( 9,198)	1,638,135
( 79,200)	1410	LICENSING	-	-	504	( 98,257)	( 97,753)
( 14,050)	1411	MISCELLANEOUS LICENSING	-	-	4,000	( 14,098)	( 10,098)
( 11,884)	1412	GAMBLING ACT 2005	-	-	-	( 14,479)	( 14,479)
( 62,834)	1413	HACKNEY CAR & PRIVATE HIRE	-	-	10,876	( 74,495)	( 63,619)
2,434	1414	CALL OUT PAYMENTS - NOISE POLLUTION	-	-	-	-	-
257,771	7016	GOVERNANCE AND DATA PROTECTION	2	143,337	9,675	-	153,012
119,117	7034	HEAD OF REGULATORY SERVICES	-	-	-	-	-
281,732	7509	ENVIRONMENTAL CRIME TRADING ACCOUNT	7	325,003	24,182	-	349,185
194,579	7510	ENVIRONMENTAL PROTECTION	3	182,005	28,100	-	210,105
190,571	7513	LICENSING ADMIN TRAD ACCOUNT	5	232,379	7,064	-	239,443
2,477,899		<b>Total Regulatory Services</b>	<b>24</b>	<b>1,254,217</b>	<b>1,415,677</b>	<b>( 251,814)</b>	<b>2,418,080</b>
5,804,626		<b>Total Corporate and Regulatory</b>	<b>111</b>	<b>6,633,866</b>	<b>2,866,099</b>	<b>( 4,169,221)</b>	<b>5,330,744</b>

Recharges and Other Adjustments	Total
-	-
-	-
243,774	259,178
89,476	91,521
336,550	333,250
91,264	1,729,399
160,570	62,817
64,400	54,302
16,027	1,548
114,581	50,962
-	-
( 153,012)	-
-	-
( 349,185)	-
( 210,105)	-
( 239,443)	-
164,897	2,582,977
( 675,281)	4,655,463

## **STRATEGIC DIRECTOR OF FINANCE AND HOUSING**

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

### **FINANCE AND INVESTMENT**

#### **Financial Administration**

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

#### **Accountancy**

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

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

#### **Procurement, Creditors and Income**

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

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

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

## **Strategic Housing**

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

**Affordable Housing Delivery** - The service was established to deliver new Council owned affordable housing. An initial target of a programme of 500 new homes has been approved by Cabinet and the first of these new homes have been completed. The service predominantly delivers homes for affordable rent, but also delivers shared ownership homes, accessible properties, and interim homes for the homeless. The Key Partnerships are with Homes England, with whom the Council is an Investment Partner, and with Kent Housing Group.

**Community Led Housing** - The Community Led Housing service was established in 2018 following the award of government funding. The service supports our communities to become involved in the delivery of new affordable homes in the district. A hub has been established to provide information, support, education and start-up grants for communities. The hub works closely in partnership with the other East Kent Authorities, and also with the newly created Kent Community Housing Hub, as well as with national organisations supporting community led development.

**Self-Build Housing** - The statutory functions relating to self-build under the Housing and Planning Act 2016, including the maintenance of a self-build register and support for self-build in the district are delivered via the Self-build housing service. This service provides information and training to potential self-builders and liaises closely with Development Management in relation to the availability of self-build plots in the district.

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

## **Housing Needs**

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

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

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

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

## **HOUSING SERVICES**

### **Housing Management Service**

Dover District Council is the major social landlord in the district with 4,376 homes as at 1<sup>st</sup> January 2023. Responsibility for tenancy management and property management/investment is now split between the Strategic Directors of Finance & Housing and Place & Environment with teams reporting to each. Housing management service delivery functions are the responsibility of the Strategic Director (Finance and Housing).

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

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

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

## **SHARED SERVICES**

## **East Kent Audit Partnership**

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

## **EK Services<sup>1</sup>**

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

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

## **Revenues**

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

Business Rates / Non Domestic Rates (NDR) also have to be calculated, billed and collected for around 4,200 businesses in the district. NDR is distributed by the council to the

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

Government, KCC, Police, Fire and Rescue. The service target is to collect at least 98.20% of NDR by end of financial year.

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

### **Benefits**

The service anticipates that it will pay out benefits and financial assistance to over 1,600 council tenants, over 2,300 private tenants and just under 9,000 council tax payers.

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

### **Customer Services**

Customer Services provides on-line, telephone, and face to face service delivery for all customers.

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

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



## Finance and Housing

Budget 2023/24

		Costs controlled by Head of Service							Recharges and Other Adjustments	
2022/23 Sub-total		Description	FTE	Employees	Other Costs	Income	2023/24 Sub-total		Total	
75,000	1340	SPECIAL FEES AND PAYMENTS	-	-	91,200	( 5,000)	86,200	1,948	88,148	
35,004	1341	TREASURY MANAGEMENT	-	-	25,004	-	25,004	52,533	77,537	
1,382,828	1342	BACKFUNDING & OTHER PENSION COSTS	-	1,422,232	-	( 8,951)	1,413,281	-	1,413,281	
240,680	1344	GRANTS TO VOLUNTARY ORGS	-	-	322,955	-	322,955	16,305	339,260	
( 5,524)	1345	OFFICE TELEPHONES HLDG ACCOUNT	-	-	49,220	( 49,220)	-	-	-	
56,800	1346	COMMUNITY HOUSING FUND	-	250	36,550	1,000	37,800	57,411	95,211	
( 15,190)	1348	KENT HOMECHOICE	2	114,557	165,815	( 265,000)	15,372	10,592	25,964	
126,468	1349	HOMELESSNESS	-	-	1,395,000	( 1,005,000)	390,000	583,963	973,963	
-	1350	RENT DEPOSIT SCHEME	-	-	10,000	( 10,000)	-	-	-	
50,000	1351	ROUGH SLEEPING	-	-	522,015	( 522,015)	-	4,642	4,642	
9,782	1352	CHOICE BASED LETTINGS	-	-	10,132	-	10,132	-	10,132	
-	1355	BROWNFIELD PLOTS	-	-	-	-	-	-	-	
525,940	1440	COUNCIL TAX-COST OF COLLECTION	-	-	1,021,000	( 564,700)	456,300	16,078	472,378	
( 32,544)	1441	NNDR - COST OF COLLECTION	-	-	163,380	( 211,000)	( 47,620)	14,494	( 33,126)	
602,360	1442	BENEFITS & SUBSIDIES	-	-	22,605,360	( 21,803,460)	801,900	14,494	816,394	
139,473	7006	STRATEGIC DIRECTOR - CORPORATE RESOURCES	1	116,463	3,720	-	120,183	( 120,183)	-	
111,699	7015	HEAD OF FINANCE & INVESTMENT	1	119,746	220	-	119,966	( 119,966)	-	
-	7019	AUDIT PARTNERSHIP	7	523,741	4,140	( 394,090)	133,791	( 133,791)	-	
250	7020	AUDIT TRADING ACCOUNT	-	-	590	-	590	( 590)	-	
717,381	7021	ACCOUNTANCY TRADING ACCOUNT	12	609,063	170,665	-	779,728	( 779,728)	-	
332,428	7024	PROCUREMENT, CREDITORS & INCOME	8	345,540	11,400	( 900)	356,040	( 356,040)	-	
172,160	7026	CORPORATE INCOME COLLECTION	-	-	181,720	-	181,720	( 181,720)	-	
170,390	7032	DDC @ YOUR SERVICE	-	-	178,740	-	178,740	( 178,740)	-	
673,497	7506	HOUSING NEEDS TRADING ACCOUNT	19	836,997	6,960	-	843,957	( 843,957)	-	
5,368,882		<b>Total Finance and Investment</b>	<b>50</b>	<b>4,088,589</b>	<b>26,975,786</b>	<b>( 24,838,336)</b>	<b>6,226,039</b>	<b>( 1,942,255)</b>	<b>4,283,784</b>	
7,000	1347	HOUSING STRATEGY	-	-	-	-	-	148,997	148,997	
109,788	7521	HEAD OF HOUSING	1	116,869	4,200	-	121,069	( 121,069)	-	
331,630	7525	HOUSING DEVELOPMENT	9	473,753	1,730	-	475,483	( 475,483)	-	
306,994	7526	HOUSING RENTS	8	338,273	9,630	-	347,903	( 347,903)	-	
760,618	7527	HOUSING GENERAL NEEDS	23	1,012,622	11,050	-	1,023,672	( 1,023,672)	-	
1,516,030		<b>Total Housing</b>	<b>41</b>	<b>1,941,517</b>	<b>26,610</b>	<b>-</b>	<b>1,968,127</b>	<b>( 1,819,130)</b>	<b>148,997</b>	
6,884,912		<b>Total Finance and Housing</b>	<b>91</b>	<b>6,404,937</b>	<b>27,002,396</b>	<b>( 24,838,336)</b>	<b>8,194,166</b>	<b>( 3,761,385)</b>	<b>4,432,781</b>	

## **STRATEGIC DIRECTOR OF PLACE AND ENVIRONMENT**

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

### **COMMERCIAL SERVICES**

#### **Refuse and Recycling Collections**

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

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

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

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

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

In addition to the weekly recycling and waste collections, the Council offers other related services such as, for example, the bulky waste collection service. This is available for residents who wish to arrange for larger items of waste to be collected for a small fee from their homes.

The removal of abandoned vehicles is also administered by this section in accordance with the Refuse Disposal Amenities Act (1978).

### **Street Cleansing**

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

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

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

### **Parking Services**

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

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

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

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

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

### **Parks & Open Spaces**

The Council has a substantial stock of parks, open spaces and sports grounds throughout the district including, for example, Kearsney Abbey and Connaught Park in Dover and Victoria Park in Deal. The areas provide for both active and passive leisure and include facilities such as skateboard parks, multi-use games areas, play areas, sports pitches, bowling greens and tennis courts in addition to areas for walking and quiet reflection. Grounds maintenance of the

sites had been contracted out for many years but the Council decided in 2016 to insource the service and this work has been undertaken by a directly managed team from April 2017.

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

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

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

#### **White Cliffs Countryside Partnership**

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

#### **Up on the Downs Project - now completed**

#### **The Finest Dour Project**

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

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

#### **Kearsney Parks for People - now completed**

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

## **PROPERTY ASSETS**

As part of the transformation agenda, and with a view to retaining an effective service after the imminent retirement of key members of staff, the service is being reshaped to become more sharply focussed on managing the Council's assets, both corporate and housing. The name of the service has been changed to Property Assets to reflect this focus. One of the early actions has been for Building Control to be moved in the Planning service area, which took effect from 1<sup>st</sup> December 2022.

### **Asset Management**

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

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

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

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

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

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

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

**Coast Protection** - Under the Coast Protection Act 1949 the Council has powers to provide and maintain coastal defences to protect the land from erosion. The Government provides financial support to coast protection authorities by grant aiding capital schemes, with the

approval processes being managed by The Environment Agency, but will not grant aid routine maintenance. Shoreline Management Plans for the coastal frontage have been produced and work is ongoing on implementing the recommendations of the Pegwell Bay to Kingsdown Coastal Strategy.

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

### **Facilities Management**

The service covers a number of properties;

- **Dover Town Hall (Maison Dieu), Dover** - The main facilities at Dover Town Hall are the Stone Hall, Connaught Hall and the Council Chamber. There are also other smaller areas available for hire. The facilities are used for a variety of functions including wedding receptions, dinners, parties, dances, concerts, theatre, exhibitions, seminars, elections etc. but have been closed due to Covid the lease with Your Lease is due to be terminated in spring 2021 in order to facilitate major renovations and restoration of Burgess decorations and features. The Council was successful in the stage 2 bid to the Heritage Lottery Fund in September 2020. Enabling work has been undertaken and final contract negotiations are in progress in respect of the main NHLF project which involves major renovations and improvements to the building.
- **Deal Pier** - The present Pier, the third on this site, was officially opened by the Duke of Edinburgh in 1957. It provides opportunities for walking and fishing and has an architectural award winning café at the seaward end, which has been operated very successfully by the new tenant Deal Pier Kitchen Ltd since January 2019. There are two small shops at the entrance. The Pier itself is managed directly by the Council. Substantial maintenance works including concrete repairs, replacement seating, resurfacing of the stem, refurbishment of the pier head buildings, reglazing the shelters on the stem were undertaken during 2018 & 2019. Together these improvements have transformed the appearance of the pier and visitor experience. Replacement of the lighting on the pier stem and enhanced lighting around the café are due to be delivered in December 2022 and January 2023.
- **Leisure Centres** - The new Dover District Leisure Centre at Whitfield opened in February 2019 and Places Leisure have reported that both membership levels and visits to the asset are both significantly higher than projections. The centre has been warmly welcomed by the community. Tides Leisure and Indoor Tennis Centre provides a wide range of facilities including a beach effect leisure pool with waterslides, ancillary pools, and other features, a four-court sports hall, fitness/health suite and a cafeteria. The Indoor Tennis Centre is an LTA Beacon status site, recognising its high quality and affordable community tennis programmes. The impact of Covid has been very significant for the leisure industry and Tides and Dover Leisure Centre are no exception the long term impacts are not known at the time of providing this report.

## **Housing Maintenance**

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

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

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

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

## **INVESTMENT, GROWTH, TOURISM & CREATIVE SERVICES**

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

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

The Investment, Growth & Tourism Service also provides assistance and strategic insight to placemaking, branding, marketing, communications, engagement, events, funding, transportation and planning priorities. Providing clear vision and direction for the District, creating a vibrant place that directly supports and maximises opportunities for District residents, businesses and visitors.

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

The **Creative Services** team are fully integrated into the department and provide in-house creative services and brand guardianship for the Council, including graphic design, photography, video and drone resources. The team is also responsible for the Print Unit that provides in-house printing and mail room facilities. The Creative Services Team ensure the Council's brand and corporate identity are adhered to in all communications.

Both the Print Unit and Mail Room also support partner and private organisations and clients.

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#### **Related Dover District Council strategies and plans:**

- Tourism & Visitor Economy Strategy - [Tourism and Visitor Economy Strategy \(2020\)](https://doverdistrictlocalplan.co.uk) ([doverdistrictlocalplan.co.uk](https://doverdistrictlocalplan.co.uk))
  - Economic Growth Strategy - [Economic Growth Strategy - \(2021\)](https://doverdistrictlocalplan.co.uk) ([doverdistrictlocalplan.co.uk](https://doverdistrictlocalplan.co.uk))
  - Corporate Plan 2020 to 2024 - [Corporate Plan \(dover.gov.uk\)](https://dover.gov.uk)
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## **MUSEUM & TOURISM SERVICES**

### **Dover Museum**

Dover Museum is one of the oldest museums in the United Kingdom, founded in 1836. Its three floors of exhibitions on the history of Dover and its award winning Bronze Age Boat Gallery are open free to the public. It operates a successful schools programme and works with young people, traditionally a hard to reach group for museums, to make the museum more relevant to them, and staff are leading a team of volunteers in implementing a new collections plan relating to the national museums accreditation scheme. This involves the introduction of a new Collections Management System. The museum has recently undertaken a project to relocate the reserve collections from the Maison Dieu to a new store, and work to consolidate collections from the other museum stores will be undertaken in 2023. Staff at the museum are working on the Maison Dieu/Dover Town Hall NLHF project and utilising the Urban Archaeological Database to inform decisions in respect of the regeneration of Dover town centre.

### **Tourism & Visitor Economy**

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



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

Following Dover District Council's new 'Destination White Cliffs Country – Growth Strategy for Tourism and the Visitor Economy 2020 to 2030<sup>1</sup>', the Corporate Plan 2020-2024 (Corporate Objective 1: Regeneration – Tourism & Inward Investment) and emerging Local Plan 2020 to 2040, this function has specific responsibility to deliver a diverse range of promotional, engagement and placemaking projects, as well as to provide a clear vision and direction for the district, creating a vibrant destination where everyone is recognised as a visitor and where tourism is everyone's business.

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

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

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

## **PLANNING AND DEVELOPMENT**

### **Development Management**

The main functions of the Development Management service relate to the processing of planning and other formal applications submitted under the Town and Country Planning Acts and making determinations in accordance with policies and other material considerations, whilst meeting Government performance indicators relating to decision times. This involves reporting applications to Planning Committee in accordance with the provisions of the Constitution and responding to appeals against the refusal of applications, the imposition of conditions or the failure to determine applications (including the preparation and giving of evidence at informal hearings and public inquiries). Other responsibilities include responding to requests for fee-earning pre-application advice and responses to a wide range of planning matters and enquiries.

A vital element of the service is to promote good urban design throughout the District. This often involves negotiations to secure better quality developments, as well as seeking to protect

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

and enhance our heritage and built and natural environment and to manage change to underpin the long-term viability of the district.

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

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

### **Planning Enforcement**

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

### **Local Land Charges**

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

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

### **Planning Policy and Projects**

The Planning Policy and Projects service brings together the statutory development plan work that sets out the future of the District. The primary focus for the team is to prepare a District Local Plan, which will cover the period up to 2040. This has involved undertaking an assessment of the areas of land for development, updating the Dover Transportation Study, preparing the evidence base to support the Plan and undertaking community and stakeholder engagement. An Infrastructure Delivery Plan has also been prepared to support the implementation of the Plan.

Following the adoption of the Local Plan (expected early 2024) the priority will be to support delivery of the Plan, which will include the production of supporting documents including an

update to the Whitfield Urban Expansion SPD and Design Codes. The implementation of the Local Plan is reported each year in the form of an Authority Monitoring Report, which is prepared by the team, and includes reporting on the Council's five-year housing land supply.

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

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

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

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

### **Support Services**

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

### **Building Control**

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

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

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

## Place and Environment

Budget 2023/24

Costs controlled by Head of Service							2023/24 Sub-		Recharges and Other	
2022/23 Sub-total	Cost Centre	Description	FTE	Employees	Other Costs	Income	total	Adjustments	Total	
6,930	1601	CIVIC CAR	-	5,760	-	-	5,760	1,926	7,686	
71,128	1602	PUBLIC CONVENIENCES	-	3,340	267,927	( 97,000)	174,267	84,876	259,143	
( 23,110)	1603	COAST PROTECTION	-	-	670	( 4,880)	( 4,210)	321,347	317,137	
650	1604	SECTION 38	-	-	965	-	965	823	1,788	
51,700	1605	STREETLIGHTING AND NAMING	-	-	63,170	( 49,400)	13,770	127,317	141,087	
-	1606	COUNTRYSIDE AND WATERWAYS	-	-	-	-	-	4,417	4,417	
11,480	1607	BUS SHELTERS	-	-	13,510	-	13,510	9,743	23,253	
23,990	1608	PRECINCTS-DEAL AND DOVER	-	-	24,881	-	24,881	10,999	35,880	
-	1609	ENVIRONMENTAL IMPROVEMENTS	-	-	-	-	-	7,360	7,360	
( 358,040)	1610	GARAGES GF	-	-	35,000	( 455,800)	( 420,800)	321,633	( 99,167)	
( 71,957)	1611	SHOPS & SHOWROOMS GF	-	-	1,000	( 90,250)	( 89,250)	24,164	( 65,086)	
19,451	1612	55-61 CASTLE STREET ( FORMER CO-OP)	-	-	-	-	-	6,797	6,797	
( 268,272)	1613	WHITFIELD COURT	-	9,590	29,045	( 364,400)	( 325,765)	50,125	( 275,640)	
( 1,053,112)	1614	B&Q RETAIL WAREHOUSE	-	16,350	-	( 1,177,350)	( 1,161,000)	5,239	( 1,155,761)	
( 240,447)	1615	MISC PROPERTIES-GENERAL	-	18,730	26,469	( 206,280)	( 161,081)	725,482	564,401	
180	1616	RELOCATION OF TRAVELLERS	-	-	40	-	40	14,153	14,193	
109,490	1617	HALLS-TOWN HALL DOVER	-	88,215	2,426,900	( 2,382,230)	132,885	716,821	849,706	
( 380)	1618	TIMEBALL TOWER, DEAL	-	130	100	( 500)	( 270)	7,708	7,438	
802	1619	PUBLIC CLOCKS AND MEMORIALS	-	490	1,355	-	1,845	2,277	4,122	
( 31,520)	1620	DOLPHIN HOUSE	-	4,370	74,170	( 110,900)	( 32,360)	32,360	-	
-	1621	ENERGY EFFICIENCY GRANTS	-	-	-	-	-	13,965	13,965	
( 58,297)	1622	BEACHES AND FORESHORES	-	410	21,458	( 100,300)	( 78,432)	49,346	( 29,086)	
75,225	1623	DEAL PIER	2	112,373	79,350	( 108,500)	83,223	545,418	628,641	
( 8,850)	1624	SANDWICH QUAY	-	-	5,280	( 19,630)	( 14,350)	15,913	1,563	
( 16,000)	1625	PROPERTY SERVICES EVENTS	-	-	-	( 25,000)	( 25,000)	21,888	( 3,112)	
( 703,373)	1627	DOVER LEISURE CENTRE	-	49,180	4,015	( 750,000)	( 696,805)	660,538	( 36,267)	
135,536	1628	DEAL LEISURE POOL-TIDES	-	37,180	115,770	-	152,950	538,306	691,256	
699	1629	DEAL TENNIS CENTRE	-	765	-	-	765	82,732	83,497	
570,710	1630	CORPORATE MAINTENANCE	-	-	563,000	-	563,000	-	563,000	
-	1631	ACTIVITY PLAN - MAISON DIEU RESTORATION	-	-	100	-	100	-	100	
478,133	7001	OFFICE ACCOMMODATION-WHITFIELD	1	50,905	502,670	-	553,575	( 553,575)	-	
140,985	7007	STRAT DIRECTOR - OPS & COMM	1	127,959	2,350	-	130,309	( 130,309)	-	
1,439,768	7027	PROPERTY SERVICES	23	1,253,277	54,010	( 7,000)	1,300,287	( 1,300,287)	-	
16,642	7028	ASSET MAINTENANCE TEAM	6	191,696	18,400	( 189,000)	21,096	-	21,096	
68,357	7030	THE DOVER GATEWAY (CASTLE ST)	-	1,030	31,170	( 26,500)	5,700	( 5,700)	-	
10,004	7033	MAISON DIEU PREMISES	-	290	11,440	( 3,500)	8,230	( 8,230)	-	
906,821	7038	PROPERTY SERVICES HRA	22	1,091,257	9,950	-	1,101,207	( 1,101,207)	-	
1,305,323		<b>Total Propery Assets</b>	<b>56</b>	<b>3,063,297</b>	<b>4,384,165</b>	<b>( 6,168,420)</b>	<b>1,279,042</b>	<b>1,304,365</b>	<b>2,583,407</b>	

		Costs controlled by Head of Service								
2022/23							2023/24	Sub-		
Sub-total	Cost Centre	Description	FTE	Employees	Other Costs	Income	total		Recharges and Other Adjustments	
									Total	
-	1660	WCCP - SHORNCLIFFE	2	57,969	104,738	( 162,707)	-	-	-	
-	1669	ACCOUNTABLE BODY RECHARGES - SRB, S/START, WCCP	-	-	-	-	-	95,571	95,571	
( 200)	1670	WHITE CLIFFS COUNTRYSIDE PROJ	6	214,435	90,439	( 305,074)	( 200)	200	-	
-	1671	WCCP-SAMPHIRE HOE	3	99,189	31,903	( 131,092)	-	-	-	
-	1672	WCCP - ROMNEY MARSH PROJECT	1	33,402	23,390	( 56,792)	-	-	-	
-	1673	WCCP-WILDLIFE/SITE SURVEY	1	35,426	12,316	( 47,742)	-	-	-	
( 102,781)	1674	WCCP - OFFICE MANAGER AND ADMIN	2	137,851	8,215	( 182,066)	( 36,000)	18,000	( 18,000)	
-	1675	DOVER SITES MANAGEMENT	-	-	16,480	( 16,480)	-	-	-	
-	1676	SHEPWAY SITES MANAGEMENT	1	32,215	31,255	( 63,470)	-	-	-	
-	1677	FOLKESTONE DOWNS	-	-	12,880	( 12,880)	-	-	-	
-	1678	RIVER DOUR	-	250	350	( 600)	-	-	-	
-	1679	DUNGENESS (EDF ENERGY)	3	94,575	34,313	( 128,888)	-	-	-	
-	1680	FORT BURGOYNE	2	55,242	30,818	( 86,060)	-	-	-	
-	1682	OUR FINEST DOUR PROJECT	1	25,486	750	( 26,780)	( 544)	544	-	
7,901	1683	DEPOTS	-	2,970	6,690	( 16,000)	( 6,340)	25,114	18,774	
5,258	1684	CEMETERIES	-	1,570	229,291	( 162,500)	68,361	96,488	164,849	
32,660	1685	CLOSED CHURCHYARDS	-	455	30,870	-	31,325	21,801	53,126	
585,077	1686	PARKS AND OPEN SPACES	-	38,846	657,999	( 118,208)	578,637	237,031	815,668	
6,450	1687	KEARSNEY PARKS	3	107,599	44,611	( 8,000)	144,210	14,071	158,281	
11,320	1688	CAR PARKS-SURFACE FREE	-	-	15,036	-	15,036	50,546	65,582	
( 1,469,148)	1689	CAR PARKS - OFF STREET	-	890	330,487	( 1,939,250)	( 1,607,873)	383,511	( 1,224,362)	
( 703,730)	1690	CAR PARKS - ON STREET	-	275	59,520	( 770,000)	( 710,205)	702,864	( 7,341)	
1,579,222	1691	REFUSE COLLECTION	-	-	1,808,408	( 190,000)	1,618,408	344,742	1,963,150	
643,012	1692	RECYCLING	-	-	2,132,554	( 1,110,742)	1,021,812	116,745	1,138,557	
-	1693	FHDC WASTE CONTRIBUTION	-	-	5,171,597	( 5,171,597)	-	-	-	
-	1696	SOUTHERN WATER PROJECT	-	-	-	-	-	329	329	
1,705,076	1697	STREET CLEANSING	-	-	1,615,890	( 85,000)	1,530,890	186,905	1,717,795	
-	1698	KEARSNEY PARK CAFÉ	16	534,335	112,620	( 709,000)	( 62,045)	50,756	( 11,289)	
-	1700	ELECTRICAL VEHICLE CHARGING BAYS	-	-	-	-	-	823	823	
-	1701	AYLESHAM GROUNDS MAINTENANCE SERVICE	2	52,388	15,000	( 69,336)	( 1,948)	1,948	-	
111,479	7035	HEAD OF COMMERCIAL SERVICES	1	120,046	2,196	-	122,242	( 122,242)	-	
74,300	7036	TRANSPORT & PARKING MANAGER	1	81,292	860	-	82,152	( 82,152)	-	
239,430	7037	PARKS & OPEN SPACES ADMIN	5	247,934	3,310	-	251,244	( 251,244)	-	
( 115,480)	7514	GROUNDS MAINTENANCE TEAM	23	788,337	( 908,335)	( 20,000)	( 139,998)	139,998	-	
131,819	7515	PARKING SERVICE ADMINISTRATION	3	118,922	85,150	-	204,072	( 204,072)	-	
545,432	7516	PARKING OPERATIONS & ENFORCMENT	15	547,353	22,493	-	569,846	( 569,846)	-	
195,895	7517	WASTE SERVICES TRADING ACCOUNT	5	267,384	10,460	( 47,000)	230,844	( 230,844)	-	
3,482,992		<b>Total Commercial Services</b>	<b>95</b>	<b>3,696,636</b>	<b>11,844,554</b>	<b>( 11,637,264)</b>	<b>3,903,926</b>	<b>1,027,587</b>	<b>4,931,513</b>	

		Costs controlled by Head of Service								
2022/23							2023/24	Sub-		
Sub-total	Cost Centre	Description	FTE	Employees	Other Costs	Income	total	total	Recharges and Other Adjustments	
49,760	1050	ECONOMIC DEVELOPMENT	-	-	62,500	7,300	69,800		284,654	
11,024	1073	UNAPPORTIONABLE OVERHEADS	-	-	5,580	-	5,580		-	
( 11,676)	1074	PHOTOCOPIERS HOLDING ACCOUNT	-	-	17,270	( 28,690)	( 11,420)		11,420	
-	1075	MAIL ROOM POSTAGE ACCOUNT	-	-	50,000	( 50,000)	-		-	
96,630	1728	TOURISM DEVELOPMENT	-	-	72,130	( 5,000)	67,130		470,362	
20,328	1729	VIC GRANTS & HISTORIC PANELS	-	-	14,600	-	14,600		38,452	
( 288)	1730	CRUISE WELCOME OPERATION	-	170	-	( 4,280)	( 4,110)		-	
94,732	7004	DESIGN STUDIO	2	102,258	3,970	-	106,228		( 106,228)	
101,036	7005	MAIL ROOM TRADING ACCOUNT	2	65,032	10,020	-	75,052		( 75,052)	
27,510	7025	PRINT UNIT TRADING ACCOUNT	-	-	40,900	( 17,500)	23,400		( 23,400)	
105,359	7040	HEAD OF GROWTH & INVESTMENT	1	113,535	2,570	-	116,105		( 116,105)	
360,903	7502	ECONOMIC DEVELOPMENT TRADING ACCOUNT	6	370,365	10,420	-	380,785		( 380,785)	
299,093	7524	STRATEGIC TOURISM TRADING ACCOUNT	10	430,255	2,620	-	432,875		( 432,875)	
1,154,411		<b>Total Investment, Growth and Tourism</b>	<b>21</b>	<b>1,081,615</b>	<b>292,580</b>	<b>( 98,170)</b>	<b>1,276,025</b>		<b>( 329,557)</b>	
167,067	1721	DOVER MUSEUM	-	17,435	195,979	( 60,110)	153,304		712,722	
16,141	1722	MUSEUMS-BRONZE AGE BOAT-EXHIBT	-	-	24,720	( 1,004)	23,716		64,625	
3,900	1723	DOVER MUSEUM SCHOOLS	-	-	17,124	( 16,200)	924		36,095	
500	1725	CHANNEL SWIMMING	-	-	-	-	-		-	
93,503	1726	MUSEUM COLLECTION STORAGE	-	-	17,374	47,450	64,824		91,396	
4,398	1727	GRAND SHAFT-WESTERN HEIGHTS	-	190	3,866	-	4,056		5,692	
444,425	7518	MUSEUM HERITAGE & TOURISM ADMIN	13	497,142	1,950	-	499,092		( 499,092)	
729,934		<b>Total Museums and Heritage</b>	<b>13</b>	<b>514,767</b>	<b>261,013</b>	<b>( 29,864)</b>	<b>745,916</b>		<b>411,438</b>	
4,724	1405	PLANNING ENFORCEMENT	-	-	5,500	-	5,500		417,595	
50,978	1626	BUILDING CONTROL	6	379,603	33,040	( 325,000)	87,643		95,878	
( 926,578)	1751	DEVELOPMENT MANAGEMENT	-	-	110,010	( 983,867)	( 873,857)		1,790,190	
( 13,200)	1754	AYLESHAM DEVELOPMENT	-	-	30,000	( 62,820)	( 32,820)		49,494	
3,000	1756	PLANNING DELIVERY GRANT	-	-	-	-	-		-	
540	1757	CONSERVATION & HERITAGE	-	-	-	-	-		138,733	
218,996	1762	DOVER DISTRICT DEVELOPM'T PLAN	-	-	159,600	500	160,100		563,013	
250	1766	OTHER REGENERATION PROJECTS	-	-	250	-	250		228,075	
( 178,418)	1768	LOCAL LAND CHARGES	-	150	37,056	( 178,000)	( 140,794)		240,917	
320,466	7512	PLANNING ENFORCEMENT TRADING ACCOUNT	7	334,409	5,936	-	340,345		( 340,345)	
1,238,766	7519	DEVELOPMENT MANAGEMENT TRADING	25	1,367,753	30,656	200	1,398,609		( 1,398,609)	
709,353	7520	REGENERATION DELIVERY TRADING	12	767,056	11,140	( 8,000)	770,196		( 770,196)	
1,428,877		<b>Total Planning &amp; Development</b>	<b>49</b>	<b>2,848,971</b>	<b>423,188</b>	<b>( 1,556,987)</b>	<b>1,715,172</b>		<b>1,014,745</b>	
8,101,537			<b>233</b>	<b>11,205,286</b>	<b>17,205,500</b>	<b>( 19,490,705)</b>	<b>8,920,081</b>		<b>3,428,578</b>	
									<b>12,348,659</b>	

Ref	<b>Earmarked General Reserves</b>	<b>Balance</b>	Contribution	Application	<b>Balance</b>	Contribution	Application	<b>Balance</b>	Contribution	Application	<b>Balance</b>
	(Forecast 2022/23 - 2026/27)	<b>2021/22</b>	2022/23	2022/23	<b>2022/23</b>	2023/24	2023/24	<b>2023/24</b>	Future Years	Future Years	<b>Future Years</b>
		<b>£000</b>	£000	£000	<b>£000</b>	£000	£000	<b>£000</b>	£000	£000	<b>£000</b>
a	<b>Special Projects &amp; Events</b>	<b>(25,837)</b>	(1,251)	15,161	<b>(11,926)</b>	(1,311)	10,378	<b>(2,860)</b>	(2,700)	17	<b>(5,543)</b>
b	<b>Periodic Operations</b>	<b>(16,501)</b>	(227)	11,060	<b>(5,667)</b>	(58)	1,565	<b>(4,160)</b>	(134)	2,456	<b>(1,839)</b>
c	<b>Dover Regeneration</b>	<b>(704)</b>	(85)	364	<b>(425)</b>	(85)	267	<b>(243)</b>	(255)	300	<b>(198)</b>
d	<b>Smoothing Reserve</b>	<b>(4,000)</b>	0	775	<b>(3,225)</b>	0	1,150	<b>(2,075)</b>	0	0	<b>(2,075)</b>
e	<b>ICT Equipment &amp; Servers</b>	<b>(1,364)</b>	(615)	381	<b>(1,598)</b>	(115)	249	<b>(1,464)</b>	(345)	158	<b>(1,651)</b>
f	<b>Business Rates &amp; Council Tax Support</b>	<b>(3,854)</b>	0	1,501	<b>(2,353)</b>	0	226	<b>(2,127)</b>	0	750	<b>(1,377)</b>
g	<b>Public Health Operations</b>	<b>(7,627)</b>	0	141	<b>(7,486)</b>	0	0	<b>(7,486)</b>	0	0	<b>(7,486)</b>
	<b>Earmarked Reserves Total</b>	<b>(59,887)</b>	(2,178)	29,384	<b>(32,681)</b>	(1,569)	13,835	<b>(20,415)</b>	(3,434)	3,681	<b>(20,168)</b>

## EARMARKED RESERVES

The following earmarked reserves are held:

1. Special Projects & Events Reserve

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

2. Periodic Operations Reserve

This reserve is to cover costs of cyclical / periodic events, such as elections, and to hold grants or other income streams for specific purposes, such as Section 106 Funding, New Burdens grants and On-Street parking surpluses. Approval of expenditure from this reserve is delegated to the Section 151 Officer and the Portfolio Holder responsible for Finance.

3. Regeneration Reserve

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

4. Smoothing Reserve

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

5. Digital & ICT Equipment & Servers

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

6. Business Rates & Council Tax Support Reserve

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

7. Public Health Operational Reserve

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



## Housing Revenue Account - Draft Budget 2023/24 as at 11/01/23

	2021/22 Actual	2022/23 Original Budget	2022/23 Amended Budget	2023/24 Proposed Budget
	£000	£000	£000	£000
<b>INCOME</b>				
Dwelling Rents	(19,054)	(20,483)	(20,708)	(22,475)
Non-dwelling Rents	(18)	(18)	(1)	(17)
Tenant Charges for Services and Facilities	(1,010)	(628)	(678)	(795)
Leaseholder Charges for Services and Facilities	(443)	(419)	(419)	(382)
Revaluation Gain - rev of pr yr loss	(24,093)	0	0	0
<b>TOTAL INCOME</b>	<b>(44,617)</b>	<b>(21,549)</b>	<b>(21,807)</b>	<b>(23,668)</b>
<b>EXPENDITURE</b>				
Repairs and Maintenance	4,776	4,450	5,230	5,723
Supervision and Management	5,564	4,992	4,885	5,977
Rents, Rates, Taxes and Other Charges	119	37	54	34
Depreciation of Fixed Assets	2,742	2,694	2,694	3,086
Debt Management Expenses	37	15	15	15
Bad Debt Provision	(159)	185	225	200
<b>TOTAL EXPENDITURE</b>	<b>13,080</b>	<b>12,373</b>	<b>13,102</b>	<b>15,035</b>
<b>NET COST OF HRA SERVICES PER AUTHORITY INCOME AND EXPENDITURE ACCOUNT</b>	<b>(31,537)</b>	<b>(9,176)</b>	<b>(8,704)</b>	<b>(8,633)</b>
HRA Share of Corporate and Democratic Core	1,288	1,068	1,068	1,029
HRA share of other amounts not allocated to specific services	14	342	342	225
<b>NET COST OF HRA SERVICES</b>	<b>(30,235)</b>	<b>(7,766)</b>	<b>(7,294)</b>	<b>(7,379)</b>
(Gain)/Loss on Sales of HRA Fixed Assets	(625)	0	0	0
Interest Payable and Similar Charges	2,386	2,523	2,523	3,062
Interest and Investment Income	(1)	(18)	(18)	0
Pension Int Costs and expected return on pensions assets	304	0	0	0
<b>(SURPLUS)/DEFICIT FOR THE YEAR ON HRA SERVICES</b>	<b>(28,172)</b>	<b>(5,262)</b>	<b>(4,790)</b>	<b>(4,317)</b>
Amount required by statute to be credited to the HRA Balance for the year (as per the Note to the Statement of Movement below) **	28,669	7,240	7,176	6,810
<b>Net (Increase)/Decrease in the Housing Revenue Account Balance before transfers to or from reserves</b>	<b>498</b>	<b>1,978</b>	<b>2,386</b>	<b>2,493</b>
Transfer (from) reserves	(489)	(1,980)	(2,380)	(2,600)
Transfer to reserves		0	0	0
<b>(Increase)/decrease in year on the HRA balance</b>	<b>9</b>	<b>(2)</b>	<b>5</b>	<b>(107)</b>

<b>Impact of Deficit / (surplus) on balances</b>				
Housing Revenue Account surplus brought forward	(1,033)	(1,027)	(1,027)	(1,027)
<b>Housing Revenue Account surplus carried forward</b>	<b>(1,027)</b>	<b>(1,029)</b>	<b>(1,021)</b>	<b>(1,133)</b>

<b>** Note to the Statement of Movement on the HRA Account</b>				
<b>Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA Balance for the year</b>				
	£000	£000	£000	£000
Difference between any other items of income and expenditure determined in accordance with the guidance and determined in accordance with statutory HRA requirements	24,093	0	0	0
Net Charges made for retirement benefits in accordance with IAS19	429	0	0	0
(Gain)/loss on sale of HRA fixed asset	625	0	0	0
	<b>25,147</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Items not included in the HRA Income and Expenditure Account but included in the movement on HRA Balance for the year</b>				
Transfer to/(from) the Major Repairs Reserve	1,927	2,172	2,172	1,638
Employer's contributions payable to the Pension Fund and retirements benefits payable direct to pensioners	(318)	0	0	0
Capital expenditure funded by the HRA	1,914	5,068	5,004	5,172
	<b>3,522</b>	<b>7,240</b>	<b>7,176</b>	<b>6,810</b>
<b>Net additional amount required by statute to be debited/(credited) to the HRA Balance for the year</b>	<b>28,669</b>	<b>7,240</b>	<b>7,176</b>	<b>6,810</b>

**THREE YEAR REVENUE BUDGET FINANCIAL PROJECTION**

Notes	2022/23 Projected Outturn £000	2023/24 Forecast £000	2024/25 Forecast £000	2025/26 Forecast £000
1	<b>(21,806) Income</b>	<b>(21,806)</b>	<b>(21,806)</b>	<b>(21,806)</b>
	<b>Income Adjustments</b>			
2	Rent increases at 7% cap then CPI +1% from 2024/25	(1,531)	(2,194)	(2,877)
3	Impact of Right to Buy sales on rental income	44	90	137
4	Forecast rent from new stock	(219)	(319)	(419)
5	Inflation on leasehold & service charges	(156)	(249)	(288)
	<b>(21,806) Total</b>	<b>(23,668)</b>	<b>(24,478)</b>	<b>(25,254)</b>
6	<b>13,103 Expenditure</b>	<b>13,103</b>	<b>13,103</b>	<b>13,103</b>
	<b>Expenditure Adjustments</b>			
7	Repairs and Maintenance (7.5% inflation for 2023/24)	121	541	914
8	Utilities Inflation (60% increase for 2023/24)	145	222	231
9	Supervision and Management (6% inflation for 2023/24)	794	955	1,091
10	Other Misc expenditure inflation	350	371	384
	<b>13,103 Total</b>	<b>14,513</b>	<b>15,192</b>	<b>15,723</b>
11	<b>11,091 Other Charges</b>	<b>11,091</b>	<b>11,091</b>	<b>11,091</b>
12	Annual borrowing allowance for capital projects	557	657	757
	<b>11,091 Total</b>	<b>11,648</b>	<b>11,748</b>	<b>11,848</b>
	<b>Net (Increase)/Decrease In The HRA Balance Before 2,386 Transfers To/From Reserves</b>	<b>2,493</b>	<b>2,462</b>	<b>2,317</b>
13	<b>(2,380) Transfer from Housing Initiatives reserve</b>	<b>(2,600)</b>	<b>(2,460)</b>	<b>(2,310)</b>
14	<b>0 Transfer to Housing Initiatives reserve</b>	<b>0</b>	<b>0</b>	<b>0</b>
15	<b>6 NET (SURPLUS) / DEFICIT</b>	<b>(107)</b>	<b>2</b>	<b>7</b>
	Impact on Reserves :-			
	<b>Projected HRA Balance</b>			
	(1,027) Opening balance	(1,021)	(1,129)	(1,126)
16	<b>(1,021) Closing Balance</b>	<b>(1,129)</b>	<b>(1,126)</b>	<b>(1,119)</b>
	<b>Projected Housing Initiatives Reserve Balance</b>			
	(12,239) Opening balance	(9,859)	(7,259)	(4,799)
	0 Contribution to reserve	0	0	0
	(2,380) Proposed application of reserve to projects	(2,600)	(2,460)	(2,310)
17	<b>(9,859) Closing Balance</b>	<b>(7,259)</b>	<b>(4,799)</b>	<b>(2,489)</b>

**THREE YEAR REVENUE BUDGET FINANCIAL  
PROJECTION**

**Notes**

- 1** The gross income budget is taken from the 2023/24 budget at Annex 5.
- 2** The Government has set the rent cap at 7% for 23/24 but advised that rent increases will return to levels of CPI plus 1% from 2024/25
- 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 Development
- 5** Tenant and Leasehold service charges are a cost recovery exercise for the previous year so will increase
- 6** The gross expenditure budget is taken from the 2023/24 budget at Annex 5.
- 7** It is assumed that repairs & maintenance expenditure will increase in line with inflation.
- 8** Utilities cost has increased in line with costs across the sector, 60% for 2023/24 reducing to 20% in 2024/25 then 2% in 2025/26.
- 9** It is assumed that supervision & management expenditure will increase in line with inflation.
- 10** Inflationary increases on other expenditure areas.
- 11** Other charges are taken from the 2023/24 budget at Annex 5. These include, capital works, interest payable & receivable & pension charges.
- 12** The current level of proposed budget for Housing Development projects is above the forecast level of the HIR so there is forecast to be a requirement to borrow for future projects. The increase is based on £3.5m
- 13** The level of funding of projects from the Housing Initiatives reserves based on the current programme &
- 14** The annual transfer to the Housing Initiatives reserves to support future projects.
- 15** Forecast (surplus) / deficit.
- 16** Forecast HRA Balance.
- 17** Forecast Housing Initiatives Reserve Balance.

**HRA Housing Development Projects**

	<b>Total Project Cost £000</b>	<b>Prior years spend £000</b>	<b>Actual Spend 2021/22 £000</b>	<b>Forecast 2022/23 £000</b>	<b>Forecast 2023/24 £000</b>	<b>Forecast 2024/25 £000</b>	<b>Forecast 2025/26 £000</b>
Foxborough Close (2)	480	68	22	390	0	0	0
Property purchases (90)	16,623	9,393	1,230	1,500	1,500	1,500	1,500
Interim Housing - Kimberley Close (16)	1,683	329	571	783	0	0	0
Interim Housing - Stockdale Gardens (8)	1,498	330	884	284	0	0	0
Interim Housing - Barwick Road (24)	6,645	120	107	196	3,639	2,489	94
William Muge & Snelgrove (65)	15,175	14,700	475	0	0	0	0
113 Folkestone Road Development (8)	1,037	1,037	0	0	0	0	0
Napchester Road, Whitfield (26)	4,907	0	2,985	1,912	10	0	0
Grove Road, Preston (c12)	3,150	0	0	30	350	2,770	0
St Richards Road, Deal (6)	982	0	116	866	0	0	0
Military Road, Dover	1,596	0	0	53	1,133	387	23
Mongeham Road, Deal	1,890	0	0	190	1,700	0	0
Local Housing Fund Top-Up	1,500	0	0	0	1,500	0	0
Proposed Housing Developments (24)	8,500	0	0	500	3,000	3,000	2,000
<b>Total Housing Projects</b>	<b>65,667</b>	<b>25,978</b>	<b>6,390</b>	<b>6,704</b>	<b>12,832</b>	<b>10,146</b>	<b>3,617</b>
<b>Financed By:</b>							
Capital Receipts	2,500	0	0	2,500	0	0	0
Borrowing	40,924	15,570	4,536	1,975	9,276	7,350	2,217
Excess Right to Buy	13,386	3,712	1,117	1,105	3,256	2,796	1,400
Grant & S106 Funding	1,739	628	737	374	0	0	
Housing Initiatives Reserve	6,818	6,068	0	750	0	0	
<b>Sub total</b>	<b>65,367</b>	<b>25,978</b>	<b>6,390</b>	<b>6,704</b>	<b>12,532</b>	<b>10,146</b>	<b>3,617</b>

## ANNEX 5C

<b>REVENUE WORKS PROGRAMME</b>	<b>ACTUAL 2021/22 £000's</b>	<b>ORIGINAL BUDGET 2022/23 £000's</b>	<b>AMENDED BUDGET 2022/23 £000'S</b>	<b>PROPOSED BUDGET 2023/24 £000'S</b>
Term Maintenance	1,448	1,250	2,000	1,600
External Decorations	144	675	675	675
Drainage Works	6	3	3	10
Communal TV Aerials Works	12	15	15	15
Window Repairs	45	200	-	-
Elderly Persons Redecorations	-	-	-	-
Estates Paths, Pavings, Floor Resurfacing	0	320	200	70
Insurance Excess/Storm Damage	28	7	-	-
Vandalism	0	4	-	-
Electrical Safety Inspections & Works	0	180	180	180
Health and Safety Water Inspections & Works	486	100	100	50
Void Properties	176	800	1,000	1,000
Heating Servicing & Inspections	1,282	540	540	540
Lift Maintenance & Inspections	533	20	30	30
Disabled Hoists & Lifts	31	10	50	50
Fire Alarm Servicing & Inspections	62	60	50	50
Door Entry	80	20	20	20
Tenant Compensation	40	15	115	115
Tenants Compact - Dover / Deal / Sandwich & Rural	1	50	50	50
Environmental Improvements	6	50	50	50
Damp and Mould Maintenance		-	0	500
<b>TOTAL REVENUE WORKS PROGRAMME</b>	<b>4,380</b>	<b>4,319</b>	<b>5,078</b>	<b>5,005</b>

<b>CAPITAL WORKS PROGRAMME</b>	<b>ACTUAL 2021/22 £000's</b>	<b>ORIGINAL BUDGET 2022/23 £000's</b>	<b>AMENDED BUDGET 2022/23 £000'S</b>	<b>PROPOSED BUDGET 2023/24 £000'S</b>
Reroofing	384	1,560	750	1415
Replacement Doors and Windows	400	715	250	250
Door Entry System Installations	31	5	20	100
Fire Precaution Works	580	75	260	275
Heating Renewals	1,034	1,320	1320	1320
Thermal Insulation	-	-	-	-
Asbestos Inspection & Works Programme	264	-	450	300
Structural Repairs	314	375	375	375
Electrical Rewiring Programme	-	-	25	25
Kitchen Replacement Programme	369	741	741	700
Lift Refurbishment	-	-	-	-
Bathroom Replacement Programme	382	699	550	700
Adaptations for Disabled Persons	382	350	600	450
Restorative & Carbon Neutral Programme	-	500	1085	500
Integrated Reception Systems Upgrade	-	-	-	50
Estate Paving	-	-	-	100
Internal Block Flooring	-	-	-	150
Going Digital	-	-	-	100
Proposed Capital ICT Projects	-	150	-	-
<b>Capital Works Programme Total</b>	<b>4,140</b>	<b>6,490</b>	<b>6,426</b>	<b>6,810</b>
<b>Financed By:</b>				
Major Repairs Reserve	2,226	2,172	2,172	2,121
Direct Revenue Financing (HRA)	1,914	4,318	4,254	4,689
<b>Total Financed By (Capital Works)</b>	<b>4,140</b>	<b>6,490</b>	<b>6,426</b>	<b>6,810</b>
<b>FULL PROGRAMME TOTAL</b>	<b>8,520</b>	<b>10,809</b>	<b>11,504</b>	<b>11,815</b>

2022/23 MEDIUM TERM CAPITAL PROGRAMME (GENERAL FUND) - 22/23 Outturn Position - December 2022 (including 23/24 MTFP proposals)							
2022/23 Quarter 2 Position		PROPOSED BUDGET					
Projects included in the programme	Total £000	Previous years £000	Estimate 2022/23 £000	Estimate 2023/24 £000	Estimate 2024/25 £000	Future Years £000	Total £000
<b>Committed General Fund Projects</b>							
<b>Dover Regeneration Projects</b>							
Dover Fastrack Project (BRT)	17,520	3,564	13,956	6,800	0	0	24,320
Dover Fastrack Project (BRT) - increase to provision wef 23/24	0	0	0	1,500	0	0	1,500
Dover Market Square public realm improvements	3,651	1,549	2,102	0	0	0	3,651
Future High Streets Fund - Capital Works	250	26	224	0	0	0	250
Bench St Land Assembly	2,500	0	2,980	0	0	0	2,980
<b>Sub</b>	<b>23,921</b>	<b>5,139</b>	<b>19,262</b>	<b>8,300</b>	<b>0</b>	<b>0</b>	<b>32,701</b>
<b>Other Regeneration Projects</b>							
Aylesham Regeneration Project	2,429	1,867	562	0	0	0	2,429
Discovery Park - Grant no.2 (100% grant funded)	2,722	0	2,722	0	0	0	2,722
Building Foundations for Growth Grant - unallocated funding	21	0	21	0	0	0	21
<b>Sub</b>	<b>5,172</b>	<b>1,867</b>	<b>3,305</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,172</b>
<b>Other projects</b>							
Purchase of Refuse & Recycling Vehicles	4,500	3,941	13	0	0	546	4,500
DDC Community Bus purchase	101	30	71	0	0	0	101
Deal Pier - Capital Works	1,363	1,133	229	0	0	0	1,363
Tides LC refurbishment	1,120	909	211	0	0	0	1,120
Deal Beach Management 2015-20 (100% grant funded)	1,429	1,266	163	0	0	0	1,429
Old Dover Leisure Centre demolition	600	427	173	0	0	0	600
Old Dover Leisure Centre demolition - remove unspent balance on completion wef 23/24 (estimate)	0	0	(50)	0	0	0	(50)
55-61 Castle St - demolition	250	72	178	0	0	0	250
Dover Discovery Centre refurbishment	700	0	0	125	300	275	700
Aylesham Garden Village - Grounds Maintenance Equipment	87	0	87	0	0	0	87
St Margarets Bay sea defences (100% grant funded)	125	80	45	0	0	0	125
Cowdray Square Play Area	117	5	112	0	0	0	117
Parks & Open Spaces - Grounds Maintenance Equipment Replacement	420	0	100	320	0	0	420
Tides Leisure Centre replacement	600	0	600	0	0	0	600
Dover Museum & Bronze Age Boat - Essential Works - delete wef 23/24 (new special revenue project created)	276	59	0	0	0	0	59
New museum storage facility	830	759	71	0	0	0	830
Maison Dieu major restoration works(Dover Town Hall) - Delivery Phase	9,513	863	4,325	4,325	1,057	0	10,570
Maison Dieu major restoration works(Dover Town Hall) - Delivery Phase - increase to provision wef 23/24	0	0	0	2,250	0	0	2,250
Sandwich Guildhall Forecourt improvement works	1,050	50	1,000	0	0	0	1,050
Electric Vehicle Charging Bays	316	282	41	0	0	0	323
Rural England Prosperity Fund	0	0	0	100	300	0	400
<b>Disabled Facilities Grants:-</b>							
Winter Warmth Grants	50	n/a	50	0	0	0	50
Mandatory Disabled Facilities Grants	2,548	n/a	2,548	0	0	0	2,548
Renovation/PSH Loans	225	n/a	225	0	0	0	225
Empty Homes Loans	192	n/a	192	0	0	0	192
<b>Sub total</b>	<b>26,412</b>	<b>9,876</b>	<b>10,384</b>	<b>7,120</b>	<b>1,657</b>	<b>821</b>	<b>29,859</b>
<b>Sub total of Committed General Fund Projects</b>	<b>55,506</b>	<b>16,883</b>	<b>32,951</b>	<b>15,420</b>	<b>1,657</b>	<b>821</b>	<b>67,733</b>
<b>General Fund Projects - Proposed Projects</b>							
Capital Contingency	61	0	61	0	0	0	61
St Margarets Bay coast protection works (grant funded)	25	0	25	0	0	0	25
Street-lighting works - delete wef 23/24	107	0	0	0	0	0	0
Dolphin House - balconies	200	0	200	0	0	0	200
Future High St bid match funding	1,700	0	1,388	0	0	312	1,700
Future High St grant funding	2,946	0	2,306	640	0	0	2,946
Sandwich Quay - delete wef 23/24	150	0	0	0	0	0	0
Tides Replacement	4,400	0	4,400	0	0	0	4,400
Town Centre Regeneration and Historic Buildings	500	0	0	0	0	0	0
Kearsney Café Extension - delete wef 23/24	550	0	0	0	0	0	0
Park Lane Nursery - delete wef 23/24	125	0	0	0	0	0	0
Tides Essential Works	30	0	30	0	0	0	30
Sandwich Guildhall Forecourt improvement works	200	0	200	0	0	0	200
Public Sector Decarbonisation Fund - delete wef 23/24	115	0	0	0	0	0	0
Levelling Up Fund	0	0	18,100	0	0	0	18,100
<b>23/24 New Bids:-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Regeneration Projects	0	0	0	1,000	0	0	1,000
8 Bench St	0	0	0	175	0	0	175
Disabled Facilities Grants	0	0	0	1,241	0	0	1,241
<b>Sub total of General Fund Proposed Projects</b>	<b>11,109</b>	<b>0</b>	<b>26,711</b>	<b>3,056</b>	<b>0</b>	<b>312</b>	<b>30,078</b>

2022/23 MEDIUM TERM CAPITAL PROGRAMME (GENERAL FUND) - 22/23 Outturn Position - December 2022 (including 23/24 MTFP proposals)							
2022/23 Quarter 2 Position		PROPOSED BUDGET					
<u>Projects included in the programme</u>	Total £000	Previous years £000	Estimate 2022/23 £000	Estimate 2023/24 £000	Estimate 2024/25 £000	Future Years £000	Total £000
<b>General Fund Projects Total</b>	<b>66,615</b>	<b>16,883</b>	<b>59,662</b>	<b>18,476</b>	<b>1,657</b>	<b>1,133</b>	<b>97,811</b>

2022/23 MEDIUM TERM CAPITAL PROGRAMME (GENERAL FUND) - 22/23 Outturn Position - December 2022 (including 23/24 MTFP proposals)							
2022/23 Quarter 2 Position		PROPOSED BUDGET					
Projects included in the programme	Total £000	Previous years £000	Estimate 2022/23 £000	Estimate 2023/24 £000	Estimate 2024/25 £000	Future Years £000	Total £000
<b>Financed by:</b>							
Capital projects financed in previous financial years	16,883	16,883					16,883
Capital receipts - General Fund	5,817	n/a	3,807	125	300	437	4,669
Capital receipts - General Fund - 23/24 amendments	0	n/a	(50)	3,750	0	0	3,700
Capital receipts - General Fund - 23/24 new bids	0	n/a	0	175	0	0	175
Capital receipts - General Fund (Dover Regeneration)	250	n/a	250	0	0	0	250
Capital receipts - DFG Grant Repayments	262	n/a	262	0	0	0	262
Capital receipts - PSH / Empty Homes Loan receipts	417	n/a	417	0	0	0	417
Capital receipts - Abnormal costs contingency	520	n/a	520	0	0	0	520
<b>Direct Revenue Financing:-</b>							
General Fund	1,211	n/a	871	340	0	0	1,211
HRA	0	n/a	0	0	0	0	0
National Lottery Heritage Funding (Maison Dieu-delivery)	4,084	n/a	2,042	2,042	1,057	0	5,142
Office for Zero Emission Vehicles Grant	17	n/a	17	0	0	0	17
Section 106 Funding	87	n/a	87	0	0	0	87
<b>Grants:-</b>							
KCC Better Care Fund (Disabled Facilities Grant)	2,336	n/a	2,336	0	0	0	2,336
KCC Better Care Fund (Disabled Facilities Grant) - 23/24 estimate	0	n/a	0	1,241	0	0	1,241
Coastal Communities Fund (Dover Market Sq proj)	902	n/a	902	0	0	0	902
Environment Agency (Deal Beach Management 2015-20)	163	n/a	163	0	0	0	163
Environment Agency (St Margarets Bay coast protection works)	70	n/a	70	0	0	0	70
MHCLG Building Foundations for Growth Grant (Discovery Park)	2,743	n/a	2,743	0	0	0	2,743
MHCLG Grant (Future High Streets Funding)	3,171	n/a	2,531	640	0	0	3,171
Homes England (BRT)	12,836	n/a	12,836	6,800	0	0	19,636
Rural England Prosperity Fund Grant	0	n/a	0	100	300	0	400
Levelling Up Fund Grant	0	n/a	18,100	0	0	0	18,100
<b>Other reserves:-</b>							
- Special projects	11,904	n/a	10,333	1,443	0	0	11,776
- SEEDA-Dover Regeneration	150	n/a	0	0	0	150	150
- Developer Agreement Receipt	100	n/a	100	0	0	0	100
- KCC & Dover Growth Fund	528	n/a	528	1,000	0	0	1,528
- KCC COMF Community Play Areas Grant	112	n/a	112	0	0	0	112
- KCC COMF Helping Hands	71	n/a	71	0	0	0	71
- Parks & Open Spaces Reserve	420	n/a	100	320	0	0	420
PWLB borrowing - Property Acquisition	0	n/a	0	0	0	0	0
PWLB borrowing - other	1,000	n/a	500	500	0	0	1,000
PWLB borrowing - Refuse & Recycling Vehicles	559	n/a	13	0	0	546	559
Unsupported borrowing	0	n/a	0	0	0	0	0
<b>Total</b>	<b>66,615</b>	<b>16,883</b>	<b>59,662</b>	<b>18,476</b>	<b>1,657</b>	<b>1,133</b>	<b>97,811</b>



Capital Receipts Summary as at 31/12/22

<b>Capital Receipt Category</b>	<b>2021/22 Opening Balance £000</b>	<b>Receipts in year £000</b>	<b>Allocated to Projects £000</b>	<b>2022/23 Opening Balance £000</b>	<b>Anticipated future income £000</b>	<b>MTCP Project Funding £000</b>	<b>New Bids 2022/23 MTFP £000</b>	<b>Available funding £000</b>
Ring Fenced for 1:4:1 Affordable Housing	(3,538)	(824)	909	(3,453)	(1,205)	4,658	0	0
Ring fenced for Private Sector Housing	(99)	(475)	157	(417)	0	417	0	0
Ring fenced for Dover Regeneration	(250)	0	0	(250)	0	250	0	0
Ring fenced for Aylesham contractual commitments	(1,055)	0	0	(750)	0	520	230	0
Ring fenced for DFGs	(192)	(70)	0	(262)	(48)	310	0	0
Ring fenced for Shared Ownership	0	(2,571)	2,571	0	0	0	0	0
Un-ringfenced capital receipts	(10,799)	(1,035)	2,071	(10,068)	(642)	4,669	3,875	(2,166)
<b>Total</b>	<b>(15,933)</b>	<b>(4,975)</b>	<b>5,708</b>	<b>(15,200)</b>	<b>(1,895)</b>	<b>10,824</b>	<b>4,105</b>	<b>(2,166)</b>

## SPECIAL REVENUE PROJECTS - 2022/23 OUTTURN - DECEMBER 2022 (including 23/24 MTFP proposals)

SPECIAL REVENUE PROJECTS	Capital / Revenue	Total Approved Budget £000	Prior Years Exp £000	Estimate 2022/23 £000	Estimate 2023/24 £000	Estimate 2024/25 £000	Future years £000	Total Revised Budget £000
<b>Committed Special Revenue Projects</b>								
Corporate Property Maintenance	R	72	n/a	65	0	0	0	65
Parks - General Repairs (walls, fences, lakes, structures etc)	R	166	155	11	0	0	0	166
Dover District Transportation Study	R	352	245	108	0	0	0	352
Food Waste Promotion	R	47	19	28	0	0	0	47
LDF Plan	R	322	317	5	0	0	0	322
Property Strategy-external support	R	206	206	0	0	0	0	206
Resurfacing Car Parks & DDC owned access roads	R	240	220	20	0	0	0	240
Dover Regeneration - enabling costs	R	343	240	103	0	0	0	343
Butts - access bridge works	R	30	1	29	0	0	0	30
Property Renovations grant scheme	R	300	208	92	0	0	0	300
Beach Huts - refurbishments	R	50	31	19	0	0	0	50
Old St James Church works	R	190	155	35	0	0	0	190
Deal Indoor Tennis Centre - Flood Protection Works	R	40	0	40	0	0	0	40
Dover District Leisure Centre - completion works	R	100	21	79	0	0	0	100
CAB alterations to co-locate Deal & Dover CABs	R	30	24	6	0	0	0	30
Levelling Up Fund Bid	R	245	115	150	0	0	0	265
Whitfield & Duke of York roundabout study	R	40	15	25	0	0	0	40
Sandwich Dredging & Desilting Works 2021	R	25	0	25	0	0	0	25
Dover Place Plan	R	50	0	50	0	0	0	50
Dover Strategic Parking Strategy	R	20	0	20	0	0	0	20
Queen's Platinum Jubilee Celebrations	R	50	0	50	0	0	0	50
Queen's Baton Relay - 2022 Commonwealth Games	R	20	0	20	0	0	0	20
Kearsney Park - remedial works	R	150	0	150	0	0	0	150
UK Shared Prosperity Fund	R/C	0	0	99	199	702	0	1,000
One Public Estate - feasibility works	R	15	0	25	0	0	0	25
Kearsney Abbey ancillary building	R	33	0	33	0	0	0	33
Burgoyne Heights Street Lighting	R	140	0	140	0	0	0	140
Russell Gardens Pond & Bridge Repairs	R	0	0	110	0	0	0	110
Public conveniences refurbishments	C/R	50	0	50	0	0	0	50
Marke Wood Tennis Court Refurbishment	R	0	0	70	0	0	0	70
Project feasibility costs	R	201	51	212	0	0	0	264
<b>Sub total - committed projects</b>		<b>3,526</b>	<b>2,021</b>	<b>1,870</b>	<b>199</b>	<b>702</b>	<b>0</b>	<b>4,792</b>
<b>Capital projects in capital programme financed from reserve:</b>								
Provision allocated to capital programme to finance capital projects - WIP & Proposed	C	11,904	n/a	10,333	1,443	0	0	11,776
<b>Total committed projects</b>		<b>15,430</b>	<b>2,021</b>	<b>12,203</b>	<b>1,641</b>	<b>702</b>	<b>0</b>	<b>16,568</b>
<b>Proposed Projects</b>								
Special Revenue Contingency	R/C	121	0	121	0	0	0	121
Closed churchyard repairs	R	50	0	50	0	0	0	50
Corporate Property Maintenance	R	17	0	0	0	0	17	17
Museum Lighting Improvements - delete wef 23/24 (new special revenue project created)	R	69	0	0	0	0	0	0
Dover Tourism signage - delete wef 23/24	R	30	0	0	0	0	0	0
Aylesham Leisure allocation	R	200	0	200	0	0	0	200
Climate change initiatives	R	310	0	310	0	0	0	310
Support for organisational changes - allocate to Transformation project wef 23/24	R	500	0	0	0	0	0	0
Town Centre Regeneration	R	99	0	99	0	0	0	99
Maison Dieu - additional works	R	700	0	700	0	0	0	700
Project Feasibility Studies	R	350	0	288	0	0	0	288
Russell Gardens Pond Repairs	R	200	0	90	0	0	0	90
Community Grants	R	0	0	0	0	0	0	0
Property Renovation Scheme (Town Centre Grants)	R	100	0	100	0	0	0	100
Reimagining Whitfield Offices - allocate to Transformation project wef 23/24	R	100	0	0	0	0	0	0
Maison Dieu Artwork	R	100	0	100	0	0	0	100
Dover Museum Roof - delete wef 23/24 (new special revenue project created)	R	50	0	0	0	0	0	0
Street Scene	R	50	0	50	0	0	0	50
Deal Tennis Centre Flood Protection	R	50	0	50	0	0	0	50
Victoria Park MUGA	R	40	0	40	0	0	0	40
Museum Essential Repairs - existing provisions amalgamated to create new project - move to WIP in 23/24	R	0	0	0	360	0	0	360
Transformation Project - provisions reallocated from Support for organisational changes & Reimagining Whitfield Offices	R	0	0	0	600	0	0	600
<b>23/24 New Bids:-</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Paths & Car Park resurfacing	R	0	0	0	20	20	20	60
Heritage Asset Safeguarding works	R	0	0	0	40	0	0	40
Dover District Design Code	R	0	0	0	40	0	0	40
Conservation Area Appraisal	R	0	0	0	20	0	0	20
Russell Gardens Bridge Repairs	R	0	0	0	300	0	0	300
Corporate Assets Repairs & Maintenance	R	0	0	0	250	0	0	250
Property Strategy - revenue costs	R	0	0	0	100	0	0	100
Deal Pier structural safety inspection	R	0	0	0	75	0	0	75
Football pitch renovation	R	0	0	0	75	0	0	75
Elms Vale Pavilion roof repairs	R	0	0	0	50	0	0	50
Public Convenience refurbishment	R	0	0	0	50	0	0	50
Roman Painted House bridge repairs	R	0	0	0	50	0	0	50
Streetlights quinquennial inspection	R	0	0	0	25	0	0	25
<b>Sub total - proposed projects</b>		<b>3,135</b>	<b>0</b>	<b>2,197</b>	<b>2,055</b>	<b>20</b>	<b>37</b>	<b>4,309</b>
Proposed balance to transfer to capital projects - new bids	C	0	n/a	0	0	0	0	0
<b>Total proposed projects</b>		<b>3,135</b>	<b>0</b>	<b>2,197</b>	<b>2,055</b>	<b>20</b>	<b>37</b>	<b>4,309</b>
<b>GRAND TOTAL</b>		<b>18,566</b>	<b>2,021</b>	<b>14,400</b>	<b>3,696</b>	<b>722</b>	<b>37</b>	<b>20,877</b>

<b>SPECIAL REVENUE PROJECTS</b>	<b>Capital / Revenue</b>	<b>Total Approved Budget £000</b>	<b>Prior Years Exp £000</b>	<b>Estimate 2022/23 £000</b>	<b>Estimate 2023/24 £000</b>	<b>Estimate 2024/25 £000</b>	<b>Future years £000</b>	<b>Total Revised Budget £000</b>
<b>Special Projects Financing</b>								
Special Projects financed in previous years		2,021	2,021	0	0	0	0	2,021
Special Project Reserve		16,035	0	13,615	2,403	0	17	16,035
SEEDA-Dover Regen Reserve		38	0	38	0	0	0	38
HCA-Dover Regen Reserve		3	0	3	0	0	0	3
KCC & Dover Growth Fund Reserve		280	0	280	0	0	0	280
Deal Tennis Centre Equipment Reserve		40	0	40	0	0	0	40
Periodic Operations Reserve		20	0	20	0	0	0	20
Levelling Up Fund grant Reserve		10	0	10	0	0	0	10
S106		200	0	200	0	0	0	200
External contributions		1,125	0	224	199	702	0	1,125
External contributions - reduction wef 23/24		0	0	-30	0	0	0	-30
Special Project Reserve - 23/24		0	0	0	975	0	0	975
Periodic Operations Reserve - 23/24		0	0	0	20	20	20	60
Dover Regeneration Reserve - 23/24		0	0	0	100	0	0	100
<b>TOTAL</b>		<b>19,772</b>	<b>2,021</b>	<b>14,400</b>	<b>3,696</b>	<b>722</b>	<b>37</b>	<b>20,877</b>

<b>Remaining balance in Special Projects reserve</b>	
<b>Balance at 1 April 2022</b>	<b>23,809</b>
Allocation to projects in 22/23	-13,615
22/23 allocation to Digital & ICT projects	-500
22/23 allocation to Gen Fund re Community Grants Scheme	-200
Balance transferred from Major Events Reserve in 22/23	83
Allocation from General Fund for 22/23 re Major Events	20
Allocation from General Fund in 22/23 - replenishment of 21/22 reserve use pending receipt of OZEV grant	56
Allocation from General Fund for 22/23	900
<b>Balance at 31 March 2023</b>	<b>10,553</b>
Proposed allocation to projects in 23/24 & future years	-2,420
Proposed allocation to new projects in 23/24 & future years	-975
Ring-fenced financing for Dover Dist Leisure Centre	-7,000
	0
Allocation from General Fund for 23/24 re Major Events	20
23/24 allocation re EZ relief from prior year	98
Allocation from General Fund for 23/24	900
Allocation from General Fund for future years	2,700
<b>Balance after future years allocations</b>	<b>3,876</b>

<b><u>DIGITAL REVENUE PROJECTS</u></b>	<b>Total Approved Budget £000</b>	<b>Prior Years Exp £000</b>	<b>Estimate 2022/23 £000</b>	<b>Estimate 2023/24 £000</b>	<b>Estimate 2024/25 * £000</b>	<b>Total Revised Budget £000</b>
<b><u>Digital Infrastructure Investment - Approved Projects</u></b>						
Collection Management - Museum	18	0	18	0	0	18
Corporate Hardware & Software	99	17	44	38	0	99
Parking Cloud System	26	0	25	1	0	26
AIM Cloud Based Project	37	0	35	2	0	37
Mod.Gov Cloud Upgrade	22	0	19	3	0	22
Network Switches	25	0	1	24	0	25
Meeting Rooms Solution	20	0	19	1	0	20
Telephone Equipment Main System	16	0	8	8	0	16
Regulatory Services Cloud System	122	0	92	30	0	122
Laptop Replacement	72	0	68	4	0	72
Pentana	3	0	3	0	0	3
IDOX System Upgrades	22	0	11	11	0	22
M365 Backups	9	0	9	0	0	9
Confirm On Demand Cloud System	9	0	0	9	0	9
Council Chamber	76	71	5	0	0	76
WiFi	57	3	54	0	0	57
Telephony	13	0	13	0	0	13
<b>Total - committed projects</b>	<b>646</b>	<b>91</b>	<b>424</b>	<b>131</b>	<b>0</b>	<b>646</b>
<b><u>Infrastructure Investment - Proposed Projects</u></b>						
Mobile Phone replace	42		0	0	42	42
MSSQL Upgrades	21		0	0	21	21
SAN Storage Area Network	44		0	0	44	44
VM Ware	45		0	15	30	45
WAN & Internet Wired Network	8		0	0	8	8
Civica Recharges (Software & Licences)	84		0	41	43	84
Citrix Environment	38		0	38	0	38
Citrix Licences	29		0	29	0	29
Server CALS (Licences for host servers)	10		0	0	10	10
Firewall	25		0	25	0	25
<b>Total - proposed projects</b>	<b>346</b>	<b>0</b>	<b>0</b>	<b>148</b>	<b>198</b>	<b>346</b>
<b>GRAND TOTAL</b>	<b>992</b>	<b>91</b>	<b>424</b>	<b>279</b>	<b>198</b>	<b>992</b>
<b><u>Digital Projects Financing</u></b>						
Projects financed in previous years	91	91	0	0	0	91
Digital & ICT Reserve	788	0	381	249	158	788
HRA Funding	113	0	43	30	40	113
<b>TOTAL</b>	<b>992</b>	<b>91</b>	<b>424</b>	<b>279</b>	<b>198</b>	<b>992</b>

<b><u>Remaining balance in Digital &amp; ICT Reserve</u></b>	<b>£000</b>
<b>Balance at 1 April 2022</b>	<b>1,364</b>
Allocation to Revenue projects in 22/23	-381
Allocation from General Fund for 22/23	115
Allocation from Special Project Reserve for 22/23	500
<b>Balance at 31 March 2023</b>	<b>1,598</b>
Proposed allocation to Revenue projects in 23/24 & future years	-407
Allocation from General Fund for 23/24	115
Allocation from General Fund for MTFP period (3 years)	345
<b>Balance after future years allocations</b>	<b>1,651</b>

\* Notes to Accounts

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

During the first year in 2023/24, all services and software maintenance contracts will be reviewed and analysed.

Therefore, at the time of preparing this data, it is not possible to estimate costs with any accuracy for the financial year 2024/25.

Ongoing expenditure will depend on the findings built up throughout the financial year 2023/24, and what priorities are established.

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

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

## Capital Strategy Report 2023/24

### 1. Introduction

- 1.1. This capital strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance members' understanding of these sometimes technical areas.
- 1.2. Decisions made this year on capital and treasury management will have financial consequences for the Council for many years into the future. They are therefore subject to both a national regulatory framework and to local policy framework, summarised in this report.

### 2. Capital Expenditure and Financing

- 2.1. Capital expenditure is where the Council spends money on assets, such as property or vehicles, that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £10k are not capitalised and are charged to revenue in year.
- 2.2. In 2023/24, the Council is planning capital expenditure of £37.8m as summarised below:

*Table 1: Prudential Indicator: Estimates of Capital Expenditure*

	2021/22 actual £000	2022/23 forecast £000	2023/24 budget £000	2024/25 budget £000	2025/26 budget £000
General Fund services	9,544	59,662	18,476	1,657	1,133
Council housing (HRA)	10,531	13,130	19,342	10,146	3,617
<b>Total Expenditure</b>	20,075	72,792	37,818	11,803	4,750

- 2.3. The main General Fund capital projects include the Dover Beacon Levelling Up Bid, development of the Dover Fast Track Bus Route, major restoration works on Maison Dieu (Dover Town Hall) and regeneration projects.
- 2.4. The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately and includes the building of new affordable homes over the forecast period.
- 2.5. Capital investments include loans and shares made for service purposes and property held primarily for financial return in line with the definition in the CIPFA Treasury Management Code.
- 2.6. **Governance:** Service managers bid in August to include projects in the Council's capital programme. Bids are collated by Accountancy who calculate the financing cost (which can be nil if the project is fully externally financed). The Corporate Management Team appraises all bids based on a comparison of service priorities against financing costs and makes recommendations to Cabinet. The final capital programme is then presented to Cabinet in February and to Council in March each year.
- 2.7. For full details of the Council's capital programme, including the project appraisals undertaken, see Annex 6A.
- 2.8. All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt

(borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

*Table 2: Capital financing*

	2021/22 actual £000	2022/23 forecast £000	2023/24 budget £000	2024/25 budget £000	2025/26 budget £000
Capital Receipts	2,822	8,811	7,306	3,096	1,837
Grants and Contributions	5,485	40,143	8,781	300	0
Reserves and Revenue	5,620	21,351	11,955	1,057	150
Borrowing	6,148	2,488	9,776	7,350	2,763
<b>Total Financing</b>	<b>20,075</b>	<b>72,792</b>	<b>37,818</b>	<b>11,803</b>	<b>4,750</b>

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

*Table 3: Replacement of debt finance*

	2021/22 actual £000	2022/23 forecast £000	2023/24 budget £000	2024/25 budget £000	2025/26 budget £000
Revenue resources	3,896	4,294	5,233	5,417	5,603

### **3. Annual Minimum Revenue Provision Statement 2023/24**

- 3.1. Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Council to have regard to the Department of Levelling Up, Housing and Communities' (DLUHC) Guidance on Minimum Revenue Provision.
- 3.2. The broad aim of the DLUHC Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.
- 3.3. The DLUHC Guidance requires the Council to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance.
- 3.4. For capital expenditure incurred before 1st April 2008, and for supported capital expenditure incurred on or after that date, MRP will be determined in accordance with the former regulations that applied on 31st March 2008.
- 3.5. For unsupported capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset equal to the average relevant PWLB rate for the year of expenditure, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years.
- 3.6. For unsupported capital expenditure incurred after 31st March 2008, MRP will be determined as being equal to the accounting charge for depreciation and impairment on those assets (or parts of) continuing until the expenditure has been fully funded.
- Repayments included in annuity loans are applied as MRP

- Capital expenditure incurred during 2023/24 will not be subject to a MRP charge until 2024/25
- No MRP will be charged in respect of assets held within the Housing Revenue Account.
- MRP in respect of the £90m payment made in 2012 to exit the Housing Revenue Account subsidy system will be determined as being equal to the principal amount repaid on the loans borrowed to finance that payment.

3.7. The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP / loans fund repayments and capital receipts used to replace debt. The CFR is expected to increase during 2023/24. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

*Table 4: Prudential Indicator: Estimates of Capital Financing Requirement*

	2021/22 actual £000	2022/23 forecast £000	2023/24 budget £000	2024/25 budget £000	2025/26 budget £000
General Fund services	60,163	59,206	55,928	54,458	53,534
Council housing (HRA)	81,548	81,001	89,982	94,646	94,091
<b>TOTAL CFR</b>	141,711	140,207	145,910	149,103	147,624

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

3.9. The AMP is used as a management tool to assist in ensuring that the Council's property assets meet the objectives set out in the Council's Corporate Property Strategy. It covers: Revenue maintenance requirements; Capital works programmes; Data on performance of significant corporate assets; and Properties identified for disposal. Expenditure on repairs and maintenance forms a direct link with the revenue budget, which contains the resources to meet the programme of repairs and maintenance. Standards of maintenance, and therefore of required expenditure, are to some extent subjective. The Strategic Director (Finance and Housing) confirms that there are sufficient resources to keep properties in a basic state of repair, but it continues to be a challenge to maintain all buildings without deterioration. Continuing with this approach increases the risk, but it ensures that the limited budget focuses mainly on essential maintenance.

3.10. **Asset disposals:** When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. Repayments of capital grants, loans and investments also generate capital receipts. The Council anticipates receiving £300k of capital receipts in the coming financial year as follows:

*Table 5: Capital receipts receivable*

	2021/22 actual £000	2022/23 forecast £000	2023/24 budget £000	2024/25 budget £000	2025/26 budget £000
Un-ring-fenced capital receipts	1,035	642	300	300	300

#### **Treasury Management**

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

4.2. Due to decisions taken in the past, the Council currently has £73m long term borrowing at an average interest rate of 3.4% and £50m long term treasury investments at an average rate of 3.8%.



- 4.3. **Borrowing strategy:** The Council’s main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 3%) and long-term fixed rate loans where the future cost is known but higher (currently around 4.5%).
- 4.4. Projected levels of the Council’s total outstanding debt (which comprises borrowing, PFI liabilities, leases and transferred debt) are shown below, compared with the capital financing requirement (see above).

	2021/22 actual £000	2022/23 forecast £000	2023/24 budget £000	2024/25 budget £000	2025/26 budget £000
Debt (incl. PFI & leases)	73,188	70,666	68,064	65,378	62,606
Capital Financing Requirement	141,711	140,207	145,910	149,103	147,624

- 4.5. Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, the Council expects to comply with this in the medium term.
- 4.6. **Affordable borrowing limit:** The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

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

	31.3.2022 actual	31.3.2023 forecast	31.3.2024 budget	31.3.2025 budget	31.3.2026 budget
Authorised limit - borrowing	338.5	338.5	338.5	338.5	338.5
Operational boundary - borrowing	333.0	333.0	333.0	333.0	333.0

- 4.7. Further details on borrowing can be found the treasury management strategy - Annex 7B.
- 4.8. **Treasury investment strategy:** Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.
- 4.9. The Council’s policy on treasury investments is to prioritise security and liquidity over yield, that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.
- 4.10. **Treasury investment strategy:** Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.
- 4.11. The Council’s policy on treasury investments is to prioritise security and liquidity over yield, that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in

pooled funds, where an external fund manager makes decisions on which particular investments to buy, and the Council may request its money back at short notice.

*Table 8: Treasury management long term investments*

	2021/22 actual £000	2022/23 forecast £000	2023/24 budget £000	2024/25 budget £000	2025/26 budget £000
Total investments	50,000	50,000	50,000	50,000	50,000

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

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

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

## 5. Investments for Service Purposes

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

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

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

## 6. Commercial Activities

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

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

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

Table 9: Prudential indicator: Net income from commercial and service investments to net revenue stream

	2022/23 forecast	2023/24 budget	2024/25 budget	2025/26 budget
Total net income from service and commercial investments	1.77	1.78	1.78	1.78
Proportion of net revenue stream	9.7%	9.3%	8.9%	8.9%

## 7. Liabilities

- 7.1. In addition to debt of £73m detailed above, the Council is committed to making future payments to cover its pension fund deficit (valued at £83m). It has also set aside £2m to cover risks of NDR appeals and Municipal Mutual Insurance claims. The Council is also at risk of having to pay for costs towards termination of its Kent wide housing Private Finance Initiatives, further claims from Municipal Mutual Insurance and relating to the Civica pension schemes. The Council has not put aside any money because the risks of these events occurring continue to be assessed as very remote (see the Statement of Accounts for further information).

## 8. Revenue Budget Implications

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

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

	2021/22 actual	2022/23 forecast	2023/24 budget	2024/25 budget *	2025/26 budget
General Fund	-1.05%	1.78%	1.41%	1.39%	1.34%
HRA	-4.98%	14.82%	13.45%	13.51%	13.42%

- 8.2. Further details on the revenue implications of capital expenditure are included in the Capital and Special Revenue section of the 2023/24 Budget and MTFP.
- 8.3. **Sustainability:** Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Strategic Director (Finance and Housing) is satisfied that the proposed capital programme is prudent, affordable and sustainable because of the financial viability analysis that has been completed on the planned expenditure.

## 9. Knowledge and Skills

- 9.1. The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Strategic Director (Finance and Housing) is a qualified accountant, the Strategic Director (Corporate and Regulatory Services) is a qualified solicitor and the Strategic Director (Place and Environment) is a qualified Civil Engineer, all with many years' experience. The Council pays for staff to study towards relevant professional qualifications.
- 9.2. Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers. This approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

## Treasury Management Strategy Statement 2023/24

### 1. Introduction

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

### 2. External Context

#### **Economic background:**

- 2.1. The ongoing impact on the UK from the war in Ukraine, together with higher inflation, higher interest rates, uncertain government policy, and a deteriorating economic outlook, will be major influences on the Council's treasury management strategy for 2023/24.
- 2.2. The Bank of England (BoE) increased Bank Rate by 0.5% to 3.5% in December 2022. This followed a 0.75% rise in November which was the largest single rate hike since 1989 and the ninth successive rise since December 2021. The December decision was voted for by a 6-3 majority of the Monetary Policy Committee (MPC), with two dissenters voting for a no-change at 3% and one for a larger rise of 0.75%.
- 2.3. The November quarterly Monetary Policy Report (MPR) forecast a prolonged but shallow recession in the UK with CPI inflation remaining elevated at over 10% in the near-term. While the projected peak of inflation is lower than in the August report, due in part to the government's support package for household energy costs, inflation is expected remain higher for longer over the forecast horizon and the economic outlook remains weak, with unemployment projected to start rising.
- 2.4. The UK economy contracted by 0.3% between July and September 2022 according to the Office for National Statistics, and the BoE forecasts Gross Domestic Product (GDP) will decline 0.75% in the second half of the calendar year due to the squeeze on household income from higher energy costs and goods prices. Growth is then expected to continue to fall throughout 2023 and the first half of 2024.
- 2.5. CPI inflation is expected to have peaked at around 11% in the last calendar quarter of 2022 and then fall sharply to 1.4%, below the 2% target, in two years' time and to 0% in three years' time if Bank Rate follows the path implied by financial markets at the time of the November MPR (a peak of 5.25%). However, the BoE stated it considered this path to be too high, suggesting that the peak in interest rates will be lower, reducing the risk of inflation falling too far below target. Market rates have fallen since the time of the November MPR.
- 2.6. The labour market remains tight for now, with the most recent statistics showing the unemployment rate was 3.7%. Earnings were up strongly in nominal terms by 6.1% for both total pay and for regular pay but factoring in inflation means real pay for both measures was -2.7%.

Looking forward, the November MPR shows the labour market weakening in response to the deteriorating outlook for growth, leading to the unemployment rate rising to around 6.5% in 2025.

- 2.7. Interest rates have also been rising sharply in the US, with the Federal Reserve increasing the range on its key interest rate by 0.5% in December 2022 to 4.25%-4.5%. This rise follows four successive 0.75% rises in a pace of tightening that has seen rates increase from 0.25%-0.50% in March 2022. Annual inflation has been slowing in the US but remains above 7%. GDP grew at an annualised rate of 3.2% (revised up from 2.9%) between July and September 2022, but with official interest rates expected to rise even further in the coming months, a recession in the region is widely expected at some point during 2023.
- 2.8. Inflation rose consistently in the Euro Zone since the start of the year, hitting a peak annual rate of 10.6% in October 2022, before declining to 10.1% in November. Economic growth has been weakening with an upwardly revised expansion of 0.3% (from 0.2%) in the three months to September 2022. As with the UK and US, the European Central Bank has been on an interest rate tightening cycle, pushing up its three key interest rates by 0.50% in December, following two consecutive 0.75% rises, taking its main refinancing rate to 2.5% and deposit facility rate to 2.0%.  
**Credit outlook:**
- 2.9. Credit default swap (CDS) prices have generally followed an upward trend throughout 2022, indicating higher credit risk. They have been boosted by the war in Ukraine, increasing economic and political uncertainty and a weaker global and UK outlook, but remain well below the levels seen at the beginning of the Covid-19 pandemic.
- 2.10. CDS price volatility was higher in 2022 compared to 2021 and the divergence in prices between ringfenced (retail) and non-ringfenced (investment) banking entities has emerged once again.#
- 2.11. The weakening economic picture during 2022 led the credit rating agencies to reflect this in their assessment of the outlook for the UK sovereign as well as several local authorities and financial institutions, revising them from to negative from stable.
- 2.12. There are competing tensions in the banking sector which could impact bank balance sheet strength going forward. The weakening economic outlook and likely recessions in many regions increase the possibility of a deterioration in the quality of banks' assets, while higher interest rates provide a boost to net income and profitability.
- 2.13. However, the institutions on our adviser Arlingclose's counterparty list remain well-capitalised and their counterparty advice on both recommended institutions and maximum duration remain under constant review and will continue to reflect economic conditions and the credit outlook.

#### **Interest rate forecast (December 2022):**

- 2.14. The Council's treasury management adviser Arlingclose forecasts that Bank Rate will continue to rise in 2022 and 2023 as the Bank of England attempts to subdue inflation which is significantly above its 2% target.
- 2.15. While interest rate expectations reduced during October and November 2022, multiple interest rate rises are still expected over the forecast horizon despite looming recession. Arlingclose expects Bank Rate to rise to 4.25% by June 2023 under its central case, with the risks in the near- and medium-term to the upside should inflation not evolve as the Bank forecasts and remains persistently higher.
- 2.16. Yields are expected to remain broadly at current levels over the medium-term, with 5-, 10- and 20-year gilt yields expected to average around 3.5%, 3.5%, and 3.85% respectively over the 3-year period to December 2025. The risks for short, medium and longer-term yields are judged to be broadly balanced over the forecast horizon. As ever, there will undoubtedly be short-term volatility due to economic and political uncertainty and events.

- 2.17. A more detailed economic and interest rate forecast provided by Arlingclose is in Appendix A.
- 2.18. For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average rate/yield of 4%, and that new long-term loans will be borrowed at an average rate of 3%.

### 3. Local Context

- 3.1. On 31<sup>st</sup> December 2022, the Council held £81.0m of borrowing and £54.5m of treasury investments. This is set out in further detail at *Appendix B*. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

*Table 1: Balance sheet summary and forecast*

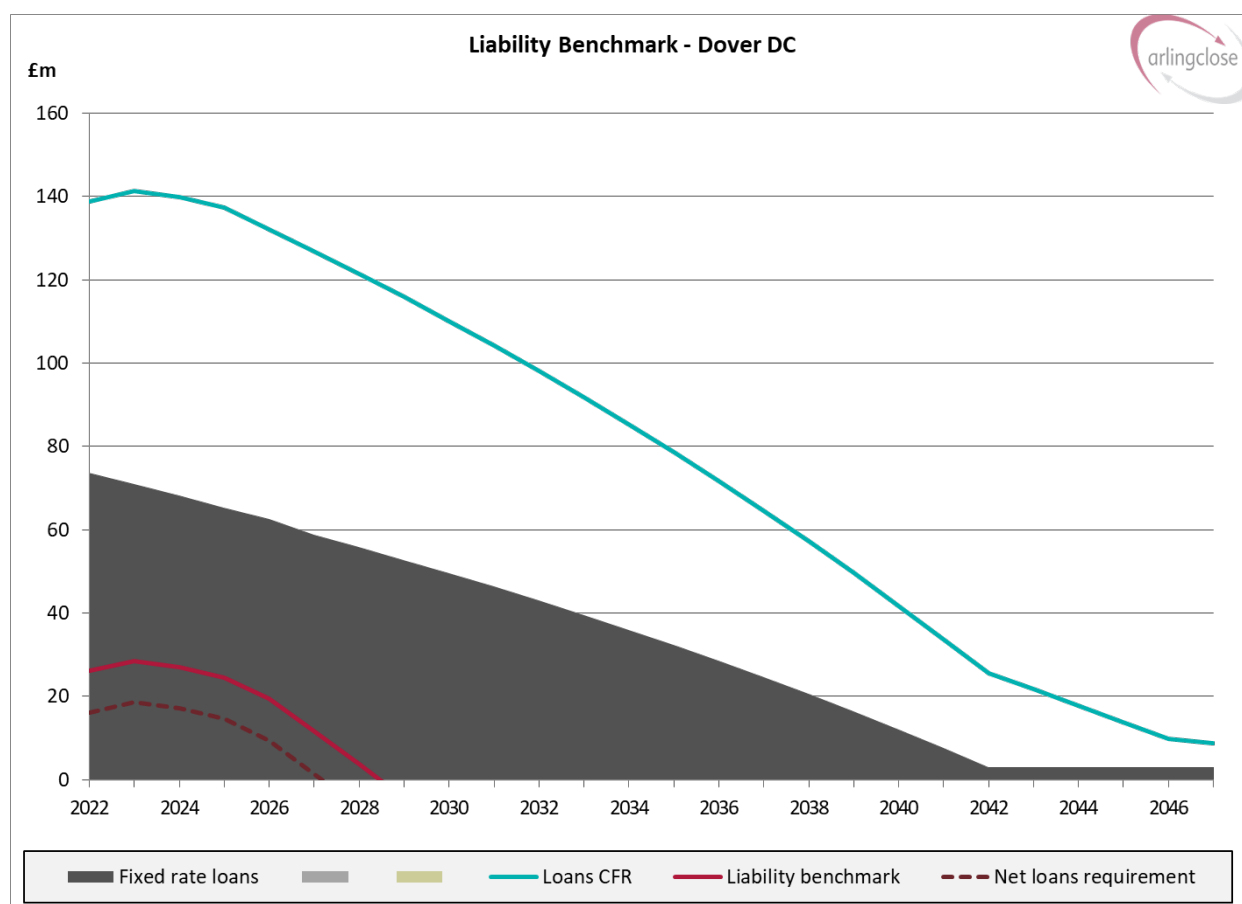
	2020/21 Actual £000	2021/22 Estimate £000	2022/23 Forecast £000	2023/24 Forecast £000	2024/25 Forecast £000
General Fund capital expenditure	9,544	59,662	18,476	1,657	1,133
HRA capital expenditure	10,531	13,130	19,342	10,146	3,617
<b>Total Expenditure</b>	<b>20,075</b>	<b>72,792</b>	<b>37,818</b>	<b>11,803</b>	<b>4,750</b>
Capital Receipts	2,822	8,811	7,306	3,096	1,837
Grants and Contributions	5,485	40,143	8,781	300	0
Reserves and Revenue	5,620	21,351	11,955	1,057	150
Borrowing	6,148	2,488	9,776	7,350	2,763
<b>Total Financing</b>	<b>20,075</b>	<b>72,792</b>	<b>37,818</b>	<b>11,803</b>	<b>4,750</b>

- 3.2. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while Usable reserves and working capital available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.
- 3.3. The Council has an increasing CFR due to the increased scope of the proposed capital programme and may therefore be required to increase its external borrowing over the forecast period; this is after maximising the use of internal borrowing.
- 3.4. CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Council expects to comply with this recommendation during 2023/24.
- 3.5. **Liability benchmark:** To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 1 above, but that cash and investment balances are kept to a minimum level of £10m at each year-end to maintain sufficient liquidity but minimise credit risk.
- 3.6. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

Table 2: Prudential Indicator: Liability benchmark

Position at 31 March	2022	2023	2024	2025	2026	2027
Loans CFR	138.9	141.3	139.9	137.3	132.2	126.9
External borrowing	-73.6	-71.0	-68.2	-65.4	-62.6	-58.8
Internal (over) borrowing	65.3	70.3	71.6	71.9	69.6	68.2
Balance sheet resources	-122.8	-122.8	-122.8	-122.8	-122.8	-125.5
Investments (new borrowing)	57.5	52.4	51.1	50.8	53.2	57.3
Treasury investments	57.5	52.4	51.1	50.8	53.2	57.3
New borrowing	0.0	0.0	0.0	0.0	0.0	0.0
Net loans requirement	16.1	18.5	17.1	14.6	9.4	1.4
Liquidity allowance	10.0	10.0	10.0	10.0	10.0	10.3
Liability benchmark	26.1	28.5	27.1	24.6	19.4	11.7

3.7. Following on from the medium-term forecasts in table 2 above, the long-term liability benchmark assumes capital expenditure funded by borrowing of £0m a year, minimum revenue provision on new capital expenditure based on a 25 year asset life and income, expenditure and reserves all increasing by inflation of 2.5% a year. This is shown in the chart below together with the maturity profile of the Council's existing borrowing:



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

#### 4. **Borrowing Strategy**

4.1. As at 31 March 2022 the Council held £73.2m of loans, an decrease of £18.4m on the previous year, as part of its strategy for funding previous years' capital programmes. The Council may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £388.5m.

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

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

4.4. By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal / short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2023/24 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

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

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

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

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

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

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



- leasing
  - hire purchase
  - Private Finance Initiative
  - sale and leaseback
- 4.10. **Municipal Bonds Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to full Council.
- 4.11. **LOBOs:** The Council no longer holds any LOBO (Lender's Option Borrower's Option) loans and does not intend to use these as a source of funding in the future.
- 4.12. **Short-term and variable rate loans:** These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk (see section below).
- 4.13. **Debt rescheduling:** The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk. The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

## 5. Treasury Investment Strategy

- 5.1. The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's treasury investment balance has ranged between £50m and £72m, and similar levels are expected to be maintained in the forthcoming year.
- 5.2. **Objectives:** The CIPFA Code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The Council aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.
- 5.3. **Strategy:** As demonstrated by the liability benchmark above, the Council expects to be a long-term investor and treasury investments will therefore include both short-term low risk instruments to manage day-to-day cash flows and longer-term instruments where limited additional risk is accepted in return for higher investment income to support local public services.
- 5.4. The CIPFA Code does not permit local authorities to both borrow and invest long-term for cash flow management. But the Council may make long-term investments for treasury risk management purposes, including to manage interest rate risk by investing sums borrowed in advance for the capital programme for up to three years; to manage inflation risk by investing

usable reserves in instruments whose value rises with inflation; and to manage price risk by adding diversification to the strategic pooled fund portfolio.

- 5.5. **ESG policy:** Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Council's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Council will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.
- 5.6. **Business models:** Under the IFRS 9 standard, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.
- 5.7. **Approved counterparties:** The Council may invest its surplus funds with any of the counterparty types in table 3 below, subject to the limits shown.

*Table 3: Treasury investment counterparties and limits*

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

This table must be read in conjunction with the notes below

- 5.8. **\* Minimum credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.
- 5.9. **Government:** Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.
- 5.10. **Secured investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

- 5.11. **Banks and building societies (unsecured):** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.
- 5.12. **Money market funds:** Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.
- 5.13. **Strategic pooled funds:** Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.
- 5.14. **Operational bank accounts:** The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £20m per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.
- 5.15. **Risk assessment and credit ratings:** Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made,
  - any existing investments that can be recalled or sold at no cost will be, and
  - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
- 5.16. Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.
- 5.17. **Other information on the security of investments:** The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.
- 5.18. When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with

prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council’s cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

- 5.19. **Investment limits:** The Council’s revenue reserves available to cover investment losses are forecast to be £32 million on 31<sup>st</sup> March 2023 and £21[X] million on 31<sup>st</sup> March 2024. In order that no more than 40% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £8 million. A group of entities under the same ownership will be treated as a single organisation for limit purposes.
- 5.20. Credit risk exposures arising from non-treasury investments, financial derivatives and balances greater than £20m in operational bank accounts count against the relevant investment limits.
- 5.21. Limits are also placed on fund managers, investments in brokers’ nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

*Table 4: Additional investment limits*

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

- 5.22. **Liquidity management:** The Council uses cash flow estimates and forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council’s medium-term financial plan and cash flow forecast.
- 5.23. The Council will spread its liquid cash over at least three providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

## 6. Treasury Management Prudential Indicators

- 6.1. The Council measures and manages its exposures to treasury management risks using the following indicators.
- 6.2. **Security:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit risk indicator	Target
Portfolio average credit score	6.0

- 6.3. **Liquidity:** The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

Liquidity risk indicator	Target
Total cash available within 3 months	£8m

- 6.4. **Interest rate exposures:** This indicator is set to control the Council’s exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest rate risk indicator	Limit £000
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	500
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	500

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

- 6.6. **Maturity structure of borrowing:** This indicator is set to control the Council’s exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

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

- 6.7. Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

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

Price risk indicator	2023/24	2024/25	2025/26
Limit on principal invested beyond year end	£55m	£55m	£55m

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

## 7. Related Matters

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

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

- 7.3. The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded

derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

- 7.4. Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.
- 7.5. In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.
- 7.6. **Housing Revenue Account:** On 1<sup>st</sup> April 2012, the Council notionally split each of its existing long-term loans into General Fund and HRA pools. In the future, new long-term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged/ credited to the respective revenue account. Differences between the value of the HRA loans pool and the HRA's underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative. This balance will be measured each month and interest transferred between the General Fund and HRA at the Council's average interest rate on investments, adjusted for credit risk.
- 7.7. **Markets in Financial Instruments Directive:** The Council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Strategic Director of Finance and Housing believes this to be the most appropriate status.

## 8. Financial Implications

- 8.1. The budget for investment income in 2023/24 is £1.9m, based on an average investment portfolio of £50m at an interest rate of 3.8%. The budget for debt interest paid in 2023/24 is £2.7m, based on an average debt portfolio of £70m at an average interest rate of 3.6%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.
- 8.2. Where investment income exceeds budget, e.g. from higher risk investments including pooled funds, or debt interest paid falls below budget, e.g. from cheap short-term borrowing, then the revenue savings will be transferred to a treasury management reserve to cover the risk of capital losses or higher interest rates payable in future years.

## 9. Other Options Considered

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

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater

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

## Appendix A - Arlingclose Economic & Interest Rate Forecast - February 2022

### **Underlying assumptions:**

- *The Federal Reserve signalled a shift away from frontloading monetary policy tightening, suggesting future decisions will be more data dependent. This supported market expectations that global central banks are at or nearing peak interest rates.*
- *This was further underlined by the Bank of England's rate decision, which saw Bank Rate rise to 4%. While the MPC remains concerned that domestic inflationary pressure will remain elevated, the CPI rate is projected to fall below target in the medium term as monetary tightening takes its toll on economic activity.*
- *The UK economy has perhaps proved more resilient than expected, but a recession and/or stagnant growth is likely in 2023 and subsequent years, as higher interest rates, low investment and rising unemployment depress overall activity.*
- *The lagged effect of the sharp tightening of monetary policy, higher mortgage rates, widespread strike action, alongside high inflation, will continue to put pressure on household disposable income and wealth. It is difficult to see households providing any support to GDP growth in 2023.*
- *Workforce shortage in the labour market is contributing to low unemployment (albeit with higher inactivity) and higher wages. While real wage growth is negative, high nominal wage growth has increased company costs and allowed them to pass these through to consumers, particularly in the services sector. We expect to see a weaker labour market as demand for labour ebbs, but Bank Rate will remain high until both services inflation and nominal wage growth declines.*
- *Global bond yields remain volatile as investors price in slower growth and easier monetary policy, amid continuing resilience in headline economic data (particularly US labour market) and central bank push back on expectations for rate cuts in 2023. The Fed wants to see persistently higher policy rates and the ECB remains in forceful tightening mode.*
- *Gilt yields will be supported by both significant new bond supply, quantitative tightening and hawkish central banks, offsetting the downward effects of declining inflation and growth.*
- *The likelihood of policy rates remaining higher for too long cannot be discounted, which will lead to more severe downturns than may have been warranted and therefore more significant monetary loosening over the medium term.*

### **Forecast:**

- *The MPC raised Bank Rate by 50bps to 4.0% in February. While there will remain hawkish elements on the Committee, we believe there will only be one further rise to 4.25% in March.*
- *The MPC will cut rates in the medium term to stimulate a stuttering UK economy, but will be reluctant to do so until services inflation and wage growth eases. We see rate cuts in the first quarter of 2024 to a low of 3% by 2025, although the timing and extent of rate cuts remains highly uncertain.*
- *Arlingclose expects gilt yields to remain broadly steady over the medium term, although with continued volatility across shorter time periods.*
- *Gilt yields face pressures to both sides. While there are growing fears of a global decline in economic activity and an expectation of falling inflation rates, these downward effects on gilt yields will be partly offset by hawkish-leaning central bankers, BoE bond sales and high government borrowing.*



	Current	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
<b>Official Bank Rate</b>													
Upside risk	0.00	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Central Case	4.00	4.25	4.25	4.25	4.25	4.00	3.75	3.50	3.25	3.00	3.00	3.00	3.00
Downside risk	0.00	-0.25	-0.25	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
<b>3-month money market rate</b>													
Upside risk	0.00	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Central Case	4.20	4.40	4.40	4.40	4.35	4.15	4.10	4.00	3.75	3.50	3.40	3.40	3.40
Downside risk	0.00	-0.25	-0.25	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
<b>5yr gilt yield</b>													
Upside risk	0.00	0.70	0.80	0.90	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.06	3.20	3.20	3.20	3.20	3.10	3.10	3.10	3.00	3.00	3.00	3.00	3.10
Downside risk	0.00	-0.50	-0.70	-0.90	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
<b>10yr gilt yield</b>													
Upside risk	0.00	0.70	0.80	0.90	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.19	3.30	3.30	3.30	3.30	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20
Downside risk	0.00	-0.50	-0.70	-0.90	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
<b>20yr gilt yield</b>													
Upside risk	0.00	0.70	0.80	0.90	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.71	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85
Downside risk	0.00	-0.50	-0.70	-0.90	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
<b>50yr gilt yield</b>													
Upside risk	0.00	0.70	0.80	0.90	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.43	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60
Downside risk	0.00	-0.50	-0.70	-0.90	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00

PWLB Standard Rate (Maturity Loans) = Gilt yield + 1.00%

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%

UKIB Rate (Maturity Loans) = Gilt yield + 0.60%

**Appendix B - Existing Investment & Debt Portfolio Position**

	31/12/22 Actual portfolio £m	31/12/22 Average rate %
<b>External borrowing:</b>		
Public Works Loan Board	70.67	3.45
Local authorities	10.00	3.36
Other loans	0.36	0.00
<b>Total external borrowing</b>	<b>81.03</b>	<b>3.44</b>
<b>Treasury investments:</b>		
Banks & Building societies (unsecured)	2.85	0.10
Money market funds	1.64	1.97
Strategic pooled funds		
Property Funds	6.00	3.64
Bond Funds	8.00	2.64
Diversified Income Funds	28.00	4.96
Short Term Bond Funds	8.00	0.99
<b>Total treasury investments</b>	<b>54.49</b>	
<b>Net debt</b>	<b>26.54</b>	

## Investment Strategy Report 2023/24

### 1. Introduction

1.1. The Council invests its money for three broad purposes:

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

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

### 2. Treasury Management Investments

2.1. The Council typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to fluctuate between £50m and £75m during the 2023/24 financial year.

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

2.3. **Further details:** Full details of the Council's policies and its plan for 2023/24 for treasury management investments are covered in the treasury management strategy, Annex 7B.

### 3. Service Investments: Loans

3.1. **Contribution:** The Council can lend money to its subsidiaries, its suppliers, local businesses, local charities, housing associations, local residents and its employees to support local public services and stimulate local economic growth. The Council currently holds Private Sector Housing loans of £3.1m (of which £0.7m is allocated to the Financial Instruments Loss Allowance and £2.4m is the resultant net value in the draft 2021/22 accounts). The Council has approved the establishment of a property company to develop, acquire and manage property investments at arm's length from the Council; it may therefore make loans to this subsidiary to fund proposed projects.

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

*Table 1: Upper limits for loans for service purposes in*

Category of borrower	2023/24 £m
Subsidiaries	100.0
Local businesses	3.0
Local charities	0.5
Housing associations	2.0

Category of borrower	2023/24 £m
Private Sector Housing	4.0
<b>TOTAL</b>	<b>109.5</b>

- 3.3. Accounting standards require the Council to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Council's statement of accounts are shown net of this loss allowance. However, the Council makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.
- 3.4. **Risk assessment:** The Council assesses the risk of loss before entering into and whilst holding service loans by undertaking thorough due diligence on any proposals, securing the loan against assets where possible and seeking external advice when necessary.
4. **Service Investments: Shares**
- 4.1. **Security:** One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. In order to limit this risk, upper limits on the sum invested in each category of shares have been set as follows:
- 4.2. **Contribution:** The Council can invest in the shares of its subsidiaries, its suppliers, and local businesses to support local public services and stimulate local economic growth. The Council does not currently hold any such shares but is in the process of establishing a property company to develop, acquire and manage property investments at arm's length from the Council to provide a vehicle to invest in both private residential and commercial primarily to support regeneration. It is proposed that the Council will be the sole shareholder and will initially invest £100 in share capital in the company. Any further investment in subsidiaries would be subject to approval in accordance with the Property Investment Strategy.
- 4.3. **Security:** One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. Upper limits on the sum invested in subsidiaries is set at £100m.
- 4.4. **Risk assessment:** The Council assesses the risk of loss before entering into and whilst holding shares by undertaking thorough due diligence and seeking external advice as appropriate.
- 4.5. **Non-specified Investments:** Shares are the only investment type that the Council has identified that meets the definition of a non-specified investment in the government guidance. The limits above on share investments are therefore also the Council's upper limits on non-specified investments. The Council has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.
5. **Non Treasury Investments: Property**
- 5.1. **Contribution:** The Council invests in local commercial and residential property in order to support its long-term strategic regeneration and economic development objectives with the income received from the properties used to support service delivery in the meantime.
- 5.2. **Security:** In accordance with government guidance, the Council considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.
- 5.3. Where the value in accounts is at or above purchase cost: A fair value assessment of the Council's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment. Should the 2022/23 year end accounts preparation and audit process value these properties below their purchase cost, then an updated investment strategy will be presented to full Council detailing the impact of the loss on the security of investments and any revenue consequences arising therefrom.

- 5.4. **Risk assessment:** The Council assesses the risk of loss before entering into and whilst holding property investments by undertaking thorough due diligence and seeking external advice as appropriate.
- 5.5. **Liquidity:** Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed, the Council intends to keep the investment in property for a minimum of ten years and use short-term borrowing to support cash flow needs. It will not dispose of the properties unless market conditions are favourable.

*Table 2: Property held for investment purposes in £m*

Property	Actual	31.3.2022 actual		31.3.2023 expected	
	Purchase cost	Gains or (losses)	Value in accounts	Gains or (losses)	Value in accounts
B&Q	17.2	0	17.2	0	17.2
Whitfield Court	4.5	0.7	4.9	0	4.9
<b>TOTAL</b>	<b>21.7</b>	<b>0.7</b>	<b>22.1</b>	<b>0</b>	<b>22.1</b>

## 6. Proportionality

- 6.1. The Council is dependent on profit generating investment activity to achieve a balanced revenue budget. Table 3 below shows the extent to which the expenditure planned to meet the service delivery objectives and/or place making role of the Council is dependent on achieving the expected net profit from investments over the lifecycle of the Medium Term Financial Plan. Should it fail to achieve the expected net profit, the Council has contingency plans for continuing to provide these services. These plans include the transfer of surplus income to earmarked reserves, diversification of its portfolio to protect against loss in a particular sector, lease monitoring and review and monitoring of borrowing options and costs.

*Table 3: Proportionality of Investments*

	2022/23 Forecast	2023/24 Budget	2024/25 Budget	2025/26 Budget
Investment income	1.77	1.78	1.78	1.78
Gross service expenditure	57.38	59.68	61.64	62.85
Proportion	3.08%	3.02%	2.89%	2.83%

*The proportion is the investment income divided by the gross service expenditure.*

## 7. Capacity, Skills and Culture

- 7.1. **Elected members and statutory officers:** The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. The Council establishes project teams from all the professional disciplines from across the Council and as and when required. External professional advice is taken where required and will always be sought in consideration of any major property investment decision. The Council currently employs Arlingclose Limited as treasury management advisers and utilises various other professional advisors as appropriate. Training and briefings are offered to support project team members in maintaining up to date knowledge and expertise to understand and challenge.
- 7.2. **Commercial deals:** Full due diligence is undertaken for all major schemes that the Council decides to purchase. This includes appropriate legal and other professional advice to ensure that the Council complies with current guidance and that the scheme is in the best interests

of the Council. The finance team works with service managers to assess the viability for any commercial deals. Finance staff attend regular training courses and have access to the prudential framework to ensure principles of the framework are adhered to.

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

## 8. Investment Indicators

- 8.1. The Council has set the following quantitative indicators to allow elected members and the public to assess the Council's total risk exposure as a result of its investment decisions.
- 8.2. **Total risk exposure:** The first indicator shows the Council's total exposure to potential investment losses.

*Table 4: Total investment exposure in £millions*

Total investment exposure	2021/22 Actual	2022/23 Forecast	2023/24 Forecast
Treasury management investments	50.0	50.0	50.0
Service Investments: Loans	3.1	3.0	3.0
Non treasury investments	21.7	22.1	22.1
<b>Total Investments</b>	<b>74.8</b>	<b>75.1</b>	<b>75.1</b>

- 8.3. **How investments are funded:** Government guidance is that these indicators should include how investments are funded. Since the Council does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the Council's other investments are proposed to be funded by borrowing in the future. At the time of writing, no long-term borrowing has been undertaken to fund the existing non treasury investments. This will continue to be kept under review, working with Arlingclose Limited, and borrowing undertaken when appropriate. The remainder of the Council's investments are funded by usable reserves and income received in advance of expenditure.
- 8.4. **Rate of return received:** This indicator shows the investment income received less the associated costs, including the cost of **borrowing** where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

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

Investments net rate of return	2022/23 Forecast	2023/24 Forecast
Treasury management investments	3.8%	3.8%
Non-Treasury Investments	1.3%	1.3%

**Resolution to set the Council Tax**

COUNCIL 1 MARCH 2023

The Council is recommended to resolve the following in relation to Council Tax for  
2023/24

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

- (1) It be noted that on 25th January 2023 the Council calculated the Council Tax Base for **2023/24**
- (a) as 39,974.37 for the whole Council area [Item T in the formula in Section 31B(1) of the Local Government Finance Act 1992, as amended (the "Act")] and,
- (b) for dwellings in those parts of its area to which a Parish precept relates, as follows:

<b>Part of the Council's Area</b>	<b>Tax Base</b>
Alkham	309.08
Ash	1,294.18
Aylesham	1,634.04
Capel-le-Ferne	669.42
Deal	6,884.60
Denton-with-Wootton	177.57
Dover	8,352.16
Eastry	852.66
Eythorne	799.85
Goodnestone	176.20
Great Mongeham	292.75
Guston	446.39
Hougham-without	179.54
Langdon	241.89
Lydden	298.29
Nonington	300.82
Northbourne	278.97
Preston	392.71
Ringwould-with-Kingsdown	1,020.66
Ripple	154.40
River	1,487.94
St Margarets-at-Cliffe	1,325.39
Sandwich	2,048.68
Shepherdswell-with-Coldred	784.02
Sholden	731.21
Staple	244.61
Stourmouth	115.75
Sutton-by-Dover	311.66
Temple Ewell	675.93
Tilmanstone	162.40
Walmer	3,372.32
Whitfield	2,236.86
Wingham	709.28
Woodnesborough	511.38
Worth	500.74
	<b>39,974.37</b>

- (2) That the Council Tax requirement for the Council's own purposes (excluding Parish precepts) for  
2023/24  
is calculated as:

£8,321,465

- (3) That the following amounts be calculated by the Council for the year  
2023/24

in accordance with Sections 31 to 36 of the Act:

- (a) £108,829,926 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.
- (b) £97,388,245 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
- (c) £11,441,681 being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year. (Item R in the formula in Section 31B(1) of the Act).
- (d) £287.75 being the amount at 3(c) above (Item R), all divided by Item T (1(a) above), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
- (e) £3,120,216 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act.
- (f) £209.28 being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (1(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates. (*Council Tax at Band D for District Excluding Parish Precepts*).

Town and Parish Councils	£
Alkham	258.09
Ash	281.16
Aylesham	329.26
Capel-le-Ferne	279.86
Deal	277.30
Denton-with-Wootton	286.45
Dover	315.30
Eastry	281.08
Eythorne	265.26
Goodnestone	250.37
Great Mongeham	242.89
Guston	306.23
Hougham-without	279.18
Langdon	274.32
Lydden	270.86
Nonington	239.82
Northbourne	250.65
Preston	262.51
Ringwould-with-Kingsdown	257.35
Ripple	242.67
River	252.00
St Margarets-at-Cliffe	279.09
Sandwich	344.13
Shepherdswell-with-Coldred	272.58
Sholden	257.57
Staple	246.86
Stourmouth	280.27
Sutton-by-Dover	255.84
Temple Ewell	252.80
Tilmanstone	257.19
Walmer	281.15
Whitfield	261.77
Wingham	284.42
Woodnesborough	253.86
Worth	260.72

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



(3) (h)

	<b>Valuation Bands</b>							
	A	B	C	D	E	F	G	H
<b>Town and Parish Councils</b>	£	£	£	£	£	£	£	£
Alkham	172.06	200.74	229.41	258.09	315.44	372.80	430.15	516.18
Ash	187.44	218.68	249.92	281.16	343.64	406.12	468.60	562.32
Aylesham	219.51	256.09	292.68	329.26	402.43	475.60	548.77	658.52
Capel-le-Ferne	186.57	217.67	248.76	279.86	342.05	404.24	466.43	559.72
Deal	184.87	215.68	246.49	277.30	338.92	400.54	462.17	554.60
Denton-with-Wootton	190.97	222.79	254.62	286.45	350.11	413.76	477.42	572.90
Dover	210.20	245.23	280.27	315.30	385.37	455.43	525.50	630.60
Eastry	187.39	218.62	249.85	281.08	343.54	406.00	468.47	562.16
Eythorne	176.84	206.31	235.79	265.26	324.21	383.15	442.10	530.52
Goodnestone	166.91	194.73	222.55	250.37	306.01	361.65	417.28	500.74
Great Mongeham	161.93	188.91	215.90	242.89	296.87	350.84	404.82	485.78
Guston	204.15	238.18	272.20	306.23	374.28	442.33	510.38	612.46
Hougham-without	186.12	217.14	248.16	279.18	341.22	403.26	465.30	558.36
Langdon	182.88	213.36	243.84	274.32	335.28	396.24	457.20	548.64
Lydden	180.57	210.67	240.76	270.86	331.05	391.24	451.43	541.72
Nonington	159.88	186.53	213.17	239.82	293.11	346.41	399.70	479.64
Northbourne	167.10	194.95	222.80	250.65	306.35	362.05	417.75	501.30
Preston	175.01	204.17	233.34	262.51	320.85	379.18	437.52	525.02
Ringwould-with-Kingsdown	171.57	200.16	228.76	257.35	314.54	371.73	428.92	514.70
Ripple	161.78	188.74	215.71	242.67	296.60	350.52	404.45	485.34
River	168.00	196.00	224.00	252.00	308.00	364.00	420.00	504.00
St Margarets-at-Cliffe	186.06	217.07	248.08	279.09	341.11	403.13	465.15	558.18
Sandwich	229.42	267.66	305.89	344.13	420.60	497.08	573.55	688.26
Shepherdswell-with-Coldred	181.72	212.01	242.29	272.58	333.15	393.73	454.30	545.16
Sholden	171.71	200.33	228.95	257.57	314.81	372.05	429.28	515.14
Staple	164.57	192.00	219.43	246.86	301.72	356.58	411.43	493.72
Stourmouth	186.85	217.99	249.13	280.27	342.55	404.83	467.12	560.54
Sutton-by-Dover	170.56	198.99	227.41	255.84	312.69	369.55	426.40	511.68
Temple Ewell	168.53	196.62	224.71	252.80	308.98	365.16	421.33	505.60
Tilmanstone	171.46	200.04	228.61	257.19	314.34	371.50	428.65	514.38
Walmer	187.43	218.67	249.91	281.15	343.63	406.11	468.58	562.30
Whitfield	174.51	203.60	232.68	261.77	319.94	378.11	436.28	523.54
Wingham	189.61	221.22	252.82	284.42	347.62	410.83	474.03	568.84
Woodnesborough	169.24	197.45	225.65	253.86	310.27	366.69	423.10	507.72
Worth	173.81	202.78	231.75	260.72	318.66	376.60	434.53	521.44

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

- (4) That it be noted for the year  
2023/24

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

	<b>Valuation Bands</b>							
	A	B	C	D	E	F	G	H
<b>Precepting Authority:</b>	£	£	£	£	£	£	£	£
Kent County Council	1,022.82	1,193.29	1,363.76	1,534.23	1,875.17	2,216.11	2,557.05	3,068.46
The Police & Crime Commissioner for Kent	162.10	189.12	216.13	243.15	297.18	351.22	405.25	486.30
Kent & Medway Fire & Rescue Service	58.20	67.90	77.60	87.30	106.70	126.10	145.50	174.60

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

2023/24

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

	<b>Valuation Bands</b>							
	A	B	C	D	E	F	G	H
<b>Town and Parish Councils</b>	£	£	£	£	£	£	£	£
Alkham	1,415.18	1,651.05	1,886.90	2,122.77	2,594.49	3,066.23	3,537.95	4,245.54
Ash	1,430.56	1,668.99	1,907.41	2,145.84	2,622.69	3,099.55	3,576.40	4,291.68
Aylesham	1,462.63	1,706.40	1,950.17	2,193.94	2,681.48	3,169.03	3,656.57	4,387.88
Capel-le-Ferne	1,429.69	1,667.98	1,906.25	2,144.54	2,621.10	3,097.67	3,574.23	4,289.08
Deal	1,427.99	1,665.99	1,903.98	2,141.98	2,617.97	3,093.97	3,569.97	4,283.96
Denton-with-Wootton	1,434.09	1,673.10	1,912.11	2,151.13	2,629.16	3,107.19	3,585.22	4,302.26
Dover	1,453.32	1,695.54	1,937.76	2,179.98	2,664.42	3,148.86	3,633.30	4,359.96
Eastry	1,430.51	1,668.93	1,907.34	2,145.76	2,622.59	3,099.43	3,576.27	4,291.52
Eythorne	1,419.96	1,656.62	1,893.28	2,129.94	2,603.26	3,076.58	3,549.90	4,259.88
Goodnestone	1,410.03	1,645.04	1,880.04	2,115.05	2,585.06	3,055.08	3,525.08	4,230.10
Great Mongeham	1,405.05	1,639.22	1,873.39	2,107.57	2,575.92	3,044.27	3,512.62	4,215.14
Guston	1,447.27	1,688.49	1,929.69	2,170.91	2,653.33	3,135.76	3,618.18	4,341.82
Hougham-without	1,429.24	1,667.45	1,905.65	2,143.86	2,620.27	3,096.69	3,573.10	4,287.72
Langdon	1,426.00	1,663.67	1,901.33	2,139.00	2,614.33	3,089.67	3,565.00	4,278.00
Lydden	1,423.69	1,660.98	1,898.25	2,135.54	2,610.10	3,084.67	3,559.23	4,271.08
Nonington	1,403.00	1,636.84	1,870.66	2,104.50	2,572.16	3,039.84	3,507.50	4,209.00
Northbourne	1,410.22	1,645.26	1,880.29	2,115.33	2,585.40	3,055.48	3,525.55	4,230.66
Preston	1,418.13	1,654.48	1,890.83	2,127.19	2,599.90	3,072.61	3,545.32	4,254.38
Ringwould-with-Kingsdown	1,414.69	1,650.47	1,886.25	2,122.03	2,593.59	3,065.16	3,536.72	4,244.06
Ripple	1,404.90	1,639.05	1,873.20	2,107.35	2,575.65	3,043.95	3,512.25	4,214.70
River	1,411.12	1,646.31	1,881.49	2,116.68	2,587.05	3,057.43	3,527.80	4,233.36
St Margarets-at-Cliffe	1,429.18	1,667.38	1,905.57	2,143.77	2,620.16	3,096.56	3,572.95	4,287.54
Sandwich	1,472.54	1,717.97	1,963.38	2,208.81	2,699.65	3,190.51	3,681.35	4,417.62
Shepherdswell-with-Coldred	1,424.84	1,662.32	1,899.78	2,137.26	2,612.20	3,087.16	3,562.10	4,274.52
Sholden	1,414.83	1,650.64	1,886.44	2,122.25	2,593.86	3,065.48	3,537.08	4,244.50
Staple	1,407.69	1,642.31	1,876.92	2,111.54	2,580.77	3,050.01	3,519.23	4,223.08
Stourmouth	1,429.97	1,668.30	1,906.62	2,144.95	2,621.60	3,098.26	3,574.92	4,289.90
Sutton-by-Dover	1,413.68	1,649.30	1,884.90	2,120.52	2,591.74	3,062.98	3,534.20	4,241.04
Temple Ewell	1,411.65	1,646.93	1,882.20	2,117.48	2,588.03	3,058.59	3,529.13	4,234.96
Tilmanstone	1,414.58	1,650.35	1,886.10	2,121.87	2,593.39	3,064.93	3,536.45	4,243.74
Walmer	1,430.55	1,668.98	1,907.40	2,145.83	2,622.68	3,099.54	3,576.38	4,291.66
Whitfield	1,417.63	1,653.91	1,890.17	2,126.45	2,598.99	3,071.54	3,544.08	4,252.90
Wingham	1,432.73	1,671.53	1,910.31	2,149.10	2,626.67	3,104.26	3,581.83	4,298.20
Woodnesborough	1,412.36	1,647.76	1,883.14	2,118.54	2,589.32	3,060.12	3,530.90	4,237.08
Worth	1,416.93	1,653.09	1,889.24	2,125.40	2,597.71	3,070.03	3,542.33	4,250.80

- (6) That the Council's basic amount of Council Tax for  
2023/24  
is determined as not being excessive in accordance with principles approved under Section 52ZB of the Local Government Finance Act  
1992.

**Mike Davis**

**Strategic Director (Finance And Housing)**

**PARISH AND TOWN COUNCILS****2023/24**

Item No	Town and Parish Councils							
		Precept £	Tax Base	Council Tax £	Precept £	Tax Base	Council Tax £	Council Tax Increase
1	Alkham	14,070.90	310.10	45.38	15,430.00	309.08	49.92	10.01%
2	Ash	86,650.00	1,203.63	71.99	94,465.00	1,294.18	72.99	1.39%
3	Aylesham	186,440.78	1,647.44	113.17	197,865.90	1,634.04	121.09	7.00%
4	Capel-le-Ferne	47,993.00	680.39	70.54	47,993.00	669.42	71.69	1.63%
5	Deal	475,261.00	6,875.00	69.13	475,932.40	6,884.60	69.13	0.00%
6	Denton-with-Wootton	13,800.00	176.26	78.29	13,900.00	177.57	78.28	-0.02%
7	Dover	856,250.00	8,243.29	103.87	894,782.00	8,352.16	107.13	3.14%
8	Eastry	58,991.79	825.06	71.50	62,167.44	852.66	72.91	1.97%
9	Eythorne	44,365.00	799.38	55.50	45,665.00	799.85	57.09	2.87%
10	Goodnestone	7,435.96	176.71	42.08	7,435.96	176.20	42.20	0.29%
11	Great Mongeham	9,814.75	288.33	34.04	10,164.28	292.75	34.72	2.00%
12	Guston	43,773.00	427.12	102.48	43,773.00	446.39	98.06	-4.31%
13	Hougham-without	12,750.00	184.29	69.18	12,750.00	179.54	71.01	2.65%
14	Langdon	16,000.00	242.16	66.07	16,001.00	241.89	66.15	0.12%
15	Lydden	17,001.00	288.11	59.01	18,700.00	298.29	62.69	6.24%
16	Nonington	9,520.00	298.12	31.93	9,520.00	300.82	31.65	-0.89%
17	Northbourne	11,600.00	272.93	42.50	11,850.00	278.97	42.48	-0.05%
18	Preston	21,000.00	392.19	53.55	21,338.00	392.71	54.34	1.47%
19	Ringwould-with-Kingsdown	43,600.00	1,027.50	42.43	50,200.00	1,020.66	49.18	15.92%
20	Ripple	4,995.87	151.39	33.00	5,326.80	154.40	34.50	4.55%
21	River	65,425.00	1,492.72	43.83	65,216.00	1,487.94	43.83	0.00%
22	St Margarets-at-Cliffe	94,000.00	1,324.47	70.97	94,000.00	1,325.39	70.92	-0.07%
23	Sandwich	275,652.10	2,027.45	135.96	278,538.53	2,048.68	135.96	0.00%
24	Shepherdswell-with-Coldred	45,900.00	777.73	59.02	50,500.00	784.02	64.41	9.14%
25	Sholden	36,122.16	727.78	49.63	36,122.16	731.21	49.40	-0.46%
26	Staple	7,887.89	237.18	33.26	9,464.00	244.61	38.69	16.33%
27	Stourmouth	7,950.00	119.30	66.64	8,346.00	115.75	72.10	8.20%
28	Sutton-by-Dover	13,149.00	310.16	42.39	14,858.00	311.66	47.67	12.46%
29	Temple Ewell	28,706.00	675.20	42.51	30,170.00	675.93	44.63	5.00%
30	Tilmanstone	7,654.48	164.23	46.61	7,961.00	162.40	49.02	5.17%
31	Walmer	233,892.41	3,441.90	67.95	246,119.85	3,372.32	72.98	7.41%
32	Whitfield	119,900.00	2,231.59	53.73	119,900.00	2,236.86	53.60	-0.24%
33	Wingham	53,678.28	715.13	75.06	54,080.84	709.28	76.25	1.58%
34	Woodnesborough	22,887.42	510.88	44.80	23,364.95	511.38	45.69	1.99%
35	Worth	24,930.05	498.09	50.05	26,315.00	500.74	52.55	5.00%
		3,019,047.84	39,763.21	75.93	3,120,216.11	39,974.37	78.06	2.81%

T&amp;P Average

T&amp;P Average

**2023/24 Precepts and the NDR Multiplier****The Council Tax Base**

The Council Tax base (in terms of the number of "Band D equivalent") has been resolved for the coming year at: 39,974.37

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

The District Council's precept upon the Collection Fund in 2023/24 for it's own purposes will be: £8,321,465.00

The Band D Council Tax for the District Council's own purposes will therefore be: £208.17

The Band D Council Tax for the District Council's own purposes last year was: £202.14

The increase in Council Tax for the District Council's own purposes is therefore: 2.98%

This is an annual increase of: £6.03

Or a weekly increase of: £0.12

**Parish Council Precepts**

The Parish Councils will, in total, precept: £3,120,216.11

Last year, Parish Councils precepted: £3,019,047.94

The ave. Band D Council Tax for the Parish Councils' own purposes will therefore be: £78.06

The ave. Band D Council Tax for the Parish Councils' own purposes last year was: £75.93

This is an increase of: 2.81%

The total precept, on the Collection Fund by the District Council, on behalf of itself and the Parish Councils will therefore be: £11,441,681.11

**Kent County Council Precept**

Excluding the Collection Fund Surplus, the precept upon the collection fund in 2023/24 will be: £61,329,882.00

Last year's precept was: £58,103,593.00

The Band D Council Tax will therefore be: £1,534.23

Last year's Band D Council Tax was: £1,461.24

The Band D Council Tax increase as a result of this precept is therefore: 5.00%

**2023/24 Precepts and the NDR Multiplier****The Police & Crime Commissioner for Kent**

Excluding the Collection Fund Surplus, the precept upon the collection fund in 2023/24 will be:	£9,719,769.00
Last year's precept was:	£9,071,976.00
The Band D Council Tax will therefore be:	£243.15
Last year's Band D Council Tax was:	£228.15
The Band D Council Tax increase as a result of this precept is therefore:	6.57%

**Kent Fire & Rescue Service Authority Precept**

Excluding the Collection Fund Surplus, the precept upon the collection fund in 2023/24 will be:	£3,489,763.00
Last year's precept was:	£3,274,500.00
The Band D Council Tax will therefore be:	£87.30
Last year's Band D Council Tax was:	£82.35
The Band D Council Tax increase as a result of this precept is therefore:	6.01%

**Non-Domestic Rates**

Non-domestic rates are collected by billing authorities at a nationally prescribed rate in the pound, and are paid into a central pool for redistribution. The prescribed 'lower' rate in 2023/24 for qualifying properties of less than £51,000 rateable value is:	£0.499
And for these properties, the 2022/23 'lower' rate was:	£0.499
For all other properties >£51,000, the 2023/24 'higher' rate is:	£0.512
And for these properties, the 2022/23 'higher' rate was:	£0.512

**GRANTS TO CONCESSIONARY RENTALS 2023-24**

<b>2022/23</b>	<b>2023/24</b>	<b>Change</b>		
<b>£</b>	<b>£</b>	<b>%</b>		
50	50	0%	Sandwich Tennis Club	Lease Of Tennis Courts In Sandown Road, Sandwich
75	75	0%	Aylesham Parish Council	Lease Of 1.82 Acres At Market Square, Aylesham
225	225	0%	Dover Bowling Club	Lease Of Pavilion In Maison Dieu Gardens, Dover
355	355	0%	Victoria Park Bowling Club	Rent Of Pavilion, Victoria Park, Deal
325	325	0%	Deal & Walmer Angling Club	Lease Of Angling Cabin On Deal Pier
450	450	0%	Capel-Le-Ferne Parish Council	Lease Of Land In Lancaster Avenue For Use Of Playing Field
1,225	1,225	0%	Dover Rugby Football Club	Rent Of Crabble Pavilion, River (One Half Of The 7 Months @50% Of £4,200)
1,750	1,750	0%	Dover Rugby Football Club	Rent Of Crabble Pavilion, River (We Pay The Remaining 5 Months @ 100% Of £4,200)
2,500	2,500	0%	Dover Athletic Football Club	Orange Telephone Mast 50% Of Rental Fee (Dover Ath Keep All Income As Part Of Our Support For Them - Grant Reflects Payment To Code Instead Of Their Payment Of Our Half In Original Deal)
8,000	8,000	0%	Dover Athletic Football Club	Lease Of Ground At Crabble Athletic, River
11,800	11,800	0%	Dover Citizen's Advice Bureau	Rent Of Ground now includes 1st Floor Dover Area Office
3,250	3,250	0%	Cross Links	9 Sheridan road
<b>30,005</b>	<b>30,005</b>			In most cases, the above shows a 50% grant or more reduction in the rental charges for DDC properties or income generating sites

<b>2022/23</b>	<b>2023/24</b>	<b>Change</b>		
<b>£</b>	<b>£</b>	<b>%</b>		
100,350	110,390	10%	Your Leisure	Increased by 10% - CPI for 2023/24. To be reviewed annually until 2025.
1,500	1,500	0%	Pegasus Playscheme	Provision of a playscheme for children with disabilities
1,500	1,500	0%	Age Concern	Provision of area office services.
3,000	3,000	0%	Kent County Council	Contribution to Sports Partnership
4,500	4,500	0%	Gazen Salts Nature Reserve	To assist in managing and maintaining the reserve
16,000	19,552	22%	Sandwich Town Cricket Club	To assist the Club in defraying its expenditure in managing, maintaining and improving the Recreation Grounds at The Butts & Gazen Salts. A cumulative RPI increase of 22.2% applied from 2021/22.
10,000	10,000	0%	Dover Outreach Centre	Grant towards the Winter Shelter costs.
12,600	12,600	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
1,000	1,000	0%	Dover Bowling Club	Grant towards grounds maintenance at Dover Bowling Green. Covered by savings within the grounds maintenance budget. Reducing scale as per agreement letter dated 01 April 2017.
102,000	107,000	5%	Dover Citizen's Advice Bureau	£97k CAB Core Funding grant inc £10k from HRA, plus £8,500 <b>for full</b> service charge contribution and £1,500 Other potential services.
22,500	22,500	0%	Neighbourhood Forums	Grant to support voluntary and community organisations. *Any variances will most likely be caused by extra money available due to money raised through the Dover Lotto
5,000	5,000	0%	Deal Town Council	Astor Theatre grant
3,500	3,500	0%	Actions with Communities in Rural Kent	Contribution to rural housing
<b>284,450</b>	<b>303,042</b>			

## SUMMARY OF RECOMMENDATIONS

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

### General Fund Revenue Account

It is recommended that Cabinet:

- Approve the grants to organisations detailed at Annex 9.

It is recommended that Council:

- Approve the General Fund Revenue budget for 2023/24;
- Approve the policies and protocols regarding the General Fund balances and earmarked reserves, and transfers between reserves as set out in Annex 4.

### Housing Revenue Account

It is recommended that Council:

- Approve the HRA budget for 2023/24;
- Approve the HRA Capital Programmes.

### Capital & Special Revenue Programmes

It is recommended that Cabinet:

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

It is recommended that Council:

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

### Treasury Management and the Prudential Code

It is recommended that Council:

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



## Council Tax Resolution

It is recommended that Council:

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

	2022/23 £	2023/24 £	Increase %	Proportion %
Dover District Council	202.14	208.17	2.98	9.68%
Kent County Council	1461.24	1,534.23	5.00	71.33%
The Police & Crime Commissioner for Kent	228.15	243.15	6.57	11.30%
Kent & Medway Fire & Rescue Authority	82.35	87.30	6.01	4.06%
<b>Sub-Total</b>	<b>1,973.88</b>	<b>2,072.85</b>	<b>5.01</b>	<b>96.37%</b>
Town & Parish Council (average)	75.93	78.06	2.81	3.63%
<b>Total Band D Council Tax</b>	<b>2,049.81</b>	<b>2,150.91</b>	<b>4.93</b>	<b>100.00%</b>

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

	<u>Valuation Bands</u>							
	A	B	C	D	E	F	G	H
<b>Precepting Authority:</b>	£	£	£	£	£	£	£	£
Kent County Council	1,022.82	1,193.29	1,363.76	1,534.23	1,875.17	2,216.11	2,557.05	3,068.46
The Police & Crime Commissioner for Kent	162.10	189.12	216.13	243.15	297.18	351.22	405.22	486.30
Kent & Medway Fire & Rescue Service	58.20	67.90	77.60	87.30	106.70	126.10	145.50	174.60
Dover District Council	138.78	161.91	185.04	208.17	254.43	300.69	346.95	416.34
<b>Total</b>	<b>1,381.90</b>	<b>1,612.22</b>	<b>1,842.53</b>	<b>2,072.85</b>	<b>2,533.48</b>	<b>2,994.12</b>	<b>3,454.75</b>	<b>4,145.70</b>