



**Budget 2014/15  
and  
Medium Term  
Financial Plan  
2014/15 – 2016/17**

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# EXECUTIVE SUMMARY

## OVERALL POSITION

1. The key features of this Medium Term Financial Plan are:
  - Balanced General Fund budget for 2014/15;
  - Prudent General Fund balances maintained in 2014/15;
  - Council Tax levels frozen at 2013/14 rates;
  - Revenue Support Grant reduced by 21.3% in 2014/15, and forecast to be reduced by 32.1% in 2015/16;
  - Non-Domestic Rates (NDR) redistribution increased by 1.9% and forecast to be increased by 2.8% annually for future years;
  - NDR forecasts show DDC achieving a small increase over the NDR baseline, however there remain significant uncertainties for all authorities relating to the new system;
  - The forecast for future years shows projected deficits of £763k in 2015/16 and £1.19m in 2016/17;
  - Ongoing review of future expenditure and income streams;
  - HRA balance transfer from 2012/13 Statement of Accounts transferred into earmarked reserves in 2013/14;
  - Ring fenced Housing Revenue Account balance of over £3m;
  - Rent increases in line with rent convergence guidelines;
  - Financed 2014/15 capital programme but limited capital resources for the future;  
and
  - Significant risks and budget volatility in future years.
2. Recommendations are included in detail at the end of each section and consolidated in Annex 14.

## BUDGET AND MEDIUM TERM PLANS

3. The Medium Term Financial Plan (MTFP) is the Council's key financial planning tool and underpins the strategic approach to financial planning. Although it spans three years, it is reviewed at least annually, and is monitored during the year.
4. It must not be viewed in isolation but as part of the wider planning process and in conjunction with other plans and strategies, in particular the Delivering Effective Services Report (Council 3 November 2010) along with the Corporate Plan and the Asset Management Plan. The MTFP before Members today covers the period 2014/15 – 2016/17.
5. The MTFP incorporates the 2014/15 General Fund Revenue Budget, the 2014/15 Housing Revenue Account (HRA) Budget and the latest Medium Term Capital Programme (MTCP).
6. Years 2 & 3 of the MTFP (2015/16 – 2016/17) are included as indicative budgets for planning purposes. These will be rolled forward and amended in subsequent MTFPs and so approval of the overall plan does not set the budgets for the future years.
7. The budget is presented to Cabinet and Scrutiny (Policy and Performance) in February, before returning to Cabinet, and then being presented to Council for final approval at its meeting in March.

8. In compiling the budget regard has been given to the need to provide resources to deliver the Council's objectives and the budget has been prepared to reflect the anticipated service costs and pressures. The General Fund revenue budget is balanced in 2014/15 (Annex 1) and shows projected deficits of £763k in 2015/16 and £1.19m in 2016/17 (Annex 4). The General Fund Balance is forecast to remain above the £2m preferred level in 2014/15. The forecasts for future years show the General Fund Balance reduced to £577k by the end of 2016/17 if no action is taken to address the forecast deficits. It is considered that at this time there are sufficient other earmarked reserves to support the Council in the short term whilst action is taken to address the deficits.
9. It is the view of the Director of Finance, Housing & Community (Section 151 Officer) that the budget has been prepared in an appropriate and prudent manner and that based upon the information available the estimates are robust and the resources are adequate for the Council's spending plans.

### **BUDGET PROCESS**

10. The budget process towards achieving the savings targets included in the 2014/15 budget follows on from the adoption of the recommendations of the Employment Stability Report Phase 2 – The Way Forward, on 19 May 2010. This report approved an enhanced Employment Stability process and recommended that priority functions be identified to link to performance targets in future years.
11. This report was followed by detailed work with individual services and portfolio holders in order to explore and assess all services across the authority. The work resulted in the "Delivering Effective Services (DES) Report" approved by Council 3 Nov 2010 (see below). The budget has been built on the recommendations in the DES report with staffing levels and budgets being reflective of the service standard allocated.
12. In August/September 2013 "Research for Today" undertook a public consultation to assist the Council in determining the budget for the next 3 years. The method used was SIMALTO (Simultaneous Multi Attribute Level Trade Off). This uses forced choice questions enabling respondents to make informed choices about service provision and, within a realistic budget limitation, where services should expand or reduce to meet their needs and the constrained budget. This information can be used for up to five years following the consultation.
13. In order to compile the 2014/15 budget the Corporate Management Team, in consultation with Members, have reviewed their service areas and budgets to identify options for delivering the savings required. This process, alongside the results of the SIMALTO consultation exercise, has led to the proposals included in this budget for approval by Members; further details are included in the General Fund section and the detailed variances in Annex 3.

### **DELIVERING EFFECTIVE SERVICES**

14. The Council, in adopting the recommendations of the Delivering Effective Services Report (DES) November 2010, aimed to address the anticipated 2011/12 and on-going General Fund deficit through a mixture of:
  - Service prioritisation;
  - Restructuring;

- Further efficiencies within services/departments; and
  - Shared services.
15. Services were ranked as 'Gold, Silver and Bronze' and these classifications have been used as a comparative service priority for service delivery.
16. The report represented the start of an ongoing process to meet the anticipated budget pressures over the coming years. The service standards set in the report have continued to form a basis for reviewing the budget, providing direction for service reductions and informing the Employment Stability process and the design of the organisational structure. They have also been used in conjunction with the service data in Annex 5.

### **THE GENERAL FUND**

17. The Council's General Fund revenue budget for 2014/15 is shown in Annex 1. The budget is balanced, and reserves are forecast to remain above £2m. The net budget requirement, for the Council's own purposes, is £14m. This is to be met mainly by:
- Revenue Support Grant of £3.76m;
  - Distribution of Non-Domestic Rates of £3.59m;
  - Council Tax of £5.87m; and
  - New Homes Bonus of £1.3m.
18. Annex 4 shows the overview of the forecasts for 2015/16 and 2016/17, the corporate pressures from increased salary costs, pension funding and inflation and service pressures and savings from directors. It is forecast that to balance the 2015/16 and 2016/17 budgets, savings of £750k in 2015/16 and a further £450k in 2016/17 will need to be identified.

### **HRA TRANSFER**

19. Council, on 25 September 2013, resolved to transfer £10m from the Housing Revenue Account general balances, and £2.5m from the HRA's Housing Initiatives Reserve, to the General Fund balance. This has been transferred to a general fund earmarked reserve in 2013/14. No plans have yet been made for the application of the funds and any such plan will form the basis of a future report.

### **GOVERNMENT GRANT**

20. Government grant of £7.3m is the largest single income stream for the Council. The grant is split between Revenue Support Grant (£3.7m) and Non-Domestic Rates Redistribution (£3.6m). Revenue Support Grant received for 2014/15 is being reduced by 21.3% from the 2013/14 level whilst Non-Domestic Rates Redistribution is being increased by 1.9% from the 2013/14 level. However, the Government have awarded grants to local authorities to cover the loss in funding, as a result of Government capping the NDR increase, rather than increasing it in line with inflation. In addition, the NDR position for 2014/15 forecasts DDC achieving a small increase over the NDR baseline and retaining an element of Enterprise Zone Relief funding.
21. The draft settlement for 2015/16 is forecast to be a further reduction in Revenue Support Grant of 32.1% which equates to a reduction of £1.2m. For the purposes of the Medium Term Financial Plan the working assumption is that Revenue Support Grant for DDC will reduce at an even rate to zero by 2020/21.

22. The draft settlement for 2015/16 also includes a small increase in Non-Domestic Rates Redistribution of 2.8% which equates to £85k. This annual level of increase has been used as the working assumption for future years of the Medium Term Financial Plan.

### **CHANGES IN LOCAL GOVERNMENT FINANCE**

23. The main changes in Local Government Finance are:
- Welfare Reform
    - Implemented:
      - Localisation of support for Council Tax
      - Benefits Cap
      - Social Sector Size Criteria
    - In Progress:
      - Universal Credit
  - Reform of Local Government Finance
    - Localisation of business rates.
24. These changes are included in more detail in the Changes in Local Government Finance section of this report.

### **COUNCIL TAX**

25. A Council Tax freeze for DDC purposes has been built into the 2014/15 budget. This means that the Band D Council Tax will remain at £167.49 for 2014/15.
26. For planning purposes a Council Tax freeze has also been assumed for 2015/16 followed by increases of 1.99% per annum for future years.
27. The precepts from Kent County Council, The Police & Crime Commissioner for Kent, Kent Fire and Rescue Authority and towns and parishes have been received and annexes 10A-10C include the 2014/15 precepts and the resolution to set the Council Tax levy.

### **COMPARISON WITH OTHER DISTRICTS' 2013/14 BAND D COUNCIL TAX**

28. DDC has one of the lowest Council Tax Band D rates in Kent. A comparison with the East Kent authorities' 2013/14 Council Tax rates is shown below. This shows the percentage that their 2013/14 Council Tax level exceeds DDC's and the extra income DDC would receive at their level of Council Tax:

|                          | Band D<br>Council Tax<br>£ | %<br>Difference<br>to DDC | Extra<br>Income to<br>DDC |
|--------------------------|----------------------------|---------------------------|---------------------------|
| Dover District Council   | 167.49                     | -                         | -                         |
| Canterbury City Council  | 182.08                     | +9%                       | £512k                     |
| Shepway District Council | 230.22                     | +37%                      | £2.2m                     |
| Thanet District Council  | 209.97                     | +25%                      | £1.5m                     |

## COMPARISON WITH BUSINESS RATES

29. The levels of Council Tax, which local authorities set within the overall constraints determined by central government, have increased modestly over recent years, compared to the increases in Business Rates directly set by central government themselves.
30. The table below compares increases between Council Tax within the Dover District, and the standard Business Rates multiplier.

| Year                                | DDC Band D Council Tax<br>£ | Increase on previous year<br>% | Standard Business Rates Multiplier<br>£ | Increase on previous year<br>% |
|-------------------------------------|-----------------------------|--------------------------------|---|--------------------------------|
| 2011/12                             | 158.94                      | -                              | 0.433                                   | -                              |
| 2012/13                             | 164.43                      | 3.45%                          | 0.458                                   | 5.77%                          |
| 2013/14                             | 167.49                      | 1.86%                          | 0.471                                   | 2.84%                          |
| 2014/15                             | 167.49                      | 0.00%                          | 0.482                                   | 2.34% <sup>1</sup>             |
| Cumulative increase over the period | -                           | 5.38%                          | -                                       | 11.32%                         |

31. Over the period, Business Rates have been increased by the Government at over double the rate that Council Tax has been increased by DDC.

## NEW HOMES BONUS

32. The Government has pledged cash for communities who allow new homes to be built in their area. DDC will retain 80% of the Council Tax from new properties for the first 6 years through this mechanism. The grant awarded to Dover was £294k in 2011/12 (the first year of the scheme), £449k in 2012/13, £927k in 2013/14 and £1.296m in 2014/15. For planning purposes an increase in the allocation of £250k has been incorporated into the baseline budget for 2015/16 and 2016/17 and is then assumed to remain at same level for the remaining planning period.

## GENERAL FUND RESERVES AND BALANCES

33. The projected outturn for 2013/14 and the budget for 2014/15 will enable General Fund balances to be maintained above £2m. The forecasts for future years show the General Fund Balance reduced to £577k by the end of 2016/17 if no action is taken to address the forecast deficits. It is considered that at this time there are sufficient other earmarked reserves to support the Council in the short term whilst action is taken to address the forecast annual deficits.
34. The reserves and the protocols for their use are set out in Annex 6.

## HOUSING REVENUE ACCOUNT (HRA)

35. The Local Government and Housing Act 1989 (s74) requires that local housing authorities maintain a ring fenced Housing Revenue Account (HRA). The HRA's financial position can be summarised as follows:

<sup>1</sup> This is a provisional figure set by government in December 2013.



- HRA balance at 31/03/13 £0.66m;
  - Forecast balance at 31/03/14 £3.02m;
  - Forecast surplus for 2014/15 of £385k;
  - Forecast year end balance at 31/03/15 £3.41m
36. Rent increases averaging approximately 4.24% have been included in the HRA budget. This is consistent with past guidance from Government.
37. The management & maintenance of the Council's housing stock is undertaken by East Kent Housing.

### **ASSET MANAGEMENT PLAN (AMP)**

38. 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.
39. 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. The Director of Environment & Corporate Assets confirms that there are sufficient resources to keep properties generally wind and water-tight but it continues to be a challenge to maintain all buildings without deterioration. Continuing with this approach increases the risk, but it ensures that the limited budget targets only essential maintenance.
40. In 2013/14 an Urgent Works earmarked reserve was established and this is held to fund urgent works on corporate assets if required.

### **CAPITAL PROGRAMME AND SPECIAL REVENUE PROJECTS**

41. The Medium Term Capital Programme is included in Annex 8A and details all the current projects in progress as well as new projects to be appraised and approved.
42. The capital programme operates on a cash funded position with no new projects being approved to commence unless the whole project cost can be financed through additional funding, sufficient capital receipts have been banked or other savings in the programme have been identified.
43. Capital resources are extremely limited and due to this receipts from the sale of the non Right-to-Buy properties will be allocated to fund regeneration projects in the proposed capital programme in accordance with capital allowance regulations. The HRA will therefore have to finance its capital spend from its improved rental income and balances.
44. The Special Revenue Projects Programme comprises significant projects that are not usually treated as capital but which are "one off" in nature and are therefore to be funded from revenue reserves. Because they are financed from revenue reserves

cancellation of any of these projects would free up resources that could be used to finance capital projects, revenue projects, or used for other purposes.

45. Options for additional funding of projects will continue to be investigated, and the Council will continue to work with partners, including Homes & Communities Agency (HCA) and Kent County Council (KCC) to maximise the resources available.

#### **TREASURY MANAGEMENT STRATEGY STATEMENT**

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

#### **CONSULTATION ARRANGEMENTS**

47. In August/September 2013 Research for Today undertook a public consultation to assist the Council in determining the budget for the next 3 years. The method used was SIMALTO (Simultaneous Multi Attribute Level Trade Off) this uses forced choice questions enabling respondents to make informed choices about service provision and, within a realistic budget limitation, where services should expand or reduce to meet their needs and the constrained budget. This information can be used for up to five years following the consultation.
48. The MTFP report presented to Cabinet on 3<sup>rd</sup> February 2014 has been placed on the Council's website for public information.
49. Town and parish councils have been briefed on the setting of the Council Tax Base, grant funding and the impact on their resources and the process for the setting of their Council Tax precept. In addition, all Portfolio holders, budget managers and directors are briefed and consulted prior to, and during, the budget process, and all DDC Members were invited to a finance briefing at Whitfield.

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

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

#### **RELATED STRATEGIES AND PLANS AND JOINT PLANS WITH PARTNERS**

52. Members' attention is drawn to the chart of related plans and strategies and details of joint plans with partners:
  - Related strategies and plans – Members are asked to consider the MTFP in relation to the other key plans and strategies, in particular the Delivering Effective Services Report and the Corporate Plan.
  - Joint plans with partners – delivery of the service plan cannot take place without partnership working. The more significant partnerships and joint plans are provided later in the report.

# CHANGES TO LOCAL GOVERNMENT FINANCE

## INTRODUCTION

53. The Government has two major and interlinked reforms. They are welfare reform and the reform of local government finance. This section addresses the main welfare reform changes, the changes in local government finance and the impacts they are anticipated to have on service users and the Council. There is significant uncertainty about the overall impact of these changes – so although this section provides an assessment of the impacts, it cannot be definitive.

## WELFARE REFORM

54. Welfare reform encompasses the following implemented changes:
- Implemented:
    - Localisation of support for Council Tax
    - Benefits Cap
    - Social Sector Size Criteria
  - In Progress:
    - Universal Credit
55. Welfare reform has implications for local government finance, both directly and through demands for services.

### Localisation of Support for Council Tax

#### Background

56. Prior to April 2012 the Government funded Council Tax benefit to provide those on low incomes with support towards the payment of their Council Tax bills. Council Tax benefit was abolished in April 2013 and replaced by local Council Tax Support Schemes.
57. The Council Tax Support Scheme implemented by DDC was the default scheme as drafted by DCLG (Department of Communities and Local Government) subject to the following modifications:
- Calculation of award for working age applicants meaning that claimants who weren't paying Council Tax are required to pay 6% of the bill;
  - Second Adult Rebate (Alternate Maximum Council Tax Reduction) was removed for working age applicants;
  - War pensions are fully disregarded as they have been under local provisions under Council Tax Benefit;
  - An amendment on how Extended Payments for movers are dealt with;
  - A provision to end reduction periods under the scheme should the award be reduced to nil;
  - A provision relating to carrying out an annual review of applicable amounts and non-dependant deductions.
58. In order to fund the scheme the following additional changes were implemented:
- Empty homes discounts were reduced to 0% for Class C empty properties from 1 April 2013;

- The second home discount was removed from 1 April 2013;
59. No changes to the existing scheme are proposed for 2014/15.

### **Benefits Cap**

60. The intention of the Benefits Cap was to prevent anyone in receipt of benefit receiving an income that is greater than the national average wage of circa £26k for families.
61. Local authorities are now responsible for administering the cap for claimants in receipt of Housing Benefit until that claim is migrated to Universal Credit.
62. If the total amount of benefits in payment (including Housing Benefit) exceeds £26k per annum then the excess is deducted from Housing Benefit by the local authority. When the claim transfers to Universal Credit then the Department for Work and Pensions (DWP) will be responsible for making the reduction.
63. East Kent Services have been responsible for implementing the changes and have identified approximately 35 households affected within the Dover district.

### **Social Sector Size Criteria**

64. The Social Sector Size Criteria applies to Housing Benefit claimants in social housing. Those claimants deemed to have one bedroom more than they require have their Housing Benefit reduced by 14%. Claimants with 2 excess bedrooms the reduction is 25%.
65. East Kent Services have been working with East Kent Housing to identify affected tenants and proactively support property moves and transfers where possible and appropriate.

### **Universal Credit**

66. Universal credits are a major element of the welfare reform agenda. Although Council Tax Benefit / Council Tax Reduction will stay with local authorities, Housing Benefit will transfer to the Department for Work and Pensions. Universal Credit is being trialled by a number of "pathfinder" authorities before being rolled out nationally.
67. The last of the current pathfinders is expected to go live on 24<sup>th</sup> March 2014 (date unconfirmed by the DWP). At the end of this additional pathfinder roll out there will be 10 Jobcentres where Universal Credit is administered instead of legacy benefits. The only households currently able to claim Universal Credit are single people. The roll out is next due to expand to include new claims from couples (summer) and families (autumn). Then, by the end of this year (DWP haven't specified calendar year or financial year) Universal Credit is planned to expand to cover more of the northwest.
68. An update to the Local Support Services Framework is expected in autumn 2014 to inform local authority budgeting for 2015/16. Universal Credit is due to be nationally available during 2016 at which point legacy benefit caseloads will migrate during 2016 and 2017.
69. This means that Housing Benefit caseloads for working age customers can continue to grow up until 2016 at least.

70. The key elements / challenges in the new system are:
- “Digital by default” – it is assumed that 80% of claims will be on-line, and that there will be minimal personal contact or intervention;
  - The local authority role in Universal Credit delivery requires further clarification;
  - In the majority of cases, benefit will be paid on a monthly basis, direct to the claimant’s bank account, rather than to landlords, as is currently the case with Housing Benefit. This is to re-accustom claimants to the pattern of salary payments when they return to work;
  - The change in payment patterns will require East Kent Housing to focus on maintaining collection rates;
  - For those in work, the system will require monthly data transfers from their employers to the HMRC, and then from HMRC to DWP systems, in order to adjust benefit for changes in income;
  - Claims from homes within a “House in Multiple Occupation” (HMO) are currently checked to property records by DDC to ensure the total number of claims from the HMO is consistent with (or does not exceed) the number of homes it contains, and so reduce the risk of fraud. It is not yet clear how this check will be replicated by the DWP as they do not have access to our property database.

## **REFORM OF LOCAL GOVERNMENT FINANCE**

### **Localisation of Business Rates (BR)**

71. The BR to be paid by businesses are determined by the Valuation Office Agency (VOA), who set the rateable value (RV) of premises, and central government, who set the multiplier (rate in the pound) that is to be applied to the rateable value.
72. Local authorities have no role in setting the BR, and are mainly responsible just for the collection of the due amount.
73. The Government’s policy of localisation of BR focuses on how the income generated from BR is to be shared between central and local government. Businesses will see no difference in the way they pay BR or the way the tax rate continues to be set by Government, and the rateable values will continue to be determined by the Valuation Office.
74. However the financing of local government is radically altered by the new arrangements for sharing the income generated by BR.

### **Background**

75. The “Budget 2013/14 and Medium Term Financial Plan for 2013/14 – 2015/16”, approved by Council on 6 March 2013, set out a full explanation of the new system. As a result, this is not being repeated here. Instead, a simplified summary of the new system, an update on its implementation and the implications for DDC is provided below.

### **Summary of the Localisation of Business Rates**

76. To explain the new system we need to consider:

- Tariffs and top-ups;
- The safety-net and levy;
- The uncertainties:
  - NDR1 and NDR3;
  - Pooling;
  - Appeals;
  - Accounting arrangements and determining the 2013/14 performance and the 2014/15 budget;
  - The impact of reliefs;
  - The extension of the Small Business Rates Relief and the £1,000 discount;
  - Setting the multiplier.
- The position for Dover.

#### Tariffs and Top-Ups

77. At its most basic, the new system is simple. 50% of BR collected by a council is allocated to government.
78. If the 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". Once the tariff is set, a district will have to pay this to government. If actual collection is lower (for example, due to demolition at Discovery Park) the council has to continue to pay the tariff, and bear the loss itself.
79. If the amount is less than the council's baseline budget requirement, then the council receives the shortfall from government, in the form of a "top-up".
80. For district councils who collect all the BR in their area, but who have much lower budgets than the upper tier counties, they are invariably "tariff" authorities, and this is the case for DDC.

#### The "safety-net" and "levy"

81. Although the government have stated that BR is shared 50/50 with local government, in practice it is not quite that simple. If there is growth within the DDC area and we collect BR in excess of our baseline, then 50% immediately goes to government. Of the remaining 50%, the government takes a further 50% "levy" to fund the "safety net"<sup>2</sup> authorities, so only 25% of the original growth would remain with DDC, of which 5% is attributed to KCC and 20% to DDC (so for every £100k in BR growth, DDC would retain £20k). These arrangements can be altered by entering into a "pooling" arrangement which is explained below.
82. The table below provides a simplified illustration of how the new system works (based on the 2013/14 figures as the base year for the change).

<sup>2</sup> A safety net will be provided to protect local authorities experiencing low rates of BR growth or reductions in the level of BR collected, and it caps the losses they face. The safety net means that no authority will have to bear a loss of more than 7.5% in their baseline income.

| Ref | Element                                    | Notes   | Illustrative Figures |
|-----|--|---|----------------------|
| 1   | <b>2013/14 Start-up Funding Assessment</b> | Revenue Support Grant   | £3.481m              |
|     |  | Baseline BR Requirement (A)   | £3.237m              |
|     |  | Total   | £6.718m              |
| 2   | <b>Business Rates Baseline</b>             | BR Total for Dover District area  | £33.396mm            |
|     |  | Central Share to DCLG = 50%   | £16.698m             |
|     |  | Local Share = 50%   | £16.698m             |
|     |  | KCC BR Baseline 20% of Local Share  | £3.339m              |
|     |  | Dover's BR Baseline (B)   | £13.359m             |
| 3   | <b>Dover's Tariff</b>                      | (A) BR Baseline   | £13.359m             |
|     |  | (B) Baseline Requirement  | £3.237m              |
|     |  | (C) Tariff = (A) (B)  | £10.122m             |
| 4   | <b>Effect of Under Recovery</b>            | Collect £1m less  | £32.396m             |
|     |  | Pay 50% to DCLG as Govt Share   | (£16.198m)           |
|     |  | Allocate 20% to KCC   | (£3.239m)            |
|     |  | Tariff ( <u>does not</u> reduce when collection falls)  | (£10.122m)           |
|     |  | Balance retained by DDC   | £2.837m              |
|     |  | Shortfall borne by DDC (but see safety net below)   | £0.400m              |
|     |  | So any loss in total collection of BR, against baseline, is borne 40% by DDC, up to the safety net. |                      |
| 5   | <b>Dover's Safety Net</b>                  | Loss capped at 7.5% of Baseline Funding   | £0.243m              |
|     |  | Equated to loss in BR   | £0.607m              |
|     |  | So after the first £607k loss in total BR collected, there is no further loss to DDC.               |                      |
| 6   | <b>Sensitivity Analysis</b>                |   |                      |
|     | <b>Safety Net</b>                          | Impact on DDC of reduction 1% in BR (loss of £334k)   | £134k                |
|     |  | 2% (£668k)  | £243k                |
|     |  | 3% (£1,002k)  | £243k                |
|     |  | DDC will bear 40% of losses, up to the safety net.  |                      |
| 7   | <b>Levy</b>                                | Impact on DDC of growth 1% in BR (gain of £334k)  | £67k                 |
|     |  | 2% (£668k)  | £133k                |
|     |  | 3% (£1,002k)  | £200k                |
|     |  | DDC will keep 20% of gains.   |                      |

Note – the figures in the table above are indicative, but they demonstrate the process and show the order of magnitude.

### The Uncertainties

83. The DCLG has not yet worked out how all aspects of the localisation of BR will work. The uncertainty that this is creating, combined with the additional volatility in local authority funding that the new system has introduced, creates significant budgeting

problems for local authorities. The main uncertainties and problems are set out below.

- The new arrangements are extremely complex, particularly in their accounting treatment, and this has an impact on the resources available to the Council in 2014/15.
- The timetable for the process has caused difficulties. In previous years, when the scheme was stable, we received notification of the returns in mid December. We received the 2014/15 forms on 20<sup>th</sup> January, with incomplete guidance, and a return date of 31<sup>st</sup> January.
- Through December, the DCLG were not answering technical queries so we could not prepare data.
- Guidance came too late to enable the usual thorough, testing of the necessary software upgrades required to produce the reports on BR for the returns to the DCLG.
- The treatment of business rates reliefs was complicated and guidance was received late creating difficulties in calculating the NDR funding to be included in the 2014/15 budget
- The implications of appeals and their impact on councils in the safety net is not yet clear to us, and the data from the VOA is insufficient for us to make confident estimates of the value of losses due to appeals in our area.
- When appellants originally paid their BR the funds went to government for redistribution. However, the impact of refunds following successful appeals will be borne by the local authority alone.
- The DCLG and CIPFA are still working on the accounting treatment for the collection fund. This area remains unresolved, but has potentially significant impact on the Council's resources for 2014/15.
- The 2013/14 outturns for business rates will not be known until June, but it is likely to impact on 2014/15 resources. As a result we have to budget with a lower degree of certainty. This generates an increased requirement for reserves.

### NDR1 and NDR3

84. NDR1 and NDR3 are the forms completed by authorities to report to government on the forecast BR for the coming year (NDR1) and the performance for the past year (NDR3). The new system has greatly increased the complexity of these forms and they now have over 35 pages of detailed and technical guidance on their completion.
85. The content and structure of the forms give us essential guidance on detailed technical aspects of BR including the treatment (and hence resource implications) of a range of reliefs (including those for the Enterprise Zone) and appeals (some of which are outstanding since 2010 and earlier).
86. The DCLG had committed to provide the final versions of these forms in December. They finally arrived on 20<sup>th</sup> January, with a deadline for completion by 31<sup>st</sup> January. Guidance on the level of the safety net was received later and resulted in a delay in the final completion and sign off of the return. Meanwhile, the DCLG have set up a working group with CIPFA to resolve some of the more complex issues.
87. In the past, the NDR3 has been audited by Councils' external auditors. Despite the increased complexity and importance of the form, our auditors have advised that they will no longer be auditing the NDR3.



## Pooling

88. Prior to the localisation of BR, they were held in a national pool which was managed by government. Although BR have been localised, authorities are free to form their own pools and share risk.
89. The benefits of this are that if, for example, DDC anticipated growth in its BR, it could pool with another authority (typically an upper tier authority) which would pay a lower tariff rate. By pooling in this way, it would dilute the tariff rate that DDC would pay to government.
90. The drawbacks of pooling are:
  - Given the uncertainties in the system, it is difficult to determine whether we should pool, and who with;
  - The pools are formed, and re-formed, on an annual basis. Once you express interest in a pool you are committed. If one partner does withdraw, the entire pool collapses for that year, to the detriment of all – so one must not join lightly;
  - Given the uncertainties about NDR1 and 3, and the different assumptions that are likely to be made by partners, pooling is high risk unless you understand the BR of your partners, as well as your own;
  - Pooling has no geographic constraints, so we could pool with Birmingham – if both partners saw an advantage in it;
  - The whole process is cumbersome, and requires governance agreements to be set up.
91. For these reasons, it is too soon in the life of the new BR system, for DDC to consider pooling.

## Appeals

92. Appeals are raised with the VOA by businesses where they believe their RV is too high. Appeals are important for 2 main reasons.
93. First, where successful they can have an impact upon the tax base of an authority, and hence on the BR collectable. This can even happen when there is no appeal for a particular business in a council's area. For example, if there were an appeal elsewhere in the country that saw the RV of a nuclear power station significantly reduced, then that could be applied to Dungeness.
94. Second, when an appeal is successful, the refund is due to the appellant immediately, from the Council's Collection Fund. The VOA has significant appeals dating back to 2010 and earlier. These appeals could generate high value refunds. A provision for possible refunds based on an estimate of appeals up to 2013/14 is provided for in the 2013/14 Collection Fund forecast. DDC has not elected to spread this over a five year period (an option available under the DCLG guidelines) which results in DDC remaining in the safety net position for 2013/14. From 2014/15 onwards the NDR returns will only include appeals provisions made for the specific year involved.

### Accounting Arrangements and Determining the 2013/14 Performance and the 2014/15 Budget

95. Guidance from the DCLG on the accounting treatment of appeals, bad debts, Enterprise Zone relief and other issues has only recently been received following receipt of the NDR1 form for completion. There is still a possibility of changes to the 2013/14 accounting treatment which will not become clear until the final NDR3 form is issued. This may affect treatment of appeals, safety net / levy calculations and other components of BR income redistribution.
96. Actual 2013/14 performance for BR will not be finalised until May 2014 – long after the budget for 2014/15 has been set. There is a risk that the estimated Collection Fund forecast provided for 2013/14 on the NDR1 return for 2014/15 will differ to the final outturn. This could result in a change in the 2014/15 NDR figures during the year.
97. In addition, the NDR3 data in May will be used to determine the 2013/14 performance, and make adjusting payments of levy / safety-net in respect of 2013/14, however changes to the Collection Fund balance are not reflected until 2014/15.
98. In the long run, these different approaches should even out. However, for authorities that may, or may not be in the safety net, the year of account for actual performance could have a real impact on DDC's resources and safety net payments due. In order to smooth the impact on the 2013/14 and 2014/15 budgets for DDC, a contribution has been made to the General Fund from the Business Rates & Council Tax reserve which will be repaid to the reserve in 2014/15.

### The Impact of Reliefs

99. Although there are exceptions (particularly the extension Small Business Rate Relief Scheme and Enterprise Zone Relief), it is a reasonable generalisation to say that any reliefs (typically charitable / discretionary relief) granted by DDC will reduce the BR collected, and that DDC will therefore have to bear 40% of the costs of such reliefs.

### The Extension of the Small Business Rates Relief and the £1,000 Discount

100. There have been a number of measures for small businesses:
  - The doubling of the Small Business Rate Relief will be extended for a further 12 months until 31 March 2015;
  - Ratepayers receiving Small Business Rate Relief, that take on an additional property which would currently disqualify them from receiving relief, will continue to receive their existing relief for 12 months;
  - A discount of £1,000 for shops, pubs and restaurants with a rateable value below £50,000 for two years up to the state aid limits, from 1 April 2014;
  - A 50% Business Rates Relief for 18 months - between 1 April 2014 and 31 March 2016 - for businesses that move into retail premises that have been empty for a year or more.
101. These measures will be funded by government and will not impact on DDC, except from the administrative burden created.

### Enterprise Zone Relief

102. DDC has the only “Class B” Enterprise Zone in the country. This means that the Enterprise Zone is classed as “non-retention” and so DDC does not retain all elements of growth within the zone; it has to share the growth with Government and the other preceptors. Enterprise Zone Relief awarded at Discovery Park is refunded to DDC as a Section 31 grant based on DDC’s retained share of BR (40%).

### Setting the Multiplier

103. The government provisional figure for the standard BR multiplier for 2014/15 is 48.2p. This is an increase of 2.34% on the rate of 47.1p for 2013/14, and is a cumulative increase, since 2011/13, of 11.32%. This is double the rate of Council Tax increase.

### The Position for Dover

104. DDC is in a relatively unusual position in that its BR income is heavily concentrated in its largest sites, with 32% of its BR income from the top 3 sites.

| <b>Dover’s Rateable Values</b> | <b>Rateable Value <sup>3</sup><br/>£000</b> | <b>%</b>   |
|--------------------------------|---|------------|
| <b>Top 5</b>                   |   |            |
| Channel Tunnel                 | 15,400                                      | 17         |
| Discovery Park                 | 8,440                                       | 9          |
| Dover Harbour Board            | 5,250                                       | 6          |
| Tesco, Whitfield               | 2,830                                       | 3          |
| Thanet Offshore Wind Cable     | 1,280                                       | 1          |
| <b>Sub Total</b>               | <b>33,120</b>                               | <b>36</b>  |
| Remainder                      | 58,195                                      | 64         |
| <b>Total</b>                   | <b>91,315</b>                               | <b>100</b> |

105. Unless there is a major change in valuation methods, the Channel Tunnel and the Port are not likely to show a significant reduction in BR, nor are they likely to cease operating. However, the reduction at the Discovery Park shows the sensitivity of this position for DDC.
106. There has been significant demolition, particularly of the older buildings, at the Discovery Park. Fortunately Discovery Park Ltd has been extremely pro-active in promoting and marketing the site and generating new tenants, underpinned by the benefits of Enterprise Zone Relief. This has, to some degree, mitigated the potential reduction in BR that follows the demolition.

<sup>3</sup> Note – Rateable Value is not the same as the Business Rates paid. RV is multiplied by a government set multiplier (currently around 46p) to determine the amount payable.

# THE GENERAL FUND REVENUE ACCOUNTS

## FINANCIAL OBJECTIVES

107. The main financial objectives for the General Fund Revenue Account are as follows:
- Produce a balanced General Fund Budget;
  - Maintain general balances over the medium term at an appropriate level (considered to be a minimum of around 10% of the net budget requirement or £1.5m, and a preferred level of £2m);
  - Use earmarked reserves to finance one-off items;
  - Support the Council's corporate priorities and agreed service standards; and
  - Undertake appropriate consultation.

## SUPPORTING INFORMATION

108. The following annexes are provided:
- Annex 1 contains the budget summary for the General Fund;
  - Annex 2 shows the net service expenditure analysed by categories of expenditure and income;
  - Annex 2A shows the key expenditure figures and patterns for the General Fund;
  - Annex 2B shows the key income figures and patterns for the General Fund;
  - Annex 3 provides a detailed variance analysis between the budgets and forecasts from 2013/14 and 2014/15;
  - Annex 4 provides the General Fund Revenue Budget projection for the period to 2016/17;
  - Annexes 5A – 5D contain summaries of the services managed by each Director and the associated budgets; and
  - Annex 6 contains details of the General Fund balance and earmarked reserves.

## GENERAL FUND SUMMARY

109. The net budget requirement for the Council's own purposes is £14m as shown in Annex 1. This is to be met mainly by Revenue Support Grant of £3.7m and distribution of Non-Domestic Rates of £3.6m<sup>4</sup>, Council Tax income of £5.87m and New Homes Bonus of £1.3m.
110. Annex 4 shows the overview of the forecasts for 2015/16 and 2016/17, the corporate pressures from increased salary costs, pension back funding, inflation, service pressures and savings from Directors. To balance the 2015/16 and 2016/17 budgets savings of £750k in 2015/16 and a further £450k in 2016/17 will be required. The DES process and the on-going review of all expenditure and income streams will be the main approach used to identify options towards addressing the required savings.

<sup>4</sup> Based on the 2014/15 settlement received 5 February 2014

## KEY VARIANCES / SIGNIFICANT ISSUES

111. The table below summarises the main variances from Annex 3 which includes a full reconciliation of the variances which make up the budget:

|   | £000       |
|---|------------|
| <b>2013/14 Original Budget Forecast</b>                       | <b>(5)</b> |
| Decrease in Revenue Support Grant                             | 1,002      |
| Inflationary increase in NDR redistribution funding           | (598)      |
| Increase in Council Tax Base                                  | (52)       |
| Council Tax Freeze Compensation                               | (58)       |
| Increase in Collection Fund Surplus                           | 17         |
| Increase in New Homes Bonus                                   | (369)      |
| Increased interest receivable forecast                        | (93)       |
| Increased pension backfunding rate                            | 75         |
| East Kent Services target saving                              | (70)       |
| Net increase in transfers to earmarked reserves               | 221        |
| Reduction in grant funding to Towns & Parishes                | (142)      |
| Forecast increase in Development Management income            | (45)       |
| Forecast increase in land Charges income                      | (30)       |
| Reduction in Benefits administration grant                    | 80         |
| Reduction in parking income streams                           | 112        |
| Public Convenience reduced expenditure and additional funding | (31)       |
| Other Variances   | (14)       |
| <b>2014/15 Budget Forecast</b>                                | <b>0</b>   |

### Staff Salaries

112. The decision for the level of cost of living increases for 2014/15 will be undertaken through the Collective Bargaining agreement that is in place with the Unions. The process will be activated shortly and independent advice on the cost of living increase will be received to form the basis of these discussions.
113. Known and committed adjustments for the impact of pay protection and increments under the current job evaluation scheme are included in the budgeted figures.

### Vacancy Allowance and Organisational Savings

114. The vacancy allowance (savings from staff turnover) was set at £100k in 2013/14. Due to the on-going Delivering Effective Services and Employment Stability processes it has been considered appropriate to retain the vacancy allowance at the same level for 2014/15.
115. The 2014/15 budget includes £25k of “Delivering Effective Services” savings to reflect staff changes identified by managers. The proposed changes are subject to a consultation process with affected staff prior to finalising the proposals.
116. It is proposed to continue the Delivering Effective Services and Employment Stability processes in 2014/15 to maintain the link between approved service standards and the approval of posts to be filled.

### Pension Fund

117. The Council's Pension Fund (part of the countywide fund administered by Kent County Council) is subject to actuarial valuation on a three yearly cycle. The last triennial valuation (the "2013 valuation") of the KCC pension fund started in April 2013, and is to be implemented from April 2014.
118. DDC pays two contributions to the pension fund; these are "current service rate" (the additional pension earned in year) and a lump sum to finance the existing pension deficit. The actuarial report advised that due to lower discount rates the current contributions required to meet the cost of pensions being earned today should increase from 14.2% to 14.6%.
119. The 2013 valuation also estimates an increase in the pension fund deficit for Dover. Dover is paying this deficit off over the next 21 years. This rate has been agreed with the actuary and is slightly faster than the average rate for districts in Kent.
120. As a result the fixed sum to finance the deficit should be increased from £1.71m to £1.82m (for all staff, including HRA) in 2014/15, and then increase by £80k in each of 2015/16 and 2016/17.
121. It should be noted that the increase in the pension fund deficit is largely a result of factors outside of the Council's control including increases in pensions payable, increased life expectancy and lower asset values. There has also been an impact due to the creation of EKS and EKH, and the transfer of staff on a fully funded basis. However, this would only become a "real" effect if EKS and EKH were to move away from the Council into wholly separate and independent organisations.

### General Inflation

122. Setting a guideline level of inflation runs the risk that this will be used by budget managers as the "norm" to set budgets even when the inflation rate for their services is less. When setting their proposed budgets all managers are asked to consider the specific quantity and price of services they will actually need in the coming year and reduce expenditure where necessary in order to avoid an overall inflationary increase.
123. The other significant area of potential inflation pressures relates to major term contracts. In 2014/15 the assumed level of contract inflation is based on the details of the specific contracts, the state of the market for the specific services and any other relevant factors. For future years it is not realistic to attempt to model contract renewal costs and so for planning purposes a 2.5% increase in the cost of major term contracts has been assumed. Each 1% variance in contract inflation leads to approximately £50k variance in costs.

### Contingency Provision

124. Contingency provision of £98k has been included to meet any unexpected expenditure commitments, if they cannot be contained within other budgets. This has been retained at the same level as 2013/14. In addition, as part of the budget setting process managers and directors were asked to identify any budgets held for items such as legal or consultants' fees that would only be required if certain circumstances occurred. These budgets have been removed from individual budgets and will be funded from this provision if required for the items identified.

### Grants to Organisations

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

### Shared Services

126. East Kent Services discharge revenues & benefits, customer services, ICT and Human Resources functions on behalf of Dover, Canterbury and Thanet Councils. Management fees under the EKS arrangements are forecast to be maintained at the 2014/15 level for the planning period.
127. The Council awarded a 10-year contract for the collection of refuse and recycling to Veolia Environmental Services (UK), which commenced in January 2011. The contract was awarded in partnership with Shepway District Council and Kent County Council (as the disposal authority). Dover is the lead on this partnership and the client teams from both Dover and Shepway jointly manage the contract from the Dover District Council offices.
128. In addition an internal audit partnership, hosted by Dover, is in place working with Dover, Shepway, Canterbury and Thanet (including East Kent Services) Councils and East Kent Housing.

### Interest on Investments

129. The overall interest rates achieved in 2014/15 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, and the performance of gilts held by Investec (the Councils investment managers) over the year.
130. The MTFP assumes that the Council's investments overall will average 0.75% per annum on investments of circa £35m (split approximately 70/30 between General Fund and HRA pro rata to estimated cash balances). This is based on bank base rates assumed to remain at 0.5% for the planning period.
131. Members should note that the localisation of Business Rates places a significant potential risk on DDC's cash flow. If there is a significant reduction in Business Rates collection through revaluation, demolition or major business failure in the district, this would reduce the funds available for investment and therefore reduce the interest earned.
132. Members will also be aware that the Council had a £1m investment with the Icelandic bank. The Council has now sold its Icelandic deposit and has received 97% of the original £1m deposit.

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

133. Fees and Charges are reviewed and set annually, with reports approved by Licensing and Regulatory Committees and Cabinet. When setting Fees and Charges managers consider:

- Cost of providing the service;
- General market rate for the service;
- Charges levied by neighbouring authorities;
- Government guidelines;
- The last time the fee / charge was increased;
- Sensible price points – it is more sensible to increase by sensible amounts every two or three years rather than a few odd pence every year;
- Impact of the fee upon service use and upon different sections of the community;
- Impact of service use upon corporate objectives; and
- Overall income the service generates.

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

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

- Development Management

The planning application fee income significantly increased during 2013/14 due to a number of significant large planning applications received including Discovery Park, supermarkets, Sholden and solar farm applications. The original budget for Development Management fee income in 2013/14 was £470k and the latest projected outturn for the year is £700k. The budget for 2014/15 onwards has been set at £515k to reflect the one-off nature of many of the 2013/14 applications received but recognising an on-going element of growth.

- Building Control

The Building Control (BRFE) income is largely dependent upon construction activity. Assumptions about the level of activity combined with the economic forecasts lead to a budget of £285k being set for 2013/14. However the wider than expected increased level in construction activity locally has not materialised and the forecast for the year has been reduced to £260k. Allowing for assumptions about increased construction activity locally and nationally, the budget for 2014/15 has been set at £305k.

- Licensing

This includes taxis, gambling and other miscellaneous licences. The original budget for 2013/14 was set at £234k, the 2013/14 forecast has been increased to £239k to allow for the implementation of scrap metal merchant licensing. The 2014/15 budget has been reduced slightly to £237k to reflect the Fees and Charges report estimates.

- Land Charges

The original 2013/14 budget of £150k was set at a level reflecting consistently lower volumes in the housing market. The current projection is that this may be higher than budgeted, and this has been reflected in the 2014/15 budget which has been set at £180k.



There is currently a risk to the Land Charges income. Personal Search Fees were discontinued following a change in legislation in 2010. Charging prior to this change is currently the subject of litigation as is the charges regime for Land Charges Search information. This is a national issue and we await the outcome of the legal process.

- Car Parking

The 2013/14 income budgets for parking fees and penalty charge notices is currently forecast to be below the original budget of £2.2m at £2.0m. Analysis of the income streams across the district indicates no clear trends but revenues are likely to improve in line with the national economic outlook and the delivery of the Council's regeneration plans. The forecast for 2014/15 has been set at the same reduced level as the projection for 2013/14.

The Council expects to make a small surplus from on-street parking. In accordance with Section 55 of the Road Traffic Act 1984 (and subsequent updates), this will be set aside to carry out permitted activities as specified in the Road Traffic Act. Any surplus over £100k would be remitted to KCC.

- Green Waste Subscription Service

A subscription charge for the Green Waste service was introduced from April 2012. This reduced the net costs of the service as well as enabling access to the service to be extended to all customers. The original budget for 2013/14 was set at £205k and the 2013/14 forecast has been reduced to £176k to reflect the actual level of take up in the year. The 2014/15 budget has been set slightly higher at £180k.

136. These major fees and charges generate approximately £3.5m towards the General Fund budget.

#### Financing the Net Requirement

137. The net requirement is financed mainly by Government grant and Council Tax. The total financing for 2014/15 is:

| 2014/15 General Fund Revenue Financing | £m            | %            |
|--|---------------|--------------|
| Revenue Support Grant                  | 3,698         |              |
| Non-Domestic Rates Redistribution      | 3,591         |              |
| <b>RSG &amp; NDR Settlement</b>        | <b>7,289</b>  |              |
| Council Tax Freeze Compensation        | 58            |              |
| <b>Total Government Grant</b>          | <b>7,347</b>  | <b>50.6</b>  |
| Council Tax                            | 5,874         | 40.4         |
| Collection Fund Surplus                | 19            | 0.1          |
| New Homes Bonus                        | 1,296         | 8.9          |
| <b>Total Financing</b>                 | <b>14,536</b> | <b>100.0</b> |

138. Because Government grant is fixed and constitutes a high proportion of DDC funding, any shortfall in grant not offset by savings or other income must be financed wholly from Council Tax.

### Government Grant

139. The Revenue Support Grant and NDR settlement is the largest single income stream for the Council. The government grant settlement is detailed below:

|                              | Grant<br>£000 | Reduction<br>£000 | Reduction<br>% | Cumulative<br>£000 | Cumulative<br>% |
|------------------------------|---------------|-------------------|----------------|--------------------|-----------------|
| 2013/14 Settlement           | 7,693         |                   |                |                    |                 |
| 2014/15 Draft Settlement     | 7,289         | 404               | 5.3            | 404                | 5.3             |
| 2015/16 Draft Settlement     | 5,902         | 1,387             | 19.0           | 1,791              | 23.3            |
| 2016/17 Estimated Settlement | 5,495         | 407               | 6.9            | 2,198              | 28.6            |

### Council Tax

140. DDC's Council Tax (for its own use – i.e. excluding town and parish councils) for 2013/14 was £167.49 for Band D. This means DDC has one of the lowest Council Taxes in Kent (see table in Executive Summary).
141. Having due regard to the indications from Government regarding capping and the current economic climate, it is proposed to freeze Council Tax for the 2014/15 budget. The MTFP assumes a further freeze in 2015/16 followed by increases of 1.99% for future years. These increases are unlikely to change DDC's position in relation to other authorities.

### Budget Requirement

142. For 2013/14 the original budget requirement was £14.47m. The 2014/15 requirement of £14.54m reflects a small increase of £70k. This includes additional transfers to earmarked reserves to support future capital and revenue projects. Excluding the additional reserve transfer the underlying budget reflects savings identified from services across the organisation.

### "Carry Forward" of Unspent Budgets

143. A key element of financial management is the treatment of unspent budgets. The Council has sought to promote a culture whereby budget managers have the flexibility to manage their budgets responsibly.
144. If budget managers were unable to carry forward balances they would be placed in a position of "use it or lose it", and this could lead to unnecessary expenditure at the year-end.
145. To avoid this managers are given the opportunity to carry forward unused elements of their budget. This has been applied using the broad guidelines that:
- The carry forward should be for a planned purpose;
  - The carry forward should be sustainable – it is not appropriate to create an on-going commitment (such as employing additional permanent staff) from a one-off saving; and

- The Director of Finance, Housing and Community reviews the carry forwards requested and approves them as appropriate.
146. In order to ensure that the carry forward can be integrated into the following year's budgets as soon as possible, it is proposed that the current practice of the Director of Finance, Housing and Community having delegated authority to approve the carry forward, and the carry forwards being reported in the outturn report and budget monitoring reports continues.

### **Recommendations from this Section**

147. It is recommended that Cabinet:
- Continue the practice of delegated authority to the Director of Finance, Housing and Community to approve revenue budget carry forwards within the guidelines set out;
  - Approve the grants to organisations detailed at Annex 11.
148. It is recommended that Council:
- Approve the General Fund Revenue Budget for 2014/15 and the projected outturn for 2013/14;
  - Approve the policies and protocols regarding the General Fund balances and earmarked reserves, and transfers between reserves as set out in Annex 6.

# HOUSING REVENUE ACCOUNT

## OVERVIEW

149. The Local Government and Housing Act 1989 (s74) requires that local housing authorities maintain a ring fenced Housing Revenue Account (HRA). This account contains the revenue expenditure and income from provision of council dwellings and associated services and is ring fenced from the rest of the authority's expenditure and income.
150. The HRA's financial position, detailed at Annex 7, can be summarised as follows:
- HRA balance at 31/03/13 £0.66m;
  - Forecast balance at 31/03/14 £3.02m;
  - Forecast surplus for 2014/15 of £385k;
  - Forecast year-end balance at 31/03/15 £3.41m.
151. At the time of writing, the HRA has 4,425 dwellings, made up of 2,821 houses and 1,604 flats. This is after excluding Sheltered Housing schemes that have been decanted for disposal and two Gateway flats that are currently empty pending open market sale.
152. East Kent Housing is responsible for the management & maintenance of the Council's housing stock.

## FINANCIAL OBJECTIVES

153. 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;
  - Achieve the Government's target rent level by 2014/15 subject to Government policy;
  - Comply with the Decent Homes Standard;
  - Maximise the recovery of rental incomes;
  - Minimise the number of void properties and minimise the level of rent arrears and debt write offs; and
  - Maintain an adequate level of HRA reserves consistent with the HRA Business Plan.

## NATIONAL BACKGROUND

### Rent Restructuring

154. Council house rents are set using a complex model based on a formula provided by the Department of Communities and Local Government (DCLG). This model takes into account a number of factors such as:
- Relative property values;
  - Local earning levels; and
  - Number of bedrooms.

155. Rents are set on a property-by-property basis, and the starting point is the market value of each property in 1999. The rents are required to move to a standard rent level (a process known as rent convergence). This means that local authorities have, in practice, limited discretion to determine rent levels.
156. Because council house rents were not, at the outset, in line with the converged rents prescribed by the formula, local authorities are required to follow a process that moves rent, over a number of years, to the prescribed level.
157. The target year for rent convergence was originally set by the Government to be 2011/12. DCLG recently advised a revised target year of 2014/15. Due to a number of Government changes in the target year DDC will have approximately 11% of its properties that will not have converged. .
158. It is estimated that the interaction between the rent convergence date and the proposed increase of 3.7% (September 2013 RPI of 3.2% + 0.5%) will result in an increase of 4.21% in average rents for 2014/15 on retained properties.

#### Housing Subsidy/Housing Finance Reform

159. Under Housing Finance Reform from 2012/13 the Housing Subsidy was replaced with a self-financing system requiring a one off payment to Government financed by Local Authorities taking on borrowing.
160. The payment to the Government took place on 26 March 2012 and was £90.473m. The loan was taken out with PWLB for 30 years at a fixed interest rate of 3.18%
161. The annual repayment of principal and interest on the loan is £4.702m that replaced the negative Subsidy payment to Government of approximately £6m.

#### Welfare Reform

162. The Government is reforming the benefit system to promote work and personal responsibility. Universal Credit is being introduced to replace the individual elements of the current system. Universal Credit is a major feature of the Welfare Reform Act and will simplify the benefits system into a single streamlined payment. The programme of implementation has been delayed by Government. DDC is unlikely to be affected until at least 2015/16.
163. In the majority of cases, Universal Credit will be paid on a monthly basis, direct to the claimant's bank account, rather than to landlords, as is currently the case with Housing Benefit. This is to re-acustom claimants to the pattern of salary payments when they return to work. This change in payment patterns will require East Kent Housing to focus resources on maintaining collection rates.
164. In April 2013 Social Sector Size Criteria was implemented. For some of DDC tenants this resulted in a reduction in Housing Benefit entitlement, based on the degree to which a household was under occupying the property (14% reduction for one spare bedroom & 25% reduction for two or more spare bedrooms). The reduction does not apply to persons of a pensionable age. East Kent Housing originally identified over 490 families that would have been identified by the reduction but with their forward planning and management this was reduced to 379.

165. In addition a weekly cap on Housing Benefit was introduced from April 2013. The cap is £500 per week for families with children and £350 per week for individuals. DDC have 13 tenants affected by these caps.
166. It was expected that an increased level of rent arrears would arise from the introduction of welfare reform. To date no increase has been experienced by DDC although the HRA bad debt provision has been uplifted as a precautionary measure.

## **LOCAL BACKGROUND**

### General

167. In recent years strong financial & operational controls have enabled the Council to improve its housing stock whilst strengthening its HRA reserves. Council agreed the transfer of £12.5m HRA reserves to the General Fund with effect from 31 March 2013. This included the transfer of the balance in the Housing Initiatives Reserve.
168. An amended 30-year financial plan was produced to confirm the viability of the balance transfer. This plan indicated that after transfer sufficient funds would be available in the HRA to meet the projected 30-year HRA Capital and Revenue Works Programme with reserves building over time to be able to fund a significant level of future affordable housing initiatives.
169. Sales of council houses (generally Right to Buy sales) are a source of capital finance for the organisation. As part of Housing Finance Reform, new Right to Buy (RTB) regulations came into place. These and subsequent changes included a higher maximum discount and the raising of the monetary cap.
170. Incorporated into the Housing Finance Reform debt settlement was a projected annual level of (RTB) sales. For Dover this was assumed to be approximately seven sales each year with the expectation being converted to a monetary value.
171. Dover has entered into an agreement with Government to retain receipts above the anticipated level. These excess receipts (known as 1:4:1 replacement) are ring fenced to provide part funding of the cost of new affordable/social housing. This means that there is a cap (£101k in 2013/14) 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 (£316k at 31/12/13).
172. As of the end December 2013 there have been 15 RTB sales in the financial year and Dover had retained 'excess receipts' of circa £598k.

### Service Charges

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

### Rent Levels

174. As noted above, rent levels are calculated on an individual property basis using rent formulas previously prescribed by DCLG.

175. It should be noted that although DCLG removed the compulsory minimum limit for rent increases several years ago, Councils were able to retain this limit if they wished. As this maintains the rent income stream DDC continues to apply this limit.
176. Rents are set on a property-by-property basis, and so it is not possible to report on the rent to be set for a standard 2 bedroom flat or a standard 3-bedroom house. However, for Members' information the following figures may be helpful:
- The 2013/14 average weekly rent across all properties is £81.33;
  - The 2014/15 average weekly rent is forecast to be £84.75;
  - The increase in the average weekly rent is £3.42 or 4.21%; and
  - Three bedroom houses have rents (for 2014/15) ranging from £92.64 per week to £115.32 per week with an average of £92.64.
177. Determination of rent levels is an executive function that had been delegated to the Director of Finance, Housing and Community on the basis of the model described above.

#### **2014/15 DRAFT BUDGET**

178. The HRA is forecast to have a closing balance of £3.4m at the end of March 2015 with an in year forecast surplus of £385k. Annex 7 provides a draft HRA budget summary & Annex 7A provides an explanation of the main variations from the original 2013/14 budget to the 2013/14 projected outturn and from the 2013/14 projected outturn to the 2014/15 proposed budget.
179. The projected accumulated surplus looks healthy but this cannot be assumed to be a permanent position as there will be future pressures that will call upon the HRA reserves. The main pressures are likely to be due to the requirement to fund the ongoing Decent Homes Programme and any new social housing provision.

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

180. It is recommended that Council:

Approve the 2013/14 Projected Outturn and the 2014/15 HRA budget at Annex 7.

## ASSET MANAGEMENT PLAN

181. 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.
182. Expenditure on repairs and maintenance forms a direct link with the revenue budget, which contains the resources to meet the programme of repairs and maintenance. Standards of maintenance, and therefore of required expenditure, are to some extent subjective. The Director of Environment & Corporate Assets confirms that there are sufficient resources to keep properties generally wind and water-tight but it continues to be a challenge to maintain all buildings without deterioration. Continuing with this approach increases the risk, but it ensures that the limited budget targets only essential maintenance.
183. There is an estimated backlog of planned maintenance required to "Operational Assets" in the region of £600k. The backlog has increased in the last year by £100k due to a combination of budget cuts and the unexpected failure of building components and assets.
184. In 2013/14 an Urgent Works earmarked reserve was established and this is held to fund urgent works on corporate assets if required.

### Summary

The key points for Members to note are:

- There are sufficient resources to maintain properties in a basic state of repair but it is a significant challenge to maintain all the Council's buildings without deterioration; this is not without risk of either service failure or an increase in the overall backlog;
- There are insufficient resources to maintain properties at the standard to which the Council aspires; and
- The Director of Environment and Corporate Assets is reviewing opportunities for realising capital receipts from surplus assets to support financing of the capital programme.



# CAPITAL PROGRAMME & SPECIAL REVENUE PROGRAMME

## Purpose of the Capital Programme

185. 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

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

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

187. However, 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

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

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

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

190. To simplify the management of regeneration budgets it has been agreed that they are treated as one major project and virements between them can be authorised by the Director of Finance, Housing & Community.
191. To facilitate efficient decision making, final approval for projects up to £50k that are included on the capital and special revenue programmes are delegated to the Director of Finance, Housing & Community in consultation with the Portfolio Holder responsible for Finance.
192. In addition a capital contingency has been included on the MTCP in order to allow progression of small projects without significant policy implications. It is proposed that the approval of such projects continues to be delegated to the Director of Finance, Housing & Community in consultation with the Portfolio Holder responsible for Finance.
193. 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.
194. The structure of the programme is reflected in the format of Annex 8A and is explained below:
- Committed General Fund Projects  
These are live General Fund projects that have been approved by Cabinet through the Project Appraisal process 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 approval by the Director of Finance, Housing & Community in consultation with the Portfolio Holder responsible for Finance or Cabinet before they commence.
  - HRA Programme  
Proposed level of expenditure and allocation of funding for HRA projects, as detailed at Annex 8C.
  - Financed by  
This table provides a summary of the financing of the proposed capital programme. Members will note that there are sufficient resources to finance the projects included in the table. However, Members should also note that:
    - If Members wish to include additional projects in the programme, these can only be resourced by removal of the equivalent value in new bids;
    - Removal of projects financed by specific grants, or within the HRA, will not generate additional resources for other projects in the General Fund programme;
    - To finance the programme the capital receipts from the sale of Sheltered Housing will need to be applied to General Fund regeneration projects and the HRA will have to use its increased rental income and reserves to finance some of its capital projects.

### Proposed Deleted Projects

195. In order to reflect changing circumstances for projects and to finance new capital projects it will sometimes be necessary to delete existing projects on the programme. These will be reported in the budget monitoring report circulated to Members during the year.
196. Two projects approved in 2013/14 are no longer required and have been deleted from the proposed Medium Term Capital Plan. These are the refurbishment of the fountain at Market Square (£75k) and Victoria Park changing rooms (£200k).

### Content of the Special Projects Programme

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

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

198. In order to maximise the capital resources available to the Council, the detailed decision to apply capital receipts, revenue resources, grants, s106 monies etc to finance the approved Capital and Special Revenue Projects programmes is delegated to the Director of Finance, Housing and Community, in consultation with the portfolio holder responsible for Finance, and that capital receipts from particular sources will not be hypothecated to specific projects. Instead they will be treated as one overall stream to finance capital and revenue projects within both the General Fund and HRA according to the priority of the projects and the availability of financing.
199. The financing of the capital programme will be reported to Members as part of the Outturn Report. This is produced annually and accompanies the final accounts.
200. In addition to financing of capital expenditure, the Council also has to consider what provision, if any, should be made for the repayment of debt. Although no new long term borrowing is currently proposed, it is intended that any new borrowing, should it be required, will be repaid by making revenue provisions based, inter alia, on the life of the asset as set out in the Treasury Management Strategy Statement, Annex 9.

### Prudential Code

201. The introduction of a new system of capital control introduced on 1 April 2004 represented a major change to the way that local authorities go about capital planning. The old controls, which focused on the amount of borrowing that could occur each year, were abolished and replaced with a freedom to borrow monies that are judged affordable, sustainable and prudent. This enables local authorities to fund new borrowing from savings in revenue expenditure or the generation of additional revenue income. At the outset of the Prudential regime this Council decided that it would be imprudent to undertake borrowing which is not supported by revenue grant from the Government for financing the capital programme. The Council keeps this policy under review and may, at a future date, undertake new borrowing if it is affordable.

### Capital Receipts

202. In 2004/05 the Government introduced the pooling of housing capital receipts, from Right-to-Buy sales, for distribution to authorities where there is greatest need. From 1 April 2012 new Right-to-Buy regulations apply. The main change from previous regulation is that receipts in excess of those allowed for under the Housing Finance Reform Debt Settlement may be retained by an authority for 1:4:1 replacement of Affordable Housing.
203. Right-to-Buy (RTB) sales have shown an upturn in 2013/14 although the level of receipts available for general capital purposes is capped (£101k for 2013/14). Additional funding is available from the element of excess RTB retained for debt repayment that may be used for other capital purposes (balance £316k at 31/12/13).
204. The Council generally retains 100% of non-HRA capital receipts and non-RTB HRA capital receipts, subject to capital allowance regulations.
205. Annex 8B details the level of capital receipts held, forecast to be received and committed to projects. This illustrates that there are minimal receipts available to fund additional future projects. Further assets will therefore need to be identified and disposed in order to progress future capital requirements without utilising revenue balances or undertaking borrowing.

### Additional Projects and Future Year Requirements

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

### Summary

The key points for Members to note are:

- The capital programme operates on a cash funded position with no new projects being approved to commence unless the whole project costs can be financed through additional funding, sufficient capital receipts have been banked or other savings in the programme are identified. The new projects in the programme have been approved subject to the completion of a Project Appraisal for approval by the Director of Finance, Housing & Community in consultation with the Portfolio Holder responsible for Finance or Cabinet;
- Capital resources are extremely limited and due to this if receipts are received from the sale of the Sheltered Housing Schemes they will be allocated to fund regeneration projects in the proposed capital programme. The HRA will therefore have to finance its capital spend from its improved rental income and balances;
- The Capital Programme is partly financed from HRA Right-to-Buy sales. The level of sales has increased in 2013/14 although the level of receipts available for general capital purposes is capped although additional funding is available from the element of excess RTB receipts retained for debt repayment.
- The detailed financing of the capital and special projects programmes is delegated to the Director of Finance, Housing and Community in consultation with the portfolio holder responsible for Finance;

- There is no provision for making capital grants to other organisations, other than those grants already approved; and
- The lack of headroom in the capital programme for additional projects is a significant constraint. However, it is still considered imprudent to change the "no borrowing" strategy adopted in 2004/05 to finance capital projects unless revenue resources to service the borrowing and repayments can be identified.

## **RECOMMENDATIONS FROM THIS SECTION**

207. It is recommended that Cabinet:

- Continue the practice of delegated authority to the Director of Finance, Housing and Community, in consultation with the Portfolio Holder responsible for Finance, to:
  - Apply capital receipts, revenue resources, grants, s106 monies, etc. to finance the approved Capital and Special Revenue Projects programmes;
  - Authorise projects up to £50k that are included in the capital and special revenue programmes;
  - Authorise projects funded from the Capital Contingency;
  - Authorise virements between Regeneration projects;
  - Draw down Growth Point reserves in order to apply them to regeneration projects.

208. It is recommended that Council:

- Approve the capital and special projects programmes;
- Approve that capital resources required to finance new projects are secured before new projects commence;
- Approve that retained poolable housing capital receipts are used to fund capital allowances on Regeneration and Decent Homes agendas.

## TREASURY MANAGEMENT AND THE PRUDENTIAL CODE

209. The Local Government Act 2003 introduced new capital accounting regulations, which required Councils to have regard to the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code when setting their budgets.
210. The new capital system promotes a Council framework to ensure:
- (a) That the authority maintains a balanced budget;
  - (b) That the impact of capital investment decisions is reflected in the revenue budget; and
  - (c) That performance measurement is implemented in managing and controlling the impact of capital investment decisions.
211. Annex 9 to this report sets out estimates for each of the relevant Prudential Indicators in each of the financial years 2014/15 to 2016/17, and includes the latest estimates for 2013/14 aligned with the revised forecast budget. Approval is sought for the proposed indicators for 2014/15 – 2016/17. The indicators have been grouped into the five categories defined within CIPFA's Prudential Code.
212. In setting these indicators, it is important to note that the Council undertook new borrowing in 2011/12 relating to the implementation of the Housing Revenue Account Self-Financing.
213. The capital programme has been financed to date within existing resources, which include capital receipts, specific capital grants, the Major Repairs Allowance, and useable reserves.

### TREASURY MANAGEMENT

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

### RECOMMENDATIONS FROM THIS SECTION

216. It is recommended that Council:
- Approve the Treasury Management Strategy, including the Prudential Indicators and Minimum Revenue Provision statement

# CONSULTATION ARRANGEMENTS

## BUDGET CONSULTATION

### Public Consultation

217. In August/September 2013 Research for Today undertook a public consultation to assist the Council in determining the budget for the next 3 years. The method used was SIMALTO (Simultaneous Multi Attribute Level Trade Off) this uses forced choice questions enabling respondents to make informed choices about service provision and, within a realistic budget limitation, where services should expand or reduce to meet their needs and the constrained budget. This information can be used for up to five years following the consultation.
218. The aim of the consultation exercise is to find an 'optimum budget', one where the Council can make necessary savings, but where the budget available is allocated to those services the residents have prioritised. The methodology chosen aims to replicate, as is reasonably possible, the complex nature of the budget setting process.
219. The feedback from the consultation concluded:
- There is a marked improvement in overall satisfaction with Council services from the 2004 and 2006 surveys.
  - Across all respondent groups the main consistent message is the priority to improve town centres.
  - 68% of respondents would prefer the following optimum budget allocation compared to the current allocation:
    - Allocate additional funding/resources to the improvement of town centres.
    - Further invest in health and wellbeing.
    - Increase the number of apprenticeships available.
220. In order to deliver the above, respondents would make savings in the following areas:
- A focus on commercial activity 'undertaking some competitive commercial activity to reduce costs, generate income and enhance services' to generate income to be re-invested in other service areas.
  - Reduction in DDC Area Offices which are accessible to members of the public,
  - Reduction in Heritage resources: reduce funding and increase charges
221. Full details of the consultation were reported to Cabinet on 2<sup>nd</sup> December 2013 and it was agreed that the response from the consultation be considered in the preparation of the budget-setting process.
222. The main results of the consultation consolidated into the 2014/15 budget are:

- On-going commitment to the regeneration of the district through the projects included in the Medium Term Capital programme;
- Continued support for apprenticeships within the authority;
- Allocation of resource for development and delivery of the Health and Wellbeing agenda;
- Target saving allocated to East Kent Services to review the Area Office provision in line with customer needs and electronic service provision opportunities;
- Resource allocated to undertake review of options for the future provision and support of Heritage Assets;
- Budgets protected for Street Cleansing, Environmental Crime, Grants to Voluntary Organisations and Anti-Social Behaviour.

#### Other External Consultation

223. During the year there have also been individual service consultations, including open spaces & play areas, housing strategies and land allocations. Residents are also able to express views on the Council's services through the Neighbourhood Forums. Any consultation responses are considered corporately and where possible linked through to the Corporate Plan and budget.
224. At the Annual Towns and Parishes meeting in December 2013 representatives from the local precepting bodies were briefed on the setting of the Council Tax Base, grant funding and the impact on their resources and the process for the setting of their Council Tax precept.
225. The annual budget and Medium Term Financial Plan are published on the Council's website and there is ongoing consultation on the website for the Corporate Plan which is linked into ongoing budget discussions.

#### Internal Consultation

226. A number of internal consultation processes have been undertaken. These include:
- Briefings to all budget managers explaining the budget process and the need to identify one-off and on-going revenue and capital pressures and savings from increased costs, cancelled projects etc;
  - Briefings to Corporate Management Team (CMT);
  - Briefings to Leadership Forum and Portfolio Holders; and
  - Briefings to staff.
227. Directors have been involved in the production of the proposals for their service areas and have "signed off" their draft budgets. The overall draft budget proposals have been reviewed corporately by CMT.



## KEY ASSUMPTIONS & READY RECKONER

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

### **Inflation**

229. Salary inflation will be based on the results of the Collective Bargaining process. Contract inflation for 2014/15 is based on the details of the specific contracts, the state of the market for the specific services and any other relevant factors. Contract inflation is assumed to be 2.5% for future years. Inflation on all other expenditure will aim to be limited to the current budget level; however a small allowance of 2% has been forecast to allow some limited growth.

### **Staff Numbers**

230. The 2014/15 budget includes 189 full time equivalent posts allocated across services as detailed in Annexes 5A-5D.

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

231. The triennial valuation takes effect from April 2014. It has been assumed that the DDC backfunding contribution will increase by £80k per annum above the 2014/15 level of £1.82m for the planning period.

### **Interest Rates**

232. It is assumed that DDC will earn an average of 0.75% on its investments in 2014/15 and future years.

### **Revenue Support Grant**

233. The current draft settlement covers 2014/15 – 2015/16 and proposes a reduction in RSG of 32.11% for 2015/16. The future years assume an equally distributed reduction in RSG until it reaches £0 in 2020/21.

### **Business Rates Retention**

234. The current draft settlement covers 2014/15 – 2015/16 and proposes an increase in NDR redistribution on 2.8% for 2015/16. It has been assumed that the NDR redistribution (excluding Enterprise Zone Relief) will continue to increase at 2.8% for the planning period.

### **Council Tax**

235. Council tax increases have been assumed at 0% for 2014/15 and 2015/16 and then at 1.99% for the remainder of the planning period.

### **Second Homes Monies**

236. Second Homes income from KCC is assumed to continue at the 2014/15 level.

### **New Homes Bonus**

237. The New Homes Bonus is a new scheme that provides incentives and rewards for councils and communities who wish to build new homes in their area. For planning purposes an increase in the allocation of £250k has been incorporated into the baseline budget for 2015/16 and 2016/17 and then is assumed to remain at same level for the remaining planning period.

### **Capital Projects**

238. There are no material revenue implications of current capital projects as they go live.

### **Ready Reckoner**

- Payroll - 1% increase costs the General Fund approximately £95k
- Council tax - 1% raises £59k
- RSG – 1% change equals £38k
- NDR – 1% change equals £33k
- Investment Income - 1% equals £220k (split approx 70/30 GF/HRA)
- Contract inflation – 1% equals £50k
- Business Rates Tariff - Every £100k reduction below the NDR baseline results in £40k reduced income for DDC to a maximum of the safety net value of £247k
- Business Rates Levy – Every £100k received above the NDR baseline results in £20k additional income.

## SIGNIFICANT BUDGET RISKS

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

| Ref | Description  | Impact | Likelihood | Mitigation   | Sensitivity   | Residual Impact | Residual Likelihood |
|-----|--|--------|------------|--|---|-----------------|---------------------|
| 1   | Council Tax Base / Collection Rates – reduced collection rates could impact on the resources available to the Council. | H      | M          | <p>Realistic performance targets for collection of Council Tax have been set to reflect the new system of local Council Tax Support now in place.</p> <p>EKS undertake regular monitoring of collection rates, trends on non payments and bad debt analysis.</p> <p>The collection rate for new payers is being monitored very closely and collection is in line with projections. Reasonable arrangements to pay are put in place by staff where appropriate.</p> <p>There are no changes proposed to the Council Tax Support scheme for 2014/15.</p> | 1% reduction in the total collection rate costs £59k. | M               | M                   |

| Ref | Description  | Impact | Likelihood | Mitigation   | Sensitivity   | Residual Impact | Residual Likelihood |
|-----|--|--------|------------|--|---|-----------------|---------------------|
| 2   | <p>NDR Localisation</p> <ul style="list-style-type: none"> <li>The localisation to Business Rates (formerly NDR) transfers 80% of the impact of growth or reduction in the tax base and collection rates to the billing authority.</li> <li>80% of any significant reduction in the Business Rates collected from the district, subject to a maximum impact limited by the safety net incorporated in the scheme.</li> <li>There remains major uncertainties around the operation of the localised Business Rates, and therefore the implications for the Council's resources</li> </ul> | H      | H          | <p>The NDR1 return to DCLG takes into account of the likely scenario for the future year's business rates.</p> <p>Regular monitoring of the position is undertaken in conjunction with East Kent Services.</p> <p>The maximum impact of £247k has been included in the budget for 2014/15.</p> <p>However, it is possible that, depending upon accounting treatment, there could be a deficit on the collection fund, and that DDC could have to fund its share.</p> | <p>The maximum impact of £247k has been included in the budget for 2014/15.</p> <p>The potential impact of a collection fund deficit remains unknown.</p> | H               | H                   |
| 3   | <p>Neighbourhood Development Plans may be produced by a number of Town or Parish Councils, for which the cost items such as a referendum and examination is the responsibility of the District Council.</p>  | H      | H          | <p>Planning advice is provided to towns and parishes to help ensure a good process is followed which would help to minimise costs.</p> <p>Government grants are currently available to offset the costs to districts however it is not known whether this will continue into future years.</p>   | £20-30K per annum.  | H               | H                   |

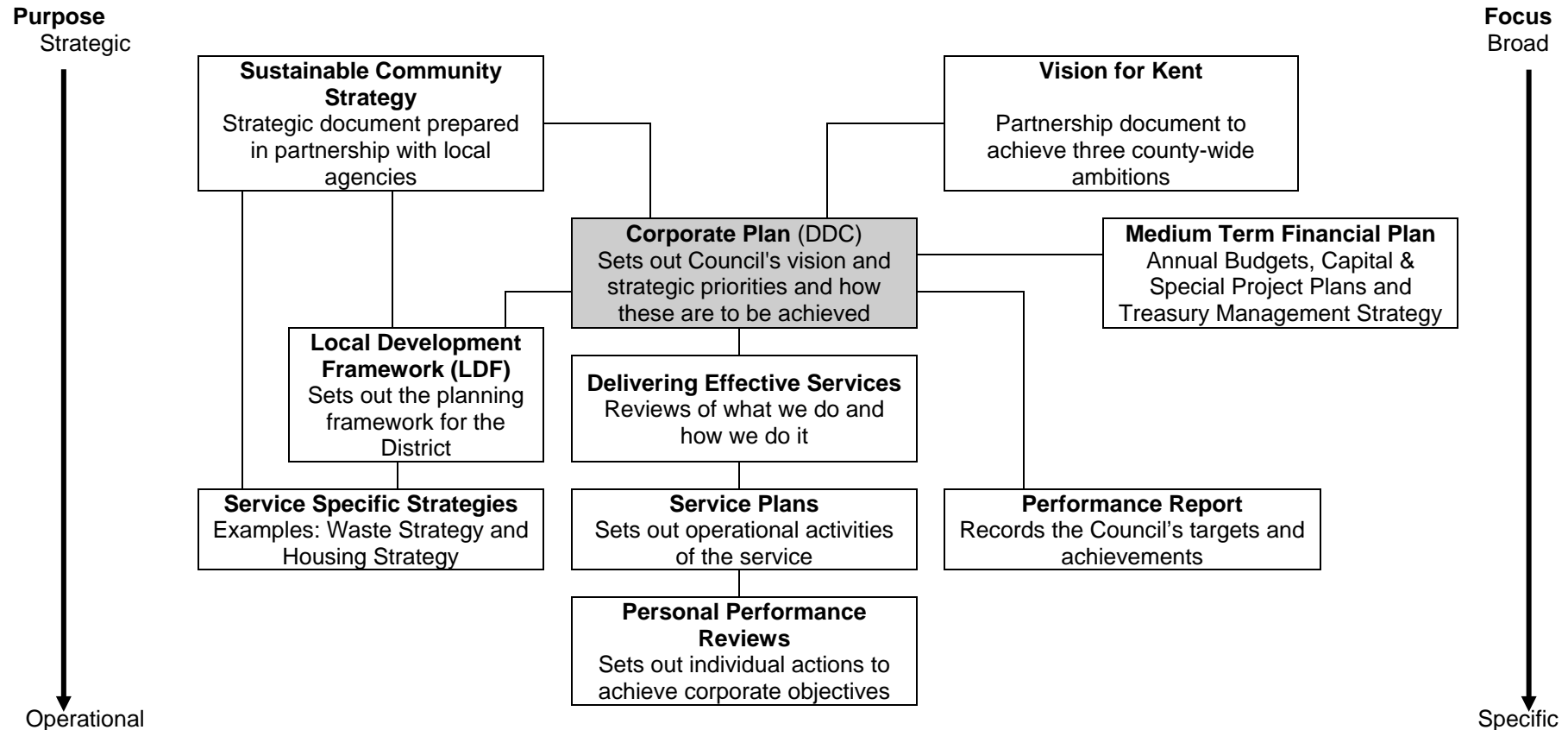
| Ref | Description  | Impact | Likelihood | Mitigation  | Sensitivity   | Residual Impact | Residual Likelihood |
|-----|--|--------|------------|---|---|-----------------|---------------------|
| 4   | Reduced level of commitment by partners in regeneration projects leading to reduced resources available to complete the projects.      | H      | M          | The Chief Executive and the Head of Inward Investment are in frequent contact with our major partners. Our partners have also started to invest their own resources in the regeneration projects and have become identified with the projects' success.                             |   | H               | L                   |
| 5   | Reduced capital receipts from housing, Gateway Flat and other asset sales leading to reduced resources available to complete projects. | H      | M          | The reduced receipts could arise from lower sales, lower prices or both.<br><br>We cannot mitigate against market movements or reduced levels of sales. To some degree lower values may increase the level of interest, but this will also be dependant on interest rate movements. |   | H               | M                   |
| 6   | The level of resources for repairs and maintenance to properties may result in asset deterioration and potential service failure.      | H      | M          | A corporate budget is held for repairs and maintenance of assets enabling the Director of Environment and Corporate Assets to allocate the resources appropriately according to need.   |   | H               | M                   |
| 7   | There is a risk that the Government settlement for future years will be less than the forecast included in this plan.                  | H      | M          | As with the current settlement, the Council can take part in Kent wide lobbying on the settlement, but has limited ability to influence the settlement.   | The Council receives £6.8m in RSG and NDR funding so every 1% reduction costs the Council £68k. | H               | M                   |

| Ref | Description   | Impact | Likelihood | Mitigation   | Sensitivity   | Residual Impact | Residual Likelihood |
|-----|---|--------|------------|--|---|-----------------|---------------------|
| 8   | Pension Funding – increased deficit, demographic change, reduced asset values and interest rates may lead to additional contribution rates, at future triennial valuations, to meet backfunding requirements. | H      | H          | Instead of paying a contribution rate based on a % of salaries, DDC pays a fixed sum.  | A 1% increase in contribution rates costs the General Fund approximately £80k | H               | M                   |
| 9   | Your Leisure may request additional funding from the Council  | M      | M          | The recent merger between Vista Leisure and Thanet Leisure Force is expected to give greater resilience to the new organisation, Your Leisure  |   | M               | M                   |
| 10  | Fees and Charges – some sources of income may be affected by a reduction in overall economic activity.  | M      | M          | Income assumptions are made at a conservative level based on historic performance and other known influencing factors. Active monitoring of income levels is carried out throughout the year.  |   | M               | M                   |
| 11  | Land charges - there is currently a risk to the Land Charges income stream.   | M      | M          | Personal Search Fees were discontinued following a change in legislation in 2010. Charging prior to this change is currently the subject of litigation as is the charges regime for Land Charges Search information. This is a national issue and we await the outcome of the legal process. | Land charges income is forecast to be £180k                                   | M               | M                   |

| Ref | Description  | Impact | Likelihood | Mitigation   | Sensitivity                           | Residual Impact | Residual Likelihood |
|-----|--|--------|------------|--|---------------------------------------|-----------------|---------------------|
| 12  | The budgeted level of vacancy savings may not be achieved.                       | M      | M          | The current Employment Stability process challenges the replacement of all vacancies and temporary staff requests. In addition, active monitoring of vacancy savings is carried out throughout the year. | Vacancy savings of £100k are forecast | M               | M                   |
| 13  | New Homes Bonus may not be achieved through low levels of new homes completions. | H      | M          | The New Homes Bonus assumed in the MTFP is based on the DCLG projection for DDC for 2014/15. An increase in the grant of £250k per annum has been assumed for the next two years.                        | 2014/15 NHB award is £1.3m.           | M               | M                   |

## RELATED STRATEGIES AND PLANS

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



Notes: The Corporate Plan sets out the vision and strategic priorities of the Council and provides the context for other strategies and plans that we may produce. The outcomes contained in this Plan are cascaded throughout the organisation, with targets to keep us on track. Each service has its own Service Plan, which sets out the operational commitments and service specific activity we carry out.



## JOINT PLANS WITH PARTNERS

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

| <b>Partner / Project</b>                        | <b>Commentary</b>  |
|---|--|
| Dover Town Investment Zone (DTIZ)               | We have signed Development Agreements with Bond City Limited in relation to the DTIZ scheme and continue to work with the Homes and Communities Agency (HCA) who have taken on the responsibility for the obligations contained in the earlier SEEDA Funding Agreement. Planning consent has been agreed for a revised retail/leisure phase of the scheme and the Compulsory Purchase Order is being progressed. Separate phasing of the residential and hotel elements are being pursued as part of a comprehensive scheme. |
| Aylesham Regeneration                           | The development has now moved to the delivery stage and works on site are expected to begin early in 2014. The Council continues its landowner responsibilities working with Ward Homes and Hillreed Homes.  |
| Connaught Barracks                              | A Memorandum of Understanding has been entered into with the Homes and Communities Agency, the current site owners. The HCA has been working with the District Council and liaising with English Heritage to secure a sustainable solution for Fort Burgoyne. Following final agreement to this, it is anticipated that proposals are shortly to be brought forward to initiate part of the housing and infrastructure development on the site.  |
| Hadlow College at Betteshanger                  | A Memorandum of Understanding has been entered into with Hadlow College who now own the site. We continue to work with Hadlow College and the HCA to bring forward and enable a comprehensive development of the former business park and adjacent country park. The Council has worked with Hadlow on the preparation of Grant Funding bids which have been submitted to enable the early development facilities at the Country Park which will be followed by an initial phase at the Business Park.                       |
| Westen Heights and Farthingloe                  | A Planning Performance Agreement has been completed with the main land owner in the locality, CGI Limited. A resolution to grant planning consent has been agreed subject to the completion of prior legal agreements with English Heritage and KCC. Cabinet has also authorised the necessary land owner agreements which are progressing in parallel. We continue to work with CGI and other bodies and key agencies such as English Heritage, the Town Council and others to explore opportunities for this area.         |
| East Kent Spatial Development Company           | The Council continues to work with the Company, which is being restructured following the proposed withdrawal by the Homes and Communities Agency, to explore and bring forward investment opportunities in the District.  |
| South East Local Enterprise Partnership (SELEP) | The Council is contributing actively as a member of the SELEP Board and as part of the Kent Federated Model to ensure that the strategic and local interests of East Kent and the District are fully represented. Furthermore, the Council is also participating actively as part of the wider Network of Coastal Communities and ensuring that their interests are taken into account as part of the SELEP work streams.  |

|   |   |
|---|---|
| Discovery Park Enterprise Zone, Sandwich    | The Council is engaging fully in the Enterprise Zone Programme at both a national level, regular liaison with the Department for Communities and Local Government, and as part of the local Enterprise Zone Board. Significant progress has been made at Discovery Park towards the target of 3000 jobs by 2017. Currently, there is a total of around 1500 jobs secured, comprising some 60 companies, with people employed on site or in the pipe-line moving there and committed towards the target of 3,000 jobs by 2017. The foundations for future investment in the site are also being put in place through the submission of a comprehensive site wide Masterplan. DDC has also worked actively with Discovery Park on the submission of Grant Funding bids. |
| Dover Harbour Board                         | Following the decision by Government not to privatise the Port of Dover, the Council has engaged with Dover Harbour Board and others as part of the recently established Port of Dover Community Forum. Regeneration remains a key requirement going forward.   |
| Waste and Recycling                         | The Council has awarded a 10 year contract for the collection of refuse and recycling to Veolia Environmental Services (UK), which commenced in January 2011. The contract has been awarded in partnership with Shepway District Council and Kent County Council (as the disposal authority). Dover is the lead on this partnership and the client team from both Dover and Shepway jointly manage the contract from the Dover District Council offices.  |
| East Kent Housing                           | EKH has been established as an Arms Length Management Organisation jointly owned by Dover, Canterbury, Shepway and Thanet districts to deliver a range of delegated housing management services.  |
| Choice Based Lettings                       | A Choice Based Lettings service is being delivered by Kent Homechoice the organisation set up in partnership with other Kent local authorities to provide the service.  |
| Housing PFI                                 | A partnership project between KCC and districts to secure further PFI funding that will deliver extra care housing schemes across Kent , including Dover district.  |
| East Kent Audit Partnership                 | The partnership is hosted by Dover working with Dover, Canterbury, Thanet and Shepway councils, which includes providing the internal audit service to East Kent Services and East Kent Housing.  |
| East Kent Services                          | EKS discharge revenues & benefits, customer services, ICT and Human Resources functions on behalf of Dover, Canterbury and Thanet through the East Kent Joint Arrangements Committee (EKJAC). Work is currently underway to develop a successor body to EKJAC as there is representation on that joint Committee of authorities who have not themselves delegated functions to EKS.   |
| South Kent Coast Health and Wellbeing Board | The South Kent Coast Health and Wellbeing Board covers the Dover district (with the exception of some GP practices in Dover district that are part of the Canterbury and Coastal HWBB) and Shepway district (following the boundary of the South Kent Coast Clinical Commissioning Group) and Cllr Paul Watkins is the chair of the Board.<br>The local-level board complements the county-wide Board and will feed local views into the overarching Kent strategy and ensure local issues are determined locally.<br>The aim of the South Kent Coast Health and Wellbeing Board is to ensure a "local" voice and to identify, at the appropriate level, district-wide and neighbourhood-level health needs, priorities and gaps in service provision.                |

**GENERAL FUND BUDGET SUMMARY**

| <b>2012/13 Actual</b> |   | <b>2013/14<br/>Original Budget</b> | <b>2013/14<br/>Projected<br/>Outturn<br/>(31 Dec 13)</b> | <b>2014/15<br/>Proposed<br/>Budget</b> |
|-----------------------|---|------------------------------------|--|--|
| <b>£000</b>           |   | <b>£000</b>                        | <b>£000</b>  | <b>£000</b>                            |
|                       | <b>Directorate</b>                                  |                                    |  |  |
| 1,989                 | Chief Executive                                     | 2,161                              | 2,180  | 2,177                                  |
| 2,223                 | Governance  | 2,430                              | 2,301  | 2,435                                  |
| 2,739                 | Finance, Housing & Community                        | 2,430                              | 2,473  | 2,437                                  |
| 9,698                 | Environment & Corporate Assets                      | 7,114                              | 7,443  | 7,509                                  |
| 190                   | Special Revenue Projects                            | 81                                 | 566  | 8                                      |
| 0                     | Shared Services (DDC hosted)                        | 0                                  | 0  | 0                                      |
| 0                     | Vacancy Allowance                                   | (100)                              | 0  | (100)                                  |
| 0                     | Delivering Effective Services                       | (293)                              | 0  | (25)                                   |
| (113)                 | Council Tax Second Homes                            | (113)                              | (113)  | (113)                                  |
| 0                     | Contingency   | 98                                 | 72   | 98                                     |
| 0                     | EKS - Target Saving                                 | 0                                  | 0  | (70)                                   |
| <b>16,726</b>         | <b>Directorate Service Costs</b>                    | <b>13,808</b>                      | <b>14,922</b>  | <b>14,356</b>                          |
| (4,205)               | Depreciation  | (1,494)                            | (1,652)  | (1,676)                                |
| 1,113                 | Pension Adjustments                                 | 1,207                              | 730  | 828                                    |
| (15)                  | Annual Leave Adjustment                             | 0                                  | 0  | 0                                      |
| 64                    | River Stour Drainage Board                          | 64                                 | 64   | 66                                     |
| 0                     | Council Tax Support Funding to Towns & Parishes     | 284                                | 284  | 142                                    |
|                       | Contribution to/(from) Reserves:                    |                                    |  |  |
| (193)                 | - Special Projects & Events Reserve                 | 89                                 | (396)  | 496                                    |
| 320                   | - Periodic Operations Reserve                       | (72)                               | 2  | 5                                      |
| 348                   | - Urgent Works Reserve                              | 354                                | 354  | 0                                      |
| (75)                  | - Regeneration Reserve                              | 32                                 | 49   | 210                                    |
| 71                    | - IT Equipment Reserve                              | 58                                 | 98   | 58                                     |
| 127                   | - Revenue Grants in Advance Reserve                 | 0                                  | (10)   | 0                                      |
| 0                     | - Business Rates & Council Tax Reserve              | 0                                  | (223)  | 256                                    |
| <b>14,281</b>         | <b>Net Service Expenditure</b>                      | <b>14,330</b>                      | <b>14,222</b>  | <b>14,741</b>                          |
|                       | <b>Financing Adjustments</b>                        |                                    |  |  |
| (124)                 | Interest Receivable                                 | (92)                               | (184)  | (185)                                  |
| 236                   | Interest Payable                                    | 236                                | 236  | 236                                    |
| 24                    | Loan Principal Repayments                           | 0                                  | 0  | 0                                      |
| (86)                  | Revenue Expenditure Funded by Capital Under Statute | 0                                  | 0  | 0                                      |
| (38)                  | Soft Loan Adjustments                               | 0                                  | 0  | 0                                      |
| (19)                  | Impairment of Iceland Investment                    | 0                                  | 0  | 0                                      |
| 0                     | Collection Fund / Enterprize Zone Relief Adjustment | 0                                  | 256  | (256)                                  |
| <b>14,274</b>         | <b>Total Budget Requirement</b>                     | <b>14,474</b>                      | <b>14,530</b>  | <b>14,536</b>                          |
|                       | <b>Financed by:</b>                                 |                                    |  |  |
| 7,104                 | Non-Domestic Rates (NDR)                            | 2,994                              | 3,315  | 3,591                                  |
| 138                   | Revenue Support Grant                               | 4,699                              | 4,699  | 3,698                                  |
| 6,608                 | Council Tax   | 5,822                              | 5,822  | 5,874                                  |
| 0                     | Council Tax Freeze Compensation                     | 0                                  | 0  | 58                                     |
| 0                     | Collection Fund Surplus                             | 37                                 | 37   | 19                                     |
| 413                   | New Homes Bonus                                     | 927                                | 927  | 1,296                                  |
| 13                    | New Burdens   | 0                                  | 0  | 0                                      |
| <b>14,276</b>         | <b>Total Financing</b>                              | <b>14,479</b>                      | <b>14,800</b>  | <b>14,536</b>                          |
| <b>(2)</b>            | <b>General Fund Deficit/(Surplus) for the Year</b>  | <b>(5)</b>                         | <b>(270)</b>   | <b>0</b>                               |
| <b>(2,258)</b>        | <b>General Fund Balance at Start of Year</b>        | <b>(2,333)</b>                     | <b>(14,760)</b>  | <b>(2,530)</b>                         |
| <b>(12,500)</b>       | <b>Transfer from the HRA</b>                        | <b>0</b>                           | <b>0</b>   | <b>0</b>                               |
| <b>0</b>              | <b>HRA Transfer to Earmarked Reserves</b>           | <b>0</b>                           | <b>12,500</b>  | <b>0</b>                               |
| <b>0</b>              | <b>Supplementary approvals</b>                      | <b>49</b>                          | <b>0</b>   | <b>0</b>                               |
| <b>(14,760)</b>       | <b>Leaving Year End Balances of</b>                 | <b>(2,289)</b>                     | <b>(2,530)</b>   | <b>(2,530)</b>                         |

## BUDGET SUMMARY - FUNDING ANALYSIS

| <u>2012/13 Actual</u> |  | <u>2013/14</u><br><u>Original Budget</u> | <u>2013/14</u><br><u>Projected</u><br><u>Outturn</u><br><u>(31 Dec 13)</u> | <u>2014/15</u><br><u>Proposed</u><br><u>Budget</u> |
|-----------------------|--|--|--|--|
| £000                  |  | £000                                     | £000   | £000   |
|                       | <b>Financed by:</b>                                  |  |  |  |
|                       | <b>Non-Domestic Rates:</b>                           |  |  |  |
| 7,104                 | Net NDR Baseline                                     | 3,237                                    | 3,237  | 3,167  |
| 0                     | Council Tax Freeze Grant (NDR Element) - 2011/12 *   | 0  | 0  | 65   |
| 0                     | Homelessness Grant (NDR Element) **                  | 0  | 0  | 67   |
| <b>7,104</b>          | <b>Gross NDR Baseline as per Finance Settlement</b>  | <b>3,237</b>                             | <b>3,237</b>   | <b>3,299</b>                                       |
|                       | <b>Impact of Localisation of Business Rates:</b>     |  |  |  |
| 0                     | Enterprise Zone Relief Retained                      | 0  | 321  | 224  |
| 0                     | Section 31 Grant for impact of 2% cap on rates       | 0  | 0  | 41   |
| 0                     | Business rates over baseline                         | 0  | 0  | 53   |
| 0                     | Levy Payment   | 0  | 0  | (27)   |
| 0                     | Safety Net Impact                                    | (243)                                    | (243)  | 0  |
| <b>7,104</b>          | <b>NDR Funding Level</b>                             | <b>2,994</b>                             | <b>3,315</b>   | <b>3,590</b>                                       |
|                       | <b>RSG:</b>  |  |  |  |
| 138                   | Revenue Support Grant (incl. C. Tax Support Funding) | 4,699                                    | 4,699  | 3,499  |
| 0                     | Council Tax Freeze Grant (RSG Element) - 2011/12 *   | 0  | 0  | 94   |
| 0                     | Returned Funding *                                   | 0  | 0  | 9  |
| 0                     | Homelessness Grant (RSG Element) **                  | 0  | 0  | 96   |
| <b>138</b>            | <b>RSG per Settlement</b>                            | <b>4,699</b>                             | <b>4,699</b>   | <b>3,698</b>                                       |
| <b>6,608</b>          | <b>Council Tax</b>                                   | <b>5,822</b>                             | <b>5,822</b>   | <b>5,874</b>                                       |
| <b>0</b>              | <b>Council Tax Freeze Grant 2014/15</b>              | <b>0</b>                                 | <b>0</b>   | <b>58</b>  |
| <b>0</b>              | <b>Collection Fund Surplus</b>                       | <b>37</b>                                | <b>37</b>  | <b>19</b>  |
| <b>413</b>            | <b>New Homes Bonus</b>                               | <b>927</b>                               | <b>927</b>   | <b>1,296</b>                                       |
| <b>13</b>             | <b>New Burdens</b>                                   | <b>0</b>                                 | <b>0</b>   | <b>0</b>   |
| <b>14,276</b>         | <b>Total Financing</b>                               | <b>14,479</b>                            | <b>14,800</b>  | <b>14,535</b>                                      |

\* Figures not shown separately for 2012/13 and 2013/14.

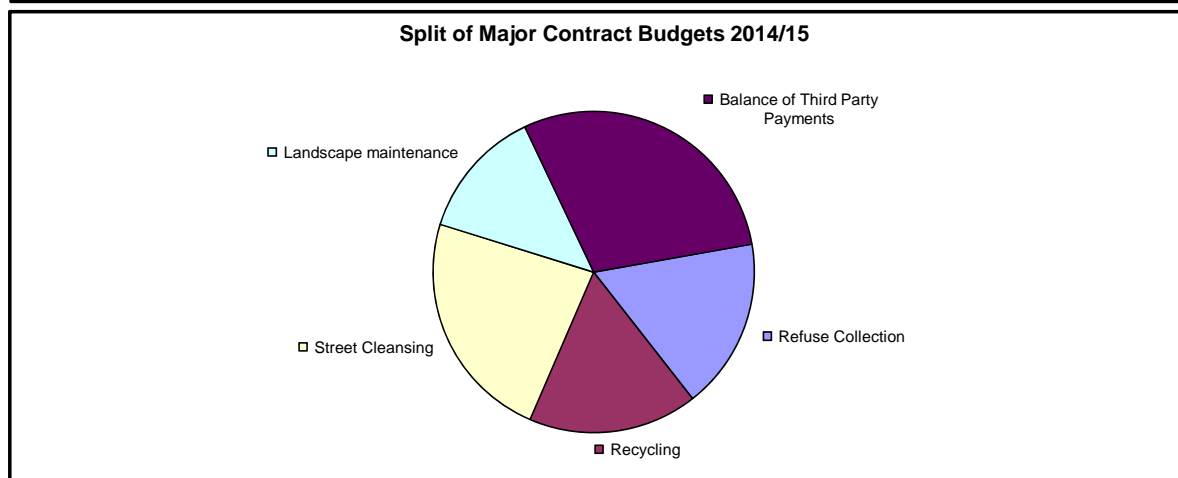
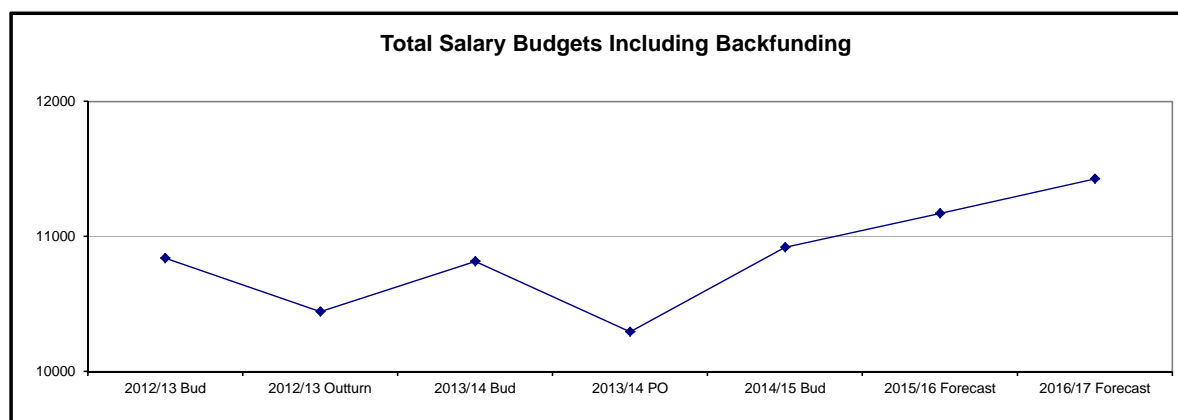
\*\* Homelessness Grant shown within service expenditure for 2012/13 and 2013/14.

## General Fund Service Expenditure by Cost Type

|  | 2013/14<br>Original<br>Budget | 2013/14<br>Projected<br>Outturn as at<br>31 Dec 2013 | 2014/15<br>Proposed<br>Budget |
|--|-------------------------------|--|-------------------------------|
|  | £000                          | £000   | £000                          |
| <b>Direct Expenditure</b>                      |                               |  |                               |
| Employees                                      | 11,930                        | 11,549   | 12,069                        |
| Premises                                       | 1,719                         | 1,780  | 1,720                         |
| Transport                                      | 169                           | 166  | 176                           |
| Supplies and services                          | 4,463                         | 4,937  | 4,232                         |
| Third parties                                  | 8,345                         | 8,996  | 9,339                         |
| Shared Services                                | 3,060                         | 3,060  | 3,058                         |
| Transfer payments                              | 38,063                        | 38,063   | 38,053                        |
| <b>Total Direct Expenditure</b>                | <u>67,749</u>                 | <u>68,551</u>  | <u>68,647</u>                 |
| <b>Direct Income</b>                           |                               |  |                               |
| Government Grants                              | (40,036)                      | (40,477)   | (40,136)                      |
| Sales  | (130)                         | (107)  | (81)                          |
| Fees and Charges                               | (5,832)                       | (6,569)  | (7,156)                       |
| Other Income                                   | (6,466)                       | (6,483)  | (6,077)                       |
| <b>Total Direct Income</b>                     | <u>(52,464)</u>               | <u>(53,636)</u>                                      | <u>(53,450)</u>               |
| Central Support reallocation of costs          | (1,438)                       | (1,440)  | (1,486)                       |
| Depreciation                                   | 1,495                         | 1,652  | 1,675                         |
| Pension Adjustment                             | (1,207)                       | (730)  | (828)                         |
| Special Revenue Projects                       | 81                            | 566  | 8                             |
| Vacancy Allowance & Employment Stability 09/10 | (100)                         | -  | (100)                         |
| Council Tax Second Homes                       | (113)                         | (113)  | (113)                         |
| Contingency                                    | 98                            | 72   | 98                            |
| Delivering Effective Service                   | (293)                         | -  | (25)                          |
| Other  | -                             | -  | (70)                          |
| <b>Net Service Expenditure</b>                 | <u>13,808</u>                 | <u>14,922</u>  | <u>14,356</u>                 |

**GENERAL FUND KEY FIGURES - EXPENDITURE**

|  | 2012/13<br>Original<br>Budget<br>£000 | 2012/13<br>Outturn<br>£000 | 2013/14<br>Original<br>Budget<br>£000 | 2013/14<br>ProjectedOu<br>tturn<br>£000 | 2014/15<br>Draft Budget<br>£000 | 2015/16<br>Forecast<br>£000 | 2016/17<br>Forecast<br>£000 |
|--|---------------------------------------|----------------------------|---------------------------------------|---|---------------------------------|-----------------------------|-----------------------------|
| <b>Key Expenditure Figures:</b>              |                                       |                            |                                       |   |                                 |                             |                             |
| <b>Employees:</b>                            |                                       |                            |                                       |   |                                 |                             |                             |
| Basic  | 7,784                                 | 7,487                      | 7,732                                 | 7,309                                   | 7,752                           | 7,893                       | 8,037                       |
| NI   | 696                                   | 649                        | 644                                   | 608                                     | 623                             | 635                         | 646                         |
| Current year pension                         | 1,017                                 | 971                        | 1,031                                 | 969                                     | 1,055                           | 1,075                       | 1,094                       |
| Backfunding                                  | 1,344                                 | 1,337                      | 1,410                                 | 1,410                                   | 1,490                           | 1,570                       | 1,650                       |
|  | <b>10,841</b>                         | <b>10,444</b>              | <b>10,817</b>                         | <b>10,296</b>                           | <b>10,920</b>                   | <b>11,173</b>               | <b>11,428</b>               |
| <b>Major contracts:</b>                      |                                       |                            |                                       |   |                                 |                             |                             |
| Refuse Collection                            | 958                                   | 1,023                      | 1,060                                 | 1,041                                   | 1,030                           | 1,056                       | 1,082                       |
| Recycling                                    | 1,103                                 | 1,065                      | 1,023                                 | 1,022                                   | 1,018                           | 1,043                       | 1,070                       |
| Street Cleansing                             | 1,383                                 | 1,404                      | 1,383                                 | 1,458                                   | 1,394                           | 1,429                       | 1,465                       |
| <b>Total Waste</b>                           | <b>3,444</b>                          | <b>3,492</b>               | <b>3,466</b>                          | <b>3,521</b>                            | <b>3,442</b>                    | <b>3,528</b>                | <b>3,616</b>                |
| Landscape maintenance                        | 765                                   | 778                        | 788                                   | 785                                     | 786                             | 806                         | 826                         |
| Balance of Third Party Payments <sup>1</sup> | 534                                   | 1,121                      | 690                                   | 1,276                                   | 1,750                           | 1,794                       | 1,839                       |
|  | <b>4,743</b>                          | <b>5,391</b>               | <b>4,944</b>                          | <b>5,582</b>                            | <b>5,978</b>                    | <b>6,127</b>                | <b>6,281</b>                |

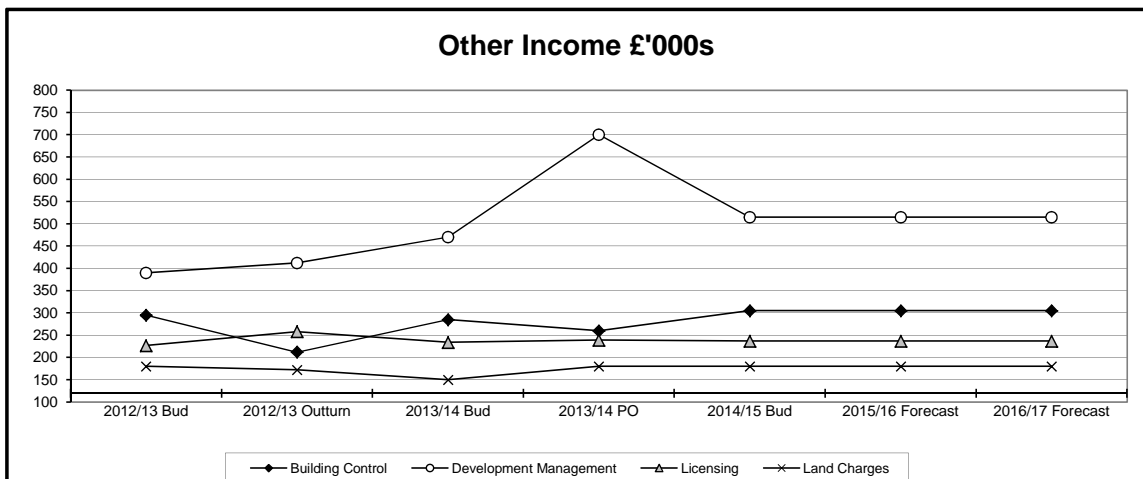
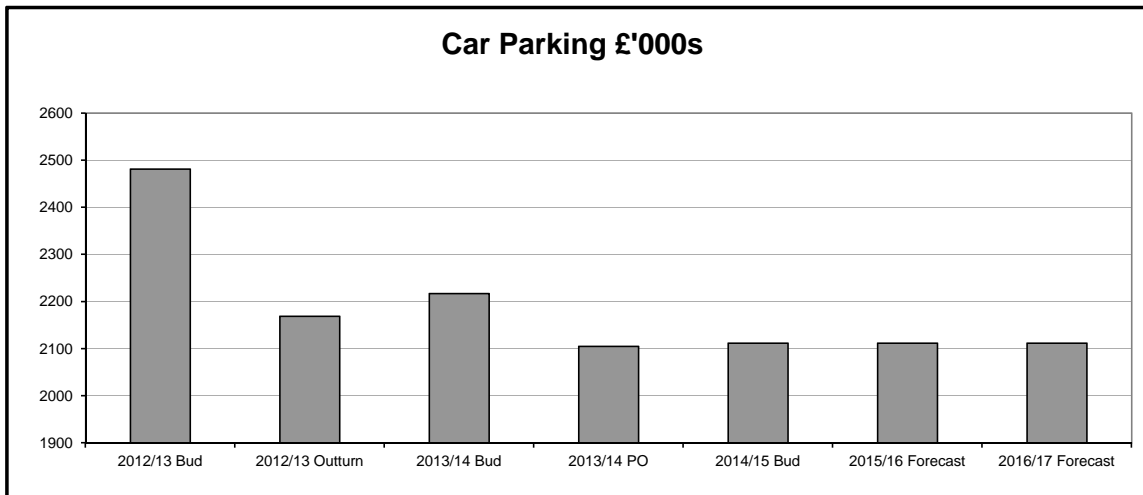
**Notes**<sup>1</sup> Excludes EKS Management Fees

**GENERAL FUND KEY FIGURES - INCOME**

|                            | 2012/13<br>Original<br>Budget<br>£000 | 2012/13<br>Outturn<br>£000 | 2013/14<br>Original<br>Budget<br>£000 | 2013/14<br>Projected<br>Outturn<br>£000 | 2014/15<br>Draft<br>Budget<br>£000 | 2015/16<br>Forecast<br>£000 | 2016/17<br>Forecast<br>£000 |
|----------------------------|---------------------------------------|----------------------------|---------------------------------------|---|------------------------------------|-----------------------------|-----------------------------|
| <b>Key Income Figures:</b> |                                       |                            |                                       |   |                                    |                             |                             |
| Car Parking                | -2,481                                | -2,169                     | -2,217                                | -2,105                                  | -2,112                             | -2,112                      | -2,112                      |
| Building Control           | -295                                  | -212                       | -285                                  | -260                                    | -305                               | -305                        | -305                        |
| Development Management     | -390                                  | -412                       | -470                                  | -700                                    | -515                               | -515                        | -515                        |
| Licensing                  | -227                                  | -258                       | -234                                  | -239                                    | -237                               | -237                        | -237                        |
| Land Charges               | -180                                  | -172                       | -150                                  | -180                                    | -180                               | -180                        | -180                        |
|                            | <b>-3,573</b>                         | <b>-3,223</b>              | <b>-3,356</b>                         | <b>-3,484</b>                           | <b>-3,349</b>                      | <b>-3,349</b>               | <b>-3,349</b>               |

**Total Financing:**

|                        |               |               |               |               |               |               |               |
|------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Non-Domestic Rates     | 7,104         | 7,104         | 2,994         | 3,315         | 3,591         | 3,391         | 3,486         |
| Revenue Support Grant  | 138           | 138           | 4,699         | 4,699         | 3,698         | 2,511         | 2,008         |
| Council Tax            | 6,608         | 6,608         | 5,822         | 5,822         | 5,874         | 5,903         | 6,051         |
| New Home Bonus         | 413           | 413           | 927           | 927           | 1,296         | 1,546         | 1,796         |
| Other                  | 13            | 13            | 37            | 37            | 77            | 117           | 98            |
| <b>Total Financing</b> | <b>14,276</b> | <b>14,276</b> | <b>14,479</b> | <b>14,800</b> | <b>14,536</b> | <b>13,469</b> | <b>13,439</b> |



**Key Variances in Original Budget 2013/14 to 2013/14 Projected Outturn and 2013/14 Projected Outturn to Original Budget 2014/15**

This summary provides a full reconciliation of 2013/14 original budget to 2013/14 projected outturn and 2013/14 projected outturn to 2014/15 proposed budget. It should be noted that this is a budget reconciliation and does not include any changes to service focus or activity within sections, which are detailed separately at the end of the service descriptions by Directors within the report.

|  |   | 2013/14 OR -<br>2013/14 PO<br>£000 | 2013/14 PO -<br>2014/15 OR<br>£000 |
|--|---|------------------------------------|------------------------------------|
| <b>Change in Budget Deficit</b>                      |   |                                    |                                    |
| 2013/14 Original (OR) Budget Surplus                 |   | (5)                                |                                    |
| 2013/14 Projected Outturn (PO) Budget Deficit        |   | (271)                              | (271)                              |
| 2014/15 Original (OR) Budget Deficit                 |   |                                    | 0                                  |
| <b>Increase in Budget Deficit</b>                    |   | <b>(266)</b>                       | <b>271</b>                         |
| <b>Variances in Financing the Budget Requirement</b> |   |                                    |                                    |
| Government Grant - RSG                               | Decrease in Government settlement   | 0                                  | 1,002                              |
| Government Grant - NDR                               | 2014/15 2% NDR baseline increase  | 0                                  | (63)                               |
| Government Grant - NDR                               | 2014/15 forecast not in safety net position   | 0                                  | (243)                              |
| Government Grant - NDR                               | 2014/15 Section 31 grant for 2% NDR cap   | 0                                  | (41)                               |
| Government Grant - NDR                               | 2014/15 Business rates over baseline, less levy payment   | 0                                  | (27)                               |
| Government Grant - NDR                               | Enterprise Zone Relief retained   | (321)                              | 97                                 |
| Council Tax  | Value of % increase in tax base, including changes in tax base from funding of "benefits" through discounts in 2014/15 - net favourable | 0                                  | (52)                               |
| Council Tax Freeze Compensation                      | Compensation for freezing 2014/15 Council Tax at 2013/14 levels (DDC element only) - favourable   | 0                                  | (58)                               |
| Collection Fund                                      | Change in Surplus anticipated in 2014/15 - adverse  | 0                                  | 17                                 |
| New Homes Bonus                                      | New Homes Bonus increase anticipated  | 0                                  | (369)                              |
| <b>(Increase) / Decrease in Financing</b>            |   | <b>(321)</b>                       | <b>263</b>                         |
| <b>Change in Budget Requirement</b>                  |   | £000                               | £000                               |
| 2012/13 Original (OR) Budget Requirement             |   | 14,474                             |                                    |
| 2012/13 Projected Outturn (PO) Budget Requirement    |   | 14,529                             | 14,529                             |
| 2013/14 Original (OR) Budget Requirement             |   |                                    | 14,537                             |
| <b>Increase / (Decrease) in Budget Requirement</b>   |   | <b>55</b>                          | <b>8</b>                           |



|  |  | <b>ANNEX 3</b>             |                            |
|--|--|----------------------------|----------------------------|
| <b>Key Variances Accounting for Change in Budget Requirement</b>       |  | 2013/14 OR -<br>2013/14 PO | 2013/14 PO -<br>2014/15 OR |
|  |  | £000                       | £000                       |
| <b>Corporate / General Changes</b>                                     | <b>Notes</b>   |                            |                            |
| Restructure Costs  | Restructure - regrades in 2013/14, and repayment in 2013/14 only for prior year redundancy costs (leaving favourable variance in 2014/15)  | 26                         | (150)                      |
| Vacancy Provision & Employment Stability targets                       | 13/14 fully offset by credits in directorates below, leaving £73,700 excess achieved above target. 2014/15 target partly offsets net increases below   | 393                        | (125)                      |
| <b>Total employee related corporate changes</b>                        |  | <b>419</b>                 | <b>(275)</b>               |
| Net change in central support to HRA, Partnerships etc                 | 2013/14 to 2014/15 recharge changes  | 38                         | (53)                       |
| Contingency  | 13/14 reduction offsets actual spend within directorate budgets  | (26)                       | 25                         |
| Interest Receivable  | Interest receivable in 2013/14 due to increase in General Fund share of balances, following HRA balance transfer   | (91)                       | (1)                        |
| Backfunding  | Change in contribution to pensions backfunding following Actuary's re-evaluation   | 0                          | 75                         |
| Premature Retirement Pensions  | 2013/14 redundancy costs and 2014/15 inflation   | 15                         | (6)                        |
| Insurance  | Corporate insurance - 2013/14 savings (mainly employee-related), 2014/15 (mainly inflation)  | (15)                       | 2                          |
| NDR on DDC Properties  | NDR inflation - lower than expected in 2013/14   | (35)                       | 20                         |
| EKS Shared Service   | Target saving for EKS excluded from directorate budgets  | 0                          | (70)                       |
| Benefits-in-kind   | Standby payments target saving removed 2013/14 pending review, 2014/15 minor changes within separate directorate salary variances  | 6                          | 0                          |
| Mobile Phones  | Corporate saving from changing mobile phones contract  | (1)                        | (7)                        |
|  |  |                            |                            |
| Transfers to / from other reserves, other than to finance expenditure: | This is the net effect of the various transfers to and from earmarked reserves not offsetting expenditure above the line   |                            |                            |
| - Regeneration Reserve   | One-off transfer to Regeneration reserve in 2013/14  | 20                         | (20)                       |
| - Periodic Operations Reserve  | On-street Parking transfer 2013/14 (£52,010), Carry Forward Reserve transfer 2013/14 (£74,645 to fund Regen delivery posts in 2014/15), Carry Forward reserve 2014/15 (£100,000 adverse re EKS savings in reserve used in 2013/14, not available in 2014/15) | 127                        | (27)                       |
| - IT Equipment Reserve   | Additional transfer in 2013/14 to cover extra cost of "PC refresh" programme and allowance for future officer and member ICT initiatives   | 58                         | (58)                       |
| - Urgent Works Reserve   | No transfers in 2014/15 of 2nd Homes money or backfunding equalisation   | 0                          | (363)                      |
| - Special Projects & Events Reserve                                    | 2014/15 transfer to support future funding of capital and revenue projects   | 0                          | 484                        |
| River Stour Drainage Board   | Increase in Drainage Board special levy  | 0                          | 2                          |
| DDC Grant to Towns & Parishes  | Council Tax Support Funding to Towns & Parishes - reduction in 2014/15   | 0                          | (142)                      |
|  |  |                            |                            |

|  |   | <b>ANNEX 3</b>             |                            |
|--|---|----------------------------|----------------------------|
| <b>Key Variances Accounting for Change in Budget Requirement</b> |   | 2013/14 OR -<br>2013/14 PO | 2013/14 PO -<br>2014/15 OR |
|  |   | £000                       | £000                       |
| <b>Directorate Variances</b>                                     |   |                            |                            |
| <b>Chief Executive</b>   |   |                            |                            |
| Employee reductions / savings                                    | 2013/14 Budget Monitoring salary savings  | (109)                      |                            |
|  | 2014/15 Further Salary variances, incl. increments  |                            | 73                         |
| <b>Other :-</b>  |   |                            |                            |
| Various  | 2013/14 one-off costs funded from contingency in 2013/14 and therefore offset by favourable contingency variance above (£10,000 City of Culture contribution, £3,900 Report on HRA reserve transfer, £3,000 "Entitled to for Kent" contribution, and £1,280 LG Futures modelling of Business rates pooling)           | 18                         | (18)                       |
| Regeneration Delivery  | Development Management/Regeneration Delivery increased income in 2013/14 to reflect a number of one-off large applications (Discovery Park, 2 x Sandwich supermarkets, Sholden, Estover CHPP and solar farm applications), net of publicity and consultancy - offset by reserve transfer in corporate variances above | (247)                      | 190                        |
| Print Unit - Equipment   | Purchase of planner/plotter in 2013/14 (previously leased) and reduced equipment leasing costs in 2014/15   | 4                          | (14)                       |
| EKLSP / Other contributions                                      | EKLSP subscription no longer required (2013/14 saving), and allowance for other Leader/one-off initiatives in 2014/15   | (10)                       | 5                          |
| <b>Director of Governance</b>                                    |   |                            |                            |
| Employee reductions / savings                                    | 2013/14 Budget Monitoring salary savings  | (179)                      |                            |
|  | 2014/15 Further Salary variances, incl. increments  |                            | 148                        |
| <b>Other :-</b>  |   |                            |                            |
| Various  | 2013/14 Temporary Licensing Admin Support post (£7,000) and Pay Review research, etc (£1,300) funded by contingency in 2013/14 and therefore offset by favourable contingency variance above  | 8                          | (8)                        |
| Land Charges Income  | Land Charges Income increase in 13/14 expected to continue  | (30)                       | 0                          |
| Legal  | Legal Fees receivable - reduced expectation for Section 106 Agreements and Right-to-buys  | (15)                       | 0                          |
| Environmental Crime  | Transfer of dog control to Enviro-crime unit in 2013/14 (includes contract, kennel fees and other cost savings), and Fixed Penalty income (increase) and reduced legal costs in 2014/15   | (16)                       | (18)                       |
| Licensing Income   | Scrap Metal Dealer licenses income in 2013/14, other minor adjustment 2014/15   | (5)                        | 2                          |
| Hackney Car & Private Hire                                       | Triennial Unmet Demand Consultation   | 0                          | 14                         |

|  |  | <b>ANNEX 3</b>             |                            |
|--|--|----------------------------|----------------------------|
| <b>Key Variances Accounting for Change in Budget Requirement</b> |  | 2013/14 OR -<br>2013/14 PO | 2013/14 PO -<br>2014/15 OR |
|  |  | £000                       | £000                       |
| <b>Director of Finance, Housing &amp; Community</b>              |  |                            |                            |
| Employee reductions / savings:                                   |  |                            |                            |
| Various  | 2013/14 Budget Monitoring salary savings   | (3)                        |                            |
| Various  | 2014/15 Further Salary variances, incl. increments   |                            | (11)                       |
| Other :-   |  |                            |                            |
| NDR on Fanum House   | 2013/14 pressure, 2014/15 saving from demolition   | 13                         | (17)                       |
| Olympic Screen   | 2013/14 Unbudgeted costs funded from contingency in 2013/14 for Olympic Screen prior to removal, and therefore offset by favourable contingency variance above, with further saving in 2014/15   | 6                          | (20)                       |
| NDR Discretionary Relief   | Discretionary Relief moves to "Financing" as part of Govt changes - 2013/14 element to be transferred to reserve (mostly relating to charitable associations)  | 0                          | (133)                      |
| Homelessness   | Grant moved to RSG in 2014/15 and shown within Financing above (effectively an additional grant pressure)  | 0                          | 162                        |
| East Kent Services   | EKS Savings minor adjustment in 2014/15, hence separate corporate target set above   | 0                          | (2)                        |
| Council Tax Income   | Fines and court costs recovery - decrease anticipated on Council Tax income arrears in 2013/14 (changes to benefit system originally expected to bring more income from court action on new liabilities from prior benefit claimants, with some improvement/increase in enforcement action in 2014/15) | 40                         | (10)                       |
| Benefits & Subsidies   | Benefits Administration Grant reduction  | 0                          | 80                         |
| Community & Engagement Team                                      | Income generation/cost reduction target for corporate funding team, offset by improved HRA reimbursement of Citizens Advice costs in 2013/14   | 40                         | 5                          |
| Treasury   | Investec - amended split of investment fund managers' costs based on GF receiving larger share of income (offset by increased interest receivable)   | 7                          | (1)                        |
| Creditors, Income & Procurement                                  | BACS upgrade in 2013/14 (£5,450), AIM income system upgrade in 2014/15 (£8,250)  | 5                          | 3                          |
|  |  |                            |                            |
|  |  |                            |                            |

|  |   | <b>ANNEX 3</b>             |                            |
|--|---|----------------------------|----------------------------|
| <b>Key Variances Accounting for Change in Budget Requirement</b> |   | 2013/14 OR -<br>2013/14 PO | 2013/14 PO -<br>2014/15 OR |
|  |   | £000                       | £000                       |
| <b>Director of Environment &amp; Community Assets</b>            |   |                            |                            |
| Employee reductions / savings                                    | 2013/14 Budget Monitoring salary savings  | (175)                      |                            |
|  | 2014/15 Further Salary variances, incl. increments  |                            | 180                        |
| Other :-   |   |                            |                            |
| Various  | 2013/14 Fly-tipping and asbestos removal, funded by contingency in 2013/14 and therefore offset by favourable contingency variance above        | 3                          | (3)                        |
| Parking Income   | Reduction in Parking Income, including parking fees and PCNs. Impact expected to continue into 2014/15  | 115                        | (3)                        |
| Rental Income  | Additional rental income from Whitfield offices   | (9)                        | (6)                        |
| Beaches & Foreshores   | Increase expected in beach huts built and rental charged for them   | 0                          | (21)                       |
| Parks & Open Spaces  | Property services - income from lettings of land (fun fairs, etc) less cost savings from cessation of property service events                   | (23)                       | 0                          |
| Parks & Open Spaces  | Inspection of Play Areas - reduced cost   | (15)                       | 0                          |
| Refuse, Recycling and Street Cleansing                           | Waste contracts - lower increase than budgeted in 2013/14, further RPI increase in 2014/15  | (39)                       | 37                         |
| Street Cleansing   | 2013/14 Cleansing of Bring Bank sites (lower saving than anticipated) and additional cost of replacement bins, with some improvement in 2014/15 | 94                         | (32)                       |
| Cleaning of Shelters   | Proposal for reduced specification for cleaning of shelters   | 0                          | (50)                       |
| Refuse / Recycling   | Adjustments to Veolia contract to reflect fewer customers on weekly collections   | 0                          | (35)                       |
| Recycling - Green Waste  | Green Waste income reductions   | 29                         | (4)                        |
| Waste - Other Income   | Other Income - incl. reduced sales of domestic sacks, etc, net of costs (incl. 2013/14 saving on contributions to outside bodies)               | 5                          | 19                         |
| Waste - Management   | Waste contracts - management income from Shepway & KCC - extra in 2013/14   | (17)                       | 11                         |
| Public Conveniences  | Net increase in Town and Parish contributions and cleaning & equipment cost savings (excludes utilities)  | (25)                       | (6)                        |
| Building Control   | Building Control income reduced in 2013/14, incl. reductions in fire risk consultancy and CSH assessment income (net of related costs)          | 52                         | (44)                       |
| Museum   | Museum Admission Fees, Agency Fees, etc - net reductions (offset by insurance income in 2013/14) - reduction                                    | 11                         | (1)                        |
| Property Services  | Write-offs of landscape management income in 2013/14 (ongoing charging to KCC expected in budget 2014/15)                                       | 14                         | (14)                       |
| Deal Pier  | Deal Pier - net improvement in income from fishing rights, rental, etc  | (4)                        | (8)                        |
| Street Lights  | Reduced electricity costs under new contract for street lights  | (10)                       | 0                          |
| On-street car parking  | Separate ground maintenance budget, now to come from corporate pot  | (10)                       | 0                          |
| Total specifically identified variances                          |   | 38                         | 36                         |
| Numerous Miscellaneous Variances                                 |   | 17                         | (28)                       |
| <b>Total</b>   |   | <b>55</b>                  | <b>8</b>                   |

**THREE YEAR REVENUE BUDGET FINANCIAL PROJECTION**

| Notes | 2013/14<br>Projected<br>Outturn   | 2014/15<br>Proposed<br>Budget | 2015/16<br>Forecast | 2016/17<br>Forecast |
|-------|---|-------------------------------|---------------------|---------------------|
|       | £000  | £000                          | £000                | £000                |
| 1     | <b>14,530 Net Budget Requirement</b>  | <b>14,536</b>                 | <b>14,536</b>       | <b>14,536</b>       |
|       | <b>Corporate Adjustments</b>  |                               |                     |                     |
| 2     | - Salary inflation and increments including impact on National Insurance and Pensions                 |                               | 172                 | 347                 |
| 3     | - Pension Backfunding (Triennial Valuation from 11/12)  |                               | 82                  | 167                 |
| 4     | - Contract inflation @ 2.5%   |                               | 116                 | 237                 |
| 5     | - Average expenditure inflation rate on non-specifically budgetted income items @ 2%                  |                               | 148                 | 298                 |
| 6     | - Average income inflation rate on non-specifically budgetted income items @ 2%                       |                               | -106                | -215                |
| 7     | - Net Central Support adjustments (approx 20% of salaries / backfunding to impact HRA / capital, etc) |                               | -51                 | -103                |
| 8     | - Reduction in Town & Parish grant funding in line with Government funding reductions                 |                               | -46                 | -19                 |
| 9     | - 2014/15 contribution to Special Projects & Events reserve one-off                                   |                               | -484                | -484                |
| 10    | <b>Total Corporate Adjustments</b>  |                               | <b>-169</b>         | <b>228</b>          |
|       | <b>Service Savings / Pressures</b>  |                               |                     |                     |
| 11    | - Street Lighting Initiatives   |                               | -75                 | -75                 |
|       | - Car Parking Initiatives   |                               | -30                 | -30                 |
|       | - Staff Structure Reviews   |                               | -30                 | -30                 |
|       | <b>14,530 Total</b>   | <b>14,536</b>                 | <b>14,232</b>       | <b>14,629</b>       |
|       | <b>Financed By :-</b>   |                               |                     |                     |
| 12    | 3,315 Non-Domestic Rates (2.8% annual increase on baseline funding)                                   | 3,591                         | 3,391               | 3,486               |
| 13    | 4,699 Revenue Support Grant (32.28% reduction 2015/16, evenly reduced to equal £0 by 2020/21)         | 3,698                         | 2,511               | 2,008               |
| 14    | 0 Council Tax Freeze Compensation 2014/15 & 2015/16 (assumed to reduce at same rate as RSG)           | 58                            | 98                  | 79                  |
| 15    | 37 Collection Fund Surplus  | 19                            | 19                  | 19                  |
|       | Council Tax Income  |                               |                     |                     |
|       | Tax increase (0% 2015/16, 1.99% future years)   |                               |                     |                     |
|       | Base increase (0.5% per annum)  |                               |                     |                     |
| 16    | 5,822 Total Council Tax Income  | 5,874                         | 5,903               | 6,051               |
| 17    | 927 New Homes Bonus (£250k increase 2015/16 & 2016/17, no change future years)                        | 1,296                         | 1,546               | 1,796               |
|       | <b>14,800 Total Financing</b>   | <b>14,536</b>                 | <b>13,469</b>       | <b>13,439</b>       |
| 18    | <b>-270 NET (SURPLUS) / DEFICIT</b>   | <b>0</b>                      | <b>763</b>          | <b>1,189</b>        |
|       | Impact on Reserves :-   |                               |                     |                     |
|       | <b>Projected General Fund Reserves</b>  |                               |                     |                     |
|       | -14,760 Opening balance   | -2,530                        | -2,530              | -1,767              |
|       | 12,500 HRA Transfer to Earmarked Reserves   |                               |                     |                     |
| 19    | <b>-2,530 Closing Balance (Accumulated Surplus)</b>   | <b>-2,530</b>                 | <b>-1,767</b>       | <b>-577</b>         |

## THREE YEAR REVENUE BUDGET FINANCIAL PROJECTION

### Notes

- 1 The net budget is taken from the 2014/15 budget at Annex 1.
- 2 Increased salary costs reflect assumed inflation at 1% 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 2.5%.
- 5 Inflation on all other expenditure will aim to be limited to the current budget level, however a small allowance of 2% has been forecast to allow some limited growth.
- 6 Increases in general income received (excluding specifically budgetted items such as car parking) assumed at 2% inflation.
- 7 As the costs of central support services increase, some of this will be clawed back by recharges outside the General Fund.
- 8 The Town & Parish Council Tax Support grant is to be rolled into the main Government funding. The reductions forecast for RSG/NDR therefore need to be applied to the funding for Towns & Parishes.
- 9 A contribution to the Special Projects & Events reserve has been made in 2014/15 to support the funding available for capital and revenue projects. This contribution is proposed to be one-off only and so has been removed from future years' budgets.
- 10 Total corporate adjustments.
- 11 Budget pressures and savings for future years as identified by Directors.
- 12 The settlement as indicated by DCLG for 2014/15. An annual increase of 2.8% has been assumed for future years.
- 13 The settlement as indicated by DCLG for 2014/15. A reduction of 32.28% for 2015/16 has been included. The remaining years assume that RSG will reduce at an even rate to £0 by 2020/21. In 2015/16 an additional £59k Council Tax Compensation has been included.
- 14 Council Tax Freeze compensation is forecast to be received for 2014/15 and 2015/16 based on the forecast freeze of the Council Tax rate. It is assumed that the compensation received will be reduced at the same rate as the RSG reductions in future years.
- 15 The collection fund surplus is distributed to the precepting authorities pro rata to their share of the precepts.
- 16 Council Tax is forecast to be frozen for 2014/15 and 2015/16 and then increase by 1.99% per annum for the rest of the planning period. A 0.5% per annum increase in the tax base has also been assumed.
- 17 Value of New Homes Bonus expected for 2014/15, estimated to increase by £250k per annum for future years, based on average increase since its introduction. No further increases assumed from 2017/18 when 6 years of scheme in place.
- 18 Forecast (surplus) / deficit.
- 19 Forecast General Fund Balance.

## **OFFICE OF THE CHIEF EXECUTIVE**

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

### **LEADERSHIP SUPPORT - Silver**

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

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

### **DEVELOPMENT MANAGEMENT**

The section's principal functions are:

#### **Development Management (as applied to Regeneration Projects) - Gold**

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

#### **Development Management (general / other) - Silver**

- Processing of planning and other formal applications submitted under the Town and Country Planning Acts and making determinations in accordance with policies and other material considerations and taking account of performance indicators;
- Negotiations to resolve conflict and secure better quality developments;
- Reporting applications to Planning Committee in accordance with the provisions of the Constitution;
- Responding to requests for fee-earning pre-application advice and discussion;
- Responding to other informal letters, e-mails or telephone enquiries about a wide range of matters and land charge enquiries;
- Seek to protect and enhance our heritage and environment, including settlements, buildings, and landscapes;
- Managing change so that it both complements and underpins the long term viability of the district;
- Promoting good urban design throughout the District;
- Responding to appeals against the refusal of applications, the imposition of conditions or the failure to determine applications, including the preparation and giving of evidence at informal hearings and public inquiries;

- Investigation of breaches of planning control and monitoring of development, including responding to concerns raised by interested parties, and the taking of formal enforcement action in appropriate cases; and
- Support the Regeneration Delivery Section's work on the Local Development Framework, Supplementary Planning Documents and other issues

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

## **REGENERATION DELIVERY**

### **Development Plan and Implementation - Gold**

This Section has been reconfigured to bring together the Development Plan work setting out the future for the District and which is increasingly moving into the implementation phases and the Council's regeneration activities including as a landowner.

A primary task is to carry forward production of the statutory Local Development Framework (LDF). The LDF establishes the Council's objectives and policies for the future pace, scale, location and quality of development over the next 20 years and is closely allied to the Corporate Plan and Community Strategy. The production of the LDF requires much information gathering, monitoring and research and the publication of an annual monitoring report. The Core Strategy was adopted in February 2010 and attention has now turned to the preparation of the Land Allocations document that has entered the formal stages and will be subject to Public Examination in 2013. Other work on a Local Development Order to facilitate development at Discovery Park (the former Pfizer complex) and a preliminary Draft Charging Schedule for the Community Infrastructure Levy are also moving forward through public consultation.

The Section promotes the Council's interests and is deeply engaged in the Growth Point Agenda. It is also heavily involved in supporting the Council's major regeneration projects and related research and strategies carried out by other services e.g. strategic housing and is developing a framework for strategic leisure provision including green infrastructure i.e. open space, children's play, playing fields etc.

The overall objective is to bring focus to the Council's regeneration activities and concentrate resources where they can be most effective in bringing success whilst being prepared to respond to appropriate opportunities where they arise outside the identified programme. Implementation work will need to further develop Delivery Plans, embracing hard infrastructure, coordinating providers and setting up funding mechanisms including developer funding under Section 106 agreements.

### **Landowner Projects - Silver**

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



| Service Summary                              |                                | Budget 2014/2015                    |           |             |            |            |           |         |            |              |           |
|--|--------------------------------|-------------------------------------|-----------|-------------|------------|------------|-----------|---------|------------|--------------|-----------|
|  |                                | Costs controlled by Head of Service |           |             |            |            | Recharges | Capital | Total Cost | Charge-outs  | Total     |
|  |                                | FTE                                 | Employees | Other Costs | Income     | Sub-tot    |           |         |            |              |           |
| C3300  | CHIEF EXEC ADMIN TRADING ACCT  | 2.0                                 | 194,610   | 5,880       | ( 2,600)   | 197,890    | 36,420    | -       | 234,310    | ( 234,310)   | -         |
| <b>Total Chief Exec &amp; Secretaries</b>    |                                | 2.0                                 | 194,610   | 5,880       | ( 2,600)   | 197,890    | 36,420    | -       | 234,310    | ( 234,310)   | -         |
| A1040  | CORPORATE PLANNING             |                                     | -         | 500         | -          | 500        | 164,350   | -       | 164,850    | -            | 164,850   |
| A1170  | NON SERVICE SPECIFIC WORK      |                                     | -         | 69,980      | -          | 69,980     | 391,080   | -       | 461,060    | -            | 461,060   |
| A1171  | CCG HEALTH COMMISSIONING       |                                     | -         | -           | -          | -          | 42,820    | -       | 42,820     | -            | 42,820    |
| <b>Total Corporate Resource</b>              |                                | 0.0                                 | -         | 70,480      | -          | 70,480     | 598,250   | -       | 668,730    | -            | 668,730   |
| A5001  | UNAPPORTIONABLE OVERHEADS      |                                     | -         | 520         | -          | 520        | -         | -       | 520        | -            | 520       |
| C3030  | MAIL ROOM TRADING ACCOUNT      | 4.0                                 | 108,490   | 36,520      | ( 4,000)   | 141,010    | 58,420    | -       | 199,430    | ( 199,430)   | -         |
| C3050  | PRINT UNIT TRADING ACCOUNT     |                                     | -         | 47,380      | ( 33,820)  | 13,560     | 90,740    | -       | 104,300    | ( 104,300)   | -         |
| C3331  | DESIGN STUDIO                  | 2.0                                 | 96,820    | 16,340      | -          | 113,160    | 19,260    | -       | 132,420    | ( 132,420)   | -         |
| C3336  | POLICY & LEADERSHIP SUPPORT    | 1.8                                 | 104,260   | 1,640       | -          | 105,900    | 26,850    | -       | 132,750    | ( 132,750)   | -         |
| C5020  | PHOTOCOPIERS HOLDING ACCOUNT   |                                     | -         | 35,190      | ( 45,050)  | ( 9,860)   | 9,860     | -       | -          | -            | -         |
| C5060  | MAIL ROOM POSTAGE ACCOUNT      |                                     | -         | 96,360      | ( 96,360)  | -          | -         | -       | -          | -            | -         |
| M1501  | SE STRATEGIC PRTPN MIGRATION   | 1.0                                 | 16,930    | 250         | -          | 17,180     | 7,370     | -       | 24,550     | -            | 24,550    |
| <b>Total Policy &amp; Leadership Support</b> |                                | 8.8                                 | 16,930    | 770         | -          | 17,700     | 7,370     | -       | 25,070     | -            | 25,070    |
| C3745  | HEAD OF INWARD INVESTMENT      | 1.0                                 | 100,690   | 4,250       | -          | 104,940    | 61,550    | -       | 166,490    | ( 166,490)   | -         |
| C3760  | REGENERATION DELIVERY TRADING  | 8.2                                 | 420,390   | 29,820      | ( 2,000)   | 448,210    | 140,120   | -       | 588,330    | ( 588,330)   | -         |
| C3770  | DEVELOPMENT MANAGEMENT TRADING | 18.6                                | 713,510   | 32,820      | -          | 746,330    | 241,510   | 5,250   | 993,090    | ( 993,090)   | -         |
| C5240  | PLANNING DELIVERY GRANT        |                                     | 3,000     | 30,000      | -          | 33,000     | 3,770     | -       | 36,770     | -            | 36,770    |
| H2030  | CONSERVATION & HERITAGE        |                                     | -         | 2,000       | ( 2,000)   | -          | 4,500     | -       | 4,500      | -            | 4,500     |
| H3000  | DEVELOPMENT MANAGEMENT         |                                     | -         | 48,580      | ( 536,600) | ( 488,020) | 1,337,790 | -       | 849,770    | -            | 849,770   |
| H4000  | DOVER DISTRICT DEVELOPMT PLAN  |                                     | -         | 36,000      | -          | 36,000     | 337,850   | -       | 373,850    | -            | 373,850   |
| L4010  | OTHER REGENERATION PROJECTS    |                                     | -         | 400         | ( 400)     | -          | 101,130   | 40,770  | 141,900    | -            | 141,900   |
| L4095  | AYLESHAM DEVELOPMENT           |                                     | -         | -           | -          | -          | 35,620    | -       | 35,620     | -            | 35,620    |
| L5000  | ECONOMIC DEVELOPMENT           |                                     | -         | -           | -          | -          | 22,120    | -       | 22,120     | -            | 22,120    |
| L5640  | WATERFRONT DEVELOPMENT         |                                     | -         | -           | -          | -          | 19,280    | -       | 19,280     | -            | 19,280    |
| <b>Total Regeneration &amp; Development</b>  |                                | 27.8                                | 1,237,590 | 183,870     | ( 541,000) | 880,460    | 2,305,240 | 46,020  | 3,231,720  | ( 1,747,910) | 1,483,810 |
|  |                                | 38.6                                | 1,449,130 | 261,000     | ( 543,600) | 1,166,530  | 2,947,280 | 46,020  | 4,159,830  | ( 1,982,220) | 2,177,610 |

## **DIRECTOR OF GOVERNANCE**

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

### **MONITORING OFFICER - Gold**

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

## **DEMOCRATIC SERVICES**

### **Members - Silver**

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

### **Electoral Services - Silver**

**Elections** - The Elections Service is responsible for the organisation and conduct of European, Parliamentary, County Council, District Council and Parish Council elections within the district. The costs incurred in the conduct of elections are met by the body concerned except in the case of District Council Elections;

**Electoral Registration** - The section is responsible for the compilation and maintenance of the Register of Electors including special category electors and absent voters. This is carried out by way of an annual household canvass each autumn together with extensive promotion and updating through rolling registration during the year. New legislation will introduce individual electoral registration from June 2014. Boundary reviews and the implementation of those changes are also carried out within the team. The Council is obliged to appoint an officer of the Council to act as Electoral Registration Officer and to meet costs properly incurred in undertaking their statutory duties. The officer then acts as Acting Returning Officer at Parliamentary Elections and the Local Returning Officer at European Parliamentary Elections.

### **Local Land Charges - Bronze**

The section is responsible for local land charges. Duties include the maintenance of the Local Land Charges Register, liaison with other departments regarding the correct registration and removal of charges, acceptance, compilation and return of local land charges searches within the PPI timescale and liaison with departments for replies associated with personal searches. In an effort to retain the income stream, the section also receives and returns searches as traditional paper-based or electronic transactions together with offering a variety of payment methods. The Land Charges team maintains comprehensive background records of charges recorded within the Land Charges Register.

## **ENVIRONMENTAL HEALTH – Gold (Statutory functions) /Silver (Non-Statutory Functions)**

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

### **Public Protection**

The principal functions for this team include:

- **Food Safety and Hygiene Control** - the Council undertakes visits and inspections of food establishments on a programmed, risk rated basis to ensure that appropriate standards of food hygiene are maintained. The Council publishes the rating of premises in line with the 'National Food Hygiene Rating System'. It also investigates complaints of unsound food/unhygienic premises and applies infectious disease controls.
- **Health and Safety at Work** - the Council is responsible for investigating accidents (including fatalities) and dangerous occurrences in premises such as offices, shops, warehouses and clubs. Programmed inspections of registered businesses are also conducted on a risk basis to ensure compliance with the relevant Acts and Regulations.
- **Port Health** - the Port Health function includes inspections of vessels that enter the Port, such as cross channel ferries and cruise ships, to ensure that food hygiene standards are maintained. Imported foodstuffs of non-animal origin from third countries are also identified, examined and sampled when necessary to ensure compliance with food safety regulations. Additionally ferries, cruise and cargo ships are inspected when requested to issue Ship Sanitation Certificates to demonstrate that such vessels are free from pests. Due to changes in the import conditions for some organic foodstuffs we have seen a sharp decline over recent years in the import of organic foodstuffs that require a charge of service.

### **Environmental Protection**

The principal functions for this team include:

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

### **ENVIRONMENTAL CRIME**

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

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

In response to public concerns the Council introduced a more robust system of environmental enforcement within the district in 2013 which includes greater use of the fixed penalty enforcement powers available under the Clean Neighbourhoods and Environment Act 2005

A small team of uniformed and non uniformed staff seek to promote behavioural change through a range of enforcement and educative activities with the aim of creating a cleaner, safer and greener environment. The work of the team is supplemented and enhanced by partnership working with Kent Police, KCC, Parish Councils etc.

### **LOCAL LICENSING AND REGISTRATION - Bronze**

The Council is responsible for the issuing and enforcement of local licences with special emphasis on alcohol, public entertainment, late night refreshments, gambling, animal establishments and other miscellaneous registrations. The Council is also responsible for the licensing and enforcement of licences issued to operators, drivers and vehicles used as Hackney Carriages (Taxis) and Private Hires.

### **CORPORATE SUPPORT**

This section is responsible for a number of corporate services of which the main areas are:

**Performance Reporting (Silver)** - monitoring and reporting the Council's performance and benchmarking with other authorities to measure efficiency and value for money;

**Insurance (Gold)** – providing insurance cover for the Council's assets and liability risks;

**Customer Complaints (Bronze)** - investigating and resolving complaints which have not been agreed between the customer and the service department and liaising with the Local Government Ombudsman on any issues which have been referred to them;

**Risk Management (Bronze)** - identification and mitigation of key corporate and project risks;

**Freedom of Information (Bronze)** - responding to FOI requests within the time constraints laid down by the Information Commissioner;

**Business Continuity (Silver)** - development and maintenance of procedures to maintain the Council's key services during a disaster situation where the offices, systems or staff are not available;

**Emergency Planning (Silver)** - working with KCC, fulfilling the Council's duty as a Category 1 responder to act with the emergency services to provide humanitarian support during an emergency situation;

**Equalities (Bronze)** - act as the central point of reference to promote and advise on equality issues throughout the Council's services;

**Corporate Reviews and Inspections (Bronze)** - conduct internal business reviews of the Council's service departments to improve efficiency and work with external agencies during inspection periods; and

**Data Protection and RIPA (Gold)** - ensuring that any personal customer information held by the Council is protected and not passed to a third party and that any surveillance work is properly authorised in accordance with legislation

### **LEGAL SERVICES - Gold**

This section is responsible for providing corporate and service specific legal advice to this Council, legal support to the Monitoring Officer, planning law, conveyancing functions, employment law and enforcement (civil and criminal) support to a range of services across the Council. The Legal team continues to be heavily involved in supporting the regeneration

agenda and advising on numerous matters including ongoing shared service and housing across East Kent.

### **EAST KENT HUMAN RESOURCES PARTNERSHIP (EKHRP)**

**Human Resources** – this Council is the host for the joint East Kent HR Partnership provided by East Kent Services. The East Kent Joint Arrangements Committee adopted the HR and payroll shared service and Canterbury and Thanet Councils subsequently delegated the delivery of the service to this Council and remain as partners. The service is responsible for advising on all HR matters including employment law, recruitment, retention, absence management, job evaluation and disciplinary and grievance matters.

**Payroll** - payroll provides a full payroll service that 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. The service has been delegated to Employee Services at Kent County Council.

**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.

| Service Summary |   | Budget 2014/2015                    |                  |                |                  |                  |                  |               |                  |                    |                  |
|-----------------|---|-------------------------------------|------------------|----------------|------------------|------------------|------------------|---------------|------------------|--------------------|------------------|
| Governance      |   | Costs controlled by Head of Service |                  |                |                  |                  | Recharges        | Capital       | Total Cost       | Charge-outs        | Total            |
|                 |   | FTE                                 | Employees        | Other Costs    | Income           | Sub-tot          |                  |               |                  |                    |                  |
| C3330           | DIRECTOR OF GOVERNANCE                          | 2.0                                 | 141,460          | 5,250          | -                | 146,710          | 42,550           | -             | 189,260          | (189,260)          | -                |
|                 | <b>Total Director of Governance</b>             | <b>2.0</b>                          | <b>141,460</b>   | <b>5,250</b>   | <b>-</b>         | <b>146,710</b>   | <b>42,550</b>    | <b>-</b>      | <b>189,260</b>   | <b>(189,260)</b>   | <b>-</b>         |
| C3940           | HEAD OF REGULATORY SER                          | 1.8                                 | 114,330          | 1,780          | -                | 116,110          | 37,510           | -             | 153,620          | (153,620)          | -                |
| C3960           | LICENSING ADMIN TRAD ACCOUNT                    | 3.8                                 | 125,120          | 8,420          | -                | 133,540          | 115,540          | -             | 249,080          | (249,080)          | -                |
| C3980           | ENVIRONMENTAL HEALTH                            | 10.5                                | 482,790          | 22,130         | -                | 504,920          | 207,300          | -             | 712,220          | (712,220)          | -                |
| C3990           | ENVIRONMENTAL CRIME                             | 5.5                                 | 164,650          | 17,310         | -                | 181,960          | 111,620          | -             | 293,580          | (293,580)          | -                |
| E1000           | FOOD SAFETY AND HYGIENE                         | -                                   | -                | 19,200         | (720)            | 18,480           | 190,810          | 19,200        | 209,290          | -                  | 209,290          |
| E1100           | HEALTH AND SAFETY AT WORK                       | -                                   | -                | -              | -                | -                | 140,200          | -             | 140,200          | -                  | 140,200          |
| E1300           | PEST CONTROL                                    | -                                   | -                | 90             | -                | 90               | 27,820           | -             | 27,910           | -                  | 27,910           |
| E1400           | POLLUTION CONTROL                               | -                                   | -                | 21,950         | (13,530)         | 8,420            | 79,090           | 2,350         | 89,860           | -                  | 89,860           |
| E1430           | ENV PROTECTION ENFORCEMENT                      | -                                   | 8,000            | 6,100          | -                | 14,100           | 135,860          | 3,050         | 153,010          | -                  | 153,010          |
| E1500           | PORT HEALTH                                     | -                                   | 7,500            | 2,350          | (28,210)         | (18,360)         | 83,470           | -             | 65,110           | -                  | 65,110           |
| E2010           | LICENSING                                       | -                                   | -                | 100            | (87,930)         | (87,830)         | 163,950          | -             | 76,120           | -                  | 76,120           |
| E2015           | MISCELLANEOUS LICENSING                         | -                                   | -                | 4,000          | (23,650)         | (19,650)         | 37,890           | -             | 18,240           | -                  | 18,240           |
| E2020           | GAMBLING ACT 2005                               | -                                   | -                | -              | (25,040)         | (25,040)         | 40,630           | -             | 15,590           | -                  | 15,590           |
| E2030           | HACKNEY CAR & PRIVATE HIRE                      | -                                   | -                | 24,230         | (100,070)        | (75,840)         | 149,480          | -             | 73,640           | -                  | 73,640           |
| E2100           | DOG CONTROL MEASURES                            | -                                   | 2,000            | 22,550         | (5,700)          | 18,850           | 96,550           | -             | 115,400          | -                  | 115,400          |
| E2120           | FLYTIPPING & WASTE ENFORCEMENT                  | -                                   | -                | 400            | -                | 400              | 78,650           | -             | 79,050           | -                  | 79,050           |
| E2140           | LITTERING ENFORCEMENT                           | -                                   | -                | 200            | (43,000)         | (42,800)         | 105,990          | -             | 63,190           | -                  | 63,190           |
| E2160           | ENV EDUCATION & CAMPAIGNS                       | -                                   | -                | 250            | -                | 250              | 49,480           | -             | 49,730           | -                  | 49,730           |
| E2180           | MISC ENVIRONMENTAL ENFORCEMENT                  | -                                   | -                | -              | -                | -                | 5,650            | -             | 5,650            | -                  | 5,650            |
|                 | <b>Total Environmental Enforcmnt &amp; Prot</b> | <b>21.6</b>                         | <b>904,390</b>   | <b>151,060</b> | <b>(327,850)</b> | <b>727,600</b>   | <b>1,857,490</b> | <b>5,400</b>  | <b>2,590,490</b> | <b>(1,408,500)</b> | <b>1,181,990</b> |
| B1500           | EMERGENCY PLANNING                              | -                                   | 14,000           | 22,710         | -                | 36,710           | 80,260           | -             | 116,970          | -                  | 116,970          |
| C3335           | CORPORATE SUPPORT TRADING ACCT                  | 4.8                                 | 230,460          | 9,000          | (7,750)          | 231,710          | 100,870          | -             | 332,580          | (332,580)          | -                |
|                 | <b>Total Corporate Support</b>                  | <b>4.8</b>                          | <b>244,460</b>   | <b>31,710</b>  | <b>(7,750)</b>   | <b>268,420</b>   | <b>181,130</b>   | <b>-</b>      | <b>449,550</b>   | <b>(332,580)</b>   | <b>116,970</b>   |
| A1100           | COUNCIL, CABINET & COMMITTEES                   | -                                   | -                | -              | -                | -                | 308,160          | -             | 308,160          | (46,230)           | 261,930          |
| A1120           | SCRUTINY  | -                                   | -                | 1,200          | -                | 1,200            | 56,660           | -             | 57,860           | (8,680)            | 49,180           |
| A1161           | CHAIRMANS ACCOUNT                               | -                                   | -                | 10,450         | -                | 10,450           | 25,630           | -             | 36,080           | (5,410)            | 30,670           |
| A1165           | MEMBERS ACCOUNT                                 | -                                   | 7,000            | 289,570        | (4,000)          | 292,570          | 157,640          | 4,250         | 454,460          | (68,170)           | 386,290          |
| A1169           | OUTSIDE BODIES                                  | -                                   | -                | 14,360         | -                | 14,360           | 1,880            | -             | 16,240           | -                  | 16,240           |
| B4070           | ELECTIONS - ADMIN                               | -                                   | -                | -              | -                | -                | 140,380          | -             | 140,380          | -                  | 140,380          |
| B4500           | ELECTORAL REGISTRATION                          | -                                   | 590              | 63,410         | (510)            | 63,490           | 99,100           | -             | 162,590          | -                  | 162,590          |
| B5000           | LOCAL LAND CHARGES                              | -                                   | 120              | 11,090         | (180,000)        | (168,790)        | 226,060          | -             | 57,270           | -                  | 57,270           |
| C3301           | DEMOCRATIC SERVICES                             | 10.5                                | 379,030          | 13,380         | -                | 392,410          | 130,810          | -             | 523,220          | (523,220)          | -                |
|                 | <b>Total Democratic Services</b>                | <b>10.5</b>                         | <b>386,740</b>   | <b>403,460</b> | <b>(184,510)</b> | <b>605,690</b>   | <b>1,146,320</b> | <b>4,250</b>  | <b>1,756,260</b> | <b>(651,710)</b>   | <b>1,104,550</b> |
| C3540           | LEGAL TRADING ACCOUNT                           | 7.8                                 | 407,870          | 31,850         | (1,500)          | 438,220          | 131,450          | 790           | 570,460          | (570,460)          | -                |
| C5045           | LEGAL FEES HOLDING ACCOUNT                      | -                                   | -                | 31,000         | -                | 31,000           | -                | -             | 31,000           | -                  | 31,000           |
|                 | <b>Total Legal</b>                              | <b>7.8</b>                          | <b>407,870</b>   | <b>62,850</b>  | <b>(1,500)</b>   | <b>469,220</b>   | <b>131,450</b>   | <b>790</b>    | <b>601,460</b>   | <b>(570,460)</b>   | <b>31,000</b>    |
| C3000           | HUMAN RESOURCES TRADING ACCT                    | -                                   | 40,450           | -              | -                | 40,450           | 338,520          | -             | 378,970          | (378,970)          | -                |
| C3550           | PAYROLL TRADING ACCOUNT                         | -                                   | -                | -              | -                | -                | 28,470           | -             | 28,470           | (28,470)           | -                |
|                 | <b>Total Human Resources (DDC)</b>              | <b>0.0</b>                          | <b>40,450</b>    | <b>-</b>       | <b>-</b>         | <b>40,450</b>    | <b>366,990</b>   | <b>-</b>      | <b>407,440</b>   | <b>(407,440)</b>   | <b>-</b>         |
|                 |   |                                     |                  |                |                  |                  |                  |               |                  |                    |                  |
|                 |   | <b>46.7</b>                         | <b>2,125,370</b> | <b>654,330</b> | <b>(521,610)</b> | <b>2,258,090</b> | <b>3,725,930</b> | <b>10,440</b> | <b>5,994,460</b> | <b>(3,559,950)</b> | <b>2,434,510</b> |

## **DIRECTOR OF FINANCE, HOUSING AND COMMUNITY**

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

### **FINANCE**

#### **Accountancy - Gold**

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

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

#### **Procurement, Creditors and Income - Silver**

Procurement provides support to the Council in achieving best value, complying with its constitution, EU and other legislation and procurement best practice. The team is also 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.

Creditors are responsible for the accurate and timely processing of approved invoices and managing the payments process. They are also responsible for maintaining the Contracts Register, uploading Supplier Spend data to the Internet, producing the monthly returns to HMRC for the Construction Industry Scheme and administering the Procurement Card scheme.

Income are responsible for the reconciliation of income receipts, updating the daily cash records and reconciling all entries to the bank statements. They set up sundry income invoices for the Authority, manage the rechargeable works administration and process the monthly staff mileage claims.

#### **East Kent Audit Partnership**

This Council is the host of the East Kent Audit Partnership and therefore the team forms part of the directorate. The service delivers an agreed annual internal audit plan, undertakes special investigations and reports via the s151 Officer to the Governance Committee.

### **EAST KENT SERVICES**

The Director of Finance, working with other DDC colleagues, acts as the lead for the following services which transferred to East Kent Services in February 2011 and are provided jointly for Dover, Thanet & Canterbury:

## **Revenues**

Council tax has to be calculated, billed and collected for over 48,000 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 97.61% of council tax in the year.

Business rates (NDR) also have to be calculated, billed and collected for around 3,400 business properties in the district. NDR is distributed by the Council to the Government, KCC, Police, Fire and Rescue.

The division has also targeted increasing collection levels for sundry income and reducing levels of aged-debt.

The service will continue to review its operations to ensure they are more effective and efficient than previous years.

Improvements in performance will continue to be affected by employment levels and the resilience of business and personal finances.

## **Benefits**

The service anticipates that it will pay out benefits to over 3,100 council tenants, nearly 4,700 private tenants and more than 9,800 council tax payers.

Counter-fraud activities will continue to ensure that we have a safe district, trusting residents, but being firm when that trust is broken. The sanctions for fraud will continue to be applied and the service will seek to ensure it contributes to Corporate Enforcement.

## **Customer Services**

Customer Services (Dover District Council @ Your Service) will continue to make significant improvements to service delivery for all customers and will build on the success of the Dover Gateway.

The service will also address impacts from the shared service programme, including waste and housing and will contribute to the wider Kent Gateway programme.

Electronic Service Provision will be a key top priority for the division. Innovation around electronic service provision for the Council as a whole, seeking to drive through the Council efficiency and service transformation, will be integrated with coordination of the Local Land and Property Gazetteer. In addition, we will continue to develop our website and further develop Citizens Accounts to enable increased self-service and reduced paper transactions.

## **ICT**

The ICT team provides a complete ICT service to the Council. This includes support to desktop facilities for officers and members, the provision and maintenance of the ICT network and infrastructure, support and implementation of new systems and support to the upgrade of existing systems.

The team also provides a helpdesk service, assesses new opportunities and new technologies and maintains the security of the Council's software and data through the use of comprehensive security systems.



## **COMMUNITY ENGAGEMENT**

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

## **STRATEGIC HOUSING**

### **Housing Strategy - Gold**

A key role of the Council's Strategic Housing team is to develop an effective strategic approach which will help meet the housing needs in the district and contribute to the development of balanced and sustainable communities. This is often referred to as the 'place shaping' role.

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

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

### **Housing Strategy and Enabling – Gold**

Local housing authorities are legally required to produce the following housing related strategies:

- Housing Strategy
- Homelessness Strategy
- Tenancy Strategy

The Council adopted a new Housing Strategy in June 2010 for the period 2010/15. The strategy is supported by a number of underpinning strategies:

East Kent Homelessness Strategy 2008-13;  
Empty Homes Strategy 2010-15;  
Private Sector Housing Strategy 2010-15;  
Affordable Housing Delivery Plan 2010-15; and  
Older Persons Housing Strategy 2010-15.

Initial work has started on the renewal of the East Kent Homelessness Strategy and the Tenancy Strategy 2012-15 was recently adopted by the Council.

The strategic housing function plays an important role in enabling the provision of affordable housing through partnership working with other agencies and social housing providers such as Housing Associations. The service plays a key role in liaising with the Homes & Communities Agency with regard to the funding of affordable housing development and will also have a key role in helping facilitate the process by which the Council will undertake housing development in its own right.

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

- Kent Housing Group
- Kent Joint Planning & Policy Board
- Supporting People Core Strategy Group and Commissioning Body
- PFI housing projects: Better Homes Active Lives & Excellent Homes For All

### **Housing Needs and Homelessness - Gold**

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 Council's strategic approach to addressing the issue of homelessness is set out in the East Kent Homelessness Strategy 2008-2013 developed in partnership with Shepway District Council, Canterbury City Council and Thanet District Council. As mentioned above work has recently started on the development of a new strategy.

The Council has also developed a Youth Homelessness Strategy which was updated to cover the period 2011-13. The issue of youth homelessness is a significant one both nationally and locally and it is expected that a further review of the strategy will be required in the near future.

The service is currently consulting on a revised Allocations Policy which sets out the arrangements by which the housing needs of housing applicants are assessed and applicants prioritised.

### **Private Sector Housing - Silver**

The Private Sector Housing team work is mainly meeting the Council's statutory duties in the following areas;

- Taking legal/formal action to require owners to ensure their homes meet the minimum Health and safety requirements laid down in the Housing Act 2004. This is normally following complaints from private tenants.
- The licensing of Houses in Multiple Occupation.
- The provision of Mandatory Disabled Facilities Grants
- The licensing of Caravan Sites.

A recent survey of the housing stock across the district shows that a higher proportion of housing in Dover is in poor condition due to its age and the high numbers of privately rented properties.

Using recycled funds, the service provides financial assistance to vulnerable home owners, in the form of grants and loans, to help them improve their homes so that they meet minimum statutory standards.

The service also takes action to bring long-term empty homes back into use in accordance with the Council's Empty Homes Strategy 2010-15. This includes working with external agencies on partnership programmes which provide funding to bring empty derelict property back into use.

## **EAST KENT HOUSING**

Dover District Council is the major social landlord in the district with a stock of 4,599 dwellings (2,857 houses and bungalows and 1,742 flats and maisonettes). There are currently around 3,000 households on the Council's housing waiting list. Every local housing authority maintains a Housing Revenue Account (HRA) funded mainly by rent income. This is a ring-fenced account, which may not be used to fund other Council services. Rent levels are calculated on an individual property basis using rent formulas set by the Government.

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

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

A primary aim behind the decision to set up East Kent Housing (EKH) was to improve the housing management and maintenance services provided to tenants. EKH is required to produce an Annual Delivery Plan for the Council's Client Representative to approve and to provide regular performance management reports.

| Service Summary                                 |                                 | Budget 2014/2015                    |           |             |              |           |             |         |            |             |           |
|---|---------------------------------|-------------------------------------|-----------|-------------|--------------|-----------|-------------|---------|------------|-------------|-----------|
| Finance, Housing & Community                    |                                 | Costs controlled by Head of Service |           |             |              |           |             |         |            |             |           |
|   |                                 | FTE                                 | Employees | Other Costs | Income       | Sub-tot   | Recharges   | Capital | Total Cost | Charge-outs | Total     |
| C3310   | DIRECTOR OF FINANCE, HSG & COM  | 1.0                                 | 111,900   | 3,700       | -            | 115,600   | 39,730      | -       | 155,330    | (155,330)   | -         |
| <b>Total Director Of Finance, Hsg &amp; Com</b> |                                 | 1.0                                 | 111,900   | 3,700       | -            | 115,600   | 39,730      | -       | 155,330    | (155,330)   | -         |
| C3500   | ACCOUNTANCY TRADING ACCOUNT     | 9.9                                 | 465,840   | 42,370      | -            | 508,210   | 173,100     | -       | 681,310    | (681,310)   | -         |
| C3020   | PROCUREMENT, CREDITORS & INCOME | 5.4                                 | 171,100   | 25,750      | (6,600)      | 190,250   | 128,090     | 1,020   | 319,360    | (319,360)   | -         |
| A1070   | SPECIAL FEES AND PAYMENTS       |                                     | (2,000)   | 70,000      | (4,500)      | 63,500    | 12,020      | -       | 75,520     | -           | 75,520    |
| A1075   | TREASURY MANAGEMENT             |                                     | -         | 19,470      | -            | 19,470    | 29,000      | -       | 48,470     | (14,500)    | 33,970    |
| A5000   | SUPERANNUATION BACKFUNDING      |                                     | 1,936,810 | -           | -            | 1,936,810 | (2,030,850) | -       | (94,040)   | -           | (94,040)  |
| B1600   | GRANTS TO VOL ORGS              |                                     | -         | 249,910     | -            | 249,910   | 2,250       | -       | 252,160    | -           | 252,160   |
| <b>Total Finance</b>                            |                                 | 15.3                                | 2,571,750 | 407,500     | (11,100)     | 2,968,150 | (1,686,390) | 1,020   | 1,282,780  | (1,015,170) | 267,610   |
| C3995   | ALTERNATIVE SERVICES DELIVERY   | 7.0                                 | -         | -           | -            | -         | -           | -       | -          | -           | -         |
| A1050   | CORPORATE PRESS & PUBLICITY     |                                     | -         | 15,170      | -            | 15,170    | 108,430     | -       | 123,600    | -           | 123,600   |
| M1500   | COMMUNITY DEVELOPMENT           |                                     | -         | -           | -            | -         | 125,490     | -       | 125,490    | -           | 125,490   |
| M1510   | REGEN OFFICER SMALL PROJECTS    |                                     | -         | 23,920      | (25,120)     | (1,200)   | 23,010      | -       | 21,810     | -           | 21,810    |
| M2600   | SPORTS STRTGY, IMPLMTN & GRNTS  |                                     | -         | 14,950      | -            | 14,950    | 7,720       | -       | 22,670     | -           | 22,670    |
| <b>Total Community Engagement</b>               |                                 | 7.0                                 | -         | 54,040      | (25,120)     | 28,920    | 264,650     | -       | 293,570    | -           | 293,570   |
| C3360   | HOUSING ADMIN TRADING ACCOUNT   | 1.0                                 | 73,560    | 2,840       | -            | 76,400    | 50,230      | -       | 126,630    | (126,630)   | -         |
| C3855   | HOUSING NEEDS TRADING ACCOUNT   | 9.4                                 | 322,380   | 14,260      | -            | 336,640   | 106,260     | -       | 442,900    | (442,900)   | -         |
| M1000   | HOMELESSNESS                    |                                     | -         | 276,600     | (145,000)    | 131,600   | 268,300     | -       | 399,900    | -           | 399,900   |
| M1050   | RENT DEPOSIT SCHEME             |                                     | -         | 15,000      | (15,000)     | -         | -           | -       | -          | -           | -         |
| M1100   | PRIVATE SECTOR HOUSING          | 6.4                                 | 263,830   | 715,110     | (692,800)    | 286,140   | 107,500     | -       | 393,640    | -           | 393,640   |
| M1401   | HOUSING STRATEGY                |                                     | -         | 7,000       | -            | 7,000     | 26,630      | -       | 33,630     | -           | 33,630    |
| M1410   | CHOICE BASED LETTINGS           |                                     | -         | 11,800      | (4,000)      | 7,800     | -           | -       | 7,800      | -           | 7,800     |
| M1910   | WCCL SHARED COSTS WITH SHEPWAY  |                                     | 9,000     | -           | -            | 9,000     | -           | -       | 9,000      | -           | 9,000     |
| <b>Total Strategic Housing</b>                  |                                 | 16.8                                | 668,770   | 1,042,610   | (856,800)    | 854,580   | 558,920     | -       | 1,413,500  | (569,530)   | 843,970   |
| C3376   | DDC @ YOUR SERVICE              |                                     | -         | 130,930     | -            | 130,930   | 111,240     | 8,340   | 250,510    | (250,510)   | -         |
| <b>Total Customer Services (DDC Share)</b>      |                                 | 0.0                                 | -         | 130,930     | -            | 130,930   | 111,240     | 8,340   | 250,510    | (250,510)   | -         |
| C3010   | COMPUTER SERVICES TRADING ACCT  |                                     | -         | 559,770     | -            | 559,770   | 26,610      | 14,040  | 600,420    | (600,420)   | -         |
| C5010   | OFFICE TELEPHONES HLDG ACCOUNT  |                                     | -         | 31,530      | (31,530)     | -         | -           | -       | -          | -           | -         |
| <b>Total Audit</b>                              |                                 | 0.0                                 | -         | 591,300     | (31,530)     | 559,770   | 26,610      | 14,040  | 600,420    | (600,420)   | -         |
| C3520   | AUDIT TRADING ACCOUNT           |                                     | -         | 630         | -            | 630       | 145,730     | -       | 146,360    | (146,360)   | -         |
| <b>Total Audit</b>                              |                                 | 0.0                                 | -         | 630         | -            | 630       | 145,730     | -       | 146,360    | (146,360)   | -         |
| B2100   | COUNCIL TAX-COST OF COLLECTION  |                                     | -         | 776,980     | (230,000)    | 546,980   | 27,010      | -       | 573,990    | -           | 573,990   |
| B2300   | NNDR - COST OF COLLECTION       |                                     | -         | 165,640     | (175,000)    | (9,360)   | 9,130       | -       | (230)      | -           | (230)     |
| B7000   | BENEFITS & SUBSIDIES            |                                     | -         | 39,507,890  | (39,088,850) | 419,040   | 38,760      | -       | 457,800    | -           | 457,800   |
| C3388   | CORPORATE INCOME COLLECTION     |                                     | -         | 127,190     | -            | 127,190   | 24,310      | -       | 151,500    | (151,500)   | -         |
| <b>Total East Kent Services</b>                 |                                 | 0.0                                 | -         | 40,577,700  | (39,493,850) | 1,083,850 | 99,210      | -       | 1,183,060  | (151,500)   | 1,031,560 |
|   |                                 | 40.2                                | 3,352,420 | 42,217,110  | (40,386,870) | 5,182,660 | (466,910)   | 9,360   | 4,725,110  | (2,288,400) | 2,436,710 |

## **DIRECTOR OF ENVIRONMENT AND CORPORATE ASSETS**

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

### **WASTE MANAGEMENT - Gold**

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

The section manages the provision of a refuse and recycling collection service throughout the district. The Council introduced new service arrangements in 2011, which provide residents with:

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

The contract for the collection of refuse and recycling with Veolia Environmental Services (UK) has been awarded in partnership with Shepway District Council and Kent County Council (as the disposal authority). Dover is the lead authority within this partnership and the client team from both Dover and Shepway jointly manage the contract from the Dover District Council offices. The contract with Veolia Environmental Services (UK) extends until January 2021.

Aside from the weekly recycling and waste collections, the Council offers other services such as 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 Council also supports the Salvation Army and Aylesford Newsprint by providing areas within car parks for the collection of textiles and paper, the materials are collected by these companies and taken for recycling or reuse.

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 in-vessel composting facility at Ridham Dock, Chatham.

The section is responsible for promoting waste reduction, re-use and recycling to residents across the district.

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

### **Street Cleansing**

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

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

The service is administered by the Waste Services Section and contracted to Veolia Environmental Services until January 2021 and also forms part of the partnership working and joint contractual arrangement with Shepway District Council.

### **PARKING SERVICES - Gold**

The division is responsible for the management and operation of DDC owned off-street car parks spread across the district including maintenance and enforcement operations. The division also manages car parks on behalf of Sainsbury's and the Co-Op in Deal, and Eurotunnel at Samphire Hoe. In addition, the Parking Services team undertakes on-street enforcement duties as part of the Kent Parking agreement.

The Parking Administration Team are responsible for all "back office" functions associated with parking enforcement, including 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.

### **CCTV - Bronze**

CCTV are responsible for the installation, maintenance and monitoring of all permanently installed CCTV cameras across the district.

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

The Section operates under strict guidelines and legislation that includes the Data Protection Act, the Freedom of Information Act and Regulation of Investigatory Powers Act (RIPA).

The location of the CCTV Control Room is not in the public domain, and the telephone number is ex-directory. Access to the CCTV Monitoring Centre is strictly controlled.

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.

### **COMMUNITY SAFETY - Gold**

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

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

### **ANTI-SOCIAL BEHAVIOUR – Gold**

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

Currently customer satisfaction levels for the Unit are running at 100% (target 90%) and 94% of cases are resolved within 30 days (target 91%). The Unit responds to enquiries within one working day 100% of the time (target 90%).

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

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

### **ASSET MANAGEMENT AND MAINTENANCE- SILVER**

This service is divided into a number of key areas:

- **Parks and Open Spaces** - The Council has a substantial stock of parks, open spaces and sports grounds throughout the district including, for example, Kearsney Abbey and Connaught Park in Dover and Victoria Park in Deal. The areas provide for both active and passive leisure and include facilities such as skateboard parks, multi-use games areas, play areas, sports pitches, bowling greens and tennis courts in addition to areas for walking and quiet reflection. Grounds maintenance of the sites in recent years has been carried out by English Landscapes and the company has been awarded a 10-year contract that expires 31 March 2016.
- **Public Conveniences** - The Council currently maintains and operates 21 facilities within the towns and villages across the district. Of these, 14 facilities are supported by 3 Town and 5 Parish Councils.
- **Depots** - This budget includes costs associated with one operational depot at Dover, and the former depot at Deal, as well as several garages and stores. The depot in Dover is leased to Veolia Environmental Services as part of the Council's Waste Management Contract and includes the responsibility for their repair and maintenance. Other premises are leased to the Landscape Group as part of the contract for landscape maintenance.

- **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.
- **Markets** - Markets are currently held every Saturday in Dover and Deal. The Council operates the long established fruit and vegetable market in Market Square, Dover with the stallholders paying a set fee per pitch, while Dover District Chamber of Commerce and Deal Town Council operates the Dover and Deal markets in partnership with Dover District Council.
- **Public Clocks and Memorials** - The Council is responsible for the upkeep of various public clocks throughout the district. These include St George's Church Clock in Deal, Walmer Lifeboat Clock and St Peter's Church Clock, Sandwich. The Council also maintains Chillenden Windmill.
- **Beaches and Foreshores** - The district's coastline extends between Dover and Sandwich. This budget maintains the beaches and foreshores in this area. Additional income is generated by leasing beach and boat plots at the following locations:
  - Beach huts in St Margaret's Bay;
  - Beach hut plots in Kingsdown;
  - Commercial boat plots in Deal and Walmer; and
  - Private boat plots in Deal, Walmer, Kingsdown and St Margaret's.
- **Oil Pollution** - In accordance with the County of Kent Oil Pollution Response Scheme, the District Council has responsibility to deal with pollutions by oil on beaches and with the threat of oil to beaches and to sea up to a depth of 5.5 metres at low water mark of ordinary tides or to a distance of one mile from the shore, whichever is less. Areas beyond this extent are dealt with by Kent County Council. Work continues on the preparation of the District Oil Pollution Plan and developing links with neighbouring authorities.
- **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 Property Strategy and Asset Management Plan.

## **FACILITIES MANAGEMENT - Silver**

The service covers a number of properties;

- **Halls – Town Hall, 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. In April 2004, Thanet Leisure Force (TLF), an external company that also operates the Winter Gardens at Margate, was awarded a five-year lease for the Town Hall, and this agreement was extended to March 2012. Under the terms of the lease, most categories of expenditure are the responsibility of TLF but some major areas remain as Council obligations.



- **Deal Pier** - The present Pier took three years to build and was officially opened by the Duke of Edinburgh in 1957. It provides opportunities for walking and fishing, has a café at the seaward end and two small shops at the entrance. The Pier itself is managed directly by the Council and in recent years substantial funds have been spent on repairing the steel and concrete structure. Construction of the new café and sun lounge was completed during autumn 2008 and has significantly enhanced the facilities available. This has been recognised through the receipt of several architectural awards. These works have also seen improvements to the deck surface and the installation of new lighting together with other minor improvements.
- **Leisure Centres** - The Council's leisure centres, Dover Leisure Centre, Tides and the Deal Indoor Tennis Centre provide a wide range of facilities. Dover has a traditional 25 metre swimming pool designed for lane and competitive swimming together with a learner pool, eight court sports hall, fitness and health suite, aerobics studio, squash courts, bar, cafeteria and other minor facilities. Tides consists of a beach effect leisure pool with waterslides, ancillary pools and other features, a four-court sports hall, fitness and health suite and cafeteria. The facility now includes the newly opened tennis centre which replaces the air hall, which was destroyed during severe storms in early 2007. The leisure centres have been leased to and managed by Vista Leisure since April 2001. Vista Leisure also manages the children's paddling Pool in Walmer.
- **Corporate Properties** – The Council operates from a number of properties such as the offices at Whitfield, Dover Gateway and other area offices within the District and the property services team are responsible for the effective management of each of the premises in terms of activities such as caretaking, cleansing and routine maintenance.

## **BUILDING CONTROL – Silver**

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 (just under 7000 such applications were received in 2010).

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

Capacity continues to be created through continuous reviews of staffing, procedures and practices in order to increase efficiency and effectiveness. Despite the recession, the level of building activity remained relatively stable but continual improvements in efficiency are still being sought. Capacity to increase fees substantially may well be constrained through increased competition from the private sector but additional income is starting to come from the production of SAP energy ratings and Code for Sustainable Homes assessments.

Exploratory work in respect of shared EK services has reached an interim conclusion that there is much to be gained through collaborative work rather than via creating formal structures.

## **MUSEUM SERVICE – Bronze**

Dover Museum is one of the oldest museums in the UK, founded in 1836. Its three floors of exhibitions on the history of Dover and its award winning Bronze Age Boat Gallery attract over 35,000 visitors a year. It operates a successful schools programme attracting some 13,000 school children annually. Work continues with young people, traditionally a hard to reach group for museums, to make the museum more relevant to them, and a team of volunteers is implementing a new collections plan relating to the national museums accreditation scheme. During the year we took part in an international exhibition centred on reconstructing a Bronze Age boat, in partnership with the British Museum, Canterbury Archaeological Trust, the University of Lille, INRAP (the French national archaeological service) and Boulogne Museum.

## **TOURISM - Bronze**

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

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

The initiative in partnership with Dover Town Council to relocate the VIC to a redesigned and enlarged museum foyer has been completed successfully despite a major flood within the Museum during the construction period.

## **WHITE CLIFFS COUNTRYSIDE PARTNERSHIP - Silver**

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

## **COAST PROTECTION - Gold**

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 grant aid for new capital schemes, which are managed by The Environment Agency, but will not grant aid routine maintenance. A new Shoreline Management Plan for the coastal frontage has recently been completed and work is also progressing on implanting the recommendations of the Pegwell Bay to Kingsdown Coastal Strategy.

| Service Summary                           |                                | Costs controlled by Head of Service |           |             |             |           | Budget 2014/2015 |           |            |             |           |
|---|--------------------------------|-------------------------------------|-----------|-------------|-------------|-----------|------------------|-----------|------------|-------------|-----------|
| Environment & Community Assets            |                                | FTE                                 | Employees | Other Costs | Income      | Sub-tot   | Recharges        | Capital   | Total Cost | Charge-outs | Total     |
| C3600                                     | DIRECTOR OF ENV & CORP ASSETS  | 1.0                                 | 111,650   | 3,830       | -           | 115,480   | 41,090           | -         | 156,570    | (156,570)   | -         |
| <b>Head of Service</b>                    |                                | 1.0                                 | 111,650   | 3,830       | -           | 115,480   | 41,090           | -         | 156,570    | (156,570)   | -         |
| A1162                                     | CIVIC CAR                      | -                                   | 7,460     | 3,210       | -           | 10,670    | 220              | -         | 10,890     | (1,630)     | 9,260     |
| C3715                                     | PROPERTY SERVICES              | 17.7                                | 691,850   | 54,310      | (1,500)     | 744,660   | 282,570          | -         | 1,027,230  | (1,027,230) | -         |
| C3954                                     | MAISON DIEU PREMISES           | -                                   | -         | 7,230       | (3,500)     | 3,730     | 2,180            | -         | 5,910      | (5,910)     | -         |
| C3956                                     | DEAL AREA OFFICE TRADING ACCT  | -                                   | -         | 4,430       | -           | 4,430     | 1,160            | -         | 5,590      | (5,590)     | -         |
| C3957                                     | THE DOVER GATEWAY (CASTLE ST)  | -                                   | -         | 61,210      | (15,000)    | 46,210    | 3,860            | 830       | 50,900     | (50,900)    | -         |
| C3958                                     | SANDWICH AREA OFFICE TRAD ACCT | -                                   | -         | 230         | -           | 230       | -                | 330       | 560        | (560)       | -         |
| C5001                                     | CORPORATE MAINTENANCE          | -                                   | -         | 320,000     | -           | 320,000   | -                | -         | 320,000    | -           | 320,000   |
| C5200                                     | OFFICE ACCOMMODATION-WHITFIELD | 2.8                                 | 58,780    | 443,650     | (2,300)     | 500,130   | 27,650           | 52,730    | 580,510    | (580,510)   | -         |
| E4100                                     | PUBLIC CONVENIENCES            | -                                   | -         | 235,820     | (143,970)   | 91,850    | 23,600           | 18,940    | 134,390    | -           | 134,390   |
| E5000                                     | DEPOTS                         | -                                   | -         | 1,790       | (1,540)     | 250       | 5,220            | 8,810     | 14,280     | -           | 14,280    |
| E6000                                     | CEMETERIES                     | -                                   | -         | 186,800     | (155,890)   | 30,910    | 62,020           | 340       | 93,270     | -           | 93,270    |
| E6100                                     | CLOSED CHURCHYARDS             | -                                   | -         | 34,380      | -           | 34,380    | 19,160           | -         | 53,540     | -           | 53,540    |
| E8000                                     | COAST PROTECTION               | -                                   | -         | 500         | (80,500)    | (80,000)  | 42,230           | 253,070   | 215,300    | -           | 215,300   |
| H1000                                     | BUILDING CONTROL               | 8.6                                 | 317,390   | 38,550      | (325,400)   | 30,540    | 135,740          | -         | 166,280    | (15,320)    | 150,960   |
| K1020                                     | SECTION 38                     | -                                   | -         | 340         | -           | 340       | 1,280            | -         | 1,620      | -           | 1,620     |
| K2015                                     | TRANSPORTATION SERVICES        | -                                   | -         | 185,200     | (53,700)    | 131,500   | 47,470           | 87,500    | 266,470    | -           | 266,470   |
| K2020                                     | COUNTRYSIDE AND WATERWAYS      | -                                   | -         | -           | -           | -         | 5,250            | -         | 5,250      | -           | 5,250     |
| K2040                                     | BUS SHELTERS                   | -                                   | -         | 16,400      | (8,500)     | 7,900     | 5,390            | -         | 13,290     | -           | 13,290    |
| K3000                                     | PRECINCTS-DEAL AND DOVER       | -                                   | -         | 11,420      | -           | 11,420    | 14,430           | -         | 25,850     | -           | 25,850    |
| K5000                                     | ENVIRONMENTAL IMPROVEMENTS     | -                                   | -         | -           | -           | -         | -                | 4,710     | 4,710      | -           | 4,710     |
| L1399                                     | MISC PROPERTIES-GENERAL        | -                                   | -         | 30,680      | (205,590)   | (174,910) | 401,390          | 24,750    | 251,230    | -           | 251,230   |
| L2000                                     | HALLS-TOWN HALL DEAL           | -                                   | -         | -           | -           | -         | 5,040            | -         | 5,040      | -           | 5,040     |
| L2010                                     | HALLS-TOWN HALL DOVER          | -                                   | -         | 127,900     | -           | 127,900   | 23,100           | 154,590   | 305,590    | -           | 305,590   |
| L3000                                     | TIMEBALL TOWER, DEAL           | -                                   | -         | 1,170       | (670)       | 500       | 4,340            | -         | 4,840      | -           | 4,840     |
| L3630                                     | PUBLIC CLOCKS AND MEMORIALS    | -                                   | -         | 450         | (100)       | 350       | 3,400            | -         | 3,750      | -           | 3,750     |
| L4020                                     | CENTURION HOUSE                | -                                   | -         | 40,930      | (51,100)    | (10,170)  | 10,170           | -         | -          | -           | -         |
| L4030                                     | DOLPHIN HOUSE                  | -                                   | -         | 91,570      | (115,000)   | (23,430)  | 23,430           | -         | -          | -           | -         |
| L4035                                     | FANUM HOUSE                    | -                                   | -         | -           | -           | -         | 320              | -         | 320        | -           | 320       |
| L4040                                     | CHARRINGTONS SITE              | -                                   | -         | 2,370       | (3,210)     | (840)     | 840              | -         | -          | -           | -         |
| L5050                                     | A/C BODY RCHG-SRB,S/START,WCCP | -                                   | -         | -           | -           | -         | 59,060           | -         | 59,060     | -           | 59,060    |
| M1200                                     | ENERGY EFFICIENCY GRANTS       | -                                   | -         | 10,000      | -           | 10,000    | 64,960           | -         | 74,960     | -           | 74,960    |
| M2100                                     | BEACHES AND FORESHORES         | -                                   | -         | 19,970      | (72,840)    | (52,870)  | 41,410           | 13,410    | 1,950      | -           | 1,950     |
| M2200                                     | DEAL PIER                      | 3.0                                 | 88,400    | 57,530      | (72,310)    | 73,620    | 56,800           | 121,180   | 251,600    | -           | 251,600   |
| M2210                                     | SANDWICH QUAY                  | -                                   | -         | 4,670       | (18,900)    | (14,230)  | 12,870           | -         | (1,360)    | -           | (1,360)   |
| M2300                                     | PARKS AND OPEN SPACES          | -                                   | -         | 638,380     | (96,630)    | 541,750   | 223,390          | 74,900    | 840,040    | -           | 840,040   |
| M2500                                     | DOVER LEISURE CENTRE           | -                                   | -         | 286,300     | -           | 286,300   | 32,210           | 262,100   | 580,610    | -           | 580,610   |
| M2510                                     | DEAL LEISURE POOL-TIDES        | -                                   | -         | 15,360      | -           | 15,360    | 25,310           | 251,260   | 291,930    | -           | 291,930   |
| M2520                                     | DEAL TENNIS CENTRE             | -                                   | -         | 30,200      | -           | 30,200    | 8,980            | 23,440    | 62,620     | -           | 62,620    |
| M2610                                     | PROPERTY SERVICES EVENTS       | -                                   | -         | -           | -           | -         | 57,100           | -         | 57,100     | -           | 57,100    |
| <b>Asset Management &amp; Maintenance</b> |                                | 32.2                                | 1,163,880 | 2,962,950   | (1,428,150) | 2,698,680 | 1,733,550        | 1,352,890 | 5,785,120  | (1,687,650) | 4,097,470 |
| L3020                                     | DOVER MUSEUM                   | 10.0                                | 372,510   | 146,450     | (123,430)   | 395,530   | 142,050          | 229,390   | 766,970    | -           | 766,970   |
| L3022                                     | MUSEUMS-BRONZE AGE BOAT-EXHIBT | -                                   | -         | 17,070      | (1,800)     | 15,270    | 9,360            | -         | 24,630     | -           | 24,630    |
| L3025                                     | DOVER MUSEUM SCHOOLS           | -                                   | 1,500     | 24,250      | (23,000)    | 2,750     | 8,440            | -         | 11,190     | -           | 11,190    |
| L3027                                     | MUSEUM - BEQUEST WORK          | -                                   | -         | 550         | -           | 550       | 1,060            | -         | 1,610      | -           | 1,610     |
| L3600                                     | GRAND SHAFT-WESTERN HEIGHTS    | -                                   | -         | 1,670       | -           | 1,670     | 2,190            | -         | 3,860      | -           | 3,860     |
| L5601                                     | TOURISM DEVELOPMENT            | -                                   | -         | 31,650      | (10,000)    | 21,650    | 22,000           | -         | 43,650     | -           | 43,650    |
| L5606                                     | TOURISM PROMOTIONS             | -                                   | -         | -           | -           | -         | -                | 1,250     | 1,250      | -           | 1,250     |
| L5610                                     | VIC GRANTS & HISTORIC PANELS   | -                                   | -         | 8,900       | -           | 8,900     | 1,940            | 1,760     | 12,600     | -           | 12,600    |
| <b>Total Museum &amp; Tourism</b>         |                                | 10.0                                | 374,010   | 230,540     | (158,230)   | 446,320   | 187,040          | 232,400   | 865,760    | -           | 865,760   |

| Service Summary                                 |             | Budget 2014/2015                    |                   |                     |                  |                  |                  |                   |                    |                  |  |
|---|-------------|-------------------------------------|-------------------|---------------------|------------------|------------------|------------------|-------------------|--------------------|------------------|--|
| Environment & Community Assets                  |             | Costs controlled by Head of Service |                   |                     |                  |                  |                  |                   |                    |                  |  |
|   | FTE         | Employees                           | Other Costs       | Income              | Sub-tot          | Recharges        | Capital          | Total Cost        | Charge-outs        | Total            |  |
| C3390   | 6.0         | 181,980                             | 32,870            | -                   | 214,850          | 114,200          | -                | 329,050           | (329,050)          | -                |  |
| C3392   | 14.0        | 341,240                             | 31,590            | -                   | 372,830          | 139,920          | 4,230            | 516,980           | (516,980)          | -                |  |
| C3620   | 1.0         | 73,580                              | 870               | -                   | 74,450           | 39,820           | -                | 114,270           | (114,270)          | -                |  |
| E2200   | 4.0         | 116,210                             | 74,310            | (3,340)             | 187,180          | 67,500           | 3,630            | 258,310           | -                  | 258,310          |  |
| E8700   | 1.0         | 35,950                              | 920               | (36,870)            | -                | 37,640           | -                | 37,640            | -                  | 37,640           |  |
| K4000   | -           | -                                   | 10,300            | -                   | 10,300           | 33,810           | -                | 44,110            | -                  | 44,110           |  |
| K4010   | -           | -                                   | 289,920           | (1,492,650)         | (1,202,730)      | 319,270          | -                | (883,460)         | -                  | (883,460)        |  |
| K4020   | -           | -                                   | 35,440            | -                   | 35,440           | 1,370            | -                | 36,810            | -                  | 36,810           |  |
| K4030   | -           | -                                   | 39,660            | (619,630)           | (579,970)        | 557,190          | -                | (22,780)          | -                  | (22,780)         |  |
| M4000   | 1.8         | 69,140                              | 8,850             | (30,000)            | 47,990           | 86,210           | -                | 134,200           | -                  | 134,200          |  |
| M4050   | -           | -                                   | 33,730            | (33,730)            | -                | -                | -                | -                 | -                  | -                |  |
| <b>Total Parking &amp; Community Safety</b>     | <b>27.8</b> | <b>818,100</b>                      | <b>558,460</b>    | <b>(2,216,220)</b>  | <b>(839,660)</b> | <b>1,396,930</b> | <b>7,860</b>     | <b>565,130</b>    | <b>(960,300)</b>   | <b>(395,170)</b> |  |
| C3610   | 5.0         | 210,940                             | 10,830            | (78,000)            | 143,770          | 93,790           | -                | 237,560           | (237,560)          | -                |  |
| E4200   | -           | -                                   | 1,082,250         | (57,300)            | 1,024,950        | 107,260          | -                | 1,132,210         | -                  | 1,132,210        |  |
| E4210   | -           | -                                   | 1,027,000         | (799,090)           | 227,910          | 144,140          | -                | 372,050           | -                  | 372,050          |  |
| E4230   | -           | -                                   | 3,400,000         | (3,400,000)         | -                | -                | -                | -                 | -                  | -                |  |
| E4240   | -           | -                                   | 1,200,000         | (1,200,000)         | -                | -                | -                | -                 | -                  | -                |  |
| E4300   | -           | -                                   | 1,407,170         | (68,500)            | 1,338,670        | 98,840           | -                | 1,437,510         | -                  | 1,437,510        |  |
| <b>Total Waste Services</b>                     | <b>5.0</b>  | <b>210,940</b>                      | <b>8,127,250</b>  | <b>(5,602,890)</b>  | <b>2,735,300</b> | <b>444,030</b>   | <b>-</b>         | <b>3,179,330</b>  | <b>(237,560)</b>   | <b>2,941,770</b> |  |
| L6000   | 6.6         | 235,360                             | 37,040            | (290,400)           | (18,000)         | 18,000           | -                | -                 | -                  | -                |  |
| L6002   | 1.5         | 56,190                              | 4,390             | (60,580)            | -                | -                | -                | -                 | -                  | -                |  |
| L6018   | -           | -                                   | 20,150            | (20,150)            | -                | -                | -                | -                 | -                  | -                |  |
| <b>Total White Cliffs Countryside Project</b>   | <b>8.1</b>  | <b>291,550</b>                      | <b>61,580</b>     | <b>(371,130)</b>    | <b>(18,000)</b>  | <b>18,000</b>    | <b>-</b>         | <b>-</b>          | <b>-</b>           | <b>-</b>         |  |
| L3632   | -           | -                                   | 37,520            | -                   | 37,520           | -                | -                | 37,520            | -                  | 37,520           |  |
| L3634   | -           | -                                   | 16,000            | -                   | 16,000           | -                | -                | 16,000            | -                  | 16,000           |  |
| L3636   | -           | -                                   | 8,500             | -                   | 8,500            | -                | -                | 8,500             | -                  | 8,500            |  |
| L3638   | -           | -                                   | 6,500             | -                   | 6,500            | -                | -                | 6,500             | -                  | 6,500            |  |
| L3640   | -           | -                                   | 30,000            | -                   | 30,000           | -                | -                | 30,000            | -                  | 30,000           |  |
| L3642   | -           | -                                   | 10,410            | -                   | 10,410           | -                | -                | 10,410            | -                  | 10,410           |  |
| L3644   | -           | -                                   | 8,000             | -                   | 8,000            | -                | -                | 8,000             | -                  | 8,000            |  |
| L3648   | -           | -                                   | 24,440            | -                   | 24,440           | -                | -                | 24,440            | -                  | 24,440           |  |
| L3650   | -           | -                                   | 20,000            | -                   | 20,000           | -                | -                | 20,000            | -                  | 20,000           |  |
| L3652   | -           | -                                   | 3,100             | -                   | 3,100            | -                | -                | 3,100             | -                  | 3,100            |  |
| L3656   | -           | -                                   | 5,000             | -                   | 5,000            | -                | -                | 5,000             | -                  | 5,000            |  |
| L3658   | -           | -                                   | 20,000            | -                   | 20,000           | -                | -                | 20,000            | -                  | 20,000           |  |
| L3660   | -           | -                                   | 1,050             | -                   | 1,050            | -                | -                | 1,050             | -                  | 1,050            |  |
| L3662   | 1.0         | 7,880                               | 1,750             | -                   | 9,630            | -                | -                | 9,630             | -                  | 9,630            |  |
| L3664   | -           | 28,970                              | -                 | -                   | 28,970           | -                | -                | 28,970            | -                  | 28,970           |  |
| L3668   | -           | 5,890                               | -                 | -                   | 5,890            | -                | -                | 5,890             | -                  | 5,890            |  |
| L3672   | -           | -                                   | 8,000             | -                   | 8,000            | -                | -                | 8,000             | -                  | 8,000            |  |
| L3674   | 3.0         | 119,770                             | 3,850             | -                   | 123,620          | 3,870            | -                | 127,490           | -                  | 127,490          |  |
| L4015   | -           | -                                   | 153,180           | (523,680)           | (370,500)        | -                | -                | (370,500)         | -                  | (370,500)        |  |
| <b>Total White Cliffs Landscape Partnership</b> | <b>4.0</b>  | <b>162,510</b>                      | <b>357,300</b>    | <b>(523,680)</b>    | <b>(3,870)</b>   | <b>3,870</b>     | <b>-</b>         | <b>-</b>          | <b>-</b>           | <b>-</b>         |  |
|   | <b>88.1</b> | <b>3,132,640</b>                    | <b>12,301,910</b> | <b>(10,300,300)</b> | <b>5,134,250</b> | <b>3,824,510</b> | <b>1,593,150</b> | <b>10,551,910</b> | <b>(3,042,080)</b> | <b>7,509,830</b> |  |

**Earmarked General Reserves (2013/14 - 2016/17 Forecast)**

| Notes                                  | Balance         | Contrib-ution   | Application     | Balance         | Contrib-ution   | Application     | Balance         | Contrib-ution   | Application     | Balance         | Contrib-ution   | Application     | Balance         |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|  | 2012/13<br>£000 | 2013/14<br>£000 | 2013/14<br>£000 | 2013/14<br>£000 | 2014/15<br>£000 | 2014/15<br>£000 | 2014/15<br>£000 | 2015/16<br>£000 | 2015/16<br>£000 | 2015/16<br>£000 | 2016/17<br>£000 | 2016/17<br>£000 | 2016/17<br>£000 |
| 1 General Fund Balance                 | -14,760         | -270            | 12,500          | -2,530          | 0               | 0               | -2,530          | 0               | 763             | -1,767          | 0               | 1,189           | -578            |
| 2 Special Projects & Events Reserve    | -1,005          | -170            | 441             | -733            | -504            | 389             | -848            | -20             | 131             | -737            | -20             | 50              | -707            |
| 3 Periodic Operations Reserve          | -1,054          | -156            | 279             | -928            | -5              | 233             | -700            | -5              | 50              | -655            | -5              | 50              | -610            |
| 4 Urgent Works Reserve                 | -1,113          | -363            | 167             | -1,309          | 0               | 352             | -957            | 0               | 200             | -757            | 0               | 200             | -557            |
| 5 Regeneration Reserve                 | -477            | -279            | 229             | -526            | -279            | 69              | -736            | -279            | 33              | -982            | -279            | 32              | -1,228          |
| 6 ICT Equipment & Servers              | -508            | -58             | 450             | -116            | -58             | 79              | -96             | -58             | 150             | -4              | -58             | 0               | -62             |
| 7 Business Rates & Council Tax Support | -612            | -32             | 0               | -644            | 0               | 0               | -644            | 0               | 0               | -644            | 0               | 0               | -644            |
| 8 HRA Transfer Reserve                 | 0               | -12,500         | 0               | -12,500         | 0               | 0               | -12,500         | 0               | 0               | -12,500         | 0               | 0               | -12,500         |
| 8 Earmarked Reserves Total             | -4,769          | -13,558         | 1,566           | -16,756         | -846            | 1,122           | -16,481         | -362            | 564             | -16,279         | -362            | 332             | -16,308         |
| 9 Total Revenue Reserves               | -19,529         | -13,828         | 14,066          | -19,286         | -846            | 1,122           | -19,011         | -362            | 1,327           | -18,046         | -362            | 1,521           | -16,886         |

## **EARMARKED RESERVES**

A detailed review of earmarked reserves was undertaken in 2012/13 to ensure the reserves are held at appropriate levels for planned purposes. The following reserves are held:

### 1. General Fund Balance

The General Fund Balance is forecast to remain above the £2m preferred level in 2014/15. The forecasts for future years show the General Fund Balance in deficit by the end of 2016/17 if no action is taken to address the forecast deficits. It is considered that at this time there are sufficient other earmarked reserves to support the council in the short term whilst action is taken to address the deficits.

### 2. Special Projects & Events Reserve

This reserve is set aside to continue to fund one-off General Fund projects as they arise and to support major events in the district. The contributions and applications from this reserve are detailed in the Special Projects summary (Annex 8D).

### 3. Periodic Operations Reserve

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

### 4. Urgent Works Reserve

This reserve is set aside to fund urgent works on corporate assets and for other urgent business requirements, for example to fund a provision for claims from Municipal Mutual Insurance or for future restructures to meet likely on-going grant reductions. The need for this reserve is greater than ever due to the ageing nature of our assets and the reduced levels of investment in them as reflected in the reduced revenue budget.

Approval of expenditure from this reserve is delegated to the Section 151 Officer and the Portfolio Holder responsible for Finance.

### 5. Regeneration Reserve

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

### 6. ICT Equipment & Servers

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

### 7. Business Rates & Council Tax Support Reserve

This reserve was established from the unutilised Iceland Impairment and Concessionary Fares reserves in 2011/12. It was set up to allow for the risk of unforeseen pressures from the Redistribution of Business Rates and the new Council Tax Support scheme and future changes for Universal Credit. As there are still many uncertainties around these areas, it is recommended that this reserve is retained and reviewed on an annual basis.

#### 8. HRA Transfer Reserve

Council on 25<sup>th</sup> September 2013 resolved to transfer £10m from the Housing Revenue Account balance and £2.5m from the Housing Initiatives Reserves to the General Fund balance. This has been transferred into an earmarked reserve in 2013/14. No plans have yet been made for the application of the funds and any such plan will form the basis of a future report.

## Housing Revenue Account - 2014/15 Budget Estimate

|   | Original<br>Budget<br>2013/14 | Latest<br>Approved<br>Budget<br>2013/14 | Budget<br>Variance | Notes | 2014/15<br>Proposed<br>Budget | Variance of<br>Projected to<br>Approved | Notes |
|---|-------------------------------|---|--------------------|-------|-------------------------------|---|-------|
|   | £000                          | £000                                    | £000               |       | £000                          | £000                                    |       |
| <b>INCOME</b>   |                               |   |                    |       |                               |   |       |
| Dwelling Rents  | (18,520)                      | (18,622)                                | (102)              | 1     | (19,095)                      | (474)                                   | A     |
| Non-dwelling Rents  | (444)                         | (472)                                   | (27)               | 2     | (481)                         | (9)                                     | B     |
| Tenant Charges for Services and Facilities  | (285)                         | (300)                                   | (15)               | 3     | (335)                         | (35)                                    | C     |
| Conts. towards Expend. - Grants for Supporting People   | (178)                         | (178)                                   | 0                  |       | (177)                         | 1                                       | D     |
| Leaseholder Charges for Services and Facilities   | (166)                         | (295)                                   | (130)              | 4     | (298)                         | (2)                                     | E     |
| Other Misc  | (23)                          | (39)                                    | (16)               | 5     | (45)                          | (6)                                     | F     |
| <b>TOTAL INCOME</b>   | <b>(19,616)</b>               | <b>(19,906)</b>                         | <b>(290)</b>       |       | <b>(20,431)</b>               | <b>(525)</b>                            |       |
| <b>EXPENDITURE</b>  |                               |   |                    |       |                               |   |       |
| Repairs and Maintenance   | 3,385                         | 3,480                                   | 94                 | 6     | 3,567                         | 87                                      | G     |
| Supervision and Management  | 3,533                         | 3,640                                   | 108                | 7     | 3,780                         | 139                                     | H     |
| Rents, Rates, Taxes and Other Charges   | 66                            | 101                                     | 35                 | 8     | 152                           | 51                                      | I     |
| Depreciation of Fixed Assets  | 2,180                         | 2,183                                   | 3                  | 9     | 2,276                         | 93                                      | J     |
| Debt Management Expenses  | 20                            | 29                                      | 9                  | 10    | 24                            | (4)                                     | K     |
| Bad Debt Provision  | 250                           | 250                                     | 0                  |       | 250                           | 0                                       |       |
| Rent Rebate Subsidy Limitation  | 20                            | 20                                      | 0                  |       | 21                            | 1                                       | L     |
| <b>TOTAL EXPENDITURE</b>  | <b>9,454</b>                  | <b>9,703</b>                            | <b>249</b>         |       | <b>10,070</b>                 | <b>367</b>                              |       |
| <b>NET COST OF HRA SERVICES PER AUTHORITY<br/>INCOME AND EXPENDITURE ACCOUNT</b>  | <b>(10,162)</b>               | <b>(10,203)</b>                         | <b>(41)</b>        |       | <b>(10,361)</b>               | <b>(158)</b>                            |       |
| HRA Share of Corporate and Democratic Core  | 435                           | 435                                     | 0                  |       | 457                           | 22                                      | M     |
| <b>NET COST OF HRA SERVICES</b>   | <b>(9,727)</b>                | <b>(9,768)</b>                          | <b>(41)</b>        |       | <b>(9,904)</b>                | <b>(136)</b>                            |       |
| Interest Payable and Similar Charges  | 2,980                         | 2,980                                   | 0                  |       | 2,916                         | (64)                                    | N     |
| Interest and Investment Income  | (138)                         | (63)                                    | 75                 | 11    | (74)                          | (11)                                    | O     |
| Pension Int Costs and expected return on pensions assets  | 338                           | 464                                     | 126                | 12    | 464                           | 0                                       |       |
| <b>(SURPLUS)/DEFICIT FOR THE YEAR ON HRA SERVICES</b>   | <b>(6,546)</b>                | <b>(6,387)</b>                          | <b>160</b>         |       | <b>(6,598)</b>                | <b>(211)</b>                            |       |
| Amount required by statute to be credited to the HRA<br>Balance for the year (as per the Note to the Statement of<br>Movement below) ** | 4,826                         | 4,022                                   | (804)              |       | 6,213                         | 2,191                                   |       |
| <b>Net (Increase)/Decrease in the Housing Revenue<br/>Account Balance before transfers to or from reserves</b>                          | <b>(1,720)</b>                | <b>(2,365)</b>                          | <b>(645)</b>       |       | <b>(385)</b>                  | <b>1,980</b>                            |       |
| Transfer to or (from) reserves  | 2,000                         | 0                                       | (2,000)            | 14    | 0                             | 0                                       |       |
| <b>(Increase)/decrease in year on the HRA balance</b>   | <b>280</b>                    | <b>(2,365)</b>                          | <b>(2,645)</b>     |       | <b>(385)</b>                  | <b>1,980</b>                            |       |
| <b>Impact of Deficit / (surplus) on balances</b>  |                               |   |                    |       |                               |   |       |
| Housing Revenue Account surplus brought forward   | (9,940)                       | (659)                                   | 9,282              |       | (3,023)                       | (2,365)                                 |       |
| <b>Housing Revenue Account surplus carried forward</b>  | <b>(9,660)</b>                | <b>(3,023)</b>                          | <b>6,637</b>       |       | <b>(3,408)</b>                | <b>(385)</b>                            |       |

| <b>** Note to the Statement of Movement on the HRA<br/>Account</b>   |              |              |              |    |              |              |   |
|--|--------------|--------------|--------------|----|--------------|--------------|---|
| <b>Items included in the HRA Income and Expenditure Account but<br/>excluded from the movement on HRA Balance for the year</b>   |              |              |              |    |              |              |   |
|  | £000         | £000         | £000         |    | £000         | £000         |   |
| Difference between amounts charged to income and<br>expenditure for the amortisation of premiums and discounts<br>and the charge for the year determined in accordance with<br>statute |              |              |              |    |              |              |   |
| Net Charges made for retirement benefits in accordance with<br>IAS19   | 425          | 423          | (2)          | 12 | 446          | 23           | P |
|  | <b>425</b>   | <b>423</b>   | <b>(2)</b>   |    | <b>446</b>   | <b>23</b>    |   |
| <b>Items not included in the HRA Income and Expenditure Account but<br/>included in the movement on HRA Balance for the year</b>   |              |              |              |    |              |              |   |
| Transfer to/(from) the Major Repairs Reserve   | 2,589        | 2,589        | 0            |    | 2,720        | 131          | Q |
| Employer's contributions payable to the Pension Fund and<br>retirements benefits payable direct to pensioners  | (338)        | (464)        | (126)        | 12 | (464)        | 0            |   |
| Capital expenditure funded by the HRA  | 2,151        | 1,475        | (677)        | 13 | 3,512        | 2,037        | R |
|  | <b>4,402</b> | <b>3,599</b> | <b>(803)</b> |    | <b>5,767</b> | <b>2,168</b> |   |
| <b>Net additional amount required by statute to be<br/>debited/(credited) to the HRA Balance for the year</b>  | <b>4,826</b> | <b>4,022</b> | <b>(804)</b> |    | <b>6,213</b> | <b>2,191</b> |   |



**Housing Revenue Account Variance Analysis**  
**2013/14 Original Budget to 2013/14 Projected Outturn & Projected Outturn to 2014/15 Estimates**

**Housing Revenue Account Variation Statement - as at 31 December 2013**

|   |  | <u>£000's</u>        |
|---|--|----------------------|
| 2013/14 Original Budget                                   |  | <b>280</b>           |
| 1 Dwelling Rents  | Increase income - reduced void rate.   | -102                 |
| 2 Non Dwelling Rents                                      | Increased garage rent  | -27                  |
| 3 Tenant Charges for Services & Facilities                | Minor % variance on budget   | -15                  |
| 4 Leaseholder Charges for Services and Facilities         | Additional recoverable Major Works   | -104                 |
|   | Insurance income - no longer offset against cost   | -26                  |
| 5 Misc  | Increased recoverable Legal & Admin Fees   | -16                  |
| 6 Repairs and Maintenance                                 | Increase in Void property repairs  | 94                   |
| 7 Supervision and Management                              | Post budget increase in EKH Management Fee   | 65                   |
|   | Reduction re: Play Area replacement equipment funded through Capital   | -33                  |
|   | Leaseholder Insurance cost no longer offset against income   | 26                   |
|   | Increase in Legal Fees re: ASB & Debtors   | 12                   |
|   | Uplift in HRA share of contribution to CAB   | 10                   |
|   | Computer Softwar Maint/Purchase  | 17                   |
|   | Uplift in Tenants Incentive Scheme re: downsizing  | 8                    |
|   | Misc   | 3                    |
| 8 Rent, Rates Taxes & Other Charges                       | Uplift due to removal of Council Tax void grace period   | 35                   |
| 9 Depreciation  | Intangible Asset amortisation  | 3                    |
| 10 Debt Management Expense                                | Revision of HRA/GF apportionment   | 9                    |
| 11 Interest & Investment Income                           | Reduced interest following transfer of HRA balance to GF   | 75                   |
| 12 Pension Adjustments                                    | In accordance with Accounting Standards (FRS 17)   | -2                   |
| 13 Capital Expenditure funded by the HRA                  | Adjustment due to reduction in Capital Works Programme   | -711                 |
|   | Capital contingency for replacement Housing System not required in 2013/14   | -330                 |
|   | Empty Homes project estimated net cost   | 150                  |
|   | Demolition of decanted Sheltered properties  | 120                  |
|   | Fees re: Elvington Development   | 18                   |
|   | Sheridan Road Play Area - replacement equipment  | 48                   |
|   | ICT Infrastructure costs c/f from 2012/13 programme  | 28                   |
| 14 Transfer to Reserves                                   | Budgeted transfer cancelled following transfer of HRA balance to GF  | -2,000               |
| <b>Projected Outturn 2013/2014 as at 31 December 2013</b> |  | <b><u>-2,365</u></b> |
| A Dwelling Rents  | Uplift based on DCLG advised % RPI uplift  | -474                 |
| B Non Dwelling Rents                                      | Minor inflationary increase  | -9                   |
| C Tenant Charges for Services and Facilities              | Mainly re: increase in service charge for cleaning   | -35                  |
| D Supporting People Grant                                 | Minor adjustment   | 1                    |
| E Leaseholder Charges for Services and Facilities         | Minor reduction re: major works (£2k) and increase in service charge for cleaning (£8k)  | -2                   |
| F Other Misc  | Minor inflationary increase  | -6                   |
| G Repairs & Maintenance                                   | Major variances include: Response Maint + £100k, Voids Maint - £50k Electrical Inspections + £25k & Estate Paths + £10k  | 87                   |
| H Supervision and Management                              | Home loss (£100k) re: Sheltered development & Elderly Persons Incentive Scheme (-£10k)   | 90                   |
|   | Caretaking & Cleaning - increased specification of works under new contract. Expected to be substantially offset by increased leaseholder & tenant service charges | 45                   |
|   | Professional & Agency - re: lower level of support for Housing Initiatives required than in 13/14  | -22                  |
|   | Increased cost of Careline Service - contract currently under review   | 12                   |
|   | Urban Renewal - revenue budget not required for 14/15  | -9                   |
|   | Computer Software Maint/Purchase   | -10                  |
|   | Communal Lighting  | -5                   |
|   | Recharges - mainly re: 'Alt Service Delivery'  | 40                   |
|   | Other  | -2                   |
| I Rents, Rates, Taxes and Other Charges                   | Expected increase due to removal of "grace period" on void properties & anticipated increase in void levels  | 51                   |
| J Depreciation of Fixed Assets                            | £75k re: Buildings - reversed out in Major Repairs Reserve adjustment  | 93                   |
| K Debt Management Expenses                                | Minor Decrease   | -4                   |
| L Rent Rebate Subsidy Limitation                          | Minor Increase   | 1                    |
| M HRA Share of Corporate and Democratic Core              | Adjustment in level of internal recharges  | 22                   |
| N Interest Payable  | Annual decrease in interest element of debt repayment  | -64                  |
| O Interest and Investment Income                          | Increasing level of HRA balances   | -11                  |
| P Pension related adjustments                             | In accordance with Accounting Standards (FRS 17)   | 23                   |
| Q Transfer to the Major Repairs Reserve                   | Difference between depreciation charge & notional Major Repairs Allowance  | 131                  |
| R Capital expenditure funded by the HRA                   | Due to increased Capital Works Programme - main element £1.8m re: Sheltered refurbishment.   | 2,037                |
| <b>2014/2015 Budget Estimate</b>                          |  | <b><u>-385</u></b>   |

| MEDIUM TERM CAPITAL PROGRAMME - JANUARY 2014 OUTTURN                           |               |                |                  |                  |                  |              |               |
|--|---------------|----------------|------------------|------------------|------------------|--------------|---------------|
| Projects included in the programme   | Total         | Previous years | Estimate 2013/14 | PROPOSED BUDGET  |                  |              | Total         |
|  |               |                |                  | Estimate 2014/15 | Estimate 2015/16 | Future years |               |
|  |               |                |                  | £                | £                | £            |               |
| <b>Committed General Fund Projects</b>   |               |                |                  |                  |                  |              |               |
| <b>Dover Regeneration Projects</b>   |               |                |                  |                  |                  |              |               |
| Dover Pride - Dover Town Investment Zone                                       | 2,035         | 1,857          | 178              | 0                | 0                | 0            | 2,035         |
| DTIZ - SEEDA funded projects   | 6,863         | 6,694          | 169              | 0                | 0                | 0            | 6,863         |
| DTIZ/Waterfront (DDC/GP Funded)  | 720           | 584            | 136              | 0                | 0                | 0            | 720           |
| DTIZ - HCA funded projects   | 2,684         | 2,387          | 296              | 0                | 0                | 0            | 2,684         |
| DTIZ Growth Point - Unallocated Grant Funding                                  | 150           | 0              | 150              | 0                | 0                | 0            | 150           |
| Dover Pride - Dover Priory Ph 1 & 2 (see grants & contributions appx)          | 120           | 107            | 13               | 0                | 0                | 0            | 120           |
| Waterfront (Yorkgate) - (Cluster Prep/GP Funded)                               | 115           | 84             | 31               | 0                | 0                | 0            | 115           |
| Waterfront - Planning (Cluster Prep funded)                                    | 150           | 0              | 150              | 0                | 0                | 0            | 150           |
| <b>Sub total</b>   | <b>12,837</b> | <b>11,713</b>  | <b>1,124</b>     | <b>0</b>         | <b>0</b>         | <b>0</b>     | <b>12,837</b> |
| <b>Other Regeneration Projects</b>   |               |                |                  |                  |                  |              |               |
| Aylesham Regeneration Project  | 1,491         | 1,423          | 68               | 0                | 0                | 0            | 1,491         |
| Land Purchase-Sustainable Transport Connections-Whitfield Court                | 146           | 0              | 146              | 0                | 0                | 0            | 146           |
| Deal Transportation & Flood Alleviation Models- GP/KCC Funded                  | 124           | 124            | 0                | 0                | 0                | 0            | 124           |
| <b>Sub total</b>   | <b>1,761</b>  | <b>1,547</b>   | <b>214</b>       | <b>0</b>         | <b>0</b>         | <b>0</b>     | <b>1,761</b>  |
| <b>ICT Projects</b>  |               |                |                  |                  |                  |              |               |
| Replace Core Switched Network  | 80            | 0              | 80               | 0                | 0                | 0            | 80            |
| Upgrade Northgate (OHMS)   | 20            | 0              | 15               | 0                | 0                | 0            | 15            |
| <b>Sub total</b>   | <b>100</b>    | <b>0</b>       | <b>95</b>        | <b>0</b>         | <b>0</b>         | <b>0</b>     | <b>95</b>     |
| <b>Other projects</b>  |               |                |                  |                  |                  |              |               |
| Mandatory Disabled Facilities Grants   | 903           | n/a            | 553              | 350              | 0                | 0            | 903           |
| Small Works Adaptations Grants   | 50            | 0              | 0                | 50               | 0                | 0            | 50            |
| Renovation Grants  | 32            | n/a            | 17               | 15               | 0                | 0            | 32            |
| Renovation Loans/PSH Loans   | 4,358         | 3,933          | 425              | 0                | 0                | 0            | 4,358         |
| Private Sector Renewal Grants  | 0             | 0              | 0                | 0                | 0                | 0            | 0             |
| Walmer to Kingsdown/Oldstairs Bay Study  | 77            | 66             | 11               | 0                | 0                | 0            | 77            |
| Sandown Castle - Coastal Defence Works (100% grant)                            | 42            | 38             | 4                | 0                | 0                | 0            | 42            |
| White Cliffs Landscape Project-DDC Capital Expenditure (100% grant funded)     | 125           | 0              | 79               | 0                | 23               | 23           | 125           |
| White Cliffs Landscape Project-Capital Grants (100% grant funded)              | 649           | 0              | 348              | 153              | 74               | 74           | 649           |
| East Cliff Public Conveniences Refurbishment                                   | 90            | 0              | 90               | 0                | 0                | 0            | 90            |
| Kingsdown Wall Repair/Beach Recycling  | 120           | 0              | 285              | 0                | 0                | 0            | 285           |
| Dover Leisure Centre - Plant & Equipment Replacement                           | 79            | 0              | 79               | 0                | 0                | 0            | 79            |
| Tides - Plant & Equipment Replacement  | 108           | 0              | 108              | 0                | 0                | 0            | 108           |
| Kingsdown Timber Groyne Study  | 30            | 0              | 30               | 0                | 0                | 0            | 30            |
| Deal Seafront Enhancement  | 13            | 0              | 13               | 0                | 0                | 0            | 13            |
| <b>Sub total</b>   | <b>6,676</b>  | <b>4,037</b>   | <b>2,040</b>     | <b>568</b>       | <b>98</b>        | <b>98</b>    | <b>6,841</b>  |
| <b>Sub total of Committed General Fund Projects</b>                            | <b>21,374</b> | <b>17,297</b>  | <b>3,474</b>     | <b>568</b>       | <b>98</b>        | <b>98</b>    | <b>21,534</b> |
| <b>General Fund Projects - Proposed Projects</b>                               |               |                |                  |                  |                  |              |               |
| Beach Recycling Works - Walmer to Kingsdown (100% grant)                       | 240           | 0              | 0                | 0                | 120              | 120          | 240           |
| Beach Recycling Works - Sandown Castle to Deal Castle (100% grant)             | 90            | 0              | 0                | 30               | 30               | 30           | 90            |
| Fountain Refurbishment & Street Scape Improvements - Market Square Dover       | 75            | 0              | 0                | 0                | 0                | 0            | 0             |
| Community Safety Project (100% grant)  | 25            | 11             | 14               | 0                | 0                | 0            | 25            |
| Bronze Age Boat - Replacement Air Conditioning Plant                           | 18            | 0              | 0                | 18               | 0                | 0            | 18            |
| Building Energy Management System  | 28            | 0              | 0                | 28               | 0                | 0            | 28            |
| Burial Records On Line   | 15            | 0              | 0                | 15               | 0                | 0            | 15            |
| Dover Leisure Centre - Plant & Equipment Replacement                           | 21            | 0              | 21               | 0                | 0                | 0            | 21            |
| Tides - Plant & Equipment Replacement  | 0             | 0              | 0                | 0                | 0                | 0            | 0             |
| Leisure Centres Contingency - Repairs & Equipment                              | 462           | 0              | 62               | 200              | 200              | 0            | 462           |
| Victoria Park - New Changing Rooms   | 200           | 0              | 0                | 0                | 0                | 0            | 0             |
| Museum - General Replacements  | 70            | 0              | 0                | 70               | 0                | 0            | 70            |
| Deal Pier - Refurbishments on pier stem  | 270           | 0              | 0                | 135              | 135              | 0            | 270           |
| Deal Seafront Enhancement  | 113           | 0              | 0                | 113              | 0                | 0            | 113           |
| Capital Contingency  | 100           | 0              | 100              | 0                | 0                | 0            | 100           |
| Deal Youth Centre (S106 Funded)  | 200           | 0              | 0                | 200              | 0                | 0            | 200           |
| Aylesham Redevelopment   | 0             | 0              | 0                | 10               | 0                | 0            | 10            |
| Dover Town Investment Zone   | 0             | 0              | 0                | 140              | 0                | 0            | 140           |
| Redevelopment of Centurion House Site  | 0             | 0              | 0                | 160              | 0                | 0            | 160           |
| Redevelopment of Centurion House Site-Grant Funded                             | 0             | 0              | 0                | 90               | 0                | 0            | 90            |
| Disabled Facilities Grant Funding-DDC contribution                             | 0             | 0              | 0                | 74               | 0                | 0            | 74            |
| Disabled Facilities Grant Funding-DCLG Grant                                   | 0             | 0              | 0                | 484              | 0                | 0            | 484           |
| Kearsney Abbey-HLF Parks for People Bid  | 0             | 0              | 0                | 300              | 0                | 0            | 300           |
| Dover Town Hall-Replacement of flat roof coverings                             | 0             | 0              | 0                | 150              | 0                | 0            | 150           |
| Leisure Centres-Fitness Equipment Replacement                                  | 0             | 0              | 0                | 30               | 0                | 0            | 30            |
| Repair Kingsdown Sea Defences-DDC contribution                                 | 0             | 0              | 0                | 200              | 0                | 0            | 200           |
| Repair Kingsdown Sea Defences-Grant  | 0             | 0              | 0                | 1,486            | 0                | 0            | 1,486         |
| Museum-Bronze Age Boat, Fire Alarm & General Replacements                      | 0             | 0              | 0                | 32               | 0                | 0            | 32            |
| Capital Contingency  | 0             | 0              | 0                | 50               | 0                | 0            | 50            |
| Solar PV for Whitfield Offices   | 0             | 0              | 0                | 85               | 0                | 0            | 85            |
| Deal Town Football Clubhouse Rebuild   | 0             | 0              | 0                | 536              | 0                | 0            | 536           |
| Capital Grant to RSL to assist construction of affordable housing in Whitfield | 0             | 0              | 0                | 700              | 0                | 0            | 700           |
| William Pitt Ave-Play Area   | 0             | 0              | 0                | 90               | 0                | 0            | 90            |
| Victoria Park-Play Area  | 0             | 0              | 0                | 33               | 0                | 0            | 33            |
| <b>Sub total of General Fund Proposed Projects</b>                             | <b>1,926</b>  | <b>11</b>      | <b>197</b>       | <b>5,458</b>     | <b>485</b>       | <b>150</b>   | <b>6,300</b>  |
| <b>ICT Infrastructure Investment - Proposed Projects</b>                       |               |                |                  |                  |                  |              |               |
| Replace Core Switched Network (Switches & Cabling-Whitfield Site)              | 30            | 0              | 5                | 25               | 0                | 0            | 30            |
| Citrix Implementation-Thin Client Technology                                   | 0             | 0              | 0                | 0                | 0                | 0            | 0             |
| Microsoft 2010 Upgrade (on Thin Client Platform)                               | 0             | 0              | 0                | 0                | 0                | 0            | 0             |
| Upgrade PC Estate to Windows 7   | 0             | 0              | 0                | 0                | 0                | 0            | 0             |
| <b>Sub total of ICT Proposed Projects</b>                                      | <b>30</b>     | <b>0</b>       | <b>5</b>         | <b>25</b>        | <b>0</b>         | <b>0</b>     | <b>30</b>     |
| <b>Sub total of all Proposed General Fund Projects</b>                         | <b>1,956</b>  | <b>11</b>      | <b>202</b>       | <b>5,483</b>     | <b>485</b>       | <b>150</b>   | <b>6,330</b>  |

| MEDIUM TERM CAPITAL PROGRAMME - JANUARY 2014 OUTTURN                  |               |                |                  |                  |                  |              |               |
|---|---------------|----------------|------------------|------------------|------------------|--------------|---------------|
| Projects included in the programme                                    | Total         | Previous years | Estimate 2013/14 | PROPOSED BUDGET  |                  |              | Total         |
|   |               |                |                  | Estimate 2014/15 | Estimate 2015/16 | Future years |               |
|   |               |                |                  | £                | £                | £            |               |
| <b>General Fund Projects Total</b>                                    | <b>23,330</b> | <b>17,308</b>  | <b>3,675</b>     | <b>6,051</b>     | <b>583</b>       | <b>248</b>   | <b>27,865</b> |
| <b>HRA Programme</b>  |               |                |                  |                  |                  |              |               |
| Housing Revenue Account Property Projects - Committed Works           | 4,214         | n/a            | 4,214            | 0                | 0                | 0            | 4,214         |
| Sheridan Rd Play Area Refurbishment (HRA Funded)                      | 48            | n/a            | 48               | 0                | 0                | 0            | 48            |
| Demolition - William Muge & Snelgrove House                           | 120           | n/a            | 120              | 0                | 0                | 0            | 120           |
| Redevelopment - HRA Land - Adelaide Rd                                | 318           | n/a            | 18               | 300              | 0                | 0            | 318           |
| Urban Renewal - Housing Development - proposed                        | 2,182         | n/a            | 0                | 532              | 850              | 800          | 2,182         |
| Housing Revenue Account Property Projects - New bid                   | 0             | n/a            | 0                | 6,110            | 0                | 0            | 6,110         |
| Housing Revenue Account - Provisions for proposed projects            | 28            | n/a            | 28               | 0                | 0                | 0            | 28            |
| Empty Homes Project - Provision for proposed project                  | 260           | n/a            | 260              | 0                | 0                | 0            | 260           |
| Play Areas - proposed HRA funding                                     | 0             | n/a            | 0                | 64               | 0                | 0            | 64            |
| Systems Replacement Contingency                                       | 0             | n/a            | 0                | 328              | 0                | 0            | 328           |
| <b>HRA Total</b>  | <b>7,170</b>  | <b>0</b>       | <b>4,688</b>     | <b>7,334</b>     | <b>850</b>       | <b>800</b>   | <b>13,672</b> |
| <b>Total</b>  | <b>30,500</b> | <b>17,308</b>  | <b>8,364</b>     | <b>13,386</b>    | <b>1,433</b>     | <b>1,048</b> | <b>41,537</b> |
| <b>Financed by:</b>   |               |                |                  |                  |                  |              |               |
| Capital projects financed in previous financial years                 | 17,308        | 17,308         | 0                | 0                | 0                | 0            | 17,308        |
| Capital receipts - General Fund                                       | 2,222         | n/a            | 849              | 1,910            | 335              | 0            | 3,093         |
| Capital receipts - HRA  | 0             | n/a            | 0                | 0                | 0                | 0            | 0             |
| Major Repairs Allowance   | 2,870         | n/a            | 2,870            | 3,030            | 0                | 0            | 5,900         |
| Tenants Compact - Reserve Funding                                     | 253           | n/a            | 253              | 0                | 0                | 0            | 253           |
| Direct Revenue Financing - HRA  | 3,697         | n/a            | 1,470            | 4,044            | 850              | 800          | 7,164         |
| Direct Revenue Financing - General Fund                               | 705           | n/a            | 357              | 153              | 98               | 98           | 705           |
| Direct Revenue Financing - General Fund - New bid                     | 0             | n/a            | 0                | 186              | 0                | 0            | 186           |
| Grants  |               |                |                  |                  |                  |              |               |
| SEEDA for DTIZ  | 169           | n/a            | 169              | 0                | 0                | 0            | 169           |
| HCA (was - English Partnerships) for DTIZ/mid-town centre             | 298           | n/a            | 298              | 0                | 0                | 0            | 298           |
| HCA (Land Acquisition)  | 145           | n/a            | 145              | 0                | 0                | 0            | 145           |
| HCA (Empty Homes Project)   | 110           | n/a            | 110              | 0                | 0                | 0            | 110           |
| HCA (Redevelopment of Centurion House Site)                           | 0             | n/a            | 0                | 90               | 0                | 0            | 90            |
| Growth Point - Unallocated Grant Funding                              | 150           | n/a            | 150              | 0                | 0                | 0            | 150           |
| Growth Point (Waterfront-Yorkgate)                                    | 14            | n/a            | 14               | 0                | 0                | 0            | 14            |
| Growth Point (White Cliffs Landscape Partnership)                     | 80            | n/a            | 80               | 0                | 0                | 0            | 80            |
| Mandatory Disabled Facilities Grants                                  | 708           | n/a            | 553              | 155              | 0                | 0            | 708           |
| Mandatory Disabled Facilities Grants-new bid                          | 0             | n/a            | 0                | 484              | 0                | 0            | 484           |
| Coast Protection grants   | 461           | n/a            | 245              | 30               | 150              | 150          | 575           |
| Kent County Council (Kingsdown Wall Repair/Beach Recycling)           | 0             | n/a            | 50               | 0                | 0                | 0            | 50            |
| Private Sector Renewals Grant   | 260           | n/a            | 260              | 0                | 0                | 0            | 260           |
| Renovation/PSH Repayments of Loans                                    | 164           | n/a            | 164              | 0                | 0                | 0            | 164           |
| Dover Town Council (East Cliff Toilets)                               | 13            | n/a            | 13               | 0                | 0                | 0            | 13            |
| Dover Harbour Board (East Cliff Toilets)                              | 13            | n/a            | 13               | 0                | 0                | 0            | 13            |
| Environment Agency (Sandown Castle-Coastal Defence)                   | 4             | n/a            | 4                | 0                | 0                | 0            | 4             |
| Environment Agency (Kingsdown Timber Groyne Study)                    | 30            | n/a            | 30               | 0                | 0                | 0            | 30            |
| Environment Agency (Repair Kingsdown Sea Defences)                    | 0             | n/a            | 0                | 1,486            | 0                | 0            | 1,486         |
| Performance Reward Grant (Community Safety)                           | 14            | n/a            | 14               | 0                | 0                | 0            | 14            |
| Performance Reward Grant (DFGs)                                       | 75            | n/a            | 0                | 75               | 0                | 0            | 75            |
| Football Assoc/Sport England (Deal Town FC Clubhouse Rebuild)         | 0             | n/a            | 0                | 350              | 0                | 0            | 350           |
| Section 106 Funding   | 370           | n/a            | 0                | 370              | 0                | 0            | 370           |
| Section 106 Funding (Play Areas)                                      | 0             | n/a            | 0                | 123              | 0                | 0            | 123           |
| Supported borrowing - HRA   | 0             | n/a            | 0                | 0                | 0                | 0            | 0             |
| Supported borrowing - General Fund                                    | 0             | n/a            | 0                | 0                | 0                | 0            | 0             |
| Unsupported borrowing   | 0             | n/a            | 0                | 0                | 0                | 0            | 0             |
| Other reserves  | 0             |                |                  |                  |                  |              |               |
| - Cluster Prep Reserve (Waterfront)                                   | 167           | n/a            | 167              | 0                | 0                | 0            | 167           |
| - Special projects reserve  | 0             | n/a            | 0                | 85               | 0                | 0            | 85            |
| - ICT Reserve (ICT Infrastructure Investment)                         | 110           | n/a            | 85               | 25               | 0                | 0            | 110           |
| - Excess Right to Buy Receipts (Redevelopment HRA Land - Adelaide Rd) | 90            | n/a            | 0                | 90               | 0                | 0            | 90            |
| - Sale of land at Whitfield/RTB Receipts                              | 0             | n/a            | 0                | 700              | 0                | 0            | 700           |
| <b>Total</b>  | <b>30,500</b> | <b>17,308</b>  | <b>8,364</b>     | <b>13,386</b>    | <b>1,433</b>     | <b>1,048</b> | <b>41,537</b> |

| <b><u>Capital Receipts Summary as at 10/1/14</u></b> | £000 | £000          |
|--|------|---------------|
| <b>Capital Receipts as at 31/03/13</b>               |      | <b>-2,666</b> |
| <u>Receipts in year:</u>                             |      |               |
| General Fund Capital Receipts                        |      | -240          |
| Poolable HRA Capital Receipts Received               | -992 |               |
| <u>Deduct:</u>                                       |      |               |
| Admin fees   | 20   |               |
| HRA Pooling to Qtr 3                                 | 179  |               |
| Ring Fenced for 1:4:1 Affordable Housing             | 598  |               |
| HRA Capital receipts not ring-fenced                 |      | -196          |
| <b>Total Unringenced Capital Receipts</b>            |      | <b>-3,102</b> |
| Allocated to existing GF Capital Programme           |      | 2,222         |
| <b>Balance after Existing Projects</b>               |      | <b>-880</b>   |
| Proposed removal of projects:                        |      |               |
| Victoria Park Changing Rooms                         |      | -200          |
| Dover Fountain Refurbishment                         |      | -75           |
| <b>Balance after Existing Projects</b>               |      | <b>-1,155</b> |
| Proposed new projects                                |      | 1,146         |
| <b>Balance available for future projects</b>         |      | <b>-9</b>     |

| <b>HRA REVENUE WORKS PROGRAMME</b>        | PROJECTED          | PROPOSED          |
|---|--------------------|-------------------|
|   | OUTTURN<br>2013/14 | BUDGET<br>2014/15 |
|   | £000               | £000              |
| Term Maintenance                          | 1,200              | 1,300             |
| External Decorations                      | 550                | 550               |
| Cesspool Drainage Replacement             | 5                  | 5                 |
| Communal TV Aerials Installation          | 10                 | 10                |
| Elderly Persons Redecorations             | 10                 | 10                |
| Estates Paths, Pavings, Floor Resurfacing | 65                 | 75                |
| Insurance Excess                          | 10                 | 10                |
| Vandalism                                 | 30                 | 30                |
| Electrical Safety Inspections             | 50                 | 75                |
| Health and Safety Water Inspections       | 9                  | 10                |
| Voids Properties                          | 800                | 750               |
| Void Security                             | 3                  | 3                 |
| Heating Servicing                         | 550                | 550               |
| Lift Maintenance                          | 7                  | 5                 |
| Disabled Hoists & Lifts                   | 13                 | 13                |
| Fire Alarm Servicing                      | 55                 | 55                |
| Door Entry                                | 15                 | 15                |
| Sunny Corner                              | 0                  | 0                 |
| Tenant Compensation                       | 3                  | 2.5               |
| <b>TOTAL REVENUE WORKS PROGRAMME</b>      | <b>3,385</b>       | <b>3,469</b>      |

| <b>HRA CAPITAL WORKS PROGRAMME</b>                | PROJECTED          | PROPOSED          |
|---|--------------------|-------------------|
|   | OUTTURN<br>2013/14 | BUDGET<br>2014/15 |
|   | £000               | £000              |
| <b><u>HOUSING REVENUE ACCOUNT SCHEMES</u></b>     |                    |                   |
| <b>IMPROVEMENTS</b>                               |                    |                   |
| Reroofing   | 290                | 240               |
| Replacement Doors and Windows                     | 300                | 483               |
| Door Entry Systems                                | 8                  | 129               |
| Fire Precaution Works                             | 275                | 240               |
| Renewal Heating                                   | 140                | 150               |
| Thermal Insulation                                | 50                 | 50                |
| Asbestos Programme                                | 20                 | 20                |
| Structural Repairs                                | 330                | 250               |
| Kitchen Programme                                 | 1,463              | 1,463             |
| Rewiring  | 485                | 485               |
| Environmental Improvements -DDC initiated         | 3                  | 200               |
| Tenants Compact - Dover / Deal                    | 183                | 50                |
| Tenants Compact - Sandwich / Rural                | 117                | 0                 |
| Adaptations for Disabled Persons                  | 551                | 551               |
| Sheltered Upgrade                                 | 0                  | 1,800             |
| <b>Capital Works Programme Total</b>              | <b>4,214</b>       | <b>6,110</b>      |
| Anite Upgrade                                     | 20                 | 0                 |
| Play Areas  | 48                 | 0                 |
| Contingency re: Alarm Systems - Sheltered         | 0                  | 0                 |
| Provision for replacement Housing System          | 0                  | 328               |
| HRA Play areas not yet approved                   | 0                  | 64                |
| Empty home project (2013/14)                      | 260                | 0                 |
| Elvington - New Homes                             | 18                 | 300               |
| Proposed Demolition costs not yet approved        | 120                | 0                 |
| Provision for ICT Infrastructure (b/f from 12/13) | 28                 | 0                 |
| <b>TOTAL HRA CAPITAL PROGRAMME</b>                | <b>4,708</b>       | <b>6,802</b>      |
| Financed By:                                      |                    |                   |
| Capital Receipts                                  | 0                  | 0                 |
| Major Repairs Reserve                             | 2,870              | 3,030             |
| Direct Revenue Financing (HRA)                    | 1,475              | 3,512             |
| Tenants Compact Reserve                           | 253                | 0                 |
| Grant, Excess Right to Buy & S106 Funding         | 110                | 260               |
| <b>TOTAL CAPITAL WORKS FUNDING</b>                | <b>4,708</b>       | <b>6,802</b>      |

|                             |              |               |
|-----------------------------|--------------|---------------|
| <b>FULL PROGRAMME TOTAL</b> | <b>8,092</b> | <b>10,271</b> |
|-----------------------------|--------------|---------------|

## SPECIAL PROJECTS - 2014/15 FORECAST

| PROJECTS FINANCED FROM THE SPECIAL PROJECTS RESERVE  | Capital / Revenue | Total Approved | Prior Years  | Estimate   | Estimate   | Estimate   | Future years | Total Revised Budget |
|--|-------------------|----------------|--------------|------------|------------|------------|--------------|----------------------|
|  |                   | Budget         | Exp          | 2013/14    | 2014/15    | 2015/16    |              |                      |
|  |                   | £              | £            | £          | £          | £          | £            | £                    |
| <b>Committed Special Revenue Projects</b>  |                   |                |              |            |            |            |              |                      |
| Corporate Property Maintenance   | R                 | 636            | 505          | 131        | 0          | 0          | 0            | 636                  |
| Play Areas - enhancements to strategic sites   | R                 | 50             | 35           | 15         | 0          | 0          | 0            | 50                   |
| Control of Asbestos Regulations Works - Corporate Buildings                                      | R                 | 44             | 21           | 23         | 0          | 0          | 0            | 44                   |
| Disability Discrimination Act Works - Corporate Buildings  | R                 | 109            | 93           | 3          | 13         | 0          | 0            | 109                  |
| Quality Bus Partnership (formerly Kickstart Bus Initiative)                                      | R                 | 76             | 76           | 0          | 0          | 0          | 0            | 76                   |
| Farthingloe/Western Heights - consultancy  | R                 | 45             | 12           | 2          | 31         | 0          | 0            | 45                   |
| ICT Solutions-Regen & Dev/Corp PA & Support  | R                 | 50             | 32           | 18         | 0          | 0          | 0            | 50                   |
| Connaught Park Pond/Shelter  | R                 | 45             | 0            | 45         | 0          | 0          | 0            | 45                   |
| Whitfield Office Lighting Replacement  | R                 | 70             | 0            | 70         | 0          | 0          | 0            | 70                   |
| Dover Live Site-Big Screen Removal   | R                 | 20             | 0            | 20         | 0          | 0          | 0            | 20                   |
| <b>Sub total</b>   |                   | <b>1,145</b>   | <b>775</b>   | <b>326</b> | <b>44</b>  | <b>0</b>   | <b>0</b>     | <b>1,145</b>         |
| <b>ICT Infrastructure Investment Projects</b>  |                   |                |              |            |            |            |              |                      |
| ICT Small Projects   | R                 | 4              | 0            | 4          | 0          | 0          | 0            | 4                    |
| Replace Storage (SAN)  | R                 | 45             | 0            | 45         | 0          | 0          | 0            | 45                   |
| PC Refresh   | R                 | 189            | 0            | 189        | 0          | 0          | 0            | 189                  |
| <b>Sub total</b>   |                   | <b>238</b>     | <b>0</b>     | <b>238</b> | <b>0</b>   | <b>0</b>   | <b>0</b>     | <b>238</b>           |
| <b>Capital projects in capital programme financed from reserve:</b>                              |                   |                |              |            |            |            |              |                      |
| Provision allocated to capital programme to finance capital projects                             | C                 | 783            | 783          | 0          | 0          | 0          | 0            | 783                  |
|  |                   | <b>2,166</b>   | <b>1,558</b> | <b>564</b> | <b>44</b>  | <b>0</b>   | <b>0</b>     | <b>2,166</b>         |
| <b>Proposed Projects</b>   |                   |                |              |            |            |            |              |                      |
| North Deal - Community based regeneration - Golf Rd/Cannon Str. Deal                             | R                 | 60             | 0            | 60         | 0          | 0          | 0            | 60                   |
| Play Areas - Clarendon, Dover provision of new site (only to go ahead if S106 funding available) | R                 | 0              | 0            | 0          | 0          | 0          | 0            | 0                    |
| Car Park Study   | R                 | 25             | 0            | 0          | 25         | 0          | 0            | 25                   |
| DES Efficiency Projects  | R                 | 30             | 0            | 0          | 30         | 0          | 0            | 30                   |
| Parks - General Repairs (walls, fences, lakes, structures etc)                                   | R                 | 81             | 0            | 25         | 25         | 31         | 0            | 81                   |
| Cemetery Provision for Dover - consultancy   | R                 | 10             | 0            | 10         | 0          | 0          | 0            | 10                   |
| Corporate Property Maintenance   | R                 | 150            | 0            | 0          | 50         | 50         | 50           | 150                  |
| Corporate Property Maintenance - Contingency   | R                 | 100            | 0            | 0          | 50         | 50         | 0            | 100                  |
| Utilities Management for all Corporate Properties  | R                 | 20             | 0            | 0          | 20         | 0          | 0            | 20                   |
| Dover Tourism Signage Scheme   | R                 | 20             | 0            | 20         | 0          | 0          | 0            | 20                   |
| Corporate Property Maintenance-Contingency - new bid   | R                 | 0              | 0            | 0          | 30         | 0          | 0            | 30                   |
| Special Revenue Contingency  | R/C               | 0              | 0            | 0          | 30         | 0          | 0            | 30                   |
| <b>Sub total - proposed projects</b>   |                   | <b>496</b>     | <b>0</b>     | <b>115</b> | <b>260</b> | <b>131</b> | <b>50</b>    | <b>556</b>           |
| <b>ICT Infrastructure Investment - Proposed Projects</b>   |                   |                |              |            |            |            |              |                      |
| Upgrade GIS & Replace Xmap Internet Server   | R                 | 60             | 0            | 60         | 0          | 0          | 0            | 60                   |
| Upgrade VMWare   | R                 | 60             | 0            | 30         | 30         | 0          | 0            | 60                   |
| Replace Backup Facility  | R                 | 30             | 0            | 15         | 15         | 0          | 0            | 30                   |
| Telephone DNA Server Upgrade (inc software)  | R                 | 4              | 0            | 4          | 0          | 0          | 0            | 4                    |
| Replace Tonesmart System   | R                 | 9              | 0            | 0          | 9          | 0          | 0            | 9                    |
| <b>Sub total - ICT proposed projects</b>   |                   | <b>163</b>     | <b>0</b>     | <b>109</b> | <b>54</b>  | <b>0</b>   | <b>0</b>     | <b>163</b>           |
| <b>Proposed balance to transfer to capital projects</b>  | <b>C</b>          | <b>0</b>       | <b>0</b>     | <b>0</b>   | <b>85</b>  | <b>0</b>   | <b>0</b>     | <b>85</b>            |
| <b>Total Projects Subject to Approval/Appraisal</b>  |                   | <b>659</b>     | <b>0</b>     | <b>224</b> | <b>399</b> | <b>131</b> | <b>50</b>    | <b>804</b>           |
| <b>GRAND TOTAL</b>   |                   | <b>2,825</b>   | <b>1,558</b> | <b>788</b> | <b>443</b> | <b>131</b> | <b>50</b>    | <b>2,970</b>         |
| <b>Special Projects Financing</b>  |                   |                |              |            |            |            |              |                      |
| Funded from Special Projects Reserve (see annex 7)   |                   | 2,425          | 1,558        | 441        | 389        | 131        | 50           | 2,570                |
| Funded from ICT Reserve  |                   | 400            | 0            | 347        | 54         | 0          | 0            | 400                  |
| <b>TOTAL</b>   |                   | <b>2,825</b>   | <b>1,558</b> | <b>788</b> | <b>443</b> | <b>131</b> | <b>50</b>    | <b>2,970</b>         |

| <b>Remaining balance in Special Projects reserve</b>        |            |
|---|------------|
| <b>Balance at 1 April 2013</b>                              | <b>955</b> |
| Transfer of Invest to Save balance                          | 47         |
| Proposed allocation to projects 2013/14                     | -441       |
| Repayment of 12/13 one-off allocation to fund 13/14 savings | 150        |
| <b>Balance at 31 March 2014</b>                             | <b>711</b> |
| Allocation from General Fund for 14/15                      | 484        |
| Proposed allocation to projects in 13/14 & future years     | -570       |
| <b>Balance after future years allocations</b>               | <b>625</b> |
| Major Events opening position                               | 83         |
| Major Events commitments                                    | 0          |
| <b>Major Events balance</b>                                 | <b>83</b>  |
| <b>Special Projects &amp; Events Reserve balance</b>        | <b>708</b> |

DECEMBER 2013  
CAPITAL AND SPECIAL PROJECT SCHEMES - FUTURE YEARS REQUIREMENTS NOT CURRENTLY FINANCED

| REF: | SCHEME  | Projects Not Currently Funded |                     |                       |  | NOTES   | CONTACT OFFICER    |
|------|---|-------------------------------|---------------------|-----------------------|--|---|--------------------|
|      |   | YEAR ONE<br>2014/15           | YEAR TWO<br>2015/16 | YEAR THREE<br>2016/17 | FUTURE<br>YEARS<br>2017/18-<br>2022/23 |   |                    |
|      |   | £                             | £                   | £                     | £                                      |   |                    |
|      | <b>CAPITAL RECEIPT FUNDED</b>   |                               |                     |                       |  |   |                    |
|      | <b>Priority Projects</b>  |                               |                     |                       |  |   |                    |
| 1    | Dover Town Investment Zone (future years)   |                               | 140,000             |                       |  | Request from Tim Ingleton to match current level of internal fees.  | T Ingleton         |
| 2    | Dover Town Centre - accelerated residential development costs   | 1,000,000                     |                     |                       |  | Estimated cost for construction of residential development in Dover Town Centre. Financing of project to be confirmed.  | M Leggatt          |
| 3    | Disabled Facilities Grant Funding (on-going)  | 50,000                        | 100,000             | 100,000               | 100,000                                | DDC contribution to support grant funding to meet statutory requirements on Disabled Facilities. Estimated DFG grant funding of £467k due in 14/15 (see Grant section for details). See item 30   | R Kennedy          |
| 4    | Disabled Adaptations Assistance   | 50,000                        | 50,000              | 50,000                | 50,000                                 | Provide financial assistance for minor disabled adaptations to reduce the DFG waiting list and reduce the risk of a legal challenge to the Council.   | R Kennedy          |
| 5    | Dover Town Hall general works contingency   |                               | 75,000              | 75,000                | 75,000                                 | Recognition of on-going need to repair and maintain building including restoration works on eroding masonry.  | M Leggatt          |
| 6    | Leisure Centres - Fitness Equipment Replacement (on-going)  |                               | 30,000              | 30,000                | 30,000                                 | Replace fitness equipment that is coming to the end of its useful life; unsafe equipment presents the possibility of serious injury to users; this becomes an HSE issue.                          | M Leggatt          |
| 7    | Museum - General Works and Replacements   | 10,000                        | 70,000              | 5,000                 | 5,000                                  | Building management system, M&E replacement. and general works, on-going requirement  | M Leggatt          |
| 8    | Car Park Pay and Display Metering - Need to commit full value to ensure standard machines across district | 180,000                       | 100,000             |                       |  | The current machines are near the end of their life and no longer in production; it will become increasingly more expensive to maintain them. The plan is to replace them over a 2 year period.   | C Allen            |
| 9    | Resurfacing & other works - Middle Street car park  |                               |                     |                       | 275,000                                | Failure to carry out car park resurfacing will lead to H & S issues, possible closure and loss of revenue   | M Leggatt          |
| 10   | Resurfacing car parks   |                               |                     | 50,000                |  | Failure to carry out car park resurfacing will lead to H & S issues, possible closure and loss of revenue.  | M Leggatt          |
| 11   | Cemetery Provision for Deal   |                               |                     | 100,000               |  | The current cemetery space at Hamilton Road will reach capacity in 4 years. The long term plans have always envisaged that the cemetery will be extended onto adjacent land that DDC already own. | M Leggatt          |
| 12   | Elms Vale Recreation Ground Development   |                               |                     |                       | 300,000                                | Development of pitches and facilities-full project details yet to be determined.  | M Leggatt          |
| 13   | Resurfacing of the Whitfield Office middle car park   |                               |                     |                       | 50,000                                 |   | M Leggatt          |
| 14   | Deal Pier - Structural Inspection and remedial work   |                               | 50,000              |                       |  | Required to ensure that the pier structure will not deteriorate   | M Leggatt          |
| 15   | Tides, Dover Leisure Ctrs, Whitfield offices and Dover museum   |                               |                     |                       | 200,000                                | Technically feasible and financially viable energy efficiency measures to be considered as possible future capital schemes  | M Leggatt          |
| 16   | Capital contingency   |                               | 100,000             |                       | 100,000                                | Contingency to cover urgent projects that may be required during the financial year. 2013/14 £100k allocation currently unspent, estimate will require top-up every other year.                   | Capital Accountant |
|      | <b>TOTAL CAPITAL RECEIPT FUNDED</b>   | <b>1,290,000</b>              | <b>715,000</b>      | <b>410,000</b>        | <b>1,185,000</b>                       |   |                    |
|      | <b>RESERVE FUNDED</b>   |                               |                     |                       |  |   |                    |
| 17   | Parks - General repairs to walls, fences, lakes, structures etc (Special Project Reserve)                 |                               |                     | 30,000                | 200,000                                | Using special revenue funds   | M Leggatt          |
|      | <b>TOTAL RESERVE FUNDED</b>   | <b>0</b>                      | <b>0</b>            | <b>30,000</b>         | <b>200,000</b>                         |   |                    |
|      | <b>GRANT FUNDED</b>   |                               |                     |                       |  |   |                    |
| 18   | Aycliffe Play Area Refurbishment  |                               | 40,000              |                       |  | This project is only to proceed if external funding is secured - not part of the Play Area Strategy.  | M Leggatt          |
|      | <b>TOTAL GRANT FUNDED</b>   | <b>0</b>                      | <b>40,000</b>       | <b>0</b>              | <b>0</b>                               |   |                    |
|      | <b>S106 FUNDED</b>  |                               |                     |                       |  |   |                    |
| 19   | North Deal Playing Fields - Play Area   |                               | 98,352              |                       |  | £98,352 Section 106 funding due (£49,176 received to date) - total cost of project and additional funding to be advised.  | L Corby            |
|      | <b>TOTAL S106 FUNDED</b>  | <b>0</b>                      | <b>98,352</b>       | <b>0</b>              | <b>0</b>                               |   |                    |
|      | <b>HRA FUNDED</b>   |                               |                     |                       |  |   |                    |
| 20   | Capital Works Programme   |                               | 5,182,000           | 5,419,000             |  | HRA property projects - funded from HRA resources.  | HRA Accountant     |
| 21   | Play Areas  |                               |                     |                       |  | Refurbishment of Wilson Ave & Colton Cres play areas.   | HRA Accountant     |
|      | <b>TOTAL HRA FUNDED</b>   | <b>0</b>                      | <b>5,182,000</b>    | <b>5,419,000</b>      | <b>0</b>                               |   |                    |
|      | <b>TOTAL UNFINANCED PROJECTS</b>  | <b>1,290,000</b>              | <b>6,035,352</b>    | <b>5,859,000</b>      | <b>1,385,000</b>                       |   |                    |

## TREASURY MANAGEMENT STRATEGY STATEMENT

### 1 INTRODUCTION

#### 1.1 Background

Treasury management is concerned with planning cash flow, investing surplus cash and arranging borrowing if needed.

#### 1.2 Reporting requirements

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

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

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

**Quarterly management reports** – Report to Governace updates the progress of the capital position, amending prudential indicators as necessary, and whether the treasury strategy is meeting the strategy or whether any policies require revision.

**An annual treasury report** – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

#### 1.3 Treasury Management Strategy for 2014/15

The strategy for 2014/15 covers two main areas:

##### Capital issues

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

##### Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.



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

## 2 THE CAPITAL PRUDENTIAL INDICATORS 2014/15 – 2016/17

### 2.1 Capital expenditure

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

|  | 2012/13<br>Actual<br>£000 | 2013/14<br>Estimate<br>£000 | 2014/15<br>Estimate<br>£000 | 2015/16<br>Estimate<br>£000 | 2016/17<br>Estimate<br>£000 |
|--|---------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>Capital expenditure:</b>                |                           |                             |                             |                             |                             |
| General Fund                               | 1,328                     | 3,511                       | 6,052                       | 583                         | 248                         |
| HRA  | 3,717                     | 4,688                       | 7,334                       | 850                         | 800                         |
| <b>Total</b>                               | <b>5,045</b>              | <b>8,199</b>                | <b>13,386</b>               | <b>1,433</b>                | <b>1,048</b>                |
| <b>Financed by:</b>                        |                           |                             |                             |                             |                             |
| Capital receipts                           | 321                       | 849                         | 1,910                       | 335                         | 0                           |
| Capital grants                             | 750                       | 2,148                       | 2,670                       | 150                         | 150                         |
| Capital reserves                           | 3,298                     | 3,375                       | 4,423                       | 0                           | 0                           |
| Revenue                                    | 676                       | 1,827                       | 4,383                       | 948                         | 898                         |
| <b>Net financing need<br/>for the year</b> | <b>5,045</b>              | <b>8,199</b>                | <b>13,386</b>               | <b>1,433</b>                | <b>1,048</b>                |

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

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

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

The Council is asked to approve the CFR projections below:

| Capital Financing Requirement | 2012/13<br>Actual<br>£000 | 2013/14<br>Estimate<br>£000 | 2014/15<br>Estimate<br>£000 | 2015/16<br>Estimate<br>£000 | 2016/17<br>Estimate<br>£000 |
|-------------------------------|---------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| CFR – non housing             | 11,685                    | 11,685                      | 11,685                      | 11,685                      | 11,685                      |
| CFR – housing                 | 86,548                    | 86,548                      | 86,548                      | 86,548                      | 86,548                      |
| <b>Total CFR</b>              | <b>98,233</b>             | <b>98,233</b>               | <b>98,233</b>               | <b>98,233</b>               | <b>98,233</b>               |
| <b>Movement in CFR</b>        | -                         | -                           | -                           | -                           | -                           |

### 2.3 Minimum revenue provision (MRP) policy statement

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision -

MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

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

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

- **Existing practice** - MRP will follow the existing practice outlined in former CLG regulations (option 1);

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

- **Asset life method** – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction) (option 3);
- **Depreciation method** – MRP will follow standard depreciation accounting procedures (option 4);

These options provide for a reduction in the borrowing need over approximately the asset's life.

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

## 2.4 Core funds and expected investment balances

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

## 2.5 Affordability prudential indicators

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

## 2.6 Ratio of financing costs to net revenue stream

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

|         | 2012/13<br>Actual | 2013/14<br>Estimate | 2014/15<br>Estimate | 2015/16<br>Estimate | 2016/17<br>Estimate |
|---------|-------------------|---------------------|---------------------|---------------------|---------------------|
| Non-HRA | 0.58%             | 0.58%               | 0.58%               | 0.56%               | 0.53%               |
| HRA     | 14.34%            | 15.98%              | 14.15%              | 15.12%              | 14.85%              |

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

## 2.7 Incremental impact of capital investment decisions on Band D council tax

This indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended in this budget report compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.

|                             | 2012/13<br>Actual | 2013/14<br>Estimate | 2014/15<br>Estimate | 2015/16<br>Estimate | 2016/17<br>Estimate |
|-----------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Council tax - band D</b> | £1.56             | £0.10               | £0.21               | £0.04               | £0.00               |

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

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

| £                                 | 2012/13<br>Actual | 2013/14<br>Estimate | 2014/15<br>Estimate | 2015/16<br>Estimate | 2016/17<br>Estimate |
|-----------------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Weekly housing rent levels</b> | £4.47             | £6.46               | £17.71              | £3.77               | £3.50               |

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

## 2.9 Borrowing

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

## 2.10 Current portfolio position

The Council's treasury portfolio position at 31 March 2013, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

|                          | 2012/13<br>Actual<br>£000 | 2013/14<br>Estimate<br>£000 | 2014/15<br>Estimate<br>£000 | 2015/16<br>Estimate<br>£000 | 2016/17<br>Estimate<br>£000 |
|--------------------------|---------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| External Debt at 1 April | 97,705                    | 95,867                      | 93,896                      | 91,865                      | 89,769                      |
| Expected change in Debt  | 1,839                     | 1,971                       | 2,031                       | 2,096                       | 2,163                       |

|                                      | 2012/13<br>Actual<br>£000 | 2013/14<br>Estimate<br>£000 | 2014/15<br>Estimate<br>£000 | 2015/16<br>Estimate<br>£000 | 2016/17<br>Estimate<br>£000 |
|--------------------------------------|---------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>Actual gross debt at 31 March</b> | <b>95,867</b>             | <b>93,896</b>               | <b>91,865</b>               | <b>89,769</b>               | <b>87,606</b>               |
| Capital Financing Requirement        | 98,233                    | 98,233                      | 98,233                      | 98,233                      | 98,233                      |
| <b>Under / (over) borrowing</b>      | <b>2,366</b>              | <b>4,337</b>                | <b>6,368</b>                | <b>8,464</b>                | <b>10,627</b>               |

Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2014/15 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The Director of Finance, Housing & Community (Section 151 Officer) reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

## 2.11 Treasury Indicators: limits to borrowing activity

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

| Operational boundary | 2013/14<br>Estimate<br>£000 | 2014/15<br>Estimate<br>£000 | 2015/16<br>Estimate<br>£000 | 2016/17<br>Estimate<br>£000 |
|----------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Debt                 | 108,000                     | 108,000                     | 108,000                     | 108,000                     |

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

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

| Authorised limit | 2013/14<br>Estimate<br>£000 | 2014/15<br>Estimate<br>£000 | 2015/16<br>Estimate<br>£000 | 2016/17<br>Estimate<br>£000 |
|------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Debt             | 22,500                      | 22,500                      | 22,500                      | 22,500                      |
| HRA Debit Limit  | 91,000                      | 91,000                      | 91,000                      | 91,000                      |
| Total            | 113,500                     | 113,500                     | 113,500                     | 113,500                     |

## 2.12 Prospects for interest rates

The Council has appointed Capita Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives their central view.

| Annual Average | Bank Rate | PWLB Borrowing Rates %<br>(including certainty rate adjustment) |         |         |
|----------------|-----------|---|---------|---------|
|                | %         | 5 year  | 25 year | 50 year |
| Mar 2014       | 0.50      | 2.50  | 4.40    | 4.40    |
| Jun 2014       | 0.50      | 2.60  | 4.40    | 4.40    |
| Sep 2014       | 0.50      | 2.70  | 4.50    | 4.50    |
| Dec 2014       | 0.50      | 2.70  | 4.50    | 4.60    |
| Mar 2015       | 0.50      | 2.80  | 4.60    | 4.70    |
| Jun 2015       | 0.50      | 2.80  | 4.70    | 4.80    |
| Sep 2015       | 0.50      | 2.90  | 4.80    | 4.90    |
| Dec 2015       | 0.50      | 3.00  | 4.90    | 5.00    |
| Mar 2016       | 0.50      | 3.10  | 5.00    | 5.10    |
| Jun 2016       | 0.75      | 3.20  | 5.10    | 5.20    |
| Sep 2016       | 1.00      | 3.30  | 5.10    | 5.20    |
| Dec 2016       | 1.00      | 3.40  | 5.10    | 5.20    |
| Mar 2017       | 1.25      | 3.40  | 5.10    | 5.20    |

### Economic Background

Until 2013, the economic recovery in the UK since 2008 had been the worst and slowest recovery in recent history. However, growth has rebounded during 2013 to surpass all expectations, propelled by recovery in consumer spending and the housing market. Forward surveys are also currently very positive in indicating that growth prospects are strong for 2014, not only in the UK economy as a whole, but in all three main sectors, services, manufacturing and construction. This is very encouraging as there does need to be a significant rebalancing of the economy away from consumer spending to construction, manufacturing, business investment and exporting in order for this start to recovery to become more firmly established. One drag on the economy is that wage inflation continues to remain significantly below CPI inflation so disposable income and living standards are under pressure, although income tax cuts have ameliorated this to some extent. This therefore means that labour productivity must improve significantly for this situation to be corrected by the warranting of increases in pay rates. The US, the main world economy, faces similar debt problems to the UK, but thanks to reasonable growth, cuts in government expenditure and tax rises, the annual government deficit has been halved from its peak without appearing to do too much damage to growth.

The current economic outlook and structure of market interest rates and government debt yields have several key treasury management implications:

- As for the Eurozone, concerns have subsided considerably in 2013. However, sovereign debt difficulties have not gone away and major concerns could return in respect of any countries that do not dynamically address fundamental issues of low growth, international uncompetitiveness and the need for overdue reforms of the economy (as Ireland has done). It is, therefore, possible over the next few years that levels of government debt to GDP ratios could continue to rise to levels that could result in a loss of investor confidence in the financial viability of such countries. This could mean that sovereign debt concerns have not disappeared but, rather, have only been postponed. Counterparty risks therefore remain elevated. This continues to suggest the use of higher quality counterparties for shorter time periods;
- Investment returns are likely to remain relatively low during 2014/15 and beyond;
- Borrowing interest rates have risen significantly during 2013 and are on a rising trend. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring even higher borrowing costs, which are now looming ever

closer, where authorities will not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt, in the near future;

- There will remain a cost of carry to any new borrowing which causes an increase in investments as this will incur a revenue loss between borrowing costs and investment returns.

### **2.13 Borrowing strategy**

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is relatively high.

Against this background and the risks within the economic forecast, caution will be adopted with the 2014/15 treasury operations. The Director of Finance, Housing & Community will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- if it was felt that there was a significant risk of a sharp FALL in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.
- if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from a greater than expected increase in the anticipated rate to US tapering of asset purchases, or in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still lower than they will be in the next few years.

Any decisions will be reported to the appropriate decision making body at the next available opportunity.

- Although not anticipated, if we do have to undertake borrowing in advance of need the Council will:
- Ensure that there is a clear link between the capital programme and maturity profile of the existing debt portfolio which supports the need to take funding in advance of need;
- Ensure the ongoing revenue liabilities created, and the implications for the future plans and budgets have been considered;
- Evaluate the economic and market factors that might influence the manner and timing of any decision to borrow;
- Consider the merits and demerits of alternative forms of funding;
- Consider the impact of borrowing in advance on temporarily (until required to finance capital expenditure) increasing investment cash balances and the consequent increase in exposure to counterparty risk, and other risks, and the level of such risks given the controls in place to minimise them.

### **2.14 Treasury management limits on activity**

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

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

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

|  | 2014/15      | 2015/16      | 2016/17      |
|--|--------------|--------------|--------------|
| <b>Interest rate exposures</b>                                     |              |              |              |
|  | <b>Upper</b> | <b>Upper</b> | <b>Upper</b> |
| <b>Limits on fixed interest rates based on net debt</b>            | 100%         | 100%         | 100%         |
| <b>Limits on variable interest rates based on net debt</b>         | 30%          | 30%          | 30%          |
| <b>Maturity structure of fixed interest rate borrowing 2014/15</b> |              |              |              |
|  | <b>Lower</b> | <b>Upper</b> |              |
| Under 12 months  | 0%           | 50%          |              |
| 12 months to 2 years   | 0%           | 50%          |              |
| 2 years to 5 years   | 0%           | 50%          |              |
| 5 years to 10 years  | 0%           | 100%         |              |
| 10 years and above   | 0%           | 100%         |              |

## 2.15 Policy on borrowing in advance of need

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

## 2.16 Debt rescheduling

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

The reasons for any rescheduling to take place will include:

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

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

### 3 ANNUAL INVESTMENT STRATEGY

#### 3.1 Investment policy

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

In accordance with guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council has below clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list. The creditworthiness methodology used to create the counterparty list fully accounts for the ratings, watches and outlooks published by all three ratings agencies with a full understanding of what these reflect in the eyes of each agency. Using our ratings service potential counterparty ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications.

Furthermore, the Council's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings. This is fully integrated into the credit methodology provided by the advisors, Capita Asset Services in producing its colour codings which show the varying degrees of suggested creditworthiness.

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

The aim of the strategy is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk.

The intention of the strategy is to provide security of investment and minimisation of risk.

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

#### In house investments

| <b>Institution</b>                    | <b>Type</b> | <b>Minimum Credit Criteria</b> | <b>% / Value</b> | <b>Max period</b> |
|---------------------------------------|-------------|--------------------------------|------------------|-------------------|
| DMO                                   | Deposit     | N/A                            | 100%             | N/A               |
| Local Authorities                     | Deposit     | N/A                            | 100%             | N/A               |
| UK part nationalised banks            | Deposit     | Green                          | £5m              | 1 year            |
| Natwest                               | Deposit     | Green                          | £8m              | 1 year            |
| Other UK banks and building societies | Deposit     | Green                          | £5m              | 1 year            |



## Fund manager investments

| Institution   | Type    | Minimum Credit Criteria  | % / Value | Max period |
|---|---------|--|-----------|------------|
| UK part nationalised banks  | Deposit | Short-term F1<br>Long-term A<br>Support 1                            | £3m       | 1 year     |
| Other UK banks and building societies   | Deposit | Short-term F1<br>Long-term A<br>Support 1                            | £3m       | 1 year     |
| Banks part nationalised by high credit rated countries non UK                                       | Deposit | Short-term F1<br>Long-term A<br>Support 3<br>Sovereign rating<br>AA+ | £1m       | 1 year     |
| Certificates of deposit issued by banks and building societies covered by UK government guarantee   | Deposit | UK sovereign rating  | 100%      | 2 years    |
| UK government gilts   | Deposit | UK sovereign   | Up to 50% | 10 years   |
| Bonds issued by multilateral development banks  | Deposit | AAA  | Up to 50% | 10 years   |
| Bond issuance issued by a financial institution which is explicitly guaranteed by the UK Government | Deposit | UK Sovereign rating  | £1m       | 5 years    |
| Sovereign bond issued in Sterling   | Deposit | AAA  | Up to 50% | 10 years   |
| Treasury Bills  | Deposit | UK sovereign rating  | £3m       | 1 year     |

### 3.2 Creditworthiness policy

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

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

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

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

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

Typically the minimum credit ratings criteria the Council use will be a short term rating (Fitch or equivalents) of short term rating F1, long term rating A-, viability rating of A-, and a support rating of 1 There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored *weekly*. The Council is alerted to changes to ratings of all three agencies through its use of our creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

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

### 3.3 Investment Manager Country limits

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

#### AAA

- Australia
- Canada
- Denmark
- Finland
- Germany
- Luxembourg
- Norway
- Singapore
- Sweden
- Switzerland

#### AA+

- Netherlands
- Hong Kong
- U.S.A

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

### 3.4 Investment strategy

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

In house investments are currently limited to UK banks and those banks domiciled in the UK from the countries used by our investment managers, as listed above, where deposits may be made in sterling so long as they pass our UK credit-worthiness checks; a maximum of £5m can be invested per institution with the exception of the Council's operational bank where the limit will be £10m to cover short term fluctuations in cash flow.

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

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

| Maximum principal sums invested > 364 days |         |         |         |
|--|---------|---------|---------|
|  | 2014/15 | 2015/16 | 2016/17 |
| Principal sums invested > 364 days         | £21m    | £21m    | £21m    |

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

### 3.5 Icelandic bank investments

The Council has now sold its Icelandic deposit and has received 97% of the original £1m deposit.

### 3.6 Investment risk benchmarking

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

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

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

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

- Bank overdraft - £0.50m
- Liquid short term deposits of at least £1m available with a week's notice.

**Yield** - local measures of yield benchmarks are :

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

### **3.7 End of year investment report**

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

### **3.8 External fund managers**

£12.5m of the Council's funds are currently externally managed on a discretionary basis by Investec Asset Management. Over recent years the returns achieved by Investec have been lower than those achieved in-house. These returns will continue to be monitored and the level of investments held by Investec amended if considered appropriate.

The Council's external fund manager will comply with the Annual Investment Strategy. The agreement between the Council and the fund manager additionally stipulate guidelines and duration and other limits in order to contain and control risk.

### **3.9 Treasury management scheme of delegation**

#### **(i) Full Council**

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

#### **(ii) Cabinet**

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

#### **(iii) Governance Committee**

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

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

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;

- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.

### **Recommendations from this Section**

It is recommended that Council:

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

**Resolution to set the Council Tax**

COUNCIL 5 MARCH 2014

The Council is recommended to resolve the following in relation to Council Tax for  
2014/15

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

(1) It be noted that on 29th January 2014 the Council calculated the Council Tax Base for  
2014/15

- (a) as 35,070.45 for the whole Council area [Item T in the formula in Section 31B(1) of the Local Government Finance Act 1992, as amended (the "Act")] and,
- (b) for dwellings in those parts of its area to which a Parish precept relates, as follows:

| Part of the Council's Area | Tax Base  |
|----------------------------|-----------|
| Alkham                     | 295.98    |
| Ash                        | 1,089.49  |
| Aylesham                   | 856.85    |
| Capel-le-Ferne             | 611.33    |
| Deal                       | 6,198.04  |
| Denton-with-Wootton        | 165.76    |
| Dover                      | 7,369.24  |
| Eastry                     | 751.08    |
| Eythorne                   | 756.66    |
| Goodnestone                | 172.11    |
| Great Mongeham             | 264.40    |
| Guston                     | 380.11    |
| Hougham-without            | 179.72    |
| Langdon                    | 223.62    |
| Lydden                     | 242.06    |
| Nonington                  | 290.02    |
| Northbourne                | 264.03    |
| Preston                    | 259.90    |
| Ringwould-with-Kingsdown   | 1,023.87  |
| Ripple                     | 144.36    |
| River                      | 1,476.86  |
| St Margarets-at-Cliffe     | 1,236.70  |
| Sandwich                   | 1,839.39  |
| Shepherdswell-with-Coldred | 725.57    |
| Sholden                    | 435.32    |
| Staple                     | 227.75    |
| Stourmouth                 | 112.18    |
| Sutton-by-Dover            | 297.88    |
| Temple Ewell               | 619.63    |
| Tilmanstone                | 149.22    |
| Walmer                     | 3,211.85  |
| Whitfield                  | 1,736.53  |
| Wingham                    | 646.98    |
| Woodnesborough             | 383.49    |
| Worth                      | 432.47    |
|                            | 35,070.45 |

(2) That the Council Tax requirement for the Council's own purposes (excluding Parish precepts) for  
2014/15  
is calculated as:

£5,873,950

- (3) That the following amounts be calculated by the Council for the year 2014/15

in accordance with Sections 31 to 36 of the Act:

- (a) £100,538,669 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) £92,538,497 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
- (c) £8,000,172 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) £228.12 being the amount at 3(c) above (Item R), all divided by Item T (1(a) above), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
- (e) £2,126,222 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act.
- (f) £167.49 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                     | 191.87 |
| Ash                        | 226.82 |
| Aylesham                   | 247.26 |
| Capel-le-Ferne             | 192.08 |
| Deal                       | 226.71 |
| Denton-with-Wootton        | 223.10 |
| Dover                      | 262.05 |
| Eastry                     | 228.59 |
| Eythorne                   | 214.48 |
| Goodnestone                | 202.43 |
| Great Mongeham             | 200.11 |
| Guston                     | 237.67 |
| Hougham-without            | 212.94 |
| Langdon                    | 219.16 |
| Lydden                     | 214.11 |
| Nonington                  | 197.64 |
| Northbourne                | 202.91 |
| Preston                    | 220.86 |
| Ringwould-with-Kingsdown   | 198.30 |
| Ripple                     | 196.53 |
| River                      | 206.51 |
| St Margarets-at-Cliffe     | 218.08 |
| Sandwich                   | 245.54 |
| Shepherdswell-with-Coldred | 215.72 |
| Sholden                    | 217.52 |
| Staple                     | 196.45 |
| Stourmouth                 | 220.13 |
| Sutton-by-Dover            | 199.90 |
| Temple Ewell               | 204.66 |
| Tilmanstone                | 211.46 |
| Walmer                     | 206.52 |
| Whitfield                  | 221.11 |
| Wingham                    | 248.16 |
| Woodnesborough             | 206.60 |
| Worth                      | 210.24 |

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                          | 127.91                 | 149.23 | 170.55 | 191.87 | 234.51 | 277.15 | 319.78 | 383.74 |
| Ash                             | 151.21                 | 176.42 | 201.62 | 226.82 | 277.22 | 327.63 | 378.03 | 453.64 |
| Aylesham                        | 164.84                 | 192.31 | 219.79 | 247.26 | 302.21 | 357.15 | 412.10 | 494.52 |
| Capel-le-Ferne                  | 128.05                 | 149.40 | 170.74 | 192.08 | 234.76 | 277.45 | 320.13 | 384.16 |
| Deal                            | 151.14                 | 176.33 | 201.52 | 226.71 | 277.09 | 327.47 | 377.85 | 453.42 |
| Denton-with-Wootton             | 148.73                 | 173.52 | 198.31 | 223.10 | 272.68 | 322.26 | 371.83 | 446.20 |
| Dover                           | 174.70                 | 203.82 | 232.93 | 262.05 | 320.28 | 378.52 | 436.75 | 524.10 |
| Eastry                          | 152.39                 | 177.79 | 203.19 | 228.59 | 279.39 | 330.19 | 380.98 | 457.18 |
| Eythorne                        | 142.99                 | 166.82 | 190.65 | 214.48 | 262.14 | 309.80 | 357.47 | 428.96 |
| Goodnestone                     | 134.95                 | 157.45 | 179.94 | 202.43 | 247.41 | 292.40 | 337.38 | 404.86 |
| Great Mongeham                  | 133.41                 | 155.64 | 177.88 | 200.11 | 244.58 | 289.05 | 333.52 | 400.22 |
| Guston                          | 158.45                 | 184.85 | 211.26 | 237.67 | 290.49 | 343.30 | 396.12 | 475.34 |
| Hougham-without                 | 141.96                 | 165.62 | 189.28 | 212.94 | 260.26 | 307.58 | 354.90 | 425.88 |
| Langdon                         | 146.11                 | 170.46 | 194.81 | 219.16 | 267.86 | 316.56 | 365.27 | 438.32 |
| Lydden                          | 142.74                 | 166.53 | 190.32 | 214.11 | 261.69 | 309.27 | 356.85 | 428.22 |
| Nonington                       | 131.76                 | 153.72 | 175.68 | 197.64 | 241.56 | 285.48 | 329.40 | 395.28 |
| Northbourne                     | 135.27                 | 157.82 | 180.36 | 202.91 | 248.00 | 293.09 | 338.18 | 405.82 |
| Preston                         | 147.24                 | 171.78 | 196.32 | 220.86 | 269.94 | 319.02 | 368.10 | 441.72 |
| Ringwould-with-Kingsdown        | 132.20                 | 154.23 | 176.27 | 198.30 | 242.37 | 286.43 | 330.50 | 396.60 |
| Ripple                          | 131.02                 | 152.86 | 174.69 | 196.53 | 240.20 | 283.88 | 327.55 | 393.06 |
| River                           | 137.67                 | 160.62 | 183.56 | 206.51 | 252.40 | 298.29 | 344.18 | 413.02 |
| St Margarets-at-Cliffe          | 145.39                 | 169.62 | 193.85 | 218.08 | 266.54 | 315.00 | 363.47 | 436.16 |
| Sandwich                        | 163.69                 | 190.98 | 218.26 | 245.54 | 300.10 | 354.67 | 409.23 | 491.08 |
| Shepherdswell-with-Coldred      | 143.81                 | 167.78 | 191.75 | 215.72 | 263.66 | 311.60 | 359.53 | 431.44 |
| Sholden                         | 145.01                 | 169.18 | 193.35 | 217.52 | 265.86 | 314.20 | 362.53 | 435.04 |
| Staple                          | 130.97                 | 152.79 | 174.62 | 196.45 | 240.11 | 283.76 | 327.42 | 392.90 |
| Stourmouth                      | 146.75                 | 171.21 | 195.67 | 220.13 | 269.05 | 317.97 | 366.88 | 440.26 |
| Sutton-by-Dover                 | 133.27                 | 155.48 | 177.69 | 199.90 | 244.32 | 288.74 | 333.17 | 399.80 |
| Temple Ewell                    | 136.44                 | 159.18 | 181.92 | 204.66 | 250.14 | 295.62 | 341.10 | 409.32 |
| Tilmanstone                     | 140.97                 | 164.47 | 187.96 | 211.46 | 258.45 | 305.44 | 352.43 | 422.92 |
| Walmer                          | 137.68                 | 160.63 | 183.57 | 206.52 | 252.41 | 298.31 | 344.20 | 413.04 |
| Whitfield                       | 147.41                 | 171.97 | 196.54 | 221.11 | 270.25 | 319.38 | 368.52 | 442.22 |
| Wingham                         | 165.44                 | 193.01 | 220.59 | 248.16 | 303.31 | 358.45 | 413.60 | 496.32 |
| Woodnesborough                  | 137.73                 | 160.69 | 183.64 | 206.60 | 252.51 | 298.42 | 344.33 | 413.20 |
| Worth                           | 140.16                 | 163.52 | 186.88 | 210.24 | 256.96 | 303.68 | 350.40 | 420.48 |

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

2014/15

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                      | 712.44                 | 831.18 | 949.92 | 1,068.66 | 1,306.14 | 1,543.62 | 1,781.10 | 2,137.32 |
| The Police & Crime Commissioner for Kent | 96.19                  | 112.22 | 128.25 | 144.28   | 176.34   | 208.40   | 240.47   | 288.56   |
| Kent & Medway Fire & Rescue Service      | 46.20                  | 53.90  | 61.60  | 69.30    | 84.70    | 100.10   | 115.50   | 138.60   |



- (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

2014/15

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                          | 982.74                 | 1,146.53 | 1,310.32 | 1,474.11 | 1,801.69 | 2,129.27 | 2,456.85 | 2,948.22 |
| Ash                             | 1,006.04               | 1,173.72 | 1,341.39 | 1,509.06 | 1,844.40 | 2,179.75 | 2,515.10 | 3,018.12 |
| Aylesham                        | 1,019.67               | 1,189.61 | 1,359.56 | 1,529.50 | 1,869.39 | 2,209.27 | 2,549.17 | 3,059.00 |
| Capel-le-Ferne                  | 982.88                 | 1,146.70 | 1,310.51 | 1,474.32 | 1,801.94 | 2,129.57 | 2,457.20 | 2,948.64 |
| Deal                            | 1,005.97               | 1,173.63 | 1,341.29 | 1,508.95 | 1,844.27 | 2,179.59 | 2,514.92 | 3,017.90 |
| Denton-with-Wootton             | 1,003.56               | 1,170.82 | 1,338.08 | 1,505.34 | 1,839.86 | 2,174.38 | 2,508.90 | 3,010.68 |
| Dover                           | 1,029.53               | 1,201.12 | 1,372.70 | 1,544.29 | 1,887.46 | 2,230.64 | 2,573.82 | 3,088.58 |
| Eastry                          | 1,007.22               | 1,175.09 | 1,342.96 | 1,510.83 | 1,846.57 | 2,182.31 | 2,518.05 | 3,021.66 |
| Eythorne                        | 997.82                 | 1,164.12 | 1,330.29 | 1,496.72 | 1,829.32 | 2,161.92 | 2,494.54 | 2,993.44 |
| Goodnestone                     | 989.78                 | 1,154.75 | 1,319.71 | 1,484.67 | 1,814.59 | 2,144.52 | 2,474.45 | 2,969.34 |
| Great Mongeham                  | 988.24                 | 1,152.94 | 1,317.65 | 1,482.35 | 1,811.76 | 2,141.17 | 2,470.59 | 2,964.70 |
| Guston                          | 1,013.28               | 1,182.15 | 1,351.03 | 1,519.91 | 1,857.67 | 2,195.42 | 2,533.19 | 3,039.82 |
| Hougham-without                 | 996.79                 | 1,162.92 | 1,329.05 | 1,495.18 | 1,827.44 | 2,159.70 | 2,491.97 | 2,990.36 |
| Langdon                         | 1,000.94               | 1,167.76 | 1,334.58 | 1,501.40 | 1,835.04 | 2,168.68 | 2,502.34 | 3,002.80 |
| Lydden                          | 997.57                 | 1,163.83 | 1,330.09 | 1,496.35 | 1,828.87 | 2,161.39 | 2,493.92 | 2,992.70 |
| Nonington                       | 986.59                 | 1,151.02 | 1,315.45 | 1,479.88 | 1,808.74 | 2,137.60 | 2,466.47 | 2,959.76 |
| Northbourne                     | 990.10                 | 1,155.12 | 1,320.13 | 1,485.15 | 1,815.18 | 2,145.21 | 2,475.25 | 2,970.30 |
| Preston                         | 1,002.07               | 1,169.08 | 1,336.09 | 1,503.10 | 1,837.12 | 2,171.14 | 2,505.17 | 3,006.20 |
| Ringwould-with-Kingsdown        | 987.03                 | 1,151.53 | 1,316.04 | 1,480.54 | 1,809.55 | 2,138.55 | 2,467.57 | 2,961.08 |
| Ripple                          | 985.85                 | 1,150.16 | 1,314.46 | 1,478.77 | 1,807.38 | 2,136.00 | 2,464.62 | 2,957.54 |
| River                           | 992.50                 | 1,157.92 | 1,329.33 | 1,488.75 | 1,819.58 | 2,150.41 | 2,481.25 | 2,977.50 |
| St Margarets-at-Cliffe          | 1,000.22               | 1,166.92 | 1,333.62 | 1,500.32 | 1,833.72 | 2,167.12 | 2,500.54 | 3,000.64 |
| Sandwich                        | 1,018.52               | 1,188.28 | 1,358.03 | 1,527.78 | 1,867.28 | 2,206.79 | 2,546.30 | 3,055.56 |
| Shepherdswell-with-Coldred      | 998.64                 | 1,165.08 | 1,331.52 | 1,497.96 | 1,830.84 | 2,163.72 | 2,496.60 | 2,995.92 |
| Sholden                         | 999.84                 | 1,166.48 | 1,333.12 | 1,499.76 | 1,833.04 | 2,166.32 | 2,499.60 | 2,999.52 |
| Staple                          | 985.80                 | 1,150.09 | 1,314.39 | 1,478.69 | 1,807.29 | 2,135.88 | 2,464.49 | 2,957.38 |
| Stourmouth                      | 1,001.58               | 1,168.51 | 1,335.44 | 1,502.37 | 1,836.23 | 2,170.09 | 2,503.95 | 3,004.74 |
| Sutton-by-Dover                 | 988.10                 | 1,152.78 | 1,317.46 | 1,482.14 | 1,811.50 | 2,140.86 | 2,470.24 | 2,964.28 |
| Temple Ewell                    | 991.27                 | 1,156.48 | 1,321.69 | 1,486.90 | 1,817.32 | 2,147.74 | 2,478.17 | 2,973.80 |
| Tilmanstone                     | 995.80                 | 1,161.77 | 1,327.73 | 1,493.70 | 1,825.63 | 2,157.56 | 2,489.50 | 2,987.40 |
| Walmer                          | 992.51                 | 1,157.93 | 1,323.34 | 1,488.76 | 1,819.59 | 2,150.43 | 2,481.27 | 2,977.52 |
| Whitfield                       | 1,002.24               | 1,169.27 | 1,336.31 | 1,503.35 | 1,837.43 | 2,171.50 | 2,505.59 | 3,006.70 |
| Wingham                         | 1,020.27               | 1,190.31 | 1,360.36 | 1,530.40 | 1,870.49 | 2,210.57 | 2,550.67 | 3,060.80 |
| Woodnesborough                  | 992.56                 | 1,157.99 | 1,323.41 | 1,488.84 | 1,819.69 | 2,150.54 | 2,481.40 | 2,977.68 |
| Worth                           | 994.99                 | 1,160.82 | 1,326.65 | 1,492.48 | 1,824.14 | 2,155.80 | 2,487.47 | 2,984.96 |

- (6) That the Council's basic amount of Council Tax for 2014/15

is determined as not being excessive in accordance with principles approved under Section 52ZB of the Local Government Finance Act 1992.

**Mike Davis**

**Director of Finance, Housing and Community**

## PARISH AND TOWN COUNCILS

2014/15

| Item No | Town and Parish Councils   | 2013/14                |                |              |           |                  | 2014/15                |                |              |           |                  | Council Tax Increase |
|---------|----------------------------|------------------------|----------------|--------------|-----------|------------------|------------------------|----------------|--------------|-----------|------------------|----------------------|
|         |                            | Total Requirement<br>£ | DDC Grant<br>£ | Precept<br>£ | Tax Base  | Council Tax<br>£ | Total Requirement<br>£ | DDC Grant<br>£ | Precept<br>£ | Tax Base  | Council Tax<br>£ |                      |
| 1       | Alkham                     | 7,500.00               | -566.74        | 6,933.26     | 295.62    | 23.45            | 7,500.00               | -283.37        | 7,216.63     | 295.98    | 24.38            | 3.97%                |
| 2       | Ash                        | 71,777.00              | -7,387.60      | 64,389.40    | 1,085.28  | 59.33            | 68,333.00              | -3,693.80      | 64,639.20    | 1,089.49  | 59.33            | 0.00%                |
| 3       | Aylesham                   | 48,958.00              | -10,291.32     | 38,666.68    | 837.88    | 46.15            | 73,500.00              | -5,145.67      | 68,354.33    | 856.85    | 79.77            | 72.85%               |
| 4       | Capel-le-Ferne             | 15,485.00              | -1,790.53      | 13,694.47    | 606.29    | 22.59            | 15,928.00              | -895.27        | 15,032.73    | 611.33    | 24.59            | 8.85%                |
| 5       | Deal                       | 419,085.95             | -52,023.95     | 367,062.00   | 6,125.36  | 59.92            | 393,073.98             | -26,011.98     | 367,062.00   | 6,198.04  | 59.22            | -1.17%               |
| 6       | Denton-with-Wootton        | 9,452.00               | -564.00        | 8,888.00     | 165.54    | 53.69            | 9,500.00               | -282.00        | 9,218.00     | 165.76    | 55.61            | 3.58%                |
| 7       | Dover                      | 836,828.08             | -140,028.08    | 696,800.00   | 7,457.80  | 93.43            | 766,814.05             | -70,014.05     | 696,800.00   | 7,369.24  | 94.56            | 1.21%                |
| 8       | Eastry                     | 51,725.00              | -6,715.84      | 45,009.16    | 751.40    | 59.90            | 49,249.00              | -3,357.92      | 45,891.08    | 751.08    | 61.10            | 2.00%                |
| 9       | Eythorne                   | 41,000.00              | -5,335.00      | 35,665.00    | 758.93    | 46.99            | 38,225.00              | -2,667.50      | 35,557.50    | 756.66    | 46.99            | 0.00%                |
| 10      | Goodnestone                | 6,098.00               | -474.34        | 5,623.66     | 170.52    | 32.98            | 6,250.00               | -237.17        | 6,012.83     | 172.11    | 34.94            | 5.94%                |
| 11      | Great Mongeham             | 9,122.57               | -779.57        | 8,343.00     | 260.66    | 32.01            | 9,013.78               | -389.78        | 8,624.00     | 264.40    | 32.62            | 1.91%                |
| 12      | Guston                     | 23,303.00              | -1,384.14      | 21,918.86    | 394.30    | 55.59            | 27,368.00              | -692.07        | 26,675.93    | 380.11    | 70.18            | 26.25%               |
| 13      | Hougham-without            | 7,889.00               | -371.12        | 7,517.88     | 181.94    | 41.32            | 8,354.19               | -185.56        | 8,168.63     | 179.72    | 45.45            | 10.00%               |
| 14      | Langdon                    | 11,000.00              | -961.75        | 10,038.25    | 218.74    | 45.89            | 12,035.00              | -480.88        | 11,554.12    | 223.62    | 51.67            | 12.60%               |
| 15      | Lydden                     | 10,500.00              | -428.45        | 10,071.55    | 239.61    | 42.03            | 11,500.00              | -214.23        | 11,285.77    | 242.06    | 46.62            | 10.92%               |
| 16      | Nonington                  | 8,000.00               | -512.43        | 7,487.57     | 287.68    | 26.03            | 9,000.00               | -256.22        | 8,743.78     | 290.02    | 30.15            | 15.83%               |
| 17      | Northbourne                | 9,890.00               | -1,076.97      | 8,813.03     | 260.97    | 33.77            | 9,890.00               | -538.49        | 9,351.51     | 264.03    | 35.42            | 4.89%                |
| 18      | Preston                    | 14,447.00              | -989.61        | 13,457.39    | 252.16    | 53.37            | 14,366.00              | -494.80        | 13,871.20    | 259.90    | 53.37            | 0.00%                |
| 19      | Ringwould-with-Kingsdown   | 33,150.00              | -2,582.63      | 30,567.37    | 963.13    | 31.74            | 32,841.00              | -1,291.31      | 31,549.69    | 1,023.87  | 30.81            | -2.93%               |
| 20      | Ripple                     | 4,493.65               | -493.65        | 4,000.00     | 140.50    | 28.47            | 4,438.83               | -246.83        | 4,192.00     | 144.36    | 29.04            | 2.00%                |
| 21      | River                      | 62,815.00              | -2,211.23      | 60,603.77    | 1,471.64  | 41.18            | 58,738.00              | -1,105.62      | 57,632.38    | 1,476.86  | 39.02            | -5.25%               |
| 22      | St Margarets-at-Cliffe     | 64,253.00              | -3,379.21      | 60,873.79    | 1,216.05  | 50.06            | 64,253.00              | -1,689.61      | 62,563.39    | 1,236.70  | 50.59            | 1.06%                |
| 23      | Sandwich                   | 152,949.28             | -12,853.28     | 140,096.00   | 1,823.45  | 76.83            | 150,000.00             | -6,426.64      | 143,573.36   | 1,839.39  | 78.05            | 1.59%                |
| 24      | Shepherdswell-with-Coldred | 35,705.00              | -2,029.51      | 33,675.49    | 718.31    | 46.88            | 36,011.00              | -1,014.76      | 34,996.24    | 725.57    | 48.23            | 2.88%                |
| 25      | Sholden                    | 21,904.00              | -2,460.02      | 19,443.98    | 388.65    | 50.03            | 23,009.01              | -1,230.01      | 21,779.00    | 435.32    | 50.03            | 0.00%                |
| 26      | Staple                     | 6,825.00               | -311.30        | 6,513.70     | 224.89    | 28.96            | 6,751.00               | -155.65        | 6,595.35     | 227.75    | 28.96            | 0.00%                |
| 27      | Stourmouth                 | 4,560.00               | -160.33        | 4,399.67     | 112.85    | 38.99            | 5,985.00               | -80.16         | 5,904.84     | 112.18    | 52.64            | 35.01%               |
| 28      | Sutton-by-Dover            | 10,368.00              | -945.75        | 9,422.25     | 290.75    | 32.41            | 10,127.00              | -472.88        | 9,654.12     | 297.88    | 32.41            | 0.00%                |
| 29      | Temple Ewell               | 23,199.73              | -930.93        | 22,268.80    | 608.77    | 36.58            | 23,499.00              | -465.47        | 23,033.53    | 619.63    | 37.17            | 1.61%                |
| 30      | Tilmanstone                | 6,200.00               | -372.83        | 5,827.17     | 145.79    | 39.97            | 6,748.00               | -186.41        | 6,561.59     | 149.22    | 43.97            | 10.01%               |
| 31      | Walmer                     | 134,500.00             | -11,309.91     | 123,190.09   | 3,143.32  | 39.19            | 131,000.00             | -5,654.96      | 125,345.04   | 3,211.85  | 39.03            | -0.41%               |
| 32      | Whitfield                  | 94,810.00              | -6,290.90      | 88,519.10    | 1,705.16  | 51.91            | 96,250.00              | -3,145.45      | 93,104.55    | 1,736.53  | 53.62            | 3.29%                |
| 33      | Wingham                    | 69,876.14              | -3,294.37      | 66,581.77    | 645.48    | 103.15           | 53,837.83              | -1,647.18      | 52,190.65    | 646.98    | 80.67            | -21.79%              |
| 34      | Woodnesborough             | 15,800.00              | -1,665.90      | 14,134.10    | 379.88    | 37.21            | 15,832.95              | -832.95        | 15,000.00    | 383.49    | 39.11            | 5.11%                |
| 35      | Worth                      | 19,000.00              | -1,026.80      | 17,973.20    | 428.55    | 41.94            | 19,000.00              | -513.40        | 18,486.60    | 432.47    | 42.75            | 1.93%                |
|         |                            | 2,362,469.40           | -283,999.99    | 2,078,469.41 | 34,757.85 | 59.80            | 2,268,221.62           | -142,000.05    | 2,126,221.57 | 35,070.45 | 60.63            | 1.39%                |

T&amp;P Average

T&amp;P Average

**2014/15 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: 35,070.45

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

The District Council's precept upon the Collection Fund in 2014/15 for it's own purposes will be: £5,873,950.00

The Band D Council Tax for the District Council's own purposes will therefore be: £167.49

The Band D Council Tax for the District Council's own purposes last year was: £167.49

The increase in Council Tax for the District Council's own purposes is therefore: 0.00%

This is an annual increase of: £0.00

Or a weekly increase of: £0.00

**Parish Council Precepts**

The Parish Councils will, in total, precept: £2,126,221.57

Last year, Parish Councils precepted: £2,078,469.41

The ave. Band D Council Tax for the Parish Councils' own purposes will therefore be: £60.63

The ave. Band D Council Tax for the Parish Councils' own purposes last year was: £59.80

This is an increase of: 1.39%

The total precept, on the Collection Fund by the District Council, on behalf of itself and the Parish Councils will therefore be: £8,000,171.57

**Kent County Council Precept**

Excluding the Collection Fund Surplus, the precept upon the collection fund in 2014/15 will be: £37,478,387.00

Last year's precept was: £36,418,580.00

The Band D Council Tax will therefore be: £1,068.66

Last year's Band D Council Tax was: £1,047.78

The Band D Council Tax increase as a result of this precept is therefore: 1.99%

**2014/15 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: 35,070.45

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This is an annual increase of: £0.00

Or a weekly increase of: £0.00

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**GRANTS TO CONCESSIONARY RENTALS 2014-15**  
**2013/14 2014/15**

|               |               |  |  |
|---------------|---------------|--|--|
| 25            | 0             | Aylesham Parish Council  | Lease Of Land At Spinney Wood, Aylesham  |
| 50            | 50            | Sandwich Tennis Club   | Lease Of Tennis Courts In Sandown Road, Sandwich   |
| 75            | 75            | Aylesham Parish Council  | Lease Of 1.82 Acres At Market Square, Aylesham   |
| 100           | 50            | Aylesham Parish Council  | Lease Of 1.95 Acres Of Land Adjoining Ratling Road, Aylesham   |
| 125           | 125           | Aylesham Parish Council  | Lease Of 4.94 Acres At Dorman Avenue North, Aylesham   |
| 225           | 225           | Dover Bowling Club   | Lease Of Pavilion In Maison Dieu Gardens, Dover  |
| 275           | 355           | Victoria Park Bowling Club   | Rent Of Pavilion, Victoria Park, Deal  |
| 300           | 300           | Aylesham Parish Council  | Lease Of 7.7 Acres Adjoining Hill Crescent, Aylesham   |
| 325           | 325           | Deal Angling Club  | Lease Of Angling Cabin On Deal Pier  |
| 325           | 325           | Deal & Walmer Angling Club   | Lease Of Angling Cabin On Deal Pier  |
| 450           | 450           | Capel-Le-Ferne Parish Council  | Lease Of Land In Lancaster Avenue For Use Of Playing Field   |
| 1,225         | 1,225         | Dover Rugby Football Club  | Rent Of Crabble Pavilion, River (Our Half Of The 7 Months @50% Of £4,200)  |
| 1,750         | 1,750         | Dover Rugby Football Club  | Rent Of Crabble Pavilion, River (We Pay The Remaining 5 Months @ 100% Of £4,200)   |
| 2,500         | 2,500         | Dover Athletic Football Club   | Orange Telephone Mast 50% Of Rental Fee (Dover Ath Keep All Income As Part Of Our Support For Them - Grant Reflects Payment To Code Instead Of Their Payment Of Our Half In Original Deal) |
| 8,000         | 8,000         | Dover Athletic Football Club   | Lease Of Ground At Crabble Athletic, River   |
| 10,000        | 10,000        | Dover Citizen'S Advice Bureau  | Rent Of 1st Floor Dover Area Office  |
| 10,000        | 10,000        | Deal Citizen'S Advice Bureau   | Lease Of The Cedars, 26 Victoria Road, Deal  |
| <b>35,750</b> | <b>35,755</b> | In most cases, the above shows a 50% grant or more reduction in the rental charges for DDC properties or income generating sites |  |

**Financial Assistance Payments to Other Outside Bodies**

| <b>2013/14</b> | <b>2014/15</b> | <b>Change</b> |   |
|----------------|----------------|---------------|---|
| <b>£</b>       | <b>£</b>       | <b>%</b>      |   |
| 265,000        | 265,000        | 0%            | Your Leisure Grant paid to Your Leisure £265k. In addition £35k funding is provided for Deal tennis Centre from which Your Leisure benefit from the additional income stream. |
| 1,500          | 1,500          | 0%            | Pegasus Playscheme Provision of a playscheme for children with disabilities   |
| 4,000          | 4,000          | 0%            | Sandwich Sports and Leisure Centre To assist with expenditure for the facility  |
| 3,000          | 3,000          | 0%            | Kent County Council Contribution to Sports Partnership  |
| 4,500          | 4,500          | 0%            | Gazen Salts Nature Reserve To assist in managing and maintaining the reserve  |
| 10,000         | 10,000         | 0%            | Sandwich Town Cricket Club To assist the Club in defraying its expenditure in managing, maintaining and improving the Recreation Grounds at The Butts & Gazen Salts.          |
| 1,000          | 1,000          | 0%            | Victoria Bowls Contribution to running expenses of the Club   |
| 6,300          | 4,500          | -29%          | Various Sports development grants - small payments awarded to sports clubs for coaching and kits  |
| 100,500        | 100,500        | 0%            | Dover Citizen's Advice Bureau £97k CAB Core Funding grant, plus £3,500 service charge contribution  |
| 4,500          | 4,500          | 0%            | Dover Volunteer Centre Replacement of Concessionary Fares taxi voucher scheme   |
| 22,500         | 22,500         | 0%            | Neighbourhood Forums Joint contribution with KCC for neighbourhood projects   |
| 9,200          | 12,000         | 30%           | Home Improvement Agency "Intouch" Housing Improvement Agency funding  |
| 5,000          | 5,000          | 0%            | Deal Town Council Astor Theatre   |
| 2,500          | 2,500          | 0%            | Actions with Communities in Rural Kent Contribution to rural housing  |
| <b>439,500</b> | <b>440,500</b> |               |   |

## COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT

This Account includes both General Fund and Housing Revenue Account activities and summarises the resources that are generated and consumed in providing services and managing the Council during the year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

| 2012/13<br>Actual<br>Net<br>Expenditure<br><br>£ 000's | 2013/14<br>Mid-Year<br>Forecast Net<br>Expenditure<br><br>£ 000's |   | 2014/15<br><br>Gross<br>Expenditure<br><br>£ 000's | Gross<br>Income<br><br>£ 000's | Net<br>Expenditure<br><br>£ 000's |
|--|---|---|--|--------------------------------|-----------------------------------|
| 1,528  | 1,657   | <b>On its services the Council spent:-</b>                  | 2,586  | (971)                          | 1,615                             |
| 3,863  | 3,483   | Central Services to the Public                              | 3,747  | (420)                          | 3,327                             |
| 4,833  | 5,015   | Cultural and Related Services                               | 11,387   | (6,337)                        | 5,050                             |
| 1,782  | 1,655   | Environmental and Regulatory Services                       | 3,739  | (1,969)                        | 1,770                             |
| (666)  | (642)   | Planning and Development Services                           | 1,599  | (2,174)                        | (575)                             |
| 0  | 0   | Highways and Transport Services                             | 0  | 0                              | 0                                 |
| (4,836)  | (9,768)   | Exceptional item – revaluation (gain)/loss of GF stock      | 10,527   | (20,431)                       | (9,904)                           |
| 0  | 0   | Local Authority Housing (HRA)                               | 0  | 0                              | 0                                 |
| 3,562  | 1,365   | Exceptional item – revaluation (gain)/loss of HRA stock     | 41,841   | (40,522)                       | 1,319                             |
| 1,647  | 1,651   | Other Housing Services                                      | 1,728  | (149)                          | 1,579                             |
| 115  | 386   | Corporate and Democratic Core                               | 122  | 0                              | 122                               |
| 0  | 0   | Non-distributed Costs                                       | 0  | 0                              | 0                                 |
| <b>11,828</b>  | <b>4,802</b>  | Exceptional item – pension capitalised gain & settlements   | <b>77,276</b>                                      | <b>(72,973)</b>                | <b>4,303</b>                      |
| (874)  | 0   | <b>NET COST OF SERVICES</b>                                 |  |                                | 0                                 |
| 0  | 0   | (Gain) or loss on disposal of fixed assets                  |  |                                | 0                                 |
| 2,014  | 2,078   | (Gain) or loss on financial assets                          |  |                                | 0                                 |
| 0  | 284   | Amounts due to Precepting Authorities:                      |  |                                | 2,126                             |
| 64   | 64  | - Town and Parish Councils                                  |  |                                | 142                               |
| 207  | 238   | - Council Tax Support Funding to Towns & Parishes           |  |                                | 66                                |
|  |   | - River Stour Drainage Board                                |  |                                | 261                               |
|  |   | Contribution of Housing Capital Receipts to Government Pool |  |                                | 3,153                             |
| 3,268  | 3,216   | <b>Financing &amp; Investment Income &amp; Expenditure:</b> |  |                                | (264)                             |
| (631)  | (252)   | Interest payable and similar charges                        |  |                                | 0                                 |
| (51)   | 0   | Interest and investment income                              |  |                                | 0                                 |
| (19)   | 0   | Income and expenditure in relation to investment properties |  |                                | 0                                 |
| (588)  | (715)   | and changes in their fair value                             |  |                                | (2,000)                           |
| 1,832  | 2,579   | Impairment of Icelandic Investment                          |  |                                | 2,579                             |
| 0  | 0   | Capital Grant Contributions                                 |  |                                | 0                                 |
| <b>17,050</b>  | <b>12,294</b>   | Pensions interest cost & expected return on assets          |  |                                | <b>10,366</b>                     |
| (6,651)  | (5,822)   | Exceptional item  |  |                                | 0                                 |
| (2,014)  | (2,078)   | <b>NET OPERATING EXPENDITURE</b>                            |  |                                | (5,874)                           |
| 0  | 0   | Demand on the Collection Fund:                              |  |                                | (2,126)                           |
| 0  | (37)  | - Council Tax Income for DDC Purposes *                     |  |                                | (58)                              |
| (413)  | (927)   | - Council Tax Income passed to Parishes                     |  |                                | (20)                              |
| (150)  | (4,699)   | Council Tax Freeze Compensation                             |  |                                | (1,296)                           |
| (7,104)  | (3,315)   | Collection Fund Surplus - Council Tax                       |  |                                | (3,698)                           |
| 0  | 0   | New Homes Bonus   |  |                                | (3,591)                           |
| <b>718</b>   | <b>(4,584)</b>  | Government Grants (not attributable to specific services)   |  |                                | 0                                 |
|  |   | Distribution from Non-Domestic Rates Pool                   |  |                                | (6,297)                           |
|  |   | Impact of Localisation of Business Rates                    |  |                                | 0                                 |
|  |   | <b>TOTAL: (SURPLUS) / DEFICIT FOR THE YEAR</b>              |  |                                | <b>(6,297)</b>                    |

\* 2013/14 and 2014/15 not adjusted for SORP treatment of estimated *Collection Fund surplus* change (council tax)

| 2012/13 Actual |                         |              | This is the statutory format required to be produced for the Statement of Accounts and is included for completeness. | 2013/14 Mid-Year Forecast |                         |                | 2014/15 Budget |                         |                |
|----------------|-------------------------|--------------|--|---------------------------|-------------------------|----------------|----------------|-------------------------|----------------|
| General Fund   | Housing Revenue Account | Total        |  | General Fund              | Housing Revenue Account | Total          | General Fund   | Housing Revenue Account | Total          |
| 2,258          | 7,365                   | 9,623        | <b>OPENING BALANCE</b>   | 14,760                    | 659                     | 15,419         | 2,530          | 3,023                   | 5,553          |
| (2,850)        | 2,132                   | (718)        | Surplus or (deficit ) on provision of services   | (1,803)                   | 6,387                   | 4,584          | (302)          | 6,599                   | 6,297          |
| 0              | 0                       | 0            | Other Comprehensive Income and Expenditure   | 0                         | 0                       | 0              | 0              | 0                       | 0              |
| <b>(2,850)</b> | <b>2,132</b>            | <b>(718)</b> | <b>TOTAL COMPREHENSIVE INCOME AND EXPENDITURE</b>  | <b>(1,803)</b>            | <b>6,387</b>            | <b>4,584</b>   | <b>(302)</b>   | <b>6,599</b>            | <b>6,297</b>   |
|                |                         |              | <b><u>Adjustments between accounting basis and funding basis under regulations</u></b>                               |                           |                         |                |                |                         |                |
| 1,580          | 0                       | 1,580        | Depreciation   | 1,569                     | 0                       | 1,569          | 1,565          | 0                       | 1,565          |
| 34             | 0                       | 34           | Amortisation   | 82                        | 0                       | 82             | 110            | 0                       | 110            |
| 2,597          | 5,681                   | 8,278        | Impairments  | 0                         | 0                       | 0              | 0              | 0                       | 0              |
| 0              | (3,390)                 | (3,390)      | Major Repairs Reserve  | 0                         | (2,589)                 | (2,589)        | 0              | (2,720)                 | (2,720)        |
| 0              | 0                       | 0            | MRA to fund Cap Exp  | 0                         | 0                       | 0              | 0              | 0                       | 0              |
| 86             | 0                       | 86           | REFCUS   | 0                         | 0                       | 0              | 0              | 0                       | 0              |
| (588)          | 0                       | (588)        | Capital Grants Applied   | (715)                     | 0                       | (715)          | (2,000)        | 0                       | (2,000)        |
| (51)           | 0                       | (51)         | Investment Properties Revals   | 0                         | 0                       | 0              | 0              | 0                       | 0              |
| (431)          | (443)                   | (874)        | Gain / Loss on Sale of Assets  | 0                         | 0                       | 0              | 0              | 0                       | 0              |
| (7)            | 0                       | (7)          | Revaluation Gain   | 0                         | 0                       | 0              | 0              | 0                       | 0              |
| (250)          | 0                       | (250)        | Financial Instruments Reserve  | 0                         | 0                       | 0              | 0              | 0                       | 0              |
| 0              | 0                       | 0            | Financial Impairment   | 0                         | 0                       | 0              | 0              | 0                       | 0              |
| (24)           | 0                       | (24)         | Loan principal repayments  | 0                         | 0                       | 0              | 0              | 0                       | 0              |
| 390            | (76)                    | 314          | Pensions   | 1,386                     | 41                      | 1,427          | 1,288          | 18                      | 1,306          |
| (43)           | 0                       | (43)         | Collection Fund Adjustment Account - Council Tax   | 0                         | 0                       | 0              | 0              | 0                       | 0              |
| (66)           | (610)                   | (676)        | Capital Expenditure Funded from revenue  | (357)                     | (1,475)                 | (1,832)        | (153)          | (3,512)                 | (3,665)        |
| 15             | 0                       | 15           | Employee Benefits Reserve  | 0                         | 0                       | 0              | 0              | 0                       | 0              |
| 207            | 0                       | 207          | Capital Receipts Pooling   | 238                       | 0                       | 238            | 261            | 0                       | 261            |
| 0              | 0                       | 0            | Collection Fund (NDR) / Enterprize Zone Relief Adjustment  | (256)                     | 0                       | (256)          | 256            | 0                       | 256            |
| <b>3,449</b>   | <b>1,162</b>            | <b>4,611</b> |  | <b>1,947</b>              | <b>(4,023)</b>          | <b>(2,076)</b> | <b>1,327</b>   | <b>(6,214)</b>          | <b>(4,887)</b> |
| <b>599</b>     | <b>3,294</b>            | <b>3,893</b> | <b>NET INCREASE / DECREASE BEFORE TRANSFERS TO EARMARKED RESERVES</b>  | <b>144</b>                | <b>2,364</b>            | <b>2,508</b>   | <b>1,025</b>   | <b>385</b>              | <b>1,410</b>   |
|                |                         |              | <b><u>Transfers to / from Earmarked Reserves</u></b>   |                           |                         |                |                |                         |                |
| (597)          | 2,500                   | 1,903        | Earmarked Reserves   | (12,374)                  | 0                       | (12,374)       | (1,025)        | 0                       | (1,025)        |
| 0              | 0                       | 0            | Transfers to other organisations   | 0                         | 0                       | 0              | 0              | 0                       | 0              |
| 12,500         | (12,500)                | 0            | Earmarked HRA Balance to GF  | 0                         | 0                       | 0              | 0              | 0                       | 0              |





## SUMMARY OF RECOMMENDATIONS

Detailed below is a summary of all the recommendations included in the report:

### General Fund Revenue Account

It is recommended that Cabinet:

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

It is recommended that Council:

- Approve the General Fund Revenue Budget for 2014/15 and the projected outturn for 2013/14;
- Approve the policies and protocols regarding the General Fund balances and earmarked reserves, and transfers between reserves as set out in Annex 6.

### Housing Revenue Account

It is recommended that Council:

- Approve the 2013/14 projected outturn and the 2014/15 budget at Annex 7.

### Capital & Special Revenue Programmes

It is recommended that Cabinet:

- Continue the practice of delegated authority to the Director of Finance, Housing and Community, in consultation with the Portfolio Holder responsible for Finance, to:
  - Apply capital receipts, revenue resources, grants, s106 monies, etc. to finance the approved Capital and Special Revenue Projects programmes;
  - Authorise projects up to £50k that are included in the capital and special revenue programmes;
  - Authorise projects funded from the Capital Contingency;
  - Authorise virements between Regeneration projects;
  - Draw down Growth Point reserves in order to apply them to regeneration projects.

It is recommended that Council:

- Approve the capital and special projects programmes;
- Approve that capital resources required to finance new projects are secured before new projects commence;
- Approve that retained poolable housing capital receipts are used to fund capital allowances on Regeneration and Decent Homes agendas.

## Treasury Management and the Prudential Code

It is recommended that Council:

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

## Council Tax Resolution

It is recommended that Council:

- Approve the Council Tax Resolution as set out at Annex 10A;
- Note that if the formal Council Tax Resolution at Annex 10A is approved, the total Band D Council Tax will be as follows:

|  | 2013/14<br>£    | 2014/15<br>£    | Increase<br>% |
|--|-----------------|-----------------|---------------|
| Dover District Council                   | 167.49          | 167.49          | 0.00%         |
| Kent County Council                      | 1,047.78        | 1,068.66        | 1.99%         |
| The Police & Crime Commissioner for Kent | 141.47          | 144.28          | 1.99%         |
| Kent & Medway Fire & Rescue Authority    | 67.95           | 69.30           | 1.99%         |
| <b>Sub-Total</b>                         | <b>1,424.69</b> | <b>1,449.73</b> | <b>1.76%</b>  |
| Town & Parish Council (average) - TBC    | 59.80           | 60.63           | 1.35%         |
| <b>Total Band D Council Tax</b>          | <b>1,484.49</b> | <b>1,510.36</b> | <b>1.74%</b>  |

- The Council Tax by band for the major preceptors will be as follows, to which the Town and Parish Councils' Council Tax will be added:

|  | <u>Valuation Bands</u> |                 |                 |                 |                 |                 |                 |                 |
|--|------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|  | A                      | B               | C               | D               | E               | F               | G               | H               |
| <b>Precepting Authority:</b>             | £                      | £               | £               | £               | £               | £               | £               | £               |
| Kent County Council                      | 712.44                 | 831.18          | 949.92          | 1,068.66        | 1,306.14        | 1,543.62        | 1,781.10        | 2,137.32        |
| The Police & Crime Commissioner for Kent | 96.19                  | 112.22          | 128.25          | 144.28          | 176.34          | 208.40          | 240.47          | 288.56          |
| Kent & Medway Fire & Rescue Service      | 46.20                  | 53.90           | 61.60           | 69.30           | 84.70           | 100.10          | 115.50          | 138.60          |
| Dover District Council                   | 111.66                 | 130.27          | 148.88          | 167.49          | 204.71          | 241.93          | 279.15          | 334.98          |
| <b>Total (excl. T&amp;P)</b>             | <b>966.49</b>          | <b>1,127.57</b> | <b>1,288.65</b> | <b>1,449.73</b> | <b>1,771.89</b> | <b>2,094.05</b> | <b>2,416.22</b> | <b>2,899.46</b> |