



**Budget 2015/16
and
Medium Term
Financial Plan
2015/16 – 2017/18**

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EXECUTIVE SUMMARY

OVERALL POSITION

1. The key features of this Medium Term Financial Plan (MTFP) are:
 - Balanced General Fund budget for 2015/16;
 - Prudent General Fund balances maintained in 2015/16;
 - Council Tax levels frozen at 2014/15 rates;
 - Revenue Support Grant from government reduced by 31.6% in 2015/16, and forecast to be reduced by a further 20% in 2016/17;
 - Non-Domestic Rates (NDR) / Business Rates (BR)¹ income is now volatile and difficult to predict. The system's sustainability is questionable and it has a lot of complex and interdependent variables, with significant margins of error and some perverse outcomes;
 - BR inflation increased by 1.9% for 2015/16 and 2.8% annually for future years;
 - BR income forecast to be £814k above baseline, of which the Council retains £116k (after paying 50% to Government and the balance to KCC and the Kent BR pool);
 - A "one-off" transfer of circa £700k of additional Enterprise Zone Relief Grant from 2014/15, recognised in 2015/16, to the Special Projects and Events Reserve
 - General Fund projected deficits of £360k in 2016/17 and £728k in 2017/18 (see Annex 4);
 - Rent increases in line with DCLG rent guidelines;
 - Ring fenced Housing Revenue Account balances of circa £5m, and the £12.5m transfer remains unused at present;
 - A strategy for a significant programme of new house building;
 - Fully financed 2015/16 capital programme but limited capital resources for the future; and
 - Significant potential future years' volatility in the Council's main income streams from Council Tax, Business Rates, Revenue Support Grant, New Homes Bonus and Enterprise Zone Grant.
2. Recommendations are included in detail at the end of each section and consolidated in Annex 14.

BUDGET AND MEDIUM TERM PLANS

3. The 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 with the Corporate Plan and the Asset Management Plan. The MTFP before Members today covers the period 2015/16 – 2017/18.
5. The MTFP incorporates the 2015/16 General Fund Revenue Budget, the 2015/16 Housing Revenue Account (HRA) Budget and the latest Medium Term Capital Programme (MTCP).

¹ NDR and BR are terms which are now used interchangeably by Government and Local Government.

6. Years 2 & 3 of the MTFP (2016/17 – 2017/18) 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 projects a £92k surplus in 2015/16 (Annex 1) and forecasts projected deficits of £360k in 2016/17 and £728k in 2017/18 (Annex 4). The General Fund Balance is forecast to remain above the £2m preferred level in 2015/16. The forecasts for future years show the General Fund Balance reduced to £1.47m by the end of 2017/18 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. In order to maintain firm downwards pressure on expenditure and recruitment, and to ensure budgets are directed to the Council's priorities the Council maintains a continuous Employment Stability (ES) process. The ES process provides a peer review and Chief Executive sign-off for all recruitment, so that all options are explored and tested before any recruitment is permitted.
11. The Council also operates a rolling efficiency and service review process, "Delivering Effective Services (DES)" which tests the cost effectiveness of services, reviews alternatives and ensures that priority functions are linked to performance targets.
12. The budget incorporates the work and recommendations of the ES and DES processes, with appropriate staffing levels and budgets. It also reflects the results of consultations – explained under the heading "Consultation Arrangements" below.

THE GENERAL FUND

13. The Council's General Fund revenue budget for 2015/16 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 £16.1m. This is to be met mainly by:
 - Revenue Support Grant of £2.53m;
 - Distribution of Non-Domestic Rates of £4.16m;
 - Enterprise Zone Relief Retained of £1.71m
 - Council Tax of £5.95m; and
 - New Homes Bonus of £1.57m.
14. Annex 4 shows the overview of the forecasts for 2016/17 and 2017/18, the corporate pressures from increased salary costs, pension funding and inflation and service

pressures and savings from directors. It is currently forecast that to balance the 2016/17 and 2017/18 budgets, savings of £360k in 2016/17 and a further £370k approx. in 2017/18 will need to be identified.

GOVERNMENT GRANT

15. Government grant of £6.7m is the largest single income stream for the Council. The grant is split between Revenue Support Grant (£2.5m) and Non-Domestic Rates Redistribution (£4.2m).
16. Revenue Support Grant received for 2015/16 is being reduced by £1.2m (31.6%) from the 2014/15 level.
17. The localisation of Non-Domestic Rates, in operation from 2013/14, has made this a volatile and complex area to forecast, with a range of interdependent factors including:
 - The business rates and funding baselines for an authority – these are set by Government
 - Gross BR levels arising from new developments and demolitions
 - the net yield after allowing for BR collection rates, allowances, appeals determined (which may stretch back over several years)
 - Enterprise Zone Relief Grant and other s31 grants
 - Collection fund surpluses and their distribution
 - The operation of the Kent Business rates pool and the performance of all other Councils in the pool
 - Operation of the safety net and the levy
 - The perverse effect whereby improved performance in any one year can lead to reduced resources in that year, with the additional income being recognised in budgets two years later.
 - The impact of BR revaluation in 2017.
18. Government determines the District's funding baseline each year and this has an impact on the resources available to the Council. Districts can then receive more than this figure by generating growth in business rates above the BR baseline, and normally 20% of this growth can be retained² by the district after the 50% levy.
19. Further, districts can enter into pooling arrangements, which DDC is authorised to do in 2015/16, which can reduce the levy rate imposed by Government on growth. Due to expected growth in business rates in the district during 2015/16³, and local pooling, the NDR income budgeted for 2015/16 of £4.2m is an increase of £830k (24.9%) on the estimated 2014/15 level.
20. The estimated settlements for Revenue Support Grant for future years are shown in the table at section 116 and in Annex 4. A further reduction is forecast for 2016/17 of £506k (20.0%), followed by another £506k reduction for 2017/18 (25.0%). For the

² The first 50% of any BR growth goes to government, plus a further 50% of what is left as a "levy", leaving just 25% of the original growth. After passing over a small share to KCC and Fire, DDC is left with 20% of the original growth. The 50% levy can be reduced by setting up a Business Rates pool.

³ This projection cannot be certain, but is based on local knowledge of expected developments, actual and anticipated planning applications, the level of BR appeals and provision for those appeals, assumed occupancy dates, the estimated probability of individual schemes proceeding etc.

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.

21. The estimates for retention of Non-Domestic Rates income for future years are shown in the table at section 117 and in Annex 4. It is not clear whether the current BR pooling arrangements will continue after 2015/16, and so, for prudence it has been assumed that the Kent BR pool will only operate for one year, and a decrease in BR is estimated on exiting the pool in 2016/17 of £400k (9.6%) but increasing again in 2017/18 by £476k (12.6%).

CHANGES IN LOCAL GOVERNMENT FINANCE

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

COUNCIL TAX

24. A Council Tax freeze for DDC purposes has been assumed for the 2015/16 draft budget. If approved, Band D Council Tax will remain at £167.49 for 2015/16.
25. For planning purposes a Council Tax increase of 1.99% per annum has been assumed for future years.
26. 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 included in the Council Tax resolution.

COMPARISON WITH OTHER DISTRICTS' 2014/15 BAND D COUNCIL TAX

27. DDC has one of the lowest Council Tax rates in Kent. A comparison with the East Kent authorities' 2014/15 Council Tax rates is shown below. This shows the percentage that their 2014/15 Council Tax level exceeds DDC's and the extra income DDC would receive at their level of Council Tax:

	Band D Council Tax £	% Difference to DDC	Extra Income to DDC
Dover District Council	167.49	-	-
Canterbury City Council	185.67	+11%	£645k
Shepway District Council	229.05	+37%	£2.2m
Thanet District Council	209.97	+25%	£1.5m

COMPARISON WITH BUSINESS RATES

28. 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.
29. The table below compares increases between Council Tax within the Dover District, and the standard Business Rates multiplier.

Year	DDC Band D Council Tax £	Increase on previous year %	Small Business Rates Multiplier £	Increase on previous year %
2011/12	158.94	-	0.426	-
2012/13	164.43	3.45%	0.450	5.63%
2013/14	167.49	1.86%	0.462	2.67%
2014/15	167.49	0.00%	0.471	1.95%
2015/16	167.49	0.00%	0.480	1.91% ⁴
Cumulative increase over the period	-	5.38%	-	12.68%

30. Business Rates have been increased by the Government at over double the rate that Council Tax has been increased by DDC.

NEW HOMES BONUS

31. New Homes Bonus is funded by the DCLG from a top slice of existing local government finance, and it is an essential element on balancing the Council's budget. Significant reduction, or removal, of New Homes Bonus, would create a very significant financial pressure on the Council, as it is forecast to be over £1.5m in 2015/16.
32. The system is designed to reward areas that permit new homes to be built / brought back into use. 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, £1.296m in 2014/15 and £1.57m in 2015/16. For planning purposes forecasts of projected house building in the district have been made to estimate future levels of New Homes Bonus.

GENERAL FUND RESERVES AND BALANCES

33. The projected outturn for 2014/15 and the budget for 2015/16 will enable General Fund balances to be maintained above £2m. The forecasts for future years show the General Fund Balance reduced to £1.47m by the end of 2017/18 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.

⁴ This is a provisional figure set by government in December 2014.

34. All General Fund reserves, and the protocols for their use, are set out in Annex 6.

HOUSING AND THE 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:

- HRA balance at 31/03/14 £1.786m;
- Forecast balance at 31/03/15 £3.156m;
- Forecast surplus for 2015/16 of £1.824m;
- Forecast year end balance at 31/03/16 £4.979m

36. Rent increases averaging approximately 2.18% have been included in the HRA budget. This is consistent with past guidance from Government. The HRA budget also includes provision for a Housing Initiatives Reserve and an indicative programme of new house building / acquisition is shown at Annex 7b.

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 General Fund 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 financing for the whole project is in place through additional funding, capital receipts that have been banked or other savings in the programme have been identified.

43. Capital resources are extremely limited and as a result capital receipts from the sale of the non “Right-to-Buy” properties will be allocated primarily to fund regeneration projects in accordance with capital allowance regulations. Therefore the HRA will finance its capital spend mainly 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. As a result the recurrent revenue budgets are insufficient to finance such projects and they are therefore generally funded from revenue reserves. Cancellation of any of these projects would free up resources that could be used to finance capital projects, other 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 2014/15 and following years as reported in the 2014/15 MTFP. The method used was SIMALTO (Simultaneous Multi Attribute Level Trade Off). This uses forced choice questions to make respondents choose where to allocate resources within the overall constrained budget. This information can be used for up to five years following the consultation.
48. In order to compile the 2015/16 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.
49. Results of the consultation included in the budget were:
 - On-going commitment to the regeneration of the district;
 - Continued support for apprenticeships within the authority;
 - Delivery of the Health and Wellbeing agenda;
 - Review of options for the future provision and improvement of Heritage Assets, the “Delivering Differently programme, and restoration of Russell Gardens and Kearsney Abbey;
 - Protected Street Cleansing, Environmental Crime, Grants to Voluntary Organisations and Anti-Social Behaviour; and
 - Introduction of a housing development programme through use of the Housing Revenue Account surpluses.
50. Town and parish councils have also 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.

KEY ASSUMPTIONS AND SIGNIFICANT BUDGET RISKS

51. 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.
52. 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

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

CHANGES TO LOCAL GOVERNMENT FINANCE

INTRODUCTION

54. The Government has two major and interlinked reforms. They are welfare reform and the reform of local government finance.
55. In previous years the MTFP has included a full explanation of the latest changes, but 2015/16 is expected to be a year of consolidation where the changes that have already been initiated continue to roll-out, or to bed down. Therefore this MTFP contains a brief summary of the latest position, looking first at Welfare Reform, and then at Local Government Finance.

Welfare Reform

56. The key elements of welfare reform are:
- Council Tax Reduction Scheme (CTRS)
 - Benefits Cap
 - Social Sector Size Criteria
 - Universal Credit

Council Tax Reduction Scheme

57. Dover District Council, working with Thanet, Canterbury, Kent County Council (KCC) and EK Services, has implemented a local CTRS where the former claimants of Council Tax Benefit have to pay 6% of the Council Tax bill for their properties. This level is significantly lower than the rest of Kent where, typically, claimants have to pay 18% of their Council Tax bill.
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. The current CTRS was agreed with KCC for 3 years, and 2015/16 is the last year of operation. Discussions have started with other Kent districts and KCC to ensure we have a viable scheme for the years after 2015/16. The current scheme has seen Council Tax collection rates maintained, and with the falling numbers of claimants, the scheme has remained affordable.

Benefits Cap

60. When introduced, 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. In the autumn statement the Chancellor announced his intention to reduce the Benefits Cap to £23k. Local authorities will be responsible for administering the cap for claimants in receipt of Housing Benefit until that claim is migrated to Universal Credit.
61. If the total amount of benefits in payment (including Housing Benefit) exceeds the cap then the excess is deducted from Housing Benefit by the local authority. When

the claim transfers to Universal Credit the Department for Work and Pensions (DWP) will be responsible for applying the cap.

62. DWP identified approximately 31 households within the Dover district affected by the £26k cap. The number of families expected to be affected by the lower £23k cap will not be known until the DWP analyses the benefit caseload.

Social Sector Size Criteria (SSSC)

63. SSSC applies to Housing Benefit claimants in social housing. Those claimants deemed to have one bedroom more than they require have their Housing Benefit reduced by 14%. For claimants with 2 or more excess bedrooms the reduction is 25%.
64. East Kent Services continue to work with East Kent Housing to identify affected tenants and proactively support property moves and transfers where possible and appropriate. The Council can also use Discretionary Housing Payments (DHP) to mitigate the impact of the SSSC. As the funding for DHP is finite, it is generally used as a short term measure where the tenant's circumstances will become viable in the near future, for example, when a down size is imminent, or is someone is about to rejoin the household, thus eliminating the SSSC.
65. DHP cannot, generally, provide a long term solution where a tenant incurs the SSSC.

Universal Credit (UC)

66. UC is being rolled out nationally. At present 22,900 claimants are in receipt of UC, with a target of 100,000 by May 2015, and 500,000 by May 2016. No further projections are being made other than the completion of the UC programme by, or before, the end of the next parliament. The next direct impact on DDC is the transfer of our Benefit Fraud team to the DWP in December 2015. Details are still being worked through with DWP and further information will follow nearer the time.
67. The key elements of UC are:
- “Digital as appropriate” – it is assumed that 80% of claims will be on-line, and that there will be minimal personal contact or intervention;
 - In the majority of cases, benefit will be paid on a monthly basis, direct to the claimant's bank account, rather than to landlords, as is currently the case with Housing Benefit. This is to re-accustom claimants to the pattern of salary payments when they return to work;
 - The change in payment patterns will require East Kent Housing to focus on maintaining rent collection rates;
 - For those in work, the system will require monthly data transfers from their employers to the HMRC, and then from HMRC to DWP systems, in order to adjust benefit for changes in income;
 - Claims from homes within a “House in Multiple Occupation” (HMO) are currently checked to property records by DDC to ensure the total number of claims from the HMO is consistent with (or does not exceed) the number of homes it contains, and so reduce the risk of fraud. It is not yet clear how this check will be replicated by the DWP as they do not have access to our property database.

REFORM OF LOCAL GOVERNMENT FINANCE

Localisation of Business Rates (BR)

68. The BR to be paid by businesses are determined by the Valuation Office Agency (VOA), who set the rateable value (RV) of premises, and by central government, who set the multiplier (rate in the pound) that is to be applied to the rateable value.
69. Local authorities have no role in setting the BR, and are mainly responsible just for the collection of the due amount.
70. The Government's policy of localisation of BR focuses on how the income generated from BR is to be shared between central and local government. Businesses have seen no difference in the way they pay BR or the way the tax rate continues to be set by Government, and the rateable values will continue to be determined by the Valuation Office.
71. However the financing of local government is radically altered by the new arrangements for sharing the income generated by BR. The system includes a complex arrangement, with :
 - Tariffs and top-ups;
 - The safety-net and levy;
 - Pooling BR with other Kent districts
 - A number of uncertainties including:
 - Projections of future BR levels (NDR1 and NDR3);
 - Appeals by businesses against their rateable values;
 - Accounting arrangements and determining the 2014/15 performance and the 2015/16 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.
72. In addition to the complexity of explaining the above factors for any one financial year, the new system makes it extremely difficult to explain how finances have changed between financial years, especially in comparison to the periods before 2013/14.
73. A full explanation of these arrangements was provided in the MTFP presented to Council in March 2013 and therefore is not repeated here. However, at its most basic, the new system is that 50% of BR collected by a council is allocated to government, with 40% retained by the Council, 9% going to KCC and 1% to Kent Fire and Rescue.
74. 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.
75. 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".

76. 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.
77. Under these arrangements, if DDC manages to grow its income from BR, it will retain 20% of that growth itself. So for every additional £1m in BR in the DDC area, DDC will retain £200k.
78. However, for 2015/16 KCC and 10 of the Kent districts have formed a BR pool. By doing so, we should be able to retain the bulk of the BR growth, so for every extra £1m, we will retain £390k, an increase of £190k. The pooling arrangements require us to share this on the basis:
- 30% (£57k) for KCC
 - 30% (£57k) into a joint KCC / DDC regeneration fund
 - 30% (£57k) for DDC
 - 10% (£19k) contingency.

The Position for Dover

79. 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.

Dover's Rateable Values	Rateable Value ⁵ £000	%
Top 5		
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
Sub Total	33,120	36
Remainder	58,195	64
Total	91,315	100

80. 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. In addition, 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.

⁵ Note – Rateable Value is not the same as the Business Rates paid. RV is multiplied by a government set multiplier (47.1p in 2014/15) to determine the amount payable, and this may be subject to BR allowances.

THE GENERAL FUND REVENUE ACCOUNTS

FINANCIAL OBJECTIVES

81. 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

82. The following annexes are provided:
- Annex 1 contains the budget summary for the General Fund;
 - Annex 2A shows the net service expenditure analysed by categories of expenditure and income;
 - Annex 2B shows the key expenditure figures and patterns for the General Fund;
 - Annex 2C shows the key income figures and patterns for the General Fund;
 - Annex 3 provides a detailed variance analysis between the budgets and forecasts from 2014/15 and 2015/16;
 - Annex 4 provides the General Fund Revenue Budget projection for the period to 2017/18;
 - 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

83. For 2015/16, the most significant variances in the budget are in funding, where reductions in Revenue Support Grant have been offset by increases in Enterprise Zone Relief Grant (reflecting higher EZ relief to be awarded and an element of additional grant relating to 2014/15, to be received by DDC from DCLG in 2015/16), Business Rates and New Homes Bonus.
84. As a result, transfers to earmarked reserves have been increased and a number of Corporate and service pressures absorbed.
85. The net budget requirement for the Council's own purposes is £16.1m as shown in Annex 1. This is to be met mainly by Revenue Support Grant of £2.5m and distribution of Non-Domestic Rates of £4.2m⁶, Council Tax income of £5.9m and New Homes Bonus of £1.6m.
86. For 2016/17 and 2017/18, Annex 4 shows the overview of the forecasts, the corporate pressures from increased salary costs, pension back funding, inflation,

⁶ Based on the 2014/15 settlement received 5 February 2014, adjusted for NDR growth, levy and collection fund surplus (NDR element)

service pressures and savings from Directors. The Annex also incorporates prudent assumptions on the future development in the district and the resulting anticipated increase in BR.

87. To balance the 2016/17 and 2017/18 budgets, based on the assumptions made, savings of £360k in 2016/17 and a further £370k in 2017/18 will need to be identified. The on-going DES processes and review of all expenditure and income streams will be the main approach used to identify options towards addressing the required savings.

KEY VARIANCES / SIGNIFICANT ISSUES

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

	£000
2014/15 Original Budget Forecast	0
<u>Variances in Funding</u>	
Decrease in Revenue Support Grant	1,170
Increase in Enterprise Zone Relief Grant	(1,192)
Increase in NNDR Funding	(830)
Increase in Council Tax Base	(73)
Council Tax Freeze Compensation	(80)
Increase in Collection Fund Surplus (Council Tax)	(92)
Increase in New Homes Bonus	(275)
<u>Total Variances in Funding</u>	(1,372)
<u>Variances in Corporate and Service Budgets</u>	
Increased interest receivable forecast	(56)
Allowance for new apprenticeships and Legal restructure	100
Increase in Development Management Salaries	160
Forecast increase in Development Management income	(38)
Net increase in transfers to earmarked reserves	178
Reduction in grant funding to Towns & Parishes	(46)
Increase in Creditors & Procurement salaries, incl. manager post	99
EKS Savings Target from 14/15	70
Forecast increase in Superannuation Backfunding	63
Reduction in Benefits administration grant	45
Increased Corp. Maintenance Pot & Property Services Salaries	153
Increased cost of Waste Services, incl. contract inflation & bins	155
Governance – various salaries increase for new posts/regrades	108
Reduction in parking income streams	106
Forecast reduction in Littering Enforcement Penalty Income	31
Council Tax Income – reduction in court costs recovery	30
Museum – reduce income from Admission Fees, Souvenirs, etc.	30

Members Training, Special Responsibility Allowances & NI	22
Other Variances	70
<u>Total Variances in Corporate and Service Budgets</u>	1,280
2015/16 Budget Forecast	(92)

Note - In addition, a potential pressure has been identified from the requirement to review service provision at the Museum. This pressure has not yet been quantified or confirmed, and so it is proposed to delegate to the Director of Finance, Housing and Community in consultation with the Portfolio Holder for Performance and Resources, to adjust the proposed transfers to reserves by an offsetting sum in order to rebalance the budget if the restructure proceeds.

Staff Salaries

89. The decision for the level of cost of living increases for 2015/16 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.
90. Known and committed adjustments for the impact of pay protection and increments under the current job evaluation scheme are included in the budgeted figures. If the cost of living increase assumed in the salary estimates proves to be different from that recommended by the independent advice and approved by Members, it is proposed to delegate to the Director of Finance, Housing and Community in consultation with the Portfolio Holder for Performance and Resources, to adjust the proposed transfers to reserves by an offsetting sum in order to rebalance the budget.

Vacancy Allowance and Organisational Savings

91. The vacancy allowance (savings from staff turnover) has been set at £100k in 2015/16.
92. The budget also includes £100k for "Delivering Effective Services" to allow for an increased level of apprentices and a review of resources to ensure sufficient support to Regeneration in the district is available.
93. It is proposed to continue the current (or updated) Delivering Effective Services and Employment Stability processes in 2015/16 to maintain the link between approved service standards and the approval of posts to be filled.

Pension Fund

94. 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 was implemented from April 2014.
95. 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%.

96. The 2013 valuation also estimated 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.
97. As a result the fixed sum to finance the deficit was increased from £1.71m to £1.82m (for all staff, including HRA) in 2014/15, and then continues to increase by £80k in each of 2015/16 and 2016/17.
98. 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

99. 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.
100. The other significant area of potential inflation pressures relates to major term contracts. In 2015/16 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 £70k variance in costs.

Contingency Provision

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

Grants to Organisations

102. 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

103. 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.

104. The Council has awarded a 10-year contract to carry out recycling and waste collections, the processing of recyclate collected and street cleansing operations to Veolia Environmental Services (UK), which commenced in January 2011. The contract has been awarded in partnership with Shepway District Council and Kent County Council (as the disposal authority). Dover is the lead on this partnership and manages the client team who oversee the contract from the Dover District Council offices on behalf of the three authorities.
105. 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

106. The overall interest rates achieved in 2015/16 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.
107. The MTFP assumes that the Council's investments overall will earn an average of 0.75% on its investments in 2015/16 and 2016/17 followed by 1.25% for future years (split approximately 75/25 between General Fund and HRA pro rata to estimated cash balances).
108. 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.

Other Income Streams and Fees and Charges Made by DDC

109. 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.

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

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

- Development Management

The original budget for Development Management fee income in 2014/15 was £535k (incl. fees for pre-application advice). Planning application fee income is currently on track and is projected to meet the £535k target, with a minor improvement on the level of pre-application advice expected within this figure by end of year, circa £4k. The budget for 2015/16 has increased slightly to £567.5k to reflect the Fees and Charges report estimates.

- Building Control

The Building Control (BRFE) income is largely dependent upon construction activity. Assumptions about the level of activity combined with the economic forecasts lead to a budget of £305k being set for 2014/15. However the wider than expected increased level in construction activity locally has not materialised and the forecast for the year has been reduced to £280k. Allowing for assumptions about increased construction activity locally and nationally, the budget for 2015/16 has been set at £295k.

- Licensing

This includes Alcohol, Public Entertainment, Taxis, Gambling and other miscellaneous licences. The original budget for 2014/15 was set at £237k, the 2014/15 forecast has been decreased slightly to £235k to allow for the closure of premises (Sex Establishment) as no income is now expected from this source. The 2015/16 budget has been increased slightly to £241k to reflect the Fees and Charges report estimates.

- Land Charges

The original 2014/15 budget of £180,000 has not been altered throughout the year and has also been set as the 2015/16 budget due to the uncertainty of the housing market.

The Government is considering changing the delivery method of some search information. This would involve moving part of the work to HM Land Registry. This would lead to a loss of the income. To date, no legislation has been passed.

- Car Parking

Overall, the Council makes a very small surplus from car parking and associated services. The 2014/15 gross income (before costs) budgets for parking fees and penalty charge notices is currently forecast to be below the original budget of £2.11m at £2.07m. From September 2014 the chargeable parking hours across the district were reduced by one hour. This has impacted pay and display and penalty charge notice income. Due to this, the forecast for 2015/16 has been set at a further reduced level of £2.0m.

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), the surplus from on-street parking will be set aside to carry out permitted activities as specified in the Road Traffic Act. Any surplus over £100k would be remitted to KCC.

- 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 2014/15 was set at £180k and the 2014/15 forecast has been increased to £192k to reflect the actual level of take up in the year. The 2015/16 budget has also been set at £192k.

112. In total the major fees and charges generate approximately £3.48m gross towards the General Fund budget.

Financing the Net Requirement

113. The net requirement is financed mainly by Government grant and Council Tax. The total financing for 2015/16 is:

2015/16 General Fund Revenue Financing	£m	%
Non-Domestic Rates Income - baseline	3,363	
Non-Domestic Rates Income - growth, etc.	800	
Non-Domestic Rates – Subtotal	4,163	
Revenue Support Grant	2,529	
RSG & NDR Total	6,692	
Enterprise Zone Relief Grant (inc prior year)	1,707	
Council Tax Freeze Compensation	138	
Total Government Grant	8,537	52.8
Council Tax	5,947	36.8
Collection Fund Surplus (Council Tax)	112	0.7
New Homes Bonus	1,570	9.7
Total Financing	16,166	100.0

114. In the past, Government grant was relatively simple to identify, comprising RSG and NDR. The position for RSG continues, but the basis for NDR is now fragmented and more complex.
115. Key elements of Government grant are fixed (i.e. Revenue Support Grant and the baseline for business rates before levies apply) and these constitute a high proportion of DDC funding within the 52.8% above. Any shortfall in grant not offset by savings, other income or retained growth, etc. in business rates (after levies) must be financed substantially from Council Tax or additional New Homes Bonus (if it is generated).

Government Grant

116. The combined Revenue Support Grant and NNDR settlements are the largest single income stream for the Council. The tables below have been produced to provide comparable data across the years, but have been adjusted to reflect the changes in the bases for Local Government settlements in relation to RSG and NNDR. The government grant settlement is detailed below:

Revenue Support Grant Settlement	Grant £000	Reduction £000	Reduction %	Cumulative £000	Cumulative %
2012/13 ⁷	5,112				
2013/14 ⁸	4,699	413	8.1	413	8.1
2014/15	3,698	1,001	21.3	1,414	27.7
2015/16 Draft	2,529	1,169	31.6	2,583	50.5
2016/17 Estimated	2,023	506	20.0	3,089	60.4
2017/18 Estimated	1,517	506	25.0	3,595	70.3

117. RSG has reduced significantly, in cash terms, over recent years, and if the reductions were adjusted for inflation, they would be higher than those shown above. For financial planning purposes it has been assumed that RSG will have disappeared entirely by 2020/21.

NNDR/Business Rates (exc. EZ Grant)	Grant £000	Reduction/ (Increase) £000	Reduction/ (Increase) %	Cumulative Change £000	Cumulative Change %
2012/13 ⁹	3,348				
2013/14	2,994	354	10.6	354	10.6
2014/15	3,332	(338)	(11.3)	16	0.5
2015/16 Draft	4,163	(831)	(24.9)	(815)	(24.3)
2016/17 Estimated	3,763	400	9.6	(415)	(12.4)
2017/18 Estimated	4,239	(476)	(12.6)	(891)	(26.6)

118. The position for NDR is less clear since it is affected by the safety net in bad years (such as 2013/14), and by increased income from growth in good years, as well as the volatility of the system. The NNDR/Business Rates figures above include DDC's funding baseline amounts determined by Government, and estimates for future BR income, taking into account expected increases in retained growth (after levy) and collection fund deficits / surpluses.
119. Businesses within the Discovery Park Enterprise Zone receive BR relief (typically the first £55k of their BR each year). Government compensates DDC for its loss of BR income with a separate EZ Relief Grant. Unfortunately the accounting treatment we are required to adopt distorts the position, since the EZ Relief Grant cannot be included wholly in the budget for the year in which it is received.

⁷ Split for 2012/13 based on proportion of RSG:NNDR for 2013/14 before Council Tax Support Funding, with an adjustment to add to the 2012/13 RSG the level of CTS funding of £1,218k awarded in 13/14 for comparability across the years.

⁸ Council Tax Support Funding added by Govt. to RSG from 2013/14 onwards, replacing subsidy for council tax benefit previously shown in service costs. This effectively covers reduced income from Council Tax due to discounts being applied against tax base/council tax bills instead of being awarded as Benefit. CTS Funding not disclosed separately by Government from 14/15 onwards.

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

120. Regulations require that only the proportionate share of grant relating to the amount of relief declared on the NNDR1¹⁰ for a particular year can be recognised as grant received in that year. Any adjustment for actual relief awarded is recognised as additional grant income in the immediately following year. As a result of this technical accounting issue, in 2015/16 we have an estimate of £1.0m EZ Relief Grant being due for the 15/16 year (being 40% of £2.5m approx. relief expected to be declared on the NNDR1 for 2015/16) as well as an additional amount of grant of £707k¹¹ relating to underestimated relief for 2014/15, due to the success of Discovery Park. An adjustment of this size is likely to be one-off in nature, now that Discovery Park is more fully occupied and the relief entitlement of its occupants is understood under the Business Rates Retention Scheme.
121. The higher level of additional Enterprise Zone Relief Grant for 2015/16 (including prior year element) is helping to meet the additional pressures set out in the Key Variances table above and as shown in more detail at Annex 3.
122. Turning to NDR income itself, forecasts project DDC achieving £814k surplus over baseline (24% above baseline) in 2015/16. This would normally be subject to a levy of 50% by Central Govt., amounting to £407k. However, by pooling with KCC and other Kent authorities, DDC will almost completely eliminate its direct levy payment. Of this saving, DDC will keep £116k itself (and this is shown in Annex 1), £116k will go direct to KCC and a further estimated amount of £116k will be held in the “pool” by Maidstone (as lead authority for pooling) for joint regeneration initiatives in the DDC area, to be agreed between DDC and KCC. The balance is held in the pool as a contingency.

Council Tax

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

Budget Requirement

125. For 2014/15 the original budget requirement was £14.8m. The 2015/16 requirement of £16.2m reflects an increase of £1.4m approx. Inter-year comparisons are distorted by a number of factors, particularly the significant increase in EZ Relief Grant which has therefore been transferred, in part, to earmarked reserves to support future capital and revenue projects (see section 119 above). These pressures and savings are reflected at section 88 above and in more detail on Annex 3.

¹⁰ NNDR1 is a DCLG form which all authorities are required to complete, predicting the coming years BR income, reliefs etc. It is a key element in the system of localised BR, and generally payments from Government in the year are based on the NNDR1, even if actual performance is known to be significantly different.

¹¹ Which has been transferred to the Special Projects Reserve.

"Carry Forward" of Unspent Budgets

126. 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.
127. 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.
128. 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.
129. 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

130. It is recommended that Cabinet:
- Continue the practice of delegating authority to the Director of Finance, Housing and Community to approve revenue budget carry forwards within the guidelines set out;
 - Delegate to the Director of Finance, Housing and Community in consultation with the Portfolio Holder for Performance and Resources, authority to adjust the proposed transfers to reserves by an offsetting sum in order to rebalance the budget in respect of the final salary cost of living settlement and a minor restructure at the museum; and
 - Approve the grants to organisations detailed at Annex 11.
131. It is recommended that Council:
- Approve the General Fund Revenue Budget for 2015/16 and the projected outturn for 2014/15;
 - Approve the policies and protocols regarding the General Fund balances and earmarked reserves, and transfers between reserves as set out in Annex 6.

HOUSING AND THE HOUSING REVENUE ACCOUNT

OVERVIEW

132. This section addresses two separate, but related, aspects of housing within the district. The first concerns housing development and investment, and includes developments by the HRA, Registered Providers (RPs) and by the private sector.
133. The second concerns the financial standing of the HRA, its budget and balances, and the rent levels for the coming year.

HOUSING DEVELOPMENT AND INVESTMENT

134. Housing development and investment within the district is taking place on a number of fronts, of which the most significant are:
 - HRA Investment
 - Housing Initiatives Reserve (HIR)
 - Acquisition and new build
 - Investment in existing stock
 - Registered Landlord Investment
 - Private Sector Housing
 - Reducing the number of empty homes
 - Bringing unused properties back into use
 - Commercial housing developments
 - Homelessness strategy
 - Homelessness prevention
 - Rent deposit guarantee schemes

135. These are discussed in more detail below.

HRA INVESTMENT

Housing Initiatives Reserve (HIR)

136. The HRA business plan and financial projections indicate that the HRA is expected to continue to generate significant surpluses in the coming years. As a broad indication of the new initiatives that this could finance, based on assumptions of a £1m minimum balance for the HRA, use of balances only (ie with no borrowing), re-investment of additional rental income, and average land and build costs of £150k per unit + HCA grant, it is forecast that the HRA will be able to invest circa £75m in the period 2015/16 to 2028/29. in new properties.
137. If the HRA borrows up to its borrowing cap, this increases to circa £93m. This is shown in more detail in Annex 7b.
138. The assumptions underpinning these projections are considered reasonable and realistic but with the timescales concerned and the variables involved they cannot be precise. In addition further funding opportunities will be explored to increase the

resources available and therefore potentially increase the level of development and number of units over the period. The main areas to be investigated, and included in the financing options as appropriate, are “1:4:1 replacement” retained right-to-buy receipts, financial or land contributions from developers and government grants (primarily grant allocated by the HCA under the National Affordable Homes Programme).

139. The opportunities set out above provide the basis for a strategic approach to the financing of housing initiatives for both acquisition and new build. These are explained below.

Acquisition and New Build

140. If the HIR is applied purely to new builds it is projected to be able to finance the construction of more than 490 units (without borrowing) in the period to 2028/29. Alternatively, with prudential borrowing up to the Council’s borrowing cap, over 600 units.
141. It is also recognised that market opportunities to purchase properties through normal sale / negotiation, submission of bids, or bids at auction are likely to arise, often at short notice, and that the HIR could also be applied to these opportunities where they represent good value for money or otherwise improve the housing stock.
142. In order to enable the HIR to be used in a manner that is responsive to new opportunities it is recommended that the HIR will be shown as a single line in the capital programme, and that:
- Setting the level of the on-going HRA minimum balance and the use of prudential borrowing, and adjusting the resources of the Housing Investment Reserve accordingly, is delegated to the Director of Finance, Housing and Community in consultation with the portfolio holder for Performance and Resources.
 - Approval of individual projects to be financed by the HIR is delegated to Cabinet.
 - In order to respond to market opportunities, approval of offers, tenders or bids for the purchase of properties on the open market or at auction, be delegated to the Director of Finance, Housing and Community in consultation with the portfolio holder for Performance and Resources.
143. Further work is also being undertaken to establish the best means to deliver the new housing investments, including increasing of in-house capacity and / or the potential benefits of establishing a local housing company.

Investment in Existing Stock

144. The HRA budget and projects take account of the need to invest in existing stock before establishing a surplus for the HIR. Therefore investments completed, or provided for in the HRA plan include:
- “Decent homes plus” achieved and continuing investment in kitchens, bathrooms, re-wiring, double glazing, energy efficiency improvements, alarm and door entry systems etc
 - Energy efficiency improvements to the Dorlonco houses, £700k
 - Remodelling of Norman Tailour House to provide self-contained flats

- New properties at Elvington completed December 2014
- 91 and 95 Folkestone Road purchase being completed
- 6 x 1 bed flats & 2 x 3 bed houses purchased at Mill Road, Deal
- Purchase of land for affordable housing in Whitfield and Preston
- Construction of new units in Castle Street
- Re-development of William Muge site in Harold Street, Dover
- Lease and refurbishment of empty flats in King Street.

Registered Landlord Investment

145. The Council's strategy is to work with RLs (Housing Associations) where possible in order to maintain a choice of providers and in order to ensure that the Councils own resources are preserved where possible.
146. The sites currently being worked on with RLs, or anticipated to become active in the near future, include:
- Harold Street, Dover (former William Muge)
 - Whitfield Phase 1A
 - Aylesham
 - Station Road, Walmer
 - Church Lane, Sholden
 - Sholden Fields
 - Preston
 - College Road, Deal
 - St Giles Road, Aycliffe
 - Eythorne
 - St Margarets

Private Sector Housing

147. The Council has a strong track record of bringing empty homes back into use. This has generated additional New Homes Bonus Monies and Council Tax receipts. Our current target is to bring 40 long term empty homes (empty more than 6 months) back into use per annum. In 2013/14 a total of 54 empty homes were brought back into use. KCC "No Use Empty" loans totaling £1,045,700 were made available to property owners which helped deliver property improvements with an overall value of £2.36m. 30 properties have been brought back into use so far this year and with schemes currently in progress we are hopeful that we will achieve our annual target .
148. The Council has recently leased 3 flats at King Street in Dover town centre which have been empty for several years. Using a combination of HRA funding and grant from the Homes & Communities Agency the flats are being refurbished to provide affordable housing.

Commercial housing developments

149. A number of commercial housing developments are also underway in the district. These generate additional Council Tax and new homes bonus. Property values in the Dover district tend to generate viability issues which in turn can threaten the delivery of affordable housing. Although the Council maintains its objective of 30% affordable housing this is a challenge. Therefore alternative approaches have been sought, including the acceptance of land from the developers, for a nominal sum, which enables the Council, or a RL, to undertake the affordable housing development.

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

- Aylesham
- Whitfield
- Preston
- Hammil Brickworks
- Connaught Barracks
- Farthingloe
- Sholden
- Sholden Fields
- South Deal
- Station Road, Walmer

Homelessness Strategy

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

152. It is important that we try to contain the use of B&B as much as possible and Cabinet recently approved a new Homelessness Prevention Strategy setting out a number of actions which aim to address the problem. The Council is completing the acquisition of properties at 91 and 95 Folkestone Road, Dover to add to the HRA stock.

153. Helping households access the private rented sector by providing rent deposit guarantees has been an effective homelessness prevention tool however, the new Strategy has recognised that uncontrolled provision of such guarantees could render the scheme financially unsustainable. Therefore a new scheme has been introduced which will require those people given rent deposit guarantees being required to enter into an agreement to make regular payments to help cover the financial commitment.

THE HRA

154. 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.

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

- HRA balance at 31/03/14 £1.786m;
- Forecast balance at 31/03/15 £3.156m;
- Forecast surplus for 2015/16 of £1.824m;
- Forecast year-end balance at 31/03/16 £4.979m

156. At the time of writing, the HRA has 4,409 dwellings, made up of 2,807 houses and 1,602 flats.

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

FINANCIAL OBJECTIVES

158. The main strategic financial objectives of the Housing Revenue Account are as follows:

- Maintain a Housing Revenue Account that is self-financing and reflects the requirements of residents;
- Comply with the Decent Homes Standard;
- Maximise the recovery of rental incomes;
- Minimise the number of void properties and minimise the level of rent arrears and debt write offs; and
- Provide sufficient investment in the current stock to maintain its condition and implement upgrades as necessary;
- Maintain an adequate level of HRA balances and reserves consistent with the HRA Business Plan;
- Transfer the HRA balances in excess of the agreed adequate level to the Housing Initiatives Reserve to be used for investment in the procurement of additional properties;
- Undertake prudential borrowing, in accordance with the Council's treasury management policies, where appropriate and there is a business case to do so, for investment in the procurement of additional properties.

NATIONAL BACKGROUND

Rent Setting

159. Council house rents used to be set using a complex model based on a formula provided by the Department of Communities and Local Government (DCLG). This was intended to achieve "rent convergence" and the model took into account a number of factors such as:
- Relative property values;
 - Local earning levels; and
 - Number of bedrooms.
160. The rent setting policy of 'rent convergence' was introduced by government to encourage landlords to charge similar rents for similar properties in the same area. However, as a result of the Housing Finance Reform, Local Authorities have greater flexibility in setting rents and are no longer required to achieve rent convergence. Nonetheless, Government does still provide annual guidance in terms of what they consider to be reasonable in the level of rent increase.
161. DDC (and the majority of other stock holding Councils) have followed the government guidance and as a result the rent increase of 2.2% (September 2014 CPI of 1.2% + 1%) will produce an increase of 2.18% in average rents for 2015/16 on retained properties.

Rent Levels

162. The average increase has been explained above. In practice, rent levels are calculated on an individual property basis using rent formulas previously prescribed by DCLG.
163. It is not, therefore, possible to report on the rent to be set for, say, a standard 2 bedroom flat or a standard 3-bedroom house. However, for Members' information the following figures may be helpful:
- The 2014/15 average weekly rent across all properties is £84.75;
 - The 2015/16 average weekly rent is forecast to be £86.60;
 - The increase in the average weekly rent is £1.85 or 2.18%; and
 - Three bedroom houses have rents (for 2015/16) ranging from £87.40 per week to £117.86 per week with an average of £94.672014/15.
164. 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.

Welfare Reform

165. 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 2016/17.
166. 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. To assist with this the Council has agreed to a continuation of funding in 2015/16 of two temporary Benefit & Money Adviser posts that were appointed by EKH in the lead up to the social size criteria reforms.
167. 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 affected by the reduction but with their forward planning and management this is now less than 380 families.
168. 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.
169. 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

170. 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 (£113k in 2014/15) 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’ (£627k at 31/12/14) that may be used for other capital purposes if repayment of debt is funded from an alternative source.
171. As of the end December 2014 there have been 16 RTB sales in the financial year and Dover had retained ‘excess receipts’ of circa £1.136m. This has to be used within 3 years of receipt, or else it will be taken by the DCLG, and, if applied to a capital scheme, it cannot comprise more than 30% of the scheme costs.
172. In order to comply with these rules and avoid clawback by the DCLG, this funding is normally applied to housing projects, before any other sources are used.

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.

2015/16 DRAFT BUDGET

174. The HRA is forecast to have a closing balance of circa £5m at the end of March 2016 with an in year forecast surplus of circa £1.8m. Annex 7 provides a draft HRA budget summary & Annex 7A provides an explanation of the main variations from the original 2014/15 budget to the 2014/15 projected outturn and from the 2014/15 projected outturn to the 2015/16 proposed budget.

HOUSING INVESTMENT PROGRAMME

175. The long term projection of the HRA indicates that, if a minimum balance of £1m is maintained, there will still be significant surpluses to transfer to the Housing Initiatives Reserve (HIR) and utilise for housing development across the district.
176. Annex7b has been produced to show that, purely by using projected future balances, and re-investing any additional rent income from new units, it will be possible to undertake a major housing investment programme. Based on current projections, for the period to 2028/29, this programme could exceed £72m and generate circa 487 additional units. With borrowing up to the housing cap, it is estimated that these figures could be increased to over £90m and 600 units respectively.
177. In addition further funding opportunities will be explored to increase the resources available to deliver the development programme and therefore potentially increase the level of development and number of units over the period. The main areas to be investigated, and included in the financing options as appropriate, are “1:4:1 replacement” retained right-to-buy receipts, financial or land contributions from developers and government grants (primarily grant allocated by the HCA under the National Affordable Homes Programme).

178. Further work is required to develop detailed proposals for individual developments, and these arrangements will need to be sufficiently flexible to be able to respond to opportunities as they arise. It is therefore proposed that the HIR is included within the capital programme, with individual project proposals to be approved by Cabinet. A programme on this scale is also likely to require a modest increase in in-house capacity. Therefore proposals for the use of some of the HIR to fund in-house capacity will also be worked upon and presented to Cabinet for approval.
179. Finally, it is proposed that the decision on how to finance individual projects, and whether to apply balances within the HIR, to borrow up to the housing borrowing cap, or to seek DCLG approval to exceed the cap, should be delegated to the Director of Finance, Housing and Community, in consultation with the leader and the Portfolio Holder for Corporate Resources and Performance.

Recommendations from this Section

180. It is recommended that Council:
- Approve the 2014/15 Projected Outturn and the 2015/16 HRA budget at Annex 7.
 - Delegate to the Director of Finance, Housing and Community, in consultation with the portfolio holder for Performance and Resources, the setting of the level of the on-going HRA minimum balance, the transfer of balances to the HIR, the use of prudential borrowing, and adjustment of the resources of the HIR accordingly.
 - Delegate to Cabinet the approval of individual projects to be financed by the HIR.
 - Delegate to the Director of Finance, Housing and Community, in consultation with the portfolio holder for Performance and Resources, approval of offers, tenders or bids for the purchase of properties on the open market or at auction, in order to respond to market opportunities.

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.
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 the Council's General Fund properties in a basic state of repair but it is a significant challenge to all the buildings without deterioration and this does carry a risk of service failure or an increase in the overall maintenance backlog;
- The Director of Environment and Corporate Assets is reviewing opportunities for realising capital receipts from surplus assets to support financing of the capital programme.

CAPITAL PROGRAMME & SPECIAL REVENUE PROGRAMME

Purpose of the Capital Programme

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

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

187. 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. Some projects approved in 2014/15 have been amended. The refurbishment of Deal Pier Stem (£270k) has been re-phased and an alternative solution is being sought for the Deal seafront enhancement (£112k). Solar PV for Whitfield Offices has been moved to non-priority projects (£85k).

Content of the Special Projects Programme

197. The Special Projects Programme (Annex 8D) comprises significant projects which are not, in the main, capital, but which are still one-off in nature and are therefore to be funded from reserves since annual recurrent budgets could not finance them. 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 "Prudential" regime was introduced on 1 April 2004, and since then local authorities have had the freedom to borrow monies that are judged affordable, sustainable and prudent. This enables local authorities to fund new borrowing from savings in revenue expenditure or the generation of additional revenue income. At the outset of the Prudential regime this Council decided that it would generally be imprudent to undertake borrowing which is not supported by revenue grant from the Government for financing the capital programme. The Council keeps this policy under review and may, at a future date, undertake new borrowing if it is affordable. This may apply, in particular, to borrowing for housing, as set out elsewhere in the MTFP.

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 2014/15 although the level of receipts available for general capital purposes is capped (£113k for 2014/15). Additional funding is available from the element of excess RTB retained for debt repayment that may be used for other capital purposes (balance £627k at 31/12/14).
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 8F 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 are expected to be allocated to fund regeneration projects in the proposed capital programme. The HRA will generally finance its capital spend from its improved rental income, balances and 1:4:1 capital receipts;
- The Capital Programme is partly financed from HRA Right-to-Buy sales. The level of sales has increased in 2014/15 although the level of receipts available for general capital purposes is limited.

- 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, for example borrowing for housing may be affordable within the HRA.

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.

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 2015/16 to 2017/18, and includes the latest estimates for 2014/15 aligned with the revised forecast budget. Approval is sought for the proposed indicators for 2015/16 – 2017/18. The indicators have been grouped into the five categories defined within CIPFA's Prudential Code.
212. The capital programme has been financed to date within existing resources, which include capital receipts, specific capital grants, the Major Repairs Allowance, and useable reserves.

TREASURY MANAGEMENT

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

RECOMMENDATIONS FROM THIS SECTION

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

KEY ASSUMPTIONS & READY RECKONER

Background

216. 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

217. Salary inflation will be based on the results of the Collective Bargaining process. Contract inflation for 2015/16 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

218. The 2015/16 budget includes 190 full time equivalent posts directly employed for DDC plus a further 30 employed by DDC as part of the East Kent Audit Partnership (working for Canterbury, Thanet, Shepway and Dover and recharged accordingly) and East Kent HR (working for Canterbury, Thanet and Dover and recharged accordingly) allocated across services as detailed in Annexes 5A-5D.

Triennial Valuation of the Pension Fund by the Fund Actuaries

219. The triennial valuation took 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

220. It is assumed that DDC will earn an average of 0.75% on its investments in 2015/16 and 2016/17 followed by 1.25% for future years.

Revenue Support Grant

221. The current draft settlement covers 2015/16 only. The future years assume an equally distributed reduction in RSG until it reaches £0 in 2020/21.

Business Rates Retention

222. The current draft settlement covers 2015/16 and proposes an increase in NDR inflation of 1.9% for 2015/16. It has been assumed that the NDR inflation (excluding Enterprise Zone Relief) will continue to increase at 2.8% for the planning period.

Council Tax

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

Second Homes Monies

224. Second Homes income from KCC is assumed to continue at the 2014/15 level. Withdrawal of these funds by KCC would generate an additional pressure of circa £113k.

New Homes Bonus

225. New Homes Bonus is a scheme that provides incentives and rewards for councils and communities who wish to build new homes in their area. Forecasts of projected house building in the district have been made to estimate future levels of New Homes Bonus.

Capital Projects

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

Ready Reckoner

- Payroll - 1% increase costs the General Fund approximately £80k
- Council tax - 1% raises £59k
- RSG – 1% change equals £25k
- NDR – 1% change equals £42k (DDC's share, including gross-up for S31 Grant)
- Investment Income - 1% equals £420k (split approx 75/25 GF/HRA)
- Contract inflation – 1% equals £70k
- Business Rates Tariff - Every £100k reduction below the NDR baseline results in £40k reduced income for DDC to a maximum of the safety net value of £252k
- Business Rates Levy – Every £100k received above the NDR baseline results in £20k additional income, before levy reductions from pooling.

SIGNIFICANT BUDGET RISKS

227. 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 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 2015/16.</p>	1% reduction in the total collection rate costs £59k.	M	M
2	<p>NDR Localisation</p> <ul style="list-style-type: none"> • 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. • 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. • There remains major uncertainties around the operation of the localised Business 	H	H	<p>The NDR1 return to DCLG takes into account of the likely scenario for the future year's business rates and adequate provision has been made for the impact of BR appeals.</p> <p>Regular monitoring of the position is undertaken in conjunction with East Kent Services.</p> <p>The Council is in a Kent BR pool with KCC and 10 districts. Information has been shared between all partners on the provisions for appeals and bad debts., since partners are committed to supporting each other, up to the limit of the resources that have</p>	Not possible to quantify.	H	H

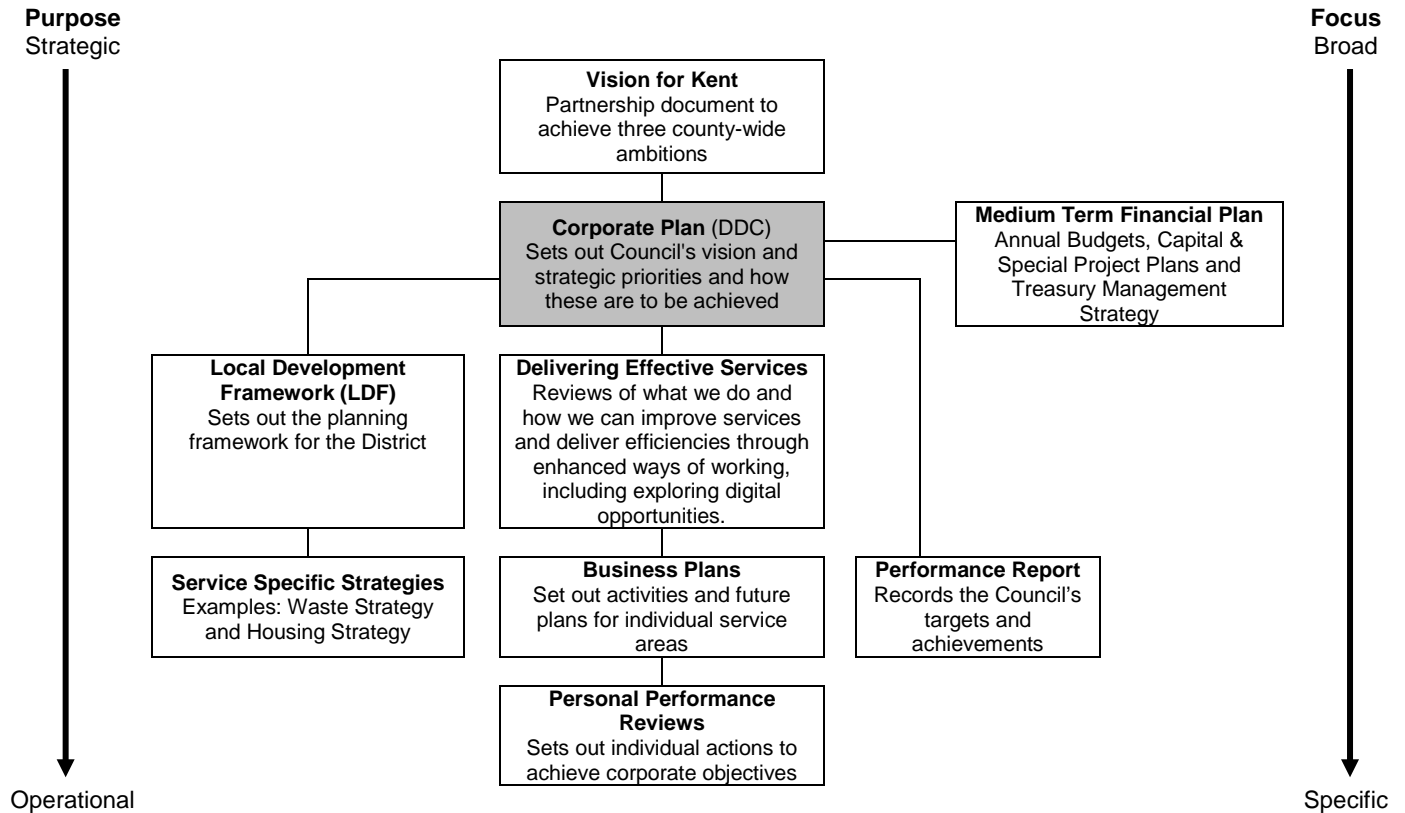
Ref	Description	Impact	Likelihood	Mitigation	Sensitivity	Residual Impact	Residual Likelihood
	Rates, and therefore the implications for the Council's resources. <ul style="list-style-type: none"> The future sustainability of the scheme is questionable and the outcomes are sometimes perverse. 			been pooled.			
3	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.	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
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 and other asset sales leading to reduced resources available to complete projects.	H	M	<p>The reduced receipts could arise from lower sales, lower prices or both.</p> <p>We cannot mitigate against market movements or reduced levels of sales. To some degree lower values may increase the level of interest, but this will also be dependant on interest rate movements.</p>		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	H	M	As with the current settlement, the Council can	Every 1% reduction	H	M

Ref	Description	Impact	Likelihood	Mitigation	Sensitivity	Residual Impact	Residual Likelihood
	for future years will be less than the forecast included in this plan.			take part in Kent wide lobbying on the settlement, but has limited ability to influence the settlement.	costs the Council approx. £67k.		
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 merger between Vista Leisure and Thanet Leisure Force have given 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 is not yet wholly resolved.	Land charges income is forecast to be £180k	M	M
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 if levels of new homes completions are	H	M	The New Homes Bonus assumed in the MTFP is based on the DCLG projection for DDC. An	2015/16 NHB income of £1.6m included as	M	M

Ref	Description	Impact	Likelihood	Mitigation	Sensitivity	Residual Impact	Residual Likelihood
	<p>not to target.</p> <p>The scheme may be removed by an incoming government in May 2015 and not replaced with an alternative income stream.</p>			<p>increase in the grant of £250k per annum has been assumed for the next two years.</p>	<p>a key element of the General Fund budget.</p>		

RELATED STRATEGIES AND PLANS

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



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

JOINT PLANS WITH PARTNERS

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

Partner / Project	Commentary
Dover Town Investment Zone (DTIZ)	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. A separate residential element at the corner of Castle Street/Maison Dieu Road has commenced on site. The remainder of the scheme, comprising the retail and residential elements, will now be undertaken as part of a comprehensive scheme.
Aylesham Regeneration	The development has now moved to the delivery stage and works on site in 2014. The Council continues its landowner responsibilities working with Ward Homes and Hillreed Homes and Southern Housing Group in respect of affordable housing provision.
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 a secure a sustainable solution for the site, which has seen Fort Burgoyne transferred to the Land Restoration Trust. It is anticipated that proposals are to be brought forward in early 2015 to initiate the first part of the housing on the former Officer's Mess site together with infrastructure development on the remainder site. The Land Restoration Trust are expected to commence consultations on Fort Burgoyne in late spring 2015.
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 under the Coastal Communities Fund and Heritage Lottery Fund which have recently been approved. This will enable the early development of 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 the significant investment interest for this area.
East Kent Spatial Development Company	The Council is a member of the Company, which is being restructured following the proposed withdrawal by the Homes and Communities Agency, to explore and bring forward investment opportunities in the District.

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 2000 jobs secured or retained, comprising some 100 companies, with people employed on site or in the pipe-line moving there. The DCLG target is 3,000 jobs by 2017. The foundations for future investment in the site are also being put in place through the submission and resolution to approve a comprehensive site wide Masterplan together with an application for a supermarket, funding further essential infrastructure. DDC has also worked actively with Discovery Park on the 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. The Port of Dover is commencing the scheme known as the Western Docks Revival in spring 2015, with the construction of two new junctions on the A20 forming the first phase of activity. A further Harbour Revision Order is being advertised to modernise the Harbour Board's constitution whilst strengthening the links between the Port and community.
Kearsney Parks for People	In 2014 DDC submitted a successful Round One bid for the Heritage Lottery Fund/Big Lottery Fund 'Parks for People' programme for a major scheme of restoration and improvement works at Russell Gardens and Kearsney Abbey. The project is now in the development phase for a Round Two submission of detailed proposals in February 2016. We have received HLF development funding of £274,100 for this part of the project. A successful Round Two submission would secure £3.1 million in funding for the project.
White Cliffs Countryside Partnership	The White Cliffs Countryside Partnership is a partnership between Dover District Council, Shepway District Council, Kent County Council, Eurotunnel, Natural England and many other local organisations with financial contributions from the Heritage Lottery Fund, which was established in 1989 to help conserve and enhance the special coast and countryside of Dover and Shepway districts, and make it accessible to all. Dover DC is the host authority for the partnership.
'Up on the Downs' Partnership	'Up on the Downs' is a £2.5 million Heritage Lottery funded Landscape Partnership Scheme that aims to make a significant difference to the easily recognisable and iconic landscape of the Dover and Folkestone area. The scheme will operate until 2017 and by working with our partners and local communities the team aim to conserve and celebrate the landscape and heritage of the scheme area. Dover DC is the host authority for the partnership.

Delivering Differently Heritage Project	This project has been established as there is an excellent opportunity to stimulate the visitor economy by unlocking the tourism potential of Dover's heritage assets and building on our internationally recognised brand while providing additional added value benefit. The project feasibility is funded through the Cabinet office's Delivering Differently initiative and will explore options for managing these heritage assets more cohesively, to make them more accessible to the public, and in the process, to make them more sustainable through the creation of a joint body or mutual arrangement. Key partners such as Dover Town Council, English Heritage, Dover Harbour Board and the Land Trust have been involved from an early stage.
Waste and Recycling	The Council has awarded a 10 year contract to carry out recycling and waste collections, the processing of recyclate collected and street cleansing operations to Veolia Environmental Services (UK), which commenced in January 2011. The contract has been awarded in partnership with Shepway District Council and Kent County Council (as the disposal authority). Dover is the lead on this partnership and manages the client team who oversee the contract from the Dover District Council offices on behalf of the three authorities.
East Kent Housing	EKH has been established as an Arms Length Management Organisation jointly owned by Dover, Canterbury, Shepway and Thanet districts to deliver a range of delegated housing management services.
Choice Based Lettings	A Choice Based Lettings service 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 which has secured 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 Canterbury, Thanet and Shepway councils and includes providing the internal audit service to East Kent Services and East Kent Housing.
East Kent Services	EKS discharge revenues & benefits, customer services, ICT and Human Resources functions on behalf of Dover, Canterbury and Thanet. Council has approved Work is currently underway to implement the successor body to EKJAC, the East Kent Services Committee which from 11 February 2015 will oversee the work of EKS.
South Kent Coast Health and Wellbeing Board	The South Kent Coast Health and Wellbeing Board covers the Dover district (with the exception of some GP practices in Dover district that are part of the Canterbury and Coastal HWBB) and Shepway district (following the boundary of the South Kent Coast Clinical Commissioning Group) and Cllr Paul Watkins is the chair of the Board. The local-level board complements the county-wide Board and will feed local views into the overarching Kent strategy and ensure local issues are determined locally. The aim of the South Kent Coast Health and Wellbeing Board is to ensure a "local" voice and to identify, at the appropriate level, district-wide and neighbourhood-level health needs, priorities and gaps in service provision.

GENERAL FUND BUDGET SUMMARY

2013/14 Actual		2014/15 Original Budget	2014/15 Projected Outturn (31 Dec 14)	2015/16 Proposed Budget
£000		£000	£000	£000
	Directorate			
1,633	Chief Executive	2,178	2,362	2,446
2,168	Governance	2,435	2,414	2,763
2,513	Finance, Housing & Community	2,437	2,252	2,418
7,295	Environment & Corporate Assets	7,509	7,518	7,765
464	Special Revenue Projects	198	692	13
0	Shared Services (DDC hosted)	0	0	0
0	Vacancy Allowance	-100	0	-100
0	Delivering Effective Services	-25	0	100
-113	Council Tax Second Homes	-113	-113	-113
0	Contingency	97	11	124
0	EKS - Target Saving	-70	0	0
13,960	Directorate Service Costs	14,546	15,136	15,416
-1,636	Depreciation	-1,676	-1,675	-1,628
830	Pension Adjustments	828	1,167	1,064
4	Annual Leave Adjustment	0	0	0
64	River Stour Drainage Board	66	66	67
284	Council Tax Support Funding to Towns & Parishes	142	142	96
	Contribution to/(from) Reserves:			
-56	- Special Projects & Events Reserve	306	663	714
-66	- Periodic Operations Reserve	5	24	-97
363	- Urgent Works Reserve	0	0	0
539	- Regeneration Reserve	210	21	266
-90	- IT Equipment Reserve	58	-197	182
210	- Revenue Grants in Advance Reserve	0	-1	0
-32	- Business Rates & Council Tax Reserve	256	0	0
14,374	Net Service Expenditure	14,741	15,346	16,080
	Financing Adjustments:			
-154	Interest Receivable	-185	-243	-242
237	Interest Payable	237	237	236
15	Loan Principal Repayments	0	0	0
-776	Revenue Expenditure Funded by Capital Under Statute	0	0	0
447	Capital Grants Unapplied	0	0	0
-71	Soft Loan Adjustments	0	0	0
-28	Impairment of Iceland Investment	0	0	0
200	Collection Fund / Enterprize Zone Relief Adjustment	0	0	0
14,244	Total Budget Requirement	14,793	15,340	16,074
	Financed by:			
2,994	Non-Domestic Rates	3,332	3,332	4,163
30	Enterprise Zone Relief Retained	515	890	1,707
4,699	Revenue Support Grant	3,698	3,698	2,529
5,822	Council Tax	5,874	5,874	5,947
0	Council Tax Freeze Compensation	58	58	138
37	Council Tax Collection Fund Surplus	20	20	112
927	New Homes Bonus	1,296	1,296	1,570
34	New Burdens	0	57	0
26	Capitalisation Redistribution	0	0	0
14,569	Total Financing	14,793	15,225	16,166
-325	General Fund Deficit/(Surplus) for the Year	0	115	-92
-14,760	General Fund Balance at Start of Year	-2,531	-2,585	-2,470
12,500	HRA Transfer to Earmarked Reserves	0	0	0
0	Supplementary approvals	0	0	0
-2,585	Leaving Year End Balances of	-2,531	-2,470	-2,562

BUDGET SUMMARY - FUNDING ANALYSIS

<u>2013/14 Actual</u>		<u>2014/15 Original Budget</u>	<u>2014/15 Projected Outturn (31 Dec 14)</u>	<u>2015/16 Proposed Budget</u>
£000		£000	£000	£000
	Financed by:			
	Business Rates - Share of NDR, S31 Grant, etc:			
1,508	Net Funding Retained up to Baseline	3,300	3,300	3,363
0	Business Rates over Baseline	53	53	814
860	Safety Net Receipt	0	0	0
0	Levy Payment	-27	-27	-407
0	DDC Direct Share of Levy Saving through Pooling	0	0	116
426	Section 31 Grant from Govt. (cap only in 14/15, 15/16)	41	41	77
200	Collection Fund (Deficit)/Surplus - NDR	-35	-35	200
2,994	Gross NDR Income	3,332	3,332	4,163
	Business rates - Enterprise Zone Relief:			
697	Enterprise Zone Relief Retained for Current Year	224	931	1,000
-667	Amount of EZ Relief in current year above NDR1 14/15 estimated value, required to be recognised in following year	0	-707	0
0	Amount of EZ Relief in prior year above NDR 13/14 estimated value, permitted to be recognised in current year	291	666	707
30	Total Share of enterprise Zone Relief	515	890	1,707
	RSG:			
4,699	Revenue Support Grant (incl. C. Tax Support Funding)	3,498	3,498	2,343
0	Council Tax Freeze Grant (RSG Element) - 2011/12 *	94	94	92
0	Returned Funding *	10	10	0
0	Homelessness Grant (RSG Element) **	96	96	94
4,699	RSG per Settlement	3,698	3,698	2,529
5,822	Council Tax	5,874	5,874	5,947
0	Council Tax Freeze Grant 2014/15 & 2015/16	58	58	138
37	Collection Fund Surplus	20	20	112
927	New Homes Bonus	1,296	1,296	1,570
34	New Burdens	0	57	0
26	Capitalisation Redistribution	0	0	0
14,569	Total Financing	14,793	15,225	16,166

* Figures not shown separately for 2013/14.

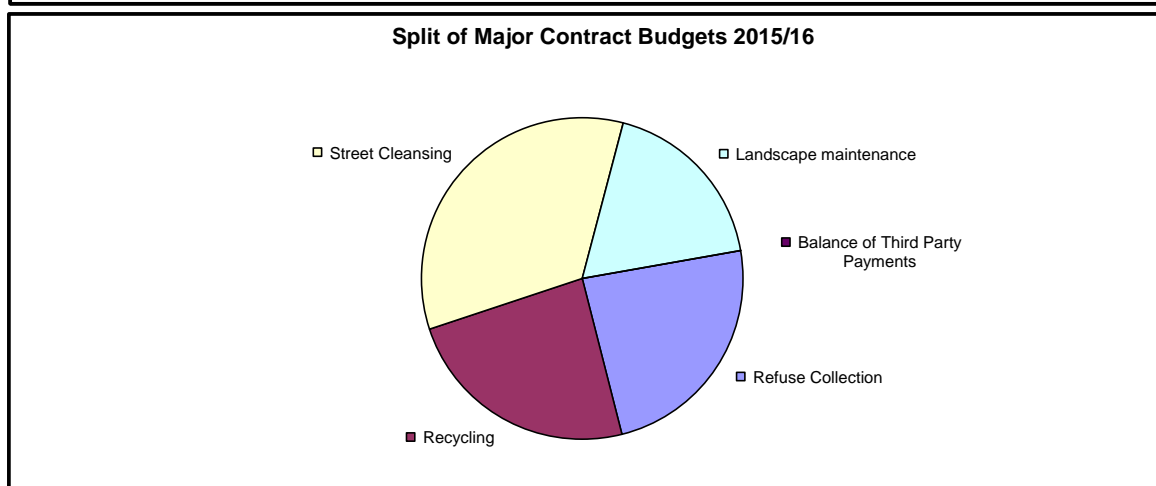
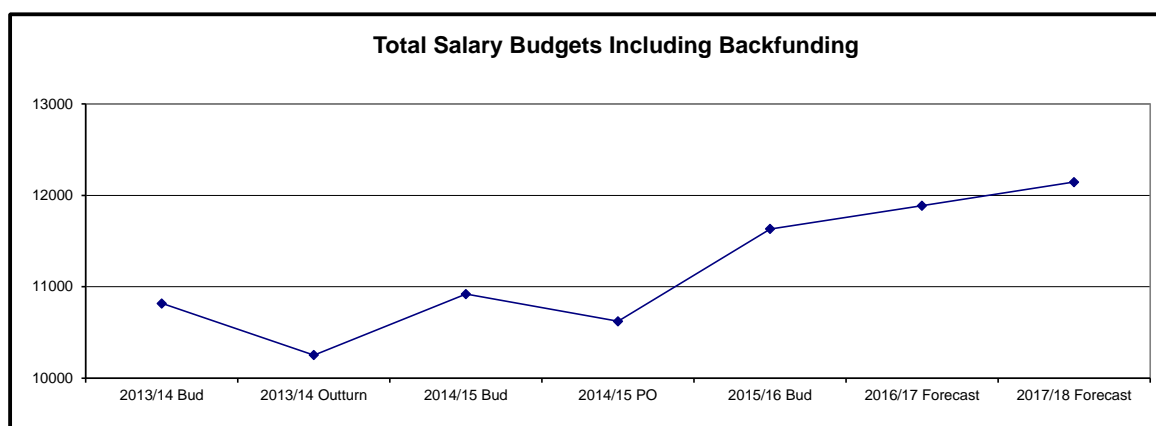
** Homelessness Grant shown within service expenditure for 2013/14.

General Fund Service Expenditure by Cost Type

	2014/15 Original Budget	2014/15 Projected Outturn as at 8 Jan 2015	2015/16 Proposed Budget
	£000	£000	£000
Direct Expenditure			
Employees	12,069	11,936	12,856
Premises	1,720	1,669	2,038
Transport	176	183	183
Supplies and services	4,232	5,705	4,467
Third parties	9,338	9,380	9,426
Shared Services	3,058	3,048	3,048
Transfer payments	38,053	39,516	39,405
Total Direct Expenditure	<u>68,646</u>	<u>71,437</u>	<u>71,423</u>
Direct Income			
Government Grants	(40,135)	(41,405)	(41,339)
Sales	(81)	(59)	(49)
Fees and Charges	(7,156)	(6,996)	(6,701)
Other Income	(6,077)	(7,517)	(6,963)
Total Direct Income	<u>(53,449)</u>	<u>(55,977)</u>	<u>(55,052)</u>
Central Support reallocation of costs	(1,486)	(1,422)	(1,543)
Depreciation	1,675	1,675	1,628
Pension Adjustment	(828)	(1,167)	(1,064)
Special Revenue Projects	198	692	13
Vacancy Allowance & Employment Stability 09/10	(100)	-	(100)
Council Tax Second Homes	(113)	(113)	(113)
Contingency	98	11	124
Delivering Effective Service	(25)	-	100
EKS Savings Target	(70)	-	-
Net Service Expenditure	<u>14,546</u>	<u>15,136</u>	<u>15,416</u>

GENERAL FUND KEY FIGURES - EXPENDITURE

	2013/14 Original Budget £000	2013/14 Outturn £000	2014/15 Original Budget £000	2014/15 Projected Outturn £000	2015/16 Draft Budget £000	2016/17 Forecast £000	2017/18 Forecast £000
Key Expenditure Figures:							
Employees:							
Basic	7,732	7,267	7,752	7,431	8,268	8,412	8,558
NI	644	619	623	606	684	696	708
Current year pension	1,031	964	1,055	1,028	1,123	1,142	1,162
Backfunding	1,410	1,402	1,490	1,557	1,557	1,637	1,717
	10,817	10,252	10,920	10,622	11,632	11,887	12,145
Major contracts:							
Refuse Collection	1,060	1,016	1,030	5,437	1,030	1,056	1,082
Recycling	1,023	1,018	1,018	5,437	1,032	1,058	1,084
Street Cleansing	1,383	1,461	1,394	1,444	1,480	1,517	1,555
Total Waste	2,083	2,034	2,048	10,874	2,062	2,114	2,166
Landscape maintenance	788	776	786	787	784	804	824
Balance of Third Party Payments ¹	18	131	42	139	0	0	0
	2,889	2,941	2,876	11,800	2,846	2,917	2,990

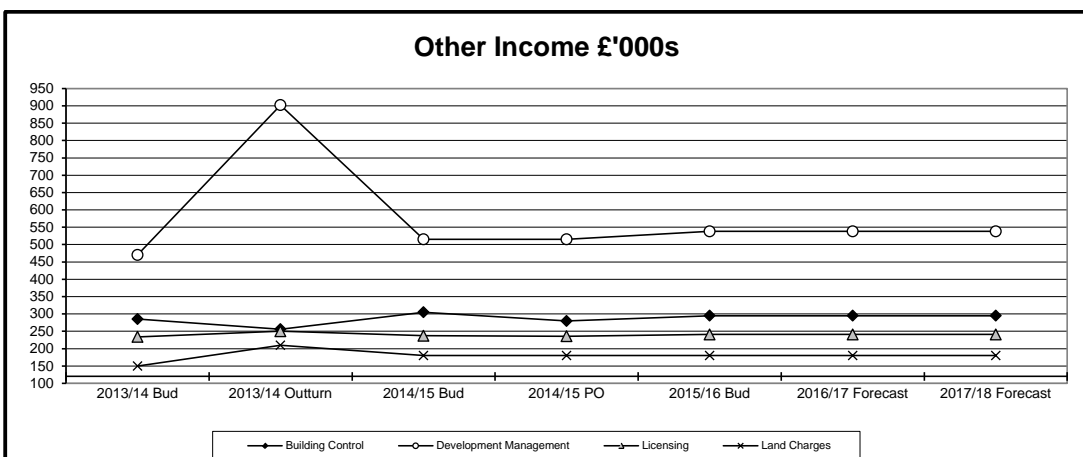
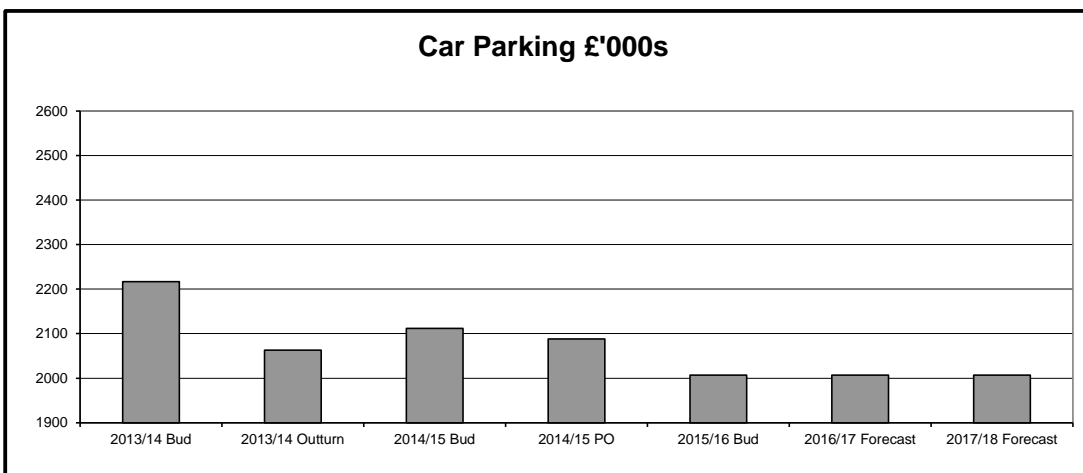
Notes¹ Excludes EKS Management Fees & WCLP

GENERAL FUND KEY FIGURES - INCOME

	2013/14 Original Budget £000	2013/14 Outturn £000	2014/15 Original Budget £000	2014/15 Projected Outturn £000	2015/16 Draft Budget £000	2016/17 Forecast £000	2017/18 Forecast £000
Key Income Figures:							
Car Parking	-2,217	-2,063	-2,112	-2,088	-2,007	-2,007	-2,007
Building Control	-285	-256	-305	-280	-295	-295	-295
Development Management	-470	-902	-515	-515	-538	-538	-538
Licensing	-234	-250	-237	-236	-241	-241	-241
Land Charges	-150	-210	-180	-180	-180	-180	-180
	-3,356	-3,681	-3,349	-3,299	-3,261	-3,261	-3,261

Total Financing:

Non-Domestic Rates	3,024	3,024	3,847	4,222	5,870	4,790	5,226
Revenue Support Grant	4,699	4,699	3,698	3,698	2,529	2,023	1,517
Council Tax	5,822	5,822	5,874	5,874	5,947	6,096	6,249
New Home Bonus	927	927	1,296	1,296	1,570	2,165	2,356
Other	97	97	78	135	250	250	181
Total Financing	14,569	14,569	14,793	15,225	16,166	15,324	15,530



ANNEX 3**Major Variances - 15/16 Budget vs. 14/15 Budget**

£

Movement in Budget Requirement:

Total Budget Requirement in 2015/16	16,073,479
Total Budget Requirement in 2014/15	14,792,759
Increase in Budget Requirement for 2015/16	<u>1,280,720</u>

Total Major Variances 1,210,720

Minor Variances (numerous small variances) - net adverse 70,000

Total Variances **1,280,720**

Changes in Funding:**Business Rates:**

Additional Funding from Baseline Movement	(63,052)
Increase in Growth above Baseline	(760,618)
Increase in Levy, if no pooling (50% x Growth)	380,309
DDC direct share of saving from pooling	(116,000)
Additional S31 Grant for Cap only	(35,914)
Collection Fund - change from 13/14 estimated deficit (recognised in 14/15) to 13/14 actual surplus (recognised in 15/16) - one off only	(235,601)
	<u>(830,876)</u>

Enterprise Zone Relief Grant:

Enterprise Zone Relief Grant - Increase in EZ Relief (incl. recognition of prior year elements) (1,192,351)

Other:

Revenue Support Grant - Reduction	1,169,682
Council Tax - Increase in Base only	(72,570)
Council Tax Freeze Grant - mainly extra for 2015/16	(79,731)
Collection Fund Surplus - increased DDC share for 2015/16	(92,172)
New Homes Bonus - Increase	(274,680)
	<u>650,529</u>

Total Changes in Funding **(1,372,698)**

Net Change in Surplus **(91,978)**

THREE YEAR REVENUE BUDGET FINANCIAL PROJECTION

Notes	2014/15 Projected Outturn £000	2015/16 Proposed Budget £000	2016/17 Forecast £000	2017/18 Forecast £000
1	15,340 Net Budget Requirement	16,074	16,074	16,074
	Corporate Adjustments			
2	- Salary inflation and increments including impact on National Insurance and Pensions		130	493
3	- Pension Backfunding (Triennial Valuation from 14/15)		70	140
4	- Contract inflation @ 2.5%		240	480
5	- Average expenditure inflation impact from non-specifically budgetted income item		135	261
6	- Average income inflation impact		-214	-428
7	- Reduction in Town & Parish grant funding in line with Government funding reductions		-19	-38
8	- 2015/16 contribution to Special Projects & Events reserve one-off		-707	-707
9	Total Corporate Adjustments		-366	199
10	Service Savings / Pressures		-25	-15
	15,340 Total	16,074	15,683	16,258
	Financed By :-			
	Non-Domestic Rates Income 2.8% annual increase on baseline funding 2013/14 surplus one-off in 2015/16 only Kent Pool assumed for 2015/16 only Business growth in the district			
11	3,332 Total Non-Domestic Rates Income	4,163	3,763	4,239
12	890 EZ relief retained	1,707	1,027	987
13	3,698 Revenue Support Grant (32.28% reduction 2015/16, evenly reduced to equal £0 by 2020/21)	2,529	2,023	1,517
14	58 Council Tax Freeze Compensation 2014/15 & 2015/16 (assumed to apply for years)	138	138	69
15	20 Collection Fund Surplus	112	112	112
	Council Tax Income Tax increase (2% annual increase) Base increase (0.5% per annum)			
16	5,874 Total Council Tax Income	5,947	6,096	6,249
17	1,296 New Homes Bonus (£250k increase 2015/16 & 2016/17, no change future years)	1,570	2,165	2,356
18	57 New burdens and other grants	0	0	0
	15,225 Total Financing	16,166	15,324	15,530
19	115 NET (SURPLUS) / DEFICIT	-92	360	728
	Impact on Reserves :-			
	Projected General Fund Reserves			
	-2,585 Opening balance	-2,470	-2,562	-2,202
20	-2,470 Closing Balance (Accumulated Surplus)	-2,562	-2,202	-1,474

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 3% for the planning period.
- 5 Inflation on all other expenditure will aim to be limited to the current budget level, however a small allowance of 2% has been forecast to allow some limited growth.
- 6 Increases in general income received (excluding specifically budgetted items such as car parking) assumed at 2% inflation.
- 7 The Town & Parish Council Tax Support grant is to be rolled into the main Government funding. The reductions forecast for RSG have therefore been applied to the funding for Towns & Parishes.
- 8 A contribution to the Special Projects & Events reserve has been made in 2015/16 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.
- 9 Total corporate adjustments.
- 10 Budget pressures and savings for future years as identified by Directors
- 11 The settlement as indicated by DCLG for 2015/16. An annual increase of 2.8% has been assumed.
- 12 Enterprise Zone relief grant anticipated based on current forecasts.
- 13 The draft settlement as indicated in 2014/15 by DCLG for 2015/16. 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, applying for two years for each freeze period.
- 15 Any 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 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 forecast for 2015/16 and future years based on assumptions relating to building in the district.
- 18 No assumptions have been made for future years additional New Burdens or other Government grants as additional grants are likely to be associated with offsetting additional costs.
- 19 Forecast (surplus) / deficit.
- 20 Forecast General Fund Balance.

OFFICE OF THE CHIEF EXECUTIVE

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

LEADERSHIP SUPPORT

This team is mainly concerned with the formulation of policy and strategy, in particular the development and delivery of the Health and Wellbeing agenda (and supporting other Districts to roll out the agenda), 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)

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

Development Management (general / other)

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

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

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

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

Chief Executive Budget 2015/2016

	Costs controlled by Head of Service					Recharges & Capital	Total Cost	Charge-outs	Total
	FTE	Employees	Other Costs	Income	Sub-tot				
CHIEF EXEC ADMIN TRADING ACCT	2.0	199,090	5,330	-	204,420	34,140	238,560	(238,560)	-
Total Chief Exec & Secretaries	2.0	199,090	5,330	-	204,420	34,140	238,560	(238,560)	-
CORPORATE PLANNING	0.0	-	500	-	500	236,030	236,530	-	236,530
NON SERVICE SPECIFIC WORK	0.0	240	56,700	-	56,940	460,370	517,310	-	517,310
Total Corporate Resource	0.0	240	57,200	-	57,440	696,400	753,840	-	753,840
MAIL ROOM TRADING ACCOUNT	2.0	73,420	35,560	(7,000)	101,980	25,190	127,170	(127,170)	-
PRINT UNIT TRADING ACCOUNT	0.0	200	47,090	(17,640)	29,650	92,060	121,710	(121,710)	-
DESIGN STUDIO	3.0	121,370	18,250	-	139,620	20,550	160,170	(160,170)	-
POLICY & LEADERSHIP SUPPORT	2.0	115,360	1,490	-	116,850	17,800	134,650	(134,650)	-
PHOTOCOPIERS HOLDING ACCOUNT	0.0	-	35,490	(43,480)	(7,990)	7,990	-	-	-
MAIL ROOM POSTAGE ACCOUNT	0.0	-	89,360	(89,360)	-	-	-	-	-
SE STRATEGIC PRTNP MIGRATION	0.0	-	260	(2,240)	(1,980)	1,980	-	-	-
Total Policy & Leadership Support	7.0	310,350	227,500	(159,720)	378,130	165,570	543,700	(543,700)	-
HEAD OF INWARD INVESTMENT	1.0	102,170	4,640	-	106,810	66,360	173,170	(173,170)	-
REGENERATION DELIVERY TRADING	8.2	439,280	30,020	-	469,300	128,740	598,040	(598,040)	-
DEVELOPMENT MANAGEMENT TRADING	22.0	877,770	38,450	-	916,220	237,470	1,153,690	(1,153,690)	-
PLANNING DELIVERY GRANT	0.0	3,000	3,000	-	6,000	2,100	8,100	-	8,100
CONSERVATION & HERITAGE	0.0	-	470	-	470	9,630	10,100	-	10,100
DEVELOPMENT MANAGEMENT	0.0	-	78,500	(574,500)	(496,000)	1,684,760	1,188,760	-	1,188,760
SITE DEVELOPMENT FUND RE PLANNING	0.0	-	15,000	(15,000)	-	-	-	-	-
DOVER DISTRICT DEVELOPM'T PLAN	0.0	-	16,530	-	16,530	236,050	252,580	-	252,580
OTHER REGENERATION PROJECTS	0.0	-	2,830	-	2,830	170,960	173,790	-	173,790
AYLESHAM DEVELOPMENT	0.0	-	-	(24,020)	(24,020)	24,020	-	-	-
ECONOMIC DEVELOPMENT	0.0	-	21,190	-	21,190	18,190	39,380	-	39,380
DTIZ-DEVELOPER FUNDED COSTS	0.0	-	320	(320)	-	-	-	-	-
WATERFRONT DEVELOPMENT	0.0	-	-	-	-	18,970	18,970	-	18,970
Total Regeneration & Development	31.2	1,422,220	210,950	(613,840)	1,019,330	2,597,250	3,616,580	(1,924,900)	1,691,680
	40.2	1,931,900	500,980	(773,560)	1,659,320	3,493,360	5,152,680	(2,707,160)	2,445,520

Service Summary

Governance Budget 2015/2016

	Costs controlled by Head of Service					Recharges & Capital	Total Cost	Charge-outs	Total
	FTE	Employees	Other Costs	Income	Sub-tot				
DIRECTOR OF GOVERNANCE	2.00	144,220	4,640	-	148,860	41,280	190,140	(190,140)	-
Total Director of Governance	2.00	144,220	4,640	-	148,860	41,280	190,140	(190,140)	-
HEAD OF REGULATORY SERVICES	1.81	109,120	3,360	-	112,480	32,290	144,770	(144,770)	-
LICENSING ADMIN TRAD ACCOUNT	5.00	162,750	7,760	-	170,510	115,100	285,610	(285,610)	-
ENVIRONMENTAL HEALTH	10.47	496,730	22,960	-	519,690	209,430	729,120	(729,120)	-
ENVIRONMENTAL CRIME	5.47	171,240	19,890	-	191,130	92,310	283,440	(283,440)	-
FOOD SAFETY AND HYGIENE	0.00	-	25,250	(400)	24,850	196,280	221,130	-	221,130
HEALTH AND SAFETY AT WORK	0.00	-	-	-	-	150,660	150,660	-	150,660
PEST CONTROL	0.00	-	50	-	50	26,010	26,060	-	26,060
POLLUTION CONTROL	0.00	-	30,840	(18,870)	11,970	92,780	104,750	-	104,750
ENV PROTECTION ENFORCEMENT	0.00	8,000	3,150	-	11,150	160,740	171,890	-	171,890
PORT HEALTH	0.00	7,500	5,200	(30,560)	(17,860)	99,080	81,220	-	81,220
LICENSING	0.00	-	1,800	(89,880)	(88,080)	159,820	71,740	-	71,740
MISCELLANEOUS LICENSING	0.00	-	4,450	(21,770)	(17,320)	40,430	23,110	-	23,110
GAMBLING ACT 2005	0.00	-	1,450	(26,650)	(25,200)	45,870	20,670	-	20,670
HACKNEY CAR & PRIVATE HIRE	0.00	-	11,650	(103,140)	(91,490)	188,930	97,440	-	97,440
DOG CONTROL MEASURES	0.00	-	23,830	(8,500)	15,330	94,800	110,130	-	110,130
FLYTIPPING & WASTE ENFORCEMENT	0.00	-	700	-	700	79,080	79,780	-	79,780
LITTERING ENFORCEMENT	0.00	-	1,230	(12,000)	(10,770)	109,570	98,800	-	98,800
ENV EDUCATION & CAMPAIGNS	0.00	-	-	-	-	26,720	26,720	-	26,720
MISC ENVIRONMENTAL ENFORCEMENT	0.00	-	-	-	-	19,950	19,950	-	19,950
Total Environmental Enforcmnt & Prot	22.75	955,340	163,570	(311,770)	807,140	1,939,850	2,746,990	(1,442,940)	1,304,050
EMERGENCY PLANNING	0.00	15,500	26,390	-	41,890	89,670	131,560	-	131,560
CORPORATE SUPPORT TRADING ACCT	4.80	247,150	5,880	(7,500)	245,530	107,110	352,640	(352,640)	-
Total Corporate Support	4.80	262,650	32,270	(7,500)	287,420	196,780	484,200	(352,640)	131,560

Continued

	Costs controlled by Head of Service					Recharges & Capital	Total Cost	Charge-outs	Total
	FTE	Employees	Other Costs	Income	Sub-tot				
COUNCIL, CABINET & COMMITTEES	0.00	-	-	-	-	324,860	324,860	(48,440)	276,420
SCRUTINY	0.00	-	1,200	-	1,200	62,750	63,950	(9,590)	54,360
CHAIRMAN'S ACCOUNT	0.00	-	10,560	-	10,560	27,000	37,560	(5,630)	31,930
MEMBERS ACCOUNT	0.00	23,000	295,300	(3,250)	315,050	158,510	473,560	(70,880)	402,680
OTHER PUBLIC BODIES	0.00	-	14,410	-	14,410	5,850	20,260	-	20,260
PARLIAMENTARY ELECTIONS	0.00	-	100,000	(100,000)	-	-	-	-	-
DISTRICT ELECTIONS	0.00	-	109,650	-	109,650	-	109,650	-	109,650
PARISH ELECTIONS	0.00	-	70,000	(70,000)	-	-	-	-	-
ELECTIONS - ADMIN	0.00	-	-	-	-	117,550	117,550	-	117,550
POLICE & CRIME COMM-POLICE ARO	0.00	-	20	-	20	-	20	-	20
ELECTORAL REGISTRATION	0.00	600	60,810	(510)	60,900	182,050	242,950	-	242,950
LOCAL LAND CHARGES	0.00	120	11,940	(180,000)	(167,940)	209,260	41,320	-	41,320
DEMOCRATIC SERVICES	10.50	406,700	12,000	-	418,700	133,530	552,230	(552,230)	-
Total Democratic Services	10.50	430,420	685,890	(353,760)	762,550	1,221,360	1,983,910	(686,770)	1,297,140
LEGAL TRADING ACCOUNT	7.79	424,260	33,710	(1,500)	456,470	121,130	577,600	(577,600)	-
LEGAL FEES HOLDING ACCOUNT	0.00	-	30,000	-	30,000	-	30,000	-	30,000
Total Legal	7.79	424,260	63,710	(1,500)	486,470	121,130	607,600	(577,600)	30,000
HUMAN RESOURCES TRADING ACCOUNT	0.00	40,450	-	-	40,450	323,840	364,290	(364,290)	-
PAYROLL TRADING ACCOUNT	0.00	-	-	-	-	32,540	32,540	(32,540)	-
Total Human Resources (DDC)	0.00	40,450	-	-	40,450	356,380	396,830	(396,830)	-
	47.84	2,257,340	950,080	(674,530)	2,532,890	3,876,780	6,409,670	(3,646,920)	2,762,750

DIRECTOR OF GOVERNANCE

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

MONITORING OFFICER

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

DEMOCRATIC SERVICES

Members

The section provides support to all members of the Council. They service all committees of the Council, 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

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

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

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

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 - monitoring and reporting the Council's performance and benchmarking with other authorities to measure efficiency and value for money;

Insurance – providing insurance cover for the Council's assets and liability risks;

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

Risk Management - identification and mitigation of key corporate and project risks;

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

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

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

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

Corporate Reviews and Inspections - 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 - 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

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.

DIRECTOR OF FINANCE, HOUSING AND COMMUNITY

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

FINANCE

Accountancy

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

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

Procurement, Creditors and Income

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. In order to increase the Council's capacity, an additional Procurement Manager post has been created and will be filled from February 2015.

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 to the s151 Officer and also independantly 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.

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. Under the Universal Credits initiative, responsibility for counter fraud and benefit administration will start to move to the Department for Work and Pensions.

Customer Services

Customer Services (Dover District Council @ Your Service) provides telephone, face to face and on-line delivery for all customers.

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

A key role of the Council's Strategic Housing service is to develop an effective strategic approach which will help meet the housing needs in the district and contribute to the development of sustainable communities.

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

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

Housing Strategy and Enabling

The strategic housing function plays an important role in enabling the provision of affordable housing in the district. In the past this had been solely through partnership working with other affordable housing providers such as Housing Associations. However, the positive financial impact of HRA financing reforms means that the Council is also taking on a direct role in the delivery of new affordable housing development. The service plays an important role liaising with other Council services such as Development Management, Regeneration Delivery and Corporate Property Services as well as external agencies such as the Homes & Communities Agency so as to secure new affordable housing in the district.

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

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

Housing Needs and Homelessness

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 homelessness is set out in the recently approved East Kent Homelessness Strategy 20014-2019 developed in partnership with Shepway, Canterbury and Thanet District Councils.

A new Dover district Homelessness Forum has been established to enable key stakeholders to share intelligence and good practice and good practice and monitor delivery of the new strategy action plan.

Changes have been made to the rent deposit guarantee scheme so that households benefiting from the guarantee will make financial payments towards it, thereby enabling them to save for any future deposit and making the scheme more financially sustainable.

A revised Allocations Policy was adopted in 2013/14 and led to the introduction of a new banding system for prioritising housing applications. Applicants are now able to make applications on-line and this has helped reduce the time taken to register applications. All applications are now being registered with the service standard.

Social rented homes are currently let through a 'choice based lettings' system with a 2 week bidding cycle. Following the successful piloting of daily bidding we are aiming to introduce this before the end of 204/15.

Private Sector Housing

Services provided by the Private Sector Housing team comprise:

- Legal/formal action to require owners to ensure their homes meet the minimum Health and safety requirements laid down in the Housing Act 2004. .
- The licensing of Houses in Multiple Occupation.
- The provision of Mandatory Disabled Facilities Grants
- The licensing of Caravan Sites.
- Bringing empty homes back into use

In 2014/15 the service took on additional responsibilities related to:

- The administration of Repair & Renew Grants provided by DEFRA
- The government's Letting Agents & Property Managers Redress Scheme.
- The administration and enforcement of new rules and conditions relating to Park Home sites

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

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

The service has been very successful over the years in bringing long term empty back into use. It works closely with external agencies on partnership projects 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).

Every local housing authority maintains a Housing Revenue Account (HRA) funded mainly by rent income. The replacement of the old subsidy system by HRA self-financing has had a significant positive impact on the HRA which has enabled increased investment in the Council's housing stock and the development of new affordable housing.

The Council is no longer bound by Government rent formulas and has greater flexibility in setting rents. However Government still provides rent guidance and consideration has to be given to the potential impact on housing benefit subsidy of any rent increase.

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

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

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

Service Summary

Finance, Housing & Community Budget 2015/2016

	Costs controlled by Head of Service					Recharges & Capital	Total Cost	Charge-outs	Total
	FTE	Employees	Other Costs	Income	Sub-tot				
DIRECTOR OF FINANCE, HSG & COM	1.00	114,250	3,650	-	117,900	38,870	156,770	(156,770)	-
Total Director Of Finance, Hsg & Com	1.00	114,250	3,650	-	117,900	38,870	156,770	(156,770)	-
ACCOUNTANCY TRADING ACCOUNT	9.60	468,130	44,360	-	512,490	152,830	665,320	(665,320)	-
PROCUREMENT, CREDITORS & INCOME	8.15	271,750	22,930	(6,600)	288,080	131,820	419,900	(419,900)	-
SPECIAL FEES AND PAYMENTS	0.00	-	50,000	(4,500)	45,500	1,850	47,350	-	47,350
TREASURY MANAGEMENT	0.00	-	15,000	-	15,000	33,290	48,290	(16,550)	31,740
BCKFNDNG & OTHER PENSION COSTS	0.00	1,999,380	-	-	1,999,380	(2,097,650)	(98,270)	-	(98,270)
GRANTS TO VOLUNTARY ORGS	0.00	-	244,910	-	244,910	2,600	247,510	-	247,510
Total Finance	17.75	2,739,260	377,200	(11,100)	3,105,360	(1,775,260)	1,330,100	(1,101,770)	228,330
COMMUNITY AND ENGAGEMENT	7.00	337,290	13,010	(2,600)	347,700	97,910	445,610	(445,610)	-
CORPORATE PRESS & PUBLICITY	0.00	-	25,400	-	25,400	118,760	144,160	-	144,160
COMMUNITY DEVELOPMENT	0.00	-	-	-	-	127,400	127,400	-	127,400
REGEN OFFICER SMALL PROJECTS	0.00	-	25,000	(25,000)	-	22,730	22,730	-	22,730
SPORTS STRTGY, IMPLMTN & GRNTS	0.00	-	13,000	-	13,000	9,850	22,850	-	22,850
Total Community Engagement	7.00	337,290	76,410	(27,600)	386,100	376,650	762,750	(445,610)	317,140
HOUSING ADMIN TRADING ACCOUNT	1.00	75,110	2,240	-	77,350	54,000	131,350	(131,350)	-
HOUSING NEEDS TRADING ACCOUNT	9.00	317,320	8,360	-	325,680	87,630	413,310	(413,310)	-
HOMELESSNESS	0.00	-	305,600	(155,000)	150,600	270,490	421,090	-	421,090
RENT DEPOSIT SCHEME	0.00	-	15,000	(15,000)	-	-	-	-	-
PRIVATE SECTOR HOUSING (incl. Renov'n Grants)	6.41	268,180	742,690	(725,050)	285,820	109,700	395,520	-	395,520
HOUSING STRATEGY	0.00	-	6,500	-	6,500	28,060	34,560	-	34,560
CHOICE BASED LETTINGS	0.00	-	11,800	-	11,800	-	11,800	-	11,800
Total Strategic Housing	16.41	660,610	1,092,190	(895,050)	857,750	549,880	1,407,630	(544,660)	862,970
DDC @ YOUR SERVICE	0.00	-	267,660	-	267,660	124,900	392,560	(392,560)	-
Total Customer Services (DDC Share)	0.00	-	267,660	-	267,660	124,900	392,560	(392,560)	-
COMPUTER SERVICES TRADING ACCT	0.00	-	454,250	-	454,250	35,210	489,460	(489,460)	-
OFFICE TELEPHONES HLDG ACCOUNT	0.00	-	29,920	(29,920)	-	-	-	-	-
Total IT & Phones	0.00	-	484,170	(29,920)	454,250	35,210	489,460	(489,460)	-
AUDIT TRADING ACCOUNT	0.00	-	580	-	580	143,100	143,680	(143,680)	-
Total Audit	0.00	-	580	-	580	143,100	143,680	(143,680)	-
COUNCIL TAX-COST OF COLLECTION	0.00	-	729,170	(200,000)	529,170	7,950	537,120	-	537,120
NNDR - COST OF COLLECTION	0.00	-	169,310	(173,000)	(3,690)	7,120	3,430	-	3,430
BENEFITS & SUBSIDIES	0.00	-	40,891,270	(40,473,270)	418,000	50,890	468,890	-	468,890
CORPORATE INCOME COLLECTION	0.00	-	142,350	-	142,350	8,140	150,490	(150,490)	-
Total East Kent Services	0.00	-	41,932,100	(40,846,270)	1,085,830	74,100	1,159,930	(150,490)	1,009,440
	42.16	3,851,410	43,749,790	(41,780,020)	5,821,180	(467,760)	5,353,420	(2,935,540)	2,417,880

DIRECTOR OF ENVIRONMENT AND CORPORATE ASSETS

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

WASTE MANAGEMENT

Refuse and Recycling Collections

- The 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

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

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

The management of off-street parking is carried out on behalf of KCC in accordance with the provisions set up within the Kent Parking agreement following the decriminalisation of parking operations some 10 years ago.

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

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

CCTV

The Council's CCTV system comprises 24 cameras in Dover, 17 in Deal and 9 in Sandwich. These cameras are a mixture of dome cameras and "shoe-box" type cameras.

The cameras are monitored and maintained by a team based at a dedicated Control Centre, which is a restricted and secure centre which is operated in accordance with Home Office Guidelines. 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.

All our CCTV Operators have undergone formal training and achieved a recognised qualification in the operation of CCTV.

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

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

COMMUNITY SAFETY

Dover district experiences low levels of crime and is consistently in the bottom quarter of reported crime levels in Kent. The Council manages the Dover District Community Safety Partnership (CSP), a group of agencies including Dover District Council, The Police & Crime Commissioner for Kent, Kent County Council, the Kent Fire and Rescue Service, 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

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

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

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. The premises are managed by Your Leisure, who also operate the Winter Gardens at Margate and lease the Council's leisure facilities, under a property lease for the Town Hall, supported by a funding agreement. This agreement has been extended until March 2015. Under the terms of the lease, most categories of expenditure are the responsibility of Your Leisure 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 Your Leisure since April 2001. Your 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

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

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

TOURISM

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

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

WHITE CLIFFS COUNTRYSIDE PARTNERSHIP

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

UP ON THE DOWNS

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

Over the next four years we will be working with our partners and local communities to conserve and celebrate the landscape and heritage of our scheme area. We will do this by:

- Investing in your heritage;

- Supporting communities;
- Enjoying the outdoors; and
- Working together.

The aims and objectives of Up on the Downs, including the full range of projects we will be delivering, are contained in the Landscape Conservation Action Plan. This document pulls together information gathered during the development of the scheme and analyses what the needs of the landscape and communities are. It is effectively a management plan for the scheme area.

COAST PROTECTION

Under the Coast Protection Act 1949 the Council has powers to provide and maintain coastal defences to protect the land from erosion. The Government provides financial support to coast protection authorities by grant aiding capital schemes, with the approval processes being managed by The Environment Agency, but will not grant aid routine maintenance. Shoreline Management Plans for the coastal frontage have been produced and work is also progressing on implementing the recommendations of the Pegwell Bay to Kingsdown Coastal Strategy. Funding has recently been allocated for works to the coast defences at Kingsdown/ Walmer, which it is hoped to progress during 2015/16.

Service Summary

Environment & Community Assets Budget 2015/2016

	Costs controlled by Head of Service					Recharges & Capital	Total Cost	Charge-outs	Total
	FTE	Employees	Other Costs	Income	Sub-tot				
DIRECTOR OF ENV & CORP ASSETS	1.00	114,000	3,780	-	117,780	40,690	158,470	(158,470)	-
Head of Service	1.00	114,000	3,780	-	117,780	40,690	158,470	(158,470)	-
CIVIC CAR	0.00	7,460	3,240	-	10,700	310	11,010	(1,650)	9,360
PROPERTY SERVICES	19.05	770,190	56,630	(3,100)	823,720	249,790	1,073,510	(1,073,510)	-
PROPERTY MAINTENANCE TEAM	2.00	51,310	4,750	-	56,060	5,930	61,990	-	61,990
MAISON DIEU PREMISES	0.00	-	7,860	(3,500)	4,360	4,810	9,170	(9,170)	-
DEAL AREA OFFICE TRADING ACCT	0.00	-	4,430	-	4,430	640	5,070	(5,070)	-
THE DOVER GATEWAY (CASTLE ST)	0.00	-	60,460	(15,000)	45,460	12,760	58,220	(58,220)	-
SANDWICH AREA OFFICE TRAD ACCT	0.00	-	-	-	-	330	330	(330)	-
CORPORATE MAINTENANCE	0.00	-	343,940	-	343,940	-	343,940	-	343,940
OFFICE ACCOMMODATION-WHITFIELD	2.82	60,330	458,880	(2,250)	516,960	78,300	595,260	(595,260)	-
PUBLIC CONVENIENCES	0.00	-	187,520	(123,950)	63,570	59,520	123,090	-	123,090
DEPOTS	0.00	-	1,720	(1,540)	180	16,930	17,110	-	17,110
CEMETERIES	0.00	-	184,290	(155,230)	29,060	58,330	87,390	-	87,390
CLOSED CHURCHYARDS	0.00	-	34,380	-	34,380	20,520	54,900	-	54,900
COAST PROTECTION	0.00	-	540	(61,900)	(61,360)	290,240	228,880	-	228,880
BUILDING CONTROL	8.61	309,530	38,840	(304,850)	43,520	121,860	165,380	(15,320)	150,060
MISC PROPERTIES-GENERAL	0.00	-	25,200	(252,470)	(227,270)	339,290	112,020	-	112,020
RELOCATION OF TRAVELLERS	0.00	-	-	-	-	730	730	-	730
HALLS-TOWN HALL DOVER	0.00	-	126,060	-	126,060	180,450	306,510	-	306,510
TIMEBALL TOWER, DEAL	0.00	-	960	(660)	300	5,610	5,910	-	5,910
PUBLIC CLOCKS AND MEMORIALS	0.00	-	290	(100)	190	3,200	3,390	-	3,390
CENTURION HOUSE	0.00	-	-	-	-	12,880	12,880	-	12,880
DOLPHIN HOUSE	0.00	-	57,580	(80,000)	(22,420)	22,420	-	-	-
FANUM HOUSE	0.00	-	300	-	300	-	300	-	300
CHARRINGTONS SITE	0.00	-	1,700	(4,890)	(3,190)	3,190	-	-	-
STAGECOACH	0.00	-	5,000	(5,000)	-	-	-	-	-
BRITANNIA PUBLIC HOUSE	0.00	-	300	-	300	-	300	-	300
A/C BODY RCHG-SRB,S/START,WCCP	0.00	-	-	-	-	59,310	59,310	-	59,310
ENERGY EFFICIENCY GRANTS	0.00	-	280	-	280	69,790	70,070	-	70,070
BEACHES AND FORESHORES	0.00	-	19,210	(74,200)	(54,990)	70,320	15,330	-	15,330
DEAL PIER	1.97	78,950	58,310	(70,530)	66,730	181,330	248,060	-	248,060
SANDWICH QUAY	0.00	-	3,830	(14,500)	(10,670)	18,130	7,460	-	7,460
PARKS AND OPEN SPACES	0.00	-	823,550	(237,760)	585,790	217,330	803,120	-	803,120
PARKS FOR PEOPLE-KEARSNEY	1.00	48,950	-	(56,910)	(7,960)	7,960	-	-	-

	Costs controlled by Head of Service					Recharges & Capital	Total Cost	Charge-outs	Total
	FTE	Employees	Other Costs	Income	Sub-tot				
DOVER LEISURE CENTRE	0.00	-	286,390	-	286,390	291,090	577,480	-	577,480
DEAL LEISURE POOL-TIDES	0.00	-	16,220	-	16,220	287,440	303,660	-	303,660
DEAL TENNIS CENTRE	0.00	-	30,200	-	30,200	29,910	60,110	-	60,110
PROPERTY SERVICES EVENTS	0.00	-	600	(28,000)	(27,400)	71,400	44,000	-	44,000
Asset Management & Maintenance	35.45	1,326,720	2,843,460	(1,496,340)	2,673,840	2,792,050	5,465,890	(1,758,530)	3,707,360
DOVER MUSEUM	10.08	376,470	153,310	(93,500)	436,280	363,400	799,680	-	799,680
MUSEUMS-BRONZE AGE BOAT-EXHIBT	0.00	-	16,330	(150)	16,180	3,810	19,990	-	19,990
DOVER MUSEUM SCHOOLS	0.00	1,500	25,250	(20,300)	6,450	9,650	16,100	-	16,100
DOVER MUSEUM - BEQUEST WORK	0.00	-	-	-	-	3,250	3,250	-	3,250
GRAND SHAFT-WESTERN HEIGHTS	0.00	-	1,770	-	1,770	2,890	4,660	-	4,660
TOURISM DEVELOPMENT	0.00	-	32,960	-	32,960	23,420	56,380	-	56,380
VIC GRANTS & HISTORIC PANELS	0.00	-	8,900	-	8,900	2,990	11,890	-	11,890
Total Museum & Tourism	10.08	377,970	238,520	(113,950)	502,540	409,410	911,950	-	911,950
PARKING SERVICE ADMINISTRATION	6.00	188,130	31,400	-	219,530	129,890	349,420	(349,420)	-
PARKING OPERATIONS & ENFORCEMT	13.99	352,160	34,680	-	386,840	125,750	512,590	(512,590)	-
PARKING & COMM SAFETY MANAGER	1.00	75,110	1,800	-	76,910	48,130	125,040	(125,040)	-
CCTV	3.00	98,360	80,360	(3,340)	175,380	55,240	230,620	-	230,620
CRIME AND DISORDER	1.00	37,150	4,440	(30,000)	11,590	35,540	47,130	-	47,130
SECTION 38	0.00	-	340	-	340	110	450	-	450
TRANSPORTATION SERVICES	0.00	-	182,200	(61,200)	121,000	83,080	204,080	-	204,080
COUNTRYSIDE AND WATERWAYS	0.00	-	-	-	-	640	640	-	640
BUS SHELTERS	0.00	-	19,210	(8,500)	10,710	3,780	14,490	-	14,490
PRECINCTS-DEAL AND DOVER	0.00	-	6,550	-	6,550	10,610	17,160	-	17,160
CAR PARKS-SURFACE FREE	0.00	-	10,740	(60)	10,680	51,960	62,640	-	62,640
CAR PARKS-SURFACE PAYING	0.00	-	351,990	(1,432,780)	(1,080,790)	321,730	(759,060)	-	(759,060)
CAR PARKS-MULTI STOREY	0.00	-	35,490	-	35,490	5,900	41,390	-	41,390
CAR PARKS - ON STREET	0.00	-	44,420	(573,950)	(529,530)	552,880	23,350	-	23,350
ENVIRONMENTAL IMPROVEMENTS (DEPRECIATION ONLY)	0.00	-	-	-	-	4,710	4,710	-	4,710
ANTI-SOCIAL BEHAVIOUR	1.81	72,520	8,590	(30,000)	51,110	89,250	140,360	-	140,360
Total Parking & Community Safety	26.80	823,430	812,210	(2,139,830)	(504,190)	1,519,200	1,015,010	(987,050)	27,960
WASTE SERVICES TRADING ACCOUNT	5.00	214,870	16,320	(80,000)	151,190	100,590	251,780	(251,780)	-
REFUSE COLLECTION	0.00	-	1,113,680	(37,000)	1,076,680	121,540	1,198,220	-	1,198,220
RECYCLING	0.00	-	1,044,950	(811,090)	233,860	139,420	373,280	-	373,280
SHEPWAY WASTE CONTRIBUTION	0.00	-	3,450,000	(3,450,000)	-	-	-	-	-
KCC WASTE CONTRIBUTION	0.00	-	1,000,000	(1,000,000)	-	-	-	-	-
STREET CLEANSING	0.00	-	1,496,000	(58,000)	1,438,000	108,080	1,546,080	-	1,546,080
Total Waste Services	5.00	214,870	8,120,950	(5,436,090)	2,899,730	469,630	3,369,360	(251,780)	3,117,580

	Costs controlled by Head of Service					Recharges & Capital	Total Cost	Charge-outs	Total
	FTE	Employees	Other Costs	Income	Sub-tot				
WHITE CLIFFS COUNTRYSIDE PROJ	6.27	234,600	48,020	(300,620)	(18,000)	18,000	-	-	-
WCCP-SAMPHIRE HOE	1.54	53,000	9,990	(62,990)	-	-	-	-	-
FOLKESTONE DOWNS	0.00	-	20,150	(20,150)	-	-	-	-	-
Total White Cliffs Countryside Project	7.81	287,600	78,160	(383,760)	(18,000)	18,000	-	-	-
WCLP-BRINGING BACK THE LANDSCAPE	0.00	-	157,580	-	157,580	-	157,580	-	157,580
WCLP-TAKING STOCK-PROG A	0.00	-	17,000	-	17,000	-	17,000	-	17,000
WCLP-GOING FOR BRONZE	0.00	-	19,000	-	19,000	-	19,000	-	19,000
WCLP-FRONTLINE BRITAIN	0.00	-	35,000	-	35,000	-	35,000	-	35,000
WCLP-LANDSCAPE HERITAGE GRANTS-PROG A	0.00	-	15,000	-	15,000	-	15,000	-	15,000
WCLP-BE PART OF IT	0.00	-	7,490	-	7,490	-	7,490	-	7,490
WCLP-TAKING STOCK-PROG B	0.00	-	26,500	-	26,500	-	26,500	-	26,500
WCLP-DIFFERENT WAY OF SEEING	0.00	-	16,500	-	16,500	-	16,500	-	16,500
WCLP-LANDSCAPE HERITAGE GRANTS-PROG B	0.00	-	10,000	-	10,000	-	10,000	-	10,000
WCLP-WHITE CLIFFS FOR ALL	0.00	-	2,000	-	2,000	-	2,000	-	2,000
WCLP - A SPECIAL SENSE OF PLACE	0.00	-	20,030	-	20,030	-	20,030	-	20,030
WCLP - SCHOOLS OUT	0.00	-	4,000	-	4,000	-	4,000	-	4,000
WCLP - LANDSCAPE HERITAGE GRANTS - PROG C	0.00	-	20,000	-	20,000	-	20,000	-	20,000
WCLP - TAKING THE FIRST STEP	0.00	4,000	5,000	-	9,000	-	9,000	-	9,000
WCLP - COUNTRYSIDE APPRENTICE	1.00	9,960	3,000	-	12,960	-	12,960	-	12,960
WCLP - TRAINING TO SUPPORT OTHER DELIVERY PROGS	0.00	10,000	6,000	-	16,000	-	16,000	-	16,000
WCLP - TRAINING IN HERITAGE SKILLS	0.00	2,500	1,250	-	3,750	-	3,750	-	3,750
WCLP - PARTNER TRAINING	0.00	5,000	-	-	5,000	-	5,000	-	5,000
WCLP - LANDSCAPE HERITAGE GRANTS - PROG D	0.00	-	10,800	-	10,800	-	10,800	-	10,800
WCLP - STAFF & OVERHEADS	3.00	128,620	6,010	-	134,630	3,450	138,080	-	138,080
LANDSCAPE PARTNERSHIP PROJECT (income only)	0.00	-	109,040	(654,730)	(545,690)	-	(545,690)	-	(545,690)
Total White Cliffs Landscape Partnership	4.00	160,080	491,200	(654,730)	(3,450)	3,450	-	-	-
	90.14	3,304,670	12,588,280	(10,224,700)	5,668,250	5,252,430	10,920,680	(3,155,830)	7,764,850

Earmarked General Reserves (2014/15 - 2017/18 Forecast)

Note Ref	2013/14	2014/15			2015/16			2016/17			2017/18		
	Balance	Contrib- ution	Applic- ation	Balance	Contrib- ution	Applic- ation	Balance	Contrib- ution	Applic- ation	Balance	Contrib- ution	Applic- ation	Balance
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
1 General Fund Balance	-2,585	0	115	-2,470	-92	0	-2,562	0	360	-2,202	0	728	-1,474
2 Special Projects & Events Reserve	-949	-1,004	479	-1,474	-727	576	-1,625	-20	80	-1,565	-20	0	-1,585
3 Periodic Operations Reserve	-1,357	-87	230	-1,214	-77	456	-835	-47	254	-628	-47	80	-595
4 Urgent Works Reserve	-1,467	0	519	-948	0	200	-748	0	200	-548	0	200	-348
5 Regeneration Reserve	-1,017	-279	257	-1,039	-294	29	-1,304	-294	389	-1,209	-294	15	-1,488
6 ICT Equipment & Servers	-357	-108	314	-151	-182	226	-107	-58	50	-115	-58	50	-123
7 Business Rates & Council Tax Support	-579	0	0	-579	0	0	-579	0	0	-579	0	0	-579
8 HRA Transfer Reserve	-12,500	0	0	-12,500	0	0	-12,500	0	0	-12,500	0	0	-12,500
8 Earmarked Reserves Total	-18,226	-1,478	1,799	-17,905	-1,280	1,487	-17,698	-419	973	-17,144	-419	345	-17,218
9 Total Revenue Reserves	-20,811	-1,478	1,914	-20,375	-1,372	1,487	-20,260	-419	1,333	-19,346	-419	1,073	-18,692

EARMARKED RESERVES

The following earmarked reserves are held:

1. General Fund Balance

The General Fund Balance is forecast to remain above the £2m preferred level in 2015/16. The forecasts for future years show the General Fund Balance reducing significantly by the end of 2017/18 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 while the Council continues to address future projected 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. One-off opportunities will be taken to add to the balance in this reserve in the future to maintain the capacity to manage the Council’s ageing assets.

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

5. Regeneration Reserve

This reserve is set aside to 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 25th 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.

	2014/15 Original Budget	2014/15 Projected Outturn as at 10/12/2014	Variance to Original Budget	Notes	2015/16 Proposed Budget	Variance to 2014/15 Projected Budget	Notes
	£000	£000	£000		£000	£000	
INCOME							
Dwelling Rents	(19,095)	(19,095)	0		(19,435)	(340)	A
Non-dwelling Rents	(482)	(483)	(1)		(470)	13	B
Tenant Charges for Services and Facilities	(335)	(335)	0		(310)	25	C
Conts. towards Expend. - Grants for Supporting People	(177)	(177)	0		(177)	0	
Leaseholder Charges for Services and Facilities	(298)	(299)	(1)		(358)	(59)	D
Other Misc	(45)	(45)	(1)		(48)	(3)	
TOTAL INCOME	(20,432)	(20,435)	(3)		(20,798)	(364)	
EXPENDITURE							
Repairs and Maintenance	3,567	3,607	40	1	3,152	(455)	E
Supervision and Management	3,780	3,844	64	2	3,986	142	F
Rents, Rates, Taxes and Other Charges	152	169	16	3	118	(50)	G
Depreciation of Fixed Assets	2,276	2,276	0		2,406	130	H
Debt Management Expenses	24	24	0		32	7	
Bad Debt Provision	250	125	(125)	4	125	0	
Rent Rebate Subsidy Limitation	21	0	(21)	5	0	0	
TOTAL EXPENDITURE	10,071	10,045	(26)		9,820	(225)	
NET COST OF HRA SERVICES PER AUTHORITY INCOME AND EXPENDITURE ACCOUNT	(10,361)	(10,390)	(29)		(10,979)	(589)	
HRA Share of Corporate and Democratic Core	457	457	0		452	(5)	
HRA share of other amounts not allocated to specific services	0	19	19		0	(19)	
NET COST OF HRA SERVICES	(9,904)	(9,914)	(10)		(10,527)	(613)	
Interest Payable and Similar Charges	2,916	2,916	0		2,854	(62)	I
Interest and Investment Income	(74)	(74)	0		(87)	(13)	J
Pension Int Costs and expected return on pensions assets	464	464	0		510	46	
(SURPLUS)/DEFICIT FOR THE YEAR ON HRA	(6,598)	(6,608)	(10)		(7,250)	(642)	
Amount required by statute to be credited to the HRA	6,213	5,238	(975)		5,426	188	
Net (Increase)/Decrease in the Housing Revenue	(385)	(1,370)	(985)		(1,824)	(454)	
Transfer to or (from) reserves	0	0	0		0	0	
(Increase)/decrease in year on the HRA balance	(385)	(1,370)	(985)		(1,824)	(454)	
Impact of Deficit / (surplus) on balances							
Housing Revenue Account surplus brought forward	(3,023)	(1,786)	1,237		(3,156)	(1,370)	
Housing Revenue Account surplus carried forward	(3,408)	(3,156)	252		(4,979)	(1,824)	

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

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

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

Net Charges made for retirement benefits in accordance with IAS19

446	446	0	460	14
446	446	0	460	14

Items not included in the HRA Income and Expenditure Account but

Transfer to/(from) the Major Repairs Reserve
Employer's contributions payable to the Pension Fund and retirements benefits payable direct to pensioners
Capital expenditure funded by the HRA

2,720	2,720	0	2,619	(100)
(464)	(464)	0	(510)	(46)
3,511	2,536	(1,301)	2,857	321
				0
5,767	4,792	(1,301)	4,966	175

Net additional amount required by statute to be debited/(credited) to the HRA Balance for the year

6,213	5,238	(1,301)	5,426	188
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Housing Revenue Account Variance Analysis
2014/15 Original Budget to 2014/15 Projected Outturn & Projected Outturn to 2015/16 Estimates

Housing Revenue Account Variation Statement - as at 10 December 2014

		<u>£000's</u>
2014/15 Original Budget		<u>(385)</u>
1	Repairs and Maintenance	Increase in repairs - storm damage 40
2	Supervision and Management	Revision of EKH management fee 64
3	Rent, Rates Taxes & Other Charges	To correct treatment on NDR on shops 16
4	Bad Debt Provision	Reduction in provision as impact of welfare reform not as big as anticipated (125)
5	Rent Rebate Subsidy Limitation	None needed for 2014/15 (21)
6	Capital Expenditure funded by the HRA	Council approval of Dorlonco project 499 Estimate for Folkestone Rd properties 325
8	Miscellaneous	Revision of funding re Norman Tailyour House (1,800)
		<u>17</u>
Projected Outturn 2014/15 as at 10 December 2014		(1,370)
A	Dwelling Rents	Uplift based on DCLG advised % CPI uplift (340)
B	Non Dwelling Rents	Garage rental income reduced due to demolition of garages 13
C	Tenant Charges for Services and Facilities	Reduction in service charge for cleaning, and decant of Norman Tailyour House 25
D	Leaseholder Charges for Services and Facilities	Increase in major works on flats (59)
E	Repairs & Maintenance	Major variances include: external decorations (£380k), paths & paving (£40k), storm damage (£20k) heating servicing (£10k) (455)
F	Supervision and Management	Stock condition survey and EKH management fee 142
G	Rents, Rates, Taxes and Other Charges	Revised budget and impact of Norman Tailyour House remodel (50)
H	Depreciation of Fixed Assets	£93k re: Buildings - reversed out in Major Repairs Reserve adjustment 130
I	Interest Payable	Annual decrease in interest element of debt repayment (62)
J	Interest and Investment Income	Increasing level of HRA balances (13)
K	Transfer to the Major Repairs Reserve	Difference between depreciation charge & notional Major Repairs Allowance (100)
L	Capital expenditure funded by the HRA	Due to reduced Capital Works Programme, but increase for Norman Tailyour House, and possible refurbishment of Folkestone Rd properties 321
Miscellaneous		(6)
2015/16 Budget Estimate		<u>(454)</u>

Indicative Housing Initiatives Programme

Financial Year	Use of Balances Only		Borrowing Only			Balances & Borrowing		
	Units built	HRA Balance	Units built	Cumulative Borrowing	HRA Balance	Units built	Cumulative Borrowing	HRA Balance
	£000	£000	£000	£000	£000	£000	£000	£000
2014/15	17	1,000	38	5,697	3,500	55	5,697	1,000
2015/16	11	1,000	13	7,718	4,530	20	7,718	1,000
2016/17	18	1,000	14	9,805	6,546	28	9,805	1,000
2017/18	18	1,000	14	11,959	8,355	27	11,959	1,000
2018/19	22	1,000	15	14,181	10,626	31	14,181	1,000
2019/20	25	1,000	15	16,475	13,054	34	16,475	1,000
2020/21	27	1,000	16	18,842	15,564	35	18,842	1,000
2021/22	31	1,000	16	21,286	18,390	39	21,286	1,000
2022/23	36	1,000	17	23,807	21,556	42	23,807	1,000
2023/24	39	1,000	17	26,410	24,892	45	26,410	1,000
2024/25	43	1,000	18	29,095	28,407	47	29,095	1,000
2025/26	47	1,000	18	31,867	32,106	50	31,867	1,000
2026/27	51	1,000	19	34,728	35,995	53	34,728	1,000
2027/28	54	1,000	20	37,680	39,941	56	37,680	1,000
2028/29	59	1,000	20	40,727	44,087	59	40,727	1,000
Total	497		272			622		

Notes

- 1 The schedule above provides a direction of travel and is not a precise projection.
It is based on the application of all HRA balances, above £1m, being applied to new housing initiatives.
- 2 The costs of projects at Castle Street, Mill Road Deal, Elvington, Folkestone Road and Norman Tailyour have been allowed for.
In addition, continued investment in existing stock for kitchens and bathrooms, electrical works, insulation, windows etc has also been allowed for.
- 3 Further market purchases and development at Whitfield have not yet been included.
- 4 The cost to the Council of new units has been assumed to average £150k, plus HCA grant, to fund land and construction.
- 5 A minimum HRA general balance of £1m has been assumed.

MEDIUM TERM CAPITAL PROGRAMME - DECEMBER 2014

APPROVED BUDGET		PROPOSED BUDGET					
Projects included in the programme	Total	Previous years	Estimate 2014/15	Estimate 2015/16	Estimate 2016/17	Future years	Total
	£000	£000	£000	£000	£000	£000	£000
Committed General Fund Projects							
Dover Regeneration Projects							
Dover Pride - Dover Town Investment Zone	2,175	1,973	202	0	0	0	2,175
DTIZ - SEEDA funded projects	6,883	6,706	177	0	0	0	6,883
DTIZ/Waterfront (DDC/GP Funded)	720	584	136	0	0	0	720
DTIZ - HCA funded projects	2,542	2,389	153	0	0	0	2,542
DTIZ Growth Point - Unallocated Grant Funding	7	0	7	0	0	0	7
Dover Pride - Dover Priory Ph 1 & 2	220	107	113	0	0	0	220
Waterfront (Yorkgate) - (Cluster Prep/GP Funded)	115	85	30	0	0	0	115
Waterfront - Planning (Cluster Prep funded)	150	0	150	0	0	0	150
Sub total	12,813	11,845	968	0	0	0	12,813
Other Regeneration Projects							
Aylesham Regeneration Project	1,491	1,441	10	39	0	0	1,491
Sub total	1,491	1,441	10	39	0	0	1,491
ICT Projects							
Replace Core Switched Network	80	61	19	0	0	0	80
Sub total	80	61	19	0	0	0	80
Other projects							
Mandatory Disabled Facilities Grants	881	n/a	881	0	0	0	881
Small Works Adaptations Grants	50	0	0	50	0	0	50
Renovation Grants	21	n/a	4	17	0	0	21
Renovation/PSH Loans	4,581	4,081	500	0	0	0	4,581
White Cliffs Landscape Project-DDC Capital Expenditure (100% grant funded)	111	55	10	23	23	0	111
White Cliffs Landscape Project-Capital Grants (100% grant funded)	599	69	371	86	74	0	599
Kingsdown Wall Repair/Beach Recycling	285	273	12	0	0	0	285
Dover Leisure Centre - Plant & Equipment Replacement	79	35	15	30	0	0	79
Tides - Plant & Equipment Replacement	108	31	16	62	0	0	108
Kingsdown Timber Groyne Study	30	10	20	0	0	0	30
Beach Hut Project	38	4	34	0	0	0	38
Community Safety Project (100% grant)	25	13	12	0	0	0	25
Silver Screen Cinema Dover-New Digital Projection Equipment	40	0	40	0	0	0	40
Individual Electoral Registration (IER) Hardware (100% grant funded)	24	0	24	0	0	0	24
Deal Town Football Club - Pavilion Rebuild	175	0	10	165	0	0	175
Discovery Park - Grant (100% grant funded)	3,151	0	3,151	0	0	0	3,151
Discovery Park - Loan (100% grant funded)	2,578	0	2,578	0	0	0	2,578
Parks for People - Kearsney Abbey & Russell Gardens	485	0	192	293	0	0	485
Dover Museum & Bronze Age Boat - Essential Works	116	0	116	0	0	0	116
Deal Seafront Enhancement	13	13	0	0	0	0	13
Sub total	13,390	4,582	7,985	726	98	0	13,390
Sub total of Committed General Fund Projects	27,774	17,929	8,982	765	98	0	27,774
General Fund Projects - Proposed Projects							
Burial Records On Line	15	0	0	15	0	0	15
Dover Leisure Centre - Plant & Equipment Replacement	21	0	0	21	0	0	21
Leisure Centres Contingency - Repairs & Equipment	462	0	0	262	200	0	462
Deal Pier - Refurbishments on pier stem	270	0	0	0	0	0	270
Deal Seafront Enhancement	112	0	0	0	0	0	112
Capital Contingency	92	0	92	0	0	0	92
Deal Youth Centre (S106 Funded)	200	0	200	0	0	0	200
Redevelopment of Centurion House Site	160	0	160	0	0	0	160
Redevelopment of Centurion House Site-Grant Funded	90	0	90	0	0	0	90
Dover Town Hall-Replacement of flat roof coverings	150	0	0	150	0	0	150
Leisure Centres-Fitness Equipment Replacement	30	0	30	0	0	0	30
Repair Kingsdown Sea Defences-DDC contribution	200	0	0	200	0	0	200
Repair Kingsdown Sea Defences-Grant	1,486	0	743	743	0	0	1,486
Museum-Bronze Age Boat, Fire Alarm & General Replacements	32	0	0	32	0	0	32
Solar PV for Whitfield Offices	85	0	0	0	0	0	85
Capital Grant to RSL to assist construction of affordable housing in Whitfield	700	0	700	0	0	0	700
William Pitt Ave-Play Area (S106 funded)	90	0	0	90	0	0	90
Victoria Park-Play Area (S106 funded)	37	0	0	0	37	0	37
Dover Town Investment Zone	0	0	0	100	0	0	100
Disabled Facilities Grants - DDC Contribution	0	0	0	100	0	0	100
Disabled Facilities Grants - Grant Funding	0	0	0	599	0	0	599
Whitfield Offices - Capital Works	0	0	0	110	110	0	220
Pencester Gardens Play Area	0	0	0	32	0	0	32
Museum-General Works & Replacements	0	0	0	38	0	0	38
Car Park Pay & Display Metering	0	0	0	180	100	0	280
Roman Painted House	0	0	0	60	0	0	60
Dover Fountain	0	0	0	150	0	0	150
Kingsdown Emergency Beach Recycling (100% grant)	0	0	0	75	0	0	75
Kingsdown Sea Defences Repairs (grant)	0	0	0	108	0	0	108
Parks for People-Kearsney Abbey & Russell Gardens (grant funded)	0	0	0	750	1,250	1,100	3,100
North Deal Playing Fields - Play Area	0	0	0	105	0	0	105
Dolphin House-new roof	0	0	0	65	0	0	65
Cemetery Provision - Deal - proposed	0	0	0	65	0	0	65
Capital Contingency	0	0	0	100	0	0	100
Sub total of General Fund Proposed Projects	4,232	0	2,015	4,149	1,697	1,100	8,962

MEDIUM TERM CAPITAL PROGRAMME - DECEMBER 2014							
APPROVED BUDGET		PROPOSED BUDGET					
Projects included in the programme	Total	Previous years	Estimate 2014/15	Estimate 2015/16	Estimate 2016/17	Future years	Total
	£000	£000	£000	£000	£000	£000	£000
ICT Infrastructure Investment - Proposed Projects							
Replacement Telephone System	135	0	135	0	0	0	135
Sub total of ICT Proposed Projects	135	0	135	0	0	0	135
Sub total of all Proposed General Fund Projects	4,367	0	2,150	4,149	1,697	1,100	9,097
General Fund Projects Total	32,140	17,929	11,132	4,915	1,795	1,100	36,870
HRA Programme							
Housing Revenue Account Property Projects - Committed Works 14/15	5,129	n/a	5,129	0	0	0	5,129
Housing Revenue Account Property Projects - Proposed Works 15/16	0	n/a	0	4,012	0	0	4,012
Demolition - William Muge & Snelgrove House	120	90	30	0	0	0	120
Aycliffe Play Area	40	0	40	0	0	0	40
Redevelopment - HRA Land - Adelaide Rd	375	18	357	0	0	0	375
DTIZ - Redevelop 12-14 Castle St Dover	1,465	0	540	925	0	0	1,465
Urban Renewal - Housing Development - proposed	660	0	0	0	660	0	660
Mill Rd, Deal - Purchase Affordable Homes	608	0	608	0	0	0	608
Empty Homes Project - 2 King St Dover	260	0	277	0	0	0	277
91 & 95 Folkestone Rd - Property Purchases	0	0	294	0	0	0	294
Sheltered Upgrade - proposed	1,800	0	0	1,800	0	0	1,800
Housing Revenue Account - Provisions for proposed projects	28	0	28	0	0	0	28
Play Areas - proposed HRA funding	24	0	24	0	0	0	24
Play Areas - additional proposed HRA funding	0	0	0	40	0	0	40
Folkestone Rd Property Refurbishment - proposed	0	0	0	350	0	0	350
Future projects to be funded from the Housing Initiatives Reserve - see note 5	0	0	0	0	0	0	0
Systems Replacement Contingency - proposed	0	0	0	0	0	0	0
HRA Total	10,509	108	7,327	7,127	660	0	15,222
Total	42,650	18,037	18,459	12,042	2,455	1,100	52,092
Financed by:							
Capital projects financed in previous financial years	18,037	18,037	0	0	0	0	18,037
Capital receipts - General Fund	2,801	n/a	1,073	1,146	200	0	2,419
Capital receipts - General Fund - New Bids	0	n/a	0	674	210	0	884
Capital receipts - HRA	0	n/a	0	0	0	0	0
Major Repairs Allowance	3,030	n/a	3,030	0	0	0	3,030
Major Repairs Allowance - 15/16	0	n/a	0	2,995	0	0	2,995
Tenants Compact - Reserve Funding	0	n/a	0	0	0	0	0
Direct Revenue Financing - HRA	4,011	n/a	2,272	1,800	0	0	4,072
Direct Revenue Financing - HRA - New Bids	0	n/a	0	1,057	0	0	1,057
Direct Revenue Financing - General Fund	175	n/a	10	165	0	0	175
Direct Revenue Financing - General Fund - New Bids	0	n/a	0	85	0	0	85
Grants							
SEEDA for DTIZ	177	n/a	177	0	0	0	177
HCA (was - English Partnerships) for DTIZ/mid-town centre	153	n/a	153	0	0	0	153
HCA (Empty Homes Project - 2 King St Dover)	110	n/a	66	0	0	0	66
HCA (Redevelopment of Centurion House Site)	90	n/a	90	0	0	0	90
Growth Point - Unallocated Grant Funding	7	n/a	7	0	0	0	7
Growth Point (Waterfront-Yorkgate)	13	n/a	13	0	0	0	13
Growth Point (Dover Priory Multi-Storey Car Park)	100	n/a	100	0	0	0	100
Growth Point (Parks for People-Kearsney)	25	n/a	0	25	0	0	25
Heritage Lottery/Partnership Funding (White Cliffs Landscape Partnership) - Revenue Grant	587	n/a	381	109	98	0	587
Heritage Lottery Fund Grant (Park for People-Kearsney) - Revenue Grant	160	n/a	160	0	0	0	160
Heritage Lottery Fund Grant (Parks for People-Kearsney)	0	n/a	0	750	1,250	1,100	3,100
Mandatory Disabled Facilities Grants	612	n/a	612	0	0	0	612
Mandatory Disabled Facilities Grants - 15/16 expected grant	0	n/a	0	599	0	0	599
Coast Protection grants	12	n/a	12	0	0	0	12
Private Sector Renewals Grant	277	n/a	277	0	0	0	277
Renovation/PSH Repayments of Loans	223	n/a	223	0	0	0	223
Dover Town Council (Silver Screen-Digital Projection Equipment)	20	n/a	20	0	0	0	20
Environment Agency (Kingsdown Timber Groynes Study)	20	n/a	20	0	0	0	20
Environment Agency (Repair Kingsdown Sea Defences)	1,486	n/a	743	743	0	0	1,486
Environment Agency (Repair Kingsdown Sea Defences) - additional grant expected	0	n/a	0	108	0	0	108
Environment Agency (Kingsdown Emergency Beach Recycling)	0	n/a	0	75	0	0	75
Performance Reward Grant (Community Safety)	12	n/a	12	0	0	0	12
Performance Reward Grant (DFGs)	75	n/a	75	0	0	0	75
DCLG Building Foundations for Growth Grant (Discovery Park)	5,729	n/a	5,729	0	0	0	5,729
Green Deal Grant (HRA-Thermal Insulation)	160	n/a	160	0	0	0	160
Cabinet Office Grant (IER Hardware)	24	n/a	24	0	0	0	24
Section 106 Funding	539	n/a	412	90	37	0	539
Section 106 Funding - New Bids	0	n/a	0	131	0	0	131
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							
- Cluster Prep Reserve (Waterfront)	167	n/a	167	0	0	0	167
- Special projects reserve	85	n/a	0	0	0	0	85
- Special projects reserve - New Bids	0	n/a	0	215	0	0	215
- ICT Reserve (ICT Infrastructure Investment)	154	n/a	154	0	0	0	154
- Excess Right to Buy Receipts	710	n/a	432	278	0	0	710
- Housing Initiative Reserve	2,169	n/a	1,155	998	660	0	2,812
- Sale of land at Whitfield/RTB Receipts	700	n/a	700	0	0	0	700
Total	42,650	18,037	18,459	12,042	2,455	1,100	52,092

<u>Capital Receipts Summary as at 5/1/15</u>	£000	£000
Capital Receipts as at 31/03/14		-3,585
Ring Fenced for 1:4:1 Affordable Housing		1,136
Subtotal		-2,449
<u>Receipts in year:</u>		
General Fund Capital Receipts	0	
Poolable HRA Capital Receipts Received	-1,100	
<u>Deduct:</u>		
Admin fees	21	
HRA Pooling to Qtr 3	196	
Total useable receipts received to 31.12.14	<u>-883</u>	
Total Unringenced Capital Receipts		-3,332
Allocated to existing GF Capital Programme		2,419
Balance after Existing Projects		-913
Proposed new projects		883
Balance available for future projects		-30

REVENUE WORKS PROGRAMME	PROJECTED OUTTURN 2014/15	DRAFT BUDGET 2015/16
	£000	£000
Term Maintenance	1,300	1,300
External Decorations	580	200
Cesspool Drainage Replacement	5	5
Communal TV Aerials Installation	10	10
Elderly Persons Redecorations	10	10
Estates Paths, Pavings, Floor Resurfacing	115	75
Insurance Excess/Storm Damage	30	10
Vandalism	30	30
Electrical Safety Inspections	75	75
Health and Safety Water Inspections	10	10
Voids Properties	750	750
Void Security	3	3
Heating Servicing	500	490
Lift Maintenance	10	5
Disabled Hoists & Lifts	13	13
Fire Alarm Servicing	55	55
Door Entry	15	15
Tenant Compensation	2	2
TOTAL REVENUE WORKS PROGRAMME	3,513	3,058

CAPITAL WORKS PROGRAMME	PROJECTED OUTTURN 2014/15	DRAFT BUDGET 2015/16
	£000	£000
<u>HOUSING REVENUE ACCOUNT SCHEMES</u>		
IMPROVEMENTS		
Reroofing	240	240
Replacement Doors and Windows	482	251
Door Entry Systems	10	129
Fire Precaution Works	200	220
Comp Improvements - Other	24	0
Renewal Heating	200	275
Thermal Insulation	864	260
Asbestos Programme	20	15
Structural Repairs	310	270
Kitchen Programme	1,463	1,463
Rewiring	485	150
Environmental Improvements -DDC initiated	200	200
Tenants Compact - Dover / Deal/Sandwich & Rural	100	50
Adaptations for Disabled Persons	529	457
Major Lift Refurbishment	0	30
Capital Works Programme Total	5,127	4,010
Adaptations for Disabled Persons - Internal Fees	2	2
Sheltered Upgrade	0	1,800
HRA Play areas not yet approved	64	40
Empty home project - King St	277	0
Elvington - New Homes	357	0
Castle Street	540	925
Mill Road Deal	608	0
Demolition costs	30	0
Folkestone Rd Properties	294	350
Provision for ICT Infrastructure (b/f from 12/13)	28	0
TOTAL HRA CAPITAL PROGRAMME	7,327	7,127
Financed By:		
Major Repairs Reserve	3,030	2,995
Direct Revenue Financing (HRA)	2,272	2,857
Excess Right to Buy	432	277
Grant & S106 Funding	438	0
Housing Initiatives Reserve	1,155	998
TOTAL CAPITAL WORKS FUNDING	7,327	7,127

FULL PROGRAMME TOTAL	10,840	10,185
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SPECIAL PROJECTS - 2014/15 OUTTURN

<u>PROJECTS FINANCED FROM THE SPECIAL PROJECTS RESERVE</u>	Capital / Revenue	Total Approved	Prior Years	Estimate	Estimate	Estimate	Future	Total Revised
		Budget	Exp	2014/15	2015/16	2016/17	years	Budget
		£000	£000	£000	£000	£000	£000	£000
Committed Special Revenue Projects								
Corporate Property Maintenance	R	766	574	192	0	0	0	766
Play Areas - enhancements to strategic sites	R	50	35	15	0	0	0	50
Control of Asbestos Regulations Works - Corporate Buildings	R	44	24	19	0	0	0	44
Disability Discrimination Act Works - Corporate Buildings	R	109	96	13	0	0	0	109
Farthingloe/Western Heights - consultancy	R	45	16	29	0	0	0	45
ICT Solutions-Regen & Dev/Corp PA & Support	R	50	46	3	0	0	0	50
Whitfield Office Lighting Replacement	R	70	61	9	0	0	0	70
Dover Town Hall - Consultancy	R	45	0	45	0	0	0	45
Parking Strategy Review	R	45	0	45	0	0	0	45
Purchase HR & Payroll System	R	0	0	106	0	0	0	106
Parks - General Repairs (walls, fences, lakes, structures etc)	R	25	6	19	0	0	0	25
Sub total		1,249	860	494	0	0	0	1,355
ICT Infrastructure Investment Projects								
Upgrade VMWare	R	26	26	0	0	0	0	26
Install Wi-Fi - Whitfield Offices	R	18	0	18	0	0	0	18
Upgrade GIS & Replace Xmap Internet Server	R	60	0	20	20	20	0	60
Upgrade Windows Server & SQL Databases	R	83	0	83	0	0	0	83
Replace Backup Facility	R	47	0	47	0	0	0	47
PC Refresh	R	195	163	32	0	0	0	195
Sub total		429	189	199	20	20	0	429
Capital projects in capital programme financed from reserve:								
Provision allocated to capital programme to finance capital projects	C	n/a	n/a	0	0	0	0	0
		1,677	1,049	694	20	20	0	1,783
Proposed Projects								
North Deal - Community based regeneration - Golf Rd/Cannon Str. Deal	R	60	0	60	0	0	0	60
DES Efficiency Projects	R	30	0	30	0	0	0	30
Parks - General Repairs (walls, fences, lakes, structures etc)	R	56	0	25	31	0	0	56
Cemetery Provision - consultancy	R	10	0	10	0	0	0	10
Corporate Property Maintenance	R	100	0	0	50	50	0	100
Corporate Property Maintenance - Contingency	R	50	0	0	50	0	0	50
Utilities Management for all Corporate Properties	R	20	0	0	20	0	0	20
Dover Tourism Signage Scheme	R	20	0	0	20	0	0	20
Special Revenue Contingency	R/C	10	0	10	0	0	0	10
Connaught Park Tennis Courts Improvements	R	0	0	0	60	0	0	60
Street Lighting-Replacements & Repairs	R	0	0	0	30	0	0	30
Cemetery Provision Report (District Wide)-Consultancy	R	0	0	0	5	0	0	5
Tree Safety Emergency Works (following quinquennial)	R	0	0	0	20	0	0	20
Marines Memorial Gardens Refurbishment	R	0	0	0	15	0	0	15
Environmental Enhancements	R	0	0	0	40	0	0	40
Walmer Paddling Pool Security	R	0	0	0	35	0	0	35
St Margarets Bay Promenade-Refurbish Railings	R	0	0	0	30	30	0	60
Corporate Document Management System (IDOX)	R	0	0	0	40	0	0	40
eFinancials System Improvements	R	0	0	0	14	0	0	14
Payment Card Industry (PCI) Compliance	R	0	0	0	45	0	0	45
Resurfacing Car Parks	R	0	0	0	60	0	0	60
Special Revenue Contingency	R	0	0	0	20	0	0	20
Proposed balance to transfer to capital projects - New Bids	C	0	0	0	215	0	0	215
Sub total - proposed projects		356	0	135	800	80	0	1,015
ICT Infrastructure Investment - Proposed Projects								
Replace Tonesmart System	R	9	0	9	0	0	0	9
Sub total - ICT proposed projects		9	0	9	0	0	0	9
Proposed balance to transfer to capital projects	C	85	0	0	0	0	0	0
Total Projects Subject to Approval/Appraisal		450	0	144	800	80	0	1,023
GRAND TOTAL		2,127	1,049	838	820	100	0	2,807
Special Projects Financing								
Funded from Special Projects Reserve (see annex 7)		1,645	860	479	641	80	0	2,060
Funded from ICT Reserve (ICT Infrastructure)		437	189	208	20	20	0	437
Funded from ICT Reserve (Payroll System)		0	0	106	0	0	0	106
Funded from ICT Reserve (New Bids)		0	0	0	82	0	0	82
Funded from HRA		0	0	0	17	0	0	17
Funded from On-Street Parking Reserve		0	0	0	60	0	0	60
Funded from Regeneration Reserve		30	0	30	0	0	0	30
Dover Town Council contribution (Dover Town Hall-Consultancy)		14	0	14	0	0	0	14
Dover Society contribution (Dover Town Hall-Consultancy)		1	0	1	0	0	0	1
TOTAL		2,127	1,049	838	820	100	0	2,807

<u>Remaining balance in Special Projects reserve</u>	
Balance at 1 April 2014	926
Proposed allocation to projects 2014/15	-479
Allocation from General Fund for 14/15	484
Additional allocation from General Fund for 14/15	500
Balance at 31 March 2015	1,432
Proposed allocation to projects in 15/16 & future years	-721
Allocation from General Fund for 15/16	707
Balance after future years allocations	1,418
Major Events opening position	23
14/15 Allocation to Reserve	20
Major Events commitments	0
Major Events balance	43
Special Projects & Events Reserve balance	1,460

DECEMBER 2014

CAPITAL & SPECIAL PROJECT SCHEMES - 2015/16 & FUTURE YEARS PRIORITY NEW BIDS FOR FUNDING

REF:	SCHEME	PRIORITY PROJECTS YEAR ONE 2015/16 £	PRIORITY PROJECTS YEAR TWO 2016/17 £	PRIORITY PROJECTS YEAR THREE 2017/18 £	PROJECT OFFICER	FUNDING SOURCE
1	Dover Town Investment Zone (future years)	100,000			T Ingleton	Capital Receipts
2	Disabled Facilities Grant Funding (on-going)	699,000			R Kennedy	£599k Government Grant £100k Capital Receipts
3	Whitfield Offices - Capital Works	110,000	110,000		F Thompson	Capital Receipts
4	Pencester Gardens Play Area	32,000			L Corby	£5.6k Capital Receipts £26.4k Section 106 funding
5	Museum - General Works and Replacements	38,000			M Leggatt	£18k Capital Receipt £20k Bronze Age Boat funding
6	Car Park Pay and Display Metering - Need to commit full value to ensure standard machines across district	180,000	100,000		C Allen	Capital Receipts
7	Roman Painted House - repairs	60,000			M Leggatt	Capital Receipts
8	Capital contingency	100,000			M Davis	Capital Receipts
9	Dover Fountain	150,000			F Thompson	Special Projects Reserve
10	Connaught Park Tennis Courts improvements	60,000			L Corby	Special Projects Reserve
11	Street Lighting Replacements & Repairs	30,000			K Watson	Special Projects Reserve
12	District Wide Cemetery Provision Report - Consultancy	5,000			D Solley	Special Projects Reserve
13	Tree Safety Emergency Works following quinquennial	20,000			D Solley	Special Projects Reserve
14	Marines Memorial Gardens Refurbishment	15,000			D Solley	Special Projects Reserve
15	Environmental Enhancements	40,000			M Pile	Special Projects Reserve
16	Walmer Paddling Pool Security	35,000			F Thompson	Special Projects Reserve
17	St Margarets Bay Promenade - refurbish railings	30,000	30,000		K Watson	Special Projects Reserve
18	Special Revenue contingency	20,000			M Davis	Special Projects Reserve
19	Corporate Document Management System (IDOX)	40,000			C Cook / D Robinson	Special Projects Reserve
20	eFinancials System Improvements	13,500			L Peasgood / E Morgan	Special Projects Reserve
21	Payment Card Industry (PCI) Compliance	45,000			L Peasgood	Special Projects Reserve
22	Resurfacing car parks	60,000			K Watson	Special Projects Reserve
23	Kingsdown Emergency Beach Recycling	75,000			K Watson	Environment Agency Grant
24	Parks for People - Kearsney Abbey & Russell Gardens	750,000	1,250,000	1,100,000	B Hill	Heritage Lottery Fund Grant
25	Kingsdown Sea Defences	108,000			K Watson	Environment Grant
26	North Deal Playing Fields - Play Area	105,000			L Corby	Section 106 funding
27	Dolphin House - new roof	65,000			F Thompson	Direct revenue funding
28	Cemetery Provision - Deal	65,000			D Solley	Special Projects Reserve
29	HRA Capital Works Programme	4,011,800			HRA Accountant	HRA
30	Folkestone Rd Properties Refurbishment	350,000			HRA Accountant	HRA
31	Play Areas	40,000			HRA Accountant	HRA
	TOTAL PROJECTS	7,452,300	1,490,000	1,100,000		

DECEMBER 2014
CAPITAL AND SPECIAL PROJECT SCHEMES - FUTURE YEARS REQUIREMENTS IF FUNDING AVAILABLE

REF:	SCHEME	YEAR ONE 2015/16	YEAR TWO 2016/17	YEAR THREE 2017/18	FUTURE YEARS 18/19- 23/24 £	NOTES	CONTACT OFFICER
		£	£	£			
CAPITAL RECEIPT FUNDED							
1	Disabled Facilities Grant Funding (on-going)		100,000	100,000	100,000	DDC contribution to support grant funding to meet statutory requirements on Disabled Facilities. Estimated DFG grant funding of £599k due in 15/16.	R Kennedy
2	Disabled Adaptations Assistance		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
3	Whitfield Offices - Capital Works			310,000	110,000	Works including re-roofing, kitchen & toilet refurbishments, and replacing heating system.	F Thompson
4	Improvements to Elms Vale pitches		90,000	90,000		There may be some S106 funding available but no agreements have been signed yet.	L Corby
5	Victoria Park Outdoor Facilities Improvements				75,000	Possibility of using £20k S106 funding.	L Corby
6	Kearsney Abbey Play Area		50,000			L Corby to discuss possible funding contribution from HLF	L Corby
7	Russell Gardens Play Area		20,000				L Corby
8	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
9	Leisure Centres - Fitness Equipment Replacement (on-going)	30,000	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. £30k pa requirement.	L Corby
10	Museum - General Works and Replacements		5,000		5,000	To be added to current £32k provision. Building management system, M&E replacement and general works, on-going requirement. (Total new bid is £38k, with £20k financed by Bronze Age Boat funding)	M Leggatt
11	Resurfacing car parks		315,000			Failure to carry out car park resurfacing will lead to H & S issues, possible closure and loss of revenue.	K Watson
12	Parks and Open Spaces Strategy				300,000	Development of pitches and facilities-full project details yet to be determined.	M Leggatt
13	Deal Pier - Structural Inspection and remedial work	50,000	270,000			Required to ensure that the pier structure will not deteriorate.	M Leggatt
14	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
15	DDC CCTV Improvements	76,800				Existing system is 20 years old, ageing equipment cannot be repaired as parts no longer available. Improvements to the control room, purchase replacement & new cameras to improve service, up date system & allow expansion. Annual revenue operational cost £2,400. Project links to DTIZ.	C Allen
16	Bus Rapid Transport Link		500,000			Contribution to link road to facilitate a rapid transport route for public transport.	T Ingleton
17	Capital contingency				100,000	Contingency to cover urgent projects that may be required during the financial year. Estimate will require top-up every other year.	Capital Accountant
TOTAL CAPITAL RECEIPT FUNDED		231,800	1,505,000	580,000	1,045,000		
RESERVE FUNDED							
18	Parks - General repairs to walls, fences, lakes, structures etc (Special Project Reserve)		26,000	20,000	45,000	Funded by Special Projects Reserve	D Solley
19	Corporate Property Planned Maintenance			20,000	20,000	Funded by Special Projects Reserve	F Thompson
20	Street Lighting Replacements & Repairs		30,000	30,000	200,000	Funded by Special Projects Reserve	K Watson
21	Tree Safety Emergency Works following quinquennial		15,000	10,000	5,000	Special Projects Reserve	D Solley
22	Environmental Enhancements		30,000			Special Projects Reserve - Street washing & targeted street sweeping in Dover District to cleanse areas which have consistent car parking and high footfall.	M Pile
23	Street Lighting & Bins project	500,000				Proposal to be funded from HRA Transfer reserve	R Walton
24	Solar PV for Whitfield Offices	85,000				Special Projects Reserve	F Thompson
TOTAL RESERVE FUNDED		585,000	101,000	80,000	270,000		
GRANT FUNDED							
25	Deal Beach Management			50,000	1,050,000	Beach recycling - funded by Environment Agency grant	K Watson
26	Kingsdown Beach Management				450,000	Beach recycling - funded by Environment Agency grant	K Watson
TOTAL GRANT FUNDED		0	0	50,000	1,500,000		
S106 FUNDED							
TOTAL S106 FUNDED		0	0	0	0		
OTHER FUNDING							
TOTAL OTHER FUNDING		0	0	0	0		
HRA FUNDED							
27	HRA Capital Works Programme		5,419,000			HRA property projects - funded from HRA resources.	HRA Accountant
TOTAL HRA FUNDED		0	5,419,000	0	0		
TOTAL PROJECTS		816,800	7,025,000	710,000	2,815,000		

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 throughout the year as follows -

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

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

Quarterly management reports – Reports to Governance update the progress of the capital position, 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 2015/16

The strategy for 2015/16 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 2015/16 – 2017/18

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:

	2013/14 Actual £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000
Capital expenditure:					
General Fund	1,737	11,132	4,915	1,795	1,100
HRA	4,338	7,327	7,127	660	0
Total	6,075	18,459	12,042	2,455	1,100
Financed by:					
Capital receipts	273	1,073	1,820	410	0
Capital grants	1,388	9,053	2,409	1,348	1,100
Capital reserves	61	3,020	6,102	697	0
Revenue	4,353	5,313	1,711	0	0
Net financing need for the year	6,075	18,459	12,042	2,455	1,100

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

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

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

The Council is asked to approve the CFR projections below:

Capital Financing Requirement	2013/14 Actual £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £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
Total CFR	98,233	98,233	98,233	98,233	98,233
Movement in CFR	-	-	-	-	-

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;

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

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

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

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.

	2013/14 Actual	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
Non-HRA	0.33%	0.31%	0.33%	0.33%	0.33%
HRA	16.42%	17.93%	17.58%	17.23%	16.90%

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.

	2013/14 Actual	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
Council tax - band D	£0.10	£0.13	£7.29	£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.

£	2013/14 Actual	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
Weekly housing rent levels	£6.47	£11.29	£12.59	£0.06	£0.05

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 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 2014, 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.

	2013/14 Actual £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000
External Debt at 1 April	95,867	93,954	91,983	89,952	87,856
Expected change in Debt	1,913	1,971	2,031	2,096	2,163
Actual gross debt at 31 March	93,954	91,983	89,952	87,856	85,693
Capital Financing Requirement	98,233	98,233	98,233	98,233	98,233
Under / (over) borrowing	4,279	6,250	8,281	10,377	12,540

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 2015/16 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	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £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	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000
General Fund Debt Limit	22,500	22,500	22,500	22,500
HRA Debt 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 % (including certainty rate adjustment)		
	%	5 year	25 year	50 year
Mar 2015	0.50	2.20	3.40	3.40
Jun 2015	0.50	2.20	3.50	3.50
Sep 2015	0.50	2.30	3.70	3.70
Dec 2015	0.75	2.50	3.80	3.80
Mar 2016	0.75	2.60	4.00	4.00
Jun 2016	1.00	2.80	4.20	4.20
Sep 2016	1.00	2.90	4.30	4.30
Dec 2016	1.25	3.00	4.40	4.40
Mar 2017	1.25	3.20	4.50	4.50
Jun 2017	1.50	3.30	4.60	4.60
Sep 2017	1.75	3.40	4.70	4.70
Dec 2017	1.75	3.50	4.70	4.70
Mar 2018	2.00	3.60	4.80	4.80

Economic Background

UK GDP growth surged during 2013 and the first half of 2014. Since then it appears to have subsided somewhat but still remains strong by UK standards and is expected to continue likewise into 2015 and 2016. There needs to be a significant rebalancing of the economy away from consumer spending to manufacturing, business investment and exporting in order for this recovery to become more firmly established. One drag on the economy has been that wage inflation has only recently started to exceed CPI inflation, so enabling disposable income and living standards to start improving. The plunge in the price of oil brought CPI inflation down to a low of 1.0% in November, the lowest rate since September 2002. Inflation is expected to stay around or below 1.0% for the best part of a year; this will help improve consumer disposable income and so underpin economic growth during 2015. However, labour productivity needs to improve substantially to enable wage rates to increase and further support consumer disposable income and economic growth. In addition, the encouraging rate at which unemployment has been falling must eventually feed through into pressure for wage increases, though current views on the amount of hidden slack in the labour market probably means that this is unlikely to happen early in 2015.

The US, the biggest world economy, has generated growth rates of 4.6% (annualised) in Q2 2014 and 5.0% in Q3. This is hugely promising for the outlook for strong growth going forwards and it very much looks as if the US is now firmly on the path of full recovery from the financial crisis of 2008. Consequently, it is now confidently expected that the US will be the first major western economy to start on central rate increases by mid 2015.

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

- Greece: the general election on 25 January 2015 is likely to bring a political party to power which is anti EU and anti austerity. However, if this eventually results in Greece leaving the Euro, it is unlikely that this will directly destabilise the Eurozone as the EU has put in place adequate firewalls to contain the immediate fallout to just Greece. However, the indirect effects of the likely strengthening of anti EU and anti austerity political parties throughout the EU is much more difficult to quantify;

- As for the Eurozone in general, concerns in respect of a major crisis subsided considerably in 2013. However, the downturn in growth and inflation during the second half of 2014, and worries over the Ukraine situation, Middle East and Ebola, have led to a resurgence of those concerns as risks increase that it could be heading into deflation and prolonged very weak growth. Sovereign debt difficulties have not gone away and major concerns could return in respect of individual 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. 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 2015/16 and beyond;
- Borrowing interest rates have been volatile during 2014 as alternating bouts of good and bad news have promoted optimism, and then pessimism, in financial markets. The closing weeks of 2014 saw gilt yields dip to historically remarkably low levels after inflation plunged, a flight to quality from equities (especially in the oil sector), and from the debt and equities of oil producing emerging market countries, and an increase in the likelihood that the ECB will commence quantitative easing (purchase of EZ government debt) in early 2015. 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 higher borrowing costs in later times, when authorities will not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt;

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 2015/16 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:

	2015/16	2016/17	2017/18
Interest rate exposures			
	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	30%	30%	30%
Maturity structure of fixed interest rate borrowing 2015/16			
	Lower		Upper
Under 12 months	0%		50%
12 months to 2 years	0%		50%
2 years to 5 years	0%		50%
5 years to 10 years	0%		100%
10 years and above	0%		100%

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

Institution	Type	Minimum Credit Criteria	% / Value	Max period
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	£10m	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 Long-term A Support 1	£3m	1 year
Other UK banks and building societies	Deposit	Short-term F1 Long-term A Support 1	£3m	1 year
Banks part nationalised by high credit rated countries non UK	Deposit	Short-term F1 Long-term A Support 3 Sovereign rating AA+	£1m	1 year
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 equivalent) 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*
 - *Germany*
 - *Luxembourg*
 - *Norway*
 - *Singapore*
 - *Switzerland*
 - *Sweden*
- AA+**
 - *Netherlands*
 - *Hong Kong*
 - *Finland*
 - *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			
	2015/16	2016/17	2017/18
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 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.

3.6 End of year investment report

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

3.7 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.

3.8 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 4 MARCH 2015

The Council is recommended to resolve the following in relation to Council Tax for
2015/16

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

(1) It be noted that on 28th January 2015 the Council calculated the Council Tax Base for

2015/16

(a) as 35,503.73 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	295.37
Ash	1,088.34
Aylesham	862.66
Capel-le-Ferne	616.81
Deal	6,344.48
Denton-with-Wootton	168.76
Dover	7,514.01
Eastry	752.72
Eythorne	765.70
Goodnestone	172.38
Great Mongeham	263.00
Guston	383.17
Hougham-without	182.26
Langdon	224.80
Lydden	244.11
Nonington	295.31
Northbourne	265.29
Preston	258.52
Ringwould-with-Kingsdown	1,011.53
Ripple	145.75
River	1,478.45
St Margarets-at-Cliffe	1,241.27
Sandwich	1,884.80
Shepherdswell-with-Coldred	732.71
Sholden	452.45
Staple	227.81
Stourmouth	109.72
Sutton-by-Dover	298.00
Temple Ewell	628.25
Tilmanstone	149.99
Walmer	3,224.73
Whitfield	1,744.48
Wingham	659.48
Woodnesborough	383.49
Worth	433.13
	35,503.73

(2) That the Council Tax requirement for the Council's own purposes (excluding Parish precepts) for
2015/16

is calculated as:

£5,946,520

(3) That the following amounts be calculated by the Council for the year 2015/16

in accordance with Sections 31 to 36 of the Act:

- (a) £104,837,761 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.
- (b) £96,715,520 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
- (c) £8,122,241 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) £228.77 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) £2,175,721 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	192.23
Ash	228.07
Aylesham	247.26
Capel-le-Ferne	196.10
Deal	226.71
Denton-with-Wootton	235.37
Dover	260.22
Eastry	229.80
Eythorne	214.48
Goodnestone	203.69
Great Mongeham	200.76
Guston	262.96
Hougham-without	215.56
Langdon	222.29
Lydden	225.77
Nonington	197.38
Northbourne	203.40
Preston	220.86
Ringwould-with-Kingsdown	200.26
Ripple	196.83
River	206.36
St Margarets-at-Cliffe	218.33
Sandwich	248.22
Shepherdswell-with-Coldred	216.53
Sholden	217.52
Staple	196.45
Stourmouth	221.54
Sutton-by-Dover	201.52
Temple Ewell	204.71
Tilmanstone	211.22
Walmer	206.08
Whitfield	221.45
Wingham	252.87
Woodnesborough	207.31
Worth	210.56

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

(3) (h)

	Valuation Bands							
	A	B	C	D	E	F	G	H
Town and Parish Councils	£	£	£	£	£	£	£	£
Alkham	128.15	149.51	170.87	192.23	234.95	277.67	320.38	384.46
Ash	152.05	177.39	202.73	228.07	278.75	329.43	380.12	456.14
Aylesham	164.84	192.31	219.79	247.26	302.21	357.15	412.10	494.52
Capel-le-Ferne	130.73	152.52	174.31	196.10	239.68	283.26	326.83	392.20
Deal	151.14	176.33	201.52	226.71	277.09	327.47	377.85	453.42
Denton-with-Wootton	156.91	183.07	209.22	235.37	287.67	339.98	392.28	470.74
Dover	173.48	202.39	231.31	260.22	318.05	375.87	433.70	520.44
Eastry	153.20	178.73	204.27	229.80	280.87	331.93	383.00	459.60
Eythorne	142.99	166.82	190.65	214.48	262.14	309.80	357.47	428.96
Goodnestone	135.79	158.43	181.06	203.69	248.95	294.22	339.48	407.38
Great Mongeham	133.84	156.15	178.45	200.76	245.37	289.99	334.60	401.52
Guston	175.31	204.52	233.74	262.96	321.40	379.83	438.27	525.92
Hougham-without	143.71	167.66	191.61	215.56	263.46	311.36	359.27	431.12
Langdon	148.19	172.89	197.59	222.29	271.69	321.09	370.48	444.58
Lydden	150.51	175.60	200.68	225.77	275.94	326.11	376.28	451.54
Nonington	131.59	153.52	175.45	197.38	241.24	285.10	328.97	394.76
Northbourne	135.60	158.20	180.80	203.40	248.60	293.80	339.00	406.80
Preston	147.24	171.78	196.32	220.86	269.94	319.02	368.10	441.72
Ringwould-with-Kingsdown	133.51	155.76	178.01	200.26	244.76	289.26	333.77	400.52
Ripple	131.22	153.09	174.96	196.83	240.57	284.31	328.05	393.66
River	137.57	160.50	183.43	206.36	252.22	298.08	343.93	412.72
St Margarets-at-Cliffe	145.55	169.81	194.07	218.33	266.85	315.37	363.88	436.66
Sandwich	165.48	193.06	220.64	248.22	303.38	358.54	413.70	496.44
Shepherdswell-with-Coldred	144.35	168.41	192.47	216.53	264.65	312.77	360.88	433.06
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	147.69	172.31	196.92	221.54	270.77	320.00	369.23	443.08
Sutton-by-Dover	134.35	156.74	179.13	201.52	246.30	291.08	335.87	403.04
Temple Ewell	136.47	159.22	181.96	204.71	250.20	295.69	341.18	409.42
Tilmanstone	140.81	164.28	187.75	211.22	258.16	305.10	352.03	422.44
Walmer	137.39	160.28	183.18	206.08	251.88	297.67	343.47	412.16
Whitfield	147.63	172.24	196.84	221.45	270.66	319.87	369.08	442.90
Wingham	168.58	196.68	224.77	252.87	309.06	365.26	421.45	505.74
Woodnesborough	138.21	161.24	184.28	207.31	253.38	299.45	345.52	414.62
Worth	140.37	163.77	187.16	210.56	257.35	304.14	350.93	421.12

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
2015/16

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

	Valuation Bands							
	A	B	C	D	E	F	G	H
Precepting Authority:	£	£	£	£	£	£	£	£
Kent County Council	726.66	847.77	968.88	1,089.99	1,332.21	1,574.43	1,816.65	2,179.98
The Police & Crime Commissioner for Kent	98.10	114.45	130.80	147.15	179.85	212.55	245.25	294.30
Kent & Medway Fire & Rescue Service	47.10	54.95	62.80	70.65	86.35	102.05	117.75	141.30

- (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

2015/16

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

	Valuation Bands							
	A	B	C	D	E	F	G	H
Town and Parish Councils	£	£	£	£	£	£	£	£
Alkham	1,000.01	1,166.68	1,333.35	1,500.02	1,833.36	2,166.70	2,500.03	3,000.04
Ash	1,023.91	1,194.56	1,365.21	1,535.86	1,877.16	2,218.46	2,559.77	3,071.72
Aylesham	1,036.70	1,209.48	1,382.27	1,555.05	1,900.62	2,246.18	2,591.75	3,110.10
Capel-le-Ferne	1,002.59	1,169.69	1,336.79	1,503.89	1,838.09	2,172.29	2,506.48	3,007.78
Deal	1,023.00	1,193.50	1,364.00	1,534.50	1,875.50	2,216.50	2,557.50	3,069.00
Denton-with-Wootton	1,028.77	1,200.24	1,371.70	1,543.16	1,886.08	2,229.01	2,571.93	3,086.32
Dover	1,045.34	1,219.56	1,393.79	1,568.01	1,916.46	2,264.90	2,613.35	3,136.02
Eastry	1,025.06	1,195.90	1,366.75	1,537.59	1,879.28	2,220.96	2,562.65	3,075.18
Eythorne	1,014.85	1,183.99	1,353.13	1,522.27	1,860.55	2,198.83	2,537.12	3,044.54
Goodnestone	1,007.65	1,175.60	1,343.54	1,511.48	1,847.36	2,183.25	2,519.13	3,022.96
Great Mongeham	1,005.70	1,173.32	1,340.93	1,508.55	1,843.78	2,179.02	2,514.25	3,017.10
Guston	1,047.17	1,221.69	1,396.22	1,570.75	1,919.81	2,268.86	2,617.92	3,141.50
Hougham-without	1,015.57	1,184.83	1,354.09	1,523.35	1,861.87	2,200.39	2,538.92	3,046.70
Langdon	1,020.05	1,190.06	1,360.07	1,530.08	1,870.10	2,210.12	2,550.13	3,060.16
Lydden	1,022.37	1,192.77	1,363.16	1,533.56	1,874.35	2,215.14	2,555.93	3,067.12
Nonington	1,003.45	1,170.69	1,337.93	1,505.17	1,839.65	2,174.13	2,508.62	3,010.34
Northbourne	1,007.46	1,175.37	1,343.28	1,511.19	1,847.01	2,182.83	2,518.65	3,022.38
Preston	1,019.10	1,188.95	1,358.80	1,528.65	1,868.35	2,208.05	2,547.75	3,057.30
Ringwould-with-Kingsdown	1,005.37	1,172.93	1,340.49	1,508.05	1,843.17	2,178.29	2,513.42	3,016.10
Ripple	1,003.08	1,170.26	1,337.44	1,504.62	1,838.98	2,173.34	2,507.70	3,009.24
River	1,009.43	1,177.67	1,345.91	1,514.15	1,850.63	2,187.11	2,523.58	3,028.30
St Margarets-at-Cliffe	1,017.41	1,186.98	1,356.55	1,526.12	1,865.26	2,204.40	2,543.53	3,052.24
Sandwich	1,037.34	1,210.23	1,383.12	1,556.01	1,901.79	2,247.57	2,593.35	3,112.02
Shepherdswell-with-Coldred	1,016.21	1,185.58	1,354.95	1,524.32	1,863.06	2,201.80	2,540.53	3,048.64
Sholden	1,016.87	1,186.35	1,355.83	1,525.31	1,864.27	2,203.23	2,542.18	3,050.62
Staple	1,002.83	1,169.96	1,337.10	1,504.24	1,838.52	2,172.79	2,507.07	3,008.48
Stourmouth	1,019.55	1,189.48	1,359.40	1,529.33	1,869.18	2,209.03	2,548.88	3,058.66
Sutton-by-Dover	1,006.21	1,173.91	1,341.61	1,509.31	1,844.71	2,180.11	2,515.52	3,018.62
Temple Ewell	1,008.33	1,176.39	1,344.44	1,512.50	1,848.61	2,184.72	2,520.83	3,025.00
Tilmanstone	1,012.67	1,181.45	1,350.23	1,519.01	1,856.57	2,194.13	2,531.68	3,038.02
Walmer	1,009.25	1,177.45	1,345.66	1,513.87	1,850.29	2,186.70	2,523.12	3,027.74
Whitfield	1,019.49	1,189.41	1,359.32	1,529.24	1,869.07	2,208.90	2,548.73	3,058.48
Wingham	1,040.44	1,213.85	1,387.25	1,560.66	1,907.47	2,254.29	2,601.10	3,121.32
Woodnesborough	1,010.07	1,178.41	1,346.76	1,515.10	1,851.79	2,188.48	2,525.17	3,030.20
Worth	1,012.23	1,180.94	1,349.64	1,518.35	1,855.76	2,193.17	2,530.58	3,036.70

- (6) That the Council's basic amount of Council Tax for
2015/16
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**2015/16**

Item No	Town and Parish Councils	2014/15					2015/16					Council Tax Increase
		Total Requirement £	DDC Grant £	Precept £	Tax Base	Council Tax £	Total Requirement £	DDC Grant £	Precept £	Tax Base	Council Tax £	
1	Alkham	7,500.00	-283.37	7,216.63	295.98	24.38	7,500.00	-191.57	7,308.43	295.37	24.74	1.48%
2	Ash	68,333.00	-3,693.80	64,639.20	1,089.49	59.33	68,429.22	-2,497.22	65,932.00	1,088.34	60.58	2.11%
3	Aylesham	73,500.00	-5,145.67	68,354.33	856.85	79.77	72,293.00	-3,478.76	68,814.24	862.66	79.77	0.00%
4	Capel-le-Ferne	15,928.00	-895.27	15,032.73	611.33	24.59	18,250.00	-605.25	17,644.75	616.81	28.61	16.35%
5	Deal	393,073.98	-26,011.98	367,062.00	6,198.04	59.22	393,306.67	-17,585.57	375,721.10	6,344.48	59.22	0.00%
6	Denton-with-Wootton	9,500.00	-282.00	9,218.00	165.76	55.61	11,646.00	-190.65	11,455.35	168.76	67.88	22.06%
7	Dover	766,814.05	-70,014.05	696,800.00	7,369.24	94.56	744,133.44	-47,333.44	696,800.00	7,514.01	92.73	-1.94%
8	Eastry	49,249.00	-3,357.92	45,891.08	751.08	61.10	49,175.88	-2,270.14	46,905.74	752.72	62.31	1.98%
9	Eythorne	38,225.00	-2,667.50	35,557.50	756.66	46.99	37,784.38	-1,803.38	35,981.00	765.70	46.99	0.00%
10	Goodnestone	6,250.00	-237.17	6,012.83	172.11	34.94	6,400.00	-160.34	6,239.66	172.38	36.20	3.61%
11	Great Mongeham	9,013.78	-389.78	8,624.00	264.40	32.62	9,013.00	-263.52	8,749.48	263.00	33.27	1.99%
12	Guston	27,368.00	-692.07	26,675.93	380.11	70.18	37,050.00	-467.88	36,582.12	383.17	95.47	36.04%
13	Hougham-without	8,354.19	-185.56	8,168.63	179.72	45.45	8,887.00	-125.45	8,761.55	182.26	48.07	5.76%
14	Langdon	12,035.00	-480.88	11,554.12	223.62	51.67	12,645.00	-325.10	12,319.90	224.80	54.80	6.06%
15	Lydden	11,500.00	-214.23	11,285.77	242.06	46.62	14,372.00	-144.83	14,227.17	244.11	58.28	25.01%
16	Nonington	9,000.00	-256.22	8,743.78	290.02	30.15	9,000.00	-173.22	8,826.78	295.31	29.89	-0.86%
17	Northbourne	9,890.00	-538.49	9,351.51	264.03	35.42	9,890.00	-364.05	9,525.95	265.29	35.91	1.38%
18	Preston	14,366.00	-494.80	13,871.20	259.90	53.37	14,132.00	-334.51	13,797.49	258.52	53.37	0.00%
19	Ringwould-with-Kingsdown	32,841.00	-1,291.31	31,549.69	1,023.87	30.81	34,020.00	-873.00	33,147.00	1,011.53	32.77	6.36%
20	Ripple	4,438.83	-246.83	4,192.00	144.36	29.04	4,442.87	-166.87	4,276.00	145.75	29.34	1.03%
21	River	58,738.00	-1,105.62	57,632.38	1,476.86	39.02	58,218.00	-747.46	57,470.54	1,478.45	38.87	-0.38%
22	St Margarets-at-Cliffe	64,253.00	-1,689.61	62,563.39	1,236.70	50.59	64,253.00	-1,142.27	63,110.73	1,241.27	50.84	0.49%
23	Sandwich	150,000.00	-6,426.64	143,573.36	1,839.39	78.05	156,500.00	-4,344.77	152,155.23	1,884.80	80.73	3.43%
24	Shepherdswell-with-Coldred	36,011.00	-1,014.76	34,996.24	725.57	48.23	36,620.00	-686.03	35,933.97	732.71	49.04	1.68%
25	Sholden	23,009.01	-1,230.01	21,779.00	435.32	50.03	23,468.00	-831.56	22,636.44	452.45	50.03	0.00%
26	Staple	6,751.00	-155.65	6,595.35	227.75	28.96	6,702.61	-105.23	6,597.38	227.81	28.96	0.00%
27	Stourmouth	5,985.00	-80.16	5,904.84	112.18	52.64	5,984.56	-54.19	5,930.37	109.72	54.05	2.68%
28	Sutton-by-Dover	10,127.00	-472.88	9,654.12	297.88	32.41	10,460.00	-319.69	10,140.31	298.00	34.03	5.00%
29	Temple Ewell	23,499.00	-465.47	23,033.53	619.63	37.17	23,699.00	-314.68	23,384.32	628.25	37.22	0.13%
30	Tilmanstone	6,748.00	-186.41	6,561.59	149.22	43.97	6,685.00	-126.03	6,558.97	149.99	43.73	-0.55%
31	Walmer	131,000.00	-5,654.96	125,345.04	3,211.85	39.03	128,260.00	-3,823.07	124,436.93	3,224.73	38.59	-1.13%
32	Whitfield	96,250.00	-3,145.45	93,104.55	1,736.53	53.62	96,250.00	-2,126.50	94,123.50	1,744.48	53.96	0.63%
33	Wingham	53,837.83	-1,647.18	52,190.65	646.98	80.67	57,417.30	-1,113.59	56,303.71	659.48	85.38	5.84%
34	Woodnesborough	15,832.95	-832.95	15,000.00	383.49	39.11	15,832.95	-563.12	15,269.83	383.49	39.82	1.82%
35	Worth	19,000.00	-513.40	18,486.60	432.47	42.75	19,000.00	-347.09	18,652.91	433.13	43.07	0.75%
		2,268,221.62	-142,000.05	2,126,221.57	35,070.45	60.63	2,271,720.88	-96,000.03	2,175,720.85	35,503.73	61.28	1.07%

T&P Average

T&P Average

2015/16 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: 35,503.73

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

The District Council's precept upon the Collection Fund in 2015/16 for it's own purposes will be: £5,946,520.00

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: £2,175,720.85

Last year, Parish Councils precepted: £2,126,221.57

The ave. Band D Council Tax for the Parish Councils' own purposes will therefore be: £61.28

The ave. Band D Council Tax for the Parish Councils' own purposes last year was: £60.63

This is an increase of: 1.07%

The total precept, on the Collection Fund by the District Council, on behalf of itself and the Parish Councils will therefore be: £8,122,240.85

Kent County Council Precept

Excluding the Collection Fund Surplus, the precept upon the collection fund in 2015/16 will be: £38,698,711.00

Last year's precept was: £37,478,387.00

The Band D Council Tax will therefore be: £1,089.99

Last year's Band D Council Tax was: £1,068.66

The Band D Council Tax increase as a result of this precept is therefore: 1.996%

2015/16 Precepts and the NDR Multiplier**The Police & Crime Commissioner for Kent**

Excluding the Collection Fund Surplus, the precept upon the collection fund in 2015/16 will be:	£5,224,374.00
Last year's precept was:	£5,059,965.00
The Band D Council Tax will therefore be:	£147.15
Last year's Band D Council Tax was:	£144.28
The Band D Council Tax increase as a result of this precept is therefore:	1.99%

Kent Fire & Rescue Service Authority Precept

Excluding the Collection Fund Surplus, the precept upon the collection fund in 2015/16 will be:	£2,508,339.00
Last year's precept was:	£2,430,382.00
The Band D Council Tax will therefore be:	£70.65
Last year's Band D Council Tax was:	£69.30
The Band D Council Tax increase as a result of this precept is therefore:	1.95%

Non-Domestic Rates

Non-domestic rates are collected by billing authorities at a nationally prescribed rate in the pound, and are paid into a central pool for redistribution. The prescribed rate in 2015/16 for qualifying properties of less than £18,000:	£0.480
And for these properties the 2014/15 rate was:	£0.471
For all other properties the 2015/16 rate is:	£0.493
And for these properties the 2014/15 rate was:	£0.482

GRANTS TO CONCESSIONARY RENTALS 2015-16

2014/15	2015/16		
0	0	Aylesham Parish Council	Lease Of Land At Spinney Wood, Aylesham
50	50	Sandwich Tennis Club	Lease Of Tennis Courts In Sandown Road, Sandwich
75	75	Aylesham Parish Council	Lease Of 1.82 Acres At Market Square, Aylesham
50	0	Aylesham Parish Council	Lease Of 1.95 Acres Of Land Adjoining Ratling Road, Aylesham
125	0	Aylesham Parish Council	Lease Of 4.94 Acres At Dorman Avenue North, Aylesham
225	225	Dover Bowling Club	Lease Of Pavilion In Maison Dieu Gardens, Dover
355	355	Victoria Park Bowling Club	Rent Of Pavilion, Victoria Park, Deal
300	150	Aylesham Parish Council	Lease Of 7.7 Acres Adjoining Hill Crescent, Aylesham
325	0	Deal Angling Club	Lease Of Angling Cabin On Deal Pier
325	325	Deal & Walmer Angling Club	Lease Of Angling Cabin On Deal Pier
450	450	Capel-Le-Ferne Parish Council	Lease Of Land In Lancaster Avenue For Use Of Playing Field
1,225	1,225	Dover Rugby Football Club	Rent Of Crabble Pavilion, River (Our Half Of The 7 Months @50% Of £4,200)
1,750	1,750	Dover Rugby Football Club	Rent Of Crabble Pavilion, River (We Pay The Remaining 5 Months @ 100% Of £4,200)
2,500	2,500	Dover Athletic Football Club	Orange Telephone Mast 50% Of Rental Fee (Dover Ath Keep All Income As Part Of Our Support For Them - Grant Reflects Payment To Code Instead Of Their Payment Of Our Half In Original Deal)
8,000	8,000	Dover Athletic Football Club	Lease Of Ground At Crabble Athletic, River
10,000	10,000	Dover Citizen'S Advice Bureau	Rent Of 1st Floor Dover Area Office
10,000	10,000	Deal Citizen'S Advice Bureau	Lease Of The Cedars, 26 Victoria Road, Deal
35,755	35,105	In most cases, the above shows a 50% grant or more reduction in the rental charges for DDC properties or income generating sites	

Financial Assistance Payments to Other Outside Bodies

2014/15	2015/16	Change	
£	£	%	
265,000	265,000	0%	Your Leisure Grant paid to Your Leisure £265k. In addition £35k funding is provided for Deal tennis Centre from which Your Leisure benefit from the additional income stream.
1,500	1,500	0%	Pegasus Playscheme Provision of a playscheme for children with disabilities
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	10,000	122%	Gazen Salts Nature Reserve To assist in managing and maintaining the reserve
10,000	10,000	0%	Sandwich Town Cricket Club To assist the Club in defraying its expenditure in managing, maintaining and improving the Recreation Grounds at The Butts & Gazen Salts.
	12,000		Dover Rugby Club For ground maintenance at Crabble Athletic Ground, covered by saving made in the LM8 Landscape maintenance contract.
1,000	1,000	0%	Victoria Bowls Contribution to running expenses of the Club
4,500	4,500	0%	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	0	-100%	Dover Volunteer Centre Replacement of Concessionary Fares taxi voucher scheme
22,500	22,500	0%	Neighbourhood Forums Joint contribution with KCC for neighbourhood projects
12,000	7,700	-36%	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
440,500	449,200		

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.

2013/14 Actual Net Expenditure £ 000's	2014/15 Mid-Year Forecast Net Expenditure £ 000's		2015/16		
			Gross Expenditure £ 000's	Gross Income £ 000's	Net Expenditure £ 000's
1,430	1,494	On its services the Council spent:-	2,875	(1,085)	1,790
3,480	3,176	Central Services to the Public	3,779	(598)	3,181
4,837	5,066	Cultural and Related Services	11,407	(6,072)	5,335
1,660	2,140	Environmental and Regulatory Services	4,199	(2,090)	2,109
(700)	(547)	Planning and Development Services	1,623	(2,076)	(453)
0	0	Highways and Transport Services	0	0	0
(12,775)	(9,914)	Exceptional item – revaluation (gain)/loss of GF stock	10,271	(20,798)	(10,527)
0	0	Local Authority Housing (HRA)	0	0	0
1,420	1,595	Exceptional item – revaluation (gain)/loss of HRA stock	43,437	(42,266)	1,171
1,500	1,638	Other Housing Services	1,881	(156)	1,725
33	10	Corporate and Democratic Core	0	0	0
304	400	Public Health	513	(118)	395
0	0	Non-distributed Costs	0	0	0
		Exceptional item – pension capitalised gain & settlements			
1,189	5,058	NET COST OF SERVICES	79,985	(75,259)	4,726
123	0	(Gain) or loss on disposal of fixed assets			0
0	0	(Gain) or loss on financial assets			0
2,078	2,126	Amounts due to Precepting Authorities:			
284	142	- Town and Parish Councils			2,176
64	66	- Council Tax Support Funding to Towns & Parishes			96
238	261	- River Stour Drainage Board			67
		Contribution of Housing Capital Receipts to Government Pool			285
3,208	3,153	Financing & Investment Income & Expenditure:			
(469)	(321)	Interest payable and similar charges			3,091
68	0	Interest and investment income			(333)
(28)	0	Income and expenditure in relation to investment properties			0
(469)	(1,254)	and changes in their fair value			0
2,565	2,789	Impairment of Icelandic Investment			0
0	0	Capital Grant Contributions			(1,864)
		Pensions interest cost & expected return on assets			2,835
8,851	12,020	Exceptional item			0
		NET OPERATING EXPENDITURE			11,079
(5,843)	(5,874)	Demand on the Collection Fund:			
(2,078)	(2,126)	- Council Tax Income for DDC Purposes *			(5,947)
0	(58)	- Council Tax Income passed to Parishes			(2,176)
(37)	(20)	Council Tax Freeze Compensation			(138)
(927)	(1,296)	Collection Fund Surplus - Council Tax *			(112)
(4,759)	(3,755)	New Homes Bonus			(1,570)
(2,994)	(3,367)	Government Grants (not attributable to specific services)			(2,529)
0	35	Distribution from Non-Domestic Rates Pool			(3,962)
(697)	(931)	Collection Fund Deficit / (Surplus) - NDR *			(200)
(8,484)	(5,372)	Enterprise Zone Relief Grant			(1,000)
		TOTAL: (SURPLUS) / DEFICIT FOR THE YEAR			(6,555)

* 2014/15 and 2015/16 elements not adjusted for SORP treatment of estimated *Collection Fund surplus* change

2013/14 Actual			This is the statutory format required to be produced for the Statement of Accounts and is included for completeness.	2014/15 Mid-Year Forecast			2015/16 Budget		
General Fund	Housing Revenue Account	Total		General Fund	Housing Revenue Account	Total	General Fund	Housing Revenue Account	Total
14,760	659	15,419	OPENING BALANCE	2,585	1,786	4,371	2,470	3,156	5,626
(1,583)	10,067	8,484	Surplus or (deficit) on provision of services	(1,236)	6,608	5,372	(695)	7,250	6,555
0	0	0	Other Comprehensive Income and Expenditure	0	0	0	0	0	0
(1,583)	10,067	8,484	TOTAL COMPREHENSIVE INCOME AND EXPENDITURE	(1,236)	6,608	5,372	(695)	7,250	6,555
			Adjustments between accounting basis and funding basis under regulations						
1,591	0	1,591	Depreciation	1,565	0	1,565	1,560	0	1,560
86	0	86	Amortisation	110	0	110	68	0	68
13	0	13	Impairments	0	0	0	0	0	0
0	(3,394)	(3,394)	Major Repairs Reserve	0	(2,720)	(2,720)	0	(2,619)	(2,619)
0	0	0	MRA to fund Cap Exp	0	0	0	0	0	0
776	0	776	REFCUS	0	0	0	0	0	0
(917)	0	(917)	Capital Grants Applied	(1,254)	0	(1,254)	(1,864)	0	(1,864)
68	0	68	Investment Properties Revals	0	0	0	0	0	0
786	(663)	123	Gain / Loss on Sale of Assets	0	0	0	0	0	0
(54)	(1,821)	(1,875)	Revaluation Gain	0	0	0	0	0	0
(177)	0	(177)	Financial Instruments Reserve	0	0	0	0	0	0
0	0	0	Financial Impairment	0	0	0	0	0	0
(15)	0	(15)	Loan principal repayments	0	0	0	0	0	0
1,274	63	1,337	Pensions	1,159	18	1,177	1,261	49	1,310
(22)	0	(22)	Council Tax Income regulatory adjustment	0	0	0	0	0	0
(200)	0	(200)	NNDR Income regulatory adjustments	0	0	0	0	0	0
(667)	0	(667)	Enterprise Zone Relief regulatory adjustment	(41)	0	(41)	707	0	707
0	(1,125)	(1,125)	Capital Expenditure Funded from revenue	(170)	(2,536)	(2,706)	(165)	(2,857)	(3,022)
(4)	0	(4)	Employee Benefits Reserve	0	0	0	0	0	0
238	0	238	Capital Receipts Pooling	261	0	261	285	0	285
2,776	(6,940)	(4,164)		1,630	(5,238)	(3,608)	1,852	(5,427)	(3,575)
1,193	3,127	4,320	EARMARKED RESERVES	394	1,370	1,764	1,157	1,823	2,980
			Transfers to / from Earmarked Reserves						
(13,368)	(2,000)	(15,368)	Earmarked Reserves	(509)	0	(509)	(1,065)	0	(1,065)
0	0	0	Transfers to other organisations	0	0	0	0	0	0
0	0	0	Earmarked HRA Balance to GF	0	0	0	0	0	0
(13,368)	(2,000)	(15,368)		(509)	0	(509)	(1,065)	0	(1,065)
(12,175)	1,127	(11,048)	INCREASE / DECREASE IN YEAR	(115)	1,370	1,255	92	1,823	1,915
2,585	1,786	4,371	CLOSING BALANCE	2,470	3,156	5,626	2,562	4,979	7,541

SUMMARY OF RECOMMENDATIONS

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

General Fund Revenue Account

It is recommended that Cabinet:

- Continue the practice of delegating authority to the Director of Finance, Housing and Community to approve revenue budget carry forwards within the guidelines set out;
- Delegate to the Director of Finance, Housing and Community in consultation with the Portfolio Holder for Performance and Resources, to adjust the proposed transfers to reserves by an offsetting sum in order to rebalance the budget in respect of the final salary cost of living settlement and a minor restructure at the museum; and
- Approve the grants to organisations detailed at Annex 11.

It is recommended that Council:

- Approve the General Fund Revenue Budget for 2015/16 and the projected outturn for 2014/15;
- Approve the policies and protocols regarding the General Fund balances and earmarked reserves, and transfers between reserves as set out in Annex 6.

Housing Revenue Account

It is recommended that Cabinet:

- Delegate to the Director of Finance, Housing and Community, in consultation with the portfolio holder for Performance and Resources, the setting of the level of the on-going HRA minimum balance, the transfer of balances to the HIR, the use of prudential borrowing, and adjustment of the resources of the HIR accordingly.
- Delegate to the Director of Finance, Housing and Community, in consultation with the portfolio holder for Performance and Resources, approval of offers, tenders or bids for the purchase of properties on the open market or at auction, in order to respond to market opportunities.

It is recommended that Council:

- Approve the 2014/15 Projected Outturn and the 2015/16 HRA budget at Annex 7.
- Delegate to Cabinet the approval of individual projects to be financed by the HIR.

Capital & Special Revenue Programmes

It is recommended that Cabinet:

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

- Apply capital receipts, revenue resources, grants, s106 monies, etc. to finance the approved Capital and Special Revenue Projects programmes;
- Authorise projects up to £50k that are included in the capital and special revenue programmes;
- Authorise 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.

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:

	2014/15 £	2015/16 £	Increase %
Dover District Council	167.49	167.49	0.00%
Kent County Council ¹²	1,068.66	1,089.99	2.00%
The Police & Crime Commissioner for Kent	144.28	147.15	1.99%
Kent & Medway Fire & Rescue Authority	69.30	70.65	1.95%
Sub-Total	1,449.73	1,475.28	1.76%
Town & Parish Council (average)	60.63	61.28	1.07%
Total Band D Council Tax	1,510.36	1,536.56	1.73%

¹² The percentage increase for KCC is 1.996% to 3 decimal places and therefore beneath the 2% cap imposed before a local referendum is required.

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

	<u>Valuation Bands</u>							
	A	B	C	D	E	F	G	H
Precepting Authority:	£	£	£	£	£	£	£	£
Kent County Council	726.66	847.77	968.88	1,089.99	1,332.21	1,574.43	1,816.65	2,179.98
The Police & Crime Commissioner for Kent	98.10	114.45	130.80	147.15	179.85	212.55	245.25	294.30
Kent & Medway Fire & Rescue Service	47.10	54.95	62.80	70.65	86.35	102.05	117.75	141.30
Dover District Council	111.66	130.27	148.88	167.49	204.71	241.93	279.15	334.98
Total (excl. T&P)	983.52	1,147.44	1,311.36	1,475.28	1,803.12	2,130.96	2,458.80	2,950.56