



**Budget for 2010/11 and  
Medium Term  
Financial Plan  
2010/11 – 2012/13**

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## EXECUTIVE SUMMARY

### **BUDGET AND MEDIUM TERM PLANS**

1. The Medium Term Financial Plan (MTFP) is the Council's key financial planning tool and underpins the strategic approach to financial planning. Although it spans three years, it is reviewed at least annually, and is monitored during the year.
2. It must not be viewed in isolation but as part of the wider planning process and in conjunction with other plans and strategies, in particular the Corporate Plan and the Asset Management Plan. The MTFP before Members today covers the period 2010/11 – 2012/13.
3. The MTFP incorporates the 2010/11 General Fund Revenue Budget, the 2010/11 Housing Revenue Account (HRA) Budget and the latest Medium Term Capital Programme (MTCP).
4. Years 2 & 3 of the MTFP (2011/12 – 2012/13) 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 years 2 & 3.
5. The budget is presented to Cabinet and Scrutiny (Policy and Performance) in February and Cabinet in March, before being presented to Council for final approval at its meeting in March.
6. 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 shows a deficit in 2010/11 (Annex 1), and also 2011/12 and 2012/13 (Annex 4). However, General Fund balances are maintained above the minimum £1.5m level across the planning period.
7. It is the view of the Head of Finance and ICT (who is also the 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.

### **ECONOMIC BACKGROUND**

8. The economic background is extremely challenging. The main impacts on DDC are reduced income streams from investments and fees and charges. The public finances are also under extreme pressure and there are no firm indications of the level of RSG in 2011/12 and 2012/13 and so a reduction of 3% has been assumed in both years, this trend is likely to continue in 2013/14. It is virtually inevitable that local authorities will face significant reductions in resources, and will need to find combinations of one or more of efficiencies, joint working, increased income and service reductions to remain financially viable.

### **THE GENERAL FUND**

9. The Council's General Fund revenue budget for 2010/11 is shown in Annex 1. The total budget requirement, for the Council's own purposes, is £16.881m. This is to be met mainly by Government grant (Revenue Support Grant and distribution of Non-

Domestic Rates) of £10.215m, Council Tax of £6.390m and Area Based Grant of £220k.

- Annex 4 shows the overview of the forecasts for 2011/12 and 2012/13 and the pressures from increased salary costs, pension back funding and inflation. Annex 5 shows the pressures and savings from Heads of Service. The budgets are forecast to be in deficit by £56k in 2011/12 and £175k in 2012/13, assuming savings of £500k in 2011/12, and a further £500k in 2012/13.

### **COUNCIL TAX AND NON-DOMESTIC RATES**

- Taking into consideration the current economic climate a Council Tax increase of 2.5% for DDC purposes has been built into the 2010/11 budget. This has been reduced from 4.95% as included in the 2009/10 – 2011/12 MTFP. This means that the Band D Council Tax, for Dover District Council purposes, will increase by £3.87 per annum, or 7p per week, to £158.94 per annum. Increases of 3% per annum have been assumed in the forecasts for 2011/12 and 2012/13.
- The precepts from Kent County Council, Police, Fire and Rescue and Towns and Parishes have not all been received. The final report to Council will include the 2010/11 precepts and the resolution to set the Council Tax levy.

### **COMPARISON WITH OTHER DISTRICTS' 2009/10 BAND D COUNCIL TAX**

- DDC has one of the lowest Council Tax Band D rates in Kent. A comparison with the East Kent authorities is shown below:

	£
Dover District Council	155.07
Shepway District Council*	238.94
Canterbury City Council	174.42
Thanet District Council	204.93

\* Extra charge of £35 for Green Waste

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

- The projected outturn for 2009/10, the budget for 2010/11 and the projections for 2011/12 and 2012/13 will enable General Fund balances to be maintained above £1.5m over the planning period. In addition, a number of earmarked reserves are held for specific purposes. The reserves and the protocols for their use are set out in the MTFP.
- It is the view of the Head of Finance and ICT that the estimated General Fund and Housing Revenue Account balances and reserves are adequate for the Council's current spending plans.

### **HOUSING REVENUE ACCOUNT (HRA)**

- The HRA is forecast to show an increase in the HRA accumulated surplus of £379k giving a projected year-end balance of £7.76m.
- The projected accumulated surplus looks healthy but this cannot be assumed to be a permanent position as the current HRA business plan indicates that the HRA's viability will be under pressure. These pressures are mainly due to the loss of rent

due to Rent Convergence and the requirement to fund a substantial element of the Decent Homes Programme from revenue reserves due to a shortfall in capital funding.

18. The HRA business plan is scheduled for revision due to significant changes that have taken place since the last plan was prepared e.g. closure of a number of Sheltered schemes and the closure of Careline. In addition the Council is working with other East Kent partners to implement housing management/maintenance joint working.
19. Rent decreases averaging 0.60% have been included in the HRA budget. The decrease is due to the negative RPI advised by Government.

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

20. 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.
21. The AMP also considers the level of maintenance work required to maintain properties at the standard to which the Council aspires. The Corporate Property Strategy and Asset Management Plan were submitted to Cabinet on 3rd March 2008. The Asset Management Annual Report 2009 presented to Cabinet in September identified a backlog of repairs in the region of £1.57m. The backlog figure reflects aspirational as well as actual required repairs. This and changing assumptions for inflation and the standard of maintenance required will affect the actual value of the backlog. Nonetheless it indicates that the aspirational standards of maintenance are likely to be above the levels the Council currently can finance. The assumptions regarding maintenance cycles are being reviewed to ensure that they are both realistic and affordable.

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

22. Capital resources are extremely limited, and if anticipated capital receipts are not achieved then it may be necessary to consult with relevant portfolio holders on using the receipts from the sale of the Sheltered Housing Schemes, and the HRA may have to finance some of its capital spend from its improved rental income.
23. The Special Projects Programme comprises significant projects which are not usually capital, but which are "one off" in nature and are therefore to be funded from reserves (see section on General Fund Reserves above). 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, revenue projects, or used for other purposes.
24. Options for additional funding of projects will continue to be investigated, and the Council will continue to work with partners, including South East England Development Agency (SEEDA), Homes & Communities Agency (HCA) and Kent County Council (KCC) to maximise the resources available to the Council. However, no new projects can be financed unless existing projects are cancelled or additional funding is secured.

## **TREASURY MANAGEMENT, THE PRUDENTIAL CODE AND “MINIMUM REVENUE PROVISION” STATEMENT**

25. The Prudential Indicators and the Treasury Management and Minimum Revenue Provision Statements are included as annexes to the MTFP. (Note – these will be included in the final report to the Council).

## **CONSULTATION ARRANGEMENTS**

26. The Council has undertaken a range of consultations on the budget. The MTFP report presented to Cabinet on 8<sup>th</sup> February 2010, and the Corporate Plan, will be placed on the Council's website, inviting the public to continue to give their views.
27. Consultation is undertaken with representatives of Non-Domestic Rate (NDR) payers by contacting the larger NDR payers, Chambers of Commerce and Institutes of Small Business.
28. Consultation has also been undertaken with the Town and Parish councils and, in addition, all Portfolio holders, budget managers and Heads of Service are briefed and consulted prior to, and during, the budget process.

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

29. 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.
30. Budget Monitoring reports will continue to be produced and circulated to all Members, generally on a monthly basis, so that adverse variances can be identified and remedial action initiated at as early a stage as possible.

## **RELATED STRATEGIES AND PLANS, JOINT PLANS WITH PARTNERS AND FUTURE EVENTS AND PRESSURES**

31. Members' attention is drawn to the chart of related plans and strategies, joint plans and future events beyond the planning horizon.
  - 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 service plan cannot take place without partnership working. The more significant partnerships and joint plans are provided.
  - Future Events and Pressures – future events beyond the planning horizon may generate financial pressures. Where possible, reserves have been established to make provision for meeting these pressures.

## **CONCLUSIONS**

32. Based on the following, the General Fund revenue budget is affordable across the three years:
  - A 2.5% Council Tax increase for 2010/11 and 3% for 2011/12 and 2012/13;

- The Government settlement for 2010/11 and estimated reduction of 3% in the settlement for 2011/12 and 2012/13;
  - A savings target of £500k per annum for 2011/12 and a further £500k for 2012/13;
  - The other key assumptions stated in this plan;
33. The minimum target level for the General Fund balance is around 10% of net budget requirement or £1.5m, with a preferred level above £2m. The recent economic pressures have reduced the balance to below £2m but it is forecast to remain at, or above, the £1.5m level over the planning period and additional earmarked reserves are held to meet specific anticipated costs.
34. The Housing Revenue Account is forecast to be in surplus in 2010/11. The HRA has projected reserves of £7.8m at the end of 2010/11. Housing rents are planned to decrease by an average of 0.83%.
35. The capital programme can be financed, but capital resources are being depleted and there is no budget for new capital projects (other than those with their own grant funding), except at the expense of currently approved projects. The potential for additional sources of funding for capital will be kept under review.



## ECONOMIC BACKGROUND

### National and International Background

36. In March 2009 the background to the budget included a number of significant events at a national / global level including:
- The collapse of Lehman Brothers in the US;
  - Unprecedented support provided to banks in the US, the UK and other major economies;
  - The virtual collapse of the Icelandic economy;
  - Volatile commodity prices;
  - Oil prices rising to over \$140 a barrel and falling back to around \$40;
  - Inflation in major economies moving ahead of forecasts in 2008 (around 5% in the UK) but forecast to fall back, or possibly move into deflation;
  - Widespread falls in asset values;
  - Falls in stock market valuations;
  - Lower interest rates and LIBOR remaining significantly higher than base rate;
  - Increases in unemployment;
  - Reduced retail expenditure;
  - Declining industrial production;
  - Sharp downturn in house building and sales; and
  - Sterling heading towards parity against the Euro.
37. These events were of such a scale that they continue to impact upon the budget and the Medium Term Financial Plan (MTFP).
38. The worst of the banking crisis would appear to be over. Some measure of stability within the banking sector has now been achieved and there has been some stabilisation of asset values.
39. However, outside of the banking sector, the economic background continues to be very challenging. Salient points include:
- the UK economy has been in recession and is now just emerging;
  - the speed and strength of the economic recovery are uncertain;
  - over the last year the Government has stimulated the economy through “quantitative easing”, but this process is expected to come to an end in the near future;
  - the Government faces a significant budget deficit (estimated to be in excess of £175bn) and therefore a need to rebuild public finances;
  - the combined effect on the economy of the end of quantitative easing and a rebalancing of public finances (whether through increased taxation, reduced expenditure, or both) is uncertain, but may lead to a slower recovery or even a second period of recession.
40. There will also be a national election during the first year of the MTFP. It is therefore uncertain which party (or parties) will form the next government and how their policies will impact upon the economy, the public sector in general, and local government in particular.
41. However, any government is likely to be seeking some degree of reduction in expenditure and/or some level of efficiency savings.

42. In his pre-Budget Report (PBR) the Chancellor announced a number of measures which are likely to impact upon local authorities including:
- An increase of 0.5% in employers' NI from April 2011;
  - Resumption of the 17.5% VAT level
  - Capping increases in public sector pay from 2011 for 2 years at 1%
  - Reductions in contributions for public sector pensions
  - Continued pressure to deliver efficiency savings and protect front line services.
43. There is insufficient detail for the overall impact of these measures, together with the rest of the measures to be announced within the budget, to be assessed at this time.

#### **Impact on Dover District Council**

44. Revenue Support Grant (and NDR) of circa £10.2m is the largest single income stream for the Council. 2010/11 is the last year of the current three year settlement for local government, and the Government have adhered to the provisional settlement which, for DDC, saw an increase of 0.5% in RSG.
45. However, the government does not produce a three year "rolling" settlement for local government to inform the medium term financial plans produced by local authorities. As a result it is only possible to speculate on the level of RSG for 2011/12 and 2012/13. However, the key factors are:
- the current position of the public finances;
  - the position of local government within the wider public finance debate
  - within local government and the public sector, the customary tendency to protect a combination of health care, education and social services
  - the extent to which the remaining pressure for savings will pass down disproportionately to district councils
  - potential withdrawal of other specific, lower profile, government grants and Area Based Grant.
46. The settlements for 2011/12 and 2012/13 are therefore likely to be very tight. For the purposes of the Medium Term Financial Plan the working assumption is that RSG for DDC will reduce by 3% in 2011/12 and a further 3% in 2012/13.
47. Council Tax is the second largest income stream, at circa £6.4m. This is expected to be capped at 3%, thus restricting the extent to which any reduction in RSG can be offset by an increase in Council Tax. The budget assumes an increase of 2.5%.
48. The budget reports produced through 2009/10 have indicated that the recession has generated significant pressures on a range of other income streams including:
- development control fees
  - building control fees
  - car parking
  - reduced income from investments
  - fewer "right to buy" sales resulting in reduced financing for the capital programme.
49. These income streams may not recover significantly over the course of the MTFP and this has been reflected in the 2010/11 budget.

50. The recession has also depressed asset values and returns on gilts. Both of these place pressures on the Pension Fund and the Council's contribution to it. In order to address these pressures and to bring the budget back within sustainable levels the MTFP includes savings targets of £500k in 2011/12 rising to £1m in 2012/13.
51. The Council already has a number of strategies in place, to assist in achieving these savings. Firstly, the budget process already requires budget managers and Heads of Service to review their budgets and identify all possible efficiencies.
52. Secondly, all service costs are compared with other authorities in the Council's "family" <sup>1</sup> to identify any services where costs are not consistent with (or better than) the level of service provision. Overall, DDC is already the second lowest spending authority within its family group.
53. Thirdly, the Council has an active Transformation Team who run the staff suggestions forum, "i-space" to generate and evaluate staff suggestions for service improvement and cost savings.
54. Most significantly, the Council is also involved in a number of joint service projects.
55. Through the East Kent Joint Arrangements Committee the Council already shares Internal Audit and Human Resources services with Shepway, Thanet and Canterbury.
56. Projects are also underway to establish the business case / feasibility of sharing a number of services with one, or more, of the East Kent partners. Specific projects, which are already well advanced, include Housing management, Waste collection and NDR. A wider ranging proposal to advance joint working with partners across a wider range of services has also been developed and proposals for the framework to manage the project are proceeding through Cabinet, Scrutiny and full Council within the partner authorities, having been presented to East Kent Joint Arrangements Committee.
57. Finally, on 22<sup>nd</sup> October 2008, Council approved an "Employment Stability Policy" to cap, and progressively ratchet down the establishment through natural wastage and this is continuing to operate and to be developed.
58. The range of measures above demonstrates that there can be no single simple solution to these problems. None of the measures (even joint working), can provide the answer on their own, and maintaining services at their current levels on reduced resources, is likely to be a significant challenge, no matter how many efficiency or other savings are achieved.

### **Impact on Dover District**

59. The Council undertakes a number of measures to mitigate the impact of the current economic climate on residents and businesses, including:
  - Continuing support for the Citizens Advice Bureau, who provide assistance with debt counseling
  - Assigning an officer to "financial inclusion" work

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<sup>1</sup> As defined by the Audit Commission

- A “Financial Inclusion Task Force” working with local businesses to identify further measures
- Working with Dover Chamber of Commerce and Business link
- Working with Enterprise Gateway and bidding for regional funding
- Increasing the staff resource for welfare work and working with Job Centre+ and local businesses where there are redundancies or threats to jobs.
- Business Rates Hardship Relief Scheme through the recession.

60. The economic performance of the district tends to mirror that of the UK as a whole, rather than the South East. To the extent that the UK moves out of recession, it is hoped that this will be mirrored or even exceeded by the district, and that as the regeneration projects progress, they will provide added impetus.

## THE GENERAL FUND REVENUE ACCOUNTS

### FINANCIAL OBJECTIVES

61. The main financial objectives for the General Fund Revenue Account are as follows:
- To produce a balanced General Fund Budget such that expenditure matches income from Council Tax, fees and charges, and government and other grants and to maintain that position.
  - To 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 not to plan on the use of the general balances to finance significant on-going base budget expenditure, except where that is necessary as a one-off.
  - To use earmarked reserves to finance one-off items and not to support on-going base budget expenditure.
  - To ensure that the allocation of resources is consistent with, and supportive of, the Council's corporate priorities.
  - To undertake appropriate consultation on the financial choices facing the Council.

### GENERAL FUND SUMMARY

62. Annex 1 contains a budget summary for the General Fund. This shows the net General Fund budgets managed by each Head of Service. It also shows the total budget requirement, and the sources of financing. Annex 1 also contains annotations for each line in the budget summary. It shows that the General Fund budget has a small deficit for 2010/11.
63. Annex 2 shows the same information analysed by cost type.
64. Annexes 2A – 2G show the information analysed by Heads of Service and service areas.
65. Annex 3 provides an analysis of the variances between the current year original budget and projected outturn, and between the projected outturn and next year's budget.
66. These variances have been split between "General" pressures (such as salary inflation) that apply across the whole of the general fund, or that relate to "Corporate" activities, and variances to services under specific Heads of Service. Notes are provided in Annex 3, and the key variances / significant issues are set out below.
67. Annex 4 provides the General Fund Revenue Budget projection for the period to 2013. This shows the budget to be in deficit across the three years.
68. The General Fund balance is projected to remain above the £1.5m preferred minimum at the end of 2013. The projection includes budget pressures identified by Heads of Service in 2011/12 and 2012/13. These are detailed in Annex 5.

69. To provide additional context to the budget, Annexes 6A – 6G contain summaries of the services managed by each Head of Service and links to the Corporate plan.
70. The impact of the MTFP on General Fund balances, and the projected use of earmarked reserves over the coming years, together with a protocol for the use of each reserve, is shown in Annex 7.

## **KEY VARIANCES / SIGNIFICANT ISSUES**

### Staff Salaries

71. For 2010/11 staff are forecast to receive no inflationary annual pay award, however an allowance for increments and grade adjustments has been made, as well as adjustments for the impact of pay protection under the newly implemented job evaluation scheme.

### Vacancy Allowance and Employment Stability Savings

72. The vacancy allowance (savings from staff turnover) was set at £465k in 2009/10. Due to the on-going employment stability process and other reductions in the staffing establishment levels it has been considered prudent to reduce the vacancy allowance to £400k for 2010/11.
73. As noted in the section above on Economic Background, the Council has also adopted an Employment Stability Policy, and this is expected to make savings of £320k in 2010/11.
74. Looking to the future it is proposed to strengthen the Employment Stability process with a review of corporate priorities and a strengthened linkage between those priorities and the approval of posts to be filled.

### Pension Fund Deficit and Changes to the Local Government Pension Scheme

75. 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 latest triennial valuation of the KCC pension fund started in April 2007, and was implemented from April 2008.
76. At that time the actuaries advised that the DDC contribution rate should be 14.7% for "current service" (additional pension earned in the year). In addition DDC will pay a fixed sum of £1,854k in 2010/11 to meet the pension fund deficit. This fixed sum is estimated to continue to increase by 4.7% in each of 2011/12 and 2012/13 and a further increase of £110k (approximately 1% of salaries per annum) has been assumed for 2011/12 and again in 2012/13 although this is subject to the next valuation.
77. The next triennial valuation is due to start in April 2010, and will be applied from April 2011. Although the actuaries have not provided any formal assessments, the pension fund is expected to be under pressure for the following reasons.
- The fund has seen a reduction in asset values. It is not certain when these are likely to recover.
  - Investment returns have fallen.
  - Interest on cash deposits has fallen.

- Yields on gilts are currently lower than at the last valuation.
78. Unless interest rates, investments and yields recover, these factors are likely to place upward pressure on the contribution rate required by the Council. At this time it is not possible to place a financial value on this pressure.

#### Concessionary Fares

79. The Concessionary Fares scheme currently provides passholders with free travel on local buses in Kent. This is a national scheme and the costs to the district are determined by:
- the number of journeys started within the district by any passholders (whether Dover District residents or not); and
  - the percentage of fares that councils in Kent are required to pay to the bus operators (the "re-imbursment rate").
80. The costs of the scheme are therefore outside of the Council's control, and the funding for the scheme is determined by government, as set out below. Any increase in the cost of the scheme will therefore create a direct pressure on the Council's budget.
81. Government funding for the scheme is provided through the Revenue Support Grant and an additional specific grant. The Concessionary Fares element is not specifically identified in the RSG settlement and therefore it is not possible to state whether the settlement meets the full cost of the scheme.
82. During 2008/09 KCC announced that the start time of the scheme would change - from 9.30am to 9.00am. This increased the cost of the scheme to Transport Concession Authorities like Dover and following negotiations with KCC they agreed to reimburse Dover (and the other Kent districts) for 4% of the costs of the scheme, in compensation for the additional costs of the early start.
83. Because 2008/09 was the first year for both the nationwide scheme and the 9.00am start for Kent users, the revised costs of the scheme are gradually becoming known through analysis of ticket data and passenger surveys by the scheme operators, MCL, but continue to be affected by the unknown outcomes of ongoing appeals by the bus operators who are seeking higher payments from Councils.
84. The latest projected costs of the scheme for 2009/10 and 2010/11 are £1,168k and £1,171k respectively. However, with a number of appeals still to be finalised, the position is uncertain. For 2010/11 the scheme costs could range between £1,171k and £1,458k. A mid-point of £1,331k has been included in the MTFP.
85. The future management and funding of the Concessionary Fares scheme is also uncertain.
86. It is expected that from April 2011 the scheme will pass to upper tier authorities to manage. A transfer of funding from DDC to KCC will accompany this. However it is not clear whether DDC will lose funding equivalent to the costs of the scheme, or an amount equivalent to the unidentified element within RSG and the special grant. It is therefore not possible to predict whether or not the change will be revenue neutral.

### General Inflation

87. Setting a guideline level of inflation (for the 2010/11 budget) 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. Therefore, no guideline rate has been set. All managers have been asked to consider the specific quantity and price of services they will actually need in the coming year.
88. The other significant area of potential inflation pressures relates to major term contracts. In 2010/11 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. At present the most significant contract under review during the planning period is for waste collection and recycling. The specific inflation rates encountered will be heavily influenced by changes in contract specification, market conditions at the time of renewal, and the potential for joint procurement with other authorities<sup>2</sup>. For 2011/12 and 2012/13 it is not realistic to attempt to model contract renewal costs and so for planning purposes a 2% increase in the cost of major term contracts has been assumed.

### Contingency Provision

89. Contingency provision of £60,000 has been included to meet any unexpected expenditure commitments, if they cannot be contained within other budgets.

### Interest on Investments

90. Interest rates have been on a steady decline to the current bank base rates (at 26/01/10) of 0.5%.
91. The overall interest rates achieved in 2010/11 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.
92. The MTFP assumes that the Council’s investments overall will average 2.32% per annum on investments of circa £25m (split approximately 50/50 between General Fund and HRA pro rata to estimated cash balances). This is based on bank base rates assumed to be increasing 1% towards the end of 2010/11, increasing to 1.5% in 2011.
93. Members will also be aware that the Council’s £1m investment with the Icelandic bank, Landsbanki, is currently frozen. The UK Government, the Local Government Association (LGA) and UK local authorities are participating in the winding up of Landsbanki and are working to protect the status of UK local authorities as preferred creditors.
94. At present it is not possible to say, with certainty, whether all of the Councils investment will be recovered, or when the recovery will be achieved. In the meantime, in order to protect the Councils financial standing, it is proposed to avoid committing the remaining balances on the Council’s Invest to Save Reserve, or uncommitted Special Projects Reserve in 2010/11 until the position is clearer.

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<sup>2</sup> A project report on joint procurement with other East Kent authorities is under preparation.



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

95. Fees and Charges (F&C) are reviewed and set annually, with reports presented to Licensing and Regulatory Committees and Cabinet. When setting F&C managers consider:
- The cost of providing the service
  - The general market rate for the service and the charges levied by neighbouring authorities
  - Government guidelines
  - The last time the F&C was increased
  - Sensible price levels – it is more sensible to increase F&C by significant amounts every two or three years rather than a few odd pence every year.
  - The impact of the fee upon service use and upon different sections of the community.
  - The impact of service use upon corporate objectives.
  - The overall income the service generates.
96. The only F&C which are not included in this process are for Car Parking as they are the subject of a separate report.
97. The main sources of income, and relevant issues are summarised below.
- **Development Control**

The volume of fee applications is expected to remain at the current reduced levels due to the economic climate. The original budget for Development Control fee income for 2009/10 was £460k, but the latest projected outturn for the year is £440k, this £20k pressure has been assumed to be on-going for 2010/11 onwards.
  - **Building Control**

The original budget for 2009/10 was £314k and the projected outturn is currently £283k. For 2010/11 the £30k reduction above is partially offset by a fee increase of 5% in 2009/10, giving a budget of £295k.
  - **Licensing**

This includes taxis, gambling and other miscellaneous licences. In general this income stream is holding up, however a reduction in Hackney Carriage income of approximately £50k is anticipated in 2010/11.
  - **Land Charges**

The original 2009/10 budget of £182k was set at a level reflecting the downturn in the housing market and this level has been maintained for the 2010/11 budget. However, there is currently a risk to the Land Charges

income. The Charging Regime is the subject of a legal challenge elsewhere in the country. No further information will be available until the outcomes of the Judicial Review and Information Commissioner Tribunal are known.

- Car Parking

The 2009/10 income budgets for parking fees and penalty charge notices is currently forecast to be £140k below the original budget. It is also anticipated that the poor weather at the beginning of the year may cause further deterioration in this income. Overall, PCNs and car parking income are expected to generate around £2.2m in 2010/11.

The Council expects to make a small surplus from on-street parking. In accordance with Section 55 of the Road Traffic Act 1984 (and subsequent updates) this will be applied to partially offset the costs of public passenger transport services, highway or road improvement projects and environmental improvements. Any surplus in excess of £100k is remitted to KCC.

98. These major fees and charges generate approximately £2.9m towards the General Fund budget.

Financing the Net Requirement

99. The net requirement is financed mainly by Government Grant and Council Tax.

Government Grant

100. The total financing for 2010/11 is:-

<b>2010/11 General Fund Revenue Financing</b>	<b>£m</b>	<b>%</b>
Revenue Support Grant	1,295	7.80
NDR	8,919	53.72
<b>Total Government Grant</b>	<b>10,214</b>	<b>61.52</b>
Council Tax	6,390	38.48
<b>Total Financing excluding Area Based Grant</b>	<b>16,604</b>	<b>100.0</b>
Area Based Grant	220	
<b>Total Financing</b>	<b>16,824</b>	

101. Because Government Grant is fixed, and constitutes a high proportion of DDC funding, any shortfall in grant must be financed wholly from Council Tax. This is the "Gearing Effect".

102. For 2009/10 Government Grant totaled £10.164m. The 2010/11 total of £10.214m is an increase of £50k or 0.5%.

103. For 2009/10 the original budget requirement was £16.530m. The 2010/11 requirement of £16.881m represents an increase of 2%. However, due to the small increase in government grant, this has to be financed largely from Council Tax and explains the need for a 2.5% Council Tax increase.

## Council Tax

104. DDC's Council Tax (for its own use – i.e. excluding Town and Parish Councils) for 2009/10 was £155.07 for Band D. This means DDC has one of the lowest Council Taxes in Kent. (See table in Executive Summary.)
105. Having due regard to the indications from Government regarding capping and the current economic climate, proposed increases in Council Tax have been limited to 2.5% for the 2010/11 budget. This gives a Band D Council Tax, for 2010/11, of £158.94, an increase of £3.87 per annum or 7p per week. The MTFP also assumes increases of 3% for 2011/12 and 2012/13. These increases are unlikely to change DDC's position in relation to other authorities.

## Links to the Corporate Plan

106. The Corporate Plan and the MTFP are closely associated and it is critical that they are consistent. Heads of Service identify budget pressures and requirements that feed into the MTFP. Some of these are simply the impact of cost increases, new legislative requirements, the need to replace or renew equipment etc. However, where there are discretionary increases in resources, redeployment of existing resources or savings to be made, these are focused upon protecting the resourcing of key corporate objectives.
107. The key themes of the Corporate plan are:
  - A World-Class town
  - World-Class economy and environment
  - World-Class Communities
  - World-Class Heritage and Leisure
108. However we have introduced an Interim Corporate Plan, to be agreed at the same time as the MTFP, to help steer the Council and communities through the current economic climate, whilst not moving away from the ambitions of the 2008-2020 Plan. The key themes of the Interim Plan are:
  - Regeneration
  - Value for Money Services, and
  - Enabling Others through Partnerships
109. These themes are underpinned by service transformation to improve service levels and drive out costs.
110. At a Corporate level, the Council recognises that it does not have the financial or staff resources to achieve its regeneration objectives on its own. The Council is therefore not responsible for the delivery of many of the projects. Instead, the Council's role is to use partnership working with a range of partners (including SEEDA, Homes and Communities Agency, Dover Harbour Board, KCC and Dover Pride) and, where available, match funding to facilitate/enable delivery of a number of projects that will transform Dover.
111. This approach was validated by the Regeneration Inspection where the Council was recognized as having an ambitious regeneration programme which, in scale, is much larger than would be expected for a district council. In addition, the Council's Local

Development Framework Core Strategy that incorporates a number of the key ambitions, has recently been found to be 'sound' by the Inspector.

112. The major regeneration projects which support the objectives in the Corporate plan include:

- The Dover Waterfront/Sea Change project to regenerate the waterfront area of Dover. This includes maximizing the economic impact of cruise liners and a cable car to provide connectivity to the castle and support tourism and leisure.
- Western Docks – working with the Port of Dover to support the development of a major new ferry terminal at Dover's Western Docks.
- Aylesham Masterplan to develop 1,200 new houses in Aylesham.
- Employment and Training Facilities, Aylesham – meet the training and job needs of existing and new residents in Aylesham.
- Dover Town Investment Zone – regeneration of the St.James area including construction of an “anchor” store and mixed retail, hotel, residential and restaurant development.
- Regeneration of North Deal including the mixed use community development at Cannon Street and resolution of access arrangements at Albert Road.
- Dover Priory Station Approach – development/improvement of the approach to maximize the use of the CTRL, support improved public transport and support tourism.
- High speed train – explore further opportunities to improve parking and accessibility outside of the station.
- White Cliffs Business Park Expansion – expansion of the business park to bring 1,800+ jobs and £100m of investment into the area.
- Open Golf Championship in Sandwich 2011 – supports tourism and also promotion of the “Golf Coast”.
- Dover Sea Sports Centre – a centre of national significance for a number of water sports, now operational.
- Buckland Mill – development of housing with retail, car and community facilities.
- Connaught Barracks – reclamation of 12.7ha brownfield site for exemplar housing scheme.

113. The Council's regeneration agenda is underpinned by the award of Growth Point status. The initial capital and revenue grant funding for DDC is set out in the table below:

	2009/10	2010/11 (Provisional)	<b>Total</b>
<b>Capital</b>	£ 954,092	£ 856,916	<b>£ 1,811,008</b>
<b>Revenue</b>	£ 77,504	£ 103,339	<b>£ 180,843</b>
<b>Total</b>	<b>£ 1,031,596</b>	<b>£ 960,255</b>	<b>£ 1,991,851</b>

The provisional capital allocation for 2010/11 has been reduced by Government from the original £1,514,107 due to the current economic climate and the imperative to accelerate housing delivery and maintain sector employment levels through the Kickstart programme (two Kickstart programmes are currently in progress in Dover – Cannon Street and Aylesham).

114. There are no conditions relating to the use of the grant, except for the distinction between capital and revenue (although revenue grant may be used for capital

purposes and the general presumption is that this will be spent in support of housing developments). Also, there are no time constraints, so the monies may be spent in the years indicated, or may be spent later.

115. Growth Point status has also enabled the Council to apply for Community Infrastructure Funding and Regional Infrastructure Funding (CIF and RIF). Bidding for these funds is “competitive”. The Council has bid for £12m CIF and over £21m RIF. In the case of the CIF submission, despite the Regional Transport Board and the Housing and Communities Agency commending several of the Dover schemes as priority, these were ultimately not funded, with the bulk of the allocations being re-directed to other regions, with the exception of Shoreham. The allocation of RIF funding remains in process.

In addition, Kent County Council submitted an expression of interest under the proposed Tax Incremental Funding scheme (TIF), with Dover being included within the ‘bid’ – to date, funding has not been determined.

116. As part of its service transformation agenda the Council also has a major programme for joint working, primarily with East Kent districts and KCC to deliver joint services including:

- Internal Audit
- Waste collection
- Payroll and HR
- Housing Management
- Choice Based letting
- NDR
- and a framework for a wider roll-out of joint working.

117. The Council’s “green agenda” is supported by the roll out of a new recycling scheme which will significantly increase the level of recycling in the district.

118. Individual service plans support, this Corporate agenda. Annexes 6A – 6G provide summaries of the main service areas under each Head of Service.

119. Annex 3 also provides a summary of the budget movements between the 2009/10 Original Budget and the 2009/10 Projected Outturn, and then between the 2009/10 Projected Outturn and the 2010/11 Original Budget. The pressures on the 2010/11 budget are such that the majority of the variations are savings rather than growth. However Members will note that these savings have not generally been made in areas that will impact on Corporate priorities.

#### Area Based Grants

120. Area Based Grants (ABGs) are “new” grants. However, they do not wholly represent “new” funds, since a proportion are simply existing grants which were ring-fenced, but have now become “general” grants without being included within the main Government Grant. They are therefore shown in the Budget Summary (Annex 1) as part of the financing of the budget requirement.

121. For 2010/11 the Council will receive 3 ABGs. They are £57k for Respect Youth Taskforce, £140k for Community Cohesion and £23k for Climate Change. Although these are not ring-fenced, it is likely that DCLG will expect to see the objectives of the grants delivered.

### “Carry Forward” of Unspent Budgets

122. A key element of financial management is the treatment of unspent budgets. The Council has sought to promote a culture where budget managers have the flexibility to manage their budgets responsibly.
123. 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.
124. To avoid this managers have been 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;
  - The Head of Finance and ICT will review the carry forwards requested and approve them as appropriate.
125. 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 Head of Finance and ICT having delegated authority to approve the carry forward, and the carry forwards being reported in the outturn report and budget monitoring reports continues.

### Risk and Uncertainty

126. A degree of uncertainty and risk is inherent within any budgeting process. The budget and MTFP have been based on cautious assumptions about inflation, interest rates, fees and other income, the RSG settlement and service costs. Further explanations of the key assumptions and the main budget risks has been set out in separate sections later in the MTFP.

### **Recommendations from this Section**

127. It is recommended that Council:
  - Approve the General Fund Revenue Budget for 2010/11 and the projected outturn for 2009/10.
  - Continue the practice of delegated authority to the Head of Finance and ICT to:
    - approve revenue budget carry forwards within the guidelines set out
    - create and draw down Growth Point reserves in order to apply them to regeneration projects and support.
  - Approve the policies and protocols regarding the General Fund balances and earmarked reserves, and transfers between reserves as set out in Annex 7.

## HOUSING REVENUE ACCOUNT

### OVERVIEW

128. The Local Government and Housing Act 1989 (s74) requires that local housing authorities maintain a 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. The balance on the HRA is not, therefore, available to finance other services.
129. The HRA's financial position, detailed at Annex 8A, can be summarised as follows :-
- HRA balance at 31/3/09 £7.45m
  - Forecast balance at 31/3/10 £7.38m
  - Forecast operating income (before investments) in 2010/11 £17.2m
  - Forecast operating expenditure in 2010/11 £15.8m
  - Forecast year end balance at 31/3/11 £7.76m
130. At the time of writing, the HRA has 4,474 dwellings, made up of 2,857 houses and 1,617 flats. This is after excluding Sheltered Housing schemes that have been decanted for disposal.

### FINANCIAL OBJECTIVES

131. The main strategic financial objectives of the Housing Revenue Account are as follows:
- To maintain a Housing Revenue Account that is self-financing and reflects the requirements of residents.
  - To achieve the government's target rent level by 2012/13.
  - To achieve the Decent Homes Standard by 2010/2011.
  - To maximise the recovery of rental incomes.
  - Minimise the number of void properties and minimise the level of rent arrears and debt write offs.
  - To maintain an adequate level of HRA reserves consistent with the business plan.

### NATIONAL BACKGROUND

#### Rent Restructuring

132. Council house rents are set using a complex model based on a formula provided by the Department of Communities and Local Government. This model takes into account a number of factors such as:-
- relative property values;
  - local earning levels; and
  - number of bedrooms.
133. Rents are set on a property by property basis, and the starting point is the market value of each property in 1999. The rents are required to move to a standard rent level (a process known as rent convergence). This means that local authorities have, in practice, limited discretion to determine rent levels.

134. Because Council House rents were not, at the outset, in line with the converged rents prescribed by the formula, local authorities are required to follow a process of convergence that moves rent, over a number of years, to the prescribed level.
135. The target year for rent convergence was originally set by the Government to be 2011/12. When local authorities set their rents individual property increases each year are limited to 'RPI + 0.5% +/- £2', with a new "overall stock increase" of 5%.
136. Last year DCLG announced that the target year for convergence was to be moved back to 2024/25. The effect of this change was to slow down the rate of any increase or reduction in rents by prolonging the convergence process.
137. This year DCLG have moved forward the target year for convergence to 2012/13 due to the negative RPI, -1.4%, for September 2009. Draft figures indicate that the interaction of the amended rent convergence date and the negative RPI will result in a decrease of 0.6% in average rents for 2010/11 on retained properties.

#### Housing Subsidy

138. Housing subsidy is calculated through the construction of a notional Housing Revenue Account taking in items of management and maintenance, charges for capital and other reckonable expenditure and income items. The notional amounts are calculated in accordance with determinations issued annually by the Secretary of State.  
  
139. DDC's HRA is in a position of negative subsidy. This negative subsidy has to be paid to DCLG in ten monthly instalments, and is identified as a separate item in the HRA budget at Annex 8A.
140. Following the removal of rent rebates from the HRA in 2004/05, the subsidy calculation indicates that Dover's notional HRA makes a surplus (forecast, by the DCLG, to be some £5.4m in 2010/11).

### **LOCAL BACKGROUND**

#### Stock Options

141. In 2005 the Council undertook a stock option appraisal and resolved to retain Council housing stock. A subsequent updated Housing Business Plan for the next 20 years was completed that enabled the Council to review its decision to retain its housing stock. It was agreed not to look into stock transfer, but to address the issue of financial viability through the closure and sale of selected poor quality sheltered schemes and closure of the White Cliffs Careline. White Cliffs Careline has now been closed and only one Sheltered Scheme remains to be decanted prior to disposal. Sheltered housing staffing levels have been reduced accordingly as planned.
142. Sales of Council houses (generally Right to Buy sales) are a source of capital finance for both the HRA and the General Fund. However, the Council only retains 25% of the original receipt, and the receipt itself is usually on a discounted value of the property, so in practice the amount to be retained by the HRA is small compared to the property's market value.
143. A general decline in Right-to-Buy sales in recent years, made worse by the current economic climate, does mean that the HRA can maintain rent income, at the



expense of a small capital receipt. The offset to maintaining rent levels is the level of the negative subsidy.

144. The Council has made the “in principle” decision to develop a model for a Shared Service Vehicle (SSV) with other East Kent authorities for a joint housing management arrangement, in order to save costs and strengthen the long-term viability of the HRA. A report for final approval for the scheme is due to go to Council in the near future.

#### Service Charges

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

#### Rent Levels

146. As noted above, rent levels are calculated on an individual property basis using rent formulas prescribed by DCLG, as advised the target date for rent convergence is now 2012/13.
147. It should also be noted that although DCLG removed the compulsory minimum limit for rent increases several years ago, Councils were able to maintain this limit if they wished. As this maintains the rent income stream DDC continues to apply this limit.
148. Rents are set on a property-by-property basis, and so it is not possible to report on the rent to be set for a standard 2 bedroom flat or a standard 3-bedroom house. However, for Members information the following figures may be helpful:
- the 2009/10 average weekly rent across all properties is £69.77.
  - the 2010/11 average weekly rent is forecast to be £70.00.
  - the increase in the average weekly rent is £0.33 or 0.5%. After excluding properties the decanted Sheltered and the sold properties the average rent for 2010/11 is a decrease on the previous year of approx 0.6%.
  - three bedroom houses have rents (for 2010/11) ranging from £65.87 per week to £98.52 per week with an average of £77.43.
149. Determination of rent levels is an executive function that has been delegated to the Head of Housing and Community, who has set rent levels for 2010/11 on the basis of the model described above.

#### **2010/11 DRAFT BUDGET**

150. Members will note that the HRA is forecast to show an increase in the HRA Revenue Account Balance of £379k. Annex 8A provides a draft HRA budget summary. Annex 8B provides an explanation of the main variations from the original 2009/10 budget to the 2009/10 projected outturn and from the 2009/10 projected outturn to the 2010/11 proposed budget.
151. The projected accumulated surplus looks healthy but this cannot be assumed to be a permanent position as the current HRA business plan indicates that the HRA's viability will be under pressure. These pressures are mainly due to the loss of rent due to Rent Convergence and the requirement to fund a substantial element of the

Decent Homes Programme from revenue reserves due to a shortfall in capital funding.

152. The HRA business plan is due for revision due to significant changes that have taken place since the last plan was prepared, for example, the closure of a number of Sheltered schemes and the closure of the White Cliffs Careline service. This revision is expected to be complete by April 2010. In addition the Council is working with other East Kent partners to implement housing management / maintenance joint working through the creation of a wholly owned shared service vehicle similar in nature to an ALMO. Completion of a new plan will facilitate improved planning in respect of the HRA.
153. Consultation has taken place on the reform of the current Housing Subsidy system. DCLG have proposed a replacement scheme where the subsidy system will be replaced by the reallocation of debt. Should this proposal go ahead this will mean DDC retaining its rent income and replacing negative subsidy with a debt financing charge. Details of the proposal for DDC are expected during February 2010. At this time acceptance of the changes is envisaged to be voluntary. DDC will need to assess its position when further details are known.
154. The development of 3-year budgets for the HRA (as currently produced for the General Fund) has also been given consideration. At present the Housing Subsidy determination is announced by DCLG on an annual basis, and so does not support 3 yearly budgeting. If DCLG do decide to introduce 3 yearly subsidy settlements to complement the 3-year RSG/NNDR settlements for the General Fund, then this can be reviewed.

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

155. It is recommended that Council:  
  
Approve the 2010/11 HRA budget at Annex 8A.

## THE ASSET MANAGEMENT PLAN, CAPITAL AND SPECIAL REVENUE PROJECTS

156. It is important that the MTFP is consistent with the Asset Management Plan (AMP).
157. 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. The AMP seeks to identify and prioritise the management of the Council's property and associated assets and includes an action plan setting out a range of activities which seek to develop ongoing improvements in property management arrangements. It links to a programme of revenue (generally repairs and maintenance) expenditure and also capital works required to maintain the integrity of the Council's property portfolio. It is also important in determining which major properties are effective in supporting the Council's objectives, which properties need enhancement or modification to support better the Council's objectives, and which properties may be surplus to requirements and should be considered for disposal.
158. Expenditure on repairs and maintenance (R&M) forms a direct link with the revenue budget, which will contain the resources to meet the agreed R&M. Standards of maintenance, and therefore of required expenditure, are, to some extent subjective. The Head of Property, Leisure and Waste Management confirms that there are sufficient resources to keep properties generally wind and water tight.
159. The AMP also considers the level of maintenance work required to maintain properties at the standard to which the Council aspires. The Corporate Property Strategy and Asset Management Plan were submitted to Cabinet on 3rd March 2008. The Asset Management Annual Report 2009 presented to Cabinet in September identified a backlog of repairs in the region of £1.57m. The backlog figure reflects aspirational as well as actual required repairs. A high proportion of the backlog figure reflects expenditure on Dover Leisure Centre, which is required to upgrade the facilities to meet public aspirations for a modern leisure centre. Consideration needs to be given to the long-term viability of this facility to provide leisure services on this site. Reviewing the planned maintenance programme on a yearly basis will ensure that the limited budget target only essential maintenance. This and changing assumptions for inflation and the standard of maintenance required will affect the actual value of the backlog. Nonetheless it indicates that the aspirational standards of maintenance are likely to be above the levels the Council currently can finance. The assumptions regarding maintenance cycles are being reviewed to ensure that they are both realistic and affordable.
160. The AMP also forms a direct link with the capital programme since it :-
- Considers how properties are contributing to the Council's objectives;
  - Identifies properties which merit additional expenditure to make a greater contribution;
  - Identifies properties which do not contribute adequately to the Council's objectives and may be surplus to requirements; and
  - Provides the basis for any disposals, and capital receipts.
161. Where the AMP identifies any capital works, these feed into the Capital Programme below. The Head of Property, Leisure and Waste Management is reviewing opportunities for realising capital receipts, from surplus assets, to support financing of the capital programme. However, the priority for developing these proposals is being reviewed given that in the current economic climate the Council may not achieve realistic values for its assets until the market picks up.

## **CAPITAL PROGRAMME & SPECIAL REVENUE PROGRAMME**

### Background

#### Definition of Capital

162. Capital expenditure is, essentially, expenditure which increases the capital value of an asset, or which increases the performance / use / life of an asset. Capital expenditure can be financed by a number of means including :-
- Capital receipts
  - Capital Grants
  - Revenue
  - Prudential Borrowing (see Prudential Code below).
  - Leasing
163. However, with the exception of revenue resources and the use of external leasing, none of the sources above can be applied to meet revenue requirements.

#### Prudential Code

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

#### Pooling of Capital Receipts

165. 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. The Council is still able to retain 25% of the receipts from the sale of housing assets (50% - 100% in certain circumstances). The remaining 75% is paid to the government pool.
166. Falling HRA Right to Buy sales have reduced receipts, although they have helped to maintain the HRA rental income stream. However it is anticipated that this income will be required to make up the shortfall in capital receipts to finance HRA capital expenditure required to meet the Decent Homes programme (see the section on the HRA above).
167. The Council generally retains 100% of non-HRA capital receipts.

#### Local Context

#### Purpose of the Capital Programme

168. The primary objectives are to:-

- maintain an achievable, affordable three year capital programme which remains within the levels of approval,
- allocate the supported borrowing approval between the HRA and the General Fund in accordance with the DCLG guidance,
- ensure capital resources are aligned with the Council's strategic vision and corporate priorities,
- identify any requirement for Prudential Borrowing, and ensure that it is only undertaken if it is affordable,
- maximise available resources by actively seeking external funding and disposing of surplus assets (see proposal under Asset Management Plan above).

#### Content of the Capital Programme

169. Members are referred to the draft Capital Programme at Annex 9A. This is a dynamic programme. A formal bidding process is operated in June / July every year to identify and plan future projects.
170. However, the speed of developments in relation to major projects such as DTIZ, Aylesham, North Deal, 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;
  - 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.
171. The proposals above relate to the overall capital programme. Individual projects will continue to require reports for approval at evaluation, design stage (where appropriate) and tender stages in accordance with the Constitution.
172. The structure of the programme is reflected in the format of Annex 9A and is explained below:
- **Work in Progress**  
The bulk of these projects have been appraised and approved to proceed. For many of these projects, work has started. The "Approved Budget" columns show the level of project approvals to date. Members are requested to approve the "Proposed Budgets" which show the expected final costs of the projects, and note the variations between the Approved Budget and the Proposed Budgets.

- **Projects Approved Subject to Capital Appraisal**  
Members have approved these projects in principle, but capital appraisals are required before project expenditure can proceed.

- **HRA Projects to be Approved**  
Approval for these projects is sought as part of the approval of the MTFP.

This is the opportunity to seek approval for these projects to be included in the capital programme. Any proposed budgets are indicative at this stage, and will be firmed up as part of the capital appraisals.

- **Capital Grants awarded by DDC**  
No provision has been made in the capital programme for new capital grants. Annex 9C provides a list of the outstanding grants previously approved, and those which are likely to slip into 2010/11. This is purely slippage and does not constitute additional resources.

- **Bids for Consideration Subject to Funding Being Available**  
These are projects for which there is insufficient funding at the time of preparation of the MTFP. The projects are identified so that project appraisals can be undertaken early in the new financial year, the projects can then be prioritized and are in a position to proceed if new funding becomes available.

- **“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.
- No provision has been included for a capital grants budget, except to honour grants already awarded.
- If anticipated capital receipts are not achieved then, to finance the programme, consideration may be given to the application of some of the capital receipts from the sale of Sheltered Housing to be applied to General Fund regeneration projects and the HRA will have to use its increased rental income to finance some of its capital projects. This will require consultation with the appropriate portfolio holder(s) before any decision is taken.

### Content of the Special Projects Programme

173. The Special Projects Programme (see Annex 9E) comprises significant projects which are not, in the main, capital, and which are “one off” in nature and are therefore to be funded from reserves (see section on General Fund Reserves above). 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 used for other purposes.

## Financing of the Capital and Special Revenue Projects Programmes

174. In order to maximise the capital resources available to the Council, it is proposed that the detailed decision to apply capital receipts, revenue resources, grants, s106 monies etc to finance the approved Capital and Special Revenue Projects programmes be delegated to the Head of Finance and ICT 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.
175. 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.
176. 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 borrowing is 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 Annex 9F.

### Summary

The key points for Members to note are:

- There are sufficient resources to maintain properties in a sound state of repair.
- There are insufficient resources to maintain properties at the standard to which the Council aspires.
- The Head of Property, Leisure and Waste Management is reviewing opportunities for realising capital receipts, from surplus assets, to support financing of the capital programme. However, the priority for developing these proposals is being reviewed given that in the current economic climate the Council may not achieve realistic values for its assets until the market picks up.
- The currently committed projects within the draft capital programme can be fully financed. However, if anticipated capital receipts are not achieved then, to finance the programme consideration will be given to applying some of the capital receipts from the sale of Sheltered Housing to be applied to General Fund regeneration projects and the HRA will have to use its increased rental income to finance some of its capital projects.
- Any additional projects approved during the year will require their own funding or removal of projects to an equal value. Any such changes should be considered by Members against the objectives and priorities of the Corporate plan.
- No new capital projects will be approved without assurance that the funding from capital receipts, grants or other reserves, are assured.
- The Capital Programme is partly financed from HRA Right-to-Buy sales. The level of such sales has fallen in the recent years. This bolsters HRA revenue income, but reduces the available capital financing and also means that the improved rental income stream has to be committed to provide finance for the HRA capital programme in future years.
- The detailed financing of the capital and special projects programmes be delegated to the Head of Finance and ICT.
- There is no provision for making capital grants to other organisations, other than those grants already approved.
- 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 unless revenue resources to service the borrowing and repayments can be identified.

### **RECOMMENDATIONS FROM THIS SECTION**

177. It is recommended that Council:

- Approve the basis upon which the capital and special projects programmes have been compiled; and
- Delegate the decisions to apply capital receipts, revenue funds and other capital resources to finance the capital and special projects programmes to the Head of Finance and ICT.
- Approve that poolable housing capital receipts are retained and used to fund capital allowances on Regeneration and Decent Homes agendas
- Agree the recommendations for the treatment of the “Minimum Revenue Provision” as set out in Annex 9F.



## **TREASURY MANAGEMENT AND THE PRUDENTIAL CODE**

178. 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.
179. 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
180. Annex 10A to this report sets out estimates for each of the relevant Prudential Indicators in each of the financial years 2010/11 to 2012/13, and includes the latest estimates for 2009/10 aligned with the revised forecast budget. Approval is sought for the indicators shown in bold type (Proposed Indicators 2010/11 – 2012/13). The indicators have been grouped into the five categories defined within CIPFA's Prudential Code.
181. In setting these indicators, it is important to note that the Council has undertaken no new borrowing in 2009/10. It is, however proposed to take out new borrowing in 2010/11. The capital programme has been financed to date within existing resources, which include capital receipts, specific capital grants, the Major Repairs Allowance (MRA), and useable reserves.
182. In order to assist with their interpretation, Annex 10B contains notes and explanations to accompany each of the indicators set out in Annex 10A.

### **TREASURY MANAGEMENT**

183. 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.
184. Approval of the strategy is a Council decision. The 2010/11 strategy is attached at Annex 11.

### **RECOMMENDATIONS FROM THIS SECTION**

185. It is recommended that Council:
- Approve the Prudential Indicators and the Treasury Management Strategy.

## CONSULTATION ARRANGEMENTS

### BUDGET CONSULTATION

186. The Council has undertaken a range of consultations on the budget. These have been split into “External” and “Internal” consultation below.

#### External Consultation

187. The budget issues were presented to the Town and Parish Councils on 11 November 2009 in accordance with the guidelines in the Dover District voluntary compact.
188. The Council also uses a SIMALTO “forced choice” consultation exercise every 2 - 3 years. This was last undertaken in 2007 and broadly validated the current allocation of resources between services.
189. The MTFP report, presented to Cabinet on 8<sup>th</sup> February 2009, and the Corporate Plan will be placed on the Council’s website. Although the Corporate Plan has already been subject to public consultation, the public will be able to continue to give their views on the plan and the MTFP.
190. A consultation will also be undertaken with representatives of Non-Domestic Rate (NDR) payers by contacting the larger NDR payers, Chambers of Commerce and the Institute of Small Businesses.
191. Finally, the next round of consultation is due to start with Neighbourhood Forums in early 2010/11<sup>3</sup>.

#### Internal Consultation

192. A number of internal consultation processes have been undertaken. These include:
- Briefings to all budget managers explaining the budget process and the need to identify one-off and on-going revenue and capital pressures and savings from increased costs, cancelled projects etc.
  - Briefings to CMT
  - Briefings to SMT and Portfolio Holders
  - Reports to Cabinet
  - Report / presentations to Scrutiny (Policy and Performance)
193. As a matter of routine, all budget managers are briefed and consulted prior to the start of the budget process.
194. Heads of service have been involved in the production of the proposals for their service areas and have “signed off” their budgets. The overall budget proposals have been reviewed Corporately by CMT.

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<sup>3</sup> Subject to restrictions which may arise if an election is called.

## **KEY ASSUMPTIONS**

195. 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**

196. Salary inflation assumed to be 0% in 2010/11 and 2011/12 and 1% in 2012/13. General inflation and contract inflation assumed to be 2% for 2011/12 and 2012/13.

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

197. The next triennial valuation is due to be applied from April 2011. It has been assumed that the DDC backfunding contribution will increase by 4.7% above the 2010/11 level. In addition a further 1% of salaries has been assumed to be charged in 2011/12 and again in 2012/13.

### **Interest Rates**

198. Bank base rates are assumed to average 1%, 1.25% and 2.5% in 2010/11, 2011/12 and 2012/13 respectively. Also assumed that DDC will earn an average of 2.32% on its investments.

### **Revenue Support Grant and NDR**

199. The current settlement covers 2008/09 – 2010/11. It has been assumed that government will honour the draft settlement for 2010/11 and that the settlements for 2011/12 and 2012/13 will be reduced by 3% per annum.

### **Council Tax**

200. A Council Tax increase of 2.5% has been assumed for 2010/11 and 3% for 2011/12 and 2012/13. It is also assumed that government will set the capping level at 3%.

### **Second Homes Monies**

201. We do not yet know what level of second homes monies will be received from KCC. It has been assumed that they will be in line with 2009/10 levels.

### **Housing Planning Delivery Grant**

202. The Planning Delivery Grant scheme has been replaced by Housing PDG. The potential for DDC to win future HPDG is unsure. No HPDG awards have been assumed from 2011/12 onwards.

### **Capital Projects**

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

### **HRA Subsidy**

204. The final determination for the settlement of the HRA subsidy has been received by DCLG and incorporated into the budget. The HRA is in a negative subsidy position and will pay £5.4m to DCLG in 2010/11.

### **Ready Reckoner**

Payroll - 1% increase costs the General Fund £110k

Council Tax - 1% raises £60k

RSG/NDR – 1% equals £100k

Investment Income - 1% equals £250k (split approx 50/50 GF/HRA)

## SIGNIFICANT BUDGET RISKS

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

Description	Impact	Likelihood	Mitigation	Sensitivity	Residual Impact	Residual Likelihood
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 Regeneration 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
Risk of unanticipated project overspends leading to reduced resources available to complete the projects.	H	M	Major projects inevitably carry a high potential overspend risk. Project appraisal reports, budget monitoring and close liaison between the project officers and the capital accountants mitigate this.		H	L
Reduced capital receipts from Council House sales and Gateway Flats leading to reduced resources available to complete the projects.	H	M	The reduced receipts could arise from lower sales, lower prices or both.  We cannot mitigate against market movements or reduced levels of sales. To some degree lower values may increase the level of interest, but this will also be dependant on interest rate	5 houses sold to date in 2009/10	H	M

Description	Impact	Likelihood	Mitigation	Sensitivity	Residual Impact	Residual Likelihood
			<p>movements.</p> <p>The other mitigation is by working with partners (see section 1 above) to leverage more grant funding for the regeneration projects which reduces reliance on council house sales and may bring forward capital receipts from DTIZ etc.</p>		H	L
Waste and Recycling savings assumed through joint procurement not achieved placing pressure on the revenue budget.	H	M	The joint procurement is currently at the competitive dialogue stage and the Head of Property, Waste and Leisure Services is involved in selecting the most appropriate tender to meet the needs of the organisations involved.	The current contract for waste and recycle collection costs DDC approximately £2.5m per annum, therefore 1% would impact the Council by £250k.	H	M
There is a risk that the Government settlement for 2011/12 and 2012/13 will be less than the forecast 3% reduction,	H	M	As with the current settlement, the Council can take part in Kent wide lobbying on the settlement, but has limited ability to influence the settlement.	The Council receives £10m in RSG and NDR, so every 1% reduction costs the Council £100k.	H	M

Description	Impact	Likelihood	Mitigation	Sensitivity	Residual Impact	Residual Likelihood
There is also a risk that Area Based Grant will be reduced / withdrawn.	M	M	An element of expenditure directly related to the grants could be withdrawn to reduce the impact.	Area based grants are £220k for 2010/11	M	M
<p>Concessionary Fares – the costs of the scheme to DDC may increase due to:</p> <ul style="list-style-type: none"> <li>• Successful operator appeals on the level of generated travel</li> <li>• Increased levels of usage by DDC pass holders</li> <li>• The sampling of travel may skew the results.</li> <li>• Loss of additional settlement when it is incorporated into the RSG</li> <li>• Potential transfer to KCC</li> </ul>	H	M	Latest advice from MCL suggests the level of generated travel assumed in the Kent scheme is defensible.	The scheme is estimated to cost DDC between £1,171k and £1,458k.	H	L
	H	L	Scheme usage is outside the Council's control.		H	L
	H	L	The Kent scheme consultants MCL believe their sampling methodology is robust and provides a reasonable indicator of future use.		H	L
	H	M	DDC is “on the floor” in terms of grant settlements. This may mean that, in 2011/12, when the additional Concessionary Fares Grant (£350k for DDC) is incorporated into RSG, we will lose the benefit.		H	M
	H	M	As with the current settlement,		H	M

Description	Impact	Likelihood	Mitigation	Sensitivity	Residual Impact	Residual Likelihood
could result in a reduction in RSG at a different level to the current cost of the scheme			the Council can take part in Kent wide lobbying on the settlement, but has limited ability to influence the settlement.			
Central Support Charges – the system of attributing central support costs has been updated, but is always open to “challenge” process to ensure that the balance between the General Fund, HRA and Capital is reasonable. Significant shifts could have an impact on either fund.	H	L	It is believed that the attribution of central support has been done on a reasonable basis, and that staff were given clear guidelines.		H	L
Fees and Charges – some sources of income may be affected by a reduction in overall economic activity. The most significant areas for this include:  - Development Control fees  - Income from investments	M  M	M  M	The cap on planning fees for major applications has been removed. This should offset the impact of any reduction in activity.  Budgets based on conservative estimates of base rates at 1.0%. 1.25% and 2.5% in 2010/11, 2011/12 and 2012/13 respectively. Where possible and	Development Control Fees are forecast to be £440k.  A 1% reduction in interest on investments leads to a reduction in	L  M	M  L



Description	Impact	Likelihood	Mitigation	Sensitivity	Residual Impact	Residual Likelihood
- Car parking income	M	M	<p>consistent with the Treasury Management Strategy DDC has locked into fixed interest rates at the current levels.</p> <p>Car park income has been modelled as accurately as possible in order to set fees that are considered sustainable.</p>	<p>General Fund income of around £125k.</p> <p>Total car park income is forecast to be £2.2m</p>	M	L
- Council Tax base and collection rates may stagnate or fall	H	H	<p>The estimate for the Council Tax base assumes the base will grow slightly.</p> <p>This is based on conservative estimates of new builds, single person discounts and collection rates.</p> <p>Based on performance to date, no surplus from the collection fund in 2009/10 has been assumed to be available for distribution in 2010/11.</p>	<p>A 1% reduction in Council Tax costs DDC £60k.</p>	H	M
Possibility of bank failure leading to loss of Council's invested capital	H	M	<p>See Treasury Management Strategy and creation of an Investment Advisory Committee (Cabinet 12/1/09).</p> <p>Restricted to AA- and F1 as minimum credit rating for</p>	<p>Total investments</p> <ul style="list-style-type: none"> <li>- in-house £10.5m</li> <li>- with Investec £13.9m</li> </ul>	H	L

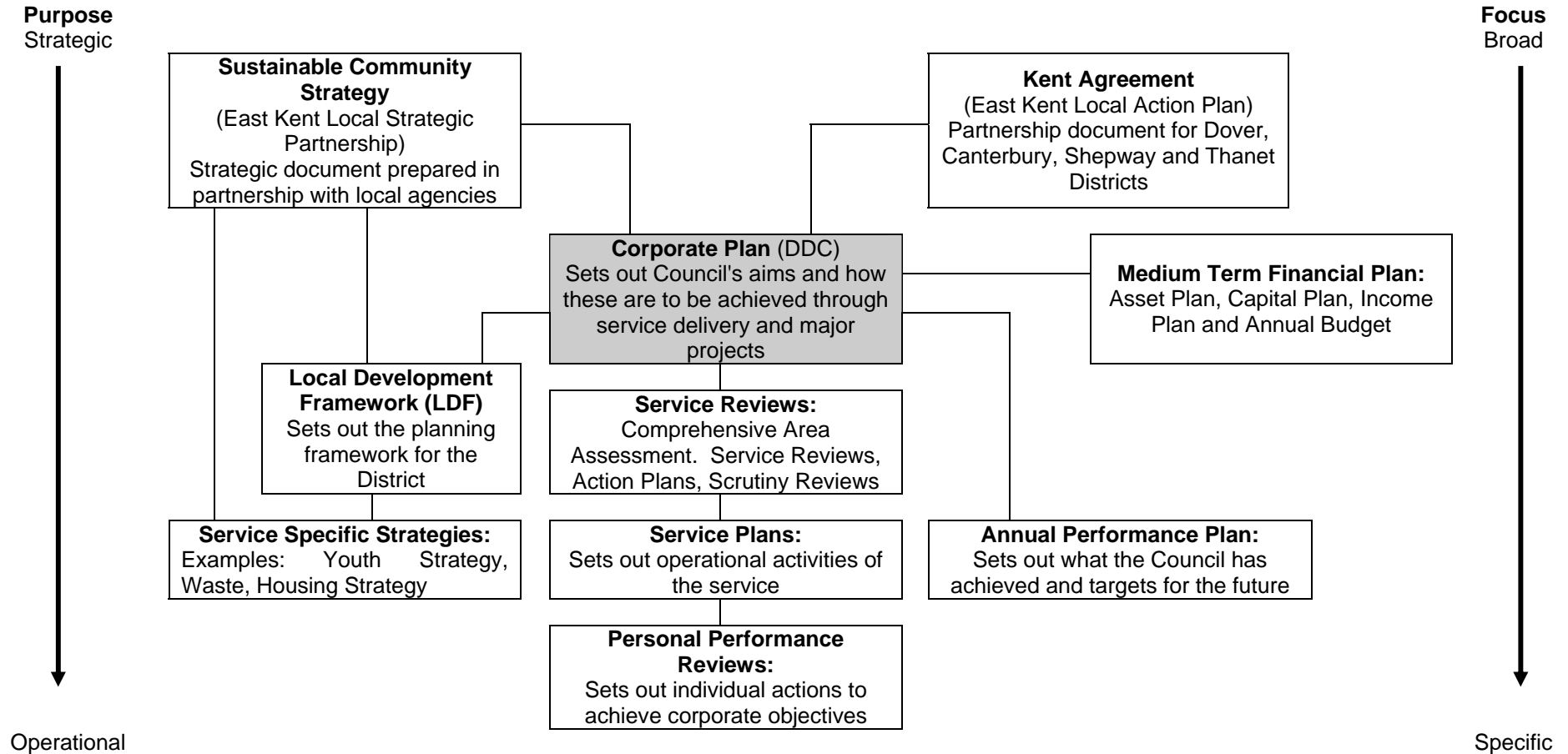
Description	Impact	Likelihood	Mitigation	Sensitivity	Residual Impact	Residual Likelihood
			<p>counterparties.</p> <p>Minimum support level “2”, and investment only in the UK and in countries with Sovereign Rating AAA, and restricted to larger economies where financial sector is not disproportionate to the size of the Government.</p> <p>Liaison with Sector and monitor news to detect any new risks.</p> <p>Currently reviewing and updating treasury procedures – recent audit gave “substantial” assurance.</p>			
<p>Pension Funding – increased deficit, demographic change, reduced asset values and interest rates may lead to additional contribution rates, at the next triennial valuation, to meet backfunding requirements.</p>	<p>H</p>	<p>H</p>	<p>Instead of paying a contribution rate based on a % of salaries, DDC pays a fixed sum, increasing by 4.7% per annum.</p> <p>As a result, contributions will not reduce as staff numbers reduce, and this will automatically result in a high contribution rate.</p> <p>A 1% increase in the contribution rate has been included for 2011/12 and an additional 1% from 2012/13.</p>	<p>A 1% increase in contribution rates costs the General Fund £110k</p>	<p>H</p>	<p>M</p>

Description	Impact	Likelihood	Mitigation	Sensitivity	Residual Impact	Residual Likelihood
Joint working fails to deliver the level of savings hoped for, or there are insufficient staff resources to progress the project.	H	M	Ensure that business cases are robust by using the approved joint working framework. Prioritise joint working to ensure staff availability.		H	L
Land charges - there is currently a risk to the Land Charges income stream.	M	M	The Charging Regime is the subject of a legal challenge elsewhere in the country. No further information will be available until the outcomes of the Judicial Review and Information Commissioner Tribunal are known.	Land charges income is forecast to be £200k	M	M
Partners involved in the Olympic Torch event may not offer sufficient levels of funding.	H	M	The Chief Executive and Head of Regeneration are in frequent contact with the relevant partners.		H	M
The budgeted level of Employment Stability and vacancy savings may not be achieved.	M	M	It is proposed to strengthen the current Employment Stability Process. In addition, active monitoring of vacancy savings is carried out throughout the year.	Vacancy savings of £400k and Employment Stability of £320k are forecast	H	M
The actual level of inflationary assumptions may differ to those budgeted.	M	M	Inflation levels are monitored and their impact on the MTFP assessed throughout the process.	1% increase in inflation impacts: <ul style="list-style-type: none"> <li>• Contracts £45k</li> <li>• General £95k</li> <li>• Income (£18k)</li> </ul>	H	M
Local Development Framework (LDF) costs may cause further pressures on the General Fund.	M	M	Ongoing consideration of the areas to progress on the LDF is given by the Head of Development & Public	Current forecasts show the LDF reserve requiring £140k	M	M

Description	Impact	Likelihood	Mitigation	Sensitivity	Residual Impact	Residual Likelihood
			<p>Protection. Any changes to requirements could reduce the financial input required.</p> <p>Any additional HDPG received could be allocated to support the LDF process.</p>	by 2011/12		
DDC is to act as a consultee on the Harbour Revision Order. Additional resources may be required to support this.	M	H	Assessment of resources required will need to be made as the consultation progresses.		M	H
£1m remains frozen with the Icelandic bank Landsbanki.	H	H	The UK Government, the Local Government Association (LGA) and UK local authorities are participating in the winding up of Landsbanki and are working to protect the status of UK local authorities as preferred creditors.		H	H

## 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 establishes the longer-term focus and the short term strategic targets for the Council and provides the context for other strategies and plans that we must produce. Within this strategic context, we can form Service Plans, which determine the provision of services across the authority. In addition, our Corporate Plan identifies the key conditions of organisational health, performance and monitoring that are vital if we are to realise our ambitions and achieve our targets.

The Medium Term Financial Plan, Asset Plan, Capital Plan and Annual Budget have been drawn together to reflect the service changes and priorities driven by the Corporate Plan and the restructuring.

## Joint Plans with Partners

206. 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
DTIZ	We are working towards a joint venture agreement with SEEDA, HCA, DHB and KCC to progress the DTIZ project.  Funding agreements are already in place with SEEDA and HCA.
Aylesham Regeneration	Agreements in place with the developer Hillreed Ward for the development of Aylesham. The planning application for the development has been received and reported to committee. It has now been passed to the Government office.
East Kent Joint Arrangements Committee	The EKJAC is now operational and provides a means by which two or more of the 4 East Kent authorities can agree to delegate functions to EKJAC, and also have a joint scrutiny arrangement.
Waste and Recycling	Working with neighbouring authorities and KCC to deliver joint working on the collection of waste and recyclates. A "competitive dialogue" is currently taking place with potential contractors to identify the best collection and disposal methods. This will be followed by a tendering process jointly undertaken by Dover and Shepway, with Canterbury and Thanet scheduled to undertake their tendering exercise on the same basis, in 2013.
Housing Management	Proposals for shared working on housing management are currently proceeding through the Cabinet, Scrutiny and Council process at Dover, Canterbury, Shepway and Thanet.
Payroll and HR	Joint HR is now operational, hosted at Dover. Joint payroll will be provided by KCC and the service is going live over the coming months.
Choice Based Lettings	Choice based lettings has been implemented with other Kent districts.
Housing PFI	"Back to Back" agreement with KCC who are running one Housing PFI and working up a second PFI in partnership with other Kent districts.
Audit Partnership	The partnership is in place working with the EKJAC districts, hosted by Dover.
East Kent Spatial Development Company	Supporting infrastructure at the White Cliffs Business Park and other Dover District Developments.
Connaught Barracks	Working with HCA on eco Housing Developments.
East Kent Joint Working	The framework for rolling out joint working across a wider range of services is being considered by the partner authorities, and the reports will have been considered by all Councils by the end of March 2010.

**GENERAL FUND BUDGET SUMMARY**

<b>2008/09 Actual</b>		<b>2009/10 Original Budget</b>	<b>2009/10 Projected Outturn (31 Dec 09)</b>	<b>2010/11 Proposed Budget</b>
<b>£</b>		<b>£</b>	<b>£</b>	<b>£</b>
	<b>Head of Service</b>			
2,568	Chief Executive	1,385	1,355	1,489
1,338	Head of Governance	1,419	1,407	1,454
1,987	Head of Housing, Culture & Community Safety	2,130	1,993	2,037
1,052	Head of Finance & ICT	397	327	217
3,030	Head of Development & Public Protection	2,777	2,658	2,500
6,668	Head of Property, Leisure & Waste Services	6,214	6,538	6,261
2,307	Head of Business & Community Transformation	2,373	2,220	2,436
350	Special Revenue Projects	101	521	107
0	Vacancy Allowance	-465	48	-400
0	Employment Stability Savings	-320	-144	-320
0	Joint Working	-25	-25	-25
-80	Council Tax Second Homes	-94	-94	-94
0	Contingency	100	59	60
0	Job Evaluation	250	0	50
-23	Exceptional Item (BCCI Monies)	0	0	0
<b>19,196</b>	<b>Net Service Expenditure</b>	<b>16,242</b>	<b>16,862</b>	<b>15,773</b>
-3,640	Depreciation	-1,171	-1,189	-1,035
1,596	Pension Adjustments	1,989	2,401	2,510
0	Exceptional VAT Refund re Cultural Services	0	-751	0
0	River Stour Drainage Board	0	60	62
	Contribution to/(from) Reserves:			
-149	- Local Development Framework Reserve	-220	-220	-124
-318	- Special Projects Reserve	-77	-521	-107
-194	- Planning Delivery Grant	-136	-136	-107
0	- Training Reserve	0	0	0
-6	- Corporate Review Reserve	0	-31	0
-1	- Major Events	-60	-50	-5
89	- Benefits Resilience / Overpayment Recovery	0	-69	52
72	- Concessionary Fares	0	0	0
0	- NDR Discretionary Relief Reserve	0	100	0
48	- Elections Reserve	48	48	48
0	- Private Sector Housing Surveys	0	0	0
7	- IT Equipment Reserve	8	8	35
45	- On Street Parking Reserve	0	0	0
67	- Cluster Preparation	0	-15	0
-42	- Invest to Save	0	-3	9
0	- Growth Point Funding	-67	-67	-67
0	- Investment Equalisation Reserve	-100	-100	0
0	- Transfer VAT receipt to Earmarked Reserves	0	551	0
<b>16,770</b>	<b>Net Service Expenditure</b>	<b>16,457</b>	<b>16,878</b>	<b>17,042</b>
	<b>Financing Adjustments</b>			
-667	Interest Receivable	-337	-184	-287
430	Interest Payable	405	405	405
-279	Deferred Charges	-347	-312	-280
254	Grant Applied	353	266	0
<b>16,509</b>	<b>Total Budget Requirement</b>	<b>16,530</b>	<b>17,053</b>	<b>16,881</b>
	<b>Financed by:</b>			
1,236	Revenue Support Grant	1,906	1,906	1,295
8,877	NNDR	8,258	8,258	8,919
10,113	Total Government Grant	10,164	10,164	10,215
50	Collection Fund Surplus	0	0	0
5,881	Council Tax	6,173	6,173	6,390
129	Area Based Grant	171	171	220
<b>16,173</b>	<b>Total Financing</b>	<b>16,508</b>	<b>16,508</b>	<b>16,824</b>
<b>336</b>	<b>General Fund (Surplus)/Deficit for the Year</b>	<b>23</b>	<b>545</b>	<b>57</b>
<b>-2,696</b>	<b>General Fund Balance at Start of Year</b>	<b>-1,951</b>	<b>-2,361</b>	<b>-1,815</b>
0	Carry Forwards adjustment	138	0	0
0	NDR Relief Reserve	100	0	0
0	Job Evaluation	90	0	0
<b>-2,361</b>	<b>Leaving Year End Balances of</b>	<b>-1,601</b>	<b>-1,815</b>	<b>-1,758</b>



## General Fund Service Expenditure by Cost Type

	2009/10 Original Budget	2009/10 Projected Outturn as at 31 Dec 2009	2010/11 Proposed Budget
	£000	£000	£000
<b>Direct Expenditure</b>			
Employees	15,724	15,440	17,219
Premises	1,710	1,681	1,781
Transport	280	296	323
Supplies and services	7,680	8,533	7,885
3rd parties	5,151	5,230	5,075
Transfer payments	37,459	37,714	40,858
<b>Total Direct Expenditure</b>	<b>68,004</b>	<b>68,894</b>	<b>73,141</b>
<b>Direct Income</b>			
Government Grants	(40,419)	(40,991)	(43,898)
Sales	(402)	(400)	(356)
Fees and Charges	(5,230)	(5,276)	(5,186)
Other Income	(1,636)	(1,958)	(3,474)
<b>Total Direct Income</b>	<b>(47,687)</b>	<b>(48,625)</b>	<b>(52,914)</b>
Central Support reallocation of costs	(2,376)	(2,295)	(2,359)
Depreciation	1,171	1,189	1,035
Government Grants Deferred	(353)	(266)	0
Pension Adjustment	(2,064)	(2,401)	(2,510)
Special Revenue Projects	101	521	107
Vacancy Allowance & Employment Stability 09/10	(465)	48	(400)
Employment Stability Savings from 08/09 Posts	(320)	(144)	(320)
Joint Working	(25)	(25)	(25)
Council Tax Second Homes	(94)	(94)	(94)
Contingency	100	59	60
Job Evaluation	250	0	50
Other	0	0	0
<b>Net Service Expenditure</b>	<b>16,242</b>	<b>16,862</b>	<b>15,773</b>

Service Summary		Budget 2010/2011									
		Costs controlled by Head of Service									
		FTE	Employees	Other Costs	Income	Sub-tot	Recharges In	Capital	Total Cost	Recharges Out	Total
C3300	CHIEF EXEC ADMIN TRADING ACCT	8.6	347,350	11,020	-	358,370	3,330	-	361,700	( 361,700)	-
<b>Total Chief Exec &amp; Secretaries</b>		<b>8.6</b>	<b>347,350</b>	<b>11,020</b>	<b>-</b>	<b>358,370</b>	<b>3,330</b>	<b>-</b>	<b>361,700</b>	<b>( 361,700)</b>	<b>-</b>
A1170	NON SERVICE SPECIFIC WORK		-	115,880	( 7,420)	108,460	425,180	-	533,640	-	533,640
<b>Total Non-Service Specific</b>			<b>-</b>	<b>115,880</b>	<b>( 7,420)</b>	<b>108,460</b>	<b>425,180</b>	<b>-</b>	<b>533,640</b>	<b>-</b>	<b>533,640</b>
C3740	PROJECTS & TRANSPORTATION UNIT	7.1	398,430	27,750	-	426,180	129,680	-	555,860	( 555,860)	-
K1020	SECTION 38		-	360	-	360	530	-	890	-	890
K2015	TRANSPORTATION SERVICES		-	158,500	-	158,500	58,960	19,550	237,010	-	237,010
K6000	PUBLIC TRANSPORT INITIATIVES		-	-	-	-	3,860	-	3,860	-	3,860
L4000	DOVER PRIDE	1.0	32,630	910	-	33,540	20,000	-	53,540	-	53,540
L4010	OTHER REGENERATION PROJECTS		-	-	-	-	91,770	-	91,770	-	91,770
L4020	CENTURION HOUSE		-	11,770	( 13,140)	( 1,370)	1,370	-	-	-	-
L4030	DOLPHIN HOUSE		-	16,110	( 25,540)	( 9,430)	9,430	-	-	-	-
L4040	CHARRINGTONS SITE		-	-	( 530)	( 530)	530	-	-	-	-
L4070	BRITANNIA PUBLIC HOUSE		-	5,840	( 5,840)	-	-	-	-	-	-
L4080	JG SITE		-	2,720	( 2,720)	-	-	-	-	-	-
L5000	ECONOMIC DEVELOPMENT		-	-	-	-	72,110	-	72,110	-	72,110
L5617	OPEN GOLF EVENT		-	97,000	( 97,000)	-	35,870	-	35,870	-	35,870
L5620	OLYMPIC TORCH EVENTS		-	15,000	-	15,000	680	-	15,680	-	15,680
L5630	OLYMPIC SCREEN		-	47,280	( 20,250)	27,030	31,910	-	58,940	-	58,940
L5640	WATERFRONT DEVELOPMENT		-	-	-	-	27,630	-	27,630	-	27,630
<b>Total Transport &amp; Regeneration</b>		<b>8.1</b>	<b>431,060</b>	<b>383,240</b>	<b>( 165,020)</b>	<b>649,280</b>	<b>484,330</b>	<b>19,550</b>	<b>1,153,160</b>	<b>( 555,860)</b>	<b>597,300</b>
A1040	CORPORATE PLANNING		-	-	-	-	135,150	-	135,150	-	135,150
C3336	POLICY & LEADERSHIP SUPPORT	1.8	88,440	3,750	-	92,190	10,670	-	102,860	( 102,860)	-
<b>Total Policy &amp; Leadership Support</b>		<b>1.8</b>	<b>88,440</b>	<b>3,750</b>	<b>-</b>	<b>92,190</b>	<b>145,820</b>	<b>-</b>	<b>238,010</b>	<b>( 102,860)</b>	<b>135,150</b>
A1050	CORP PRESS & PUBLICITY	1.0	47,290	73,230	-	120,520	102,860	-	223,380	-	223,380
C3331	DESIGN STUDIO	1.0	41,320	14,500	-	55,820	13,500	-	69,320	( 69,320)	-
<b>Total Corporate Press &amp; Publicity</b>		<b>2.0</b>	<b>88,610</b>	<b>87,730</b>	<b>-</b>	<b>176,340</b>	<b>116,360</b>	<b>-</b>	<b>292,700</b>	<b>( 69,320)</b>	<b>223,380</b>
		<b>20.5</b>	<b>955,460</b>	<b>601,620</b>	<b>( 172,440)</b>	<b>1,384,640</b>	<b>1,175,020</b>	<b>19,550</b>	<b>2,579,210</b>	<b>( 1,089,740)</b>	<b>1,489,470</b>

Service Summary		Budget 2010/2011									
		Costs controlled by Head of Service									
		FTE	Employees	Other Costs	Income	Sub-tot	Recharges In	Capital	Total Cost	Recharges Out	Total
C3330	HEAD OF GOVERNANCE	1.4	125,790	14,080	-	139,870	49,890	-	189,760	(189,760)	-
<b>Total Head of Service &amp; Investigator</b>		1.4	125,790	14,080	-	139,870	49,890	-	189,760	(189,760)	-
A1100	COUNCIL, CABINET & COMMITTEES		-	-	-	-	264,860	-	264,860	(42,850)	222,010
A1120	SCRUTINY		-	3,720	-	3,720	61,150	-	64,870	(10,580)	54,290
A1161	CHAIRMAN'S ACCOUNT		9,700	18,190	-	27,890	37,700	-	65,590	(11,180)	54,410
A1165	MEMBERS ACCOUNT		13,000	354,990	(7,500)	360,490	184,650	-	545,140	(91,100)	454,040
A1169	OTHER PUBLIC BODIES		-	22,000	-	22,000	34,800	-	56,800	-	56,800
<b>Total Members</b>			22,700	398,900	(7,500)	414,100	583,160	-	997,260	(155,710)	841,550
B4030	DISTRICT ELECTIONS		48,000	-	(48,000)	-	-	-	-	-	-
B4070	ELECTIONS - ADMIN		-	-	-	-	39,620	-	39,620	-	39,620
B4500	ELECTORAL REGISTRATION		1,090	78,430	(1,000)	78,520	85,350	-	163,870	-	163,870
C3301	DEMOCRATIC SERVICES	14.7	360,840	42,580	-	403,420	48,310	-	451,730	(451,730)	-
<b>Total Democratic Services</b>		14.7	409,930	121,010	(49,000)	481,940	173,280	-	655,220	(451,730)	203,490
B5000	LOCAL LAND CHARGES		120	20,730	(200,000)	(179,150)	154,890	-	(24,260)	-	(24,260)
<b>Total Land Charges</b>			120	20,730	(200,000)	(179,150)	154,890	-	(24,260)	-	(24,260)
C3960	LICENSING ADMIN TRAD ACCOUNT	5.2	181,600	(3,230)	-	178,370	30,460	-	208,830	(208,830)	-
E2010	LOCAL LICENSING & REGISTRATION		100	6,660	(97,350)	(90,590)	128,410	1,560	39,380	-	39,380
E2020	GAMBLING ACT 2005		1,000	600	(26,000)	(24,400)	41,890	-	17,490	-	17,490
E2030	HACKNEY CAR AND PVTE HIRE		200	10,700	(73,970)	(63,070)	106,890	-	43,820	-	43,820
<b>Total Licensing</b>		5.2	182,900	14,730	(197,320)	310	307,650	1,560	309,520	(208,830)	100,690
C3540	LEGAL TRADING ACCOUNT	8.5	458,320	65,350	(5,000)	518,670	46,310	790	565,770	(565,770)	-
<b>Total Legal</b>		8.5	458,320	65,350	(5,000)	518,670	46,310	790	565,770	(565,770)	-
C3520	AUDIT TRADING ACCOUNT		-	920	-	920	146,190	-	147,110	(147,110)	-
C5250	AUDIT PARTNERSHIP	8.2	407,020	38,160	(313,710)	131,470	11,100	-	142,570	(142,570)	-
<b>Total Audit</b>		8.2	407,020	39,080	(313,710)	132,390	157,290	-	289,680	(289,680)	-
C5300	SHARED SERVICES - HR	22.5	1,124,020	102,620	(1,076,160)	150,480	95,210	-	245,690	(245,690)	-
C5330	SHARED SERVICES - TRAINING & PROJECTS		330,000	112,000	(359,870)	82,130	-	-	82,130	(82,130)	-
C5350	SHARED SERVICES - PAYROLL		-	165,960	(138,670)	27,290	-	-	27,290	(27,290)	-
C3000	HUMAN RESOURCES TRADING ACCOUNT		-	-	-	-	296,220	-	296,220	(296,220)	-
C5000	TRAINING HOLDING ACCOUNT		25,000	-	-	25,000	-	-	25,000	-	25,000
<b>Total H R &amp; Corporate Training</b>		22.5	25,000	-	-	25,000	296,220	-	321,220	(296,220)	25,000
A1045	MODERNISING LOCAL GOVERNMENT		-	13,450	-	13,450	-	-	13,450	-	13,450
A1065	BEST VALUE & CPA		-	27,820	-	27,820	165,020	-	192,840	-	192,840
B1500	EMERGENCY PLANNING	1.0	46,400	16,550	-	62,950	37,970	-	100,920	-	100,920
C3335	PERFORMANCE & RISK TEAM	5.0	233,110	12,010	(13,000)	232,120	36,420	-	268,540	(268,540)	-
<b>Total Performance &amp; Risk</b>		6.0	279,510	69,830	(13,000)	336,340	239,410	-	575,750	(268,540)	307,210
		66.5	1,911,290	743,710	(785,530)	1,869,470	2,008,100	2,350	3,879,920	(2,426,240)	1,453,680

Service Summary		Budget 2010/2011									
Head of Housing, Culture and Community Safety		Costs controlled by Head of Service									
		FTE	Employees	Other Costs	Income	Sub-tot	Recharges In	Capital	Total Cost	Recharges Out	Total
M1910	WCCL SHARED COSTS WITH SHEPWAY DC		-	12,380	( 12,380)	-	-	-	-	-	-
C3850	HEAD OF HOUSING, CULTURE & COMMUNITY SAFETY	1.0	98,730	3,860	-	102,590	59,250	-	161,840	( 161,840)	-
<b>Head of Service</b>		1.0	98,730	16,240	( 12,380)	102,590	59,250	-	161,840	( 161,840)	-
C3360	HOUSING ADMINISTRATION TRAD ACCT	4.0	211,830	30,640	-	242,470	27,780	-	270,250	( 270,250)	-
C3855	HOUSING NEEDS TRADING ACCOUNT	11.0	319,680	14,920	-	334,600	56,410	-	391,010	( 391,010)	-
M1000	HOMELESSNESS		-	123,600	( 143,000)	( 19,400)	222,480	-	203,080	-	203,080
M1401	HOUSING STRATEGY		-	73,420	( 30,000)	43,420	121,030	-	164,450	-	164,450
M1410	CHOICE BASED LETTINGS		-	12,000	-	12,000	-	-	12,000	-	12,000
<b>Strategic Housing</b>		15.0	531,510	254,580	( 173,000)	613,090	427,700	-	1,040,790	( 661,260)	379,530
M1100	PRIVATE SECTOR HOUSING	7.0	265,060	337,550	( 327,600)	275,010	78,640	1,580	355,230	-	355,230
M1200	RENOVATION GRANTS		-	695,830	( 408,000)	287,830	138,590	-	426,420	-	426,420
M1900	WHITE CLIFFS CARELINE		-	-	( 6,450)	( 6,450)	-	-	( 6,450)	-	( 6,450)
<b>Private Sector Housing</b>		7.0	265,060	1,033,380	( 742,050)	556,390	217,230	1,580	775,200	-	775,200
E8700	CRIME AND DISORDER	1.0	32,820	1,470	( 35,000)	( 710)	13,640	-	12,930	-	12,930
M4000	ANTI-SOCIAL BEHAVIOUR	2.8	124,210	17,700	( 55,000)	86,910	44,300	1,640	132,850	-	132,850
M4400	YOUTH TASK FORCE FUNDING		-	51,250	-	51,250	-	-	51,250	-	51,250
<b>Community Safety</b>		3.8	157,030	70,420	( 90,000)	137,450	57,940	1,640	197,030	-	197,030
L3020	DOVER MUSEUM	7.7	274,300	128,830	( 71,500)	331,630	44,660	65,510	441,800	-	441,800
L3022	MUSEUMS-BRONZE AGE BOAT-EXHIBIT		-	23,440	( 4,000)	19,440	1,650	-	21,090	-	21,090
L3025	DOVER MUSEUM SCHOOLS		3,700	21,190	( 21,000)	3,890	3,750	-	7,640	-	7,640
L3026	SANDWICH RESEARCH PROJECT		-	20,000	( 20,000)	-	-	-	-	-	-
L3027	DOVER MUSEUM - BEQUEST WORK	1.0	22,050	-	-	22,050	( 220)	-	21,830	-	21,830
L3302	DISCOVERY CENTRE GRANT		-	25,000	-	25,000	-	-	25,000	-	25,000
L3600	GRAND SHAFT-WESTERN HEIGHTS		-	2,820	-	2,820	2,250	-	5,070	-	5,070
<b>Museum Service</b>		8.7	300,050	221,280	( 116,500)	404,830	52,090	65,510	522,430	-	522,430
L5601	TOURISM DEVELOPMENT		-	55,650	( 21,000)	34,650	11,810	-	46,460	-	46,460
L5605	TOURISM-SPECIAL EVENTS		-	-	-	-	1,910	-	1,910	-	1,910
L5606	TOURISM PROMOTIONS		-	-	-	-	-	1,250	1,250	-	1,250
L5610	VIC GRANTS & HISTORIC PANELS		-	16,760	-	16,760	1,340	1,760	19,860	-	19,860
L7010	DOVER TOURIST INFORMN CENTRE	3.0	96,540	20,660	( 36,970)	80,230	9,490	3,290	93,010	-	93,010
<b>Tourism</b>		3.0	96,540	93,070	( 57,970)	131,640	24,550	6,300	162,490	-	162,490
		38.5	1,448,920	1,688,970	( 1,191,900)	1,945,990	838,760	75,030	2,859,780	( 823,100)	2,036,680

ANNEX 2C

Service Summary		Head of Finance and ICT		Costs controlled by Head of Service					Budget 2010/2011				
				FTE	Employees	Other Costs	Income	Sub-tot	Recharges In	Capital	Total Cost	Recharges Out	Total
				C3310	HEAD OF FINANCE & ICT	1.0	98,450	1,000	-	99,450	26,030	-	125,480
<b>Total Head of Service</b>		1.0	98,450	1,000	-	99,450	26,030	-	125,480	( 125,480)	-		
A1075	TREASURY MANAGEMENT		-	19,100	-	19,100	34,550	-	53,650	-	53,650		
C3500	ACCOUNTANCY TRADING ACCOUNT	11.9	522,000	29,540	-	551,540	88,540	-	640,080	( 640,080)	-		
<b>Total Accountancy</b>		11.9	522,000	48,640	-	570,640	123,090	-	693,730	( 640,080)	53,650		
A5001	UNAPPORTIONABLE OVERHEADS		-	85,370	15,000	100,370	-	-	100,370	-	100,370		
C3010	COMPUTER SERVICES TRADING ACCT	11.5	567,670	297,280	-	864,950	26,960	-	891,910	( 891,910)	-		
C3050	PRINT UNIT TRADING ACCOUNT	2.0	65,100	126,230	( 220,740)	( 29,410)	29,410	-	-	-	-		
<b>Total I C T</b>		13.5	632,770	508,880	( 205,740)	935,910	56,370	-	992,280	( 891,910)	100,370		
C3020	PROCUREMENT, CREDITORS & INCOME	5.5	206,420	8,830	( 8,000)	207,250	59,410	20,000	286,660	( 286,660)	-		
<b>Total Procurement, Creditors &amp; Income</b>		5.5	206,420	8,830	( 8,000)	207,250	59,410	20,000	286,660	( 286,660)	-		
C3550	PAYROLL TRADING ACCOUNT		-	2,500	-	2,500	30,950	-	33,450	( 33,450)	-		
<b>Total Payroll</b>		-	-	2,500	-	2,500	30,950	-	33,450	( 33,450)	-		
B1600	GRANTS TO VOL ORGS		-	481,390	( 300,000)	181,390	5,080	-	186,470	-	186,470		
<b>Total Grants</b>		-	-	481,390	( 300,000)	181,390	5,080	-	186,470	-	186,470		
A1070	SPECIAL FEES AND PAYMENTS		-	26,000	-	26,000	2,690	-	28,690	-	28,690		
A5000	SUPERANNUATION BACKFUNDING		1,894,090	-	-	1,894,090	( 2,054,820)	-	( 160,730)	-	( 160,730)		
C5010	OFFICE TELEPHONES HLDG ACCOUNT		-	61,100	( 61,100)	-	-	-	-	-	-		
K5000	ENVIRONMENTAL IMPROVEMENTS		-	-	-	-	630	8,310	8,940	-	8,940		
<b>Total Corporate</b>		-	1,894,090	87,100	( 61,100)	1,920,090	( 2,051,500)	8,310	( 123,100)	-	( 123,100)		
		31.9	3,353,730	1,138,340	( 574,840)	3,917,230	( 1,750,570)	28,310	2,194,970	( 1,977,580)	217,390		

ANNEX 2D

Service Summary		Budget 2010/2011									
Head of Development and Public Protection		Costs controlled by Head of Service									
		FTE	Employees	Other Costs	Income	Sub-tot	Recharges In	Capital	Total Cost	Recharges Out	Total
C3765	HEAD OF DEVELOPMENT & PUBLIC PROTECTION	1.0	97,840	3,600	-	101,440	56,640	-	158,080	(158,080)	-
	<b>Head of Service</b>	1.0	97,840	3,600	-	101,440	56,640	-	158,080	(158,080)	-
H1000	BUILDING CONTROL	9.2	394,820	16,290	(301,600)	109,510	77,190	-	186,700	-	186,700
	<b>Building Control</b>	9.2	394,820	16,290	(301,600)	109,510	77,190	-	186,700	-	186,700
C3780	CONSERVATION/PRESERVATION ADMI	3.5	155,250	6,370	-	161,620	13,250	-	174,870	(174,870)	-
H2030	CONSERVATION & PRESERVATION		1,000	4,630	(350)	5,280	107,730	-	113,010	-	113,010
	<b>Conservation</b>	3.5	156,250	11,000	(350)	166,900	120,980	-	287,880	(174,870)	113,010
C3980	ENVIRONMENTAL HEALTH	14.0	567,890	42,970	-	610,860	106,670	-	717,530	(717,530)	-
E1000	FOOD SAFETY AND HYGIENE		-	18,300	-	18,300	111,640	-	129,940	-	129,940
E1100	HEALTH AND SAFETY AT WORK		3,470	1,250	-	4,720	89,600	-	94,320	-	94,320
E1300	PEST CONTROL		-	39,800	(25,000)	14,800	61,100	-	75,900	-	75,900
E1400	POLLUTION CONTROL		-	29,630	(25,000)	4,630	134,030	2,350	141,010	-	141,010
E1430	ENVIRONMENTAL ENFORCEMENT		18,000	7,550	-	25,550	163,400	-	188,950	-	188,950
E1500	PORT HEALTH		7,000	6,850	(18,100)	(4,250)	94,990	-	90,740	-	90,740
E2100	DOG CONTROL MEASURES		-	66,150	(6,700)	59,450	30,360	-	89,810	-	89,810
	<b>Environmental Health</b>	14.0	596,360	212,500	(74,800)	734,060	791,790	2,350	1,528,200	(717,530)	810,670
C5240	PLANNING DELIVERY GRANT		3,000	29,000	-	32,000	4,810	-	36,810	-	36,810
H3000	DEVELOPMENT CONTROL	20.0	748,020	132,720	(464,000)	416,740	459,720	1,190	877,650	-	877,650
	<b>Development Control</b>	20.0	751,020	161,720	(464,000)	448,740	464,530	1,190	914,460	-	914,460
C3760	FORWARD PLANNING - ADMIN	5.5	250,100	30,870	-	280,970	34,640	-	315,610	(315,610)	-
H4000	DEVELOPMENT PLAN		-	127,860	-	127,860	346,810	-	474,670	-	474,670
	<b>Development Plan</b>	5.5	250,100	158,730	-	408,830	381,450	-	790,280	(315,610)	474,670
		53.2	2,246,390	563,840	(840,750)	1,969,480	1,892,580	3,540	3,865,600	(1,366,090)	2,499,510

Service Summary		Budget 2010/2011									
Head of Property, Leisure & Waste Management		Costs controlled by Head of Service									
		FTE	Employees	Other Costs	Income	Sub-tot	Recharges In	Capital	Total Cost	Recharges Out	Total
C3600	HEAD OF PROPERTY, LEISURE & WASTE MGMT	1.0	98,400	3,970	-	102,370	41,090	-	143,460	(143,460)	-
<b>Head of Service</b>		<b>1.0</b>	<b>98,400</b>	<b>3,970</b>	<b>-</b>	<b>102,370</b>	<b>41,090</b>	<b>-</b>	<b>143,460</b>	<b>(143,460)</b>	<b>-</b>
C3715	PROPERTY SERVICES	35.4	1,255,060	144,920	(20,100)	1,379,880	178,050	1,640	1,559,570	(1,559,570)	-
C3954	MAISON DIEU PREMISES	-	-	10,760	-	10,760	1,840	-	12,600	(12,600)	-
C3956	DEAL AREA OFFICE TRADING ACCT	-	-	11,860	-	11,860	2,730	-	14,590	(14,590)	-
C3957	DOVER AREA OFFICE (CASTLE ST)	-	-	72,430	(72,250)	180	7,830	980	8,990	(8,990)	-
C3958	SANDWICH AREA OFFICE TRAD ACCT	-	-	4,670	-	4,670	2,040	730	7,440	(7,440)	-
C3959	AYLESHAM AREA OFFICE TRAD ACCT	-	-	2,800	-	2,800	2,540	-	5,340	(5,340)	-
C5001	CORPORATE MAINTENANCE	-	-	460,000	-	460,000	-	-	460,000	-	460,000
C5200	OFFICE ACCOMODATION-WHITFIELD	3.2	68,110	399,700	-	467,810	(2,200)	37,190	502,800	(502,800)	-
E4100	PUBLIC CONVENIENCES	-	-	241,320	(58,320)	183,000	22,310	16,920	222,230	-	222,230
E5000	DEPOTS	-	-	3,500	(30,900)	(27,400)	1,510	12,330	(13,560)	-	(13,560)
E6000	CEMETERIES	-	-	197,220	(122,580)	74,640	48,940	710	124,290	-	124,290
E6100	CLOSED CHURCHYARDS	-	-	38,200	-	38,200	20,960	-	59,160	-	59,160
E8000	COAST PROTECTION	-	-	530	(100,000)	(99,470)	48,010	249,710	198,250	-	198,250
K2040	BUS SHELTERS	-	-	14,170	(8,500)	5,670	3,060	-	8,730	-	8,730
K3000	PRECINCTS-DEAL AND DOVER	-	-	29,800	-	29,800	9,000	-	38,800	-	38,800
L1399	MISC PROPERTIES-GENERAL	-	-	59,820	(227,100)	(167,280)	227,740	18,700	79,160	-	79,160
L2000	HALLS-TOWN HALL DEAL	-	-	2,540	(1,580)	960	4,000	5,900	10,860	-	10,860
L2010	HALLS-TOWN HALL DOVER	-	-	103,170	-	103,170	18,000	69,000	190,170	-	190,170
<b>Property Services</b>		<b>38.6</b>	<b>1,323,170</b>	<b>1,797,410</b>	<b>(641,330)</b>	<b>2,479,250</b>	<b>596,360</b>	<b>413,810</b>	<b>3,489,420</b>	<b>(2,111,330)</b>	<b>1,378,090</b>
C3610	WASTE SERVICES TRADING ACCOUNT	5.0	228,120	16,410	-	244,530	31,810	-	276,340	(276,340)	-
E4000	CESSPOOL EMPTYING	-	-	-	-	-	-	-	-	-	-
E4200	REFUSE COLLECTION	-	-	1,370,860	(46,500)	1,324,360	138,500	2,760	1,465,620	-	1,465,620
E4210	RECYCLING	-	-	1,211,070	(676,000)	535,070	120,650	2,760	658,480	-	658,480
E4220	WASTE MANAGEMENT JOINT WORKING	-	-	-	-	-	-	-	-	-	-
E4300	STREET CLEANSING	-	-	1,013,040	(93,930)	919,110	192,010	2,770	1,113,890	-	1,113,890
<b>Waste Services</b>		<b>5.0</b>	<b>228,120</b>	<b>3,611,380</b>	<b>(816,430)</b>	<b>3,023,070</b>	<b>482,970</b>	<b>8,290</b>	<b>3,514,330</b>	<b>(276,340)</b>	<b>3,237,990</b>
C3730	LEISURE SVCS TRADING ACCT	3.0	152,620	3,090	-	155,710	29,850	-	185,560	(185,560)	-
K2020	COUNTRYSIDE AND WATERWAYS	-	-	-	-	-	3,100	-	3,100	-	3,100
L1800	RELOCATION OF TRAVELLERS	-	-	-	-	-	2,890	-	2,890	-	2,890
L3000	TIMEBALL TOWER, DEAL	-	-	880	(380)	500	1,080	-	1,580	-	1,580
L3630	PUBLIC CLOCKS AND MEMORIALS	-	-	1,740	(100)	1,640	2,320	-	3,960	-	3,960
L5050	A/C BODY RCHG-SRB,S/START,WCCP	-	-	-	-	-	45,600	-	45,600	-	45,600
L5400	NATURAL EAST KENT PROGRAMME	-	-	-	-	-	-	-	-	-	-
L6000	WHITE CLIFFS COUNTRYSIDE PROJECT	3.6	154,570	17,690	(95,700)	76,560	23,000	440	100,000	-	100,000
M2100	BEACHES AND FORESHORES	-	-	21,480	(36,150)	(14,670)	26,210	16,790	28,330	-	28,330
M2200	DEAL PIER	3.0	94,660	66,370	(65,150)	95,880	30,080	123,130	249,090	-	249,090
M2210	SANDWICH QUAY	-	-	4,610	(16,500)	(11,890)	7,650	-	(4,240)	-	(4,240)
M2300	PARKS AND OPEN SPACES	-	-	678,130	(80,300)	597,830	179,750	64,420	842,000	-	842,000
M2400	PLAYSCHEME	-	-	18,200	-	18,200	3,030	-	21,230	-	21,230
M2500	DOVER LEISURE CENTRE	-	-	402,830	(78,120)	324,710	35,950	57,130	417,790	-	417,790
M2510	DEAL LEISURE POOL-TIDES	-	-	33,390	-	33,390	33,530	167,290	234,210	-	234,210
M2520	DEAL TENNIS CENTRE	-	-	15,000	-	15,000	12,340	12,900	40,240	-	40,240
M2600	SPORTS STRTGY, IMPLMTN & GRNTS	-	-	18,570	(1,630)	16,940	73,710	-	90,650	-	90,650
M2610	PROPERTY SERVICES EVENTS	-	-	7,150	(10,100)	(2,950)	7,070	-	4,120	-	4,120
M2615	BLERIOT PROJECT	-	-	-	-	-	70	-	70	-	70
<b>Leisure Services</b>		<b>9.6</b>	<b>401,850</b>	<b>1,289,130</b>	<b>(384,130)</b>	<b>1,306,850</b>	<b>517,230</b>	<b>442,100</b>	<b>2,266,180</b>	<b>(185,560)</b>	<b>2,080,620</b>
C3390	PARKING SERVICES ADMINISTRATION	4.5	129,570	39,080	-	168,650	36,930	4,330	209,910	(209,910)	-
C3392	PARKING OPERATIONS & ENFORCEMENT	16.5	403,530	38,170	-	441,700	22,190	-	463,890	(463,890)	-
E2200	CCTV	7.7	232,940	98,310	(2,400)	328,850	26,720	12,630	368,200	-	368,200
K4000	CAR PARKS-SURFACE FREE	-	-	9,010	-	9,010	27,450	-	36,460	-	36,460
K4010	CAR PARKS-SURFACE PAYING	-	-	451,640	(1,587,200)	(1,135,560)	260,110	3,640	(871,810)	-	(871,810)
K4020	CAR PARKS-MULTI STOREY	-	-	35,520	-	35,520	930	-	36,450	-	36,450
K4030	CAR PARKS - ON STREET	-	-	45,510	(613,350)	(567,840)	562,810	-	(5,030)	-	(5,030)
<b>Parking &amp; CCTV</b>		<b>28.7</b>	<b>766,040</b>	<b>717,240</b>	<b>(2,202,950)</b>	<b>(719,670)</b>	<b>937,140</b>	<b>20,600</b>	<b>238,070</b>	<b>(673,800)</b>	<b>(435,730)</b>
		<b>82.9</b>	<b>2,817,580</b>	<b>7,419,130</b>	<b>(4,044,840)</b>	<b>6,191,870</b>	<b>2,574,790</b>	<b>884,800</b>	<b>9,651,460</b>	<b>(3,390,490)</b>	<b>6,260,970</b>

ANNEX 2F

Service Summary		Budget 2010/2011									
Head Of Business & Community Transformation		Costs controlled by Head of Service									
		FTE	Employees	Other Costs	Income	Sub-tot	Recharges In	Capital	Total Cost	Recharges Out	Total
C3970	HEAD OF REVENUES & BENEFITS	1.0	99,330	4,170	-	103,500	31,540	-	135,040	(135,040)	-
	<b>Head of Service</b>	1.0	99,330	4,170	-	103,500	31,540	-	135,040	(135,040)	-
B2100	COUNCIL TAX - COST OF COLLECTION		-	60,410	(350,000)	(289,590)	650,860	3,970	365,240	-	365,240
B2300	NNDR - COST OF COLLECTION		-	14,080	(173,750)	(159,670)	175,690	-	16,020	-	16,020
C3388	CORPORATE INCOME COLLECTION	16.8	500,190	(11,970)	-	488,220	124,180	-	612,400	(612,400)	-
	<b>Corporate Income</b>	16.8	500,190	62,520	(523,750)	38,960	950,730	3,970	993,660	(612,400)	381,260
B1620	NNDR DISCRETIONARY RELIEF		-	110,000	-	110,000	5,760	-	115,760	-	115,760
	<b>NNDR</b>		-	110,000	-	110,000	5,760	-	115,760	-	115,760
B7000	BENEFITS & SUBSIDIES	20.3	521,260	41,042,730	(42,262,500)	(698,510)	1,118,970	8,860	429,320	-	429,320
C3975	REVENUES & BENEFITS ADMIN	9.3	262,130	156,750	(8,110)	410,770	143,660	-	554,430	(554,430)	-
	<b>Welfare Benefits</b>	29.6	783,390	41,199,480	(42,270,610)	(287,740)	1,262,630	8,860	983,750	(554,430)	429,320
C3977	BENEFITS FRAUD	2.0	59,080	17,180	(3,500)	72,760	25,840	-	98,600	(98,600)	-
	<b>Counter-fraud</b>	2.0	59,080	17,180	(3,500)	72,760	25,840	-	98,600	(98,600)	-
C3030	MAIL ROOM TRADING ACCOUNT	2.0	45,320	36,900	-	82,220	5,630	-	87,850	(87,850)	-
C3376	DDC @ YOUR SERVICE	35.4	1,033,100	96,340	(3,000)	1,126,440	235,480	9,070	1,370,990	(1,370,990)	-
C5060	MAIL ROOM POSTAGE ACCOUNT		-	123,000	(123,000)	-	-	-	-	-	-
K7000	CONCESSIONARY FARES		-	1,368,300	(357,680)	1,010,620	64,340	-	1,074,960	-	1,074,960
	<b>DDC@yourservice</b>	37.4	1,078,420	1,624,540	(483,680)	2,219,280	305,450	9,070	2,533,800	(1,458,840)	1,074,960
C3365	SNR COMMUNITY DEVELOPMENT OFFICER	3.9	162,250	(17,760)	-	144,490	42,230	-	186,720	(186,720)	-
M1510	REGEN OFFICER SMALL PROJECTS	0.4	210	103,330	(115,000)	(11,460)	15,590	-	4,130	-	4,130
M1520	REGEN OFFICER AYLESHAM	1.0	31,110	2,200	(32,300)	1,010	7,770	-	8,780	-	8,780
M1530	COMMUNITY COHESION		-	134,250	-	134,250	26,840	-	161,090	-	161,090
M1540	HEALTH & WELL-BEING	3.2	81,250	20,710	-	101,960	66,670	-	168,630	-	168,630
M2650	YOUTH STRATEGY	1.0	32,780	4,600	-	37,380	44,630	-	82,010	-	82,010
	<b>Community Development</b>	9.5	307,600	247,330	(147,300)	407,630	203,730	-	611,360	(186,720)	424,640
B7005	NATIONAL LEAFLET PROJECT		-	40,000	(70,120)	(30,120)	40,590	-	10,470	-	10,470
C3344	CORPORATE EFFICIENCY PROJECTS	1.0	46,500	1,090	-	47,590	20,850	-	68,440	(68,440)	-
	<b>Business Transformation</b>	1.0	46,500	41,090	(70,120)	17,470	61,440	-	78,910	(68,440)	10,470
		97.3	2,874,510	43,306,310	(43,498,960)	2,681,860	2,847,120	21,900	5,550,880	(3,114,470)	2,436,410

ANNEX 2G



**Key Variances in Budget 2009/10 Original to 2009/10 Projected Outturn and 2009/10 Projected Outturn to 2010/11 Original**

This summary provides a full reconciliation of 2009/10 original budget to 2009/10 projected outturn and 2009/10 projected outturn to 2010/11 proposed budget. It should be noted that this is a budget reconciliation and does not include any changes to service focus or activity within sections, these are detailed at the end of the service descriptions by Head of Service within the report.

**Change in Budget Deficit**

		£	£
2009/10 Original (OR) Budget Deficit		22,640	
2009/10 Projected Outturn (PO) Budget Deficit		545,300	545,300
2010/11 Original (OR) Budget Deficit			57,120
<b>Increase / (Decrease) in Budget Deficit</b>		<b>522,660</b>	<b>-488,180</b>

**Variances in Financing the Budget Requirement**

Government Grant	0.5% increase in grant	0	-50,820
Council Tax	2.5% council tax increase plus increase in tax base	0	-216,360
Collection Fund	No surplus anticipated in 2009/10 and 2010/11	0	0
Area Based Grants	Non-ringfenced grants, but with intended purposes	0	-49,000
		0	-316,180

**Change in Budget Requirement**

		£	£
2009/10 Original (OR) Budget Requirement		16,530,200	
2009/10 Projected Outturn (PO) Budget Requirement		17,052,850	17,052,850
2010/11 Original (OR) Budget Requirement			16,880,850
<b>Increase / (Decrease) in Budget Requirement</b>		<b>522,650</b>	<b>-172,000</b>

		<b>ANNEX 3</b>	
<b>Key Variances Accounting for Change in Budget Requirement</b>		2009/10 OR - 2009/10 PO	2009/10 PO - 2010/11 OR
		£	£
<b>Corporate / General Changes</b>	<b>Notes</b>		
Salaries - inflation, increments and minor grade changes	Variation includes prior year vacancy savings (approx £600k) post savings & salary point movements. (2009/10 = inflation saving only).	-148,490	667,400
Job Evaluation	09/10 includes £89,956 reported to General Purposes Committee Sep 09.	143,310	
Job Evaluation	2010/11 £50k allowance for impact of regrades / appeals.		50,000
Vacancy Provision & Employment Stability targets	09/10 - leaves £96,340 to be achieved	688,660	-623,660
<b>Total employee related corporate changes</b>		<b>683,480</b>	<b>93,740</b>
Corporate saving on all insurance policies		-25,960	0
Net change in central support to HRA, Partnerships etc	Includes changes in Superannuation Backfunding and Premature Retirement Payments	18,270	25,170
Joint working	Corporate target £25k, offset by £10k facilitation pressure	0	10,000
Contingency	£54k of the 2009/10 £100k provision has been earmarked (& £41k spent). 2010/11 contingency set at reduced level of £60k.	-40,670	670
Second Homes Monies		0	0
Transfers to / from reserves, other than to finance expenditure.	This is the net effect of the various transfers to and from earmarked reserves not offsetting expenditure above the line.	75,300	50,000
VAT Refund	Proposed use of VAT refund	-200,000	200,000
Utilities inflation		0	8,400
Postage	Royal Mail price rises and increased volumes of postage	0	25,920
Interest Receivable	Based on an average return on investments of 1.31% in 2009/10 and 2.32% in 2010/11	153,280	-102,580
River Stour Drainage Board	Above inflationary increase in 2009/10 to enable delivery of DEFRA's High Level Targets for Flood Risk Management and biodiversity, and Health & Safety standards.	7,040	1,830

			<b>ANNEX 3</b>
<b>Key Variances Accounting for Change in Budget Requirement</b>		2009/10 OR - 2009/10 PO	2009/10 PO - 2010/11 OR
<b>Heads of Service Variances</b>			
<b>Chief Executive</b>			
Employee reductions / savings	2009/10 Budget Monitoring savings	-75,250	
Other :-			
Various	2008/09 Budget carry forward	8,480	
Regeneration	Cost of Olympic Screen		10,730
Transportation	Footway lighting electricity saving	-3,000	
Corporate Press & Publicity	Joint DDC / KCC newsletter and transfer of budget to Corporate Communications		-14,000
Corporate Press & Publicity	Corporate communication budget	-35,800	35,800
Corporate Press & Publicity	Corporate postage budget - incl. Increase in postage price & volumes	10,000	
<b>Head of Governance</b>			
Employee reductions / savings	2009/10 Budget Monitoring savings	-53,510	
Other :-			
Various	2008/09 Budget carry forward	11,170	
Licensing	Business transformation / joint working savings target		-15,000
Licensing	Reduced Hackney Carriage income forecast		52,960
Human Resources	East Kent HR joint working saving		-78,670
Internal Audit	Reduced number of audit days		-5,600
Legal	Reduction in Section 106 income received and other minor adjustments		47,000
Land Charges	Increased income based on 10% increase in activity in housing market		-18,000
Performance & Risk	Emergency planning partnership arrangement to be developed for implementation from Autumn 2010		-15,950
Performance & Risk	Savings target for shared provision of insurance with East Kent partners		-10,000
Members	No increase in Members allowances, savings in postage, Scrutiny and other minor budgets		-12,500

		<b>ANNEX 3</b>	
<b>Key Variances Accounting for Change in Budget Requirement</b>		2009/10 OR - 2009/10 PO	2009/10 PO - 2010/11 OR
<b>Head of Housing, Culture and Community Safety</b>			
Employee reductions / savings	2009/10 Budget Monitoring savings	-58,730	
<b>Other :-</b>			
Private Sector Housing	2008/09 Budget carry forward (incl. £33,500 Housing Options Advisor (young people) - two year contract)	34,620	
Private Sector Housing	Private Sector Housing savings in consultancy for survey costs	-30,000	-20,000
Private Sector Housing	Reduced interest receivable on Grant Monies held	31,200	0
Private Sector Housing	Reduced contribution to outside bodies		-13,600
Homelessness	Homelessness grant - additional use in 2009/10.	-5,000	
Anti-Social Behaviour	Savings in equipment & consultants fees		-9,500
Tourism / Dover VIC	Tourism income - various	-9,330	
Careline	Income anticipated from Shepway		-6,450
Museum	Equipment maintenance increased cost & reduced admissions income forecast		12,000
Tourism	Increased tourism advertising income		-4,900
Tourism	Removal of remaining VIC grants to town councils		-11,400
<b>Head of Finance and ICT</b>			
Employee reductions / savings	2009/10 Budget Monitoring savings	-104,640	
<b>Other :-</b>			
Various	2008/09 Budget carry forward (incl. IT security upgrades)	58,570	
Finance	Joint working target		-27,420
Grants	Additional grant to Astor Theatre approved by Cabinet	5,000	
Grants	Reduce Neighbourhood Forum grant contribution payable		-22,500
ICT	Additional PC replacements and software purchases		10,440
Print Unit	Reduced charge to HRA for cost of Print Unit		46,230
ICT/Print Unit	Delay of new equipment lease and termination of further lease agreement	-16,100	
ICT/Payroll	Additional costs for migration of DDC payroll data to shared service format in readiness for joint working	4,500	
Payroll	Payroll shared service estimated saving not achieved 09/10 due to delayed start. Saving deferred to 10/11.	25,000	-33,140

		<b>ANNEX 3</b>	
<b><u>Key Variances Accounting for Change in Budget Requirement</u></b>		2009/10 OR - 2009/10 PO	2009/10 PO - 2010/11 OR
<b>Head of Development and Public Protection</b>			
Employee reductions / savings	2009/10 Budget Monitoring savings	-91,760	
<b>Other :-</b>			
Various	2008/09 Budget carry forward	4,700	
Economic Development	Reduction of contributions to outside bodies	0	
Building Control	Building Control forecast income reduction due to economic slowdown, despite fee increase assumed from 01/01/09. Slight improvement expected 2010/11.	34,300	-12,000
Building Control	Efficiency savings to be investigated if reduced income levels continue		-25,000
Development Control	Reduced Development Control income forecast. Offset in 2009/10 by introduction of charging for pre-application & urban design advice but the latter also below budget.	35,000	0
Development Control	Increased printing costs due to higher level of electronic submissions		7,200
Environmental Health	Reduced pest control income forecast		7,000

		<b>ANNEX 3</b>	
<b>Key Variances Accounting for Change in Budget Requirement</b>		2009/10 OR - 2009/10 PO	2009/10 PO - 2010/11 OR
<b>Head of Property, Leisure &amp; Waste Management</b>			
Employee reductions / savings	2009/10 Budget Monitoring savings	-38,560	
	Departmental restructure savings		-145,000
<b>Other :-</b>			
Bleriot	Bleriot Event costs, incl. Potential bad debt for costs charged to event organiser - covered by contingency use above	29,650	
Dover Town Hall	Reduced management charges under new contract with Thanet Leisure Service	-5,340	
Area Offices	Sandwich & Aylesham Area Office savings, incl. rent, following relocations.	-9,050	
Refuse/Recycling/Street Cleansing	2009/10 SITA Waste contracts inflation savings	-74,410	
Recycling	Impact of enhanced recycling service from Jan 2009 (extra vehicle)	63,820	
Recycling	Recycling - promotions savings - no further recycling publicity or promotion planned in 09/10 (use of corporate pot in 10/11)	-12,910	
Recycling	Reduced Recycling income due to drop in price achievable for waste paper sales	34,750	
Recycling	Increase Haulage costs for enhancements to recycling service, incl. gate fees	70,000	
Recycling	2010/11 estimated recycling contract savings		-93,800
Refuse collection	Refuse – reduction in special collections income	5,000	
Refuse collection	2010/11 estimated refuse contract savings		-91,300
Street cleansing	2010/11 estimated street cleansing contract savings		-99,590
Car Parking	Car Park Fee income reduction (incl. additional reimbursement to 3rd parties)	92,440	
Car Parking	Parking PCN Income reduction arising from staff vacancies and additional resource for compliance work	51,100	
Car Parking	Parking Season Tickets income reduction arising from Social Services relocation (no tickets required for Camden Crescent)	13,800	
Public Conveniences	Public Conveniences – adverse effect of budgeted closures not achieved, but offset by some contribution from Town Councils in 2009/10. Savings now anticipated in 2010/11.	17,900	-57,270
Properties	NDR increases across services	6,590	44,870
Properties	Increased Corporate Maintenance budget		13,000
Properties	Miscellaneous property rent income review		-41,900
Deal Pier	Pier Income - Increase Fishing Income and Insurance charges under restaurant lease, less rent shortfall following departure of tenants	-9,900	-6,330
Leisure	Grant to Sandwich Leisure Centre Trust		3,000

		<b>ANNEX 3</b>	
<b>Key Variances Accounting for Change in Budget Requirement</b>		2009/10 OR - 2009/10 PO	2009/10 PO - 2010/11 OR
<b>Head of Business &amp; Community Transformation</b>			
Employee reductions / savings	2009/10 Budget Monitoring savings	-117,720	
Other :-			
Various	2008/09 Budget carry forward	20,000	
Overall Section	Target for efficiency savings above departmental restructure already budgeted		-50,000
National Leaflet Project	Net release of old grant monies for National Leaflet Project	-29,510	
Council Tax Income	Penalties & Fines recovery - increase anticipated on Council Tax income, based on YTD figures	-36,000	-14,000
NDR Income	Penalties & Fines recovery - increase anticipated on NDR income, based on YTD figures	-2,000	
DDC @ Your Service	Gateway net surplus income from KCC		-10,000
DDC @ Your Service	Website advertising income, post office payments & staff training saving		-6,800
Revenues & Benefits	Shared service opportunity for systems and appeals, including merged database (40% on licences and maintenance)		-14,000
Revenues & Benefits	Admin Grant reduction		19,490
Revenues & Benefits	Reduced net credit from overpayments and subsidy income		14,900
Concessionary Fares	DDC share of determination of the appeal made by Stagecoach East Kent against the Kent & Medway Scheme (subject to Judicial Review)		162,700
		519,810	-185,150
Numerous Miscellaneous Variances		2,840	13,150
<b>Total</b>		<b>522,650</b>	<b>-172,000</b>
C:\Documents and Settings\K_Scott\My Documents\test\Final Annexes for MTFP.xls\Annex 1 Summary			

**THREE YEAR REVENUE BUDGET FINANCIAL  
PROJECTION**

Notes	2009/10 Projected Outturn as at 31/12/09 £000	2010/11 Proposed Budget £000	2011/12 Forecast £000	2012/13 Forecast £000
1	<b>17,053 Net Budget Requirement</b>	<b>16,881</b>	<b>16,881</b>	<b>16,881</b>
	<b>Corporate Pressures</b>			
2	Salary Inflation / Increments / Impact of JE		202	305
3	Pension Backfunding (Triennial Valuation from 11/12)		193	386
4	National Insurance increase 0.5% from April 2011		55	55
5	Contract inflation @ 2%		93	189
6	Average inflation rate on non-specifically inflated items @ 2%		195	394
7	Average income inflation rate on non-specifically budgetted income items @ 2%		-36	-73
8	Net Central Support adjustments (approx 18% of backfunding & NI to impact HRA / capital, etc)		-45	-79
9	<b>Total Corporate Pressures</b>		<b>657</b>	<b>1,177</b>
10	<b>Heads of Service proposals (Annex 7)</b>		<b>-307</b>	<b>-307</b>
11	<b>Target Savings</b>		<b>-500</b>	<b>-1,000</b>
	<b>17,053 Total</b>	<b>16,881</b>	<b>16,731</b>	<b>16,751</b>
	<b>Financed By :-</b>			
12	10,164 Revenue Support Grant (-3.0%,-3.0%)	10,215	9,908	9,611
	- NDR (merged with RSG)	-	-	-
	171 Area Based Grant	220	186	186
13	0 Collection Fund Surplus	0	0	0
	Council Tax Income			
	Tax increase	3.000%		
	Base increase	0.000%		
14	6,173 Total Council Tax Income	6,390	6,581	6,779
	<b>16,508 Total Financing</b>	<b>16,824</b>	<b>16,675</b>	<b>16,576</b>
15	<b>545 NET (SURPLUS) / DEFICIT</b>	<b>57</b>	<b>56</b>	<b>175</b>
	Impact on Reserves :-			
	<b>Projected General Fund Reserves</b>			
	-2,361 Opening balance	-1,815	-1,758	-1,702
	<b>-1,815 Closing Balance (Accumulated Surplus)</b>	<b>-1,758</b>	<b>-1,702</b>	<b>-1,527</b>



**THREE YEAR REVENUE BUDGET FINANCIAL  
PROJECTION**

**Notes**

- 1 The net budget is taken from the 2009/10 budget at Annex 1.
- 2 Increased salary costs reflect assumed inflation at 0% pay settlement for 2011/12 and 1% for 2012/13. The impact of JE increments and pay protection has also been built in.
- 3 Pension backfunding reflects the increases in backfunding required by the fund actuaries. It assumes an additional 1% of pay will be payable per annum in 2011/12 & 2012/13.
- 4 Employers National Insurance has been budgetted by 0.5% from April 2011 as per the Pre-Budget report 2009.
- 5 Inflation on major contracts has been assumed at 2%.
- 6 Inflation on all other expenditure has been assumed at 2%.
- 7 Increases in general income received (excluding specifically budgetted items such as car parking, Development Control fees, etc) assumed at 2% inflation.
- 8 As the costs of central support services increase, some of this will be clawed back by recharges outside the General Fund.
- 9 Total corporate pressures.
- 10 See Annex 5 for the budget pressures and savings from Heads of Service.
- 11 Target savings required to balance the MTFP over the 3 year planning period.
- 12 The settlement as indicated by DCLG for 2010/11. A reduction of 3% assumed for 2011/12 & 2012/13.
- 13 The collection fund surplus is distributed to the precepting authorities pro rata to their share of the precepts. No surplus is budgetted for 2009/10 onwards due to anticipated reductions in overall collection rates, collection of arrears and lack of growth in the tax base estimates due to the current economic climate.
- 14 Council Tax income is forecast to increase by a 3% increase in Council Tax with no increase in the tax base.
- 15 Forecast (surplus) / deficit

**MTFP Pressures / Savings against the 2010/11 base budget for 2011/12 & 2012/13**

	2011/12 Savings / Proposals	2012/13 Savings / Proposals
<b><u>Chief Executive</u></b>		
<b>Corporate Pressures</b>		
Bi-annual eye tests (statutory)	5,000	-
<b>Transport &amp; Regeneration</b>		
Revenue Contribution to Quality Bus Partnership	16,000	-
<b>Total Chief Executive</b>	<b>21,000</b>	<b>-</b>
<b><u>Head of Governance</u></b>		
<b>Internal Audit</b>		
Reduce audit days from 420 to 400 in 2010/11 (380 in 2011/12 and 350 in 2012/13). Savings based on estimate of £2.8k per 10 days saving to DDC, will impact on partners by approx £800 per 10 days reduction in DDC share.	( 5,600)	( 14,000)
<b>Performance &amp; Risk</b>		
Emergency planning partnership arrangement to be developed for implementation from from Autumn 2010 (£10k in 10/11 base, full year £10k extra pa from 11/12)	( 10,000)	( 10,000)
Consider shared provision of insurance with East Kent partners (£10k in 10/11 base, full year £15k extra pa from 11/12)	( 15,000)	( 15,000)
<b>Licensing</b>		
Carry out business transformaton review & investigate options for implementation of electronic service delivery. Consider options for shared services. Target £35k pa, £15k in 2010/11 base.	( 15,000)	( 15,000)
<b>Total Head of Governance</b>	<b>( 45,600)</b>	<b>( 54,000)</b>
<b><u>Head of Housing, Culture and Community Safety</u></b>		
<b>HRA - Shared Project</b>		
GF impact of Shared Housing Project	100,000	200,000
Two year "protection" against impact on General Fund	( 100,000)	( 200,000)
<b>Total Head of Housing, Culture and Community Safety</b>	<b>-</b>	<b>-</b>

**MTFP Pressures / Savings against the 2010/11 base budget for 2011/12 & 2012/13**

	<b>2011/12 Savings / Proposals</b>	<b>2012/13 Savings / Proposals</b>
<b><u>Head of Finance &amp; ICT</u></b>		
<b>ICT</b>		
Equipment & server replacement reserve contribution reduced	( 20,000)	( 20,000)
<b>Accountancy</b>		
Consultancy to support IFRS implementation (required 10/11 & 11/12 only)	-	( 5,000)
<b>Total Head of Finance &amp; ICT</b>	<b>( 20,000)</b>	<b>( 25,000)</b>
<b><u>Head of Development &amp; Public Protection</u></b>		
<b>Building Control</b>		
Increase Building Control Fees by 5% from Jan 2011	( 9,800)	( 9,800)
Building control volume of work may increase	( 20,000)	( 20,000)
If fee income continues to fall may have to consider reduction in staff	-	-
<b>Development Control</b>		
Growth Point funding for posts only available for 2 years. £67k pressure from 2011/12	67,000	67,000
HPDG support for General Fund only available until 2011/12	-	75,000
<b>Total Head of Development &amp; Public Protection</b>	<b>37,200</b>	<b>112,200</b>
<b><u>Head of Property, Leisure &amp; Waste Services</u></b>		
<b>Property Services</b>		
Regeneration Officer due to retire Nov 2010, transfer DFG work to PSH and delete post (full year saving 2011/12)	( 20,262)	( 20,262)
Further closure / transfer of public conveniences	( 30,000)	( 60,000)
<b>Leisure Services</b>		
Increased rent income from Deal Pier	( 2,500)	( 2,500)
<b>Waste Services</b>		
Potential on-going savings from Shared Waste Project (approx £400k pa estimated from mid 2010/11, £200k in 2010/11 base budget)	( 200,000)	( 200,000)
Potential for contract savings on Street Cleansing contract, although may result in impact on Street Scene (approx £120k pa estimated from mid 2010/11, £60k in 2010/11 base budget)	( 60,000)	( 60,000)
<b>Total Head of Property, Leisure &amp; Waste Services</b>	<b>( 312,762)</b>	<b>( 342,762)</b>

## 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.

### **Regeneration**

The Council is on the cusp of transformational change which is underpinned by a strategy for growth and regeneration agenda. This is founded on a number of national and regional designations including the New Growth Point, Regional Hub, International Gateway and Sea Change programme. Core activities are predicated upon the delivery of a number of strategic (major) projects including the Dover Town Investment Zone, Dover Waterfront, Aylesham, North Deal, White Cliffs Business Park (phase 2), the Open Golf etc. This team co-ordinates and leads on the delivery of these key initiatives as well as being actively involved in an enabling role, securing other major opportunities and initiatives.

### **Transportation**

This team provides support to the Regeneration Service and the Council on a wide range of strategic, regional and local transportation issues such as access and movement, parking, public transport and events. Resolving strategic, regional and local transportation issues remains an essential key priority in supporting the growth and regeneration agenda while underpinning Dover's key role within the UK/European transport link.

### **Policy and Leadership Support**

This team is mainly concerned with the formulation of policy and strategy, supporting the Corporate Management Team and the Executive. The team also includes PR and the Design Studio.

### **Links to Corporate Plan**

- Enable, promote and deliver key regeneration projects such as Dover Town Centre and the waterfront development and other emerging opportunities arising out of the growth point and development areas within Dover;
- Continue to work on key strategic transport issues affecting the district, such as A2, A20, freight and rail and bus related issues;
- Promote, support or implement other major initiatives, including Olympic countdown, Bleriot, and preparations for the Open Golf tournament in 2011;
- Continue to work on schemes in the Aylesham and the Deal Area;
- Utilise additional £75k communication budget to achieve target by 2010 of improving public consultation and participation, following the peer review in Kent and communication strategy review;
- Continue to deliver and publicise neighbourhood forums and Voluntary Compact; and
- Improved partnership/joint working arrangements (notably the Policy function with Shepway).

## **HEAD OF GOVERNANCE**

The Head of Governance is responsible for a number of service areas which help support strong governance across the Council. As Monitoring Officer, the Head of Governance is also responsible for supporting the Standards Committee in delivering the Local Filter and supporting the 35 Town and Parish Councils in relation to Member Code of Conduct matters. The significant service areas in terms of income and expenditure are summarised below.

### **Members**

The section provides funding for councillors' remuneration and allowances, training and development, catering for meetings and supporting stationery, printing, reference materials and equipment to enable the councillors to carry out their democratic role as elected representatives of the community.

### **Elections**

The Elections Service is responsible for the organisation and conduct of European Parliamentary, 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. 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 his 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 our market share 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.

### **Local Licensing and Registration**

The Council is responsible for the issuing and enforcement of local licences with special emphasis on late night refreshments, animal establishments and public entertainment.

### **Hackney Carriage/Private Hire**

The Council is responsible for the licensing and enforcement of licences issued, operators, drivers and vehicles used as Hackney Carriage (Taxis) and Private Hire vehicles.

### **Performance and Risk**

This section is responsible for the co-ordination, monitoring and reporting on performance and risk management. The section is also responsible for management and co-ordination of complaints, Freedom of Information and Data Protection requests, and the Equalities and Diversity Agenda. The Council's insurance service is also part of the section's responsibilities.

### **Internal Audit**

This Council is the host of the East Kent Internal Audit Partnership. The service delivers an agreed annual internal audit plan, undertakes special investigations and reports to the Governance Committee.

### **Human Resources**

This Council is the host for the joint East Kent HR Partnership. The East Kent Joint Arrangements Committee adopted the HR and payroll shared service and our East Kent neighbours have subsequently delegated the delivery of the service to this Council. The service is responsible for advising on all HR matters including employment law, recruitment, retention, absence management, job evaluation and disciplinary and grievance matters.

### **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 and conveyancing functions and enforcement (civil and criminal) support to a range of services across the Council. The Legal team is currently heavily involved in supporting the shared service agenda across East Kent.

### **Links to Corporate Plan**

- Support the Council's Regeneration Agenda;
- Achieve value for money in all service areas;
- Support the Shared Service Agenda;
- Effectively deliver the Parliamentary Election for this area; and
- Deliver effective scores for Use of Resources 2010.

## HEAD OF HOUSING CULTURE AND COMMUNITY SAFETY

The Head of Housing, Culture and Community Safety is responsible for four divisions:

- Council housing
- Strategic housing
- Community safety
- Museums and tourism

### Council Housing

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

### Strategic Housing

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

Strategic housing includes housing strategy and enabling, housing needs, homelessness 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.

### Housing Strategy and Enabling

By law the Council must have an effective and forward-looking housing strategy.

The Dover District Housing Strategy 2005/09 has been approved by the Government Office of the South East (GOSE) as 'fit for purpose'. The development of a new strategy will start shortly and will cover the period 2010/15. A number of underpinning strategies are also being developed which will support the new strategy. These are:

- Empty Homes Strategy;
- Private Sector Housing Strategy;
- Affordable Housing Delivery Plan; and
- Older Persons Housing Strategy.

Although the Council no longer builds affordable housing directly, the team plays an important role in enabling the provision of affordable housing through other providers such as Housing Associations and can influence the allocation of grant funding from the Homes and Communities Agency.

## **Housing Needs and Homelessness**

The Housing Needs team is responsible for administering the process by which social housing is allocated, providing advice on housing options and dealing with homelessness.

The Council's approach to addressing the issue of homelessness is covered by the East Kent Homelessness Strategy 2008-2013 which was developed in partnership with Shepway District Council, Canterbury City Council and Thanet District Council.

The Council also has a specific Youth Homelessness Strategy covering the period 2008/9-2010/11. The strategy was developed in partnership with a number of key stakeholders and aims to address the housing needs of young people in the district and to reduce the number of young people placed in bed and breakfast accommodation. The problem of youth homelessness is a growing problem locally and nationally.

## **Private Sector Housing**

The main priorities of the Private Sector Housing team are to ensure that all private sector residents can live in a decent and healthy home and that our housing stock meets the minimum legal requirements of the Housing Act 2004. The number of homes built in Dover before 1919 is significantly higher than the national average. These properties generally require more maintenance, increase the risks of injury and are harder to heat. This has implications in terms of fuel poverty, health inequalities and a high percentage of homes that fail to meet the Decent Homes Standard. There are also more privately rented homes in Dover than the national average.

There are two main ways that we try to improve housing conditions in the private sector. The first is through using a range of complex enforcement powers, mainly under the Housing Act 2004 and includes the licensing of houses in multiple occupation. This action is mainly used in respect of private sector landlords. We will also give advice on tenancy issues and problems with repairs.

The second is through financial assistance. The team currently manages a £3 million grants and loans programme mainly targeted at vulnerable families in poor quality accommodation. Funding for this over the last four years has been from the Government's regional housing pot and we expect to receive further funding for 2010/11.

The team also has a lead role in taking action to bring long-term empty homes back into use and works with a number of external bodies on partnership programmes. The team also monitors and funds the work of the Home Improvement Agency.

## **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, Kent Police, the Kent Police Authority, 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 Council is continuing to embed crime reduction activities in all its services (the Section 17 project).



The Partnership also funds many initiatives across the district which tackle 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 and 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 90% (target 90%) and 91% of cases are resolved within 30 days (target 91%). The Unit responds to enquiries within one working day 95% of the time (target 90%).

The Community Safety Unit also receives funding from the Community Safety Partnership.

### **Museums and Tourism**

#### **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 14,000 schoolchildren annually and has just completed a £240,000 externally funded research project on the origins and early history of Sandwich. In 2010/11 it will continue to work with young people, traditionally a hard to reach group for museums, to make the museum more relevant to them, and has recruited a team of volunteers to implement a new collections plan relating to the national museums accreditation scheme. It will also deliver an oral history project and exhibition concerning the bombing of the Royal Marines barracks at Walmer in 1989 and play a key role in the 2010 C.S. Rolls' first double cross channel flight anniversary celebrations.

#### **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 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.

#### **Links to Corporate Plan**

- One of the key roles of the two housing sections is to work towards the corporate aim of providing or enabling a wide range of good quality and accessible housing that meets the needs of the whole community;
- The Tourism and the Museums service play a key role in realising the full potential of the district's heritage and natural assets and in the provision and encouragement of developing the district as a popular short break destination; and
- The Community Safety section makes a major contribution to keeping our community safe and enhancing local quality of life.

## HEAD OF FINANCE AND ICT

The Head of Finance and ICT is responsible for four main service areas. The roles of these areas are summarised below.

### **Accountancy**

The Accountancy team is responsible for the General Fund revenue accounts, the capital budget, the Housing Revenue Account and technical matters such as 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 the monthly budget monitoring reports, producing the final accounts, completing statutory and other returns (including VAT), treasury management and supporting the Use of Resources process. The team also supports budget managers, CMT and members through the provision of financial advice in relation to budgets, projects, reports with financial implications, partnership working and associated matters.

### **Payments and Income**

The payments team are responsible for processing approved invoices and managing the payments process. The income team is responsible for the reconciliation of income receipts, updating the daily cash records and reconciling all entries to the bank statements. The team produces the monthly, quarterly and annual returns to HMRC for the Construction Industry Scheme. They set up sundry income invoices for the Authority, manage the rechargeable works administration and process the monthly staff mileage claims.

### **Procurement**

The procurement team provides support to major procurement projects ensuring the Council achieves best value, complies with its constitution, EU and other legislation and procurement best practice.

The team also monitors other procurement activity to ensure compliance with good practice and the constitution. 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.

### **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 is in the process of transferring to the East Kent Human Resources Partnership (EKHRP). In the future the EKHRP will sub contract the payroll service to Kent County Council.

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.

## **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 help desk 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.

## **Links to Corporate Plan**

- Achieved mainly through the allocation of existing staff resources to support corporate priorities e.g. one FTE dedicated to regeneration projects, regeneration and housing inspections and the joint East Kent landlord project;
- Deliver efficiency savings through a shared service across East Kent for Human Resources and Payroll;
- Support to joint working projects for waste services;
- Transformation of procurement processes; and
- Maintenance and improvement of Use of Resources scores.

## **HEAD OF DEVELOPMENT AND PUBLIC PROTECTION**

The Head of Development and Public Protection is responsible for a number of service areas, the most significant of which are those summarised below:

### **BUILDING CONTROL**

The Building Control Service presently consists of two functional areas.

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, which must break even over any three-year period in competition with the private sector.

The second area is paid for from the central budget. This 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. In addition, the section undertakes additional functions such as dealing with dangerous structures.

Whilst the section is becoming a repository for information regarding self-certification of certain Building Regulations, relating to replacement windows and electricity, Central Government does not allow local authorities to charge for this function. 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 remains relatively stable within the district. The section has reacted to the slight down-turn through a reduction in the administration resource. 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 Energy Performance Certificates, the first of the additional income streams identified. Considerable work with other East Kent authorities to establish any potential business case for joint or merged building control services has been completed and this is currently being reviewed by finance officers.

### **CONSERVATION AND DESIGN**

The Conservation section seeks to protect and enhance the best parts of our historic towns, villages and landscapes, to manage change so that it both complements and underpins the long term viability of the district and to promote good urban design throughout the district.

The section's key functions are:

- To give expert advice on all issues relating to listed buildings, Conservation Areas, urban design, landscape, trees, ecology, bio-diversity and green infrastructure;
- To process and evaluate listed building applications, works to protected trees and high hedge complaints;
- To give advice on planning applications which have a significant impact on the character of Conservation Areas, protected landscapes and areas of recognised ecological value;
- Respond to appeals and address enforcement issues relating to listed buildings, Conservation Areas, trees and high hedges;
- Respond to a large number of informal enquiries concerning listed buildings, conservation areas, trees, high hedges and undertake pre-application negotiations;

- To give environmental impact assessment and urban design advice on major projects, planning applications and regeneration initiatives; and
- To support the Forward Planning Section on Local Development Framework issues relating to the historic environment, bio-diversity, landscape and green infrastructure.

Staffing is very lean and priority is given to meeting performance targets and supporting Major Projects.

## **DEVELOPMENT CONTROL**

The section's principal functions are:

- Contributing to the realisation of major projects and other significant schemes;
- The processing of planning and other formal applications submitted under the Town and Country Planning Acts, including negotiations to secure better quality developments, and taking account of national performance targets;
- 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;
- Responding to informal letters, e-mails or telephone enquiries about a wide range of matters including the prospects of obtaining planning permission and the need for planning permission, and undertaking pre-application negotiations; and
- The 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.

The section must meet Government performance standards (NIs) relating to decision times on planning applications or any award under the Housing and Planning Delivery Grant (successor to the Planning Delivery Grant) will be abated. There remains a heavy workload on corporate and other challenging applications and a delicate balance between this and available staff resources.

## **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. In the coming year it is envisaged that this will be extended to include the new national 'Scores on the Doors' initiative. 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. A lack of resource in this area inhibits our ability to meet requirements and participate in all joint working activities.

## **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 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 Enforcement** - the team responds to service requests relating to a range of public health and environmental crime 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.
- **Pest Control** - the team manages the pest control service, which is currently contracted out to a company called Monitor. The service is primarily for the domestic sector with only a few 'commercial' treatments undertaken for Kent County Council. The service provides treatment for rats, mice, wasps and fleas at a rate below the average rate of private pest control companies. The charge for rat and mouse treatments is reduced further for those on benefits. There is however a charge for the treatment of other pests of public health significance such as mice, fleas and wasps.
- **Dog Control Measures** - the Environmental Health section manages the dog warden service, which is currently contracted out to a company called Animal Wardens. The key purpose of the wardens is to target and patrol the district with a view to reducing the number of stray dogs and the levels of dog fouling using a combination of enforcement and educative methods.

## **DEVELOPMENT PLAN**

The section's main task is to produce the statutory Local Development Framework. 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. It involves extensive consultation and a process of Public Examination which was examining the Core Strategy in October 2009. It is important to maintain progress against the published programme as this can attract awards under the Housing and Planning Delivery Grant. The section promotes the Council's interests through involvement on other plans and strategies such as the Structure Plan and the South East Plan 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.

### **Links to Corporate Plan**

- Maintain the statutory service base;
- Work more efficiently with others, including further development of joint working in Environmental Health and move forward in light of any recommendations from the shared working feasibility study for Building Control;
- Drive forward the Growth Agenda, including delivery of major projects;
- Maximise potential sources of income, including charging for 'pre-application' development control advice and bring pest control charges in line with neighbouring authorities; and
- Meet NI157 and 'stretch' targets and develop staff skills for Growth Point Agenda.

## **HEAD OF PROPERTY LEISURE AND WASTE MANAGEMENT**

The Head of Property Leisure and Waste Management is responsible for a number of service areas the most significant of which are those summarised below:

### **WASTE SERVICES**

#### **Cesspool Emptying**

The Council ceased to be direct provider of a cesspool emptying service from 30 October 2008. Those properties within the district that are not connected to the mains sewage system and therefore use a cesspool to contain the sewage are now directed to use one of several private companies who provide a service to the public.

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

The section manages the provision of a refuse and recycling collection service throughout the district. The main service provision is the weekly collection of residual waste from householders. Dover has chosen not to provide residents with a container for residual waste and therefore the majority of waste is collected within black bags provided by the customer.

Supporting this weekly service is the bulky waste collection service. This is where residents can arrange for larger items of waste to be collected for a small fee from their homes. Both services are contracted to SITA (UK) Limited until September 2010.

There are two methods of recycling available, the first are the 'bring banks' where residents can take their cans, glass, paper, textiles and place them into banks. These banks are then emptied by various contractors and the materials taken for recycling.

The second method is the collection at the kerbside of recyclable material and this forms part of the range of services contracted to SITA (UK) Limited until September 2010. The materials collected through the doorstep recycling scheme include paper, card, plastic bottles, cans and glass which are collected fortnightly from all properties across the district. Garden waste is also collected fortnightly through the green waste collection service, which now covers most of the district. Paper and card from the recycling schemes is recycled into newsprint and packaging, cans into new metal items, plastic into recycled products and glass is crushed and either used as roadside aggregates or melted down for reuse. The green waste is composted on a local farm and ploughed back in as a soil improver.

The section is responsible for promoting recycling and waste minimisation to residents.

#### **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. 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 SITA (UK) Limited until September 2010.

## **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.

## **LEISURE SERVICES**

### **Halls – Town Hall, Dover**

The main facilities at Dover Town Hall are the Stone Hall, Connaught Hall and the Council Chamber. There are also other smaller areas available for hire. The facilities are used for a variety of functions including wedding receptions, dinners, parties, dances, concerts, theatre, exhibitions, seminars, elections etc. In April 2004, Thanet Leisure Force (TLF), an external company that also operates the Winter Gardens at Margate, was awarded a five-year lease for the Town Hall, and this agreement has now been extended to 2012. Under the terms of the lease, most categories of expenditure are the responsibility of TLF but some major areas remain as Council obligations.

### **Deal Pier**

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

### **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.

Maintenance of the sites in recent years has been carried out by English Landscapes and the company has been awarded a new 10-year contract that expires 31 March 2016.

### **Playscheme/Timeout**

Playscheme was set up to provide activities for children between 6 and 14 years of age during school summer holidays. The service is now provided by Vista Leisure and is known as Timeout.

## **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 Deal Tennis Centre was the first indoor tennis centre to be provided by a local authority in Kent. The centre was destroyed during severe storms in early 2007 and the Council is developing plans to replace it with an improved structure subject to planning considerations and receipt of grant aid from external funding organisations. The leisure centres have been leased to and managed by Vista Leisure since April 2001 and Cabinet have recently agreed to extend these for a further 10 years.

## **PROPERTY SERVICES**

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

### **Markets**

Markets are currently held in Dover (Saturday) and Deal (Saturday). The Council operates the Dover market with the stallholders paying a set fee per pitch, while Deal Town Council operates the Deal market in partnership with Dover District Council.

### **Public Conveniences**

The Council currently maintains and operates 27 facilities within the towns and villages across the district.

### **Depots**

This budget includes costs associated with two operational depots, one at Dover and the other at Deal, as well as several garages and stores.

The depot in Dover is leased to SITA (GB) Limited 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.

## **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 expands between Dover and Sandwich. This budget maintains the beaches and foreshores in this area.

The facilities available are shown below:

- Children's paddling pool in Walmer;
- 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.

## **PARKING AND CCTV**

### **CCTV**

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

We work closely with the police, other law enforcement agencies, Dover/Deal/Sandwich Partnerships against Crime, the Town Centre Crime Reduction Group and DDC's Anti-Social Behaviour Unit to reduce crime, and the fear of crime, throughout the district.

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

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

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

### **Parking Services**

The division is responsible for the management and operation of 34 off-street car parks spread across the district including maintenance and enforcement operations. In addition the Parking Services team undertake on-street enforcement duties as part of the Kent Parking agreement.

## **Links to Corporate Plan**

- Consolidate the enhanced recycling service for the first full year;
- Maintain support to Vista Leisure at the increased grant level;
- Provide support to the regeneration agenda through effective asset management and corporate property maintenance;
- Strengthen procedures on managing Street Scene; and
- Safeguard the public through extension of CCTV coverage.

## HEAD OF BUSINESS AND COMMUNITY TRANSFORMATION

The division includes the following service areas:

- Corporate income collection;
- Counter-fraud activity;
- Welfare benefits;
- Dover District Council @ Your Service; and
- Community development, covering youth, health and well being as well as learning and skills.

The division also has the corporate responsibility for communication, transformation and equalities.

The major focus for the division is to manage the economic downturn and help residents and businesses through, to drive down costs but increase performance and to develop shared working with other public and voluntary sector organisations to improve the quality and reduce duplication.

Service budgets have been set to deliver the following:

### **Community Transformation**

The division will continue to develop its Health and Well Being activities, supporting residents through difficult times and liaising with external welfare advisers, such as the Citizens Advice Bureau. Community activity will include leading on the Street Scene Strategy by working with community groups and projects to empower them to own the quality of their locations.

We will continue to facilitate the awards of Coalfield Regeneration Trust grants and facilitate access to funding opportunities for other community groups and continue to work within the wider coalfield programmes to ensure the area does not lose out on national opportunities.

The service will continue to support and develop Together Groups and work with ward forums to promote self-reliance.

Community cohesion and dealing with migration issues will also be a priority for the service, as well as developing better ways to improve the lives and prospects of our young people, including lobbying with the education and skills area.

### **Corporate Income Collection**

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, Kent Police Authority, Kent and Medway Fire and Rescue and the district's town and parish councils. The service target is to collect 98.2% 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 passed to central government where it is re-distributed within Revenue Support Grant based on a national formula. The service will deliver around £100,000 charity relief as well as a £100,000 reserve to support business

hardship as a result of the recession. NDR will be delivered in a shared service arrangement with Thanet District Council.

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

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

A key income collection issue that will continue to need to be addressed is the economic recession, which will at best only show a slight improvement in 2010/11. Improvements in performance will continue to be affected by lower employment levels and tighter business and personal finances.

### **Welfare 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.

A key service priority will be to develop a shared service with Thanet District Council, which will include a single database. Joint policies and procedures will also be developed, which will increase the effectiveness and efficiency of the service.

### **Counter-Fraud**

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.

### **Dover District Council @ Your Service**

Customer services will continue to make significant improvements to service delivery for all customers and will build on the success of the Dover Gateway.

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

### **Electronic Service Provision**

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

### **Corporate Activity**

In addition to the Council's transformation agenda, the division will also have corporate responsibility for equalities, consultation and communication. The division has secured additional funding for communications, through which it will manage the Council's corporate communications.

## **Links to Corporate Plan**

- Reducing costs;
- Increasing public satisfaction;
- Providing value for money; and
- Developing self reliance in communities.

**Earmarked General Reserves**

	Balance	Contrib- ution	Application	Balance	Contrib- ution	Application	Balance	Contrib- ution	Application	Balance	Contrib- ution	Application	Balance
	2008/09 £000	2009/10	2009/10 £000	2009/10 £000	2010/11 £000	2010/11 £000	2010/11 £000	2011/12 £000	2011/12 £000	2011/12 £000	2012/13 £000	2012/13 £000	2012/13 £000
General Fund Balance	-2,360,703		545,296	-1,815,407		57,120	-1,758,287		56,000	-1,702,287		175,000	-1,527,287
<b>General Fund Balance</b>	<b>-2,360,703</b>	0	545,296	<b>-1,815,407</b>	0	57,120	<b>-1,758,287</b>	0	56,000	<b>-1,702,287</b>	0	175,000	<b>-1,527,287</b>
Special Projects	-1,947,405	-216,000	1,105,956	-1,057,449		412,971	-644,478		0	-644,478		0	-644,478
On-Street Parking	-44,819		44,819	0			0			0			0
ICT Equipment & Servers	-7,000	-8,000		-15,000	-73,000	23,000	-65,000	-8,000		-73,000	-8,000		-81,000
Benefits Overpayments	-258,724		69,380	-189,344			-189,344			-189,344			-189,344
Concessionary Fares	-72,075			-72,075			-72,075			-72,075			-72,075
Elections Reserve	-48,000	-48,000		-96,000	-48,000	144,000	0	-48,000		-48,000	-48,000		-96,000
Major Events	-199,158	-20,000	70,000	-149,158	-20,000	25,000	-144,158	-20,000	79,029	-85,129	-20,000		-105,129
Cluster Preparation	-217,315	-750,576	492,000	-475,891		75,000	-400,891		75,000	-325,891			-325,891
Corporate Review Reserve	-30,537		30,537	0			0			0			0
Invest to Save	-357,510		3,300	-354,210	-8,500	16,400	-346,310	-23,035		-369,345	-22,341		-391,686
Investment Income Equalisation	-100,000		100,000	0			0			0			0
NDR Rate Relief Reserve	0	-100,000	25,000	-75,000		75,000	0			0			0
<b>Earmarked Reserves Excl LDF &amp; PDG</b>	<b>-3,282,543</b>	<b>-1,042,576</b>	<b>1,915,993</b>	<b>-2,409,126</b>	<b>-149,500</b>	<b>696,371</b>	<b>-1,862,255</b>	<b>-99,035</b>	<b>154,029</b>	<b>-1,807,261</b>	<b>-98,341</b>	<b>0</b>	<b>-1,905,602</b>
Local Development Framework	-411,910		220,748	-191,162		123,860	-67,302		208,360	141,058			141,058
Planning Delivery Grant	-280,442	-73,000	135,730	-217,712	-75,000	107,000	-185,712		174,000	-11,712			-11,712
<b>Earmarked Reserves Total</b>	<b>-3,974,894</b>	<b>-1,115,576</b>	<b>2,272,471</b>	<b>-2,818,000</b>	<b>-224,500</b>	<b>927,231</b>	<b>-2,115,269</b>	<b>-99,035</b>	<b>536,389</b>	<b>-1,677,915</b>	<b>-98,341</b>	<b>0</b>	<b>-1,776,256</b>
<b>Total Revenue Reserves</b>	<b>-6,335,597</b>	<b>-1,115,576</b>	<b>2,817,767</b>	<b>-4,633,406</b>	<b>-224,500</b>	<b>984,351</b>	<b>-3,873,555</b>	<b>-99,035</b>	<b>592,389</b>	<b>-3,380,201</b>	<b>-98,341</b>	<b>175,000</b>	<b>-3,303,542</b>



Reserve	Year	Comments
General Fund Balance	2009/10 onwards	The application reflects the forecast budget deficits for each year of the MTFP.
Special Projects	2009/10 2010/11 - onwards	The contribution in 09/10 represents expected contributions to play area projects. The application reflects the use of this reserve to finance revenue projects (£862k) and capital projects (£244k), see Special Projects schedule for a list of the projects. The application reflects the use of this reserve to finance projects, as per the Special Projects schedule.
On-street parking	2009/10 2010/11	This reserve was been established to hold the ring-fenced surplus created on On-street parking activities to fund highways, transport and environmental schemes within the district. It was established with a contribution of £45k in 08/09 which is anticipated to be spent in No surplus anticipated to be created.
ICT Equipment & Server Replacement	2009/10 2010/11	To smooth the budgetary impact of four yearly elections a members ICT reserve has been set up which will receive a contribution of £8k per annum and be available to cover the expenditure when it occurs. It is anticipated that significant Members ICT expenditure will be required in 2010/11 and that application of the reserve will be required to offset the expenditure. In addition a review of PC and servers is underway and an additional £65k contribution is to be made to support the potential costs of additional PC and server replacements.
Benefits Overpayments	2009/10	Recovery of benefits overpayments is difficult to forecast. A "Benefits Overpayments" reserve was established by contributions in 2007/08 and 2008/09. This is being used to smooth out fluctuations in performance.
Concessionary Fares	2009/10	The additional grant received in 2008/09 for the Concessionary Fares scheme was allocated to this reserve to smooth future potential pressures on the scheme costs. In 2008/09 the reserve was applied to offset the increased budget pressure from the Stagecoach appeal
Elections Reserve	2009/10	To smooth the budgetary impact of four yearly elections a reserve has been set up which will receive a contribution of £48k per annum and be available to cover the expenditure when it occurs.
Major Events	2009/10 2010/11 2011/12	The Open Golf Championship costs DDC approx £100k when held in the district. This reserve provides for the costs of the next championship and other Major Events such as the Bleriot celebrations. It should be noted that there may be an increase to 2 Open Golf championships per decade if the Cinque Ports course is included in the future. Contribution of £20k per annum from General Reserves. Expenditure of £45k for Open Golf preparation and £25k for the Olympic Torch event as per the 09/10 budget. Contribution of £20k per annum from General Reserves. Application of £25k for the Olympic Torch event. Contribution of £20k per annum from General Reserves. Application of £54k for Open Golf and £25k for the Olympic Torch event.
Cluster Preparation Reserve	2009/10	The increasing pace of the work on better two tier working and the development of the East Kent Cluster indicates that resources are likely to be required in the short to medium term to support this process. This reserve has been set up to provide initial resources, to be applied in response to bids from service managers. Generally match funding will be sought from other partners and KIEP / South East Centre of Excellence. The opening balance reflects the 2007/08 accounts. The contribution in year was from the VAT refund arising from a legal challenge to HMRC over VAT paid on income from Cultural Services.

	2010/11 & 2011/12	<p>The application in year was to cover £10k payment to Shepway for HR shared service costs, £5k paid to Canterbury CC for Secretariat support to the east Kent Forum, an estimated £25k for DDC's share of consultants fees for the Street Cleansing contract and £100k has been allocated towards the costs of the Waterfront project. Approval has been given for up to £284k to be paid toward the Business &amp; Community Transformation restrucure (£150k currently estimated to be required) and this is proposed to be covered from this reserve. In addition £200k has been allocated to the General Fund to offset the impact of in year pressures.</p> <p>£75k per year has been allocated towards the costs of the Waterfront project.</p>
Corporate Review Reserve	2008/09	This was carried forward from 2008/09 towards the cost of the Job Evaluation Process. The balance of the reserve is to be applied to cover the remaining costs of the process in 2009/10.
Invest to Save Reserve	2009/10 2010/11 - 2011/12	<p>It is proposed that a very clear protocol be applied that this reserve will only be applied for projects where there are cashable savings which will be drawn from the relevant budget to replenish the reserve. Proposals to use the reserve will generally require a project appraisal and as a rule of thumb a 5 year pay back is expected.</p> <p><u><i>This reserve is currently frozen to provide support towards the potential cost of losses from the Iceland Investment.</i></u></p> <p>The application is towards the balance of electronic benefits processing.</p> <p>The application is towards the cost of implementation of the new e-procurement system. The contribution is from the payback of the approved applications over a five year period.</p>
Investment Income Equalisation	2009/10	This reserve was established to smooth out variations in income from investments. The reserve will be applied in 2009/10 to offset the current reduction in interest rates.
NDR Discretionary Rate Relief	2009/10	This reserve was established to enable support to be offered to local businesses for NDR relief. For every £10k relief awarded £7.5k is funded by Government and £2.5k by DDC.
Local Development Framework	2009/10 onwards	The reserve was established to fund the Local Development Framework program. The application is based on the current LDF program (subject to separate reports). The reserve is currently forecast to be exhausted in 2011/12 and action will be required to address this.
Planning Development Grant	2009/10 onwards	(Housing) Planning and Development Grant is received from Government on the basis of Planning performance, judged against performance indicators. Predicting the award which Dover may receive in future years is difficult because the basis of assessment is not announced in advance, the award is made from a fixed overall fund and the awards are therefore based on comparative rather than absolute performance. The application is based on the current HPDG program (subject to separate reports).

## Housing Revenue Account - 2010/11 Estimates

	Original Budget 2009/10	Projected Outturn 2009/10	Variance to Original	Notes	Proposed Budget 2010/11	Variance to 2009/10 Projected	
<b>INCOME</b>							
Dwelling Rents	(16,746)	(16,250)	496	1	(15,997)	253	A
Non-dwelling Rents	(453)	(422)	32	2	(415)	7	B
Charges for Services and Facilities	(575)	(500)	75	3	(500)	0	
Conts. towards Expend - Supporting People	(140)	(227)	(87)	4	(227)	0	
Conts. towards Expend - Leaseholders	(105)	(127)	(22)	5	(106)	21	C
<b>TOTAL INCOME</b>	<b>(18,019)</b>	<b>(17,526)</b>			<b>(17,245)</b>		
<b>EXPENDITURE</b>							
Repairs and Maintenance	4,297	4,353	56	6	4,130	(223)	D
Supervision and Management	3,666	3,354	(312)	7	2,790	(564)	E
Rents, Rates, Taxes and Other Charges	85	84	(1)	8	86	2	F
Negative Subsidy Entitlement (Incl MRA)	5,712	5,242	(470)	9	5,388	146	G
Depreciation and Impairment of Fixed Assets	3,451	3,451	0		3,368	(83)	H
Debt Management Expenses	13	13	0		16	2	I
Increased provision for bad debts	70	70	0		70	0	
Rent Rebate Subsidy Limitation	0	112	112	10	0	(112)	J
<b>TOTAL EXPENDITURE</b>	<b>17,294</b>	<b>16,680</b>			<b>15,848</b>		
<b>NET COST OF HRA SERVICES PER AUTHORITY INCOME AND EXPENDITURE ACCOUNT</b>							
	<b>(725)</b>	<b>(845)</b>			<b>(1,396)</b>		
HRA Share of Corporate and Democratic Core	372	398	26	11	403	5	K
HRA share of other amounts included in the whole authority Net Cost of services but not allocated to specific services	0	0	0		0	0	
<b>NET COST OF HRA SERVICES</b>	<b>(353)</b>	<b>(447)</b>			<b>(994)</b>	<b>(546)</b>	
Amortisation of Premiums and Discounts	(3)	(3)	0		(3)	0	
Interest and Investment Income	(296)	(179)	116	12	(315)	(136)	L
Pension Int Costs and expected return on pensions assets		707	272	13	678	(29)	M
<b>(SURPLUS)/DEFICIT FOR THE YEAR ON HRA SERVICES</b>	<b>(216)</b>	<b>77</b>			<b>(634)</b>		
(Surplus)/Deficit for the year on the HRA Income and Expenditure Account	(216)	77			(634)		
Net additional amount required by statute to be debited/(credited) to the HRA Balance for the year	(247)	(11)			254		
<b>(Increase)/Decrease in the Housing Revenue Account Balance</b>	<b>(463)</b>	<b>66</b>			<b>(379)</b>		
Housing Revenue Account surplus brought forward	(6,675)	(7,446)			(7,380)		
Housing Revenue Account surplus carried forward	(7,138)	(7,380)			(7,759)		
<b>Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA Balance for the year</b>							
Net Charges made for retirement benefits in accordance with FRS 17	0	513	513	13	469	(43)	M
	<b>0</b>	<b>513</b>			<b>469</b>		
<b>Items not included in the HRA Income and Expenditure Account but included in the movement on HRA Balance for the year</b>							
Transfer to/(from) the Major Repairs Reserve	(209)	(209)	0		(216)	(7)	O
Employer's contributions payable to the Pension Fund and retirements benefits payable direct to pensioners	(37)	(772)	(735)	13	(731)	41	M
Capital expenditure funded by the HRA	0	457	457	14	732	275	N
	<b>(247)</b>	<b>(524)</b>			<b>(215)</b>		
<b>Net additional amount required by statute to be debited/(credited) to the HRA Balance for the year</b>	<b>(247)</b>	<b>(11)</b>			<b>254</b>		
	0	0			0		

**Housing Revenue Account Variance Analysis**  
**2009/10 Original Budget to 2009/10 Projected Outturn to 2010/11 Estimates**

**Housing Revenue Account Variation Statement - as at 31 December 2009**

<b>Original Budget</b>	<b>£000's</b>
	<b>-463</b>
1 Dwelling Rents	496
2 Non-dwelling Rents	(7)
3 Charges for Services and Facilities	39
4 Conts towards Expend - Supporting People	75
5 Conts towards Expend - Leaseholders	(87)
6 Repairs and Maintenance	(25)
7 Supervision and Management	3
	56
	76
	(36)
	(81)
	134
	(20)
	(36)
	(4)
	(30)
	(15)
	(92)
	(160)
	(9)
	(8)
	4
	(24)
	(13)

	Numerous minor variations relating to equipment purchase, sheltered services & housing register / allocations.	(10)
8 Rents, Rates, Taxes and Other Charges	Reduced Estates Management utilities budget	(1)
9 Negative Subsidy Entitlement (incl MRA)	Reduction in negative subsidy taking into account the 3.1% reduction in rents as recommended by DCLG	(470)
10 Depreciation and Impairment of Fixed Assets	Amount due to the General Fund in respect of Rent Rebate Subsidy Limitation	112
11 Debt Management Expenses	Recalculated recharges from the General Fund to the HRA for Corporate & Democratic Core	26
12 Bad Debt Provision	Reduced interest & investment income forecast due to lower interest rates	116
13 Rent Rebate Subsidy Limitation	Pension adjustments reflecting revised charges for premature retirements and pensions backfunding charges. Part offset by saving in Supervision & Management above (8).	50
14 Capital Expenditure funded by the HRA		457
	<b>Projected Outturn</b>	<b>66</b>
A Dwelling Rents	Negative RPI and decanted Sheltered Schemes	253
B Non Dwelling Rents	Reduced properties	7
C Conts. towards Expend - Leaseholders	A smaller geographical area is being targeted in 2010/11	21
D Repairs & Maintenance	Reduced property base and improved condition of properties requiring reduced level of responsive maintenance	(223)
E Supervision and Management	£65k saving on recharges due to staff moving between the General Fund and HRA; £134k saving on consultants fees; £176k Homeloss payments not needed in 2010/11 as Sheltered accommodation identified for closure will be fully decanted; £189k saving on costs relating to the closed Sheltered accommodation, including staff costs;	(564)
F Rent, Rates etc	Minor variation	2
G Negative Subsidy Entitlement (Incl MRA)	Prescribed by DCLG calculations. Convergence date on rents changed to 2012/13 and RPI of -1.4%	146
H Depreciation and Impairment of Fixed Assets	Depreciation as per MRA advised on Determination by DCLG	(83)
I Debt Management Expenses	This transaction is being reported in a different way, it has previously been incorporated with the figure for depreciation	2
J Rent Rebate Subsidy Limitation	Will not apply in 2010/11 as Limit rent will not be exceeded.	(112)
K HRA Share of Corporate and Democratic Core	In 2009/10 this spend was allocated against individual cost centres, the SORP makes it clear that any strategic work should be allocated here	5
L Interest and Investment Income	Increased interest rate for 2010/11	(136)
M Pension Int Costs and expected return on pensions assets & Employer's contributions payable to the Pension Fund and retirements benefits payable direct to pensioners	FRS 17 accounting adjustment	(31)
N Capital expenditure funded by the HRA	To meet shortfall in funding of Decent Homes capital works	275
O Transfer from Major Repairs Reserve	Minor variations	(7)
	<b>2010/2011 Estimate</b>	<b>-379</b>

## MEDIUM TERM CAPITAL PROGRAMME AS AT 31 DECEMBER 2009

Projects included in the programme	APPROVED BUDGET - NOV 2009					PROPOSED BUDGET						
	Previous years	Estimate 2009/10	Estimate 2010/11	Estimate 2011/12	Total	Previous years	Estimate 2009/10	Estimate 2010/11	Estimate 2011/12	Estimate 2012/13	Future years	Total
	£	£	£	£	£	£	£	£	£	£	£	£
<b>Work in Progress</b>												
<b>Regeneration projects</b>												
Aylesham Regeneration Project	950,409	148,129	212,375	0	1,310,913	950,409	153,129	207,375	0	0	0	1,310,913
Dover Pride - Dover Town Investment Zone	1,211,194	178,306	90,500	0	1,480,000	1,211,194	178,306	90,500	0	0	0	1,480,000
DTIZ - SEEDA funded projects	6,680,657	664,503	172,884	0	7,518,044	6,680,657	664,503	172,884	0	0	0	7,518,044
DTIZ - SEEDA funding of Dover Sea Sports Centre (see grants appx)	89,436	10,564	0	0	100,000	89,436	10,564	0	0	0	0	100,000
DTIZ - HCA (was English Partnership) funded projects	2,383,656	10,486	0	0	2,394,142	2,383,656	10,486	0	0	0	0	2,394,142
DTIZ - HCA (was English Partnership) funding Dover Sea Sp Cre (see grants)	178,871	41,129	0	0	220,000	178,871	41,129	0	0	0	0	220,000
DTIZ Growth Point	0	269,632	850,746	0	1,120,378	0	309,347	850,746	0	0	0	1,160,093
Bleriot Project	30,572	149,428	0	0	180,000	30,572	149,428	0	0	0	0	180,000
Dover Pride - Dover Priory Ph 1 & 2 (see grants & contributions appx)	57,455	62,545	0	0	120,000	57,455	62,545	0	0	0	0	120,000
Dover Pride - Dover Sea Sport Centre (see grants & contributions appx)	223,594	26,406	0	0	250,000	223,594	26,406	0	0	0	0	250,000
Dover Sea Sports Centre - Growth Point Funded	0	170,000	0	0	170,000	0	170,000	0	0	0	0	170,000
Aylesham Leisure Project (ASWS) (see grants & contributions appx)	46,575	0	301,425	0	348,000	46,575	0	301,425	0	0	0	348,000
Deal Tennis Centre - DDC contribution	81	49,919	900,000	0	950,000	81	49,919	900,000	0	0	0	950,000
<b>Other projects</b>												
Capital grants and contributions - voluntary organisations (see appx)	58,734	10,000	6,266	0	75,000	58,734	10,000	6,266	0	0	0	75,000
Housing Revenue Account Property Projects	n/a	4,016,000	0	0	4,016,000	n/a	4,013,000	0	0	0	0	4,013,000
Mandatory Disabled Facilities Grants	n/a	600,000	680,000	700,000	1,980,000	n/a	600,000	680,000	700,000	700,000	0	2,680,000
Renovation Grants	n/a	36,868	90,000	90,000	216,868	n/a	36,868	90,000	90,000	90,000	0	306,868
Dover Urban Scheme - private sector renewals - loans and grants	416,506	23,414	0	0	439,920	416,506	23,414	0	0	0	0	439,920
Private Sector housing schemes - loans	915,771	805,556	300,000	0	2,021,327	915,771	805,556	300,000	0	0	0	2,021,327
Private Sector housing schemes - grants	848,084	502,916	100,000	0	1,451,000	848,084	502,916	100,000	0	0	0	1,451,000
Regional Housing Loans (2009/10)	0	0	819,946	0	819,946	0	354,700	465,246	0	0	0	819,946
Regional Housing Grants & Fees (2009/10)	119,750	29,000	100,000	0	248,750	119,750	29,000	100,000	0	0	0	248,750
Regional Housing Loans (2010/11)	0	0	900,000	0	900,000	0	0	900,000	0	0	0	900,000
Regional Housing Grants & Fees (2010/11)	0	0	100,000	0	100,000	0	0	100,000	0	0	0	100,000
St Margarets car park	118,304	6,196	0	0	124,500	118,304	6,196	0	0	0	0	124,500
Business continuity - generator at Whitfield offices	1,434	85,393	0	0	86,827	1,434	85,393	0	0	0	0	86,827
Expansion of CCTV	65,459	24,541	0	0	90,000	65,459	24,541	0	0	0	0	90,000
Replace cash receipting and income system	25,229	34,771	0	0	60,000	25,229	34,771	0	0	0	0	60,000
Sandwich Quay Public Conveniences	0	110,000	0	0	110,000	0	110,000	0	0	0	0	110,000
Parking Services - Hand held PCs	0	42,299	0	0	42,299	0	42,299	0	0	0	0	42,299
Connaught park play area	0	102,360	0	0	102,360	0	102,360	0	0	0	0	102,360
Land Contamination	0	67,261	0	0	67,261	0	67,261	0	0	0	0	67,261
Voltage optimiser	0	25,270	0	0	25,270	0	25,270	0	0	0	0	25,270
<b>Sub total</b>	<b>14,421,769</b>	<b>8,302,892</b>	<b>5,624,142</b>	<b>790,000</b>	<b>29,138,803</b>	<b>14,421,769</b>	<b>8,699,307</b>	<b>5,264,442</b>	<b>790,000</b>	<b>790,000</b>	<b>0</b>	<b>29,965,518</b>
<b>Projects approved subject to capital appraisal</b>												
Leisure Centres equipment (financed by specific reserve)	0	4,036	0	0	4,036	0	4,036	0	0	0	0	4,036
Leisure Centres - fitness equipment	0	8,436	0	0	8,436	0	8,436	0	0	0	0	8,436
Dover Town Hall - new booking system	0	10,000	0	0	10,000	0	10,000	0	0	0	0	10,000
Provision for additional costs on major projects	0	34,924	50,000	0	84,924	0	34,924	50,000	0	0	0	84,924
Provision for possible DITZ CPO (Cabinet 7 January 2008 refers)	0	25,000	0	0	25,000	0	25,000	0	0	0	0	25,000
Kingsdown Beach Nourishment Coast Protection Scheme (100% grant)	0	121,000	121,000	0	242,000	0	121,000	121,000	0	0	0	242,000
MoD Rifle Range - Managed Realignment Feasibility (100% grant)	0	20,000	0	0	20,000	0	20,000	0	0	0	0	20,000
MoD Rifle Range - Managed Realignment (100% grant)	0	0	4,779,000	0	4,779,000	0	0	4,779,000	0	0	0	4,779,000
Walmer to Kingsdown/Oldstairs Bay Study	0	49,500	0	0	49,500	0	49,500	0	0	0	0	49,500
Mid-Town Development - Growth Point Funding	0	66,460	6,170	0	72,630	0	79,745	6,170	0	0	0	85,915
Sea Change (DDC Contribution)	0	0	250,000	0	250,000	0	0	250,000	0	0	0	250,000
Contingency	0	0	0	0	0	0	0	0	0	0	0	0
<b>Sub total</b>	<b>14,421,769</b>	<b>8,642,248</b>	<b>10,830,312</b>	<b>790,000</b>	<b>34,684,329</b>	<b>14,421,769</b>	<b>9,051,948</b>	<b>10,470,612</b>	<b>790,000</b>	<b>790,000</b>	<b>0</b>	<b>35,524,329</b>

**MEDIUM TERM CAPITAL PROGRAMME AS AT 31 DECEMBER 2009**

ANNEX 9A

Projects included in the programme	APPROVED BUDGET - NOV 2009					PROPOSED BUDGET						
	Previous years	Estimate 2009/10	Estimate 2010/11	Estimate 2011/12	Total	Previous years	Estimate 2009/10	Estimate 2010/11	Estimate 2011/12	Estimate 2012/13	Future years	Total
	£	£	£	£	£	£	£	£	£	£	£	£
<b>HRA projects to be approved as part of budget setting process</b>												
HRA Projects financed by Major Repairs Reserve	n/a	0	3,306,000	3,306,000	6,612,000	n/a	n/a	3,152,000	3,160,000	Part of HRA Business Plan review	Part of HRA Business Plan review	6,312,000
HRA Property Projects financed by capital receipts	n/a	0	130,000	130,000	260,000	n/a	n/a	155,000	160,000			315,000
HRA Property Projects financed by the HRA	n/a	0	380,000	380,000	760,000	n/a	n/a	732,000	496,000			1,228,000
HRA Property Projects financed by Supported Borrowing	n/a	0	201,000	201,000	402,000	n/a	n/a	201,000	201,000			402,000
<b>Sub total of projects approved</b>	<b>14,421,769</b>	<b>8,642,248</b>	<b>14,847,312</b>	<b>4,807,000</b>	<b>42,718,329</b>	<b>14,421,769</b>	<b>9,051,948</b>	<b>14,710,612</b>	<b>4,807,000</b>	<b>790,000</b>	<b>0</b>	<b>43,781,329</b>
<b>Total</b>	<b>14,421,769</b>	<b>8,642,248</b>	<b>14,847,312</b>	<b>4,807,000</b>	<b>42,718,329</b>	<b>14,421,769</b>	<b>9,051,948</b>	<b>14,710,612</b>	<b>4,807,000</b>	<b>790,000</b>	<b>0</b>	<b>43,781,329</b>
<b>Financed by:</b>												
Capital projects financed in previous financial years	14,421,769	0	0	0	14,421,769	14,421,769	0	0	0	0	0	14,421,769
Capital receipts - General Fund	n/a	774,010	481,566	370,000	1,625,576	n/a	831,010	476,566	370,000	370,000	0	2,047,576
Capital receipts - HRA	n/a	113,000	130,000	130,000	373,000	n/a	113,000	155,000	160,000	n/a	n/a	428,000
Major Repairs Allowance	n/a	3,294,000	3,306,000	3,306,000	9,906,000	n/a	3,242,000	3,152,000	3,160,000	0	n/a	9,554,000
Direct Revenue Financing - HRA	n/a	460,000	380,000	380,000	1,220,000	n/a	457,000	732,000	496,000	0	n/a	1,685,000
Direct Revenue Financing - General Fund	n/a	51,810	455,000	0	506,810	n/a	51,810	455,000	0	0	n/a	506,810
Grants					0							0
SEEDA for DTIZ	n/a	675,067	172,884	0	847,951	n/a	675,067	172,884	0	0	0	847,951
HCA (was - English Partnerships) for DTIZ/mid-town centre	n/a	51,615	0	0	51,615	n/a	51,615	0	0	0	0	51,615
Growth Point Status grant	n/a	269,632	850,746	0	1,120,378	n/a	309,347	850,746	0	0	0	1,160,093
Growth Point (Mid-Town Development)	n/a	66,460	6,170	0	72,630	n/a	79,745	6,170	0	0	0	85,915
Growth Point (Dover Sea Sports Centre)	n/a	170,000	0	0	170,000	n/a	170,000	0	0	0	0	170,000
Growth Point (Dover Priory)	n/a	50,000	0	0	50,000	n/a	50,000	0	0	0	0	50,000
Growth Point (Aylesham Leisure Project)	n/a	0	300,000	0	300,000	n/a	0	300,000	0	0	0	300,000
Mandatory Disabled Facilities Grants	n/a	360,000	408,000	420,000	1,188,000	n/a	360,000	408,000	420,000	420,000	0	1,608,000
Coast Protection grants	n/a	190,500	4,900,000	0	5,090,500	n/a	190,500	4,900,000	0	0	0	5,090,500
DEFRA (Land contamination grant)	n/a	67,261	0	0	67,261	n/a	67,261	0	0	0	0	67,261
Private Sector Renewals Grant	n/a	1,337,472	2,319,946	0	3,657,418	n/a	1,692,172	1,965,246	0	0	0	3,657,418
CABE (Bleriot Project)	n/a	59,428	0	0	59,428	n/a	59,428	0	0	0	0	59,428
Growth Point (Bleriot Project)	n/a	45,000	0	0	45,000	n/a	45,000	0	0	0	0	45,000
KCC (Bleriot Project)	n/a	45,000	0	0	45,000	n/a	45,000	0	0	0	0	45,000
Tennis Foundation	n/a	0	400,000	0	400,000	n/a	0	400,000	0	0	0	400,000
KCC (Connaught park)	n/a	52,360	0	0	52,360	n/a	52,360	0	0	0	0	52,360
Sandwich Town Council	n/a	40,000	0	0	40,000	n/a	40,000	0	0	0	0	40,000
					0							0
Supported borrowing - HRA	n/a	201,000	201,000	201,000	603,000	n/a	201,000	201,000	201,000	0	0	603,000
Supported borrowing - General Fund	n/a	0	0	0	0	n/a	0	0	0	0	0	0
Unsupported borrowing	n/a	24,770	295,000	0	319,770	n/a	24,770	295,000	0	0	0	319,770
Other reserves					0							0
- Special projects reserve	n/a	243,863	241,000	0	484,863	n/a	243,863	241,000	0	0	0	484,863
					0							0
<b>Total</b>	<b>14,421,769</b>	<b>8,642,248</b>	<b>14,847,312</b>	<b>4,807,000</b>	<b>42,718,329</b>	<b>14,421,769</b>	<b>9,051,948</b>	<b>14,710,612</b>	<b>4,807,000</b>	<b>790,000</b>	<b>0</b>	<b>43,781,329</b>

<b>Other bids for consideration - subject to funding availability</b>	£
Deal seafront - environmental enhancements	150,000
Unallocated Compulsory Purchase Orders	87,000
	<b>237,000</b>

**Summary of capital receipts as at November 2009**

	<b>Estimate 2009/10 £000</b>	<b>Estimate 2010/11 £000</b>	<b>Estimate 2011/12 £000</b>	<b>Estimate 2012/13 £000</b>	
Usable capital receipts at 1 April	939,457	607,822	543,756	661,256	
Capital receipts allocated to the finance the capital programme	-944,010	-631,566	-530,000	-530,000	
Anticipated retained capital receipts from HRA right to buy sales	159,750	262,500	352,500	352,500	Note 1
Other anticipated sales	452,625	305,000	295,000	295,000	Note 2
<b>Estimated usable capital receipts to be carried forward at 31 March</b>	<b>607,822</b>	<b>543,756</b>	<b>661,256</b>	<b>778,756</b>	Note 3

**Note 1**

It is estimated that there will be 10 sales in 2009/10 (5 sales have completed to date and several more are in the pipeline), increasing by 5 properties per annum in 2010/11 and 2011/12.

**Note 2**

The current year estimate relates to the sale of garages, sheltered housing, Land at Sheridan Road and Western Road Depot.

In future years it is assumed that there will be other corporate asset sales identified including sheltered housing properties and Gateway flat sales. Sheltered housing receipts may be retained providing a Capital Allowance is established by the authority and the receipts are spent on affordable housing and/or regeneration. The definition of 'affordable housing' includes reinvestment into existing properties to meet the decent homes standard. Generally the rules also allow us to retain 100% of the receipt of open market dwelling sales if the property is not bought for primary residence.

**Note 3**

The usable capital receipts will dropped below the £1m recommended buffer at the end of 2008/09. This is forecast to remain below the buffer throughout the planning period.



**MEMORANDUM SCHEDULE OF CAPITAL GRANTS AND CONTRIBUTIONS**

	Approved Budget	PRIOR YEARS	2009/10 Budget	2010/11 Budget	2011/12 Budget	Total Budget
	£	£				£
Dover Pride - Dover Priory Station	120,000	57,455	62,545	0	0	120,000
Dover Pride - Dover Sea Sports Centre	250,000	223,594	26,406	0	0	250,000
Dover Pride - Dover Sea Sports Centre (SEEDA funded element)	100,000	89,436	10,564	0	0	100,000
Dover Pride - Dover Sea Sports Centre (HCA funded element)	200,000	178,871	21,129	0	0	200,000
Dover Pride - Dover Sea Sports Centre (GP funded element)	170,000	0	170,000	0	0	170,000
Aylesham Leisure Provision - ASWS	348,000	46,575	0	301,425	0	348,000
Deal Wanderers Rugby Sports & Social Club - clubhouse	20,000	18,734	0	1,266	0	20,000
Sandwich Sports and Leisure Centre	45,000	40,000	0	5,000	0	45,000
Dover Gymnastics Club	10,000	0	10,000	0	0	10,000
<b>TOTAL CAPITAL GRANTS AND CONTRIBUTIONS</b>	<b>1,263,000</b>	<b>654,665</b>	<b>300,644</b>	<b>307,691</b>	<b>0</b>	<b>1,263,000</b>

**HOUSING REVENUE ACCOUNT - REVENUE AND CAPITAL WORKS PROGRAMME**

<b>REVENUE WORKS PROGRAMME</b>	<b>APPROVED BUDGET 2009/10 £000</b>	<b>REVISED BUDGET 2009/10 £000</b>	<b>PROPOSED BUDGET 2010/11 £000</b>
1. Term Maintenance	1,400	1,385	1,350
2. Heating Service	750	810	830
3. Lift Servicing	20	10	10
4. Voids Maintenance	675	675	675
5. Void Properties Security	0	30	5
6. Service Contracts - Disabled Hoists & Lifts	50	50	25
7. Service Contracts - Fire Alarms	62	62	62
8. Service Contracts - Door Entry	25	25	25
9. Service Contracts - Sunny Corner	5	5	5
10. Vandalism Repairs	30	30	30
11. Insurance Excess	10	10	10
12. Electrical Safety Inspections	44	44	40
13. Legionella	15	15	10
14. External Repairs and Redecorations	550	480	550
15. Redecorations for Elderly Persons	10	20	20
16. Communal TV Aerials Installation	15	10	10
17. Estates Paths, Pavings, Floor Resurfacing	30	30	50
18. Cesspools	0	0	10
<b>TOTAL REVENUE WORKS PROGRAMME</b>	<b>3,691</b>	<b>3,691</b>	<b>3,717</b>

<b>HOUSING REVENUE ACCOUNT SCHEMES</b>	<b>APPROVED BUDGET 2009/10 £000</b>	<b>REVISED BUDGET 2009/10 £000</b>	<b>PROPOSED BUDGET 2010/11 £000</b>
<b>IMPROVEMENTS</b>			
19. Reroofing	280	280	280
20. Replacement Doors and Windows	100	10	25
21. Renewal Heating/Heating Programme	823	823	850
22. Thermal insulation	13	50	10
23. Environmental Improvements (Tenants Compact)			
Dover	20	20	20
Deal	11	11	11
Sandwich	12	12	12
Rural	7	7	7
24. Fire Precautions		0	150
25. Asbestos Programme	50	25	25
26. Structural Repairs	260	304	200
27. Kitchen Programme	1,100	1,240	1,400
28. Rewiring	650	650	650
<b>OTHER SCHEMES</b>			
29. Adaptations for Disabled Persons	500	580	600
30. Sheltered Refurbishments	110	1	0
<b>TOTAL CAPITAL WORKS PROGRAMME</b>	<b>3,936</b>	<b>4,013</b>	<b>4,240</b>
<b>Financed By:</b>			
Capital Receipts	441	113	155
Major Repairs Allowance	3,294	3,242	3,152
Direct Revenue Financing (HRA)	0	457	732
Supported Borrowing	201	201	201
<b>TOTAL CAPITAL WORKS PROGRAMME</b>	<b>3,936</b>	<b>4,013</b>	<b>4,240</b>

<b>FULL PROGRAMME TOTAL</b>	<b>7,627</b>	<b>7,704</b>	<b>7,957</b>
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## SPECIAL PROJECTS - OUTTURN 2009/10

<u>PROJECTS FINANCED FROM THE SPECIAL PROJECTS RESERVE</u>	Total Approved	Prior Years	Estimate	Estimate	Future years	Total Revised Budget
	Budget	Exp	2009/10	2010/11		
	£	£	£	£	£	£
<b>Projects in progress</b>						
Asset Management Planning and Asbestos Surveys	44,200	28,061	16,139	0	0	44,200
Corporate Property Maintenance	504,590	411,877	62,713	30,000	0	504,590
Play Areas - enhancements to strategic sites	261,444	28,538	131,116	57,590	0	217,244
Play Areas - Clarendon, Dover provision of new site (only to go ahead if S106 funding available)	100,000	0	100,000	0	0	100,000
A2 Lydden to Dover Improvement Study	10,000	1,200	36	0	0	1,236
Control of Asbestos Regulations Works - Corporate Buildings	50,000	12,617	37,383	0	0	50,000
Disability Discrimination Act Works - Corporate Buildings	109,000	48,619	25,000	35,381	0	109,000
Quality Bus Partnership (formerly Kickstart Bus Initiative)	62,500	3,500	50,000	9,000	0	62,500
Whitfield office moves	254,170	245,708	8,462	0	0	254,170
Operations centre	21,832	21,832	0	0	0	21,832
Replacement of defective plant and equipment at leisure centres	7,492	4,122	3,370	0	0	7,492
Quarterdeck, Deal - feasibility study	30,000	6,750	30,750	0	0	37,500
<b>Projects approved - previously included in capital programme</b>						
Whitfield Offices: - ESP evaluation	50,000	39,754	10,246	0	0	50,000
CRM project - costs	281,587	173,273	108,314	0	0	281,587
DTIZ - consultants and marketing costs (allocation to capital reduced)	40,000	31,851	8,149	0	0	40,000
Wind Turbine at Whitfield	3,377	1,558	1,819	0	0	3,377
<b>Capital projects in capital programme financed from reserve:</b>						
Provision allocated to capital programme to finance capital projects	842,549	407,592	0	0	0	407,592
	<b>2,672,741</b>	<b>1,466,852</b>	<b>593,497</b>	<b>131,971</b>	<b>0</b>	<b>2,192,320</b>
<b>Projects approved subject to project appraisal</b>						
Provision - possible abortive costs on unsuccessful Aylesham welfare scheme grant application (Cabinet 17 October 2005)	8,430	0	8,430	0	0	8,430
Feasibility of provision of area offices at Aylesham and Sandwich	0	0	0	0	0	0
Feasibility of provision of area offices at Deal (Quarterdeck and South Street sites)	0	0	0	0	0	0
North Deal - Community based regeneration - Golf Rd/Cannon Str. Deal	0	0	60,466	0	0	60,466
Tourism - signage (previously included in Interreg bid in capital prog)	0	0	0	0	0	0
Major projects	0	0	76,700	40,000	0	116,700
Dover Museum lighting	0	0	20,000	0	0	20,000
<b>New bids for approval to carry out appraisal</b>						
CIF 2 Business Case Submission			103,000	0	0	103,000
<b>Proposed balance to transfer to capital projects</b>	<b>0</b>	<b>0</b>	<b>243,863</b>	<b>241,000</b>	<b>0</b>	<b>484,863</b>
<b>Bids for consideration subject to funding be available</b>						
<b>See below</b>						
<b>TOTAL PROJECTS FINANCED FROM SPECIAL PROJECTS RESERVE</b>	<b>2,681,171</b>	<b>1,466,852</b>	<b>1,105,956</b>	<b>412,971</b>	<b>0</b>	<b>2,985,779</b>
<b>Less amount financed in previous years</b>						<b>(1,466,852)</b>
<b>BALANCE TO BE FINANCED</b>						<b>1,518,927</b>

<u>Remaining balance in Special Projects reserve</u>		<u>Other bids for consideration - subject to funding availability</u>	
Balance at 1 April 2009	1,947,405	Tourism signage	30,000
Allocated to approved schemes	(725,468)	Public conveniences	£50k per annum 150,000
Add back Clarendon play area (100K) financed by S106 and Whitfield park (£116k)	216,000	Kearsney Abbey walls	100,000
Balance currently available for new projects	1,437,937		<b>280,000</b>
Projects approved subject to project appraisal	(793,459)		
Balance	644,478		

## **Minimum Revenue Provision Statement 2010/11**

### Purpose of the Report

This report has been prepared in order to seek Council approval, in accordance with guidance issued by the Secretary of State (the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003) for the treatment of the “Minimum Revenue Provision”.

### Introduction

The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (and subsequent amendments) requires local authorities to charge to their revenue accounts, each financial year, an amount called the minimum revenue provision (MRP), calculated as 4% of debt. This sum would then be set aside and accumulates in order to repay debt on maturity.

Under these regulations it is possible that some assets (plant, machinery, IT systems) acquired by borrowing may have reached the end of their useful life a long time before the MRP ceases to be a cost to the taxpayer. In addition, other assets such as land, would continue to provide benefits long after the annual 4% MRP has accumulated sufficient funds to repay the debt, and so the period of paying MRP for the debt does not match the period over which the Council benefits from the assets purchased. With this in mind, the Government has issued Guidance on proposed changes to the MRP that have been effective since 2007/08.

In the Guidance, the Secretary of State recommends that before the start of each financial year a local authority prepares a statement of its policy on making MRP in respect of that financial year and submits it to the full Council.

### Current position

Since the introduction of the Prudential Code in 2004, Dover District Council has adopted a policy to only approve borrowing that is supported by Government grant (usually in the form of revenue support grant for loan charges). This Council does not undertake unsupported borrowing (i.e. where there is no support towards the costs of borrowing from the Government). The policy is kept under review and any change would go to full Council to consider and approve.

Under the current regulations local authorities with debt are generally required to pay MRP at 4% of General Fund debt (there is no requirement on the Housing Revenue Account). However, this authority has been able to apply the rules that existed prior to the current regime. At 31 March 2004 Dover District Council’s overall credit ceiling, which was previously used for the calculation of MRP, was in credit and therefore no MRP would have been due under the old rules. The Government determined that local authorities should not be any worse off with the change in regulations from 1 April 2004 and by applying this rule this Council does not currently pay MRP. If the current rules were to continue in future financial years and the Council takes supported borrowing in its General Fund it will have to start paying MRP at some future point.

## The Annual MRP Statement

With effect from 2007/08, draft Guidance issued by the Secretary of State under section 21 (1A) of the Local Government Act 2003 (amended by section 238(2) of the Local Government and Public Involvement in Health Act 2007) allows local authorities to calculate an amount of MRP, which they consider to be prudent. This means that prudent provision should be made to ensure that debt is repaid over a period reasonably commensurate with that over which the capital expenditure provides benefits.

The draft Guidance details the four options that local authorities could adopt to ensure prudent MRP:

Option	Description	Brief description
1	Regulatory Method	Apply regulations that were in force prior to the Guidance. This may be applied to existing debt or new debt financed by supported borrowing. (The Medium Term Financial Plan has been prepared on this basis and it appears reasonable to use the option for existing revenue supported borrowing and to consider options on a case by case basis in the future).
2	Capital Financing Requirement (CFR)	This is a very complex area. The MRP charge is made against the amount of outstanding CFR (the CFR is the amount of debt against capital expenditure after deducting MRP in previous years – effectively it is the aggregate amount of all “unfinanced” capital expenditure, which is really being financed through our cashflow and our historic borrowing). <i>(This option could give affordability issues for this Council).</i>
3	Asset Life Method	Charge MRP over the life of the asset in equal annual instalments. This option may be used for debt not financed by supported borrowing. This matches the period of costs from borrowing to the period of benefits from the asset. <i>(This option is considered slightly easier to administer than option 4 below).</i>
4	Depreciation Method	Charge MRP based on the depreciation charged annually until the total amount of MRP paid equals the total amount borrowed. This option may be used for debt not financed by supported borrowing.

It is usual to start charging MRP in the year following expenditure. However, under options 3 and 4 local authorities are able to take an “MRP holiday”. This means that during the construction period of a new building or infrastructure no MRP is charged to the General Fund revenue account. The draft guidance does not state a time limit for the “MRP holiday” but it should be reviewed. Interest on borrowing is a separate issue and this continues to be payable.

### Recommended options for 2010/11:

Existing debt and new capital expenditure financed by supported borrowing:

Apply option 1 - The Regulatory Method. This is a continuation of current practice and has been assumed in the Medium Term Financial Plan, we will also consider options on a case by case basis in the future.

### New capital expenditure financed from unsupported borrowing

Apply either option 3 (Asset Life Method) or option 4 (Depreciation Method). The Council will receive advice on both options when it is asked to approve unsupported borrowing and a decision regarding the most appropriate option will be taken.

The following will also apply:

Land will have a maximum life of 50 years.

“MRP holidays” will be considered for borrowing during the construction period for assets. Where applied, “MRP holidays” will be subject to annual review to ensure that charging commences when the asset becomes operational (in the case of investment properties this will be when they begin to generate revenue). The Council will take a decision as to whether or not it is prudent to apply a “MRP holiday”.

In any one year an additional voluntary contribution of MRP may be made. This may be appropriate where there are changes in circumstances in respect of an asset (for example, the life is less than estimated in the case of the Asset Life Method. The asset life has to be fixed at the start and so there will be an under-recovery of MRP unless an additional contribution is made).

## Prudential Indicators

PRUDENTIAL INDICATOR	2009/10	2010/11	2011/12	2012/13
(1) EXTRACT FROM BUDGET AND RENT SETTING REPORT	£'000	£'000	£'000	£'000
	Probable outturn	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000
<b>Capital Expenditure</b>				
Non - HRA	4,626	10,831	790	790
HRA	4,013	4,240	4,017	4,017
TOTAL	8,639	15,071	4,807	4,807
<b>Ratio of financing costs to net revenue stream</b>				
Non – HRA	1.43%	0.79%	0.79%	0.79%
HRA	-1.04%	-1.89%	-1.89%	-1.89%
	£'000	£'000	£'000	£'000
<b>Net Borrowing and the Capital Finance Requirement</b>				
Non - HRA	5,382	5,260	5,461	5,662
HRA	NA	NA	NA	NA
TOTAL	5,382	5,260	5,461	5,662
	£'000	£'000	£'000	£'000
<b>Capital Financing Requirement (as at 31 March)</b>				
Non - HRA	12,386	12,264	12,465	12,666
HRA	(5,331)	(4,513)	(4,513)	(4,513)
TOTAL	7,255	7,751	7,952	8,153
<b>Annual change in Cap. Financing Requirement</b>				
Non - HRA		0	0	0
HRA	201	496	201	201
TOTAL	201	496	201	201
<b>Incremental impact of capital investment decisions</b>	£ p	£ p	£ p	£ p
Increase in council tax (band D, per annum)	1.63	0.27	0.11	0.11
Increase in housing rent per week	2.08	3.25	1.77	1.78
<b>(2) TREASURY MANAGEMENT PRUDENTIAL INDICATORS</b>				
<b>Authorised limit for external debt -</b>	£'000	£'000	£'000	£'000
Borrowing	12,000	12,000	12,000	12,000
Other long term liabilities	0	0	0	0
TOTAL	12,000	12,000	12,000	12,000

<b>PRUDENTIAL INDICATOR</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>
<b>Operational boundary -</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Borrowing	7,500	12,000	12,000	12,000
Other long term liabilities	0	0	0	0
<b>TOTAL</b>	<b>7,500</b>	<b>7,500</b>	<b>8,000</b>	<b>8,000</b>
Net interest re fixed rate borrowing / investments <sup>4</sup>	79%	90%	90%	90%
Net interest re variable rate borrowing / investments	21%	30%	30%	30%
<b>Upper limit for total principal sums invested for over 364 days</b>	<b>£21m</b>	<b>£21m</b>	<b>£21m</b>	<b>£21m</b>



## Notes to Prudential Indicators Set In conjunction with 2010/11 Budget

Indicator		Notes
1.	Estimate of Total Capital Expenditure	Based on the current Medium Term Capital Programme.
2.	Estimates of the Ratio of Financing Costs to Net Revenue Stream	This indicator shows net interest as a percentage of the overall budget and is designed to indicate if borrowing costs are an unduly large proportion of the revenue budget. Because we will receive less interest from investments than we pay for borrowing in 2009/10 the ratio is negative. This ratio does not signify any concerns.
3.	Net Borrowing and Capital Financing Requirement (CFR)	This shows the underlying requirement to borrow to finance capital expenditure. Dover's overall requirement is £7m and is reflected in the £4m PWLB and £3m LOBO borrowing.
4.	Capital Financing Requirement	In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that net external borrowing does not, except in the short term, exceed the total capital financing requirement.
5.	Estimates of the Incremental Impact of Capital Investment Decisions on the Council Tax	This is the impact on Band D Council Tax payers of the General Fund capital programme. The impact is due to the loss of interest on General Fund resources used to finance the capital programme. The capital projects themselves are not expected to have significant revenue impact when they go live.
6.	Estimates of the Incremental Impact of Capital Investment Decisions on the HRA Weekly Rent	This reflects the affect on average rents of the loss of interest and direct revenue financing to fund the HRA capital programme.
<b>Treasury Management</b>		
7.	Authorised Limit for External Debt	This indicator has been calculated so that there is scope for existing borrowing, for potential (although minimal) new borrowing and for temporary cashflow borrowing/bank overdraft. This particular indicator cannot be exceeded.
8.	Operational Boundary for External Debt	This depicts the envisaged level of external debt based upon treasury management and cashflow forecasts.
9.	Upper Limit on Fixed Interest rate Exposures	Calculations shown in Annex 12A show the estimated net figure between interest on

<b>Indicator</b>		<b>Notes</b>
10.	Upper Limit on Variable Interest rate Exposures	fixed rate investments and fixed rate borrowing in each financial year and the same for variable rate investments and borrowing. It is the relationship between these two indicators (9. and 10.) that is crucial. High exposure to variable interest rates places the Council at higher risk in periods of high interest rate volatility. The Council's Treasury Management Strategy currently identifies a maximum exposure to variable rates of 30%. The estimated indicators are comfortably below that level.
11.	Prudential Limits for Principal Sums Invested for longer than 364 days	Presently the Council's internally and externally managed investments do not exceed 364 days. However this indicator reflects the fact that if interest rates reach a peak we may take advantage of them by investing for over a year.
12.	Upper Limits for the Maturity Structure of Borrowing	These have been set to ensure that no more than 50% of the portfolio is maturing in the next 5 years in order to minimise exposure to interest rate volatility.

**TREASURY MANAGEMENT STRATEGY STATEMENT 2010/11**

1. The Local Government Act 2003 (the Act) and supporting regulations requires the Council to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.
2. The Act therefore requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by investment Guidance issued subsequent to the Act). This sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.
3. The suggested strategy for 2010/11 in respect of the following aspects of the treasury management function takes account of forecast interest rates and investment advice provided by the Council's treasury advisor, Sector and investment managers, Investec. The strategy covers:
  - Treasury limits in force that will limit the treasury risk and activities of the Council
  - Prudential Indicators
  - The current treasury position
  - The borrowing requirement
  - Prospects for interest rates
  - The borrowing strategy
  - The investment strategy
  - The MRP strategy
4. It is a statutory requirement under Section 33 of the Local Government Act 1992, for the Council to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from:-
  1. increases in interest charges caused by increased borrowing to finance additional capital expenditure, and
  2. any increases in running costs from new capital projects are limited to a level which is affordable within the projected income of the Council for the foreseeable future.

**Treasury Limits for 2010/11 to 2012/13**

5. It is a statutory duty under S.3 of the Act and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the "Affordable Borrowing Limit".
6. The Council must have regard to the Prudential Code when setting its Authorised Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax and rent levels is 'acceptable'.
7. Whilst termed an "Affordable Borrowing Limit", the capital plans to be considered for inclusion incorporate financing by both external borrowing and other forms of liability, such as credit arrangements. The authorised limit is to be set, on a rolling basis, for the forthcoming financial year and two successive financial years.

**Prudential Indicators for 2010/11-2012/13**

8. The following prudential indicators (see below) are relevant for the purposes of setting an integrated treasury management strategy. The Council is also required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. This was adopted on 2<sup>nd</sup> September 2002.

<b>PRUDENTIAL INDICATOR</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>
<b>(1) EXTRACT FROM BUDGET AND RENT SETTING REPORT</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
	<b>Probable outturn</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Capital Expenditure</b>				
Non – HRA	4,626	10,831	790	790
HRA	4,013	4,240	4,017	4017
TOTAL	8,639	15,071	4,807	4807
<b>Ratio of financing costs to net revenue stream</b>				
Non – HRA	1.43%	0.79%	0.79%	0.79%
HRA	-1.04%	-1.89%	-1.89%	-1.89%
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<b>PRUDENTIAL INDICATORS</b>				
<b>(2) TREASURY MANAGEMENT PRUDENTIAL INDICATORS</b>				
<b>Authorised limit for external debt -</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Borrowing	12,000	12,000	12,000	12,000
Other long term liabilities	0	0	0	0
TOTAL	12,000	12,000	12,000	12,000

<b>Operational boundary -</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Borrowing	7,500	12,000	12,000	12,000
Other long term liabilities	0	0	0	0
<b>TOTAL</b>	<b>7,500</b>	<b>7,500</b>	<b>8,000</b>	<b>8,000</b>
<b>Upper limit for fixed interest rate exposure</b>				
Net interest re fixed rate borrowing / investments	79%	90%	90%	90%
<b>Upper limit for variable rate exposure</b>				
Net interest re variable rate borrowing / investments	21%	30%	30%	30%
<b>Upper limit for total principal sums invested for over 364 days</b>	<b>£21m</b>	<b>£21m</b>	<b>£21m</b>	<b>£21m</b>

<b>Maturity structure of fixed rate borrowing during 2010/11</b>	<b>Upper limit £</b>
Under 12 months	50%
12 months and within 24 months	50%
24 months and within 5 years	50%
5 years and within 10 years	100%
10 years and above	100%

#### Current Portfolio Position

9. The Council's treasury portfolio position at 30/11/09 comprised:

		<b>Principal</b>	<b>Ave. rate</b>
		£'000	%
<b><u>LONG TERM DEBT</u></b>			
Fixed rate funding	PWLB <sup>5</sup>	4,003	6.56
	Market	0	0
Variable Rate funding	LOBO	3,000	4.75
	Market	0	0
Other long term liabilities		0	0
<b>TOTAL DEBT</b>		<b>7,003</b>	<b>5.79</b>
<b><u>INVESTMENTS</u></b>			
	In-house working cash flow	3,021	0.67
	DDC Portfolio	6,759 <sup>6</sup>	3.30
	External (Investec)	15,576	1.65
	SEEDA (DTIZ)	894	0.50
	English Partnerships (DTIZ)	46	0.50
<b>TOTAL INVESTMENTS</b>		<b>26,296</b>	<b>1.77</b>

<sup>5</sup> 1m due 2026, 3m due 2057. Currently high premiums on redemption.

<sup>6</sup> This includes £1m Investment to Landbanki the interest is not included.

## Prospects for Interest Rates

10. The Council retains Sector Treasury Services as its treasury adviser to the Council to formulate a view on interest rates. The following table gives the Council's interest rate central view:

### **Sector Bank Rate forecast for financial year-ends**

- 2010 – 0.50%
  - 2011 – 1.50%
  - 2012 – 3.50%
  - 2013 – 4.50%
11. There is downside risk to these forecasts if recovery from the recession proves to be weaker and slower than currently expected.

### **The Council's interest rate forecast – December 2009**

	2010				2011	
	March	June	September	December	March	June
Base rate	0.50%	0.50%	0.50%	1.00%	1.50%	2.25%

The Council will avoid locking in to long term deals while investment rates are down at historical low levels unless exceptional attractive rates are available which make longer-term deals worth while.

## Economic Background (based on advice from Sector)

### **Introduction**

12. The credit crunch storm of August 2007 eventually fed through to the near collapse of the world banking system in September 2008. This then pushed most of the major economies of the world into a sharp recession in 2009 accompanied by banks not lending anxious to rebuild their weakened balance sheet. Many governments were forced to recapitalise and rescue their major banks and central banks cut their rates to 0.10% – 1.00% in order to counter the recession.
13. The long awaited start of growth eventually came in Quarter 3 2009 in the US and EU; however, not the UK.
14. Inflation has plunged in most major economies and is currently not seen as being a problem for at least the next two years.
15. Deflation could become a threat in some economies if they were to go into a significant double dip recession.

### **Growth**

16. The current question is 'how quickly will the major world economies recover?' There is a sharp division of opinion. UBS believe there will be strong recover (GPD back to long term averages of 2.5% up 2011) while Capital Economics believe we will see weak recovery (only 1.5% by 2011).

17. Sector recognises that at current times it is difficult to have confidence as to exactly how strong the UK recovery will be. Therefore, Sector has adopted a more moderate view between these two scenarios outlined above i.e. a moderate return to growth.
18. Sector believes there is downside risk to their assumptions with the possibility of weaker growth leading to delayed increases to base rate.

#### Borrowing Strategy

19. Currently, the Council is planning to undertake any new long-term borrowing during 2010/11 to finance its capital spending plans.

Deal Tennis Centre:		
Markets/PWLB		210,000
Tennis Foundation (interest free)		85,000
Aylesham Leisure Centre (if approved):		
Housing Community Agency (interest free) <sup>7</sup>		300,000
		<b>595,000</b>

20. PWLB Forecast rates (Sector – December 2009)

	2010				2011	
	March	June	September	December	March	June
5 yr PWLB	3.05%	3.20%	3.30%	3.40%	3.60%	3.85%
10 yr PWLB	4.00%	4.05%	4.15%	4.30%	4.45%	4.60%
25 yr PWLB	4.55%	4.65%	4.70%	4.80%	4.90%	5.00%
50 yr PWLB	4.60%	4.70%	4.75%	4.90%	5.00%	5.10%

21. It is anticipated that the option to undertake prudential borrowing will be monitored throughout the year, taking into account the interest rate market.
22. It is possible the Council may need to borrow in the short-term to cover any deficit in its cash flow. In such an event, monies would be borrowed from the money market through the Council's broker.
23. In the event that debt re-structuring arises, the Council will give consideration to the cash savings and to enhance the balance of the portfolio (amend the maturity profile).
24. All rescheduling will be reported to the Council at the meeting following the action.

#### Annual Investment Strategy

##### Investment Policy

25. The Council will have regard to the CLG's Guidance on Local Government Investments ("The Guidance") issued in March 2004, any revisions to that guidance, the Audit Commission's report on Icelandic investments and the 2009 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code") when setting its investment policy.
26. The Council's investment priorities are:

- The security of capital; and
- The liquidity of its investments

<sup>7</sup> This loan will only be repayable based on the receipt for Aylesham development land.

27. The Council will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.
28. The borrowing of monies purely to invest or lend-on and make a return is unlawful and this Council will not engage in this activity.
29. This Annual Investment Strategy states the categories of investments the Council may use for the prudent management of its treasury balances during the financial year under the headings of Specified Investments and Non-Specified Investments, explanations of which are given below:

(a) Specified Investments

Specified investments are those investments offering high security and high liquidity. Local authorities will be free to rely on these with minimal procedural formalities. All such investments must be in sterling and with a maturity of no more than one year. Investments made with the UK Government or a UK local authority will automatically count as specified investments. In addition, investments with bodies or investment schemes with 'high' credit ratings will count as specified investments. DCLG has left each local authority to determine its own definition of 'high' credit rating and therefore their definition of a specified investment.

This Council relies on credit ratings published by Fitch Ratings and Moody's Investors Service to establish the credit quality of its counterparties. The Council has determined the minimum long-term, short-term and other credit ratings it deems to be 'high' for investments purposes. These are:

- Long term AA- rating or above.
- Short term Fitch rating of F1 or above plus a support rating of 1,2, 3 or 4 or Moody's rating of P1
- Money Market Funds AAA rating

The specified investment instruments identified for potential use in 2010/11 are listed below:

	Minimum 'High' Credit Criteria	Use
Term deposits – UK government	--	In-house
Term deposits – other LAs	--	In-house
Term deposits – banks and building societies	Short-term F1/P1, Long-term AA-, Support 2 or above	In-house and Fund Managers
Certificates of deposits issued by banks and building societies	Short-term F1/P1, Long-term AA-, Support 2 or above	In-house (buy and hold basis) and Fund Managers
Money Market Funds	AAA	In-house and Fund Managers
UK Government Gilts	AAA	In-house and Fund Managers
Gilt Funds and Bond Funds	Short term F1 / P1, Long term -AA	In-house and Fund Managers
Sovereign bond issues (i.e. other than the UK govt)	AAA	In-house and Fund Managers
Treasury Bills	Short term F1 / P1, Long term -AA	Fund Managers
Debt Management Office Account	AAA	In-house and Fund Managers



30. Since the credit crunch crisis there have been a number of developments which require separate consideration and approval for use these include:

- **Nationalised banks** in the UK have credit ratings which do not conform to the credit criteria usually used by local authorities to identify banks which are of high credit worthiness. In particular, as they are no longer separate institutes in their own right, it is impossible for Fitch to assign them an individual rating for their stand alone financial strength. Accordingly, Fitch has assigned an F rating, which means that at a historical point of time, this bank failed and is now owned by the Government. However, these institutions are now recipients of an F1+ short-term rating as they effectively take on the creditworthiness of the Government itself i.e. deposits made with them are effectively being made to the Government. They also have a support rating of 1, in other words, on both counts they have the highest rating possible.
- **Blanket guarantees on all deposits** - some countries have supported their banking system by giving a blanket guarantee on ALL deposits e.g. Ireland and Singapore. The Council is not taking the view that the sovereign rating of that country takes precedence over the individual credit rating for the bank covered by the bank. However if the banks individual rating fits within the Council's criteria the guarantee will strengthen the opportunity to invest.
- **UK banking system support package** - please note that the UK Government has NOT given a blanket guarantee on all deposits but has underlined its determination to ensure the security of the UK banking system by supporting eight named banks with a £500bn support package. The Council will continue to use these eight banks where possible and while rates are advantageous.

(b) Non-specified Investments

These investments must be dealt with in more detail given the greater potential risk. The general types of non-specified investments that may be used during the course of the year have been identified and a limit has been set on the overall amount that may be held in such investments at any time during the year. This Council considers that up to a maximum of £21m of its overall fund balances could be prudently committed to longer term investments.

	Minimum Credit Criteria	Use	Total investments	Max. maturity period
Term deposits – UK government (with maturities in excess of 1 year)	Short-term F1/P1, Long-term -AA, Support 2 or above	In-house	£21m	5 years
Term deposits – other Local Authorities (with maturities in excess of 1 year)	Short-term F1/P1, Long-term -AA, Support 2 or above	In-house	£21m	5 years
Term deposits (including, fixed and Callable) – banks and building societies (with maturities in excess of 1 year)	Minimum AA- long term rating with support rating of 1 or 2	In-house	£21m	5 years

	Minimum Credit Criteria	Use	Total investments	Max. maturity period
Certificates of deposits issued by banks and building societies	Short-term F1/P1, Long-term -AA, I Support 2 or above	Fund managers	100% of External Fund	Average duration of total portfolio investments must not exceed 3 years
UK Government Gilts with maturities in excess of 1 year	AAA	Fund Managers	50% of External Fund	Average duration of total portfolio investments must not exceed 3 years
Supranational Bonds	AAA	In-house on a 'buy-and-hold' basis. Also for use by fund managers	£5m	10 years

#### Monitoring of credit ratings:

31. Credit ratings will be monitored by the Council each time a new investment is placed with a financial institution in-house through its money market brokers or directly to major banks. Sector's website is checked when making any investments and weekly listings of institutions' credit ratings are issued by Sector and these will be used to determine the suitability of a potential 'deposit taker'. The Council is alerted to any changes in counterparties' credit ratings through regular updates from Sector. In addition, research will be carried out on the internet to investigate any current news articles or other areas for consideration.
32. If a counterparty's or investment scheme's rating is downgraded, with the result that it no longer meets the Council's minimum criteria, the further use of that counterparty/investment scheme as a new investment will be withdrawn immediately. If there are any doubts as to the ability to repay the investment the Council will attempt to request repayment immediately.

#### Investment Strategy

##### In-House

33. Bank rate has been unchanged at 0.50% since March 2009. Bank Rate is forecast to commence rising in quarter 3 2010 and then to rise steadily from thereon.
34. The Council will avoid locking into longer term deals while investment rates are down at historically low levels unless exceptionally attractive rates are available which make longer term deals worthwhile.
35. For its cash flow generated balances, the Council will seek to utilise its business reserve accounts and short-dated deposits (overnight to three months) in order to benefit from the compounding of interest.

### External Investment Fund

36. £15.9m of the Council's funds are externally managed on a discretionary basis by Investec Asset Management. Investec's current interest rate view is as follows:
37. Official interest rates are at emergency levels in most of the major markets. The abundance of liquidity when combined with the low cost of finance has aided the rise in risk assets once more. In order that past mistakes are not repeated (rates too low for too long), there will be a need to remove these artificially low rates globally towards more neutral levels. Investec expect UK interest rates to start rising later this year and finish the financial year at 2.25% before rising to 3% by March 2012.
38. Investec expect modest growth in the UK, as households and banks continue to repair their balance sheets. The degree of fiscal austerity following the General Election and the level of gilt yields following an end to quantitative easing, will contribute largely to the debate amongst the monetary committee as to the amount and timing of any tightening in monetary policy. Inflation should remain benign, after an initial spike higher caused by weak factors (i.e. VAT) a year earlier falling out the year-on-year comparisons.

### End of year Investment Report

39. Following the end of the financial year, the Council receives a report on its investment activity as part of its Annual Treasury Report.

### Other

40. This Authority currently has £1m frozen in Icelandic Bank Landsbanki. At this time it is not possible to say with certainty that we will recover the entirety of our investment or when reimbursements will be made. Members will be updated periodically on any developments.

**Resolution to set the Council Tax Levy**

COUNCIL 3 MARCH 2010

The following determinations relating to the Council Tax levy in  
2010/11

are consequent upon the adoption of the budget recommended by Cabinet for that financial year.

(a) The Council calculated the following amounts for the above financial year in accordance with regulations made under Section 33(5) of the Local Government Act 1992:

- (i) 40,200.38 being the amount calculated by the Council in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as its Council Tax Base for the year.
- (ii) The following amounts calculated by the Council, in accordance with Regulation 6 of the Regulations, as the amount of its Council Tax Base for dwellings in various parts of the District:

Part of the Council's Area	Tax Base
Alkham	321.30
Ash	1,216.77
Aylesham	1,101.98
Capel-le-Ferne	711.80
Deal	7,274.28
Denton-with-Wootton	173.86
Dover	9,495.77
Eastry	884.07
Eythorne	877.03
Goodnestone	181.96
Great Mongeham	295.92
Guston	425.08
Hougham-without	188.75
Langdon	238.12
Lydden	251.24
Nonington	313.54
Northbourne	295.89
Preston	287.19
Ringwould-with-Kingsdown	1,049.59
Ripple	160.24
River	1,528.94
St Margarets-at-Cliffe	1,298.94
Sandwich	2,065.72
Shepherdswell-with-Coldred	767.42
Sholden	444.13
Staple	234.98
Stourmouth	115.28
Sutton-by-Dover	317.07
Temple Ewell	649.46
Tilmanstone	162.37
Walmer	3,454.30
Whitfield	1,815.63
Wingham	711.03
Woodnesborough	428.77
Worth	461.96
	40,200.38

- (b) That the following amounts be now calculated by the Council for the year 2010/11

in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:

- (i) £86,669,343 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2) (a) to (e) of the Act.
- (ii) £68,013,487 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3) (a) to (c) of the Act.
- (iii) £18,655,856 being the amount by which the aggregate at (b) (i) above exceeds the aggregate at (b) (ii) above, calculated by the Council, in accordance with Section 32(4) of the Act, as its budget requirement for the year.
- (iv) £10,434,015 being the aggregate of the sums which the Council estimates will be payable for the year into its general fund in respect of redistributed non-domestic rates, revenue support grant or additional grant, increased by the amount of the sums which the Council estimates will be transferred in the year from its collection fund to its general fund in accordance with Section 97(3) of the Local Government Finance Act 1988, and having regard to the amount representing the Council's contribution to Council Tax benefit in accordance with the Collection Fund (General) (England) Directions 1999, the Collection Fund (Council Tax Benefit) (England) Directions 1999 and the Local Authorities (Alteration of Requisite Calculations) (England) Regulations 1999.
- (v) £204.52 being the amount at (b)(iii) above less the amount at (b)(iv) above, all divided by the amount at (a)(i) above, calculated by the Council, in accordance with section 33 (1) of the Act, as the basic amount of its Council Tax for the year.
- (vi) £1,832,393 being the aggregate amount of all special items referred to in Section 34(1) of the Act.

(vii)

Town and Parish Councils	£
Alkham	183.84
Ash	217.29
Aylesham	192.32
Capel-le-Ferne	179.31
Deal	196.87
Denton-with-Wootton	209.79
Dover	224.83
Eastry	211.21
Eythorne	205.69
Goodnestone	183.47
Great Mongeham	185.14
Guston	200.53
Hougham-without	194.70
Langdon	205.14
Lydden	194.76
Nonington	181.27
Northbourne	191.71
Preston	193.76
Ringwould-with-Kingsdown	186.57
Ripple	182.34
River	200.30
St Margarets-at-Cliffe	198.53
Sandwich	212.19
Shepherdswell-with-Coldred	192.69
Sholden	208.48
Staple	184.47
Stourmouth	183.27
Sutton-by-Dover	184.09
Temple Ewell	192.04
Tilmanstone	195.89
Walmer	198.02
Whitfield	197.73
Wingham	215.28
Woodnesborough	186.93
Worth	189.45

being the amounts given by adding to the basic amount of Council Tax for dwellings in the District Council's area ie :-

£ 158.94

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 (a) (ii) 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.

(viii)

	<u>Valuation Bands</u>							
	A	B	C	D	E	F	G	H
<b>Town and Parish Councils</b>	£	£	£	£	£	£	£	£
Alkham	122.56	142.99	163.41	183.84	224.69	265.55	306.40	367.68
Ash	144.86	169.00	193.15	217.29	265.58	313.86	362.15	434.58
Aylesham	128.21	149.58	170.95	192.32	235.06	277.80	320.53	384.64
Capel-le-Ferne	119.54	139.46	159.39	179.31	219.16	259.00	298.85	358.62
Deal	131.25	153.12	175.00	196.87	240.62	284.37	328.12	393.74
Denton-with-Wootton	139.86	163.17	186.48	209.79	256.41	303.03	349.65	419.58
Dover	149.89	174.87	199.85	224.83	274.79	324.75	374.72	449.66
Eastry	140.81	164.27	187.74	211.21	258.15	305.08	352.02	422.42
Eythorne	137.13	159.98	182.84	205.69	251.40	297.11	342.82	411.38
Goodnestone	122.31	142.70	163.08	183.47	224.24	265.01	305.78	366.94
Great Mongeham	123.43	144.00	164.57	185.14	226.28	267.42	308.57	370.28
Guston	133.69	155.97	178.25	200.53	245.09	289.65	334.22	401.06
Hougham-without	129.80	151.43	173.07	194.70	237.97	281.23	324.50	389.40
Langdon	136.76	159.55	182.35	205.14	250.73	296.31	341.90	410.28
Lydden	129.84	151.48	173.12	194.76	238.04	281.32	324.60	389.52
Nonington	120.85	140.99	161.13	181.27	221.55	261.83	302.12	362.54
Northbourne	127.81	149.11	170.41	191.71	234.31	276.91	319.52	383.42
Preston	129.17	150.70	172.23	193.76	236.82	279.88	322.93	387.52
Ringwould-with-Kingsdown	124.38	145.11	165.84	186.57	228.03	269.49	310.95	373.14
Ripple	121.56	141.82	162.08	182.34	222.86	263.38	303.90	364.68
River	133.53	155.79	178.04	200.30	244.81	289.32	333.83	400.60
St Margarets-at-Cliffe	132.35	154.41	176.47	198.53	242.65	286.77	330.88	397.06
Sandwich	141.46	165.04	188.61	212.19	259.34	306.50	353.65	424.38
Shepherdswell-with-Coldred	128.46	149.87	171.28	192.69	235.51	278.33	321.15	385.38
Sholden	138.99	162.15	185.32	208.48	254.81	301.14	347.47	416.96
Staple	122.98	143.48	163.97	184.47	225.46	266.46	307.45	368.94
Stourmouth	122.18	142.54	162.91	183.27	224.00	264.72	305.45	366.54
Sutton-by-Dover	122.73	143.18	163.64	184.09	225.00	265.91	306.82	368.18
Temple Ewell	128.03	149.36	170.70	192.04	234.72	277.39	320.07	384.08
Tilmanstone	130.59	152.36	174.12	195.89	239.42	282.95	326.48	391.78
Walmer	132.01	154.02	176.02	198.02	242.02	286.03	330.03	396.04
Whitfield	131.82	153.79	175.76	197.73	241.67	285.61	329.55	395.46
Wingham	143.52	167.44	191.36	215.28	263.12	310.96	358.80	430.56
Woodnesborough	124.62	145.39	166.16	186.93	228.47	270.01	311.55	373.86
Worth	126.30	147.35	168.40	189.45	231.55	273.65	315.75	378.90

being the amounts applicable to dwellings listed in a particular valuation band as defined in Section 5(1) of the Act, 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 valuations bands.

- (c) That it be noted for the year  
2010/11

the Kent County Council has stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Act 1992, for each of the categories of dwellings shown below;

<u>Valuation Bands</u>								
A	B	C	D	E	F	G	H	
£	£	£	£	£	£	£	£	£
698.52	814.94	931.36	1,047.78	1,280.62	1,513.46	1,746.30	2,095.56	

- (d) That it be noted for the year  
2010/11

the Kent Police Authority has stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Act 1992, for each of the categories of dwellings shown below;

<u>Valuation Bands</u>								
A	B	C	D	E	F	G	H	
£	£	£	£	£	£	£	£	£
92.45	107.86	123.27	138.68	169.50	200.32	231.13	277.36	

- (e) That it be noted for the year  
2010/11

the Kent and Medway Towns Fire Authority has stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Act 1992, for each of the categories of dwellings shown below;

<u>Valuation Bands</u>								
A	B	C	D	E	F	G	H	
£	£	£	£	£	£	£	£	£
45.30	52.85	60.40	67.95	83.05	98.15	113.25	135.90	

- (f) That, having calculated the aggregate in each case of the amounts at (b)(viii), (c), (d) and (e) above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year

2010/11

for each of the categories of dwellings shown below:-

	<u>Valuation Bands</u>							
	A	B	C	D	E	F	G	H
<b>Town and Parish Councils</b>	£	£	£	£	£	£	£	£
Alkham	958.83	1,118.64	1,278.44	1,438.25	1,757.86	2,077.48	2,397.08	2,876.50
Ash	981.13	1,144.65	1,308.18	1,471.70	1,798.75	2,125.79	2,452.83	2,943.40
Aylesham	964.48	1,125.23	1,285.98	1,446.73	1,768.23	2,089.73	2,411.21	2,893.46
Capel-le-Ferne	955.81	1,115.11	1,274.42	1,433.72	1,752.33	2,070.93	2,389.53	2,867.44
Deal	967.52	1,128.77	1,290.03	1,451.28	1,773.79	2,096.30	2,418.80	2,902.56
Denton-with-Wootton	976.13	1,138.82	1,301.51	1,464.20	1,789.58	2,114.96	2,440.33	2,928.40
Dover	986.16	1,150.52	1,314.88	1,479.24	1,807.96	2,136.68	2,465.40	2,958.48
Eastry	977.08	1,139.92	1,302.77	1,465.62	1,791.32	2,117.01	2,442.70	2,931.24
Eythorne	973.40	1,135.63	1,297.87	1,460.10	1,784.57	2,109.04	2,433.50	2,920.20
Goodnestone	958.58	1,118.35	1,278.11	1,437.88	1,757.41	2,076.94	2,396.46	2,875.76
Great Mongeham	959.70	1,119.65	1,279.60	1,439.55	1,759.45	2,079.35	2,399.25	2,879.10
Guston	969.96	1,131.62	1,293.28	1,454.94	1,778.26	2,101.58	2,424.90	2,909.88
Hougham-without	966.07	1,127.08	1,288.10	1,449.11	1,771.14	2,093.16	2,415.18	2,898.22
Langdon	973.03	1,135.20	1,297.38	1,459.55	1,783.90	2,108.24	2,432.58	2,919.10
Lydden	966.11	1,127.13	1,288.15	1,449.17	1,771.21	2,093.25	2,415.28	2,898.34
Nonington	957.12	1,116.64	1,276.16	1,435.68	1,754.72	2,073.76	2,392.80	2,871.36
Northbourne	964.08	1,124.76	1,285.44	1,446.12	1,767.48	2,088.84	2,410.20	2,892.24
Preston	965.44	1,126.35	1,287.26	1,448.17	1,769.99	2,091.81	2,413.61	2,896.34

Ringwould-with-Kingsdown	960.65	1,120.76	1,280.87	1,440.98	1,761.20	2,081.42	2,401.63	2,881.96
Ripple	957.83	1,117.47	1,277.11	1,436.75	1,756.03	2,075.31	2,394.58	2,873.50
River	969.80	1,131.44	1,293.07	1,454.71	1,777.98	2,101.25	2,424.51	2,909.42
St Margarets-at-Cliffe	968.62	1,130.06	1,291.50	1,452.94	1,775.82	2,098.70	2,421.56	2,905.88
Sandwich	977.73	1,140.69	1,303.64	1,466.60	1,792.51	2,118.43	2,444.33	2,933.20
Shepherdswell-with-Coldred	964.73	1,125.52	1,286.31	1,447.10	1,768.68	2,090.26	2,411.83	2,894.20
Sholden	975.26	1,137.80	1,300.35	1,462.89	1,787.98	2,113.07	2,438.15	2,925.78
Staple	959.25	1,119.13	1,279.00	1,438.88	1,758.63	2,078.39	2,398.13	2,877.76
Stourmouth	958.45	1,118.19	1,277.94	1,437.68	1,757.17	2,076.65	2,396.13	2,875.36
Sutton-by-Dover	959.00	1,118.83	1,278.67	1,438.50	1,758.17	2,077.84	2,397.50	2,877.00
Temple Ewell	964.30	1,125.01	1,285.73	1,446.45	1,767.89	2,089.32	2,410.75	2,892.90
Tilmanstone	966.86	1,128.01	1,289.15	1,450.30	1,772.59	2,094.88	2,417.16	2,900.60
Walmer	968.28	1,129.67	1,291.05	1,452.43	1,775.19	2,097.96	2,420.71	2,904.86
Whitfield	968.09	1,129.44	1,290.79	1,452.14	1,774.84	2,097.54	2,420.23	2,904.28
Wingham	979.79	1,143.09	1,306.39	1,469.69	1,796.29	2,122.89	2,449.48	2,939.38
Woodnesborough	960.89	1,121.04	1,281.19	1,441.34	1,761.64	2,081.94	2,402.23	2,882.68
Worth	962.57	1,123.00	1,283.43	1,443.86	1,764.72	2,085.58	2,406.43	2,887.72

**Mike Davis**

**Head of Finance and ICT**



**PARISH AND TOWN COUNCILS****2010/11**

Item No	Town and Parish Councils	Precept £	Tax Base	Council Tax £
1	Alkham	8,000	321.30	24.90
2	Ash	71,000	1,216.77	58.35
3	Aylesham	36,785	1,101.98	33.38
4	Capel-le-Ferne	14,500	711.80	20.37
5	Deal	275,885	7,274.28	37.93
6	Denton-with-Wootton	8,840	173.86	50.85
7	Dover	625,650	9,495.77	65.89
8	Eastry	46,212	884.07	52.27
9	Eythorne	41,000	877.03	46.75
10	Goodnestone	4,463	181.96	24.53
11	Great Mongeham	7,752	295.92	26.20
12	Guston	17,680	425.08	41.59
13	Hougham-without	6,750	188.75	35.76
14	Langdon	11,000	238.12	46.20
15	Lydden	9,000	251.24	35.82
16	Nonington	7,000	313.54	22.33
17	Northbourne	9,697	295.89	32.77
18	Preston	10,000	287.19	34.82
19	Ringwould-with-Kingsdown	29,000	1,049.59	27.63
20	Ripple	3,750	160.24	23.40
21	River	63,240	1,528.94	41.36
22	St Margarets-at-Cliffe	51,428	1,298.94	39.59
23	Sandwich	110,000	2,065.72	53.25
24	Shepherdswell-with-Coldred	25,901	767.42	33.75
25	Sholden	22,000	444.13	49.54
26	Staple	6,000	234.98	25.53
27	Stourmouth	2,805	115.28	24.33
28	Sutton-by-Dover	7,975	317.07	25.15
29	Temple Ewell	21,500	649.46	33.10
30	Tilmanstone	6,000	162.37	36.95
31	Walmer	135,000	3,454.30	39.08
32	Whitfield	70,430	1,815.63	38.79
33	Wingham	40,057	711.03	56.34
34	Woodnesborough	12,000	428.77	27.99
35	Worth	14,093	461.96	30.51
		1,832,393	40,200.38	

**2010/11 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 :- 40,200.38

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

The District Council's precept upon the Collection Fund in 2010/11 for it's own purposes will be :- £6,389,448.00

The Band D Council Tax for the District Council's own purposes will therefore be :- £158.94

The Band D Council Tax for the District Council's own purposes last year was :- £155.07

The increase in Council Tax for the District Council's own purposes is therefore :- 2.50%

This is an annual increase of :- £3.87

Or a weekly increase of :- £0.07

**Parish Council Precepts**

The Parish Councils will, in total, precept :- £1,832,393.00

Last year, Parish Councils precepted :- £1,731,043.00

This is an increase of :- 5.85%

The total precept, on the Collection Fund by the District Council, on behalf of itself and the Parish Councils will therefore be :- £8,221,841.00

**Kent County Council Precept**

Excluding the Collection Fund Surplus, the precept upon the collection fund in 2010/11 will be :- £42,121,154.00

Last year's precept was :- £40,855,963.00

The Band D Council Tax will therefore be :- £1,047.78

Last year's Band D Council Tax was : £1,026.27

The Band D Council Tax increase as a result of this precept is therefore :- 2.10%

**2010/11 Precepts and the NDR Multiplier****Kent Police Authority Precept**

Excluding the Collection Fund Surplus, the precept upon the collection fund in 2010/11 will be :-	£5,574,989.00
Last year's precept was :-	£5,360,437.00
The Band D Council Tax will therefore be :-	£138.68
Last year's Band D Council Tax was :	£134.65
The Band D Council Tax increase as a result of this precept is therefore :-	2.99%

**Kent Fire & Rescue Service Authority Precept**

Excluding the Collection Fund Surplus, the precept upon the collection fund in 2010/11 will be :-	£2,731,616.00
Last year's precept was :-	£2,629,859.00
The Band D Council Tax will therefore be :-	£67.95
Last year's Band D Council Tax was :	£66.06
The Band D Council Tax increase as a result of this precept is therefore :-	2.86%

**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 2010/11 for qualifying properties of less than £18,000 (2009/10 limit £15,000) is :-	£0.407
And for these properties the 2009/10 rate was :-	£0.481
For all other properties the 2010/11 rate is :-	£0.414
And for these properties the 2009/10 rate was :-	£0.485

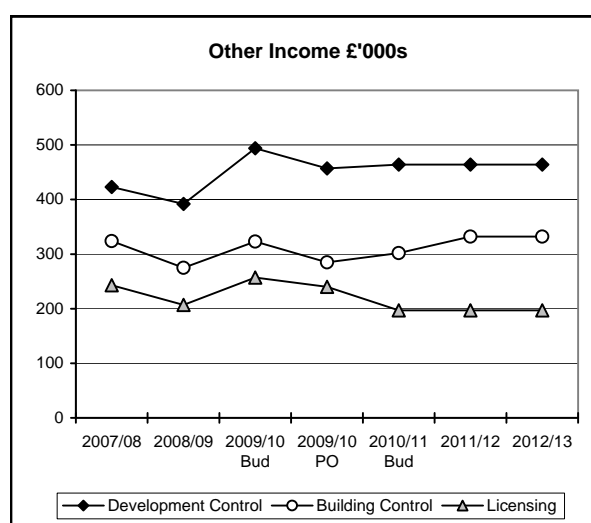
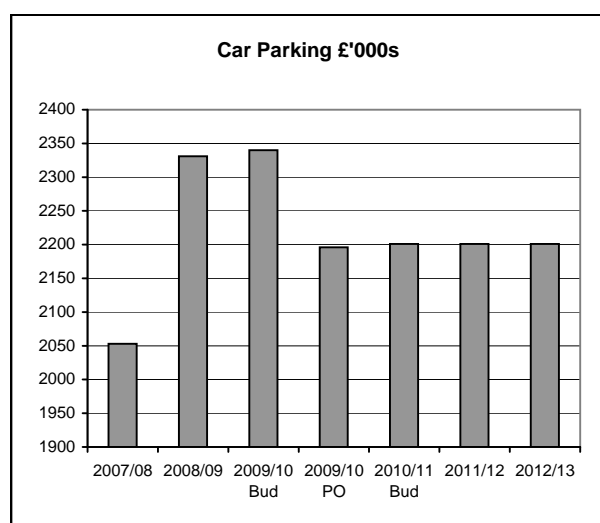
**Financial Assistance Payments to Outside Bodies Allocated by the Recreation Section in the 2010/11 Budget, Requiring Approval by the Executive.**

<i>Organisation</i>	<i>Amount included in the Council's 2010/11 Revenue Budget</i>	<i>Reason for the awarding of financial assistance</i>
Vista Leisure	£285,000	The provision of leisure services at Dover Leisure Centre and Tides at Deal. This service is managed direct by Vista in order for the Council to benefit from savings in respect of NDR and VAT.
Vista Leisure	£15,000	The provision of summer Play Scheme / Time-out Service at various venues in the district. This negates the need for officers to be tied up with the advertising, interviewing & recruiting of operatives and the day to day management.
Vista Leisure	£38,115	The delivery of the Department for Culture, Media & Sport initiative for 'Free Swimming' (for persons aged 60 and over). Funds received by DDC from DCMS Recommend that funds are forwarded to Vista given that they are the service provider.
Vista Leisure	£40,000	The delivery of the Primary Care Trust's Swimming Development Initiative (for all age groups). Funds received by DDC from the PCT. Recommend that funds are forwarded to Vista given that they are the service provider.
Sandwich Town Cricket Club	£13,000	To assist the Club in defraying its expenditure in managing, maintaining and improving the Recreation Grounds at The Butts & Gazen Salts.

**GENERAL FUND KEY FIGURES**

	2009/10 Original Budget £000	2009/10 Projected Outturn £000	2010/11 Draft Budget £000	2011/12 Forecast £000	2012/13 Forecast £000	2009/10 Variance agst orig budget %	2010/11 Variance against prior year %	2011/12 Variance against prior year %	2012/13 Variance against prior year %
<b>Key Expenditure Figures:</b>									
<b>Employees:</b>									
Basic	10,627	10,328	11,518	11,685	11,770	-2.8%	11.5%	1.4%	0.7%
NI	838	826	963	1,032	1,039	-1.4%	16.6%	7.2%	0.7%
Current year pension	1,438	1,365	1,485	1,506	1,517	-5.1%	8.8%	1.4%	0.7%
Backfunding	1,491	1,390	1,399	1,592	1,785	-6.8%	0.7%	13.8%	12.1%
	<b>14,394</b>	<b>13,909</b>	<b>15,365</b>	<b>15,815</b>	<b>16,111</b>				
<b>Major contracts:</b>									
Refuse Collection	1,304	1,446	1,346	1,265	1,290	10.9%	-6.9%	-6.0%	2.0%
Recycling	1,218	1,294	1,195	1,123	1,145	6.2%	-7.7%	-6.0%	2.0%
Street Cleansing	1,198	1,039	979	938	956	-13.3%	-5.8%	-4.2%	1.9%
<b>Total Waste</b>	<b>3,720</b>	<b>3,779</b>	<b>3,520</b>	<b>3,326</b>	<b>3,391</b>	<b>1.6%</b>	<b>-6.9%</b>	<b>-5.5%</b>	<b>2.0%</b>
Landscape maintenance	866	866	837	854	871	0.0%	-3.3%	2.0%	2.0%
	<b>8,306</b>	<b>8,424</b>	<b>7,877</b>	<b>7,506</b>	<b>7,653</b>				
<b>Key Income Figures:</b>									
Car Parking	-2,340	-2,196	-2,201	-2,201	-2,201	-6.2%	0.2%	0.0%	0.0%
Building Control	-323	-285	-302	-332	-332	-11.8%	6.0%	9.9%	0.0%
Development Control	-494	-457	-464	-464	-464	-7.5%	1.5%	0.0%	0.0%
Licensing	-257	-240	-197	-197	-197	-6.6%	-17.9%	0.0%	0.0%
	<b>-3,414</b>	<b>-3,178</b>	<b>-3,164</b>	<b>-3,194</b>	<b>-3,194</b>				
<b>Total Financing:</b>									
Revenue Support Grant & NDR	10,164	10,164	10,214	9,908	9,611	0.0%	0.5%	-3.0%	-3.0%
Council Tax	6,173	6,173	6,390	6,581	6,779	0.0%	3.5%	3.0%	3.0%
Other	171	171	220	186	186	0.0%	28.7%	-15.5%	0.0%
<b>Total Financing</b>	<b>16,508</b>	<b>16,508</b>	<b>16,824</b>	<b>16,675</b>	<b>16,576</b>				

NB Council Tax % increase includes growth in tax base where applicable



## 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.

2008/09	2009/10		2010/11		
Actual Net Expenditure	Mid-Year Forecast Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£ 000's	£ 000's		£ 000's	£ 000's	£ 000's
1,295	982	<b>On its services the Council spent:-</b>	1,873	(1,025)	848
13,722	11,777	Central Services	14,654	(3,601)	11,053
272	493	Cultural, Environmental and Planning Services	3,100	(2,567)	533
141	1,144	Highways, Roads and Transport Services	61,092	(60,492)	600
22,959	0	Housing Services	0	0	0
1,659	1,789	Exceptional Item - Impairment HRA	2,193	(264)	1,929
700	230	Corporate and Democratic Core	(185)	0	(185)
<b>40,748</b>	<b>16,415</b>	Non-distributed Costs	<b>82,727</b>	<b>(67,949)</b>	<b>14,778</b>
		<b>NET COST OF SERVICES</b>			
194	0	Gain or (loss) on disposal of fixed assets			0
1,676	1,731	Amounts due to Precepting Authorities:			
50	60	- Town and Parish Councils			1,832
0	0	- River Stour Drainage Board			62
427	405	Total net (surplus) or deficit on Trading Undertakings			0
299	487	Interest payable and similar charges			405
(1,417)	(367)	Amounts payable to Housing Capital receipts pool			795
2,630	3,893	Interest and investment income			(605)
(23)	(751)	Pensions interest cost & expected return on assets			4,176
<b>44,584</b>	<b>21,873</b>	Exceptional item			0
		<b>NET OPERATING EXPENDITURE</b>			<b>21,443</b>
(5,881)	(6,173)	Income from Collection Fund:			
(1,676)	(1,731)	- Council Tax Income for DDC Purposes			(6,390)
(50)	0	- Council Tax Income passed to Parishes			(1,832)
0	(171)	- Collection Fund Surplus			0
(1,365)	(1,906)	Area Based Grant			(220)
(8,877)	(8,258)	Government Grants (not attributable to specific services)			(1,295)
<b>26,735</b>	<b>3,634</b>	Distribution from Non-Domestic Rates Pool			(8,919)
		<b>TOTAL: (SURPLUS) / DEFICIT FOR THE YEAR</b>			<b>2,787</b>

**STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE**

The Income and Expenditure Account shows the Council's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the authority is required to raise council tax on a different accounting basis, the main differences being:

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.

The General Fund Balance shows whether the Council has over or under spent against the council tax that is raised for the year, taking into account the use or reserves built up in the past and contributions to reserves from earmarked for future expenditure.

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund Balance.

2008/09 Actual £000	2009/10 Projected £000		2010/11 Budget £000
26,735	3,634	(Surplus) or deficit for year in the Income & Expenditure Account	2,787
(26,399)	(3,089)	Net additional amount required by statute and non-statutory proper practices to be credited to the General Fund Balance for the year (see below)	(2,730)
<b>336</b>	<b>545</b>	<b>Increase in General Fund Balance for the Year</b>	<b>57</b>
(2,696)	(2,360)	General Fund Balance brought forward	(1,815)
<b>(2,360)</b>	<b>(1,815)</b>	<b>General Fund Balance carried forward</b>	<b>(1,758)</b>

**NOTE TO THE STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE**

2008/09 Actual £000	2009/10 Projected £000		2010/11 Budget £000	£000
26,735	3,634	(Surplus) or deficit for year in the Income & Expenditure Account		2,787
		<b>Amounts included in the Income &amp; Expenditure Account required by statute to be excluded in determining the Movement on the General Fund Balance for the year</b>		
(25)	(22)	Amortisation of intangible fixed assets	(15)	
(26,570)	(1,167)	Depreciation and impairment of fixed assets	(1,020)	
774	(209)	Excess depreciation charged to the HRA over Major Repairs Allowance	(216)	
255	266	Capital Contributions Deferred	0	
(279)	(312)	Deferred Charges	(280)	
13	0	Net (gain) or loss on sale of fixed assets	0	
(311)	0	Differences between amounts debited/credited to the Income and Expenditure Account and amounts payable/receivable to be recognised under statutory provisions relating to soft loans and premiums and discounts on the early repayment of debt	0	
(4,490)	(5,077)	Pension cost adjustment	(5,445)	
		<b>Additional items required by statute in determining the movement on the General Fund Balance</b>		
0	0	Statutory provision for repayment of debt	0	
289	457	Capital expenditure charged to the General Fund Balance	732	
(299)	(487)	Transfer from Usable Capital Receipts equal to the amount payable into the Housing Capital Receipts Pool	(795)	
3,760	4,032	Employers contributions payable to the pension fund	4,196	
		<b>Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year</b>		
797	(66)	Statutory transfer of HRA balance	379	
0	0	Voluntary provision for repayment of debt	0	
		Transfers to/(from) earmarked reserves		
0	0	- Major Repairs Reserve	0	
(149)	(220)	- Transfer to/(from) Local Development Framework Reserve	(124)	
(314)	(521)	- Transfer to/(from) Special Projects Reserve	(107)	
(194)	(136)	- Transfer to/(from) Planning Delivery Grant	(107)	
344	373	- Other Transfers to Earmarked Reserves	72	
<b>(26,399)</b>	<b>(3,089)</b>	<b>Net additional amount required by statute and non-statutory proper practices to be credited to the General Fund Balance for the year</b>		<b>(2,730)</b>
<b>336</b>	<b>545</b>	<b>Increase in General Fund Balance for the Year</b>		<b>57</b>
(2,696)	(2,360)	General Fund Balance brought forward		(1,815)
<b>(2,360)</b>	<b>(1,815)</b>	<b>General Fund Balance carried forward</b>		<b>(1,758)</b>

## GENERAL FUND BUDGET SUMMARY FOR 2009/10 AS AT 31 DECEMBER 2009

## COMPARISON BETWEEN ORIGINAL, LATEST APPROVED BUDGET AND PROJECTED OUTTURN BY HEAD OF SERVICE

	Original Budget 09/10	Latest Approved Budget 09/10	Budget Variance	Projected Outturn 09/10	Projected Outturn Variance
	£	£	£	£	£
Chief Executive	1,467,160	1,337,410	-129,750	1,337,410	0
Head of Governance	2,358,070	2,187,660	-170,410	2,189,900	2,240
Head of Housing, Culture & Community Safety	1,800,850	1,675,210	-125,640	1,675,210	0
Head of Finance and ICT	3,675,980	3,944,200	268,220	3,944,200	0
Head of Development & Public Protection	2,166,620	1,985,860	-180,760	2,055,160	69,300
Head of Property, Leisure & Waste Management	6,311,420	6,257,540	-53,880	6,527,530	269,990
Head of Business & Community Transformation	2,736,530	2,629,940	-106,590	2,629,940	0
Special Revenue Projects	95,000	513,050	418,050 <sup>5</sup>	513,050	0
Salary Vacancy Provision/Employment Stability	-785,000	-96,340	688,660	-96,340	0
Job Evaluation	250,000	0	-250,000	0	0
Additional Joint Working Target	-25,000	-25,000	0	-25,000	0
<b>Net Direct Expenditure</b>	<b>20,051,630</b>	<b>20,409,530</b>	<b>357,900</b>	<b>20,751,060</b>	<b>341,530</b>
Council Tax Second Homes	-93,500	-93,500	0	-93,500	0
Contingency	100,000	59,330	-40,670	59,330	0
River Stour Drainage Board Levy (moved out of NDE)	0	59,673	59,673	59,673	0
Recharge Income from HRA/Capital	-2,645,080	-2,378,050	267,030	-2,378,050	0
Exceptional VAT Refund re Cultural Services	0	-750,576	-750,576 <sup>4</sup>	-750,576	0
Deferred Charges	-347,240	-312,360	34,880	-312,360	0
Interest receivable	-337,400	-184,120	153,280 <sup>3</sup>	-184,120	0
Interest Payable	405,200	405,200	0	405,200	0
<b>Contribution to / from reserves:</b>					
- Local Development Framework Reserve	-219,800	-219,800	0	-219,800	0
- Special Projects Reserve	-76,690	-519,440	-442,750 <sup>5</sup>	-519,440	0
- Planning Delivery Grant	-135,730	-135,730	0	-135,730	0
- Corporate Review Reserve	0	-30,540	-30,540	-30,540	0
- Major Events	-60,000	-50,000	10,000	-50,000	0
- Benefits Overpayment Recovery	0	-69,380	-69,380	-69,380	0
- NDR Business Discretionary Relief	0	100,000	100,000 <sup>6</sup>	100,000	0
- Elections Reserve	48,000	48,000	0	48,000	0
- Private Sector Housing Surveys	0	0	0	0	0
- IT Equipment Reserve	8,000	8,000	0	8,000	0
- Joint Working Reserve	0	-15,000	-15,000	-15,000	0
- Invest to Save	0	-3,300	-3,300	-3,300	0
- Growth Point Funding	-67,190	-67,190	0	-67,190	0
- Investment Equalisation Reserve	-100,000	-100,000	0	-100,000	0
- Transfer VAT Receipt to Earmarked Reserves (TBC)	0	550,576	550,576 <sup>5</sup>	550,576	0
	<b>16,530,200</b>	<b>16,711,323</b>	<b>181,123</b>	<b>17,052,853</b>	<b>341,530</b>
<b>Financed by:</b>					
Revenue Support Grant	1,905,986	1,905,986	0	1,905,986	0
NNDR	8,257,711	8,257,711	0	8,257,711	0
Collection Fund Surplus	0	0	0	0	0
Council Tax	6,173,360	6,173,360	0	6,173,360	0
Area Based Grant	170,500	170,500	0	170,500	0
	<b>16,507,557</b>	<b>16,507,557</b>	<b>0</b>	<b>16,507,557</b>	<b>0</b>
<b>Net Deficit / -Surplus before supplementary approvals</b>	<b>22,643</b>	<b>203,766</b>	<b>181,123</b>	<b>545,296</b>	<b>341,530</b>
Items of approved carry forward	137,540	0	-137,540 <sup>2</sup>	0	0
NDR Relief Reserve - as per MTFP	100,000	0	-100,000 <sup>6</sup>	0	0
Job Evaluation - per General Purposes Ctte (18/09/09)	89,956	0	-89,956	0	0
<b>Net Deficit / -Surplus</b>	<b>350,139</b>	<b>203,766</b>	<b>-146,373</b>	<b>545,296</b>	<b>341,530</b>
<b>Impact of Deficit / - Surplus on Balances</b>					
General Fund Balance B/Fwd	-1,950,660	-2,360,703		-2,360,703	
General Fund Balance C/Fwd	<b>-1,600,521</b>	<b>-2,156,937</b>		<b>-1,815,407</b>	

## Comments:

<sup>1</sup> The Original budget shows the General Fund balance as per the M.T.F.P. The Latest Approved Budget and Projected Outturn show the General Fund balance as per the Statement of Accounts.

<sup>2</sup> The items of approved carry forward are shown separately against the original budget and are then included with the Head of Service budgets in the Approved budget.

<sup>3</sup> Interest Receivable reviewed and adjusted as per "Investment Performance" section of the budget monitoring report commentary.

<sup>4</sup> The VAT receipt & interest of £0.75m approx relates to overpaid VAT on Cultural Services. It is proposed to use £200k to cover in-year pressures and transfer the remainder to reserves.

<sup>5</sup> The net favourable variance on the Special Revenue Projects line and related Reserve is due to the removal of the £24,700 contribution planned from the expected favourable effect of VAT changes on car parking income. It is no longer considered viable to make this transfer as parking income is significantly under budget.

<sup>6</sup> In accordance with the M.T.F.P. approved in March 2009, the £100k has been brought into the budget as a cost, since offsetting savings to finance it have not been identified in year.



**Main Movements in Approved Budget**

<b>The Main Movements in Approved Budget are:</b>	<b>Previous Reports £000</b>	<b>Dec Variances £000</b>	<b>Total Variance £000</b>
Interest receivable adverse variance - see "Investment Performance" (transfer only, from projected)	0	153	153
Release of exceptional VAT monies received to cover adverse income variances in year	0	(200)	(200)
Superannuation Backfunding reduction (some transfer of cost to HRA and some to shared HR service for tupeed staff)	0	(101)	(101)
Premature Retirement Payments (transfer of cost to HRA)	0	(45)	(45)
Reduction in recharges recovered (mainly offsetting reduced direct costs in Trading Codes, esp. salary vacancies)	0	164	164
Increased Recycling costs for staffing an additional collection vehicle (tfr from Projected - offset by favourable variances below)	64	0	64
Recycling costs - gate fees for acceptance of waste (tfr from projected - offset by favourable variances below)	0	10	10
Refuse Collection - reduction in special collection income (tfr from projected - offset by favourable variances below)	0	5	5
SITA waste contracts inflation reduced from 3.0% budgeted to -1% estimate from Oct 2009 (transfer from Projected)	(55)	(19)	(74)
Recycling Publicity & Promotions cost reduction (no further publicity planned)	(13)	0	(13)
Job Evaluation additional pressure (some has been transferred to HRA with the December revision of the recharges process)	45	8	53
Estimated additional income from Penalties & Fines (Council Tax & NDR)	(38)	0	(38)
Interest receivable reduced on renovation grant monies held	31	0	31
National Leaflet Project – release of grant monies	(30)	0	(30)
Proposed contribution to Special Projects Reserve no longer being made	(25)	0	(25)
Payroll expected saving not achieved due to delayed start of joint working to 1 <sup>st</sup> April 2010	25	0	25
Corporate Communications budget – release of £30k budget and £6k for special projects	(13)	(23)	(36)
Corporate Postage costs (adverse) - due to 8% increase in Royal Mail charges – under review for efficiency savings (transfer from projected)	10	0	10
Sandwich & Aylesham Area Office savings (Rent, etc) following relocations	(9)	0	(9)
Tourism / Dover T.I.C. improved income	(9)	(2)	(11)
ICT costs – net corporate savings	(8)	0	(8)
River Stour Drainage Board - above inflationary increase (transferred from Projected)	7	0	7
Corporate review of insurance policies (saving)	(26)	0	(26)
Equipment Leases – net savings mainly due to delays in start dates for new agreements	(23)	0	(23)
Increase in DDC share of Audit Partnership costs due to revised audit plan	3	0	3
Astor Theatre Grant – catch-up of prior-year grant monies owed (no ongoing pressure)	5	0	5
Reduced consultancy fees for Housing Strategies (incl. PSH), expected to be ongoing	(30)	0	(30)
Pier Income – Improved fishing income and restaurant recoveries	(11)	0	(11)
NDR charges for DDC premises – corporate review (adverse)	5	3	8
Waste Services – cost of waste sack purchases and overtime	6	0	6
Grant Aid to Sandwich Technical School approved by Council	5	0	5
Other minor adverse/(favourable) variances	(9)	(6)	(15)
<b>Total – Adverse/(Favourable)</b>	<b>(93)</b>	<b>(53)</b>	<b>(146)</b>

## SUMMARY MEDIUM TERM CAPITAL PROGRAMME - DECEMBER 2009

Projects included in the programme	APPROVED BUDGET		PROPOSED BUDGET				Total 2009/10 to 2011/12 £
	Previous	Budget	Previous	Estimate	Estimate	Estimate	
	years £	2009/10 to 2011/12 £	years £	2009/10 £	2010/11 £	2011/12	
<b>Regeneration projects</b>							
Aylesham Regeneration Project	950,409	360,504	950,409	153,129	207,375	0	360,504
Dover Pride - Dover Town Investment Zone	1,211,194	268,806	1,211,194	178,306	90,500	0	268,806
DTIZ - SEEDA funded projects	6,680,657	837,387	6,680,657	664,503	172,884	0	837,387
DTIZ - SEEDA funding of Dover Sea Sports Centre (see grants appx)	89,436	10,564	89,436	10,564	0	0	10,564
DTIZ - HCA (was English Partnership) funded projects	2,383,656	10,486	2,383,656	10,486	0	0	10,486
DTIZ - HCA (was English Partnership) funding Dover Sea Sp Cre (see grants ap	178,871	41,129	178,871	41,129	0	0	41,129
DTIZ Growth Point	0	1,120,378	0	309,347	850,746	0	1,160,093
Bleriot Project	30,572	149,428	30,572	149,428	0	0	149,428
Dover Pride - Dover Priory Ph 1 & 2 (see grants & contributions appx)	57,455	62,545	57,455	62,545	0	0	62,545
Dover Pride - Dover Sea Sport Centre (see grants & contributions appx)	223,594	26,406	223,594	26,406	0	0	26,406
Dover Sea Sports Centre - Growth Point Funded	0	170,000	0	170,000	0	0	170,000
Aylesham Leisure Project (ASWS) (see grants & contributions appx)	46,575	301,425	46,575	0	301,425	0	301,425
Deal Tennis Centre - DDC contribution	81	949,919	81	49,919	900,000	0	949,919
<b>Other projects</b>							
Capital grants and contributions - voluntary organisations (see appx)	58,734	16,266	58,734	10,000	6,266	0	16,266
Housing Revenue Account Property Projects	n/a	4,016,000	n/a	4,016,000	0	0	4,016,000
Housing Revenue Account Property Projects - Not yet approved		8,034,000			4,017,000	4,017,000	8,034,000
Mandatory Disabled Facilities Grants	n/a	1,980,000	n/a	600,000	680,000	700,000	1,980,000
Renovation Grants	n/a	216,868	n/a	36,868	90,000	90,000	216,868
Dover Urban Scheme - private sector renewals - loans and grants	416,506	23,414	416,506	23,414	0	0	23,414
Private Sector housing schemes - loans	915,771	1,105,556	915,771	805,556	300,000	0	1,105,556
Private Sector housing schemes - grants	848,084	602,916	848,084	502,916	100,000	0	602,916
Regional Housing Loans (2009/10)	0	819,946	0	354,700	465,246	0	819,946
Regional Housing Grants & Fees (2009/10)	119,750	129,000	119,750	29,000	100,000	0	129,000
Regional Housing Loans (2010/11)	0	900,000	0	0	900,000	0	900,000
Regional Housing Grants & Fees (2010/11)	0	100,000	0	0	100,000	0	100,000
St Margarets car park	118,304	6,196	118,304	6,196	0	0	6,196
Business continuity - generator at Whitfield offices	1,434	85,393	1,434	85,393	0	0	85,393
Expansion of CCTV	65,459	24,541	65,459	24,541	0	0	24,541
Replace cash receipting and income system	25,229	34,771	25,229	34,771	0	0	34,771
Sandwich Quay Public Conveniences	0	110,000	0	110,000	0	0	110,000
Parking Services - Hand held PCs	0	42,299	0	42,299	0	0	42,299
Connaught park play area	0	102,360	0	102,360	0	0	102,360
Land Contamination	0	67,261	0	67,261	0	0	67,261
Voltage optimiser	0	25,270	0	25,270	0	0	25,270
<b>Sub total</b>	<b>14,421,769</b>	<b>22,751,034</b>	<b>14,421,769</b>	<b>8,702,307</b>	<b>9,281,442</b>	<b>4,807,000</b>	<b>22,790,749</b>
<b>Projects approved subject to capital appraisal</b>							
Leisure Centres equipment (financed by specific reserve)	0	4,036	0	4,036	0	0	4,036
Leisure Centres - fitness equipment	0	8,436	0	8,436	0	0	8,436
Dover Town Hall - new booking system	0	10,000	0	10,000	0	0	10,000
Provision for additional costs on major projects	0	84,924	0	34,924	50,000	0	84,924
Provision for possible DITZ CPO (Cabinet 7 January 2008 refers)	0	25,000	0	25,000	0	0	25,000
Kingsdown Beach Nourishment Coast Protection Scheme (100% grant)	0	242,000	0	121,000	121,000	0	242,000
MoD Rifle Range - Managed Realignment Feasibility (100% grant)	0	20,000	0	20,000	0	0	20,000
MoD Rifle Range - Managed Realignment (100% grant)	0	4,779,000	0	0	4,779,000	0	4,779,000
Walmer to Kingsdown/Oldstairs Bay Study	0	49,500	0	49,500	0	0	49,500
Mid-Town Development - Growth Point Funding	0	72,630	0	79,745	6,170	0	85,915
Sea Change (DDC Contribution)	0	0	0	0	250,000	0	250,000
<b>Total</b>	<b>14,421,769</b>	<b>28,046,560</b>	<b>14,421,769</b>	<b>9,054,948</b>	<b>14,487,612</b>	<b>4,807,000</b>	<b>28,349,560</b>
<b>Financed by:</b>							
Capital projects financed in previous financial years	14,421,769		14,421,769				0
Capital receipts	n/a	1,998,576	n/a	892,010	606,566	500,000	1,998,576
Major Repairs Allowance	n/a	9,906,000	n/a	3,294,000	3,306,000	3,306,000	9,906,000
Direct Revenue Financing - HRA	n/a	1,220,000	n/a	460,000	380,000	380,000	1,220,000
Direct Revenue Financing - General Fund	n/a	506,810	n/a	51,810	455,000	0	506,810
Grants		13,257,541		3,887,495	9,003,046	420,000	13,310,541
Supported borrowing - HRA	n/a	603,000	n/a	201,000	201,000	201,000	603,000
Supported borrowing - General Fund	n/a	0	n/a	0	0	0	0
Unsupported borrowing	n/a	319,770	n/a	24,770	295,000	0	319,770
Reserves		484,863	n/a	243,863	241,000	0	484,863
<b>Total</b>	<b>14,421,769</b>	<b>28,296,560</b>	<b>14,421,769</b>	<b>9,054,948</b>	<b>14,487,612</b>	<b>4,807,000</b>	<b>28,349,560</b>

## SPECIAL PROJECTS - OUTTURN 2009/10

<u>PROJECTS FINANCED FROM THE SPECIAL PROJECTS RESERVE</u>	Total Approved	Prior Years	Estimate	Estimate	Estimate	Future years	Total Revised Budget
	Budget	Exp	2009/10	2010/11	2011/12		
	£	£	£	£		£	£
<b>Projects in progress</b>							
Asset Management Planning and Asbestos Surveys	44,200	28,061	16,139	0	0	0	44,200
Corporate Property Maintenance	504,590	411,877	62,713	30,000	0	0	504,590
Play Areas - enhancements to strategic sites	261,444	28,538	131,116	57,590	0	0	217,244
Play Areas - Clarendon, Dover provision of new site (only to go ahead if S106 funding available)	100,000	0	100,000	0	0	0	100,000
A2 Lydden to Dover Improvement Study	1,236	1,200	36	0	0	0	1,236
Control of Asbestos Regulations Works - Corporate Buildings	50,000	12,617	37,383	0	0	0	50,000
Disability Discrimination Act Works - Corporate Buildings	109,000	48,619	25,000	35,381	0	0	109,000
Quality Bus Partnership (formerly Kickstart Bus Initiative)	62,500	3,500	30,000	29,000	0	0	62,500
Whitfield office moves	254,170	245,708	8,462	0	0	0	254,170
Operations centre	21,832	21,832	0	0	0	0	21,832
Replacement of defective plant and equipment at leisure centres	7,492	4,122	3,370	0	0	0	7,492
Quarterdeck, Deal - feasibility study	30,000	6,750	30,750	0	0	0	37,500
CIF 2 Business Case Submission	50,000	0	50,000	0	0	0	50,000
<b>Projects approved - previously included in capital programme</b>							
Whitfield Offices: - ESP evaluation	50,000	39,754	10,246	0	0	0	50,000
CRM project - costs	281,587	173,273	108,314	0	0	0	281,587
DTIZ - consultants and marketing costs (allocation to capital reduced)	40,000	31,851	8,149	0	0	0	40,000
Wind Turbine at Whitfield	3,377	1,558	1,819	0	0	0	3,377
<b>Capital projects in capital programme financed from reserve:</b>							
Provision allocated to capital programme to finance capital projects	842,549	407,592	0	0	0	0	407,592
	<b>2,713,977</b>	<b>1,466,852</b>	<b>623,497</b>	<b>151,971</b>		<b>0</b>	<b>2,242,320</b>
<b>Projects approved subject to project appraisal</b>							
Whitfield Offices: - ESP (Corporate DIP and workflow)	0	0	0	0	0	0	0
Provision - possible abortive costs on unsuccessful Aylesham welfare scheme grant application (Cabinet 17 October 2005)	8,430	0	8,430	0	0	0	8,430
Feasibility of provision of area offices at Aylesham and Sandwich	0	0	0	0	0	0	0
Feasibility of provision of area offices at Deal (Quarterdeck and South Street sites)	0	0	0	0	0	0	0
North Deal - Community based regeneration - Golf Rd/Cannon Str. Deal	0	0	60,466	0	0	0	60,466
Tourism - signage (previously included in Interreg bid in capital prog)	0	0	0	0	0	0	0
Major projects	0	0	76,700	40,000	0	0	116,700
Dover Museum lighting	0	0	20,000	0	0	0	20,000
<b>New bids for approval to carry out appraisal</b>							
CIF 2 Business Case Submission			53,000	0	0	0	53,000
<b>Proposed balance to transfer to capital projects</b>	<b>0</b>	<b>0</b>	<b>243,863</b>	<b>241,000</b>	<b>0</b>	<b>0</b>	<b>484,863</b>
<b>Bids for consideration subject to funding be available</b> <b>See below</b>							
<b>TOTAL PROJECTS FINANCED FROM SPECIAL PROJECTS RESERVE</b>	<b>2,722,407</b>	<b>1,466,852</b>	<b>1,085,956</b>	<b>432,971</b>		<b>0</b>	<b>2,985,779</b>
<b>Less amount financed in previous years</b>							<b>(1,466,852)</b>
<b>BALANCE TO BE FINANCED</b>							<b>1,518,927</b>

<u>Remaining balance in Special Projects reserve</u>	<u>Other bids for consideration - subject to funding availability</u>
Balance at 1 April 2009	1,947,405
Allocated to approved schemes	-775,468
Add back Clarendon play area (100K) financed by S106 and Whitfield park (£116k)	216,000
Balance currently available for new projects	1,387,937
New bids received	-743,459
<b>Balance</b>	<b>644,478</b>
	Tourism signage
	Public conveniences
	Kearsney Abbey walls
	£50k per annum
	30,000
	150,000
	100,000
	<b>280,000</b>

## Housing Revenue Account - Budget Monitoring Report 2009/10 As At 31/12/2009

	Original Budget	Latest Approved Budget	Budget Variance	Notes	Projected Outturn	Variance of Projected to Approved	Notes
	£000	£000	£000		£000	£000	
<b>INCOME</b>							
Dwelling Rents	(16,746)	(16,250)	496	1	(16,250)	0	
Non-dwelling Rents	(453)	(422)	32	2	(422)	0	
Charges for Services and Facilities	(575)	(500)	75	3	(500)	0	
Conts. towards Expend. - Supporting People	(140)	(227)	(87)	4	(227)	0	
Conts. towards Expend. - Leaseholders	(105)	(127)	(22)	5	(127)	0	
<b>TOTAL INCOME</b>	<b>(18,019)</b>	<b>(17,526)</b>	<b>493</b>		<b>(17,526)</b>	<b>0</b>	
<b>EXPENDITURE</b>							
Repairs and Maintenance	4,297	4,353	56	6	4,353	0	
Supervision and Management	3,666	3,354	(312)	7	3,354	0	
Rents, Rates, Taxes and Other Charges	85	84	(1)	8	84	0	
Negative Subsidy Entitlement (Incl MRA)	5,712	5,242	(470)	9	5,242	0	
Depreciation and Impairment of Fixed Assets	3,451	3,451	0		3,451	0	
Debt Management Expenses	13	13	0		13	0	
Bad Debt Provision	70	70	0		70	0	
Rent Rebate Subsidy Limitation	0	112	112	10	112	0	
<b>TOTAL EXPENDITURE</b>	<b>17,294</b>	<b>16,680</b>	<b>(614)</b>		<b>16,680</b>	<b>0</b>	
<b>NET COST OF HRA SERVICES PER AUTHORITY INCOME AND EXPENDITURE ACCOUNT</b>	<b>(725)</b>	<b>(845)</b>	<b>(121)</b>		<b>(845)</b>	<b>0</b>	
HRA Share of Corporate and Democratic Core	372	398	26	11	398	0	
<b>NET COST OF HRA SERVICES</b>	<b>(353)</b>	<b>(447)</b>	<b>(95)</b>		<b>(447)</b>	<b>0</b>	
Amortisation of Premiums & Discounts	(3)	(3)	0		(3)	0	
Interest and Investment Income	(296)	(179)	116	12	(179)	0	
Pension Int Costs and expected return on pensions assets	435	707	272	13	707	0	
<b>(SURPLUS)/DEFICIT FOR THE YEAR ON HRA SERVICES</b>	<b>(216)</b>	<b>77</b>	<b>293</b>		<b>77</b>	<b>0</b>	
Amount required by statute to be credited to the HRA Balance for the year (as per the Note to the Statement of Movement below) **	(247)	(468)	(222)	14	(11)	457	
<b>(Increase)/Decrease in the Housing Revenue Account Balance - see notes in Annex 4 contd</b>	<b>(463)</b>	<b>(391)</b>	<b>72</b>		<b>66</b>	<b>457</b>	

<b>Impact of Deficit / (surplus) on balances</b>						
Housing Revenue Account surplus brought forward	(6,675)	(7,446)	(771)		(7,446)	0
<b>Housing Revenue Account surplus carried forward</b>	<b>(7,138)</b>	<b>(7,837)</b>	<b>(699)</b>		<b>(7,380)</b>	<b>457</b>

<b>** Note to the Statement of Movement on the HRA Account</b>						
<b>Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA Balance for the year</b>						
	£	£	£		£	£
Net Charges made for retirement benefits in accordance with FRS 17	0	513	(513)		513	0
	0	513	(513)		513	0
<b>Items not included in the HRA Income and Expenditure Account but included in the movement on HRA Balance for the year</b>						
Transfer to/(from) the Major Repairs Reserve	(209)	(209)	0		(209)	0
Employer's contributions payable to the Pension Fund and retirements benefits payable direct to pensioners	(37)	(772)	735		(772)	0
Capital expenditure funded by the HRA	0	0	0		457	457
	(247)	(981)	735		(524)	457
Net additional amount required by statute to be debited/(credited) to the HRA Balance for the year	(247)	(468)	222		(11)	457

**Housing Revenue Account Variation Statement - as at 31st December 2009**

Notes	£
<b>Original Budget</b>	<b>(463)</b>
1 Reduced income to take into account the 3.1% reduction in rents as recommended by DCLG	496
2 Increased income from land	(7)
2 Reduction in anticipated garage income	38
3 Reduced leaseholder income due to 2008/09 utility costs being lower than originally anticipated	75
4 Increased supporting people income, the majority of this will be paid to Shepway District Council for the provision of the Careline service (see 7 below)	(87)
5 Increased leasehold income due to an increase in routine maintenance for leaseholders in 2008/09.	(25)
5 Decreased leasehold income due to the transfer of the Freehold of the Gateway Flats and Garages.	3
6 Revised internal recharges for Repairs & Maintenance	56
7 Payment to Shepway District Council for the provision of the Careline service	76
7 Various Supervision & Maintenance salary adjustments	(36)
7 Reduced internal recharges for Supervision & Management	(81)
7 Budget carried forward from 2008/09 for a number of projects, as approved as part of the closure of accounts process.	134
7 £20k no longer required in respect of the Housing SSV as this was paid in 2008/09	(20)
7 Consultants fees lower than anticipated for a number of projects	(36)
8 Careline "profit share" due from Shepway District Council	(4)
8 Numerous savings achieved on Estates Management, including reductions in pest control, agency staff & legal fees	(31)
7 Reduction in anticipated cost of play areas	(15)
7 Caretaking & cleaning expenditure reduced due to start of new contract	(92)
7 Savings in respect of central heating and communal lighting due to the sale of the Gateway freehold	(160)
7 Corporate insurance review	(9)
7 Reduced repairs & maintenance spend anticipated	(8)
7 Budget carried forward from 2008/09 for a number of projects, as approved as part of the closure of accounts process.	4
8 Accounting adjustments for pension charges within Supervision & management. Offset by pension adjustments below (14).	(24)
8 Numerous minor variations relating to equipment purchase, sheltered services & housing register / allocations.	(10)
8 Reduced Estates Management utilities budget	(1)
9 Reduction in negative subsidy taking into account the 3.1% reduction in rents as recommended by DCLG	(470)
10 Amount due to the General Fund in respect of Rent Rebate Subsidy Limitation	112
11 Recalculated recharges from the General Fund to the HRA for Corporate & Democratic Core	26
12 Reduced interest & investment income forecast due to lower interest rates	116
13 Pension adjustments reflecting revised charges for premature retirements and pensions backfunding charges. Part offset by saving in Supervision & Management above (8).	50
<b>Approved Budget as at 31 December 2009</b>	<b>(391)</b>
A Revenue financing required to fund the capital programme	457
<b>Projected Outturn</b>	<b>66</b>